

December 8, 2014

Eric Leigh
Monarch Mountain Minerals and Aggregates, LLC
3490 Piedmont Road, Suite 1300
Atlanta, GA 30305



COLORADO
Division of Reclamation,
Mining and Safety
Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

RE: Lily Mines, Permit No. M-1987-028, Unresolved Problem(s) Noted in a Past Inspection Report

Dear Mr. Leigh:

According to records kept by the Division of Reclamation, Mining and Safety, some problem(s) noted in a past mine site inspection report have not been corrected. If the problem(s) have already been corrected, documentation of the corrective actions taken to correct the problem(s) must be submitted to our office.

Please see the enclosed inspection report for the above noted mine site, issued as a result of a past inspection of this site. Problems noted in this report that remain unresolved according to our records, have been highlighted.

To avoid potential future enforcement actions for non-compliance with State Statutes, Rules and Regulations, and/or conditions specified in your permit for this site, you must submit compliance documentation with the corrective actions specified for each of the indicated problems by **Friday, January 02, 2015**.

If you require additional information, or have questions or concerns, please contact me at the Division's Grand Junction Field Office.

Sincerely,

Dustin Czaplak
Environmental Protection Specialist
Department of Natural Resources
Division of Reclamation, Mining and Safety
101 South 3rd, Suite 301
Grand Junction, CO 81501
Phone: (970) 243-6299
Fax: (970) 241-1516


Cc: Inspection Report mailed 9/30/2014, pg. 1





**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: Lily Mines	MINE/PROSPECTING ID#: M-1987-028	MINERAL: Marble	COUNTY: Chaffee
INSPECTION TYPE: Monitoring	INSPECTOR(S): Dustin M. Czaplá	INSP. DATE: September 10, 2014	INSP. TIME: 12:30
OPERATOR: Monarch Mountain Minerals and Aggregates,	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$282,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 30, 2014	

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: Availability Of Records

PROBLEM/POSSIBLE VIOLATION: Problem: Operator has failed to annually report geotechnical information regarding construction of highwalls and benches as committed to. In correspondence received October 16, 2006 from Azurite, Inc., the operator has committed to "...creation of a separate section in each annual reclamation report that describes geotechnical observations and tests conducted over the previous year and reports on the design and construction of highwalls and benches based on the geotechnical investigations." This condition was implemented into the permit through approval of CN-1 on May 9, 2007.

CORRECTIVE ACTIONS: Submit the required geotechnical reporting information.

CORRECTIVE ACTION DUE DATE: 10/31/14