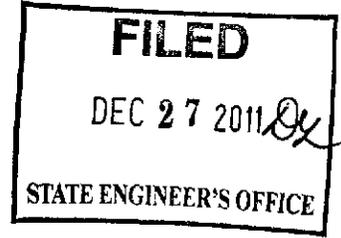


IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA

IN THE MATTER OF APPLICATION NUMBER 81272  
FILED BY White Caps Gold Mining, Inc.  
ON October 26, 20 11



PROTEST



Comes now Nye County

Printed or typed name of protestant

whose post office address is P.O. Box 153, Tonopah, Nevada 89049

Street No. or PO Box, City, State and ZIP Code

whose occupation is political subdivision of State of Nevada

and protests the granting

of Application Number 81272, filed on October 26, 20 11

by White Caps Gold Mining, Inc. for the

waters of Big Smoky Valley-Tonopah Flat Hydrographic Basin 137A situated in Nye  
an underground source or name of stream, lake, spring or other source

County, State of Nevada, for the following reasons and on the following grounds, to wit:  
See Exhibit A attached hereto.

THEREFORE the Protestant requests that the application be DENIED

Denied, issued subject to prior rights, etc., as the case may be

and that an order be entered for such relief as the State Engineer deems just and proper

Signed

*George Benesch*  
Agent or protestant

George Benesch

Printed or typed name, if agent

Address

190 W. Huffaker Ln., Suite 408

Street No. or PO Box

Reno, Nevada 89511

City, State and ZIP Code

(775) 827-3100

Phone Number

gbenesch@sbcglobal.net

E-mail

Subscribed and sworn to before me this 27<sup>th</sup> day of December, 20 11



*Betty Melarkey*  
Notary Public

State of Nevada

County of Washoe

STATE ENGINEER  
2011 DEC 27 11:10:00

+ \$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.

Exhibit A  
Nye County Protest to Application 81272

Nye County is the public municipal water purveyor for the unincorporated community of Manhattan with 85 service connections. In this regard, the County relies on Permits 48520 and 76437 and relatively shallow wells drilled into hard rock faults producing +/- 50 gpm and +/- 35 gpm, respectively. Water producing alluvium in the sub-basin and around Manhattan is very limited and water meeting the Federal Safe Water Drinking Act (SWDA) standards is an extremely limited commodity. The Pipe Springs Well (Permit 75437) is the only known water source in the greater Manhattan area that meets SWDA standards. The Point of Diversion (POD) under Application 81272 (where Applicant seeks to divert +/- 200 gpm) for mining and milling use at a mill to be operated 24 hours per day, 365 days per year) is located approximately 1,800 feet from the POD under Permit 43520 and approximately 2,300 feet from the POD under 76437 (Pipe Springs Well). Diversion of the quantity of water sought under Application 81272 will, upon information and belief, adversely impact Protestant's existing rights under Permit 48520 and 76437 as to quantity and potentially will have the irreversible impact of degrading the quality of water from the County's existing wells. The potential for adverse impacts is exacerbated by the proposed duration of pumping and lack of recovery time for the proposed well under Application 81272.

The foregoing protest should not be construed as the County taking an active position in opposition to mining. Mining has historically been and continues to be a substantial contributor to the economy of Nye County. The development of potable drinking water for the residents of Manhattan, however, has been an extended, expensive, arduous task culminating with the Pipe Springs Well being placed into service in July 2010. Pursuant to the recent revision of the SWDA arsenic standard, the Protestant provided bottled water to residents of Manhattan at a cost of approximately two dollars per gallon. This continued for three years until the Pipe Springs Well was brought on line. The Protestant's obligation to provide potable water meeting SWDA standards to residents of Manhattan will go on in perpetuity or until there are no longer residents in the community. Use of water under Application 81272 for the extraction of gold from historic mill and mining stockpiles and tailings will extend at best only until the stockpiles and tailings are exhausted. Approval of Application 81272 for this temporary use to the detriment, or potential detriment, of the community of Manhattan's present and future culinary water supply is contrary to the public's health, safety and welfare and otherwise is not in the public's interest.

11/15/07 11:13:03