




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: Henderson Mine	MINE/PROSPECTING ID#: M-1977-342	MINERAL: Molybdenum	COUNTY: Clear Creek, Grand
INSPECTION TYPE: Monitoring	INSPECTOR(S): Peter S. Hays	INSP. DATE: September 22, 2016	INSP. TIME: 09:00
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: Tim Haynes, Lisa Yenne	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$35,084,835.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY:	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 26, 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>N</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>N</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 Henderson Mill 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 with Climax Molybdenum - Henderson Operations (Henderson) and Ms. Lisa Yenne with AECOM were present during the inspection.

The purpose of the inspection was to accompany AECOM on a monthly Tailings Impoundment inspection. The focus of the monthly AECOM inspection is to inspect the tailings impoundment for overall dam safety and water balance. Any tailings impoundment concerns are discussed at the end of the inspection with Henderson staff. A monthly inspection report is generated by AECOM a few weeks following each inspection, typically.

The toe of 3-Dam and 1-Dam were inspected from south to north to observe the flow of water from the foundation and horizontal drains. Evidence of recent horizontal drain jetting were observed at the south end of the 3-Dam. The cleaning of horizontal drains at the north end of 1-Dam was observed during the inspection.

The spigot deposition of tailings was observed in Cells 1 through 7. Cells 6 and 7 were actively depositing during the inspection. Tailings deposition is expect to change to lead-off deposition in November or October. The step-back area of 3-Dam was inspected for stormwater collection and transportation to the toe of the dam.

The two (2) types of piezometers installed in the tailing impoundment, open-hole and vibrating wire, were discussed and an example of each type was observed. The overall piezometer network was discussed during the inspection.

Photographs taken during the inspection are attached.

Inspection Contact Address

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

PHOTOGRAPHS



View of reconfigured collection ditch at north toe of 3-Dam



View of 1-Dam "A" Bench from south end looking north



View of horizontal drains at the south end of 1-Dam looking south



Horizontal drain cleaning at the north end of 1-Dam



Spigot deposition of tailings in Cell 7 of 1-Dam