



October 27, 2022

Colorado Division of Reclamation, Mining, and Safety
Attention: Minerals Program
1313 Sherman St., Room 21
Denver, CO 80203-2273

RE: 2022 Annual Report for Bulldog Mine Operation, Permit No. M-1977-215

Dear Minerals Program,

Rio Grande Silver, Inc. (RGS) requested a Change of Status from Temporary Cessation to Active in November 2021. DRMS received the request on November 27, 2021 and accepted the change to Active on December 1, 2021.

RGS began underground activities in June 2022 that is the first year of a planned multi-year rehabilitation, exploration, and pre-development program to determine if the project is economically viable before moving forward with the construction and operation of a water treatment plant, additional waste rock and tailings storage facilities and mining and milling operations.

The following work was completed in June through September by mining contractor Harrison Western:

- Inspection of the 9400L Decline and utilities.
- Dewatered the 9360L Upper Mine Pool. This involved pumping the water from the 9360L to the surface to keep the level dry for rehabilitation work and trucking it to the lined evaporation pond TP-2 for storage and evaporation.
TR-24 - Dewatering Operations was approved on May 9, 2022 accounting for the trucking and dewatering operations.
- Completed 1,000 feet of rehabilitation of the 9360L tunnel (See Figure 1).

Rehabilitation work ended in September while a water management system that will keep the 9360L dry is being designed. The pumps were shut off and the 9360L refilled with water.

The planned water management system will involve treating the meteoric water in the 9360L Upper Mine Pool and discharge it into Windy Gulch. RGS is applying for a Colorado Discharge Permit and sending out requests for proposals for a water treatment facility. The anticipated volume of water to be treated is an average of 13 GPM. The water treatment plant is planned to be installed underground in the 9400L Muck Bay.

The discharge application process takes a minimum of six months to approve. During this time, RGS will keep the underground accessible for water quality sampling and bench testing for prospective water treatment plants.

A water discharge line from the 9400L Portal to Windy Gulch is planned in the spring of 2023. A new Technical Revision (TR-25) will be submitted and work on the discharge line will not proceed until TR-25 is approved.

Disturbance

There was no new surface disturbance from October 31, 2021, through October 30, 2022 due to the underground and dewatering activities.

Reclamation

Monitoring of re-seeded areas throughout the Bulldog Project was ongoing and no re-seeding was conducted from October 31, 2021, through October 30, 2022. RGS will continue to monitor these areas.

Weed spraying was conducted in the following areas showing minimal signs of noxious weeds on October 4, 2022; 9400 Portal Area, see Figure 2, and the 9700 Portal area, see Figure 4. No noxious weeds were identified in the TP-2 area, Figure 3. A four-gallon backpack weed sprayer was used to apply Milestone weed spray to control Canada thistle growth. Monitoring in these areas will continue until no sign of Canada thistle remains.

Other Items

Monitoring well water level in BD-MW was recorded on February 16, 2022. Water level in HW-4 was recorded on May 26 and September 12, 2022. Water level in HW-3 was not recorded in 2022. See Figure 7.

Annual water quality results for Windy Gulch groundwater samplings are included in the annual report. Windy Gulch did not flow in 2022 so no surface samples were taken. Refer to the Bulldog Environmental Protection Plan Figure 3 for Surface water results and Figure 5 for groundwater results.

The Bulldog Mine Operation permit boundary map is included. See Figure 9.

Please call or email if you have any questions.

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