FLORENCE COPPER, INC.

UIC PERMIT APPLICATION

FLORENCE COPPER PROJECT – PRODUCTION TEST FACILITY

ATTACHMENT R – NECESSARY RESOURCES

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List of Exhibits

R.1 Introduction

This Attachment has been prepared in support of an application (Application) by Florence Copper, Inc. (Florence Copper) to the United States Environmental Protection Agency (USEPA) for issuance of an Underground Injection Control Class III (Area) Permit (UIC Permit) for the planned Production Test Facility (PTF), to be located at the Florence Copper Project (FCP) located in Pinal County, Arizona. This Attachment refers to financial assurance information for the USEPA to consider, in accordance with Section 144.52(d)(7) of the UIC Program, Code of Federal Regulations (CFR) 40 144 *et seq.* Specifically, this Attachment provides evidence to verify that Florence Copper has the financial resources necessary to close, plug, and abandon wells and core holes regulated by the UIC Permit and located on the FCP site.

R.2 Basis of the Financial Assurance

The information in this Attachment R is based on closure and post-closure cost estimates for the PTF that Florence Copper prepared in support of their application for Temporary Aquifer Protection Permit (APP) No. 106360, which was issued by Arizona Department of Environmental Quality (ADEQ). The cost estimates were detailed in Attachment 5 of the temporary APP application and are described below in Sections R.1.1.1 through R.1.1.3. Tables from the temporary APP application summarizing the closure and post-closure cost estimates for the PTF are included herewith as Exhibit R-1.

R.3 PTF Closure and Post-Closure Cost Estimates

The Sections below describe the basis for the PTF closure and post-closure cost estimates presented in support of the Individual APP application form submitted to ADEQ in March 2012. The application submitted to ADEQ resulted in the granting of APP No. 106360 on September 28, 2012. A detailed breakdown of the costs supporting the closure and post-closure cost estimates is shown in Table 5-2 of the March 2012 APP application, which was updated on September 21, 2012 prior to the issuance of APP 106360. These closure costs have been updated again to 2014 dollars and to include the closure of the supplemental monitor wells and the operational monitoring well. The current cost estimates are reflected in the updated Table 5-2 (dated July 2014) provided in Exhibit R-1 of this Attachment. The cost estimates are based on information submitted by Knight Piésold Ltd.) and M3 Engineering and Technology Corporation, and other sources as indicated in Exhibit R-1. Table 5-2a of Exhibit R-1 includes closure costs for the Class III wells constructed by BHP within the Area of Review defined in UIC Permit No. AZ396000001.

R.3.1 Closure

R.3.1.1 PTF Well Field

R.3.1.1.1 Groundwater Restoration

Restoration of groundwater in the portion of the oxide zone in which injection and recovery has occurred (the injection and recovery zone [IRZ]) will be conducted to meet closure criteria specified in the temporary permit. The criteria, described in Attachment 16 of the March 2012 APP application, require groundwater to be restored such that constituents for which Aquifer Water Quality Standards (AWQS) have been established meet either the AWQS or pre-operational concentrations if those concentrations exceed AWQS. The restoration process involves rinsing the IRZ; the injection of sodium bicarbonate or equivalent non-hazardous neutralizing agents as needed to neutralize the groundwater; and the neutralization of the rinse solution with lime or other agents. The estimated volume of rinse water required to adequately restore the groundwater in the IRZ assumes 8 percent porosity in the oxide zone and six to eight pore volumes. For those conditions, it is estimated that rinsing of the IRZ can be completed within nine months at a total recovery rate of up to 260 gallons per minute (gpm). A report will be submitted to ADEQ and USEPA documenting restoration in compliance with the permit requirements of both agencies.

R.3.1.2 Abandon PTF and BHP Well Fields

The 24 wells (four injection wells, nine recovery wells, seven observation wells, and four multi-level sampling wells) located in the PTF well field, and the 20 wells located in the BHP well field, will be abandoned in accordance with the provisions of the temporary APP and UIC Permit. The wells will be abandoned in accordance with the requirements of the Arizona Department of Water Resources (ADWR) and the Well Abandonment Plan, provided as Attachment Q of this Application. The following provides a general description of the well abandonment procedures:

1. Each well will be closed by removing the downhole pumps and electrical equipment. The well will be filled from the bottom to the top with Type V Portland cement, and the collar pipe will be removed to 5 feet below ground surface (bgs). The surface will then be backfilled and leveled out.
2. Groundwater will be used to rinse the piping that connects the wells to the pipelines discussed below. The rinse water will be discharged into the water impoundment. The piping and all electronics, pumps, and other material will be removed off site for reuse, recycling, or landfill disposal.
3. Liners upon which pipes connecting the wells to the pipelines will be removed and samples of the underlying soil will be analyzed using the same procedures used to verify that the soil beneath the pipeline corridor complies with applicable soil remediation standards. The well field area will then be leveled and prepared for post-closure use.
4. A report will be submitted to the ADEQ and USEPA demonstrating that closure conditions required by the APP and the UIC Permit have been met.

R.3.1.3 Pipelines

The pipelines that were placed in the lined corridor connecting the PTF test well area to the beneficiation facility will be rinsed with groundwater and removed for off-site recycling or landfill disposal. The rinse water may be used to rinse equipment, tanks, and the liner of the runoff pond before being discharged to the water impoundment.

R.3.1.4 Soil and Liner Beneath Pipeline Corridor

The liner forming the pipeline corridor will be removed from the corridor and samples of the underlying soil will be collected and analyzed to verify that soil beneath the pipeline corridor complies with the soil remediation standards. The liner will be transported off site for recycling. However, if the liner cannot be recycled, it will be transported to a nearby appropriately licensed commercial landfill for disposal. The corridor will be backfilled with on-site soil, leveled and prepared for post-closure use. The closure cost estimate assumes no impacts to soil beneath the liner.

R.3.1.5 Tanks

The tanks located in and adjacent to the beneficiation area, including tanks and equipment in the solvent extraction/electrowinning (SX/EW) plant, and tanks located in the runoff pond will be rinsed and then moved to a storage area for future use or sold as surplus equipment. Rinse water will be captured in the runoff pond sump and then pumped to the water impoundment. The tank foundation and underlying soils will be sampled and analyzed to determine compliance with applicable regulations and then managed accordingly. The liners beneath the tanks will be rinsed and the rinse water will be drained to the sump of the runoff pond. Rinse water will be pumped from the runoff pond to the water impoundment.

R.3.1.6 Runoff Pond

R.3.1.6.1 Liquid Removal

Any remaining liquid and rinse water will be pumped from the sump in the runoff pond to the water impoundment.

