


**COLORADO**Division of Reclamation,
Mining and Safety

Department of Natural Resources

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: October 12, 2016	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: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 7, 2016

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: Acid And Toxic Materials**PROBLEM/POSSIBLE VIOLATION:** Problem: Improper storage and containment of fuels and/or other hazardous materials was present on site. The fuel storage secondary containment was partially filled with water and diesel.**CORRECTIVE ACTIONS:** All storage tanks, petroleum and any hazardous materials on site for any period of time shall have appropriate secondary containment. The site will also have to comply with all applicable SPCC requirements. Please supply photo documentation that any fuel or hazardous materials containers are stored properly - including applicable secondary containment structures by the corrective action date. Note that secondary containment structures shall consist of an impermeable containment which could contain all contents of the tanks and various containers (when full) plus 10% of the total capacity. The operator may also provide photo documentation that all containers have been removed from the site on or before the corrective action date.**CORRECTIVE ACTION DUE DATE:** 11/30/16**INSPECTION TOPIC:** Hydrologic Balance**PROBLEM/POSSIBLE VIOLATION:** The operator failed to prevent disturbances to the hydrologic balance through inadequate containment or treatment of mine discharge water, specifically; the mine is discharging water at the 6 Level portal. Furthermore, ponds that have been installed are malfunctioning by allowing leakage and loss of containment of the process water. C.R.S. 34-32.5-116(4)(h) and Rule 6.4.7(2)(c)

CORRECTIVE ACTIONS: The operator shall install an additional process water control/treatment system that employs an engineered design and is incorporated into the permit with the submittal and approval of a technical revision.

CORRECTIVE ACTION DUE DATE: 12/30/16

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 was 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:

No mining activity was observed. An orange colored mine water discharge was observed exiting the portal. The flow is estimated to be 0.1 gpm. Mr. Abraham stated that when the mine is active the discharge is handled internally but due to no mining activity occurring at the site the discharge now exists. Mr. Abraham stated that he plans to build an additional treatment sump on the mine bench to address the mine water discharge. This is seen as a problem and the corrective action requirements are described above.

Secondary containment for the fuel tanks located on the 6 Level were partially filled with a water and diesel mixture. This is seen as a problem and the corrective action requirements are described in detail above.

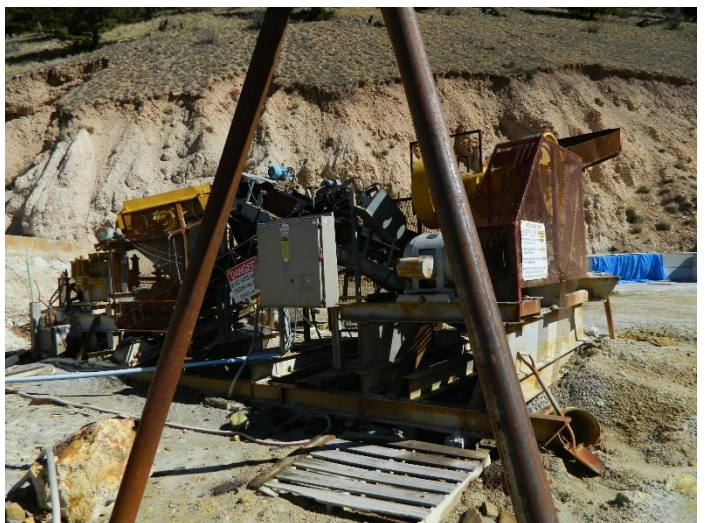
3 Level:

No mining related activity was observed at the 3 Level. The site appeared organized. Permit boundary markers were identified during the inspection.

No erosion or sedimentation issues were noted. There are no major or minor drainage issues within the vicinity of the 3 Level 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





GENERAL INSPECTION TOPICS

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

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>PB</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>Y</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</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>NA</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>NA</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>NA</u>
(AT) ACID OR TOXIC MATERIALS----- <u>PB</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

Inspection Contact Address

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