

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

Phone: (303) 866-3567

FAX: (303) 832-8106



John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

February 4, 2014

Randy McClure
Rio Grande Silver, Inc.
PO Box 610
Creede, CO 81130

Re: Bulldog Mine, Permit M-1977-215, Revision of Permit Status

Dear Mr. McClure,

The Division received your letter dated January 30, 2014, in which you discussed a proposed revision to the Bulldog Mine's permit status due to the recent reduction in staffing levels and planned cessation of activities at the mine. The letter stated that a revision of the permit's status from "Active" to "Intermittent" was your preferred option. No mine development was planned for 2014, including underground activity or surface construction.

The letter further stated that permit activities that are anticipated for 2014 consisted of stormwater control, monitoring and reporting. The Division has determined that "Intermittent" status is not appropriate for the permit at this time, because of the near complete cessation of mining activities for the foreseeable future. Hard Rock Rule 1.1(30) defines the term "Mining Operation" to include the development, extraction and processing of mineral resources. Rule 1.1(46) defines "Reclamation" by listing examples of those activities. If engaged in either type of activity (mining or reclamation) it is appropriate for a permit to be in "Active" status. For a permit to be in "Intermittent" status, there must be mining and/or reclamation activity at the mine during each and every year. Since the only activities anticipated in 2014 for the Bulldog Mine will be maintenance and reporting activities, the Division believes that the permit does not qualify for "Intermittent" status, but rather it should be revised to "Temporary Cessation" status.

Temporary Cessation (TC) is a status in which the operator must maintain the site stability and continue monitoring and reporting, but no mining or reclamation activity is required. TC status may continue for a period of up to five (5) years. Please refer to Rule 1.1(53) for the definition of Temporary Cessation, and Rule 1.13 for a full discussion of the indications of Temporary Cessation and the procedures for its notices and filing. Revising the Bulldog Mine's permit status to TC requires the filing of a formal revision, which carries a fee of \$115.

I hope this explains the Division's position. Please contact me if you have any questions, at the Division's Durango Field Office: telephone 970-247-5193, or email bob.oswald@state.co.us. All written correspondence should be submitted directly to the Division's Denver Office (see address in letterhead).

Page 1

Rio Grande Silver, Inc./M-1977-215
February 4, 2014
Page 2

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Oswald". The signature is fluid and cursive, with the first name "Bob" being more legible than the last name "Oswald".

Bob Oswald
Environmental Protection Specialist

Ec: Russ Means, DRMS, Grand Junction
Tony Waldron, DRMS, Denver

(c:\14-02 docs\Bulldog TC-IS dscn/rco)