

**PERMIT MODIFICATION 24-1 TO PERMIT NO. LU047EM
LITTLE MOUNTAIN EXPLORATION
MINIMAL IMPACT EXPLORATION OPERATION**

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

This Permit Modification 24-1 (“Modification 24-1”) Permit No. LU047EM (“Permit”) is issued by the Director of the Mining and Minerals Division (“MMD”) of the New Mexico Energy, Minerals and Natural Resources Department to:

American Magnesium LLC (“Permittee”)
P.O. Box 1013
Elephant Butte, NM 87935-1013

Whose correct address is:

for the American Magnesium Little Mountain Exploration Project, located approximately 13 miles southeast of Deming, NM in Luna County as described in Section 3 of this Permit document.

This Modification 24-1 approves disturbances previously created by Permittee that are the subject of Notice of Violation N24-3 including the relocation of one drill pad (BV5), the construction of additional access roads, and the expansion of the Permit Area on the unnamed peak referred to as ‘Little Mountain’ whose surface rights are owned by the United States Bureau of Land Management (“BLM”) to explore for marketable commodities.

Section 1. **STATUTES AND REGULATIONS**

- A. This Permit is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993).
- B. This Permit is subject to all applicable regulations of the New Mexico Mining Act (“Act”), New Mexico Mining Act Rules (“Rules” (§19.10.1 through §19.10.15 New Mexico Administrative Code (“NMAC”)) 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. **PERMIT APPLICATION PACKAGE**

The minimal impact exploration Permit Modification Application Package (“PAP”) for Permit LU047EM was received on July 23, 2024, and deemed administratively complete on July 31, 2024. Any correspondence subsequently submitted to MMD, by the Permittee or its representatives, can be found at MMD offices within the Division’s files, and is titled *American Magnesium Little Mountain, LU047EM Modification 24-1* or similar.

The PAP is comprised of the following documents:

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- A. *Subpart 3 Minimal Impact Exploration Permit Application, Little Mountain Exploration Project, Modification 24-1 Application* (“Application”), dated and received by MMD on July 23, 2024;
- B. *Agency Review Comments and Request for Additional Information, Little Mountain Project, Luna County, New Mexico, Permit Tracking No. LU047EM*, issued by MMD, and dated October 10, 2024;
- C. *Agency Review Comments and Request for Additional Information, Little Mountain Project Modification 24-1 Permit No. LU047EM, Little Mountain Exploration Project, Luna County New Mexico*, issued by American Magnesium, LLC, and received October 29, 2024;
- D. *Koenig Farm & Ranch Addendum to November 28, 2022, Agreement for Surface Access*, issued by Koenig Farm & Ranch, dated December 9, 2022, and received December 12, 2022;
- E. *Notice of Violation No. N24-3*, prepared by MMD and issued April 11, 2024;
- F. *Reclamation Estimate, Little Mountain Exploration Project, Permit No. LU047EM, NOV N24-3*, prepared by American Magnesium, LLC, and dated May 13, 2024; and
- G. Financial Assurance (“FA”), in the total amount of \$71,490.00, was received by MMD on October 6, 2023. The FA is in the form of two separate Certificates of Deposit as follows:
 - 1) Certificate of Deposit number 13267 issued by Western Bank of Silver City, New Mexico, in the amount of \$25,570.00 and dated October 6, 2023.
 - 2) Certificate of Deposit number 13287 issue by Western Bank of Silver City, New Mexico, in the amount of \$45,920.00 and dated May 22, 2024.

Section 3. **PERMIT AREA**

- A. The Permit Area is located approximately 13 miles southeast of Deming, NM in Luna County, NM. The MAG 21 & 22 Lode Claims (NMMC197579 & NMMC197580) are located on land owned by the BLM within Sections 27 and 34 of Township 25 S, Range 8 W.
- B. The Permittee is authorized to conduct mineral exploration and reclamation operations only on those lands that are specifically designated and authorized within the permitted area (“Permit Area”). Exploration activities shall be limited to the drill pad locations, staging area, and access roads that were previously utilized and/or created by the Permittee and identified in the PAP.

