




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: Idarado Mining Co	MINE/PROSPECTING ID#: M-1977-403-HR	MINERAL: Lead, zinc, copper, cadmium and gold	COUNTY: San Miguel
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas J. West, Russ Means	INSP. DATE: October 21, 2015	INSP. TIME: 09:30
OPERATOR: Idarado Mining Company	OPERATOR REPRESENTATIVE: Larry Fiske	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$226,600.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 3, 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>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>Y</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>N</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>N</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>N</u>	(RS) RECL PLAN/COMP-- <u>Y</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 occurred in response to a request for on-site discussions from the Operator, between the Division, San Miguel County and the Operator. The request was made to discuss the possibility of an acreage release of the area surrounding the Pandora Mill Facility located within the Telluride section of the permit area. Inspection of Pandora Mill facility and the Red Mountain Facility occurred in conjunction with the on-site discussions.

The Idarado Mine is a historic mining operation that holds a 112(d)-3 reclamation only permit. The site consists of two permitted sections, one approximately 1.5 miles South of Telluride at 9,000 Feet in Elevation, and the other is approximately 11 Miles South of Ouray, at 10,600 feet in Elevation. The site is also regulated by WQCD and CDPHE as part of the Consent Decree and the Remedial Action Plan established for both facilities. In addition to the Operator's representative and the inspectors listed above, Camille Price DRMS/IMP, and Linda Luther of San Miguel County were present during the inspection. The site consists of 150 permitted acres, and the Division currently holds \$226,600 in financial warranty. Five Photos accompany this report to illustrate the current site conditions.

Telluride Permitted Area

On site discussions were held at the Pandora Mill site regarding the future of the mill building as seen in Photo One. The current reclamation plan calls for the demolition and removal of the historic structure, However the Operator and representatives from San Miguel County have been in contact about the preservation of the facility for its historic and aesthetic value. The Operator completed all environmental hazard mitigation of the facility in 2014 including all asbestos removal, and also continues to carry out regular maintenance on the facility. The mill building has been evaluated for its structural integrity. A primary issue has been identified is that the facility will require a new roof among other maintenance activities to ensure the preservation of the building.

Discussions included the possibility of releasing the mill facility and some of the surrounding structures, shown in Photo Two to be entrusted to the care of a third party entity consisting of representatives from Nemont Mining Company, San Miguel County and the Historical Preservation society. The Division concluded that a Partial Release would be considered providing the proper documentation. The Division may require the following to evaluate the proposal being considered;

1. A written plan of any further repairs and or stabilization work to be completed for the preservation of the facility as it stands
2. A detailed list of the facilities to be removed and reclaimed or left on site in any Partial Release
3. A map showing the area of the existing permit that is to be released
4. Written documentation clearly identifying the third party entity accepting liabilities and ongoing maintenance requirements for the mill facility in perpetuity

In addition to the items listed above, the request must be in compliance with the Section 4.17.1 of the Hard Rock and Metals Mining Rules and will be processed as a Partial Release.

The remainder of the facilities in the Telluride permitted area were not inspected at this time, However it was discussed that the remainder of the permitted area consists mostly of the revegetated tailings piles. The piles are more than adequately vegetated and show no erosional issues. The Division requests that the Operator submit an itemized list of remaining reclamation tasks associated with the DRMS permit to move towards the final release of the permit.

Red Mountain Permitted Area

The Red Mountain facility Shown in Photos Three and Four consists of a smaller permitted area on the East and West sides of Highway 550 approximately 11 Miles South of Ouray. The Red Mountain facility is also included in the Consent Decree and Remedial Action Plan. It is also simultaneously regulated by CDPHE and WQCD.

