COLORADO
Division of Reclamation, Mining and Safety
Department of Natural Resources

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 and silver	**COUNTY:** Teller
INSPECTION TYPE: Monitoring	**WEATHER:** Clear	**INSP. DATE:** May 26, 2022	**INSP. TIME:** 09:00
OPERATOR: Cripple Creek & Victor Gold Mining Company	**OPERATOR REPRESENTATIVE:** Johnna Gonzalez & Ron Parratt	**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
INSPECTOR(S): Elliott Russell Amy Eschberger	**INSPECTOR'S SIGNATURE:**	**SIGNATURE DATE:** October 31, 2022

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected

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

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

PROBLEMS/POSSIBLE VIOLATIONS

INSPECTION TOPIC: Right of Entry
COMPLIANCE PROBLEM #1: The Operator does not have the legal right to enter on 4.3 permitted acres near the Carlton Tunnel. This is a problem at this time for failure to maintain legal right to enter pursuant to Rule 6.4.14 and C.R.S. 34-32-112(2)(d).
CORRECTIVE ACTIONS: The Operator shall provide documentation of the legal right to enter in accordance with Rule 6.4.14 by the corrective action date. The Operator may also submit an Acreage Reduction to request the release of the 4.3 acres by the corrective action date.
CORRECTIVE ACTION DUE DATE: November 30, 2022

OBSERVATIONS

The Division of Reclamation, Mining and Safety (DRMS or Division) conducted an inspection of the Cresson Project, Permit No. M-1980-244 (Permit), a Regular 112d(3) Designated Mining Operation Reclamation Permit with 6,007 permitted acres and an approved post-mining land use of Rangeland and Wildlife Habitat. The mine, operated by the Cripple Creek & Victor Golding Mining Company (CC&V or Operator), is located southeast of Cripple Creek, Colorado and north of Victor, Colorado. Elliott Russell, with the Division, conducted the inspection. Amy Eschberger, also with the Division, accompanied the inspection. Johnna Gonzalez and Ron Parratt, representing the Operator, also accompanied the inspection.

The planned inspection agenda included the following facilities and areas:

- East Cresson Overburden Storage Area (ECOSA)
- South Cresson Pit
- Schist Island Backfill
- Valley Leach Facility 2 (VLF2)
- VLF Remote Solution Levels
- Carlton Tunnel

ECOSA

After meeting the Operator's representatives at the Cripple Creek Heritage Center, the Operator accompanied the Division to the Ironclad Security Building to begin the inspection, starting at the East Cresson Overburden Storage Area (ECOSA). En route, the Division observed the Globe Hill Pit along CR 82 (see **Photo 1**). The Operator stated that mining activities have temporarily stopped at the Globe Hill Pit and the current pit floor elevation is at 10,355'. Future mining would occur to the south of the current pit towards the Schist Island area and then to the east to connect the pit to the WHEX Pit.

The ECOSA (see **Photo 2**) is one of two large waste rock piles that the Operator places overburden on that is not economically feasible to process for gold extraction. The ECOSA is located in the northeastern portion of the permit. The Operator accompanied the Division to the two seep areas located along the eastern and northern toe of the ECOSA. The first seep's sump area, which collects water from the oldest seep identified in 2017 and is located furthest to the south, was holding water during the inspection (see **Photo 3**). Based on the Operator's staff gauge, the water level appeared to be a little more than 2 feet below the highest marker. Due to heavy and wet overnight snow accumulation and a rapid morning melt event, water was observed flowing into the sump from the south. The second seep's sump area, which collects water from the newest seep identified in 2021 is located approximately 2,500 feet northwest of the older seep, was also holding water during the inspection. No staff gauge was present in either of the two sumps at the second seep area. The sump located outside of the ECOSA toe berm was nearly full (see **Photo 4**) while the smaller sump, located inside of the toe berm, didn't

appear to holding water, however the snow accumulation made it difficult to determine (see **Photo 5**). The Operator checks the level of all of the seep sumps each shift and when needed, pumps the collected water and then transports it onto one of the lined valley leach facilities.

South Cresson Pit:
The South Cresson Pit is located in the southern portion of the permit and is connected to the Main Cresson Pit by a notch on the south side of the Main Cresson Pit (see **Photo 6**). The Operator accompanied the Division to an area above the southeast corner of the South Cresson Pit which was actively being mined at the time of the inspection (see **Photo 7**). The Operator stated the current pit floor is split between two benches with elevations of 9,775' and 9,815'. The Division observed the area of the highwall where a small bench failure had occurred and where the Operator was utilizing a truck tire berm to prevent sloughed rock from continuing down the highwall into the work area (see **Photo 8**). This area has previously been inspected by the Division and is no longer a concern as the Operator plans to mine through this area in Phase 2 of the South Cresson Pit mine plan.

Schist Island Backfill:
The Operator accompanied the Division to an area above the south highwall of the Schist Island Pit to observe the progress of backfill operations. As approved in Amendment 13, a part of the Schist Island Pit is being backfilled to allow the construction of the Phase 3 of VLF 2, which includes an additional PSSA. The Division met the representative from Newfields, the third-party Engineer of Record (EoR) who was observing and certifying the construction of Phase 3. The Operator was currently removing over-placed material to prepare the subgrade of the new PSSA (see **Photo 9**). The EoR explained that the backfilled and compacted 5-foot lifts were overbuilt into the PSSA area to ensure all of the material under the facility had been adequately compacted to the approved specification to then prepare the final grade and configuration of the subgrade. The Operator anticipated the placement of the clay liner to begin in the first half of June 2022 once the subgrade had been appropriately prepared. Other Phase 3 activity consisted of subgrade preparation along the ridge between VLF2 and Schist Island (see **Photo 10**).

VLF2:
The Operator accompanied the Division to an area on the north side of VLF1 which allows an overview of VLF2 (see **Photos 11 & 12**). The Operator was actively placing ore on VLF2 at the time of the inspection. The Operator stated the current VLF2 stacking elevation was 10,100'.

The Division then inspected the VLF2 Leak Detection Sump (LDS) 3, located just northeast of the High Grade Mill water tank between VLF1 and VLF2. LDS 3 was dry at the time of the inspection (see **Photo 13**). In accordance with TR127, the Operator has installed a piece of red reflective tape at the 1-foot level in the sump which is the level that triggers the Operator to pump and sample the fluid that the leak detection trench collects and reports to the sump. The Operator showed the Division a copy of a field data sheet which demonstrated compliance with the weekly monitoring program as the Operator had last inspected LDS 3, including the remaining 3 VLF2 LDSs and 15 VLF1 LDSs, on May 19, 2022; LDS 3 was marked as No Water Observed during that monitoring inspection.

VLF Solution Levels:
The High Volume Solution Collection System (HVSCS) and Low Volume Solution Collection System (LVSCS) levels of the site's five PSSAs (VLF1 Phase I, Phase II/III, Phase IV, and Phase V and VLF2) were remotely checked at the process administration offices near ADR2. All of the HVSCS and LVSCS levels of both VLF1 and VLF2 were within normal operating levels and no issues were noted (see Attachment A).

Carlton Tunnel:
The Division originally planned on inspecting the permitted area located to the northwest of the Carlton Tunnel

where the Operator no longer holds valid legal right to enter documentation. The situation was first brought to the Division's attention through Citizen Complaint CT4 where the landowner alleged the Operator's permitted boundary markers were incorrectly placed. The Operator agreed to complete a professional survey of the area. On August 16, 2021, the Operator submitted Acreage Reduction AR5 requesting the release of 4.3 acres outside of their access easement and outside of the area they owned at the Carlton Tunnel. The Operator proposed leaving 10.5 acres permitted that includes the permitted area on their property plus the easement located between their property and CR88. Through verbal discussions with the Operator, the Division did not call AR5 complete for filing as the Operator stated they would be providing a landowner acknowledgment letter regarding the release. In early February, the Division informed the Operator that AR5 could proceed without this landowner letter, however the Division requested new maps to be submitted as the AR5 maps contained a "Preliminary" stamp. Due to the availability of the Operator's contracted surveyor, new monuments have yet to be reestablished near the Carlton Tunnel and therefore no new maps have been prepared at this time. As discussed with the Operator, due to the age of the incomplete AR5, the Division has administratively terminated the request. Moving forward, if the Operator plans to propose another release of the 4.3-acre area, the Operator shall submit a new acreage reduction (AR6) with new, finalized survey maps.

Due to recent snow and melt events over the week prior to the inspection, which would make CR88 difficult to travel on due to muddy conditions, the Division and the Operator decided to postpone the planned inspection of the Carlton Tunnel. During the inspection, the Operator stated that the landowner had recently listed the area involved with AR5, as well as the rest of his nearby ranch properties, for sale so there may be an alternative to an acreage reduction. Following the inspection, the Division and the Operator had a video conference on June 2, 2022, to discuss the Carlton Tunnel permit boundary issue. The Operator was informed that the Division would be proceeding with a cited problem requiring the Operator to submit documentation demonstrating their legal right to enter in accordance with Rule 6.4.14. This has been cited as Compliance Problem #1 on Page 2 of this report. The Division and the Operator discussed the multiple ways the problem could be resolved. The Operator could submit a lease agreement or a simple signed/notarized statement by the landowner giving the Operator legal right to enter on the 4.3-acre area. In the event the Operator purchases the area, the Operator could provide a copy of the deed, abstract of title, or a current tax receipt demonstrating ownership. Lastly, as discussed above, the Operator can also submit AR6 with new maps to request release of the area from the permit.

This concludes the Division's Inspection Report; a subset of photographs taken during the inspection are included below. For any additional information or questions, please contact me at **303-866-3567 x8132**, or by email at elliott.russell@state.co.us.

PHOTOGRAPHS

Photo 1. Globe Hill Pit as viewed from the CR82; looking southeast.

Photo 2. Western portion of the ECOSA as viewed from the Grassy Valley Overlook along CR82; looking southeast.

Photo 3. Southern seep collection sump; looking northwest.

Photo 4. Northern seep collection area, sump outside of toe berm; looking southeast.

Photo 5. Northern seep collection area, sump inside of toe berm; looking southwest.

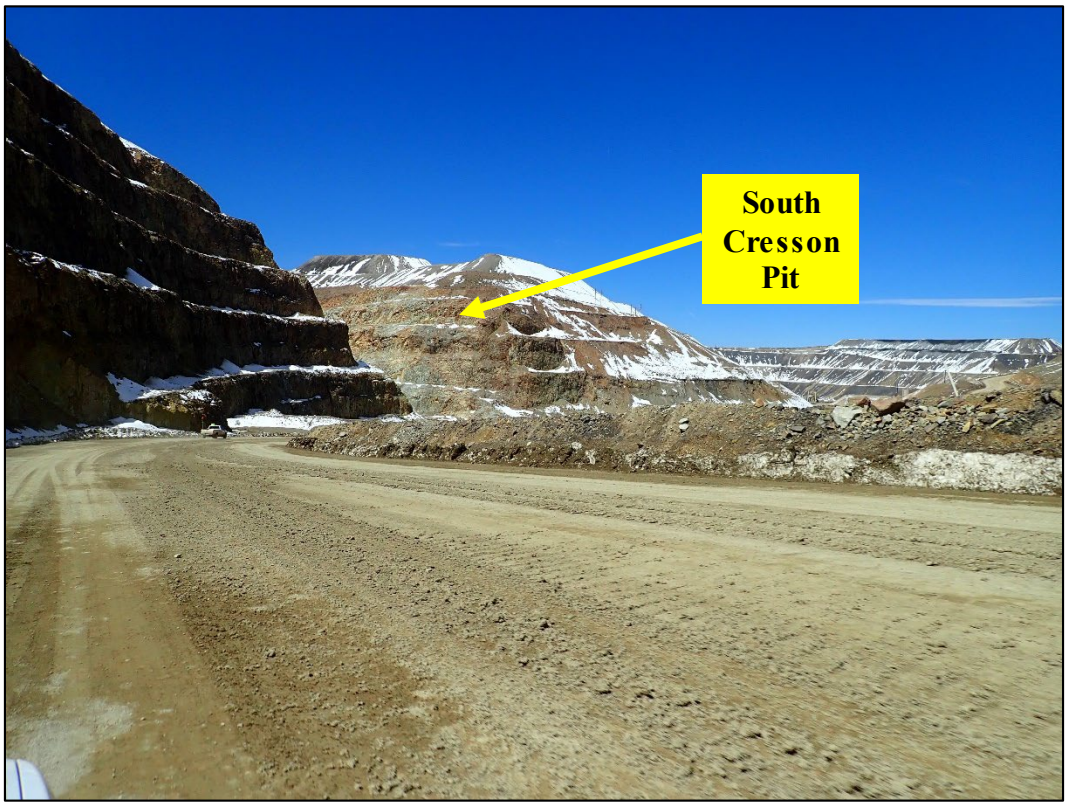

Photo 6. South Cresson Pit's notch from the Main Cresson Pit; looking southwest.

Photo 7. South Cresson Pit overview; looking northwest.

Photo 8. Truck tire berm below South Cresson bench failure; looking north.

Photo 9. Schist Island Pit backfill area, Phase 3 VLF2 PSSA subgrade work occurring; looking northwest.

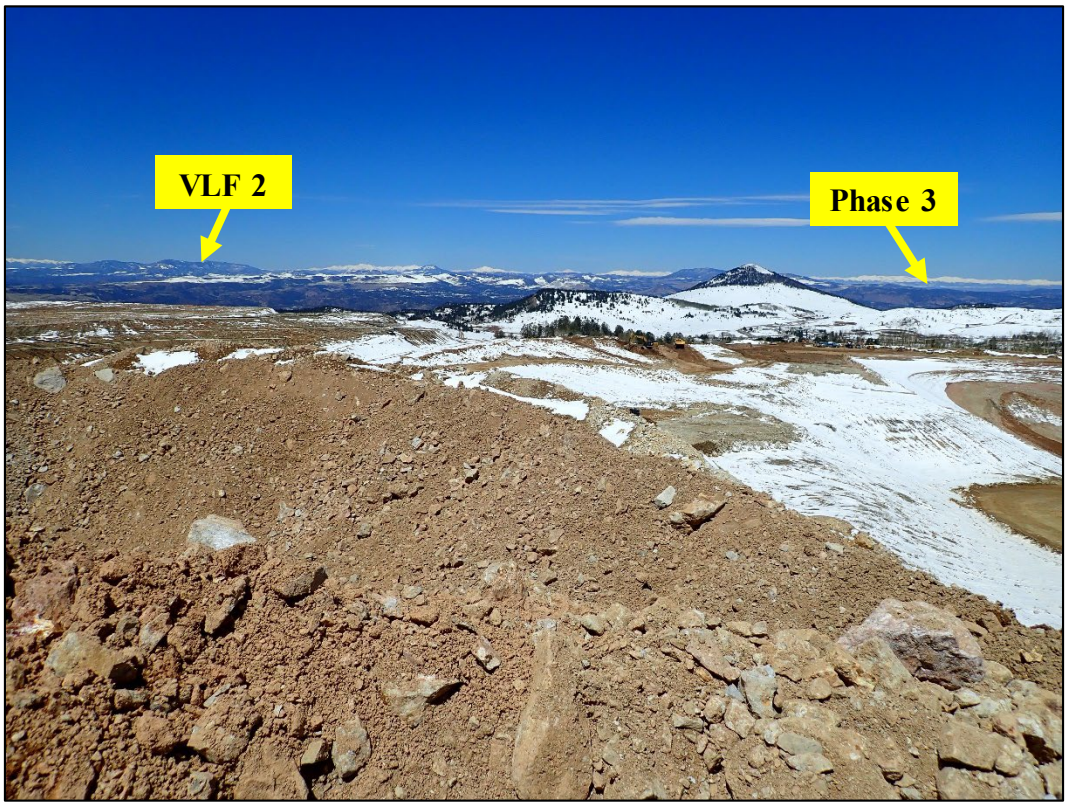

Photo 10. Ridge area between Schist Island Pit and VLF2, subgrade work occurring; looking west.

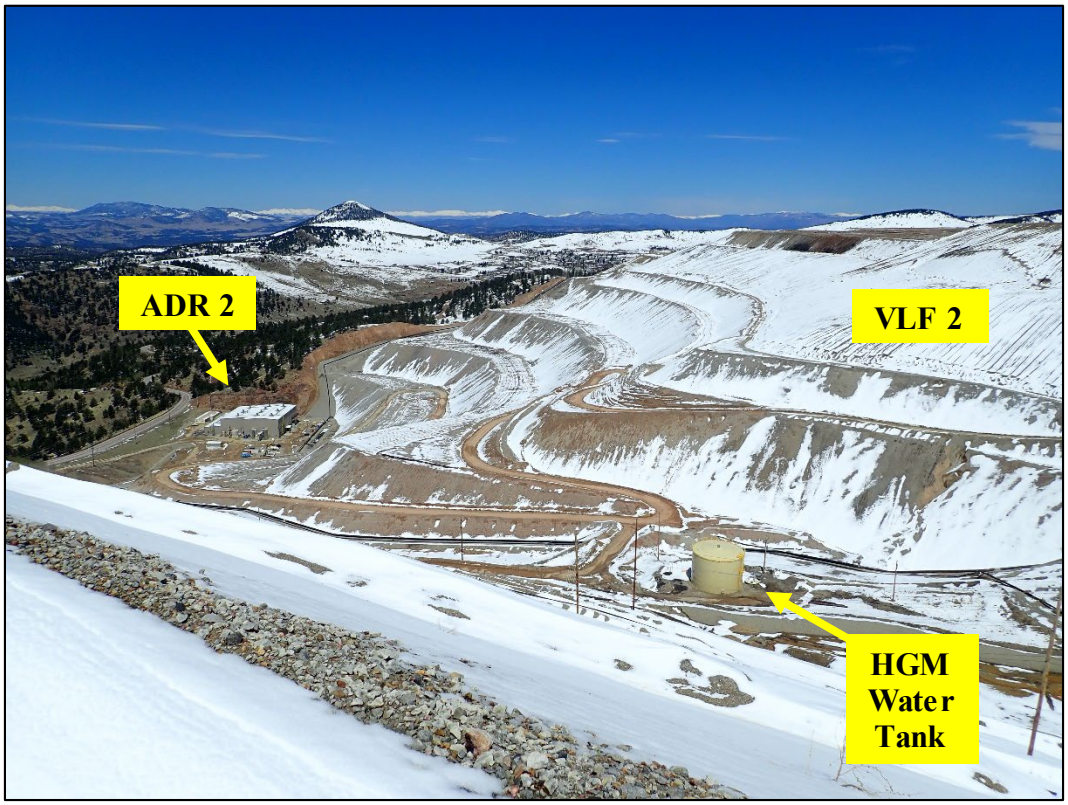

Photo 11. VLF 2 overview; looking northwest.

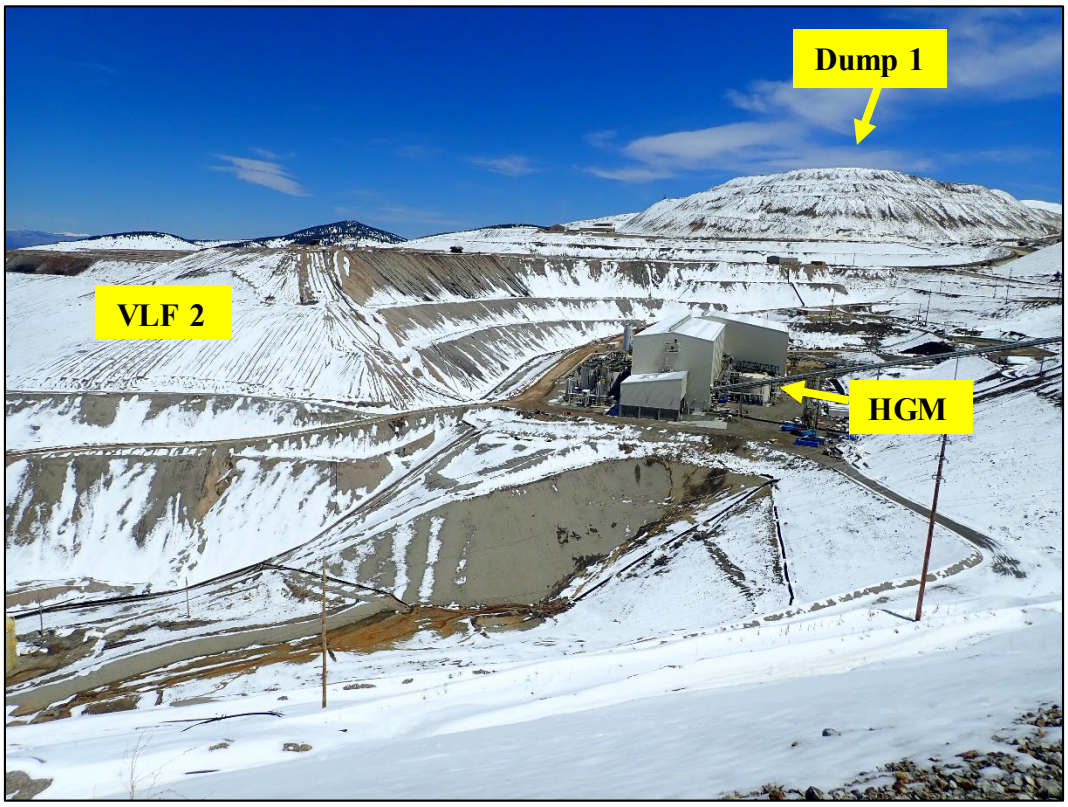

Photo 12. VLF 2 overview; looking north.

