



October 17, 2012

Bob Oswald
Division of Reclamation, Mining, and Safety
691 CR 233
Suite A-2
Durango, CO 81301

**RE: Response to October 5, 2012 DRMS Second Technical Adequacy Review
Equity Exploration Project, NOI No. P-2011-010, Modification MD-2**

Dear Mr. Oswald,

Rio Grande Silver (RGS) has received your October 5, 2012 letter in which you provided several additional comments regarding the Equity Exploration Project, NOI No. P-2011-010, Modification MD-2. We have addressed your comments and questions below.

Comment #1: Page 1, "Boundary Markers" It would be advisable to install visible and durable markers to indicate the extent of the affected area on the ground, to ensure that disturbances from project activities remain inside the approved boundary.

Response #1: In areas where proposed disturbance will occur near the affected area boundary, RGS will mark the boundary with appropriate, durable, visible markers.

Comment #2: Page 1, "Waste Rock Slopes" As waste rock is added to the piles please ensure that the slope gradients are not steeper than 1.5H (horizontal):1V (vertical).

Response #2: RGS will place development rock in approximately 10 -15 foot lifts and grade each lift to its final slope configuration of 1.5H:1V as the next lift is being placed.

Comment #3: Page 1, "Safety and Catch Berms" Please ensure that the berms are constructed early enough to catch sediments at the initiation of pile development. As these berms are also required for your stormwater management plan, please ensure that they are regularly maintained. If additional measures are needed to adequately control sediment and stormwater, please provide such.

Response #3: RGS will construct safety and catch berms prior to waste rock placement. RGS will inspect and repair these berms, as necessary, as part of the routine stormwater and site inspections. RGS does not anticipate the need for any additional stormwater best management practices (BMP's), but, if such additional measures become necessary, RGS will install and/or implement appropriate measures, update the Equity Stormwater Management Plan (SWMP), and provide the Colorado Division of Reclamation, Mining and Safety (DRMS) with a copy of the updated SWMP.

Comment #4: Page 1 & Page 2, “Future Waste Characterization Analyses” Please provide copy of future analyses and commentary to the Division in a timely manner upon receipt from the lab.

AND

Page 2, “West Willow Creek Water Sampling Results” Though DRMS does not have primary jurisdiction in surface water quality, I would like to request that RGS provide updates to the pH measurements taken at these locations (WW-Recon-1B through 4) due to the potential for impacts from future placement of new waste rock.

Response #4: On a quarterly basis, RGS will provide the Colorado DRMS a report with the following:

- Leachate results from the field weathering barrel tests;
- Synthetic precipitation leaching procedure (SPLP) results from extracted underground waste rock and existing surface waste rock and talus;
- Acid-base accounting (ABA) results from extracted underground waste rock and existing surface waste rock and talus; and,
- West Willow Creek pH results from water sample sites WW-Recon-1B through 4.

RGS would also like to clarify that the repeated SPLP tests on the four original underground samples will be used to determine the repeatability of the metal mobility data, and were not re-analyzed out of concern regarding increased metals mobility.

Comment #5: Page 2, “Field Weathering (humidity cell) Barrel Tests” Please describe, or indicate on a map, where the test station will be installed. It is proposed to collect the accumulated leachate quarterly. Is quarterly collection feasible given winter conditions at Equity? Four barrels are to be set up initially, with additional barrels installed as additional underground locations are accessed. Acknowledging that this is a long-term type of test, for how long is RGS proposing to collect and analyze leachate from the initial and subsequent added barrels?

Response #5: Please see the attached (modified) Figure E for the location of the field weathering (barrel) tests.

Because it is anticipated that freezing conditions will endure at the Equity site from mid-fall to mid-spring, RGS will be unable to collect leachate during this time. RGS proposes to collect and analyze leachate for at least four times per year, according to the following schedule:

- Prior to freezing (mid-fall);
- After first thaw (mid-spring);
- On or around June 15 (mid-June); and
- On or around September 15 (mid-September).

RGS will sample and analyze leachate from the barrel tests for at least two years (8 samples). After this time, RGS will re-evaluate the effectiveness of these tests and, at that time, consult with the Colorado DRMS about the necessity to continue the sampling program.

Comment #6: Page 2, "Waste Rock Cover Volume / Method"

Response #6: RGS provided the Colorado DRMS the estimated talus cover and cover method in our October 1, 2012 letter pertaining to this matter.

Comment #7: Page 2, "Groundwater Quality Baseline Monitoring Program" The need for a groundwater quality baseline is important, and RGS needs to be considering establishing the baseline through a monitoring program.

Response #7: RGS has contracted with an independent hydrologist to assist in planning an Equity groundwater monitoring well.

We trust the above information is responsive to your October 5, 2012 comments. Please call me at 970-946-0111 if you have further questions.

Best Regards,



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

