

LAST CHANCE MINE
Mining Plan of Operations
October 2008

Presented to:

Bureau of Land Management
Uncompahgre Field Office
2465 S. Townsend Avenue
Montrose, CO 81401

Prepared for:

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Prepared by:



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Introduction

Nuvmco, LLC (Nuvmco) is the owner and operator of the Last Chance Mine. The Mine is an underground uranium/vanadium mine located in Montrose County, Colorado on claims owned by Nuvmco. Specifically the mine portal is located on the Last Chance #4 claim with underground workings extending under Last Chance #3. The mine is currently operated in accordance with the Colorado Division of Reclamation, Mining and Safety (DRMS) Notice of Intent (NOI) to Conduct Prospecting Operations for Hard Rock/Metal Mines No. P-2007-018. The mining area is less than 5 acres with an actual disturbed area of about 3.5 acres. Attached as Appendix A is a copy of the DRMS NOI filed, the approval received from the DRMS dated August 16, 2007, and the acceptance of the notice with conditions by the BLM dated August 22, 2007 which assigned serial number COC-71183.

To further evaluate this prospect prior to seeking a 112d Designated Mining Operation from DRMS, Nuvmco seeks to drill exploration boreholes on adjacent claims. This area has been previously mined and extensively drilled, thus Nuvmco must confirm the existence of remaining uranium and vanadium ore reserves and economic viability prior to expanding to a mining operation. DRMS has reviewed this drilling program as an NOI Application (P-2008-054, BDRS Drill Site) and calculated the reclamation bond subject to BLM-UFO approval which requires this Mining Plan of Operations (see Appendix B for DRMS application and bond response).

1. Summary Operator Information

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Approximately 4.9 acres in Mining NOI
P-2007-018
COC-71183
Approximately 4.93 acres in unapproved Drilling NOI
P-2008-054
Pending BLM approval
In Section 12, T 46 N, R 18 W, NMPM

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2. Location

The Mine is located on Davis Mesa in Montrose County, Colorado on claims owned by Nuvemco in Township 46 North, Range 18 West, Section 12 (N.M.P.M.) as shown on Map 1 in the Appendices. The mine site and drilling area is located by going 2.4 miles along Colorado State Highway 141 from Naturita to Highway 90. Go west along Highway 90 for 8.5 miles, and then turn left onto Montrose County Road DD19 Road for 3.7 miles. Finally, make a slight right onto DD16 Road for 3.1 miles to existing road on right side of DD 16. Follow this mining road and signs to reach the Last Chance Mine and adjacent drilling area which are also illustrated on the aerial photographic basemap - Map 2. Elevations in the area range from about 6250 to 6450 feet above sea level.

3. Geology

Davis Mesa is a narrow flat-lying WNW-ESE trending mesa bounded on the north by Paradox Valley and the south by Wild Steer Canyon. Paradox Valley is an alluvial covered, collapsed salt anticline with numerous faults and slump blocks exposing rocks from the Upper Triassic through the Lower Cretaceous. The top of the mesa is all Jurassic Morrison Formation with minor Quaternary alluvium remaining in depressions (Cater, 1955). The Wild Steer Canyon includes well exposed outcrops of the following formations in ascending order: Wingate sandstone, Kayenta formation, Navajo sandstone, Entrada sandstone and Carmel formation undivided (Entrada is locally called "Slick Rim"), Summerville formation, and Morrison formation.

On top of Davis Mesa in the vicinity of the Last Chance project, only the lower Salt Wash sandstone member of the Late Jurassic age-Morrison Formation outcrops. Sandstone predominates within this member and is interbedded with shale, mudstone and a few thin lenses of dense limestone. The sandstone consists largely of sub-angular to sub-rounded quartz grains.

Uranium is found in the Salt Wash Member of the Jurassic Morrison formation. The majority of the ore is formed in tabular sandstone bodies ranging in size from several tons to millions of tons. The deposits were formed when uranium and vanadium enriched groundwater flowed through reducing environments. The reducing environment resulted in precipitation of the uranium and vanadium minerals. Grades of the deposits from the Last Chance Mine range from 0.10 percent to > 1.0 percent U₃O₈. Significant vanadium is also associated with these deposits; the ratio of vanadium to uranium is typically 3:1 in the area.

