GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 18, 2015

Certified Return Receipt
7013 3020 0002 3659 5156

James D. Phillips
Azomite Mineral Products Inc.
27 South Main Street
Nephi, Utah 84648

Subject: Notice of File Closure, Azomite Mineral Products Inc., Trace Mine 1 – LMO, M/039/0029, Sanpete County, Utah

Dear Mr. Phillips:

The Division of Oil, Gas and Mining recently approved expansion of the Trace 1 Mine—Aumco, permit number S/039/0001, to less than ten acres. After discussions with you about the status of the Notice of Intention to Commence Large Mining Operations for the Trace Mine 1, permit number M/039/0029, the Division is closing and retiring the file for the large mine operation. This mine was not approved, and no reclamation surety was submitted for the large mine permit.

We are returning the original reclamation contract for your disposal or records. Please contact Peter Brinton at 538-5258 if you have questions about this action.

Sincerely,

Paul B. Baker
Minerals Program Manager

PBB:pnb:pb
ENCLOSURES: Original Reclamation Contract
P:\GROUPS\MINERALS\WP\M039-Sanpete\M0390029 - Trace Minerals Aumco Claim\Final\RETIRE-6214-02182015.docx

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

FORM MR-RC (LMO)
Revised August 9, 2006
RECLAMATION CONTRACT

Mine Name: _____

Other Agency File Number: _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECEIVED
AUG 16 2010
DIV. OF OIL, GAS & MINING

---ooOoo---

LARGE MINE RECLAMATION CONTRACT

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between AZOMITE Mineral Products, Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/039/0029 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the land affected by the mining operations in accordance with the Act and regulations, and the Operator is obligated to provide a surety in form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the Act and regulations, as they may be amended, and in accordance with the mining and reclamation plan (Reclamation Plan) approved by the Division all of the lands affected by the mining operations conducted or to be conducted pursuant to the approved Notice of Intention.

2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and

B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the approved NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with an approved notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the approved NOI.

3. The Reclamation Plan is intended to establish methods, plans, specifications, and other details required by the Act and regulations as they pertain to the lands affected by mining operations, and no provision of the Reclamation Plan shall be interpreted to diminish the requirements of the Act and regulations. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI or Reclamation Plan, which are primarily intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.

4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.

5. If the Surety expressly provides for cancellation or termination for non-renewal:

A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled,

provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or

B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act, the regulations, and the Reclamation Plan, as they may be amended. If the mining operations are modified or for any other reason vary from those described in the approved Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.

7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the approved Notice of Intention in accordance with the requirements of the Act and regulations, as amended and the Reclamation Plan, as amended. If the Division makes such finding, Operator may make request to the Division for a reduction in the amount of the surety. The Division, or the Board if the surety is in the form of a board contract, may permit such a reduction if it determines that the reduced amount will be adequate to ensure complete reclamation of the lands affected by the mining in accordance with the requirements of the Reclamation Plan, the rules and the Act, as amended.

8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the rules.

9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.

10. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.

11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.

12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.

13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.

14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.

15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator,

Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.

16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party, and that the Operator, if not a natural person, is an entity properly organized and in good standing under the laws of the United States and is registered with and authorized to do business in the State of Utah.

OPERATOR:

AZOMITE Mineral Products, Inc.
Operator Name

By W. Wesley Emerson
Authorized Officer (Typed or Printed)

President
Authorized Officer - Position

Officer's Signature

August 10, 2010
Date

STATE OF Missouri)
) ss:
COUNTY OF Clay)

On the 10th day of August, 2010, W. Wesley Emerson personally appeared before me, who being by me duly sworn did say that he/she is an officer (i.e. owner, officer, director, partner, agent or other (specify)) of the Operator and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors, or as may otherwise be required to execute the same with full authority and to be bound hereby.

Allison L. Long
Notary Public
Residing at Clay County, Missouri
My Commission Expires: 6/7/11

ALLISON L. LONG
Notary Public, Notary Seal
State of Missouri
Clay County
Commission # 07057499
My Commission Expires June 07, 2011

DIVISION OF OIL, GAS AND MINING:

By John R. Baza — 8/31/2010

John R. Baza, Director — Date

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

On the 31 day of August, 2010, John R. Baza personally appeared before me, who being duly sworn did say that he, the said John R. Baza is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he duly acknowledged to me that he executed the foregoing document by authority of law on behalf of the State of Utah.

