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2012 Montana Mine Design, Operation & Closure Conference

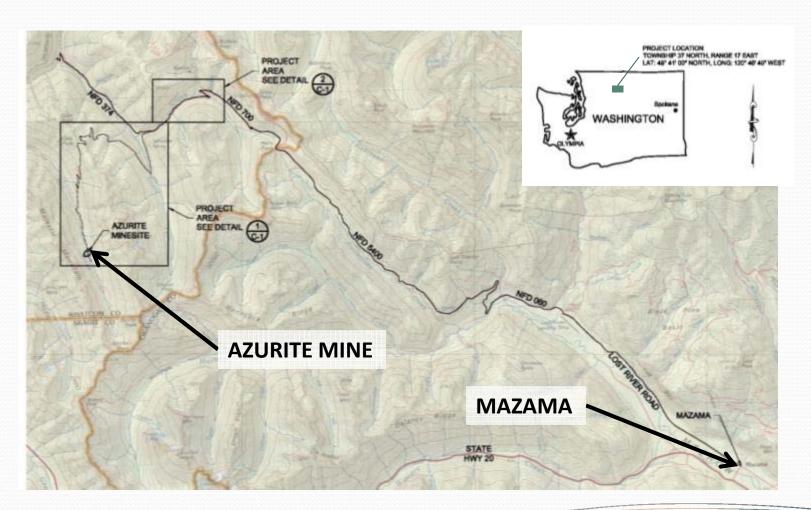
May 2, 2012

Azurite Mine Overview

- Abandoned Underground Gold Mine, Located in North-Central WA on USFS-Administered Land
- Northwest of Mazama, Near Harts Pass Recreation Area
 & Pacific Crest Trail
- Remote with Poor Access, Steep Terrain
- Several RTE Species Aquatic and Terrestrial
- Inventoried Roadless/Non-Motorized Management Area
- High Value for Potential Wilderness Area in Future



Azurite Mine Location





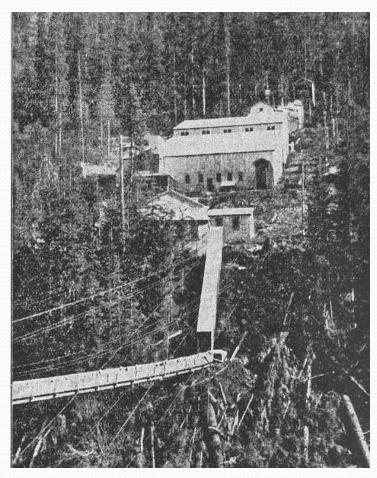


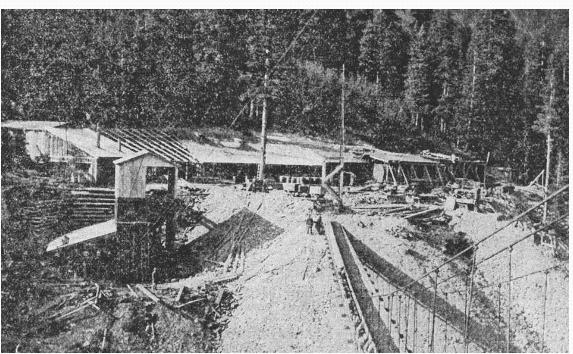
Azurite Mine – Early History

- 1915 31 Claims Staked
- 1916 Azurite Copper Company (renamed Azurite Gold)
- 1918 to 1931 Underground Development
- 1934 ASARCO Leased Mine
- 1934 to 1936 100 TPD Mill and Infrastructure
- 1936 to 1942 Development, Production
 - ~73,000 tons @ 0.38 opt gold
- 1942 ASARCO Removes Equipment



Historic Photos - 1936







Azurite Mine – Recent History

- 1995 Discovery Assessment (USFS)
- 2002 IAM Open File Report (WA DNR)
- 2004/2005 CERCLA Site Inspection (USFS/CES)
- 2005 Reprocessing Study (USFS/CES);
 - PRP Report (USFS)
- 2006 to 2007 ASARCO Bankruptcy Claim/Settlement
- 2006 to 2008 EE/CA & Risk Assessment (ASARCO/MFG)
- 2007 to 2010 Data Gaps/Removal Design (USFS/CES)
- 2011 Removal Action Activities



Final Removal Action Alternative

- Access Road Improvements / Bridge Replacement (2010)
- Temporary Access Road Across Mill Creek (2011)
- Mill Creek Diversion Away from Waste Rock Pile (2011)
- Onsite Covered Repository (2011)
 - Waste Rock and Mill Area Blended with Tailings
 - Reinforced Stabilized Slope/Repository Toe Berm
 - Multi-Layer Cover, HDPE Membrane, and Talus/Rock Cover
- Physical Hazard Closures (2011)
- Revegetation (2011) USFS Lead



Construction Challenges

Weather Conditions (rain, snow, heat)



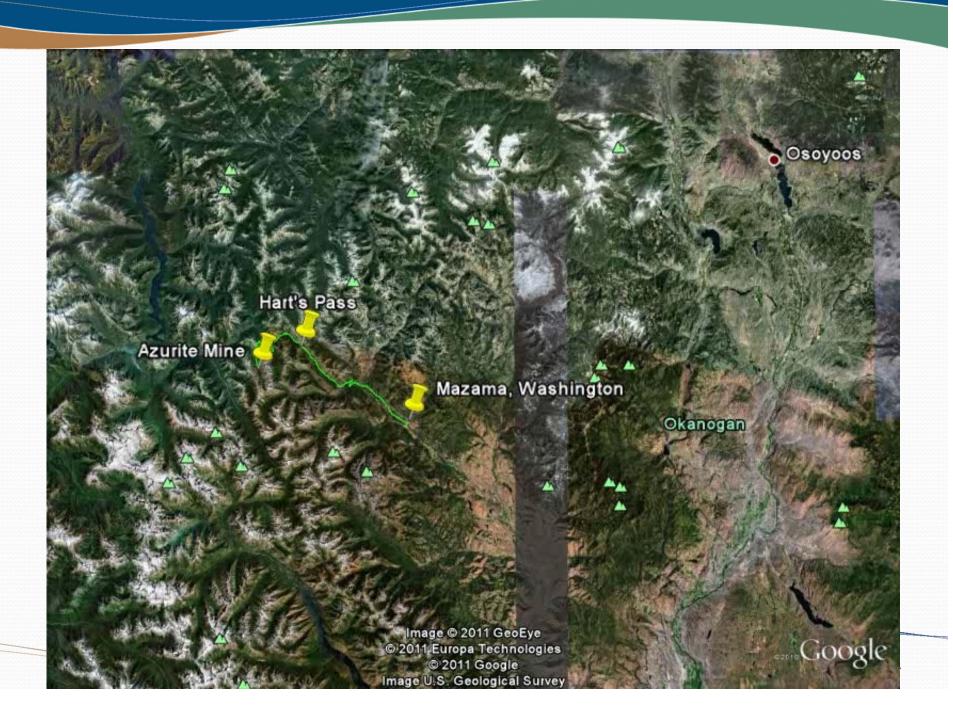




Construction Challenges

- Weather Conditions (rain, snow, heat)
- Typical Construction Window (late June early October)
- Steep Slopes / Difficult Terrain
- Limited Onsite Staging Areas
- All Borrow Material from Onsite
- Remote Access/Logistics/Communication



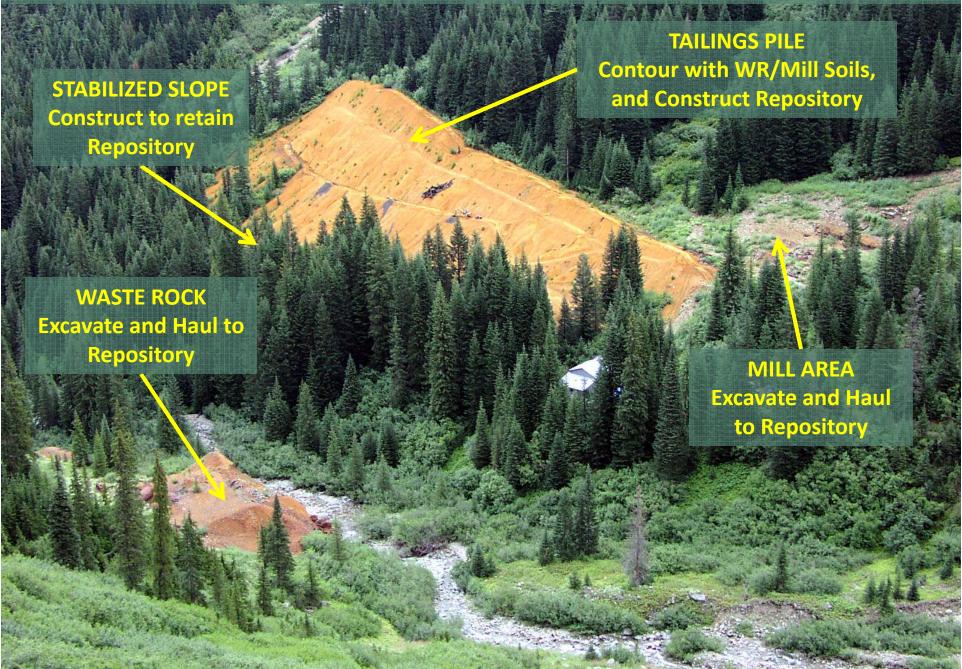


2011 Removal Action Summary

- Turnkey Design/Build Contract Structure
 - CES Prime Contractor
 - Palm Construction Main Subcontractor (Local)
- Mobilization July 11, 2011 3 weeks late (weather)
- Continuous Work Schedule, CES and Subs
- Demobilization September 26, 2011 1 week early



OVERVIEW OF AZURITE MINE REMOVAL ACTION



Camp, Equipment and Manpower

- Remote Camp (internet, phones, running water, flushing toilets, showers, washer/dryer, cook, tents/campers)
- 3 Excavators
- 2 Loaders
- 3 Dozers
- 2 Off-Road, Articulated Haul Trucks
- Roller Compactor, Water Truck, Misc. Work Trucks
- Bear Proof Storage Containers
- Manpower 10 to 20 (Palm/Subs) / 1 to 3 (CES)



Equipment







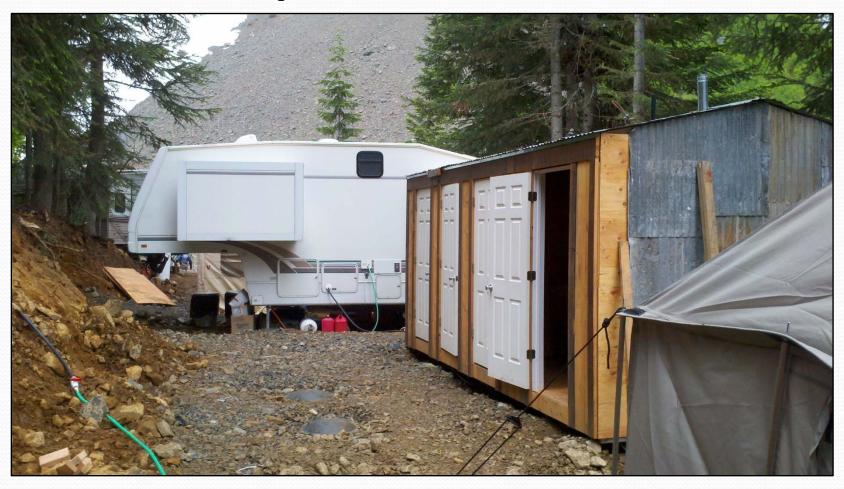


Remote Camp – Overview





Remote Camp – Facilities





Remote Camp – Lodging





Remote Camp – Fuel Storage





Erosion and Sediment Control

- Run-On Ditches
 - Waste Rock / Tailings
- Silt Fence
 - Borrow Area / Waste Rock
- Filter Berms
 - Borrow Area / Waste Rock
- Sedimentation Pond
 - Tailings / Repository



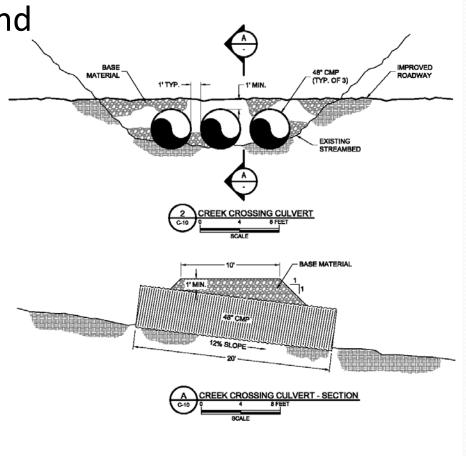


Mill Creek Crossing and Diversion

 Access Waste Rock Pile, and Transport to Repository

• Three, 48-inch CMPs

Temporarily Divert Mill
 Creek Away From Waste
 Rock Pile





Mill Creek Crossing





Borrow Area Development

- Onsite Source for Screening / 3 Products
- 2-inch minus
 - Stabilized Slope Fill, Road Bed/Base, Fill Material
 - 40,000+ cubic yards used, more remains onsite
- 2-inch to 36-inch
 - Repository cover, rocked diversion ditches
 - ~20,000 cubic yards
- 36-inch plus
 - Misc. Placement, armoring



Borrow Area Development





Borrow Area Development





Underground Working Closures

- Planned for 5 Closures (4 Adits / 1 Vent)
- Pre-Cut Steel and Culverts Delivered to Site
- Final Onsite Fabrication
- Installation with Helicopter and Onsite Welder
- 4 Closures
 - Burnham, Tinson, and Discovery Adits
 - Discovery Vent
- Wenatchee Adit
 - Collapsed No Bat Gate Installed





Burnham Adit – Before





Burnham Adit – After





Tinson Adit – Before





Tinson Adit – After





Discovery Adit – Before





Discovery Adit – After



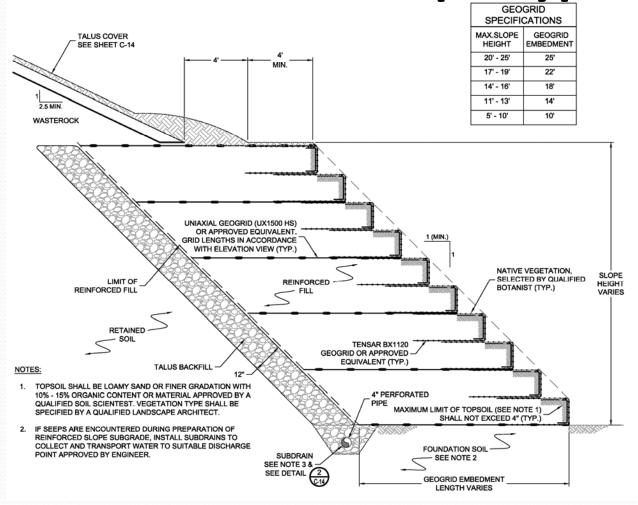


Reinforced Stabilized Slope

- Designed to Stabilize/Retain the Repository
- Original Design was 15-feet (H) x 15-feet (W) 12 lifts
- Final Layout was 22-feet (H) x 25-feet (W) 17 lifts
 - Competent Soil Deeper Than Planned
 - Increased Quantities For Borrow Material/Geogrid
- Onsite QA/QC Testing All Final Tests Met Compaction Requirements (95% of Proctor)
- 23 days to build
 - Bottom lifts ~ 1.5 days to complete
 - Upper lifts ~ 1 day to complete



Reinforced Stabilized Slope Typical





Reinforced Stabilized Slope - Lift 1





Reinforced Stabilized Slope - Lift 4





Reinforced Stabilized Slope - Lift 8





Reinforced Stabilized Slope - Lift 12





Reinforced Stabilized Slope - Lifts 14/15





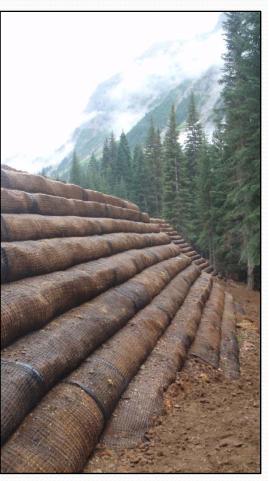
Reinforced Stabilized Slope - Complete





Reinforced Stabilized Slope - Complete







Waste Rock Excavation and Placement

- Design Estimate was 22,000 bcy of Waste Rock
 - 16,000 bcy Upper / 6,000 bcy Lower
- Risk Assessment Cleanup Goal 104 mg/kg Total Arsenic
- Revised Cleanup Goal 204 mg/kg Total Arsenic
 - Additional Background Soil Sampling
 - Used MTCA Stat 3.0 to Calculate Natural Background
- In-Field Screening with Niton XRF (RPDs ≤ 33%)
- Final Quantities
 - 13,500 bcy Upper WR
 - 2,900 bcy Lower WR



Waste Rock Pile - Before





Waste Rock Pile - Removal





Waste Rock Pile - Removal





Waste Rock Pile - Final



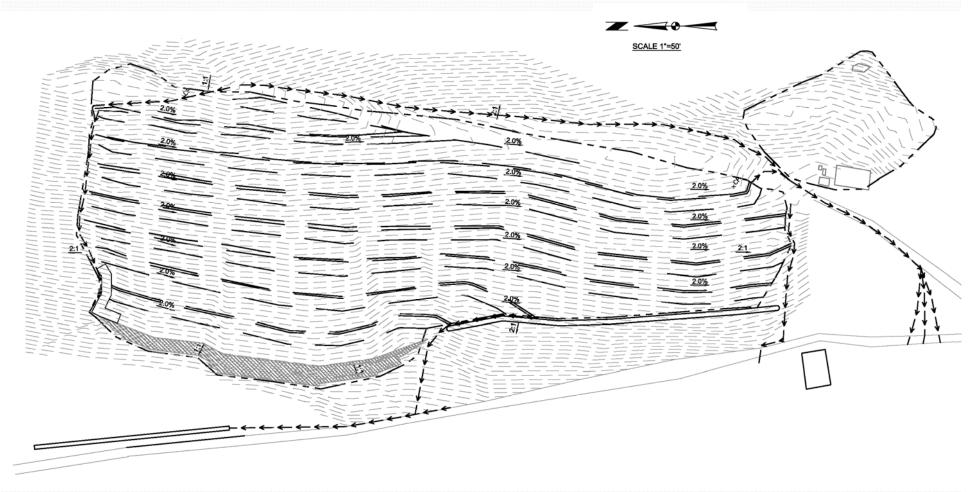


Onsite Repository

- Overall Slope = 2.5:1
- Reinforced Slope and Berm to Stabilize Repository
- Waste Rock Blended with Tailings to Achieve Slope
- In-sloped Benches Every 9 Vertical Feet to Relieve Precip
- Repository Cover (Multi-Layer)
 - Talus/Rock Cover Top
 - Geogrid
 - 3. 12-oz Nonwoven Geotextile
 - 4. 40-mil HDPE Membrane
 - 5. 12-oz Nonwoven Geotextile
 - 6. Waste Rock/Tailings Bottom

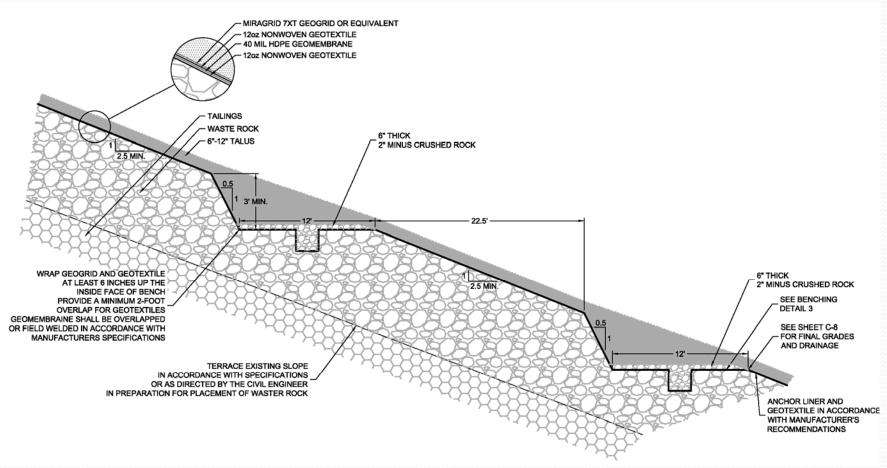


Repository Grading Plan





Repository Cross Section Detail





Tailings Pile - Before



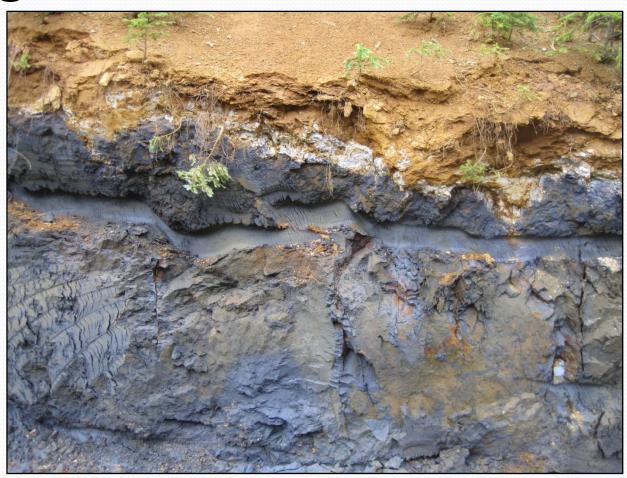


Tailings Pile - Before





Tailings Pile – Oxidation Profile

























Liner Installation





Liner Layers





Liner Installation





Liner Installation





Liner / Cover Installation



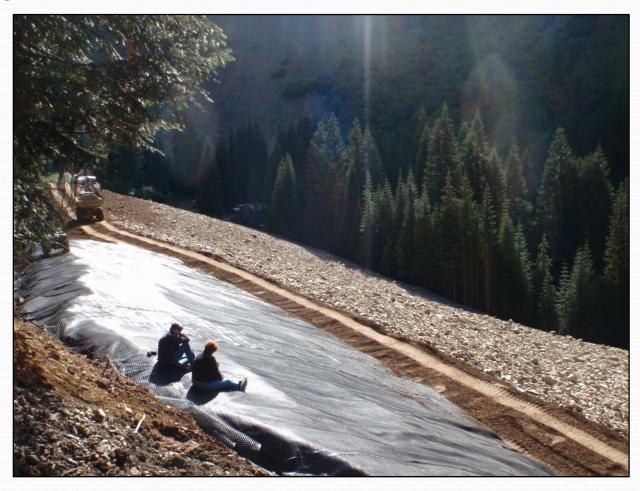


Liner / Cover Installation





Liner / Cover Installation





Repository – Final





Repository – Final





Repository / Tailings Pile – Before

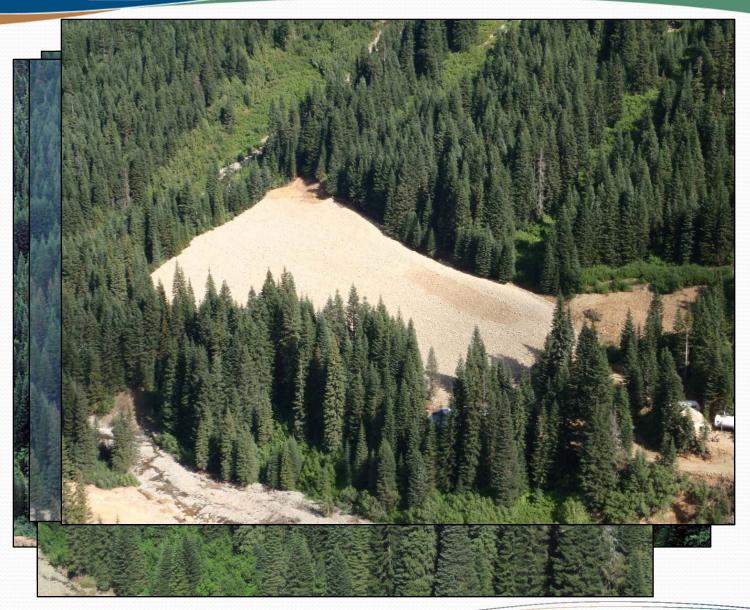




Repository – Final







Summary

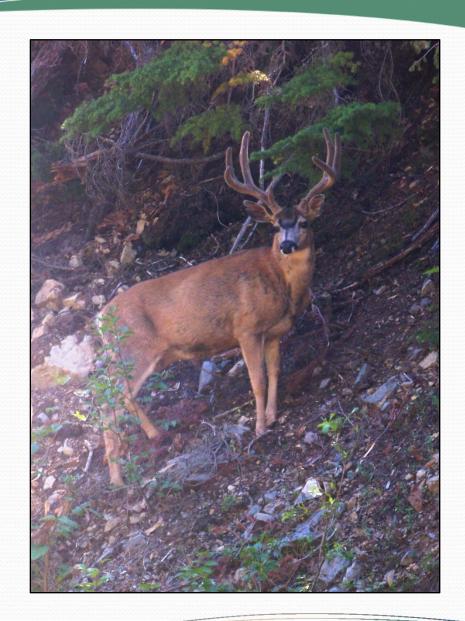
- Completed 4 Weeks
 Ahead of Schedule
- Field Changes Easily Made with Continuous Oversight & Communication
- No Health/Safety Concerns
- 3-Years of Long-term O&M Inspections, & Monitoring
- Cost \$2.5M Capital





QUESTIONS







Extra Slides



Upper Mill Creek







Lower Mill Creek/Canyon Creek







Waste Rock Pile – Before





Waste Rock Pile - Removal





Waste Rock Pile – Removal





Tailings Pile







Tailings Pile







Mill Area / Office Building







Waste Rock Pile







Waste Rock Pile



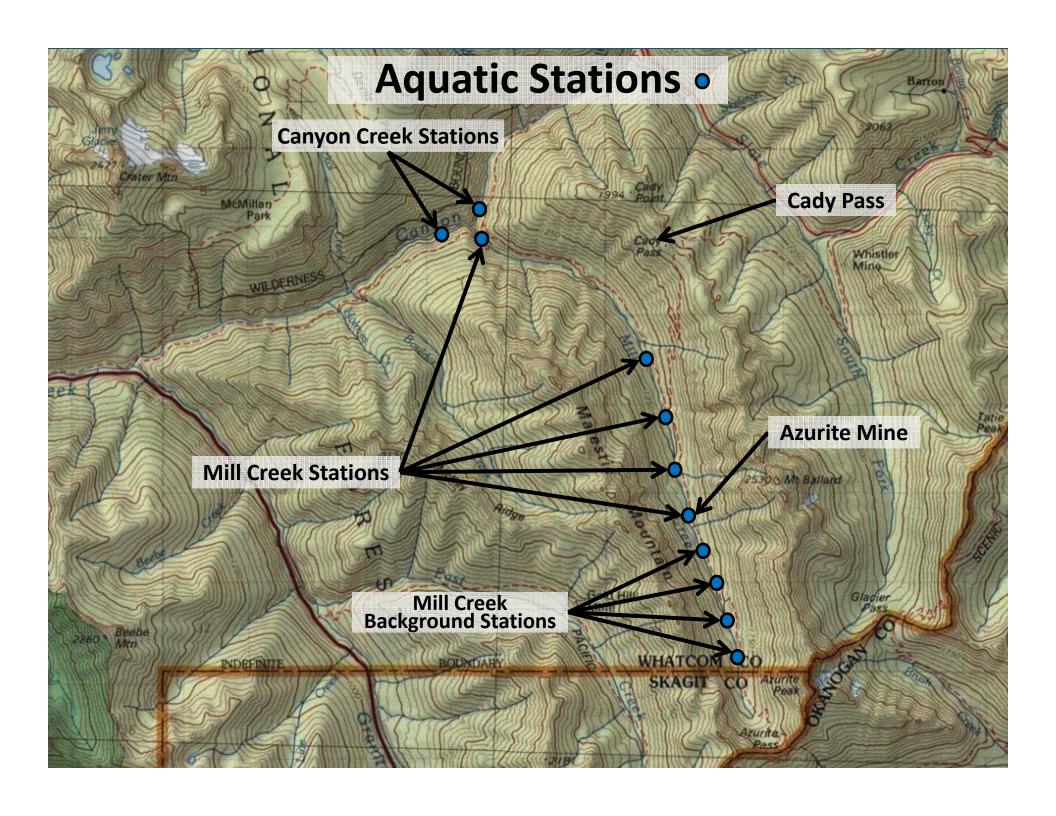




CERCLA Site Inspection Review

- Surface Water Pathway
 - Aquatic Stations (Surface Water, Pore Water, Sediment, & Benthic)





CERCLA Site Inspection Review

- Surface Water Pathway
 - Aquatic Stations (Surface Water, Pore Water, Sediment, & Benthic)
 - Minimal impacts to Surface/Pore Water/Benthic
 - Sediments impacted Near Mine (COCs: As, Cd, Cr, Cu, Ni, Zn)
 - Complete Pathway for Receptors
- Soil Pathway
 - 17 Test Pits 40 Tailings/WR/Soil Samples (COCs: As, Cu, Hg, and Pb)
 - Tailings/WR ARD Potential ABP as low as -230 t CaCO₃/Kt
 - Background Soil Elevated with COCs
 - Complete Pathway for Receptors



CERCLA Site Inspection Review (cont.)

- Air Pathway
 - Complete Pathway for Receptors
- Groundwater Pathway
 - Adit discharge/seeps (3) impacted (COCs: Al, As, Cu, Mn, Zn)
 - Incomplete Pathway for Receptors
- Topographic Survey of Tailings, Mill Site, and WR
- Ecological Survey
 - RTE species expected (Bull Trout, Spotted Owl)
- Engineering Evaluation / Cost Analysis (EE/CA) Recommended



Reprocessing Study

- Four tailings samples
- Gravity Poor Gold/Sulfide Recovery (14-28%/29-41%)
- Floatation Poor Gold/Sulfide Recovery (21-35%/16-27%), Excellent Recovery for As, Cu, and Zn.
- Historic Lime/CN⁻ used interferes with floatation tests
 - Better gold recovery (60%) after lime/CN⁻ pretreatment
- Bottom Line
 - Gravity Not economical
 - Floatation Better recovery after pretreatment, but cons not marketable (low gold, high arsenic/base metals).



Engineering Evaluation/Cost Analysis

- Lead by ASARCO (MFG) with USFS/Ecology Oversight
- Additional Sampling
- Risk Assessment (Human and Ecological)
 - Human Carcinogenic Risk for Recreational Exposure (Cleanup Goal – 104 mg/kg total arsenic)
 - Ecological Multiple Risks and COCs, Source Control Will Mitigate Risks
- Removal Objectives
 - Isolate Wastes from Human and Ecological Receptors
 - Eliminate Erosion and Mass Failure Potential



EE/CA (cont)

Recommended Alternative

Onsite Consolidation and Closure

- Place Waste Rock and Mill Soils Over Tailings Pile
- Construct Retaining Wall at Toe of Tailings Pile
- 1-foot Soil Cover, then 1-foot Talus/Rock Cover
- Erosion Controls/Physical Hazard Mitigation
- Cost Estimate
 - \$4.6M Capital
 - \$5.7M 30 Yr Net Present Worth



Removal Action Data Gaps – 2007

- Mill Creek Fish Barrier Survey
 - Multiple Fish Barriers, No Fish Within 2.5 Miles







Removal Action Data Gaps – 2007

- Mill Creek Fish Barrier Survey
 - Multiple Fish Barriers, No Fish Within 2.5 Miles
- Borrow Material Assessment
 - Onsite Talus/Rock Areas







Removal Action Data Gaps – 2007

- Mill Creek Fish Barrier Survey
 - Multiple Fish Barriers, No Fish Within 2.5 Miles
- Borrow Material Assessment
 - Onsite Talus/Rock Areas
- Access Road Improvement Assessment
 - Bridge Replacement/Repair, Culverts, and Switchbacks
- Repository Cover and Geotechnical Assessment
 - Completed with GeoEngineers
 - Recommended 2.5:1 Repository Slope with Retaining Wall
 - Recommended a Multi-Layer HDPE Liner, and Talus Cover



Removal Action Sequence – 2011

- Mobilization, Remote Camp and Staging Areas
- Erosion/Sediment Control
- Mill Creek Crossing and Diversion
- Borrow Area Development
- Underground Working Closures
- Reinforced Stabilized Slope Construction
- Waste Rock Excavation and Placement
- Repository Grading, and Liner/Cover Installation
- Revegetation/Demobilization



2010 – Access Road Improvements

 CES Design, Palm Construction/USFS

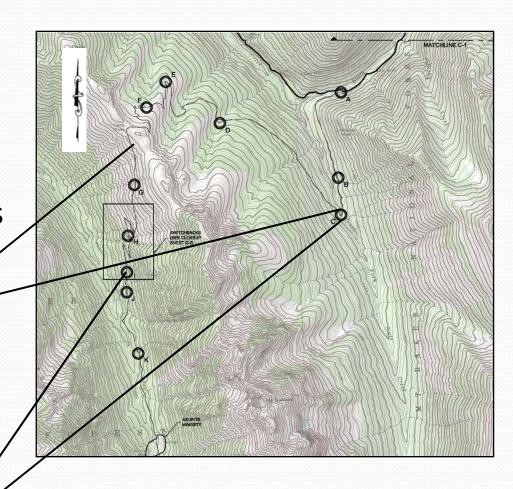
Bridge Installation

Road Widening/Grading

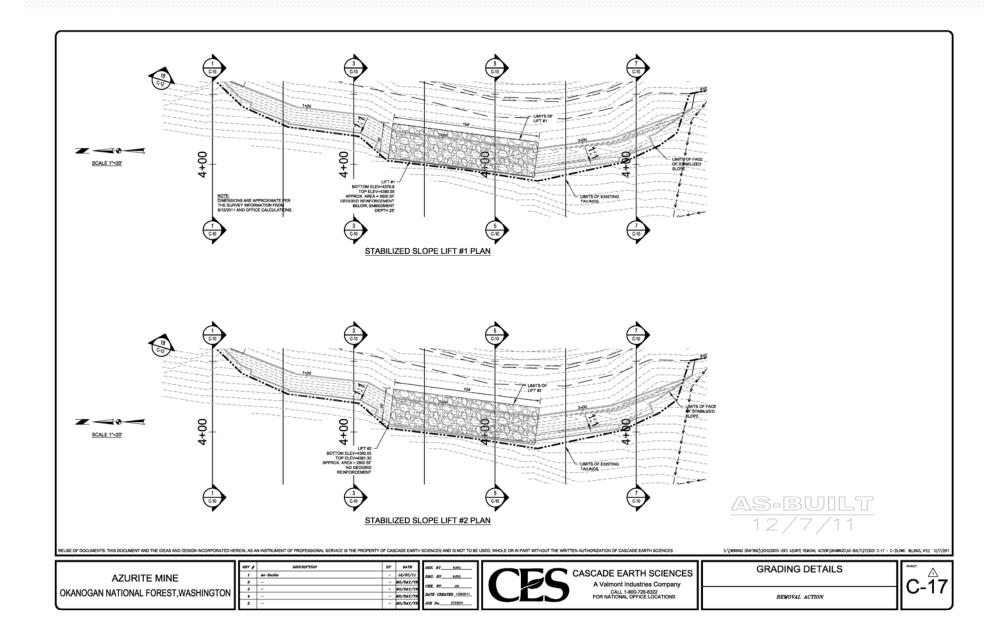
Switchback Improvements

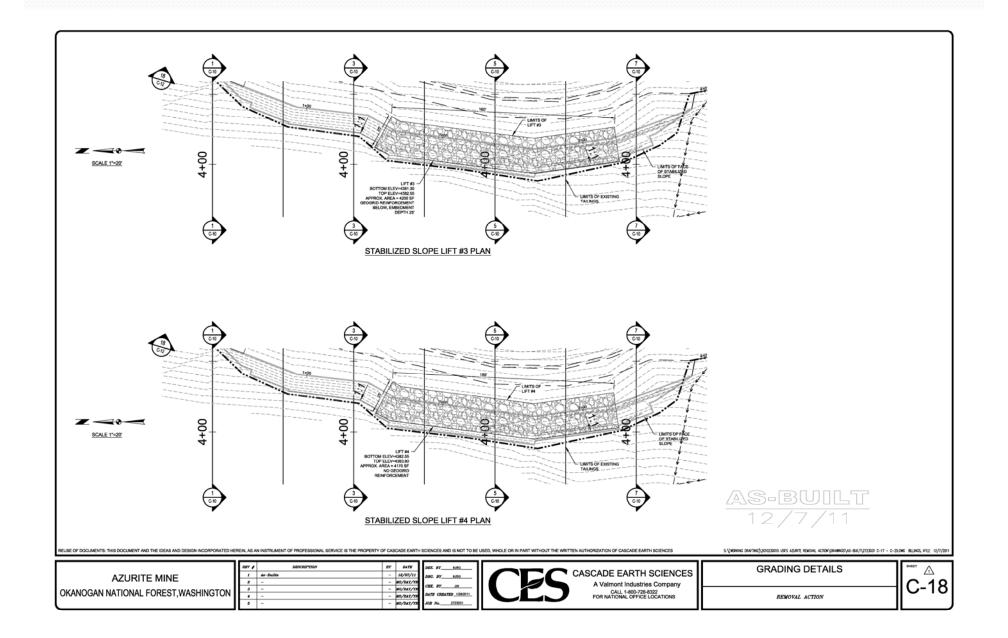
Culvert Installation

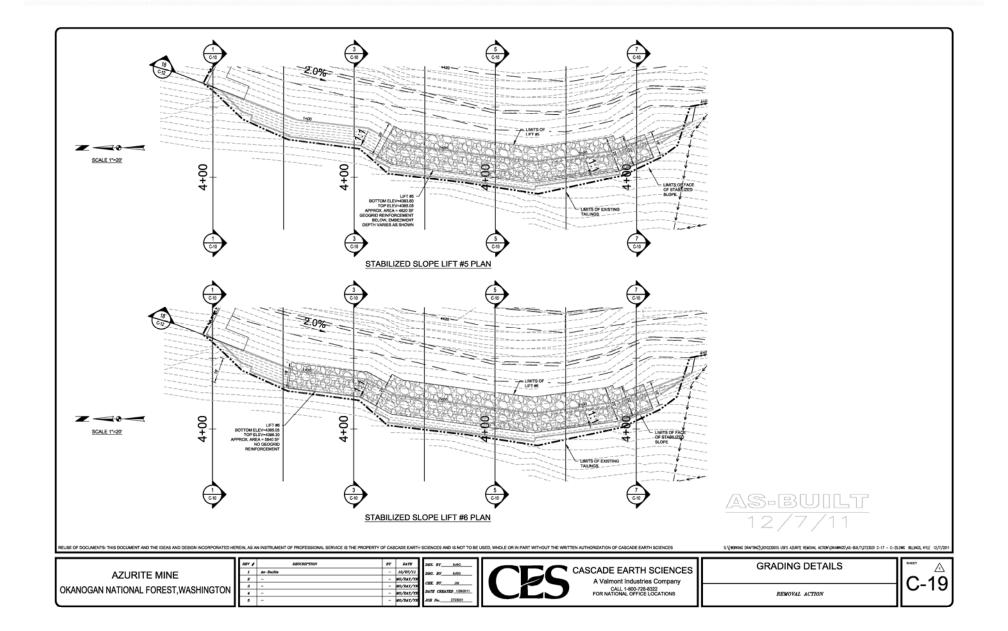


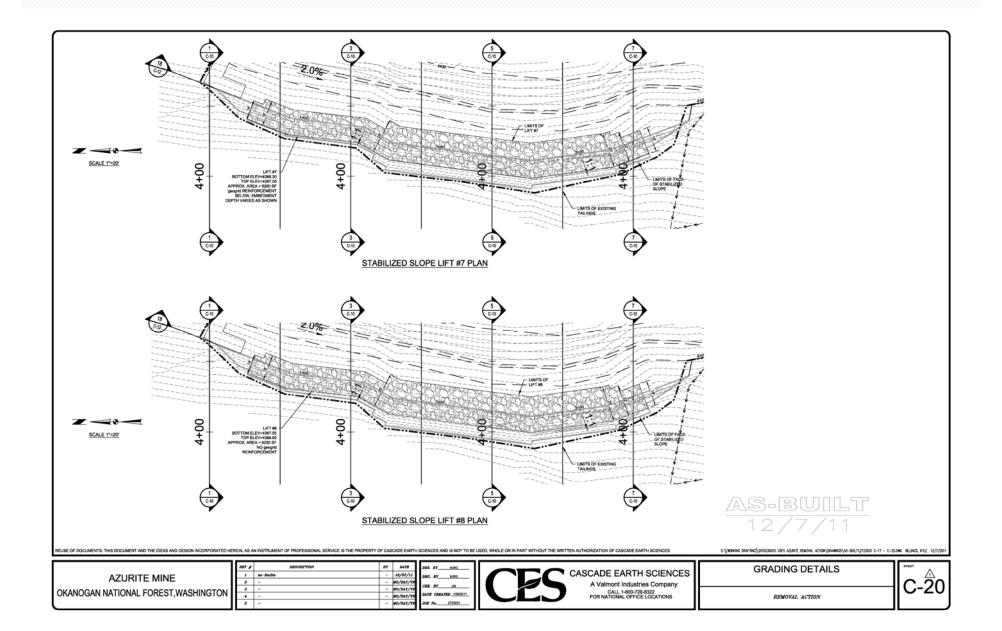


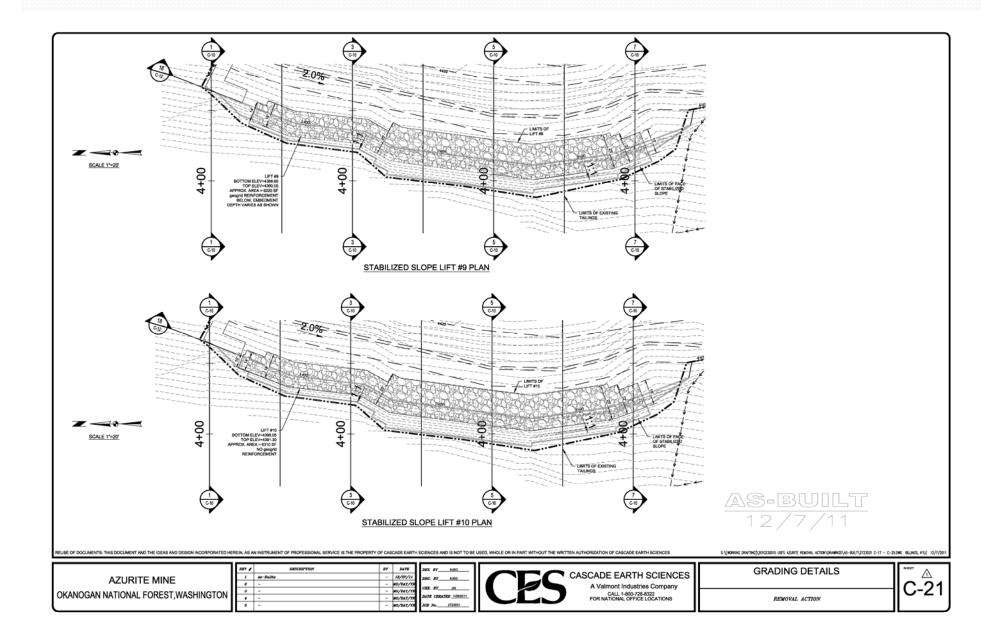


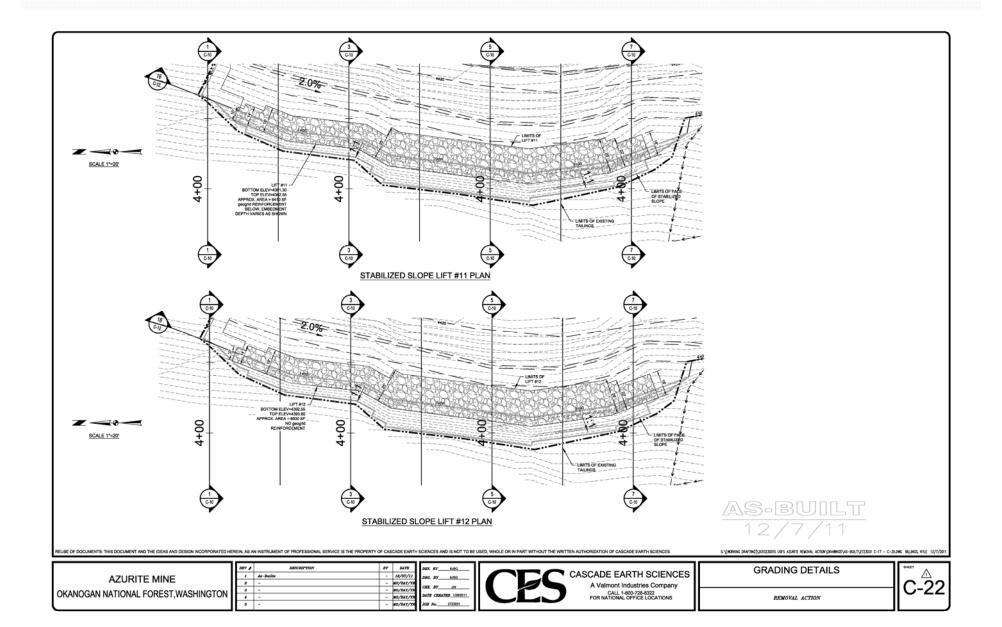


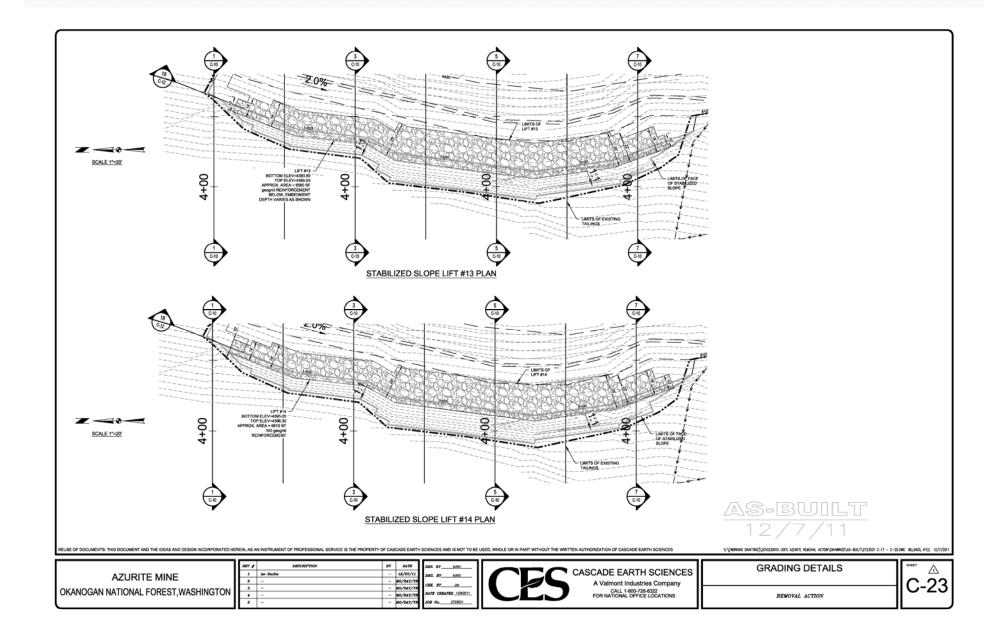


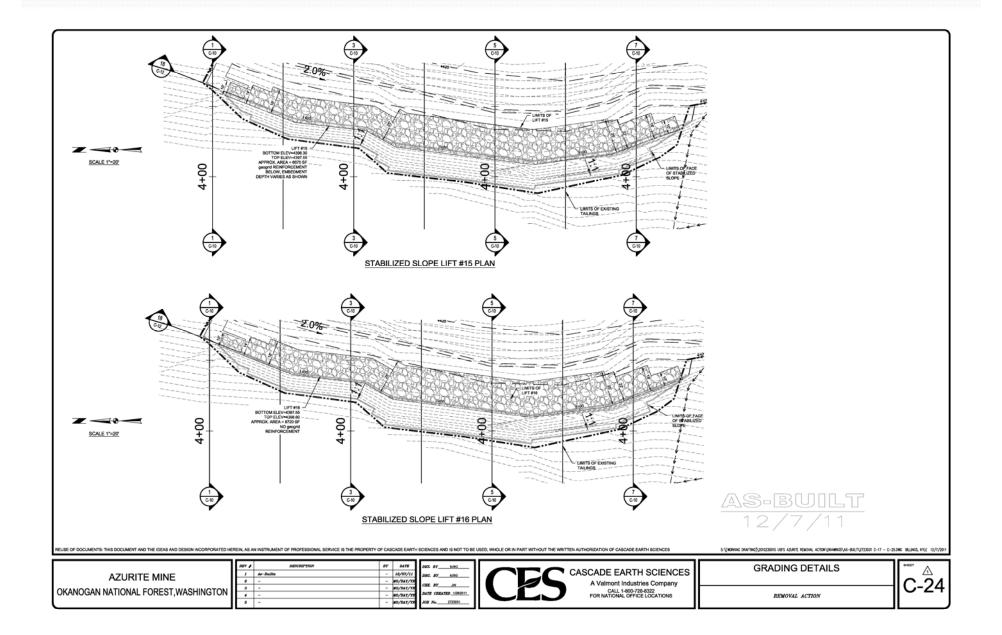


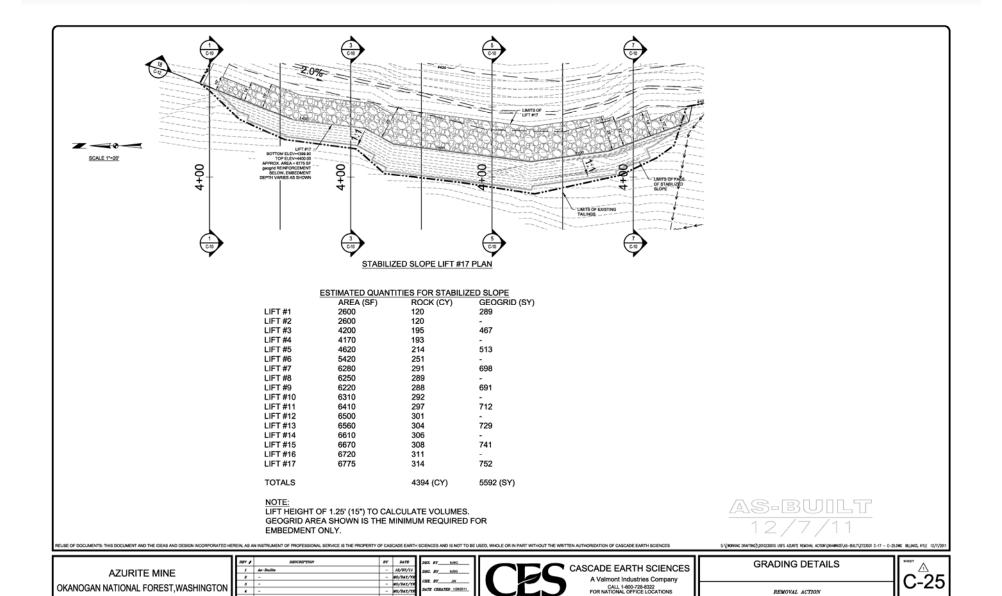




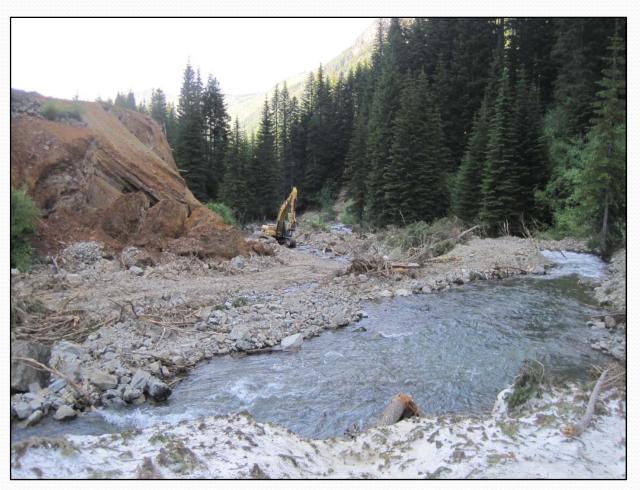








Mill Creek Diversion



