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:** Lake, Summit
INSPECTION TYPE: Multi Person Inspection	**INSPECTOR(S):** Lucas West, Amy Yeldell	**INSP. DATE:** June 1, 2021	**INSP. TIME:** 09:00
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:** 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:** June 7, 2021

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---------- N	**(FN) FINANCIAL WARRANTY-------- N**	**(RD) ROADS---------- N**
(HB) HYDROLOGIC BALANCE---------- Y	**(BG) BACKFILL & GRADING---------- Y**	**(EX) EXPLOSIVES--------- N**
(PW) PROCESSING WASTE/TAILING---- N	**(SF) PROCESSING FACILITIES------- Y**	**(TS) TOPSOIL---------- N**
(MP) GENL MINE PLAN COMPLIANCE- Y	**(FW) FISH & WILDLIFE---------- N**	**(RV) REVEGETATION---- N**
(SM) SIGNS AND MARKERS---------- N	**(SP) STORM WATER MGT PLAN---- N**	**(RS) RECL PLAN/COMP-- N**
(ES) OVERBURDEN/DEV. WASTE--------- N	**(SC) EROSION/SEDIMENTATION--- Y**	**(ST) STIPULATIONS------- N**
(AT) ACID OR TOXIC MATERIALS------- Y	**(OD) OFF-SITE DAMAGE----------N**	

Y = Inspected / 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. In addition to the Inspectors listed on page one of this report, Diana Kelts and Alex Ungers of Climax accompanied the inspection and represented the Operator. 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. Ten Photos accompany this report to illustrate the current site conditions.

In addition to being a general site tour for Amy Yeldell of the Division, the inspection was focused on the following areas:

- The mill facility, including the Reagent Storage Room
- McNulty Overburden Storage Facility
- Non-Contact Interceptor Ditches

Mill Facility and Reagent Storage Room

The Mill Facility, including the Reagent Storage Room was inspected. The flow of material was followed through the Mill Facility from the Sag and Ball Mills 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, including the flotation circuit and packaging area, is in excellent condition and in good working order and can be seen in Photos One through Three. The Reagent Storage Room is a designated Environmental Protection Facility located within the Mill Facility to house the various reagents used in the milling process. The room acts as its own secondary containment facility complete with sump and ventilation systems. The room and tanks were observed to be in good condition and no evidence of leaks or spills. All materials stored in the room are stored with proper secondary containment. Also inspected was the reagent delivery area, where delivery trucks can back in, within secondary containment, and offload designated chemicals into the Reagent Storage Room through a piped delivery system. The bay, and piping systems can be seen in Photos Four and Five. The area was clean and organized with spill kits, and functioning alarm systems in place.

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.

McNulty OSF

A Red Level Alert for lightning was experienced during the inspection of the McNulty OSF which resulted in vehicle born observations. The storage facility was in excellent condition. All existing out slopes of the storage material appeared to be stable. The storage material can be seen in Photo Six. The water control systems installed during the previous summer were functioning as designed and delivering flows from the OSF into the ditch reporting to the Tailings storage facility. The water collection discharge point can be seen in Photo Seven. Some vegetation clearing has taken place along the southwestern slope of the facility in preparation for summer depositing of overburden. On site discussions with the Operator indicate the vegetation and soil salvage operations are being conducted by in house crews moving forward. No signs of significant erosion, settling or slumping was noted in the greater footprint of the OSF or the already deposited material.

Non-Contact Interceptors

During the inspection the Chalk Mountain, West and East Interceptors were observed. The function of the interceptor is to prevent run on from snow melt or storm water sheet flows to become impacted and require treatment. The Chalk Mountain Interceptor is an open top ditch running generally along the southwest portion of the site. The Interceptor was flowing in response to snowmelt and recent precipitation events. The entire length of the Interceptor that was observed was flowing unimpeded and was in good condition. An example of the Chalk Mountain Interceptor can be seen in Photo Eight.

The West Interceptor is in the ongoing process of being converted from an open top ditch to a subsurface HDPE piped ditch with periodic inlet points. The open toped portion of the Interceptor was observed and was flowing with no obstructions. An Example of the open toped portion can be seen in Photo Nine. The areas that are piped, contain various inlet points, where flow is directed to a grated opening to allow the water to enter the piped system. The inlet structures that were observed were free from obstruction and appeared to be functioning as designed.

A majority of the East Interceptor exists in densely forested areas along the eastern boundary of the site. A portion of the Interceptor runs along the access road and was observed during the inspection. Similar to the other ditches, it was flowing without obstruction and the channel was in good condition. An example of the observed portion can be seen in Photo Ten.

All interceptors appeared to be functioning as designed and no visual observations were made that would suggest impaired water quality. No signs of up gradient erosion, or sedimentation was noted.

As a result of the general site tour, most of the site was observed including the pit, work areas, haul roads, Sludge Densification Plant, and Tailings Storage Facilities. No problems or areas of concern were noted. No evidence of State Listed Noxious Weeds were observed throughout the site.

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 (303) 866-3567 Extension 8187 or by email at lucas.west@state.co.us.

Inspection Contact Address

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

PHOTOGRAPHS

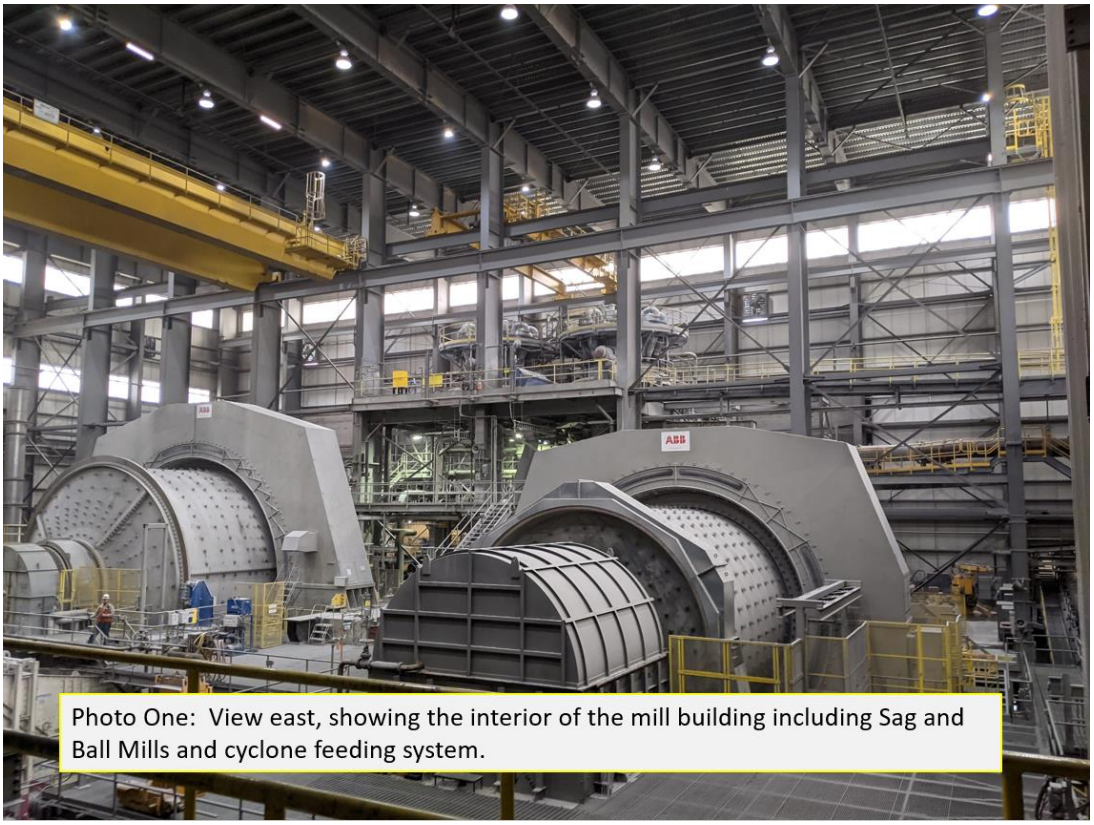

Photo One: View east, showing the interior of the mill building including Sag and Ball Mills and cyclone feeding system.

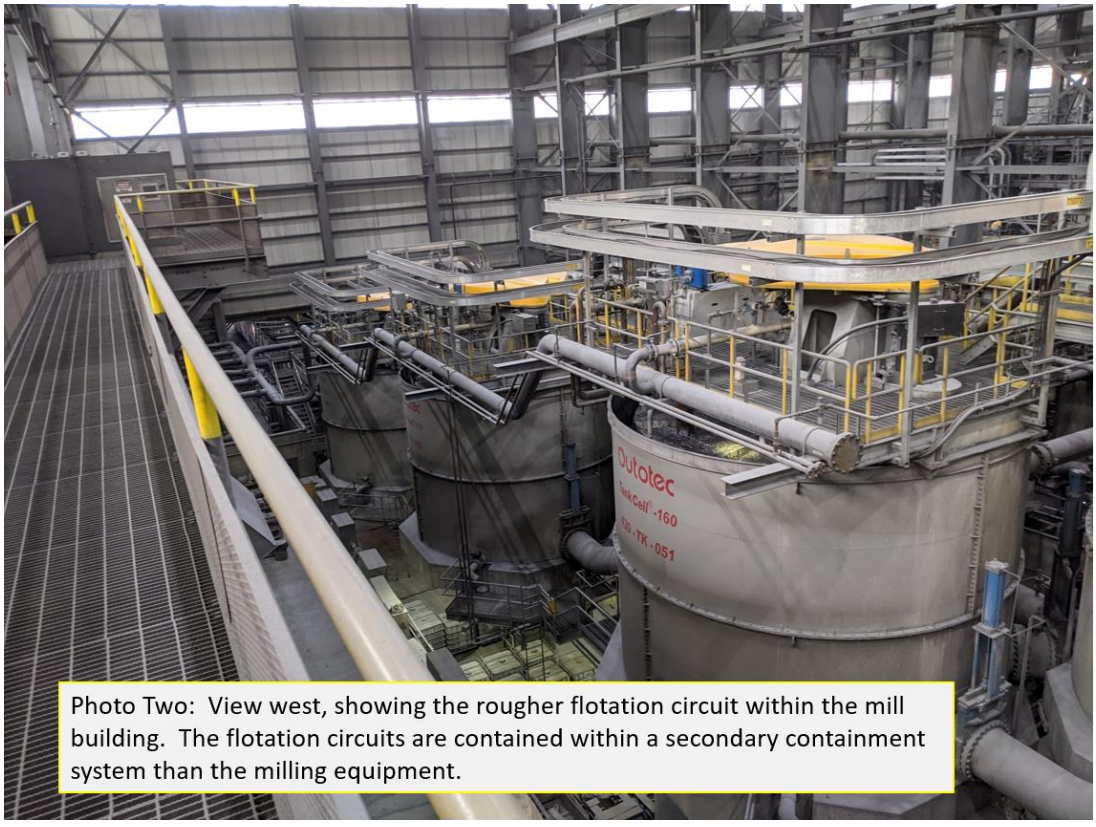

Photo Two: View west, showing the rougher flotation circuit within the mill building. The flotation circuits are contained within a secondary containment system than the milling equipment.

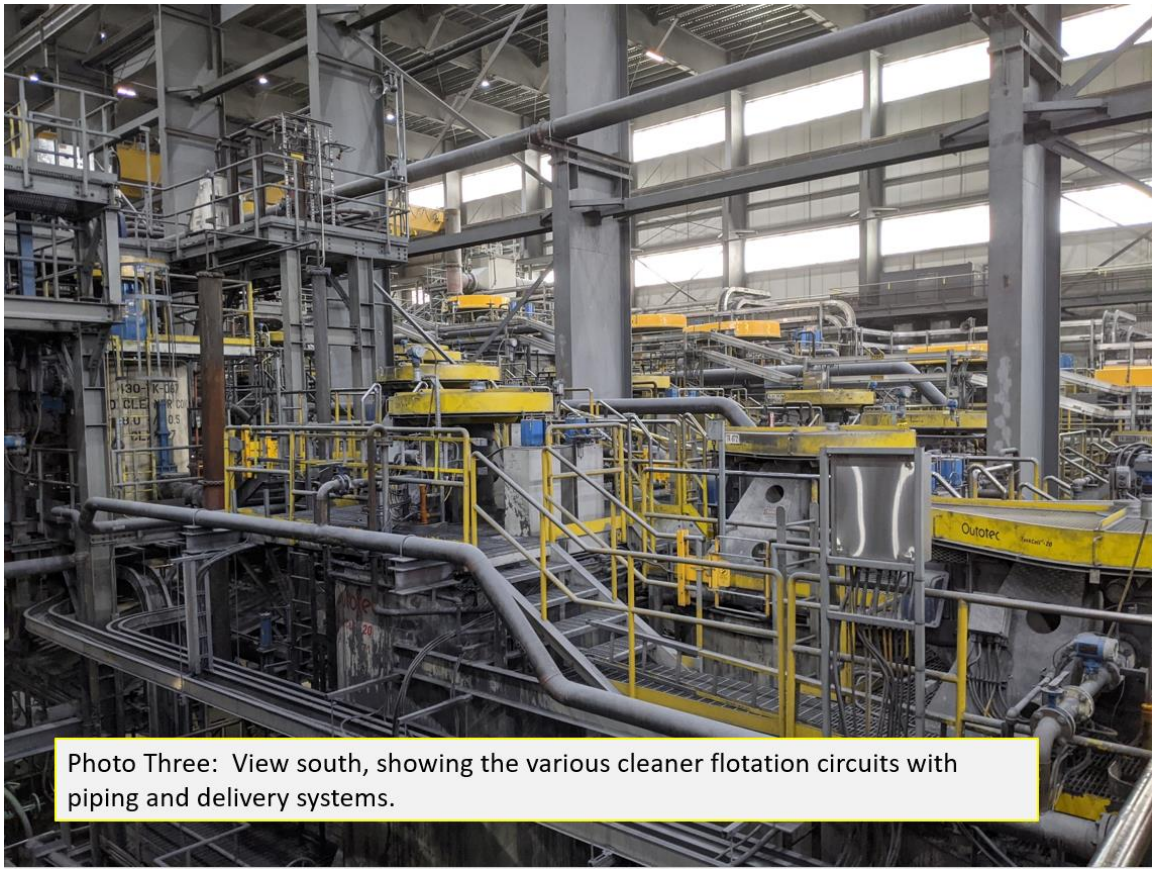

Photo Three: View south, showing the various cleaner flotation circuits with piping and delivery systems.

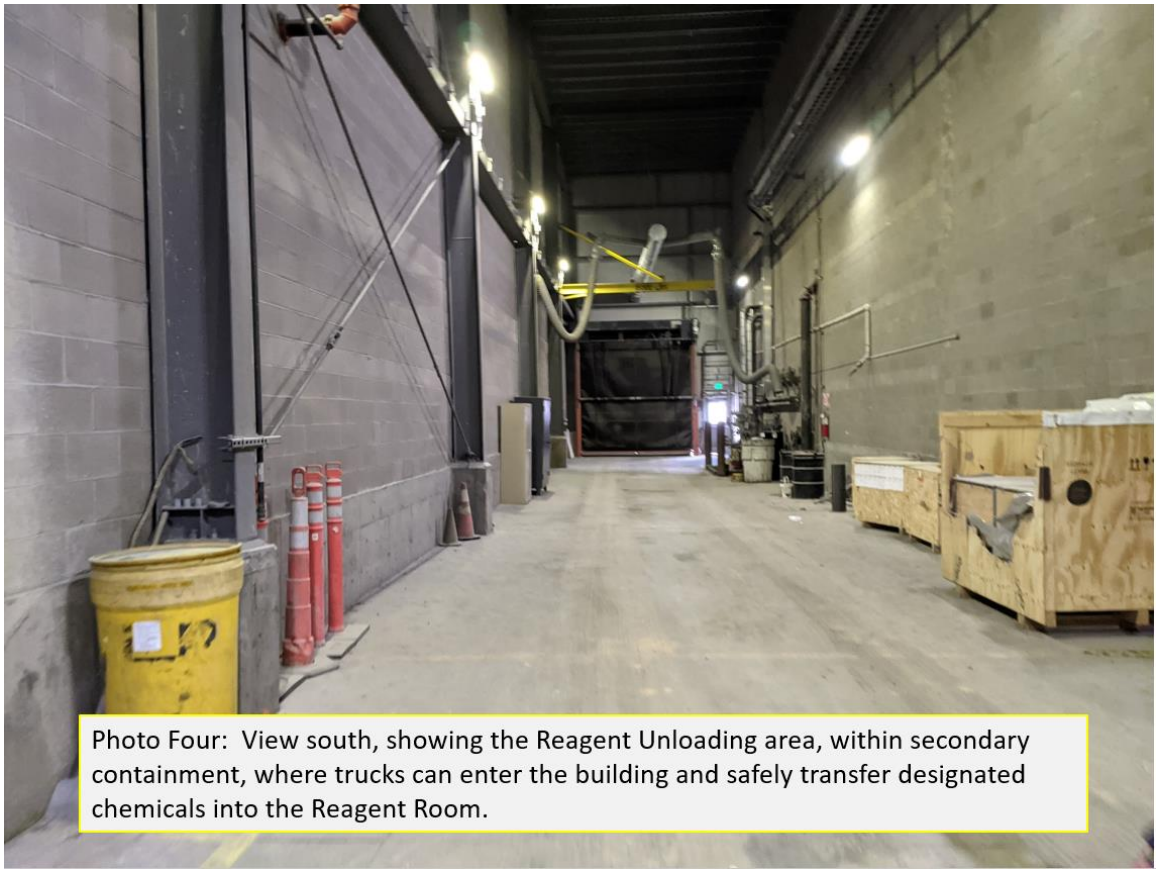

Photo Four: View south, showing the Reagent Unloading area, within secondary containment, where trucks can enter the building and safely transfer designated chemicals into the Reagent Room.

Photo Five: View west, showing the connection points where lines from the truck can be connected to the specific chemical line to transfer it into the tanks in the Reagent Room. The area contains a spill kit and contained sump to prevent unintentional releases of designated chemicals.

Photo Six: View southeast, showing the out slopes of the McNulty OSF. The slopes are in good condition and no evidence of settling, slumping or erosion was noted.

Photo Seven: View south, showing the flow collection system where water collected from the OSF is put into a ditch and diverted for treatment.

Photo Eight: View southwest showing an example of the Chalk Mountain Interceptor. The ditch was in good condition and flowing without obstruction.

Photo Nine: View northwest, showing an example of the West Interceptor ditch. The open toped areas of the ditch were flowing well with no problems.

Photo Ten: View northeast, showing the visible portion of the East Interceptor Ditch.