

**PERMIT NO. CI018EM - CEBOLLETA EXPLORATION PROJECT
MODIFICATION 26-1
MINIMAL IMPACT EXPLORATION OPERATION
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
MINING AND MINERALS DIVISION**

Modification 26-1 (Mod 26-1) to Permit No. CI018EM is issued by the Director of the Mining and Minerals Division (MMD) of the New Mexico Energy, Minerals and Natural Resources Department to:

Whose correct address is: Cibola Resources, LLC
18032 Road G
Cortez, CO 81321

This Mod 26-1:

1. Approves changing the drilling methods from a closed-loop system to using mud pits.
2. Authorizes the Permittee to drill additional boreholes in the previously approved drill pad locations.
3. Updates Department of Wildlife guidance on mitigating nesting season disturbance.

Section 1. STATUTES AND REGULATIONS

- A. Mod 26-1 is issued pursuant to the New Mexico Mining Act, Chapter 69, Article 36 NMSA 1978 (Act) and New Mexico Mining Act Rules, Title 19, Chapter 10 of the New Mexico Administrative Code (NMAC).
- B. This Mod 26-1 is subject to the Act, NMAC, and any other regulations which are now or hereafter in force under the Act, and all such regulations are made a part of this Permit by this reference.
- C. This Mod 26-1 is a modification to the originally issued Permit No. CI018EM dated January 25, 2023.

Section 2. MOD 26-1 APPLICATION PACKAGE

The minimal impact exploration Mod 26-1 Permit Application Package (PAP) for CI018EM is comprised of the records below. Any correspondence submitted to MMD, by the Permittee or its representatives, can be found at MMD offices within the Division's files, and is titled *Cebolleta Exploration Project CI018EM* or similar.

The Permit Application package is comprised of the following document:

- A. *Modification Request Letter* from Cibola Resources, LLC dated January 21, 2026.

Section 3. **PERMIT AREA**

No changes are being made to the original Permit Area under Modification 26-1.

Section 4. **FINDINGS OF FACT**

Mod 26-1 Permit Application Package (PAP)

- A. The PAP is complete and demonstrates that the proposed operation will meet the performance and reclamation standards and requirements of Subsection D, Paragraphs 1-6 of 19.10.3.302 NMAC.
- B. The PAP provides that the proposed operation meets the standards of a "Minimal impact mining operation," addressed in 19.10.1.7(M)(2) NMAC, and in 19.10.3.302 NMAC, and does not fall within the exclusions in 19.10.1.7(M)(2) NMAC. MMD and the other agencies reviewed the minimal impact designation pursuant to 19.10.3.302(G) NMAC.
- C. The Permittee has paid the modification fee of \$250 as required by 19.10.2.201(I) NMAC.
- D. The Permit term is governed by Subsections A, C and D of 19.10.4.405 NMAC. The permit has been maintained and was renewed most recently under Renewal R2 which is valid until July 25, 2026.

MMD's Request for Comments to the Agencies and Tribes

- E. MMD determined the Application Administratively Complete January 30, 2026.
- F. MMD provided the cooperating agencies (New Mexico Environment Department, Department of Game & Fish, State Forestry Division, State Historic Preservation Office, and the Office of the State Engineer) with a copy of the PAP pursuant to 19.10.3.302(G) NMAC and requested comments from the agencies on February 4, 2026.
- G. As no changes to the disturbance footprint are being proposed, MMD did not send Tribal consultation letter for this Mod 26-1.
- H. MMD provided the Permittee with comments provided by the cooperating agencies on March 9, 2026. No response to the Agency comments was required and the application was deemed technically approvable on March 9, 2026.

Financial Assurance

No changes to the Financial Assurance are being made.

Section 9. **COMPLIANCE WITH THE PERMIT APPLICATION PACKAGE**

- A. The Permittee shall conduct mining, exploration drilling and reclamation operations only as described in the approved PAP and any other modifications approved by the Director, pursuant to 19.10.4.406 NMAC. The Permittee shall comply with any and all conditions that are incorporated in the PAP and Mod 26-1.
- B. Where the PAP is ambiguous or in apparent conflict with the provisions outlined in this Permit, the language of this Permit will supersede the PAP.

