

BRIAN SANDOVAL
Governor

STATE OF NEVADA



BRADLEY CROWELL
Director

JASON KING, P.E.
State Engineer

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES

901 South Stewart Street, Suite 2002

Carson City, Nevada 89701-5250

(775) 684-2800 • Fax (775) 684-2811

<http://water.nv.gov>

November 9, 2017

RE: Mineral Exploration Well Applications for proposed wells MB-1 and MB-2

Geoff Balfe
Sierra Lithium, LLC
4755 Caughlin Parkway
Reno, Nevada 89519

Re: Request to drill wells MB-1 and MB-02 as mineral exploration wells for mineral resource development within the Clayton Valley Hydrographic Basin (143), Esmeralda County, Nevada.

Universal Transverse Mercator (UTM) (meters), North America Datum 1927 (NAD27)
MB-1 143 S01 E39 01 Ab [nw¼ NE¼] E: 442,500, N: 4,186,760 APN: 006-271-04
MB-2 143 S01 E39 29 Da [na¼ SE¼] E: 441,400, N: 4,186,300 APN: 006-271-04

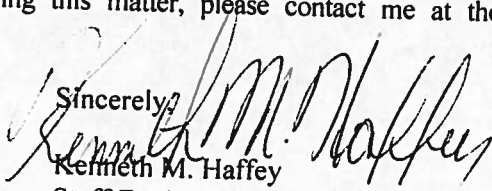
Dear Mr. Balfe,

This letter is in response to your waiver application received in this office on October 4, 2017. As provided in Nevada Administrative Code (NAC) 534.441 of the Regulation for Water Well and Related Drilling, permission is herewith **denied** to use construct wells MB-1 and MB-2 as mineral exploration wells as described within your submittal.

The intent for the denial of these waiver applications is that new regulations are being adopted by the Nevada Division of Minerals that will oversee recovering dissolved mineral deposits that will be in force on January 1, 2018.

Should you have any questions regarding this matter, please contact me at the address above, by email at khaffey@water.nv.gov or at 775-684-2814.

Sincerely,


Kenneth M. Haffey
Staff Engineer

KMH/jw

cc: Timothy Donahoe

Tim Wilson, Well Drilling Regulation, e-mail

Jake Echeverria, Well Drilling Regulation, e-mail

Mike Scott, Well Drilling Regulation, e-mail

Erielle Cushing, Well Drilling Regulation, e-mail

**IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA
REQUEST FOR A WAIVER FOR TEMPORARY USE OF GROUND WATER
FOR MINERAL EXPLORATION**

The applicant and/or person or company responsible for drilling and plugging the temporary well:

<u>Geoff Balfe</u>	<u>Manager</u>	<u>Sierra Lithium LLC</u>
Name	Title	Company
<u>4755 Caughlin Parkway</u>	<u>Reno</u>	<u>Nevada 89519</u>
Street Address or PO Box	City or Town	State and ZIP Code

Telephone number of responsible party: (775) 223-6955

Estimated project dates: 10/2/2017 Start Date 10/2/2018 Completion Date

Location of the well: **PLSS, GPS Coordinates and Map Datum are required.**

NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 28 T 1 S R 39 E, M.D.B. & M.

{ Latitude (N): _____ } or { UTM (m) E: 442500 } Datum
{ Longitude (W): _____ } { UTM (m) N: 4186760 } NAD 27

County Assessor Parcel Number (APN): 006-271-04

Street Address (if any): N/A MB-1

Location of mineral exploration, plan of operations, and description of how water is to be used: *(Attach additional sheets as necessary)*

A waiver is requested to drill a well and allow temporary use of water to characterize the groundwater and mineral resources beneath Applicant's project in Clayton Valley. Exploration activities have been approved by BLM - Applicant's casefile number N-95763. The well will be developed and water samples will be collected from it to determine the quality of groundwater and lithium brine. A small scale aquifer test will also be performed from the well to estimate aquifer parameters such as hydraulic conductivity and storativity.

Estimated amount of water to be used:

Number of days 5 x Gallons per day 325,851 = Total Gallons 1,629,255


Is this an existing well? No If yes, what is the NDWR well log number? _____

The following items must be submitted with the waiver request:

- If this is an existing well, submit a copy of the agreement between you and the owner
- Affidavit of Intent to Plug a Well (for new well(s) or well(s) which ownership is not claimed)
- Location Map (i.e., Large Scale, inch = miles)
- Site Detail Map (i.e., Small Scale, inch = feet)

Signatory Contact Information:

(775) 828-6800
Telephone Number
5250 Neil Road, Suite 300
Mailing Address
Reno, NV 89502
City, State, ZIP Code

Timothy P. Donahoe
Printed Name

Signature
9/29/2017
Date

IN THE OFFICE OF THE STATE ENGINEER OF NEVADA

AFFIDAVIT OF INTENT
TO PLUG A WELL

Notice of Intent # N-95763

I, Geoff Balfe, Manager Name & Title
Sierra Lithium LLC Company
4755 Caughlin Parkway Address
Reno, NV 89519
(775) 223-6955 Telephone Number

of the real property located at:

Street address (if any) N/A MB-1

County Assessor Parcel Number (APN) 006-271-04

Situated within the NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 28 T 1 S R 39 E, M.D.B. & M.

{ Latitude (N): _____ } or { UTM (m) E: 442500 } Datum
{ Longitude (W): _____ } { UTM (m) N: 4186760 } NAD 27

and whereupon an existing well or wells are located or to be located, fully understand that I shall be responsible for, and shall cause the existing well to be plugged in accordance with the provisions contained in Nevada Administrative Code (NAC) 534, imposed in the terms set forth in the waiver approval and all other applicable rules and regulations for drilling/plugging wells in the State of Nevada.

I shall further make any purchaser of this parcel aware of these conditions.

Responsible Party

(Printed Name): Geoff Balfe (Signature): [Signature]

State of ~~Nevada~~ WESTERN

County of ~~Nevada~~ AUSTRALIA

Subscribed and sworn to before me on 9-15-17

by GEOFFREY DONNELLAN BALFE

[Signature]
Signature of Notary Public Required

Revised 05/2017 - mmwaiver

John Wesley Butler
Notary Public

Ground Floor, 45 Stirling Highway
Nedlands
Western Australia, 6009
Tel: (618) 9386 5200
www.butlers.com.au

IN THE OFFICE OF THE STATE ENGINEER OF NEVADA

AFFIDAVIT OF INTENT
TO PLUG A WELL

Notice of Intent # N-95763

I, Geoff Balfe, Manager Name & Title
Sierra Lithium LLC Company
4755 Caughlin Parkway Address
Reno, NV 89519
(775) 223-6955 Telephone Number

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of the real property located at:

Street address (if any) N/A MB-2

County Assessor Parcel Number (APN) 006-271-04

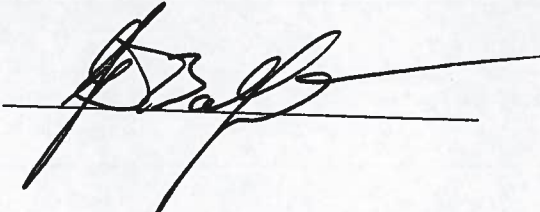
Situated within the NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 29 T 1 S R 39 E, M.D.B. & M.

{ Latitude (N): _____ } or { UTM (m) E: 441400 } Datum
{ Longitude (W): _____ } { UTM (m) N: 4186300 } NAD 27

and whereupon an existing well or wells are located or to be located, fully understand that I shall be responsible for, and shall cause the existing well to be plugged in accordance with the provisions contained in Nevada Administrative Code (NAC) 534, imposed in the terms set forth in the waiver approval and all other applicable rules and regulations for drilling/plugging wells in the State of Nevada.

I shall further make any purchaser of this parcel aware of these conditions.

