



November 7, 2023

Sturges Karban
FAFO Holdings, LLC
1900 Main Street
Unit 1
Ouray, CO 81432

RE: Revenue Mine, Permit M-2012-032, Incomplete Application for Transfer of Mineral Permit and Succession of Operators, Revision SO-03

Dear Mr. Karban:

On October 30, 2023 the Division of Reclamation, Mining and Safety received the Application Form for Transfer of Mineral Permit and Succession of Operators from Ouray Silver Mines Inc. to FAFO Holdings, LLC, for the Revenue Mine, Permit M-2012-032. The following items are incomplete for the application to be processed:

Application Form

1. Page 6 of the application form that was submitted did not designate either option of the review timeline as presented. Please designate by which review timeline the prospective new Operator wishes to pursue and submit a replacement Page 6 with original wet ink (in blue ink) signatures.
2. Page 7 of the application form was submitted without signatures of Due Diligence Certification. As stated in the application, The Board wishes to ensure that Prospective Successors are fully informed of their duties and obligations should they become Successor to the Permit. Accordingly, the Prospective Successor must carefully review the items and must initial indicating its agreement and understanding. Please submit a replacement Page 7 with original wet ink (in blue ink) initials of the Prospective Successor listed in the application.
3. Page 9 of the application form that was submitted was a photocopy of the original document. In order to process the transfer, this page must be an original, with wet ink signature. Please provide the original page 9 as a replacement page for the application.



Please note on Page 6 of the application form, the Bluegrass NOI, File No. P-2020-006 is listed as Other Reclamation Permits held by Prospective Successor. The NOI listed is in the Current Operator's Name and cannot be transferred to the Prospective Successor and will not be included in the Succession of Operator application or process.

Financial Warranty

4. The Required Financial Warranty and associated forms were not included with the application submittal. Please provide a Financial Warranty in the amount of \$510,060.00 with the applicable form(s).

Structure Agreement

5. In the application materials, only an executed Structure Agreement for County Road 26 was included. Please include Structure Agreement(s) for all permanent man-made structures located within 200 ft. of the affected lands pursuant to Rule 6.3.12. A complete list of Permanent man-made structures can be found in Exhibit S of Amendment 2 of the Permit File.

Secretary of State Registration

6. With the application materials, the Summary Page of the Secretary of State's web page for FAFO Holdings, LLC, registered to Jason Lotz was submitted. Mr. Lotz's name does not appear anywhere else in the application materials, furthermore, Sturges Karban signed Page 9 of the application as Chief Executive Officer of FAFO Holdings, LLC. But is not listed in the Articles of Incorporation found on the Secretary of State's Web Page for FAFO Holdings, LLC. In accordance with the Colorado Corporations and Associations Act, all businesses that transact business or conduct activities in Colorado must register with the Colorado Secretary of State. Please provide documentation that the FAFO Holdings, LLC, whom is the Prospective Successor listed in the application is the correct entity for which the Summary page was submitted. If they are not the same entities, the Prospective Successor must register with the Colorado Secretary of State and provide a Certificate of Good Standing.

Please return the required documentation to the Division **before January 5, 2024**. All completed permit documents are required to be submitted for consideration of your Request for Transfer of Mineral Permit and Succession of Operators Application. An incomplete application may be denied after the 60 day submittal request, if requested documents or information are not received. In the event of any delay in your submittal or if you have any questions, please contact the Division.

Sincerely,

A handwritten signature in blue ink, appearing to read 'L West', with a long horizontal flourish extending to the right.

Lucas West

Environmental Protection Specialist
Division of Reclamation, Mining and Safety

Cc: Travis Marshall, DRMS
Amy Yeldell, DRMS
Sara Stevenson-Benn, Financial Assurance Specialist, DRMS