

## The Union Milling Contractors

P.O. Box 620490  
Littleton, CO 80162-0490  
+1.303.947.3499

### VIA EMAIL

8 October 2020

Dustin Czapla  
Division of Reclamation, Mining and Safety  
Department of Natural Resources  
1313 Sherman St., Room 215  
Denver, CO 80203  
Ph: 303-866-3567  
[dustin.czapla@state.co.us](mailto:dustin.czapla@state.co.us)

### RE: M1990-057 | Request to Reactivate Permit M1990-057

Dear Dustin,

Union Milling Company requests that the Division activate Permit M1990-057. The Mill was placed on Temporary Cessation on January 5, 2018. During this period, UMC continued to comply with the Rules and Act, including maintaining the Site, and continued to file Annual Reports and Fees.

As communicated to the Division on April 6, 2020 and subsequent discussions, the Mill was sold to CJK Milling Company LLC. UMC continue as contractors to the new owner and also plan to operate the Mill, also on behalf of the owner.

#### Operating Plans:

CJK purchased the Mill as well as several groups of mining claims on Breece Hill. One of these groups includes "The Penn Group". The plan is to process certain vein dump materials located on the surface next to historic shafts and declines which contain economics qualities of gold (as well as silver). Breece Hill is located about 2-3 miles East of Leadville on County Road 1.

CJK is fully-funded to complete this is multimillion-dollar program. To date, over \$500,000 have been committed, and a material amount of these funds have already been expended.

#### Mining:

Initially CJK plans to move and process the materials from the Penn 1 Decline and Penn 3 Shaft. The Division granted CJK an NOI test the material on these claims for economic viability through a drilling program. Drilling was completed in mid-July 2020, and by mid-August we had received assays from ALS Chemex laboratories in Tucson, Arizona, confirming economic grades.

Over time, this testing will continue on other claim groups in and around the Breece Hill area.

#### Processing:

In parallel to the drilling and CJK retained Resource Development, Inc., in Wheat Ridge Colorado to conduct metallurgical testing on Penn 1 & Penn 3 material (also collected during the

drilling program) to conduct test and develop a flowsheet which can treat this material. This work has been ongoing since July and is scheduled for completion in the near future.

On completed, we will rely on the results to finalize the process flowsheet, and complete the design requirements for the Mill.

Start-up is planned for mid-2021.

Near-Term Action Items/Work Schedule (Once permit is reactivated):

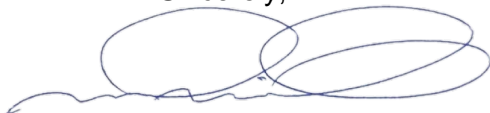
- Continue remediation activities at the Mill as required.
- Reactivate Permit M1990-057 (This letter request)
- Submit Succession of Operator (SOO) to the Division for change of owner (UMC to CJK). UMC originally understood this to occur at submission of 112 Amendment Application so that the new bonding requirement can be provided. However, we have been informed that the SOO process must occur prior to the 112 Amendment Application. SOO will be presented to the Division prior to the permit application, as is required.
- Amend Permit M1990-057 to 112 and to include Agitated Leach Circuit and Dore refinery, to be installed in a new building (The Gold Building). This work is in progress.
- Submit new 110(2) permit application for the Penn Mine. This work is in progress.
- Complete process plant upgrade design and engineering. This work is in progress.
- Submit Technical Revision 5 (TR5) to the Division requesting to move historic Mill tailings to upper level at Site. This will be in preparation of processing the tailings and depositing into the TSF, and required by our permit. This will also make room to install the Gold Building foundation (at the Southeast corner of the existing mill building). This TR request is completed and will be submitted to the Division once permit is reactivated.

TR5 work will commence within 5 days of approval, and is estimated to be a 5-day project.

- Submit TR6 to the Division requesting construction of the Gold Building foundation. It is UMC's goal to complete this project this year. UMC understand that this work will be at our own risk should the Division NOT approve our 112 Permit Amendment application. This TR is in progress. The foundation design is currently in preparation for the TR6 application.

We look forward in working with the Division as we advance this project. Please contact me at 303-947-3499 or [nmichael@unionmilling.com](mailto:nmichael@unionmilling.com) if I can be of assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Nick Michael', with a stylized, looping flourish extending to the left.

Nick Michael  
Member