

**THE STATE OF NEVADA****PERMIT TO APPROPRIATE WATER**

Name of Permittee: BOREALIS MINING COMPANY, LLC
Source: UNDERGROUND
Basin: EAST WALKER AREA
Manner of Use: MINING, MILLING, AND DOMESTIC
Period of Use: JANUARY 1ST THROUGH DECEMBER 31ST
Priority Date: 03/23/2015

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, 2020, 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. The State retains the right to regulate the use of the 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 submitted to the State Engineer on an annual basis by February 15th of each year.

The well must be sealed from ground level to 100 feet in accordance with NAC 534.380.

The total combined duty of water under Permits 84992 and 84993 shall not exceed 301.67 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.

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.

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 0.735 cubic feet per second or 301.67 acre-feet annually.**

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

December 23 2016

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

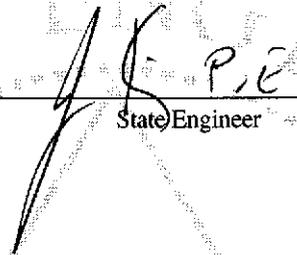
December 23 2020

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

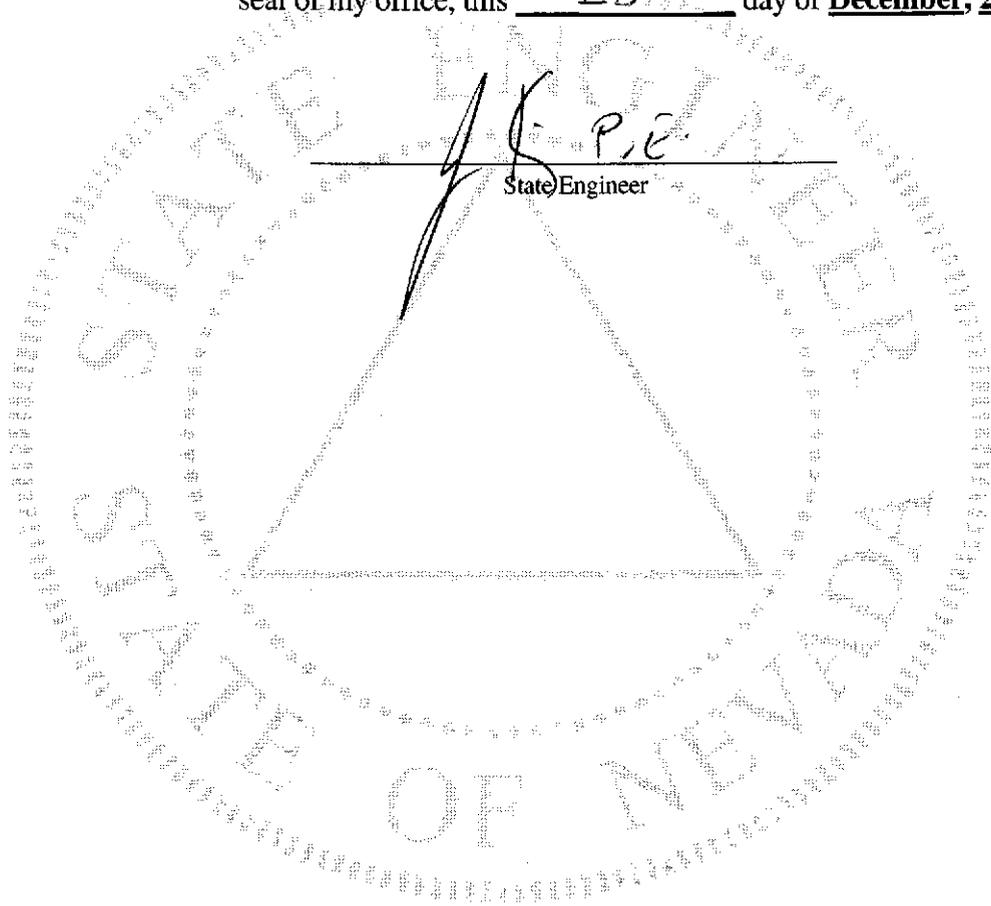
N/A

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

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 23rd day of **December, 2015**



State Engineer



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>MAR 23 2015</u>
Returned to applicant for correction	_____
Corrected Application filed	Map filed <u>May 27 1981 under 43574</u>

The applicant Borealis Mining Company, LLC
 P.O. Box 549 _____ of Hawthorne _____
Street Address or P.O. Box City or Town

Nevada, 89415 _____ 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.)
Incorporated on June 5, 2003, State of Nevada

RECEIVED
MAR 23 2015

STATE ENGINEER'S OFFICE
Jos pm SJT

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 0.735 cfs not to exceed 98.3 mga second feet _____
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 purposes _____
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) mining, milling and domestic purposes _____
 - (d) Power:
 - (1) Horsepower developed _____
 - (2) Point of return of water to stream _____

9-109
M.

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 NW1/4SE1/4 Section 28, T6N, R29E, at a point from which the NW corner of Section 21, T6N, Range 29E, M.D.B.&M. bears N 22 degrees 20'00" W a distance of 8675.0 feet.

40'

D.L. 3/26/15
EMM

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

Within Sections 8,9,16, and 17, T6N, R29E, M.D.B.&M.

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.)

Drilled encased well, submersible pump and motor, pipeline to storage reservoir and distribution system plus additional components requested by applicant and approved by DWR on October 2, 2012 (see attached summary).

9. Estimated cost of works: \$5 million

10. Estimated time required to construct works: 5 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 to be utilized for mining, milling and domestic purposes. This Application is being filed in conjunction with a new application in place of expiring Permit 70322. Total combined duty of this application and the application filed simultaneously herewith not to exceed 98.3 mga. Estimated life of mine and therefore use of water approximately 5 years. Use map on file under Permit 70321.

13. Miscellaneous remarks:

Permit 70321 expires on December 31, 2015 and because mining operations are still active at this location Borealis is submitting the instant application for water rights previously approved under Permit 70321 and set to expire in December. Under Permit 70321 applicant also submitted an application to update the existing water flow permit and hereby seeks approval of the changes requested under Permit 70321 and approved on October 2, 2012.

Laura.Granier@dgsllaw.com

E-mail Address

775-210-1998

Phone No.

Ext.

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

Laura K. Granier, Esq. (agent)

Laura K. Granier
Type or print name clearly
Signature, applicant or agent

Davis Graham & Stubbs, LLP

Company Name

1 East Liberty Street, Suite 600

Street Address or PO Box

Reno, NV 89501

City, State, ZIP Code

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MAR 23 2015

STATE ENGINEER'S OFFICE