



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	WEATHER: Clear	INSP. DATE: February 9, 2023	INSP. TIME: 09:45
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: \$63,246,088.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
INSPECTOR(S): Lucas West	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: February 14, 2023	

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>Y</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 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 Inspector listed on page one of this report Eric Detmer 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. Thirteen Photos accompany this report to illustrate the current site conditions.

This inspection was focused on the following areas:

- Mill Facility
- Chemical Storage and Transfer Areas
- Hazardous Materials Storage Warehouse

Mill Facility: The entirety of the Mill Facility was observed during this inspection. The mill was active at the time of the inspection, with ore material being received via conveyor and fed into the crushing circuit. The crushers, screens, mills and cyclones were all functioning as designed at the time of the inspection. An elevated view of the crushing circuit can be seen in Photo One. All equipment appeared to be in good working order with no visible signs of disrepair. The floor of the crushing gallery functions as the secondary containment structure and is separated from the flotation circuit. The secondary containment of the crushing circuit was recently cleaned and was in excellent condition at the time of the inspection. No cracks, fractures or evidence of compromise was noted. The containment structure was in excellent condition, having recently been cleaned. All sumps observed were free from obstruction and able to function as designed with sprayers directing materials into the sumps. An example of the secondary containment for the crushing circuit can be seen in Photo Two.

The flotation circuit was also active at the time of the inspection. The rougher, cleaner and scavenger tanks with associated equipment were operational and appeared to be functioning as designed. No evidence of significant spillage or disrepair was observed. An elevated view of the flotation circuit can be seen in Photo Three. As is the case with the crushing circuit, the floor serves as the secondary containment structure for the flotation circuit. The containment structure was in excellent condition, having recently been cleaned. All sumps observed were free from obstruction and able to function as designed with sprayers directing materials into the sumps. An example of the containment structure for the flotation circuit can be seen in Photo Four.

The Tailings Thickener area was also observed to be in good condition. The thickener was actively processing tailings prior to their exit of the facility via the Tailings Delivery Line (TDL). Photo Five shows the thickener as observed. The area underneath the thickener serves as the secondary containment, and is in excellent condition. All observed sumps are free from obstruction and able to function as designed. The containment structure for the Tailings Thickener can be seen in Photo Six.

Chemical Storage and Transfer Area: The Mill Facility Chemical storage is concentrated in three areas, the Reagent Storage Room, bulk storage under the flotation cells, and the internal and external lime storage areas. The Reagent Storage Room and transfer bay were observed to be in excellent condition. The transfer bay was clean, neat and well kept. The actual transfer station can be seen in Photo Seven. All pipes and delivery

systems appeared to be in good working order and no evidence of spillage during transfer was noted. The sump associated with the transfer station was clean and free from obstruction. The transfer bay is sloped towards the interior of the mill facility providing for secondary containment should any spillage occur. The bay can be seen in Photo Eight. The Reagent Storage room is a separate room attached to the Mill Facility to provide containment of the chemicals and is accessed from an exterior man door. The interior of the room is in excellent condition and can be seen in Photo Nine. No evidence of spillage or containment concerns was observed, the sump is clean and clear from obstructions providing more than adequate containment for all materials stored in the room.

Located below the flotation cells within the Mill Facility, various chemicals are stored in IBC totes. The materials typically stored in this area range from chemical deicer to flocculants and various other items. At the time of the inspection no chemicals were being stored in this area.

Concentrated lime storage is achieved in two locations of the Mill Facility. The internal lime storage tank which is connected to the mill feed lines, and the bulk lime storage silo located just outside the Mill Building. The internal lime storage tank can be seen in Photo Ten. Evidence of use and lime scaling was observed around the tank, which is consistent with normal operations. No evidence of significant spillage was observed, and because the tank is located within the Mill Facility, secondary containment is achieved through the greater secondary containment of the Mill Facility. The external lime storage silo was also observed to be in excellent condition and can be seen in Photo Eleven. No evidence of spillage or lime scaling was observed on or around the silo. Secondary containment for the silo is achieved by the pads surrounding the Mill Facility that would contain any possible spillage.

Additionally, the Mill Lube Room was inspected. This room houses various hydraulic oils, fluids and other substances that supply lubrication to the main ball and sag mills. The room is incredibly well kept, clean and organized. All hazardous materials are stored on spill pallets within the greater containment of the room itself. All materials are clearly labeled and no evidence of spillage was noted.

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 Conservation 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 Photos Twelve and Thirteen. All materials being stored in the facility are well kept and organized.

All inspected areas were in excellent condition at the time of the inspection, no problems or possible violations were noted. In general, the site exhibits excellent housekeeping. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety at Room 215, 1001 East 62nd Ave. Denver, CO 80216. Direct contact can be made at the Division's Grand Junction Field office, by phone at 303-866-3567 Ext. 8187 or by email at lucas.west@state.co.us.

PHOTOGRAPHS

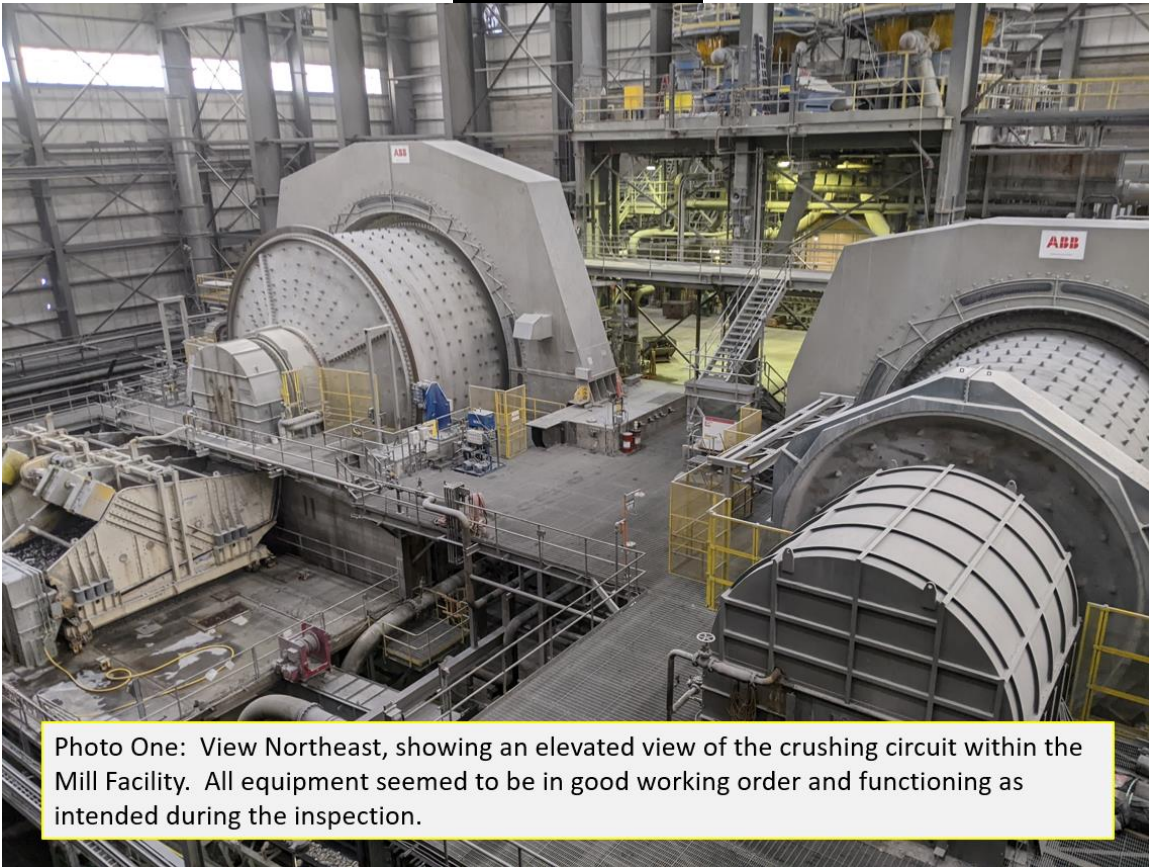


Photo One: View Northeast, showing an elevated view of the crushing circuit within the Mill Facility. All equipment seemed to be in good working order and functioning as intended during the inspection.

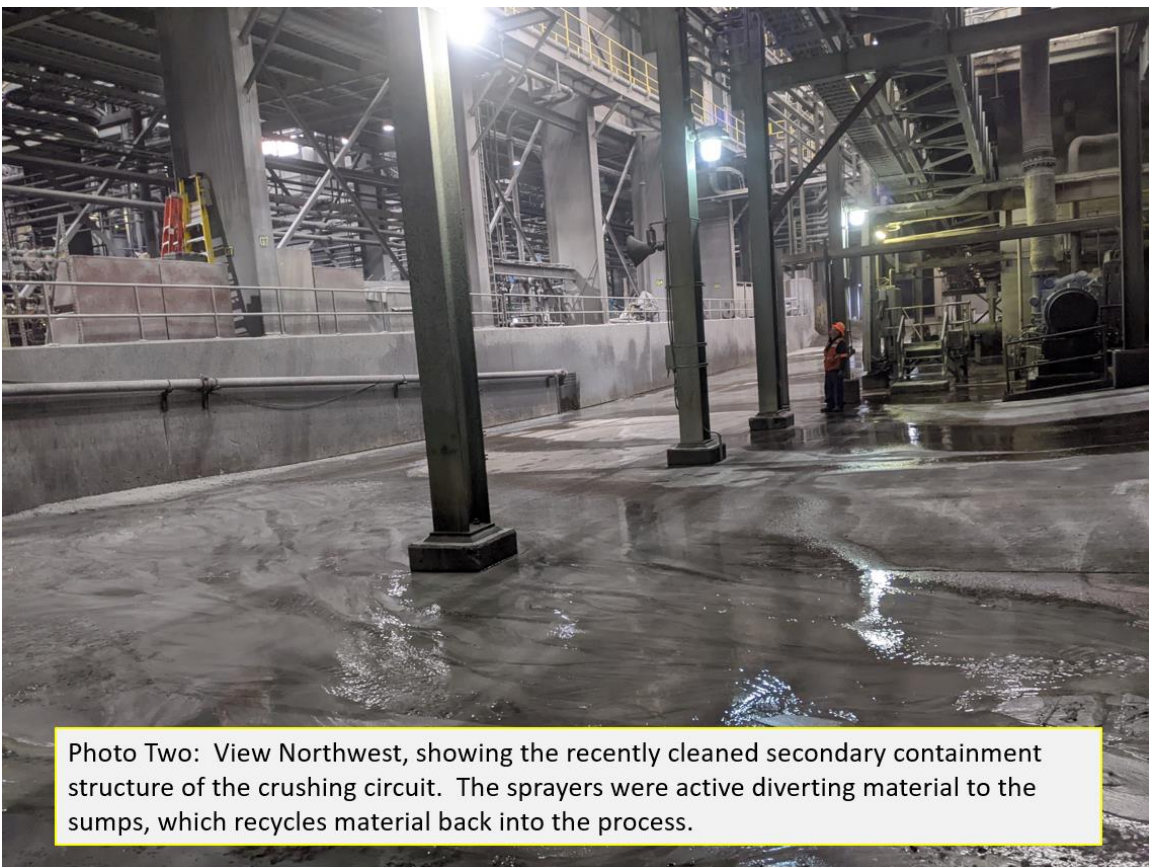
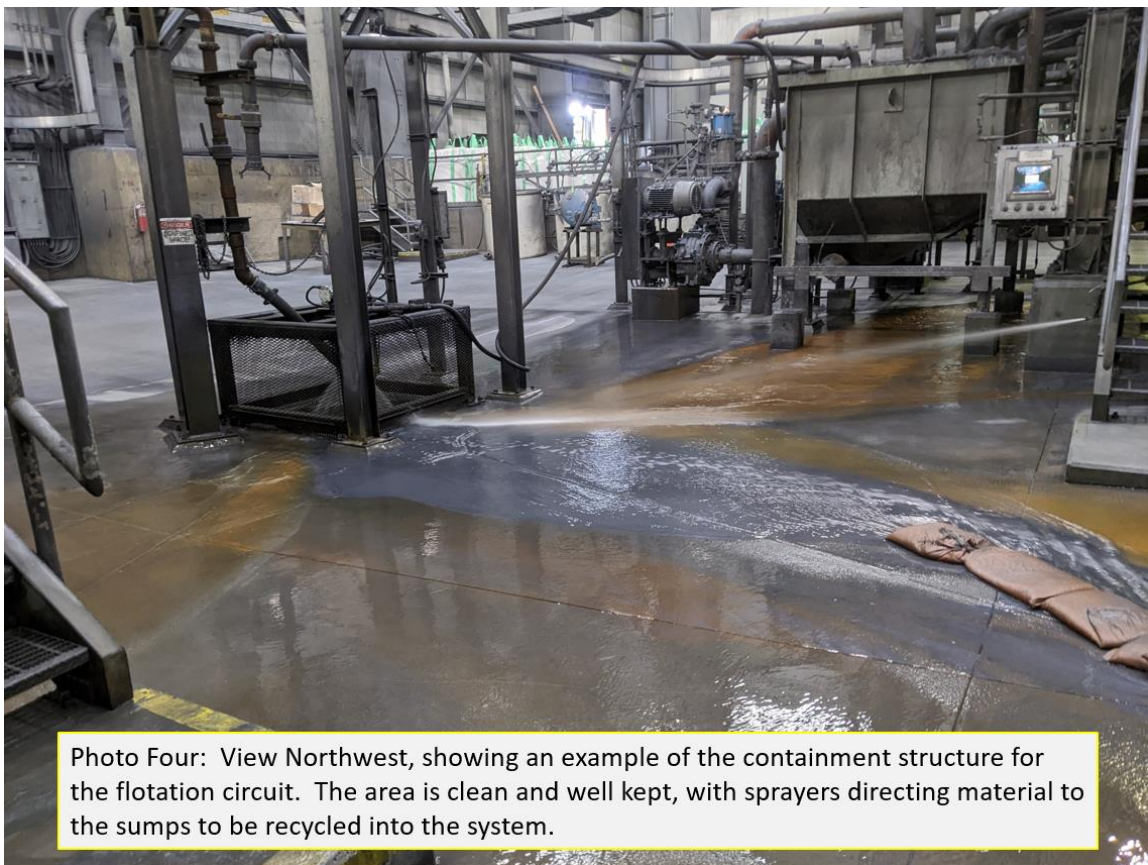
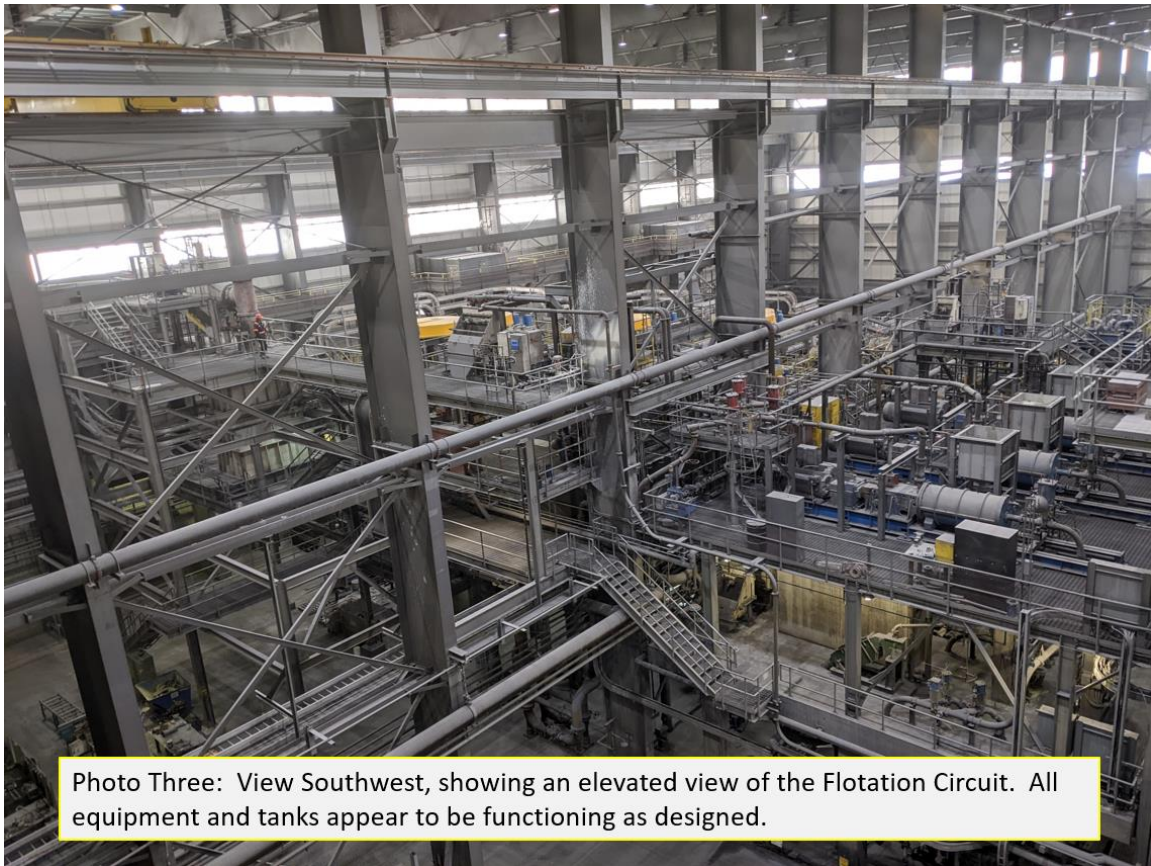
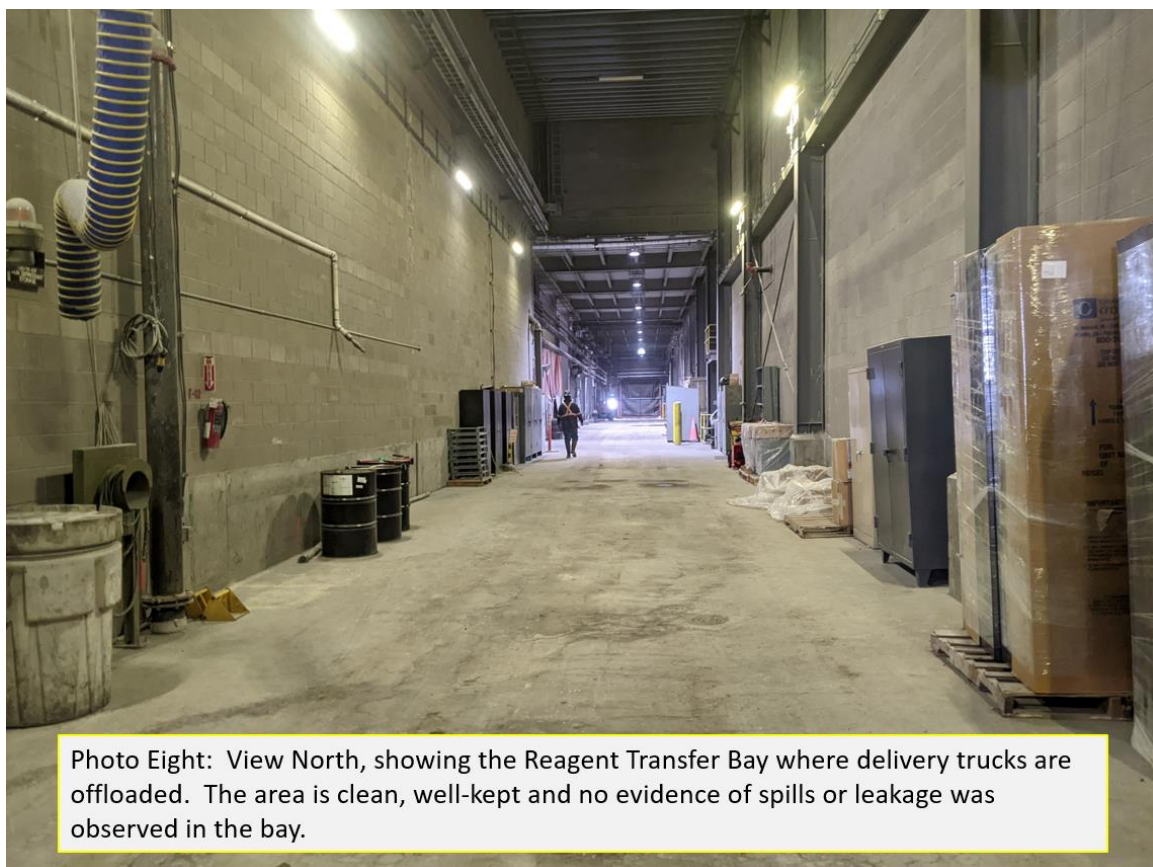


Photo Two: View Northwest, showing the recently cleaned secondary containment structure of the crushing circuit. The sprayers were active diverting material to the sumps, which recycles material back into the process.







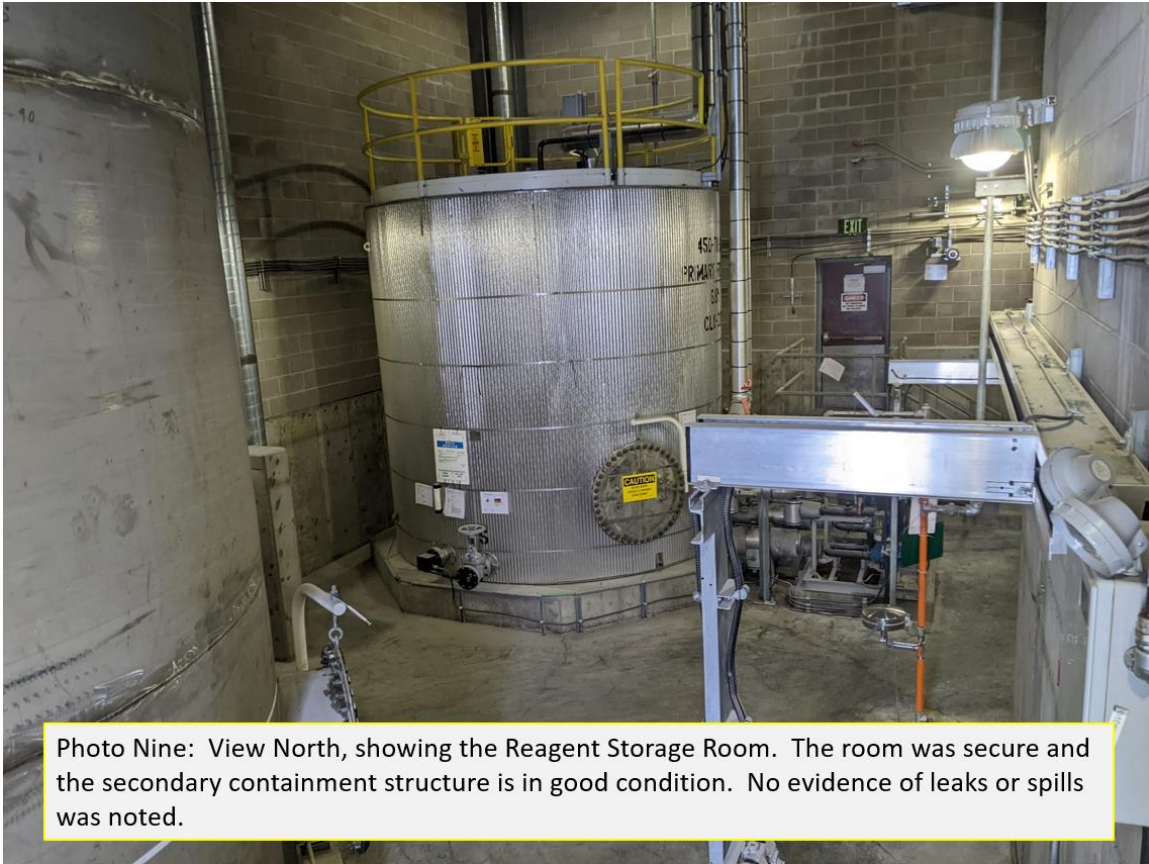


Photo Nine: View North, showing the Reagent Storage Room. The room was secure and the secondary containment structure is in good condition. No evidence of leaks or spills was noted.



Photo Ten: View Southwest, showing the Lime Slurry tank within the Mill Building. The storage area and containment structure are in good condition and appear to be functioning properly.



Photo Eleven: View South, showing the external Lime Storage Silo. The silo exists within the containment of the footprint of the building and no evidence of spillage was noted.



Photo Twelve: View North, showing the interior of the Hazardous Materials Storage Building. Shipments of material are exported regularly, resulting in very little accumulated hazardous materials.

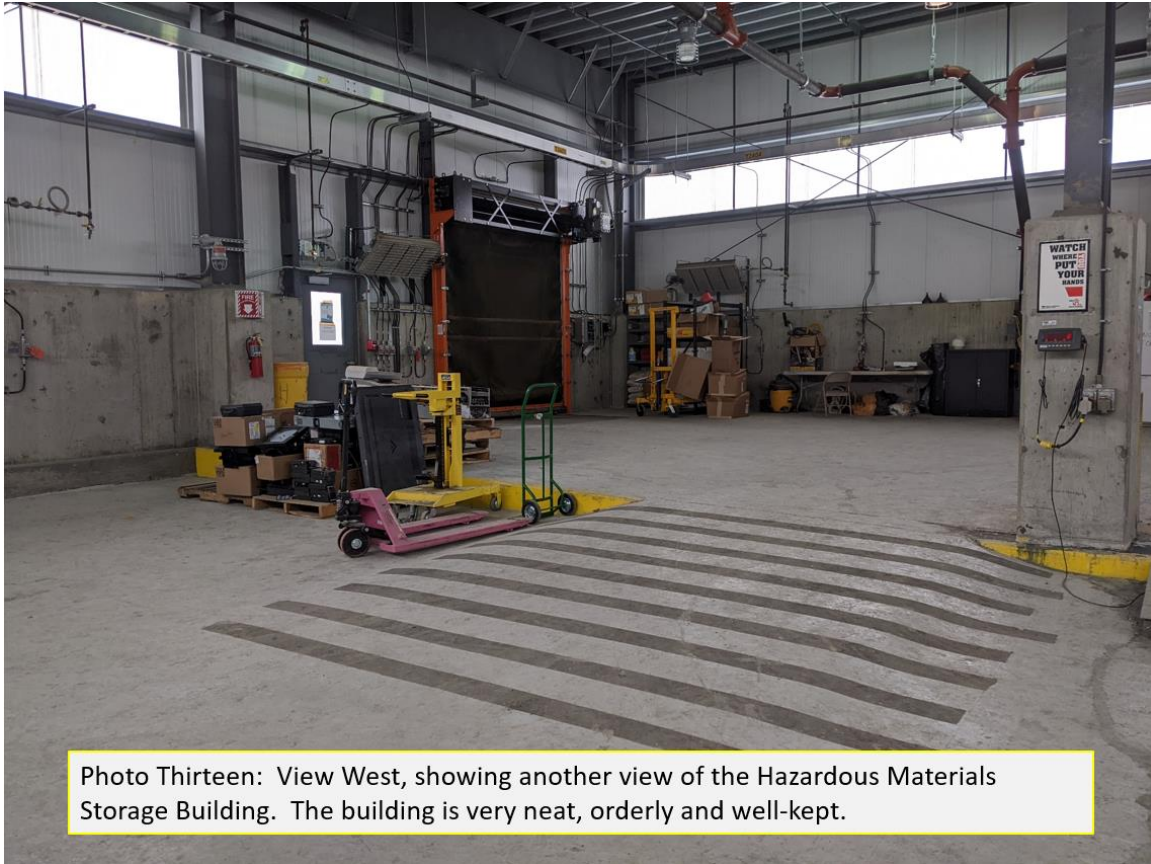


Photo Thirteen: View West, showing another view of the Hazardous Materials Storage Building. The building is very neat, orderly and well-kept.

Inspection Contact Address

Eric Detmer
Climax Molybdenum Company
Highway 91, Fremont Pass
Climax, CO 80429

CC: Travis Marshall, DRMS
Dustin Czapla, DRMS