


**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.

<b>MINE NAME:</b> San Luis Project	<b>MINE/PROSPECTING ID#:</b> M-1988-112	<b>MINERAL:</b> Gold and silver	<b>COUNTY:</b> Costilla
<b>INSPECTION TYPE:</b> Monitoring	<b>INSPECTOR(S):</b> Lucas J. West	<b>INSP. DATE:</b> January 15, 2019	<b>INSP. TIME:</b> 10:00
<b>OPERATOR:</b> Battle Mountain Resources, Inc.	<b>OPERATOR REPRESENTATIVE:</b> Larry Fiske, Julio Madrid, Steve Carino	<b>TYPE OF OPERATION:</b> 112d-3 - Designated Mining Operation	
<b>REASON FOR INSPECTION:</b> Normal I&E Program	<b>BOND CALCULATION TYPE:</b> None	<b>BOND AMOUNT:</b> \$7,400,000.00	
<b>DATE OF COMPLAINT:</b> NA	<b>POST INSP. CONTACTS:</b> None	<b>JOINT INSP. AGENCY:</b> None	
<b>WEATHER:</b> Clear	<b>INSPECTOR'S SIGNATURE:</b> 	<b>SIGNATURE DATE:</b> January 30, 2019	

**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>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</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>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>Y</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. The site has been in varying degrees of final reclamation since approximately 1996. In addition to the Operator representatives listed on page one of this report Devon Horntvedt and Glayden Berry of Newmont Mining, as well as Melissa Chalona of Engineering Analytics were present during the inspection. The site includes approximately 736.92 permitted acres, with approximately 332 affected acres that are currently undergoing reclamation. 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. Five 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. Construction of the spillway is nearly 90% completed. The main structural components of the structure have been poured. The remaining work consists of final capping of some of the concrete and completion the earthen backfill around the structure. The mouth of the structure, which can be seen in Photo One, is completed enough to be functional at this time. At its current state the structure will serve its intended function to convey storm water and snow melt around the tailings dam during the coming months. The main length of the structure appears to be complete. The energy dissipation portion of the structure at the base is nearly completed with some forms and heating blankets still in place. The main length and energy dissipation portion can be seen in Photos Two and Three. Work on the structure will be temporarily suspended due to cold temperatures and snowy conditions. As soon as conditions allow, the structure will be completed.

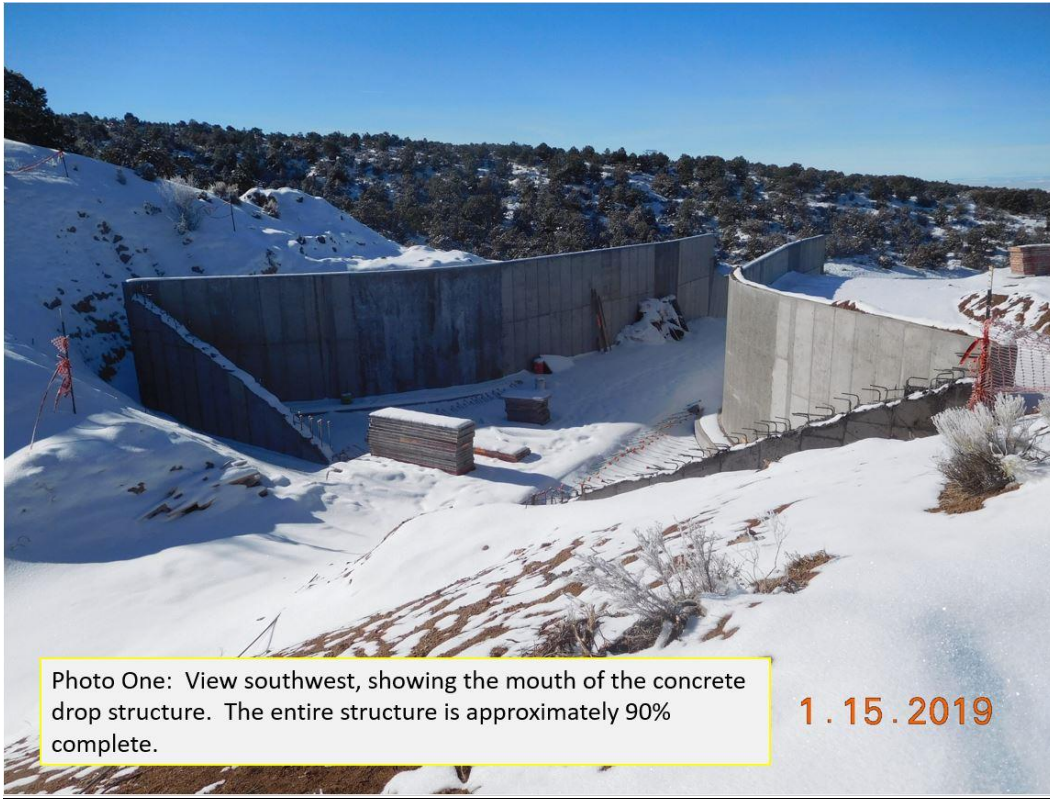
When conditions allow construction work on site to commence, another project is slated to begin. As part of the storm water management plan and other items addressed through Technical Revision 34, a portion of the South Diversion ditch was designed to be altered to allow excessive storm water flows in the Diversion Ditch to over flow into the Tailings Storage Facility for containment. This is a redundancy designed into the system for protection of the Tailings Dam. The area that will be reconfigured are shown in Photos Four and Five. Discussions with the Operator on the details of the construction took place on site, and will be submitted to the Division as an addendum to TR-34.

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](mailto:lucas.west@state.co.us).

