

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

Notice of Change in Water Right Ownership

RECEIVED
JAN 30 2012
IDWR / NORTH

1. List the numbers of all water rights and/or adjudication claim records to be changed. If you only acquired a portion of the water right or adjudication claim, check "Yes" in the "Split?" column.

Water Right/Claim No.	Split?	Water Right/Claim No.	Split?	Water Right/Claim No.	Split?
94-7399	Yes ☐		Yes ☐		Yes ☐
	Yes ☐		Yes ☐		Yes ☐
	Yes ☐		Yes ☐		Yes ☐
	Yes ☐		Yes ☐		Yes ☐
	Yes ☐		Yes ☐		Yes ☐

2. Previous Owner's Name: New Jersey Mining Company

Name of current water right holder/claimant

3. New Owner(s)/Claimant(s): Shoshone Silver/Gold Mining Company

Name of each new owner as listed on the conveyance document

Shoshone Silver/Gold Mining Company

New owner continued

Name connector

☐ and

☐ or

☐ and/or

3714 W. Industrial Loop

Mailing address

Coeur d' Alene

ID

83815-6009

City

State

ZIP

(208) 664-0620

lsmith@shoshonesilvermining.com

Telephone

Email

4. If the water rights and/or adjudication claims were split, how did the division occur?
- ☐ The water rights or claims were divided as specifically identified in a deed, contract, or other conveyance document.
- ☐ The water rights or claims were divided proportionately based on the portion of their place(s) of use acquired by the new owner.

5. Date you acquired the water rights and/or claims listed above: 12/22/2011

6. This form must be signed and submitted with the following **REQUIRED** items:

- A copy of the conveyance document – warranty deed, quitclaim deed, court decree, contract of sale, etc. The conveyance document must include a legal description of the property or description of the water right(s) if no land is conveyed.
- Plat map, survey map or aerial photograph which clearly shows the place of use and point of diversion for each water right and/or claim listed above (if necessary to clarify division of water rights or complex property descriptions).
- Filing fee (see instructions for further explanation):
 - \$25 per *undivided* water right.
 - \$100 per *split* water right.
 - No fee is required for pending adjudication claims.

7. Signature: [Signature] Vice President 01/30/2012
Signature of new owner/claimant Title, if applicable Date

Signature: _____ Title, if applicable _____ Date _____
Signature of new owner/claimant

For IDWR Office Use Only:

Received by N Standing Date Jan 30, 2012 Receipt No. N028998 Receipt Amt. \$25.00

Approved by _____ Processed by _____ Date _____

VOIDED
No fee required: pending Adjudication

State of Idaho
Department of Water Resources
Water Right License

WATER RIGHT NO. 94-07399

Priority: August 12, 2004

Maximum Diversion Rate: 0.11 CFS
Maximum Diversion Volume: 79.6 AF

It is hereby certified that NEW JERSEY MINING CO
PO BOX 1019
KELLOGG ID 83837 has complied with the terms and
conditions of the permit, issued pursuant to Application for Permit dated August 12, 2004; and has
submitted Proof of Beneficial Use on September 06, 2207. An examination indicates that the works
have a diversion capacity of 0.11 cfs of water from:

SOURCE

LONE CABIN CREEK

Tributary: NORTH FORK COEUR D ALENE
RIVER

and a water right has been established as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>DIVERSION RATE</u>	<u>ANNUAL DIVERSION VOLUME</u>
MINING	01/01 to 12/31	0.11 CFS	79.6 AF

LOCATION OF POINT(S) OF DIVERSION:

LONE CABIN CREEK L3 (NW¼SW¼) Sec. 19, Twp 51N, Rge 01W, B.M. KOOTENAI County

PLACE OF USE: MINING

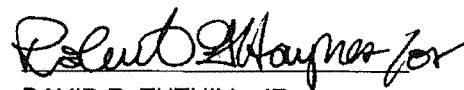
Twp	Rge	Sec	NE				NW				SW				SE				
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
51N	01W	19																	
												X							
												L3							

CONDITIONS OF APPROVAL

1. The Director retains jurisdiction to require a bypass flow for maintenance of fish, wildlife, riparian and aquatic habitat.
2. Water shall not be diverted under this right when flows in the Spokane River or the Coeur d'Alene are below established minimum flow amounts.
3. This right does not grant any right-of-way or easement across the land of another.
4. A fish screen of 3/8 inch or smaller mesh shall be installed and maintained at the point of diversion.
5. The approach velocity at the point of diversion shall not exceed 0.5 feet per second.
6. Mining use is for paste backfill makeup, drilling dust suppression, muck wetting and other mining operation uses.