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C. For this Permit, the Permit Area is defined as:

1. three thousand and fifty-one (3,051) feet of constructed access roads and overland travel paths previously constructed by Permittee;
2. the 0.22-acre equipment staging area previously constructed by Permittee; and
3. five drill pads enumerated BV-1 thru BV-5 previously constructed by Permittee.

The Permit Area is shown in the PAP on *Figure 1 – Disturbed Areas*, prepared by Gauvreau GeoEnvironmental Group, Inc and included in this Permit as Appendix A. The approved Permit Area is limited to the roads and disturbed sites as shown on Figure 1 of Appendix A and totals 1.15 acres.

D. The Permittee is not authorized to create any new areas of disturbance as part of this Modification 24-1 other than minor access improvements within the Permit Area footprint already created. Examples of minor access improvements include light grading and installation of erosion control mechanisms such as water bars and diversion ditches.

Section 4. **FINDINGS OF FACT**

The Permit Application Package

- A. The PAP is complete and demonstrates that the proposed operation will meet the performance and reclamation standards and requirements of Subsection D, Paragraphs 1-6 of §19.10.3.302 NMAC.
- B. The PAP provides that the proposed operation meets the standards of a "Minimal impact mining operation," addressed in §19.10.1.7.M(2) NMAC, and in §19.10.3.302 NMAC, and does not fall within the exclusions in §19.10.1.7.M(2) NMAC. MMD and the other agencies reviewed the minimal impact designation pursuant to §19.10.3.302.G NMAC.
- C. The Permittee has paid the minimal impact permit application fee of \$250 as required by §19.10.2.201.G NMAC.
- D. The proposed operation and reclamation, as described in the PAP and this Permit, will meet the requirements of reclamation, as identified in §19.10.1.7.R(1) NMAC of the Rules. The reclamation plan, subject to the conditions in the Permit, demonstrates that the reclamation of the disturbed areas within the Permit Area will result in a condition that allows for the establishment of a self-sustaining ecosystem within the Permit Area that is appropriate for the life zone of the surrounding areas.

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- E. The term of the Permit is governed by Subsections A, C and D of §19.10.4.405 NMAC. The permit term shall be one year from the date of the Director's signature on this Permit.

Right-To-Enter / Property Access Information

- F. The Permit does not grant or create any property rights. Nor does MMD, by issuing this Permit or otherwise, make any comment on the surface or mineral rights that the Permittee may or may not have in the area covered by the Permit; only that the Permittee has provided a statement of the basis on which the Permittee has a right to enter the property to conduct mining, exploration and reclamation. Permittee is solely responsible to take whatever steps are necessary to ensure that Permittee has property rights sufficient to support the activities contemplated by the Permit.
- G. The Permittee has satisfactorily demonstrated its right to access pursuant to §19.10.3.302.D(1) NMAC through an *Agreement for Surface Access* with Koenig Farm & Ranch, Inc., and BLM authorization NMNM 136678 dated May 11, 2021.

General Information Regarding the Permittee

- H. The Permittee is not in violation of the terms of another permit issued by the Director or in violation of a substantial environmental law or substantive regulation at another mining operation, has not forfeited or had forfeited financial assurance in connection with another mining, reclamation or exploration permit, and has not demonstrated a pattern of willful violations of the Act, the Rules or other New Mexico environmental statutes.
- I. The Permittee has signed and certified a statement, provided within the PAP, that the Permittee agrees to comply with the requirements of this Permit, the Rules, and the Act, and allows the Director to enter the Permit Area for the purpose of conducting inspections.

MMD's Request for Comments to the Agencies

- J. MMD provided the cooperating agencies (BLM, New Mexico Environment Department, Department of Game & Fish, State Forestry Division, State Historic Preservation Office, and the Office of the State Engineer) with a copy of the PAP pursuant to §19.10.3.302.G NMAC, and requested comments from the agencies on July 31, 2024.
- K. MMD provided the PAP to the following tribal entities and requested review and comment: White Mountain Apache Tribe, Ysleta del Sur Pueblo, Mescalero Apache Tribe, Fort Sill Apache Tribe, and the Hopi Tribe on November 19, 2024. Tribal comments were provided by the White Mountain Apache Tribe.
- L. MMD provided the Permittee with comments provided by the cooperating agencies on October 10, 2024, via hard copy and electronic mail.

