

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Fernando Martinez, Director
Mining and Minerals Division



November 9, 2018

Douglas F. Irving, P.E., Agent for American Minerals, Inc.
Chapman, Wood and Griswold, Inc.
4015 Carlisle Blvd., NE — Suite C
Albuquerque, NM 87107

RE: Application to Modify Permit, Post Mining Land Use Designation, Closeout Plan Completion, American Minerals, Inc., Deming Manganese Processing Facility, Permit No. LU001RE, Modification 18-1

Dear Mr. Irving:

The New Mexico Mining and Minerals Division (“MMD”) received your letter requesting a modification to Permit No. LU001RE 18-1, (“Modification”) on October 26, 2018. We followed up the October 26, 2018 letter, with a meeting, on November 1, 2018. Below follows a brief summary of the agreed upon path forward regarding the requested change to the permit, and eventual termination of the permit.

With this Modification application, American Minerals Inc. (“AMI”) is asking for a change to the post-mine landuse (“PMLU”), for the permit, from Grazing and Wildlife to Industrial/Commercial. Additionally, the Modification is asking for release from further obligations and liabilities addressed in the permit, which includes the \$7,500 reclamation bond. MMD will process the Modification as a change to the PMLU, and address the release from further obligations and liabilities, in conditions to the Modification. The request to change the PMLU is being done to accommodate the City of Deming request to incorporate the property into an industrial park. The property is owned by the City of Deming.

MMD has received the \$1,000 fee from AMI, for processing the Modification.

AMI implemented the approved Remedial Action Plan for the mine site in June and July of 2018. The work has been completed and inspected by MMD and NMED personnel in October of 2018. The remedial action work has been completed to the satisfaction of both agencies.

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Final sampling of the monitoring well #1, was completed in August of 2018. You will need to verify that this work has been completed to the satisfaction of the Groundwater Quality Bureau.

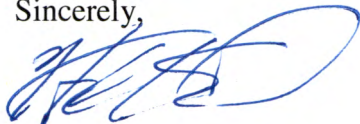
MMD will write a permit modification, based on AMI's application and the conditions we discussed on November 1, 2018. The conditions we discussed will consist of the following:

1. AMI and MMD will monitor site stability for the next two growing seasons, 2019 and 2020. If the site remains stable, without significant erosion over the next two growing seasons, MMD will release the site from further obligations, under the NM Mining Act.
2. AMI must plug and abandon the site monitoring well #1 to the specification required by the State Engineer.
3. AMI will request termination of the Discharge Permit, DP-1234, from NMED Groundwater Bureau

After these conditions have been met, as specified by the permit modification, MMD will release the permit, and return the financial assurance. MMD will draft the permit modification and send it to AMI, for review and agreement-signature.

Please contact me at: (505) 476-3437 or via email at: holland.shepherd@state.nrn.us should you require any additional information or with any questions regarding this letter.

Sincerely,



Holland Shepherd, Program Manager
Mining Act Reclamation Program
Mining and Minerals Division

Paul Hall, American Minerals Inc.
Keith Ehlert, NMED/GWQB-MECS
Mine File LU001RE