Permit No. 77531

THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of applicant:	**AGNICO-EAGLE (USA) LIMITED**
Source:	**UNDERGROUND**
Basin:	**INDEPENDENCE VALLEY (PEQUOP VALLEY)**
Manner of Use:	**MINING AND MILLING**
Period of Use:	**January 1st to December 31st**
Priority Date:	**10/24/2008**

****

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.

Monthly records shall be kept of the amount of water pumped from this well and the records submitted to the State Engineer on a quarterly basis within 15 days after the end of each calendar quarter.

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

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

(Continued on Page 2)

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 4.0 cubic feet per second or 2895 acre-feet annually**.

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before:	**August 9 2013**
Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before:	**August 9 2015**
Map in support of proof of beneficial use shall be filed on or before:	**N/A**

IN TESTIMONY WHEREOF, I, JASON KING, P.E.,

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 9th day of **August**, A.D. **2010**

State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

Application No. 77531

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 OCT 2 4 2008

Returned to applicant for correction _____

Corrected application filed _____ Map filed OCT 2 4 2008

The applicant Agnico-Eagle (USA) Limited

5470 Louie Lane, Suite 102 (Street Address or P.O Box) of Reno (City or Town)

Nevada, 89511 (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 February 1999 in Colorado

1. The source of water is underground (Name of stream, lake, underground, spring or other sources.)
2. The amount of water applied for is 4.0 (One second foot equals 448.83 gallons per minute.) second feet.
   (a) If stored in reservoir give number of acre-feet _____
3. The water to be used for Mining, milling and domestic (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 _____

188 -EL

77531

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 NE 1/4 of the SW 1/4 of Section 20, T. 36 N., R. 65 E., M.D.B.&M., or at a point from which the southeast corner of said Section 20 bears S. 52 degrees 00' 53" E., a distance of 3776.41 feet, as shown on the accompanying map.

6. Place of use: (Describe by legal subdivision. If on unsurveyed land, it should be so stated.)
All of Section 36 in T. 36 N., R. 64 E., M.D.B.&M.; and the S 1/2 of Section 29, and the S1/2 of the N 1/2 of Section 29, and all of Sections 20, 26, 27, 28, 30, 32, 33, 34, 35, and 36 in T. 36 N., R. 65 E., M.D.B. &M.; all in Elko County, Nevada.

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 and cased well approximately 1,200 feet deep, with submersible pump, lift pipe, etc.,thence to a storage tank, thence through a pipeline to the Place of Use.

9. Estimated cost of works: $1,200,000.00

10. Estimated time required to construct works: 3 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:
There are no domestic wells with 2,500 feet of the proposed Point of Diversion.

RECEIVED
2008 OCT 24 PM 2:26
STATE ENGINEERS OFFICE

globalhydrologic@sbcglobal.net
E-mail Address

(775) 787-1300
Phone No.

Mark D. Stock
Type or print name clearly

By Mark D. Stock
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 mine and mill. The project is located on the western side of the Pequop Range and adjacent parts of Independence Valley (Basin 188).

The mine is expected to be primarily an open-pit operation, but may also have underground components. The associated precious metals plant is anticipated to process 2,000 tons per day of precious metals ore.

Water will be needed for construction; for soil conditioning; for mining; for the mineral processing; for dust suppression in the mine, mineral processing plant, adjacent grounds, and roads; for site closure; for reclamation; and for land rehabilitation.

The mineral processing plant is expected to process ore 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.

The water usage estimates are for consumptive use, and already include water recycling.