R.3.1.6.2 Sediment

Little sediment is expected to be in the runoff pond at any time. If sediment is in the pond, sampling and analysis will be conducted to verify that the sediment is non-hazardous. Non-hazardous sediment will be placed in the water impoundment or transported to a nearby commercial landfill. The closure cost estimate assumes plant runoff pond sediments are non-hazardous.

R.3.1.6.3 Liner and Earthwork

Concrete tank foundations and the high-density polyethylene (HDPE) liner will be carefully removed to avoid soil contamination. Exposed concrete foundations will be sampled to verify that the concrete is not subject to hazardous waste regulations. The concrete and liner will be transported off site for recycling or disposal. The pond area will be backfilled with on-site berm materials. The backfilled area will be leveled to match surrounding grade and prepared for post-closure use. The closure cost estimate assumes no impacts to soil beneath the liner and disposal of concrete and liner material in a nearby properly licensed landfill.

R.3.1.7 Water Impoundment

R.3.1.7.1 Water Evaporation

Natural and enhanced (mechanical) evaporation will be used during PTF operations. The mechanical evaporators used during PTF operations will be used during the IRZ restoration process to minimize the amount of water remaining in the impoundment at the time IRZ restoration is complete and the commencement of the rinsing and dismantling of the surface facilities is begun. It is anticipated that the evaporation rate will diminish as the solids content in the sediment increases. Time and weather conditions permitting, enhanced evaporation will continue until the sediment can be removed from the impoundment as solids or semi-solids. Otherwise, the sediment will be pumped from the impoundment as slurry. The sediment will be sampled and analyzed to verify that the sediment is not subject to hazardous waste regulation. The removed sediment will be transported to a facility permitted to recycle or dispose of the sediment. The cost associated with evaporation after the in-situ copper recovery (ISCR) operation is discontinued and the cost of managing the removed sediment are included in Exhibit R-1.

R.3.1.7.2 Liner and Earthwork

After liquid and sediment have been removed from the impoundment, the chain link fence will be removed and stored on site for future use or will be transported off site for recycling. The upper liner will be then be carefully removed to avoid damage to the lower liner. The upper liner will be transported off site for recycling or disposal. The geonet and the sump material forming the impoundment's leak collection and removal system (LCRS) will be sampled and analyzed. The geonet and sump material will then be carefully removed to prevent damage to the lower liner and transported to a properly licensed landfill for disposal. The lower liner will be carefully removed to avoid contamination of the soil and transported off site for recycling or disposal. The excavated area will be backfilled with stockpiled soil and berm material and will then be contoured and prepared for post-closure use. The closure cost estimate assumes that (1) the sediment will be shipped to a nearby, properly licensed disposal facility for further solidification, as needed, and disposal; and (2) the liners and LCRS material will be shipped to a nearby properly licensed disposal facility for disposal.

R.3.1.8 Miscellaneous Costs

R.3.1.8.1 Daily Monitoring and Observations

The proposed permit conditions will require that injection and recovery wells, the water impoundment, the tank farm, and beneficiation facilities be monitored and inspected on a daily basis until closure has been completed. Although closure activities are estimated to be completed in less than one year, the estimated costs are based on a 12-month period and included in the operation and maintenance labor costs in Exhibit R-1.

R.3.1.8.2 Quarterly Well Monitoring

The proposed permit will require the compliance groundwater monitoring program be continued through the closure period of IRZ restoration and the closure of the surface facilities. Although it is estimated that the closure activities will be completed in less than one year, the estimated cost included in Exhibit R-1 assumes three quarters of Level 1 monitoring and one quarter of Level 2 monitoring.

R.3.1.8.3 Administrative and Miscellaneous Costs, General Project Support Costs

A general cost allowance is included for 12 months of contractor technical support and miscellaneous facility maintenance activities during the closure period. Maintenance activities may include minor facility maintenance such as road grading or minor repairs. Also included in this category are telephone and electrical utility charges (for office facilities), and miscellaneous office and site expenses (postage, office supplies, chemicals, etc.).

R.3.2 Post-Closure

The post-closure monitoring schedule will be synchronized, to the extent practicable, with the applicable closure/post-closure schedule established under Temporary APP No. 106360 for the PTF site and APP No. 101704 and UIC Permit No. AZ396000001 for the surrounding property. Florence Copper proposes a five-year post-closure period, as described below. Accordingly, Exhibit R-1 includes a cost estimate for a five-year period.

- Years 1 – 4: Two quarterly Level 1 sampling events and two quarterly Level 2 events will be conducted each year. Quarterly reports will be submitted to ADEQ and USEPA.
- Year 5: Three quarterly Level 1 sampling events and one quarterly Level 2 event will be conducted. Quarterly reports will be submitted to ADEQ and USEPA. In addition, during the first quarter, a report will be submitted to ADEQ and USEPA that summarizes trends and describes significant events observed during the previous four years. Based on the information provided in the report, Florence Copper will recommend continuation of post-closure monitoring or cessation of post-closure monitoring. If Florence Copper recommends continuation of monitoring, the recommendation may include proposed changes in the scope and frequency of analysis. Within 180 days following its receipt of the report, ADEQ and USEPA will advise Florence Copper of their decisions. The monitoring program will continue throughout the fifth year until such time that ADEQ and USEPA announce their decisions. If ADEQ's and USEPA's decisions involves continuation of the monitoring program for the next five-year period, or portion thereof, Florence Copper will adjust the cost estimates to reflect estimated costs for implementing ADEQ's decision, and will adjust the financial assurance required for the period covered by ADEQ's decision.

During point-of-compliance (POC) monitoring events, visual inspection of surface facilities will be conducted. Areas to be monitored include POC wells, signage, fences, revegetated areas, and storm water control measures. Conditions noted during inspections will be documented using inspection forms. Photographs and written reports will be used to document completion of indicated repairs. Repairs will be performed as indicated by the inspection monitoring program and will be documented in quarterly reports submitted to ADEQ.

R.4 Contents of the Financial Assurance

Florence Copper warrants that demonstrating financial assurance suitable for PTF closure and post-closure, as required for Temporary APP No. 106360, is also suitable for demonstrating financial assurance as required by the USEPA for this Application. The financial instrument submitted to ADEQ is a Surety Bond issued by the Lexon Insurance Company in the amount of $3,487,743. The financial instrument is sufficient to meet the financial assurance requirements of Temporary APP No. 106360 for the PTF and is provided as Exhibit R-2 of this Attachment.

