

**TRANSFER OF PERMIT NO. SA001RE
EL CAJETE MINE
(EL CAJETE AND LOS CONCHAS UNITS)
EXISTING MINING OPERATION**

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

Permit Transfer approval of Permit No. SA001RE (“Permit”) is issued by the Director of the Mining and Minerals Division (“MMD”) of the New Mexico Energy, Minerals and Natural Resources Department to:

The Espanola Mercantile Company
1302 N. Riverside Drive
Espanola, New Mexico 87532
 (“Transferee” or “Applicant”)

From:

Copar Pumice Mining Company
P.O. Box 38
Espanola, New Mexico 87532
 (“Transferor”)

Applicant has applied to MMD to transfer ownership of the El Cajete Mine (El Cajete Unit located in Township 18 North, Range 3 East, SE Quarter of Section 10, Los Conchas Unit of the El Cajete Mine to be found on the Jemez National Recreation Area, U.S. Forest Service, 1 mile east of the El Cajete Unit north of Highway 4.) from Copar Pumice Mining Company to The Espanola Mercantile Company.

Section 1. PERMIT APPLICATION PACKAGE

- A. The Permit Application Package (“PAP”) for permit transfer is comprised of:
1. A letter from the Applicant requesting permit transfer, and signed by the Transferor, dated January 25, 2018;
 2. Administrative Complete Letter sent from MMD to Applicant, dated January 26, 2018.
 3. Approved Joint Surety Bond No. DVIFSU0719089 with the U.S. Forest Service from International Fidelity Insurance Company in the amount of \$78,747.00 for the El Cajete Unit.

4. Approved Joint Surety Bond No. DVIFSU0719090 with the U.S. Forest Service from International Fidelity Insurance Company in the amount of \$12,103.00 for the Los Conchas Unit.
5. Public Notice affidavit of publication from the Rio Rancho Observer, dated January 21, 2018.

Section 2. FINDINGS OF FACT

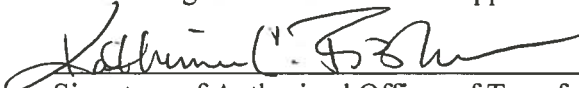
- A. Pursuant to §19.10.8.802.B NMAC, Applicant has filed the required public notice with the Rio Rancho Observer with all required information, published January 21, 2018.
- B. Pursuant to §19.10.8.802.D(1) NMAC, the Applicant has provided financial assurance in the form of a Surety Bond with International Fidelity Insurance Company, Surety Bond No. DVIFSU0719089 in the amount of \$78,747.00 for the El Cajete Unit. Surety Bond No. DVIFSU0719090 in the amount of \$12,103.00 for the Los Conchas Unit.
- C. Pursuant to §19.10.8.802.D(2), the Applicant agrees to continue to conduct the operations involved, in full compliance with the New Mexico Mining Act (“Act”), the New Mexico Mining Act Rules (“Rules”), and the terms and conditions of the Permit No. SA001RE, as may be revised or modified from time to time.
- D. Pursuant to §19.10.8.802.D(3) NMAC, the Applicant would be eligible to receive a permit for new mines in accordance with Section 69-36-12.B(5) of the New Mexico Mining Act.
- E. Pursuant to §19.10.8.802.D(4), the Applicant has paid the permit transfer fee of \$250.00.
- F. Pursuant to §19.10.8.802.E NMAC, this permit transfer notifies the current Transferor, the Applicant and the owner of the mineral estate (United States Forest Service), of the Director’s findings.
- G. Pursuant to §19.10.8.802.F NMAC, the Applicant has provided notice to the Director of the consummation of the transaction transferring the El Cajete Mine from Transferor to Transferee.
- H. This Permit Transfer does not grant or create any property or water rights. Nor does MMD, by issuing this Permit Transfer or otherwise, make any comment on the surface, mineral or water rights that the Applicant may or may not have in the area covered by the Permit; only that the Applicant has provided a statement of the basis on which the Applicant has a right-to-enter the property to conduct mining, exploration and reclamation. Applicant is solely responsible to take whatever steps are necessary to ensure that Applicant has property and water rights sufficient to support the activities contemplated by the Permit.



Section 3. AGREEMENT OF RESPONSIBLE PARTIES

Agreement by Transferee – The Espanola Mercantile Company

The foregoing instrument is agreed upon as shown below by signatures of authorized representatives of the Transferor and Transferee. In addition, the Transferee agrees to conduct the operations involved in full compliance with, and otherwise to fully comply with, the Act, the Rules, and the terms and conditions of the Permit, including without limitation the abatement of and compliance with any and all Notices of Violation or other enforcement mechanisms that are outstanding as of the date of this approval of the transfer of the Permit.



Signature of Authorized Officer of Transferee

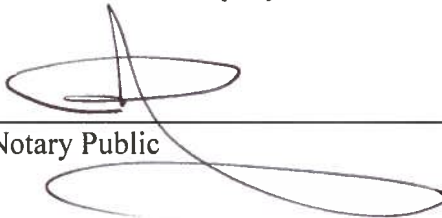
Katherine C. Fishman President

Printed Name and Title of Authorized Officer of Transferee

Acknowledgement of Authorized Officer of Transferee

STATE OF NEW MEXICO)
 Rio Arriba) ss.
COUNTY OF SANDOVAL)

This Transfer of Permit No. SA001RE was duly acknowledged before me on the 21st day of February, 2018, by Katherine C. Fishman, as President of The Espanola Mercantile Company.



Notary Public

My commission expires:
March 31, 2021

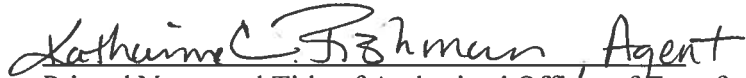


Agreement by Transferor – Copar Pumice Mining Company

The foregoing instrument is agreed upon as shown below by signature of an authorized representative of the Transferor.



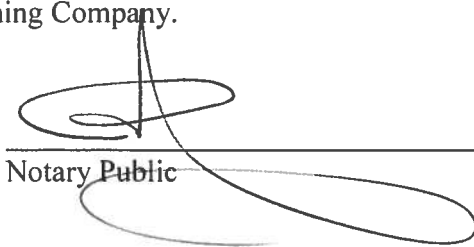
Signature of Authorized Officer of Transferor


Printed Name and Title of Authorized Officer of Transferor

Acknowledgement of Authorized Officer of Transferor

STATE OF NEW MEXICO)
 Rio Arriba) ss.
COUNTY OF SANDOVAL)

This Transfer of Permit No. SA001RE was duly acknowledged before me on the 21st
day of February, 2018, by Katharine C. Fishman, as Agent
_____ of Copar Pumice Mining Company.



Notary Public

My commission expires:
March 31, 2021



ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that the Permit Transfer of the El Cajete Mine (Permit No. SA001RE), located in Sandoval County, New Mexico, is approved. The Espanola Mercantile Company is approved as the Permittee and may engage in mining, exploration, and reclamation operations in accordance with the Permit.

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

By:



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

Date:

2/28/2018