




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
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.

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|--|--|---|-----------------------------|
| MINE NAME: Cresson Project | MINE/PROSPECTING ID#: M-1980-244 | MINERAL: Gold | COUNTY: Teller |
| INSPECTION TYPE: Aerial Inspection | INSPECTOR(S): Timothy A. Cazier | INSP. DATE: August 29, 2014 | INSP. TIME: 12:40 |
| OPERATOR: Cripple Creek & Victor Gold Mining Company | OPERATOR REPRESENTATIVE: None | TYPE OF OPERATION: 112d-3 - Designated Mining Operation | |

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|---|--|---|
| REASON FOR INSPECTION: Normal I&E Program | BOND CALCULATION TYPE: None | BOND AMOUNT: \$136,471,600.00 |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None |
| WEATHER: Cloudy | INSPECTOR'S SIGNATURE:  | SIGNATURE DATE: November 14, 2014 |

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>Y</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> | (SB) COMPLETE INSP---- <u>N</u> |
| (ES) OVERBURDEN/DEV. WASTE----- <u>Y</u> | (SC) EROSION/SEDIMENTATION--- <u>N</u> | (RS) RECL PLAN/COMP-- <u>N</u> |
| (AT) ACID OR TOXIC MATERIALS----- <u>N</u> | (OD) OFF-SITE DAMAGE----- <u>Y</u> | (ST) STIPULATIONS----- <u>N</u> |

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

This was an aerial photo inspection of the Cresson Project conducted by Tim Cazier of the Colorado Division of Reclamation, Mining and Safety (Division) based on aerial photographs taken by the Division. No operator was present during the inspection. The site is a 112d-3 gold mine located between Cripple Creek and Victor in Teller County.

The aerial photos were taken on August 29, 2014. The purpose of the inspection was to provide the Division a broad perspective that cannot be obtained from the ground and to document changes in areas of the mine experiencing rapid change. The Division expects to perform aerial inspections quarterly.

The following table summarizes the attached photos:

| Photo ID | Mine Facility | Perspective | Notes |
|----------|-------------------------------------|---------------|---|
| Photo 1 | Wildhorse Extension Pit (WHEX) | Looking west | 6 benches and pit floor |
| Photo 2 | Soil Liner Fill stockpile (Cameron) | Looking SE | Stockpiling SLF for SGVLF near Cameron area |
| Photo 3 | East Cresson OSA | Looking west | WHEX to right |
| Photo 4 | South Cresson | Looking SE | Arequa Gulch VLF and Crusher in foreground |
| Photo 5 | Main Cresson Pit | Looking SE | Shows backfill in SE corner |
| Photo 6 | Arequa Gulch VLF | Looking SE | New Phase V lift, Crusher in center |
| Photo 7 | New growth medium stockpile #34 | Looking east | North end of SGVLF on right, vegetation getting established |
| Photo 8 | Squaw Gulch OSA | Looking east | DCF stockpile in foreground, Ironclad Facility beyond |
| Photo 9 | Squaw Gulch VLF (SGVLF) | Looking east | Installing liner |
| Photo 10 | New High Grade Mill & SGVLF | Looking south | AGVLF in background |

Acronyms:

EMP – Enhanced Management Pond

OSA – overburden storage area

SLF – Soil Liner Fill

VLF – valley leach facility

PHOTOGRAPHS



Photo 1. Wildhorse Extension Pit (Looking west).



Photo 2. Soil Liner Fill stockpile at Cameron site (Looking SE).

PHOTOGRAPHS (cont.)



Photo 3. East Cresson OSA (looking west).

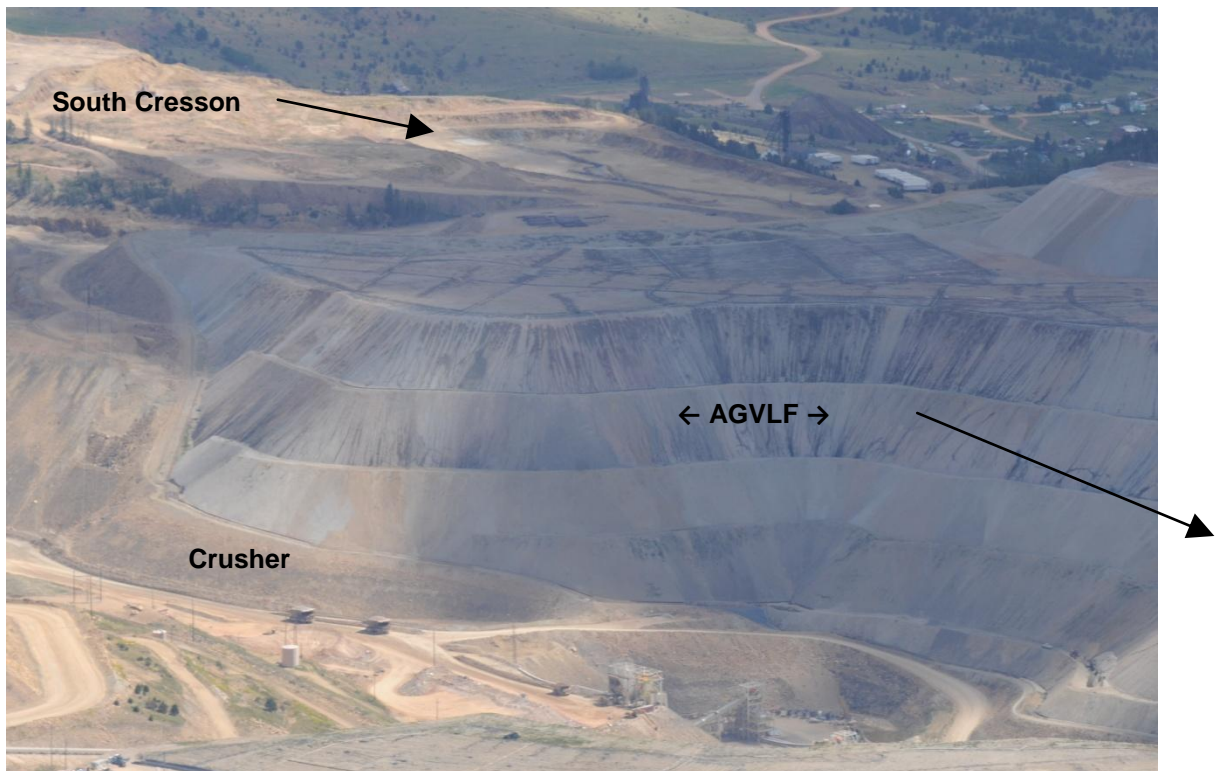


Photo 4. South Cresson (looking SE).

PHOTOGRAPHS (cont.)



Photo 5. Main Cresson Pit (looking SE).



Photo 6. Arequa Gulch VLF (looking SE).

PHOTOGRAPHS (cont.)



Photo 7. New growth medium stockpile #34 (looking east).

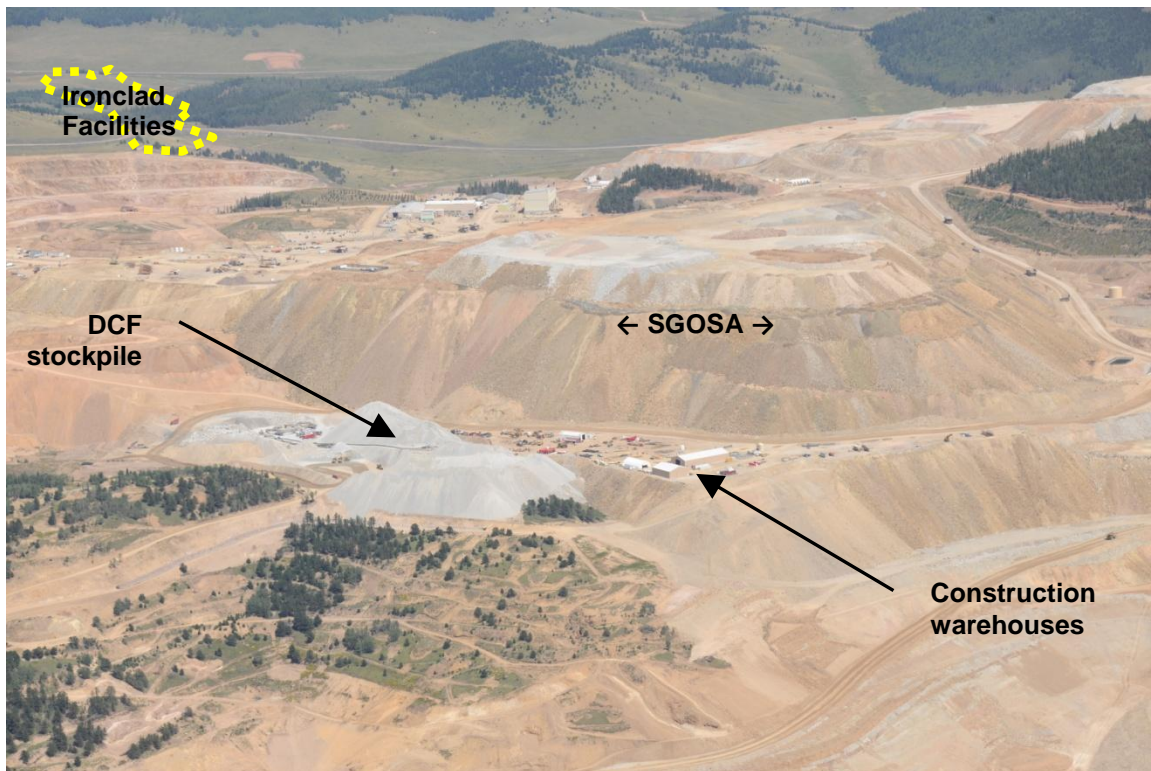


Photo 8. Squaw Gulch OSA (Looking east).

PHOTOGRAPHS (cont.)



Photo 9. Squaw Gulch VLF Pregnant Solution Storage Area (Looking east).



Photo 10. New High Grade Mill Platform (Looking south).

Inspection Contact Address

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