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	**WEATHER:** Snowing	**INSP. DATE:** May 18, 2023	**INSP. TIME:** 08:23
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:**	**BOND AMOUNT:** $91,011,850.00	
DATE OF COMPLAINT: NA	**POST INSP. CONTACTS:** None	**JOINT INSP. AGENCY:** None	
INSPECTOR(S): Lucas West	**INSPECTOR'S SIGNATURE:** 	**SIGNATURE DATE:** May 26, 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---------- 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---------- N	(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. This inspection also serves as the spill notification response inspection, the spill was reported to the Division on May 6, 2023. 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. Seven Photos accompany this report to illustrate the current site conditions.

This inspection was focused on the following areas:

- Spill notification area, near the Mayflower Pump Station
- 5 dam (Mayflower) seepage collection and pump back system
- Storke Wastewater Pump System

Spill notification area: On May 6, 2023 the Division received a spill notification for the mayflower return line, near the Mayflower Pump Station at a rate of approximately 1 gallon per minute. The written notification was received on May 10, 2023. The spill consisted of a consisted of a seep making a surface expression near the access road in that area. At the time of the inspection, the seep was flowing at a consistent rate, visually consistent with one gallon per minute. Since the time of the original incident the Operator has been investigating the source of the spill. The Mayflower return line, is the line that brings water from the PDWTP back into the system for re-use. The Operator had shut down and drained the line for inspection, however found the rate of flow at the seep did not change. Several other investigation efforts were conducted which resulted in no change in flow rate. The results of these investigations suggest that the seep is not coming from the Mayflower Return Line. The area and flow of the seep can be seen in Photos One and Two. The flow showed no visible signs of water quality impairment, and no mineral staining in the area was noted. On site discussions with the Operator suggest the possible source of the seep is the Clinton Canal, which diverts un-impacted water from the disturbed area eventually joining with 10 Mile Creek. Due to higher than recent snow pack and ongoing precipitation that conclusion is plausible and highly likely. The Operator will be performing more tests in the coming days to further rule out the possibility that this seep is coming from any impacted water source and will be submitting those findings as soon as they are complete. The management of the water is being done by diverting the seep into a culvert, seen in Photo Two, which runs under the access road and into a drainage shown in Photo Three. The flow then reports to 10 mile creek.

5 dam (Mayflower) seepage collection and pump back system: The collection ponds of the 5 dam seepage collection system were observed to be in good condition with a steady flow reporting. Flows collected in the pond are pumped back to the Mayflower TSF for evaporation. The main pond can be seen in Photo Four. The ponds have sufficient freeboard and no problems were noted. Inside the pump station building, all equipment and lines appear to be in good working order, the inside of the building is well kept and in good condition. Photo Five shows the inside of the pump station building. Secondary containment of the pump system is accomplished by way of the network of floor sumps, all of which were clear and appeared able to function as designed.

Storke Wastewater Pump System: The Storke Wastewater collection and pump system is located on the other side of Freemont Pass, near the No. 5 Shaft. The system collects wastewater in the adjacent ponds which can be seen in Photo Six. The ponds were in good condition, with sufficient freeboard. The ponds are fenced to prevent unauthorized entry. Water collected in the ponds is pumped back into the system by way of a subsurface pump network. The pumps can be seen in Photo Seven. Most of the pumps were in good working order, and operating at the time of the inspection. The furthest two had minor leaking, however the leak was being caught in the secondary containment system of floor sumps. The Operator alerted maintenance, as the leaking pumps are not uncommon but should be addressed. Overall the pump station building was in excellent condition and well kept.

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 Southwest, showing the approximate location the seep originated. In order to manage the flow the operator has routed the seep into a small pipe reporting to a culvert.

Photo Two: View Southwest, showing the seep exiting the control pipe, flowing into the culvert to cross the access road. The flow of the seep was estimated at 1 gpm and showed no visual signs of water quality impairment or mineral staining.

Photo Three: View Northeast, showing the outlet of the culvert and flow of the seep.

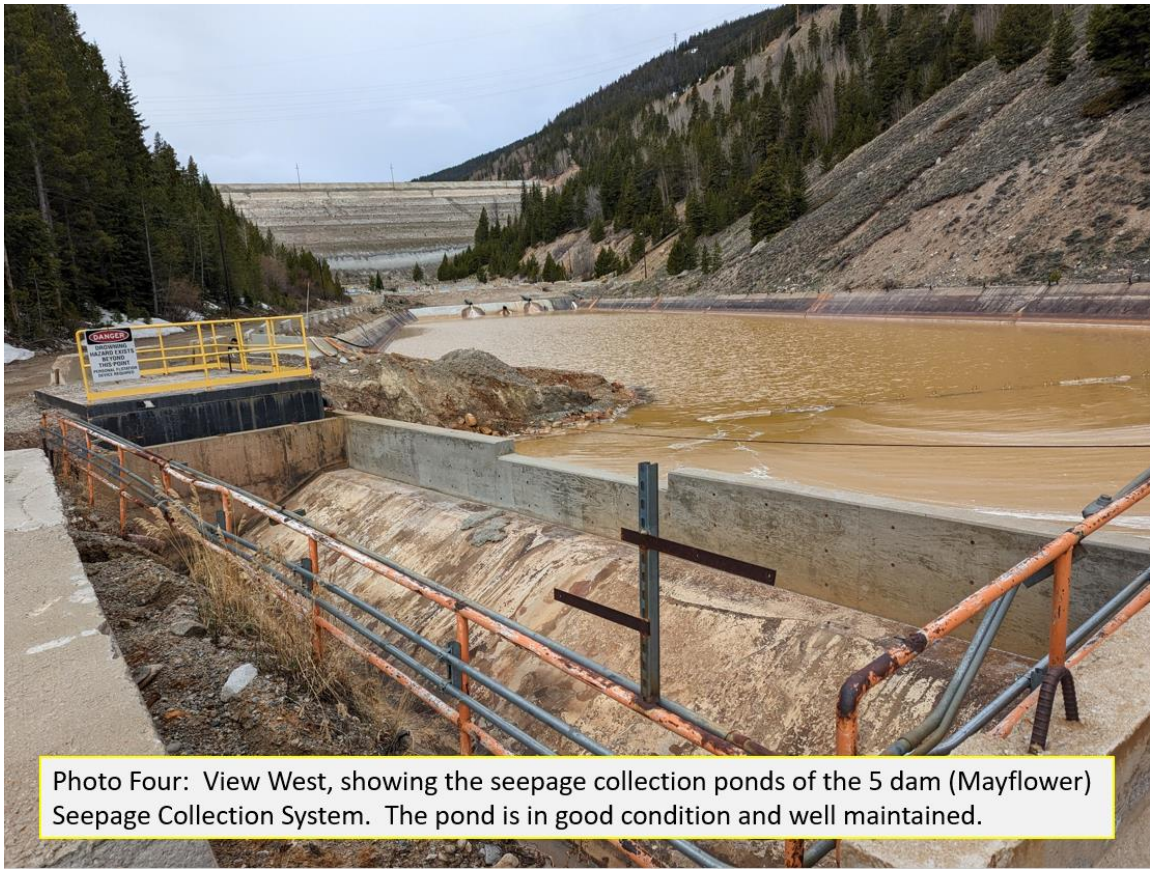

Photo Four: View West, showing the seepage collection ponds of the 5 dam (Mayflower) Seepage Collection System. The pond is in good condition and well maintained.

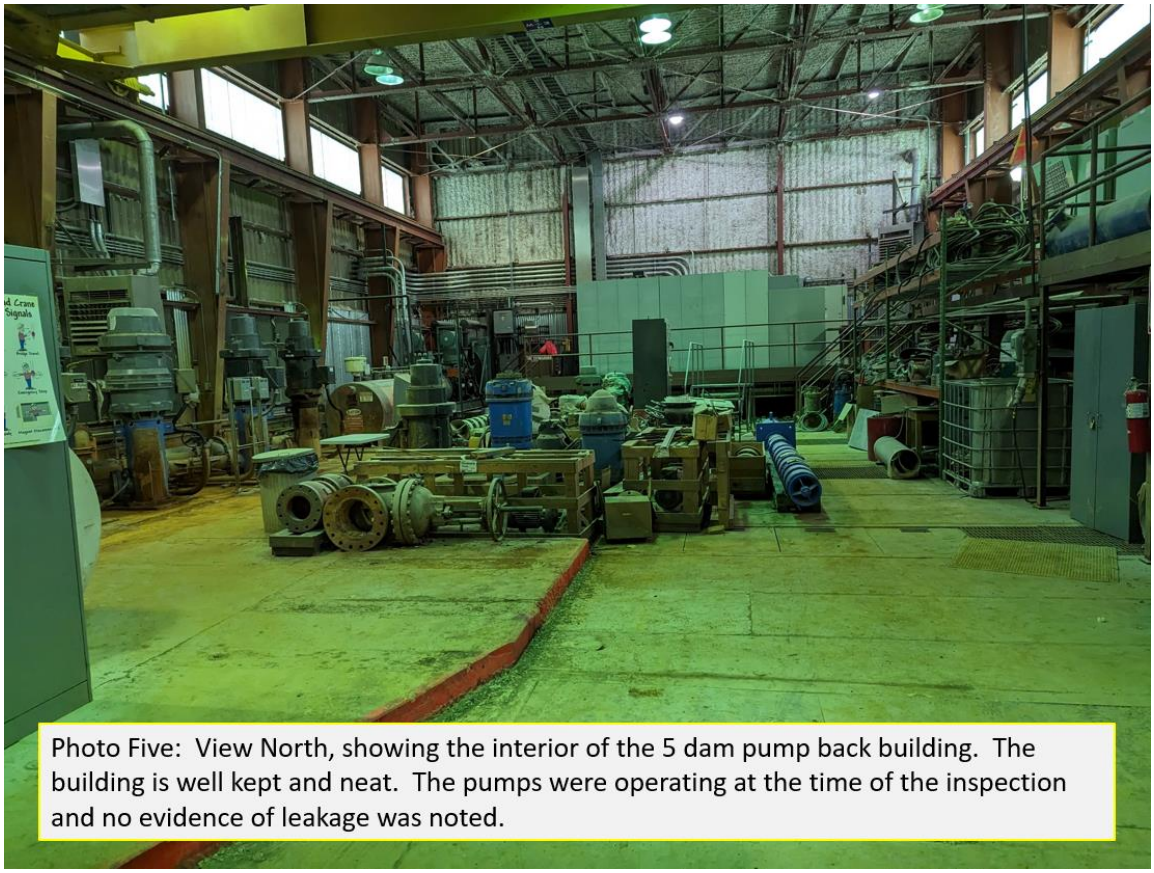

Photo Five: View North, showing the interior of the 5 dam pump back building. The building is well kept and neat. The pumps were operating at the time of the inspection and no evidence of leakage was noted.

Photo Six: View South, showing the collection ponds at the Storke Wastewater Pump System. The ponds are in good condition with sufficient freeboard. This area is fenced and secured to prevent unauthorized entry.

Photo Seven: View South, showing the bank of pumps adjacent to the ponds. The pumps were operating at the time, pumps 3 and 4 were observed with minor leaking, however that was being caught in the secondary containment of the floor sump.

Inspection Contact Address

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

CC: Travis Marshall, DRMS
Dustin Czapla, DRMS
Amy Yeldell, DRMS