



Tyrone Operations
P.O. Box 571
Tyrone, NM 88065

August 14, 2018

Via Email
Certified Mail #9171999991703579963317
Return Receipt Requested

Mr. David Otori, Permit Lead
Mining Act Reclamation Program
Energy, Minerals and Natural Resources Department
1220 South St. Francis Dr.
Santa Fe, NM 87505

Dear Mr. Otori:

**Re: Permit No. GR079EM Submittal - Schedule of
Drilling Activities and Notice of Intent to Begin Reclamation**

Freeport-McMoRan Tyrone Inc. (Tyrone) hereby submits the executed permit to Energy, Minerals and Natural Resources Department. Tyrone will provide the irrevocable Standby Letter of Credit ("LOC") as soon as our Corporate Staff completes it. We anticipate that this will take 3-4 business days to complete.

Tyrone plans to begin work in the Emma project on August 16, 2018. The work will entail roadwork and drill pad preparation as described in the Minimal Impact Exploration Application, Permit No. GR079EM. The road building and drill site preparation will take approximately 4-8 days to complete. Drilling is scheduled to begin on August 21, 2018, and continue until the completion of the project, which we anticipate it will take approximately 30 days to complete.

Tyrone plans to begin reclamation activities, which include plugging of holes, covering of mud pits, regrading and best management practices to prevent erosion upon the completion of each well. Thus reclamation activities will begin on approximately on August 21, 2018. Final seedbed preparation and seeding will begin around September 24, 2018.

As discussed and agreed to by Tyrone and MMD, Tyrone will provide well logs from the driller to MMD via email for review and approval of satisfactory well logs. It is understood that approval will occur in a timely manner within 24 hours of submittal to MMD except for well logs submitted on Fridays, which will be approved by the following Monday by 4:00 pm.

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Tyrone has agreed to bond for up to eight well/hole plugging costs. Tyrone, in no way by acceptance of this provision, agrees with the estimated costs MMD demanded for the plugging and abandonment costs (\$14 per foot). However, due to timing and other contractual needs, has agreed to this provision for this project only and maintains that MMD is erroneous (inflated) in its estimate for these costs as evidenced by our contract with Layne Drilling as well as other evidence Tyrone discussed with MMD to justify the correct and factual costs borne by our industry (and others) for this type of work (around \$5 per foot). Tyrone has provided an actual current quote which anyone could obtain in a competitive bid process.

Tyrone does appreciate the clarification of the wildlife barriers and drill pad site reclamation standards and is committed to conduct this project as agreed to, and manage any issues that may arise, appropriately and legally. Please contact me for any inspections at the contact information below and I will either be available to escort you to the site or have a qualified person available to do so.

If you have any questions or would like to receive updates on our progress for this project, please contact me either by email tbays@fmi.com or by phone at (575) 912-5757 or (575) 313-0913.

Sincerely,

A handwritten signature in black ink, appearing to read "Ty Bays", with a long horizontal flourish extending to the right.

Ty Bays
Senior Land and Water Resource Analyst

TRB
20180814-100

**PERMIT NO. GR079EM
EMMA
MINIMAL IMPACT EXPLORATION OPERATION**

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

Permit No. GR079EM (“Permit”) 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 Tyrone Inc. (“Tyrone”)
Whose correct address is: P.O. Box 571
Tyrone, NM 88065

(“Permittee”) for the Emma Exploration Project, located approximately 10 miles south of Silver City in Grant County, New Mexico, as described in Section 3 of this Permit document. The Permittee is authorized to drill 21 holes on Freeport-McMoRan Tyrone Mining, LLC land up to six inches in diameter, and up to 1,300 feet deep, utilizing no more than 21 drill pad surface disturbance areas to explore for copper. The drill pad disturbances will be no greater than 40 feet wide by 70 feet long (40’W x 70’L) at each site. Drill pad sites will include 21 pits for drilling fluids and cuttings. In addition to use of existing roads, the Permittee is authorized to travel on a total of, 4,707 feet of modified existing roads and new constructed roads, 15 feet in width.

Section 1. STATUTES AND REGULATIONS

- A. This Permit is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993, as amended).
- B. This Permit is subject to all applicable regulations of the New Mexico Mining Act (“Act”), New Mexico Mining Act Rules (“Rules” (Parts 19.10.1 through 19.10.14 New Mexico Administrative Code (“NMAC”)) 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 minimal impact exploration Permit Application for GR079EM was received on June 4, 2018 and deemed administratively complete on June 19, 2018. Any correspondence subsequently submitted to MMD, by the Permittee or its representatives, can be found at MMD offices within the Division’s files, and is titled *Emma Exploration Project, GR079EM* or similar.

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

- A. Subpart 3 Minimal Impact Exploration Permit Application, dated May 31, 2018, (“Application”), received by MMD on June 4, 2018.

