




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

The Division of Reclamation, Mining and Safety has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance with the terms of the permit and applicable rules and regulations of the Mined Land Reclamation Board.

MINE NAME: San Luis Project	MINE/PROSPECTING ID#: M-1988-112	MINERAL: Gold and silver	COUNTY: Costilla
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas West	INSP. DATE: December 28, 2020	INSP. TIME: 10:00
OPERATOR: Battle Mountain Resources, Inc.	OPERATOR REPRESENTATIVE: Julio Madrid	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$7,400,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Snowing	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: February 8, 2021	

GENERAL INSPECTION TOPICS

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. No problems or possible violations were noted during the inspection. The mine operation was found to be in full compliance with Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials and/or for Hard Rock, Metal and Designated Mining Operations. Any person engaged in any mining operation shall notify the office of any failure or imminent failure, as soon as reasonably practicable after such person has knowledge of such condition or of any impoundment, embankment, or slope that poses a reasonable potential for danger to any persons or property or to the environment; or any environmental protection facility designed to contain or control chemicals or waste which are acid or toxic-forming, as identified in the permit.

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>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>Y</u>	(OD) OFF-SITE DAMAGE----- <u>Y</u>	

Y = Inspected / 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. It also serves as the release inspection for the recently filed Request for Acreage Reduction (AR-5). 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 representative listed on page one of this report, Steve Carino and Karen DeAgüero of Newmont Goldcorp 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. Seven Photos accompany this report to illustrate the current site conditions

The primary focus of this inspection was to examine areas included in the recently submitted Acreage Reduction Request AR-5. The areas included in the request are divided into four separate areas, A, B, C and D. The total release area totals 315 Acres. A majority of the area included in the request is undisturbed lands that were left untouched by the mining operations.

Release Area A: Release Area A consists of a total of 77 acres, 59 of which were undisturbed. The undisturbed areas exhibit native vegetation and topography with no signs of erosion or State Listed Noxious Weeds. The remaining 18 Acres consist of the reclaimed Waste Rock B storage area which can be seen in Photos One and Two. The Waste Rock B storage area has been graded, capped and revegetated in accordance with the approved Reclamation Plan. The grading and backfill was stable at the time of the inspection and no signs of settling, slumping or significant erosion was observed. The vegetative cover on the waste rock storage area was dense, diverse and showed multiple year's biomass indicating it is capable of self-regeneration. The vegetation is as good as or better than the vegetation of adjacent undisturbed areas. The entire Release Area A is considered fully reclaimed in accordance with the approved Reclamation Plan.

Release Area B: Release Area B consists of 9.5 Acres of the old haul road that leads from Rito Seco Road to the Tailings Storage Facility. This road, historically had only served as a haul road in support of the mining operations, however a large parcel of private property now exists in the vicinity and is served by the Haul Road and the haul road has been identified as a permanent structure that will remain post-reclamation. Based on this information the Operator has requested that the access road between Rito Seco Road and the private residence be released from the permit area. All other haul and access roads within the permit area will be reclaimed fully prior to release. The Haul Road is in good condition and is ready for release.

Release Area C: Release Area C totals 39 Acres that contains the old Mill Area, South Waste Rock Storage Area and 24.5 Acres of Undisturbed lands. Both the South Waste Rock Storage Area and old Mill Area have been graded, capped and revegetated. The grading and earthwork was stable at the time of the inspection and no signs of settling or slumping were observed. All areas located within Release Area C, which can be seen in Photos Three and Four, are well vegetated. The vegetative cover is as good as or better than the adjacent undisturbed areas. An error was noticed in the release request during this inspection. Within Release Area C, a large stockpile of borrow material exists adjacent to the access road that is still utilized by the Operator, shown in Photo Five. This stockpile can be seen in Photo Five. On site discussions with the Operator's

Representatives indicate that the stockpile was unintentionally included in the release area and should be removed from the release request as the stockpile is still, and will continue to be utilized in the future. Due to this discrepancy the Release Request was deemed incomplete for filing. A Notice of Completeness letter with requirements for correction was sent to the Operator on January 11, 2021. The area of the borrow material stockpile should be removed from the release request and reflected on updated maps and acreage calculations. Once the materials are updated the revision can be considered complete, the public notice procedures can commence and upon completion of the public comment period, hearing no objections, a decision can be rendered.

Release Area D: Release Area D consists of 190.1 Acres, of which only 6.3 were ever disturbed. The 6.3 disturbed acres located in this area housed other Mill Facilities, shown in Photo Six and Seven, and has been fully reclaimed. The area was graded, capped with topsoil and revegetated. The grading and earthwork was stable at the time of the inspection and so signs of settling or slumping was observed. The vegetative cover was dense, diverse and as good as or better than the adjacent undisturbed areas. The old Mill Facility area located within Release Area D is considered fully reclaimed in accordance with the approved Reclamation Plan. The remaining 183.8 Acres of Release Area D consist of undisturbed lands that are ready to be removed from the permit area.

Once the completeness materials are received and AR-5 is considered complete the Release Process can move forward. Based on the Observations made during this inspection the applicable areas requested for release have been adequately reclaimed in accordance with the Act, Rules and Regulations and the Approved Reclamation Plan. No problems or possible violations exist within the release areas, and they are considered ready for release. Upon completion of the Release Request procedures a decision can be rendered. Documentation of the applicable decision will be sent to the Operator under a separate cover.

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 303-866-3567 Ext. 8187 or by email at lucas.west@state.co.us.

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PHOTOGRAPHS

