

APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER OF USE AND PLACE OF USE OF THE PUBLIC WATERS OF THE STATE OF NEVADA HERETOFORE APPROPRIATED

Date of filing in State Engineer's Office APR 07 2006

Returned to applicant for correction _____

Corrected application filed _____

Map filed JAN 10 2001 under 67070-T

The applicant **Queenstake Resources USA, Inc.** hereby makes application for permission to change the **point of diversion of a portion** of water heretofore appropriated under **permit # 65323**

1. The source of water is **underground**
2. The amount of water to be changed **0.04 c.f.s. (20,000 gallons/day, 7.3 million gallons/year)**
3. The water to be used for **mining, milling, de-watering, and domestic**
4. The water heretofore permitted for **mining, milling, de-watering, and domestic**
5. The water is to be diverted at the following point **within the SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 8, T.40N., R.54E., M.D.M. from which the SW corner of Section 7, in said township T.40N., R54E., bears S.68°22'W., 8,606 feet distance**
6. The existing permitted point of diversion is located within **NW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 18, T.40N., R.54E., M.D.M., from which the SE corner of Section 19, in said township, bears S.9°12'E., 10,620 feet distance**
7. Proposed place of use **same as existing**
8. Existing place of use **T.39N., R53E., M.D.M. Sections 1 through 24; T.39N., R.54E., Sections 5 through 8, 17 through 20; T.40N., R.53E., all sections; T.40N., R54E., W $\frac{1}{2}$ Section 3, 4 through 8, 17 through 20, 29 through 32; T.41N., R.53E., all sections; T.41N., R.54E., Sections 5 through 8, 18 through 20, 29 through 33, W $\frac{1}{2}$ Section 34.**
9. Use will be from **January 31 to December 31** of each year.
10. Use was permitted from **January 31 to December 31** of each year.
11. Description of proposed works **The proposed point of diversion is the site chosen for a re-injection well, to be completed under provisions of NDEP U.I.C. permit #UNEV93214. Water developed in this well during its construction can be beneficially used in general mining and milling purposes.**
12. Estimated cost of works **\$200,000.00**
13. Estimated time required to construct works **one year**
14. Estimated time required to complete the application of water to beneficial use

74136T

15. Remarks: Place of use is shown on map filed under application #65323. Existing and proposed points of diversion are shown on map accompanying temporary change applications #67070-T, 68623-T & 69905-T. Construction period has been again extended and decisions on appropriate permanent change applications (s) have been deferred. Thus this replacement temporary application is being filed.

By s/William A. Nisbet Agent
421 Court Street
Elko, NV 89801

Compared sc/gkl lt/gkl

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 to change the point of diversion of a portion of the waters of an underground source as heretofore granted under Permit 65323 is issued subject to the terms and conditions imposed in said Permit 65323 and with the understanding that no other rights on the source will be affected by the change proposed herein. The well shall be equipped with a 2-inch opening and 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. If the well is flowing, a valve must be installed and maintained to prevent waste. This source is located within an area designated by the State Engineer pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

This temporary 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 Permit 39881, Certificate 11893; Permits 42687, 47148, Certificate 13139; Permits 47414, 48175, Certificate 13143; Permit 54617, Certificate 14301; Permits 58336, 58426-E, 58427-E, 58428-E, 58429-E, 58430-E, 58431-E, 58432-E, 58433-E, 58744-E, 59274, 61722, Certificate 15094, Permits 61740-E, 61780-E, 61781-E, 61946, 62308, 62374, 65323, 65324 and 74136T will not exceed 5847.33 acre-feet annually.

This permit is issued under the preferred use provisions of NRS Chapter 534. 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 ground water basin.

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

Monthly measurements shall be kept and submitted to the State Engineer within 15 days after the end of each calendar quarter which shall include the volume of water pumped from each source, the rate of diversion pumped from each source, the measurement of pumping water level (drawdown) from each source, the volume of water consumptively used for mining and milling purposes and the amount of water re-injected.

This temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and will expire on May 29, 2007 at which time all rights herein granted shall revert to the right being changed by this temporary permit.

(CONTINUED ON PAGE 3)

The amount of water to be changed shall be limited to the amount which can be applied to beneficial use, and not to exceed 0.04 cubic feet per second, **but not to exceed 22.4 acre-feet annually.**

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

N/A - Temporary

Proof of completion of work shall be filed on or before:

N/A - Temporary

Water must be placed to beneficial use on or before:

N/A - Temporary

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

N/A - Temporary

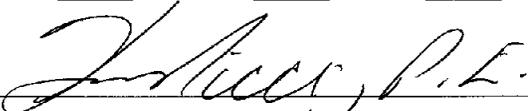
Map in support of proof of beneficial use shall be filed on or before:

N/A - Temporary

IN TESTIMONY WHEREOF, I, HUGH RICCI, P.E.,

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

this 30th day of May, A.D. 2006



State Engineer