STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

TRANSFER OF WATER RIGHT

TRANSFER NO. 68528

This is to certify that: MERIDIAN BEARTRACK CO
PO BOX 749
SALMON ID 83467
(208)756-6300

has requested a change to the water right(s) listed below. This change in water right(s) is authorized pursuant to the provisions of Section 42-222, Idaho Code. The authorized change for each affected water right, including conditions of approval, is shown on the following pages of this document.

Summary of Water Rights Before the Proposed Change

Right	Origin/Basis	Priority	Rate	Volume	Acres	Total	Source
75-7062	AJC/License	05/30/1975	1.58 cfs	408.9 af		N/A	NAPIAS CREEK

Purpose of Transfer (Changes Proposed)

Current Number	Split	POD	POU	Add POD	Period of Use	Nature of Use
75-7062	NO	YES	YES	NO	NO	NO

Summary of Water Rights After the Approved Change

Existing Right	New No. (changed portion)	Transfer Rate	Transfer Volume	Acre Limit	Total Acres	New No. (remaining portion)	Remaining Rate	Remaining Volume	Remaining Acre Limit	Remaining Total Acres
75-7062	**75-7062**	1.58 cfs	**408.9 af**	N/A	**N/A**		**N/A**	N/A	N/A	N/A
TOTALS		**1.58 cfs**	**408.9 af**	**N/A**	**N/A**		N/A	N/A	N/A	N/A

Detailed Water Right Description(s) attached

Dated this 21st day of September, 2001

Chief, Water Allocation Bureau

MICROFILMED
SEP 26 2001

WATER RIGHT NO. 75-7062
As Modified by Transfer No. 68528

In accordance with the approval of Transfer No. 68528, Water Right No. 75-7062 is now described as follows.

Right Holder: MERIDIAN BEARTRACK CO
PO BOX 749
SALMON ID 83467

Priority Date: 05/30/1975

Source: NAPIAS CREEK **Tributary:** PANTHER CREEK

BENEFICIAL USE	From	To	Diversion Rate	Volume
MINING	03/15	to 12/01	1.58 CFS	408.9 AF
			1.58 CFS	408.9 AF

LOCATION OF POINT(S) OF DIVERSION:

NAPIAS CREEK	SWNW	Sec. 21	Twp 22N	Rge 20E LEMHI County
NAPIAS CREEK	NESE	Sec. 20	Twp 22N	Rge 20E LEMHI County
NAPIAS CREEK	NESW	Sec. 21	Twp 22N	Rge 20E LEMHI County

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	
22N 20E 16									X	X	X	X					
22N 20E 20		X	X	X				X	X			X		X	X		
22N 20E 21					X	X											

CONDITIONS OF APPROVAL

1. The total instantaneous diversion of water from all points of diversion under Right 75-7062 shall not exceed 1.58 cfs, nor total combined annual volume of 408.9 af.

2. Prior to diversion of water under this approval, the right holder shall provide a means of measurement acceptable to the Department from all authorized points of diversion which will allow determination of the total rate of diversion.

3. After specific notification by the Department, the right holder shall measure the diversion or shall enter into an agreement with the Department to determine the amount of water diverted from power records and shall annually report the information to the Department.

4. Use of water under this right may be affected by an agreement between the protestant and the right holder.

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SEP 2 5 2001

WATER RIGHT NO. 75-7062
As Modified by Transfer No. 68528

CONDITIONS OF APPROVAL

5. The right holder shall accomplish the change authorized by this transfer within one (1) year of the date of this approval.

6. Failure of the right holder to comply with the conditions of this transfer is cause for the Director to rescind approval of the transfer.

7. Approval of this transfer does not preclude the opportunity for review of the validity of the water right(s) in the ongoing Snake River Basin Adjudication.

This water right is subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.

Dated this 21st day of September, 2001

L. Glen Saxton

Chief, Water Allocation Bureau

ROCESSED
SEP 25 2001

Form I-222
12-82 (Internet)

68528
5845

Page 1 of 6

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

Transfer No.

RECEIVED
AUG 15 2001
Department of Water Resources

RECEIVED
2000
Department of Water Resources
Western Region

APPLICATION FOR TRANSFER OF WATER RIGHT
PART 1

Name of Applicant Meridian Gold Company Phone (208) 756-6300 3617

Post Office address P.O. Box 749 Salmon, ID 83467

A. PURPOSE OF TRANSFER

1. ☒ Change point of diversion ☐ Add diversion point(s) ☒ Change place of use
   ☐ Change nature of use ☐ Change period of use ☐ Other

2. Describe the reason for the proposed changes To implement mine reclamation plans, to quick-fill the south pit for prevention of acid-mine drainage, to move Napias Creek point of diversion approximately 550 feet downstream, and to expand use to the entire heap leach pad.

B. DESCRIPTION OF RIGHT(S) OR PORTION THEREOF, AFTER THE REQUESTED CHANGE

1.

Right Number	Priority	Amount (cfs/ac-ft)	Nature of Use	Period of Use		
75-07062	05-30-1975	1.58	Mining	March 15	to	December 01
					to	
					to	
					to	

2. Total amount of water being transferred 1.58 cubic feet per second and/or 408.9 acre-feet per annum.
3. Source of water Napias Creek tributary to Panther Creek then Salmon River
4. Point(s) of Diversion:

Lot	¼	¼	¼	Sec.	Twp	Rge.	County	Local name for diversion
		NE	SW	21	22 N	20 E	Lemhi	Prospect POD Site (New)
		SW	NW	21	"	"		
		NE	SE	20	"	"		

5. Lands irrigated or place of use:

Twp.	Rge.	Sec.	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	NE ¼	NW ¼	SW ¼	SE ¼	
22 N	20 E	20		X	X	X				X	X			X		X	X		
22 N	20 E	21					X	X											
22 N	20 E	16									X	X	X	X					

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5845/68528

PART 1

6. General Information:

a. Description of diversion system 40 H.P. pump into 12-inch to 8-inch to 4-inch portable pipeline (New)

b. Are the lands from which you propose to transfer the water right subject to any liens, deeds of trust, mortgages, or contracts? _____ Yes X No. If yes, provide a notarized statement from the holder of the lien, deed of trust, mortgage or contract agreeing to the proposed changes.

c. Describe the affect on the land now irrigated if the place of use is changed pursuant to this transfer:

No affect

d. Remarks:

100% of the right will be transferred

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

This is to certify that I have examined Application for Transfer of Water Rights No. _____

And said application is hereby _____ _____, subject to the following limitations and conditions:

Witness my hand this _____ day of _____, 19____.

_____

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TRANS NO. 5845

PART 2

A. DESCRIPTION OF RIGHT AS RECORDED:

Water Right No. **75-07062**

STAGE: **LICENSE**

BENEFICIAL USE	PERIOD OF USE	DIVERSION RATE	ANNUAL VOLUME
MINING	03/15 to 12/01	1.58 CFS	408.9 AF

SOURCE	TRIBUTARY OF
NAPIAS CREEK	SALMON RIVER

Priority: 05/30/1975

LOCATION OF POINT(S) OF DIVERSION:

NESE , Sec. 20, Township 22N, Range 20E
SWNW , Sec. 21, Township 22N, Range 20E
NWSE , Sec. 21, Township 22N, Range 20E
LEMHI County

PLACE OF USE:

MINING

			NE				NW				SW				SE			
			NENE	NWNE	SWNE	SENE	NENW	NWNW	SWNW	SENW	NESW	NWSW	SWSW	SESW	NESE	NWSE	SWSE	SESE
T	R	S	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac	Lt Ac
22N	20E	20													M			
22N	20E	21							M							M		

CONDITIONS/REMARKS:

1. A measuring device and lockable controlling works of a type acceptable to the Department shall be permanently installed and maintained as part of the diverting works.

Describe any other water rights used for the same purpose as described above:

_____

_____

To your knowledge has any portion of this water right undergone a period of five or more consecutive years of non-use? _____ If yes, describe:

_____

_____

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SEP 25 2007

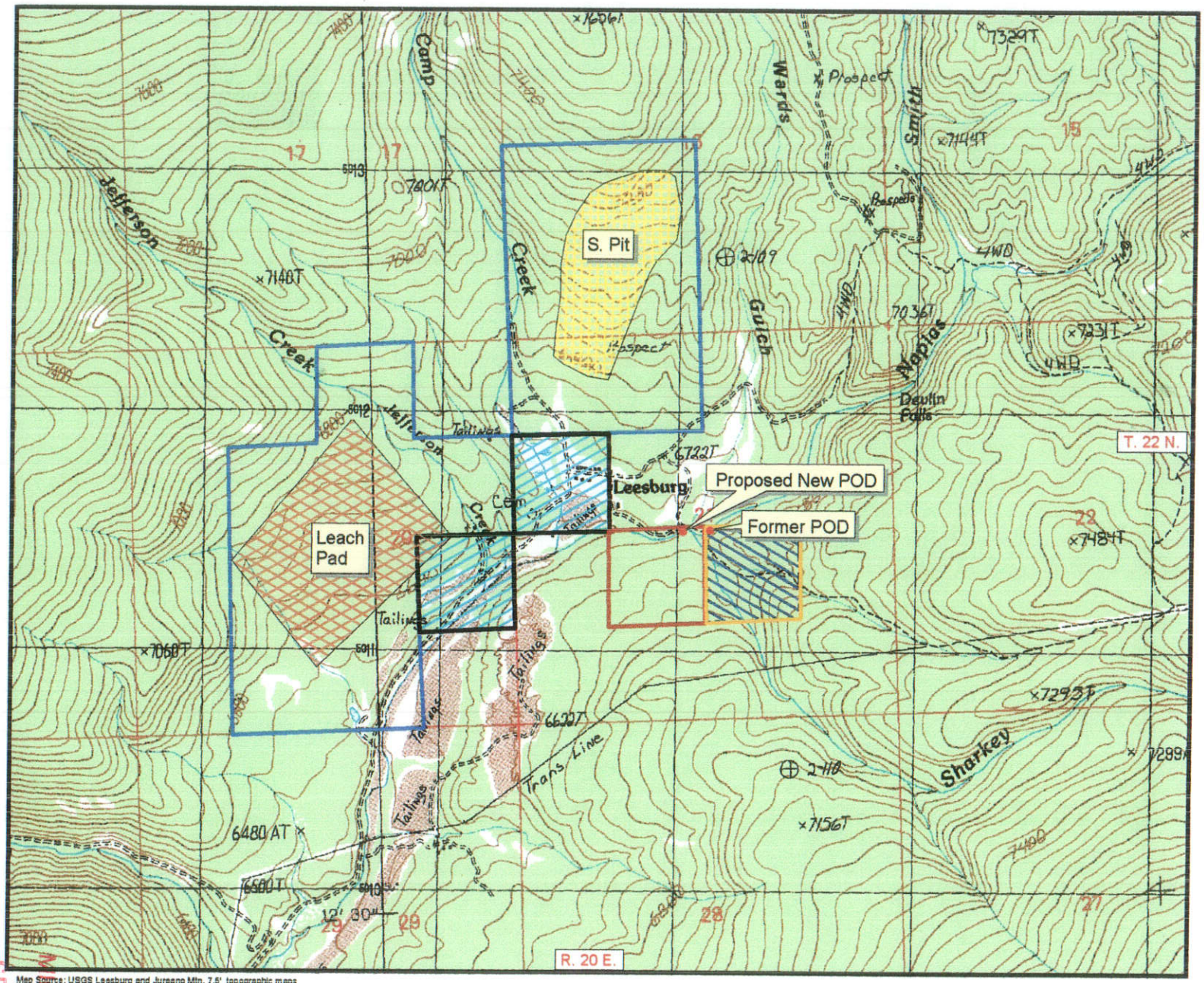
TRANS NO. 5845

Water Right No. **75-07062**

Attach a copy of last year's tax notice for the property to which the water right is appurtenant or other documents which show ownership. Label document as attachment A. Check appropriate box below:

/_/ Tax Notice /X/ Warranty Deed /_/ Other _____

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SEP 2 3 2001



Map Source: USGS Leesburg and Jurseano Mtn. 7.5' topographic maps

MERIDIAN GOLD - BEARTRACK PROPERTY
75-07062 - Application for change of POD/POU

WATER RIGHT SOLUTIONS INC.
Helena, Montana

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T # 5845

MICROFILMED SEP 25 2001

 Transfer No. 5845

PART 3

B. CHANGES IN NATURE OF USE

1	New Nature of Use	Amount (cfs/ac-ft)	Hours/days/year	Period of Us
				to
				to

2. Quantity and quality of return flows and location of discharge:

3. Describe effects on other water uses resulting from the proposed change:

I hereby assert that no one will be injured by such change and that the change does not constitute an enlargement in use of the original right. 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 voiding its approval.

X George W Lusha, Water Superv
(Signature of Applicant)

Subscribed and sworn to before me this 25th day of September 2000.

ROBERT E. FOSTER NOTARY PUBLIC STATE OF IDAHO

Robert E Foster
(Notary Public)

My commission expires 02-16-2001

FOR DEPARTMENT USE ONLY

Transfer contains 6 pages and 23 attachments

Received by HWJ Date 9-26-00 Protest filed by

Prelim. check by HWJ Fee #290.00

Receipted by HWJ #E026P Date 9-26-00

Published in Recorder Herald Copies of protest forwarded by

Pub. dates Oct 5 & 12, 2000 Hearing held by Date

Watermaster recommendation requested on Recommended for ☐ approval ☐ denial

rec'd. by RDC

Copy of transfer sent to lien holder

MICR

SPECIAL WARRANTY DEED

FOR VALUE RECEIVED Marvin D. Johnson and Sheryl M. Johnson, husband and wife, whose current address is 6530 E. Lydia Street, Idaho Falls, Idaho 83401, the Grantors, do hereby grant, bargain, sell and convey unto Meridian Minerals Company, a Montana corporation, whose current address is 5613 DTC Parkway, Englewood, Colorado, 80111, the Grantee, that certain patented placer mining claim located in Section 21, Township 22 North, Range 20 East, Boise Meridian, Lemhi County, State of Idaho, and more particularly described as follows:

Lady Luck Placer Mining Claim, Mineral Survey No. 3518, Patent Number 11-85-0002

Containing 13.358 acres, more or less;

hereinafter referred to as the "Premises";

RESERVING HOWEVER, unto Grantors, a non-participating royalty interest equal to twenty-five percent (25%) of the "Net Returns" from the sale of all "Placer Gold" (as said "Net Returns" and "Placer Gold" are defined in Exhibit A, attached hereto and incorporated herein by reference), but only on Placer Gold mined and sold by Grantee, its successors and assigns; provided, however, that if Grantors own an interest in the aforesaid Placer Gold underlying the above described Premises which is less than the entire estate therein, then the non-participating royalty interest expressly reserved to Grantors herein shall be reduced in proportion that the interest of said Grantors in the Premises bears to the entire estate in the aforesaid Placer Gold in such Premises; and provided further, however, the non-participating royalty interest expressly reserved to Grantors herein shall not entitle the Grantors to share in any profits, bonus, rental or other payments accruing from the leasing or any other disposition of the Premises and the Grantee shall have the full executive right to execute all agreements, including, without limitation, all leases, joint ventures, ratifications of leases and all other agreements pertaining to such interest, and additionally, the said Grantee shall have full and unfettered discretion regarding the exercise or non-exercise of the said executive right and shall have no obligation to lease, or to begin or to prosecute prospecting, mining, development, processing, transporting or to otherwise produce or sell any such Placer Gold from the Premises, nor shall there be any implied covenant to do so and Grantors hereby expressly waive and release Grantee from any and all obligations and covenants, implied and express, so to do, and Grantors do hereby expressly acknowledge and agree that no mining of said Placer Gold may occur which would entitle Grantors to

MICRO
SEP 25 2001

receive any payment of the non-participating royalty interest herein reserved and that Grantee may waste, consume, spoil and destroy, by any means or method exercised in the sole discretion of Grantee, the aforesaid Placer Gold and without the payment of any non-participating royalty interest herein reserved to Grantors, if, in the reasonable but sole judgment of Grantee, it desires to so waste, consume, spoil or destroy said Placer Gold.

TO HAVE AND TO HOLD the said Premises, together with their appurtenances unto the said Grantee, its successors, and assigns forever, TOGETHER with all and singular, the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, including all improvements thereon and all of the water, water rights, water stock, ditches and ditch rights, reservoirs and reservoir rights appurtenant to said Premises, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all of the estate, right, title, interest, claim and demand whatsoever of Grantors, either in law or equity, of, in and to the above bargained Premises; and the said Grantors do hereby covenant to and with the said Grantee that they are the owners of said Premises; that the Premises are free from all encumbrances and that they will warrant and defend the same from all lawful claims whatsoever arising by, through or under said Grantors.

Dated this 12th day of August, 1988.

GRANTORS

Marvin D. Johnson

Sheryl M. Johnson

GRANTEE

Attest:

MERIDIAN MINERALS COMPANY

By Robert W. Mccosh
Its Asst. Secretary

By R. J. Fiorini
Its Sr. V.P.

MERIDIAN MINERALS COMPANY CORPORATE SEAL OF MONTANA

MICROFILM
SEP 25 2001

T 5845
ATTACHMENT 2 OF 23

STATE OF UTAH)
: ss.
COUNTY OF SALT LAKE)

On this 12th day of August, in the year of 1988, before me Lori Nielsen, personally appeared Marvin D. Johnson and Sheryl M. Johnson, husband and wife, known or identified to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Lori Nielsen
NOTARY PUBLIC
Residing at: Bountiful, Ut

NOTARY PUBLIC STATE OF UTAH

My Commission Expires:
1-10-89

STATE OF Colorado)
: ss.
COUNTY OF Arapahoe

On this 2nd day of February, in the year of 1989, before me Marilyn Turek, personally appeared R.J. Fiorini known or identified to me to be the Senior Vice President of the corporation that executed the above instrument or the person who executed the instrument on behalf of said corporation and acknowledged to me that such corporation executed the same.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Marilyn Turek
NOTARY PUBLIC
Residing at: 5613 DTC Parkway
Englewood, CO 80111

My Commission Expires:
12/23/90

MARILYN TUREK NOTARY PUBLIC STATE OF COLORADO

MICROFILM
SEP 23 2001

T 5845
ATTACHMENT 3 OF 23

EXHIBIT A TO SPECIAL WARRANTY DEED

NON-PARTICIPATING ROYALTY INTEREST

PLACER GOLD

"Placer Gold" shall mean only that gold which is located within the boundaries of the Premises and which is within one hundred (100) feet in depth from the surface within the Premises, as the surface existed on July 30, 1988, and which is contained within material the deposition of which is geologically determined to be alluvial, colluvial or diluvial.

NET RETURNS

1. As used in this definition of "Net Returns", the words and phrases set forth below shall have the following meanings:

(i) "Affiliate" means Grantee or any entity the majority of the equity of which is owned or controlled directly or indirectly by Grantee.

(ii) "Concentrates" means the product derived from the Crude Ore after waste materials have been removed through washing, trommeling, jigging, leaching or other beneficiation.

(iii) "Crude Ore" means Placer Gold material which has been mined and removed from the said Premises by Grantee that has not been subject to further processing or concentrating.

(iv) "Extraction Taxes" means sales, use, gross receipts, ad valorem, severance and other taxes and royalties, net proceeds, net profits or other payments due and payable in respect to severance, production, removal, sale or disposition of the Crude Ore or Concentrates, but excluding any taxes on net income.

(v) "Processing Costs" means the amounts actually incurred by Grantee for sizing, crushing, washing, trommeling, jigging, leaching, treating, processing, concentrating or other beneficiation of Crude Ores.

(vi) "Transportation Costs" means the expenses and charges actually incurred by Grantee in transporting the Crude Ore or Concentrates from a mine to a mill, smelter, refinery or other place of processing and/or sale. Such expenses shall include, but not be limited to, freight, shipment insurance, handling, port, delay, demurrage, lighterage, tug, forwarding costs and transportation taxes.

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SEP 23 2011

2. Calculation of Net Returns on Crude Ore or Concentrates: The Net Returns on Crude Ore or Concentrates derived and sold by Grantee from the Premises shall be determined as follows:

(i) If Crude Ore or Concentrates are sold by Grantee to a non-Affiliate, the Net Returns shall be the amount of money actually received from such sale by Grantee less, to the extent borne by said Grantee, sales and brokerage costs, Transportation Costs, Processing Costs and Extraction Taxes. Such Crude Ore or Concentrates shall be deemed sold at the time the money is actually received by said Grantee from such sale.

(ii) If Crude Ore or Concentrates are sold or transferred by Grantee to an Affiliate, they shall be deemed sold by said Grantee at the time of actual delivery to the Affiliate, and the Net Returns shall be deemed to be an amount of money equal to that which would have been received by said Grantee from a bona fide third party purchaser in an arms-length transaction for an identical product less, to the extent borne by said Grantee, Transportation Costs, Processing Costs and Extraction Taxes.

Except as otherwise set forth in this Exhibit A, the terms used herein shall have the same meaning given them in the Special Warranty Deed to which this Exhibit A is attached.

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SEP 25 2001

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ATTACHMENT 5 OF 23

State of Idaho }
County of Lemhi } ss No 203737

This instrument was filed for record at the request of Meridian Minerals at 2:22 o'clock P M. 10-13 1999 and duly filed and recorded in the records of Lemhi County
Alberta Reynolds
Ex-Officio Recorder
By Terri J. Morton Deputy
Fee: 15.00

WARRANTY DEED

FOR VALUE RECEIVED, Robert G. Stedtfeld and Gloria E. Stedtfeld, husband and wife, Jon G. Stedtfeld and Judy Ann Stedtfeld, husband and wife, and Steven R. Stedtfeld and Nancy Jo Stedtfeld, husband and wife ("Grantors"), hereby grant, bargain, sell and convey to Meridian Gold Company, a Montana corporation ("Grantee"), whose current address is 5011 Meadowood Way, Reno, Nevada, 89502, all of the properties described in Exhibit A attached hereto and incorporated herein by this reference ("Premises"), to have and to hold the Premises with its appurtenances unto the Grantee, its successors and assigns forever, together with all water, water rights, water stock, ditches and ditch rights, reservoirs and reservoir rights, appurtenant to the Premises.

And the Grantors hereby covenant with the Grantee that they are the owners of the Premises in fee simple; that the Premises are free from all encumbrances; and that they will warrant and defend the Premises from all lawful claims whatsoever.

DATED this 24th day of September, 1990.

Robert G. Stedtfeld
Robert G. Stedtfeld

Gloria E. Stedtfeld
Gloria E. Stedtfeld

Jon G. Stedtfeld
Jon G. Stedtfeld

Judy Ann Stedtfeld
Judy Ann Stedtfeld

Steven R. Stedtfeld
Steven R. Stedtfeld

Nancy Jo Stedtfeld
Nancy Jo Stedtfeld

MICROFILMED
SEP 25 1990

State of Idaho)
County of Lemhi) as No. 218616

This instrument was filed for record at the request of Meridian Gold at 3:05 o'clock P m May 25 1993 and duly filmed and indexed in the records of Lemhi County

Alberta Wiederrick
Ex-Officio Recorder
By Debra Talbott Deputy
Fees: 12.00

T 5845
ATTACHMENT 6 OF 23

STATE OF IDAHO)
) ss.
COUNTY OF)

On this 1ST day of ~~September~~ October, 1990, before me, Laurel Holder, a notary public, personally appeared Robert G. Stedtfeld and Gloria E. Stedtfeld, known or identified to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

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

LAUREL HOLDER NOTARY PUBLIC STATE OF IDAHO

Laurel Holder
Notary Public

Residing at: Idaho Falls, Id.

My Commission Expires:

4-24-93

STATE OF IDAHO)
) ss.
COUNTY OF Butte)

On tnis 21ST day of September, 1990, before me, Laurie Garnett, a notary public, personally appeared Jon G. Stedtfeld and Judy Ann Stedtfeld, known or identified to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

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

LAURIE GANETT NOTARY PUBLIC STATE OF

Laurie Garnett
Notary Public

Residing at: Arco, Id

My Commission Expires:

1-18-91

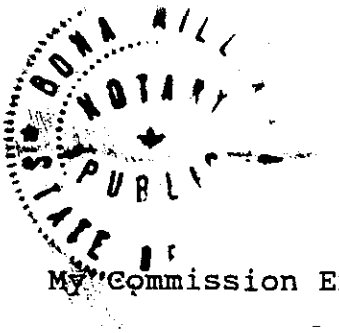
MICROFILMED
SEP 25 2001

T 5845
ATTACHMENT 7 OF 23

STATE OF IDAHO)
) ss.
COUNTY OF)

On this 24th day of September, 1990, before me, Bona Miller, a notary public, personally appeared Steven R. Stedtfeld and Nancy Jo Stedtfeld, known or identified to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

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



Bona Miller
Notary Public

Residing at: Boise

My Commission Expires:

Aug 11, 1993

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SEP 25 2001

EXHIBIT A

Attached to Warranty Deed

The following patented mining claims situated in Sections 16 and 21, Township 22 North, Range 20 East, Boise Meridian, Lemhi County, Idaho:

Claim Name	Mineral Survey No.	Patent No.
Gold Ridge	2034	43983
Highland	2034	43983

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SEP 25 2001

RECORD OF DECISION

USDA Forest Service
Salmon National Forest

Beartrack Project
Final Environmental Impact Statement

Lemhi, County Idaho

I. INTRODUCTION

This Record of Decision (ROD) documents my selection of a Forest Service Preferred Alternative for the Beartrack Project Open Pit Gold Mine on the Salmon National Forest. The alternatives considered and my rationale for selecting the Preferred Alternative are described. The Environmentally Preferred Alternative is identified.

On March 24, 1989 Meridian Gold Company (Meridian) submitted a Plan of Operation to the Salmon National (Forest), for an open pit, cyanide heap leach gold mine near the historic town of Leesburg, Idaho. Leesburg is located some 12 miles northwest of Salmon, Idaho, on the Cobalt District of the Salmon National Forest. This Plan has been changed formally as required under Forest Service Mining Regulations, and informally through additional letters, permit applications and other agreements. A summary of the current Beartrack Project Proposal is found in the FEIS and is represented by Alternative 1.

When the Plan of Operation was submitted in 1989, I decided that an environmental impact statement would be required for a decision on the Project. We began the analysis by publishing a Notice of Intent to prepare an EIS which appeared in the Federal Register, Vol. 54, No. 90, on Thursday, May 11, 1989.

We consulted with the public and other agencies during the initial scoping process in 1989, and throughout the analysis process.

A Draft EIS (DEIS) was prepared and released to the public on November 1, 1990. The Final EIS is the natural outgrowth of over two years of public involvement, data collection and analysis. Other State and Federal Agencies participated in the analysis process as it developed. The Army Corps of Engineers, Environmental Protection Agency and the U.S. Fish and Wildlife Service were Cooperating Agencies.

II. DECISION

Based on the Analysis in the Final Environmental Impact Statement for the Beartrack Project, it is my decision to approve a Plan of Operation for the Beartrack Project as described in Alternative 1 in the FEIS, with the following modifications: (Alternative 1 as modified, is referred to hereafter as the "Selected Alternative")

1. All waste rock generated by the Project shall be disposed of in a single waste rock dump in Wards Gulch as described in Alternative 3.

2. Meridian will construct a test soil liner section in the field, in order to correlate lab permeability with actual

MICROFILMED
SEP 25 2001

T 5845
ATTACHMENT 10 OF 23

field conditions. The details of this testing program will be agreed upon by the Department of Health and Welfare and the Forest Service prior to construction of the heap leach pad.

3. Approval of the current liner system is for Phases 1 and 2 of the Project, as described in Meridian's State Cyanide Permit Application. Experience with the construction and performance of the Phase 1 and 2 liner will guide design and approval of future pad liners for Phases 3 and 4. In no event will less stringent liner design standards be approved without the appropriate level of analysis and public review.

4. Meridian will perform tests of exposed very low density polyethylene (VLDPE) material in years 5 and 10 to determine whether any significant deterioration of liner material is occurring due to ultra-violet exposure. If significant deterioration is occurring the liner will be covered with ultra-violet (UV) resistant liner material equivalent to high density polyethylene.

5. The groundwater monitoring system will be designed to detect contamination from 94% of the pad area.

6. Suspended sediment and bedload sampling on Napias Creek will be conducted at the U.S. Geological Survey gage above Arnett Creek. 90 percent of the samples will be taken during the snowmelt/runoff period.

   Meridian will sample benthic invertebrates, fish population and species composition, percent fine streambed sediment, and perform cross channel transects for width to depth ratios and bottom composition. Sample sites will be located on Napias Creek above and below the mine site.

   The results of this monitoring will be compiled by Meridian on an annual basis and compared to the sediment budgets for Napias Creek prescribed in the Forest Plan. If these sediment thresholds are exceeded, Meridian and the Forest Service will take steps to reduce sediment inputs including; reclaiming existing roads prior to constructing new roads; rescheduling surface disturbing activities such as timber sales; using higher standards for mining and timber sale access road construction.

7. Meridian shall develop a plan, in cooperation with Lemhi County, to reduce existing safety hazards on the lower Williams Creek route. In addition, the existing portions of the Williams Creek route on National Forest System Lands will be widened to improve sight distance where needed. Additional barriers will be placed at switchbacks and where there is a safety or spill hazard.

Meridian will submit a Plan of Operation for the Beartrack Project which incorporates the requirements of the Selected Alternative. This changed, or updated Plan will be signed by the Forest Service responsible official, and the required reclamation bond posted prior to beginning operations.

Alternative 2, No Action, is the Environmentally Preferred Alternative. The definition of environmentally preferable is the alternative which causes the least damage to the physical and biological environment, and which best protects, preserves, and enhances historic, cultural, and natural resources.

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SEP 25 2001

T 5845
ATTACHMENT 11 OF 23

III. SUMMARY OF THE SELECTED ALTERNATIVE

The following is a summary of the Selected Alternative including the most important mitigation measures designed to minimize or avoid adverse environmental effects. All of the general mitigation measures listed in Chapter 2 are part of the Selected Alternative.

Under the Selected Alternative the Project would consist of two open mine pits, a heap leach pad and associated ponds, 1 waste rock dump, and other facilities such as buildings, roads, and powerlines.

The estimated duration of this operation is 7 years during which 30 million tons of ore and 40 million tons of waste would be produced. The ore would be processed using a cyanide heap leach method to extract the gold. Water would be supplied from dewatering of the open pits, potable water wells, and precipitation. Solid wastes will be disposed of in the Lemhi County landfill, or at an approved site for petroleum or other hazardous materials. Sanitary waste facilities would consist of septic tank leach field systems. Handling of all cyanide solution would be done on the leach pad and in ponds which are lined to prevent leaks of cyanide. Other hazardous materials would be stored in buildings designed to contain accidental spills. Important design features include:

- The heap pad would consist of a 40 mil very low density polyethylene (VLDPE) synthetic liner over a clay liner 12 inches thick. The solution ponds would be double lined with a lower liner of 40 mil VLDPE and an upper liner of 80 mil high density polyethylene (HDPE).

- Temporary water diversions around structures would be designed to handle flows from a 100 year 24 hour storm event. Permanent diversion systems would be designed to handle flows from a 500 year 24 hour storm event.

- Solution containment on the heap would be designed to accommodate combined water runoff from a 100-year, 24-hour storm, 100% drain down of the heap, and 95% of the April and May snowpack. Two ponds would be constructed at the beginning of the operation, providing backup containment in the event of a pond failure.

- There are plans for ground water monitoring wells, defined action/response for leaks in excess of defined standards, and a commitment to contain or stop leaks by methods up to and including unloading or neutralizing the heap. In lieu of land application there are provisions for snow removal in the event of an extraordinary snowpack, or for solutions to be neutralized and pumped to the south pit in the event that containment is in danger of being exceeded. Materials will be on hand, or available for delivery within 24 hours, to neutralize all process solutions.

- At abandonment the heap would be neutralized to meet State standards for cyanide. Following this step the heap would be regraded to slopes no greater than 33%. Topsoil would be respread over the entire heap and revegetated to forest and meadow communities. Neutralized process solutions will used to irrigate the new vegetation. The total containment system will be maintained after leaching ceases until such time as Meridian can demonstrate that the heap effluent meets current state and federal water quality standards for discharge into surface waters. Meridian will be required to obtain a NPDES Permit if there is a discharge to Waters of the United States. This condition can be waived only if Meridian can demonstrate to the satisfaction of the Forest Service and other appropriate state and federal agencies, that

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an alternative treatment for these waters will meet all state and federal water quality standards in the receiving waters, and not significantly or adversely affect any surface or aquatic resources in the short or long term.

Meridian would employ approximately 100 to 145 persons year-round, with an estimated annual payroll of 3 to 4 million dollars. Employees would live in Salmon or elsewhere in Lemhi County and commute in buses or vans daily to the mine over the Williams Creek/Moccasin Creek roads. This route would be improved at an estimated cost of $1,600,000. The current Napias Creek Road would be reconstructed to a two lane facility. Meridian would provide employee busing or vans and guarantee that at a minimum, 80% of the total (management, salary and contractor) workforce would participate. Pilot cars will be required for all hazardous material shipments including fuels, both to and from the mine. Petroleum products shall be hauled only in trucks without trailers. All other hazardous materials are permitted in semi-trailers and prohibited in full trailers. Hazardous materials can only be shipped in DOT specified/approved containers. Other transportation requirements including spill response plans are described in Chapter 2 and Appendix 3 of the FEIS.

Environmental protection during operation would include diversion of surface water around project facilities; containment and treatment of all mine area runoff prior to discharge; containment of all hazardous materials; spill prevention and contingency plans; monitoring programs to detect adverse impacts before they become significant; and design of all earthen structures to ensure short and long term stability. All hazardous or toxic materials other than spent ore and waste rock, will be removed from public lands at mine closure. There will be no disposal of solid wastes on National Forest System Lands. Impacts to cultural resources will be mitigated and impacts to visual and recreation resources minimized.

To the extent practical, surface disturbances would be reclaimed annually to reduce erosion and enhance stability and vegetative productivity. Upon abandonment, buildings, equipment, and materials will be removed, most disturbed areas reshaped to insure stability, covered with topsoil and revegetated. There is no net loss of productive acreage on National Forest System Lands when currently unproductive areas and all mitigation practices are considered. The areas which will not be revegetated are the South Pit which will fill with water, and the walls between benches in both the North and South Pits. The drain system for Waste Dump A would be sized to carry the 500 year 24 hour storm event from the upper Wards Gulch drainage. Water for the Project would be supplied from dewatering wells around the South Pit, potable water wells, pumping of the pits themselves, and precipitation captured in the surface water control system for the mine.

During operation, the discharge of all water from the South Pit, North Pit and all water which comes into contact with the waste rock will be regulated under Meridian Gold's approved NPDES Permit, or it will be used on the heap leach facility, which is a zero discharge, total containment system. At abandonment Meridian will continue to collect, treat and discharge all water from the North and South Pit, as well as that which comes into contact with the waste rock, under the terms of an approved NPDES Permit. Such collection, treatment and discharge will continue until these waters separately or collectively meet current state and federal water quality standards for discharge into surface waters of the United States. This condition may be waived only if Meridian can demonstrate to the satisfaction of the Forest Service and other appropriate state and federal agencies, that an alternative treatment for these waters will meet all current state and federal water quality standards in the receiving waters, and not significantly or adversely affect any surface resources in the short or long term.

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IV. OTHER ALTERNATIVES CONSIDERED

ALTERNATIVE 1

This alternative is a modified version of Meridian's original Plan of Operation. It includes details from their most current state and federal permit applications, as well as many of the features of the other alternatives analyzed in the Draft EIS.

This alternative includes the general management requirements, mitigation measures, and monitoring programs described in Chapter 2 of the FEIS; process water containment and surface water control options from Alternative 3; and employee transportation and site reclamation options from Alternatives 3 and 5.

ALTERNATIVE 2

Alternative 2 is the No Action Alternative. Under this alternative Meridian's Proposed Operating Plan would be denied and no mining would take place on Forest lands. This alternative is required by the National Environmental Policy Act (NEPA) and provides the comparative basis for discussing effects of other alternatives.

ALTERNATIVE 3

Alternative 3 was developed to analyze the option of single vs. multiple waste dumps, an alternative access route, mandatory employee busing, more stringent heap process water design and control, more stringent surface water control, higher standards for reclamation of Project facilities, and more extensive mitigation measures designed to minimize adverse environmental impacts.

ALTERNATIVE 4

Alternative 4 is configured the same as Alternative 1 except for the operating schedule.

Mine production under this alternative was reduced to approximately half the rate proposed by Meridian. The only difference would be the rate at which ore is extracted and recovered and the number of employees on site. The life of the mine would be approximately 14 years rather than the 7 proposed by Meridian. There would be 125 employees rather than the 150 in other action alternatives.

ALTERNATIVE 5

This alternative included provisions to backfill the north pit; sidehill instead of valley fill dumps; a lower design and different access route, company provided but optional busing; a different heap leach location; and higher reclamation standards as defined in Alternative 3.

Other alternatives or component options were considered in the EIS but eliminated from detailed study. These alternatives and the reasons for eliminating them from detailed study are contained in Chapter 2 of the FEIS.

V. RESPONSE TO PUBLIC COMMENTS

Fifty Nine responses were received in response to the Draft EIS. The major area of concern was the potential for impacts to water resources in the project area. The design, operation, neutralization and reclamation of the heap leach facility was the single largest response category. In February of this year Meridian Gold submitted a new State Cyanide Permit Application to the Department of Health and Welfare. Many of the

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public comments are addressed by this new Permit Application including: detailed plans for emergency and long term neutralization, liner performance, process solution containment, and detailed leak detection and response.

In addition, the Forest Service selected an independent consultant to model the long term water quality effects of the neutralized heap leachate and pit water. This was done to quantify the long term water quality effects of the Project. The results of this study were the basis for requiring additional monitoring, and long term containment or treatment of discharges that would not meet established water quality standards.

Many comments expressed support for higher standards of reclamation or mitigation. The Selected Alternative incorporates most of the mitigation measures described in the Draft EIS.

Public comments were evenly divided on the preferred access route, but there was general agreement on the need to take all feasible precautions to prevent spills of hazardous materials or fuel. In the Chapter 2 of the FEIS we have added many suggestions for transport and spill mitigation to all alternatives.

There were a number of comments urging approval of the Project, and relatively fewer requesting denial. In reaching a decision on this project we have sought to accommodate the proposed use of National Forest System Lands while minimizing adverse resource impacts.

All comments on the DEIS were answered, and placed in the FEIS for public review.

VI. ISSUE RESOLUTION

The Selected Alternative as defined in this Record of Decision, provides the for the best combination of physical, biological, and economic benefits, and avoids or minimizes predicted adverse effects in the short and long term. This alternative responds to the public issues, concerns and opportunities that were developed during the scoping process and refined by the environmental analysis, in the following ways:

GEOLOGY

Geotechnical Stability - There are no significant differences in project stability between the action alternatives. All facilities are built to standards which exceed accepted factors of safety. Temporary water diversions are designed to convey runoff from the 100 year 24 hour storm event while permanent diversion systems will safely pass the 500 year 24 hour event.

Acid or Toxic Forming Capability - The potential for acid or toxic forming drainage, and the requirements and monitoring designed to reduce the risk of such drainage are summarized as follows:

- The waste rock is not predicted to produced acid or toxic drainage under any action alternative.
- The spent ore on the heap leach pad would contain some level of arsenic, zinc and other metals under the conditions of high alkalinity found in the spent heap materials under any action alternative. An analysis of the expected concentrations of these metals in the heap leachate after neutralization concluded that no adverse environmental effects are predicted.

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- Process solutions will be contained on the heap and associated ponds during operation, and solution storage ponds will be sized to contain the 100 year 24 hour storm event, 100% heap draindown and 95% of the snow water equivalent in the April and May snowpacks. These design measures are the same for all action alternatives.

  Alternatives 3, 4 and 5 have the preferred leach pad location on the west side of Napias Creek.

  Alternative 3 had a pad leak detection, containment and return system which would reduce this low risk. Alternative 5 had a leak detection system which would reduce the risk of undetected leaks to a lesser extent than Alternative 3 but greater than Alternative 1. The Selected Alternative relies on ground water wells downstream from the heap to detect leakage from the pad liner. There are no predicted adverse impacts from process solutions.

- During operation, the discharge of all water from the South Pit and North Pits along with that which comes into contact with the waste rock, will be regulated under Meridian Gold's approved NPDES Permit, or will be used on the heap leach facility, which is a zero discharge, total containment system. This is the same for all action alternatives.

  An analysis of post mining water quality indicates that the predicted discharge of waters from the South Pit may exceed the EPA's chronic aquatic life criteria for zinc in Napias Creek between Camp and Arnett Creek, during the low flow period of the year. The predicted concentrations are not expected to cause significant adverse effects on aquatic life.

  Under all alternatives, Meridian is required to collect, treat, and discharge all water from the North and South Pit, as well as that which comes into contact with the waste rock, under the terms of an approved NPDES Permit, in perpetuity if necessary to meet current water quality standards.

The No Action Alternative would have no increased risk of environmental damage from acid or toxic drainage.

SOILS

There is no significant short or long term erosion predicted solely as a result of the Project. Most effects on soil productivity are short-term since the soil inventory of the area indicates that a sufficient quantity and quality of soil material is available for reclamation purposes.

After reclamation there would be no net loss of productive acreage on National Forest System Lands.

SURFACE AND GROUND WATER

Sedimentation - Sediment impacts from the Beartrack Project are predicted to be within Forest Plan Standards for both anadromous and resident fisheries under all action alternatives. Although Napias Creek is not an historic anadromous fishery due to natural barriers, it has that potential should the barriers be removed. When combined with other management activities (i.e. - timber harvest) tentatively scheduled in the next 10 years, sediment effects could exceed the anadromous standard in 3 years out of 7. Monitoring will be required to quantify sediment impacts during the life of the mine, and will be used in the analysis of future planned timber sales. If necessary, the timber sale schedule could be adjusted to meet Forest Plan sediment standards.

Acid or Toxic Drainage - The potential for generation of acid or toxic drainage was discussed under the Geology heading. Because acid or toxic drainage is either not predicted or will be treated by the Meridian if

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it occurs, there are no adverse impacts predicted to water quality from this source in the short or long term under any action alternative. The No Action Alternative would have no risk of adverse effects from acid or toxic drainage.

Accidental Spills of Hazardous or Toxic Material - Spills of hazardous or toxic materials at the cyanide heap leach are not expected to adversely affect surface or aquatic resources. This is due to the design of the facilities which provide very conservative containment of all process fluids as well as storage of hazardous materials and fuels. The Selected Alternative and Alternatives 1, 3, and 4 have the most desirable heap location to minimize the risk of contamination of surface and ground water from spills or leaks of hazardous or toxic materials. The No Action Alternative would have no risk of environmental damage from this source.

A spill during transport of petroleum products or other hazardous materials to the mine is a low probability risk under all action alternatives. The probability of this occurring is lowest under Alternatives 3 and 5. The requirements for trucks without trailers for fuel transport, use of pilot vehicles and other safety measures reduce the risk of a hazardous material or fuel spill further. For these reasons significant resource damage due to a spill of hazardous or toxic material is not expected. The No Action Alternative would have the least risk of accidental spills.

Alteration of Surface and Ground Water Flow - Project use of water may result in a short term drawdown of the water table in the vicinity of the South Pit. Flows in Wards Gulch may be reduced or eliminated during operations. Flows in Camp Creek may be affected to minor extent. No significant effects on Napias Creek flows are expected under any alternative. Alternative 2 would have no alterations of surface or ground water flows.

WETLANDS

There are minor differences between alternatives in the amount of wetlands which are affected. Meridian will ensure that there is no net loss of wetlands function or values by a combination of constructed sedge meadows, riparian floodplains, and passively enhanced riparian areas. There would be no impacts to wetlands under the No Action Alternative.

AQUATIC BIOLOGY

Reduced Aquatic Habitat Productivity - The Project alone would not adversely affect anadromous or resident fish habitat in Napias or Panther Creek under any action alternative. Considering cumulative impacts that would occur under the No Action Alternative, there could be some degradation of aquatic habitat due to sedimentation if planned timber sales proceed according to the tentative schedule. Analysis of future timber sales will consider this potential prior to approval.

Damage from acid or other toxic drainage or releases from spills is not predicted to occur in either the short or the long term under any action alternative. The No Action Alternative would have the least risk of damage from this source.

Physical Loss of Aquatic Habitat - Short term, irretrievable losses of resources during in Wards Gulch during the life of the mine would be mitigated through proposed aquatic habitat improvement in cooperation with the Forest Service. Alternative 5 would eliminate this impact. The No Action Alternative would have no reductions in existing habitat.

In the long term, natural re-establishment of aquatic macroinvertebrates, aquatic vegetation, and fishery in

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Ward Gulch is expected in areas below the waste dump and sediment pond under all action alternatives.

CULTURAL RESOURCES

Adverse impacts could occur to historic properties under all action alternatives, from direct disturbance and increased human visitation to the area. Employee education programs will emphasize protection of cultural resources in the area. Adverse effects will be mitigated and interpretive opportunities realized under any action alternative. There would be no predictable adverse effects to cultural resource under the No Action Alternative except for the slow deterioration of cultural properties. Under the No Action Alternative the opportunity to provide for some level of stabilization and interpretation of cultural properties would be foregone.

To the extent that visual attributes contribute to the significance of any historic property, changes in the visual environment would be considered as an adverse effect under any action alternative. These impacts may be reduced by the reclamation program, but significant changes in the visual resource will persist indefinitely. These impacts are mitigated to the extent practicable under all action alternatives. Under the No Action Alternative there would be no change in the visual quality of the area.

RECREATION

Some restriction of access to campers, anglers, hunters and people interested in the cultural history of the area is expected. Mine traffic and activity would reduce the experience of remoteness. Meridian would maintain access to Leesburg under their proposal, but it would be restricted due to Project Activities. These short term impacts are mitigated by the additional recreational opportunities which would be developed based on the cultural and mining history of the area. In the long term, recreational opportunities in the area would either be similar to those currently existing or they could be enhanced. These impacts are the same under all action alternatives. Under the No Action Alternative these adverse effects would be avoided but enhancement opportunities would be foregone.

Short term impacts to campgrounds or other facilities are expected for the 6 month construction period. These are not expected to be significant but will require increase administrative effort. Overall the impacts to developed recreation areas, including the town of Salmon, are expected to be minor both during and after the mining activity. Meridian will educate its employees on the rules for allowable use of developed recreation facilities. These impacts are the same for all action alternatives and would not occur under the No Actin Alternative.

Increased traffic year-long on the Williams Creek route would occur, and in the winter there would be some disruption of winter recreation use. Under the selected alternative Meridian would reduce these recreation impacts by busing their employees, use of pilot vehicles and caravaning for hazardous material and fuel shipments. The Selected Alternative has mitigation provisions to replace snowmobile trails impacted by the mine, improve signing, and improve parking for cross country skiers and snowmobile users in the Williams Creek area. Meridian would reduce the impacts of dust along primary access by selective watering, surfacing, or treating the surface of the road with an approved chemical treatment. Alternative 3 and 5 would have fewer impacts on most recreation users with the exception of snowmobilers. Under the No Action Alternative these adverse impacts would not occur.

Direct Project impacts to the Haystack Mountain, Napias and Phelan Roadless areas would be insignificant. The sights and sounds of mining activity for the life of the Project would affect roadless characteristics of remoteness and solitude. There is no significant difference between action alternatives in roadless impacts.

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Under the No Action Alternative impacts could cause significant impacts to these roadless areas if planned timber sales are implemented as planned.

TRANSPORTATION

Public Access - Public access to Leesburg is maintained under all Alternatives.

Public and administrative access from the Napias Creek Road to the Jureano Mtn. Road will be re-established as directed by the Forest Service, after the Project has been completed.

Access to the east side of Napias Creek for timber sale or other administrative purposes will be assured.

Meridian will include provisions in its Plan of Operation to ensure public access on mine access roads, during and after the life of the project.

Public Safety - Although the Williams Creek would be expected to have a higher accident rate than Stormy Peak (due to more total traffic), this is not substantiated by historical records. The severity of accidents that do occur are expected to be less on Williams Ck. than Stormy Peak. Meridian has committed to working with the County and Forest Service to reduce existing hazards along Williams Ck. Road, including the lower paved portion that goes by private homes. Under the No Action Alternative there would be no increase in accidents over current levels.

A spill of hazardous materials or fuels is more likely to affect area streams under the Selected Alternative than under Alternatives 3 and 5. As described in the FEIS, this potential is low, and made even lower by mitigation measures to reduce traffic, limit the types of vehicles hauling hazardous materials or petroleum products, require the use of pilot vehicles, and provide for spill response planning. The No Action Alternative would have the least potential for a spill of hazardous or toxic substance.

SOCIOECONOMICS

Implementation of the project would have few adverse effects and significant economic benefits in the local community under any alternative. Alternative 4 would slightly reduce population impacts, and extend the life of the mine. Under the No Action Alternative there would be no adverse effects on the community but the economic benefits would also be foregone. The following are measures that will be taken to reduce adverse impacts that could occur in the local community as a result of the Project.

Housing - During Project construction, a rental housing shortage can be expected. Motels, trailer parks, and the rental markets would be impacted, particularly during the summer months when tourism is at its peak. The company will minimize the number of construction workers needed by the Project by employing local contractors to the extent practical; arranging for pre-construction of project facilities offsite and scheduling construction and operation workforce to minimize peak employment numbers. In addition to minimizing the number of construction workers, Meridian is working with the owners of a local trailer park to guarantee spaces to allow expanding their facilities to meet the temporary needs of construction workers.

Finances - Increased revenues from the construction and operation of the mine would yield a maximum County revenue increase of 5% per year under existing laws. County officials indicate tax revenue from the mine in excess of the 5% figure would serve to lower tax rates but not yield additional tax revenue. A proposed measure in the State Legislature is being considered which would remove the 5% cap on annual increases in County revenue.

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The City of Salmon could potentially incur costs in the range of $55,000 to $90,000 annually. City benefits would accrue from Idaho Revenue sharing and Business Inventory Replacement. The Company is willing to discuss funding of the current planning study, if no other means of funding are available. They are also willing to fund one additional city law enforcement officer during the six month construction period, if the Salmon City government feels that this will be a problem area.

Public Services - Health services would continue to be adequate under all project alternatives except for alcohol and drug abuse programs which are currently inadequate.

The volunteer ambulance service would experience an increase in the number of emergency calls and could possibly require additional training and personnel to handle project related impacts. Meridian shall have the necessary personnel and equipment to respond to fires and/or medical emergencies at the mine site.

Meridian shall meet with the Lemhi County Ambulance Service to discuss coordinated response to vehicle or other emergencies on Forest roads and within the mine area. The Company will provide emergency medical technicians and its own land based emergency transport service from the mine to Salmon. Meridian will also make a standing agreement for "Life Flight" services to allow rapid transport in the case of extreme emergencies. They will designate a helicopter landing facility at the mine property.

Law Enforcement - Law enforcement agencies would be impacted by an increased demand for services resulting from increases in population. During the construction phase of the Project, increases in crime and law enforcement demand could rise faster than population. According to state-wide averages the county is understaffed by 1-2 officers. Meridian has offered to fund one additional city law enforcement officer during the six month construction period, if local government feels that this will be a problem area.

Fire Protection - Existing city/county fire department capabilities are adequate to handle the increases in services as a result of the Project. Meridian would be responsible for structural fire response at the Project site and would cooperate with the Forest in suppressing wildfire in the area. Under all alternatives there would be an increased likelihood of spills of chemical reagents, including cyanide along all access routes.

Meridian has offered to assist in training district fire fighters concerning special handling of any chemicals or reagents which they may use. Meridian will have an emergency response team that would respond at the request of the Local Emergency Planning Committee or Fire Department in the event of a Project related spill in Lemhi County.

MINERAL PRODUCTION/PROJECT COSTS

In increasing order of cost are Alternative 1, the Selected Alternative, Alternatives 5, 3, and 4. Alternative 4 would likely not be economically viable. Under Alternative 2 the costs of exploration, mine development and environmental review would not be recovered.

VII. REASONS FOR DECISION

The following are the primary reasons for my choice of the Selected Alternative.

Acid or Toxic Drainage. The major area of concern for the Beartrack analysis was the potential for impacts to water resources in the project area. This concern was based in turn on the predicted stability of project

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components and the short and long term risk of acid or toxic drainage.

As discussed in the FEIS and this Record of Decision, all project components are predicted to be stable in the short and long term using very conservative design assumptions. The potential for acid or toxic drainage was the subject of a comprehensive investigation. The findings of this work is that there is no expected adverse impacts during operations. After operations water from the south pit may exceed water quality standards in Napias Creek between Camp and Arnett Creeks, during the low flow period of the year. The impacts to the aquatic community from this discharge will not be allowed under current federal and state law and regulation.

To verify the sampling and testing procedures for acid mine drainage, Meridian will continue to sample and test the acid producing potential of waste rock, spent ore and pit water during the life of the mine. If a change in the predicted acid or toxic generating potential of these materials is detected, a modified Plan of Operation would be required to address this new information, and would subject to analysis and public review as required by NEPA law and regulations. Long term water quality monitoring is required after mine closure to ensure that the acid and toxic generating potential of all materials are as predicted in the FEIS.

Cyanide Heap Leach Operation. In February of this year Meridian Gold submitted a new State Cyanide Permit Application to the Department of Health and Welfare. Many of the public comments and agency concerns were addressed by this new Permit Application including: detailed plans for emergency and long term neutralization, liner performance, process solution containment, and detailed leak detection and response.

The Forest Service selected an independent consultant to model the long term water quality effects of the neutralized heap leachate and pit water. This was done to quantify the long term water quality effects of the Project. The results of this study were the basis for requiring additional monitoring, and long term containment or treatment of discharges that would not meet established water quality standards.

Reclamation. The Selected Alternative incorporates most of the reclamation measures described in the Draft EIS, with the exception of backfilling or sloping the walls of the North Pit. These alternatives were not selected because of the limited benefits that would occur, higher costs, availability of other less costly methods of mitigating lost productivity, and legal issues involving the private land in the pits. The Selected Alternative has a no net loss of productive acreage over the long term. This is due to the high standard of reclamation and mitigation practices that are part of the Selected Alternative.

Access Route. Forest Service analysis of the proposed access routes was based on issues developed through the scoping process, interdisciplinary meetings, and consultation with Meridian Gold Company, Sorenson Engineering and ACZ Inc.

Based on this review, the following issues were paramount in reaching this decision:

- Hazardous Material Spill Potential. The Stormy Peak has advantages relative to Williams Creek for this issue, but contamination of surface water from a spill of hazardous material or fuel is a low probability risk, even on the Williams Creek Route. This risk will only be present during the life of the mine. Measures to reduce the spill potential include provisions for single unit fuel trucks without trailers, employee busing, pilot vehicles, hauling in daylight hours, and caravaning of supplies wherever possible. In the unlikely event of a spill, provisions for spill response would minimize adverse effects to the extent practicable. Meridian has also made commitments to respond to spills of Project materials anywhere in Lemhi County and has offered to assist in training local spill response personnel.

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- Safety. Based on their current conditions, Williams is the safer route, having one-half the accident frequency of Stormy Peak and no fatalities. If upgraded as proposed in Alternatives 3 and 5, the Williams Creek advantage in accident frequency would be expected to narrow, but would still have less exposure to hazards which could cause a fatality.

- Long Term Access. Williams Creek is expected to continue to carry the majority of timber, recreation, administrative, winter recreation, and other uses over the long term. An improved public access to Leesburg would be valuable to the administration of Forest resources in that drainage. The Stormy Peak route will continue to be used primarily for timber access, firewood gathering, hunting, and minor recreation traffic. In the long term, improvements to the Williams Creek road will better serve the public and administrative uses than the Stormy Peak route.

The cost of the alternatives was compared to their advantages. In all cases we found that it would cost approximately two million dollars more to upgrade and maintain Stormy Peak over the life of the mine than an equivalent standard on Williams Creek.

Other factors were considered in the analysis including recreation issues, visuals, wildlife, threatened and endangered plants. Most of impacts in these areas were considered to be minor, or would be short term (life of mine). Most of the impacts will be mitigated to an acceptable degree.

Other Mitigation. This decision also adopts an extensive list of additional mitigation measures designed to minimized potential environmental impacts. It includes extensive monitoring to ensure that all project facilities are constructed and operated as proposed.

VIII. SUMMARY

In summary, the Selected Alternative would cause no long term, irreversible impacts that are significant, with the exception for the creation of the man-made landforms of the pits, waste dumps, heap leach pads and roads which are left after mining ceases, and the removal of the gold from the site. Other impacts are short term in nature, or are mitigated to an acceptable degree of significance.

The Environmental Protection Agency and the U.S. Army Corps of Engineers will issue separate records of decision for their federal decisions under Sections 402 and 404 of the Clean Water Act respectively.

Prior to beginning operations Meridian will change its Plan of Operation to comply with the provisions of the Selected Alternative and submit a bond sufficient to guarantee reclamation of all surface disturbance on National Forest System Lands. Any proposed changes in the approved Plan will require additional NEPA analysis if impacts would be significantly different than that analyzed in this FEIS and Record of Decision.

Project implementation may take place no sooner than 30 days after the legal notice of the decision is published in the Federal Register.

This decision is subject to administrative review pursuant to 36 CFR 217. Any appeal of this decision must be fully consistent with 36 CFR 217.9, "Content of Notice of Appeal", including the reasons for appeal and two copies must be filed with the Regional Forester, USDA Forest Service, 324 25th Street, Ogden Utah

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84401, within 45 days of the date of publication in the Salmon Recorder Herald newspaper, Salmon Idaho.

For more information regarding this project contact Tom Buchta, Project Coordinator, Salmon National Forest Supervisors Office, Salmon, Idaho 83467, or telephone 1-208-756-2215.

5/28/91
Date

JOHN E. BURNS
Forest Supervisor
Salmon National Forest

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State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

WATER RIGHT NO. 75-07062

Priority: May 30, 1975

Maximum Diversion Rate: 1.58 CFS
Maximum Diversion Volume: 408.9 AF

This is to certify, that MERIDIAN MINERALS CO
5613 DTC PARKWAY
ENGLEWOOD CO 80111 has complied with the terms and conditions of the permit, issued pursuant to Application for Permit dated May 30, 1975; and has submitted Proof of Beneficial Use on June 25, 1980. An examination indicates that the works have a diversion capacity of 1.580 cfs of water from:

NAPIAS CREEK tributary to **SALMON RIVER**

source, and a water right has been established as follows:

BENEFICIAL USE	PERIOD OF USE	RATE OF DIVERSION	ANNUAL VOLUME
MINING	03/15 to 12/01	1.58 CFS	408.9 AF

LOCATION OF POINT(S) OF DIVERSION:

NESE , Sec. 20, Township 22N, Range 20E
SWNW , Sec. 21, Township 22N, Range 20E
NWSE , Sec. 21, Township 22N, Range 20E
LEMHI County

PLACE OF USE: MINING

TWN	RGE	SEC		
22N	20E	20	NESE	
		21	SWNW	NWSE

CONDITIONS/REMARKS:

1. The maximum diversion volume is defined as the maximum allowable volume of water that may be diverted annually from the source under this right. The use of water confirmed by this right is limited to the amount which can actually be beneficially used. The maximum diversion volume may be adjusted to more accurately describe the beneficial use or to implement accepted standards of diversion and use efficiency.
2. This water right is appurtenant to the described place of use.
3. This right is subject to all prior water rights and may be forfeited by five years of non-use.
4. Modifications to or variance from this license must be made within the limits of Section 42-222, Idaho Code, or the applicable Idaho law.
5. A measuring device and lockable controlling works of a type acceptable to the Department shall be permanently installed and maintained as part of the diverting works.

MICROFILMED DEC 30 1991

JUN 26 1992

State of Idaho
Department of Water Resources

WATER RIGHT LICENSE

WATER RIGHT NO. 75-07062

CONDITIONS/REMARKS:

This license is issued pursuant to the provisions of Section 42-219, Idaho Code. Witness the seal and signature of the Director, affixed at Boise, this 9TH day of DECEMBER, 1991.

Acting for R. Keith Higginson, Director

RECORDED
JUN 26 1992

MAILED
DEC 30 1991

RECEIVED
OCT 30 1991
Department of Water Resources

State of Idaho
Department of Water Resources

APPLICATION FOR AMENDMENT
(For Licensing Purposes)
WATER RIGHT NO. 75-07062

APPROVED

Date of Priority: May 30, 1975

Maximum Diversion Rate: 1.58 CFS
Maximum Diversion Volume:[1] 408.9 AF

Comes now MERIDIAN MINERALS CO
5613 DTC PARKWAY
ENGLEWOOD CO 80111 and represents to the Director of the Idaho Department of Water Resources:

That he is the owner and holder of Permit to Appropriate the Public Waters of the State of Idaho No. 75-07062, and requests that the permit be changed as follows:

Source: **NAPIAS CREEK** / tributary to **SALMON RIVER**

BENEFICIAL USE	**PERIOD OF USE**	**RATE OF DIVERSION**	**ANNUAL VOLUME**
MINING	03/15 to 12/01	1.58 CFS	408.9 AF

LOCATION OF POINT(S) OF DIVERSION: NESE , Sec. 20, Township 22N, Range 20E
SWNW , Sec. 21, Township 22N, Range 20E
NWSE , Sec. 21, Township 22N, Range 20E
LEMHI County

PLACE OF USE: MINING

TWN	RGE	SEC		
22N	20E	20	NESE	
		21	SWNW	NWSE

Permit holder asserts that no one will be injured by such change and that such change will be made at permit holder's own risk.

Signed at Meridian Gold, this 29 day of October, 1991.

Robert J Dewlow (PRES.)
(Signature)

MICROFILMED
JUN 26 1992

MICROFILMED
DEC 30 1991

State of Idaho
Department of Water Resources

APPLICATION FOR AMENDMENT
(For Licensing Purposes)
WATER RIGHT NO. 75-07062

****

FOR DEPARTMENT USE ONLY #C022182

Preliminary check by SD Fee ✓ $20.00 Receipted by DB Date 10/30/91

ACTION OF THE DEPARTMENT OF WATER RESOURCES

I, R. Keith Higginson, of the Department of Water Resources hereby approve the above Application for Amendment for Permit No. 75-07062 with the following;

CONDITIONS/REMARKS:

1. The maximum diversion volume is defined as the maximum allowable volume of water that may be diverted annually from the source under this right. The use of water confirmed by this right is limited to the amount which can actually be beneficially used. The maximum diversion volume may be adjusted to more accurately describe the beneficial use or to implement accepted standards of diversion and use efficiency.
2. This water right is appurtenant to the described place of use.
3. This right is subject to all prior water rights and may be forfeited by five years of non-use.
4. Modifications to or variance from this license must be made within the limits of Section 42-222, Idaho Code, or the applicable Idaho law.
5. A measuring device and lockable controlling works of a type acceptable to the Department shall be permanently installed and maintained as part of the diverting works.

Witness my hand this 9TH day of DECEMBER, 1991.

Acting for R. Keith Higginson, Director

AUTHORIZED

DEC 30 1991

JUN 26 1992

EXHIBIT 2

B – see continuation page 2 – (Patented)

D –

SPECIAL WARRANTY DEED

FOR VALUE RECEIVED Marvin D. Johnson and Sheryl M. Johnson, husband and wife, whose current address is 6530 E. Lydia Street, Idaho Falls, Idaho 83401, the Grantors, do hereby grant, bargain, sell and convey unto Meridian Minerals Company, a Montana corporation, whose current address is 5613 DTC Parkway, Englewood, Colorado, 80111, the Grantee, that certain patented placer mining claim located in Section 21, Township 22 North, Range 20 East, Boise Meridian, Lemhi County, State of Idaho, and more particularly described as follows:

Lady Luck Placer Mining Claim, Mineral Survey No. 3516, Patent Number 11-85-0002

Containing 13.358 acres, more or less;

hereinafter referred to as the "Premises";

RESERVING HOWEVER," unto Grantors, a non-participating royalty interest equal to twenty-five percent (25%) of the "Net Returns" from the sale of all "Placer Gold" (as said "Net Returns" and "Placer Gold" are defined in Exhibit A, attached hereto and incorporated herein by reference), but only on Placer Gold mined and sold by Grantee, its successors and assigns; provided, however, that if Grantors own an interest in the aforesaid Placer Gold underlying the above described Premises which is less than the entire estate therein, then the non-participating royalty interest expressly reserved to Grantors herein shall be reduced in proportion that the interest of said Grantors in the Premises bears to the entire estate in the aforesaid Placer Gold in such Premises; and provided further, however, the non-participating royalty interest expressly reserved to Grantors herein shall not entitle the Grantors to share in any profits, bonus, rental or other payments accruing from the leasing or any other disposition of the Premises and the Grantee shall have the full executive right to execute all agreements, including, without limitation, all leases, joint ventures, ratifications of leases and all other agreements pertaining to such interest, and additionally, the said Grantee shall have full and unfettered discretion regarding the exercise or non-exercise of the said executive right and shall have no obligation to lease, or to begin or to prosecute prospecting, mining, development, processing, transporting or to otherwise produce or sell any such Placer Gold from the Premises, nor shall there be any implied covenant to do so and Grantors hereby expressly waive and release Grantee from any and all obligations and covenants, implied and express, so to do, and Grantors do hereby expressly acknowledge and agree that no mining of said Placer Gold may occur which would entitle Grantors to

RECORDED JUN 26 1992

RECORDED DEC 30 1991

receive any payment of the non-participating royalty interest herein reserved and that Grantee may waste, consume, spoil and destroy, by any means or method exercised in the sole discretion of Grantee, the aforesaid Placer Gold and without the payment of any non-participating royalty interest herein reserved to Grantors, if, in the reasonable but sole judgment of Grantee, it desires to so waste, consume, spoil or destroy said Placer Gold.

All water

TO HAVE AND TO HOLD the said Premises, together with their appurtenances unto the said Grantee, its successors, and assigns forever, TOGETHER with all and singuler, the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, including all improvements thereon and all of the water, water rights, water stock, ditches and ditch rights, reservoirs and reservoir rights appurtenant to said Premises, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all of the estate, right, title, interest, claim and demand whatsoever of Grantors, either in law or equity, of, in and to the above bargained Premises; and the said Grantors do hereby covenant to and with the said Grantee that they are the owners of said Premises; that the Premises are free from all encumbrances and that they will warrant and defend the same from all lawful claims whatsoever arising by, through or under said Grantors.

Dated this 12th day of August, 1988.

GRANTORS

Marvin D. Johnson

Marvin D. Johnson

Sheryl M. Johnson

Sheryl M. Johnson

GRANTEE

JUN 26 1992

Attest:

By Robert W. Mccosh
Its Asst Secretary

MERIDIAN MINERALS COMPANY

By R. J. Fiscus
Its Sr. V.P.

DEC 30 1991

Identification No. 75 7062

Application No. _____

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

APPROVED

To Appropriate the Public Waters of the State of Idaho

(TYPE OR PRINT IN INK)

1. Name of applicant Harry I. Johnson Phone: 523-9658

   post office address 3380 Handly Ave, Idaho Falls, Idaho

2. Source of water supply Napias Creek which is a tributary of Salmon River

3. a. Location of point of diversion is NW ¼ of SE ¼ of Section 21 Township 22N

   Range 20E B.M. Lemhi County; additional points of diversion if any: _____

   NE¼SE¼, Sec. 20, T. 22N, R. 20E, B.M.

   b. If water is not consumed, it will be discharged into _____ at a point in _____ ¼

   of _____ ¼ of Section _____ Township _____ Range _____ B.M. _____

4. Water will be used for the following purposes:

   Amount 4.0 (cfs or acre-feet per annum) for Placer Mining purpose from Mar. 15 to Dec. 1 (both dates inclusive)

   Amount _____ (cfs or acre-feet per annum) for _____ purpose from _____ to _____ (both dates inclusive)

   Amount _____ (cfs or acre-feet per annum) for _____ purpose from _____ to _____ (both dates inclusive)

5. Total quantity to be appropriated:

   a. 4.0 cubic feet per second and/or

   b. _____ acre feet per annum.

6. Proposed diverting works:

   a. Description of ditches, flumes, pumps, headgates, etc. Ditch and/or pipe out of creek sluice box

   b. Height of storage dam _____ feet, active reservoir capacity _____ acre feet; total reservoir capacity _____ acre feet, materials used in storage dam: _____

   Period of year during which storage will occur _____ (Mo. Day) to _____ (Mo. Day) inclusive.

   c. Proposed well diameter is _____ inches; proposed depth of well is _____ feet.

7. a. Time required for the completion of the works and application of the water to the proposed beneficial use is 5 years.

   b. Estimated construction cost is $ _____.

8. Description of proposed uses:

   a. If water is **not** for irrigation:

   (1) Give the place of use of water: NE ¼ of SE ¼ of Section 20 Township 22N Range 20E B.M.

   (2) Amount of power to be generated: _____ hp under _____ feet of head.

   (3) List number of each kind of livestock to be watered _____

   (4) Name of municipality to be served _____, or number of families to be supplied with domestic water _____.

   (5) If water is to be used for other purposes describe: _____

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JUN 26 1992

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

TWP.	RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	

Total number of acres to be irrigated _____

c. Describe any other water rights used for the same purposes as described above. None

9. a. Who owns the property at the point of diversion U. S. Forest Service

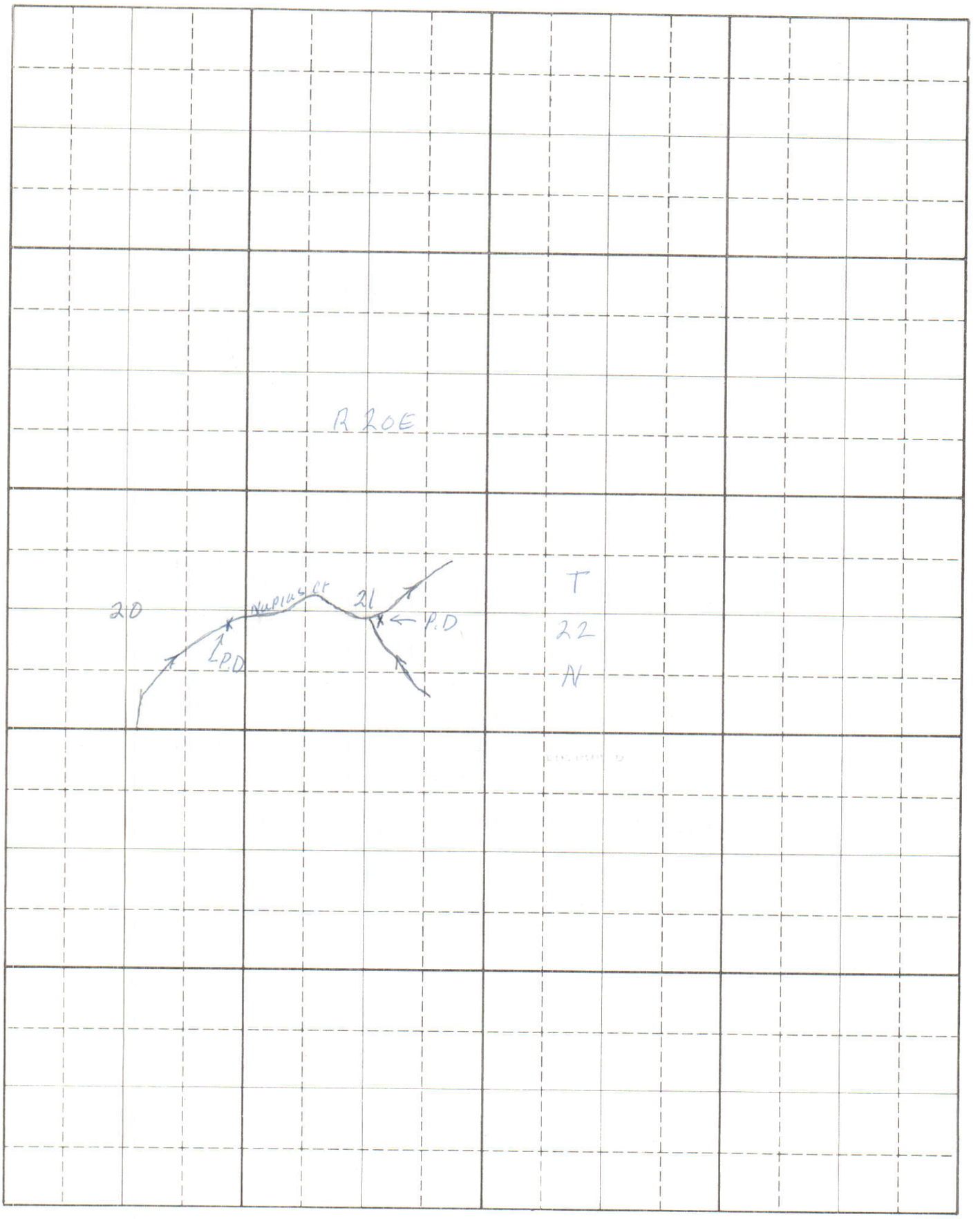
b. Who owns the land to be irrigated or place of use U. S. Forest Service

c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing _____

10. Remarks _____

JUN 26 1992

11. Map of proposed project: show clearly the proposed point of diversion, place of use, section number, township and range number.



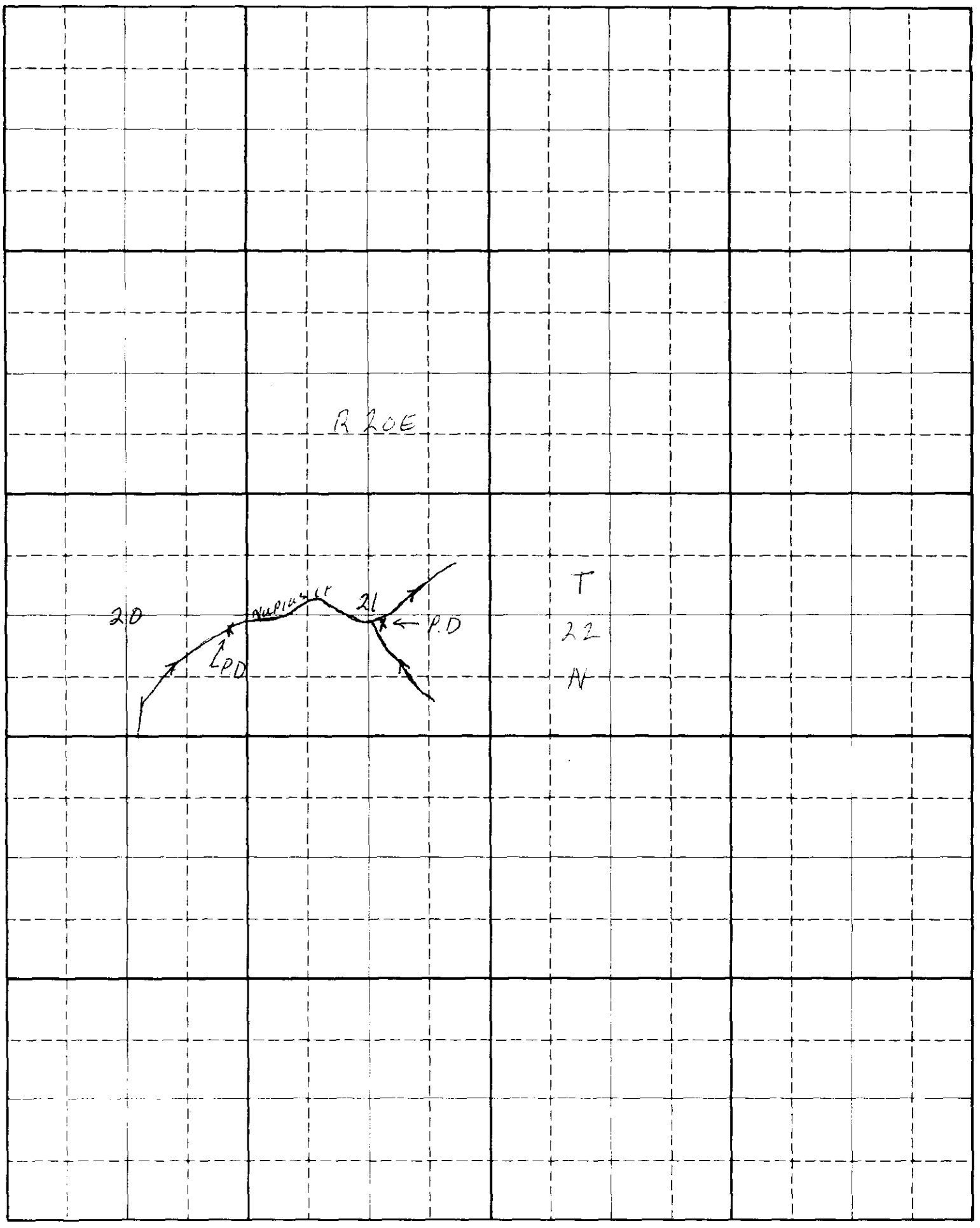
Scale: 2 inches equal 1 mile

BE IT KNOWN that the undersigned hereby makes application for permit to appropriate the public waters of the State of Idaho as herein set forth.

MICROFILMED
JUN 26 1992

Harry S. Johnson
(Applicant)

11. Map of proposed project: show clearly the proposed point of diversion, place of use, section number, township and range number.



Scale: 2 inches equal 1 mile

BE IT KNOWN that the undersigned hereby makes application for permit to appropriate the public waters of the State of Idaho as herein set forth.

RECEIVED
JUN 26 1992

Harry D. Johnson
(Applicant)

Proposed Priority 5/30/75

Received by MB Date 5-30-75 Time 5:00 p.m.
Preliminary check by WR Fee $ 55.00
Receipted by MB Date 5-30-75 # 4266
Publication prepared by MB Date 6-4-75
Published in Recorder-Herald
Publication dates June 12 & 19, 1975
Publication approved CW Date 6-23-75
Priority reduced to _____ Reason _____

Protests filed by: _____

Copies of protests forwarded by _____
Hearing held by _____ Date _____
Recommended for (approval) denial by JG

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

This is to certify that I have examined Application for Permit to appropriate the public waters of the State of Idaho No. 75-7062, and said application is hereby APPROVED.

1. Approval of said application is subject to the following limitations and conditions:

   a. SUBJECT TO ALL PRIOR WATER RIGHTS.

   b. Proof of construction of works and application of water to beneficial use shall be submitted on or before March 1, 19 82.

   c. Other: A measuring device of a type approved by the Director shall be permanently installed and maintained as part of the diverting works.

2. Denial of said application is for the following reasons: _____

Witness my hand this 4 day of March 19 77.

Director

APR 26 1992

RECEIVED
FEB 25 1977
Department of Water Resources
Eastern District Office

Placer Mining Location Notice

NOTICE IS HEREBY GIVEN, that Harry L. Johnson the undersigned citizen of the United States of America, conforming to the mining laws, thereof and of the State of Idaho, and the local rules, regulations and customs of miners, has this 8 day of July, A. D. 1975, located and do hereby claim 20 acres of Placer Mining ground, situate, lying and being on Jefferson Creek called Golden Jacket #3

in Mackinaw mining District, in the County of Lemhi and State of Idaho, particularly described as follows, to-wit:

Commencing at the discovery monument, which is the S E corner of the claim said document being corner No. 1 upon which this notice is posted: thence in a Northerly direction 600 feet to corner monument No. 2, the N E corner of the claim; thence in a Westerly direction 1500 feet to corner monument No. 3, the N W corner of the claim; thence in a Southerly direction 600 feet to corner monument No. 4, the S W corner monument of the claim; thence in a Easterly direction 1500 feet to corner No. 1, the place of beginning.

The said corner monument No. 1, upon which this notice is posted, is situated about 1500 feet in a Westerly direction from Jefferson creek empties into Napias and extract creek Claim S.W. of Lee string townsite

The adjoining claims are Golden Jack #1 on East

The corner monument Nos. 2, 3, and 4 aforesaid are marked upon the side facing corner monument No. 1, the discovery monument, with the name of the claim and the corner which each of said monuments represent and all of said monuments are at least four inches in diameter and at least four feet high above the ground.

Discovered on the 7 day of July, A. D. 1975

Located on the 8 day of July, A. D. 1975

Harry L. Johnson

Locators and Claimants

RECEIVED
JUN 26 1992

MICROFILMED

STATE OF IDAHO,
County of Lemhi } ss.

I, Harry I. Johnson
do solemnly swear that I am a citizen of the United States of America (or have declared my intention to become such) and that I am acquainted with the mining ground described in this notice of location and herewith called the GOLDEN JACK #8 Placer claim; that the ground and claim therein described, or any part thereof, has not to the best of my knowledge and belief been located according to the laws of the United States and of this State, or if so located the same has been abandoned or forfeited by reason of the failure of such former locators to comply in respect thereto with the requirements of said laws, and that I have made an excavation upon said claim not less than one hundred cubic feet for the purpose of prospecting the same, as required by the laws of Idaho, and that all stakes and monuments or trees marking boundaries of said claim are in proper place and position.

Harry I. Johnson

Subscribed and sworn to before me this 17th day of July, A. D. 19 75

Laura E. Kane
Notary Public

LAURA E. KANE NOTARY PUBLIC STATE OF IDAHO

MICROFILMED

No. 29959

Placer Mining Location Notice

CLAIM

STATE OF IDAHO, } ss.
County of

I hereby certify that this instrument was filed for record at request of

at Minutes past o'clock M., this day of A. D. 19
In my office, and duly recorded in book of Mining Claims, at page

Deputy Recorder, District
County, Idaho

STATE OF IDAHO, } ss.
County of Lemhi

I hereby certify that this instrument was filed for record at request of
Harry I. Johnson
40 MX Minutes past 10 o'clock A. M., this 17th day of July, A. D. 19 75
In my office, and duly recorded in book File of Mining Claims, ~~XXXXX~~

Eleanor Aldous
Ex-Officio Recorder

Lemhi County, Idaho
By Deputy

Fees, $2.00 Paid

3360 HOLIDAY AVE
IDAHO FALLS, IDAHO 83401

MICROFILMED
JUN 26 1992

RECEIVED
FEB 25 1977
Department of Water Resources
Eastern Idaho District Office

AFFIDAVIT OF ANNUAL REPRESENTATION

STATE OF IDAHO,
COUNTY OF LEMHI, } ss.

Before me the subscribed, personally appeared Harry I. Johnson, who being first duly sworn, says that during the year ending September 1st, 1974, at least Four Hundred DOLLARS worth of work or improvements were performed or made upon the Luckey Boy No #1, Lady Luck #1, Green Gulch Golden Jack #7 claims, situate in Mackinaw Mining District, County of Lemhi, State of Idaho, that such expenditure was made by, for or at the expense of Harry I. Johnson owner of said claims, for the purpose of holding said claims, and all stakes, monuments or trees marking the boundaries of such claims are in proper place and position.

Signature Harry I. Johnson

Subscribed and sworn to before me this 27th day of August, 1974.

Eleanor Aldous, County Recorder

By _____, Deputy

STATE OF IDAHO

MICROFILMED
JUN 26 1992

MICROFILMED

NO. 127691

PROOF OF LABOR

State of Idaho,
County of Lemhi, } ss.

Recorded at the request of

Harry I. Johnson

August 27, 19 74

at 30 minutes past 3 o'clock

P. M., in Book File of Proof of Labor

XXXXXXXX Records of Lemhi

County, Idaho.

Eleanor Albers
County Recorder

By .....
Deputy

Fee $ 1.25 Paid

INDEXED

MICROFILMED
JUN 26 1992

MICROFILMED

RECEIVED
FEB 25 1977
Department of Water Resources
Eastern District Office

AFFIDAVIT OF ANNUAL REPRESENTATION

STATE OF IDAHO,
COUNTY OF LEMHI, } ss.

Before me the subscribed, personally appeared Harry A. Johnson, who being first duly sworn, says that during the year ending September 1st, 1974, at least One Hundred DOLLARS worth of work or improvements were performed or made upon the Kirk No 9 ✓ claim, situate in Mackinaw Mining District, County of Lemhi, State of Idaho, that such expenditure was made by, for or at the expense of John ✓ Hutchins Richard Brasly ✓ Harry Johnson ✓ owners of said claim, for the purpose of holding said claim, and all stakes, monuments or trees marking the boundaries of such claim are in proper place and position.

STATE OF IDAHO

Signature Harry A. Johnson

Subscribed and sworn to before me this 27th day of August, 1974.

Ellamae Wilcox, County Recorder

By _____, Deputy

MICROFILMED

RECEIVED
JUN 26 1992

MICROFILMED

NO. 127692

PROOF OF LABOR

State of Idaho,
County of Lemhi, } ss.

Recorded at the request of

Harry I. Johnson

August 27, 19 74

at 31 minutes past 3 o'clock

P. M., in ~~Book~~ File of Proof of Labor

~~at Page~~ Records of Lemhi

County, Idaho.

Ellamae Addams
County Recorder

By
Deputy

Fee $ 1.25 Paid

INDEXED

JUN 26 1992

RECEIVED
FEB 25 1977
Department of Water Resources
Eastern District Office

Placer Mining Location Notice

NOTICE IS HEREBY GIVEN, That Marvin D. Johnson & Harry E. Johnson the undersigned citizen of the United States of America, conforming to the mining laws thereof and of the State of Idaho, and the local rules, regulations and customs of miners, have this First day of September A. D. 1976 located and do hereby claim 20 acres of Placer Mining ground, situate, lying and being on Big Jimmie Creek approximately one quarter mile North West from the old Butte Lode Mining claim and North West from Green Gulch Placer Claim. This claim is called Golden Jackpot #1 and is 300 ft N. and 300 ft East and 250 ft. North and 750 ft South thereof from this monument; in Mackinaw (unorganized) Mining District, in the County of Lemhi and State of Idaho, particularly described as follows, to-wit:

Commencing at this discovery monument which is the _____ corner of the claim, said monument being corner No. 1, upon which this notice is posted, thence in a _____ direction _____ feet to corner monument No. 2, the _____ corner of the claim; thence in a _____ direction _____ feet to corner monument No. 3, the _____ corner of the claim; thence in a _____ direction _____ feet to corner monument No. 4, the _____ corner monument of the claim; thence in a _____ direction _____ feet to corner No. 1, the place of begining.

The said corner monument No. 1 upon which this notice is posted, is situated about _____ feet in a _____ direction from _____

The adjoining claims are Golden Jackpot #1 to the North and Green Gulch to the South.

The corner monuments Nos. 2, 3, 4 aforesaid are marked upon the side facing corner monument No. 1, the discovery monument, with the name of the claim and the corner which each of said monuments represent and all of said monuments are at least four inches in diameter and at least four feet high above the ground.

Discovered on the First day of September A. D. 1976

Located on the First day of September A. D. 1976

MICROFILMED
JUN 26 1992

Marvin D. Johnson
Harry E. Johnson
} Locators and Claimants.

STATE OF IDAHO,
County of Bonneville } ss.

I, Harry L. Johnson & Norma D. Johnson

do solemnly swear that I am a citizen of the United States of America (or have declared my intention to become such) and that I am acquainted with the mining ground described in this notice of location and herewith called the Golden Gate #10

that the ground and claim therein described or any part thereof has not to the best of my knowledge and belief been located according to the laws of United States and of this State, or if so located that the same has been abandoned or forfeited by reason of the failure of such former locators to comply in respect thereto with the requirements of said laws, and that I have opened up new ground to the extent or depth of ten feet as required by the laws of Idaho, and that all stakes and monuments or trees marking boundaries of said claim are in proper place and position. Norma D. Johnson

(Signature) Harry L. Johnson

Subscribed and sworn to before me this 2nd day of September A. D. 19 76

(Signature) R. D. Eckert

U.S. FOREST SERVICE STATE

No. 134183

Placer Mining Location Notice

Claim

STATE OF IDAHO } ss.
County of

I hereby certify that this instrument was filed for record at the request of

at minutes past o'clock M., this day of A. D. 19 in my office and duly recorded in book of Mining Claims, at page

Deputy Recorder District
County, Idaho

STATE OF IDAHO } ss.
County of Lemhi

I hereby certify that this instrument was filed for record at the request of Harry L. Johnson

at 58 minutes past 8 o'clock P. M., this 9th day of September A. D. 1976 in my office and duly recorded in book File of Mining Claims, at page

Eleanor Aldous
Ex-Officio Recorder.

Lemhi County, Idaho
By Deputy.

Fees, $2.00 Paid

3380 Handly Ave.
Idaho Falls, Idaho 83401

INDEXED

MICROFILMED

MICROFILMED
JUN 26 1992

RECEIVED
FEB 25 1977
Department of Water Resources
Eastern District Office

Placer Mining Location Notice

NOTICE IS HEREBY GIVEN, That Harry L Johnson & Marvin D Johnson the undersigned citizen of the United States of America, conforming to the mining laws thereof and of the State of Idaho, and the local rules, regulations and customs of miners, have this 5th day of September A. D. 19 76 located and do hereby claim 20 acres of Placer Mining ground, situate, lying and being on Camp Creek about 1 to 1½ miles N.W from Old Ghost Town of Leesburg. The name of this claim is Golden Jack # 15

in Mackinzie (unorganized) Mining District, in the County of Lemhi and State of Idaho, particularly described as follows, to-wit:

Commencing at this discovery monument which is the SE corner of the claim, said monument being corner No. 1, upon which this notice is posted, thence in a Northerly direction 600 feet to corner monument No. 2, the NE corner of the claim; thence in a Westerly direction 1500 feet to corner monument No. 3, the NW corner of the claim; thence in a Southerly direction 600 feet to corner monument No. 4, the SW corner monument of the claim; thence in a Easterly direction 1500 feet to corner No. 1, the place of begining.

The said corner monument No. 1 upon which this notice is posted, is situated about _____ feet in a _____ direction from Old Ghost Town of Leesburg.

The adjoining claims are Golden Jack # 13 on South Golden Jack # 16 on East Golden Jack # 17 on North

The corner monuments Nos. 2, 3, 4 aforesaid are marked upon the side facing corner monument No. 1, the discovery monument, with the name of the claim and the corner which each of said monuments represent and all of said monuments are at least four inches in diameter and at least four feet high above the ground.

Discovered on the 1st day of September A. D. 1976

Located on the 5th day of September A. D. 1976

Harry L Johnson
Marvin D Johnson
} Locators and Claimants.

MICROFILMED
JUN 26 1992

STATE OF IDAHO,
County of Lemhi } ss.

I, Harry I. Johnson

do solemnly swear that I am a citizen of the United States of America (or have declared my intention to become such) and that I am acquainted with the mining ground described in this notice of location and herewith called the GOLDEN JACK #15

_____ that the ground and claim therein described or any part thereof has not to the best of my knowledge and belief been located according to the laws of United States and of this State, or if so located that the same has been abandoned or forfeited by reason of the failure of such former locators to comply in respect thereto with the requirements of said laws, and that I have opened up new ground to the extent or depth of ten feet as required by the laws of Idaho, and that all stakes and monuments or trees marking boundaries of said claim are in proper place and position.

(Signature) Harry I. Johnson

Subscribed and sworn to before me this 8th day of September A. D. 1976

(Signature) Eleanor Aldous, County Recorder

By Dorothy McFredrick Deputy

No. 134177

Placer Mining Location Notice

_____ Claim

STATE OF IDAHO } ss.
County of _____

I hereby certify that this instrument was filed for record at the request of _____

_____ at _____ minutes past _____ o'clock ___ M., this _____ day of _____ A. D. 19___ in my office and duly recorded in book ___ of _____ Mining Claims, at page _____

Deputy Recorder _____ District _____ County, Idaho

STATE OF IDAHO } ss.
County of Lemhi

I hereby certify that this instrument was filed for record at the request of Harry I. Johnson

at 42 minutes past 4 o'clock P. M., this 8th day of September A. D. 19 76 in my office and duly recorded in Book E II of Mining Claims, at page _____

Eleanor Aldous
Ex-Officio Recorder.

Lemhi County, Idaho

By Dorothy McFredrick Deputy.

Fees, $2.00 Paid

INDEXED

MICROFILMED

MICROFILMED
JUN 26 1992

RECEIVED
FEB 25 1977
Department of Water Resources
Eastern District Office

Placer Mining Location Notice

NOTICE IS HEREBY GIVEN, that Harry L. Johnson the undersigned citizen of the United States of America, conforming to the mining laws, thereof and of the State of Idaho, and the local rules, regulations and customs of miners, has this 8 day of July, A. D. 1975, located and do hereby claim 20 acres of Placer Mining ground, situate, lying and being on Canyon creek and situated Northwest of townsite of Leesburg and called Lucit Marilyn

in Machinaw mining District, in the County of Lemhi and State of Idaho, particularly described as follows, to-wit:

Commencing at the discovery monument, which is the SE corner of the claim said document being corner No. 1 upon which this notice is posted: thence in a Westerly direction 600 feet to corner monument No. 2, the SW corner of the claim; thence in a Northerly direction 1500 feet to corner monument No. 3, the NW corner of the claim; thence in a Easterly direction 600 feet to corner monument No. 4, the NE corner monument of the claim; thence in a Southerly direction 1500 feet to corner No. 1, the place of beginning.

The said corner monument No. 1, upon which this notice is posted, is situated about 300 feet in a Easterly direction from Canyon creek and about 800 yards from Leesburg Townsite in NW directions

The adjoining claims are Kirk #9 on South

The corner monument Nos. 2, 3, and 4 aforesaid are marked upon the side facing corner monument No. 1, the discovery monument, with the name of the claim and the corner which each of said monuments represent and all of said monuments are at least four inches in diameter and at least four feet high above the ground.

Discovered on the 8 day of July, A. D. 1975

Located on the 9 day of July, A. D. 1975

Harry L. Johnson

Locators and Claimants

RECORDED
JUN 26 1992

FILMED

STATE OF IDAHO,
County of Lemhi } ss.

I, Harry I. Johnson
do solemnly swear that I am a citizen of the United States of America (or have declared my intention to become such) and that I am acquainted with the mining ground described in this notice of location and herewith called the SWEET MARILYN Placer claim; that the ground and claim therein described, or any part thereof, has not to the best of my knowledge and belief been located according to the laws of the United States and of this State, or if so located the same has been abandoned or forfeited by reason of the failure of such former locators to comply in respect thereto with the requirements of said laws, and that I have made an excavation upon said claim not less than one hundred cubic feet for the purpose of prospecting the same, as required by the laws of Idaho, and that all stakes and monuments or trees marking boundaries of said claim are in proper place and position.

Harry I. Johnson

Subscribed and sworn to before me this 17th day of July, A. D. 19 75

Laura E. Kane
Notary Public

LAURA E. KANE
NOTARY
PUBLIC
STATE OF IDAHO

MICROFILMED

No. 129961

Placer Mining Location Notice

CLAIM

STATE OF IDAHO,
County of } ss.

I hereby certify that this instrument was filed for record at request of

at Minutes past o'clock M., this day of , A. D. 19 , in my office, and duly recorded in book of Mining Claims, at page

Deputy Recorder, District, County, Idaho

STATE OF IDAHO,
County of Lemhi } ss.

I hereby certify that this instrument was filed for record at request of Harry I. Johnson

42 XXX Minutes past 10 o'clock A. M., this 17th day of July, A. D. 19 75 in my office, and duly recorded in ~~Book~~ File of Mining Claims, ~~XXXXXX~~

Eleanor Aldous
Ex-Officio Recorder

Lemhi County, Idaho

By Deputy

Fees, $2.00 Paid

RECEIVED
JUN 26 1992

NOTICE OF APPLICATION FOR WATER PERMIT

Notice is hereby given that Harry I. Johnson, Idaho Falls, Idaho has on 5-30-75 submitted Application No. 75-7062 for a permit to appropriate 4.0 cubic feet per second of water from Napias Creek Tributary of Salmon River by means of ditch, pipe and sluice box within the NW¼SE¼, Sec. 21, NE¼SE¼, Sec. 20, T. 22N, R. 20E, B.M., Lemhi County; to be used from Mar. 15 to Dec.1 for placer mining purposes within the NW¼SE¼, Sec. 21, NE¼SE¼, Sec. 20, T. 22N, R. 20E, B.M.

If issued, this permit will be subject to all prior water rights. Protests against the granting of the permit must be filed with the Idaho Department of Water Resources, 1515 Lincoln Road, Idaho Falls, Idaho, 83401 on or before June 30, 1975.

R. KEITH HIGGINSON
DIRECTOR

Published in The Recorder-Herald, Salmon, Idaho on June 12 and June 19, 1975.

6-12-2tc

MICROFILMED
JUN 26 1992

Affidavit of Publication

STATE OF IDAHO }
County of Lemhi } ss.

RECEIVED
JUN 23 1975
Department of Water Resources
Eastern District Office

JERRY G. ROSIN, being first duly sworn, deposes and says that he is one of the printers (publisher) of the RECORDER HERALD, a newspaper published weekly at Salmon, Lemhi County, Idaho, and of general circulation therein,

That the Notice of Application for Water Permit # 75-7062 a true printed copy of which is attached to the margin hereof, has been and was correctly printed and published in the regular and entire issue of every number of said newspaper and not in any supplement thereof or thereto for 2 consecutive issues, commencing with the issue dated June 12, 1975 and ending with the issue dated June 19, 1975.

Jerry G. Rosin

Subscribed and sworn to before me, this nineteenth day of June, 1975.

Verl Armstrong
Notary Public for the State of Idaho,
Residing at Salmon, Idaho

Publication Fee $ 12.96

State of Idaho
DEPARTMENT OF WATER RESOURCES
1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

September 24, 2001

MERIDIAN BEARTRACK CO
PO BOX 749
SALMON ID 83467

RE: Transfer No.: 68528 - Water Right 75-7062 - Transfer Approval Notice

Dear Water Right Holder:

The Department of Water Resources has issued the enclosed approved Transfer of Water Right(s). Please be sure to thoroughly review the conditions of approval and remarks listed on the approval document.

The Transfer of Water Right(s) is a PRELIMINARY ORDER issued by the Department pursuant to section 67-5243, Idaho Code. It can and will become a final order without further action by the Department unless the APPLICANT petitions for reconsideration or files an exception and/or brief within fourteen (14) days of the service date as described in the enclosed information sheet.

ANY PERSON aggrieved by any decision, determination, order or action of the Department and who has not previously been afforded an opportunity for a hearing on the matter may request a hearing pursuant to section 42-1701A(3), Idaho Code. A written petition contesting the action of the Department and requesting a hearing shall be filed within fifteen (15) days after receipt of the denial or conditional approval.

Please note that water right owners are required to report any change of water right ownership and/or mailing address to the Department within 120 days of the change. Failure to report these changes could result in a $100 late filing fee. Contact any office of the Department or visit the Department's homepage on the Internet to obtain the proper forms and instructions.

MICROFILMED
SEP 2 5 2001

If you have any questions, please contact me at 208-327-7940.

Sincerely,

Pamela S. Skaggs

for Jeff Peppersack, Manager
Water Rights Permits Section

Enclosure(s)

JP:klt

cc: HOLLAND & HART
PO BOX 2527
BOISE ID 83701

MICROFILMED
SEP 2 8 2001

CERTIFICATE OF MAILING

I hereby certify that on September 24, 2001 I mailed a true and correct copy, postage prepaid, of the foregoing TRANSFER APPROVAL to the person(s) listed below:

RE: TRANSFER NO. 68528 - WATER RIGHT 75-7062

MERIDIAN BEARTRACK CO
PO BOX 749
SALMON ID 83467

HOLLAND & HART
PO BOX 2527
BOISE ID 83701

Kari Lynn Townsend
Secretary

MICROFILMED
SEP 25 2001

EXPLANATORY INFORMATION TO ACCOMPANY A PRELIMINARY ORDER

The accompanying order or approved document is a "**Preliminary Order**" issued by the department pursuant to section 67-5243, Idaho Code. It can and will become a final order without further action of the Department of Water Resources (department) unless a party petitions for reconsideration, files an exception and brief, or requests a hearing as further described below:

PETITION FOR RECONSIDERATION

Any party may file a petition for reconsideration of a preliminary order with the department within fourteen (14) days of the service date of this order. The department will act on a petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See Section 67-5243(3) Idaho Code.

EXCEPTIONS AND BRIEFS

Within fourteen (14) days after (a) the service date of a preliminary order, (b) the service date of a denial of a petition for reconsideration from this preliminary order, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration from this preliminary order, any party may in writing support or take exceptions to any part of a preliminary order and may file briefs in support of the party's position on any issue in the proceeding with the Director. Otherwise, this preliminary order will become a final order of the agency.

REQUEST FOR HEARING

Unless a right to a hearing before the department or the Idaho Water Resource Board (Board) is otherwise provided by statute, any person aggrieved by any final decision, determination, order or action of the Director of the department and who has not previously been afforded an opportunity for a hearing on the matter may request a hearing pursuant to section 42-1701A(3), Idaho Code. A written petition contesting the action of the Director and requesting a hearing shall be filed within fifteen (15) days after receipt of the denial or conditional approval.

ORAL ARGUMENT

If the Director grants a petition to review the preliminary order, the Director shall allow all parties an opportunity to file briefs in support of or taking exceptions to the preliminary order and may schedule oral argument in the matter before issuing a final order. If oral arguments are to be heard, the Director will within a reasonable time period notify each party of the place, date and hour for the argument of the case. Unless the Director orders otherwise, all oral arguments will be heard in Boise, Idaho.

CERTIFICATE OF SERVICE

All exceptions, briefs, requests for oral argument and any other matters filed with the Director in connection with the preliminary order shall be served on all other parties to the proceedings in accordance with IDAPA Rules 37.01.01302 and 37.01.01303 (Rules of Procedure 302 and 303).

MICROFILMED
SEP 2 3 2001

FINAL ORDER

The Director will issue a final order within fifty-six (56) days of receipt of the written briefs, oral argument or response to briefs, whichever is later, unless waived by the parties or for good cause shown. The Director may remand the matter for further evidentiary hearings if further factual development of the record is necessary before issuing a final order. The department will serve a copy of the final order on all parties of record.

Section 67-5246(5), Idaho Code, provides as follows:

> Unless a different date is stated in a final order, the order is effective fourteen (14) days after its issuance if a party has not filed a petition for reconsideration. If a party has filed a petition for reconsideration with the agency head, the final order becomes effective when:
>
> (a) the petition for reconsideration is disposed of; or
> (b) the petition is deemed denied because the agency head did not dispose of the petition within twenty-one (21) days.

APPEAL OF FINAL ORDER TO DISTRICT COURT

Pursuant to sections 67-5270 and 67-5272, Idaho Code, if this preliminary order becomes final, any party aggrieved by the final order or orders previously issued in this case may appeal the final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which:

i. A hearing was held,
ii. The final agency action was taken,
iii. The party seeking review of the order resides, or
iv. The real property or personal property that was the subject of the agency action is located.

The appeal must be filed within twenty-eight (28) days of this preliminary order becoming final. See section 67-5273, Idaho Code. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

MICROFILMED
SEP 2 5 2001

TRANSFER REVIEW SHEET

(05-01)

TRANSFER # 5845/68528 DATE REVIEWED 9-20-2001 QS

SPLIT___ POD ✓ ADD POD___ POU ✓ PERIOD___ or NATURE___ of USE

ALL OF RIGHT(S) W=Water Right (C)=SRBA Claim R=SRBA Recommendation

C175-7062	/	/	/	/
/	/	/	/	/
/	/	/	/	/
/	/	/	/	/

PART OF RIGHTS(S)

		(Unchanged)	(Changed)
/	to	/	/
/	to	/	/
/	to	/	/
/	to	/	/
/	to	/	/
/	to	/	/
/	to	/	/
/	to	/	/
/	to	/	/
/	to	/	/
/	to	/	/

Standard Season NA to — Mining — Standard Volume NA /

(1) ✓ Priority (2) ✓ Use (3) ✓ Season/W61 (4) ✓ Rate (5) ✓ Volume

(6) ___ Source (7) ___ P/D (8) ___ P/U (9) ✓ Proof/Owner per region (10) ✓ Map

(11) N/A Water District WM/Rcvd — (12) Yes Pertinent Conditions (13) No Expansion w/conditions

(6) Correct Tributary - Napias Creek to Panther Creek (to Salmon River)

(7) Change 1 P/D in Sec 21. NWSE Out - Add NESW

(8) Change P/U - Add new QQs in 20420 & add SW, SWe.

Co. Name updated per IDSOS business entity records & confirmation at Co. representative, George Lusher (Water Supervisor who signed application) by telecon 9-21-01.

Conditions/Remarks 020(USFS) WB4, T17, 01Q, T07, T08, T09

WRs for Update Comments 75-7062 ✓

Database Updated to Reflect Final Action 9-21-01 QS

Idaho Secretary of State
Viewing Business Entity

[New Search] [Back to Summary]
[Get a certificate of existence for MERIDIAN BEARTRACK CO.]

MERIDIAN BEARTRACK CO.

9670 GATEWAY DR #200
RENO, NV 89571

Type of Business: CORPORATION, GENERAL BUSINESS
Status: GOODSTANDING, ANREPT SENT 09 May 2001
State of Origin: MONTANA
Date of Origination/Authorization: 24 Jul 1989
Current Registered Agent: NATIONAL REGISTERED AGENTS INC
512 W BANNOCK
BOISE, ID 83702
Organizational ID / Filing Number: C89934
Number of Authorized Stock Shares: N/A
Date of Last Annual Report: 21 May 2001

Amendements:

Amendment 0 filed 24 Jul 1989	CERTIFICATE OF AUTHORITY	View Document Online Download (TIFF format)
Amendment 1 filed 07 Apr 1997	REINSTATEMENT	View Document Online Download (TIFF format)
Amendment 2 filed 07 Apr 1997	NAME CHANGED TO MERIDIAN BEARTRACK CO/	View Document Online Download (TIFF format)

Annual Reports:

Report for year 1990	ANNUAL REPORT	View Document Online Download (TIFF format)
Report for year 1991	ANNUAL REPORT	View Document Online Download (TIFF format)
Report for year 1992	ANNUAL REPORT	View Document Online Download (TIFF format)
Report for year 1993	ANNUAL REPORT	View Document Online Download (TIFF format)
Report for year 1996	REINSTATEMENT	View Document Online Download (TIFF format)
Report for year 1997	ANNUAL REPORT	View Document Online Download (TIFF format)
Report for year 1998	ANNUAL REPORT	View Document Online Download (TIFF format)
Report for year 1998	CHNG RA/RO	View Document Online Download (TIFF format)

MICROFILMED

Report for year 1999 ANNUAL REPORT	View Document Online Download (TIFF format)
Report for year 2000 ANNUAL REPORT	View Document Online Download (TIFF format)
Report for year 2001 ANNUAL REPORT	View Document Online Download (TIFF format)

MICROFILMED
SEP 25 2001

No. C 89934

Return to:
SECRETARY OF STATE
700 WEST JEFFERSON
PO BOX 83720
BOISE, ID 83720-0080

NO FILING FEE IF RECEIVED BY DUE DATE

Due no later than Jul 31, 2001
Annual Report Form

MERIDIAN BEARTRACK CO.

9670 GATEWAY DR #200

RENO, NV 89571

2. Registered Agent and Office NO PO BOX
NATIONAL REGISTERED AGENTS
512 W BANNOCK

BOISE, ID 83702

3. New Registered Agent Signature

4 Corporations: Enter Names and Business Addresses of President, Secretary and Directors.

Office held	Name	Street or P.O. Address	City	State	Zip
Chairman	Brian Kennedy	9670 Gateway Dr. #200	Reno	NV	89511
President	Wayne Hubert	9670 Gateway Dr. #200	Reno	NV	89511
VP	Richard Lorson	9670 Gateway Dr. #200	Reno	NV	89511
Treasurer	Edward Colt	9670 Gateway Dr. #200	Reno	NV	89511
Secretary	Peter Dougherty	9670 Gateway Dr. #200	Reno	NV	89511

Directors: Brian Kennedy
Richard Lorson
Edward Colt

5 Organized Under the Laws of:
MONTANA
C 89934

6
Signature [signature] Date 05/17/2000
Name (Please Print) Aaron Rumley Title Finance Manager

Issued 05/09/2001 **Do Not Tape or Staple** 4043

State of Idaho

Department of State

AMENDED CERTIFICATE OF AUTHORITY
OF

MERIDIAN GOLD COMPANY
File Number C 89934

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of an Application of MERIDIAN GOLD COMPANY for an Amended Certificate of Authority to transact business in this State, duly executed pursuant to the provisions of the Idaho Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Amended Certificate of Authority to MERIDIAN BEARTRACK CO. to transact business in this State under the name **MERIDIAN BEARTRACK CO.** and attach hereto a duplicate original of the Application for such Amended Certificate.

Dated: April 7, 1997

GREAT SEAL OF THE STATE OF IDAHO

Pete T. Cenarrusa
SECRETARY OF STATE

By _____

APPLICATION FOR AMENDED CERTIFICATE OF AUTHORITY

To the Secretary of State of the State of Idaho:

Pursuant to Section 30-1-118, ***Idaho Code***, the undersigned Corporation hereby applies for an amended certificate of authority to transact business in the State of Idaho and for that purpose submits the following statement.

FEB 7 | 40 PM '97
SECRETARY OF STATE
STATE OF IDAHO

1. A Certificate of Authority was issued to the corporation by your office on July 24, 19 89, authorizing it to transact business in the State of Idaho under the name of Meridian Gold Company
2. Its corporate name has been changed to Meridian Beartrack Co.

   (Note: If the corporation name has not been changed, insert "No change.")
3. **The name which it shall use hereafter in the State of Idaho is** Meridian Beartrack Co.
4. It desires to pursue in the transaction of business in the State of Idaho purposes other than or in addition to those set forth in its prior application for certificate of authority, as follows:
   No Change

   (Note: If no additional purposes are proposed, insert "No change.")

Dated January 21, 1997

Meridian Gold Company
(Corporation Name)

By Brian J. Kennedy
Its President/Vice President (please specify)
Brian J. Kennedy, Chairman

And Donald L. Beckwith
Its Secretary/Assistant Secretary (please specify)
Donald L. Beckwith, Secretary

STATE OF ILLINOIS)
) ss:
COUNTY OF Cook)

I, JOAN D. DONOVAN, a notary public, do hereby certify that on this 21ST day of JANUARY, 1997, personally appeared before me BRIAN J. KENNEDY, who being by me first duly sworn, declared that (s)he is the PRESIDENT of MERIDIAN GOLD COMPANY that (s)he signed the foregoing documents as PRESIDENT of the corporation and that the statements therein contained are true.

Joan D. Donovan
Notary Public

"OFFICIAL SEAL"
JOAN D. DONOVAN
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 6/11/97

Secretary of State use only

IDAHO SECRETARY OF STATE
DATE 02/07/1997
0900 62220 2
CK #: 6365 CUST#: 19577
AMEND CERT 1@ 30.00= 30.00

AAC593 *File two copies. If a name change, attach certificate of fact from state of incorporation.* **Fee: $30.00**

SECRETARY OF STATE

STATE OF MONTANA

FEB 7 1 40 PM '97

SECRETARY OF STATE
STATE OF IDAHO

CERTIFICATE OF FACT

I, **MIKE COONEY**, Secretary of State of the State of Montana, do hereby certify that on **June 20, 1988, MERIDIAN GOLD COMPANY** was incorporated under the laws of the State of Montana and received its Certificate of Incorporation for a term of perpetual duration.

I further certify that on **September 10, 1996, MERIDIAN GOLD COMPANY** filed Articles of Amendment changing the corporation's name to **MERIDIAN BEARTRACK CO.**

I further certify that the last corporate annual report filed by the corporation was the **1996** report filed in this office on **April 1, 1996**.

I further certify that the registered agent for the corporation as listed on the 1996 annual report is **CT CORPORATION SYSTEM, 406 Fuller Avenue, Po Box 1166, Helena, Montana, 59624.**

I further certify that the officers and directors of the corporation as listed on the **1996** annual report are: **President/Director - B.J. Kennedy, Vice President - D. L. Beckwith, V.P./Treasurer - S. E. Baginski ; at 5011 Meadowood Way, Reno, Nevada, 89502, Asst. Treasurer - D. N. Schuchardt, V.P./Secretary - R.L. Day, Asst. Secretary - C. M. Smith, Asst. Secretary - P. B. Bakas, Director - R. N. Bart; at 200 e. Randolph Dr, Chicago, Illinois, 60601, .**

I further certify that the corporation has filed all required reports with this office and that no notice or decree of dissolution has been filed with this office and it is in good standing.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Montana, at Helena, the Capital, this **February 5, A.D. 1997**.

MIKE COONEY
Secretary of State

9-26-00

T5845/68528

RECEIVED

AUG 15 2001

Department of Water Resources

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
TRANSFER ANALYSIS SHEET

INITIAL REVIEW BY: HWJ

1. Right number 75-07062 Applicant Meridian Gold Comp

2. Type of right: [ ] Decree [X] License [ ] Claim [ ] SRBA Recommendation

3. Purpose of transfer: [X] **Change point of diversion** [ ] Add diversion point(s)
   [X] **Change place of use** [ ] Other _____

4. Check:
   a. [✓] Source [✓] Priority [✓] Amount [✓] Purpose [✓] Period of use
   b. [✓] Description of original point of diversion.
   c. [✓] Description of original place of use.

5. Amount of land &/or water transferred:
   a. [✓] All of right.
   b. [ ] Part of right *(NOTE! Part B should be filled in only if part of the right is owned by the applicant).*
   c. Map for remainder of right? [ ] Yes [ ] No
   d. [✓] Check description of point(s) of diversion.
   e. [✓] Check description of place of use
   f. [✓] Check map (shows p.d. and p.u. after transfer).
   g. [✓] Check for correct signature, notarization, and fee.
   h. [✓] Check proof of ownership of right &/or land from which water is transferred.
   i. [✓] Check for expansion in use of right. Comments _____

   _____

   j. [ ] Check for existing water rights from same source, on land water is being transferred to.

      Right number(s) _____

   k. [X] Is use within a Watermaster District? [ ] Yes [X] No

      If yes, what district? _____

Send Copy to: ① Ray Hrudnicka c/o USFS, Salmon office
② DEQ - next door
③ COE Barbara Bengé Walla Walla

FINAL PROCESSING REVIEW BY: _____

1. Watermaster recommendation requested on _____ Received on _____
2. Reviewed by Adjudication Staff? [ ] Yes [ ] No
3. Is transfer published correctly? [✓] Yes [ ] No
4. Protest received? [✓] Yes [ ] No

* Adj Claim has been filed. HWJ

RECOMMENDED ACTION

1. [✓] Approve
2. [ ] Deny
3. Conditions* _____

   _____

   _____

4. By RDC Date 8/13/01

*All uses within Watermaster District require special conditions

5845/68528

State of Idaho
DEPARTMENT OF WATER RESOURCES

900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

EASTERN REGION

July 20, 2001

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

US Forest Service
50 Hwy 93 S
Salmon ID 83467

RE: Withdrawal of protest on Application for Transfer No.: 5845

Dear Protestants:

This Department has received the withdrawal of protest against the application for Meridian Gold. We will continue to process this application.

If you have any questions, please call our office.

Sincerely,

Harold W. Jones

Harold W Jones
Water Rights Supervisor

HWJ:sc

MICROFILMED

SEP 2 3 2001

State of Idaho
DEPARTMENT OF WATER RESOURCES

900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

EASTERN REGION

July 20, 2001

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

Meridian Gold
PO Box 749
Salmon ID 83467

RE: Withdrawal of protest on Application for Transfer No. 5845

Dear Sir:

This Department has received a withdrawal of protest from US Forest Service.

Our office will continue to process your application.

If you have any questions, please call our office.

Sincerely,

Harold W. Jones

Harold W Jones
Water Rights Supervisor

HWJ/sc

MICROFILMED

SEP 26 2001

United States Department of Agriculture | Forest Service | Salmon-Challis National Forest | Headquarters Bldg 50 Hwy 93 S Salmon, ID 83467

File Code: 2810-115

Date: July 17, 2001

RECEIVED
JUL 19 2001
Department of Water Resources
Eastern Region

Mr. Harold W. Jones
Water Rights Supervisor
Idaho Department of Water Resources
900 N. Skyline Dr., Suite A
Idaho Falls, ID 83402-1718

Dear Mr. Jones:

The enclosed signed Amendment #01-PA-11041330-022 to Agreement No. 110413179103 resolves the Forest Service's protest to Meridian's Application for Transfer No. 5845 in Napias Creek.

I appreciate your cooperation in resolving this matter.

For further information please do not hesitate to contact me at 208-756-5231.

Sincerely,

RAY HENDERSON
Project Administrator

Enclosure:

cc:
Mike Larkin, Fish and Game, P.O. Box 1336,Salmon, ID 83467
Joe Woods, Meridian Gold, P.O. Box 749, Salmon, ID 83467

MICROFILMED
SEP 2 5 2001

AGREEMENT

between

Meridian Gold Company

and

USDA Forest Service, Salmon National Forest

and

Idaho Department of Fish and Game

In resolution of USDA-Forest Service and Idaho Department of Fish and Game's Protests of Applications for Permit Nos. 75-7543, 75-7544, 75-7545, 75-7546, and 75-7547, as submitted by Meridian Gold Co., the three parties have come to the following agreement:

1. Meridian Gold Co. recognizes the USDA-Forest Service federal reserved right to instream flows for the purposes of securing favorable conditions of streamflow.

2.Meridian Gold Co. agrees to regulate their consumptive water use at the Beartrack Project to maintain minimum streamflows in Napias Creek, from above it's confluence with Wards Gulch to it's confluence with Arnett Creek, at least equal to the quantity of water in Napias Creek above it's confluence with Wards Gulch and below it's confluence with Sharkey Creek. See Attachment A which is incorporated herein by reference.

3.The USDA-Forest Service and Idaho Department of Fish and Game agree to withdraw their protest of Applications for Permit Nos. 75-7543, 75-7544, 75-7545, 75-7546, and 75-7547. The Forest Service and Idaho Department of Fish and Game agree to submit this Agreement to the State of Idaho, Department of Water Resources and inform the State that all three parties have come to agreement.

4.All three parties agree to recommend to the State of Idaho, Department of Water Resources that this Agreement be cited in the Applications for Permit and that the restriction in paragraph No. 2 above be a condition on any water permits or licenses issued persuant to the above referenced applications.

MICROFILMED

SEP 2 5 2001

AGREEMENT (continued)

5.All three parties agree that this Agreement will be included in Meridian Gold Company's Final Plan of Operations.

John E. Burns
Forest Supervisor
Salmon National Forest
USDA-Forest Service
P.O.Box 729
Salmon, Idaho 83467

1/21/91
Date

Robert Deurloo
Robert Deurloo
General Manager
Meridian Gold Co.
600 Van Dreff
Salmon, Idaho 83467

1/10/91
Date

Jerry M. Conley
Director
Idaho Department of Fish and Game
P.O. Box 25
Boise, Idaho 83707

1/11/91
Date

MICROFILMED
NOV 13 2001

Amendment #01-PA-11041330-022
to Agreement No. 110413179103

Agreement # 110413179103 is amended to put an expiration date of December31, 2005, at which time the agreement will be reviewed and renewed if needed.

Item 2 is amended as follows to establish a numeric value for the minimum stream flow.

2. Meridian Beartrack Company agrees to regulate their consumptive water use at the Beartrack Project to maintain a minimum streamflow in Napias Creek, from above its confluence with Ward's Gulch to its confluence with Arnett Creek. Water diversion from Napias Creek will be limited to periods when streamflow in Napias Creek below Sharkey Creek and Ward's Gulch exceeds 3 cfs below the point of water withdrawal. See attachment A, which is incorporated herein by reference.

George Matejko — 7/5/01

GEORGE P. MATEJKO
Forest Supervisor
Salmon-Challis National Forest
50 Hwy 93 S
Salmon, Idaho 83467

Date

Joe Woods — 7-16-01

JOE WOODS
General Manager
Meridian Beartrack Company
P. O. Box 749
Salmon, Idaho 83467

Date

Rod Sando — 6/28/01

ROD SANDO
Director
Idaho Department of Fish and Game
P. O. Box 25
Boise, Idaho 83707

Date

MICROFILMED
SEP 2 ... 2001

State of Idaho
DEPARTMENT OF WATER RESOURCES
900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

EASTERN REGION

November 15, 2000

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

MERIDIAN GOLD CO
PO BOX 749
SALMON ID 83467

RE: Application for Transfer No.: 5845

Dear Applicant:

Enclosed please find copies of the protests filed against the above referenced application for transfer of a water right. You should be aware that the following are the items we can consider at a conference and/or hearing in either approving or denying an application for transfer:

1) **Are other water rights injured by the transfer?**
2) **Does the change constitute enlargement in the use of the original water right?**
3) **Is the change consistent with the conservation of water resources within the state of Idaho?**
4) **Does the change conflict with the local public interest?**

The applicant must be prepared to present evidence and/or testimony addressing each of the four items should an additional hearing be necessary. You will be notified at a later date as to the time and place set for conference and/or hearing.

If we may be of further assistance, please contact us.

Respectfully submitted,

Harold W. Jones

HAROLD W. JONES
Water Rights Supervisor

HWJ:sc

cc: IDWR State Office

MICRO

State of Idaho
DEPARTMENT OF WATER RESOURCES

900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

EASTERN REGION

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

November 15, 2000

US DEPARTMENT OF AGRICULTURE
50 HWY 93 SOUTH
SALMON ID 83467

RE: Application for Transfer No. 5845

Dear Protestant:

This letter acknowledges receipt of the protest filed by you against the above referenced applications for transfer. The following are the principle items considered by the Department at a conference and/or hearing in either approving or denying an application for transfer:

1. **Are other water rights injured by the transfer?**

2. **Does the change constitute enlargement in the use of the original right?**

3. **Is the change consistent with the conservation of water resources within the state of Idaho?**

4. **Does the change conflict with the local public interest?**

The protestant must be prepared to present proof of the allegations involving one or more of the items. You will be notified at a later date as to the time and place set for conference and/or hearing.

In addition, Rule 302 of the Department's Rules of Procedure requires a protestant to send a copy of the protest to the applicant in question. The address is as follows:

MERIDIAN GOLD CO
PO BOX 749
SALMON ID 83467

MICROFILMED
NOV 15 2001

If we may be of further assistance, please contact us.

Respectfully submitted,

Harold W. Jones

HAROLD W. JONES
Water Rights Supervisor

HWJ:sc

cc: IDWR - State Office

MICROFILMED
SEP 2 5 2001

NOTICE OF PROPOSED CHANGE OF A WATER RIGHT TRANSFER NO. T5845

Notice is hereby given that Meridian Gold Company, PO Box 749, Salmon ID 83467, has applied to the Department of Water Resources to change the point of diversion and to change the place of use of a surface water source. The right sought to be changed is evidenced by a License and recorded as follows:

License No.: 75-07062 Source: Napias Creek/Salmon River

Amount: 1.58 cfs Priority: 05/30/1975

Point(s) of Diversion: NESE SEC 20 T22N R20E, SWNW SEC 21 T22N R20E and NWSE SEC 21 T22N R20E, LEMHI COUNTY

The water is used for mining within SEC 20 and 21 T22N R20E.

TO BE CHANGED AS FOLLOWS:

The applicant intends to move one of his points of diversion 550' downstream. The diversion at the NWSE SEC 21 will be moved to the NESW SEC 21 T22N R20E. The other 2 diversions will be maintained. Also the new place of use will be the SW¼ SEC 16, portions of each ¼ of SEC 20 and the N ½ NW¼ SEC 21 T22N R20E.

Any protests against approval of the proposed change must be filed with the Idaho Department of Water Resources, 900 N Skyline Dr., Idaho Falls, ID 83402, together with a protest fee of $25 on or before October 23, 2000. The protestant must also send a copy of the protest to the applicant.

KARL J. DREHER
Director

Published in the *Recorder Herald* on October 5 and 12, 2000.

10-5-2tc

RECEIVED
NOV 15 2000
Department of Water Resources
Eastern Region

Affidavit of Publication

STATE OF IDAHO } ss.
County of Lemhi }

RICKY G. HODGES being first duly sworn, deposes and says he is one of the publishers (printers) of The Recorder Herald, a newspaper published weekly at Salmon, Lemhi County, Idaho, and of general circulation therein. That the **IDAHO DEPARTMENT OF WATER RESOURCES - PROPOSED WATER CHANGE, NO. T-5845,** a true printed copy of which is attached to the margin hereof, has been and was correctly printed and published in the regular and entire issue of every number of said newspaper and not in any supplement thereof or thereto for **TWO (2)** consecutive issue(s), commencing with the issue dated **10-5-2000** and ending with the issue dated **10-12-2000.**

STATE OF IDAHO } ss.
County of Lemhi }

On this 13th day of November in this year of 2000 before me, A Notary Public, personally appeared RICKY G. HODGES, known or identified to me to be the person whose name subscribed to the within instrument, and being by me first duly sworn, declared that the statements therein are true, and acknowledged to me that he executed the same.

Notary Public for Idaho

Residing At Salmon, Idaho

My Commission expires: 2-19-2003

Publication Fee $69.12

MICROFILMED
SEP 25 2001

United States Department of Agriculture | Forest Service | Salmon-Challis National Forest | Headquarters Bldg 50 Hwy 93 S Salmon, ID 83467

File Code: 2810

Date: October 20, 2000

Idaho Depaartment of Water Resources
900 N. Skyline Dr., Suite A
Idaho Falls, Idaho 83402-1718

Dear Mr. Jones:

The Salmon and Challis National Forest is compelled to protest Meridian's Application for Transfer #5845, to change a point of diversion and implement mine reclamation using water from Napias Creek.

The basis for this protest is existing agreements (enclosure), and analysis for the Beartrack Project which did not permit use of Napias Creek for mining purposes. Prior to processing this permit the Forest Service will need to conduct an analysis of this proposal and obtain new agreements.

Enclosed is a check in the amount of $25.00 for the protest fee.

For further information please do not hesitate to contact me at 208-756-5231.

Sincerely,

RAY HENDERSON
Minerals Program Manager

MICROFILMED
SEP 2 5 2001

SALMON-CHALLIS NATIONAL FOREST

50 HWY 93 S, Salmon, ID 83467, 208-756-5100

FACSIMILE TRANSMISSION SHEET

DATE: Oct. 20 PAGE 1 OF 3

TO: Harold Jones

FAX NO.: 208-525-7177

FROM: Ray Henderson

SUBJECT: Application Transfer #5845

If you have had any problems in receiving this transmission, please call 208-756-5100. Our facsimile phone number is 208-756-5151. Thank You!

****

MESSAGE:

Meridian's applications is subject to the attached agreement and Plan of Operations & cannot use water right until we've modified plan & EIS Accordingly. What do I need to do to hold this up until we've analyzed this.

Ray Henderson 208-756-5231.

13-6200-5 (Rev. 02/98)

MICROFILMED

Agreement No. 110413179103

AGREEMENT

between

Meridian Gold Company

and

USDA Forest Service, Salmon National Forest

and

Idaho Department of Fish and Game

In resolution of USDA-Forest Service and Idaho Department of Fish and Game's Protests of Applications for Permit Nos. 75-7543, 75-7544, 75-7545, 75-7546, and 75-7547, as submitted by Meridian Gold Co., the three parties have come to the following agreement:

1. Meridian Gold Co. recognizes the USDA-Forest Service federal reserved right to instream flows for the purposes of securing favorable conditions of streamflow.

2. Meridian Gold Co. agrees to regulate their consumptive water use at the Beartrack Project to maintain minimum streamflows in Napias Creek, from above it's confluence with Wards Gulch to it's confluence with Arnett Creek, at least equal to the quantity of water in Napias Creek above it's confluence with Wards Gulch and below it's confluence with Sharkey Creek. See Attachment A which is incorporated herein by reference.

3. The USDA-Forest Service and Idaho Department of Fish and Game agree to withdraw their protest of Applications for Permit Nos. 75-7543, 75-7544, 75-7545, 75-7546, and 75-7547. The Forest Service and Idaho Department of Fish and Game agree to submit this Agreement to the State of Idaho, Department of Water Resources and inform the State that all three parties have come to agreement.

4. All three parties agree to recommend to the State of Idaho, Department of Water Resources that this Agreement be cited in the Applications for Permit and that the restriction in paragraph No. 2 above be a condition on any water permits or licenses issued persuant to the above referenced applications.

MICROFILMED

SEP 2 5 2001

AGREEMENT (continued)

5.All three parties agree that this Agreement will be included in Meridian Gold Company's Final Plan of Operations.

John E. Burns
Forest Supervisor
Salmon National Forest
USDA-Forest Service
P.O.Box 729
Salmon, Idaho 83467

1/21/91
Date

Robert Deurloo
Robert Deurloo
General Manager
Meridian Gold Co.
600 Van Dreff
Salmon, Idaho 83467

1/10/91
Date

Jerry M. Conley
Director
Idaho Department of Fish and Game
P.O. Box 25
Boise, Idaho 83707

1/11/91
Date

MICROFILMED
SEP 25 2001

State of Idaho
DEPARTMENT OF WATER RESOURCES

900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

EASTERN REGION

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

September 27, 2000

CORPS OF ENGINEERS
C/O BARBARA BENGE
201 N 3RD ST
WALLA WALLA WA 99362-1876

RE: Application for Transfer #5845

Dear Sir:

We are enclosing a copy of the application (s) that may be of interest to your department. Please review the application (s) and submit any comments you may have to our Department as soon as possible. The last date of protest is October 23, 2000, and we are required to take final action shortly thereafter.

If we may be of further assistance, please feel free to contact us.

Respectfully submitted,

Harold W. Jones
Water Right Supervisor

HWJ: sc

Enc.

MICROFILMED

State of Idaho
DEPARTMENT OF WATER RESOURCES

900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

EASTERN REGION

September 27, 2000

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

ID DEPT OF ENVIRONMENTAL QUALITY
900 N SKYLINE DR STE B
IDAHO FALLS ID 83402

RE: Application for Transfer #5845

Dear Sir:

We are enclosing a copy of the application (s) that may be of interest to your department. Please review the application (s) and submit any comments you may have to our Department as soon as possible. The last date of protest is October 23, 2000, and we are required to take final action shortly thereafter.

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Respectfully submitted,

Harold W. Jones

Harold W. Jones
Water Right Supervisor

HWJ: sc

Enc.

MICROFILMED

SEP 2 5 2001

State of Idaho
DEPARTMENT OF WATER RESOURCES

900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

EASTERN REGION

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

September 27, 2000

RAY HENDERSON
US FOREST SERVICE
RR2 BOX 600
SALMON ID 83467

RE: Application for Transfer #5845

Dear Sir:

We are enclosing a copy of the application (s) that may be of interest to your department. Please review the application (s) and submit any comments you may have to our Department as soon as possible. The last date of protest is October 23, 2000, and we are required to take final action shortly thereafter.

If we may be of further assistance, please feel free to contact us.

Respectfully submitted,

Harold W. Jones

Harold W. Jones
Water Right Supervisor

HWJ: sc

Enc.

MICROFILMED

SEP 2 5 2001

State of Idaho
DEPARTMENT OF WATER RESOURCES

900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

EASTERN REGION

September 27, 2000

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

MERIDIAN GOLD COMPANY
PO BOX 749
SALMON ID 83467

RE: Applications for Transfer #5845

Dear Applicant:

This office is currently in the process of advertising the application in the Recorder Herald on October 5 and 12, 2000. The advertisement will be published once a week for two consecutive weeks, and a period of ten days following the second publication will be allowed for the submittal of protests.

If the application is protested, you will be sent a copy of the protest. The protest must be resolved before the application is approved or denied. If the protest is not resolved voluntarily, this Department will conduct a conference and/or hearing on the matter.

Please feel free to contact this office if you have any questions regarding this procedure.

Sincerely,

Harold W. Jones
Water Right Supervisor

HWJ::sc

MICROFILMED

SEP 2 6 2000

State of Idaho
DEPARTMENT OF WATER RESOURCES
900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

EASTERN REGION

September 27, 2000

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

RECORDER HERALD
PO BOX 310
SALMON ID 83467

Dear Publisher:

Enclosed you will find a legal notice which we wish to have published on the dates indicated in your newspaper. If you cannot publish the notice on the proposed dates, please contact us immediately.

An affidavit of publication must be submitted to the Department along with the publication bill. Your cooperation is appreciated.

Please send the affidavit of publication and publication billing to this office before October 23, 2000.

Respectfully submitted,

Sharla Cox
Administrative Assistant

Enc.



MICROFILMED

SEP 2 5 2000

NOTICE OF PROPOSED CHANGE OF A WATER RIGHT TRANSFER NO. T5845

Notice is hereby given that Meridian Gold Company, PO Box 749, Salmon ID 83467, has applied to the Department of Water Resources to change the point of diversion and to change the place of use of a surface water source. The right sought to be changed is evidenced by a License and recorded as follows:

License No.:	**75-07062**	**Source:**	**Napias Creek / Salmon River**
Amount:	**1.58 cfs**	**Priority:**	**05/30/1975**

Point(s) of Diversion: NESE SEC 20 T22N R20E, SWNW SEC 21 T22N R20E and NWSE SEC 21 T22N R20E, LEMHI COUNTY
The water is used for mining within SEC 20 and 21 T22N R20E.

TO BE CHANGED AS FOLLOWS:
The applicant intends to move one of his points of diversion 550' downstream. The diversion at the NWSE SEC 21 will be moved to the NESW SEC 21 T22N R20E. The other 2 diversions will be maintained. Also the new place of use will be the SW ¼ SEC 16, portions of each ¼ of SEC 20 and the N ½ NW ¼ SEC 21 T22N R20E.

Any protests against approval of the proposed change must be filed with the Idaho Department of Water Resources, 900 N Skyline Dr., Idaho Falls, ID 83402, together with a protest fee of $25 on or before October 23, 2000. The protestant must also send a copy of the protest to the applicant.

KARL J. DREHER
Director

Published in the Recorder Herald on October 5 and 12, 2000.

MICROFILMED
SEP 2 5 2001

December 20, 1991

MERIDIAN MINERALS CO
5613 DTC PARKWAY
ENGLEWOOD CO 80111

RE: WATER RIGHT NO. 75-07062

Dear Water Right Holder(s):

Enclosed herewith is a copy of the Water Right License issued on the above referenced permit along with a copy of your approved application for amendment.

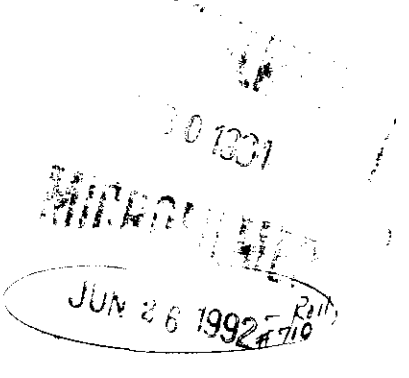
Should you have any questions regarding these documents, please feel free to contact our office.

Sincerely,

SHARLA CURTIS
Water Resource Agent

SC:blm

Enclosure



October 15, 1991

MERIDIAN MINERALS CO
5613 DTC PARKWAY
ENGLEWOOD CO 80111

RE: WATER RIGHT NO. 75-07062

Dear Water Right Holder(s):

The above referenced water right is in the process of being licensed. However, before a license can be issued, your permit must be amended to correspond with the findings of the Department's field examiner.

The enclosed application for amendment contains information that will be included on the license when it is issued. Please review carefully and if you concur, sign the amendment and return with the $20.00 filing fee within 15 days.

If you do not concur with these findings or if you have any questions, please contact us within the 15-day period.

Sincerely,

SHARLA CURTIS
Technical Records Specialist

SC:blm

Enclosure

DEC 30 1991
MICROFILMED
JUN 26 1992

ELAM, BURKE AND BOYD
ATTORNEYS AND COUNSELORS AT LAW

KEY FINANCIAL CENTER
702 WEST IDAHO
POST OFFICE BOX 1539
BOISE, IDAHO 83701

TELEPHONE
208-343-5454
TELECOPIER
208-384-5844

SCOTT L. CAMPBELL

December 3, 1990

RECEIVED
DEC 03 1990
Department of Water Resources

Ms. Sharla Curtis
IDAHO DEPARTMENT OF WATER RESOURCES
1301 North Orchard
Boise, Idaho 83720

RE: Water Permit No. 75-07062

Dear Sharla:

Pursuant to our telephone conversation of today, I have enclosed a copy of the Special Warranty Deed, executed by Marvin D. Johnson and Sheryl M. Johnson, for the benefit of Meridian Minerals Company.

Marvin and Sheryl Johnson are the successors in interest to Harry Johnson. Marvin Johnson is Harry Johnson's son and inherited Harry Johnson's interest in Water Permit No. 75-07062. I believe **Harry Johnson died in late 1987.**

As successors in interest to Harry Johnson, Marvin and Sheryl Johnson sold the Lady Luck Placer Mining Claim, as described in the Special Warranty Deed. As part of this sale to the Meridian Minerals Company, the water rights which were connected with the claim were also sold. These rights included Permit No. 75-07062.

Based upon the documentation evidenced by the Special Warranty Deed, I request that you forward the Amendment of Permit Forms which pertain to Water Permit No. 75-07062 to Meridian Minerals Company at the address listed on the Special Warranty Deed. I also request that you modify your records to reflect the ownership interest of Meridian Minerals Company in the water permit.

RECEIVED
DEC 30 1991

MICROFILMED
JUN 26 1992

Please contact me if you have any questions in this regard.

Very truly yours,

ELAM, BURKE AND BOYD

Scott L. Campbell

SLC:jm
Enclosure

cc: Robert Duerloo
Les A. Darling

HAND DELIVERY

JUN 26 1992

Dow 75-7065

Form 213-S.A.
6/86

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

75-7062
Permit No.

Staff Analysis Sheet
for
Beneficial Use Field Report

EW 2/5/87

A. Prior to Conducting the Exam, the File Contains:

- [x] Blank Field Report Form
- [x] Copy of Permit
- [x] Copies of any Amendments/Orders with conditions of approval
- [x] Computer Data Proof Report
- [x] Copy of U.S.G.S. Quad
- [x] Check for Government Lots. If so, make a copy of Government Plat

Check of P/D index SSJ 4/6/87 (Initial and date)

Overlap? ☐ yes ☒ no If yes: ☐ copy of exam(s) attached?
Type of Overlap? ☐ Add acres or uses to existing system
☐ Increase rate of flow or volume
☐ Other: _____

Check of P/U index SSJ 4/7/87 (Initial and date)

Overlap? ☒ yes ☐ no If yes: ☐ copy of water right(s) attached?
Type of Overlap? ☐ Increase rate of flow or volume
☐ Add P/D's
☐ Increase number of acres within tracts
☐ Other: 75-7065, 75-4185

Aerial Photo

Required? ☒ yes ☐ no If yes: ☒ copy attached?

Scheduling Letter sent? _____ (Initial and date)

☐ Appointment made and telephone conversation memo attached

B. After Conducting the Exam, the File Contains:

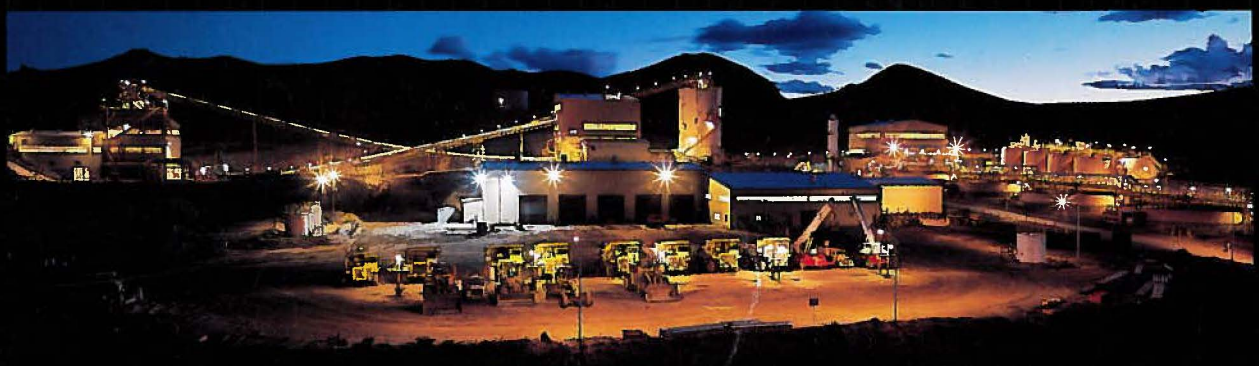
- ☐ Fully completed and signed Field Report Form
- ☐ Photographs of Point of Diversion and Place of Use
- ☐ Corrected Computer Data Proof Report with recommended license information, and date and signature of examiner.

C. Review and Processing:

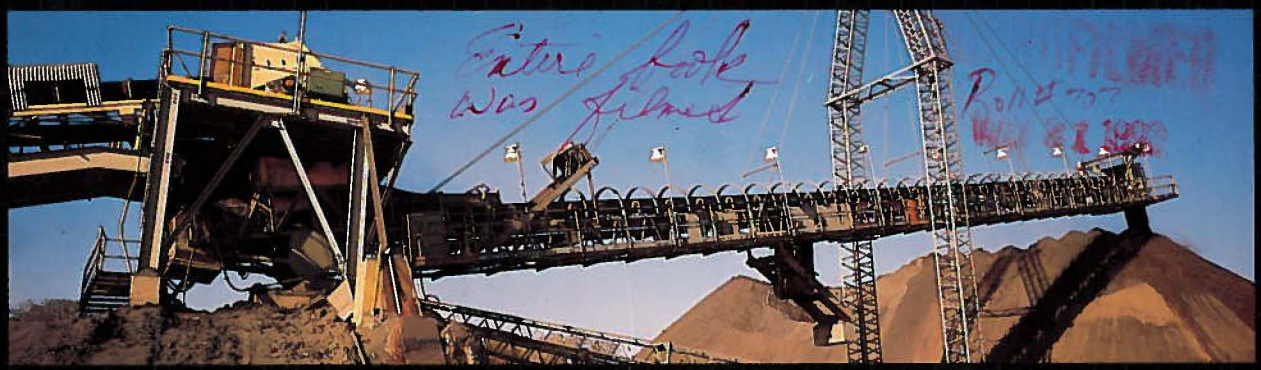
Exam Completed John Kapphan (By HWJ) 9-3-80 (Signature of examiner and date)
Exam Reviewed by Senior Water Resource Agent JCK 1-4-88 (Initial and date)
Exam Reviewed by Manager of Regional Office SM 1-11-88 (Initial and date)
Exam Date Entered in Computer _____ (Initial and date)
Exam sent to State Office _____ (Initial and date)
Copy of Staff Analysis Sheet sent to Manager of Regional Office and Original Refiled in White File _____ (Initial and date)

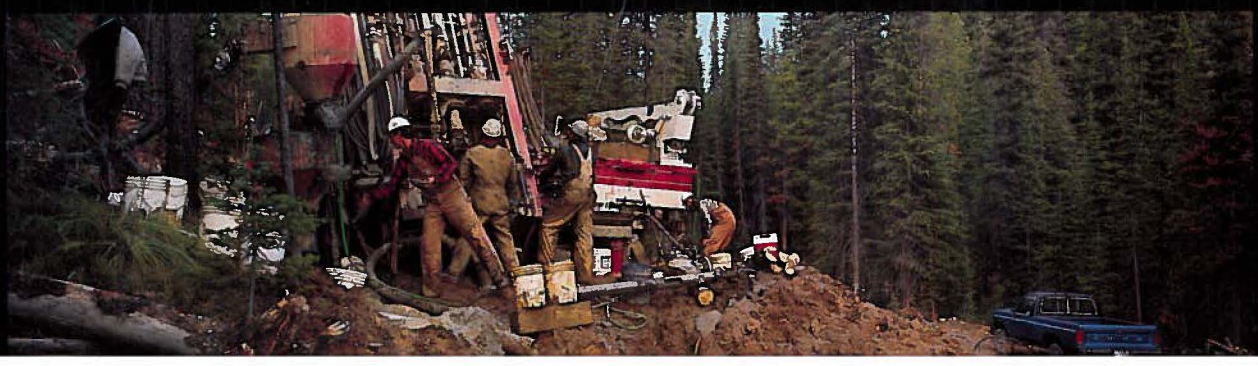
FMC GOLD COMPANY

ANNUAL REPORT 1990









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Directors and Officers	31

STOCKHOLDER DATA

ANNUAL MEETING OF STOCKHOLDERS

FMC Gold's annual meeting of stockholders will be held at 11 a.m. on Wednesday, May 1, 1991, in the Gold Room of the Stanford Court Hotel at 905 California Street, San Francisco, Calif.

Notice of the meeting, together with proxy material, will be mailed approximately 40 days prior to the meeting to stockholders of record as of March 12, 1991.

TRANSFER AGENT AND REGISTRAR OF STOCK

Harris Trust and Savings Bank
P.O. Box 755
Chicago, Illinois 60690

Questions concerning FMC Gold common stock should be sent to the above address.

