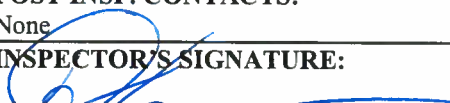




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: May Day Idaho Mine Complex	MINE/PROSPECTING ID#: M-1981-185	MINERAL: Gold and silver	COUNTY: La Plata
INSPECTION TYPE: Monitoring	INSPECTOR(S): Dustin Czapla	INSP. DATE: September 30, 2013	INSP. TIME: 12:00
OPERATOR: Wildcat Mining Corporation	OPERATOR REPRESENTATIVE: Martin Rosen	TYPE OF OPERATION: 112d-1 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$204,562.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 3, 2013	

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

1. INSPECTION TOPIC: Roads

PROBLEM/POSSIBLE VIOLATION: Construction of the new access road as approved through TR-2 has not been completed in a timely manner. The access road, in its current unstable condition continues to present risk to human health, safety and the environment.

CORRECTIVE ACTIONS: The matter will be considered at the November 13-14, 2013 Mined Land Reclamation Board meeting. Notice of the Board meeting will be sent under separate cover.

CORRECTIVE ACTION DUE DATE: NA

OBSERVATIONS

This inspection was conducted by Dustin Czapla and Russ Means of the Division of Reclamation, Mining and Safety (Division). Ray Fergusson was present during this inspection. Photographs are included with this report in order to illustrate some of the conditions observed.

The May Day Idaho Mine complex is located approximately twelve miles northwest of Durango and is accessed from CR 124. The site is a 112d-1 operation that includes a total of 274.7 permitted acres. The Division currently holds a financial warranty amount of \$204,562.00 for this site.

Adequate mine identification signage was noted at the entrance to the site.

New Access Road

Repair and stabilization of the new access road has not yet commenced. Aside from some minor rilling and rockfall, conditions appeared unchanged from the Division's previous inspection dated June 5, 2013. TR-2, approved by the Division on May 23, 2012, proposed that construction of the new access road would commence in June, 2012. As requested by Division letter dated May 31, 2013 (Attachment 1), on June 6, 2013 Wildcat provided a written commitment to commence construction of the access road as soon as possible, and to complete the repair and stabilization work no later than September 30, 2013 (Attachment 2). Based, in part, on this written commitment, on July 12, 2013 the Division and Wildcat Mining Corporation entered into a stipulated agreement regarding commencement and conclusion of the necessary repair and stabilization work (Attachment 3). The Board approved the stipulated agreement on July 17, 2013, and ordered that the repair and stabilization work approved in TR-2 be completed by September 30, 2013 (Attachment 4). The new access road continues to present risk to human health, safety and the environment.

Renovation of the La Plata River bridge, as approved through TR-3, has not yet commenced. Evidence of the operator's utilization of the road for vehicular access to the site was not observed during this inspection.



Figure 1: Looking down the access road.



Figure 2: Looking down the access road.



Figure 3: Looking up the access road.



Figure 4: View of the access road from across the canyon.

May Day 1 area

Conditions in this area appeared unchanged from the Division's previous inspection.



Figure 5: May Day 1 access portal and highwall.



Figure 6: View of May Day 1 area from the north side of the pad.



Figure 7: Highwall above the access portal.

May Day 2 area

Conditions in this area appeared unchanged from the Division's previous inspection. The restoration of Little Deadwood Gulch, as approved through TR-4, has not yet commenced. There was no water observed in Little Deadwood Gulch.



Figure 8: View from access road toward the May Day 2 portal.



Figure 9: View from the pad area west of the access road, facing down slope.

Chief Tunnel area

The overall conditions at the Chief Tunnel area appeared unchanged from the Division's previous inspection. Restoration of Little Deadwood Gulch and repair of the Chief Portal, as approved through TR-5, has not yet commenced.



Figure 10: Chief Tunnel collapsed opening.

May Day 3 area

Conditions in this area appeared unchanged from the Division's previous inspections. Signs of any recent activity were not observed.



Figure 11: May Day 3.

Idaho area

Evidence of recent activity in this area was not observed. Conditions appeared unchanged from the Division's previous inspection. The building interior was not inspected.



Figure 12: Area on the south side of the mill building.



Figure 13: Area on the north side of the mill building.

Responses to this inspection report should be directed to Dustin Czapla at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 South 3rd Street, Room 301, Grand Junction, Colorado 81501, phone number (970) 243-6299.

