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/MARPApplicationandReportingForms.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

****The following is an amendment to drilling permit LU038EM***

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. E. Terry Jensen**

Address: **3450 Peru Mill Road**

Deming, New Mexico 88030

Office Phone: 519-635-0160 Cell Phone: 519-635-0160

Fax Number: **Not Applicable (NA)** Email: tjensen@g3inc.ca

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

Name: **E. Terry Jensen Gila Mining, LLC**

Address: **3450 Peru Mill Road**

Deming, New Mexico 88030

Office Phone: 1-519-635-0160 Cell Phone: 519-635-0160

Fax Number: NA 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-Lease

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 #
☐ U.S. BLM		
☐ U.S. Forest Service		
☐ State of NM		
☐ Private/Corporate		
Name:		
☒ 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 #
Gila Mining LLC	P.O. Box 444, Deming NM, 88030	
See attached lease		

Mineral Estate Owner(s):

Name	Address	Phone #
☐ Bureau of Land Management		
☐ US Forest Service		
☐ State of NM		
x Claim/Lease Holder	**City of Deming; See above**	
Name:		
Claim Numbers:		
☐ Claim/Lease Holder		
Name:		
Claim Numbers:		

☐ 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:

See initial application and permit

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:

See initial application and permit

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

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 1, 2 & 3**

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 _____.

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: Sept. 21, 2020 End Date: Oct. 21, 202

B. List the mineral(s)/element(s) to be explored for: Iron, REEs & 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 excavations / exploratory trenches:**

2 # of excavations
Excavation South 170 Length (ft.) 130 Width (ft.) 25 Depth (ft.)
Excavation North 15 Length (ft.) 130 Width (ft.) 25 Depth (ft.)
See Figure 2

Anticipated excavating equipment: Backhoe, Dump truck, Frontend loader, Bobcat

How will excavating equipment be transported to the site (i.e., driven, low-boy, etc.): The backhoe, frontend loader & bobcat will be delivered by a low-boy; dump truck will be driven to the site

☐ **Other methods of exploration** (i.e., cuts, shafts, tunnels, adits, declines, blasting, etc.). Indicate method and details: _____

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)

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 ~~pad~~ 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 EXCAVATION = 0 _____acres
(to convert to acres, multiply total square footage of disposal pit by 0.0000229)

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

☒	4x4 Trucks/Vehicles	Quantity:	1 single axle dump truck, 1 pickup truck, 1 SUV
☐	Water Truck	Weight (lbs.):	
☐	Geophysical Truck	Weight (lbs.):	
☐	Pipe Truck (rig support)	Weight (lbs.):	
☐	Bulldozer	Type:	
☒	Backhoe/Frontend loader	Type:	Yet to be purchased; Planned CAT 960 and/or Backhoe CAT 416
☒	Bobcat	Type:	Yet to be purchased; Bobcat S130
☐	Scraper/Grader	Type:	
☒	Trailers	Quantity/Type:	1 – 30’ travel trailer
☐	Portable Toilet	Quantity:	
☒	Other	List:	2-40’ shipping containers

F. Roads and Overland Travel:

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

Description of *NEW* Roads	Length (ft.)	Width (ft.)	Total Acres (length x width x 0.0000229)
NA- road planned from existing building to excavations	325	12	0.11 acres
and return. See Figure 2			
TOTAL ACRES DISTURBED BY NEW ROAD CONSTRUCTION:			0.11 acres

Describe how new roads will be constructed: The locations are near flat ground. The road locations will be flagged and graded which will create a smooth surface. The surface has little to no vegetation which was not reclaimed during the 2009 mitigation effort and the current aggregate operation. No reclamation is planned once the excavation sampling is completed.

List for extension or widening of existing roads:

Description of Modification to *EXISTING* Roads	Length (ft.)	Width (ft.)	Total Acres (length x width x 0.0000229)
NA-No modifications to existing roads are planned.			
Note: Current on-site aggregate operations have			
modified existing road for their application.			
TOTAL ACRES DISTURBED BY ROAD IMPROVEMENTS:			

Describe how existing roads will be extended or widened: NA

List for routes of overland travel:

Description of *OVERLAND TRAVEL* 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.

See Figure 2. Gila is planning to set up the area immediately east of the building as the equipment staging area. In addition, the area east of the municipal well has trailer hookups and that area will be the support area. The tailings will be removed from each excavation area, trucked to the on-site building and stored in the building on-site.

H. **TOTAL ACREAGE TO BE DISTURBED BY PROJECT = 0.67 acres**
(include all disturbed acreage from drill pads, cuttings disposal pit, new roads, improved roads and overland travel routes)

Disturb Area Summary

Roads (ft)	Excavation (acres)	Cover Staging (Yd2)	Equipment (acres)	Trailer (acres)	Total
205.00	0.15	16.15			
120.00	0.25	4.04	Google Earth estimate	Google Earth estimate	
0.11 acres	0.4 acres	0.01 acres	0.06 acres	0.09 acres	0.67 acres

SECTION 5 – CHEMICAL USE (§302.D.4)

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

☐	Drilling Mud (i.e., EZ Mud)	Type/Quantity:	
☒	Diesel Fuel	Quantity:	100 Gallons
☐	Down-hole Lubricants	Type/Quantity:	
☐	Lost Circulation Materials	Type/Quantity:	
☒	Oils/Grease	Quantity:	4 quarts
☐	Gasoline	Quantity:	
☒	Hydraulic Fluid	Quantity:	4 quarts
☐	Ethylene Glycol	Quantity:	
☐	Cement	Type/Quantity:	
☐	Water	Source:	
☐	Bentonite	Quantity:	
☐	Fertilizer	Type/Quantity:	
☐	Other	Type/Quantity:	

B. Describe, in detail, a plan for the containment, use and disposal of all chemicals listed above:
General policy is the equipment 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:
A 100-gallon above ground suspended tank will be place on concrete outside of east entrance to tailings storage building.

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 & Interra Groundwater Report**

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 (≥ 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 (≥ 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:	**Entrance of each excavation**
☐	Straw waddles	Location:	**Not Necessary/Not Applicable**
☒	Straw bales	Location:	**Entrance of each excavation**
☐	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 -

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

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. Operations & Reclamation Details

Describe in general how re-contouring or re-establishment of the surface topography will be restored:
See Figure 2 for two excavation locations. The cover will be removed exposing the tailing. The cover will be stage at the entrance of the excavation. A backhoe will remove the tailings and place the tailings directly into dump truck. The dump truck will transport the tailings to the on-site building. The dump truck will back into the building and dump the tailings inside the building. This building has a concrete floor and concrete walls around the perimeter. Plywood barriers are planned along the walls if the tailings in the building exceed the height of the exterior walls. The building's surface area equates to approximately 200 yd2. Approximately

999 yd3 total will be removed from the north stockpile and south stockpile.. At the end of each day, a temporary tarp will cover the excavation in case of an unexpected precipitation event. The storage building will be used to estimate the volume of tailings removed. Once the tailings removal is complete the excavation will be smoothed to a grade less than 3:1. Gila's plan through the entire course of the excavation event is to minimize the impact to the cover and contour of the tailings pile. The cover will be replaced and seeded using the mixture defined in following plant mix section. Excavation activities are expected to take one week. Reclamation will follow immediately. No processing will occur on-site. Tailings will be containerized in the building and shipped to off-site for testing and process design.

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:

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)**
Blue grama	0.5
Spike dropssed	0.2
Sideoats grama	0.5
Desert globemallow	5.0
Fourwing saltbush	4.0
White-thorn acacia	7.0

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/disced 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:

☒ <30 days after completion of **excavation**
☐ 31-60 days after completion of drilling
☒ Other/specify: All excavation activities shall be photographed. Tailings in building will be measure and photographed to demonstrate volume removed.

SECTION 8 – PERMIT FEES AND FINANCIAL ASSURANCE (§302.I.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: 6353802240

Financial Institution: Wells Fargo

SECTION 9 – CERTIFICATION REQUIREMENT (§302.I.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: E. Terry Jensen

Name (type or print): E. Terry Jensen

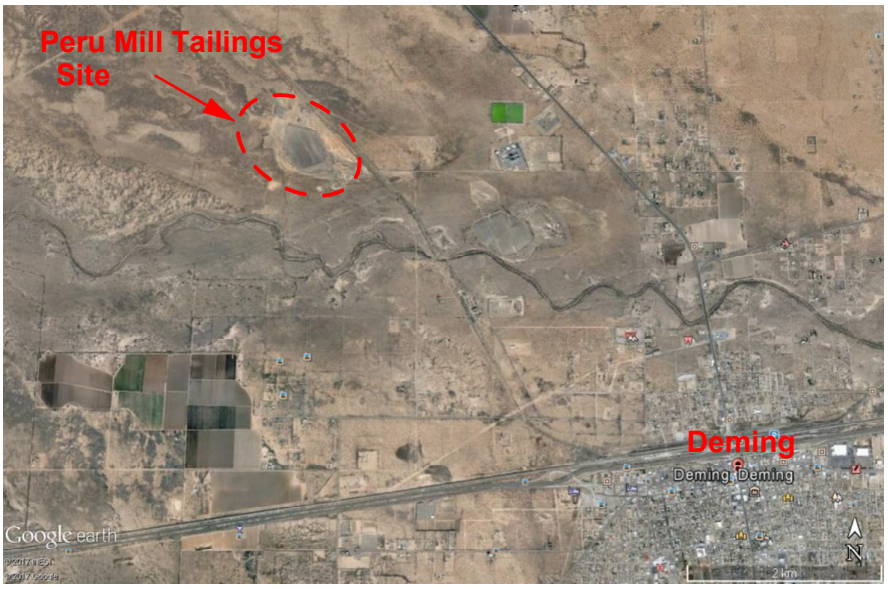
Title/Position: COO

Date: September 2, 2020

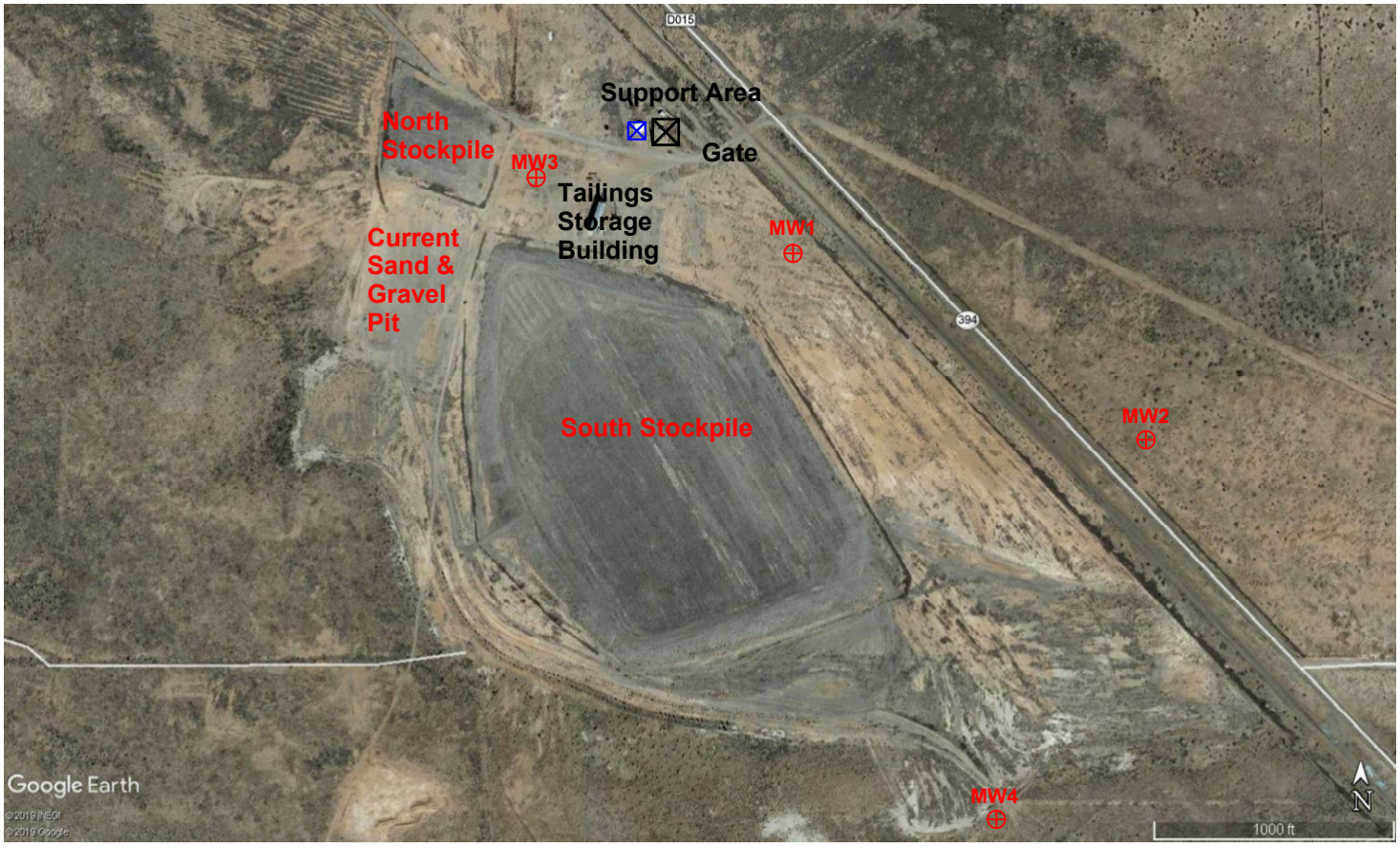
Attachments:
Lease with City of Deming, New Mexico
Figure 1-Peru Mill Site Location Map
Figure 2-Peru Mill Surface Impact Map
Figure 3-topo Maps-Permit 1-2000
Table 1- Groundwater Sample Results-Metals
Table 2-Groundwater Elevation Data

ATTACHMENTS

FIGURES



Deming, NM

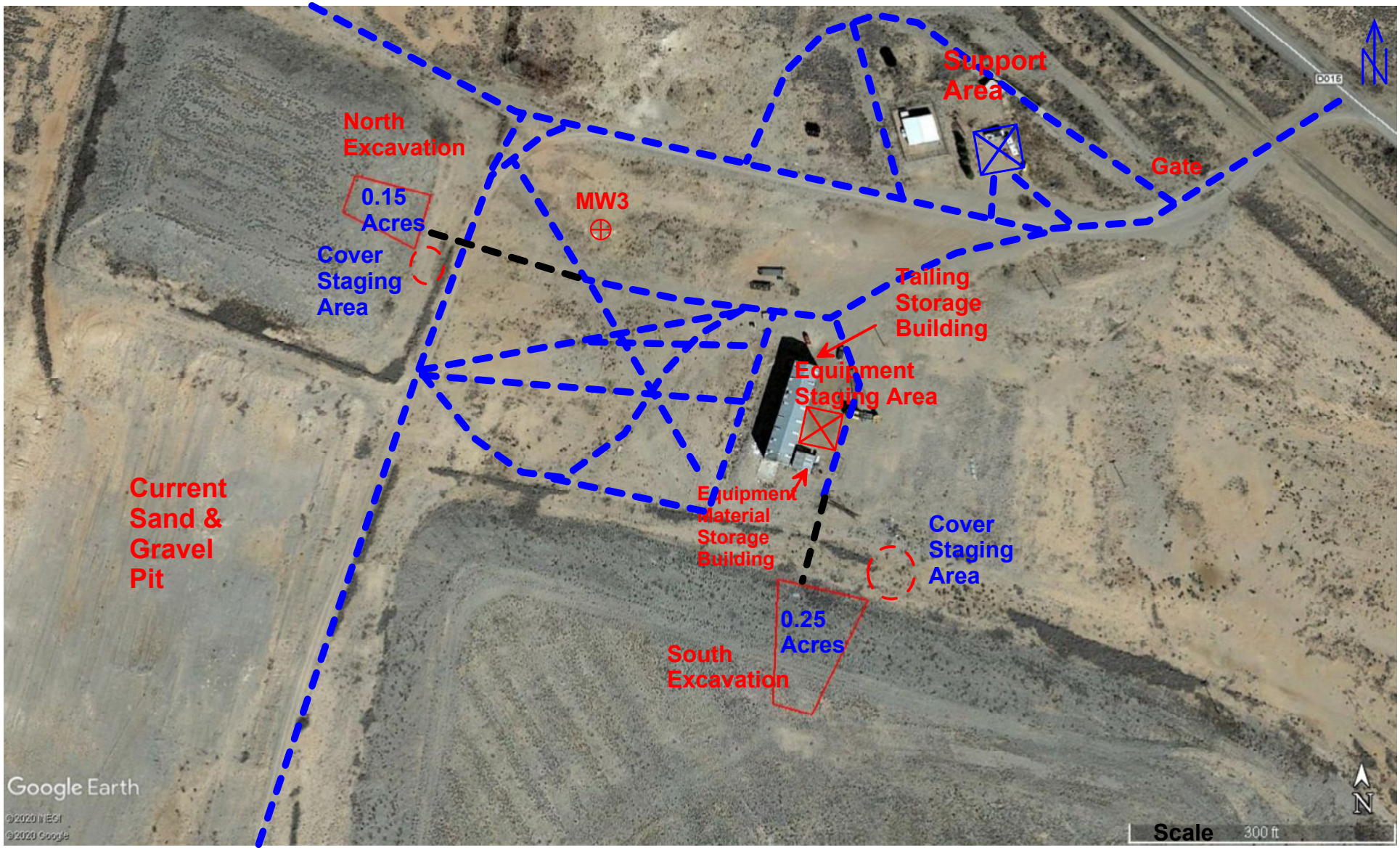


Scale

⊠ Municipal Well

⊕ Groundwater Monitoring Well

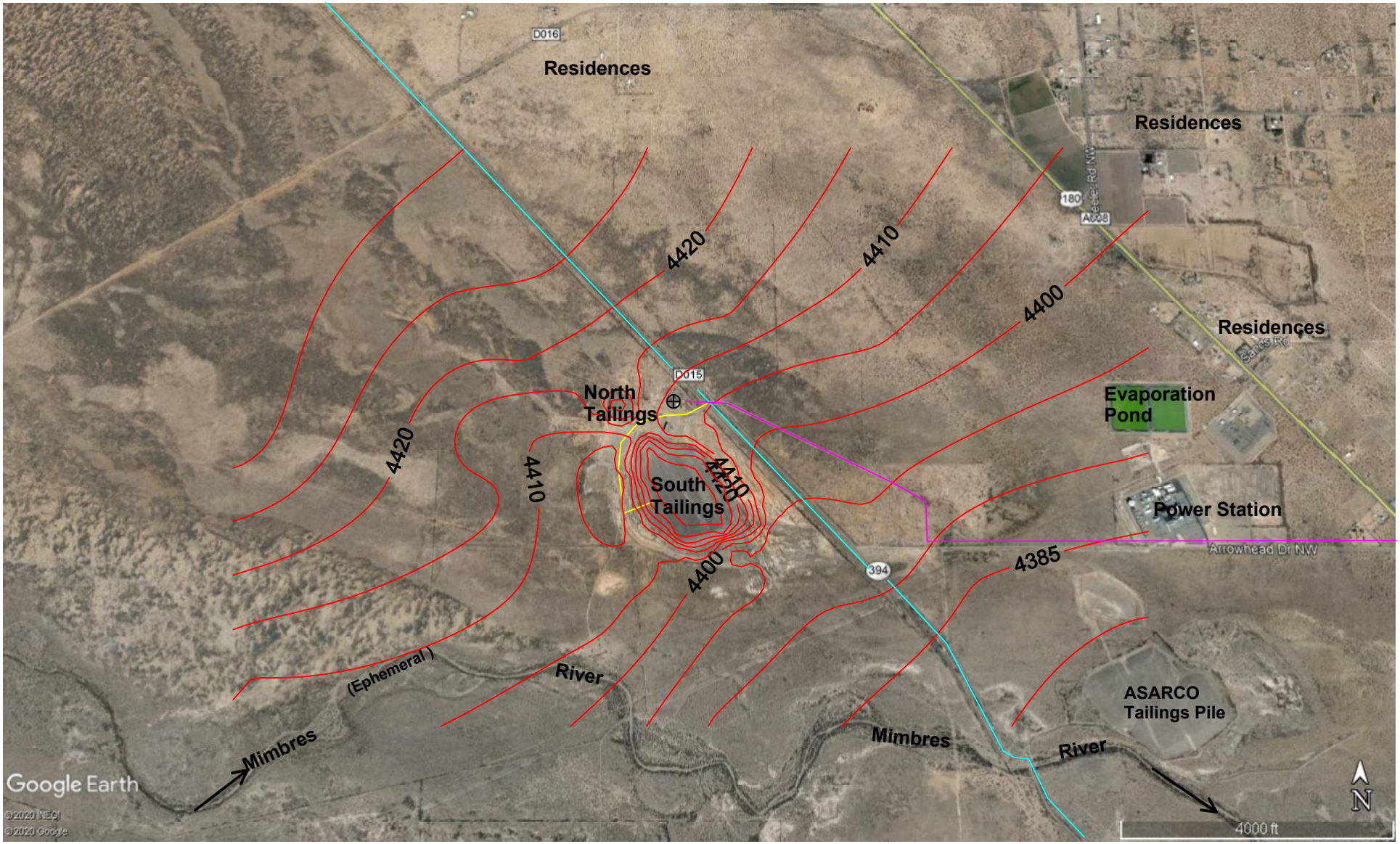
Project No.: 2020-1 Date: August 2020 Drawn by: ETJ Reviewed by:SPF	Project: Peru Mill Tailings Gila Mining, LLC	Drilling Application Amendment	Figure 1 Site Locations and Site Map



Current Road Network Planned Extentions for Excavation Road

Excavation Location Cover Staging Area

Project No.: 2020-1 Date: August 2020 Drawn by: ETJ Reviewed by:SPF	Project: Peru Mill Tailings Gila Mining, LLC	Drilling Application Amendment	Figure 2 Surface Impact Map



1" =2000'

5' Contour

Peru Mill Rd.

Municipal Well

Municipal Water Pipeline

Access Road

Project No.: 2020-1 Date:March 2020 Drawn by: ETJ Reviewed by:SPF	Project: Peru Mill Tailings *Gila Mining, LLC*	Operations Permit	Figure 3 Topographic Map