Penny Berry

Notary Public

Residing at: Salt Lake

1/11/2011

My Commission Expires:

PENNY BERRY
NOTARY PUBLIC - STATE OF UTAH
1594 W. NORTH TEMPLE, STE 1210
SALT LAKE CITY, UT 84116
My Comm. Exp. 01/11/2011

FACT SHEET

Commodity: AZOMITE®

Bonded Acres: 8

Mine Name: Trace Mine I Aumco Claim

Permit Number: M/039/0029

County: San Pete

Operator Name: AZOMITE Mineral Products, Inc.

Operator Address: 7406 NE 84th Terrace Kansas City MO 64157

Operator Phone: 816-415-1919

Operator Fax: 816-415-1925

Operator Email: wes.e@azomite.com

Contact Name: Wes Emerson

Contact Email: wes.e@azomite.com

Contact Phone: 816-415-1919

Surety Type: Cash Bond

Bank: Zion's Bank

Surety Amount: $38,300

Account number: 8911964

Tax ID (required for cash only): 26-3526804

Escalation year: 2010 - 2015

Surface Owner: Azome Utah Mining Co.

Mineral Owner: Azome Utah Mining Co.

UTU/ML number: _____

***DOGM Contact: Penny Berry, State of Utah, Division of Oil Gas and Mining, 801 538 5291 or bondcoordinator@utah.gov

AZOMITE Mineral Products, Inc.

7406 NE 84th Terrace • Kansas City, MO 64157 USA
Phone: 816.415.1919 • Fax: 816.415.1925 • www.azomite.com

MINERALS BONDS

Cash RECEIPT

Date 8/16/2010

Amount $ 12,700 00
Check # 0575412195

Permit Number	M0390029
Operator	Azomite Mineral Products Inc.
For/Memo	~~S~~MO - Going to LMO (additional surety)
Signature	Penny Busy

Thank you for all your help in securing the additional cash bond to cover our change to a large mining permit. I have enclosed a cashier's check for $12,700 and the Large Mine Reclamation Contract.

Please let me know if you need any additional information.

Regards,

Allison J. Long

RECEIVED
AUG 16 2010
DIV. OF OIL, GAS & MINING

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD TO LIGHT TO VIEW

Commerce Bank NA

CASHIER'S CHECK

REMITTER: AZOMITE MINERAL PRODUCTS INC

18-1/1010 **0575412195**

DATE: 08 - 11 - 2010

PAY TO THE ORDER OF: State of Utah Div. of Oil Gas and Mining

$ 12,700.00

ORIGINAL CHECK
ROUTED TO ACCOUNTING

Twelve Thousand Seven Hundred Dollars and 00/100

TWO SIGNATURES REQUIRED - OVER $50,000.00

MP

MP

Authorized Signature

For Commerce Bank Customer Service call 1-866-720-7038

Security Features Included. Details on Back.

⑈0575412195⑈ ⑆101000019⑆ 009956092⑈

DIV. OF OIL, GAS & MINING

Penny Berry< pennyberry@utah.gov>

Trace Mine

Peter Brinton< peterbrinton@utah.gov> Thu, Apr 19, 2012 at 9:05 AM
To: pennyberry@g.utah.gov

OK. Thanks. That sounds right to me as well.

Azomite Mineral Products said that they bought out Peak Minerals - Azomite, and say that Zion's is showing a bond still (the $124,000). This is confirmed by a 6/10/2012 note in the Owner Comments in FoxPro. Do we have any record of this one? I think that the Treasury does somehow, since their incorrectly-written check to Peak Minerals (potash) was written out originally to Peak Minerals - Azomite. We had to ask them to redo it, as I remember.

