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November 20, 2019

Ms. Carmen Rose
Permit Lead
Mining Act Reclamation Program ("MARP")
New Mexico Mining and Minerals Division
Wendell Chino Building
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Sent Via E-Mail to Carmen.Rose@state.nm.us
Sent Registered Mail (Entire Submittal including Compact Disc containing SRCE)

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

Dear Ms. Rose:

This letter is written in response to the New Mexico Mining and Mineral Division (MMD) September 23, 2019 comments to the Dicaperl Minerals Corporation Site Wide Closeout Plan Update Application, Response Permit Modification 16-1 Permit No. TA002RE, El Grande Mine. Our responses below follow each of the bold comments and bold italic correspondence notes provided in your September 23, 2019 letter. We appreciated the opportunity to share our preliminary responses with you during our September 17, 2019 conference call.

We look forward MMD's acceptance of our responses, approval of the Permit Modification 16-1 and the associated financial assurance. Following MMD's review, we welcome the opportunity to discuss our responses.

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.

Dicaperl appreciates MMD's willingness to retain the El Grande facility silos, fuel tanks, office buildings, and shop buildings. The silos provide valuable storage for future opportunities including but limited to storage for material generated from portable screen plants. The fuel tanks, office buildings, and shop buildings provided valuable infrastructure necessary to support any future operations. No definitive timeline for use of the silos is contemplated. Our attached November 2019 Standard Reclamation Cost Estimator (SRCE) includes cost estimates for placing two (2) feet of cover over the broken foundations.

2. **MMD will approve the continued dumping of waste in super sacks in Dump 1 Ea 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 1 Ea. 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.

Dicaperl re-affirms its commitment to develop a construction design/quality assurance plan within 180 days of the permit Modification 16-1 approval. We look forward to collaborating with MMD to demonstrate the continued stability of the dump sites.

Erosion Control/Stormwater

3. **Section 4.1 0: 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.

The attached November 2019 SRCE "Other User" tab has been modified to include the construction costs for check dams, water bars, contour terracing, armored channels, and slope reduction measures. The cost estimate under the Other User Cost, (A. Excavation and Earthwork) reflects this cost estimate.

4. **Section 4.4: Hydrologic Balance, and Section 4.1 0: 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.

   The attached November 2019 SRCE "Other User" tab has been modified to include monitoring of sediment ponds. The cost estimate under the Other User Cost, (E. Monitoring) reflects this cost estimate.

   The attached November 2019 SRCE "Other User" tab has been modified to include sediment pond cleaning. The cost estimate under the Other User Cost, (A. Excavation and Earthwork) reflects this cost estimate.

   The attached November 2019 SRCE "Other User" tab has been modified to include the cost for diversion channel monitoring. The cost estimate under the Other User Cost, (E. Monitoring) reflects this cost estimate.

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 storm water 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.

   Erosion control structures, sediment ponds, and armored channels have been revised to reflect a stormwater flow for a 100yr/24 hour storm event. The attached November 2019 SRCE "Sediment and Drainage Control" tab has been modified to include construction costs for the diversion ditches and sediment pond 1Ea, 1Eb, and 2A. Consistent with our Site Wide

Closeout Plan Updated Application submittal of October 8, 2019 for the Socorro Mine and Mill, the cost estimate assumes rip rap placement on diversion channel bottoms and side slopes where diversion channel slopes are greater than 5%.

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.

   The attached November 2019 SRCE "Other User" tab has been modified to include the construction costs for sediment pond overflow drains. The cost estimate under the Other User Cost, (A. Excavation and Earthwork) reflects this cost estimate.

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 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.

   Dicaperl appreciates MMD clarification and agrees to meet the stockpiling practice.

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.

   Dicaperl agrees to investigate the topsoil calculations to reassess the amount of cover material available for the quarry.

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".

   Dicaperl appreciates MMD clarification and agrees to meet the applicable terms.

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.

    Dicaperl agrees to submit a test plot work plan using the successful findings obtained from previous studies in its development.

We look forward to working together to get this closeout plan completed. If you have any questions regarding any of the materials contained within or if you have any further questions regarding this submittal, please do not hesitate to contact me at (406) 441-1475.

Sincerely,

Jon Nickel

Attachments:
SRCE Spreadsheet (November 2019)

cc. Rocky Torgrimson
Allen Norris