




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: Monitoring	INSPECTOR(S): Lucas West	INSP. DATE: June 14, 2022	INSP. TIME: 09:50
OPERATOR: Battle Mountain Resources, Inc.	OPERATOR REPRESENTATIVE: Julio Madrid, Karen DeAgüero	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 18, 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>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>Y</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>N</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>Y</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 John Gillen of Newmont Mining, as well as Mark Abshire of Engineering Analytics Inc. 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. Eight 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. The interior of the plant can be seen in Photo One, the plant is in excellent condition, neat and well-kept and operating during the inspection. At the time of the inspection the RO system was treating and discharging water at approximately 580gpm 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. Recently, Pond 3 had been converted from an HDPE lined facility, to a concrete contained holding pond to make for easier maintenance and life of the pond. On site discussions indicate that Pond 2 is scheduled for similar upgrades in the coming weeks. To document the change, a Technical Revision was discussed in which the Operator should provide construction details and drawings of the ponds as well as an engineer certified as-built. The Division will continue to coordinate with the Operator on the details of the revision. The two ponds 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 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. The collection pond can be seen in Photo Six.

Located within the Tailings Storage Facility is the sludge storage cells for sludge generated from the water treatment operations. The storage cells were observed to be in good condition, in accordance with the

approved permit the Operator deposits the sludge and caps the cells, once full, with native material. The previous cell has been capped, and the next cell is being utilized. The cell currently in use can be seen in Photo Seven.

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 Eight. 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
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PHOTOGRAPHS

