

December 3, 2020

Attn: Matt Moen
M&W Milling and Refining, Inc.
P.O. Box 33
Virginia City, MT 59755

Sent via email to: moen@moenbuildersinc.net

RE: Status of Operations – Operating Permit No. 00152

Dear Mr. Moen

On August 17, 2018, the Montana Department of Environmental Quality (DEQ) requested information regarding the status of activities at the mill operated by M&W Milling and Refining, Inc. (M&W Milling and Refining). The Administrative Rules of Montana (ARM) 17.24.170(1) state that mill operations are presumed completed or abandoned, and thus are subject to the reclamation time schedule outlined in the approved reclamation plan, when the mill has ceased operations for a period of two years or more. The milling operations permitted under Operating Permit No. 00152 were assumed to have ceased, following tests conducted in the spring of 2015.

M&W Milling and Refining provided information to rebut that assumption on August 28, 2018. M&W Milling and Refining explained that plans were being developed to modify the mill by an engineering firm based in Denver, Colorado. The mill was being redesigned to adequately process ore found on several of the properties in Alder Gulch and Browns Gulch. Modifications to the mill would include the plant feed system, a gravity concentration system, a filter press, a concentrate drying system, and a rougher flotation bagging system. A flow chart showing these potential changes was also provided with the response.

On September 5, 2018, DEQ determined that M&W Milling and Refining provided adequate evidence of intent not to abandon operations, by demonstrating that the mill is shut down for maintenance or the construction of new facilities (ARM 17.24.150(2)(e)).

Two years have passed since that determination and DEQ has documented through site inspections and information submitted in annual reports that milling operations have not resumed. DEQ must therefore review the activity status of Operating Permit No. 00152 as defined in ARM 17.24.170(1).

Please provide an update about the status of mill operations to address the following information request.

Status of Operations Review:

The Administrative Rules of Montana (ARM) 17.24.170(1) state that mill operations are presumed completed or abandoned, and thus are subject to the reclamation time schedule outlined in the approved reclamation plan, when the mill has ceased operations for a period of two years or more.

Under ARM 17.24.150(2), documentation of any of the following situations is adequate evidence of intent not to abandon operations:

1. the mine or mill work force is on strike while negotiating a new contract,
2. the mine or mill is shut down because of some failure of the transportation network in moving ore or processed material,
3. the mine or mill is shut down because of a natural catastrophe and plans to resume operations are being formulated,
4. the mine or mill is seasonally shut down due to predictable annual variance in the mined product's market or because of inclement weather or seasonal inaccessibility,
5. the mine or mill is shut down for maintenance or the construction of new facilities, or
6. the mine or mill is forced to temporarily shut down because of violation of other state or federal laws and efforts are being made to remedy the cause of the violation.

Under ARM 17.24.150(3), at the discretion of DEQ, the following evidence and any other relevant evidence may be satisfactory to show intent to resume operations:

1. exhibition of drill core and accompanying assay reports to show that ore minerals still remain in the mine and that they are present in veins or accumulations of sufficient size, grade and accessibility to warrant continued development. Geological, geochemical or geophysical indications of valuable mineralization sufficient to warrant further development or mining will also be considered by DEQ,
2. continued employment of a maintenance crew to dewater the mine or replace timbers, etc.,
3. data recording present and predicted commodity prices, labor and transportation costs, etc., or any other evidence which may show that mining may soon resume on a profitable basis.

If you wish to rebut the presumption that the mill operation is completed or abandoned pursuant to ARM 17.24.170(1), please provide documentation of a condition specified in ARM 17.24.150(2) or (3) for DEQ's consideration. Documentation must be submitted to DEQ within 30 days of receipt of this letter.

If documentation is not submitted to DEQ's satisfaction rebutting the presumption that the mill operation is completed or abandoned, you may submit an application to modify the operating permit to provide a longer period of time within which to complete reclamation. The modification application must be submitted to DEQ within 30 days of receipt of this letter.

If you do not submit the requested information within 30 days, DEQ may proceed with further investigation to determine if the operation is in violation of 82-4-336(3), MCA. That statute requires reclamation activities to be completed not more than 2 years after completion or

abandonment of the operation in the absence of an order by DEQ providing a longer period. Under 82-4-341(4)(b), MCA, DEQ would then be required to forfeit bond if reclamation is not completed within two years after completion or abandonment of an operation or a longer period authorized by DEQ. Pursuant to 82-4-341(6), MCA, the operator would remain liable for any reclamation costs that are not covered by the forfeited reclamation bond.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Garrett Smith", with a horizontal line underneath.

Garrett Smith
Geochemist- Hard Rock Mining Bureau
Montana Department of Environmental Quality
(406) 444-1967 or gsmith5@mt.gov

E-File 00152.2

Electronic copy:
Herb Rolfes (DEQ); hrolfes@mt.gov