Peter

Peter Brinton
Environmental Scientist/Engineer II
Utah Division of Oil, Gas & Mining
Office Phone: 801-538-5258
General Days: M - Th, Every Other Friday
General Hours: 7:30am - 5:00pm
>>> Penny Berry <pennyberry@utah.gov> 4/19/2012 7:52 AM >>>
[Quoted text hidden]

Penny Berry< pennyberry@utah.gov>

Trace Mine

Penny Berry < pennyberry@utah.gov> Thu, Apr 19, 2012 at 7:52 AM
To: Peter Brinton <peterbrinton@utah.gov>

Hi Peter,

This is what we have: check #24249 in the amount of $18,600 rec'd on 11/6/06, check #0575412195 in the amount of $12,700 rec'd on 8/16/10, check #0575410904 in the amount of $5,704.94 rec'd on 6/22/09 giving a total of $37,004.94. We rec'd a new MRRC on 8/16/2010 and on the fact sheet the opertor listed the total amount of $38,300. I believe this is correct, because according to Lynn the operator wanted to apply the interest earned to the principle bond amount. Lynn did not draft a letter for this. So the interest is still under interest. According to the State Treasurer they currently hold $37,004.94. Thanks.

Penny

[Quoted text hidden]

AZOMITE Mineral Products, Inc.
7406 NE 84th Terrace • Kansas City, MO 64157 USA
Phone: 816.415.1919 • Fax: 816.415.1925 • www.azomite.com

August 11, 2010

State of Utah
Dept of Natural Resources
Div of Oil, Gas and Mining
Attn: Penny Berry
Box 145801
Salt Lake City UT 84114-5801

RE: M/039/0029

Dear Penny,

Thank you for all your help in securing the additional cash bond to cover our change to a large mining permit. I have enclosed a cashier's check for $12,700 and the Large Mine Reclamation Contract.

Please let me know if you need any additional information.

Regards,

Allison L. Long

Allison L. Long, C.P.A.

RECEIVED
AUG 16 2010
DIV. OF OIL, GAS & MINING

RECEIVED
AUG 16 2010
DIV. OF OIL, GAS & MINING

Penny Berry - RE: FW: Trace Mine

From: Penny Berry
To: Allison
Date: 8/10/2010 10:39 AM
Subject: RE: FW: Trace Mine
Attachments: RECLAM CONTRACT LMO 12-11-08.DOC

Hi Allison,

If you want to do cash, then you will need to submit a cashier's check in the amount of $12,700. I have attached the Large Mining Reclamation Contract for you to complete and then return. Please make sure the fact sheet is completed (last page). If you have any questions please call 801-538-5291 or email. Thank you.

Penny

>>> "Allison" <allison@azomite.com> 8/9/2010 7:39 AM >>>
We would like to increase the current cash bond so please provide the proper paperwork for that. Also, I know that Jim Phillips is working on the large mining operation permit. Is the reclamation contract separate from that? If so, I would like help with the paperwork for the reclamation contract.

Your help is much appreciated-

Allison

Allison L. Long, C.P.A.
AZOMITE Mineral Products, Inc.
7406 NE 84th Terrace
Kansas City MO 64157
Phone: 816-415-1919
Fax: 816-415-1925
www.azomite.com

-----Original Message-----
From: Penny Berry [mailto:pennyberry@utah.gov]
Sent: Thursday, August 05, 2010 9:35 AM
To: Allison
Subject: Re: FW: Trace Mine

Hi Allison,

Your cash bond has been re-titled to the new name and permit number. If the new amount is $38,300 you will need to increase the surety by $12,700.00. You can do this with cash, CD, LOC or surety bond. Once you decide which form of surety you will be doing, I can help you get the documents you will need. Also, a reclamation contract for the large mining operation will need to be completed. I can help you with that as well. Please call 801-538-5291 or email once you decided or if you have any questions. Thank you.

Penny

>>> "Allison" <allison@azomite.com> 8/4/2010 12:22 PM >>>
Penny -

It looks as if we are getting farther along in changing the status of our mining operation. In addition, we have been requested to increase the surety bond to $38,300.00. (Five-year escalation). (I think we are doing the five-year but I am still waiting on final word for three-year vs. five-year.)

Trace Mine 1 - Aumco Claim M/039/0029

What do I need to do for you to make this happen?

