




**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> Revenue Mine	<b>MINE/PROSPECTING ID#:</b> M-2012-032	<b>MINERAL:</b> Lead, silver and gold	<b>COUNTY:</b> Ouray
<b>INSPECTION TYPE:</b> Multi Person Inspection (see page 2)	<b>INSPECTOR(S):</b> Bob Oswald	<b>INSP. DATE:</b> May 12, 2015	<b>INSP. TIME:</b> 10:20
<b>OPERATOR:</b> Fortune Revenue Silver Mines, Inc	<b>OPERATOR REPRESENTATIVE:</b> Dianna Stoopnikoff, John Trujillo	<b>TYPE OF OPERATION:</b> 112d-1 - Designated Mining Operation	

<b>REASON FOR INSPECTION:</b> Normal I&E Program	<b>BOND CALCULATION TYPE:</b> None	<b>BOND AMOUNT:</b> \$340,570.00
<b>DATE OF COMPLAINT:</b> NA	<b>POST INSP. CONTACTS:</b> None	<b>JOINT INSP. AGENCY:</b> None
<b>WEATHER:</b> Cloudy	<b>INSPECTOR'S SIGNATURE:</b> 	<b>SIGNATURE DATE:</b> June 12, 2015

**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>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>NA</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>NA</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(SB) COMPLETE INSP---- <u>N</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 was a routine inspection conducted by the Division as part of its monitoring of Hard Rock and Metal 112 DMO permits. The operators named on page one were present throughout the inspection. Also present throughout the inspection, representing the Division, were Russ Means, Travis Marshall, and Lucas West. The site was active on the day of the inspection. Late snows are being managed at the site by plowing them off of work areas, but there was still some snow and much mud at the site.

The required permit ID sign was observed posted at the entrance gate to the permitted area. Permit boundary markers, consisting of tall white PVC posts, were installed at the boundary corners of the permit boundary.

The recently-approved TR-5 was discussed in the operator's office. It included revised list of chemicals stored onsite, an improved oil and hydrocarbon storage facility, a heated concrete apron outside the filter building, and a thickener tank to be constructed as one of the final steps of the milling process.

Also discussed was the amendment AM-1 which is still under review. It includes the addition of several acres adjacent to the Revenue portal and mill complex, and a larger area to be added in upper Governor Basin. All correspondence related to the amendment will be contained in documents separate from this report.

Since the thickener will become a necessary component of the milling process, and it has not yet been completed or certified for use, the mill has not been fully activated yet. There has been a series of test runs of ore through the mill, but the tests have mostly indicated which processing chemicals must be used to optimize extraction, and that a thickener is necessary to reduce the moisture content of the tails prior to filtering. The tails produced from these tests are being placed in the tailings disposal facility.

Construction of the thickener was underway at the time of the inspection. Its concrete foundation contacts bedrock and the footers are anchored into that. The steel superstructure is being welded together onsite, and appeared to be mostly complete. The steel catwalk assembly to be placed above the tank was constructed but not yet installed on top. The bridge connecting the tank to the filter building and the concrete containment walls around the tank's base were not yet in place. The operator is reminded that this installation is considered an Environmental Protection Facility (EPF), and as such, it must be constructed according to the approved plans, certified by a Colorado-registered P.E., and inspected by the Division prior to its use. The operator must provide to the Division a set of final as-built drawings with the certification.

The portal heater and propane tank facilities near the Revenue tunnel portal were inspected. All appeared to be in good condition and functional. The earthen avalanche berm behind the portal and building complex has helped to deflect snow away from the facilities during the winter.

Several of the ground water monitoring wells were checked. They are kept locked and the locations protected from equipment damage. The operator is continuing to sample them and provide reports to the Division. There was a recent set of reports that indicated an exceedance of standards set for the wells. The operator retested to check what was occurring, and results will continue to be reported and discussed.

The seep that is sampled near the location of the historic buildings has been showing some clear water and

some cloudy water. It does not appear to contain the constituents that would be expected from tails, but rather from redisturbed old waste dump materials. It is noted here that the operator has been engaged in large-scale waste dump grading (to provide areas for sediment ponds, stream setbacks, new mine water pond, etc.) and the grading exposed a large amount of old steel and wood debris, and may have provided a new pathway for internal dump drainage. The operator must continue to sample the seep quarterly.

The new mine pond continues to receive all portal discharge. It drops a little sediment before it discharges into Sneffels Creek. The outlet of the pond contains a continuous electronic monitor, for reporting to CDPHE.

There was no inspection at this time of the underground workings or the mill interior. Unstable snow conditions along the road up to Governor Basin prevented access to inspect that area on this date; the upland areas proposed to be added under this current amendment should be inspected soon, prior to the decision on the amendment. The proposed amendment will include mine escape structures to be installed (at the top of the new raise bore that was completed recently under another revision) in Governor Basin.

For questions related to this report, please contact the Division by telephone at 303-866-3567, or by sending written correspondence to the Division's Denver Office:

Division of Reclamation, Mining & Safety  
1313 Sherman Street, Room 215  
Denver, CO 80203

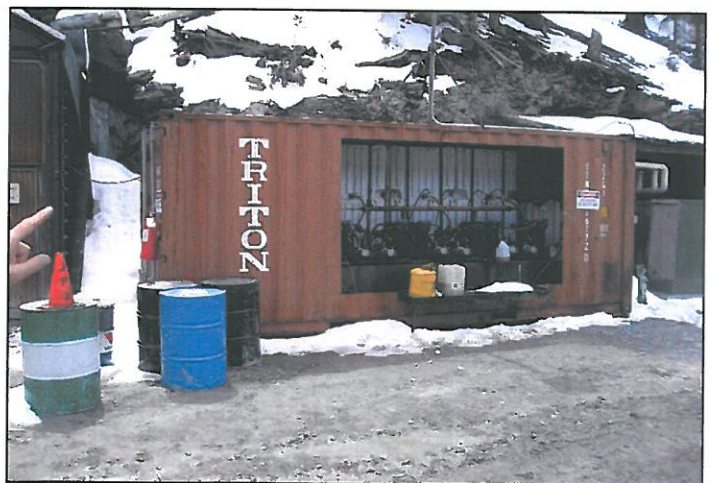
**Inspection Contact Address**

Dianna Stoopnikoff  
Fortune Revenue Silver Mines, Inc.  
PO Box 564  
Ouray, CO 81427

EC: John Trujillo, Fortune Revenue (via email)  
Greg Lewicki, Greg Lewicki and Assoc. (via email)  
Russ Means, Travis Marshall, Lucas West, DRMS (all via email)

Photographs from the inspection are below and on the following page.

**PHOTOGRAPHS**





PHOTOGRAPHS

