




**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 West	<b>INSP. DATE:</b> October 14, 2019	<b>INSP. TIME:</b> 11:40
<b>OPERATOR:</b> Battle Mountain Resources, Inc.	<b>OPERATOR REPRESENTATIVE:</b> 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> October 31, 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>N</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>Y</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 Karen DeAgüero 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. Eight Photos accompany this report to illustrate the current site conditions.

The main focus of this inspection was to observe the completed concrete drop structure adjacent to the tailings dam. The spillway can be seen in Photos One through Three. The construction of the spillway is now 100% complete. All final grading and seeding of the fringe areas have been completed. Small amounts of growth in the revegetated areas were observed. The inlet and outlet areas have all been lined with rip rap to prevent erosion. All poured concrete areas are in excellent condition. The emergency overflow structure was observed and has been completed. In the Arroyo, downstream of the spillway, all culverts have been upgraded, lined with rip rap and seeded. All culverts observed are in excellent condition. The drop structure, its out slopes, inlet structure, outlet structure and downstream culverts have all been completed as designed in Technical Revision 34. The only remaining item to close out the file will be submitting the Certified As Built Reports for the construction of the structure.

In addition to the concrete drop structure the alteration to the South Diversion Ditch was completed as approved through Technical Revision 34. The alteration was done to lower the road and its associated berm between the South Diversion Ditch and the Tailings Storage Facility to allow excessive storm water flows to overflow into the Tailings Storage Facility for containment. All grading and earthwork has been completed and so signs of settling slumping or erosion was observed. The out slopes leading into the Tailings Storage Facility and into the South Diversion Ditch have been seeded with the reclamation seed mix. No growth was observed as the seeding was recently completed. Photos Four and Five show the overflow area. In addition to the as built designs for the drop structure, the final constructed designs for the overflow area need to be submitted to the Division in accordance with TR-34.

Final reclamation of certain areas have also been completed and inspected. These areas include the old water tower site, mill area and the West Pit. The old water tower site has been adequately capped and seeded. No evidence of settling slumping or erosion was observed and small berms have been installed to control erosion. The water tower site can be seen in Photo Six. Adjacent to the water tower is the mill area. Reclamation of this area was completed some time ago. The area seen in Photo Seven, was stable at the time of the inspection and has excellent vegetative growth. The vegetative cover is dense, diverse and shows signs of self-regeneration. No evidence that the mill ever existed was observed. Final reclamation of this area is considered complete at this time and could be released through the Acreage Reduction process.

The area of the West Pit was also inspected for its final reclamation configuration. The West Pit, seen in Photo Eight, was contemporaneously reclaimed at the time of mining. The approved reclamation allows for benching, adding topsoil, and revegetation of the bench areas. Talus sloping was also approved to be placed throughout the reclaimed benches to allow for wildlife access. The benches and sloping was stable at the time of the inspection and in good condition. The areas where topsoil has been replaced and revegetation was completed were also in good condition. The West Pit has been reclaimed in accordance with the approved Reclamation Plan and at this time is considered at its final reclamation configuration. This area is not eligible for release through the Acreage Reduction because of the current water management operations being conducted on site. Discussions with the Operator indicate that an alternative solution to water management operations is being discussed and could be perused. Any changes to the water management and treatment systems will be addressed through the Amendment Process.

Throughout the site, no evidence of significant erosion, settling or slumping was observed. No state listed noxious weeds were noted during the inspection. The overall footprint of the site is in excellent condition and free from trash and debris. No problems or possible violations were noted at this time. 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**

