




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: Sunday Mine	MINE/PROSPECTING ID#: M-1977-285	MINERAL: Uranium and vanadium	COUNTY: San Miguel
INSPECTION TYPE: Multi Person Inspection	INSPECTOR(S): Lucas J. West, Russ Means	INSP. DATE: November 23, 2015	INSP. TIME: 11:00
OPERATOR: Pinon Ridge Mining LLC	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 112d-2 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$297,926.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: December 7, 2015	

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: Rule 1.13.5 states, if an Operator temporarily ceases production of the mining operation for one hundred eighty (180) days or more, the Operator must file a Notice of Temporary Cessation in writing to the Office.

CORRECTIVE ACTIONS: The Division recommends the Operator file for Temporary Cessation (per rule 1.13.5 (3) and 1.13.8 (b) or begin reclamation by the compliance date of January 25, 2016.

CORRECTIVE ACTION DUE DATE: 1/25/16

INSPECTION TOPIC: Gen. Compliance With Mine Plan

PROBLEM/POSSIBLE VIOLATION: Problem: One of the vent shaft closures located to the Northwest of the shop facilities is not secured posing a threat to public health pursuant to C.R.S. 34-32-124.5 (b) (III).

CORRECTIVE ACTIONS: The Operator shall submit photo documentation of the grating being secured by welding, lock installation or method of the Operators choosing by the compliance date of January 25, 2016.

CORRECTIVE ACTION DUE DATE: 1/25/16

INSPECTION TOPIC: Sediment Control

PROBLEM/POSSIBLE VIOLATION: Problem: One of the lower sediment pond has suffered severe erosion. This is a problem that has the potential to affect areas outside of the affected land from erosion pursuant to C.R.S. 34-32-11 (7) (h).

CORRECTIVE ACTIONS: The operator shall provide photo documentation to the Division verifying erosion in the sediment pond has been repaired by the corrective action date of January 25, 2016.

CORRECTIVE ACTION DUE DATE: 1/25/16

OBSERVATIONS

This inspection was conducted as part of the normal monitoring program for permitted Designated Mining Operations established by the Colorado Division of Reclamation, Mining and Safety. The Sunday Mine is listed as an active 112d-2 operation that consists of 60 permitted acres and a maximum disturbance of 40 acres. The site is a part of a five permitted complex collectively referred to as the Sunday Mine Complex. No operator representative was present during the inspection. The Division Currently holds \$297,926.00 in Financial Warranty for the site, the financial warranty will be recalculated to reflect the current site conditions and sent to the Operator under a separate cover. Six Photos accompany this report to illustrate the current conditions of the site.

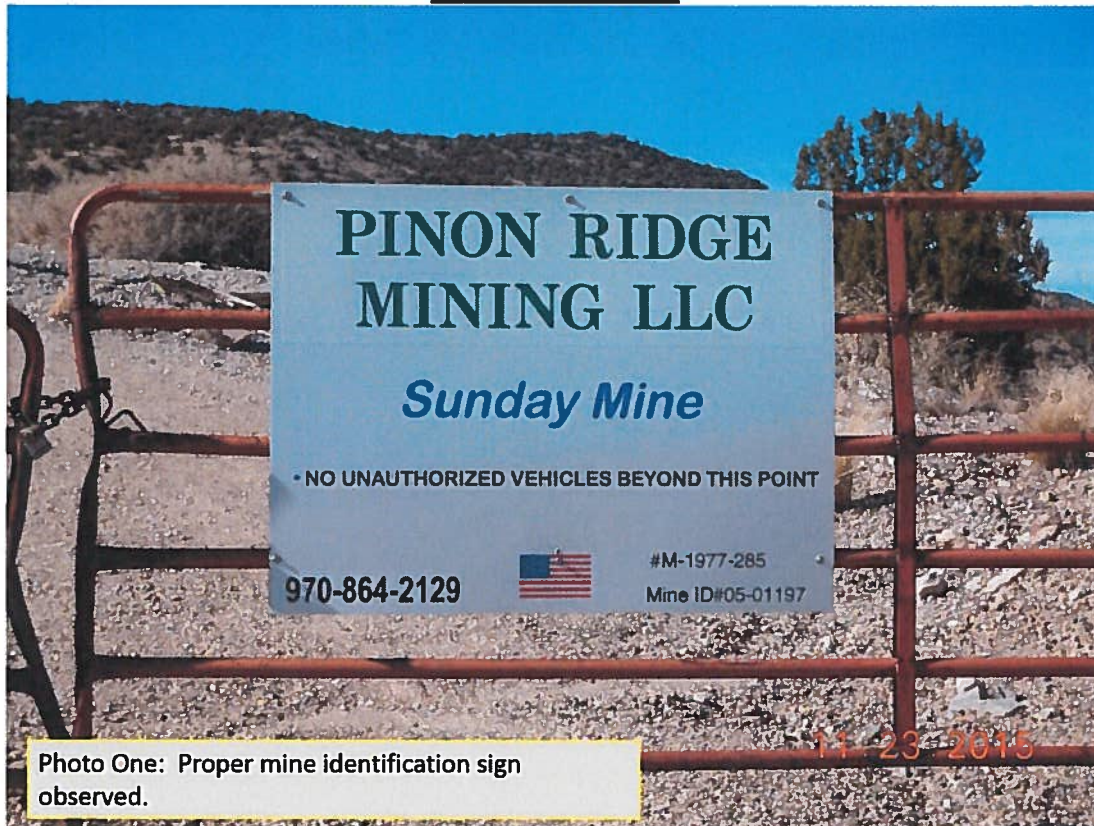
Observations made during this inspection indicate that the site is not, and has not been active for quite some time. Records held by the Division indicate that the site was activated in 2010 activities conducted in the summer of that year but has been inactive since. The Operator is reminded that according to Rule 1.13.5 of the Hard Rock and Metals Mining Rules, if the Operator plans to, or does, temporarily cease production of the mining operation for one hundred eighty days or more the Operator must file a Notice of Temporary Cessation in writing, to the Office. This is being cited as a problem, with a compliance date of January 25, 2016. The Operator shall provide proof of any activity as defined by Rule 1.1 (3) that has taken place during the 2015 calendar year, or file written request and fee for the site to enter Temporary Cessation status. **Any documentation demonstrating compliance must be received by the Division's Denver Office no later than January 25, 2016.**

