


**COLORADO**Division of Reclamation,
Mining and Safety

Department of Natural Resources

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): Lucas J. West	INSP. DATE: April 12, 2018	INSP. TIME: 09:52
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: Diana Kelts, Emile McCormick	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: April 19, 2018	

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>Y</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>Y</u>	(TS) TOPSOIL----- <u>N</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>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <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 inspection was conducted as part of the normal monitoring program established by the Colorado Division of Reclamation, Mining and Safety. Climax is a 112d-3 Molybdenum mining and milling operation located primarily in Summit County. The site consist of 14,000 permitted acres with approximately 8,000 acres of affected lands. The site is bisected by Colorado State Highway 91 and public access is controlled by a guard station at the main gates. The Division currently holds \$78,246,088.00 in Financial Warranty for the site. Along with Division Staff listed on page one of this report, Dianna Kelts and Emile McCormick of Climax Molybdenum were present during the inspection. Four Photos accompany this report to illustrate the current site conditions.

The site was active during the inspection. Mining, milling and maintenance activities were all being performed as part of the daily operations of the site. The main focus of this inspection was intended to be the Tailings Storage Facilities, the Tailings Storage Dams and the water management system associated with those facilities. A recent snow storm caused the inspection to be somewhat abbreviated however the intended facilities were inspected.

Tailings dams 1, 2 and 3 were observed despite the snowpack. The dams appeared to be in good condition and showed no signs of settling or slumping. The water management systems associated with these dams including both the Robinson Lake and Warren's ponds as well as the various pump stations and monitoring devices were observed. Discussions with the Operator Representatives indicate that all devices and systems are functioning properly. There are some preliminary discussions on upgrading the monitoring equipment communications systems but that will be a project to happen in the years to come. The Tenmile and Mayflower Tailings Storage Facilities were observed and appeared to be in good condition. The Mayflower TSF can be seen in Photos **One** and **Two**. The Tailings Deliver Line (TDL) was observed where it can be seen on the surface. The line appears to be functioning as designed and is in good condition and can be seen in Photo **Three**.

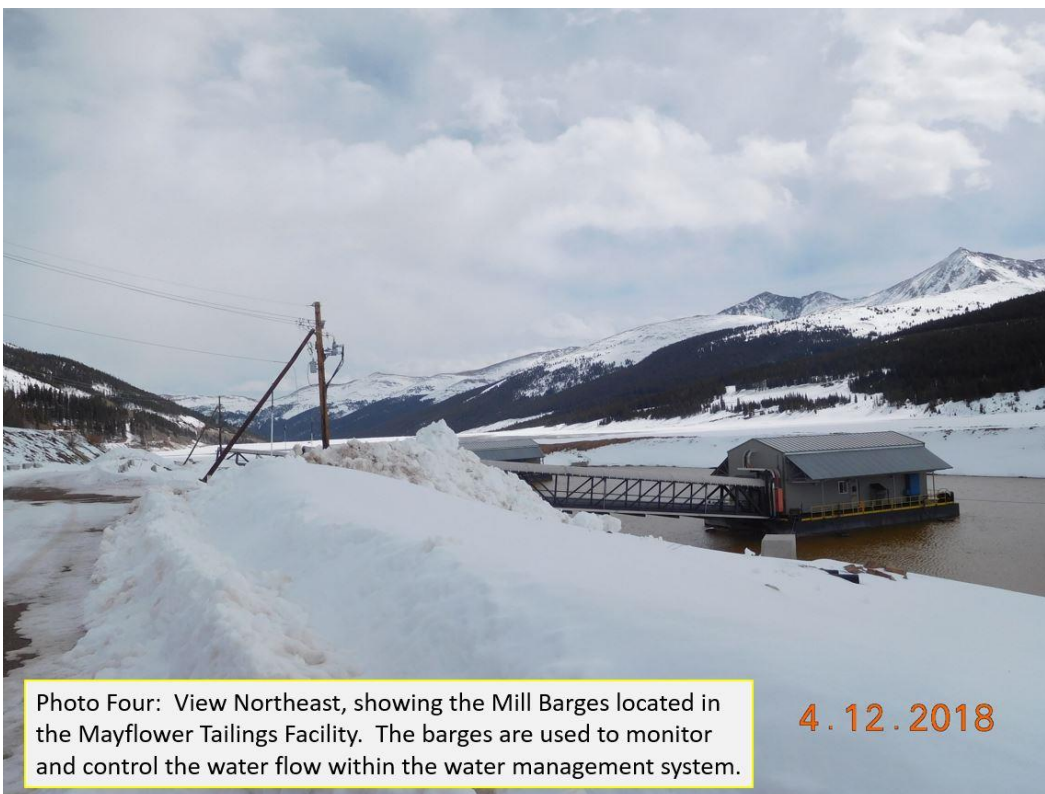
The Water management systems associated with the dams and Tailings Storage Facilities was inspected. The Toe drains of the dams however were not due to snowpack. The 3 dam pump station, Mayflower pump station and Mill barges were all inspected and no issues with those facilities were noted. Photo Four shows the Mill barges used to monitor and control the water levels in the Tailings Storage Facility.

Discussions with the Operator's Representative indicate that the leaking seepage return line that is leaking within the Mayflower TSF is being monitored and is stable at this time. A contingency plan is being developed to determine a long term solution, while the situation is being monitored. The leak is not considered a problem at this time.

The overall footprint of the site is in good condition and no problems or possible violations were noted during this inspection. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety at 1313 Sherman Street, Room 215, Denver, CO 80203, by phone at (970)-243-6368 or by email at lucas.west@state.co.us.

PHOTOGRAPHS





Inspection Contact Address

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Enclosure

CC: Russ Means, Senior Environmental Protection Specialist