



South32 Hermosa Project | Frequently Asked Questions

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In August 2018, Arizona Minerals (AMI) as part of South32, completed the acquisition of Hermosa in the Patagonia Mountains – a site in which the land has been historically mined since 1875.

In an effort to remain consistent with our goals surrounding community involvement and development, Santa Cruz County is committed to keeping the community informed and working closely with South32 to ensure that project progress is carried out in a transparent and collaborative way.

General

1. How does the Hermosa Project fit in with the general plans of Santa Cruz County and the Town of Patagonia?

As part of the vision of Santa Cruz County, growth is accommodated in a manner that preserves our sense of community and protects and enhances our quality of life. Differing development patterns and economic activities, such as the development of South32's Hermosa Project, will provide benefits for people living, working or visiting the County, and natural resources will be protected and sustained.

The purpose of the Santa Cruz County Comprehensive Plan is to provide guidance in its totality to the County Board of Supervisors in maintaining the diverse development styles, cultures, and environments that make Santa Cruz County unique.

[Click here to learn more about Santa Cruz County's Comprehensive Plan.](#)

While the proposed Hermosa Mine is located in an unincorporated part of Santa Cruz County, it is in close proximity to the Town of Patagonia. The Town of Patagonia's General Plan is intended to provide an adaptable framework for future decision making for all interrelated functions.

Recognizing ongoing development due to Arizona's population growth, active mining proposals, and the overall attractive living quality that characterizes Patagonia, the Mayor and Town Council formed a citizen-based planning committee. The committee, with extensive public input, assisted in the development of a plan that expresses their

vision of a unique, prosperous, and diverse community with adequate supporting services.

[Click here to learn more about the Town of Patagonia's General Plan.](#)

2. Who has authority over local site changes for the Hermosa Project?

The Hermosa Project is taking place on primarily private land that is owned by South32. Accordingly, most permitting processes for local site changes are handled administratively at the State level with the [Arizona Department of Environmental Quality](#) and the [Arizona Department of Water Resources](#).

Santa Cruz County is responsible for maintaining many of the roads and potential transportation routes near the site.

3. What are the permits being acquired by South32?

Arizona Minerals, Inc., as part of South32, has submitted two permit applications to the Arizona Department of Environmental Quality (ADEQ) related to continuing exploration on their private lands that would require pumping, treatment, and discharge of groundwater into Harshaw Creek.

1. Arizona Pollutant Discharge Elimination System (AZPDES) Permit for the addition of Outfall 002 with the proposed discharge of up to 6.48 million gallons per day of treated mine drainage water, tailings seepage, groundwater, core cutting water, drilling water, and stormwater from the treatment plant at the Hermosa Project site to Harshaw Creek.

[Click here to review public notices and other documents related to the AZPDES permit application submitted to ADEQ](#)

2. Aquifer Protection Permit (APP) pursuant to Arizona Administrative Code, Title 18, Chapter 9, Article 1.

[Click here to review public notices and other documents related to the APP application submitted to ADEQ](#)

[General information about the Arizona Pollutant Discharge Elimination System Permit can be found here](#)

[General information about the Aquifer Protection Permit can be found here](#)

4. What is the agreement between South32 and Santa Cruz County regarding communication and conduct?

Recognizing that Arizona Minerals Inc. (AMI), as part of South32, has the right to explore the possibility of a development and redevelopment of their property which has had [previous mining activity dating back to 1875](#) and that the Santa Cruz County Board of Supervisors want to make sure that if there is any development/redevelopment of the property that it does not negatively impact the surrounding community, both parties recently entered into a Memorandum of Understanding (MOU) on November 10, 2020. This MOU provides a framework for how the County and AMI will seek to collaborate, work together, and learn from each other to understand respective responsibilities and achieve their respective objectives -- the County wishes to protect its communities and natural resources and enhance quality of life for all residents.

As part of this understanding, AMI will communicate timely Project benchmarks for the commencement of exploration, development, and operations clearly and transparently to Santa Cruz County. As such, the County will seek to understand and respect AMI's corporate policies, practices, and the profession 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.

[Click here to learn more about the Memorandum of Understanding by and between Santa Cruz County Arizona and Arizona Minerals, Inc.](#)

Economy and Quality of Life

1. Has a decision been made on what transportation routes will be used by South32?

If the Hermosa Project is to be developed, it will be important that the necessary public infrastructure, such as roads, be installed to effectively and safely haul the material to market. Accordingly, there would need to be additional roads and related infrastructure built.

In late 2019, South32 held numerous public engagements to discuss the project route study that was being undertaken at that time. These 2019 engagements included a presentation at a Patagonia Town Council meeting, a presentation at a public Santa Cruz County Board of Supervisors meeting, and a community open house in Patagonia.

In late 2019, South32 held in-person meetings with specific neighborhoods in Patagonia that are proximal to potential access routes being contemplated for the Hermosa Project. South32 made a commitment during those engagements to come back to these neighborhoods and share the results once study work for the routes was more advanced. In August 2020, a virtual presentation was given to neighbors in the Cross

Creek area, the neighborhood most proximal to the route currently identified as the likely preferred route for the Hermosa Project.

In the coming months, South32 is expected to review the prospective route with the community and the County.

2. Will there be an impact on traffic flow?

South32 is currently reviewing and studying traffic elements related to prospective routes, specifically the Cross Creek Connector.

Additionally, South32 tracks deliveries to the Hermosa site to ensure compliance with the Town of Patagonia's trucking ordinance and follow the town's process to obtain any relevant permits and approvals.

[Click here to learn more about the Town of Patagonia's Traffic Ordinances.](#)

3. Is there a plan for street improvements in the area surrounding the Hermosa Project?

South32 and the Town of Patagonia identified a need to improve the integrity of a few roads in town, improve pedestrian safety along the designated truck route, and improve the helicopter landing area. Arizona Minerals, Inc., as part of South32, presented the initial plans for the License Agreement to the [Patagonia Town Council for approval in June 2020](#) and received a notice to proceed in August 2020.

[Click here to review the complete LICENSE AGREEMENT between the Town of Patagonia and Arizona Minerals, Inc.](#)

The project was then divided into two phases. Phase 1 is roadwork on Harshaw Road and Taylor Avenue, which began on November 16, 2020 and concluded in December of 2020. Phase 2 will commence May 2021 and should conclude before the Fourth of July holiday in order to minimize disruption to local businesses.

[Click here to learn more about Arizona Minerals, Inc.'s plan for street improvements in collaboration with the Town of Patagonia.](#)

4. What will be the impact of this project on the local economy?

As illustrated in the Santa Cruz County COVID-19 Recovery Report, the mining sector plays an important role in cross collaborative investment and innovation. South32's Hermosa Project has a projected impact of 2,000 jobs during construction and a permanent workforce of 400-500 employees.

[Click here to review the complete Santa Cruz County Covid-19 Recovery Report.](#)

Environmental

1. Will there be any impact on flora, fauna, and wildlife due to dewatering and discharges?

Regarding exploration and associated dewatering and discharges, only minor seasonal flow changes to neighboring seeps and springs are anticipated as a result of pumping activity. Preliminary studies and environmental surveys indicate that these flows would have minimal to no impacts to local flora, fauna, and wildlife, including protected species. Some seeps and springs in the area could have reduced seasonal flows, but these reductions are not likely to affect availability of water suitable for wildlife.

Further questions regarding wildlife can be directed to the Arizona Department of Game and Fish, as they have jurisdiction in these matters. [Click here for the Agency Directory & Contact Information.](#)

2. Will there be any impact on water resources?

Issuing permits is the primary way the government balances environmental protection with social and economic considerations. By the issuance of the AZPDES and APP permits, the Arizona Department of Environmental Quality ensures facilities are legally built and operated and that discharges into the water are within healthy standards established by law.

South32 is preparing to construct a state-of-the-art water treatment plant to treat the pumped groundwater before discharging it into Harshaw Creek. The average discharge rate is anticipated to be less than 3,500 gallons per minute, with an upper limit of 4,500 gallons per minute, then dropping to around 3,000 gallons per minute within the first several years.

The Town of Patagonia together with South32 has selected a neutral third party, [Clear Creek & Associates](#), to perform a data review and independent hydrologic evaluation related to potential impacts associated with the proposed discharge to Harshaw Creek. This study is scheduled to conclude at the end of April and more information will be provided as soon as it becomes available.

[Click here to review the Hermosa Project Spring and Seep Survey Sample Site Summary in Patagonia, Arizona.](#)

Additional Resources

[Statutory and Regulatory Requirements for Clean Water Act Section 401 Certification](#)

[South32 Public Presentation – Patagonia Street Improvements](#)

[South32 Public Presentation – Continued Exploration and Permitting](#)

[South32 Hermosa Project News – January 2021](#)

[South32 Hermosa Community Advisory Panel](#)