

**Memorandum of Understanding
by and between
Santa Cruz County Arizona and Arizona Minerals, Inc.**

This Memorandum of Understanding (“MOU”) is entered into November 10, 2020 (the “Effective Date”) by and between Arizona Minerals, Inc. (hereinafter “AMI”) and, acting by and through its Board of Supervisors, Santa Cruz County, Arizona, (hereinafter “County”) each of which may be referred to herein individually as a “party” or collectively as the “parties.”

RECITALS

Whereas, AMI is a subsidiary of South 32, and acquired the Hermosa Project in 2018 which is a lead, silver, zinc development option located in Santa Cruz County (the “Project”);

Whereas, South 32 is a diversified mining and metals company and global leader in sustainable development who values community investment consistent with the United Nations 2030 Agenda For Sustainable Development and invests pursuant to a rigorous process necessary to understand the communities in which they do business involving the completion and review of Social Baseline Studies, Social Impact and Opportunity Assessments, Community Perception Surveys and Stakeholder Identification Analysis; and

Whereas, the County desires to promote community investment, explore opportunities for new facilities and infrastructure, promote local employment and business opportunities to benefit from the shared value that may come from the future exploration, development and operation of the Project; and

Whereas, the County also desires to ensure the conservation of land, proper management of special flood hazard areas, implementation of flood control solutions, opportunities for recreation and preservation of the rural character of the area surrounding AMI’s project consistent with its existing statutory and regulatory authority while also supporting the Project; and

Whereas, the parties intend for this MOU to help ensure mutually beneficial outcomes for the County and AMI and to provide a framework for communication and collaboration with the goal of achieving the objectives set forth herein.

AGREEMENT

Therefore, in consideration of the mutual promises and covenants contained in this MOU, and the understanding reflected in the Recitals set forth above, which are hereby incorporated into the following agreement by this reference, and for other good and valuable consideration, the parties agree as follows:

1. Communication

- A. The parties will identify preferred communication methods and designate specific points of contact for communication.

- B. All discussions will be conducted with mutual recognition of the respective values set forth in the Recitals, which include transparency and integrity, and will occur at a minimum on a quarterly basis in public session and on an otherwise regular, as needed basis.
- C. Communication regarding this MOU and subsequent agreements between AMI and County will be discussed jointly between the parties and joint public information releases may be agreed upon and issued by the parties. Joint or independent public communications by AMI concerning the MOU or subsequent agreements will conform to AMI's external communication policies. However, members of the County's Board of Supervisors are free to express their opinions publicly and privately concerning any aspect of AMI's operations, or the Project.
- D. AMI will timely communicate Project benchmarks for the commencement of exploration, development and operations clearly and transparently to the County. As each benchmark approaches, AMI will provide the County additional detail relative to its stakeholder outreach plan, timing, environmental permitting, and engineering objectives that may require County review in advance of public outreach.
- E. With respect to community outreach:
 - i. AMI will use best efforts to timely communicate Project benchmarks and activities to stakeholders and make updates available at public meetings and on its website.
 - ii. The County's Board of Supervisors may elect to engage outside consultants and designate an advisory board to facilitate community outreach.

2. Collaboration and Planning

- A. The County and AMI will seek to collaborate, work together, and learn from each other to understand their respective responsibilities and achieve their respective objectives.
- B. The County will, prior to making, or taking any action on issues that affect development of the Project, work to meet and discuss those issues with AMI. The parties will work together to designate reasonable time periods when concerns may be raised and provide for opportunities to address identified issues.
- C. The County and AMI will engage in high level planning to evaluate current, medium, and long-term infrastructure needs to support AMI's operations, and the County's multimodal goals, including but not limited to freight, railroad facilities, roads, and pedestrian pathways.

3. Community Development

- A. The County will seek to understand and respect AMI's corporate policies, practices and the progression of Project exploration, development and operation and the permitting processes associated with each respective stage as a baseline for the nature and extent of requested community investment commitments.
- B. Consistent with existing South 32 policies and the relevant stages of Project advancement, AMI will:
 - i. encourage local communities to participate in the economic activity created by AMI's operations;
 - ii. pursue procurement from local communities and organizations, in a way that strengthens the value proposition of the business;
 - iii. seek to achieve high levels of employment for the residents of the County and explore ways to increase the sales, real and personal property tax base within the County;
 - iv. support and contribute to regional and community-based projects that promote economic development including long range planning, capital improvement projects, recreation and infrastructure needs in the County;
 - v. support the South32 Hermosa Community Fund providing program grants to local non-profit organizations in southern Arizona and AMI will provide periodic reports to the County on the nature and extent of the fund's charitable contributions.
- C. The County and AMI commit to work together and will negotiate in good faith subsequent agreements as may be necessary to address the needs of the County and communities located within the County.
 - i. Subsequent agreements may address such matters as: skills and development training; employment opportunities and the reduction of barriers to employment; practical promotion of local goods and services and entrepreneurship; infrastructure; the enhancement of roads and bridges; floodway and floodplain protection and management; promotion of rail services; establishment of parks and other recreation opportunities; preservation of air and water quality; and sustainable plans relating to future closure or cessation of AMI operations (both temporary and permanent).
 - ii. AMI acknowledges there may be a need for participatory funding (whether on a flat fee or reimbursement basis) for the negotiation and development of such agreements and necessary community outreach and will work cooperatively with the County to identify needs and appropriate levels of contributory funding.

4. Information Sharing Between the Parties

In compliance with all applicable laws, including but not limited to, publicly-traded exchange disclosure requirements, AMI and the County will provide each other with the information necessary to carry out the commitments set forth in this MOU. Further, when suitable for public review and comment in accordance with applicable environmental laws and permitting regulations, such other documentation as may be reasonably necessary for the County to make informed decisions related to AMI's operations and their potential impact on communities within the County, including but not limited to public health, water and air quality. The obligations set forth herein shall not be construed to require AMI or the County to provide any confidential business information to the other party.

5. Accountability

- A. The County will respect AMI's corporate policies and AMI will respect the sovereignty of County government and each party will endeavor to conduct all negotiations fairly, honestly, in good-faith and consistent with applicable law.
- B. AMI and the County will respond to requests from each other promptly, honestly and in a manner that respects the responsibility and authority of the elected leaders of the County and the responsibilities and authority of AMI's leadership.
- C. The County and AMI will each be accountable, and take responsibility for, their actions and hold others to account for theirs.

6. Ongoing relationship between AMI and Mine Corridor Communities

Existing AMI programs and relationships with local and regional communities and organizations will continue into the foreseeable future. AMI commits to clear and open dialogue with the County relating to community programs and any decisions to support institutions and organizations in the County.

7. Formal Notices

Unless otherwise specifically provided herein, formal notices, demands or other communications relating to termination of this MOU or default, shall be in writing and shall be deemed to have been duly delivered upon personal delivery or upon delivery by expedited courier services or four (4) days after deposited in the United States Mail, postage prepaid, registered or certified, return receipt requested, addressed to the persons identified below, with copies to the following:

For the County:

Jennifer K. St. John, CPA
County Manager
Santa Cruz County Board of Supervisors
2150 N. Congress Dr., Rm. 119

Nogales Arizona 85621
Email: jstjohn@santacruzcountyaz.gov

With copies to:

SundtLaw, PLLC
Attn: John Sundt
6057 E. Grant Road, Suite 101
Tucson, Arizona 85712
Email: jsundt@sundtlaw.com

For AMI:

Arizona Minerals, Inc.
Attn: Pat Risner
2210 E. Fort Lowell Road
Tucson, Arizona 85719
Email: Pat.Risner@south32.net

With copies to:

Fennemore Craig, P.C.
Attn: Dawn Meidinger
2394 E Camelback Rd, Suite 600
Phoenix, AZ 85016
Email: dmeidinger@fclaw.com

8. Conflict of Interest

- A. Pursuant to Arizona law, rules and regulations, no member, official or employee of the County shall have any personal interest, direct or indirect, in this MOU, nor shall any such member, official or employee participate in any decision relating to this MOU which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested.
- B. No member, official or employee of the County shall be personally liable to AMI, or any successor or assignee, (i) in the event of any default or breach by the County, (ii) for any amount which may become due to AMI or its respective successor or assign, or (iii) pursuant to any obligation of the County under the terms of this MOU.
- C. No member, agent or employee of AMI shall be personally liable to the County (i) in the event of any default or breach by AMI or any successor or assign, (ii) for any amount which may become due to the County, or (iii) pursuant to any obligation of AMI or any successor or assign under the terms of this MOU.

9. Representations and Warranties by the County

- A. The Board of Supervisors has authorized the County Manager to enter this MOU, and facilitate the performance of the County's obligations, representations, covenants, and undertakings under this MOU.
- B. All consents and approval necessary to the execution, delivery and performance of this MOU have been obtained, and the County will execute all documents and take all actions reasonably necessary to implement, evidence and enforce this MOU.
- C. The County knows of no litigation, proceeding, initiative, referendum, investigation, or threat of any of the same contesting the powers of the County or its officials with respect to this MOU.

10. Representations and Warranties by AMI

- A. AMI has the full right, power and authorization to enter into and perform this MOU, and AMI's execution, delivery and performance of this MOU has been duly authorized and agreed to in accordance with its organization documents, and upon this MOU's Effective Date, it shall be binding and enforceable against AMI.
- B. All consents and approvals necessary to the execution, delivery and performance of this MOU have been obtained, and AMI will execute all documents and take all actions necessary to implement, evidence and enforce this MOU. AMI knows of no litigation, proceedings, investigation, or threat of any of the same contesting the powers of AMI or its officials with respect to this MOU.
- C. The execution, delivery and performance of this MOU by AMI is not prohibited by, and does not conflict with, any other agreements, laws, instruments, or judgments to which AMI is a party or is otherwise subject.
- D. AMI has been assisted by counsel of its own choosing and has had the opportunity to discuss this MOU and its consequences with its chosen legal counsel.

11. Miscellaneous Provisions

- A. **Governing Law.** This MOU shall be governed by and construed in accordance with the laws of the State of Arizona without giving effect to conflicts of law principles. This MOU has been made and entered into in Santa Cruz County, Arizona.
- B. **Waiver.** No waiver by any party of any breach of any of the terms, covenants or conditions of this MOU shall be construed or held to be a waiver of any succeeding or preceding breach of the same for any other term, covenant or condition herein contained.

- C. **Attorneys' Fees.** In the event of any actual litigation between the parties in connection with this MOU, the party prevailing in such action shall be entitled to recover from the other party all of its costs and fees, including reasonable attorneys' fees, which shall be determined by the court and not by the jury.

- D. **Severability.** In the event that any phrase, clause, sentence, paragraph, section, article or other portion of this MOU shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this MOU shall not be affected thereby and shall remain in full force and effect to the fullest extent permitted by law.

- E. **Counterparts.** This MOU may be executed in multiple counterparts, each of which shall constitute an original but all of which together shall constitute one and the same instrument. Signature and acknowledgement pages may be removed from one counterpart and inserted into another counterpart to form a single document.

- F. **Consents and Approvals.** Except as may be otherwise set forth in this MOU, the parties hereto shall at all times act reasonably with respect to any and all matters which require any party to review, consent or approve of any act or matter hereunder.

- G. **Nondiscrimination.** The parties agree to comply with all applicable state and federal laws, rules, regulations, and executive orders governing equal employment opportunity, immigration, nondiscrimination, including the Americans with Disabilities Act, and affirmative action.

IN WITNESS WHEREOF, the parties hereto have executed this MOU as of the Effective Date.

AMI:

Signature: _____

Name: _____

Title: _____

SANTA CRUZ COUNTY:

Signature: _____

Name: Jennifer K. St. John, CPA

Title: County Manager
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