4. Last Chance Mine

When acquired by Nuvemco, the site had been reclaimed and released. Nuvemco permitted this mine site with the DRMS NOI #P-2007-018 (Appendix A). Nuvemco proceeded to reopen the Last Chance Mine on a total site area of 4.90 acres with a disturbed area of about 3.5 acres with facilities including a gated portal, waste rock dump, ore pile with berms. Additionally access roads, an office, power lines, a vent fan, a ventilation shaft, portable toilet and underground powder magazine are in place. "The mine ventilation fan is powered by the electrical supply and the mine air compressor for drilling is run by diesel and located near the portal. Gas and Diesel are brought on site daily by the pickup supply trucks. No other hazardous materials are stored on site. The waste rock stockpile area is less than 2 acres. A ventilation shaft and secondary escape route is located about 600 ft southeast of the mine portal, and replaces a previously reclaimed vent hole. The office is a small semi-mobile unit (a modified shipping container) located in the permit disturbed area.

The site was further prepared by removal shrubs and trees from the mine, ore and waste rock stockpile, and ventilation areas using a dozer and/or a backhoe with BLM input and consent. Minor leveling of area was completed and the limited topsoil stockpiled for use when the site is reclaimed. The mine portal entry is a 10 feet by 10 feet bulkhead in sandstone with a locking gate. Berms are installed for erosion control and storm water runoff. Storm water is run through catch ponds for silt trapping. Drainage from all affected areas will run into two water retention ponds and used in the mine for drilling purposes. The mine site is adjacent to Montrose County Road DD16, no additional roads are proposed at this time.

5. Current Mining Activities

Current operations under the prospecting permit include a small underground uranium/vanadium sampling operation with two to four mine workers. Mining is by random room and pillar techniques and conventional explosives. Equipment used in the mine include jackhammer and jackleg drills using compressed air, rubber-tired skid steer loader and a 5-ton ore buggy haulage unit. Water is hauled to the site using a pick-up in 100 gallon loads. Ore and waste rock are mucked and removed from the mine by the ore buggy which was designed and approved for underground use. Ore is to be loaded into contracted ore trucks with a loader or backhoe and hauled offsite for processing at the White Mesa Mill at Blanding, Utah.

6. BDRS Drill Site and Plan

To further evaluate this mine preparatory to seeking a 112d Designated Mining Operation from DRMS, Nuvemco seeks to drill exploration boreholes on adjacent claims (Last Chance claims #3, #2, and #1; plus the Bull Durham and Pam claims as shown on Maps 1 and 2). Nuvemco submitted a Mining Plan of Operations to drill boreholes in the vicinity of its Last Chance Mine. The drilling would explore for uranium and vanadium concentrations in the subsurface near the Last Chance Mine to further evaluate the economic viability of mining the claims. The ore deposits are in the Salt Wash Member of the Morrison Formation in the Uravan Mineral Belt. The mining claims are owned by Nuvemco and were acquired February 14, 2007.

The Plan was submitted in accordance with BLM regulations 43 CFR 3809 and 3715. The Plan includes less than 4.9 acres for the actual area disturbed within about 22 acres where exploration boreholes are to be located on open areas and existing roads and trails. The site will be drilled in phases and reclaimed in accordance with the drilling plan. The BLM case file number assigned is COC71183 and the Division of Reclamation, Mining and Safety (DRMS) assigned NOI Application No. P-2007-018 to the Last Chance Mine NOI, and No. P-2008-054 to the NOI Application for the BDRS Drill Site.

The prospecting area is located on Davis Mesa in Montrose County, Colorado approximately 13 miles west of Naturita, Colorado. A maximum of 358 exploration boreholes will be drilled with a diameter of four to six inches to a depth of around 400 feet. The boreholes will be drilled in Phases as described in the DRMS letter dated September 10, 2008 and included in Appendix B. Depending on the locations and concentrations of uranium and vanadium found, not all boreholes planned will actually be drilled. Furthermore, locations shown on maps 1 and 2 are approximate and will be resurveyed subsequent to drilling to afford Nuvemco the ability to avoid destroying some trees or shrubs by moving a location a few feet.

The operator/claimant will comply with 43 CFR 3815.2, 3715.2-1 and 3715.5. The use or occupancy of the lands in the report area is limited to that which is reasonably incident to mining operations. The existing facilities at the mine will be used by the drilling personnel and equipment; the mining claims are associated with the mining operation and would be used for purposes that are reasonably incident to mining.

7. Surface and Groundwater Quality

There is no significant water in the area due to no streams and limited rainfall. No perennial water resources exist within the project area. The hydrological regime in the vicinity of the project area is such that surface water flows only in response to significant precipitation events. Occasionally, ephemeral waterways are fed by snowmelt, however, thunderstorms are the primary source of flow in these washes. Ephemeral drainages in the project area generally discharge toward East Paradox Creek (about 2 miles north-northeast) or toward Gregory Creek in Wild Steer Canyon (about 1 mile west). Primary surface water resources in the vicinity of the

project area include the ephemeral East Paradox Creek and the Dolores River (5 miles west). The perennial stream system, Dolores River supports aquatic life, typically warm water fisheries.

