

PART 3
MINIMAL IMPACT EXPLORATION OPERATION
PERMIT APPLICATION

Accompanying instructions for this permit application are available from MMD, and on MMD webpage:

<http://www.emnrd.state.nm.us/MMD/MARP/MARPAApplicationandReportingForms.htm>

Send 6 copies of the completed application to:

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Director

Mining and Minerals Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505
Telephone: (505) 476-3400

Webpage: www.emnrd.state.nm.us/MMD/index.htm

CHECK OFF LIST TO DETERMINE YOUR PROJECT'S STATUS AS A MINIMAL IMPACT EXPLORATION OPERATION:

- Yes No My project **will exceed 1000 cubic yards of excavation**, per permit (drill pads, mud pits, and roads will not be counted in excavated materials).
- Yes No Surface disturbances for constructed roads, drill pads and mud pits **will exceed 5 acres** total for my project.
- Yes No My project is located in or is expected to have a direct surface impact on wetlands, springs, perennial or intermittent streams, lakes, rivers reservoirs or riparian areas.
- Yes No My project is located in designated critical habitat areas as determined in accordance with the federal Endangered Species Act of 1973 or in areas determined by the Department of Game and Fish likely to result in an adverse impact on an endangered species designated in accordance with the Wildlife Conservation Act, Sections 17-2-37 through 17-2-46 NMSA 1978 or by the State Forestry Division for the Endangered Plants Act, section 75-6-1 NMSA 1978.

- Yes No My project is located in an area designated as Federal Wilderness Area, Wilderness Study Area, Area of Critical Environmental Concern, or an area within the National Wild and Scenic River System.
- Yes No My project is located in a known cemetery or other burial ground.
- Yes No My project is located in an area with cultural resources listed on either the National Register of Historic Places or the State Register of Cultural Properties.
- Yes No My project will or is expected to have a direct impact on ground water that has a total dissolved solids concentration of less than 10,000 mg/L, except exploratory drilling intersecting ground water may be performed as a minimal impact operation.
- Yes No My project is expected to use or using cyanide, mercury amalgam, heap leaching or dump leaching in its operations.
- Yes No My project is expected to result in point or non-point source surface or subsurface releases of acid or other toxic substances from the permit area.
- Yes No My project requires a variance from any part of the Mining Act Rules as part of the permit application.

If you answer yes to any of the above questions, your project does not qualify as a minimal impact exploration operation.

Confidential Information

- Yes No Is any of the information submitted in this application considered by the applicant to be confidential in nature? If yes, please provide this information separately and marked as "confidential."

Timeline

- Exploration applications must be provided no less than 45 days prior to the anticipated date of operations desired by the applicant.
- Renewal applications shall be filed at least 30 days preceding expiration of the current permit. Permits are valid for one year.
- Approved permit is valid for one year from the date of approval.

SECTION 1 – OPERATOR INFORMATION (§304.D.1)

Project Name: Peru Mill Tailings Project

Nearest Town To Project: Deming New Mexico

Applicant Name and Contact Information (entity obligated under the Mining Act):

Name: Mr. Paul Forshey

Address: 39 Leaf Circle

Crossville, TN., 38558

Office Phone: , 615.517.1817

Cell Phone: , 615.517.1817

Fax Number: Not Applicable (NA)

Email: pandrforshey@gmail.com

Name of On-Site Contact, Representative, or Consultant:

Name: E. Terry Jensen G3 - Gauvreau GeoEnvironmental Group Inc.

Address: 420 Westview Drive

Sudbury, Ontario P3C 3M5

Office Phone: 1-705-682-3333

Cell Phone: 519-635-0160

Fax Number: _____

Email: tjensen@g3inc.ca

SECTION 2 – RIGHT TO ENTER INFORMATION (§302.D.1)

A. Describe or attach copies of documents that give the applicant the right to enter the property to conduct the exploration and reclamation, include: lease agreements, access agreements, right of way agreements, surface owner agreements, and claim numbers, if applicable.

See Attachment

B. List the names and addresses of surface and mineral ownership within the proposed permit area. If the mineral is federal mineral, indicate as federal mineral, but provide the name of the claim holder or lease holder.

Surface Estate Owner(s):

Name	Address	Phone #
<input type="checkbox"/> U.S. BLM	_____	_____
<input type="checkbox"/> U.S. Forest Service	_____	_____
<input type="checkbox"/> State of NM	_____	_____
<input type="checkbox"/> Private/Corporate	_____	_____
Name: _____	_____	_____
<input checked="" type="checkbox"/> Other	_____	_____

Name: City of Deming 309 Gold St., P.O. Box 706,
Deming, NM., 88031

Attn: Aaron Sera, City Administrator, 575.546.6442

Lease Holder(s) of Surface Estate (if applicable):

Name	Address	Phone #
_____	<u>City of Deming; See above</u>	_____
_____	_____	_____
_____	_____	_____

Mineral Estate Owner(s):

Name	Address	Phone #
<input type="checkbox"/> Bureau of Land Management	_____	_____

<input type="checkbox"/> US Forest Service	_____	_____

<input type="checkbox"/> State of NM	_____	_____

<input checked="" type="checkbox"/> Claim/Lease Holder	<u>City of Deming; See above</u>	_____
Name: _____	_____	
Claim Numbers: _____		
<input type="checkbox"/> Claim/Lease Holder	_____	_____
Name: _____	_____	
Claim Numbers: _____		
<input type="checkbox"/> Other	_____	_____
Name: _____	_____	

C. Has a Cultural Resource Survey been performed on the site?

Yes No If yes, please provide the author, title, date and report number, and include a copy of the survey with this application, if possible:

Attachment _____

D. Has a wildlife survey or vegetation survey been performed for the permit area?

Yes No If yes, please provide the author, title, date and report number, and include a copy of the survey with this application, if possible:

Attachment _____

SECTION 3 – MAPS AND PROJECT LOCATION (§302.D.2)

A. Project Location:

Township 023S Range 009W Section 18

Township _____ Range _____ Section _____

Township _____ Range _____ Section _____

List the drill hole/exploration name and the GPS coordinates for each site.

