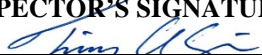




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Aerial Inspection	INSPECTOR(S): Timothy Cazier, P.E.	INSP. DATE: September 3, 2020	INSP. TIME: 11:31
OPERATOR: Cripple Creek & Victor Gold Mining Company	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$209,491,188.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: DRMS	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 20, 2020	

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>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>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>Y</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>Y</u>	

Y = Inspected / 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 directed by Tim Cazier of the Colorado Division of Reclamation, Mining and Safety (Division) based on aerial photographs taken by Brock Bowles of the Division on September 3, 2020. 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 purpose of these aerial inspections is 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 inspection included the following facilities and areas:

- High Grade Mill (HGM);
- Squaw Gulch Valley Leach Facility (SGVLF, a.k.a. VLF 2);
- Arequa Gulch Valley Leach Facility (AGVLF, a.k.a. VLF 1);
- Topsoil Stockpiles;
- East Cresson Overburden Storage Area (ECOSA) / Altman Backfill Reclamation.
- Main Cresson, South Cresson, Schist Island, and Globe Hill Pits;

High Grade Mill: The purpose was to perform a visual inspection for leaks, spills and secondary containment problems. Only the west (see **Photo 1**) side of the mill exterior were inspected with no observable impact on the secondary containment.

Squaw Gulch Valley Leach Facility (VLF 2): A focus of the aerial inspection for VLF 2 was the ongoing phase 2 construction. A large wrinkle was observed in the deployed geomembrane (see **Photo 2**). CC&V was contacted and assured the DRMS on September 10th that DCF will not be placed on wrinkled geomembrane. This was confirmed with the CC&V construction superintendent during the September 15, 2020 regular inspection (submitted under separate cover). No ponded process solution was observed in the active leach areas and ore stacking appeared to be in compliance with the stacking plan approved in TR-103 (see **Photos 3 and 4**).

Arequa Gulch Valley Leach Facility (VLF 1): No solution ponding resulting from leaching operations was observed on VLF 1. However, a constructed pond was observed on the north end of the Phase V area (see **Photo 5**), as well as sluffing from two benches above the TR-65 liner extension and berm raise. The sluffed material appears to have remained on the liner. It should be noted this sluffing was not observed in the previous aerial inspection (flown May 18, 2020). High capacity pivoting sprinklers were observed applying process solution on the north side of VLF 1 (see **Photo 5**). The DRMS will follow-up with the Phase V constructed pond during a future regular inspection.

Topsoil Stockpiles: Topsoil stockpile (TS) #21 (south of the Globe Hill pit and west of the WHEx pit, see **Photo 6**) was observed to be unvegetated. A file review indicates TR-102 (approved 6/6/2018) allowed a relocation of this topsoil to TS #39 (see **Photo 7**). The unprotected TS #21 is subject to topsoil loss through erosion. [We recommend the remainder of TS #21 be moved to TS #39 as soon as practical and seeded to establish a protective vegetative cover.](#)

Topsoil from TS #6 (see **Photo 8**) is being excavated and used for reclamation on the south end of the ECOSA.

East Cresson Overburden Storage Area (ECOSA) / Altman Backfill Reclamation: Reclamation grading and topsoil placement was observed on the south end of the ECOSA (see **Photo 9**). Photos of EMP 17A and 17B (see **Photo 10**) showed what appeared to be permanently stored water. Measurements using Google Earth indicate EMP 17A has a surface area of about 5,300 sq. ft and EMP 17B has a surface area of ~2,350 sq.ft. The DRMs followed

up on this observation during the September 15, 2020 regular inspection (submitted under separate cover). What appeared to be an excavation or sluffing in the reclaimed area of the Altman backfill was observed (see **Photo 11**). A follow-up with CC&V personnel indicates this is an exploration drill pad.

Aerial Pit views: Images of the five active pits: Main Cresson (**Photo 12**), South Cresson (**Photo 13**), Schist Island (**Photo 14**), Globe Hill (**Photo 15**) and WHEX (**Photos 16 and 17**) are presented for comparison with previous aerial inspection reports.

PHOTOGRAPHS



Photo 1. West side of High Grade Mill (looking NE).

PHOTOGRAPHS (cont.)



Photo 2. VLF 2, Phase 2 construction – not large wrinkles in geomembrane (looking SE).



Photo 3. VLF 2 – ore stacking in compliance with TR-103 (looking SE).

PHOTOGRAPHS (cont.)



Photo 4. VLF 2 – overview of phase 2 construction and ore stacking (looking SE)



Photo 5. VLF 1 – side slope leaching, sluffing (circled) & constructed pond (north side, looking east).

PHOTOGRAPHS (cont.)



Photo 6. Topsoil stockpile #21 (looking SSW WHEX in left foreground, Globe Hill Pit in right foreground).



Photo 7. Topsoil stockpile #39 (looking SE, VLF 2 construction on right).

PHOTOGRAPHS (cont.)



Photo 8. Topsoil stockpile #6 being excavated (looking SW, WHEX on right).



Photo 9. Reclamation grading & topsoil placement on the south end of ECOSA (looking west).

PHOTOGRAPHS (cont.)

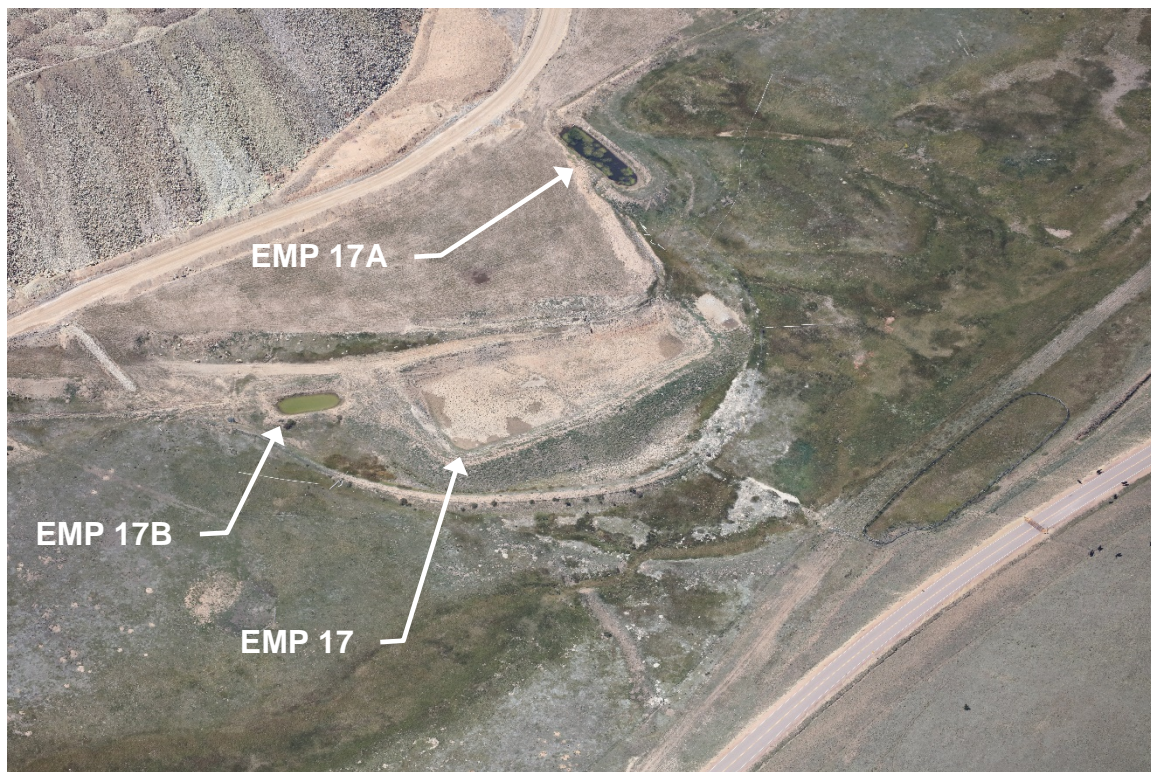


Photo 10. EMP 17 ponds – A & B with permanent water storage (looking west).



Photo 11. Altman backfill reclamation area exploration drill pad disturbance (looking west).

PHOTOGRAPHS (cont.)



Photo 12. Main Cresson Pit (looking NW, Altman backfill on right).

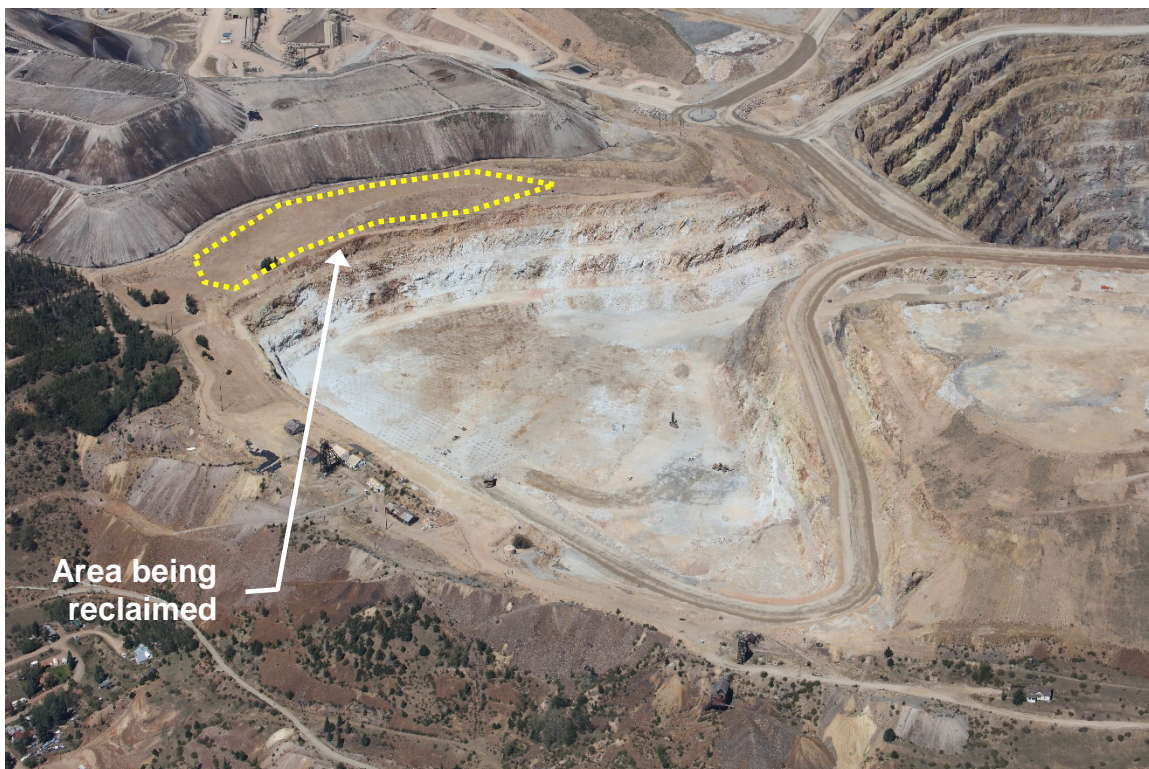


Photo 13. South Cresson Pit (looking NW, Main Cresson upper right).

PHOTOGRAPHS (cont.)



Photo 14. Schist Island Pit – active mining (looking south, VLF 2 construction on left).



Photo 15. Globe Hill Pit (looking SE, WHEX pit upper left).

PHOTOGRAPHS (cont.)



Photo 16. WHEX Pit – water in eastern pit bottom (looking WSW, Globe Hill pit in upper right).



Photo 17. WHEX Pit backfill progression (looking SW, Ironclad facilities in background).

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