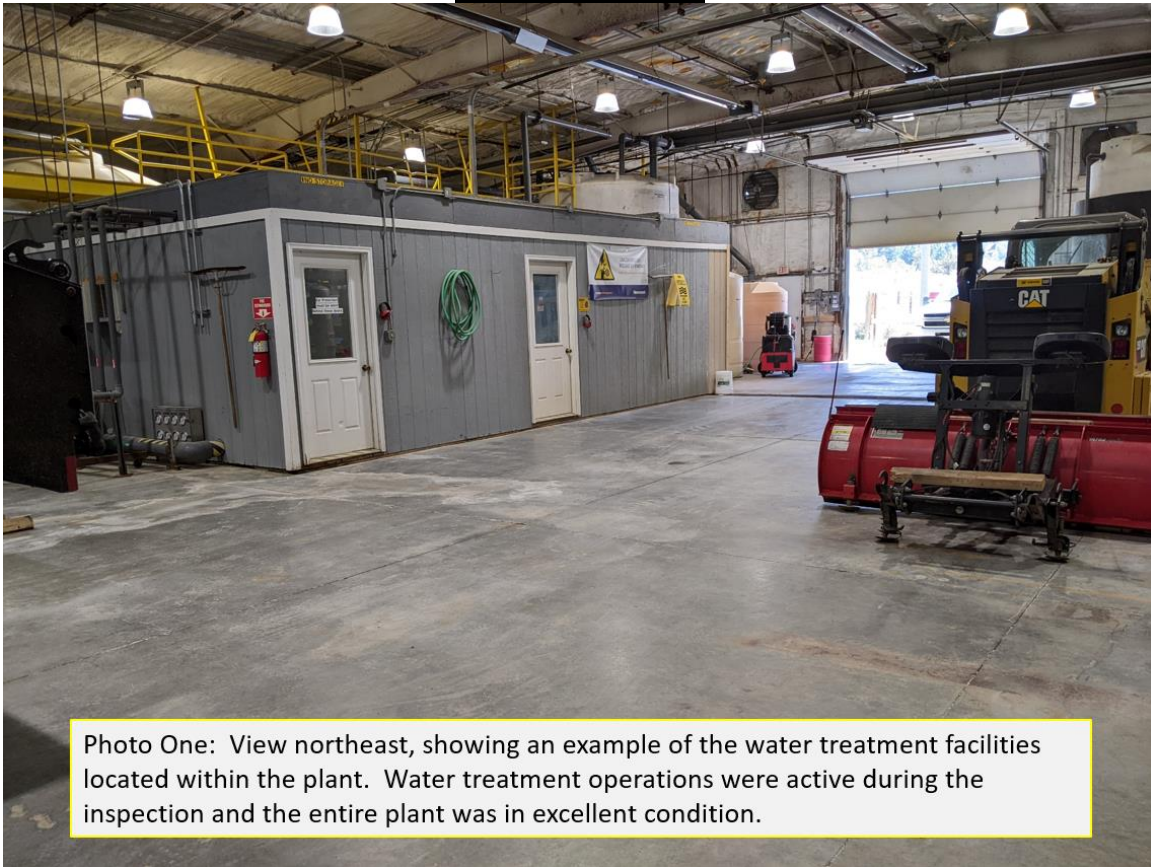


Photo One: View northeast, showing an example of the water treatment facilities located within the plant. Water treatment operations were active during the inspection and the entire plant was in excellent condition.

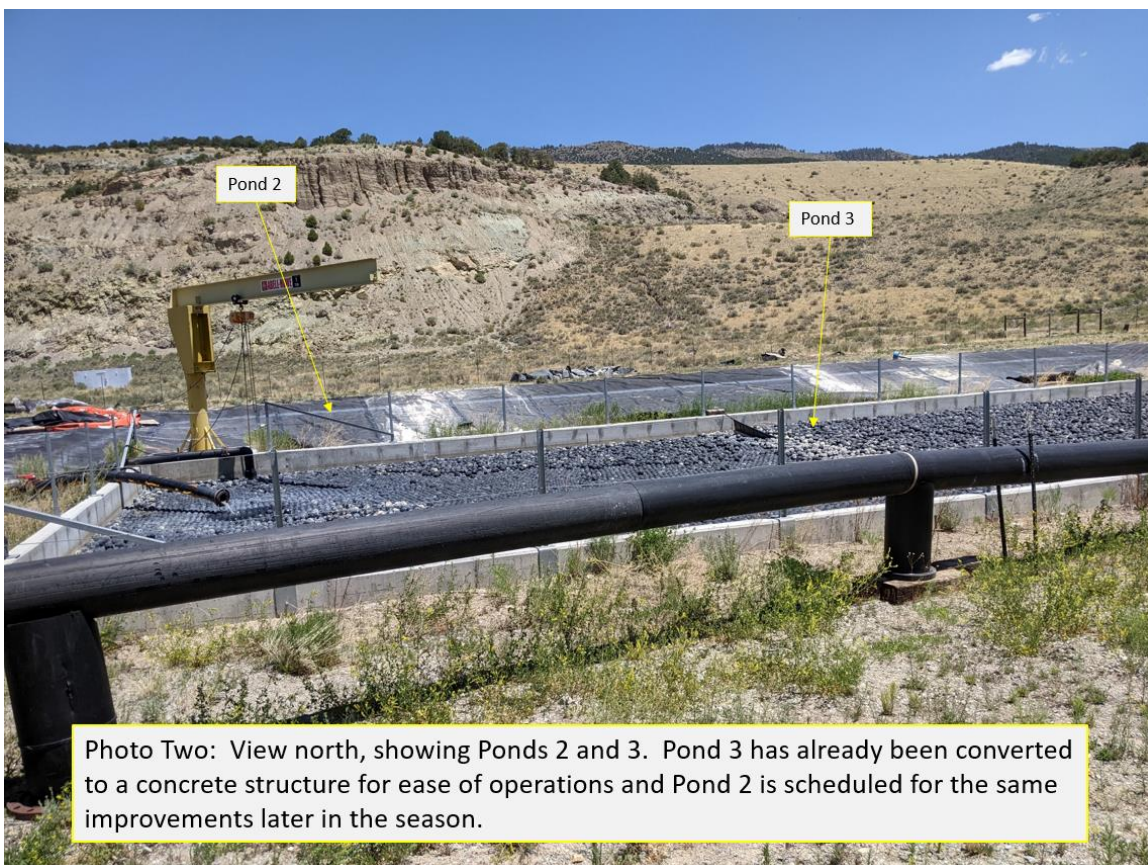


Photo Two: View north, showing Ponds 2 and 3. Pond 3 has already been converted to a concrete structure for ease of operations and Pond 2 is scheduled for the same improvements later in the season.

