



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street
San Francisco, CA 94105-3901

October 15, 2018

Stephen Twyerould, Ph.D.
Chief Executive Officer and President
Excelsior Mining Arizona, Inc.
Concord Place, Suite 300
2999 North 44th Street
Phoenix, Arizona 85018

**RE: Lifting of Stay of the Permit for Excelsior Mining Arizona, Inc.
Permit No. R9UIC-AZ3-FY16-1 ("Permit")**

Dear Mr. Twyerould:

The United States Environmental Protection Agency, Region 9 ("EPA") is notifying Excelsior, the Petitioners and all interested parties that the EPA is lifting the stay of the Underground Injection Control ("UIC") Class III In-Situ Production of Copper Permit No. R9UIC-AZ3-FY16-1 ("Permit") for Excelsior Mining Arizona, Inc.'s Gunnison Copper Project ("Project").

On June 22, 2018, the EPA issued the Permit and on June 25, 2018 provided a Notice of Final Permit Decision to Excelsior Mining Arizona, Inc., and other interested parties, by email and by standard mail. On July 25, 2018, Jeffrey C. Parsons, an attorney with the Western Mining Action Project, filed a Petition for Review ("Petition") of the Permit with the Environmental Appeals Board ("EAB") (Docket No. UIC 18-04) on behalf of five entities: Dragoon Conservation Alliance, Arizona Mining Reform Coalition, Grand Canyon Chapter of the Sierra Club, Center for Biological Diversity, and Patagonia Area Resource Alliance (the "Petitioners"). Based on a review of the Petition, the EPA stayed the entire Permit on August 1, 2018.

On October 3, 2018, Petitioners and Excelsior entered into a Settlement Agreement to resolve the claims raised in the Petition. Pursuant to the Settlement Agreement, Excelsior will request that EPA Region 9 modify the Permit to add additional groundwater monitoring wells. In addition, the Settlement Agreement contemplates that Excelsior will provide Petitioners access to groundwater monitoring data through a website or portal, as well as take steps to minimize lighting during night drilling and wellfield operations. On October 4, 2018, EPA, Petitioners, and Excelsior, filed a joint motion to the EAB seeking dismissal of the Petition in acknowledgment of the October 3, 2018 Settlement Agreement. On October 10, 2018, the EAB granted the joint motion to dismiss and dismissed the Petition with prejudice. With the EAB proceedings concluded, EPA now lifts the stay of the Permit and the Permit is effective as of the date of this letter. EPA will continue to make the Permit and related materials available on EPA's

web site at <https://www.epa.gov/uic/excelsior-mining-arizona-inc-gunnison-copper-project-class-iii-uic-area-permit-and-aquifer>.

If you have any questions regarding this notice, please contact David Albright at (415) 972-3971. Legal questions may be directed to Rich Campbell in our Office of Regional Counsel at (415) 972-3870.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tomás Torres', written over a horizontal line.

Tomás Torres *October 15, 2018*
Director, Water Division

cc (via E-mail):

Jeffrey C. Parsons, Western Mining Action Project
Carla A. Consoli, Lewis Roca Rothgerber Christie LLP
Stephen A. Owens, Squire Patton Boggs LLP

cc (via E-Mail and/or U.S. Mail):

Eurika Durr, Environmental Appeals Board
All other Parties expressing interest in the Excelsior Permit.