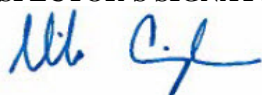




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Hukill Gulch Millsite	MINE/PROSPECTING ID#: M-2009-076	MINERAL: Silver and gold	COUNTY: Clear Creek
INSPECTION TYPE: Monitoring	INSPECTOR(S): Michael A. Cunningham	INSP. DATE: June 13, 2017	INSP. TIME: 11:30
OPERATOR: Venture Resources, Inc.	OPERATOR REPRESENTATIVE: Patrick Maher	TYPE OF OPERATION: 110d - Designated Limited Impact	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$96,827.69	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 15, 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>N</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>Y</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>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(CI) COMPLETE INSP---- <u>N</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>Y</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). Patrick Maher was present on behalf of Venture Resources, Inc. The Hukill Gulch Millsite is located approximately 2 miles north of Idaho Springs, in Clear Creek County. The site is permitted for 8.76 acres and the post-mining land use is rangeland. The Hukill Gulch Millsite operates under a Designated Mining Limited Impact 110 Reclamation Permit.

The purpose of this inspection was to follow up on the Operator's efforts to recertify the tailings impoundment liner. On February 8, 2017, the Division approved Technical Revision No. 4 (TR04) which addressed the detailed scope of work for recertification of the liner. Five separate tasks along with corresponding deadlines were approved under TR04. Task No. 2 addressed the removal, transport, interim storage, and disposition of the non-authorized materials which were placed on the tailings impoundment liner. The work associated with Task No. 2 was to commence no later than June 1, 2017 and is to be completed no later than September 15, 2017. The Operator notified the Division work was commencing on Task No. 2 on May 28, 2017 and provided photographs of the initial stages of Task No. 2.

At the time of the inspection, an excavator was removing material from within the tailings impoundment and was placing it in the designated area located immediately north of the tailings impoundment. The Operator has pumped approximately 4,000 gallons of fluid from within the impoundment into a holding tank adjacent to the concrete barrier wall. The Operator estimates an additional 4,000 gallons of fluid will need to be pumped from the tailings impoundment. The Operator inquired if a second tank could be placed within the sediment pond located immediately below the tailings impoundment, due to limited space near the concrete barrier wall. The Division informed the Operator that placing a large tank within the sediment pond would diminish the capacity of stormwater control feature and would not be allowed. Any additional tanks which are needed to store the residual liquids in the tailings impoundment must be located adjacent to the concrete barrier wall as approved in TR04.

The Operator inquired about storing large pieces of country rock next to the storm water culverts which discharge just below the tailings impoundment or above the sediment pond. The Operator is reminded that TR04 identified a designated storage area above the tailings impoundment. The material which is being excavated from within the tailings impoundment may not be placed, even temporarily, outside of the designated staging/stockpile area. The non-authorized material which was placed on the liner consisted of natural or bank run weathered rock materials along with minor amounts of topsoil. The Operator inquired about salvaging the topsoil for use in reclamation. The Division informed the Operator that topsoil which could be screened out from the weathered rock material using a grizzly or similar method could be stockpiled and used for final reclamation. The handling and stockpiling of any salvaged topsoil must be done in accordance with the approved Mining and Reclamation Plans.

Following the removal of the non-authorized material from the tailings impoundment liner, the Operator will perform Task No. 3 which involves inspection of the composite liner system. The Division will conduct another inspection in September after Task No. 2 is complete.

This concluded the inspection.

PHOTOGRAPHS



1. Excavator removing material from within tailings impoundment.



2. Residual liquid within tailings impoundment.



3. Tank used for the interim storage of liquid pumped from tailings impoundment.



4. Designated storage/stockpile area.



5. Overview of tailings impoundment.

Inspection Contact Address

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