




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: Cresson Project	MINE/PROSPECTING ID#: M-1980-244	MINERAL: Gold	COUNTY: Teller
INSPECTION TYPE: Monitoring	INSPECTOR(S): Timothy A. Cazier	INSP. DATE: January 23, 2018	INSP. TIME: 10:00
OPERATOR: Cripple Creek & Victor Gold Mining Company	OPERATOR REPRESENTATIVE: Justin Bills & Clara Steward	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$207,991,188.00*	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: March 5, 2018	

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----- *	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>Y</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</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>Y</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>Y</u>	

* The additional financial warranty associated with the approval of TR-96 has not been received.

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 23, 2018. Mr. Justin Bills and Ms. Clara Steward represented CC&V during the inspection. Tim Cazier represented the Division. The planned inspection agenda included the following facilities and areas:

- High Grade Mill (HGM): vat leach and east side secondary containment;
- Arequa Gulch ADR (ADR1): review of recent spill;
- Squaw Gulch Valley Leach Facility (SGVLF);
- Buckley Annex/Bulk Emulsion Facility;
- East Cresson Overburden Storage Area (ECOSA): proposed expansion;
- Wildlife Fencing: observe progress.

Site Inspection:

High Grade Mill: The Division was accompanied by Rich Griffin at the HGM to perform an exterior walk-around inspection. The focus was to observe the status of secondary containment on both the west side (vat leach area) and the east side. No significant reduction in the secondary containment volume was observed on the east side, only some water in the secondary containment area for the Process Ore Thickener (**Photo 1**). Secondary containment on the vat leach side was observed to be partially consumed (**Photo 2**). CC&V representatives stated it would be cleaned up. The Division received photographic evidence of the cleaned up secondary containment on February 15, 2018, citing freezing temperatures as causing the delay.

The Division observed the construction status of the new concentrate shipping facility (reference TR-89, Con Barn) as seen in **Photos 3** and **4**.

Arequa Gulch Adsorption Desorption Recovery: The Division was accompanied by Ms. Steward and Mr. Bills to investigate the circumstances under which the December 7, 2017 spill occurred. Mr. Tyler O'Donnell pointed out where the spill exited the ADR door (see **Photo 5**) and what areas outside secondary containment were impacted (see **Photo 6**). A CC&V representative explained the freshwater feed to the wet scrubber was turned on; however, the sump pumps were turned off. Consequently, water draining from the wet scrubber overflowed the sumps and drained out the ADR 1 door where the majority collected in two parking ditches.

The Squaw Gulch Adsorption Desorption Recovery (ADR 2) was also visited. No external concerns were observed.

Squaw Gulch Valley Leach Facility: The Division was accompanied by Ms. Steward and Mr. Bills to observe the surface of the SGVLF for ponded solution and general slope stability concerns (**Photo 7**). No slope concerns or ponded solution was observed. However, a large hole in the ore stacking was noted in the northeast portion of VLF near the mill platform (**Photo 8**). CC&V representatives were uncertain as to why this area had been left open when asked about it.

Buckley Annex/Bulk Emulsion Facility: The Division was accompanied by Ms. Katie Dehlin to the Buckley Annex. Ms. Dehlin pointed out the refurbishment of the silos completed as part of the site upkeep. Secondary containment was also checked. No significant reduction in the secondary containment volume was observed.

ECOSA Expansion: The inspection continued to the CR 82 overlook to observe where the proposed expansion

for the north end of the ECOSA (**Photo 9**) would proceed. The plan is to expand the footprint to the north and west such that no new affected area would be necessary.

Wildlife Fencing: This inspector was able to observe the newly installed wildlife fencing on the east and north side of the WHEX pit (**Photo 10**) and in the vicinity of the intersection of Teller CR 821 and CR 82 near the Ironclad mine entrance (**Photo 11**)

Financial Warranty: The approval of TR-96 to increase the height of the backfill in the WHEX pit increased the required financial warranty by \$355,964.00. As such, there is a deficit of \$193,316.00. **In accordance with Rule 4.2.1(2), the permittee shall post the additional financial warranty of \$193,316 within 60 days, due on or before April 3, 2018.** The revision will not be final and backfill in the WHEX pit may not exceed that approved under AM-11 until the bond is approved by the Division.

Closure Meeting: After the site inspection, this inspector met with CC&V personnel in the Victor office to discuss the temporary storage of the excess concentrate designated for shipping offsite. This is necessary as the County requires improvements be made to county roads on which the trucks transporting the concentrate will travel prior to increasing the number of trucks allowed per day. These improvements can't be made until the weather warms up later this spring. As such, the mine expects to have more concentrate stockpiled than what can be stored in the concentrate building (a.k.a. con barn). The Division's position is this excess concentrate must be stored over primary or secondary liner as it contains potentially acid generating, toxic chemical producing material, with trace concentrations of metallurgical process fluids (designated chemicals, such as PAX). The Division reiterated the liner underneath the high grade mill is considered tertiary liner as it is capable of impounding water, is dual lined (liner capable of impounding water requires a triple liner system), and does NOT have a leak detection system.

Please contact Tim Cazier (303-866-3567, ext. 8169) if you have any questions regarding this report.

PHOTOGRAPHS



Photo 1. Water observed in secondary containment area for the Process Ore Thickener.



Photo 2. Secondary containment in vat leach area observed to be partially consumed.

PHOTOGRAPHS (cont.)



Photo 3. Concentrate shipping facility (Con Barn) construction (from AGVLF overlook, looking NNE).



Photo 4. Concentrate shipping facility (Con Barn) construction (looking NW).

PHOTOGRAPHS (cont.)

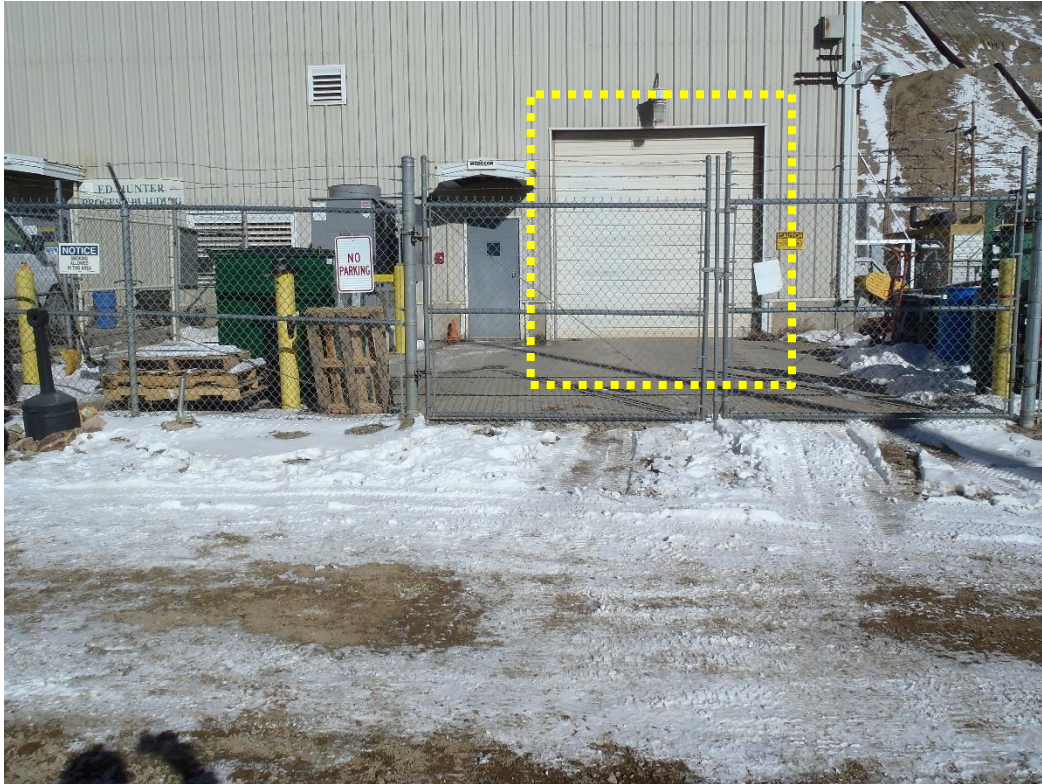


Photo 5. ADR 1 door from which spill escaped secondary containment.



Photo 6. Area outside ADR 1 secondary containment impacted by spill, note parking ditches (looking south).

PHOTOGRAPHS (cont.)



Photo 7. Central portion of the SGVLF (from AGVLF overlook, looking NW).

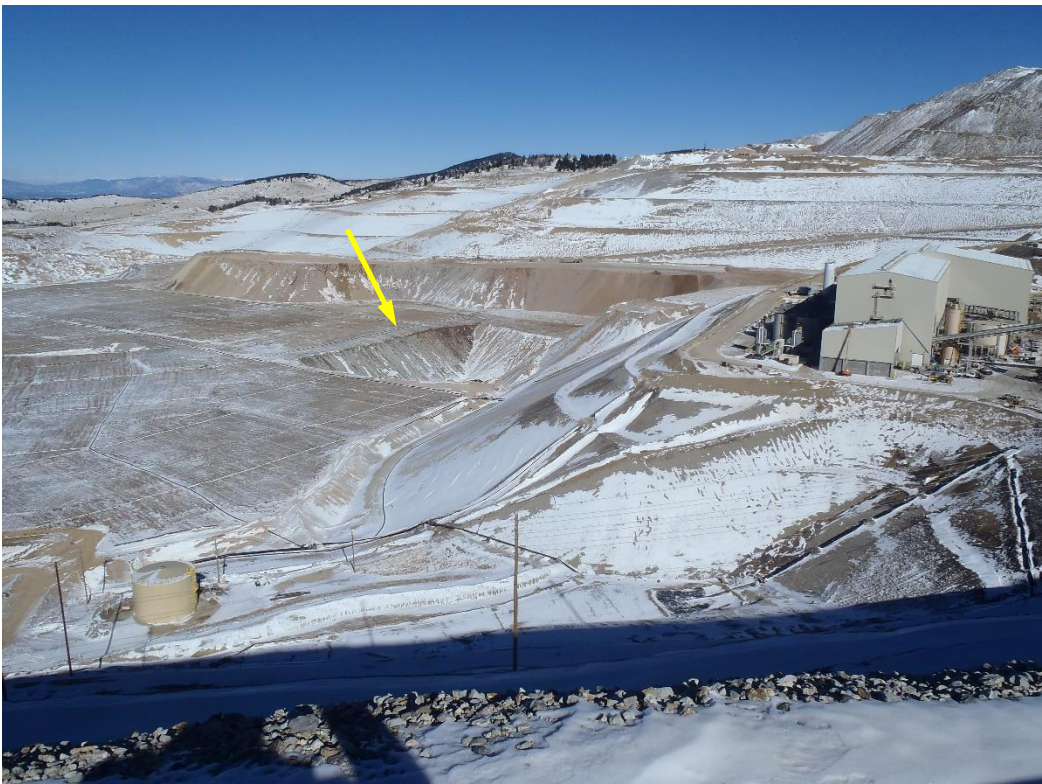


Photo 8. Hole in ore stacking in the SGVLF (from AGVLF overlook, looking NW).

PHOTOGRAPHS (cont.)



Photo 9. View of proposed ECOSA expansion area (from east of WHEX pit, looking west).



Photo 10. Newly installed wildlife fencing NE of the WHEX pit.

PHOTOGRAPHS (cont.)



Photo 11. Newly installed wildlife fencing west of the Ironclad mine entrance (looking ESE).

Inspection Contact Address

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