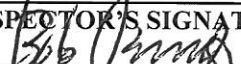




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: St Jude Mine	MINE/PROSPECTING ID#: M-1978-039-HR	MINERAL: Uranium and vanadium	COUNTY: San Miguel
INSPECTION TYPE: Monitoring	INSPECTOR(S): Bob Oswald	INSP. DATE: September 15, 2014	INSP. TIME: 11:40
OPERATOR: Pinon Ridge Mining, LLC	OPERATOR REPRESENTATIVE: George Glasier	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$47,700.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: U.S. BLM	JOINT INSP. AGENCY: U.S. BLM
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 14, 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>NA</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>NA</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>NA</u>	(FW) FISH & WILDLIFE----- <u>NA</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>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>NA</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</u>	(OD) OFF-SITE DAMAGE----- <u>Y</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 110 DMO permits. The operator named on page one was present throughout the inspection. The site was not active on the day of the inspection. In addition to George Glasier, Lee Sutherland and Bo Sutherland were both present as contractors for the operator; and James Blair of the BLM was present.

The required permit ID sign was observed posted at the entrance gate to the permitted area, though it still exhibits the name of Energy Fuels Resources as the permittee. The ID sign will be updated to reflect the successor permittee once the permit transfer is completed. Permit boundary markers were installed along the permit boundary.

This permit and those of the other mines that comprise the "Sunday Group of mines", are currently being transferred from Energy Fuels Resources to Pinon Ridge Mining. In July 2014 a severe local rain event caused many of the existing stormwater control structures on the sites of the Sunday Group to fail. Energy Fuels repaired the structures on some of the other permitted areas. Pinon Ridge repaired the stormwater structures on this permitted area.

Stormwater affects this site in two main ways: by sediment and runoff filling the two natural gulches that the access road crosses, which chokes the culverts, and by run-on from inadequate upland diversion ditches entering the pad area and breaching the sediment berm on the pad. The operator has corrected the run-on issue by excavating the entire diversion ditch to a depth of 4 ft and width of 3 ft, and has repaired the breached lower berm. The operator has also mucked out the catchments on the two gullies, and wishes to replace the buried road culverts with larger ones at higher elevation. This was discussed and all mutually agreed that this would be satisfactory to catch sediment, control runoff, and protect the road from overtopping. The operator has cleaned out the collection ditches to the lowest sediment ponds below the dump, to ensure adequate capacity.

Overall the stormwater and sediment control structures appeared to be repaired and functional. The configuration of the stormwater control structures was not significantly modified, but since they are an important part of the operator's requirement to maintain site stability, all improvements and repairs should be reported and described in the annual report. Changes to site drainage, runoff or sediment controls that the operator is considering should be discussed first with the Division and, if appropriate, made part of the permit through a permit revision.

The bond was fully reviewed two years ago at the time of approval of the Environmental Protection Plan (EPP), and since the site is not being actively mined, the amount is still considered adequate.

There were no problems noted at this time. 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

George Glasier
Pinon Ridge Mining Corp.
PO Box 825
Nucla, CO 81424

EC: Jaime Massey, Energy Fuels Resources
James Blair, BLM, Dolores Office

Photographs from the inspection are on the following page.

PHOTOGRAPHS

