




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: August 31, 2022	INSP. TIME: 12:23
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: Complete Bond	BOND AMOUNT: \$163,228.13	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 26, 2022	

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>Y</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>Y</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 in an Active status. 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 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. Seven 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. The main areas inspected included the Facilities and office area, the main 9400 level portal area and the Tailings Pond 2 (TP-2) Area.

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. Conversations with the Operator indicate that evaporators are in-route and will be installed to assist in evaporating more water from the pond. The Tailings Storage Facility and interior pond can be seen in Photo One. 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.

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 is a semi-permanent Quonset style building. The building itself is in excellent condition. The interior of the shop is in excellent condition and very well kept and can be seen in Photo Two. 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. 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. A spill pad has been installed in the front of the building to prevent spills during refilling of the tank. The tank and containment structure were in excellent condition, the storage building and external spill pad can be seen in Photo Three. Various areas around the facilities area are being utilized for mining related materials storage. Materials stored in these areas are well

organized and orderly.

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. At the time of the inspection various underground rehabilitation work was being conducted. The portal ventilation system was on and the underground work was observed. All observed work and conditions of the underground areas were in excellent condition. The portal and some of the support infrastructure can be seen in Photo Four. 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.

The dewatering infrastructure including pipes, tanks and onsite lined transfer pond were observed. All elements of the dewatering system were in good working order. At the time of the inspection no transfer of water was taking place. The gravity feed tank can be seen in Photo Five. The onsite transfer pond and pump station were found to be in excellent condition as seen in Photos Six and Seven. The pump has been set inside a temporary secondary containment structure to prevent spills of any fuels or oils. The pond liner shows no signs of compromise.

During inspection of the ancillary facilities, the vent shaft located in windy gulch was observed. The vent shaft, 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.

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 1001 E 62nd Ave. Room 215, Denver, CO 80216. 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.

Inspection Contact Address

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

CC: Travis Marshall, DRMS

PHOTOGRAPHS



Photo One: View West, showing the lined pond at the TP-2 Area. The pond is in excellent condition including the liner and water delivery system. The area outside of the lined pond is well vegetated and was stable at the time of the inspection.

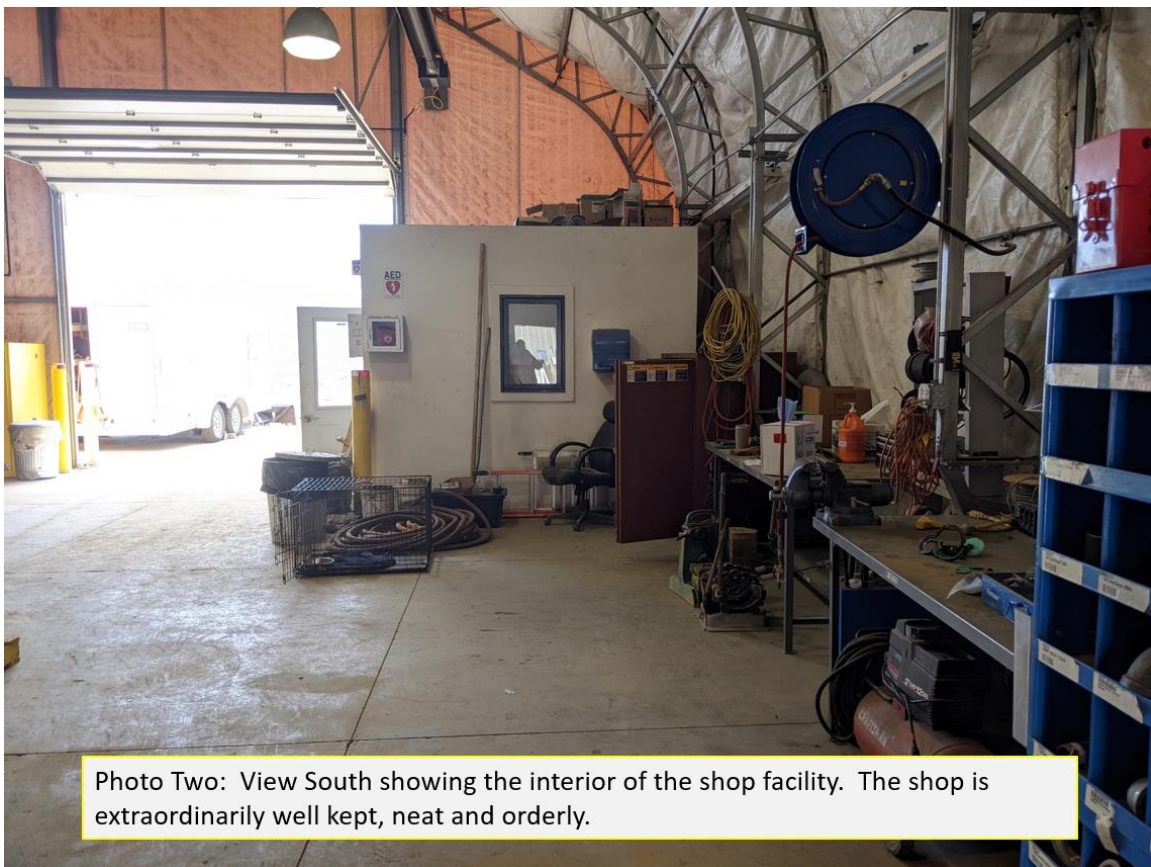


Photo Two: View South showing the interior of the shop facility. The shop is extraordinarily well kept, neat and orderly.







Photo Seven: View Northwest, showing the lined transfer pond. Dewatering activities were not active at the time of the inspection but the pond and its enclosure were in excellent condition.