




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: Smuggler Gold Mine	MINE/PROSPECTING ID#: P-2012-011	MINERAL: Silver and gold	COUNTY: Gilpin
INSPECTION TYPE: Monitoring	INSPECTOR(S): Michael A. Cunningham	INSP. DATE: February 27, 2017	INSP. TIME: 13:00
OPERATOR: Smuggler Gold Mine, LLC	OPERATOR REPRESENTATIVE: Shannon Murphy, Tom Hendricks	TYPE OF OPERATION: MP - Mineral Prospecting	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$17,200.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: March 27, 2017

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

INSPECTION TOPIC: Availability Of Records

PROBLEM/POSSIBLE VIOLATION: Problem: The Prospector has not specified when prospecting activity is expected to end in the 2016 Annual Report as required by Rule 5.6(1)(e).

CORRECTIVE ACTIONS: The Prospector shall notify the Division of the date when prospecting activity is expected to end. In addition, the Prospector shall submit a summary describing the activities which have been completed under the NOI as well as the remaining activities to be completed. This information is required so the Division can make a determination as to whether a modification to the NOI will be required.

CORRECTIVE ACTION DUE DATE: 4/27/17

OBSERVATIONS

The inspection was conducted by Michael Cunningham of the Division of Reclamation, Mining and Safety (Division). Shannon Murphy and Thomas Hendricks were present on behalf of Smuggler Gold Mine, LLC. The Smuggler Gold Mine prospect site is located approximately 2 miles southwest of Rollinsville, Colorado in Gilpin County. The ground surface was covered with snow at the time of the inspection.

The operation was not active at the time of the inspection. The site conditions observed during this inspection remain unchanged from what was observed during the previous inspection conducted in 2015. The Operator was authorized to conduct portal rehabilitation and underground sampling at the Smuggler Gold Mine. The former portal structure was removed and replaced with a timbered portal which was built out approximately 10 feet from the hillside. The hillside surrounding the portal was terraced and graded so that it sloped down to the sides of the portal. The hillside above the portal was stable and did not show any signs of erosion. The portal was securely locked and warning signs were posted on the doors. The area immediately in front of the portal contained two small waste-rock piles, with approximately 30 cubic yards of material. A fuel tank was observed in the vicinity of the portal; the tank was empty.

Mr. Murphy informed the Division that prospecting activities are anticipated to resume in the near future. According to the Annual Report received on November 15, 2016, the last activity at the site occurred in 2012. The prospector is to notify the Division as to when prospecting activities are expected to end pursuant to Rule 5.6(1)(e). The 2016 Annual Report does not indicate when prospecting is anticipated to end, but states that prospecting is "ongoing". This is not an acceptable response to Rule 5.6(1)(e), it is the prospector's responsibility to inform the Division as to when prospecting activities will end. This information pertains to the time limits for completing reclamation which are specified under Rule 3.1.3(2). This matter has been cited as a problem and will require corrective action by the Operator; please see the first page of this report for additional information.

The Division currently holds a financial warranty in the amount of \$17,200.00. The Division has determined that the financial warranty is adequate to complete reclamation.

This concluded the inspection.

PHOTOGRAPHS



1. Portal with closure.



2. Office/parts/safety room.



3. Saw mill.



4. Waste rock stockpile.

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

(AR) RECORDS----- <u>PB</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING--- <u>N</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>	(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>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</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

Inspection Contact Address

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