Responsible Party

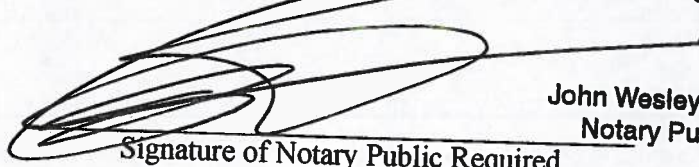
(Printed Name): Geoff Balfe (Signature): 

State of ~~Nevada~~ WESTERN

County of AUSTRALIA

Subscribed and sworn to before me on 9-15-17

by GEOFFREY DONNELAN BALFE


Signature of Notary Public Required

John Wesley Butler
Notary Public

Revised 05/2017 - mmwaiver

Ground Floor, 45 Stirling Highway
Nedlands
Western Australia, 6009
Tel: (618) 9386 5200
www.butlers.com.au





**Division of Water Resources
Receipt for Payment**



Sierra Lithium Llc
4755 CAUGHLIN PKWY STE A
Reno, NV 89519

Check #: 1015
Check Date: 9/15/2017
Date Received: 10/4/2017
Receipt #: 34638

FY	Amount	Permit #	Invoice #	Fee Type/Fee desc	Notes
2018	\$120.00	MM/WAIVER		- Waivers	COVERS MM/WAIVER X2
					CHECK TOTAL \$240.00

10/5/2017

**IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA
REQUEST FOR A WAIVER FOR TEMPORARY USE OF GROUND WATER
FOR MINERAL EXPLORATION**

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<u>Geoff Balfe</u>	<u>Manager</u>	<u>Sierra Lithium LLC</u>
Name	Title	Company
<u>4755 Caughlin Parkway</u>	<u>Reno</u>	<u>Nevada 89519</u>
Street Address or PO Box	City or Town	State and ZIP Code

Telephone number of responsible party: (775) 223-6955

Estimated project dates: 10/2/2017 Start Date 10/2/2018 Completion Date

Location of the well: **PLSS, GPS Coordinates and Map Datum are required.**

NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 29 T 1 S R 39 E, M.D.B. & M.

{ Latitude (N): _____ } or { UTM (m) E: 441400 } Datum
{ Longitude (W): _____ } { UTM (m) N: 4186300 } NAD 27

County Assessor Parcel Number (APN): 006-271-04

Street Address (if any): N/A MB-2

Location of mineral exploration, plan of operations, and description of how water is to be used: *(Attach additional sheets as necessary)*

A waiver is requested to drill a well and allow temporary use of water to characterize the groundwater and mineral resources beneath Applicant's project in Clayton Valley. Exploration activities have been approved by BLM - Applicant's casefile number N-95763. The well will be developed and water samples will be collected from it to determine the quality of groundwater and lithium brine. A small scale aquifer test will also be performed from the well to estimate aquifer parameters such as hydraulic conductivity and storativity.

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- Affidavit of Intent to Plug a Well (for new well(s) or well(s) which ownership is not claimed)
- Location Map (i.e., Large Scale, inch = miles)
- Site Detail Map (i.e., Small Scale, inch = feet)

Signatory Contact Information:

(775) 828-6800
Telephone Number

5250 Neil Road, Suite 300
Mailing Address

Reno, NV 89502
City, State, ZIP Code

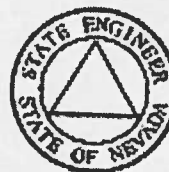
Timothy P. Donahoe
Printed Name

Timothy P. Donahoe
Signature

7/29/2017
Date



**Division of Water Resources
Receipt for Payment**



Sierra Lithium Llc
4755 CAUGHLIN PKWY STE A
Reno, NV 89519

Check #: 1015
Check Date: 9/15/2017
Date Received: 10/4/2017
Receipt #: 34638

FY	Amount	Permit #	Invoice #	Fee Type/Fee desc	Notes
2018	\$120.00	MM/WAIVER		- Waivers	COVERS MM/WAIVER X2
					CHECK TOTAL \$240.00

10/5/2017



SRK Reno
5250 Neil Road, Suite 300
Reno, Nevada 89502

T: (775) 828-6800
F: (775) 828-6820

reno@srk.com
www.srk.com

September 29, 2017

Mr. Jason King, P.E.
State Engineer
Nevada Division of Water Resources
901 South Stewart Street, Suite 2002
Carson City, NV 89701-5250

RE: Applications for Mining and Milling (MM) Waivers


Dear Mr. King,

On behalf of Sierra Lithium LLC, two Applications for MM-Waivers are being submitted herewith. A check for \$240 is also included to cover the filing fees.

Thank you for your service and assistance in this matter – it is greatly appreciated. Should your office desire additional information or clarification, please feel free to contact me at your convenience.

Sincerely,

SRK Consulting (U.S.), Inc.


Timothy P. Donahoe, PLS, WRS, CEM
Senior Consultant (Hydrogeology and Water Rights)
tdonahoe@srk.com
775-828-6800

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U.S. Offices:

Anchorage	907.677.3520
Denver	303.985.1333
Elko	775.753.4151
Fort Collins	970.407.8302
Reno	775.828.6800
Tucson	520.544.3688

Mexico Office:

