




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: Idarado Mining Co	MINE/PROSPECTING ID#: M-1977-403-HR	MINERAL: Lead, zinc, copper, c gold	COUNTY: San Miguel
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas J. West	INSP. DATE: March 27, 2018	INSP. TIME: 08:00
OPERATOR: Idarado Mining Company	OPERATOR REPRESENTATIVE: Mark Parker, Larry Fiske	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$226,600.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: March 30, 2018	

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>Y</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>N</u>	(SF) PROCESSING FACILITIES----- <u>N</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>Y</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>N</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

This inspection was conducted as part of the normal monitoring program established by the Colorado Division of Reclamation, Mining and Safety. The Idarado Mine is listed as an active 112d-3 permit with permitted areas in San Miguel County, near the town of Telluride, as well as in Ouray County, near the top of Red Mountain Pass. This inspection was only for the permitted areas adjacent to the Town of Telluride, in San Miguel County. The site was active during the inspection. The Division currently holds \$226,600.00 in financial warranty for the site. A reclamation cost update was not performed at this time. Along with the Inspector listed on page one of this report, Russ Means of the Division was present during the inspection. Six Photos accompany this report to illustrate the current site conditions of the site.

The main focus of this inspection was to explore the underground workings, which will be the focus of the upcoming flow-through bulkhead project. This project is still in the design phase with a detailed technical proposal expected to be delivered to the various agencies with jurisdiction in the coming weeks. The inspection also included joint conference on the technical details of the project.

In addition to the underground inspection and follow up conference, and inspection of the surface facilities was conducted. The Pandora Mill facility remains in good condition, and little has changed with the facility since the previous inspection. The Mill remains secured to prevent unauthorized entry, and no signs of vandalism or attempted entry. The Mill can be seen in Photos One and Two. The other surface facilities including the pole barn, maintenance shop and fuel shed that can be seen in Photos Three through Five are also in good condition. The areas adjacent to the Mill building include an area being utilized as a lay down and scrap yard, as well as several other outbuildings including the Ore chutes, train shed, and various catwalks leading into the Mill. All of the out buildings are in similar condition to the previous inspection and show no signs of significant change or instability.

The Mill level portal was secured after the underground tour to prevent unauthorized entry, the closure can be seen in Photo Six. The locomotive shop and secondary train shed are located adjacent to the mill level portal. All of the buildings in this area were secured, and in good condition. They show no signs of vandalism or attempted unauthorized entry. The infiltration ponds were not filled during the time of the inspection, during the winter months the water is infiltrated through the infiltration ditch as part of the Consent Decree and Remedial Action Plan established by CDPHE.

The overall footprint of the site was in good condition and was free from any trash and debris. Throughout the site no signs of settling, slumping or significant erosion were observed, nor were any State Listed Noxious Weeds noted. There were no problems or possible violations found during this inspection. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety at 1313 Sherman Street, Room 215, Denver CO, 80203, by phone at (970)-243-6368 or by email at lucas.west@state.co.us.

