




**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>WEATHER:</b> Clear	<b>INSP. DATE:</b> July 20, 2023	<b>INSP. TIME:</b> 08:58
<b>OPERATOR:</b> Ouray Silver Mines Inc.	<b>OPERATOR REPRESENTATIVE:</b> CJ Dickerson	<b>TYPE OF OPERATION:</b> 112d-1 - Designated Mining Operation	
<b>REASON FOR INSPECTION:</b> Normal I&E Program	<b>BOND CALCULATION TYPE:</b>	<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>INSPECTOR(S):</b> Lucas West	<b>INSPECTOR'S SIGNATURE:</b> 	<b>SIGNATURE DATE:</b> August 14, 2023	

**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>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>N</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 / 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 112d(1) underground operation that is currently in Temporary Cessation and includes a total of 51.96 permitted acres in support of the extraction of silver and base metals. The period of Temporary Cessation began on August 16, 2022 and will expire on August 16, 2027. 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. In addition to the Inspector and Operator Representative listed on page one of this report, Jeff Literal of the Division's Inactive Mines Program was present during the inspection. This inspection focused on the Revenue Portal Area and Atlas Tailings storage Facility. The Secondary Escape way in Governor's Basin was not accessible at the time of 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. Sixteen 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.

### **Revenue Area**

All Surface facilities including the materials storage warehouse, waste storage building, railyard building, compressor building and admin building are in good condition. Examples of the surface facilities including the railyard building can be seen in Photos One and Two. All hazardous materials stored in the waste storage building and materials storage warehouse is stored on appropriate spill pallets and was neat and orderly. The storage areas can be seen in Photos Three and Four. The onsite fuel storage tanks were observed and are in good condition with no evidence of leaks or spills. 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.

The main portal gates were closed but not secured during the inspection, and the inlet to the portal discharge pipe from the piss ditch was observed. The flow was visually estimated to be approximately 900 GPM and flowing unobstructed to the mine water treatment system. The underground workings and coarse ore bin were not inspected at this time. The underground shop and maintenance areas were observed to be in excellent condition. All items stored in these areas was neat and orderly. Where small amounts of oils and lubricants are stored, no evidence of significant leaks was noted. The shop and maintenance areas can be seen in Photos Five and Six.

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. None of the sumps were pumping during the inspection and minimal water was noted in the containment area of the crusher gallery. The crusher gallery and equipment can be seen in Photo Seven. Similar to the crusher equipment the equipment associated with the floatation circuit was not active during the inspection. The floatation 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. All reagents involved in the milling process have been removed from the site, and the day tanks in the floatation gallery were confirmed to be empty. The concentrate packing area, filter press bay, and tailings dump bay were observed to be in good condition.

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 small amount of standing water from snowmelt from the unsecured exterior of the structure. The interior of the room appeared to be in good condition and can be seen in Photos Nine and Ten. 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.

Adjacent to the admin building the Revenue Tailings Storage Facility and lay down yard was observed. The tailings storage area is free from trash and debris and no additional tailings have been placed since the Divisions previous inspection. The most recently active portion of the TSF can be seen in Photo Eleven. 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 as seen in Photo Twelve.

The Passive Mine Water Treatment system was flowing and functioning as designed at the time of the inspection. Pond One was slightly more turbid in the first cell, upstream of the first baffle curtain due to some underground pump replacement, however the curtains are functioning as designed and the water settles to its original color and turbidity prior to discharge into Pond Two. Ponds Two and Three are in excellent condition and appeared to be functioning as designed. Examples of the various ponds can be seen in Photos Thirteen and Fourteen.

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

Located just west of the main revenue, separated by Atlas Creek, is the 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. 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. 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 found to be unobstructed and able to function as designed. All tailings that are stored on the pad have been spread and compacted to the extent possible. No evidence of material transport or erosion of the tailings material was noted. The Atlas TSF, the pond and tails can be seen in Photos Fifteen and Sixteen.

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. 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.



## **PHOTOGRAPHS**



Photo One: View East, showing the Railyard Building, dump wall and various other surface facilities.

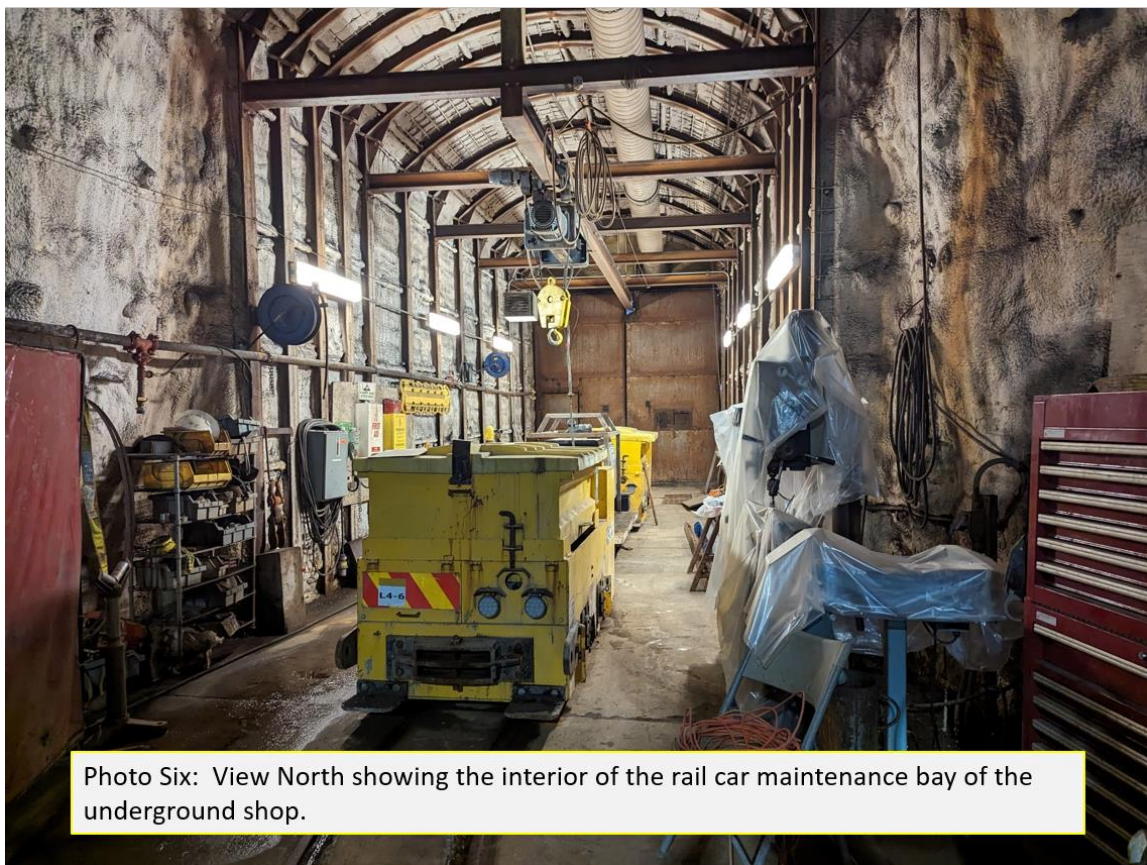
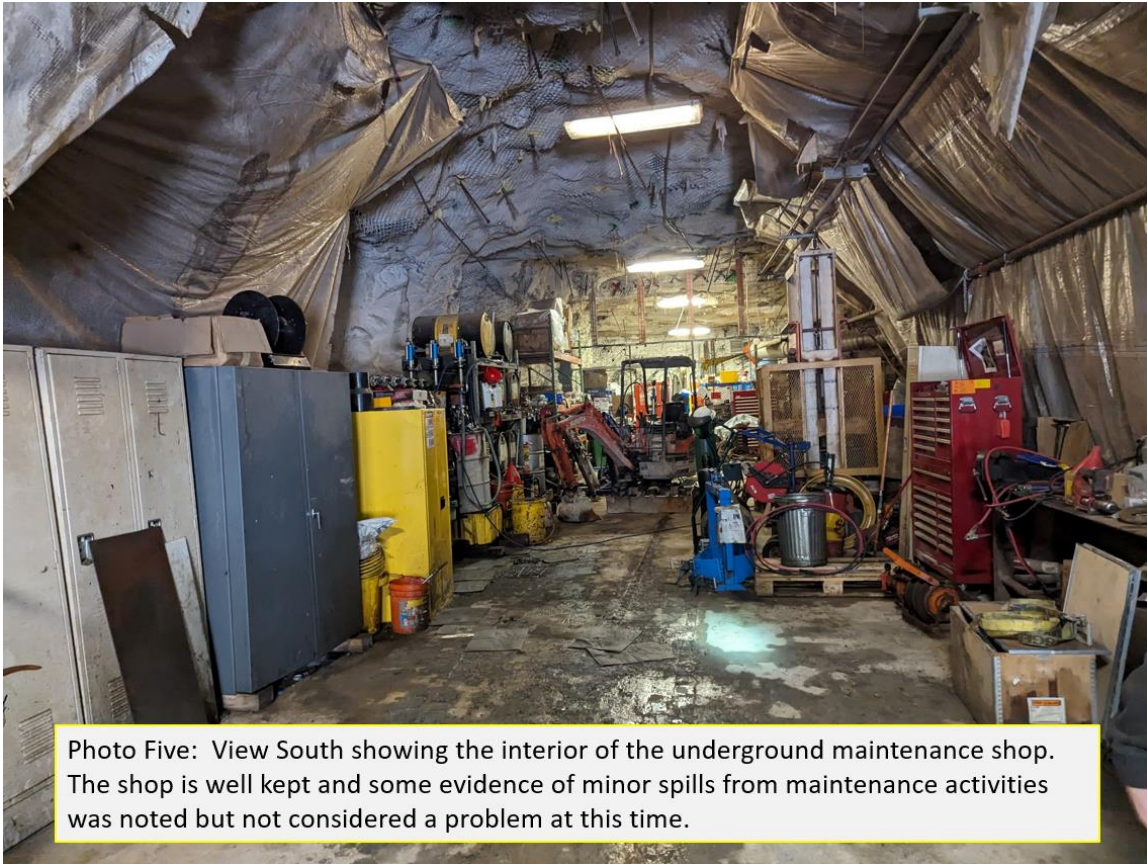


