COLORADO
Division of Reclamation, Mining and Safety
Department of Natural Resources

DATE: August 7, 2020

TO: Mined Land Reclamation Board
Lance Barker, Mineral Mountain Gold, LLC

FROM: Elliott Russell
Environmental Protection Specialist

RE: Enforcement Hearing
Mineral Mountain Gold, LLC
Mineral Mountain Project, Permit No. M-2014-045

Consideration of a possible violation, cease and desist order, corrective actions, and civil penalty for failure to comply the conditions of an order, permit or regulation.

The Board packet contains the following documents:

Division's Documents:

1. Inspection Report generated from the June 2, 2020 inspection; signed July 1, 2020
2. RTB Letter; July 1, 2020
3. Inspection Report generated from the July 15, 2020 inspection; signed August 7, 2020
4. Exhibit C Mine Plan; received August 4, 2014
5. Approved Environmental Protection Plan; received June 2, 2015

Operator's Documents:

6. Response to RTB Notice; received August 6, 2020

Please note: All of the above documents, including the entire permit file, are available for review on the electronic public document management system at: https://dnrweblink.state.co.us/drms/search.aspx?cr=1.

Division’s Documents:

1. Inspection Report generated from the June 2, 2020 inspection; signed July 1, 2020

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: Mineral Mountain Project	**MINE/PROSPECTING ID#:** M-2014-045	**MINERAL:** Gold	**COUNTY:** Teller
INSPECTION TYPE: Monitoring	**INSPECTOR(S):** Elliott Russell	**INSP. DATE:** June 2, 2020	**INSP. TIME:** 10:00
OPERATOR: Mineral Mountain Gold, LLC	**OPERATOR REPRESENTATIVE:** Lance Barker	**TYPE OF OPERATION:** 110d - Designated Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	**BOND CALCULATION TYPE:** None	**BOND AMOUNT:** $28,350.00
DATE OF COMPLAINT: NA	**POST INSP. CONTACTS:** None	**JOINT INSP. AGENCY:** None
WEATHER: Cloudy	**INSPECTOR'S SIGNATURE:**	**SIGNATURE DATE:** July 1, 2020

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.

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected

(AR) RECORDS---------- Y	**(FN) FINANCIAL WARRANTY-------- N**	**(RD) ROADS---------- Y**
(HB) HYDROLOGIC BALANCE---------- Y	**(BG) BACKFILL & GRADING---------- N**	**(EX) EXPLOSIVES--------- Y**
(PW) PROCESSING WASTE/TAILING---- Y	**(SF) PROCESSING FACILITIES------- Y**	**(TS) TOPSOIL---------- N**
(MP) GENL MINE PLAN COMPLIANCE- PV	**(FW) FISH & WILDLIFE---------- Y**	**(RV) REVEGETATION---- N**
(SM) SIGNS AND MARKERS---------- PB	**(SP) STORM WATER MGT PLAN---- N**	**(RS) RECL PLAN/COMP-- N**
(ES) OVERBURDEN/DEV. WASTE--------- N	**(SC) EROSION/SEDIMENTATION--- Y**	**(ST) STIPULATIONS------- N**
(AT) ACID OR TOXIC MATERIALS------- Y	**(OD) OFF-SITE DAMAGE----------N**	

Y = Inspected / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited **/ PV = Possible violation cited**

PROBLEMS/POSSIBLE VIOLATIONS

INSPECTION TOPIC: Gen. Compliance With Mine Plan
POSSIBLE VIOLATION: The Operator is using a gravity and floatation mill which is not authorized by the permit. The Operator is using xanthate in the floatation circuit, a designated chemical, which is not authorized by the permit. The Operator is disposing mill tailings in an unlined repository which is not authorized by the permit. These are possible violations of C.R.S. 34-32.5-124 for failure to follow the conditions of an order, permit or regulation.
CORRECTIVE ACTIONS: These possible violations will require a hearing before the Mined Land Reclamation Board scheduled for the August 19-20, 2020 Board meeting. The schedule and other details for the MLRB hearing has been provided under a separate document, sent via certified mail to the Operator on July 1, 2020.
CORRECTIVE ACTION DUE DATE: August 19, 2020

INSPECTION TOPIC: Signs & Markers
COMPLIANCE PROBLEM #1: The affected area boundary markers are missing or incorrectly placed. This is a problem for failure to maintain boundary markers around the affected area as required by Rule 3.1.12(2).
CORRECTIVE ACTIONS: The Operator shall conduct a survey and replace the boundary markers in the correct location(s). The operator shall provide proof to the Division that this has been done by the corrective action date.
CORRECTIVE ACTION DUE DATE: July 31, 2020

OBSERVATIONS

This inspection was conducted as part of the Division's routine monitoring program for permitted operations. Elliott Russell, with the Division, conducted the inspection and Lance Barker, representing the Operator, accompanied the inspection.

The Mineral Mountain Project is a 110d underground gold mine and is permitted at 9.21 acres. Affected lands will be reclaimed to support a rangeland post-mining land use. The site is located on the north side of Mineral Hill, approximately one mile north of Cripple Creek. The Division met Lance Barker at the entrance to the mine site at the end of McKenny Street.

The mine identification sign was posted at the entrance access road along the western permit boundary and was in compliance with Rule 3.1.12(1). The Division observed several red rebar posts around the site delineating the permit boundary. The Operator stated the markers around the area carved out with Acreage Reduction AR-01 were disturbed and were not in the correct locations. The Operator stated since this area is near the two powder magazines, the fire marshal instructed them to clear-cut the trees in this area to reduce the fire hazard. This has been cited as Compliance Problem #1, requiring the Operator to conduct a survey and replace the boundary markers in the correct locations.

The site consists of a single adit/tunnel and a flattened work area made out of development waste rock identified as the Waste Rock Area on the permit maps. This flat Waste Rock Area was approximately 1 acre in size. The face of the waste rock dump is approximately 50 feet high and is set at the angle of repose. The Waste Rock Area consists of several buildings/structures, generators/compressors, a crusher, underground mining equipment, petroleum storage tanks with secondary containment, and miscellaneous parts, equipment, and scrap metal. The site contained a secondary escape and air vent shafts located 100 feet southeast of the tunnel portal. There were also two conex storage containers located in the southeastern portion of the permit which housed the sampling of drill cuttings with XRF analysis to help determine the advancement of the tunnel.

The Operator stated the surface crusher has a capacity of 50 tons per day, but only runs when enough ore is stockpiled. Blasted ore from underground is brought to the surface and stockpiled next to the crusher and is then crushed to 1" minus and stockpiled in the eastern half of an open-sided building next to the tunnel portal. The Operator stated the crushed ore is then hauled back underground and is crushed to 100-mesh with a 1 ton per day ball mill. This material is run across a shaker table to produce a gravity concentrate which is stored in the western half of the open-sided building at the surface. The remaining material is put through a froth-flotation circuit using xanthate to produce a flotation concentrate which is brought to the surface to an enclosed conex storage container where the concentrate is placed in one of three electric

drying locker. The final dried flotation concentrate is stored in open-topped drums inside the same storage container. While inspecting the western portion of the Waste Rock Area, the Division discovered fine grain material on the dump face. The Operator stated this material was the waste from the flotation circuit.

After the inspection, upon review of the permit file, the Division has determined the use of gravity and floatation mill, the use of xanthate (a designated chemical), and the disposal of mill tailings in an unlined repository are not authorized by the permit. In general, the permit does not have a mining plan as the original 110(1) permit, applied for in 2014, stated the site was in a prospecting stage and contained little to no information regarding mining and processing of material. The permit stated once more information is collected, a plan could be developed and shared with the Division. The Division has not received a Technical Revision nor Amendment to the permit to define a mine plan nor has the Division received any details regarding processing of ore. Additionally, as required in the stipulated approval of the 110(1) permit, the Operator submitted an application to convert the 110(1) to a 110d in 2015. Within the 110d Environmental Protection Plan, the Operator stated the operation does not use designated chemicals and that the Operator does not anticipate using them, so no plan was submitted nor reviewed for managing designated chemicals. This has been cited as a possible violation for failure to follow the conditions a permit, requiring a hearing before the Mined Land Reclamation Board.

This concludes the Division's Inspection Report; a subset of photographs taken during the time of the inspection are included below. If you need additional information or have any questions, please contact me at Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, by telephone at **303-866-3567 x8132**, or by email at elliott.russell@state.co.us.

Inspection Contact Address
Lance Barker
Mineral Mountain Gold, LLC
P.O. Box 247
Cripple Creek, CO 80813

EC: Jason Musick, DRMS
Russ Means, DRMS
Lance Barker, Mineral Mountain Gold, LLC, lbarker@aumining.net

PHOTOGRAPHS

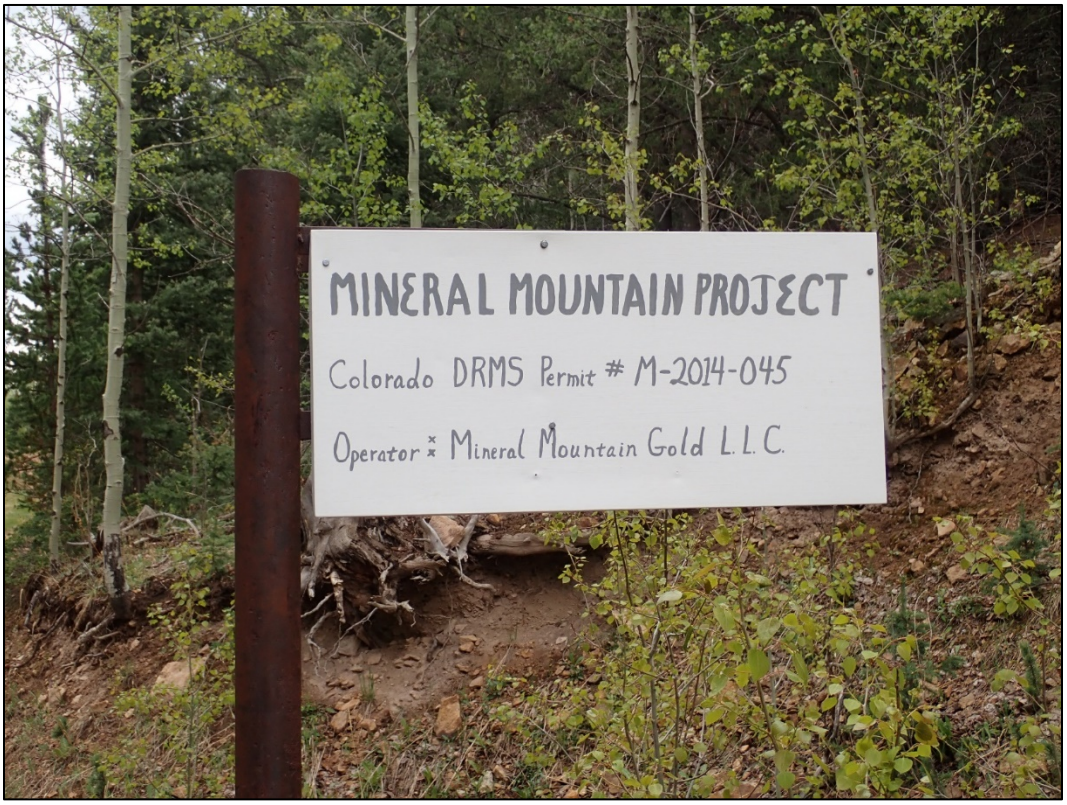

Photo 1. Mine identification sign along access road and western permit boundary; looking east.

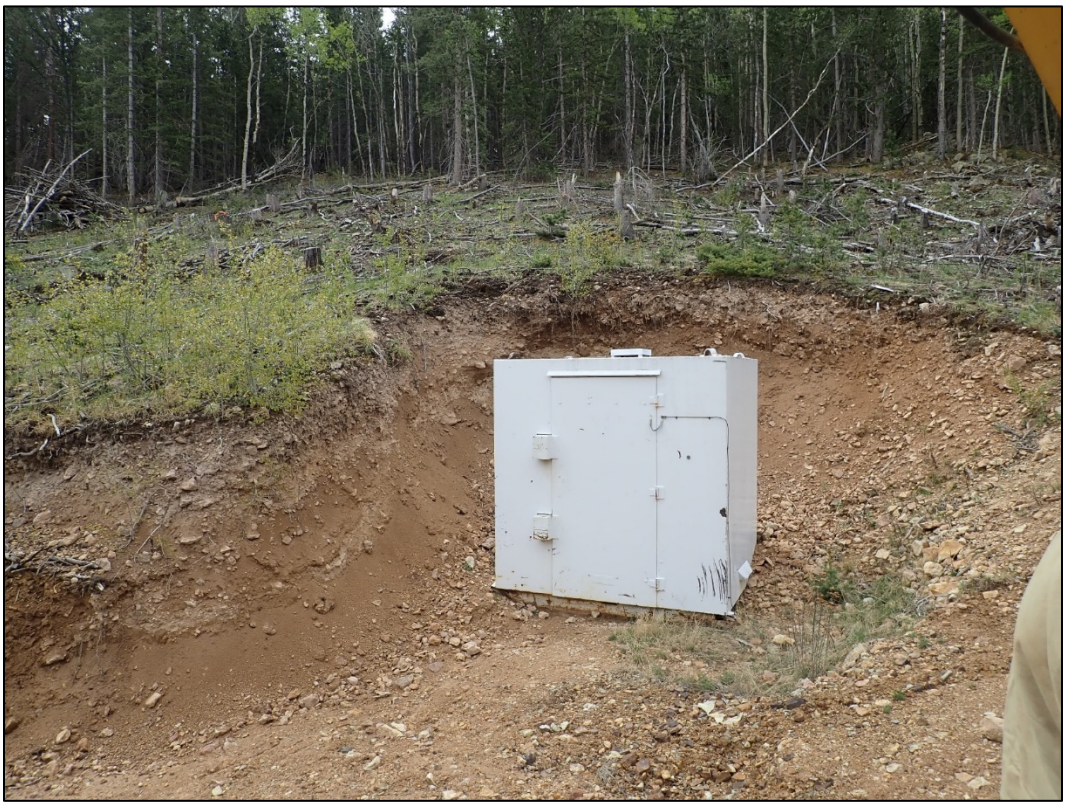

Photo 2. Powder magazine area where tree cutting activities disturbed permit boundary markers; looking south.