Section 10. **GENERAL OBLIGATIONS AND CONDITIONS**

Description of Project/Authorized Disturbances

- A. The Permittee has not proposed any changes to the authorized Permit Area disturbance footprint; therefore, no changes are being made to the approved Permit Area.
- B. The Permittee must remain under 5 acres collectively between the inter-related projects, CI018EM and CI019EM.
- As of June 25, 2024, MMD released 2.5 acres of disturbance under CI018EM, and considers current disturbance under CI018EM to be 0.0 acres.
 - Authorized re-disturbance under CI018EM is 3.24 acres and cannot exceed drill depths of twenty-two (22) boreholes up to 5.25 inches in diameter and up to 340 feet deep.
 - Authorized disturbance under CI019EM is 5.0 acres.

Upon completion, surface disturbance will be measured and deducted from the total allowance of 5.0 acres.

- C. The Permittee is authorized to drill up to twenty-two (22) boreholes up to 5.25 inches in diameter and up to 340 feet deep, as calculated under the already established Financial Assurance amount (\$125,000.00). The Application proposes the following:

“At this time, Cibola is proposing to re-drill at four of the locations approved under CEP; the locations are RLB-83, LJ-5, LJ-25, and A-12 and are displayed in the maps in the Permit Application Package (PAP). The purpose of re-drilling these locations is to collect core through the mineralized zone in the Jurassic Jackpile Sandstone for metallurgical tests at an offsite laboratory. The drilling method would be wireline diamond core, enabling core samples to be collected from surface to total depth. The total depth of holes at each location are anticipated to be less than the average 340-foot depth approved for each CEP location... Depending on results, this could entail drilling up to four closely spaced vertical twin holes from each drill pad, with each collar horizontally offset

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by approximately three feet.”

- D. The Permittee is authorized to create drill pad surface disturbance areas approximately one hundred feet by sixty feet (100' X 60') to accommodate all support equipment, including the drill rig, pipe truck, geophysical truck, water truck, and similar items, including mud/drill cuttings disposal pits within the drill pad areas. Mud pits will be sized approximately 10 ft. wide, 20 ft. long, with a depth of 8ft.
- E. Unmineralized (non-uranium bearing) and mineralized (uranium bearing) drill cuttings can be buried/disposed of and reclaimed within the drill pad surface disturbance area and backfilled mud pit. In accordance with the Mining and Minerals Division Guidance Document for Part 3 Permitting Under the New Mexico Mining Act, Section 2.6.1, all drill cores not removed from the site and cuttings that show gamma radiation in excess of background levels shall be buried and covered with no less than three (3) feet of earthen material to reduce gamma radiation exposure to background levels.
- F. Follow the New Mexico Environment Department-Mining Environmental Compliance Sections (MECS) guidance:
- “MECS has determined the applicant must contain any water produced from the drilling activities due to the potential for impacts to groundwater from drilling through the mineralized zones. This could be accomplished by lining the proposed pits with a synthetic material and then allowing the water to evaporate before proper disposal of the liner and associated solid drilling materials based on radiological measurements.”
- G. Permittee shall not discharge any drilling fluids from the drill pads.
- H. The Permittee will be required to follow New Mexico Department of Wildlife policy on mud pit designs previously defined in Section 10.S and 10.T of the original Permit.
- I. The Permittee is required to follow New Mexico Department of Wildlife guidance for the known red-tailed hawk nest near the project area. Guidance is as follows:
- “ to minimize the likelihood of adverse impacts to migratory bird nests, eggs, or nestlings, the Department recommends that ground disturbance, vegetation removal, and drilling activities be conducted outside of the primary breeding season for migratory songbirds and raptors (1 March – 1 September). If ground-disturbing and drilling activities must be conducted during the breeding season, the area should be surveyed for active nest sites (with birds or eggs present in the nesting territory) and avoid disturbing active nests until young have fledged. For active nests, establish adequate buffer zones to minimize disturbance to nesting birds. Buffer distances should be ≥ 100 feet from songbird and raven nests; 0.25 miles from most raptor nests; and 0.5 miles for golden eagle (*Aquila chrysaetos canadensis*), ferruginous hawk (*Buteo regalis*), prairie falcon (*Falco mexicanus*), and

peregrine falcon (*Falco peregrinus*) nests. Active nest sites in trees or shrubs that must be removed should be mitigated by qualified biologists or wildlife rehabilitators.”

