



THE STATE OF NEVADA
PERMIT TO APPROPRIATE WATER

Name of applicant: HECLA VENTURES CORP.
Source: UNDERGROUND
Basin: ROCK CREEK VALLEY
Manner of Use: MINING AND MILLING
Period of Use: January 1st to December 31st
Priority Date: 01/01/1900

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. 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 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 52751, Certificate 14006; 69732, 71734, 71735 and 74011 shall not exceed 416.34 acre-feet annually.

This permit will allow the permittee to remove water from an underground exploration and mining project. It is understood that any water pumped from the decline as a result of this operation will be used first by the permittee for underground exploration and other related mining uses within the described place of use of this permit. Any water from dewatering the decline not used for mining purposes shall be returned to the groundwater source in the Rock Creek Valley Groundwater Basin, in a manner authorized by permits from the Nevada Division of Environmental Protection, and any other.

Monthly records shall be kept of the following: the amount of water pumped from the mine; the amount of water used for underground exploration and mining purposes; the amount of water sent to the Rapid Infiltration Basin discharge system or other authorized discharge system; and the estimated amount of water recharged to the groundwater system. These records must be submitted to the State Engineer on a quarterly basis, within 15 days after the end of each calendar quarter. A method that estimates the amount of evaporative losses from the discharge system shall be submitted with the monthly report. The evaporative losses will be considered as a part of the duty for consumptive purposes.

The State Engineer retains the right at any time to require the permittee to cooperate in the funding of additional monitoring and modeling by an independent third party. The State Engineer retains the right to impose future conditions as necessary upon review and evaluation of all data submitted and reported on the quarterly report. The State Engineer retains the right to regulate the diversion or use of any water herein authorized to protect the public interest and existing rights.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from the State, Federal and local agencies and is specifically issued contingent upon approval of water discharge by the Nevada Division of Environmental Protection.

This permit is issued with the understanding that no secondary applications will be issued on any water not infiltrated or injected. Upon permanent cessation of mining, any water granted under this permit will revert to the source from which it was appropriated.

The point of diversion and place of use is as described under items 5 & 7 respectively on the submitted application to support this permit.

(Continued on Page 2)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 2.0 cubic feet per second, **but not to exceed 102.0 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before:

June 1, 2008

Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before:

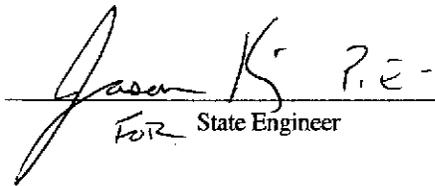
June 1, 2010

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

N/A

IN TESTIMONY WHEREOF, I, TRACY TAYLOR, P.E.,

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 1st day of June, A.D. 2007


FOR State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

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

Date of filing in State Engineer's Office MAR 20 2006

Returned to applicant for correction _____

Corrected application filed _____

Map filed MAR 13 2003 under 69732

The applicant **Hecla Ventures Corp.** hereby make application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated. **incorporated in Nevada on May 8, 1986**

1. The source of the proposed appropriation is **Underground**
2. The amount of water applied for **2.0** second-feet
 - (a) If stored in reservoir give number of acre-feet
3. The water to be used for **Mining**
4. If use is for:
 - (a) Irrigation, state number of acres to be irrigated
 - (b) Stockwater, state number and kinds of animals to be watered
 - (c) Other use (describe fully under No. 12. "Remarks")
 - (d) Power:
 - (1) Horsepower developed
 - (2) Point of return of water to stream
5. The water is to be diverted from its source at the following point **SE¼ SW¼ of Section 4, Township 37 North, Range 48 East MDB&M, at a point from which the South quarter corner of said Section 4 bears S48°58'E, 1039 feet distance.**
6. Place of Use **Sections 33, 34, 35, 36 of T39N, R46E; Sections 31, 32, 33, 34, 35, 36 of T39N, R47E; Sections 2, 3, 4 of T38N, R46E; Sections 1, 2, 12, 13 of T38N, R47E; Sections 17, 18, 19, 20, 29, 30, 31, 32, 33, 34 of T38N, R48E; Sections 3, 4, 5, 8, 9, 10, 16, 17, 20, 21, 28, 29, 32, 33 of T37N, R48E; MDB&M.**
7. Use will begin about **January 1** and end about **December 31** of each year.
8. Description of proposed works **Underground collection sumps, pumps and piping to surface ponds; transfer pumps to recycle system, rapid infiltration basins.**
9. Estimated cost of works **\$800,000**
10. Estimated time required to construct works **2 years**
11. Estimated time required to complete the application of water to beneficial use **3 years**

74011

12. Remarks: Information on water recycle and beneficial use will be submitted at a later date. *Please refer to/and use point of diversion map for Permit # 69732 for this application.

By **Richard N Applink**
s/ Richard N Applink
4135 W. Winnemucca Blvd
Winnemucca, NV 89445

Compared **mt/ag** _____

Protested _____
