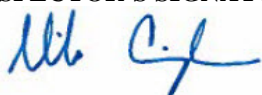




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: August 1, 2019	INSP. TIME: 14:00
OPERATOR: Colorado Legacy Land, LLC	OPERATOR REPRESENTATIVE: Billy Ray	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 5, 2019	

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>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>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>	(RS) RECL PLAN/COMP-- <u>Y</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 Amy Eschberger of the Division of Reclamation, Mining and Safety (Division). Billy Ray was present on behalf of Colorado Legacy Land, LLC. The Schwartzwalder Mine is inspected quarterly; this inspection serves as the third quarter inspection of 2019.

Hydrologic Balance:

The water treatment plant was offline at the time of the inspection as the Operator was performing maintenance to the pump; the water treatment plant was offline for a total of two days. The Mine Pool was at an elevation of 178 ft. below the Steve Level at the time of the inspection.

Reclamation Success:

The Operator continues to excavate waste rock from the valley floor. The waste rock is currently being hauled to the Minnesota Portal and placed underground in the glory hole; excavation activities were not occurring at the time of the inspection. Excavation is being conducted in the vicinity of the old water treatment plant and is moving to the east. As excavation activities move down the valley, it has become necessary to remove sumps and the associated infrastructure in order to ensure that materials which exceed the gamma limit of 22 $\mu\text{R/hr}$ are removed. The excavation boundaries were identified under Technical Revision No. 23 (TR23); however, these boundaries were drawn using initial gamma scanning of the surface area. As excavation continues, the Operator scans the excavated area using hand-held gamma scan equipment to further define the limits of excavation. This method is repeated until gamma scans show the excavated areas are below the gamma limit, at which point excavation activities move to another area.

Current excavation has necessitated the removal of Sump #9 and #10. The Operator will continue to monitor for the collection of groundwater in the areas of Sump #9 and #10. In the event water collects in these areas, the water will be manually pumped to downgradient sumps. All shallow alluvial groundwater will continue to be captured and treated as it has been in the past. In addition to the removal of Sump #9 and #10, the Operator will relocate the electrical cables and drain lines for the remaining sumps. The pump house has been relocated to where the electrical substation was previously situated. The sump system was offline at the time of the inspection in order to relocate the pump house and associated infrastructure. On August 2, 2019, the Operator notified the Division the sump system was fully operational.

The Operator has indicated that several of the shallow alluvial wells will also need to be abandoned in order to continue with excavation activities. The Operator is reminded of their commitment under TR23 to notify the Division within 30 days of the removal, relocation, decommissioning, or modification of any wells or sumps. Additionally, any changes to the groundwater monitoring locations or groundwater capture system will need to be addressed through a Technical Revision.

As noted above, the Operator is placing excavated waste rock underground. Under TR23, the Operator received approval to place excavated materials onto the existing waste rock piles. The Operator further revised the Reclamation Plan under Technical Revision No. 25 to allow for disposal of excavated materials in the underground workings, with the understanding that some of the excavated material would still be placed on the waste rock piles. During the inspection the Operator informed the Division that additional assessments of the glory hole have shown a greater capacity than the original assessment. Therefore, it may not be necessary to open up the existing waste rock dumps for placement of excavated material.

PHOTOGRAPHS



1. View of Sump #9 and #10, photo taken facing west.



2. View of Sump #9 and #10, photo taken facing southeast.



3. Current excavation area, photo taken facing south.



4. Current excavation area, photo taken facing southwest.



5. Relocated pump house. (located where the electrical substation was previously situated)

Inspection Contact Address

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Billy Ray, Alexco Water & Environment, Inc. at: bray@alexcoenv.com