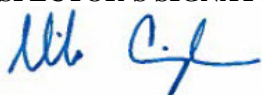




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Schwartzwalder Mine	MINE/PROSPECTING ID#: M-1977-300	MINERAL: Uranium	COUNTY: Jefferson
INSPECTION TYPE: Monitoring	INSPECTOR(S): Michael A. Cunningham	INSP. DATE: November 20, 2015	INSP. TIME: 11:00
OPERATOR: Cotter Corporation	OPERATOR REPRESENTATIVE: Ken Mushinski	TYPE OF OPERATION: 112d-2 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$4,339,003.39	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Windy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 30, 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>N</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</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>N</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(CI) COMPLETE INSP---- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(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

The inspection was conducted by Michael Cunningham and Wally Erickson of the Division of Reclamation, Mining and Safety (Division). Ken Mushinski with Cotter Corporation was also present for the inspection. The inspection was conducted as part of the Division's regular monitoring program and serves as the 4th Quarter inspection for 2015.

The inspection included a full tour of the mine facilities to familiarize Wally Erickson, the senior Environmental Protection Specialist in the Denver Office, with the Schwartzwalder Mine. The Division toured the water treatment building and was provided with an overview of the Reverse Osmosis and Ion Exchange systems. Following a tour of the water treatment building, the Division walked the length of the permitted area and inspected the north and south waste rock piles. In addition, the Division inspected a number of features associated with water treatment at the mine including, the sumps within the alluvial fill, the Ralston Creek bypass line and the upper cut-off wall on Ralston Creek.

At the conclusion of the tour, the Division met with the Operator to discuss future permitting actions. Specifically, the Division discussed the Operator's plan to excavate the alluvial valley fill and whether or not the excavated material could be placed into the workings of the Black Forest Mine (M-2001-036). The Division advised the Operator that the Black Forest Mine would need to be converted to a Designated Mining Operation in order to function as a permanent repository for the alluvial valley fill.

This concluded the inspection.

Inspection Contact Address

Ken Mushinski
Cotter Corporation
7800 E. Dorado Place Suite 210
Englewood, CO 80111

CC: Wally Erickson, DRMS