


**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: San Luis Project	MINE/PROSPECTING ID#: M-1988-112	MINERAL: Gold and silver	COUNTY: Costilla
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas J. West	INSP. DATE: August 14, 2018	INSP. TIME: 10:05
OPERATOR: Battle Mountain Resources, Inc.	OPERATOR REPRESENTATIVE: Julio Madrid, Melissa Chalona	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$7,400,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 12, 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>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</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>N</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>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 for permitted operations. The San Luis Project is a 112d-3 operation permitted for the extraction and milling of precious metals. Mining and milling activities were completed in 1996 and the site has been in varying degrees of final reclamation ever since. The site includes approximately 736.92 permitted acres, with approximately 332 affected acres that are currently undergoing reclamation. The affected areas are to be reclaimed to support various post-mining land uses including industrial/commercial, rangeland and wildlife habitat. The site is located approximately 4 miles northeast of San Luis, CO at approximately 8620 Feet in elevation. Public access to the site is controlled by a series of locked gates and the main offices and water treatment facility are located just north of Rito Seco Rd. The Division currently holds a \$7.4 Million Financial Warranty for the site. Six Photos accompany this report to illustrate the current site conditions.

The main focus of this inspection was to monitor the construction of the new concrete drop structure located adjacent to the tailings dam. All grading and earthwork for the drop structure has been completed and appears to be stable and in good condition. The anchor points along the structure as well as two sections of concrete have been formed and poured. Crews were in the process of setting and tying in the re-bar for the next two sections to be poured. The current progress of the structure can be seen in Photos One through Three. All conditions of the construction appear to be stable and in good condition and the progress appears to be progressing as designed.

Other areas of the permitted area were inspected for upcoming and ongoing reclamation tasks. Those areas include the water tower and facility, areas along the access road that can be reclaimed and storm water control structures located on site. The condition of the water tower area can be seen in Photos Four and Five. The remaining tasks that remain to be completed is, final cleanup and topsoil with revegetation.

All areas that were inspected were in good condition and free from any trash and debris. No signs of settling, slumping or erosion were noted in those areas and no problems or possible violations were observed. 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.

