To: Montgomery, Michael[Montgomery.Michael@epa.gov]
From: Albright, David
Sent: Wed 3/23/2016 2:54:20 PM
Subject: FW: Gunnison Copper Project

I am about to send a pleasant reply, and I will copy you on that.

From: Stephen Twyerould [mailto:stwyerould@excelsiormining.com]
Sent: Tuesday, March 22, 2016 3:49 PM
To: Albright, David <Albright.David@epa.gov>
Cc: baggiore.trevor@azdeq.gov; Rebecca Sawyer <rsawyer@excelsiormining.com>
Subject: Gunnison Copper Project

Dear David,

Thank you for getting back to Excelsior in regards to the Gunnison Copper Project UIC permit application. As discussed in the call with Rebecca Sawyer, Excelsior is interested in working with EPA in conjunction with ADEQ to facilitate the permitting process on the Gunnison Project. We believe there is value in developing a collaborative relationship among all the parties as we move through this process.

Though we understand your position in choosing not to meet at this time, we believe that face-to-face communication is beneficial to streamline the process and conserve resources for all involved. It can assist the reviewers in putting the application into the context of the future mining operation.

Since our pre-application meeting in July last year, Excelsior acquired the adjacent Johnson Camp Mine (JCM) out of receivership, primarily for the 25 million pound per annum SX/EW copper processing facility. This acquisition was effectively the pre-purchase of our copper processing facility, which demonstrates our commitment to, and financial support of, the Gunnison Project. The acquisition also saved the community 14 jobs and provided approximately $4 million to Cochise County by way of unpaid back taxes. JCM is now on care and maintenance, with most activities on site related to draining down the old leach pad and bringing the site back into regulatory compliance.

Along with the JCM acquisition, Excelsior has completed an updated prefeasibility study and has now moved into full feasibility, which will be completed before the end of this year. As an organization we have been actively and transparently engaged in our community for well over two years now and have enjoyed strong support locally and regionally.

From a permitting perspective we hope our Project becomes a shining example of how industry and the regulatory agencies like the EPA and ADEQ can work together in our commitment to the

environment and economic growth, particularly in rural areas where such growth is needed most. Why do we believe this can be a shining example? Because the Project is ideally situated in a closed basin with no saturated alluvium above, no WOTUS issues, no Native American or endangered or threatened species issues, no federal lands, and very strong local support. In addition, the groundwater model submitted in support of the application is well calibrated, relying on well documented and verifiable field data, and effectively demonstrates the viability of the Project.

Excelsior has put significant expertise and effort into these applications to garner strong, defensible, permits. This project is a win-win for the Agencies, the Company, the community, and the State. Excelsior is committed to bringing Gunnison into production in early 2018, a schedule that you acknowledged was achievable in our pre-application meeting last July.

We look forward to working with you and the ADEQ as the permitting process progresses. Please do not hesitate to contact myself or Rebecca Sawyer if you or members of your team have any questions or if we can be of assistance.

Sincerely,

Stephen Twyerould

President & CEO

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