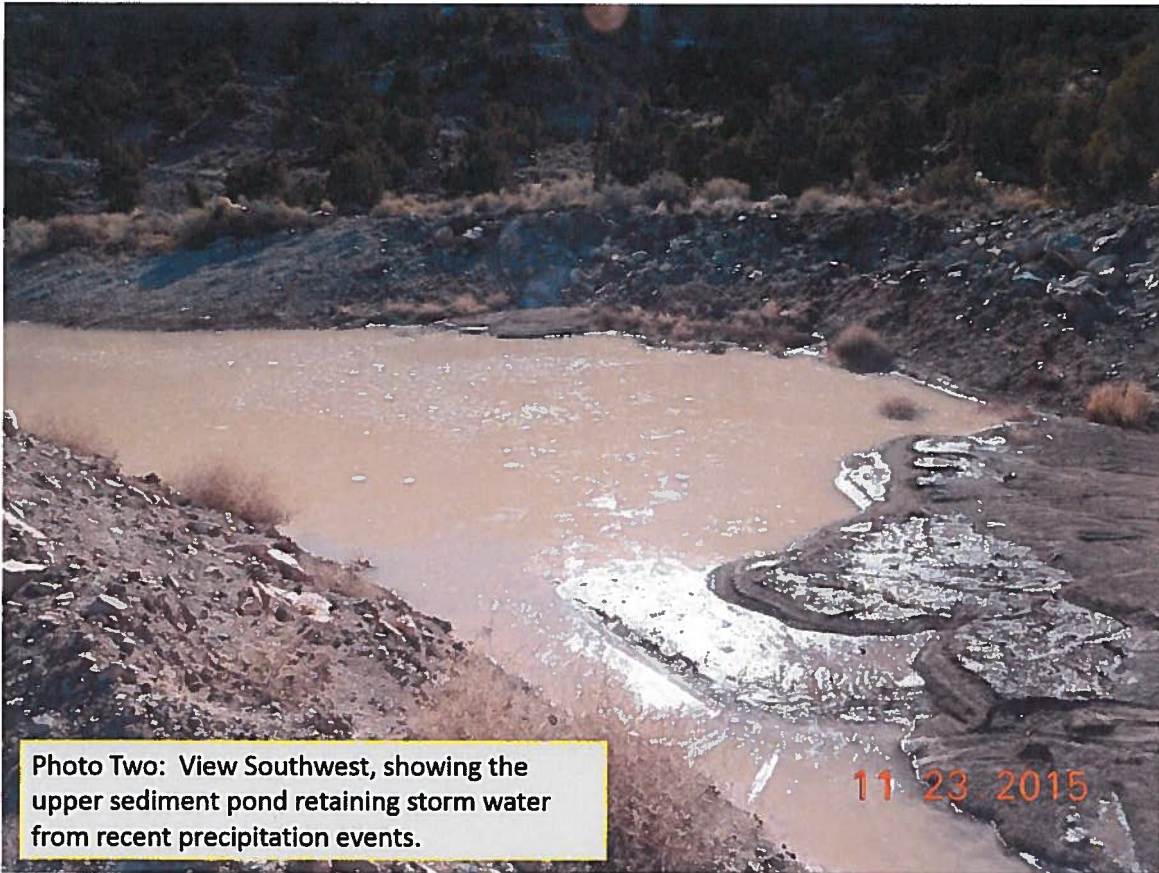
As seen in Photo One, the permit ID sign was observed at the entrance to the site. The permit boundary markers were also observed. The remote vent shaft sites were not inspected at this time. Photos Two and Three show the Sediment catchments functioning properly in response to a recent precipitation event. All diversion ditches appear to be functioning as designed and no significant erosion was observed throughout most of the site. One sediment catchment pond however, located just down gradient from the entrance gate shown in Photos Four and Five, has suffered significant erosion. The catchment has sufficient freeboard to not pose an imminent threat to offsite damages however this is cited as a problem with a corrective action date of January 25, 2016. The Operator shall submit photo documentation that the necessary repairs have been completed to prevent possible impacts to areas outside the affected lands. **Documentation demonstrating compliance must be received by the Division's Denver Office no later than January 25, 2016.**

