Flag Resources, Inc. Permit # M-1981-202SG Silt Pit 2018 Annual Report

Notes:

Please refer to the 2018 Annual Report Map for location of the areas of disturbance in the mine. We continued to remove material from stockpiles and the mined area. Reclamation is on going as mining progresses. The markings and colors noted in the text refer to areas on the map.

Notes:

(8) We continued to mine in the area east of the Plant Site on the floor of the lake area as shown on the map.. No new soils were placed on the topsoil piles and the total stockpiled topsoil remains at approximately 71,400 YD3 (lite brown) in the three stockpile areas. All the sloping around the north and east banks of the east lake are complete and graded 3:1. The western and southern sides are backfilled and graded 2:1 so only minor grading will be needed. The western and northwest corner of the east lake area was backfilled and sloped this year (3.3 acres). Topsoil material has been piled along the north shore so final soiling can be complete. We are still using the Plant Site and it contains gravel stockpiles, shop and office facilities.

(10) The west lake area covers approximately 64.1 acres or which 44.47 acres \pm (blue) is lake area. Approximately 40.5 acres of the east part of the mine will fill with water when mining ends. We continue to fill and clean the settling ponds developed in 2006 (dark blue). Limited reclamation is needed in the current mining area since the slopes are shaped and only the above water slopes will need resoiling and revegetation. Most of the area west of the Plant site has been partially reclaimed (green). Reclamation, except seeding of minor areas, is complete on the western 64.1 acres \pm of the site. All sloping is done and much of the non active area has a topsoil cover and 40.5 acres of the east lake area will fill with water.

(11) Mining will continue east of the Plant Site. We will continue to mine on the floor of the partially mined area.

12) No reclamation is required next year in the Plant Site area or in the mining area east of it. We will continue to monitor the west lake slopes and do remedial work in that area if necessary.

(14) Weed control was done in June 2018 mine and spot work was done on the Plant Site areas and roadways. Escort and 2-4-D was applied to the Hoary Crest, and Kochia, and Telar and Milestone was used on the Russian Knapweed. Ranger pro was use on grass areas to control the weeds in those areas. Weed control will continue in 2019 as needed.

(18) The current bond is \$264,210. The Division reviewed the bond in September 2018.