




MINERALS PROGRAM INSPECTION REPORT

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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: Red Mountain Exploration Drilling	MINE/PROSPECTING ID#: P-2011-014	MINERAL: Molybdenum	COUNTY: Clear Creek
INSPECTION TYPE: Surety Release Inspection	INSPECTOR(S): Brock Bowles	INSP. DATE: September 15, 2022	INSP. TIME: 08:00
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: Geoff Niggeler	TYPE OF OPERATION: MP - Mineral Prospecting	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$108,000.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Raining	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 27, 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----- <u>N</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</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>Y</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION-- <u>Y</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	

Y = Inspected / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

This inspection was conducted by Brock Bowles of the Division of Reclamation, Mining and Safety (Division). Geoff Niggeler of Climax Molybdenum- Henderson Operations (Henderson) was present for the inspection. The Red Mountain Exploration Drilling NOI is located within the Henderson Mine permit (M-1977-342) about 8 miles west of Empire in Clear Creek County. This site contains a series of 8 drill pads and connecting access roads permitted for 10.87 acres. At the time of the inspection it was cool, cloudy, with rain/snow mix and the ground was wet.

This NOI inspection was completed over two days: August 25, 2022 and Sept 15, 2022. This was due to the distance between drill pads, difficulty accessing (hiking) the site and a lightning delay. The August 25 inspection looked at the Henderson Mountain drill pads (pads 5-8) and access road and is covered in separate report. This report will cover the September 15 inspection looking at the Red Mountain drill pads (pads 1-4).

Red Mountain Drill Pads inspection-

The access road between all the drill pads (see attached map) was graded to blend in with the surrounding landscape (photos 1-4). A few check dams/basins were installed to control runoff. No significant erosion gullies were seen and the road appeared to be stable.

The access road was seeded in 2020 according to the 2022 Annual Report Map (attached). The vegetation on the access road was inconsistent in success. Some areas were very good (photo 2) while other areas were very sparse (photo 4). Most of the access road had a moderate amount of vegetation as seen in photos 1 and 3. Very few flowers and seed heads were seen on the vegetation. This is an indication that the vegetation is not very mature and not capable of self-regeneration as required by Rule 3.1.10. No noxious weeds were noted on the access road.

The drill pads 1, 3 and 4 were backfilled and graded to blend in with the surrounding landscape. The cut on drill pad 2 was not backfilled up to the original contour (photo 5), but the slopes appeared to be stable. All the drill pads (1-4) were mulched with wood straw and seeded in 2020. The wood straw mulch was very effective at controlling erosion. There were no signs of soil erosion. The vegetation on the drill pads was very thin and not well established (photos 6-9). Very few seed heads or flowers were seen on the vegetation. Just like the road, this is an indication that the vegetation is not very mature and not capable of self-regeneration as required by Rule 3.1.10. No noxious weeds were noted on any of the drill pads.

On September 16, 2022, Henderson submitted a surety release request for the access roads and drill pads associated with P-2011-014. The drill pads 1-4 and the associated road do not meet the reclamation requirements of Rules 5.5.1 and 3.1.10 at this time. The Division feels that the reclamation on the Red Mountain side needs a couple of more years. The Division will deny the final financial and performance warranties request (SL1) based on the observations from this inspection.

PHOTOGRAPHS



Photo 1 – Access road before Pad 1



Photo 2 – Access road between pads 1 and 2



Photo 3 – Access road between pads 2 and 3



Photo 4 – Access road between pads 3 and 4



Photo 5 – Drill pad 2 partially filled cut area



Photo 6 – Drill pad 1



Photo 7 – Drill pad 2



Photo 8 – Drill pad 3, area above red line not in surety release request



Photo 9 – Drill pad 4

Inspection Contact Address

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