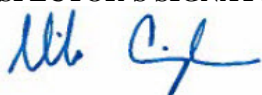


**COLORADO**Division of Reclamation,
Mining and Safety

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: September 11, 2018	INSP. TIME: 09:30
OPERATOR: Colorado Legacy Land, LLC	OPERATOR REPRESENTATIVE: Billy Ray, Paul Newman, Elizabeth Busby	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: September 25, 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>N</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</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>Y</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>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</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 and Russ Means of the Colorado Division of Reclamation, Mining and Safety (Division). Paul Newman, Billy Ray and Elizabeth Busby were present on behalf of Colorado Legacy Land, LLC. The Schwartzwalder Mine is inspected quarterly, this inspection serves as the 3rd quarter inspection of 2018.

Availability Of Records:

During the inspection the Operator and Division discussed the Ralston Creek by-pass pipeline. The Operator inquired if there was a deadline by which the by-pass pipeline must be removed to allow Ralston Creek to return back to its natural flow path. The Division does not have a specific deadline by which the by-pass pipeline must be removed. However, there may be additional requirements imposed by the other authorizing agencies. The Ralston Creek diversion was approved under Technical Revision No. 18 (TR18). The Division reviewed all permit documents related to TR18 and did not identify a deadline for removing the by-pass pipeline.

Hydrologic Balance:

Treatment of alluvial water and groundwater continues to be the primary activity at the Schwartzwalder Mine. The water treatment plant was operational at the time of the inspection. The Operator informed the Division they intend to take the water treatment plant offline for approximately two weeks within the next several weeks following the inspection. The mine pool was at an elevation of 181' below the Steve Level, which is 31' below the required elevation of 150' below the Steve Level.

The Operator informed the Division the third ion-exchange vessel has been installed in the water treatment plant and is operational. In addition, the Operator informed the Division the molasses tank, which is currently located next to the Steve Adit, will be removed. The second quarter inspection report for 2018 incorrectly stated the Operator would no longer inject molasses into the mine pool. The Operator will continue with the carbon source injections; however, future injections will be made directly into the mine pool, rather than through the molasses tank. The Operator intends to resume with the carbon source injections when the mine pool pump is relocated to a lower elevation.

Gen. Compliance With Mine Plan:

The Operator has installed a new portable office trailer on the mesa adjacent to the water treatment plant. In addition, two sea can storage containers have been installed next to the new water treatment plant. The Operator anticipates demolishing the old office trailer, the old water treatment plant and the concrete containment ponds by the end of 2018. All asbestos materials have been abated and removed from the site.

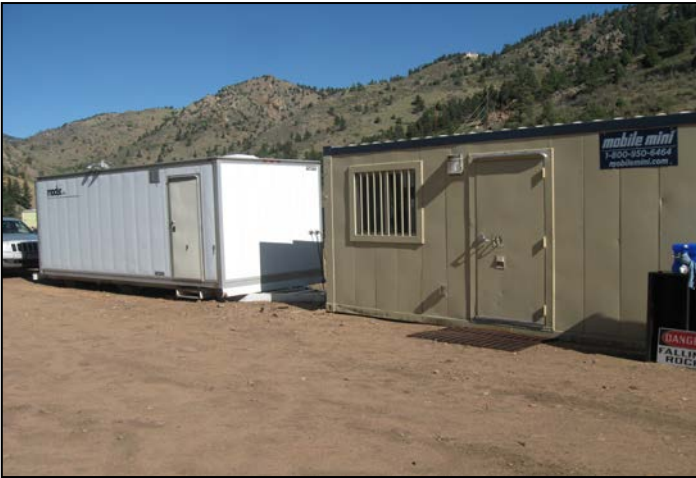
This concluded the inspection.

Inspection Contact Address

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

CC: Billy Ray, Colorado Legacy Land, LLC

PHOTOGRAPHS



1. Office and lavatory trailers.



2. Sea can storage containers.



3. Jeffrey Air Shaft.



4. Concrete containment ponds to be demolished.



5. Ralston Creek, upstream of cut-off wall.



6. Ralston Creek, downstream of cut-off wall.