



Union Milling Contractors

P.O. Box 620490
Littleton, CO 80162-0490
+1.303.947.3499

9 June 2022

Division of Reclamation, Mining and Safety
Room 215, c/o Lucas West
1001 E. 62nd Avenue
Denver, CO 80216
303-866-3567 x8187
Lucus.West@state.co.us

RE: 2022 Annual Report, M1990-057 Leadville Mill

Dear Mr. West,

The Annual Report for mine permit M-1990-057 is filed, as well as the payment of \$518.00. The 110d Annual Report Form has been electronically submitted along with our Annual Fee Invoice and the Report is completed, signed and included with this documentation.

This annual report addresses the activities conducted on site from the previous period - June 18, 2021 to June 3, 2022 - and also addresses the proposed activities for the upcoming period from June 4, 2022 to June 3, 2023.

The moving of the historic tails, as approved in TR 5, and commenced in the prior reporting period was completed. The tailings facility was lined as approved by the Division in the 110(d) permit. CJK also ordered a metal building, crusher and other equipment which was also to be installed per the 110(d) permit. This equipment was delivered to site but was not installed. These activities did not result in additional disturbance on the property. No other disturbances have occurred at the Leadville Mill in the past 12 months; and no permanent reclamation activities have occurred at the Leadville Mill site within the past 12 months.

CJK submitted a 112(d)-permit application which among other upgrades, included the use of cyanide (CN) in an agitated leach gold and silver recovery process. The permit application was rejected by the Division and subsequently withdrawn. CJK ceased activity pending additional testing and design work to address identified issues and preparation and submission of a new permit application.

UMC will SOO the permit to CJK Milling Company, LLC upon the submission of the new permit.

If you have additional questions or need additional information, please contact me at 303-947-3499 or nmichael@unionmilling.com.

Sincerely,

Nick Michael
Member

attachments

Annual Report

The 110(d) Annual Report Form has been electronically submitted along with our Annual Fee Invoice and the CDRMS Report Request is completed, signed and included with this documentation. .

Property

Permit M-1990-057 includes the Leadville Mill. The permit operator is:

Union Milling Company, LLC (UMC)
P. O. Box 620490
Littleton, CO 80162-0490
nmichael@unionmilling.com

The Leadville Mill is located in the Northeast Quarter of the Northeast Quarter of Section 33, and the Southeast Quarter of the Southeast Quarter of Section 28, Township 9 South, Range 80 West. The county designated address is 13815 Highway 24, Lake County, Colorado. The owner of the Leadville Mill is:

CJK Milling Company LLC
33084 Bergen Mountain Rd.
Evergreen, CO 80439
gknippa@msn.com

Activities: June 18, 2021 to June 3, 2022

The mill remained idle, on care and maintenance status, with no production or milling occurring in the last 12-month period.

The Leadville Mill activities for the past 12 months are presented below.

1. Groundwater Quality Sampling. Monitoring wells MW-2 located at approximate coordinates N39°13'44.17", W106°19'59.98"", elevation 9701ft, and MW-3 located at approximate coordinates N39°13'49.87", W106°19'53.61", elevation 9744ft were tested. Locations are shown on the attached map.

Water samples have now been collected and tested for 30 consecutive quarters through Q1 2020. Results are summarized in **Exhibit 1**. In all testing, cyanide was not detected.
2. Surface Water Quality Sampling. Quarterly surface water quality sampling from three stations, SW-1 through SW-3 could not be performed due to insufficient stream flows to collect samples during the summer, fall, winter and spring sampling periods. Historic sampling of the perched aquifer within the TSF is no longer possible, as the TSF is now lined.
3. TSF Construction. The TSF was lined in September 2021, as permitted in the 110(d) permit.
4. Signage. Permanent mill permit identification signs (metal-style) were maintained on the main gate to the facility and on the mill building, identifying the UMC and our permit number.
5. Fencing. The barbed wire property boundary fence was repaired in various areas where it was broken by wildlife. Fence maintenance is required by our Lake County Conditional Use Permit.

6. Permit Boundary. Permit boundary stakes were maintained as required.
7. Mill Facility Activity. The mill buildings and equipment were maintained in preparation of reconditioning and restarting the mill. Xcel Energy replaced the pole mounted transformers with a pedestal transformer, and CJK hired an electrical contractor to refurbish/update the electric service. CJK purchased a crusher, screen and metal building to house this equipment, as well as a truck scale in preparation to complete mill improvements as permissible in the 110(d) permit. Given that the 112(d) permit application is withdrawn and mill is in care and maintenance, this equipment is now stored at the mill site.
8. Sediment Control. Sediment control measures were performed on an as needed basis (temporary straw wattle construction around the ore stockpiles, temporary historic tailings storage, and new tailings storage facility). Additionally, culverts were cleaned, and berms and roads were maintained as required.
9. Ore Stockpiles. Ore and tailings stockpiles remain covered for most of the year as required.
10. Weed Control. Weed control measures were performed as required and according to the weed management plan. Ongoing spraying activities have significantly reduced weeds on the property. Current practice involves walking around property and spraying weeds as required over the June – September growing season.
11. Permitting Activity.
 - UMC submitted a status report to the Lake County Commissioners as required by our Conditional Use Permit (CUP).
12. Reclamation/Bond. No permanent reclamation occurred at the mill in the last 12-month period. Additional interim stabilization activities continued within existing disturbed areas. An Irrevocable Letter of Credit remains in place for \$64,430 from the Bank of Colorado of Yuma, CO for the Leadville Mill bond.

