WATER SUPPLY AGREEMENT

THIS WATER SUPPLY AGREEMENT ("***Agreement***") is made and entered into this 26 day of February, 2019 by and between Utah School and Institutional Trust Lands Administration ("***SITLA***") and Central Iron County Water Conservancy District (the "***District***"). SITLA and the District may be referred to herein individually as a "***Party***" and collectively as the "***Parties***."

RECITALS

A. The District is the owner of approved application to appropriate A76677, Water Right No. 69-101 for 6,525 acre feet ("***AF***") of water within the Wah Wah Valley, Beaver County, State of Utah, approved application to appropriate A76677aa, Water Right No. 69-120 for 725 AF of water within the Wah Wah Valley, Beaver County, State of Utah, and approved fixed-time application to appropriate F76677ab, Water Right No. 69-121 for 4,025 AF of water within the Wah Wah Valley, Beaver County, State of Utah (collectively, the "***Wah Wah Right***").

B. SITLA is the owner of the surface and mineral estate of a large block of state trust lands known as the Blawn Mountain property located within the Wah Wah Valley (the "***Blawn Mountain Property***").

C. On 2-26-19, the District and SITLA, along with Beaver County and Utah Alunite Corporation, entered into that certain Settlement Agreement resolving litigation in the lawsuit captioned *Central Iron County Water Conservancy District v. Jones*, Case No. 140500016, pending in the Fifth Judicial District Court in and for Beaver County, State of Utah (the "***Litigation***"). The Settlement Agreement requires, among other things, the Parties to enter into this Agreement setting forth the District's and SITLA's respective rights and obligations relating to the Wah Wah Right.

D. The District is currently evaluating and designing its West Desert Pipeline Project, which may include the installation and operation of pipeline facilities extending into the Wah Wah Valley to utilize the Wah Wah Right. The portion of the West Desert Pipeline Project extending into the Wah Wah Valley, as well as any facilities designed to carry water from both the Wah Wah Valley and Pine Valley, is referred to as the "***Wah Wah Project***." The District anticipates that it may finance the Wah Wah Project in whole or in part by pledging water revenues to holders of District-issued bonds. The bonds may or may not be tax exempt. It is anticipated that such revenues may include revenues to be gathered by the District through take-or-pay contracts for water from the Wah Wah Project. Likely counterparties to such contracts include Cedar City and/or Enoch City, as well as others.

E. Pursuant to the terms and conditions of the Settlement Agreement, the Parties now wish to enter into this Agreement establishing the Parties' respective rights and obligations relating to the use of the Wah Wah Right at the Blawn Mountain Property. `

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants hereafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Right of First Refusal for Take-or-Pay Contract; Contract Terms. The District hereby grants to SITLA a right of first refusal (the "***ROFR***") to enter into a take-or-pay contract (the "***Water Contract***") with the District for water from the Wah Wah Right to be used for mining, general ore and mineral processing, production of byproducts such as acid, and related incidental industrial activities conducted at SITLA's Blawn Mountain Property by either SITLA or its lessees and/or licensees, not to exceed 6,500 AF of water annually. Except as expressly stated in this Agreement, the ROFR is permanent in duration. The ROFR is to be exercised as set forth in this Section. If and when (1) the District obtains the final, nonappealable approval of the Bureau of Land Management's NEPA Record of Decision for the District's right-of-way grant for Wah Wah Project, and (2) Enoch City and/or Cedar City, and/or another municipal or industrial subscriber(s) for water from the Wah Wah Project, are prepared to sign take-or-pay contracts ("***Other Subscribers***"), the District shall provide SITLA written notice of the right to exercise the ROFR (the "***Exercise Notice***"). SITLA shall have ninety (90) days from receipt of the Exercise Notice to exercise the ROFR.

