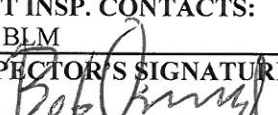




**COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY**  
**MINERALS PROGRAM INSPECTION REPORT**  
**PHONE: (303) 866-3567**

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.

<b>MINE NAME:</b> Carnation Mine	<b>MINE/PROSPECTING ID#:</b> M-1977-416	<b>MINERAL:</b> Uranium & vanadium	<b>COUNTY:</b> San Miguel
<b>INSPECTION TYPE:</b> Monitoring	<b>INSPECTOR(S):</b> Bob Oswald	<b>INSP. DATE:</b> July 31, 2013	<b>INSP. TIME:</b> 12:00
<b>OPERATOR:</b> Energy Fuels Resources (USA) Inc.	<b>OPERATOR REPRESENTATIVE:</b> Andrea Reither	<b>TYPE OF OPERATION:</b> 110d - Designated Limited Impact	

<b>REASON FOR INSPECTION:</b> Normal I&E Program	<b>BOND CALCULATION TYPE:</b> None	<b>BOND AMOUNT:</b> \$33,409.00
<b>DATE OF COMPLAINT:</b> NA	<b>POST INSP. CONTACTS:</b> U.S. BLM	<b>JOINT INSP. AGENCY:</b> U.S. BLM
<b>WEATHER:</b> Clear	<b>INSPECTOR'S SIGNATURE:</b> 	<b>SIGNATURE DATE:</b> 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>NA</u>	(FN) FINANCIAL WARRANTY-----	<u>Y</u>	(RD) ROADS-----	<u>NA</u>
(HB) HYDROLOGIC BALANCE-----	<u>NA</u>	(BG) BACKFILL & GRADING-----	<u>NA</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>Y</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 inspection was performed by the Division as part of its monitoring of Hard Rock and Metal 110 DMO permitted operations. The operator named on page one was not present at the time of the inspection. BLM personnel present during the inspection were James Blair and Greg Welton. The site was not active at the time.

A new permit ID sign is posted at the entrance to the site. Permit boundary markers were observed. The entrance gate was 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 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 in by).

The site has received recent rains. The portal level pad is bermed but contains no stormwater. Other stormwater control structures, such as the retention berms on the flatter area below the toe of the waste dump, and upland diversion ditch, 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 be fully functional.

The operator has a weed control plan in the permit. Overall, it appears that weed control has been carried out effectively enough this year. The site contains some Halogeton, which is now the main weed species to be brought under control. There is a noxious weed control plan in the permit, and it should be updated to be more aggressive in treating the current weeds.

While jointly inspecting the adjoining permitted operation (Sunday Mine, M-1977-285), the operator wished to discuss the possible location for a water treatment plant on the Sunday complex. The location indicated for the plant lies partially on the unaffected area below the Carnation Mine waste rock dump, but partially within the Sunday Mine permitted area. The Division suggested that since the optimal location is partially in two permitted areas (Carnation Mine and Sunday Mine), the permit boundary line should be adjusted such that the treatment plant is fully in only one permitted area. The best revision to the boundary is to reduce the Carnation permit area and correspondingly enlarge the Sunday area, putting the plant in the Sunday Mine permit.

The bond amount was recalculated when the EPP amendment was approved, and the bond is sufficient. There were no problems noted at this time. There were no photographs taken during 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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