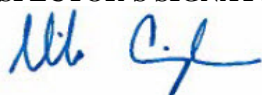




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: October 26, 2017	INSP. TIME: 09:30
OPERATOR: Venture Resources, Inc.	OPERATOR REPRESENTATIVE: Patrick Maher, Mason Drake, Jim Beck	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: November 2, 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>Y</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</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>Y</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <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 and Mason Drake were present on behalf of Venture Resources, Inc. and Jim Beck was present on behalf of J.M. Beck and Associates Mining Consultants. The purpose of this inspection was to assess the work performed on the tailings impoundment liner which was done in an effort to recertify the Environmental Protection Facility (EPF).

The plan to repair the tailings impoundment liner was addressed under Technical Revisions No. 3 and No. 4. The approved plan addressed the removal, transport, interim storage, and disposition of the non-authorized materials which were placed on the tailings impoundment liner. Five separate tasks along with corresponding deadlines were approved under Technical Revision No. 4. During the previous monitoring inspection, the Division verified the removal of toxic or acid-forming materials from the tailings impoundment had commenced on schedule. Removal of all toxic or acid-forming materials concluded on August 10, 2017. Following the removal of waste rock from within the tailings impoundment, Venture Resources, Inc. in consultation with Colorado Lining International, Inc. (CLII) made the determination that repair of the liner was technically feasible. Liner repairs commenced on August 16, 2017 and were carried out by CLII.

The composite liner system is comprised of a Geosynthetic Clay Liner, a 60 mil HDPE Geomembrane Liner, and a Geocomposite drainage layer. The appropriate repairs were made to all three layers of the composite liner system. On October 19, 2017, the Division received the Corrective Action Completion and Recertification Report which details the repairs made to the EPF. The Division found the repairs which were made to the liner system were carried out in accordance with the Corrective Action Plan approved under Technical Revisions No. 3 and No. 4 and with the requirements of Rule 7.3. Notice of acceptance of the certification of the EPF will be sent under separate cover.

During the inspection, the Division observed 3 tanks adjacent to the concrete cut-off wall. The tanks contained approximately 10,500 gallons of liquids pumped from the tailings impoundment. The Operator has requested authorization to return the liquids back into the tailings impoundment. Upon review of the Corrective Action Completion Report and visual assessment of the repaired composite liner, the Division authorizes the Operator to proceed with transferring the liquids back into the tailings impoundment. The Operator has estimated it will take one day to complete this task.

Impacts to groundwater are monitored by sampling an upgradient and downgradient monitoring well to ensure there is no loss of process solution from the tailings impoundment. The sampling frequency for groundwater monitoring was increased from quarterly to monthly under Technical Revision No. 3. The Division will require monthly groundwater sampling through the remainder of 2017, with quarterly groundwater sampling resuming in 2018.

The waste rock which had been placed within the tailings impoundment has been relocated to the bench immediately above the impoundment. The waste rock will be run through the mill when active milling operations resume. In addition to the waste rock, the Operator removed and segregated bank run material which had been placed in the tailings impoundment. The bank run material will be utilized as a supplemental growth medium during reclamation. The Operator also replaced the 4" drain pipes within the tailings impoundment. The drain pipes are covered in a geotextile filter sock and are designed to facilitate additional drainage within the tailings impoundment.

Based on the observations made during the inspection, the Operator has successfully completed the repairs necessary to recertify the tailings impoundment as an EPF. As a result, Venture Resources, Inc. is now in compliance with the March 3, 2016 Mined Land Reclamation Board Order. Therefore, the Cease and Desist Order has been lifted and the Operator may resume with all activities approved under the Reclamation Permit.

This concluded the inspection.

Inspection Contact Address

Patrick Maher
Venture Resources, Inc.
P.O. Box 1974
Idaho Springs, CO 80452

CC: Wally Erickson, DRMS

PHOTOGRAPHS



1. Storage of liquids pumped from tailings impoundment.



2. Overview of tailings impoundment, photo taken facing west.



3. Waste rock removed from tailings impoundment.



4. Overview of tailings impoundment, photo taken facing east.



5. 4" perforated drain pipes.



6. Welded seams of the Geocomposite drainage layer.