

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
Director
Mining and Minerals Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505
Telephone: (505) 476-3400

MINING INSPECTION REPORT

Name of Operator: El Capitan Precious Metals Inc.	
Name of Mine: Capitan Iron Mine	
Address: Sections 10, 11, 14, 15 T 8S, R 14E (UTM 13S 0443463, 3720211)	
Permit Number: LI005ME	
Commodity: Magnetite Iron <input checked="" type="checkbox"/> SURFACE <input type="checkbox"/> UNDERGROUND	
Date of Inspection: 4/22/2015	
Time of On-Site Inspection: 1030AM to 12 PM	
Weather Conditions: cool/partly cloudy	
Purpose of Inspection: Inspection bi-annual	
Inspector: Chris Eustice	
Present During Inspection: Randy Bouldin, Davena Crosley, Holland Shepherd	
ENFORCEMENT ACTION TAKEN: NOTICE OF VIOLATION: # _____ YES:___ NO:___ CESSATION ORDER: _____ YES: <u>X</u> NO:___	
Time: On-Site: <u>1.5</u> Permit Review: <u>0.5</u> Travel: <u>7</u> Report Writing: <u>1</u>	
TOTAL INSPECTION TIME: <u>10</u> HOURS	
NOTE: To get to the site, go north from Capitan on State Highway 246. About 5.5 miles from town, go right (east) on a Forest Road that has a cattle grate but no gate. Just follow the main Forest Road to the mine. There are no locked gates.	

PERMIT UPDATE:

The Capitan Iron Mine is permitted (1999) as an existing minimal impact mine. The operator submitted a modification proposal in June of 2014 to update the mining and reclamation plans, as well as the associated FA.

INSPECTION
4/22/2015
Capitan Iron Mine

INSPECTION NARRATIVE:

Arrived at the site a few minutes past 1030AM. I accompanied the operator's representatives to observe a newly installed magnetic separator. The separator is not yet running and mining is still inactive as the operator attempts to complete the modification of the permit.

PHOTOS:

Digital photos were taken and are available on L:\MARF\LI005ME---Capitan Iron\Capitan Iron Mine photos – 2015.4.22



MAINTENANCE ITEMS

None

ENFORCEMENT ACTIONS TAKEN OR TO BE CONSIDERED

None

INSPECTOR'S SIGNATURE: _____ **DATE:** _____

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MINING INSPECTION REPORT

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Name of Mine: Capitan Iron Mine
Address: Sections 10, 11, 14, 15 T 8S, R 14E (UTM 13S 0443463, 3720211)
Permit Number: LI005ME
Commodity: Magnetite Iron <input checked="" type="checkbox"/> SURFACE <input type="checkbox"/> UNDERGROUND
Date of Inspection: 10/1/2015
Time of On-Site Inspection: 10AM to 11AM
Weather Conditions: warm/partly cloudy
Purpose of Inspection: Inspection bi-annual
Inspector: Chris Eustice
Present During Inspection: Randy Bouldin (El Cap), Dave Davidson (El Cap), Terrence Foreback (NM State Mine Inspector), Eric Turbeville (USFS)
ENFORCEMENT ACTION TAKEN: NOTICE OF VIOLATION: # _____ YES: _____ NO: _____ CESSATION ORDER: _____ YES: <input checked="" type="checkbox"/> NO: _____
Time: On-Site: <u>1</u> hr Permit Review: <u>0.5</u> Travel: <u>7</u> Report Writing: <u>2</u>
TOTAL INSPECTION TIME: <u>10</u> HOURS
NOTE: To get to the site, go north from Capitan on State Highway 246. About 5.5 miles from town, go right (east) on a Forest Road that has a cattle grate with gate. Just follow the main Forest Road to the mine.

PERMIT UPDATE:

The Capitan Iron Mine is permitted (1999) as an existing minimal impact mine. The operator submitted a modification proposal in June of 2014 to update the mining and reclamation plans, as well as the associated FA.

INSPECTION
10/1/2015
Capitan Iron Mine

INSPECTION NARRATIVE:

Arrived at the site a few minutes past 10AM. MMD-MARP has recently received numerous complaints and reports from nearby residences of loud noises from the mining activity. The complaints include claims that the operator is using explosives. The Lincoln County Manager (Nita Taylor) too has called to inform MMD-MARP of similar complaints the county of Lincoln has received.

I accompanied the operator's representatives to observe the mine disturbance, the processing equipment, and stockpiled overburden and vegetation.

The mining is occurring in a pit created by using a pneumatic hammer mounted on a trackhoe. The current dimensions of the active pit is approximately 30 feet in length, 20 feet in width, and a maximum depth of 7 feet. I walked the perimeter (fenced) of the disturbance limit. All operations and associated disturbances are occurring within the permitted disturbance limit. There was no evidence of the use of explosives. Furthermore, the operator is adamant that they do not use explosives.

The processing equipment consists of the trackhoe and pneumatic hammer, a 4 inch minus screen, and a combination crusher and magnetic separator. The equipment is still laid out in the same pattern as it was during the April 2015 inspection. Processed concentrate is piled next to the separator and is approximately 3 cubic-yards in volume.

Overburden material is separated in to two piles. One pile is boulder caliche and limestone material that are large and will be used for backfilling the pit. Another pile is salvaged top soil and fines rejected from the magnetic separator. This material will be used for covering the site prior to seeding.

There is a pile of salvaged vegetation material that was cleared and grubbed from the site. The operator will chip this material to amend the soils during reclamation.

The USFS representative stated to the operator that the USFS access road is in good condition and being maintained according the agreement.

PHOTOS:

Digital photos were taken and are available on L:\MARP\LI005ME---Capitan Iron\Capitan Iron Mine photos – 2015.10.1

Photo below is the current active pit, approximately 30' (L) X 20'(W) X 7' (D)



Photo below is the pit backfill material stockpile.



Photo below is the cover material stockpile



Photo below is the trackhoe and pneumatic hammer.



MAINTENANCE ITEMS

None

ENFORCEMENT ACTIONS TAKEN OR TO BE CONSIDERED

None

INSPECTOR'S SIGNATURE: _____ **DATE:** _____