



COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
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: Alma Placer Mine	MINE/PROSPECTING ID#: M-1985-029	MINERAL: Gold	COUNTY: Park
INSPECTION TYPE: Surety Reduction Inspection	INSPECTOR(S): Tom Kaldenbach	INSP. DATE: September 28, 2012	INSP. TIME: 13:15
OPERATOR: High Mountain Mining Co., LLC	OPERATOR REPRESENTATIVE: Jim Murray, Greg Lewicki, Mary Burns	TYPE OF OPERATION: 112 - Hard Rock Regular Operation	

REASON FOR INSPECTION: Surety Related	BOND CALCULATION TYPE: Partial	BOND AMOUNT: \$200,878.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: <i>Tom Kaldenbach</i>	SIGNATURE DATE: January 10, 2013

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>NA</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>Y</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(SB) COMPLETE INSP---- <u>NA</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>NA</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</u>	(OD) OFF-SITE DAMAGE----- <u>NA</u>	(ST) STIPULATIONS----- <u>NA</u>

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

OBSERVATIONS

Financial Warranty

This was a follow-up inspection to the June 7, 2012 inspection in which DRMS prepared a reclamation cost estimate (the "June estimate") and determined the required financial surety (bond) to be \$302,247. This inspection was also a surety reduction inspection. During the current inspection Jim Murray and Greg Lewicki represented the operator for the placer operation, and Mary Burns represented the operator for the gravel operation. The ground on the site was dry.

The purpose of this inspection was to verify the accuracy of the information provided in Surety Reduction request SR-02 submitted by the operator on September 25, 2012. The SR-02 request proposes a required bond amount of \$184,111, which is \$117,436 less than the amount of required bond compared to the \$302,247 required amount determined in the June estimate (see summary below). The requested reduction of \$117,436 is composed of \$97,532 for completed reclamation and corrections to dimensions of structures, and \$19,904 that will result from designation of the gold mill building and part of the gold operation office building as permanent structures. (Designation of the permanent structures was approved following this inspection on October 10, 2012 in Technical Revision TR-09.)

Table 1 – Comparison of June estimate and SR-02 estimate

June estimate (prepared by DRMS)	
Gold operation	\$178,789
Gravel operation	<u>\$123,458</u>
Total	\$302,247
SR-02 estimate (prepared by operator)	
Gold operation	\$126,803
Gravel operation	<u>\$58,008</u>
Total	<u>\$184,811</u>
Difference (June estimate, minus SR-02 estimate)	<u><u>\$117,436</u></u>

The completed reclamation on the gold operation that was being verified in this inspection was the demolition and removal of the 20,000-gallon tank and prep plant that are shown in Task 002 of the June estimate. The completed reclamation on the gravel operation that was being verified was the wash plant and screen plant that are shown in the June estimate. In addition, the SR-02 application provides dimensions and other information about structures on the gravel operation that are different from those shown in the June estimate. These dimensions and other information was also being verified during this inspection. Backfilling,

grading, and revegetation costs in the June estimate are approximately the same as those in SR-02 estimate. Based on field observations made during this inspection, the information provided in the SR-02 estimate appears accurate, and the estimate warrants requiring total bond in the amount of \$184,811.

PHOTOGRAPHS



Photo 1 – Gravel operation



Photo 2 – Gravel operation. Concrete that is imported to the site, is processed, then hauled offsite (is not used for backfill).



Photo 3 – Gravel operation. Asphalt that is imported to the site, is processed, then hauled offsite (is not used for backfill).



Photo 4 – Gold operation. Recent regrading.



Photo 5 – Gold operation. Regrading of reclaimed area being conducted during inspection.



Photo 6 – Gold operation. Recently regraded area.



Photo 7 – Gold operation. Recently regraded area.



Photo 8 – Gold operation.



Photo 9 – Gold operation. New mill building footers and steel structure.



Photo 10 – Gold operation. Office building and old processing plant building.

Inspection Contact Address

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Enclosure

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