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- B. Information in support of the Application received by electronic mail correspondence (e-mail), dated June 20, 2018.
- C. Information (New Mexico Office of the State Engineer well permits) in support of the Application received by e-mail, dated July 2, 2018.
- D. Tyrone Response to MMD and Agency Comments, dated August 3, 2018: Response to Comments on Emma Exploration Project Minimal Impact Exploration Application, Permit No. GR079EM dated July 30, 2018.
- E. Financial Assurance, in the aggregate amount of \$166,113 (one hundred sixty-six thousand one hundred thirteen dollars), was received by MMD on August 14, 2018 in the form of Irrevocable Standby Letter of Credit No. HACH570171OS and Irrevocable Standby Letter of Credit No. HACH570172OS from BMO Harris Bank N.A.

Section 3. **PERMIT AREA**

- A. The Permittee is authorized to conduct mineral exploration and reclamation operations only on those lands that are specifically designated and authorized within the permitted area ("Permit Area") and exploration activities shall be limited to the locations identified in the Application. The Permit Area is located approximately ten (10) miles south of Silver City, New Mexico, on lands owned by Tyrone within Sections 25, 35 and 36 of Township 19 South, Range 15 West in Grant County, New Mexico, and is designated as the permit area shown on the map within the Application titled: Figure 2: Drill hole Locations.
- B. The Permittee is authorized to only disturb up to 3.37 total cumulative acres within the Permit Area. This amount includes all overland travel routes. Not including overland travel routes and pursuant to 19.10.3.302(A) NMAC permittee is authorized to only disturb up to 3.37 total cumulative acres within the Permit Area.

Section 4. **FINDINGS OF FACT**

The Permit Application Package

- A. The PAP is complete and demonstrates that the proposed operation will meet the performance and reclamation standards and requirements of Paragraphs 1-6 of 19.10.3.302.D NMAC.
- B. The PAP provides that the proposed operation meets the standards of a "Minimal impact mining operation," addressed in 19.10.1.7.M(2) NMAC, and in 19.10.3.302 NMAC, and does not fall within the exclusions in 19.10.1.7.M(2) NMAC. MMD and the other agencies, pursuant to 19.10.3.302.G, reviewed the minimal impact designation.

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- C. The Permittee has paid the initial permit application fee of \$500 as required by 19.10.2.201.F NMAC.
- D. The proposed operation and reclamation, as described in the PAP and this Permit, will meet the requirements of reclamation, as identified in 19.10.1.7.R(1) NMAC of the Rules. The reclamation plan, subject to the conditions in the Permit, demonstrates that the reclamation of the disturbed areas within the Permit Area will result in a condition that allows for the establishment of a self-sustaining ecosystem within the Permit Area that is appropriate for the life zone of the surrounding areas.
- E. The approved Post-Exploration Land Use is designated as livestock grazing and wildlife habitat.
- F. The term of the Permit is governed by Subsections A, C and D of 19.10.4.405 NMAC. The permit term shall be one year from the date of the Director's signature on this Permit.

Right-To-Enter / Property Access Information

- G. The Permit does not grant or create any property rights. Nor does MMD, by issuing this Permit or otherwise, make any comment on the surface or mineral rights that the Permittee may or may not have in the area covered by the Permit; only that the Permittee has provided a statement of the basis on which the Permittee has a right to enter the property to conduct mining, exploration and reclamation. Permittee is solely responsible to take whatever steps are necessary to ensure that Permittee has property rights sufficient to support the activities contemplated by the Permit.

General Information Regarding the Permittee

- 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, 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, the Rules or other New Mexico environmental statutes.
- I. The Permittee has signed and certified a statement, provided within the Application, that the Permittee agrees to comply with the requirements of this Permit, the Rules, and the Act, and allows the Director to enter the Permit Area for the purpose of conducting inspections.

MMD's Request for Comments to the Agencies and Tribes

- J. MMD provided the cooperating agencies (the New Mexico Environment Department, the Department of Game & Fish, State Forestry Division, State Historic Preservation Office, and the Office of the State Engineer) with a copy of the Application pursuant to

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19.10.3.302.G NMAC and requested comments from the agencies on June 19, 2018.

- K. MMD provided a map and notice of the Application to the following tribal entities and requested for consultation: The Isleta Pueblo, the Fort Sill Apache Tribe, the White Mountain Apache Tribe, the Mescalero Apache Tribe, and the Navajo Tribe on June 25, 2018. There were no tribal consultation requests received by MMD.
- L. MMD provided the Permittee with comments provided by the cooperating agencies on July 30, 2018, via hard copy and e-mail.

Financial Assurance

- M. The Permittee has provided two (2) irrevocable standby letters of credit (“ILOC”), for financial assurance (“FA”), in accordance with 43 CFR 3809 and 19.10.12.1201.A NMAC, in the aggregate amount of \$166,113 (one hundred sixty-six thousand one hundred thirteen dollars), for the reclamation of eight (8) boreholes (\$145,600) and 21 associated drill pads and access roads (\$20,513) of the exploration project. Financial Assurance has been provided by the Permittee in the form of ILOC No. HACH570171OS for \$145,600, and ILOC No. HACH570172OS for \$20,513 issued by BMO Harris Bank N.A. on date August 14, 2018.

