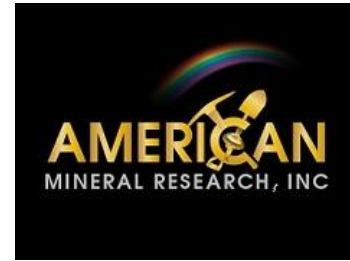


August 15, 2025



**Delivered by email to:**

Josephine County Commissioners, [BCC@josephinecounty.gov](mailto:BCC@josephinecounty.gov)  
and

Kassie Austin, Administrative Supervisor

Board of Commissioners, [KAustin@josephinecounty.gov](mailto:KAustin@josephinecounty.gov)

[www.AmericanMineralResearch.com](http://www.AmericanMineralResearch.com)

**Subject:** Supplemental Letter to Accompany May 2023 Mining Lease Application and Notice of Mineral Discovery, Josephine County Forestry Property Known As The St. Peter Mine Property

Dear Josephine County Commissioners,

This letter is to supplement our Mining Lease Application made in May of 2023 and to provide a more detailed history of our work on this project since all three commissioners were not serving on the Board during the duration of our work and may not know the full history of this project. This is being provided about one week before our lease application hearing date before the Board and we hope you will take the time to read this before our hearing date of August 21.

American Mineral Research's management team communicated with all three commissioners about this project prior to your current terms on the board as we believe developing the mineral resources present on County owned forestry lands and pursuing the vast mineral wealth on other government owned forestry properties in Josephine County can provide significant revenues to County Law Enforcement programs in the long-term. As we stated in our letter to Josephine County in late 2019 when we first applied for a mineral exploration permit on this County owned property, our goal is to show the County how the significant mineral values the County owns on several County owned forestry properties can be used to help generate revenues for County Law Enforcement.

American Mineral Research (AMR) and its founders have been pursuing this County-owned property since 2007, since this County property has had more history and exploration done on it than any other County-owned forestry property to our knowledge. There are several other County-owned forestry properties that we believe also have significant mineral development potential, based on our decades of local mineral research.

It might sound through this supplement letter that we are being very critical of the County's administration of our 3-year mineral exploration permit process and our mining lease application. But we think it's extremely important for the Board to understand the challenges we faced so we can collectively avoid these mistakes in the future with other applicants and so the Board understands why we had no choice but to move this discussion into the legal arena in 2025. You will have a clear understanding of the damages that we've faced by the more than 2-year delay in the County acting on our lease application as well as the significant revenues the County can achieve by approving this application without further delay.

The County's own consulting geologist, Brian Anderson, R.G. of Sespe Consulting who the County named as the Mining Administrator, recommended back in June of 2023 that the County put together a draft lease document for consideration by both parties. AMR has requested this several times, including again in the last month. Since the County has declined to draft a lease per the recommendations of the County's geologist, AMR will end this letter with a couple lease proposal options that recognize both the damages AMR has due to this 2-year delay as well as our desire to generate revenues for County Law Enforcement programs from

this County-owned forestry property. Our proposals were crafted to serve as a win-win for both parties, with proposed royalty rates that we believe will generate more net revenues for County Law Enforcement in the long term than what we were projecting about 2.5 years ago.

This letter also summarizes the more than 200 pages of geology information we turned in with our “APPLICATION FOR MINERAL MINING LEASE” and Notice of Mineral Discovery in May 2023, in case commissioners do not have time to review this information in detail. The vast amount of geology information AMR included in our original application is highly technical in nature, and to our knowledge only Board Chair Andreas Blech has reviewed this information during his participation on the County’s Mining Advisory Committee (MAC) when the MAC unanimously approved our lease application in 2023. We included this large amount of geology information that came from both historical exploration efforts as well as our current research efforts to show without any doubt that this property contains a high quality and economically viable mineral deposit. These are the two basic requirements of the Josephine County Code (JCC) 5.15 which governs mining lease applications. JCC 5.15 essentially says that if a holder of a County Mineral Exploration Permit (which AMR had on this property up until May 2023) shows that there is a high-quality mineral deposit and that a prudent person would be justified in further expenditures to develop the mine/mineral deposit, the County **shall** grant a mining lease.

AMR can and will show undeniable proof that this is the likely reason the previous County Board of Commissioners delayed acting on our mining lease application for over two years, contrary to requirements of County Code 5.15. It appeared there were personality conflicts between at least two of the three members of the Board that served between 2023 and 2024 and the Board chairs in those years intentionally delayed reviewing and acting on our mining lease application because we meet all requirements of the County Code to be granted a lease and at least two members of the Board did not want to see AMR granted this lease for reasons other than County Code requirements. This will be very apparent to the current Board members if you read this entire letter in detail.

We also encourage current Board members to reflect back on the various communications we had with each of you before you were commissioners. We communicated with Chair Blech many times over the years regarding our work on this property, including some challenges we were having with the mining company that owned some federal mining claims adjacent to this County property. Between May and July of 2024, we communicated with Commissioner Barnett who graciously inquired with last year’s Board to help us determine the status of our application. We have a voice message from Commissioner Barnett dated July of 2024 saying that he inquired regarding the status of our application and he was told by one of last year’s Board members that the “application was in review in Legal” at that time. And we’ve also talked to Commissioner Smith several times over the years and based on some public comments he’s made in meetings this year he seems to be somewhat familiar with this property and the mine history. Now here is the rest of the story that is important to consider in your coming deliberations.

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AMR’s original founder first applied for a mineral exploration permit on this County property in 2008. In fact, there were two applications put in for this property at that time, and AMR’s founder was associated with both of them. The County declined to review the applications at that time, despite the requirements of JCC 5.15. The excuse given at the time was that the County code needed to be modernized. After a nearly two-year process, the County decided not to make any changes to the County code at that time. We even have a 2012 letter we sent to Commissioner Simon Hare at the time asking when our application would be processed. But this was never done, despite County Code requirements. We mention this as background to show you our long-term interest in the property and that the significant volume of geology information attached to our original application is the product of many years of interest in the property.

The County’s Directors of Forestry that were in place before today’s Forestry Director Mr. Streeter were very supportive of the concept of developing the mineral resources on County Forestry lands. We developed an

inventory of many County-owned forestry properties that have significant mineral development potential with their help. After several years of working with Director Streeter, and several public comments made by Director Streeter, Mr. Streeter has neither the knowledge nor the desire to advise the Commissioners regarding technical matters about developing mineral resources on County Forestry properties.

Consequently, Mr. Streeter has made several inaccurate statements to the commissioners during the more than 5 years since we first applied for a mineral exploration permit and then took our findings and applied for a mining lease. But of course, the Forestry Director will always have to coordinate on mineral development projects since they will always take place on properties that are dual-purpose properties (mineral plus timber). During the 5.5 years that we've either been working this property or pursuing an application on this property, we've experienced significant and what felt like intentional roadblocks from previous County Commissioners, the Forestry Director, the contract mining administrator, and the County Legal office. We hope County Officials will endeavor not to repeat these mistakes and intentional discrimination, because significant law enforcement revenues are at stake and several other parties are interested in developing mineral resources on other County-owned forestry properties. This can have a huge local economic development impact in the long term and can generate significant non-tax revenues for Josephine County. Also there are no longer potential timber conflicts in this County forestry property in the short-term since the County just completed harvesting most of the timber on this property.

We also believe it's important for the current Board to understand the conditions and challenges we faced back when we first applied for a Mineral Exploration Permit on this property over 5 years ago and during the time we held a 3-year exploration permit on this property. Some unique challenges began when during the hearings for our Mineral Exploration Permit in 2020 a local mining company and individual (Stephan Walker of Summitt Mining) and their attorney objected to our application. One of their main objections was that they were a neighboring federal mining claim owner and they claimed "apex" rights to mineral resources on part of this county-owned property. This was an invalid claim because apex rights are only applicable when you are working a mineral vein that crosses over two **federal** mining claims. Apex rights are not applicable when you are going from a federal claim into a private patented property such as this property owned by Josephine County.

We thought this issue was behind us when we were approved for our mineral exploration permit in 2020 and explained that apex rights are not applicable in this case. In fact, Legal Counsel Wally Hicks even consulted another local mining expert at this time (he was happy to help, not a paid arrangement) and this local expert said the same thing to Wally that we mentioned during our hearings. So we were extremely surprised when Counselor Hicks brought up this irrelevant legal argument once again in our recent court case which resulted in the County agreeing to hold this long overdue hearing on our mining lease application next week. This neighboring mining company may be once again preparing an objection to our mining lease application according to interactions we had with him out in the field and so we feel compelled to share the full history of us and the County dealing with this adjacent mining project.

We were surprised that another mining company would object to our application back in 2020. But soon after we were approved for our 3-year mineral exploration permit by the County, we found out why they objected. This adjacent mining company was illegally mining valuable gold ore underneath this County property, and we found a YouTube video which proved this. In fact, based on the video date they had been illegally mining under this County property for about 4-5 years at the time we were approved for a mineral exploration permit on this County property.

We promptly reported this through what was supposed to be a confidential meeting with Wally Hicks and a Sheriff Deputy, given the theft from County property could have been in the hundreds of thousands of dollars, potentially even millions of dollars if they were removing a fair amount of ore from the portion of the mining tunnels from the historic Martha Mine that goes under this County property. We provided clear evidence of the wrongdoing, and in the year that followed never heard anything back from the County as to the status of

the investigation. There was no follow up with us in the slightest in the next year, which is a shame because we came across even more concrete proof that this neighboring mining company was illegally mining under the County property. Today, we have multiple witnesses which saw firsthand this mining company was illegally mining under the County property.

Therefore, in 2023 we requested investigation reports to see what the County had discovered during their investigations and whether they had communicated with the neighboring mining company. No investigation reports or communications were made available to us, meaning a formal and proper investigation was not done and the County had not formally communicated with the neighboring mining company. This was shocking given the dollar amount of the alleged theft, so once again in 2023 we requested a formal investigation now that we were moving forward with pursuing working on this property in future years beyond our original permit term. It was at this time, 2023, that the County Sheriff's Office did pursue a full investigation, but the neighboring mining company had over two years to literally cover their tracks. They knew they were being investigated and so they built a rock wall that blocked the portion of the underground tunnel that goes under the County property. But please note that this wall could likely be knocked down in about a half day worth of work and they could easily go back to illegally mining under this County property.

And also keep in mind that despite our offers to provide firsthand witnesses to the theft, the Sheriff deputy still hasn't interviewed our witnesses. The Sheriff did do a more formal investigation in 2023 but has not yet heard from our multiple witnesses. We would highly recommend the County continue this investigation and send a formal letter to this mining company with warnings and findings, given the theft could be in the millions of dollars by this point and this mining company could very quickly and easily go back to mining under the County property. At the end of this letter and process we will also offer a way for AMR to follow up on this theft if the County desires to avoid continuing this investigation.

While we're on the topic of the neighboring mining company, we had other challenges with them in recent years that you should be aware of as you consider the terms of our potential mining lease. Again it's worth noting that this neighboring mining company may be in the process of protesting our application once again, which we find highly suspect in a number of ways. But the Board should know that upon AMR being approved for a mineral exploration permit on this property, the neighboring mining company took some heavy equipment and placed large boulders in the road so that neither we or anyone else could drive to the main access point to this County property. The County soon forced him to move these large boulders, but that speaks to nature of this neighboring mining company.

We encountered Stephan Walker of this neighboring mining company Summitt Mining a few other times, but there was a very memorable encounter in 2023. Mr. Walker claimed to have had meetings with the Commissioners (and we know he had several conversations with Director Streeter), and he knew that we were the ones that confidentially reported his illegal activity. And he claimed we will "never get a lease on this property."

We don't have proof that he met with Commissioners, but if he did we find this extremely concerning given the Commissioners never once met with us on this property or in a format that would have allowed us to explain our plan for working this property. We heard that one, potentially two County Commissioners went out to inspect this County property while we held the exploration permit. But AMR was not even invited to these onsite inspections. And never once did Director Streeter or Commissioners invite us to meet out on the property to explain our work. But at least once a Commissioner inspected the property, didn't happen to go to the places where we were working or see evidence of our work, and assumed (in error) that we were not doing much work on the property. So we have County officials who seem to have met with the neighboring mining company that was illegally mining under this County property, but never met with AMR on the property who held an official and legal mineral exploration permit on the property granted by the Board of County Commissioners.

Moving on to our actual work on the property, in addition to a significant amount of research we did on this property even before securing the exploration permit, we did a fair amount of onsite research in the time available during the 3-year exploration permit from May of 2020 to May of 2023. And our preliminary research findings were stellar in terms of confirming the gold resources present on the property.

But our work was unfortunately cut short by Covid as it was May of 2020 when our 3-year permit period began. Covid restrictions didn't prevent some of us from working on the property, but Covid absolutely destroyed the service and supply chains that we relied on to do the work we intended to do on the property. One of our main geologists could not travel during Covid, it was taking 3-4 months just to get lab samples processed, it was taking a year or more to get a relatively simple drilling (exploration) permit through DOGAMI, and there were many more disruptions to what we planned to do.

So about halfway through our 3-year exploration permit, we went before the Board to get a 2-year extension to our exploration permit due to Covid delays. The County's contract geologist recommended against the extension request and Director Streeter brought up concerns about how much the contract geologist was costing the County. The County's geologist clearly didn't understand the delays that were facing us, but the Board sided with the County's geologist. So with only about 18 months left in our original permit and a permit extension request being denied, we could not justify investing in a drilling program or using heavy equipment because it would likely take over 12 months just to get DOGAMI's approval of the drilling (exploration) permit. We continued to do a significant amount of surface exploration and mapping on the property, and discovered additional promising results and a potential new mineral zone, but we did not undertake additional drilling on the property due to Covid-related supply and service chain disruptions.

Thankfully, in this case drilling was not needed to prove the high-quality mineral reserves that are on this property thanks to a major drilling program that was conducted on this property about 35 years ago. Rocks don't change and those drilling results are still valid today. An extensive private/confidential geologist report that summarized the over \$3 million that was spent core drilling this property was included in our original mining lease application. A significant amount of gold reserves on this property were proven by core drilling 35 years ago, and core drilling is what gives the industry the highest amount of confidence in the value and quality of the mineral reserves on a property.

We were shocked when the County's geologist didn't emphasize that this property has core-drilled proven reserves in his review of our mining lease application, because that's the biggest factor that either a geologist or an investor would consider in whether the property is worth investing in further from a mineral development perspective. We found out in 2020 that the County's contract geologist/mining administrator has never worked directly on a mineral exploration / development project anywhere in Oregon, generally does not work with early-stage exploration projects such as this one, but does live in the Grants Pass area. The contract geologist/mining administrator works for a CA-based firm that primarily does environmental geology and related consulting work.

However, when the County's Mining Advisory Committee met to review AMR's Mining Lease Application within 30 days of making that application (as required by County Code), the County's contract geologist attended the meeting and confirmed there is a significant mineral resource on this property. There does not appear to be any doubt on either side of this discussion as to whether a significant high-quality mineral resource exists on this property.

