



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: Iron & Wm. Richardson Lode Claims	MINE/PROSPECTING ID#: M-2014-066	MINERAL: Gold and silver	COUNTY: Gilpin
INSPECTION TYPE: Monitoring	INSPECTOR(S): Amy Eschberger, Michael Cunningham	INSP. DATE: January 12, 2022	INSP. TIME: 10:30
OPERATOR: Nevadaville Encore, LLC	OPERATOR REPRESENTATIVE: Wesley Williams	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$14,500.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: January 24, 2022

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>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>N</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>Y</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 was a normal monitoring inspection of the Iron & Wm. Richardson Load Claims (Permit No. M-2014-066) conducted by Amy Eschberger and Michael Cunningham of the Division of Reclamation, Mining and Safety (Division). The site is located approximately 3 miles southwest of Central City, CO in Gilpin County. The site is located directly adjacent to and north of Druid Mine Rd/Pewabic Mine Rd, approximately 0.35 miles east of its intersection with Virginia Canyon Road. The affected lands are owned by James and Mary Jostes, LLC. The operator was represented by Wesley Williams during the inspection. Prior to conducting the inspection, the Division had an on-site meeting with the landowner, Mary Jostes per her request, to discuss the operator's lease and potential permitting options for the site. More details on this discussion are provided below. **Photos 1-14** taken during the inspection are included with this report.

This is a 110d operation permitted for one acre to mine gold and silver (see enclosed Google Earth image of site). The permit area consists of portions of two mine claims (see enclosed mining plan map), including approximately 185 feet x 100 feet (~0.4 acre) of the central portion of the Iron claim (M.S. #572) and approximately 500 feet x 50 feet (~0.6 acre) of the eastern portion of the Wm. Richardson claim (M.S. #233). The portion of the permit area on the Wm. Richardson claim is located north of Druid Mine Rd and the portion of the permit area on the Iron claim is located south of Druid Mine Rd. The operator is approved to remove material from an historic mine dump located on the Wm. Richardson claim. The mine dump contains approximately 8,000 tons of material which will be hauled to an off-site mill facility for processing. The approved mining plan does not specify how the portion of the permit area on the Iron claim will be utilized by the operation. However, according to the operator, this area is to be used as a staging area.

At the time of permitting, the operator had an agreement with the Federal Mill (in Denver; also referred to as "Denver Heavy Equipment", File No. M-2012-033) to process material from the site. This mill would perform a TCLP test on the waste generated by the facility to verify the waste is non-characteristic. The operator committed to providing the Division with a copy of the TCLP results for the ultimate waste produced after an initial production of less than 100 tons of tailings have been processed and the waste categorized. In its February 8, 2018 inspection report, the Division informed the operator the Memorandum of Understanding (MOU) between the Division and the Hazardous Materials and Waste Management Division (HMWMD) of the Colorado Department of Public Health and Environment (CDPHE) was revised in 2017. The revised MOU eliminated the definition of a "custom mill" and clarified that milling is considered a mining activity which is subject to the provisions of the Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock, Metal, and Designated Mining Operations (Rules). Later, through a formal Rulemaking hearing held on May 22, 2019, the Mined Land Reclamation Board (Board) removed the definition of "custom mill" from the Rules. Therefore, in accordance with the revised MOU and Rule change, all mills operating within the state must now be permitted through the Division. This means the Federal Mill is no longer a viable option for processing material from this mine (or any other mine) until the appropriate permit has been issued for the mill operation.

The operator committed to maintaining silt fencing along the down-slope side of the disturbed area and placing straw wattles along the upslope edge of the disturbed area. The existing dump will be mined from the lowest edge in the northeast toward the southwest corner. Trucks will be loaded on the surface of the unmined existing dump to prevent any spillage occurring off-site. No new buildings or roads will be constructed for the operation. The operator will utilize existing roads to access the affected lands. An historic headframe and stone foundation are present on the Iron claim (south of Druid Mine Rd), which will not be disturbed by the operation.

