




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: Last Chance #3 & #4	MINE/PROSPECTING ID#: M-2008-012	MINERAL: Uranium and vanadium	COUNTY: Montrose
INSPECTION TYPE: Monitoring	INSPECTOR(S): G. Russell Means	INSP. DATE: October 30, 2012	INSP. TIME: 10:00
OPERATOR: Nuverco, LLC	OPERATOR REPRESENTATIVE: Paul Szilagyi, Tom Cavanaugh	TYPE OF OPERATION: 112d-1 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: IT.Bondcalculationtype.CD.Desc	BOND AMOUNT: \$45,250.00	
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>Y</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>Y</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>N</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 Last Chance Mine is 112d-1 uranium mine located 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 representative 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 at the access point. Permit boundaries are marked by t-posts and other geographical features that clearly marked the affected areas.

The underground mine has been inactive since 2010. Nuvemco continues doing some drilling within the permit area to better define the ore body. A notice of the activity was received by the Division. The portal is secured by a steel gate.

The EPP was part of the approved permit application in 2010. 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.

Nuvemco has completed work of Environmental Protection Facilities (EPF's) for site required at this time. Stormwater structures approved under TR-01 have just been constructed. As-builts and engineer certifications were provided to the Division on October 26, 2012. The inspector notes construction of three ponds, and two primary control ditches. Construction meets or exceeds the requirements for containment and control required under the Act and Rules which affords an additional safety factor during precipitation events. The inspector's recommendation to the operator is to seed pond areas and permanent ditches to help control sedimentation and reduce flow energy.

Topsoil is limited and has been stockpiled at the edge of the waste rock dump area. Vegetation has had limited success but is preventing erosion. Some juniper and cedar snag has been piled up at the edge of the disturbance that can be used in reclamation, as erosion control as needed, or burned.

The waste piles are level. No erosion or sedimentation issues were observed in this area. The ore stockpile area, which has a natural rock underlayment as a pad is clear of any ore.

Current mining activity is noted with the construction of the EPF's and drilling. The Last Chance meets the definition of an Intermittent Operation. Should Nuvemco change plans within the next year and not proceed with other mining activities placing the permit into Temporary Cessation may be required.

The Division holds a \$45,250.00 reclamation bond that was calculated in 2010. The current conditions are less than anticipated so the Financial Warranty is adequate at this time.

Overall the mine site is clean and orderly. No fuels or other classified materials are noted or observed on site.

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