PHOTOGRAPHS

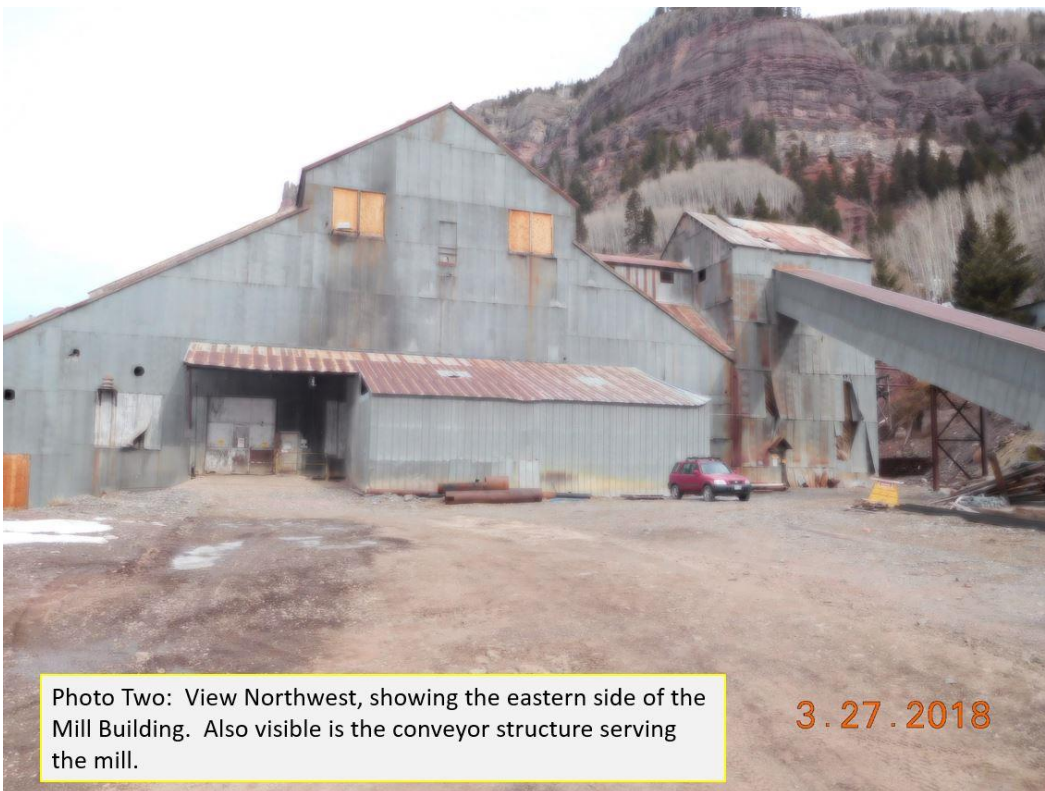




Photo Three: View North, showing the storage area adjacent to the Mill Building.

