



American Magnesium, LLC
P.O. Box 1013
Elephant Butte, NM 87935
December 21, 2022

David (“DJ”) Ennis, Permit Lead
New Mexico Energy, Minerals & Natural Resources Department (MMD)
Mining and Minerals Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

**RE: Agency Review Comments and Request for Additional Information,
Little Mountain Project Permit No. LU047EM-Luna County, New Mexico**

Dear Mr. Ennis:

The following letter is a response to MMD’s November 4, 2022 state agencies comments letter and the Bureau of Land Management (“BLM”) comments dated October 14, 2022 to our Permit Application Package (“PAP”) submitted by American Magnesium (“AmMg”) for the Little Mountain exploration project located in Luna County, New Mexico. In accordance with 19.10.3.302.G NMAC, MMD requested comments on the PAP from cooperating state and federal agencies. The permit’s purpose is to perform an assessment of AmMg’s Little Mountain claims as a magnesium resource. Your letter collectively contained the reviewing agency comment letters submitted by the following state agencies: the New Mexico Environment Department (“NMED”), the New Mexico Department of Game and Fish (“NMDG&F”), the New Mexico Office of the State Engineer (“NMOSE”), the New Mexico Department of Cultural Affairs - Historic Preservation Division (“NMDCA/HPD”), and the federal agency, the BLM.

Our letter below presents points of clarification and additional information as responses to the agencies’ comments to Permit No. LU038EM PAP. AmMg’s response follows the same organizational order as your MMD November 4, 2022 letter.

The **MMD comments** are presented first in normal font and AmMg’s responses follow in italicized font:

1. During the site inspection on October 13, 2022, several locations along access road B016 were observed to be rough and would likely have to be improved or graded in order for a drill rig to access the project. This potential disturbance is not accounted for in the application. Please address whether improvements to road B016 are anticipated for this project.

The drill rig is a low-profile skid-mounted rig and will be transported to the staging area by a flat-bed truck. Overall intermittent grading will be necessary at selected locations for the equipment to pass safely. The driller will contract a bulldozer and operator to complete the necessary grading. This work will be complete prior to the mobilization of any equipment to the drilling location. Please see the attached Figure 1 which illustrates the anticipated locations where the improvements will occur. There are six locations each representing approximately 75 feet of grading. The grading on B016 and B013 are considered road improvements. All of the grading locations on B013 are located on privately owned land. The private land owner has requested that no reclamation actions be completed on the improved roads. Please see attached letter request in Appendix I.

2. AmMg did not identify in Section 2.0 of the application that a portion of the project area proposed for utilization (T25S, R8W, Section 26) is private surface. Demonstration of right-to-enter this private property is required. Please address.

AmMg has contacted the private land owner and negotiated an access agreement. As stated above, the private land owner has requested that no reclamation actions be completed on the improved roads. A copy of this agreement is contained in Appendix I.

3. Section 4.E states that a 9,000 lb water truck will be utilized for this project. Please describe how this water truck will be utilized during drilling; i.e. will this truck deliver water to storage tanks located in the staging area or top of Little Mountain.

The water supply planning is still evolving. There may be two water trucks used for this drilling event. Using two trucks will negate the need to acquire water multiple times by a single truck thus minimizing the impact to road B013. One truck is a single axle GMC with a tank capacity of 1000 gallons. The other water truck is a military duce and half dual axle truck with a capacity of 1500 gallons. Please refer to photos of the trucks in Figure 2. The trucks will be parked in the staging area. Water from the trucks will be pumped to light weight portable 300-gallon storage tanks on the drill site. Please refer to photos of the tanks and pumps in Figure 2

4. Please identify the anticipated water source for this project.

Water will be acquired from David Taylor, a local land owner. His address is 5315 Aspen Road SW, Deming, NM 88030. He operates a mobile home park and has the necessary permits to remove water. In addition, AmMg will acquire the permit from NMOSE to remove water. The water removal will be gauged by a water meter as required. Upon completion of this drilling event, the drilling water will be disposed at the Deming Waste Water plant.

5. The approximate 200 feet of improvement to the existing road B013 described in Section 4.F appears to be a low estimate based on the site inspection performed. From the intersection of road B016 and B013, road B013 toward the staging area was barely visible in places and other places had erosion or arroyo crossings that will likely be required to be improved. In addition to the demonstration of right-to-enter this private property and improve road B013, MMD will require that disturbance to road B013 be included in a financial assurance cost estimate.

The disturbance to road B016 will be minor, basically repairing and improving the washouts that have occurred. Figure 1 illustrates the grading locations for B016. In addition, a section of road B013 runs from the intersection of B016 and B013 to the property line of the private land and AmMg claims boundary. That grading is on private land and as indicated earlier, the property owner has requested that any improvements remain. This request can be found in Appendix 1. AmMg has re-examined the portion of existing road B013 that lies on the BLM claims. The staging area will be moved further to the southwest and the footprint of the staging will be expanded to accommodate the additional water truck. The disturbances on the BLM mineral claim is approximately 850 feet as illustrated on Figure 3.

6. Section 4.F Description of Overland Travel Routes states “the overland travel path will be created by the bulldozer which will assist the drill rig to each drilling location on the ridgeline of Little Mountain.” The use of a bulldozer to pull or drag a drill rig up a very steep and rugged slope to the ridgeline does not qualify as overland travel. A financial assurance cost estimate is required to be submitted to account for reclamation of the steep cuts that will be created up the side of Little Mountain, along the crest, and down the side of the Little Mountain as portrayed in Figure 2 of the PAP.

After MMD's visit on October 13, 2022 and a concern being expressed by NMMMD and BLM, AmMg has had additional discussions with Holman Drilling to confirm their confidence of mobilizing equipment to the top of the ridgeline safely with a minimum amount of surface disturbance. The driller has indicated with confidence that he can get the bulldozer and drill rig to the desired locations safely with minimal surface disturbance. The current plan is to start at the lower elevation locations characterized by a shallower slope as illustrated Figure 3. Employing a backpack drill, several shallow 2 inch vertical borings will be drilled into the bedrock at Drill Site 1. Drill steel will be placed in these holes to serve as temporary anchors. Using these anchors, the bulldozer, skid-mounted rig and water tanks will be winched up the shallower grade located at the southwest portion of Little Mountain to Drill Site 1. Upon completion of the drilling at Drill Site 1 a similar procedure will be used to move the equipment to Drill Site 2 as illustrated by the temporary overland road on Figure 3. Once the drilling is completed at Drill Site 2 then the same procedure will be used to move the equipment up the ridge line to Drill Site 3, Drill Site 4 and Drill Site 5 following the temporary overland road illustrated on Figure 3. This method will minimize the impact to the bedrock surface. Once the drilling is completed, the skid-mounted rig, bulldozer and water tanks will be lowered down to the staging area by winch and subsequently demobilized from the site. In summary, Figure 3 illustrates the temporary overland path on the ridge line and southwestern side of Little Mountain thus minimizing the impact to the bedrock surfaces. Each of the temporary anchor borings will be abandoned following the same methods described in the PAP for the exploration borings. Appendix III contains a revised estimate of area and the reclamation requirements for the financial assurance.

Bureau of Land Management (BLM) Comments

The following is BLM comments in normal font which was received on October 14, 2022. AmMg's responses are in italicized font.

Consistent with the surface management regulations at 43 CFR 3809.411(a), the BLM has reviewed the plan of operations modification of completeness relative to 43 CFR 3809.411(b). Based on the review, the following information is required for the plan of operation to be complete:

1. Per 43 CFR 3809.401 (b)(2)(viii) a plan for all access routes must be included in your plan. Please update your plan modification to include any road maintenance or improvement that will need to take place for both the BLM unnamed road and the private surface access.

The plan has been updated to perform improvements to B016 and B013, and the disturbances on AmMg claims including the extension of P013, staging area and the drill sites on Little Mountains slopes and ridgeline.

AmMg estimates there are six location needing additional grading where rutting has occurred on road B016. A bulldozer will blade soil into the rutted locations and smoothing the road. These improvements will not only allow safe passage for the drilling equipment and also safer conditions for the rancher accessing his private property and recreational users. This grading is considered road improvements and no reclamation is required. Figure 1 illustrates road improvement locations and estimates a total of 450 feet of grading will be required.