All work facilities were secure and seemed to be in good condition during the time of the inspection. The portal located on site was also secured, it has been backfilled and closed off with steel grates that are in good condition as seen in Photo Six. Vent shaft S-2, located to the Northwest of the shop facilities is covered with a steel grate, but is not secured. This is being cited as a problem with a compliance date of January 25, 2016. The Operator shall submit photo documentation of either the grate being TAC welded down, a locking mechanism be installed or some other form of securing the vent to prevent any unauthorized access. **Documentation demonstrating compliance must be received by the Division's Denver Office no later than January 25, 2016.**

The overall footprint of the site was in good condition and free from trash and debris. All questions or responses to this report should be directed to Lucas West at the Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203 or by phone at (970) 243-6368.

PHOTOGRAPHS





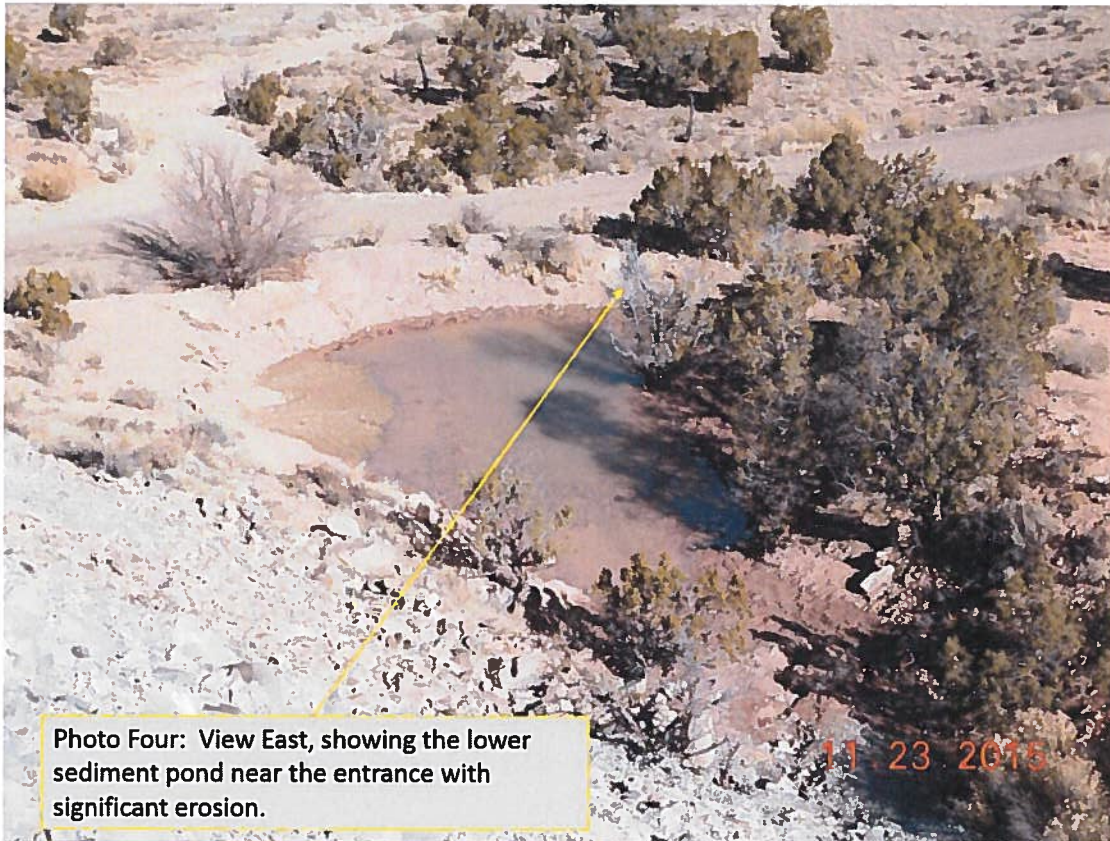




Photo Six: Vent hole s-2 with steel grating that needs to be secured.

GENERAL INSPECTION TOPICS

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

(AR) RECORDS----- <u>PB</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>PB</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SW) STORM WATER MGT PLAN---- <u>N</u>	(CI) COMPLETE INSP---- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>PB</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>Y</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

Inspection Contact Address

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Enclosure

CC: