



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.

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|--|--|---|-----------------------------|
| MINE NAME: Dawson Gold Mine | MINE/PROSPECTING ID#: M-2021-046 | MINERAL: Gold | COUNTY: Fremont |
| INSPECTION TYPE: Preoperation Inspection | INSPECTOR(S): Timothy Cazier, P.E. | INSP. DATE: September 15, 2021 | INSP. TIME: 12:30 |
| OPERATOR: Zephyr Gold USA Ltd | OPERATOR REPRESENTATIVE: Angela Bellantoni | TYPE OF OPERATION: 112d-2 - Designated Mining Operation | |
| REASON FOR INSPECTION: Preoperation Inspection | BOND CALCULATION TYPE: None | BOND AMOUNT: No Bond Held | |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: Mined Land Reclamation | |
| WEATHER: Clear | INSPECTOR'S SIGNATURE:  | SIGNATURE DATE: February 11, 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.

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

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

OBSERVATIONS

This was a pre-operation inspection conducted by the DRMS for a new permit. Present for the DRMS were Tim Cazier, Russ Means, Michael Cunningham, Lucas West and Patrick Lennberg. Angela Bellantoni, Tim Crawford, and Diana Sollner were also present representing the Applicant. The Dawson Gold Mine site is located approximately 4.5 miles southwest of Cañon City. The proposed site is restricted to private land with no federally managed land involved. The site was accessed from Temple Canyon Road/CR 3. The site was flown by the DRMS using a UAV (drone) to provide an aerial perspective of the site (see **Photos 1** and **2**).

Existing disturbances within the proposed permit area include the access road and historic/pre-law excavated mine development waste piles (see **Photo 3**). The site can be characterized as rugged terrain with rock outcrops, vegetated with a mixture of pinyon pine and juniper trees, oak brush, and grasses in open areas.

Photos 4 and **5** show the proposed filtered tailings storage facility (FTSF) location. **Photo 3** shows the proposed portal and mill locations.

Explosives: Blasting for the proposed underground mine is planned.

Fish and Wildlife: The closest perennial stream hosting fish is Grape Creek, about 1.25 miles north of the site. The unnamed drainage running through the site is normally dry and forms a confluence with Grape Creek about 3.3 stream miles downstream, to the northeast. A bear was observed in the area during the inspection.

Hydrologic Balance: This is a dry site. A lengthy discussion was held during the inspection on water rights; the expected underground mine pool; the potential need for water treatment related to the proposed filtered tailings storage facility (FTSF); and the use of mine water in the operation, noting that water from the mine would be recycled. The DRMS pointed out that existing, upgradient monitoring well M-21-46 is outside the permit and affected area boundaries, which has the potential for future access challenges. These issues are expected to be addressed in the adequacy review response from the Applicant.

Roads: Images of the existing access road were captured using the drone (see **Photos 1** and **6**) for comparison with future improvements. A new entrance off FCR 3/Temple Canyon Road is proposed roughly 450 feet west of the existing road (see **Photo 6**).

Right of Entry: The proposed permit area is all within private land for which the Applicant has demonstrated legal right of entry.

Signs and Markers: Survey stakes were observed marking the proposed boundary.

Structures: The access road was the only observed structure within 200 feet of the proposed affected area.

Please contact Tim Cazier (303)866-3567 ext. 8169 or email at tim.cazier@state.co.us if you have any questions regarding this report.

PHOTOGRAPHS

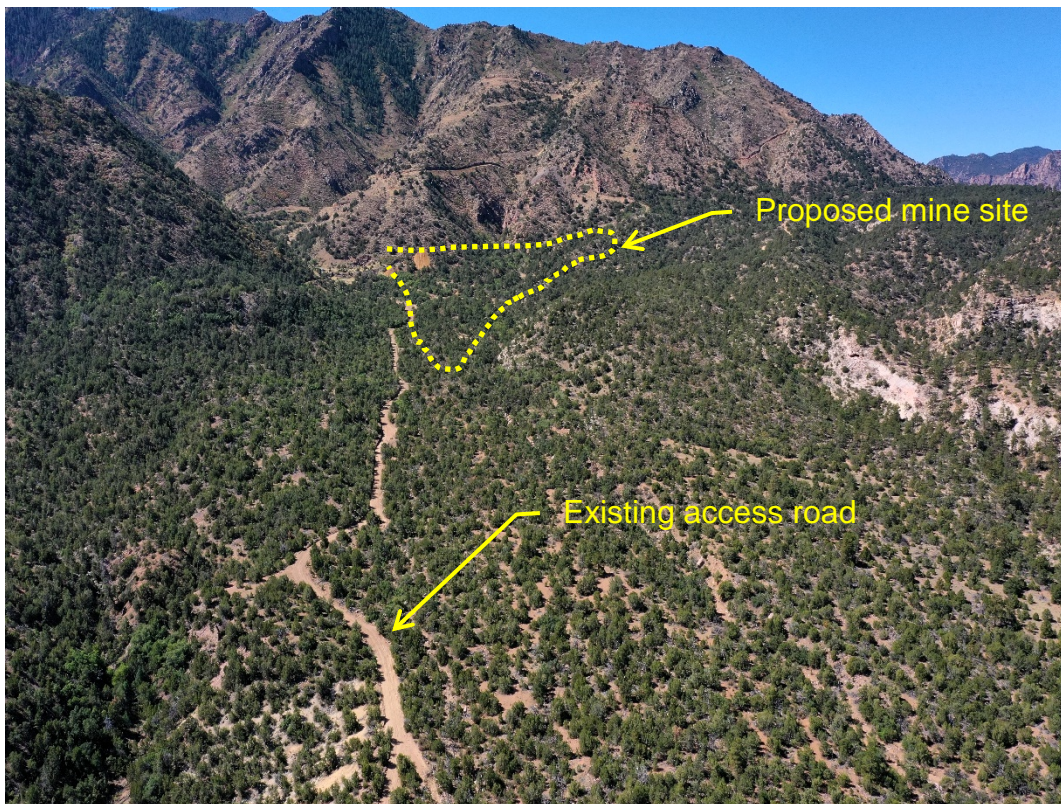


Photo 1. Access road and mine site from near FCR3 (looking SW).

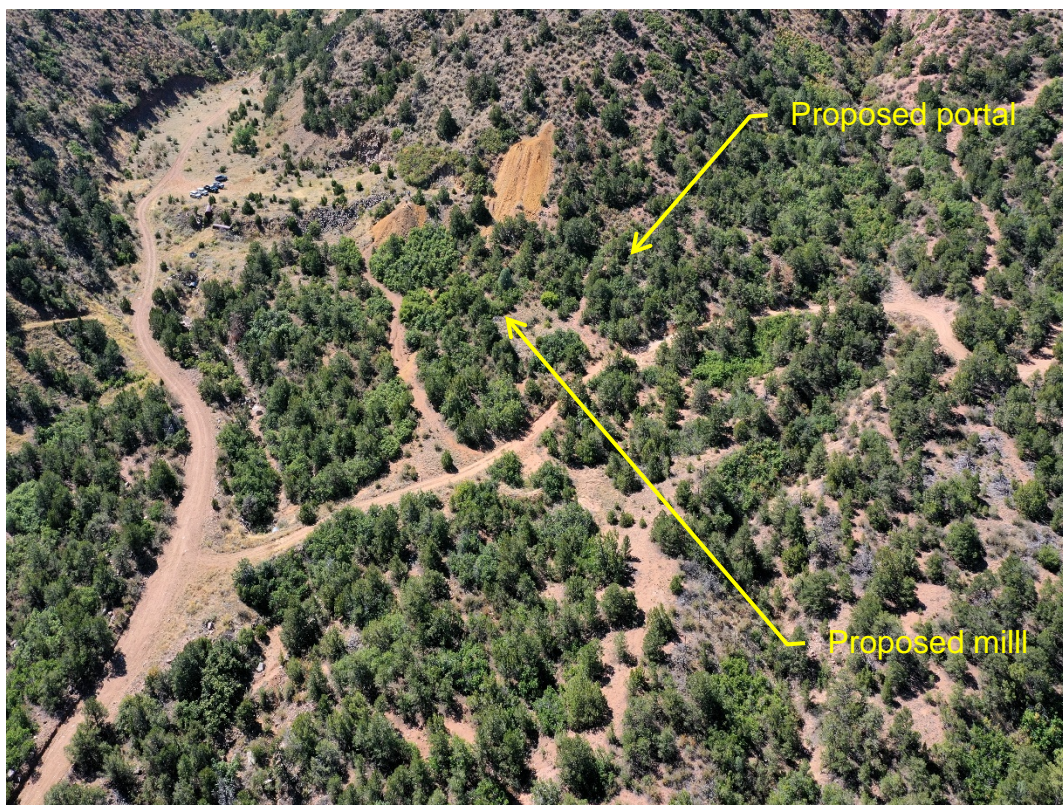


Photo 2. Proposed mine site (looking SW).

PHOTOGRAPHS (cont.)



Photo 3. Pre-law existing mine development waste piles (looking south).