Section 5. **COMPLIANCE REQUIREMENTS**

- A. This Permit is issued pursuant to NMSA 1978, Section 69-36-1 et. seq. and Title 19, Chapter 10 NMAC. Permittee may be required to comply with other Federal, State, County or Local laws or ordinances before or while undertaking the activity that is the subject of this Permit. MMD does not, by issuing this Permit or otherwise, make any comment on Permittee’s compliance with such other laws. It is Permittee’s sole responsibility to investigate and comply with the requirements of such other laws.
- B. The Permit does not grant or create any water rights. Nor does MMD, by issuing this Permit or otherwise, make any comment on the water rights that the Permittee may or may not have available for use in the area covered by the Permit. Permittee is solely responsible and obligated to comply with all state and federal laws related to water rights sufficient to support the activities contemplated by the Permit.

Section 6. **AGENCY RIGHT OF ENTRY**

- A. The Permittee shall allow the authorized representatives of the Director, without advanced notice, upon presentation of appropriate credentials, and without delay:
 - 1) To enter upon, or through, any mineral exploration or reclamation operation at any time, as provided for in 19.10.3.302.I(3) NMAC, for the purpose of conducting inspections

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during exploration, and reclamation, and to determine if the Permittee is in compliance with the permit requirements and conditions; and

- 2) at reasonable times, and without delay, have access to and copies of any records associated with permitting and compliance required by the Act, 19.10 NMAC or the Permit.

Section 7. **PERMIT COVERAGE**

- A. This permit shall be binding on any person or persons conducting mining, exploration and reclamation operations under this Permit.

Section 8. **ENVIRONMENTAL COVERAGE**

- A. 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**

- A. The Permittee shall conduct mining, exploration drilling and reclamation operations only as described in the approved PAP and any other modifications 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 this Permit.
- B. Where the PAP is ambiguous or in apparent conflict with the provisions outlined in this Permit, the language of this Permit will supersede the PAP.

Section 10. **GENERAL OBLIGATIONS AND CONDITIONS**

Description of Project/Authorized Disturbances

- A. The Permittee is authorized to vertically drill up to twenty-one (21) boreholes, using a track mounted, reverse-circulation air rotary method, each with a maximum of six (6) inches in nominal outside diameter, each up to 1,300 feet deep. Reclamation of the disturbed areas shall be initiated as soon as possible and completed in accordance with the schedule in the permit.
- B. The Permittee is authorized to create no more than twenty-one (21) drill pad surface disturbance areas, each no greater than forty feet by seventy feet (40' X 70') to accommodate all support equipment, including the drill rig and any ancillary support vehicles, and containing no more than one (1) connected drilling fluids/cuttings pit sumps within each drill

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pad area. Each drilling fluids/cuttings pit system shall be approximately ten (10) feet wide, up to ten (10) feet long and up to five (5) feet deep (approx. 10'L x 10'W x 5'D).

- C. The Permittee is authorized to site the location of each drill pad area identified within the PAP and in accordance with UTM coordinates, as amended, and access routes as shown on: Emma-Project Area Figures 2 and 3, as amended, within the PAP. The Permittee is authorized to disturb up to a total of, 4,707 feet of modified existing roads and new constructed roads, 15 feet in width as described in the PAP. The Permittee must minimize any new surface disturbance (e.g., minimizing drill pad surface leveling and pit excavation using mechanized earthwork equipment, such as a backhoe or dozer), is permitted. To the extent possible, avoid removing or damaging standing live or dead trees and woody vegetation during drill pad set-up and construction, as well as during mobilization of equipment into and out of the project area.
- D. The Permittee is authorized to disturb no more than 3.37 acres of total cumulative disturbance within the Permit Area as defined in 19.10.3.302 A. NMAC. This amount includes all twenty-one (21) proposed drill pad disturbance areas (1.41 acres), and four thousand seven hundred seven (4,707) feet of new constructed roads and modifying existing roads (1.96 acres).

Best Management Practices to be Performed

- E. Use of the existing two-track roads and overland travel is prohibited within the Permit Area during wet, muddy conditions. No construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates ruts in excess of six (6) inches deep, the soil shall be deemed too wet to adequately support construction equipment. Also, permittee will use extreme caution when driving hot vehicles over dry vegetated areas to decrease the risk of a grass or brush fire.
- F. As necessary throughout the Permit Area, and during the use of overland travel and site selection, design, and construction of drill pads, drilling fluids/cuttings pits or sumps, and roads, the Permittee shall leave all disturbances in a manner that is stable, both long-term and short-term, and non-hazardous to humans and wildlife. The preliminary reclamation plan for the site is generally described in Section 4 of the PAP for GR079EM and within this Permit.
- G. The Permittee shall implement erosion-control measures, or Best Management Practices ("BMP's"), in a manner that prevents direct impacts to surface water and ephemeral watercourses that are designed, constructed and maintained using professionally recognized standards (e.g., Natural Resource Conservation Service Standards, or the BLM *Gold Book*) for surface disturbances during the exploration project and reclamation activities as needed for erosion control, spill prevention and the avoidance or damage to ephemeral watercourses in the area. Placement of water bar structures or other appropriate measures should be taken to

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reduce head-cutting adjacent to roads and to prevent roadways from channelizing surface flow.

