

**PERMIT NO. GR039ER
LONE MOUNTAIN PROJECT
REGULAR PART 4 EXPLORATION PROJECT**

**MINING AND MINERALS DIVISION
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

This Permit No. GR039ER is issued by the Director of the Mining and Minerals Division (“MMD”) of the New Mexico Energy, Minerals and Natural Resources Department to:

Copper One (USA) Inc.
580 S. Prospectors Road
Apache Junction, Arizona 85119

(“Permittee”) for the Lone Mountain Project, located in Grant County, New Mexico.

Section 1. **STATUTES AND REGULATIONS**

This Permit is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993, as amended through 1999) (“Act”).

This Permit is subject to all regulations promulgated under the New Mexico Mining Act Rules, Title 19, Chapter 10 NMAC (“Regulations” or “Rules”) and any other regulations which are now or hereafter in force under the Act; and all such regulations are made a part of this Permit by this reference.

Section 2. **PERMIT APPLICATION PACKAGE**

The Permit Application Package (“PAP”) is comprised of the following documents:

1. A bound *Subpart 4 Exploration Permit Application*, dated August 25, 2010.
2. A bound cultural resources survey, *Lone Mountain Regular Exploration Permit Application, Permit Number GR039ER, Cultural Resources Report, Copper One Inc., Drilling Program Addendum*, dated June 24, 2010, accompanied the August 25, 2010 application. MMD labeled this report as “CONFIDENTIAL” and filed it separately from the remainder of the application.
3. A revised and bound *Subpart 4 Exploration Permit Application* (“Permit Application”), dated September 10, 2010, that was received by the MMD on September 15, 2010.
4. A letter, dated February 4, 2011, in which the Permittee responded to agency comments and a request for information from MMD, sent to the Permittee on January 13, 2011.
5. A technical memorandum, *Lone Mountain Project Revegetation Success Standard and*

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Revised Seed Mix, dated April 13, 2011, prepared by Golder Associates, Inc., on behalf of the Permittee and copied by email to the MMD on April 14, 2011.

6. A memorandum, *Proposed Revegetation Success Standard, Lone Mountain Project, Permit No. GR039RE*, dated May 16, 2011, was received by email from the Permittee on May 18, 2011.
7. Certificates of Deposit ("CDs"): CD No. 0400000153 in the amount of \$44,480.00; CD No. 0400000154, in the amount of \$57,210.00; and CD No. 0400000155, in the amount of \$76,440.00, all issued by Gold Canyon Bank, Gold Canyon, Arizona on July 6, 2011.

Section 3. **PERMIT AREA**

The Permittee is authorized to conduct mineral exploration and reclamation operations only on those lands that are specifically designated and authorized as the "Permit Area," illustrated on Permit Application maps provided by the Permittee as Attachments B and D. The Permit Area is located approximately 4 miles southwest of Silver City, New Mexico, within Sections 17 and 20, T18S, R13W, N.M.P.M., in Grant County, New Mexico.

Section 4. **FINDINGS OF FACT**

- A. The PAP is complete and meets the requirements of Subsection D, Paragraphs 1-14 of 19.10.4.402 NMAC.
- B. The proposed operation and reclamation, as described in the PAP and Section 10 of this Permit, will meet the requirements of reclamation, as identified in Part 1, Subsection R of 19.10.1.7 NMAC of the New Mexico Mining Act Rules.
- C. Performance and reclamation standards and requirements of the proposed operation, as described in the PAP, and as supplemented by the obligations and conditions in this Permit, will meet the requirements of reclamation, as identified in Subsections A through L, of 19.10.4.403 NMAC. Reclamation of the disturbed area will be initiated as soon as practical (and in no case later than the close of the term of this Permit), unless the disturbed area is included within a complete permit application for a new mining operation.
- D. The Permittee has paid the permit application fee of \$1,000.00, as required by Subsection E of 19.10.2.201 NMAC.
- E. The exploration project Permit area is located entirely on split estate lands of private surface owners and minerals owned by the State of New Mexico, as described in the PAP.

