


**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: Sunnyside Gold Mine	MINE/PROSPECTING ID#: M-1977-378	MINERAL: Lead, zinc, copper, iron	COUNTY: San Juan
INSPECTION TYPE: Multi Person Inspection	INSPECTOR(S): Lucas J. West, Russ Means	INSP. DATE: October 3, 2016	INSP. TIME: 12:00
OPERATOR: Sunnyside Gold Corp	OPERATOR REPRESENTATIVE: Larry Perino	TYPE OF OPERATION: 112 - Hard Rock Regular Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$60,534.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 20, 2016	

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>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>Y</u>	(RV) REVEGETATION---- <u>Y</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(CI) COMPLETE INSP---- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>Y</u>	(ST) STIPULATIONS----- <u>Y</u>

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

OBSERVATIONS

This inspection was conducted as part of the normal monitoring program established by the Colorado Division of Reclamation, mining and Safety. The Sunnyside gold mine is listed as an active 112 operation that is currently in final reclamation. The affected lands will be reclaimed to support wildlife habitat and rangeland post-mining land use. The site consists of 159 permitted acres at the Mayflower Tailings Pond #4, Terry Tunnel, Sunnyside Basin and Gladstone Areas. The areas are located in both the Animas and Cement creek watersheds, ranging from 9400 to 12,200 Feet in Elevation. The Terry Tunnel and Sunnyside Basin areas were not inspected at this time due to inclement weather, however the operator expressed the condition of those areas remains unchanged from the 2015 inspection. The Division currently holds \$60,534.00 in financial warranty for the site and was not recalculated at this time. Seven Photos accompany this report to illustrate the current site conditions at the Mayflower Tailings Pond #4 and the Gladstone Areas.

Mayflower Tailings Pond #4: The Mayflower Tailings Pond #4 consist of approximately 64 total acres and is located adjacent to the Mayflower Mill Facility and it's its associated tailings ponds which have all been reclaimed and previously released. Proper mine identification signage was posted at the entrance to the site. Access to the site is controlled by a locked gate just off County Road 2.

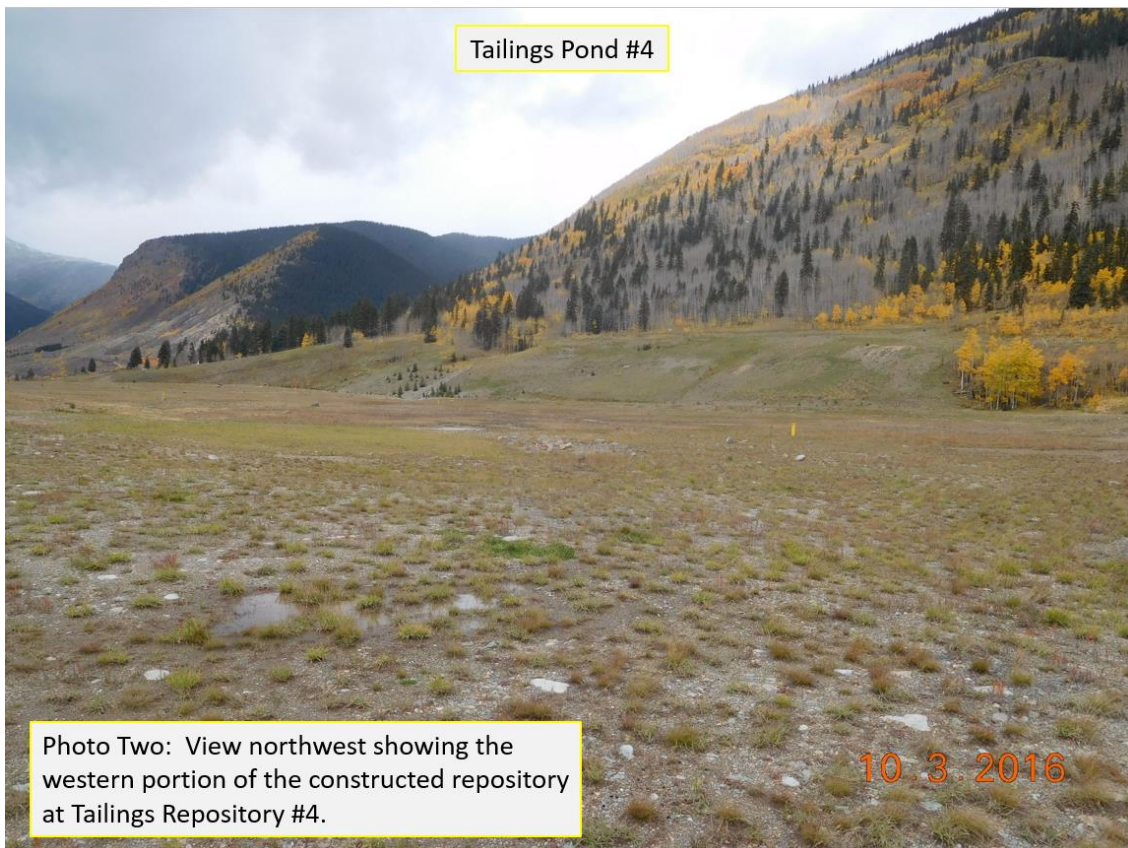
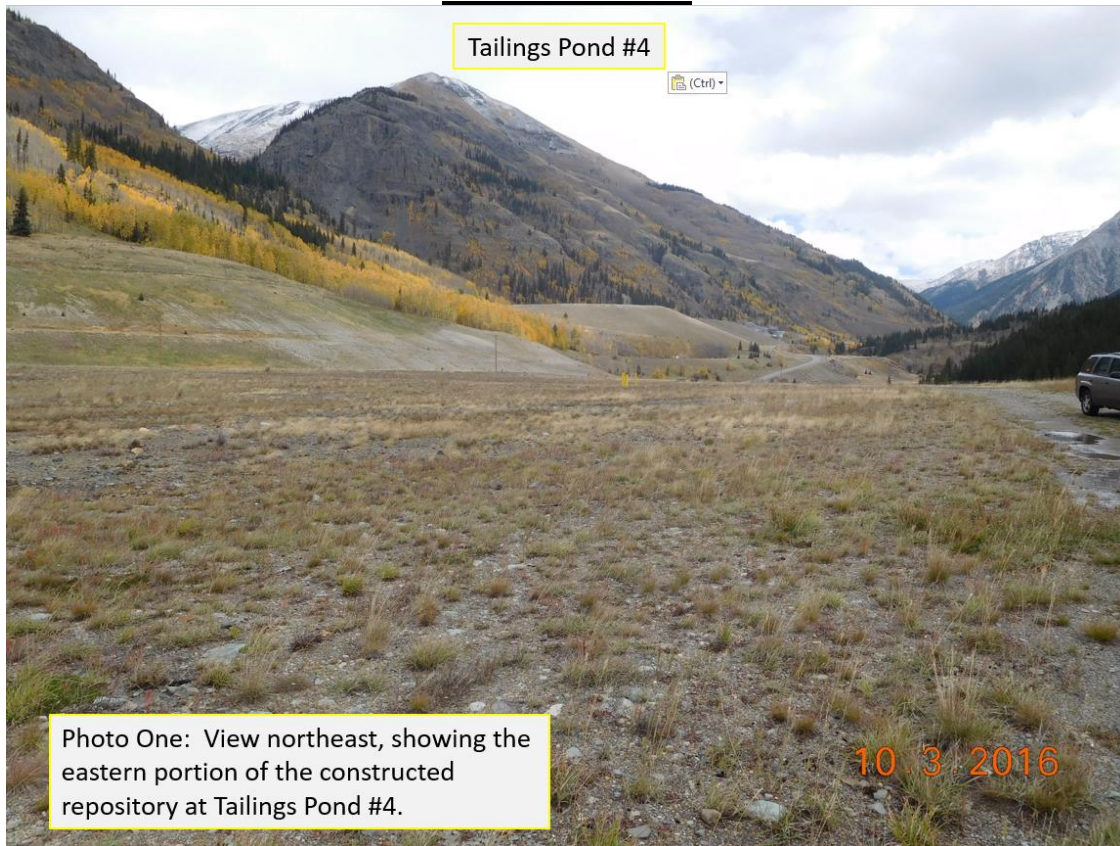
The side slopes and top of the constructed repository appear to be stable and are in good condition. Photos One and Two show the top of the repository which is well vegetated and showing signs of self-sustainment with previous years biomass observed. The operator expressed that vegetation management is ongoing and continuous, and evidence of chemical weed treatment was observed on site. 8 monitoring wells were observed on the top of the repository, all of which were properly collared and secured. Photo Three shows an example of the covers on the wells. The repository exhibits positive drainage and no impounded storm water or erosional issues were noted. The upland diversion ditch was inspected and appeared to be functioning as designed. The ditch is well vegetated, appears to be stable and can be seen in Photo Four.

