




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: Climax Mine	MINE/PROSPECTING ID#: M-1977-493	MINERAL: Molybdenum	COUNTY: Summit
INSPECTION TYPE: Monitoring	INSPECTOR(S): Dustin M. Czaplá	INSP. DATE: June 27, 2017	INSP. TIME: 11:00
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: Ray Lazuk	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$78,246,088.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: June 28, 2017	

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>Y</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>Y</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

This was a routine monitoring inspection for the Climax Mine, a 112d-3 hardrock mine operated by the Climax Molybdenum Company. The inspection was conducted by DRMS representative Dustin Czapla. Climax representatives, Aaron Hilshorst and Diana Kelts, guided DRMS during the inspection.

The primary objective of this inspection was to observe the clean water diversion channels during the peak runoff period. The east interceptor ditch was inspected first. The east interceptor ditch begins on the north end of the McNulty OSF and intercepts and transports unaffected water from the east side of the affected area down to Tenmile Creek at the north end of the affected area. The interceptor ditch appeared to be functioning as designed. Water in the ditch appeared clean and clear and there was surplus freeboard in the ditch for additional capacity. The west interceptor ditch was inspected next. The west interceptor begins near the west end of Tenmile Pond and collects unaffected water from several drainages as it flows along the west side of the road to the north end of the affected area and into Tenmile Creek. Water in this ditch also appeared clean and clear and the ditch appeared to be functioning as designed. The Chalk Mountain interceptor was inspected as well. This ditch collects unaffected water from drainages on Chalk Mountain, on the south side of the affected area. Water is transported to the west where it discharges near the spillway of Eagle Park Reservoir. Water in the ditch appeared clean and clear, and the ditch appeared to be functioning as designed with adequate carrying capacity. No problems or violations were noted with regards to the clean water interceptor ditches.

The tailings ponds were observed during the inspection. Several different dust suppression products are being tested on the Tenmile Pond. No significant dust was noted during this inspection.

There are various small refuse areas located throughout the site consisting of materials such as old wooden wire spools, power poles, pipes and culverts. The operator is in the process of inventorying these areas with plans to consolidate and/or dispose of the refuse.

There were no problems or violations noted during this inspection. Overall the site is well maintained and orderly.

Responses to this inspection report should be directed to Dustin Czapla at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 South 3rd Street, Room 301, Grand Junction, Colorado 81501, phone number (970) 243-6299.

Inspection Contact Address

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