




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: Multi Person Inspection	INSPECTOR(S): Lucas West	INSP. DATE: July 7, 2021	INSP. TIME: 09:00
OPERATOR: Battle Mountain Resources, Inc.	OPERATOR REPRESENTATIVE: Devon Horntvedt, 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: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 26, 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>N</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>N</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>Y</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>N</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>Y</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>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</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. 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 Steve Carino and Karen DeAguiro of Newmont Mining, as well as Travis Marshall and Russ Means of the Division were present during the inspection. The site includes approximately 428.22 permitted acres and is in final 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 main purpose of this inspection was to conduct a complete inspection of the site with Division Staff as well as the Operator and their representatives. The site was not active but the water treatment facility was operating during this inspection. The water treatment facilities utilizes a series of holding ponds, tanks, media filters and a reverse osmosis (RO) system to treat ground water prior to discharge. At the time of the inspection the RO system was treating and discharging water at approximately 500gpm at their discharge point. The holding ponds are all fenced in facilities. Pond 1 consists of raw water pumped from a series of wells and feeds the treatment system. Ponds 2, 3 and 4 are used to store water at various stages of the treatment procedure. The areas around the water treatment facility include access roads, equipment storage areas and parking areas are all in good condition.

The West Pit area was observed and appeared to be stable at the time of the inspection. The pit area can be seen in Photo One. Adjacent to the West Pit area is the portion of the pit referred to as the Pink Gneiss Area. The walls of the area were stable at the time of the inspection and in good condition. The pit floor has been revegetated and is in excellent condition. The Pink Gneiss portion of the pit and the well vegetated pit floor can be seen in Photos Two and Three.

The tailings impoundment area appeared to be stable and in good condition. The free water pond located on top of the impoundment was observed, and the water levels are far below the maximum waterline that is outlined in the permit conditions. Photo Four shows the free water pond and surrounding vegetation. The other areas of the tailings impoundment are very well vegetated and appear to meet or exceed the conditions of the adjacent undisturbed areas. The maximum water line is designed to protect the main embankment from saturation which could lead to stability issues. The main embankment is well vegetated, appears to be stable and in good condition as seen in Photo Five. The tailings impoundment is a lined facility, complete with under drains and an HDPE Liner that extends from under the impoundment and the main embankment to the collection pond immediately down gradient. The underdrains, shown in Photo Six, convey water that has percolated through the tailings impoundment down to the collection pond, where it is then recirculated back to the free water pool. The under drain was observed discharging water into the collection pond, which indicates the liner, and all of its components are functioning as designed.

Adjacent to the tailings dam is the constructed spillway designed to convey storm water from the diversion ditch around the tailings storage facility and away from the main embankment. The spillway can be seen in Photo Seven. The spillway is in good condition and shows no evidence of recent flows. In the Arroyo,

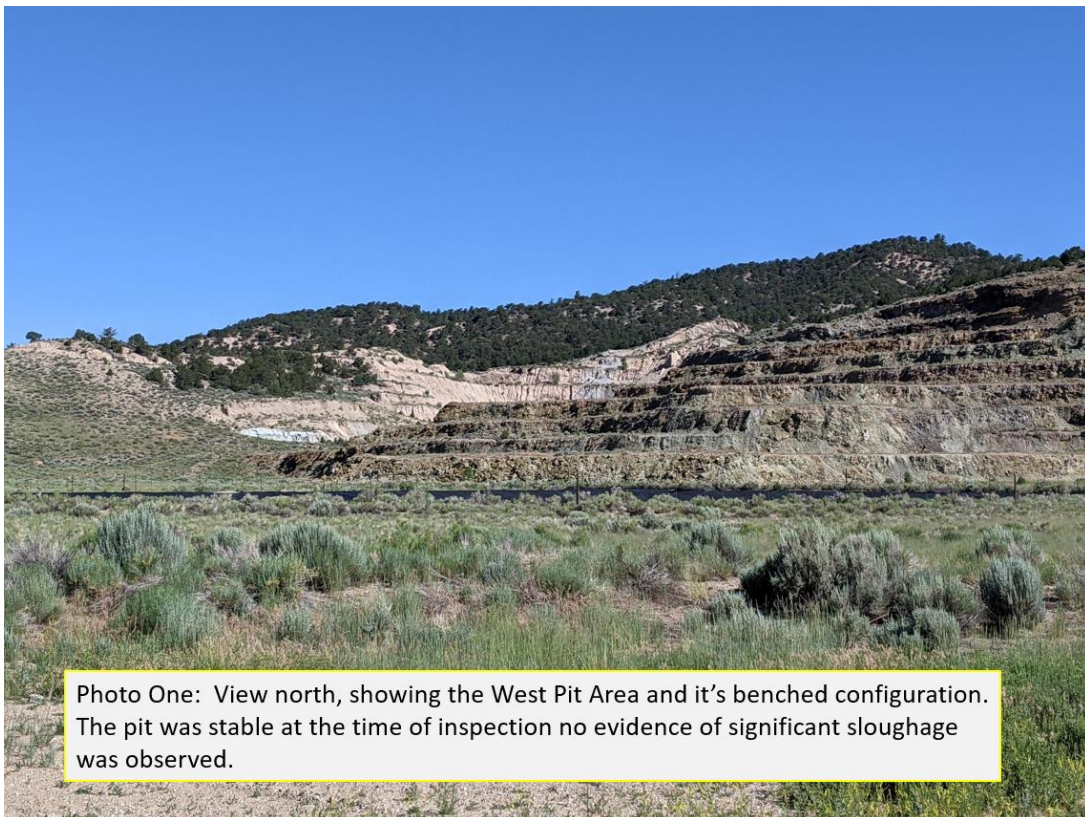
downstream of the spillway, all culverts have been upgraded, lined with rip rap and seeded. All culverts observed are in excellent condition. The south diversion ditch along the southern perimeter of the tailings facility was observed and is in good condition. Similar to the diversion ditch, no evidence of recent flows were observed.

