




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

The Division of Reclamation, Mining and Safety has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance with the terms of the permit and applicable rules and regulations of the Mined Land Reclamation Board.

MINE NAME: San Juan Silver Project	MINE/PROSPECTING ID#: P-2008-037	MINERAL: Silver & gold	COUNTY: Mineral
INSPECTION TYPE: Mineral Prospect Inspection	INSPECTOR(S): Bob Oswald	INSP. DATE: July 11, 2013	INSP. TIME: 11:00
OPERATOR: Rio Grande Silver, Inc.	OPERATOR REPRESENTATIVE: Randy McClure, Cassady Harraden	TYPE OF OPERATION: MP - Mineral Prospecting	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$5,826.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: U.S. Forest Service	JOINT INSP. AGENCY: None
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: August 6, 2013

GENERAL INSPECTION TOPICS

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. No problems or possible violations were noted during the inspection. The mine operation was found to be in full compliance with Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials and/or for Hard Rock, Metal and Designated Mining Operations. Any person engaged in any mining operation shall notify the office of any failure or imminent failure, as soon as reasonably practicable after such person has knowledge of such condition or of any impoundment, embankment, or slope that poses a reasonable potential for danger to any persons or property or to the environment; or any environmental protection facility designed to contain or control chemicals or waste which are acid or toxic-forming, as identified in the permit.

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>NA</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>NA</u>	(FW) FISH & WILDLIFE----- <u>NA</u>	(RV) REVEGETATION---- <u>Y</u>
(SM) SIGNS AND MARKERS----- <u>NA</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(SB) COMPLETE INSP---- <u>NA</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>NA</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</u>	(OD) OFF-SITE DAMAGE----- <u>NA</u>	(ST) STIPULATIONS----- <u>NA</u>

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

This was a partial inspection performed by the Division as part of its monitoring of a mineral prospecting project. The operators named on page one were present throughout the inspection.

The purposes of this inspection were to monitor the ongoing activity occurring under this NOI, as well as to confirm that there was no re-disturbance of the reclamation of drill site BD-4 and the access road. The Division approved Modification MD-1 for re-disturbance of drill pad BD-4 and its access road, and the operator was instructed to provide a bond increase for the new disturbance. Prior to posting the increase, the operator requested a withdrawal of Modification MD-1, stating that there would be no new disturbance of the drill pad BD-4 and its access road. It was observed during this inspection that drill pad BD-4 and its access road were not redisturbed and were (still) fully reclaimed.

Further north along the forest road is drill site BD-5. This site was prepared for drilling by clearing brush and downed logs, and blading a short access trail to it. The operator's drilling plans changed, and no drilling occurred there. The surface was reclaimed by grading back to natural contours, resspreading topsoil, and seeding it. The surface appeared fully reclaimed at the time of this inspection. There is still a locked gate at the turnoff from the forest road, which could be removed if the operator wished to. It was discussed that a log could perhaps be placed across the entrance to prevent vehicular entry, since the site could suffer undue damage from recreational use.

Drill site BD-6 is disturbed and was still active at the time of the inspection. There was currently drilling activity at drill pad BD-7 (approved under NOI No. P-2010-014). The BD-6 pad contained portable water tanks that were set up to supply drilling water to drill site BD-7; the water was piped up to the BD-7 pad with water lines placed on the surface. Site BD-6 is a hillside pad created by cut and fill, with salvaged topsoil and stormwater control berms. Site BD-6 will remain disturbed at least until drilling at BD-7 is finished, whereupon the tanks and water lines could be removed, the site recontoured and topsoiled, then seeded.

The bond amount is still considered to be adequate for the existing disturbance and the approved activities. No problems were noted at this time.

For questions related to this report, please contact this inspector at the Division's Durango Field Office:

DRMS - Durango Field Office
691 CR 233, Room A-2
Durango, CO 81301
Telephone 970-247-5193

Inspection Contact Address

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EC: Ronnie Day, USFS, Monte Vista

PHOTOGRAPHS

Access road and drill site BD-4, in forest clearing.



Drill site BD-5, behind entrance gate.

