



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: Henderson Mine	MINE/PROSPECTING ID#: M-1977-342	MINERAL: Molybdenum	COUNTY: Clear Creek
INSPECTION TYPE: Monitoring	WEATHER: Clear	INSP. DATE: June 24, 2025	INSP. TIME: 09:00
OPERATOR: Climax Molybdenum Company	OPERATOR REPRESENTATIVE: Ron Hickman and Miguel Hamarat	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE:	BOND AMOUNT: \$271,566,513.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
INSPECTOR(S): Nikie Gagnon	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: August 5, 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>N</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</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>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</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 by Nikie Gagnon of the Division of Reclamation, Mining and Safety (Division). Ron Hickman and Miguel Hamarat representing the Climax Molybdenum Company (Henderson/Operator) accompanied the Division during the inspection.

The Henderson Mill is located 15 miles south of Parshall in Grand County. This site is a 112d-3 Designated Mining Operation (DMO) permitted for 11,877.5 acres with a maximum affected area of 4,360 acres.

Mill EPF 1.3 Tailings Delivery Line

Before the inspection, the Division met with Henderson representatives to discuss the investigation into recent tailings delivery line (TDL) leaks. On June 11-12, 2025, Henderson removed overburden and inspected the pipeline, followed by additional Non-Destructive Testing. The operator surveyed every fuse and found a couple of spots that required new bands. According to Mr. Hickman, the section showing the most accelerated wear was in a steep section above 3-Dam where the turbulence is the highest.

On July 7, 2025, Mr. Hickman submitted a letter to the Division summarizing the investigations and temporary repair work. The letter also provided a schedule for replacements planned for summer 2025. Henderson intends to replace 500 feet of HDPE pipeline and rotate several sections based on wear rates. The operator reported ordering 1500 feet of pipeline for immediate and future repairs.

During this inspection, the Division observed the TDL above 3-Dam (Photos 1-3), noting a metal band installed where a hole was discovered during the June investigation (Photo 3).

Mill EPF 1.6 – Groundwater Extraction System

The Division observed a contractor installing the infrastructure for extraction well MLEX-7 within the gravel pit, east of Ute Park (Photos 4-7). Water will be conveyed from the vault via a 6-inch HDPE line and discharged into the seep collection channel adjacent to the Ute Park Pump Station. The contractor was working to install the pipeline beneath County Road 3 (Photo 6). Following pipeline installation, instrumentation will be added to the wellhead, including a down-well transducer and float switches to monitor and maintain water level setpoints, a flow meter located in the vault, a data logger, and a radio transmitter. Photos 8-9 illustrate an example of the instrumentation and vault currently installed at MLEX 1. MLEX 1 is shut down for the installation of a new well (Photo 10). According to Mr. Hickman, within Ute Park, MLEX 4 has the highest average flow, approximately 76 gallons/minute. Flow rates and volumes are continuously measured and recorded electronically. The system is visually checked daily by the pond operator on site. The infrastructure for MLEX-6 on the east side of Ute Park will be installed in July 2025 and the operator will submit the As-Built drawings to the Division once the Phase IV extraction wells are completed.

Mill EPF 1.5 – Seep Water Collection and Return Systems

During this inspection, the Division observed the horizontal drains at the base of 1-Dam. Water was observed flowing from multiple drains into the seepage collection channel at the base of the dam into the Ute Park canals. The operator and Division discussed the buried 1-Dam seepwater line and

observed the Lower Subdrain manhole in the southwest corner of Ute Park (Photo 13-14). The lower subdrain is tied to the original foundation/abutment drains on 1-Dam. The line never needed replacement; however, plugging is the main concern that requires maintenance. The operator pressure tests the line every year and uses water jets to clean out the iron precipitate that accumulates in the line.

Mill EPF 1.6 Ute Park Pump Station

The Division inspected the Ute Park Pump Station (Photo 16). The pumps were not operating during the inspection. Mr. Hickman reported that these pumps, which typically cycle on and off throughout the year based on flow rates, push an average of 1100 gal/min back to the TSF daily. Maintenance on the pumps is performed frequently, as needed.

Mill EPF 1.8 Water Treatment Plant

The Division observed the excavation progress for the foundation of the Water Treatment Facility (Photo 17). Material is trucked to the gravel pit for storage. Excavation work is almost complete.

This concludes the Division's report. A subset of the photographs taken during inspection are attached. Any questions or comments regarding this inspection report should be forwarded to Nikie Gagnon at the Colorado Division of Reclamation, Mining and Safety at 720-527-1640, or email at nikie.gagnon@state.co.us.

PHOTOGRAPHS



Photo 1: Looking at the TDL in a steep section above the No. 1 Cutout, just downstream of Drop Tower No. 12.



Photo 2: Looking at the TDL along the road, adjacent to the Bear Paw Pipeline.



Photo 3: Looking at a temporary metal band installed on the TDL where a leak was observed.



Photo 4: Looking at extraction well MLEX 7 and vault installed on the south end of the gravel pit.



Photo 5: Looking at the excavated trench for the 6-inch pipeline for MLEX-7.



Photo 6: Contractor installing the 6-inch pipeline from MLEX-7 beneath County Road 3 near the Ute Park Pump Station.



Photo 7: Pipeline laying on the ground that will be installed to discharge water from MLEX-7 into seep collection channel adjacent to the Ute Park Pump Station.



Photo 8: Inspection of extraction well MLEX-01. The well was not operating during the inspection. Red light indicates well is off.



Photo 9: Looking down into the vault at MLEX-1.



Photo 10: Replacement well drilled at MLEX-1 in Ute Park.



Photo 11: Looking at MLEX-6 on the eastern edge of Ute Park. The infrastructure for this well will be installed in July 2025.



Photo 12: Observing the groundwater drains along the base of 1-Dam.



Photo 13: Looking at the Lower Subdrain manhole on the south end of Ute Park below 1-Dam.



Photo 14: Looking inside the manhole on the Lower Subdrain below 1-Dam.



Photo 15: Looking at the north end of the seep water canal below 1-Dam.



Photo 16: Looking at the pumps inside the Ute Park Pump Station.



Photo 17: Looking at the progress of the excavation work for the foundation of the future Water Treatment Plant.

Inspection Contact Address

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