Road B013 will be smoothed beginning at the intersection of B016 and B013 that will allow the drill rig, water truck(s) and pickups to pass easily. It should be noted that the water requirements for the drilling is minimal. The water trucks will be parked in the staging area and only occasionally, if at all, will need to de-mob to get additional water. There are two significant drainages that B013 crosses. These drainages are identified on Figures 1 & 3 as Drainages 1 & 2 and are located on private land. The private land owner has requested that the road

improvements such as the repair to the drainages not be returned to their original condition, thus they will not be reclaimed.

2. Per 43 CFR 3809.401 (b)(2)(vii) a general schedule of operations from start to closure must be included in your plan. Please update the plan modification to include information on how long drilling activities will take place.

The project schedule is illustrated in Appendix II. In general, AmMg estimates it will take 5 days to prepare the roads, staging area and move the drill rig to the first location. Currently, 2375 feet of coring is planned. The driller assumes production of 100' of drill core per day as a minimum. This estimate is considered conservative, especially considering that dolomite is a soft rock with a hardness of 4. Nonetheless, AmMg is estimating four weeks to complete the drilling. Reclamation will be undertaken during drilling. Upon completion of the drilling at a drill site, each boring will be abandoned and plugged according to NMMMD and NMOSE requirements as indicated in the permit application. Initial grading and contouring by the bulldozer of the drill site will occur immediately after the core drill is moved from the drill site. Following drilling, AmMg estimates that reclamation will take an additional two weeks. Upon completion of reclamation, AmMg plans to inspect and monitor the drill sites and staging area, and any disturbance from crossing the drainages along road B013 to determine if any additional caretaking is necessary.

3. The BLM cannot authorize activities on private surface. Permission from the landowner will need to be obtained to use the private surface.

AmMg has contacted the private land owner and negotiated an access agreement. A copy of this agreement is contained in Appendix I.

4. The road labeled as county road B013 on Figure 2 is not county road. Please remove this reference.

The term "county" has been removed from revised AmMg maps. See attached Figures 1 & 3.

5. The BLM needs confirmation in writing that this plan modification supersedes the drilling plan that is outlined in the approved plan of operations.

The drill plan described in the PAP and any modifications stated in this response supersedes the drilling plan outlined in the approved plan of operations. A formal letter stating that is found in Appendix IV.

6. Per conversation on October 13, 2022, during a field visit the drilling plan must be revised to reflect on the ground conditions and proposal from the driller.

After MMD's visit on October 13, 2022 and the concern being expressed by MMD and BLM, AmMg has had additional discussions with driller. The driller is very confident that the equipment can be mobilized to the top of the ridgeline with minimal impact to the bedrock surface. He agreed that going straight up the slope would be a challenge. The plan now is to start at the lower elevation locations characterized by a shallower slope as illustrated Figure 3. Employing a backpack drill, several shallow 2" vertical borings will be drilled into the bedrock at Drill Site 1. Drill steel will be placed in these holes to serve as temporary anchors. The bulldozer, skid-mounted rig and water tanks will be winched up the shallower grade located at the southwest portion of Little Mountain to Drill Site 1. Upon completion of the drilling at Drill Site 1 a similar procedure will be used to move the equipment to Drill Site 2 as illustrated by the temporary overland road on Figure 3. Once the drilling is completed at Drill Site 2 then the same procedure will be used to move the equipment up the ridge line to Drill Site 3, Drill Site 4 and Drill Site 5 following the temporary overland road illustrated on Figure 3. This method will minimize the impact to the bedrock surface. Once the drilling is completed the skid-mounted rig, bulldozer and water tanks will be lowered down to the

staging area by winch. Figure 3 illustrates the path on the ridge line and southwestern side of Little Mountain. Each of the anchor borings will be abandoned following the same methods described in the PAP for the exploration borings.

7. Per 43 CFR 3809.401 (c)(1) you must supply a cultural resources inventory for all areas of disturbance, including the private surface that were not inventoried for the approved plan of operations.

A detailed cultural resource inventory was completed for all areas of disturbance, be it private or BLM land that was not inventoried for the approved plan of operations. This inventory was submitted to the BLM on November 18, 2022.

8. Per 43 CFR 3809.401 (d) you must submit an estimate of the cost to fully reclaim your operations.

A revised detailed cost estimate has been submitted as part of this response to MMD and can be found in Appendix III.

NMDCA/HPD Comments

NMDCA/HPD response was "Based on this information, this permit renewal will have no adverse impacts to cultural resources listed on the National or State Registers."

The New Mexico Office of the State Engineer (NMOSE) Comments for American Magnesium Little Mountain Minimal Impact Exploration Permit (LU047EM)

The following confirms NMOSE's responses to AmMg's PAP.

The driller will employ a closed loop tank system for the drilling fluids. Water will be the only drill fluid; additives are not planned and are not a significant disposal issue. The drilling fluids and cuttings shall be contained on the drilling site in tanks or staging area in tanker truck. The drilling fluids and cuttings will not be allowed to migrate or be discharged off that property except for authorized disposal. Drilling fluids and cuttings shall not be discharged into any waters of the state. Water will be acquired from a private well. The appropriate will be acquired from NMOSE prior to drilling.

Ground water is not expected to be intersected or impacted during AmMg exploration event. If in the very unlikely event groundwater is discovered then the groundwater depth will be logged and all drilling will be terminated and that boring will be abandoned in accordance to well plugging requirements under 19.27.4 NMAC following the guideline document "General Concerns Related to NMOSE Regulation of Exploratory Borehole Drilling Encountering Groundwater and Associated Plugging of these Borings".

The boreholes will be abandoned immediately upon completion of the borehole. No borehole will be converted at a water well. A temporary casing will be used for the drilling and the casing will be removed as part of the abandonment procedure. Abandonment will follow the procedures stated in the AmMg's PAP.

NMED Air Quality Bureau Comments:

The following is NMED Air Quality Bureau comments.

The New Mexico Mining Act of 1993 states that "Nothing in the New Mexico Mining Act shall supersede current or future requirements and standards of any other applicable federal or state law." Thus, the applicant is expected to comply with all requirements of federal and state laws pertaining to air quality. Current requirements which may be applicable in this mining project include, but are not limited to the following:

Paragraph (1) of Subsection A of 20.2.72.200 NMAC, Application for Construction, Modification, NSPS, and NESHAP - Permits and Revisions, states that air quality permits must be obtained by:

"Any person constructing a stationary source which has a potential emission rate greater than 10 pounds per hour or 25 tons per year of any regulated air contaminant for which there is a National or New Mexico Ambient Air Quality Standard. If the specified threshold in this subsection is exceeded for any one regulated air contaminant, all regulated air contaminants with National or New Mexico Ambient Air Quality Standards emitted are subject to permit review."

Further, Paragraph (3) of this subsection states that air quality permits must be obtained by:

"Any person constructing or modifying any source or installing any equipment which is subject to 20.2.77 NMAC, New Source Performance Standards, 20.2.78 NMAC, Emission Standards for Hazardous Air Pollutants, or any other New Mexico Air Quality Control Regulation which contains emission limitations for any regulated air contaminant."

Also, Paragraph (1) of Subsection A of 20.2.73.200 NMAC, Notice of Intent, states that:

"Any owner or operator intending to construct a new stationary source which has a potential emission rate greater than 10 tons per year of any regulated air contaminant or 1 ton per year of lead shall file a notice of intent with the department."

In addition, pursuant to Subsection A of 19.10.3.302 NMAC, Minimal Impact Exploration Operations:

"A minimal impact exploration operation will not exceed 1000 cubic yards of excavation per permit. Disturbances for constructed roads, drill pads and mud pits shall be no more than 5 acres total and will not be counted in the excavated materials. The type of road construction, the number and type of drill pads, and other disturbances when considered with site specific conditions will be major factors in determining eligibility for minimal impact status which is in the discretion of the director."

