



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): Jared L. Ebert	INSP. DATE: July 13, 2017	INSP. TIME: 08:00
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: July 19, 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>N</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</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>NA</u>	(CI) COMPLETE INSP---- <u>NA</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>Y</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 monitoring inspection of the Climax Mine, DRMS Permit No. M-1977-493, operated by Climax Molybdenum Company (CMC). I, Jared Ebert of the Colorado Division of Reclamation, Mining and Safety conducted the inspection. I met with Mr. Ray Lazuk, Aaron Hilshorst, Diana Kelts, and James Haag with CMC at the beginning of the inspection and they provided me a brief introduction to the site, its history and the operations. After this meeting, I accompanied Mr. Hilshorst, Mrs. Kelts and Mr. Haag on tour of the site.

The open pit area was observed. At the time of the inspection, two blast patterns were being developed. Active mining was taking place at the time of the inspection. Two shacks were observed at the site with instrumentation used to monitor and measure the movement of the mine face.

Portions of the North 40 and McNulty Overburden Storage Facility (OSF) was observed. No problems were noted. According to the CMC staff, they may revise the OSF configuration to avoid placing overburden in a wetland area.

The 5-Shaft Pump Station was observed. Water is pumped to two decant ponds at the Stork Wastewater Pump Station. The two decant ponds were holding water and appeared stable and functional. A drainage ditch catching drainage from the affected lands that drain to the decant ponds was clear and functional.

The composting area at the south end of the Robinson Tailings Storage Facility (TSF) was observed. A reclaimed section of the Robinson TSF on the south side was observed. This area was vegetated and stable.

Portions of the East Tailings Delivery Line was observed. No problems were noted.

The Robinson Lake Dam (Dam 4) was observed. The face of the dam appeared stable.

The Robinson Lake Seepwater Pump station and Warren's Pump Station was observed and appeared functional.

The dam at Tim's Pond was observed. The dam appeared stable.

The face of Dam 1 of the Robinson TSF was observed. Overall, the face of the dam appeared stable. Vegetation has established on the upper portions of the dam. Portions of sparse vegetation were observed on the lower benches of the dam.

The face of Dam 2 of the Robinson TSF was observed. The face of the dam appeared stable.

The Lake Irwin area was observed. According to CMC staff, this area will be reclaimed as a wetland and that a revision to the reclamation plan is forthcoming.

CMC has recently stripped topsoil from an area where future tailings will be placed. The stripped soil has recently been placed in a pile north of the 3 Dam area. A current subsoil pile is also located near this area. The subsoil pile was stable and vegetated.

3 Dam of the Tenmile TSF was observed. The dam appeared stable.

The 3 Dam Pump station was observed and appeared functional.

Also during the inspection, CMC staff showed me the mill facilities and provided an overview of the milling process. Also, the CMC staff showed me the Property Discharge Water Treatment Plant and how it functions. No problems in the facilities area was observed.

Acid And Toxic Materials:

The TSF were observed and no problems were noted.

Excess Spoil and Dev. Waste:

The Overburden Storage Facilities were observed and no problems were noted.

Hydrologic Balance:

The water handling facilities were observed, see the beginning of the report for details regarding the Division's observations.

PHOTOGRAPHS



Figure 1. From the northeast side of the open pit looking southwest.



Figure 2. Decant ponds at Storke Wastewater Pump Station.



Figure 3. 5-Shaft Pump Station.



Figure 4. From the south end of the Robinson TSF looking east toward the OSFs.



Figure 5. Robinson Lake Seepage and Cut-off Wall.



Figure 6. Tim's Pond.



Figure 7. 1 Dam.



Figure 8. Tenmile TSF with 2 Dam in the background.



Figure 9. Lake Irwin



Figure 10. Topsoil and subsoil pile north of 3 Dam.



Figure 11. 3 Dam.

Inspection Contact Address

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Enclosure: None

EC: Eric Scott, DRMS