The approved post-mining land use for the site is pastureland. For reclamation, disturbed areas will be graded to match natural contours as much as possible, with slopes no steeper than 3H:1V. Topsoil will be constructed by

placing 1.5 - 2.5 inches of biocompost on graded areas and chiseling and/or discing the material into the ground. The biocompost will be imported and temporarily stored on site for no more than one week prior to being used for reclamation. The constructed topsoil will be fertilized if required based on the results of a soil test. The site will be broadcast seeded with a native plant seed mixture consisting of First Strike Slender Wheatgrass (4 PLS/acre), Western Wheatgrass (4 PLS/acre), Thick Spike Wheatgrass (4 PLS/acre), Arizona Fescue (3 PLS/acre), Idaho Fescue (3 PLS/acre), and Basin Wildrye (2 PLS/acre). Erosion control, as mulch, using biodegradable mesh (e.g., straw blankets with jute mesh) will be installed in reclaimed areas with slopes steeper than 10:1. Stormwater controls used during mining will be maintained until the reclaimed area has been successfully revegetated.

In the pre-inspection meeting on site, Ms. Jostes informed the Division she would not be renewing the operator's lease which expires on February 14, 2022. She inquired about taking over the permit, which the Division explained could be done by submitting a Succession of Operators application. However, both the current operator (Nevadaville Encore, LLC) and the prospective successor would need to sign portions of this application, meaning the current operator must agree to transfer the permit. Ms. Jostes also inquired about submitting a new permit application to mine material from the historic mine dump on her property. The Division informed Ms. Jostes the new application would need to be for a Designated Mining Operation (DMO), and could be a 110d permit (for a permit area of less than 10 acres) or a 112d permit (for a permit area of 10 acres or more). Ms. Jostes has plans to submit a new application in the coming months. All available permit applications can be downloaded from our website at <https://drms.colorado.gov/>, particularly at <https://drms.colorado.gov/forms/minerals-program-forms>.

The operator should be advised, C.R.S. 34-32-112(2)(d) and Rules 1.4.1(5)(b) and 6.3.7 require an operator to provide documentation of its legal right to enter to conduct mining and reclamation for all Owners of Record of the affected land. Therefore, if the operator's current lease expires, the operator will be out of compliance with the Act and Rules. If the Division learns after February 14, 2022 that the operator's lease for the site has not been renewed, a problem will be cited. If the operator fails to rectify the issue within a specified amount of time, a Possible Violation will be issued by the Division and a Board hearing scheduled to consider revoking the permit and finding the financial warranty subject to forfeiture. If the Board revokes the permit and finds the financial warranty subject to forfeiture, and the operator is still not able to resolve the issue, an additional hearing will be scheduled to forfeit the financial warranty. If this were to occur, the current \$14,500 cash bond would be forfeited and used by the State to complete reclamation of any disturbances at the site in accordance with the approved reclamation plan. If any portion of the forfeited bond were to remain after reclamation was completed, such portion would be returned to the operator.

During the site inspection, a permit sign was observed at the main entrance to the site. Additionally, Mr. Williams pointed out the posts delineating the corners of the approved permit area. Only the southwestern corner of the north permit area (on the Wm. Richardson claim) and the northwestern corner of the south permit area (on the Iron claim) are not marked as these corners are located in the middle of Druid Mine Rd. Silt fencing and straw wattles were installed on site. However, portions of these features were in disrepair and require maintenance. No equipment was present on site. According to the operator, no additional material has been removed from the site since early 2020 when approximately 10 tons were taken to the Mountain Plains Mill located in Jefferson County. As described in the Division's last inspection report, dated March 10, 2020, the Mountain Plains Mill was found to be operating illegally (File No. M-2020-010). Therefore, the operator was advised to discontinue hauling any additional material to this mill until it has been permitted by our office.

Very little disturbance has occurred at this site overall. The most recent excavation activities occurred in the eastern portion of the Wm. Richardson claim. The Division did not observe any disturbances by this operation on the Iron claim. It should be noted, on April 6, 2020, the operator formally requested the Division's approval

to conduct on-site material processing activities consisting of a one ton per hour water gravity concentrating system which would produce tailings material and a concentrate to be hauled off site for additional processing. On April 16, 2020, the Division sent a determination letter to the operator stating the approved mining plan, reclamation plan, and Environmental Protection Plan do not address on-site material processing or the temporary storage on site of any processed materials, and therefore, the operator must submit an Amendment application for the proposed activities. At this time, the operator has not submitted an application for this proposal.

As mentioned above, the Division holds a financial warranty for this site in the amount of \$14,500. Because this amount was calculated for reclaiming disturbance to the entire 0.6 acre permit area on the Wm. Richardson claim, and the operator has disturbed no more than 0.1 acre at the eastern edge of this area, the current financial warranty amount is considered adequate at this time.

The operator should be aware that Rule 3.1.3(2) requires all reclamation to be carried to completion by the operator with all reasonable diligence, and each phase of reclamation to be completed within 5 years from the date the operator informs the Division that such phase has commenced, or from the date the Division has evidence that mining or prospecting has ceased, unless extended by the Board or Office. Therefore, if the operator has no plans to mine the site every year in accordance with its active status, the operator must complete final reclamation of any disturbances at the site and request release of the permit.

This concludes the report.

Any questions or comments regarding this inspection report should be forwarded to Amy Eschberger at the Colorado Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, via telephone at 303-866-3567, ext. 8129, or via email at amy.eschberger@state.co.us.

PHOTOGRAPHS



Photo 1. View looking southwest across top of historic mine dump in central portion of permit area on Wm. Richardson claim.



Photo 2. View looking northeast across top of historic mine dump in central portion of permit area on Wm. Richardson claim.



Photo 3. View of straw wattles installed along southern edge of permit area on Wm. Richardson claim. These wattles may need maintenance.



Photo 4. View looking north/northwest at post marking southeastern corner of permit area on Wm. Richardson claim.



Photo 5. View looking southwest along northern boundary of permit area on Wm. Richardson claim.



Photo 6. View looking south/southeast at post (circled) marking northeastern corner of permit area on Wm. Richardson claim.



Photo 7. View looking northeast across eastern portion of permit area on Wm. Richardson claim where most recent excavation activities occurred.



Photo 8. Closer view (looking southwest) of eastern portion of permit area on Wm. Richardson claim where most recent excavation activities occurred.



Photo 9. View looking southwest along northern boundary of permit area on Wm. Richardson claim. Note silt fencing (at right) which requires maintenance.



Photo 10. View looking northeast across top of historic mine dump in western portion of permit area on Wm. Richardson.



Photo 11. View looking west at post (in background; circled) marking northwestern corner of permit area on Wm. Richardson claim.



Photo 12. View looking west across Druid Mine Rd which separates the north permit area (on Wm. Richardson claim) from the south permit area (on Iron claim). The southwestern corner of the permit area on Wm. Richardson claim is located at the center of the road in this area.



Photo 13. View looking south/southeast at western portion of permit area on Iron claim (south of Druid Mine Rd). Note historic headframe and stone foundation (indicated) present in this area.



Photo 14. View looking south across eastern portion of permit area on Iron claim (south of Druid Mine Rd). Note post (in background; circled) marking northeastern corner of this permit area.

Inspection Contact Address

Wesley Williams
Nevadaville Encore, LLC
999 Nevadaville Road
P.O. Box 1442
Central City, CO 80427

Encls: Google Earth image of site
Mining Plan Map

CC: Mary Jostes, landowner
Michael Cunningham, DRMS

M-2014-066 / Iron & Wm. Richardson Load Claims / Nevadaville Encore, LLC (110d)

