




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: Red Mountain Exploration Drilling	MINE/PROSPECTING ID#: P-2011-014	MINERAL: Molybdenum	COUNTY: Clear Creek
INSPECTION TYPE: Monitoring	INSPECTOR(S): Peter S. Hays	INSP. DATE: July 26, 2018	INSP. TIME: 11:00
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: Alex Ungers	TYPE OF OPERATION: MP - Mineral Prospecting	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$108,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 27, 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>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>Y</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>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

The Red Mountain Exploration Drilling NOI was inspected by Peter Hays and Stephanie Mitchell with the Division of Reclamation, Mining and Safety (Division/DRMS) as part of the Division's monitoring inspection program. Mr. Alex Ungers and Mr. Aaron Hilshorst with Climax Molybdenum - Henderson Operations (Henderson) were present during the inspection. The NOI project was previously inspected by the Division on July 27, 2017.

The second NOI modification (MD-02) for the site was approved by the Division on February 14, 2017. The modification extended the NOI completion date until December 31, 2018, relocated drill pad #3, stated drill pads #6 and #7 were not utilized and updated the access road location between drill pads #7 and #8.

Drill pads #1-5 were observed during the inspection. The pads were unchanged since the last inspection. Drill pads #6-8 were not observed due to a large fallen tree blocking the access road south of drill pad #5. The Operator stated final reclamation of the NOI drill holes, drill pads and access roads would be completed next year. The Operator has provided an activity and abandonment report for the drill holes as part of the annual reports.

Photographs taken during the inspection are attached.

Inspection Contact Address

Mr. Alex Ungers
Climax Molybdenum Company
P.O. Box 68
Empire, CO 80438

Ec: Michael Cunningham, DRMS

PHOTOGRAPHS



View of drill pad #3 looking west



View of drill pad #4 looking west



View of capped drill hole on drill pad #2



View of drill pad #5 looking west