

KC Harvey Environmental, LLC

124 South 400 East, Suite 350, Salt Lake City, Utah 84111

July 31, 2026

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

RE: Part 3 Minimal Impact Exploration Operation Permit Application - **Poverty Creek Project, Rio Grand Resources**

Dear Director:

On behalf of Rio Grand Resources, KC Harvey Environmental, LLC is pleased to submit the enclosed Part 3 Minimal Impact Exploration Operation Permit Application for the Poverty Creek Project, located within the Black Range Ranger District, Gila National Forest, Catron and Sierra Counties, New Mexico. The enclosed submittal package includes the following:

- Part 3 Minimal Impact Exploration Operation Permit Application
- Attachment A - Supporting Information (mining claim list and open items log)
- Attachment B - Poverty Creek Plan of Operations (submitted to the U.S. Forest Service, Black Range Ranger District, Gila National Forest, July 14, 2026)
- Attachment C - NMOSE Form WR-07 - Application for Permit to Drill a Well with No Water Right
- Attachment D - NMOSE Form WD-08 - Well Plugging Plan of Operations
- Attachment E - Financial Assurance Cost Estimate and Justification for Reduced Bond Amount

Please do not hesitate to contact me with any questions regarding this submittal, or if any additional information is needed to complete MMD's review.

Sincerely,

Wade Hess
Regulatory Specialist / Assistant Project Manager
KC Harvey Environmental, LLC

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/MARPAApplicationandReportingForms.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

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.
- ☐ 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: Poverty Creek Project

Nearest Town To Project: Winston, NM

Applicant Name and Contact Information (entity obligated under the Mining Act):

Name: Rio Grand Resources (Christina Barnard, President)

Address: 750 West Pender Street, Suite 250, Vancouver, BC V6C 2T7, Canada

Office Phone: _____ Cell Phone: +1 604-617-3679

Fax Number: _____ Email: Christina.barnard@riogranderesources.ca

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

Name: Patrick Mullinger, Geologist IV - Dahrouge Geological Consulting Ltd. (Field Representative)

Address: Suite 115, 7000 South Yosemite Street, Centennial, CO 80112

Office Phone: 780-434-9808 Cell Phone: 937-902-0076

Fax Number: _____ Email: Patrick.Mullinger@Dahrouge.com

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.

Applicant (Rio Grand Resources) explores unpatented lode mining claims held by Sierra Gold & Silver Ltd. (an RGR subsidiary) on National Forest System lands. See attached claim list (Attachment A) and Forest Service Plan of Operations Submittal (Attachment B).

Attachment Attachments C & D

- 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	<u>Black Range Ranger District, Gila National Forest</u> <u>1804 N. Date Street, Truth or Consequences, NM 87901</u>	<u>(575) 894-6677</u>
☐ State of NM	_____	_____
☐ Private/Corporate	_____	_____
Name: _____	_____	_____
☐ Other	_____	_____
Name: _____	_____	_____

Lease Holder(s) of Surface Estate (if applicable):

Name	Address	Phone #
_____	_____	_____
_____	_____	_____
_____	_____	_____

Mineral Estate Owner(s):

Name	Address	Phone #
☐ Bureau of Land Management	_____	_____
☐ US Forest Service	_____	_____
☐ State of NM	_____	_____
☒ Claim/Lease Holder	4300 Ridgecrest Dr SE, Suite L #788, Rio Rancho, NM 87124	+1 604-617-3679
Name: Sierra Gold & Silver Ltd. (Rio Grand Resources subsidiary)	_____	

Claim Numbers: 30 unpatented lode mining claims - see attached Claim List, Attachment A

☐ 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:

Previously documented cultural resource sites are known to exist in the vicinity of the Project area. The Applicant has been in communication with U.S. Forest Service cultural resource staff regarding these sites, and no concerns regarding potential Project impacts have been identified to date. A cultural resource survey of the Project area is planned and is currently awaiting U.S. Forest Service fieldwork authorization; the field survey and associated draft report are anticipated to be completed and available by early August 2026, and will be provided to MMD upon completion and prior to ground-disturbing activities.

Attachment N/A

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:

In coordination with the U.S. Forest Service, no formal wildlife or vegetation survey will be required for the project. Exploration activities will comply with the Endangered Species Act, Migratory Bird Treaty Act, and Gila National Forest Final Plan Wildlife, Fish, and Plants Standards; activities may be delayed or adjusted in coordination with the Forest Service to avoid sensitive periods (PoO Section V.E).

Attachment N/A

SECTION 3 – MAPS AND PROJECT LOCATION (§302.D.2)

A. Project Location:

Township 10S Range 9W Section 3

Township 9S Range 9W Section 34

Township 9S Range 9W Section 35

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
LD-01 33.481462, -107.744764 DP-01 33.480473, -107.747736 DP-02 33.477927, -107.752314 DP-03 33.477684, -107.754637 DP-04 33.474650, -107.754880 DP-05 33.475987, -107.761277 DP-06 33.477550, -107.760883 DP-07 33.479922, -107.757830					

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 _____ (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 Figures 1-3

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 Figures 2 & 4

C. Provide detailed driving directions to access the site:

From Winston, NM, travel north via NM Highway 52. Continue East on Highway 59 toward the Black Range until FS Road 4081, then proceed on FS Road 4081 to the Project area within the Black Range Ranger District, Gila National Forest.

SECTION 4 – EXPLORATION DESCRIPTION (§302.D.3 & 4)

A. Anticipated exploration: Start Date: Late August 2026 End Date: October 2026 (up to 2 months from start)

B. List the mineral(s)/element(s) to be explored for: Silver, Gold

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:**

10 # of holes 1300 Depth (ft.) 2.5 (HQ core) Diameter (in.)

7 (used sequentially) # of drill pads 40 Length (ft.) 25 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? Lined sumps/pits

If mud/fluid pits are proposed:

^{7 (sequentially)} # of pits 12 Length (ft.) 10 Width (ft.) 4 Depth (ft.)

Anticipated excavating equipment: bobcat-skid steer

How will excavating equipment be transported to the site (i.e., driven, low-boy, etc.):

Driven to the Project via existing access route (NM Highway 59 / FS Road 4081)

Will mud pits be lined?: ☒ Yes ☐ No

If yes, proposed material to line the mud pits: Impermeable synthetic liner

Approx. Weight of Drill Rig (lbs.) 12,500 lbs Number of Axles: 2

Anticipated Drilling Contractor: Boart Longyear Drilling Services License No. WD-1854, WD-1855

☐ **Test pits / exploratory trenches:**

_____ # 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.):

☐ **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 = 0.22 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 PIT = _____ 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:	2 (light-duty pickup trucks)
☒ Water Truck	Weight (lbs.):	1 4,000 gallon truck (~50,000 lbs loaded)
☐ Geophysical Truck	Weight (lbs.):	_____
☐ Pipe Truck (rig support)	Weight (lbs.):	1, (~22,000 lbs)
☐ Bulldozer	Type:	_____
☐ Backhoe	Type:	_____
☐ Trackhoe	Type:	_____
☒ Scaper/Grader	Type:	1, box blade
☐ Trailers	Quantity/Type:	_____
☒ Portable Toilet	Quantity:	1
☒ Other	List:	1 telehandler (~ 25,000 lbs)

F. Roads and Overland Travel:

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

Description of <i>NEW</i> Roads	Length (ft.)	Width (ft.)	Total Acres (length x width x 0.0000229)
None - no new road construction proposed			
TOTAL ACRES DISTURBED BY NEW ROAD CONSTRUCTION :			0

Describe how new roads will be constructed:

N/A - no new road construction is proposed; all activities remain within the existing FS Road 4081 corridor (PoO Section IV.A).

List for extension or widening of existing roads:

Description of Modification to <i>EXISTING</i> Roads	Length (ft.)	Width (ft.)	Total Acres (length x width x 0.0000229)
FS Road 4081 - segments requiring grading/surfacing improvement (see Figure 2)	2927	10	.6703
Western access connection to NM Highway 59 (fill placement)	253	10	.0580
TOTAL ACRES DISTURBED BY ROAD IMPROVEMENTS :			0.7283

Describe how existing roads will be extended or widened:

Road improvements would be performed using standard road maintenance equipment (motor grader, dozer, or excavator), limited to grading and surfacing within the existing road prism, plus fill placement at the western connection to NM Highway 59 (PoO Section IV.A).

List for routes of overland travel:

Description of <i>OVERLAND TRAVEL</i> Routes	Length (ft.)	Width (ft.)	Total Acres (length x width x 0.0000229)
No overland travel is proposed.			
TOTAL ACRES DISTURBED BY OVERLAND TRAVEL :			0

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.

One laydown/staging area, approximately 50 ft x 50 ft (0.057 acres), in the northeast section of the Project area for temporary storage of equipment, vehicles, drill pipe, water bladders, a portable restroom, and other supplies (PoO Section IV.C).

H. **TOTAL ACREAGE TO BE DISTURBED BY PROJECT =** 0.9483 **acres**
(include all disturbed acreage from drill pads, cuttings disposal pit, new roads, improved roads and overland travel routes)

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:	Bentonite drilling mud and polyme drilling additives/100 lbs
☒ Diesel Fuel	Quantity:	4,000 gallons
☒ Down-hole Lubricants	Type/Quantity:	typical soap-based/30 gallons
☐ Lost Circulation Materials	Type/Quantity:	
☒ Oils/Grease	Quantity:	20 gallons
☒ Gasoline	Quantity:	500 gallons
☒ Hydraulic Fluid	Quantity:	50 gallons
☐ Ethylene Glycol	Quantity:	
☒ Cement	Type/Quantity:	bentonite-based grout, 40 tons
☒ Water	Source:	Private source
☒ Bentonite	Quantity:	Component mud and cement, quantities listed above
☐ Fertilizer	Type/Quantity:	
☐ Other	Type/Quantity:	

B. Describe, in detail, a plan for the containment, use and disposal of all chemicals listed above:

Drilling fluids, cuttings, and excess water contained within lined sumps at each active drill pad. Spill response materials (plastic tarps, spill kits, ground cover) maintained on-site throughout operations (PoO Section IV.H). Fuel will not be stored on-site.

C. Describe where equipment fueling/refueling will occur:

Equipment would be fueled off-site.

D. Describe how hazardous material spills/leaks will be handled:

All liquid containers would be labeled and stored in secondary containment per 40 CFR 112.7. Spill response materials maintained on-site. A reportable spill/release would be reported to the FS within 24 hours, and to the New Mexico Environment Department immediately, per state requirements, with contaminated material removed to an authorized disposal facility (PoO Section IV.H.3).

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: Plastic tarps and ground cover (PoO Section IV.H.1)
- ☐ 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.): ~300 ft TDS concentration (mg/L): <500 (regional estimate)

Describe the source of this information:

Depth to Groundwater: NMOSE Water Rights Reporting System (NMWRRS), Water Column/Average Depth to Water report, PLSS search by Township/Range (T9S R9W and T10S R9W) - though depth to groundwater will be highly variable due to the mountainous terrain of the project area.

- 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 Attachments C & D (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

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

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: | As needed at drill pads and road improvement segments per FS BMP guidance (PoO Section V.B.2) |
| ☒ Straw wattles | Location: | As needed for erosion/sediment control (PoO Section V.B.2) |
| ☐ Straw bales | Location: | |
| ☐ Ditches/swales | Location: | |
| ☐ Berms/dikes/dams | Location: | |
| ☐ Sediment basins | Location: | |
| ☐ Other or N/A | Type/Location: | |

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:

Pit perimeter fencing is not proposed; sumps would be sloped to allow for wildlife escape and drill rig would operate 24 hours a day, likely deterring wildlife from the area.

Describe how the pit perimeter fencing will be installed and secured (i.e., T-posts, wooden stakes, etc.):

N/A

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:

Applicant/Owner/Operator commits to pressure-washing or steam-clean all equipment prior to entering the permit area: ☒ Yes ☐ No

D. Reclamation Details

Describe in general how re-contouring or re-establishment of the surface topography will be restored:

Drill pads, sumps, staging area, and any temporary access improvements would be backfilled/reclaimed and recontoured to approximate pre-existing conditions consistent with the surrounding terrain and vegetation, as directed by the FS (PoO Section IV.I).

Describe how the reclamation of portals, adits, drilling fluid/mud and/or waste pits, shafts, ponds, roads and other disturbances will be performed:

Sumps would be allowed to dry, then backfilled with excavated cuttings and native material, compacted, and covered with a minimum of 12 inches of native soil; the surface would be graded to match surrounding terrain and seeded with an FS-approved native seed mix (PoO Section IV.C, Section VI).

FS Road 4081 is an existing, permanent FS road that would remain in service and would not be reclaimed. Road improvements (grading/surfacing, plus fill at the western connection to NM Highway 59) would be maintained in a condition no worse than pre-Project. Any temporary widening or drainage features added solely for Project traffic would be reclaimed (scarified and seeded with an FS-approved mix) unless the FS directs they remain.

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)

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:

Seed mix will be determined by the U.S. Forest Service and provided prior to approval of the Plan of Operations and shared with MMD.

Mulch Use:

- ☐ Certified weed-free straw mulch will be placed over areas that have been tilled/disc'd 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:

- ☐ 0-30 days after completion of drilling
- ☒ 31-60 days after completion of drilling
- ☐ Other/specify: _____

SECTION 8 – PERMIT FEES AND FINANCIAL ASSURANCE (§302.1.2 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: \$27,100 - see Attachment E

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 :

Financial Institution:

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: _____



fName (type or

Christina Barnard

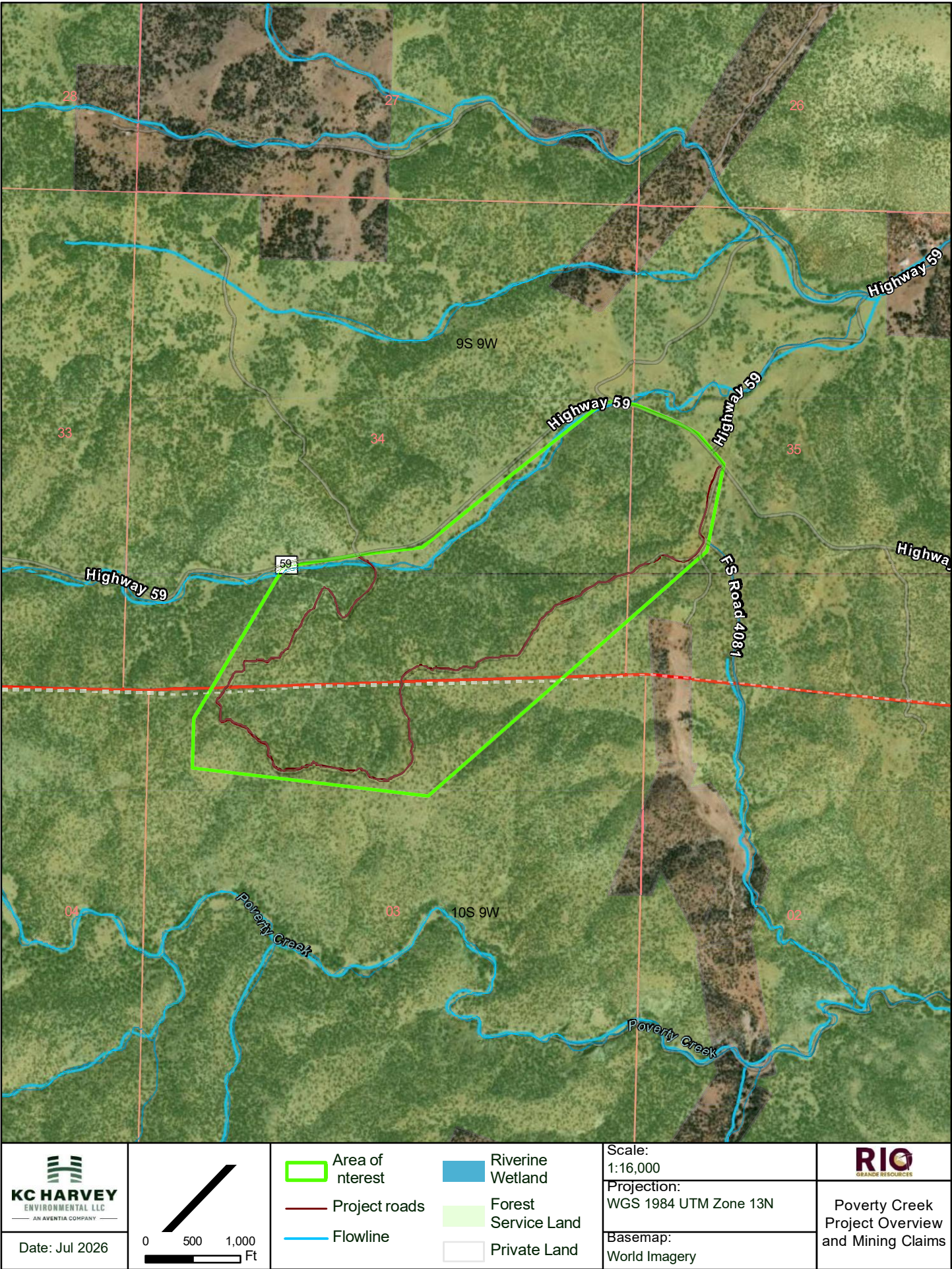
print): Title/Position:

President

Date:

July 30, 2026

Figure Project Overview



0.22 Acres of Proposed Disturbance

Legend:

- Project Pad and Laydown Areas (Yellow outline)
- Project Access Roads (Red line)
- Forest Service Land (Light Green)
- Private Land (White)

Scale: 1:9,000

Projection: WGS 1984 UTM Zone 13N

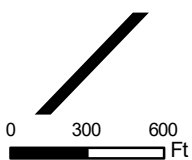
Basemap: World Imagery

Date: Jul 2026

KC HARVEY ENVIRONMENTAL LLC
AN AVENTIA COMPANY

RIO GRANDE RESOURCES

Poverty Creek Drill Pads and Laydown Area



- Forest Service Land
Private Land

Basemap:
World Imagery

Figure 3 Roads & Road Improvements

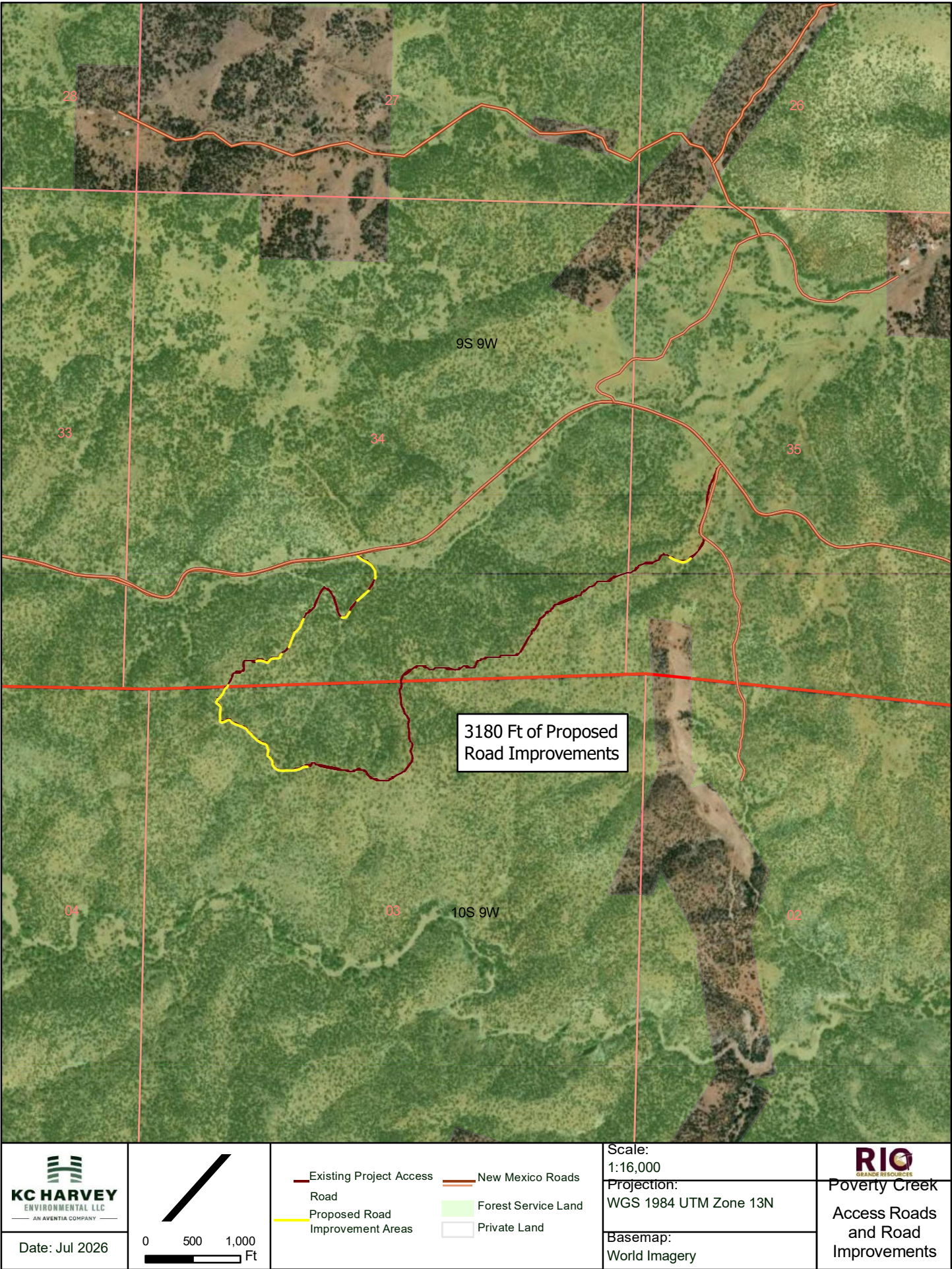
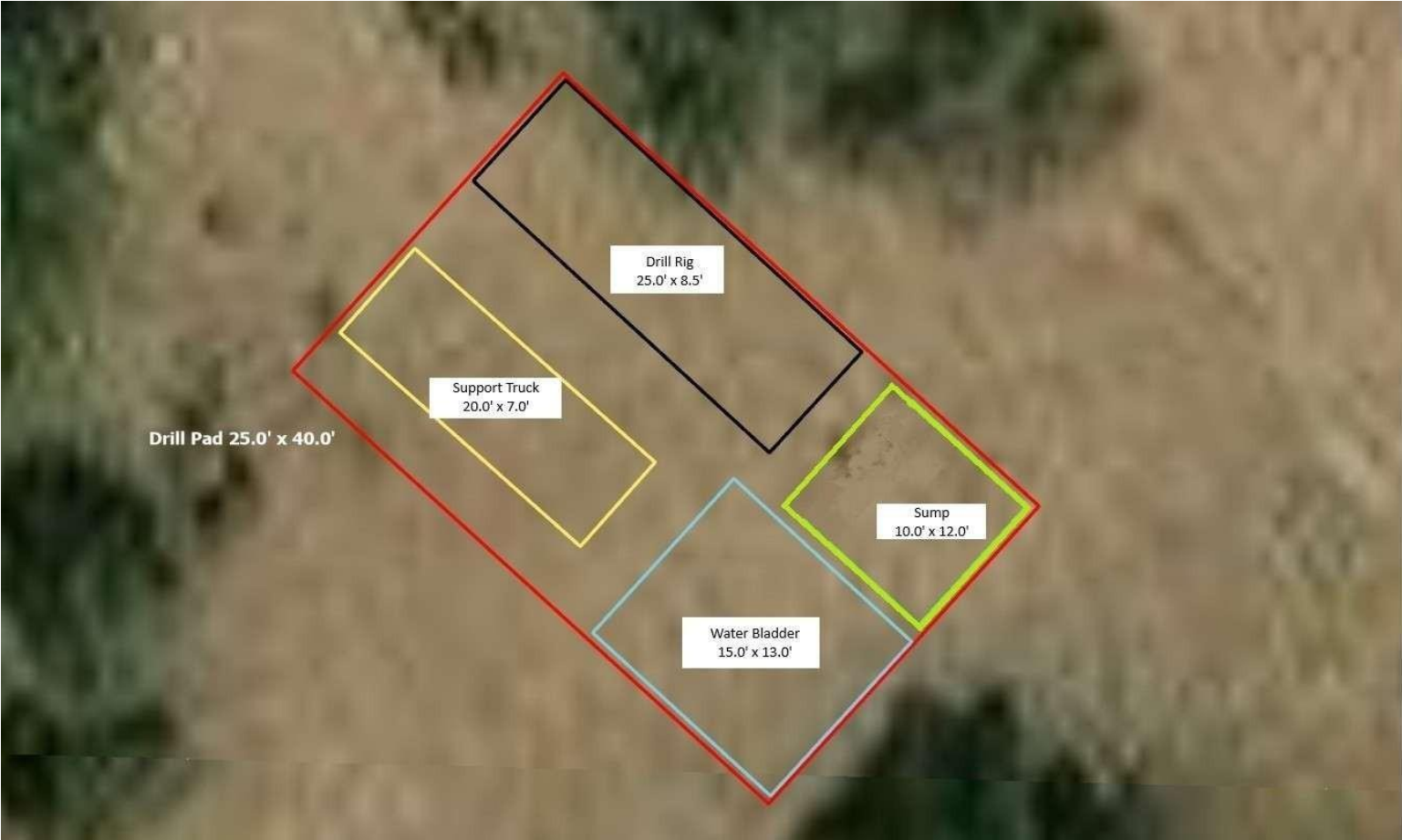


Figure 4: Drill Pad Layout



Attachment A: Mining Claim Table

Poverty Creek Project — Mining Claim Table

Meridian 23 (New Mexico Principal Meridian); all claims located by Sierra Gold & Silver Ltd. within Catron and Sierra Counties, NM.

Mining Claim Number	Claim Name	Township	Range	Section
NM105794674	NR 12	T10S	R9W	3
NM105794675	NR 13	T10S	R9W	3
NM105794676	NR 14	T10S	R9W	3
NM105794693	CR 11	T10S	R9W	3
NM105794694	CR 12	T10S	R9W	3
NM105794695	CR 13	T10S	R9W	3
NM105794738	CR 1	T9S	R9W	34
NM105794750	EL 9	T9S	R9W	34
NM105794751	NR 1	T9S	R9W	34
NM105794752	NR 2	T9S	R9W	34
NM105794753	NR 3	T9S	R9W	34
NM105794754	NR 4	T9S	R9W	34
NM105794755	NR 5	T9S	R9W	34, 35
NM105794756	NR 6	T9S	R9W	35
NM105794757	CR 3	T9S	R9W	34
NM105794758	CR 2	T9S	R9W	34
NM105794763	CR 8	T9S, T10S	R9W	34, 3
NM105794764	CR 7	T9S, T10S	R9W	34, 3
NM105794765	CR 6	T9S, T10S	R9W	3, 34
NM105794769	NR 7	T9S, T10S	R9W	3, 34
NM105794770	NR 8	T9S, T10S	R9W	3, 34
NM105794771	NR 9	T9S, T10S	R9W	34, 3
NM105794772	NR 10	T9S, T10S	R9W	34, 3
NM105794773	NR 11	T9S, T10S	R9W	35, 3, 34
NM105838786	EL 13	T9S	R9W	35
NM105838787	EL 12	T9S	R9W	35
NM105838788	EL 11	T9S	R9W	34, 35
NM105838789	EL 10	T9S	R9W	34
NM105838790	NR 44	T9S	R9W	35
NM106765959	NR 47	T9S	R9W	35



July 14, 2026

Bret Mellott, District Ranger

Black Range Ranger District
Gila National Forest
1804 N. Date Street
Truth or Consequences, NM 87901

Subject: Plan of Operations for Mineral Exploration – Poverty Creek Project

Dear District Ranger Mellott,

Rio Grand Resources (RGR or the Operator), is submitting this Plan of Operations (PoO) for review and approval of proposed mineral exploration activities at the Poverty Creek Project (Project), located within the Black Range Ranger District of the Gila National Forest in Catron and Sierra Counties, New Mexico.

Enclosed for your review is a PoO describing the proposed exploration program, including reverse circulation and/or diamond core drilling, limited road improvements, construction and use of drill pads, and associated reclamation. The Project area would be located entirely on National Forest System (NFS) lands administered by the U.S. Forest Service (FS). This submittal is intended to provide sufficient detail regarding the location, scope, methods, duration, and anticipated surface disturbance of the proposed operations to support the FS's determination under 36 CFR 228.4(a)(3) as to whether the operations are likely to cause significant disturbance of NFS surface resources.

Rio Grand Resources is committed to conducting operations in a manner that minimizes adverse environmental impacts, complies with applicable federal requirements, and incorporates timely reclamation of disturbed areas.

We respectfully request your review of this PoO and concurrence regarding the appropriate level of review under 36 CFR 228.4. Please contact us if additional information is needed to support your determination.

Sincerely,

Christina Barnard

President

Rio Grand Resources

Cc: Patrick Mullinger, Geologist IV, Dahrouge Geological Consulting Ltd.



Plan of Operations for Mineral Exploration Poverty Creek Project, Catron & Sierra Counties, New Mexico

Rio Grand Resources

750 West Pender Street, Suite 250
Vancouver, CA V6C 2T7

Prepared by:

KC Harvey Environmental, LLC

124 South 400 East, Suite 350
Salt Lake City, Utah 84111

July 2026



I. General Information

A. Name of Mine/Project

Poverty Creek

B. Type of Operation

Mineral Exploration; exploration drilling, road improvement, and associated temporary support activities. No milling, production, or other surface-disturbing activity is proposed under this PoO.

C. New or Continuing Operation

This is a new Plan of Operations.

D. Proposed Start-Up Date of Operation

Mid to late August 2026

E. Expected Total Duration of This Operation

All surface-disturbing exploration activities described in this PoO, including drilling, road improvement, and concurrent and final reclamation, are anticipated to occur over a period of up to two months from the proposed start date. Exact timing would depend on weather, ground conditions, and operation contingencies.

F. Seasonal Reclamation/Stabilization Close-Out Date

Given the projected start date of mid to late August 2026 and the anticipated duration of up to two months, all surface-disturbing activities and concurrent reclamation would be expected to be completed within a single operating season. No seasonal closure or interim stabilization close-out would be anticipated.

G. Expected Date for Completion of All Required Reclamation

Final reclamation would be expected to be completed within approximately one to two months of completion of drilling activities.

II. Principals

A. Operator

Name: Rio Grand Resources, Christina Barnard

Address: 750 West Pender Street, Suite 250 Vancouver, CA V6C 2T7

Phone: +1 604-617-3679

B. Authorized Field Representative

Name: Patrick Mulligner, Dahrouge Geological Consulting

Address: Suite 115, 7000 South Yosemite Street, Centennial, CO 80112

Phone: 937-902-0076



C. Owners of the Claims

Name: Sierra Gold & Silver Ltd., an RGR subsidiary

Address: 4300 Ridgecrest Dr SE, Suite L #788 Rio Rancho, NM 87124

Phone: +1 604-617-3679

D. Other Lessees, Assigns, Agents, etc.

Name: Boart Longyear Drilling Services

Contact: John W. Roberts, Senior Commercial Manager

Address: 2455 3600 W, West Valley City, UT 84119

Phone: 385-218-7508

Involvement: Retained to perform drilling for the Project as described in this PoO.

III. Property or Area

Name of claim, if applicable, and the legal land description where the operation will be located.

The Poverty Creek Project would be located within the Black Range Ranger District of the Gila National Forest, Catron and Sierra Counties, New Mexico. The Project area would be located entirely on NFS lands administered by the FS.

This PoO applies to the surface-disturbing exploration activities proposed on NFS lands and on unpatented lode mining claims administered by the FS, including access routes that traverse NFS lands to reach drill targets.

The Project would be located within the Black Range Ranger District of the Gila National Forest and would be accessed via Highway 59 and FS Road 4081. Legal land description and claim information are summarized in Table 1, below.

Table 1. Mining Claims and Legal Land Description

Mining Claim Number	Claim Name	Township(s)	Range	Section(s)
NM105794674	NR 12	T10S	R9W	3
NM105794675	NR 13	T10S	R9W	3
NM105794676	NR 14	T10S	R9W	3
NM105794693	CR 11	T10S	R9W	3
NM105794694	CR 12	T10S	R9W	3
NM105794695	CR 13	T10S	R9W	3
NM105794738	CR 1	T9S	R9W	34
NM105794750	EL 9	T9S	R9W	34
NM105794751	NR 1	T9S	R9W	34



Mining Claim Number	Claim Name	Township(s)	Range	Section(s)
NM105794752	NR 2	T9S	R9W	34
NM105794753	NR 3	T9S	R9W	34
NM105794754	NR 4	T9S	R9W	34
NM105794755	NR 5	T9S	R9W	34, 35
NM105794756	NR 6	T9S	R9W	3
NM105794757	CR 3	T9S	R9W	34
NM105794758	CR 2	T9S	R9W	34
NM105794763	CR 8	T9S, T10S	R9W	34, 3
NM105794764	CR 7	T9S, T10S	R9W	34, 3
NM105794765	CR 6	T9S, T10S	R9W	3, 34
NM105794769	NR 7	T9S, T10S	R9W	3, 34
NM105794770	NR 8	T9S, T10S	R9W	3, 34
NM105794771	NR 9	T9S, T10S	R9W	34, 3
NM105794772	NR 10	T9S, T10S	R9W	34, 3
NM105794773	NR 11	T9S, T10S	R9W	35, 3, 34
NM105838786	EL 13	T9S	R9W	3
NM105838787	EL 12	T9S	R9W	3
NM105838788	EL 11	T9S	R9W	34, 35
NM105838789	EL 10	T9S	R9W	34
NM105838790	NR 44	T9S	R9W	3
NM106765959	NR 47	T9S	R9W	3



IV. Description of the Operation

Proposed exploration activities would be limited to those directly associated with drilling, including the construction and use of drill pads, access routes, staging areas, and temporary support facilities. No milling, ore processing, or production activities are proposed under this PoO. The current drilling strategy anticipates phased drilling tied to Dahrouge Geological's finalized targeting, with initial drilling focused on priority targets proximal to the historic underground workings, followed by step-out and expansion drilling as results are evaluated.

A. Access

Show on a map (USGS quadrangle map or a National Forest map, for example) the claim boundaries, if applicable, and all access needs such as roads and trails, on and off the claim. Specify which Forest Service roads will be used, where maintenance or reconstruction is proposed, and where new construction is necessary. For new construction, include construction specifications such as widths, grades, etc., location and size of culverts, describe maintenance plans, and the type and size of vehicles and equipment that will use the access routes.

Primary access to the Project would be via Highway 59 and FS Road 4081. The proposed drill pads would be situated along existing FS Road 4081, which would provide access through the Project area. This PoO does not propose new road construction; all equipment and vehicles would remain within the existing road corridor. Some segments of the existing road would require improvement to provide safe and reliable access for drilling equipment and support vehicles. In addition, an improved road connection at the furthest western section of the access route, connecting to the highway, is proposed and would be included in the road improvement scope.

Proposed road improvements would be limited to work within or immediately adjacent to the existing road prism and would include grading and surfacing of the surface and fill placement at the western access section where the improved road is proposed to connect to the highway. The operation would not leave the existing road corridor. Proposed Road Improvement segments are indicated in Figure 2.

All road improvement work would be conducted using standard road maintenance equipment, such as a motor grader, dozer, or excavator, and would be limited to the minimum extent necessary to support safe equipment access. No improvements are proposed beyond what is needed to reach the proposed drill pads and staging areas. Road improvements would be maintained in a condition no worse than pre-Project condition following completion of exploration activities, and any temporary widening or drainage features installed solely to support Project traffic would be reclaimed unless the FS directs that they remain.

Vehicles and equipment anticipated to use the access route include an LF90 track-mounted drill rig, a medium-duty water truck, a bulldozer, a bobcat/skid steer, a forklift, and two light-duty pickup trucks used by Project personnel for daily access.

B. Map, Sketch, or Drawing

Show location and layout of the area of operation. Identify any streams, creeks or springs if known. Show the size and kind of all surface disturbances such as trenches, pits, settling ponds, stream channels and run-off diversions, waste dumps, drill pads, timber disposal or clearance, etc. Include sizes, capacities, acreage, amounts, locations, materials involved, etc.

Maps showing the Project boundary, existing access road and proposed improvement segments, location of the proposed drill pads, laydown area, and all streams, springs, and drainages within or adjacent to the Project area is attached as Figures 1, 2, and 3. All surface disturbance associated with drill pads, access routes, and the laydown area, and water tank locations is shown.

C. Project Description



Describe all aspects of the operation including mining, milling, and exploration methods, materials, equipment, workforce, construction and operation schedule, power requirements, how clearing will be accomplished, topsoil stockpile, waste rock placement, tailings disposal, proposed number of drillholes and depth, depth of proposed suction dredging, and how gravels will be replaced, etc. Calculate production rates of ore. Include justification and calculations for settling pond capacities, and the size of runoff diversion channels.

Overview

Rio Grand Resources proposes a mineral exploration program at the Poverty Creek Project consisting of reverse circulation and/or diamond core drilling, construction and use of up to eight drill pads, limited improvement of segments of the existing access road, use of a laydown area for equipment and material storage, and reclamation of all associated disturbance.

Phased Drilling Strategy

Drilling is proposed to be implemented in phases tied to finalized targeting:

Phase 1 – Priority Drilling: Initial drill areas would focus on priority targets proximal to the historic underground workings, where existing geologic information provides the highest confidence in target definition.

Phase 2 – Step-Out and Expansion Drilling: Following evaluation of Phase 1 results, additional step-out and expansion drilling would be conducted at surrounding targets to test the lateral and depth extent of mineralization identified in Phase 1.

Not all eight proposed drill pads are guaranteed to be used - and the order, exact location, and number of holes drilled from each pad may be adjusted based on real-time geologic results, subject to the maximum disturbance described in this PoO. Up to 10 drill holes would be drilled throughout the entirety of the project.

Proposed Drill Pads

Up to eight drill pads are proposed along the existing access road described in Section IV.A. Each pad would be approximately 25 feet by 40 feet, consistent with the footprint needed for a LF90 track-mounted drill rig (25 ft length x 10 ft width), support vehicle, portable water tank, and a temporary lined sump. Drill pads would be located within or immediately adjacent to the existing road corridor where practicable to minimize new disturbance.

Drilling would be completed using reverse circulation and/or diamond core methods to depths and hole counts to be confirmed based on Dahrrouge Geological's targeting; only one drill hole would be open at a time at each pad, and each hole would be plugged and abandoned in accordance with applicable State of New Mexico requirements before the next hole would be advanced. A temporary lined sump, approximately 4 feet by 8 feet would be constructed within each active drill pad area to contain drilling fluids, cuttings, and excess water.

Drilling Activities

Exploration drilling would be conducted using an LF90 track-mounted drill rig using HQ core, 2.5-inch diameter drill string. Drill holes would be oriented vertically or at an angle depending on site-specific geologic and structural conditions. The total drilling program is anticipated to take approximately one and a half to two months. Drilling would occur on a continuous basis. Each drill crew would be anticipated to consist of a supervisor, drill operators, support personnel, and a geologist, with total personnel per shift estimated at approximately four to six individuals.

Water Supply and Storage

Water for drilling would be purchased from a private source and transported to the Project by medium-duty water truck making approximately two to three trips per day. Water would be stored on-site, within the drill pad



area, in a 5,000-gallon portable water bladder (approximate footprint 15 feet by 15 feet). Bladder would move with the drill rig from pad to pad as drilling progresses. Water would be pumped from the truck into the bladder on-site, and then pumped from the bladder to the drill as needed. No permanent water conveyance systems, diversions, or in-stream withdrawals are proposed.

Staging Area

One laydown area of approximately 50 feet by 50 feet would be established in the northeast section of the Project area for temporary storage of equipment, vehicles, drill pipe, water bladders, a fuel storage tank, and other supplies needed to support exploration activities. Staging area disturbance would be limited to the minimum area necessary for safe storage and operation.

D. Equipment and Vehicles

Describe that which is proposed for use in your operation (Examples: drill, dozer, wash plant, mill, etc.). Include: sizes, capacity, frequency of use, etc.

Exploration activities would be supported by the following equipment: LF90 track-mounted drill rig; bulldozer; bobcat/skid steer; forklift (or skid steer in lieu of); two light-duty pickup trucks; and one medium-duty water truck. All equipment would be operated only as needed to complete exploration activities and would be removed from the Project following completion of operations.

E. Structures

Include information about fixed or portable structures or facilities planned for the operation. Show locations on the map. Include such things as living quarters, storage sheds, mill buildings, thickener tanks, fuel storage, powder magazines, pipelines, water diversions, trailers, sanitation facilities including sewage disposal, etc. Include engineering design and geotechnical information for project facilities, justification and calculations for sizing of tanks, pipelines and water diversions, etc.

No permanent structures would be constructed or maintained within the Project as part of the proposed exploration activities. Temporary facilities would be limited to portable equipment and materials staged at designated laydown areas and active drill pads, including drill rigs, support equipment, and the portable water tanks described in Section IV.C. No permanent pipelines, water diversions, living quarters, or fixed utility systems are proposed. All temporary facilities and materials would be removed from the Project upon completion of exploration activities, and any associated disturbance would be reclaimed.



V. Environmental Protection Measures (See 36 CFR 228.8)

All exploration activities would be conducted in accordance with applicable FS direction, including the 2024 Gila National Forest Land Management Plan (Final Plan) and FS Best Management Practices (BMPs), to minimize impacts to natural and cultural resources within the Project area. Rio Grand Resources is committed to making diligent and honest efforts to accommodate the desired conditions for other resources as identified in the Final Plan. Project personnel would limit surface disturbance to the minimum area necessary for safe operations and would use the existing access road to the extent practicable. Equipment staging, fueling, and material storage would occur in designated areas to reduce the potential for soil and vegetation disturbance. Measures would be implemented to prevent erosion and sediment transport from disturbed areas through proper drainage, stabilization where needed, and prompt reclamation of completed work areas.

A. Air Quality

Describe measures proposed to minimize impacts on air quality such as obtaining a burning permit for slash disposal or dust abatement on roads.

Exploration activities would be conducted in compliance with the Clean Air Act, the New Mexico State Smoke Management Program, and all applicable federal and state air quality standards and regulations, consistent with Final Plan Air Quality Desired Conditions and Guidelines. Equipment would be maintained in good working order to prevent excessive exhaust. Dust generated by Project traffic and road improvement activities would be minimized to the extent reasonable and practicable through BMPs such as limiting vehicle speeds and minimizing unnecessary vehicle trips. Dust suppression would be employed as needed if dust impacts became a concern.

Fire Prevention and Control

Pursuant to 36 CFR 228.11, Rio Grand Resources and Dahrouge Geological would comply with all applicable federal and state fire laws and regulations, including New Mexico fire restrictions in effect at the time of operations, and would take all reasonable measures to prevent and suppress fires in the area of operations. All internal combustion power equipment used on the Project would be equipped with an approved spark arrester in satisfactory working condition. All vehicles, including the drill rig, road maintenance equipment, water truck, and pickup trucks, would carry at least one round-point shovel and one 5 ABC (or larger) rated fire extinguisher.

B. Water Quality

State how applicable state and federal water quality standards will be met. Describe measures or management practices to be used to minimize water quality impacts and meet applicable standards.

Exploration activities would be conducted to meet or exceed New Mexico state water quality standards and to retain the biological, physical, and chemical integrity of aquatic systems in the Project area, consistent with Final Plan Water Quality Desired Conditions and Guidelines. Drill pads, water tanks, staging areas, and access road improvement segments would be located to avoid streams, springs, wetlands, and other water features to the extent practicable, and exploration activities would avoid ephemeral drainages where feasible. Surface runoff from disturbed areas would be managed to minimize erosion and prevent sediment or contaminants from reaching nearby water resources. Drilling fluids, cuttings, and water would be contained on-site within lined sumps. If potential water quality concerns were to arise during the project's course, work practices would be modified in coordination with the FS to ensure protection of water resources.

Perennial rivers, streams, and wetlands located within any Wilderness areas in or adjacent to the Project area are designated as Outstanding National Resource Waters (ONRWs) by the State of New Mexico and are protected from activities that could negatively impact their water quality. Project activities would be designed



and implemented to avoid negative impacts to ONRWs. Management activities would not negatively impact groundwater quality or quantity to the extent that ecosystems are adversely affected, consistent with Final Plan Watersheds Guidelines.

1. Water Use, Source, and Storage

State whether water is to be used in the operation, and describe the quantity, source, methods and design of diversions, storage, use, disposal, and treatment facilities. Include assumptions for sizing water conveyance or storage facilities.

Water for drilling would be purchased from a private source and transported to the Project by medium-duty water truck making approximately two to three trips per day. Water would be stored temporarily on-site in portable 5,000-gallon water bladders as described in Section IV.C. No permanent water conveyance systems, diversions, or in-stream withdrawals are proposed.

2. Erosion and Runoff Control

Describe methods to control erosion and surface water runoff from all disturbed areas, including waste and tailings dumps.

Exploration activities would minimize soil disturbance by limiting work to the area necessary for safe operations and using only the existing access road, consistent with Final Plan Soils Guidelines. Project activities would be designed and implemented so that they do not result in downward trends in soil condition. New activities involving concentrated use areas such as drill pads, staging areas, and road improvement segments would be sited to avoid poorly drained or saturated soils, areas with severe erosion hazards, or areas with high mass wasting hazards. Drill pads, sumps, staging areas, and road improvement segments would be designed to maintain natural drainage patterns and reduce concentration of runoff. Where necessary, erosion and sediment control BMPs consistent with FS guidance would be implemented, which may include water bars, straw wattles, silt fences, or similar measures. Ground-disturbing activities would be limited or modified during periods of excessive soil moisture to avoid rutting, compaction, and increased erosion potential, and disturbed areas would be stabilized as soon as practicable following completion of activities.

3. Water Quality Monitoring

Describe proposed surface water and groundwater quality monitoring, if required, to demonstrate compliance with federal or state water quality standards.

No water monitoring is proposed under this Plan of Operations.

4. Seasonal Closure or Temporary Cessation

Describe the measures to be used to minimize potential water quality impacts during seasonal closures, or for a temporary cessation of operations.

During seasonal closure or temporary cessation of operations, the site would be left in a stable condition and protective measures would remain in place to protect water quality and other resources. All drill holes would be properly secured before suspension of activities; completed holes would be plugged and abandoned, and any hole suspended before completion would be securely capped or otherwise stabilized to prevent surface water infiltration, interconnection of groundwater zones, or hazards to wildlife and the public. No fuels, chemicals, or other hazardous materials would be left on-site during periods of inactivity unless properly secured in designated containment.

5. Land Application of Wastewater



If land application is proposed for waste water disposal, the location and operation of the land application system must be described. Also describe how vegetation, soil, and surface and groundwater quality will be protected if land application is used.

No land application of wastewater is proposed for this Project.

C. Solid Wastes

Describe the quantity and the physical and chemical characteristics of solid waste produced by the operation. Describe how the wastes will be disposed of including location and design of facilities, or treated so as to minimize adverse impacts.

Non-drilling-related wastes generated during exploration activities, including trash and consumable materials, would be properly contained and removed from the Project for disposal at a certified landfill or other state-approved designated disposal location, consistent with Final Plan Minerals Guideline.

Drilling-related wastes, including cuttings and excess fluids, would be managed on-site in designated sumps in a manner that prevents discharge to surface or ground waters. Each sump would be excavated to a sufficient volume to contain all cuttings and fluids generated at that pad location, lined with an impermeable synthetic liner to prevent infiltration to surrounding soils and groundwater, and bermed to prevent surface water intrusion and maintain sufficient freeboard. Cuttings and fluids would be contained within the sump throughout the active drilling period at each pad. Upon completion of drilling at a given pad and prior to relocating the rig to the next pad location, the sump would be allowed to dry to the extent practicable. The sump would then be backfilled with the excavated cuttings and native material, compacted, and covered with a minimum of 12 inches of native soil. The surface would be graded to match surrounding terrain and seeded with an FS-approved native seed mix. Sump locations would be clearly documented on as-built maps provided to the FS as part of post-operation reporting.

D. Scenic Values

Describe protection of scenic values such as screening, slash disposal, or timely reclamation.

The Project area would be subject to scenic integrity objectives established in the Final Plan Scenic Character Guidelines. Exploration activities would be designed and implemented to be consistent with, or move toward, the scenic integrity objectives applicable to the Project area over the long term. Disturbance would be limited to the minimum footprint necessary, drill pads and staging areas would be located within or adjacent to the existing road corridor where practicable, and concurrent reclamation would be conducted as feasible. Good housekeeping standards would be maintained throughout the operation to reduce visual impacts.

E. Fish and Wildlife

Describe measures to maintain and protect fisheries and wildlife, and their habitat (includes threatened, endangered, and sensitive species) affected by the operations.

Migratory Birds and Wildlife Protection

Exploration activities would comply with all applicable federal wildlife protection laws and regulations, including the Endangered Species Act, the Migratory Bird Treaty Act, and the 2001 Executive Order on the Conservation of Migratory Birds, consistent with Final Plan Wildlife, Fish, and Plants Standards.

For any federally listed species or species of conservation concern identified in the Project area, activities would integrate applicable habitat management objectives and protection measures consistent with the most recent approved U.S. Fish and Wildlife Service recovery plan. Drilling, road improvement, and access activities may be



delayed or adjusted, in coordination with the FS, to avoid disturbance during sensitive periods such as breeding, nesting, or migration.

All open-top vertical pipes such as survey markers or plumbing vents with an inside diameter greater than one inch would be capped or otherwise designed to prevent animal entrapment, consistent with Final Plan Wildlife Guideline 11. All project materials no longer needed, including wire, storage tanks, and pipe, would be removed to provide for the safety of wildlife, consistent with Final Plan Wildlife Guideline 14.

Livestock Protection

Fences and gates would not be cut or altered without prior FS permission. Any damage would be corrected immediately upon discovery, and the FS would be notified within 24 hours. Impacts to permitted livestock grazing, particularly at stock watering sites, would be avoided to the extent practicable.

F. Non-Native Invasive Species

Non-native invasive and noxious species prevention and control are mandatory requirements under the Final Plan Non-Native Invasive Species Standards. Therefore, the following measures would be implemented:

Equipment Decontamination: All equipment, vehicles, and tools would be cleaned and inspected for soil, vegetation, seeds, and other biological material prior to entering NFS lands, consistent with Final Plan Non-Native Invasive Species Standard 1. Any equipment known or suspected to have been in contact with invasive species, aquatic invasive organisms, or non-desirable fungi or diseases would be decontaminated prior to use on the Project.

Certified Weed-Free Materials: All hay, straw, mulch, and other products where a weed-free certification process is in place would be certified noxious weed-free prior to use on NFS lands, consistent with Final Plan Invasive Species Standard 4. All fill material, aggregate, and rock material sources would be visually inspected for invasive and noxious weeds and treated as necessary prior to transport to and use on the Project.

Native Seed: All seeding and revegetation activities on NFS lands would use FS-approved native plant species, consistent with Final Plan Invasive Species Standard 5.

G. Cultural Resources

Describe measures for protecting known historic and archeological values, or new sites in the project area.

All exploration activities would be conducted in compliance with applicable federal cultural resource protection laws and regulations, including the National Historic Preservation Act (NHPA), Section 106 consultation requirements, the Archaeological Resources Protection Act, and the Native American Graves Protection and Repatriation Act, consistent with Final Plan Cultural Resources Guidelines.

Should cultural materials, human remains, items of cultural patrimony, sacred objects, funerary items, or an undocumented site be discovered during Project activities, all operations would stop within a 300-foot radius of the discovery and the FS would be notified within 24 hours. Qualified cultural resource specialists would evaluate any find, and no activity within a 300-foot radius of the discovery would resume until written notification were issued by the District Ranger. Cultural artifacts would be preserved in place except when endangered, in which case they would be curated following current professional standards, consistent with Final Plan Cultural Resources Guideline 1.

H. Hazardous Substances

1. Type and Volume of Materials



Identify the type and volume of all hazardous materials and toxic substances which will be used or generated in the operations including cyanide, solvents, petroleum products, mill, process and laboratory reagents.

Hazardous materials used during exploration activities include: diesel fuel and hydraulic fluids (for the drill rig and heavy equipment); bentonite drilling mud and polymer/gel drilling additives (non-toxic, biodegradable); and hydrocarbon-based equipment fluids. A fuel storage tank with secondary containment would be located at the laydown area. Spill response materials on-site would include plastic tarps, spill kits, and ground cover. Safety Data Sheets (SDS) for all hazardous materials would be provided to the FS prior to commencement of surface activities.

2. Transport, Use, Disposal, and Security

For each material or substance, describe the methods, volume, and frequency of transport (include type of containers and vehicles), procedures for use of materials or substances, methods, volume, and containers for disposal of materials and substances, security (fencing), identification (signing/labeling), or other special operations requirements necessary to conduct the proposed operations.

Hazardous materials would be transported to the Project as needed using pickup trucks and support vehicles, typically contained within vehicle fuel tanks or transported in approved, labeled containers (e.g., slip tanks or portable fuel containers). On-site volumes would be limited to operational needs, and spill kits would be maintained with active equipment. All containers would be properly labeled, materials would be secured during non-operational periods, and waste materials, including used containers, would be properly contained and removed from the Project for disposal at approved off-site facilities. Safety Data Sheets for all hazardous materials to be used during exploration activities would be provided to the FS prior to commencement of surface activities.

3. Spill Prevention, Containment, and Cleanup

Describe the measures to be taken for release of a reportable quantity of a hazardous material or the release of a toxic substance. This includes plans for spill prevention, containment, notification, and cleanup.

All fuel containers would be properly labeled and stored in secondary containment consistent with EPA regulations (40 CFR 112.7). On-site spill response materials, including plastic tarps, spill kits, and ground cover, would be maintained throughout operations. A general spill prevention and response would be provided to the FS prior to commencement of activities. In the event of a fuel spill or release of a reportable quantity of a hazardous material, a FS official would be notified within 24 hours and contaminated material would be removed and transported to an authorized disposal location in accordance with applicable requirements.

I. Reclamation

Describe the annual and final reclamation standards based on the anticipated schedule for construction, operations, and project closure. Include such items as the removal of structures and facilities including bridges and culverts, a revegetation plan, permanent containment of mine tailings, waste, or sludges which pose a threat of a release into the environment, closing ponds and eliminating standing water, a final surface shaping plan, and post operations monitoring and maintenance plans.

Reclamation would be implemented to stabilize disturbed areas, reduce erosion potential, and restore disturbed lands to a condition compatible with the surrounding terrain and vegetation and consistent with the overall land use objectives for the area, in accordance with Final Plan Minerals Guideline 5. Following completion of exploration activities, drill pads, sumps, staging area, and any temporary access improvements no longer needed would be backfilled or otherwise reclaimed and recontoured to approximate pre-existing conditions.

At the end of Project, all equipment, materials, supplies, and Project-related debris would be removed from the Project and disposed of off-site at a certified landfill or other state-approved designated disposal location,



consistent with Final Plan Minerals Guideline 8. Exploration drill holes would be properly plugged and abandoned in accordance with applicable State of New Mexico requirements. Revegetation would be conducted using an FS-approved native seed mix composed of plant species representative of the local ecosystem. Reclaimed areas would blend with the surrounding landscape in form, color, and texture.

Reclamation would be considered complete when disturbed areas are stabilized, recontoured to conditions compatible with surrounding terrain, and revegetated to support recovery of native plant communities, as verified in coordination with the FS. If necessary, additional reclamation measures would be implemented to address any deficiencies identified during inspection.



VI. Forest Service Evaluation of Plan of Operations

A Required Changes/Modifications/Special Mitigation

B Bond

Bond requirements will be determined upon review of Plan of Operations.

VII. Terms and Conditions

- A. If a bond is required, it must be furnished before approval of the PoO.
- B. Information provided with this PoO and marked confidential will be treated in accordance with applicable agency laws, rules, and regulations.
- C. Approval of this plan does not constitute certification of ownership to any person named herein and/or recognition of the validity of any mining claim named herein.
- D. Approval of this PoO does not relieve the operator of its responsibility to comply with other applicable state or federal laws, rules, or regulations.
- E. If previously undiscovered cultural resources (historic or prehistoric objects, artifacts, or sites) are exposed because of operations, those operations will not proceed until notification is received from the Authorized Officer that provisions for mitigating unforeseen impacts as required by 36 CFR 228.4(e) and 36 CFR 800 have been complied with.
- F. The surface disturbance activities included under this PoO have been approved for a period of ____ years from the date of FS authorization. A new or revised PoO must be submitted in accordance with 36 CFR part 228, Subpart A, if operations are to be continued after that time period.

