




**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.

<b>MINE NAME:</b> Sunnyside Gold Mine	<b>MINE/PROSPECTING ID#:</b> M-1977-378	<b>MINERAL:</b> Lead, zinc, copper, iron	<b>COUNTY:</b> San Juan
<b>INSPECTION TYPE:</b> Multi Person Inspection	<b>INSPECTOR(S):</b> Lucas J. West	<b>INSP. DATE:</b> July 31, 2018	<b>INSP. TIME:</b> 13:36
<b>OPERATOR:</b> Sunnyside Gold Corp	<b>OPERATOR REPRESENTATIVE:</b> Larry Perino	<b>TYPE OF OPERATION:</b> 112 - Hard Rock Regular Operation	
<b>REASON FOR INSPECTION:</b> Memo Of Understanding	<b>BOND CALCULATION TYPE:</b> None	<b>BOND AMOUNT:</b> \$60,534.00	
<b>DATE OF COMPLAINT:</b> NA	<b>POST INSP. CONTACTS:</b> None	<b>JOINT INSP. AGENCY:</b> None	
<b>WEATHER:</b> Clear	<b>INSPECTOR'S SIGNATURE:</b> 	<b>SIGNATURE DATE:</b> August 22, 2018	

**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>N</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</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>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	

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

## **OBSERVATIONS**

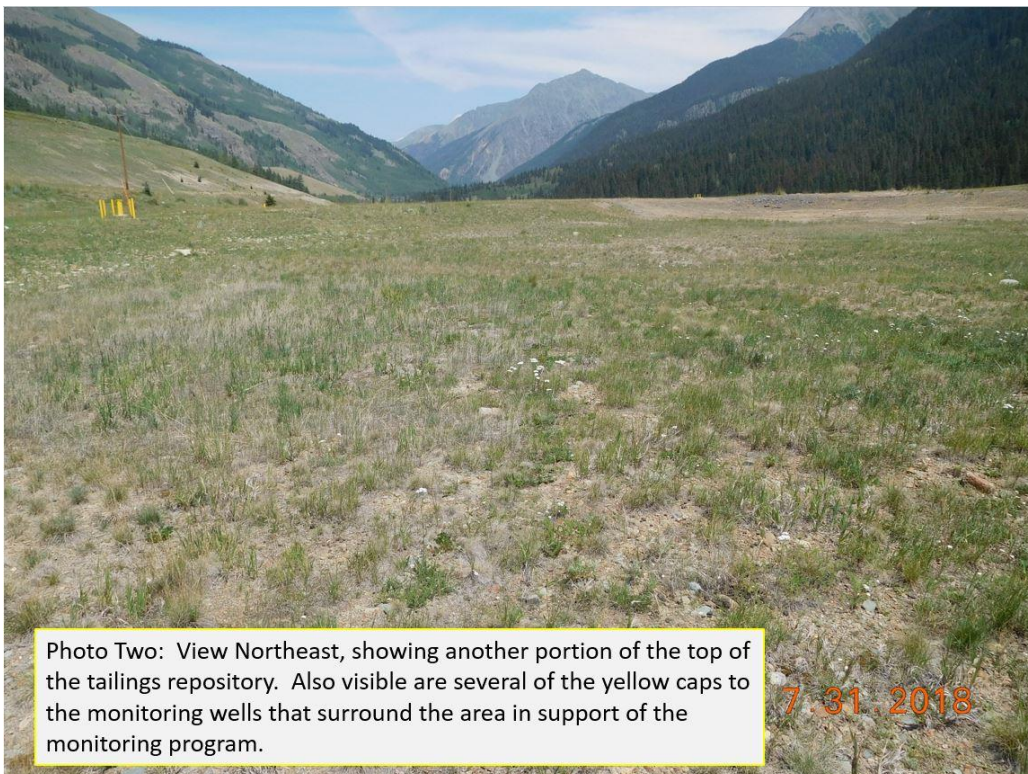
This inspection was conducted as part of the normal monitoring program established by the Colorado Division of Reclamation, Mining and Safety. The Sunnyside gold mine is listed as an active 112 operation that is currently in final reclamation. The affected lands have been reclaimed to support wildlife habitat and rangeland post-mining land use. The site consists of 852.87 permitted acres at the Mayflower Tailings Pond #4 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 Division currently holds \$60,534.00 in financial warranty for the site and was not recalculated at this time. Along with the inspector and Operator Representative listed on page one of this report, the Minerals Program Director Russ Means, Senior Environmental Protection Specialist Wally Erickson and DRMS Attorney General Jeff Fugate were present during the inspection. Seven Photos accompany this report to illustrate the current site conditions.

**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. All vegetated areas are clearly stressed by the lack of precipitation in the recent months but does not appear to be terminal. The operator expressed that weed management is ongoing and continuous. 8 monitoring wells were observed on the top of the repository, all of which were properly collared and secured. 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. Photo Three shows the condition of the ditch which had some standing water but no flow was visibly apparent.

**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 site has been occupied by the Environmental Protection Agency (EPA) and utilized for the construction and operation of a water treatment facility to treat the discharge from the Gold King Mine. Water treatment operations were active during the day of the inspection. The entirety of the Gladstone area has been re-disturbed for use in the EPA cleanup efforts. Photos Four and Five show the constructed facilities in support of the water treatment operation that include settling ponds, storage facilities, and other out buildings, filter bags with secondary containment, as well as a sludge drying area. Almost 100% of the permitted lands at the Gladstone area have been re-disturbed. Records kept by the Division demonstrate that the Operator had nearly completed the surface reclamation of the site prior to the Gold King Mine Spill. The previously backfilled American is secure with a grated steel closure and can be seen in Photo Six. The tunnel was opened to conduct an inspection of the near surface bulkhead. The discharge from the American Tunnel was visually estimated at approximately 100 GPM. The EPA work will be on going and is not associated with any approved mining or reclamation activities under the jurisdiction of the Division.

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





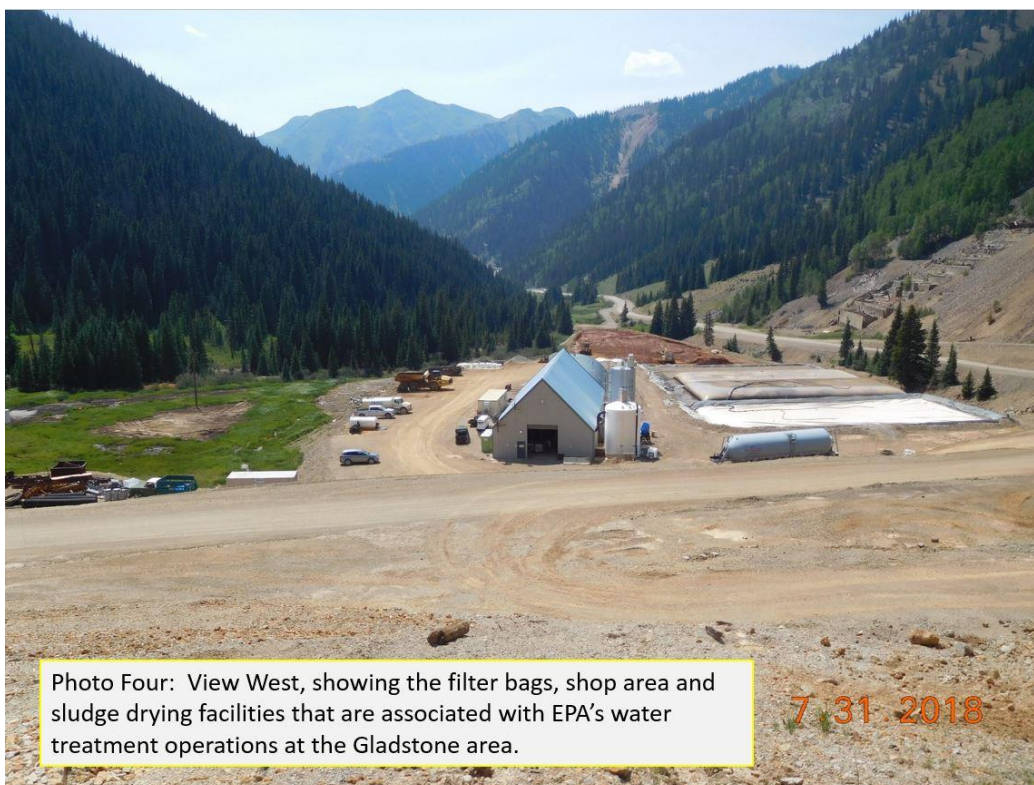






Photo Five: View South, showing one of the settling ponds as well as several outbuildings associated with the water treatment facility. Water entering the treatment operation from the Gold King Mine was visually estimated at 400 GPM.



Photo Six: View Northeast, showing the secured portal to the American Tunnel. The portal was recently rehabilitated to gain access to the near surface bulkhead by the EPA.

**Inspection Contact Address**

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Enclosure

CC: