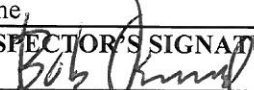




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Revenue Mine Exploration	MINE/PROSPECTING ID#: P-2011-030	MINERAL: Silver and gold	COUNTY: Ouray
INSPECTION TYPE: Mineral Prospect Inspection	INSPECTOR(S): Bob Oswald	INSP. DATE: August 20, 2014	INSP. TIME: 14:30
OPERATOR: Silver Star Resources	OPERATOR REPRESENTATIVE: John E. Trujillo	TYPE OF OPERATION: MP - Mineral Prospecting	

REASON FOR INSPECTION: Surety Release Requested	BOND CALCULATION TYPE: None	BOND AMOUNT: \$19,813.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 25, 2014

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>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</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>N</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>NA</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(SB) COMPLETE INSP---- <u>NA</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>NA</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</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 was an inspection conducted by the Division in response to the operator's request for bond release of a mineral prospecting notice (NOI). The operator's representative named on page one was present throughout the inspection.

Several drill hole locations, that are known to have been affected due to previously reported activities from the operator, were inspected to verify the adequacy of the reclamation.

The original NOI application included a list of proposed drill holes and an excellent map of the proposed drill hole locations. The map depicted all necessary surface and underground features, roads to be used/affected, all labeled drill holes, plus scale and north arrow.

In 2012 the operator's annual report stated that there were 35 surface drill holes drilled and subsequently closed. Original drill hole names were modified in the report. The actual locations and updated labels of the drilled holes were depicted on another excellent map, which again showed all necessary features. The annual report stated that all holes were drilled from existing roads and the holes were dry. Abandonment reports described the closures to include pulling the casings whereupon surface materials caved into the collars of the holes preventing the full backfilling and mechanical plugging. After removal of equipment any necessary surface regrading was performed, leaving the sites sufficiently close to their pre-existing condition.

The 2014 release request (revision number SL-01, subject of this inspection) included brief description of the reclamation and photos of up to five upland drilling locations, plus a map of the general area of the prospecting project. The request was filed according to the requirements listed in Hard Rock Rule 4.14. However, the submittal was deficient in several ways. None of the photos were labeled as to which drill holes they were or the locations, and were therefore difficult to interpret for this release. The submitted map only included topographic contours (though none were identified for elevation), some roads, and two areas delineated: one of the Revenue Mine permit area (M-2012-032) and the other of the "non-reclaimed area" that is located within the Revenue permit area. The map included no other labeled features, no drill hole locations, no other surface features, plus no signature of the preparer, no north arrow and no scale.

The "non-reclaimed area," as identified on the new map, is in fact completely enclosed in the affected area of the Revenue Mine permit, and is bonded under the permit for its full reclamation. This area does not require any further reclamation or continued bonding under this NOI.

The drill hole sites in upper Governor Basin, specifically on the pad of the Virginius #3 level, and at the toe of the waste rock/low grade dump, were found to be nearly reclaimed. Surface grading was complete, and no drill holes were found to be open. However, there was still a pile of damaged plywood sheets at the location which the operator indicated were used by drilling equipment to travel over, to protect native vegetation. These sheets need to be removed and disposed of.

It did not appear that the reclamation report and photos comport with the reclamation map, nor with existing materials in the file. The materials that were submitted by the operator for this release request were difficult to utilize for assessing the adequacy of the full reclamation of the project, and difficult to integrate with earlier submitted materials, since they included so little information. This inspector cannot make an approval

decision on this request based on the materials that were submitted. It is within the Division's authority to deny the request, but will instead extend the decision timeframe and request more complete reclamation information of all drill hole sites, photos of additional drill holes, a better map, and a chance to clean up the old plywood. At this time, the released request is not denied, and the decision date is extended until October 20, 2014. The operator must provide the information described above before that date, or this release request may be denied.

Since the decision date is extended, there were no problems noted during this inspection. For questions related to this report, please contact this inspector at the Division's Durango Field Office: telephone 970-247-5193, or 303-866-3567 ext 8175.

All written correspondence should be sent directly to the Division's Denver Office:
Division of Reclamation, Mining & Safety
1313 Sherman Street, Room 215
Denver, CO 80203

Inspection Contact Address

Rory Williams
Silver Star Resources
1675 Larimer St., Suite 820
Denver, CO 80202

EC: John E. Trujillo, Revenue Mine, surface operations (via email)

Photos from the inspection are on the following page.

PHOTOGRAPHS

