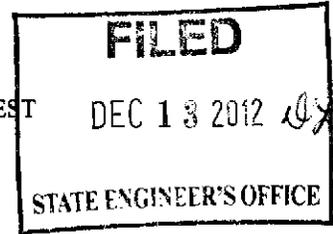


IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA

IN THE MATTER OF APPLICATION NUMBER 82105
FILED BY McEWEN MINING INC.
ON SEPTEMBER 10, 2012



PROTEST DEC 13 2012

Comes now EUREKA COUNTY

Printed or typed name of protestant

whose post office address is POST OFFICE BOX 694, EUREKA, NEVADA 89316

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

whose occupation is POLITICAL SUBDIVISION

and protests the granting

of Application Number 82105, filed on SEPTEMBER 10, 2012

by McEWEN MINING INC. for the

waters of AN UNDERGROUND SOURCE situated in EUREKA

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

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THEREFORE the Protestant requests that the application be DENIED

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

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

Signed

Leonard Fiorenzi

Agent or protestant

LEONARD FIORENZI, COMMISSION CHAIRMAN

Printed or typed name, if agent

Address

POST OFFICE BOX 694

Street No. or PO Box

EUREKA, NEVADA 89316

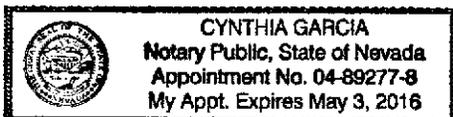
City, State and ZIP Code

(775) 237-5262

Phone Number

Subscribed and sworn to before me this 6th day of December, 2012

E-mail



Notary Public

State of NEVADA

County of EUREKA

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

Exhibit "A"
 Eureka County Protest to McEwen Mining Inc.
 Application No. 82105

1. There may be no unappropriated water at the proposed source of supply, the proposed use may conflict with or impair and interfere with existing rights and protectable interests in existing domestic wells and may threaten to prove detrimental to the public interest. The proposed point of diversion for Application 82105 is approximately 2.9 miles southwest of the Roberts Creek Ranch. The place of use involves portions of 18 sections that extend north from the well site into the Roberts Creek watershed, including the former Gold Bar open pit mining operations. The diversion of ground water may impact the domestic well at the Roberts Creek Ranch, among others, and the dozens of vested water rights within the vicinity. The owners of many of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, impacts to these rights will prove detrimental to the health and welfare of Eureka County.

2. Based on information contained in the various documents filed in support of the Mount Hope project, the well would derive groundwater from alluvial deposits. This conclusion is based on data from Eureka Moly's exploratory well RWX-208, located approximately one-half mile to the west, and Atlas' Gold Bar Well 3, located approximately three-eighths of a mile to the north. The yield of a production well at this locale has yet to be verified. Eureka Moly's exploratory efforts were not successful in this area.

Hydrologic properties of the proposed point of diversion are not fully understood or analyzed; therefore, impacts associated with pumping of substantial water rights at the proposed point of diversion are not known. Propagation of the cone of depression from the proposed point of diversion must be adequately determined prior to granting the application. Eureka County requests the ability to review all hydrologic data offered in support of the application.

3. The Kobeh Valley Hydrographic Area (Basin 139) was designated by the Nevada State Engineer (NSE) in 1983 (ref.: NSE Order O-816). The current perennial yield of Kobeh Valley is estimated at 15,000 acre-feet per year (af/yr) (ref.: NSE Ruling 6127), revised downward from earlier estimates following administrative hearings before the Nevada State Engineer. The Hydrographic Area Summary for Kobeh Valley (<http://water.nv.gov/data/underground>, last accessed 11/15/12) shows the following committed water rights, but it has not yet been revised to show the State Engineer's current estimate of perennial yield.

Irrigation	884.08 af/yr
Mining and Milling	11,300.00 af/yr
Stockwater	<u>294.70 af/yr</u>
Total committed GW rights	12,478.78 af/yr

The mining and milling water rights have been appropriated by Kobeh Valley Ranch, LLC (KVR) for use at the Mount Hope project and 100% of this water will be consumed. It is safe to assume that the stockwater will also be consumed. Supposing that 75% of the currently permitted irrigation rights are consumed, there are 2,742.24 af/yr (15,000 - 11,300 - 294.7 -

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663.06) of groundwater available for appropriation, not including claims of vested water rights that have not yet been adjudicated or incorporated into the Basin Summary.

