

State of New Mexico
Energy, Minerals and Natural Resources Department

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Mining and Minerals Division



September 23, 2019

Mr. Allen Norris, Mine Manager
Dicaperl Minerals Corp., El Grande Mine
P.O. Box 1436
Socorro, NM 87801

Re: Site Wide Closeout Plan Update Application Response, Permit Modification 16-1, Permit No. TA002RE, El Grande Mine

Dear Mr. Norris,

This letter pertains to the Site Wide Closeout Plan Update Application, Modification 16-1, for the El Grande Mine (TA002RE) ("Application"), submitted on August 27, 2018, which is currently pending before the New Mexico Mining & Minerals Division ("MMD"). During a conference call on September 17, 2019 Dicaperl Minerals Corp. ("Dicaperl"), CDM Smith, and MMD discussed the current status of the Application, and deliberated on the following topics within the Application. A summary of what was discussed is provided under each of the following discussion topics in italics:

1. As per previous correspondence, the mill will be demolished and reclaimed within 180 days of Mod. 16-1 approval. Demolition includes removal down to the concrete footings and covering broken up concrete footings with a minimum of 2-feet of cover material (obsidian rich perlite with at least a foot top layer of the Raton-rock outcrop-Orejas material) and revegetation.

Dicaperl requested a clarification of what constitutes as the mill structure, stating that the silos, fuel tanks, office building, and shop will still be used at the El Grande Mine site and should not be demolished concurrently with the mill. Demolition costs for removing the silos, fuel tanks, office buildings, and shop building were found to be included in the cost estimate. Upon further inspection of the cost estimate following the conference call, MMD agrees to the silos, fuel tanks, office buildings, and shop building not being demolished concurrently with the mill structure, on the condition that Dicaperl describe why the silos will not be removed concurrently with the mill, the intended future use of the silos and a timeline of when the silos will be used. Additionally, the August 2018 SRCE spreadsheet does not include the cost of placing cover material over the broken-up foundations. Please update the cost estimate to include cover placement costs.

2. MMD will approve the continued dumping of waste in super sacks in Dump 1Ea on the condition that Dicaperl provide a CD/QA plan signed by a PE to ensure the stability of burying the sacks in a way to avoid differential settlement and supersack surfacing. This plan must be

submitted to MMD for approval within 180 days of this permit approval and prior to anymore dumping of waste in super sacks.

Dicaperl agreed to provide MMD with a Construction Design/Quality Assurance plan signed by a PE within 180 days of the permit Modification 16-1 approval. It was determined that under Modification 14-1 Dicaperl can continue to dump perlite waste material in polypropylene sacks in Dump 1Ea. However, the results of the CD/QA plan will be considered by MMD when assessing the stability of the dump and its ability to achieve a self-sustaining ecosystem and post mining land use.

Erosion Control / Stormwater

3. Section 4.10: Erosion Control states that Dicaperl will use, “check dams, water bars, contour terracing, armored channels, slope reduction...” to control erosion, but the associated cost estimate under “Drainage and Sediment Control” is not provided. Please update the cost estimate to include financial assurance for proposed erosion control structures.

Dicaperl has agreed to update the cost estimate to reflect the “check dams, water bars, contour terracing, armored channels, slope reduction...” proposed in the closeout plan.

4. Section 4.4: Hydrologic Balance, and Section 4.10: Erosion Control, states that there will be a monitoring system in place to periodically clean out sediment ponds and monitor diversion channels. However, this does not seem to be reflected in the cost estimate. Please update the cost estimate to include erosion monitoring and maintenance.

Dicaperl has agreed to update the cost estimate to reflect erosion monitoring and sediment pond dredging proposed in the closeout plan.

5. Erosion control structures, sediment ponds, armored channels, etc. will be developed based on stormwater flow from a 100yr/24hr storm event rather than the proposed structure sizes based off a 10yr/24hr storm event.

Dicaperl has agreed to reassess the stormwater runoff calculations to reflect a 100yr/24hr storm event and update the structural design of erosion control features to reflect those calculations. MMD requests that Dicaperl also update the cost estimate to reflect those design changes.

6. The sediment ponds will be designed with overflow drains and this will be reflected in the cost estimate.

Dicaperl will investigate the current design of the sediment ponds and agreed that overflow drains need to be included in the sediment pond design.

Revegetation / Cover

7. Page 3-2 of the closeout plan states that “There is no vegetation to be grubbed from future Dump 2A”. However, Figure 5-8 shows Dump 2[A] with vegetation on it like the other

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undisturbed mine areas. Grubbed vegetation from Dump 2A should be placed along with the salvaged topsoil on the sides of the Exploration 3A site as shown in Table 3-1.

Current mining operations at El Grande grub vegetation from undisturbed areas and stockpile it along with topsoil when disturbing new areas. Dicaperl will continue to implement this practice at El Grande when disturbing areas that are growing vegetation including the Dump 2A.

8. Section 4.11: Revegetation states that, "The dumps and haul roads will be seeded but the quarry will not have any revegetation during reclamation.", but in Section 5.1: Quarry, the closeout plan proposes that the slopes of the quarry be seeded. The entire quarry shall be seeded/planted at reclamation. Additionally, MMD will require a minimum of a foot of cover material placed over the quarry, not 8 inches.

Dicaperl agrees to reclaim and revegetate the entire quarry area. There was some concern that there is not enough cover material (Raton-rock outcrop-Orejas) to cover the quarry with at least a foot of cover material, which will be required by MMD. Dicaperl will investigate the topsoil calculations to reassess the amount of cover material available for the quarry. The MMD requirement will remain in effect for revegetating the quarry after placement of a minimum of 12 inches of the Raton-rock outcrop-Orejas cover material.

9. Drill seeding will be required on all revegetated areas except on steep slopes where drill seeding equipment cannot operate safely, in that case, broadcast or hydroseeding may be allowed. Straw mulching and crimping of the mulch will be required.

Dicaperl requested a clarification on which areas will need to be mulched. MMD agreed to reword the comment to state: "Drill seeding, Straw mulching, and crimping of the mulch will be required on all revegetated areas except on steep slopes where drill seeding equipment cannot operate safely. In that case, broadcast or hydroseeding may be allowed."

10. A test plot work plan will be required within 180 days of Mod. 16-1 approval instead of detailing the test plot program in the closeout plan. The work plan will also include the locations and map of the proposed reference areas.

Dicaperl has agreed to submit a test plot work plan within 180 days of Modification 16-1 approval, which will include a map of the locations of proposed reference areas.

Please acknowledge the narrative summarized above and provide a response to these items by November 5, 2019. If you have any questions or would like to schedule a meeting to further discuss this letter, please contact me at (505) 476-3423 or at Carmen.Rose@state.nm.us.

Sincerely,



Carmen Rose - Permit Lead
Mining Act Reclamation Program ("MARP")

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cc: Rocky Torgrimson, *Operations Manager, Dicalite Minerals Corporation*
Holland Shepherd, *Manager, MARP*
David Ohori, *Senior Reclamation Specialist, MARP*
Jon Nickel, *Project Manager, CDM Smith*