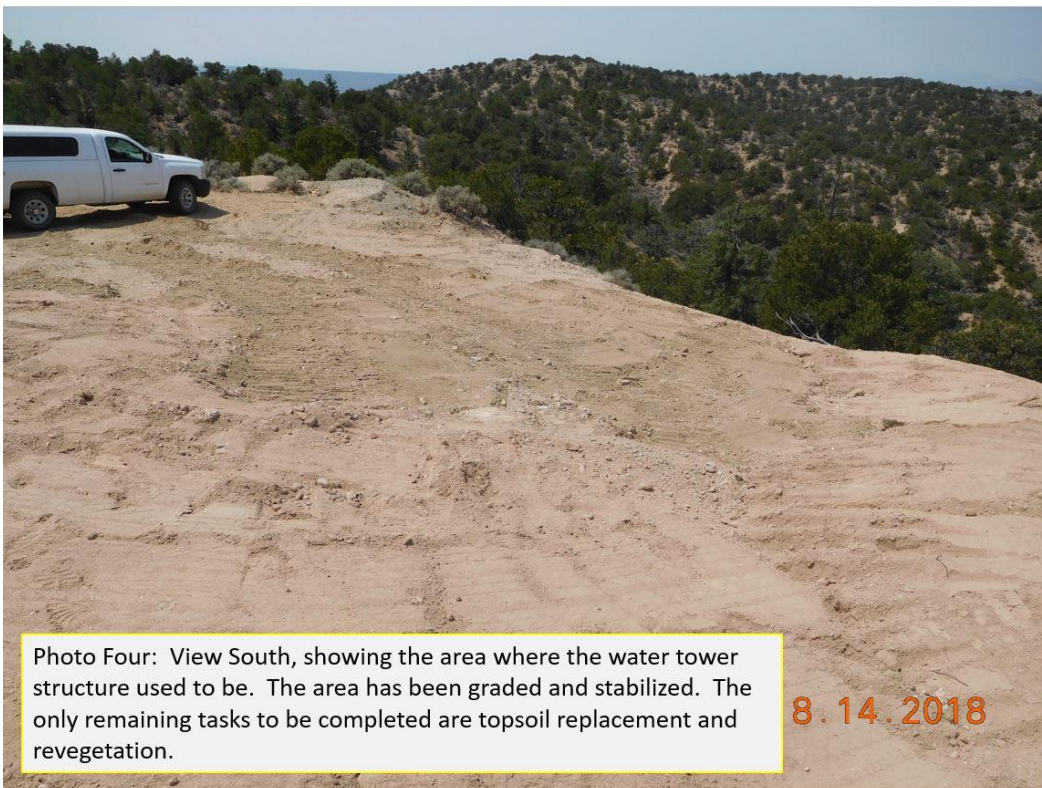
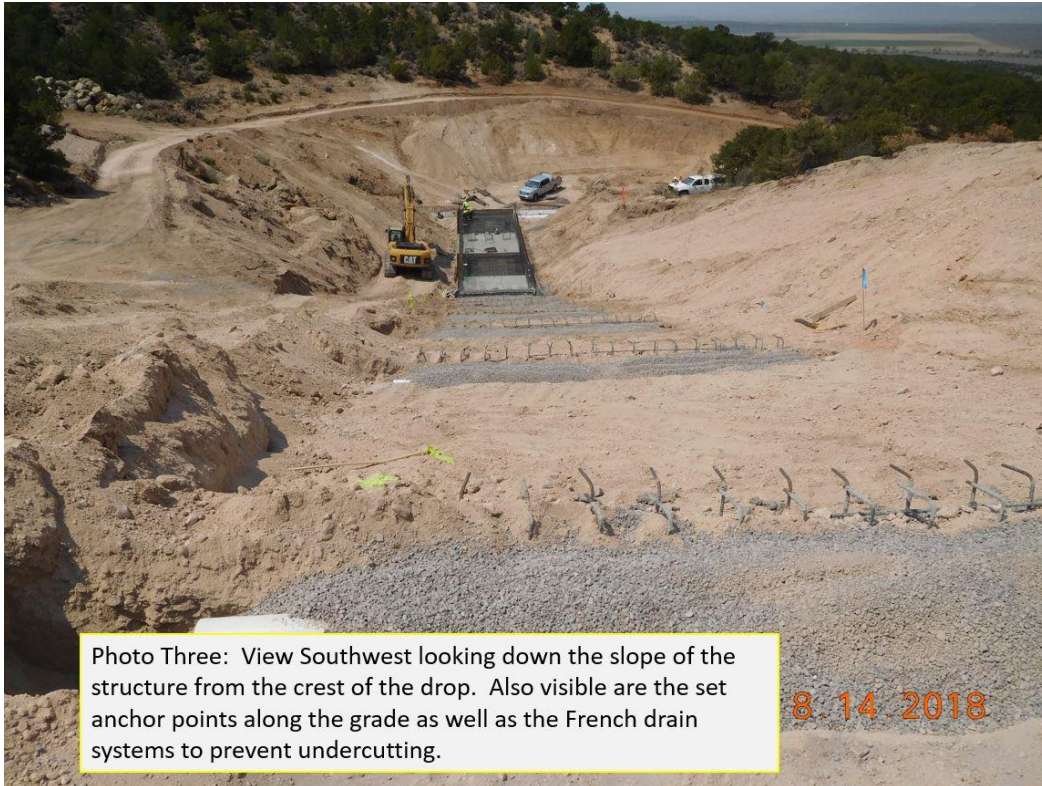
PHOTOGRAPHS



Photo One: View Northeast, showing the completed earthwork of the concrete drop structure. Also visible are the completed anchor points along the slope as well as the set forms and rebar for the base.



Photo Two: View South, showing the crews working to secure and tie in the rebar reinforcements to base of the drop structure.





Inspection Contact Address

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Enclosure

CC: