



COLORADO

**Division of Reclamation,
Mining and Safety**

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

July 18, 2014

Mr. Raymond G. Dubois
Cripple Creek & Victor Gold Mining Company
100 N. 3rd Street
P. O. Box 191
Victor, CO 80860

**Re: Cresson Project, Permit No. M-1980-244;
Financial Warranty Increase, Revision No. SI-5**

Dear Mr. Dubois:

On July 18, 2014 the Division of Reclamation, Mining and Safety increased the current Financial Warranty for this permit to \$136,351,165.00, in accordance with Rule 4.2.1 of the Rules and Regulations. This is an increase of \$ \$6,207,292.00 over the currently posted Financial Warranty. The attached Table 1 presents the calculations and schedule for the phased bond increase.

The Division ordered amendment of the current Financial Warranty, or submittal of a new Financial Warranty reflecting the increase, is due within 60 days from the date of this letter. If you wish to submit a different type of Financial Warranty, please contact me such that I may send you the applicable form.

If you have any questions or need further information, please contact me at (303)866-3567 x8169.

Sincerely,

Timothy A. Cazier, P.E.
Environmental Protection Specialist

ec: Tom Kaldenbach, DRMS
Barbara Coria, DRMS
DRMS file
Timm Comer, CC&V
Jeff Campbell, CC&V



Table 1. SI-05 Phased Warranty Calculations and Schedule

Phasing 2014 Update Financial Warranty

\$ **192,303,457.00** ← **Total** 2014 Unit Cost Update (2014 Annual Report, Tab 6 - SummaryCurrentUpdate); Does NOT include the following Bond Adjustments for Approved Technical revisions:

TR-67 - Additional Storage Buildings	\$	14,947	
TR-69 - Relocate radio tower	\$	19,909	\$ 51,981
TR-71 - Crusher Power lne	\$	17,125	

\$ **192,355,438.00** ← **Revised Total** 2014 Unit Cost Update to include the above Bond Adjustments for Approved Technical Revisions:

SGVLF Closure Costs

(to be deffered and phased in)

Tasks (from 2014 Annual Report, Tab 6 - Summary	Subject to 22.55% indirect cost		Indirect cost not applied
	Equipment Cost	Labor Cost	Materials Cost
SGVLF Chemical Closure	\$ 596,575	\$ 3,362,642	\$ 13,815,554
SGVLF Reclamation	\$ 26,871,936	\$ 3,323,133	\$ 332,641
Total Equipment & Labor for SGVLF Chemical Closure & Reclamation		\$ 34,154,286	
Total indirect cost for SGVLF at: 22.55%		\$ 7,701,792	
SGVLF Chemical Closure - equipment, labor & materials	\$ 17,774,771		
SGVLF Reclamation - equipment, labor & materials	\$ 30,527,710		
Total direct cost SGVLF	\$ 48,302,481		
Total direct & indirect SGVLF cost to be <u>deferred</u> .	\$ 56,004,273		

\$ (56,004,273) ← 2014 Update for Chem & Physical Closure of SGVLF (Tab 19) to be phased in as the SGVLF construction progresses (incl. 22.55% indirect costs)

\$ **136,351,165** ← **Currently Required Total** 2014 Update Bond (discounting SGVLF Chem & Physical Closure)

\$ **130,143,873** ← **Currently Posted** Bond

\$ **6,207,292** ← **Minimum Required** Bond to be posted as first installment for **Surety Increase SI-05**

\$ 36,962,820 ← Estimated 2nd Installment of 2014 Update additional warranty (66% of Chem & Physical Closure of SGVLF), based on receiving the minimum Phase 1 bond (\$6,207,292)

\$ 19,041,453 ← Estimated 3rd Installment of 2014 Update additional warranty (34% of Chem & Physical Closure of SGVLF), based on receiving the minimum Phase 1 bond (\$6,207,292)

CC&V Phased Surplus Warranty Schedule (2014 Update)

Revision	Description	Req'd Increase to Financial Warranty	Req'd Financial Warranty	Additional Bond Posted	Posted Bond	Current Surplus
SI-05 (Total)	Biannual Unit Cost Update (2014 Annual Report)	\$ 62,211,565	\$ 192,355,438	\$ -	\$ 130,143,873	\$ (62,211,565)
SI-05 (minus future phases)	ADJUSTMENT : Subtract Estimated Installments 2 & 3	\$ (56,004,273)	\$ 136,351,165	\$ -	\$ 130,143,873	\$ (6,207,292)
Future SI-05 (Installment #1)	Biannual Unit Cost Update(2014 Ann Rpt)		\$ 136,351,165	\$ 6,207,292	\$ 136,351,165	\$ 0
Future TR's	TBD					
AM-10.2 (2014 update)	FUTURE - 2015 (66% of remaining 2014 unit cost update)	\$ 36,962,820	\$ 173,313,985	\$ 36,962,820	\$ 173,313,985	\$ 0
AM-10.3 (2014 update)	FUTURE - 2017 (34% of remaining 2014 unit cost update) *	\$ 19,041,453	\$ 192,355,438	\$ 19,041,453	\$ 192,355,438	\$ 0

* The 3rd installment for the phased bond related to the chemical closure and reclamation of the SGVLF will likely need to be modified as a result of the scheduled 2016 unit cost update