




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	WEATHER: Clear	INSP. DATE: July 26, 2023	INSP. TIME: 13:30
OPERATOR: Colorado Legacy Land, LLC	OPERATOR REPRESENTATIVE: Paul Barnes	TYPE OF OPERATION: 112d-2 - Designated Mining Operation	

REASON FOR INSPECTION: High Priority	BOND CALCULATION TYPE: None	BOND AMOUNT: \$7,674,022.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
INSPECTOR(S): Robert Zuber, P.E.	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: August 4, 2023

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

INSPECTION TOPIC: Support Facilities On-site

PROBLEM/POSSIBLE VIOLATION: Possible Violation: The Operator failed to notify the Division of a failure of an Environmental Protection Facility and has failed to adequately demonstrate the mine pool is being maintained at or below the regulatory limit. This is a possible violation of C.R.S. 34-32-121.5 and Rule 8.1(b). In addition, pursuant to C.R.S. 34-32-124(1), this is a possible violation for failure to comply with the conditions of an order, permit or regulation.

CORRECTIVE ACTIONS: This possible violation will require a hearing before the Mined Land Reclamation Board. The schedule and other details for the MLRB hearing will be provided under separate cover to be sent to the Operator via certified mail. The Operator shall submit a Technical Revision within 30 days to address the replacement of the mine pool transducer and the mine pool transducer shall be replaced within 30 days of approval of the Technical Revision.

CORRECTIVE ACTION DUE DATE: 9/04/23

OBSERVATIONS

This was a normal monitoring inspection of the Schwartzwalder Mine (Permit No. M-1977-300) conducted by Rob Zuber of the Division of Reclamation, Mining and Safety (Division). This inspection serves as the July inspection for 2023. The Operator was represented during the inspection by three Ensero Solutions employees: Paul Barnes, Allan Steckelberg, and Nate Lambert. The weather started as hot and partly cloudy, then it was rainy during the last part of the inspection.

No problems were seen with the North Waste Rock Pile or the South Waste Rock Pile (Photo 1). The diversion ditch above the north pile was intact and clear of debris (Photo 2). At the southeast end of the south pile, no material was seen that looks like the result of new excavation. No earth-moving work was taking place during the inspection. A small puddle at the southeast corner appeared to be from recent storms (Photo 3).

The excavations on either side of the road to the water treatment plant contained significant water (Photos 4 and 5). This is cited as a problem requiring corrective action by the operator. Namely, the water needs to be pumped to the plant for treatment.

The diversion of water in Ralston Creek was operating during the inspection, and no flow was seen in the creek bed as it passes through the center of the site. A large amount of flow was seen discharging from the lower end of the bypass pipe (Photo 6).

The Operator informed the Division the water treatment plant was not operational at the time of the inspection and the Division verified there was no discharge of treated water into Ralston Creek. The Operator's representatives did not provide a timeframe for resuming active water treatment at the mine. According to the Operator, the water treatment plant was offline to reconfigure part of the treatment system. In addition, no prior notice had been provided to the Division in regards to the status of the water treatment plant. The water treatment plant was designated as an Environmental Protection Facility under Amendment No. 6 and the operation of the facility ensures that the mine pool is maintained at the regulatory limit of 150' below the Steve level portal. The regulatory limit for the elevation of the mine pool is a permit condition which was developed to ensure that contaminated mine pool water did not communicate with Ralston Creek, which is a drinking water source for the cities of Denver and Arvada. As noted in the June 2023 Inspection Report, the mine pool transducer was found to not be operational when the water treatment plant resumed treating water this season. As such, the Operator cannot adequately demonstrate the mine pool is being maintained at or below the regulatory limit.

The Division considers the shutdown of the water treatment plant to be a reportable condition under Rule 8.1, which requires Operators to notify the Division, as soon as reasonably practicable, but no later than twenty-four hours, after the Operator has knowledge of a failure or imminent failure of any Environmental Protection Facility. Furthermore, the Operator has failed to demonstrate the mine pool is being maintained at the regulatory limit of 150' below the Steve Level portal. Based on the information gathered during the inspection, the Division has reason to believe the Operator is in violation of C.R.S. 34-32-121.5 and Rule 8.1(b) for failing to notify the Division of failure of a critical Environmental Protection Facility and C.R.S. 34-32-124(1) for failure to comply with the condition of an order, permit or regulation. The possible violation will be scheduled for consideration by the Mined Land Reclamation Board during the September 20-21, 2023 Board meeting. Formal notice of the possible violation and Board hearing will be sent under separate cover.

PHOTOGRAPHS



1. View of the SWRP, photo taken from the NWRP



2. Stormwater Diversion Channel on the NWRP.



3. View of excavated area on the east side of the SWRP.



4. Ponded stormwater adjacent to the Black Forest portal.



5. Ponded stormwater in excavated pit below WTP.



6. Bypass Pipeline discharging Ralston Creek Flows, no discharge from WTP.



7. View of secondary containment for Backfill Slurry Tank and Reactor Tank.

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

(AR) RECORDS----- <u>N</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>PV</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>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 / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

Inspection Contact Address

Jim Harrington
Colorado Legacy Land, LLC
333 W. Hampton Ave. Suite 935
Englewood, CO 80110

CC: Michael Cunningham, DRMS
Russ Means, DRMS
Jeff Fugate, DRMS
Allan Steckelberger, Ensero Solutions