




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 West	INSP. DATE: December 18, 2019	INSP. TIME: 10:00
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: Diana Kelts, Alex Ungers	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	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: January 7, 2020	

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>Y</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>Y</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 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 and Operator representative listed on page one of this report, Megan Graham and Kris Thompson of Climax Molybdenum were present during the inspection. Six Photos accompany this report to illustrate the current site conditions.

The inspection was focused on the following areas:

- Truck Shop
- Hazardous Waste Storage Building
- Analytical Laboratory
- Mill Facilities

Truck Shop: The Truck shop is separated into two main areas, one designated for light vehicles such as pickup trucks and small equipment and the other for all other heavy equipment used on site. The light vehicle maintenance area was in excellent condition and well kept. All hazardous materials including oils and lubricants were being stored correctly with proper secondary containment while in use and in storage. The proper safety equipment was observed and in good working order in the area. Spill kits and cleanup tools are stored throughout the shop to provide rapid response to any accidental spills that may occur in both the light vehicle and heavy equipment areas of the shop. The rest the Vehicle Shop is utilized for heavy equipment repairs and preventative maintenance. Several of the bays were occupied with equipment undergoing various stages of periodic maintenance and various repairs and can be seen in Photo One. The entire heavy equipment area including the welding and metal fabrication area was in good condition. The bays are well organized and all hazardous materials including aerosols, oils, lubricants and fuel were properly marked and stored. An example of the storage methods used throughout the shop can be seen in Photo Two. All oil both new and used as well as anti-freeze fluid is stored in bulk tanks on the outside of the shop building as shown in Photo Three. The tanks are double walled for proper secondary containment and heat taped to prevent freezing during the winter months. The Vehicle Shop as a whole is in excellent condition, clean and well kept. No problems or possible violations were observed in this area.

Hazardous Waste Storage Building: The Climax Mine facility is registered as a small quantity generator in compliance with all rules and regulations under the Resource Conservations and Recovery Act (RCRA). All hazardous waste that is generated by the site is stored in the Hazardous Waste Storage Building. The Hazardous Waste Storage Facility is a small building located near the Main Building on site that includes an internal secondary containment system. All manner of hazardous materials are stored there for disposal including used oils, oily rags, various electronics and other materials that are regulated as hazardous materials. The building was constructed in a way that the storage area acts as secondary containment for any and all items stored there. The storage area can be seen in Photo Four. All materials being stored in the facility are well kept and organized. No problems or possible violations were observed in this area.

Analytical Laboratory: Located attached to the Main Mill Facility is the Analytical Chemistry Lab. All internal testing, Quality Assurance and Control Checks and various other tasks are conducted in this area. All facilities within the Laboratory are in excellent condition and clean and well kept. All chemicals and potentially hazardous materials used in this area were verified to be stored with proper secondary containment and safety equipment where necessary. No problems or possible violations were observed in this area.

Mill Facility: The Mill Facility, including the Mill Lube Room was inspected. The flow of material was followed through the Mill Facility from the Sag Mill through the Flotation Circuits and to packaging and storage areas of the concentrate. All conveyors and equipment observed in operation during the inspection were in good condition and appeared to be functioning as designed. No signs of leakage of hazardous materials or spills were observed within the facility. Safety equipment as well as first aid and spill kits was observed at several locations throughout the facility and appeared to be in good condition. The Mill Facility as a whole is in excellent condition and in good working order and can be seen in Photo Five. The Mill Lube Room is a small room located within the Mill Facility that houses the lubricant pumps for the Sag Mill, Ball Mill and other heavy equipment used in the milling process and can be seen in Photo Six. Also stored in the Mill Lube Room are various other lubricants and oils used throughout the milling process. All materials stored in the room are stored with proper secondary containment. The room is well organized and is in good condition.

Also as part of the Mill Facility inspection Area 350 was observed which is located under the rougher flotation circuit. This area is used to store excess reagents and various other materials used in the milling process. All items stored in this area are neat and orderly and contained within the greater secondary containment of the Mill Facility. The Designated reagent room in the mill warehouse was also inspected. The tanks, lines and sumps associated with this area were in good condition at the time of the inspection. No problems were noted in either of these areas.

Throughout the areas that were inspected no problems or possible violations were noted at this time. The overall footprint of the site was in excellent condition and free from excessive trash and debris. 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

Diana Kelts, Alex Ungers
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Climax, CO 80429

PHOTOGRAPHS

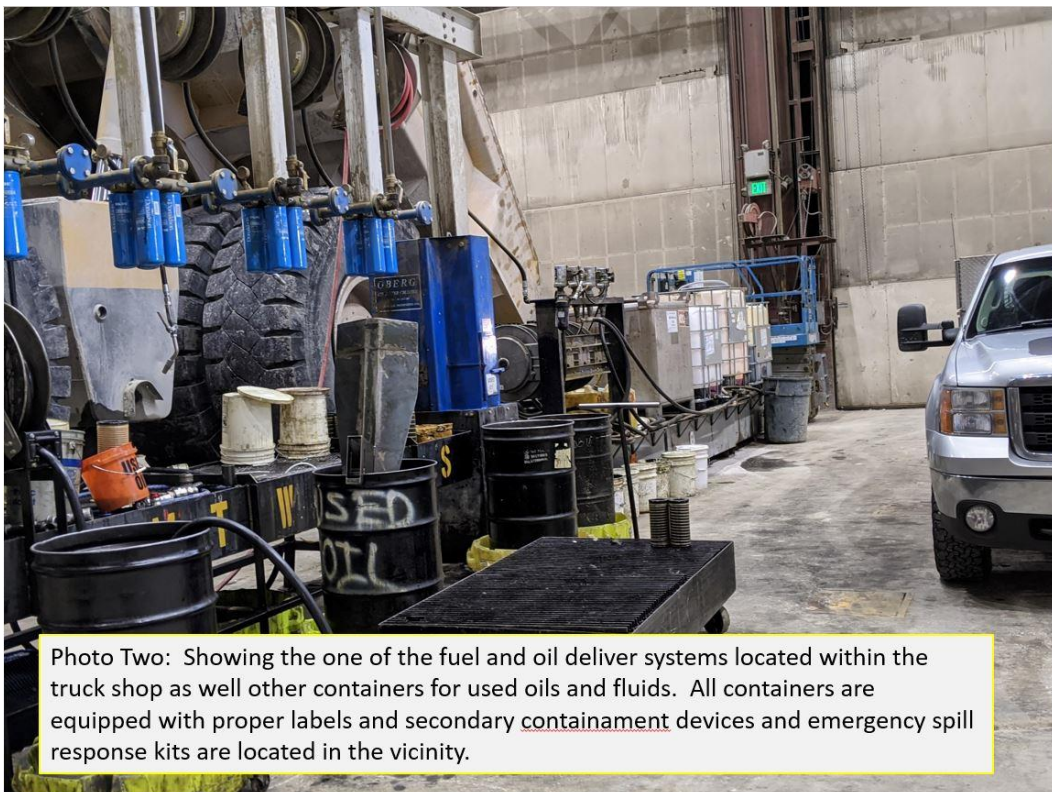
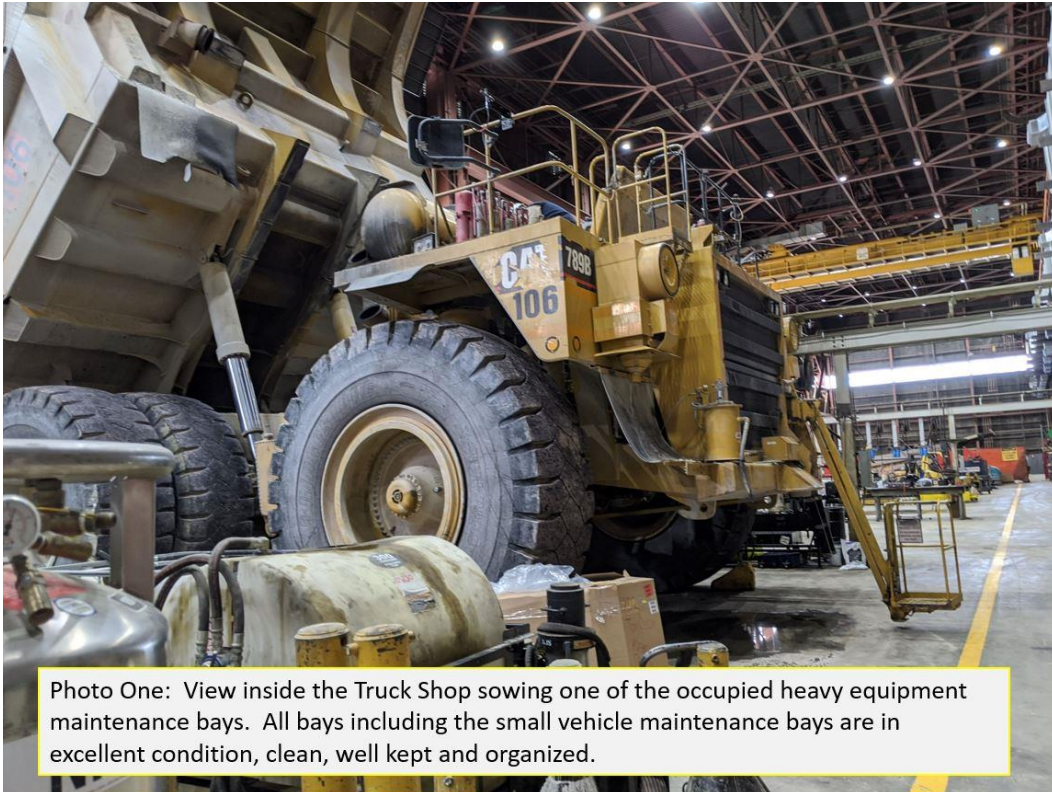




Photo Three: View north, showing the bulk storage containers outside of the truck shop used to store new and used oils as well as anti freeze fluid. The tanks are double walled, insulated and stored within a secondary containment device.



Photo Four: Showing the inside of the Hazardous Waste Storage building. All hazardous materials are stored here awaiting removal and disposal. The area is well kept, clean and organized.

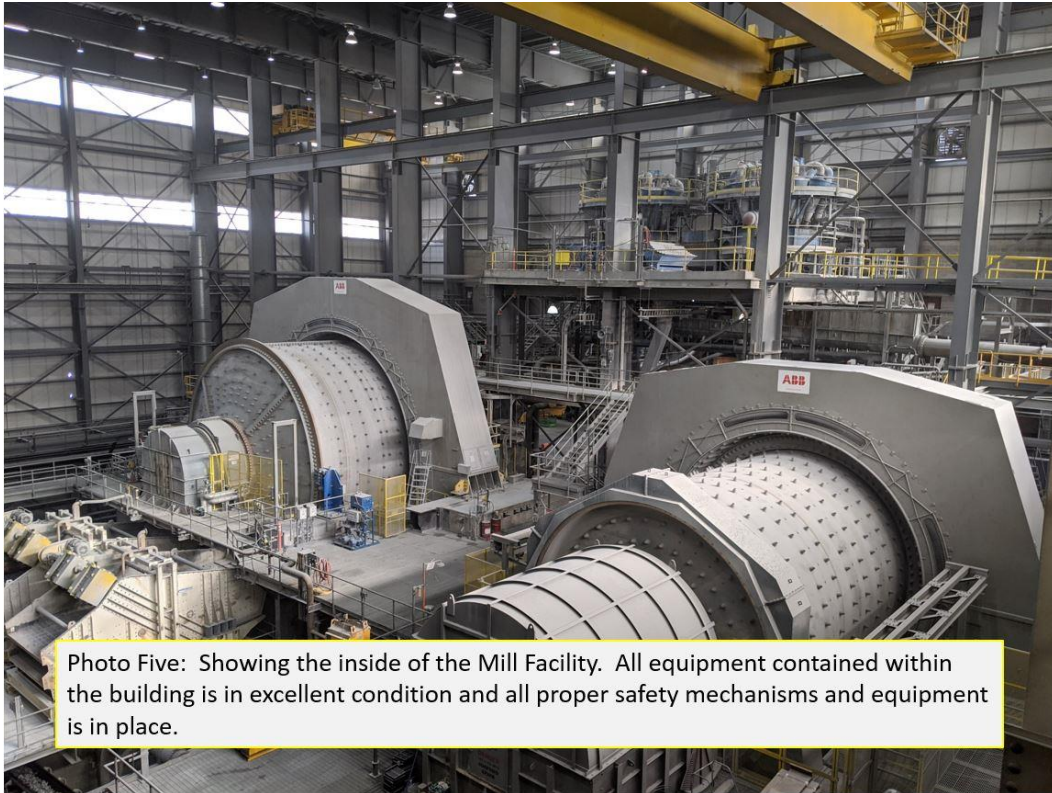