Photo Two: View West, showing the admin building, line out building, fuel storage and various other surface equipment.

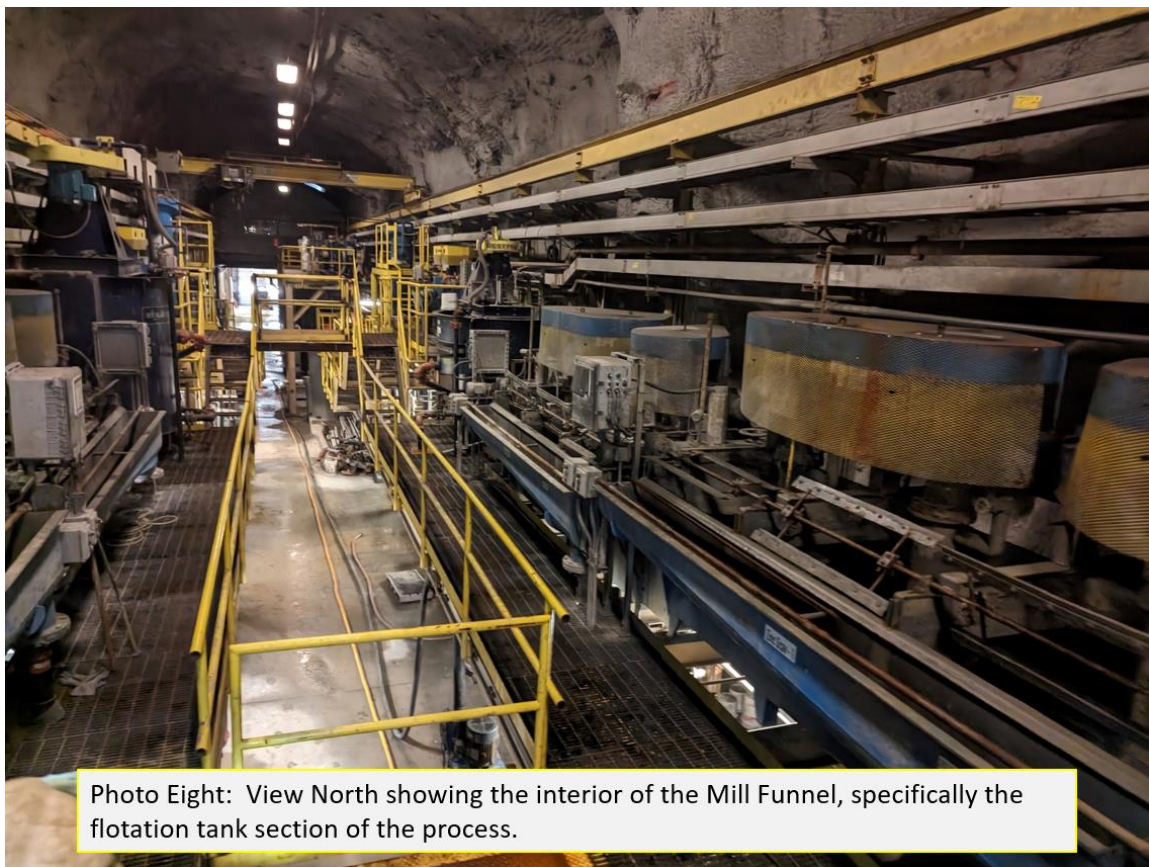
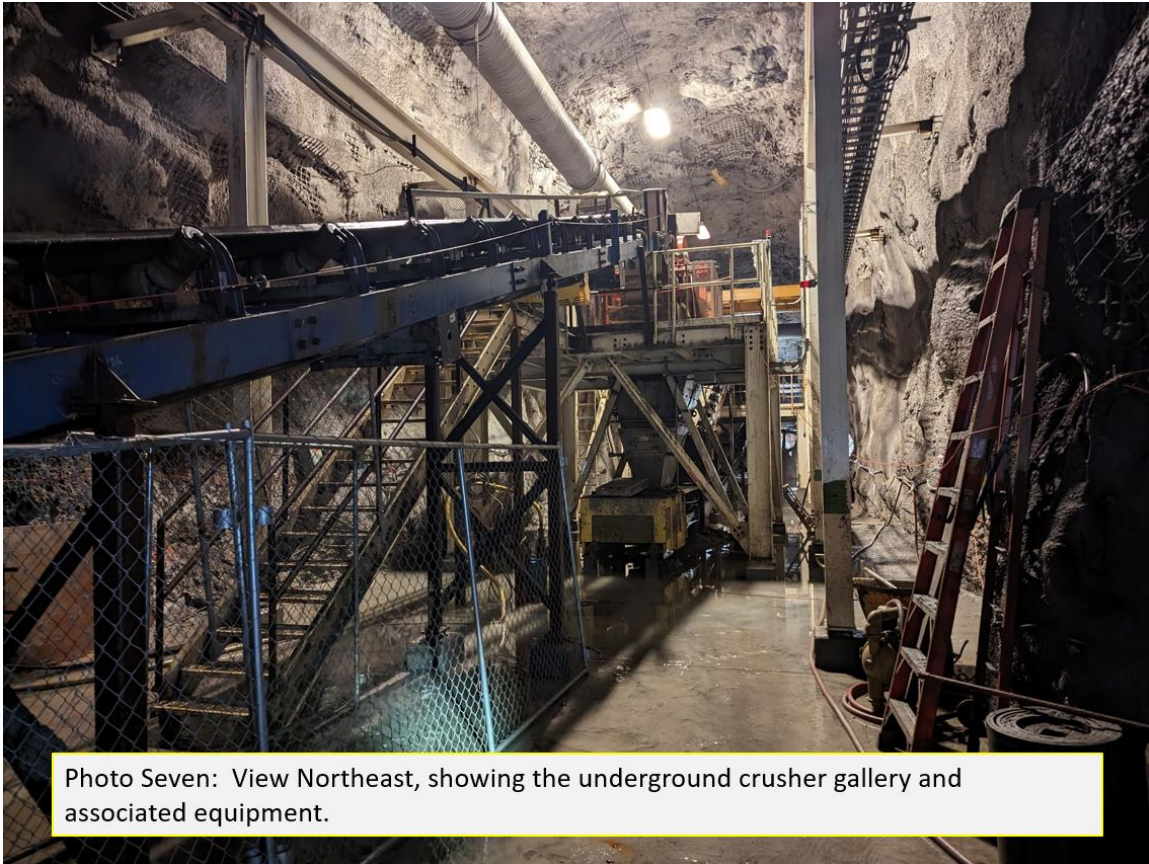