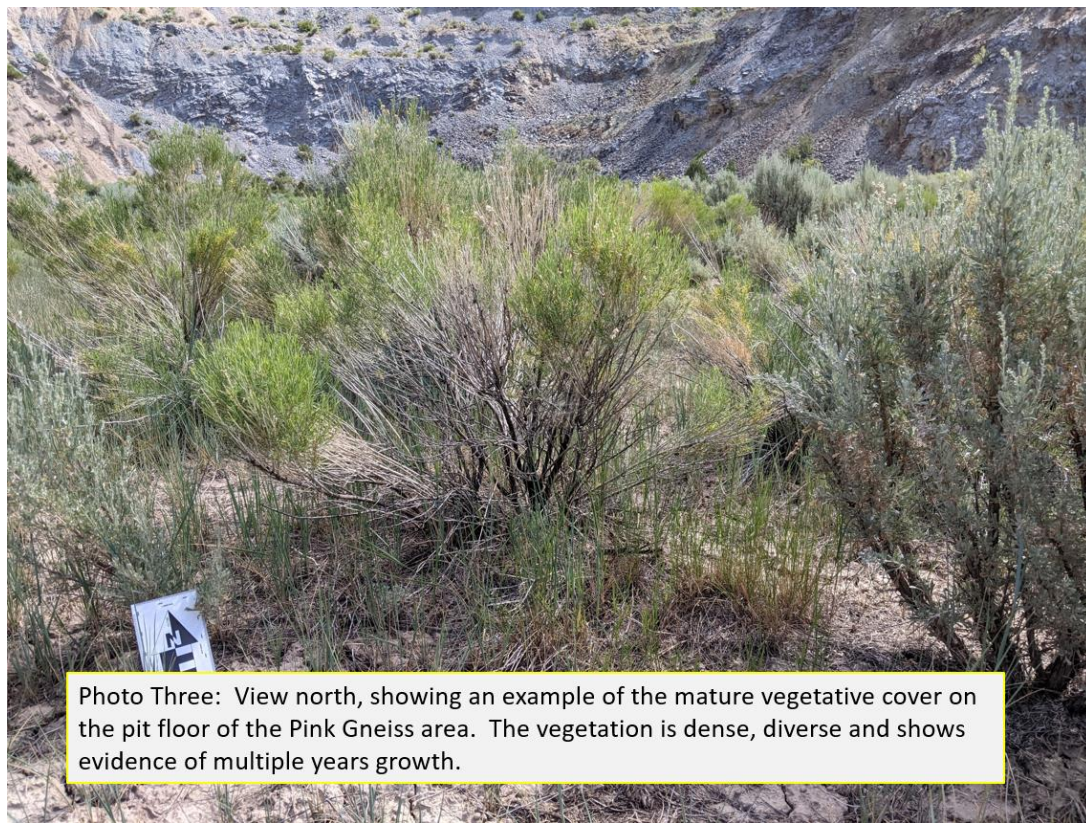
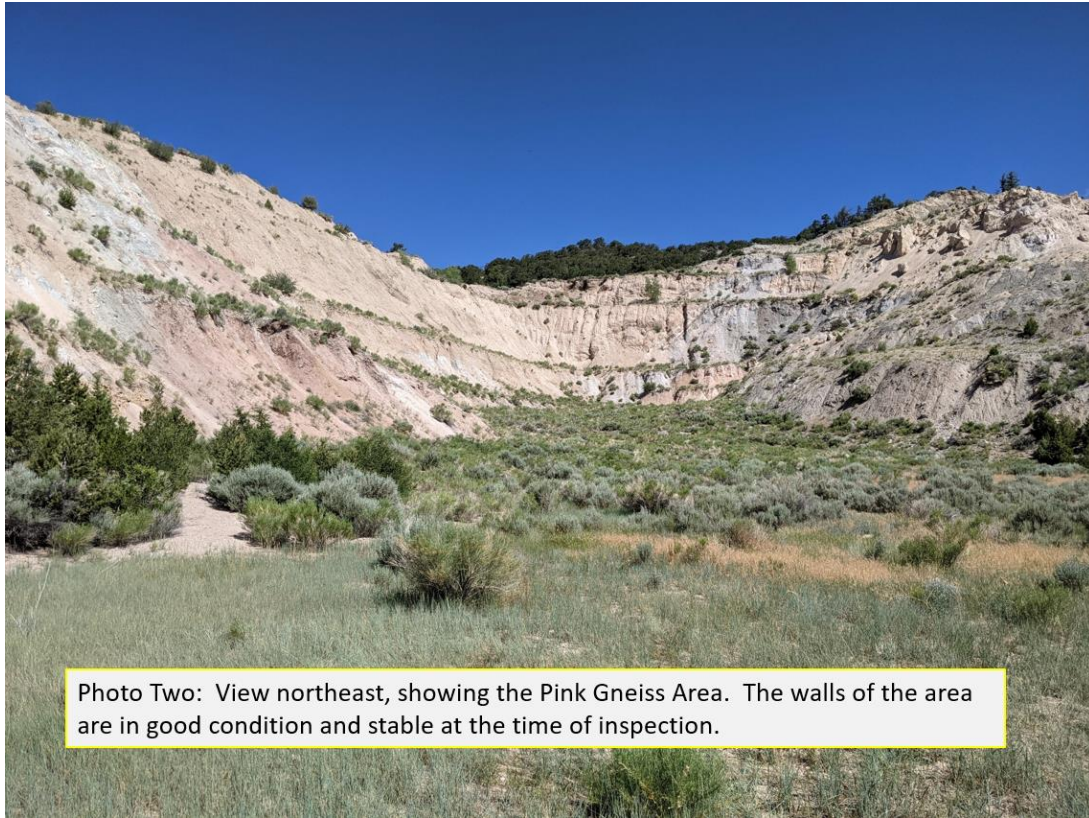
Throughout the site, no evidence of significant erosion, settling or slumping was observed. No state listed noxious weeds were noted during the inspection. The overall footprint of the site is in excellent condition and free from trash and debris. No problems or possible violations were noted at this 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 303-866-3567 Ext. 8187 or by email at lucas.west@state.co.us.

