



TEMPORARY
THE STATE OF NEVADA

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

Name of Permittee: NEVADA IRON, LLC
Source: UNDERGROUND (SPW 1)
Basin: CARSON DESERT
Manner of Use: MINING AND MILLING
Period of Use: ONE YEAR FROM DATE OF ISSUANCE
Priority Date: 11/03/2010

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 temporary permit to change the point of diversion of a portion of the waters of an underground source as heretofore temporarily granted under Permit 80270 is issued subject to the terms and conditions imposed in said Permit 80270 and with the understanding that no other rights on the source will be affected by the change proposed herein. 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. 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. 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 water herein granted at any and all times.

The Permittee shall keep monthly records of the amount of water pumped from this well and the records must be submitted to the State Engineer on an annual basis within 30 days after the end of each calendar year. These reports must include measurements of total dissolved solids (TDS).

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

This temporary 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.

This temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and will expire 1 year after the approval of the permit at which time all rights herein granted shall revert to the right being changed by this temporary permit.

(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.

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 0.6 cubic feet per second or 218.75 acre-feet annually.**

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

N/A

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

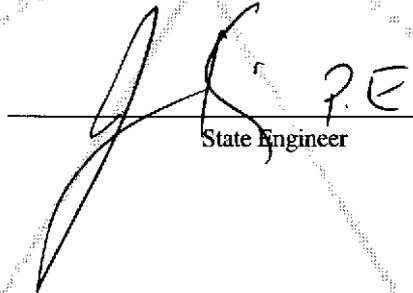
N/A

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

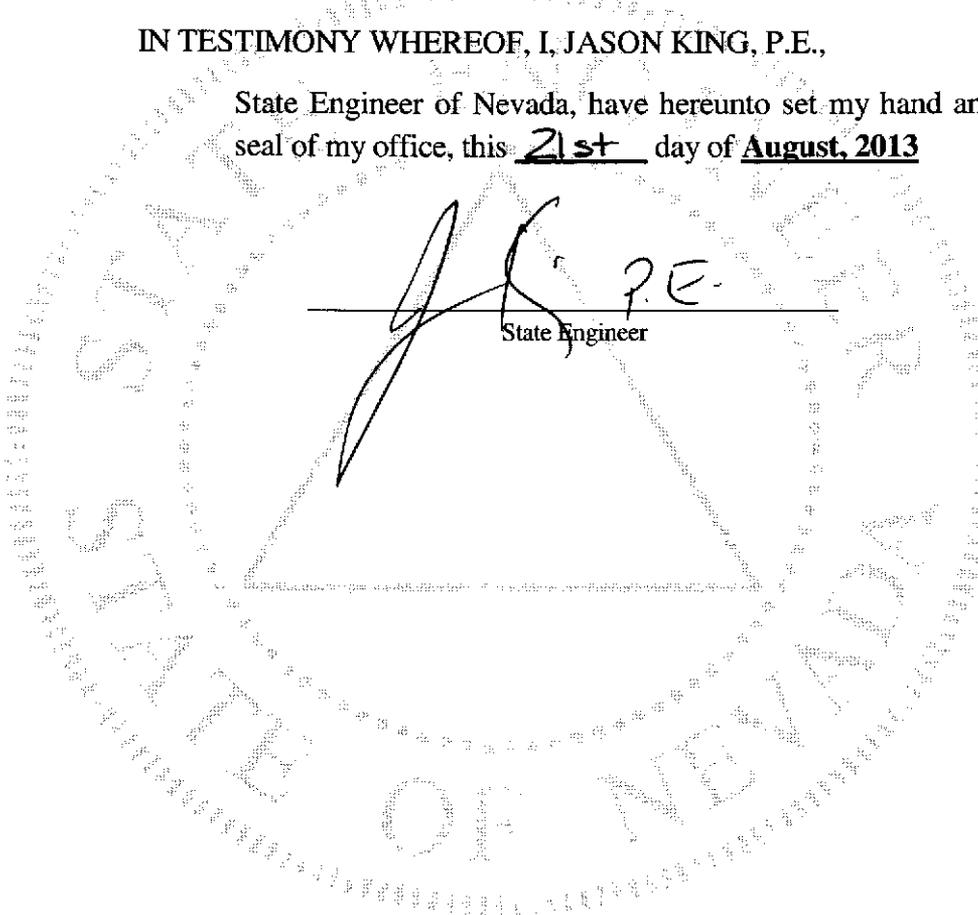
N/A

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

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 21st day of August, 2013



State Engineer



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	<u>JUN 28 2013</u>
Returned to applicant for correction	_____
Corrected application filed	Map filed <u>JUN 28 2013</u>

The applicant Nevada Iron, LLC
c/o Chris Tanner, P.O. Box 19273 of Reno
Street Address or PO Box City or Town
Nevada 89521 hereby make(s) application for permission to change the
State and ZIP Code

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

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

Permit 80270

- The source of water is Underground (SPW-1)
Name of stream, lake, underground, spring or other sources.
- The amount of water to be changed 1.20 cfs, 437.50 acre-feet per annum
Second feet, acre-feet. One second foot equals 448.83 gallons per minute.
- The water to be used for (hydraulic testing for groundwater resource characterization to support mining), Mining, Milling; domestic
Irrigation, power, mining, commercial, etc. If for stock, state number and kind of animals. Must limit to one major use MB.
- The water heretofore used for Mining, milling and domestic
If for stock, state number and kind of animals.
- 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.)
Churchill County APN 005-211-02 within L7, Section 5, T.24N., R.34E., M.D.B.&M., or at a point from which the E 1/4 corner of said Section 5 bears N89°54'34.96"E, a distance of 1311.68 feet.
- The existing point of diversion is located within (If point of diversion is not changed, do not answer.)
NW 1/4 NE 1/4, Section 13, T.24N., R.33E., M.D.B.&M., or at a point from which the SE corner of said Section 13 bears S20° 52'E., a distance of 5316.15 feet. (Refer to Supporting Map filed under Permit 33192)

*Lot 7
 appears to be
 in NE SE
 sec. 5*

*C.D.
 8-101
 ch*

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

Unchanged.

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.)

S½ SW¼ Section 3, S½ Section 4, all Section 5, N½ Section 8, N½ Section 9 and N½ NW¼ Section 10, all in T.24N., R.34E., M.D.B.&M.

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

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

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 equipped with pump, motor, discharge piping and flow meter. Water will be used to support groundwater resource exploration, characterization and development to provide mine water supply.

12. Estimated cost of works \$250,000

13. Estimated time required to construct works One (1) year

If well completed, describe well.

14. Estimated time required to complete the application of water to beneficial use One (1) Year

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.)

Water will be discharged under a temporary discharge permit from NDEP to support groundwater resource exploration, characterization and development for the proposed Buena Vista Mine. Permanent water rights will be transferred to the proposed point(s) of diversion upon determining the sustainable yield from the corresponding well(s).

16. Miscellaneous remarks:

tdonahoe@srk.com

E-mail Address

(775) 828-6800

Phone No.

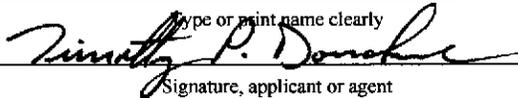
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Ext.

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

Timothy P. Donahoe

Type or print name clearly



Signature, applicant or agent

SRK Consulting (U.S.), Inc.

Company Name

5250 Neil Road, Suite 300

Street Address or PO Box

Reno, Nevada 89502

City, State, ZIP Code