

October 29, 2024

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

Attention: Mr. DJ Ennis, Program Manager Mr. Kevin Barnes, Reclamation Manager

Dear Sirs:

Re: Agency Review Comments and Request for Additional Information Modification 24-1 Permit No. LU047EM Little Mountain Exploration Project Luna County, New Mexico

The following letter is presented as a response to Mining and Minerals Division (MMD) letter dated October 10, 2024. MMD's letter provided agency review comments and request for additional information in relation to the Permit Application Package (PAP) submitted by American Magnesium LLC (AmMg) for the permit modification to the Part 3 Minimal Impact exploration project American Magnesium – Little Mountain (Permit No. LU047EM) 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.

MMD's 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 Forestry Division ("Forestry"), the New Mexico Department of Cultural Affairs - Historic Preservation Division ("NMDCA/HPD"), and the federal agency, the Bureau of Land Management ("BLM"). Additionally, general comments on the review of the application were provided by MMD.

Our letter below presents points of clarification and additional information as responses to the agencies comments to Modification 24-1 Permit No. LU038EM PAP. AmMg's response follows the same organizational order of MMD's letter.

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

MMD Comments

During the August 15, 2024, site visit, heavy gully and rill erosion features were noted on the constructed access roads leading to drill pads BV2 and BV3-5, as well as a gully feature forming off the side of the BV3-5 access road across the hillside to the west. MMD will require the construction of berms alongside the access road to prevent further erosional features from

forming off the access road, as well as the design of adequate stormwater controls during reclamation at the conclusion of the project. Please submit a design for berms to be constructed during drilling activities as well as a plan for stormwater controls to be implemented alongside reclamation activities.

AmMg recognizes the erosion that has taken place on the overland travel paths, and the need for repairs to the paths and the implementation of Best Management Practices (BMPs) to manage future stormwater runoff and maintain the integrity of the overland travel paths until the completion of the drilling program. AmMg retained G3 to prepare a plan for the repair of the overland travel paths and design of stormwater controls. This plan is included in Attachment A. The plan calls for the construction of water bars at several locations across the overland travel paths in addition to the construction of berms alongside these paths. The plan provides details on the size and construction methodology for both the water bars and berms. AmMg accepts the recommendations presented in the attached G3 plan for repairing the stormwater erosion and will implement the remedies contained within.

G3 has recommended that as part of the reclamation of the overland travel paths, a biodegradable erosion control blanket be installed throughout the length of the overland travel paths leading to BV2 and BV3-5. Erosion control blankets are used to prevent surface erosion and accelerate the establishment of vegetation. An example of the type of erosion control blanket that will be used for the reclamation is included in Attachment B. AmMg has discussed the supply and installation of the erosion control blanket with Dola Rock Construction, who provided the revised reclamation estimate for the site that was submitted to MMD on May 13, 2024. Dola has indicated that due to the ease of installation of the blanket, there would be no increase in their previous estimate for the reclamation of the site.

Due to the noted gully and rill erosion features, MMD anticipates that AmMg will need to conduct repair activities on the access roads to allow for access by drilling equipment and personnel. Any necessary road repairs should be conducted within the current existing road prism and should not expand the width of the roads or generate additional soil or gravel that would need to be staged on the edges of the road or elsewhere onsite. Please note, this does not include material that would be used for the construction of stormwater control berms.

AmMg recognizes the need for repairs to the overland travel paths to allow for access by drilling equipment and personnel. AmMg has retained an experienced contractor, Fowler Brothers Inc. (Fowler) of Silver City, to undertake this work. During a site meeting with the contractor, AmMg explained the necessity to remain within the existing road footprint to complete all repair works and Fowler confirmed this workplan. AmMg will closely supervise all road repair work to ensure compliance with the plan.

BLM Comments

BLM has reviewed the MMD permit LU047EM – American Magnesium Little Mountain – Modification 24-1 application. BLM find Permit No. LU047EM adequate to address the additional surface disturbance. BLM agrees with MMD's evaluation of the new disturbance and increase of the joint BLM and MMD financial assurance, totaling \$71,490.00.

NMED Summary Comment

NMED has determined the proposed exploration activities will be protective of the environment if done in accordance with the approved permits and pollution controls as presented.