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- F.** The Permittee has provided financial assurance (“FA”), in accordance with Subsection A of 19.10.12.1201 NMAC, in the amount of \$178,130.00, and the FA has been approved. Financial assurance has been posted in the form of three Certificates of Deposit; CD No. 0400000153 in the amount of \$44,480.00; CD No. 0400000154, in the amount of \$57,210.00; and CD No. 0400000155, in the amount of \$76,440.00, all issued by the Gold Canyon Bank, Gold Canyon, Arizona.
- G.** The Post-Exploration Land Use is designated as “livestock grazing and wildlife habitat.”
- H.** The Permittee is not in violation of the terms of another permit issued by the Director or in violation of a substantial environmental law or substantive regulation at another mining operation, and is not in violation of the Act or the Rules. The Permittee has not forfeited, or had forfeited, financial assurance in connection with another mining, reclamation or exploration permit, and has not demonstrated a pattern of willful violations of the Act or other New Mexico environmental statutes. Nor has the Permittee’s failure to comply with either the Act, the Rules or a permit issued under the Rules resulted in the forfeiture of FA.
- I.** The Permittee has signed and certified a statement in which the Permittee agrees to comply with the performance standards and reclamation requirements of this Permit, the Rules, and the Act, and allows the Director to enter the Permit area without delay for the purpose of conducting inspections during exploration and reclamation. The Permittee also has agreed, in writing, to conduct only those operations described in this Permit, including as it may be revised or modified, from time to time, and to reclaim any areas disturbed by the exploration operations in accordance with this Permit, the Rules and the Act.
- J.** Public notice of the PAP was provided by the Permittee, pursuant to 19.10.9.903 NMAC. The Permittee published this notice in the *Silver City Sun News*, a newspaper distributed in Silver City, Grant County, NM. Notice was printed in English and Spanish languages. Notice was posted at U.S. Post Offices in Bayard, Hurley, Santa Clara and Tyrone, NM, as well as the Silver City Library, Silver City, NM. Additionally, the Permittee provided notice, by certified mail, to persons and entities as required by 19.10.9.903 NMAC.
- K.** MMD posted the Permit Application on the its website for public review and provided Application copies to, and requests for comments from, other state and federal agencies pursuant to 19.10.3.302.G NMAC.
- L.** MMD held a public hearing regarding the Lone Mountain Project in Silver City, NM, on February 16, 2011. The hearing was held based on a request from the Gila Research Information Project, of Silver City, NM.

- M.** The public participation requirements of 19.10.9 NMAC have been met.
- N.** MMD also provided a notice letter to the Mescalero Apache Tribe on September 24, 2010, to announce that the application was administratively complete and to invite consultation. A second letter was sent to the Mescalero Apache Tribe on May 3, 2011, to announce MMD's notice of intent to issue a permit. MMD received no response to either of these letters.
- O.** The Permittee has provided to MMD, as part of the application, a statement of the basis upon which the Permittee has the right to enter the permit area for the purpose of conducting mining and reclamation. MMD does not, by issuing this permit or otherwise, confirm, deny or make any comment on the surface or mineral rights that the Permittee may or may not have in the permit area. This permit does not grant or create any property rights. The Permittee is solely responsible to take whatever steps are necessary to ensure that the Permittee has property rights sufficient to support the activities authorized by this permit.

Section 5. **COMPLIANCE REQUIREMENTS**

The Permittee shall comply with the statutes and regulations referenced in Section 1 of this Permit, the description of operations and reclamation in the PAP, and with any applicable regulatory and permitting requirements. The issuance of this Permit does not relieve the Permittee from the responsibility of complying with other state and federal requirements and standards.

The expiration or termination of the Permittee's right to access the Permit Area automatically suspends the Permittee's authority under this Permit to continue exploration operations. Suspension does not include reclamation operations by the Permit issued under 19.10.4 NMAC.

Section 6. **AGENCY RIGHT OF ENTRY**

The Permittee shall allow the authorized representatives of the Director, without advance notice, upon presentation of appropriate credentials, and without delay:

- 1) to enter upon the Permit Area, or through any mineral exploration or reclamation operation at any time, as provided for in Subsection B, Paragraph 9 of 19.10.4.405 NMAC, for the purpose of conducting inspections during exploration, and reclamation, and to determine whether the Permittee is in compliance with the requirements and conditions of this Permit; and
- 2) at reasonable times, and without delay, to have access to and copies of any records

associated with permitting and compliance required by this Permit.

