Exploring Partnerships to Convert Liabilities to Assets

Opportunities with Inactive and Abandoned Hard-Rock Mine Lands

"Four Case Studies"

Committee on Earth Resources

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Four Case Studies

- The CR Kendall Mine
- Robinson Nevada Mining Company
- Comstock
- Midway Gold
- Conclusions & Recommendations

Legal Constraints

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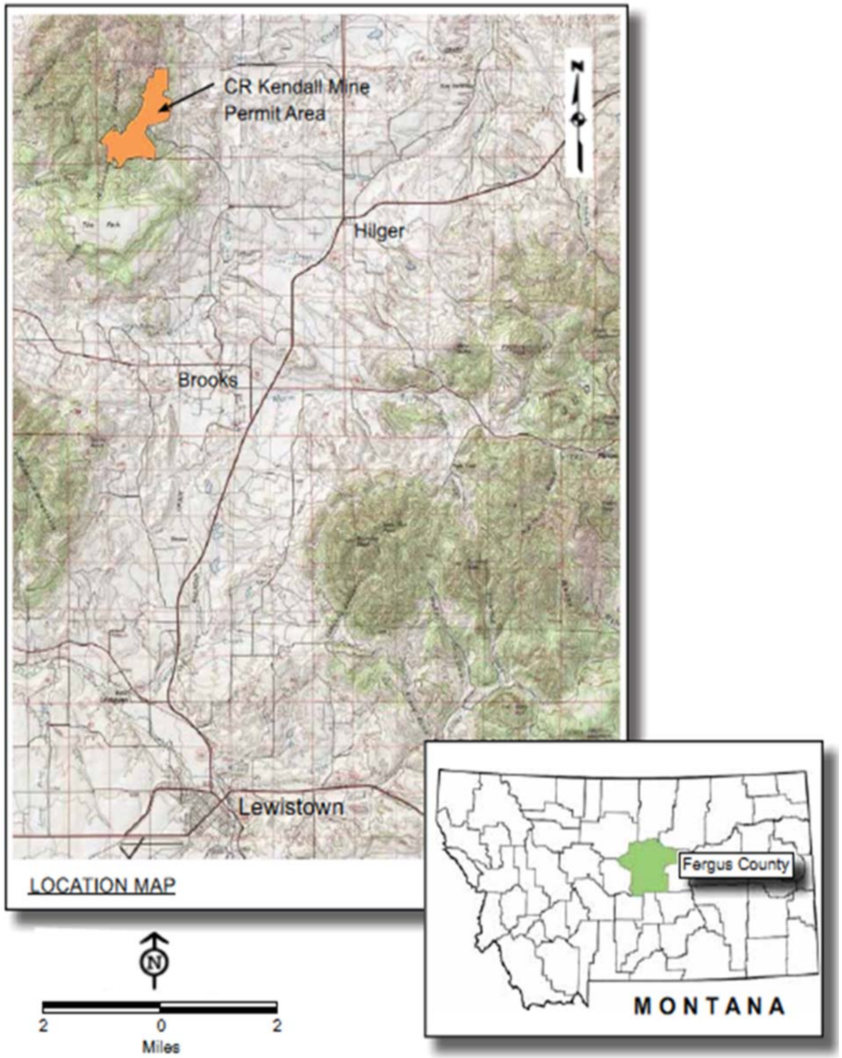
- For mining properties on federally managed lands, there may no longer be a “valuable mineral deposit”
- CERCLA Liability
- Potential CERCLA 108(b) finanicial assurance requirements
- Other state and federal environmental liabilities
  - Environmental permitting
  - Discharges
  - Reclamation
- Changed circumstances—population growth, land use
- Rigid legal framework

First Case Study: The CR Kendall Mine



- Gold Mine
- Initially operated from 1880 until 1942
- Redevelopment started in 1981
- Several different owners & two bankruptcies
- 1992: *A River Runs Through It*
- 1998: MT adopts cyanide ban
- CR Kendall existing operations grandfathered

CR Kendall Mine Undergoing Reclamation

CR Kendall Reclaimed Process Pad

- Delays and Regulatory Climate Killed Expansion
  - MDEQ took > 2 years for closure EIS
  - Company cancelled EIS process due to delay
  - Submitted application for final reclamation and closure
  - MDEQ took > 2 years for that evaluation also
- CR Kendall & Parent Company Declared Bankruptcy
  - Closure by custodial trust

Second Case Study:
Robinson Nevada Mining Company

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Located on US 50:
The Loneliest Highway in America

- Copper discovered in 1857
- Operated from 1905-1978
- Cu: 4 B lbs.; Au: 2.7 MM oz.
- Owners: Guggenheims, Kennecott, BHP, KGHM
- Redevelopment started 1994
- 1996 Consent Decree
- New crusher & flotation
- 2015 production—CU: 57k tons; Au: 56,700 oz.; Mo

The Robinson Resource

Robinson Redevelopment

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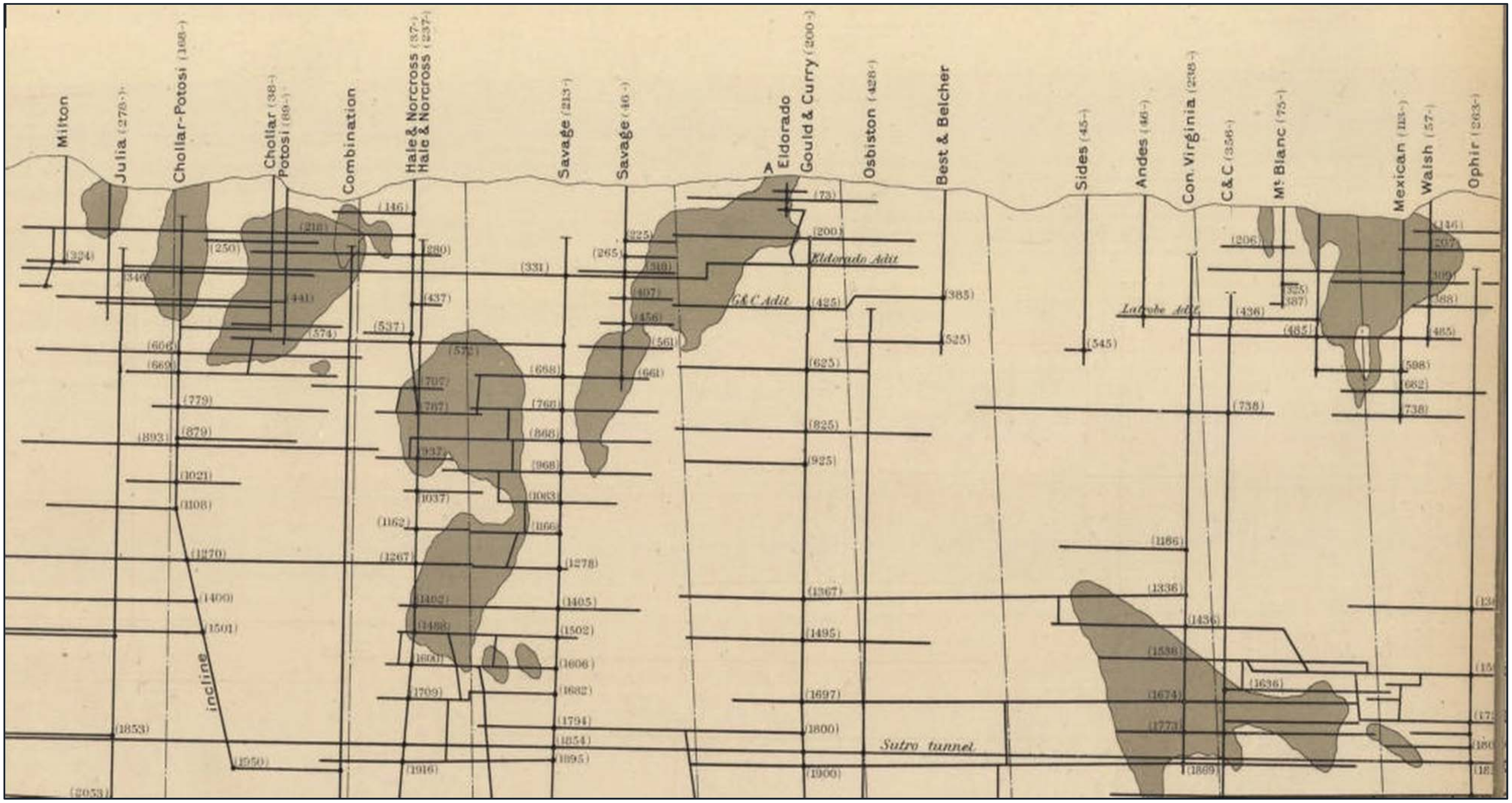
Third Case Study: Comstock Mining

- 1850 Gold discovered
- 1859 Comstock Lode discovery
- 1st major US silver deposit; 1859 silver rush
- From 1859-1882 Comstock produced $320,000,000: Ag 56% & Au 44%
- Mine process innovations
- Historic use of Hg = Superfund
- Area is in 3 historic districts
- 2010 Redevelopment

North Comstock Lode Shafts



South Comstock Lode Shafts

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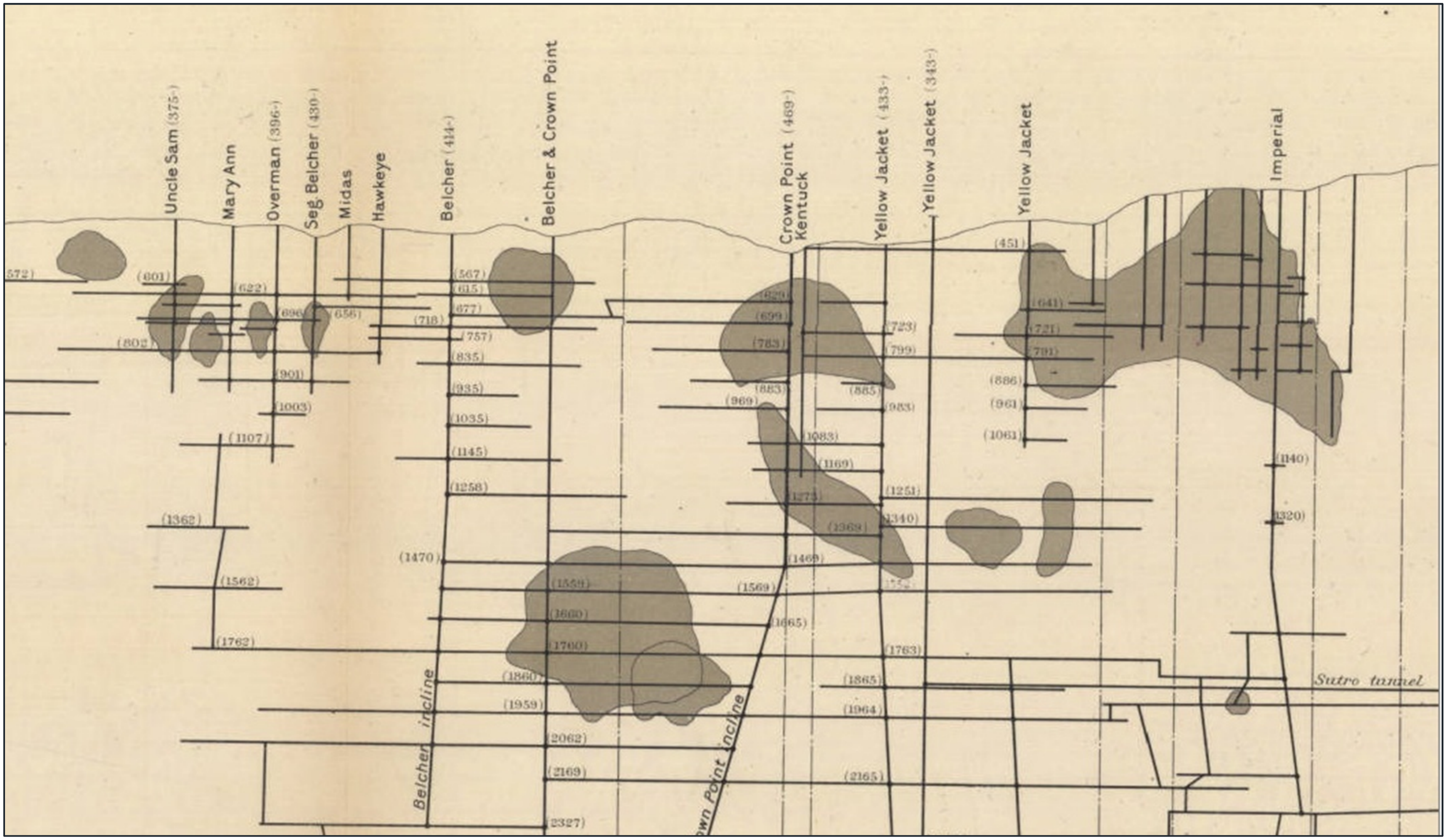
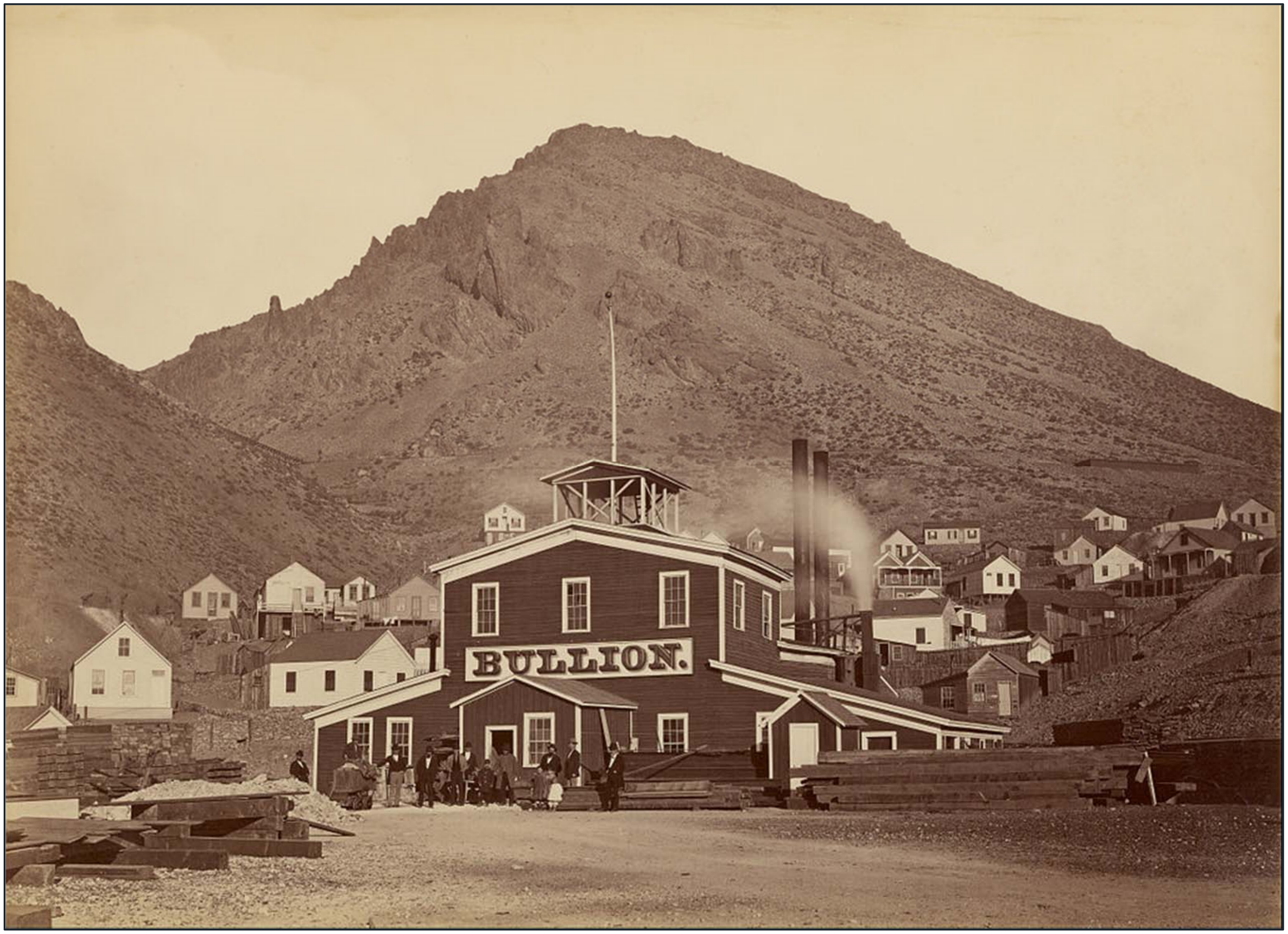


The Bullion Mine, Virginia City, NV



The View from Gold Hill in 1862

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LOOKING DOWN GOLD CANYON TOWARD DEVIL'S GATE, 1862

The Redevelopment Opportunity

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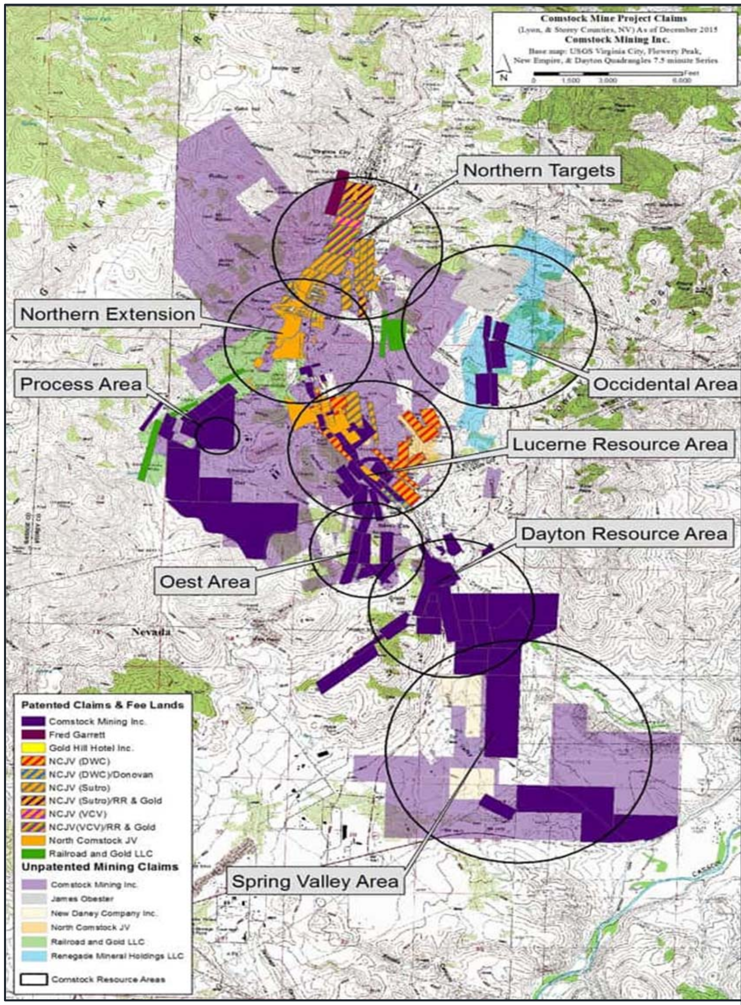