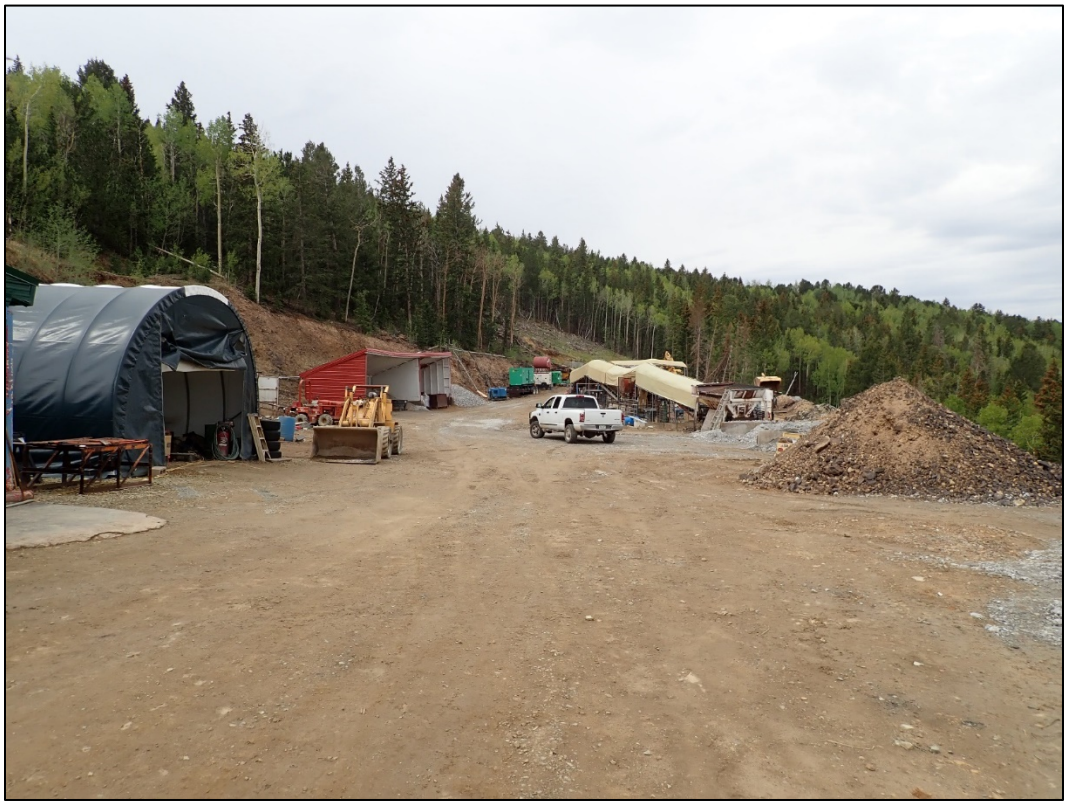

Photo 3. Surface facilities on the Waste Rock Area; looking southwest.

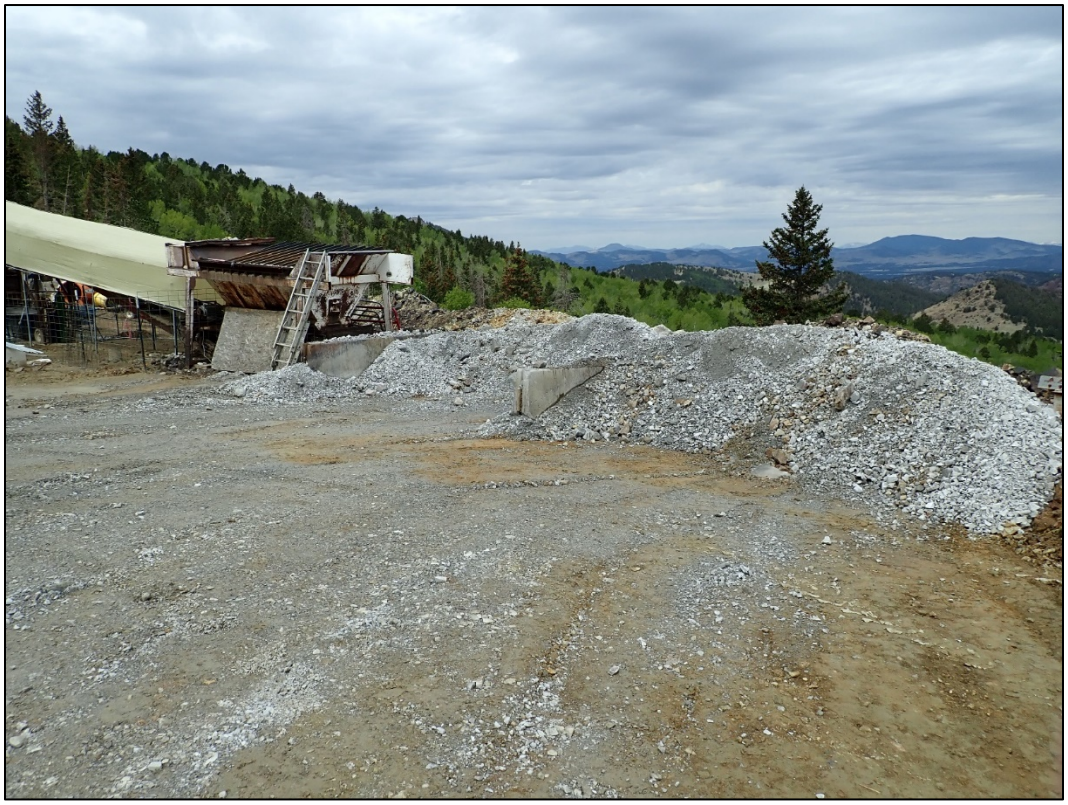

Photo 4. Ore stockpile near crusher; looking west.

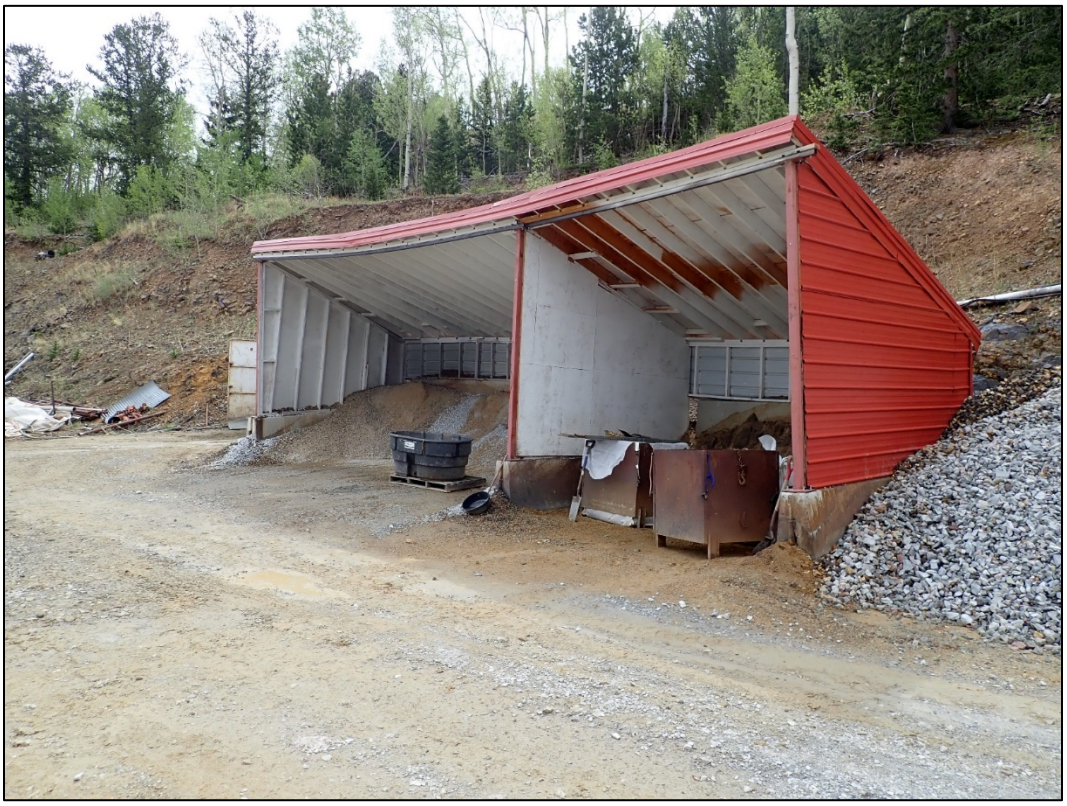

Photo 5. Open-sided building containing crushed ore (left) and gravity concentrate (right); looking southeast.

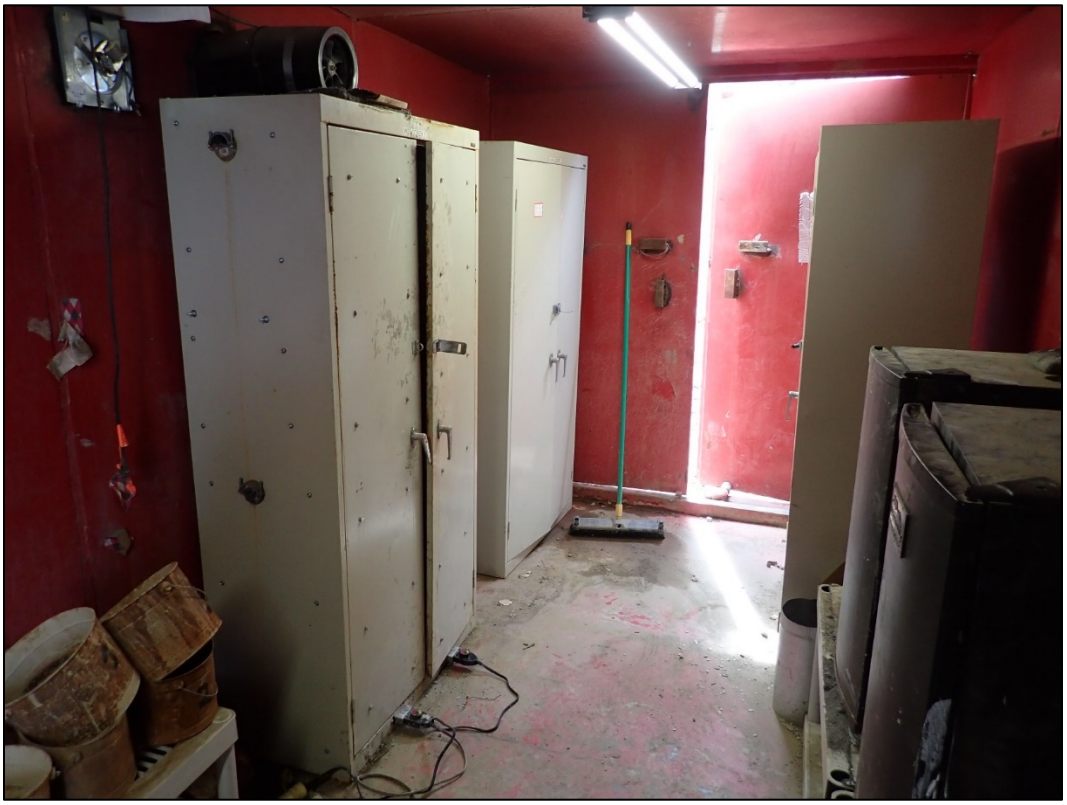

Photo 6. Drying lockers for flotation concentrate; looking southeast.

Photo 7. Dried flotation concentrate; looking north.

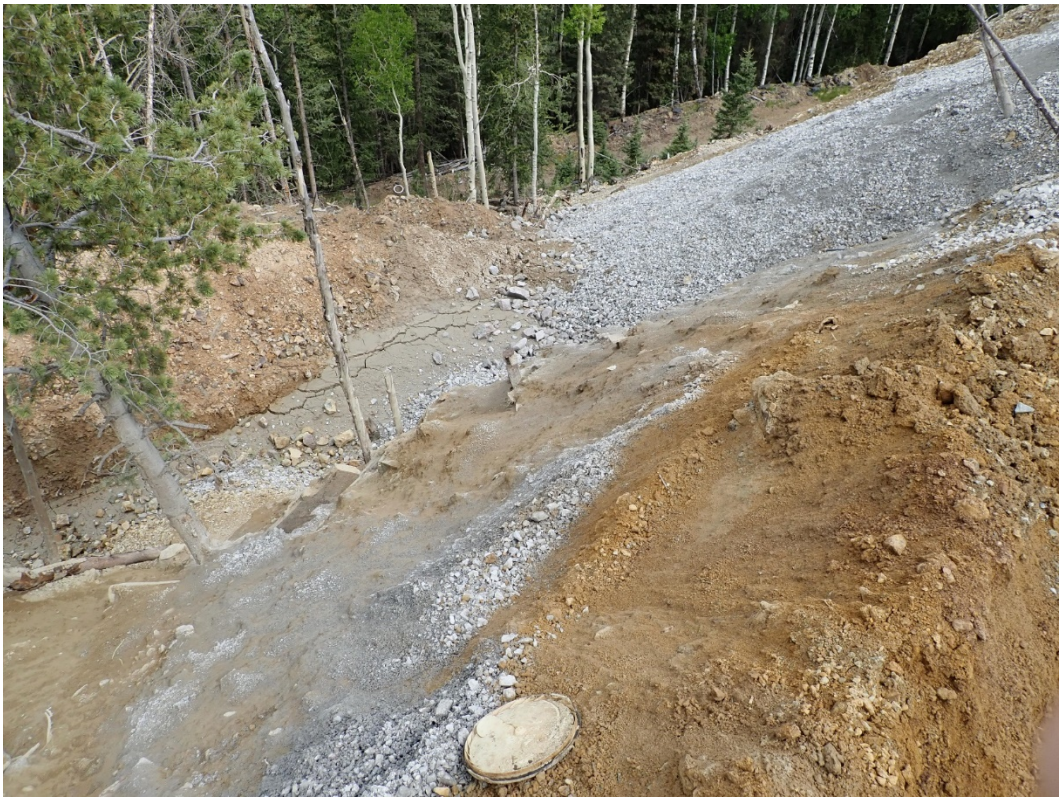

Photo 8. Fine grain material (flotation mill tailings) on out-slope of waste rock dump; looking north.

Photo 9. Waste Rock Area overview, area where mill tailings were found is circled; looking southeast.

Photo 8. Mineral Mountain Project overview; looking southwest.

2. RTB Letter; July 1, 2020

COLORADO
Division of Reclamation, Mining and Safety
Department of Natural Resources

July 1, 2020

Lance Barker
Mineral Mountain Gold, LLC
P.O. Box 247
Cripple Creek, CO 80813

Re: Reason to Believe a Violation Exists and Notice of Board Hearing; Mineral Mountain Project, Permit M-2014-045

Mr. Barker:

On June 2, 2020, the Division of Reclamation, Mining and Safety (Division) conducted an inspection of the Mineral Mountain Project (Permit M-2014-045) and found the unauthorized use of a gravity/floatation mill and xanthate, and the unauthorized disposal of mill tailings in an unlined waste rock dump. Based on the findings of the inspection we believe this is a violation of C.R.S. 34-32-124 for failure to comply the conditions of an order, permit or regulation.

Therefore, the Division has reason to believe a violation exists to the Colorado Mined Land Reclamation Act, C.R.S. 34-32-101 et *seq*., and has scheduled this matter to appear before the Mined Land Reclamation Board.

A Formal Public Hearing will be held during the August 19-20, 2020 Board Meeting for consideration of this possible violation. The hearing will be held at 1313 Sherman Street, Room 318, Denver, Colorado, beginning at 9:00 a.m. on August 19, 2020 or as soon thereafter as the matter can be considered. Please note, separate correspondence may be sent prior to the hearing regarding if the hearing will be held virtually. During the hearing you will have the opportunity to present your defense.

