FACT SHEET

(Pursuant to Nevada Administrative Code (NAC) 445A.401)

Permittee Name:	Natchez Resources LLC
Project Name:	Nick Claims Project
Permit Number:	NEV0095104 (Renewal 2015 Revision 00)

A. Location and General Description

Location: The **Nick Claims Project** is located in portions of Section 30, Township 33 North, Range 37 East, Mount Diablo Baseline and Meridian, approximately 11 miles east of Mill City, Pershing County, Nevada. The Project is located near the historic Sweet Mine site in Natchez Canyon, east of Barber Canyon, in the East Range.

General Description: The Project is a physical separation facility (NAC 445A. 414) with a permitted maximum operating capacity of 300,000 tons per year. The Project is located exclusively on land administered by the U.S. Bureau of Land Management, Humboldt River Field Office in Winnemucca, Nevada. At the Project area, a sandy overburden approximately 5-feet thick overlies broken rhyolite bedrock. Gold is extracted from ore excavated on site using a vibrating screen and sluice box arrangement. No chemicals are approved for use in the process and make-up water is recycled. The facility is designed and constructed to operate and close without any discharge or release from the fluid management system except meteorological events that exceed the design storm limit. The proposed Project will create approximately 15 acres of surface disturbance.

B. Synopsis

Operations were initiated in August 1995, as a pilot/testing facility (NAC 445A.411) under a letter of authorization issued by the State of Nevada Division of Environmental Protection (Division). The letter of authorization allowed evaluation of up to 10,000 tons of ore during a maximum period of one (1) year. The 5-year Water Pollution Control Permit NEV95104 was first issued, effective 13 June 1996, for a physical separation facility (NAC 445A.414) designed to process an estimated 35,000 to 50,000 tons of gold ore per year. A Minor Modification to the Permit, approved 20 November 2003, increased the permitted annual processing rate to 300,000 tons. No change to the processing facility was required or authorized.

The Permit was formally transferred from the original Permittee of record, Marlon H. Thompson, to James R. Karnes, effective 09 March 2011. The Permit was

again transferred effective 27 March 2012, from Mr. Karnes to Natchez Pass LLC, which assumed all responsibility as 'Owner' and 'Operator' at that time. The Permit was transferred again in 2013 from Natchez Pass LLC, to Natchez Resources LLC, as the Permittee and 'Operator.' Natchez Pass LLC remains the 'Owner' of the Facility.

No chemicals are used in the gold recovery process. The ore, mined from shallow surface deposits, has been characterized by spectrographic analysis. Any new ore that has not been characterized would require analysis and Division approval prior to any processing.

Make-up water was originally obtained from an abandoned adit, which may have been part of the historic Sweet Mine workings, located approximately 300 feet upgradient from the process facility. That source of make-up water was deemed a back-up water source as part of a Minor Modification to the Permit approved 06 November 2003. Primary make–up water may be hauled by truck from water well #58321, located approximately 4 miles west-southwest of the processing facility, or obtained from a well installed near the process facility in 2013. Makeup water and clarified process water are stored in an above ground, 50,000-gallon steel tank located south of the process facility and settling ponds. As required, make-up water is pumped from the holding tank, via a 4-inch-diameter polyvinyl chloride (PVC) pipeline, to spray bars located in the gravity plant, which wash the ore as it passes through the processing circuit.

Ore is excavated from near-surface deposits, passed through a grizzly, and the minus 4-inch size material is hauled by truck to an ore stockpile. The minus 4inch ore is loaded, as required, into a bin feeder and conveyed past a wash spray bar to a 5-foot by 16-foot double-deck vibrating screen, also added as part of a Minor Modification to the Permit approved 06 November 2003, which separates and rejects the plus 2-inch diameter rock. The minus 2-inch diameter rock is conveyed to a 6-foot by 22-foot triple-deck vibrating screen where it again passes under a wash spray bar and plus 1-inch material is separated and rejected. A nugget trap located between the vibrating screens is designed to capture any large nuggets that may be contained in the ore. All rejected oversize material is stockpiled as waste until future use in reclamation. Wash water and fine-grained material flow by gravity from the triple-deck vibrating screen to a 4-foot wide, 40-foot long, sluice box. Any gold in the fine-grained ore material is collected on riffles in the sluice box. The fines are run a final time across a vibrating table to separate the black sand and gold. All water and reject material is directed to the sluice box.

The slurry exiting the sluice box reports by gravity to a 9-foot diameter by 30-foot long sand screw where it is dewatered. Fine-grained waste material discharges from the sand screw onto a conveyor for collection and the dewatering water discharges through a 12-inch-diameter pipeline to the first of three (3) 30-mil

PVC single-lined settling ponds. Each settling pond measures approximately 100 feet long, 50 feet wide, and 12 feet deep. Maintaining a minimum 2-foot pond freeboard is a Permit requirement. Decant water flows from Settling Pond #1 by gravity through a 10-inch diameter steel pipeline, placed approximately 2 feet below the pond crest, into Settling Pond #2, and through a similar pipeline into Settling Pond #3. Clarified process water from Settling Pond #3 is pumped back to the spray bars at the head of the process circuit. Water from the 50,000-gallon holding tank is added at Pond #1 for additional process water make-up.

[Special Note: The settling ponds were constructed and lined in mid-2002, with what was reported to be 30-mil high-density polyethylene (HDPE). No details of that construction are available, so the type of liner used in the earlier construction has not been verified. The 30-mil PVC liners currently in place were pre-fabricated by Watersaver Company, Inc. and installed directly over the earlier liners. The liners are not a Permit requirement and were installed by the Permittee to minimize water loss. The 2007 renewal application information makes reference to "60-mil liners" in some ponds. However, this is a reference to the 30-mil 'HDPE' liner thickness added to the 30-mil PVC liner thickness and does not mean a 60-mil liner is in place. The ponds are considered to be 30-mil, single-lined for the purposes of the Permit.]

Sand generated from sand-screw dewatering of the sluice slurry is combined with the oversize material generated by the vibrating screens and the sediment from the settling ponds for use as backfill in reclamation of disturbed mining areas. The ore and a composite of the settling pond sediment are characterized annually as a Permit requirement.

No chemicals are authorized for use in the approved process. All gold or precious metal product recovered is transported off site for sale or further processing as may be required. No refining is performed or authorized at the permitted facility.

Alternate Mobile Processing Plant: A Minor Modification application, received 28 October 2009, was approved in November 2009, for use of a mobile processing plant as an alternative to the existing permitted static processing plant. The mobile processing plant, owned by Vincent Burrill of White City, Oregon, was not successful and was removed from the permitted site following termination of the lease with Mr. Burrill in late March 2010.

C. <u>Receiving Water Characteristics</u>

Groundwater in the general Project area has been reported at depths of approximately 100 feet below ground surface (bgs), and meets Division Profile I water quality reference values, except for slightly elevated values of total dissolved solids (TDS). There are no natural surface waters in the Project area, except for a small perennial spring, located approximately 500 feet upgradient of the processing facility. This spring has been boxed in and provides the water supply for a small house located on the property. Water also emanates from the portal of an adit, located upgradient of the processing facility, which may have once provided access to the historic Sweet Mine. This adit water was used as make-up water for the beneficiation process until it was deemed a back-up source of make-up water as part of a Minor Modification to the Permit approved 06 November 2003. Water from the adit (monitoring point WS-A in the Permit) meets Division Profile I water quality reference values except for slightly elevated levels of TDS (1,200+ mg/L).