In addition to the financial assurance instrument required by APP No. 106360, FCI has secured additional financial assurance in the form of a Surety Bond issued by the Lexon Insurance Company in the amount of $1,066,000 for the purpose of closing discharging facilities constructed under APP No. 101704. A copy of the surety bond is included in Exhibit R-2. Discharging facilities to be closed under APP No. 101704 include process solution ponds and runoff ponds which were never constructed, one evaporation pond, and the Class III wells constructed for the BHP pilot test. As noted in Exhibit R-1 the cost to close the BHP class III test wells in 2014 dollars is $194,018 and administrative and contingency costs totaling an additional 25 percent. The total amount required to close the BHP Class III test wells is well within the amount of the instrument established for the closure of discharging facilities under APP No. 101704.

Exhibit R-1

Closure and Post-Closure Cost Estimates

Expires 3/31/17

TABLE 5-2. (Revised 9/4/2014) FLORENCE COPPER, INC. PTF CLOSURE AND POST-CLOSURE COST ESTIMATES

OBJECTIVES	DESCRIPTION OF TASKS	UNIT COST	PER UNIT	NO. OF UNITS	ESTIMATED COST
SECTION 1. PTF WELL FIELD					
1. Groundwater Restoration					
Restore groundwater to meet proposed permit criteria by rinsing IRZ and neutralizing/evaporating rinse solution. (Assumed 260 gpm well rinsing, 9 month period.) Well field includes 24 wells (4 injection wells, 9 recovery wells, 7 observation wells and 4 multi-level sampling wells).	1.Rinse wells.[1]	$78,478	Lump Sum	1	$78,478
	2. Operation and maintenance labor (for 9 month period plus 1 month closure period)[2]	$641,328	Lump Sum	1	$641,328
	3. Quicklime Neutralization[3]	$0.07	lbs	1,614,330	$113,003
	4. Evaporation during rinsing[22]	$1.08	1,000 gallons	102,585	$110,792
	5. Rinsing Contingency (6 month duration includes rinsing, neutralization, evaporation, operation and maintenance)[18]	$617,279	Lump Sum	1	$617,279
	6. Sampling Contingency (includes cost to perform sampling and analysis for items 8-10 below if additional rinsing is required)	$91,465	Lump Sum	1	$91,465
	7. Sampling and monitoring during rinsing. Level 1 analysis performed during 9 month rinsing period. (Assumed system is equipped with a manifold and will require 1 sampling location per event)[5]	$683	Sampling Event	7	$4,781
	8. Sampling and monitoring during rinsing. Level 2 analysis performed during 9 month rinsing period. (Assumed system is equipped with a manifold and will require 1 sampling location per event)[6]	$1,663	Sampling Event	3	$4,989
	9. Level 2 sampling and analysis. (To occur before hydraulic control suspension, includes sampling of 24 wells and 2 mine shafts)[6]	$1,663	Well	26	$43,238
	10. Level 2 sampling and analysis. (To occur after hydraulic control suspension, includes sampling of 24 wells and 2 mine shafts)[6]	$1,663	Well	26	$43,238
	Subtotal				**$1,748,591**
2.Abandon PTF Test Wells					
Abandon 24 PTF wells in accordance with Well Abandonment Plan. Well field includes 24 wells (4 injection wells, 9 recovery wells, 7 observation wells and 4 multi-level sampling wells).[7]	1. File NOIs with ADWR.	$54	Well	24	$1,296
	2. Remove electrical conduit, wellhead assemblies and control boxes.	$375	Well	17	$6,375
	3. Remove pumps.	$375	Well	17	$6,375
	4. Remove monuments and cement pads. Cut off casing 5 feet below land surface and backfill hole. (2 crew hours per well)	$150	Crew Hours	48	$7,200
	5. Dispose of liners, wood, and misc. pipe in off-site landfill (5 cy/well).	$54	CY	120	$6,480
	6. Type V Cement ($240/CY, 0.017 cy/ft)	$4.51	LF	28,440	$128,264
	7. Tremie Type V cement from TD to 5 feet below land surface.	$1.07	LF	28,440	$30,431
	8. Crew and equipment (per diem, backhoe, 10T smeal rig)	$4,286	Well	24	$102,864
	9. Mobilization/Demobilization	$1,598	Lump Sum	1	$1,598
	10. File Abandonment Completion Reports with ADWR.	$33	Well	24	$792
	11. Allowance for unexpected conditions.	$214	Well	24	$5,136
	Subtotal				**$296,811**
PTF Test Wells Total					**$2,045,402**

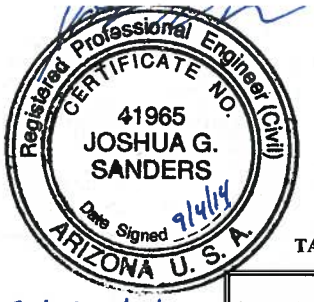

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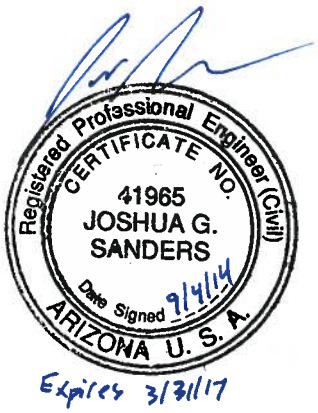
TABLE 5-2. (Revised 9/4/2014) FLORENCE COPPER, INC. PTF CLOSURE AND POST-CLOSURE COST ESTIMATES

