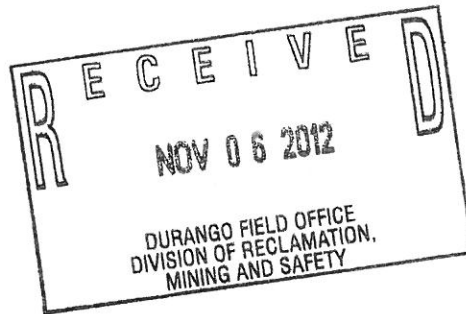


**Charles R. Ponchak**  
**Consulting Geologist**  
**15292 6050 Rd**  
**Montrose, CO. 81403**  
**Hm 970-249-2081 Wk 970-249-4434**

m-1979-181  
CORRECTIVE ACTION  
To PB#1

November 5, 2012

DRMS- Durango Field Office  
691 CR 233, Rm A-2  
Durango, CO. 81301  
Attn: Bob Oswald



Re: October 1, 2012 Site Visit

Dear Bob:

Walker Ruby Mining Company, Inc. is in receipt of your October 1, 2012 site visit letter. We note the possible violation regarding the small stockpile of low grade ore just north of the decline portal. We feel strongly that no leaching of the ore has occurred or will occur within the next 5 years. To comply with the State of Colorado's rules and regulations we will tarp the ore with water tight neoprene tarps. This will prevent any moisture from entering the low grade pile. These tarps are of high quality and should withstand the severe weather conditions which occur at this site. Photographs will follow.

The conveyor system currently exposed to a potential snow slide is safe in its current location. Any snow slide which might occur would come from the west and would push the conveyors towards the mill door. The "steel Debris" present along the road is considered an important and valuable part of the mine pending sale. This material is all part of the existing mill which was disassembled by the previous owner. This material needs to remain on site for potential buyers to inspect.

In the future I would request that you contact me so that a Walker Ruby Mining representative could accompany you on your site visit. I think an explanation on site would go along way to avoiding possible violation letters. You are welcome to visit the site at any time, as you can see we have nothing to hide.

Sincerely,

Charles R. Ponchak for  
Walker Ruby Mining Company, Inc.