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November 14, 2016

Jason King, State Engineer  
Division of Water Resources  
901 South Stewart Street, 2<sup>nd</sup> Floor  
Carson City, NV 89701

Re: Boreholes CV-7 and CV-8

Dear Mr. King:

We are writing to inform you of our client Pure Energy Minerals, LTD's. intention to commence drilling on two boreholes, CV-7 and CV-8, in Clayton Valley, Nevada. Given the current situation in Clayton Valley and the pending litigation regarding CV-1, CV-3, and CV-4, we believe that this letter can help both parties prevent confusion regarding CV-7 and CV-8.

Boreholes CV-7 and CV-8 will be drilled in Clayton Valley to conduct mineral exploration. At this time, it is unknown whether Pure Energy will encounter favorable geology with CV-7 and CV-8, which would be necessary if the boreholes were to eventually be converted and developed as wells for sampling, monitoring, or pumping tests. Pure Energy's CV-5 and CV-6 were examples of boreholes that did not encounter the requisite favorable geology, and were subsequently voluntarily plugged. CV-1 and CV-3, on the other hand, did encounter favorable geology so Pure Energy sought to convert those boreholes to wells. This order of operations is illustrative of how Pure Energy is proceeding with its lithium exploration in Clayton Valley. Wells are only needed in the event that favorable geology and the likely occurrence of lithium has been determined from mineral exploration boreholes. As such, it is Pure Energy's intent for CV-7 and CV-8 to be exploration boreholes.

While Pure Energy hopes to encounter the favorable preconditions necessary for conversion of the boreholes, it is impossible to know whether this will happen until the boreholes are drilled. Pure Energy will be drilling CV-7 and CV-8 using rotary core methods to maximize the geological information available to its team. These core samples will help determine the viability of the lithium potential in that area. If brine sampling and pumping tests are later determined to be beneficial based on the geology, Pure Energy will only perform pumping tests within the bounds of Nevada water law.

As a precautionary measure, Pure Energy has filed waivers for CV-7 and CV-8 with your office. Though those waivers were filed on October 7, 2016, Pure Energy has not heard back on

the status of the waivers. The purpose of these waivers is to obtain permission to convert the boreholes to wells, if the boreholes do indeed find favorable geology. As such, Pure Energy will ensure that boreholes CV-7 and CV-8 are drilled by a licensed well driller - though Pure Energy disagrees with the State Engineer's conclusion that a mineral exploration borehole must be drilled by a licensed well driller if there is any chance it will become a well in the future. Any decision to convert one or both of these boreholes to wells will be made within 60 days of completion of the borehole. If Pure Energy decides to convert the boreholes into wells, they will take all appropriate steps to ensure that the conversion is performed by a licensed well driller, all necessary waivers or permits are requested and approved, and a Notice of Intent to Drill card is received before the work is done. A Well Driller's Report will also be filed within 30 days of completion of the work, if such work is done.

While Pure Energy does not know whether it will convert these boreholes to wells in the future, they are taking all precautionary measures advised by your office in the letter dated November 10, 2016. Pure Energy hopes that you understand that its sole purpose in taking these precautionary measures is to comply with Nevada water law and to resume its important work while planning for possible permutations, such as the need to construct wells at CV-7 and CV-8 in the event Pure Energy encounters favorable geology.

Should you have any questions, please contact us at the numbers below.

Sincerely,

A handwritten signature in blue ink, appearing to read "Timothy D. O'Connor", with a long horizontal flourish extending to the right.

Timothy D. O'Connor, Esq.  
TAGGART & TAGGART, LTD.

PGT/tdo