Section 7. **PERMIT COVERAGE**

This Permit shall be binding on any person or persons conducting exploration and reclamation operations under this Permit.

Section 8. **ENVIRONMENTAL COVERAGE**

The Permittee shall take all necessary steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the Permit, the Rules or the Act.

Section 9. **COMPLIANCE WITH THE PERMIT APPLICATION PACKAGE**

The Permittee shall conduct exploration drilling and reclamation operations only as described in this Permit, the approved PAP, and any subsequent modifications or revisions approved by the Director, pursuant to 19.10.4.406 NMAC.

The Permittee shall comply with any and all conditions that are incorporated in the PAP and/or this Permit. Unless otherwise ordered by the Director, conditions of this Permit shall control to the extent they conflict, if at all, with the conditions of the PAP.

Section 10. **GENERAL OBLIGATIONS AND CONDITIONS**

This Permit is subject to the following conditions:

- A. The term of a permit for a regular exploration operation is governed by Subsections A, C and D of 19.10.4.405 NMAC, and this Permit is valid for one year from the date of the Director's signature.
- B. The Permittee is authorized to drill up to five hundred twenty-eight (528) vertical or angled drill-holes, approximately five and one-half (5.5) inches in diameter, using reverse circulation and diamond core drill rigs, utilizing no more than one hundred seventy-six (176) drill pad surface disturbance areas, each no greater than one hundred feet by one hundred feet (100' x 100'), to accommodate all support equipment, including the drill rigs, water truck, pipe truck, road grader, bull dozer, front-end loader/backhoe, any ancillary vehicles, mud pit sumps, and up to three (3) drill holes within each drill pad area. Up to five (5) mud sumps or sediment traps will be permitted, per drill pad, to be sized and managed as described in Sections 4 and 7 of the Permit Application. One additional

area of disturbance, no greater than one hundred feet by one hundred feet (100' x 100') is authorized for equipment staging. The Permittee is authorized to access drill pads and equipment staging areas using 49,227 linear feet of overland travel and new bladed road surfaces.

Maximum permitted length of drill holes is, typically, 2,500 feet from the top of the drill hole to the furthest extent of the drill hole measured in the direction of the drill hole, whether vertical or angled. A maximum of twenty (20) percent of holes actually drilled are permitted to a maximum length of 4,000 feet.

- C. The Permittee is authorized to disturb no more than 55.6 acres within the Permit Area, to site the location of each drill pad area identified by UTM coordinates within the Permit Application, Attachment C, to site an equipment staging area as shown on the project map of the Permit Application, Attachment D, and to use overland or bladed access routes shown on the project map of PAP, Item No. 4. The Permittee must restrict surface disturbance to authorized areas, including traffic associated with vehicle travel, parking and turnaround.
- D. Any new constructed roads shall be routed to avoid cultural resource sites, minimize disturbance to land and wildlife, and enhance stability. Such measures may include construction of water bars, installation of culverts or other drainage features, application of Best Management Practices ("BMPs"), periodic monitoring and maintenance to reduce erosion. At the end of the exploration program all new constructed roads and overland access routes shall be reclaimed unless the surface land owner requests, and specifically identifies, portions of new roads to be retained for future use. Any new roads to be retained shall have appropriate stabilization measures in place to prevent erosion and sediment transport to waterways.
- E. The Permittee shall maintain financial assurance ("FA"), in the approved total amount of \$178,130.00, using one or more approved FA instruments, pursuant to 19.10.12 NMAC, to cover third-party costs of:
 - 1. sealing and surface plugging of up to five (5) drill holes ("borehole reclamation"), secured by the amount of \$76,440.00;
 - 2. regrading and initial seeding of disturbed surface areas ("surface reclamation"), including drill pad surfaces, overland travel routes, new constructed roads and an area for equipment staging, to a maximum of 16.7 acres of disturbance, secured by the amount of \$57,210.00, and;
 - 3. any necessary reseeding of areas that have been previously regraded and initially seeded, to meet the Vegetation Standard provided for in Section 10.I of this Permit, to include the entire area proposed for potential disturbance, 55.6 acres, secured by the amount of \$44,480.00.
- F. Phased FA. To facilitate contemporaneous reclamation, FA is assigned to successive phases of project activity, such that no more than five (5) drill holes will be open at any

