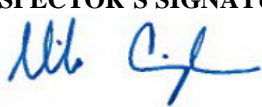




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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 Cunningham	INSP. DATE: February 26, 2020	INSP. TIME: 09:00
OPERATOR: Colorado Legacy Land, LLC	OPERATOR REPRESENTATIVE: Liz Busby, 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: July 9, 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>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</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>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 of the Division of Reclamation, Mining and Safety (Division). The Operator was represented by Liz Busby, Billy Ray, Jon Webb, and Evan Valencia. The Division inspects the site quarterly; this inspection serves as the first quarter inspection of 2020.

Hydrologic Balance:

The water treatment plant was offline at the time of the inspection. The elevation of the mine pool was 197' below the Steve Level; the mine pool elevation is required to be no less than 150' below the Steve Level. The water treatment plant was last operated on December 20, 2019; no treated water has been discharged to Ralston Creek since that time. The Operator anticipates reactivating the water treatment plant on or before April 6, 2020.

The Operator performed an in-situ injection into the mine pool in December 2019 prior to shutting down the water treatment plant for the season. Previous in-situ treatments were injected into the mine pool at two points: the surface of the mine pool and 400' below the Steve Level. In the most recent in-situ treatment the Operator injected molasses 400 below the Steve Level and injected alcohol at 1,100' below the Steve Level. The molasses and alcohol were injected at different levels to facilitate better mixing within the mine pool. In order to evaluate the effectiveness of conducting the in-situ treatment at different depths within the mine pool, a tracer was included in the in-situ treatment.

The new mine pool pump, which was approved under Technical Revision No. 27 was in place and is fully operational. The sumps were operational at the time of the inspection and all collected water was reporting to the mine pool. Sumps No. 9 and No. 10 were eliminated last year as part of the removal of waste rock from the valley floor. Additional sumps may be removed this year as the excavation of waste rock continues.

The Operator was performing maintenance on the water treatment plant at the time of the inspection. Maintenance activities included cleaning and repairing the cone filters on the ion-exchange system and installing ventilation fans in the plant for radon control. In addition, the Operator has removed one of the clarifiers from the WTP and the second clarifier has been decommissioned and is awaiting removal from the building. The clarifiers were previously used to treat the water collected in the sumps. The alluvial groundwater collected in the sumps is no longer treated separately, and now comeslingles with the mine pool prior to treatment. Therefore, there is no need for clarifiers in the WTP.

Reclamation Success:

Excavation of waste rock from the valley floor was not occurring at the time of the inspection. The current excavation area is located to the east of the South Waste Rock Pile. At the time of the inspection, the excavation extended into the access road which leads to the cutoff wall on Ralston Creek and the North Waste Rock Pile (NWRP), both located on the west end of the permitted area. The cutoff wall and the NWRP were not accessible by vehicle, but could still be accessed by foot. The Operator informed the Division access to these features would be re-established when excavation activities commenced and estimated it would take three days to backfill the portion of the access road which had been excavated.

This concludes the inspection report.

Inspection Contact Address

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Billy Ray, Ensero Solutions