

FACT SHEET
(Pursuant to Nevada Administrative Code 445A.401)

Permittee Name: Searchlight Mining Company, LLC

Facility Name: Blossom Mine Project

Permit Number: NEV2012113 (2013 New Permit)

A. Location and General Description of Facility

Location: The Blossom Mine Project is a small-scale mining operation located on approximately 52 acres of private patented lode claims (Golden Garter, Independence, Blossom, and New Diamond). The Permittee is Searchlight Mining Company, LLC (SMC), a subsidiary of Nevada Milling and Mining, LLC (NMM). NMM owns and operates the Coyote Mine (Water Pollution Control Permit (WPCP) NEV0094113), which is adjacent to the Blossom Mine Project.

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 Blossom Mine Project, proceed on US Highway-95, 1.5 miles north of Searchlight. The mine is on the west side of the highway with access through the adjoining Coyote Mine.

Characteristics: The Blossom Mine Project is a shallow, open pit/underground exploration and mining operation with an ore mining rate of no more than 36,499 tons per year. No processing is performed on site and all ore mined is transported by truck or front-end-loader to the adjoining Coyote Mine for concentration via gravity separation. The recovered gold is collected and transported to an off-site permitted facility for refining. Pursuant to the purchase agreement between the former Blossom Mine claim holder and NMM, the Blossom Mine ore will be processed separately from the Coyote ore and any waste rock and tailings generated during mining and processing of the Blossom material will not be comingled with the Coyote material but stored separately at the Coyote site.

Any necessary 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 Blossom Mine Project and adjacent Coyote Mine are located in an area of significant historical disturbance; however the amount of new disturbance from the Blossom Mine Project will be less than five

(5) acres at any given time. The Permittee will reclaim all new disturbances concurrent with their mining activities.

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, the Duplex and Quartette mines south and west of Searchlight were the largest producers. By 1910, production in the District had peaked and within a few years, mining activity within the District had ceased although there is evidence to suggest that the Blossom Mine operated intermittently well into the 1950's.

As is typical of other historical operations, the Blossom Mine is characterized by a confusing and often colorful trail of owners and operators, water right disputes between neighbors, and unresolved zoning disputes. More recently, the mine was operated by Startel Inc., to supply sand, gravel, and decorative landscape rock for the Las Vegas-Henderson metropolitan area. In early 2012, Searchlight Mining Company, LLC (a subsidiary of Nevada Milling and Mining, LLC) purchased the four patented lode claims (Golden Garter, Independence, Blossom, and New Diamond) associated with the Blossom Mine from Startel Inc. and formally applied to BMRR for a Permit.

Geology/Hydrology/Lithology: The Searchlight mining district is located in the Opal Mountains. These mountains consist mainly of quartz monzonite, andesites and rhyolite. The area has undergone considerable folding and faulting making mapping an interpretative exercise at best. Joint sets and faulting are relatively deep dipping near the higher elevations, although they tend to flatten at the lower elevations. This appears to have had some control on the mineralization.

Veins in the mining blocks vary in thickness, dip and grade dramatically. The veins occur as micro-veins, horsetails, and thick and blocky veins in some areas. Mineralization study results to date indicate gold tends to follow the quartz with wall rock being nearly void of any gold mineralization. Heavy iron staining is observed in the better mineralization. Only trace amount of sulfides or copper staining have been observed, almost all of which have decomposed through oxidation processes. Veins mapped to date dip outward from the "Blossom Blanket" at shallow angles but are interrupted by faults creating a stair-step effect with dips increasing for short distances then lying flat again.

Only trace amounts of water have been observed in fault shears above the 220 foot elevation level within the historic Blossom Mine underground operation. Where the shears have seen water, clays have crumbled and shifted making further access unsafe until permanent rehabilitation has taken place. All of the adjacent Coyote Mine workings accessed to date are above the water table, which seems to have controlled earlier mining operations.

No naturally occurring surface water exists within a one mile radius. Coyote Mines Inc. built a recirculation pond for their milling operations, which remains intact and sealed to this date.

This remains the only “standing water” in the area and is planned to be used as a well control pond feeding (via centrifugal pumps) to the proposed mill site.