one time and no more than 16.7 acres of unreclaimed surface disturbance will be permitted at any one time. Of the open drill holes authorized by this Permit, no more than one (1) will be longer than 2,500 feet, to a maximum of 4,000 feet. FA for reseeding will remain in place for the duration of the project, will not be transferred in phases, and may only be released at the end of the project when conditions specified in Section 10.I of this Permit are satisfied.

FA is assigned and transferred separately for borehole reclamation and surface reclamation activities. Upon the completion of a phase of activity, and following MMD approval of borehole reclamation or surface reclamation, as the case may be, the FA associated with that reclamation will be assigned to the next successive phase of that activity, to be followed by the same reclamation approval process that is described as follows:

1. For each phase of borehole reclamation the Permittee will submit copies of the drill hole abandonment records for MMD approval, as provided for in Section 10.U of this Permit, to include an affidavit signed by a licensed, bonded driller, engineer, or the project geologist, attesting to the fact that the drill holes have been plugged and abandoned according to the requirements of this Permit. The Permittee will not initiate the next phase of drilling until the MMD has approved—and at the discretion of MMD—inspected the plugging of drill holes.
2. For each phase of surface reclamation the Permittee will provide, prior to any inspection that the MMD may perform, such documentation that will support a decision to approve the next phase of surface disturbance, including a spreadsheet tabulation and map to illustrate acreages and locations of reclaimed surface disturbance and unreclaimed surface disturbance.

G. Seed Mix. All areas where vegetation is disturbed, including roadways constructed for the project, shall be reclaimed and seeded by methods described in Section 7 of the Application (PAP Item No. 3). The seed mix described in Section 7.C of the Permit Application, as amended by PAP Item No. 5, shall be modified to include certified weed-free pure live seed (“PLS”), listed below as an application rate in pounds PLS per acre, of the following species:

blue grama grass, var. Hachita	0.5
sideoats grama grass var. Niner	2.0
tobosa (preferred) or galleta grass	1.0
cane bluestem (preferred) or little bluestem grass	0.5
sand dropseed grass	0.05
black grama grass (if available)	0.1

H. Performance Standard for Final FA Release. The Permittee shall notify MMD at least 14 days prior to initiating any reclamation approved, pursuant to this Permit. The site will be considered reclaimed and eligible for release of financial assurance, once the following criteria have been met:

1. The Permittee has successfully initiated the establishment of a uniform, self-sustaining vegetative cover on disturbed areas, similar in life form to the pre-disturbance vegetation as described in Section 10.I of this Permit;
 2. No significant erosion is evident on disturbed areas; and
 3. All drill holes have been plugged and abandoned as described in Section 10.U of this Permit.
- I.** Vegetation Standard. For purposes of Section 10.H of this Permit, successful initiation of a vegetative cover will be evaluated by a quantitative technical standard (“technical standard”) that is designed to predict long-term success of vegetation cover and diversity, based on the trajectory of early-stage vegetation establishment, typically evaluated at the end of the second growing season following seed application. The methods to measure and the criteria to achieve this technical standard are provided within PAP Item No. 5 that is modified as described in PAP Item No. 6.
- J.** Following surface reclamation activities, monitoring shall be conducted by the Permittee to assure successful initial establishment of vegetation and stabilization of the site as described by Section 7 of the Permit Application. Areas that do not meet the technical standard by the end of the third growing season following seeding will be reseeded or interseeded with the approved seed mix, unless an alternate plan is approved by the MMD. Any reseeded or interseeded may require supplemental seedbed preparation, mulching, grading, and/or application of waterbars or other appropriate BMPs to prevent erosion and site degradation, as required by the MMD.
- K.** Following reclamation activities, periodic site monitoring shall be conducted by the Permittee and reported to the MMD to ensure the successful establishment of vegetation, control of noxious weeds or undesirable plant species, and stabilization of the site. Monitoring and control of weeds shall include the noxious weed species listed by the New Mexico Department of Agriculture (PAP Item No. 4, Attachment 3) and puncturevine (*Tribulus terrestris* L.).
- L.** Any area where vegetation is disturbed, or where significant soil compaction has occurred, including drill pads and most overland travel routes, will be reclaimed using methods to regrade, scarify or rip, seed, and mulch such disturbed surfaces as described in Section 7 of the Permit Application. Soil from the top 6 to 12 inches of the surface will be segregated and, where appropriate, stockpiled for use as topdressing at all areas where vegetation has been scraped from the surface, including bladed drill pads, mud pit areas and new roads. As soon as practicable before seeding, surfaces to be reclaimed will ripped or deep-scarified to a depth of at least 6 inches, to relieve soil compaction and prepare a suitable seedbed. If possible, seeding shall coincide with, or shortly precede, the onset of seasonal monsoon showers. Seed will be applied using a seed drill, or hand sown by broadcasting with the seed mix that is described in Section 10.G of this Permit. Each seeded site shall be mulched with weed-free straw, hay or native grass at the rate of 1.5 to 2.0 tons per acre. Applied mulch shall be crimped or tacked in place.