This is an important legal proceeding and you must appear in person for this hearing. If you fail to appear, an order and financial judgment may be entered against you. In addition, failure to appear at the hearing may result in legal consequences including, but not limited to, loss of party status and your ability to seek reconsideration from the Board or seek judicial appeal in district court.

If the Board finds a violation at this hearing, it may issue a Cease and Desist Order; may order the permit be suspended, modified, or revoked; and/or assess a Civil Penalty in the amount of $100.00 to $1,000.00 for each day of violation pursuant to C.R.S. 34-32-124(2), (6) and (7). If you have evidence indicating that the possible violation noted above does not exist or has been corrected, please provide it to the Division as soon as possible or bring it to the hearing. Any information to be considered by the Board during the hearing must be received by the Division on or before August 7, 2020.

All parties have an opportunity to review and comment on a draft of the Board's order before it becomes final. If you wish to do so, you must provide the Board with a written request to review the draft order prior to or at the time of your hearing, or you must inform the Board orally during the hearing that you request to review the draft order. The Board's attorney must receive your comments on the draft order within three calendar days of the date the draft order is e-mailed, unless that deadline is extended by the

Board's attorney. Submit all comments to Charles Kooyman, Colorado Department of Law, by fax at (720) 508-6037, or by email at Charles.Kooyman@coag.gov.

Please note that the Division has requested and will be allowed to review and comment on the draft Board order.

The Board's agenda may not be finalized until the week of the Board meeting. Therefore, we recommend you contact the Board's Secretary, Camille Mojar by telephone at (303) 866-3567, ext. 8136 or by email at Camille.Mojar@state.co.us on Monday, August 17, 2020, to confirm the specific date for the hearing.

If you have any questions about this letter or the hearing, please contact Elliott Russell at (303) 866-3567, ext. 8132.

Sincerely,

Virginia Brannon
Division Director

CERTIFIED MAIL No. 7010 1060 0001 0936 8051
Return Receipt Requested

ec: Russ Means, DRMS
Jason Musick, DRMS
Elliott Russell, DRMS
Jeff Fugate, AGO
Lance Barker, Mineral Mountain Gold, LLC lbarker@aumining.net

3. Inspection Report generated from the July 15, 2020 inspection; signed August 7, 2020

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: Mineral Mountain Project	**MINE/PROSPECTING ID#:** M-2014-045	**MINERAL:** Gold	**COUNTY:** Teller
INSPECTION TYPE: Monitoring	**INSPECTOR(S):** Elliott Russell & Jason Musick	**INSP. DATE:** July 15, 2020	**INSP. TIME:** 10:00
OPERATOR: Mineral Mountain Gold, LLC	**OPERATOR REPRESENTATIVE:** Lance Barker	**TYPE OF OPERATION:** 110d - Designated Limited Impact	

REASON FOR INSPECTION: Priority	**BOND CALCULATION TYPE:** None	**BOND AMOUNT:** $28,350.00
DATE OF COMPLAINT: NA	**POST INSP. CONTACTS:** None	**JOINT INSP. AGENCY:** None
WEATHER: Cloudy	**INSPECTOR'S SIGNATURE:** 	**SIGNATURE DATE:** August 7, 2020

GENERAL INSPECTION TOPICS

This list identifies the environmental and permit parameters inspected. 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---------- N	**(FN) FINANCIAL WARRANTY-------- N**	**(RD) ROADS---------- N**
(HB) HYDROLOGIC BALANCE---------- N	**(BG) BACKFILL & GRADING---------- N**	**(EX) EXPLOSIVES--------- N**
(PW) PROCESSING WASTE/TAILING---- Y	**(SF) PROCESSING FACILITIES------- Y**	**(TS) TOPSOIL---------- N**
(MP) GENL MINE PLAN COMPLIANCE- N	**(FW) FISH & WILDLIFE---------- N**	**(RV) REVEGETATION---- N**
(SM) SIGNS AND MARKERS---------- N	**(SP) STORM WATER MGT PLAN---- N**	**(RS) RECL PLAN/COMP-- N**
(ES) OVERBURDEN/DEV. WASTE--------- N	**(SC) EROSION/SEDIMENTATION--- N**	**(ST) STIPULATIONS------- N**
(AT) ACID OR TOXIC MATERIALS------- N	**(OD) OFF-SITE DAMAGE----------N**	

Y = Inspected / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

The Division conducted a follow-up inspection to inspect the unauthorized underground mill facility at the Mineral Mountain Project. Elliott Russell, with the Division, conducted the inspection and Lance Barker, representing the Operator, accompanied the inspection. Jason Musick, also with the Division, accompanied the inspection as well.

The Division inspected the Mineral Mountain Project, a 110d underground gold mine, on June 2, 2020. During the inspection the Operator informed the Division he was creating gravity and floatation concentrates with an underground mill. The Operator stated he was using Xanthate in the floatation circuit. The Operator was also placing the mill tailings in an unlined waste rock dump. These activities are not authorized within the permit. On July 1, 2020, the Division mailed the Operator the report from the June inspection and a Reason to Believe a Violation Exists and Notice of Board Hearing, scheduling an enforcement hearing for the August Mined Land Reclamation Board meeting for the unauthorized activities. The Division did not go underground during the first inspection to observe the mill.

The Division met Lance Barker at the entrance to the access road to mine site at the end of McKenny Street in the northwest portion of Cripple Creek. The Division proceeded to the mine site, located on the north side of Mineral Hill, approximately one mile north of the access road entrance.

The Division observed the mill tailings trench located on the western portion of the mine site's waste rock dump. The trench is positioned approximately halfway down the estimated 50-foot dump face. Mill tailings are dumped from the crest of the waste rock dump and flow down into the trench. The Operator stated they usually mix the mill sand with more course development rock. The Operator stated they had been utilizing the tailings trench area for several years.

The Division inspected the underground mill facility. The mill facility was off of the main tunnel, approximately 270' in from the portal. The mill consisted of two levels with a separate room used as a sump for the mill tailings. The upper level contained two 1-ton/hour ball mills, two floatation machines (rough and finishing circuits), a mixing tank, a chemical storage room, and a chemical mixing area. The chemical storage area on the upper level of the mill contained two 55 gallon drums of xanthate and two 55 gallon drums of MIBC frother. The Operator stated xanthate is mixed and diluted by hand in 5 gallon buckets then stored in one of three 35-gallon containers where it is pumped into the mill circuit at three locations: before the regrind ball mill, after the regrind ball mill, and before the rough floatation machine. The lower level of the mill contained four 1,250 gallon fresh water tanks, two shaker tables, a regrind ball mill, and a floatation concentrate settling bin.

Just downgradient of the lower level of the mill is a Y intersection where a decline tunnel begins on one side and a small area used as a sump for mill tailings on the other side. The Operator stated they typically place 4 tons of development rock at the entrance to the tailings sump to serve as a containment dam for the tailings. The tailing is pumped to the back of the area where it can decant. The Operator estimated the tailings sump area and can hold roughly 20 tons of sand. Portions of the development rock and tailings sand is hauled to the surface and placed in the tailings trench when more capacity is needed in the sump. The permit describes the mine and its workings being dry and located well above the ground water table. The lower level of the mill and the decline tunnel past the tailings sump room had significantly wet ground conditions. The Division walked the decline all the way down to the face where a small pool of water was located. One exploratory drift was inspected off of the decline and it was dry. The Division believes the wet conditions are from the milling process and the tailings sump.

This concludes the Division's Inspection Report; a subset of photographs taken during the time of the inspection are included below. If you need additional information or have any questions, please contact me at Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, by telephone at **303-866-3567 x8132**, or by email at elliott.russell@state.co.us.

PHOTOGRAPHS

Photo 1. Tailings trench; looking west from the crest of the waste rock dump.

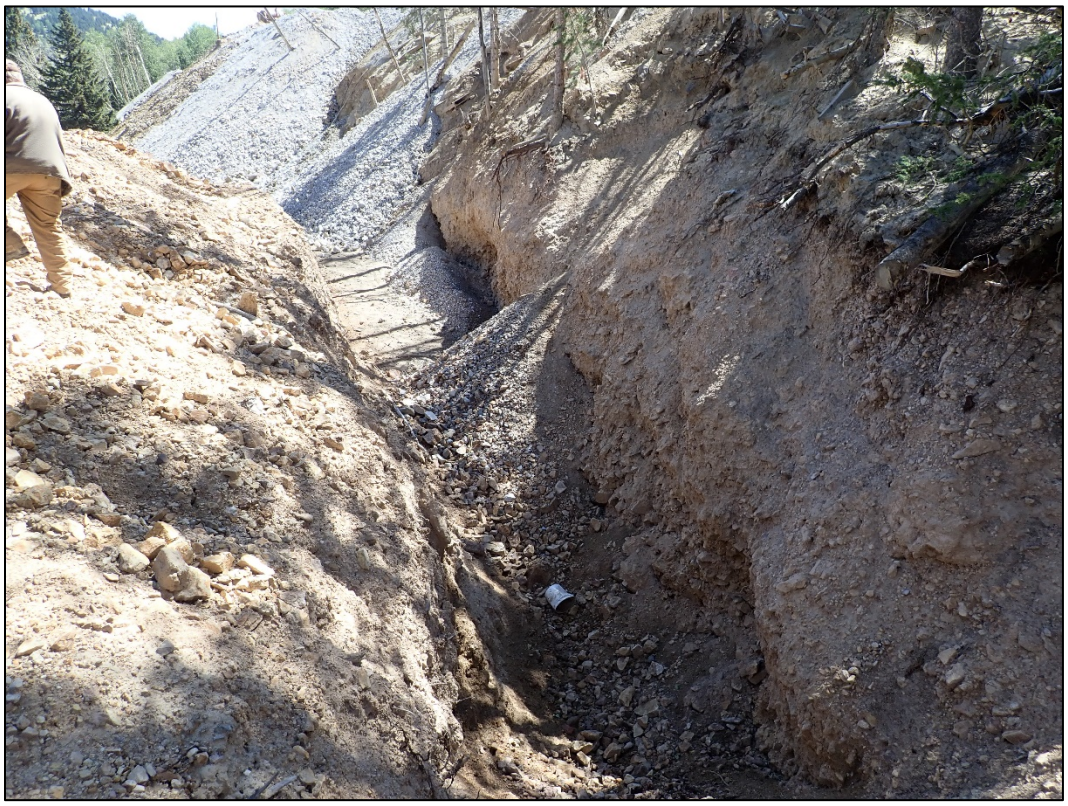

Photo 2. Tailings trench; looking east.

Photo 3. Face of waste rock dump from where tailings were placed into the trench; looking south.

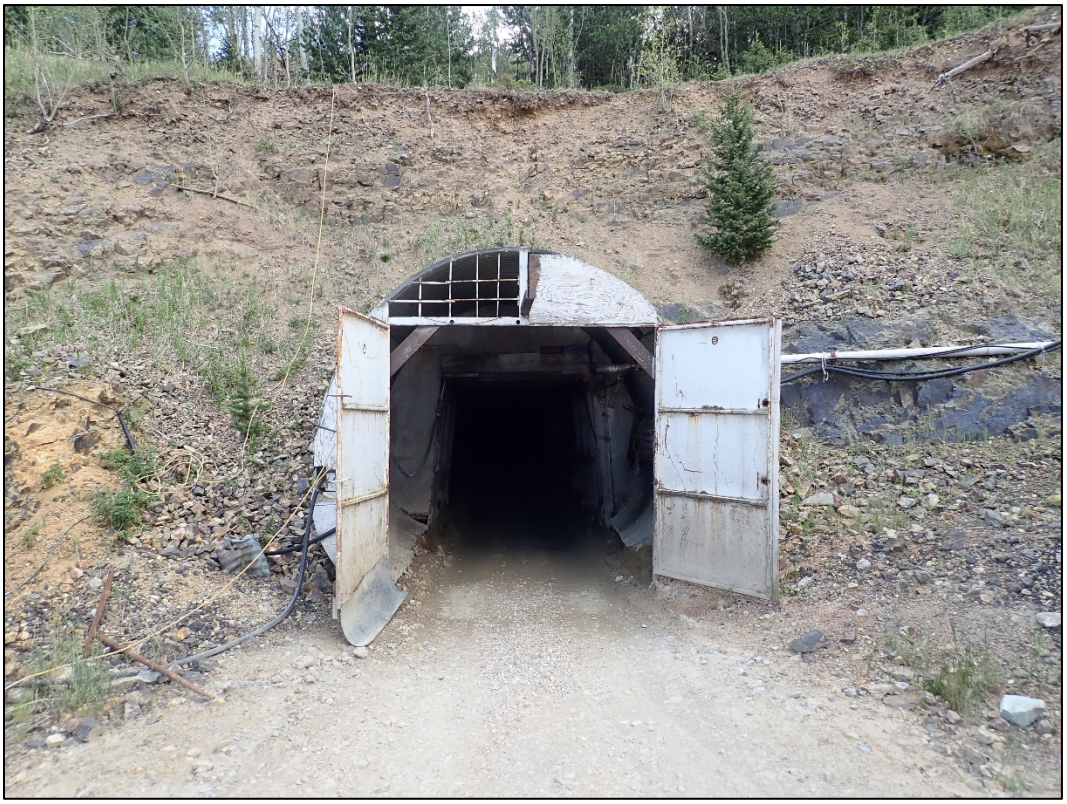

Photo 4. Portal entrance; looking southeast.

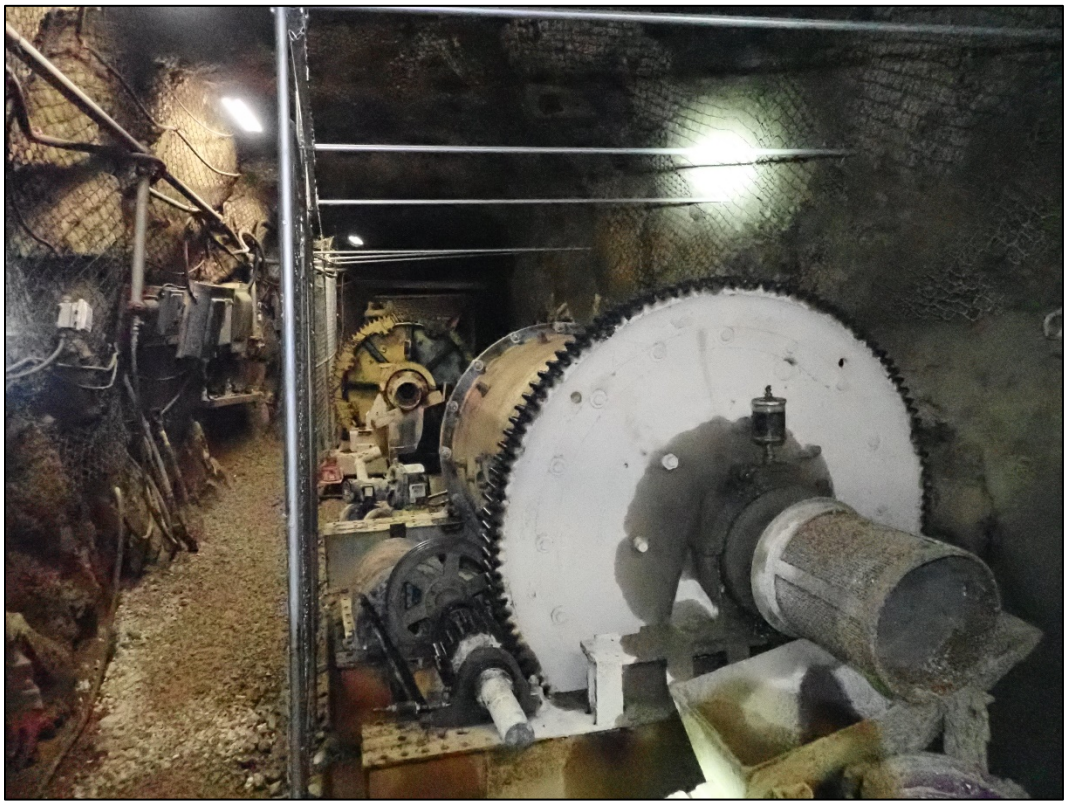

Photo 5. Two ball mills on upper level of mill.

