




## 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> Monitoring	<b>INSPECTOR(S):</b> Lucas West	<b>INSP. DATE:</b> August 25, 2022	<b>INSP. TIME:</b> 09:00
<b>OPERATOR:</b> Ouray Silver Mines Inc.	<b>OPERATOR REPRESENTATIVE:</b> Todd Jesse, Poppy Staub	<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> \$517,219.00	
<b>DATE OF COMPLAINT:</b> NA	<b>POST INSP. CONTACTS:</b> None	<b>JOINT INSP. AGENCY:</b> None	
<b>WEATHER:</b> Clear	<b>INSPECTOR'S SIGNATURE:</b> 	<b>SIGNATURE DATE:</b> September 12, 2022	

### 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>N</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>N</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</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>Y</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	

Y = Inspected / 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's Active Mines Program. The Revenue Mine is an active 112d(1) underground operation that includes a total of 50.3 permitted acres in support of the extraction of silver and base metals. The site is located approximately five miles southwest of Ouray, CO in Ouray County at 10,600 feet in elevation. Public access to the site is controlled by a gate located just off County Road 26. This inspection serves as the third quarter inspection for the main Revenue Area and all ancillary facilities as well as an onsite conditions inspection as it relates to the recently filed Temporary Cessation Notice. The Notice of Temporary Cessation was called incomplete due to surface conditions and the Division is awaiting response from the Operator regarding the cited items. In addition to the inspector and Operator Representatives listed on page one of this report, Russ Means and Travis Marshall of the Division accompanied the inspection. The Division currently holds \$517,219.00 in Financial Warranty for the site. The Reclamation Cost Estimate was not updated as a result of this inspection. The Division and the Operator are currently in the review process of Amendment 2 (AM-2), which will include a Reclamation Cost Estimate Update at its conclusion. Fourteen Photos accompany this report to illustrate the current site conditions. The site was not active at the time of the inspection however minimal maintenance activities were under way at the time.

### **Hubb- Reed Raise Bore**

The secondary escape way located in Governor's Basin was observed during this inspection. As the site was not active during the inspection, no personnel were present in this area. The hoist house and headframe were in excellent condition, and verified secure. A locking metal grate was observed covering the raise bore for safety. The hoist house and headframe can be seen in Photo One. A small area of avalanche damage was noted on the hoist house, however it appeared to be superficial and does not compromise the structure or its related components. Similar to the secure hoist house, the refuge chamber and access tunnel was verified to be secure. The area of the tunnel and refuge chambers can be seen in Photo Two. Despite the heavy amounts of precipitation received in this area in the recent weeks all storm water control structures are in good condition and appear to be functioning as designed. No evidence of settling, slumping or erosion was noted in this area.

### **Atlas Tailings Storage Facility (TSF)**

Located just west of the main revenue, separated by Atlas Creek, lies the newly constructed Atlas Tailings Storage Facility. Access to the TSF is gained by a separate locked gate just off County Road 26. The main pad of the facility is graded to the east to promote positive drainage. The surface is constructed of waste rock material that was compacted and stable at the time of the inspection. An example of the pad area can be seen in Photo Three. All drainage generated from the facility is directed to the sediment pond located on the east end of the TSF. The pond was observed with minimal standing water from surface runoff of recent precipitation. The pond can be seen in Photo Four. Around the perimeter of the facility, an upland diversion and storm water channel was constructed in order to prevent run on from surrounding areas from impacting the TSF. The full extent of the channel was inspected, and a small amount of tailings was observed in the ditch. These tailings likely inadvertently slumped off the pile of tailings during the continued spreading efforts. On site discussions indicate that the tailings will immediately be removed via hand tools and photographic evidence will be provided to the Division. The tailings observed in the storm water ditch can be seen in Photo Five. Within the TSF a stockpile of tailings generated from a test run of the mill have been stored and are in process of being spread out in preparation for Temporary Cessation. The spread tailings can be seen in Photo Six. A small volume of tailings have yet to be spread due to icy conditions in the center of the pile. The small

pile can be seen in Photo Seven. As noted previously, the Notice of Temporary Cessation was deemed incomplete due to the small pile of tailings not being spread and the minimal spillage of tailings in the storm water control ditch. These items must be completed prior to the Notice of Temporary Cessation being deemed complete. As noted previously the Division is awaiting photographic documentation that the items have been completed. At such time as the documentation is received, the Notice will be considered complete for filing and processed.

