




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: Monitoring	INSPECTOR(S): Lucas West	INSP. DATE: October 17, 2019	INSP. TIME: 13:05
OPERATOR: Sunnyside Gold Corp	OPERATOR REPRESENTATIVE: Pat Maley	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: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 29, 2019	

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>N</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>Y</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 64.23 permitted acres at the Mayflower Tailings Pond #4. 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. On site discussions with the Operator were held about the need for a Technical Revision to the Permit. Once the Technical Revision is received a reclamation cost estimate will be performed. Four Photos accompany this report to illustrate the current site conditions.

Through the Acreage Reduction Process the Permit area has been reduced to only contain the Mayflower Tailings Pond #4. The area consists of 64.23 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. As a whole, the site is in similar condition to the previous inspections. The side slopes and top of the constructed repository were stable at the time of the inspection 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 vegetative cover on the top and side slopes of the facility is in excellent condition. The side slopes can be seen in Photo Three. The operator expressed that weed management is ongoing and continuous. Several 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. The ditch is split by an apparent underground geologic change. The change causes visual iron precipitate on the western reach and clear water on the eastern reach. They are referred to as the red side and the clear side. The red side of the ditch had some standing water bur no visible flow, seen in Photo Four. The clear side of the ditch had no standing water and no visible mineral staining which is consistent with the previous inspections.

The overall footprint of the site is in good condition and free from trash and debris. No problems or possible violations were noted at this time. 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

Pat Maley
Sunnyside Gold Corp
P.O. Box 177
Silverton, CO 81433

CC: Travis Marshall, Senior Environmental Protection Specialist
Ec: Pat Maley, Sunnyside Gold Corp
Steve Smith, Sunnyside Gold Corp

PHOTOGRAPHS

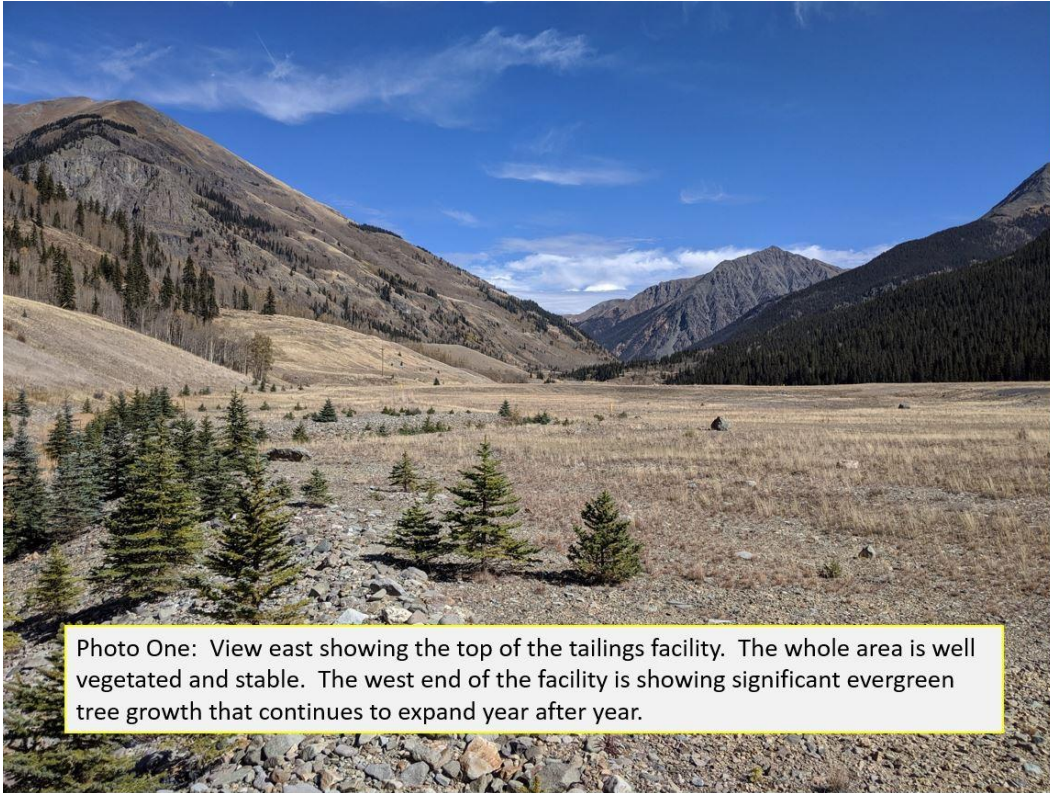


Photo One: View east showing the top of the tailings facility. The whole area is well vegetated and stable. The west end of the facility is showing significant evergreen tree growth that continues to expand year after year.



Photo Two: View south showing another view of the well vegetated facility. The vegetative cover is dense and diverse and is capable of self regeneration.