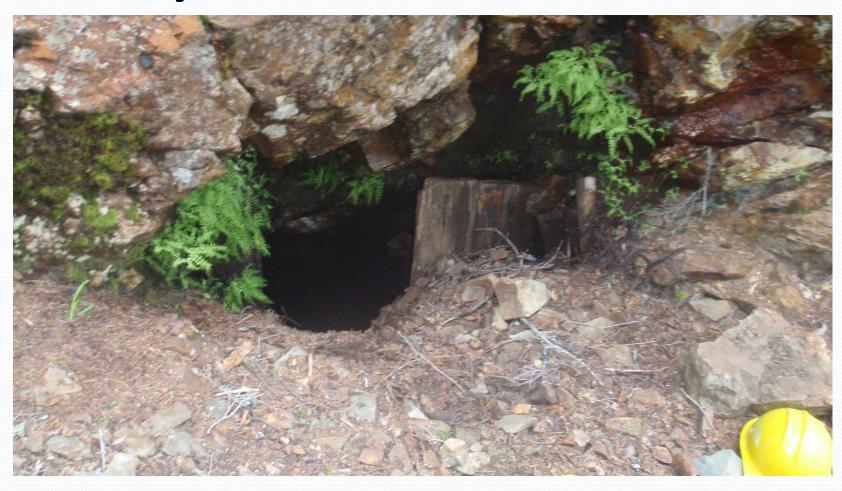


Mill Creek Diversion





Discovery Vent – Before





Discovery Vent – After





Reinforced Stabilized Slope - Lift 1



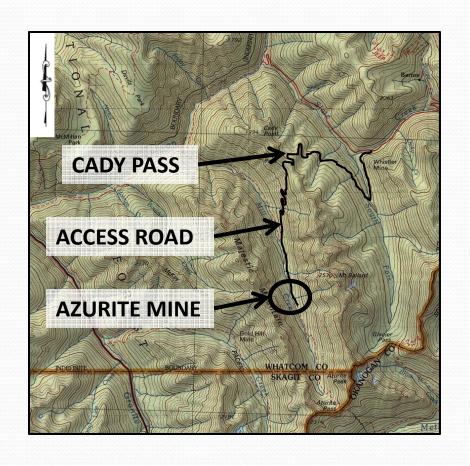


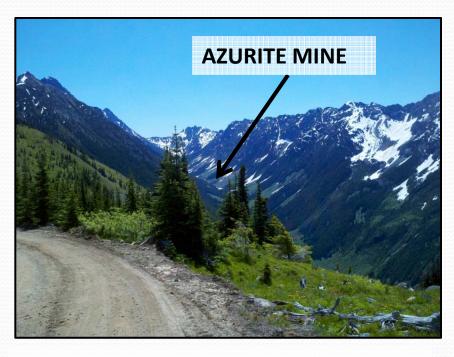
Reinforced Stabilized Slope – Lifts 12/13





Azurite Mine Location





LOOKING SOUTH FROM CADY PASS

