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JUN 29 2017

**DIVISION OF RECLAMATION
MINING AND SAFETY**

Mr. Michael Cunningham
Division of Reclamation, Mining and Safety,
Colorado Department of Natural Resources

June 29, 2017

Re: Clarification of the location of the Ophir Tunnel – P16-020 Amended NOI

The last time the Ophir Tunnel was known to have been used or accessed was sometime in 1993. Since that time, around 2009-2013, a previous owner of the property completed a pond closure next to the Tunnel Portal, and obscured the location of the Portal in the process of the closure. During the pond closure the pond materials were hauled to a sludge repository previously identified as the location of disposal of lime-amended pyritic cuttings if/when encountered during our prospecting activities.

When we asked our project geologist to identify the Portal of the Ophir Tunnel as part of the preparation to file our NOI Amendment, he pointed to the area identified on the map on the second page of this letter by the red circle (2). Upon closer inspection of (2) MineWater has confirmed that this is a dead-end tunnel that terminates in a solid rock face about 8 feet from the collapsed timber entrance. There is no history of this structure available to us or our geologist after review of numerous maps from the previous operator, Cobb Resources.

We had thought, given the maps that we had, that red circle (3) was the Southwick portal because it was adjacent and to the east of (2). While it turns out that (3) is in fact the Southwick portal, we have discovered upon closer review of the maps, that the distance from (3) to the Ophir is 218 feet to the west, and the sill (or floor) of the Ophir is 14 feet above the sill (floor) of (3).

Throughout the confusion as to which collapsed tunnel was in fact the Ophir Tunnel, we also became suspicious of the large flow of water emanating from (4) and speculated that this was in fact a buried mine tunnel. We have sampled the seepage from (4) and we are working with CDPHE to determine if this water ought to be a "source" to be included in the inventory of mine sources required to be completed and updated as appropriate under our Consent Order and Settlement Agreement entered on August 3, 2016.

Now that we have confirmed that the Southwick is in fact the area identified in the red circle (3), we think that the area identified on the figure as red circle (4) is not a mine tunnel, and is only stormwater seepage arising from melting of a particularly large snowpack above the waste rock pile. When the analytical data is available from the sampling effort, we will notify CDPHE pursuant to the CO&SA and provide DRMS with a copy of the notification.



Our plans for the Ophir Tunnel as disclosed in the previously filed NOI Amendment are not changed by a better understanding of the location of the Portal of the Ophir Tunnel. We will not disturb any new areas in the course of accessing the Portal. It is still our intention to cut the upper bench and fill the area in the existing parking lot area to make a drill pad sloping toward the east capable of supporting the drilling of a large dewatering well in the area immediately to the south of the newly discovered Portal location.

Thank you for the opportunity to clarify this observation in writing as part of the Amendment.

Sincerely,

Sincerely,

A handwritten signature in blue ink, appearing to read "Joe Harrington".

MineWater Finance LLC

Joseph G. Harrington, President.

Copy: Kelly Morgan, CDPHE