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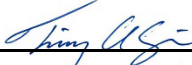
Division of Reclamation,
Mining and Safety

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: August 24, 2023	INSP. TIME: 09:30
OPERATOR: Cripple Creek & Victor Gold Mining Company	OPERATOR REPRESENTATIVE: Katie Blake, Brian Doering, Josh Adams	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE:	BOND AMOUNT: \$209,491,188.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
INSPECTOR(S): Timothy Cazier, P.E.	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 26, 2023	

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>N</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>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>Y</u>	(SP) STORM WATER MGT PLAN---- <u>N</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

Tim Cazier (DRMS) conducted a regular monitoring inspection of the site on Thursday, August 24, 2023. Katie Blake, Brian Doering and Josh Adams represented CC&V during the inspection. The temperature was in the upper 60's and the wind was calm. The mine was active during the inspection. The planned inspection agenda included the following facilities/areas:

- WHEX Clay Borrow Source,
- VLF 2 Phase III Construction,
- ECOSA Seeps and Washout,
- VLF 1 Phase V Washout.

WHEX Clay Borrow Source: Ms. Blake and Messrs. Doering and Adams accompanied the DRMS to the WHEX Clay Borrow Source, along with two additional CC&V staff members. CC&V was continuing to extract clay from the borrow source (see **Photo 1**). Site representatives pointed out topsoil from this borrow source had been stripped and added to Topsoil Stockpile #38 (see **Photo 2**). They confirmed the additional salvaged topsoil would be included in the annual report topsoil accounting summary.

VLF 2 Phase III Construction: Geomembrane liner was observed to have been installed to near the south end of the proposed Phase III area (see **Photo 3**). Drain cover fill (DCF appeared to be installed on most, if not all the PSSA area. A significant amount of water was ponded in the PSSA area (see **Photo 4**). Site representatives confirmed this was meteoric water. Subsequent to this inspection, photos from the DRMS July inspections were reviewed and found to show significant ponding in the PSSA was present on July 10th and 26th. The DRMS intends to investigate this further during the September inspection. The installation of the leak detection trench included in the TR-135 CQA report was discussed. Site representatives indicated they could demonstrate the trench was installed on or very near bedrock.

ECOSA Seeps and Washout: Both ECOSA Seeps 1 (see **Photo 5**) and 2 (see **Photo 6**) were visited. Neither sump was receiving any seepage water.

The ECOSA washout area was observed from CR 82 (see **Photo 7**) and at the toe of the ECOSA. Site geotechnical engineer, Marian Boatema provided an overview of her stability assessment along with a copy of her internal report showing the results of her stability analyses for three different cross sections in the vicinity of the failure. She explained the Factor of Safety (FoS) for local failures (i.e., inter bench sloughing with no expected offsite impact) ranged from 0.52 to 0.64 (*an FoS less than 1.0 indicates the slope is not stable*). She indicated any such failure would result in material remaining in the currently disturbed ECOSA area, including the bench above the toe of the slope.

The recent washout was all contained in the ECOSA disturbance area. There was no evidence of material crossing the ECOSA toe road or into undisturbed areas (see **Photo 8**).

Site representatives revealed a new problem at the toe of the ECOSA. CC&V discovered a leak in the new waterline (TR-85) that is buried along the toe of the ECOSA. They'd excavated a hole in the toe road and had performed a temporary fix by surrounding the leak area with cast-in-place concrete (see **Photo 9**).

VLF 1 Phase V Washout: The VLF1 Phase V washout (see **Photo 10**) had been mostly repaired. A large amount of material from the washout ended up very close to the Phase V pumps (see **Photo 11**). Some of the washout material had been regraded to create a large "capture" berm to keep potential future washouts from impacting

the Phase V PSSA riser pipes. CC&V stated they were looking at the other PSSA riser locations for similar protection. A priority was thought to be the Phase IV risers, while the Phases I & II risers/pumps were not likely at risk. Mr. Dylan Noble (CC&V Projects) said CC&V was also moving header lines on VLF1 back away from the crests in feasible areas and grading the tops of the flats back away from the crests (again where feasible) so that that solution from future pipe failures would drain towards the center of the pad and away from the crest. I pointed out that although a good idea, it would have the potential to create large ponding areas that would conflict with the approved wildlife protection plan. He indicated they were aware of that potential.

Inspection/Close-out meeting: Ms. Blake and Messrs. Doering and Adams were present for discussions during and after the inspection. The following topics were discussed:

- The Globe Hill diversion channel maintenance. Some future mine plans include an expansion of the Globe Hill pit that would capture the diversion channel, thus negating the need to maintain the channel over the long term. CC&V is still evaluating future mine plans.
- Long term ECOSA seep mitigation. Site representatives asked about using directional drilling to create "conduits" for the ECOSA seeps to drain into the diatrema. The DRMS believes the idea has merit, but that CC&V would have to demonstrate its effectiveness.
- VLF2 Phase 3, stage C design. Site representatives asked about a potentially minor change in the design for stage C to accommodate a flatter haul road that might mean more low compaction backfill. Subsequent to the inspection, the DRMS discussed whether a technical revision would be required. Our preliminary determination is that it would, given the increase in low compaction fill and a change in the approved designs. However, more detailed information might demonstrate the change may not be significant enough to warrant a TR. The DRMS recommends either a meeting be held to discuss the change or to have more detailed discussions as part of a future inspection.

PHOTOGRAPHS

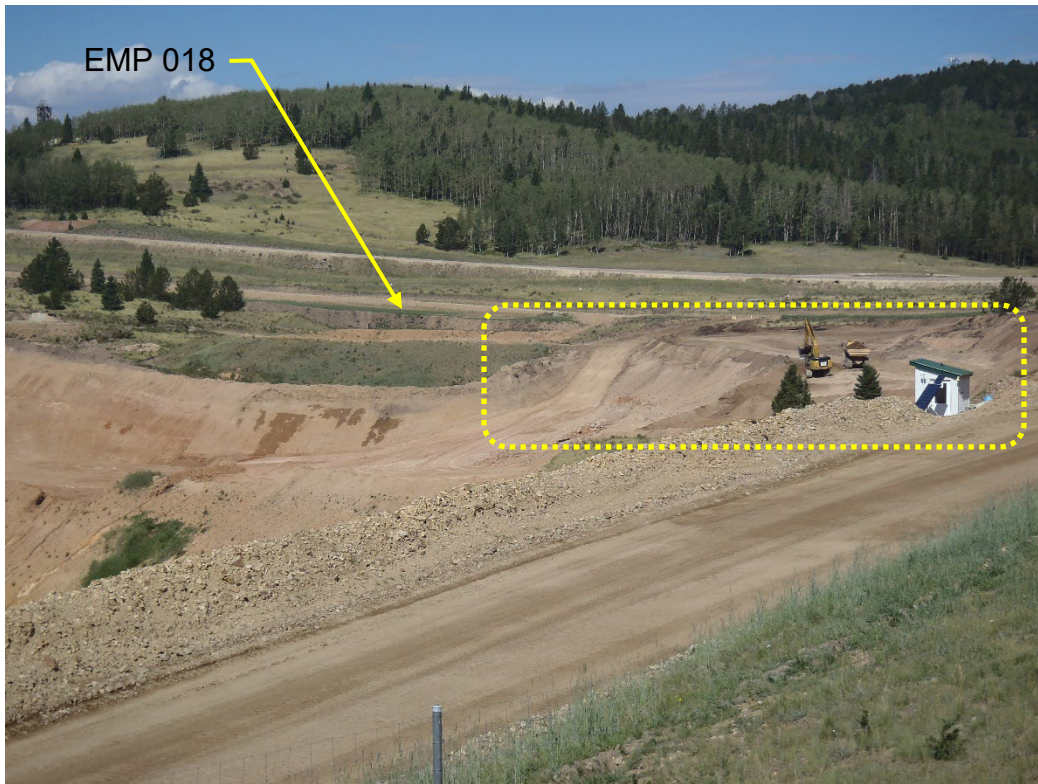


Photo 1. WHEX Clay Borrow Area (Excavation on east end, looking NW)



Photo 2. Newly placed salvaged topsoil from WHEX Borrow on TS #38 (looking south).

PHOTOGRAPHS (cont.)



Photo 3. Geomembrane placement on the south end of VLF2, Phase III (looking SW).



Photo 4. Meteoric water in VLF2 Phase III PSSA.

PHOTOGRAPHS (cont.)



Photo 5. ECOSA Seep #1 (looking south – no inflow).



Photo 6. ECOSA Seep #2 (looking south – no inflow).

PHOTOGRAPHS (cont.)



Photo 7. ECOSA washout (looking SW from CR 82).



Photo 8. Stormwater channel east of ECOSA – no washout material made it to the channel (looking SE).

PHOTOGRAPHS (cont.)



Photo 9. Temporary fix for leaking waterline along toe of ECOSA.



Photo 10. Mostly repaired VLF1 Phase V washout (looking NE from SH 67).

PHOTOGRAPHS (cont.)

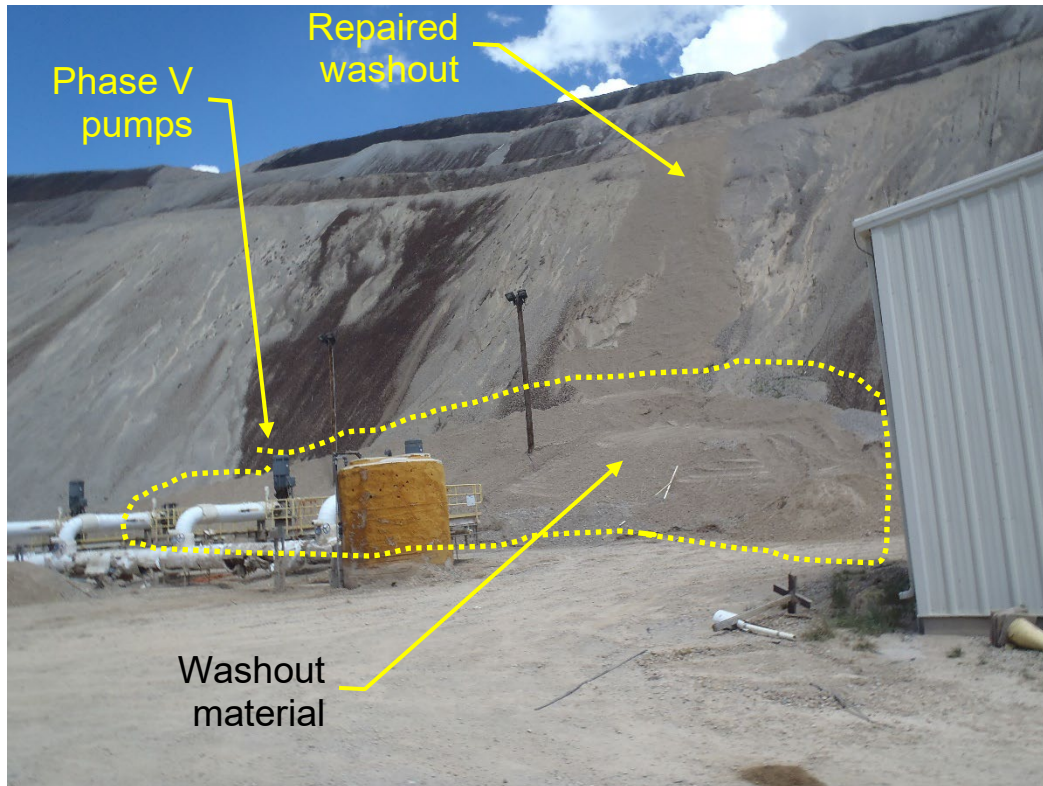


Photo 11. VLF1 Phase V washout material near Phase V pumps.

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