

CALICO RESOURCES USA CORP.

GRASSY MOUNTAIN MINE PROJECT
MALHEUR COUNTY, OREGON

INTERIM MANAGEMENT PLAN

June 2019

Submitted to

Oregon Department of Geology and Mineral Industries
Mineral Land Regulation & Reclamation
229 Broadalbin Street SW
Albany, Oregon 97321-2246

Prepared for

Calico Resources USA Corp.
665 Anderson Street
Winnemucca, Nevada 89445

Prepared by:



Reno:
1650 Meadow Wood Lane
Reno, Nevada 89502
Phone: (775) 826-8822 | Fax: (775) 826-8857

Elko:
835 Railroad Street
Elko, Nevada 89801
Phone: (775) 753-9496 | Fax: (775) 826-8857

**CALICO RESOURCES USA CORP.
GRASSY MOUNTAIN MINE PROJECT
INTERIM MANAGEMENT PLAN**

TABLE OF CONTENTS

1	INTRODUCTION	1
1.1	Regulatory Requirements.....	1
1.1.1	Federal Regulations	1
1.1.2	State Regulations.....	4
2	CLOSURE PLAN.....	5
2.1	Schedule of Anticipated Periods of Temporary Closure	5
2.2	Measures to Stabilize Excavations and Workings	5
2.3	Measures to Isolate or Control Toxic or Deleterious Materials	5
2.4	Storage or Removal of Equipment, Supplies, and Structures	6
2.5	Monitoring During Periods of Non-Operation	6

LIST OF FIGURES

Figure 1:	Location Map	2
Figure 2:	Permit Area Map.....	3

CALICO RESOURCES USA CORP.
GRASSY MOUNTAIN MINE PROJECT
INTERIM MANAGEMENT PLAN

1 INTRODUCTION

This Interim Management Plan (IMP) has been prepared in support of the Grassy Mountain Mine Project (Project) located in Malheur County, Oregon, and has been included as part of the Consolidated Permit Application. Calico Resources USA Corp. (Calico) proposes to construct, operate, reclaim, and close the Project, which is an underground mining and precious metal milling operation.

The Project is located approximately 22 miles south-southwest of Vale (Figure 1) and consists of two areas: the Mine and Process Area and the Access Road Area (Permit Area) (Figure 2). The Mine and Process Area is located on three patented lode mining claims and unpatented lode mining claims that cover an estimated 886 acres. These patented and unpatented lode mining claims are part of a larger land position that includes 419 unpatented lode mining claims and nine mill site claims on lands administered by the Bureau of Land Management (BLM). All proposed mining would occur on the patented claims, with some mine facilities on unpatented claims. The Mine and Process Area is in all or portions of Sections 5 through 8, Township 22 South, Range 44 East (T22S, R44E) (Willamette Meridian).

The Access Road Area is located on public land administered by the BLM, and private land controlled by others (Figure 2). A portion of the Access Road Area is a Malheur County Road named Twin Springs Road. The Access Road Area extends north from the Mine and Process Area to Russell Road, a paved Malheur County Road. The Access Road Area is in portions of Section 5, T22S, R44E, Sections 3, 10, 11, 14, 15, 21 through 23, 28, 29, and 32, T21S, R44E, Sections 1, 12 through 14, 23, 26, 27, and 34, T20S, R44E, Sections 6 and 7, T20S, R45E, and Sections 22, 23, 26, 35, and 36, T19S, R44E (Willamette Meridian). The Access Road Area totals approximately 876 acres.

1.1 Regulatory Requirements

Temporary and interim closure activities are managed by the BLM, the Oregon Department of Geology and Mineral Industries (DOGAMI), and the Oregon Department of Environmental Quality (ODEQ). Both federal and state requirements necessitate that the Project develop an IMP to address specific conditions and activities.

1.1.1 Federal Regulations

IMP requirements require the following items be addressed:

- Measures to stabilize excavations and workings;
- Measures to isolate or control toxic or deleterious materials;
- Provisions for the storage or removal of equipment, supplies, and structures;
- Measures to maintain the Permit Area in a safe and clean condition;

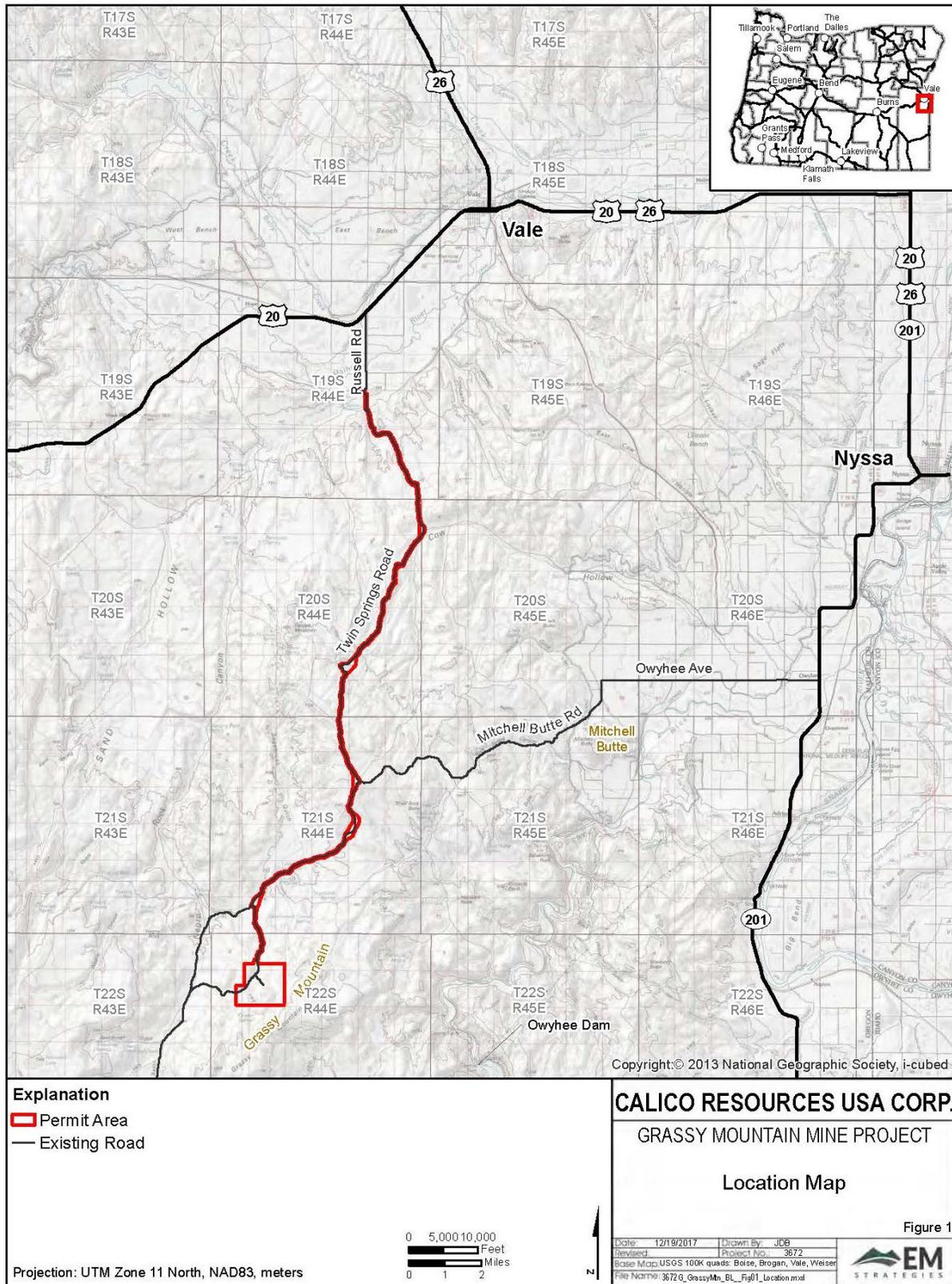


Figure 1: Location Map

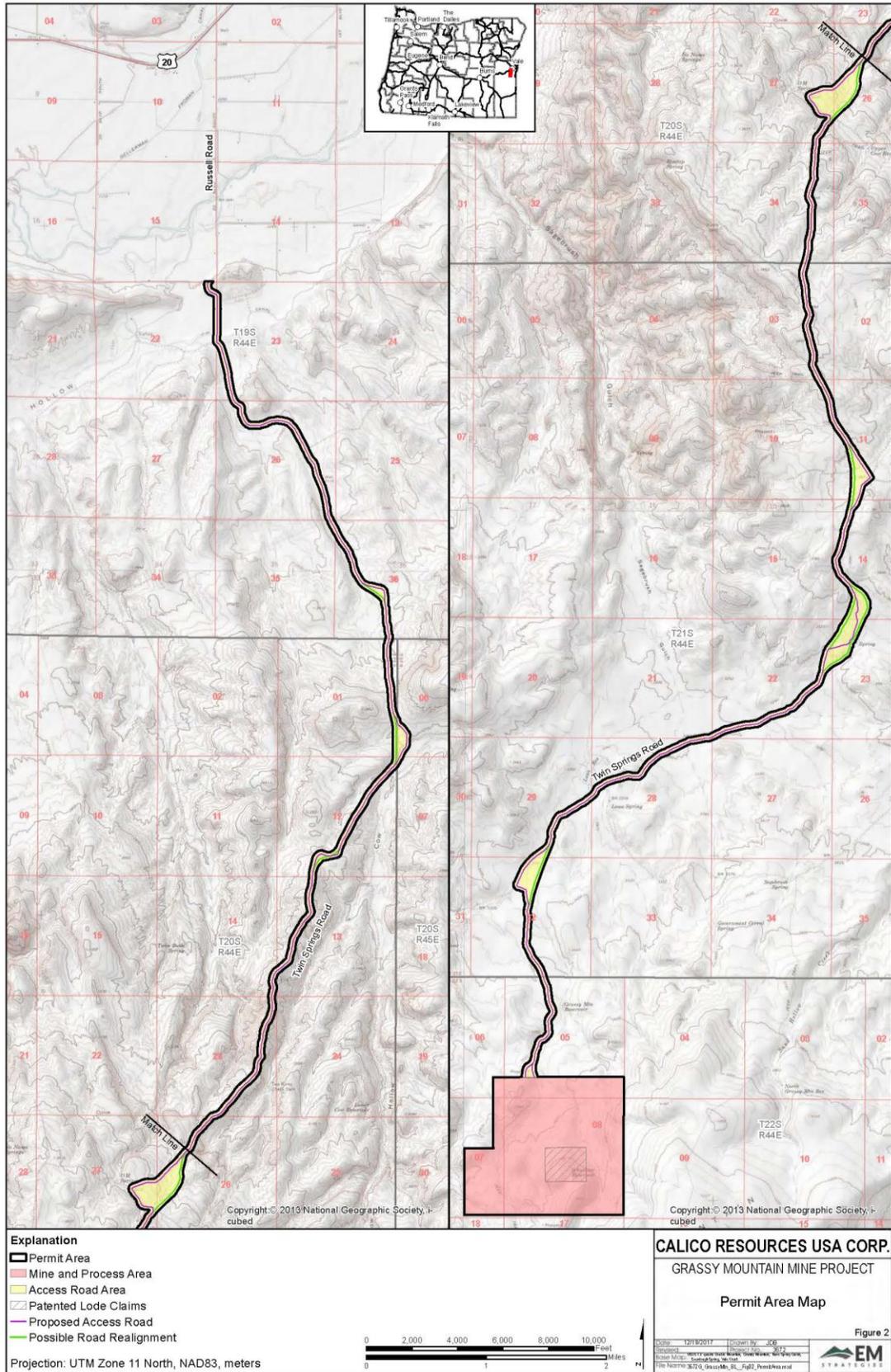


Figure 2: Permit Area Map

- Plans for monitoring site conditions during periods of non-operations; and
- A schedule of anticipated periods of temporary closure during which the Project personnel would implement the IMP, including provisions for notifying agencies of unplanned or extended temporary closures.

1.1.2 State Regulations

The Oregon Revised Statute 517.971 applies directly to the operating plan for chemical mining operations in Oregon and specifically the Consolidated Permit Process (CP). The CP is further defined under Oregon Administrative Rule (OAR) 632-037 (Division 37), where the seasonal or temporary closure procedures are specified under OAR 632-037-0060(6). Additional requirements for chemical mining operations are defined under OAR 340-043 (Division 43). The following are listed under OAR 632-037-0060(6) as including but not limited to:

- Target seasonal or temporary storage volumes;
- Total system storage capacity;
- Procedures to handle volumes of water in excess of seasonal or temporary storage capacities;
- Estimated schedule for closure; and
- Monitoring and reporting programs, including but not limited to:
 - Surface and groundwater monitoring systems within and outside of the permit area and reporting frequency;
 - Water balance of the process system and leak detection systems and reporting frequency;
 - Biological monitoring and reporting procedures and frequency; and
 - Fish and wildlife injury and mortality monitoring and reporting frequency developed according to standards adopted by the Department of Fish and Wildlife.

For purposes of this proposed IMP the following are considered examples of both planned and unplanned closure:

- Seasonal closures because of normal weather cycles;
- Interruptions in the active beneficiation processes to provide planned periods of quiescence for metallurgical or operating reasons;
- Any other planned process condition which will interrupt the active beneficiation process;
- A closure because of unforeseen weather events;
- A failure in a major system component or a process failure which causes the fluid management system or a portion thereof to shut down; and
- The discontinuation of a facility's operations because of litigation.

2 Closure Plan

2.1 Schedule of Anticipated Periods of Temporary Closure

The standard operating schedules for the Project will be 24 hours a day, seven days a week for the processing circuits and 24 hours a day, 4 days a week for the mining activities. No temporary or seasonal closures of the facility are planned in the mine operation schedule. However, it is possible that due to mechanical or technical difficulties, unfavorable economic conditions, litigation or other unforeseen events, mining and processing facilities may have to be temporarily closed. In the event of an unplanned temporary closure, the following actions will be initiated by Calico:

- Calico will notify DOGAMI, ODEQ, and BLM, within 30 days of the temporary closure of the precious metal recovery processing activities. This notification will include a description of the procedures and controls that have been, or will be, initiated in order to maintain and control process components and process fluids during the temporary closure period.
- If the interim closure period exceeds 180 days, Calico will petition DOGAMI, ODEQ, and BLM for an extension to delay permanent closure or initiate procedures to permanently close process components. Any delay to permanent closure will be coordinated with Calico, DOGAMI, ODEQ, and BLM.
- Calico will provide DOGAMI, ODEQ, and BLM with a list of supervisory personnel whose responsibility it will be to oversee the Project during a temporary closure period. This list also will include the number of support staff which will be required in each department to maintain the Project during the closure period. Standard security procedures will remain in place for the duration of any temporary closure period.

2.2 Measures to Stabilize Excavations and Workings

The underground workings will be monitored according to the plan submitted to the BLM, DOGAMI, and ODEQ with the notification of temporary closure. The portal will be blocked from access except by authorized personnel. Underground workings will be inspected on a regular basis to evaluate the overall condition and safety of the mine. Interim reclamation procedures will be implemented, as necessary, to stabilize any disturbed areas during the temporary closure period. These procedures will be coordinated with Calico, BLM, DOGAMI, and ODEQ.

Pursuant to OAR-037-0060(6), adequate storage capacity will be maintained for all process components to accommodate any storm water runoff resulting from any 100-year, 24-hour storm event.

2.3 Measures to Isolate or Control Toxic or Deleterious Materials

Calico will continue to follow the waste rock management procedures and all other management plans as they are described in the BLM Plan of Operations, DOGAMI CP (Division 37) and the ODEQ Water Pollution Control Facility (WPCF) permit (Division 43), during unplanned temporary

closure. Explosives and other hazardous substances will continue to be stored, secured, and handled according to federal and state regulations. Any hazardous materials will continue to be stored, secured, handled, and disposed of according to federal and state regulations.

Any drums and containers of regulated wastes will be scheduled for removal and disposal at an appropriately permitted off-site facility. Any drums of material remaining on site, which are not identified with proper labeling, will be placed within the hazardous waste storage for sampling. As soon as these materials are identified, they will be either returned to a secured location as products or shipped off site for disposal.

2.4 Storage or Removal of Equipment, Supplies, and Structures

In the event of a temporary closure, Calico will not remove supplies, and structures will not be removed or placed into storage. Some mobile equipment or bulk commodities may be relocated into buildings or covered with tarps to remove them from the weather, depending on the anticipated duration of the temporary closure. In addition, Calico will initiate the following actions:

- Additional reagents will not be introduced into any process component during the temporary unplanned closure period. Process piping and pumps will be drained when the process circuits are shut down. Stored equipment will be clearly identified as having contained process solutions.
- Any mine equipment remaining in operation during the temporary closure, including haul trucks, loaders, drills, and personal vehicles will continue to be maintained according to standard company procedure.
- Following any temporary closure period, the fluid management system will be evaluated prior to start-up. Solution tanks, pumps, piping, and ponds will be inspected and repaired as necessary. The mineral processing circuit will be charged with process solution and visually inspected for any evidence of leaks, which includes, but is not limited to the following: piping; secondary containment conditions for cracks; deterioration; torn liners; leak detection ports; tank integrity; meters and gauges; and pumps. All mine equipment will be inspected for compliance with appropriate federal and state mining regulations before mining activities re-commence.

2.5 Monitoring During Periods of Non-Operation

Calico will adhere to all provisions included in the WPCF permit, this IMP, and other regulatory requirements, which may be required during the temporary closure period. Provisions will be made to ensure that reporting continues including operational controls, monitoring, reporting, and notifications including all monitoring, notifications, and report submittals. The site monitoring and monitoring of leak detection systems for the pond, tanks, and piping containing process solution or draindown effluent will continue throughout the temporary closure period. The monitoring may also include inspections of fencing around the facility, building conditions, gates, and signs, as well as for wildlife mortalities.