




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	WEATHER: Clear	INSP. DATE: December 27, 2022	INSP. TIME: 11:30
OPERATOR: Battle Mountain Resources, Inc.	OPERATOR REPRESENTATIVE: Julio Madrid, Steve Carino	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE:	BOND AMOUNT: \$7,400,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
INSPECTOR(S): Lucas West	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: January 12, 2023	

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>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>N</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</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 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. Julio Madrid and Steve Carino 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. Six Photos accompany this report to illustrate the current site conditions.

The main focus of this inspection was the final construction inspection of Ponds 2 and 3 which were the focus of Technical Revision 36. Under TR-36 the Operator proposed to convert the two holding ponds for water treatment operations to a concrete lined system to replace the aging HDPE liners in the ponds. The two lined ponds are Environmental Protection Facilities (EPF) as part of the Environmental Protection Plan (EPP). Pursuant to Hard Rock and Metals Mining Rule 7.4 construction or modifications to EPF's require incremental inspections and certification. At the time of the inspection all concrete work on both ponds had been completed. Pond 3, shown in Photos One and Two had been completed previously and all QA/QC documentation has been received. The pond contained water that was actively being pumped into the RO treatment system. All concrete and backfilling work appears to meet the design specifications and the QA/QC documentation shows all parameters were achieved. The pond is covered with bird balls in accordance with their permit.

Pond 2, Shown in Photos Three and Four, has had the concrete work completed. The QA/QC documentation is forthcoming, however all tests were completed during construction and the Operator confirmed that all specifications were achieved. The areas around the pond were actively being backfilled at the time of the inspection. The area around the pond can be seen in Photos Five and Six. The area between Pond 2 and 3 was being excavated down to be backfilled and compacted in lifts. During the inspection, winter temperatures had frozen the ground and it was agreed that the excavation, backfill and compaction work could wait until conditions allowed.

Both ponds are in excellent condition and appear to be constructed in compliance with the design specifications. Once the Division receives the as-build package from the Operator, including all QA/QC documentation the EPF's can be certified. In addition to the ponds, the overall footprint of the site that was observed was in excellent condition. 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, Room 215, 1001 E. 62nd Ave, 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

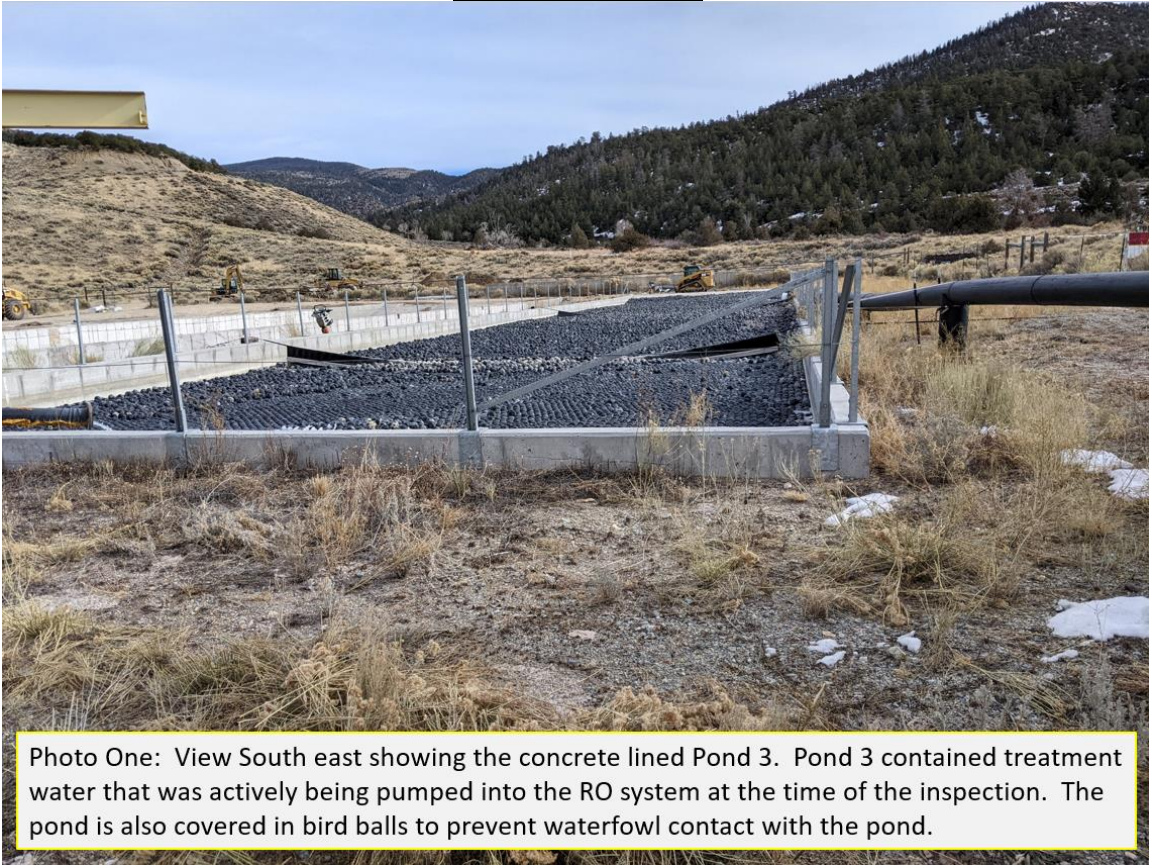


Photo One: View South east showing the concrete lined Pond 3. Pond 3 contained treatment water that was actively being pumped into the RO system at the time of the inspection. The pond is also covered in bird balls to prevent waterfowl contact with the pond.



Photo Two: View Northeast, showing another portion of Pond 3. The pond is in excellent condition and all components of the pond are functioning as designed.





Photo Five: View East, showing the backfill and compaction work being completed around the perimeter of Pond 2.



Photo Six: View East, showing the backfill and compaction work actively being conducted. The backfill is compacted in lifts, then will eventually be blended with the surrounding area to ensure proper drainage.

Inspection Contact Address

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