



THE STATE OF NEVADA
PERMIT TO APPROPRIATE WATER

Name of Permittee: PILOT GOLD (USA), INC
Source: UNDERGROUND (WELL 3)
Basin: ANTELOPE VALLEY (WHITE PINE & ELKO)-NORTHERN PART
Manner of Use: MINING AND MILLING
Period of Use: JANUARY 1ST THROUGH DECEMBER 31ST
Priority Date: 09/27/2012

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 on **December 31, 2033** 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. 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 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 of the end of each calendar year:

- A. The total volume of water pumped from this well in acre-feet.
- B. The maximum flow rate from this well in cubic feet per second.
- C. The volume of water consumptively used for mining, milling and domestic in acre-feet.
- D. The amount of water diverted for other uses, if any, in acre-feet.
- E. 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 0.5 cubic feet per second or 360.0 acre-feet annually.**

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

May 29 2015

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

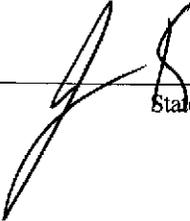
May 29 2018

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 29th day of May, 2013



State Engineer P.E.

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>SEP 27 2012</u>
Returned to applicant for correction	_____
Corrected Application filed	_____ Map filed <u>OCT 3 2012 UNDER 82145</u>

The applicant Pilot Gold (USA) Inc. c/o Gerald Heston
1031 Railroad St., Suite 110 of Elko
Street Address or P.O. Box City or Town
Nevada 89801 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.)

Pilot Gold (USA) Inc., was filed with the Secretary of State of Nevada on December 20, 2010.

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- The source of water is Underground (Well 3)
Name of the stream, lake, underground, spring or other sources.
 - The amount of water applied for is 360 AFA 0.50 CFS WFP 10/3/2012
One second foot equals 448.83 gallons per minute.
 - If stored in a reservoir give the number of acre-feet _____
 - 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.
 - If use is for:
 - Irrigation, state number of acres to be irrigated _____
 - Stockwater, state number and kind of animals _____
 - Other use (describe fully in No. 12) _____
 - Power:
 - Horsepower developed _____
 - Point of return of water to stream _____

186F-EL

W. 3

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.)

with in the SW1/4NE1/4 of Section 36, T27N, R67E, MDM, or at a point from which the E1/4 corner of said Section 36 bears S 65°18' E, a distance of 1787.25'.

6 WFA 10/3/2012

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

All of Sections 1, 2, 11, 12, 13, 14, 23 and 24 of T26N, R67E, MDM; All of Sections 4, 5, 6, 7, 8, 9, 17, 18, 19 and 20 of T26N, R68E, MDM; All Sections 13, 14, 23, 24, 25, 26, 35 and 36 of T27N, R67E, MDM; All of Sections 7, 8, 16, 17, 18, 19, 20, 21, 28, 29, 31, 32 and 33 of T27N, R68E, MDM.

30 WFA 10/3/2012

7. Use will begin about January 1 and end about December 31 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.)

Drilled Well with pump, motor and totalizing meter to tank with distribution system.

9. Estimated cost of works: \$100,000 +/-

10. Estimated time required to construct works: 3 years

(If the well is complete, 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.)

Pilot Gold (USA) Inc. is requesting water rights to perform mining, milling and exploration within Portions of T26N, R67E, MDM; T26N, R68E, MDM; T27N, R67E, MDM; and T27N, R68E, MDM, all within Elko County.

13. Miscellaneous remarks:

vivwater@sbcglobal.net

E-mail Address

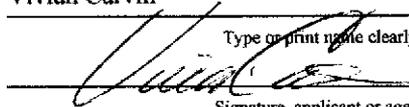
775-333-9504

Phone No.

Ext.

Vivian Carvin

Type or print name clearly



Signature, applicant or agent

Company Name

1806 Alexander Hamilton Dr.

Street Address or PO Box

Reno, NV 89509

City, State, ZIP Code

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2012 SEP 27 PM 2:15
STATE ENGINEERS OFFICE

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT