

FACT SHEET
(Pursuant to NAC 445A.401)

Permittee Name: Nevada Milling and Mining, LLC
Facility Name: Coyote-Blossom Mine Project
Permit Number: NEV0094113 (2014 Renewal, Rev.00)

A. Location and General Description of Facility

Location: The Coyote-Blossom Mine Project (CBMP) is a mining and gravity separation operation 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. The CBMP is comprised of 90 acres of private patented lode claims 24 acres of mill site claims, and several acres of unpatented lode and placer claims on land administered by the BLM Southern Nevada District-Red Rock/Sloan Field Office.

Nevada Mining and Milling, LLC (NMM) is the Permittee for the CBMP. Prior to the 2014 Permit renewal, the Permittee operated an exploration project, the Blossom Mine Project (Water pollution Control Permit [WPCP] NEV2012113), adjacent to the Coyote site. The 2014 renewal incorporates the Blossom Mine Project with the Coyote Mine Project to be consistent with Nevada Division of Environmental Protection-Bureau of Mining Regulation and Reclamation (the Division) Reclamation Permit 0358 which permitted the Coyote and Blossom mine projects as one project. Upon issuance of the 2014 Permit renewal, WPCP NEV2012113 was terminated.

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

Characteristics: The CBMP is a shallow, open pit/underground exploration and mining operation with a permitted ore processing rate of up to 150,000 tons per year using gravity separation methods at the CBMP Mill. Chemicals are not authorized for use in any facet of ore processing and any gold recovered gold is collected and transported to an off-site permitted facility for refining.

All make-up water is obtained from an existing well located on the CBMP site. The facilities are 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 CBMP is located in an area of significant historical disturbance; however the amount of new disturbance during the five to eight-year life of the project is expected to be less than 25 acres. Pursuant to the

Permittee's closure and reclamation plan, all new disturbances will be reclaimed concurrently as mining progresses.

B. Synopsis

Background/History: Historical records indicate that precious and base metal prospecting in the present-day Searchlight Mining District can be traced as far back as the 1850s. In the early 1890s, the first gold discoveries were made in the District and in 1897 a significant ore body was identified at a site which would later become the Duplex Mine. In July 1898, the Searchlight Mining District was officially organized.

Gold, silver, and base metals were mined at several sites within the District throughout the next decade, however, only two mines, the Duplex and Quartette, generated any appreciable production. By 1916, metal production had peaked and within the next few years, most mining activity within the District had ceased although both the Duplex and Quartette operated intermittently well into the 1940s.

In the early 1930s, a custom mill, flotation, and cyanidation plant (e.g. the Kelsey Mill) was constructed in the town of Searchlight in an attempt to reprocess the high-grade tailings scattered across the area; however this was met with little success. Currently, there has been a renewed interest in gold and silver exploration activity within the District and a WPCP application was recently submitted to the Division in an attempt to re-open and operate the historic Quartette Mine.

Since the early 1960s, the District has become a major supplier of decorative landscape rock and minor supplier of perlite to the Las Vegas-Henderson metropolitan area.

The Coyote mine and associated claims were family-owned by the Shuler family and pre-date the organization of the Searchlight Mining District. Coyote was first permitted by the Nevada Division of Environmental Protection-Bureau of Mining Regulation and Reclamation (the Division) in 1995 as a physical separation facility. A Major Modification effective 3 September 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 23 December 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 19 September 2009) removed all previously authorized chemical processing components (heap leach pad, pregnant solution pond and gold recovery facility) from the Permit and the Coyote Mine reverted back to a physical separation facility.

In late 2011, the Shuler family sold the Coyote Mine and all associated claims to Nevada Milling and Mining, LLC. The Permit was subsequently transferred to the new Permittee on 15 August 2012. Since the Permit transfer, the new Permittee has been actively rehabilitating the underground workings, upgrading the mill facility, and has constructed new ponds.

The Blossom Mine and associated claims were purchased by the Permittee in 2012 from Startel, Inc. (Startel), a supplier of sand, gravel, and decorative landscape rock. As part of the purchase agreement between Startel and the Permittee, any Blossom gold ore mined would be processed separately from the Coyote ore. Waste rock and gravity circuit sediments generated would not be comingled with the Coyote material but temporarily stored at the Coyote site for eventual return to Startel and sold to local landscapers. This agreement has since expired and now any waste rock and sediments generated at the CBMP are intended to be used as cemented underground backfill.

