



THE STATE OF NEVADA
PERMIT TO APPROPRIATE WATER

Name of Permittee: MIDWAY GOLD US INC.
Source: UNDERGROUND
Basin: RAILROAD VALLEY-NORTHERN PART
Manner of Use: MINING, MILLING, AND DOMESTIC
Period of Use: JANUARY 1ST THROUGH DECEMBER 31ST
Priority Date: 05/09/2011

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 for a finite period of time. This permit will expire on or before May 31, 2040. This permit will be re-evaluated every ten (10) years from the date of issuance and may expire prior to May 31, 2040, upon additional determination and evaluation and will revert to the source upon expiration. 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 well must be sealed from ground level to 100 feet in accordance with NAC 534.380.

The total combined duty of water under Permits 80842 and 82691 shall not exceed 800 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.

This temporary in nature permit is issued ahead of senior filings for out-of-basin transfers. Pursuant to NRS 533.370(3)(d), water must remain in the basin for future economic growth and development for the duration of the permit. As such, water under this permit must remain in the basin.

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

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)

Monthly records shall be kept of the following and reported on an annual basis by February 15th of the following year.

- 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 or injection sites, if any, in acre-feet.
- F. The amount of water lost through evaporation or other system losses project wide.

The State Engineer may require additional monitoring should conditions warrant such modification. 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:

May 27 2016

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

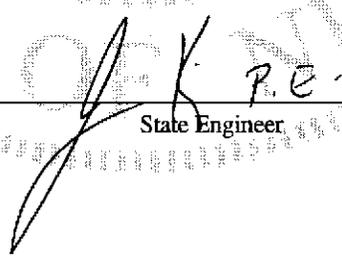
May 27 2020

Map in support of proof of beneficial use shall be filed on or before:

May 27 2020

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

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 27th day of May, 2015



State Engineer

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	<u>MAY 09 2011</u>
Returned to applicant for correction	_____
Corrected Application filed	_____ Map filed <u>JUL 26 1989</u> under <u>53389</u>

The applicant Mike Lemich
1200 Ave. "B" of Ely
Street Address or P.O. Box City or Town

Nevada 89301 hereby make(s) application for permission to appropriate the
State and ZIP Code
 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.)

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 1.0 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 and 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 _____

173B-447

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.)

SW1/4 NE1/4 SECTION 35, T.15N., R.56 E., MDB&M or at a point from which the NW corner of said Section 35 bears N.62 34' 40" W a distance of 3,009.54 feet.

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

Section 9, T.15 N., R.56 E., MDB&M.

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

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.)

Existing drilled well, pump, motor and pipeline.

9. Estimated cost of works: \$20,000.00+

10. Estimated time required to construct works: 2 years

(If the well is complete, describe works.)

11. Estimated time required to complete the application of water to beneficial use: 10 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.)

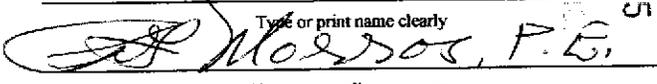
This application replaces Permit 53389 which was forfeited. Use the existing map under Permit 53389 to support this application. Well presently exists under the ownership of Mike Lemich. See Attachment A for additional information. Water from the well will initially be used for exploration purposes. The results of such exploration will dictate the limit and extent of beneficial use of the water once the ore body is blocked out.

13. Miscellaneous remarks:

RECORDED
2011 MAY -9 PM 12:05
STATE ENGINEER, DIVISION 5

pete.morros@gmail.com
E-mail Address
(775) 772-0413 (Cell)
Phone No. Ext.

Peter G. Morros, P.E.


Type or print name clearly
Signature, applicant or agent

P. G. Morros, Inc. A Professional Corporation
Company Name

1455 View Crest Court
Street Address or PO Box

Reno, NV 89511
City, State, ZIP Code

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

ATTACHMENT A

1. The name of the mine is the "Easy Junior Mine" originally operated by the Alta Gold Mining Company until their bankruptcy in 2000. The original water rights under Permit 53389, Certificate No. 14470, were acquired by Mike Lemich from the court ordered asset liquidation. The works of diversion include an existing well, pump and associated piping which was purchased and is currently owned by Mike Lemich. The well is 445' deep, with a 12-1/2" casing and a 4-stage 60 hp Franklin pump.
2. During previous operation the well was pumped 24 hours a day, 365 days a year based on information that was available in 2000 at the acquisition of the property.
3. The previous operation was a heap leach for recovery of gold. The future material processing rate will be determined pending further exploration and investigation into the extent of the resource. Initial water use will be dedicated to exploratory drilling.
4. Specific plant design will depend on total mineable resources and metallurgical properties of the ore. Previous operations were a conventional closed circuit heap leach with carbon absorption recovery.
5. Daily/yearly consumption will depend on a yet to be determined ore body. Daily consumption was previously estimated at 432,000 gallons a day.
6. We can only estimate at this time that 80% of the water will be recycled. Consumption will be due to ore saturation and evaporation estimated at 20%-25%. Projected annual use for plant and processing loss, dust control and domestic use will be provided if an economically viable ore body can be blocked out. Projected use is estimated to start in the Fall of 2011 and initially will provide dust control for drilling operations. Mine operations will commence depending on exploration results, economic evaluations and all permitting activities. Estimated mine life will be provided once exploration, economic evaluations, including current economies, are determined. To date, approximately 50% of the resource has been determined. The existing well was drilled in June of 1986 and water was used on and off up until the bankruptcy of Alta Gold. The existing well at the point of diversion including pump and associated piping remain in working condition and can be operational when the permit is evaluated and hopefully issued.