




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: Bulldog Mine Operation	MINE/PROSPECTING ID#: M-1977-215	MINERAL: Lead and silver	COUNTY: Mineral
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas West	INSP. DATE: October 12, 2021	INSP. TIME: 07:35
OPERATOR: Rio Grande Silver, Inc.	OPERATOR REPRESENTATIVE: Randy McClure	TYPE OF OPERATION: 112d-2 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$163,228.13	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Snowing	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 26, 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>Y</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>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 Bulldog Mine is a 112d-2 Operation that is currently in Temporary Cessation (TC). The site operation is in its second term of TC which began on March 23, 2019 and is set to expire on March 23, 2024. The site is located approximately ½ mile northwest of Creede, CO in Mineral County at an elevation of 9370 Feet. The site consists of 568 Permitted Acres for the underground extraction of Gold, Silver and other base metals. Public access to the site is controlled by a locked gate along the access road to the office and facilities area, as well as a series of locked gates along the access roads of the ancillary facilities located across the permitted area. Along with the inspector listed on page one of this report, Randy McClure of Rio Grande Silver, Inc. accompanied the inspection and represented the Operator. The weather on the day of the inspection was snowing with accumulations ranging from 3-5 inches. The Division currently holds a \$163,228.13 Financial Warranty for the site. A reclamation cost estimate update will be performed and notice of any change in the required surety amount will be sent to the Operator under a separate cover. Ten Photos accompany this report to illustrate the current site conditions.

The proper Mine Identification Sign was posted at the entrance to the site, and throughout the various areas, the permit boundaries were easily identifiable. Though the entirety of the permit area was inspected, weather conditions and snow cover required the inspection be focused on the main areas. The main areas inspected included the Facilities and office area, the main 9400 level portal area, the 9700 level portal area and the Tailings Pond 2 (TP-2) Area.

Facilities and Office Area

The main facilities adjacent to the office area contains the maintenance shop, shotcrete batch plant building, fuel storage building and materials storage. The shop, shown in Photo One, is a semi-permanent Quonset style building. The building itself is in excellent condition and has had roof repairs done in the recent past. The maintenance shop is currently being utilized by the Mineral County Weed and Pest Department for storage of equipment during county operations, these areas are segregated and extremely well kept in the shop facility. The interior of the shop is in excellent condition and very well kept. The shotcrete batch plant is also being used as an equipment and storage area to keep items out of the elements. The building, similar to the shop is in excellent condition and very well kept. The batch plant building can be seen in Photo Two. On site fuel storage is contained within an enclosed building near the maintenance shop. Within the fuel storage building is a single above ground diesel tank. The tank is double walled, and set within a lined containment structure providing tertiary spill containment. An example of the lined containment system can be seen in Photo Three. The tank and containment structure were in excellent condition at the time of the inspection and the tank was verified to be empty. Various areas around the facilities area are being utilized for mining related materials storage. Materials stored in these areas are well organized and orderly. An example of the storage areas can be seen in Photo Four.

9400 Level Portal Area

The 9400 Level portal is the main access and ore removal site for the underground workings. The main portal was secure at the time of arrival with a locking steel gated closure. The closure is in excellent condition and shows no signs of damage or vandalism. The closure was opened and the beginnings of the underground tunnel was inspected. The tunnel interior has been reinforced with support structures, steel sets and

shotcrete. The inspected portion was stable at the time of inspection and in immaculate condition. Various support structures are located on the portal pad area including a ventilation fan with duct work, shown in Photo Five, air compressor and supply lines shown in Photo Six and an electrical power transformer station shown in Photo Seven. All support structures are in excellent working condition. The portal pad and access road were stable at the time of the inspection and no evidence of settling, slumping or significant erosion was noted.

9700 Level Portal Area

The 9700 level portal, located just up gradient from the 9400 level portal serves as additional ventilation to the underground workings. The portal, shown in Photo Eight, was secure at the time of inspection with a locking steel gated closure. The Closure is in excellent condition and shows no signs of damage or vandalism. The portal pad area was stable at the time, and showed no signs of settling, slumping or erosion. The portal is located in the windy gulch area which is an ephemeral stream system, only flowing in response to runoff or precipitation events. Proper water controls area installed to prevent impact to the affected lands.

TP-2 Area

The Tailings Pond 2 area lies approximately 1.5 miles to the south of the main facilities and office area. This area consists of the lined Tailings Storage Facility (TSF) that was utilized during active mining operations. Active tailings deposition in this facility has not occurred in recent years. Within the lined TP-2 facility lies a lined contact water pond. The pond is lined with an HDPE liner, within the confines of the lined Tailings Storage Facility. The liner appeared to be in excellent condition and the pond contained sufficient freeboard to allow for inputs from precipitation and snowmelt. The Tailings Storage Facility and interior pond can be seen in Photo Nine. Adjacent to the TSF is a cleared pad utilized to store drill core samples from recent drilling projects as well as an equipment storage container. The container, pad and stacked drill core samples are in excellent condition and were stable at the time of inspection. The pad, at its construction, had topsoil salvaged and stockpiled. The topsoil stockpiles are well vegetated and showed no signs of erosion.

During inspection of the ancillary facilities, the vent shaft located in windy gulch was observed. The vent shaft, shown in Photo Ten, is surrounded by chain link fence with a locking gate to prevent unauthorized entry. The shaft is secured with a large collar and locking closure. The collar and closure are in excellent condition and show no signs of damage or vandalism.

Discussions with the Operator mainly revolved around the plan for the resumption of mining operations, including significant mine development and construction of facilities. Such facilities include a mill facility, water treatment plant, rail lines and other support facilities. In order to resume mining operations, the Operator should provide the Division with written notification at least 60 days prior to activation. In addition, incorporation of new facilities such as a Mill and Water Treatment Facility should be addressed through the Division's revision process prior to construction.

The overall footprint of the site is in excellent condition. The operator has done an exemplary job at maintenance of all areas and facilities associated with the site. No evidence of settling, slumping or erosion was noted, and no State Listed Noxious Weeds were observed. The site is free from trash and debris, and no problems or possible violations were noted. 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 northeast, showing the maintenance shop located at the facilities area. The shop is in excellent condition, despite the semi-permanent building nearing the end of its design life.



Photo Two: View northwest, showing the shotcrete batch plant building. During operations this facility is used for the production of shotcrete to be used in stabilizing the underground workings. Currently it is being used for equipment storage.

