



THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of Permittee: COMSTOCK MINING, INC
Source: UNDERGROUND
Basin: DAYTON VALLEY
Manner of Use: MINING AND MILLING
Period of Use: JANUARY 1ST THROUGH DECEMBER 31ST
Priority Date: 11/29/2012

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 is issued subject to existing rights. It is understood that the amount of water herein granted is only a temporary allowance issued under the provisions of NRS 533.371 for a finite period of time. This permit will expire on **March 25, 2023** and all rights herein will revert back to the source. It is also understood that this right must allow for a reasonable lowering of the static water level. This well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. 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 water begins, or before the Proof of Completion of Work is filed. 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.

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

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

Monthly records shall be kept of the amount of water pumped from this well and the records submitted to the State Engineer on an annual basis on or before February 15th of the following year.

The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the point of diversion, manner and/or place 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 point of diversion and place of use are as described on the submitted application to support this permit.

(Continued on Page 2)

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 125.0 acre-feet annually.**

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

March 27 2014

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

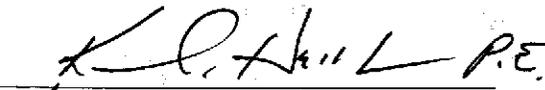
March 27 2018

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 27th day of March, 2013



State Engineer

82337

Application No. _____

APPLICATION FOR PERMIT TO APPROPRIATE THE PUBLIC WATERS OF THE STATE OF NEVADA

THIS SPACE FOR OFFICE USE ONLY	
Date of Filing in State Engineer's Office	<u>NOV 29 2012</u>
Returned to applicant for correction	<u>FEB 14 2012 UNDER</u>
Corrected Application filed	<u>81582</u>
Map filed	_____

The applicant Comstock Mining, Inc.

1200 American Flat Road, P.O. Box 1118 of Virginia City
Street Address or P.O. Box City or Town
Nevada 89440 hereby make(s) application for permission to appropriate the
State and ZIP Code

public waters of the State of Nevada, as hereinafter stated. (If applicant is a corporation, give date and place of incorporation; if a copartnership or association, give names of members.)
Comstock mining was incorporated in the State of Nevada on 11/12/2008 under Nevada Business ID NV20081651346

1. The source of water is Underground Source
Name of the stream, lake, underground, spring or other sources.
2. The amount of water applied for is 1.0 cfs (125 acre feet per annum)
One second foot equals 448.83 gallons per minute.
 - (a) If stored in a reservoir give the number of acre-feet _____
3. The water is to be used for Mining and Milling
Irrigation, power, mining, commercial, domestic or other use. Must be limited to one major use.
4. If use is for:
 - (a) Irrigation, state number of acres to be irrigated _____
 - (b) Stockwater, state number and kind of animals _____
 - (c) Other use (describe fully in No. 12) _____
 - (d) Power:
 - (1) Horsepower developed _____
 - (2) Point of return of water to stream _____

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5. The water is to be diverted from its source 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 so stated.)

NE1/4SW1/4 of Section 6, T.16N., R.21E., M.D.B.&M., or at a point from which the southwest quarter corner of said section 6 bears S. 55° W., a distance of 2834 feet. (use map filed under permit 81582 for the proposed point of diversion)

SNC

6. Place of use: (Describe by legal subdivision. If on unsurveyed land, it should be so stated)

See Exhibit A attached (use map filed under permit 81582 for the proposed place of use)

7. Use will begin about January 1 and end about December 31 of each year.
Month and Day Month and Day

8. 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.) (State manner in which water is to be diverted, i.e. diversion structure, ditches and flumes, drilled well with a pump and motor, etc.)

The point of diversion is from a well "WS-3" equipped with a pump, totalizing meter and is connected to a distribution system that conveys water to the production and milling facilities, including an office and ancillary uses

9. Estimated cost of works: \$250,000.00

10. Estimated time required to construct works: 1 year

(If the well is complete, describe works.)

11. Estimated time required to complete the application of water to beneficial use: 5 years

12. 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 attachment B

13. Miscellaneous remarks:

This application is filed for a finite period permit limited to 10 years (anticipated mine life). The total combined duty of this permit and permit ~~82326~~ shall not exceed 300 acre feet per annum. Use the map filed under 81582 for the proposed point of diversion and place of use.

GeorgeT@tecreno.com

E-mail Address

775-722-5380

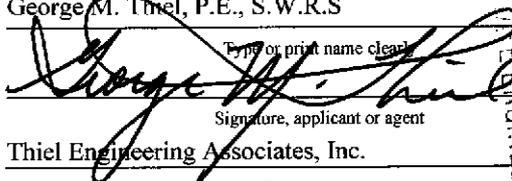
Phone No.

Ext.

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

George M. Thiel, P.E., S.W.R.S

Type or print name clearly



Signature, applicant or agent

Thiel Engineering Associates, Inc.

Company Name

2801 Tamara Court

Street Address or PO Box

Minden, NV 89423

City, State, ZIP Code

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Exhibit "A"

#6-Proposed Place of Use

Portions of the following:

SECTION 6:

NW1/4SW1/4
NE1/4SW1/4
SW1/4SW1/4
SE1/4SW1/4
SW1/4NE1/4
NE1/4NE1/4
SE1/4NE1/4
NE1/4SE1/4
SE1/4SE1/4
SW1/4SE1/4

SECTION 5:

W1/2W1/2
SE1/4SW1/4
SW1/4SE1/4
SE1/4SE1/4
NE1/4SE1/4

SECTION 4:

E1/2SW1/4

SECTION 8:

E1/2NW1/4
NE1/4SW1/4
NE1/4
N1/2SE1/4

All within T.16N., R.21E., M.D.B.&M.

NE0911185

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Attachment B

Question 12

The water is to be used for dust suppression, crushing and screening operations, uses associated with the milling facilities, heap leach pad, offices and related mining uses. Based upon a water balance the annual demand for water is anticipated to be 262.75 acre feet per annum. As projected needs may somewhat deviate from projections, the annual use was estimated to be at 300 acre feet.

See the water balance attached for the quantification of actual water needs.

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