

COLORADO DIVISION OF MINERALS AND GEOLOGY
ANNUAL REPORT FOR
NELSON MINING RESOURCE
M-2005-089
ASPHALT SPECIALTIES CO., INC.
MARCH 1, 2017 TO MARCH 1, 2018

1. TOTAL ACRES IN PERMIT AREA: 73.0
2. TOTAL PERMITTED MINEABLE ACRES: 66.0
3. CURRENT TOTAL ACRES DISTURBED: APPROX. 35.0
4. TOTAL ACRES MINED DURING REPORT YEAR: 2.0
5. CURRENT TOTAL ACRES IN VARIOUS STAGES OF RECLAMATION: 0
6. TOTAL ACRES RECLAIMED DURING REPORT YEAR: 0
7. APPROXIMATE ACREAGE TO BE MINED IN NEXT REPORT YEAR: ~4.0
8. APPROXIMATE ACREAGE TO BE RECLAIMED IN NEXT REPORT YEAR: ~2.0

Mining (removal of overburden only) occurred during the latter part of the reporting year in preparation for actual mining during the late spring, summer and fall. See Annual Report Map. Earlier in the reporting year, previously processed mined aggregate was loaded out from stockpiles and delivered offsite. A total of approximately 35 acres have been mined for sand and gravel and/or disturbed with the removal of overburden (O.B.) on the site.

As with weed control on the OB stockpiles in the previous four years, we have allowed the landowner's cattle to graze the stockpiles during this reporting period. The cattle have once again done a very efficient job in keeping the stockpiles very weed-free while compacting the OB to further reduce erosion. With using the cattle for weed control on these OB stockpiles, the root mass of the weeds stays intact and "holds together" the soil. It has been a very successful solution for weed control on these stockpiles. Backfilling of a portion of the pit area may occur during the next reporting period.

The annual report map accompanies this report and DRMS form.

Sufficiency of Value of Financial Warranty

The permittee holds a Financial Warranty for the permit through Great American Insurance Company in the full amount of \$1,097,165.51, a figure sufficient to achieve the current reclamation requirements under the permit. This bond was most recently renewed in January 2018.

A check in the amount of \$791.00 is being submitted with this report to cover the Annual Fee required to maintain this permit in good standing.