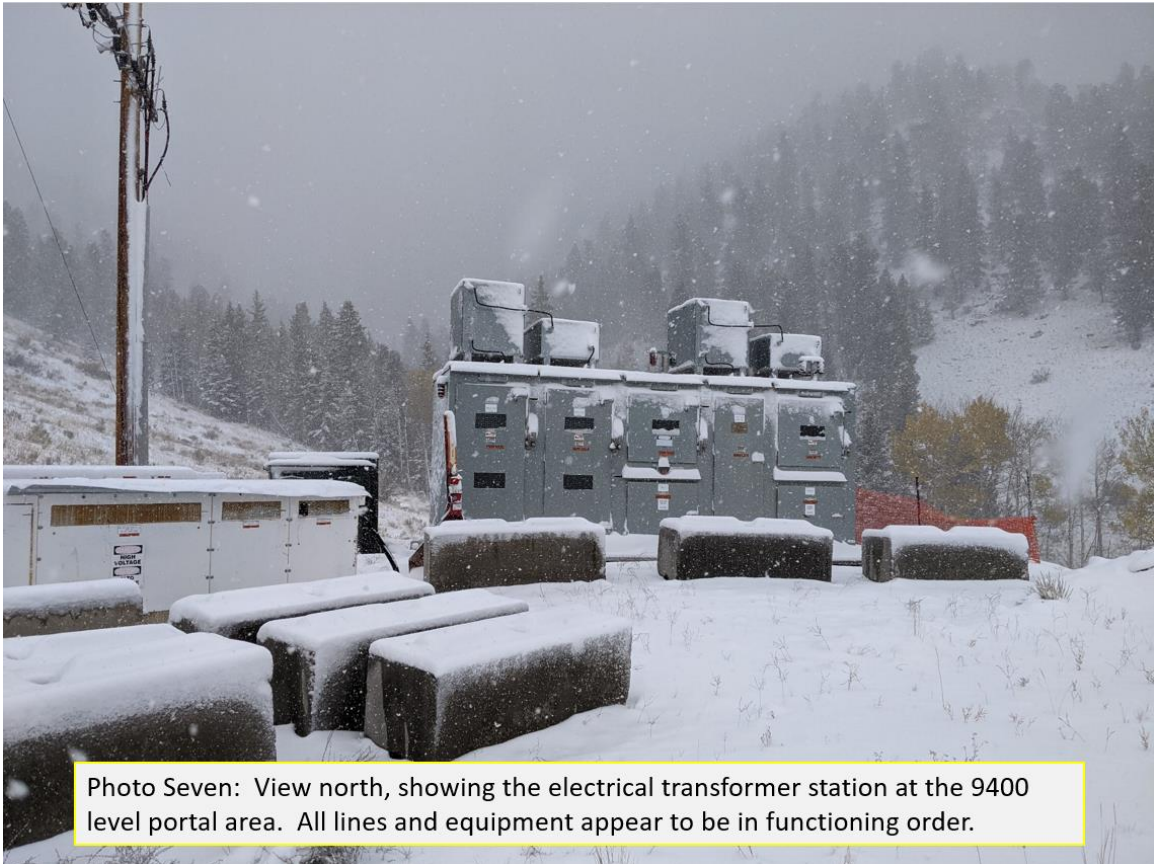


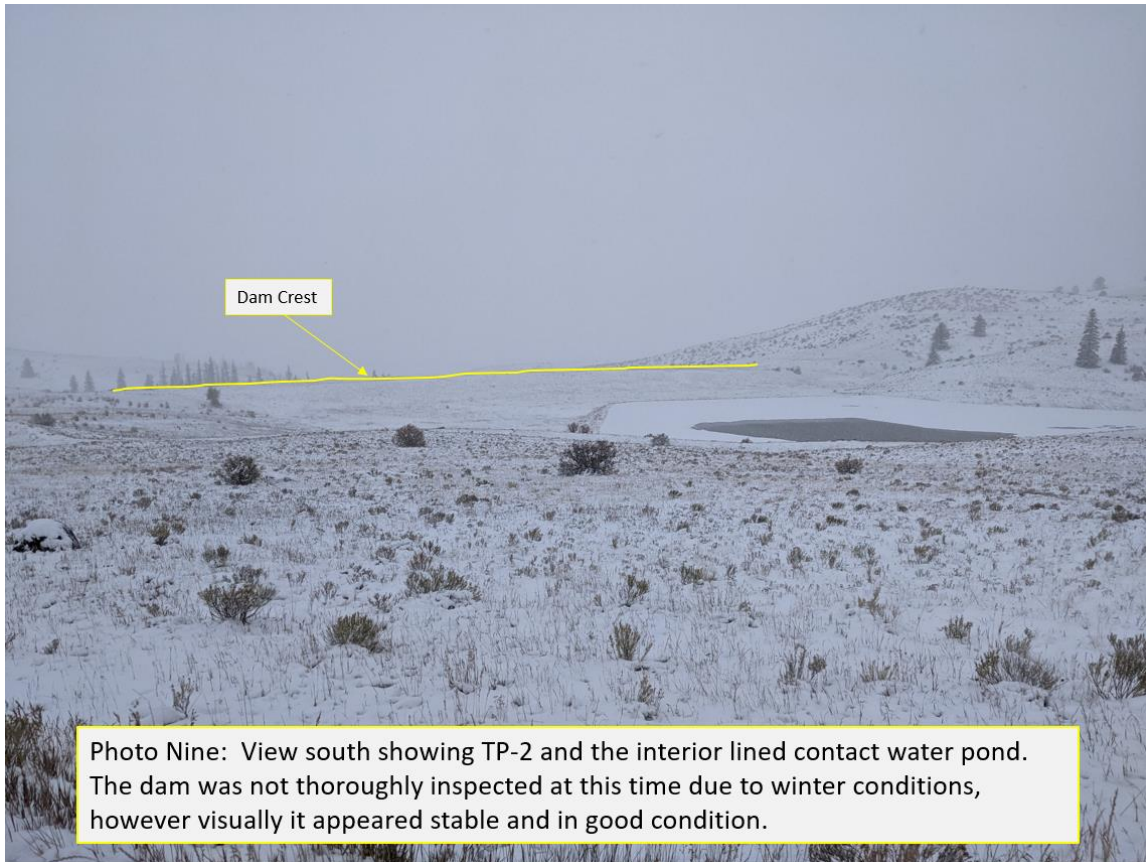
Photo Three: View north, showing the tertiary containment structure located inside of the fuel storage building. The fuel storage tank is double walled and stored within the lined containment structure.



Photo Four: View southwest, showing an example of the storage containers and mining related items stored on site. All materials are neat, orderly and well kept.







Inspection Contact Address

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