TABLES

TABLE 1
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	09/20/01	<0.01	0.069	NT	<0.002	0.014 JR	0.064 J^	<0.01	<0.005 J	<0.0002	<0.01	<0.005	<0.01	NT
	05/02/02	<0.010	0.049	<0.003	<0.002	<0.006	<0.006	NT	<0.005	0.00035	<0.010	NT	NT	0.022
MW-01D	09/20/01	<0.01	0.057	NT	<0.002	0.008 R	0.054 J^	<0.01	0.005	<0.0002	<0.01	<0.005	<0.01	NT
	05/02/02	<0.010	0.049	<0.003	<0.002	<0.006	<0.006	NT	<0.005	<0.00020	<0.010	NT	NT	0.016
MW-02	09/20/01	<0.01	0.062	NT	<0.002	0.006 R	0.003 R	<0.01	<0.005	<0.0004	<0.01	<0.005	<0.01	NT
	05/02/02	<0.010	0.040	<0.003	<0.002	<0.006	<0.006	NT	<0.005	<0.00020	<0.010	NT	NT	0.014
MW-03(RG-02)	09/20/01	<0.01	0.098	NT	<0.002	<0.006	0.007 R	0.02	0.015	<0.0002	<0.01	<0.005	<0.01	NT
	05/02/02	<0.010	0.061	<0.003	<0.002	<0.006	<0.006	NT	<0.005	<0.00020	<0.010	NT	NT	0.015
MW-04	09/20/01	<0.01	0.101	NT	<0.002	0.014	0.019 J^	<0.01	<0.005	0.001	<0.01	<0.005	<0.01	NT
	05/02/02	<0.010	0.062	<0.003	<0.002	<0.006	<0.006	NT	<0.005	<0.00020	<0.010	NT	NT	0.008

NOTES:

NMWQCC = New 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

TABLE 2
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	09/20/02	4405.05	159.55	119.05	4286.00	81.6
	05/02/02	4405.05	159.55	121.12	4283.93	19.6
MW-02	09/20/02	4398.49	169.80	115.67	4282.82	104
	05/02/02	4398.49	169.80	116.64	4281.85	27.1
MW-03	09/20/02	4410.78	166.00	124.81	4285.97	40.8
	05/02/02	4410.78	166.00	126.26	4284.52	27.2
MW-04	09/20/02	4389.44	156.00	108.66	4280.78	93.6
	05/02/02	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 avalible
TOC = top of PVC casing
M/D/Y = month/day/year

LEASE

LEASE AGREEMENT
PERU MILL TAILINGS

THIS LEASE AGREEMENT is made this 10TH day of SEPTEMBER, 2019, by and between THE CITY OF DEMING, New Mexico, hereinafter called Lessor, and GILA MINING, LLC (GM), hereinafter called Lessee, collectively referred to as the Parties.

RECITALS

A. Concurrently herewith Lessor and Lessee are entering into a Lease Agreement (the "Lease Agreement"), wherein Lessee has stated its intent to sample, analyze, process and remove the soils/tailings located at Peru Mill in Deming New Mexico. Lessor has agreed to lease the Premises to Lessee for one year with three extensions for such purpose during the interim and until said lease expires or is terminated.

B. Lessor is the owner in fee simple of real property located in Deming, Luna County, New Mexico, described in Exhibits A and incorporated herein by reference (hereinafter "the Premises"), and is authorized by Sections 3-18-1 and 3-54-1, N.M.S.A. 1978 to enter into this Lease.

C. Lessor, upon the conditions contained herein, will agree to lease the Premises to Lessee for the purpose of allowing Lessee to place equipment on said property so as to begin sampling, analyzing, and if feasible, processing and removal of the soils/tailings, subject to Local, State and Federal permit approvals.

D. The Parties now have reached an agreement with regard to the lease of the Premises.

AGREEMENT

In consideration of the foregoing recitals, the mutual agreements, representations, warranties and covenants set forth in this Lease, and other good and valuable consideration, the receipt of which is hereby acknowledged, Lessor and Lessee agree as follows:

1. PREMISES: Lessor does hereby let, lease and demise unto the Lessee that certain property in Deming, Luna County, New Mexico, described as follows:

All real property described in Exhibit A incorporated herein by reference. The real property described in Exhibit A is commonly referred to real property in the Industrial Park near the Peru Mill.

2. LEASE TERM: This lease shall commence on the 10TH day of SEPTEMBER, 2019 for one year. This Agreement shall be effective as of the date of execution by the City. Contract term will be one year from the latest date of execution of this agreement with the option to renew annually for an additional three years. Lessor or Lessee has the right to terminate for any reason upon a 180-day written notice.

