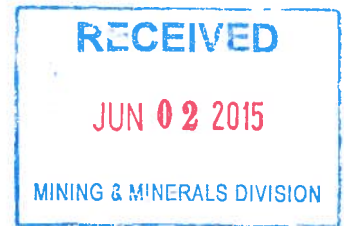


**PERMIT MODIFICATION 14-2 TO PERMIT NO. GR028RE
CENTER MINE
EXISTING MINING OPERATION**

**MINING AND MINERALS DIVISION
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**



This Modification 14-2 ("Modification 14-2") to Permit No. GR028RE ("Permit") is issued by the Director of the Mining and Minerals Division ("MMD") of the New Mexico Energy, Minerals and Natural Resources Department to:

Royal Minerals, Inc.
P.O. Box 920
Duncan, AZ 85534

Whose correct address is:

("Permittee") for the Center Mine, located in Grant County, New Mexico.

This Modification 14-2:

1. Converts the mine status from a Regular Existing Mining Operation (§19.10.5 NMAC) to a Minimal Impact Existing Mining Operation (§19.10.3 NMAC). The permit identification number now changes from GR028RE to GR028ME. Permit GR028ME now falls under the requirements of §19.10.3 NMAC.

In order to accomplish the approval contemplated by this Modification 14-2, the following subparagraphs are added to Permit No. GR028ME:

Section 1 (14-2). STATUTES AND REGULATIONS

- A. This Permit modification is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993, as amended through 2014) ("Act") and New Mexico Mining Act Rules, Title 19, Chapter 10 of the New Mexico Administrative Code ("NMAC" or "Rules" or "Regulations").
- B. This Permit modification is subject to the Act, the Rules, and any other regulations which are now or hereafter in force under the Act; and all such regulations are made a part of this Permit by this reference.

Section 2 (14-2). PERMIT APPLICATION PACKAGE

- A. The permit application package for Modification 14-2 ("14-2 PAP") consists of:
 1. A written request from the Permittee, dated December 5, 2014, requesting conversion of the permit type from a Part 5 Regular Existing Mining Operation to a Part 3 Minimal Impact Existing Mining Operation.

PERMIT MODIFICATION 14-2 TO PERMIT NO. GR028RE
CENTER MINE

Page 2 of 7

Section 4 (14-2). FINDINGS OF FACT

- A. The Permittee has paid the permit modification fee of \$1,000.00 as required by §19.10.2.201 of the Rules.
- B. The application for permit modification has been reviewed in accordance with §19.10.5.505 of the Rules. The application for permit modification is complete, accurate, and complies with the requirements for permit modifications as required under §19.10.5.505.A of the Rules.
- C. Pursuant to §19.10.5.505.B of the Rules, the proposed changes do not require public notice nor the opportunity for public hearing.
- D. Pursuant to §19.10.5.505.B(1)(a)(i) thru (vii) of the Rules, the proposed change in mine status will not have a significant environmental impact because the mine design limit authorized by the permit is not:
- Located in or expected to have a direct surface impact on wetlands, springs, perennial or intermittent streams, lakes, rivers, reservoirs or riparian areas;
 - Expected to have a direct impact on ground water that has a total dissolved solids concentration of less than 10,000 mg/l;
 - Expected to result in point or non-point source surface or subsurface release of acid or other toxic substances from the permit area;
 - Located in designated critical habitat areas;
 - Expected to adversely impact cultural resources listed on either the National Register of Historic Places or the State Register of Cultural Properties;
 - Located in a known cemetery or other burial ground;
 - Located in an area designated as a Federal Wilderness Area, Wilderness Study Area, Area of Critical Environmental Concern, or an area within the national Wild and Scenic River System.
- E. Pursuant to §19.10.5.505.B(1)(b) of the Rules, the proposed change does not result in a significant increase in the amount of financial assurance.

