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RECEIVED  
RICAL MINING LTD.  
Friday, January 29, 2010  
@ 5:27 pm

January 25, 2010

Joelle Janes  
Licensing Officer  
Yukon Water Board,  
Suite #106 - 419 Range Road,  
Whitehorse, YT, Y1A 3V1

**RE: Water Use Application PM10-001, Eureka Creek and Indian River**

Dear Joelle,

Thank you for your letter of January 19, 2010. The enclosed response will use the same number system as your correspondence for a matter of clarity and ease.

1. It is accepted by the applicant that this application submission PM10-001 will not be processed as a renewal but rather as a new application.
2. Please correct the expiry date of the submitted Schedule IV Application to request an expiry date of 10 years from the date of issuance of the Water License and Mining Land Use approval.
3. A Claims Status Report is attached to this correspondence. Please substitute the enclosed Pages 22, 23 & 24 for the corresponding pages of the original submission.
4. It is recognized that claims Lee 29, Lee 30, Lee 31 and Lee 32 are currently licensed under Eureka Placer's Ltd. Water Use License PM05-489. Mr. Heisey has recently purchased these claims from the owner and will reserve the right to submit these claims to be included in his issued Water License and Mining Land Use Operating Permit at a later date under an amendment. The pages of the Water License Application where the Lee 29, Lee 30, Lee 31 and Lee 32 have been mentioned have been altered to reflect this change and are enclosed with this Application.
5. A copy of the Tamarack - Heisey Agreement is enclosed with this correspondence on pages 100, 101, 102, 103, 104, 105 and 106. In the Agreement, there are 6 Tamarack claims that are to be used for water access rather than the original 11 discussed in the submitted application. Please substitute/insert the Agreement pages and pages 21 and 54 which refer to the Indian River reservoir claims, with the corresponding pages of the submitted application.

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6. The Dawson City contact number of Client Services and Inspections has been corrected in the Water License application and an updated page 129 has been included with this correspondence.

7. An updated page 80 is included with this correspondence. On this mine site plan the location of the intermittent diversions are identified. Please note that these diversions will be permanent once they are installed. There is no bypass of the instream reservoirs. The new Eureka Creek channel on the lower Lee claims that the Mine Inspector has approved and has been constructed, results in the conversion of the large instream settling facilities to out of stream settling facilities when the new channel is being used. These new channels will be permanent structures because there may be long continuous lengths of time where the creek flows in either channel. An updated page 52 is enclosed with this correspondence and should be substituted for the corresponding page in the original submission.

8. The proposed mining plan that has been submitted is a continuation of the historical workings of Eureka Creek. Although the requested amount of Eureka Creek to be used during the mining season represents only 8% of the theoretical flow, there has been a number of years where the requested amount represents near total flow due to dry summer periods. To avoid any disruption of water to the operation, it is imperative that these instream structures are used and remain in place. To install these structures during a dry period would result in a potential lack of water for not only the dry period but also the period of time that immediately follows the dry period.

9. The requested worksheet pages that you have listed in your letter have been updated are attached to this correspondence. The author is of the belief that the original submission was in fact the correct version and that these newly updated pages may be misleading. It is at your discretion whether these pages should be exchanged with the originals.

10. The more restrictive Compliance Level for the effluent discharge standard on Appendix A worksheet of 1.5 ml/L of the original application submission has been changed to reflect the more relaxed standard of 2.5 ml/L that is afforded the Indian River drainage. A copy of this page is included with this correspondence and should replace the original.

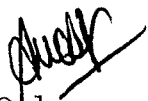
11. The proposed mining plan that has been itemized and described in the submitted Water License application and in the Mining Land Use operating plan that is presently sits before the Board, is the result of almost 40 year mine site development. Historically this site has been developing settling facilities that are effective and in response to the historic water quality standards. The Eureka Creek drainage because of both man made disturbances and the many natural flash high water events of the past summers have made it difficult to ensure Eureka Creek run off meets the water quality requirements of the governing agencies. With the combined help of site inspectors and the previous Water Boards working with the mine site owners, hundreds of thousands if not millions of dollars have been spent to construct

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this massive total creek settling pond that sits on the lower Eureka Creek claims. Since its initial construction in the late 1970's and 1980 when this reach of the drainage had had no previous development other than many years of mud/hydraulic booming into the Indian River valley, long term effective settling facilities were designed to handle the muddy waters of man made sources and the numerous summer flood events. This settling facilities has been on a continuous fine tuning regime since conception with the final issue of effective ditching/drainage channels being implemented this past summer. One of the main focuses/duties of the Water Board is to ensure that water quality standards are effectively met by the mining industry and with the use of these large downstream Eureka Creek ponds, this mining operation can. At the moment the active mine cuts are some distance (2 - 3 km) upstream of the large facility. In future years of this proposed mining program, after the centre of the Eureka Creek valley has been mined out, the active mine cuts will be moved back downstream to focus mining on the valley side mine cuts that are adjacent to the mined out areas. These cuts are where the depths of overburden (frozen muck) increase and the gold grades were previously been more marginal. Lead in time to open these areas will require work starting as early as this summer or next. The entire mine site program both past and present is design to continue to use these effective large facilities which include a conduiting of primary treated mine effluent to a these tertiary treatment facility. It is imperative to recognize and include these facilities in the issued license.

I hope that this information answers your questions. If additional information is needed, please do not hesitate to contact me by e-mail at your earliest convenience.

Thankyou for your consideration in this matter and best regards,

  
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