OBJECTIVES	DESCRIPTION OF TASKS	UNIT COST	PER UNIT	NO. OF UNITS	ESTIMATED COST
SECTION 2. WATER IMPOUNDMENT AND PIPELINE CORRIDOR					
1. Impoundment Removal					
Includes evaporation/disposal of 9,725,300 gallons of liquid/sediment, removal/disposal of impoundment's liners and LCRS. Also includes removal of pipeline corridor and the backfilling and regrading of disturbed areas. Includes contingency and administrative costs.	1. Closure Cost Estimate by Knight Piesold and Co. May 9, 2012 CPI inflation adjusted to 2014. (RTC1.1)[8]	$430,933	Lump Sum	1	$430,933
	Subtotal				**$430,933**
2. Analysis of Soil Below Liner					
Quantities assume impoundment and pipeline corridor is approximately 9 acres.	1. Prepare Sampling Plan.[17]	$25,000	Lump Sum	1	$25,000
	2. Contingency screening S&A if soil shows evidence of liner leak. (Assumed 5 sample locations per acre)[10]	$710	Sample	45	$31,950
	3. Expanded sampling for select analytes identified during screening.[9]	$473	Sample	90	$42,570
	4. Contingency sampling and analysis for unanticipated costs.	$14,000	Lump Sum	1	$14,000
	Subtotal				**$113,520**
Water Impoundment and Pipeline Corridor Total					**$544,453**
SECTION 3. PROCESSING FACILITIES					
1. Tanks					
Empty tanks of contents, rinse and decommission for re-use. Remove concrete containment/pads. Line item for tank rinse assumes rinse will be required in addition to the extended flow of rinse water from IRZ restoration.	1. Tank rinse and evaporation contingency.[13]	$130	Crew Hour	24	$3,120
	2. Relocate tanks off-site.	$130	Crew hour	16	$2,080
	3. Sample concrete.[14]	$210	Sample	10	$2,100
	4. Analyze concrete.[14]	$410	Sample	10	$4,100
	5. Demo and remove concrete liner.	$7.75	SF	3,140	$24,335
	6. Transport and disposal concrete at off-site landfill.[11]	$64	Ton	458	$29,312
	Subtotal				**$65,047**
2. Buildings					
	1. Demolition/Removal of SX/EW Building. (Assumed metal construction)[15]	$3.51	SF	11,000	$38,610
	2. Sample concrete.[14]	$210	Sample	10	$2,100
	3. Analyze concrete.[14]	$410	Sample	10	$4,100
	4. Demolition/Removal of Concrete Pads, Foundation[15]	$7.86	SF	5,500	$43,230
	5. Removal of Modular Office	$510	Each	2	$1,020
	6. Removal of Septic Holding Tank	$510	Each	1	$510
	Subtotal				**$89,570**
3. Soil Beneath Aboveground Storage Tanks and Buildings					
Characterize and appropriately dispose, as necessary.	1. Contingency screening S&A if soil shows evidence of container leak. (Assumed 5 sample locations per acre)[10]	$710	Sample	5	$3,550
	2. Expanded sampling for select analytes identified during screening.[9]	$473	Sample	10	$4,730
	3. Contingency sampling and analysis for unanticipated costs.	$14,000	Lump Sum	1	$14,000
	Subtotal				**$22,280**
Processing Facilities Total					**$176,897**

TABLE 5-2. (Revised 9/4/2014) FLORENCE COPPER, INC. PTF CLOSURE AND POST-CLOSURE COST ESTIMATES

OBJECTIVES	DESCRIPTION OF TASKS	UNIT COST	PER UNIT	NO. OF UNITS	ESTIMATED COST
SECTION 4. RUN-OFF POND					
1. Liner and Earthwork					
Remove and dispose of liner in properly licensed off-site solid waste landfill. Test and properly manage soil below liner. (Assumed to be non-hazardous)	1. Remove liner.[12]	$0.05	SF	2,400	$120
	2. Dispose of liner in off-site landfill.[11]	$64	Ton	1	$32
	3. Dispose of miscellaneous pipeline in off-site landfill.[11]	$64	Ton	1	$64
	4. Fill, compact, and recontour to near original contours (assumes berm material to be used as fill).[4]	$3	CY	245	$750
	5. Contingency screening S&A if soil shows evidence of liner leak. (Assumed 5 sample locations per acre)[10]	$710	Sample	5	$3,550
	6. Expanded sampling for select analytes identified during screening.[9]	$473	Sample	10	$4,730
	7. Contingency sampling and analysis for unanticipated costs.	$14,000	Lump Sum	1	$14,000
	Subtotal				**$23,246**
Run-off Pond Total					**$23,246**
SECTION 5. MISCELLANEOUS COSTS					
1. Daily Monitoring and Observations					
Perform facility inspections and monitoring required by permit.	Included in Operation and Maintenance Labor, Section 1.				$0
2. Quarterly Well Monitoring					
Perform quarterly monitoring of 14 wells during closure.	Monitoring includes 3 Level 1 events and 1 Level 2 event.[21]	$72,265	Lump sum	1	$72,265
Total Miscellaneous Costs					**$72,265**
Closure Cost Subtotal					**$2,862,263**
Contingency (15%)(does not include item 2.1)					**$364,699**
Administrative and Miscellaneous Expenses (10%)[16] (does not include item 2.1)					**$243,133**
Closure Cost Total					**$3,470,095**



Expires 3/31/17

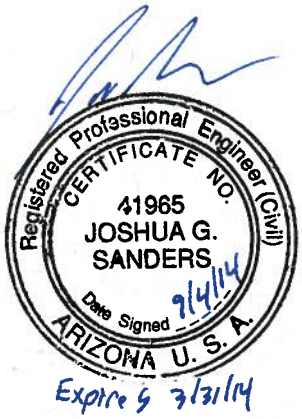
TABLE 5-2. (Revised 9/4/2014) FLORENCE COPPER, INC. PTF CLOSURE AND POST-CLOSURE COST ESTIMATES

OBJECTIVES	DESCRIPTION OF TASKS	UNIT COST	PER UNIT	NO. OF UNITS	ESTIMATED COST
SECTION 6. POST-CLOSURE MONITORING					
1. Initial monitoring					
Initial monitoring period to last 5 years.[21]	1. Level 2 event (1 per year for 5 year period, cost is for 14 wells).	$21,204	Event	5	$106,020
	2. Level 1 events (3 per year for 5 year period, cost is for 14 wells).	$8,654	Event	15	$129,810
	Subtotal				**$235,830**
2. Maintenance					
	Maintenance of pumps and wells. Perform visual inspection of surface facilities. (cost is for 14 wells)	$4,284	Event	5	**$21,420**
3. Post Closure Summary Report					
	Preparation of Summary Report to include PTF findings and post-closure groundwater modeling.[20] (cost is for 14 wells)	$35,636	Lump Sum	1	**$35,636**
4. AQL Exceedance Contingency Per UIC Permit (Part II.H.2.b)					
	1. Notify director and collect verification sample.	$2,544	Event	1	$2,544
	2. Notify director of verification results.	$424	Event	1	$424
	3. If verification sample indicates exceedance, submit report to ADEQ and USEPA.	$8,480	Event	1	$8,480
	Subtotal				**$11,448**
Post-Closure Monitoring Total					**$304,334**
SECTION 7. POC & SUPPLIMENTAL MONITORING WELLS					
1.Abandon PTF POC & Supplimental Monitoring Wells[23]					
Abandon 7 POC wells and 7 supplimental monitoring wells in accordance with Well Abandonment Plan.[7] The 14 wells include: M14, M15, M22, M23, M52, M54-LBF, M54-O, M55-UBF, M56-LBF, M57-O, M58-O, M59-O, M60-O, M61-LBF.	1. File NOIs with ADWR.	$54	Well	14	$756
	2. Remove electrical conduit, wellhead assemblies and control boxes.	$375	Well	14	$5,250
	3. Remove pumps.	$375	Well	7	$2,625
	4. Remove monuments and cement pads. Cut off casing 5 feet below land surface and backfill hole. (2 crew hours per well)	$150	Crew Hours	28	$4,200
	5. Dispose of liners, wood, and misc. pipe in off-site landfill (5 cy/well).	$54	CY	70	$3,780
	6. Type V Cement ($240/CY, 0.017 cy/ft)	$4.51	LF	11,640	$52,496
	7. Tremie Type V cement from TD to 5 feet below land surface.	$1.07	LF	11,640	$12,455
	8. Crew and equipment (per diem, backhoe, 10T smeal rig)	$4,286	Well	14	$60,004
	9. Mobilization/Demobilization	$1,598	Lump Sum	1	$1,598
	10. File Abandonment Completion Reports with ADWR.	$33	Well	14	$462
	11. Allowance for unexpected conditions.	$214	Well	14	$2,996
	Subtotal				**$146,622**
POC & Supplimental Monitoring Wells Total					**$146,622**

