Ennis, David, EMNRD

From: Ennis, David, EMNRD

Sent: Thursday, February 9, 2023 10:40 AM

To: Carol Brewka

Cc: Terry Jensen; Leighandra Keeven (lkeeven@blm.gov)

Subject: RE: [EXTERNAL] AmMg Exploration Operation Permit Responses

Attachments: 2023-02-08 Exploration FA Calculation LU047EM.xlsx

Ms. Brewka,

Mining and Minerals Division (MMD) has reviewed the American Magnesium submittal dated December 2022, which responds to MMD comments on the application dated November 4, 2022. American Magnesium's responses to technical comments are satisfactory except for the financial assurance amount proposed. In consultation with the BLM (copied on this email), MMD is concerned that the surface disturbance that will be created by mobilizing the drill rig via winching to the ridgeline is underestimated. As such, MMD does not believe that use of the MMD guideline for FA estimating of \$8,900 for the first acre is applicable in this situation. MMD is concerned that creation of surface disturbance that is essentially perpendicular to the topographic contours has a strong potential for prolonged erosion. MMD proposes \$11,570 as a better estimate that accounts for indirect costs and contingencies in this situation. Further, the FA amount proposed by American Magnesium for borehole abandonment is low. MMD regularly estimates \$14/foot for borehole abandonment using hydrated bentonite.

MMD has attached an FA estimate for your consideration.

Feel free to call or email with any questions.

Thanks,

DJ

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From: Carol Brewka <cnbrewka@msn.com> Sent: Thursday, December 22, 2022 9:40 AM

To: Ennis, David, EMNRD <david.ennis@emnrd.nm.gov>

Cc: Terry Jensen <tjensen@g3inc.ca>

Subject: [EXTERNAL] AmMg Exploration Operation Permit Responses

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Good Morning DJ,

Please find attached an electronic version of our responses to both MMD and BLM comments. Thank you for your patience. Terry Jensen has worked tirelessly

to cover all issues thoroughly and, hopefully, these answers will lay to rest your questions and concerns.

Wishing you, Holland and everyone in your department a wonderful Christmas and Happy New Year!

All the best,

Carol

Carol Ness Managing Manager American Magnesium LLC PO Box 1013 Elephant Butte, NM 87935 505-699-8807 mobile

Financial Assurance Calculation for LU047EM

<u>Surface Disturbance</u> <u>Notes</u>

Total Acres: 1

First Acre: \$ 8,900.00 1st acre of disturbance: \$ 8,900.00

Next Acres: \$ -

Subtotal: \$ 8,900.00

Subtotal with 30% indirects contingency \$ 11,570.00

<u>Exploration Activities</u> <u>Notes</u>

Boreholes: 5 Dry holes

Depth of each (ft): 200
Total Footage: 1000
Cost per Foot: \$ 14.00

Subtotal: \$ 14,000.00

TOTAL FINANCIAL ASSURANCE REQUIRED: \$ 25,570.00