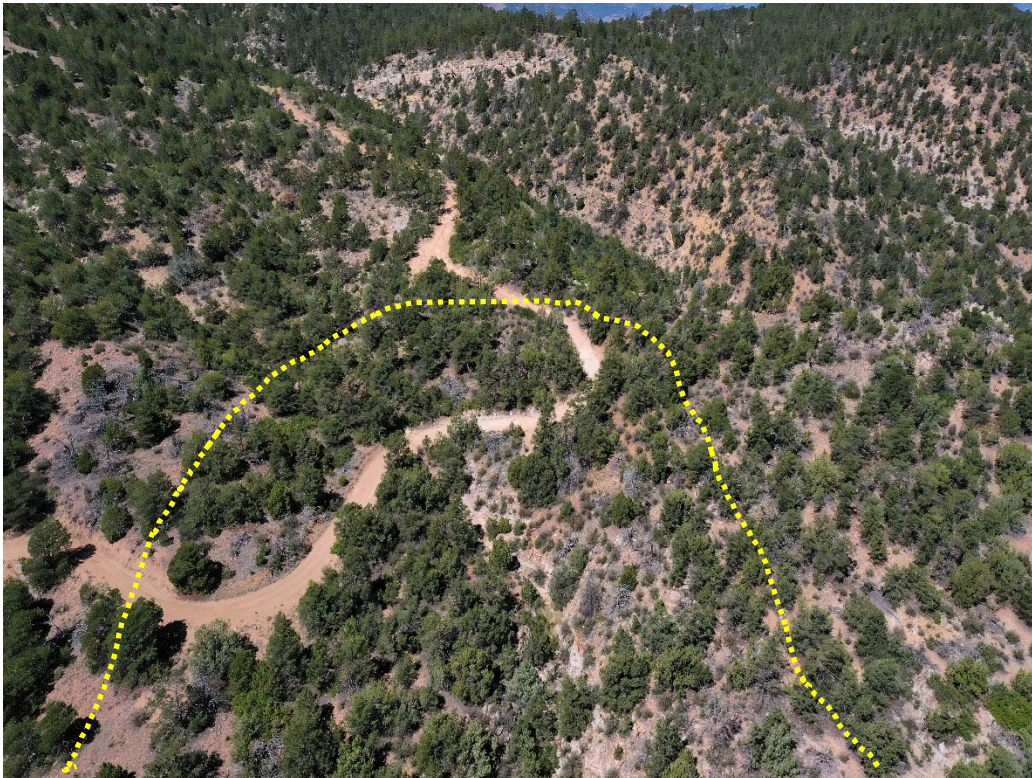


Photo 4. West end of proposed FTSF (looking west from near center of FTSF).

PHOTOGRAPHS (cont.)



Photo 5. East end of proposed FTSF (looking east from near center of FTSF).

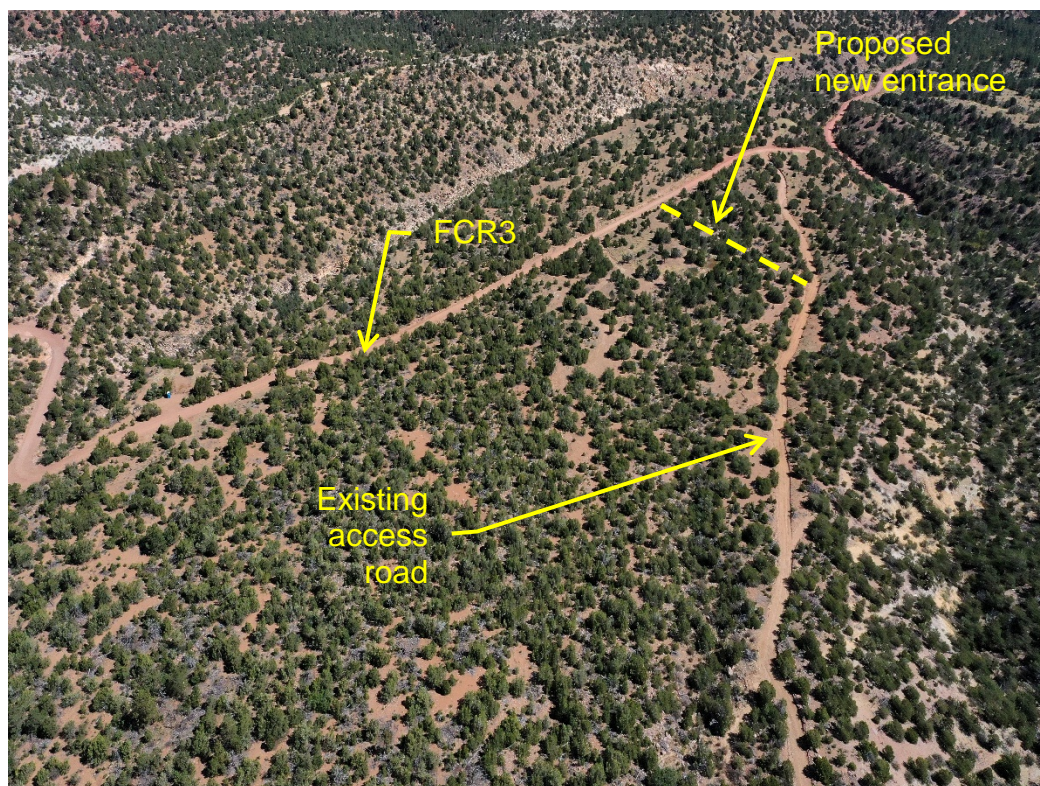


Photo 6. Existing access road from FCR3 and approximate location of proposed new entrance road (looking NE).

Inspection Contact Address

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