

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
Director  
Mining and Minerals Division  
1220 St. Francis St.  
Santa Fe, New Mexico 87505  
Telephone: (505) 476-3400**

**COPY**

**MINING INSPECTION REPORT**

<b>Name of Operator:</b> Rio Grande Resources, Inc. (RGR)
<b>Name of Mine:</b> Mt. Taylor Mine
<b>Address:</b> Approx. 20 miles north of Grants (UTM 13S 0260351, 3914011)
<b>Permit Number:</b> CI002RE
<b>Commodity:</b> Uranium <span style="margin-left: 150px;"><u>    </u> SURFACE</span> <span style="margin-left: 50px;"><u>X</u> UNDERGROUND</span>
<b>Date of Inspection:</b> June 11, 2018
<b>Time of On-Site Inspection:</b> 10:30 am – 1:15 pm
<b>Weather Conditions:</b> Partly cloudy, 80°F
<b>Purpose of Inspection:</b> Biannual/reactivation inspection.
<b>Lead Inspector:</b> David Ohiri
<b>Present During Inspection:</b> MMD – David Ohiri, Kevin Myers; RGR - Joe Lister, Bruce Norquist.
<b>ENFORCEMENT ACTION TAKEN:</b> None <b>NOTICE OF VIOLATION: #</b> <u>    </u> <b>YES:</b> <u>    </u> <b>NO:</b> <u>X</u> <b>CESSATION ORDER:</b> <u>    </u> <b>YES:</b> <u>    </u> <b>NO:</b> <u>X</u>
<b>Time: On-Site:</b> <u>2.75</u> <b>Permit Review:</b> <u>1</u> <b>Travel:</b> <u>5</u> <b>Report Writing:</b> <u>1</u>
<b>TOTAL INSPECTION TIME:</b> <u>9</u> HOURS
<b>NOTE:</b> Mt. Taylor Uranium Mine is located NE of the Town of San Mateo, UTM 13S 0260351, 3914011 on the San Mateo Quad. This inspection was concurrent with the inspection of the Section 27 Mine.

**BI-ANNUAL INSPECTION****June 11, 2018****Mount Taylor Mine****PERMIT UPDATE:**

MMD approved Revision 13-2 changing the mine's status from standby to active on December 29, 2017. On May 7-8, 2018 the NM Mining Commission held a hearing on a petition by MASE and Amigos Bravos challenging MMD's approval of Revision 13-2. The NM Mining Commission has scheduled a hearing for July 1, 2018 to render a decision on the petition and Revision 13-2.

**INSPECTION NARRATIVE:**

The MMD inspectors arrived at the Mt. Taylor Mine at approximately 10:30 am. They met with Joe Lister, and Bruce Norquist, the mine facilities manager who is managing the mine reactivation process.

Bruce reported that regrading work to build the lined-disposal cell in the top surface of the waste rock pile had started approx. 3-weeks earlier (see photos). The earthmoving contractor, Enviroworks, was operating a Cat 330 excavator, along with two Cat 740B haul trucks and a Cat D8 dozer to build the disposal cell. The excavator was pulling back the west outslope of the waste pile (see photo). The west outslope of the waste rock pile will be graded to a 5H:1V gradient and stormwater BMP's will be installed along the toe area. A water truck was also in operation. Rough grading waste being done using grade stakes that a surveyor was placing. Bruce said that a Cat D6 dozer will be brought in to perform the fine grading on the waste rock pile and that it will be equipped with a CAES GPS grade control system (similar to those used at the reclamation work done at the Freeport-McMoRan mines in Silver City) for greater precision. The lined-disposal cell within the waste rock pile that will receive the sediments from the treatment ponds when they are excavated and re-built. The brown shaded materials observed in the waste rock pile area is shaft muck and the gray shaded materials are waste rock according to Bruce (see photos). The rough grading of the south facing slope of the waste rock pile was nearing completion according to Bruce (see photos).

During regrading of the waste rock pile debris such as vent bag and vent duct work was removed from the waste rock pile and is being staged for proper disposal according to Bruce (see photo). Bruce said that the on-site radiation safety was being managed by ERG.

Ponds 2 and 3 were inspected (see photos). Bruce said that the water management structures at Pond 2 will be demolished and replaced. The plan is to excavate sediments from Pond 3, place them in the lined-disposal cell and then double-line the pond with a HDPE liner with a leak detection system. Then Pond 2 will be renovated including a double HDPE liner and leak detection system. The rolls of HDPE liner material and the geo-mesh interlayer material was already being delivered and staged near the ion

exchange building (see photos).

The west side of the cover borrow material area had been grubbed of vegetation and was undergoing further material testing for use as the clay-liner material for the disposal cell (see photos).

The inspectors exited the mine at approximately 1:15 pm.

