

FACT SHEET
(Pursuant to NAC 445A.401)

Permittee Name: Nevada Milling and Mining, LLC.

Facility Name: Coyote Mine

Permit Number: NEV0094113 (2009 Renewal, Rev.03, Major Modification)
Fact Sheet Revision 03, Major Modification

A. Location and General Description of Facility

Location: The Coyote Mine is a small-scale mining and gravity separation operation located on approximately 38 acres of private patented lode claims (owned by Nevada Milling and Mining, LLC), 24 acres of mill site claims (patents pending), and several acres of unpatented lode and placer claims on land administered by the BLM Southern Nevada District-Red Rock/Sloan Field Office. The mine is located approximately 1.5 miles north of the town of Searchlight, in Clark County, Nevada, within portions of Sections 14, 15, 22, and 23, Township 28 South, Range 63 East, Mount Diablo Baseline and Meridian (MDB&M), in the historic Searchlight Mining District.

Site Access: To access the Coyote Mine, proceed on US Highway-95, 1.5 miles north of Searchlight. The mine entrance is located on the west side of the highway.

Characteristics: The existing permitted facility will use physical separation to extract gold from colluvial material. Chemicals are not approved for use in the gold recovery process and make-up water will be obtained from an existing well located on site. The facility is designed and constructed to operate and close without any discharge or release from the fluid management system in excess of those standards established in regulation except for meteorological events which exceed the design storm event. The Coyote Mine project site is located in an area of significant historical disturbance; however the amount of new disturbance will be less than five (5) acres at any given time.

The Permittee is authorized to process up to 36,499 tons of ore annually and will reclaim all new disturbances concurrent with their mining activities. The recovered gold is collected and transported to an off-site permitted facility for refining.

B. Synopsis

Background: Gold and silver were first discovered in the Searchlight Mining District during the 1890's; however mining activity was short lived. Of the several mines developed in the District, only two, the Duplex and Quartette, showed any appreciable production. By 1910,

production had peaked and within a few years, mining activity within the District had ceased. Attempts were made during the 1930's to rework the high-grade tailings via flotation; however this was met with little success. The district is now a major supplier of decorative landscape rock for the Las Vegas-Henderson metropolitan area.

Permitting History: Water Pollution Control Permit (WPCP) NEV0094113 was first issued to Coyote Mines, Inc. (Sanford and Marilyn Shuler) on June 1, 1995 for a physical separation facility located at the Coyote Mine. The mine had been in the Shuler family since the late 1890's. A Major Modification effective September 3, 1999 authorized construction of a cyanide heap leach pad, pregnant solution pond, and a process facility for gold recovery. These were never constructed.

The 2004 Renewal (effective December 23, 2004) included several Schedule of Compliance (SOC) items regarding the design, construction, operation and closure of the heap leach pad, pregnant solution pond and gold recovery facility. The 2009 WPCP Renewal (effective September 19, 2009) removed all previously authorized chemical processing components (heap leach pad, pregnant solution pond and gold recovery facility) from the Permit. As a result, Coyote Mine reverted back from a chemical process facility to a physical separation facility.

In early 2012, the Coyote Mine was sold to Nevada Milling and Mining, LLC. The Permit was subsequently transferred to the new Permittee on August 15, 2012. The new Permittee understands that any change in future operating plans resulting in the use of chemicals at the Coyote Mine site will require a Major Modification to their WPCP.

A Major Modification (submitted August 14, 2012, Notice of Decision Month XX, 2012) authorized an increase in the annual process rate from 18,249 to 36,499 tons per year.

Mining: The Coyote Mine is comprised of a shallow pit, historic stockpiles, and three historic underground shafts: "Fault", "Coyote", and "Frederick", all located on patented land. Since the mine was first permitted in 1995, mining and processing activity has been minimal with only a small quantity of ore removed for gravity testing purposes. The new Permittee intends to initiate underground exploration with the goal of returning to active mining within the fourth quarter of 2012 and processing by the first quarter of 2013.

An Engineering Design Change (EDC) approved August 15, 2012, authorizes the Permittee to rehabilitate the Fault and Coyote shafts and their associated underground workings in an effort to bring them into compliance with current mine safety standards. The Permittee is currently in the process of evaluating and delineating ore reserves at the Coyote Mine based on historical mining, underground chip sampling and mapping, and reviewing old drill data in an effort to initiate new drilling during 2012. The unique nature of the ore body, ore grades and vein thicknesses variation has necessitated additional underground bulk sample collection.

The EDC included the following:

- Rehabilitation and reequipping the Fault Shaft,
- Rehabilitation one or more “open” levels underground, and
- Rehabilitation and reequipping the Coyote shaft for air circulation and escape routing.

The existing underground workings are in relatively good condition; however they were designed for narrow rail only and require upgrading. They are lined throughout with waste rock along nearly every side and many of the stopes are full of muck. Sampling indicates both materials are low-grade ore at today’s prices. All previous workings and operations pursuant to the EDC will remain above the water table.

The current plan for the remainder of 2012 year is to obtain bulk sample material (fresh ore) by drifting “on-vein” for off-site gravity separation. Approximately 1,000 tons of ore will be mined, requiring the above rehabilitation and removal of considerable amounts of waste rock and muck, estimated between 3,000 and 6,000 tons, and to make the underground workings safe. The stockpiled waste rock and muck will be used to operate and optimize the gravity circuit, presently scheduled for 2013.

Mineral Processing: In its current configuration, the Coyote Mine utilizes a 100 ton per day gravity separation circuit for gold recovery. Make-up water for the beneficiation and recovery operations is obtained from Nevada Division of Water Resources (NDWR) Well Log #75684 located approximately 300 feet north of the Coyote Mine gravity plant. Water is pumped to two, 10,000 gallon holding tanks (e.g., Constant Head Tank or CHT) to provide a continuous and uninterrupted flow of water for use downstream in the gravity concentration process. Make-up water requirements for the entire operation are estimated at 48,000 gallons per day. Refer to Part C., “*Receiving Water Characteristics*”, for additional details.

Ore from the underground development is transported by truck to the un-lined stockpile area for feeding to the portable jaw crusher and vibrating screen where it is crushed to 100-percent passing, minus 3/8-inch and conveyed to an ore bin. Discharge from the ore bin is conveyed to a ball mill circuit comprised of a primary and re-grind ball mill for further size reduction to 100-percent passing, minus 100-mesh.

The 100-mesh material is conveyed to a Knelson Concentrator and then discharged onto a Deister Concentrating Table to produce concentrate, middling, and tailing fractions. The concentrate and middling fractions are further concentrated using a Goldtron™ Table, to produce a final concentrate for shipment offsite for refining into gold doré.

Gravity circuit tailings are combined and then dewatered using cyclones. The overflow cyclone product (slimes) is conveyed to a 100 foot by 100 foot 60-mil, high-density polyethylene (HDPE)-lined Slimes Pond for additional solids settling, the cyclone underflow (coarse product/slimes) are dried and returned underground for use as backfill. Decant from the Slimes Pond is polished further through a pair of 75 foot by 75 foot, 60-mil HDPE-lined

Recirculating/Reclaim Water Ponds. All reclaim water is pumped back to the gravity circuit for use as make-up water. The settled solids are removed from the ponds, dried and used as underground backfill.

Waste Rock Disposal: Historic characterization results indicate that the Coyote ore, waste rock, and gravity circuit tailings are non-Potentially Acid Generating (non-PAG). Since a significant portion of the Permittee work will first focus on underground exploration, mine rehabilitation, and development of areas previously untouched by mining, the Division will require quarterly meteoric water mobility procedure (MWMP)-Profile I and acid neutralization potential/acid generation potential (ANP/AGP) characterization of the ore, waste rock, gravity circuit tailings, and pond slimes will be required for at least four (4) quarters. Depending on the results after four (4) quarters of monitoring data, the monitoring and frequency may be revised accordingly upon application by the Permittee.

The Permittee intends to utilize non-PAG waste rock and gravity reject material as underground backfill. A detailed disposal plan outlining waste rock monitoring and analysis was included with the 2009 WPCP Renewal submittal and the 2012 Major Modification. The previous Permittee did provide, on occasion, some of the more aesthetically unique and colorful waste rock to a local landscape contractor for use as decorative rock in the Las Vegas-Henderson metropolitan area.

C. Receiving Water Characteristics

The Coyote Mine is located in the Searchlight Mining District, which lies in a range of hills known as the Opal Mountains. No potable water wells exist within a five mile radius of the facility and no perennial surface waters exist within a one-mile radius of the facility. The hydrologic gradient at the Coyote Mines property is toward the west.

Water for the Coyote Mine was initially obtained from NDWR Well Log#55280, located 20 feet east of the mill building. The well was completed in 1983 to a depth of 350 feet below ground surface (ft bgs) and until 2002, maintained a static water level of approximately 175 ft bgs. Analyses of the water from this well showed that the water met all Profile I reference values with the exception of nitrate, which slightly exceeded the 10 mg/L Profile I reference value. The elevated nitrate concentration in groundwater is typical of the Searchlight area.

Water rights are held by the Permittee. An excessive withdrawal of water by the junior holder resulted in a significant drop in static water level and forced the Permittee to install a new, deeper well, NDWR Well #75684. The well is located approximately 300 feet north of NDWR Well #55280 and completed to a depth of 750 ft bgs. Analytical results indicate that the water extracted from Well #75684 meets all Profile I reference values with the exception of nitrate, which slightly exceeds the 10 mg/L Profile I reference value. A Profile I analysis of the water supply well is required annually.

The Permittee understands that any change in future operating plans resulting in the use of chemicals (e.g. cyanide heap leaching) at the Coyote Mine site will require the prior

installation of additional groundwater monitoring wells, both upgradient and downgradient, to establish baseline water quality and a Major Modification of the existing WPCP.

D. Procedures for Public Comment

The Notice of the Division's intent to issue this renewal of the permit, authorizing the facility to construct, operate, and close subject to the conditions contained within the permit, is being sent to the **Las Vegas Review-Journal** for publication. The notice is being mailed to interested persons on our mailing list. Anyone wishing to comment on the proposed renewal of the 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 facility 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 approve of the Major Modification of this existing permit.

F. Proposed Effluent Limitations, Schedule of Compliance and 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 excess accumulations, which are a result of a storm event beyond that required by design for containment.

The primary emphasis for identification of escaping process fluids are routine visual inspections of the process components and monitoring of the water supply well. Monitoring shall be in accordance with permit conditions.

H. Federal Migratory Bird Treaty Act

Under the Federal Migratory Bird Treaty Act, 16 U.S.C. 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 CFR 10, April 15, 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 (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: Rob Kuczynski, P.E.
Date: September 4, 2009
Fact Sheet Revision 00: Permit Renewal (2009) and Fact Sheet Update
(Permit Revision 00)

Prepared by: Rob Kuczynski, P.E.
Date: September 20, 2010
Fact Sheet Revision 01: Non-Fee Revision to correct annual processing rate from 18,500 tons to 18,249 tons in order for
(Permit Revision 01) Permittee to remain in lowest fee category and eliminate future confusion between Permittee and BMRR regarding the assessment of the Annual Review and Services Fee.

Prepared by: Rob Kuczynski, P.E.
Date: August 15, 2012
Fact Sheet Revision 02: EDC (submitted August 6, 2012) to refurbish underground workings and bring into MSHA compliance.
(Permit Revision 02) Change of Permittee from Coyote Mines, Inc. (Sanford and Marilyn Shuler) to Nevada Milling and Mining, LLC.

Prepared by: Rob Kuczynski, P.E.
Date: Month XX, 2012
Fact Sheet Revision 03: Major Modification (submitted August 14, 2012) to increase annual process rate from 18,249 to 36,499
(Permit Revision 03) tons and to correct gravity circuit components.