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:** Clear	**INSP. DATE:** January 14, 2025	**INSP. TIME:** 11:30
OPERATOR: Climax Molybdenum Company, Climax Mine	**OPERATOR REPRESENTATIVE:** Alex Ungers	**TYPE OF OPERATION:** 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	**BOND CALCULATION TYPE:** None	**BOND AMOUNT:** $284,783,656.00	
DATE OF COMPLAINT: NA	**POST INSP. CONTACTS:** None	**JOINT INSP. AGENCY:** None	
INSPECTOR(S): Todd Jesse	**INSPECTOR'S SIGNATURE:** Todd Jesse	**SIGNATURE DATE:** January 17, 2025	

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---------- Y
(HB) HYDROLOGIC BALANCE---------- Y	(BG) BACKFILL & GRADING---------- N	(EX) EXPLOSIVES--------- N
(PW) PROCESSING WASTE/TAILING---- Y	(SF) PROCESSING FACILITIES------- N	(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 in as part of the Colorado Division of Reclamation, Mining, and Safety (Division) normal monitoring program. Climax Mine is a 112d-3 Molybdenum mine and milling operation located in Summit, Eagle, and Lake Counties and is accessible from CO State Highway 91. The site consists of 14,000 permitted acres, of which 8,000 acres have been affected. The Division currently holds $284,783,656.00 in Financial Warranty for the site. Alex Ungers represented Climax Molybdenum Company and accompanied the Division on the inspection. The weather was sunny during the inspection with good visibility and temps in the 10s. The entire site was snow covered.

The inspection focused on the following areas:

- Tailings Delivery Line – leak reported January 7, 2025
- Tailings Dams
- MRWTP

Hydrologic Balance:

On January 6, 2025, Climax identified a leak of approximately 13,000 gallons per minute (GPM) at Drop Tower 14 on the Tailings Delivery Line (TDL). The leak was observed around 17:30 and deposition of tailings was redirected to an upgradient location by 18:00. The cause of the leak was determined to be a Drop Tower Lid that had fallen into the Drop Tower and blocked the TDL. Some material did report to the Mayflower Tailings Pond as designed. However, snow berms prevented drainage from functioning as designed and a portion of tailings material traveled along the TDL to Drop Tower 16 before controls diverted flow into the Mayflower Tailing Pond (Photo 1). Tailing material that flowed next to the TDL caused erosion that needs to be backfilled to prevent damage to the TDL. Another portion of the tailings material was diverted by snow berms and traveled down the road pooling at the Mayflower Substation (Photo 2), the access road for the base of 5 Dam (Photo 3), and a pullout near Tucker Creek (Photo 4) before stopping on the roadway just before the PDWTP. Residual amounts of tailing material remain in the snow along the roadways after the material was cleaned up, but no more than what would be spread by vehicles that work on the tailings ponds. All material was either contained in the Mayflower Tailings Pond or along the roadway. No material entered waters of the US. Climax conducted outfall sampling the day of the incident to monitor for elevated levels of analytes associated with the leak.

The operator has identified 4 follow-up topics as part of their internal incident process. The operator plans to notify the Division of action items.

1. Lid design – The lids for the TSL Drop Towers were originally very heavy and required rigging to remove for maintenance. To facilitate maintenance the operator experimented with a lighter weight aluminum lid that is easier to remove. It was one of these lightweight lids that failed and fell into the TDL, preventing tailings material from passing. The operator is investigating alternative lids and if lids are even necessary.

2. Backfilling – Areas around the TDL that were eroded by the leak need to be backfilled to prevent further damage to the line. Operation crews are in the process of identifying backfill material before they remove snow and begin backfilling.

3. Drainage Plan Management – Snow berms prevented all the leaked material from reporting to designed locations. The operator is investigating if it is necessary to adapt the Drainage Plan to allow for things like cut-outs in the snow berms which could mitigate the impact of leaks in the

future.

4. Technical Solutions – The leak was identified by a tailings operator traveling downgradient of the leak. Climax is investigating if there are any technologies (such as electronic leak detection) that could have identified the leak earlier. Early identification would help limit the amount of leaked material.

The new MRWTP building approved under TR-34 is nearly complete. This is a supplementary process to Climax's PDWTP. Once online the raw water will first go into the Moly building, then water will go to the existing PDWTP building. The Ferric Sulfide silo was observed during the inspection (Photo 5). Ferric Sulfide is a new chemical, and Climax is working with CDPHE to update their discharge permit to include it. The building is anticipated to be complete in early February 2025.

Gen. Compliance With Mine Plan:
TR-36: complete just need to submit red-lines for final certification from DRMS
TR-38: Will send in as-builts of the moly sludge cell. Construction is complete but may do some additional modifications, anticipated to close out in Spring 2025.
TR-39: Anticipated by end of year. Will update EPP and Submit WQMP (water quality monitoring plan) for all sample locations
TR-40: Pit dewatering system (EPF) will be a part of the life of mine plan and re-evaluated for reclamation post-mining.

Processing Waste:
The Tenmile TSF/3 Dam and the Mayflower TSF/ 5 Dam were observed during the inspection. Mayflower TSF is the northernmost tailing storage facility and is contained by 5 Dam. 5 Dam was snow covered at the time of the inspection. No obvious erosion was noted. There were no signs of displacement, wet spots, or slumping observed (Photo 6).

Tenmile TSF is located directly to the south and upgradient of the Mayflower TSF. The Tenmile TSF is contained by 3 Dam. 3 Dam was snow covered at the time of the inspection. No obvious erosion was noted. There were no signs of displacement, wet spots, or slumping observed (Photo 7).

Roads:
All roads were snow covered at the time of the inspection, but the main access roads within the site were plowed and maintained. Smaller auxiliary roads (such as those used to access groundwater wells) within the site are plowed when needed. Highway 91 which bisects the permit area was unusually busy due to a closure on I70.

All inspected areas were in good condition at the time of the inspection. No offsite impacts from the leak were noted. Climax submitted 5-day follow-up written notice pursuant to Rule 8.2.3 on January 9, 2025. No problems or possible violations were noted.

All responses to this report should be directed to Todd Jesse 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 720-688-0626 or by email at todd.jesse@state.co.us

PHOTOGRAPHS

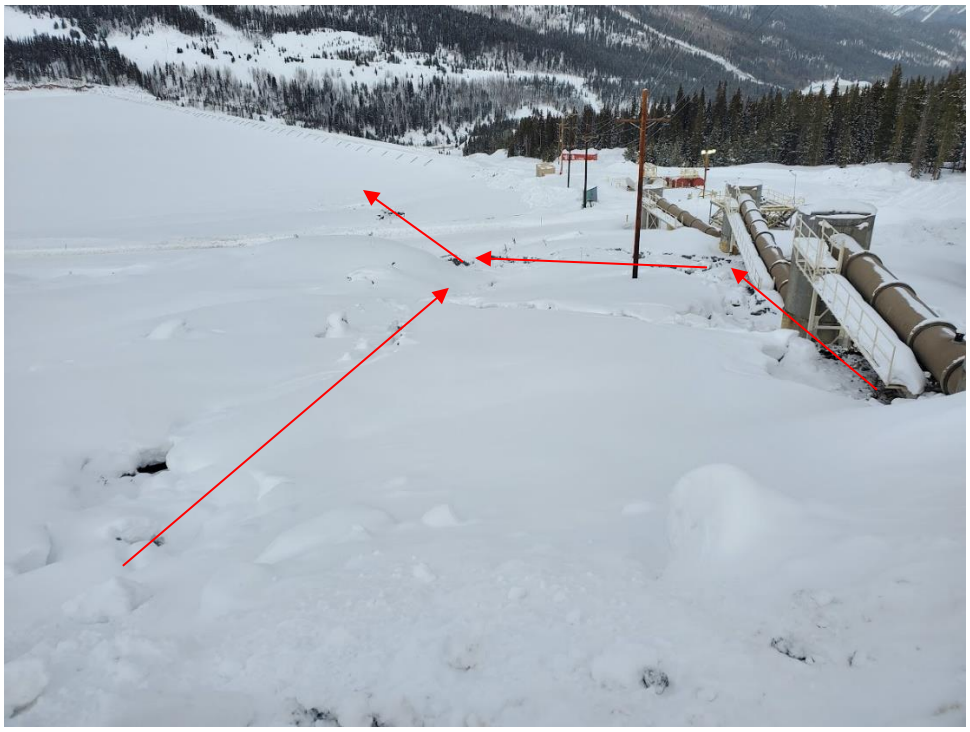

Photo 1 – View to the northwest from Drop Tower 14. Red arrows show the path of leaked tailings material.

Photo 2 – View to the northwest of area where tailings material was pooled near the Mayflower Substation.

Photo 3 – View to the northeast of area where tailings material was pooled near the access road to the base of 5 Dam.

Photo 4 – Image of residual tailings material in the pullout near Tucker Creek where leaked material pooled.

Photo 5 – View to the west of Ferric Sulfide silo outside the MRWTP.

Photo 6 – View to the west across 5 Dam.

Photo 7 – View to the west across 3 Dam.

Inspection Contact Address

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