



**RIO GRANDE
SILVER, INC.**

October 8, 2012

Mr. Bob Oswald
State of Colorado
Division of Reclamation, Mining, and Safety
691 CR 233 Room A-2
Durango, Co. 81301



Re: Bulldog Mine, Permit # M-1977-215 Technical Revision TR-20

ADEQUACY RESPONSES

Dear Mr. Oswald

In response to your correspondence on the Technical Adequacy Review of our TR-20 document, please accept the following clarifications;

With respect to the permanency of the proposed roads and structures, it is our intention to design and build these structures and roads as permanent features. We are having the Building designed and stamped by a Colorado licensed Structural Engineer and will have permits and inspections completed in accordance with the local building codes and regulations. We also plan to maintain them as permanent structures and will do all upkeep necessary to keep them in good working order.

With regards to the Earthwork, we intend to place all fill materials in lifts using proper compaction and moisture methods to ensure a stable and permanent placement. Cut materials will be moisture-conditioned as needed and moved to the fill areas and installed in lifts that facilitate proper compaction. We have clarified the gradient of the cut and fill slopes on the attached cross-section drawing. Erosion Control measures typical of those used throughout the project will be implemented and maintained to ensure that all disturbed surfaces are stabilized and re-established. These controls will include straw waddles, silt fence, and re-seeding of disturbed soils as needed to obtain stabilization. Any temporary control measures will be removed once final stabilization has been achieved and the disturbed areas re-vegetated.

As far as the Sediment control measures, we have amended the attached plan to reflect the inclusion of the straw waddles and silt fence as needed below all disturbed areas including the road, septic leach field, and all new utility lines. Any disturbed areas will be monitored for erosion and corrected if the erosion control measures prove ineffective. All disturbed areas will be seeded with an approved seed mix.

We have had a licensed surveyor lay out the building and road. They have also marked the affected area boundary to ensure that we are not encroaching beyond the existing affected area.

Please note that we have also added a footprint of the above-ground water tank that will be added on the northwest corner of the Administration building. This structure will have a 30' x 30' concrete slab on grade and a metal frame enclosed structure with propane heat. The

purpose of this structure is to hold the fire sprinkler water for the Administration Building sprinkler system. The building will be heated to keep the water from freezing. This structure will be a permanent feature and will be permitted and inspected by the local building authority. There is also a new structure planned to cover the existing Diesel fuel tanks in an effort to keep rain, snow, and ice from getting into the containment liner. This structure will be approximately 22' x 25' and will have 4 pier footings (2' x 2' x 1' thick) to secure the steel frame structure. The structure will have metal siding and roof. The roof will be a single-slope shed roof pitched at a 4/12 pitch. There will be two doors on the building. The structure will be removed when the Diesel Fuel Tanks and containment system are removed from the site. The structure is a temporary structure.

Additionally, we are installing an 8' x 28' office trailer east of the Admin. Building that is on wheels and is a temporary feature to use as office space while for the Mine Decline construction team. The trailer is a portable rental office trailer. There are no permanent structures involved with this feature.

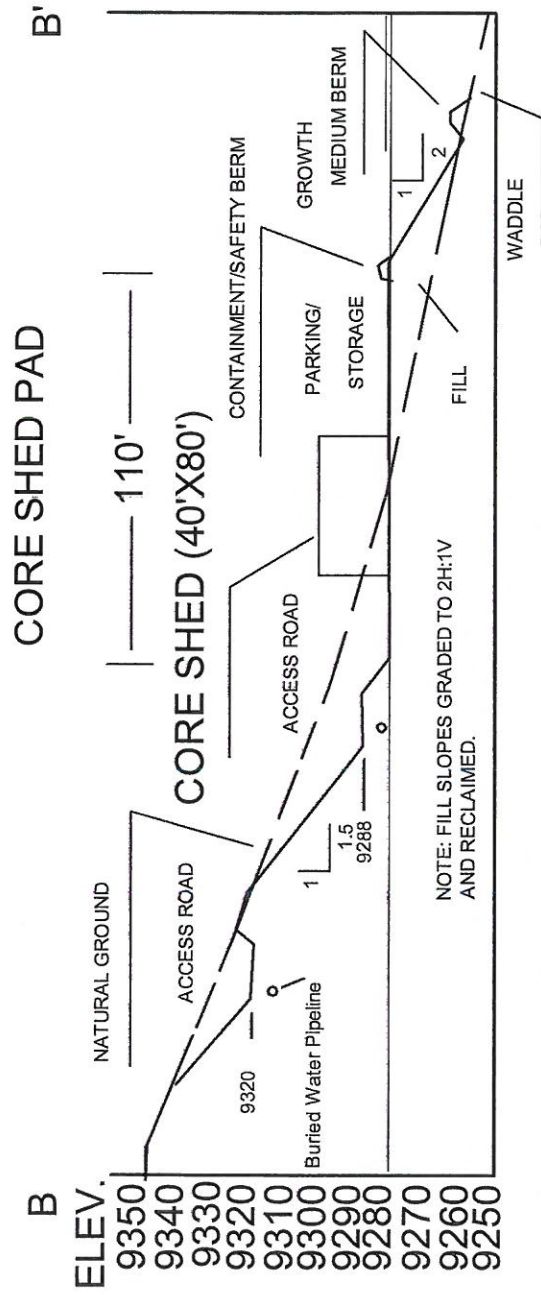
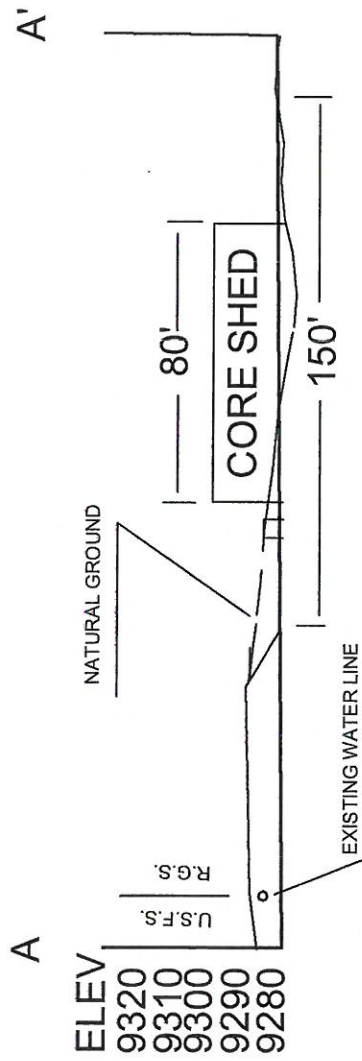
We believe that the above-noted items should clarify all of the questions that were noted in your response letter. We appreciate the opportunity to address these items and hope that you find our response to be fully acceptable and complete.

We appreciate your time meeting with us on site to review the matter. Please contact us if you have any further questions regarding this Technical Revision # 20. We look forward to your approval of the revision in an effort to complete the infrastructure needed to facilitate our project needs.

Sincerely,



Randy McClure
General Manager
Rio Grande Silver, Inc.



**BULLDOG CORE
SHED PAD
X-SECTIONS A-A'
AND B-B'**



Randy McClure