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- M.** A minimum setback of 100 feet away from any watercourse is required of all drill pads. (“Watercourse” means any channel having definable beds and banks capable of conducting generally confined runoff from adjacent lands. During floods, water may leave the confining beds and banks, but under normal flows, water is confined within the channel. A watercourse may be perennial, intermittent, or ephemeral.)
- N.** Travel throughout the Permit Area shall be limited during wet, muddy conditions. BMPs shall be used liberally to prevent sediment transport. Any areas of travel along new roads or overland travel that creates ruts 6-inches or deeper will be ripped to at least 1-foot in depth during reclamation.
- O.** The Storm Water Pollution Prevention Plan (“SWPPP”), described in the Permit Application, shall be provided for MMD review and approval within 15 days of the approval of this Permit. The Permittee shall implement site-specific measures or BMPs, according to descriptions found in Sections 7 and 9 of the Permit Application, constructed and maintained using professionally recognized standards (e.g., Natural Resource Conservation Service Standards, or the Bureau of Land Management’s “Gold Book” publication titled: *The Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development*). BMPs will be implemented, as needed, to control erosion and prevent sediment transport at all areas of surface disturbance and temporary low-water crossings. BMPs that are damaged or ineffective shall be repaired, replaced or redesigned, as necessary.
- P.** The Permittee shall follow safeguarding practices described in Section 9 of the Permit Application. No drilling and no storage of fuels or chemicals shall take place within any watercourses of the Permit Area. Appropriate spill clean-up materials, such as absorbent pads, must be available on-site at all times during site preparation and drilling activities to address potential spills.
- Q.** No excavation or filling shall take place within any watercourses designated as “Waters of the United States,” until the required permits or consultations are obtained from the U.S. Army Corps of Engineers.
- R.** Report all spills immediately to the New Mexico Environment Department, as required by the New Mexico Water Quality Control Commission regulations, as defined by 20.6.2.1203 NMAC.
- S.** The Permittee must comply with all requirements of federal and state laws pertaining to air quality requirements pursuant to 20.2.72 et.seq., NMAC.
- T.** If any habitation sites, human remains, objects of cultural patrimony or any cultural resources are discovered or inadvertently uncovered during exploration activities, all work should immediately cease within the area of discovery. The remains should be protected in place, and the Historic Preservation Division of the New Mexico Department of Cultural Affairs should be immediately notified.

- U. Drill Hole Plugging. Pursuant to 19.10.3.302.L NMAC, each drill hole shall be plugged with a column of cement, or bentonite-based plugging material, unless another material is approved by the New Mexico Office of the State Engineer (“OSE”) and the Director. Drill holes shall be plugged from the bottom upwards, using a tremie pipe, to within approximately 12 feet of the original ground surface. A 10-foot column of cement will then be added to within approximately 2 feet of the ground surface. The remaining hole shall be backfilled with topdressing from above the cement plug to the original ground surface. The hole shall be permanently plugged and abandoned as soon as is practical after drilling is complete. Since each drill hole is expected to encounter water bearing strata, each hole shall be plugged before the last drill rig is removed from the Project Area and must satisfy the requirements of the OSE and the New Mexico Environment Department for proper plugging of such holes.