- H. Erosion control measures or any other BMP's that are damaged or ineffective shall be repaired, replaced or redesigned, as necessary, within 24 hours, or as soon as reasonably possible, following discovery of damages. The Permittee shall commit to using a variety of erosion-control measures, as needed, if erosion control problems develop.
- I. A minimum setback of 100 feet away from any watercourse within the Permit Area is required. *(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.)*
- J. No drilling and no storage of fuels or chemicals shall take place within any watercourse that is in the Permit Area. No excavation or filling shall take place within any watercourse until the required permits or consultations are obtained from the U.S. Army Corps of Engineers. A copy of such approval shall be provided to MMD when obtained.
- K. Appropriate spill clean-up materials, such as absorbent pads, must be available on-site at all times during road construction, site preparations, and drilling activities to address potential spills. Drop cloths or plastic tarps will be placed and secured under rigs while drilling, in addition to any other immobilized, staged, or temporarily stored equipment parked for durations extending longer than 48 hours, to contain any spill or leakage from the drill rig and any other related equipment.
- L. The Permittee shall report all spills immediately to the New Mexico Environment Department ("NMED") as required by the New Mexico Water Quality Control Commission regulations 20.6.2.1203 NMAC. For non-emergencies during normal business hours, call (505) 428-6000. For non-emergencies after hours, call (866) 428-6535 or (505) 428-6535 (voicemail, 24 hrs. /day). For emergencies only, call (505) 827-9329 (24 hrs. /day) to contact the New Mexico Department of Public Safety.
- M. The Permittee must comply with all requirements of federal and state laws pertaining to air quality pursuant to 20.2.72 NMAC.
- N. Any water, drill cuttings, drilling additives, and/or fluids produced from the exploration boreholes, shall be contained entirely within the excavated drilling fluids/cuttings pits at all times. Drilling fluids/cuttings pits, sumps, or above ground tanks shall be sized to contain the calculated volume of drill cuttings and all drilling fluids and any produced water, while still providing a substantial freeboard or emergency storage capacity.

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- O. Any overburden material generated during initial excavation of drilling fluids/cuttings pits will be utilized to create an earthen berm partially surrounding each drilling fluids/cuttings pit or sump area, to prevent any run-on or run-off from precipitation events flooding onto or escaping the mud pits or the drill pad site. The Permittee should utilize BMP's, which may include above-ground tanks, to contain any water produced from the exploration holes at the drill site.
- P. Any drilling locations that are situated directly upon bedrock, or otherwise lacking sufficient soil depths necessary for adequate drilling fluids/cuttings pit construction, shall discharge into portable, above-ground tanks that are sized to fully contain all drilling-related fluids. 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. All drilling cores and any excess drill cuttings shall be collected and disposed of properly.
- Q. All heavy equipment to be used within the Permit Area must be thoroughly pressure washed and/or steam cleaned prior to introducing any equipment into the Permit area in order to help prevent the introduction of non-native species to the Permit Area. This cleaning shall remove all soil, seed, vegetative matter or other debris that could contain or hold seed or plant parts. Any heavy equipment that subsequently operates outside this Permit Area shall be treated the same as during the initial mobilization onto the Permit Area. Equipment shall be considered free of soil, seed and plant debris when a visual inspection does not detect such material.
- R. Any drilling fluids/cuttings pits or sumps shall have at least one side constructed at a 3:1 (horizontal: vertical ratio) slope to allow for wildlife egress and shall also be covered with a barrier to exclude wildlife. The drilling fluids/cuttings pits shall be covered with a barrier whenever workers are not present on site, or otherwise modified to exclude both flying and terrestrial animals from any materials present within the mud pits, sumps, or any above-ground tanks that are potentially harmful to wildlife. When drilling is completed, the drilling fluids/cuttings pits shall be allowed to dry and then backfilled with native cover.
- S. Any netting used for the preclusion of wildlife should be constructed of a sturdy plastic or metal material and adequately supported so that it will not contact the liquid surface if sagging occurs. Monofilament mesh should not be used, as it can entangle birds and reptiles causing mortalities. Any plastic or metal netting should be anchored to the ground and maintained taut, and if the mesh size is greater than one inch, it should be wrapped with an additional finer mesh material around the bottom (up to approximately 12 inches) to exclude reptiles and small mammals.
- T. Any clearing of vegetation should take place from September 1 through March 31, thus minimizing the possibility of nest destruction or abandonment. If it becomes necessary to

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remove vegetation during the breeding season, active nests should be left undisturbed until the young have fledged.

- U. The Permittee must maintain current MSDS documentation for drilling additives, and any other chemicals to be used throughout the duration of the operation including exploration and reclamation activities and made available for review upon request.

