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AUG 20 2019

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

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WATER RESOURCES
WESTERN REGION

IDWR/NORTHERN Notice of Change in Water Right Ownership

1. List the numbers of all water rights and/or adjudication claim records to be changed. If you only acquired a portion of the water right or adjudication claim, check "Yes" in the "Split?" column. If the water right is leased to the Water Supply Bank, check "Yes". If you are not sure if the water right is leased to the Water Supply Bank, see #6 of the instructions.

Water Right/Claim No.	Split?	Leased to Water Supply Bank?	Water Right/Claim No.	Split?	Leased to Water Supply Bank?
79-13605	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐

2. Previous Owner's Name: A&D Idaho LLC
Name of current water right holder/claimant
3. New Owner(s)/Claimant(s): McKinley Mines Inc.
New owner(s) as listed on the conveyance document Name connector ☐ and ☐ or ☐ and/or
- P.O Box 2354 Honolulu HI 96804
Mailing address City State ZIP
- 208-772-6993 eric@klepfermining.com
Telephone Email
4. If the water rights and/or adjudication claims were split, how did the division occur?
☐ The water rights or claims were divided as specifically identified in a deed, contract, or other conveyance document.
☐ The water rights or claims were divided proportionately based on the portion of their place(s) of use acquired by the new owner.
5. Date you acquired the water rights and/or claims listed above: _____
6. If the water right is leased to the Water Supply Bank changing ownership of a water right will reassign to the new owner any Water Supply Bank leases associated with the water right. Payment of revenue generated from any rental of a leased water right requires a completed IRS Form W-9 for payment to be issued to an owner. A new owner for a water right under lease shall supply a W-9. Water rights with multiple owners must specify a designated lessor, using a completed Lessor Designation form. Beginning in the calendar year following an acknowledged change in water right ownership, compensation for any rental will go to the new owner(s).
7. This form must be signed and submitted with the following **REQUIRED** items:
☐ A copy of the conveyance document – warranty deed, quitclaim deed, court decree, contract of sale, etc. The conveyance document must include a legal description of the property or description of the water right(s) if no land is conveyed.
☐ Plat map, survey map or aerial photograph which clearly shows the place of use and point of diversion for each water right and/or claim listed above (if necessary to clarify division of water rights or complex property descriptions).
☐ Filing fee (see instructions for further explanation):
☐ \$25 per *undivided* water right.
☐ \$100 per *split* water right.
☐ No fee is required for pending adjudication claims.
☐ If water right(s) are leased to the Water Supply Bank AND there are multiple owners, a Lessor Designation form is required.
☐ If water right(s) are leased to the Water Supply Bank, the individual owner or designated lessor must complete, sign and submit an IRS Form W-9.

8. Signature: [Signature] President Aug. 14, 2019
Signature of new owner/claimant Title, if applicable Date

Signature: _____
Signature of new owner/claimant Title, if applicable Date

For IDWR Office Use Only:

Received by SA Date 8-15-19 Receipt No. N035383 Receipt Amt. 25⁰⁰

Active in the Water Supply Bank? Yes ☐ No ☒ If yes, forward to the State Office for processing W-9 received? Yes ☐ No ☒

Name on W-9 X Approved by KT Processed by KT Date 8/30/19

WARRANTY DEED

GRANTOR, A & D IDAHO CORP., an S Corp, of 14603 S Bellgrove Road, Coeur D' Alene, ID 83814, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey to MCKINLEY MINE, INC., a Nevada corporation with its principal offices located at P.O. Box 2354, Honolulu, Hawaii 96804, as GRANTEE, and the Grantee's successors and assigns forever, all of the following described real estate located in the County of Idaho, State of Idaho, to wit:

See Schedule C, attached hereto and incorporated herein by this reference,

TOGETHER WITH. all improvements, water, water rights, including but not limited to Idaho Water Right 79-13605, ditches, ditch rights, easements, hereditaments, and appurtenances thereto.

SUBJECT TO:

- 1) General taxes for the year 2018, which are a lien, not yet due and payable.
- 2) The rights of owners of adjoining properties claims, or locations, to follow any lode or vein within the side or end lines of the premises in question, including but not limited to extralateral rights; and subject to any loss incurred by the owners herein to damages for all losses suffered incident to the exercise or assertion of such right.
- 3) Any loss incurred by owners from the lack of rights of owners to follow any lode or vein beyond the line of the premises in question, including but not limited to extralateral rights.
- 4) All matters, covenants, provisions, restrictions, easements and any rights, interests or claims which may exist by reason thereof, disclosed by the recorded plat of said subdivision as recorded in the official Idaho County records, but deleting any covenant, provision or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, provisions or restrictions violate 42 USC §3604(c).
- 5) Terms and provisions as set forth in Patent from the UNITED STATES OF AMERICA to MCKINLEY GOLD MINING COMPANY, recorded January 28, 1911, Book 1 of Mining Patents, page 234, records of Idaho County, Idaho.
- 6) Access, if any, is by way of that certain Reciprocal Easement and Agreement, including the terms and provisions thereof, dated April 1, 1994 by and between LOIS MORGENROTH and GAROLD HASKIN and ELLEN HASKIN, husband and wife, and

Instrument # 518184

IDAHO COUNTY, IDAHO,

5-1-2019 11:19:06 AM No. of Pages: 6

Recorded for : A&D IDAHO CORP

KATHY M. ACKERMAN

Fee: 15.00

Ex-Officio Recorder Deputy

JIM RUPP, a single man, recorded April 1, 1994, under Instrument No. 373552, records of Idaho County, Idaho.

- 7) Mining Lease, including the terms and provisions thereof, by and between GAROLD HASKIN and ELLEN HASKIN, husband and wife and DARREL E. COX and SHIRLEY COX, husband and wife, recorded February 2, 1995, under Instrument No. 378636, records of Idaho County, Idaho; a) Amendment to Mining Lease, recorded March 15, 1995, under Instrument No. 379289; b) Second Amendment to Mining Lease, recorded November 15, 1996, under Instrument No. 390175: all records of Idaho County, Idaho.
- 8) A 3% Net Smelter Royalty hereby as defined in Exhibit A attached hereto and made a part here of by reference.

TO HAVE AND TO HOLD the said premises, with their appurtenances, unto the said Grantee, its successors and assigns, forever, and the said Grantor does hereby covenant to and with the said Grantee that it is the owner in fee simple of said premises; that it is free from all encumbrances, and that it will warrant and defend the same from all lawful claims whatsoever, EXCEPT General taxes easements, reservations, restrictions, and rights of way of record or in use.

Except as otherwise expressly provided in this instrument, Grantor hereby Declares, pursuant to Title 5, Chapter 2 of the Idaho Code, that in the event Grantor shall have permitted or suffered, at any time prior to the making of this instrument, any person or entity to possess, use, or occupy the above-described premises, or any portion thereof, for any purpose, with or without the knowledge of Grantor, it was not the intent of Grantor, by permitting or suffering such possession, use, or occupation to thereby define property boundaries or ownership thereof.

In construing this Deed, and where the context so requires, the singular includes the plural and the masculine, the feminine, and the neuter.

IN WITNESS WHEREOF, the said Grantor has hereunto set its hand and seal.

A & D IDAHO CORP.



Arthur Glover, President

STATE OF Idaho)

SS

County of Nez Perce)

On this 26 day of April, 2019, before me, a Notary Public in and for said County and State, personally appeared Arthur Glover, President of A & D Idaho Corp, known or identified to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he freely executed the same in the capacity described above.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.




Notary Public for the State of Idaho,
Residing at Lewiston, therein.
My commission expires 10-18-2022.

