

**TRANSFER OF PERMIT NO. GR002RE**  
**CONTINENTAL MINE AND MILL EXISTING MINING OPERATION**  
**MINING AND MINERALS DIVISION**  
**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

Permit Transfer Approval of Permit No. GR002RE is issued by the Director of the Mining and Minerals Division (“MMD”) of the New Mexico Energy, Minerals and Natural Resources Department to:

Freeport-McMoRan Chino Mines Company  
P.O. Box 10  
Bayard, NM 88023  
(Transferee)

From:

Freeport-McMoRan Cobre Mining Company  
303 Fierro Road  
P.O. Box 10  
Bayard, NM 88023  
(Transferor)

For the Continental Mine and Mill Site as described below:

This permit transfer document (i) acknowledges a transfer of the ownership of the Continental Mine and Mill Site (“Facility”) from Freeport-McMoRan Cobre Mining Company (“Cobre”), to Freeport-McMoRan Chino Mines Company; sometimes referred to herein as the “Permittee” or as the “Applicant” and (ii) approves the transfer of Permit No. GR002RE (“Permit”) from Cobre to the Applicant. The Applicant assumes its position as Permittee of the Facility located in Grant County, New Mexico.

The following Sections of Permit No. GR002RE are amended or modified as follows:

**Section 1A (Mod. 17-2).**      **PERMIT TRANSFER PACKAGE**

A. The Permit Transfer Package (“PTP”) is comprised of the following documents:

- 1) *Permit Transfer Application* submitted November 20, 2017, and supplemented with additional information in a submittal dated December 29, 2017, by the Applicant, may be found within MMD files for the Continental Mine and Mill Permit No. GR002RE, and include the following exhibits:
  - a) *SECOND AMENDMENT TO THE COBRE CCP TRUST AGREEMENT* executed on behalf of the Original Grantor, Freeport-McMoRan Cobre Mining Company, the Successor Grantor, Freeport-McMoRan Chino Mines Company, and the Trustee, Wells Fargo Bank
  - b) *Third Party Guarantee* by Freeport Minerals Corporation covering a portion of the financial assurance for the Continental Mine on behalf of Freeport-McMoRan Chino Mines Company under Permit No. GR002RE and Discharge Permit DP-1403
  - c) *Rider to Surety Bond No. SU1142399*
  - d) *Information Required by Section 69-36-7 I (1) and (2) of the New Mexico Mining Act*

- e) *Certificate of Guarantor's Compliance with §19.10.12.1208.G(8)(a) NMAC*
  - f) *Letter from Guarantor's Legal Counsel*
  - g) *Demand Sight Draft and Certification*
  - h) *Board of Director's Resolution*
  - i) Proof of completed Public Notice pursuant to §19.10.8.802.B NMAC
- 2) Financial Assurance documents in support of changes made to the existing escrow and real estate Collateral Bonds, including the following exhibits:
- a) A cover letter dated January 11, 2018, from Modrall Sperling to Sunwest Trust, Inc., providing replacement collateral mortgage documents to be held in escrow by Sunwest Trust, Inc., and regarding the substitution of the originally escrowed Special Warranty Deed with the Substituted Special Warranty Deed dated December 21, 2017, and the Second Modification of Escrow Agreement dated December 21, 2017.
  - b) Copy of original executed Substituted Special Warranty Deed from the Permittee to the State of N.M., which has been placed in escrow and replaces the originally escrowed Special Warranty Deed from Cobre to the State of N.M.
  - c) Original Second Modification of Escrow Agreement between the State of N.M., the Permittee, and Sunwest Trust, Inc., dated December 21, 2017.
  - d) Third Modification of Mortgage (H Heart Ranch) with Additional Amount of Insurance Endorsement (File No. 050624A) to be attached to Policy No. H65-047956 5, increasing coverage to \$1,509,000.00 and dated January 4, 2018 (to be attached to Original Mortgagee Policy No. H65-047956 5).
  - e) Original Second Modification of Mortgage (H Heart Ranch) from Cobre to the State of N.M., dated September 11, 2017, and recorded with the County Clerk's Office, Grant County, N.M., on January 4, 2018, as Doc. No. 2018-00037 in Book 280, pg. 37, increasing the value of original Mortgage previously recorded May 3, 2006, in Book 268, pg. 2667.
  - f) Original Third Modification of Mortgage (H Heart Ranch) from the Permittee to the State of N.M., dated December 27, 2017, recorded January 4, 2018, as Doc. No. 2018-00039 in Book 280, pg. 39, with the County Clerk's Office, Grant Co., N.M., and modifying Paragraphs A. and B. of the Recitals and the Granting Clause of the original Mortgage previously recorded May 3, 2006, in Book 268, pg. 2667.
  - g) Original Second Modification of Mortgage (H Heart Ranch) from the Permittee to the State of N.M., dated September 13, 2017, recorded January 4, 2018, as Doc. No. 2018-00038 in Book 280, pg. 38, with the County Clerk's Office, Grant Co., N.M., and increasing the value of original Mortgage recorded May 3, 2006, in Book 268, pg. 2666.
  - h) Original executed Special Warranty Deed from Cobre to the State of N.M., dated January 16, 2006, marked VOID. This deed is replaced with the Substituted Special Warranty Deed referenced above in (b).
  - i) Copy of Sunwest Escrow, LC, Receipt and Release Agreement regarding receipt of the document referenced above in (g).

