Permit No. 78734

THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of applicant:	**MANHATTAN MINING COMPANY**
Source:	**UNDERGROUND**
Basin:	**BIG SMOKY VALLEY-TONOPAH FLAT**
Manner of Use:	**MINING, MILLING AND DEWATERING**
Period of Use:	**January 1st to December 31st**
Priority Date:	**07/10/2009**

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.

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 69021, 69022, 77452, 78734 and 78735 shall not exceed 3,272.74 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 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.

This 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 90 acre-feet of water produced from dewatering may be used consumptively from Permits 78734 and 78735 for mining and milling purposes.

Any water produced from dewatering in excess of 134.74 acre-feet annually shall be returned to the Big Smoky Valley-Tonopah Flat 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 water level from each production and monitoring 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 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.

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, **and not to exceed 2.23 cubic feet per second or 1,614 acre-feet annually**.

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before:	**August** 30 **2011**
Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before:	**August** 30 **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 30th day of **August**, A.D. **2010**

P.E

State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

Application No. 78734

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 JUL 10 2009

Returned to applicant for correction _____

Corrected application filed _____ Map filed SEP 17 2002 under 69020

The applicant Manhattan Mining Company, A Nevada Corporation

P.O. Box 54 (Street Address Or P.O. Box) of Manhattan (City or Town)

Nevada, 89022 (State and Zip code No.) 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.)

July 27, 2001 in Nevada

1. The source of water is Underground (Name of stream, lake, underground, spring or other sources)
2. The amount of water applied for is 2.23 cfs (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, & Dewatering (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 _____

137A-NY

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.)

SE1/4 SW1/4 of Section 18, T.8 N., R.44 E., M.D.B. & M., at a point from which the Southwest corner of said Section 18 bears S 82° 07' 48" W, 2095.16 feet. Please use the map that accompanied Permit 69020 to illustrate the proposed point of diversion for this application.

6. Place of use (Describe by legal subdivision. If on unsurveyed land, it should be so stated)

Portions of the S1/2 of Section 18, and portions of the NW1/4, N1/2NE1/4 of Section 19, all in T.8 N., R.44 E., M.D.B. & M. Please use the map that accompanied Permit 69020 to illustrate the proposed place of use for this application.

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.)

Drilled well, pump, motor, pipelines, storage tanks, mill processes, rapid infiltration basin. Please see attached remarks for description of works.

9. Estimated cost of works: ± $200,000

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.)

Please see attached for description of proposed project and water usage.

13. Miscellaneous remarks:

remorley@frontiernet.net
E-mail Address

(775) 738-4053
Phone No.

Robert E. Morley
Type or print name clearly

By Robert E. Morley
Signature, applicant or agent

High Desert Engineering, LLC
Company Name

640 Idaho Street
Street Address or P.O. Box

Elko, Nevada 89801
City, State, Zip Code

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

$300 FILING FEE AND SUPPORTING MAP MUST ACCOMPANY APPLICATION

Revised 7-09

Attachment to Application for Permit to Appropriate Waters of the State of Nevada
by Manhattan Mining Company, a Nevada Corporation

Item 8 & 12. This application is for additional waters at the well permitted under Permit No. 69020. The project consists of drilling and casing the well which will contain a submersible pump that will transport a small portion of the underground water applied for via necessary pipelines for distribution to the mill for processing operations that is then re-circulated and reused. In addition to this usage, the major portion of the water from the well will also be utilized to remove or dewater from underground mining operations. Underground water will be pumped from the established well via pipelines to a NDEP approved Rapid Infiltration Basin (RIB) located in the NW1/4 NW1/4 of Section 19, T.8 N., R.44 E., M.D.B. & M.

The RIB will be 290 feet by 304 feet in plan. The embankment height, depending on the elevation contours of the terrain, will range from 2 feet to 8 feet in height. The construction of the RIB will be at an elevation so that the floor of the RIB is on the existing ground. The RIB will not be utilized as storage, for the infiltration rate is very high, established at 1 inch per minute. The NDEP permit numbers for the RIB and Water Discharge to the RIB are No. NEV2008101 and No. TNEV2008459.

Of the 2.23 cfs applied for, it is estimated that approximately 15 gallons per minute will be used for processing operations that is re-circulated and reused which equates to 24.20 acre feet per year.

The remaining 2.19 cfs would be used for dewatering and infiltrated through the RIB. Of the 2.19 cfs, when expanded to a yearly use equates to 1585.5 acre feet annually, it is estimated that approximately 1% may be consumptive due to pipe losses or evaporation. This would equate to a consumptive use from the dewatering of 15.85 acre feet for a total estimated consumptive use of 40.05 acre feet annually applied for under this application.