



THE STATE OF NEVADA

PERMIT TO CHANGE THE PUBLIC WATERS OF THE STATE OF NEVADA HERETOFORE APPROPRIATED

Name of Permittee: FLORIDA CANYON MINING, INC
Source: WS-3 (UNDERGROUND)
Basin: IMLAY AREA
Manner of Use: MINING AND MILLING
Period of Use: JANUARY 1ST THROUGH DECEMBER 31ST
Priority Date: 06/18/1986

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 to change the point of diversion of the waters of an underground source as heretofore granted under Permit 75772 is issued subject to the terms and conditions imposed in said Permit 75772 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.

The Permittee shall keep monthly records of the amount of water pumped from this well and the records must be submitted to the State Engineer on an annual basis within 30 days after the end of each calendar year.

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 76621, 80978 and 80979 (Standard Mine) shall not exceed 416.88 acre feet per year.

The total combined duty of water under Permit 48997, Certificate 13237; Permit 48998, Certificate 13238; Permit 50061, Certificate 13953; Permit 50248, Certificate 14448; Permits 57096, 57097, 61203, 61643, 61644, 61707, 76621, 79819E, 79820E, 80098E, 80978 and 80979 shall not exceed 2415.22 acre-feet annually.

(Continued on Page 2)

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.

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 0.3 cubic feet per second or 44.61 acre-feet annually.**

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

February 27, 2014

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

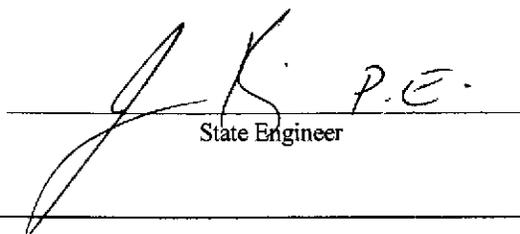
February 27, 2016

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 27th day of February, A.D. 2012


State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

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	<u>JUL 13 2011</u>
Returned to applicant for correction	_____
Corrected application filed	Map filed <u>JUL 13 2011</u>

The applicant Florida Canyon Mining, Inc.
P.O. Box 330 of Imlay
Street Address or PO Box City or Town
Nevada 89418 hereby make(s) application for permission to change the
State and ZIP Code

- Point of diversion Place of use Manner of use of a portion

of water heretofore appropriated under (Identify existing rights by Permit, Certificate, Proof or Claim Nos. If Decreed, give title of Decree and identify right in Decree.)

Permit 75772

1. The source of water is Underground (Well WS-3)
Name of stream, lake, underground, spring or other sources.
2. The amount of water to be changed 0.30 cfs, not to exceed 44.61 acre-feet annually
Second feet, acre-feet. One second foot equals 448.83 gallons per minute.
3. The water to be used for Mining & Milling
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
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.)
SE ¼ NW ¼, Section 35, T.31N., R.33E., M.D.B. & M., or at a point from which the NW Corner of said Section 35 bears N. 40° 38' 42" W., a distance of 3355.80 feet. Refer to map filed with this application for proposed point of diversion
6. The existing point of diversion is located within (If point of diversion is not changed, do not answer.)
NW ¼ NE ¼, Section 35, T.31N., R.33E., M.D.B. & M., or at a point from which the NW Corner of said Section 35 bears N. 83° 43' 54" W., a distance of 2737.70 feet. Refer to map filed under Permit 75771 for existing point of diversion.

72-PE

7. Proposed place of use (Describe by legal subdivisions. If for irrigation, state number of acres to be irrigated.)

Sections 25, 26, 34, 35, 36, all in T. 31N., R.33E., M.D.B. & M.; Section 1, T. 30N., R.33E., M.D.B. & M. Refer to map filed with this application and map filed under Permit 75771 for existing and proposed place of use.

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.)

Unchanged

9. Proposed use will be from January 1 to December 31 of each year.
Month and Day Month and Day

10. Existing use permitted from January 1 to December 31 of each year.
Month and Day Month and Day

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.)

A drilled and cased well equipped with a motor, pump, totalizing meter and distribution system

12. Estimated cost of works \$60,000.00

13. Estimated time required to construct works Two (2) Years

If well completed, describe well.

14. Estimated time required to complete the application of water to beneficial use Ten (10) years

15. 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 along with Application to Change Permit 75771 is being filed to transfer the existing water rights out of the WS-2 well to a new water production well (WS-3) in support of the expansion of Florida Canyon Mining's Standard Mine in Pershing County. The new well site is better located to serve the expanded operations at the mine. The total combined duty of this application and Application to Change Permit 75771 is not to exceed 89.22 acre-feet annually. The total combined duty of Permit 76621 and Applications to Change Permits 75771 and 75772 is not to exceed 476.88 acre-feet annually.

16. Miscellaneous remarks:

Well WS-2 drilled under Permits 75771 and 75772 is to be abandoned

RECEIVED
JUL 13 AM 10:31
ENGINEERS OFFICE

gregb@tecreno.com
E-mail Address
(775) 352-7800 ext 227
Phone No.

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

Gregory M. Bilyeu

[Signature]
Type or print name clearly
Signature, applicant or agent
TEC Civil Engineering Consultants

Company Name
9480 Double Diamond Parkway, Suite 200

Street Address or PO Box
Reno, NV 89521

City, State, ZIP Code