Groundwater is present in the area ranges from approximately 175 feet below ground surface at the Coyote site to greater than 350 feet below ground surface at the Blossom Mine site. The lithological units present are not those of a “hosting nature” but rather that of a pathway nature. Major units of quartz monzonite and andesite generally allow water to migrate along fractures and faults only. No known permeable lithological unit has been identified in the area of concern nor at depths to be impacted.

Quarterly monitoring data for the adjacent Coyote Mine indicates a water table fluctuation between 20 and 40 feet apparently from activities associated with the Startel Inc. operation and the fruit tree irrigation system operated by the previous Permittee for the Coyote Mine. Based on hydrological and lithological study results from the Blossom-Coyote site, the aquifer hosting the water supply at the mine is not connected to the aquifer supplying the town of Searchlight and the Blossom and Coyote mines appear to share the same aquifer.

Mining and Rehabilitation: The Permittee plans to develop a relatively small open pit to mine very shallow ore which occurs as an outcropping. The pit will be approximately 350 feet in diameter incorporating a 12.5 foot bench height and 25 foot horizontal bench surface. This will provide for a 45 degree angle of repose against each bench highwall. In pit drainage will be designed into the bench platforms leading it down to collection sump at pit bottom and as the pit progresses. High-density polyethylene (HDPE) piping and a pump system will be utilized to convey pit dewatering water to the surface if any is encountered.

Open pit mining will most likely be done via contract mining as since there is neither enough volume nor time to properly amortize a surface mining equipment fleet. The contractor will provide truck haulage sufficient to move ore from the pit to the mill site areas. Blasting will be done on a single shift program during daylight hours. Dust control will be accomplished via a water truck throughout the site. Production levels are relatively small; therefore there should not be much traffic throughout the site or at the mill.

No underground mining will occur during pit excavation. Ore will be trucked to the mill site on existing roads from the rim of the pit. Non-Potentially Acid Generating (PAG) waste rock will be placed along the downhill side of the Blossom Pit perimeter to the northwest. The entire underground area has had considerable mining from previous operations with most of the development undocumented. Therefore, it is anticipated that a considerable amount of “void” space will be found during pit development. A shallow reverse-circulation (RC) drilling program will be utilized to further define the extent of the historic underground operations.

Once all pit excavation is completed, the Permittee plans to rehabilitate the Blossom Shaft (located within the Blossom Mine Project footprint) and the Fault and Coyote shafts (located within the Coyote Mine footprint) initially for the purpose of developing necessary ventilation and escape routes for the underground exploration and mining operations and a

means to remove ore and waste rock. Recent assessment of the existing underground development shows no significant volumes of water entering any shaft. The current plan is to open all workings to a minimum eight foot by eight foot cross section. Rock bolting, plates, straps, wire panels and shotcrete will be utilized to guarantee safety for personnel and equipment. This work is expected to be performed on two working levels within the existing underground workings. These adits and stopes are partially backfilled with waste rock, which based on recent characterization, represents a low-grade ore source at current gold prices.

Once rehabilitation is completed, the initial phases of the mine plan will provide the Permittee with critical mine planning information, grade control basis, dilution control parameters and vein orientation/size data. A considerable amount of the underground workings are still accessible and as a result, the Permittee will perform additional sampling and mapping of these areas to develop an ore deposit model.

During 2013, the Permittee intends to conduct a 2-phase drilling program. The Phase 1 program will drill Blossom Hill to determine the extent of previous workings, geology, structure and grade. The Phase 2 Program will involve drilling a combination of core and RC holes, throughout the other Startel claims recently acquired as data is very limited. This program is to expand the present data base and possibly the ore reserve.

When the Blossom Mine Project returns to full-time underground operations in late 2013, mine advance will be performed utilizing jack-leg drills and a single jumbo drill. Blasting is expected to be relatively small scale, short in duration, but frequent (typically 1-2 per shift) to maintain grade control. Multiple ore faces will have to be open at any one time to maintain production levels. High-capacity ventilation will be required to move mine dust from the blasting faces. Initial movement of ore starts at the face, via slushers to a main haulage tunnel where an underground mining load-haul-dump (LHD) loader will pick-up the material and carry it to an ore pocket for hoisting (or conveying) to the surface.

Once the ore reaches the surface, it will be loaded in dump truck and hauled on existing roads to the Coyote stockpile area for feeding into a hopper/conveyor to the primary crusher. The gravity separation and gold recovery process is discussed in greater detail in the Coyote Mine (WPCP NEV0094113) Fact Sheet. Currently, there are no plans to construct a mill facility at the Blossom Mine Project site.

Existing Stockpiles: Several historic ore, waste rock, and tailings stockpiles remain at the Blossom site. All material has been characterized and has been determined to be non-PAG. The ore will be processed early in the operation of the Coyote Mill in an effort to “tune” the mill and the tailings will be removed and used as reclamation material in areas of historic disturbance at the Blossom site. At no time will the Blossom and Coyote ore, waste rock, or tailings material be comingled. Characterization results for the material indicate that it’s non-PAG. Characterization results for the alluvial material present at both the Blossom and Coyote sites indicate the material to be essentially the same as the ore and waste rock and are

also non-PAG in nature. Little to no soil as such exists, as the area appears to contain mostly sand, gravel and some fine silt.

Waste Rock Management: Mining is expected to generate little to no waste rock initially as nearly all of the material removed is destined for processing in the Coyote Mill. Present underground openings and the removal of existing gob and muck will facilitate large space for a minimal amount of waste rock to be stored underground. Once underground void spaces are filled, waste rock will be stored on the surface for future back-filling upon mine closure both underground and surface disturbed areas. At a maximum projected mine rate of 100 tons per day of ore and waste, only small amounts of waste rock are foreseen to be generated. The Blossom and Coyote waste rock will not be comingled.

Fluid Management: There are no ponds or any other fluid collection/storage devices associated with the Blossom Mine Project. Any water encountered during the underground development will be pumped to the surface through a HDPE pipe to an oil/water separator. The water will then be pumped through an HDPE pipe to the Coyote Mill water storage reservoir for use as make-up water. The Coyote Fluid Management System and associated containment is discussed in greater detail in the Coyote Mine (WPCP NEV0094113) Fact Sheet.

Ancillary Operations: All fuel, oil, and lubricant storage and dispensing is performed at the adjoining Coyote Mine site and is described in the Coyote Mine (WPCP NEV0094113) Fact Sheet. Removal and remediation of any petroleum contaminated soils (PCS) will be performed pursuant to the Division's regulatory requirements. Any PCS generated will be transported to a licensed commercial Subtitle D disposal facility.

Stormwater Diversion Structures: US Highway-95 acts as a natural diversion to divert stormwater away from the Blossom and Coyote mine sites. Stormwater directly impacting the site will be controlled through a series of diversions around the Blossom Pit and any stockpile areas and allowed to flow out onto the flats.

C. Receiving Water Characteristics

The Blossom Mine Project and adjoining Coyote Mine are 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 for the Blossom and Coyote properties is toward the west. Static groundwater elevation beneath the Blossom and Coyote mine sites ranges from greater than 350 feet below ground surface at the Blossom site to as shallow as 175 feet below ground surface on the eastern side of the Coyote site. Groundwater meets all Profile I reference values with the exception of nitrate, which slightly exceeds the 10 mg/L Profile I reference value. The elevated nitrate concentration in groundwater is found throughout the Searchlight area. As stated previously, any groundwater encountered during exploration and mining will be pumped to the Coyote site for use as mill make-up water.

Upgradient groundwater monitoring for the Blossom Mine project will be provided by the MW-1 (referred to as the “350 Well”, NDWR Well Log#55280). Downgradient water quality monitoring will be provided by monitoring well MW-1, located south of the Blossom Project site and southwest of the Coyote Mine Project site.

The Permittee is aware that any change in future operating plans such as the construction of a dedicated process facility and use of chemicals (e.g. cyanide heap leaching) at the Blossom 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 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 the New 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.

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Date: Month XX, 2013
Fact Sheet Revision 00: New Permit (2013) and Fact Sheet.
(Permit Revision 00)