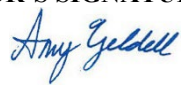




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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
INSPECTION TYPE: Monitoring	WEATHER: Snowing	INSP. DATE: March 19, 2025	INSP. TIME: 11:15
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: DRMS	JOINT INSP. AGENCY: None	
INSPECTOR(S): Amy Yeldell	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: March 26, 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----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</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>Y</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 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 County and is accessed from Colorado State Highway 91. The site consists of 14,000 permitted acres, of which approximately 8,000 acres have been affected. The Division currently holds \$284,783,656.00 in Financial Warranty for the site. Alex Ungers and Paul Weber represented Climax Molybdenum Company. Amy Yeldell represented the Division.

Division staff first checked in at the guard station at the main gates located on the east side of HWY 91. The weather was intermittently snowing and breezy during the inspection. The entire site was covered in snow. Roads were well maintained and the site was completely accessible.

The following areas were inspected/discussed: 5 Shaft Pump System, Storke Wastewater Pump System, and Ceresco Seepage Collection System

5 Shaft Pump System (Photos One thru Three)

Storm water becomes impacted as it passes through the open pit area and collects in the underground mine workings. The 5-Shaft Pump System serves to maintain the water level in the pit and underground workings at a level below which could impact the Arkansas Basin. The level of water in 5-Shaft is kept below the apex of the Mosquito Fault in order to prevent mine impacted water from potentially impacting the Arkansas River. Impacted water is pumped from 5-Shaft through the Storke Pipeline to the ETDL and water treatment/process circuit in the Tenmile Creek watershed. No leaks or other apparent problems were noted in this area.

Storke Wastewater Pump System (Photos Four thru Seven)

The Storke Wastewater Pump Station is located just below the Storke Yard on the other side of Freemont Pass which reports to the Arkansas River. It consists of two concrete lined ponds which collect seepage and stormwater. The potentially impacted water collected then pumped into the ETDL where it mixes with other mine water prior to treatment and discharge into Tenmile Creek. Ponds were located within a fenced in area and buildings were secure.

Sludge and other sedimentation were cleaned out of the ponds earlier the previous summer (2024). Removed sediment and sludges were placed in SDP Sludge cell. The water in the ponds appeared clean and ponds had sufficient freeboard. Mr. Ungers explained that the system has redundant pumps so at any time 2 pumps are functioning and 2 are backups. Minor leaking was observed from the pumps which was indicated to be normal and has been indicated in previous inspections. Leaks reported to the in-floor sumps which go back to the ponds. Sumps were clean with no build up and appeared to be functioning properly.

Ceresco Seepage Collection System (Photos Eight and Nine)

The Ceresco Seepage Collection System consists of a ditch constructed below the Ceresco Ridge haul road. The collection ditch intercepts potentially impacted water and routes it to the Camp drainage, and then to water treatment. The Ceresco Seepage Collection Ditch could not be directly observed. Access from the top haul road was precluded based on weather, only observations were made from the 5 Shaft area. Overall, the Ditch appeared to be in good shape and is anticipated to function properly once temperatures increase and seepage water is intercepted. No flowing water was observed in the ditch.

Recent Permitting Updates:

TR-36: Complete, As-Builts Received

TR-37: Updates to Reclamation Plan and cost estimate approved.

TR-38: Will send in as-builts for the moly sludge cell. Construction is complete but may do some additional modifications, anticipated to close out in Spring 2025.

SI-3: Increase to reflect changes under TR-37 and 5 yr update issued and increase accepted by the Division.

TR-39: Anticipated to be received in the near future. Will update EPP and Submit WQMP (water quality monitoring plan) for all sample locations

TR-40: Pit dewatering system will be a part of the life of mine plan and re-evaluated for reclamation post-mining. May also include installing sleeves on TDL, timing depends on if it will be included in EPP update.

No Problems or Possible Violations were identified during this inspection.

Responses to this inspection report should be directed to: Amy Yeldell at the Division of Reclamation, Mining and Safety, Rm 215, 1001 E 62nd Ave, Denver CO 80216. Direct contact can be made by phone at 970-210-1272 or via email at amy.yeldell@state.co.us

Inspection Contact Address

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CC:

Travis Marshall, Senior EPS, Grand Junction DRMS
Dustin Czapla, DRMS
Todd Jesse, DRMS
Alex Ungers, Climax

PHOTOGRAPHS





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Photo Four: Exterior ponds of Storke

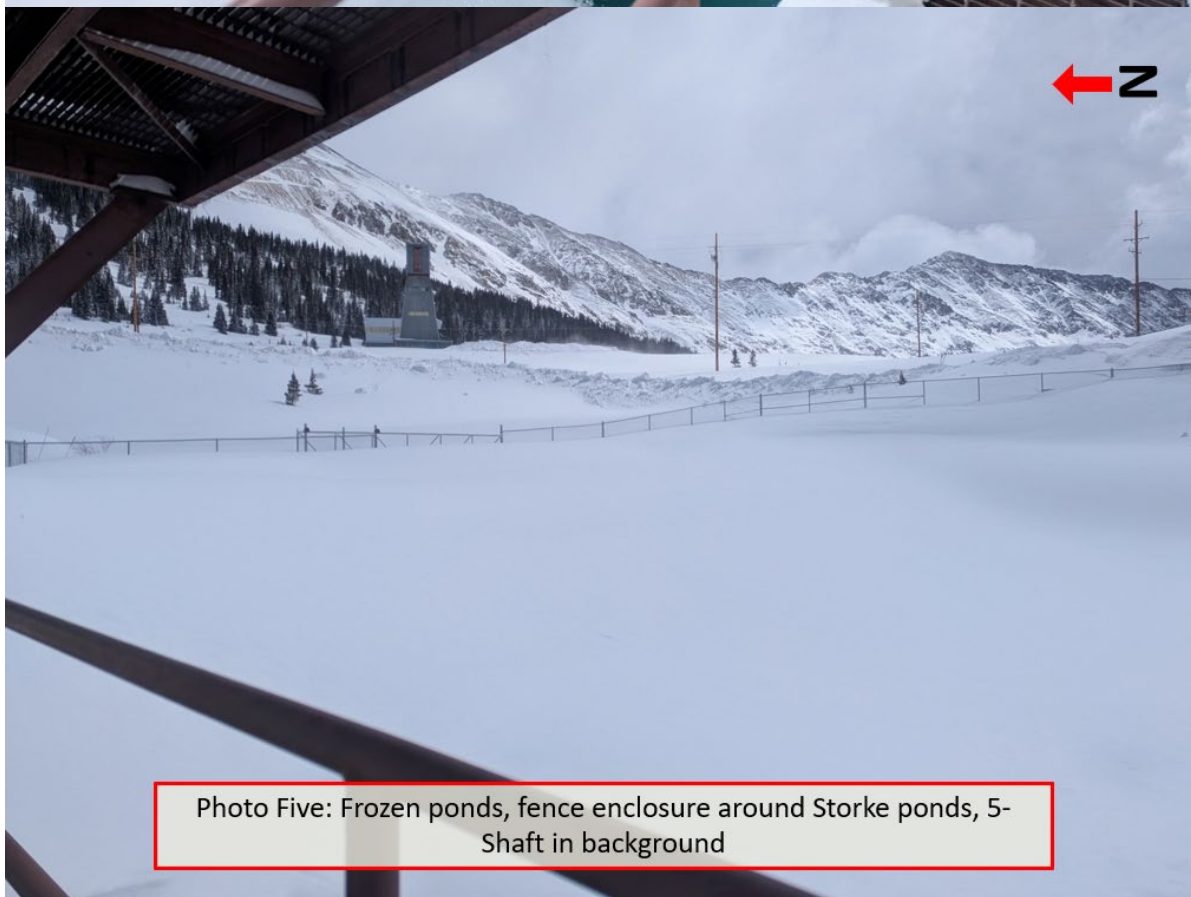


Photo Five: Frozen ponds, fence enclosure around Storke ponds, 5-Shaft in background



Photo Six: Pumps within the Storke Pump System, wet floors observed



Photo Seven: Leaks reporting to in-floor sumps

