

**MEMORANDUM OF UNDERSTANDING
BETWEEN
CLIMAX MOLYBDENUM COMPANY
AND
COLORADO DEPARTMENT OF NATURAL RESOURCES DIVISION OF MINING, RECLAMATION AND
SAFETY
FOR THE PURPOSE OF
PAYMENT OF THE COST OF INDEPENDENT CONSULTANTS**

I. BACKGROUND AND PURPOSE

Climax Molybdenum Company ("CMC"), the owner and operator of the Henderson Mine and Mill ("Henderson"), by letter dated October 1, 2020 proposed to fulfill a portion of its financial warranty for its obligations imposed under the Mined Land Reclamation Act, C.R.S §34-32-101 *et. seq.* by providing Deeds of Trusts for interests in certain water rights and real property (the "Proposal"). To evaluate the proposal, the Colorado Department of Natural Resources Division of Reclamation, Mining and Safety ("DRMS") will retain independent consultants to perform a review of property valuations, as well as legal analysis and counsel.

CMC has agreed to retain and pay for the cost of reasonable and necessary work by third-party consultants to support DRMS's evaluation of the proposal and the Mine Land Reclamation Board's consideration of the proposal at public hearing. The selection of each consultant will be a DRMS decision, subject to CMC concurrence that the selection is acceptable. CMC's concurrence shall not be unreasonably withheld. CMC may review and comment on a proposed scope of work, but once retained, each consultant shall work for, take direction from and be solely responsible to DRMS. Once DRMS selects a consultant, and CMC is able to enter into an Agreement for Services with the consultant, the consultant's work may proceed. Each consultant will send invoices for payment to CMC, with a copy to DRMS, and CMC will pay such invoices after receiving confirmation from DRMS as to DRMS's satisfaction with the services rendered. Such DRMS confirmation shall be made no later than 30 days after receipt of the invoice for payment.

It is anticipated that the following areas of experience will be required for this work: rural ranch land appraisal, real property legal, water rights valuation, and water rights legal.

II. ADMINISTRATION AND TERM

This Memorandum of Understanding ("MOU") will commence upon the day and date last signed and executed in counterparts by the duly authorized representatives of the parties to this MOU, and will remain in full force and effect until terminated in accord with the terms of this MOU. If the proposal is approved by DRMS and the Colorado Mine Land Reclamation Board in whole or in part, the terms of this MOU will remain in effect and be available for use in connection with future annual reviews by DRMS as to any changes in property value of property interests held as a portion of CMC's financial warranty. In the event DRMS decides to use this MOU in the future, it will provide notice thereof to CMC and consult with CMC as to the nature of the proposed work.

Either party may terminate this MOU after 30 days written notice to the other party of their intention to do so. Termination of the MOU will not affect CMC's obligation to pay any outstanding invoices from a consultant. Termination of this MOU does not constitute termination of any executed Agreement for Services between CMC and a retained consultant, as outlined in Section I above. Termination of this MOU prior to the completion of the Division's review of the proposal may result in denial of the proposal unless an alternate arrangement is put in place acceptable to the Division.

The parties do not intend to create in any other individual or entity the status of third-party beneficiary, and this MOU shall not be construed so as to create such status.

III. CONTACTS

The primary points of contact for carrying out the provisions of this MOU are set forth below. The primary points of contact can be changed by written notice from the signatories from CMC and DRMS.

CMC:

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Environmental Manager
Climax Molybdenum Company
Henderson Operations
Henderson Mine
1746 County Road 202
Empire, CO 80438
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DRMS:

Russ Means
Minerals Program Director
Division of Reclamation, Mining and Safety
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SIGNATURES

For State of Colorado Department of Natural Resources Division of Reclamation, Mining and Safety

By: 
Virginia Brannon / Director
Division of Reclamation, Mining and Safety

Date: 3.19.21

For Climax Molybdenum Company, a Delaware Corporation

By: _____
J. Stuart Teuscher / General Manager
Climax Molybdenum Company, Henderson Operations

Date: _____