If SITLA elects to not exercise the ROFR as provided in this Section, it shall have no further right to use water available under the Wah Wah Right.

a. Equitably Equivalent Water Contract Terms. In the event SITLA exercises the ROFR, the terms of the Water Contract will be equitably equivalent to terms as they are or would have been for Other Subscribers on a per-AF basis.

i. *"Equitably Equivalent."* The term "equitably equivalent" is used because the Water Contract may require different or additional terms in order to make it comparable to contracts with Other Subscribers, and in order to place the District in the same net position, no better and no worse, both financially and in terms of financing the Wah Wah Project, as with contracts with Other Subscribers. For example, it is anticipated the Pine Valley portion of the District's West Desert Pipeline Project (the "***Pine Project***") will be constructed first. Some Pine Project pipelines and pumping plants downpipe from the future junction of the Pine Project and Wah Wah Project may be sized to accommodate the addition of Wah Wah Project water at a later date. If take-or-pay subscribers for Pine Project water repay in whole or in part money borrowed to design and construct facilities to be used to carry both the Wah Wah Project and Pine Project water, an equitable adjustment may be required to capture an equitable share of costs for Pine Project/Wah Wah Project shared facilities as part of the SITLA Water Contract for Wah Wah Project water. This concept of equitably equivalent will include, but is not limited to, placing the District in the same position with respect to bond rating, bond pricing, tax exempt status of interest to be paid on the bonds, and transaction costs as compared to contracts with Other Subscribers. It is designed to ensure the District is in the same net position under the Water Contract as it is with contracts with Other Subscribers, while ensuring that SITLA is paying its equitable and proportional share, on a per-AF basis, of the Wah Wah Project, as described in Section 1(c).

ii. *Tax Revenues*. It may be that the District financing plan for the Wah Wah Project includes making bond payments, meeting other bond commitments, or paying operation and maintenance costs in whole or in part with District tax revenues. For purposes of calculating equitably equivalent terms for SITLA, SITLA shall not be entitled to the benefit of tax revenues paid by residents of the District to support the Wah Wah Project to the extent that the SITLA Blawn Mountain Property is not within District boundaries or SITLA's lessees or licensees are not subject to a privilege tax to be received by the District.

iii. *Credit Enhancements*. It may be that the District financing plan for the Wah Wah Project involves one or more credit enhancements available to the District from its resources or, in whole or in part, because of the District's status as a political subdivision of the state and/or public water supplier. For purposes of calculating equitably equivalent terms for the Water Contract, SITLA shall not be entitled to the benefit of such credit enhancements. SITLA shall be entitled to the entire benefit of any credit enhancements that are acceptable to the District and that SITLA provides to support the Wah Wah Project that Other Subscribers would not or could not provide.

iv. *Infrastructure Contributions*. If at the time of execution of the Water Contract, SITLA or its lessee or licensee will be ready, willing and able to contribute to the District existing infrastructure that the District is willing to accept to be used for the Wah Wah Project, SITLA shall be entitled to an offset against its financial obligations under the Water Contract equal to the entire benefit of any such cost savings.

v. *Avoided Costs*. Under the terms of the Water Contract, the District shall have no obligation to deliver water to SITLA's Blawn Mountain Property. As a result, the District will save direct infrastructure, operating and maintenance costs, such as pumping, construction, and repair costs, in delivering water to the SITLA Blawn Mountain Property (collectively, "***Avoided Costs***"), as compared to delivering water to Other Subscribers. For purposes of calculating equitably equivalent terms for SITLA, SITLA shall be entitled to an offset against its financial obligations under the Water Contract equal to the entire benefit of the Avoided Costs.

The examples described herein are intended to be illustrative, not exclusive.

b. <u>Anticipated Water Contract Terms</u>.

i. *No Bond Interference*. It is anticipated that one term of the take-or-pay contracts will be a requirement that the subscriber, including SITLA, will do nothing relating to the use or sale of District water, or any right or interest under the take-or-pay contract, that would involve any material risk of: (i) a breach of any bond commitment; (ii) a violation of any applicable state or federal statutes, rules or regulations, including, but not limited to any violation of any IRS, SEC or MSRB rules or regulations; (iii) a need for a new rating relative to bonds or the District; (iv) a bond audit; (v) a need for new or additional reporting by the District, including, but not limited to reporting to the bond Trustee, reporting via Electronic Municipal Market Access (EMMA), or reporting to the IRS, SEC or MSRB; or (vi) the loss of tax exempt status of the bonds.

ii. *Annual Payment Component.* It is anticipated that the take-or-pay contracts, including with SITLA, will likely have an annual payment component to allow the District to repay bond principal and interest, bond insurance, and other costs relating to the bonds, including any costs of credit enhancement(s). This annual payment component may increase in increments to reflect additional bond issue to support the construction of the Wah Wah Project over time. These payments by the subscribers, including SITLA, will be reduced as the District's obligations are reduced due to bonds being retired, debt reserves being reduced, etc. On a longer term, these payments may also go back up to reflect debt for rehabilitation projects.

SITLA's payments will be equitable and proportional, on a per-AF basis, relative to District obligations relating to all of the Wah Wah Project and all facilities that will carry both Pine Project and Wah Wah Project water. For example, assuming that Wah Wah Project facilities will have a capacity of 11,275 AF annually, and assuming SITLA's Water Contract is for 6,500 AF annually, SITLA's share of debt payments for facilities unique to the Wah Wah Project would be 6,500 AF divided by 11,275 AF, or 57.6%. Assuming certain reaches of piping are designed and constructed to carry both 15,000 AF of Pine Project water and 11,275 AF of Wah Wah Project water, and SITLA signs the Water Contract with the District for 6,500 AF, SITLA's share of debt payments relative to these Pine Project/Wah Wah Project shared facilities would be 6,500 AF divided by 26,275, or 24.74%. Note that SITLA will pay its proportionate share of debt for facilities that will carry Wah Wah Project water, whether or not such facilities will be or are used to serve SITLA.

iii. *Variable Component.* It is also anticipated that the take-or-pay contracts, including with SITLA, will have a variable component, to be determined each year by the District's board as a part of the budgeting process, to allow the District to pay and/or create reserves for the payment of operation, maintenance, repair, and replacement costs relating to the Wah Wah Project facilities and facilities shared by the Wah Wah Project and Pine Project, together with an equitable portion of general District overhead. SITLA's payments will be equitable and proportional, on a per-AF basis, relative to District costs relating to Wah Wah Project facilities and facilities that will carry both Pine Project and Wah Wah Project water. Again, charges to SITLA will reflect a reduction as compared to Other Subscribers as a result of Avoided Costs not incurred by the District because of the delivery of water to SITLA in the Wah Wah Valley.

iv. *Price Upon Payoff.* Following payoff of the bond for the Wah Wah Project, the contract price for the water under the Water Contract will be based on the methodology that would likely be used by the Utah Public Service Commission ("***PSC***") if the PSC had jurisdiction and were setting rates. The pricing will be calculated by a professional who is reasonably experienced in the PSC's methodology, and will include offsets for Avoided Costs.

c. <u>Cooperation in Advance of Deadline for Exercise of SITLA ROFR</u>. The District will provide SITLA notice of its Board meetings, including the Board packet and agenda, in advance of the District's Board meetings so that SITLA may identify those meetings where financing for the Wah Wah Project will be discussed in open session. Such notice may be by email.

Prior to issuance of the Exercise Notice, the District and SITLA shall have an annual meeting to discuss the status of the Wah Wah Project. This meeting shall take place between February 1 and February 15, on a date agreed upon by the Parties. As part of the annual meeting, the District will provide updates to SITLA on the expected time when the Exercise Notice will be issued, and SITLA will provide updates to the District on what SITLA's likely actions on the ROFR will be. The purpose of the annual meeting is to keep both Parties reasonably informed so that, among other things, the District's efforts to arrange financing are not unnecessarily delayed or disrupted, and SITLA is better able to plan for and evaluate whether to exercise the ROFR.

It may be that in advance of starting the ROFR period the District will need or desire to have analyses or ratings relating to bonds based on an assumption that SITLA will be signing the Water Contract. In that event, and in advance of exercising the ROFR, SITLA will cooperate as reasonably requested by the District with any information requested by the District's Financial Advisor(s), underwriter(s), bond Trustee, and/or rating agencies.

d. Commitment of SITLA to Conserve District Water. SITLA cannot and does not delegate to the District the design, operation, or scheduling of facilities or processes relating to the Blawn Mountain Property. SITLA does not make an enforceable commitment in this Agreement regarding achieving any level of water conservation, or designing or operating to best industry practices. However, the District will have an opportunity to influence SITLA decisions and those of SITLA's lessee(s) and licensee(s) relating to water conservation. SITLA, its lessee(s) and licensee(s), and their respective engineers and consultants will provide design deliverables available to SITLA or available to SITLA's lessee(s) and/or licensee(s) (reports relating to feasibility, scoping, pre-design, preliminary design, 50% design, 80% design, final design, etc.) to engineers and consultants designated by the District, subject to reasonable and necessary confidentiality agreements. SITLA, its lessee(s) and licensee(s), and their engineers and consultants will receive, review, consider and respond to written questions and comments from engineers and consultants designated by the District relating to water conservation. Reasonable time spent receiving, reviewing, considering and responding to written questions and comments from engineers and consultants designated by the District relating to water conservation will be reimbursed to SITLA or its lessee(s) and/or licensee(s) by the District and will be advanced by the District at the reasonable request by SITLA. Water conservation measures recommended by or on behalf of the District will be adopted by SITLA and its lessee(s) and/or licensee(s) in the sole discretion of SITLA and its lessee(s) and/or licensee(s).

SITLA, and its lessee(s) and/or licensee(s), will take reasonable steps to prevent the waste of water by way of leaks.

e. Commitment of District to Lower SITLA Annual Costs for District Water. A number of means for mitigating the size of annual payments to be made by those with take-or-pay contracts for water from the Wah Wah Project are anticipated by the District. For example, the bonds are likely to be relatively long-term bonds where the interest is tax exempt. The pipelines for the Wah Wah Project are likely to be sized for carrying base, year-round flows, rather than the larger sizes required for providing peaking supplies. The District cannot and does not delegate to SITLA any power over the design or schedule of, or financing for, the Wah Wah Project. The District does not make an enforceable commitment in this Agreement regarding achieving any level annual payment reduction. The District and its engineers and consultants will provide any design deliverables available to District (reports relating to feasibility, scoping, pre-design, preliminary design, 50% design, 80% design, final design, etc.) to engineers and consultants designated by SITLA or its lessee(s) and/or licensee(s), subject to reasonable and necessary confidentiality agreements. The District and its engineers and consultants will receive, review, consider and respond to written questions and comments from SITLA and its designated engineers and consultants relating to measures to reduce take-or-pay contract annual payments. Cost saving measures recommended by or on behalf of SITLA will be adopted by the District in the sole discretion of the District.

f. Water Not Used by SITLA Under the Water Contract. If SITLA enters into the Water Contract with the District, to the extent that SITLA fails to use water available to SITLA under such contract, the District may, at the District's sole option, use some or all of the water that would otherwise be available to SITLA, including by selling that water to other District customers. SITLA will be credited 85% of the annual payments due from SITLA for such water used by the District. For example, assuming SITLA signs the Water Contract with the District for 6,500 AF of Wah Wah Project water, and SITLA does not use water under the Water Contract in a given year, but the District uses 2,000 AF of the 6,500 AF available to SITLA, the District will credit SITLA for 85% of 2,000 divided by 6,500, or 26.15% of what would otherwise be due from SITLA to the District under the Water Contract. The Parties will set a cutoff date for calculating any such credit in a given year, as opposed to the following year, such that payments from SITLA are calculated far enough in advance of their due date.

2. District Financing Not Involving Take-or-Pay Contracts. It may be that the District determines that it will finance the Wah Wah Project without take-or-pay contracts. The District may instead sell water directly to District customers, wholesale or retail, and use the revenues from the same to meet bond commitments. In that event, SITLA will be given notice that it will have ninety (90) days to enter into a contract with the District to buy up to 6,500 AF of water available to the District from the Wah Wah Project for mining, general ore and mineral processing, production of byproducts such as acid, and related incidental industrial activities at SITLA's Blawn Mountain Property. SITLA's payment obligation under such contract shall not commence until the Wah Wah Project has been fully constructed and is providing service to the District's customers within the District's service boundaries. The terms for minimum monthly charges and pricing for water purchased by SITLA will be based on the methodology that would likely be used by the PSC if the PSC had jurisdiction and were setting rates. The pricing will be calculated by a professional who is reasonably experienced in the PSC's methodology, and will include offsets for Avoided Costs.

3. Decision Not to Pursue Wah Wah Project. In the event the District makes the determination in its sole discretion that (i) the safe yield within Wah Wah Valley is below an amount that justifies construction of the Wah Wah Project and (ii) the Wah Wah Project will not be constructed by the District, the District shall notify SITLA of its intent to permanently and irrevocably abandon development of the Wah Wah Project (the "***Abandonment Notice***"). The District shall not make such determination or provide an Abandonment Notice to SITLA earlier than twenty (20) years from the date of this Agreement. Following receipt of the Abandonment Notice, SITLA will pay to the District, on an annual basis, a water use payment equal to the District's price per AF then charged by the District to the most comparably situated industrial customer (with deductions for Avoided Costs) for the water actually used from the Wah Wah

Right for the Blawn Mountain Property for a period of twenty (20) years from the date of receipt of the Abandonment Notice. All water payments will cease after the twenty (20) year payment period. Following the twenty (20) year payment period, SITLA and its lessee(s) and/or licensee(s) will have the right to continue to use the Wah Wah Right (up to 6,500 AF) for the life of mineral development activities on the Blawn Mountain Property without further obligation or payment to the District.

4. SITLA's Right to Use the Wah Wah Right Pending Certain Events. SITLA and its lessee(s) and/or licensee(s) will have the right to use the Wah Wah Right, not to exceed 6,500 AF annually, at no charge until any one of the following occurs: (1) SITLA elects not to exercise the ROFR as described in Section 1 or fails to make an election within the ninety (90)-day ROFR period as set forth in that Section, (2) SITLA's take or pay obligation under the Water Contract described in Section 1 commences, (3) SITLA elects not to enter a contract described in Section 2 or fails to make an election within the ninety (90)-day period as set forth in that Section, (4) SITLA's payment obligation under a contract described in Section 2 commences, or (5) SITLA receives the Abandonment Notice as described in Section 3.

5. District Not Responsible for Facilities to Deliver Water to Blawn Mountain Property. Whether SITLA uses water from the Wah Wah Right under the Water Contract as described in Section 1, under a contract described in Section 2, or as provided in Section 3 or 4, the District shall have no obligation to deliver water to SITLA's Blawn Mountain Property. It further shall have no obligation to modify or change the design of the Wah Wah Project to allow for such delivery. Other than one or more turnout valves and meters from the Wah Wah Project facilities or facilities carrying both Pine Project and Wah Wah Project water, including necessary vault structures, etc., SITLA, and/or its lessee(s) or licensee(s) will be solely responsible for constructing, owning, operating and maintaining facilities for the delivery of water from the Wah Wah Right to the Blawn Mountain Property.

6. Termination of Contract for Non-Use of Water. In the event SITLA enters a contract with the District for water from the Wah Wah Right pursuant to Section 1 or Section 2 but fails to use all of the water available under such contract for a period of fifteen (15) consecutive years, thereafter, the District shall have the option to, at its sole discretion, terminate such contract with SITLA and extinguish SITLA's right to use the unused portion of the water under the Wah Wah Right.

7. No Warranty of Water Availability. The District makes no warranty whatsoever, express or implied, regarding the availability of water to SITLA under the Wah Wah Right.

8. Commitment of SITLA to Protect Groundwater Quality. SITLA and its lessee(s) and/or licensee(s) will use best available generally accepted industry practices to prevent material risk of degradation of the quality of groundwater supplies in the Wah Wah Valley resulting from activities at or related to the Blawn Mountain Property.

9. No Project Interference. SITLA will not interfere with the District's pursuit of the Wah Wah and Pine Projects, including, but not limited to, the District's ability to secure financing for those Projects. The District will not interfere with SITLA's (or SITLA's licensee's and/or lessee's) development of the Blawn Mountain Property including, but not limited to, SITLA's ability to secure financing for such development.

10. Change Applications. No change application on the Wah Wah Right may be filed without the District's signature. The District will cooperate with reasonable and necessary change applications. The District will prosecute any such change application. All costs reasonably incurred by the District in pursuing any such change application will be reimbursed by SITLA and will be advanced by SITLA at the reasonable request by the District.

11. Assignment of Rights and Obligations of SITLA. SITLA's rights and obligations under this Agreement, or under any agreement with the District for water as described in Sections 1. and 2., may be assigned only with the prior written consent of the District, which consent will not be unreasonably conditioned, withheld or delayed. The District may refuse such a request if the District, with professional advice, believes in good faith that such assignment may limit its ability to issue tax exempt bonds in the future, or with respect to then-outstanding bonds, may present a material risk of: (i) a breach of any bond commitment; (ii) a violation of any applicable state or federal statutes, rules or regulations, including, but not limited to any violation of any IRS, SEC or MSRB rules or regulations; (iii) a need for a new rating relative to bonds or the District; (iv) a bond audit; (v) a need for new or additional reporting by the District, including, but not limited to reporting to the bond Trustee, reporting via Electronic Municipal Market Access (EMMA), or reporting to the IRS, SEC or MSRB; or (vi) the loss of tax exempt status of the bonds.

Evaluation of such potential impacts of assignment by SITLA will require the District to incur professional and consulting fees, which will be reimbursed to the District by SITLA and advanced to the District by SITLA upon the reasonable request of the District. Nothing in this Section will limit SITLA from allowing SITLA's lessee(s) and/or licensee(s) to use water available to SITLA from the District or limit SITLA from recovering rent from its lessee(s) and/or licensee(s) sufficient to cover its obligations to the District. SITLA, at the request of the District, will consult with the District and the District's bond counsel regarding structuring the arrangement with SITLA's lessee(s) and/or licensee(s) to minimize impact to the District's ability to pledge revenues from the sale of water to SITLA repay tax exempt bonds. The District will pay its own bond counsel for such services.

12. Miscellaneous.

a. Dispute Resolution. In the event a Party has a claim or dispute under this Agreement, the Party must first submit the claim or dispute to the authorized representative of the other Party. If the matter is not resolved satisfactorily, the Party may submit the claim or dispute in concise written form with any supporting documentation to the other Party's board of trustees. If the matter is not resolved satisfactorily, the claim or dispute will be submitted to non-binding mediation, with a qualified mediator selected by the Parties, with each Party sharing the cost of that non-binding mediation. If, after and only if these processes are first followed and the claim or dispute remains unresolved, an action may be brought in the Fifth Judicial District Court in and for Beaver County, State of Utah.

b. Specific Performance. The Parties acknowledge that damages alone would not be an adequate remedy for the breach of any of the provisions of this Agreement. Accordingly, without prejudice to any other rights and remedies it may have, the non-breaching Party, upon any breach of this Agreement, shall be entitled to enforcement of this Agreement by means of specific performance or injunction, including mandatory injunction.

c. No Third-Party Beneficiaries. The Parties expressly acknowledge and agree that there are no third-party beneficiaries to this Agreement.

d. Binding on Successors. This Agreement shall be binding on the Parties' successors.

e. Integration. This Agreement constitutes the entire understanding and agreement of the Parties with regard to the subject matter of this Agreement, and any and all prior understandings or representations are hereby terminated and cancelled in their entirety and are of no force and effect.

f. Amendment. No amendment, change, or modification of this Agreement shall be valid unless in writing and signed by the Parties.

g. Waiver. The waiver by any Party to this Agreement of a breach of any provision of the Agreement shall not be deemed a continuing waiver or wavier of any subsequent breach, whether of the same or another provision of this Agreement.

h. Notice. All notices and other communications relating to this Agreement shall be in writing and shall be effective when mailed or delivered as follows.