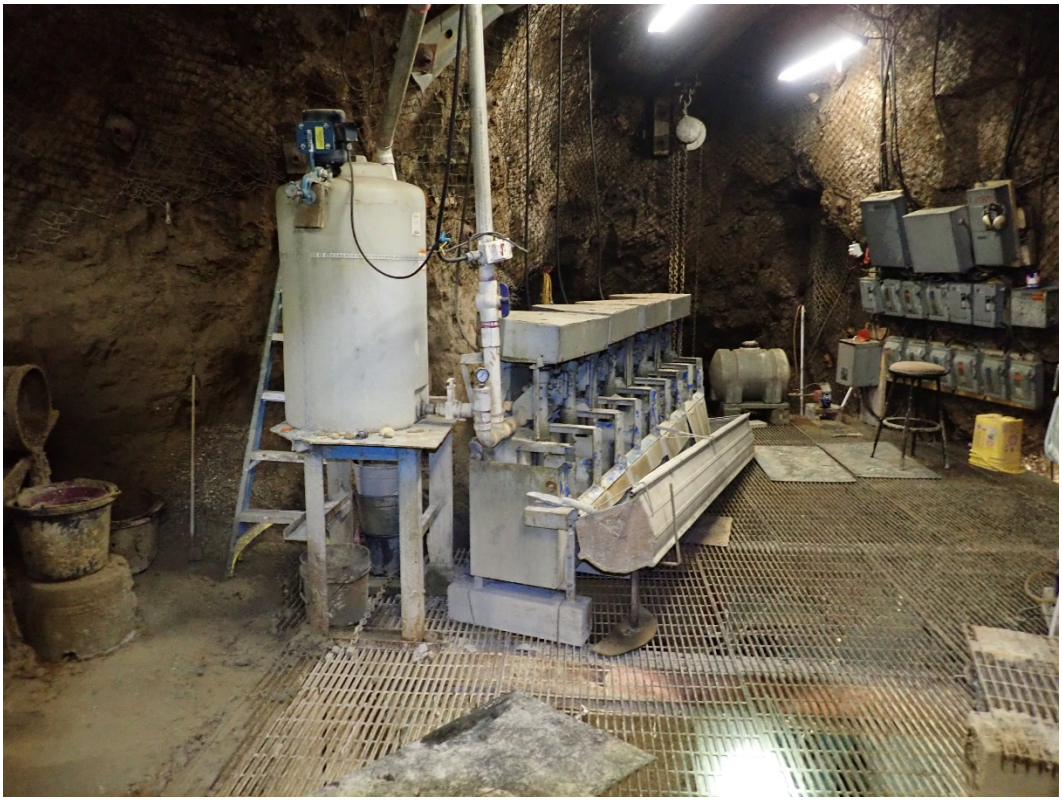

Photo 6. The second of two floatation machines on upper level of mill.

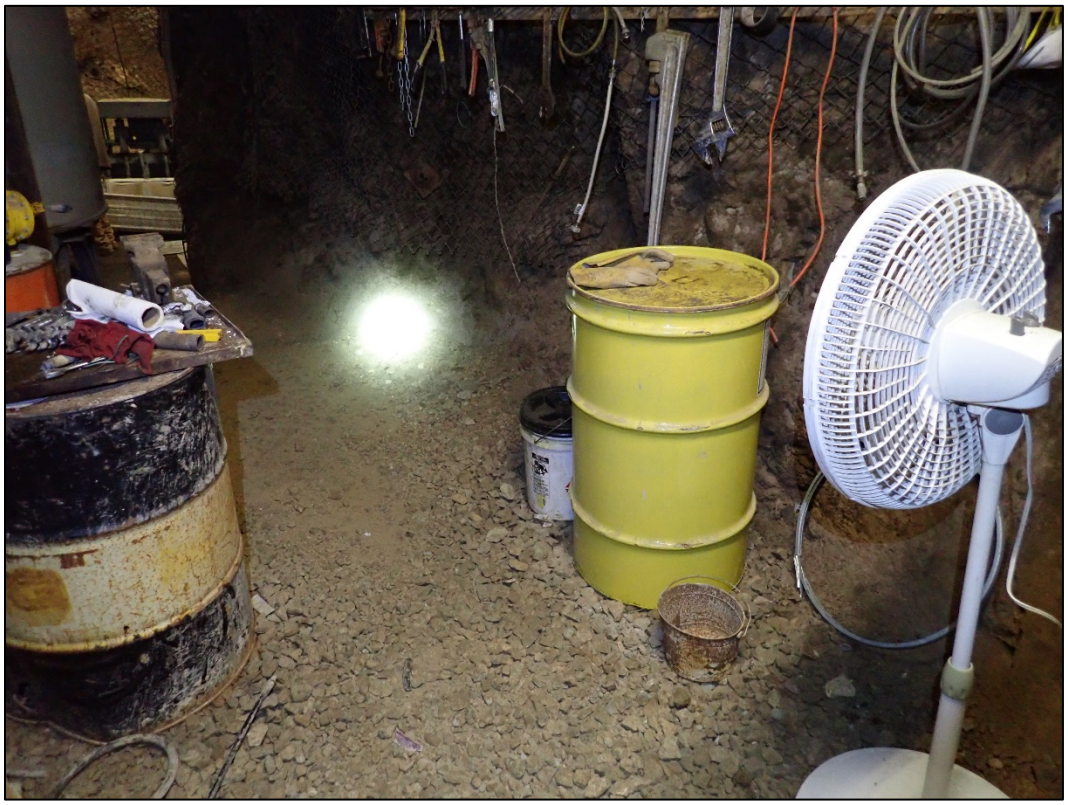

Photo 7. One of two 55 gallon drum of xanthate stored on upper level of mill.

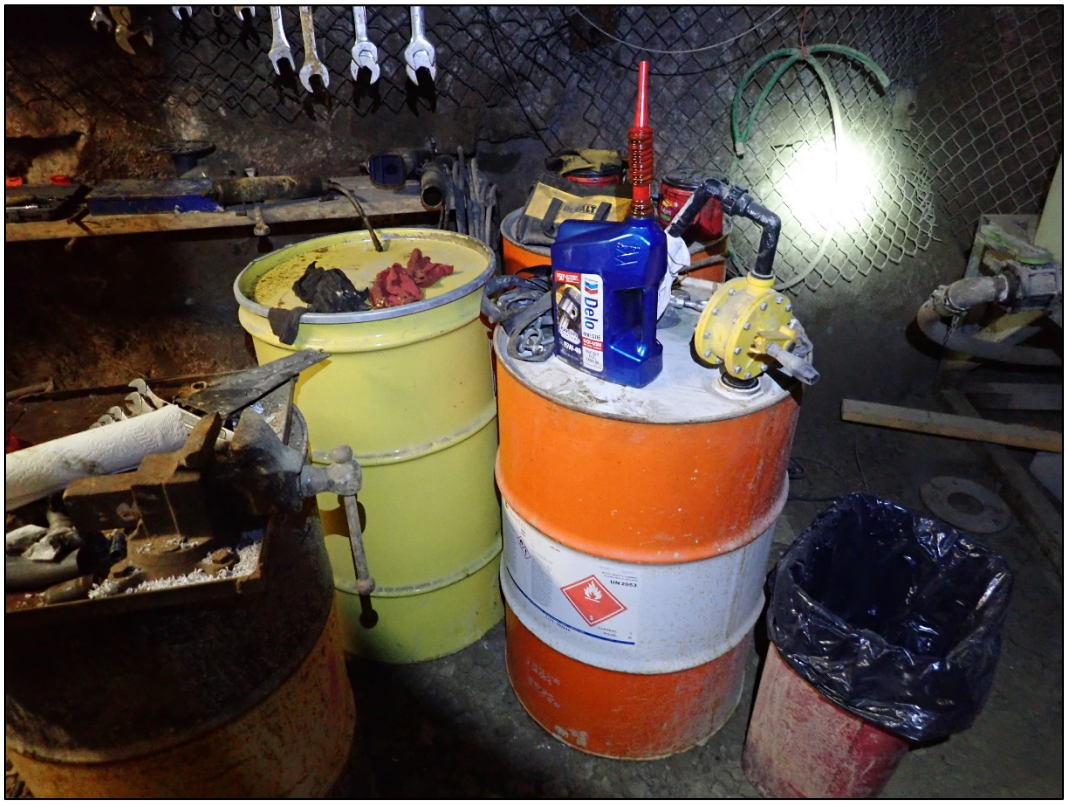

Photo 8. Second 55 gallon drum of xanthate and one of two 55 gallon drum of MIBC frother on upper level of mill.

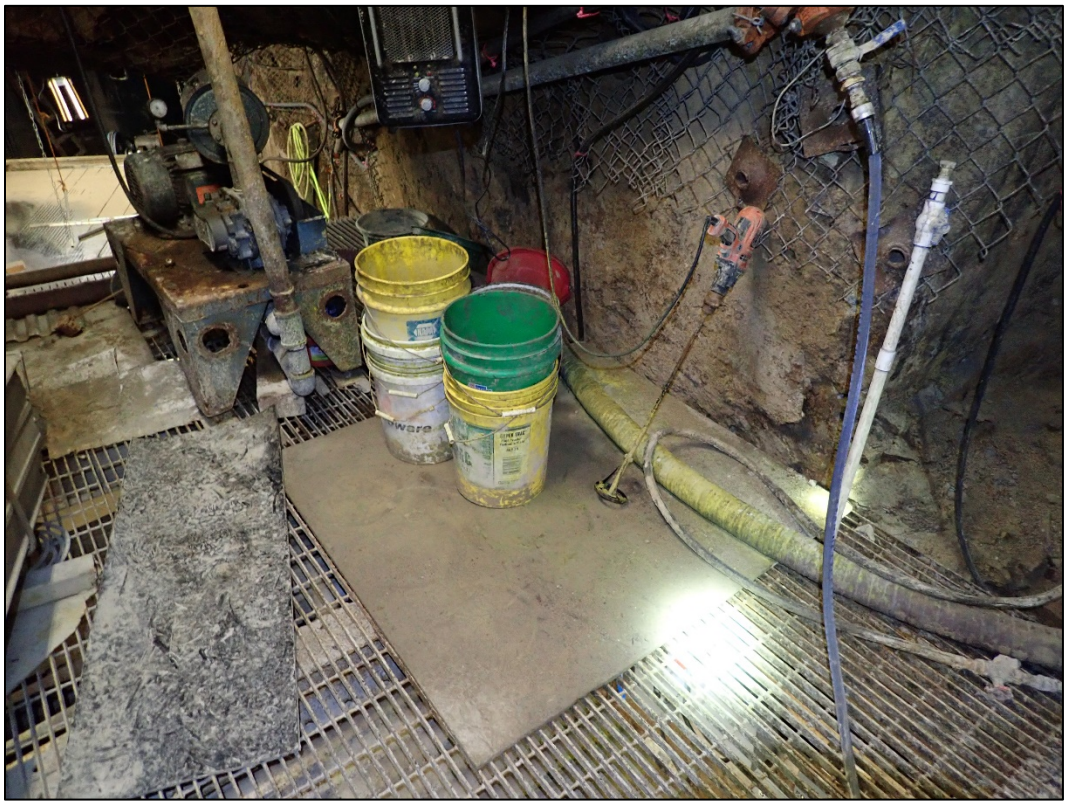

Photo 9. Xanthate mixing station on upper level of mill.

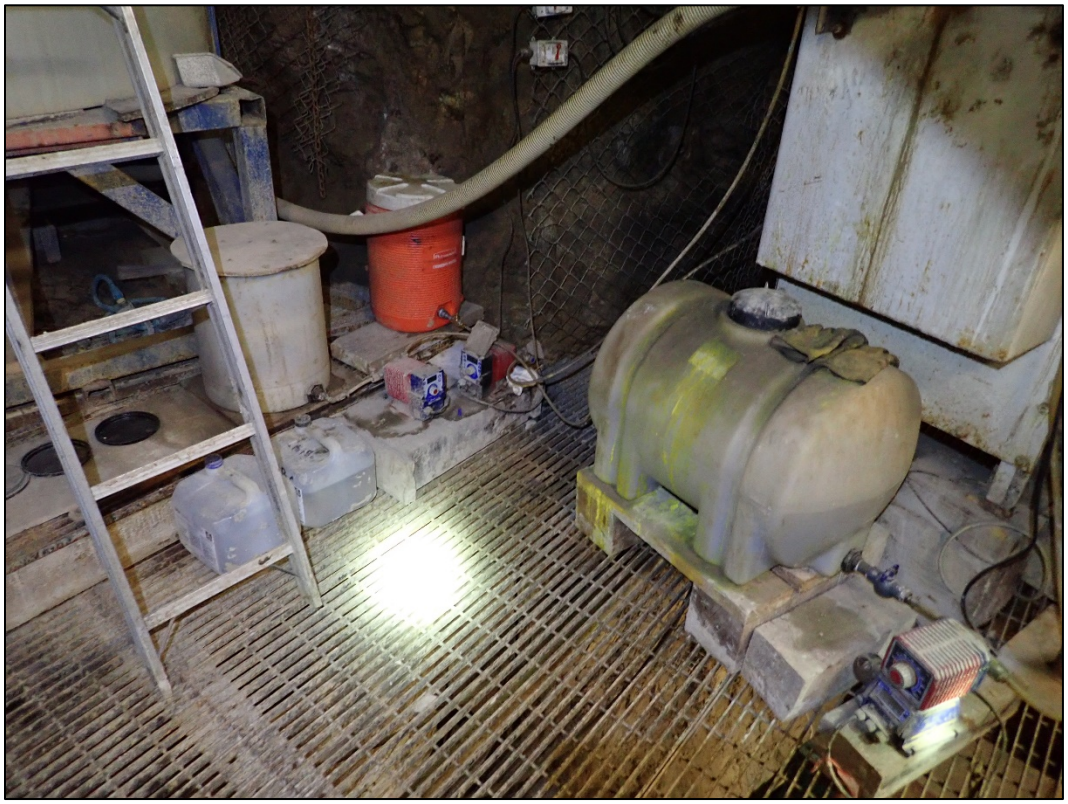

Photo 8. Mixed xanthate storage containers and pumps on upper level of mill.

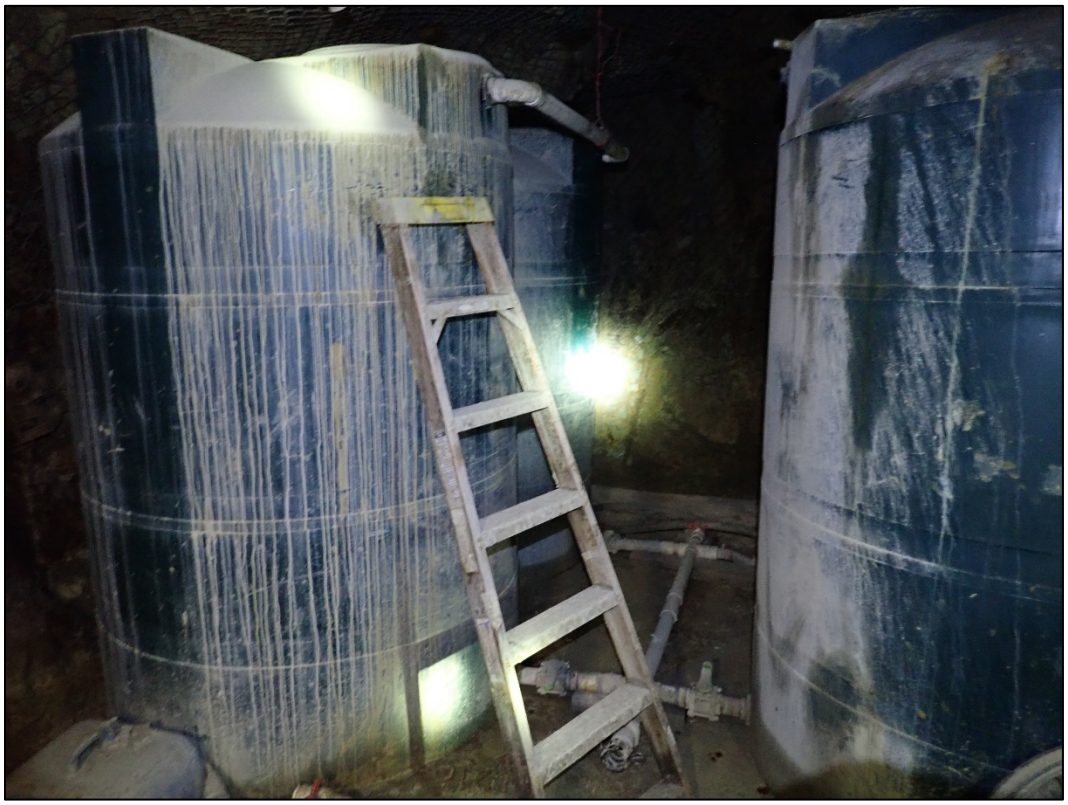

Photo 9. 5,000 gallon fresh water storage are on lower level of mill.

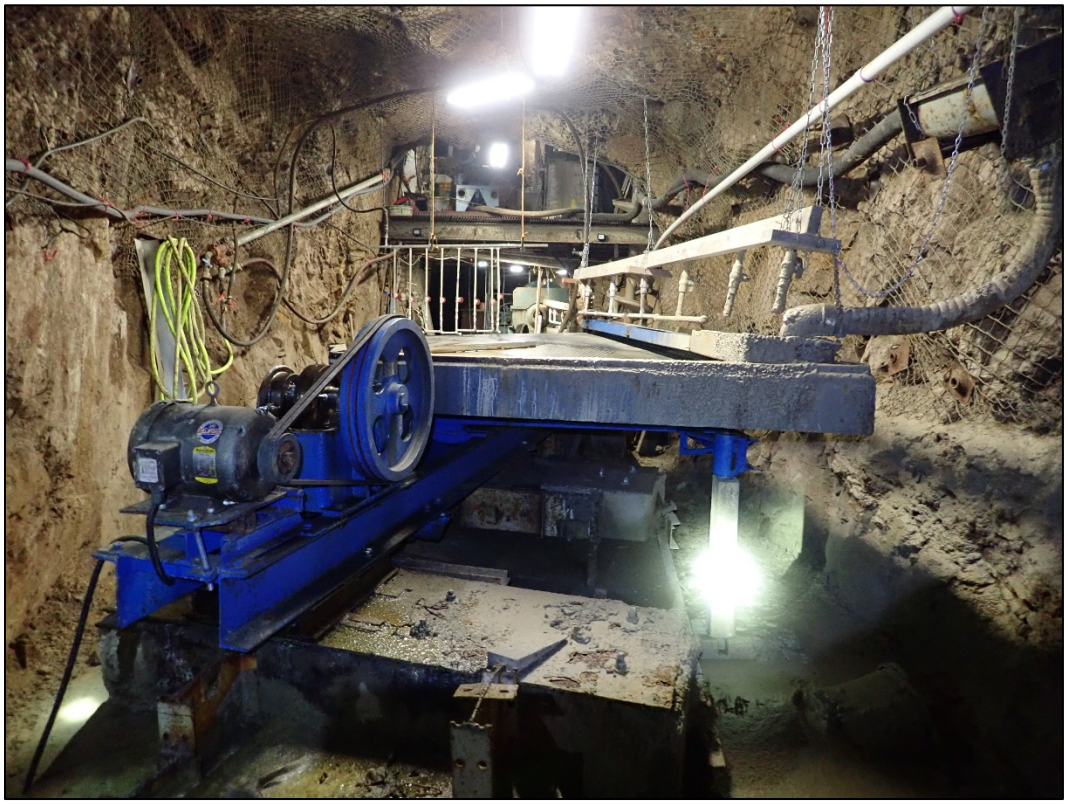

Photo 10. First of two gravity separation shaker tables on lower level of mill.

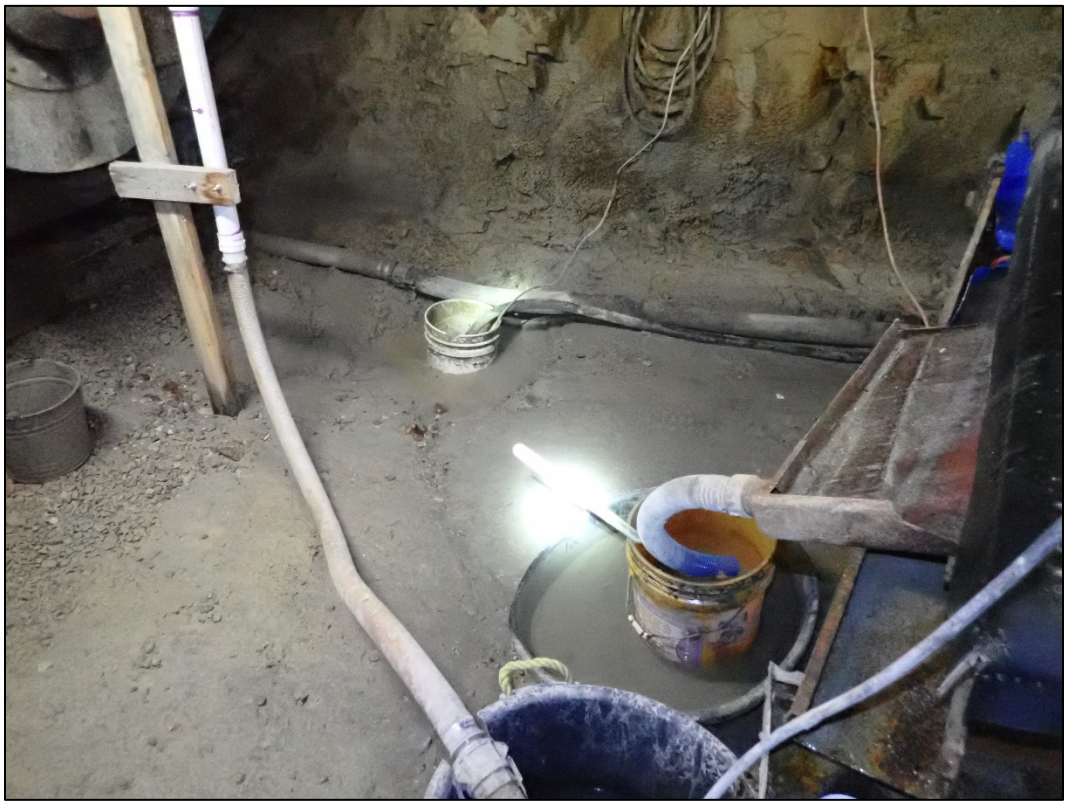

Photo 11. Gravity concentrate and gravity reject collection buckets after the second shaker table on lower level of mill.

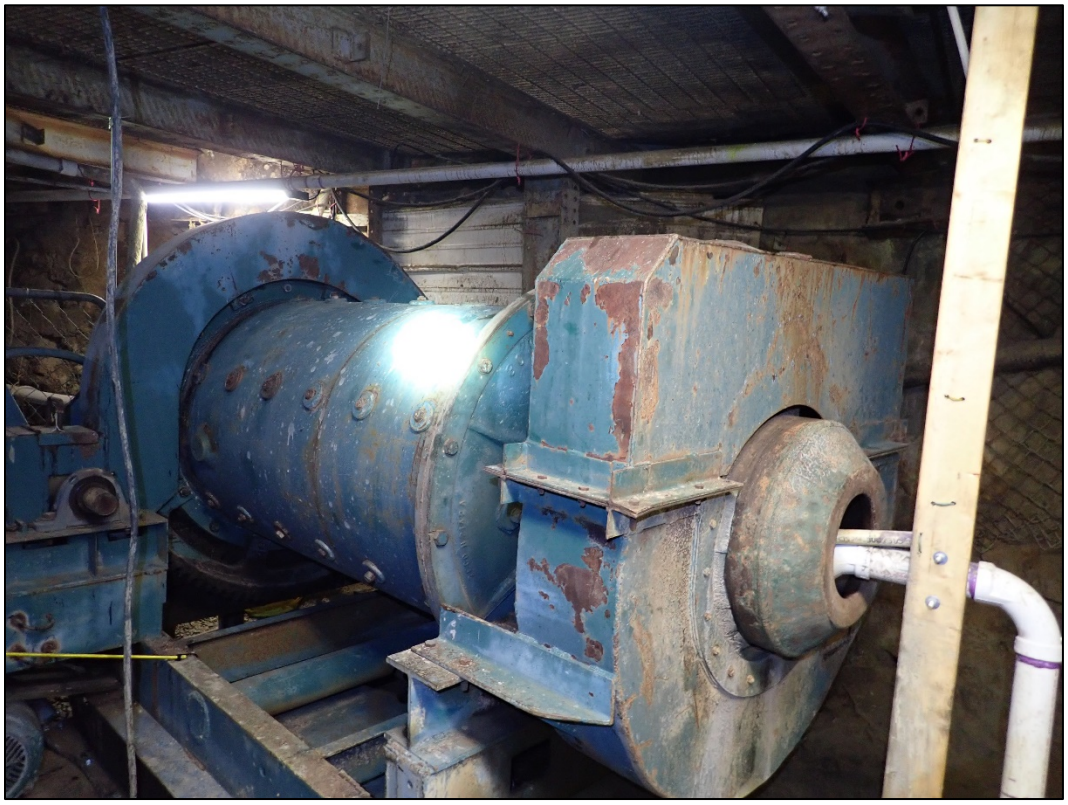

Photo 12. Regrind ball mill for gravity reject (start of the floatation circuit) on lower level of mill.

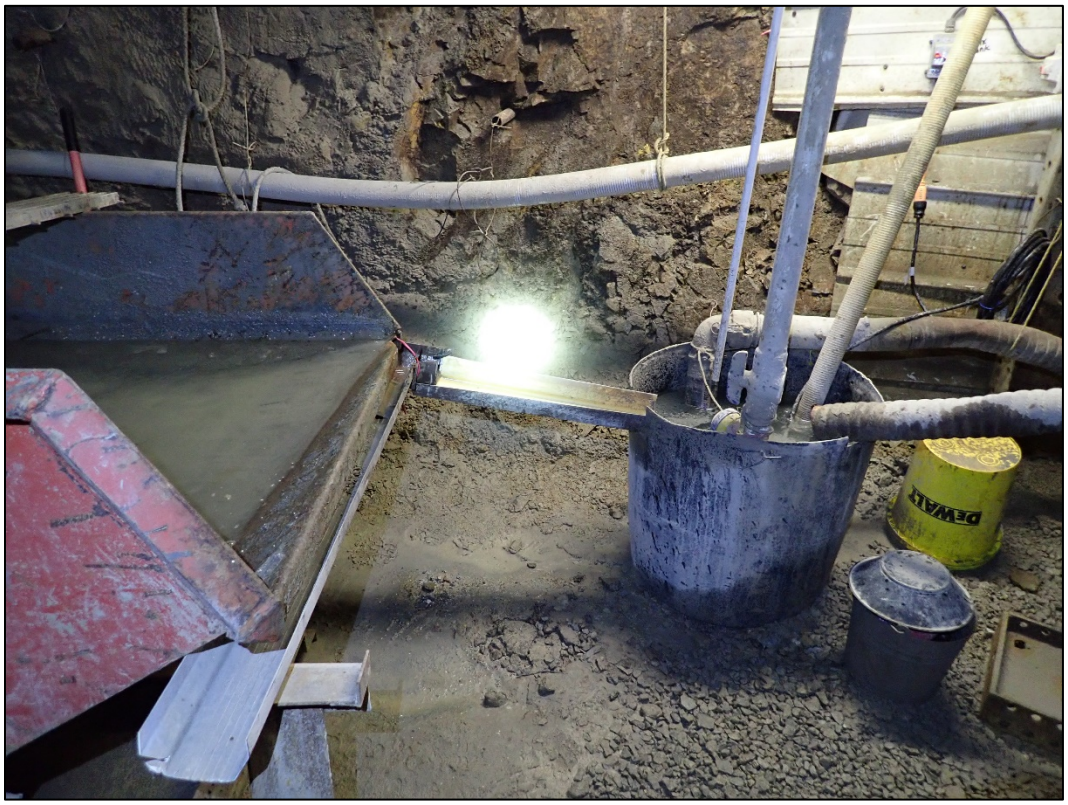

Photo 13. Regrind bucket collection and floation concentrate settling bin on lower level of mill.

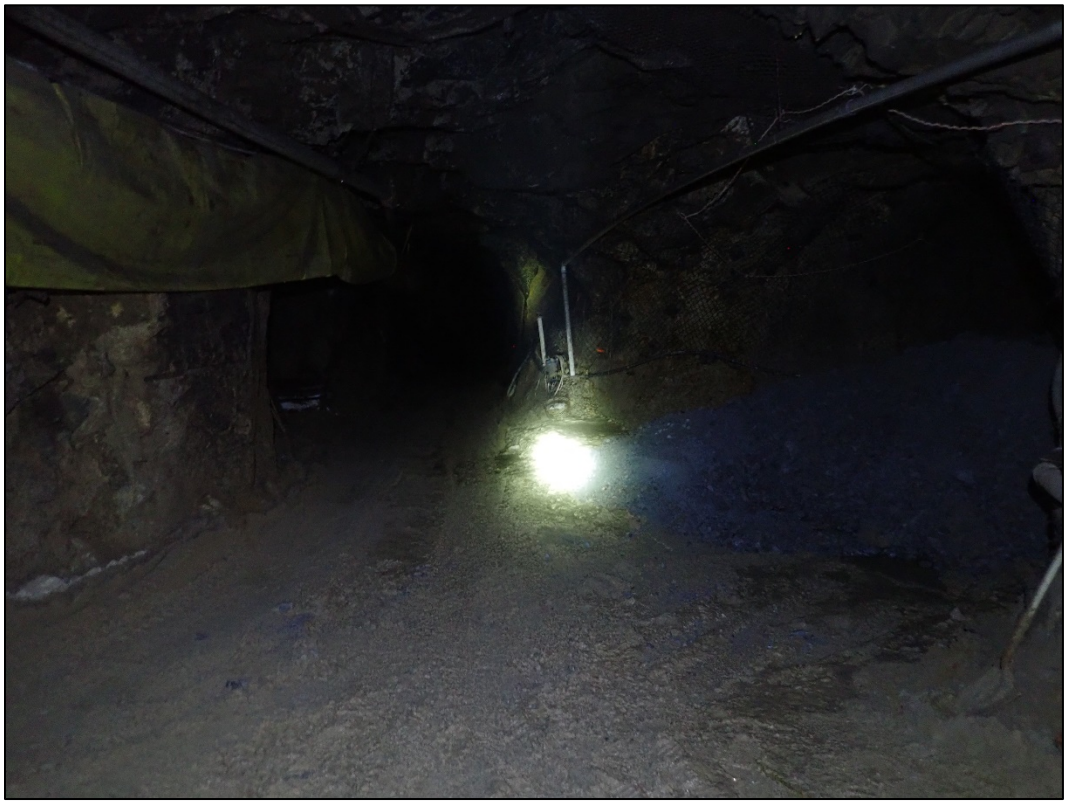

Photo 14. Y intersection adjacent to lower level of mill with decline tunnel (left) and milling tailings sump area (right).

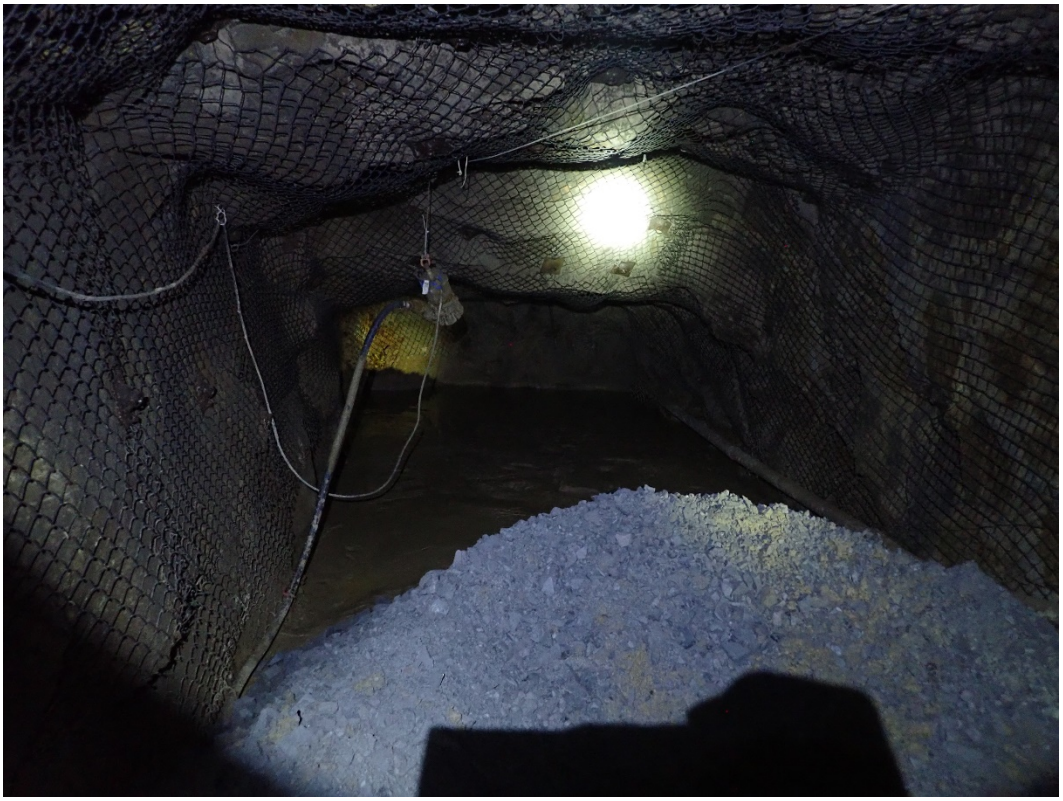

Photo 15. Mill tailings sump area.

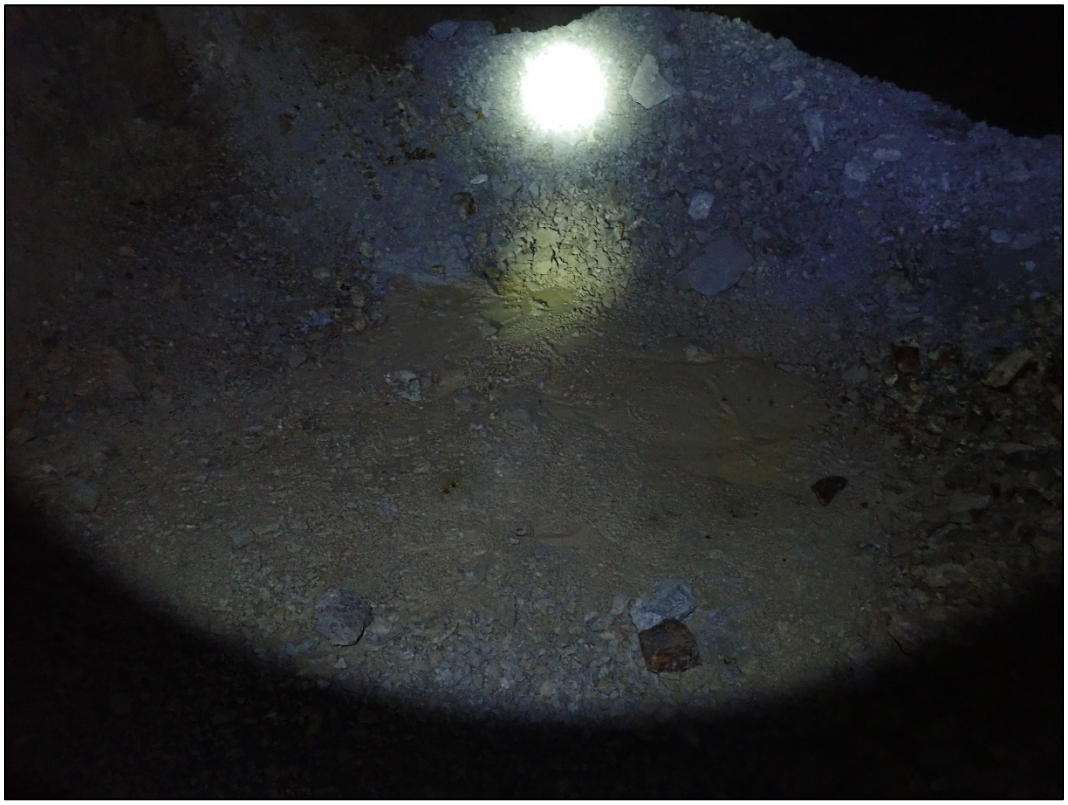

Photo 16. Mill tailings sump area.

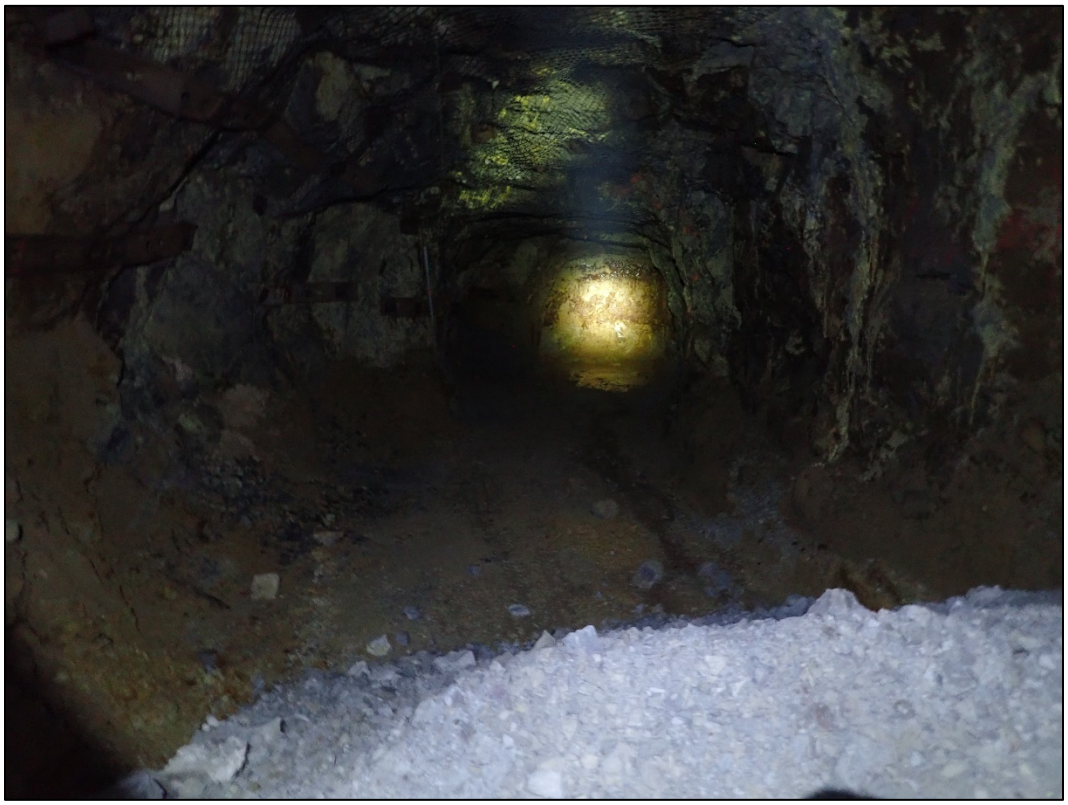

Photo 17. Bottom of decline tunnel.

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4. Exhibit C Mine Plan; received August 4, 2014

EXHIBIT C- MINING PLAN

(1)(a) The site is currently undergoing prospecting as defined in C.R.S. 34-32-112, and it is hoped that mining, defined under C.R.S. 34-32-8, can occur sometime in the future, possibly as soon as August 15, 2014. In the event mining, as defined, cannot initiate within 180 days from finalization of the permit, per Rule 1.13.2, even though the project is currently, and will still be in, exploration stage at that time, Division of Reclamation, Mining and Safety (DRMS) will recognize that the choice was not of the operator, but the choice of DRMS personnel and that the change might be premature per the statue. As the project is still in prospecting stage, it would be best that it would be in mining stage before starting and ending dates were chosen. At this time, a best estimate for end of project would be 10 years in the future, August 15, 2024. That number might be revised substantially when more geologic information has been assembled.

(1)(b) The thicknesses of the "A and B Horizon" soils range from 4 inches to about 12 inches across the permit area. Minimal additional surface disturbance is anticipated, beyond the current approximate 4.5 acres of disturbed area. In the event any additional surface is disturbed, the operator will operate in a good workmanlike manner to segregate and stockpile any topsoil that might be encountered. The stockpiled topsoil will be either saved for future reclamation or used for reclamation purposes in the near term. As the area contains only minimal topsoil, care will be taken to manage any that is available to maximize the effectiveness of the reclamation. Stockpile areas will be chosen based on their siting with respect to the location of the future disturbance. All long-term soil stockpiles will be stored safely away from traffic, with their surface graded and seeded with a reclamation grass mix to help preserve the physical characteristics of the material and to minimize any erosion.

(1)(c) As the operation is intended to be underground, there will be no overburden removal. The only material that will modify the surface will be excess waste rock generated as part of standard prospecting and mining processes. Waste rock will be added to the existing waste rock pile shown on Figure E.

(1)(d) The deposit is anticipated to be a vein or vein-like structure, meaning that it is tabular in shape with the orientation of its primary axis being near vertical. Assuming that thickness specified in Rule 6 of the Regulations, is defined as the vertical direction, it might be found to have a "thickness of several hundred feet, but have only a few inches to a couple of feet in width. Additional "Prospecting" will be necessary to better define the actual dimensions.

(1)(e) The mining plan has not yet been developed, as the site is still in "Prospecting" stage. Assuming mining will occur, then it would be anticipated that all activity would be conducted underground through the existing adit and shaft shown on the map. Ores and waste rock would be moved to the surface where waste rock would be deposited on the waste rock pile. Ore may or may not require some upgrading process and at this time it can only be speculated whether materials can be economically produced or upgraded. Movement of materials and personnel on the main adit level will be performed using rubber tired equipment including load-haul-dumps (LHDs), underground trucks, and various other conveyances. If other levels might ever be developed, material movement could be conducted using rubber tired equipment or rail haulage, depending on the results of exploration and development results. As has been the case historically, recently, and at the present time, future mining plans would include the use of the existing maintenance-shop structure, tunnel, vent shaft(s), portable petroleum-powered compressors and generators. In the future, utilities might be added to the property, to either be used solely by the project, or to be shared by multiple mining and non-mining users. The use of a Cryderman on the property is not likely. The rocks found on the property to date, have been tested and found to be non-acid generating, so no special precautions are anticipated for handling materials either underground or above ground. Where possible, waste rock will be deposited in existing, or to be created, underground openings when safe to do so. At this time, no specific mining plan for removing ores can be developed since the delineation of any ore bodies has not been completed. It is possible that other incidental products could be produced at this property if they are discovered.

(1)(f) The Exhibit Map E shows the area included within the permit boundary. The area contains many prospects, pits, shafts, and adits, including the shaft shown near the south corner of the Moose claim (MS 9572), and the tunnel portal shown near the north center of the permit area. The maps show these two features along with other mapped features in the area along with existing roads that are located within the permit boundaries. The current temporary shop and storage areas are also shown, all overlaid on a 5-foot topographic contour map. The area contained within the permit area is 9.3 acres. The temporary facilities that will be used include a reduction/doghouse area, office, shop area, and storage. Also included will be an area for storing blasting agents, an area used for fuel storage, and areas for equipment storage and parking. The fuel storage area will contain one or more above ground fuel tanks that are anticipated to be located to the west of the tunnel portal. The tanks will meet current environmental requirements for tank design and secondary containment. Equipment, parts storage, and vehicle parking are located on available areas of the mine dump. Surface equipment, if mining is found to be justified, additional equipment will include: compressors, generators, loaders and other

various miscellaneous equipment including a layout area for timber and tools.

(1)(g) All existing disturbances including roads, leveled areas, and the portal area improvements are shown on Exhibit Map E. No significant additional disturbances including: pit excavations; mine benches; impoundments; stockpiles; or waste rock disposal area shown will be constructed.

(1)(h) Limited water will be used in the operation for dust control along the access road, if necessary, and for underground drilling. It is anticipated that water will be purchased from the town of Cripple Creek. The short-term operation will require one to two hundred gallons per day maximum. If mining is ever initiated, then water use will likely increase, but the amount cannot be estimated until it is determined that a mineable deposit exists. Then engineers can develop a mining plan, and the plan can be tested in practice.

(1)(i-j) As the water land surface is located at an average elevation of just under 10,000 feet, the water table is estimated to be at an elevation of somewhere just over 6,900 feet, it not anticipated that the operation will encounter the water table. As discussed above, the site is located on a topographically high area and there are no perennial or ephemeral streams located within the permit area. Historically, the existing design of the roads and that of the mining-related disturbed areas has produced no significant increase in runoff that has led to the damage of surrounding vegetated areas. Thus, the design of these features are deemed to be satisfactory. To ensure that no fine-grained materials move off of the adit area/parking area, a shallow collection area is to be constructed on the waste rock pile to the northwest of the portal, as shown on Exhibit Map E-1. Since it is not anticipated that groundwater will be intercepted and no perennial surface waters are located nearer than one-quarter mile of the permit area, no potential can be seen for the possibility of producing any injury to any existing water right, either surface or to groundwater. Thus, the project can be considered to be a zero discharge facility. The only effect concerning water would be one that is financially beneficial, in that the project would purchase water from an entity (Town of Cripple Creek) that already has an existing right.

(1)k-l) Per standard good workmanlike practice, and as has occurred previously on the site, refuse generated by the project will be disposed of properly. Based on historical experience and testing of samples located on the site, no acid generating rocks have been discovered within the permit area, and no groundwater is anticipated to be intercepted, so no discharge of low pH water is possible at this site. This finding is typical of the district overall. As discussed above, there should be no significant affect of the hydrologic balance from this site.

The site is currently accessed from the town of Cripple Creek via McKinney Street, traveling up a gravel road along the west side of Mineral Hill and onto the property. A security gate is located along that road at the end of McKinney Street, a distance of 0.9 miles from the permit area. The roadbed is of sufficient width for vehicle travel and will not require any significant improvements. Access roads within the permit area will require inspection and possible minor modification to meet the safety requirements imposed by the Federal Mining Safety and Health Administration (MSHA). No new roads are anticipated. The existing roads have graded surfaces and are mostly guttered and drained, as applicable, per standard engineering practice. The roads are located high on hillsides and there are no perennial or ephemeral streams that cross the road, so no fills or diversions are necessary or appropriate. Thus, there are no instabilities, erosion rills or ditches, or land wasting issues existing on the site. As the disturbance is so small, the transition to future land use, assuming that it does not remain mining, will be quite easy.

(1)(m) Since the site is still a prospect, the nature of the ores that might be found on the site, and the testing of those ores that will be found is still some time away. The method of recovery cannot be determined with any accuracy until additional prospecting and testing have been performed. Sometimes permitting issues move ahead of technical reality. At this time, it is not known whether treatment is practical or possible within the permit area or for that matter, practical anywhere. Once more information has been collected, a plan can be developed, and that plan will be shared with DRMS personnel. The normal prospecting and future mining processes are anticipated to include, and require, reduction of material sizes from solid rock by initial blasting followed by additional mechanical size reduction to allow sorting, sampling, and production testing of materials. The mechanical reduction area might be located underground or possibly above-ground. If the size reduction takes place on the surface, the location will likely be either immediately west of the adit, or in the area labeled Reduction/Doghouse as shown on Exhibit Map E. Equipment required will be chosen once more is known about the properties of the materials that will require size reduction. Equipment will likely either be powered by petroleum based fuels or electricity.

(1)n) The current prospecting is for gold, as it is the dominant economic substance historically and currently mined in this district. At this time, there are no known secondary products, but testing in the future might find that other economic products do exist.

(1)(o) Explosives have been used historically on this site and have had no adverse affects on structures located within the permit area, nor have they had any effect on any adjacent areas. The large open pit mine located east of Cripple Creek and North of Victor,

regularly sets off blasts consisting of several tons of explosives with no negative effects on these adjacent properties or towns. Victor is located approximately one-half mile away from regular blasts and Cripple Creek is located about a mile distant. As compared to the large mine, the typical underground mine uses only a few pounds of explosives at a time, a factor of a thousand less than used in an open pit.

Because this is a low-intensity (limited activity) mine, and with the nearest residence (constructed building) located approximately 2,500 feet from the site, the effects of blasting are expected to be insignificant to anyone located that distance away. First, underground blasting has fewer noise-related impacts than open pit blasting simply because it occurs underground. Secondly, there is typically no discernible noise present when blasting underground any distance away from the surface mine opening itself.

With respect to vibrations, blasts of this small magnitude are not capable of generating an acceleration threshold of even 0.5 inches per second per second at the permit boundary. This number is a factor of four times below the established safe zone acceleration of 2.0 inches per second per second, established by the former U.S. Bureau of Mines as the level of vibration below which damage to a residential structure in a reasonable state of repair is unlikely to occur. Surface noise levels are suggested to be at 80 decibels or less, and to meet State and Federal requirements for industrial activities.

(2) As the project is currently in prospecting stage, the details of processing are still in the future. At this time, it is not anticipated that tailings ponds will be located within the permit area. However, as prospecting proceeds, and if orebodies are discovered then this could be an option in the future.

5. Approved Environmental Protection Plan; received June 2, 2015

Exhibit U

Designated Mining Operation Environmental Protection Plan

Per Rule 6.4.21 Division of Reclamation and Public Safety (DRMS)

for

Mineral Mountain Project - Permit No M-2014-045

February 10, 2015
Rev. June 2, 2015

Mineral Mountain Gold, LLC

By

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Locations of Wells and Water Courses Map

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1. INTRODUCTION (6.4.21(1)

In a letter dated January 12, 2015, the Division of Reclamation and Mining Safety (DRMS) notified the operator that the Mineral Mountain Gold Project (Permit M2014-045) was being redefined as a Designated Mining Operation under its interpretation of the Colorado Mined Land Reclamation Act, (CRS § 34-32-101), more specifically CRS §34-32-105 (3. 5) (a) (I -II). That order requires implementation of Rule 6.4.21. Neither the operator nor engineer concur with the determination and in fact believe it to be a faulty interpretation of Rule 1.1(14), Rule 6.4.21(1) (a), and Rule 7.2.2(1), but the operator has been forced to accept it. Per the order, the purpose of this plan is to meet the requirements of Rule 6.4.21 the template for the Environmental Protection Plan. The document describes how the operator will assure compliance with the provision of the Act and rules to protect all areas that have the "reasonable potential" to be affected by these designated chemicals, toxic or acid-forming materials by constructing an Environmental Protection Plan (EPP).

The potential for acid mine drainage (AMD) for the Mineral Mountain Project has been reviewed by Qualified Persons (QP) and it has been found that the project currently does not have the capability of producing acid mine drainage, as the static water level in the Cripple Creek District is well below any anticipated elevations that are reasonably anticipated to be reached on the project. Testing of the exposed rock forming units, and a review of physical site conditions, both locally and district-wide, show that there is no acid generating rock accessible at this time, and based on the information available, there is little to no chance of the production of acid-generating rock in the near future. The project is not using "designated chemicals", as defined in Rule 1.1(13) of the DRMS regulations, and does not anticipate using them, so no plan is currently necessary for managing such chemicals. A review of the site finds that there are no heap leach pads, land application sites, insitu operations, or uranium mining or processing associated with the permit. Thus, based on the Act and DRMS regulations, the reason for producing an Environmental Protection Plan does not exist and as a result, there are no specific areas that have potential to produce any environmental hazards. However, to meet the order, the plan is as follows.

2. MAPS (6.4.21(1)

The Environmental Protection Plan includes a map identifying the site and including various improvements and cultural features, and surface water drainage. Per regulation, it identifies "the locations where designated chemicals, toxic or acid-forming materials, which will be used, stored, handled, exposed, disturbed or disposed of within the permit area, and existing or potential sources of acid mine drainage." As no designated chemicals, toxic or acid-forming materials are currently being used or exposed to the environment, nor are any anticipated to be used in the near future, none are shown on the map. If these items are found to exist, or are used in the future, the map will be up-dated to include and properly locate them.

3 OTHER AGENCY'S ENVIRONMENTAL PROTECTION MEASURES AND MONITORING

Air and water standards are set by the Environmental Protection Agency (EPA) and administered by the Colorado Department of Public Health and Environment (CDPHE). Exceedances of these standards, or any releases are reported to those agencies. In addition to these requirements is the required reporting of an emergency condition to DRMS per Rule 8.2.

The regulation requires the operator to notify the DRMS office, as soon as reasonably practicable, but no later than twenty-four (24) hours, after the operator has knowledge of a failure or of imminent failure of: any impoundment, embankment, stockpile or slope that poses a reasonable potential for danger to human health, property or the environment; for a designated mining operation, any Environmental Protection Facility designed to contain or control designated chemicals or process solutions as identified in the permit. Telephone notice shall be given to the Office staff as follows: (a) during regular business hours (8:00 am to 5:00 pm, on working days), the notice shall be given to the Office. (b) Outside regular business hours, or if the Office cannot be contacted, notice shall be given to the Colorado Department of Local Affairs, Office of Emergency Management. Regulations call for specifying to this agency, that the emergency authority is coordinated through the Division of Reclamation, Mining and Safety, and to activate that division's response network.

4 OTHER PERMITS AND LICENSES

Potential typical features that might require permitting include: air quality and emissions; surface water quality; storm-water runoff; and solid and hazardous wastes. At this time there are none of these features associated with the site including the potential migration of hazardous materials to surface waters or ground waters, nor are there any exceedances of air

quality standards or specific circumstances that would require permits. No CPDHE storm-water permit is required for this operation as the new area of disturbance is less than the area required for permitting. There are currently no reagents or chemicals used on the site that would be anticipated to be consumed or reacted leaving any hazardous concentrations of any designated chemicals. In the event that any hazardous materials might be imported or generated in the future, they will be handled according to applicable regulatory standards including those set by the EPA, CDPHE, and Department of Transportation (DOT) as related to transport of solid waste. No other licenses are known to be necessary for the current operation.

5 DESIGNATED CHEMICAL EVALUATION

According to the DRMS Hard Rock/Metal Mining Rule 1, designated chemicals are defined as: "toxic or acidic chemicals used within the permit area in extractive metallurgical processing, the use of which at certain concentrations, represents a potential threat to human health, property or the environment." There are no designated chemicals currently used in the mine or mining process. In the event that such chemicals might be brought onto the site, or compounds that might be on site in quantities considered to be greater than de-minimus or above standards per Federal regulations, material safety data sheets (MSDS) and handling procedures would be developed to provide the proper safety and protections to personnel and the environment.

6 DESIGNATED CHEMICAL HANDLING

There are no designated chemicals used in the mine or mining process, but the following describes the procedures for the handling and disposal of designated chemicals and toxic materials within the permit area if such chemicals should ever be used. The goal of the procedures would be to protect human health and to prevent unauthorized release of pollutants into the environment. The safe handling of designated chemicals (and even non-designated chemicals) would be accomplished via operator training, secure storage, and routine maintenance of equipment and facilities. Proper materials and equipment would be kept on site for emergencies in order to contain and clean up any spills that might occur with spill cleanup kits being available. Equipment might include fifty-five gallon drums, liners, and plastic sheeting, along with items that might be specific for that chemical or compound. Any designated chemicals that might be used in the extractive metallurgical process would be stored on site within an Environmental Protective Facility (EPF) and within secondary confinement as appropriate. The amount of designated chemicals stored on site would be listed, and the chemical would be stored and handled in accordance with training and information contained with the MSDS. If, at the time of reclamation phase, the chemical would

be found to exist in greater concentrations than those found in regulatory standards, then these designated chemicals remaining within the permitted area would be removed and returned to the manufacturer or disposed of offsite according to the manufacturer's recommendations and Federal, State, and local regulations. Any naturally occurring compounds would be handled as per applicable to State and Federal standards.

Although not a designated chemical per Rule DRMS 1.1(13), but important from an environmental stewardship perspective, an above ground fuel storage tank will be located within the permit area. The tank(s) will have secondary containment as defined in, but not required by 40CRF Part 112. Quantities of any other lubricants or additives that might be used as part of the operation are anticipated to be in quantities below the volume threshold dictated by the regulations. Spills and drips from compounds sourced from these fixed storage containers that reach the ground surface are to be cleaned up and removed as rapidly as possible after they are discovered.

7 FACILITIES EVALUATION

Per testing and previous evaluations of the permit area, there are no geological or geochemical conditions or anticipated alterations to these conditions by any future operation that might require any specific environmental protection including acid rock generation, acid mine drainage, or designated chemical use. As a result, there are no outside environmental protection facilities currently required or associated with the permit area, thus none to evaluate. The petrology and mineralogy of materials that might be exposed to the environment as part of the project are to be monitored by a QP, with the monitoring to be conducted on a regular basis, and as part of the general operation. If evidence of rock having net acid generating potential is found, or if low pH groundwater should ever be encountered, then appropriate standard of the industry testing and evaluation will be conducted; first to show the actual presence of acid generation, or of potential acid containing materials, and then to determine the amount of risk and to develop requirements for their proper segregation and isolation. Any and all testing and evaluation is to be performed by, or under the specific direction of a QP.

DRMS personnel, in a June 2, 2015 review, demanded that measures be in put in place to separate potential acid generating material, even though none has ever been found to exist. In compliance with that order a plan is as follows. In the event some potential acid generating material is ever identified, it will be retained and stored inside the mine so as to keep it separated from outside weather and precipitation. For purposes of discussion, and assuming that any is found, it would be expected to occur in small quantities, and if moved would most

likely be via a specimen box. If larger quantities should ever be found, they will be stored in a bucket inside the mine, or alternatively placed in a bin; both options keeping them separated from the outside environment and precipitation.

