




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: Mineral Mountain Project	MINE/PROSPECTING ID#: M-2014-045	MINERAL: Gold	COUNTY: Teller
INSPECTION TYPE: Preoperation Inspection	INSPECTOR(S): Timothy A. Cazier	INSP. DATE: July 7, 2015	INSP. TIME: 12:00
OPERATOR: Mineral Mountain Gold, LLC	OPERATOR REPRESENTATIVE: Lance Barker	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Preoperation Inspection	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$28,350.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 10, 2015

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>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>Y</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>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>Y</u>	(ST) STIPULATIONS----- <u>Y</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 inspection was a pre-operation inspection for the Mineral Mountain Project which overlaps the Minerex's Little Hope Mine reclamation permit (M-2004-064) and an adit exploration NOI (P-1986-036). This pre-operation inspection was delayed due to winter weather. The Operator was represented by Lance Barker, who was present for the inspection. The Mineral Mountain Project is a 110d gold mine operated by Mineral Mountain Gold and located approximately 1.5 miles north of Cripple Creek in Teller Co. It is accessed from McKenney St.

Minerex has two Notices of Intent (NOI) to conduct prospecting (P-1986-023/Mineral Hill – surface exploration, and P-1986-036/Mineral Hill – drift exploration) in the vicinity of the Mineral Mountain Project. A separate inspection report was generated for M-2004-064.

Inspection:

A permit sign was displayed at the site entrance (see **Photo 1**). Permit boundary markers were visible during the inspection (see **Photo 2**). An escapeway/air vent has been constructed near the road above the adit (see **Photo 3**).

Adit Area & Bench: There was more mining equipment (see **Photo 4**) on the bench than during the previous Little Hope Mine inspection on October 22, 2013. Some evidence of drainage from the adit was observed (see **Photo 5**). Mr. Barker indicated it was meteoric water from the very wet spring/early summer seeping into the escapeway/vent which acts as a conduit for the infiltrated water. Mr. Barker pointed out the dripping water from the escapeway/vent (see **Photo 6**). This inspector noted there is a slight incline in the adit from the entrance to the escapeway/vent which was wet with some puddles. The drift dips past the escapeway/vent and the floor is dry in this area, indicating all the drained water is meteoric in nature and NOT mine drainage.

No standing water or noxious weeds were observed during the inspection.

Mr. Barker stated he would contact Minerex and discuss release requests for the Little Hope Mine (M-2004-064) and their drift exploration NOI (P-1986-036). Mr. Barker also indicated he intends to apply for a new NOI to cover Minerex's P-1986-023 surface exploration NOI as the Division does not allow transfers of NOIs. *It should be noted that Minerex contacted the Division on July 10, 2015 asking about release requests for both permits.*

Mr. Barker telephoned the Division following the inspection on July 8, 2015 to ask if the Division would allow temporary tents be set up within the permit area for the purpose of creating some dry areas due to the wetter than normal weather. The Division does allow non-permanent "structures", such as tents without requiring a revision to the permit.

Records:

- The permit was approved on January 14, 2015. The permit was issued on March 10, 2015 after receipt of the bond.
- The total permitted area is 9.35 acres.
- This was the first inspection of M-2014-045. The previous inspection of M-2004-064 was conducted on 10/22/2013.

- The financial warranty is a \$28,350.00 cash bond. The Division deems this adequate for the approved reclamation permit.
- Annual fees and reports are first due in March 2016.
- The post-mine land use is rangeland.

Mr. Barker and the Division are aware the BLM is studying survey data to confirm whether or not there is BLM managed land within the permit boundary. Mr. Barker and this inspector agreed that once the BLM makes a final determination, Mr. Barker will request an acreage release for area(s) determined to be managed by the BLM .

PHOTOGRAPHS



Photo 1. Permit sign displayed on right side of the access road at the site entrance.

PHOTOGRAPHS (cont.)



Photo 2. Typical permit boundary marker.

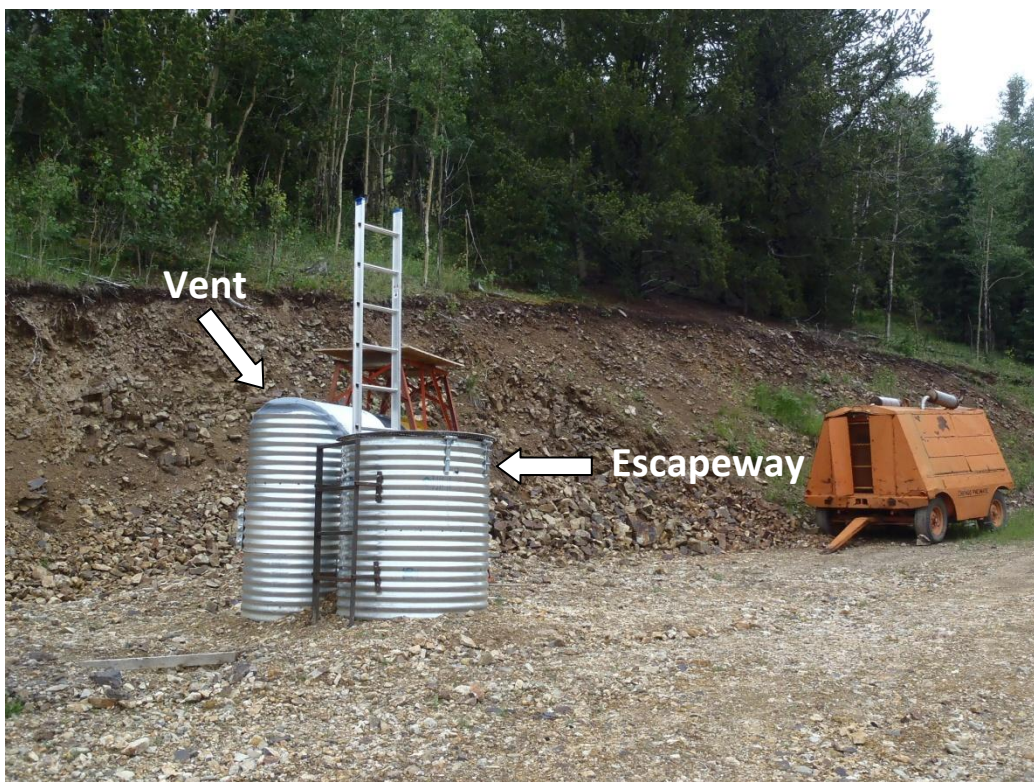


Photo 3. Escapeway/air vent near road above the adit (looking SW).

PHOTOGRAPHS (cont.)



Photo 4. Mining equipment on adit bench (looking SW).



Photo 5. Observed evidence of drainage from the adit (looking SE).
Note: this was determined NOT to be mine drainage

PHOTOGRAPHS (cont.)



Photo 6. Water dripping from escapeway/vent inside adit (looking towards entrance).

Inspection Contact Address

Lance Barker
Mineral Mountain Gold, LLC
P.O. Box 247
Cripple Creek, CO 80813

CC: Wally Erickson, DRMS
Stephanie Carter, BLM
DRMS file