




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

The Division of Reclamation, Mining and Safety has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance with the terms of the permit and applicable rules and regulations of the Mined Land Reclamation Board.

MINE NAME: Golden Wonder Mine	MINE/PROSPECTING ID#: M-1978-091-UG	MINERAL: Gold	COUNTY: Hinsdale
INSPECTION TYPE: Monitoring	INSPECTOR(S): Bob Oswald	INSP. DATE: August 20, 2013	INSP. TIME: 12:30
OPERATOR: LKA International Inc.	OPERATOR REPRESENTATIVE: Mike Schell	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$100,042.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: BLM	JOINT INSP. AGENCY: None
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 23, 2013

GENERAL INSPECTION TOPICS

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. No problems or possible violations were noted during the inspection. The mine operation was found to be in full compliance with Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials and/or for Hard Rock, Metal and Designated Mining Operations. Any person engaged in any mining operation shall notify the office of any failure or imminent failure, as soon as reasonably practicable after such person has knowledge of such condition or of any impoundment, embankment, or slope that poses a reasonable potential for danger to any persons or property or to the environment; or any environmental protection facility designed to contain or control chemicals or waste which are acid or toxic-forming, as identified in the permit.

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>NA</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>NA</u>	(RV) REVEGETATION---- <u>NA</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(SB) COMPLETE INSP---- <u>NA</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>NA</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>NA</u>	(ST) STIPULATIONS----- <u>NA</u>

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

This was a routine inspection conducted by the Division as part of its monitoring of Hard Rock and Metals 110d permits. The operator's representative named on page one was present throughout the inspection of the 3 level, plus several other mine personnel. The 6 level of the mine was active at the time of the inspection, though there were no staff underground at the time. There was no activity at the 3 level. Permit ID signs were posted at both level's entrances, and boundary markers were in place.

3 Level: Entrance gate was locked and there was no personnel or activity. The grate at the portal was locked and secure. The only equipment present were a trailer that was loaded with debris to dispose of, a wheeled diesel compressor, and a pickup. There were several debris piles and about 20 old vehicle tires to be removed. Also observed were two empty diesel fuel tanks, empty propane tank, and about 30 1-ton super sacks of low-grade ore. The tarp over the super sacks of ore needs to be replaced promptly (before winter weather) since it has deteriorated and does not provide good protection. The tops of the sacks by themselves do not provide any weather protection. The operator has placed more waste rock and select debris on the 3 level dump since the last inspection, but the placement has been much more careful. Site cleanup and waste dump management have improved the stability and containment of the site, and the operator is to be commended. The office encourages the operator to continue the cleanup and the careful and selective placement of items and materials at this level.

6 Level: The berms along the access road for stormwater and safety are intact and appear to be controlling runoff properly. The 3 level pad is also bermed to control runoff; all stormwater is routed to a location south of the office/dry. Pad material is too clayey to allow percolation, and full containment will impound too much water. Unless it is needed for drilling, it is proper that it is routed to a break in the containment berm, where it can enter the limestone-lined drainageway constructed by the operator to control the runoff.

The site of the failed slope of the hillside near the gulch is healing gradually, even though no actual backfilling of the failure has been carried out. Only hillside runoff, and no concentrated gulch drainage, now reports to that feature. The operator has placed numerous logs and rocks in the blow-out, and a significant amount of woody vegetation has become established there. There is very little sediment that has been deposited at the toe of the slope, as further indication of the gradual stabilization of the slope feature. This area must be monitored closely, and if hillside runoff or sediment amounts change, remediation work may become necessary.

The portal was dry and there were no puddles on the pad from precipitation. Some muck was piled on the east end of the pad, near the gulch drainageway; the much was not in the drainageway. Debris on the pad was minimal, as the operator is keeping the limited area at the site fairly clear during operations. Natural drainage in Deadman Gulch has been non-existent this year. Gulch flows have been virtually nil during the past few years. There is so little drainage from the gulch that the drainageway on the east end of the pad has been dry. The former drainageway, a poly-lined ditch that no longer receives gulch flows, has collected a bit of eroded hillside soil and is becoming vegetated with grasses and forbs. This is not a problem, since it only drains a portion of the hillside. True gulch flows are captured by a 20-inch poly pipe buried under the limestone channel, and the operator is maintaining this structure to be functional.

While onsite for the inspection, this inspector met K.C. Kay of WQCD-CDPHE, who was checking the discharge

permit. Based on recent history of virtually no discharges from the site (gulch flow, portal discharge, or seeps at the toe of 3 level dump, etc.) WQCD may terminate the discharge permit. If this occurs, the Division requests that WQCD or the operator please inform us.

All diesel fuel and other hydrocarbons are stored properly with impermeable secondary containment. There were about 15 super sacks full of crushed ore from recent mining, and ready to haul off the site. There was a pile of about 50 tons of ore drying on the pad, in preparation for crushing and bagging.

There were no problems noted, and the operator is in compliance with the permit. For questions related to this report, please contact this inspector at the Division's Durango Field Office:

DRMS - Durango Field Office
691 CR 233, Room A-2
Durango, CO 81301
Telephone 970-247-5193

Inspection Contact Address

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CC: Mike Schell, Coal Creek Construction, PO Box 455, Lake City, CO 81235
EC: Dave Lazorchak, BLM, Gunnison
EC: K.C. Kay, WQCD-CDPHE, Grand Junction

Photos from the inspection are on the following two pages: 3 Level on page 4, and 6 Level on page 5.

PHOTOGRAPHS



