




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: Pb, Zn Cu, Fe, Au	COUNTY: San Juan
INSPECTION TYPE: Surety Release Inspection	INSPECTOR(S): Lucas J. West	INSP. DATE: July 18, 2018	INSP. TIME: 08:00
OPERATOR: Sunnyside Gold Corp	OPERATOR REPRESENTATIVE: Larry Perino	TYPE OF OPERATION: 112 - Hard Rock Regular Operation	
REASON FOR INSPECTION: Surety Release Requested	BOND CALCULATION TYPE: None	BOND AMOUNT: \$60,534.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 24, 2018	

GENERAL INSPECTION TOPICS

The following list of environmental and permit parameters are typical inspection topics. No problems or possible violations were observed during the inspection. The mine operation was found to be in compliance with the applicable requirements of the Construction Materials Act and Rules and/or the Hard Rock Act and Rules. Pursuant to Rule 8, any person engaged in a mining operation shall notify the Office of any failure or imminent failure of any impoundment, embankment, or slope which poses a reasonable potential for danger to any person 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>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----- <u>Y</u>	(RS) RECL PLAN/COMP----- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</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>Y</u>	

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

Observations

This inspection was conducted in response to the Operator's request for an Acreage Reduction, AR-05, requesting release of the Lake Emma/Sunnyside Basin area and the Terry Tunnel area for completion of reclamation. The Lake Emma/ Sunnyside Basin area consists of 66.5 permitted acres and the Terry Tunnel area consists of 7.12 permitted acres for a total release area of 73.62 acres. Both areas have been reclaimed to support Wildlife habitat post-mining land use and are located at approximately 12,000 feet elevation. This acreage reduction was for the release of acreage only, the \$60,534.00 financial warranty will remain unchanged. This inspection report is accompanied by eight photos taken by the Division during the inspection.

Lake Emma/Sunnyside Basin: The area consists of 66.5 acres and includes pre-law mining disturbances, some of which were not re-affected by the permitted operation. Historic features, which will remain after final reclamation, include roads, rock outcrops, and remnants of buildings and tram stations. Reclamation tasks were completed in approximately 1992 and have been monitored ever since. Earthwork at the Sunnyside Basin focused primarily on the backfilling and stabilization of the Lake Emma subsidence feature. Backfilled and graded areas appeared stable; evidence of slumping, settling or excessive erosion was not observed. Vegetative cover ranges from sparse to dense and diverse, however where present was well established, diverse, capable of self-regeneration, and at least equal in extent of cover as the surrounding native vegetation. Due to the high elevation, short growing season and grazing by livestock the vegetation establishment has been challenging. Density of the reclamation vegetation was greatest nearby the natural springs and seeps. No regulated noxious weeds were observed. The conditions of the Lake Emma and Sunnyside Basin area are illustrated in Photos One through Four.

Terry Tunnel: This area consists of 7.12 acres and includes the pre-law portal (Terry Tunnel) and waste rock stockpile. The pre-law features were re-affected and reclaimed by the permitted operation. Reclamation tasks were completed in approximately 2001. The portal was closed with hydraulic bulkhead and backfilled at the surface. The waste rock stockpile was graded, covered with imported growth medium, and revegetated. Backfilled and graded areas appeared stable; evidence of slumping, settling or excessive erosion was not observed. Vegetative cover ranges from sparse to dense and diverse, however where present was well established, diverse, capable of self-regeneration, and at least equal in extent of cover as the surrounding native vegetation. Due to the high elevation, short growing season, the rocky nature of the waste rock, and grazing by livestock the vegetation establishment has been challenging. No regulated noxious weeds were observed. The conditions of the Terry Tunnel area are illustrated in Photos Five through Eight.

Recommendation on AR-05: Observations made during the inspection and recorded in this report indicate the Operator has completed reclamation of all affected lands at the Lake Emma/Sunnyside Basin and Terry Tunnel areas in accordance with the conditions of the approved reclamation plan and the Hard Rock Act and Rules. Pursuant to Rule 4.17.2(5), the Division recommends approval of AR-05.

Response to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, (970)-243-6368 or at lucas.west@state.co.us.

Inspection Contact Address: Larry Perino
Sunnyside Gold Corp
P.O. Box 177
Silverton, CO 81433

PHOTOGRAPHS