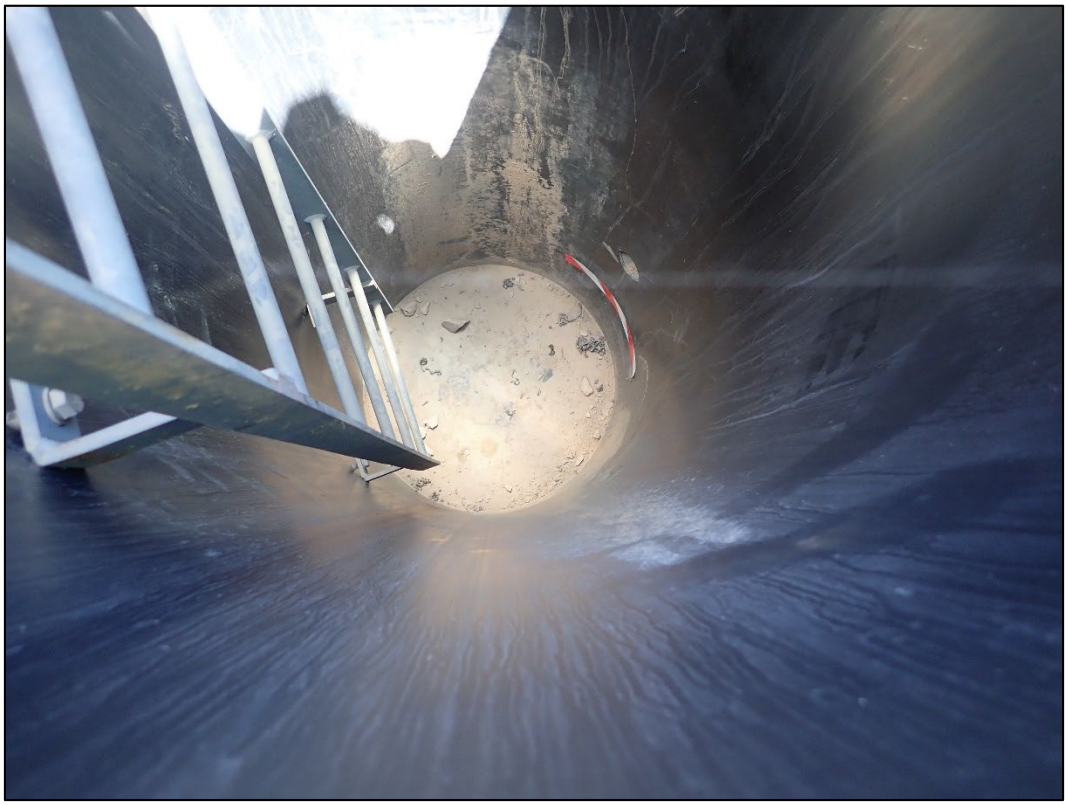

Photo 13. VLF2 LDS 3; looking down.

Inspection Contact Address
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CC: Katie Blake with CC&V
Michael Cunningham with DRMS
Amy Eschberger with DRMS
Tim Cazier with DRMS
Patrick Lennberg with DRMS

CC&V VLF Water Level Inspection Readings

Previous Results

Date:			1/27/22	3/2/22	3/30/22	4/19/22	5/26/22	Notes
VLF1:		**EPS:**	ERR	BFB	JPL	TC1	ERR	
Phase I HVSC & Pond Piezometers		TIME:	13:09	13:10	9:45	12:37	12:12	
Note: 80% cap. @ 63.75 ft	Max. of Pump #299, #300, #301, 302, or #303	(ft)	49.3	44.5	56.7	45.5	44.1	
	Pond Lvl / XDCR #1	(ft)	47.9	43.9	57.2	52.1	43.6	
	System Press / XDCR #2	(ft)	n/a	n/a	n/a	n/a	n/a	
Phase I Low Volume Solution Collection		TIME:	13:09	13:10	9:45	12:37	12:12	
Note: Req'd < 2 ft	Piezo #1 (HAND)	(ft)	0.47	0.73	0.64	0.54	0.51	
	Piezo #2 (AUTO)	(ft)	0.66	--	0.79	0.72	0.79	
Phase II & III HVSC & Pond Piezometer		TIME:	13:10	13:10	9:45	12:37	12:12	
Note: 80% @ 49.4 ft	Max. of XDCR #4, #5, or #6	(ft)	22.0	29.6	28.6	34.3	22.5	
	Piezo (Pipe)	(ft)	31.6	--	31	34.2	30.9	
Phase II & III Low Volume Solution Collection		TIME:	13:10	13:10	9:45	12:37	12:12	
Note: Req'd < 2 ft	Pump / XDCR #1 (AUTO)	(ft)	3.68"	3.65	3.67	3.64	3.65	Readout displays inches
	Pump / XDCR #2 (AUTO)	(ft)	3.68"	--	3.71	3.69	3.70	Readout displays inches
Phase IV High Volume Solution Collection		TIME:	13:11	13:10	9:45	12:37	12:12	
Note: 80% cap. @ 56.5 ft	Max. of Pump #307, #308, or #309	(ft)	35.8	44.9	38.1	33.0	32.5	
	XDCR pipe (#310 Resv'd)	(ft)	38.2	--	38.4	37.7	37.7	
Phase IV Low Volume Solution Collection		TIME:	13:11	13:10	9:45	12:37	12:12	
Note: Req'd < 24"	Pump / XDCR #1	(in)	10.9	10.8	13.1	10.8	14.4	
	Pump / XDCR #2	(in)	11.8	10.7	11.4	11.1	10.9	
Phase V High Volume Solution Collection		TIME:	13:11	13:10	9:45	12:37	12:12	
Note: 80% cap. @ 36.5 ft	Max. of XDCR #311, #312, #313, or #314 (Circle XDCR #)	(ft)	27.0	28.8	28.8	29.5	22.6	
Phase V Low Volume Solution Collection		TIME:	13:12	13:10	9:45		12:12	
Note: Req'd < 24"	XDCR #001	(in)	11.7	11.7	11.8	12.0	11	
	XDCR #002	(in)	n/a	n/a	n/a	n/a	n/a	No pump
External Pond Low Volume Solution Collection		TIME:			9:45	12:37	12:12	
Note: Req'd < 24"	Pump / XDCR #1-EXT (AUTO)	(in)	--	--	15.2	?	17.08	
	Pump / XDCR #2-EXT (AUTO)	(in)	--	--	17.1	?	17.84	
Underdrain Discharge Area		TIME:						
Note: 1 ℓ/sec = 15.85 gpm	South Underdrain (S U/D)	(gpm)	--	--	--	--	--	
	4" Pipe Discharge AG 01 Spring Pipe	(gpm)	--	--	--	--	--	
	NPDES Discharge AG 1.5 -001A	(gpm)	--	--	--	--	--	
	North Underdrain (N U/D)	(gpm)	--	--	--	--	--	
	24-inch Solid Pipe	(gpm)	--	--	--	--	--	
Arequa Gulch Monitor Well Pumpback System		TIME:						
Data first collected by DRMS 3/8/12	3B-63	(ft)	--	--	--	--	--	
	3C-124	(ft)	--	--	--	--	--	
	3B-63	(gpm)	--	--	--	--	--	
	3C-124	(gpm)	--	--	--	--	--	
VLF2 High Vol. SC:		TIME:	13:13		9:45	12:37	12:12	
Note: 80% cap. @ 94 ft	LIT #88301 (north end)	(ft)	58.9	--	58.6	41.8	19.3	
	LIT #88303	(ft)	55.0	--	57.7	40.8	19.7	
	LIT #88305	(ft)	59.7	--	58.9	42.4	19.3	
	LIT #88307 (south end)	(ft)	60.7	--	59.1	42.6	19.6	
	Piezometer-LIT #88314	(ft)	68.8	--	71	56.0	39.2	
VLF2 Low Vol. SC:		TIME:	13:13		9:45	12:37	12:12	
Note: Req'd < 24"	Leachate Pump 1	(in)	12.2	--	11.2	13.1	11.4	
	Leachate Pump 2	(in)	10.3	--	9.5	11.3	9.7	