### **Revenue Area**

The underground elements of the crusher and floatation circuits of the Mill were observed during the inspection. The crusher gallery was not in operation during the inspection, however all elements and equipment associated with it was observed to be in good condition. All sumps and circulation pumps with the exception of the sump located adjacent to the rod mill were not pumping during the inspection and no excess water was noted in the containment area of the crusher gallery. Similar to the crusher equipment the equipment associated with the flotation circuit was not active during the inspection. The flotation circuit, all equipment and the mill tunnel can be seen in Photo Eight. All equipment appeared to be in good working order, and evidence of various maintenance activities were observed. At the time of the inspection all reagents had been removed from the flotation gallery including the day tanks, and were packaged to be removed from the site. Removal efforts were completed during the time of the inspection and Division Staff verified that all reagents have been removed from the site.

Adjacent to the mill building, the compressor room and reagent room, which is mid construction, were observed. The compressor room was neat and organized. The reagent room contained a good amount of standing water from snowmelt from the unsecured exterior of the structure. The interior of the room appeared to be in good condition despite the standing water and can be seen in Photos Nine through Eleven. All tanks that have been set and containment devices appeared to be in good condition, and the progress of the construction remains largely unchanged. The Operator has submitted a notice of suspension of construction of the facility due to the site entering into Temporary Cessation. This notice has been acknowledged by the Division. The exterior of the reagent room, mill building and area around the tailings thickener tank is neat and well kept.

Surface facilities including the materials storage warehouse, waste storage building, railyard building, compressor building and admin building were in good condition. All hazardous materials stored in the waste storage building was stored on appropriate spill pallets, and though full, was neat and orderly. The dump wall and associated stockpiles of waste rock appeared to be stable at the time of the inspection and no evidence of significant erosion was noted. Throughout the entire site, despite the recent Precipitation, no evidence of erosion was observed. All observed storm water control structures appeared to be functioning as designed.

Adjacent to the admin building the Revenue Tailings Storage Facility was observed. Tailings are being placed and spread in the lower reaches of the facility and can be seen in Photo Twelve. The laydown yard near the Revenue TSF has undergone extensive cleanup and organization. All items stored in this area are neat, orderly and in excellent condition. The Passive Mine Water Treatment system was flowing and functioning as designed at the time of the inspection. The ponds were free from obstruction and can be seen in Photos Thirteen and Fourteen.

The overall footprint of the site is in excellent condition. The operator has done an exemplary job of housekeeping, despite the lack of personnel. The site is free from excessive trash and debris, all items that were observed are stored in a neat and orderly fashion. No evidence of significant erosion, settling or slumping was noted and no State Listed Noxious Weeds were observed. No new problems or possible violations were documented during this inspection. The Division is currently awaiting the Operators response to AM-2 Adequacy Review 2, and upon receipt will continue through the Amendment Process. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety's Active Mines Program at Room 215, 1001 E 62<sup>nd</sup> Ave. Denver, CO 80216. Direct contact can be made at the Division's Grand Junction Field Office, by phone 303-866-3567 Ext. 8187 or by email at [lucas.west@state.co.us](mailto:lucas.west@state.co.us).

### **PHOTOGRAPHS**







Photo Two: View West, showing the access door, tunnel and area of the refuge chambers located in the Governor's Basin Area.