For drill holes to be deepened, surface casing shall be set to the total depth of the initial boring and constructed with an annular seal and the casing capped to prevent contaminants from entering the hole from the surface and to prevent shallow groundwater and/or inter-aquifer exchange of groundwater through the cased drill hole. The annular seal shall be comprised of the same materials specified for well plugging.

As soon as feasible after the drill hole has been deepened to the total depth, the entire drill hole and upper cased hole shall be plugged from total depth to the surface as specified above.

An OSE-approved “Well Plugging Plan of Operations” shall be provided to MMD within 15 days of the approval of this Permit. The approved sealant shall comply with all applicable specifications of ASTM D5299-99. The Permittee shall ensure that the correct ratio of solids to water is used during the preparation of the approved sealant. Well plugging records, sufficiently detailed to document plugging methodology, the proper constitution of approved sealant, and that sealant is used in adequate volume to meet theoretical volumes of plugged intervals, shall be provided to MMD for any phased transfer or final release of FA.

- V. Wildlife Exclosures. As described in Sections 9 and 10 of the Permit Application, mud pits will be fenced with steel “T” posts and barbed wire to exclude large mammals. In addition, any drilling mud pits, sumps, or uncovered above-ground tanks, shall have at least one side constructed at a 3:1 (horizontal: vertical ratio) slope to allow for wildlife escape, or shall also be covered with expanded metal grates, or fenced and netted in accordance with New Mexico Department of Game and Fish wildlife fencing guidelines. Any mud pits or sumps, or uncovered above-ground tanks shall be covered with expanded metal grates or, fenced and netted, whenever workers are not present on site, to exclude both flying and terrestrial animals. Any netting used to exclude wildlife should be constructed of a sturdy plastic or metal material and adequately supported so that it will not contact the liquid surface. Monofilament mesh should not be used, as it can entangle birds and reptiles. Any plastic or metal netting should be anchored to the ground, and if the mesh size is greater than one inch, it should be wrapped with an

additional finer mesh material around the bottom of the enclosure (up to approximately 12 inches above the ground surface) to exclude reptiles and small mammals.

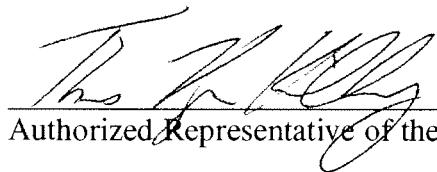
- W.** Any water, drill cuttings, mud and drilling additives, and/or fluids produced from the exploration drill holes shall be contained entirely within the excavated mud pits, sumps or above ground tanks at all times. Mud pits, sumps or above ground tanks will be sized to contain the calculated volume of drill cuttings, all drilling fluids and any produced water, while still providing a substantial freeboard for emergency storage capacity. Material generated during excavation of mud pits or sumps will be utilized to create an earthen berm that will partially surround each mud pit or sump area to prevent any run-on or run-off from precipitation events flooding onto, or escaping, the mud pits, sumps or the drill pad site. Discharge of this water, or any drilling fluids, to the ground surface or to an ephemeral watercourse (“Waters of the U.S.”), may be a violation of the Clean Water Act, and is prohibited.
- X.** When all drilling, testing and hole abandonment activities are complete for each site, the mud pits shall be allowed to evaporate and to dry sufficiently to allow backfilling, then backfilled and recontoured to create positive drainage and reduce erosion. Materials surrounding each mud pit, and used in constructing pit-containment berms, will be backfilled to provide excess fill to account for potential subsidence and settling. Prior to final grading and seeding, mud pit areas will be covered with topsoil.
- Y.** All heavy equipment to be used within the project area must be pressure washed, and/or steam cleaned, prior to introducing any equipment onto the project area, and inspected daily for leaks. Drop cloths or plastic tarps will be placed and secured under drill rigs, in addition to any other immobilized, staged, or temporarily stored equipment parked for longer than 48 hours.
- Z.** Any modifications, or any other field adjustments or changes not pre-approved as part of this Permit, must be approved prior to implementation pursuant to 19.10.4.406 NMAC.
- AA.** The Permittee shall submit a termination report, pursuant to 19.10.4.407 NMAC, at the conclusion of an exploration operation not being renewed, unless the Permittee has applied for renewal of this exploration Permit, or applied for a mining operation permit. Among other items, as required by 19.10.4.407 NMAC, the termination report shall include documentation required under Sections 10.I, 10.K and 10.U of this Permit, unless this documentation has been previously provided to MMD.
- BB.** The Permittee is authorized to operate a Subpart 4 Exploration Operation, pursuant to Subsection E, Paragraph 3 of 19.10.1.7 and 19.10.4.403 NMAC. All lands to be disturbed will be addressed under the performance and reclamation standards and requirements of 19.10.4.403 NMAC, in accordance with the reclamation plan provided in the PAP, and the conditions described within this Permit.

