




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: Neglected Mine	MINE/PROSPECTING ID#: M-1981-165	MINERAL: Gold	COUNTY: La Plata
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas J. West	INSP. DATE: October 8, 2015	INSP. TIME: 09:00
OPERATOR: Mine Development Inc	OPERATOR REPRESENTATIVE: Harold Luzar	TYPE OF OPERATION: 110(2) - Hard Rock Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$23,221.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 28, 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>Y</u>	(EX) EXPLOSIVES----- <u>N</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>N</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SW) STORM WATER MGT PLAN---- <u>N</u>	(CI) COMPLETE INSP---- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</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 conducted as part of the normal monitoring program established by the Colorado Division of Reclamation, Mining and Safety. The Neglected Mine is an active 110 (2) operation located in the La Plata Mountains, approximately 13 Miles Northwest of Durango, CO at 10,100 Feet in Elevation. The site is an underground Gold mine with support and milling facilities on the surface with nine permitted acres. Access to the site is controlled by a locked gate on a private access road off County Road 204. The Division currently holds \$23,221.00 in financial warranty for the site, the Reclamation Bond has been reviewed and the current financial warranty is sufficient to accomplish the approved reclamation plan. The Operator, Harold Luzar, was present during the inspection. Five Photos accompany this report to illustrate current site conditions.

The interior of the Mill building was not inspected at this time, however the building was secure and in good condition. Photo One shows the mill building, which is built on a concrete pad with proper drainage structures to contain any processed water generated during operations. All other surface structures and facilities were inspected. The site is currently winterized after the conclusion of the intermittent operation during the summer months. As seen in Photos Two and Three, proper signage and Permit Boundary Markers were observed.

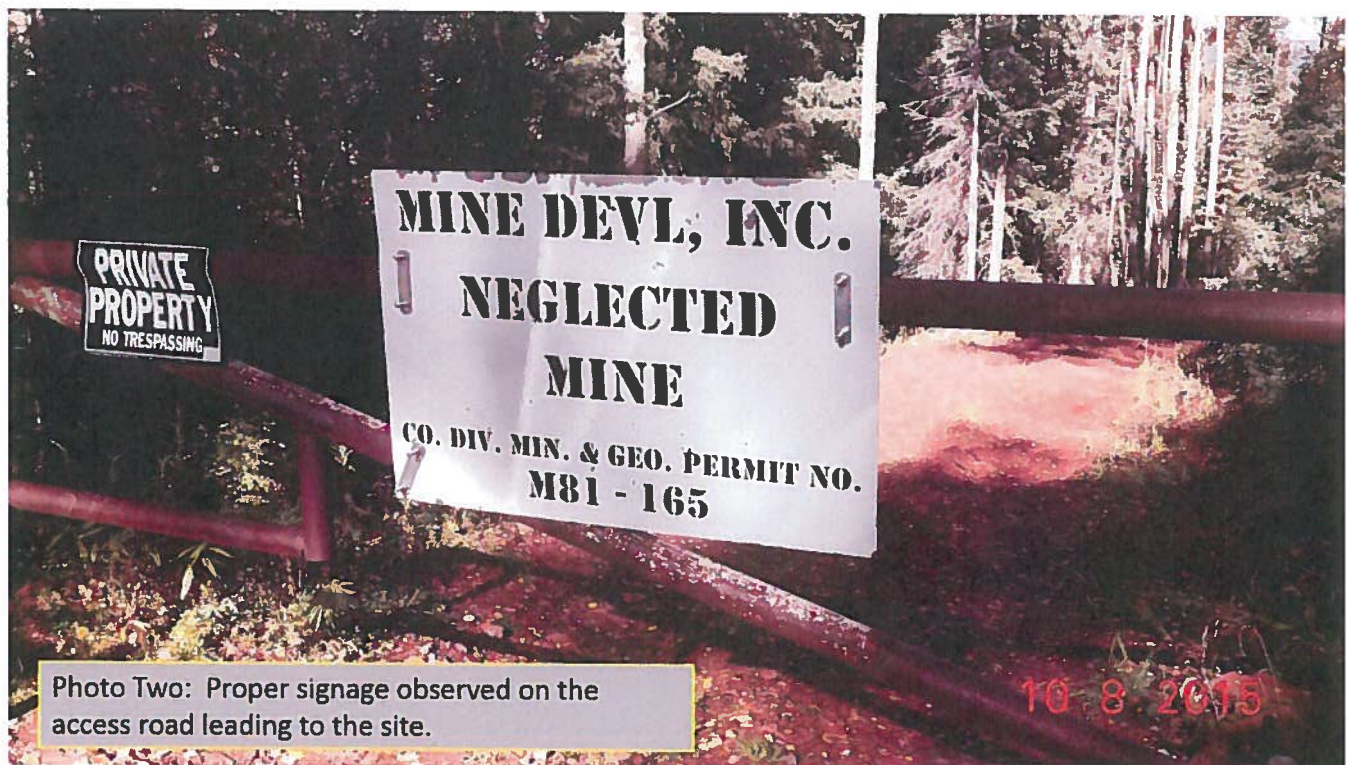
The portal was sealed with a locked steel door and small temporary berm pushed up to its base, shown in Photo Four. The portal was not draining water during the inspection and the Operator confirmed that it does not drain water at any time. The storage yard was in good condition, and well vegetated. Equipment stored includes a box truck, lumber, scrap iron and an explosives magazine. The Explosives magazine is locked but was not inspected because the Operator no longer has the keys. The Operator confirms it is empty and prior to the commencement of mining activities next season he will change the locks to allow for access and use.

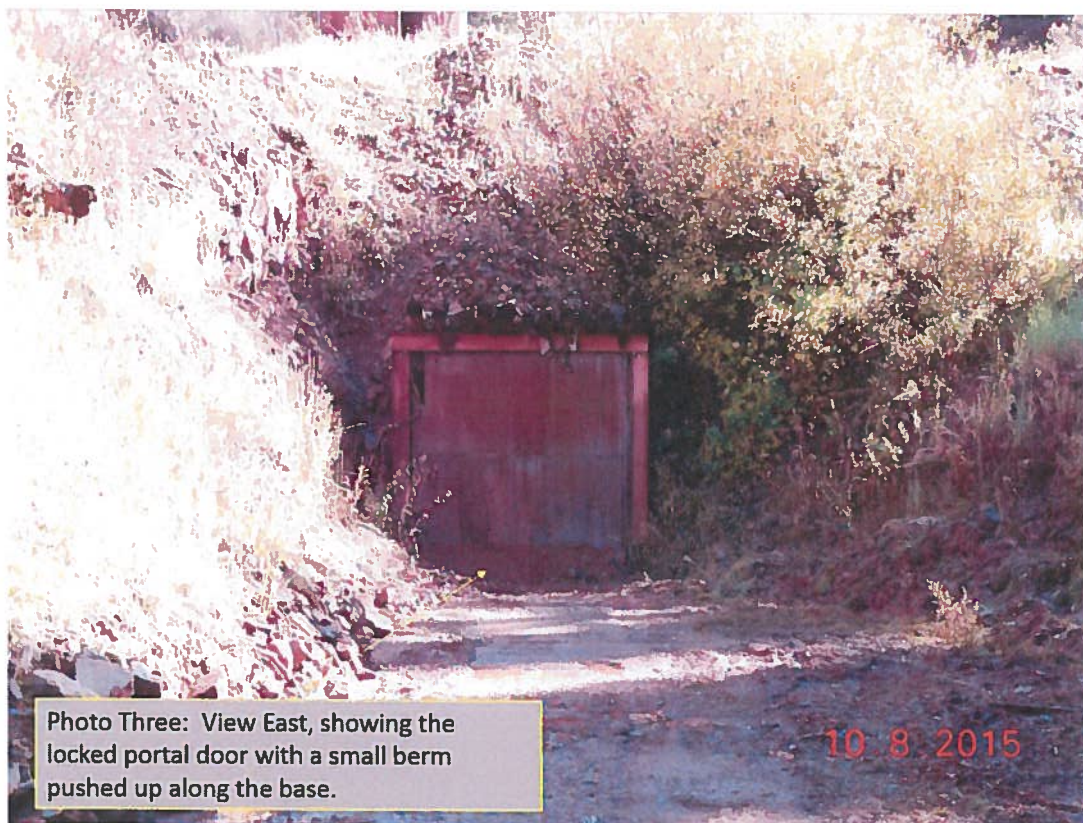
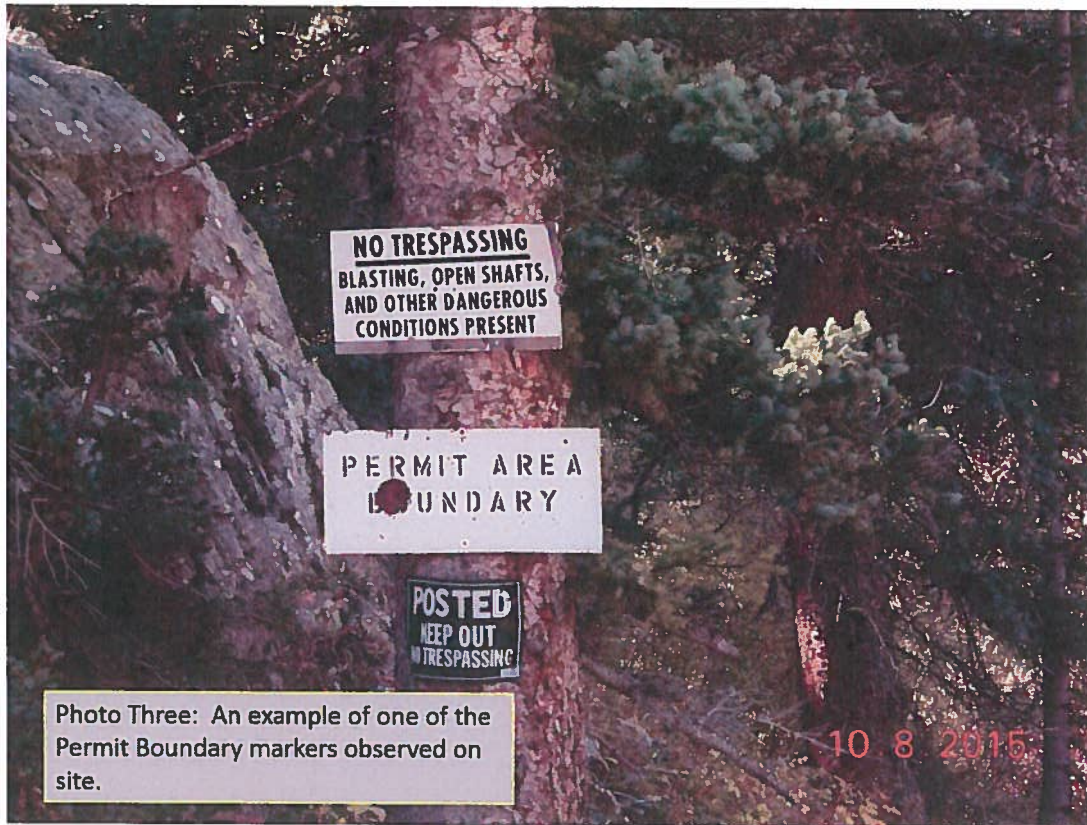
The lined tailings pond was in good condition, as seen in Photo Five. The area above the water line showed no signs of tearing or compromising of any kind. The pond level is lowered by the assisted evaporation process and is low enough to support the addition of any contributions from precipitation events. The Operator confirmed that he closely monitors the pond level to prevent any surface discharge into the adjacent drainage. The presence of vegetation and "water dogs" strongly suggest the lack of toxicity in the tailings pond as a result of the Operators use of non-hazardous chemicals in the milling process.

