

FACT SHEET

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

Permittee Name: **Kona Gold, LLC**

Project Name: **Columbia Mine Project**

Permit Number: **NEV2011112**
Review Type/Year/Revision: **New 2015, Fact Sheet Revision 00**

A. Location and General Description

Introduction: The Columbia Mine Project is a mining and physical separation project intended to process gold and silver ore from two (2) patented mining claims and from an existing 2,500-ton ore stockpile from previous mining activity. Kona Gold, LLC (Permittee) will process 36,500 tons of ore per year.

Location: The Columbia Mine ore processing facility, patented claims, and historical ore stockpile are located on private lands in the unincorporated community of Mound House, Lyon County, in Sections 20 and 31, Township 16 North, Range 21 East Mount Diablo Baseline and Meridian. The physical separation process facility is located on a private 1.33-acre lot at 62 Laxalt Drive. The two (2) patented claims (Columbia Claim and Columbia South Extension Claim) are located along the west side of State Route 341 approximately one (1) mile north of Highway 50 and less than one (1) mile east of the process facility. The historical ore stockpile is located on a private lot at 64 Newman Lane approximately two (2) miles south of the process facility.

General Description: Approximately 2,500 tons of material from the existing stockpile at 64 Newman Lane will be transported and stockpiled at the process facility located at 63 Laxalt Drive. The existing stockpiled material will be processed prior to mining material from the Columbia Claims. Material from the Columbia Claims will be transported approximately 1.5 miles to the processing facility. No processing will be accomplished at the claim and at the Newman Lane sites. The Permittee will utilize physical separation methods (jaw crusher, ball mill, magnetic separator, and vibrating tables) to extract gold and silver from ore excavated from the two (2) patented claims and from the historical stockpile. No chemicals (other than Division-approved flocculants) will be permitted for use in the process. The facility is designed and constructed to not release or discharge any process or non-process contaminants from the fluid management system that would result in degradation of waters of the State during operation and closure.

B. Synopsis

Site History

In 2010, approximately 5,000 tons of ore was mined from the Columbia Claims and hauled to 65 Newman Lane by previous claim holders. Approximately 2,500 tons of the mined ore remained at the 65 Newman Lane property until the Permittee purchased and relocated the ore to the 64 Newman Lane property.

Geology

The Columbia claims lie along the southern projection of the Silver City Fault. This structure was mined extensively near the main part of the Silver City district located between one (1) to two (2) miles north of the claims. The Silver City Fault merges with the Comstock Lode an additional two (2) miles to the north.

The Silver City Fault trends south-southwest and separates a silica crystal lithic tuff to the west. This structure is marked by several sub-parallel zones of silicification and gold quartz veining. In the 1800's, these gold quartz vein zones were the main producers in the Silver City district immediately to the north.

Material Characterization

The Permittee intends to construct and operate a small physical separation facility to gravity concentrate precious metals at the Columbia Mine process facility. Meteoric Water Mobility Procedure (MWMP)-Profile I analyses were performed on three (3) samples from the 2,500-ton existing ore stockpile material to determine the potential for release of chemical constituents. One (1) of the stockpile samples from the MWMP characterization analysis returned elevated levels of antimony and arsenic above the Division Profile I reference values. Antimony levels were tested at 0.010 milligrams per liter (mg/L) and arsenic levels were tested at 0.26 mg/L. The MWMP test results also show that pH values are within the required reference value range. MWMP analysis of the proposed pit material located at the Columbia Claim and the Columbia South Extension Claim will be performed prior to mining activities at the claim sites.

Mining Plan

The Columbia Mine will consist of processing ore from the existing ore stockpile located on Newman Lane and from existing waste dumps and open pit mining of new ore from the Columbia claims. The ore will be crushed to minus-40 mesh followed by magnetic and gravity separation at the process facility.

Processing of ore will be completed in two (2) phases. The Permittee will confirm the ore processing method during the first phase utilizing material from the 2,500-ton existing ore stockpile and from existing waste dumps within the claims. The second phase includes mining of new ore utilizing conventional open pit mining methods within a 5-acre area of the Columbia Claim. The pit depth will not exceed 100 feet in depth below the original ground surface.

