




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: Carnation Mine	MINE/PROSPECTING ID#: M-1977-416	MINERAL: Uranium and vanadium	COUNTY: San Miguel
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas West	INSP. DATE: February 11, 2020	INSP. TIME: 11:05
OPERATOR: Pinon Ridge Mining LLC	OPERATOR REPRESENTATIVE: Michael Rutter	TYPE OF OPERATION: 110d - Designated Limited Impact	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$40,245.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: February 18, 2020	

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>Y</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>Y</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

This inspection was conducted in response to the Operator's written notification that construction of the Lined Ore Pads was taking place at the adjacent mine sites. Also, this inspection serves as the monitoring inspection to verify site conditions prior to the upcoming enforcement hearing. A Notice of Hearing document was sent to the Operator on February 4, 2020. The Carnation mine is a 110d operation that is currently in Temporary Cessation and consists of a maximum allowed disturbance of 9.8 acres. The first term of Temporary Cessation expires on April 19, 2020. The site is a part of a five site permitted complex collectively referred to as the Sunday Mine Complex. The Division currently holds \$22,468.00 in Financial Warranty for the site. A reclamation cost estimate update was not performed at this time. In addition to the Operator representative listed on page one of this report, James Blair and Laura Hartman of the Bureau of Land Management were present during the inspection. Four Photos accompany this report to illustrate the current conditions of the site.

As seen in Photo One, the permit ID sign was observed at the entrance to the site. The permit boundary markers were also observed and all disturbances were confined within the permitted area. Evidence that the diversion ditches and storm water control devices are functioning as designed and no significant erosion was observed throughout the site. The lower permit area was also in good condition with no signs of significant erosion.

The portal located on site was also secured, it has been backfilled, closed off with steel grates as well as encompassed by a small berm. The portal and it's closure can be seen in Photo Two. No fuel storage containers are located on site. The main pad and work area was in good condition as seen in Photos Three and Four, evidence of weed management during the growing season was observed. The whole site exhibits positive drainage and no erosional issues were observed at this time. A concrete slab foundation is located on the portal pad measuring approximately 20 x 30 ft. with an adjacent utility pole and line. The foundation, utility pole and wire are slated to be removed during final reclamation. The lower area and the portal pad area has begun to revegetate itself with volunteer species.

Discussions of the planned activity indicate that this site may potentially be used as a secondary egress and ventilation portal. The five permit areas are all interconnected by way of the underground workings. No new surface disturbance is planned at this site and the portal will only be opened if necessary.

The overall footprint of the site was in good condition and free from excessive trash and debris. No problems or possible violations were noted during this inspection. All questions or responses to this report should be directed to Lucas West at the Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, by phone at (970)-243-6368 or by email at lucas.west@state.co.us.

PHOTOGRAPHS



Photo One: View east, showing the proper mine ID signage posted at the entrance to the site. The gate to the site is in good condition and shows no signs of attempted unauthorized entry.



Photo Two: View south, showing the secured portal. The portal contains a set of internal gates, an earthen backfill and locked exterior gates. The closure is in good condition and was stable at the time of the inspection.



Photo Three: View east, showing the shoulder of the portal pad located adjacent to the portal. The pad is in good condition and was stable at the time of the inspection.



Photo Four: View southeast showing another section of the portal pad adjacent to the portal. The pad has begun to revegetate itself with volunteer species which were in good condition at the time of the inspection.

Inspection Contact Address

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Enclosure

CC: James Blair, Bureau of Land Management
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Jeff Fugate, DRMS Minerals AGO Counsel