Thanks-
Allison

Allison L. Long, C.P.A.
AZOMITE Mineral Products, Inc.
7406 NE 84th Terrace
Kansas City MO 64157
Phone: 816-415-1919
Fax: 816-415-1925
www.azomite.com

-----Original Message-----
From: James Phillips [mailto:jim@azomite.com]
Sent: Wednesday, August 04, 2010 9:33 AM
To: Allison Long; Wes Emerson; Reid Cox; Scott Larsen; Will Latham
Subject: Fwd: Trace Mine

-------- Original Message --------
Subject: Trace Mine
From: John Rogers <johnrogers@utah.gov>
To: jim@azomite.com
CC:

Jim,

The following changes were requested by our staff concerning your new NOI for Trace Minerals. Most changes are minor and can be taken care rather quickly. I am working on getting a SHIPO (State Historical Preservation Office) clearance. If you have any question please feel free to contact me. I am sorry this took so long; it has been a very busy summer.

I suggest you begin working on the bonding request. By having that completed it will speed along the process to final approval. Changes to the NOI for Trace Mine 1 - Aumco Claim M/039/0029

Mine name: the new permit number is M039/0029

Location: there is a typo in the Township, it should be 17S not 175

Section 106.2explain in more detail your drill and shoot program. Safety to the public, size of blasting and frequency of blasting.

Section 106.5 need a soil survey. This can be obtained from National Resource Conservation office

Section 106.7 this section needs to be completed

Section 109.2 this section needs to be completed

Section 109.3 this section needs to be completed

Section 110.3 rather than put N/A, simply put no facilities are planed to be constructed

Section 109.3 rather than put N/A. Indicate that all trash will be deposed of daily or put in provided container and removed.

The bond that has been calculated is based on your permitted area of 7.37 acres that will be rounded up to 8 acres. The bond amount will be: $38,200 for a 3year escalation or $38,300 for a 5-year escalation. With your current bond of $25,600, there will need to be an additional surety of $12,600 for 3 years and $12,700 for 5 years. A new surety will need to be put in place that reflects the new name of the mine, new permit number M/039/0029 and new amount. This can be worked out with Penny Berry -bond coordinator at 801-538-5291.

The bond calculation is based on the following table:

The reclamation surety amounts of $7,300 for the first acre and $4,300 for each additional acre calculated for the year 2010 was an average cost to reclaim sites with similar attributes (i.e. no structures, leach pads). Costs are escalated annually to allow for inflation using the Average Means Historical Cost Index for Site Construction, National Average, based on a previous three (3) year average.

Small Mining Operation Notices

Project Size (Acres)
Surety
3 & 5 year escalation
2010Comments

1 or less acres
$7,400 (3-year escalation)
$7,500 (5-year escalation)
Minimum amount required

Additional acres up to 5 acres
$4,400/ acre (3-year escalation)
$4,400/acre (5-year escalation)
Partial acreages rounded up (e.g., 1.2 acres = 2 acres)

Cumulative Amount for 5-acres
(i.e. Maximum of 5 acres = $7,400 +$17,6200 = $25,000) (3-year escalation)

(i.e. Maximum of 5 acres = $7,600 +$17,600 = $25,100) (5-year escalation)
$100.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.

Portal
$2,000 each opening

Revegetation after regrading
$1,000 mob/demob plus $1,000 per acre seeding costs.

The amounts listed above are estimates for field conditions that the Division usually expects to be present at exploration site and small mines. As part of the review process, the Division will evaluate reclamation costs and set the bond amount so that the Division could reclaim the site in the event of bond forfeiture.

These costs will be RELEASED and implemented annually April 1.

John Rogers
Reclamation Geologist
Utah Division of Oil, Gas and Mining
1594 W. North Temple, Suite 1210
Salt Lake City, UT 84114
801-538-5349 (office)
801-359-3940 (fax)

Penny Berry - Re: FW: Trace Mine

From: Penny Berry
To: Allison
Date: 8/5/2010 8:35 AM
Subject: Re: FW: Trace Mine

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(i.e. Maximum of 5 acres = $7,600 +$17,600 = $25,100) (5-year escalation)
$100.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.

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Reclamation Geologist
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