SCHEDULE C

Township 25 North, Range 1 East, Boise Meridian, Idaho County, Idaho
Sections 1 and 12:

Those certain mining claims known as the McKinley, May Day, True Blue, and Lulu No. 2 lode mining claims, designated by the Surveyor General as Mineral Survey No. 2427 in the Simpson Mining District, embracing a portion of said Sections 1 and 12, more particularly described as follows:

Beginning for the description of the McKinley lode claim at Corner No. 1, a porphyry stone 6"x18"x28", marked 1-2427, and cross on top at exact corner point, with mound of stone, from which the South 1/4 corner of Section 1 in said Township and Range, bears S 17°41'30" W, a distance of 888.63 feet, and discovery bears S 83°13' W, a distance of 711.06 feet;
thence S 63°38' W, 1360.02 feet to Corner No. 2, a porphyry stone 12"x12"x24" marked 2-5, 2427 and cross on top at exact corner point with mound of stone;
thence N 31°09' W, 600 feet to Corner No. 3, a porphyry stone 6"x12"x24", marked 3-2427, and cross on top at exact corner point, with mound of stone;
thence N 69°25' E, 1220.2 feet to Corner No. 4, a cross at exact corner point and 4-1-2427 marked on ledge of rock in place;
thence S 65°18' E, 277.46 feet to Corner No. 5, a porphyry stone 4"x12"x24" marked 5-2427, with mound of stone;
thence S 31°09' E, 260.11 feet to Corner No. 1, the Place of Beginning.
The survey of the lode claim, as above described, extending 1366.25 feet in length along said McKinley vein or lode.

Beginning for the description of the May Day lode claim, at Corner No. 1, identical with Corner No. 4 of said McKinley lode claim from which said 1/4 section corner bears S 05°37' E, a distance of 1190.84 feet and discovery bears N 65°01' W, a distance of 551.73 feet;
thence S 69°25' W, 612.28 feet to Corner No. 2, a porphyry stone 6"x8"x24", marked 2-2427, and cross on top with mound of stone;
thence N 32°05' W, 1082 feet to Corner No. 3, a limestone 8"x14"x26", marked 3-2427, and cross on top with mound of stone;
thence N 69°25' E, 612.28 feet to Corner No. 4, a cross at exact corner point and 4-2427 marked on rock in place 24"x30"x48" above ground;
thence S 32°05' E, 1082 feet to Corner No. 1, the Place of Beginning.
The survey of the lode claim as above described, extending 1082 feet in length, along said May Day vein or lode.

Beginning for the description of the True Blue lode claim, at Corner No. 1, a porphyry stone 8"x14"x24", marked 1-1-2427, and cross on top at exact corner point with mound of stone, from which said 1/4 in section corner bears S 23°45' E, a distance of 639.26 feet;
thence S 14°52' W, 1332.43 feet to Corner No. 2, a porphyry stone 9"x16"x24" marked 2-2427 and cross on top at exact corner point with mound of stone;
thence S 63°38' W, 398.92 feet to Corner No. 3, a porphyry stone 6"x8"x24" marked 3-2427 and cross on top at exact corner point with mound of stone;
thence N 75°08' W, 280 feet to Corner No. 4, a cross at exact corner point and 4-2427 marked on porphyry rock in place 6x6x3 feet above ground;
thence N 14°52' E, 1087.02 feet to Corner No. 5, identical with Corner No. 2 of said McKinley lode claim from which discovery bears S 59°45' E, a distance of 290.4 feet;
thence N 63°38' E, 771.25 feet to Corner No. 1, the Place of Beginning.
The survey of the lode claim as above described extending 1332.43 feet in length along said True Blue vein

File No. 29135

SCHEDULE C
(Continued)

or lode.

Beginning for the description of the Lulu No. 2 lode claim, at Corner No. 1, identical with Corner No. 1 of said True Blue lode claim;

thence S 14°52' W, 1500 feet to Corner No. 2, a porphyry stone 6"x14"x24" marked 2-2427, and cross on top at exact corner point with mound of stone;

thence N 63°38' E, 545.19 feet to Corner No. 3, a porphyry rock in place 3x3x2 feet above ground marked 3-2427, with cross at exact corner point;

thence N 14°52' E, 1500 feet to Corner No. 4, a porphyry stone 6"x10"x24" marked 4-2427 and cross on top at exact corner point with mound of rock;

thence S 63°38' W, 398.92 feet to a point from which discovery bears S 14°52' W, a distance of 215 feet, 545.19 feet to Corner No. 1 the Place of Beginning.

The survey of the lode claim as above described extending 1500 feet in length along said Lulu No. 2 vein or lode.

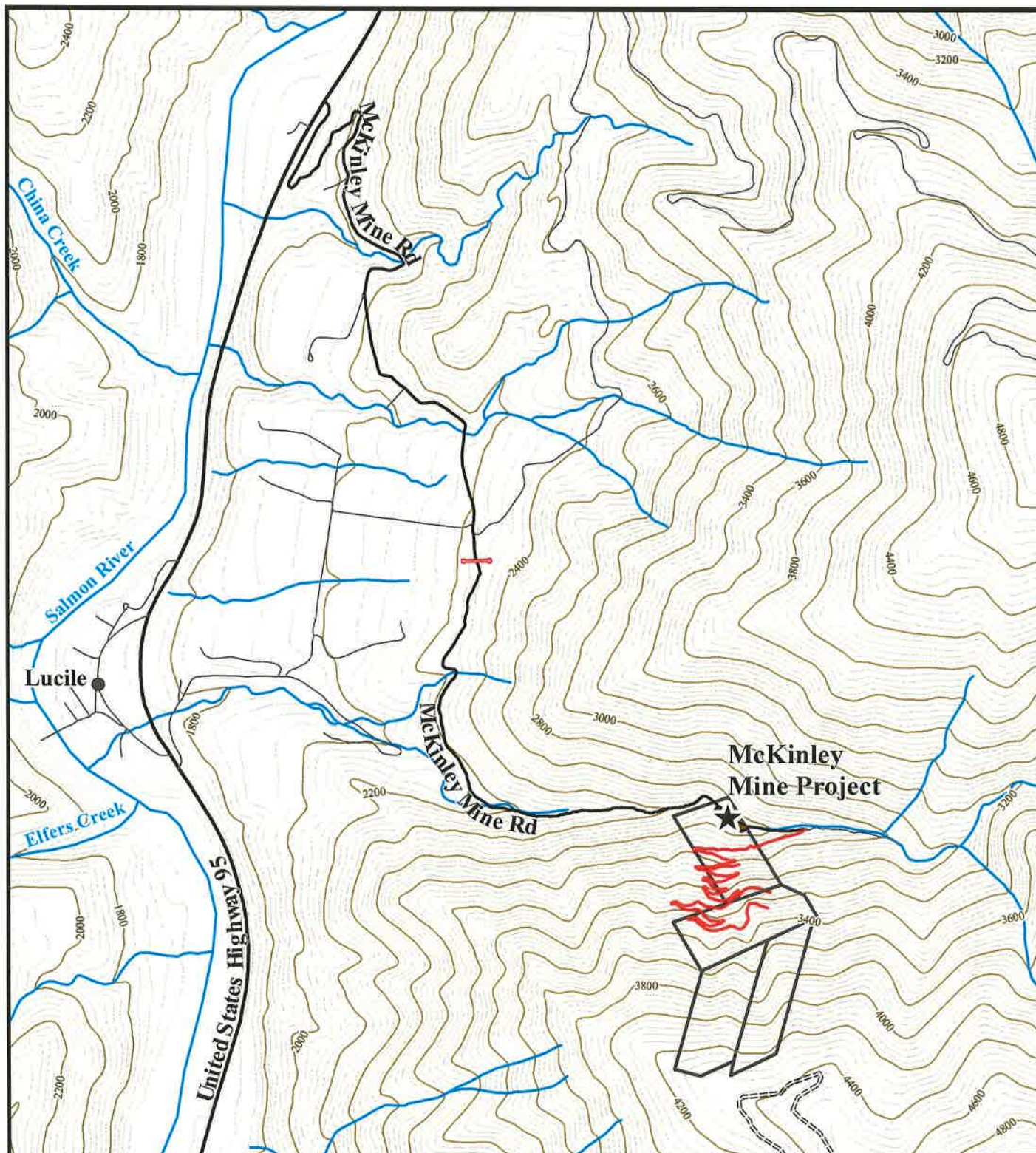
(end schedule c)

EXHIBIT A

1. **Royalty and Royalty Buydown.** Purchaser (MCKINLEY MINE, INC.) grants to Seller (A & D Idaho Corp.) a royalty of three percent (3%) on net smelter returns. Net Smelter Royalty defined as a 3% return from all proceeds less smelter costs from the subject property as further defined by the American Law of Mining.

