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: Monitoring	**INSPECTOR(S):** Lucas West	**INSP. DATE:** May 17, 2022	**INSP. TIME:** 09:00
OPERATOR: Climax Molybdenum Company	**OPERATOR REPRESENTATIVE:** Eric Detmer	**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:** May 18, 2022

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---------- N**	**(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---------- Y	**(SP) STORM WATER MGT PLAN---- N**	**(RS) RECL PLAN/COMP-- N**
(ES) OVERBURDEN/DEV. WASTE--------- N	**(SC) EROSION/SEDIMENTATION--- N**	**(ST) STIPULATIONS------- N**
(AT) ACID OR TOXIC MATERIALS------- N	**(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. 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. Seven Photos accompany this report to illustrate the current site conditions. The site was participating in a routine Safety Stand Down and was not active the day of the inspection. The inspection was focused on the following areas:

- Non-Contact Interceptor Ditches
- 5 dam raise construction

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 One.

The West Interceptor has undergone the process of part of the ditch 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 Two. 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. An example of the inlet structures can be seen in Photo Three. Along the West Interceptor, the Searle Gulch Diversion / Inlet Structure was observed, flowing and in good condition. At the time of the inspection all flow from Seale Gulch was being directed into the West Interceptor. The structure can be seen in Photo Four. Similarly, the Kokomo Creek Diversion / Inlet Structure was observed to be flowing and in good condition. All flows from Kokomo Creek was being diverted into the West Interceptor. That structure can be seen in Photo Five.

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. At the time of the inspection, given the aspect of slope that the ditch was constructed on, the ditch was frozen and not flowing. Despite being frozen, this portion of the ditch appeared to be in good condition and should function as designed. An example of the observed portion can be seen in Photo Six. 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.

5 Dam Raise Construction

At the time of the Inspection, the construction of a crest raise on the 5 dam in the Mayflower Tailings Storage Facility was being conducted. The construction is being conducted in three phases beginning on the south end of the dam and moving to the north. Phase one of the construction has been completed and the construction of phase two is nearing completion. The dam raise can be seen in Photo Seven. The construction appears to be within the appropriate specifications of the dam and is in good condition.

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 Room 215, 1001 E 62nd Ave. Denver, CO 80216, by phone at (303) 866-3567 Extension 8187 or by email at lucas.west@state.co.us.

Inspection Contact Address
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CC: Travis Marshall, DRMS
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Amy Yeldell, DRMS

PHOTOGRAPHS

Photo One: View south, showing the open topped, Chalk Mountain Interceptor. The entire length of the observed ditch was free from obstruction and flowing unimpeded.

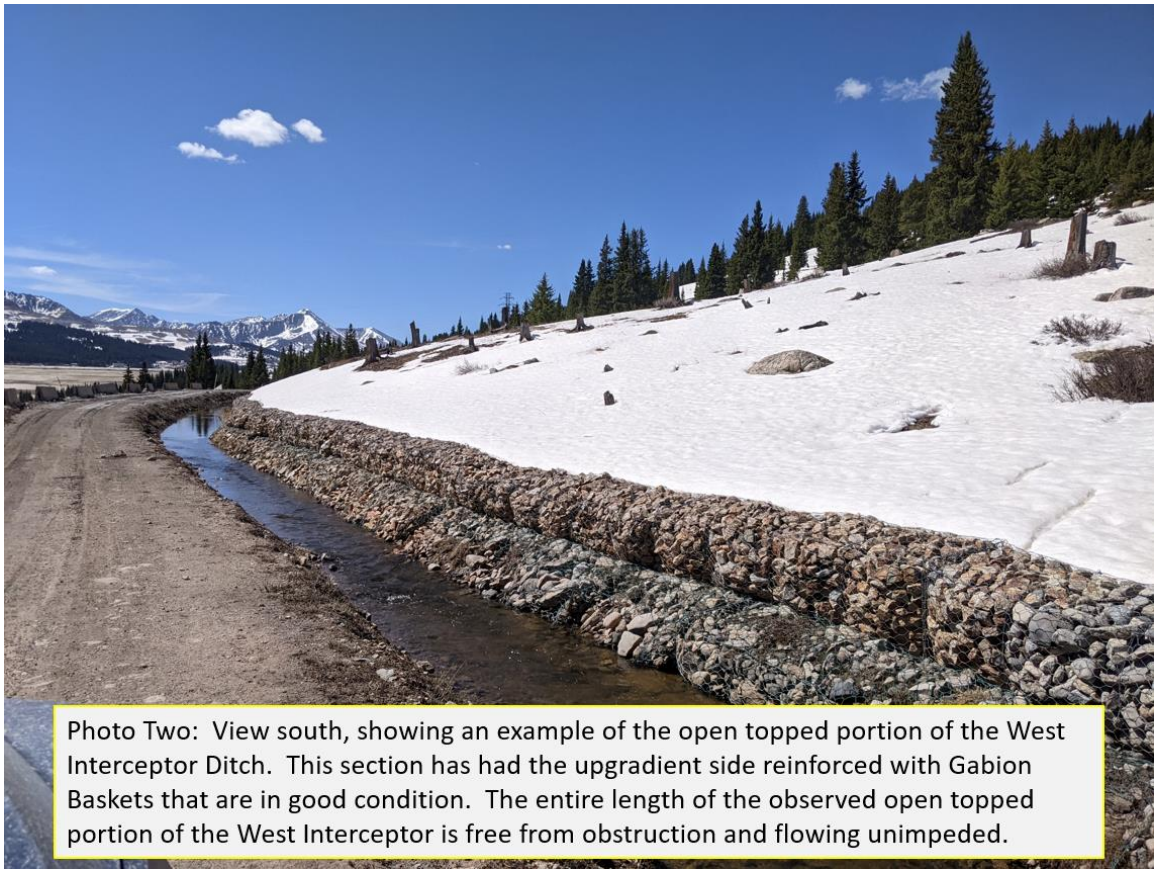

Photo Two: View south, showing an example of the open topped portion of the West Interceptor Ditch. This section has had the upgradient side reinforced with Gabion Baskets that are in good condition. The entire length of the observed open topped portion of the West Interceptor is free from obstruction and flowing unimpeded.

Photo Three: View north showing an example of one of the inlet structures along the piped portion of the West Interceptor Ditch. All observed inlet structures are clear of obstruction and in good condition.

Photo Four: View northwest, showing the Searle Gulch Inlet/ Diversion Structure. The structure is in excellent condition and functioning as designed. At the time of Inspection, all flow was being directed into the West Interceptor.

Photo Five: View west, showing Kokomo Creek, and its inlet/ diversion structure. The structure is in excellent condition and is functioning as designed, diverting all flow from Kokomo Creek into the West Interceptor.

Photo Six: View east, showing the small observed portion of the East Interceptor. At the time of the inspection, the ditch was frozen and not flowing. Despite the frozen condition of the ditch it appears to be able to function as designed once thawed.

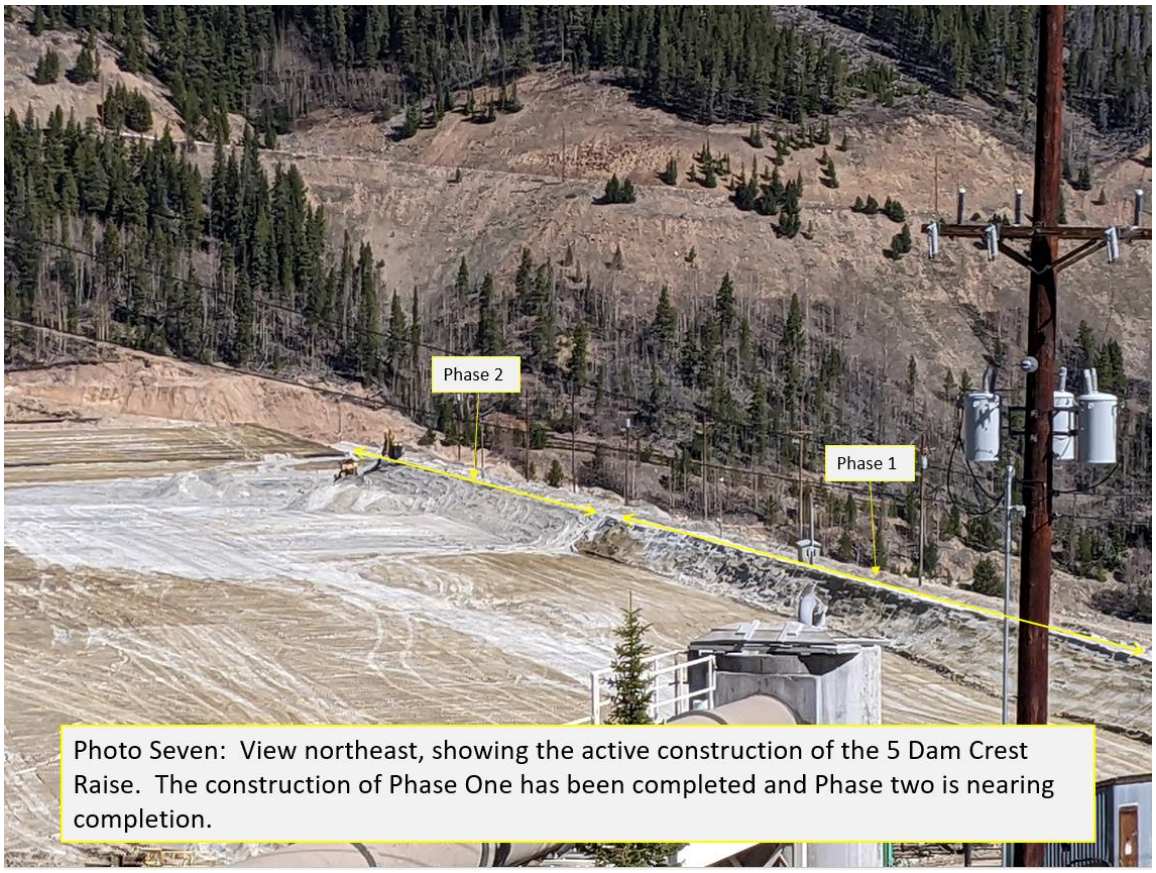

Photo Seven: View northeast, showing the active construction of the 5 Dam Crest Raise. The construction of Phase One has been completed and Phase two is nearing completion.