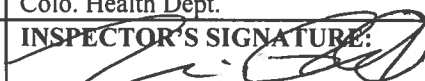




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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): Travis H. Marshall	INSP. DATE: September 10, 2015	INSP. TIME: 11:00
OPERATOR: LKA International Inc.	OPERATOR REPRESENTATIVE: Kye Abraham	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$100,042.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: Colo. Health Dept.	JOINT INSP. AGENCY: Colo. Health Dept.
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 23, 2015

19

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>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>Y</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>	(SW) STORM WATER MGT PLAN---- <u>Y</u>	(CI) COMPLETE INSP---- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</u>	(OD) OFF-SITE DAMAGE----- <u>Y</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 inspection was conducted as part of the normal monitoring program established by the Colorado Division of Reclamation Mining and Safety. The Golden Wonder Mine Operation is an active 110d underground mine. The commodity mined is gold. The mine currently consists of 3.5 permitted acres. The Golden Wonder Mine operation is located approximately 2.5 miles southeast of Lake City Colorado. LKA International Inc. mine manager Kye Abraham and Andrea Beebout with CDPHE were both present during the inspection.

The mine identification sign was observed at the entrance to the mine site and is in compliance with Rule 3.1.12.

The main focus of the inspection was to observe the current conditions of the site and determine if any issues needed to be addressed.

6 Level: Various components of the mine operation were observed. Evidence of recent mining activity was observed on the 6 Level. The stormwater diversion / collection configuration appeared to be in a properly functioning condition. All fuel storage tanks were properly located in adequate secondary containment. Ore bags containing ore ready to be shipped to a mill were observed on the mine bench. The concrete ore storage pad appeared to be in good condition. The surface water sample outfall located in Deadman Gulch was observed. The surface water sampling location located at the toe of the waste dump was void of any measurable surface water flow. The soil within the vicinity of the toe of the waste dump and the surface sampling location appeared to be moist.

The culverts located under the access road were inspected. All culverts were free of debris and were unobstructed. All culverts appeared to be properly functioning and no evidence of significant erosion was observed at the culvert outfall locations.

3 Level: No mining related activity was observed at the 3 Level other than 6 or seven ore bags located on the mine bench. The operator stated that the ore was due to be shipped to a mill for processing. The mine entrance appeared to be properly secured. Evidence of a recent fire was observed on the mine dump. The purpose of the fire was to burn old support timbers removed from the mine. The mine dump where recently placed rhyolite development rock was placed appeared to have a green color where water was pooled. It is possible that the green coloration of the waste rock is caused by the oxidation of copper present in the waste rock. Division staff is planning to collect a waste rock sample during the next site visit during the spring of 2016. The sample will be analyzed to characterize the metal content.

Overall the site was in good condition and no unnecessary debris or trash was observed during the inspection.

No erosion or sedimentation issues were noted. There are no major or minor drainage issues within the permit area that warrant addressing.

Responses to this inspection report should be directed to Travis Marshall at the Division of Reclamation Mining and Safety Grand Junction Field Office, 101 South 3rd Street, Suite 301, Grand Junction, Colorado 81501 phone no. (970) 241-2042.

PHOTOGRAPHS







Inspection Contact Address

Kye Abraham
LKA International Inc.
3724 47 St Ct NW
Gig Harbor, WA 98335

CC: Andrea Beebout
CDPHE - Water Quality Control Division
4300 Cherry Creek Drive South
Denver, CO 80246