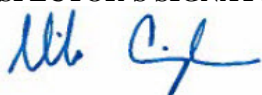


**COLORADO**Division of Reclamation,
Mining and Safety

Department of Natural Resources

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: March 22, 2018	INSP. TIME: 09:30
OPERATOR: Colorado Legacy Land, LLC	OPERATOR REPRESENTATIVE: Jim Harrington	TYPE OF OPERATION: 112d-2 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$8,900,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: April 18, 2018	

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----- <u>Y</u>	(RD) ROADS----- <u>N</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>Y</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>Y</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(ST) STIPULATIONS----- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <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 of the Division of Reclamation, Mining and Safety (Division). Jim Harrington, Eric Williams, Paul Newman, Billy Ray, Liz Busby and Brent Nye were present on behalf of Colorado Legacy Land, LLC. The Schwartzwald Mine is inspected quarterly; this inspection serves as the first quarter inspection of 2018.

The Division approved the transfer of the Schwartzwald Reclamation Permit from Cotter Corporation to Colorado Legacy Land, LLC on February 16, 2018. The successor operator posted a financial warranty in the amount of \$8,900,000.00. The transfer of the Schwartzwald Reclamation Permit was conditioned upon the successor operator submitting an amendment application which affirms the permanent cessation of mining activities, provides a conceptual site model, provides a plan addressing the physical and chemical stabilization of the mine pool and specifically addresses concentrations of uranium and other constituents as required under the conditions of the permit, and updates the reclamation and environmental protection plans.

The inspection commenced with a meeting during which the following topics were discussed:

Water Treatment

On March 5, 2018, the Division was notified the water treatment facility would be shut down for routine maintenance for the entire month of March. The mine pool was at an elevation of 183' below the Steve level when the plant was shut down. The Operator anticipated the water treatment facility would be operational by April 9, 2018 at the latest. The maintenance to be performed included cleaning the reverse osmosis ports for calcium build up and replacing the membrane and cartridge filters. The Operator informed the Division that 2 carbon source injections into the mine pool occurred in December 2017.

Environmental Protection Facilities

The relocation of the water treatment plant, which is designated as an Environmental Protection Facility (EPF), has not been certified by the Division. Pursuant to Rule 7.3.2(2), the Operator must provide a certified verification by a professional engineer or other appropriately qualified person that will confirm that the EPF was constructed in accordance with the approved design plan.

Alluvial Fill Excavation

The Operator was reminded the construction schedule for the alluvial fill excavation project which was approved under Technical Revision No. 23, will need to be revised prior to the initiation of construction activities. Upon receipt of the revised construction schedule, the Division shall inform the Operator which phases of construction will require an inspection.

The Division inspected the cut-off wall during the inspection and observed that Ralston Creek was being diverted through the bypass pipeline. The Division observed a section of the bypass pipeline, approximately 100 feet in length had moved approximately 3 feet to the south of its former location. The section of the pipeline which moved was located along the south waste rock pile. The movement of the bypass pipeline was attributed to the effects of thermal expansion. The bypass pipeline is designed to flex and withstand movement. The Operator will move the bypass pipeline back to its former position and will attempt to anchor the section which moved.

The northern and southern waste rock piles were inspected and were found to be stable. All areas of erosion which were identified and repaired in 2017 continue to be stable and no new erosion was noted. The Division inspected the seep on top of the northern waste rock pile, which had been identified during the inspection conducted on June 28, 2016. The seep was contained to the top of the waste rock pile, no water was observed flowing off the top of the slope. The Division approved a diversion channel to direct the flows off and away from the north waste rock pile. The details of the diversion channel can be found under Technical Revision No. 23.

The Minnesota Adit and the glory hole were visited during the inspection. The Minnesota Adit is not currently in use. The Operator will be prepping the portal and the area around the glory hole during 2018 in preparation of disposal of demolished structures. The Minnesota Adit is properly safeguarded from unauthorized entry, no problems were observed. In addition, the Steve Adit was inspected. The Steve Adit houses the infrastructure related to pumping and treating the mine pool, no problems were observed.

This concluded the inspection.

Inspection Contact Address

Jim Harrington
Colorado Legacy Land, LLC
4601 DTC Blvd. - Suite 130
Denver, CO 80237

CC: Wally Erickson, DRMS
Billy Ray, Colorado Legacy Land, LLC

PHOTOGRAPHS



1. Ralston Creek below the cut-off wall.



2. Ralston Creek above the cut-off wall.



3. Overview of south waste rock pile.



4. Seep area on top of north waste rock pile.



5. Section of bypass pipeline which moved from its former location.