This license is issued pursuant to the provisions of Section 42-219, Idaho Code. The water right confirmed by this license is subject to all prior water rights and shall be used in accordance with Idaho law and applicable rules of the Department of Water Resources.

Signed and sealed this 31st day of December 2007.


DAVID R. TUTHILL, JR.
Director

RECEIVED
JAN 30 2002
IDWR / NORTH

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION
OF RIGHTS TO THE USE OF WATER FROM
THE COEUR D' ALENE-SPOKANE RIVER
BASIN WATER SYSTEM

CIVIL CASE NUMBER: 49576

Ident. Number 94-7399

Date Received: 7/15/09

Receipt No: N 021322A

Received By: [Signature]

NOTICE OF CLAIM
TO A WATER RIGHT
ACQUIRED UNDER STATE LAW

Please type or print clearly

1. Name of Claimant (s) New Jersey Mining Company Phone (208) 783-1032

Mailing Address PO Box 1019 Kellogg ID ZIP 83837
Street or Box City State

2. Date of Priority (Only one (1) per claim) August 12, 2004
Month Day Year (YYYY)

3. Source of water supply (Check one) Ground Water () or Other (✓)(a) Lone Cabin Creek
which is tributary to (b) North Fork Coeur d'Alene River

4. a. Location of Point of Diversion is: Township T 51 N, Range R 01 W, Section 19,
NW, 1/4 of SW, 1/4 Govt. Lot 3, BM., County of Kootenai

Parcel (PIN) no. _____

Additional points of diversion if any: _____

If available, GPS Coordinates _____

b. If Instream flow, beginning point of claimed instream flow is:

Township _____, Range _____, Section _____, _____, 1/4 of _____, 1/4

Govt. Lot _____, BM., County of _____

ending point is: Township _____, Range _____, Section _____, _____, 1/4 of _____, 1/4

Govt. Lot _____, BM., County of _____

5. Description of existing diversion works (Dams, Reservoirs, Ditches, Wells, Pumps, Pipelines, Headgates, Etc),
including the dates of any changes or enlargements in use, the dimensions of the diversion works as constructed
and as enlarged and the depth of each well. 100 feet of 2-inch diameter HDPE pipe

will be placed upstream from No. 3 portal and divert water from Lone Cabin
Creek via gravity to a 83,000 liter storage tank system

SCANNED
JUL 14 2009

RECEIVED
JAN 30 2012

IDWR / NORTH
(acre feet)

6. Water is claimed for the following purposes:

(both dates are inclusive MM-DD)

(cfs)

For Mining purposes from 01-01 to 12-31 amount 0.11 or _____

For _____ purposes from _____ to _____ amount _____ or _____

For _____ purposes from _____ to _____ amount _____ or _____

For _____ purposes from _____ to _____ amount _____ or _____

7. Total quantity claimed (a) 0.11 (cfs) and/or (b) 79.6 (acre feet)

8. Non-irrigation uses; describe fully (eg. Domestic: Give number of households served; Stockwater: Type and number of livestock, Etc.) water to be used for mining operations - paste backfill makeup, drilling

9. Description of place of use:

a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.

b. If water is used for other purposes, place a symbol of use (example: D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

Twn	Rng	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
<u>51N</u>	<u>01W</u>	<u>19</u>										<u>X</u>							
												<u>L3</u>							

Parcel (PIN) no(s). _____

Total number of acres irrigated _____

10. In which county (ies) are lands listed above as place of use located? Kootenai

11. Do you own the property listed above as place of use? Yes (✓) No (✓) See #13
If your answer is No, describe in Remarks below the authority you have to claim this water right.

