

STATE OF OREGON

COUNTY OF MALHEUR

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

ATLAS PRECIOUS METALS, INC.
743 HORIZON COURT, SUITE 202
GRAND JUNCTION, COLORADO 81506

303-243-5800

to use the waters of TWO WELLS, SUPPLEMENTED BY WATERS FROM AN OPEN PIT MINE, in the MALHEUR RIVER BASIN for MINING/INDUSTRIAL USES.

This Permit is issued approving Application G-11847. The date of priority is AUGUST 29, 1988 for the two wells and NOVEMBER 15, 1988 for the open pit mine. The use is limited to not more than 2.0 CUBIC FEET PER SECOND, or its equivalent in case of rotation, measured at the well.

The wells and open pit mine are located as follows:

LOT 3 AND SE 1/4 NW 1/4, SECTION 5, T 22 S, R 44 E, W.M.; NW 1/4 SE 1/4, SECTION 8, T 22 S, R 44 E, W.M.; WELL 1 - 691 FEET SOUTH AND 994 FEET EAST; WELL 2 - 1798 FEET SOUTH AND 1083 FEET EAST, BOTH FROM S 1/4 CORNER, SECTION 32, T 21 S, R 44 E, W.M.; OPEN PIT MINE - 2262 FEET NORTH AND 37 FEET EAST FROM S 1/4 CORNER, SECTION 8, T 22 S, R 44 E.

Although declared herein to be a supplemental supply from the open pit mine, in the interest of prudent use of waters, use from the open pit mine may be exercised at times when water is available at the two wells, provided the total quantity diverted from all sources does not exceed the limitation allowed herein.

This permit is issued subject to the maintenance and use of adequate treatment facilities to remove the sediment before returning the water to the stream.

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

A description of the proposed place of use under the permit is as follows:

SECTIONS 12, 13 AND 14

SECTIONS 22, 23, 24, 25, 26, 27, AND 28

E 1/2 E 1/2
SECTION 31

SECTIONS 32, 33, 34, 35 AND 36
TOWNSHIP 21 SOUTH, RANGE 44 EAST, W.M.

SECTIONS 7, 18 AND 19

W 1/2 W 1/2
SECTION 30
TOWNSHIP 21 SOUTH, RANGE 45 EAST, W.M.

E 1/2
SECTIONS 1
TOWNSHIP 22 SOUTH, RANGE 44 EAST, W.M.

E 1/2
SECTIONS 12 AND 13

SECTION 24

N 1/2
SECTION 25
TOWNSHIP 22 SOUTH, RANGE 43 EAST, W.M.

W 1/2
SECTION 2
SECTIONS 3, 4, 5, 6, 7, 8, 9 AND 10

W 3/4
SECTION 15
SECTIONS 16, 17, 18 AND 19

N 3/4
SECTIONS 20 AND 21

N 1/2
SECTION 30
TOWNSHIP 22 SOUTH, RANGE 44 EAST, W.M.

The well shall be constructed in accordance with the General Standards for the Construction and Maintenance of Water Wells in Oregon. The works shall be equipped with a usable access port, and may also include an air line and pressure gauge adequate to determine water level elevations in the well at all times. When required by the department, the permittee shall install and maintain a weir, meter, or other suitable measuring device, and shall keep a complete record of the amount of ground water withdrawn.

Prior to receiving a certificate of water right, the permit holder shall submit the results of a pump test meeting the department's standards, to the Water Resources Department. The Director may require water level or pump test results every ten years thereafter.

Actual construction work shall begin on or before APRIL 5, 1991, and shall be completed on or before October 1, 1992. Complete application of the water shall be made on or before October 1, 1993.

B+C ext to 10-1-96

Failure to comply with any of the provisions of this permit may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the permit.

This permit is for beneficial use of water without waste. The water user is advised that new regulations may require use of best practical technologies or conservation practices to achieve this end.

By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

The use of water shall be limited when it interferes with any prior surface or ground water rights.

Issued this date, APRIL 5, 1990.

/s/ WILLIAM H. YOUNG

Water Resources Department
William H. Young
Director

"B" Extended to October 1, 1993

B+C Ext. 10-1-94, 10-1-95

EXT. BC 97

C 08

Application G-11847 Water Resources Department PERMIT G-10994
Basin 10 Volume 2A Negro Rock Canyon & Tribs. Wells District 9
G-11847.WJO