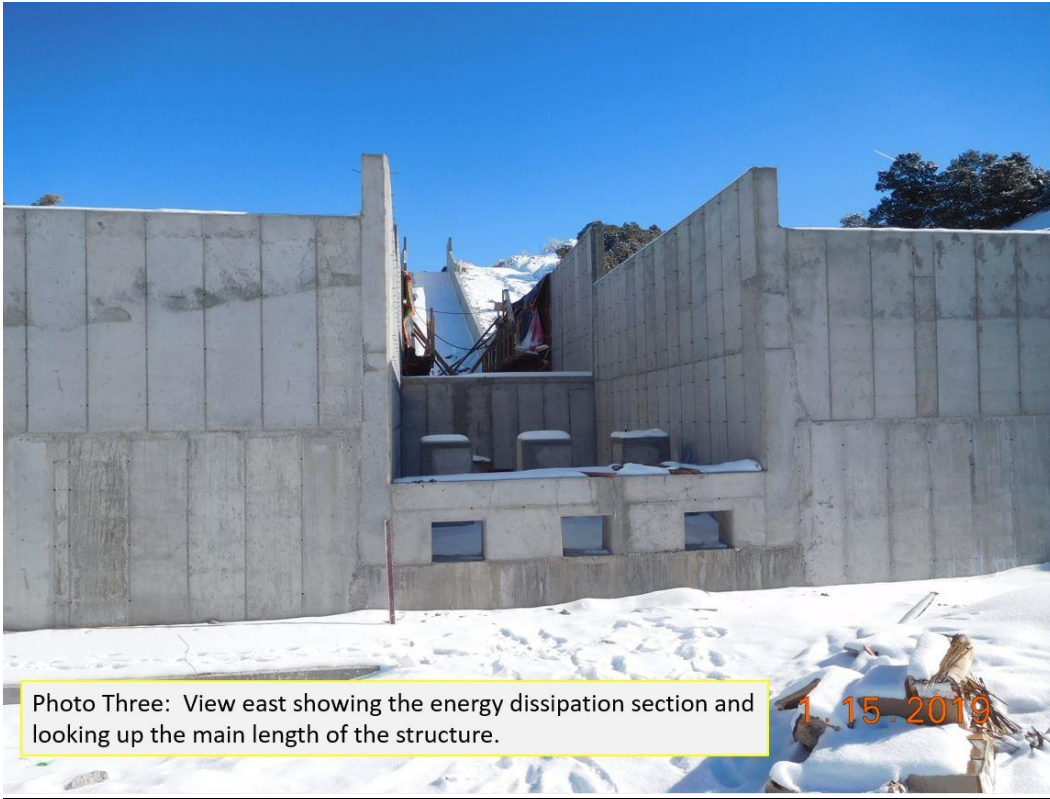
### **Inspection Contact Address**

Julio Madrid  
Battle Mountain Resources, Inc.  
P.O. Box 310  
San Luis, CO 81152

## PHOTOGRAPHS







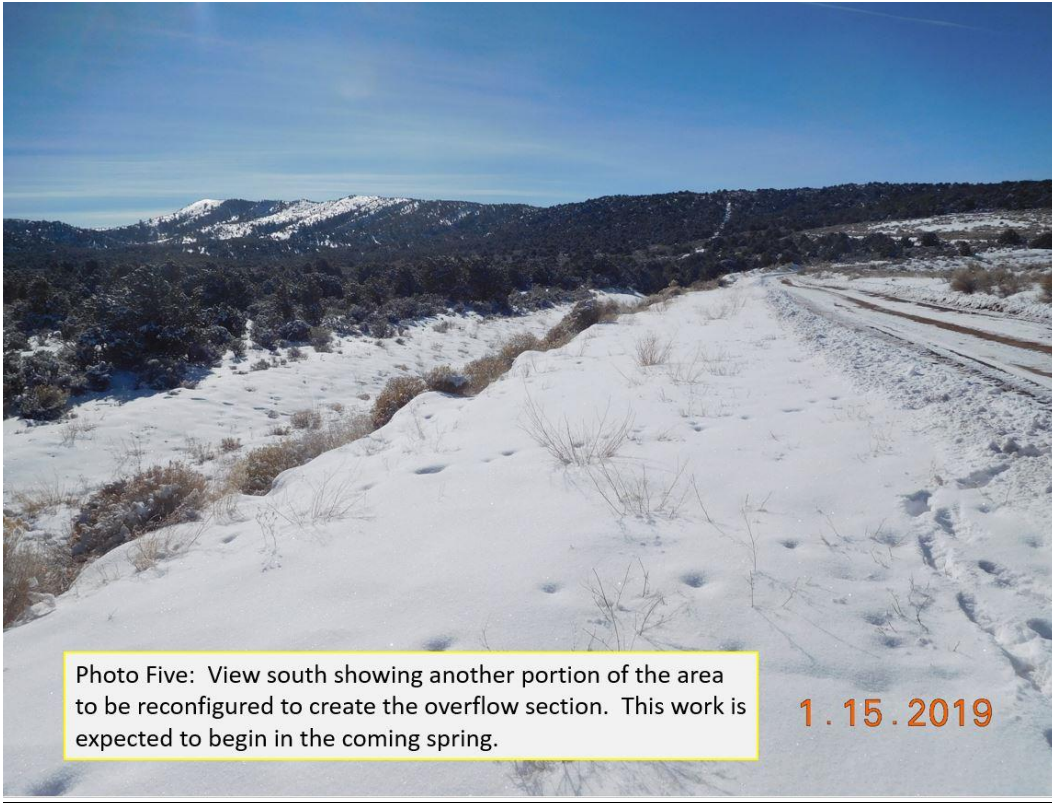


Photo Five: View south showing another portion of the area to be reconfigured to create the overflow section. This work is expected to begin in the coming spring.

1.15.2019