12. Describe any other water rights used at the same place and for the same purposes as described above.

_____ or None ()

13. Remarks: cont'd from #8: dust suppression, muck wetting and other
Miscellaneous uses

#11: Surface - US Public Domain; Minerals - New Jersey Mining Co

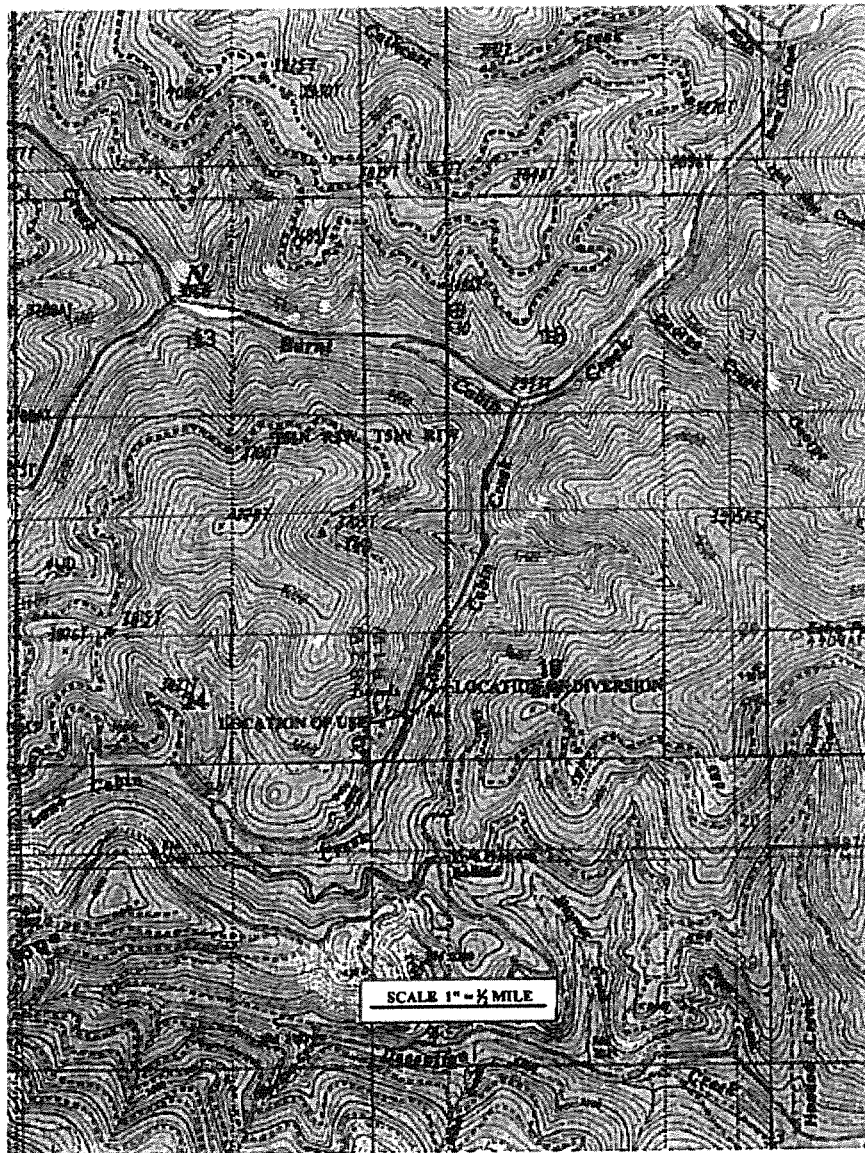
Water for mining operations will primarily be obtained from existing mine
discharge from the project site; However, it may be necessary from time to time
to obtain water from Lone Cabin Creek,

Last Name New Jersey Mining Co. Identification No. _____

RECEIVED

JUL 15 2012

RECEIVED
JAN 30 2012
IDWR / NORTH



Map of Project showing location of diversion and of usage, *Silver Strand Minesite*, Kootenai County, Idaho by New Jersey Mining Company

SCANNED
JUL 15 2009

RECEIVED
JAN 30 2012
IDWR/NORTH

14. Basis of Claim (Check One) Beneficial Use () Posted Notice () License (✓) Permit () Decree ()

Court _____ Decree Date _____ Plaintiff v. Defendant _____

If applicable provide IDWR Water Right Number 94-07399

15. Signature(s)

(a.) By signing below, I/We acknowledge that I/We have received, read and understand the form entitled "How you will receive notices in the Coeur d'Alene-Spokane River Basin Adjudication." (b.) I/We do () do not () wish to receive and pay a small annual fee for monthly copies of the docket sheet.

Number of attachments: 1

For Individuals: I/We do solemnly swear or affirm under penalty of perjury that the statements contained in the foregoing document are true and correct.

Signature of Claimant (s) Fred W. Bruckelush Date: 15 Jul 09

Date: _____

For Organizations: I do solemnly swear or affirm under penalty of perjury that I am

President of New Jersey Mining Co.
Title Organization

that I have signed the foregoing document in the space below as

President of New Jersey Mining Co.
Title Organization

and that the statements contained in the foregoing document are true and correct.

Signature of Authorized Agent _____ Date _____

Title and Organization _____

16. Notice of Appearance:

Notice is hereby given that I, _____, will be acting as attorney at law of behalf of the claimant signing above, and that all notices required by law to be mailed by the director to the claimant signing above should be mailed to me at the address listed below.

