NEVADA ENVIRONMENTAL RESPONSE TRUST

LE PETOMANE XXVII, INC., NOT INDIVIDUALLY BUT SOLELY AS ENVIRONMENTAL RESPONSE TRUST TRUSTEE

3Q 2018 STAKEHOLDER CONFERENCE CALL

AUGUST 1, 2018

STATE OF THE TRUST – 3Q 2018

- Remedial Investigation on schedule
  - Phase 3 RI within OU-2 has been completed
  - Off-site access finalized for Phase 3 RI within OU-3
  - Downgradient Phase 1 groundwater wells installed
- Feasibility Study on schedule
  - 6 treatability / pilot studies currently underway
- AP-5 material removal complete
- Drafting of OU-1/OU-2 Remedial Investigation Report underway
- Receipt of $7,858,684 from DOD on 6/25 (100% of demand)
- 1st Half 2018 costs and investment income thus far as projected
- Continued progress on NERT Third Amendment
- Advancing dialogue on AMPAC matter

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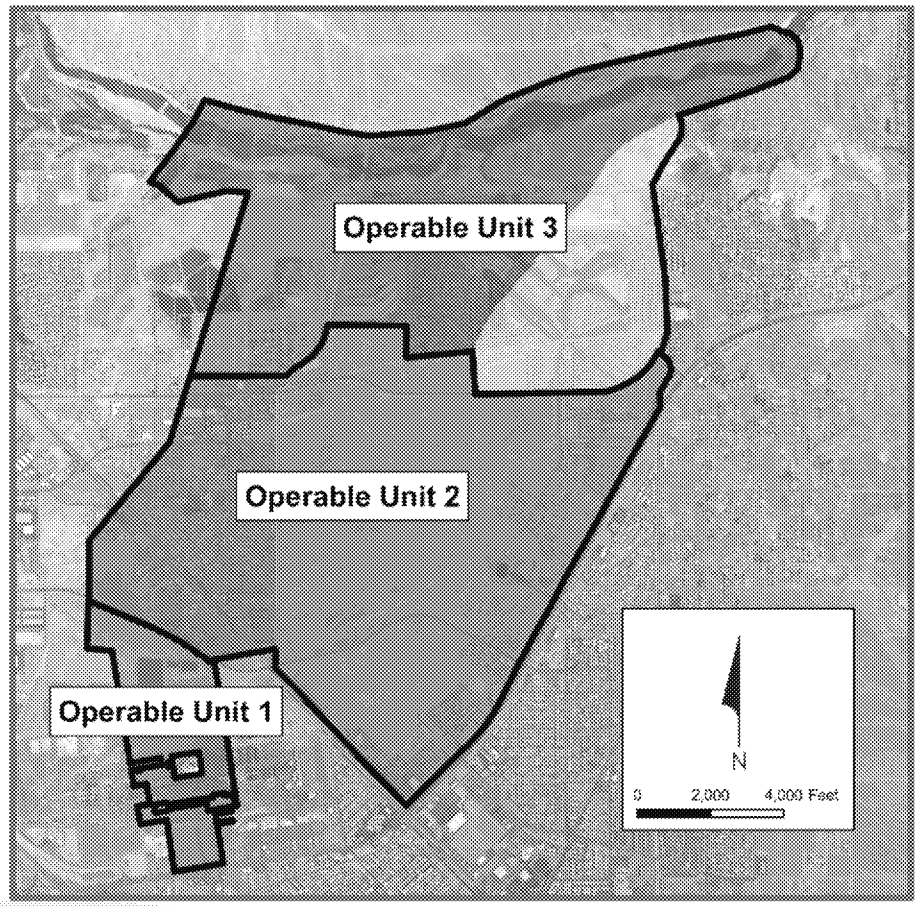
NERT REMEDIAL STRATEGY

- OU strategy implemented in 2017 to expedite remedy implementation
- RAOs established for each OU
  - OU 1: Site Source Control and Containment
  - OU 2: Mid-Plume Containment and Mass Removal
  - OU 3: Mitigate Discharge to Las Vegas Wash



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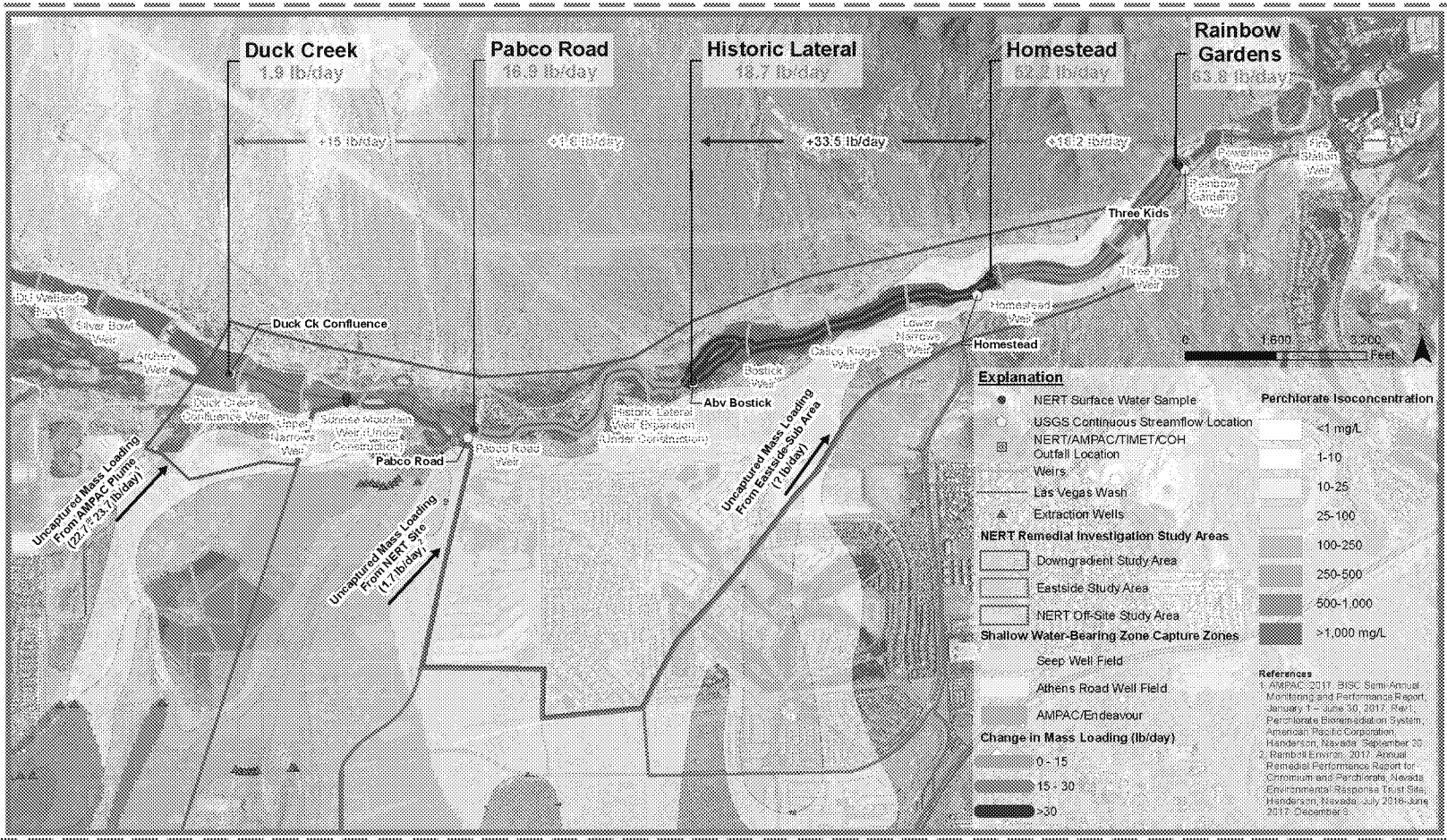
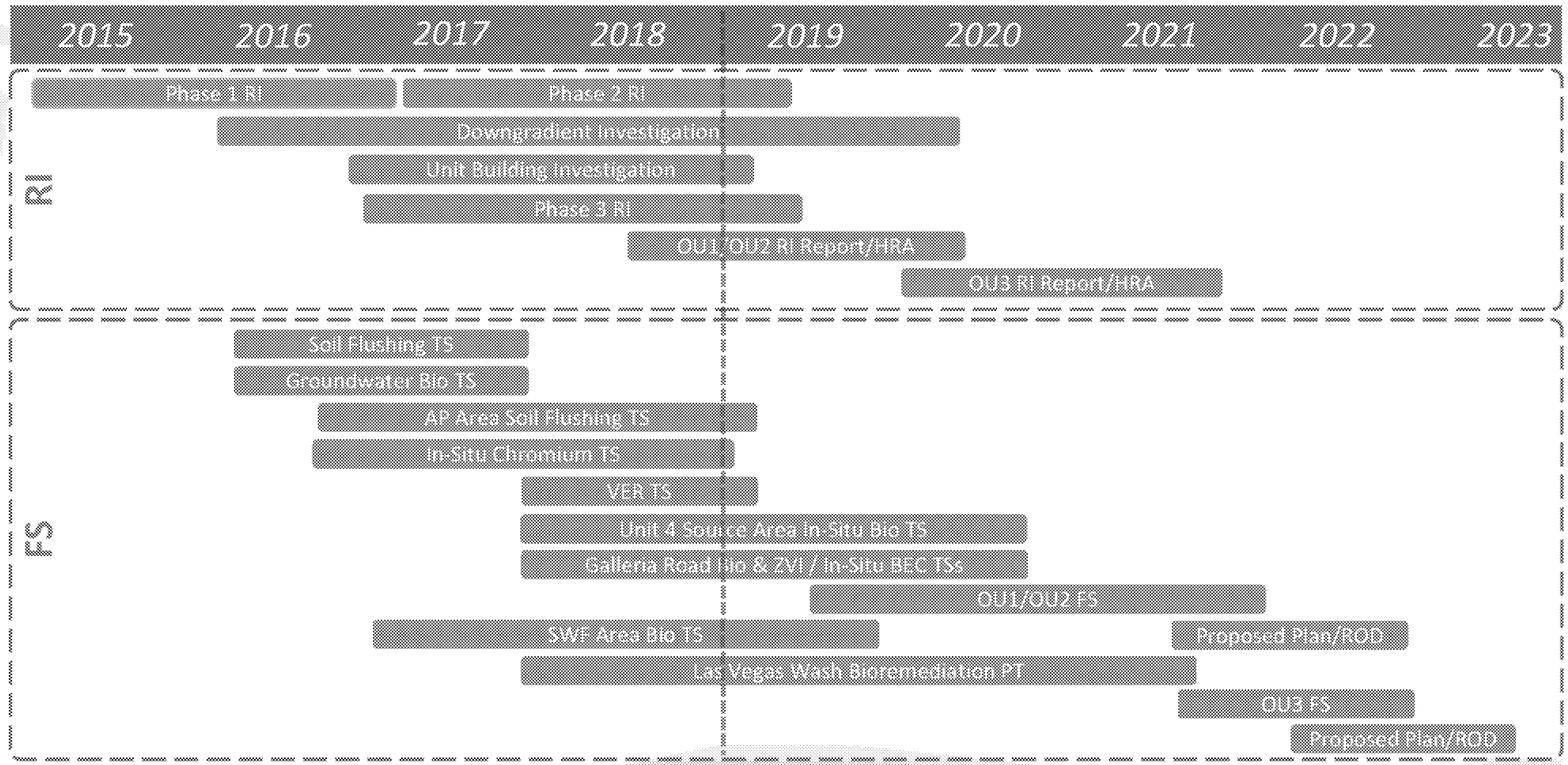
NERT REMEDIAL STRATEGY



REMEDIAL PROGRAM UPDATE



NEVADA ENVIRONMENTAL RESPONSE TRUST

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REMEDIAL PROGRAM UPDATE: OU-1/OU-2

3Q 2018 STAKEHOLDER CONFERENCE CALL

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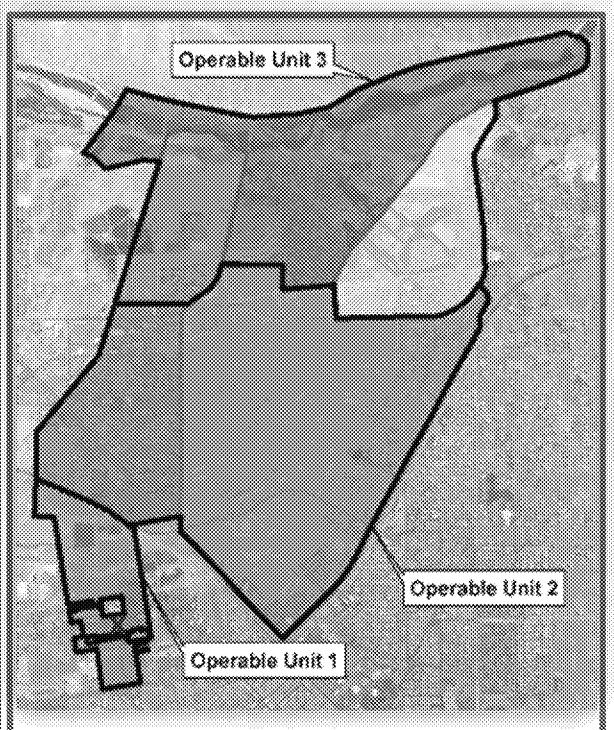
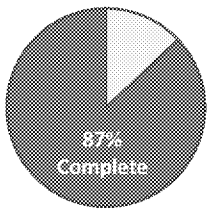
REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: UNIT 4 & 5 BUILDINGS INVESTIGATION

- Field work complete
  - 21 permanent wells
  - 330 groundwater samples
  - 77 soil borings
  - 1,527 soil samples
- Data evaluation and report preparation underway
- Report will be submitted as part of the OU-1 / OU-2 RI Report (March 2019)



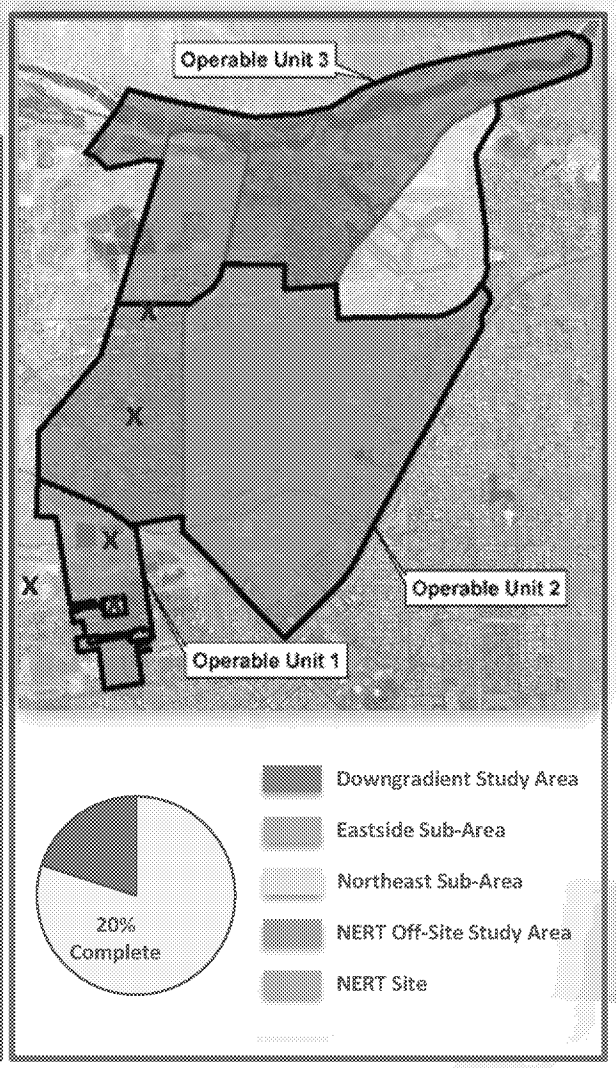


Downgradient Study Area
Eastside Sub-Area
Northeast Sub-Area
NERT Off-Site Study Area
NERT Site

REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: PHASE 2 RI MODIFICATIONS

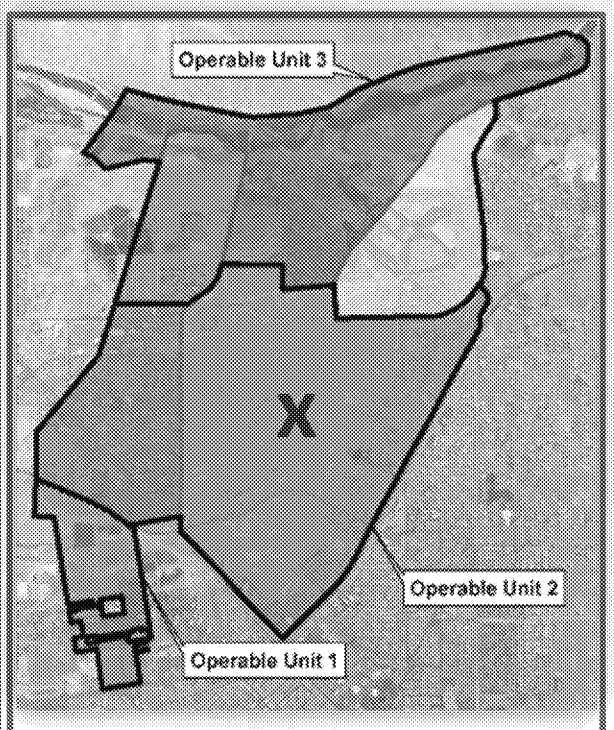
- Modification #6 : Soil Background Study underway (field work complete)
- Modification #11 : OU-1/OU-2 Soil Gas Investigation beginning in September 2018 (Date pending work plan approval)
- Modification #12 : Parcel E site characterization activities beginning in August 2018 (NDEP approved)
- Additional Work Plans:
  - Barrier Wall Geophysical Integrity Evaluation underway
  - AWF Capture Evaluation / UMCf Matrix Diffusion Evaluation underway

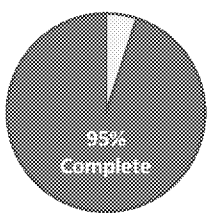


REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: PHASE 3 RI

- Drilling and Soil Sampling - Complete
  - 27 monitoring wells
  - 18 soil borings
  - 57 transect borings
  - 580 soil samples
  - 186 physical test samples
- Well Development, Sampling, and Hydraulic Testing - Ongoing
  - 27 new monitoring wells developed and sampled
  - 113 existing wells sampled
  - 30 wells slug tested





Downgradient Study Area
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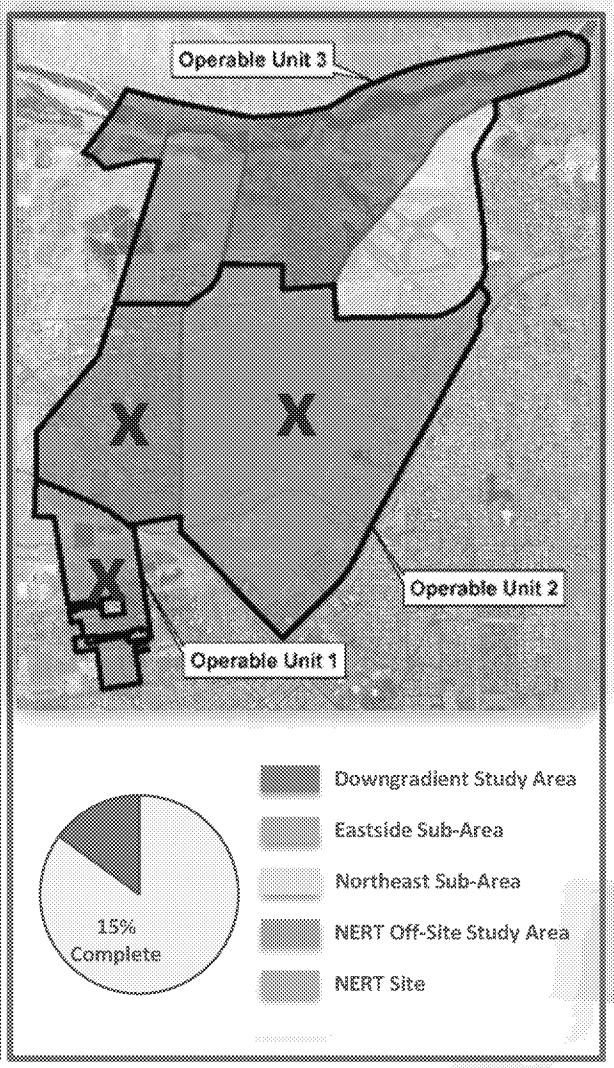
NERT Off-Site Study Area
NERT Site

REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: RI REPORT

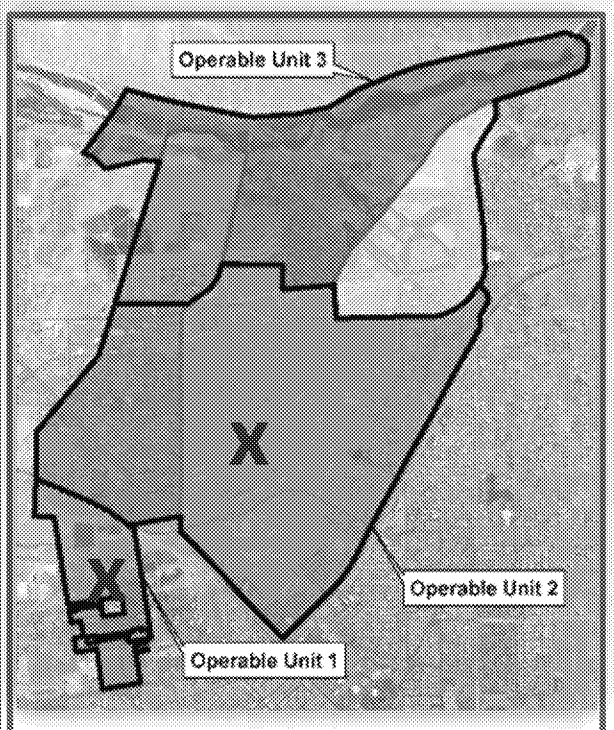
- Preparation of RI Report in progress
  - Data evaluation
  - Geologic cross section development underway
  - Initial draft sections of RI Report (Introduction, Site History, Regulatory Actions and Site Investigations, Physical and Environmental Setting, Conceptual Site Model, and Risk Assessment Summary)
- Stakeholder Roundtable to be scheduled in late 4Q 2018
- OU-1/OU-2 RI Report to be submitted in March 2019

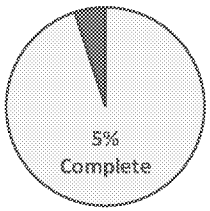


REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: RISK ASSESSMENTS

- OU-1 Soil COPC / Decision Unit Report approved in December 2017
- OU-2 Screening Ecological Risk Assessment Work Plan submitted in June 2018
- OU-1 / OU-2 Soil Gas /Groundwater Baseline Health Risk Assessment Work Plan under preparation; work plan to be submitted in early August 2018
- OU-1 Soil Baseline Health Risk Assessment underway; report to be submitted in ~March 2019
- OU-1 / OU-2 Human Health and Ecological Risk Assessment reports to be submitted in ~July 2019





Downgradient Study Area
Eastside Sub-Area
Northeast Sub-Area
NERT Off-Site Study Area
NERT Site

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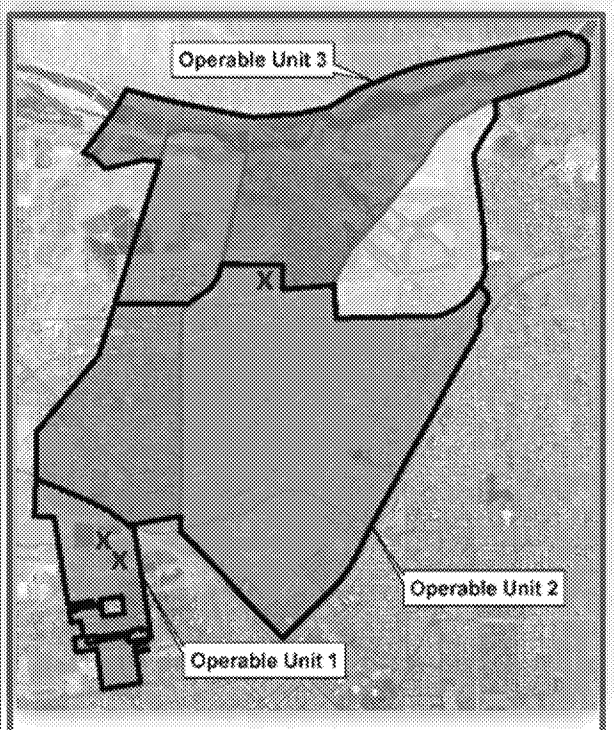
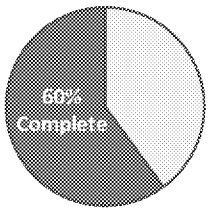
REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: FEASIBILITY STUDY

- In-Situ Chromium Treatability Study
  - Addressed NDEP comments; revised report submitted in June 2018
- Vacuum Enhanced Recovery Treatability Study
  - Report submitted in July 2018
- Galleria Road Bioremediation Treatability Study
  - Phase 1 field activities completed
  - Stakeholder Roundtable to be held in August 2018
  - Work Plan Addendum (incl. third-party cost review) to be submitted in October 2018
  - Final Report to be submitted in 2Q 2020



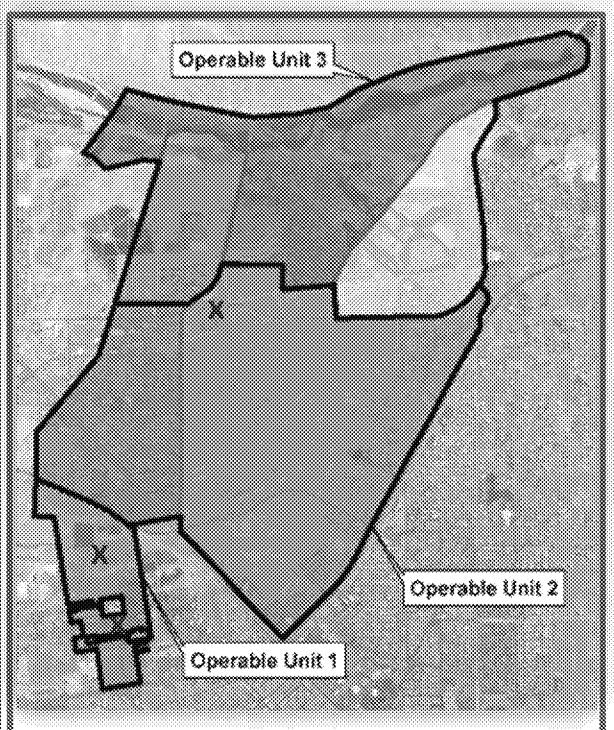


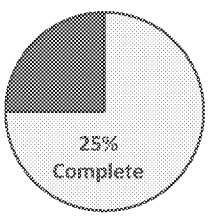
Downgradient Study Area
Eastside Sub-Area
Northeast Sub-Area
NERT Off-Site Study Area
NERT Site

REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: FEASIBILITY STUDY

- AP Area Soil Flushing Treatability Study
  - Data evaluation ongoing
  - Report to be submitted in August 2018
- Galleria Road ZVI Treatability Study
  - Phase 1 field activities completed
  - Completion of UNLV bench-scale lab testing 4Q 2018
  - Stakeholder Roundtable to be scheduled 4Q 2018
  - Work Plan Addendum (incl. third-party cost review) to be submitted in 1Q 2019
  - Report to be submitted in 1Q 2020



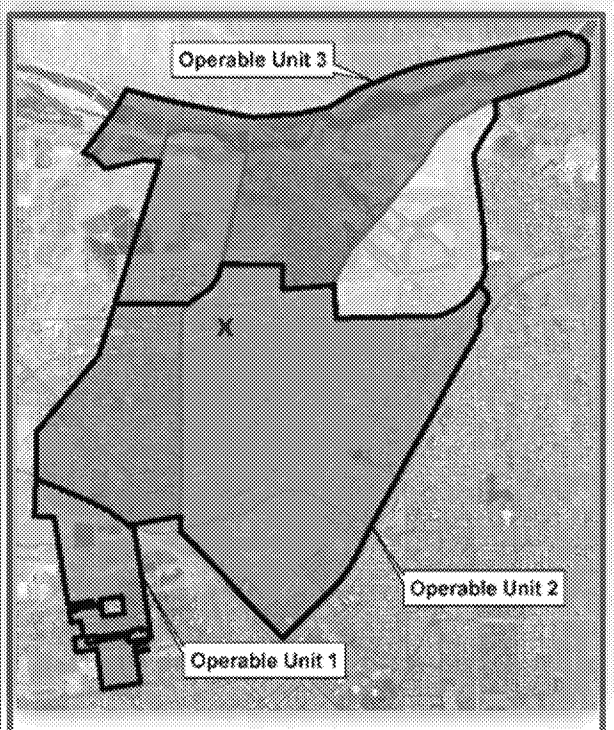


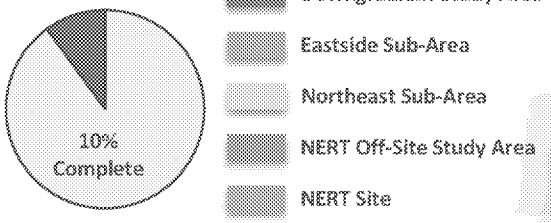
Downgradient Study Area
Eastside Sub-Area
Northeast Sub-Area
NERT Off-Site Study Area
NERT Site

REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: FEASIBILITY STUDY

- Unit 4 In-Situ Source Area Treatability Study
  - Site characterization activities ongoing
  - Stakeholder Roundtable to be scheduled 4Q 2018
  - Work Plan Addendum (incl. third-party cost review) to be submitted in 1Q 2019
  - Report to be submitted in 4Q2 2020
- In-Situ Bioelectrochemical Laboratory-Scale Treatability Study
  - Work Plan submitted in May 2018 (NDEP approved)
  - Laboratory testing underway
- OU-1/OU-2 Feasibility Study to be submitted in 1Q 2021





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REMEDIAL PROGRAM UPDATE: OU-3

3Q 2018 STAKEHOLDER CONFERENCE CALL

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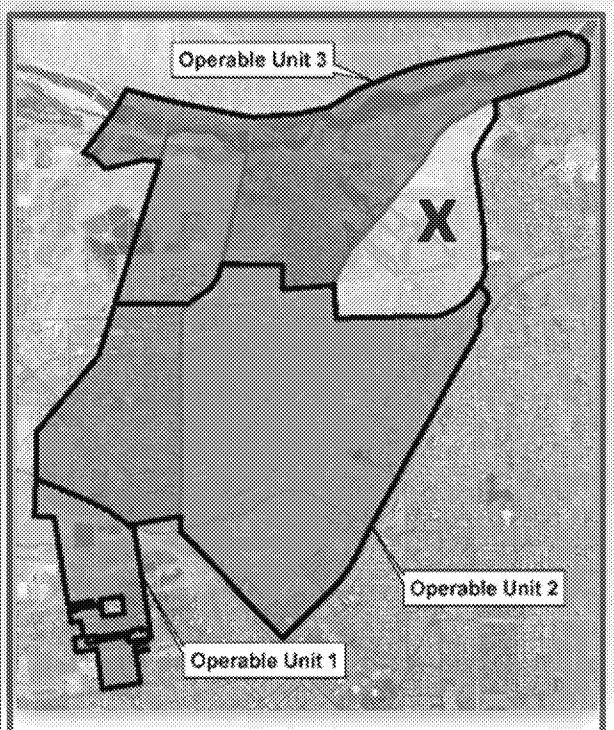
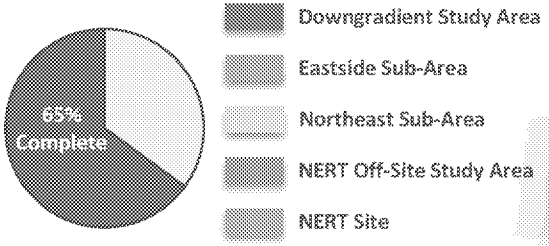
REMEDIAL PROGRAM UPDATES

OU-3: PHASE 3 RI

- Drilling and Soil Sampling Completed To Date:
  - 4 monitoring wells
  - 7 transect borings
  - 48 soil samples and 33 physical test samples
- Well Development, Sampling, and Hydraulic Testing Completed To Date:
  - 4 new monitoring wells developed / sampled
  - 30 existing wells sampled
  - 4 wells slug tested
- Installation of wells in Tuscany community began July 30, 2018
- Well sampling and hydraulic testing to follow well installation and development





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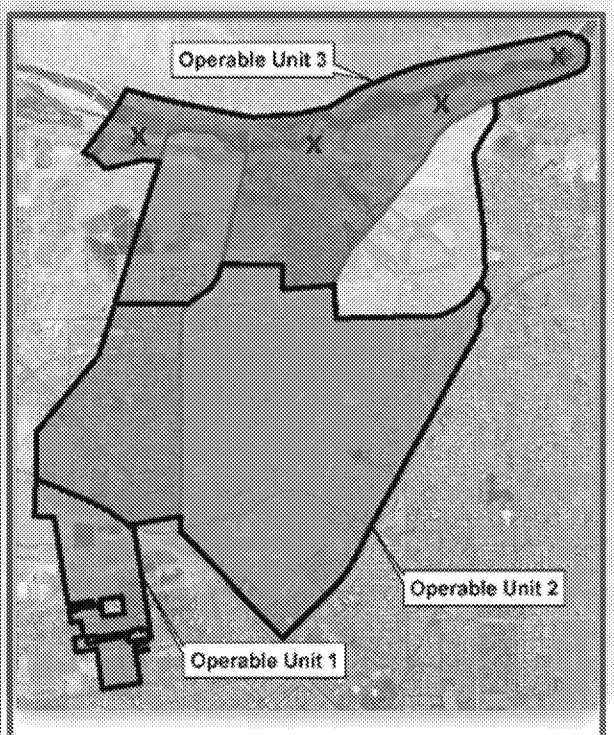
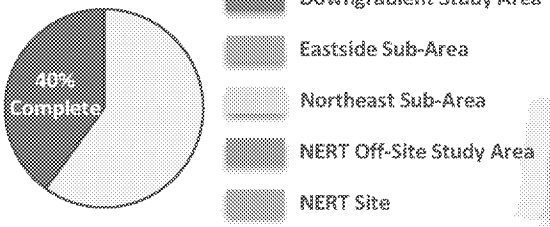
REMEDIAL PROGRAM UPDATES

OU-3: DOWNGRADIENT INVESTIGATION

- Thermal Infrared Investigation and Distributed Temperature Survey completed
- Surface Water Sampling completed
- Phase 1 Groundwater investigation drilling activities completed
- Groundwater investigation underway





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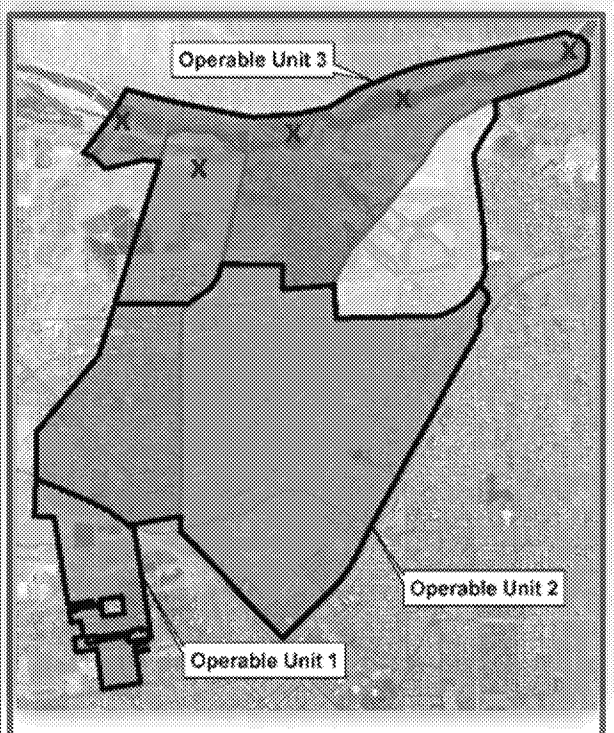
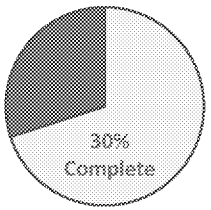
REMEDIAL PROGRAM UPDATES

OU-3: PHASE 2 RI MODIFICATIONS

- Modifications # 3 & 10 : Surface water sampling program ongoing
- Forthcoming Modification
  - Additional deep soil borings planned within NERT Off-site RI Study Area to complement Downgradient Investigation



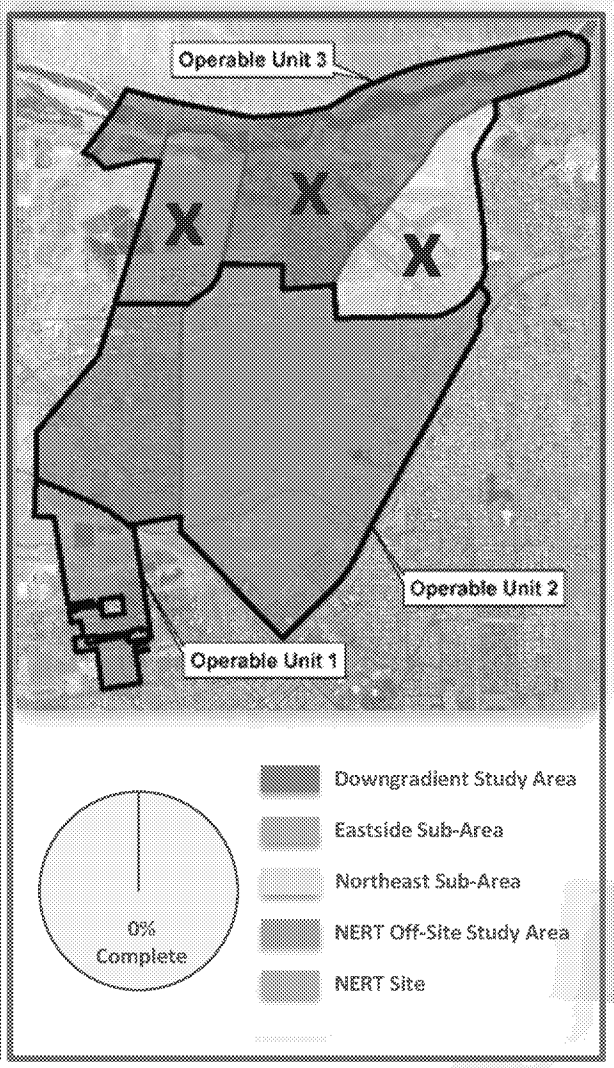


Downgradient Study Area
Eastside Sub-Area
Northeast Sub-Area
NERT Off-Site Study Area
NERT Site

REMEDIAL PROGRAM UPDATES

OU-3: RI REPORT

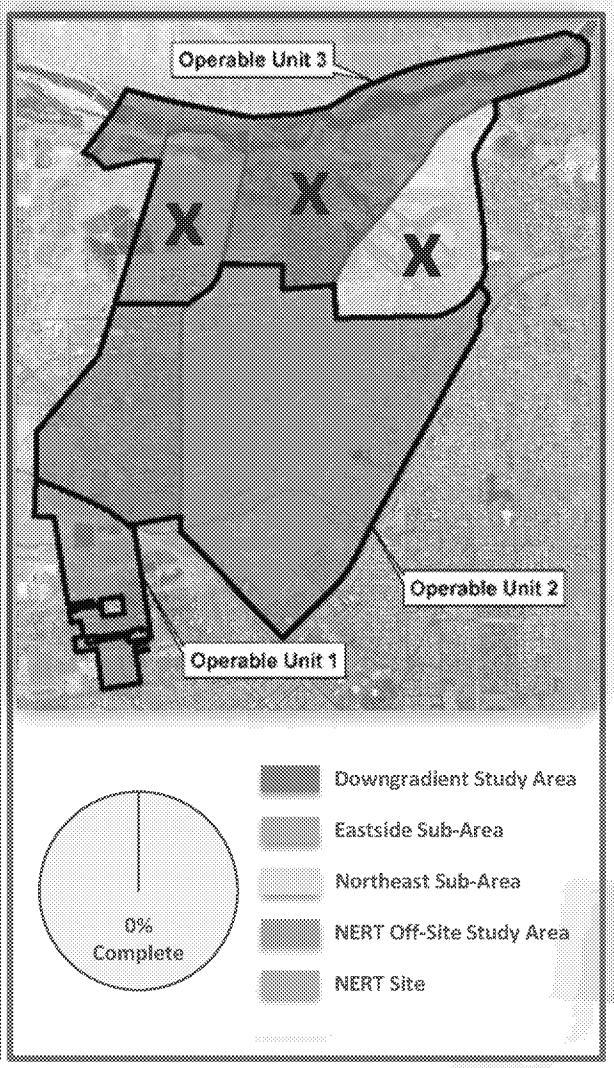
- Report preparation activities expected to begin in 2019
- Stakeholder Roundtable to be scheduled in 1Q 2020
- OU-3 RI Report to be submitted in 2Q 2020



REMEDIAL PROGRAM UPDATES

OU-3: RISK ASSESSMENTS

- OU-3 Baseline Ecological Risk Assessment Work Plan to be submitted in August 2018
- OU-3 Baseline Health Risk Assessment Work Plan to be submitted in 2Q 2019
- OU-3 Baseline Ecological and Health Risk Assessment reports to be submitted in 4Q 2020



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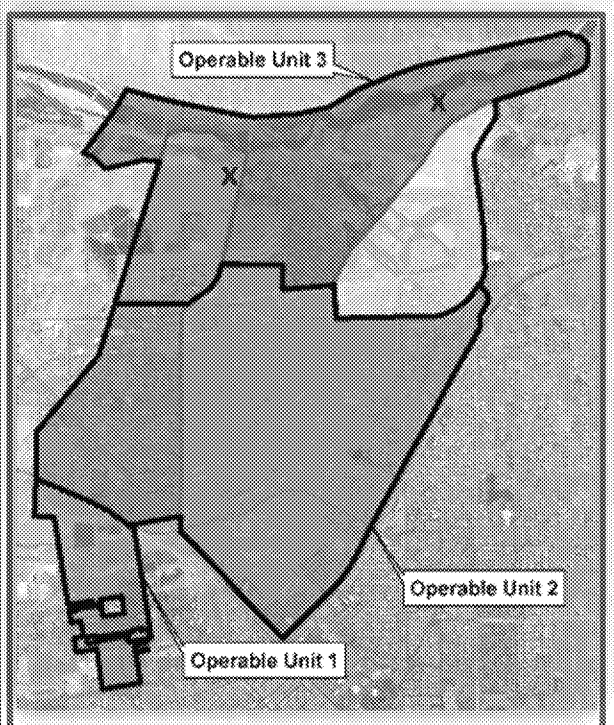
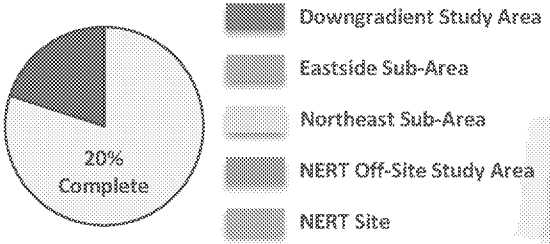
REMEDIAL PROGRAM UPDATES

OU-3: FEASIBILITY STUDY

- Seep Area Bioremediation Treatability Study
  - Third injection completed, monitoring underway
  - Report to be submitted in 1Q 2019
- Las Vegas Wash Pilot Study
  - Transect 1A field activities complete (COH property)
  - Transect 1B activities ongoing (CC property)
  - TS Modification forthcoming for additional deep soil borings/wells near Calico Ridge Weir
  - Stakeholder Roundtable to be scheduled 4Q 2018
  - Work Plan Addendum (incl. third-party cost review) to be submitted in 1Q 2019
  - Report to be submitted in 1Q 2021





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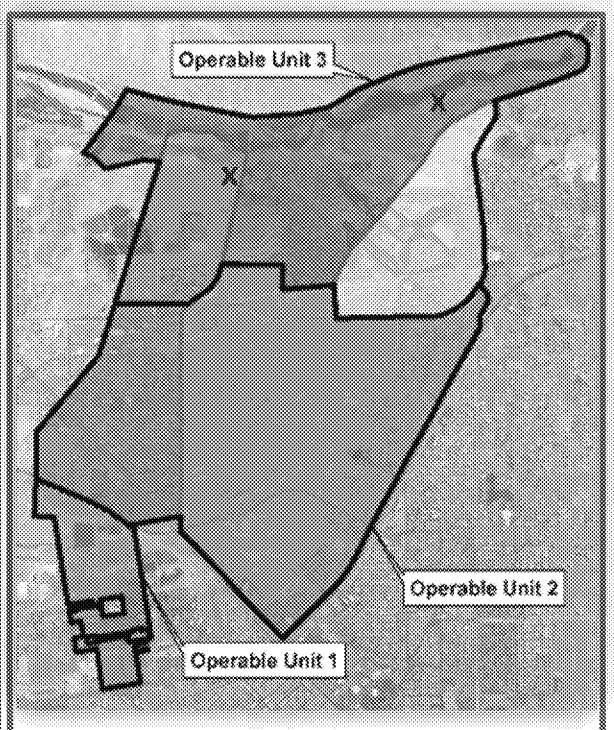
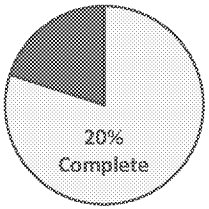
REMEDIAL PROGRAM UPDATES

OU-3: FEASIBILITY STUDY

- Feasibility Study to be submitted in 4Q 2021





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OTHER PROJECTS

3Q 2018 STAKEHOLDER CONFERENCE CALL

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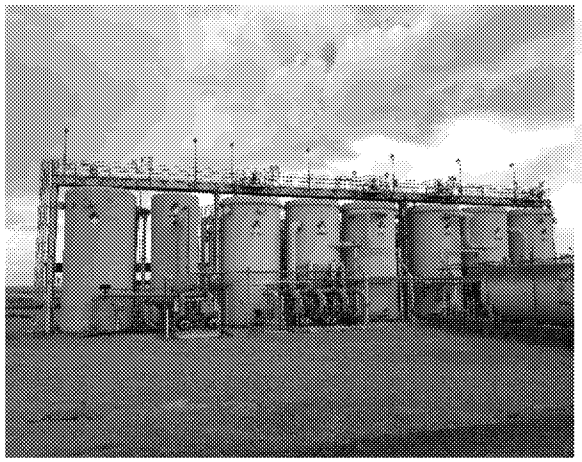
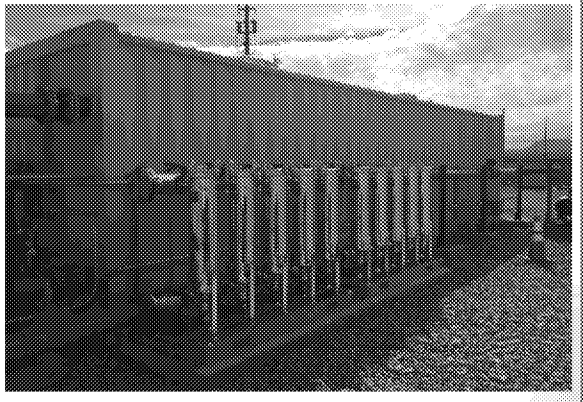
OTHER PROJECTS

GWETS

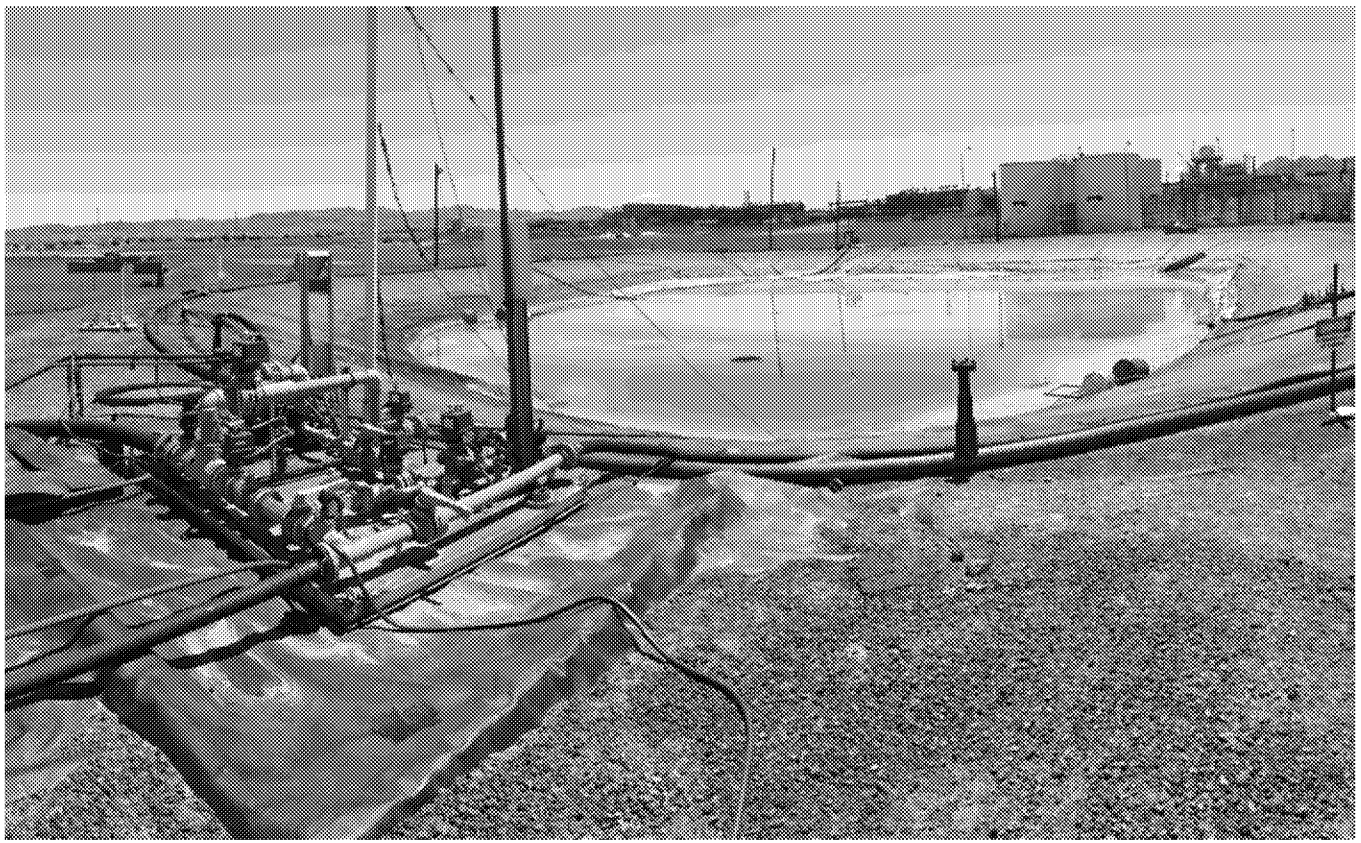
GWETS COMPONENT	STATUS	COMMENTS
Extraction Wells	Condition Normal	Average total extraction rate at ~1,260 gpm
Lift Stations / Pipelines	Condition Normal	Increased pigging implemented; coagulant pilot study complete; and coagulant change planned
GW-11 : Volume	35MG ~19 days available	Desired available volume > 17 days; Long-term plan to decommission
Chromium Treatment Plant	Condition Normal	Accepting ~70 gpm from IWF and AP Area Extraction Wells
Biological Treatment Plant	Condition Normal	Processing AP-5 material at ~2 gpm
Ion Exchange Treatment Plant	Condition Normal	Accepting ~180 gpm of 760 gpm generated from SWF





OTHER PROJECTS

AP-5



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OTHER PROJECTS

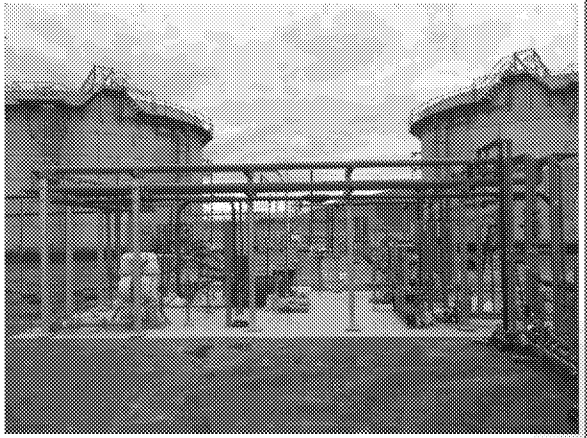
AP-5

ED_002461_00004243-00026

OTHER PROJECTS

AP-5

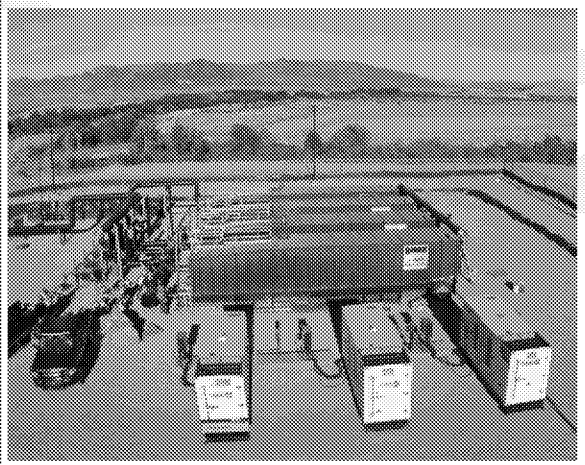
- ~1,550,000 gallons of AP wash water has been decanted and ~2,016,000 gallons have been treated by the FBRs
- Approximately 430,000 lbs of perchlorate destroyed
- In-pond solids removal activities completed July 19, 2018; Approximately 3.5M gallons of slurry transferred
- Liner system (primary liner, secondary liner, filter fabric, drainage sand, gravel sump, and leak detection pipe) removal activities have begun
- Following liner removal the berm will be excavated and disposed offsite
- Ammonia pre-treatment of decant will not be necessary

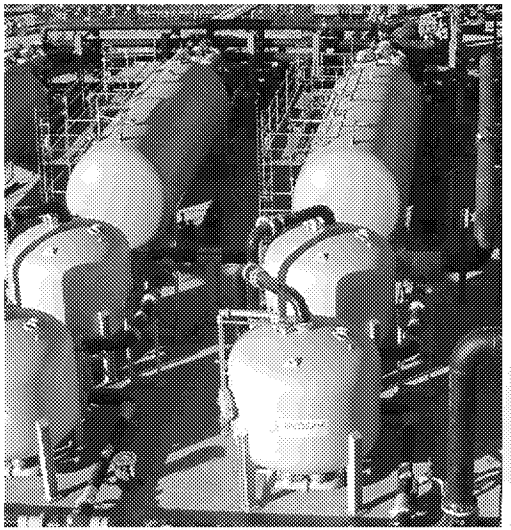


OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

- Historic Lateral Weir
  - June 2018 flow rates varied between 577 to 1,346 gpm; average 1,107 gpm
  - June 2018 perchlorate concentrations varied between 59 and 159 ppb; average 119 ppb
  - Dewatering was terminated by SNWA on June 4, 2018
- Sunrise Mountain Weir
  - June 2018 flow rates varied between 1,598 to 2,258 gpm; average 2,124 gpm
  - June 2018 perchlorate concentrations varied between 918 and 1,340 ppb; average 1,065 ppb
  - Dewatering anticipated to continue though September 2018
- 4,952 lbs of perchlorate removed from the environment





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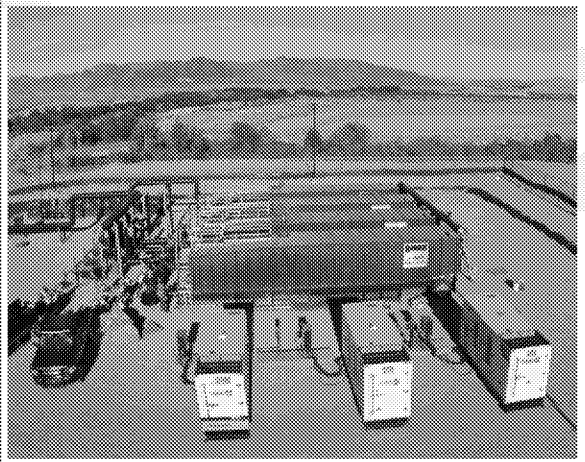
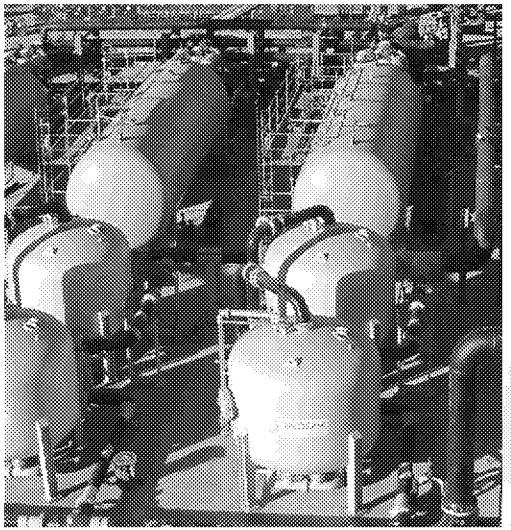
OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

- Demolition
- Disposition
- Restoration





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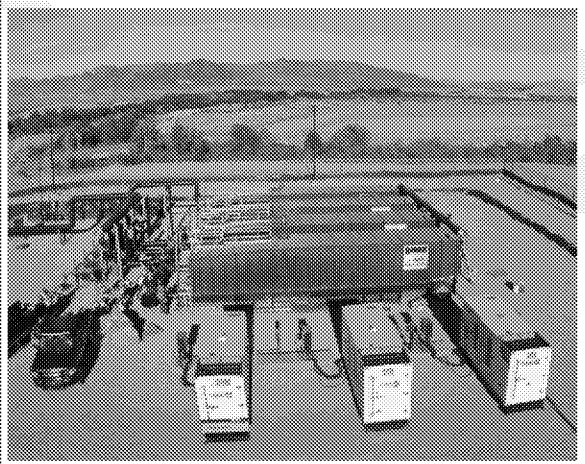
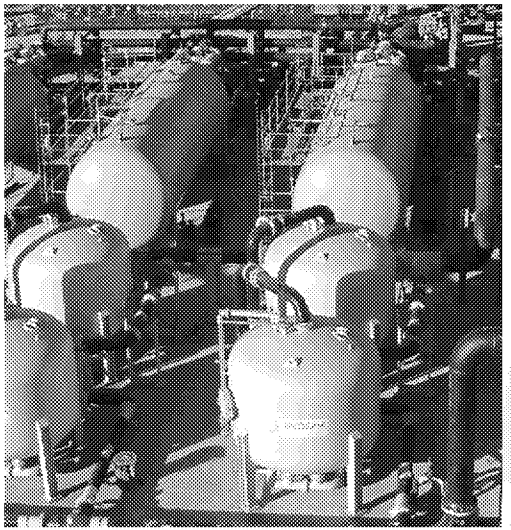
OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

- Demolition
  - 7 contractors identified; 6 contractors received bid packages; 2 provided bids
  - Base bids assumed 100% recycle / disposal with intent to adjust based on disposition path
  - Contractor selected; Scheduling in progress
  - Long-lead permit process has begun
    - One State
    - Four County
    - Bureau of Reclamation Plan

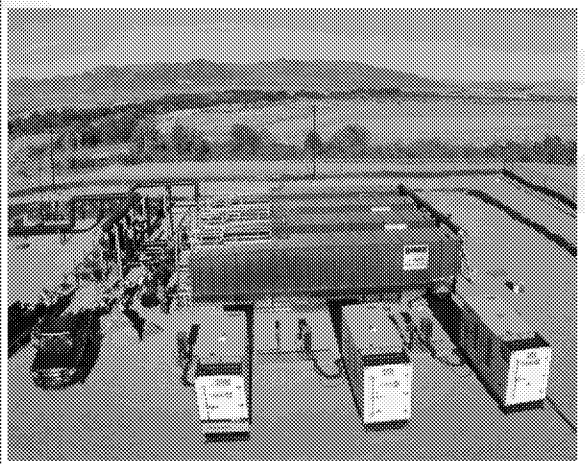


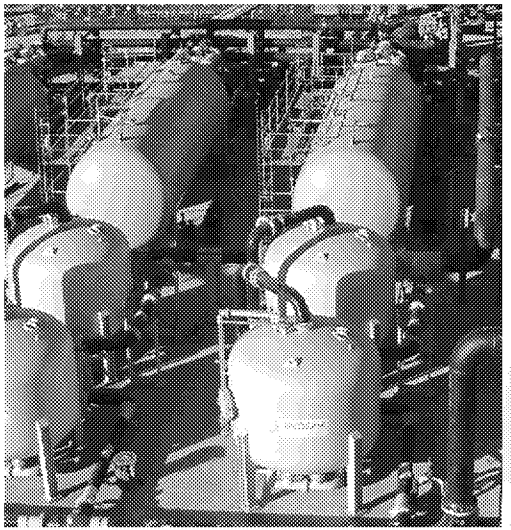


OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

- Disposition
  - Options identified and selected
    - Retain *...what we need*
    - Sell *...what can be sold*
    - Scrap *...what has value*
    - Dispose *...what remains*

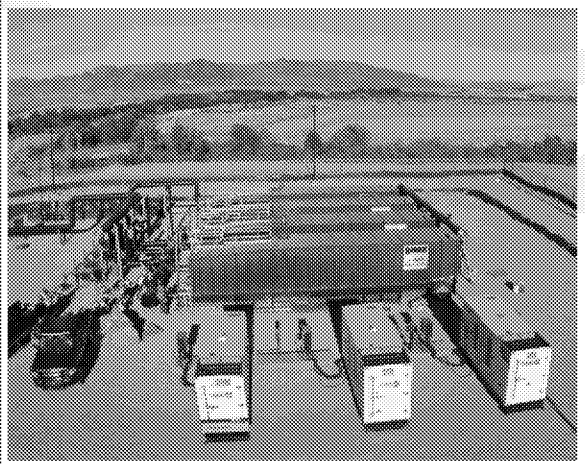


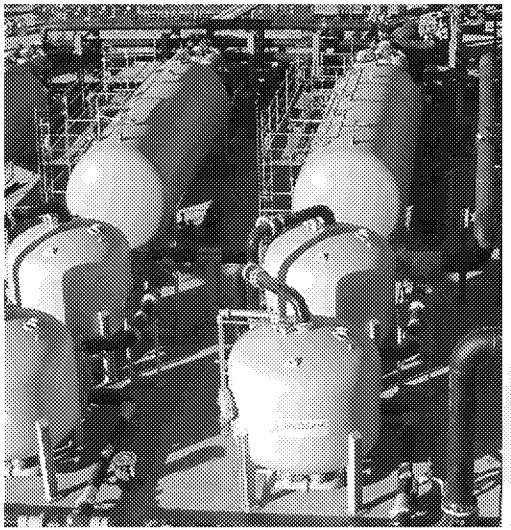


OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

- Disposition
  - Equipment lots
    - *Pumps : 24 from 30 to 2,300 gpm*
    - Cyclones : 2 sized for 6,900 gpm
    - Media filters : 3 sized for 6,900 gpm
    - Ion Exchange vessels : 3 sized for 6,900 gpm
    - *Valves and Instrumentation : Various*
    - *Samplers / Meters : Various*
    - *Electrical Equipment : Various*
  - Rental equipment return to supplier
    - Generators / Storage Tanks

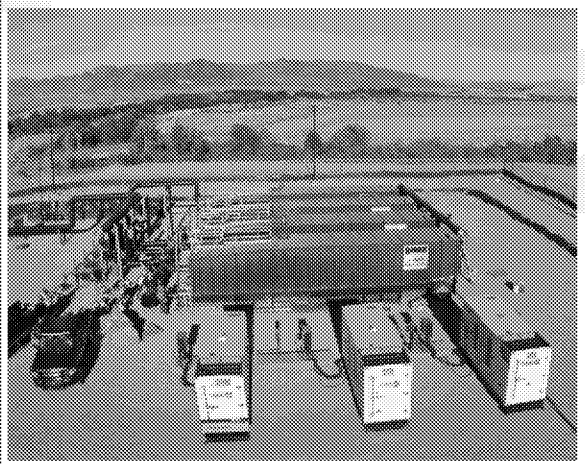


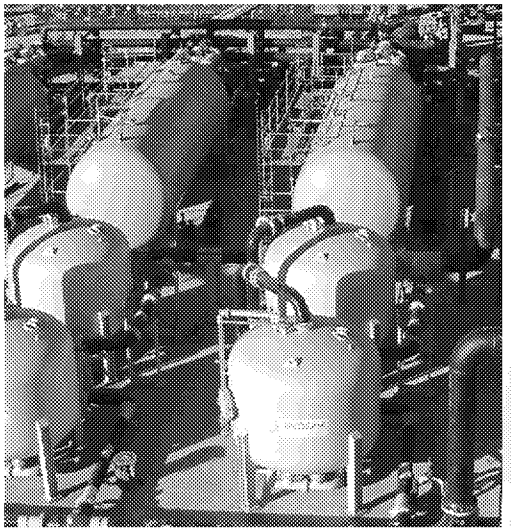


OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

- Disposition
  - Status
    - Finalization of list to retain
    - Coordinating site walk for interested parties
  - Next steps
    - Receive / review bids
    - Adjust demolition scope accordingly

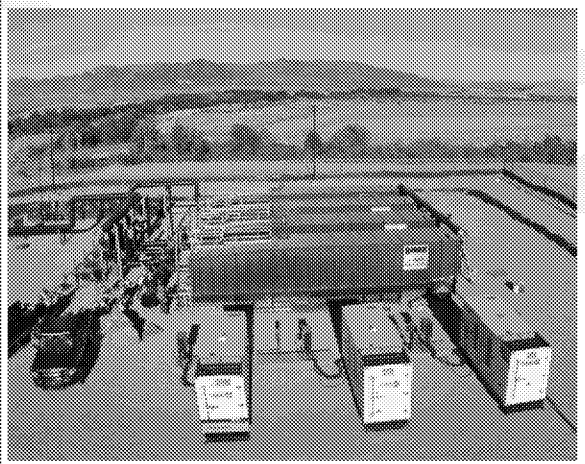


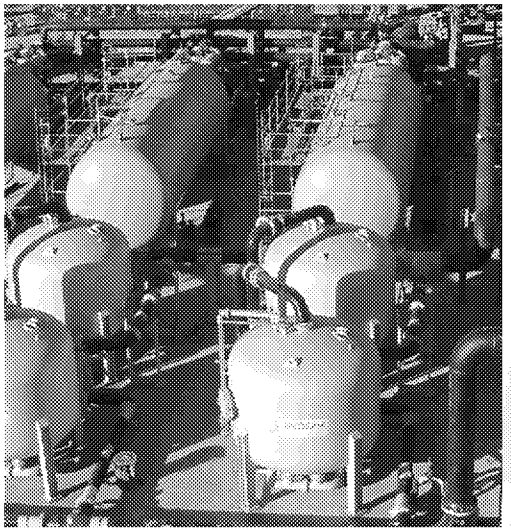


OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

- Restoration
  - Dialogue in progress with Bureau of Reclamation
  - Reclamation Plan to be submitted in August
  - Major components
    - Removal of all components (above and underground)
    - Grading
    - Revegetation





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OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May

Finalize disposition / contracting

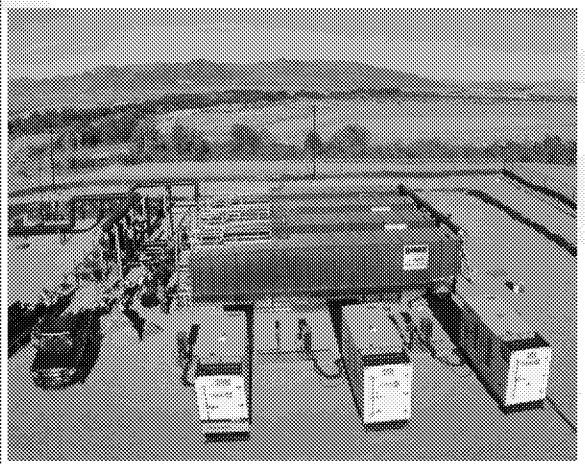
HLPS Decommissioning

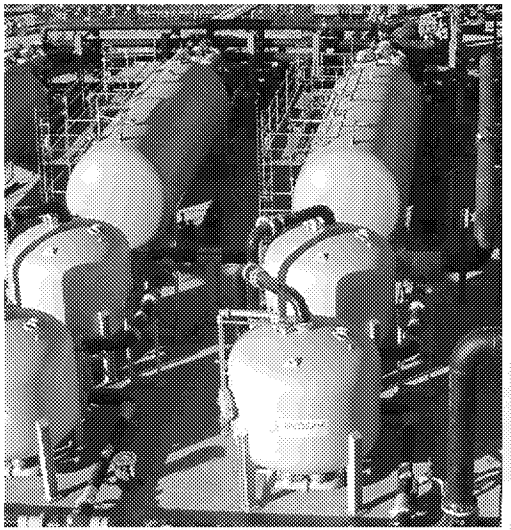
CWTP/SMPS Decommissioning

CWTP/SMPS Operations

SNWA Approval for CWTP/SMPS Decommissioning

Site Restoration

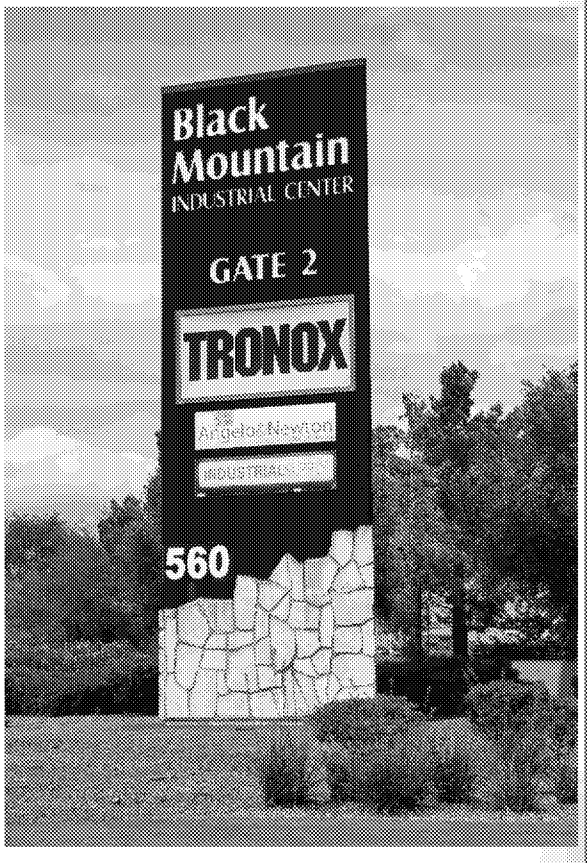




OTHER PROJECTS

TRONOX LEASE ASSIGNMENT

- Tronox requested assignment of its lease in April 2018
- Assignment request was contingent on NERT releasing both Tronox and its Guarantor for all liability
- Project to determine Tronox's lease termination obligations approximately 50% complete
- **NEW DEVELOPMENT**
  - Tronox desires to revise its initial request to assignment only; Trust performed compliance audits and intends to approve
  - Tronox will be requesting a release, likely limited, separate from the assignment



NEVADA ENVIRONMENTAL RESPONSE TRUST

LE PETOMANE XXVII, INC., NOT INDIVIDUALLY BUT SOLELY AS ENVIRONMENTAL RESPONSE TRUST TRUSTEE

UPCOMING DELIVERABLES AND TECHNICAL ROUNDTABLES

3Q 2018 STAKEHOLDER CONFERENCE CALL

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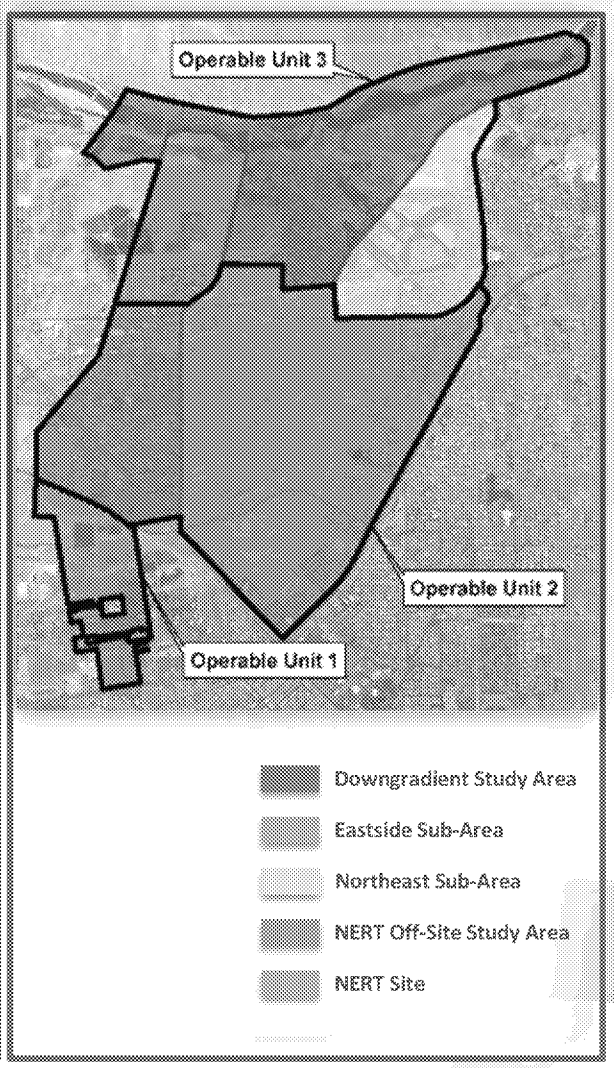
DELIVERABLES AND TECHNICAL ROUNDTABLES

UPCOMING 3Q 2018 DELIVERABLES

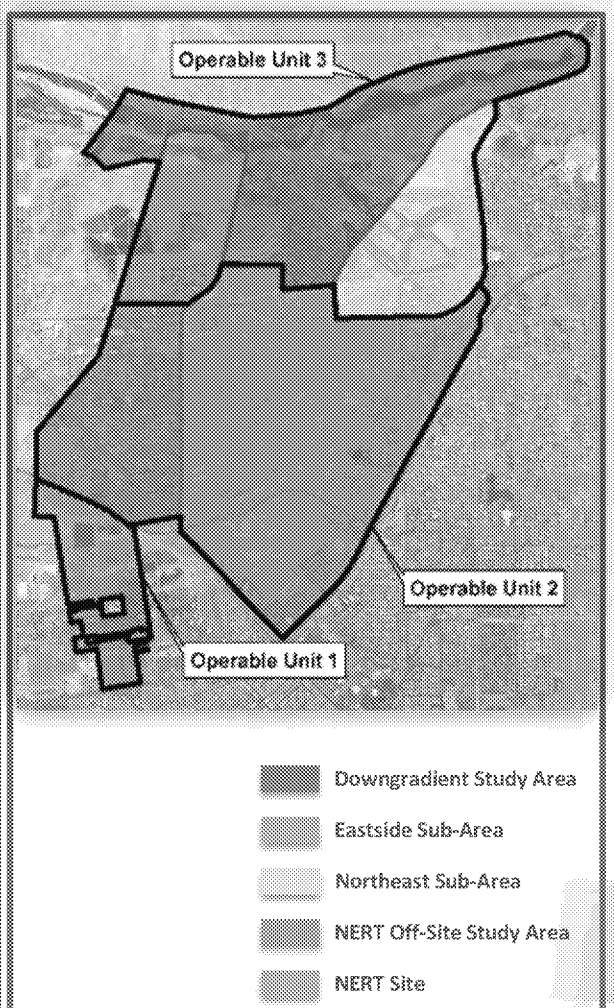
- OU-1/OU-2 Soil Gas/Groundwater BHRA Work Plan (August 2018)
- AP Area Down Flushing Treatability Study Report (August 2018)



DELIVERABLES AND TECHNICAL ROUNDTABLES

TECHNICAL ROUNDTABLES

- 3Q 2018
  - Galleria Road Bioremediation Work Plan Addendum
- 4Q 2018
  - Las Vegas Wash Pilot Study Work Plan Addendum
  - Unit 4 Source Area In-Situ Bioremediation Work Plan Addendum
  - Galleria Road ZVI Work Plan Addendum
  - Remedial Strategy & OU-1 / OU-2 RI Results



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STAKEHOLDER Q&A

3Q 2018 STAKEHOLDER CONFERENCE CALL

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NEVADA ENVIRONMENTAL RESPONSE TRUST

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FINANCIAL UPDATES

3Q 2018 STAKEHOLDER CONFERENCE CALL

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KEY FINANCIAL PERFORMANCE DATA

Total Equity Holdings* : $304,433,349

Realized Gains/(Losses)

2018	$	4,201,348
*Since Inception**	$	3,259,090

Unrealized Gains/(Losses)

As of 6/30/18	$	65,624,868

Dividend Income

2018	$	3,861,012
*Since Inception**	$	14,020,294

Total Fixed Income Holdings* : $ 805,366,000

Interest Income

2018	$	7,722,827
*Since Inception**	$	30,506,894

Investment Fees (2018) :

U.S. Bank Custodial	$	47,413
U.S. Bank Investment	$	307,241
ACG	$	80,000
	$	434,654

NET INVESTMENT INCOME :
(excl. unrealized gains)

2018	$	15,350,533
2017	$	19,010,659
*Since Inception**	$	45,953,986

** As of 6/30/18*

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ENVIRONMENTAL BUDGET TRACKING

Task Grouping	Budget	Spend	%
F : GENERAL SITE OPERATIONS	1,589,615	338,000	21.3%
G : LEASEHOLD / OFF-SITE OPERATIONS	335,000	106,000	31.6%
H : GROUNDWATER MONITORING PROGRAM	2,426,942	891,000	36.7%
I : GWETS OPERATIONS & MAINTENANCE (ENVIROGEN)	11,647,300	2,407,000	20.7%
J : GWETS COMPLIANCE AND REPORTING	1,255,500	326,000	26.0%
K : GWETS PROJECTS AND TRUST SUPPORT	15,215,950	3,863,000	25.4%
L : REMEDIAL INVESTIGATION PLANNING / STRATEGY	23,419,270	8,108,000	34.6%
M : REMEDIAL INVESTIGATION / FEASIBILITY STUDY	54,307,850	9,756,000	18.0%
N : DOWNGRADIENT STUDY AREA IMPLEMENTATION	1,280,800	1,117,000	87.2%
O : TRUST ENVIRONMENTAL SERVICES	1,512,600	680,000	45.0%
P : LEGAL ENVIRONMENTAL SERVICES	410,000	144,000	35.1%
Q : AGENCY OVERSIGHT	770,000	295,000	38.3%
S : FINANCIAL INSTITUTION FEES (ENVIRONMENTAL FUNDS)	739,500	336,000	45.4%
Total Estimated Q1+Q2 Environmental Spend	**114,910,327**	**28,367,000**	**24.7%**

** As of 6/30/18*

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NEVADA ENVIRONMENTAL RESPONSE TRUST

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CLOSING REMARKS

3Q 2018 STAKEHOLDER CONFERENCE CALL

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