GROUND WATER DISCHARGE PERMIT

STATEMENT OF BASIS

PERMIT NO. UGW490011

Tintic Consolidated Metals, LLC

Introduction

The Division of Water Quality ("Division") under the authority of the Utah Ground Water Quality Protection Rules[1] (Ground Water Rules) issues ground water discharge permits to facilities that have the potential to discharge contaminants to ground water[2]. As defined by the Ground Water Rules, such facilities include mining operations.[3] The Ground Water Rules are based on an anti-degradation strategy for ground water protection as opposed to non-degradation; therefore, discharge of contaminants to ground water may be allowed provided that current and future beneficial uses of the ground water are not impaired and the other requirements of Utah Admin. Code Rule 317-6-6.4.A are met.[4] Following this strategy, ground water is divided into classes based on its quality[5]; and higher-quality ground water is given greater protection[6] due to the greater potential for beneficial uses. The Division has developed permit conditions consistent with R317-6 and appropriate to the nature of the mined materials, facility operations, maintenance, best available technology[7] (BAT), and the hydrogeologic and climatic conditions of the site, to ensure that the operation will not contaminate ground water.

Basis for Permit Issuance

Under Rule 317-6-6.4A, the Division may issue a ground water discharge permit if:

1) The applicant demonstrates that the applicable class TDS limits, ground water quality standards protection levels and permit limits established under R317-6-6.4E will be met;
2) The monitoring plan, sampling and reporting requirements are adequate to determine compliance with applicable requirements;
3) The applicant is using best available technology to minimize the discharge of any pollutant; and
4) There is no impairment of present and future beneficial uses of the ground water.

1 Utah Admin. Code Rule 317-6
2 https://deq.utah.gov/water-quality/current-permits-utah-ground-water-quality-protection-program
3 Utah Admin Code Rule 317-6-6.1A
4 Preamble to the Ground Water Quality Protection Regulations of the State of Utah, sec. 2.1, August 1989
5 Utah Admin. Code Rule 317-6-3
6 Utah Admin. Code Rule 317-6-4
7 Utah Admin. Code Rule 317-6-1(1.3)

Purpose

This Statement of Basis (SOB) is for the modification of the Tintic Consolidated Metals, LLC (the "Permittee") Ground Water Discharge Permit No. UGW490011 ("Permit"). The Tintic Mine ("Facility") is located in Utah County, approximately 12 miles east southeast of Eureka, Utah in Township 10 South, Range 2 West, Section 11, Salt Lake Base & Meridian (SLB&M) (*see* Figure 1).