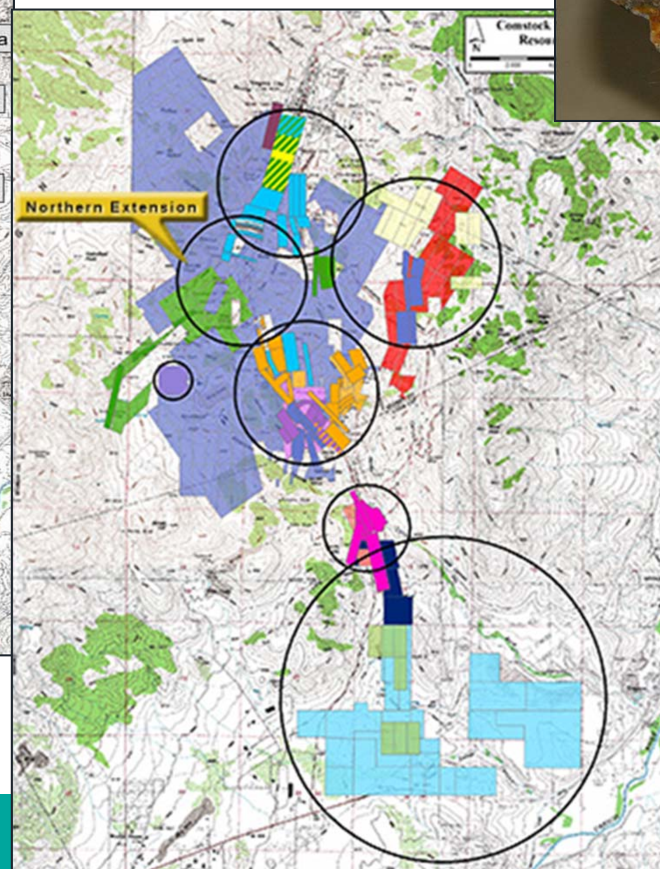

Fourth Case Study: Midway Gold

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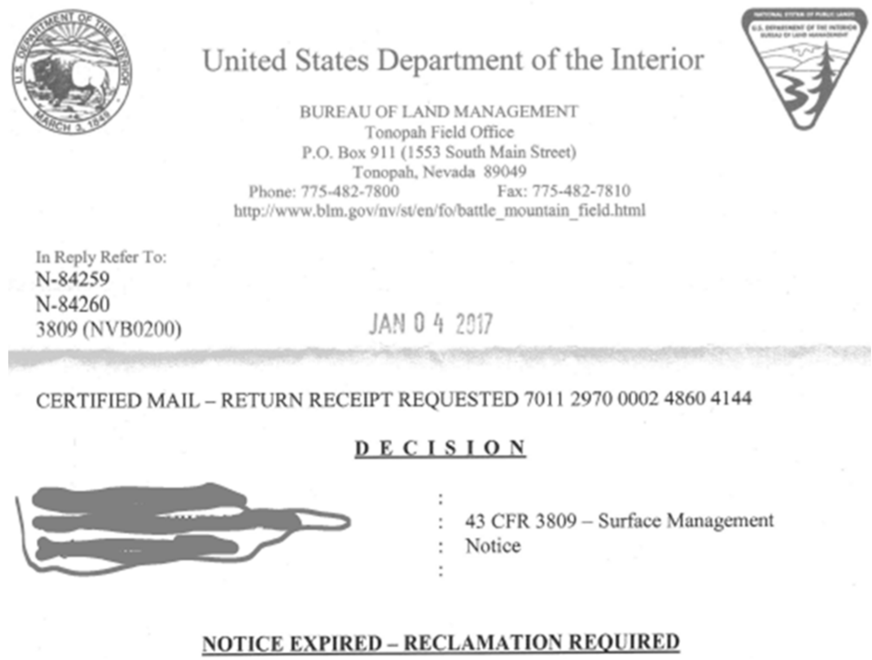
- 2007: Exploration under 43 CFR 3809 Notice in connection with Midway Gold Mine
  - Three sites
  - Six test pits
  - Three monitoring wells
- 2010: Two Notices Sites, North Basin and East Basin expired
- July 2015 Midway Gold US Inc. files for bankruptcy protection
- January 2017 BLM Notifies Midway that its Notices are expired and will be forfeited
- Negotiations with BLM enabled successful sale of Midway assets



United States Department of the Interior

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In Reply Refer To:
N-84259
N-84260
3809 (NVB0200)

JAN 0 4 2017

CERTIFIED MAIL – RETURN RECEIPT REQUESTED 7011 2970 0002 4860 4144

DECISION

[redacted] : 43 CFR 3809 – Surface Management Notice

NOTICE EXPIRED – RECLAMATION REQUIRED

The Redevelopment Opportunity

Partially Reclaimed Notice Property

- Asset Sale in liquidation bankruptcy
- Mine to be developed by Buyer
- Prospective Buyer interested in all assets associated with the Tonopah property
  - Mine property
  - Properties covered by Notices
- Future reclamation requirements will be borne by Buyer
- Redevelopment opportunity realized!

Conclusions & Recommendations

- Valuable Resource
- Mining Company Strength
  - Dedication
  - Leadership
  - Vision
  - Community Engagement
  - Financial capacity
- Partnerships
  - Regulators
  - Community
  - Investors
- Flexibility in the legal framework
- Good Samaritan