Anticipated Activities: June 4, 2022 to June 3, 2023

Activity at the site will continue throughout the summer focusing on permissible activities. 112(d) permit activities will commence after the permit is approved. Work will continue year-round, weather permitting. All activity, as described below will be within the currently permitted disturbance area. The **Figure 1 Map** is submitted showing the current disturbance outline and major proposed activities within the current disturbance area.

UMC's planned activities for the year will include:

Environmental & Permit Activities:

- Expanded stakeholder engagement
- Continue Ground- and Surface-water monitoring activity as required.
- Continue routine care and maintenance activities as required by our 110(d) and Lake County CUP permits.
- Complete and submit a new 112(d) permit application, addressing new requirements
- Prepare and submit the CUP with Lake County

Engineering and Construction Activities:

- Expanded ground and surface water testing program. UMC will work with the Division to develop an approved plan for this monitoring
- Soil sampling and characterization

- Tailings characterization
- New tailings management plan
- Metallurgical testing to optimize process flowsheet
- Update electric service into mill to meet current standards and load requirements
- Construct crusher circuit, includes a building permit from Lake County. This is approved in current 110(d) and County CUP. However only after a detailed plan is submitted and approved by the Division. This submittal will be accompanied with an updated map showing the proposed activities.

Work Upon Approval of 112(d) Permit

- Install leach tank pad and leach tanks.
- Construct Au/Ag recovery circuit.
- Initiate mill startup. This assumes that Penn Mine Conditional Use Permit is obtained from Lake County, and all other permits to operate are granted.
- Initiate removal of the sulfidic ore in the temporary ore stockpiles within 60 days of resumption of milling operations.
- Commence and submit Permit Amendment to expand TSF.

Exhibit 1: Water Quality

**M1990-057
LEADVILLE MILL
Groundwater Test Results**

Table 3: TSF-Perched Acquirer

Analyte	Sample Date	Units	Boron (B)	Iron (Fe)
Method: 200.7 Rev 4.4 - Metals (ICP) Total Recoverable				
2016				
2016-Q3	28-Sep-16	mg/L		Data not collected
2016-Q4	30-Oct-16	mg/L		
2017				
2017-Q1	27-Mar-17	mg/L		
2017-Q2	26-Jun-17	mg/L		
2017-Q3	23-Sep-17	mg/L		
2017-Q4	04-Dec-17	mg/L		
2018				
2018-Q1	24-Mar-18	mg/L		
2018-Q2	01-Jun-18	mg/L		
2018-Q3	02-Sep-18	mg/L		
2018-Q4	15-Oct-18	mg/L		
2019				
2019-Q1	25-Mar-19	mg/L		
2019-Q2	29-Jun-19	mg/L		
2019-Q3	30-Sep-19	mg/L		
2019-Q4	08-Nov-19	mg/L		
2020				
2020-Q1	28-Mar-20	mg/L		
2020-Q2	07-Jun-20	mg/L		
2020-Q3	22-Aug-20	mg/L	0.510	880.000
2020-Q4	12-Oct-20	mg/L	0.150	0.000
2021				
2021-Q1	27-Mar-21	mg/L		
2021-Q2	29-Jun-21	mg/L		
2021-Q3	25-Sep-21	mg/L		
2021-Q4	04-Dec-21	mg/L		
STATISTICS				
Minimum		mg/L	0.150	0.000
Mean		mg/L	0.330	440.000
Maximum		mg/L	0.510	880.000
Standard Deviation		mg/L		
Method: 200.8 ICP/MS, Protocol: EPA				
Antimony (Sb)				
Arsenic (As)				
Barium (Ba)				
Beryllium (Be)				
Cadmium (Cd)				
Chromium (Cr)				
Cobalt (Co)				
Copper (Cu)				
Lead (Pb)				
Manganese (Mn)				
Molybdenum (Mo)				
Nickel (Ni)				
Selenium (Se)				
Silver (Ag)				
Thallium (Tl)				
Uranium (U)				
Vanadium (V)				
Zinc (Zn)				
Method 245.1 - Mercury (CVAA)				
Mercury (Hg)				
Method 300.0 Anions, Ion Chromatography				
Chloride				
Nitrite as N				
Fluoride				
Sulfate				
Nitrate as N				
Nitrate Nitrite as N				
Method: 9012A Total and/or Amenable, Protocol: SW846				
Cyanide (CN)				

Notes:

(1) A "0.000" value denotes NOT DETECTABLE laboratory result.

(2) A "blank" cell in the table denotes no data collected.

Figure 1 - Map

