




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.

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| MINE NAME: Idarado Mining Co | MINE/PROSPECTING ID#: M-1977-403-HR | MINERAL: Lead, zinc, copper, c gold | COUNTY: San Miguel |
| INSPECTION TYPE: Monitoring | INSPECTOR(S): Lucas West | INSP. DATE: August 25, 2021 | INSP. TIME: 15:58 |
| OPERATOR: Idarado Mining Company | OPERATOR REPRESENTATIVE: Eric Schoenebaum, Melissa Chalona | TYPE OF OPERATION: 112d-3 - Designated Mining Operation | |
| REASON FOR INSPECTION: Normal I&E Program | BOND CALCULATION TYPE: None | BOND AMOUNT: \$226,600.00 | |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None | |
| WEATHER: Clear | INSPECTOR'S SIGNATURE:  | SIGNATURE DATE: October 1, 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.

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| (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>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>Y</u> | (SP) STORM WATER MGT PLAN---- <u>N</u> | (RS) RECL PLAN/COMP-- <u>Y</u> |
| (ES) OVERBURDEN/DEV. WASTE----- <u>N</u> | (SC) EROSION/SEDIMENTATION--- <u>N</u> | (ST) STIPULATIONS----- <u>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. The Idarado Mine is listed as an active 112d-3 permit with permitted areas in San Miguel County, near the town of Telluride, as well as in Ouray County, near the top of Red Mountain Pass. This inspection was isolated to the Red Mountain Facilities of the Permit Area. Eric Schoenebaum of Newmont and Melissa Chalona of Engineering Analytics, a consultant for the Operator, were present during the inspection. The Division currently holds a Financial Warranty in the amount of \$226,600.00 for the site. A reclamation cost estimate update was not performed as a result of this inspection. Future permitting actions will require a reclamation cost estimate update and will be performed at that time. Six Photos accompany this report to illustrate the current site conditions of the site.

The Red Mountain Facilities were not active at the time of the inspection. The proper mine identification sign was posted at the entrance to the site and the Permit Boundaries were clearly delineated. Over the recent months, construction of the new shop has been completed, as was noticed by the Operator. The previous shop structure was in various states of disrepair and a new facility was constructed to facilitate ongoing site maintenance and reclamation activities. The new shop, as well as pad areas can be seen in Photo **One**. The shop is in excellent condition and should serve the needs of the site quite well. All grading and concrete surrounding the shop create positive drainage and no impounded storm water was noted around the shop area. Concurrently the old shop facility is being demolished, and removed by a contractor for the Operator. Demolition operations were not active at the time of the inspection, however were resumed the following day. The old shop, seen in Photos **Two** and **Three**, is approximately 1/3 removed. The material is being dismantled and loaded into roll off dumpsters for offsite disposal.

Other reclamation activities are ongoing, several historic tanks and other various mining related debris has been staged for removal. All items are stored in neat and orderly fashion and can be seen in Photo **Four**. Discussions with the Operator indicate that further reclamation of the historic mill foundation located on site is slated to take place over the next years. The foundation can be seen in Photo **Five**. The portal, shown in Photo **Six**, was also observed, and secured. No signs of vandalism or attempted unauthorized entry was noted.

The overall footprint of the site is in excellent condition and free from trash and debris. All pads and work areas were stable at the time of the inspection, and exhibit positive drainage. All storm water diversions and control structures were observed and were functioning as designed. No signs of settling, slumping or erosion was noted throughout the site, and no State-listed Noxious Weeds were observed. There are no problems or possible violations 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. Direct contact can be made by phone at 303-866-3567 Ext. 8187 or by email at lucas.west@state.co.us.

PHOTOGRAPHS

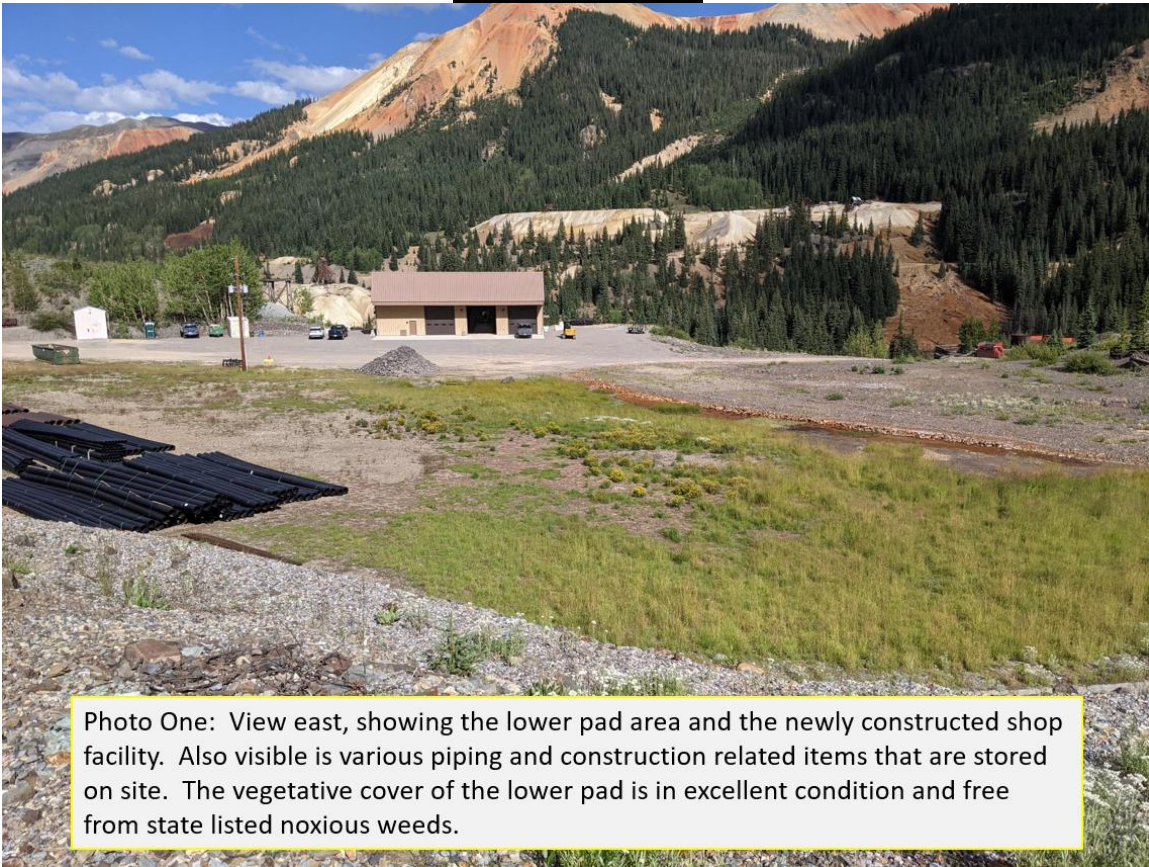


Photo One: View east, showing the lower pad area and the newly constructed shop facility. Also visible is various piping and construction related items that are stored on site. The vegetative cover of the lower pad is in excellent condition and free from state listed noxious weeds.



Photo Two: View southeast, showing the old shop in mid demolition. Items are being removed and placed in roll off dumpsters for offsite disposal. Demolition activities are scheduled to resume the day after the inspection.



Photo Three: View east, showing another view of the old shop facility in mid demolition. The protruding material and various piles are not considered a problem as this is an active project.



Photo Four: View south, showing various equipment and mining related debris staged for removal.



Inspection Contact Address

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