


**COLORADO**Division of Reclamation,
Mining and Safety

Department of Natural Resources

**COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
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: Liberty Project	MINE/PROSPECTING ID#: P-2007-058	MINERAL: Gold	COUNTY: Ouray
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas West	INSP. DATE: October 2, 2019	INSP. TIME: 10:30
OPERATOR: The Mining Company, Inc.	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: MP - Mineral Prospecting	

REASON FOR INSPECTION: High Priority	BOND CALCULATION TYPE: None	BOND AMOUNT: \$17,962.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 30, 2019

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

INSPECTION TOPIC: Hydrologic Balance

PROBLEM/POSSIBLE VIOLATION: Problem: Unauthorized portal discharge. During the site inspection on 9/11/2019 and 10/2/2019 water was observed discharging the portal. The Mining and Reclamation plan outline that the mine does not have a mine pool and there is no discharge associated with the Notice.

CORRECTIVE ACTIONS: Within 30 days of the date of this report, The Operator shall submit an explanation of the presence of water in the mine. The explanation should be received no later than Friday November 29, 2019. Also the Operator shall conduct a study to investigate the source and perform a basic water quality analysis, submitting the results to the Division after the runoff season no later than June 1, 2020.

CORRECTIVE ACTION DUE DATE: 11/29/19

OBSERVATIONS

This inspection was conducted as a follow up to a routine monitoring inspection conducted as part of the normal monitoring program established by the Colorado Division of Reclamation, Mining and Safety's Minerals Program. The original inspection was conducted on September 11, 2019 however no report for that inspection was conducted. The Liberty Project is listed as an Active Notice of Intent to Conduct Prospecting which allows for 2.19 Acres of disturbance in support of the underground exploration of Gold. No Operator representative was present during the inspection. Russ Means Minerals Program Director, Travis Marshall West Team Senior Environmental Protection Specialist and Michael Cunningham East Team Senior Environmental Protection Specialist were all present during the inspection. The Division currently holds \$17,962.00 in Financial Warranty for the site. A reclamation cost estimate update was not performed as a result of this inspection. Once the corrective actions of the problems listed in this report, an update to the required Financial Warranty will be performed. The site is located approximately 8.3 miles southwest of Ouray, CO up Governor's Basin at 11,807 feet in elevation. Public Access to the site is controlled by a locked gate. Three Photos accompany this report to illustrate the current site conditions.

The site was not active during the inspection and no mining or exploration related equipment was observed on site. No sign was posted at the entrance to the site. The disturbed area consists of an access road leading up to a portal and portal pad work area. The portal pad and access road were stable at the time of the inspection. A small office structure is located at the east end of the portal pad. The office was secured and in marginal condition. It can be seen in Photo One. Located at the south end of the portal. The portal is secured by a locking steel gate which can be seen in Photo Two. Material has sloughed off the adjacent hillside and partially blocked the access to the Portal. At the time of the inspection the portal was observed to have a discharge of approximately 5 gallons per minute. The discharge is being cited as a problem at this time.

Unauthorized portal discharge. During the site inspection September 11, 2019 and October 2, 2019 water was observed discharging the portal, traveling down the access road. The Mining and Reclamation plan outline that the mine does not have a mine pool and there is no discharge associated with the Notice. Within 30 days of the date of this report, the Operator shall submit a written explanation of the presence of water in the mine. The Explanation should be submitted no later than Friday November 29, 2019. The Operator shall also conduct a study to investigate the source and perform a basic water quality analysis, submitting the results to the Division. Due to winter conditions the results of the study should be submitted after the 2020 run off season, no later than Monday June 1, 2020. The discharge can be seen in Photo Three. The results of the corrective actions may result in further action being necessary.

The overall footprint of the site is in good condition and free from trash and debris. 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 970-243-638 or by email at lucas.west@state.co.us.

Inspection Contact Address

Kenneth Orvis
The Mining Company, Inc.
21599 US Hwy 550
Ridgeway, CO 81432

PHOTOGRAPHS

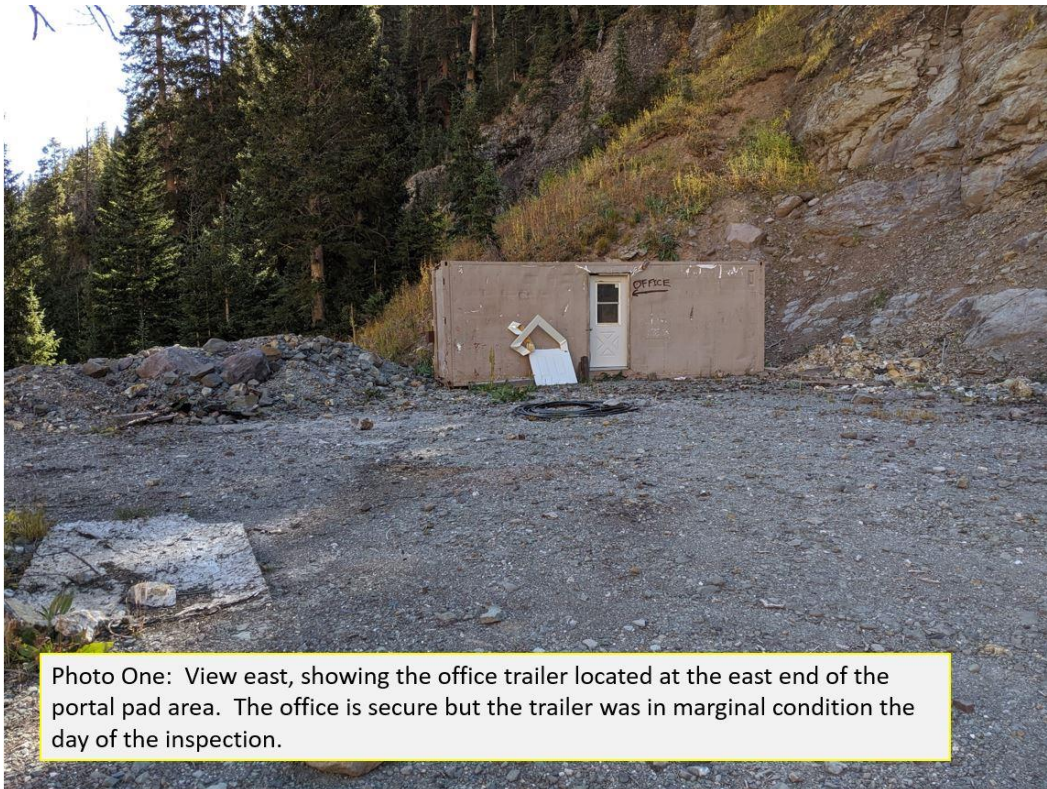
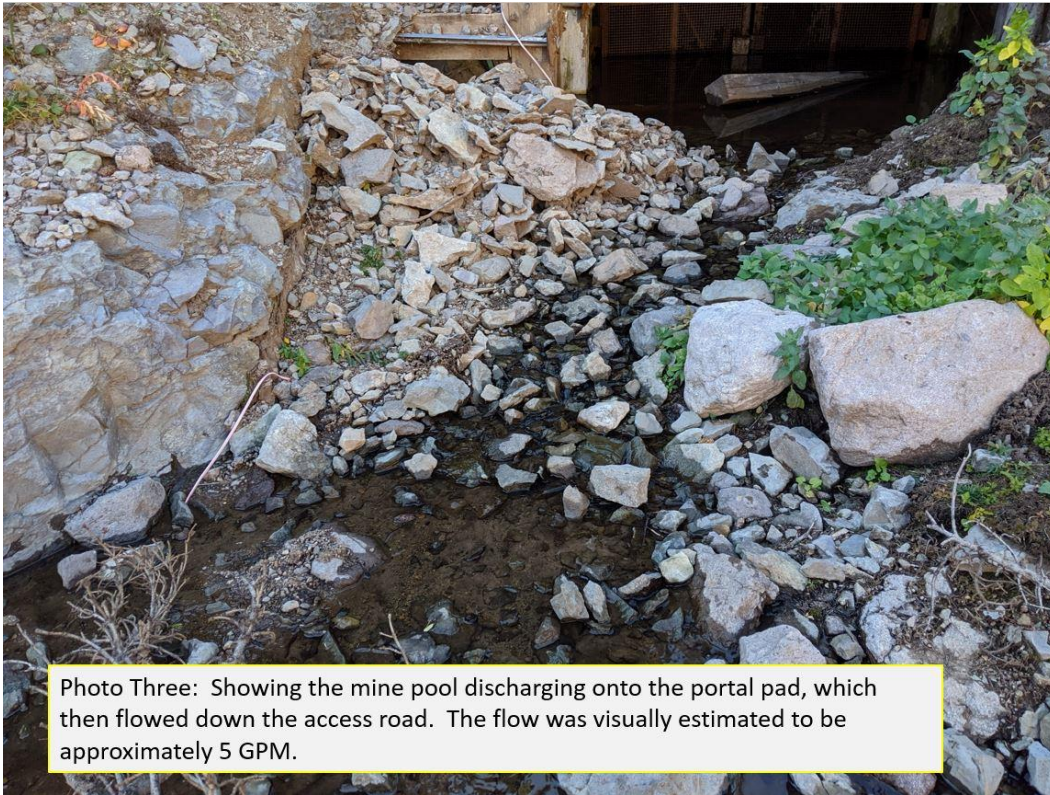


Photo One: View east, showing the office trailer located at the east end of the portal pad area. The office is secure but the trailer was in marginal condition the day of the inspection.



Photo Two: View south showing the secured portal gate. Also visible is the approximately 3 foot deep mine pool. Original Application documents indicate that no mine pool would be present.



GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

(AR) RECORDS----- <u>N</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>PB</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>N</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