



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: August 23, 2023	INSP. TIME: 12:04
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: September 1, 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>N</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>Y</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. 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. Thirteen Photos accompany this report to illustrate the current site conditions.

This inspection was focused on the following areas:

- 4 Dam Seepwater Pump System
- Robinson Lake and Dam
- Robinson Lake Seepwater Pump System
- Robinson Lake Pump Station
- Warren's Pump System
- Lake Irwin Wetlands Project
- Tenmile Tunnel

Lake Irwin Wetlands Project: At the time of the inspection, areas in Phases 2 and 3 of the Lake Irwin Area were being regraded in order to install reclamation test plots. The areas can be seen in Photo One, in April of 2023 the Operator submitted TR-35 that in part, modified the Lake Irwin Wetlands Mitigation Project to eliminate phases 2 and 3 from the project. Wetlands mitigation is being conducted by purchasing credits, therefore freeing up the area to install reclamation test plots. Several plots will be installed testing things such as topsoil depth and soil amendments to aid in reclamation success moving forward.

4 Dam Seepwater System: The 4 dam area along with the seepwater system was observed during this inspection. The dam appeared stable at the time, shown in Photo Two. No evidence of settling, slumping or erosion was noted on the rock lined face. The seepwater collection system was functioning as designed, the pond, shown in Photo Three has sufficient freeboard and is in good condition. The water line is well below the top of the cutoff wall, and a small amount of water was collected in the downgradient storm water collection pond. The interior of the pump house is neat, well-kept and in good condition. The pumps were not operating at the time of the inspection.

Robinson Lake, Dam and Seepwater Pump System: The Robinson Lake was noted to have somewhat reduced water levels as evidenced by the high water marks on the banks. The lake and banks appeared stable at the time of the inspection. The emergency spillway adjacent to the dam appears to be in good working order and shows no signs of recent flows as seen in Photo Four. The dam itself showed no signs of settling or slumping and no saturated areas indicating instability were noted. The dam can be seen in Photo Five. Below the dam, the seepage collection pond was noted to also have reduced water levels as seen in Photo Six. Overall the pond is in good condition, and no accumulated mineral precipitate or staining was noted. The Pump within the pump house was running, and appeared to be functioning as designed.

Robinson Lake Pump Station: The Robinson Lake Pump Station is housed in a large steel building near the foot of the dam. The interior of the building is incredibly well kept, neat and orderly. The pumps were operating at the time of the inspection sending water to mill to be used as process water. No evidence of leaking in any of the pumps or lines was noted. The interior of the building can be seen in Photo Six. Secondary containment within the building is accomplished by floor drains leading to a main sump. All floor drains were free from obstruction and able to function as designed. Also within the building, a small amount of oils and lubricants are stored on a spill pallet. No evidence of leaks or spills in the area was noted.

Warren's Station: As is the case with Robinson Lake, the pond at Warren's Station was noted to have reduced water levels as well. The pond is in good condition and is holding impacted water to be pumped to the Sludge Densification Plant (SDP). The banks appear stable and water was flowing into the pond at a substantial rate. The pond can be seen in Photo Seven. Adjacent to the pond is the Warren Pump Station. The interior of the pump station is in good condition, well-kept and orderly. The pumps were operating at the time of the inspection, and a small leak was noted on Pump #3. The area appears to have been leaking for some time as mineral buildup was observed. The spill is being caught and recirculated via the secondary containment system and is not considered a problem at this time. The interior of the pump station can be seen in Photo Eight.

Tenmile Tunnel: The North and South Portals as well as the Tenmile Tunnel Decant were observed during this inspection. The South Portal, shown in in Photo Nine is located near Robinson Lake, adjacent to 1 dam. The portal structure is made of concrete and steel sets, and covered with a locking metal gate. The portal was discharging at a small rate during the inspection and the impacted water was migrating via established channels into Warren's Station. The portal and its discharge can be seen in Photo Nine. The channel leading to Warren's Station is unobstructed and able to function as designed.

The Tenmile decant is located on a peninsula within the Tenmile Tailings Storage Facility. The greater decant structure appeared to be in good condition with all elements functioning as designed. The decant structure can be seen in Photo Ten. Within the decant structure, the actual decant pipe was observed as seen in Photo Eleven, flowing unobstructed delivering water from the Tenmile TSF to the Mayflower TSF.

At the Mayflower TSF, the North Portal of the Tenmile Tunnel and associated discharge pipeline was observed. The discharge pipe is heavy gauge HDPE. A point in the discharge pipe has been severed, and dropped approximately 18 inches. The break in the pipe can be seen in Photo Twelve. Water is still flowing through the pipe, however evidence in the surrounding area suggests that during heavy flows, water is bypassing the pipe and eroding the surrounding area. The surrounding area is all within the greater footprint of the Mayflower TSF, and the water ultimately follows the discharge pipe to the point the pipe outfalls into an open channel and reports to the TSF. The point where the discharge pipe outfalls to open channel is shown in Photo Thirteen. There is no threat of loss of containment or migration at this time, however the Operator should develop a plan to repair the pipe to prevent further damage.

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 Three: View South, showing the 4 dam seepage collection pond. The pond is in good condition and appears to be functioning as designed.



Photo Four: View Northwest, showing the Emergency Spillway adjacent to the Robinson Lake Dam. The spillway and channel show no evidence of recent flows and remain in good condition.







Photo Nine: View North, showing the south portal of the Tenmile Tunnel. The portal closure is secure, and the portal was discharging during the inspection.

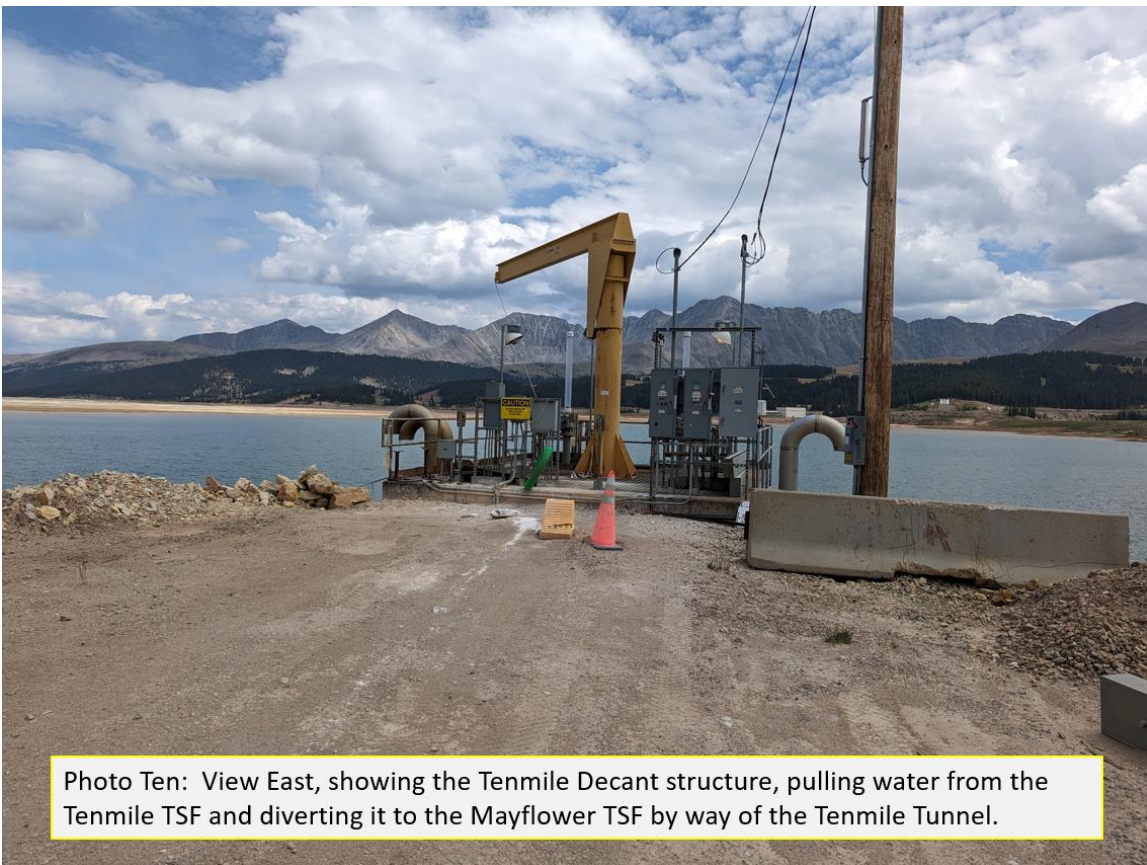


Photo Ten: View East, showing the Tenmile Decant structure, pulling water from the Tenmile TSF and diverting it to the Mayflower TSF by way of the Tenmile Tunnel.



Photo Eleven: Showing the interior of the Tenmile Decant structure, flowing unobstructed.



Photo Twelve: View South, showing the break in the Tenmile Tunnel Discharge Pipe within the footprint of the Mayflower TSF. The pipe is still functioning however should be repaired.



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