1.1 **Advance Payment.** Purchaser shall pay to Seller the sum of Fifty Thousand Dollars (\$50,000) on January 1 of each year in which royalties are due. Such payment shall be an advance of royalty payments due that year and shall be credited against total royalty payments due that year.

1.2 **Buydown.** After Purchaser has made royalty payments to Seller totaling at least One Million Five Hundred Thousand Dollars (\$1,500,000), Purchaser may buydown its royalty obligation for a payment to the Seller of One Million Dollars (\$1,000,000) and upon receipt of the buydown payment, the Seller shall be entitled to a royalty of one percent (1%) on net smelter returns.



-  Mine Gate
-  McKinley Mine Access Roads
-  Mine Facility Layout
-  Approximate Patented Claim Boundary



0 125 250 500 Yards
 1 inch = 500 yards

McKinley Mine Site

KMS
 KLEPFFER MINING
 SERVICES LLC

SCALE: as shown

DATE: February 2019

**Water Withdrawal
 Request**

FIGURE 1

PM&Gold Mines, Inc.
McKinley Mine Location Map
 Idaho County, Idaho



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region • 2735 W AIRPORT WAY • BOISE, ID 83705-5082

Phone: (208)334-2190 • Fax: (208)334-2348 • Website: www.idwr.idaho.gov

Brad Little
Governor

Gary Spackman
Director

August 30, 2019

MCKINLEY MINES INC
PO BOX 2354
HONOLULU HI 96804-2354

Re: Change in Ownership for Water Right No(s): 79-13605

Dear Water Right Holder(s):

The Department of Water Resources (Department) acknowledges the receipt of correspondence changing ownership of the above referenced water right(s) to you. The Department has modified its records and has enclosed a computer-generated report for you.

Updating the ownership record for a water right does not reconfirm the validity of the right. When processing a Notice of Change in Water Right Ownership, the Department does not review the history of water use to determine if the right has been forfeited or deliberately abandoned through five years or more of non-use. To read more about water right forfeiture, including how to protect a water right from forfeiture, please see Idaho Code §§ 42-222 and 42-223.

Please note, water right owners are required to report any change of water right ownership and any change of mailing address to the Department within 120 days of the change. Reporting forms are available from any office of the Department, or from the Department's website.

If you have any questions concerning the enclosed information, please contact me at (208) 334-2190.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kensie Thorneycroft', is written over a light blue horizontal line.

Kensie Thorneycroft
Office Specialist 2

Enclosure(s)



Project Management, Engineering, and Environmental Services

RECEIVED

AUG 15 2019

IDWR / NORTH

August 15, 2019

Idaho Department of Water Resources
Northern Regional Office
7600 Mineral Drive, Suite 100
Coeur d'Alene, ID 83815-7763

Re: McKinley Mine Project

To Whom It May Concern:

This letter is written on behalf of McKinley Mine Inc. (McKinley) concerning Notice of Change in Water Right Ownership. McKinley plans to conduct surface and underground drilling as part of their exploration program.

If you have any questions pertaining to this application, please feel free to contact me or Jessie Klepfer. Our contact information is below and our email addresses are eric@klepfermining.com and jessie@klepfermining.com.

We appreciate your efforts on this matter.

Sincerely,

A handwritten signature in black ink that reads "Eric Klepfer".

Eric Klepfer

*Enclosures: Notice of Change in Water Right Ownership
Warranty Deed
Area Map
\$25.00 Application Fee*