THE STATE OF NEVADA

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

Name of Permittee:	**KOBEH VALLEY RANCH, LLC**
Source:	**UNDERGROUND**
Basin:	**KOBEH VALLEY**
Manner of Use:	**MINING AND MILLING**
Period of Use:	**JANUARY 1ST TO DECEMBER 31ST**
Priority Date:	**05/30/1997**

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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 a portion of the waters of an underground source as heretofore granted under Permit 64616 is issued subject to the terms and conditions imposed in said Permit 64616 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.

Permits 76745 and 76746 are approved for the entire total combined duty of 819.24 acre-feet annually as requested. However, pursuant to NRS 533.3703, initially only the net consumptive use amount of the base right, 552.99 acre-feet, can be diverted annually. Additional diversion up to the total 819.24 acre-feet may be granted if it can be shown that the additional diversion will not cause the consumptive use of 552.99 acre-feet to be exceeded.

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 2.24 cubic feet per second or 819.24 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**

P.E.

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:	**KOBEH VALLEY RANCH, LLC**
Source:	**UNDERGROUND**
Basin:	**KOBEH VALLEY**
Manner of Use:	**MINING AND MILLING**
Period of Use:	**January 1st to December 31st**
Priority Date:	**05/30/1997**

****

~~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 a portion of the waters of an underground source as heretofore granted under Permit 64616, is issued subject to the terms and conditions imposed in said Permit 64616 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 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)

Permits 76745 and 76746 are approved for the entire 819.24 acre-feet annually as requested. However, pursuant to NRS 533.3703, initially only the net consumptive use amount of the base right, 471.1 acre-feet, can be diverted annually. Additional diversion up to the total 819.24 acre-feet may be granted if it can be shown that the additional diversion will not cause the consumptive use of 471.1 acre-feet to be exceeded.

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 2.24 cubic feet per second or 819.24 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**

Tracy Taylor P.E.
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

llb

Application No. 76746

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 FEB 13 2008

Returned to applicant for correction _____

Corrected application filed _____ Map filed JUL 11 2007 under 75979

The applicant Kobeh Valley Ranch LLC

1726 Cole Blvd., Suite 115 (Street Address or P.O. Box) of Lakewood (City or Town)

Colorado 80401 (State and Zip Code), hereby make(s) application for permission to change the

☒ Point of diversion ☒ Place of use ☒ Manner of use ☒ of a portion

of water heretofore appropriated under (Identify existing right by Permit, Certificate, Proof or Claim Nos. If Decreed, give title of Decree and identify right in Decree.)

Permit No. 64616

1. The source of water is underground (Name of stream, lake, underground, spring or other sources.)
2. The amount of water to be changed 2.24 cfs, 819.24 acre-feet 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 Irrigation and domestic (If for stock, state number and kind of animals.)
5. The water is to be diverted at the following point (Describe as being within a 40-acre subdivision of public survey and by course and distance to a found section corner. If on unsurveyed land, it should be stated.)

   Within the SE 1/4 of the NE 1/4 of Section 30, T.22N., R.51E., M.D.M., or at a point from which the southwest corner of Section 31, T.22N., R.51E., M.D.M. bears South 27°21' West a distance of 9,320 feet. (Well 206) Refer to map supporting Application No. 75979.
6. The existing point of diversion is located within (If point of diversion is not changed, do not answer.)

   the NE 1/4 of the NE 1/4 of Section 21, T.19N., R.47E., M.D.M., or at a point from which the NE 1/4 corner of said Section 21 bears North 00°54' East a distance of 1280 feet. Refer to map supporting Application No. 64616. SNC

139-EU

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 (Describe by legal subdivisions. If changing place of use and/or manner of use of irrigation permit, describe acreage to be removed from irrigation.)

See attached Exhibit "B" and as shown on the map supporting Applications 76680 & 76681.

9. Proposed use will be from January 1 (Month and Day) to December 31 (Month and Day) of each year.

10. Existing use permitted from January 1 (Month and Day) to December 31 (Month and Day) of each year.

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

Drilled well, pump and pipelines or truck to mine and mill site.

12. Estimated cost of works $3,000,000.00

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. Provide a detailed description of the proposed project and its water usage (use attachments if necessary): (Failure to provide a detailed description may cause a delay in processing.)

See attached addendum.

16. Miscellaneous remarks:

(775) 358-9491
Phone No.

GLindesmith@TriStateLtd.com
E-mail

By George G. Lindesmith, PLS/WRS
Print or type name clearly

Signature, applicant or agent

Tri State Surveying Ltd.
Company Name

1925 E. Prater Way
Street Address or P.O. Box

Sparks, NV 89434
City, State, Zip Code

2008 FEB 19 AM 11:05

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

$150 FILING FEE AND SUPPORTING MAP MUST ACCOMPANY APPLICATION

Protested: April 17, 2008, by Cedar Ranches, LLC; April 21, 2008, by Eureka County; May 15, 2008, by Lander County, Nevada

Pro. Overruled 3/26/09 See Ruling #5966 Vacated by Court order 4/10/10

Pro. Overruled 7/15/11 See Ruling #6127

76746

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.

EXHIBIT "B"

Item #8, EXISTING PLACE OF USE UNDER PERMIT 64616

Legal Description				
Twp.	Rng.	Section	1/4 1/4	Acres
19N.	47E.	16	SW SW	40.00
19N.	47E.	16	NW SE SW	10.00
19N.	47E.	16	SW SE SW	10.00
19N.	47E.	16	NE SE SW	10.00
19N.	47E.	16	N1/2 SW SE	20.00
19N.	47E.	16	SE SE	40.00
19N.	47E.	21	NW NW	40.00
19N.	47E.	21	NW NE NW	10.00
19N.	47E.	21	SW NE NW	10.00
19N.	47E.	21	SE NE NW	10.00
19N.	47E.	21	NW NE	4.81
				204.81

Application No. 76746

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 les that 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.