

**PERMIT MODIFICATION 05-1 TO PERMIT NO. TA001RE  
QUESTA MINE AND MILL FACILITY  
EXISTING MINING OPERATION**

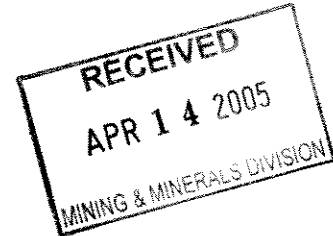
**MINING AND MINERALS DIVISION  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

Permit Modification 05-1 to Permit No. TA001RE is issued by the Director of the Mining and Minerals Division (MMD) of the New Mexico Energy, Minerals and Natural Resources Department to:

**Molycorp, Inc.**

whose correct address is:

**P.O. Box 469,  
Questa, NM 87556**



(Permittee) for the Questa Mine and Mill Facility Taos County, New Mexico.

This permit modification incorporates changes to the financial assurance for completion of the approved closeout plan for the Questa Mine and Mill Facility. These changes were addressed in the Permittee's modification application letter dated March 4, 2005. The changes to the financial assurance decreases the amount of the Third Party Guarantee to a maximum of seventy-five percent of the total amount of the financial assurance as required by §19.10.12 of the New Mexico Mining Act Rules. The balance of the financial assurance is provided in the form of a letter of credit. This modification hereby:

1. Approves and incorporates the following changes to the total financial assurance amount of \$133,976,073 into the existing closeout plan:
  - a. Decreases the amount of the financial assurance in the form of a Third Party Guarantee from \$133,976,073 to \$117,752,599.
  - b. Accepts a Letter of Credit in the amount of \$16,223,474 as a form of financial assurance for completion of the approved closeout plan for the Questa Mine and Mill Facility.

The following sections of Permit No. TA001RE are added or revised to read as follows:

Section 5. FINDINGS OF FACT

- G. The Permittee has provided satisfactory financial assurance as required by §19.10.5.506.J(2). Financial assurance is composed of two instruments, one in the form of a Third Party Guarantee and the other in the form of a Letter of Credit.
- O. The Permittee has submitted the \$500 permit modification fee as required by §19.10.2.201.H of the New Mexico Mining Act Rules (Rules).
- P. The application for permit modification has been reviewed in accordance with §505 of the Rules. The application for permit modification is complete, accurate, and complies with the

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requirements for permit modifications and revisions of the New Mexico Mining Act (Act) and §505 of the Rules.

- Q. The Permittee has submitted information to the MMD that describes the following specific changes to the financial assurance for completion of the approved closeout plan for the Questa Mine and Mill Facility:
- Changes the amount of the financial assurance in the form of a Third Party Guarantee from \$133,976,073 to \$117,752,599.
  - Includes a Letter of Credit in the amount of \$16,223,474 as a form of financial assurance for completion of the approved closeout plan for the Questa Mine and Mill Facility.
- R. The proposed changes do not involve an expansion of the design limits beyond that currently authorized by the permit.
- S. The proposed changes will not result in any change to the amount of financial assurance approved for this permit.
- T. This modification does not represent a significant change from the nature or scale of the approved closeout plan.

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AGREEMENT BY OPERATOR:

Agreement by Operator:

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

William L. Sharrer  
Signature of Authorized Agent of Operator

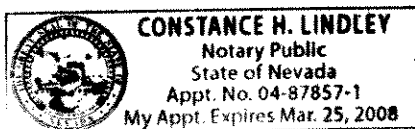
William L. Sharrer - Vice President, Molycorp

Printed Name and Title of Authorized Agent of Operator

Acknowledgment of Authorized Agent of the Operator:

On this day 15<sup>th</sup> of April, 2005, before me appeared William L. Sharrer 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.



Constance H. Lindley  
Notary Public

My commission expires March 25, 2008

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ORDER

PERMIT MODIFICATION 05-1 TO PERMIT NO. TA001RE QUESTA MINE AND MILL  
FACILITY EXISTING MINING OPERATION

NOW THEREFORE, IT IS HEREBY ORDERED that Permit Modification 05-1 to the Questa Mine and Mill Facility Permit No. TA001RE, located in Taos County, New Mexico; is approved. Molycorp, Inc. may continue mining, exploration, or reclamation operations 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:

Bill Brancard

Bill Brancard, Director

Mining and Minerals Division

Energy, Minerals and Natural Resources Department

DATED: April 18, 2005