

May 7, 2013

Honorable Senator Chris Edwards  
c/o Linda Gilbert, Legislative Fiscal Office  
Principal Legislative Analyst  
Joint Ways & Means Subcommittee on Natural Resources  
900 Court Street NE  
Salem, Oregon 97301

SUBJECT: Oregon Division 37 Chemical Processing Rules and Support for HB2248

Dear Senator Edwards:

Calico Resources is currently in the process of permitting the Grassy Mountain Gold Mine project under Division 37 Chemical Processing Rules. The project is located 25 miles south-southwest of Vale on patented and unpatented mining claims and fee land.

The project is considered “near-term” production potential. Resource/assets are currently estimated at approximately 1.60 million ounces of total gold in the measured plus indicated category. The higher grade portion of the resource (currently under permitting by underground mining methods) is about 740,200 ounces gold. During construction, the mine is estimated to create nearly 250 badly needed jobs for Malheur County and during operations over 150 full-time family supporting jobs will be provided.

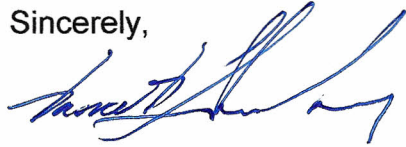
Calico has been involved in the Division 37 process just over a year. We have advanced through the pre-application phase and are currently implementing approved environmental baseline work plans. We are now compiling our Consolidated Permit Application, the first to be processed in Oregon since about 1990.

To this point in time, we have had a good working relationship with DOGAMI and the Division 37 Technical Review Team (TRT) agency members. The regulations appear to be reasonable, so far. The timelines for agency review of applicant deliverables have been somewhat protracted. We attribute this to the extended period in which the State had not received a formal application for a hard rock mine, and the general unfamiliarity with mining. All in all, however, the experience has been positive and the clarity of the regulations is helpful in moving through the permitting process.

It is Calico's view that similar clarity is needed in other State related mining regulation; and this we understand is the purpose of HB2248. It will regulate other, non-cyanide extraction processes, such as flotation, under the same requirements in which Division 37 currently operates.

We support HB2248 as referred to the Joint Subcommittee on Natural Resources. It would broaden existing laws and create an even playing field for other non-aggregate minerals development in the state.

Sincerely,

A handwritten signature in blue ink, appearing to read "Vance V Thornsberry". The signature is fluid and cursive, with a long horizontal stroke at the end.

Vance V Thornsberry, VP of Exploration  
Calico Resources USA Corporation