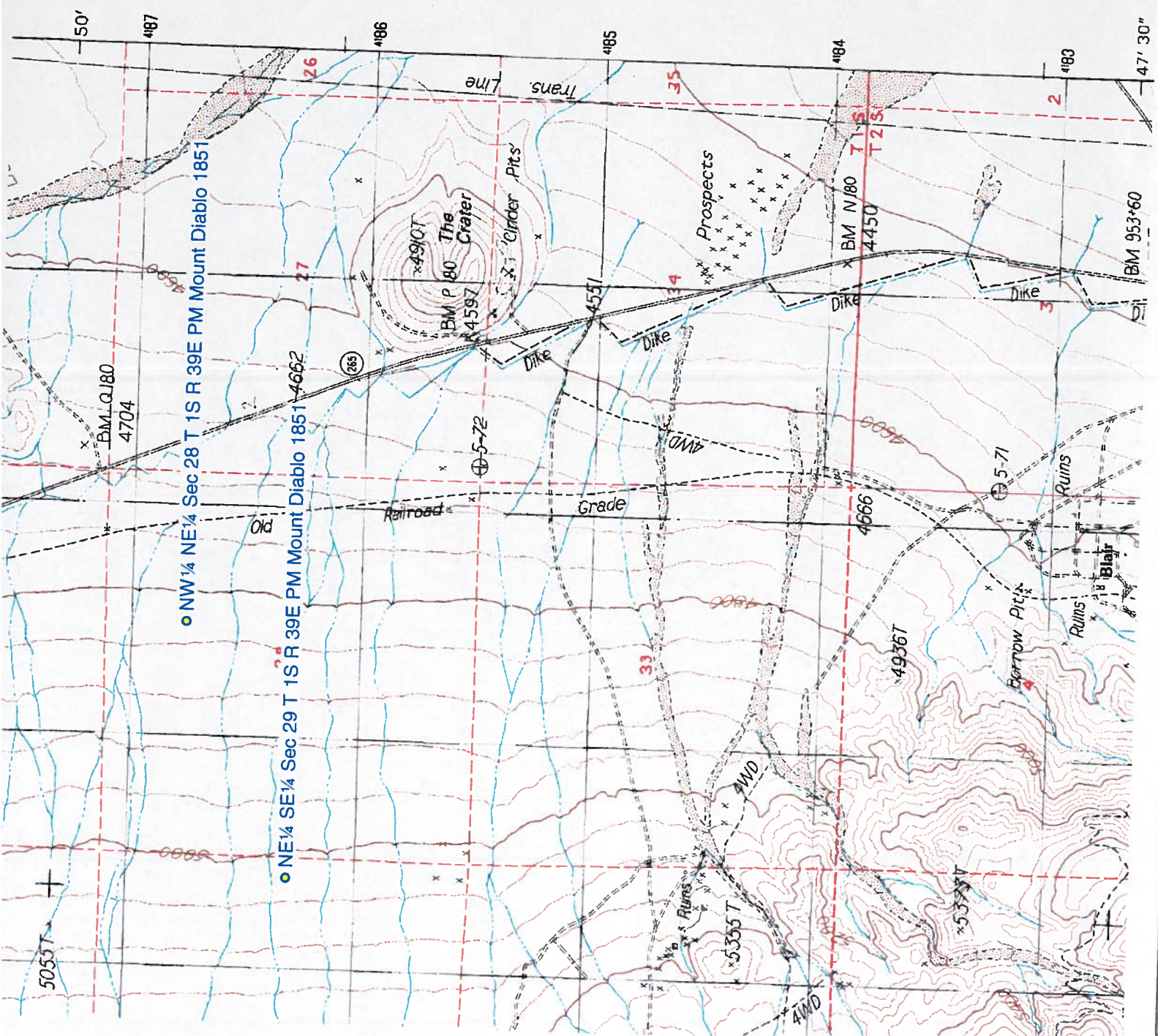
Guadalupe,
Zacatecas
52.492.927.8982

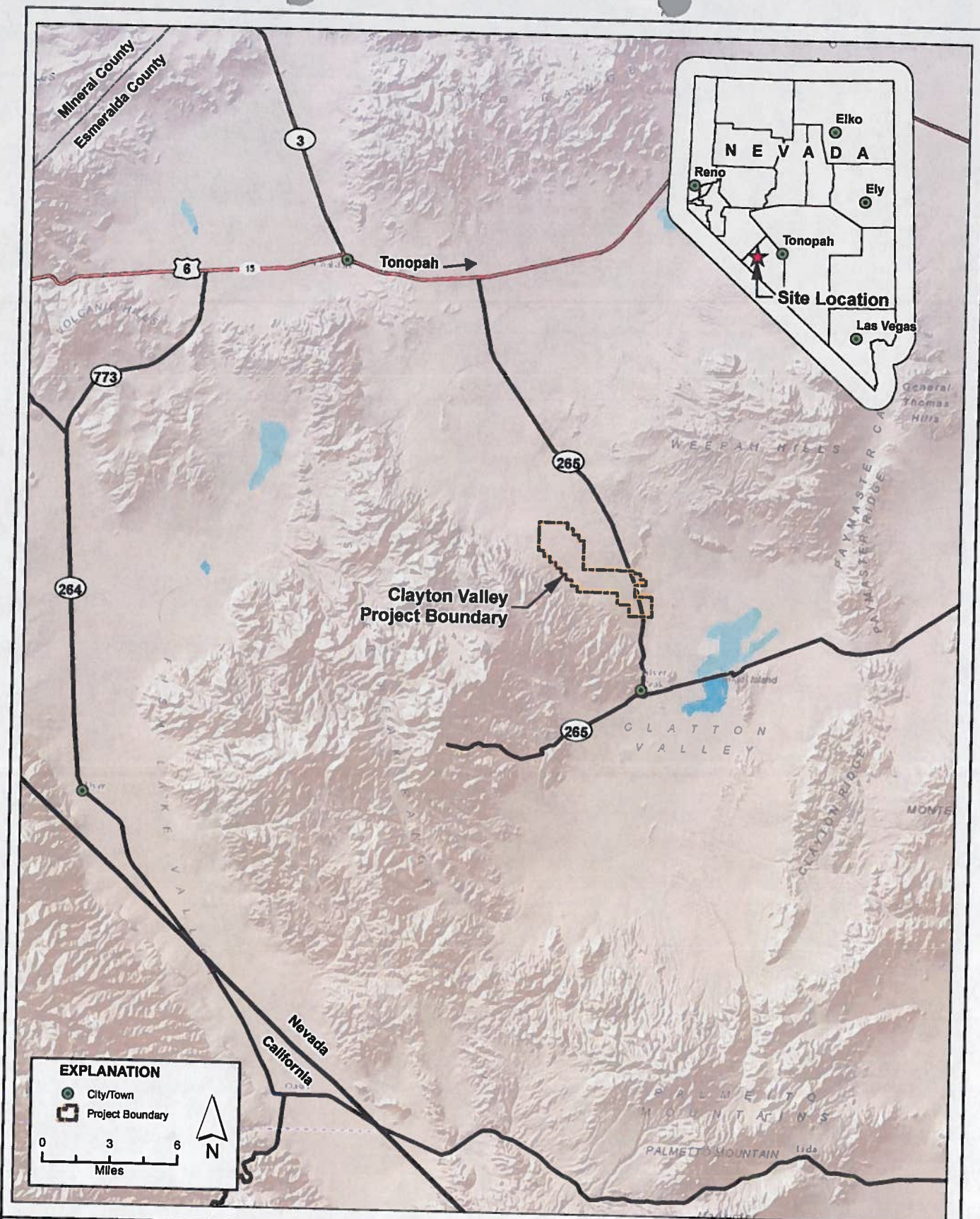
Canadian Offices:

Saskatoon 306.955.4778
Sudbury 705.682.3270
Toronto 416.601.1445
Vancouver 604.681.4196
Yellowknife 867.873.8670

Group Offices:

Africa
Asia
Australia
Europe
North America
South America





srk consulting

SIERRA LITHIUM, LLC.

DRAWING TITLE:

SITE LOCATION MAP

NAD 1927 UTM Zone 11N

DESIGN: DRAWN: GK REVIEWED: CA

SCALE: 1 in = 6 miles DATE: 8/14/2017

FILE: FIG1_CV_SITE_LOC_20170814

CLAYTON VALLEY PROJECT

ISSUED FOR: **EXPLORATION NOTICE**

DRAWING NO. **FIGURE 1**

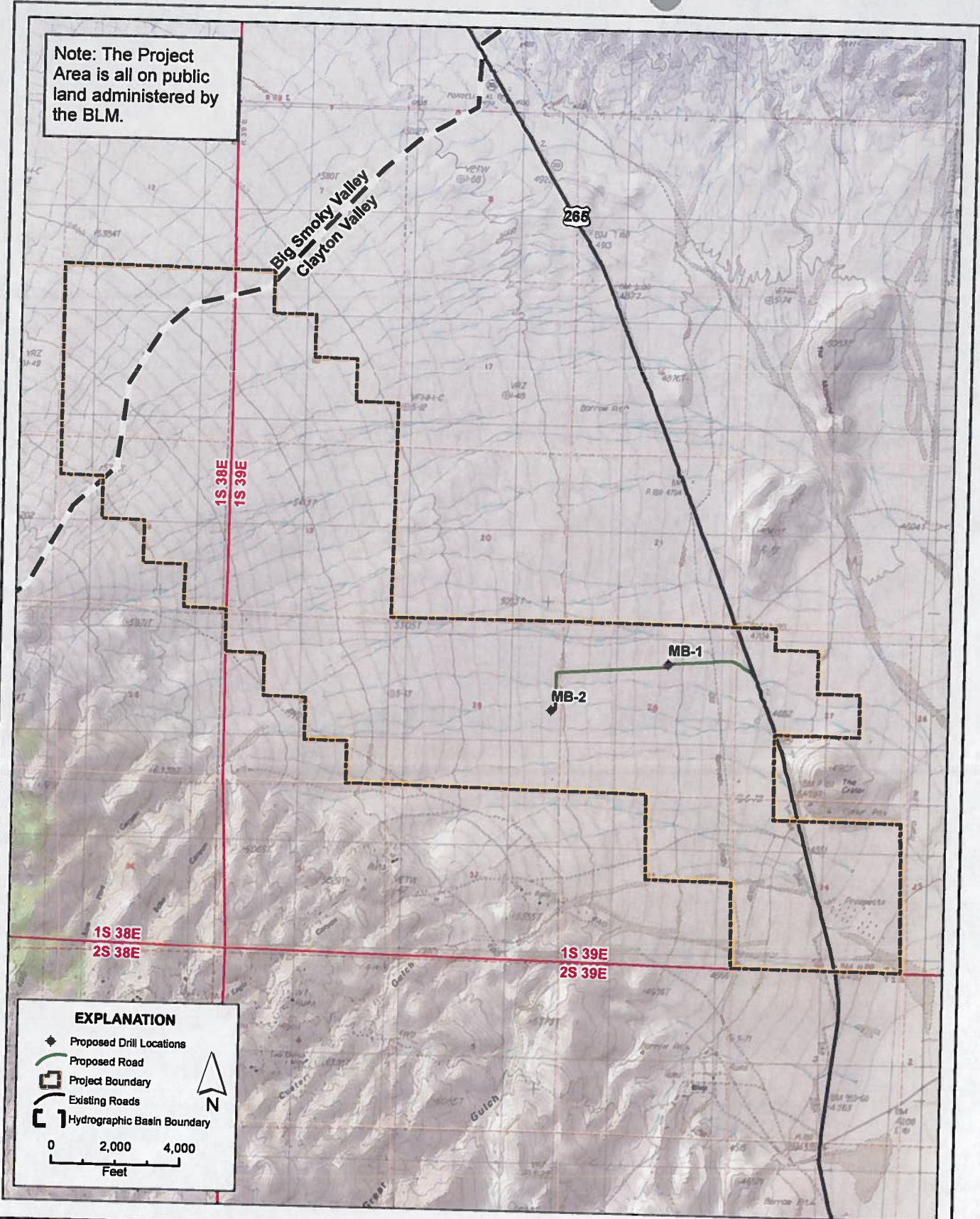
JOB NO. **515000.010**

REVISION

A

Path: H:\Sierra Lithium LLC\515000.010_Exploration Permitting\40_Drafting\Task_Number_Task_Name\FIG1_CV_SITE_LOC_20170814.mxd

Note: The Project Area is all on public land administered by the BLM.



EXPLANATION

- ◆ Proposed Drill Locations
- Proposed Road
- ▭ Project Boundary
- Existing Roads
- ▭ Hydrographic Basin Boundary

0 2,000 4,000
Feet



srk consulting

SIERRA LITHIUM, LLC.

DRAWING TITLE:

PROPOSED EXPLORATION

NAD 1927 UTM Zone 11N
DESIGN: - DRAWN: GK REVIEWED: CA
SCALE: 1 inch = 4,000 feet DATE: 9/27/2017
FILE: FIG2_CV_PROP_WAIVER_20170926

CLAYTON VALLEY PROJECT

ISSUED FOR

WAIVER

DRAWING NO.

FIGURE 2

REVISION

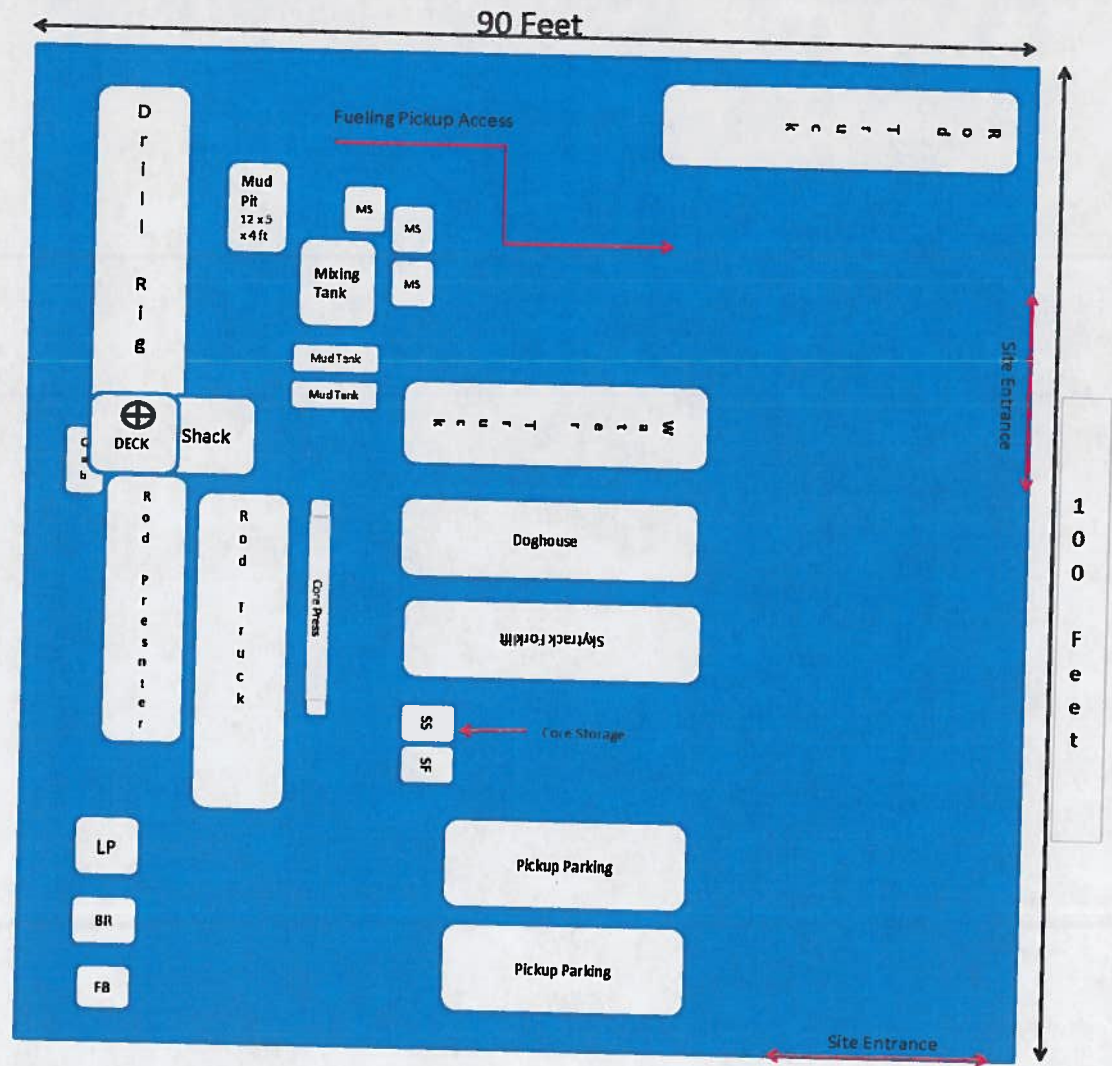
JOB NO.

515000.010

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Path: H:\Sierra Lithium LLC\515000.010_Exploration Permitting\040_Drafting\Task Number_Test_Name\FIG2_CV_PROP_WAIVER_20170926.mxd

Service Layer Credits: Copyright © 2013 National Geographic Society, i-cubed



DETAIL OF LAYOUT OF DRILL SITE



SIERRA LITHIUM, LLC.

DRAWING TITLE:
SITE DETAIL

NAD 1927 UTM Zone 11N
 DESIGN: . DRAWN: GK REVIEWED: CA
 SCALE: NOT TO SCALE DATE: 9/28/2017
 FILE: FIG3_CV_WAIVER_SITE_DETAIL_20170928

CLAYTON VALLEY PROJECT

ISSUED FOR: **WAIVER**

DRAWING NO. **FIGURE 3**

JOB NO **515000.010**

REVISION
A



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Tonopah Field Office
P.O. Box 911 (1553 South Main Street)
Tonopah, Nevada 89049
Phone: 775-482-7800 Fax: 775-482-7810
<https://www.blm.gov/nevada>



In Reply Refer To:
N-95763
3809 (NVB0200)

SEP 06 2017

CERTIFIED MAIL -- RETURN RECEIPT REQUESTED 91 7199 9991 7038 0597 4995

DECISION

Sierra Lithium LLC
4755 Caughlin Parkway, Suite A
Reno, NV 89519

:
: 43 CFR 3809 -- Surface Management
: Notice

Determination of Required Financial Guarantee Amount

Description of Notice - Your notice for exploration for the **Clayton Valley Exploration Project** was received in this office on August 28, 2017. The project area is located in Esmeralda County, Nevada in sections 27, 28, & 29, T. 1 S., R. 39 E., Mount Diablo Meridian. The notice proposes cross country travel and two drill holes for a total of **2.60 acres**. The proposed operations were reviewed by various resource specialists who have determined that the notice, as proposed, will not cause unnecessary or undue degradation as defined under 43 CFR 3809.5. The Bureau of Land Management (BLM) casefile number for your notice is **N-95763**. Please refer to this number in any future communication concerning this notice.

Amount of Financial Guarantee -- A member of the Tonopah Field Office staff has reviewed your reclamation cost estimate and determined that a financial guarantee of **\$39,182.00** is sufficient to complete reclamation of the proposed disturbance. The amount of the reclamation cost estimate is based on operator compliance with all applicable operating and reclamation requirements.

All line items contained in the reclamation cost estimate are not to be considered as the limits of financial guarantee expenditures in that respective category or task should forfeiture of the financial guarantee by necessary. The line items listed are solely for the purpose of arriving at a total amount for the financial guarantee. This total amount may be spent however the BLM deems necessary to implement the approved reclamation plan, and does not represent a reclamation cost limit or constraint.

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The BLM's review of your proposed operations, determination that your notice filing is complete, determination that your operations as proposed will not cause unnecessary or undue degradation and decision concerning the amount of the required financial guarantee does not relieve you, the operator, of your responsibility to be in compliance with all applicable Federal, State and local laws and regulations, and to obtain all applicable Federal, State and local authorizations and permits. You are responsible for preventing any unnecessary or undue degradation of public lands and resources, and for reclaiming all lands disturbed by your operations.

Required Financial Guarantee - A financial guarantee in the amount of \$39,182.00 must be filed and accepted within 30 days of this decision at the address below:

Bureau of Land Management
Branch of Minerals Adjudication
1340 Financial Blvd.
Reno, Nevada 89520

You must receive *written notification* from that office accepting and obligating your financial guarantee before you may begin any surface disturbing operations. The types of financial instruments that are acceptable to the BLM are found at 43 CFR 3809.555. Please contact the Branch of Minerals Adjudication at 775-861-6400 for further information on the adjudication of financial guarantees.

This decision does not constitute certification of ownership to any entity named in the notice; recognition of the validity of associated mining claims; or recognition of the economic feasibility of the proposed operations.

Term of Notice - Your notice will remain in effect for two years from the date of this decision, unless you notify this office beforehand that operations have ceased and reclamation is complete. If you wish to conduct operations for another two years after the expiration date of your notice, you must notify this office in writing on or before the expiration date as required by 43 CFR 3809.333.

Reclamation - After re-contouring dill pads and roads, a salt shrub seed mix shall be applied at the specified rate per acre of disturbed ground. The seeding rate is for drill seeding. The seed rate should be doubled for broadcast seeding and the seed covered after application by raking or other means.

Guidelines for Operations Conducted Under a Notice - The enclosed document provides additional guidelines concerning your notice.

Other Resource Conditions - Additional Information specific to this geographic area have been developed and are included as an enclosure.

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STATE ENGINEERS OFFICE

Appeal of the Decision

If you are adversely affected by this decision, you may request that the BLM Nevada State Director review this decision. If you request a State Director Review, the request must be received in the BLM Nevada State Office at 1340 Financial Blvd., Reno, Nevada 89502, no later than 30 calendar days after you receive or have been notified of this decision. The request for State Director Review must be filed in accordance with the provisions in 43 CFR 3809.805. This decision will remain in effect while the State Director Review is pending, unless a stay (suspension) is granted by the State Director. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

If the State Director does not make a decision on your request for review of this decision within 21 days of receipt of the request, you should consider the request declined and you may appeal this decision to the Interior Board of Land Appeals (IBLA). You may contact the BLM Nevada State Office to determine when the BLM received the request for State Director Review. You have 30 days from the end of the 21-day period in which to file your Notice of Appeal with this office at P.O. Box 911, 1553 S. Main St, Tonopah, NV 89049, which we will forward to IBLA.

If you wish to bypass a State Director Review, this decision may be appealed directly to the IBLA in accordance with the regulations at 43 CFR 3809.801(a) (1). Your Notice of Appeal must be filed in this office at P.O. Box 911, 1553 S. Main St, Tonopah, NV 89049, within 30 days from receipt of this decision. As the appellant you have the burden of showing that the decision appealed from is in error. Enclosed is BLM Form 1842-1 that contains information on taking appeals to the IBLA.

This decision will remain in effect while the IBLA reviews the case, unless a stay is granted by the IBLA. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Request for a Stay

If you wish to file a petition (request) pursuant to regulations 43 CFR 4.21 for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by IBLA, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of this notice of appeal and petition for a stay must also be submitted to each party named in the decision and to the IBLA and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal must show sufficient justification based on the following standards:

1. The relative harm to parties if the stay is granted or denied.
2. The likelihood of the appellant's success on the merits.

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3. The likelihood of immediate and irreparable harm if the stay is not granted.

4. Whether the public interest favors granting the stay.

If you have any questions, please contact William Coyle, Assistant Field Manager, Non-Renewable Resources, at (775) 482-7800.



Timothy J. Coward
Field Manager

Enclosures

cc: BLM Nevada, Branch of Minerals Adjudication

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August 31, 2017									
Notice Level Exploration Reclamation Cost Model									
From SRCE Cost Data with Acresage Calculators									
Clayton Valley Exploration Project (North) / Sierra Lithium LLC									
SRCE 2016 Cost Data Version 3.2									
Linear Feet of Road On a Side Slopes	Linear Feet	Recontouring Cost <30%	Recontouring Cost >30%	Labor Cost	Manpower	Equipment	Materials	Cost/Linear Foot	Road Reclamation
Drill Sites and Sumps	Number	Recontouring Cost	Recontouring Cost	\$0	\$0.10	\$0.14	\$0.00	\$0.23	\$0
Drill Sites < 30% slopes	7	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Drill Sites > 30% slopes	7	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Drill Sites Cross Country Sumps	7	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Trenches	Linear Feet	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Cross Country Travel	15,600	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Total Revegetation Acres	Slope Acres	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
150 miles Mobilization	2.60	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
150 miles Mobilization	2.60	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Drill Holes Open	5300	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Feet of Open Holes - Wet	5300	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Feet of Open Holes - Dry	5300	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Feet of Casing to Pull	5300	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
150 miles Mobilization	2.60	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
150 miles Mobilization	2.60	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Disturbance Type	Total Acres	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Roads	0.00	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Drill Sites	0.34	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Sumps	0.11	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Trenches	0.00	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Cross Country	2.16	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
total Notice acres	2.60	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Contingency	Contingency	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Insurance	Insurance	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Perf. And Payment Bonds	Perf. And Payment Bonds	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Contractor Profit	Contractor Profit	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Contract Administration	Contract Administration	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Indirect Costs	Indirect Costs	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
* Contingency and Performance and payment Bonds required only if total reclamation cost > \$100,000	* Contingency and Performance and payment Bonds required only if total reclamation cost > \$100,000	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
Cost per acre	Cost per acre	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0
\$15,069	\$15,069	Recontouring Cost	Recontouring Cost	\$0	\$0.22	\$0.32	\$0.00	\$0.54	\$0

Bureau of Land Management Notice Level Reclamation Cost Estimation Worksheet									
Costs for this Notice Level Reclamation Cost Estimator are based on values and assumptions used in the Standardized Reclamation Cost Estimator (SRCE) Version 1.4.1. Cost Data are from August 1, 2016. This worksheet is simpler than the SRCE and does not allow the flexibility of entering project specific information in some situations. The model will generate approximately the same reclamation costs as the SRCE model if the same inputs and assumptions are applied. Below are the methods and assumptions used by this model to generate a Financial Guarantees Amount.									
1.	There are two side hill slope categories used for all calculations in this worksheet. All slopes under 30% (<30%) are assumed to have a slope of 20%.								
2.	All slopes over 30% (>30%) are assumed to have a slope of 40%.								
3.	All Roads in this worksheet are assumed to have a 14 foot wide dimension across the flat "driveable" part of the road without any safety barriers.								
4.	All Drill Sites in this worksheet are assumed to be 30 feet wide. For Drill Sites on slopes <30% they are 70 feet long. For Drill Sites on slopes >30% they are 83 feet long.								
5.	All Road and Drill Sites cut banks are assumed to have a 60 degree slope.								
6.	All Road and Drill Sites fill slopes are assumed to have an angle of repose of 1.4H:1V or about 70% slope equal to a 35 degree angle.								
7.	Roads are linear features and the units required for input to this worksheet are in linear feet.								
8.	Recontouring for reclamation of Roads, Drill Sites, and Sumps is done with a track excavator of a Cat 320C size with a 1.57 CY bucket and productivity of 185 CY per hour. Area pay= \$3.00 per hour, FICA = 7.65%, Unemployment = 3% and Workman's Comp= 8.70%								
9.	Equipment operator Manpower cost is based on Davis-Bacon wage rates for Northern Nevada								
10.	Laborer cost is based on Davis-Bacon wage rates for Northern Nevada with FICA = 7.65%, Unemployment = 3% and Workman's Comp= 8.70%								
11.	Revegetation cost is based on the cost of use of a quad/ATV which spreads and drops the seed in on one pass.								
12.	Revegetation costs are based on a per acre basis for slopes areas.								
13.	Drill Sites recontouring cost is based on a standard pad width and length.								
14.	Drill Sites on slopes <30% and Cross Country Drill Sites are 30 feet wide by 70 feet long.								
15.	On Cross Country Drill Sites, the disturbed area is ripped by a Cat D7 size dozer.								
16.	On Drill Sites <30% slopes they are assumed to be outside the Drill Site.								
17.	On Drill Sites >30% slopes sumps are assumed to lie within the 30 foot x 83 foot dimension of the Drill Site.								
18.	Trenches are assumed to be 14 feet wide by 5 feet deep with 10 feet extra width for the spoil pile. A D8 is used for recontour at 208 CY/hour productivity.								
19.	Recontouring earthwork for Roads Drill Sites and Sumps has an assumed swell factor of 20%. Trenches swell factor is 30%.								
20.	Cross Country travel is assumed to have a disturbance of 6 feet wide by the linear feet of travel on slopes under 10%.								
21.	Revegetation costs for all Cross Country disturbance is based on a 12 foot wide seeding width on one pass.								
22.	Mobilization and Demobilization are based on 150 miles one way to project and are based on the 2016 Mob/DeMob worksheet.								
23.	Travel times are assumed to be 2.73 hours one way to the project.								
24.	Mobilization for a Cat 320C excavator will be charged for regrading of Roads, Drill Sites only.								
25.	If there are any Trenches or Cross Country disturbance; a D8 dozer will be mobilized also.								
26.	All projects that propose drilling will require a minimum Drill Holes Open abandonment cost.								
27.	If a drill hole will not penetrate the static water level it may be abandoned as an Open Hole - Dry.								
28.	If a drill hole is drilled deeper than the static water level it is considered a wet hole and must be abandoned as an Open Hole - Wet.								
29.	Mobilization for Drill Holes - Open for Open Hole - Wet will include one drill rig plus crew and support equipment.								
30.	Mobilization for Drill Holes - Open for Open Hole - Dry will include one backhoe and operator, and one general laborer.								

Nevada BLM, August 6, 2016

BLM

8/31/2017

N-95763 - CV Exploration Project (North)
Cultural and Paleontological Resources Conditions

Sierra Lithium (the Operator) is informed that in accordance with 43 CFR 3809.421, the Operator is legally required to prevent unnecessary or undue degradation to historic properties. If the Operator knowingly causes unnecessary or undue degradation to historic properties, the Operator is subject to penalties under 43 CFR 3809.604, 43 CFR 3809.605, 43 CFR 3809.700, and the Archaeological Resources Protection Act (ARPA). The Operator is informed that the following conditions for cultural and paleontological resources—including the procedures in place in the event such resources are encountered during the course of project activities—apply.

Cultural Resources

A cultural resources records check has been performed for the proposed project area. Cultural resources are known to exist in the area. As the BLM TFO archaeologist has determined there is a likelihood of historic properties within the Notice area, the BLM TFO recommends a cultural resources inventory of the Notice area be performed by an archaeologist prior to operations commencing. The Native American Graves Protection and Repatriation Act (NAGPRA: 43 CFR 10), protects items of cultural patrimony, Native American funerary items, Native American remains and sacred objects. In addition, The Archaeological Resources Protection Act (ARPA: 43 CFR 7.4, 7.14, 7.15, 7.16) provides for civil and/or criminal penalties for the disturbance of archaeological resources on federal lands and if such disturbance is the result of activities conducted by the Operator, they could be liable for such damages. If cultural resources, Native American remains, funerary items, sacred items, or objects of cultural patrimony are discovered, the Operator must cease operations in the vicinity of the discovery and ensure adequate protection to the discovery, then notify the BLM immediately, by telephone, with written confirmation to follow (43 CFR 10.4 (c), (d), (g); Nevada State Protocol Agreement VIII (b)). Notification should be made to the Field Manager, Tonopah Field Office, 1553 South Main Street, Tonopah, NV, 89049, (775-482-7800). No activity in the vicinity of the discovery should resume until the Operator has been issued a Notice to Proceed by the Authorized Officer.

Paleontological Resources

Paleontological resources constitute a fragile and non-renewable scientific record of the history of life on earth. Although no paleontological resources are known or identified in the immediate area, this project may have an unintended adverse effect on such resources. The Operator should note that fossils are not part of the mineral estate. Paleontological resources are protected by the Paleontological Resources Protection Act (OPLA-PRP: Omnibus Public Land Management Act of 2009 Paleontological Resources Preservation Subtitle 123 Stat. 1172, 16 U.S.C. 470aaa et seq.) which establishes criminal and civil penalties. The Operator should also be aware that if paleontological resources are found in direct association with cultural resources, then such occurrences are subject to Archaeological Resource Protection Act (ARPA: 43 CFR 7.4, 7.14, 7.15, 7.16) provisions. OPLA-PRP requires that the nature and location of paleontological resources on public lands be kept confidential. If paleontological resources are discovered, the Operator must cease operations in the vicinity of the discovery and ensure adequate protection to the discovery, then notify the BLM immediately, by telephone, with written confirmation to follow. Notification should be made to the Field Manager, Tonopah Field Office, 1553 South Main Street,

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Tonopah, NV, 89049, (775-482-7800). No activity in the vicinity of the discovery should resume until the Operator has been issued a Notice to Proceed by the Authorized Officer.

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GUIDELINES FOR OPERATIONS CONDUCTED UNDER A "NOTICE"
(Not all are appropriate for all areas)

1. For any given project area, the maximum allowable surface disturbance under a "Notice" is five acres. Any activity that results in excavation, compaction, powdering, or erosion of the original ground surface, is considered disturbance and must be reclaimed. This may include the blading or rutting of existing roads, the development of a rutted surface during cross-country travel, and drilling or trenching. Please contact this office if you expect to exceed a total disturbance of five acres; submittal of a Plan of Operations may be necessary.
2. In areas where more than one operator has been or will be conducting operations, we suggest that each operator document their portion of the disturbance to assist in future reclamation accountability. This should be done by submitting to BLM a map showing the existing disturbance and the proposed new disturbance, and indicating the time periods (if known) during which past disturbance occurred. Reclamation of disturbance done under this "Notice" is the responsibility of the claimant and includes liability for reclamation not satisfactorily completed by the operator.
3. Disturbance to drainages, including blading or filling, should be avoided. Where a dry wash offers the only feasible access to a site, no blading of the wash should be done. No disturbance should occur within 100 feet of active drainages, springs or seeps. Drainage crossings should neither obstruct the channel nor result in increased erosion or sedimentation.
4. Within the Tonopah Field Office planning area there are certain effective actions that are considered to be critical to reclamation success and eventual closure for mineral development projects conducted on public lands. Earthwork should blend disturbed areas back into pre-disturbance topography, i.e., reclamation of roads cut into hill sides should involve pulling excavated material back up into the road cuts so as to closely approximate the original hillside. Material should consist of a mix of medium coarse to fine sand size materials, avoid "bug dust". Seed beds should be rough and consist of alluvial material or "top soil" spread over the top of the disturbed areas (high salt content may be a problem in some areas). The use of fertilizer is discouraged. Use the appropriate seed mix. To verify the proper seed mix, contact the Tonopah Field Office prior to re-seeding. All seeds must be tested for noxious, poisonous, or prohibited plant species, and the test result submitted to and approved by the BLM, unless certified "weed free" seed is procured. Seeding should be completed in the late fall before the first snowfall. Successful revegetation consists of the establishment of a self-sustaining desirable plant community.
5. All operations, including casual use, must comply with all applicable Federal and State laws and regulations concerning cultural resources. According to the Surface Management Regulations (43 CFR 3809.2-2), operators shall not knowingly destroy, disturb or alter cultural or paleontological resources on Federal lands. You must avoid historic features, such as trash scatters, adits, foundations, old equipment, buildings, etc. If such resources might be altered or destroyed by your actions, you must cease your exploration activities, leaving the resource intact, and immediately notify the Tonopah Field Office, Field Manager at (775) 482-7800 so that the resource may be evaluated.

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- 5a. If historic or pre-historic artifacts are discovered during project activities, operations in the immediate area shall cease, leaving the resource intact. The operator shall take measures to protect the discovered artifacts from further disturbance by mine employees or contractors. Notify the Tonopah Field Office Manager at (775) 482-7800 so that the resource may be evaluated. The BLM will, as appropriate, evaluate the significance of the find within 10 working days. The operator shall not proceed with potentially disturbing activities until authorized to do so by the BLM. Pursuant to 43 CFR 10.4(g), the holder of this "Notice" must notify the authorized officer, by telephone, with written confirmation, immediately upon the discovery of human remains, funerary objects, sacred objects of cultural patrimony (as identified at 43 CFR 10.2). Further, pursuant to 43 CFR 10.4(c) and (d), you must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the authorized officer.
6. **Migratory Birds and Raptors:** Any activity that occurs between 1 March and 31 July directly conflicts with the bird-breeding season. In addition, many raptor species initiate breeding in March. Therefore, it is recommended that any land clearing or other surface disturbance associated with proposed actions within the project area be timed to avoid potential disturbance of bird nests or young, or birds that breed in the area. Such disturbance may be in violation of the Migratory Bird Treaty Act (MBTA). Under the MBTA, nests, eggs or young of migratory birds may not be harmed, nor may migratory birds be killed. **Therefore, we recommend land clearing be conducted outside the avian breeding season (1 March-31 July).** If this is not feasible, we recommend a qualified biologist survey the area in accordance with the BLM Nevada 2014 Statewide Wildlife Survey Protocols prior to land clearing. These surveys are only valid for up to 14 days, if activity is not completed before that window, then another survey may be needed. If nests are located, or if other evidence of nesting (*i.e.*, mated pairs, territorial defense, carrying nesting material, transporting of food) is observed, a protective buffer (the size depending on the habitat requirements of the species) should be delineated and the entire area avoided until the young fledge or activity is no longer apparent.
7. There is a possibility of sensitive bat habitat in the area of your proposed operation. Avoid disturbing historic workings such as adits or shafts.
8. Scientifically significant paleontological resources located on lands administered by the BLM must be left in place and their locations reported to the Tonopah Field Office as soon as possible. All vertebrate fossils, as well as some invertebrates, are included in this category. Your assistance in these efforts will help increase the paleontological database on public lands.
9. Trash must be hauled to a landfill permitted by the Nevada Division of Environmental Protection (NDEP) rather than dumped, buried, and/or burned on-site. All operators must comply with applicable Federal and State laws dealing with the storage and disposal of chemicals, petroleum, petroleum products, and Resource Conservation Recovery Act (RCRA) Subtitle D solid and RCRA Subtitle C hazardous wastes. Under no circumstances may chemicals, petroleum, petroleum products or RCRA Subtitle C hazardous wastes be disposed of in solid waste disposal areas within the project area without written approval of NDEP.

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10. Occupational Safety and Health Standards (OSHA)

1910.141(c)(1)(i) Toilet Facilities

Except as otherwise indicated in this paragraph (c)(1)(i), toilet facilities, in toilet rooms separate for each sex, shall be provided in all places of employment in accordance with table J-1 of this section. The number of facilities to be provided for each sex shall be based on the number of employees of that sex for whom the facilities are furnished. Where toilet rooms will be occupied by no more than one person at a time, can be locked from the inside, and contain at least one water closet, separate toilet rooms for each sex need not be provided. Where such single-occupancy rooms have more than one toilet facility, only one such facility in each toilet room shall be counted for the purpose of table J-1.

Number of employees	Minimum number of water closets ¹
1 to 15	1
16 to 35	2
36 to 55	3
56 to 80	4
81 to 110	5
111 to 150	6
Over 150	(²)

1910.141(c)(1)(ii)

The requirements of paragraph (c)(1)(i) of this section do not apply to mobile crews or to normally unattended work locations so long as employees working at these locations have transportation immediately available to nearby toilet facilities which meet the other requirements of this subparagraph.

11. When a fence is cut to allow access to a site, a temporary gate must be installed to prevent livestock from passing through the opening. The fence should be repaired to its original condition or better as soon as possible. Permission from the owner of the fence must be obtained.
12. Destruction or felling of trees is to be avoided whenever possible. Partial delimbing is the preferred alternative. Aspen, bristlecone, limber pine and cottonwood are protected and should not be disturbed.
13. Use of water for drilling or mining purposes must conform to State of Nevada regulations. Artificial water impoundments used to fill water trucks on public lands must be pre-approved.
14. Fluids or solution used or encountered in the drilling process may be discharged to the

¹ Where toilet facilities will not be used by women, urinals may be provided instead of water closets, except that the number of water closets in such cases shall not be reduced to less than 2/3 of the minimum specified.

² One (1) additional fixture for each additional forty (40) employees.

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environment only after other practical methods of fluid control (i.e., sumps, tanks, etc.) have been exhausted. If solutions must be discharged to the environment, they must be controlled in such a manner that the discharge does not cause erosion or channeling and is contaminant and sediment free. Alternatives to these fluid management practices must be approved by this office.

15. It is your responsibility to bear the cost of any necessary restoration or reestablishment activity of affected survey monument(s). Correspondingly, in the course of any accepted surface disturbance activity when Public Land Survey System Monuments/Cadastral corners or accessories that may or have been subject to obliteration, destruction, or damage, it will be your responsibility to protect and preserve the monumentation. Further clarification can be found in Nevada BLM's Instruction Memorandum No. NV-2007-003.
16. The following precautionary measures should be taken to prevent wildland fires. In the event your operations should start a fire, you could be held liable for all suppression costs.
 1. All vehicles should carry fire extinguishers.
 2. Adequate fire fighting equipment i.e. shovel, pulaski, extinguisher(s), and/or an ample water supply should be kept at the drill site(s).
 3. Vehicle catalytic converters and the vehicle undercarriage should be inspected often and cleaned of all brush and grass debris.
 4. When conducting welding operations, they should be conducted in an area free from or mostly free from vegetation. An ample water supply and shovel should be on hand to extinguish any fires created from the sparks. Extra personnel should be on site to watch out for fires created by welding sparks.
 5. Report wildland fires immediately to the Central Nevada Interagency Dispatch Center at (775) 623-1555.
17. Noxious weeds can readily invade disturbed areas associated with exploration projects. Operators are responsible for: 1) identifying noxious weeds in project area (booklets and pamphlets are available from this office), 2) excluding noxious weeds from disturbed areas until reclamation has been accepted, 3) insuring all equipment is "weed free" before traveling to and from project areas so that noxious weeds are not spread to new locations. When noxious weeds are encountered in project areas, documentation of their location and extent should be provided to the BLM as soon as possible. Operators must obtain approval from the authorized officer prior to any herbicide application. Please contact the Tonopah Field Station's noxious weed program lead if you have questions or comments on the information contained in this Guideline.
18. To maintain access for other members of the public, drilling activities are not allowed on existing roads and trails. Drill pads surface disturbance must be more than 20 feet from the travel surface of existing roads and trails. "*Existing roads and trails*" are travel routes for vehicles that you are not required to reclaim.
19. Please provide Tonopah Field Office with at least 72 hour notice before any surface disturbing activity is started. Call 775-482-7800.

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BRIAN SANDOVAL
Governor

STATE OF NEVADA

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BUREAU OF LAND MANAGEMENT
TONOPAH FIELD OFFICE



KAY SCHERER
Interim Director

JASON KING, P.E.
State Engineer

**DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES**

901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811

<http://water.nv.gov>
September 27, 2016

Rockwood Lithium, Inc.
PO Box 98, Ilwaco 265
Silver Peak, NV 89047

GeoXplor Corp.
3655 West Anthem Way
Suite 109-293
Anthem, AZ 85080

Pure Energy Minerals
c/o Dr. Andy Robinson
Suite 1780-355 Burrard Street
Vancouver, BC, Canada, V6C 2G8

Dajin Resources
Suite 450-789 West Pender Street
Vancouver, BC, Canada, V6C 1H2

Intor Resources
c/o Richard Harris, Esq.
6121 Lakeside Drive
Reno, Nevada 89511

Advantage Lithium
#1305-1090 W. Georgia Street
Vancouver, BC V6E 3V7

Noram Ventures Inc.
430-580 Hornby Street
Vancouver, BC V6C 3B6

Nevada Energy Minerals
Suite 450-789 West Pender Street
Vancouver, BC, Canada, V6C 1H2

Nevada Sunrise Gold Corp.
Suite 1100 - 1111 Melville Street
Vancouver, BC, Canada V6E 3V6

Lithium X Energy Corp.
Suite 3123-595 Burrard Street
Vancouver, BC, Canada, V7X 1J1

Esmeralda Minerals, LLC
c/o Taggart & Taggart, Ltd.
108 N. Minnesota Street
Carson City, Nevada 89703

American Lithium
Suite 313-515 West Pender Street
Vancouver, BC V6B 6H5

Matica Enterprises Inc.
Suite 1102-44 Victoria Street
Toronto, Ontario M5C 1Y2

Sienna Resources Inc.
1470-701 W. Georgia Street
Vancouver, British Columbia V7Y 1C6

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RE: Lithium Exploration Wells, Production Wells, and Brine Extraction

Ladies and Gentlemen:

This letter is a follow-up to my informational letter of July 27, 2016, regarding statutes and regulations in Nevada related to drilling activities in Nevada. Our office has received a number of inquiries regarding statutes, regulations and permitting requirements in regard to lithium mining in brine aquifers. Since January 1, 2015, approximately 8,000 placer claims for lithium have been staked in Nevada. Each company on the attached service list has been identified as having potential interest in mining lithium from brine aquifers in Nevada. This informational letter is to ensure all companies are aware of the requirements of the Nevada Division of Water Resources (NDWR).

The mission of the NDWR is to conserve, protect, manage and enhance the State's water resources for Nevada's citizens through the appropriation and reallocation of the public waters. In addition, the Division is responsible for quantifying existing water rights; monitoring water use; distributing water in accordance with court decrees; reviewing water availability for new subdivisions and condominiums; reviewing the construction and operation of dams, appropriating geothermal water; licensing and regulating well drillers and water rights surveyors; reviewing flood control projects; monitoring water resource data and records; and providing technical assistance to the public and governmental agencies.

This mission is accomplished through the enforcement of Nevada Water Laws and statutes. The statutes are Nevada Revised Statutes chapters 532 to 538, inclusive, also chapters 540, 543 and 544. Well drilling regulations are Nevada Administrative Code chapter 534. The statutes and regulations are available online at <http://water.nv.gov>. Many of the statutes and regulations will be referenced throughout this letter, but may not be all inclusive.

Based on the questions received, the following frequently asked questions have been compiled.

- What is the difference between a designated and non-designated basin?
 - For administrative purposes, Nevada is divided into 256 hydrographic basins. Under NRS 534.030, basins may be designated to provide for additional administration. Please note that Teels Marsh Valley (114) and Columbus Salt Marsh (118) are non-designated basins and Alkali Spring Valley (142) and Clayton Valley (143) are designated basins. Please reference our public web page for a complete listing.
- Can I drill a well without a permit or a waiver?
 - A well can be drilled in a non-designated basin without a permit or waiver; however, the well must not be equipped and no water may be pumped from such well until a waiver or permit has been approved. If a waiver or permit is subsequently denied, an order to plug the well may be issued.
 - In a designated basin, a well cannot be drilled until a permit or waiver is approved.

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- All wells, whether in a designated or non-designated basin, must be constructed by a Nevada licensed well driller. The well driller is responsible for obtaining a Notice of Intent to Drill approval prior to moving the drilling rig on-site and for filing a Well Driller's Report within 30 days after completion of the well.
- A borehole is not a well and does not require a permit or waiver and does not need to be drilled by a Nevada licensed driller. See definitions of borehole and well, below. If you are unsure if your drilling program fits the definition of a borehole or well, it is recommended that you contact our office prior to the start of your drilling program.
- Does the answer above apply to test wells and exploratory wells?
 - Yes. However, keep in mind the crucial determination is whether your drilling program meets the definition of a borehole or well.
- What is the definition of a borehole?
 - "Borehole" means a penetration in the ground that is deeper than the longest dimension of its opening at the surface and is made to obtain geologic, geophysical or geotechnical information relating to engineering or for any purpose other than for use as a well. (NAC 534.047)
 - A borehole may be drilled or plugged by a person who is not a licensed well driller. (NAC 534.4369)
 - A borehole must be plugged within 60 days after it is drilled. (NAC 534.4371)
 - A borehole must not be used to divert water for any purpose. (NAC 534.4369(7))
- What is a well?
 - A well is defined a penetration in the ground made for the purpose of measuring, testing, sampling or producing groundwater. The term includes a water well, monitoring well or exploratory well. (NAC 534.220)
- Does an exploratory well for brine water that may contain lithium meet the definition of a borehole?
 - No. If brine is pumped from the well, it does not meet the definition of a borehole. (see, NAC 534.4369(7))
- Is a Nevada Licensed well driller required to drill or plug wells that penetrate into a brine (non-potable) aquifer?
 - Yes. All wells in Nevada must be drilled and plugged by a Nevada licensed well driller, including exploratory wells. (NRS 534, NAC 534)
- Does it matter if the water source is non-potable?
 - No. The above answer still applies
- Is a water right permit required for lithium production wells?
 - Because the lithium is contained in brine water, a water right permit is required for any water pumped from the well.

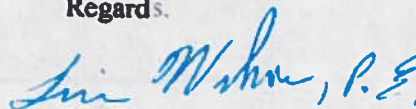
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- What if my process for extracting the lithium from the brine water is non-consumptive, such that any water pumped is re-injected into the aquifer?
 - A water right permit is required for all non-consumptive and consumptive uses of water.
- How do I obtain a water right permit?
 - A water right permit can be obtained by filing an application for a new appropriation of water or filing an application to change an existing water right to your project. All applications must meet the statutory requirements for approval.
- How do I obtain a waiver to drill, sample or test pump an exploratory well to explore for lithium (minerals)?
 - A waiver to use water to explore for minerals (MM-Waiver) can be requested as outlined in NAC 534.442. One waiver per project, 5 AFA limit per project phase.
- My project is on land managed by a federal agency and I have obtained the necessary federal permits. Do I still need to follow Nevada statutes and regulations?
 - Yes.
- What are the possible penalties for someone found to be in violation of water law, regulations, permit terms, orders, or other requirements of the State Engineer?
 - The enforcement regulations are intended to achieve compliance with Nevada's water law within a framework that minimizes enforcement; to assure the protection of Nevada's water resources and the public welfare by promoting compliance and deterring noncompliance with the statutes, regulations, permits, certificates, waivers and orders administered and issued by the State Engineer; and to assure that if the State Engineer assesses any administrative penalties, that it is done lawfully and equitably. (Compliance Enforcement Mission Statement, <http://water.nv.gov/programs/planning/enforcement.cfm>)
 - Alleged violators are provided reasonable opportunity to come into compliance through verbal and/or written communication; however, if good faith effort toward compliance is not made, the matter can be recommended to the State Engineer for enforcement action.
 - Possible penalties after the regulatory process are (per NRS §533.481, §534.193, §535.200, and §536.200):
 - Payment of an administrative fine not to exceed \$10,000 per day for each violation
 - Replacement of not more than 200% of the water used, wasted, or diverted; and/or
 - Payment of the costs of the proceeding, including investigative costs and attorney's fees

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The goal of NDWR is to conserve, protect and manage Nevada's valuable water resources in a fair and equitable manner by administering and enforcing Nevada's water law. If you have any questions regarding this letter or need further assistance in how you can achieve compliance with these requirements, please contact me at (775) 684-2873.

Regards,



Tim Wilson, P.E.
Manager II
Well Drilling Regulation

TW/ac

cc: Chris C. Mahannah, agent (email)
George Thiel, agent (email)
Michael D. Buschelman, agent (email)
Mark Stock, agent (email)
Nevada Division of Environmental Protection, BMRR, c/o Joe Sawyer, Bureau Chief
Nevada Division of Minerals, c/o Rich Perry, Administrator
Paul Taggart, Esq. (email)
Ross E. de Lipkau, Esq. (email)
Timothy P. Donahoe, SRK Consulting (email)
U.S. Bureau of Land Management, Nevada State Office
U.S. Bureau of Land Management, Tonopah Field Office
Southern Nevada Branch Office

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