

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: JD-7 Pit | MINE/PROSPECTING ID#: M-1979-094-HR | MINERAL: Uranium and vanadium | COUNTY: Montrose |
|---------------------------------|--|---|----------------------|
| INSPECTION TYPE: Monitoring | INSPECTOR(S): Dustin Czapla | INSP. DATE: April 29, 2015 | INSP. TIME: 10:00 |
| OPERATOR: Cotter Corporation | OPERATOR REPRESENTATIVE: Jim Sheridan | TYPE OF OPERATION: 112d-3 - Designated Mining Operation | |

| REASON FOR INSPECTION: | BOND CALCULATION TYPE: | BOND AMOUNT: |
|------------------------|------------------------|---------------------|
| Normal I&E Program | None | \$39,000.00 |
| DATE OF COMPLAINT: | POST INSP. CONTACTS: | JOINT INSP. AGENCY: |
| NA | None | DOE |
| WEATHER: | INSPECTOR'S SIGNATURE: | SIGNATURE DATE: |
| Clear | | May 8, 2015 |

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

The JD-7 Pit is located approximately 10 miles west of Naturita and accessed from Ee17 road. The site is a 112d-3 operation that includes a total of 490 permitted acres.

No evidence of recent mining activity was noted during this inspection. The site is currently in Temporary Cessation. Other than general site maintenance and housekeeping, conditions at the site appeared unchanged from the Division's previous inspection.

Settling ponds, located just west of the office area, appeared to be functioning properly.

The pit floor and dump area to the west appeared to be well vegetated and stable. A benched highwall, with overall slopes approximately 1H:1V, is located on the east and south sides of the pit. No major stability issues were noted during this inspection.

No problems or violations were noted.

Responses to this inspection report should be directed to Dustin Czapla at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 South 3rd Street, Room 301, Grand Junction, Colorado 81501, phone number (970) 243-6299.

PHOTOGRAPHS

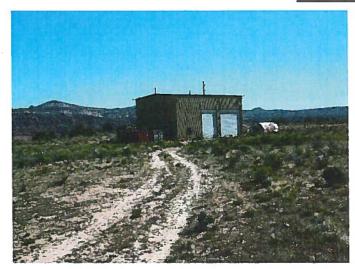


Figure 1: Shop area on northeast side of pit

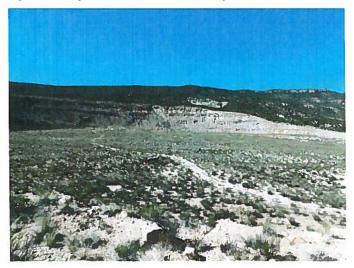


Figure 3: View toward south highwall



Figure 5: View toward waste rock pile



Figure 2: East highwall



Figure 4: View toward south highwall



Figure 6: Retention ponds



Figure 7: Retention ponds

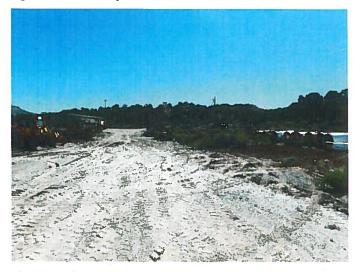


Figure 9: Shop/maintenance area

Inspection Contact Address

Jim Sheridan Cotter Corporation P.O. Box 700 Nucla, CO 81424



Figure 8: Retention ponds