Expires 3/31/17

TABLE 5-2. (Revised 9/4/2014) FLORENCE COPPER, INC. PTF CLOSURE AND POST-CLOSURE COST ESTIMATES

OBJECTIVES	DESCRIPTION OF TASKS	UNIT COST	PER UNIT	NO. OF UNITS	ESTIMATED COST
SECTION 8. OPERATIONS MONITORING WELL (MW-01)					
1.Abandon Operations Monitoring Well[23]					
Abandon operations monitoring well MW-01 in accordance with Well Abandonment Plan.[7]	1. File NOIs with ADWR.	$54	Well	1	$54
	2. Remove monuments and cement pads. Cut off casing 5 feet below land surface and backfill hole. (2 crew hours per well)	$150	Crew Hours	2	$300
	3. Dispose of liners, wood, and misc. pipe in off-site landfill (5 cy/well).	$54	CY	5	$270
	4. Type V Cement ($240/CY, 0.017 cy/ft)	$4.51	LF	1,800	$8,118
	5. Tremie Type V cement from TD to 5 feet below land surface.	$1.07	LF	1,800	$1,926
	6. Crew and equipment (per diem, backhoe, 10T smeal rig)	$4,286	Well	1	$4,286
	7. Mobilization/Demobilization	$1,598	Lump Sum	1	$1,598
	8. File Abandonment Completion Reports with ADWR.	$33	Well	1	$33
	9. Allowance for unexpected conditions.	$214	Well	1	$214
	Subtotal				**$16,799**
Operations Monitoring Well Total					**$16,799**
SECTION 9. BHP TEST WELLS					
1.Abandon BHP Test Wells					
Abandon 20 BHP test wells in accordance with the Well Abandonment Plan. Well field includes 20 wells (4 injection wells, 9 recovery wells, 5 observation wells and 2 chemical observation wells).[7]	1. File NOIs with ADWR.	$54	Well	20	$1,080
	2. Remove monuments and cement pads. Cut off casing 5 feet below land surface and backfill hole. (2 crew hours per well)	$150	Crew Hours	40	$6,000
	3. Dispose of liners, wood, and misc. pipe in off-site landfill (5 cy/well).	$54	CY	100	$5,400
	4. Type V Cement ($240/CY, 0.017 cy/ft)	$4.51	LF	16,000	$72,160
	5. Tremie Type V cement from TD to 5 feet below land surface.	$1.07	LF	16,000	$17,120
	6. Crew and equipment (per diem, backhoe, 10T smeal rig)	$4,286	Well	20	$85,720
	7. Mobilization/Demobilization	$1,598	Lump Sum	1	$1,598
	8. File Abandonment Completion Reports with ADWR.	$33	Well	20	$660
	9. Allowance for unexpected conditions.	$214	Well	20	$4,280
BHP Test Wells Sub Total					**$194,018**
Post Closure Cost Subtotal					**$661,773**
Contingency (15%)					**$99,266**
Administrative and Miscellaneous Expenses (10%)[16]					**$66,177**
POST-CLOSURE TOTAL					**$827,217**
TOTAL CLOSURE AND POST-CLOSURE COST					**$4,297,312**



SUPPLEMENT TO TABLE 5-2. (Revised 9/4/2014) FLORENCE COPPER, INC. PTF CLOSURE AND POST-CLOSURE COST ESTIMATES
COST EXPLANATION FOR MONITORING

OBJECTIVES	DESCRIPTION OF TASKS	UNIT COST	PER UNIT	NO. OF UNITS	ESTIMATED COST
SECTION 6. POST-CLOSURE MONITORING					
1. Initial monitoring					
Initial monitoring period to last 5 years.	1. Level 2 event (annual, 1 per year for 5 year period).				
	Field Activities	$8,000	Event		
	Analysis and Reporting	$9,000	Event		
	Laboratory Fee	$32,000	Event		
	Subtotal (Includes 2012 to 2014 CPI adjustment of 1.02)	$49,980	Event	5	$249,900
	2. Level 1 events (quarterly, 3 per year for 5 year period).				
	Field Activities	$8,000	Event		
	Analysis and Reporting	$8,000	Event		
	Laboratory Fee	$2,000	Event		
	Contingency	$2,000	Event		
	Subtotal (Includes 2012 to 2014 CPI adjustment of 1.02)	$20,400	Event	15	$306,000
	Total for 33 POC Wells				**$555,900**

Footnote	Unit Cost Description
1	Level 2 event consists of sampling 33 wells for depth to water and collecting sample. Sample events take approximately 7 days and can be performed by one field technician. Additional time is included for expanded data processing and evaluation. Laboratory cost for a level 2 sample is approximately $890 per sample for 33 regular samples and 3 duplicate samples, for total laboratory cost of $32,000. Fee includes approximately $1,500 in supplies and expenses.
2	Level 1 event consists of sampling 33 wells for depth to water and collecting sample. Sample events take approximately 7 days and can be performed by one field technician. Level 1 analysis consists of Mg, F, SO4, and TDS. Laboratory cost for a level 1 sample is approximately $55 per sample for 33 regular samples and 3 duplicate samples, for total laboratory cost of $2,000. Fee includes approximately $1,500 in supplies and expenses.

Expires 3/31/17

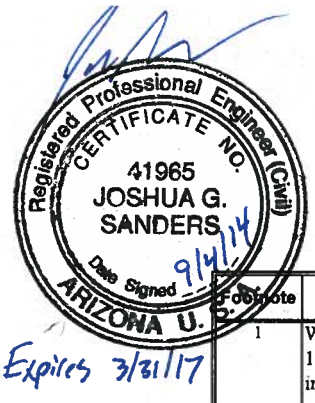


TABLE 5.2 (Revised 9/4/2014) FLORENCE COPPER, INC. PTF CLOSURE AND POST-CLOSURE COST ESTIMATES

Footnote	Unit Cost Description
1	Well rinsing unit costs assume 4 injection wells and 9 recovery wells, 260gpm for 9 months (102,585,600 gallons). Pumps will use 13 - 15 hp motors @ 11.19kw, $0.08/kwh, = $0.75/1,000 gallons. Assumed on-site water source is provided. 2012 cost of $76,939 CPI inflation adjusted to 2014 is $78,478.
2	Operation and maintenance labor crew assumes 3 day laborers $43.10/hr, 8 hours per day and 1 night laborer $43.10/hr, 16 hours a day; $1,724/day; assumes 10 month period = $517,200. Unit cost source is 2004 RS Means, CPI inflation adjustment to 2014 is 1.24. 2014 cost is $641,328.
3	Quicklime Neutralization assumes 5,979 lbs/day or 1,614,300 lbs for 9 months of rinsing, $135/ton or $0.06/lb lime unit cost. Source is M3 report exhibit 9C. 2012 to 2014 CPI inflation adjustment cost is $138/ton or $0.07/lb.
4	Backfill unit cost - per contractor estimate, includes equipment and operator cost. CPI inflation adjusted to 2014. Assumes backfill material import is not required. Reseeding of disturbed area is included in reclamation plan.
5	Level 1 sampling & analysis unit costs include sampling, lab analysis, and reporting. Costs based on recent similar projects. Lab analysis costs are $59 per sample. CPI inflation adjustment to 2014.
6	Level 2 sampling & analysis unit costs include sampling, lab analysis, and reporting. Costs based on recent similar projects. Lab analysis costs are $910 per sample. CPI inflation adjustment to 2014.
7	Well abandonment unit costs derived from average cost of 4 contractor bids received in May 2010. CPI inflation adjustment to 2014.
8	Cost estimate for closure of the water impoundment and pipeline channel is provided by Knight Piesold and Co. "*Curis Resources (Arizona) Inc. Florence Copper Project PTF Process Solution Impoundment & Pipeline Channel Closure Cost Estimate*" May 9, 2012 and is included in RTC1.1. 2012 cost of $422,483 with CPI adjustment to 2014 is $430,933.
9	Expanded sampling for selected analytes identified during screening analysis. Assumes 2/3 amount of analytes and includes twice the amount of samples.
10	Sampling and Analysis (S&A): Initial S&A will be performed to characterize soil potentially affected by spills and leaks. Follow-up S&A may be required in order to determine the extent of contamination or effectiveness of remediation efforts. The 2014 estimated S&A cost of $710 per sample is based on the following: sampling cost of $133 (2001 estimate of $100 adjusted by 2014 CPI inflation factor of 1.33); analytical cost of $570 for 13 priority pollutants including Ag, As, Be, Cd, Cr, Cu, Hg, Ni, Pb, Se, Tl, Zn, pH, VOC's, SVOC's, SPLP, Acid-Base Accounting as reflected in laboratory quote; and rounding the total cost of $703 to $710. Unit costs based on laboratory quote.
11	Disposal of non-hazardous waste - includes loading, transport, and disposal; unit cost source is 2010 contractor bid for similar project. CPI adjusted for 2014.
12	Liner Removal - unit cost per contractor estimate 2010, CPI inflation adjusted to 2014.
13	It is assumed all pipelines and tanks will be flushed clean during the groundwater restoration phase.
14	Sample and analyze concrete - sample unit costs assume not to exceed $200 per sample, analytical cost assume $150 for sample preparation, $210 for analysis, and $40 for misc. costs. Sampling cost is $200, analysis cost is $400. CPI inflation adjusted to 2014 is $210 for sampling and $410 for analysis.
15	Unit cost source is Racer cost estimate software version 8.1.2. CPI inflation adjusted to 2014.
16	Administrative support and expenses includes utilities and communications cost, miscellaneous equipment and site maintenance, and site management during closure. The closure cost estimate by Knight Piesold, Section 2.1 includes administrative and contingency costs. Therefore, Section 2.1 is not included in the contingency and administrative cost calculations reflected in Section 5.
17	Sampling plan to describe collection, preparation, and analysis of parameters described in note 10.
18	Rinsing contingency assumes an additional 6 month duration of rinsing and operation and maintenance costs in the event that additional rinsing is required beyond the initial 9 month period. Includes rinsing, neutralization, evaporation, maintenance and operation costs.
19	not used
20	Preparation of Summary Report assumes 1 person at $175/hr for 1 month, $28,000. Post closure ground water modeling assumes 2 people at $175/hr for 3 months, $56,000. Total for summary report is $84,000 for 33 POC wells. Report cost for 14 wells is assumed to be 14/33 of that total.
21	Post Closure Monitoring Total includes estimated cost for monitoring the 7 PTF POC wells and 7 supplemental monitoring wells. The 14 wells include M14, M15, M22, M23, M52, M54-LBF, M54-O, M55-UBF, M56-LBF, M57-O, M58-O, M59-O, M60-O, M61-LBF. The total post closure monitoring cost estimate for the FCP is based on 33 POC wells with a total estimated cost of $555,900. A breakdown of the monitoring costs is included as page 6 of this document. Cost for the monitoring of 14 wells was determined by taking 14/33 of that total.
22	Evaporation cost assumes mechanical evaporation rate is 2,250 gallons/hr and $1.06 per 1,000 gallons. Based on Landshark evaporation unit and electric cost of $0.08/kwh. 2012 to 2014 CPI inflation adjusted cost is $1.08/1,000 gallons.
23	Financial assurance for the closure of all POC wells except M54-LBF and M54-O is provided under existing permit.
Note:	Estimated quantities for proposed facilities are based on design plans by Knight Piesold Consulting and M3 Engineering prepared May 2012. Source for existing well data is Arizona Department of Water Resources (ADWR).

