




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: Monogram Mines	MINE/PROSPECTING ID#: M-1978-222-UG	MINERAL: Uranium and vanadium	COUNTY: Montrose
INSPECTION TYPE: Monitoring	INSPECTOR(S): G. Russell Means	INSP. DATE: October 30, 2012	INSP. TIME: 11:00
OPERATOR: Nuvemco, LLC	OPERATOR REPRESENTATIVE: Paul Szilagy, Tom Cavanaugh	TYPE OF OPERATION: 112d-1 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$46,450.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 2, 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>N</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</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>	(SB) COMPLETE INSP---- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</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 was conducted as part of the normal monitoring program of the Colorado Division of Reclamation, Mining, and Safety (Division) for permitted sites. The Monogram Mine is 112d-1 uranium mine located on private lands on Davis Mesa along the southern rim of Paradox Canyon. The mine has an approved environmental protection plan (epp) on file. The Division inspector, Russ Means, was accompanied Nuvemco representatives Paul Szilagyi and consultant Tom Cavanaugh.

The mine identification sign and affected area boundary markers are in place and in compliance with Rule 3.1.12. The sign is located on the gate at the entrance to the site as it enters the lower bench permit access point. Permit boundaries are marked by t-posts and other geographical features that clearly marked the affected areas.

The EPP was reviewed and approved in early 2009 prior to final promulgation of the rules by the Mined Land Reclamation Board for changes to the Act passed in May of 2008. Per the approved EPP construction schedule the only structure noted to be constructed is the ore storage bins that were to be built upon approval of the conversion. It was observed that the bins have not been constructed. The ore storage pad area has not been utilized however due to the economic down turn which modified the life of mine and construction timetables. No uranium ore has been mined. No waste rock has been developed or added to dumps with current activities. Current primary on site activities noted included drilling within the permit area and some on-site maintenance. There are open holes that are awaiting geo-assessment work which should be completed as soon as possible. Nuvemco representatives understand that should the drilling project not proceed or other activities move forward on an annual basis the permit will be required to go into Temporary Cessation. At this time mining activities constitute development and characterization of the ore body.

The inspector looked at the on-site storm-water control measures. These controls are part of the internal mine plans approved by the Division and do not reflect other measures required by the Colorado Department of Public Health and Environment's (CDPHE) issued stormwater permit. Those requirements are regulated by CDPHE.

Internal stormwater controls at the staging area, primarily grading, are currently channeling water towards the area of a retention basin approved in the EPP. The retention basin as identified in the plans however is not constructed. Hay bales, waddles, or earthen materials have been installed at the lower gather point until the retention basin is properly constructed as designed and approved. These measures are working correctly as observed during this inspection.

Groundwater monitoring has concluded the five quarters of monitoring as required. Yearly sampling is still being conducted for the life of the mine and reported. No water has been detected to date.

3 metal storage units, two fuel tanks in secondary containments, were observed on site. No evidence of oil or fuel leaks was noted. There is no unnecessary debris or trash located at the site. As noted above no uranium ore has been produced nor waste rock generated at this point.

Topsoil is limited and has been stockpiled at the edge of the staging area. Natural vegetation has established to prevent erosion. Some juniper and cedar snag has been piled up at the edge of the disturbance that can be used in reclamation or as erosion control. The Division observed a small infestation of knapweed on site in the sedimentation retention area. The infestation is very minor and at this time does not rise to the level of a problem. The operator has indicated spraying will be done very quickly. Please note that failure to bring the infestation of the noxious weed under control will result in the issue being listed as a problem in a future report which will require a Technical Revision to include a formal weed control plan.

The Division holds a \$46,450.00 reclamation bond that was calculated in 2009. The current conditions are less than anticipated so the Financial Warranty is adequate at this time.

Overall the mine is meeting the requirements of the approved mine, reclamation, and EPP plans unless otherwise noted or observed.

Responses to this inspection report should be directed to Russ Means at the Division of Reclamation, Mining, and Safety, Grand Junction Field Office, 101 South 3rd Street, Room 301, Grand Junction, Colorado 81501, phone no. 970-241-1117.

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