With the 700 foot high Wild Steer Canyon walls less than one mile southwest and the 1200 foot Paradox Valley walls ¼ mile to the northeast, there is little recharge or ability of the sandstones to hold groundwater. The mines in the area are generally dry, with seepage related to precipitation entering through open vents, shafts and boreholes. Nuvmco drilled two dry monitoring wells near the Monogram Mines two miles southeast of Last Chance. Groundwater that has been found is reported to have high levels of radionuclides, TDS, and sulfate, indicative that the groundwater does not receive any appreciable recharge from precipitation (Cotter Corp. 1979, in DOE 2007).

8. Reclamation of Mining Area (NOI P-2007-018)

As described in the permit application, prior to abandonment, the portal area will be collapsed, backfilled with waste rock, and the entire disturbed area, including the waste rock pile will be graded to less than a 2:1 slope. The limited topsoil that was removed and stored on site will be replaced and seeded with the BLM approved seed mixture tabulated in the permit application (see Appendix A). The underground prospecting permit NOI P-2007-018, BLM COC71183, is covered by a \$9,243.00 bond which Nuvmco posted with the DRMS. See previously submitted Exhibit "D" Legal Reclamation Plan USBLM for details.

9. Reclamation of Drilling Area (NOI P-2008-054)

Exploration drilling will be done using a self-leveling, 10-wheel Davey Drill Truck, which has the capability of driving to each borehole location with minimal disturbance. Drilling will be by air rotary methods, minimizing equipment and materials; i.e. no mud pits, waste piles, drill pads, etc. The operation will generally require no site preparation, although some brush and shrub removal may be required at select locations. Drilling equipment will use existing roads, trails or open areas so that no new roads need to be constructed. Because of the minimal amount of impact of this drilling activity, there is no need to remove any topsoil.

After geophysical and geological sample logging, the holes will be plugged by backfilling with cuttings, pouring in bentonite from about 8 to 3 feet below ground surface, and cement to the surface. Any excess drill cuttings or sample piles will be raked into the surrounding ground and if necessary and soil exists, the ground will be scarified and re-seeded. All activities will be conducted by carefully accessing the site with minimal disturbance. The exploration boreholes will be reclaimed continuously, as each borehole is completed and the drilling rig moves to the next location.

The reclamation bond for the second NOI submitted to the DRMS for exploration drilling on adjacent claims will be submitted upon acceptance of this Mining Operations Plan and the EA

submitted to the BLM-UFO in October 2008. DRMS NOI P-2008-054 is proposed to be a three-phase drilling program taking up to 7 years and described following and in Appendix B.

Phase 1 would include about 2.5 acres of disturbed land with 182 boreholes as shown on maps 1 and 2 and listed on Table 1 in Appendix B. It includes 182 holes numbered 91 through 272 located predominately in the sage flat east and south of Last Chance Mine. These boreholes will be drilled on parts of the Last Chance #1 and #2, and Bull Durham claims. The estimated reclamation liability is \$11,720 which will be posted upon BLM acceptance of this MPO and prior to beginning the drilling program.

Phases 2 and 3 are interchangeable in the order to be drilled with reclamation liability increases of \$4700.00 and \$4800.00 respectively. Bonds will be posted prior to starting drilling in these areas. Phase 2 includes 86 holes (nos. 273 to 358) to be drilled on the Bull Durham and Pam claims with a disturbed area of about 1.2 acres. Phase 3 includes 90 boreholes (nos. 1 to 90) to be drilled on the northern parts of Last Chance claims 2 and 3.

Note that the number of boreholes to be drilled according to this MPO is a maximum with fewer anticipated based on results. Also the locations plotted on maps and in Table 1 are approximate to be determined in the field based upon surface conditions and vegetation; i.e. holes may be moved somewhat to avoid disturbing vegetation where possible. Actual locations will be surveyed subsequent to drilling.

10. References

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MAPS

- **Map 1. Last Chance Mine and Proposed Drilling Area on Topographic Base**
- **Map 2. Last Chance Mine and Proposed Drilling Area on Photographic Base**

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APPENDIX A

- **Last Chance Mine NOI Application to DRMS**
- **Last Chance Mine NOI Approval from DRMS**
- **Last Chance Mine NOI Acceptance from BLM**

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APPENDIX B

- **BDRS Drill Site NOI Application to DRMS**
- **Submittal of BDRS Drill Site NOI to BLM and Receipt Notice**
- **BDRS NOI Review and Bond Estimate from DRMS**

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