But the County's contract geologist in his June 2023 mining application review letter (issued to Josephine County) suggested that AMR should draft an entire plan of operations before he could weigh in on the financial feasibility. There are several problems with this suggestion, one large one being that the County Code does not require a full plan of operation (for good reason) in order to meet the requirements of the Code to secure a mining lease. Mining companies will never spend hundreds of thousands of dollars developing a full-blown plan of operations until they own the property in question or have a longer-term lease on the

property. This is the equivalent of paying an architect to design a full design of a building you want to build on a property before you even own that property. Nobody will engineer the full plan until they have long-term access or ownership of the property. **This is why the County Code does not require a full plan of operations before granting a lease on the subject property.**

That being said, included as a private/proprietary geology report with our original 2023 Mining Lease Application was a long report titled the “Economic Evaluation of the Martha Mine” written by an Oregon Registered Geologist in 2002. The Martha Mine is a mine located on the western end of this County-owned property. The main portal (level #3) to the mine is on BLM land, while 3 of the 4 mine portals go underneath this County property (the top 2 portals are collapsed). The important points to consider in this economic evaluation are as follows.

While there is literally a wealth of geology information in the two attached sections of additional information [from AMR’s original mining lease application] (the first section being proprietary/confidential information), below are two key sections from the confidential Economic Evaluation of the Martha Mine by Oregon Registered Geologist David Hembree. All three of AMR’s executive management team had business relationships with the Company that contracted for this Economic Evaluation, which is why this private report is in our possession.

Category	Geological Resource	In Place Ore Reserve	Mineable Ore
Proven	45,575 tons	27,245 tons	24,611 tons
Probable	81,711 tons	49,027 tons	44,124 tons
Possible	243,069 tons	145,841 tons	131,257 tons
Total:	370,355 tons	222,213 tons	199,992 tons

Average grade: 0.46 oz/ton Au

Meridian (see Appendix H). The property consists of four patented totaling about 76 acres and four unpatented claims covering approximately 40 acres located on Bureau of Land Management administered public lands. The mine portals and western part of the property are located on the unpatented mining claims under lease/purchase option from John Miller of Salem, Oregon. The patented claims are under lease from Josephine County. The Martha unpatented claim covers most of the Martha surface workings, while the patented Summit claim contains most of the current ore reserves. No title study was done as part of this report. Figure 2 shows the claim groups and mine location.

**Table 1: List of Mining Claims**

**Patented Claims:**

Summit Lode Mineral Survey 143	Division Lode Mineral Survey 197
Dividend Lode Mineral Survey 141	St. Peter’s Lode Mineral Survey 142

The above highlighted phrase essentially means that most of the mineral ore reserves that have been located and proven in and around the historic Martha Mine are in fact located on the western end of this Private, Patented 76-acre property owned by Josephine County. Or in other words, most of the mineral reserves are on the County-owned property and not the adjacent BLM Mining Claims.

You will also see in the attached geology information [\[from the original lease application\]](#) that historic exploration efforts were able to successfully trace the “Martha Vein” through the western end of this County property to close to the center of this property. During the period of AMR’s exploration permit, we have been able to successfully duplicate the tracing of the Martha Vein from the western end of the property to the center of the property by doing a significant amount of surface sampling in these areas. We located many of the areas sampled by historic exploration efforts, uncovered some new areas with a trace of the Martha vein, and successfully duplicated the lab testing documenting the significant gold values.

## **Summary of activities from 2022 to present:**

**2022 to expiration of 3-year exploration permit in May 2023:** Given uncertainties related to supply/service chain concerns and the fact that an exploration (drilling) permit from DOGAMI could take up to 12 months to receive as well as the uncertainty related to the County’s willingness to extend the exploration permit, AMR continues to perform significant surface exploration with promising results but can’t justify significant investments in drilling or heavy equipment exploration due to the time frame remaining in exploration permit. County also decides to log the property, contrary to plans in place at the start of the exploration permit term, which would have also likely caused conflicts with what would have been our drilling / exploration plan.

Despite all these delays and challenges, AMR was able to do significant surface exploration and spend a lot of time walking and researching all sections of the property. AMR spent approximately \$100,000 in time and money on exploration and prospecting activities to validate the valuable private/proprietary historical exploration and core drilling geology reports that were in AMR’s possession. Previously, over 30 years ago approximately \$3 million had been spent to core drill and explore this property in the area in and around the historical Martha Mine on the west side of this property.

**April 2023** - Having validated some of the results of previous exploration and geology work and with all the promising mineral results on hand, as requested in late 2021 AMR once again seeks an exploration permit renewal for another 3-year period. In mid-April the County Mining Advisory Committee (MAC) unanimously approves the permit extension request (not a requirement but we thought it would be best to have this request go through the MAC before the BCC). During BCC’s consideration of this permit extension request, Director Streeter once again expresses concern over the County’s cost to administer the permit due to the County’s choice to have a geologist administer the permit.

The BCC attempts to make a new permit fee on the fly (County code governs permit fees) despite not having any such fee formally adopted into the County fee schedules or in the JCC Mining Code 5.15. County’s proposed exploration permit fee schedule is variable and there was no clear definition of how fees would be calculated. Under the County’s newly proposed permit fee schedule, one quarter the permit fee could be \$2000 and the next quarter the fee could theoretically be \$50,000. AMR voluntarily proposed an exploration permit fee structure that would cover the County’s cost to administer the permit but have greater certainty as to how the fee is calculated and how much the fee might be from quarter to quarter. County legal counsel Wally Hicks does not respond to AMR’s proposed voluntary fee schedule for the exploration permit.

