rm potash
A subsidiary of Red Metal Limited [www.redmetal.com.au]

3611 South Xenia Street
Denver, Colorado 80237
Phone 303-805-2502 Fax 720-420-6515

November 29, 2012

Mr. Bob Oswald
Colorado Division of Reclamation, Mining and Safety
1313 Sherman Street, Room 215
Denver. Colorado 80203

Re: Colorado potash Project NOI No. P-2011-012

ADEQUACY RESPONSES

Dear Mr. Oswald,

I am in receipt of your letter of November 15, 2012, and am sending this reply to elaborate on the items for which you asked clarification. I'll answer in the same number format used in your letter:

1. "Temporary casing and well installation methods". Through discussion with the BLM personell we have proposed that two strings of casing will be used in the RM Potash exploratory wells. Each well will be drilled to about 50 feet below the top of the Chinle Formation with water-based mud (depth about 1200 to 1500 feet), at which point a string of surface casing will be installed and cemented to suface. This surface casing will remain permanently in place after the well is abandoned.

   The drilling will advance to the top of the Paradox Formation with the water-based mud system, depth about 5500 feet. At that point a string of temporary casing will be installed, and cemented into place. That cement is planned to rise only about 150 feet above the casing shoe so that the casing can be reclaimed after coring and testing is completed.

   After the temporary casing is set at the top of the Paradox Formation, the well will be advanced by coring with an oil-based mud system to recover cores from the salt and potash sections of the Paradox Formation to a depth anticipated to be between 6000 and 6500 feet. The coring operation is anticipated to require about two to 4 weeks to complete. Additional testing of the well bore, logging, and possible down-hole seismic testing may take an additional two weeks, but will be conducted with the temporary casing in place.

   When coring, testing, and logging is complete, the well bore below the casing shoe of the temporary casing, and the the inside of the temporary casing, will be cleaned with water containing a surfactant to remove as much as possible of the oil-based mud. The water-surfactant-oil based mud used cleaning solution will be hualed off-site and disposed at an appropriate facility. After cleaning of the temporary casing, the casing will be cut as close above the cement as possible, and the temporary casing will be recovered for re-use or recycling. We anticipate the cleaning and removal of the temporary casing to be completed in 2 to 5 days.

When the removal of the temporary casing is complete, the well will be immediately filled with cement as an abandonment procedure. After completely cementing the well bore, tremmying the cement from bottom to top, the surface casing will be cut off below the ground surface, and the drill site will be recontoured and reclaimed.

2. "Isolate aquifers". The near surface aquifers, Dakota aquifer, if present (Dakota and Burro Canyon Formations) and Navajo aquifer (Entrada, Navajo, and Wingate Formations) will be isolated by the surface casing set into the top of the Chinle Formation and cemented to surface. The Dakota aquifer may not be present if the well is spudded below the Dakota/Burro Canyon stratigraphic level, depending on which drill site is selected.

   The deeper aquifers in the Cutler and Hermosa Formations will be isolated by the temporary casing during the coring of the target horizons, and then isolated by the complete cement plug after abandonment of the well.

3. "Cement bond". RM Potash plans to have electric logs run in the well bore before the temporary casing is set in the top of the Paradox Formation. At that time the logging contractor will be requested to run a cement bond log on the suface casing to verrify the cement-to-steel bond isolating the Dakota and Navajo aquifers.

4. "Cement plugging". RM Potash has committed to a complete cement plug in the well bore for abandonment. Cement will be tremmyed from bottom to top, completely filling the well bore with cement. This stipulation is included in the EA (DOI-BLM-CO-S010-2009-0076) in section 2.2.3 under the heading "Drill Holes". Although the term "tremmying" for placement of the cement was not used in the document, that procedure was intended as the cement placement method by RM Potash.

5. "Plugging and Abandonment". The bore hole will be cemented by tremmying cement from bottom to top as the plugging procedure stipulated in the EA (DOI-BLM-CO-S010-2009-0076), and elaborated above in #1 and #4 of this letter. After cementing, the surface casing will be excavated and cut off 4 feet below the level of the drill site; the drill site will be recontoured and reclaimed as specified in the EA, and a permanent steel marker will be placed over the location of the surface casing.

I trust that these explanations will be sufficient clarification of the concerns expressed in your letter of November 15. Besides the copies of this letter sent to your Durango location, I will also send copies to the State office in Denver. If you need additional clarification, please contact me at the address or phone number above.

Sincenely,

Jon P. Thorson
Manager, Colorado Potash Project