

THE STATE OF NEVADA

CERTIFICATE OF APPROPRIATION OF WATER

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WHEREAS, James E. McKay, Agent has presented to the State Engineer of the State of Nevada Proof of Application of Water to Beneficial Use, from an underground source through a casing set in a vertical mine shaft, pump and distribution system for Mining and Milling purposes. The point of diversion of water from the source is as follows:

SE 1/4 SE 1/4, Section 23, T.17N., R.21E., M.D.B.&M., or at a point from which the SE corner of said Section 23 bears S.82°48'32" E. a distance of 3345.0 feet situated in Storey County, State of Nevada.

NOW KNOW YE, That the State Engineer, under the provisions of NRS 533.425, has determined the date, source, purpose, amount of appropriation, and the place where such water is appurtenant, as follows:

Name of appropriator: American Eagle Resources, Inc.
Source: Underground
Manner of Use: Mining and Milling
Amount of appropriation: 0.178 c.f.s. but not to exceed 12.53 million gallons annually
Period of use: January 1st to December 31st of each year
Date of priority of appropriation: \*December 13, 1993

Description of the works of diversion, manner and place of use:

Water is developed by means of an eight inch diameter steel casing set in a vertical mine shaft to a depth of 250 feet, via a pump through 3,000 feet of pipe to the place of use for mining and heap leaching located within the S 1/2 NE 1/4 SW 1/4, SE 1/4 SW 1/4, S 1/2 N 1/2 SE 1/4, S 1/2 SE 1/4 of Section 23, T.17N., R.21E., M.D.B.&M.

\*The date of priority was established in accordance with NRS 533.395(3) by the cancellation rescission hearing of December 28, 1993.

This certificate is issued subject to the terms of the permit and the conditions of the State Engineer's Oral Ruling issued at the June 30, 1987 hearing.

The right to water hereby determined is limited to the amount which can be beneficially used, not to exceed the amount above specified, and the use is restricted to the place and for the purpose as set forth herein.

IN TESTIMONY WHEREOF, I, R. MICHAEL TURNIPSEED, State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 29th day of March, A.D. 19 96.

[Signature]
State Engineer