

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

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John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

September 24, 2012

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

Re: Equity Exploration Project, NOI No. P-2011-010, Modification MD-2, Technical Adequacy Review.

Dear Mr. McClure:

The Division has been reviewing the proposed changes for the Equity Project Modification MD-2, and has identified several items that are deficient. Please provide responses to each of the following items.

Please provide a revised Figure C Map, one which shows the present affected area boundary and the proposed expansion.

Please check the elevation scale of cross section A-A' on Figure D, since it appears that there are some typos in the elevations. Please provide a revised figure if the present one is incorrect.

There are berms to be installed around the toe of the development rock fills. Are the berms intended to contain sloughing or rolling coarse rock, or to control runoff or sediment from being transported off the site? Will the berms be constructed of coarse rock or finer earthen material or wattles? Please provide more description of the berms.

Please forward a copy of the SPLP and ABA analyses that were performed on representative samples of the rock to be placed in the piles. The project is expected to generate approximately 17,200 cubic yards of waste rock, but there is no proposed schedule or interval for the further testing of the waste rock. Please propose a testing schedule, such as "the waste rock will be tested every 5,000 cubic yards" or "tested every month," for example.

The waste rock piles will be "plated" with talus rock when the piles reach their final size and configuration. Please state what the expected volume of talus will be for accomplishing this, and the proposed method of placement.

Some of the questions above will help this office estimate the additional reclamation costs associated with this modification. After this office received your responses, a bond estimate will be calculated for your review.

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Please provide two sets of all response materials, and be sure all maps and figures are signed and dated.

If you have questions, I may be reached at the Division's Durango Field Office: 691 CR 233, Room A-2, Durango, CO 81301; telephone 970-247-5193.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Oswald", with a stylized, cursive script.

Bob Oswald
Environmental Protection Specialist

(c:\12-09 docs\Equity NOI MD-2 defic/rco)