I.D. Number	Northing / Latitude	Easting / Longitude
B1	3577386.86	235470.94
B2	3577198.41	235520.08
B3	3577244.26	235698.92
B4	3577118.11	235665.48
B5	3577025.86	235688.64
B6	3577589.03	235353.09

I.D. Number	Northing / Latitude	Easting / Longitude

Coordinate system used to collect GPS data points:

- NAD83 Geographic
- NAD83 UTM Zone 13 (or 12)
- WGS 1984
- NAD27 Geographic
- NAD27 UTM Zone 13 (or 12)
- Other: _____

Attachment: See Figures 1 & 2 (for listing additional boreholes)

B. Maps (see application form instructions for examples of maps to be included):

Are topographic maps included with the application that show the following items:

- Yes – The boundary of the proposed exploration project Permit Area
- Yes – The proposed exploration locations (i.e., borehole locations)
- Yes – Existing roads, new roads and overland travel routes
- Yes N/A – Areas of proposed road improvement

Attachments See Figure 2

Are maps or figures included with the application showing the approximate dimensions and locations of drill pads and other disturbances:

- Yes – Drill pad dimensions and constructed drill pad locations

Attachments See Attached Scope of Work document. No conventional pad is required for the proposed shallow borings

C. Provide detailed driving directions to access the site: See Figure 1

SECTION 4 – EXPLORATION DESCRIPTION (§302.D.3 & 4)

A. Anticipated exploration: Start Date: October 8, 2019 End Date: October 12, 2019

B. List the mineral(s)/element(s) to be explored for: Precious and base metals

C. Proposed method(s) of exploration:

Air drilling (air rotary, coring, etc.):

_____ # of holes _____ Depth (ft.) _____ Diameter (in.)

_____ # of drill pads _____ Length (ft.) _____ Width (ft.)

Will drill pads be graded/bladed or overland: Graded/bladed Overland

Will drill pads need some mechanical leveling (grading/blading): Yes No

Approx. Weight of Drill Rig (lbs.) _____ Number of Axles: _____

Total length of drill stem that can be carried on the rig: _____

Is a support pipe truck anticipated? Yes No _____ Weight (lbs.)

Weight of support compressor (lbs.): _____ Trailer mounted? _____

Anticipated Drilling Contractor: _____ License No. _____

Mud/fluid drilling:

_____ # of holes _____ Depth (ft.) _____ Diameter (in.)

_____ # of drill pads _____ Length (ft.) _____ Width (ft.)

Will drill pads be graded/bladed or overland: Graded/bladed Overland

Will drill pads need some mechanical leveling (grading/blading): Yes No

Will a closed loop system be used or will mud/fluid pits be used? _____

If mud/fluid pits are proposed:

_____ # of pits _____ Length (ft.) _____ Width (ft.) _____ Depth (ft.)

Anticipated excavating equipment: _____

How will excavating equipment be transported to the site (i.e., driven, low-boy, etc.):

Will mud pits be lined?: Yes No

If yes, proposed material to line the mud pits: _____

Approx. Weight of Drill Rig (lbs.) _____ Number of Axles: _____

Anticipated Drilling Contractor: _____ License No. _____

Test pits / exploratory trenches:

_____ # of pits _____ Length (ft.) _____ Width (ft.) _____ Depth (ft.)

Anticipated excavating equipment: _____

How will excavating equipment be transported to the site (i.e., driven, low-boy, etc.): _____

Other methods of exploration (i.e., cuts, shafts, tunnels, adits, declines, blasting,

etc.). Indicate method and details: 10 inch O.D. hollow stem auger drilling to depth of 40

feet below ground surface. Collecting samples using a split spoon sampler. The drill rig

weight is estimated to be 12 tons.

TOTAL ACREAGE TO BE DISTURBED DUE TO DRILL PADS = NA acres
(to convert to acres, multiply total square footage of drill pads by 0.0000229)

Drill pads are not required

D. Disposal of drill cuttings

If this exploration project is for uranium or other radioactive elements/minerals, applicant agrees to perform a gamma radiation survey at each drill site prior to, and after, exploration activities. Applicant/Owner/Operator agrees to restore gamma radiation levels at each drill site to pre-exploration levels. Yes No N/A

Will excess drill cuttings be buried at each drill site location or within a single disposal pit?
 At each drill ~~site~~ location Within a single disposal pit

If a single disposal pit is proposed, please provide the following:

Description or GPS coordinates of the proposed cuttings disposal pit location:

Dimensions of the single proposed cuttings disposal pit (length, width, and depth):

_____ Length (ft.) _____ Width (ft.) _____ Depth (ft.)

TOTAL ACREAGE TO BE DISTURBED DUE TO DISPOSAL PIT = _____ acres
(to convert to acres, multiply total square footage of disposal pit by 0.0000229)

E. Other Supporting Equipment (check all that apply):

<input checked="" type="checkbox"/>	4x4 Trucks/Vehicles	Quantity:	1 drill rig, two support vehicles (pickup trucks)
<input type="checkbox"/>	Water Truck	Weight (lbs.):	_____
<input type="checkbox"/>	Geophysical Truck	Weight (lbs.):	_____
<input type="checkbox"/>	Pipe Truck (rig support)	Weight (lbs.):	_____
<input type="checkbox"/>	Bulldozer	Type:	_____
<input type="checkbox"/>	Backhoe	Type:	_____
<input type="checkbox"/>	Trackhoe	Type:	_____
<input type="checkbox"/>	Scaper/Grader	Type:	_____
<input type="checkbox"/>	Trailers	Quantity/Type:	_____
<input checked="" type="checkbox"/>	Portable Toilet	Quantity:	1
<input type="checkbox"/>	Other	List:	_____

F. Roads and Overland Travel:

List of new roads to be constructed for this exploration project:

Description of <i>NEW</i> Roads	Length (ft.)	Width (ft.)	Total Acres (length x width x 0.0000229)
NA			
TOTAL ACRES DISTURBED BY NEW ROAD CONSTRUCTION :			

Describe how new roads will be constructed: _____

List for extension or widening of existing roads:

Description of Modification to <i>EXISTING</i> Roads	Length (ft.)	Width (ft.)	Total Acres (length x width x 0.0000229)
NA			
TOTAL ACRES DISTURBED BY ROAD IMPROVEMENTS :			

Describe how existing roads will be extended or widened: NA

List for routes of overland travel:

Description of <i>OVERLAND TRAVEL</i> Routes	Length (ft.)	Width (ft.)	Total Acres (length x width x 0.0000229)
See Figure 2			
TOTAL ACRES DISTURBED BY OVERLAND TRAVEL :			

G. Support Facilities

Describe (location and size) any support facility disturbances (equipment staging, equipment and material storage and/or lay down areas, vehicle parking, temporary housing and/or trailers) to be created or situated on the site during exploration operations.

