




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): Dustin Czapla	INSP. DATE: November 13, 2019	INSP. TIME: 11:00
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: Diana 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: November 19, 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>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>Y</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 Division of Reclamation, Mining and Safety's (Division) normal monitoring program. Climax representatives, Diana Kelts and Alex Ungers, guided DRMS during the inspection.

The inspection was focused on the following areas:

- Sludge Densification Plant (SDP)
- Property Discharge Water Treatment Plant (PDWTP)

Sludge Densification Plant (SDP)

The SDP is located on the east side of Tenmile Pond. The SDP provides first stage metals treatment for a significant portion of the mines affected waters and creates sludge for deposition in tailings storage facilities. When possible, water is recycled through Robinson Lake for use in the mill facility. The plant has been constructed with adequate secondary containment, in the form of concrete sumps, to contain spills that could occur within the plant. Spills were not noted during this inspection. Operation of the SDP is automated and emergency generators are in place in case of power outages. Reagents utilized in the SDP include lime and flocculant. All chemicals and reagents observed in the SDP area were properly stored with adequate secondary containment protections. Containers were clearly labeled. The SDP Lime Station was locked. The SDP facility appeared well kept and maintained.

Property Discharge Water Treatment Plant (PDWTP)

The PDWTP is located below 5 Dam and is intended to remove second stage metals, such as manganese, iron, copper and zinc, prior to discharging excess water into Tenmile Creek. It provides final treatment before affected water leaves the property. The plant has been constructed with adequate secondary containment, in the form of concrete sumps, to contain spills that could occur within the plant. Spills were not noted within the PDWTP during this inspection. There is an "Events Pond", constructed of concrete, downstream to the west of the PDWTP. The "Events Pond" is constructed with a five million gallon capacity intended to temporarily store any water not meeting discharge requirements. Any water reaching the "Events Pond" can be recycled back to the head of the PDWTP. The "Events Pond" was empty during this inspection. Operation of the PDWTP is automated, but also manned around the clock. Emergency generators are in place in case of power outages. Reagents utilized in the PDWTP include lime, flocculant and sulfuric acid. All chemicals and reagents observed in the PDWTP area were properly stored with adequate secondary containment protections. Containers were clearly labeled. The sulfuric acid is stored in an isolated room in a phenolic lined carbon steel tank, located within an epoxy coated concrete containment area, which is isolated from the rest of the plants containment area. The sulfuric acid truck unloading area has adequate secondary containment in the form of a concrete sump. The PDWTP facility appears very well kept and maintained.

Robinson TSF and 2 Dam were observed. No unusual conditions were noted.

Tenmile TSF and 3 Dam were observed. No unusual conditions were noted.

Mayflower TSF and 5 Dam were observed. No unusual conditions were noted. The mill was not running and tailings deposition was not occurring during this inspection.

No problems or violations were noted during this inspection.

Responses to this inspection report should be directed to Dustin Czapla at the Division of Reclamation, Mining and Safety, 1313 Sherman Street Room 215, Denver, Colorado, 80203, phone number (303) 866-3567, ext. 8188.



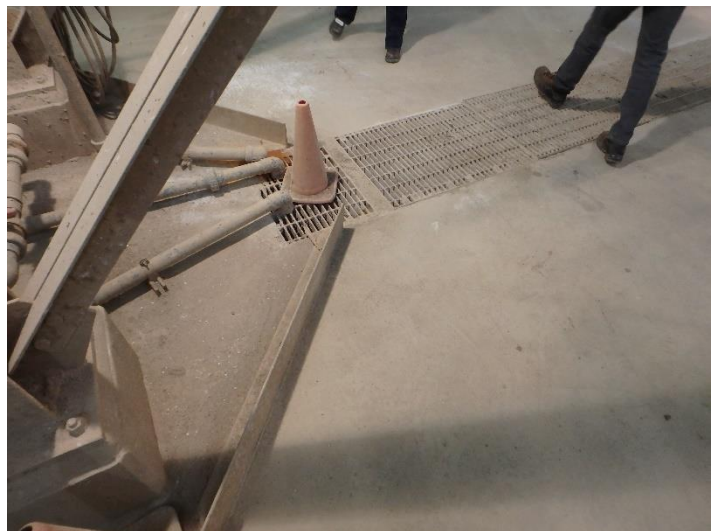
Sludge Densification Plant



Sludge Densification Plant



Sludge Densification Plant



Sludge Densification Plant



Sludge Densification Plant



Sludge Densification Plant



Sludge Densification Plant



SDP-Lime Station



Tenmile Pond



Tenmile Pond



3 Dam



3 Dam



Mayflower TSF-5 Dam



5 Dam



Property Discharge Water Treatment Plant



Property Discharge Water Treatment Plant



PDWTP Acid Load Out



PDWTP Events Pond

Inspection Contact Address

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