



COLORADO
**Division of Reclamation,
Mining and Safety**
Department of Natural Resources

September 1, 2020

Richard Mittasch
Calais Resources Colorado, Inc.
P.O. Box 3395
Nederland, CO 80466

RE: Cross Gold Mine; File No. M-1977-410; 3rd Party Financial Warranty (SO-02)

Dear Mr. Mittasch,

On April 27, 2020, the Division of Reclamation, Mining and Safety (Division) received an Application for Transfer of Permit and Succession of Operators from Calais Resources Colorado, Inc. (CRC) to Grand Island Resources, LLC (GIR). The request to transfer the Reclamation Permit for the Cross Gold Mine requires GIR to provide a replacement financial warranty in the amount of \$31,500.00. In correspondence dated July 10, 2020, GIR requested the 3rd Party Cash Bond in the amount of \$16,100.00 which was submitted by Russell Mining Corporation on behalf CRC, be transferred to GIR to cover a portion of the financial warranty obligation associated with the transfer of the Reclamation Permit.

GIR has asserted a claim to the 3rd Party Cash Bond as a result of a confidential settlement agreement between GRI, CRC, and other parties. The Division does not have a copy of the confidential settlement agreement and understands that the agreement is confidential by Court Order. No other demonstration has been made to validate the claim to the 3rd Party Cash Bond. Additionally in this matter, pursuant to the terms of the financial warranty the Division and/or Board can only direct Colorado Department of Treasury to issue a refund check payable to the Warrantor, Russell Mining Corporation. As such, the Division is not able to transfer the \$16,100.00 to GIR, nor is the Division able to direct the Colorado Department of Treasury to return the funds to GIR. Upon submittal of a replacement financial warranty in the amount of \$16,100.00, the 3rd Party Cash Bond will be returned to the Warrantor Russell Mining Corporation. If Russell Mining Corporation fails to make a claim on the returned funds, the money will routed to the Unclaimed Property Division of the Office of the State Treasurer. Any demonstration of rightful ownership of the funds must be made to the State Treasurer.

In order to complete the request to transfer the Reclamation Permit, GIR must provide a financial warranty in the amount of \$16,100.00 by September 8, 2020.

If you have any questions, you may contact me by telephone at (303)866-3567 ext. 8116.

Sincerely,

Michael A. Cunningham
Senior Environmental Protection Specialist

CC: Amy Eschberger, DRMS
Jeff Fugate, AGO

