THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of applicant:	**ISABELLA PEARL, LLC**
Source:	**UNDERGROUND**
Basin:	**SODA SPRING VALLEY-EASTERN PART**
Manner of Use:	**MINING AND MILLING**
Period of Use:	**January 1st to December 31st**
Priority Date:	**12/18/2009**

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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 issued under the provisions of NRS 533.371 for a finite period of time. This permit will expire 10 years from the signing date and all rights herein will revert back to the source. 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 79094, 79095, and 79096, having the same place of use, shall not exceed 3.0 cubic feet per second and 484 acre-feet annually.

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

The manner of use of water under this permit is by nature of its activity a temporary use and any applications 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 resources within the groundwater basin.

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

(Continued on Page 2)

Permit No. 79096

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 484 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before: **June 15 2011**

Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before: **June 15 2013**

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 15th day of **June**, A.D. **2010**

P.E

State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

ORIGINAL

Application No. 79096

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 DEC 18 2009

Returned to applicant for correction DEC 31 2009

Corrected Application filed JAN 04 2010 Map filed JAN 04 2010 under 79094

The applicant Isabella Pearl, LLC

2925 Avalon Place (Street Address or P.O. Box) of Houston (City or Town)

Texas 77019 (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.)

Limited Liability Company, March 4, 2009 Nevada

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1. The source of water is underground
   Name of the stream, lake, underground, spring or other sources.
2. The amount of water applied for is 1 cfs
   One second foot equals 448.83 gallons per minute.
   (a) If stored in a reservoir give the number of acre-feet _____
3. The water is to be used for mining, milling, & domestic
   Irrigation, power, mining, commercial, domestic or other use. Must be limited 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 _____

Revised 07/09

121A-M1

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.)

NE1/4 NW1/4, Section 34, T.9N.,R34E MDB&M, or at a point from which the SW corner of Section 34, T.9N., R.34E MDB&M bears S26°41'52"W., a distance of 5,878.86 feet

REL

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

Section 34, T.9N., R.34E, MDB&M, and S1/2 SE1/4 of Section 27, T.9N., R.34E., MDB&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 a pump and motor, etc.)

Construct well then pipeline to mill operations.

9. Estimated cost of works: $250,000

10. Estimated time required to construct works: Two years

(If the well is complete, describe works.)

11. Estimated time required to complete the application of water to beneficial use: Three 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.)

300 gallons per minute of make-up water will be required for the heap leach process. It is anticipated that the annual requirement will be 300 gpm x 24 hours/day x 365 days/year = 2.628 mga

13. Miscellaneous remarks:

RECEIVED
2009 DEC 18 PM 2:34
STATE ENGINEER'S OFFICE

David Carlson
Type or print name clearly

David Carlson
Signature, applicant or agent

AquA Hydrogeologic Consulting
Company Name

P.O. Box 18793
Street Address or PO Box

Reno, Nevada 89511
City, State, ZIP Code

david@aquagroundwater.com
E-mail Address

(775) 250-9700
Phone No.

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

Revised 07/09 $300 FILING FEE AND SUPPORTING MAP MUST ACCOMPANY APPLICATION