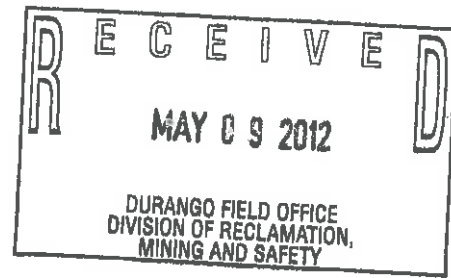




**RIO GRANDE
SILVER, INC.**

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 0620 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

CRUEDE CO 81130-9998
MAR 8 2012
Postmark Here
USPS

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

PS Form 3800, August 2006 See Reverse for Instructions

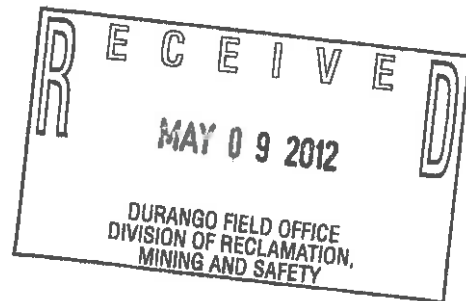


Prospector Application for Release of Warranties

Rio Grande Silver (RGS) hereby states that all reclamation requirements for the Prospecting Notices of Intent File Numbers P-2010-007 and P-2010-007 MD-1 for the drill pads and drill roads listed below have been satisfied. RGS estimates that 80% of the reclamation requirements are complete and requests the Release of Warranties in the amount of \$22,905.00 from the total bond amount of \$28,631.00 for NOI P-2010-007 and P-2010-007 MD-1. The additional approved bond amount of \$15,737.00 for P-2010-007 MD-3 is not being considered in this request as no reclamation associated with this NOI has been completed. A final Release of Warranties for Prospecting Notices of Intent File Numbers P-2010-007, P-2010-007 MD-1 and P-2010-007 MD-3 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 4 of the 6, 80x100 drill pads (CIS Pads 2, 3 and 4, NA Pad-1). The drill pad access road to CIS Pad 4 is reclaimed and approximately 600 feet of the 900 feet of access road to the CIS-2 pad has been reclaimed. The land owner of the Big Dan patented mining claim has requested that we leave the access road to the reclaimed CIS-3 Pad in place. Drill pads CIS-1, NA-2 and the 300 feet of drill road between CIS-1 and CIS-2 drill pads are the remaining reclamation associated with the P-201-007 and P-2010-007 MD-1 NOIs.

The exploration area is located in sub-alpine and alpine habitat, with rock outcrop and rubble; Frisco-Agnewton and Bross, Moist-Mirror Soils. Vegetation includes Mtn Grassland: Thurber Fescue, Conifer Forest: Spruce/Fir and Herbaceous Riparian: Sedge

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 of the drill holes have been abandoned in their entirety upon completion of each hole. There were 14 drill holes completed with an additional 3 holes that were lost at less than 588 feet due to driller error or mechanical failures. 7 drill holes were completed and abandoned that are associated with the P-2010-007 MD-3 NOI. 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 plug.

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.

Compacted areas have been loosened where necessary by ripping or discing and left in a roughened condition prior to topsoil replacement. Following grading activities, the area was scarified to help promote the re-establishment of vegetation. Where necessary, an inorganic fertilizer (50% each nitrogen/phosphate) was applied at a rate of approximately 100 pounds per acre to the re-spread topsoil on the drill pads and roads. Seeding was done by broadcasting a certified weed-free species mixture approved by Colorado DRMS and the USDA Forest Service. Seeding was conducted in either late fall or early spring to take advantage of moisture availability.

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.

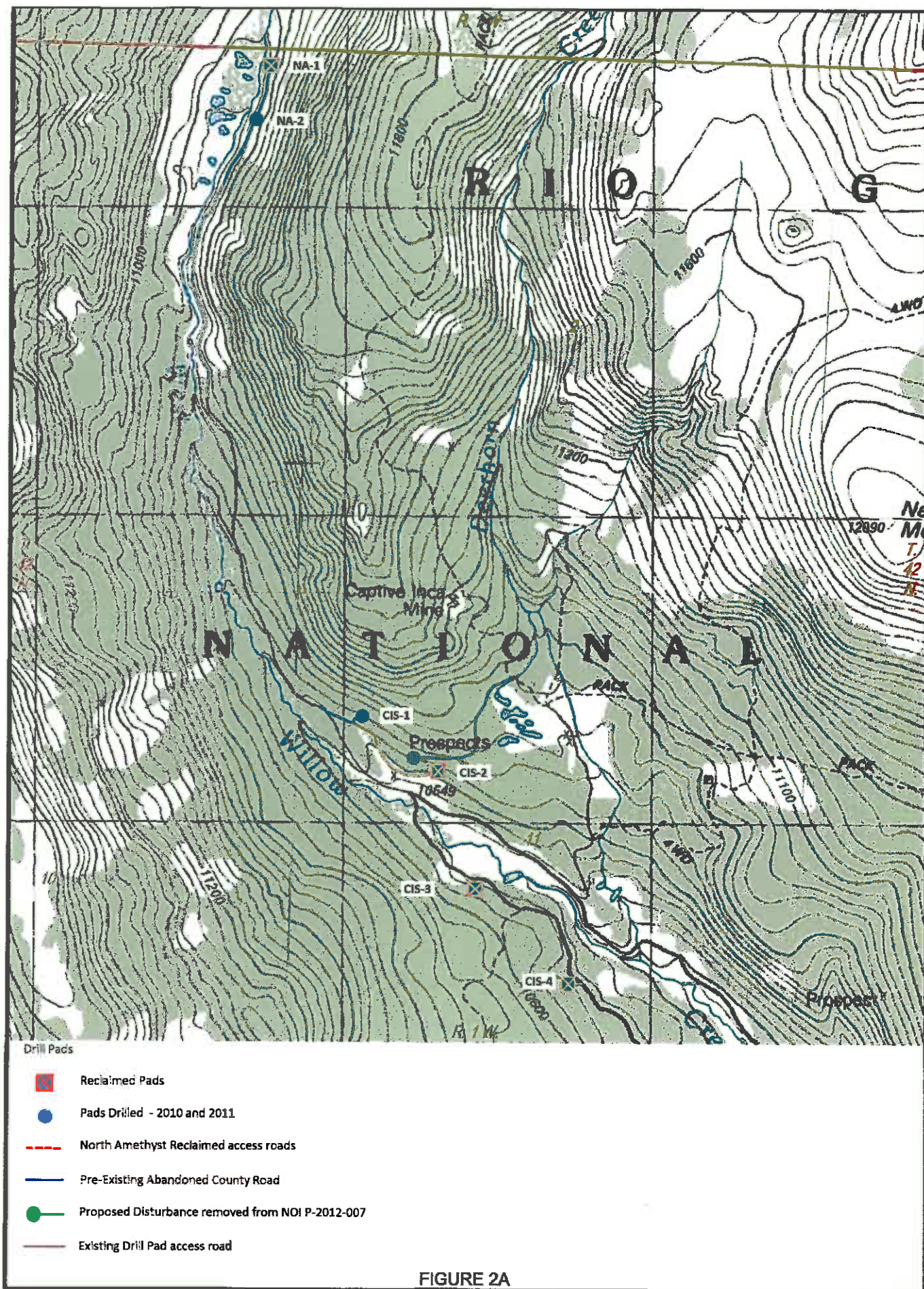


FIGURE 2A

CIS Pad-4 in 2010



Reclaimed CIS Pad-4



Reclaimed road to CIS Pad-4



Reclaimed CIS-3 PAD



Private Access to CIS Pad-3. Big Dan Pat. Claim



CIS Pad-2 in 2010



Reclaimed CIS Pad-2



Reclaimed road to CIS Pad-2



NA Pad-1 in 2010



Reclaimed NA Pad-1



Pre-existing abandoned county road to NA Pad-1



RETURN RECEIPT
REQUESTED

PLACE STICKER IN TOP LEFT CORNER OF THE RETURN ADDRESS FOR A DOTTED LINE

CERTIFIED MAIL



7009 0820 0000 7045 2705

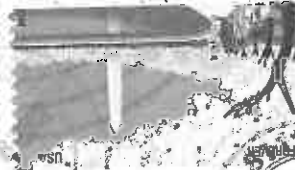
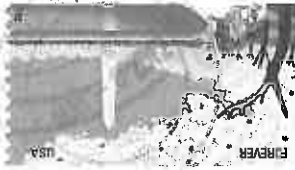
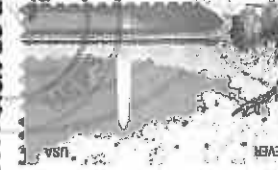
Expéditeur:
Rio Grande Silver
POB #610
Creed, CO 81130

To/Destataire:

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

Country of Destination/Pays de destination:

Expéditeur:



PS00001000014