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

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

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

Inspection Contact Address

Martin Rosen
Wildcat Mining Corporation
672 Jungle Queen Way
Longboat Key, FL
34228

Enclosure

CC: Chris Neumann
1200 17th Street
Suite 2400
Denver, CO 80202
neumannc@gtlaw.com
Attorney for Wildcat Mining Corporation

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY Department of Natural Resources

1313 Sherman St., Room 215
Denver, Colorado 80203
Phone: (303) 866-3567
FAX: (303) 832-8106



John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Pineda
Director

May 31, 2013

Wildcat Mining Corporation
Attn: Mr. Randall Oser
1630 Ringling Boulevard
Sarasota, FL 34236

RE: Wildcat Mining Corporation; Mayday-Idaho Mine Complex; DRMS Permit M-1981-185; Notice for Immediate Repair and Stabilization of the Access Road; Notice of July 17, 2013 Hearing

Dear Mr. Oser:

This letter serves as notice to Wildcat Mining Corporation (Wildcat) that the Division of Reclamation, Mining and Safety (Division) hereby requires Wildcat to immediately commence repair and stabilization work of the access road located at the former Idaho Mill site, as approved under Technical Revision-02. Failure to commence and complete repair and stabilization work of the access road this construction season will result in the issuance of a reason to believe a violation exists letter seeking civil penalties, revocation of the permit, and bond forfeiture.

The illegal construction of the access road and related environmental impacts and safety concerns has remained unresolved for an unreasonable amount of time. A review of the permit file and correspondence with La Plata County indicates there is no justifiable reason why work on the access road cannot commence and be completed this construction season. Additionally, allowing the environmental impacts and safety concerns to remain, unabated, through another construction season is untenable.

On January 9, 2009 the Division issued a cease and desist order to Wildcat regarding the construction of an illegal mine access road at the Idaho Mill site. At the February 11, 2009 enforcement hearing the Board found a violation and ordered Wildcat to provide all materials necessary to secure the proper permit to address the impacts related to the construction of the illegal mine access road within 180 days of the signature date of the Board order. The order was signed March 11, 2009. At the hearing it was made clear that the Division had legitimate concern regarding the construction and stability of the road and its potential impact on health, safety, and the environment.

In an effort to resolve outstanding violations and bring the Idaho Mill Site and the May Day Mine Site into compliance, the parties entered into a settlement agreement, affirmed by the Board on July 28, 2010, requiring Wildcat file a conversion application to encompass and provide adequate reclamation plans for all affected lands, including the illegal access road. Wildcat submitted the conversion application to the Division on September 30, 2010.

On December 12, 2011 the Board approved a heavily conditioned 112d conversion application. The illegal access road was specifically addressed in Paragraph 1 of the Order, stating Wildcat may not commence mining activities until the Division approves a revised work plan and as-built certifications addressing the stabilization and reclamation of the access road. Unfortunately, the Board Order did not establish a date by which repair and stabilization work on the road was to be completed. On May 23, 2012 the Division approved TR-02 authorizing the necessary repair and stabilization work to commence. The terms of TR-02 set forth a commencement date of June 2012.

During a meeting with Wildcat on February 14, 2013 Wildcat informed the Division that commencement of repair and stabilization work on the access road was dependent upon approval of a class II permit from La Plata County. However, by letter dated April 23, 2013, La Plata County has informed the Division that is not the case. La Plata County has indicated that it "has no objection to Wildcat Mining Company entering onto the property and conducting the corrective actions needed to bring the illegal access road into compliance with DRMS".

The access road is an un-abated violation stemming from a 2009 enforcement hearing. Wildcat has the necessary approvals and authorizations from the Division to immediately commence repair and stabilization of the access road. Further permitting from La Plata County is not a prerequisite to commencement of this work. The Division and Board maintain that the access road, in its current unstable condition, does present an imminent concern with regard to potential impacts on human health, safety, and the environment. The Division has made its position clear through various public hearings, permitting documents, and technical correspondence, that proper repair and stabilization of the access road is of paramount concern to the Division and is necessary to be protective of public safety and the environment.

Therefore, continued delay of the commencement of this work is unacceptable. The Division hereby requires Wildcat to commence repair and stabilization work, as approved in TR-02, immediately. The Division further requires that Wildcat acknowledge, in writing, its intent to commence work on the access road no later than Friday, June 7, 2013. The Division additionally requires that the work approved in TR-02 be completed no later than September 30, 2013. This matter will be set for hearing before the Board on July 17, 2013 to establish compliance deadlines. If Wildcat acknowledges its intent to commence and complete the work, this matter can be presented to the Board via a stipulated agreement. If, however, Wildcat fails to submit written acknowledgment of its intent to commence work on the access road by June 7, 2013 the Division will seek, through a petition for declaratory order, the establishment of a Board ordered compliance deadline not only for the access road but for all outstanding violations/corrective actions as set forth in the December 11, 2011 Order. Failure to commence and complete repair and stabilization work of the access road this construction season will result in the issuance of a reason to believe a violation exists letter seeking civil penalties, revocation of the permit, and bond forfeiture.