NA

H. **TOTAL ACREAGE TO BE DISTURBED BY PROJECT = 0 acres**
 (include all disturbed acreage from drill pads, cuttings disposal pit, new roads, improved roads and overland travel routes)

SECTION 5 – CHEMICAL USE (§302.D.4)

A. Check any and all chemicals that will be used for this project.

<input type="checkbox"/> Drilling Mud (i.e., EZ Mud)	Type/Quantity:	
<input checked="" type="checkbox"/> Diesel Fuel	Quantity:	50 Gallons
<input type="checkbox"/> Down-hole Lubricants	Type/Quantity:	
<input type="checkbox"/> Lost Circulation Materials	Type/Quantity:	
<input checked="" type="checkbox"/> Oils/Grease	Quantity:	< quart
<input type="checkbox"/> Gasoline	Quantity:	
<input checked="" type="checkbox"/> Hydraulic Fluid	Quantity:	<quart
<input type="checkbox"/> Ethylene Glycol	Quantity:	
<input checked="" type="checkbox"/> Cement	Type/Quantity:	18- 50 lb bags
<input checked="" type="checkbox"/> Water	Source:	Fire Hydrant
<input checked="" type="checkbox"/> Bentonite	Quantity:	6 – 40lb bags
<input type="checkbox"/> Fertilizer	Type/Quantity:	
<input type="checkbox"/> Other	Type/Quantity:	

B. Describe, in detail, a plan for the containment, use and disposal of all chemicals listed above:
General policy is the drill rig will be inspected at the beginning of each day looking for
problems. If an uncontrolled release occurs then the impacted soils will be containerized. Any
free product will be further collected by adsorbents. Impacted soils will be drummed, sampled,
analyzed and disposed of following State and Federal guidelines.

C. Describe where equipment fueling/refueling will occur:

The support truck will have a 50-gallon tank on-board. Refueling will take place off the
tailings pile on the adjacent access road.

D. Describe how hazardous material spills/leaks will be handled:

See Section 5B

E. Identify spill cleanup materials that will be kept on-site (check all that apply):

Bentonite clay or cat litter

Adsorbent pads, rolls, mats, socks, pillows, dikes, etc.

Drum or barrel for containing contaminated soil/adsorbent materials

Other/list: _____

Other/list: _____

Other/list: _____

F. Applicant/owner/representative agrees to immediately notify the State of New Mexico immediately of any spills of hazardous materials (see page 1 of this application for phone numbers to notify): Yes No

SECTION 6 – GROUNDWATER/SURFACE WATER INFORMATION
(§302.D.5)

- A. Provide an estimate of depth to ground water and the total dissolved solids (TDS) concentration.

Depth to groundwater (ft.): Between 107 to 126 feet.(See Figure 3 and Table 1)

TDS concentration (mg/L): TDS was not available, only selected metals; See Table 2

Describe the source of this information: City of Deming

- B. Will dewatering activities be conducted: Yes No

If yes, please describe: _____

- C. Is groundwater anticipated to be encountered during exploration: Yes No

If YES:

Have you completed Form WR-07 (Application for permit to drill a well with no consumptive use of water) and mailed it to the District Office of the State Engineer? Yes

Have you completed Form WD-08 (Well plugging plan of operations) and mailed it to the District Office of the State Engineer? Yes

Attachment _____ (copies of the completed WR-07 and WD-08 forms)

- D. Exploration Borehole Abandonment

Dry Boreholes

- Dry hole abandonment (option 1): 100% bentonite pellets/chips (i.e. HOLEPLUG® manufactured by Baroid Industrial Products), dropped from surface then hydrated in place according to the manufacturer's recommendations, emplaced from total depth to

within 12 feet of the original ground surface, followed by 10 feet of neat cement, followed by 2 feet of topsoil/topdressing.

- Dry hole abandonment (option 2): Neat cement slurry, mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 2 feet of the original ground surface, followed by 2 feet of topsoil/topdressing.
- Dry hole abandonment (option 3): Cement + 6% bentonite slurry, mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 2 feet of the original ground surface, followed by 2 feet of topsoil/topdressing.
- Dry hole abandonment (option 4): High-density bentonite clay ($\geq 20\%$ active solids; i.e. QUIK-GROUT® manufactured by Baroid Industrial Products), mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 12 feet of the original ground surface, followed by 10 feet of neat cement, followed by 2 feet of topsoil/topdressing.
- Dry hole abandonment (option 5): Other materials / describe and justify use:

Wet Boreholes

- Wet hole abandonment (option 1): Neat cement slurry, mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 2 feet of the original ground surface, followed by 2 feet of topsoil/topdressing.
- Wet hole abandonment (option 2): High-density bentonite clay ($\geq 20\%$ active solids; i.e. QUIK-GROUT® manufactured by Baroid Industrial Products), mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 12 feet of the original ground surface, followed by 10 feet of neat cement, followed by 2 feet of topsoil/topdressing.
- Wet hole abandonment (option 3): Other sealing material approved by the Office of the State Engineer. Describe and include well plugging plan approval by the State Engineer:

- D. Applicant agrees to contain any water produced from the exploration borehole at the drill site and acknowledges that discharge of this water to a watercourse may be a violation of the Federal Clean Water Act: Yes No - **Not applicable – Water will not be produced.**
- E. Is any drilling proposed to occur within the channel of any perennial, intermittent, or ephemeral streams? Yes No
- F. Is any drilling anticipated to occur within 100 feet of any perennial, intermittent, or ephemeral streams? Yes No

SECTION 7 – RECLAMATION & OPERATION PLAN (§302.D.6 AND 302.I.K)

A. Salvage/Preservation of Topsoil

Before any grading/blading or similar activities occur in relation to this project, operator agrees to salvage and preserve all topsoil and topdressing for use in future reclamation of this project Yes No **Note: No grading/blading is required for this phase of this project.**

Describe how topsoil will be salvaged prior to initiation of exploration activities (check all that apply):

N/A – no construction work will occur, therefore no soil salvage is needed.

Excavated from drill pads and stored at each drill pad

Excavated from road improvements/construction and stored adjacent to road

Excavated from mud/fluid pits and storage at each pit

Other, describe: _____

B. Erosion Control

Describe the best management practices that will be implemented to control erosion:

Silt fencing Location: Not Necessary/Not Applicable

Straw wattles Location: Not Necessary/Not Applicable

Straw bales Location: Not Necessary/Not Applicable

Ditches/swales Location: Not Necessary/Not Applicable

Berms/dikes/dams Location: Not Necessary/Not Applicable

Sediment basins Location: Not Necessary/Not Applicable

Other or N/A Type/Location: Not Necessary/Not Applicable

C. Wildlife Protection / Noxious Weed Prevention

Will the perimeter of drill pits be fenced to prevent wildlife entrapment? Yes No -
Note: Drill pits are not necessary for this drilling event.

Proposed pit perimeter fence material: Not Applicable

Describe how the pit perimeter fencing will be installed and secured (i.e., T-posts, wooden stakes, etc.):
Not Applicable

Will at least one side of the interior of the drill pits be sloped at 3:1 as a ramp for wildlife escape? Yes No
Note: Drill pits are not necessary for this drilling event.

If No, will another type of constructed escape ramp be installed? Describe:
Not Applicable; not pit is required

Applicant/Owner/Operator commits to pressure-washing or steam-clean all equipment prior to entering the permit area: Yes No

D. Reclamation Details

Describe in general how re-contouring or re-establishment of the surface topography will be restored:
Not Applicable; none will be required.

Describe how the reclamation of portals, adits, drilling fluid/mud and/or waste pits, shafts, ponds, roads and other disturbances will be performed:

Not Applicable; none will be required.

Is seeding of the reclaimed areas proposed: Yes No

If no, provide a justification as to why no revegetation is needed:

We are drilling six borings, each ten inches in diameter to a maximum of 40 feet below ground surface on a tailings pile that has no significant vegetation. Our impact to any vegetation is minimal.

Plant mix to be used in the re-establishment of vegetation:

- US Forest Service specified mix applied through broadcast at their recommended rate
- BLM specified mix applied through broadcast at their recommended rate
- Other:

Plant Name

Seeding Rate (lbs./acre)

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Broadcast applied or drill-seeded: Broadcast Drill-seeded

Scarification Methods (check all that apply):

- Primary tillage to greater than 6-inches depth of all constructed drill pads and roads
- Secondary tillage of all constructed drill pads and roads, and/or overland travel routes
- Chain drag or tire drag over seeds in areas used for overland travel
- Light raking of soil over seeds in areas used for overland travel
- None
- Other/describe: _____

Mulch Use:

- Certified weed-free straw mulch will be placed over areas that have been tilled/disc'd or ripped at a rate of 2 tons per acre, and will be crimped in place
- No mulch is proposed

E. Reclamation Timeline

Applicant/Owner/Operator commits to reclamation of the disturbed area as soon as possible following the completion or abandonment of the exploration operation, unless the disturbed area is included within a complete permit application for a new mining permit:

- Yes No

Anticipated Start of Reclamation:

- 0-30 days after completion of drilling
- 31-60 days after completion of drilling
- Other/specify: All activities shall be photographed. If any significant impact to the surface of the tailings pile is done then MOI/G3 will return the surface to the original conditions.

SECTION 8 – PERMIT FEES AND FINANCIAL ASSURANCE
(§302.1.2 AND 5)

A. Financial assurance must be posted with Mining and Minerals Division prior to approval of this application. The acceptable forms of financial assurance are surety bonds, letters of credit, and certificates of deposit. Provide an estimate of, and an instrument for, the proposed financial assurance required by Subpart 3.

- Surety Bond
- Letter of Credit
- Cash Account / Certificate of Deposit

Estimated amount of financial assurance: _____

Or

Applicant will provide the amount of financial assurance calculated by MMD.

B. Attach the permit fees as determined pursuant to Subpart 2. The application fee for a minimal impact exploration permit is \$500.00.

- Money Order/Cashier's Check
- Check

Check Number : 233

Financial Institution: TD Bank

SECTION 9 – CERTIFICATION REQUIREMENT (§302.1.3 & 4)

I certify that I have personally examined and am familiar with the information submitted herein, and based on my inquiry of those individuals responsible for obtaining the information; I believe the submitted information is true, accurate, and complete. I agree to comply with the reclamation requirements set forth in this permit application and related correspondence, the New Mexico Mining Act and the Rules. Further, I certify that I am not in violation of any other obligation under the New Mexico Mining Act or the Rules adopted pursuant to that Act and I allow the Director to enter the permit area, without delay, for the purposes of conducting inspections during exploration and reclamation.

Signature of Permittee or Authorized Agent: _____

Name (type or print): Paul Forshey

Signature of Paul Forshey
for Paul
forshey

Title/Position: President

Date: 8/16/2019

Attachments:

Letter of Intent with City of Deming, New Mexico

Figure 1: Site Location Map

Figure 2: Peru Mill Tailings Dump Soil Boring Location Map

Figure 3: Peru Mill Tailings Dump Groundwater Monitoring
Well Location Map

Scope of Work



BENNY L. JASSO, MAYOR

AARON SERA, ADMINISTRATOR

Phone (575) 546-8848 - Fax (575) 546-6442
E-MAIL: deming@cityofdeming.org - Website: www.cityofdeming.org
P.O. BOX 706. DEMING, NEW MEXICO 88031
POPULATION 14,000

July 11, 2019

Paul Forshey, President
MOI Recovery Systems, LLC.
39 Leaf Circle
Crossville, TN 38558

Re: Letter of Intent
Peru Mill Tailings

Mr. Forshey:

This Letter of Intent (LOI) is meant to express the mutual intent of MOI Recovery Systems, LLC. and the City of Deming to allow MOI Recovery Systems, LLC. to perform testing and analysis on the soils/tailings located at Peru Mill in Deming NM. This letter will serve as a non-binding preliminary understanding between the two parties to allow testing of the soils/tailings, located within the attached description.

Description of Land where tailings are located - See attached.

Requirements – The City of Deming is the owner of 59.34 acres of land at the Peru Mill Industrial Park that is located within the City Limits. The City of Deming agrees to allow MOI Recovery Systems, LLC. to sample and analyze said tailings, as per NM Mining and Minerals Division and NMED requirements. All costs associated with testing, sampling, and remediation are the sole responsibility of MOI Recovery Systems, LLC. Any additional work contemplated, beyond testing and sampling, will require an additional agreement.

Acceptance of this Agreement is acknowledged by both parties below.

If any addition information is needed, please contact Jim Massengill, Public Works Director, at 575-546-8848.

Sincerely,



Jim Massengill
Public Works Director

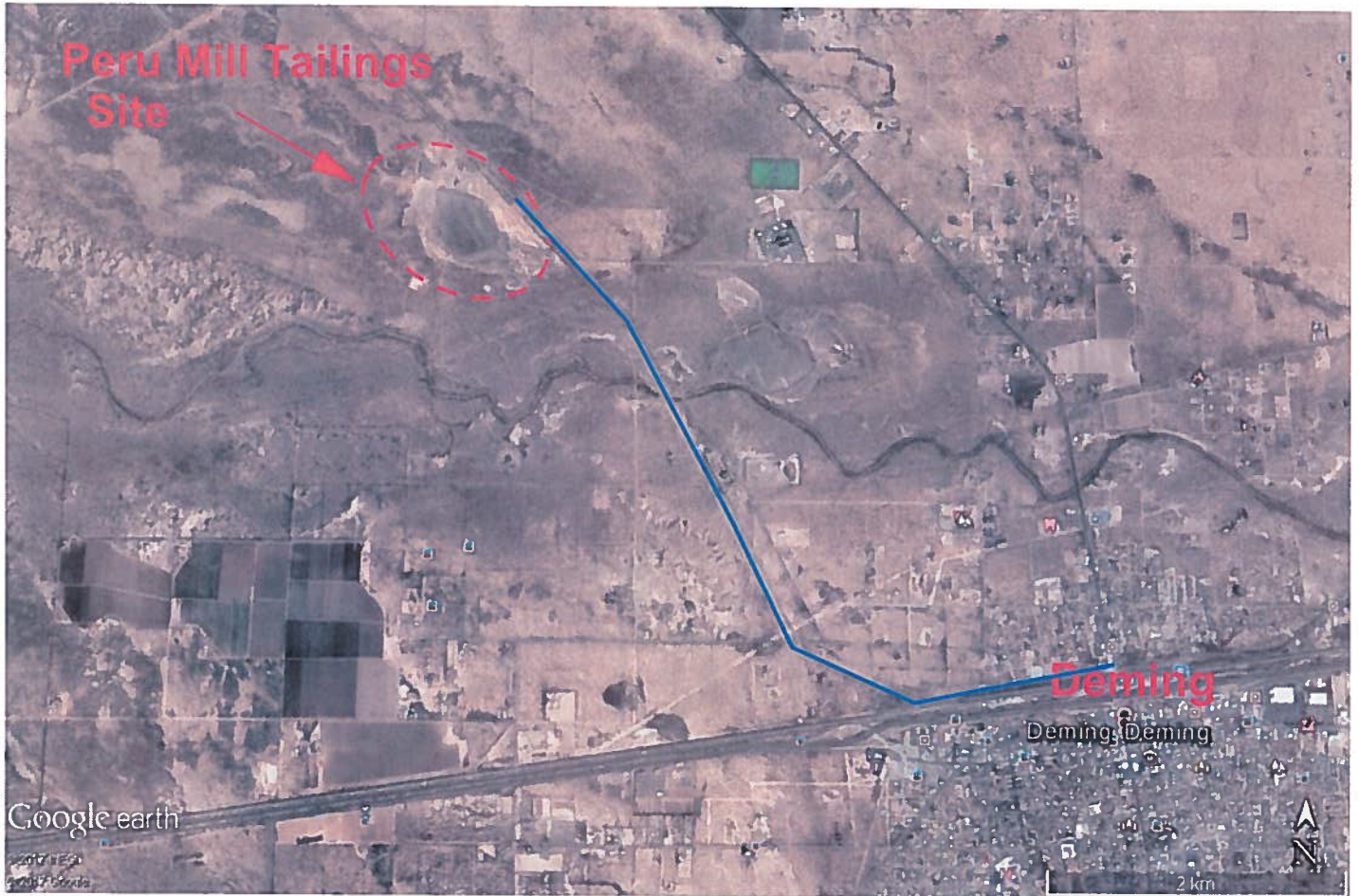
Paul Forshey, President
MOI Recovery Systems, LLC.

Cc: Aaron Sera
Archie Heddlesten
Azucena Vargas
Javier Reyes

Silver City, NM



Deming, NM




Scale

Directions:

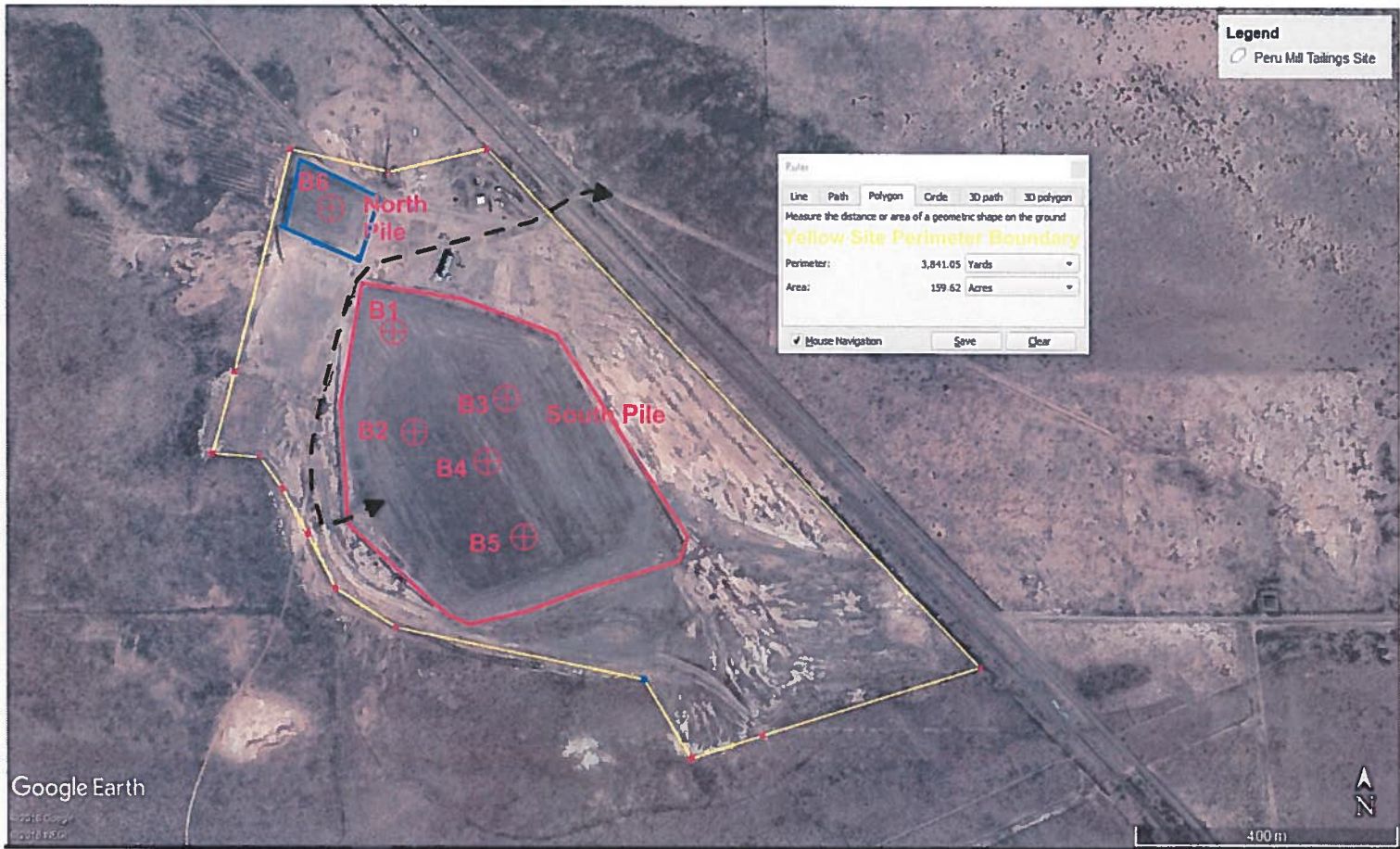
Exit off from I-10 west at the US 180 exit (to Silver City). Proceed north on Gold Ave to 2nd Street and turn left (west) on to 2nd Street which route 394. Proceed 1.2 miles west then turn right (north) continuing to follow route 394. Travel approximately 2.6 miles on 394 passing the closed Pinos Altos mill and paralleling a railroad line. At the 2.6 mile point the tailings pile will be observable to the west. We will be at the gate.

