

COLORADO Division of Reclamation, Mining and Safety Department of Natural Resources

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.

| MINE NAME: | | MINE/PROSPECTING ID#: | MINERAL: | COUNTY: | |
|-------------------------------|------------------------|---------------------------------|--------------------------------|-------------|--|
| Equity Exploration Project | | P-2011-010 | Silver, gold, lead and Mineral | | |
| INSPECTION TYPE: | | INSPECTOR(S): | INSP. DATE: | INSP. TIME: | |
| Mineral Prospect Inspection | | Travis H. Marshall | May 30, 2018 | 10:00 | |
| OPERATOR: | | OPERATOR REPRESENTATIVE: | TYPE OF OPERATION: | | |
| Rio Grande Silver, Inc. | | Randy McClure | MP - Mineral Prospecting | | |
| | | | | | |
| REASON FOR INSPECTION: | | BOND CALCULATION TYPE: | BOND AMOUNT: | | |
| Normal I&E Program | | Complete Bond | \$28,192.00 | | |
| DATE OF COMPLAINT: | | POST INSP. CONTACTS: | JOINT INSP. AGENCY: | | |
| NA | | None | None | | |
| WEATHER: | INSPECTOR'S SIGNATURE: | | SIGNATURE DATE: | | |
| Clear | 2. Quel | | July 24, 2018 | | |

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>Y</u> | (FN) FINANCIAL WARRANTY Y | (RD) ROADS <u>Y</u> |
|--|-----------------------------------|-------------------------------|
| (HB) HYDROLOGIC BALANCE <u>Y</u> | (BG) BACKFILL & GRADING <u>NA</u> | (EX) EXPLOSIVES <u>NA</u> |
| (PW) PROCESSING WASTE/TAILING NA | (SF) PROCESSING FACILITIES Y | (TS) TOPSOIL <u>Y</u> |
| (MP) GENL MINE PLAN COMPLIANCE- <u>Y</u> | (FW) FISH & WILDLIFE <u>Y</u> | (RV) REVEGETATION <u>NA</u> |
| (SM) SIGNS AND MARKERS <u>Y</u> | (SP) STORM WATER MGT PLAN NA | (RS) RECL PLAN/COMP <u>NA</u> |
| (ES) OVERBURDEN/DEV. WASTE <u>NA</u> | (SC) EROSION/SEDIMENTATION Y | (ST) STIPULATIONS <u>NA</u> |
| (AT) ACID OR TOXIC MATERIALS NA | (OD) OFF-SITE DAMAGE <u>Y</u> | |

Y = Inspected and found in compliance / 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. The Equity Exploration Project is an underground prospecting project that is currently inactive. The commodities to be characterized are gold, zinc, lead and silver. The project currently consists of 3.8 permitted acres. The Equity Exploration Project is located approximately 6.5 miles northwest of Creede Colorado off of Willow Creek Road. Rio Grande Silver, Inc. mine manager Randy McClure was present during the inspection.

The project identification sign was observed at the entrance to the mine site. The operator stated that the large culvert below the access road had been replaced since the last DRMS inspection in September 2015.

No prospecting related activity was observed during the inspection. The main focus of the inspection was to observe the current conditions of the site and determine if any issues needed to be addressed.

The portal entrance was sealed with a locked gate at the time of the inspection. A large red water tank was observed on the mine bench along with various buildings including a shop and various sea cans used by mine personnel as storage, safety and a dry area to dress.

Overall the site was in good condition and no unnecessary debris or trash was observed during the inspection.

No erosion or sedimentation issues were noted. There are no major or minor drainage issues within the permit area that warrant addressing.

No problems or possible violations were observed during the inspection.

Photos taken during the May 30, 2018 inspection are located at the end of this report.

Responses to this inspection report should be directed to Travis Marshall at the Division of Reclamation Mining and Safety Grand Junction Field Office, 101 South 3rd Street, Suite 301, Grand Junction, Colorado 81501 phone no. (970) 241-2042.

PERMIT #: P-2011-010 INSPECTOR'S INITIALS: THM INSPECTION DATE: May 30, 2018

PHOTOGRAPHS













Inspection Contact Address Randy McClure Rio Grande Silver, Inc. 112 E 12th Street Creede, CO 81130