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- M. Permittee provided MMD with sufficient responses to all agencies and tribal comments on October 29, 2024, via electronic mail.

Financial Assurance

- N. Financial Assurance (“FA”), in the total amount of \$71,490.00, was received by MMD. The FA is in the form of separate Certificates of Deposit as follows:
- 1) Certificate of Deposit number 13267 issued by Western Bank of Silver City, New Mexico, in the amount of \$25,570.00 and dated October 6, 2023.
 - 2) Certificate of Deposit number 13287 issue by Western Bank of Silver City, New Mexico, in the amount of \$45,920.00 and dated May 22, 2024.

Section 5. **COMPLIANCE REQUIREMENTS**

- A. This Permit is issued pursuant to NMSA 1978, Section 69-36-1 et. seq. and Title 19, Chapter 10 NMAC. Permittee may be required to comply with other Federal, State, County or Local laws or ordinances before or while undertaking the activity that is the subject of this Permit. MMD does not, by issuing this Permit or otherwise, make any comment on Permittee’s compliance with such other laws. It is Permittee’s sole responsibility to investigate and comply with the requirements of such other laws.
- B. Since a portion of the Permit Area is on Federal Lands, the expiration, or termination, of the BLM’s authorization to conduct operations on the property automatically suspends the permittee’s authority to continue mining operations on the property under this Permit. Such suspension does not include reclamation operations by the Permit issued under §19.10.3 NMAC.
- C. Since the Permit Area is partially on land owned by Koenig Farm & Ranch, Inc., (“Landowner”), the expiration or termination of the Landowner’s authorization to conduct mining operations on the property automatically suspends the Permittee’s authority to continue mining operations on the property. Such suspension does not include reclamation operations by this permit issued under §19.10.3 NMAC.
- D. The Permit does not grant or create any water rights. Nor does MMD, by issuing this Permit or otherwise, make any comment on the water rights that the Permittee may or may not have available for use in the area covered by the Permit. Permittee is solely responsible and obligated to comply with all state and federal laws related to water rights sufficient to support the activities contemplated by the Permit.

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Section 6. **AGENCY RIGHT OF ENTRY**

- A. The Permittee shall allow the authorized representatives of the Director, without advanced notice, upon presentation of appropriate credentials, and without delay:
- 1) To enter upon, or through, any mineral exploration or reclamation operation at any time, as provided for in §19.10.3.302.I(3) NMAC, for the purpose of conducting inspections during exploration, and reclamation, and to determine if the Permittee is in compliance with the permit requirements and conditions; and
 - 2) at reasonable times, and without delay, have access to and copies of any records associated with permitting and compliance required by the Act, 19.10. NMAC or the Permit.
- B. In the event that the BLM or the Landowner terminates, or otherwise prevents or impedes access to the Permit Area by the authorized representatives of the Director, the Director will notify the Permittee. The Permittee shall immediately cease all mining operations within the Permit Area and shall not resume mining operations until such authorized representatives' access to the Permit Area has been restored.
- C. In the event that the Director's authorized representatives' access to the Permit Area is not restored by the BLM or the Landowner within 60 days after the Director has given Permittee the notice provided for in subparagraph B of this Section 6, the Permittee shall immediately begin reclamation of the Permit Area.

Section 7. **PERMIT COVERAGE**

- A. This Permit shall be binding on any person or persons conducting mining, exploration and reclamation operations under this Permit.

Section 8. **ENVIRONMENTAL COVERAGE**

- A. The Permittee shall take all necessary steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the Permit, the Rules or the Act.

Section 9. **COMPLIANCE WITH THE PERMIT APPLICATION PACKAGE**

- A. The Permittee shall conduct mining, exploration drilling and reclamation operations only as described in the approved PAP and any other modifications approved by the Director, pursuant to §19.10.4.406 NMAC. The Permittee shall comply with any and all conditions that are incorporated in the PAP and this Permit.

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- B. Where the PAP is ambiguous or in apparent conflict with the provisions outlined in this Permit, the language of this Permit will supersede the PAP.

