




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: Crystal Hill Project	MINE/PROSPECTING ID#: M-2014-027	MINERAL: Silver and gold	COUNTY: Saguache
INSPECTION TYPE: Preoperation Inspection	INSPECTOR(S): Bob Oswald	INSP. DATE: September 11, 2014	INSP. TIME: 13:00
OPERATOR: Colorado Mining & Exploration, LLC	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 110(2) - Hard Rock Limited Impact	

REASON FOR INSPECTION: Preoperation Inspection	BOND CALCULATION TYPE: None	BOND AMOUNT: (\$14,109.10, to be posted)
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 1, 2014

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>NA</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>NA</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>NA</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>NA</u>	(TS) TOPSOIL----- <u>NA</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>NA</u>	(FW) FISH & WILDLIFE----- <u>NA</u>	(RV) REVEGETATION---- <u>NA</u>
(SM) SIGNS AND MARKERS----- <u>NA</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(SB) COMPLETE INSP---- <u>NA</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>NA</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>NA</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</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 pre-operation inspection conducted by the Division for a site that has been approved for a new Hard Rock 110(2) permit. The operator was not present during the inspection, and the site was not active on the day of the inspection. The permitted site consists of the pit floor of the existing excavation area and the waste rock dump benches on the west side of the pit. It is all on private patented claims.

The eastern part of the pit has been recently disturbed by this operator's prospecting activity (P-2012-010); and there is a limited amount of unreclaimed prospecting disturbance still present on the pit floor. The prospecting disturbance did not have to be reclaimed prior to the release of the prospecting NOI, since the same type of excavation is being approved for the new mining permit and the bond that is being posted for the mining permit will cover all such disturbance. There will be no new disturbance to the existing pit highwalls or benches. All mining will occur on the pit floor, and the floor elevation will gradually and evenly be lowered as the operator mines it. Only a small amount of mined ore will be stored at the site before it is hauled away for offsite processing.

All waste rock removed from the pit floor will be placed permanently on the waste rock bench to the west of the pit. The waste dump bench will be accessed via an existing bench leading out of the pit at a slight incline. All new waste rock will be placed in a manner that ensures the long term stability and containment of the new materials. All stormwater drainage and sediment will be caught by the adequate stormwater protections, and sufficient berms and setbacks from the existing crest of the dump will be maintained. No new material will be cast or allowed to slough down the dump face. The current waste rock bench exhibits a good stand of rangeland vegetation, which is due to the many years after the previous mining operator seeded the dump, as well as the benign nature of the waste rock. Most of the material exposed on the pit floor, much of which is not ore, is fairly mineralized. This new material may be harder to revegetate during final reclamation due to the level of its mineralization. If at all possible, less mineralized material should be used to cap the waste rock, in order to reduce the amount of long term leaching and to improve the revegetation success during final reclamation.

There was a Cat 235 excavator on the site, but no debris or fuel was present there. There were no noxious weeds noted in the permitted area. The operator is reminded that, upon the issuance of the 110(2) permit, a permit ID sign must be posted at the entrance (such as at the locked gate) and markers must be posted along the permit boundary. No problems were noted at this time.

For questions related to this report, please contact this inspector at the Division's Durango Field Office: telephone 970-247-5193, or 303-866-3567 ext 8175.

All written correspondence should be sent directly to the Division's Denver Office:
Division of Reclamation, Mining & Safety
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PHOTOGRAPHS