Signature _____ Date _____

Address _____

Last Name New Jersey Mining Co. Identification No. _____

COPIED
JUL 15 2009

DEED

THIS INDENTURE, made this 22nd day of December, 2011, by and between
NEW JERSEY MINING COMPANY, an Idaho corporation, **Grantor**, and SHOSHONE
SILVER/GOLD MINES, INC., a Nevada corporation, **Grantee**; the Grantee's address
being 3714 W. Industrial Loop; Coeur d' Alene, Idaho 83815-6009.

WITNESSETH:

The Grantor, for and in consideration of the sum of One Dollar (\$1.00), lawful
money of the United States of America, and other good and valuable consideration to it in
hand paid by the said Grantee, the receipt whereof is hereby acknowledged, does hereby
remise, release, convey and forever quitclaim unto the Grantee and to its successors and
assigns, all of Grantor's right, title and interest, including after acquired title, in and to the
following described real property situated in the County of Kootenai ~~Shoshone~~, State of Idaho, to-
wit:

The **Property** described in Exhibit A, attached hereto.

TOGETHER with all and singular the tenements, hereditaments, and appurtenances
thereunto belonging or in anywise appertaining, the reversion and reversions, remainder
and remainders, rents, issues, and profits thereof; and all estate, right, title, and interest in
and to the property, as well in law as in equity, of the Grantor.

TO HAVE AND TO HOLD, all and singular the above-mentioned and described
premises together with the appurtenances unto the Grantee, and to its successors and
assigns forever.

IT IS AGREED, HOWEVER, that the conveyance made herein is subject to a Net
Profits royalty reserved by Grantor in production from the **Property** that is payable at the

RECEIVED
JAN 30 2012
IDWR / NORTH

end of each calendar quarter. The royalty is defined as follows:

Net Profits derived from the Property shall be determined Quarterly on the basis as set forth below from accounting records which are maintained in accordance with the accrual basis method of accounting using U.S. generally accepted accounting principles ("GAAP").

RECEIVED
JAN 30 2012
IDMIR/NORTH

As used herein, the following terms shall have the meanings hereafter assigned:

(1) "Gross Sales" in any Quarter means the amount of earned revenues payable by any smelter, refiner or other purchaser of any metallic and non-metallic minerals (including any oil, gas, casinghead gas or associated hydrocarbon substances) and shall include, ores, concentrates and solutions containing such minerals and all forms in which such minerals may be found, extracted and produced as well as any by-products thereof having commercial value (hereinafter referred to as "Valuable Minerals"). All base treatment charges, penalties, assaying, and sampling charges, to the extent that they were actually incurred and were not deducted by the purchaser shall be deducted from earned revenues. Added to Earned Revenues shall be the amount of deemed Earned Revenues payable to the shipper calculated by determining, without duplication, the number of ounces or pounds of Valuable Minerals delivered to or to the order of the shipper, purchased or out-turned to the shipper's pool account or accounts by any mint or refinery and multiplying such number of ounces or pounds by their value, less the deductions specified above, as appropriate. Value of Valuable Minerals delivered to, or to the order of, the shipper purchased or out-turned to the shipper's pool account or accounts by any mint or refinery shall be established on the third business day following such delivery, purchase or out-turning. Value for gold shall be established by reference to the London PM gold fixing of the London Bullion Market Association and value for silver by reference to the Handy and Harman noon silver fixing, New York City, New York. Value for all other Valuable Minerals shall be established by reference to the London Metals Exchange cash price as quoted in Metals Week for the edition dated most closely to the date on which value is to be established.

(2) "Operating Costs" means the sum of the following costs and expenses incurred by the operator of the Property in any Quarter:

(a) "Mining Costs" – which shall mean costs and the expenses incurred by the operator after Commencement of Commercial Production in exploring for, mining, extracting, removing and transporting to the Mill (as hereinafter defined) Valuable Minerals produced from the Property. Such costs and expenses shall include, without limitation, those incurred for labor, machinery operation, fuel, explosives and other materials, exploration drilling and other exploration methods, and developmental or ore delineation drilling.

(b) "Milling and Processing Costs" – which shall mean costs and expenses incurred by the operator after Commencement of Commercial Production in milling or processing Valuable Minerals produced from the Property at the mill, or other

central processing facility utilized by the operator, to process Valuable Minerals produced from the Property (hereinafter referred to as the "Mill"), if any.

