




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): Patrick Lennberg	INSP. DATE: June 29, 2022	INSP. TIME: 08:00
OPERATOR: Cripple Creek & Victor Gold Mining Company	OPERATOR REPRESENTATIVE: Katie Blake	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: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 18, 2022	

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

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

OBSERVATIONS

This was a routine monitoring inspection of the Cresson Project (Permit No. M-1980-244) conducted by Patrick Lennberg with the Division of Reclamation, Mining and Safety (Division). The Division was accompanied by Katie Blake, Brian Doering and others during the inspection. This is a 112d-3 Designated Mining Operation (DMO) permitted for 6,007 acres to mine and process gold ore. The site is located between the towns of Cripple Creek and Victor in Teller County. The approved post-mining land use is a combination of rangeland and wildlife habitat. Photos 1-17 taken during the inspection are included with this report.

This inspection was to include the following:

- Squaw Gulch Valley Leach Facility (VLF2) Overview
- Schist Island Backfill/Phase III,
- ECOSA Seeps, and
- WCMW-6 and proposed locations of point-of-compliance wells

The weather at the site was clear and mild.

Squaw Gulch Valley Leach Facility (VLF2) Overview

The Division observed VLF2 area from near the Brahma Warehouse. The operation is currently placing lifts, 10,100 foot level, with run of mine material mixed with cement material, which is dispensed directly into the truck beds. The Division inspected active leaching surfaces, 10,100 foot level, on the SGVLF. The operation is required to minimize ponding of leaching solution to less than 3 feet by 3 feet in area. This is to prevent the ponds from being a wildlife attractant. Active leaching areas appeared to be well-ripped to minimize ponding. Little to no ponding was observed.

Schist Island Pit/Phase III Area Overlook

The Division observed, from a distance, the placement of clay material that makes up the base that liner material will be placed on. The clay material is sourced, stockpiled, and processed in the same location as Phase 2 liner construction. Material placement activities were scheduled to be completed by the end of the week of the inspection and liner crews were to be onsite to begin liner placement and welding the following week, the first week of July.

East Cresson Overburden Storage Area (ECOSA) Seep:

The Division inspected the seep areas located along the eastern toe of the ECOSA. The seep accumulation, in the first seep furthest to the south, trench was holding water during the inspection. The water was reddish-brown in color and was difficult to determine the depth of water. The staff gauge that was present was leaning to one side and no one present knew the total graduations on the gauge. No water was observed flowing into the trench from the south/southeast. The second seep, furthest to the north, was not holding any water at the time of inspection. The Operator last pumped the seep sumps on June 4. Water removed from the seeps is transported and dumped onto a lined facility (one of the valley leach facilities).

WCMW-6 and Locations of Proposed Point-of-Compliance Wells

The Division inspected the WCMW-6 which is located in the Wilson Creek drainage. The monitoring well is located on an elevated area the middle of the main drainage channel. The drainage was not flowing at the time of inspection and it appears that the drainage does not see free flowing water that often. Vegetation is growing throughout the channel area where flow would be expected. The monitoring well itself has a concrete pad that has been undercut and is no long touching the ground. The Operator should replace the material under the pad for stability, to ensure water, when present, does not have an opportunity to migrate down the casing, and to protect the surface seal. Also noted in the drainage near the monitoring well were pieces of a broken concrete well pad, discarded steel well protective casings, and shards of broken PVC pipe. The observed piece of concrete pad had "MW-6" inscribed on it. To the best of the Divisions knowledge and a search of DWR records the current WCMW-6 is the only well to have been drilled in this location. The Operator did not know where these items came from or for how long they had been there either.

The Division went to the proposed area for GVMW-26 located in Grassy Valley. The Division accessed the area by walking south from GVMW-22A and GVMW-22B. The location area is near the wettest portion of thalweg although surface flow in the area is dispersed. The proposed location appears to be properly placed for a new point-of-compliance well.

The Division went to Poverty Gulch to view the proposed location for PGMW-5. The location is immediately down gradient of stormwater detention basins in Poverty Gulch. The proposed location is approximately 400 feet west southwest of PGMW-3 and 420 feet northeast of PGMW 2, in an undisturbed area down gradient of the basins.

Finally, the Division went to Squaw Gulch where it intersects with Shelf Road to view the proposed location of SGMW-8. The proposed location is approximately 170 feet northwest of SGMW-7A and SGMW-7B. It should be noted that drilling in this area will likely involve drilling multiple pilot holes to determine the presence of groundwater to target for a monitoring well installation.

Please contact Patrick Lennberg (303)866-3567 ext. 8114 or email at patrick.lennberg@state.co.us if you have any questions regarding this report.

Inspection Contact Address

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PHOTOGRAPHS



Photo 1: Looking south across 10,100 level the VLF, the arrow indicates the roof of the High Grade Mill



Photo 2: Looking south across the 10,100 level of VLF2 the dashed line divides the 10,100 from the 10,050



Photo 3: Placement of the clay base layer in preparation for liner material



Photo 4: Staged liner material near the warehouse area in preparation for deployment



Photo 5: Staged under-drain materials near the warehouse area in preparation for deployment



Photo 6: ECOSA southern seep collection sump, close-up



Photo 7: ECOSA southern seep collection sump



Photo 8: ECOSA northern seep collection sump



Photo 9: WCMW-6, note vegetation growing up from underneath the concrete pad



Photo 10: WCMW-6 in the background, arrows point to broken concrete pad and 1 of 3 discarded protective casings



Photo 11: 2 of 3 discarded protective casings

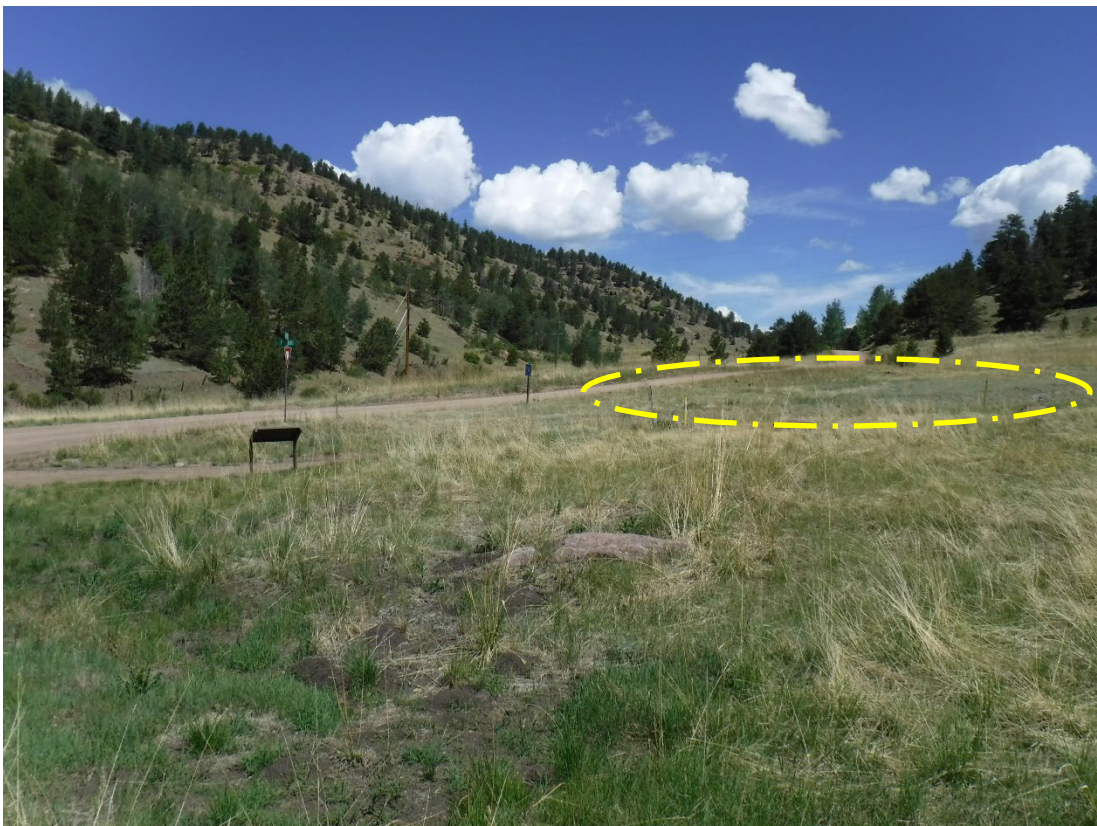


Photo 12: Intersection of Shelf Road, left of photo, and Squaw Gulch. Circled area approximate location of SGMW-8



Photo 13: The area where PGMW-5 is proposed to be installed.



Photo 14: Detention basin immediately up-gradient from PGMW-5 location, arrow denotes the location of PGMW-3

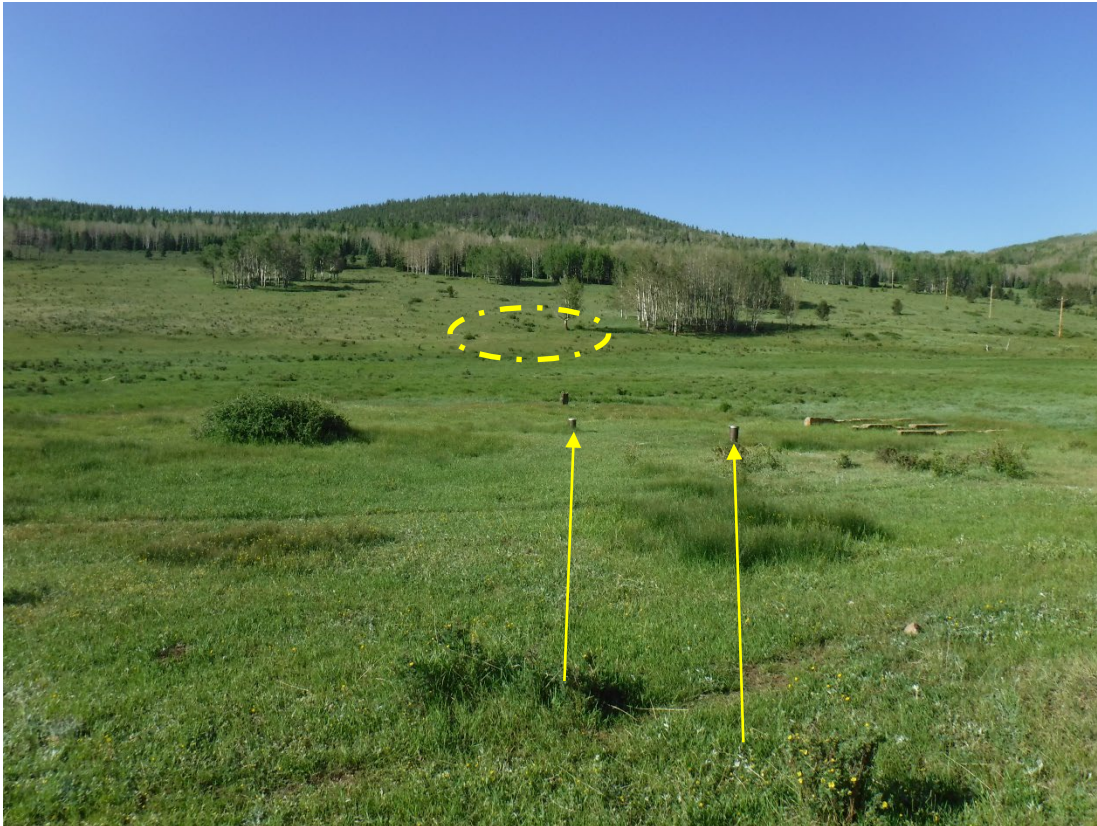


Photo 15: Grassy Valley at GVWM-22A and 22B (yellow arrows) looking south to the proposed area for GVMW-26 installation



Photo 16: The proposed area for GVMW-26 installation



Photo 17: Looking north from the proposed GVMW-26 installation area towards GVMW-22A and 22B