Mineral Processing

During the first phase of mining operations, ore from the existing stockpile and from the Columbia claims is hauled to an ore stockpile adjacent to the process facility prior to being loaded into the pan feeder that conveys ore into a jaw crusher. Crushed material is conveyed into a primary ore bin prior to being fed to the primary ball mill that grinds the ore to minus-40 mesh. Material larger than the minus-40 mesh is returned to the ball mill with the use of a trommel. The crushed material is then pumped to a magnetic separator to remove magnetite. The remaining ore passes over two (2) 4-foot by 8-foot vibrating tables operating in series. The remaining tailings are pumped to a sand screw located adjacent to the processing facility for dewatering. Excess water is pumped to three (3) on-site 7,000-gallon water tanks. The dewatered tailings are placed on a tailings stockpile drain pad that is sloped to drain excess moisture into a sump placed at the low end of the pad. A submersible pump will convey process water from the sump to the on-site water tanks.

A second process circuit, approved as part of the new Permit application, will be installed after the initial pan feeder and jaw crusher for the second phase of mining operations. The second process circuit includes a secondary ore bin that conveys ore to a horizontal impact crusher for secondary crushing. A concentrator, two (2) jigs, and three (3) vibrating tables are used for recovery. Excess material is passed through a disc filter system for dewatering and removal of fine sediments. Excess water is pumped back to the on-site tanks for reuse.

The remaining tailings are placed on the proposed tailings stockpile pad constructed with the first phase of mining operations. The tailings stockpile will be placed on a concrete pad with 4-foot high retaining walls on two (2) sides of the pad. The pad will be sloped to collect excess process water and meteoric water into a collection sump. Water in the collection sump will be pumped to the on-site tanks.

Approved Flocculants

Currently, no flocculants have been proposed or approved for use.

Water Supply

Make-up water for the Columbia Mine Project will be obtained from the on-site domestic water supply from Lyon County. During the first phase of mining operations, the water will be stored in three (3) 7,000-gallon water tanks at the process facility. The number of 7,000-gallon tanks will increase to seven (7) tanks when the second phase of mining operations begins. To reduce water usage, tailings will be dewatered and excess water will be recirculated to the water tanks. A water quality test result for the water supply indicates that it meets all Division Profile I reference values.

Closure / Reclamation

Closure will include placing excess tailings within the open pit concurrently during the open pit mining operations. The tailings placed within the open pit will be regraded to ensure public safety. The mine area will be reseeded with natural vegetation that is common to the area. All process equipment will be removed from the processing facility site. The existing stockpile pad at 64 Newman Lane will be regraded to match existing topography and seeded.

Ancillary Activities (Fuel and other Hydrocarbon Storage Areas)

Fuels will not be stored on site. Fuels will be transported on site as needed by a third party service.

Petroleum Containment

The Permittee is not authorized to dispose or treat Petroleum-Contaminated Soil (PCS) on the mine site without first obtaining from the Division approval of a PCS management plan.

Stormwater Controls

Diversion ditches will be placed to divert stormwater flows around mining areas, the processing facility, and the stockpiles.

C. Receiving Water Characteristics

No perennial surface waters exist within a two mile radius of the Columbia Mine process facility and the Columbia Claims. The Carson River is located approximately one (1) mile south of the existing ore stockpile at 64 Newman Lane. An intermittent stream which flows into the Carson River is located one-half (1/2) mile east of the Project.

An existing private well Nevada Division of Water Resources (NDWR) #23005 is located approximately 500 feet west of the process facility. The well is located at an elevation of approximately 4,830 ft above mean sea level (AMSL). The depth to water in the private well is 65 feet below ground surface (bgs). A second existing private well NDWR #91613 is located 800 feet east of the process facility at an elevation of approximately 4,800 ft AMSL, and the depth to water is 92 feet bgs. The ground surface elevation at the process facility site is approximately 4,820 ft AMSL. Therefore, groundwater at the process facility is estimated to be between 55 feet and 112 feet bgs.

An existing private well NDWR #95304 is located within the Columbia South Extension Claim. The well is located at an elevation of approximately 4,850 ft AMSL. The depth to water in the private well is 170 feet bgs. Therefore groundwater elevation is approximately 4,680 AMSL in the mining area.

D. Procedures for Public Comment

The Notice of the Division's intent to issue a Permit authorizing the facility to construct, operate, and close, subject to the conditions within the Permit, is being sent to the **Nevada Appeal** for publication. The Notice is being mailed to interested persons on the Bureau of Mining Regulation and Reclamation mailing list. 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. Proposed Determination

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

F. Proposed Limitations, Schedule of Compliance, Monitoring, Special Conditions

See Section I of the Permit.

G. Rationale for Permit Requirements

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 the sump systems located at the process facility. 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: Phil Migliore, P.E.

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Revision 00: New Permit;