Section 10. **GENERAL OBLIGATIONS AND CONDITIONS**

Description of Project/Authorized Disturbances

- A. The Permittee is authorized to vertically drill up to a maximum of twelve (12) boreholes, with a maximum of 4.5 inches in nominal outside diameter, up to a total depth of 350 feet deep, using air rotary, mud rotary and/or core drilling. Reclamation of the disturbed areas shall be initiated as soon as possible and completed in accordance with the schedule in this Permit.
- B. The Permittee is authorized to utilize no more than the five (5) drill pad surface disturbance areas previously created by Permittee, and one (1) staging area no greater than 0.22 acres to accommodate all support equipment, including the drill rig, pipe truck, and any ancillary support vehicles.
- C. Access to the borehole locations shall be limited to the 3,051 feet of overland travel and constructed roads previously constructed by the Permittee. The Permittee shall not create any new surface disturbance outside of the Permit Area. To the extent possible, Permittee shall avoid removing or damaging standing live or dead trees and woody vegetation during drill pad set-up and construction, as well as during mobilization of equipment into and out of the Permit Area.
- D. The Permittee is not authorized to create any new areas of disturbance as part of this Modification 24-1 other than minor access improvements within the Permit Area footprint already created. Examples of minor access improvements include light grading and installation of erosion control mechanisms such as water bars and diversion ditches. The Permittee shall restrict surface disturbance to authorized areas, including traffic associated with vehicle travel, parking, and turnaround.

Best Management Practices to be Performed

- E. Perform all work, when practicable, in the dry season and postpone work during wet and muddy conditions. Permittee shall use caution when driving hot vehicles over dry vegetated areas to prevent the ignition of a grass or brush fire.
- F. Permittee shall leave all disturbances in a manner that is stable, both long-term and short-term, and non-hazardous to humans and wildlife. The preliminary reclamation plan for the site is generally described in Section 7 of the PAP for LU047EM and within this Permit.

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- G. The Permittee shall implement erosion-control measures, or Best Management Practices (“BMP’s”), in a manner that prevents direct impacts to surface water and ephemeral watercourses that are designed, constructed and maintained using professionally recognized standards (e.g., Natural Resource Conservation Service Standards, or the BLM *Gold Book*) for surface disturbances during the exploration project and reclamation activities as needed for erosion control, spill prevention and the avoidance or damage to ephemeral watercourses in the area. Placement of water bar structures or other appropriate measures should be taken to reduce head-cutting adjacent to roads and to prevent roadways from channelizing surface flow. The Permittee’s erosion BMPs, including the construction of water bars and the installation of erosion control blankets, are outlined in Attachments A and B of *Agency Review Comments and Request for Additional Information, Modification 24-1 Permit No. LU047EM, Little Mountain Exploration Project, Luna County, New Mexico*, issued by American Magnesium, LLC, and received on October 29, 2024.
- H. Erosion control measures or any other BMP’s that are damaged or ineffective shall be repaired, replaced or redesigned, as necessary, within 24 hours, or as soon as reasonably possible, following discovery of damages. The Permittee shall commit to using a variety of erosion-control measures, as needed, if erosion control problems develop.

Changes, Modifications, or Revisions to the Permit

- I. Any changes, modifications or amendments to the approved Permit shall be approved prior to implementation pursuant to §19.10.3.302.J and §19.10.4.406 NMAC.

Financial Assurance

- J. The Permittee shall maintain FA, after approval of this Permit, in the approved amount of \$ 71,490.00 (seventy-one thousand, four hundred and ninety dollars), using one or more approved FA instruments and until released, pursuant to Part 12 of the Rules and sufficient to cover third-party costs of sealing, subsurface plugging and surface reclamation of twelve (12) boreholes, overland travel paths, constructed roads, equipment staging areas and drill areas to be completed and reclaimed.

Project Completion Timeline/Termination Report Requirements

- K. Notwithstanding any other provision of this Permit, the Permittee shall close and abandon all exploratory boreholes, including all wells, within one (1) year of date of permit issuance.
- L. The Permittee shall submit a termination report, pursuant to §19.10.4.407 NMAC, at the conclusion of the exploration operation, unless the Permittee has applied for renewal of the exploration permit or applied for a mining operation permit. The termination report shall contain the required information in §19.10.4.407 NMAC, and:

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- 1) A description of the reclamation measures utilized by the Permittee.
 - 2) Evidence of the seed mix (seed tags from bags) and its application rate utilized by the Permittee.
 - 3) Photographs of the reclaimed areas, including any BMP's utilized by the Permittee during exploration.
 - 4) Global positioning system (GPS) coordinates for the drill holes and/or well locations drilled under this Permit.
 - 5) Copies of the drill hole abandonment and plugging records and forms that includes an affidavit signed by a certified driller attesting to the fact that the holes have been plugged and abandoned according to the requirements of this permit.
- M. Permittee shall notify MMD at least two weeks prior to the commencement of exploration activities to allow time for agency inspection during implementation of this Modification 24-1.

