

August 30, 2018

Drill Location updated prior to BLM approval
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Robert Wagner
Rocky Mountain Resources
4601 DTC Blvd. Suite 120
Denver, CO 80237

Amy Yeldell
Colorado Division of Reclamation, Mining and Safety
1313 Sherman St., Room 215
Denver, CO 80203

RE: Request for authorization for exploration drilling, sampling, and testing

Dear Ms. Yeldell

Overview:

Rocky Mountain Resources (RMR) is requesting permission from the Colorado Division of Reclamation, Mining, and Safety (CO DRMS) to proceed with drilling for the purpose of exploration, sampling, and testing at our Mid-Continent Quarry north of Glenwood Springs, Colorado. RMR is submitting this request so that we may have a better understanding of the dolomite deposit located under the limestone deposit we are currently mining. Below is an explanation of our plan to complete this work, including the description of the work, equipment, and testing.

Location:

The proposed location for the drilling is within the currently disturbed area of our operation. We have selected three areas we would like permission to drill within. Two are located on the current mining bench to the northeast of our crushing operation (Drilling Locations 1 & 2 on the location map, Attachment A). The third is located on the bench directly above our mining bench and to the west of our crushing operation (Drilling Location 3 on the location map, Attachment A). Three different areas are desirable for flexibility in drilling. Should one area not return significant dolomite in a core hole, another area could be drilled. The attached location map (Attachment A) shows the center points of the three areas and includes their coordinates. We are requesting permission to drill within a 50-foot radius of the center points. The total size of each drilling pad will be no greater than 50'x50'.

Drill Hole Quantity and Dimensions:

Within the drilling locations, RMR is requesting permission to drill up to a total of 15 holes, with outside diameters between 2.5" – 6.5". The total depth of each hole would be no deeper than 200 feet. The holes would be drilled on one or more of the three drilling locations described in the "Location" section. All drill holes could be drilled from one location if the rock formation quality and depth allow. In any case, the sum of the holes drilled on the three locations will not exceed 15. The holes would be drilled with a combination of reverse circulation and core drilling techniques. Our goal is to retrieve 2000 lbs. of

dolomite core. We would also retrieve some limestone core from the overlying limestone layer we are currently mining.

Equipment and Coring Technique:

The equipment we plan to use for drilling would either be a diesel-hydraulic Ingetrol 75F trailer mounted drill or a similar drill mounted on a rubber-tired flat-bed truck. Other equipment on-site at the time of the drilling would include a 4x4 truck, a small compressor, one or two 500-1000 gallon water tanks, and a 100 gallon fuel tank on the drill trailer. Core drilling would be performed using fresh water delivered to the site and placed within a pre-existing 2500-gallon storage tank.

Drilling would be accomplished using two methods: Air/rotary techniques through the limestone horizon (limestone will also be spot-cored for testing samples) and coring techniques using wireline tooling and HQ (or similarly sized) coring tools.

Fuel and Lubricants:

Fuel will be stored in individual tanks on either the truck or the trailer. Equipment lubricants will be contained within the equipment they are lubricating. Any grease or small lubricant containers will be contained within the truck or secured on the drill trailer.

In the case of a fuel or lubricant spill, the spill will be contained with an earthen berm or absorbent booms and absorbed using absorbent pads, powders, or dry earthen material. Contaminated products and soiled earth will be disposed of at an authorized facility in accordance with local, state, and federal regulations. Garfield County Landfill is one such authorized facility.

Water, Cuttings Management, and Erosion Control:

Drilling operations will be conducted using both wet and dry drilling techniques. Dry techniques (air and rotary) will produce cuttings at the collar of the drill hole. These cuttings will be kept at the collar or shoveled a few feet away from the collar. Cuttings will be kept and used for plugging the drill holes. Wet coring will employ the use of water to lubricate and cool the core drilling bit. Prior to the coring of a hole, a steel casing sleeve will be installed in the top section of the drill hole. The casing will extend down into the hole a few feet and will extend out of the hole a few feet as well. The casing above the surface will have an outlet on one side to allow returned water and cuttings to flow out of the casing in a controlled manner. The flow of returned water and cuttings will be directed into a holding tank with a volume of 500-1000 gallons. The water and cuttings will be allowed to settle in this tank and fill it up to the level of an outlet in the side of the tank. Once the water level reaches the tank outlet, it will flow into a second 500-1000 gallon tank, where the water and cutting fines will have additional time to settle and separate. Water in the second tank will be pumped out of the upper portion of the tank and recirculated down the drill hole as clean water for the coring process. Flocculants or other additives will not be used in the settling process. Water remaining in the settling tanks after the drilling process will be allowed to settle further and then pumped back into the 2500 gallon storage tank on site where it will be used as a dust suppressant in crushing operations. Drill cuttings and fines in the settling tanks will be emptied onto the ground near the drilling site and will either be used to plug the drill holes or will be disposed of in our fines pile on the northeast corner of our current bench area.

Erosion is not expected to be an issue on site since the water from the drilling process will either be recirculated in the drilling process or will be returned to the water storage tank on site. Should water escape from any tank or containment location, it will be contained within an earthen berm. Dry earth may be added to the water to absorb it. Wet material will be removed and stockpiled on the northeast corner of our current bench area.

Drilling Schedule:

Drilling will be performed over the course of 10 days on the quarry site. Drilling will take place Monday – Friday between the hours of 7am and 7pm. The crew on site will consist of one senior driller, a driller helper, and a geologist or geological engineer.

Open Drill Holes:

During the drilling operation, all drill holes at the active drill pad will remain open. Depending upon the number of holes drilled on each pad location, the number of drill holes open at one time will range from 1-15. Open holes will be temporarily plugged with a capped piece of PVC pipe 4 feet in length. The pipe will be inserted into the hole a distance sufficient to keep it locked in place, and the exposed end will protrude past the surface at least 2 feet. Drilling locations containing open drill holes (temporarily plugged with PVC pipes) will be marked with traffic cones and sectioned off with yellow caution tape when drilling personnel are not on site. This includes the time between shifts, weekends, and any time following the completion of the drilling operations. A total of three drill holes may be kept open for the purposes of geotechnical analysis for a period of 90 days from the approval of the exploration drilling request. These holes will remain temporarily plugged with a 4-foot piece of capped PVC pipe and marked with high visibility traffic cones and caution tape until geotechnical analysis has been performed or the 90-day time limit has been reached. Once the drilling rig completes drilling operations at a pad location, the open holes will be plugged before moving to the next pad location, except for those holes left open for geotechnical analysis. In no case will a non-geotechnical hole remain open for more than 10 days past the completion of the drilling for that hole.

Plugging and Reclamation:

After the drilling is completed, the drill holes not being left open for geotechnical analysis, will be promptly plugged and reclaimed in accordance with BLM H-3042-1, chapter 5 and Colorado Code of Regulations Rule 5.4 “Abandonment of Prospecting Drill Holes”. Drill holes, without any water present, will be backfilled with cuttings and capped with a non-metallic plug and 3’ of concrete. Cuttings will then be spread across the top of the drill hole. Should static water be encountered in any of the holes, they will be immediately backfilled with bentonite to a height of 50’ above the static water level, to prevent the communication of groundwater between layers, and then filled with cuttings to a height of 3’ below surface level. A non-metallic plug will be installed, and the hole will be capped with 3’ of concrete. Cuttings will then be spread across the top of the drill hole. Artesian water is not expected in the drill holes, but should it be encountered, the following plugging procedures will be used. The drill hole will be immediately filled with bentonite or concrete to a height of 3’ below the surface level to prevent the communication of groundwater between layers. A non-metallic plug will be installed, and the hole will be capped with 3’ of concrete. Cuttings will then be spread across the top of the drill hole.

Final surface regrading, top soiling, or planting of the drilling areas will not be performed, as the drill holes are in the active mining area and will be mined through within the next few years.

Post Drilling As-Built Drawing:

Within 30 days of the completion of the exploratory drilling, RMR will submit a final report, an as-built drawing, and a data sheet showing the location and dimensions of all holes drilled.

The final report and as-built drawings will contain the following information: date of completion, hole diameter, total depth drilled, GPS surface location, drilling pad, hole inclination, presence of water, whether the water was static or artesian, flow rate if artesian, and whether the hole will be used for geotechnical analysis.

The final report will also contain an abandonment report for the plugged holes. The abandonment report will include: date of abandonment, depth of non-metallic plug placement, intervals of various plug material types, and placement depths. If a wet hole is plugged, the abandonment report will also contain the interval(s) at which the bentonite or cement plug was used, and the volume of bentonite or cement used.

Rock Testing:

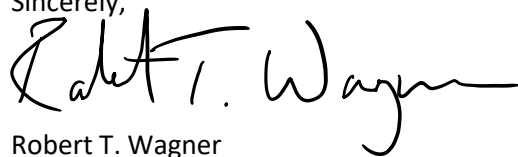
RMR plans to perform several tests on the rock samples including:

- UCS testing on core samples
- XRF testing on core and chip samples
- Rock properties testing on crushed core samples

RMR will submit the findings of any testing to the CO DRMS for their records.

Should there be any questions regarding our request, please contact Bobby Wagner at rwagner@rmrholdings.com. We appreciate your consideration of our request, and we look forward to hearing from you soon.

Sincerely,



Robert T. Wagner
VP, Colorado Operations
Rocky Mountain Resources
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Attachment A



Drill Hole Area Center Point Locations

Drilling Location #1	Drilling Location #2	Drilling Location #3
Latitude: 39.569923°	Latitude: 39.569692°	Latitude: 39.569583°
Longitude: -107.323431°	Longitude: -107.322388°	Longitude: -107.321267°