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## **PHOTOGRAPHS**

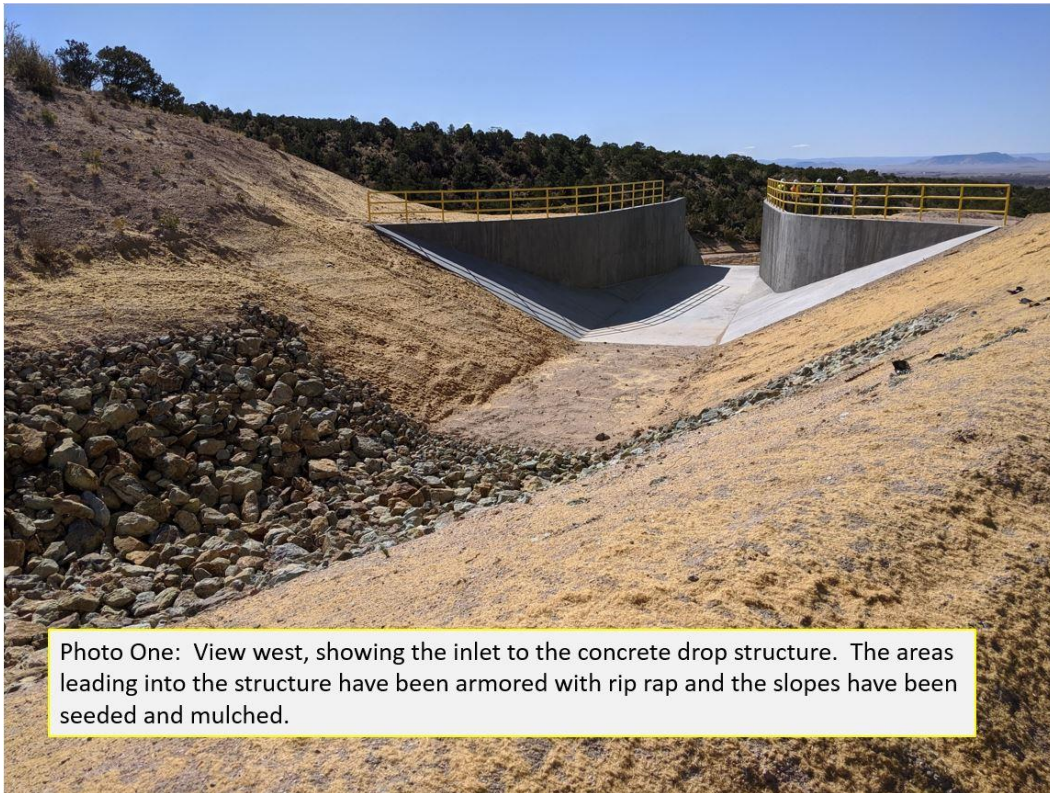


Photo One: View west, showing the inlet to the concrete drop structure. The areas leading into the structure have been armored with rip rap and the slopes have been seeded and mulched.



Photo Two: View west, showing the main area of the drop structure. All concrete, safety railed and sloping is in excellent condition and was constructed in accordance with the designs in TR-34.





Photo Three: View east, showing the entirety of the completed structure. The outlet has been armored with rip rap and all phases of the construction are considered complete.



Photo Four: View south, showing the alterations made between the South Diversion Ditch and the Tailings Storage Facility. This alteration is a redundancy to allow for any emergency excess storm water flow to enter the Tailings Storage Facility for containment.