Section 11. **CONCLUSIONS OF LAW**

- A. The Director concludes the project meets the requirements of a "Minimal Impact Mining Operation" addressed in §19.10.1.7.M(2) NMAC. The operation authorized by this Permit is eligible as a minimal impact operation, and the Permittee is authorized to operate a minimal impact exploration operation, pursuant to §19.10.1.7.M(2) NMAC and §19.10.3.302.A NMAC.
- B. The PAP is complete, accurate and complies with the requirements of the Act and §19.10.3.302 NMAC.
- C. The Director has jurisdiction over the Permittee and the subject matter of this Permit and process.
- D. The Permittee is permitted to conduct exploration and reclamation operations within the Permit Area upon the condition that the Permittee complies with the requirements of the Rules, Act, and this Permit, and upon the submission of such termination reports and fees as may be required under §19.10.3 NMAC and §19.10.2 NMAC.

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CERTIFICATION

I certify that I have read, understand and will comply with the requirements of the Permit. I further certify that I am not in violation of the Act or §19.10 NMAC. I also agree to comply with the performance and reclamation standards and requirements of the Permit, the Rules, and the Act, and allow the Director to enter the Permit Area without delay for the purpose of conducting inspections during exploration and reclamation.

Carol Ness
Authorized Representative of the Permittee
CAROL NESS

MANAGING MEMBER
Title

AMERICAN MAGNESIUM LLC
Company Name

Subscribed and sworn to before me this 31 day of December 2024, 2023

United Mexican States
State of Jalisco
City of Puerto Vallarta
Consular Agency
United States of America } ss:

Kelly Trainor de O.
Notary Public Kelly Trainor de O

My Commission Expires

10/27/2026



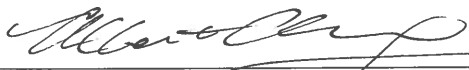
Kelly Trainor de O.
Consular Agent of the
United States of America

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ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that Modification 24-1 to Permit No. LU047EM is approved. American Magnesium, LLC is authorized to conduct mining, exploration drilling and reclamation operations at the Little Mountain project in Luna County, New Mexico. The Permit may not be transferred without approval by the Director. The Permit is subject to all conditions set out in the Director's Findings of Fact, Conditions and Conclusions of Law.

