



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: Dawson Gold Project	MINE/PROSPECTING ID#: P-2013-002	MINERAL: Gold	COUNTY: Fremont
INSPECTION TYPE: Monitoring	INSPECTOR(S): Timothy A. Cazier	INSP. DATE: March 20, 2019	INSP. TIME: 09:40
OPERATOR: Zephyr Gold USA Ltd	OPERATOR REPRESENTATIVE: Angela Bellantoni	TYPE OF OPERATION: MP - Mineral Prospecting	

REASON FOR INSPECTION: Normal I&e Program	BOND CALCULATION TYPE: Partial Bond	BOND AMOUNT: \$92,655.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: U.S.BLM	JOINT INSP. AGENCY: U.S.BLM
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: May 9, 2019

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: Backfilling & Grading

PROBLEM/POSSIBLE VIOLATION: Problem: The financial warranty for trenching (\$90 in 2013) was released with the approval of surety reduction SR-1 in 2013. The original NOI approval required immediate backfill of trenches.

CORRECTIVE ACTIONS: Backfill the exploration trenches by the corrective action due date AND if additional trenches are anticipated, an NOI modification is required to properly adjust the financial warranty.

CORRECTIVE ACTION DUE DATE: 6/10/19

INSPECTION TOPIC: Other

PROBLEM/POSSIBLE VIOLATION: Problem: A petroleum product spill has occurred at the site (drill pad CK-18-08) which has impacted soils, surface water or groundwater.

CORRECTIVE ACTIONS: The operator shall immediately remediate the spill and submit a final report to the Division containing a description of how the spill was cleaned up and photo documentation.

CORRECTIVE ACTION DUE DATE: 6/10/19

OBSERVATIONS

This inspection was conducted as part of the regular monitoring program. The Prospector, Zephyr Gold was represented by Ms. Angela Bellantoni (Environmental Alternatives) during the inspection. Ms. Stephanie Carter (BLM) was also present for the inspection. The Dawson Project site is located approximately 4.5 miles southwest of Cañon City, in Fremont County. The site was accessed from Temple Canyon Road/CR 3.

Availability of Records: Annual fees are paid through March 2019. The previous inspection was on September 29, 2016. There are no open infractions. Borehole abandonment reports were received for 11 holes (WG-18-37 through WG-18-40, DA-18-12 through DA-18-17, and CK18-08) on December 12, 2018. All 11 reports documented appropriate abandonment of the boreholes.

Backfilling and Grading: This project allows new roads and road improvements, most of which are on land managed by the BLM. The new roads are required to be reclaimed. No significant improvements have been mad to existing roads, only grading/blading for maintenance was observed. Grout seals were observed for all 11 holes for which abandonment reports were submitted. Some drill pads need to be graded to match the adjacent slopes. **Table 1** below summarizes the status of the drill pads, casings and mud pits for each hole. Additional reclamation work is required as noted.

Prior to this inspection, no trenching had been observed on site and the financial warranty for trenching was released in August of 2013. Four exploration trenches were observed (see **Photos 1, 2 and 3**). **The existence of these four trenches are cited as a Problem on page 1 of this report.**

Financial Warranty: The \$92,655.00 bond held by the Division is adequate for the observed disturbance with the exception of the aforementioned trenches. **If the required corrective action to backfill the trenches is not accomplished by the corrective action due date, a modification to the NOI will be required.**

Fish and Wildlife: No impacts to fish or wildlife were observed.

Hydrologic Balance: No standing water was observed and the borehole abandonment reports indicated no groundwater was encountered.

Roads: Access roads are cut and cast construction (see **Photo 4**) and did not appear to be a source of sediment that could be tracked offsite.

Reclamation Success: The only reclamation completed at the time of the inspection was the borehole abandonment (see **Photo 5**). Some drill pads observed showed evidence of complete (see **Photo 6**) or partial backfill (see **Photo 7**) of the mud pits. **Table 1** summarizes the status of reclamation. No other grading or seeding had been initiated.

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

Storm Water MGT Plan: **Petroleum product staining was observed at CK-18-08 drill site (see Photos 8 and 9) and is cited as a Problem on page 1 of this report.**

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.

Table 1 – Drill Site Reclamation Summary

Drill Hole Number	Hole Casing	Mud Pit	Drill Pad	Notes
DA-18-12	Not observed, acceptable	Backfill, grade and seed required	Existing (pre-law?) surface	
DA-18-13	May have to cut back below final grade once drill pad is pushed down	Backfill, grade and seed required	Push up to blend with land surrounding that excavated for the pad, grade and seed	
DA-18-15 & 17	Cut drill casing below ground surface	Backfill or spread topsoil, grade and seed required	Grade, blend with topo and seed required	
DA-18-16	Not observed, acceptable	Backfill or spread topsoil, grade and seed required	Grade, blend with topo and seed required	According to L. Komperdo, this is an historic pad <i>DRMS concurs after review of Google Earth historic images</i>
L58W 550N & L58W 500N	N/A	N/A	Backfill hole and seed required	According to L. Komperdo this is a geophysical sample site
DA-18-14	Not observed, acceptable	Backfill, grade and seed required	Grade, blend with existing road topo and seed required	
CK-18-08	Not observed, acceptable	Acceptable	Clean up oil stained soil required	According to L. Komperdo this pad was constructed in 2017, used in 2018.
WG-18-39	Not observed, acceptable	Not observed, acceptable	Acceptable	Drill pad at switchback in existing road
WG-18-37	Not observed, acceptable	Acceptable	Not observed, acceptable	Drill pad in existing road
WG-18-40	Not observed, acceptable	Acceptable	Pad will be reclaimed during road reclamation	
WG-18-38	Not observed, acceptable	Evident but will be reclaimed when road is reclaimed.	Pad will be reclaimed during road reclamation	

PHOTOGRAPHS



Photo 1. Exploration trenches north of DA-18-13 (looking east).



Photo 2. Eastern most exploration trench (looking south).

PHOTOGRAPHS (cont.)



Photo 3. Third exploration trench (looking south).



Photo 4. Typical access road cut and cast construction (between DA-18-14 & CK-18-08).

PHOTOGRAPHS (cont.)



Photo 5. Typical borehole abandonment surface cement plug (drill pad DA-18-13, looking south).



Photo 6. Complete mud pit backfill (drill pad WG-18-37, looking north).

PHOTOGRAPHS (cont.)



Photo 7. Partial mud pit backfill (drill pad DA-18-16, looking south).

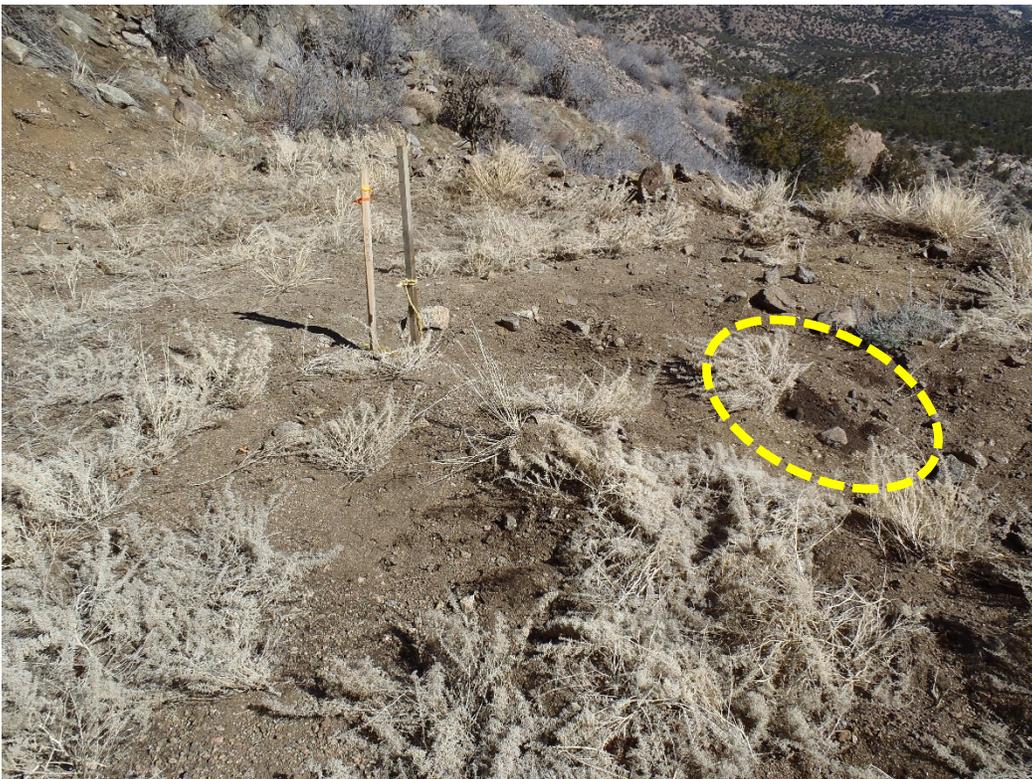


Photo 8. CK-18-08 drill site (looking NW, product spill circled).

PHOTOGRAPHS (cont.)



Photo 9. Petroleum product spill on CK-18-08, requiring cleanup.

GENERAL INSPECTION TOPICS

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

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>PB</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>NA</u>	(SP) STORM WATER MGT PLAN---- <u>PB</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(ST) STIPULATIONS----- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</u>	(OD) OFF-SITE DAMAGE----- <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

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Enclosure

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