

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("**Settlement Agreement**") is made between (a) the Mining and Minerals Division ("**MMD**") of the State of New Mexico, Energy, Minerals, and Natural Resources Department; and (b) Empire Trust, Inc. ("**Empire**") for Southwest Resources, Inc. ("**SRI**"), as trustee of the George O. Lotspeich Revocable Trust ("**Trust**"), dated October 20, 2015, and as personal representative of the Estate of George Lotspeich ("**Estate**") for itself and all beneficiaries of the Estate and Trust (collectively referred to herein as "**Releasees**"), who are intended third-party beneficiaries of this Settlement Agreement.

RECITALS

1. On January 14, 2020, SRI entered into a Director's Order of Abatement on Consent with Findings of Facts and Conclusions of Law ("**Director's Order**").
2. The Director's Order listed SRI and George Lotspeich, its majority shareholder and president, as responsible parties for purposes of abatement and reclamation of hazards to human health and the environment at the Section 12 Mine Site, T 14 N, R 10 W, in McKinley County, New Mexico, near Ambrosia Lake ("**the Mine Property**").
3. George Lotspeich was not a signatory to the Director's Order.
4. George Lotspeich died on or about March 2, 2020.
5. On December 2, 2020, Empire was informally appointed as Personal Representative of the Estate in Case Number D-202-PB-2020-00664, Second Judicial District Court, State of New Mexico. Said probate remains open.
6. At the time the Director's Order was entered and as of the date of this Settlement Agreement, the Trust owns SRI's stock, and Empire serves as the Trustee of the Trust. Representing the Trust as sole shareholder of SRI, Empire consented to the Director's Order on

behalf of SRI.

7. SRI has in good faith been taking steps to implement the requirements of the Director's Order since it was entered.

8. However, as efforts to comply with the Director's Order continue to take place, it is apparent that there are insufficient funds within SRI and/or the Trust to complete all the reclamation requirements stated in the Director's Order.

9. The amount of money which will be required to complete the reclamation requirements contained in the Director's Order, even as modified by this Settlement Agreement, are so substantial that Empire requires the written consent of the Trust beneficiaries and approval of the Second Judicial District Court before said funds can be made available to fund the remaining requirements of the Director's Order.

10. Before Empire can seek beneficiary and judicial approval of the remaining reclamation costs as required by the Director's Order, as modified herein, agreed upon objectives utilizing a fixed amount of funding must be established through this Settlement Agreement, which must include, without limitation, a release of Releasees from any further liabilities associated with the Mine Property in exchange for a deposit to be used to fund reclamation activities at the Mine Property.

AGREEMENT

Having considered the Findings of Fact and Conclusions of Law in the Director's Order, the Section 12 Mine status, the death of George Lotspeich, the financial status of SRI and the Trust, and the objectives of the Director's Order, SRI and MMD agree as follows:

11. Empire on behalf of SRI (in coordination with Herndon Solutions Group and Taylor

Services, LLC, and other suitable contractors selected by Empire) has submitted to MMD a Revised Reclamation Plan, as Amended and cost estimate, dated March 26, 2025 (collectively, **“Reclamation Plan”**) to fund the **“Modified Reclamation Measures”** using the **“Deposit Amount,”** which is defined in Paragraph 15 below. The Modified Reclamation Measures are:

- i. the consolidation of all soils that are 5pCi/g Ra-226 over background on the Mine Property. The consolidation pile will be sufficiently bermed and fenced with a minimum of one foot of clean cover. This cover will be seeded;
 - ii. the deposit of as much contaminated soil as reasonably possible down the shaft with a final concrete cap to be placed on top of it. The head frame will be left in place, and the two buildings on the Mine Property will be left “as is” on site;
 - iii. as funding permits, the reseeded of disturbed areas on the Mine Property; and
 - iv. as funding permits, the consolidation of random junk and garbage on the Mine Property into one pile or the deposit of such material down the shaft.
12. The Reclamation Plan shall contain the following additional terms:
- i. Empire on behalf of SRI shall report expenditures over \$50,000 to MMD as they are accrued;
 - ii. If it appears that any of the Modified Reclamation Measures will not be completed because the Deposit Amount is insufficient to pay for the completion of any or all those items, MMD agrees that it will accept an as-

built completion report that shows the exhaustion of the Deposit Amount. SRI, the Trust, the Estate, Empire, and the Releasees shall have no obligation to perform any work or fund additional clean-up or reclamation efforts upon the Mine Property beyond those provided in the Reclamation Plan. In no event shall SRI, the Trust, the Estate, Empire, or the Releasees have any obligation to commit funds in excess of the Deposit Amount for clean-up or reclamation of the Mine Property;

- iii. The Deposit Amount will only be used to pay consultants and contractors to perform the Reclamation Plan and Modified Reclamation Measures. SRI shall not pay legal fees from the Deposit Amount;
- iv. In the event there are any disputes regarding performance of this Settlement Agreement or the Director's Order as amended by the Modified Director's Order (defined in Paragraph 13 below), MMD's sole remedy shall be to first request that SRI stop work and reallocate the balance of the Deposit Amount pursuant to the terms of a MMD Director's order. In the event SRI is unable to or refuses to stop work, MMD may request a court to order the work to stop to preserve the balance of the Deposit Amount. In that case, MMD may direct SRI, through Empire, or may ask a court to order SRI, through Empire, to spend remaining amounts of the Deposit Amount as directed by MMD and a Director's order. In no event, however, shall SRI, the Trust, the Estate, Empire, or Releasees ever be required to pay more than the Deposit Amount for the clean-up and reclamation at the Mine Property.

- v. MMD shall not have any remedy or relief against SRI, the Trust, the Estate, Empire, or Releasees related to the clean-up or reclamation of the Mine Property other than what is provided for in this Settlement Agreement. Not by way of limitation of the previous sentence, MMD shall not have any further remedy or relief against SRI, the Trust, the Estate, Empire, or Releasees related to the clean-up or reclamation of the Mine Property other than to require that different steps take place regarding expenditure of the Deposit Amount or, upon a showing of an insufficiency of the Deposit Amount to fully fund the Revised Reclamation Plan, to request the expenditure of the balance of the Deposit Amount in a manner that varies from the funding priorities established by this Settlement Agreement.
- vi. Any decision by MMD to reallocate the balance of the Deposit Amount pursuant to this Settlement Agreement shall in no way impair or limit the scope of the release granted to SRI, the Trust, the Estate, Empire, and Releasees under the terms of this Settlement Agreement.

13. This Settlement Agreement supersedes the Director's Order and releases SRI, the Trust, the Estate, Empire, and Releasees from any further responsibility for the clean-up and reclamation of the Mine Property as provided for in Paragraph 15 below.

14. The Parties understand that this Settlement Agreement is subject to, and completely contingent upon, approval by the Second Judicial District Court, County of Bernalillo, State of New Mexico, which approves with a final non-appealable order ("**Court Approval**") a non-judicial settlement agreement executed by Empire as Trustee of the Trust and Personal

Representative of the Estate and the beneficiaries of the Trust which approves payment of the Deposit Amount and the other terms of this Settlement Agreement without exception. In the event Court Approval does not occur, this Settlement Agreement is void. The Parties understand that, in seeking Court approval, Empire reserves the right to notify other agencies, entities, and persons not parties to this Settlement Agreement who do or who may claim to have an interest in the Trust corpus.

15. Promptly after obtaining Court Approval, Empire as Trustee of the Trust shall deposit the sum of \$575,000 (five hundred seventy-five thousand United States Dollars) (“**Deposit Amount**”) in a separate account that will be used exclusively to fund the Modified Reclamation Measures stated by the Reclamation Plan, approved by this Settlement Agreement. The deposit of the Deposit Amount in a separate account pursuant to this Settlement Agreement shall be in full and final satisfaction of all legal, equitable, and regulatory causes of action, claims, demands, liabilities, obligations, and responsibilities of all kinds whatsoever MMD now has or ever will have against any or all of SRI, the Trust, the Estate, Empire, and Releasees, and all their respective affiliates, agents, attorneys, beneficiaries, directors, employees, heirs, insurers, members, officers, owners, parent companies, principals, representatives, shareholders, subsidiaries, and successors, arising from or related to the clean-up or reclamation of all or any part of the Mine Property.

IT IS SO AGREED.



Albert Chang, Director

Mining and Minerals Division

State of New Mexico, Energy, Minerals and Natural Resources Department

A handwritten signature in cursive script, appearing to read "George O. Lotspeich", is written over a horizontal line.

Empire Trust, Inc., as Trustee of the
George O. Lotspeich Revocable Trust, dated
October 20, 2015, for the Trust and sole
Shareholder of SRI; and
Personal Representative of the Estate of
George Lotspeich