3. COVENANTS OF LESSEE: Lessee covenants and agrees with the Lessor as follows:

a. To take the Premises in an "as is" condition without any representation by Lessor as to condition.
b. To pay the lease amounts on the dates and in the manner stated herewith.
c. To ensure that no hazardous chemicals will be stored on the Premises during this tenancy.
d. To be liable for any and all hazardous waste clean-up caused by the activities of Lessee or its agents, employees, invitees, or licensees on the Premises.
e. To ensure no mortgages, mechanic's or materialmen's liens or any other encumbrances are executed against said real property during the term of this lease.
f. To comply with all governmental laws, ordinances, and regulations regarding the use and occupancy of the Premises and not to use or permit the use of any part of the Premises for any unlawful purpose.
g. To fully indemnify, exonerate, and hold harmless Lessor from and against all demands, claims, causes of action, and judgments and all expenses and costs, including without limitation attorney fees, incidental to the defense of any such claims or actions based upon or arising out of damage or injury (including death) to a person or property caused by or sustained in connection with the use or by conditions created by the use and occupancy of the Premises by Lessee.
h. Any other matters or items listed hereafter upon which lessee is required to perform, including but not limited to using the Premises for the ordinary use of sampling, analyzing, processing and removing soil/tailings, placing equipment upon said premises in order to conduct tests on the soil/tailings. Upon conclusion or termination of the term of this lease agreement, Lessee to remove all personal property and/or improvements placed upon said real property and return said real property back to the City of Deming in: 1) substantially the same condition as it existed on the date of this Lease, ordinary wear and tear excepted; 2) if, upon termination by Lessee, a portion of tailings and cover material have been removed, Lessee shall reinstall required slope elevations and cap elevations, install and grade the required depth of soil/cover material to minimize long term water damage. Soil/cover material and depth shall be approved by NMED prior to placement. Final approval of side slope elevations, cap slope elevations, and depth of cover on slopes and cap shall be approved by NMED and the City of Deming via a site visit with the City, NMED and GM in attendance. If required, insufficient slope or cap elevations or depth of soil/cover material shall be duly noted by NMED and the City, and GM shall correct the issues noted within thirty (30) days of written notice; 3) if tailings are removed in their entirety, finished elevation of the fifty-nine (59) acres shall be substantially the same as adjoining property elevations.
i. If City water is required for any sampling, analyzing, testing, processing or soil removal procedures during the term of the lease, Lessee shall provide for review the approximate amount of water required, estimated length of time for water usage, and outline the processes related to the proposed water usage. City will review the request and if deemed reasonable and within the City's capacity, prepare an amendment to the existing lease agreement for water use and associated costs. City reserves the right to forward the water usage request to NMED for review and comment.

4. RENT: Lessee agrees to pay to Lessor one-hundred and seventy-five dollars per acre leased ($175.00 per acre leased) at approximately fifty-nine point thirty-four acres (59.34) which calculates to ten thousand three-hundred and eighty-four dollars and fifty cents ($10,384.50) per annum. The 1st year rent of $10,384.50 is due upon signature execution of this lease agreement. Second (2nd) and subsequent years are due on SEPTEMBER 30th of each year.

If Lessee, elects to terminate the lease as per Article 2., lessor will refund the prorated lease amount remaining for the year in which the lease is terminated.

5. OCCUPANCY EXPENSES: All expense incurred in connection with the use and occupancy of the Premises related to moving any and all personal property onto said premises and the sampling, analyzing, processing and removal of soil/tailings and any related equipment upon the Premises will be at the sole expense of Lessee, and Lessee agrees to promptly pay for all improvements placed, or caused to be placed, thereon by Lessee.

6. USE OF LEASED PREMISES: Lessee may place certain improvements and equipment upon the Premises for the purpose of sampling, analyzing, processing and removing soil/tailings, including but not limited to necessary equipment to test, sample, analyze, process and remove soil/tailings. Lessor consents to any construction of said improvements on the Premises as per Article 3.h.

7. ASSIGNMENT: Neither Party shall have the right to assign or transfer, whether voluntarily or by operation of law, any of its rights, duties or obligations under this Lease without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed. Subject to the foregoing, this Lease shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

8. INSURANCE: Insurance is required, prior to any intrusive action or processes by GM to the tailings pile, as follows:

GENERAL LIABILITY

1. Requirements Applicable to Lessee. Lessee shall maintain during the Term of this lease (or any extensions thereof), the insurance coverage outlined below, and all such other insurance as required by applicable law. Evidence of coverage shall be provided to the Lessor prior to any intrusive action or processes by GM to the tailings pile and on an annual basis, prior to each renewal date, via a Certificate of Insurance as specified below. All Insurance Carriers will be rated A- VIII or better by A.M. Best Company:

a. Commercial General Liability with limits of:
   i. $1,000,000 per occurrence for 3rd Party Bodily Injury & Property Damage
   ii. $1,000,000 per occurrence for Products Completed Operations
   iii. $2,000,000 General Aggregate
   iv. Coverage to be written on an Occurrence form basis, including (1) Broad Form Contractual Liability and (2) provisions for severability of interest
   v. Lessee shall include Lessor and Lessee's Financing Parties as Additional Insureds with respect to the insurance required under this Lease. The

Additional Insured shall be on ISO form S CG 20 11 07 04 and 20 37 97 04 or equivalent.

vi. The policy should provide that the coverage is Primary and Non-Contributory with any other available insurance of the Lessor and/or of Lessee's Financing Parties.

vii. Lessee will provide Lessor with 30 days advance notice of cancellation or non-renewal (10 days for non-payment of premium).

b. Excess/Umbrella Liability Policy with minimum limits of:

i. $4,000,000 per occurrence for 3rd Party Bodily Injury and Property Damage
ii. $4,000,000 General Aggregate - other than Products/Completed Operations
iii. Coverage terms and limits to apply excess of the primary per occurrence and/or aggregate limits provided for in the Commercial General Liability, Auto Liability and Employers' Liability coverage.

c. Workers' Compensation/Employers Liability limits as follows:

i. Workers' Compensation – Statutory Coverage.
ii. Employers Liability
    1. Bodily Injury by accident $1,000,000 each accident
    2. Bodily Injury by disease $1,000,000 each employee
    3. Bodily Injury policy limit $1,000,000 policy limit
iii. Policy shall include a blanket endorsement that provides a Waiver of Subrogation in favor of Owner.

9. LESSOR'S COVENANT: No Agency Relationship Intended: It is particularly understood and agreed that this Lease Agreement shall not be deemed to be, or intended to give rise to, a partnership or agency relation as between Lessor and Lessee.

10. DEFAULT: An "Event of Default" means, with respect to a Party (a "Defaulting Party"), the failure to perform any covenant or obligation set forth in this Lease if such failure is not remedied within thirty (30) days after receipt of written notice from the Non-Defaulting Party (provided that so long as the Non-Defaulting Party has initiated and is diligently attempting to effect a cure, such cure period shall be extended for an additional period not to exceed thirty (30) days so long as such extension does not have a material adverse effect on the Non-Defaulting Party. Upon an Event of Default hereunder, the Non-Defaulting Party shall have all remedies as provided for by law.

11. INDEMNIFICATION: Lessee hereby acknowledge and agree to the indemnification and liability provisions in this Lease.

12. CONDITION PRECEDENT REGARDING LAWFUL LEASING PROCEDURES: The Parties recognize and agree that, to the extent that this Lease is subject to Section 3-54-1, NMSA 1978, a referendum may occur and that, if a majority of registered voters elect not to uphold this lease and the ordinance enabling it then this Lease shall be void and neither Party shall be liable to the other under this Lease.

13. OTHER PROVISIONS: The parties hereto agree as follows:

(a) This Lease may be amended only in writing signed by all the Parties;

(b) This Lease shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns;

(c) If any provision of this Lease Agreement, or the application thereof to any person (which term includes any legal entity) or circumstance, shall for any reason and to any extent be invalid or unenforceable, the remainder of this Lease Agreement and the application of the provision deemed invalid or unenforceable to other persons or circumstances shall not be affected, but rather shall be enforced to the extent permitted by law;

(d) The title and heading of the sections and subdivisions of this Lease have been used for convenience only and will not modify or restrict any of the terms or provisions of this Lease;

(e) The validity, construction and effect of the Lease will be governed by the laws of the State of New Mexico.

(f) Any and all notices required to be sent by either Party shall be sent as follows:

Lessee: Gila Mining, LLC
2619 Wellworth Way
West Friendship, MD 21794

Lessor: Deming City Administrator
P.O. Box 706
Deming, NM 88031

(g) This Lease may be executed in one or more counterparts, each of which is an original and all of which together constitute one and the same instrument.

Intending to be legally bound, the Parties have signed this Lease Agreement through their duly authorized representatives effective as of the date first set forth above.

[Signature Pages Follow]

LESSEE: Gila Mining, LLC .

Date: SEPTEMBER 10, 2019

By: _____
Name: Shawn Findlan
Title: President

SUBSCRIBED AND SWORN before me on this 10TH day of SEPTEMBER, 2019 by Shawn Findlan, Managing Member of Gila Mining, LLC.

OFFICIAL SEAL
Lila A. Jasso
NOTARY PUBLIC-State of New Mexico

Lila A. Jasso
Notary Public

My ~~Commission Expires~~: November 21, 2019

LESSOR:

Date: 12/20/2019

City of Deming,
a Municipality of the State of New Mexico

By: _____
Name: Jim Massengill
Title: Public Works Director

SUBSCRIBED AND SWORN before me on this 20th day of December, 2019 by ~~Aaron Sera, City Administrator~~ Jim Massengill, Public Works Director of the City of Deming.

Lila A. Jasso
Notary Public

OFFICIAL SEAL
Lila A. Jasso
NOTARY PUBLIC-State of New Mexico
My Commission Expires 11/21/2023

My Commission Expires: November 21, 2023