Cultural and Paleontological Resource Preservation Requirements

- V. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the Permittee, or by any personnel working on the Permittee's behalf, shall immediately report any such findings to the Department of Cultural Affairs within 24 hours. The Permittee shall suspend all operations in the immediate area of such discovery until authorization to proceed is issued.
- W. The Permittee is obligated to comply with procedures established in NMSA 1978, Section §18-6-11.2 of the Cultural Properties Act and 4.10.11 NMAC to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of project work, the Permittee shall immediately halt the disturbance and contact the Office of the Medical Investigator and the local law enforcement agency pursuant to Section 18-6-11.2 of the Cultural Properties Act and the Department of Cultural Affairs within 24 hours for instructions. The Permittee shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the Department of Cultural Affairs in consultation with Indian Tribes.

Reclamation and Revegetation Requirements

- X. Reclamation of disturbed areas shall occur concurrently or following the completion of drilling operations as weather and field conditions allow. Pursuant to 19.10.3.302.K NMAC, all lands, including overland access routes or terrain damaged in gaining access to or clearing the drill sites, or lands where vegetation is substantially disturbed or whose natural state has been substantially disturbed as a result of the exploration drilling, shall be restored to approximate their original condition and reseeded utilizing an appropriately certified weed-free, pure live seed mixture as approved by MMD. The MMD approved seed mixture and application rate are incorporated into this Permit and have been attached hereto as Appendix 1.
- Y. Any salvaged topsoil material that is suitable as a plant growth medium, will be spread over the surface of each drill site, including and any other heavily compacted areas, then raked, disked or deep-scarified prior to seeding, to prepare a suitable seedbed for seed germination and root growth. The MMD approved seed mixture will be broadcast sown immediately after

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site re-contouring and seedbed preparation has been completed and while the soil surface is still friable. After the seed mix has been sown, the soil will be dragged with a chain or harrow or raked into the surface using hand tools, to cover the seed. Reclaimed areas not seeded before or during the summer, will be seeded in the fall to maximize the probability of successful revegetation.

- Z. Following the revegetation and reclamation activities, monitoring shall be conducted by the Permittee to assure successful establishment of vegetation and stabilization of the site. Revegetated areas have not become established by the end of the growing season will be mitigated by reseeding, mulching, grading, and/or application of waterbars, or other BMP's, to prevent erosion and site degradation.
- AA. The Permittee shall notify MMD at least 30-days prior to initiating any reclamation approved pursuant to this Permit. The site will be considered reclaimed and eligible for release of FA, once the following criteria have been met:
- 1) The Permittee has established a uniform, self-sustaining vegetative cover on disturbed areas, similar in life form to the pre-disturbance vegetation.
 - 2) No significant erosion is evident on reclaimed areas.
 - 3) All drill holes have been plugged and abandoned, as described in this Permit.

Release of FA addressing plugging and abandonment costs may occur before expiration of the permit term, once the criteria above have been met. Final release of FA addressing surface reclamation may occur after the permit term, if all the release criteria have not previously been met.

- BB. All lands to be disturbed shall be addressed under the performance and reclamation standards and requirements of 19.10.3.302 NMAC and in accordance with the reclamation plan provided in the PAP and this Permit. The Permittee is obligated to complete reclamation of all disturbed areas upon completion of exploration activities.
- CC. Where salvageable topsoil is present upon areas to be disturbed, all soil and overburden material will be stripped, stockpiled and protected for later use during reclamation. Prior to obtaining or excavating any borrow material, or "clean native fill," for use as a backfilling material and/or for use in surface reclamation activity, the Permittee must first provide MMD with the source location and estimated quantity of this borrow material, including a reclamation plan for the proposed borrow area, for review and approval prior to its excavation or use during surface reclamation. Any borrow source excavation areas approved by MMD, shall be reclaimed, upon completion of excavation materials within the borrow area, then graded and re-contoured for positive drainage, and reseeded, as prescribed in this Permit.

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Borehole and/or Well Abandonment

DD. Pursuant to 19.10.3.302.L NMAC, each dry borehole shall be plugged from total depth with a column of high-density bentonite clay of sufficient composition, density, weight and viscosity to form an impermeable plug, unless another material is approved by the New Mexico Office of the State Engineer (“NMOSE”). The neat cement slurry shall be prepared according to the manufacturer's requirements, and emplaced from the bottom upwards, to approximately 2 feet of the original ground surface. The remaining hole shall be backfilled with topdressing from above the cement to the original ground surface. The hole shall be permanently plugged and abandoned as soon as is practical after drilling is complete. If a water-bearing stratum is encountered, the borehole shall be plugged before the drill rig is removed from the site and must satisfy the requirements of the NMOSE and the NMED for proper plugging of such holes.

- 1) If groundwater is encountered, the boreholes shall be considered wells and shall be permitted and sealed pursuant to the NMOSE's *Rules and Regulations Governing Well Driller Licensing, Construction, Repair, and Plugging of Wells*, 19.27.4 NMAC (see 19.27.4.36 NMAC, *Requirements for Mine Drill Holes that Encounter Water*). An NMOSE-approved *Well Plugging Plan of Operations* shall be provided to MMD following the approval of this Permit or within 30 days after groundwater was inadvertently or unexpectedly encountered during drilling activities. The approved sealant shall comply with all applicable specifications of ASTM D5299-99. Because of the anticipated hard water conditions concerning the permit area, the permittee is required to use the proper plugging material appropriate for the hardness of water encountered. The Permittee shall ensure that the correct ratio of solids to water is used during the preparation of the approved sealant. Well plugging records shall be sufficiently detailed to document plugging methodology, the proper constitution of approved sealant, and an adequate volume of sealant was used to meet theoretical volumes of plugged intervals shall be provided to NMOSE and copied to MMD. Additionally, the Permittee is required to consult with NMOSE personnel prior to plugging wet boreholes.
- 2) For each phase of borehole reclamation, the Permittee shall submit copies of the drill hole abandonment records for MMD approval, 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 shall not initiate the next phase of drilling until the MMD has approved- and at the discretion of MMD-inspected the plugging of drill holes.

Changes, Modifications, or Revisions to the Permit

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- EE. Any changes, modifications or amendments to the approved Permit must be approved prior to implementation pursuant to 19.10.3.302.J and 19.10.4.406 NMAC.
- FF. The Permittee shall provide a schedule of exploration drilling activities prior to commencing to facilitate effective inspection and monitoring of drilling and reclamation activities.

Financial Assurance

- GG. The Permittee shall maintain FA, after approval of this Permit, in the approved amount of \$166,113 (one hundred sixty-six thousand one hundred thirteen dollars), using one or more approved FA instruments, pursuant to Part 12 of the Rules and sufficient to cover third-party costs of sealing, subsurface plugging and surface reclamation of eight (8) boreholes, and twenty one (21) drill pad areas, and access roads. No un-abandoned boreholes shall be present at any given time.

Project Completion Timeline/Termination Report Requirements

- HH. Notwithstanding any other provision of this Permit, the Permittee shall close and abandon all exploratory boreholes, including all wells, within one (1) year of date of permit issuance, unless documentation is provided from the landowner that:
 - 1) The landowner wants the wells left in place, and MMD approves.
 - 2) The Permittee has submitted a mining permit application to MMD that includes the wells.
 - 3) The Permittee has received a renewal for an exploration operation, pursuant to 19.10.4.405 of the New Mexico Mining Act Rules.
- II. The Permittee shall submit a termination report, pursuant to 19.10.4.407 NMAC, at the conclusion of the exploration operation, unless the Permittee has applied for renewal of the exploration permit or applied for a mining operation permit. The termination report shall contain, at a minimum:
 - 1) A description of the reclamation measures utilized by the Permittee.
 - 2) Evidence of the seed mix (seed tags from bags) and its application rate utilized by the Permittee.
 - 3) Photographs of the reclaimed areas, including any BMP's utilized by the Permittee during exploration.

Permit No. GR079EM
Emma Exploration Project
Minimal Impact Exploration Operation
Page 13 of 16

- 4) Global positioning system ("GPS") coordinates for the drill holes and/or well locations actually drilled under this Permit.
- 5) Copies of the drill hole abandonment and plugging records and forms that includes an affidavit signed by a certified driller, engineer, or the project geologist, attesting to the fact that the holes have been plugged and abandoned according to the requirements of this permit.


Section 11. **CONCLUSIONS OF LAW**

- A. The Director concludes the project meets the requirements of a "Minimal Impact Mining Operation" addressed in 19.10.1.7.M(2) NMAC. The operation authorized by this Permit is eligible as a minimal impact operation, and the Permittee is authorized to operate a minimal impact exploration operation, pursuant to 19.10.1.7.M(2) NMAC and 19.10.3.302.A NMAC.
- B. The PAP is complete, accurate and complies with the requirements of the Act and 19.10.3.302 NMAC.
- C. The Director has jurisdiction over the Permittee and the subject matter of this Permit and process.
- D. The Permittee is permitted to conduct exploration and reclamation operations within the Permit Area upon the condition that the Permittee complies with the requirements of the Rules, Act, and this Permit, and upon the submission of such termination reports and fees as may be required under 19.10.3 NMAC and 19.10.2 NMAC.

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Emma Exploration Project
Minimal Impact Exploration Operation
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CERTIFICATION

I certify that I have read, understand and will comply with the requirements of the Permit. I further certify that I am not in violation of the Act or 19.10 NMAC. I also agree to comply with the performance and reclamation standards and requirements of the Permit, the Rules, and the Act, and allow the Director to enter the Permit Area without delay for the purpose of conducting inspections during exploration and reclamation.



Authorized Representative of the Permittee

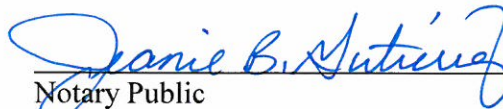
General Manager

Title

Freeport-McMoran Tyrone Inc.