RECEIVED
JAN 30 2012
IDWR / NORTH

(c) "General and Administrative Costs" – which shall mean costs and expenses after Commencement of Commercial Production properly allocable to the administration of the Property including any non-government royalty payments and the production of Valuable Minerals therefrom, including costs and expenses incurred by the operator after Commencement of Commercial Production in or in connection with the marketing, selling and collection of the proceeds of any sale of Valuable Minerals from the Property and the delivery of such Valuable Minerals to points of ultimate delivery to customers.

(d) "Taxes" – which shall mean all taxes levied against the operations of the Property (excluding any income taxes) but including government royalties and mining, property, stamp and severance taxes.

(e) Where any Operating Costs are incurred with respect to the mining, milling, processing, selling or delivering of Valuable Minerals produced from the Property in conjunction with the mining, milling, processing, selling or delivering of minerals produced from other property controlled by Seller or Purchaser which is not subject to this Agreement, such Operating Costs shall be allocated and apportioned in accordance with generally accepted accounting principles and shall then be a cost or expense subject to the provisions of this royalty definition.

(3) "Exploration and Development Expenditures" shall mean:

(a) The operator's total costs and expenses incurred with respect to any additional examining, exploring and developing of the Property and all matters connected therewith incurred after Commencement of Commercial Production including, without limitation, costs and expenses relating to geological, geochemical and geophysical studies, feasibility studies, exploration and developmental drilling or other methods of exploration and development, sampling and assaying, mine design and development, the cost of any mining equipment or machinery purchased after Commencement of Commercial Production for use in or in conjunction with the Property, compliance with environmental and regulatory requirements (including attorney's fees), and

(b) Any other costs or expenses which would be included in the definition of Mining Costs and/or Milling and Processing Costs if such cost or expenses were incurred after Commencement of Commercial Production.

(c) Exploration and Development Expenses also shall mean all costs and expenses incurred with respect to mill or processing facilities construction or related facilities and any additions thereto regardless of when incurred, as well as all project financing costs, if any.

(4) "Net Exploration and Development Expenditures" shall mean the

RECEIVED
JAN 30 2012
IDWR / NORTH

Exploration and Development Expenditures actually incurred.

(5) "Gross Profits" in any Quarter means Gross Sales accrued in that Quarter less Operating Costs accrued in that Quarter.

(6) "Gross Loss" in any Quarter means the excess of Operating Costs accrued in that Quarter over Gross Sales accrued in that Quarter.

(7) "Net Profits" in any Quarter means Gross Profits in that Quarter less the following amounts which shall be recovered from Gross Profits in the order and in the manner set forth below:

(a) the aggregate amount, if any, of the Gross Loss or Losses for any prior Quarter or Quarters which shall not have been deducted and recovered from Gross Profits in prior Quarters; and

(b) the aggregate amount, if any, of Net Exploration and Development Expenditures which shall not have been deducted and recovered from Gross Profits in prior Quarters.

IN WITNESS WHEREOF the Grantor has hereunto set its hand on the day and year first written above.

New Jersey Mining Company

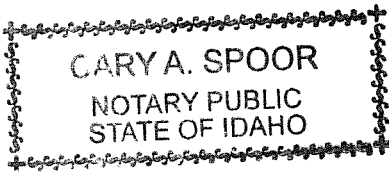
By: Fred W. Brackebusch
Name: Fred W. Brackebusch
Title: CEO

RECEIVED
JAN 30 2012
IDWR / NORTH

State of Idaho)
County of Shoshone) ss.

On this 22nd day of December, 2011, before me, the undersigned, a Notary Public in and for the State of Idaho, personally appeared, FRED W. BRACKEBUSCH, known or identified to me to be the CEO of NEW JERSEY MINING COMPANY, the corporation that executed the within instrument, and acknowledged to me that he executed the same on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Cary A Spoor
Notary Public
Residing at Kellogg
Commission Expires MAY 2017

EXHIBIT A

RECEIVED
JAN 30 2012
IDWR / NORTH

IMC No.	Instr. No. Claim Name	Date Located
178663	1650646 SS EXT	01-Sep-96
178664	1650647 SS 1	01-Sep-96
178665	1650648 SS 3	01-Sep-96
178666	1650649 LC 1	01-Sep-96
178667	1650650 SSX 2	01-Sep-96
179213	1650651 SP	01-Apr-97
179214	1650652 LC 2	01-Apr-97
179215	1650653 LC 3	01-Apr-97
179221	1650654 SS 2	01-Apr-97
179222	1650655 SS 4	01-Apr-97
179223	1650656 SS 5	01-Apr-97
179224	1650657 SS 6	01-Apr-97
179225	1650658 SS 7	01-Apr-97
179228	1650659 SS10	01-Apr-97
179230	1650660 SS12	01-Apr-97