THE STATE OF NEVADA

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

Name of applicant:	**FLORIDA CANYON MINING, INC.**
Source:	**UNDERGROUND**
Basin:	**IMLAY AREA**
Manner of Use:	**MINING AND MILLING**
Period of Use:	**January 1st to December 31st**
Priority Date:	**06/18/1986**

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 the waters of an underground source as heretofore granted under Permit 49931, Certificate 13240, is issued subject to the terms and conditions imposed in said Permit 49931, Certificate 13240 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 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.

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 Permit 48997, Certificate 13237; Permit 48998, Certificate 13238; Permit 50061, Certificate 13953; Permit 50248, Certificate 14448; Permits 57096, 57097, 57098, 61203, 61643, 61644, 61707, 75770, 75771, 75772, 75873, 75874, 75875, 75876, 75877, 75878 and 75879 shall not exceed 2415.22 acre-feet annually.

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

Monthly records shall be kept of the following and reported within 15 days after the end of each quarter:

A. The total volume of water pumped from each diversion in acre-feet.

B. The maximum flow rate from each diversion in cubic feet per second.

C. The pumping water level from each well in feet above mean sea level.

D. The volume of water consumptively used for mining and milling in acre-feet.

E. The amount of water diverted to the infiltration or injection sites in acre-feet.

F. The amount of water diverted to other consumptive uses, including reclamation, if any, in acre-feet.

G. The amount of water lost through evaporation or other system losses project wide.

The point of diversion and place of use are as described 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 0.08 cubic feet per second or 2.30 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before: **April 4, 2009**
Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before: **April 4, 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 4th day of **April**, A.D. **2008**

Tracy Taylor, P.E.
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

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2nd AMENDED Serial No. 75770

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

THIS SPACE IS FOR OFFICE USE ONLY

Date of filing in State Engineer's Office MAY 2 3 2007

Return to applicant for correction JUN 1 5 2007

Corrected application filed JUN 0 6 2007, JUN 2 0 2007 Map filed JUN 2 0 2007

The applicant **Florida Canyon Mining, Inc.**

P.O. Box 330 of **Imlay**

Nevada 89418, hereby makes application for permission to change the

Point of Diversion

of water heretofore appropriated under **Permit 49931, Certificate 13240**

1. The source of water is **Underground (MW-I Well)**
2. The amount of water to be changed **0.80 c.f.s., not to exceed 0.751 m.g.a.**
3. The water to be used for **Mining, milling and domestic**
4. The water heretofore used for **Mining, milling and domestic**
5. The water is to be diverted at the following point **NE¼ NW¼, Section 3, T. 31N., R. 33E., M.D.B. & M., or at a point from which the SW corner of said Section 3 bears S. 34° 16' 09" W., a distance of 4,842 feet. Refer to map which is being filed with this application.**
6. The existing point of diversion is located within **NW¼ NW¼, Section 11, T.31N. R. 33E., M.D.B.&M., or at a point from which the NW corner of said Section 11 bears N. 80° 32' W., a distance of 584.6 feet. Please refer to map filed under Permit 49931, Certificate 13240.**

7. Proposed place of use **Unchanged**

8. Existing place of use **Sections 2, 3, 4, 9, 10, 11, 14, 15, 16, 37, 38 and 39, T. 31N, R. 33E., M.D.B.&M. Please refer to map filed under Permit 49931, Certificate 13240.**

9. Use will be from **January 1** to **December 31** of each year.

10. Use permitted from **January 1** to **December 31** of each year.

11. Description of proposed works. (Under the provisions of NRS 535.010 you may be required to submit plans and specifications or your diversion of storage works.) **Drilled and cased well with totalizing meter and distribution system.**

12. Estimated cost of works **$75,000.00**

13. Estimated time required to construct works **Two (2) years**

14. Estimated time required to complete the application of water to beneficial use **Ten (10) Years**

15. Remarks: For use other than irrigation or stock watering, state number and type of units to be served or annual consumptive use.

As excavation at Florida Canyon Mine expanded, the well which served Permit 49931, Cert. 13240 was removed. Water is being moved to the MW- I. Water will be pumped from the well into a process circuit which will then be applied to an area within the place of use.

BY **Chris S. Sarman**
Print or type name clearly

Signature, applicant or agent

(775) 352-7800
Phone number

9480 Double Diamond Parkway, Suite 200
Street and No., or PO Box No

Reno, NV 89521
City, State, Zip Code No.

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

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$150 FILING FEE MUST ACCOMPANY APPLICATION.