Inspection Contact Address

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

PHOTOGRAPHS





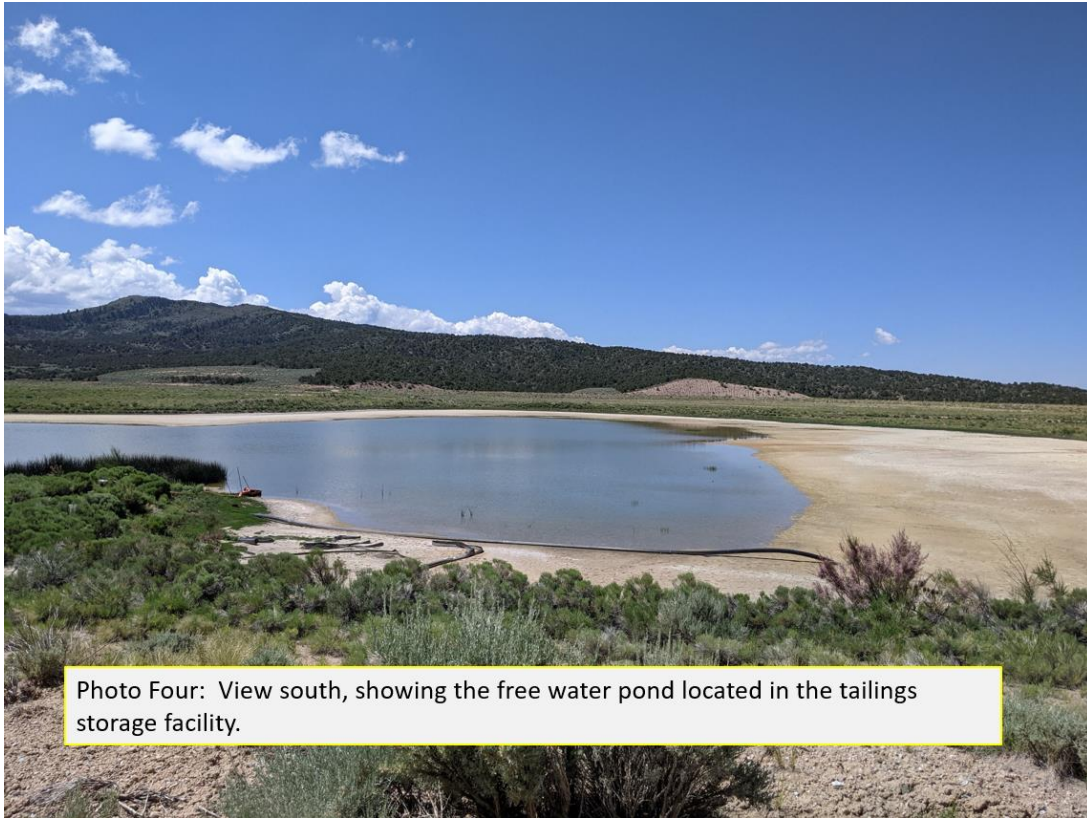




Photo Six: View north, showing the underdrain collection system used to collect leachate from the tailings storage facility and convey it to the lined collection pond for evaporation or recirculation.



Photo Seven: View west, showing the constructed spillway adjacent to the main embankment of the tailings facility. The spillway is in excellent condition and shows no signs of recent flows.