



TEMPORARY
THE STATE OF NEVADA

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

Name of Permittee: KLONDEX MIDAS OPERATIONS INC.
Source: UNDERGROUND
Basin: WILLOW CREEK VALLEY
Manner of Use: MINING, MILLING, AND DEWATERING
Period of Use: EXPIRES DECEMBER 31, 2016
Priority Date: 08/03/2007

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 and manner of use of a portion of the waters of an underground source as heretofore granted under Permit 76113, is issued subject to the terms and conditions imposed in said Permit 76113 and with the understanding that no other rights on the source will be affected by the change proposed herein. 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. The State retains the right to regulate the use of the water herein granted at any and all times.

The total combined duty of water under Permit 60669, Certificate 16675; Permit 61888, Certificate 18308; Permit 62114, Certificate 15681; Permit 62582; Permit 65219; Certificate 18309; Permit 65220, Certificate 18310; Permit 65221, Certificate 18311; Permit 68206, Certificate 18312; Permits 75666, 76113, 76226, 76227, 76228 and 85884T shall not exceed 462.5 acre-feet annually.

This temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and will expire on December 31, 2016, at which time all rights herein granted will revert back to the source.

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

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

(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 0.1588 cubic feet per second or 115 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 20th day of **April, 2016**



 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 JAN 25 2016
Returned to applicant for correction
Corrected application filed Map filed Nov 12 1996 Under 62582

The applicant Klondex Midas Operations Inc.
2720 Ruby Vista Drive, Suite 102 of Elko
Nevada, 89801
Street Address or PO Box City or Town
State and ZIP Code
hereby make(s) application for permission to change the

- [x] Point of diversion [] Place of use [x] Manner of use [x] 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 76113

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- 1. The source of water is Underground
Name of stream, lake, underground, spring or other sources.
2. The amount of water to be changed 115 acre-feet (0.1588 cfs)
Second feet, acre-feet. One second foot equals 448.83 gallons per minute.
3. The water to be used for Mining, Milling, and Dewatering
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 Mining, Milling, 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 NW 1/4 NW 1/4 of Section 27, T39N, R46E, M.D.M., or at a point from which the Northwest corner of said Section 27 bears N 08°43'00" W a distance of 1144.46 feet.
6. The existing point of diversion is located within (If point of diversion is not changed, do not answer.)
Within the NE 1/4 NE 1/4 of Section 03, T38N, R46E, M.D.M., or at a point from which the Northeast corner of said Section 03 bears N 33°55'28" W a distance of 670 feet.

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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.)

Sections 3, 4, 9, 10, 15, 16, 21, 22, 27, 28, 33, 34, T39N, R46E, M.D.M.

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

10. Existing use permitted from January 1 to December 31 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.)

Point of Diversion will be the Decline portal. Water accumulated in the underground workings will be pumped to the surface, from underground sumps, and used in the milling process to offset freshwater use.

12. Estimated cost of works \$50,000

13. Estimated time required to construct works Completed as described above
If well completed, describe well.

14. Estimated time required to complete the application of water to beneficial use 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.)

See Item #11.

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16. Miscellaneous remarks:

Please refer to Map filed under Permit 62582 for Proposed Point of Diversion details.

Please refer to Map filed under Permit 75666 for Existing Place of Use details.

lhill@klondexmines.com
E-mail Address

775-738-6070
Phone No. Ext.

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

Lucy Hill

[Signature]
Type or print name clearly
Signature, applicant or agent

Klondex Midas Operations Inc.
Company Name

2720 Ruby Vista Drive, Suite 102
Street Address or PO Box

Elko, Nevada 89801
City, State, ZIP Code