




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: Equity Exploration Project | MINE/PROSPECTING ID#: P-2011-010 | MINERAL: Silver, gold, lead and | COUNTY: Mineral |
| INSPECTION TYPE: Monitoring | INSPECTOR(S): Lucas West | INSP. DATE: October 12, 2021 | INSP. TIME: 08:00 |
| OPERATOR: Rio Grande Silver, Inc. | OPERATOR REPRESENTATIVE: Randy McClure | TYPE OF OPERATION: MP - Mineral Prospecting | |

| | | |
|---|---|--|
| REASON FOR INSPECTION: Normal I&E Program | BOND CALCULATION TYPE: None | BOND AMOUNT: \$28,192.00 |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None |
| WEATHER: Snowing | INSPECTOR'S SIGNATURE:  | SIGNATURE DATE: October 25, 2021 |

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----- <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>Y</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>N</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 Equity Exploration Project is listed as an active Notice of Intent to Conduct Prospecting Operations (NOI) located 6 miles north of Creede, CO in Mineral County at an elevation of 11,120 Feet. The site consists of 3.8 acres to support the underground exploration of Silver, Gold and other base metals. Along with the inspector listed on page one of this report, Randy McClure of Rio Grande Silver, Inc. accompanied the inspection. The weather on the day of the inspection was blowing snow, with approximately 3 inches of accumulation during the inspection. The Division holds \$28,192.00 in Financial Warranty for the site. A reclamation cost estimate was not performed as a result of this inspection. Five Photos accompany this report to illustrate the site conditions.

The site was not active the day of the inspection and no exploration equipment was located on site. The Proper NOI Identification sign was posted at the entrance to the site and can be seen in Photo One. The permit boundaries were clearly identifiable by prominent landmarks around the site. Public access to the site is controlled by a locked gate along the access road. The site consists of 3.8 acres, containing a main access portal, ventilation adit and various support facilities located on the portal pad. The main portal was observed with a locking metal gate closure that was verified secure at the time of the inspection. The portal can be seen in Photo Two. The closure is in excellent condition and no evidence of vandalism or attempted unauthorized entry was observed. The portal does not have an associated discharge or water management facilities. The ventilation adit, shown in Photo Three was also observed to be in excellent condition. It is closed off and secured with a locking metal gate closure and similar to the main portal, showed no signs of damage or vandalism.

The portal pad contains various support structures for the exploration project including a shop facility, storage containers and fuel storage building. The various structures can be seen in Photo Four. The shop facility was observed to be in excellent condition and mostly empty as exploration activities were not active. The storage container was verified to be secure. Various above ground water storage tanks are located adjacent to the shop and verified to be empty. During active exploration the tanks are used for drilling water underground. On site fuel storage is located just north of the shop building and consists of two large double walled fuel tanks stored within a secure building. The tanks are also stored in a lined secondary containment structure within the building providing for extra spill prevention. An example of the tanks can be seen in Photo Five. The tanks and secondary containment structures are in excellent condition. The tanks were verified to be empty at the time of the inspection.

The overall footprint of the site is in excellent condition. No trash or debris was observed and site, and all items being stored on the pad area are neat, orderly and extremely well kept. Discussions with the Operator indicate that active weed monitoring and maintenance is ongoing at the site and they have no issues with State Listed Noxious Weeds. No problems or possible violations were identified during this inspection. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety at 1313 Sherman Street, Room 215, Denver CO, 80203. Direct contact can be made at the Division's Grand Junction Field Office, by phone at 303-866-3567 Ext. 8187 or by email at lucas.west@state.co.us.

PHOTOGRAPHS



Photo One: View north, showing the proper NOI ID signage posted at the entrance to the site. Public access to the site is controlled by a locked gate along the access road.



Photo Two: View northeast, showing the main portal to the underground workings. The portal is secured with a locking metal gate closure that was verified secure and in excellent condition.





Photo Five: View north, showing the interior of the fuel storage building. The fuel storage contains two above ground fuel storage tanks that are double walled, and stored within a lined containment structure.

Inspection Contact Address

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

CC: Travis Marshall, Senior Environmental Protection Specialist