




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#: M-2012-032	MINERAL: Lead, silver and gold	COUNTY: Ouray
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas J. West	INSP. DATE: June 5, 2019	INSP. TIME: 09:15
OPERATOR: Ouray Silver Mines Inc.	OPERATOR REPRESENTATIVE: Brian Briggs	TYPE OF OPERATION: 112d-1 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$476,269.41	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: June 27, 2019	

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>Y</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(ST) STIPULATIONS----- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</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 inspection was conducted as part of the normal monitoring program established by the Colorado Division of Reclamation, Mining and Safety (Division). The Revenue Mine is an active 112d(1) underground operation located approximately 5 miles southwest off Ouray Colorado off of Ouray County Road 26 at nearly 10,600 Feet in Elevation. Public Access to the site is controlled by locked gate at the entrance to the site. Along with the inspector and Operator representative listed on page one of this report, Amy Yeldell of the Division and Brianna Greer of Ouray Silver Mines Inc. were present during the inspection. The Division currently holds \$476,269.41 in Financial Warranty for the site. A reclamation cost estimate was performed as a result of this inspection and any changes required will be sent to the Operator under a separate cover. Five Photos accompany this report to illustrate the current site conditions.

Proper mine identification signage was observed at the entrance to the mine site and can be seen in Photo One and permit boundary markers in the form of tall white PVC posts were observed around the perimeter of the permitted area. The site was active during the inspection, however it was only minor construction and site maintenance. No mining or milling was taking place at the time of the inspection. Various maintenance and construction activities were taking place on site during the inspection. Cleanup of debris and scrap around the surface facilities was observed. The underground facilities were inspected starting with the Coarse Ore Bin, leading through the Crusher Gallery, Mill Room and filter building. All underground facilities were in excellent condition and free from trash and debris. The mill remains in an idle status awaiting more pieces of equipment to begin final configuration. A view of the mill area can be seen in Photo Two.

Due to the significant snowfall during the past winter, a majority of the site and its surface facilities were still under snow cover. The main portal and its associated structures are in good condition. All storage areas were clean and well kept, all items being stored on site were done so in a neat and orderly fashion. An example of one of the storage facilities can be seen in Photo Three. All fuel and potentially hazardous materials is stored within proper secondary containment structures and are in good condition. Also, under TR-09 the Operator is approved to manufacture road base for sale, several small stockpiles of the road base material was observed on site and appear to be stable. An example of one of the stockpiles can be seen in Photo Four. As approved through TR09 the Operator will conduct SPLP testing on the road base materials and submit the results to the Division prior to sale. No material has been sold in recent years, but the Operator expects some material to be sold during the coming summer months.

All avalanche protection measures appear to be functioning as designed as several slides occurred over the winter and apart from minor damage to mobile equipment were mitigated. The mine water pond area was observed however was under snow cover. Pond 2, as seen in Photo Five, was observed and appears to be functioning as designed and approved. On site discussions indicate that this coming summer construction of the greater water management system which includes Pond 2 will be conducted.

The overall footprint of the site was in good condition and free from trash and debris. No significant signs or erosion, nor state listed noxious weeds were noted during the inspection. There are no problems or possible violations at this time. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety at 1313 Sherman Street, Room 215, Denver CO 80203, by phone at (303) 866-3567 Ext. 8187 or by email at lucas.west@state.co.us.

PHOTOGRAPHS



Photo One: View southwest showing the proper Mine ID signage located at the entrance to the site.

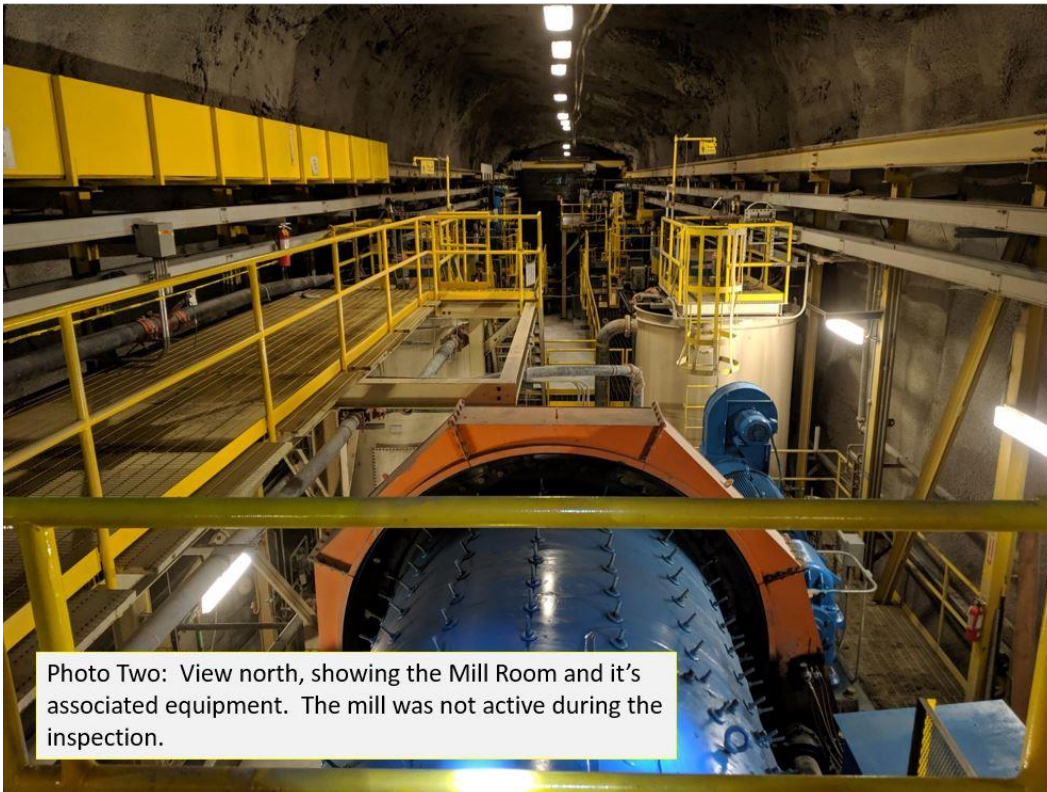


Photo Two: View north, showing the Mill Room and it's associated equipment. The mill was not active during the inspection.

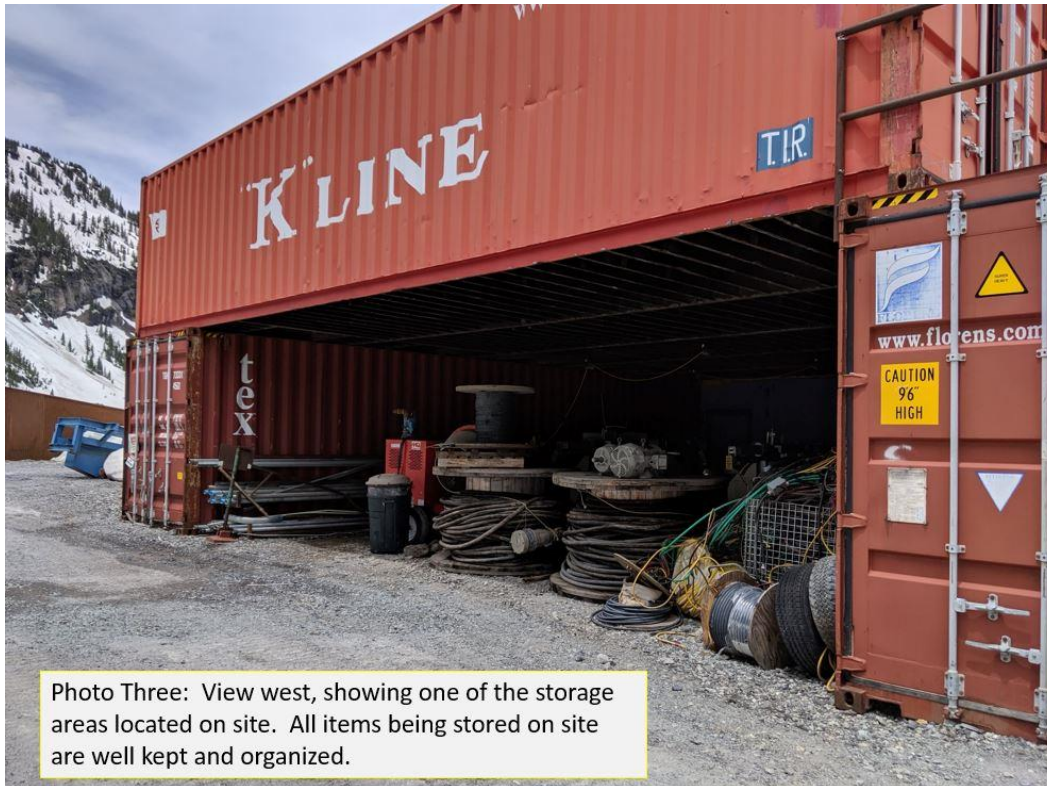


Photo Three: View west, showing one of the storage areas located on site. All items being stored on site are well kept and organized.



Photo Four: View north, showing one of the stockpiles of road base that on site that has been created from the waste rock material as approved through TR-09.



Inspection Contact Address

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Enclosure

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