AmMg's responses to the above follows:

As the PAP indicates, no permanent and/or stationary structures/ equipment will be placed on the mountain. The water trucks and support vehicles are licensed, mobile over the road equipment that have passed the requisite air standards for such vehicles. The drill rig and pumps are skid mounted units and not designed to be permanent. For the drilling and sampling event, the calculated impact (boreholes and moving equipment on the surface) to the ground surface of the tailings pile is less than 1 acre. The core drilling will remove a 2" rock core from a 3" boring. The worst-case scenario is that 2 cubic yards of cuttings will be generated for the entire drilling event.

Fugitive dust is not expected to be an issue. The drilling method will employ water as a drilling fluid. The cuttings will be managed in a closed loop system. The water trucks and service vehicles will be driving on the access roads at less than 25 mph so fugitive dust will not be generated.

NMED Air Quality Bureau final statement is that it "has no objection to this request".

NMED Surface Water Quality Bureau (SWQB) Comments:

SWQB identified multiple criteria of operation that AmMg will respect.

AmMg will report any uncontrolled releases to NMED following the requirements set by the New Mexico Water Quality Control Commission regulations (20.6.2.1203 NMAC).

In addition to the above regulatory standard, SWQB requires the following practices to avoid contamination and to protect surface and groundwater quality:

- Process water must be contained within the closed-loop system and may not be discharged unless a discharge permit has been secured from the EPA and/or NMED.

During drilling the cuttings will be managed in a closed loop system, either in stages or at the completion of a boring, the tanks will be emptied of water. As indicated above in the MMD section, any water used during this coring event will be disposed at a licensed facility.

- Fuel, oil, hydraulic fluid, lubricants, and other petrochemicals must have a secondary containment system to prevent spills. Store these materials outside of the flood-prone zone.

Fuel, oil, hydraulic fluid, lubricants, and other petrochemicals will be contained in a support vehicle. Where appropriate during operations if any of these liquids in their primary containment vessel are required to be removed from the support vehicle containment, then they will be placed on heavy gage plastic with a containment berm.

- Perform all work, when practicable, in the dry season and postpone work during wet and muddy conditions.

The access road, B013, crosses two ephemeral drainages. The current plan is to start drilling in late January to early February 2023. The probability of precipitation during this time of year is 8% with a reported range of 10 to 13 mm (0.4 to 0.5 inches). If significant precipitation occurs, although unlikely, where the soils in the referenced ephemeral drainages are saturated, or near saturated, and where surface rutting may occur, then access to the drill site will be suspended until drier conditions prevail. If due to unforeseen events, rutting does occur, AmMg will repair the surface so no future water channeling and erosion occur.

- Appropriate spill clean-up materials such as absorbent pads must be available on-site at all times during road construction, site preparations, drilling and reclamation to address potential spills.

AmMg will require the driller to have the appropriate spill clean-up material on-site in their support vehicle for all phases of this exploration drill project.

- Provide a minimum 50' setback from existing drainages to the proposed staging/laydown area.

AmMg will place the proposed staging area greater than fifty (50) feet from any of the ephemeral drainages located on the claims area. Furthermore, no drill site is planned to be in or near the ephemeral drainages.

New Mexico Environment Department (NMED) Comments, Little Mountain, American Magnesium, LLC, Luna County, New Mexico, New Mexico Mining Act Permit No. LU047EM

NMED has determined that the activities proposed in the PAP will be protective of the environment, if done in accordance with the application and Air Quality Bureau, SWQB and Mining Environmental Compliance Section comments referenced above.

NMD G&F Comments:

Department staff were unable to attend the NMMMD site inspection on 13 October 2022 but had previously visited the proposed mine site on 15 August 2017. The following are our responses to NMDG&F 2017 comments.

NMDG&F commented during the 2017 site visit that the list of wildlife species presented in Table 5 of American Magnesium's Plan of Operations significantly under-represented the diversity of fauna that may occur within the mine permit area. A number of additional species were observed by department staff. Given that statement, AmMg and its drillers and consultants will be vigilant to be aware of nesting areas and thus to minimize the likelihood of adverse impacts to migratory bird nests, eggs, or nestlings. Prior to the beginning of any of the drilling activities, the drill site areas will be surveyed for bird and wild life (including bats) activity. If discovered, an appropriate buffer from the drill activity will be established. It should be noted, the drilling event is planned to occur before the primary breeding season for migratory songbirds and raptors (1 March – 1 September). Drilling activities are planned for January and February to conform to that time frame.

AmMg is fully aware of the potential of bats occupying the abandoned shafts. These shafts have been inspected and surprisingly little obvious evidence (guano) was discovered. Nonetheless, as a precaution a distance of >100 feet from any shaft on the site will be employed during the drilling events.

Indigenous Site

No local Pueblos submitted concerns regarding AmMg PAP. Given the cultural surveys that were performed as a requirement of this permit, it is highly unlikely anything will be found that would affect traditional, religious or culturally significant sites of the local indigenous people. However, as required under state law, if any human remains or artifacts are unearthed, the State of New Mexico will be immediately informed of this discovery and all drilling activity will be stopped until the extent of the discovery can be determined.

Best regards,



Carol Ness
Managing Partner

Attachments:

- Figure 1: Road Grading & Improvement Map
- Figure 2: Exploration Equipment
- Figure 3: Road Improvement to B013 and Temporary & Overland Roads Map

- Appendix I: Access Agreements and Non-reclamation request
- Appendix II: Project Schedule
- Appendix III: Reclamation Area and Financial Assurance Estimate
- Appendix IV: Supersedes Letter



FIGURES




- * Rutted area needing additional grading-No reclamation required
- * Drainage needing additional grading-No reclamation required

— Road B016
— Road B013

+ Section Line intersection

- * Each represents 75' of grading
- * Drainage improvement on B013

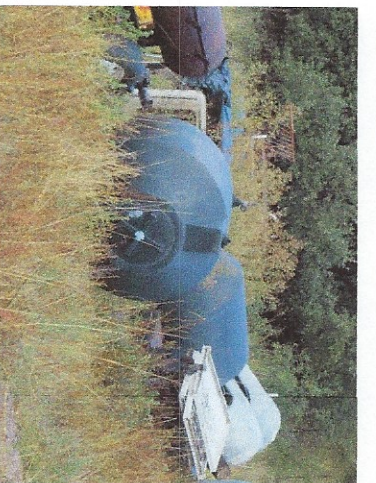
Project No.: 2022-004	Project: American Magnesium Phase 1: Little Mountain Drilling	Client: American Magnesium, LLC
Date: December 2022		
Drawn by: ETJ Reviewed by: SG	 Gauvreau GeoEnvironmental Group	Figure 1 Road Grading & Improvement Map



Drill



Drill



300 gallon water tanks.



1000 gallon water truck



1500 gallon water truck



Portable Pump

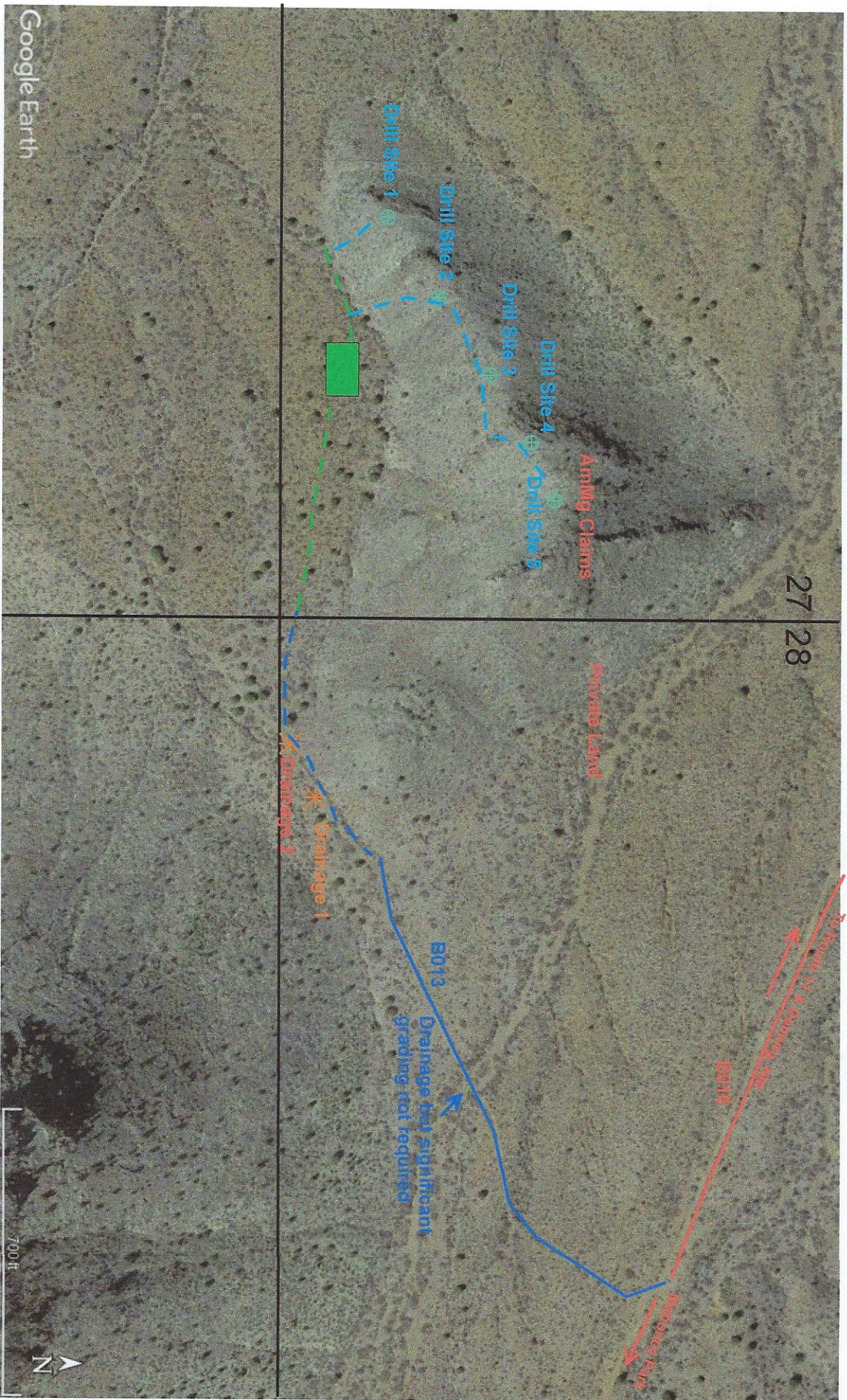


Portable Pump

Project No.: 2022-004	Project: American Magnesium Phase 1: Little Mountain Drilling
Date: December 2022	
Drawn by: ETJ Reviewed by: SG	G3 Gauvreaux GeoEnvironmental Group

Client: American Magnesium, LLC
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Figure 2 Exploration Equipment
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- Mountain Temporary Overland Road
- B013 requiring grading
- Minimal to no grading required B013 Dirt Road
- Permanent Dirt Road

- Temporary Overland New Road
- Equipment Staging Area - <40' x <60' area
- ⊕ Borehole and anchor locations
- ✱ Drainage needing additional grading

Project No.: 2022-004
 Date: December 2022

Project: American Magnesium
 Phase 1: Little Mountain Drilling

Drawn by: ETJ
 Reviewed by: SG

G3 Gauvreau
 GeoEnvironmental
 Group

Client:
 American
 Magnesium, LLC

Figure 3
 Road Improvements to B013
 and Temporary & Overland
 Roads Map

27 | 28 Sections

700 ft





APPENDICES



APPENDIX I

Access Agreements and Non-reclamation request

Letter of Agreement
For
Surface Access

Location: SW/4 Section 26, T35S, R8W
Luna County, New Mexico

Parties to this Agreement:

~~James Koenig, Property Owner~~ *KOENIG FARM & RANCH*
And
American Magnesium, LLC, Petitioner

Whereas American Magnesium, LLC seeks access across owners' property to access mining claims located in Section 27, T35S, R8W, Mr. James Koenig does hereby grant access to American Magnesium LLC and their contractors for the period of approximately thirty (30) days in 2023 for the purpose of conducting a drilling program.

American Magnesium LLC agrees to pay \$500.00 dollars to Owner for access across existing roads and trails. If needed, American Magnesium will provide road improvements as necessary to provide access for drilling equipment to the mining claims, at no cost to the Property Owner.

