



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

January 6, 2017

ATLANTA GOLD CORPORATION
2417 BANK DRIVE, SUITE 101
BOISE ID 83705

RE: Expiration of Water Supply Bank Rental Agreement for water rights: 63-2539

Renter,

This letter is to inform you that your rental agreement(s) to rent the above listed water rights from the Water Supply Bank (Bank) expired at the end of 2016.

Once the rental agreement concludes, any diversion or use of water under the rental agreement will no longer be authorized and, if occurring, may be subject to an enforcement action.

If you wish to rent water in the future, please download a rental application from: <http://idwr.idaho.gov>. You may submit rental applications on November 1 of the year prior to the intended use of rental water. **YOU ARE ENCOURAGED TO FILE AN APPLICATION AT LEAST 3 MONTHS PRIOR TO THE DATE YOU DESIRE TO USE RENTAL WATER.**

If you have any questions about this matter, please contact me at (208) 287-4918.

Sincerely,

A handwritten signature in black ink, appearing to read 'RB', followed by a horizontal line.

Remington Buyer
Water Supply Bank Coordinator

Enclosures:

MAR 10 2016

DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK RENTAL AGREEMENT

This is to certify that: **ATLANTA GOLD CORPORATION**
2417 BANK DR STE 101
BOISE ID 83705
208-424-3343

filed an application to rent water from the Water Supply Bank ("Bank"). The Idaho Water Resource Board ("Board"), being authorized to operate a Bank and to contract by and through the Director of the Idaho Department of Water Resources ("Director, Department") for rental of water from the Bank, agrees to rent water as follows:

Summary of Water Rights or Portions Rented from the Bank

Water Right	Priority Date	Source	Tributary	Rented Rate	Annual Rented Volume	Acre Limit	Total Rented Acres
63-2539	5/1/1866	Montezuma Creek	Middle Fork Boise River	0.09 cfs	23.8 af	NA	25.0ac
63-32572	5/1/1866	Montezuma Creek	Middle Fork Boise River	0.09cfs	23.8 af	NA	25.0 ac
Total Annual Combined Limit				0.09 cfs	23.8 af	NA	25.0 ac

Annual Combined Rental Totals

0.09 cfs 23.8 af NA *25.0 ac

Term of Rental: This rental shall take effect once both parties have signed it and shall continue in effect until December 31, 2016.

Rental Fee: \$404.60

The fee for rental of the above-described water is \$404.60 per year. Ten percent (\$40.46) will go to the Department for administrative costs, and the remainder will be paid to the lessor(s). No rental fees will be refunded once the fee is collected and the start date for a Rental Agreement has passed.

*The water rented under this agreement is appurtenant to 25 acres.

Detailed water right conditions are attached.

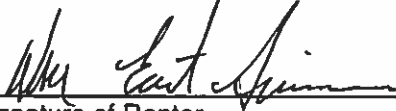
SUPPORT DATA

IN FILE # 63-2539

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT

The undersigned renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described in this agreement:


Signature of Renter

WM. LITWELL SIMMONS
Printed Name and Title* PRES/CEO

MARCH 4/16
Date

Signature of Renter

Printed Name and Title*

Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

Having determined that this agreement satisfied the provisions of Idaho Code § 42-1763 and IDAPA 37.02.03.030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and condition herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board.

By 
BRIAN PATTON, Acting Administrator
Idaho Water Resource Board

Date 3/10/2016

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK RENTAL AGREEMENT
WATER USE DETAILS

LOCATION OF POINT(S) OF DIVERSION

MONTEZUMA CREEK NW¼SE¼NE¼ Sec. 11 Twp 05N Rge 11E ELMORE County

BENEFICIAL USE

MINING

SEASON OF USE

05/01 TO 11/30

RENTER'S PLACE OF USE: MINING

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
05N	11E	11									X			X					

CONDITIONS APPLICABLE TO ALL RENTED WATER RIGHTS

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. Rental of the specified right from the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other department application process.
3. Use of water under this agreement does not constitute a dedication of the water to renter's place of use, and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to those authorized under the water right and/or again be available to rent from the bank.
4. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
5. Use of water under this agreement shall not prejudice any action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.
6. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
7. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.
8. Renter acknowledges and agrees that the Director may terminate diversion of water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.
9. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
10. The renter must diligently pursue a permanent water right to provide for the uses authorized under this rental agreement.
11. Use of water under this agreement will be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 63.

Idaho Water Resource Board
Water Supply Bank Rental Agreement

Effective until December 31, 2016

This map depicts the rental place of use pursuant to the rental agreement and is attached to the agreement solely for illustrative purposes.



