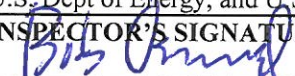




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Burros Mine	MINE/PROSPECTING ID#: M-1977-297	MINERAL: Uranium & vanadium	COUNTY: San Miguel
INSPECTION TYPE: Monitoring	INSPECTOR(S): Bob Oswald	INSP. DATE: July 29, 2014	INSP. TIME: 13:00
OPERATOR: Gold Eagle Mining, Inc.	OPERATOR REPRESENTATIVE: Don Coram	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Partial Bond	BOND AMOUNT: \$100.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: U.S. Dept of Energy, and U.S. BLM	JOINT INSP. AGENCY: U.S. Dept of Energy, and U.S. BLM
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: August 25, 2014

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>NA</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>NA</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>NA</u>	(FW) FISH & WILDLIFE----- <u>NA</u>	(RV) REVEGETATION---- <u>NA</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>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</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

This was a routine inspection conducted by the Division as part of its monitoring of Hard Rock and Metals 110d permits. The operator named on page one was present throughout the inspection. In addition to the operator, also present were James Blair of the BLM, plus three representatives from Stoller Corp. (the contractor for the U.S. DOE). This joint inspection was arranged for the various parties to discuss reclamation needs and the respective bond amount requirements. There is a \$100 bond posted to the Division, with the rest of the bond posted to the DOE. The site was not active on the day of the inspection.

The required permit ID sign was observed posted near the entrance to the permitted area. All disturbance was inside the permit area boundary.

Immediately prior to the inspection there was an intense thunderstorm, which also included hail. The permit area is on a dry hillside above Burro Creek and the Dolores River. Runoff from the brief storm commenced fairly soon after the storm initiated, and continued until well after the storm ceased. The timing of this inspection was fortuitous in that the parties could witness the effects of the storm and the effectiveness of the control structures. Nearly all of the runoff from the permitted area was intercepted by the road and ditch passing through the site, which then routed it to the runoff collection ditch below the ore loadout. There is no sediment pond here but the ditch gradient is very reduced at this lowest location, making its erosive potential low and allowing some sediment to drop out. Runoff leaves the site through a culvert under the county road and reports to the river. There is no surface ore pile or any contaminant with which the runoff could come into contact on the permit area. The runoff from Burro Creek was much larger, carrying an impressive amount of sediment, debris and hail. It quickly clogged the culvert under the county road and then entered the river by flowing over the county road. The permitted area is does not contribute to sediment loading of the creek.

The permit is not in "temporary cessation" status; it is "active" and in "final reclamation," although currently the operator is not allowed on the site to perform reclamation activity. Due to being in the final reclamation phase, the operator was not required to produce an environmental protection plan for the permit. The operator is reminded that, upon the U.S. DOE again allowing the operator enter the site, final reclamation activities must commence. Given present circumstances, the site is considered sufficiently stable at this time, and the discharge from the site is not considered a problem.

There is a large amount of pre-law mining disturbance in the vicinity of this permitted area. The disturbance includes waste rock dumps and some non-contaminant debris. This is all on U.S. Dept of Energy lease tract land, and the personnel from Stoller led a discussion of the methods and locations to be utilized to reclaim these features. It will not impact the permitted operator or this permitted area.

For questions related to this report, please contact this inspector at the Division's Durango Field Office: telephone 970-247-5193, or 303-866-3567 ext 8175.

All written correspondence should be sent directly to the Division's Denver Office:
Division of Reclamation, Mining & Safety
1313 Sherman Street, Room 215
Denver, CO 80203

Inspection Contact Address

Don Coram
Gold Eagle Mining, Inc.
P.O. Box 3007
Montrose, CO 81402

EC: Ed Cotter, Stoller Corp.
James Blair, BLM, Tres Rios Field Office

PHOTOGRAPHS



PHOTOGRAPHS