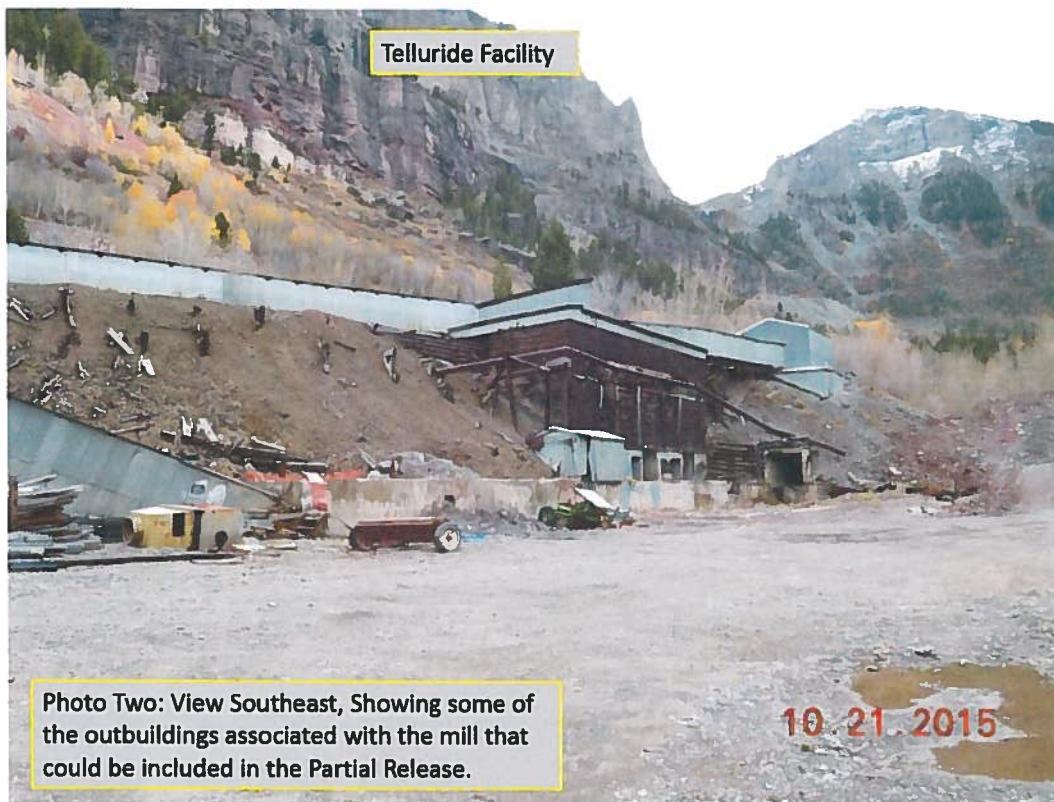
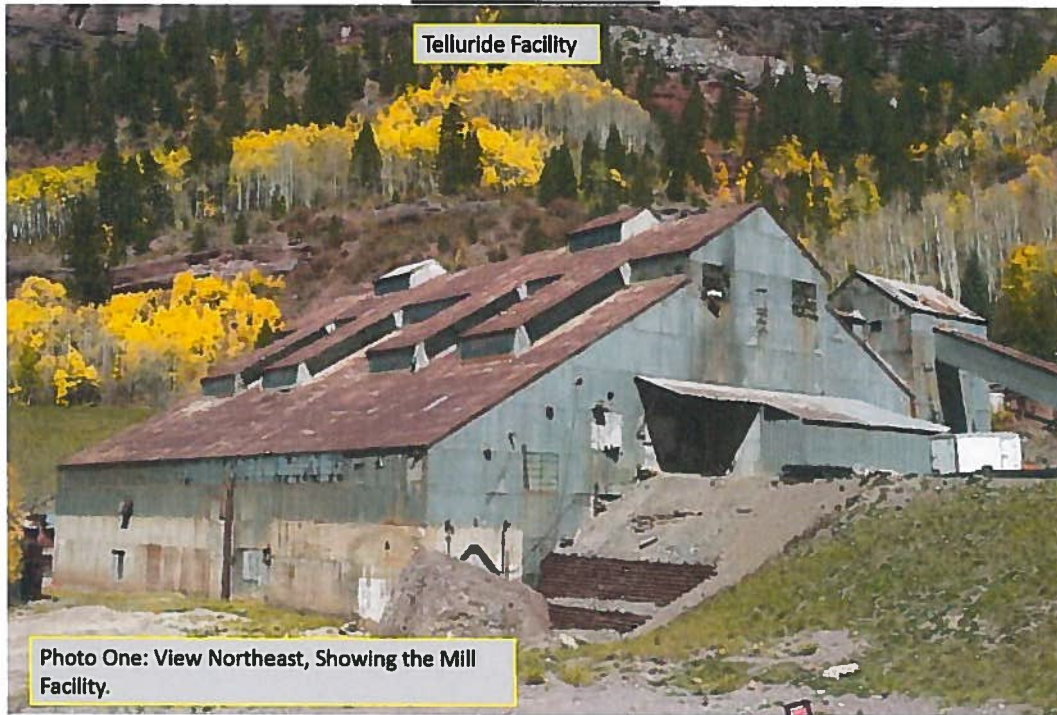
The site has experienced ongoing maintenance and reclamation activities in the form of the demolition and removal of several structures within the permit area. Such structures include historic powder magazines, location shown in Photo Five, the Transformer building, the geology building as well as the overhead power lines and their associated poles that are no longer in service. The Operator has also continued work on the foundation of the mill facility to prevent the structure from impounding water. Discussions took place regarding the construction of a new shop facility to better house the necessary staff and equipment on site.

The overall footprint of the Red Mountain Facility was in good condition, with no excess trash or debris. No noxious weeds were observed, and the site exhibited positive drainage with no erosional issues observed. No problems or possible violations were observed at this time.

Due to the intricate nature of the history of the site, and the overlapping jurisdictions by regulatory agencies, the Division has requested the Operator compile new maps for the remaining permitted areas at both facilities, and a detailed task list for the remaining reclamation activities associated with the DRMS permit. The purpose of this request is to clarify the remaining activities required to satisfy the Reclamation Permit held by the Division and move towards the final release of the permit.

No problems or possible violations were observed at either facility at this time, Responses to this report should be directed to Lucas West, at the Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203 or by phone at (970)-243-6368.

PHOTOGRAPHS







Inspection Contact Address

Larry Fiske
Idarado Mining Company
P.O. Box 584
Ouray, CO 81427

Enclosure

CC: Camille Price, DRMS Inactive Mines Program