We look forward to your timely response and please feel free to contact me directly if you have any questions.

Sincerely,



Anthony J. Waldron
Minerals Program Supervisor

Cc (via e-mail):

Chris Neumann—NeumannC@gtlaw.com

Courtney Roseberry—Courtney.Roseberry@co.laplata.co.us

Paul Kosnik—kosnik@lpcattorney.org

Russ Means—russ.means@state.co.us

Dustin Czapla—dustin.czapla@state.co.us

Jeff Fugate—jeff.fugate@state.co.us



Christopher J. Neumann
Tel 303.572.6551
Fax 303.572.6540
NeumannC@gtlaw.com

June 6, 2013

Mr. Anthony J. Waldron
Minerals Program Supervisor
Division of Reclamation, Mining and Safety
1313 Sherman St., Room 215
Denver, Colorado 80203
Tony.waldron@state.co.us

Re: Wildcat Mining Corporation; Mayday-Idaho Mine Complex
DRMS Permit M-1981-185

Dear Tony:

I am writing in response to your letter to Wildcat Mining Corporation ("Wildcat") dated May 31, 2013 in which you request that Wildcat commit to commencing and completing construction of its New Access Road by September 30, 2013. I am pleased to inform you that Wildcat is in the process of contracting for this construction work, and will agree to commence construction of the New Access Road as soon as possible, and to complete construction of the New Access Road by September 30, 2013. I look forward to working with you to draft an appropriate stipulated agreement for the Board's consideration in July.

As always, thank you for your continued patience. Please let me know if you have any questions or concerns.

Best regards,

A handwritten signature in blue ink, appearing to be "CJN", written over the printed name.

Christopher J. Neumann

cc: Courtney Roseberry – Courtney.roseberry@co.laplata.co.us
Paul Kosnik – kosnik@lpcattorney.org
Russ Means - russ.means@state.co.us
Dustin Czapla - dustin.czapla@state.co.us
Jeff Fugate – jeff.fugate@state.co.us

**BEFORE THE MINED LAND RECLAMATION BOARD
STATE OF COLORADO**

**IN THE MATTER OF WILDCAT MINING CORPORATION, MAY DAY-IDAHO MINE
COMPLEX, PERMIT No. M-1981-185.**

**DIVISION OF RECLAMATION, MINING, AND SAFETY AND WILDCAT MINING
CORPORATION STIPULATED AGREEMENT TO ESTABLISH A CORRECTIVE
ACTION DEADLINE RELATED TO REPAIR AND STABILIZATION OF ACCESS
ROAD**

THIS AGREEMENT ("Agreement") is made and entered into by and between the Colorado Division of Reclamation, Mining and Safety ("Division") and Wildcat Mining Corporation ("Wildcat") (jointly as "Parties"). Undersigned counsels submit this agreement for consideration by the Mined Land Reclamation Board ("Board"). In support of their Agreement, the Division and Wildcat state the following:

Recitals

A. On January 9, 2009 the Division issued a cease and desist order to Wildcat regarding the construction of an illegal mine access road at the Idaho Mill site. At the February 11, 2009 enforcement hearing the Board found a violation and ordered Wildcat to "provide all materials necessary to secure the proper permit to address the impacts related to the construction of the illegal mine access road within 180 days of the signature date of the Board order." The order was signed March 11, 2009.

B. In an effort to resolve outstanding violations and bring the Idaho Mill Site and the May Day Mine Site into compliance, the parties entered into a settlement agreement, affirmed by the Board on July 28, 2010, requiring Wildcat file a conversion application to encompass and provide adequate reclamation plans for all affected lands, including the illegal access road. Wildcat submitted the conversion application to the Division on September 30, 2010.

C. On December 12, 2011, the Board issued Findings of Fact, Conclusions of Law, and Order, ("December 2011 Order"), wherein the Board approved a heavily conditioned 112d conversion application. The condition related to the access road states:

The Operator may not commence mining and milling activities until the Division receives and approves, through a technical revision or amendment process as determined by the Division, a revised work plan addressing the stabilization and reclamation of the new access road, and the Division approves the as-built certifications submitted subsequent to the completion of the approved plans. December 2011 Order, Page 5, Paragraph 1.