VIII. Operating Plan Acceptance

I/We have reviewed and agreed to comply with all conditions in this PoO, including the required changes, modifications, special mitigation, and reclamation requirements. I/We understand that the bond will not be released until the Authorized Officer gives written approval of completed reclamation.

Signature of Operator (or Authorized Representative)

7/14/2026

Date



IX. Operating Plan Approval

Name of Authorized Officer

Title

Signature of Authorized Officer

Date



Figure 1: Project Area

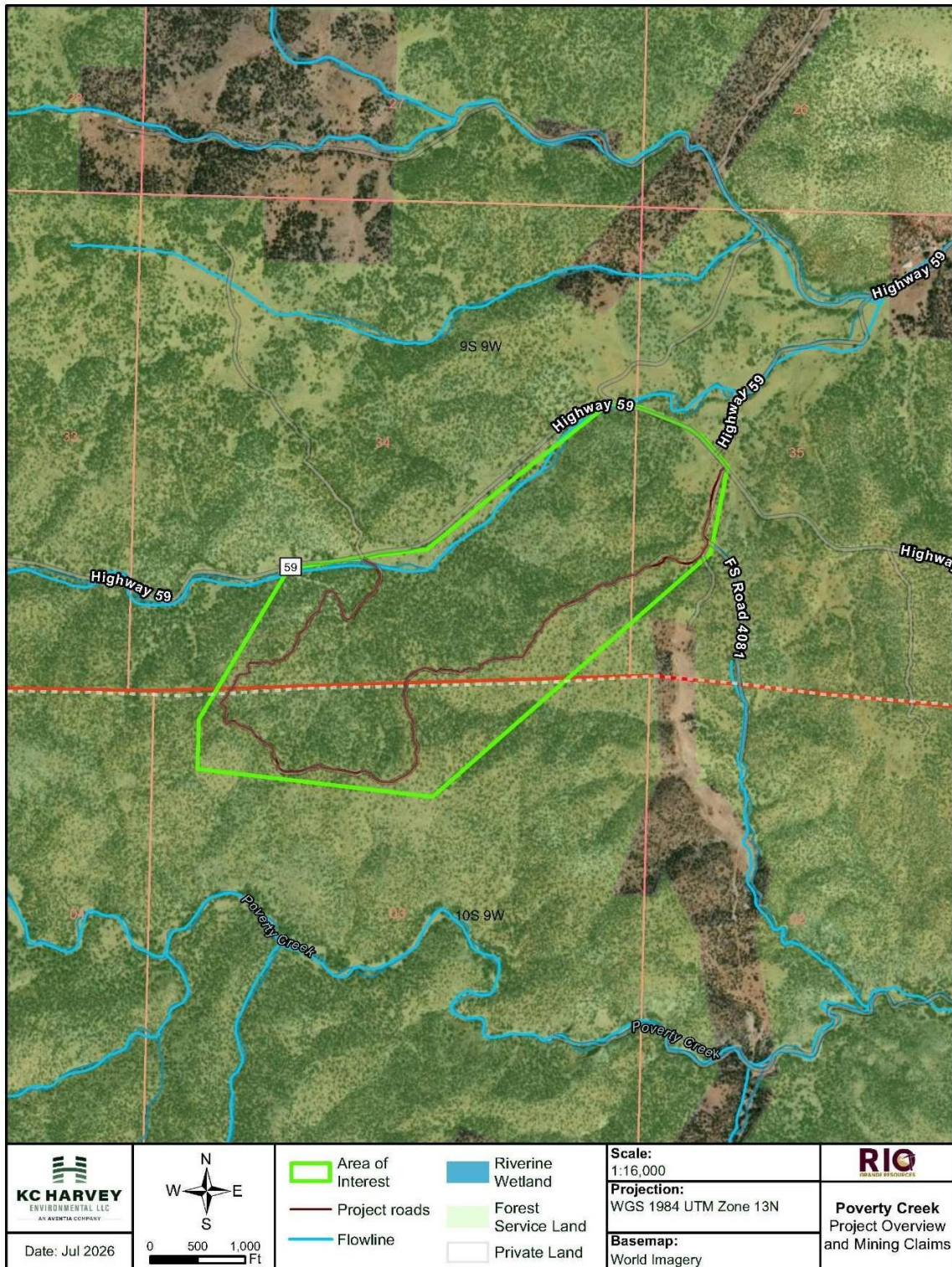




Figure 2: Roads & Road Improvements

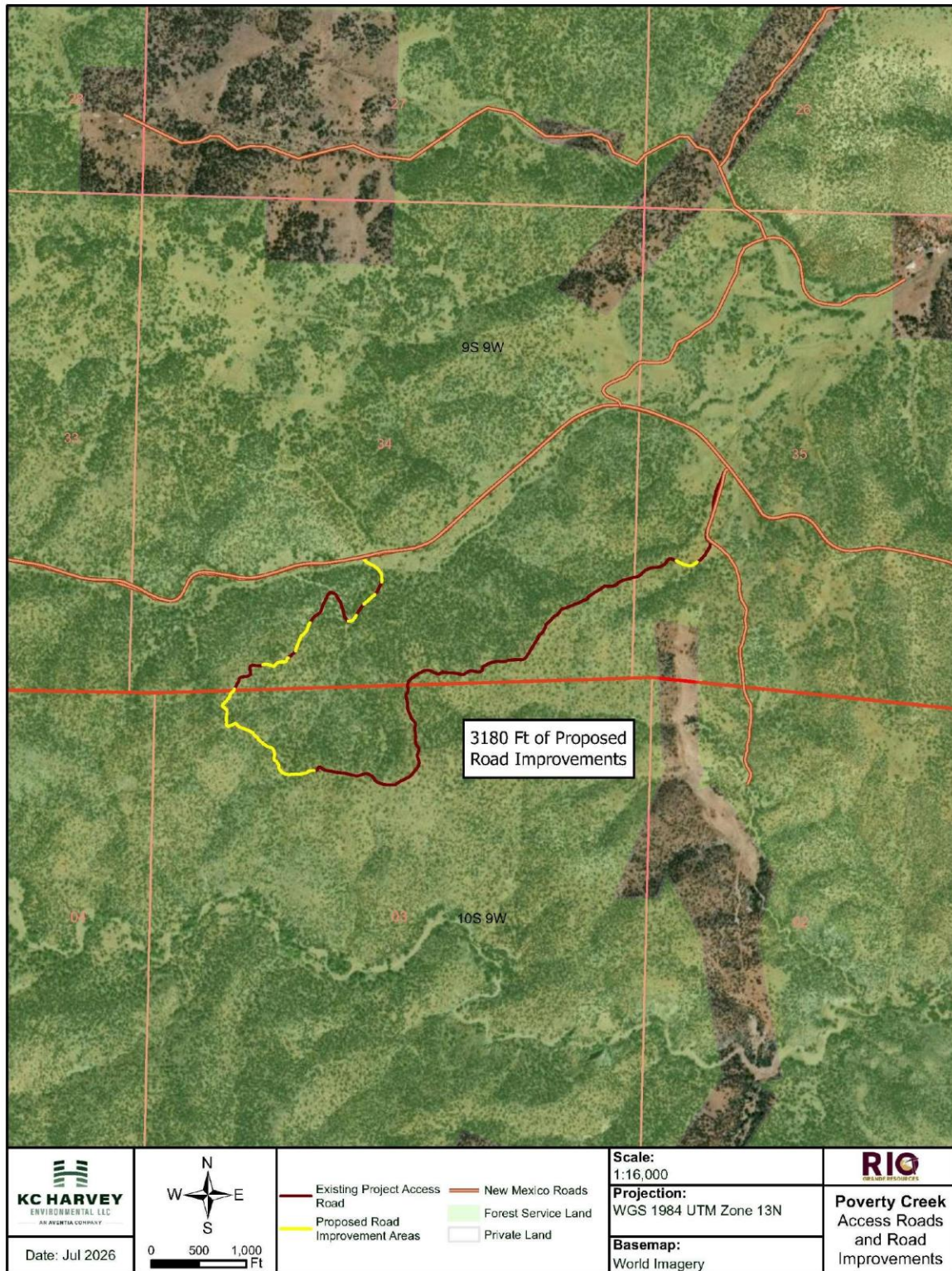
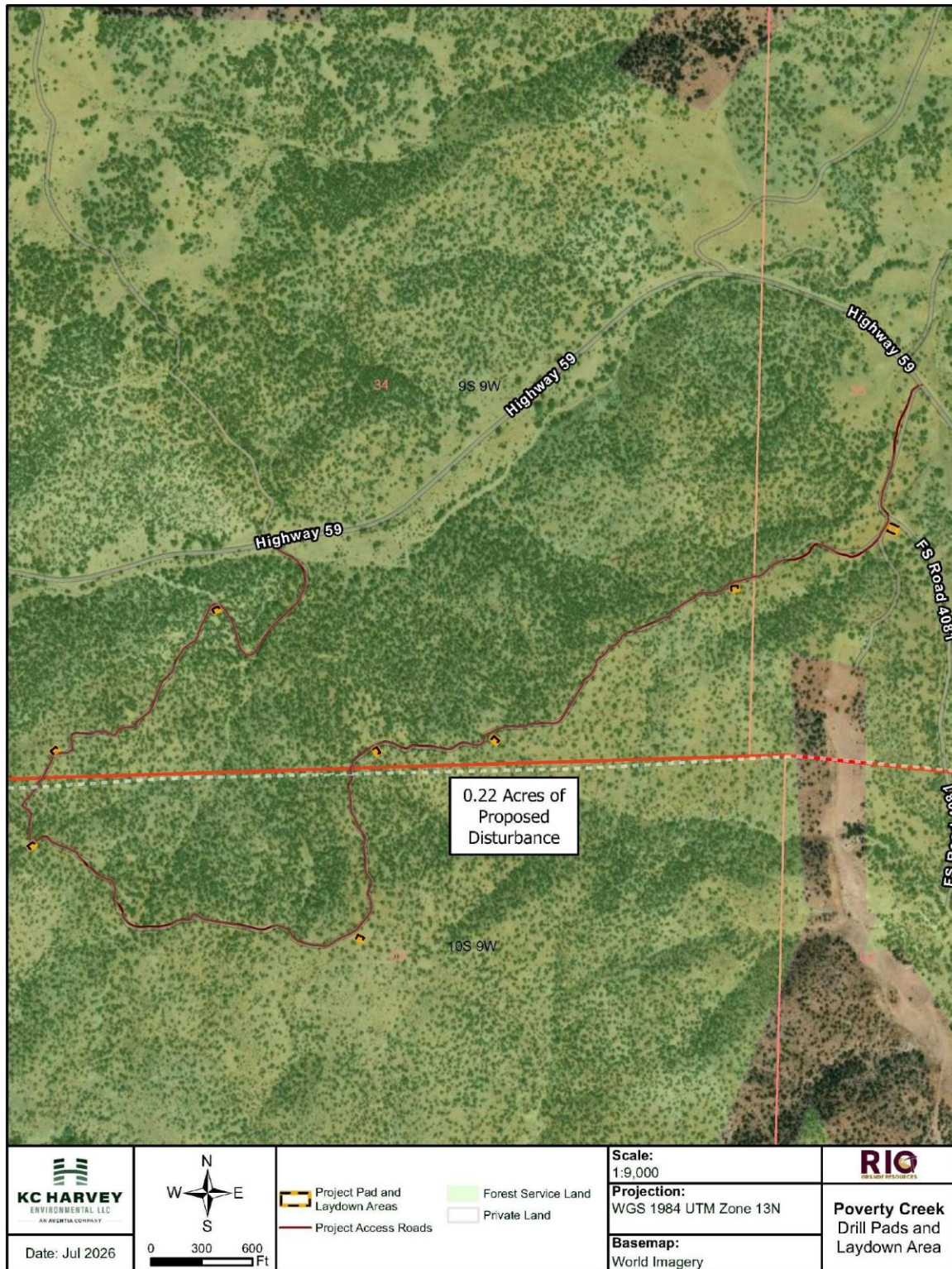




Figure 3: Drill pads and Laydown Area





NEW MEXICO OFFICE OF THE STATE ENGINEER

WR-07 APPLICATION FOR PERMIT TO DRILL

A WELL WITH NO WATER RIGHT

(check applicable box):

For fees, see State Engineer website: <https://www.ose.nm.gov/>

Purpose:	☐ Pollution Control	☐ Ground Source Heat Pump
☒ Exploratory Well ¹ (Pump test)	☐ And/O Recovery	☐ Other(Describe):
☐ Monitoring Well	☐ Construction Site/Public	
	☐ Works D watering	
	☐ Mine D watering	

A separate permit will be required to apply water to beneficial uses regardless of whether the water is consumptive or nonconsumptive.

New Mexico Environment Department-Drinking Water Bureau (NMED-DWB) will be notified if a proposed exploratory well is used for public water supply.

☐ Yes ☒ No Angled/Directional borehole - include schematic and azimuth, inclination, measured depth and true vertical depth

☒ Temporary Request Requested Start Date: August 31, 2026 Requested End Date: January 2027

Plugging Plan of Operations Submitted? ☒ Yes ☐ No

Note: if there is known artesian conditions, contamination or high mineral content at the drilling location, include the borehole log or a well log from an existing well at that location. If this information is not submitted, check box and attach form WD-09 to this form. ☐

1. APPLICANT(S)

Name: Rio Grand Resources (Christina Barnard, President)	Name: Patrick Mullinger Dahrouge Geological Consulting Ltd.
Contact or Agent: ☐ check here if Agent	Contact or Agent: ☒ check here if Agent Authorized Field Representative
Mailing Address: 750 West Pender Street, Suite 250	Mailing Address: Suite 115, 7000 South Yosemite Street
City: Vancouver	City: Centennial
State: BC Zip Code: V6C 2T7	State: CO Zip Code: 80112
Phone: ☐ Home ☐ Cell Phone (Work): (160) 461-7367	Phone: ☐ Home ☐ Cell Phone (Work): (780) 434-9808
E mail (optional)	E mail (optional)

FOR OSE INTERNAL USE

Application for Permit, Form WR-07, Rev 0/02/2024

File No.:	Trn No.:	Receipt No.:
Trans Description (optional):		
Sub Basin:	PCW/LOG Due Date:	

2. WELL(S) Describe the well(s) applicable to this application.

Location Required: Coordinate location must be reported in NM State Plane (NAD 83), UTM (NAD 83), or Latitude/Longitude (Lat/Long - WGS84).

District II (Roswell), District V (Aztec) and District VII (Cimarron) customers, provide a PLSS location in addition to above.

☐ NM State Plane (NAD83) (Feet)
☐ NM West Zone
☐ NM East Zone
☐ NM Central Zone

☐ UTM (NAD83) (Meters)
☐ Zone 12N
☐ Zone 13N

☐ Lat/Long (WGS84) (to the nearest 1/10th of second)

Well Number (if known):	X or Easting or Longitude:	Y or Northing or Latitude:	-Public Land Survey System (PLSS) (QQQSection, Township, Range) OR - Hydrographic Survey Map & Tract; OR - Lot, Block & Subdivision; OR - Land Grant Name	Well Depth in feet	Casing Diameter (OD)
See Attached WR-08					

NOTE: If more well locations need to be described, complete form WR-08 (Attachment 1 - POD Descriptions)

Additional well descriptions are attached: ☒ Yes ☐ No If yes, how many 7

Other description relating well to common landmarks, streets, or other:

Well is on land owned by: United States Forest Service (Gila National Forest, Black Range Ranger District)

Well Information: NOTE: If casings telescope or involve nested casing, please provide diagram. Attached? ☐ Yes ☒ No

Approximate depth to water (feet): ~300 ft	Outside diameter of well casing (inches): 3.5
Driller Name: Boart Longyear Drilling Services (Robert Sawrey; Douglas Tucker)	Driller License Number: WD-1854 (exp. 2/7/27); WD-1855 (exp. 3/14/27)

3. ADDITIONAL STATEMENTS OR EXPLANATIONS

Application covers up to 10 exploratory diamond-core/RC boreholes to be drilled sequentially (one open at a time) across the Poverty Creek claim block (Sections 3, T10S R9W and 34/35, T9S R9W), to depths up to approximately 1,300 ft. Approximate depth to groundwater is estimated at 300 ft true vertical depth; boreholes are expected to be wet and will be plugged per NM Wet Borehole Option 2 (see attached WD-08 Well Plugging Plan of Operations). Individual borehole GPS coordinates will be provided upon finalization of drill targeting. No pump test is proposed; these are mineral exploration boreholes, not water-supply wells.

4. SPECIFIC REQUIREMENTS: The applicant must include the following, as applicable to each well type. Please check the appropriate boxes, to indicate the information has been included and/or attached to this application:

Exploratory*: Is proposed well a future public water supply well? ☐ Yes ☒ NO If Yes, an application must be filed with NMED-DWB, concurrently. ☐ Include a description of any proposed pump test, if applicable.	Pollution Control and/or Recovery: ☐ Include a plan for pollution control/recovery, that includes the following: ☐ A description of the need for the pollution control or recovery operation. ☐ The estimated maximum period of time for completion of the operation. ☐ The annual diversion amount. ☐ The annual consumptive use amount. ☐ The maximum amount of water to be diverted and injected for the duration of the operation. ☐ The method and place of discharge. ☐ The method of measurement of water produced and discharged. ☐ The source of water to be injected. ☐ The method of measurement of water injected. ☐ The characteristics of the aquifer. ☐ The method of determining the resulting annual consumptive use of water and depletion from any related stream system. ☐ Proof of any permit required from the New Mexico Environment Department. ☐ An access agreement if the applicant is not the owner of the land on which the pollution plume control or recovery well is to be located.	Construction De-Watering: ☐ Include a description of the proposed dewatering operation, ☐ The estimated duration of the operation, ☐ The maximum amount of water to be diverted, ☐ A description of the need for the dewatering operation, and, ☐ A description of how the diverted water will be disposed of. Ground Source Heat Pump: ☐ Include a description of the geothermal heat exchange project, ☐ The number of boreholes for the completed project and required depths. ☐ The time frame for constructing the geothermal heat exchange project, and, ☐ The duration of the project. ☐ Preliminary surveys, design data, and additional information shall be included to provide all essential facts relating to the request.	Mine De-Watering: ☐ Include a plan for Mine De-Watering, that includes the following: ☐ A description of the need for mine dewatering. ☐ The estimated maximum period of time for completion of the operation. ☐ The source(s) of the water to be diverted. ☐ The geohydrologic characteristics of the aquifer(s). ☐ The maximum amount of water to be diverted per annum. ☐ The maximum amount of water to be diverted for the duration of the operation. ☐ The quality of the water. ☐ The method of measurement of water diverted. ☐ The recharge of water to the aquifer. ☐ Description of the estimated area of hydrologic effect of the project. ☐ The method and place of discharge. ☐ An estimation of the effects on surface water rights and underground water rights from the mine dewatering project. ☐ A description of the methods employed to estimate effects on surface water rights and underground water rights. ☐ Information on existing wells, rivers, springs, and wetlands within the area of hydrologic effect.
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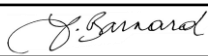
(* if exploration or monitoring drilling activity is required by NMED, then you must also submit the NMED Work Plan)

ACKNOWLEDGEMENT

I, We (name of applicant(s)), Christina Barnard (Rio Grand Resources)

Print Name(s)

affirm that the foregoing statements are true to the best of (my,our) knowledge and belief.



Applicant Signature

Applicant Signature

ACTION OF THE STATE ENGINEER

This application is:

☐ approved ☐ partially approved ☐ denied

provided it is not exercised to the detriment of any others having existing rights, and is not contrary to the conservation of water in New Mexico nor detrimental to the public welfare and further subject to the attached conditions of approval.

Witness my hand and seal this _____ day of _____ 20 _____, for the State Engineer,

_____, State Engineer

By:

Signature

Print

Title:

Print

FOR OSE INTERNAL USE

Application for Permit, Form WR-07 Version 10/02/2024

File No.:

Trn No.:



NEW MEXICO OFFICE OF THE STATE ENGINEER



ATTACHMENT 1 POINT OF DIVERSION DESCRIPTIONS

This Attachment is to be completed if more than one (1) point of diversion is described on an Application or Declaration.

a. Is this a: ☐ Move-From Point of Diversion(s) OR ☒ Move-To/New Point of Diversion(s)			b. Information on Attachment(s): Number of points of diversion involved in the application: <u>7</u> Total number of pages attached to the application: <u>0</u>		
☐ Surface Point of Diversion OR ☒ Well					
Name of ditch, acequia, or spring:		N/A			
Stream or water course:		N/A			
Tributary of:		N/A			
c. Location (Required): Required: Move to/New POD location coordinate(s) must be either New Mexico State Plane (NAD 83), UTM (NAD 83), or Lat/Long (WGS84)					
NM State Plane (NAD83) (feet) NM West Zone ☐ NM Central Zone ☐ NM East Zone ☐	UTM (NAD83) (meters) Zone 13N ☐ Zone 12N ☐	☒ Lat/Long—(WGS84) 1/10 th of second	OTHER (allowable only for move-from descriptions - see application form for format) ☒ PLSS (quarters, section, township, range) ☐ Hydrographic Survey, Map & Tract ☐ Lot, Block & Subdivision ☐ Grant	Well Depth (in feet) *Required on new wells	Casing outside diameter (in inches) *Required on new wells
POD Number: DP-01	X or Longitude 33.480473	Y or Latitude -107.747736	Other Location Description: 9S, 9W, Section 34	1300 ft	3.5
POD Number: DP-02	X or Longitude 33.477927	Y or Latitude -107.752314	Other Location Description: 9S, 9W, Section 34	1300 ft	3.5
POD Number: DP-03	X or Longitude 33.477684	Y or Latitude -107.754637	Other Location Description: 9S, 9W, Section 34	1300 ft	3.5
POD Number: DP-04	X or Longitude 33.474650	Y or Latitude -107.754880	Other Location Description: 10S, 9W, Section 3	1300 ft	3.5
POD Number: DP-05	X or Longitude 33.475987	Y or Latitude -107.761277	Other Location Description: 10S, 9W, Section 3	1300 ft	3.5
POD Number: DP-06	X or Longitude 33.477550	Y or Latitude -107.760883	Other Location Description: 9S, 9W, Section 34	1300 ft	3.5
POD Number: DP-07	X or Longitude 33.479922	Y or Latitude -107.757830	Other Location Description: 9S, 9W, Section 34	1300 ft	3.5
POD Number:	X or Longitude	Y or Latitude	Other Location Description:		
POD Number:	X or Longitude	Y or Latitude	Other Location Description:		

FOR OSE INTERNAL USE

Form WR-08 Version 07/16/2024
POD DESCRIPTIONS - ATTACHMENT 1

File Number:

Trn Number:

Trans Description (optional):



WELL PLUGGING PLAN OF OPERATIONS



NOTE: A Well Plugging Plan of Operations shall be filed with and accepted by the Office of the State Engineer prior to plugging. This form may be used to plug a single well, or if you are plugging multiple monitoring wells on the same site using the same plugging methodology.

Alert! Your well may be eligible to participate in the Aquifer Mapping Program (AMP)-NM Bureau of Geology geoinfo.nmt.edu/resources/water/cgmn/ if within of interest and meets the minimum construction requirements such there is still water in your well, and the well construction reflected in well record and log is not compromised, contact AMP at 575-835-5038 -6951, by email nmbg-waterlevels@nmt.edu prior to completing this prior form. Showing proof to the OSE that your well accepted in this program, may delay the plugging of your well until later date.

I. FILING FEE: There is filing fee for this form.

II. GENERAL / WELL OWNERSHIP: ☒ Check here if proposing one plan for multiple monitoring wells on the same site and attaching WD-08m

Existing Office of the State Engineer POD Number (Well Number) of well to be plugged:

Name of well Rio Grand Resources

Mailing address: 750 West Pender Street, Suite 250

County:

City: Vancouver

State: BC

Zip code V6C 2T7

Phone number: 604-617-3679

E-mail: Christina.barnard@riogranderesources.ca

III. WELL DRILLER INFORMATION:

Well Driller contracted to provide plugging services: Boart Longyear Drilling Services

New Mexico Well Driller License No. WD-1854, WD-1855 Expiration Date: 2/7/27, 3/14/27

IV. WELL INFORMATION: ☒ Check here if this plan describes method for plugging multiple monitoring wells on the same site and attaching supplemental form WD-08m and skip to #2 in this section.

Not A copy of the existing Well Record for the well(s) to be plugged should be attached to this plan

1) GPS Well Location Latitude _____ degrees _____ minutes _____ seconds, NAD 83
Longitude _____ degrees _____ minutes _____ seconds, NAD 83

2) Reason(s) for plugging well(s)

Temporary mineral exploration borehole to be plugged and abandoned upon completion of exploration drilling activities, in accordance with NMOSE requirements and the Poverty Creek Plan of Operations (Section IV) / NM EMNRD Part 3 Minimal Impact Exploration Operation Permit application.

3) Was well used for any type of monitoring or investigation? N If yes, please section VII of this form for detail what hydrologic parameters monitored. If the well is sealed to prevent contamination of quality water, then the New Mexico Environment Department may be required prior to plugging

4) Does the well transport, allow, or other impact on quality water? N If yes, provide additional detail, including analytical results and/or laboratory report(s): N/A

5) Static water level: Estimated ~300 feet below land surface / feet above land surface (circle one)

6) Depth of the well: 1300 feet

- 7) Inside diameter of innermost casing: 2.5 inches.
- 8) Casing material: steel
- 9) The well was constructed with:
☒ an open-hole production interval, state the open interval: Entire borehole
☐ a well screen or perforated pipe, state the screened interval(s): _____
- 10) What annular interval surrounding the artesian casing of this well is cement-grouted? N/A
- 11) Was the well built with surface casing? yes If yes, is the annulus surrounding the surface casing grouted or otherwise sealed? bentonite clay If yes, please describe:

Well has not been constructed, but is proposed that the annular space will be filled with low-permeability bentonite.
- 12) Has all pumping equipment and associated piping been removed from the well? N/A If not, describe remaining equipment and intentions to remove prior to plugging in Section VII of this form.

V. DESCRIPTION OF PLANNED WELL PLUGGING: ☐ If plugging method differs between multiple wells on same site, a separate form must be completed for each method.

Note: If this plan proposes to plug an artesian well in a way other than with cement grout, placed bottom to top with a tremie pipe, a detailed diagram of the well showing proposed final plugged configuration shall be attached, as well as any additional technical information, such as geophysical logs, that are necessary to adequately describe the proposal. Attach a copy of any signed OSE variance to this plugging plan.

Also, if this planned plugging plan requires a variance to 19.27.4 NMAC, attach a detailed variance request signed by the applicant.

- 1) Describe the method by which cement grout shall be placed in the well, or describe requested plugging methodology proposed for the well:

High-density bentonite clay ($\geq 20\%$ active solids, e.g., QUIK-GROUT or equivalent NMOSE-approved product), tremie-piped from total depth (1,300 ft) to within 12 feet of ground surface, followed by 10 feet of neat cement grout (tremie-placed) from 12 feet to 2 feet below surface, followed by 2 feet of topsoil/topdressing (NM Wet Borehole Option 2).
- 2) Will well head be cut-off below land surface after plugging? Yes

VI. PLUGGING AND SEALING MATERIALS:

Note: The plugging of a well that taps poor quality water may require the use of a specialty cement or specialty sealant. Attach a copy of the batch mix recipe from the cement company and/or product description for specialty cement mixes or any sealant that deviates from the list of OSE approved sealants.

- 1) For plugging intervals that employ cement grout, complete and attach Table A.
- 2) For plugging intervals that will employ approved non-cement based sealant(s), complete and attach Table B.
- 3) Theoretical volume of grout required to plug the well to land surface: 757 gallons total (751 gal bentonite clay + 6 gal neat cement cap)
- 4) Type of Cement proposed: Portland Type I/II (10-ft neat cement cap interval only)
- 5) Proposed cement grout mix: 6 gallons of water per 94 pound sack of Portland cement.
- 6) Will the grout be: _____ batch-mixed and delivered to the site
X mixed on site

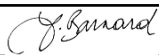
7) Grout additives requested, and percent by dry weight relative to cement:

8) Additional notes and calculations:

VII. ADDITIONAL INFORMATION: List additional information below, or on separate sheet(s):

VIII. SIGNATURE:

I, Christina Barnard, say that I have carefully read the foregoing Well Plugging Plan of Operations and any attachments, which are a part hereof; that I am familiar with the rules and regulations of the State Engineer pertaining to the plugging of wells and will comply with them, and that each and all of the statements in the Well Plugging Plan of Operations and attachments are true to the best of my knowledge and belief.



Signature of Applicant

July 30, 2026

Date

IX. ACTION OF THE STATE ENGINEER:

This Well Plugging Plan of Operations is:

☐ Approved subject to the attached conditions.
☐ Not approved for the reasons provided on the attached letter.

Witness my hand and official seal this _____ day of _____, _____

_____, New Mexico State Engineer

By: _____

TABLE A - For plugging intervals that employ cement grout. Start with deepest interval.

	Interval 1 – deepest	Interval 2	Interval 3 – most shallow
			Note: if the well is non-artesian and breaches only one aquifer, use only this column.
Top of proposed interval of grout placement (ft bgl)			2
Bottom of proposed interval of grout placement (ft bgl)			12
Theoretical volume of grout required per interval (gallons)			5.8
Proposed cement grout mix gallons of water per 94-lb. sack of Portland cement			6
Mixed on-site or batch-mixed and delivered?			Mixed on-site
Grout additive 1 requested			N/A - neat cement, no additives
Additive 1 percent by dry weight relative to cement			N/A
Grout additive 2 requested			
Additive 2 percent by dry weight relative to cement			

TABLE B - For plugging intervals that will employ approved non-cement based sealant(s). Start with deepest interval.

	Interval 1 – deepest	Interval 2	Interval 3 – most shallow
			Note: if the well is non-artesian and breaches only one aquifer, use only this column.
Top of proposed interval of sealant placement (ft bgl)			12
Bottom of proposed sealant or grout placement (ft bgl)			1,300
Theoretical volume of sealant required per interval (gallons)			750.9
Proposed abandonment sealant (manufacturer and trade name)			High-density bentonite clay ($\geq 20\%$ active solids) - e.g., QUIK-GROUT (Baroid Industrial Products) or equivalent NMOSE-approved product

Rio Grande Resources

Financial Assurance Cost Estimate and Justification for Reduced Bond Amount

NM EMNRD Part 3 Minimal Impact Exploration Operation Permit Application - Section 8

Poverty Creek Project | Applicant: Rio Grand Resources | Prepared by: KC Harvey Environmental, LLC

1. Purpose

This worksheet is submitted pursuant to New Mexico's Mining and Mineral's Division's (MMD) Guidance for Estimating Reclamation Costs for Part 3 - Minimal Impact Exploration and Minimal Impact Mining (Revised 2013), which provides that an operator proposing a lesser financial assurance ("FA") amount than the standard guidance formula must provide MMD with a complete and detailed financial assurance worksheet justifying that position. This document presents both the standard MMD calculation and the Applicant's proposed reduced amount, together with the operational basis for the reduction.

2. Standard MMD Calculation (Full Cumulative Footage)

Applying MMD's standard guidance formula (\$14.00/ft borehole abandonment; \$8,900 first acre / \$4,900 per additional acre reclamation) to the full cumulative footage of all 10 proposed boreholes at the maximum anticipated depth of 1,300 feet each yields the following:

Cost Component	Amount
Drill hole abandonment: 10 holes x up to 1,300 ft x \$14.00/ft	\$182,000.00
Surface reclamation/reseeding: 0.99 acres (first-acre rate)	\$8,900.00
Total (standard MMD methodology, full cumulative footage)	\$190,900.00

3. Basis for Reduced Estimate: Progressive, Sequential Operations

The standard MMD formula sums the abandonment cost of all boreholes in the program, which reflects the total cumulative liability if reclamation were deferred to the end of the exploration program. However, the Poverty Creek exploration program will be conducted as a sequential, single-hole operation, with reclamation occurring progressively throughout the Project rather than being deferred to Project completion. Under this operating method, the following commitments apply:

- Boreholes will be drilled and abandoned sequentially, one hole at a time; a subsequent hole will not be drilled until the preceding hole has been plugged and abandoned in accordance with the approved WD-08 Well Plugging Plan.
- At no point during the Project will more than one borehole be open (drilled but not yet plugged and abandoned) at the same time.
- In the unlikely event of sudden project abandonment, MMD's maximum reclamation exposure is therefore limited to: (a) the single open borehole at its maximum anticipated depth, and (b) the cumulative surface disturbance (drill pads, staging area, sumps, and road improvements) completed to that point, which is already captured in the 0.99-acre reclamation estimate.

Because financial assurance exists to fund reclamation in the event of sudden abandonment, and because the Applicant's actual reclamation liability at any point in time under this sequential approach is limited to one open borehole plus the surface disturbance completed to date (not all 10 boreholes' cumulative footage), the Applicant proposes that the FA amount be calculated using the single maximum concurrently-open borehole depth in place of the summed footage of all boreholes.

4. Proposed Reduced Calculation

Cost Component	Amount
Drill hole abandonment: 1 hole (maximum concurrently open) x 1,300 ft x \$14.00/ft	\$18,200.00
Surface reclamation/reseeding: 0.99 acres (first-acre rate)	\$8,900.00
Total proposed financial assurance (reduced, progressive-reclamation basis)	\$27,100.00

5. Requested Action

The Applicant requests that MMD accept the reduced financial assurance amount of \$27,100.00, calculated on the basis described above, in lieu of the standard formula amount of \$190,900.00. The Applicant is prepared to provide additional detail or adjust this estimate as needed, upon request.