AMR had no choice but to decline renewal of the exploration permit due to uncertainties related to how much the new [illegal] permit fees would be from quarter to quarter and uncertainty as to how the new unapproved permit fee schedule would be calculated as to costs that would be eligible for reimbursement to the County. AMR can’t justify a significant investment in an uncertain fee schedule with only a 2-year renewal period as opposed to the additional 3 years requested by AMR. The County knew approximately 18 months before this time that AMR intended to seek a permit renewal, and if there were concerns about the County’s cost for this permit or the fee schedule should have discussed changes to the permit fee schedule and gone through the

typical fee change public hearings process before the end of this permit period when AMR attempted to seek an extension.

AMR took a step back and realized that AMR's exploration/prospecting work combined with AMR's owned historical core drilling and geology reports provided more than sufficient information to prove the high-quality nature of the mineral resources known to be on this County property. Essentially we more than meet all the code requirements to secure a lease on this property and decided to instead apply for a mining lease per the terms of JCC 5.15. The relative JCC code provision is as follows:

**“5.15.030 Mineral exploration permit.**

F. In order to make application for a mining lease under JCC 5.15.060, permittee shall, prior to expiration of the exploration permit, file a notice of mineral discovery on a form provided by County and concurrently therewith an application for a County mining lease on the subject property. Upon receipt of same, County shall immediately refer same to the Mining Administrator, the Mining Advisory Committee and any other persons for their review and recommendations. Said review and recommendations shall be conducted and submitted to the Board of County Commissioners within 30 days from the date of filing. The pending application shall be given preference over any other competing applications for the subject property as provided in JCC 5.15.070. Upon receipt of those recommendations and after public consideration of the matter, County shall certify such mineral discovery upon its determination that minerals have been found on the subject property, and the evidence is of such a character that a person of ordinary prudence would be justified in the further expenditure of his labor and means, with a reasonable prospect of success, in developing a valuable mine, and that the execution of a mining lease and issuance of a mining permit are in the best interests of the County, and **shall**, in accordance with this chapter, execute a mining lease and issue a mining permit to the applicant.”

**May 2023:** Prior to the expiration of AMR's exploration permit, AMR turns in a mining lease application and notice of mineral discovery with over 200 pages of geology information proving the high quality and high-grade gold reserves that are present on this property. Reports also show the property has sufficient gold grade to nearly guarantee a successful and highly profitable mining project. The average amount of gold in ounces per ton, proven through core drilling years ago (which provides the highest amount of certainty as to the presence of valuable mineral reserves), proves that this County property contains a high-quality mineral resource of gold that any experienced exploration geologist or mining professional could easily justify further investment on this property, as we proved through our application.

Without getting into the technical weeds, JCC 5.15 says that if an exploration permit holder discovers a high-quality mineral resource, that exploration permit holder is guaranteed to get a mining lease on this property. This was written in the County Code very intentionally almost 40 years ago, because nobody would invest in mineral exploration on a County owned property without a guarantee of a long-term lease if a significant mineral resource is discovered. **AMR would not have invested such a significant amount of time and money on this property if this provision was not in the County Code.**

**May/June 2023:** The County's Mining Advisory Committee unanimously approves AMR's mining lease application, and during the meeting where this was approved the County's contract geologist/mining administrator Brian Anderson of Sespe Consulting agreed that after his review of the 200+ pages of geology documents submitted by AMR that there is a significant mineral resource / significant gold reserve on this property.

AMR encounters neighboring miner Stephan Walker / Summitt Mining who had been illegally mining gold under this county property at various times since around 2015 (we have several first-hand witnesses that can testify to this illegal mining under County property, not just a YouTube video that was disclosed to the County back in 2020). Stephan Walker proclaims that he has met with the Commissioners and that AMR will never lease this property. Stephan knows the AMR representatives that accused him of illegally mining under

County property (which is very concerning given that informants should remain confidential during a crime investigation). Stephan Walker proclaims that he is going to get this property and AMR will never be approved for a lease.

AMR contacts the County to obtain the results of the gold theft investigation that AMR initiated nearly 3 years ago. County had not done a proper investigation and did not disclose any preliminary reports or investigation records. AMR encourages the County/County Sheriff to reopen this investigation and provides new information to help prove the gold ore theft.

This time, Deputy Watson does a more thorough investigation. Watson already had somewhat of a relationship with Stephan due to owning a mine in Josephine County and previous correspondence with Stephan, and so Stephan invites Deputy Watson to inspect inside the mine tunnel. By this point, Stephan had blocked off the tunnel access which goes under the County property with a berm so that he could “prove” that he was not illegally mining under County property. Yet, had the County inspected his operations 3 years ago the County would have seen that he was illegally mining under the County property and frankly he could remove the berm with only a few hours of work and he might be back under the County property mining today (status today is uncertain, AMR does not have any info about today’s underground working status. Stephan could theoretically open up that tunnel and mine again there under County property at any point). To AMR’s knowledge, the County has never even sent Stephan a cease-and-desist letter over the years but if the County has done this please provide a copy of this letter to AMR.

AMR also learned that at a couple different times while AMR held an exploration permit, Director Streeter and/or a County Commissioner made trips out to this property to inspect it. This is curious as AMR was never invited to these inspections and could have provided useful information about our exploration progress and the results of planning for mining operations on this property. Instead, Director Streeter and the County Commissioners that reportedly visited the property (neither of which have any exploration or mining experience) were not able to locate the tangible evidence of our work and inappropriately came to the conclusion that no significant work was being done by AMR on this property.

**August 2023:** Three months after submitting the lease application and notice of mineral discovery, AMR had not heard as the status of our mining lease application. County sends the recommendation report drafted separately by County’s contract mining administrator/contract geologist. This recommendation report was drafted back in June, but County did not send this report to AMR until August.

**September 2023:** County allows AMR to make a presentation to the BCC regarding our mining lease application in a weekly business session towards the end of the month. AMR pays our contract Oregon state licensed geologist (one of the most experienced geologists in our region and County) to travel to Grants Pass in order to appear and help present to the BCC.

BCC and the BCC chair doesn’t allow AMR’s geologist to say much during presentation to the BCC. But AMR’s geologist stated the most important thing that the Commissioners needed to hear – without a long-term lease on the property or without property ownership, there is no project and no justification to invest in the property. Nobody in the mining industry is going to spend hundreds of thousands of dollars to develop a full-blown operations plan and mining plan without having long-term access to the property. In the mining industry, it often starts with a longer-term lease or lease terms that allow longer-term extensions.

After the shortened prepared presentation, all three Commissioners asked countless questions in a tone that suggested they were upset with AMR for even making this application. The angry and dismissive tone by the commissioners was threatening, and many members of the public that witnessed this meeting (not related to AMR) told us they were shocked at how poorly AMR was treated during this brief Q&A session. Commissioners asked multiple questions in an angry tone but didn’t allow sufficient time to respond to all of them, and made negative allegations and inferences that had little or nothing to do with the County code that

governs the administration of County mining leases and the code requirements that guarantee such a mining lease after a high-quality mineral discovery.

AMR's contract geologist suggested right after AMR's September presentation to the BCC that AMR may need to take legal action to secure the property lease rights that AMR has earned by following the code provisions of JCC 5.15. AMR decided not to pursue legal remedies, yet, because right away after the September presentation the County Commissioners approved a 12-month moratorium on any exploration permits or mining leases and expressed a desire to modernize JCC 5.15. AMR wanted to see what kind of code changes the County had in mind before considering legal action. AMR's mining application was carved out of the moratorium because AMR's application was already in progress.

As of the date of this letter, while the County Mining Advisory Committee has made a series of mining code change recommendations to modernize the code, the County has not made much progress towards making any changes to code and the BCC has not reviewed the mining advisory committee's recommendations in detail in a public meeting. The mining advisory committee has suggested retaining the code provision that guarantees a mining lease upon a quality mineral discovery by an exploration permit holder, for obvious reasons. No changes have been made or proposed by the MAC that would significantly affect AMR's lease application.

**August 2024 to December 2024:** In early August 2024, a recall petition was filed against County Commissioner John West by volunteers of a community group. One of AMR's representatives happens to be one of several organizers of this community group. In response to this recall petition, in August and September 2024 Commissioner West made several false public statements or published false statements in recent recall-related published advertisements about AMR, about AMR's representatives, and about AMR's dealing with the County in regards to AMR's notice of discovery and mining lease application. It's now clear to us based on those recent public false statements that Commissioner John West, the 2024 chair of the BCC, believes that the County Commissioners have denied AMR's mining lease application and it's clear that there was no intent by Commissioner West to follow the code provisions of JCC 5.15.

The most egregious series of false statements regarding AMR's recent dealings with the County for this property occurred on the Bill Meyer radio show not long after the filing of the recall petition. Just about every statement made by Commissioner West on the Bill Meyer radio show on August 23, 2024, regarding AMR or AMR's representatives was a false statement. For example, on this radio show Commissioner West said that no money generated from a mining lease could go to the Sheriff (yet net proceeds from Forestry operations go to the criminal justice system per the discretion of the County), West stated that the County asked for royalties for one or two years upfront and AMR declined, and stated that the County offered the property to AMR for \$3 million and AMR declined. The truth is, the County and AMR have not even begun to negotiate the terms of the lease that AMR now has the rights to guaranteed by JCC 5.15, and the County has never made an official offer to AMR to buy this property from the County at any price. Had we entered into negotiations, Commissioner West would know by now that no industry standard commercial level mining leases requires the advance payment of 1-2 years of royalties. Rather, "royalty" payments are almost always determined by actual real time production and/or a percentage of actual real time mineral sales.

The County has not presented a single recommended draft lease term, nor has the County made any official offers to AMR to buy this County property. Of the County Code provisions in JCC 5.15 that must be met in order to be guaranteed a mining lease, AMR has met each of these code requirements. County Commissioners made inferences in the September 2023 presentation Q&A session that they are not favorable to a proposed lease. However, all reasons cited in September 2023 for the Commissioners concerns are not code requirements in JCC 5.15 to qualify for a mining lease.

Commissioner West's statements in the last several months of 2024 further damaged AMR in addition to the significant and costly delays experienced since our May 2023 Mining Lease application date. And due to

these recent public statements by West, it was now clear that Commissioner West believed that the County has denied AMR's lease application and does not intend to follow the County Code provisions in JCC 5.15.

**On October 17, 2024**, former Commissioner John West (2024 Board Chair) arranged a vote of the Commissioners to sell this County property at the next property auction. This is clearly in violation of the requirements of JCC 5.15 since the County had not yet held a public hearing on AMR's mining lease application nor made any kind of decision related to our application. That vote has still not been reversed by Commissioners as of the date of this letter, although this property was not included in the most recent list of real properties that are going to auction in 2025.

**January – March 2025:** Commissioners have a couple administrative workshops to discuss this property and its potential inclusion in the next property auction. The moratorium on any new mineral exploration permits and any new mining leases is also extended again (AMR is carved out of the moratorium once again due to the pending application). **County staff state multiple times in public meetings of the Commissioners that AMR's 2023 mining lease application is still pending.** AMR once again asks the County to hold a public hearing and follow the requirements of JCC 5.15. Commissioners take no action, therefore AMR had no choice but to pursue the required hearing and decision by filing a lawsuit against the County to require the County to follow JCC 5.15.

**April 2024 to June 2024:** During both initial warnings of legal actions and during the brief course of arguments filed in the lawsuit, Counselor Wally Hicks bring several arguments that make no sense or that had been legally settled years ago...such as apex rights which were determined not to be applicable 5 years ago when we were first approved for our exploration permit. Counselor Hicks also suggests the County isn't confident it owns both the property and mineral rights (which was also effectively settled earlier in 2025). Also, the County recently harvested the timber on most of this property and the County wouldn't normally give out an exploration permit and harvest the timber on a property if it was not confident in the County's ownership. So once again County Legal tries to stop AMR from pursuing this property for various reasons that are either based on false premises or have nothing to do with the County Code that governs this process....further damaging AMR. In the end, the County agrees to settle the lawsuit and hold the required public hearing on our mining lease application and make a decision by the last business day in August 2025.

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## **AMR's Mining Lease Application, By The Numbers:**

AMR's original application was for a 5-year lease (as required by JCC 5.15) with multiple optional 3-year lease extension periods. The County shall grant lessee up to three lease extension periods upon request of lessee as long as lessee is in compliance with all material terms of the lease. More than three lease extension periods may be approved by mutual approval of the County and lessee.

Our original 2023 application also stated, "To show our commitment to a mutually beneficial partnership with Josephine County, as we offered when we first applied for the permit on this property in November 2019, AMR is offering an additional condition that the County be granted a 5% Net Smelter Return (NSR) Royalty during the entire lease period and any extension of the original lease period. **We would appreciate it if the County dedicated any royalty-specific revenues on this property to County Law Enforcement programs as one of the written terms of the lease, but ultimately this is of course at the County's discretion.**"

Also, the following was the financial discussion submitted with the original lease application. Note that additional financial information is being submitted here to supplement what was previously provided.

**May 2023 Application Response:** You will see in the enclosed geology reports that even at historical gold market prices of \$350 per ounce that operations would have been economically feasible at that time. The gold market price is closer to \$2,000 per ounce today, although costs of operations have increased as well. Gold market prices have increased at a greater percentage than costs have increased since the time of these geology reports.

Our own internal business plan projections show the all-in costs of production (which includes all costs, corporate, milling, mining, etc.) will be \$800 to \$900 per ounce of gold equivalent produced, or stated another way an estimated all in cash cost of about \$360-\$380 per ton of ore produced. Therefore, once production begins, we do expect significant margins and plenty of capacity to withstand market price fluctuations and remain profitable while paying 5% royalties to Josephine County. We do also expect to have capital expenditures of \$1.0 to \$1.2 million before we are in bulk-sample level production of approximately 10,000 tons per year while doing additional exploration on the property.

As for our smaller-scale mining operations, we will be developing a mining plan similar to the attached Cambior plan and to target the blocked out proven mineral resources. We intend to build a new portal and new drift at a 90-degree angle into the vein for main haulage. We will develop a footwall lateral and from that footwall lateral we will develop draw pockets every 50-100 feet. We will also develop one utility raise and ventilation raise at each end of the ore / vein extents. This also serves as a secondary escape way, per MSHA requirements. Then we proceed to use the shrink stope method. We think that the property can sustain operations for at least 15 years and potentially more if additional exploration efforts are successful. The projected Return on Investment is a significant return percentage that more than justifies the future expenditure of time and monetary assets on this property development.

We have also located at least two suitable industrial properties where our central small-scale mill and assay lab could be located and are in preliminary discussions on additional properties. There will be no milling onsite on the County property and all the rock will be transported to a central mill/lab location. We have verbal interest from one industrial property owner in Josephine County which is suitable for our mill and verbal interest from one industrial property owner in Jackson County which is also suitable for our mill. Based on what we know of these sites, we expect we can be permitted for milling operations within 18 months of lease approval.

Planning for eventual AMR operations on this property has continued over the last two years, and we now think that we may be able to do small scale production from a small surface pit in addition to underground production development. And projected profitability and royalties to Josephine County has increased significantly with gold market prices closer to almost \$3400 per ounce as of the date of this letter.

But the reason the letter from AMR's attorney that was sent to the County in April 2025 claimed that AMR has damages of over \$20 million is that the **net present value of future cashflows from doing this project is \$24.8 million** using conservative market prices of gold. This projection uses market prices of only \$2000 per ounce for gold, while today's gold market prices are closer to \$3400 per ounce. So AMR has damages of over \$24.8 million if the Board denies AMR's mining lease application.

Just the 2-year delay to the County acting on our mining lease application has cost AMR \$2.31 million based on the difference between the net present value of starting this project two years ago versus starting the project today. **Therefore, AMR has damages of at least \$2.31 million plus attorney fees if the County approves the lease application this month. Or AMR has damages of over \$24.8 million if the application is denied.**

Conservative assumptions built into this NPV financial projection include \$2000 market prices for gold, 0.46 oz gold per ton of production with an average of 9500 tons processed per year, total operating costs of \$414 per ton plus 4% per year cost inflation, and 5% NSR royalties paid to Josephine County (on top of what the

annual lease payments would have been). **At \$2000 gold market prices, the County is projected to earn about \$5.03 million just from 5% royalty payments during the life of the mine (net present value \$3.32 million).** Needless to say, at current gold market prices the County revenues would be significantly higher than this if we were to update our projections with something closer to current market prices.

The following is what a portion of our operation looks like in about 5 years, just so you can see some more of what our line-item budget projection looks like. Note that not all of our Lab/Mill costs are for this single project (we are developing other similar size projects as well). Since we never received a lease proposal from the County, over two years ago we assumed our annual lease cost would be about \$65,000 in the early years of the lease and closer to \$80,000 in year 5. The County never heard this before because we never officially entered into lease negotiations (contrary to the claims of former Commissioner John West). Also note that once we're in full production on our planned very small scale operation, we expect annual royalty payments to Josephine County to be in excess of \$400,000 per year.

	Lab	Mills	St. Peter
<b>Revenue</b>			
Sales of Gold			\$8,280,000
Sales of Concentrates			\$82,800
Gross Profit	\$0	\$0	\$8,362,800
<b>Operating Expenses</b>			
<b>Operations Costs</b>			
Car & Truck Expense	\$0	\$55,000	\$25,000
Communication	\$1,980	\$2,640	\$0
Depreciation	\$9,240	\$165,000	\$ 137,316
Insurance	\$0	\$0	\$ 40,000
Interest	\$0	\$0	\$0
Lease	\$15,000	\$35,000	\$80,000
Office Expense	\$2,640	\$2,640	
Professional Fees	\$11,000	\$22,000	
Repairs & Maintenance	\$5,500	\$110,000	\$ 20,000
Salaries & Benefits	\$429,000	\$825,000	
Supplies	\$11,000	\$79,200	
Taxes & Licenses/Permits	\$0	\$0	\$10,000
Utilities & Fuel	\$26,400	\$319,000	
Royalty Obligation	\$0	\$0	\$418,140
<b>Mining Costs</b>			
Outside Geology Svcs			\$ 40,000
Trucking / Fuel			\$ 130,000
Development Costs			\$ 850,000
Exploration Costs			\$ 350,000
Extraction Costs			\$ 870,000
Equipment Maintenance			\$ 30,000
Total Operating Expenses	\$511,760	\$1,615,480	\$3,000,456
Net Profit/Loss before Taxes	(\$511,760)	(\$1,615,480)	\$5,362,344
Taxes			
Net Profit/Loss	(\$511,760)	(\$1,615,480)	\$5,362,344
EBITDA	(\$502,520)	(\$1,450,480)	\$5,499,660

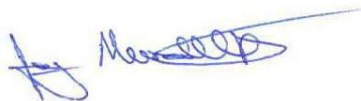
## AMR's New Proposed Lease Options:

Given AMR has damages of at least \$2.31 million plus attorney fees if the County approves the lease application this month, and the County has not proposed lease terms, AMR proposes the following basic lease/settlement options:

- 1) 10-year Lease with two successive optional 5-year renewal periods, renewal at the option of lessee. AMR has effectively deposited \$2,310,000 with the County during the 2-year delay and payment obligations to County will go against this deposit until this deposit is used up. Lease begins with an annual cost of \$65,000 and increases by CPI-U each year. 8% NSR royalties so the County is estimated to earn slightly more in the long-term from this project than if this project was approved two years ago. County essentially builds the equivalent of quitclaim deed language into the lease so any future problems with neighboring mining companies will be AMR's issue to deal with and not the County. Standard lease and insurance terms apply similar to AMR's past exploration permit language.
- 2) To settle AMR's damages, County simply grants AMR full ownership in this property via quitclaim deed. In return, AMR grants County lifetime 10% NSR royalty rights that stay with the property regardless of who owns or operates the property in the future. Future royalty revenues to Josephine County are projected to be at least \$10.05 million during the life of the mine (net present value of \$6.65 million).

We look forward to our upcoming presentation before the Board next week and answering any questions you may have regarding this lease application and proposal.

Sincerely,



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