



Neutron Energy, Inc.

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Via E-Mail

April 9, 2007

Mr. James Hollen, Geologist
Mine Reclamation Specialist
Mining and Minerals Division
New Mexico Energy, Minerals & Natural Resources Dept.
1220 S. St. Francis Dr.
Sante Fe, NM 87505

RE: Permit No. MK013EM, Ambrosia Lake

Dear Jimmy:

As we have discussed, Neutron Energy Inc. (NEI) is requesting amendment of the referenced limited impact exploration permit for the purpose of eliminating two drill holes and moving two of the remaining drill hole locations. These changes are mandated by the acquisition of Cliffside Mine maps following approval of our application which show underground workings and approximate ore body boundaries. Comparing the proposed drill hole locations with these data indicates that the new locations shown on the attached map (Figure 1) should avoid old mine workings and better define the ore deposit believed to be present.

Because the new hole locations are slightly outside the boundary of the area previously surveyed (and cleared) for cultural resources, we had our consultant, Raymond Cultural Resources Consulting, expand the original survey to include the proposed new locations (see Figure 2). Mr. Raymond reports that no cultural resource materials were found within the expanded survey boundary and he will be submitting a negative NMCRIS report to that effect shortly. As discussed with you, there will not be any changes in the Operating or Reclamation plan previously approved and NEI will abide by the same siting considerations that resulted from the on-site inspections previously held by EM&NRD, the Game and Fish Department and the State Land Office. That includes the completion of a raptor survey in the project area prior to beginning drilling, which is currently scheduled for mid to late May.

We appreciate your and the Division's cooperation in this matter. We will notify you when drilling dates firm up so that you and other State folks can visit the project area when drilling is ongoing. Please call me at 970-878-4750 or Mike Coleman at 505-897-8522 if you have questions.

Sincerely,

(original signed and mailed via USPS)

Michael R. Neumann
Director, Environmental Services
Neutron Energy Inc.
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970-878-4750

Enclosures: as stated

cc: Karen Garcia
Holland Shepherd
Mary Ann Menetrey
Dallas Rippy
Mike Coleman