

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

This is to certify that the department has examined this application for temporary approval to use water under the provisions of Section 42-202a, Idaho Code, and has determined that:

- ___ a) The application for temporary approval should be denied.
- / b) The application for temporary approval should be approved, since
1. The temporary approval can be properly administered.
 2. Other water sources are not readily available.
 3. The approval is in the public interest.
 4. The approval will not injure known public values associated with the water source or any known water rights.

This application is therefore hereby:

- ___ a) DENIED
- / b) APPROVED, subject to the following conditions:
1. Diversion and use of water under this approval is subject to all valid existing water rights.
 2. The applicant assumes all risk the use of the water under this approval may injure other water rights.
 3. This approval authorizes a maximum diversion of 5.0 AF and a maximum rate of diversion of 4.5 cfs.
 4. This approval does not grant a right-of-way across the land of another, does not create a continuing right to use the water and may not be used in connection with a use which requires a continuing water supply.
 5. The department may cancel this approval at any time if the department identifies injury to other water rights.
 6. This approval expires on 12/31/11.
 7. This approval does not create a continuing right to use water.
 8. The holder of this temporary permit shall not divert at a rate or in a manner that will significantly reduce the flow in the water source or otherwise adversely affect fish, wildlife or other public vaules.
 9. Other: Water intakes should be screened to prevent entrainment or impingement of fish or other aquatic life. The maximum screen mesh size should be 0.25 inches; approach velocities should not exceed 0.5 ft/second.
 10. Contact the DEPARTMENT OF WATER RESOURCES prior to diversion of water from streams.

DATED this 21 day of July, 2011.

For the Director

Keith L. Jordan
Interim
Program
Mgr.

RECEIVED

Form 202a JUL 21 2011

Bassin 94

Indent. No. TP-94-103

IDWR / NORTH

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR TEMPORARY APPROVAL OF WATER APPROPRIATION

(5 AF or less)

Name of Applicant Pritchard Creek Restoration LLC Phone 509-456-0240
 Address 1315 E 36th Ave Spokane, WA 99203 Email rgreencpa@comcast.net

1. Source of water Groundwater Tributary to N/A

2. Location of point of diversion NE 1/4 NE 1/4 1/4 Sec. 2 Township 49N, Range 4E B.M.,

County Shoshone

3. Location of place of use NE 1/4 NE 1/4 Sec. 2 Township 49N, Range 4E B.M.,

County ~~Spokane~~ Shoshone

4. Proposed use of water placer hydro separation

5. Amount of water:

Maximum rate of diversion 4.5 cfs or 2,000 gpm.

Maximum daily volume _____ AF; Total volume 5 AF.

6. Duration of diversion: From 6/6/11 to 12/31/11
 Day-month Day-month

7. Proposed diverting works Electric Pump

8. Who owns the property at the requested point of diversion? DW LLC

9. Describe the arrangement allowing access to the water Lease agreement

10. Remarks Hand dug pond for use in placer mining operation. System is closed circuit starting with source pond - ending with settlement pond.

I hereby acknowledge that I assume all risk if the diversion and use of the water under this approval injures other water rights. I certify this is a temporary use and that I am not seeking a continuing right to use water.

6-6-11
Date

Richard Green owner/manager
Applicant

Received by dp
\$50.00 fee received by 456.00
Watermaster Comments received?

Date 7/21/11
N027868

Time _____
Date 7/21/11
Date _____

Lease of Property, vicinity of Murray, Idaho

Property: Three parcels, as described on Exhibit A.

Owner: DMW Metal Holdings, LLC ("DMW").

Lessee: Pritchard Creek Restoration, LLC ("PCR").

Additional Party: Richard Green ("Green")

Term: January 1, 2011 to December 31, 2011.

Renewal: One 12 month term, provided that Owner has received Rent or other payment of at least \$200,000 by December 31, 2011. In addition, property taxes and any other past due amounts from PCR and Green must be brought current.

Rent: Fifty Per Cent (50%) of Gross Value. PCR will deliver to DMW, or as DMW directs, any resource of value. DMW will retain half of the value, and remit the remainder to PCR. During the first three months of operation, or until the equipment is paid in full, DMW will collect up to 1/3 of the selling price of the equipment from PCR's 50% before remitting the remainder to PCR.

Gross Value: The monetary value, at then current prices, of any mineral or other resource emanating from the property, not taking into account any cost associated with its production or any other cost.

Property Taxes: PCR will pay property and other taxes due on the property during the lease term. This expense will be collected from PCR's 50% during the month following the payment of the taxes, with the balance being remitted to PCR.

Indemnification: PCR and Green represent that they intend to conduct placer mining operations, among other activities, on the Property. PCR and Green warrant that with respect to any operations conducted on the Property, they will obtain all required permits and approvals, and will comply with all applicable rules and regulations, and to operate lawfully at all times. Pritchard Creek Restoration, LLC and Richard Green personally agree to indemnify DMW, its officers, owners, successors and assignees from any and every liability of any sort, including legal fees, arising from this lease, or from PCR and/or Green's activities, operations, or access to the property. Indemnification survives the term of this lease, and remains in effect as long as any potential liability remains.

Oversight: DMW or a representative, have full rights of access and inspection regarding any activity on the Property, at any time, without notice.

Reporting: PCR agrees to provide DMW with whatever reporting DMW may require in overseeing its interests in the Property. PCR is responsible for any reporting required to Local, State and Federal authorities.

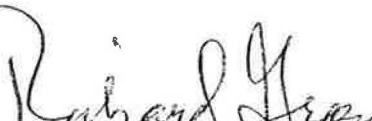
Successors: PCR's rights under this agreement continue in the event of a sale of the Property. DMW may assign its interests in this agreement at will. PCR may not sublease. A change in management or control of PCR triggers a right by Owner to void this lease.


Agent for Equipment Sale: PCR agrees to safeguard Owner's equipment now onsite ("Existing Washplant"), PCR will earn a 10% commission on the gross sales price should it successfully market this equipment, at terms to be agreed with DMW. PCR agrees to use only equipment that he owns or is buying from DMW, and has permission to use during agreed upon payment terms. PCR requests permission to buy and use the following items to be paid from the first three months of operations: Dewatering Screw, Fuel Tank, Storage Unit, 6" Sand Pump, and Three Conveyors for a total price of \$45,000.

Binding Agreement: It is the intent of DMW and PCR and Green that this writing bind them to the fullest extent, and each remaining part of this agreement continue to be binding even if some part or parts are found to be not binding.

Agreed and Accepted;

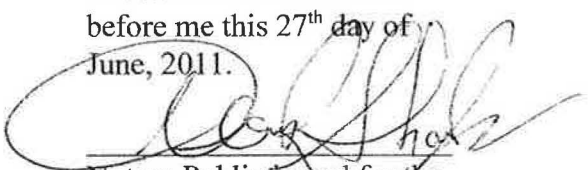

June 10, 2011
DMW Metal Holdings, LLC
By it's Managing Partner, David Willey

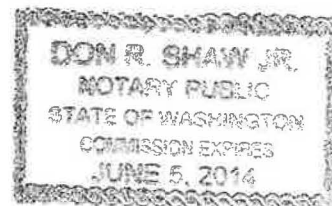

June 10, 2011
Pritchard Creek Restoration, LLC
Managing Member, Richard Green

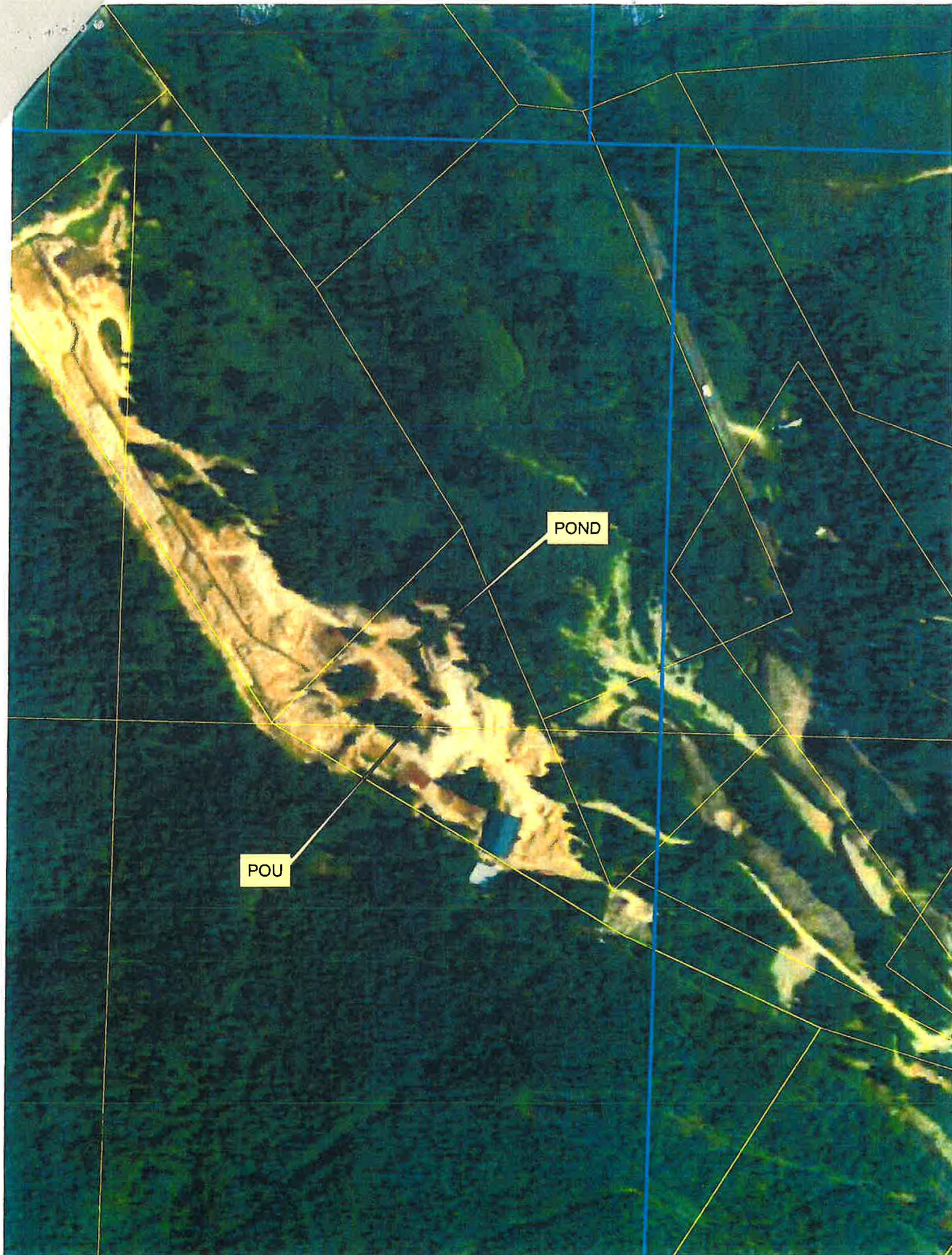

June 10, 2011
Richard Green, Personally *WDH 58309*

Notarized

Subscribed and sworn to
before me this 27th day of
June, 2011.


Notary Public in and for the
State of Washington, residing
at Spokane.





POND

POU



State of Idaho

DEPARTMENT OF WATER RESOURCES

Northern Region, 7600 N. Mineral Drive, Suite 100 • Coeur d'Alene, Idaho 83815
Phone: (208) 762-2800 • Fax: (208) 762-2819 • Web Site: www.idwr.idaho.gov

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

07/21/2011

PRITCHARD CREEK RESTORATION LLC
1315 E 36TH AVE
SPOKANE WA 99203

RE: Temporary Permit No. TP-94-103

Dear Applicant(s):

Your application for Temporary approval of Water Appropriation has been granted and assigned number TP-94-103.

Please be advised that THE PERMIT IS SUBJECT TO THE EFFECTIVE DATES AND CONDITIONS STATED ON PAGE TWO OF THE APPLICATION.

If you have any questions or if this office can be of further assistance, please contact us.

Sincerely,

A handwritten signature in blue ink that reads "Keith E. Franklin". The signature is written in a cursive, flowing style.

Keith E. Franklin
Interim Program Manager

Enclosure