The overall footprint of the site was in good condition and free of excessive trash and debris. Topsoil stockpiles were observed and were well vegetated and stable. No noxious weeds were observed, and the site overall is well vegetated with volunteer grasses, shrubs and sapling Aspen trees. The site demonstrates positive drainage and no erosional issues were observed. No Problems or possible violations were observed at this time.

All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203 or by phone at (970)-243-6368.

PHOTOGRAPHS





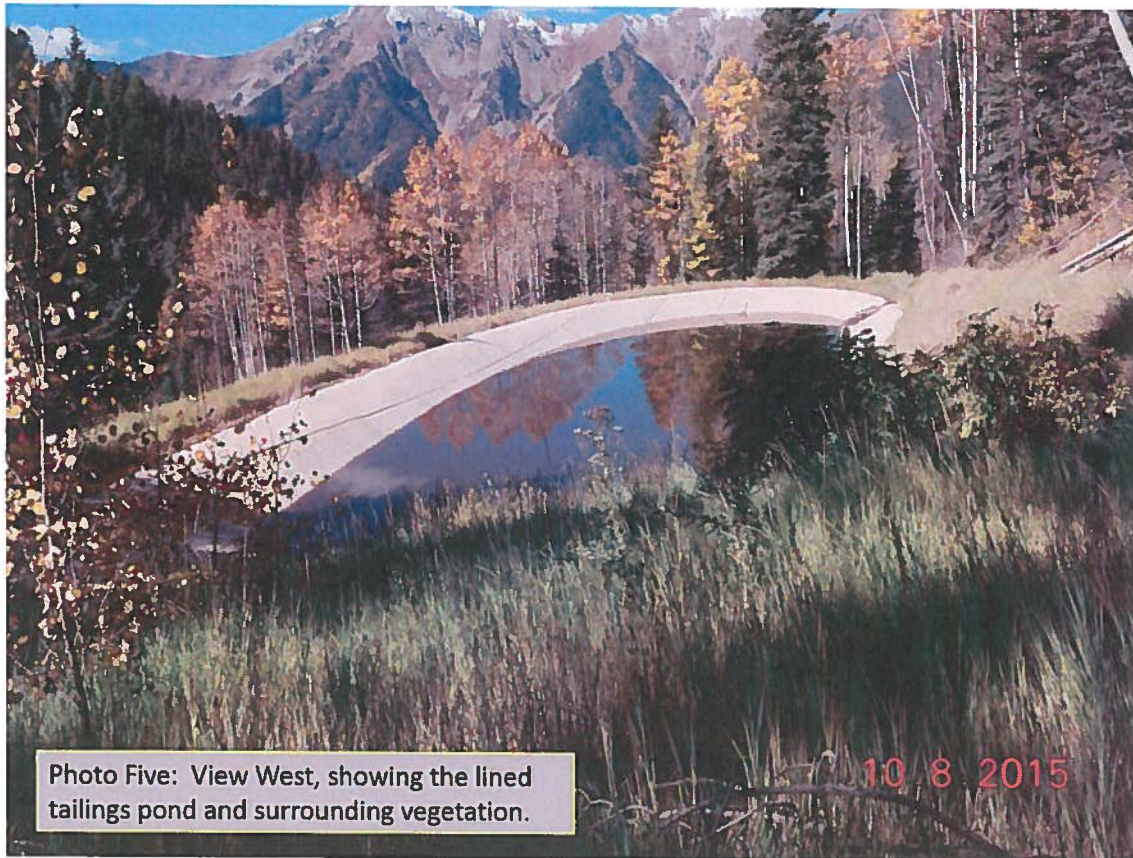


Photo Five: View West, showing the lined tailings pond and surrounding vegetation.

Inspection Contact Address

Harold Luzar
Mine Development Inc
6029 CR 250
Durango, CO 81301

Enclosure

CC: