




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 West	INSP. DATE: October 2, 2019	INSP. TIME: 11:00
OPERATOR: Ouray Silver Mines Inc.	OPERATOR REPRESENTATIVE: Brian Briggs, Brianna Greer	TYPE OF OPERATION: 112d-1 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$476,269.41	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 29, 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>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</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>N</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, Russ Means Minerals Program Director, Travis Marshall and Michael Cunningham Senior Environmental Protection Specialists with the Division were present during the inspection. The Division currently holds \$476,269.41 in Financial Warranty for the site. A reclamation cost estimate was not performed as a result of this inspection due to a pending Technical Revision to the Permit. Once the Technical Revision is received a reclamation cost estimate update will be performed. 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. 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.

The water management system was observed. Water that leaves the portal from its associated discharge flows into the settling pond. The settling pond can be seen in Photo Three. From there the water is conveyed into Pond Two which currently allows for infiltration to the ground water. Pond Two can be seen in Photo Four. Construction of the final conveyance to Pond Three and ultimately to a surface discharge into Sneffles Creek has been initiated and will be completed in the coming weeks. All ponds and conveyances appear meet the construction designs and currently the system is functioning properly.

The tailings storage facility was also observed in the southwest portion of the site. The facility has minimal tailings being stored in it currently as what little tailings have been produces have been blended with waste rock for road base as approved through TR-09. The tailings facility is in good condition and was stable at the time of the inspection, it can be seen in Photo Five. All other surface facilities including the waste rock crusher and stockpiles, rail line, fuel storage area were all in good condition at the time of the inspection.

Throughout the site there were no signs of significant erosion, settling or slumping. 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 south showing the proper Mine Identification signage posted at the entrance to the site. Public access is controlled by a locked gate at the bridge over Sneffles Creek

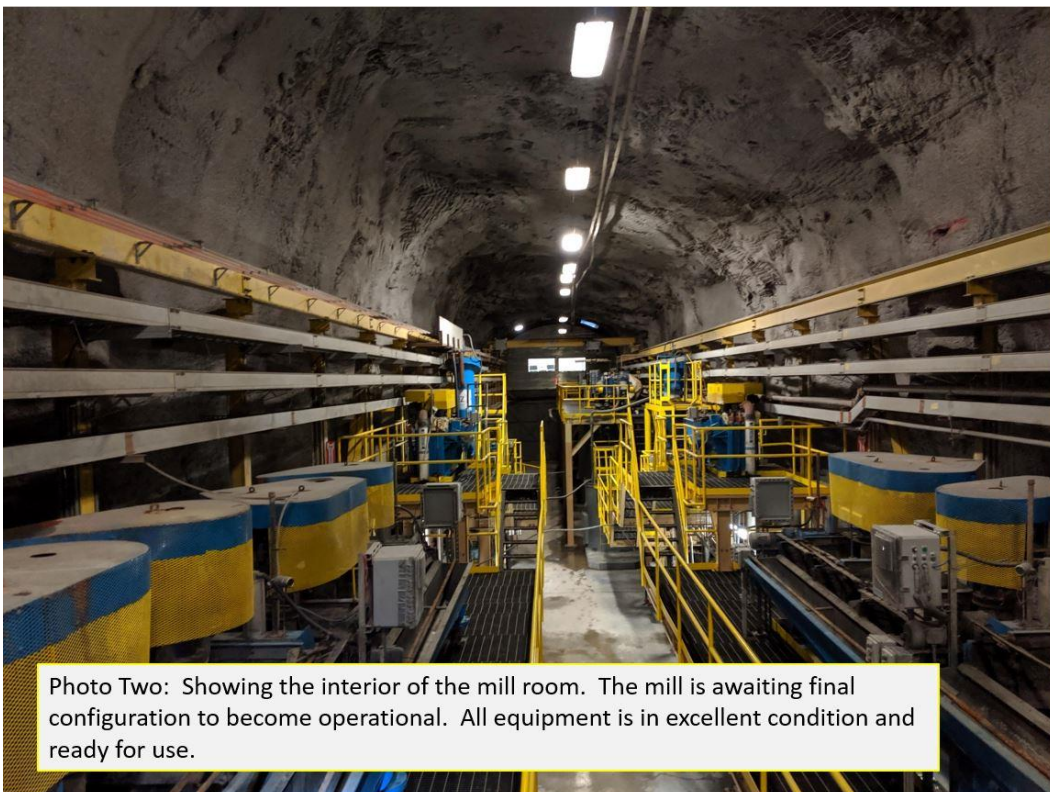


Photo Two: Showing the interior of the mill room. The mill is awaiting final configuration to become operational. All equipment is in excellent condition and ready for use.





Inspection Contact Address

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