

Ouray Silver Mines, Inc.
1900 Main St. Unit 1
PO Box 564
Ouray, CO 81427



October 29, 2021

Mr. Lucas West
Environmental Protection Specialist
Colorado Division of Reclamation Mining and Safety
101 3rd Street
Grand Junction, CO 81501

**Subject: Quarterly Milling Report for the Third Quarter 2021
DRMS Permit No. M-2012-032
Revenue Mine, Ouray County, Colorado**

Dear Mr. West,

Ouray Silver Mines, Inc. (OSMI) is providing this Quarterly Milling Report (Report) to Division of Reclamation, Mining and Safety (DRMS) in accordance with obligations stated in Technical Revision (TR)-15 to document the reagent use tailings management during the third quarter 2021.

1. General Operations/Ore Processed

Mill commissioning began during the third quarter 2021 and startup of the mill occurred on September 1, 2021. Fine tuning, installing automation and addressing normal start-up issues were the focus of operations during this time.

During the quarter approximately 1980 tons of ore / waste rock were mined and approximately 300 tons of ore were processed through the mill.

2. Reagent Transport, Storage and Use

Until the new Reagent Room is completed and certified as an Environmental Protection Facility, OSMI has been staging mill reagents at the Main Warehouse in Ouray and hand-mixing chemicals in 5-gallon buckets. These buckets are hauled to the mine on an as needed basis and reused. No containers or reagents were disposed of during the quarter.

A summary of reagent use for the quarter is provided in the following table.

Table 1: Reagent Use

Reagent	Usage
Zinc Sulfate	5.4 gal
Sodium Metabisulfite	12.9 gal
Areophine 3418	0.7 gal
Aero 242	0.3 gal
Oreprep F-549	9.0 gal
Hydrated Lime	87 lbs
Copper Sulfate	3.5 gal
Sodium Isopropyl Xanthate	1.2 gal
Flocculant AF-309	2.8 gal

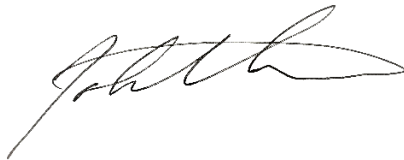
3. Tailings Management

The mill generated approximately 270 tons of tailings during the third quarter 2021. What was generated was transported to the temporary tailings storage area and is awaiting testing. Moisture content of the tailings was 18%. Samples have been collected and sent to off for Synthetic Precipitation Leachate Procedure (SPLP) testing per DRMS's request.

Future quarterly reports will include a mass balance of reagent use as well as analytical results from tailings testing once the Reagent Room is certified and the mill is fully operational.

If you have any questions, please contact me at (970) 325-7241 ext. 1014.

Sincerely,



John Thiel
Mill Manager
Ouray Silver Mines Inc.

Cc: Amy Yeldell, DRMS
Brian Briggs, OSMI
Todd Jesse, OSMI
Poppy Staub, OSMI