


**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: August 14, 2019	INSP. TIME: 09:45
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: Dianna Kelts	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: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: August 27, 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>Y</u>	(FN) FINANCIAL WARRANTY----- <u>N</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>Y</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 \$91,011,850.00 in Financial Warranty for the site. Along with Division Staff listed on page one of this report, Diana Kelts and Miles McClhinney of Climax Molybdenum were present during the inspection. Eight Photos accompany this report to illustrate the current site conditions.

The site was active during the inspection. Various mining, development, maintenance and other activities were being conducted the day of the inspection. The main purpose of this inspection was to observe the work area related to the Mayflower Bypass Tunnel construction project, observe the area where the materials storage area will be constructed as approve through TR-30, and monitor the progress of the Lake Irwin wetlands mitigation project and the McNulty Gulch Overburden Storage Facility construction.

Mayflower Bypass Tunnel: The portal and work area for the Mayflower Bypass Tunnel were observed. Active tunneling is taking place by slowly advancing the underground tunnel. The operator provided details that current progress is slow because of the proximity of the new tunnel to historic underground workings. The portal, which can be seen in Photo One, is in good condition and has been stabilized with Shock-Crete around its mouth. The work area surrounding the portal is in excellent condition. All equipment and materials are being stored in a neat and orderly fashion. The work areas can be seen in Photos Two and Three. The upper reaches of 10 mile creek pass adjacent to the work area and is protected by series of silt fences and berms. The protection measures were in good condition and functioning as designed the day of the inspection. All fuel and hazardous materials being used in the area are being stored within proper secondary containment structures.

The muck storage area for the Mayflower Bypass Tunnel as approved through Technical Revision 30 has not yet been constructed. The proposed location of the storage area exists within the footprint of the Mayflower Tailings Storage Facility (TSF) and therefore protected by its associated Environmental Protection Facilities. The location of the storage area will be along the south/east side of the Mayflower TSF near the North Cut Out of the Tailings Delivery Line. The approximate area can be seen in Photo Four.

Lake Irwin Wetlands Mitigation Project: Phase One of the Lake Irwin project has been officially deemed complete. Minor maintenance of the area is required and the vegetation is becoming well established. Phase One can be seen in Photo Five. Phase Two of the project is scheduled to commence next year.

McNulty Gulch OSF: Construction of the McNulty OSF was being conducted during the inspection and can be seen in Photos Six through Eight. The valley drains under the topsoil stockpile areas have been completed, and active topsoil stockpiling was being conducted. The topsoil is being generated from the area that is being graded and prepared for construction of the toe of the facility. Concurrent with topsoil stockpiling material is being placed in 2 foot lifts and compacted in compliance with the approved plan. This will create the foundation for which the facility will be built. All construction materials were actively being monitored by personnel who were also conducting quality checks and quality assurance measurements. Area 2 West has

been cleared of major vegetation and stockpile salvaging will take place next summer.

The overall footprint of the site is in good condition and no problems or possible violations were observed during this inspection. All structures, facilities and equipment appeared to be in good working condition the day of the 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.

Inspection Contact Address

Dianna Kelts
Climax Molybdenum Company
Highway 91, Fremont Pass
Climax, CO 80429

PHOTOGRAPHS

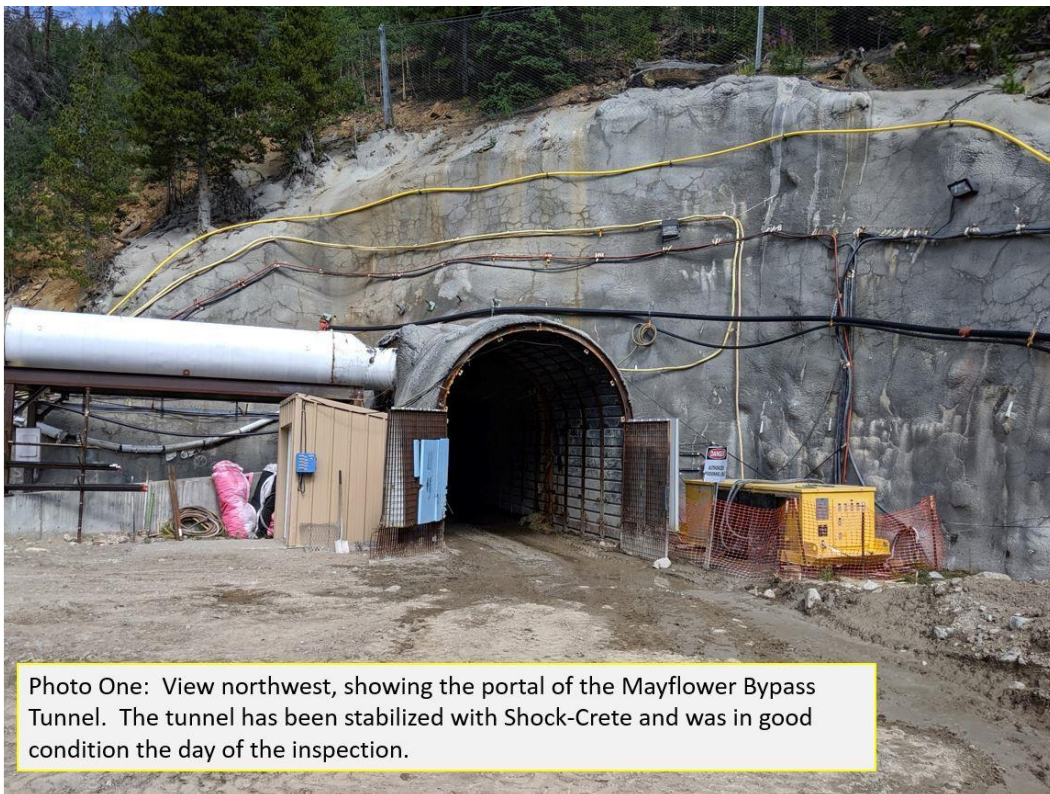


Photo One: View northwest, showing the portal of the Mayflower Bypass Tunnel. The tunnel has been stabilized with Shock-Crete and was in good condition the day of the inspection.



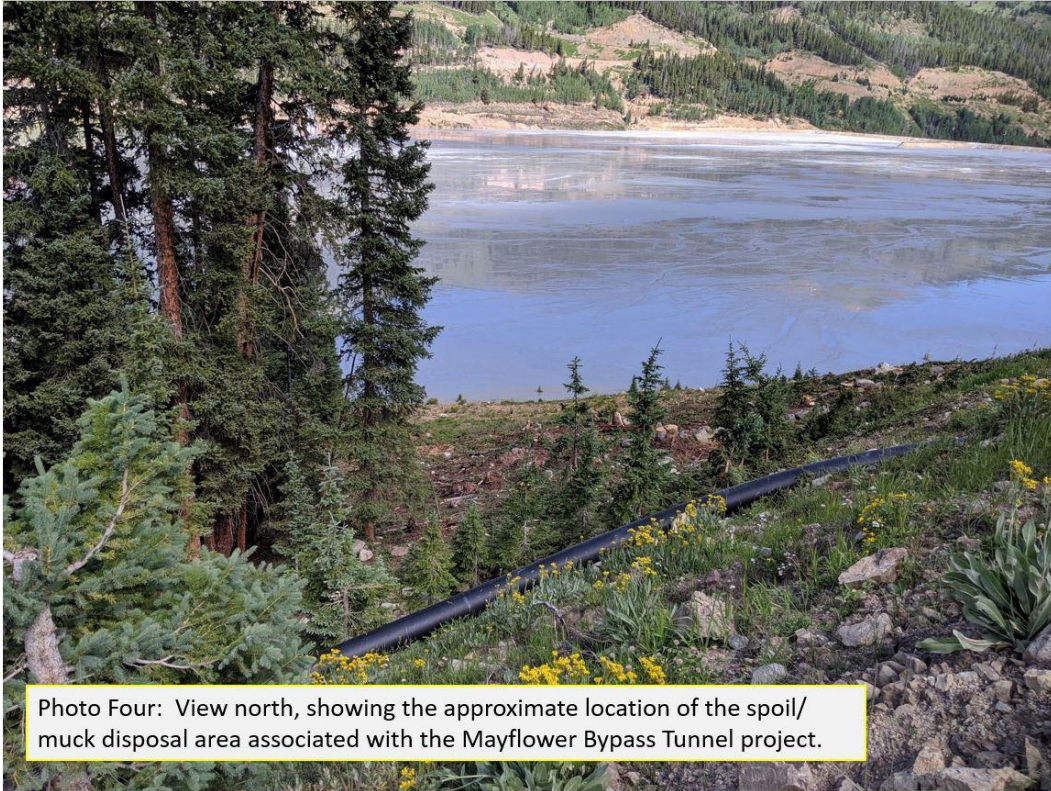


Photo Four: View north, showing the approximate location of the spoil/muck disposal area associated with the Mayflower Bypass Tunnel project.



Photo Five: View south showing the Lake Irwin Wetlands Mitigation Project. Phase One of the project is complete and the vegetation is becoming well established.



Photo Six: View east, showing the active topsoil stockpiling taking place at the McNulty Gulch OSF. The material is being generated by the construction of the foundation where the toe of the slope will rest.



Photo Seven: View east showing the foundation of the facility being constructed. The material is being placed and compacted in 2 foot lifts in accordance with the approved engineered plans. Also visible is the area where topsoil is being salvaged and placed in the stockpile area.

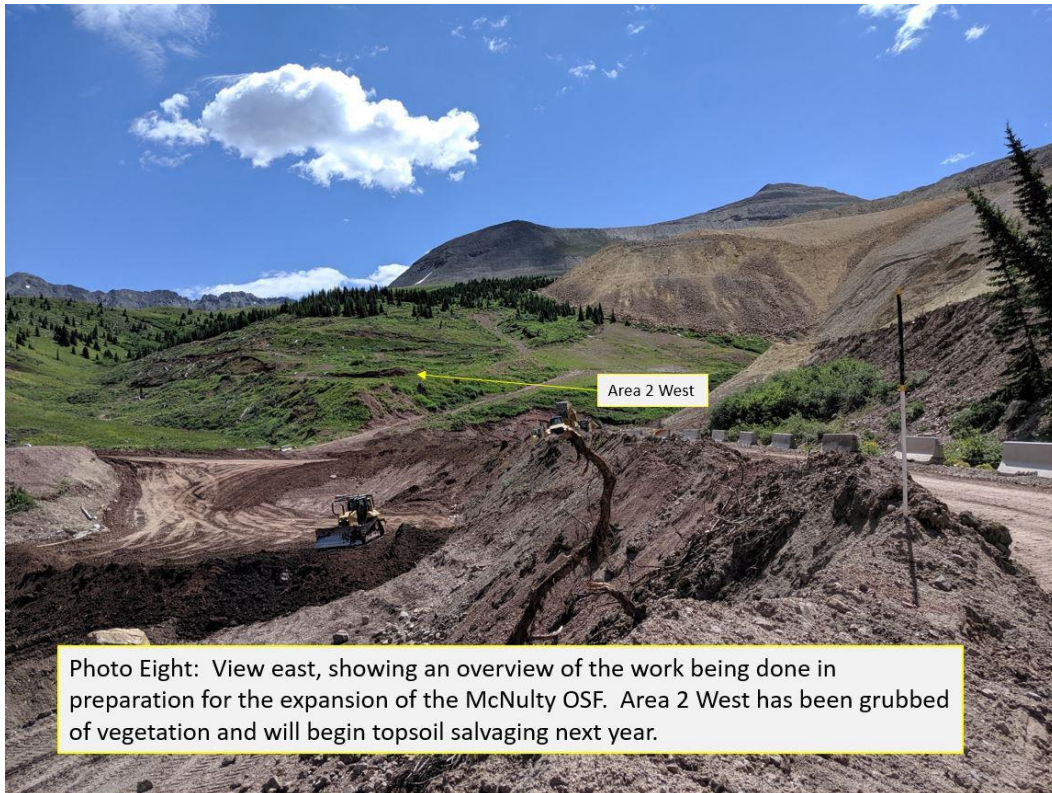


Photo Eight: View east, showing an overview of the work being done in preparation for the expansion of the McNulty OSF. Area 2 West has been grubbed of vegetation and will begin topsoil salvaging next year.