




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

The Division of Reclamation, Mining and Safety has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance with the terms of the permit and applicable rules and regulations of the Mined Land Reclamation Board.

MINE NAME: Red Mountain Exploration Drilling	MINE/PROSPECTING ID#: P-2011-014	MINERAL: Molybdenum	COUNTY: Clear Creek
INSPECTION TYPE: Monitoring	INSPECTOR(S): Peter S. Hays	INSP. DATE: August 30, 2016	INSP. TIME: 10:00
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: Tim Haynes, Alex Ungers	TYPE OF OPERATION: MP - Mineral Prospecting	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$108,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 14, 2016	

GENERAL INSPECTION TOPICS

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. No problems or possible violations were noted during the inspection. The mine operation was found to be in full compliance with Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials and/or for Hard Rock, Metal and Designated Mining Operations. Any person engaged in any mining operation shall notify the office of any failure or imminent failure, as soon as reasonably practicable after such person has knowledge of such condition or of any impoundment, embankment, or slope that poses a reasonable potential for danger to any persons or property or to the environment; or any environmental protection facility designed to contain or control chemicals or waste which are acid or toxic-forming, as identified in the permit.

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>N</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(CI) COMPLETE INSP---- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

The Red Mountain Drilling NOI was inspected by Peter Hays and Michael Cunningham with the Division of Reclamation, Mining and Safety (Division/DRMS) as part of the Division's monitoring inspection program. Mr. Tim Haynes and Mr. Alex Ungers with Climax Molybdenum - Henderson Operations (Henderson) were present during the inspection.

The NOI project was previously inspected by the Division on August 15, 2013. The NOI project appeared unchanged since the last inspection. According to the 2016 annual report, no drilling was done at the project in 2014 or 2015. The drill pads were observed during the inspection. Drill pads #1, #2, and #5 through #8 appeared unchanged since the last inspection. The equipment observed at drill pads #3 and #4 in 2013 has been removed and the sumps have been backfilled. The lower portion of drill pad #4 was covered by material eroded from the upper pad and access road.

Henderson did not submit a modification to the NOI during the winter of 2013 as stated in the previous inspection report. The modification is required to extend the expected date of completion. Additionally, the location of drill pads #2 and #3 will need to be clarified, drill pads #6 or #7 may be removed from the NOI, the access road layout to drill pad #8 needs to be clarified and an additional drill pad may be added near the Urad project. The Operator projected all drill holes would be abandoned and reclamation of the drill pads and access roads would start in 2017.

Photographs taken during the inspection are attached.

Inspection Contact Address

Mr. Miguel Hamarat
Climax Molybdenum Company
P.O. Box 68
Empire, CO 80438

Cc: Wally Erickson, DRMS
Michael Cunningham, DRMS
Stephanie Mitchell, DRMS

PHOTOGRAPHS



View of drill pad #3 looking northeast



View of drill pad #4 looking northeast



View of upper portion of drill pad #2 looking north



View of lower portion of drill pad #2 looking south (storage area)



View of drill pad #1 looking southwest



View of drill pad #8 looking northeast