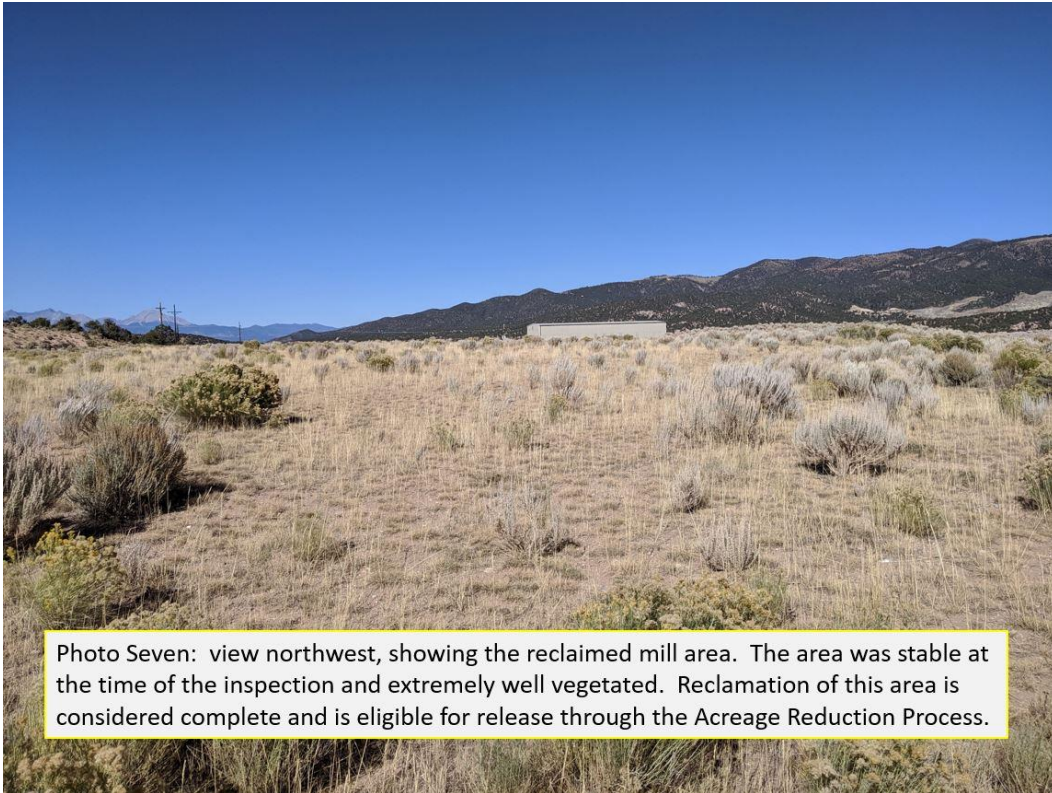


Photo Seven: view northwest, showing the reclaimed mill area. The area was stable at the time of the inspection and extremely well vegetated. Reclamation of this area is considered complete and is eligible for release through the Acreage Reduction Process.

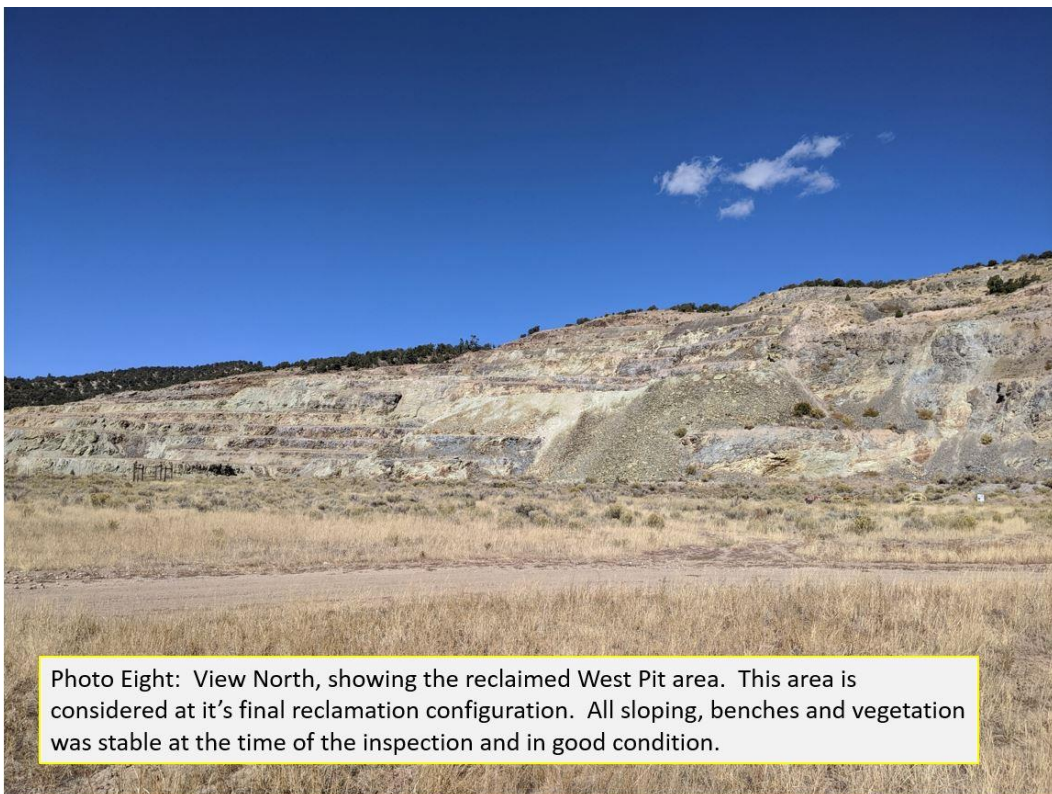


Photo Eight: View North, showing the reclaimed West Pit area. This area is considered at it's final reclamation configuration. All sloping, benches and vegetation was stable at the time of the inspection and in good condition.