-  Authorized Rental Point of Diversion
-  Authorized Rental Place of Use
-  Townships
-  PLS Sections
-  Quarter Quarters



0  Miles
0.25

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

APPLICATION TO RENT WATER
FROM THE BOARD'S WATER SUPPLY BANK

OCT 30 2015

DEPARTMENT OF
WATER RESOURCESApplicant Name: Atlanta Gold Corporation

Is this application being submitted with a lease application as a lease/rental package?

Yes ☐ No ☒

If yes, specify companion water rights in Section 4

This application must be completed according to the minimum requirement checklist below. This checklist is part of the rental application and must be included with the rental application. Applications that do not meet the minimum requirements will not be placed in the processing queue and may be returned until all minimum requirements have been met.

Rental applications should be submitted well in advance of the desired start date for the use of rental water. Rental applications may be processed as early as November 1 of the year prior to the intended use of rental water. Any rental application received on or before November 1 for use in the next year will be assigned a received date of November 1. Rental applications submitted more than one year in advance of the proposed start date for the use of rental water will not be accepted and will be returned to applicants. Rental applications may be returned to applicants if the desired start date for the use of rental water cannot be accommodated by the Water Supply Bank. Rental requests will not be accepted once the rental season of use period has concluded.

One rental application per beneficial use of water. For multiple beneficial uses of water, separate rental requests should be submitted for each unique beneficial use of water. One rental application can be submitted if you propose to rent water from multiple sources.

For additional instructions on completing a rental application, visit the Bank's website at http://idwr.idaho.gov/water_supply_bank.

MINIMUM REQUIREMENT CHECKLIST

Check All Items as Either Attached (Yes) or Not Applicable (N/A)

	Yes	
	☒	Completed <i>Application to Rent Water from the Board's Water Supply Bank</i>
	☒	Confirmation that this form has been printed single sided, per requirement of the Water Supply Bank
Attachment	N/A	Yes
2	☒	A map showing the proposed point(s) of diversion, place(s) of use, and water diversion and distribution systems proposed to be used with your rental request
3A	☐	☒ Detailed information on a proposed use of rental water
3F	☐	☒ Authorization from the owner/operator of the rental point(s) of diversion
3H	☒	☐ Water modeling to account for the impacts of the rental request
3J	☒	☐ Documents justifying a rate of flow greater than 0.02 cfs/acre
3K	☒	☐ Authorization from the owner/operator of the property at the proposed rental place(s) of use
4B	☒	☐ Explanation of how the rental water will sufficiently accomplish your rental purposes
4C	☒	☐ Explanation of consumptive use amounts for water rights experiencing a change in nature of use

Department Use Only – Proposed Water Right(s)

63-32572

63-2539

**STATE OF IDAHO
WATER RESOURCE BOARD**

Application to Rent Water (Continued)

1. CONTACT INFORMATION

A. Applicant Atlanta Gold corporation

Mailing Address 2417 Bank Drive, Suite 101 Boise ID 83705
Street City State Zip Code
 Email Address esimmons@atlantagold.com Phone Number 208-424-3343

B. Is this application being completed by an authorized representative on behalf of the applicant? Yes ☐ No ☒
 If yes, representatives (includes company employees if the applicant is a corporation, as well as legal counsel or consultants) should provide their information below if they desire to be included on correspondence with the rental applicant.

Representative _____ Professional Title _____
 Organization _____ Relationship to Applicant _____
 Mailing Address _____
 Email Address _____ Phone Number _____

2. MAP

Create a map of the proposed point(s) of diversion, place(s) of use and water diversion, delivery and distribution systems. Make sure the rental place of use is outlined and annotated with legal land descriptions (Township, Range, Section and Quarter-Quarters) or with GPS coordinates. For irrigation purposes, mark the number of acres you desire to irrigate. Attach the map to this application and label it **Attachment 2**.

3. DESCRIPTION OF PROPOSED USE FOR RENTAL WATER

A. Describe why you desire to rent water and provide a detailed description of your proposed use. If the proposed use is not for irrigation, describe in detail how you determined the amount of rental water required. If the space below is insufficient, attach additional sheets as required and label them **Attachment 3A**:
 (see Attachment 3A)

B. Enter the desired and/or minimum rates of flow, volume, or irrigable acres requested for your rental purposes:

Desired Rate (Cubic Feet/Second)	Desired Volume (Acre-Foot)	Minimum Rate* (Cubic Feet/Second)	Minimum Volume* (Acre-Foot)	Desired Acres (if applicable)
0.92 CFS	AF	CFS	AF	AC

* Sometimes water rights provide an exceptionally low rate per acre and/or low volume per acre. This section is meant to establish an acceptable range of water sufficient for your proposed water use. Please see question 4B and complete if necessary.

C. This section must be completed in full. Enter the proposed start date and latest possible start date for using rental water as well as the number of years you would like to rent water. The latest possible start is the latest possible date by which you would be willing to pay for a rental and be able to benefit from utilizing rental water.

Desired Start Date (month/day/year)	Latest Possible Start Date (month/day/year)	*Mark Desired Rental Duration (Calendar Years)					**Applicant's preference if rental application cannot be processed prior to the latest possible start?	
05/01/2016	05/15/2016	☒ 1	☐ 2	☐ 3	☐ 4	☐ 5	☒ Process application as soon as possible	☐ Return application to applicant

* The number of years permissible for a rental is subject to the lease contract duration for the water right(s) being rented.

** Per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right. Water Supply Bank rental applicants are not authorized to utilize rental water prior to the execution of an approved rental agreement. Rental requests may be returned to applicants if no water is available from the Bank to fulfill a rental request.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

- D. Describe your water distribution system and how rental water will be delivered from the point(s) of diversion (POD) to the proposed place of use (POU):
(See Attachment 3D)
-

- E. Describe the physical type (pump, headgate, etc.) and location of the POD from which rental water is proposed to be diverted:

POD Description	Water Source	Other Water Rights Diverted from this POD
POD#1	Montezuma Creek	
POD#3	Flint Creek	
POD#4	Quartz Creek	

If the POD(s) above are located where water is turned into a canal, lateral or ditch, or if they are located on your property but are serviced by water that is delivered via a canal, lateral or ditch, your rental request must include documented authorization from all relevant canal companies, irrigation districts and/or water delivery entities, confirming that they consent to your diversion of water from their system.

- F. Has documented consent from all relevant water delivery entities been obtained? Yes ☐ N/A ☒
If yes, include documented consent as Attachment 3F.

- G. Do any POD(s) identified in Question 3E divert from a water source that may require water modeling? Yes ☐ No ☒
Refer to the Water Modeling Requirements Information Sheet to determine if a rental POD may require water modeling.

- H. Has water modeling been provided with your rental request? Yes ☐ N/A ☒
If yes, label modeling Attachment 3 H.
Rental applications that require modeling will be returned if modeling is not provided.

- I. Specify the desired beneficial use of water and the requested season of use or number of acres required:

- ☐ Irrigation _____ (number of acres) Duration: Subject to IDWR standard seasons of use
- ☐ Commercial from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Stockwater from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Industrial from: _____ (mm/dd) to: _____ (mm/dd)
- ☒ Other: mining to evaluate process procedures from: 05/01 (mm/dd) to: 11/30 (mm/dd)

- J. For irrigation uses, do you propose to divert water at a rate greater than 0.02 cfs/acre? N/A ☒ Yes ☐ No ☐
If yes, justify the rate of flow and attach any supporting documents as Attachment 3J. Justification may include information on soil composition, conveyance losses, crop type, irrigation systems, public access areas, etc. A rate of 0.03 cfs/acre is permissible for irrigation of 5 acres or less.
-

- K. Do you own the land at the proposed rental place of use (POU)? Yes ☒ No ☐
If no, attach documentation from the POU owner/operator confirming your authorization to use the POU and label it Attachment 3K.

- L. List all other water rights and sources of water at the rental place of use for the same purpose, including privately owned water rights and water received from a municipal supplier, an irrigation district, a canal company or any other water delivery entity. Explain why additional water is required:

N/A

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

4. RENTAL REQUESTS FOR SPECIFIC WATER RIGHTS

A. Are you requesting to rent specific water rights?

Yes ☒ No ☐

If yes, specify below the elements of the water rights you are requesting to rent. If no, continue to Question 4B.

Important Information: Diversion rates and volumes sought for rent must be proportionate to the per acre diversion rates and per acre volume limits of the water right under lease contract to the Water Supply Bank. Prior to completing this section, applicants should review all water right lease contracts and any active rental agreements to determine which elements of a water right are available to satisfy a rental request. Lease and rental documents are searchable via [IDWR's website](#).

Water rights identified below must either already be leased to the Bank or a lease proposal should accompany this rental request. Rental requests for water rights not yet leased to the Bank will be returned if companion lease applications are not provided with the rental request. For leased rights featuring combined limits, rentals must be consistent with combined diversion rate, volume or acre limits. Combined limits should be listed on a row below water right numbers.

Water Right Elements Leased to Water Supply Bank					Leased totals, minus water right elements involved in active rental agreements, equals water right elements available for rent	Water Supply Bank Rental Request		
Water Right Number (leave blank if sub-total of combined limits)	Nature of Use	Diversion Rate (CFS)	Volume (AF)	Acres (AC)		Diversion Rate (CFS)	Volume (AF)	Acres (AC)
63-32572	irrigation	.046	80.50	23		.046		
63-2539	irrigation	0.46	80.50	23		.046		
Applicants must ensure the requested rate per acre and volume per acre do not exceed the rate per acre and volume per acre limits of water rights leased to the Water Supply Bank					TOTAL	.092		
						CFS	AF	AC

**Attach multiple copies of this page if space above is insufficient to list all water rights requested to be rented on this application.*

B. If water right conditions, combined limits, or the sum of all water right elements being requested provide an unconventional duty of water (e.g., an unusually low rate per acre or volume per acre for irrigation use), explain how your proposed rental will sufficiently accomplish your intended purposes. Attach a separate page if space is insufficient and label it **Attachment 4B**:

All water use in the process cycle is recycled with zero discharge. Make up water requirement is 15% of hourly use due to all forms of loss, eg. evaporation, moisture in processed wasted materials, dust suppression, etc.

C. Does your rental request propose to change the nature of use for any water right(s) being rented?

Yes ☒ No ☐

If yes, explain how the water right(s) will be converted to new uses. Include the historic, consumptive use amounts for the water right being rented if you have it, as well as the new consumptive use amount for your proposed beneficial use. If space below is insufficient, attach a separate page and label it **Attachment 4C**:

The proposed water rights will be used primarily for mining exploration and processing and not for irrigation.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

5. ADDITIONAL INFORMATION

- A. Is this the first time that rental water is being requested for this purpose at the rental place of use? Yes ☐ No ☒

If no, list previous rental requests/agreements and explain why you have not secured a permanent water right for your needs:

Atlanta Gold Corporation (AGC) applied for and received approval for this same place of use in 2014 and 2015.

Once financing is in place and permitting begins for mining operations, AGC will then review the options for obtaining a permanent water right.

- B. Have you or do you intend to submit an application for permit or transfer proposing a similar use as this rental? Yes ☐ No ☒

If yes, describe:

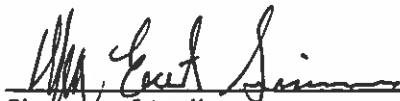
- C. Was this rental application submitted in response to a Notice of Violation (NOV) or a pending NOV? Yes ☐ No ☒

If yes, describe the date and location of the NOV.

- D. Additional Information

DECLARATION

I hereby assert that the information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in rejection of the application or cancellation of an approval. I understand that if this rental application is approved, it will be subject to the provisions of Section 42-1766, Idaho Code and all applicable state and federal laws. I understand that the submission of a rental application provides no guarantee for approval of a rental agreement. I also understand that, per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right and that I am not authorized to utilize water as proposed in this application prior to the execution of an approved rental agreement.


Signature of Applicant

Wm. Ernest Simmons
Printed Name of Applicant

Oct 29 -15
Date

Signature of Representative

Printed Name of Representative

Date

Mail to:

Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720-0098

**APPLICANT: ATLANTA GOLD CORPORATION
APPLICATION TO RENT WATER FROM
THE WATER SUPPLY BANK**

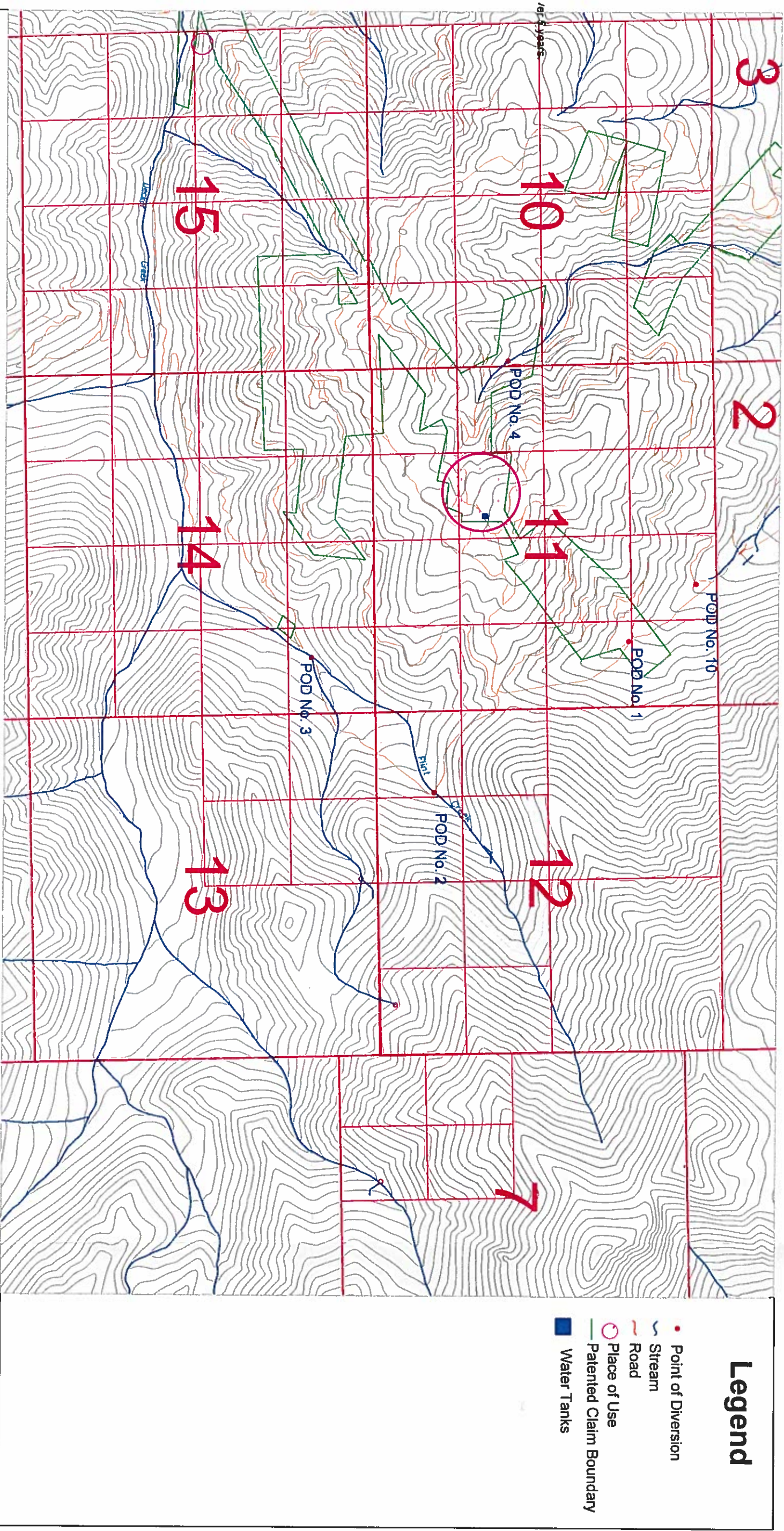
ATTACHMENTS

Attachment 2 – Map – Points of Diversion & Points of Use

Attachment 3A – Description of Proposed Use for Rental Water

Attachment 3D – Distribution & Diversion System

Attachment 3F – Ownership & Authorization for use of POD's



Location: Portions of Township 5 N Range 11 E, Sections 2, 3, 7, 10, 11, 12, 13, 14 & 15 E, BM

Atlanta Gold Application to Rent Water

**APPLICANT: ATLANTA GOLD CORPORATION
APPLICATION TO RENT WATER FROM
THE WATER SUPPLY BANK**

3.A – Proposed Use

The applicant seeks to rent a total of 0.92 cubic feet per second as a combined flow from POD#1 Montezuma Creek, POD#3 Flint Creek, and POD#4 Quartz Creek; all located south of the town of Atlanta, Idaho. The purpose of the program is to determine excavation Best Management Practices (BMPs) for mining the Atlanta lode deposit and to evaluate process procedures and equipment necessary to maximize recovery of precious metals and byproduct construction materials suitable for use in Atlanta.

The applicant will collect a bulk sample from an existing disturbed area and process the sample on site using a beneficiating process similar to an enhanced placer recovery system with gravity concentrators and water.

**APPLICANT: ATLANTA GOLD CORPORATION
APPLICATION TO RENT WATER FROM
THE WATER SUPPLY BANK**

3.D – Distribution and Diversion System

Diversion control points would be formed and protected with a combination of concrete barrier and natural rock. Diversion structures would be made of concrete and are anticipated to be constructed so as to retain sufficient water for diversion yet allow the natural channel to sustain existing riparian fauna and flora. It is anticipated that the continuous gravity discharge from the diversion structure would be controlled by a small canal gate so as not to exceed the appropriate volume.

The applicant proposes to construct 6-inch diameter pipelines from the diversion structures on POD#3 Flint Creek and pumped from the POD#1 Montezuma Creek drainage for a total conveyance of 0.92 cubic feet per second to a storage basin located above the processing facilities. Water would thereafter be recycled from the processing plant, conveyed through a filter prior to pumping back to the top retention basin. The bottom retention basin would allow storage of additional water.

**APPLICANT: ATLANTA GOLD CORPORATION
APPLICATION TO RENT WATER FROM
THE WATER SUPPLY BANK**

3.F – Authorization & Ownership

The Point of Diversion (POD) #3 is located on Federal Lands managed by the U.S. Forest Service. This POD was previously approved by the USFS. The contact information for the U.S. Forest Service (USFS), Boise National Forest, Idaho City Ranger District, is Brant Peterson, District Ranger, Highway 21, milepost 38.5, P.O. Box 129, Idaho City, ID 83631. PODs #1 and #4 are located on patented mining claims owned by Atlanta Gold Corporation.

Points of Diversion	Owner
POD #1	Atlanta Gold Corporation patented mining claim
POD#3	US Forest Service – see attached
POD#4	Atlanta Gold Corporation patented mining claim



United States
Department of
Agriculture

Forest
Service

Idaho City
Ranger
District

3833 Highway 21
P.O. Box 129
Idaho City, ID 83631

File Code: 2810

Date: June 6, 2014

RECEIVED

BY: *W. J. [signature]*

Ernest Simmons
Atlanta Gold Corporation
2417 Bank Drive, Suite 101
Boise, ID 83705

CERTIFIED MAIL

RETURN RECEIPT REQUESTED

NUMBER: 7 7012 1010 0002 1060 6380

Dear Mr. Simmons,

I received your initial proposed Notice of Intent (NOI) dated March 27, 2013 to conduct operations in support of your ongoing mining activity in Section 14, Township 5N, Range 11E. Following the "Interim Guidance on How to Respond to Submitted Notices of Intent for Mining Proposals that May Affect Threatened or Endangered Species or Their Designated Critical Habitat" (May 2013), we determined consultation was needed on this NOI. District Ranger responses to NOIs are not Agency decision documents. However, the U.S. Court of Appeals for the 9th Circuit ruled in June 2012, that the Forest Service processing of an NOI for proposed mining operations is a federal action for purposes of the consultation requirements of Section 7 of the Endangered Species Act (ESA) (Karuk Tribe of California v. USFS, 681 F.3d 1006 (9th Cir. 2012)). As identified at 36 CFR 228.4, the District Ranger must review the NOI and determine if such operations will likely cause significant surface disturbance of surface resources which would require the operator to submit a proposed plan of operation. If the District Ranger determines that the proposed operations "may effect" a T&E species or their critical habitat, but is uncertain whether a plan of operations is needed, ESA consultation may need to be completed before determining whether a Plan of Operations is required.

Consultation with the US Fish and Wildlife Service has been completed for your proposed Point of Diversion NOI. Based on the outcome of the consultation, the information you have provided me outlined in previous correspondence, and data collected from my team of resource specialists, I have sufficient information to determine that significant disturbance of surface resources is not likely to occur. Submission of a proposed Plan prior to beginning these mining related activities is not required. Please keep in mind that if features of the proposed project change from what was outlined in your Notice, you will need to either submit a new NOI or a Plan, which would subject to further Forest Service review.

Please contact Chad Hood, Minerals Administrator, at 208-392-3719 or cchood@fs.fed.us when you anticipate implementation of your project or if you have any questions or need clarification of the above.



Sincerely,

A handwritten signature in black ink, appearing to read 'Brant Petersen', with a long horizontal flourish extending to the right.

/s/ Brant Petersen
BRANT PETERSEN
District Ranger

cc: Bradford Campbell
Randy Hayman
Herbert M Roerick

No. C 171369		Due no later than Feb 28, 2015		2. Registered Agent and Address (NO PO BOX)		
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080 NO FILING FEE IF RECEIVED BY DUE DATE		1. Mailing Address: Correct in this box if needed. ATLANTA GOLD CORPORATION WM. ERNEST SIMMONS 2417 BANK DR STE 101 BOISE ID 83705-2572		NICHOLAS G MILLER 877 W MAIN ST STE 1000 BOISE 83702		
				3. <u>New</u> Registered Agent Signature:*		
4. Corporations: Enter Names and Business Addresses of President, Secretary, and Directors. Treasurer (optional).						
Office Held	Name	Street or PO Address	City	State	Country	Postal Code
TREASURER	BECKY SHULL	2417 BANK DR STE 101	BOISE	ID	USA	83705-2572
SECRETARY	BECKY SHULL	2417 BANK DR STE 101	BOISE	ID	USA	82705-2572
PRESIDENT	WM. ERNEST SIMMONS	2417 BANK DR STE 101	BOISE	ID	USA	83705-2572
DIRECTOR	WM. ERNEST SIMMONS	2417 BANK DR STE 101	BOISE	ID	USA	83705-2572
VICE PRESIDENT	ERIC J. BERENTSEN	2417 BANK DR STE 101	BOISE	ID	USA	83705-2572
DIRECTOR	ERIC J. BERENTSEN	2417 BANK DR STE 101	BOISE	ID	USA	83705-2572
5. Organized Under the Laws of: ID C 171369		6. Annual Report must be signed.* Signature: Becky Shull Name (type or print): Becky Shull Date: 02/23/2015 Title: Secretary/Treasurer				
Processed 02/23/2015		* Electronically provided signatures are accepted as original signatures.				



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

March 14, 2016

ATLANTA GOLD CORP
2417 BANK DR STE 101
BOISE ID 83705

**RE: RENTAL OF WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NOS. 63-2539 and 63-32572**

Dear Renter:

Please find enclosed a receipt in the amount of **\$404.60** and a copy of a fully executed Water Supply Bank Rental Agreement in connection with the rental of 23.8 acre-feet of water for mining use during 2016. Upon receipt of this fully executed agreement, you are authorized to divert water in compliance with the conditions of water use described in the agreement.

Pursuant to the Water Supply Bank Rules, 90% or \$364.14 of the rental fee will be paid to the lessor(s) and 10% or \$40.46 will be retained by the Department to offset administrative costs.

If you have any questions, please contact me at (208) 287-4946.

Sincerely,

Michele Edl
Sr. Water Resource Agent

Enclosures: Receipt No. C101624
Rental Agreement (copy)

c: Sascha Marston – Fiscal
Angie Grimm – IDWR Western Regional Office
Rex Barrie – State Water District No. 63
Liz Cresto - IDWR



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER

Governor

March 2, 2016

GARY SPACKMAN

Director

ATLANTA GOLD CORP
2417 BANK DR STE 101
BOISE ID 83705

**RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NOS. 63-2539 and 63-32572**

*****TIME SENSITIVE RESPONSE REQUIRED*****

Dear Applicant:

The Department of Water Resources acknowledges receipt of your application to rent water from the Water Supply Bank. **I have enclosed a Water Supply Bank Rental Agreement for your review and signature.** Upon signature and return of the original agreement, together with the rental fee described below, the Department will also sign the original agreement and return an executed copy to you. Execution of the agreement and compliance with the conditions of approval authorize diversion and use of water as provided in the agreement.

A rental fee of \$404.60 was calculated based on the current rental rate of \$17.00 per acre-foot times a diversion volume of 23.8 acre-feet.

Please send a check for \$404.60 made payable to the Idaho Department of Water Resources, together with the signed rental agreement, within 14 days so I can complete processing. Pursuant to the Water Supply Bank Rules, 90% or \$364.14 of the rental fee will be paid to the lessor(s) and 10% or \$40.46 will be retained by the Department to offset administrative costs.

If you have any questions, please contact me at (208) 287-4946.

Sincerely,

Michele Edl
Sr. Water Resource Agent

Enclosure

c: IDWR Front Desk
Liz Cresto - IDWR

Edl, Michele

From: Edl, Michele
Sent: Wednesday, February 24, 2016 5:16 PM
To: 'esimmons@atlantagold.com'
Subject: Water Supply Bank Rental for 2016
Attachments: DOC005.pdf

I apologize. Here is the PDF of the agreement that I meant to attach to the previous email.
Michele Edl

Edl, Michele

From: Edl, Michele
Sent: Wednesday, February 24, 2016 5:09 PM
To: 'esimmons@atlantagold.com'
Subject: Water Supply Bank Rental for 2016

Mr. Simmons,

I may have left a voice message for you earlier. The mailbox didn't identify itself as yours. This email is intended to back up and clarify some of the message.

I recently received a phone call from Becky Shull about your application to rent water from the Water Supply Bank. I understand from that conversation that the only water available from the 'bank' may be insufficient to Atlanta Gold's purposes. I neglected to confirm from Ms. Shull whether the diversion rate was too little or if the volume was too little.

In the proposed agreement, IDWR offered the entire volume of water that was available from the Montezuma Creek rights which are in the Water Supply Bank. However, I limited the rate to approximately 40 gpm, (0.09 cfs). I understood that the capacity of the diversion pump is limited to 40 gpm. If that is incorrect, then I can amend the agreement to increase the rate. However, I cannot increase the volume of water available. So you may go through more than the 23.8 acre-feet if you divert it at a faster rate.