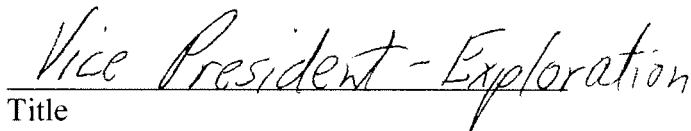
Section 11. **CONCLUSIONS OF LAW**

- A.** The Director concludes the application meets the requirements of an “Exploration Operation,” addressed in Part 4, 19.10.4 NMAC , and that all necessary conditions for the award of this Permit, whether in the Act or the Rules, have been met.
- B.** The Director has jurisdiction over the Permittee and the subject matter of this Permit and proceeding.
- C.** The Permittee, Copper One (USA) Inc., is permitted to conduct mining and reclamation operations at the Lone Mountain Project area in Grant County, New Mexico, upon the condition that the Permittee complies with the requirements of this Permit and Order, the Act, the Rules, the conditions and requirements imposed by this Permit and Order, and upon the submission of such termination reports and fees as may be required under 19.10.4.407 NMAC and 19.10.2 NMAC.

CERTIFICATION

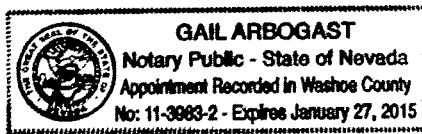
I certify that I have read, understand and will comply with the requirements of the Permit. I also agree to (i) comply with the performance and reclamation standards and requirements of the Permit, the Rules, and the Act, (ii) allow the Director to enter the Permit area without delay for the purpose of conducting inspections during mining and reclamation, (iii) conduct only those operations described in this Permit, including as it may be revised or modified from time to time, and (iv) reclaim any areas disturbed by the exploration operations in accordance with, this Permit, the Rules and the Act.

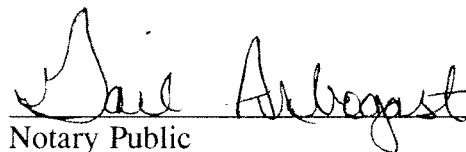

Authorized Representative of the Permittee


Title


Company

Subscribed and sworn to before me this 18th day of July, 2011




Notary Public

My Commission Expires

January 27, 2015

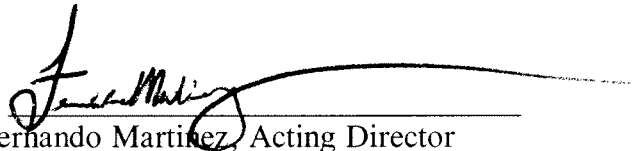
ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that the Permit Application Package of Copper One (USA) Inc., to conduct exploration drilling and reclamation operations at the Lone Mountain Project area in Grant County, New Mexico, is approved. This Permit may not be transferred without approval by the Director. This Permit is subject to all conditions set forth in it, including in the Director's Findings of Fact, General Obligations and Conditions, Conclusions of Law, and this Order.

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

BY:

A handwritten signature in black ink, appearing to read "Fernando Martinez", is written over a horizontal line.

Fernando Martinez, Acting Director

Mining and Minerals Division

Energy, Minerals and Natural Resources Department

DATED: 7/28/2011