

From: Jerry Bustamante
Sent: Mon, 27 Apr 2026 14:26:33 -0700
To: Shane Dille
Cc: Jon Paladini; Beth Abramovitz; Galovale Galovale; Thomas Murphy
Subject: Re: [External] Requested Response
Attachments: Response to SSSR Ltr_Town of Sahuarita 2026.04.27.pdf

Hi Shane. Attached is our formal response, as requested.

Thanks,

Jerry Bustamante
Manager of Public Affairs

HUDBAY

Copper World LLC
5285 E. Williams Circle, Suite 2010
Tucson, AZ 85711

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Cell 520.878.6858
Hudbay.com

On Mon, Apr 20, 2026 at 7:19 PM Shane Dille <sdille@sahuaritaaz.gov> wrote:
Hi Jerry,

I hope this email finds you well. Attached you'll find two recent letters from the public that the Town is requesting Hudbay's formal response to allegations contained therein. In your responses, please provide specifics and source references. I ask that Hudbay provides its responses to me so that the Town can review and compile a formal response to the residents themselves. Let me know if you have any questions about this ask. I ask that Hudbay's formal response to these allegations is submitted to me no later than EOD Monday, April 27, 2026.

Additionally, the License Agreement between the Town and Hudbay, refers to Hudbay's obligation to annually report its groundwater production activity, along with its efforts to recharge CAP water into a permitted recharge facility back into the aquifer our community draws its potable water from. In response to similar allegations contained in the attached letters that were brought forward to the Town last December, the Town queried ADWR online database to ascertain any well activity/production on the part of Hudbay, and found non amongst all its local wells. That said, the annual report Hudbay submitted on March 26, 2026, to ADWR reported that in 2025 33.49 AF of groundwater was drawn from the aquifer. I believe the Town and Hudbay needs to formalize an agreed-upon date each year that Hudbay needs to make an accounting to the Town on both the amount of

groundwater produced by its wells, and the amount of CAP water it recharges back into our aquifer. My suggestion is that this day be the same day in which Hudbay is obligated to provide an annual reporting the ADWR. That said, I'm open to suggestions you may have.

I look forward to hearing back from you.

Thanks,

Shane D. Dille, ICMA-CM

Town Manager

o: 520-822-8818 | c: 520-269-2412

sdille@sahuaritaaz.gov | SahuaritaAZ.gov



April 27, 2026

VIA EMAIL

Mr. Shane Dille
Town Manager
Town of Sahuarita
375 W Sahuarita Center Way
Sahuarita, AZ 85629
sdille@sahuaritaaz.gov

Re: Response to April 16, 2026 Correspondence from Save the Scenic Santa Ritas Association Regarding the License for Right-of-Way Encroachment

Dear Mr. Dille:

This letter is the response of Copper World LLC, formerly Rosemont Copper Company, to the April 16, 2026 correspondence from the Save the Scenic Santa Ritas Association ("SSSR") and the April 10, 2026 letter from David Babson. The SSSR letter alleges that Copper World is in material breach of the June 24, 2013 License for Right-of-Way Encroachment (the "License"), and the Babson letter raises various objections and concerns about the Copper World project.

SSSR's allegations and Mr. Babson's assertions misconstrue the facts and the controlling terms of the License. Copper World takes its contractual commitments to the Town seriously and provides the following points of clarification.

Responses to SSSR Letter

First, as correctly stated by the Town Attorney at the Town Council meeting on January 26, 2026, the pipeline authorized by the License has not been constructed. Copper World has not used the License at all since it was issued in 2013 and acknowledges that some of its terms apply prior to actual use.

The License is not required for Copper World to drill wells on its private property, and it does not require any reporting to the Town about well development activities. Copper World has confirmed that its contractor failed to file certain well completion reports with the Arizona Department of Water Resources ("ADWR") and has directed the contractor to correct this administrative oversight immediately. This ADWR filing issue is separate from Copper World's obligations to the Town under the License.

The water pumpage included in Copper World's 2025 Annual Report was limited to initial, short-term testing of the new wells. This water was not put to consumptive use for mining or other purposes; it was merely fresh water released to nearby washes. Regarding the License's annual

reporting requirement, Copper World had not previously considered this obligation to be triggered by minimal, non-consumptive test pumping. This good-faith interpretation was not an attempt to conceal anything from the Town. If the Town would like a formal report on the 2025 pump test results, Copper World will prepare one immediately.

Finally, and most importantly, the License itself dictates the exclusive process for addressing any alleged breach. Paragraph 24 of the License establishes a mandatory notice-and-cure procedure. Given that this process was not initiated, no default exists. Copper World respectfully requests that the Town disregard SSSR's demand and adhere to the dispute resolution process agreed to in the License.

Responses to Babson Letter

Mr. Babson's air quality and dust concerns have already been addressed by the Arizona Department of Environmental Quality ("ADEQ"). ADEQ issued an Air Quality Permit for the Copper World Project which requires air quality standards be met during operations. This was based on comprehensive modeling of emissions and weather conditions in the area. The permit requires extensive monitoring and reporting of actual emissions to ensure compliance with air quality standards. Mr. Babson's speculative assertions do not undermine the thorough analysis of ADEQ's air quality experts.

Mr. Babson's traffic concerns are also speculative and premature. His letter cites projected truck volumes and routes while also acknowledging that the details are not yet known. These operational details are still being developed. However, when those plans are sufficiently advanced, Copper World will work cooperatively with the Town to secure reasonable traffic or road mitigation measures.

Mr. Babson is also wrong to assert that Copper World will be unable to satisfy its water recharge obligations. Paragraph 8 of the License requires Copper World to recharge CAP water in the "Recharge Area" equal to 105% of withdrawals from "Rosemont Wells." Hudbay fully intends to meet that obligation. Hudbay has already recharged over 40,000 acre-feet in the Tucson AMA, which demonstrates good faith commitment to local water stewardship. Hudbay is currently constructing Project Renew with its partner, the Community Water Company of Green Valley, to bring CAP water into the Sahuarita area. Mr. Babson's assertion that this "will never happen" is simply wrong.

Mr. Babson also suggests that Copper World has shifted entirely to shipment of concentrate overseas. This is also false. Copper World is designed to be a domestic supply chain solution for the U.S. by producing finished copper. For the first five years of operation, Copper World will ship copper concentrate for refining. In the fifth year of operation, Copper World will add a solvent extraction and electrowinning (SX/EW) plant to produce finished copper cathode in the U.S. "Made in America."

Finally, Mr. Babson's claim that the Copper World Project offers no benefit to Sahuarita completely ignores the massive economic benefits the project will create. The Town of Sahuarita wisely embraced mining's presence in the area since the Town's inception, and the Town and its families continue to benefit from that decision. Copper World will contribute to further solidifying the Town of Sahuarita as a mining community and the Town people will further benefit.

Conclusion

We are sharing this letter in the spirit of cooperation and to help us reach a positive resolution together. Our focus is on moving forward productively and in a manner that benefits the Town and its families. Copper World's primary goal is to work in good faith with the Town.

We truly value our relationship with the Town and are confident we can resolve this matter through our usual open dialogue. Our commitment to Sahuarita and to meeting our shared goals remains as strong as ever. We're happy to meet at your convenience to talk through the details and answer any questions you might have.

Sincerely,



Robert Comer
Executive Director, External Affairs & Legal