TABLE 5-2.a FLORENCE COPPER, INC. PTF CLOSURE COST ESTIMATE

OBJECTIVES	DESCRIPTION OF TASKS	UNIT COST	PER UNIT	NO. OF UNITS	ESTIMATED COST
SECTION 1. BHP TEST WELLS					
1.Abandon BHP Test Wells					
Abandon 20 BHP test wells in accordance with the Well Abandonment Plan. Well field includes 20 wells (4 injection wells, 9 recovery wells, 5 observation wells and 2 chemical observation wells).[1]	1. File NOIs with ADWR.	$54	Well	20	$1,080
	2. Remove monuments and cement pads. Cut off casing 5 feet below land surface and backfill hole. (2 crew hours per well)	$150	Crew Hours	40	$6,000
	3. Dispose of liners, wood, and misc. pipe in off-site landfill (5 cy/well).	$54	CY	100	$5,400
	4. Type V Cement ($240/CY, 0.017 cy/ft)	$4.51	LF	16,000	$72,160
	5. Tremie Type V cement from TD to 5 feet below land surface.	$1.07	LF	16,000	$17,120
	6. Crew and equipment (per diem, backhoe, 10T smeal rig)	$4,286	Well	20	$85,720
	7. Mobilization/Demobilization	$1,598	Lump Sum	1	$1,598
	8. File Abandonment Completion Reports with ADWR.	$33	Well	20	$660
	9. Allowance for unexpected conditions.	$214	Well	20	$4,280
BHP Test Wells Sub Total					**$194,018**
Contingency (15%)					**$29,103**
Closure Cost Total					**$223,121**

Notes:
1) Well abandonment unit costs derived from average cost of 4 contractor bids received in May 2010. CPI inflation adjustment to 2014.

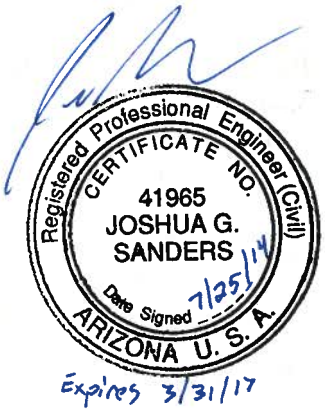


Exhibit R-2

Demonstration of Financial Capability

GENERAL PURPOSE RIDER

To be attached to and form part of Bond Number 1080127 effective September 27, 2012
issued by the Lexon Insurance Company
in the amount of 3,487,076.00 DOLLARS,
on behalf of Florence Copper Inc.
as Principal and in favor of State of Arizona Department of Environmental Quality, Program
as Obligee:

Now, Therefore, it is agreed that:

This rider will increase the bond amount as follows:

Current Bond Amount: $3,487,076.00
New Bond Amount: $3,487,743.00

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged.

This rider is to be effective the 4th day of December, 2013.

Signed, sealed and dated this 4th day of December, 2013.

Florence Copper Inc. (Principal)
By: CFO

Lexon Insurance Company (Surety)
By: Jackie C. Koestel
Jackie C. Koestel Attorney-in-Fact

Accepted By:

State of Arizona Department of Environmental Quality

Form F5340

POWER OF ATTORNEY

LX- 078330

Lexon Insurance Company

KNOW ALL MEN BY THERE PRESENTS, that **LEXON INSURANCE COMPANY**, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint:

Brook T. Smith, Raymond M. Hundley, Jason D. Cromwell, James H. Martin, Barbara Duncan,*****

Sandra L. Fusinetti, Mark A. Guidry, Jill Kemp, Jackie C. Koestel, Lynnette Long, Amy Meredith, Deborah Neichter, Sheryon Quinn, Dawson West, Bonnie J. Wortham

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **LEXON INSURANCE COMPANY** on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed $4,000,000.00 Four Million********** dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **LEXON INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 21st day of September, 2009.

LEXON INSURANCE COMPANY CORPORATE SEAL MARCH 15, 1994 STATE OF TEXAS

LEXON INSURANCE COMPANY

BY _____
David E. Campbell
President

ACKNOWLEDGEMENT

On this 21st day of September, 2009, before me, personally came David E. Campbell to me known, who be duly sworn, did depose and say that he is the President of **LEXON INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

AMY TAYLOR NOTARY PUBLIC STATE OF TENNESSEE DAVIDSON COUNTY

AMY L. TAYLOR
Notary Public- State of Tennessee
Davidson County
My Commission Expires 01-09-16

BY _____
Amy L. Taylor
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of **LEXON INSURANCE COMPANY**, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the forgoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Seal at Mount Juliet, Tennessee this 4th Day of December, 2013.

LEXON INSURANCE COMPANY CORPORATE SEAL MARCH 15, 1994 STATE OF TEXAS

BY _____
Andrew Smith
Assistant Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files and application for insurance of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

STATE OF ARIZONA
DEPARTMENT OF ENVIRONMENTAL QUALITY
PERFORMANCE BOND GUARANTEEING PERFORMANCE OF CLOSURE AND/OR POST-CLOSURE CARE DISCHARGING FACILITY AQUIFER PROTECTION PERMITS

Date bond executed: December 9, 2013

Effective date: December 9, 2013

Principal: Florence Copper Inc.
1575 W. Hunt Highway
Florence, AZ 85132

Type of Organization: Corporation

State of incorporation: Nevada

Surety: Lexon Insurance Company
10002 Shelbyville Road, Suite 100
Louisville, KY 40223

Aquifer Protection Permit Identification Number: APP 101704

Facility Name: Florence Copper Project Production Test Facility
Facility Address: 1575 W. Hunt Highway
Florence, AZ 85132

Total Penal Sum of Bond: $1,066,000.00

Surety's Bond Number: 1099677

KNOW ALL MEN BY THESE PRESENTS, THAT;

We, Florence Copper Inc., hereinafter called "**Principal**", as Principal, and Lexon Insurance Company, a Corporation, organized and existing under the laws of the State of Texas and authorized to transact business in the State of Arizona (hereinafter called "**Surety**"), as Surety are firmly bound to the Arizona Department of Environmental Quality, a State of Arizona Agency ("ADEQ") (hereinafter called "**Obligee**"), as Obligee, in the penal sum of One Million Sixty-Six Thousand and 00/100 Dollars ($1,066,000.00), good and lawful money of the United States of America, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, *and assigns*, jointly and severally, provided that, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "*jointly and severally*" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

WHEREAS, said Principal is required under terms and conditions of the Arizona Environmental Quality Act, Arizona Revised Statutes §49-241 and §49-243(N) Article 3 Aquifer Protection Permits, to obtain an Aquifer Protection Permit and to establish financial competence to operate a discharging facility. The discharging facility known as Florence Copper Project Production Test Facility, which Aquifer Protection Permit number APP 101704 is hereby referred to and made a part hereof, as fully and to the same extent as if copied at length herein.

WHEREAS, said Principal is required to provide the ADEQ financial assurance in the amount at least equal to the current closure or post-closure care cost estimate, or corrective action cost estimate, whichever is applicable, as a condition of the permit or interim status;

NOW, THEREFORE, THE CONDITIONS OF THIS OBLIGATION ARE SUCH, that if the Principal shall faithfully, perform closure or post-closure care monitoring according to the plans or strategies submitted under Arizona Administrative Code R18-9-A201(B)(5), whenever required to do so of the discharging facility for which this surety bond guarantees closure or post-closure, or correction action costs, whichever is applicable in accordance with the closure plan or other requirements of the Aquifer Protection Permit as such plan and permit may be amended, pursuant to all applicable laws, statutes, rules and regulations, as such laws, statutes, rules and regulations may be amended from time to time.

