




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: November 2, 2023	INSP. TIME: 10:00
OPERATOR: Cripple Creek & Victor Gold Mining Company	OPERATOR REPRESENTATIVE: Brian Doering Joshua Adams	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): Patrick Lennberg	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: December 29, 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>Y</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>N</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>N</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>Y</u>	(ST) STIPULATIONS----- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</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 of the Division of Reclamation, Mining and Safety (Division/DRMS). The Division was accompanied by Brian Doering, Josh Adams, 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 1-16 taken during the inspection are included with this report.

This inspection was to include the following:

- Grassy Valley,
- VLF2 Phase 3 Construction, and
- High Grade Mill Stormwater Sump,

The weather initially was clear and cold with wind.

Grassy Valley

The Division inspected the Grassy Valley point-of-compliance (POC) wells GVMW-26 A and -26B. The wells were installed in July earlier this year as part of TR129. On August 31, 2023 the Operator submitted a Well Drilling and Installation Report for all POC wells installed in relation to TR129. The first samples collected from GVMW-26A and -26B and reported to the Division were collected during the August 2023 Grassy Valley Monthly Sampling event. The sample results indicate that the wells are screened in different groundwater strata and both are currently in compliance with Reg. 41 standards.

After viewing the GVMW-26 well pair the Division hiked out to the GV-06 surface water sampling location. While there was snow on the ground there was flowing at the location.

The Division inspected the seep areas located along the eastern toe of the East Cresson Overburden Storage Area (ECOSA). Both seep locations were holding water. The water was reddish-brown in color at both locations and for the north location, Seep 2, it was difficult to determine the depth of water. The southern seep, Seep 1, configuration has a capacity of 2,305 cubic feet or 17,200 gallons. The staff gauge that was present indicated there was approximately 1 foot or more of water in the basin. Water was observed flowing into the trench from the south/southeast. Seep 2 has been reconfigured to allow seepage from an upper area to be conveyed to the recently enlarged basin. Water removed from the seeps is transported and dumped onto a lined facility (one of the valley leach facilities).

The Division was informed by the Operator they intend on developing another seep location, Seep 3. The Seep 3 collection basin is tentatively planned to be developed 100 to 200 feet northeast from Seep 1 where there is a low point in the road along the toe of the ECOSA. The Seep 3 location is being developed due to the quantity of seepage occurring in the area that was discovered this past summer.

During the inspection it was observed that contractors were replacing the waterline along the toe of the ECOSA. During the August 24, 2023 inspection the Division viewed the cast-in-place concrete box that was to fix

a break in the steel waterline located along the toe of the ECOSA. According to the Operator, it was unclear if a weld had failed at a joint or if low pH groundwater had corroded the weld or a combination of the two factors. The Division was then informed that the Operator had decided to replace the entire steel waterline located at the toe with a coated steel alternative that is more resistant to corrosive water.

VLF2 Phase 3 Construction Progress

The Division observed the VLF2 Phase III Process Solution Storage Area (PSSA). At the time of inspection a platform of material was being constructed to allow for the placement of ore material. The platform was needed to allow for safer placement of ore material by the trucks and to ensure the truck had the appropriate thickness under them to ensure no damage was done to the liner.

DCF placement was completed the week prior to this inspection. While liner placement was completed the first part of September. Contractors were working on completing electrical wiring for the PSSA pumps. Pumps are scheduled to be installed sometime around November 13th.

Once the pumps are installed the Operator will begin circulating the water that has collected in the PSSA sump. Circulating the water is to help mitigate any potential "shock" to the system. Circulation will continue throughout the initial phase of ore placement.

Also haul trucks were observed to be dumping ore on the 10,200 and 10,300 foot levels of VLF2 to the south of the VLF2 Phase 3 area.

High Grade Mill Stormwater Sump

The Division viewed the High Grade Mill stormwater sump area which had been recently reconfigured. The Operator installed piping at the inlet along the berm at the High Grade Mill area that conveys water to a newly dug sump. The sump has been dug into ore material that has been previously leached. At the time of inspection the pipe outlet was actively discharging water into the sump and the water was rapidly infiltrating into the sub-surface.

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

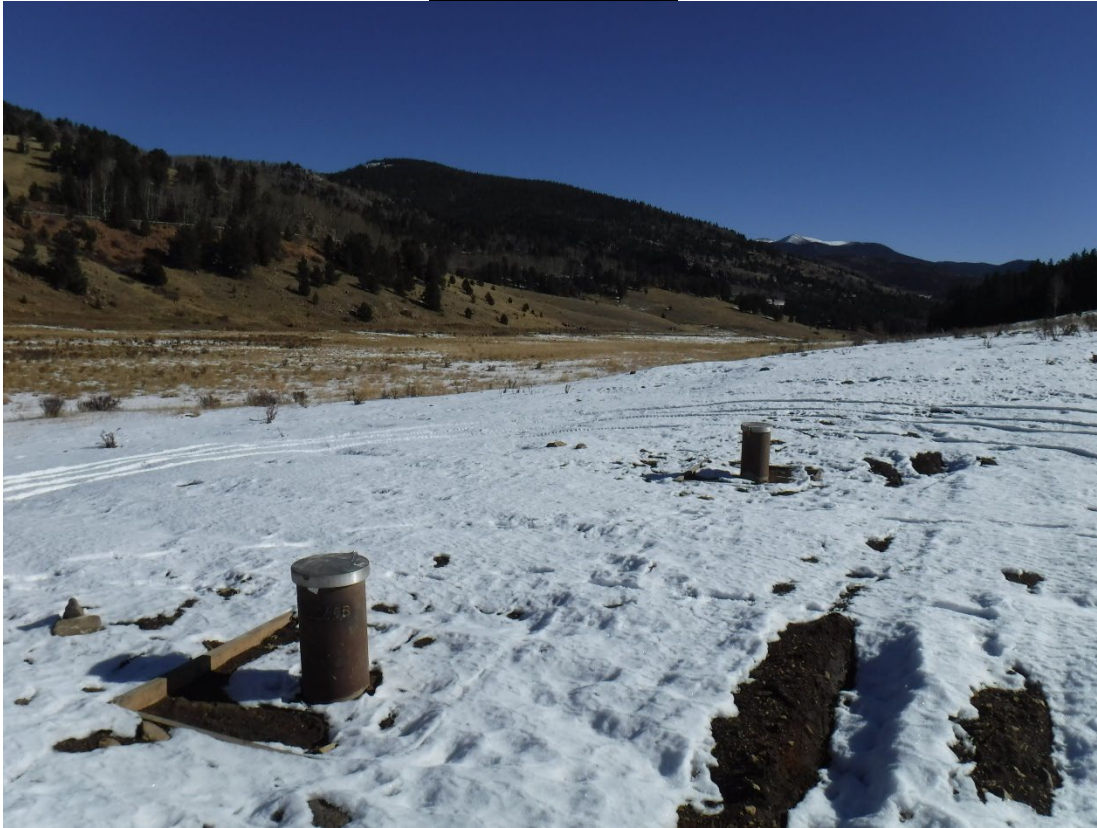


Photo 1: Well pair GVMW-26A(background) and GVMW-26B(foreground)



Photo 2: Looking north from GVMW-26B to GVMW-22A and -22B (yellow circle)



Photo 3: Looking west from GVMW-26B to the ECOSA



Photo 4: GV-06 surface water sampling location



Photo 5: Seep 2 current configuration, ditch draining area of seepage discovered during the summer, coated steel waterline in the background



Photo 6: Seep 2 looking west

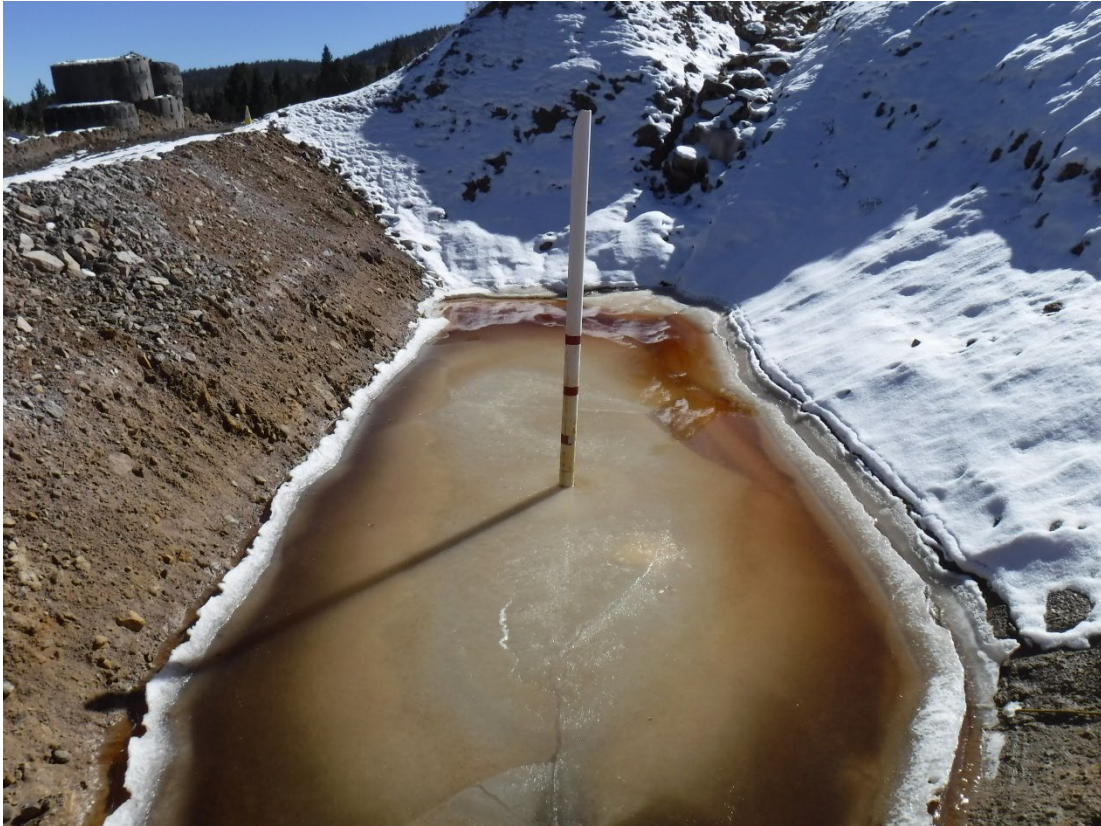


Photo 7: Seep 1



Photo 8: Looking NW from Seep 1 to where Seep 3 (yellow circle) is to be located



Photo 9: VLF 2 Phase 3 PSSA pad being created for haul trucks in yellow circle



Photo 10: View of the pad being created VLF 2 Phase 3 PSSA



Photo 11: VLF 2 Phase 3 PSSA



Photo 12: Looking at the HGM stormwater management drain, corrugated pipe has been disconnected and can longer convey water

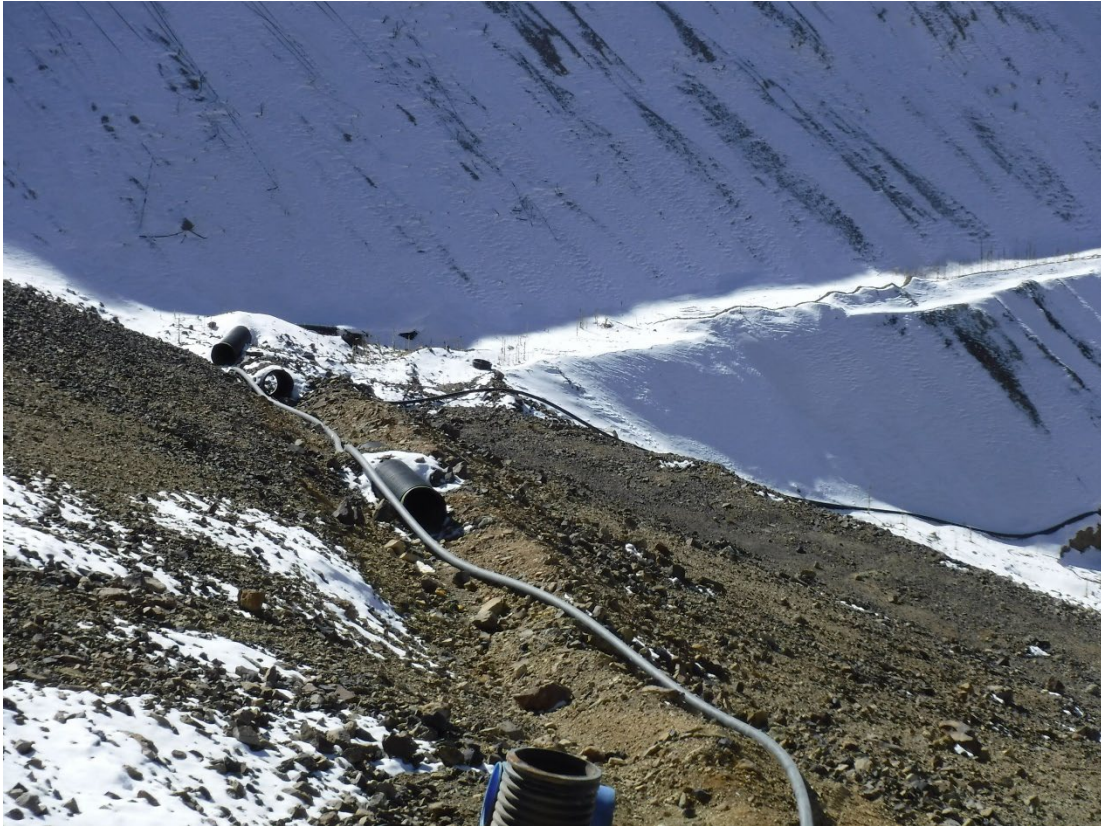


Photo 13: Welded plastic pipe that now conveys water to sump



Photo 14: Welded plastic pipe to sump

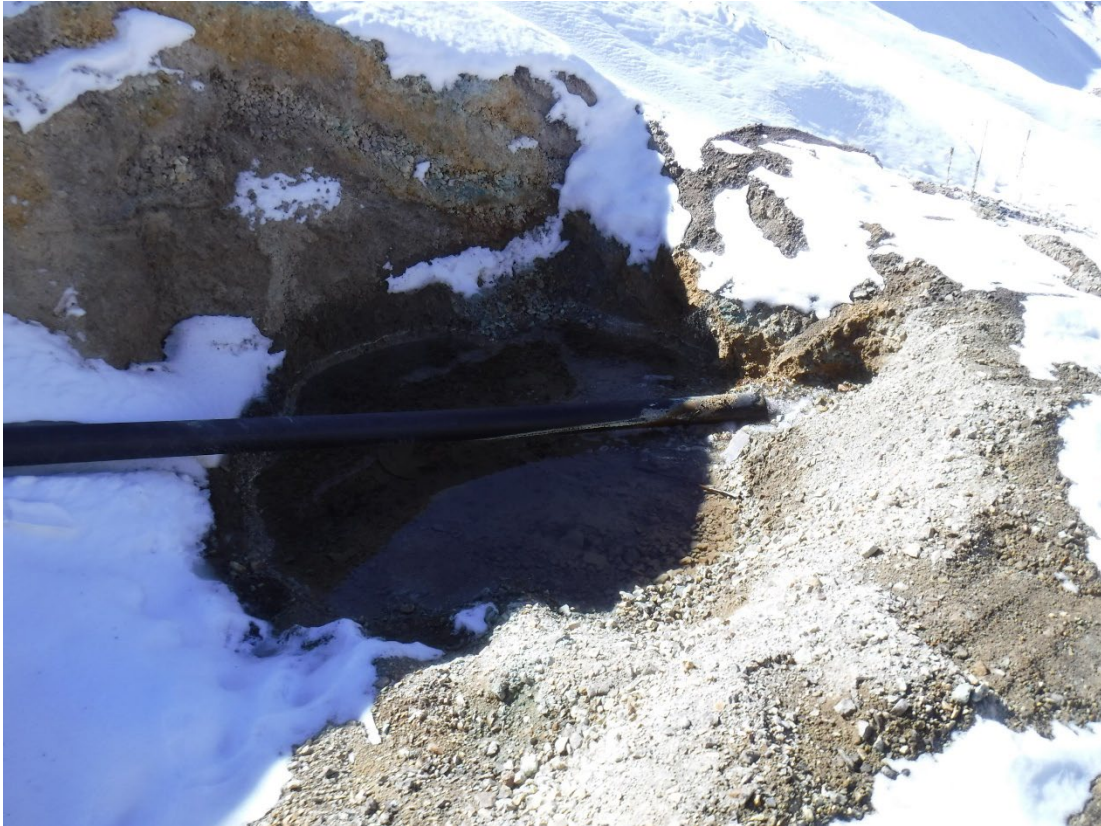


Photo 15: New sump



Photo 16: Discharge into the new sump