 Route to Peru Mill Tailings from Gold Avenue

Project No.:	Project: Peru Mill Tailings Dump Phase 1-Soil Boring Investigation	Client MOI Recovery Systems, LLC	Figure 1 Site Locations Map
Date: February 2019	 Gauvreau GeoEnvironmental Group		
Drawn by: ETJ Reviewed by:			



Soil Boring Location Map



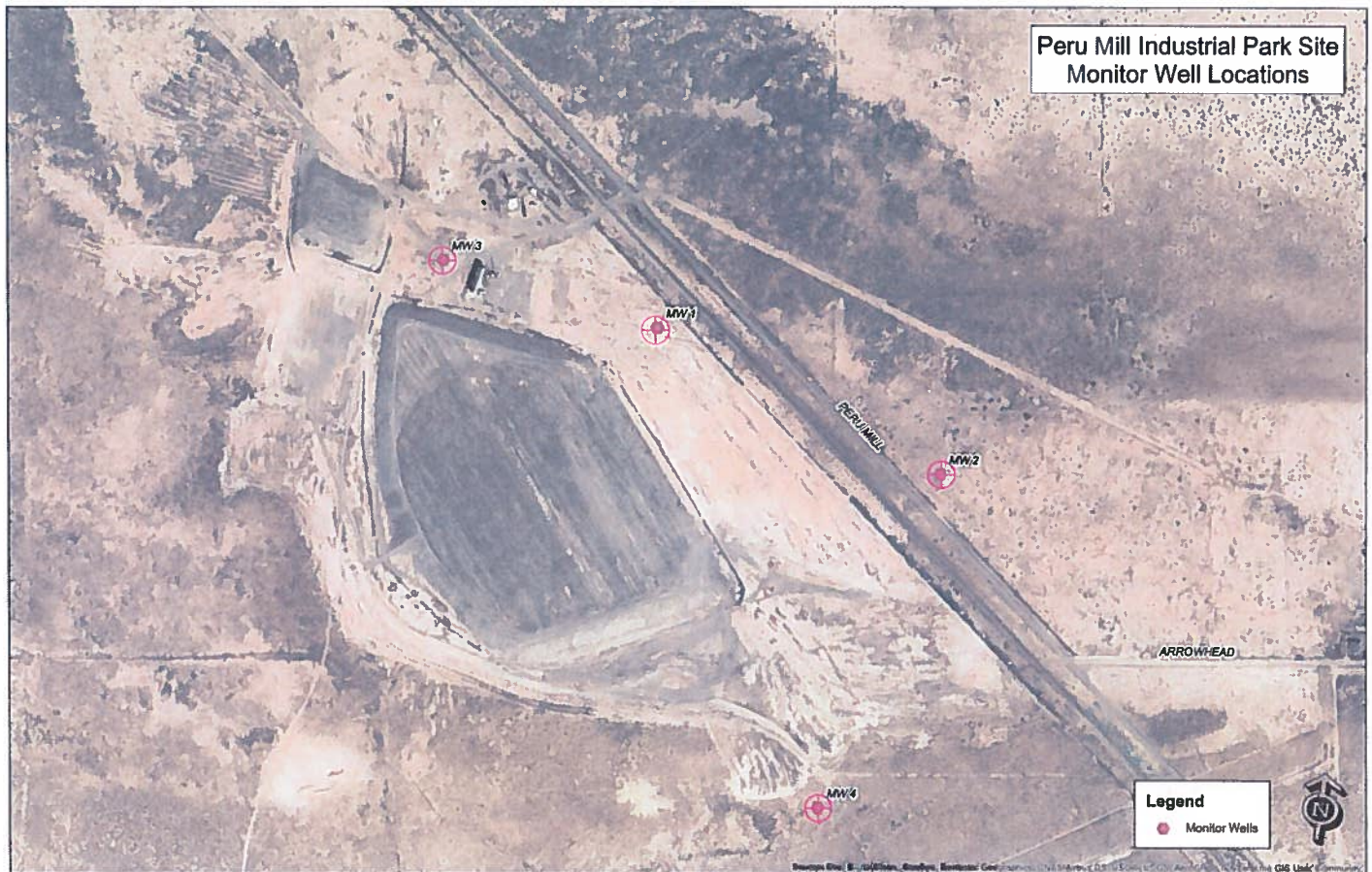
Scale

- ⊕ - Soil Boring Locations
- ◻ - North Tailings Pile
- ◻ - South Tailings Pile
- ◻ - Peru Mill Tailings Dump Site
- ◄ - - - ► - Access Road