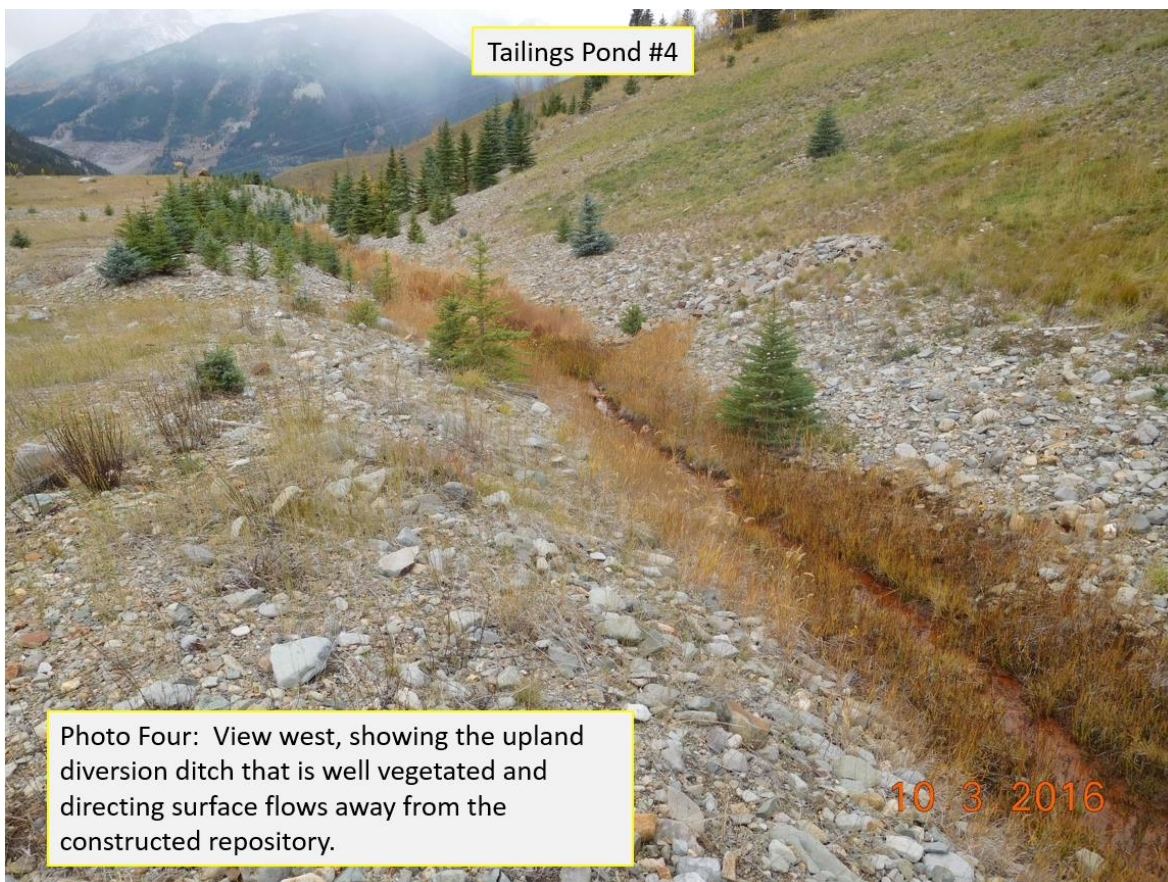
Gladstone Area: The Gladstone area consists of approximately 21 total acres and is located at the historic town site of Gladstone. The area includes the American Tunnel and Herbert Placer area. Reclamation activities were concluded by the operator in 2007.

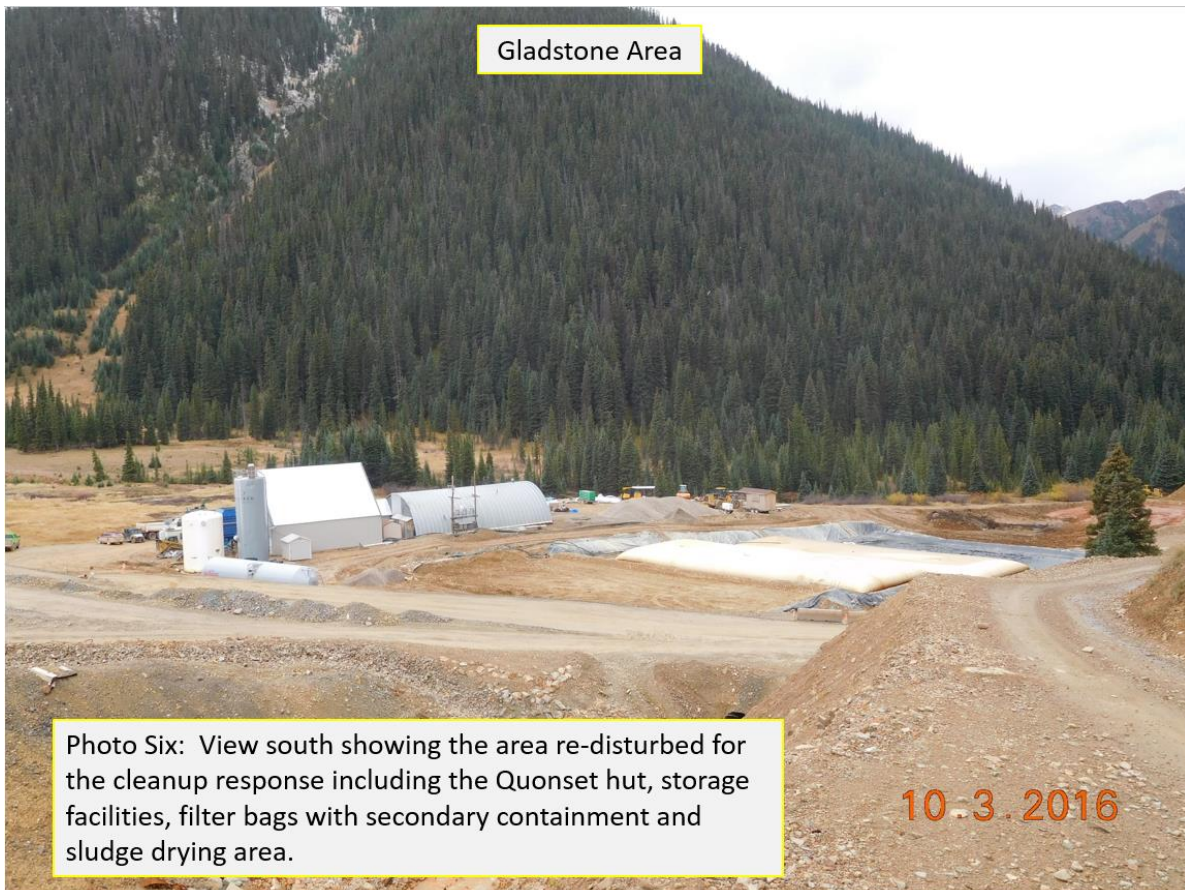
The majority of the Gladstone area has been re-disturbed for use in the EPA cleanup efforts in response to the Gold King spill. Photos Five and Six show the recently constructed facilities that include settling ponds, storage facilities, large Quonset hut, filter bags with secondary containment, as well as a sludge drying area. Approximately 80% of the permitted lands at the Gladstone area have been disturbed. A small area of the permitted lands adjacent to the Quonset hut was left undisturbed the EPA shown in Photo Seven. This area appears to be stable and in good condition. The vegetation in the area is in similar, if not better, condition than the adjacent undisturbed lands and appears to be well established, diverse and capable of regeneration. There were no noxious weeds, or significant erosion noted in this area.

