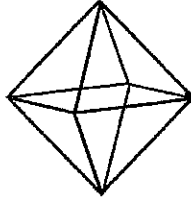


**Jonathan C. Cherry, P.E.**  
General Manager  
Kennecott Eagle Minerals Company  
1004 Harbor Hill Drive  
Suite 103  
Marquette, Michigan 49855  
Phone: 906-225-5791  
Email: Cherry@Kennecott.com



# **Kennecott**

## **Eagle Minerals**

July 2, 2008

Mr. Harold R. Fitch, Chief  
Office of Geological Survey  
Michigan Department of Environmental Quality  
Post Office Box 30473  
Lansing, Michigan 48909-7973

**Re: 30 Day Construction Notice and Transmittal of Bond – MP 01 2007**

Dear Mr. Fitch:

As you know, mine permit number MP 01 2007 was issued to Kennecott Eagle Minerals Company (Kennecott) on December 14, 2007. As detailed in the permit, certain actions need to be taken by Kennecott in order for the permit to become effective. The outstanding actions include providing a 30 day construction notice and posting a reclamation bond. This letter is intended to provide the 30 day construction notice and transmit the reclamation bond.

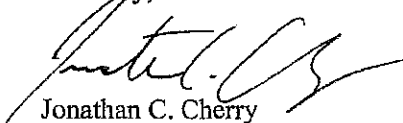
As required by rule R425.401, Kennecott Eagle Minerals Company (Kennecott) is providing notice (30 Day Notice) to the Michigan Department of Environmental Quality (MDEQ) that Kennecott intends to begin construction at the Eagle Mine located in Marquette County on or after August 1, 2008. Kennecott recognizes that there are additional requirements that must be met as part of the MDNR surface lease prior to breaking ground on state surface.

Also required by rule, R425.301 as well as by permit condition O.1, Kennecott is required to post a \$17 million bond to make the permit effective. Transmitted with this letter is the required \$17 million bond issued by Travelers Casualty and Surety Company of America.

Kennecott recognizes that other reports and plans are required to be submitted to MDEQ prior to construction of certain facilities (e.g. Contact Water Basins, Temporary Development Rock Stockpile) and other plans are required prior to operations (e.g. Impermeable Surface Inspection and Surface Repair Plan). These plans will be submitted in due course. Kennecott also recognizes that other requirements from the Michigan Department of Natural Resources (MDNR) exist relative to commencement of construction activities on certain portions of the project. However, this 30 day notice and transmittal of the reclamation bond contained in this letter fulfill Kennecott's submittal obligations making MDEQ mine permit MP 01 2007 effective.

If you have any questions about the notice or reclamation bond, please contact me at 906.225.5791.

Sincerely,



Jonathan C. Cherry  
General Manager

Mr. Hal Fitch  
July 2, 2008  
Page 2 of 2

Enclosure

Cc: Mr. Joe Maki - w/copy of reclamation bond  
Mr. William Creal - w/copy of reclamation bond  
Mr. Mark Mitchell - w/copy of reclamation bond  
Mr. William Brondyke - w/copy of reclamation bond  
Mr. Thomas Wellman - w/copy of reclamation bond  
Mr. Eugene E. Smary - w/copy of reclamation bond



MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY – OFFICE OF GEOLOGICAL SURVEY

**BOND FOR CONFORMANCE**

By authority of Part 632, Nonferrous Metallic Mineral Mining, Act 451 PA 1994, as amended. Falsification of this information may result in fines and/or imprisonment.

NONFERROUS METALLIC MINERAL MINING RECLAMATION BOND	
Bond number	104991469
Name of the Mining Area	Eagle Project

Name and Address of Principal Kennecott Eagle Minerals Company 1004 Harbor Hills Drive Suite 103 Marquette, MI 49855	Name and Address of Surety Travelers Casualty and Surety Company of America One Tower Square Hartford, CT 06183-9062  A corporation organized and existing under the laws of the State of Connecticut and duly authorized to transact business in the State of Michigan, as Surety
--	---

The above named Principal and Surety are held and firmly bound unto the State of Michigan in the penal sum of Seventeen Million and 00/100 United States Dollars (\$17,000,000.00).

The Principal named is about to engage in nonferrous metallic mineral mining in Michigan. In particular, the Principal proposes to mine and reclaim the mining area on a portion of the following described lands (include as much detail as practical):

State Lease Lands W1/2 and NE1/4, NW1/4 Section 12 T50N, R29W


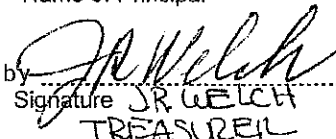
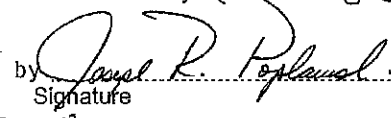

Surface Facility (inclusive of state Lease Lands) entire NW1/4 Section 12 and NE1/4, SW1/4 Section 12 T50N, R29W

Backfill Facility (contained within) W1/2, NE1/4 Section 11, T50N, R29W

Ore body (contained within) W1/2, NE1/4 and E1/2, NW1/4, Section 11, T50N, R29W

Surety's liability is conditioned upon the Principal faithfully performing the requirements set forth in the Principal's approved mining, reclamation, and environmental protection plan for the property described above filed in accordance with Part 632, Nonferrous Metallic Mineral Mining, Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, MCL 324.63201 to 324.63223. Surety's liability under this bond shall be maintained until the Department of Environmental Quality determines that all reclamation has been completed and for a postclosure monitoring period as determined under MCL 324.63209(6) and 324.63209(7), unless released immediately upon termination of the Mining Permit under MCL 324.63207(2)(a) or upon transfer of the Mining Permit to another operator with the approval of the Department of Environmental Quality.

Surety shall not cancel, terminate, or suspend this bond without first giving the Principal and the Department of Environmental Quality notice at least 90 days before the effective date of the cancellation, termination, or suspension. Such cancellation, termination, or suspension shall not affect any liability that shall have accrued under the assurance instrument before the effective date of cancellation, termination, or suspension unless the Principal provides a replacement financial assurance instrument approved by the Department of Environmental Quality or unless the Department of Environmental Quality shall otherwise release this bond.

Signed, sealed and dated the <u>14th</u> day of <u>January</u> , 2008		ATTEST:	
DATED: <u>15 JANUARY 2008</u>			
Kennecott Eagle Minerals Company		Travelers Casualty and Surety Company of America	
Name of Principal		Name of Surety	
			
Signature		Signature	
J.R. WELCH		Joseph R. Poplawski	
TREASURER		OFFICER	
Name and Title for Principal		Name and Title for Surety	
			
M.T. SANDLER			
CHIEF FINANCIAL OFFICER			

When the Principal or Surety executes this bond by an agent, power of attorney or other evidence of authority must accompany the bond.

MAIL TO:  
 OFFICE OF GEOLOGICAL SURVEY  
 MICHIGAN DEPT. OF ENVIRONMENTAL QUALITY  
 PO BOX 30256  
 LANSING, MI 48909-7756



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 218196

Certificate No. 002057527

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Debra Elaine Clark-Kinkead, Joseph R. Poplawski, Tara W. Mealer, and Mary Y. Volmar

of the City of Knoxville, State of Tennessee, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 18th day of January, 2007.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company

St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
George W. Thompson, Senior Vice President

On this the 18th day of January, 2007, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2011.



[Signature]
Marie C. Tetreault, Notary Public

**KENNECOTT EAGLE MINERALS COMPANY**

**SECRETARY'S CERTIFICATE**

As Secretary of Kennecott Eagle Minerals Company, a Delaware corporation (the "Corporation"), I certify the following is a true copy of resolutions adopted by the Board of Directors on 6 March 2006, which resolutions have not been amended and remain effective on this date:

**ADOPTION OF RESTATED BANKING RESOLUTIONS:**

**IT IS RESOLVED** that either the President and Chief Executive Officer or the Chief Financial Officer **together with** the Treasurer or the Assistant Treasurer of the Corporation are authorized to:

- (i) establish and close bank accounts, brokerage accounts and lines of credit in the name of the Corporation;
- (ii) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to sign checks, drafts or transfers drawn on any accounts opened in the name of the Corporation and to revoke such authority, which authorized signatures may be affixed to any check or other instrument for the payment of money by printing, facsimile stamp or any other mechanical device, and the bank is hereby authorized to rely upon and accept as genuine any such printed, facsimile stamp or mechanical signature without any duty to determine the genuineness thereof or whether the affixing thereof has been authorized by the Corporation or the officer, employee or agent whose name is affixed;
- (iii) make and direct investments of funds including specifically, but not limited to, the establishment and maintenance of accounts for the purchase and sale of commodity futures, commodity options (on futures or physicals), foreign futures and options, commodity forward contracts and physical commodities (including currencies) and the closure of such accounts;
- (iv) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to





transact business, enter buy or sell orders, trade and invest or sell investments with respect to any accounts opened in the name of the Corporation and to revoke such authority; and

- (v) execute, in the name of the Corporation, such bonds, guarantees, letters of credit and other types of indemnification agreements as they deem advisable.

and it is further

**RESOLVED** that the above banking resolutions shall supersede all other banking resolutions previously adopted by the Corporation.

I further certify that (1) each of the persons listed below has been appointed and is presently serving in the position set forth to the right of his or her name; and (2) to the right of such position is his or her genuine specimen signature.

<u>NAME OF OFFICER</u>	<u>POSITION</u>	<u>SIGNATURE</u>
D. J. Salisbury	President and Chief Executive Officer	
M. T. Sadler	Chief Financial Officer	
J. R. Welch	Treasurer	
C. J. Wykstra	Assistant Treasurer	

DATED AND SEALED this 15<sup>th</sup> day of January 2008.



  
SHANNON S. CROMPTON