Project No.: 17-022	Project: Deming Tailings Dump Phase 1-Soil Boring Investigation	Client: MOI Recovery Systems, LLC	Figure 2 Peru Mill Tailings Dump Soil Boring Location Map
Date: February 2019			
Drawn by: ETJ Reviewed by: RSG	G3 Gauvreau GeoEnvironmental Group		



Groundwater Monitoring Well Location Map



Scale not available

⊕ - Groundwater Monitoring Well Locations Map

Project No.: 17-022

Date: April 2019

Drawn by: ETJ
Reviewed by: RSG

Project: Deming Tailings Dump
Phase 1-Soil Boring Investigation

G3 Gauvreau
GeoEnvironmental
Group

Client:
MOI
Recovery Systems, LLC

Figure 3
Peru Mill Tailings Dump
Groundwater Monitoring
Well Location Map

TABLE 1
GROUNDWATER ELEVATION DATA
PERU HILL MILL - DEMING, NEW MEXICO

WELL ID	GAUGING DATE M/D/Y	WELLHEAD ELEVATION (FEET)	MEASURED DEPTH (FEET)	DEPTH TO GROUNDWATER (FEET BELOW TOC)	GROUNDWATER ELEVATION (FEET)	PURGE VOLUME (GALLONS)
MW-01	9/20/2001	4405.05	159.55	119.05	4286.00	81.6
	5/2/2002	4405.05	159.55	121.12	4283.93	19.6
MW-02	9/20/2001	4398.49	169.80	115.67	4282.82	104
	5/2/2002	4398.49	169.80	116.64	4281.85	27.1
MW-03	9/20/2001	4410.78	166.66	124.81	4285.97	40.8
	5/2/2002	4410.78	166.66	126.26	4284.52	27.2
MW-04	9/20/2001	4389.44	156.00	108.66	4280.78	93.6
	5/2/2002	4389.44	156.00	107.63	4281.81	25.5

Notes: Elevations are given in feet above mean sea level

Wellhead = top of PVC casing

ID = identification

n/a = not available

TOC = top of PVC casing

M/D/Y = month/day/year

Source: City of Deming

TABLE 2
GROUNDWATER SAMPLE RESULTS, METALS
PERU HILL MILL - DEMING, NEW MEXICO

GROUNDWATER SAMPLE NUMBER	Date Collected	Analyte (mg/L)													
		Arsenic	Barium	Beryllium	Cadmium	Chromium	Copper	Cyanide	Lead	Mercury	Selenium	Silver	Uranium	Zinc	
NMWQCC Standard (mg/L)		0.1	1.0	4.0**	0.01	0.05	1.0	0.2	0.05	0.002	0.05	0.05	5.0	10.0*	
MW-01	9/20/2001	<0.01	0.069	NT	<0.002	0.014JR	0.064^	<0.01	<0.005J	<0.0002	<0.01	<0.005	<0.01	NT	
	5/2/2002	<0.010	0.049	<0.003	<0.002	<0.006	<0.006	NT	<0.005	0.0035	<0.010	<0.005	NT	0.022	
MW-01D	9/20/2001	<0.01	0.057	NT	<0.002	0.008R	0.054J^	<0.01	0.005	<0.0002	<0.01	<0.005	<0.01	NT	
	5/2/2002	<0.010	0.049	<0.003	<0.002	<0.006	<0.006	NT	<0.005	<0.0002	<0.010	<0.005	NT	0.016	
MW-02	9/20/2001	<0.01	0.062	NT	<0.002	0.006R	0.003R	<0.01	<0.005	<0.0004	<0.01	<0.005	<0.01	NT	
	5/2/2002	<0.010	0.04	<0.003	<0.002	<0.006	<0.006	NT	<0.005	<0.0002	<0.010	<0.005	NT	0.014	
MW-03(RG-02)	9/20/2001	<0.01	0.098	NT	<0.002	<0.006	0.007R	<0.01	<0.005	<0.0002	<0.01	<0.005	<0.01	NT	
	5/2/2002	<0.010	0.061	<0.003	<0.002	<0.006	<0.006	NT	0.015	<0.0002	<0.010	<0.005	NT	0.015	
MW-04	9/20/2001	<0.01	0.101	NT	<0.002	0.014	0.019J^	<0.01	<0.005	0.001	<0.01	<0.005	<0.01	NT	
	5/2/2002	<0.010	0.062	<0.003	<0.002	<0.006	<0.006	NT	<0.005	<0.0002	<0.010	<0.005	NT	0.008	

NOTES:

NMWQCC = Ne Mexico Water Quality Control Commission * other standard for domestic water supply

**Safe Drinking Water Act - 1974

mg/L = milligram(s) per liter

D = duplicate sample

R = value unusable due to equipment contamination

J = estimated value due to poor precision, relative percent difference between sample and duplicate above 20% QAPP standard

J^ = value estimated high due to equipment contamination, actual value may be lower than reported by the laboratory

QAPP = Quality Assurance Project Plan

NT = not tested

Source: City of Deming



February 28, 2019

State of New Mexico
Energy, Minerals and Natural Resources Department
Mining and Minerals Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Dear Sir/Madam:

**Re: Peru Mill Tailings Dump
Phase I Investigation**

Gauvreau GeoEnvironment Group Inc. (G3) is pleased to submit the following Scope of Work to MOI Recovery Systems (MOI) to perform an initial site investigation employing a limited drilling and sampling plan at Peru Mill Tailings Dump (the PMTD Site) located in the Peru Mill Industrial Park, approximately 4 miles north of Deming, New Mexico. This first phase is designed to evaluate the tailings dump subsurface conditions (tailing thickness, material grain size, texture, visual mineralogy, etc.), and lateral and vertical continuity of potential marketable commodities. The results of this investigation goal is determine the presences of marketable commodities and guide a complete, bankable study if marketable commodities exists.

The following Scope of Work presents the background, project preparation, field activities and reporting for this initial phase.

BACKGROUND

Peru Mill Tailings Dump

Peru Mill Industrial Park site is a 1,420-acre property that once housed a mill that processed zinc sulfide ore. The PMTD Site is a 160-acre property as shown on Figure 1. There are two tailings piles on the Site as shown on Figure 2. The larger southern tailings pile area is approximately 54 acres and the northern tailings pile area is 5 acres.

