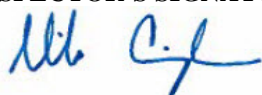




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: California Mine	MINE/PROSPECTING ID#: M-2017-008	MINERAL: Gemstones	COUNTY: Chaffee
INSPECTION TYPE: Monitoring	INSPECTOR(S): Michael A. Cunningham	INSP. DATE: September 5, 2017	INSP. TIME: 14:40
OPERATOR: LLM INVESTMENTS, LLC	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 110(1) - Hard Rock Limited Impact	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Partial Bond	BOND AMOUNT: \$12,500.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 22, 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>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>NA</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 and Dustin Czapla of the Division of Reclamation, Mining and Safety (Division). The Operator was not present for the inspection. The California Mine is located approximately 12.5 miles west of Nathrop, Colorado and is situated on private property within the Pike and San Isabel National Forests. The operation is permitted for 5 acres of disturbance and the post-mining land use is forest.

The Reclamation Permit for the California Mine was issued on July 3, 2017. The Division did not observe any signs of recent mining activity. No tools or equipment were observed on site. The permit area contains several disturbances which were present before the Reclamation Permit was issued. In addition, there are existing access roads on the site. Mining operations will commence from the existing roads and will proceed upslope. The mine is situated above the tree-line, so there is little topsoil and vegetation present.

The Division holds a financial warranty in the amount of \$12,500.

This concluded the inspection.

Inspection Contact Address

Lowell Hicks
LLM INVESTMENTS, LLC
83 Rio Grande Dr.
South Fork, CO 81154

CC: Wally Erickson, DRMS
Dustin Czapla, DRMS

PHOTOGRAPHS



1. Upper access road.



2. Lower access road.