




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	MINE/PROSPECTING ID#: P-2013-006	MINERAL: Ag, Au, Pb, Cu, Zn	COUNTY: Ouray
INSPECTION TYPE: Mineral Prospect Inspection	INSPECTOR(S): Bob Oswald	INSP. DATE: August 20, 2014	INSP. TIME: 15:00
OPERATOR: Star Mine Operations	OPERATOR REPRESENTATIVE: John E. Trujillo	TYPE OF OPERATION: MP - Mineral Prospecting	

REASON FOR INSPECTION: Surety Release Requested	BOND CALCULATION TYPE: None	BOND AMOUNT: \$7,720.00
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>N</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>NA</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 proposed up to 77 drill holes to be drilled from 25 drill pads, a list of the named drill pad sites (though there was no naming of the drill holes). It also included an adequate map showing 24 of the proposed drill pad locations. The map adequately depicted necessary surface and underground features, roads to be used/affected, the labeled groups of drill pads, plus scale and north arrow. It was observed that many of the drill pad sites were previously included in the operator's earlier NOI (P-2011-030), though they were named differently.

In July 2014 the operator's annual report stated that there were 32 drill holes drilled and subsequently closed. The annual report did not include any of the named drill pad sites, but it did name the individual drill holes (for the first time). The annual report included a different version of project map, which presumably is supposed to depict actual drill pad locations, but it doesn't have any labels and an insufficient set of features (no topographic elevations, no scale, and no north arrow). The map shows 18 points labeled as drill hole locations, but they are not named, and cannot be correlated to the listed holes in the application, or to the abandonment reports.

The August 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 copy of nearly the same map that was submitted in July 2014. 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 the 18 drill sites. (Note: The operator submitted two copies of the map, and the copy received by this inspector was labeled upside down.) Since the map included no labeled features, unlabeled drill hole locations, and no north arrow (or scale), it was not immediately apparent where these drill holes actually were, or how to correlate them to the previously submitted materials.

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.

The photos submitted with the release request are the same as those submitted with the release request for P-2011-030, though they are not labeled as to drill site. 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 (to be correlated to drill pad), 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
Star Mine Operations LLC
1675 Larimer St, Suite 820
Denver, CO 80202

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

PHOTOGRAPHS