There are currently no designated chemicals being used on the site. However, if in the future the use of designated chemicals begins, all designated chemicals used in conjunction with the operation would be stored properly and handled in compliance with applicable State and Federal laws and regulations including spill prevention, containment, and countermeasures applicable to the chemical or compound of concern. The plan will take into account, each specific designated chemical, its appropriate relationship with the project, and its potential effect on the site, human health, and the environment.

At present time, there are no monitoring systems necessary as there is no risk from chemicals and compounds known to exist, thus no need for containment or redundant systems.

8 GROUNDWATER INFORMATION

The project site is located near the top of the north side of Mineral Hill, within a volcanic vent structure that forms the general Cripple Creek District. The district, through the use of drainage tunnels, has resulted in a depressed groundwater surface within and adjacent to the vent. The district is currently being drained by the Carlton Tunnel which discharges at Marigold, at an approximate elevation of 6,900 feet. This discharge elevation is approximately 2,900 feet below the surface of the permit area, and based on available site-specific information, the groundwater surface within the permit area is no less than 300 feet below the surface. The permit area and area adjacent to it contains no perennial streams, no surface water, or retention ponds. A review of the Well and Watercourse Map shows that there are no perennial streams located within two miles of the permit area, and no closer than 6 stream miles.

The ground surface on the north side of Mineral Hill drains northward towards Spring Creek, a west-flowing intermittent stream that runs in the spring and during storm events. The permit area is located wholly with a Tertiary lithic tuff unit of phonolitic composition that fills the ancient volcanic vent. This unit is surrounded by various Precambrian units varying from intrusives to metasediments which are dominantly composed of gneisses and schists. No mining is anticipated in any other rock unit except the lithic tuff.

Veining and intrusive dikes within the tuff unit tend to follow preferred structural directions that are prominent in the district, and rock-forming dykes and the flow directions of ancient fluids tend to mimic these features. The dykes can take the form of vertical tabular features or

can exhibit themselves as tabular and concordant features. Prior to mining in the district, these features tended to control and direct groundwater flows. Following installation of the drainage tunnels, the groundwater surface has dropped in elevation and groundwater no longer occupies these structures at the elevations where mining is anticipated to occur. The subsurface water will still be controlled by whatever geological structures might be found a few hundreds or thousands of feet below the current exploration area and any subsurface flows generated within the permit area will be to the south, against local topography, to move toward the center of the vent structure. Based on the data collected, and on the current exploration and eventual mining plans, the operation is not anticipated to intercept groundwater.

9 GROUNDWATER QUALITY

Future Water Uses

The groundwater from the Cripple Creek District is currently used for irrigation down-stream from its outflow point at the Carlton Tunnel, and the quality has been found to be suitable. Since groundwater is at such a great depth within the Cripple Creek District itself, there are no anticipated or obvious future local uses for it. In the event the Carlton Tunnel were to be ordered plugged based from some poor regulatory decision, the water table would be anticipated to rise again, but not as high as pre-late 1800's levels due to the presence of other workings and disturbances. Thus, it is not likely that groundwater will ever see any beneficial use within the permit area.

Surface and groundwater collection program

There are no perennial surface waters within 2 miles of the permit area nor are there any perennial streams within 6 stream miles within the basin that drains the area. No groundwater has been found within, or adjacent to, the permit area in the form of surface springs or wells, nor has any groundwater ever been detected in the underground workings or in any exploration drill holes within, or adjacent to, the permit area. Since there are no acid generating materials currently known to be associated with the permit area and there are no designated chemicals currently in use, there is no source for contamination, and thus no potential connection between surface and subsurface waters by chemicals of concern. In the event that conditions change sometime in the future, an evaluation will be made and appropriate plans to protect these waters will be developed. However at this time no sampling programs are necessary or appropriate.

10 SURFACE WATER CONTROL AND CONTAINMENT FACILITIES

The permit area is located on a north-facing slope near the top of Mineral Hill. The slope is generally timbered except in areas that remain open. As no potential acid generating materials, acid water, or designated chemicals are present, no special surface water control, or containment facilities are necessary for this site.

Since, per Section 7, any potential acid generating materials (none known to exist) would be retained in the mine and away from the weather and precipitation, no outside facilities are required or necessary to contain them.

The map (Stormwater Runoff Map with flow directions) is included showing the surface flow directions within and adjacent to the permitted area. As no potential acid generating rock has been found within the permit area, nor is any anticipated to be found, removed materials can be placed on the surface with no special diversions or containment described in the Rule. In the event any rock having a demonstrated acid generating potential should be discovered sometime in the future, it will be stored inside the mine, or out of the weather, to avoid precipitation contact. Alternatively in the future, if materials are found that by standard laboratory testing are shown to be potentially acid generating, then additional testing would be performed to allow better prediction of acid generating potential and the timeframes in which acid generation might occur. This information would then be used to design and implement any containment systems which might be necessary.

Although not related to DRMS regulation, fuel storage tanks will likely be located within the permit area. They will have secondary containment to protect surface waters that will be equal to their total volume plus additional storage for precipitation events; generally calculated at one hundred and ten percent of tank volume. As the quantity of fuel stored on site is anticipated to be so small, this containment is not required by regulation, but will be installed and implemented by the operator as part of good workmanlike practice.

11 SURFACE WATER QUALITY STANDARDS

The site, as described previously, is located high on the north slope of Mineral Hill, and there are no perennial streams. The closest stream that can be considered perennial would be the lower reaches of Barnard Gulch, a distance of nearly 6 stream-miles away. Any testing of the waters at that point would amount to trespass on someone else's private property, and no reasonable scenario could be developed that would produce any measurable impacts to waters located that far downstream of the permit area. The standards for that stream are those

standards set by the Colorado Department of Public Health and Environment (CDPHE) under the laws and regulations developed for and by the Environmental Protection Agency (USEPA).

12 WATER QUALITY MONITORING PLAN

No water quality monitoring plan is currently appropriate for this permit area as no surface or groundwater is present, no acid producing materials are currently found to be present, nor are designated chemicals in use. If the situation changes in the future where any of these features are found, then that data will be evaluated and appropriate plans will be developed.

13 CLIMATE

The permit area is located at 9,800 feet elevation. Natural Resources Conservation Service (NRCS) Technical Release No 55 is a tool for estimating peak runoff and volumes for watersheds and drainage basins. It is an improvement of some of the original work that was done in the 1960's and 1970's that culminated in the Colorado Water Conservation Board Technical Manual No. 1, published in 1976, at that time, being the bible for estimating storm water runoff and flows for this area. The release provides a technical improvement in ease of manipulating data, but produces no improvement in accuracy for flows, especially over small areas. Per National Oceanic and Atmospheric Administration (NOAA) Atlas 14, the 24-hour precipitation for the 10-year event is 2.5 inches and 4.2 for the 100-year event.

(b)(ii)

The predominant wind direction is westerly and the open areas are typically breezy. During the summer months, gross southwesterly winds tend to bring in warmer temperatures and northwesterly winds tend to bring cooler temperatures. During winter, fronts can come from any direction with precipitation occurring dependent on temperature variations and air moisture on the edge of the front. The period of mid-July to mid-September is dominated by the Bermuda high that typically sets up that time of year. Whether moisture is brought into this mid-continent area depends on the location of the low and its strength.

(b)(iii)

The monthly mean monthly temperatures are shown in the Table below:

Average Temperatures for Cripple Creek, Colorado - (source NWS)

°F	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average high	33	36	42	49	59	70	75	72	65	55	42	33
Average low	13	15	21	26	35	44	49	48	40	31	21	12

(b)(iv)

A review of the average relative humidity for the area shows it to be generally less than 20 percent. As would be expected, evaporation rates were reviewed in the general Cripple Creek District and vicinity and were found to be quite high. The average evaporation rate for the Front Range area is on the order of 36 to 40 inches. This amount of evaporation greatly exceeds the annual rainfall indicating that, if the assumption were made that the entire precipitation captured in any detention areas were not recycled nor allowed to infiltrate, the evaporation would greatly exceed the total precipitation by at least a factor of three.

14 GEOCHEMICAL DATA AND ANALYSIS

Geochemical Data is provided in a report produced by Braun in September 2014. The report found that, based on the sampling performed and laboratory testing, the ability of rock at the site to produce free sulfur is nearly non-existent. This is a result of low concentrations of potentially acid producing minerals on the permit area and the associated gangue and country rock minerals having the ability to neutralize acid which might be produced. The conclusion is supported by data, for many years of operation of this mine, and of other mines in the district including the Cripple Creek and Victor Mine. This conclusion was negated by DRMS personnel with no supporting data. So, in the future, the following items will be followed to insure environmental protection.

(a) As no minable acid generating materials have been found, no specific testing is necessary until such time that they are found. If the time comes that rock is discovered which has the ability to cause acid mine drainage or to release designated chemicals, or toxic or acid-forming materials, an evaluation will be made. That evaluation will be specific and appropriate for the types of materials discovered.
(b) Whatever necessary evaluations are performed, they will be performed on rock that is deemed representative of the rock requiring testing.
(c) Such evaluations shall be appropriate for the intended use or fate of the material exposed or to be exposed during the proposed life of the mining operations, and on a case-by-case basis shall be appropriate for the intended use or fate of the material exposed or to be exposed during the proposed life of the mining operations, including weathering effects, and conditions under which the material will be used, stockpiled or disposed of.
(d) Evaluations will be performed on both ore and overburden, and will include the most likely acid producing sources, probable fate, and transport mechanisms that might result in being mobilized by weathering reactions. Those tests are to be determined by a QP, and may include only those tests that are necessary to satisfy the conditions of Subsection 6.4.21(14)(c) above and such evaluations may be prioritized, in descending order of importance, as follows: (i) mineralogical analyses; (ii) trace element analyses; (iii) major element analyses; (iv) microprobe or other comparable analyses.

In the event that acid producing materials are found and if net neutralizing, metal adsorption or metal ion exchange potential over the long-term cannot be demonstrated, then operator will perform further testing and analysis to increase certainty in order to protect the environment.

15 CONSTRUCTION SCHEDULE INFORMATION FOR URANIUM AND ACID MINE DRAINAGE

No uranium is to be mined, and the minerals found within the permit area are not acid generating. Therefore, no facilities are necessary to contain them. If acid generating rock, having ability to negatively affect the environment is discovered in the future, the circumstances will be investigated and a solution derived. The most likely solutions include storing acid generating rock inside the mine, storing it under cover, and/or storing material inside secondary containment to minimize chances of it moving into surface waters in a storm event.

16 Quality Assurance and Quality Control Programs for Uranium and Acid Mine Drainage

No uranium is to be mined, and the minerals found within the permit area are not acid generating. Therefore, no programs are currently necessary for handling them. In the event that uranium is mined or acid generating materials are found in the future, quality assurance and quality control programs will be developed as necessary.

17 PLANT GROWTH MEDIUM

See Mining Reclamation Plan

18 WILDLIFE PROTECTION

See Mining Reclamation Plan

19 DISPOSAL OF SLUDGE AND TAILINGS IN MINE WORKINGS

The disposal of sludges into mine workings is not anticipated. However, if this might occur in the future, the operator would comply with the provisions contained in Subsection 3.1.7.

DESIGN AND CONSTRUCTION REQUIREMENTS FOR ENVIRONMENTAL PROTECTION FACILITIES (7.3.1(3), 7.2.3)

As no designated chemicals, toxic or acid-forming materials, or acid waters are currently being used or exposed to the environment, nor are any anticipated to be used or exposed in the near future, there is no reason or any way possible to design any environment protection facilities. However, in the future, if any of the three above items that are supposed to be the basis for an environmental protection plan are found, proper facilities will be constructed. The project currently has no regulatory required diversions, or collection channels or ditches, but should any of these items appear, facilities would be designed to convey the 100-year 24-hour peak flows. The site currently does have a temporary stormwater catch-basin located on the work surface near the portal (see map). However, this basin (impoundment-pond) is not required from a regulatory perspective and is only in place at the preference of the operator. Its design allows it to contain 100 percent of the 10-year 24-hour storm event. Although not required for a facility that needs no current environmental protection, the design has been reviewed and approved by the engineer.

Operator’s Documents:

6. Response to RTB Notice; received August 6, 2020

Mineral Mountain Project
Permit M-2014-045
Lance Barker - Operator

Response: Reason to Believe Notice

My approved permit and EPP allow
- Exploration Mining
- Crushing
- Production Testing

M-2014-045 EPP

(1)(m) Since the site is still a prospect, the nature of the ores that might be found on the site, and the testing of those ores that will be found is still some time away. The method of recovery cannot be determined with any accuracy until additional prospecting and testing have been performed. Sometimes permitting issues move ahead of technical reality. At this time, it is not known whether treatment is practical or possible within the permit area or for that matter, practical anywhere. Once more information has been collected, a plan can be developed, and that plan will be shared with DRMS personnel. The normal prospecting and future mining processes are anticipated to include, and require, reduction of material sizes from solid rock by initial blasting followed by additional mechanical size reduction to allow sorting, sampling, and production testing of materials. The mechanical reduction area might be located underground or possibly above-ground. If the size reduction takes place on the surface, the location will likely be either immediately west of the adit, or in the area labeled Reduction/Doghouse as shown on Exhibit Map E. Equipment required will be chosen once more is known about the properties of the materials that will require size reduction. Equipment will likely either be powered by petroleum based fuels or electricity.

This project is still very much in an exploration and testing phase.

This is a gold-Telluride district and extensive testing is required to prove the economics.

A small operator has to generate a concentrate for shipping to an out of state refiner.

Assay values or contained gold is only one small component of the economics.

Being able to mine-concentrate-market a product at a profit is a serious challenge.

That is where we are at Exploring and met Testing

(18) "Extractive Metallurgical Processing" means the production-scale process of extracting metals of value from mineral ore, or waste water treatment for metals removal. It does not include laboratory analyses, metallurgical testing, potable water treatment, prospecting activities, or other activities which involve only incidental, or minimal, use of designated chemicals and which do not pose a threat to human health, property or the environment.

My small intermittent one ton per hour test plant cannot be described as "production-scale"

"Extractive Metallurgical Processing" does not apply to the current Mineral Mountain Project.

When my permit was changed to a 110d, in 2015, I asked for a List of designated Chemicals. I was told, at a meeting in the division office, by Tony Waldron that the only thing I had to worry about was cyanide.
At my mine site in July 2020, I asked division personel, how I could know what a designated chemical was, No answer.

Later received an email from the specialist - No List - Look to rule 1.1(19) Rule states - "used in extractive metallurgical processing"

- My project only used incidental amounts of xanthates - less than 200 pounds in 2 years.
- Xanthates are not on the CDPHE List for Groundwater Protection Values and Soil Clean up Table
- Operators cannot reference a DRMS List of Designated Chemicals
- Project xanthate use - within Rules

Dumping small amounts of sand mixed with mine rock on the waste dump is not a Rule Violation. Impacted area is less than 1/4 acre.

In Summary, all activities at the Mineral Mountain Site are within the Rules and covered by the Permit.
I have comitted to the Division to stop using xanthates, and will be testing other reagents and expanded gravity concentration.

Lance Barker
Lance Barker operator 8/6/2020