Geology: The CBMP is located in the southern portion of the Opal Mountains within a group of hills on the east side of Piute Valley and west side of Eldorado Valley. Rock types consist mainly of quartz monzonite, andesite, and rhyolite and the area has undergone significant folding and faulting. Joint sets and faulting are relatively steep, dipping near the higher elevations, although they tend to flatten as the topography flattens. This appears to have had some control on the mineralization. The lithological units present are not those of a “hosting” nature, but rather, those 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 or at depths to be impacted.

Ore veins in the mining blocks vary dramatically in thickness, dip, and grade. Mineralization follows quartz and wall rock and is barren. Heavy iron staining is observed in the better mineralization with trace amounts of sulfide or copper staining observed, most of which is oxidized.

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 becoming flat again. Only a trace amount of water has been observed above the 260-foot (depth from surface) level which made the fault shears moist. There is no running water or evidence thereof. Within the underground workings where the shears have been wetted, clay has crumbled and shifted making access unsafe until permanent rehabilitation has taken place. The entire mine’s underground workings accessed to date are above the water table.

Ore and Waste Rock Characterization: To date, characterization results indicate that the CBMP ore, waste rock, historic stockpiled material, and gravity circuit discharge tailings are non-Potentially Acid Generating (non-PAG). Since a significant portion of the CBMP focuses on underground exploration, mine rehabilitation, mine development, and the utilization waste material as underground paste backfill, the Division will continue to require quarterly meteoric water mobility procedure (MWMP)-Profile I and acid neutralization potential/acid generation potential (ANP/AGP) characterization for ore, waste rock, gravity circuit discharge tailings, and pond slimes/sediments generated and collected.

A detailed waste rock management plan (WRMP) outlining waste rock monitoring, analysis, and past backfilling was included with the 2009 WPCP Renewal submittal and updated with the 2012 Major Modification. In the unlikely event PAG material is encountered, it will be

segregated, encapsulated, and permanently placed in an above ground waste rock disposal area. Refer to the sub-section **Paste Backfill** for additional details.

Mining: The CBMP is comprised of shallow pits, historic stockpiles, four historic underground shafts (“Fault”, “Coyote”, “Frederick”, and “Blossom”) and one new “Vein Runner Decline”, all located on patented land. The Vein Runner Portal and Decline, constructed by the Permittee during 2013, serves as the primary access point to the underground workings. The Blossom and Fault shafts were recently rehabilitated for use as emergency evacuation routes and provide excellent ventilation. During the shaft rehabilitation, no water was observed entering any of the shafts.

The Permittee initially planned to expand and deepen the pits for extraction of the easily accessible shallow ore. The Permittee has since revised the CBMP mine plan and will now focus exclusively on underground mining.

Underground ore will be mined, transported on the surface to a distance of 1,800 feet to the milling operation area located on the Coyote side of the CBMP with processing accomplished by gravity separation methods. Refer to the sub-section **Mineral Processing** for additional details.

Mine advance will be made utilizing jack-leg drills and a regulated and approved blasting plan. Blasts are relatively short and frequent (1-6 per shift) to maintain grade control. Multiple headings have to be maintained at any one time to sustain economic production levels. Ore is extracted by a Load-Haul-Dump (LHD) vehicle and transported to the surface through the Vein Runner Portal. Once ore reaches the surface, it will be directly loaded into dump trucks and hauled on existing roads to the Stockpile.

High-volume ventilation is required to mitigate mine dust and errant gasses, and to maintain proper oxygen levels. Roads will see minimal wear and tear as the operation is relatively small and present roads have been well constructed. A water truck and/or trailer will periodically moisten the road surface as required for dust suppression.

At an initial mine production rate of 200 tons per day (tpd) and with care taken to avoid excessive dilution, only small amounts of waste rock are anticipated. Initial mine development generated minimal waste rock as mining called for running 100 percent of material being excavated. Present underground openings and the removal of existing rock and muck have created sufficient space for the permanent placement of waste rock as underground backfill. The permittee intends to process all rock and muck as low-grade ore. Once underground void spaces are filled, waste rock is stored on the surface for future backfilling both underground and surface disturbance upon mine closure.

Paste Backfill: Gravity Circuit sediments that are non-PAG are briefly stockpiled prior to re-use as underground backfill to fill voids. Certain voids will be filled with non-cement backfill when structural support is not necessary. In areas where structural support is needed, cement paste backfill will be utilized for structural bulkheads, pillars, and seals.

Cement backfill will be prepared both above ground and partly below ground when appropriate. Above ground, backfill will be mixed at the cement mixing area.

Cement backfill is expected to be used for 10 to 20 percent of the backfill operations. At a daily operational throughput of approximately 300 tpd, approximately 30 tpd may be mixed at 10 to 15 percent cement content. At this ratio, the Permittee project the consumption of approximately 600 pounds per day of cement. Cement mixing will be accomplished using portable mixer capable of handling the expected 10 to 15 percent cement paste.

A batch mixing process is easier to control and thus preferable to a continuous mixing process. High-intensity mixers developed by the concrete industry are suitable for mixing paste backfill. Precise control is necessary to operate a paste backfill plant as small variations in moisture content will result in large variations in friction which can damage the pipelines.

After mixing, the backfill material is pumped underground for final mixing and direct placement. The system for moving material from the surface to the underground operation will be a gravity/pump system. The paste backfill can be discharged into a vertical pipeline or into a conventional concrete pump hopper. Backfill material is delivered by pipeline to the disposal point in the stope. Practical pumping distances range up to 3,280 feet and vertical dropping distances are unlimited. A horizontal leg at the bottom of a vertical pipeline can also transport paste up to 3,280 feet with energy supplied by the vertical column of paste.

Mineral Processing: In its current configuration, the CBMP utilizes a 100 ton per day gravity separation circuit for gold recovery. Make-up water for the beneficiation and recovery operations is obtained from WSW-2 (Nevada Division of Water Resources [NDWR] Well Log #75684) located approximately 400 feet southwest of the Gravity Concentration Building.

The make-up water is pumped to two, 22,500-gallon holding tanks to provide a continuous and uninterrupted flow of water for use downstream in the gravity concentration process which is estimated at 48,000 gallons per day. Refer to the section **Receiving Water Characteristics** for additional details.

Run-of-mine 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 GoldtronTM 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.

Storm Water Management: The mine is designed and constructed to operate and close without discharge or release from the fluid management system in excess of those standards established in regulations except for possible major meteorological events which may exceed the maximum planned storm event. Storm water is diverted away from the site by U.S. Highway-95. The highway diverts flow from the watershed away from the CBMP by channeling it to the north and south along the highway alignment. The only stormwater affecting the mine operation is that which directly falls on the site. This is controlled through a series of diversions around the operations which will direct flow out to the lower elevation area west-southwest of the mine.

Ancillary Activities (Fuel and other Hydrocarbon Storage Areas): A 6,000-gallon, above-ground, double-walled diesel fuel is located near the shop area to supply mobile equipment and the back-up diesel-electric generators.

Petroleum Contaminated Soils (PCS) Management Plan: Any PCS generated is collected and the affected area remediated. PCS is placed in appropriate sealed vessels, stored on site and promptly transported off-site to an authorized facility for permanent disposal.

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 CBMP is toward the west.

Static groundwater elevation beneath the CBMP ranges from greater than 350 feet below ground surface at the historic Blossom site to as shallow as 175 feet below ground surface on the eastern side of the historic 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 mill as make-up water.

Upgradient groundwater monitoring for the CBMP is 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-2, located southwest of the CBMP.

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 CBMP 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 the Major Modification of this existing Permit.

F. Proposed 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 United States Code (USC) 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 [CFR] 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 (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.

<i>Prepared by:</i>	<i>Rob Kuczynski, P.E.</i>
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<i>Fact Sheet Revision 00: (Permit Revision 00)</i>	<i>Permit Renewal (2014), Major Modification, and Fact Sheet Update Incorporates Blossom Mine Project.</i>