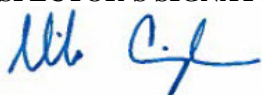




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Bear Hug	MINE/PROSPECTING ID#: P-2011-028	MINERAL: Gold and silver	COUNTY: Clear Creek
INSPECTION TYPE: Monitoring	INSPECTOR(S): Michael A. Cunningham	INSP. DATE: February 27, 2017	INSP. TIME: 09:30
OPERATOR: Terry Winters	OPERATOR REPRESENTATIVE: Terry Winters	TYPE OF OPERATION: MP - Mineral Prospecting	
REASON FOR INSPECTION: Normal I&E Program		BOND CALCULATION TYPE: Complete Bond	
DATE OF COMPLAINT: NA		BOND AMOUNT: \$2,268.23	
POST INSP. CONTACTS: None		JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 		SIGNATURE DATE: March 24, 2017

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>N</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SP) 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>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

The inspection was conducted by Michael Cunningham of the Division of Reclamation, Mining and Safety (Division). The Bear Hug prospecting site is located approximately 2 miles southwest of Idaho Springs, Colorado. The commodities of interest are gold and silver.

Prospecting activities were not occurring at the time of the inspection. Typically, Mr. Winters conducts prospecting between June and September. Prospecting is occurring over an area of 17.4 acres and consists of hand digging test pits to a depth of 16 inches. The excavated material is processed through a trommel and a spiral classifier. The processing of the excavated material requires the use of water which is contained in plastic tubs. The water is recycled and there is to be no discharge of process water to the ground surface. The processing equipment had been disassembled and placed into storage for the season. In addition, all test pits are backfilled with the excavated material prior to the end of the season. The Division was unable to visit all of the reclaimed test holes due to snow cover on portions of the prospecting areas. However, based on the observations made during the inspection, the prospecting activities are being carried out in accordance with the approved Notice of Intent.

The Division holds a financial warranty in the amount of \$2,268.38, which remains adequate to complete reclamation.

This concludes the inspection.