

STATE OF OREGON
COUNTY OF BAKER
CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

THC, INC. dba: FLAGSTAFF MINES
10012 W. COURT STREET
PASCO, WASHINGTON 99301

confirms the right to use the waters of UNION CREEK, a tributary of POWDER RIVER, for the purpose of MINING.

The right has been perfected under Permit 29607. The date of priority is JUNE 17, 1964. The right is limited to not more than 0.33 CUBIC FOOT PER SECOND or its equivalent in case of rotation, measured at the point of diversion from the source.

The points of diversion are located as follows:

SE 1/4 NW 1/4, SECTION 14, T 10 S, R 38 E, W.M.; 1700 FEET SOUTH & 1500 FEET EAST, 2200 FEET SOUTH & 1480 FEET EAST, BOTH FROM NW CORNER SECTION 15.

The right shall conform to such reasonable rotation system as may be ordered by the proper state officer.

A description of the place of use under the right, and to which such right is appurtenant, is as follows:

NE 1/4 NW 1/4
SE 1/4 NW 1/4
NE 1/4 SW 1/4
SECTION 14
TOWNSHIP 10 SOUTH, RANGE 38 EAST, W.M.

THIS RIGHT IS SUBJECT TO THE USE AND MAINTENANCE OF ADEQUATE TREATMENT FACILITIES TO REMOVE THE SEDIMENT BEFORE RETURNING THE WATER TO THE STREAM.

The right to the use of the water for the above purpose is restricted to beneficial use on the lands or place of use described. The right is subject to minimum flows established by the Water Resources Commission with an effective date prior to this right.

WITNESS the signature of the Water Resources Director, affixed this date MAY 19, 1989.

/s/ WILLIAM H. YOUNG

Water Resources Director

Recorded in State Record of Water Right Certificates numbered 61120
39413.KK