Photo Five: Showing the inside of the Mill Facility. All equipment contained within the building is in excellent condition and all proper safety mechanisms and equipment is in place.

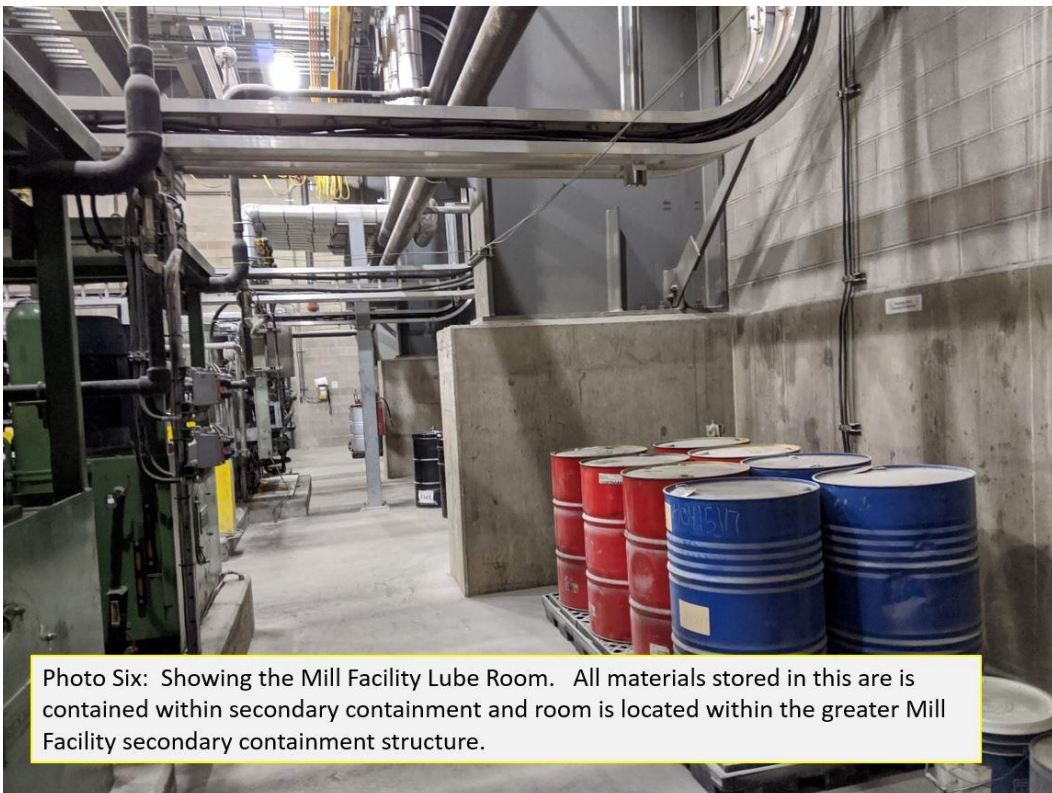


Photo Six: Showing the Mill Facility Lube Room. All materials stored in this are is contained within secondary containment and room is located within the greater Mill Facility secondary containment structure.