Company Name

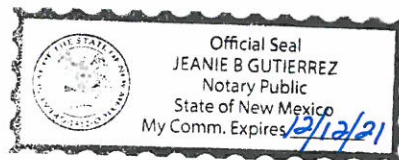
Subscribed and sworn to before me this 14 day of August, 2018



Notary Public

My Commission Expires

December 12, 2021



Permit No. GR079EM
Emma Exploration Project
Minimal Impact Exploration Operation
Page 15 of 16

ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that Permit No. GR079EM, for Freeport-McMoRan Tyrone Inc., to conduct exploration drilling and reclamation operations at the Emma Project in Grant County, New Mexico, is approved. The Permit may not be transferred without approval by the Director. The Permit is subject to all conditions set out in the Director's Findings of Fact, Conditions and Conclusions of Law.

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

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

Date: _____

**Permit No. GR079EM
 Emma Exploration Project
 Minimal Impact Exploration Operation
 Page 16 of 16**

Appendix 1 – Approved Seed Mix

Seed Mix: Pure Live Seed: Broadcast Mix
 Percent Purity X Percent Germination = Pure Live Seed

	lbs./acre	seeds/lb.	seeds/sq.ft.
Blue Grama, <i>Bouteloua gracilis</i>	1	825000	18
Sideoats Grama, <i>Bouteloua curtipendula</i>	2	191000	8
Sand Dropseed, <i>Sporobolus cryptandrus</i>	0.25	5298000	30
Indian Ricegrass, <i>Achnatherum hymenoides</i>	2	141000	6
Purple Prairie Clover, <i>Dalea purpurea</i>	2	210000	9
Scarlet Globemallow, <i>Sphaeralcea coccinea</i>	1	500000	11
Winter Cover Crop of Triticale	10	13000	
Total Native	8.25		82
Total Cover Crop	10		

STANDBY/LETTERS OF CREDIT
C/O Bank of Montreal
250 Yonge Street, 11th Floor
Toronto, Ontario M5B 2L7
Tel: 1-877-801-0414
Fax: 1-877-801-7787
SWIFT: HATRUS44

DOCUMENTARY COLLECTIONS
C/O Bank of Montreal
250 Yonge Street, 11th Floor
Toronto, Ontario, M5B 2L7
Tel: 1-888-258-6378
Fax 1-888-258-6380
SWIFT: HATRUS44

**Irrevocable
Standby Letter of Credit No.: HACH570171OS**

+++DRAFT1+++

Date of Issuance: TBD

Date of Expiry: August 15, 2019

Beneficiary:
Director of the
Mining and Minerals Division of the
New Mexico Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Applicant:
Freeport-McMoRan Inc.
On behalf of Freeport-McMoRan Tyrone Inc.
333 North Central Avenue
Phoenix, AZ 85004

Amount: One Hundred Forty Five Thousand Six Hundred and 00/100s United States Dollars (USD145,600.00)

Upon the application of Freeport-McMoRan Inc. ("Applicant"), whose address is 333 North Central Ave., Phoenix, Arizona 85004, on behalf of Freeport-McMoRan Tyrone Inc., BMO Harris Bank N.A. ("Issuer"), whose address is Global Trade Operations, 2nd Floor, Quad A Mailcode NOC 2700, 1200 Warrenville Road, Naperville, IL 60563 USA, hereby issues this irrevocable Standby Letter of Credit ("LOC") to Director of the Mining and Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department ("Beneficiary"), whose address is 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, in an amount not to exceed a total of One Hundred Forty Five Thousand Six Hundred and 00/100s United States Dollars (USD145,600.00) ("Total Credit Amount"), subject to the following terms and conditions:

1. TERM: This LOC shall become effective upon the date first written above and expires, unless automatically renewed, one (1) year thereafter.

2. PRESENTATION AND HONOR: Any time or at multiple times prior to the expiration of this LOC, Issuer shall pay Beneficiary up to, in the aggregate, the Total Credit Amount, either in whole or in part, as demanded by Beneficiary, upon presentation of a demand letter that contains the following information and representations:

- a. The LOC Number;
- b. Original of this LOC;
- c. A statement that the proceeds paid shall be used for abandonment of exploration drill holes at the Emma Claim at the Tyrone Mine, located in Grant County, New Mexico or that the proceeds are being demanded by Beneficiary pursuant to Paragraph 3 of this LOC;
- d. The amount demanded;
- e. A statement that a copy of the demand letter has been mailed to Applicant; and,
- f. The signature of the Beneficiary.

Presentation shall be perfected by mailing a demand letter to Issuer, pursuant to Paragraph 8 below that contains the foregoing information and representations. Issuer shall promptly honor the Beneficiary's presentations that comply with the terms of this LOC; provided that Issuer shall immediately notify Beneficiary of any defect in presentation or other reasons for Issuer's refusal to honor.

3. RENEWAL: This LOC shall automatically be renewed for successive one (1) year terms unless, ninety (90) days prior to the expiration of any one (1) year term, Issuer mails a Notice of Expiration to Beneficiary pursuant to Paragraph 8 below. In the event Issuer timely issues a Notice of Expiration, this LOC shall expire upon the next expiration date immediately following the date Notice of Expiration was timely mailed. If Applicant fails to replace this LOC with other financial assurance that is acceptable to Beneficiary, in Beneficiary's sole discretion, at least thirty (30) days before the next expiration date following the date the Notice of Expiration was mailed, then issuer shall pay Beneficiary in accordance with Paragraph 2 of this LOC.

4. REDUCTION IN TOTAL CREDIT AMOUNT: Beneficiary may, in its sole discretion, reduce the Total Credit Amount under this LOC by mailing a Notice of Reduction to Issuer, pursuant to Paragraph 8 below, that contains the amount by which the Total Credit Amount is to be reduced.

5. TERMINATION: Beneficiary may, in its sole discretion, terminate this LOC prior to the expiration date by mailing a Notice of Termination to Issuer, pursuant to Paragraph 8 below. The Notice of Termination shall include reference to the LOC Number, include the original of this LOC, and shall be signed by Beneficiary. This LOC shall terminate upon Issuer's receipt of such Notice of Termination.

6. APPLICABLE LAW: This LOC is subject to, and shall be construed and performed in accordance with, the Uniform Customs and Practices for Documentary Credits, 2007 revision, International Chamber of Commerce

Publication No. 600 (“UCP 600”) and the laws of the State of New Mexico. In the event of a conflict between the UCP-600 and the laws of the State of New Mexico the UCP-600 shall govern.

7. FORUM: Any lawsuit regarding this LOC shall be brought and heard in, and Issuer consents to the personal jurisdiction of, the First Judicial District, Santa Fe, New Mexico.

8. NOTICES: All notices required under this LOC shall be mailed, Certified Mail - Return Receipt Requested, as follows:

Notices to Beneficiary:

Director of the Mining and Minerals
Division of the New Mexico Energy,
Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Notices to Issuer:

BMO Harris Bank N.A.
Attn: Global Trade Operations
2nd Floor, Quad A Mailcode NOC 2700
1200 Warrenville Road
Naperville, IL 60563
USA

9. ACCOUNTING: Upon request by Beneficiary, Issuer shall provide Beneficiary with an itemized accounting of all debits and credits to Beneficiary’s account under the LOC and the remaining balance.

10. Issuer agrees to notify Beneficiary and the Applicant pursuant to Paragraph 8 within ten calendar days in writing by certified mail of any administrative or judicial action filed or initiated alleging the insolvency of Issuer, or alleging any violations which would result in suspension or revocation of Issuer’s charter or license to do business.

BMO Harris Bank N.A.

Signing Officer

Authorized Signing Officer

STANDBY/LETTERS OF CREDIT
C/O Bank of Montreal
250 Yonge Street, 11th Floor
Toronto, Ontario M5B 2L7
Tel: 1-877-801-0414
Fax: 1-877-801-7787
SWIFT: HATRUS44

DOCUMENTARY COLLECTIONS
C/O Bank of Montreal
250 Yonge Street, 11th Floor
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Tel: 1-888-258-6378
Fax 1-888-258-6380
SWIFT: HATRUS44

**Irrevocable
Standby Letter of Credit No.: HACH570172OS**

+++DRAFT+++

Date of Issuance: TBD

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Mining and Minerals Division of the
New Mexico Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Applicant:
Freeport-McMoRan Inc.
On behalf of Freeport-McMoRan Tyrone Inc.
333 North Central Avenue
Phoenix, AZ 85004

Amount: Twenty Thousand Five Hundred Thirteen and 00/100s United States Dollars (USD20,513.00)

Upon the application of Freeport-McMoRan Inc. ("Applicant"), whose address is 333 North Central Ave., Phoenix, Arizona 85004, on behalf of Freeport-McMoRan Tyrone Inc., BMO Harris Bank N.A. ("Issuer"), whose address is Global Trade Operations, 2nd Floor, Quad A Mailcode NOC 2700, 1200 Warrenville Road, Naperville, IL 60563 USA, hereby issues this irrevocable Standby Letter of Credit ("LOC") to Director of the Mining and Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department ("Beneficiary"), whose address is 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, in an amount not to exceed a total of Twenty Thousand Five Hundred Thirteen and 00/100s United States Dollars (USD20,513.00) ("Total Credit Amount"), subject to the following terms and conditions:

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- a. The LOC Number;
- b. Original of this LOC;
- c. A statement that the proceeds paid shall be used for reclamation of exploration surface disturbance at the Tyrone Mine, located in Grant County, New Mexico or that the proceeds are being demanded by Beneficiary pursuant to Paragraph 3 of this LOC;
- d. The amount demanded;
- e. A statement that a copy of the demand letter has been mailed to Applicant; and,
- f. The signature of the Beneficiary.

Presentation shall be perfected by mailing a demand letter to Issuer, pursuant to Paragraph 8 below that contains the foregoing information and representations. Issuer shall promptly honor the Beneficiary's presentations that comply with the terms of this LOC; provided that Issuer shall immediately notify Beneficiary of any defect in presentation or other reasons for Issuer's refusal to honor.

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BMO Harris Bank N.A.

Signing Officer

Authorized Signing Officer