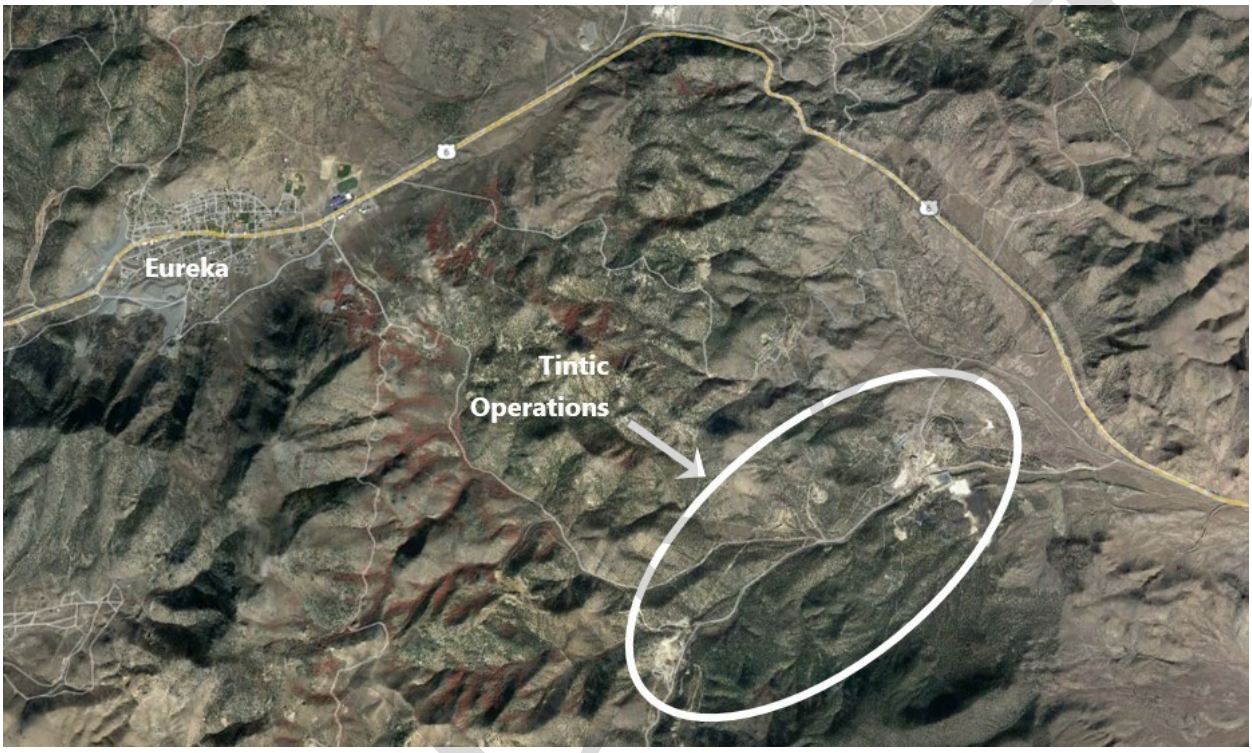

Figure 1: Facility Site Location

Facility Description

The Facility is a gold and silver mining and processing operation. Mining will consist of underground operations using a mix of conventional and mechanized drill and blast methods, as further detailed in the Facility's Utah Division of Oil, Gas, and Mining ("DOGM") Notice of Intent (NOI). Ore will be extracted from the underground operations and temporarily stored in designated Transfer Point and Ore Storage locations prior to processing in the Mill Facility. Waste rock will either be used for backfilling voids generated by ore extraction or placed in the designated aboveground Waste Rock Storage Facility. The processing operation will consist of two separate circuits:

- Crushing, grinding and classification, vat and agitated tank leaching processing, carbon recovery and stripping with metal recovery, dewatering, and cyanide destruction resulting in thickened neutralized tailings;
- Cyanide heap leaching on the present Heap Leach Tailings Pad and associated Solution Collection Ditch. The Pilot-Scale Tailings Storage Area was constructed as a double lined

system with drainage sloped to a leachate collection and removal system (LCRS). The associated Solution Collection Ditch is also sloped to a LRCS. This facility was constructed under a Permit By Rule determination, issued by the Division in 2021. The Ground Water Discharge Permit issued on December 12, 2023, converted this facility from a Pilot-Scale Tailings Storage Area to a Heap Leach Facility with LCRS. The present Solution Collection Ditch pond is very small. The Permittee is proposing to construct a new Solution Collection Ditch with a Primary Pond and Secondary Pond, and a new concrete pad for the carbon columns for recovery and stripping of the metals. Upon completion of the construction of the new Solution Collection Ditch, the current small pond will be taken out of use.

There are two distinct operational areas that will be subject to the Ground Water Discharge Permit:

1. Transfer Point and Waste Rock Facility Area; and
2. The Ore Storage and Ore Processing Area.

Figure 2 illustrates the location of the two proposed operational areas within the greater mine site. The estimated life of mining operations is 7 years.

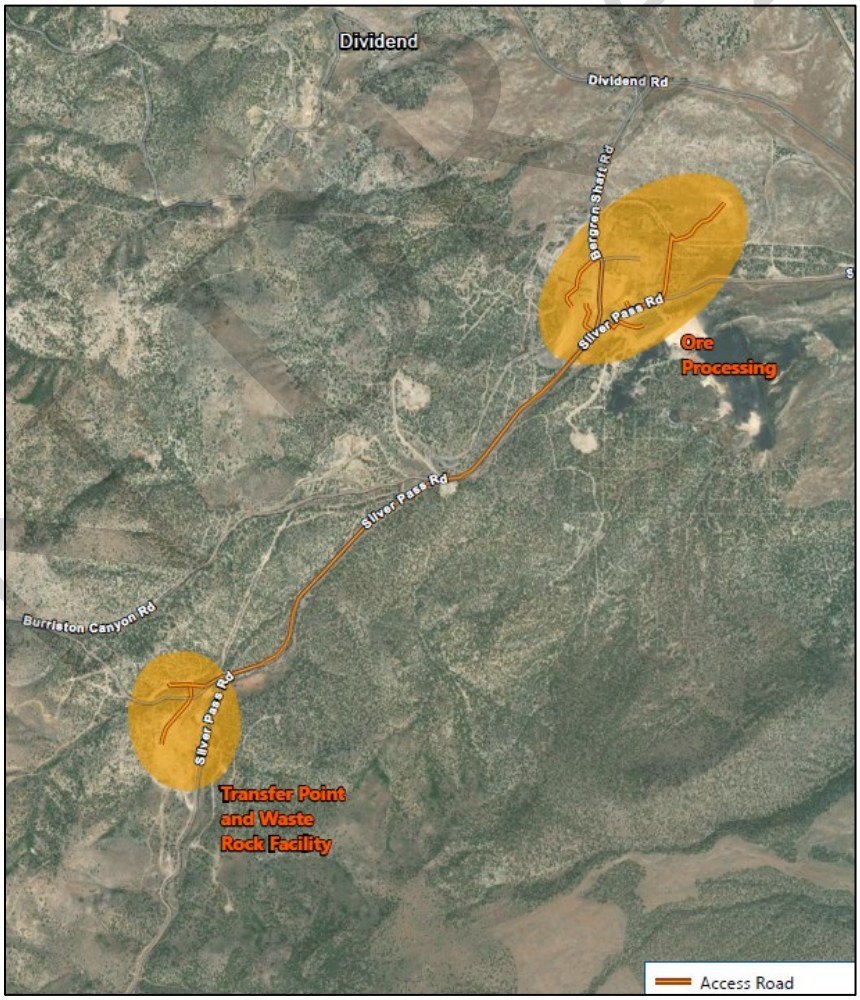

Figure 2: Tintic Operational Areas

Standard Industrial Classification (SIC) Codes

1041 – Gold Ores
Establishments primarily engaged in mining gold ores from lode deposits or in the recovery of gold from placer deposits by any method. In addition to ore dressing methods such as crushing, grinding, gravity concentration, and froth flotation, this industry includes amalgamation, cyanidation, and the production of bullion at the mine, mill, or dredge site.

1044 – Silver Ores
Establishments primarily engaged in mining, milling, or otherwise preparing silver ores. The production of bullion at the mine or mill site is included.

Recent Permitting and Activity

This Ground Water Discharge Permit modifies the existing Ground Water Discharge Permit issued by the Division on December 12, 2023 (*see* DWQ-2023-124909). In addition to the present Heap Leach Tailings Pad, a Construction Permit has been issued for a new proposed Solution Collection Ditch with a Primary and Secondary Pond (see DWQ-2026-xxxxxx), which necessitates a modification to the Ground Water Discharge Permit.

The primary conditions for the Ground Water Discharge Permit remain the same, as follows:

- Ground water, where encountered beneath the Tintic operations, is saline, geothermal Class III-type ground water over 1,000 feet below ground surface.
- There are no perennial water bodies (seeps, springs, ponds, etc.) within a one-mile radius of the proposed activities.

Historical Operations

The area for this Permit is part of the historic East Tintic Mining District, a subdistrict of the larger Tintic Mining area. As such, the area has had significant mining conducted within the district and at the current site, which was previously operated by Kennecott Utah Copper as the Sunshine Mining Company.

The website mindat.org (https://www.mindat.org/loc-26744.html) provides a good historical summary of the east mining district:

> *The East Tintic district, in Utah County 30 mi southwest of Provo, is a subdistrict of the greater Tintic mining area, the second largest district in Utah. East Tintic is a very large Ag-Pb-Au producer and was productive from the early 1900s to the 1970s. The district is about the fifth largest metal mining district in Utah. Total district metal production at modern metal prices is estimated at $3.14 billion. Nearly 6 million tons of ore have been mined from the East Tintic district averaging recovered grades of about 435 ppm Ag, 3.77 ppm Au, 8.5% Pb, 3.0% Zn, and minor amounts of Cu as well as by-product Cd, Bi, and Mn (Krahulec and Briggs, 2006). The district is the third largest Zn producer in Utah. The Burgin Pb-Zn-Ag and the Tintic Standard Ag-Pb underground mines are the two most*

productive operations.

and the entire Tintic district (https://www.mindat.org/loc-4192.html):

The district is well known throughout the world for its substantial production values of lead, silver, gold, copper, and zinc. This production came mainly from an estimated 120 large and small mines. From 1869 to 1987, the district produced 19.1 million tons of ore containing 2.77 million ounces of gold, 272 million ounces of silver, 22.8 billion pounds of lead, 450 million pounds of zinc, and 254 million pounds of copper. With these totals, the Tintic mining district is the second leading non-ferrous metal producer in the state behind the Bingham mining district. All recent production has been from the North Lily mine dump and the Trixie and Burgin mines, in the eastern part of the district.

The district is divided into two areas: (1) the Main Tintic in Juab and Utah Counties, which includes the area around the towns of Eureka, Mammoth, and former town site of Silver City; and (2) the East Tintic, also in Juab and Utah Counties, which includes the area around the former town sites of Dividend and Homansville.

The Tintic mining district was discovered in 1869 by George Rust.

Hydrogeology

The facility area covered by the Permit lies within the Geothermal area of the east Tintic mining district. As noted above, the depth to ground water is more than 1,000 feet below ground surface and is characterized by Total Dissolved Solids (TDS) concentrations typically ranging between 5,000 and 10,000 mg/L, with one or more contaminants above the drinking water standards. Ground water in the deep bedrock is greater than 1,000 feet and is classified as Class III - Limited Use Ground Water.

There are no drinking water wells or sources within a one-mile radius of the operations. The semi-arid climate only produces 10.5 inches of precipitation and evaporation rates far exceed the amount of precipitation. As a result of the dry climate, there are no alluvial valley fill or shallow bedrock aquifers in the facility area that could potentially be affected by discharge from the facility. Deep ground water in the Tintic Mountains is not used for any purpose other than occasional mining usage.

Best Available Technology

While the naturally existing conditions at the site make any discharge to ground water difficult, the Permittee has proposed a mix of contact water collection ditches routed to a lined Collection Pond for the Ore Transfer Area and Waste Rock Facility, and double lined ponds with leak detection systems for process waters associated with the Ore Processing area. All of the facilities will be constructed to provide full containment for both storm (contact water) and process water to ensure no discharge.

The full design, construction and specifications for the new proposed Solution Collection Ditch

with Primary and Secondary Ponds are included in the Construction Permit issued on February 19, 2026 (*see* DWQ-2026-000542) and summarized in Part I.B of the discharge permit.

Permit Conditions

The Operator shall implement and maintain Best Available Technology (BAT) and associated performance monitoring for management of contact water and to assess permit compliance**.** BAT performance monitoring includes the measurement of minimum vertical freeboard to ensure total containment of stored process-related water, and the measurement of maximum permissible leakage rates and head intended to maintain compliance with established ground water protection levels. Monitoring is conducted at the prescribed facilities and evaluated against the established BAT performance limits (BAT Performance Monitoring Part I.B.3). The Permittee is required to monitor the facility compliance points (Compliance Monitoring Part I.C) in accordance with the monitoring requirements and, under normal operations, submit reports to the Division on a quarterly basis. In the event of a non-compliance status due to BAT failure or failure to maintain BAT, the Permittee shall immediately commence non-compliance response actions (Non-Compliance Status Part I.D).

Any spills, releases, or upset conditions must be reported to the Division within 24 hours or to the Utah Department of Environmental Quality spill hotline. Requirements for reporting non-compliance and probable non-compliance are outlined in Part I.D of the permit.

Compliance Schedule

The Permittee must submit the items in Part I.F of the permit by the required deadlines as summarized below.

- *Monitoring Plan*: Within 6 months of construction completion and approval, submit a report on the performance of BAT control features and propose any necessary monitoring updates to maintain no discharge.

- *New Construction Requirements*: At least three months before starting construction on any new facility holding wastewater or tailings, apply for a Construction Permit.

- *Conceptual Closure Plan*: No later than 3 years from permit issuance, submit a conceptual plan to the Director for approval, detailing the disposal and removal of facilities and any remaining process water.

- *Final Closure Plan*: Submit a final closure plan 180 days before the permit expires (with the renewal application).