

THE STATE OF NEVADA

PERMIT TO CHANGE THE PUBLIC WATERS OF THE STATE OF NEVADA HERETOFORE APPROPRIATED

Name of Permittee: KOBEL VALLEY RANCH, LLC
Source: UNDERGROUND
Basin: KOBEL VALLEY
Manner of Use: MINING AND MILLING
Period of Use: JANUARY 1ST TO DECEMBER 31ST
Priority Date: 10/17/1989

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, place and manner of use of the waters of an underground source as heretofore granted under Permit 54094 is issued subject to the terms and conditions imposed in said Permit 54094 and with the understanding that no other rights on the source will be affected by the change proposed herein. This well shall be equipped with a two (2) inch opening for measuring depth to water and a totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of the water begins or before the proof of completion of work is filed. If the well is flowing, a valve must be installed and maintained to prevent waste. This source is located within an area designated by the State Engineer pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

Monthly records shall be kept of the amount of water pumped from this well and the records submitted to the State Engineer on a quarterly basis within 15 days after the end of each calendar quarter.

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

The total combined consumptive duty of water under Permits, 75996, 75997, 75998, 75999, 76000, 76001, 76002, 76003, 76004, 76745, 76746, 76989 and 76990 shall not exceed 5,007.64 acre-feet annually.

The total combined duty of water under Permits 72695, 72696, 72697, 72698, 73545, 73546, 73547, 73548, 73549, 73550, 73551, 73552, 74587, 75988, 75989, 75990, 75991, 75992, 75993, 75994 and 75995 shall not exceed 6,292.36 acre-feet annually.

The total combined duty of all of the above listed permits shall not exceed 11,300 acre-feet annually.

(Continued on Page 2)

This permit is issued under the preferred use provisions of NRS Chapter 534. The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the ground water basin.

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

This permit is subject to the approval of a monitoring, management and mitigation plan by the State Engineer before any water is developed for mining.

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 1.0 cubic feet per second or 723.97 acre-feet annually.**

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

December 1 2012

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

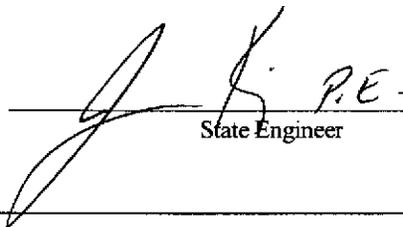
December 1 2012

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

N/A

IN TESTIMONY WHEREOF, I, JASON KING, P.E.,

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 1st day of **December**, A.D. **2011**



State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____



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: KOBEL VALLEY RANCH, LLC
Source: UNDERGROUND
Basin: KOBEL VALLEY
Manner of Use: MINING AND MILLING
Period of Use: January 1st to December 31st
Priority Date: 10/17/1989

~~APPROVAL~~ OF STATE ENGINEER Vacated by Court Order 4/10/10

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, place and manner of use of the waters of an underground source as heretofore granted under Permit 54094, is issued subject to the terms and conditions imposed in said Permit 54094 and with the understanding that no other rights on the source will be affected by the change proposed herein. The well shall be equipped with a 2-inch opening and a totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of the water begins or before the proof of completion of work is filed. If the well is flowing, a valve must be installed and maintained to prevent waste. This source is located within an area designated by the State Engineer pursuant to NRS 534.030.

Monthly records shall be kept of the amount of water pumped from this well and the records submitted to the State Engineer on a quarterly basis within 15 days after the end of each calendar quarter.

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

The total combined duty of water under Permits 73551, 73552, 75988, 75989, 75990, 75991, 75992, 75993, 75994, 75995, 75996, 75997, 75998, 75999, 76000, 76001, 76002, 76003, 76004, 76745, 76746, 76989 and 76990 shall not exceed 11,300.00 acre-feet annually.

The total combined duty of water under Permits 75988, 75989, 75990, 75991, 75992, 75993, 75994, 75995, 75996, 75997, 75998, 75999, 76000, 76001, 76002, 76003, 76004, 76745, 76746, 76989 and 76990 shall not exceed 5,961.00 acre-feet annually.

The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin.

(Continued on Page 2)

The issuance of this temporary permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies, and is specifically issued contingent upon approval by the Nevada Division of Environmental Protection of the dewatering project.

A monitoring, management and mitigation plan, approved by the State Engineer, is required prior to the diversion of any water.

The State Engineer retains the right to require the applicant to perform additional monitoring. The permittee, on a schedule acceptable to the State Engineer, shall prepare and present an update on the activities of the mine and the monitoring on a periodic basis. The State retains the right to regulate pumping from the dewatering project and/or any other groundwater withdrawals herein authorized to protect the public interest and to protect existing rights.

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 1.0 cubic feet per second or 723.97 acre-feet annually.**

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

July 21, 2012

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

July 21, 2014

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

July 21, 2014

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

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 21st day of July, A.D. 2009


State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

llb

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

THIS SPACE FOR OFFICE USE ONLY

Date of filing in State Engineer's Office JUN 29 2007

Returned to applicant for correction _____

Corrected application filed _____ Map filed JUL 11 2007 under 75979

The applicant Kobeh Valley Ranch LLC

10 North Post Street, Suite 610 of Spokane
Street and No. or P.O. Box No. City or Town

Washington 99201 hereby makes application for permission to change the
State and Zip Code No.

Point of Diversion, Place and Manner of Use

of water heretofore appropriated under Permit No. 54094
Identify existing right by Permit, Certificate, Proof or Claim Nos. If Decreed, give title of Decree

and identify right in Decree.

1. The source of water is underground
Name of stream, lake, underground, spring or other sources.

2. The amount of water to be changed 1.0 cfs, 235.906 million gallons annually
Second feet, acre-feet. One second foot equals 448.83 gallons per minute.

3. The water to be used for Mining and milling
Irrigation, power, mining, commercial, etc. If for stock state number and kind of animals. Must limit to one major use.

4. The water heretofore used for Mining, milling and domestic
If for stock, state number and kind of animals.

5. The water is to be diverted at the following point within the SE 1/4 of the NE 1/4 of Section 30, T.22N.,
Describe as being within a 40-acre subdivision of public survey and by course

R.51E., M.D.M., or at a point from which the southwest corner of Section 31, T.22N., R.51E., M.D.M.,
and distance to a section corner. If on unsurveyed land, it should be stated.

bears South 27°21' West a distance of 9,320 feet. (Well 206)

6. The existing point of diversion is located within the SW 1/4 of the SW 1/4 of Section 22, T.22N., R.50E.,
If point of diversion is not changed, do not answer.

M.D.M., or at a point from which the S 1/4 corner of Section 28, T.22N., R.50E., M.D.M. bears South

27°58'39" West a distance of 6818.81 feet. Refer to map supporting Applications 54093 and 54094,

filed December 19, 1989, in the State Engineer's Office.

139-5W

7. Proposed place of use _____
Describe by legal subdivisions. If for irrigation state number of acres to be irrigated.

See attached Exhibit "A" and as shown on the map that accompanied Application No. 72695.

8. Existing place of use **Portions of Sections 25 & 26, T.22N., R.49E, M.D.M., portions of Sections 2, 3, 4, 9, 10, 11, 14, 15, 21, 22, 27, 28, 29 and 30, T.22N., R.50E., M.D.M. and portions of Sections 33 & 34, T.23N., R.50E., M.D.M..**
Describe by legal subdivisions. If permit is for irrigation, state number of acres irrigated. If changing place of use and/or manner of use of irrigation permit, describe acreage to be removed from irrigation.

Refer to map supporting Applications 54093 and 54094, filed December 19, 1989, in the State Engineer's Office.

9. Use will be from January 1 to December 31 of each year.
Month and Day Month and Day

10. Use permitted from January 1 to December 31 of each year.
Month and Day Month and Day

11. Description of proposed works. (Under the provisions of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.)
Drilled well, pump and pipelines or truck to mine and mill site.
State manner in which water is to be diverted, i.e. diversion structure, ditches and flumes, drilled well with pump and motor, etc.

9. Estimated cost of works **in excess of \$3,000,000.**

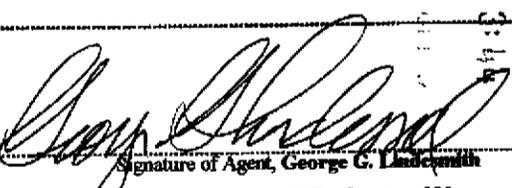
13. Estimated time required to construct works **3 years**
If well completed, describe well.

14. Estimated time required to complete the application of water to beneficial use **5 years**

15. Remarks: For use other than irrigation or stock watering, state number and type of units to be served or annual consumptive use.

See attached addendum.

(775) 358-9491
Phone No.

By 
Signature of Agent, George G. Lindsmith
Tri State Surveying 1925 E. Prater Way
Street and No., or P.O. Box No.
Sparks, Nevada 89434
City, State, Zip Code No.

2007 JUN 29 PM 3:44

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

\$150 FILING FEE MUST ACCOMPANY APPLICATION. (C) 1583A (Rev. 10-95)

Protested by Eureka Co. 8/30/07
Pro. Overruled 3/26/09 See Ruling #5966 Vacated by Court order 4/10/10
Pro. Overruled 7/15/11 See Ruling #6127

Application No. _____

ADDENDUM TO ITEM 15 - "REMARKS"

This application, when granted, is intended to be utilized in conjunction with other Applications to Change filed simultaneously herewith. The Applications to Change are similarly intended to be utilized in conjunction with Applications to Appropriate numbered 72695 through 72698, 73545 through 73552 and 74587, previously filed with the State Engineer.

Water in the maximum annual volume of 16,000 acre feet annually will be utilized for mining, milling and domestic purposes within the place of use. The mining and milling operations will operate 24 hours per day, 365 days per year. The life of the mine is anticipated to be 53 years. When the plant is fully operational, water consumed in the initial stages will be substantially less than 16,000 acre feet annually, increasing to approximately 16,000 acre feet annually for a period commencing in the year 2020 and ending in 2052. Thereafter, the volume of water will gradually decline until the ore body is exhausted and the mining property is reclaimed.

The liquid cycle is fully contained, under NDEP zero discharge permits. Water saving and conservation devices will be fully implemented.

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EXHIBIT "A", PROPOSED PLACE OF USE, KOBEH VALLEY RANCH LLC

Division	Section	Township	Range	Meridian
All	1-3	21N	50E	M.D.M.
All	10-15	21N	50E	M.D.M.
All	22-27	21N	50E	M.D.M.
All	34-36	21N	50E	M.D.M.
All	1-36	21N	51E	M.D.M.
All	6 & 7	21N	52E	M.D.M.
All	18 & 19	21N	52E	M.D.M.
All	30 & 31	21N	52E	M.D.M.
All	36	21 1/2N	51 1/2 E	M.D.M.
All	31 - 36	21 1/2N	52E	M.D.M.
All	34-36	22N	50E	M.D.M.
All	1-3	22N	51E	M.D.M.
All	10-15	22N	51E	M.D.M.
All	20-29	22N	51E	M.D.M.
All	31-36	22N	51E	M.D.M.
All	1	22N	51 1/2 E	M.D.M.
All	12 & 13	22N	51 1/2 E	M.D.M.
All	24 & 25	22N	51 1/2 E	M.D.M.
All	36	22N	51 1/2 E	M.D.M.
All	1 - 36	22N	52E	M.D.M.
All	6 & 7	22N	53E	M.D.M.
All	18 & 19	22N	53E	M.D.M.
All	30 & 31	22N	53E	M.D.M.
All	34-36	23N	51E	M.D.M.
All	31	21 1/2 N	53E	M.D.M.

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