**ACTION ITEMS:**

None.

**PHOTOS:**



North Top Surface of Waste Rock Pile on April 5, 2018 (looking west)



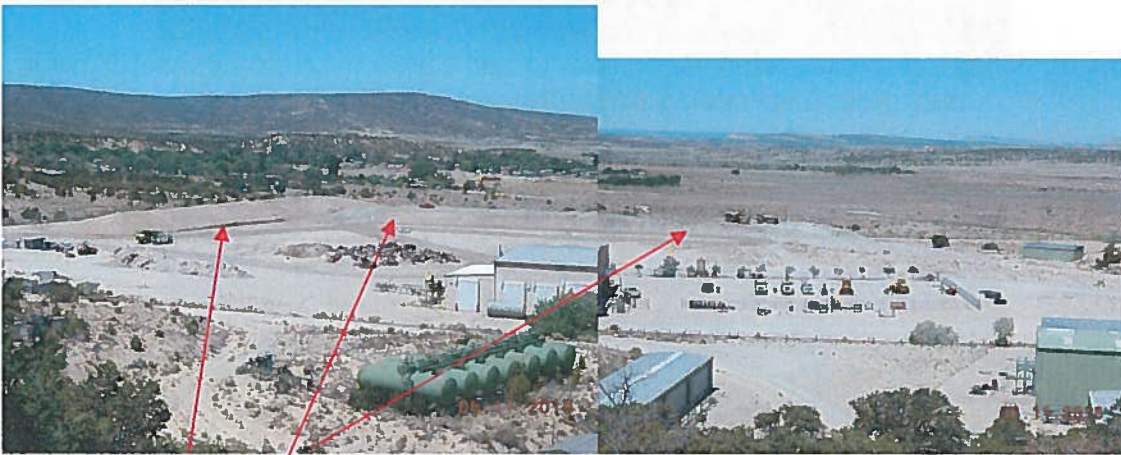
Top Surface of Waste Rock Pile on June 11, 2018 (looking southwest)



Cat excavator loading waste rock (gray color) from waste rock pile into haul truck



South facing waste rock pile rough graded to approx. 5H:1V gradient (brown color shaft muck)



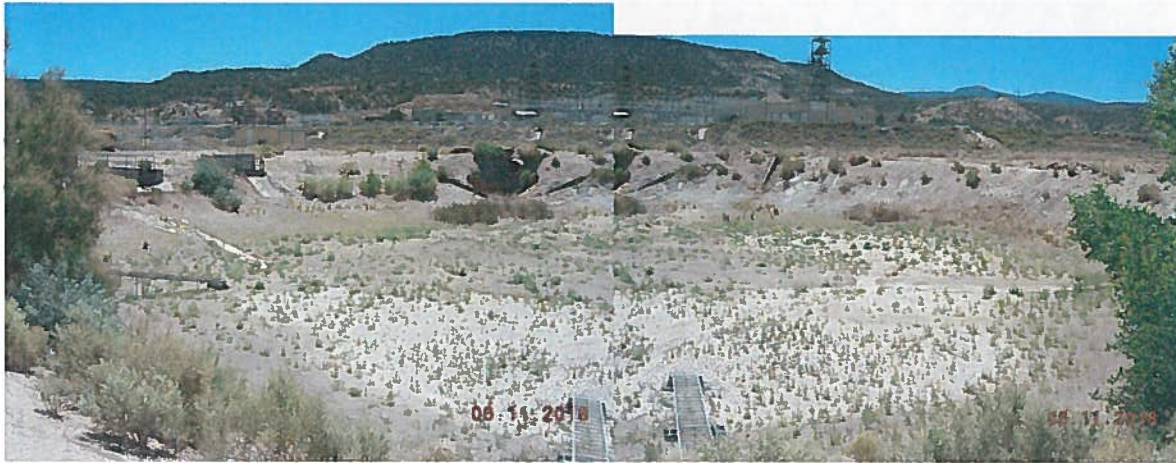
Regrading and building the Disposal Cell berms on the Waste Rock Pile



Haul truck delivering excavated waste rock to berm area of Disposal Cell (dozer in background spreading waste rock material for the berm)



Vent bag and ductwork debris excavated from the Waste Rock Pile



Water Treatment System Pond 2



Rolls of HDPE Liner and Geo-mesh staged at Water Treatment System



West Portion of Borrow Area grubbed for clay liner source material

*Additional photos may be viewed at L:\MARP\CI002RE---Rio Grande Resources\Mt Taylor Mine File Part 2\Photos\2018-06-11.*

**MAINTENANCE ITEMS**

None.

**ENFORCEMENT ACTIONS TAKEN OR TO BE CONSIDERED**

None.

**INSPECTOR'S SIGNATURE:** \_\_\_\_\_ **DATE:** \_\_\_\_\_