A Minor Modification to the Permit, approved November 2003, included a change in the primary process make-up water source from the mine adit outflow to State permitted water well #58321. The well is located in the SW ¼ of Section 34, Township 33 North, Range 36 East, MDB&M, approximately 4 miles west-southwest and downgradient of the processing facility. Well #58321 was drilled in 1960, to a completion depth of 500 feet and set with 12-inch diameter steel casing. The static water level in the well occurs at 430 feet bgs. Water from the well (monitoring point WS-1 in the Permit) meets Division Profile I water quality reference values, except for exceedances for aluminum (0.92 mg/L), iron (1.4 mg/L), and manganese (0.11 mg/L). The potential for degradation of groundwater at the site as a result of using make-up water with these naturally elevated concentrations is considered low.

In July 2013, the Permittee completed a new on-site water supply well State Permit #82187 (monitoring point WS-2) installed just south of the processing plant and east of Settling Pond #1. The well is drilled to 260 feet and screened from 160 feet to 260 feet bgs. The static water depth was at 40 feet as reported by the driller. The initial Profile I analysis indicates that the water meets Profile I reference values for all parameters with minor exceedances for iron (0.86 mg/L) and manganese (0.18 mg/L).

D. <u>Procedures for Public Comment</u>

The Notice of the Division's intent to renew a Permit authorizing the facility to construct, operate and close, subject to the conditions within the Permit, is being sent to the **Lovelock Review-Miner** for publication. The Notice is being mailed to interested persons on the mailing list maintained by the Division's Bureau of Mining Regulation and Reclamation. Anyone wishing to comment on the proposed Permit can do so in writing within a period of 30 days following the date of public notice. The comment period can be extended at the discretion of the Administrator. All written comments received during the comment period will be retained and considered in the final determination.

A public hearing on the proposed determination can be requested by the applicant, any affected State, any affected intrastate agency, or any interested agency, person or group of persons. The request must be filed within the comment period and must indicate the interest of the person filing the request and the reasons why a hearing is warranted.

Any public hearing determined by the Administrator to be held must be conducted in the geographical area of the proposed discharge or any other area the Administrator determines to be appropriate. All public hearings must be conducted in accordance with NAC 445A.403 through NAC 445A.406.

E. <u>Proposed Determination</u>

The Division has made the tentative determination to issue the renewed Permit.

F. <u>Proposed Limitations, Schedule of Compliance, Monitoring, Special</u> <u>Conditions</u>

See Section I of the Permit.

G. <u>Rationale for Permit Requirements</u>

The facility is located in an area where annual evaporation is greater than annual precipitation. Therefore, it must operate under a standard of performance which authorizes no discharge(s) except for those accumulations resulting from a storm event beyond that required by design for containment.

The primary method for identification of escaping process solution will be placed on required routine monitoring of downgradient monitoring wells and surface water as well as periodic Division inspections. Specific monitoring requirements can be found in the Water Pollution Control Permit.

H. Federal Migratory Bird Treaty Act

Under the Federal Migratory Bird Treaty Act, 16 U.S. Code 701-718, it is unlawful to kill migratory birds without license or permit, and no permits are issued to take migratory birds using toxic ponds. The Federal list of migratory birds (50 Code of Federal Regulations 10, 15 April 1985) includes nearly every bird species found in the State of Nevada. The U.S. Fish and Wildlife Service is authorized to enforce the prevention of migratory bird mortalities at ponds and tailings impoundments. Compliance with State permits may not be adequate to ensure protection of migratory birds for compliance with provisions of Federal statutes to protect wildlife.

Open waters attract migratory waterfowl and other avian species. High mortality rates of birds have resulted from contact with toxic ponds at operations utilizing toxic substances. The Service is aware of two approaches that are available to prevent migratory bird mortality: 1) physical isolation of toxic water bodies through barriers (e.g., by covering with netting), and 2) chemical detoxification. These approaches may be facilitated by minimizing the extent of the toxic water. Methods which attempt to make uncovered ponds unattractive to wildlife are not always effective. Contact the U.S. Fish and Wildlife Service at 1340 Financial Boulevard, Suite 234, Reno, Nevada 89502-7147, (775) 861-6300, for additional information.

Prepared by:Joe SawyerDate:29 May, 2015Revision 00:Renewal 2015, effective Day Month 2015