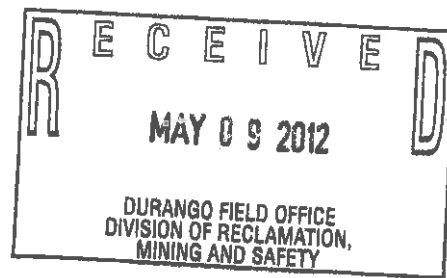




**RIO GRANDE
SILVER, INC.**

May 7, 2012

Mr. Bob Oswald
Environmental Protection Specialist
Colorado Department of Natural Resources
Division of Reclamation, Mining & Safety
Durango Field Office
691 County Road 233, Room A-2
Durango, CO 81301



RE: Prospector Application for Release of Warranties: DRMS NOI P-2008-037
NOI P-2010-007, P-2010-007 MD-1

Dear Bob,

Enclosed are the Prospector Application packages for Release of Warranties for Rio Grande Silver Prospecting Notices of Intent DRMS-NOI P-2008-037 and NOI P-2010-007/ NOI P-2010-007 MD-1.

The packages include the following items:

- Signed document that all reclamation requirements of the prospecting notice have been satisfied;
- Bond Reduction Request;
- Summary of site reclamation performed, including maps and photographs;
- A copy of this application will be sent to the USDA Forest Service.

Please do not hesitate to contact me if you require any additional information or if the Prospector Application for Release of Warranties is deficient in any way.

Best Regards,

Randy McClure



**RIO GRANDE
SILVER, INC.**

Randy McClure
Acting General Manager
Rio Grande Silver, Inc.
PO Box 610
112 E. 12th St
Creede, CO 81130
ph: 719.658.1080
cell: 970.317.5355
fax: 719.658.1082
rmcclure@hecla-mining.com

Proof of Notification to USDA Forest Service, Rio Grande National Forest

7009 0820 0000 7045 4761

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 5.15
Certified Fee	2.95
Return Receipt Fee (Endorsement Required)	2.35
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 10.45

Stamp: CORRIE CO 81730-9999 MAY 8 2012 Postmark Here USPS

Sent to	
USDA Forest Service	
Street, Apt. No., or PO Box No. 1803 W. Hwy 160	
City, State, ZIP+4 Monte Vista, CO 81144	

PS Form 3809, August 2009 See Reverse for Instructions

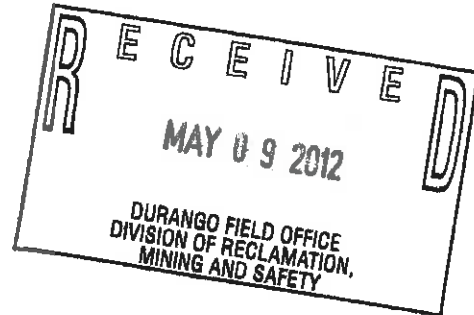


Prospector Application for Release of Warranties

Rio Grande Silver (RGS) hereby states that all reclamation requirements for the Prospecting Notice of Intent File Number P-2008-037 for the drill pads and drill roads listed below have been satisfied. RGS estimates that 85% of the reclamation requirements are complete and requests the Release of Warranties in the amount of \$50,703.00 from the total bond amount of \$58,909.00. A final Release of Warranties will be requested upon completion of the remaining reclamation.

Randy McClure

Randy McClure
Rio Grande Silver, Inc.
112 East 12th St
Creede, CO 81130
(719) 658-1080
rmcclure@hecla-mining.com



Summary of Reclamation Performed:

Reclamation has been completed on 5 of the 8, 50x100 drill pads (BD Pads 1 thru 5). All of the drill pad access roads associated with BD Pads 1 through 5 have been reclaimed. Drill pads 7 and 8 were never constructed and they were removed from this NOI and are included in the more recent NOI P-2010-014. Drill pad BD-6 is the pre-existing drill pad on the patented Kanawha No.2 claim and approximately 900 feet of roughed in low standard drill road from BD Pad-6 to the previously planned BD Pad-7 are the only remaining reclamation to be done on this NOI.

Topsoil depth is estimated to range from zero to 12 inches locally. Where present, topsoil was salvaged and stockpiled adjacent to drill pads and roads. After drill pads and roads were re-contoured and scarified, an average of 4-6 inches of the salvaged topsoil was redistributed over the final graded areas.

All drill holes (9 total) have been abandoned in their entirety upon completion of each hole. All drill holes are completely filled with abandonite and or bentonite, cement grout or concrete to prevent any vertical movement of groundwater within the drill hole, as well as to eliminate a post-exploration danger to people and wildlife that may traverse the area. The abandonite and or bentonite, cement grout was placed 'bottom-up' in each drill hole. A 10-20 foot cement plug caps each drill hole. This plug will ensure that any settlement of the abandonite, bentonite, grout, or concrete in the hole will not affect the long-term effectiveness and integrity of the plugging procedure. Topsoil has been spread over the plugs.

Gates have been installed or left in place at the entrance to the temporary, low-standard access roads to close them to motorized travel. Disturbed areas (roads and drill pads) have been returned back to the contour and topography present prior to disturbance. Compacted areas have been loosened as necessary by ripping or discing. Topsoil has been redistributed where present. Disturbed areas have been reseeded and covered with slash cut from construction. Reclamation also included the installation of water bars where necessary to prevent degradation of the reclaimed area. Following grading activities, the area was scarified to help promote the re-establishment of vegetation. Seeding was done by broadcasting a certified weed-free species mixture approved by Colorado DRMS and the USDA Forest Service.

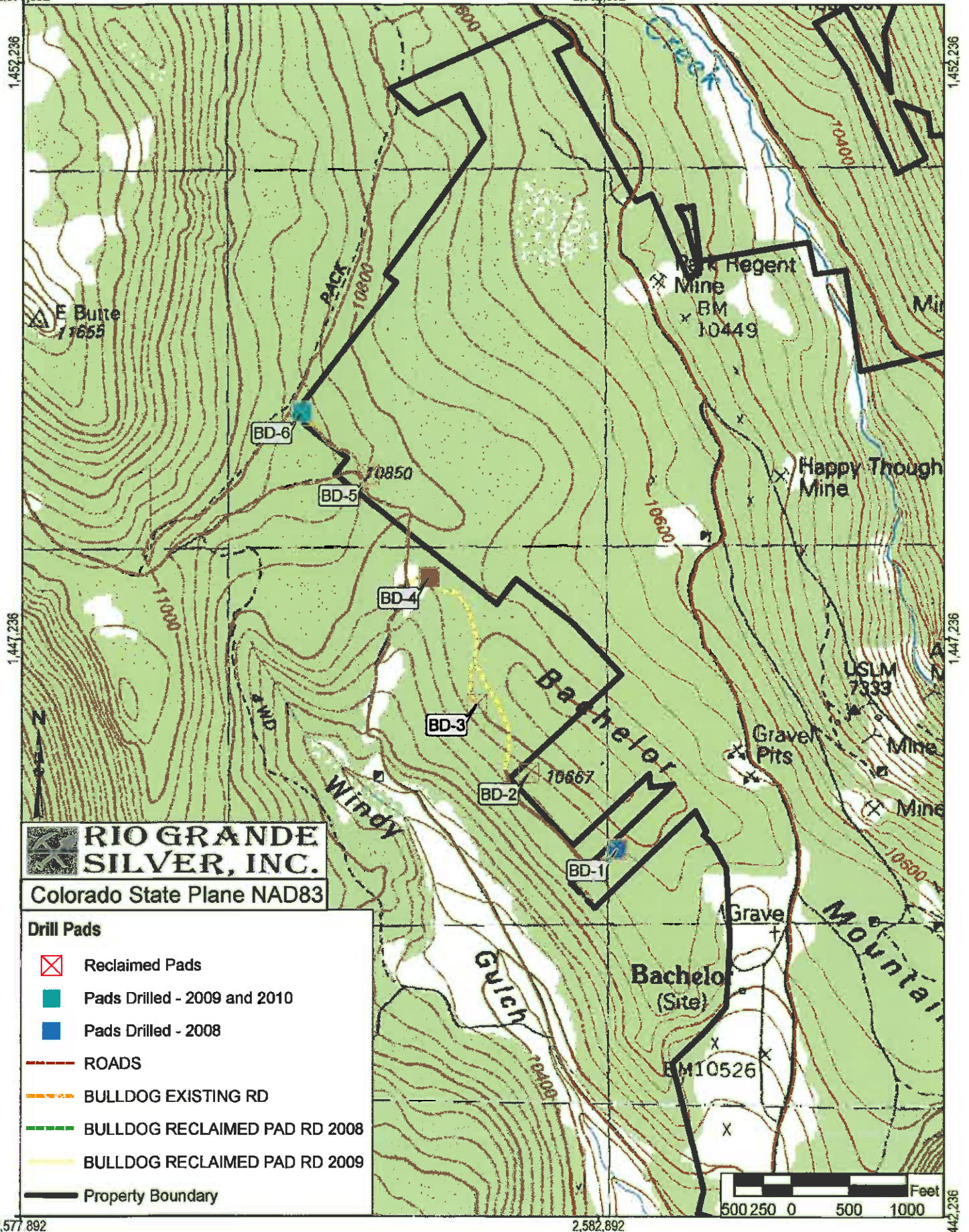
Seed Mixture used in the re-establishment of vegetation:
Plant Name (Seeding Rate PLS/acre)

San Luis Slender Wheatgrass (4.40)
Sodar Streambank Wheatgrass (2.30)
Mountain Brome (3.90)
Fireweed (0.25)

See Reclamation Map, page 3 and photographs pages 4, 5 and 6.

2,577,892

2,582,892



2,577,892

2,582,892

Reclaimed BD Pad-1



Reclaimed road to BD Pad-1



Road to BD Pad-2 in use in 2008



Reclaimed BD Pad-2



Reclaimed road to BD Pad-2



BD Pad-3 in 2009 before reclamation.



Reclaimed BD Pad-3



Reclaimed road to BD pad-3



BD Pad-4 in 2008



Reclaimed BD Pad-4



Reclaimed road to BD Pad-4



Reclaimed BD Pad-5



Reclaimed road to BD Pad-5



RETURN RECEIPT
REQUESTED

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE POSTAGE ADDRESS (PANEL DOTTED LINE)

CERTIFIED MAILTM



7009 0820 0000 7045 2705

Rio Grande Silver
POB #610
Creede CO 81130

Expéditeur:

To/Destataire:

Colorado DRMS
691 CR 233, Ste A-2
Durango CO 81301

Country of Destination/Pays de destination:



PS00001000014