

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
Director
Mining and Minerals Division
1220 St. Francis St.
Santa Fe, New Mexico 87505
Telephone: (505) 827-3400

MINING INSPECTION REPORT

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|---|--|
| Name of Operator: | Royal Minerals Inc. (RMI); Bill Hanson |
| Name of Mine: | Center Mine |
| Address: | Steeple Rock Mining District |
| Permit Number: | GR028RE |
| Commodity: | Gold <u> </u> SURFACE <u> X </u> UNDERGROUND |
| Date of Inspection: | January 14, 2015 |
| Time of On-Site Inspection: | Late morning |
| Weather Conditions: | Overcast, cold and wet |
| Purpose of Inspection: | Reclamation; Financial Assurance Release Mod 14-1 |
| Lead Inspector: | DJ Ennis |
| Present During Inspection: | DJ Ennis (MMD); John Hall (NMED); Allyson Siwik (GRIP); Bill Hanson (Royal Minerals) |
| ENFORCEMENT ACTION TAKEN: None | |
| NOTICE OF VIOLATION: # <u> </u> YES: <u> </u> NO: <u> X </u> | |
| CESSATION ORDER: YES: <u> </u> NO: <u> X </u> | |
| Time: On-Site: <u> 1.5 </u> Permit Review: <u> 0.5 </u> Travel: <u> 4 </u> Report Writing: <u> 3 </u> | |
| TOTAL INSPECTION TIME: <u> 9 </u> HOURS | |
| NOTE: | This inspection was performed in conjunction with inspections of the Billali Mine and Jim Crow Mine. |

INSPECTION REPORT

**January 14, 2015
Center Mine**

PERMIT UPDATE:

This site inspection was conducted in support of modification 14-1 for financial assurance release for reclamation performed at the mine.

INSPECTION NARRATIVE:

Modification 14-1 is for financial assurance release at a regular, existing mine, therefore a public notice was issued by the operator. Gila Resources Information Project (GRIP) responded to the public notice and asked to be present at the site inspection. BLM was initially scheduled to inspect the site with the agencies but was unable to attend at the last minute.

MMD, NMED, and Allyson Siwik of GRIP arrived on site and met with Bill Hanson, the operator of the site. The former tailings pond had been fully covered with borrow soil obtained from a nearby source. The outslope showed some rilling, however most of the erosion was occurring in a toe berm at the bottom of the tailing outslope. Storm water appears to collect behind the toe berm, build up, then break through the berm. This toe berm may not be necessary. It may be better to evenly distribute the soil across the toe and perhaps implement a temporary erosion control measure like straw waddles on the outslope until vegetation becomes established. The top surface of the tailings reclamation is a little irregular with some minor ponding evident. This could be corrected during re-seeding. A drainage trench was cut on the east side of the tailings reclamation to direct surface water runoff around the reclamation. Drainage is circuitous but is generally toward the southwest where the ephemeral arroyos join to Pennsylvanian Canyon and then to Carlisle Canyon

The former storm water pond to the south of the tailings had been reclaimed about a year ago and showed some good revegetation. The former storm water pond area appeared stable.

ACTION ITEMS:

Discuss with NMED and BLM any corrective actions needed prior to the release of financial assurance for the reclamation completed to date.

PHOTOS:



Toe berm at base of outslope of tailings reclamation; looking approximately NE



Storm water pond reclamation; looking approximately North toward tailing pond



Tailings top surface reclamation; looking approximately SW



Drainage trench along east side of tailings reclamation; looking approximately North



Low water crossing from road to tailings area; looking approximately South



Ephemeral arroyo between the tailings reclamation and the reclaimed stormwater pond; looking approximately Southwest



Borrow area for tailings reclamation

MAINTENANCE ITEMS

None at this time.

