Permit No. 76732T

TEMPORARY

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:	**CORTEZ JOINT VENTURE**
Source:	**UNDERGROUND**
Basin:	**CRESCENT VALLEY**
Manner of Use:	**MINING AND MILLING**
Period of Use:	**January 1st to December 31st**
Priority Date:	**02/04/1992**

****

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 temporary permit to change the point of diversion and place of use of a portion of the waters of an underground source as heretofore granted under Permit 57138 is issued subject to the terms and conditions imposed in said Permit 57138 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.

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

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

This temporary permit is issued as a preferred use as provided in NRS 534.120.

This temporary permit is issued subject to the Pipeline Gold Project Groundwater and Surface Water Monitoring Plan submitted to the State Engineer on August 2, 1993. The State Engineer may require additional monitoring should conditions warrant such modification.

This temporary permit will allow the permittee to dewater the mine area. It is understood that any water produced as a result of this dewatering operation shall be used first by the permittee for mining, milling and related uses.

An annual total of 3,958.04 acre-feet of water produced from dewatering may be used consumptively from Permits 72675 through 72684, 73485 and 73737 for mining and milling purposes.

An annual total of 3,160.87 acre-feet of water produced from dewatering may be used consumptively from Permits 61193, 67614 through 67616, 71454, and 72670 through 72673 for stock and irrigation

Any water produced from dewatering in excess of 7,118.86 acre-feet annually shall be returned to the Crescent Valley Groundwater Basin via infiltration galleries or injection wells. The design of the rapid infiltration basins or injection wells and the delivery system to these sites shall be submitted to the State Engineer for approval.

(Continued on Page 2)

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 stock and irrigation, if any, in acre-feet.

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

The total combined diversion rate under Permits 57134, 57136 through 57138, 57140, 57144 through 57148, 61193, 62723, Certificate 16016; Permits 67510, 67511, 67513, 67614 through 67616, 71044, 71454, 72665 through 72689, 73338, 73485 , 73737 and 76721T through 76734T shall not exceed 77.0 cubic feet per second. The total combined withdrawal of water under these permits shall not exceed 55,606 acre-feet annually.

The State Engineer retains the right to regulate the appropriation and use of the public waters herein granted at any and all times.

This temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and accounts for the pumpage in calendar year 2007 and therefore expires one day from the date of approval at which time all rights herein granted shall revert to the right being changed by this temporary permit.

The point of diversion and place of use are as described on the submitted application to support this permit.

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, **and not to exceed 1.17 cubic feet per second or 840.93 acre-feet annually**.

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

K. Hill P.E.

for State Engineer

llb

TEMPORARY

TEMPORARY

Application No. 76732T

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 FOR OFFICE USE ONLY

Date of filing in State Engineer's Office FEB 1 2 2008

Returned to applicant for correction _____

Corrected application filed _____ Map filed NOV 0 3 2005 under 73338

The applicant Cortez Joint Venture

HC 66, Box 1250 (Street Address or P.O. Box) of Crescent Valley (City or Town)

Nevada 89821-1250 (State and Zip Code), hereby make(s) application for permission to change the

☒ Point of diversion ☒ Place of use ☐ Manner of use ☒ of a portion

of water heretofore appropriated under (Identify existing right by Permit, Certificate, Proof or Claim Nos. If Decreed, give title of Decree and identify right in Decree.)

#57138

1. The source of water is underground (DB-27) (Name of stream, lake, underground, spring or other sources.)
2. The amount of water to be changed 1.17 c.f.s. (840.93 A.F.) (Second feet, acre-feet. One second foot equals 448.83 gallons per minute.)
3. The water to be used for mining, milling, dewatering and domestic (Irrigation, power, mining, commercial, etc. If for stock, state number and kind of animals. Must limit to one major use.)
4. The water heretofore used for mining, milling, dewatering and domestic (If for stock, state number and kind of animals.)
5. The water is to be diverted at the following point (Describe as being within a 40-acre subdivision of public survey and by course and distance to a found section corner. If on unsurveyed land, it should be stated.)
   within the NW¼NW¼ Section 8, T. 27N., R. 47E., M.D.M. from which the SE corner of Section 32, T. 28N., R. 47E., M.D.M., bears N. 43°16' E., 7,740 feet distant.
6. The existing point of diversion is located within (If point of diversion is not changed, do not answer.)
   the SW¼SE¼, Section 31, T.28N., R47E., M.D.M. from which the SE corner of Section 1, T.27N., R.46E., M.D.M., bears S.33°18'W., 8,626 ft. distant.

SH-LA

7. Proposed place of use (Describe by legal subdivisions. If for irrigation, state number of acres to be irrigated.)
T. 27N., R. 46E, M.D.M.: Sections 12, 13, 23-26.
T. 27N., R. 47E., M.D.M.: Sections 4-9, 18 and unsurveyed Section 19
T. 28N., R. 47E., M.D.M.: Sections 13, 15, 21, 22, 27-33

8. Existing place of use (Describe by legal subdivisions. If changing place of use and/or manner of use of irrigation permit, describe acreage to be removed from irrigation.)
T. 27N., R.47E., M.D.M.: Sections 5 and 6
T. 28N., R.47E., M.D.M.: Sections 31 and 32

9. Proposed use will be from January 1 (Month and Day) to December 31 (Month and Day) of each year.

10. Existing use permitted from January 1 (Month and Day) to December 31 (Month and Day) of each year.

11. Description of proposed works. (Under the provision of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.)(State manner in which water is to be diverted, i.e. diversion structure, ditches, pipes and flumes or drilled well, pump and motor, etc.)
drilled and cased well (existing); submersible or line shaft pump & motor, storage tanks, pipeline network to mine, mill & infiltration basins and irrigated fields.

12. Estimated cost of works estimate: $350,000.00

13. Estimated time required to construct works one year
If well completed, describe well.

14. Estimated time required to complete the application of water to beneficial use five years

15. Provide a detailed description of the proposed project and its water usage (use attachments if necessary). The proposed use should be temporary in nature, or the requested change should be the result of an unforeseen occurrence: (Failure to provide a detailed description may cause a delay in processing.)
This temporary change is filed in compliance with State Engineer order #1082-A, and reports a portion of the total quantity of water pumped from this source for mining, milling, dewatering and domestic purposes in calendar year 2007. Total volume of water pumped form this source for mining, milling, dewatering and domestic purposes in 2007 was 2,288.87 acre-feet. The remaining portion of water pumped from this source was under irrigation permits #72670-72673 which have a combined duty of 2046.21 A.F.

16. Miscellaneous remarks:
Please send copies of notices and correspondence to undersigned agent.

(775) 738-2121
Phone No.

wnisbet@chilton-inc.com
E-mail

By William A. Nisbet, Agent
Print or type name clearly

William A. Nisbet
Signature, applicant or agent

Chilton Engineering & Surveying, Ltd.
Company Name

421 Court Street
Street Address or P.O. Box

Elko, NV 89801-3527
City, State, Zip Code

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

$100 FILING FEE AND SUPPORTING MAP MUST ACCOMPANY APPLICATION