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SOS SECURING OUR SAFETY

February 3, 2014

Josephine County Board of County Commissioners

Re: Economic Development Efforts and the County's Natural Resources

Dear Commissioners,

Thank you for meeting with representatives of the SOS Hard Rock Mining Committee on January 23, 2014 to discuss how Josephine County can benefit from our research into mining methods that can generate a huge economic benefit while not impacting the natural environment. We have understood since coming together and forming SOS in the summer of 2012 that it would take a series of solutions to restore the Criminal Justice programs and overall health back to the County. Our conversations with you continue to focus on efforts within your control that can make a long-term positive impact on the County and targets one of our greatest assets, our natural resources. We had three basic agenda items that we discussed that we will mention again at the end of this letter.

The SOS Hard Rock Mining Committee desires to positively impact the County and our safety through economic development efforts in hard rock mining. The County's vast natural resources go well beyond the most common discussion of timber. In fact, it is quite possible that the County's mineral wealth far exceeds the County's timber wealth. Through hard rock mining, a mineral development effort that has only a tiny environmental impact when done correctly (compared to timber harvesting and other types of mining), the local economy can benefit and the County can directly receive a benefit. The County either directly owns or has a stake in a vast amount of timber land, much of which should also be classified as mineral lands and studied/developed for the direct benefit of the County.

The SOS Hard Rock Mining Committee seeks to provide education and research in order to help continue some of the work that the great governor Charles Martin started back in the 1930s. In the middle of the great depression, Governor Martin chose Josephine County as the place that could get Oregon back on its feet due to its vast and plentiful natural resources and mineral wealth. Today most of this wealth remains untapped and modern mining methods could provide a huge boost to the local economy (and the County) with very little, if any, environmental impact.

This vast potential is clearly not new, but now is the time to make it happen. This Committee's chair has developed a thorough library of research that shows the vast mineral wealth and also a very real potential of mineral wealth in a mineral that has not been previously mined in Oregon (yes we have a potential for much more than precious metals that provided a large local industry in the 1800's and early 1900's). Please see this local article from 1926: Southern Oregon Spokesman – January 1926

Not only is it a fact that the County has vast gold and other valuable mineral resources, but a mineral that was not popular until recently, <u>Tellurium</u>, is also present in Josephine County. A vibrant market in Tellurium (Te) now exists because it is one of the primary materials that is used to build solar panels. Therefore along with the known mineral wealth, the local economy has a potential to be a supplier to the solar panel industry (there are not many Te mines and in fact may not be any Te mines in operation in the US, making for an attractive market opportunity). Along with developing mineral properties, the potential to harvest Te needs to be considered along with other valuable raw materials that we already know exist in an amount that makes this industry attractive today.

Hard Rock (or narrow vein) mining has minimal surface disruption and targets rich yet small veins of underground minerals. This is why the environment impact is minimal. And because of the nature of the rock in this area, most of it can be successfully mined without concern of chemical/environmental impact. We've all heard the stories of mines that caused problems but believe it or not there are hundreds of historic hard rock mines in the area that operated without any problems and need to be further developed along with vast mineral properties that have not been developed or studied in depth.

We are in the early stages of planning a "Mineral Summit" here in Josephine County and an expert in the market for Tellurium (see his basic info <u>HERE</u>) has already committed to be a part of the Summit. We have a tentative date of Saturday May 10, 2014 if you would like to reserve a spot on your calendar for this important educational summit.

We discussed three main agenda items in our meeting on January 23rd:

The importance of having a local assay lab for mineral development efforts: We are working on the potential for a private assay lab to open up locally to be able to efficiently service local mineral developments. A lab is critical to every stage of the proper development (and even operation) of a hard rock mineral property. We are also looking for the best place to site the lab and among other possibilities we intend to review the County Fairgrounds to see if there is a location there that would be suitable. In the grander scale of what the private assay operation hopes to do, it would eventually be coupled with a vocational training opportunity and potentially offer a tourism attraction. We agreed we would provide you with additional information on why a local assay lab is critical to local mineral development efforts.

- 2) Given the County's vast mineral wealth (again much of the County's timber land should also be considered mineral land), the County should immediately seek to launch some pilot projects on County owned land to generate income and/or to document the mineral potential on some key properties for the eventual generation of income. This should be an open bidding process so you can partner with a private operation that is experienced and capable of proper mineral development and you can make sure to take the offer that benefits the County and local economic development the most. A key requirement should be to document the minerals present on the property, including Gold and Tellurium among others. We provided two high priority County owned properties that have historic mines on them that would be great candidates for these initial pilot projects.
- 3) We reminded you of the economic development recommendation that we made to you last summer. We recommended that at least 50% of the County's available restricted economic development (lottery allocation) funds be earmarked for the development of natural resource related businesses in Josephine County. This is where our true wealth lies and the distribution of the County's limited economic development dollars should reflect the desire to responsibly harvest this natural endowment. The best use of a public agency's limited economic development funds is always to bolster the strengths/businesses that are already in its jurisdiction...or in other words local retention and expansion.

Members of the SOS Hard Rock Mining Committee can be available to answer questions at your convenience and we look forward to your response to these important recommendations.

Sincerely,

Jay Meredith, CPA

President and Board Chair

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