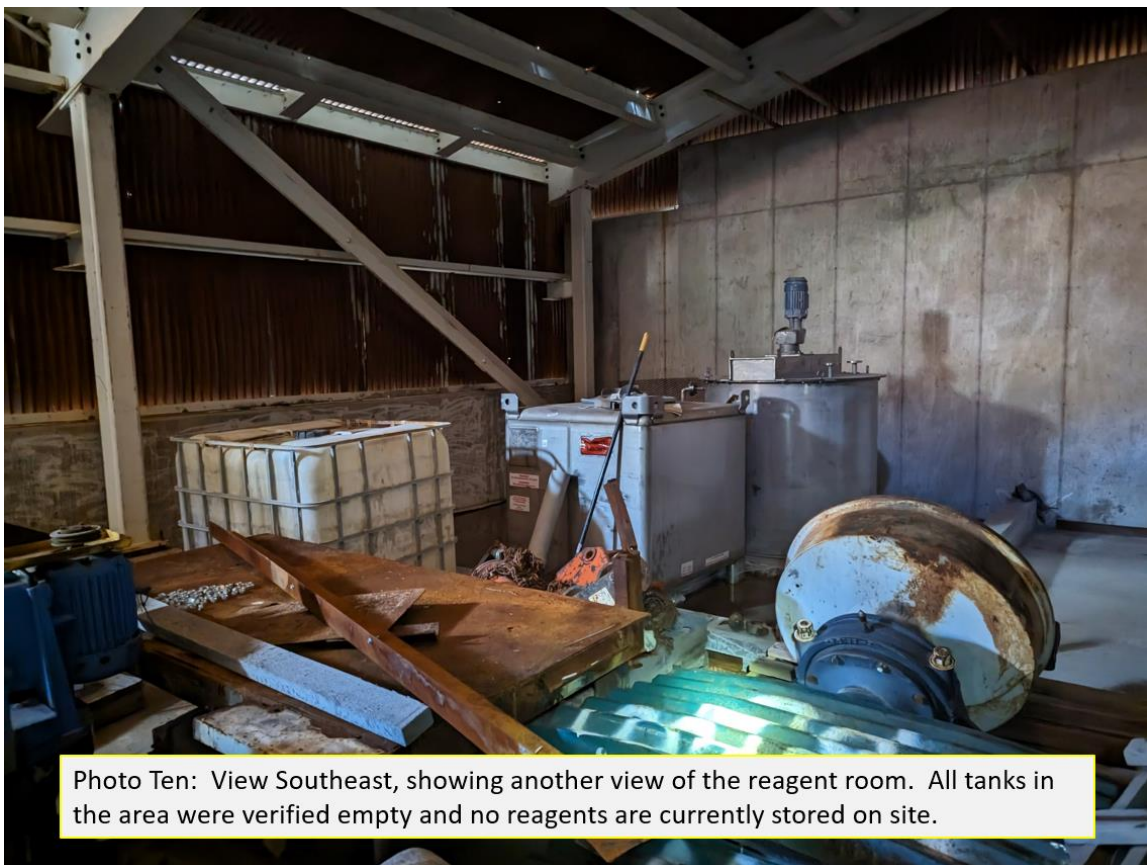
























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