



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.

MINE NAME: Dawson Gold Project	MINE/PROSPECTING ID#: P-2020-002	MINERAL: Gold	COUNTY: Fremont
INSPECTION TYPE: Surety Release Inspection	INSPECTOR(S): Timothy Cazier, P.E.	INSP. DATE: September 7, 2022	INSP. TIME: 12:00
OPERATOR: Zephyr Gold USA Ltd	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: MP - Mineral Prospecting	

REASON FOR INSPECTION: Surety Release Requested	BOND CALCULATION TYPE: Partial Bond	BOND AMOUNT: \$0.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: U.S.BLM	JOINT INSP. AGENCY: U.S.BLM
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 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>Y</u>	(RD) ROADS----- <u>NA</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>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>N</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>Y</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>Y</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 was a joint inspection with the Bureau of Land Management (BLM) conducted Tim Cazier (DRMS) as part of Zephyr Gold's (Zephyr) request for a full surety release. The Prospector, Zephyr Gold was informed of the inspection, but was unable to attend. Ms. Sophia Randall and Ms. Linda Skinner (BLM) were also present for the inspection. This Dawson Gold Project NOI site is located approximately 7.5 miles southwest of Cañon City, in Fremont County. The site was accessed from the Grape Creek trailhead off Temple Canyon Road/CR 3. It is an approximately 2.5 mile hike to the drill site from CR3.

A bond related inspection of Zephyr's other NOI (P-2013-002) was performed on 9/21/2022 and will be covered in a separate inspection report. For clarity in this report, P-2020-002 will be referred to as Dawson B, and P-2013-002 will be referred to as Dawson A.

Availability of Records: Annual fees are paid through June 2022. The previous inspection was on August 18, 2020. There are no open infractions. Both the surface and minerals are managed by the BLM. Abandonment reports were provided in October of 2020 and are complete.

Backfilling and Grading: There are no drill roads to be reclaimed and all holes were determined to be properly abandoned.

Financial Warranty: The DRMS holds a statewide bond of \$107,290 for Dawson B and Dawson A. At the time Dawson B was approved, the majority of the exploration holes for Dawson A had been documented as properly abandoned and sufficient bond was included for the proper abandonment of the holes proposed for Dawson B. The only additional bond added to the aforementioned statewide bond for Dawson B, was \$14,635 for helicopter access, which is no longer necessary. As Dawson A has not been released, part of the statewide bond must be kept for that NOI. The current bond estimate for Dawson A is \$73,439 (details provided separately with the Dawson A inspection report). As Dawson B is considered reclaimed and releasable, the DRMS will recommend release of the \$14,635 with the approval of this Dawson B release request.

Fish and Wildlife: No impact to wildlife was observed.

Hydrologic Balance: Abandonment reports indicate neither of the holes drilled for Dawson B encountered groundwater.

Gen. Compliance with Mine Plan: The exploration program has ceased and the site is considered reclaimed.

Right of Entry: Ms. Randall offered to check on the BLM NOI status required by the DRMS for right of entry. As the DRMS considers reclamation complete, right of entry is not required unless an appeal of the release is submitted and the Mined Land Reclamation Board upholds the appeal, requiring additional reclamation.

Reclamation Success: The holes appeared to be adequately capped and backfilled (see **Photo 1**). No discernable disturbance was observed at the pump house location (see **Photo 2**), nor along the route the water lines were located (see **Photo 3**).

Revegetation: No noxious weeds were observed. The drilling program minimized surface disturbance at the drill site and vegetation was comparable to that in the surrounding undisturbed areas (see **Photo 1**).

Sediment Control: No erosion problems were observed and no BMPs were needed at the time of the inspection.

No problems or concerns were observed. The DRMS will recommend approval of the final release request. You will be notified of our decision to release the Dawson B site (P-2020-002) under separate cover.

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. Drill site (looking SW – light gray caps visible, similar to surrounding rock outcrops).

PHOTOGRAPHS (cont.)



Photo 2. Former pump house location (adjacent to Grape Creek).



Photo 3. Partial water line rout – no discernable disturbance.

Inspection Contact Address

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