Agreed and Signed

James E. Koenig Pres. 11/28/22
James Koenig, Property Owner, *FOR* Date
Address *KOENIG FARM & RANCH*
12175 Columbus Rd. S.E.
Berning, N.M. 88030

Carol Ness 11/28/22
Carol Ness, American Magnesium LLC, Date
PO Box 1013
Elephant Butte, NM 87935

Koenig Farm & Ranch
12175 Columbus Road SE
Deming, NM. 88030

December 9, 2022

Holland Shepherd
Director
Mining and Minerals Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505


Dear Mr. Shepherd

This letter serves as an addendum to the enclosed November 28, 2022 Letter of Agreement for Surface Access between American Magnesium, LLC (AmMg) and the Koenig Farm & Ranch.

Koenig Farm & Ranch approves any grading/improvements completed on county road C016 and road C013 on Koenig Farm & Ranch private land be viewed as improvements and no reclamation (return to previous condition) be required.

Please accept this letter as approval from the Koenig Farm & Ranch.

Sincerely,

A handwritten signature in black ink that reads "James E. Koenig, Pres." The signature is written in a cursive style with a large initial "J" and "K".

James Koenig
Koenig Farm & Ranch



APPENDIX II

Project Schedule



Appendix II

Project Tasks	PROJECT WORK WEEKS							
<u>American Magnesium Little Mountain Drilling Project</u>	1	2	3	4	5	6	7	8
Site Preparation	[Red]							
Core Drilling		[Green]	[Green]	[Green]	[Green]			
Reclamation						[Yellow]	[Yellow]	



APPENDIX III

Reclamation Area and Financial Assurance Estimate



Reclamation Area and Financial Assurance Estimate				
Disturb Areas	Distance (Ft.)	Width (Ft.)	Area (Sq. Ft.)	Acres
Mountain Temporary Overland Road	1355	8	10,840	0.25
Temporary Overland New Road	850	8	6,800	0.16
Grading Existing Road-B016*	450	8	3,600	0.08
Grading Existing Road-B013, Private Road- No Reclamation Required**	0	8	0	0.00
Support Area	60	60	3,600	0.08
Drill pads (5)	40	30	6000	0.14
Total Affected Area			30,840	0.71
Boring Abandonment				
Distance x radius squared x π				
Core volume	Planned Drill Footage	Boring radius (ft)	π	Total
	2375	0.125	3.1416	116.58
	Convert Ft ³ to	Yd ³	27	4.32
Bentonite	Bentonite 50lb =	0.03	Yd ³	
	Bags	Unit \$\$s	Total	
	166.55	\$11	\$1,832	
Driller's Labor	Labor	Hours		
	\$50	18	\$900	
Total Boring Abandonment Cost***		Total	\$2,732	
Reclamation and Financial Assurance				
1st acre	\$8,900.00	1	\$8,900.00	
next acres	\$4,900.00	0	0	
Grand Total			\$11,632.02	

*B016 reclamation may be reduced if BLM does not want the road return to original conditions.

**Private land owner request in Appendix I

***Driller will abandon the boring upon completion.



APPENDIX IV

Supersedes Letter



AMERICAN MAGNESIUM LLC

Box 1013

ELEPHANT BUTTE, NM 87935

WWW.AMERICANMAGNESIUM.COM

December 7, 2022

Mr. Bill Childress
District Manager, Las Cruces District Office
Bureau of Land Management (BLM)
1800 Marquess Street
Las Cruces, NM 88005

RE: Minimal Impact Exploration Operation Permit Application Response

Dear Mr. Childress:

I am writing regarding BLM's October 14, 2022 Comment 5 on American Magnesium's Minimal Impact Exploration Operation Permit Application Package (PAP) to perform a resource assessment. Comment 5 reads as follows:

The BLM needs confirmation in writing that this plan modification supersedes the drilling plan that is outlined in the approved plan of operations.

American Magnesium has no issue with that request. For the record, the drill plan described in the PAP and any modifications stated in the responses to the New Mexico Mining & Minerals Division and the BLM supersedes the drilling plan outlined in American Magnesium's approved plan of operations.

If you have any questions regarding this statement then please contact me at your convenience.

Regards,

Carol Ness
Managing Member
American Magnesium LLC