McEwen's application is preceded by seven applications to appropriate groundwater for irrigation purposes. These are:

KVR Applications 78272, 78273, 78274 and 78275. In aggregate, these applications are for irrigation of 1,584.33 acres at the Bobcat Ranch. Assuming a consumptive use of 2.6 af/yr per acre for alfalfa (<http://water.nv.gov/mapping>, last accessed 11/15/12), these applications, if granted, would result in the consumption of an additional 4,119.26 af/yr. Permitting these applications on top of the current committed groundwater resource would result in a basin overdraft of about 1,377 af/year.

Wise Family Development LLC Applications 79962, 79963 and 79964. In aggregate, these applications are for irrigation of 280 acres at the Bartine property. Assuming a consumptive use of 2.1 af/yr per acre for low managed pasture grasses (<http://water.nv.gov/mapping>, last accessed 11/15/12), these applications, if granted, would result in the consumption of an additional 588 af/y over and above the overdraft that would result if the Nevada State Engineer approves the KVR applications at Bobcat Ranch.

4. Mining and milling in Nevada is commonly viewed as a temporary use of water due to the evanescent nature of mining. Once the operations come to an end, the water theoretically "returns" to the basin and becomes available for appropriation. However, many so-called temporary water rights have been used for decades and have the potential to be used far into the future. The consequence is an overdraft condition that can persist for generations. Furthermore, KVR acquired Atlas' "temporary" water rights for the Gold Bar project in the same basin - well after mining operations ceased and which should have been retired - and transferred them for use at the Mount Hope Project, which is proposed to operate more than 40 years. With this action, the Nevada State Engineer clearly demonstrated that temporary mining water rights have been allowed to be transferred and have a potential to be something other than temporary.

The manner of use of water under the subject application is by nature of its activity a temporary use. Because it is a temporary use, any permit granted should be subject to a restriction that at the end of the mining use for this specific project, the water will revert back to the source.

5. It is improper to grant any water rights above the perennial yield as this impacts existing rights and threatens to prove detrimental to the public interest and further impacts local private property by decreasing the value of water tied to private land of current and prior appropriators.

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6. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. The Applicant has not presented the State Engineer with the scope of its proposed works, nor has the Applicant demonstrated its ability to finance the works. Eureka County requests the opportunity to 1) review a proposed scope of work to achieve beneficial use and 2) satisfy its concerns regarding corporate purpose and financial ability.
7. Eureka County recognizes that the custom and culture of mining is part of its history and appreciates the role mining plays in its local and regional economy. Eureka County welcomes new opportunity for mining in its communities as long as mine development is not detrimental to existing economic or cultural activity or the environment. This protest is aimed at ensuring that any development of water resources in Kobeh Valley is conducted in full accordance with Nevada law, the Eureka County Master Plan and related policies and ordinances, and does not unduly threaten the health and welfare of Eureka County citizens. As set forth in Eureka County's Master Plan, there should be reinjection or infiltration of dewatering water not consumed in the mining operation back in to the basin of origin in Eureka County to mitigate the effects of the Applicant's pumping.
8. The Applicant must provide an analysis of potential impacts resulting from its proposed appropriation. If the analysis shows a potential to impact senior water rights (vested or appropriated) or domestic wells, the Applicant must show how the rights of senior water right holders and domestic wells can be satisfied under such express conditions. These conditions should not be forced on senior water right holders. Instead, they should be developed in coordination with senior water right holders. Likewise, the 3M plan to address unforeseen impacts should not be forced on senior water right holders, but developed in coordination with them, as well as Eureka County, who has a stake in the usual and customary use of the resource. Any proposed monitoring and mitigation plan to address potential and unknown impacts from the Applicant's proposed pumping must be developed to a reasonable degree with supporting analytical data prior to any approval of the application.
9. The projected water usage listed exceeds the water usage typically necessary for a gold heap leach operation of this scale that does not have dewatering needs.
10. Should the protests filed against the subject application result in hearings before the State Engineer, Eureka County requests that such hearings be held in Eureka to facilitate access by the Protestants.

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