



ENVIRONMENTAL

THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of Permittee: FLORIDA CANYON MINING, INC
Source: MW-29 (UNDERGROUND)
Basin: IMLAY AREA
Manner of Use: ENVIRONMENTAL
Period of Use: JANUARY 1ST THROUGH DECEMBER 31ST
Priority Date: 12/11/2012

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 environmental permit is issued subject to existing rights on the source. It is understood that the amount of water herein granted is only a temporary allowance for pollution control as mandated by orders issued by the Nevada Division of Environmental Protection and subsequent correspondence with said agency. The right will cease to exist upon termination of clean up activity as determined by the Nevada Division of Environmental Protection. A totalizing meter must be installed and maintained in the discharge pipeline and monthly records of this measurement shall be submitted on an annual basis not later than February 15th of each year. Multiple wells within this quarter-quarter may be constructed and pumped. The State retains the right to regulate the use of water granted herein at any and all times.

This environmental 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 Environmental Permits 79819E, 79820E, 80898E, 82357E and 82358E shall not exceed 20.5 acre-feet annually.

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, 75771, 75772, 76621, Environmental Permits 79819E, 79820E, 80098E, 82357E and 82358E shall not exceed 2,415.22 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 point of diversion and place of use are as described on the submitted application to support this permit.

(Continued on Page 2)

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 20.5 acre-feet annually.**

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

March 22 2014

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

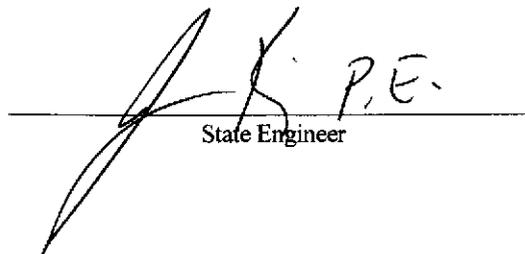
N/A

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 22nd day of **March, 2013**



State Engineer

**APPLICATION FOR PERMIT TO APPROPRIATE THE PUBLIC
WATERS OF THE STATE OF NEVADA
FOR ENVIRONMENTAL PURPOSES**

THIS SPACE FOR OFFICE USE ONLY
Date of filing in State Engineer's Office DEC 11 2012
Returned to applicant for correction
Corrected application filed Map filed DEC 11 2012

The applicant Florida Canyon Mining, Inc.
PO Box 330 of Imlay
Street Address or PO Box City or Town

Nevada, 89418 hereby make(s) application for permission to appropriate the public
State and ZIP Code 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.)

Corporation formed in Delaware and registered in Nevada on February 12, 1999.

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1. The source of the proposed appropriation is Underground
Name of stream, lake, spring, underground or other source

2. The amount of water applied for is 0.30 cfs not to exceed 20.5 acre-feet annually second feet.
One second foot equals 448.83 gallons per minute

(a) If stored in reservoir, give number of acre-feet _____

3. Remediation Order or Letter (attach copy)

(a) Issued by NDEP - Bureau of Mining Regulation and Reclamation

(b) Order, Permit or Plan number WPC Permit No. NEV0086001

(c) Date issued April 16, 2009

4. The water is to be diverted from its source at the following point:
MW-29: SE1/4, NW/14, Section 3, T.31.N., R.33E., M.D.B. & M., or at a point from which the SW corner of
said Section 3 bears S27°52'48"W, a distance of 4380.00 ft.
~~MW-31: NE1/4, NW/14, Section 3, T.31.N., R.33E., M.D.B. & M., or at a point from which the SW corner of~~
~~said Section 3 bears S29°41'57"W, a distance of 4640.00 ft.~~ 77 12-13-12

Describe as being within a 40-acre subdivision of public survey, and by course and distance to section corner. If on unsurveyed land, it should be so stated.

12-PE

5. Place of use:

Sections 2,3,4,9,10,11,14,15,16,37,38,39, all within T. 31N., R.33E., M.D.B. & M.; a portion of the Section 34, T.32N., R.33E., M.D.B. & M. Refer to map filed under Permit 61203.

Describe by legal subdivision. If on unsurveyed land, it should be so stated.

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

7. Description of proposed works.

Water will be diverted from groundwater extraction wells and piped to a series of lined ponds to be used in the existing on-site water distribution system for mining and milling processes.

State manner in which water is to be diverted, i.e. diversion structure, ditches and flumes, drilled well with pump and motor, etc.

8. Estimated cost of works Over \$1,000,000.00

9. Estimated time required to construct works

Already constructed.

If well completed, describe works.

10. Remarks: Describe project

Pursuant to a Water Pollution Control Permit issued by NDEP, Florida Canyon Mine (FCM) is required monitor and regularly report on groundwater quality at the mine, in addition to mitigating contaminated groundwater. The groundwater remediation system is comprised of groundwater extraction wells, monitoring wells, pumping and piping appurtenances, and water level transducers. Groundwater is extracted from ~~twelve (12)~~ ^{twelve (12)} wells and is discharged to different lined ponds where it is then used in mining and milling processes. This application encompasses ~~two (2)~~ ^{ONE (1)} additional wells, MW-29 and MW-31, constructed within the SE 1/4, NW 1/4, Section 3, and ~~the NE 1/4, NW 1/4, Section 3, respectively.~~ ^{THESE} The total combined duty of ~~this application~~ ^{these} and Permits 79819E, 79820E, and 80098E shall not exceed 20.5 acre-feet annually. The total combined duty of this application and Permits 48997, 48998, 50061, 50248, 57096, 57097, 61203, 61643, 61644, 61707, 75771, 75772, 76621, 77008, 79819E, 79820E, and 80098E shall not exceed 2415.22 acre-feet annually. Refer to supporting map accompanying this application for further illustration of proposed diversion.

MW-31 FILED UNDER SEPARATE APPLICATION.

(775) 829-2245
Phone Number
jfike@mcgin.com
E-mail

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

By  Signature, applicant or agent
Justin Fike (Agent) Name
815 Maestro Dr. Street Address or PO Box
Reno, NV 89511 City, State, ZIP Code

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\$150 FILING FEE MUST ACCOMPANY APPLICATION