



April 26, 2019

Mr. Elliott R. Russell, Environmental Protection Specialist — DRMS

MineWater Finance LLC (MineWater) received your Notice of Deficiencies for Modification MD-03 for File No. P-2016-020 dated April 15, 2019. Thank you for your detailed review and response. MineWater is pleased to provide this response to the points raised in the Notice, as follows:

1. MineWater hereby withdraws Form 1; it was our intention that Form 1 and Form 2 were to be duplicates.
2. The topographic location of the drill hole is collared within 50 feet of the Ophir Tunnel and the previously drilled LM-2.5; as shown in reference to the existing mine workings map

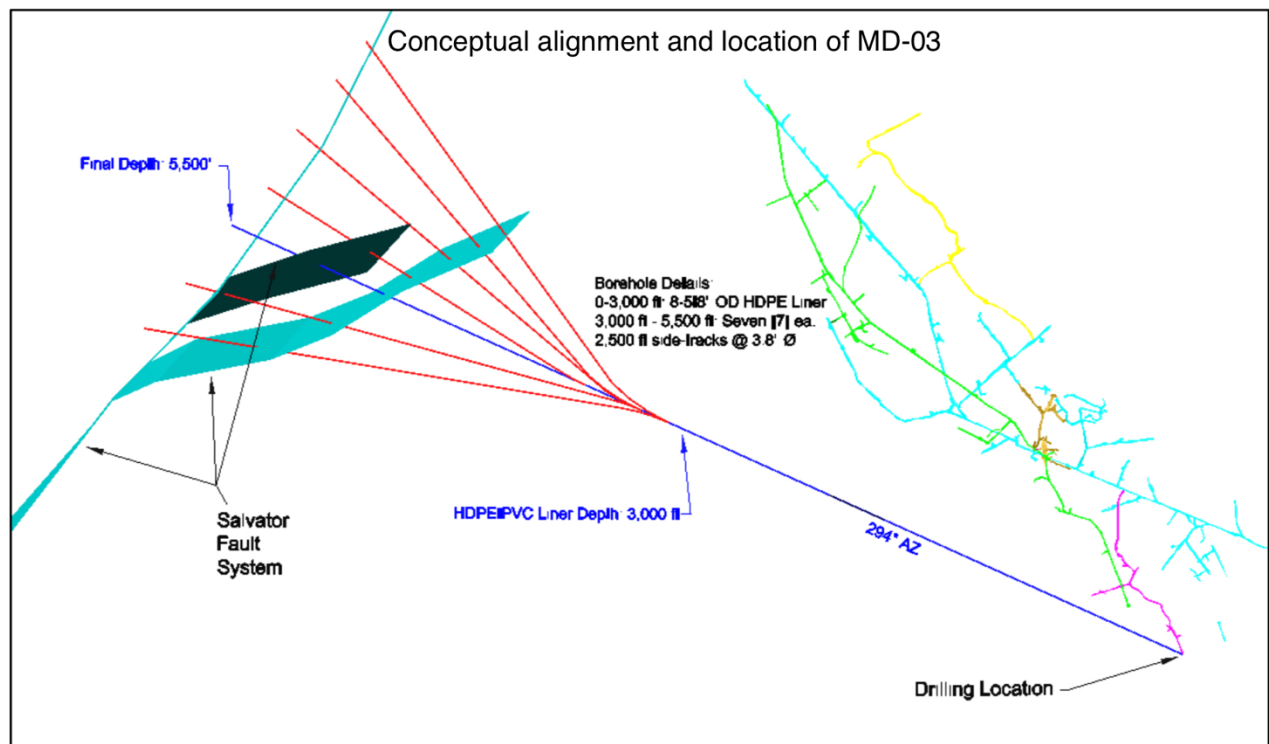
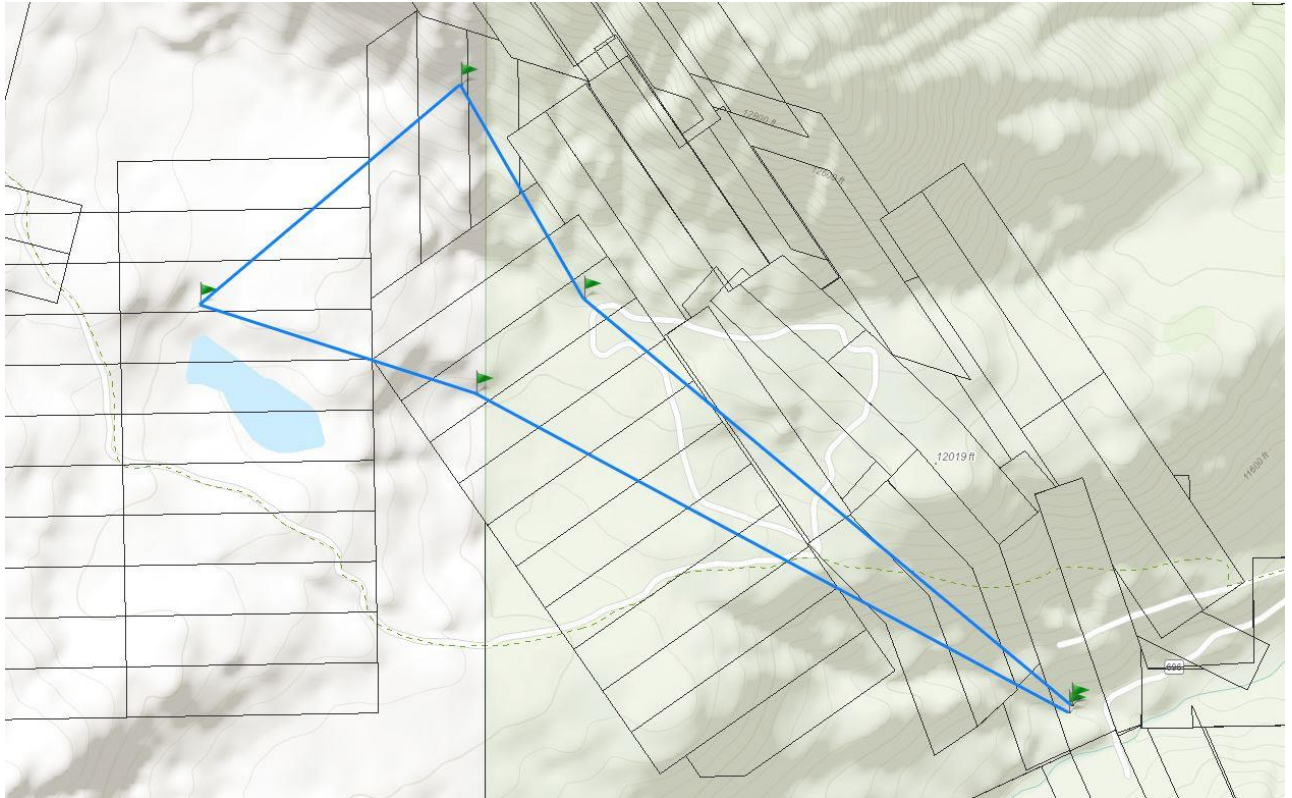


Figure 1: Plan view map of multi-lateral borehole installed with HDPE or FPVC liner to 3,000 ft.

The fan alignment shown is for example-only and will be field optimized based on rock hardness, fracturing and faulting, and retargeted based on recovered mineral values in the pilot hole and subsequent side tracks (pilot shown in blue). We will be testing generally vertically oriented

mineralization in and near the Salvator fault system and assaying for metallurgical constituents to guide location of the fan elements.

Topography and alignment of the main access borehole and the fan at the end of the access boring with respect to our land ownership is depicted on the following image developed using Park County GIS tools:



3. Formatting of the electronic form resulted in incomplete responses. See below for each response:
 - a. Section III: 5

“One drill pad 100 x 120 ft on already disturbed area previously bonded for reclamation under existing financial warranty, immediately adjacent to lower well located adjacent to the Ophir tunnel.
Drill cuttings will be placed on existing drill cutting storage area and amended (if needed) to achieve at least 4x neutralization potential over total acidification potential as calculated from sulfide content (if any).
Drilling fluid will be recirculated by drilling contractor and contained in steel tanks during use.”
We anticipate drilling through predominantly Leadville Dolomite formation so the ratio of acid generating potential to acid neutralizing potential should be very low (for example 1 part sulfide for 10-20 parts carbonate).
 - b. Section III: 6D

“One drill hole from surface will be advanced with a slight up-slope (1% or so) to 4,000 ft horizontal depth at 10.75" diameter. fingers off of that hole will be advanced an additional 1500 ft parallel to the London fault (horizontally).”
 - c. Section III: 6F

“Gas stored in vehicle tanks. Diesel for operating vehicles (extendable forklift) is contained in 500 gallon above ground (elevated) storage tank with 1500 gallon steel containment basin surrounding tank all within existing approved stormwater spill management containment plan on-file with CDPHE. Bentonitic drilling mud in sealed 5 gallon buckets within Quonset building. Portable toilet located near drilling operation.”

d. Section III: 6I

“VLD-3000 track mounted directional drilling rig supplied by REI Drilling, powered by line power from the existing 1000 Amp/480V grid power at the drilling pad. Analytical work performed offsite for core / chip geochemical analysis.”

e. Section III: 6K

“All water from the project area within this MD-03 will drain by gravity to the existing outfall WT001 regulated under CDPS Permit No. CO0038334.”

f. Section IV: 4

“No drill holes will be abandoned pursuant to this work. If the holes were to be abandoned for unforeseen reasons, the main borehole from the junction of the fingers approximately 4,000 feet depth will be sealed and filled with neat cement grout to surface.”

