

**APPLICATION FOR PERMIT TO APPROPRIATE THE PUBLIC
WATERS OF THE STATE OF NEVADA**

Date of filing in State Engineer's Office DEC 17 1998
 Returned to applicant for correction JAN 12 1999
 Corrected application filed JAN 22 1999
 Map filed JAN 22 1999

The applicant Pike's Peak Mining Company, Inc., hereby makes application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated.

1. The source of the proposed appropriation is **Underground**
2. The amount of water applied for is **.25 c.f.s. (112.2 Gal/Minute) second-feet**
 - (a) If stored in reservoir give number of acre-feet **N/A**
3. The water to be used for **Mining & Milling**
4. If use is for:
 - (a) Irrigation, state number of acres to be irrigated **N/A**
 - (b) Stockwater, state number and kinds of animals to be watered **N/A**
 - (c) Other use (describe fully under No. 12. "Remarks") **See note 12**
 - (d) Power:
 - (1) Horsepower developed **N/A**
 - (2) Point of return of water to stream **N/A**
5. The water is to be diverted from its source at the following point **Within Govt. Lot 4 of Section 4, Township 1 South, Range 71 East, Mount Diablo Meridian, at a point from which the Northeast Corner of said Section 4 bears N 20° 31' 26" E a distance of 1779.46 feet.**
6. Place of Use **Snowflake Claim Group (Snowflake, Snowflake No 2, Snowflake No 3, Snowflake No 4, Snowflake No 5, Snowflake No 10, and the Winner No 2 - PATENTED Mining claims) within the E½ SW¼, & the S½ NW¼, & the W½ SE¼, & the NW¼ SW¼, all within Section 32, T1N, R71E, M.D.M., and also the N½ of Section 4, T1S, R71E, M.D.M.**
7. Use will begin about **January 1st** and end about **December 31st** of each year.
8. Description of proposed works **Existing mine shaft is to be outfitted and cased to a depth sufficient to provide a source of water for a mining and milling operation on site.**
9. Estimated cost of works **\$35,000.00**
10. Estimated time required to construct works **2 years**
11. Estimated time required to complete the application of water to beneficial use **3 years**

12. Remarks: Water to be used in a heap leach process and will be re-cycled to the greatest extent possible. Water from the well will be used to charge the system, and will regenerate that water lost to evaporation in the leaching process. Water will be utilized on site to maintain and operate mining equipment NOTE; Shaft to be utilized was previously filed under on No 9748.

The Owens Surveying Outfit
s/Frank C. Hulse
By Frank C. Hulse #722 AGENT
Box 540
Pioche, Nevada 89043-0540

Compared my/cms dl/cm

Protested _____

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit is issued subject to existing rights. It is understood that the amount of water herein granted is only a temporary allowance and that the final water right obtained under this permit will be dependent upon the amount of water actually placed to beneficial use. It is also understood that this right must allow for a reasonable lowering of the static water level. A totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of the water begins or before the Proof of Completion of Work is filed. The State retains the right to regulate the use of the water herein granted at any and all times.

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

The total combined duty of water under Permits 64709 and 64710 shall not exceed 64.89 acre-feet annually.

The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin.

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

(CONTINUED ON PAGE 3)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 0.25 cubic feet per second, but not to exceed 64.89 acre-feet annually.

Work must be prosecuted with reasonable diligence and be completed on or before:

September 28, 2000

Proof of completion of work shall be filed before:

October 28, 2000

Water must be placed to beneficial use on or before:

September 28, 2003

Proof of the application of water to beneficial use shall be filed on or before:

October 28, 2003

Map in support of proof of beneficial use shall be filed on or before:

N/A

IN TESTIMONY WHEREOF, I, R. MICHAEL TURNIPSEED, P.E.,

State Engineer of Nevada, have hereunto set
my hand and the seal of my office,

this 28th day of September, A.D. 1999

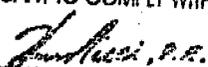

State Engineer

Completion of work filed NOV/08 2001

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

CANCELLED JAN 28 2004 BECAUSE OF FAILURE
OF APPLICANT TO COMPLY WITH THE PROVISIONS OF PERMIT

STATE ENGINEER