

94-4253

Received 2-11-2016

Exceptions to Forfeiture for Mining Questionnaire – Section 42-223(11), Idaho Code

This questionnaire should be used as a guide to provide evidence supporting an exception to forfeiture. Each answer will need to have corresponding documents and/or affidavits.

List the adjudication claim number(s) in which an exception to forfeiture under Section 42-223(11), Idaho Code is sought:

See attached

- 1) Enter the name of the mine or property in which the water claimed above was historically used. (All of the following questions will refer to the mine or property named below.)

See attached

- 2) When was the mining, mineral processing or milling at the mine or property suspended?

See attached

- 3) Described the reason(s) the mining, mineral processing or milling of minerals at the mine or property was suspended or the mine was closed?

See attached

- 4) Does the mine or property have one or more valuable minerals as defined in Section 47-1205, Idaho Code? If so, please list the mineral(s).

See attached

- 5) Please provide a history of the price of the mineral(s) at the mine or property?

See attached

- 6) Explain how the property and mineral rights have been maintained for future mineral production at the mine or property?

See attached

Tyson Clyne Environmental Health & Safety Superintendent

Please print name and title of person completing this questionnaire

2/11/16

Date

Tyson Clyne

Signature of person completing this questionnaire

ATTACHMENT
Exceptions to Forfeiture for Mining Questionnaire
Section 42-223(11), Idaho Code

Questionnaire Responses – Water Rights 94-4248, 94-4252 and 94-4253

1. Mine Name – Sunshine Mine
Location – Shoshone County, Idaho
2. Full scale silver production operations were suspended in 2009.
3. Mining operations at the Sunshine Mine were suspended in 2009 due to low silver prices. While mining and production activities have been suspended since 2009, exploration activities, infrastructure and facilities improvement, and care and maintenance activities have continued since that time.
4. The Sunshine Mine has been, historically, one of the largest and most profitable silver mines in the world.
5. Below is a graph of silver prices over the last 100 years.¹ Because the Sunshine Mine has historically been a large, global-scale silver producer, global silver prices are reflective of at-mine prices.

Historical Silver Prices - 100 Year Chart

Interactive chart of historical data for real (inflation-adjusted) silver prices per ounce back to 1915. The series is deflated using the headline Consumer Price Index (CPI) with the most recent month as the base. The current month is updated on an hourly basis with today's latest value. The current price of silver as of 12:40 PM EST on February 11, 2016 is **\$15.91** per ounce.

Data Sources: London Bullion Market Association, Bureau of Labor Statistics

Topics: silver, gold, precious metals



¹ Source - <http://www.macrotrends.net/1470/historical-silver-prices-100-year-chart>

6. As noted previously, while production operations were suspended in 2009, the mine continues to be maintained, and infrastructure improvements and replacement projects completed, in anticipation of improved silver market conditions. Since 2009, an exploration program has also been undertaken. A full time mining and engineering staff of approximately 15 individuals currently work at the mine.

The Sunshine Mine's property and mineral rights continue to be maintained. The mine's resource package consists of both patented and unpatented lands. Additional unpatented and patented lands have been added to the mine's resource package since 2009. All of the mine's federal unpatented mining claims have been carefully maintained, as reflected in the BLM's records.

Additional information on the status of the mine is available in the NI 43-101 Technical Report completed in 2012 (173 pages), and available at the following site:

http://www.sunshinesilvermining.com/images/PDF/SSMC_Sunshine_Mine_NI43101_PEA_December_2012.pdf