

**PERMIT MODIFICATION 06-1 TO PERMIT NO. TA001RE  
QUESTA MINE SITE - TAILINGS  
EXISTING MINING OPERATION**

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

Permit Modification 06-1 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 Site – Tailings, Taos County, New Mexico.

This permit modification incorporates a change to the financial assurance for completion of the approved closeout plan for the Questa Mine Site - Tailings. The change was addressed in the Permittee's Irrevocable Letter of Credit No. S065396, dated January 25, 2006. The financial assurance change affects the instrument type. The surety bond addressed in Permit Revision 96-1, to Permit TA001RE, is replaced with an Irrevocable Letter of Credit, No. S065396 from ABN AMRO Bank N.V., issued on January 24, 2006. The amount of the financial assurance, as required by §19.10.12 of the New Mexico Mining Act Rules, remains the same. This modification hereby approves and incorporates the Irrevocable Letter of Credit in the amount of \$23,027,393 as a form of financial assurance for completion of the approved closeout plan for the Questa Mine Site - Tailings.

The following sections of Permit No. TA001RE, Revision 96-1, are added or revised to read as follows:

**Section 3. FINDINGS OF FACT**

7. The Permittee has provided satisfactory financial assurance to complete the closeout plan in the amount of \$23,027,393 as required by §19.10.5.506.J(2).
11. 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).
12. The information provided by the Permittee has been reviewed in accordance with §505 of the Rules. The information provided for permit modification is complete, accurate, and complies with the requirements for permit modifications and revisions of the New Mexico Mining Act (Act) and §505 of the Rules.
13. The Permittee has submitted information to MMD that describes the following specific change to the financial assurance for completion of the approved closeout plan for the Questa Mine Site - Tailings:

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- Changes the surety approved in Permit Revision 96-1 to an Irrevocable Letter of Credit in the amount of \$23,027,393 as the form of financial assurance for completion of the approved closeout plan for the Questa Mine Site - Tailings.
14. The proposed changes do not involve an expansion of the design limits beyond that currently authorized by the permit.
  15. The proposed changes will not result in any change to the amount of financial assurance approved for this permit.
  16. This modification does not represent a significant change from the nature or scale of the approved closeout plan.

Section 7.                    CONDITIONS

4. The Permittee shall provide satisfactory financial assurance to complete the closeout plan in the amount of \$23,027,393, composed of an Irrevocable Letter of Credit, as required by §19.10.5.506.J(2). Changes to the form or amount of financial assurance shall be a modification to this permit. The Permittee shall evaluate the adequacy of the financial assurance approved as a part of the permit every three years beginning April 30, 2004. This evaluation shall be provided to the MMD with the annual report due every April 30th.

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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, VP  
Printed Name and Title of Authorized Agent of Operator

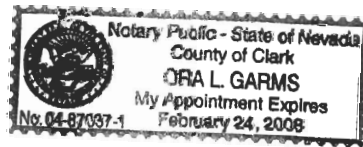
Acknowledgment of Authorized Agent of the Operator:

On this day 29<sup>th</sup> of March, 2006, before me appeared William 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.

Ora L. Garms  
Notary Public

My commission expires 2-24-08



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ORDER

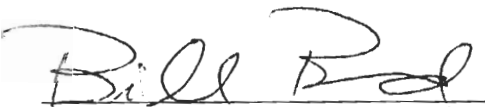
PERMIT MODIFICATION 06-1 TO PERMIT NO. TA001RE QUESTA MINE SITE -  
TAILINGS EXISTING MINING OPERATION

NOW THEREFORE, IT IS HEREBY ORDERED that Permit Modification 06-1 to the  
QUESTA MINE SITE – TAILINGS, 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, Director  
Mining and Minerals Division  
Energy, Minerals and Natural Resources Department

DATED: April 4, 2006