Best Management Practices to be Performed

- J. Mud pits are anticipated to be approximately 10 ft. wide, 20 ft. long and 8 ft. deep. Material generated during excavation of mud pits or sumps will be utilized to create an earthen berm that will partially surround each mud pit or sump area to prevent any run-on or run-off from precipitation events flooding onto, or escaping, the mud pits, sumps or the drill pad site. Discharge of any water or any drilling fluids, to the ground surface or to an ephemeral watercourse ("Waters of the U.S."), may be a violation of the Clean Water Act and is prohibited.
- K. When all drilling, testing, and hole abandonment activities are complete for each site, the mud pits shall be allowed to evaporate and to dry sufficiently to allow backfilling, then backfilled and recontoured to create positive drainage and reduce erosion. Materials surrounding each mud pit, and used in constructing pit-containment berms, will be backfilled to provide excess fill to account for potential subsidence and settling. Prior to final grading and seeding, mud pit areas will be covered with topsoil. At all times mud pits must still conform to all conditions of the Permit and Mod 26-1.

Project Completion Timeline/Termination Report Requirements

- L. The Permittee is responsible for performing a baseline radiation survey prior to drilling activities as well as a follow up radiation survey at the end of drilling activities in accordance with the Mining and Minerals Division Guidance Document for Part 3 Permitting Under the New Mexico Mining Act, Section 2.5. These surveys shall be submitted as part of the termination report at the end of reclamation.
- M. The Permittee shall submit a termination report as previously described in the original Permit Section 10 Condition GG.
- N. The Permittee shall comply with all requirements, obligations, conditions, and shall conduct reclamation operations as described within the original Permit CI018EM, dated January 25, 2023.

Section 11. CONCLUSIONS OF LAW

- A. The Director concludes the project meets the requirements of a “Minimal Impact Mining Operation” addressed in 19.10.1.7(M)(2) NMAC. The operation authorized by this Permit is eligible as a minimal impact operation, and the Permittee is authorized to operate a minimal impact exploration operation, pursuant to 19.10.1.7(M)(2) NMAC and 19.10.3.302(A) NMAC.

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- B. The PAP is complete, accurate and complies with the requirements of the Act and 19.10.3.302 NMAC.
- C. The Director has jurisdiction over the Permittee and the subject matter of this Permit and process.
- D. The Permittee is permitted to conduct exploration and reclamation operations within the Permit Area upon the condition that the Permittee complies with the requirements of the Rules, Act, and this Permit, and upon the submission of such termination reports and fees as may be required under 19.10.3 NMAC and 19.10.2 NMAC.

CERTIFICATION

I certify that I have read, understand and will comply with the requirements of the Permit. I further certify that I am not in violation of the Act or 19.10 NMAC. I also agree to comply with the performance and reclamation standards and requirements of the Permit, the Rules, and the Act, and allow the Director to enter the Permit Area without delay for the purpose of conducting inspections during exploration and reclamation.



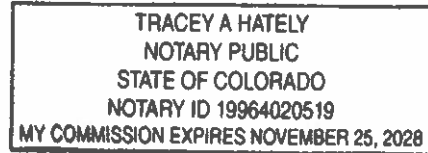
Authorized Representative of the Permittee

Manager

Title

Cibola Resources, LLC

Company Name



Subscribed and sworn to before me this 20th day of April, 2026



Notary Public

My Commission Expires 11-25-2028

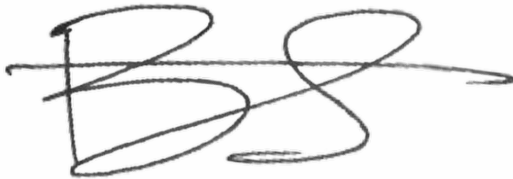
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ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that Mod 26-1 for Permit No. CI018EM is approved. Cibola Resources, LLC is authorized to conduct mining, exploration drilling and reclamation operations at the Cebolleta Exploration project in Cibola County, New Mexico. The Permit may not be transferred without approval by the Director. The Permit is subject to all conditions set out in the Director's Findings of Fact, Conditions and Conclusions of Law.

By Order of the Director, Mining and Minerals Division, Energy, Minerals and Natural Resources Department, of the State of New Mexico.

A handwritten signature in black ink, appearing to be 'BS', written over a horizontal line.

By:

Ben Shelton, Deputy Cabinet Secretary
Mining and Minerals Division
Energy, Minerals and Natural Resources Department

Date: 4/28/26