To the District:

Central Iron County Water Conservancy District
88 E. Fiddlers Canyon Road, Suite A
Cedar City, Utah 84721
Attn: General Manager
Email: p.monroe@cicwcd.org

With a copy to:

Snow, Christensen & Martineau
10 Exchange Place, 11th Floor
Salt Lake City, Utah 84111
Attn: Shawn Draney
Email: sed@scmlaw.com

To SITLA:

Utah School and Institutional Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102
Attn: Mike Johnson
Email: mjohnson@utah.gov

With a copy to:

Stoel Rives LLP
201 S. Main Street, Suite 1100
Salt Lake City, UT 84111
Attn: Richard Hall
Email: richard.hall@stoel.com

Notices sent by email shall be considered written notice. Either Party may change the designation of the addressee or the address for that Party to receive notice by sending written notice of the change in accordance with this Section.

i. Attorneys' Fees. In the event any suit or action is instituted to interpret or enforce the terms of this Agreement or to rescind this Agreement, the prevailing Party shall be entitled to recover from the Party at fault such sum as the Court may adjudge reasonable as attorneys' fees at trial, on any appeal, and on any petition for review, and in any bankruptcy proceedings related to this Agreement, in addition to all other sums provided by law.

j. Fees and Expenses. The Parties shall each bear their own respective costs and expenses, including attorneys' fees, incurred in connection with the Litigation and this Agreement.

k. Choice of Law. This Agreement in all respect shall be governed by the laws of the State of Utah. Nothing contained herein shall be construed to require the commission of any act contrary to law. Wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance or regulation, the latter shall prevail, and the affected provision of this Agreement shall be curtailed and limited to the extent necessary to bring it within the requirements of the law.

l. Further Assurances. Following execution of this Agreement, the Parties agree to execute and deliver, or cause to be executed and delivered, such documents and other instruments, and to take or cause to be taken all such other actions, as any Party may reasonably deem necessary or appropriate in order to carry out the intents and purposes of this Agreement.

m. Memorandum of Agreement. This Agreement shall not be recorded or filed in the county recorder's records of the Beaver County or Iron County, nor will this Agreement be filed in the UDWR water right records for the Wah Wah Right. The Parties shall execute and file in the UDWR water right records for the Wah Wah Right a Memorandum of Agreement substantially in the form attached hereto as Exhibit 1, for the purpose of providing constructive notice of the Agreement and Parties' respective rights and obligations hereunder with respect to the water rights subject to this Agreement.

IN WITNESS WHEREOF, the Parties hereto have entered into this Water Supply Agreement as of the day herein first above written.

UTAH SCHOOL AND INSTITUTIONAL TRUST LAND ADMINISTRATION

Date: 2/24/19

By David Ure
Name: DAVID URE
Its: Director

Attest:

CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT

Date: ____________

By ____________
Name: ____________
Its: ____________

Attest:

notice of the Agreement and Parties' respective rights and obligations hereunder with respect to the water rights subject to this Agreement.

IN WITNESS WHEREOF, the Parties hereto have entered into this Water Supply Agreement as of the day herein first above written.

UTAH SCHOOL AND INSTITUTIONAL TRUST LAND ADMINISTRATION

Date: ____________________

By ____________________
Name: ____________________
Its: ____________________

Attest:

CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT

Date: 2-20-2019

By ____________________
Name: Brent E. Hunter
Its: Chairman

Attest:
Paul Monroe

To be filed in the records of the Utah Division of Water Rights for the following water rights:

WR Nos. 69-101, 69-120, 69-121

MEMORANDUM OF WATER SUPPLY AGREEMENT

THIS MEMORANDUM OF WATER SUPPLY AGREEMENT (this "***Memorandum***") is made and entered into this 26 day of February, 2019 (the "***Effective Date***") by and between the UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION, a governmental agency of the State of Utah, having a mailing address of 675 East 500 South, Suite 500, Salt Lake City, Utah 84102 ("***SITLA***"), and CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT, a Utah conservancy district, having a mailing address of 88 E. Fiddlers Canyon Road, Suite A, Cedar City, Utah 84721 (the "***District***"). SITLA and the District may be referred to herein individually as a "***Party***," and collectively as the "***Parties***."