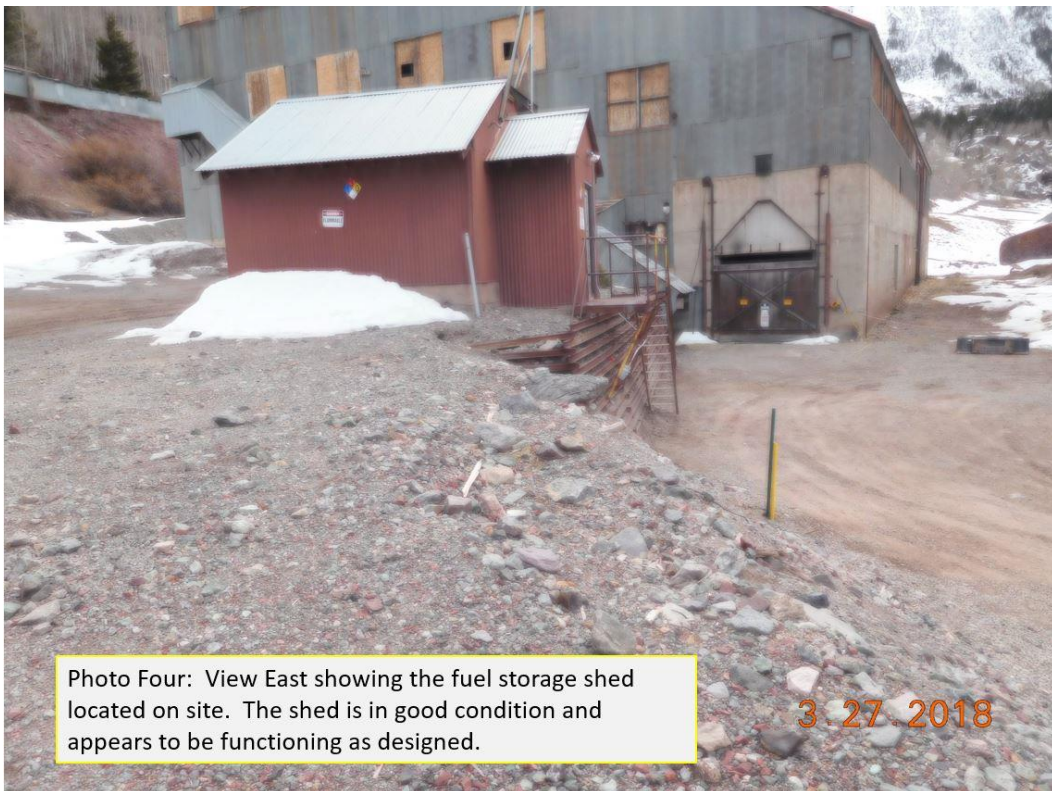
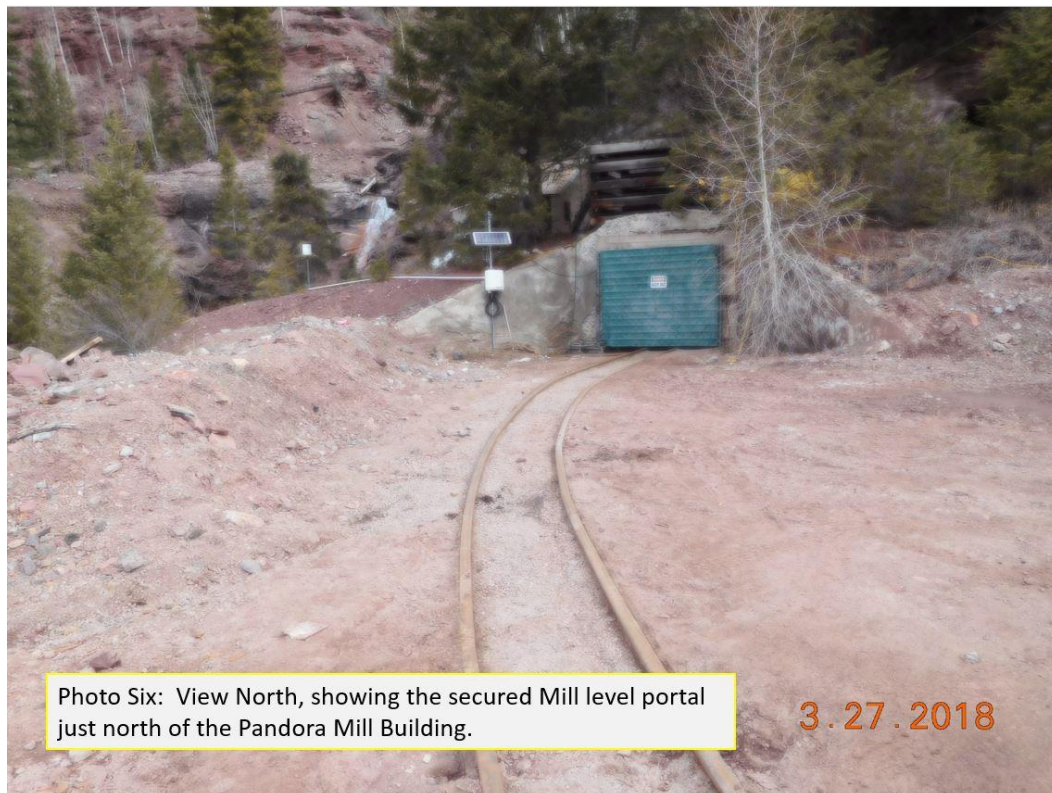


Photo Four: View East showing the fuel storage shed located on site. The shed is in good condition and appears to be functioning as designed.



Inspection Contact Address

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Enclosure

CC: Russ Means, Senior Environmental Protection Specialist