Permit No. 82606

THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of Permittee:	**ZEPHYR MINERALS, INC.**
Source:	**UNDERGROUND (THOMAS MINE)**
Basin:	**BUENA VISTA VALLEY**
Manner of Use:	**MINING, MILLING, AND DOMESTIC**
Period of Use:	**JANUARY 1ST THROUGH DECEMBER 31ST**
Priority Date:	**03/08/2013**

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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 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 December 31, 2024, and all rights herein will revert 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.

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 authorizes the pumping of a well for mining, milling and domestic purposes. Water pumped under this permit will be used first by Zephyr Minerals, Inc. for mining, milling, drilling, road watering and other related mining and milling purposes (hereafter referred to as mining and milling uses) within the described place of use. Additional information filed in support of this application indicates that some of the water may be for dewatering purposes. Any water produced from this dewatering operation at this point of diversion, and not used for mining and milling purposes, must be injected or infiltrated back to the Buena Vista Valley Hydrographic Basin. The State Engineer may require additional monitoring of underground and surface sources, should conditions warrant such modification.

(Continued on Page 2)

Monthly records shall be kept of the following and reported within 15 days after the end of each quarter:

A. The total volume of water pumped from each diversion in acre-feet.

B. The maximum flow rate from each diversion in cubic feet per second.

C. The pumping water level from each well in feet above mean sea level.

D. The volume of water consumptively used for mining and milling in acre-feet.

E. The amount of water diverted to the infiltration sites in acre-feet.

F. The amount of water diverted to other consumptive uses, if any, in acre-feet.

G. The amount of water lost through evaporation or other system losses project wide.

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 80.0 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before: **December 30 2015**

Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before: **December 30 2017**

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 30th day of **December, 2014**

P.E.

State Engineer

Application No. 82606

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 MAR 0 8 2013

Returned to applicant for correction _____

Corrected Application filed _____ Map filed MAY 31 2007 UNDER 75494

The applicant Zephyr Minerals, Inc., a Nevada corporation

c/o John Welsh, P.E., 5490 Longley Lane (Street Address or P.O. Box) of Reno (City or Town)

Nevada 89511 (State and ZIP Code) hereby make(s) application for permission to appropriate the 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.)

December 6, 2005, Nevada.

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1. The source of water is underground
   (Name of the stream, lake, underground, spring or other sources.)
2. The amount of water applied for is 1.0 cfs
   (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, milling and domestic
   (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.)

Within the SE 1/4 SE 1/4 Section 29, T26N, R34E, M.D.B.&M at a point from which the SE corner of said section 29 bears S45° 0 mins 0 secs E, a distance of 141.42 ft.

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

S1/2S1/2 Section 29, T26N, R34E, M.D.B.&M.

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

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.)

Drilled and cased well, submersible motor, storage tank and distribution system.

9. Estimated cost of works: $75,000

10. Estimated time required to construct works: 3 years
(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.)

Water will be utilized for mining, milling and/or processing. Mine consists of what is known as "Thomas Mine" which was in operation from approximately 1942-1967. Annual use estimated to be 150 acre feet annually. Also, see answers to questionnaire prepared by John Welsh in expired permit 75495.

13. Miscellaneous remarks:

Use map on file under permit 75494. This application seeks to replace the permitted water granted pursuant to expired permit 75495.

Ross E. de Lipkau
Type or print name clearly

Signature, applicant or agent

rdelipkau@parsonsbehle.com
E-mail Address

(775) 323-1601
Phone No. Ext.

Parsons Behle & Latimer
Company Name

50 W. Liberty St., Ste. 750
Street Address or PO Box

Reno, NV 89501
City, State, ZIP Code

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

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STATE ENGINEER'S OFFICE
RECEIVED

Revised 07/09 $300 FILING FEE AND SUPPORTING MAP MUST ACCOMPANY APPLICATION