




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.

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| MINE NAME: Golden Wonder Mine | MINE/PROSPECTING ID#: M-1978-091-UG | MINERAL: Gold | COUNTY: Hinsdale |
| INSPECTION TYPE: Multi Person Inspection | WEATHER: Clear | INSP. DATE: September 25, 2024 | INSP. TIME: 09:10 |
| OPERATOR: LKA International Inc. | OPERATOR REPRESENTATIVE: Kye Abraham | TYPE OF OPERATION: 110d - Designated Limited Impact | |

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| REASON FOR INSPECTION: Normal I&E Program | BOND CALCULATION TYPE: None | BOND AMOUNT: \$166,046.10 |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None |
| INSPECTOR(S): Lucas West | INSPECTOR'S SIGNATURE:  | SIGNATURE DATE: October 8, 2024 |

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

INSPECTION TOPIC: other

PROBLEM/POSSIBLE VIOLATION: Problem: Trash and refuse was noticed on the site. This is a problem at this time for failure to dispose of refuse in a manner that controls unsightliness or deleterious effects of such refuse pursuant to C.R.S. 34-32.5-116(4)(e). Specifically, drill core boxes are spread across the pad of the 3 Level Portal and have been wind blown into the surrounding areas.

CORRECTIVE ACTIONS: The operator shall submit a written notice to the Division with photo documentation, that the trash has been removed from the site by December 2, 2024.

CORRECTIVE ACTION DUE DATE: 12/02/24

INSPECTION TOPIC: Support Facilities On-site

PROBLEM/POSSIBLE VIOLATION: Problem: Additionally, the closure of the 3 Level Portal was found unsecured, and access to the 3 Level Portal Pad was unsecured. This presents a significant safety hazard, access to the disturbed area should be controlled, and the Portal closure should be secured when not in use.

CORRECTIVE ACTIONS: The Operator shall submit a written report to the Division with photo documentation, showing that the portal closure has been secured, and public access is controlled in some manner. The report and photo documentation shall be submitted no later than Monday December 2, 2024.

CORRECTIVE ACTION DUE DATE: 12/02/24

OBSERVATIONS

This inspection was conducted as part of the normal monitoring program for active mines, established by the Colorado Division of Reclamation, Mining and Safety's Active Mines Program. The Golden Wonder Mine is listed as an active 110-d Operation, located in Hinsdale County, approximately 2.5 miles southeast of Lake City at an elevation of 9895 feet. Public access to the site is controlled by a series of locked gates. The permit area consists of 3.5 acres in support of the underground extraction of gold and the approved reclamation plan supports a post-mining land use of wildlife habitat. In addition to the Operator and Inspector listed on Page One of this Report, Cameron Wilkins and Liam Junk of the Colorado Department of Public Health and Environment's Field Services Division were present during the inspection. The Division currently holds \$136,046.10 in financial warranty for the site. A reclamation cost estimate was not performed as a result of this inspection but will be conducted and sent to the Operator under a separate cover. Eleven photos accompany this report to illustrate the observed site conditions.

The site was not active during the day of the inspection, and various mining related equipment is stored on site. The proper mine identification sign was posted at the entrance to the site, and the permit boundaries were easily identifiable. The permit area consists of two major components, the 6-level portal area and up gradient lies the 3-level portal area. The 6-level portal area is the focus of the mining operation and contains the portal, portal pad, shop facility, mine water collection pond, stormwater collection pond, crusher area, materials storage areas and waste rock dump. The 6-level portal area was closed and secured with a locking metal gate, seen in Photo One. The closure was verified secure and showed no signs of vandalism or attempted unauthorized entry. At the time of the inspection, the portal was not discharging, however for most of the year a discharge is present. The average discharge typically flows at approximately .5 to 1 gallon per minute (GPM). When the portal is discharging, mine water is routed to the lined mine water collection pond, shown in Photo Two. The mine water collection pond is lined with a synthetic liner and is in marginal condition. The pond also acts as a settling pond for suspended solids contained within the mine discharge and sediment build up was observed in the bottom of the pond. The pond level was low, as a result of pumping and treating operations carried out by the Operator in July of this year. The Mine water pond can be seen in Photo Three. Located adjacent to the mine water collection pond, is one of the mine water treatment tanks shown in Photo Four. The tank holds approximately 5,000 gallons and was empty at the time of the inspection apart from minor amounts of sediment. Visual evidence of impaired water quality was also observed on the tank in the form of red staining around the base of the tank. There is also a smaller treatment tank, used to hold treated water prior to discharge that holds approximately 1200 gallons. This tank was full of treated water, awaiting discharge.

Mine water treatment is achieved by the addition of chemicals to achieve water quality standards, and discharge via PVC pipe to the collection sump located down gradient in Deadman Gulch. The sump was observed and can be seen in Photo Five. The sump acts as a collection and mixing pond for mine discharge water, as well as waters from Deadman Gulch that have been routed around the disturbed area. The sump contained no water and is in similar condition to the Division's previous inspection.