RECITALS

The Parties entered into that certain Water Supply Agreement, of even date herewith (the "***Agreement***"), providing for the Parties' respective rights, interests and obligations relating to Utah Water Right Numbers 69-101 (A76677), 69-120 (A76677aa) and 69-121 (F76677ab) (collectively, the "***Wah Wah Right***"). The Agreement is expressly incorporated herein by reference and made a part hereof as though fully set forth herein. By this Memorandum, the Parties desire to provide public notice of the Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Public Notice**. All members of the general public are hereby placed on notice of inquiry as to the specific provisions of the Agreement, all of which are incorporated herein by reference with the same force and effect as if herein set forth in full. This Memorandum shall be filed in the records of the Utah Division of Water Rights for the Wah Wah Right, in lieu of filing the entire Agreement.

2. **Right of First Refusal for Take-or-Pay Contract.** If and when (1) the District obtains the final, nonappealable approval of the Bureau of Land Management's NEPA Record of Decision for the District's right-of-way grant for Wah Wah portion of the District's West Desert Pipeline Project, and (2) Enoch City and/or Cedar City, and/or another municipal or industrial subscriber(s) for water from the Wah Wah Project, are prepared to sign take-or-pay contracts

("***Other Subscribers***"), SITLA shall have the right to exercise the right of first refusal (the "***ROFR***") granted by the District to SITLA under the Agreement to enter into a take-or-pay contract (the "***Water Contract***") with the District for water from the Wah Wah Right to be used for mining, general ore and mineral processing, production of byproducts such as acid, and related incidental industrial activities conducted at SITLA's Blawn Mountain Property by either SITLA or its lessees or licensees, not to exceed 6,500 AF of water annually. SITLA shall have ninety (90) days from receipt of the District's notice to exercise the ROFR.

3. **SITLA's Right to Use the Wah Wah Right Pending Expiration of Ninety (90)-Day Period or Decision Not to Pursue Wah Wah Project**. Prior to the expiration of the ninety (90)-day period as set forth in either Section 1 or Section 2 of the Agreement, or the District's decision not to pursue the Wah Wah Project as described in Section 3 of the Agreement, SITLA will have the right to use the Wah Wah Right, not to exceed 6,500 AF annually, at no charge.

4. **Conflicts**. In the event of any conflict between the terms of this Memorandum and the terms of the Agreement, the terms of the Agreement shall control.

5. **Captions and Capitalized Terms**. Caption headings are inserted herein only as a matter of convenience of reference, and in no way serve to define, limit, or describe the scope of intent of, or in any way affect, this Memorandum. Capitalized terms not defined in this Memorandum shall have the meanings ascribed to them in the Agreement.

[*Signatures on Following Pages*]

IN WITNESS WHEREOF, the Parties hereto have executed this Memorandum of Water Supply Agreement as of the date set forth above.

CICWCD:

CENTRAL IRON COUNTY WATER
CONSERVANCY DISTRICT,
a conservancy district within the State of Utah

By: Brent F. Hunter
Its: Chairman

SITLA:

UTAH SCHOOL AND INSTITUTIONAL TRUST
LANDS ADMINISTRATION,
an agency of the State of Utah

By: ______________________
Its: ______________________

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CONSERVANCY DISTRICT,
a conservancy district within the State of Utah

____
By: ________________________________
Its: ________________________________

SITLA:

UTAH SCHOOL AND INSTITUTIONAL TRUST
LANDS ADMINISTRATION,
an agency of the State of Utah

David Ure
By: DAVID URE
Its: Director