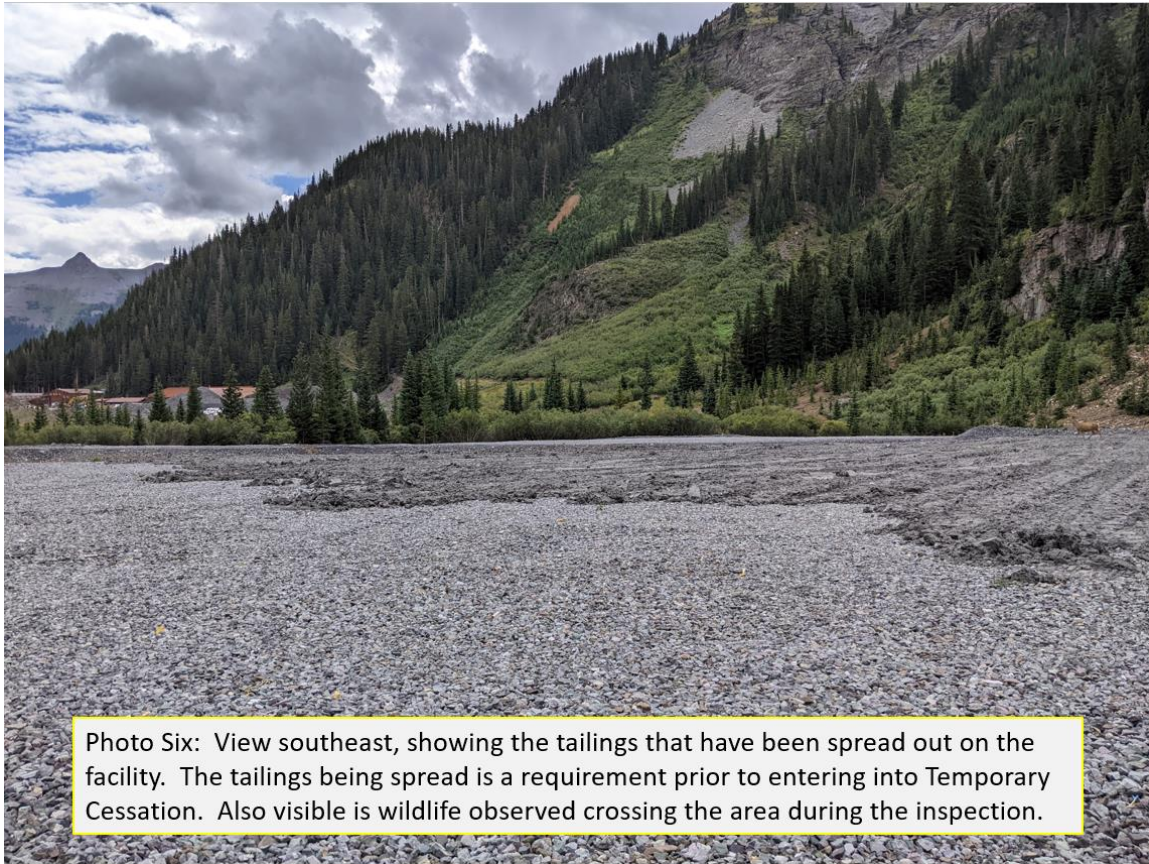


Photo Three: View east, showing the compacted surface of the Atlas Tailings Storage Facility. Also visible is a portion of the spread tailings that were recently approved for placement.

