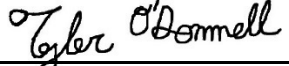




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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.

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|----------------------------------------|-------------------------------------------------|-----------------------------------------------------------------|-----------------------------|
| MINE NAME: Pinon Mine | MINE/PROSPECTING ID#: M-1997-094 | MINERAL: Stone | COUNTY: Pueblo |
| INSPECTION TYPE: Monitoring | INSPECTOR(S): Tyler V. O'Donnell | INSP. DATE: November 13, 2015 | INSP. TIME: 14:15 |
| OPERATOR: Siloam Stone, Inc. | OPERATOR REPRESENTATIVE: Matt Mueller | TYPE OF OPERATION: 110c - Construction Limited Impact | |

| | | |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| REASON FOR INSPECTION: Normal I&E Program | BOND CALCULATION TYPE: Complete Bond | BOND AMOUNT: \$8,300.00 |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None |
| WEATHER: Clear | INSPECTOR'S SIGNATURE:  | SIGNATURE DATE: February 4, 2016 |

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>N</u> | (FN) FINANCIAL WARRANTY----- <u>Y</u> | (RD) ROADS----- <u>Y</u> |
| (HB) HYDROLOGIC BALANCE----- <u>Y</u> | (BG) BACKFILL & GRADING----- <u>Y</u> | (EX) EXPLOSIVES----- <u>Y</u> |
| (PW) PROCESSING WASTE/TAILING---- <u>N</u> | (SF) PROCESSING FACILITIES----- <u>N</u> | (TS) TOPSOIL----- <u>Y</u> |
| (MP) GENL MINE PLAN COMPLIANCE- <u>Y</u> | (FW) FISH & WILDLIFE----- <u>Y</u> | (RV) REVEGETATION---- <u>Y</u> |
| (SM) SIGNS AND MARKERS----- <u>Y</u> | (SW) STORM WATER MGT PLAN---- <u>Y</u> | (CI) COMPLETE INSP---- <u>Y</u> |
| (ES) OVERBURDEN/DEV. WASTE----- <u>N</u> | (SC) EROSION/SEDIMENTATION--- <u>Y</u> | (RS) RECL PLAN/COMP-- <u>Y</u> |
| (AT) ACID OR TOXIC MATERIALS----- <u>Y</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 routine monitoring inspection was conducted by Tyler O'Donnell and Wally Erickson of the Division of Reclamation, Mining and Safety (Division). Siloam Stone, Inc., the Operator, was represented by Matt Mueller during the inspection. The Colorado State Land Board, the Mineral rights owner, was represented by Phil Courtney during the inspection. This inspection was conducted in conjunction with two other routine monitoring inspections. The Division inspected the Bedrock Mine No. 1 (DRMS File No. M-1997-086) operated by Siloam Stone and the Siloam Mine (DRMS file No. M-1977-326) Operated by General Shale and Brick, Inc. These three sites all share common permit boundaries.

The Pinon Mine is located in Pueblo County approximately 20 miles southwest of Pueblo, Colorado. The Pinon Mine is a 6.30-acre 110c Construction Materials Reclamation Permit. The permit was issued in November of 1997. The primary commodity mined at the site is sandstone for decorative use. The approved post-mining land use for the quarry is rangeland. The mine site was surrounded by the following land uses: industrial/commercial, mining, and rangeland.

During the inspection, the sky was clear and the ground was dry. The mining operation was not active during the inspection. The Operator had processed material, and packed rock on to pallets for sale and distribution. A large portion of the site had rock stacked and displayed for sale and distribution purposes, thus creating several stone yards throughout the site. At the present time it appears that the mining operation has affected the entire permit area throughout the life of mine. No problems or possible violations were noted during the inspection.

Backfilling and Grading:

There was no active highwall observed during the inspection. Portions of the site have been backfilled with waste rock and graded.

Financial Warranty:

The current amount of financial warranty the Operator has on deposit with the State is \$8,300.00. The reclamation cost estimate for this permit was updated with this inspection. It was determined that the current financial warranty amount is adequate to conduct the approved reclamation plan.

Hydrologic Balance:

The site was dry, no exposed groundwater was observed during the inspection. There appeared to be no significant impacts to the prevailing hydrologic balance.

Gen. Compliance With Mine Plan:

The operation appeared to be following the approved Mine Plan. All mining activity appeared to be within the approved boundary.

Roads:

All haul roads were stable and appeared well maintained.

Revegetation:

There was plant growth on the overburden and topsoil stockpiles, and throughout the rest of the affected lands. The growth in the affected areas appeared to be volunteer vegetation, comprised of annual weeds, and native grasses. Much of the affected land has filled in with a variety of native grasses after mining, this suggests these areas have been idle for quite sometime. The Operator is advised to continue to monitor and treat noxious weeds if the weeds appear within the permit boundary. The Operator should also consider mowing the annual weeds prior to seed production, to prevent the spread of annual weeds.

Signs and Markers:

A mine I.D. sign required by Rule 3.1.12(1), will need to be posted at the entrance to the mine site.

Topsoil:

There was adequate topsoil stockpiled on site to conduct the approved reclamation plan. There were topsoil stockpiles scattered around the perimeter of the site. Many of the topsoil stockpiles have adequate vegetative cover to protect the topsoil from wind and water erosion.

Inspection Contact Address

Matt Mueller
Siloam Stone, Inc.
1360 Rudd Ave
Canon City, CO 81212

CC: Wally Erickson, DRMS

Phillip Courtney
State Board of Land Commissioners
1127 Sherman Street, Room 300
Denver, CO 80203

PHOTOGRAPHS



Photo 1: Backfilled area in the foreground, stone yard in the background.



Photo 2: Backfilled area in the foreground, stone yard in the background. Area around the stone yard has filled in with native grasses.



Photo 3: Backfilled area in the foreground, waste rock stockpile in the background.