




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: May Day Idaho Mine Complex	MINE/PROSPECTING ID#: M-1981-185	MINERAL: Gold and silver	COUNTY: La Plata
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas West, Bill Scott MSHA	INSP. DATE: September 5, 2019	INSP. TIME: 09:58
OPERATOR: Sunrise Mining LLC	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 112d-2 - Designated Mining Operation	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$204,562.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 4, 2019

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

INSPECTION TOPIC: Acid And Toxic Materials

PROBLEM/POSSIBLE VIOLATION: Problem: Improper storage and containment of fuels and/or other hazardous materials was present on site.

CORRECTIVE ACTIONS: All storage tanks, petroleum and any hazardous materials on site for any period of time shall have appropriate secondary containment. The site will also have to comply with all applicable SPCC requirements. Please supply photo documentation that any fuel or hazardous materials containers are stored properly - including applicable secondary containment structures by the corrective action date. Note that secondary containment structures shall consist of an impermeable containment which could contain all contents of the tanks and various containers (when full) plus 10% of the total capacity. The operator may also provide photo documentation that all containers have been removed from the site on or before the corrective action date.

CORRECTIVE ACTION DUE DATE: 12/04/19

OBSERVATIONS

This inspection was conducted as part of the normal monitoring program for Designated Mining Operations established by the Colorado Division of Reclamation, Mining and Safety. This also serves as the Inspection tied to the requested Surety Reduction, SR-02. The Mayday Idaho Mine Complex is a 112d-2 permit that is currently in Temporary Cessation. The first period of Temporary Cessation expires on 5/1/2024. The site consists of 274.7 permitted acres. The site lies approximately fifteen miles northwest of Durango at 8,700 feet in elevation. Public access is controlled by a locked gate. The Division currently holds \$204,562.00 in financial warranty for the site. A reclamation cost estimate update was performed at this time. Please see the enclosed Surety Reduction Approval Letter for details. No Operator representative was present during the inspection however, Bill Scott of the Mine Safety and Health Administration (MSHA) was present. The operator is still working to secure their county conditional use permit, therefore the site remains largely unchanged from the previous inspections. Seven Photos accompany this report to illustrate the current site conditions.

Parking Area: The parking and storage area has undergone an extensive site cleanup since the last inspection. Much of the scrap metal, trash and debris has been removed and the area was in good condition at the time of the inspection. Only a few items including a bumper pull camper in disrepair, a back hoe and small miscellaneous items remain for removal. Located adjacent to the camper and in front of the back hoe were several car batteries and miscellaneous buckets of oils and spent hydraulic fluids that were not in secondary containment. The items can be seen in Photo One. All storage tanks, petroleum and any hazardous materials on site for any period of time shall have appropriate secondary containment. Please supply photo documentation that any fuel or hazardous materials containers are stored properly - including applicable secondary containment structures by the corrective action date. Note that secondary containment structures shall consist of an impermeable containment which could contain all contents of the tanks and various containers (when full) plus 10% of the total capacity. The operator may also provide photo documentation that all containers have been removed from the site. Photo documentation must be received by the Division's Denver office within 60 days of the date of this report, Wednesday December 4, 2019.

Base of Operations: The Base of Operations area will be the location of the mine offices as well as the lined ore storage pad used to stage ore prior to transport. Construction of these facilities has not begun yet and the area is in the same condition as it was during the previous inspection. A few pieces of leftover materials from construction activities including pieces of culvert and large boulders are located in the area. The area can be seen in Photo Two.

May Day 1 Area: The May Day area is in similar condition from the previous inspections and no significant changes have been made. The portal remains closed with a locked gate, and the surrounding slopes buttressed with the placement of large boulders. The area above the portal has been stabilized with wire mesh and rock bolts. The old mill building was not secure and was inspected at this time. The items in the mill building were in good condition at the time of the inspection. The sealed back of the building was observed and was stable at the time of the inspection. The door to mill building should be repaired and secured to prevent unauthorized entry. Various equipment including an underground loader, several shipping containers and various other mining related debris are still on site. The surface conditions of the area are largely unchanged from the October 2016 Inspection. Bill Scott (MSHA) recommends adding additional "Do Not Enter" signage on the portal gate, as well as additional methods of securing the gate to aid in preventing attempted unauthorized entry. Photos Three, and Four show the conditions of the May Day 1 Area.

May Day 2 Area: The three culverts, and associated structures that were constructed as part of the restoration of Little Deadwood Gulch were functioning as designed at the time of the inspection and are in good condition as seen in Photo Four. The outfall of the culverts has been armored to prevent down cutting of the channel immediately downstream of the culverts. Within the channel immediately upstream of the culverts, two water bars have been installed to help dissipate the energy as the stream flow approaches the crossing. The minor erosion of the channel that was noted during the previous inspection has been monitored and addressed. No further erosion in this area was noted. The portal at the May Day 2 Area remains closed. A small waste rock pile was located adjacent to the closure, and was present during the previous inspection. The pile appears to be stable and in good condition. The May Day 2 Area can be seen in Photo Five.

Idaho Area: The Idaho affected area consists of a main pad area, a small office building, shop structure and storage area. The extent of the proposed activity is minimal at the area, however they may be expanded in the future. The structures located at the Idaho area appear to be stable and in good condition. A monitoring well head was found to be unsecured with the cap lying next to the well. Division Staff placed the cover back on the well but did not secure it. It should be properly secured as soon as practical.

Chief Portal Area: The restoration activities at the Chief Portal Area were completed and inspected in the fall of 2016 and remains in good condition. The Chief Portal is designed to function as a secondary escape way and underground access point. All backfilled areas appear to be stable and in good condition, no evidence of settling, slumping or subsidence was observed. Areas where the vegetation matting was installed are well vegetated and stable. Photo Six shows an examples of the vegetative cover in the area. The secondary escape / emergency access has been further buttressed with the restoration of Little Deadwood Gulch. Photo Seven shows the buttressing and secondary escape way. A secondary drain has been installed to allow any water generated from the portal to be conveyed into Little Deadwood Gulch. The portal is temporarily secured by wire fencing and prior to operations will need to be upgraded to an MSHA compliant safety gate.

The overall footprint of the site was in good condition and free from excessive trash and debris. No significant erosion, settling or slumping was observed throughout the site. All access roads were in good condition and appear to be stable. No noxious weeds were noted during the 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.

Inspection Contact Address

Sara Glinatsis
Sunrise Mining LLC
P.O. Box 2134
Monument, CO 80132

Enclosure: Surety Reduction Approval Letter

CC: Bill Scott, MSHA

PHOTOGRAPHS



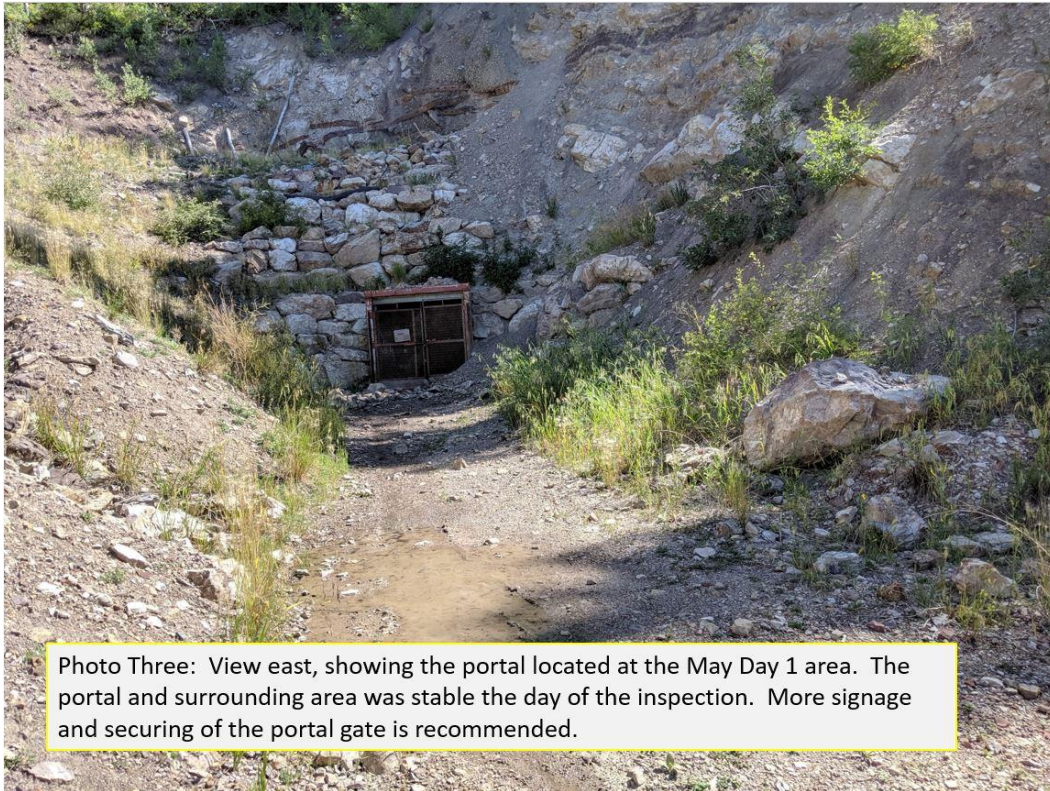


Photo Three: View east, showing the portal located at the May Day 1 area. The portal and surrounding area was stable the day of the inspection. More signage and securing of the portal gate is recommended.



Photo Four: View south, showing some of the various equipment located at the May Day 1 Area. The overall condition of the May Day 1 area remains unchanged.



Photo Five: View east showing the May Day 2 area. The portal remains closed and the surrounding area was stable at the time of the inspection. The Little Deadwood Gulch channel and culverts were also observed and in good condition.



Photo Six: View south, showing the exceptional growth of the revegetated area at the Chief Portal.



Photo Seven: Showing the buttressing, drainage culvert and Chief Portal. The fencing that blocks the entrance is in good condition and shows no signs of attempted unauthorized entry.

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

(AR) RECORDS----- <u>N</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>N</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>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>PB</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