

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215
Denver, Colorado 80203
Phone: (303) 866-3567
FAX: (303) 832-8106



April 1, 2013

Robert Callaghan
Climax Molybdenum
1746 Cnty. Rd. 202
P.O. Box 68
Empire, CO 80438

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Pineda
Director

Red Mountain Exploration Drilling, Permit P-2011-014, Annual Fee Invoice and Report Request

PLEASE READ CAREFULLY – ACTION REQUIRED

Please attach your COMPLETED written Annual Report and Annual Report Map to this form

Under the terms of your NOI and Colorado Statutes, you must submit Annual Fees and Annual Reports (including a map). You must pay the Annual Fee and submit an Annual Report each year until reclamation responsibility release is granted. The Annual Fee is not a renewal fee. The Fee and Report are for LAST YEAR'S exploration and reclamation season, and MUST be paid even if your operation was inactive.

The Annual Report and Fee requirement will be considered submitted when we have received the following components:

- 1. ANNUAL FEE (\$86)**
- 2. COMPLETED ANNUAL REPORT**
- 3. ASSOCIATED MAP as required by rule**

If you have requested reclamation responsibility release from the Division of Reclamation, Mining and Safety ("Division") but your permit is not released by the anniversary date listed below, the Annual Fee MUST be paid. If the permit is released before the anniversary date, then by Statute, it is not necessary to pay an Annual Fee or submit an Annual Report for that year. Division records indicate the \$86.00 fee is due for the following NOI(s) on or before the Anniversary Date:

Permit: P-2011-014
Operation Name: Red Mountain Exploration Drilling
Anniversary Date: May 31, 2013

Return the enclosed Annual Report FORM, a MAP, and a CHECK or MONEY ORDER made payable to: Division of Reclamation, Mining and Safety, 1313 Sherman St., Room 215, Denver, CO 80203. If your records indicate these documents and fees have already been submitted, please notify the Division.

If you have additional comments and/or information that should be provided to the Division, please attach it to this form along with your written report and map. Annual Report instructions are enclosed. If you have any questions, please feel free to contact Jim Dupler (303)866-3567 x8119 or Christine Brookshire (303)866-3567 x8132. Thank you for your cooperation in this matter.

IF THE COMPLETE ANNUAL FEE SUBMITTALS ARE NOT RECEIVED ON OR BEFORE YOUR ANNIVERSARY DATE, THE ENFORCEMENT PROCESS WILL AUTOMATICALLY BE INITIATED. ENFORCEMENT ACTIONS WILL RESULT IN CIVIL PENALTIES AND POSSIBLE REVOCATION OF YOUR PERMIT. PER RULE 5.6(2) FAILURE TO SUBMIT AN ANNUAL REPORT FOR TWO CONSECUTIVE YEARS SHALL CONSTITUTE EVIDENCE OF ABANDONMENT OF PROSPECTING.

MP Annual Report

Permittee Name:	Climax Molybdenum	Permit Number:	P-2011-014
Operation Name:	Red Mountain Exploration Drilling	County:	Clear Creek
Annual Fee Due:	\$86.00	Anniversary Date:	May 31, 2013
Permit Acreage:	10.87	Current Bond Amt:	\$108,000.00

According to Colorado Statute, each year, on the anniversary date of the permit, an operator shall submit the Annual Fee, an Annual Report and Map showing the extent of current disturbances to affected land, required monitoring information, reclamation accomplished to date and during the preceding year, any new disturbance that is anticipated to occur during the upcoming year, any reclamation that will be performed during the upcoming year, the dates for the beginning of active operations, and the date active operations ceased for the year.

Information contained in this report is required and will be reviewed by the Division upon receipt and prior to the next compliance inspection of the site. If, while completing this report, you learn that your site is not in compliance with the rules and the act, it is advisable that the issues be rectified promptly to avoid possible enforcement action.

1. Is the affected area boundary clearly marked if you have an excavation or portal? YES NO
2. Is the site in final reclamation? YES NO
If "YES," please note time limits related to completion of reclamation, Rule 3.1.3.
3. What was the date of last exploration activity? _____
4. What date did prospecting activity end, or what date is it expected to end? Rule 5.6.1(e). _____
5. Number of acres currently affected (exploration+ incomplete reclamation). _____
6. Number of acres that were newly affected during the current report year. _____
7. Number of acres that were reclaimed during the current report year. _____
8. Estimated new acreage to be affected in the next report year. _____
9. Estimated acres to be reclaimed in the next report year. _____

10. **Total acres** in various stages of reclamation, since permitted exploration activities began:

Total acres backfilled:		Total acres seeded w/ approved mix:		Total acres w/topsoil replaced:		Total acres mulched w/ approved mulch:	
Total acres graded:		Total acres fertilized w/ apvd fertilizer:		Topsoil replacement depth (in.):		Mulch application rate (tons/ac):	
Seed application method:		Fertilizer application method:		Mulch application method:			

11. Is weed control being conducted in accordance with an approved Weed Control Plan? YES NO N/A
If "YES", indicate the weed species, control area, control type, application rate and treatment date on the report map.
12. Is adequate topsoil reserved for reclamation, based on your approved NOI? YES NO N/A
If "NO", please explain:

13. Is the reserved topsoil vegetated/stabilized in accordance with Rule 3.1.9(1)? YES NO N/A
If "NO" please explain:
14. If exploration has exposed groundwater, is the site in compliance with the approved mining plan and Office of the State Engineer (Well Permit, S.W.S.P., and/or Permanent Augmentation Plan)? YES NO N/A
15. Are all hazardous materials stored within approved spill containment structures? YES NO N/A
16. Does your NOI reclamation plan or Environmental Protection Plan require you to submit monitoring information annually? YES NO N/A

If "Yes", please attach the required monitoring results to this Annual Report as required by Rule 1.15(1)(c).

17. As required by Rule 5.6(1)(g) submit with this report documentation to show that the Financial Warranty is still in place and is adequate to fully reclaim the approved prospecting site disturbance(s).

FINANCIAL WARRANTY DOCUMENTATION ATTACHED: _____

18. Please use the space below to describe as required by Rule 5.6(1)(c) any new prospecting activity that occurred during the preceding year, including the locations and number of new surface drill holes, mud pits, excavations, rock dumps, adits, shafts, trenches, pits, roads and structures. If applicable, you must also describe the measures taken to safeguard shafts, adits and other mine openings from unauthorized entry both during and after prospecting. Additional pages should be attached if needed.

19. As required by rule 5.6.1(f), attach a map to this report that accurately depicts the NOI boundary, current affected area, location of all previously listed featured, and all acreages listed in items 6 through 12 and item 20. These activities must be identified on a site map of adequate scale to field locate these areas, and may include coordinates in latitude and longitude to at least 5 decimal places, or UTM coordinates with the datum and zone specified.

UPDATED MAP ATTACHED: _____

20. Rule 5.7 requires submittal of final abandonment reports within 60 days for any drill hole(s) with artesian flows and no later than 12 months for all other completed drill holes.

ABANDONMENT REPORTS ATTACHED: _____ or.. N/A

Division records indicate the following permittee/landowner contact information. If this information is not current, please type or print **current** contact information: Rule 5.6.1(a, b).

Permittee Contact:	Robert Callaghan	
Permittee Company:	Climax Molybdenum	
Address:	1746 Cnty. Rd. 202 P.O. Box 68 Empire, CO 80438	
Phone Number:	(303) 569-3221	
Fax Number:	(303) 569-2829	
Email Address:	CF.PR.email	

Landowner Contact:		
Landowner Address:		
Landowner Phone Number:		
Landowner Email		

I, the undersigned, hereby state that the information provided in this report is true and accurate, and that site operations are being conducted in accordance with the Division approved NOI and reclamation plans. Rule 5.6.1(h).

Signature of **Permittee, Corporate Officer, Owner, or Documented Designee**

Date