D. The December 2011 Order requires Wildcat to conduct the necessary repair and stabilization work related to the access road to ensure proper protection of public safety and the environment; the Order, unfortunately, did not establish a date by which repair and stabilization work on the access road was to be completed.

E. On April 10, 2012, Wildcat submitted Technical Revision-02 related to the access road. On May 23, 2012 the Division approved TR-02 authorizing the necessary repair and stabilization work to commence.

F. By letter dated April 23, 2013, La Plata County informed the Division that a Class II County permit was not necessary prior to commencement of repair and stabilization work on the access road.

G. The Division believes that the access road, in its current unstable condition, presents a concern with regard to potential impacts on human health, safety, and the environment and that proper repair and stabilization of the access road during the 2013 construction season is necessary to be protective of public safety and the environment.

H. As requested by the Division by letter dated May 31, 2013, on June 6, 2013 Wildcat provided a written commitment to commence construction of the access road as soon as possible, and to complete the repair and stabilization work no later than September 30, 2013.

Agreement

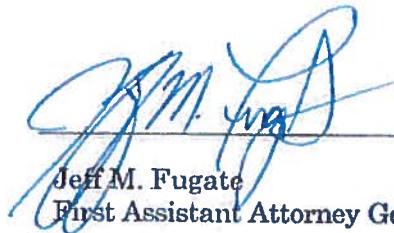
1. The Parties agree that, to be protective of public safety and the environment, the Board Ordered repair and stabilization work on the access road must be completed this construction season.

2. The Parties hereby request that the Board modify the December 2011 Order so that paragraph 1 on page 5 is amended to read:

The Operator may not commence mining and milling activities until the Division receives and approves, through a technical revision or amendment process as determined by the Division, a revised work plan addressing the stabilization and reclamation of the new access road, and the Division approves the as-built certifications submitted subsequent to the completion of the approved plans. Wildcat shall complete the approved repair and stabilization work no later than September 30, 2013.

WHEREFORE, the parties respectfully request that the Board approve this joint stipulation at its July 17, 2013 meeting.

Respectfully Submitted this 12th Day of July, 2013.



Jeff M. Fugate
First Assistant Attorney General

Attorney for the DRMS



Chris Neumann
GREENBERG TRAURIG, LLP

Attorney for Wildcat Mining Corporation

BEFORE THE MINED LAND RECLAMATION BOARD
STATE OF COLORADO

IN THE MATTER OF WILDCAT MINING CORPORATION, MAY DAY-IDAHO MINE
COMPLEX, PERMIT No. M-1981-185.

**DIVISION OF RECLAMATION, MINING, AND SAFETY AND WILDCAT MINING
CORPORATION STIPULATED AGREEMENT TO ESTABLISH A CORRECTIVE
ACTION DEADLINE RELATED TO REPAIR AND STABILIZATION OF ACCESS
ROAD**

THIS MATTER came before the Mined Land Reclamation Board ("Board") on July 17, 2013, in Denver, Colorado to consider the Agreement between the Colorado Division of Reclamation, Mining and Safety ("Division") and Wildcat Mining Corporation ("Wildcat").

The Board, having considered the Agreement, states that it agrees with the provisions of the Agreement, and orders the following:

It modifies Page 5, Paragraph 1 of the December 2011 Order to read: The Operator may not commence mining and milling activities until the Division receives and approves, through a technical revision or amendment process as determined by the Division, a revised work plan addressing the stabilization and reclamation of the new access road, and the Division approves the as-built certifications submitted subsequent to the completion of the approved plans. Wildcat shall complete the approved repair and stabilization work no later than September 30, 2013.

DONE AND ORDERED this 17 day of July, 2013.

FOR THE COLORADO MINED LAND RECLAMATION BOARD



Chair

Mined Land Reclamation Board

CERTIFICATE OF SERVICE

This is to certify that I have duly served the within FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND ORDER upon all parties herein by depositing copies
of same in the United States mail, first-class postage prepaid, at Denver, Colorado,
this 18th day of July 2013 addressed as follows:

By inter-office or electronic mail to:

Wildcat Mining Corporation
c/o Roger Tichenor
1630 Ringling Blvd.
Sarasota, CO 34236

c/o Randall Oser
1630 Ringling Boulevard
Sarasota, FL 34236

Chris Neumann
Penfield Tate
Greenberg Traurig, LLP
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Denver, CO 80202

Russ Means
Division of Reclamation, Mining and Safety
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Dustin Czapla
Division of Reclamation, Mining and Safety
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By intra-office or electronic mail to:

John J. Roberts
Assistant Attorney General
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Jeff Fugate
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