




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: Penn Mine	MINE/PROSPECTING ID#: M-2021-032	MINERAL: Silver and gold	COUNTY: Lake
INSPECTION TYPE: Monitoring	WEATHER: Clear	INSP. DATE: October 18, 2022	INSP. TIME: 12:10
OPERATOR: CJK Milling Company, LLC	OPERATOR REPRESENTATIVE: Steve Craig	TYPE OF OPERATION: 110(2) - Hard Rock Limited Impact	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE:	BOND AMOUNT: \$47,365.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: Other Agency	
INSPECTOR(S): Lucas West	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 8, 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>N</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>N</u>	(FW) FISH & WILDLIFE----- <u>N</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>N</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>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's Active Mines Program. The Penn Mine is listed as an Active 110(2) Operation for the surface extraction of historic hard rock waste rock piles for the recovery of Gold and Silver resources. The primary present land use is mining and the site will be reclaimed to support a forestry Post Mining Land Use. The Permit was issued on October 11, 2021 however activity at the site has not yet begun. Material from the site is intended to be processed at the Leadville Mill, Permit No M-1990-057. The site lies completely on private patented mining claims located approximately 2.5 miles East of Leadville, CO at 11,125 feet in elevation. Upon commencement of mining activities public access will be controlled by a locked gate but it is not installed at this time. In addition to inspector and Operator Representative listed on Page One of this report, Gary Knippa, Gary Slifka with CJK Milling Company and Linda Kiefer of the US Environmental Protection Agency were present during the inspection. The Division currently holds \$47,365.00 in Financial Warranty for the site. A reclamation Cost Estimate Update was not performed as a result of this inspection as activity has not yet begun. Three Photos accompany this report to illustrate the current site conditions.

The application details the removal and off-site processing of historic waste rock materials on a series of patented claims. The Permitted Area on the claims consists of 9.6 Acres. The proper mine identification signage was observed at the entrance to the site. The material was directly deposited on the surface by historic mining operations and ranges anywhere from 10 to 120 feet deep depending on the topography of the area in which it was deposited. Material will be screened for size and directly hauled to the mill site for processing. No equipment is currently on site. Examples of the piles to be excavated can be seen in Photos One through Three. The piles consist of deteriorated rock of varying size with mineral staining on the surface. The vegetative cover ranges from sparse to fairly dense and consists primarily of lodge pole pine trees. No evidence of recent settling, slumping or erosion was noted and all of the target material appeared stable at the time of the inspection. Evidence of recreational use of the area was noted, camp fire rings, utility vehicle tracks and some debris was observed. None of these items are considered a problem at this time and conversations with the Operator indicate cleanup efforts will take place prior to the commencement of mining activities. Additionally, at commencement of mining activities, storm water and erosion control structures will be installed.

The overall footprint of the site is in good condition as it is undisturbed by modern activities. No State Listed Noxious Weeds were noted and no problems or possible violations were noted. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety's Active Mines Program at 1001 East 62nd Ave, Room 215, Denver CO 80216. Direct contact can be made at the Division's Grand Junction Field Office, by phone at (303) 866-3567 Ext. 8187 or by email at lucas.west@state.co.us.

PHOTOGRAPHS





Photo Three: View East, showing the wide range of topography that the material was deposited on. Also visible is an example of the varying vegetative cover that currently exists on site.

Inspection Contact Address

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