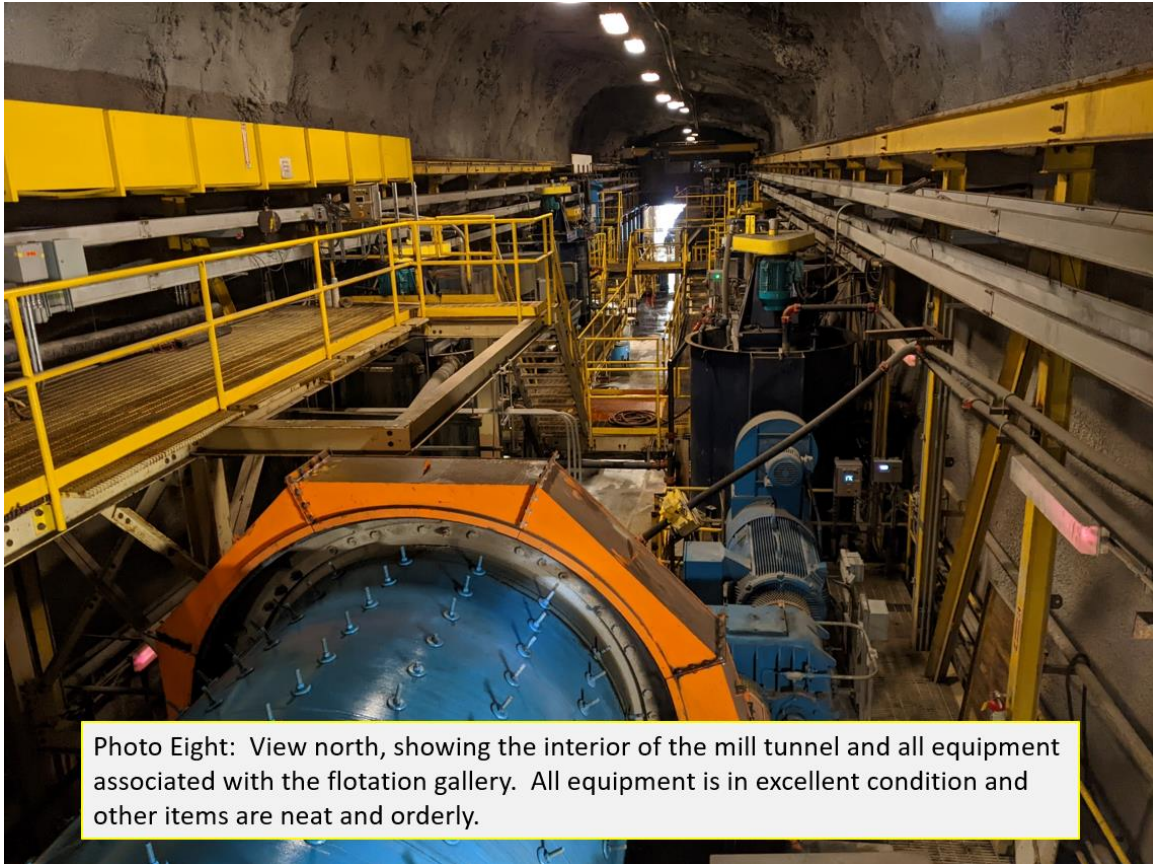














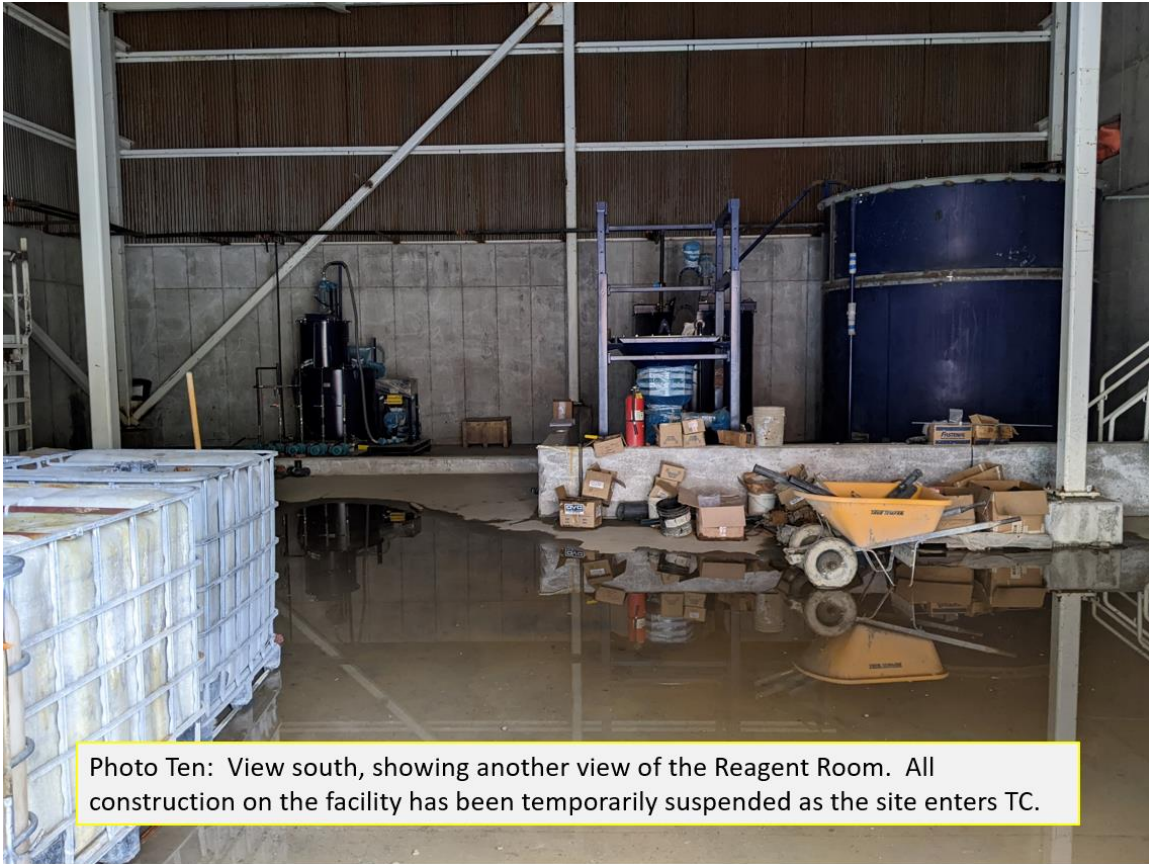


Photo Ten: View south, showing another view of the Reagent Room. All construction on the facility has been temporarily suspended as the site enters TC.

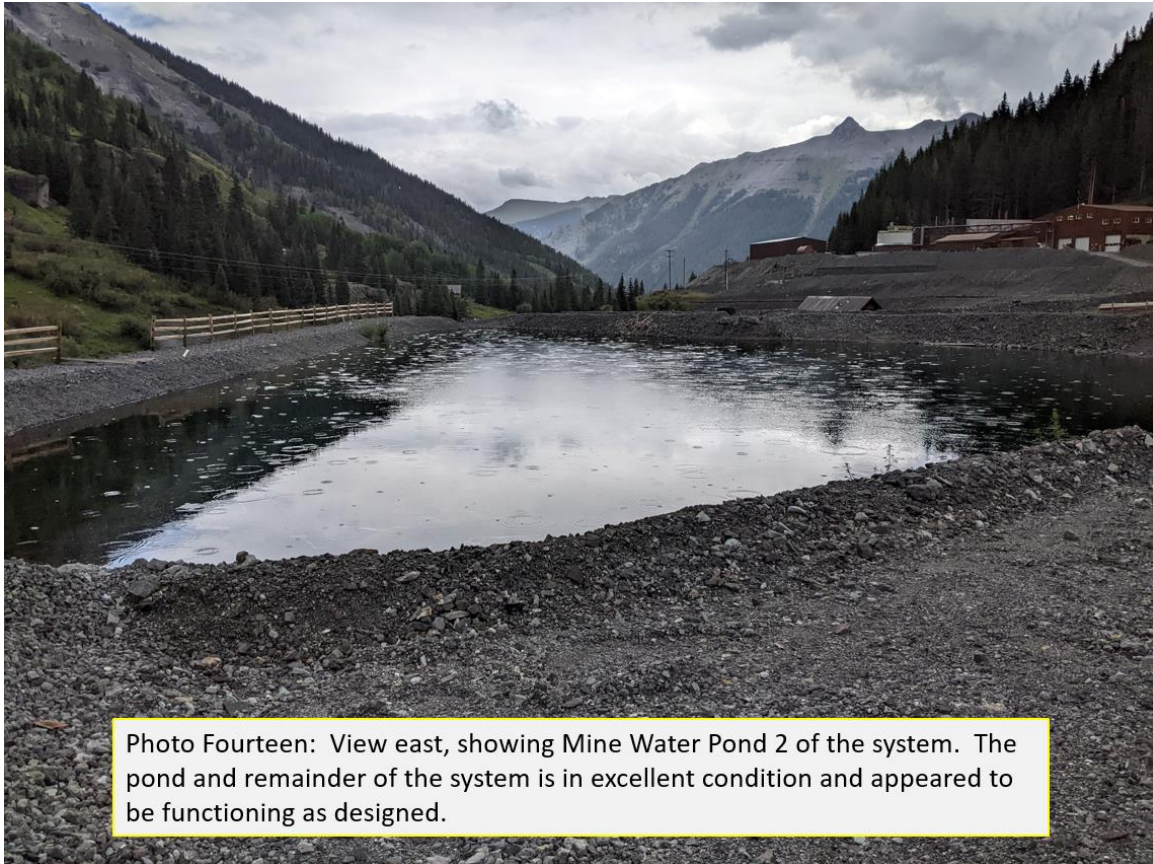


Photo Eleven: view southeast, showing another view inside the Reagent Room. All tanks and equipment was verified empty and free from any designated chemicals.









**Inspection Contact Address**

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