




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: Monitoring | INSPECTOR(S): Timothy A. Cazier | INSP. DATE: January 20, 2016 | INSP. TIME: 10:00 |
| OPERATOR: Cripple Creek & Victor Gold Mining Company | OPERATOR REPRESENTATIVE: Chris Hanks | 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: \$173,434,420.00 |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None |
| WEATHER: Clear | INSPECTOR'S SIGNATURE:  | SIGNATURE DATE: March 21, 2016 |

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.

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| (AR) RECORDS----- <u>N</u> | (FN) FINANCIAL WARRANTY----- <u>N</u> | (RD) ROADS----- <u>Y</u> |
| (HB) HYDROLOGIC BALANCE----- <u>Y</u> | (BG) BACKFILL & GRADING----- <u>Y</u> | (EX) EXPLOSIVES----- <u>N</u> |
| (PW) PROCESSING WASTE/TAILING---- <u>Y</u> | (SF) PROCESSING FACILITIES----- <u>Y</u> | (TS) TOPSOIL----- <u>N</u> |
| (MP) GENL MINE PLAN COMPLIANCE- <u>Y</u> | (FW) FISH & WILDLIFE----- <u>Y</u> | (RV) REVEGETATION---- <u>N</u> |
| (SM) SIGNS AND MARKERS----- <u>N</u> | (SW) STORM WATER MGT PLAN---- <u>N</u> | (CI) COMPLETE INSP---- <u>N</u> |
| (ES) OVERBURDEN/DEV. WASTE----- <u>N</u> | (SC) EROSION/SEDIMENTATION--- <u>N</u> | (RS) RECL PLAN/COMP-- <u>N</u> |
| (AT) ACID OR TOXIC MATERIALS----- <u>Y</u> | (OD) OFF-SITE DAMAGE----- <u>N</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

The Division conducted a monitoring inspection of the site on January 20, 2016. Mr. Chris Hanks represented the Operator during the various parts of the inspection. Tim Cazier represented the Division. The following facilities were inspected during this site visit:

- Squaw Gulch Pumpback System – sump installed and functioning;
- East Cresson Overburden Storage Area (ECOSA) – Third seepage mitigation trench field observations;
- Squaw Gulch Valley Leach Facility (SGVLF) – new barren solution pipeline status;
- Appurtenant Environmental Protection Facilities (EPFs):
 - High Grade Mill (mill) seep observed during the December 28, 2015 aerial inspection.

On Site Meetings:

Meeting I: Mr. Jeff Winterton (CC&V) provided an overview of the mine's plan to start up the SGVLF in anticipation of the new ADR being online in early to mid-March 2016. Mr. Winterton stated the mine's plan was to start adding liquid cyanide to the 9550 pad in early February. The Division expressed concern that in order to be in compliance with the approved wildlife protection plan, the ponding observed in the PSSA would need to be covered as it would become leaching solution with the addition of cyanide. The construction quality assurance (CQA) certification for the new barren solution line was also discussed. As this line is partially pressurized and the majority of its alignment is within 25 feet of the edge of liner, the Division's position is that a CQA certification is necessary to assure solution containment is achieved to the engineered design level.

Squaw Gulch Pumpback System Inspection:

The Squaw Gulch Pumpback System surface enclosure (see **Photo 1**) was recently completed and the pumps were installed (see **Photo 2**). Mine personnel indicated water level depth in the sumps still needed to be calibrated.

ECOSA Seepage Mitigation Trench Inspection:

Portions of the northern end of the ECOSA are outside the diatreme. The Division approved the design proposed in Amendment 10 to construct seepage mitigation trenches under the ECOSA to convey potential infiltrated meteoric water from within the ECOSA footprint to where it can be captured by the diatreme. The Division approved the trench (see **Photo 3**).

SGVLF New Barren Solution Pipeline Inspection:

Mr. Ron DiDonato (CC&V) provided an overview in the field of the dual containment of the 14-inch barren solution pipeline (see **Photo 4**) where it traverses an approximately 15-foot segment off liner. The Division approved the dual containment in TR-76. CC&V agreed to provide and CQA certification for the barren solution pipeline stamped by a professional engineer. Subsequent to this inspection, the Division received the requested certification report on 2/1/2016.

High Grade Mill Seep Inspection:

The Division followed up on the apparent seeps observed from photos taken during the December 28, 2015 aerial inspection. The seep areas were frozen at the time of the inspection (see **Photo 5**), therefore difficult to determine if the seeps were active. The Division and CC&V agreed to continue to monitor and assess the seep areas.

Water levels:

Water levels were not recorded during this inspection.

Summary:

1. The Division plans to continue observing the mill seep areas.
2. The Division received and approved the requested barren solution CQA certification report.
3. CC&V completed construction of the third and final seepage mitigation trench.

PHOTOGRAPHS



Photo 1. Recently installed Squaw Gulch Pumpback System surface enclosure.

PHOTOGRAPHS (cont.)



Photo 2. Final installation of underdrain sump pumps at the toe of the SGVLF toe berm.



Photo 3. Third and final ECOSA seepage mitigation trench (looking NW).

PHOTOGRAPHS (cont.)



Photo 4. Dual containment of the 14-inch barren solution pipeline (looking SE).



Photo 5. Frozen mill seep areas from mill platform safety berm (looking NW).

Inspection Contact Address

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