The Peru Mill was built in 1928 and operated until 1967. The ore processed at the site was crushed, ground, mixed with water, and pumped to flotation cells. Various chemicals were then added to separate the minerals from the mixture. The remaining ore and slurry were pumped to a tailings impoundment resulting in a tailings pile located on the site.

At an undefined time, the constituents for the liquid tailings failed, which caused a spill which eliminated the vegetation cap on top of the tailings pile and this caused spread tailings over an

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area east of the original pile and beyond site boundaries. The tailings were eventually gathered and placed back onto the tailings dump. When the remediation of the site was completed, the City of Deming annexed the property into the city limits and zoned it for industrial use. Currently the park is zoned D-Industrial, which allows for the construction of a wide range of manufacturing and industrial applications.

SCOPE OF SERVICES

The scope of work for this project is divided into four primary tasks:

1. Project preparation
 - a. Health & Safety Plan
 - b. Schedule Driller and Laboratory
 - c. Complete Minimal Impact Exploration Operations Permit
2. Field Work
 - a. Advancement of soil borings and sampling at Peru Mill Tailings Dump
 - b. Laboratory Analysis of samples
3. Data Analysis
4. Soil Boring Sampling Report

Project Preparation

Upon receipt of an executed Project Authorization to Proceed and the project retainer G3 will submit a completed Minimal Impact Exploration Operations Permit application form for MOI's review. MOI will be required to complete various minor parts of the permit also. Upon completion MOI will submit the permit application to the New Mexico Energy, Minerals and Natural Resources Department.

Prior to initiating any field work, G3 will prepare a site-specific health and safety plan. All site working personnel and visitors will be required to read, sign and act in accordance to this site-specific health and safety plan.

In addition, G3 will prepare and organize the drilling contractor and analytical laboratory.

Field Work

Soil Boring Installation and Sampling – PMTD Site

This task consists of drilling and sampling 6 soil borings to maximum depth of 35 feet below ground surface (fbgs) or three feet into the native soils below the tailings dump. Final borehole depths may be adjusted depending on the actual subsurface conditions encountered at the time of drilling. The drilling will be conducted using a track or truck mounted hollow stem auger drill rig. The soil

samples will be collected using a standard 24-inch split spoon sampler driven by a 140-pound sliding hammer as part of the Standard Penetration Test (SPT). Split spoon samples (24 inches in length) will be collected continuously from ground surface to the bottom of the borehole. Groundwater will not be intersected during this drilling event. The following information will be recorded in each interval:

- Number of blows used to drive the sampler into the ground;
- soil color, grain size, mineral lithology, texture and moisture content; and
- any visual evidence of mineralization.

The soils will be logged and described according to the Unified Soil Classification System (USCS) and will be recorded in a field log book. Soil samples will be selected for laboratory analysis based upon soil types, visible minerals, and color. The borings will be backfilled using a bentonite/cement mix following State of New Mexico Mines & Minerals guidelines.

Laboratory Analyses

Soil samples selected for laboratory analysis will be placed in the appropriate sample ware, labeled, sealed and placed in a self-sealing (Zip-loc™), plastic bag. A chain of custody documentation will be completed for these samples.

Each sample will be analyzed by the laboratory for:

- Total metals (ICP method)
- Precious metals (AA or fire assay)
- Platinum Group Elements
- Rare Earth Elements
- Anion chemistry (sulfate, sulfide, chlorides, nitrates, nitrites)
- pH
- moisture
- Grain size sieve analysis

The sample analysis will include results for both the tailings and undisturbed soils (~3' below tailings). For this proposal G3 assumes 20 samples per boring will be submitted for laboratory analysis including appropriate QA/QC samples. One hundred and twenty (120) samples are budgeted for analysis.

The tailings anticipated lithology is clay to fine sands. The tailings is covered sand/gravels (potentially <3") mixture. The cover's thickness will be measured but not sampled. Based on our current understanding of subsurface conditions, G3 anticipates that the drilling and sampling will take approximately three days to complete.

G3 assumes that MOI will contract all laboratory services directly. G3 will work with the laboratory to coordinate the delivery of the sample ware and return delivery of the collected samples to the laboratory. Upon the completion of the laboratory analysis G3 will receive the analytical data directly from the laboratory. Following a review G3 will send copies of this analytical data to MOI.

G3 further assumes that MOI will also contract all drilling services directly. G3 will maintain a site personnel log. This log will identify daily site activities, on-site personnel and visitors.

Data Analysis

Upon completion of the field activities G3 will complete a soil boring log for each boring. Soils will be described in accordance with the USCS soil classification system. This exercise along with review of field observations will aid in identifying vertical and horizontal lithologic and mineralogical trends in the subsurface.

Upon receipt of the laboratory results the data will be tabulated and organized to further identify vertical and horizontal lithologic and mineralogical trends in the subsurface. The cation and anion metallurgical chemistry will be evaluated a G3 metallurgist for various process and concentration methods that would in turn increase the value of the tailings.

Reports

At the completion of the field tasks and data evaluation, G3 will prepare a soil boring results report that summarizes the field sampling activities and analytical results. G3 will receive, validate and tabulate the laboratory data. The Report will be prepared for specifically for MOI. The report will be confidential. The report will be a summary of the observations obtained during the soil boring drilling activities, which will include, but are not limited to the following:

- Site location and description;
- Drawing(s) showing the site and sampling locations;
- Investigation methods;
- Observed soil type(s) follow general accordance with the USCS soil classification system;
- Observed soil conditions;
- Soil Boring Logs;
- Soil sampling methods;
- Chain-of-Custody
- pH measures collected during soil sampling; and,
- Analytical Laboratory Results and Chain of Custodies.

In addition, a minimum six iso concentration maps that will present the base and precious metal concentrations at five-foot intervals to the bottom of each boring will be generated for the Peru Mill Tailings Dump.

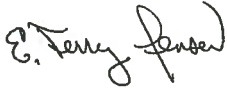
Schedule

G3 is prepared to initiate work on this project immediately upon receipt of an executed Project Authorization to Proceed. Upon approval from the New Mexico Energy, Minerals and Natural Resources Department G3 estimates that it will require six weeks to complete this effort.

Closure

G3 trusts this scope of work is consistent with the State of New Mexico guidelines and regulations for operating on a property like the Peru Mill Tailings Pile. If any questions or concerns regarding your understanding of this initial assessment then please contact MOI (Paul Forshey – see permit application) or myself.

Yours Truly,



E. Terry Jensen, P.G.
Principal Consultant

Addendum I – Figures