




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: Topaz Mine	MINE/PROSPECTING ID#: M-1980-055-HR	MINERAL: Uranium and vanadium	COUNTY: San Miguel
INSPECTION TYPE: Surety-Related Inspection	INSPECTOR(S): Bob Oswald	INSP. DATE: May 15, 2012	INSP. TIME: 14:00
OPERATOR: Denison Mines (USA) Corp.	OPERATOR REPRESENTATIVE: Phillip Kibel	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	

REASON FOR INSPECTION: Surety Related	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$81,522.00
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>Y</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>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>Y</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 inspection by the Division was performed in order to verify that certain approved permit features were not yet constructed, so that the Division may correctly include or exclude them in a future bond calculation. The operator may wish to submit a technical revision to phase-in the bond increases that are associated with the future construction of the approved features (specifically, several vent shafts, and the associated pads and roads). Phillip Kibel of Denison's Egnar office was present throughout the inspection.

The main portal area and all vent sites were inspected. No changes to the site from previous observations were noted in this inspection. The operator's recent report listing the upland vent shaft sites was found to be correct. The Division recently recalculated the bond for this permit as part of approving Amendment AM-1, but the operator asked if the bond could be incrementally increased for each of the future vents. At this time, however, the Division cannot reduce the bond by the amounts associated with these approved but as-yet unconstructed features; a technical revision must be approved to allow this request.

The operator has not begun installation of the EPP-required water monitoring wells yet.

No photos are included with this report. There were no problems noted, and no other items inspected at this time.

For questions related to 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: Jamie Blair, BLM (sent electronically)

(end of report)