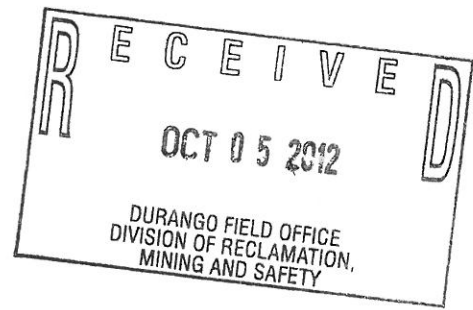




October 3, 2012

Bob Oswald
Division of Reclamation, Mining, and Safety
691 CR 233
Suite A-2
Durango, CO 31301



RE: Response to DRMS Technical Adequacy Review, Equity Exploration Project, NOI No. P-2011-010, Modification MD-2, Consultant's Comments on ABA and SPLP

Dear Mr. Oswald,

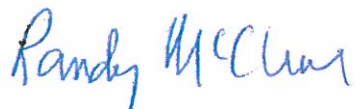
As stated in Rio Grande Silver's response letter, dated October 1, 2012, a consultant has reviewed the ABA data for the Equity underground samples. Her comments regarding the methodology of ABA are included below.

Acid Base Accounting (ABA) is a tool used in the mining industry as a potential predictor of water quality; however it was originally developed as an agronomical tool to assess the suitability of mine spoils for re-vegetation based upon acidity and alkalinity. ABA results have been and are subject to a range of interpretations attributed not only to the intended use of the material being analyzed but also to increased understanding of how materials behave post ABA testing. ABA analyses were performed on four samples of development rock for the Rio Grande Silver project. The intended use for the sample material as rock instead of tailings for example generates conservative ABA results as samples are crushed to minus 160 mesh before analysis thereby exposing much more surface area than would be the case in the real world application. Sample results can also be considered conservative as the form or occurrence of pyrite mineral within the host rock used to calculate weight percent of sulfur is not taken into consideration. The four samples exhibited a range of results most simply described as a variation between acidity and alkalinity which taken alone is not appropriate for purposes of prediction. The sulfur content in all four samples was less than 1%. A 1991 Canadian Mine Environment Neutral Drainage (MEND) Critical Literature Review of Acid Drainage from Waste Rock cited results from mine sites where waste rock piles containing less than 1% sulfur did not generate acidic drainage. The weight percent of sulfur should also be considered in context with the acid neutralizing potential (ANP) of the sample. "A ratio of ANP to weight percent sulfur greater than 2 has a low probability for acidic drainage", as cited in Mining Safety and Health Administration (MSHA) 2009 Engineering and Design Manual for Coal Refuse Disposal Facilities. All of the Rio Grande samples have ANP weight percent sulfur ratios greater than 2. These observations / interpretations support the hypothesis that the Rio Grande Silver development rock will not generate acid and is further supported by the positive site history and lack of impacts from previous rock placed on the surface at the site.

Please include this information with our previous response letter and associated information dated October 1, 2012.

Please call me at 970-946-0111 if you have questions.

Best Regards,



Randy McClure
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