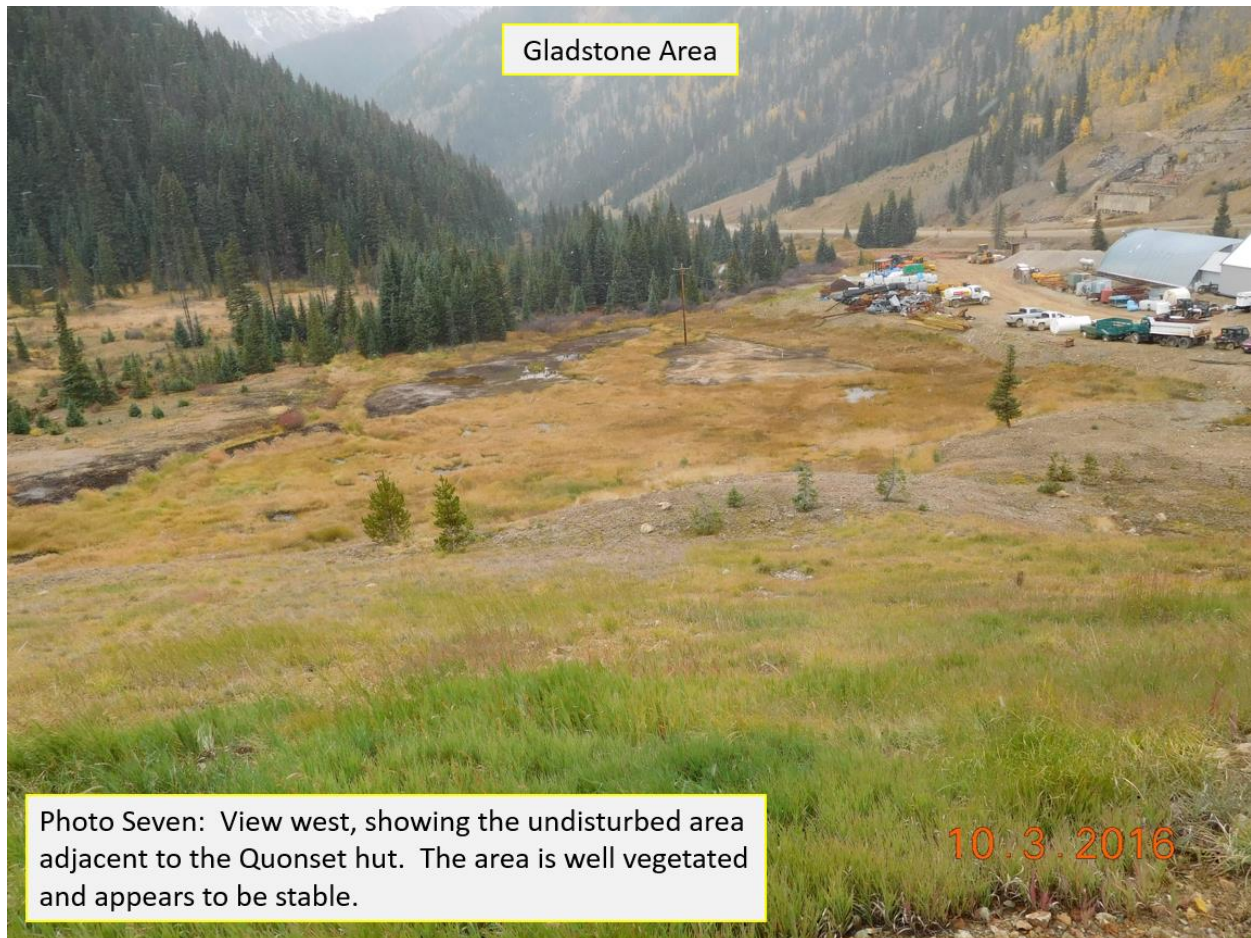
There were no problems or possible violations observed during this inspection. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety at 1313 Sherman Street, Room 215, Denver CO, 80203, by phone at (970)243-6368 or by email at lucas.west@state.co.us.

PHOTOGRAPHS









Inspection Contact Address

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Enclosure

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