**Section 3 (Mod. 17-2).**      **FINDINGS OF FACT**

- A. The Applicant has provided proof of public notice of the application for permit transfer having been given, pursuant to §19.10.8.802.B NMAC, in a newspaper of general circulation in the county of the proposed mining or reclamation operation. Notice was published on November 10, 2017, within the Legal Notices Section of the *Silver City Daily Press and Independent*, a newspaper published in the county of Grant, New Mexico. On December 10, 2017, the public comment period officially closed. No public comments or requests for public hearing were received by MMD during the public comment period.
- B. The Director has provided notice of the application for permit transfer to the Environment Department, the Office of the State Engineer, the Department of Game and Fish, the Forestry Division, the State Historic Preservation Division, the U.S. Bureau of Land Management and the U.S. Forest Service in accordance with §19.10.8.802.C NMAC.
- C. Pursuant to § 19.10.8.802.D (1), the Applicant has provided a closeout plan and has obtained financial assurance as required by §19.10.12 NMAC and in accordance with §19.10.8.802.A and B NMAC.
- D. Pursuant to §19.10.8.802.D (2) NMAC, the Applicant agrees to continue to conduct the operations involved in full compliance with the New Mexico Mining Act, the New Mexico Mining Act Rules, and the terms and conditions of the original Permit, unless and until the applicant has obtained a new, revised or modified permit.
- E. Pursuant to §19.10.8.802.D (3) NMAC, regarding the status of current violations, the Applicant is eligible to receive a permit in accordance with Section 69-36-12.B (5) of the New Mexico Mining Act.
- F. Pursuant to §19.10.2.201.G and §19.10.8.802.D (4) NMAC, the Applicant paid the permit transfer fee of \$250 on November 21, 2017.
- G. Pursuant to §19.10.8.802.F NMAC, the Applicant has provided notice to the Director of the consummation of the transfer of the permit.
- H. Pursuant to §69-36-7(I) (1) & (2) of the New Mexico Mining Act, the Applicant has provided evidence included in the PTP of having ownership and controlling interest in the Facility, including a copy of the Applicant's most recent Form 10K and other information identifying active mining operations and their compliance history within the United States that are currently controlled by the Applicant; in addition to evidence that Cobre quitclaimed its interest in the Facility conveying its ownership from Cobre to the Applicant by Quitclaim Deed dated November 21, 2017, and recorded November 22, 2017, as Instrument No. 201704723 in the records of the Grant County Clerk, New Mexico.

RECEIVED  
SANDRA L. MARTIN  
MINE & MINING DIVISION  
NEW MEXICO DEPARTMENT OF  
NATURAL RESOURCES  
NOV 22 2017

**Section 4 (17-2). AGREEMENT OF RESPONSIBLE PARTIES**

**Agreement by Transferee:**

The foregoing instrument is agreed upon as shown below by signatures of authorized representatives. In addition, the Applicant agrees to continue to conduct the operations involved in full compliance with the Act, this Part, and the terms and conditions of the original permit, unless and until the Applicant has obtained a new, revised or modified permit.

Chad D Fretz

**Signature of Authorized Agent of Transferee**

Chad D. Fretz  
President & General Manager of Chino Acquisition LLC.  
and Freeport-McMoRan Chino Inc., General Partners  
Freeport-McMoRan Chino Mines Company

**Printed Name and Title of Authorized Agent of Transferee**

**Acknowledgement of Authorized Agent of Transferee:**

On this 13<sup>th</sup> day of February, 2018, before me appeared

Chad D. Fretz to me personally known, who, being by me duly sworn, did depose and say that he/she signed the attached Agreement and acknowledged said Agreement to be a free act and deed.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Sandra L. Martin  
**Notary Public**

**My commission expires:** August 24, 2020



**OFFICIAL SEAL  
SANDRA L. MARTIN  
NOTARY PUBLIC - STATE OF NEW MEXICO  
MY COMMISSION EXPIRES: August 24, 2020**

**Agreement by Transferor:**

The foregoing instrument is agreed upon as shown below by signatures of authorized representatives.

Chad D. Fretz

**Signature of Authorized Agent of Transferor**

Chad D. Fretz  
President & General Manager of  
Freeport-McMoRan Cobre Mining Company

**Printed Name and Title of Authorized Agent of Transferor**

**Acknowledgement of Authorized Agent of Transferor:**

On this 13<sup>th</sup> day of February, 2018, before me appeared

Chad D. Fretz to me personally known, who, being by me duly sworn, did depose and say that he/she signed the attached Agreement and acknowledged said Agreement to be a free act and deed.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Sandra L. Martin  
**Notary Public**

My commission expires: August 24, 2020



OFFICIAL SEAL  
SANDRA L. MARTIN  
NOTARY PUBLIC - STATE OF NEW MEXICO

MY COMMISSION EXPIRES: August 24, 2020


**ORDER**

NOW THEREFORE, IT IS HEREBY ORDERED that the Permit Transfer of the Freeport-McMoRan Cobre Mining Company's Permit No. GR002RE, located in Grant County, New Mexico, is approved. Freeport-McMoRan Chino Mines Company is approved as the Permittee and may continue milling, mining, exploration, or reclamation operations at the Continental Mine in accordance with the Permit.

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

**Mining and Minerals Division**

**The State of New Mexico**

By:   
\_\_\_\_\_  
Fernando Martinez, Director  
Mining and Minerals Division  
Energy, Minerals and Natural Resources Department

DATED: 3/7/2018