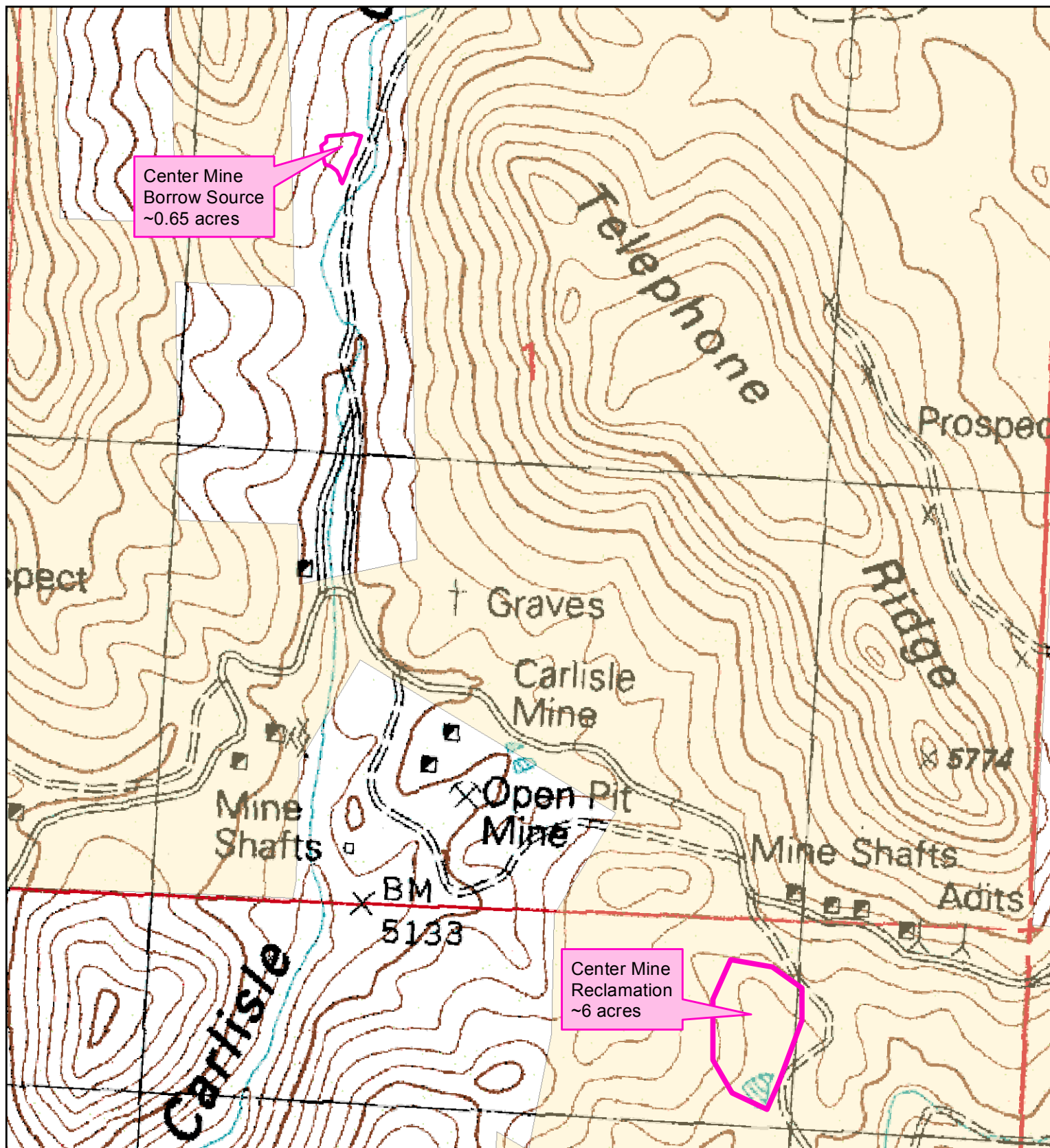
ENFORCEMENT ACTIONS TAKEN OR TO BE CONSIDERED

None at this time.

INSPECTOR'S SIGNATURE:

A handwritten signature in black ink, appearing to be "D. H. H. H.", written over a horizontal line.

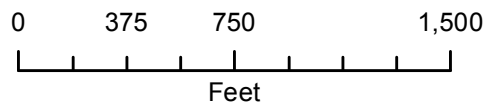
DATE: January 27, 2015



Legend

Land Surface Ownership

- BLM
- Private



Center Mine (GR028RE)
T17S, R21W, Sections 1 and 12
Modification 14-1