




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: June 7, 2019	INSP. TIME: 09:15
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: James Haag, Megan Graham	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$91,011,850.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: June 20, 2019	

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>Y</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>	(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 was a monitoring inspection of the Climax Mine, Division of Reclamation, Mining and Safety (DRMS or Division) permit number M-1977-493, operated by Climax Molybdenum Company (Climax). I, Jared Ebert with DRMS conducted the inspection. Mr. James Haag and Megan Graham accompanied me during the inspection.

At the beginning of the inspection Mr. Haag discussed the water handling plan currently implemented at the site to draw down Climax's water holding ponds in preparation of this year's snowmelt. A significant amount of snow was observed at the site and surrounding area. The Mayflower sludge cell expansion has not yet started. Climax is planning to begin vegetation grubbing and topsoil stripping on the west side of the Mayflower TSF in the near future. The gate house relocation will not occur this year.

Hydrologic Balance:

The Division observed the West Interceptor (WI) system beginning near where the WI meets Tucker Gulch to the upper end near Lake Irwin. Climax is required to remove snow and ice from the open channel portions of the interceptor systems as well as clearing culvert opening prior to the snowmelt runoff each spring. Climax has cleared the openings/grates that allows flow into the underground pipe portion of the WI. A small landslide was observed along the road in the underground pipe portion of the WI. The slide material appears to be impeding flow slightly along the roadside ditch leading to the grated opening for the pipe channel. Mr. Haag indicated that Climax would conduct maintenance to insure the road side channel will be cleared to allow flow into the WI. Climax should continue to watch this slide area and conduct additional slope stabilization if necessary to prevent further erosion possibly impacting the road and the WI functionality. Gabion walls are in place adjacent to both sides of the small slide area. Climax has replacement pipe staged onsite for the improvements to be made to the WI as approved in Technical Revision No. 29.

The Chalk Mountain Interceptor (CMI) was observed. This interceptor was clear and functional.

Robinson Lake dam was snow covered but appeared stable.

The Lake Irwin area was snow covered.

Much of the eastern portion of the mine site is covered with a significant amount of snow. Given this, access to the East Interceptor (EI) was limited, however portions of the accessible channel were observed. Climax has cleared the snow from the open channel of the EI.

Mr. Haag showed me the approximate locations of monitoring wells EVMW-2 and 4. A significant amount of snow was observed in this area rendering these wells inaccessible at the time of this inspection. Climax should attempt to collect any required measurements/samples later in the quarter should the wells become accessible.

Processing Waste:

The Mayflower TSF was observed. Most of the snow has melted off of the face of 5 Dam. Climax has begun spigot operations for tailings deposition on the top of 5 dam. The deposition area appeared graded, maintained and functional. The beach length appeared to be in compliance.

Portions of the tailings deliver line were observed adjacent to the Tenmile TSF. The line appears functional and no problems were observed.

PHOTOGRAPHS



Figure 1. 5 Dam, from the northwest side looking southeast.



Figure 2. 5 Dam, from the northwest side looking east.



Figure 3. Small slide along the West Interceptor.



Figure 4. From the east side of Lake Irwin looking west.

Inspection Contact Address

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