



THE STATE OF NEVADA
PERMIT TO CHANGE POINT OF DIVERSION,
MANNER OF USE AND PLACE OF USE OF THE
PUBLIC WATERS OF THE STATE OF NEVADA
HERETOFORE APPROPRIATED

Name of applicant: KLONDEX GOLD & SILVER MINING COMPANY
Source: UNDERGROUND
Basin: CRESCENT VALLEY
Manner of Use: MINING AND MILLING
Period of Use: January 1st to December 31st
Priority Date: 08/28/1974 NEW PRIORITY DATE: SEP 17 2009

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit to change the point of diversion and place of use and manner of use of a portion of the waters of an underground source as heretofore granted under Permit 28637, Certificate 10558 is issued subject to the terms and conditions imposed in said Permit 28637, Certificate 10558 and with the understanding that no other rights on the source will be affected by the change proposed herein.

This permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The well must be sealed with cement grout, concrete grout or neat cement from ground level to 100 feet.

The total combined duty of water under Permit 28637, Certificate 10558 and Permit 75129 shall not exceed 3.36 acre-feet annually.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

The point of diversion and place of use are as described on the submitted application to support this permit.

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 0.06 cubic feet per second or 3.22 acre-feet annually.

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before:

February 28, 2009

Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before:

February 28, 2011

Map in support of proof of beneficial use shall be filed on or before:

N/A

IN TESTIMONY WHEREOF, I, TRACY TAYLOR, P.E.,

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 28th day of February, A.D. 2008

[Signature]
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

lib

CANCELLED JUL 21 2009 BECAUSE OF FAILURE OF APPLICANT TO COMPLY WITH THE PROVISIONS OF PERMIT

[Signature] STATE ENGINEER

AMENDED
APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER
OF USE AND PLACE OF USE OF THE PUBLIC WATERS OF THE STATE OF
NEVADA HERETOFORE APPROPRIATED

NEW PRIORITY DATE:
SEP 17 2009

Date of filing in State Engineer's Office NOV 28 2006

Returned to applicant for correction DEC 11 2006

Corrected application filed JAN 05 2007

Map filed JAN 05 2007 under 74990-T

The applicant **Klondex Gold & Silver Mining Co.** hereby makes application for permission to change the **Point of Diversion and Place and manner of use of a portion of water** heretofore appropriated under **Permit 28637 (Certificate #10558)**

1. The source of water is **Underground**
2. The amount of water to be changed **0.06 c.f.s. (1.05 mga)**
3. The water to be used for **Mining, Milling and Domestic**
4. The water heretofore permitted for **Mining and Domestic**
5. The water is to be diverted at the following point **within the SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 22, T.30N, R.47E., M.D.M. from which the NE corner of said section 22 bears N43°27'E., 2,254 ft. dist.**
6. The existing permitted point of diversion is located within **the NW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 22, T.30N., R.47E., M.D.M. from which the NW corner of said Sec. 22 bears N.24°21'W., a distance of 1,092 feet.**
7. Proposed place of use **SE $\frac{1}{4}$ Sec. 9, SW $\frac{1}{4}$ Sec. 10, W $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 14, Sec. 15, NE $\frac{1}{4}$ Sec. 22 and NW $\frac{1}{4}$ Sec. 23, all in T.30N., R.47E., M.D.M.**
8. Existing place of use **S $\frac{1}{2}$ SE $\frac{1}{4}$, Sec. 15 and NE $\frac{1}{4}$ Sec. 22, T.30N., R.47E., M.D.M.**
9. Use will be from **January 1 to December 31** of each year.
10. Use was permitted from **January 1 to December 31** of each year.
11. Description of proposed works **well completed with pump and storage tank.**
12. Estimated cost of works **\$50,000.00**
13. Estimated time required to construct works **one month**
14. Estimated time required to complete the application of water to beneficial use **5 years**

75129

15. Remarks: Access to the present point of diversion is extremely difficult in winter months. In order for an exploration program to proceed year around, this alternate site is requested.

By William A. Nisbet, Agent
s/ William A. Nisbet
421 Court Street
Elko, NV 89801

Compared bk/mt

Protested _____