NMDG&F Comments

The switchback road that accesses drill pads BV3 and BV4, created in violation of the original Minimal Impact Exploration Permit issued by MMD, is already showing significant signs of erosion and downcutting. The lower portion of the road below the switchback contains the most highly-eroded areas. On the less steep section of road above the switchback, water has channeled off the roadcut and has begun eroding previously undisturbed habitat. The Department recommends that AML repair all the eroded areas prior to reinstating any drilling operations. It also recommends that the roadcut be redesigned to include water bars and berms to adequately control water flows and prevent excessive erosion from reoccurring.

As indicated above, the workplan prepared by G3 (Attachment A) includes provisions for both the repair of the eroded sections of the overland travel paths and the installation of water bars across the paths and berms alongside the paths to manage future stormwater flows and prevent excessive erosion from reoccurring.

Forestry Comments

If new disturbance occurs outside of biological survey areas done in August 2020, there is the potential for impacts to *Peniocereus greggii* var. *greggii* (Night-blooming cereus), a State Endangered plant species listed in Section 75-6-1 NMSA 1978.

AmMg confirms that all disturbances occur within the boundary of the biological survey area completed in August 2020, therefore no additional surveys are required.

NMDCA/HPD Comments

According to our files, the project area has been previously surveyed. A single site, determined Not Eligible to the NRHP, is in the proposed permit area. There are no known cemeteries, burial grounds, or cultural resources listed on, or eligible to, either the NRHP or the SRCP within the proposed project permit area. As such, the SHPO has no comment.

Closure

We trust this information satisfies MMD's requirements to modify Permit No. LU047EM. Please contact me should you have any questions or concerns.

Yours Truly,

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Carol Ness Managing Member American Magnesium LLC

Attachment A – Repair of Overland Travel Paths and Stormwater Management BMPs Attachment B – Erosion Control Blanket Specification

Attachment A Repair of Overland Travel Paths and Stormwater Management BMPs



August 28, 2024

American Magnesium PO Box 1013 Elephant Butte, NM 87935

Attention: Ms. Carol Ness, Managing Member

Dear Madam:

Re: Repair of Overland Travel Paths and Stormwater Management BMPs Little Mountain Project Permit No. LU047EM

Further to our recent discussions, this letter presents recommendations for the completion of repairs to the overland travel paths at American Magnesium LLC's (AmMg) Little Mountain Project. These recommendations are based on observations of site conditions made by AmMg and discussions between AmMg and representatives of New Mexico Mining and Minerals Division (MMD) on August 15, 2024, at the site.

Based on AmMg's observations, it is evident that rainfall and runoff has caused the erosion of granular materials in sections of the overland travel paths constructed by AmMg to access the drill pads for their exploration program at the Little Mountain Project site. These materials have eroded from higher sections of the paths to lower sections of the paths. The first task in the repair program will be to fill in the eroded sections of the paths with the granular material that has been displaced using a bulldozer.

The second task is designed to utilize Best Management Practices (BMPs) to manage future stormwater runoff and maintain the integrity of the overland travel paths. This will involve the construction of water bars at appropriate locations across the overland travel paths. Approximate locations for the water bars are shown on the attached Figure 1. These water bars are intended to divert stormwater off the paths before it causes erosion of the granular materials. Details of the construction of the water bars is shown on the attached Figure 2. The water bars are to be built with the existing granular materials on the paths, and are sized to allow the drill rig and service vehicles to pass on the path without obstruction.

In addition to the water bars, berms should be constructed alongside the overland travel path to BV2, as well as the overland travel path to BV3-5. The berms should be a minimum of 1 foot in height and 2 feet in width and be constructed for existing granular materials on the paths. If insufficient granular materials are available withing the footprint of the currently disturbed areas for the construction of the water bars and berms, additional granular materials should be imported

Gauvreau GeoEnvironmental Group Inc. 420 Westview Drive Sudbury, Ontario P3C 3M5 Canada Tel: 705.682.3333 Cell: 705.562.2149 to the site. These materials should be 2" minus crushed granulars and may only be stockpiled on the currently disturbed areas.

It is important to note that all construction and repair activities described above, including the construction of the water bars and berms, must be undertaken within the existing footprint of the overland travel paths. No equipment or materials are allowed outside of the currently disturbed areas. AmMg should also ensure that the contractor undertaking this work is experienced and carries appropriate insurance requirements.

We trust this is sufficient for your current requirements. Please contact the undersigned should you have any questions or concerns.

