Permit No. 77600T

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, MILLING AND DEWATERING**
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 the waters of an underground source as heretofore granted under Permit 57146 is issued subject to the terms and conditions imposed in said Permit 57146 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.

This temporary 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, and is specifically issued contingent upon approval by the Nevada Division of Environmental Protection of the dewatering project.

This temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 for the period November 30, 2008 through February 9, 2009 at which time State Engineer's Order 1189 became effective and Permit 77179 was issued. Upon expiration of this temporary permit the rights herein granted revert to the right being changed.

This source is located within an area designated by the State Engineer as provided in Nevada Revised Statutes 534.030 (NRS). This temporary permit is issued as a preferred use as provided in NRS 534.120.

(Continued on Page 2)

This temporary permit will allow the permittee to dewater the pit area. It is understood that any water obtained as a result of this dewatering operation shall be used first by the permittee for mining, milling, heap leaching, drilling, road watering, and other related mining and milling uses (hereinafter referred to as mining and milling). The consumptive use of water from this permit and all related permits for mining and milling purposes is limited to 3,807 acre-feet annually.

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.

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 sites in acre-feet.

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

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

This temporary permit also incorporates the provisions of Order 1082 Adopting Rules for Well Spacing and Modification of Regulations for Water Well and Related Drilling (January 1990) in the Southern Area of the Heretofore Designated Crescent Valley Ground Water Basin (04-054), Lander County, Nevada, entered October 6, 1993, on file in the office of the State Engineer.

The issuance of this temporary permit is subject to the Stipulation between Cortez Joint Venture and Lander and Pershing Counties, dated May 21, 1993, on file in the office of the State Engineer under Permit 57133.

The State retains the right to regulate pumping from the dewatering project and/or any other groundwater withdrawals herein authorized to protect the public interest and to protect existing rights.

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 1.0 cubic feet per second or 723.97 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 7th day of **May**, A.D. **2009**

for State Engineer

llb

TEMPORARY Application No. 77600 T

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 NOV 17 2008

Returned to applicant for correction _____

Corrected application filed _____ Map filed SEP 07 2007 under 76204T

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.)

permit #57146.

1. The source of water is underground (Well #PPW-05)
   Name of stream, lake, underground, spring or other sources.
2. The amount of water to be changed 1.0 c.f.s.
   Second feet, acre-feet. One second foot equals 448.83 gallons per minute.
3. The water to be used for same as existing
   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.)
   the NW¼SE¼ Section 31, T.27N., R.48E., M.D.M., from which the SW corner of said Section 31 bears S. 59°50'W., 4,074 feet distant (see map filed under #76204T).
6. The existing point of diversion is located within (If point of diversion is not changed, do not answer.)
   the SW¼SE¼ Section 6, T.27N., R47E., M.D.M. from which the SE corner of Section 1, T.27N., R.46E., M.D.M., bears S.69°28'W., 4,114 ft. distant (see map filed under #57133).

S4-LA

7. Proposed place of use (Describe by legal subdivisions. If for irrigation, state number of acres to be irrigated.)
T. 26N., R. 47E., M.D.M.: E½ Section 1, E½ Section 12, NE¼ Section 13
T. 26N., R. 48E., M.D.M.: all of Sections 6 & 7; N½ Section 18
T. 27N., R. 47E., M.D.M.: E½ Section 24; all of Sections 25 & 36
T. 27N., R. 48E., M.D.M.: W½W½ Section 19; all of Sections 30 & 31

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; with gravel packing; submersible pump and motor, storage tank, and pipeline distribution lines to mine, mill, and infiltration basins.

12. Estimated cost of works estimate $300,000.00

13. Estimated time required to construct works two months
If well completed, describe well.

14. Estimated time required to complete the application of water to beneficial use eight 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.)
The Cortez Hills mining project, now in its early stages, uses this dewatering well. The procedure whereby temporary change applications will be annually submitted under order #1189 is not yet in force. Hence this application is submitted to bridge the time gap.

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

RECEIVED
2008 NOV 17 AM 11:58
STATE ENGINEER'S OFFICE

(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