




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 & vanadium	COUNTY: San Miguel
INSPECTION TYPE: Monitoring	INSPECTOR(S): Bob Oswald	INSP. DATE: July 31, 2013	INSP. TIME: 13:30
OPERATOR: Energy Fuels Resources (USA) Inc.	OPERATOR REPRESENTATIVE: Andrea Reither	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$94,791.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: U.S. BLM	JOINT INSP. AGENCY: U.S. BLM
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: August 27, 2013

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>Y</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>NA</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>NA</u>	(FW) FISH & WILDLIFE----- <u>NA</u>	(RV) REVEGETATION---- <u>NA</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(SB) COMPLETE INSP---- <u>NA</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>NA</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>NA</u>	(ST) STIPULATIONS----- <u>NA</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 partial inspection was performed by the Division as part of its monitoring of Hard Rock and Metal 112 DMO permitted operations. The operator named on page one was present throughout the inspection. Also present representing the operator were Frank Filas, Jaime Massey, David Turk, and Race Fisher. BLM personnel present during the inspection were James Blair and Greg Welton. The site was not active at the time of the inspection. The inspection is considered "partial" since the new monitoring well sites were not inspected at this time.

A new permit ID sign is posted on the mine building on the site. Permit boundary markers were observed. The entrance gate and buildings onsite were secured against unauthorized entry. The operator is not storing any fuel, hydrocarbons or contaminants on the site. No ore is currently stockpiled out on the surface of the mine permitted area. There are a few mining-related items onsite: bermed plastic membrane for fuel storage, pipes and electric cabling. There is no earthmoving or mining equipment on the site. The portal is secured by a locked steel grate and by the adit being backfilled with waste rock (filled to approx 25 feet inby).

Topsoil is stockpiled on the site, in the approved location. The vegetative cover on the topsoil is pretty thin, probably as result of prolonged dry weather. The operator must monitor the condition of the topsoil stockpile, to prevent it from becoming weedy and/or eroding. The operator is reminded that topsoil must be stripped and salvaged from additional areas that are to be disturbed by future mine development, such as where the waste rock disposal area will expand.

The site has received recent rains. The portal level pad is bermed to contain stormwater. Other stormwater control structures, such as the retention pond at the toe of the waste dump, berms and ditches along the entrance road, and water bars, all appear to be intact and functional. The operator is reminded that, because this permit is a DMO, stormwater control structures are considered to be Environmental Protection Facilities (EPFs). The structures must conform to the designs that were approved in the EPP, and be maintained to ensure full design capacity.

Most of the groundwater quality monitoring wells have been constructed in this permitted area, and sampling has begun. The sampling frequency and parameters are set forth in the permit EPP, and the operator must forward all analyses to the Division promptly.

The operator has a weed control plan in the permit. The knapweed along the access road has been reduced, but there is more Halogeton at the road margins presently. Weed control must become more aggressive. If the operator updates the weed control plan a copy of it must be provided to the Division and to the BLM.

The operator is not planning to reactivate the site in the immediate future. The ore pad liner (one of the EPFs included in the amendment EPP) has not been installed at the site; the Division's approval of the EPP allowed the delay in constructing the liner, due to its potential for degradation over time.

The bond amount was recalculated when the EPP amendment was approved, and the bond is sufficient. There were no problems noted at this time. The Division appreciates the time spent by the operator traveling to and participating in the inspection.

For questions related to this report, please contact this 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, Tres Rios Field Office, Dolores

(Photographs taken during the inspection by the BLM and the operator are on the following page.)

PHOTOGRAPHS