This afternoon, I spoke briefly to Rex Barrie (the Water District 63 watermaster) about your project. I asked if he had any concerns about a water supply bank rental for 2016 season. I mentioned that Ms. Shull had explained to me that more water in support of the mining operations is needed. Rex said that there was water in the rental pool for uses such as mining.

So, although the Water Supply Bank has no additional water to offer you, the Basin 63 Rental Pool has water available. Both mechanisms offer water at the same price (\$17 per acre foot). To coordinate purchase of Basin 63 Rental Pool water please contact Mr. Barrie at his office in Star Idaho (208)-908-5480 or email him at waterdistrict63@qwestoffice.net

Please consider the proposed Water Supply Bank rental agreement before you and if it's not acceptable, contact me as soon as possible so that I can make changes. If it's acceptable please sign it and return it; again as soon as possible.

Sincerely,
Michele Edl
287-4946

MEMORANDUM

To: Water Right No(s): 63-32572 and 63-2539
From: Michele Edl
Date: February 16, 2016
Re: Review of Application to Rent Water Rights through the State Water Supply Bank

PURPOSE/NARRATIVE: On October 30, 2015, IDWR received an application to rent portions of the above rights from the WSB for the 2016 mining season. The application was submitted by Wm. Ernest Simmons on behalf of Atlanta Gold Corporation. The requested mining season-of-use 5/1-11/30 is similar to the irrigation season-of-use 4/15-10/31 but a change in the nature-of-use is required by the rental.

See the attached change in nature-of-use calculation.

AUTHORITY TO FILE: Atlanta Gold Corporation is listed with ISOS as C171369. Wm. Ernest Simmons is listed as the President of Atlanta Gold Corporation. He signed the applications. According to available Elmore County taxlot information, the rental POU and the rental POD are property owned by Atlanta Gold Corporation.

The rental POD is located within property identified in the taxlot layer as General Pettit Lode #3.

WATER RIGHT VALIDITY: Water rights 63-2539 and 63-32572 are appurtenant to the same 25 acres. The historical irrigation use was for pasture (from a phone conversation with Mary Alice Moss on 4/15/2015)

Water right 63-2539 was decreed on July 29, 2003 through the SRBA. It has been leased into the WSB since 2007. The current lease contract expires in 2016.

Water right 63-32572 was decreed on December 21, 2009 through the SRBA. It has been leased into the WSB 2011-2016.

A review of aerial photography shows that sufficient acres have been idled. Forfeiture is not an issue. The rights are available to be rented in the amount requested.

INJURY TO OTHER WATER RIGHTS: The proposed rental POD is located approximately 1.5 miles upstream of the lease PODs. There are three, junior-priority water rights which appear to have PODs from Montezuma Creek between the lease and the rental POD locations.

I consulted with the B63 Watermaster. He is familiar with the Atlanta Gold operation and was not opposed to the rental.

ENLARGEMENT OF USE: No enlargement is evident. No other rights are authorized for mining use. Combined use limits on the leased rights are considered in the nature-of-use calculation.

The application proposed diversion of water from several sources, including Montezuma Creek. However, this rental will authorize diversion of water from Montezuma Creek only.

LOCAL PUBLIC INTEREST: Review staff has no information to suggest this application is inconsistent with the local public interest.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES: The rental appears consistent with the conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS: The rights are subject to Basin 63 watermaster control.

Western Region personnel have not heard any complaints 2/11/2016.
Compliance personnel were informed and were not concerned 2/11/2016.

The applicant would like to be able to divert water from multiple sources and multiple PODs. And other PODs from other sources were proposed in the rental application. I explained again to Atlanta Gold personnel that the WSB has water available to rent from Montezuma Creek only, and not from Flint, or Quartz Creeks.

My calculated consumptive-use-based volume of water from Montezuma Creek should be sufficient for their purpose.

The 2015 WSB application requested a diversion rate compatible with 40 gpm pump. I confirmed the intended rate was the same for 2016 and that the misplaced decimals were just that.

I confirmed on EPA's Region 10 web page, that Atlanta Gold's mining operation at the POU is covered by and expected to comply with a 2007 GWGP permit.

Water Right No.	Rented Vol (AF)	Lessor Fee (90%)	Administrative Fee (10%)	Total Fee @ \$17 (2016)	Rental Amounts	
					Rate	Acres
63-2539	23.8	\$364.14	\$40.46	\$404.60	0.09	25.00
63-32572	23.8	\$364.14	\$40.46	\$404.60	0.09	25.00
Total	23.8	\$364.14	\$40.46	\$404.60	0.09	25.0
calculated by Michele Edl						