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

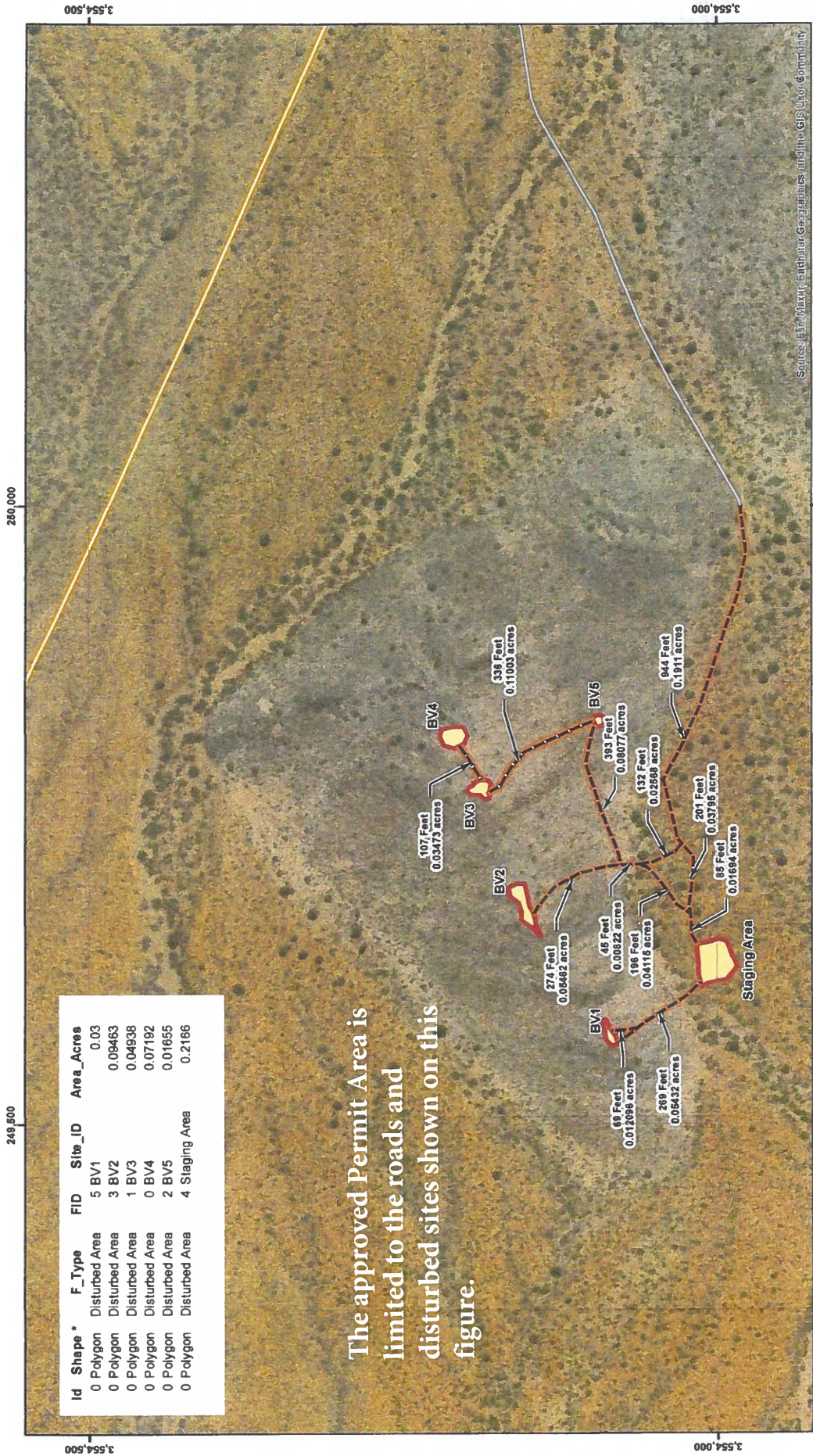
By: 

Albert Chang, Director
Mining and Minerals Division
Energy, Minerals and Natural Resources Department

Date: Jan 6, 2025

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**APPENDIX A
PERMIT AREA MAP**



Id	Shape *	F_Type	FID	Site_ID	Area_Acres
0	Polygon	Disturbed Area	5	BV1	0.03
0	Polygon	Disturbed Area	3	BV2	0.09463
0	Polygon	Disturbed Area	1	BV3	0.04938
0	Polygon	Disturbed Area	0	BV4	0.07192
0	Polygon	Disturbed Area	2	BV5	0.01655
0	Polygon	Disturbed Area	4	Staging Area	0.2166

The approved Permit Area is limited to the roads and disturbed sites shown on this figure.

249,500 250,000 250,500

3,554,000 3,554,500

0 100 Meters

North Arrow

Map Key/Permit Area

- BLM Road BO13
- BLM Road BO16
- Temporary Roads
- Disturbed Sites

Map Notes:

- Datum: WGS 1984
- Projection: WGS 1984 UTM Zone 13N

Document Path: D:\Projects\GIS\Envi\BView_Mexico_Project\BO_MXD\Disturbed_Areas.mxd

G3 Group Inc. Environmental Group Inc.

Client: Little Mountain

Project: SMART MAP

Date: July 17, 2024

Drawn By: [Signature]

Figure: 1 Disturbed Areas Permit Area

Sources: Esri, DeLorme, Garmin, Earthstar Geographics, CNES/Airbus DS, IGN, CNRS, IGN, IGN, Esri, DeLorme, Garmin, Earthstar Geographics, CNES/Airbus DS, IGN, CNRS, IGN, IGN