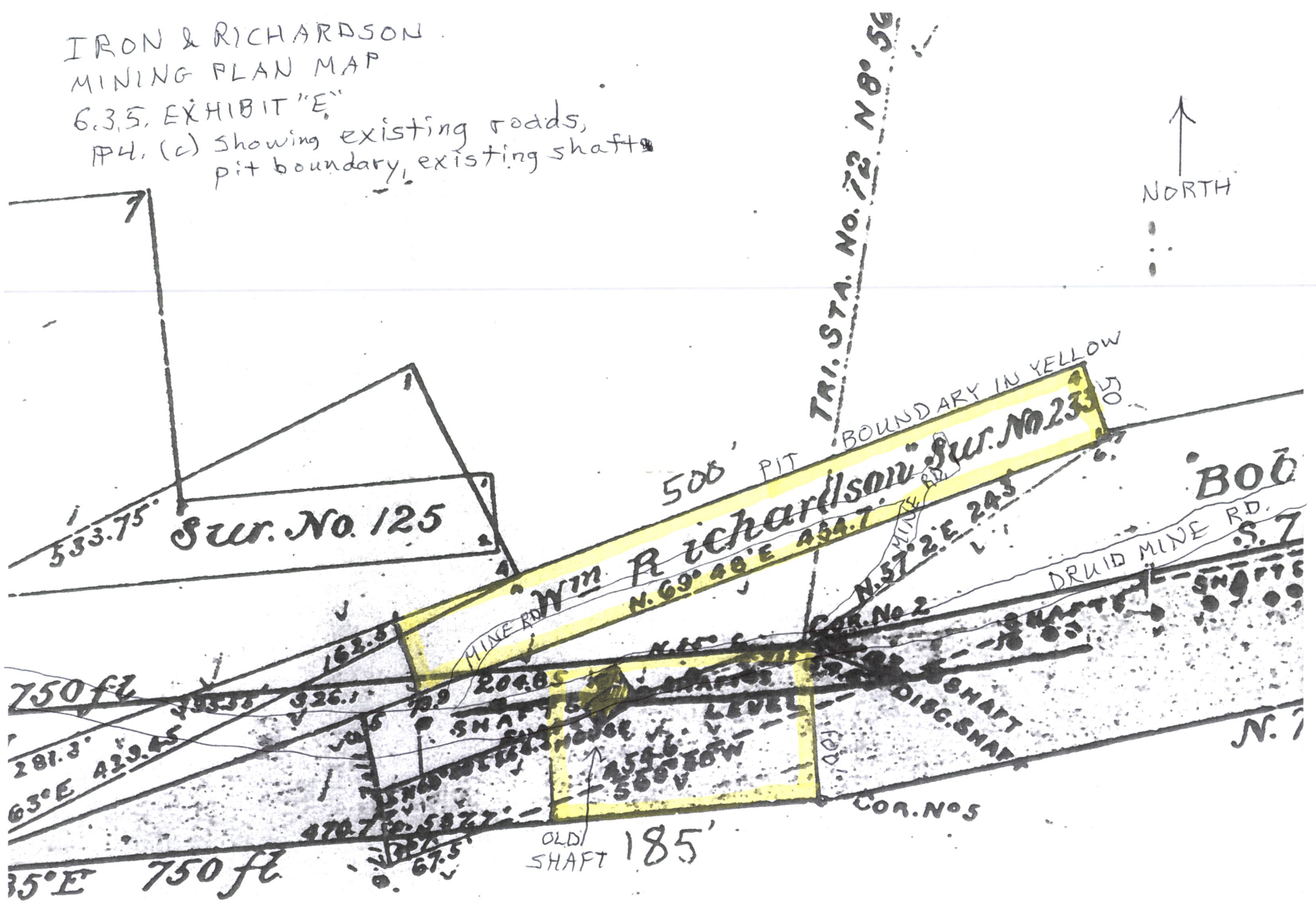
Red outline = 1 acre = Permit area (location approx. based on permit maps; N Area = 0.6 acre on Wm. Richardson + S Area = 0.4 acre on Iron)
Yellow outline = Approximate area of recent activities (based on 1/12/2022 inspection)
(Image data from 9/13/2019)



6.3.5. EXHIBIT "E"

6.3.5. EXHIBIT "E"
 PH. (c) showing existing roads,
 pit boundary, existing shafts

NORTH


$$1'' = \frac{75}{160} \text{ FT.}$$

1.0 Acres total Permit Area
Boundaries in yellow