Yours Truly,

Sam Gauvreau, P. Eng. Principal Gauvreau GeoEnvironmental Group Inc.

Attachments

Figure 1 Figure 2





Attachment B Erosion Control Blanket Specification

MATERIAL PROPERTY DATA SHEET



EXCEL CS-3 All Natural[™]

Extended Term • Double Net • Coconut/Straw Matrix • Biodegradable • Erosion Control Blanket

DESCRIPTION

Excel CS-3 All Natural (CS-3AN) Extended Term Erosion Control Blanket consists of 30% coconut fibers and 70% weed free agricultural straw manufactured into a continuous matrix. The coconut/straw matrix is confined by a biodegradable, jute/scrim net on top and bottom, mechanically (stitch) bound on two-inch centers with a biodegradable, cotton thread. Excel CS-3AN is intended for slope and channel erosion control applications requiring up to twenty-four months of functional longevity. The material is fully degradable. The net, thread, and the fiber matrix is biodegradable. Actual field longevity is dependent on soil and climatic conditions.



Each roll of Excel CS-3AN is made in the USA and manufactured under Western Green's Quality Assurance Program to ensure a continuous distribution of fibers and consistent thickness.

CS-3AN has replaced ECSC-2B, formerly provided by East Coast Erosion. CS-3AN meets or exceeds the ECSC-2B and can be used as a replacement with no limitations.

| Material Content | | | | | | |
|---|---|-----------|---------|-------------------------|--|--|
| Matrix | Straw/Coconut Blend | | | | | |
| Netting | Top & Bottom Net: Jute Scrim, Double Net Biodegradable, Leno Weave | | | | | |
| Thread | Biodegradable Cotton or Rayon | | | | | |
| Standard Roll Sizes | | | | | | |
| Width | 8 ft | (2.4 m) | 16 ft | (4.9 m) | | |
| Length | 112 ft | (34.1 m) | 563 ft | (171.0 m) | | |
| Weight ± 10% | 53 lb | (24.1 kg) | 530 lb | (241.0 kg) | | |
| Area | 100 sy | (83.6 m²) | 1000 SY | (836.0 m ²) | | |
| Material available in custom roll sizes | | | | | | |

| Approvals & Classification | | | | |
|----------------------------|-----------------|--|--|--|
| FHWA/ECTC Class | Type 3.B | | | |
| TTI Approvals | Class 2 Type E | | | |
| NTPEP Number | ECP-2020-01-010 | | | |

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| Index Property | Test Method | Typical | |
|--------------------------|-------------|------------|------------|
| Thickness | ASTM D6525 | 0.30 in. | (8 mm) |
| Mass/Unit Area | ASTM D6566 | 8.5 oz/sy | (290 g/sm) |
| Tensile Strength – MD | ASTM D6818 | 210 lbs/ft | (3.1 kN/m) |
| Tensile Strength – TD | ASTM D6818 | 190 lbs/ft | (2.8 kN/m) |
| Elongation - MD | ASTM D6818 | | 15% |
| Elongation – TD | ASTM D6818 | | 15% |
| Density/Specific Gravity | D792 | N/A | |
| Light Penetration | ASTM D6567 | 12% | |
| Biomass Improvement | ASTM D7322 | 500% | |
| Water Absorption | ASTM D1117 | 3 | 50% |

| Design Parameters | | | | | | |
|---------------------------------------|-------------------|------------------------|--|--|--|--|
| Property | Unvegetated | Vegetated ³ | | | | |
| RUSLE C Factor ² | 0.03 | N/A | | | | |
| Slope Maximum Gradient ¹ | 2H:1V | N/A | | | | |
| Permissible Shear Stress ² | 2.1 psf (100 Pa) | N/A | | | | |
| Permissible Velocity ² | 8.0 fps (2.4 m/s) | N/A | | | | |
| Manning's n Roughness (HEC-15) | | | | | | |
| τ _{lower} | τ_{mid} | τ _{upper} | | | | |
| 0.045 | 0.036 | 0.031 | | | | |

1 Maximum Gradient a recomendation for typical insllations

2 Hydraulic thresholds compliant with ASTM D6459/D6460 but generalized for typical applications. 3 Vegetated values dependent on established stand of vegetation

Rev. 4.2023

Scan for additional and updated product information, or <u>click here.</u>



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