4. During the 1980s there was an intercept that was high grade (+2 opt Au) in mineral samples taken from the Salvator well. Numerous subsequent vertically located boreholes were unable to replicate this high grade occurrence. MineWater expects that the alignment of this fan will cut the mineralization in the West London deposits and more closely approximate true thickness of the mineralization for a more accurate determination of the location and grade of this mineral deposit. Assay of chips taken from the boreholes will be coupled with downhole survey tooling to plot the grade and thickness of the mineralization. Geochemistry of the cuttings will also be evaluated for metallurgical recovery alternatives (at a screening level), and for contaminants that could penalize the economics of recovery of any gold values located in the fan alignment.
5. Water produced from the boreholes will be discharged pursuant to the existing CDPS Permit (approved by CDPHE) and to the extent that any of the boreholes are sources of water under Water Decree 8314-76 the development of that water resource is approved by Division of Water Resources under Permit No. 81321-F. Underground water treatment is approved under a UIC Permit (Authorization by Rule) issued by US EPA for the London Mine in May 2014.
6. Exploration holes constructed under the original application P-2016-020 were redrilled (due to collapse) and plugged in December 2017 by Godbe Drilling. The abandonment report for this work was filed by Dean Misantoni in early January 2018. Drilling pits were backfilled and revegetated in fall 2017. All other disturbance created under that work was re-seeded in August 2018. Due to the extreme elevation (at treeline) of this work we anticipate that additional seeding may be required and that assessment to determine extent of re-seeding will be conducted in summer 2019.

MD-01 involved the conversion of one hole to a larger borehole to recover additional sample volume of high grade intercepts found near the Ophir Tunnel entrance at depths of 350 – 750 feet, and drilling of a larger borehole near the Extension Tunnel to test the extension of the high grade deposit in that direction. Those larger boreholes were then converted to a producing water well under DWR Permit No. 81321-F so there is no reclamation obligation remaining for MD-01 pertaining to the boreholes. The roadway that was expanded and improved to access the upper borehole is required for maintenance of the water well and therefore will not be reclaimed as that well services a perpetual water right made absolute under Water Decree 8314-76, under Water Decree 80CW0419 (the Leach Well), and under Water Decree 91CW0077.

MD-02 amended the method of abandonment of boreholes developed in the original application and did not authorize additional disturbance.

7. MD-03 work will all be completed on the drill pad that was constructed on the footprint of a previously operating water treatment pond so it involved no new disturbance, and it was used in the development of the larger borehole under MD-01 and subsequently converted to a water well under DWR Permit No. 81321-F. The maintenance of that well requires that the area remain open for support of the column pipe for that well (1000 feet depth) so that area will not be reclaimed to support the water treatment and water pumping activities. No new area will be required to allow this to be completed. The cuttings from the drilling activities will be amended (if needed) with lime to ensure that a strongly positive alkaline balance is maintained, and stored on the existing approved sludge storage area managed under our CDPS Permit CO0038334.

Thank you for your consideration of this amendment.

Sincerely,
MineWater Finance LLC

A handwritten signature in blue ink, appearing to read "Joe Harrington", with a stylized flourish at the end.

Joseph G. Harrington, President



STATE OF
COLORADO

Russell - DNR, Elliott <elliott.russell@state.co.us>

FW: DRMS Response

Joe Harrington <jgh@minewater.com>

Fri, Apr 26, 2019 at 1:54 PM

To: elliott.russell@state.co.us

Cc: Eric Lancaster <ejl@minewater.com>, "Cunningham - DNR, Michael" <michaela.cunningham@state.co.us>

Mr. Russell,

I apologize; I mistyped your email address in the below submittal.

Thanks for your help.

Joe

-----Original Message-----

From: Joe Harrington <jgh@minewater.com>

Sent: Friday, April 26, 2019 12:18 PM

To: 'elliott.russell@state.co.us' <elliott.russell@state.co.us>

Cc: 'Eric Lancaster' <ejl@minewater.com>; 'Cunningham - DNR, Michael' <michaela.cunningham@state.co.us>

Subject: DRMS Response

Please find enclosed MineWater's response to the Notice of Deficiencies that we received.

Thank you for your continued support and consideration of our project at the London Mine.

Sincerely,

Joseph G. Harrington, President
MineWater LLC
10924 Leroy Drive, Northglenn CO 80233
720.883.6700
866.313.2154 fax
www.MineWater.com

Contractor to MineWater Finance LLC
--Owner of the London Mine in Park County CO



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