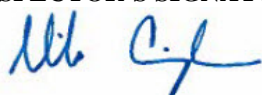




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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): Michael A. Cunningham	INSP. DATE: May 24, 2018	INSP. TIME: 09:00
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: Amber Parmet	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$37,993,785.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: June 14, 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>N</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>Y</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>	(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

The Henderson Mill inspection was conducted by Michael Cunningham of the Division of Reclamation, Mining and Safety (Division) as part of the Division's monitoring inspection program. Ms. Amber Parmet of Climax Molybdenum - Henderson Operation (Henderson) was also present for the inspection. The purpose of the inspection was to evaluate the stormwater controls at the Henderson Mill.

Hydrologic Balance:

The Division and Henderson staff inspected the Ultimate Canal which intercepts storm water along the west and north sides of the tailings impoundment. The Ultimate Canal is designated as an Environmental Protection Facility. The canal was receiving runoff from snow melt and was flowing at the time of the inspection. The entire above ground portion of the Ultimate Canal was inspected and was found to be well maintained and functioning as designed.

Following the inspection of the Ultimate Canal, the Division proceeded to inspect the outfalls located along the ore haulage system. All of the outfalls associated with the ore haulage system were found to be functioning properly, no repairs to existing BMPs were required. However, OF-M14 did not contain any BMPs. The Division also inspected the Portal Lay-down Yard and found OF-M9 and OF-M16 did not contain any BMPs. The outfalls are situated at the northwest and northeast corners of the Lay-down Yard, respectively, and discharge stormwater into wetland areas adjacent to the Williams Fork River. The outfalls were dry at the time of the inspection and the Division did not observe any signs of sediment deposition below the outfalls. The lack of BMPs at outfalls OF-M14, OF-M9 and OF-M16 will not be cited as a problem since they were not discharging water at the time of the inspection and there were no signs sediment was being transported from affected areas. The Operator shall install straw wattles or similar BMPs at the above identified outfalls.

The Division observed two unidentified outfalls along the road leading to the Mill Process Water Tanks. The area is identified on Figure 3, Mill Stormwater Management Map as 'M-5: Steep Bank at the Switchback Along Road to Process/Potable Water Tanks'. The outfalls are not identified on the Mill Stormwater Management Map. The Operator was uncertain as to where the outfalls reported to, but believed they discharged to Bear Paw Gulch which reports to the Tailings Impoundment. No changes to the stormwater management plan are required if the outfalls report to Bear Paw Gulch. However, a Technical Revision may be required to incorporate the outfalls into the stormwater management plan if they directly discharge to the Williams Fork River.

The Ranger Gulch Topsoil stockpile was inspected and the stormwater diversions constructed around the stockpile were functioning properly. The Division also inspected OF-M29, located downgradient of the topsoil stockpile, and found the water discharging from this outfall to be clear.

Inspection Contact Address

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

PHOTOGRAPHS



1. Outfall located at northwest corner of Lay-down Yard, no BMPs observed.



2. Outfall located at northeast corner of Lay-down Yard, no BMPs observed



3. Unidentified outfall, located on access road to Mill Process Water Tanks.



4. Unidentified outfall, located on access road to Mill Process Water Tanks.



5. Outfall located at north end of storage area, no BMPs observed.