Permit No. 76865

THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of applicant:	**SPRINGER MINING COMPANY**
Source:	**UNDERGROUND**
Basin:	**IMLAY AREA**
Manner of Use:	**MINING AND MILLING**
Period of Use:	**January 1st to December 31st**
Priority Date:	**03/28/2008**

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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. This well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. 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. 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.

The permittee shall keep monthly records of the amount of water pumped from this well and the records must be submitted to the State Engineer on an annual basis within 30 days after the end of each calendar year.

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 77521, 77738, 77739 and 76865 shall not exceed 1282 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, or place 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.

The right to use water under Permit 76865 will terminate with the cessation of mining related activities within the permitted place of use but not later than January 1, 2029.

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 2.0 cubic feet per second or 887 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before: **November 6, 2011**
Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before: **November 6, 2014**
Map in support of proof of beneficial use shall be filed on or before: **November 6, 2014**

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

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 6th day of **November**, A.D. **2009**

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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Application No. 76865

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

THIS SPACE FOR OFFICE USE ONLY

Date of filing in State Engineer's Office MAR 2 8 2008

Returned to applicant for correction _____

Corrected application filed _____ Map filed MAR 2 8 2008

The applicant Springer Mining Company

P.O. Box 325 (Street Address or P.O. Box) of Imlay (City or Town)

Nevada, 89418 (State and Zip Code) hereby make(s) application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated. (If applicant is a corporation, give date and place of incorporation; if a copartnership or association give names of members.)

Incorporated in Nevada on March 31, 1980

1. The source of water is underground (Name of stream, lake, underground, spring or other sources.)
2. The amount of water applied for is 2 cfs, not to exceed 887.1 acre feet per year second feet. (One second foot equals 448.83 gallons per minute.)

   (a) If stored in reservoir give number of acre-feet _____
3. The water to be used for Mining and Milling (Irrigation, power, mining, commercial, domestic or other use. Must limit to one major use.)
4. If use is for:

   (a) Irrigation, state number of acres to be irrigated _____

   (b) Stockwater, state number and kind of animals _____

   (c) Other use (describe fully in No. 12) _____

   (d) Power:

   (1) Horsepower developed _____

   (2) Point of return of water to stream _____

72-RE

76865

5. The water is to be diverted from its source 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 so stated.) Within the SE 1/4 of the SE 1/4 of Section 1, T. 33N., R. 34E., M.D.B.&M., Pershing County, Nevada, or at a point from which the SE corner of said Section 1 bears S. 73°57'36" East, a distance of 1044.03 feet.

6. Place of use: (Describe by legal subdivision. If on unsurveyed land, it should be so stated.)
The East 1/2 of Section 1, T. 33 N., R. 34 E., M.D.B.&M.

7. Use will begin about January 1 (Month and Day) and end about December 31 (Month and Day) of each year.

8. Description of proposed works. (Under the provisions 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 and flumes, drilled well with pump and motor, etc.)
A drilled well, approximately 600 feet deep, with a 12-inch steel casing, a submersible pump and motor, a storage tank, and piping to the plant.

9. Estimated cost of works: $100,000.00

10. Estimated time required to construct works: 2 years (If well completed, describe works.)

11. Estimated time required to complete the application of water to beneficial use: 5 years

12. Provide a detailed description of the proposed project and its water usage (use attachments if necessary): (Failure to provide a detailed description may cause a delay in processing.)
See attached sheet.

13. Miscellaneous remarks:

globalhydrologic@sbcglobal.net
E-mail Address

(775) 787-1300
Phone No.

By

Mark D. Stock
Type or print name clearly

Signature, applicant or agent

Global Hydrologic Services Inc.
Company Name

561 Keystone, #200
Street Address or P.O. Box

Reno, NV 89503
City, State, Zip Code

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

$250 FILING FEE AND SUPPORTING MAP MUST ACCOMPANY APPLICATION

Revised 11-07

Item 12: Detailed Project Description

The project is a new precious metals processing plant planned for the Springer Facility. The Springer Facility is located approximately 8 miles north of Imlay in Pershing County in basin 72.

The precious metals processing plant will be developed in two phases. This application is limited to Phase 1. Phase 1 is anticipated to process 1,000 tons per day of precious metals ore. Water will be needed for construction, for the mineral processing, for domestic use by the employees, for dust suppression in the mineral processing plant and the adjacent grounds and roads, and for site closure and reclamation. Our geotechnical evaluations of the soils in the area indicate a very high moisture requirement for soil conditioning to achieve materials specifications.

The mineral processing plant is expected to process 1,000 tons of ore per day on a 24-hour-per-day, 365-days-per-year basis. Dust suppression and the other consumptive uses will also occur on a 24-hour-per-day basis.

Ore supplied to the precious metals plant will come from off-site mining operations. Since the ore supply to the precious metals plant is not connected to an on-site mine, no consumption is anticipated for the precious metals plant itself for mine dewatering, mine dust suppression, or other mining uses. The water used for mining to provide the ore to the precious metals processing plant is not anticipated to be provided by the wells at the plant, but will instead be associated with the mining operations from where the ore originates.

The estimates are for consumptive use, and already include water recycling to the maximum extent possible. It is anticipated that the water would be drawn from a well drilled adjacent to the plant in the SE ¼ of the SE ¼ of Section 1, T33N, R34E on private land owned by the Company.

The estimate for the life of the project must consider limitations imposed by the space available for tailings disposal associated with the project. The site for the proposed precious metals processing plant has been extensively investigated and is well-suited for such an operation. A minimum of twenty years of production can be disposed as tailing on the private land owned by the Company (with future expansion to adjacent lands a possibility). A maximum estimated planned life of the plant of 35 years seems prudent in March 2008.