And, if the Principal shall faithfully perform post-closure care of the discharging facility for which this bond guarantees post-closure-care, in accordance with the post-closure plan and other requirements of the permit, as such plans and permit may be amended pursuant to all applicable laws, statutes, rules and regulations, as such laws statutes, rules and regulations may be amended.

Or, if the Principal shall provide alternate financial assurance, as specified in Arizona Revised Statutes §49-761(J), or under Arizona Administrative Rules, Title 18, Chapter 9, Article 2 Part A (R18-9-

A203(C), amended by final rule at 11 A.A.R. 4544, effective November 12, 2005 as applicable, and obtain the ADEQ's Director's written approval of such assurance, within 90 days after the date of notice of cancellation is received by both the Principal and the ADEQ Director from the Surety, then this obligation shall be null and void, otherwise it is to remain in full force and effect.

The Surety shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described below;

Upon notification by the ADEQ Director that the Principal has been found in violation of the closure requirements for the discharging facility, which this bond guarantees performance of closure, the Surety shall either perform closure in accordance with the approved closure plan and other permit requirements or place funds for the total amount of the guaranty sum for the facility directly into a standby trust fund as directed the ADEQ Director.

Upon notification by the ADEQ Director that the Principal has been found in violation of the post-closure care requirements for the discharging facility, which this bond guarantees performance of post-closure care, the Surety shall either perform post-closure care in accordance with the approved post-closure care plan and other permit requirements or place funds for the total amount of the guaranty sum for the facility directly into a standby trust fund as directed the ADEQ Director.

Upon notification by the ADEQ Director that the Principal has failed to provide alternate financial assurance as specified in Arizona Administrative Code R18-9-A203(E) and obtain written approval of such assurance from the ADEQ Director during the 90-days following receipt by both the Principal and the Department of a Notice of Cancellation of the bond. The Surety shall place funds in the amount guaranteed for the facility into a standby trust as directed by the ADEQ Director.

Whenever Principal shall be and is declared by the ADEQ Director to be in default under its Aquifer Protection Permit closure or post-closure care conditions, the ADEQ Director having given written notice of default to the Principal and Principal having failed to commence to cure the default within thirty (30) days after service of such written notice, or if the default is not cured promptly in a continuous and diligent manner within a reasonable time after commencement, the Surety may promptly remedy the default or shall either perform closure or post-closure care in accordance with the approved closure or post-closure care plan and other permit requirements or place funds for the total amount of the guaranteed sum for the facility directly into a standby trust fund as directed by the ADEQ Director.

All written notices to be given under the Performance Bond Agreement shall be given by certified U.S. mail, return receipt requested, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time.

Obligee:	Arizona Department of Environmental Quality Program Financial Services – Water Programs 1110 West Washington Street Phoenix, Arizona 85007
Principal:	Florence Copper Inc. 1575 W. Hunt Highway Florence, AZ 85132
Corporate Surety:	Lexon Insurance Company 10002 Shelbyville Road, Suite 100 Louisville, KY 40223

The Surety hereby waives notification of amendments to closure plans, permits, applicable laws, statutes, rules, and regulations and agrees that no such amendment shall in any way alleviate its obligation on this bond.

The liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, which is at least equal to the current closure, post-closure care or corrective cost estimate, whichever is applicable, but in no event shall the obligation of the Surety hereunder exceed the amount of said penal sum.

The Surety may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the ADEQ Director provided, however, that cancellation shall not occur during the ***90*** **days** beginning on the date of receipt of the notice of cancellation by both the Principal and the ADEQ Director, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the Surety provided, however, that no such notice shall become effective until the Surety receives written authorization for termination of the bond by the ADEQ Director.

This Surety bond is governed by and construed in accordance with the laws of the State of Arizona.

In Witness Whereof, the Principal and Surety have executed this Performance Bond and have affixed their seals on the date set forth above.

The persons whose signature appears below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety.

PRINCIPAL Florence Copper Inc.

Signature(s) _____

Names(s) BRIAN F. CAUSEY

Titles CFO

CORPORATE SURETY

Lexon Insurance Company
10002 Shelbyville Road, Suite 100
Louisville, KY 40223

Texas

Liability Limit: $1,066,000.00

Signature _____

Name and Title Jackie C. Koestel, Attorney-in-Fact

[For Every co-surety, provide signature(s), and other information in the same manner as for Surety above.]

Bond Premium: $21,320.00

Liability Limit: N/A

Signature N/A

Names and Title N/A

Please attach to this Bond a certified copy of the Surety's power of attorney authorizing execution of this Bond by Surety's attorney-in-fact.

POWER OF ATTORNEY

LX- 078338

Lexon Insurance Company

KNOW ALL MEN BY THERE PRESENTS, that **LEXON INSURANCE COMPANY**, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint:

Brook T. Smith, Raymond M. Hundley, Jason D. Cromwell, James H. Martin, Barbara Duncan,*****

Sandra L. Fusinetti, Mark A. Guidry, Jill Kemp, Jackie C. Koestel, Lynnette Long, Amy Meredith, Deborah Neichter, Sheryon Quinn, Dawson West, Bonnie J. Wortham

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **LEXON INSURANCE COMPANY** on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed $4,000,000.00 Four Million********** dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **LEXON INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 21st day of September, 2009.

LEXON INSURANCE COMPANY CORPORATE SEAL STATE OF TEXAS MARCH 16, 1983

LEXON INSURANCE COMPANY

BY _____
David E. Campbell
President

ACKNOWLEDGEMENT

On this 21st day of September, 2009, before me, personally came David E. Campbell to me known, who be duly sworn, did depose and say that he is the President of **LEXON INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

AMY TAYLOR NOTARY PUBLIC STATE OF TENNESSEE DAVIDSON COUNTY

AMY L. TAYLOR
Notary Public- State of Tennessee
Davidson County
My Commission Expires 01-09-16

BY _____
Amy L Taylor
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of **LEXON INSURANCE COMPANY**, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the forgoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Seal at Mount Juliet, Tennessee this 9th Day of December, 2013.

LEXON INSURANCE COMPANY CORPORATE SEAL STATE OF TEXAS MARCH 16, 1983

BY _____
Andrew Smith
Assistant Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files and application for insurance of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."