PERMIT MODIFICATION 14-2 TO PERMIT NO. GR028RE
CENTER MINE

Page 3 of 7

- F. Pursuant to §19.10.5.505.B(1)(c) of the Rules, the proposed change does not significantly depart from the nature or scale of the permit.
- G. Pursuant to §19.10.5.505.B(2) NMAC, the application for permit modification from the Permittee was accompanied by sufficient information for the Director to determine whether any of the factors listed in §19.10.5.505 NMAC are present.
- H. The Director has provided notice of this application to other government agencies deemed appropriate, in accordance with §19.10.5.505.B(3) NMAC. Comments from the Bureau of Land Management (“BLM”), State Forestry, New Mexico Environment Department (“NMED”), and New Mexico Office of the State Engineer were received by the Director. None of the correspondence received from the cooperating agencies commented on conversion of the permit from a Part 5 Regular Existing Mining Operation to a Part 3 Minimal Impact Existing Mining Operation.
- I. Pursuant to §19.10.5.505.C NMAC, the application for permit modification is in a format acceptable to the Director. No changes to the approved closeout plan were proposed.
- J. In accordance with §19.10.3.303.A NMAC for a Minimal Impact Existing Mining Operation, the site does not exceed 10 acres of disturbed land and excludes the reclamation and release of financial assurance performed under Modification 14-1, which was approved by the Director on May 11, 2015.
- K. In accordance with §19.10.3.303.A NMAC, the Permittee has not constructed unauthorized roads or other access ways, has not performed unauthorized disturbances, and has a previous history of compliance with the New Mexico Mining Act and §19.10 NMAC.
- L. In accordance with §19.10.303.K(1) thru (5) NMAC:
- The application is complete and demonstrates the closeout plan will meet the performance and reclamation standards and requirements in Paragraphs (5) and (6) of Subsection E of 19.10.3.303 NMAC;
 - The applicant has paid the permit fee;
 - The applicant has provided satisfactory financial assurance;
 - The applicant has signed a notarized statement that he agrees to comply with the requirements of the permit, 19.10 NMAC and the Act, and allows the director to enter the permit area;

PERMIT MODIFICATION 14-2 TO PERMIT NO. GR028RE
CENTER MINE

Page 5 of 7

- B. The Center Mine will no longer qualify as a Minimal Impact operation if permit authority is exceeded or if any of the characteristics described in §19.10.1.7.M(2) NMAC exist.

Section 10 (14-2). **CONCLUSIONS OF LAW**

- A. The request for permit modification is complete and accurate and complies with the requirements of the Act and §19.10 NMAC.
- B. The Director has determined that the Center Mine qualifies as an existing minimal impact mine and that a change in the mine permit status, from a Regular Existing Mining Operation to a Minimal Impact Existing Mining Operation, is appropriate. The Director has determined that the remaining financial assurance of \$40,225.20 is appropriate to address any remaining reclamation and maintenance of the site.

All other provisions, modifications, and revisions for mining and reclamation contained in the Center Mine, Permit No. GR028ME, remain unchanged.

PERMIT MODIFICATION 14-2 TO PERMIT NO. GR028RE
CENTER MINE

Page 4 of 7

- MMD received a written determination from NMED dated December 24, 1998.
- M. In accordance with §19.10.1.7.M(2)(a) thru (i), the site meets the definition of “minimal impact mining operation.” The mining operation is not:
- Located in or expected to have a direct surface impact on wetlands, springs, perennial or intermittent streams, lakes, rivers, reservoirs or riparian areas;
 - Located in designated critical habitat areas;
 - Located in an area with cultural resources listed on either the National Register of Historic Places or the State Register of Cultural Properties;
 - Expected to have a direct impact on ground water that has a total dissolved solids concentration of less than 10,000 mg/l;
 - Expected to use or using cyanide, mercury amalgam, heap leaching or dump leaching in its operations;
 - Located in a known cemetery or other burial ground;
 - Located in an area designated as a Federal Wilderness Area, Wilderness Study Area, Area of Critical Environmental Concern, or an area within the national Wild and Scenic River System;
 - Expected to result in point or non-point source surface or subsurface release of acid or other toxic substances from the permit area;
 - Requiring a variance from any element of these regulations as part of the permit application.
- N. Satisfactory financial assurance in the amount of \$40,225.20 is in place and is held jointly by BLM and MMD.

Section 9 (14-2). **CONDITIONS**

- A. Future mining and reclamation activities shall be conducted in accordance with §19.10.3.303 NMAC due to the conversion of the permit from a Part 5 Regular Existing Mining Operation to a Part 3 Minimal Impact Existing Mining Operation.

PERMIT MODIFICATION 14-2 TO PERMIT NO. GR028RE
CENTER MINE

Page 6 of 7

CERTIFICATION

I certify that I have read, understand and I agree to comply with the requirements of the Permit, this Permit Modification, the Act and the Rules, including without limitation that I will allow the Director to enter the Permit Area as required by the Permit and/or the Rules and/or as otherwise required by law.

B. D. Lawrence

Authorized Representative of the Permittee

Vice President

Title

Royal Minerals, Inc

Company

Subscribed and sworn to before me this 27th day of May, 2015

TERESA M Crawford
Notary Public

My Commission Expires

9/4/2016



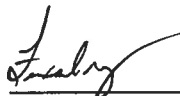
PERMIT MODIFICATION 14-2 TO PERMIT NO. GR028RE
CENTER MINE

Page 7 of 7

ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that the Director approves Permit Modification 14-2 to the Center Mine, changing the permit status from a Regular Existing Mining Operation to a Minimal Impact Existing Mining Operation.

By Order of the Director, Mining and Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department, of the State of New Mexico.

By: 

Fernando Martinez, Director
Mining and Minerals Division
Energy, Minerals and Natural Resources Department

Date: 6/2/2015