

Annual Report – 2017
Henderson Mine and Mill Reclamation Activities
Permit No. M-1977-342

1.0 Henderson Mine

1.1 Disturbance

New disturbance at the Mine in 2017 was limited to incremental caving of the glory hole. No changes were made to any of the mine openings (shafts). A site map of the Henderson Mine indicating affected land boundary and disturbance areas is included in Attachment A.

1.2 Interim Reclamation

Interim reclamation was not carried out at the Henderson Mine in 2017.

1.3 Prospecting

1.3.1 Prospecting Contact

The contact person for the Notice of Intent (NOI) and prospecting activities is:

Miguel Hamarat
Environmental Manager
Climax Molybdenum Company
Henderson Operations

P.O. Box 68
1746 County Rd. 202
Empire, CO 80438
(720) 942-3255

1.3.2 Prospecting Activities

Henderson Mine did not conduct prospecting activities in 2017.

1.4 Other Activities

1.4.1 – Weed Control

Habitat Management, Inc., a licensed commercial pesticide applicator, performed weed management activities in July and August 2017.

Canada thistle, yellow toadflax, Dalmatian toadflax, mayweed chamomile, Musk thistle, Diffuse knapweed and oxeye daisy were treated throughout the main mine facilities area, the URAD area, Orica Yard and along County Road 202 between URAD and the Henderson Mine. Herbicide applications were spot-applied to targeted weed species.

The herbicides used for treatment include: Telar XP (chlorosulfuran), Weedestroy AM40 (2,4-D amine), Vastlan (triclopyr). MSO or Induce were utilized as surfactants and Hi-Light blue marker dye was added to applications to allow greater visibility of treated areas.

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Vastlan (Triclopyr) was applied to building perimeters around the lower mine facilities, the ventilation shaft building and the URAD water treatment plant. The electrical substations were inspected and found to be in good order.

Similar to past years, the mine property was thoroughly inspected for listed noxious weeds species. Through precision tracking via GPS application monitoring, the weed management contractor applied herbicide to approximately 219 acres (156 acres of which was at URAD).

1.4.2 – Water Quality Data

Water quality data will be provided in the Annual Water Quality Data Report, due to the DRMS by May 31 annually, per the approved Groundwater Management Plan (TR-16).

2.0 Henderson Mill

2.1 Disturbance

The Mill disturbances for 2017 included only the area inundated by the continuous tailing impoundment rise.

2.2 Interim Reclamation

Interim reclamation was not carried out at the Henderson Mill in 2017.

2.3 Other Activities

2.3.1 – Weed Control

For 2017, Henderson Mill received weed treatments in July and August collectively totaling 430 acres. The two treatments covered the following areas: around all shops and mill parking lots, roadsides around the tailing pond, the northern non-industrial areas, the haul roads, the upper canal road, on and below the dam, and the portal.

These areas were treated for the following noxious weeds: Bull thistle, Canada thistle, Common mullein, Houndstongue, Diffuse knapweed, Mayweed chamomile, Musk thistle, Oxeye daisy and Yellow toadflax

The herbicides used for treatment include: Weedestroy (2,4-D Amine), Garlon 3A (Triclopyr), Induce, Tordon 22k (picloram), Overdrive (Sodium Diflufenzopyr), Rodeo (Glyphosphate IPA salt), MSO and Blue Hi-Lite indicator dye.

Additionally, a ground sterilant was applied to all propane tank areas and the perimeters of the main Mill facility buildings.

2.3.2 – Water Quality Data

Water quality data will be provided in the Annual Water Quality Report, due to the DRMS by May 31 annually, per the approved Groundwater Management Plan (TR-16).

2.3.3 – Flood Storage Capacity

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Analysis of flood storage capacity in the Mill tailings impoundment was carried out by W.W. Wheeler, per DRMS requirements stipulated for Technical Revision (TR) 14. This analysis is included as Attachment B.

2.3.4 – 3-Dam Seepwater Line Leak-Down Test

The annual 3-Dam seepwater line leak-down test for 2017, per DRMS requirements stipulated in TR-09, was completed on June 14th. The seepwater lines held static pressures over a 24-hour period, as designed. See test report in Attachment C.

2.3.5 – Extraction Well Installation

Two new extraction wells were installed at the site under Technical Revision 28.

2.3.6 – Gravel Pit Operations

There were no crushing or screening activities at the Henderson Mill during calendar year 2017.

2.3.7- 3-Dam Regrade Project

The original 3-Dam face was recontoured to a nominal 4:1 slope during the course of 2017. This was conducted under Technical Revision 27.

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3.0 Anticipated 2018 Activities

3.1 Prospecting

No prospecting activities are currently planned for 2018.

3.2 3-Dam Buttress

Henderson submitted a Technical Revision 29 request in January 2018 for the buttressing of the existing 3-Dam Tailing Storage Facility. The intent of this project is to provide an enhanced, undrained slope stability factor of safety.

3.3 Gravel Pit

Henderson is currently evaluating whether any continued operations will persist. For 2018, nothing is planned, at present.

3.4 Aspen Canyon Well

Henderson Mill completed a rehabilitation of the Aspen Canyon Well during late October-early November 2017. Henderson is currently evaluating incoming data associated with this well to determine the overall impact and effectiveness of the rehabilitation work.

3.5 Closure Planning

Henderson continues with closure-based planning and investigation work. More specifically, Henderson Mill intends to run a dedicated reverse osmosis pilot plant on process water to determine overall, site-specific operational parameters.

3.6 Mine POC Well

Henderson is currently awaiting definition of the process and outcome of the DRMS and Water Quality Control Commission evaluations and approval of Numeric Protection Limits and site specific standards, as they relate to the Climax Mine.

3.7 Reclamation

No reclamation is planned for calendar year 2018

3.8 Amendment

Henderson intends to submit an Amendment to the permit for inclusion of land occupied by URAD water treatment operations, as well as the area associated with Henderson's mining subsidence.

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4.0 Financial Warranty

Henderson Operations currently maintains Financial Warranty Corporate Surety in the amount of \$56,142,434. These are held in the form of two surety bonds valued at \$24,730,784 and \$10,133,000. Additionally, an Irrevocable Letter of Credit in the amount of \$3,130,001 and assets valued at \$18,148,649. Henderson continues working to update the valuation for Henderson and Climax water rights, having contracted a third-party to conduct the valuation. The valuation is anticipated to be completed with the first to second quarter of 2018.

Attachment A

Figures

Attachment B

Mill Tailing Impoundment Flood Storage Capacity Analysis

Attachment C

3-Dam Seepwater Line Leak Down Test Results