Stormwater flows are controlled along the access road leading to the 6-level portal area by way of a bar ditch and periodic culverts before reaching the pad. Three culverts have been installed along the access road and were observed to be able to function as designed. Storm water collected on the pond and lower portion of the access road is routed to the Storm Water Collection Pond adjacent to the Shop building. The pond can be seen in Photo Six and similar to the mine water collection pond is lined with a synthetic liner. At the time of the inspection the water level was high, and the Operator was advised to pump the water into the treatment tank for increased capacity for the coming winter. Since the date of the inspection, the Operator has completed pumping the Storm Water Pond down and provided photo documentation to the Division. Therefore, it is not considered a problem at this time.

Other surface facilities associated with the 6-level portal area include a shop facility, shown in Photo Seven, which is in good condition and was secure. The shop facility shows no signs of damage, vandalism or attempted unauthorized entry. Adjacent to the shop lies a diesel-powered generator, storage container and crusher equipment used for sizing ore material prior to exportation. Located at the shoulder of the portal pad, lies the waste rock dump. The waste rock dump appeared stable at the time of inspection but did show signs of minor erosion along its face. These erosional features should be monitored by the Operator in the future. The materials storage area is located just to the north of the portal and consists of a concrete pad with pre-cast blocks used as walls and a low-grade ore stockpile.

Throughout the 6-level portal area, various mining related debris and equipment is scattered. The Operator should conduct an extensive site cleanup and organization as soon as is practical. With the impending winter conditions, access to the site will soon become impossible, and therefore should be conducted as soon as possible.

The secondary portion of the permit area is the 3-level portal area. This area consists of a portal, portal pad, waste rock dump and equipment storage areas. The three level portal, shown in Photo Eight, was observed to be unsecured and open. The chain appears to have been cut at some point allowing uncontrolled access. Also, the cable gate that usually prevents unauthorized access to the 3-level area was down. This presents a significant safety hazard, access to the disturbed area should be controlled, and the Portal closure should be secured when not in use. The Operator shall submit a written report to the Division with photo documentation, showing that the portal closure has been secured, and public access is controlled in some manner. The report and photo documentation shall be submitted no later than **Monday December 2, 2024**

Unlike the 6-level portal, the 3-level portal does not have an associated discharge. The portal pad and waste rock dump appeared stable at the time of the inspection and no signs of settling, slumping or erosion was noted. Various mining related equipment is stored at the 3-level portal area and is scattered and disorganized. As is the case with the 6-level area, a general site cleanup and organization should be conducted as soon as possible.

The 3-level portal area has been used as a staging area for drilling operations associated with the Operator's currently held NOI, file no P-2018-010. As a result of using the area for staging, a significant pile of cardboard drill core boxes was left unsecured on site. The main pile, seen in Photo Nine has been exposed to the elements and dispersed across the site and surrounding areas by wind. Photos Ten and Eleven show the scattered boxes that were observed. This is being cited as a problem for failure to dispose of refuse in a

manner that controls unsightliness or deleterious effects of such refuse pursuant to C.R.S. 34-32.5-116(4)(e). The Operator shall conduct cleanup and removal of all associated trash and debris, specifically the cardboard drill core boxes at the 3 level. Cleanup efforts should be conducted, and the Operator shall provide photo documentation that all items have been removed from the site. Photo documentation should be received by the Division no later than **Monday December 2, 2024**.

The overall footprint of the site is in marginal condition, extensive site cleanup and organization should be conducted as soon as conditions allow. No evidence of settling, slumping or erosion was noted during the inspection and no state-listed noxious weeds were identified. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety 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 303-919-2997 or by email at lucas.west@state.co.us.

Inspection Contact Address

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CC: Travis Marshall, DRMS
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Liam Junk, CDPHE

PHOTOGRAPHS





Photo Three: View Southeast, showing the Mine Water Pond. The pond has been pumped down and treated and appears to contain enough freeboard for the coming winter months.



Photo Four: View Southeast showing one of the Mine Water Treatment Tanks on site. The tank is mostly empty and shows visible signs of water quality impairment.



Photo Five: View South, showing the discharge sump located in Deadman's Gulch. The sump is in similar condition to the Division's previous inspection.



Photo Six: View South, showing the Storm Water Pond located on the portal pad. The pond was full at the time of the inspection; however, the Operator has provided photo documentation that it has been pumped into the 5,000-gallon treatment tank.





Photo Nine: View West, showing the main pile of discarded drill core boxes that needs to be removed as part of the Corrective Actions.



Photo Ten: View Southeast, showing the wind-blown drill core boxes that need to be removed as part of the Corrective Actions.



GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

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| (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>N</u> | (EX) EXPLOSIVES----- <u>N</u> |
| (PW) PROCESSING WASTE/TAILING---- <u>N</u> | (SF) PROCESSING FACILITIES----- <u>PB</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>Y</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>Y</u> |
| (AT) ACID OR TOXIC MATERIALS----- <u>Y</u> | (OD) OFF-SITE DAMAGE----- <u>Y</u> | |

Y = Inspected / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited