




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
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: Surety-Related Inspection	INSPECTOR(S): Bob Oswald	INSP. DATE: May 15, 2012	INSP. TIME: 10:30
OPERATOR: Denison Mines (USA) Corp.	OPERATOR REPRESENTATIVE: Phillip Kibel	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Surety Related	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$33,409.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: U.S.BLM	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: June 11, 2012

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>Y</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>N</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>	(SB) COMPLETE INSP--- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(RS) RECL PLAN/COMP--- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	(ST) STIPULATIONS----- <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 was a partial inspection by the Division for purposes of reviewing reclamation work that has been performed by the operator, so that a correct bond amount may be estimated. Several new reclamation items were added to the reclamation tasks under Amendment AM-1, but the operator wishes to have other reclamation items deleted from the reclamation tasks since they have been completed. These changes will be reflected in the Division's decision for the bond reduction request (SR-1). Phillip Kibel was present during the inspection, representing Denison Mines.

The bond reduction request from Denison described several specific items that had been completed: shop/office building removal; removal of slab under the old tire shop; and waste rock dump slope grading. Inspection of the site revealed that these items were completed as reported and according to the reclamation plan.

The Division agrees that these tasks are completed, and will incorporate these adjustments into the updated bond calculation. The Division's approval of the bond reduction request will follow under separate cover.

No further features were inspected at this time. The Division appreciates the reclamation work performed by the operator.

For questions regarding this report, please contact the inspector at the Division's Durango Field Office:
DRMS – Durango Field Office
691 CR 233, Room A-2
Durango, CO 81301
Telephone: 970-247-5193

Inspection Contact Address

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Cc: James Blair, BLM, Dolores (sent electronically)

PHOTOGRAPHS