EXCHANGE LISTINGS

Common stock: New York Stock Exchange

FMC Corporation subordinated debentures exchangeable into FMC Gold common stock: Luxembourg Exchange

COMMON STOCK SYMBOL

FGL

FORM 10-K

A copy of the company's Annual Report to the Securities and Exchange Commission on Form 10-K for 1990 is available upon written request to:

FMC Gold Company
Communications Department
200 East Randolph Drive
Chicago, Illinois 60601
312/861-6000

CORPORATE PROFILE

FMC Gold is a large North American precious metals producer, with 1990 production of 332,000 ounces of gold and 5.5 million ounces of silver. FMC Gold has reserves of 2.6 million ounces of gold and 12.5 million ounces of silver.

FMC Gold was formed in 1987 through a combination of FMC Corporation's North American precious metals interests. In June 1987, FMC Gold sold 11.4 percent of its shares to the public. In May 1990, FMC Gold issued 8 million new shares of stock to acquire Meridian Gold Company. FMC Corporation holds the remaining 79 percent of shares.

FMC Gold today has three producing properties: Paradise Peak (100 percent ownership) and Jerritt Canyon (30 percent ownership), located in Nevada, and Royal Mountain King (100 percent ownership) in California. In addition, FMC Gold has a 71 percent interest in the Beartrack pre-development property in Idaho and carries an active exploration property inventory directed at the western United States.

HIGHLIGHTS:

- **On May 15, FMC Gold issued 8 million new shares of stock to acquire Meridian Gold Company from Burlington Resources. Key assets included the Beartrack pre-development property in Idaho, the Royal Mountain King operating mine in California, and various exploration properties.**
- **Gold reserves increased 37 percent due to the addition of the Meridian Gold properties.**
- **FMC Gold net income was $39 million on sales of $153 million.**
- **FMC Gold generated $44 million of cash flow, raising year-end cash and cash equivalents to $101 million.**

FMC Gold was incorporated in 1987 under Delaware law.



OPERATING SUMMARY

	1990	1989	% Change
Production (ounces):			
Gold	332,000	329,000	+ 1
Silver	5,481,000	5,160,000	+ 6
Total (gold equivalent)	402,000	403,000	—
Average realized price (ounce):			
Gold	$381.00	$382.00	—
Silver	$ 4.90	$ 5.46	−10
Cash cost of production per gold equivalent ounce(1)	$161.00	$129.00	+25
Year-end reserves (ounces):			
Gold	2,605,000	1,895,000	+37
Silver	12,453,000	24,148,000	−48

FINANCIAL SUMMARY

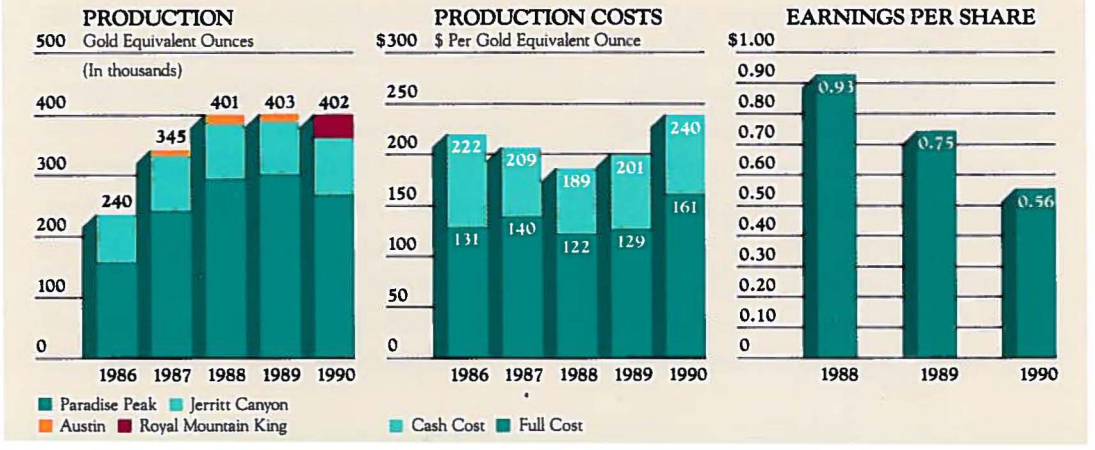
(In millions, except per share amounts)

	1990	1989	% Change
Sales	$153.0	$151.5	+ 1
Income			
after taxes	$ 39.4	$ 48.9	−19
percent of sales	25.8%	32.3%	
Earnings per common share	$ 0.56	$ 0.75	−25
Exploration costs	$ 14.7	$ 14.3	+ 3
Capital expenditures	$ 18.8	$ 22.0	−15
Cash flow(2)	$ 43.5	$ 45.7	− 5
Return on investment(3)	20.2%	38.8%	
Common shares outstanding	73.5	65.5	
Common stock prices			
High	13¼	14¼	
Low	8	8½	

(1)Cash cost of production includes all mine-site cash operating and administrative expenses, including royalties and net proceeds taxes. Selling expenses and pre-production stripping costs are excluded. Full cost includes all cash costs plus non-cash costs and corporate overhead.

(2)Cash flow equals net income plus provision for depreciation and amortization less capital spending.

(3)Return on investment $= \frac{\text{Net income}}{\text{Average of stockholders' equity}}$



MESSAGE TO STOCKHOLDERS

In last year's message to stockholders we indicated that FMC Gold would aggressively pursue opportunities for reserve expansion, both through exploration and acquisition. In 1990, we continued our aggressive exploration program and in May we acquired Meridian Gold Company from Burlington Resources in exchange for 8 million new shares of common stock. This acquisition added new producing and development properties and proven gold reserves to our portfolio.

With production costs well below the industry average, FMC Gold was among North America's most profitable gold and silver producers. In 1990, FMC Gold earned $39 million, or $0.56 per share. We generated $44 million in cash flow; held $101 million in cash and cash equivalents at year-end; and remain debt-free. The strength of our balance sheet, coupled with our operating and development expertise, puts us in a strong position to continue our program for reserve expansion and development of advanced stage properties.

Meridian Gold Company Acquisition

The principal assets of Meridian Gold Company included the Beartrack pre-development property in Idaho, the Royal Mountain King mine in California and several exploration properties in California, Idaho and Montana.

We have directed our efforts toward rationalizing and improving the assets acquired. At Beartrack, we have completed drilling and evaluation of the orebody, continued to secure environmental permits and completed a mine feasibility study. In October, we sold the California exploration properties of Meridian Gold to Seine River Resources. We considered selling Royal Mountain King, but unfavorable gold market conditions and tight credit markets resulted in inadequate offers. Therefore, we will retain the property and focus on reducing costs.

Operating Highlights

Gold production rose slightly in 1990 to 332,000 ounces, as a partial year's production from Royal Mountain King and expanded milling capacity at Jerritt Canyon offset lower production at Paradise Peak. Silver production rose to 5.5 million ounces as the high silver portion of the Paradise Peak orebody was mined. Our cash cost of production increased to $161 per gold equivalent ounce; $32 per ounce higher than 1989, but still well below the industry average.

Our rising cost structure reflected the inclusion of the higher-cost Royal Mountain King operation. In addition, the decline in ore grades and the costs associated with the removal of waste material to bring new heap-leach orebodies into production raised costs at Paradise Peak, which were partially offset by more efficient mill operation and reduced use of reagents. At Jerritt Canyon, equipment problems plagued the operation of the new ore-roasting circuit. We expect the roaster to operate at design capacity in 1991. Cost reduction efforts will continue to be a primary focus at all our operations.

Reserve Expansion

FMC Gold's gold reserves increased 37 percent to 2.6 million ounces at year-end as a result of the Meridian Gold acquisition. At Jerritt Canyon, we began an aggressive exploration effort with our new operating partner focused on assessing the



Robert N. Burt Brian J. Kennedy

overall resource potential of the 70-square-mile claim block, rather than delineating known resources into proven reserves. At year-end FMC Gold's 30 percent share of proven and probable gold reserves declined to 875,000 ounces, but we identified geologic resources that we believe will lead to significant future reserve expansion.

At Beartrack, exploration activity focused on further delineating known reserves and assessing other target areas. FMC Gold's 71 percent share of proven and probable gold reserves totaled 727,000 ounces at year-end. Efforts to further define mineralization will continue in 1991. At Royal Mountain King, year-end reserves were 401,000 ounces. At Paradise Peak, gold reserves declined to 602,000 ounces as exploration results were disappointing. Silver reserves fell to 12.5 million ounces, as the high silver portion of the orebody was depleted.

Our exploration spending rose to $15 million in 1990 to support the expanded activity at Jerritt Canyon and to evaluate the Meridian Gold properties. We expect lower exploration activity at Paradise Peak in 1991 and increased activity at Jerritt Canyon as we continue to assess the overall potential of the claim block. Our strategy continues to focus on expanding reserves at existing properties and original prospecting throughout the western United States.

Management Changes

In May 1990, James M. Kelly was elected vice president-exploration. Jim has 22 years of experience in the mining industry, most recently with Atlas Corporation. Edward H. Colt was named controller, joining FMC Gold from FMC Corporation's Lithium Division.

Outlook

Gold production in 1991 is expected to decline slightly to 320,000 ounces, and silver production will fall to 2.5 million ounces, reflecting declining mill ore grades at Paradise Peak. Partially offsetting these downward trends will be increased heap-leach production at Paradise Peak, improved operation of the ore-roasting circuit at Jerritt Canyon and a full year of production from Royal Mountain King. Absent the discovery of significant reserves at Paradise Peak, the current production rates will exhaust these reserves in 1993.

Production costs will increase substantially as ore grades decline and heap-leach gold production represents a greater share of Paradise Peak output. Consequently, FMC Gold's cost position should approximate the industry average for North American gold companies.

FMC Gold has the operating and financial strategies in place which will allow us to continue to generate significant cash flows and acceptable returns while at the same time intelligently and aggressively pursuing opportunities to expand reserves.

Robert N. Burt

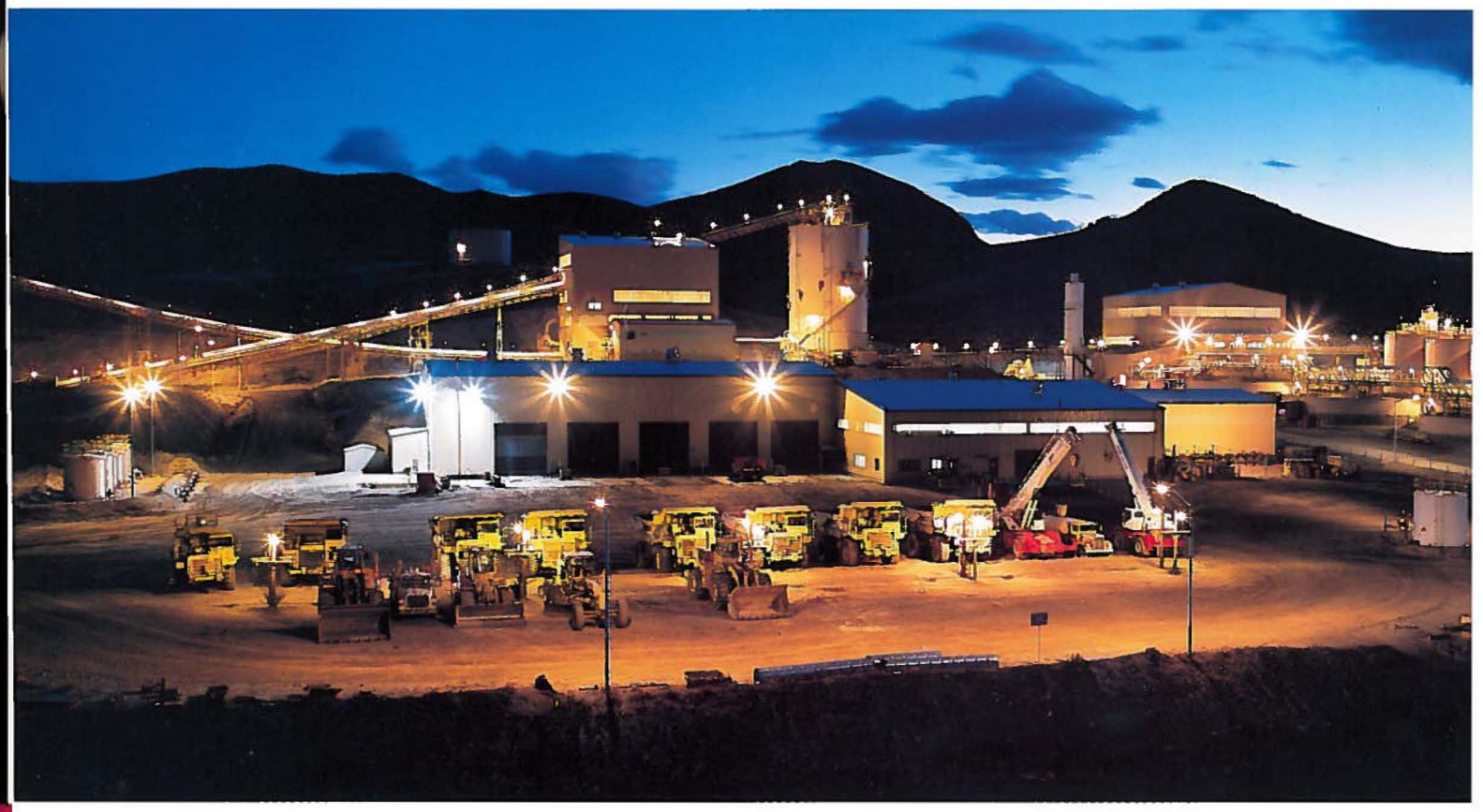
Robert N. Burt
Chairman of the Board
and Chief Executive Officer

Brian J. Kennedy

Brian J. Kennedy
President and Chief
Operating Officer

March 15, 1991

PARADISE PEAK



(Above) At Paradise Peak, silver production rose to 5.5 million ounces as the high silver portion of the orebody was mined. Gold production declined, reflecting the expected decline in ore grades.

(Right) Principal components composite generated from Landsat Thematic Mapper data acquired over Paradise Peak. The image is used by geologists to map hydrothermal changes associated with gold mineralization.





As we mine the Ketchup Flat and County Line orebodies, tonnage of ore processed will almost double, with one-third of production to be heap leached.



The Paradise Peak mine, located 120 miles southeast of Reno, Nev., had another strong operating year in 1990. Silver production rose to 5.5 million ounces, while gold production declined to 199,000 ounces due to the expected decline in ore grades as the higher-grade core of the orebody has been depleted. Since start-up in 1986, Paradise Peak has generated more than $165 million of cash flow after payback of its initial capital investment.

At Paradise Peak, ore is processed either through the mill or by heap leaching. In 1990, mill throughput increased 5 percent to 3,860 tons per day, reflecting increased efficiencies in ore processing and softer ore. However, as expected, the average grade of ore processed in the mill declined 19 percent for gold to 0.136 ounces per ton. Silver grades rose slightly and averaged 5.6 ounces per ton during the year. Gold recoveries remained relatively constant at 94 percent, and silver recoveries declined to 68 percent from 71 percent in 1989, because the metallurgy of the ore made silver extraction more difficult.

During 1990, we realized additional production from the Ketchup Flat deposit, which is being processed by heap leaching. Gold production from this deposit and other heap-leach sources rose 33 percent to 16,000 ounces and is expected to increase in 1991 and beyond.

Cash costs rose to $106 per gold equivalent ounce—$11 higher than in 1989, but still about half the North American industry average. Lower gold grades contributed to higher costs, but the increase in mill throughput and cost reduction efforts offset much of this impact.

In 1991, Paradise Peak will encounter a transition. The operation will shift from primarily a single orebody of high-grade ore suitable for mill processing, to a series of orebodies containing lower-grade mill and heap-leach ore. As we mine the Ketchup Flat and County Line orebodies, we expect to almost double the tonnage of ore processed, with one-third of production to be heap leached. The higher mill costs caused by lower grades and higher-cost heap-leach operations will increase cash production costs to approximately $200 per gold equivalent ounce in 1991. We expect cash costs to remain at that level over the remaining life of the orebodies.

Exploration efforts during the year to add new orebodies were unsuccessful, and at year-end, proven and probable reserves at Paradise Peak declined to 602,000 ounces of gold and 12.5 million ounces of silver. Although exploration efforts continue, at the present rate of production, reserves at Paradise Peak will be exhausted in 1993.



Exploration efforts are focusing on assessing the overall potential of Jerritt Canyon.

■ The Jerritt Canyon mine, located 50 miles north of Elko, Nev., is 30 percent owned by FMC Gold and 70 percent by our operating partner, Independence Mining Company Inc., a wholly owned subsidiary of Minorco (USA). Independence Mining was formed in March 1990, following the acquisition of Freeport-McMoRan Gold Company by Minorco S.A.

The Jerritt Canyon claim block, which encompasses 115 square-miles, is in itself a world-class mining district. The operation consists of several open pit mines, three of which were mined during 1990—Marlboro Canyon, Upper North Generator Hill and West Generator Hill. The current reserves base includes nine deposits: Three of these—Mill Creek, Burns Basin and Alchem—are under development. Jerritt Canyon's processing facilities include both a wet mill circuit and a parallel dry-milling and ore-roasting circuit. The ore-roasting circuit was constructed in 1989 to treat the more refractory, carbonaceous ores. Because of the complex metallurgy and varied ore types at the mine, ore is segregated by type, blended and then fed to the appropriate processing circuit.

FMC Gold's 30 percent share of gold production from Jerritt Canyon rose to 98,000 ounces compared with 87,000 ounces in 1989. Mill throughput averaged 6,890 tons per day, 38 percent above the 1989 level due to a full year of operation for the new ore-roasting circuit. A series of operating difficulties with the ore-roasting circuit—primarily associated with equipment ancillary to the roaster—limited its throughput to 83 percent of the design rate. However, wet mill throughput increased, partially offsetting this impact. Throughput is expected to increase in 1991 as these technical problems are resolved. The average grade of ore milled was 0.147 ounces per ton, down 18 percent from 1989. Average mill recoveries declined to 88 percent, due to more difficult ore metallurgy.

The average cash cost per ounce of gold production at Jerritt Canyon declined 4 percent to $237 per ounce, based on initial benefits from the roaster expansion. Costs should decline further when the roaster is operating at capacity.

At year-end 1990, FMC Gold's share of proven and probable gold reserves at Jerritt Canyon declined 13 percent to 875,000 ounces. This reduction reflects a change in exploration emphasis to assess the overall potential of the area, rather than to further delineate known resources into proven and probable reserves. We were encouraged by mineralization found in a number of previously unexplored areas, and we are further delineating these resources. Although proven reserves declined, the mineral resource inventory grew significantly with the discovery of mineralization in three new areas. Further evaluation of the New Deep deposit, discovered in February 1990, is still under way.







(Above) The Jerritt Canyon claim block, which encompasses 115 square-miles, is in itself a world class mining district.

(Left) The mineral resource inventory grew significantly with the discovery of mineralization in three new areas. Further evaluation of the New Deep deposit is still under way.



In 1990, full-year gold production at Royal Mountain King totaled approximately 60,000 ounces.

■ The Royal Mountain King mine is located in the west belt of the historic Motherlode mining district of central California. It was acquired in May 1990, as part of the Meridian Gold acquisition. Royal Mountain King was developed by Meridian and produced its first gold in early 1989. Motherlode Gold Mines Consolidated has a non-participating 30 percent net profits interest in Royal Mountain King that is payable only after capital and operating expenses have been fully recouped by FMC Gold.

In 1990, during the period following the acquisition, production from Royal Mountain King contributed 35,000 ounces of gold and 30,000 ounces of silver to FMC Gold.

Royal Mountain King includes three small open-pit deposits—North, Gold Knoll and Skyrocket. At year-end 1990, these deposits included 6.2 million tons of low-grade ore containing 401,000 ounces of gold. This reserve base will sustain production into 1995 at an annual rate of approximately 70,000 ounces.

The ore at Royal Mountain King is drilled, blasted, mined and hauled to a conventional sulfide ore mill for processing. In the mill complex, the ore is crushed, ground and concentrated, and then recovered through cyanidation. The final product, a gold doré, is shipped to refiners.

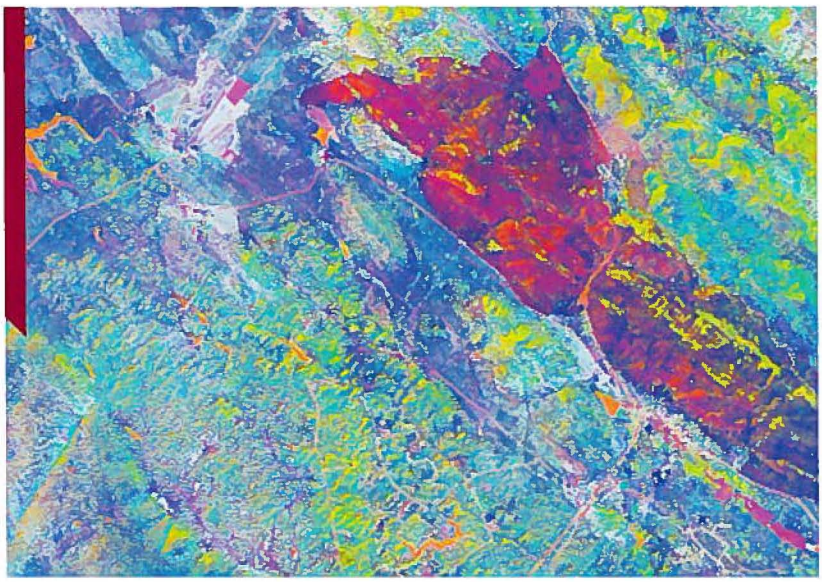
Following the acquisition in 1990, mill ore throughput averaged 2,865 tons per day, at an average grade of 0.068 ounces per ton of gold and a recovery rate of 81 percent. Because of its relatively low grade and high waste-stripping requirements, Royal Mountain King's operating costs are high, averaging $365 per ounce in 1990.

In 1991, the nature of the ore to be milled will change as the production will be derived predominantly from the newly developed Skyrocket orebody. The ore from this source is softer and can be processed at a higher rate, but contains a higher carbon concentration. During the 1990 fourth quarter, a new carbon flotation circuit was installed in the mill to remove the carbon from the ore before further processing. When fully operational, this modification is expected to modestly reduce operating costs by enabling higher throughput of the softer Skyrocket ore.

In late 1990, FMC Gold management evaluated its options for selling the property. However, due to the weak gold price environment and tight credit markets, we did not, in our judgment, receive an adequate offer and have decided to retain the property. Operating management is now focusing on limited alternatives for operational improvements. In 1991 and beyond, cash costs are expected to decline modestly, but remain high by industry standards.







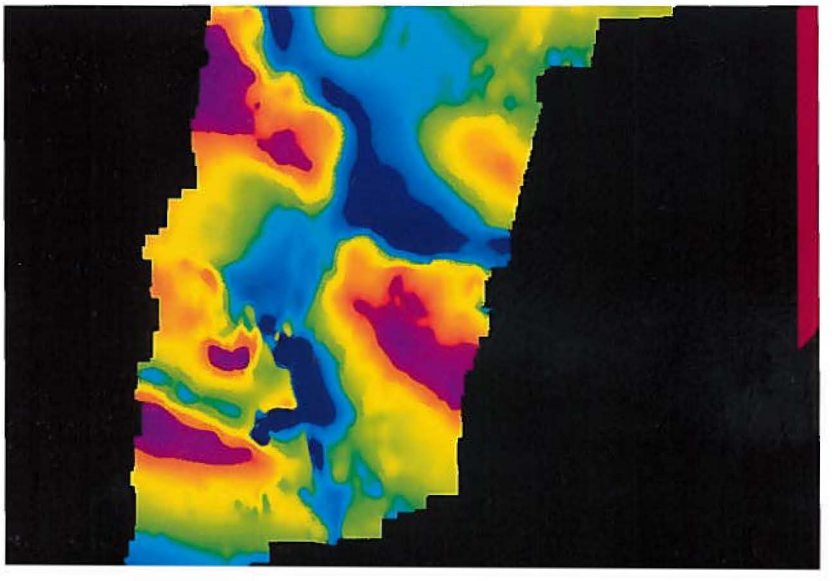
(Above) Royal Mountain King is an open-pit mine that has been operating since early 1989 in the Motherlode district of California.

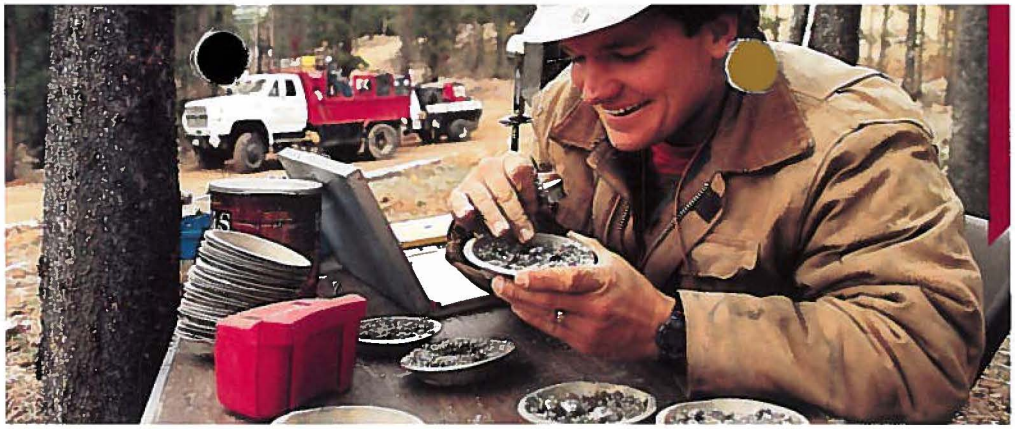
(Left) Principal components transformation of Landsat Thematic Mapper data acquired over the Royal Mountain King property. The image assists geologists in mapping the structure and rock formation associated with gold mineralization.



(Above) The Beartrack pre-development project in Idaho was acquired in May 1990 as part of the Meridian Gold acquisition.

(Right) Image of the earth's magnetic field over the Beartrack property helps geophysicists map the structure and rock formation associated with gold mineralization.





We are encouraged by the opportunities offered by the Beartrack project and expect to make a decision about developing the property in 1991.



The Beartrack pre-development project was acquired in May 1990 as part of the Meridian Gold acquisition and is located 12 miles northwest of Salmon, Idaho. The Beartrack claim block encompasses 50 square miles and is a joint venture with Canyon Resources Corporation and MINEX. FMC Gold holds a 71 percent interest and operates the project.

Exploration has been ongoing since the initial discovery of gold mineralization at Beartrack in 1984. Gold reserves have been identified primarily in two separate areas along the northeast/southwest trending Panther Creek fault. The north deposit is contained in quartz monzonite porphyry on the east side of the fault, and is approximately 3,800 feet long and 400 feet wide. The south deposit, hosted in quartzite on the west side of the fault, extends for 2,500 feet and is 250 feet wide. Both deposits have been drilled on 100-foot centers and include 29 million tons of heap-leachable ore containing more than 1 million ounces of gold. FMC Gold's 71 percent share of these proven and probable reserves is 727,000 ounces of gold.

In addition to the heap-leach ore, Beartrack also contains a significant low-grade, mineralized sulfide resource at depth, estimated at 800,000 ounces of contained gold. Because this resource is deeper and more difficult to extract, it is not economic at today's gold price and using current technology. However, this resource represents future potential for Beartrack.

During 1991, our efforts will focus on securing environmental permits, and defining engineering and reserves. We are encouraged by the opportunities and potential offered by the Beartrack project and expect to make a final decision about developing the property in 1991.

STATISTICAL SUMMARY

	1990	1989	1988	1987	1986
Tons of ore processed (thousands)					
Paradise Peak					
—Mill	1,409	1,339	1,334	1,348	942
—Heap leach	803	465	580	343	26
Total	2,212	1,804	1,914	1,691	968
Jerritt Canyon (FMC Gold share)					
—Mill	754	545	472	454	411
—Heap leach	—	107	150	93	N/A
Total	754	652	622	547	411
Austin (FMC Gold share)	N/A	80	92	90	N/A
Royal Mountain King	659	N/A	N/A	N/A	N/A
Ore grade (ounces per ton)					
Paradise Peak (Mill)					
—Gold	0.136	0.168	0.176	0.137	0.160
—Silver	5.599	5.385	4.221	3.019	1.783
Paradise Peak (Heap leach)					
—Gold	0.028	0.036	0.027	0.037	0.037
—Silver	0.540	0.574	0.600	0.620	0.620
Jerritt Canyon (Mill)	0.147	0.179	0.212	0.215	0.227
Austin (Mill)	N/A	0.201	0.169	0.160	N/A
Royal Mountain King (Mill)	0.068	N/A	N/A	N/A	N/A
Recoveries					
Paradise Peak (Mill)					
—Gold	94%	95%	94%	94%	94%
—Silver	68%	71%	75%	75%	65%
Paradise Peak (Heap leach)					
—Gold	74%	73%	65%	66%	66%
—Silver	20%	28%	29%	25%	7%
Jerritt Canyon (Mill)	88%	90%	92%	92%	87%
Austin (Mill)	N/A	84%	79%	76%	N/A
Royal Mountain King (Mill)	81%	N/A	N/A	N/A	N/A
Production (thousands of ounces)					
Gold					
Paradise Peak					
—Mill	183	216	221	184	142
—Heap leach	16	12	10	7	1
Jerritt Canyon	98	87	93	95	81
Austin	N/A	14	12	11	N/A
Royal Mountain King	35	N/A	N/A	N/A	N/A
Total	332	329	336	297	224
Silver					
—Mill	5,395	5,084	4,211	3,024	1,087
—Heap leach	86	76	103	48	1
Total	5,481	5,160	4,314	3,072	1,088
Total—gold equivalent[1]	402	403	401	345	240
Cash cost of production ($ per gold equivalent ounce)					
Paradise Peak	$106	$ 95	$ 94	$113	$ 97
Jerritt Canyon	$237	$247	$191	$188	$194
Austin	N/A	$142	$277	$300	N/A
Royal Mountain King	$365	N/A	N/A	N/A	N/A
Average	$161	$129	$122	$140	$131
Full cost of production	$240	$201	$189	$209	$222

(1) Silver/gold conversion ratio: 77.8:1 in 1990, 70.0:1 in 1989, 66.4:1 in 1988, 63.2:1 in 1987, 71.6:1 in 1986



Exploration

The life blood of any gold company is reserve replacement, and FMC Gold has maintained an aggressive exploration program since 1987. In 1990, exploration spending totaled $14.7 million, a $0.4 million increase from last year's level. The increase reflects additional spending required to assess the potential of properties acquired as part of Meridian Gold.

The reserve expansion strategy continues to focus on exploration in the vicinity of existing reserves as well as grassroots exploration. In 1990, FMC Gold spent $4.3 million on exploration in the vicinity of our existing reserves at Paradise Peak, Jerritt Canyon and Beartrack. The remaining $10.4 million funded grassroots exploration, property acquisition and reconnaissance in high-potential gold districts throughout the western United States.

During 1990, we gained nine new properties in addition to the 14 acquired as part of the Meridian Gold acquisition. More than 272 holes were drilled on 17 of these properties. Our policy is to rapidly evaluate prospects and minimize our land portfolio. At year-end, we retained 19 active projects covering 183 square miles.

In 1991, exploration spending is expected to decline to $13 million. Exploration activity at Paradise Peak will decline, while efforts at Jerritt Canyon are expected to increase. A major effort will be made to actively identify, screen and acquire suitable opportunities in North America.

FMC GOLD ORE RESERVES (PROVEN AND PROBABLE)[1]

(In thousands, except grades)	December 31, 1990 Tons[2]	Grade (OPT)	Ounces[3] (Cont)	December 31, 1989 Tons[2]	Grade (OPT)	Ounces[3] (Cont)
Gold						
Paradise Peak						
Millable	3,231	0.072	234	5,220	0.090	471
Heap leach	11,725	0.031	368	11,520	0.036	416
Jerritt Canyon (30%)						
Millable	5,411	0.144	780	6,472	0.143	925
Heap leach	2,077	0.046	95	1,939	0.043	83
Beartrack (71%)						
Heap leach	20,765	0.035	727	—	—	—
Royal Mountain King						
Millable	6,243	0.064	401	—	—	—
Total	49,452	N/A	2,605	25,151	N/A	1,895
Silver (Paradise Peak only)						
Millable	3,231	2.212	7,148	5,220	3.621	18,905
Heap leach	11,725	0.452	5,305	11,520	0.455	5,243
Total	14,956	N/A	12,453	16,740	N/A	24,148

(1)Reserve estimates for company-operated properties have been verified by independent engineering firms: Paradise Peak and Royal Mountain King – Pincock, Allen & Holt, Inc.; Beartrack – Mine Reserves Associates, Inc. Reserve estimates for 1990 and 1989 are based on assumed prices of $400 and $450 per ounce for gold, and $5.00 and $6.50 per ounce for silver, respectively.
(2)Based on optimized mine plans, which incorporate as necessary the impacts of dilution and access for FMC Gold operations.
(3)Contained ounces exceed recoverable ounces due to metal losses experienced during the extraction process. Precious metal recoveries are dependent on process used, grade of ore and metallurgy. Estimated recoveries are as follows: Paradise Peak mill ore – 93% gold; 60% silver. Paradise Peak heap-leach ore – 65-75% gold; 20% silver. Jerritt Canyon mill ore – 90%; Jerritt Canyon heap-leach ore – 60%. Beartrack heap-leach ore – 66%; Royal Mountain King mill ore – 75-80%.

SALES AND EARNINGS

Sales increased to $153.0 million from $151.5 million in 1989 primarily due to slightly higher gold and silver production. At Paradise Peak, gold production declined to 199,000 ounces from 228,000 ounces in 1989, due to 19 percent lower mill ore grades, partially offset by 5 percent higher mill throughput and the expansion of heap-leach activity. At Jerritt Canyon, the company's 30 percent share of gold production rose to 98,000 ounces from 87,000 ounces in 1989 due to higher mill throughput associated with a recent capacity expansion, which more than offset the expected 18 percent decline in ore grades. The shutdown of the Austin mine in November 1989, which contributed 14,000 ounces of gold last year, was more than offset by the addition of 35,000 ounces of gold from the Royal Mountain King mine, acquired as part of the Meridian Gold acquisition. Silver production rose slightly to 5.5 million ounces from 5.2 million ounces in 1989, reflecting 4 percent higher silver grades and increased throughput at Paradise Peak, partially offset by lower recoveries.

The average realized price of gold declined slightly to $381 per ounce from $382 per ounce in 1989. The average realized price of silver declined 10 percent to $4.90 per ounce from $5.46 per ounce in 1989. The company's average precious metals prices were essentially equal to commodity market averages. The company generally has not engaged in hedging transactions or forward sales for any significant portion of production. However, due to high cash production costs at Royal Mountain King, a portion of second half 1990 production from that mine was sold forward at a price of $360 per ounce. No forward sales contracts are currently outstanding.

Cost of sales rose $17.1 million to $88.8 million in 1990 due to the addition of operating expenses for the Royal Mountain King mine, full-year operation of the Jerritt Canyon mill expansion and expanded heap-leach activities at Paradise Peak. Cash costs of production increased to $161 per gold equivalent ounce from $129 per ounce in 1989, reflecting the addition of higher-cost production from the Royal Mountain King mine, which was $365 per ounce in 1990. Cash costs at Paradise Peak increased to $106 per gold equivalent ounce from $95 per gold equivalent ounce in 1989, reflecting an expected decline in ore grades partially offset by increased mill throughput and operating efficiencies. At Jerritt Canyon, cash costs per gold equivalent ounce decreased to $237 per ounce from $247 per ounce, reflecting the initial benefits of the mill expansion.

Looking ahead, assuming no further discovery of additional high-grade reserves at Paradise Peak and in accordance with past projections, the grade of mill ore will continue to decline, and more lower-grade, higher-cost heap-leach material will be mined, approximately doubling per ounce cash costs. In addition, depreciation charges will rise both absolutely and in relation to the lower levels of production.

Exploration spending increased slightly to $14.7 million in 1990, due to additional exploration at properties acquired as part of the Meridian Gold acquisition. Selling, general and administrative expenditures decreased modestly to $8.5 million. Interest income was $8.0 million compared with $3.9 million in 1989, reflecting the $42.1 million increase in cash and cash equivalents during 1990.

Net income declined to $39.4 million compared with net income of $48.9 million in 1989, reflecting the higher costs noted above. Earnings per share declined to $0.56 per share from $0.75 per share in 1989, reflecting the decline in profits and the 8 million new shares issued to purchase Meridian Gold Company.

TAXES

The company's effective tax rate for 1990 increased slightly to 20 percent from 19 percent in 1989. Due to the issuance of 8 million new shares to acquire Meridian Gold, FMC Corporation's (FMC) ownership of the company dropped below the 80 percent threshold required for inclusion in FMC's federal tax return. Therefore, effective with tax periods beginning May 16, 1990, the company will file federal tax returns on a separate consolidated basis.

LIQUIDITY AND CAPITAL RESOURCES

Cash to meet the company's operating needs, finance capital expenditures and fund exploration activities was generated from operations. At December 31, 1990, cash and cash equivalents totaled $101.3 million, primarily in the form of a loan to FMC, which is repayable on demand. As of December 31, 1990, FMC's cash on hand and available credit lines were more than adequate to allow repayment of this loan.

Capital expenditures declined to $18.8 million from $22.0 million in 1989. Major capital outlays for the year included initial development capital at Beartrack, development of the Ketchup Flat orebody at Paradise Peak and installation of a new processing facility at Royal Mountain King.

On December 31, 1990, the company paid a dividend on common stock of $0.05 per share to stockholders of record on December 7, 1990.

Expected cash requirements for 1991 include $17 million for planned capital expenditures, approximately $13 million for exploration activities and $3.7 million for dividends, based on the current dividend rate. The company is also evaluating the capital costs required to develop the Beartrack project. The company expects to fund these requirements from existing cash and cash equivalents, and cash flow from operations.

As a matter of course, the company periodically evaluates the possible acquisition of other mining assets or companies. Should such an acquisition occur, significant cash requirements may be necessary. The company believes that any unexpected cash requirements could be funded out of current cash balances, or through borrowing from FMC or other third parties.

1990 FOURTH QUARTER RESULTS COMPARED WITH 1989

Sales in the fourth quarter rose 3 percent to $37.2 million from $36.1 million in the fourth quarter of 1989. Higher gold production partially offset by lower precious metals prices contributed to the sales increase.

In the fourth quarter the average realized price of gold declined 3 percent to $378 per ounce. The average realized price of silver declined 21 percent to $4.18 per ounce. Gold production increased to 88,000 ounces from 74,000 ounces in the fourth quarter of 1989. Gold production in 1990 included the addition of 15,000 ounces from the Royal Mountain King mine. Due to expanded heap-leach production, gold production at Paradise Peak rose slightly despite an expected 11 percent decline in mill ore grades.

Silver production for the fourth quarter of 1990 declined to 901,000 ounces from 1.2 million ounces in 1989, reflecting lower grades and recoveries.

Cost of sales increased $8.9 million to $28.2 million primarily as a result of the addition of operating expenses of $7.3 million from the Royal Mountain King mine. At Paradise Peak costs rose $1.8 million, reflecting the development of the Ketchup Flat orebody and higher depreciation expense. At Jerritt Canyon, higher mining and maintenance costs and operating difficulties with the ore-roasting circuit contributed to a $1.4 million cost increase. Partially offsetting these increases was the absence of cost from the Austin mine which was closed in November 1989.

Cash production costs for the quarter increased to $199 per gold equivalent ounce from $142 per equivalent ounce in 1989, reflecting the addition of the higher-cost Royal Mountain King mine.

Exploration expenses during the fourth quarter decreased slightly to $4.0 million. Selling, general and administrative expenses decreased $1.2 million reflecting lower management service charges from FMC. Interest income increased $1.0 million to $2.3 million reflecting a higher loan balance to FMC.

Net income for the quarter declined to $5.3 million from $10.0 million in the fourth quarter of 1989. The decline in net income was attributable primarily to higher costs, noted above, offset by higher interest income and lower taxes. The provision for taxes decreased to $0.4 million for 1990 from $1.0 million in 1989; the result of lower profits and favorable tax benefits.

Earnings per share declined to $0.07 per share from $0.16 per share in 1989, reflecting the lower profits and the 8 million new shares issued to purchase Meridian Gold Company.

1989 COMPARED WITH 1988

Sales declined 11 percent to $151.5 million from $171.1 million in 1988 primarily due to lower precious metals prices. Gold production declined to 329,000 ounces from 336,000 ounces in 1988, and silver production increased to 5.2 million ounces from 4.3 million ounces in 1988. At Paradise Peak, gold production declined slightly to 228,000 ounces, and silver production increased to 5.2 million ounces reflecting the higher silver grades of the orebody. At Jerritt Canyon, gold production declined to 87,000 ounces due to lower ore grades. Gold production at Austin increased to 14,000 ounces. The average realized price of gold declined 12 percent to $382 per ounce, and the average realized price of silver declined 16 percent to $5.46 per ounce.

Cash cost of production increased to $129 per gold equivalent ounce from $122 per gold equivalent ounce in 1988, reflecting the expected lower ore grades and start-up expenses associated with the mill expansion at Jerritt Canyon.

Exploration spending increased to $14.3 million in 1989 reflecting higher levels of property acquisition and original prospecting. Selling, general and administrative expenses increased modestly to $8.7 million. Net interest income was $3.9 million compared with net interest expense of $0.3 million in 1988, reflecting the $44.3 million increase in cash and cash equivalents during 1989.

Net income was $48.9 million or $0.75 per share compared with 1988 net income of $61.2 million or $0.93 per share, reflecting the lower revenues and higher expenses cited above. Partially offsetting these increased costs were increased net interest income and a lower effective tax rate.

QUARTERLY FINANCIAL INFORMATION (unaudited)

(In millions, except per share data)	1990				1989			
	1st Qtr.	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
Sales	**$36.8**	**$36.8**	**$42.2**	**$37.2**	$36.8	$40.2	$38.4	$36.1
Gross profit	**$19.2**	**$17.2**	**$18.8**	**$ 9.0**	$21.6	$21.4	$20.0	$16.8
Earnings before interest and taxes	**$15.4**	**$10.5**	**$11.7**	**$ 3.4**	$17.5	$16.5	$13.1	$ 9.7
Net income	**$13.3**	**$ 9.9**	**$10.9**	**$ 5.3**	$13.5	$13.8	$11.6	$10.0
Earnings per common share	**$0.20**	**$0.14**	**$0.15**	**$0.07**	$0.21	$0.21	$0.17	$0.16
Dividends per common share				**$0.05**				$0.05
Common stock prices:								
High	**$13¼**	**$11⅜**	**$13**	**$11½**	$12	$11¾	$11⅝	$14¼
Low	**$10⅝**	**$ 9½**	**$ 9⅜**	**$ 8**	$10	$ 8½	$ 9½	$10

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)	Year ended December 31		
	1990	1989	1988
Sales	**$153,042**	$151,518	$171,100
Costs and expenses			
Cost of sales	**88,815**	71,737	66,909
Exploration costs	**14,657**	14,342	13,025
Selling, general and administrative expenses	**8,545**	8,656	8,132
Total costs and expenses	**112,017**	94,735	88,066
Earnings before interest and taxes	**41,025**	56,783	83,034
Interest income	**8,008**	3,862	1,015
Interest expense	**—**	—	1,392
Income before income taxes	**49,033**	60,645	82,657
Provision for income taxes (Note 7)	**9,648**	11,794	21,474
Net income	**$ 39,385**	$ 48,851	$ 61,183
Earnings per common share (Note 1)	**$ 0.56**	$ 0.75	$ 0.93

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)	December 31	
	1990	1989
Current assets		
Short-term loan due from FMC Corporation (Notes 1 and 11)	**$102,077**	$ 59,226
Trade receivables	**7,329**	4,356
Inventories (Note 3)	**7,975**	6,066
Other current assets	**2,908**	684
Total current assets	**120,289**	70,332
Property, plant and equipment, net (Note 4)	**140,460**	97,552
Other assets	**7,011**	1,654
Total assets	**$267,760**	$169,538
Current liabilities		
Outstanding checks in excess of bank balances (Note 1)	**$ 741**	$ 6
Accounts payable, trade and other	**9,593**	8,243
Accrued and other liabilities (Note 5)	**4,856**	2,973
Amounts due to FMC Corporation (Note 11)	**17**	131
Income taxes payable (Notes 1 and 7)	**5,390**	1,944
Total current liabilities	**20,597**	13,297
Deferred income taxes (Note 7)	**1,545**	3,785
Other long-term liabilities (Note 6)	**5,119**	3,845
Commitments and contingent liabilities (Note 10)		
Stockholders' equity		
Preferred stock, $1.00 par value, authorized 100,000 shares; none issued or outstanding	**—**	—
Common stock, $0.01 par value, authorized 150,000,000 shares; issued and outstanding 73,484,395 shares in 1990 and 65,484,395 shares in 1989	**735**	655
Capital in excess of par value	**68,609**	12,512
Retained earnings	**171,155**	135,444
Total stockholders' equity	**240,499**	148,611
Total liabilities and stockholders' equity	**$267,760**	$169,538

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

(In thousands)	Year ended December 31		
	1990	1989	1988
Net cash provided by operating activities	**$ 61,785**	$69,142	$70,690
Cash flows from investing activities:			
Capital spending	**(18,825)**	(22,013)	(20,326)
Disposal of property, plant and equipment, net	**5,582**	419	587
Decrease in other assets	**(2,229)**	41	439
Net cash used in investing activities	**(15,472)**	(21,553)	(19,300)
Cash flows from financing activities:			
Common stock issuance costs	**(523)**	—	—
Repayment of long-term debt	**—**	—	(37,508)
Dividends paid	**(3,674)**	(3,274)	(3,274)
Net cash used in financing activities	**(4,197)**	(3,274)	(40,782)
Increase in cash and cash equivalents	**42,116**	44,315	10,608
Cash and cash equivalents, beginning of year	**59,220**	14,905	4,297
Cash and cash equivalents, end of year	**$101,336**	$59,220	$14,905

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of Net Income to Net Cash Provided by Operations

(In thousands)	Year ended December 31		
	1990	1989	1988
Net income	**$39,385**	$48,851	$61,183
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for depreciation and amortization	**22,977**	18,822	17,537
Provision for deferred taxes	**(2,240)**	(3,639)	(5,361)
(Increase) decrease in assets:			
Trade receivables	**(2,486)**	5,137	(1,787)
Inventories	**168**	(774)	(372)
Amounts due from FMC Corporation	**—**	—	78
Other current assets	**298**	24	747
(Decrease) increase in liabilities:			
Accounts payable	**(1,639)**	3,858	447
Accrued and other liabilities	**1,381**	(270)	776
Amounts due to FMC Corporation	**(114)**	(28)	159
Income taxes payable	**3,446**	(5,150)	(3,491)
Other long-term liabilities	**609**	2,311	774
Net cash provided by operating activities	**$61,785**	$69,142	$70,690

Supplemental disclosure of non-cash investing and financing activities:

On May 15, 1990, the company acquired all of the stock of Meridian Gold Company from a subsidiary of Burlington Resources, Inc., in exchange for 8 million shares of authorized but previously unissued common stock (Note 2). The cost of the net assets acquired based on the market value of the shares issued was as follows:

Property, plant and equipment	$52,642
Working capital and other items	4,058
	$56,700

Supplemental disclosure of cash flow information:

	Year ended December 31		
	1990	1989	1988
Cash paid during the year for:			
Interest (net of amounts capitalized)	**—**	—	$ 1,392
Income taxes	**$8,823**	$20,309	$30,326

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousands)	Number of shares	Common stock	Capital in excess of par value	Retained earnings
Balance December 31, 1987	65,484	$ 655	$ 12,512	$ 31,958
Net income				61,183
Cash dividend ($0.05 per share)				(3,274)
Balance December 31, 1988	65,484	655	12,512	89,867
Net income				48,851
Cash dividend ($0.05 per share)				(3,274)
Balance December 31, 1989	65,484	655	12,512	135,444
Net income				**39,385**
Issue of common stock for stock of Meridian Gold Company, net of stock issuance costs of $523 (Note 2)	**8,000**	**80**	**56,097**	
Cash dividend ($0.05 per share)				**(3,674)**
Balance December 31, 1990	**73,484**	**$735**	**$68,609**	**$171,155**

See notes to consolidated financial statements.

NOTE 1 PRINCIPAL ACCOUNTING POLICIES

CONSOLIDATION.
The consolidated financial statements include the accounts of the company and all majority-owned subsidiaries. The accounts of joint ventures in which the company holds an interest are consolidated on a pro rata basis. All significant intercompany accounts are eliminated in consolidation.

CASH AND CASH EQUIVALENTS.
Cash and cash equivalents consist of:

	Year ended December 31		
(In thousands)	**1990**	1989	1988
Marketable securities	**—**	—	$ 5,054
Short-term loan due from FMC Corporation	**$102,077**	$59,226	12,226
Outstanding checks in excess of bank balances	**(741)**	(6)	(2,375)
Total cash and cash equivalents	**$101,336**	$59,220	$14,905

Marketable securities consisted of investments in short-term certificates of deposit and were stated at cost, which approximated market. The short-term loan due from FMC is payable upon demand. Terms and conditions for repayment of this loan are covered by the management services agreement between the company and FMC as discussed in Note 11.

As a result of the company's participation in FMC's centralized cash management system, the company reported a liability for outstanding checks in excess of bank balances due to the timing of cash transfers from FMC.

INVENTORIES.
Inventories are stated at the lower of the average cost or market. Production inventory costs include labor, materials, other production costs and depreciation. Inventories of refined gold and silver are carried at market value. No inventory value is assigned to stockpiled ore or in process material.

PROPERTY, PLANT AND EQUIPMENT.
Property, plant and equipment, including development costs and capitalized interest associated with the construction of certain capital assets, is recorded at cost. Depreciation and amortization for financial reporting purposes is provided principally on the straight-line basis over the shorter of the estimated lives of the assets or of the estimated proven and probable recoverable reserves. Royal Mountain King assets are depreciated over units of production. Gains and losses are reflected in income upon sale or retirement of assets.

Maintenance and repairs are charged to expense in the year incurred ($11.6 million, $9.7 million and $7.9 million in 1990, 1989 and 1988, respectively). Expenditures which extend the useful life of property, plant and equipment or increase its productivity are capitalized.

MINERAL EXPLORATION AND DEVELOPMENT COSTS.
Mineral exploration and preliminary development costs are expensed as incurred. Development costs applicable to mineralized properties deemed capable of commercial production are capitalized and then amortized over units of production.

RECLAMATION.
Reclamation and shutdown costs to be incurred when mining operations are closed are estimated and accrued over the life of the mine.

INCOME TAXES.
Income tax provisions are based on income reported for financial statement purposes, adjusted for transactions (permanent differences) that do not enter into the computation of income taxes payable. Deferred taxes result from timing differences (principally depreciation, exploration and mine development costs) in the recognition of revenue and expense for tax and financial reporting purposes.

OTHER TAXES.
Sales and property taxes were $1.9 million, $1.5 million and $1.6 million, and net proceeds taxes were $3.2 million, $3.9 million and $1.7 million in 1990, 1989 and 1988, respectively. In 1989, the rate at which the State of Nevada taxes net proceeds was increased to 5 percent from slightly below 2 percent. The higher tax rate was in effect for all of 1990 and 1989.

EARNINGS PER COMMON SHARE.
Earnings per common share are computed by dividing net income by the weighted average number of shares of common stock and common stock equivalents (incentive plan shares and Founders' Award shares) outstanding during the year (70,537,419 in 1990, 65,507,996 in 1989 and 65,484,395 in 1988).

ACCOUNTING STANDARDS NOT ADOPTED.
Statement of Financial Accounting Standards No. 96, issued in 1987, requires companies to adopt a modified liability method of accounting for income taxes. The required adoption date for Statement No. 96 has been deferred twice and is currently no later than fiscal years beginning after December 15, 1991. In 1990, the FASB considered certain amendments to Statement No. 96 which, among other things, could delay requiring adoption until 1993 and may simplify the proposed standard. The company is not able to reasonably estimate the impact Statement No. 96, as presently amended, will have when adopted. The company has not made a decision as to the date or method of adoption of Statement No. 96, but will continue to examine the proposed changes and their impact on the company's financial statements.

Statement of Financial Accounting Standards No. 106, "Employer's Accounting for Postretirement Benefits Other than Pensions," was issued in December, 1990 and is effective for fiscal years beginning after December 15, 1992. Statement No. 106 will require the expected cost of providing postretirement benefits to be accrued during the years the employee renders the necessary service. The liability for benefits accrued at the date of adoption may be recognized immediately as a one-time charge to income or amortized over a 20-year period. All company employees are covered by FMC's employee postretirement health care and life insurance benefit program. Charges for these benefits are included in the costs paid to FMC under the management services agreement. The company expects to adopt the standard in 1993. Future charges from FMC related to these benefits are not expected to have a material effect on the company's financial statements.

RECLASSIFICATIONS.
Certain prior year amounts have been reclassified to conform with the current year's presentation.

NOTE 2 ACQUISITIONS AND DIVESTITURES

On May 15, 1990, the company acquired all of the stock of Meridian Gold Company (Meridian), a subsidiary of Burlington Resources, Inc., by issuing 8 million new shares of its common stock. The acquisition was accounted for under the purchase method of accounting using the fair market value of the shares issued as the cost of the assets acquired.

The company's publicly traded stock had an approximate market value of $10 per share on May 15, 1990. For purposes of applying the provisions of Accounting Principles Board Opinion No. 16, "Business Combinations," however, management, in consultation with independent advisors, determined that a discount of 30 percent from the publicly traded price was appropriate and has assigned a value of $56.7 million to the transaction. This discount is attributable to the restrictions placed on the sale of the stock; the blockage discounts associated with the sale of a block of stock of this size through a public offering or private placement; and the unique characteristics of the market for gold company stocks which limit the opportunities for selling large blocks of stock. Restrictions on sale of the stock included a waiting period until the share registration became effective; volume limitations under Rule 144 of the Securities and Exchange Commission; and the company's ability to block the sale of the stock in certain circumstances.

The principal assets of Meridian include the Beartrack development property in Idaho, the Royal Mountain King surface mine and mill in California and various exploration properties in the western United States. The results of operations of Meridian have been included in the company's consolidated financial statements since the date of acquisition. The following summarized pro forma financial information for the company assumes the acquisition had occurred on January 1 of each period:

(Unaudited)	Year ended December 31	
(In thousands, except per share data)	**1990**	1989
Sales	**$161,330**	$164,870
Net income	**32,400**	44,956
Earnings per common share	**$ 0.44**	$ 0.61

Meridian's only producing mineral property, Royal Mountain King, began operation in March 1989 and, consequently, the 1989 pro forma results include approximately nine months of operations. No attempt has been made to take into account or adjust for costs which might be associated with the start-up of this mining operation. The pro forma results do not necessarily represent results that would have occurred if the acquisition had taken place on the basis assumed above, nor are they indicative of the results of future combined operations.

On October 12, 1990, the company finalized the sale of the Lincoln development stage project located in California, as well as several surrounding exploration properties, all acquired in the Meridian acquisition, to Seine River Resources. The sale price of $5.2 million is equal to the allocated book basis in these properties.

NOTE 3 INVENTORIES

Inventories included at cost in current assets at December 31, 1990 and 1989 were:

(In thousands)	**1990**	1989
Gold and silver	**$2,946**	$2,585
Materials and supplies	**5,029**	3,481
Total	**$7,975**	$6,066

Gold and silver inventories are in the form of doré and concentrate which is suitable for delivery to precious metal treatment facilities. These inventories are generally sold to and further processed by these facilities into forms suitable for end uses.

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment and related accumulated depreciation accounts is as follows:

(In thousands)	Land and improvements	Buildings	Machinery and equipment	Construction in progress	Development costs	Capitalized interest	Total
Cost							
Balance December 31, 1987	$ 9,653	$ 3,542	$ 96,258	$ 1,630	$ 15,485	$ 10,567	$ 137,135
Additions	794	93	10,991	3,674	4,755	19	20,326
Disposals, retirements and reclassifications	(1)	38	774	181	(1)	—	991
Balance December 31, 1988	10,448	3,597	106,475	5,123	20,241	10,586	156,470
Additions	210	160	21,553	(1,829)	1,919	—	22,013
Disposals, retirements and reclassifications	7	45	1,255	—	—	—	1,307
Balance December 31, 1989	10,651	3,712	126,773	3,294	22,160	10,586	177,176
Additions	**27**	**23**	**2,573**	**4,413**	**64,431**	**—**	**71,467**
Disposals, retirements and reclassifications	**253**	**—**	**462**	**5,204**	**—**	**—**	**5,919**
Balance December 31, 1990	**$10,425**	**$3,735**	**$128,884**	**$2,503**	**$86,591**	**$10,586**	**$242,724**
Accumulated depreciation							
Balance December 31, 1987	$ 3,065	$ 998	$ 33,296		$ 4,156	$ 3,042	$ 44,557
Depreciation and amortization	1,104	426	11,529		2,719	1,759	17,537
Disposals and retirements	91	97	251		(35)	—	404
Balance December 31, 1988	4,078	1,327	44,574		6,910	4,801	61,690
Depreciation and amortization	984	375	12,324		3,372	1,767	18,822
Disposals and retirements	—	16	872		—	—	888
Balance December 31, 1989	5,062	1,686	56,026		10,282	6,568	79,624
Depreciation and amortization	**1,164**	**478**	**15,917**		**3,670**	**1,748**	**22,977**
Disposals and retirements	**—**	**—**	**337**		**—**	**—**	**337**
Balance December 31, 1990	**$ 6,226**	**$2,164**	**$ 71,606**		**$13,952**	**$ 8,316**	**$102,264**
Property, plant and equipment, net, December 31, 1990	**$ 4,199**	**$1,571**	**$ 57,278**	**$2,503**	**$72,639**	**$ 2,270**	**$140,460**

NOTE 5 ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities at December 31, 1990 and 1989 were:

(In thousands)	**1990**	1989
Accrued operating costs—Jerritt Canyon	**$ 625**	$ 711
Accrued bonus and payroll	**2,400**	1,231
Other	**1,831**	1,031
Total	**$4,856**	$2,973

NOTE 6 OTHER LONG-TERM LIABILITIES

Other long-term liabilities at December 31, 1990 and 1989 were:

(In thousands)	**1990**	1989
Shutdown and reclamation accrual (Note 1)	**$4,226**	$2,177
Long-term incentive plan (Note 9)	**893**	1,668
Total	**$5,119**	$3,845

NOTE 7 INCOME TAXES

Through May 15, 1990, the company's taxable income was included in the consolidated federal income tax return filed by FMC. Under an agreement between the company and FMC, the company paid to FMC amounts generally equal to the tax the company would have been required to pay if it had filed a separate return and paid such amounts whether or not FMC was in a current taxpaying position. The company was also liable for a percentage of FMC's consolidated alternative minimum tax liability where the amount allocated to the company exceeded the company's alternative minimum tax calculated on a separate return basis. The consolidated alternative minimum tax was allocated to the company by FMC on the basis of the company's alternative minimum tax preferences and adjustments as a percentage of the alternative minimum tax preferences and adjustments of the FMC consolidated tax group. The company's management believes that all determinations under the agreement have been made in a manner which is fair and reasonable in the circumstances. Adjustments resulting from examinations of consolidated returns for periods prior to January 1, 1987, will not be allocated to the company. These financial statements reflect the federal income tax expense or benefit and resulting liability or receivable under this agreement for all periods presented through May 15, 1990. Thereafter, the company has deconsolidated from FMC for federal income tax purposes and will file a separate consolidated return. For state tax purposes, however, the company will generally continue to be included in FMC's consolidated returns and will pay the greater of stand-alone state taxes or the incremental impact the company has on FMC's state tax liability.

The provision for income taxes consists of:

	Year ended December 31		
(In thousands)	**1990**	1989	1988
Current:			
Federal	**$11,418**	$13,966	$24,480
State	**470**	1,467	2,355
Total current	**11,888**	15,433	26,835
Deferred	**(2,240)**	(3,639)	(5,361)
Total income taxes	**$ 9,648**	$11,794	$21,474

The source and tax effect of the deferred income tax benefit is as follows:

	Year ended December 31		
(In thousands)	**1990**	1989	1988
Alternative minimum tax	**$(7,513)**	$ (848)	—
Excess of tax over book depreciation	**2,257**	1,304	$ 705
Exploration and development costs	**2,834**	(2,823)	(3,908)
Other timing differences	**182**	(1,272)	(2,158)
Total deferred income tax benefit	**$(2,240)**	$(3,639)	$(5,361)

The company has an alternative minimum tax credit carryover of $9.1 million for income tax purposes. This credit is available to offset future regular taxes to the extent those taxes exceed the alternative minimum tax computed for the respective carryover year. The company will be reimbursed by FMC in the event that tax regulations are promulgated which prevent the company from utilizing alternative minimum tax credits allocated to it in a manner consistent with the tax agreement in effect prior to federal income tax deconsolidation.

The effective income tax provision differs from that computed by applying the applicable federal statutory rate of 34 percent to income before taxes for the following reasons:

	Year ended December 31		
(In thousands)	**1990**	1989	1988
Expected tax provision	**$16,671**	$20,619	$28,103
Foreign sales corporation income not subject to U.S. tax	**(2,299)**	(2,520)	(3,180)
Percentage depletion	**(6,170)**	(6,538)	(7,165)
Imputed interest expense	**594**	601	598
Alternative minimum tax	**—**	(1,499)	1,560
State income taxes, less federal income tax benefit	**777**	890	1,338
Other	**75**	241	220
Actual tax provision	**$ 9,648**	$11,794	$21,474

The income tax provision reflected in these financial statements has been determined in accordance with the tax sharing agreement between the company and FMC. Differences between the recorded provision and that calculated on a separate return basis are as follows:

(Unaudited)	Year ended December 31		
(In thousands)	**1990**	1989	1988
Tax provision as recorded	**$9,648**	$11,794	$21,474
Alternative minimum tax	**—**	1,499	(1,560)
State income taxes	**47**	(1,284)	(1,955)
Tax provision on separate return basis	**$9,695**	$12,009	$17,959

The 1988 alternative minimum tax represented the company's allocable share of the FMC consolidated tax group's non-creditable alternative minimum tax as estimated at the time the financial statements were prepared. As a result of tax planning in 1989, all non-creditable alternative minimum tax for 1988 was eliminated for the consolidated tax group. As a result, the 1988 allocation was reversed as part of the company's 1989 provision. The company had no non-creditable alternative minimum tax for 1990, 1989 or 1988 on a separate return basis. State income tax differences result from allocations made to the company by FMC for the incremental impact on FMC's tax liability caused by the inclusion of the company in tax returns filed in states requiring combined reporting covering all unitary affiliates of FMC. The incremental impact is based on both the income and apportionment elements of the various state tax equations. Apportionment elements include the company's sales, property and payroll.

NOTE 8 EXPORT SALES AND SALES TO MAJOR CUSTOMERS

U.S. export sales to unaffiliated customers by destination of sale are as follows:

	Year ended December 31		
(In thousands)	**1990**	1989	1988
Canada	**$ 31,197**	$ 33,035	$ 40,802
Western Europe	**110,980**	114,139	126,305
Asia	**698**	—	—
Total	**$142,875**	$147,174	$167,107

The company's products are purchased and refined by several Canadian, European, Asian and domestic refiners. Sales to three refiners in 1990, four refiners in 1989 and three refiners in 1988 each represented 10 percent or more of consolidated sales. Specifically, sales to these companies amounted to $111.0 million in 1990, $147.2 million in 1989 and $167.1 million in 1988. The company believes that because there are several alternative refiners, each capable of refining the company's products, no adverse effect will result should any of the current refiners discontinue buying the company's products.

NOTE 9 EMPLOYEE PLANS

All company employees are covered by FMC's postretirement health care and life insurance benefit program. Employees, other than hourly employees at the Royal Mountain King operating mine, are included in FMC's employee thrift plan and funded retirement plan. Charges for these benefits were $0.9 million, $0.8 million and $0.7 million in 1990, 1989 and 1988, respectively, and are included in the costs paid under the management services agreement as discussed in Note 11. Hourly employees at Royal Mountain King participate in a separate thrift and stock purchase plan which is qualified under Section 401(k) of the Internal Revenue Code. Under this plan, employee contributions, up to 5 percent of compensation, are matched up to 60 percent by the company. The company also contributes a fixed amount per hour worked per employee. All matching contributions by the company are invested in FMC common stock. Charges against income for contributions made to this plan in 1990 were $0.1 million. The company has no pension obligations other than the payment of charges from FMC under the management services agreement.

Following the closing of a public stock offering on June 25, 1987, the company granted to each of the approximately 270 employees of the company the right to receive 71 shares of common stock (Founders' Award shares) which had a value of approximately $1,000 determined on the basis of the public offering price of $14.00 per share. Each employee's right to receive such shares is contingent upon the employee's continued employment by the company or FMC for four years after the grant. As of December 31, 1990, 168 employees were eligible to receive the stock.

On May 4, 1989, the stockholders approved the FMC Gold Company 1988 Long-Term Incentive Compensation Plan (the Plan). The Plan authorizes the Board of Directors of the company (the Board) to grant awards to key employees of the company. The awards consist of a combination of 1) performance awards measured and payable in cash if certain specified performance objectives are met over the four-year period ending December 31, 1991, and the participant remains an employee of the company or an affiliate through that date and 2) non-qualified stock options bearing an exercise price ranging from $9.625 to $11.25, the fair market value at the date of the grant, and exercisable in full on January 2, 1992 or, if the maximum performance objective is met, the options are immediately exercisable as to one-third of the

shares, and on January 2, 1992 as to the remaining two-thirds of the shares. The expiration date for these stock options is May 6, 1998. The Board established as a base performance objective the discovery of a certain quantity of profitable gold reserves between January 1, 1988 and December 31, 1991. If the maximum performance objective is achieved, the maximum number of shares of the company's common stock that may be issued is 828,600.

During 1989, $1.7 million was charged to income for possible payouts under this plan. During 1990, the accrual for possible payment was reduced to $0.9 million. This reduction benefitted income in 1990 and reflects management's revised expectations regarding the terms and likelihood of payout. No stock options are yet exercisable or performance awards currently payable under the plan.

NOTE 10 COMMITMENTS AND CONTINGENT LIABILITIES

The company leases office space and various types of equipment. Total rent expense under all leases amounted to $0.9 million, $0.4 million and $0.5 million for 1990, 1989 and 1988, respectively. Minimum future rentals under noncancellable leases aggregated approximately $2.3 million, as of December 31, 1990, and are estimated to be payable $0.8 million in 1991, $0.8 million in 1992, $0.6 million in 1993 and $0.1 million in 1994.

The company's mining operations and exploration activities are subject to various federal, state and local laws and regulations governing protection of the environment. These laws are continually changing, and as a general matter, are becoming more restrictive. The company's policy is to conduct its business in a manner that safeguards public health and the environment. The company believes that its operations are in compliance with all applicable laws and regulations, and has no reason to believe that compliance problems exist at operations in which it holds a joint-venture interest. To comply with these federal, state and local laws, the company has made and will in the future be required to make capital and operating expenditures on environmental projects. However, the company currently has no environmental projects under development which will require substantial and extraordinary expenditures. Expenditures for environmental projects were not substantial in 1990, nor are they expected to be substantial in 1991 or 1992.

The company has certain contingent liabilities resulting from litigation, claims and commitments incident to the ordinary course of business. Management believes that the probable resolution of such contingencies will not materially affect the financial position or results of operations of the company.

NOTE 11 RELATED PARTY TRANSACTIONS

At December 31, 1990, 78.9 percent of the outstanding common stock was held by FMC.

Certain agreements exist between the company and FMC concerning income taxes and management services. From May 1987 until May 15, 1990, the tax allocation agreement provided that the company would pay to FMC amounts equal to the tax the company would have been required to pay if it had filed a separate return and would pay such amounts whether or not FMC was in a current taxpaying position. The company was also liable to FMC for a percentage of FMC's consolidated alternative minimum tax liability where the amount allocated to the company exceeded the company's alternative minimum tax calculated on a separate return basis.

Due to the issuance of 8 million new shares to acquire Meridian, FMC's ownership of the company dropped below the 80 percent threshold required for inclusion in FMC's federal tax return. Therefore, the company will file separate consolidated returns for tax periods beginning May 16, 1990. For state tax purposes, however, the company will generally continue to be included in FMC's consolidated returns and will pay the greater of stand-alone state taxes or the incremental impact which the company has on FMC's state tax liability.

Under the management services agreement, the company will be charged at FMC's direct and indirect cost, including allocated overhead, for certain general, administrative and other services provided by FMC. Overhead allocations are based generally on the level of company sales to aggregate FMC sales. The company's management believes that all determinations with respect to direct and indirect costs, including allocated overhead, have been made in a manner which is fair and reasonable under the circumstances. These financial statements reflect costs incurred under this agreement of $3.6 million, $3.7 million and $4.4 million for the years ended December 31, 1990, 1989 and 1988, respectively.

In addition, the agreement states that either the company or FMC may borrow up to $50 million from the other on a short-term demand basis. Borrowings exceeding $50 million are made upon the review and approval of the lending company. All such borrowings are payable on a demand basis and bear interest at FMC's weighted average rate on its outstanding commercial paper and borrowings under its credit facilities during such period. The company's management believes that any demand for repayment of borrowings by FMC under the management services agreement is legally enforceable. During 1990, FMC increased borrowings from the company by $42.9 million, ending the year with a balance of $102.1 million, and paid $7.9 million in interest at an average rate of 8.78 percent. During the year, the highest outstanding balanced owed was $108 million. The company believes it has received an equal or better yield on its loan to FMC than it could have received from comparable investments and plans to continue this cash management arrangement in the future. The company is an unsecured creditor of FMC, and as such it receives the same treatment as any other FMC unsecured creditor. At year-end, FMC's cash on hand and available credit lines were more than adequate to allow repayment of these loans.

On January 16, 1990, FMC completed a $75 million issue of subordinated debentures in Europe. The debentures bear interest at 6¾ percent and are exchangeable at $15⅛ per share, subject to change as defined in the offering circular, into common stock of the company currently held by FMC. If exchanged at $15⅛, non-FMC ownership of the company would increase to 28 percent.

The following schedule recaps the activity of indebtedness to and from FMC in 1990, 1989 and 1988.

	Current Balances			
(In thousands)	Loan due from FMC	Amounts due from (to) FMC	Interest payable to FMC	Long-term debt payable to FMC
Balance December 31, 1987	$ 1,226	$ 78	—	$ 37,508
Increase in amounts loaned	134,500			
Interest charges		590	$ 1,411	
Payments made by FMC for FMC Gold		(3,370)		
Charges from FMC for services and materials		(5,693)		
Payments made		8,685	(1,411)	(37,508)
Payments received	(123,500)	(449)		
Balance December 31, 1988	12,226	(159)	—	—
Increase in amounts loaned	130,000			
Interest charges		3,874		
Payments made by FMC for FMC Gold		(4,237)		
Charges from FMC for services and materials		(4,259)		
Payments made		8,380		
Payments received	(83,000)	(3,730)		
Balance December 31, 1989	59,226	(131)	—	—
Increase in amounts loaned	**110,251**			
Interest charges		**7,881**		
Payments made by FMC for FMC Gold		**(6,240)**		
Charges from FMC for services and materials		**(4,113)**		
Payments made		**10,147**		
Payments received	**(67,400)**	**(7,561)**		
Balance December 31, 1990	**$102,077**	**$ (17)**	**—**	**—**

During the fourth quarter of 1990, the company purchased liquid sodium cyanide from the Alkali Chemicals Division of FMC. The purchases amounted to $0.1 million. Contracts are in effect to purchase sodium cyanide through 1991. In 1988, the company purchased peroxide used in the refining process from the Peroxygen Chemicals Division of FMC. Such purchases amounted to $1.2 million. In 1989, use of peroxide in the refining process was discontinued. The purchases from FMC were transacted on terms no less favorable to the company than those which the company believes could have been obtained from an unaffiliated third party. The Jerritt Canyon gold mining joint venture, in which the company holds a 30 percent ownership interest, purchases soda ash from the Alkali Chemicals Division of FMC on terms negotiated by the operator of the joint venture. Such purchases amounted to $0.6 million, $0.8 million and $0.4 million for 1990, 1989 and 1988, respectively.

FMC, as controlling stockholder, will be able to control all decisions with respect to the use of cash generated by the company, including dividend policy. Any determination as to the use of cash generated by the company may be affected by factors related to FMC's cash requirements which may differ from those of other stockholders of the company and may conflict with the use which the company would otherwise make of its cash, such as for new exploration or the funding of development activity. No such conflict is presently anticipated.

The company does not generally engage in hedging transactions with respect to its production of precious metals but may determine to do so in light of future circumstances. Historically, FMC has engaged in such transactions, and it may engage in such transactions in the future for its own account as a means of offsetting the decline in the company's income which could result if gold or silver prices should decrease.

INDEPENDENT AUDITORS' REPORT

KPMG Peat Marwick

The Board of Directors and Stockholders,
FMC Gold Company:

We have audited the consolidated balance sheets of FMC Gold Company and consolidated subsidiaries as of December 31, 1990 and 1989, and the related consolidated statements of income, cash flows and changes in stockholders' equity for each of the years in the three-year period ended December 31, 1990. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FMC Gold Company and consolidated subsidiaries at December 31, 1990 and 1989, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1990 in conformity with generally accepted accounting principles.

KPMG Peat Marwick

KPMG Peat Marwick
Salt Lake City, Utah
January 22, 1991

MANAGEMENT REPORT ON FINANCIAL STATEMENTS

The consolidated financial statements and related information were prepared by management, which is responsible for the integrity and objectivity of that information. The statements were prepared to conform with generally accepted accounting principles and where appropriate, reflect estimates based on management judgments.

The company's system of internal accounting controls provides reasonable assurance as to the reliability of financial records and protection of assets. Accounting control is maintained by selecting and training qualified personnel, by establishing and communicating sound accounting and business policies, and by FMC Corporation's internal auditing program which constantly evaluates the adequacy and effectiveness of such accounting controls, policies and procedures.

The Audit Committee of the Board of Directors, composed of outside directors of the company, inquires into the company's financial and accounting organization, accounting controls and the quality of financial reporting. The independent auditors, KPMG Peat Marwick, and internal auditors have free access to the Audit Committee to discuss their audits.

Stephanie Kenyon Kushner
Vice President-Finance

Edward H. Colt
Controller

Reno, Nevada
January 22, 1991

FIVE-YEAR FINANCIAL SUMMARY

(In millions, except per share, employee and stockholder data)	**1990**	1989	1988	1987	1986
Summary of earnings					
Sales	**$153.0**	151.5	171.1	153.3	87.0
Cost of sales	**88.8**	71.7	66.9	64.9	48.2
Exploration costs	**14.7**	14.3	13.0	11.4	8.7
Selling, general and administrative expenses	**8.5**	8.7	8.2	6.4	3.3
Total costs and expenses	**112.0**	94.7	88.1	82.7	60.2
Earnings before interest and taxes	**41.0**	56.8	83.0	70.6	26.8
Interest income	**8.0**	3.9	1.1	0.4	–
Interest expense	**—**	–	1.4	5.9	–
Income before income taxes	**49.0**	60.7	82.7	65.1	26.8
Provision for income taxes	**9.6**	11.8	21.5	15.3	4.3
Net income	**$ 39.4**	48.9	61.2	49.8	22.5
Share data[1]					
Average number of common shares used in earnings per share computations	**70.5**	65.5	65.5		
Earnings per common share	**$ 0.56**	0.75	0.93		
Financial position at December 31					
Property, plant and equipment, at cost	**$242.7**	177.2	156.5	137.1	131.2
Accumulated depreciation and amortization	**$102.3**	79.6	61.7	44.6	28.3
Total assets	**$267.8**	169.5	129.2	115.1	112.7
Long-term debt	**—**	–	–	37.5	–
Stockholders' equity/divisional account[1]	**$240.5**	148.6	103.0	45.1	92.8
Other data					
Net income:					
as a percent of sales	**25.8%**	32.3	35.8	32.5	25.9
as a return on investment[2]	**20.2%**	38.8	66.8	60.6	26.9
Capital expenditures	**$ 18.8**	22.0	20.3	6.2	26.3
Provision for depreciation and amortization	**$ 23.0**	18.8	17.5	16.4	13.3
Total dividends	**$ 3.7**	3.3	3.3	3.3	
Employees at year-end	**500**	279	272	271	248
Stockholders of record at year-end	**825**	867	852	701	

(1) No share data is presented for years prior to 1988 as the company was organized in May 1987 and no shares were outstanding for all or parts of those years. The divisional account represents the net investment of FMC Corporation in the company for years ended prior to the company's organization.

(2)Return on investment $= \frac{\text{Net income plus after-tax interest expense on debt}}{\text{Average of stockholders' equity/divisional account plus total debt}}$

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

William F. Beck
Vice President, General Manager—
Chemical Products Group
FMC Corporation

Robert N. Burt
Chairman of the Board
and Chief Executive
Officer; also
President
FMC Corporation

Paul L. Davies, Jr. (1)
President
Lakeside Corporation

Brian J. Kennedy
President and Chief Operating Officer

Edmund W. Littlefield (1)
Retired Chairman of
Utah International, Inc.

Arthur D. Lyons
Vice President-Finance
FMC Corporation

Robert H. Malott
Chairman of the Board and
Chief Executive Officer
FMC Corporation

(1) Audit Committee

OFFICERS

Robert N. Burt
Chairman of the Board and Chief Executive Officer.
Elected Chairman of the Board and Chief Executive Officer in May 1989; also serves FMC Corporation as President since 1990. Elected Executive Vice President in 1988, Vice President in 1978. Served as General Manager, Defense Systems Group from 1983-1988. Age 53

Brian J. Kennedy
President and Chief Operating Officer.
Elected President and Chief Operating Officer in May 1987; served as Division Manager of FMC Corporation's Minerals Division since 1984 and as FMC's Director of Natural Resources Operations from 1980 to 1984. Age 47

Donald L. Beckwith
Vice President-Development.
Named to present position in July 1987; served as Manager of Planning and Development, FMC's Natural Resources Operations, later the Minerals Division, since 1979. Age 44

Edward H. Colt
Controller and Principal Accounting Officer.
Named to present position in May 1990; served as Director of Accounting at FMC's Lithium Division since 1988 after serving in various other financial positions since 1985. Age 34

Robert L. Day
Secretary and General Counsel.
Named to present position in May 1987; also serves FMC Corporation as Secretary since May 1987 and Assistant General Counsel since July 1987; served in FMC's Law Department since 1972. Age 56

James M. Kelly
Vice President-Exploration.
Named to present position in May 1990. Previously Senior Vice President-Exploration, Atlas Corporation and President, Atlas Precious Metals, Inc. from 1988 to 1990. Served in various exploration management positions with Getty Mining Company and Getty Oil Company. Age 49

Stephanie Kenyon Kushner
Vice President-Finance and Chief Financial Officer.
Named to present position in May 1989. Previously Manager of Financial Services, Homestake Mining Company from 1987-1989. Served in various financial management positions with Cyprus Minerals Company from 1981 to 1987, and with Amoco Corporation from 1979 to 1981. Age 35

FMC GOLD COMPANY

CHICAGO HEADQUARTERS
200 EAST RANDOLPH DRIVE
CHICAGO, ILLINOIS 60601

RENO HEADQUARTERS
5011 MEADOWOOD WAY
RENO, NEVADA 89502

State of Idaho
DEPARTMENT OF WATER RESOURCES
1301 North Orchard Street, Statehouse Mail, Boise, Idaho 83720-9000
Phone: (208) 327-7900 FAX: (208) 327-7866

CECIL D. ANDRUS
GOVERNOR

R. KEITH HIGGINSON
DIRECTOR

April 6, 1992

MERIDIAN GOLD CO
600 VAN DREFF ST
SALMON ID 83467

RE: Water Right No. 75-07062

Dear Water Right Holders:

We are in receipt of the correspondence concerning ownership of the above referenced water right.

In Idaho, a licensed water right is considered real property; therefore, proof of owning the land is proof of owning the water right unless specifically excluded in the sale. We have placed your correspondence in the file for future reference and have modified our computer records to reflect that you are the present owner.

If you have any questions, please let us know.

Sincerely,

BRENDA L. MILLER
Technical Records Specialist

BLM:clh

MICROFILMED
Roll #767
MAY 21 1992

Meridian

Gold Company

RECEIVED
FEB 14 1992
Department of Water Resources

February 11, 1992

Ms Sharla Curtis
Water Resource Agent
Idaho Department of Water Resources
1301 North Orchard Street
Statehouse Mail
Boise, Idaho 83720

Re: Water Right No. 75-07062

Dear Ms Curtis,

We are in receipt of the recently issued Water Right License for the above Water Right No. 75-07062. We would like to advise you, however, that Meridian Gold Company, a wholly owned subsidiary of FMC Gold Company, should be the holder of this water license.

As stated in the enclosed Annual Report, FMC Gold Company purchased Meridian Gold Company from Burlington Resources in May of 1990. This sale included all water rights and or licenses. The above Water Right License should be revised to reflect that Meridian Gold Company is the holder of this license.

If you have questions in regard to our request to update this water license please contact me or Luke Russell at 756-4462.

Sincerely,

Robert J. Deurloo
Meridian Gold Company

cc. Water Right 75-07062
L. Russell

MICROFILMED
Roll #707
MAY 21 1992

600 Van Dreff Street • Salmon, Idaho 83467 • 208-756-4462 • Fax 208-756-3254

Form 219
12/79

State of Idaho
DEPARTMENT OF WATER RESOURCES
FIELD REPORT

= 75-7062
Permit No.

Do with 75-7065

CONTACT WITH PERMIT HOLDER

	DATE	INITIALS	REMARKS
☐ Appointment letter mailed:			
☐ Telephone call made: (List Telephone No. used)			
☐ Appointment scheduled for: (Date, time, location)			

EXAMINATION

Date 3 Sept. '80 Accompanied by Harry and Marvin Johnson Total Q measured 1.58 c.f.s.

If source is surface water, estimate total flow of source

Methods of measurement Annubar Meets Permit requirements? Yes

Measurement calculations:
Constant for annubar = 3.85
inches H_2O = 26
6" main

$(6)^2\ 3.85\sqrt{26} = Q_{gpm} = 706.7$ g.p.m.

706.7 g.p.m. × 0.00223 c.f.s/g.p.m. = 1.58 c.f.s.

WELL/DIVERSION* NO.	HP	MOTOR MAKE	MOTOR SERIAL NO.	PUMP MAKE	PUMP SERIAL NO.	MEASURING DEVICE TYPE	CONDITION OF MEAS. DEV.	REMARKS
	25	GE Tricled AC	JK	Cornell Manuf. centrifugal	26374	Access port		Portable
		MN.5K256JN1232A		MIN. 3W25+2		1¼"		
		Frame 256TCZ						

System Description Napias Ck. diverted by portable pump into 60' aluminum 6" mainline, to trommel, sluice, and centrifuge, and into settling ponds.

Code with map on reverse side. Disregard code if only one.

RECOMMENDED AMOUNTS Irrigation requirement = _____ AFA/Acre

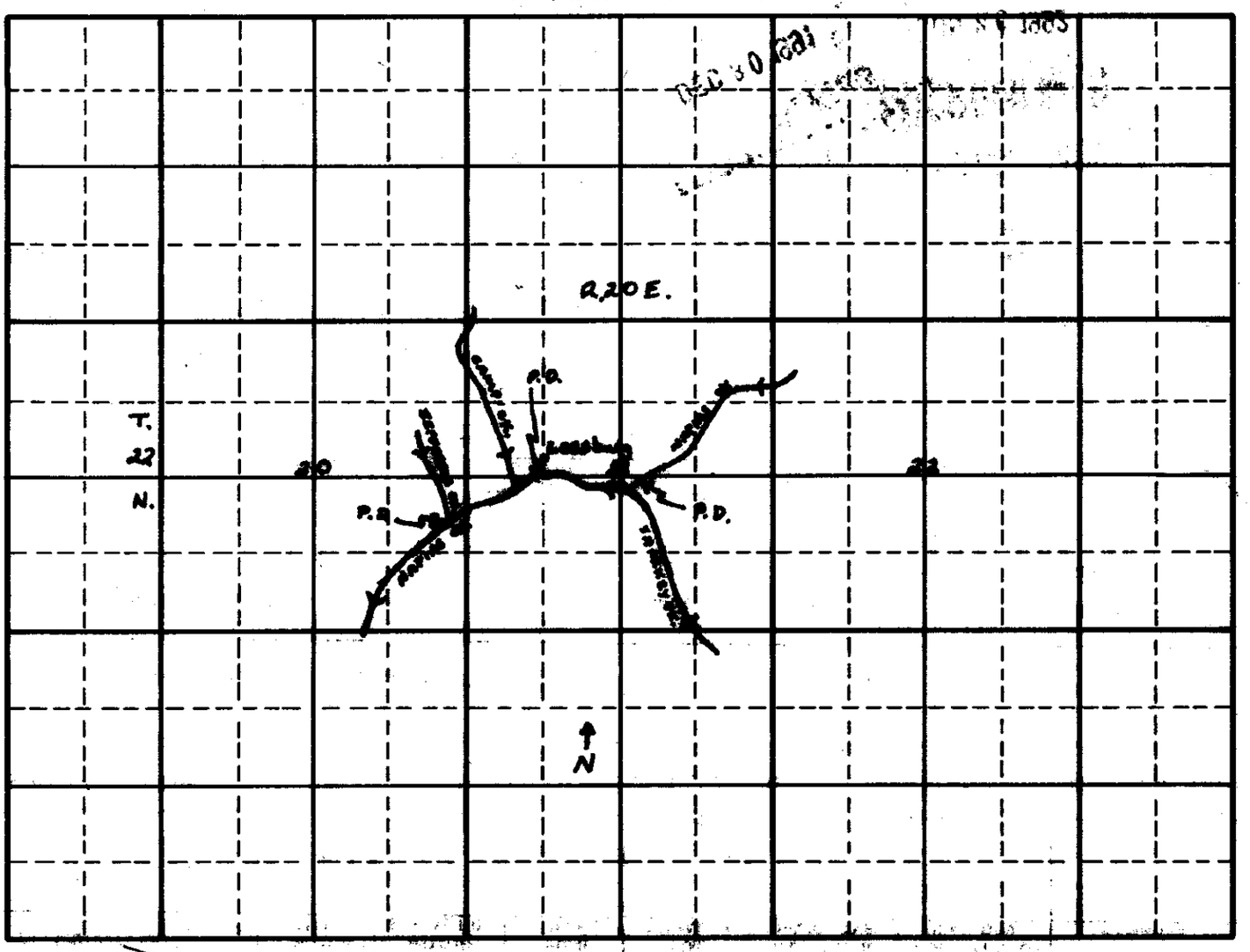
USE	Q (cfs)	V (afa)	FROM	TO
PLACER MINING	1.58	408.9	Mar. 15	Dec. 1
March → Nov. March 1 - Dec 1 = 275 da				
Mar. 15 - Dec. 1 (260 days) HWJ				
Total	1.58			

Remarks System located in SW¼ of NW¼ of Sec. 21, T. 22 N., R. 20 E., LEMHI COUNTY at time of measurement.

Volume Calc HWJ 1.58 cfs × 1.9835 × 260 days × 12 hrs/24 hrs operating time = 408.9

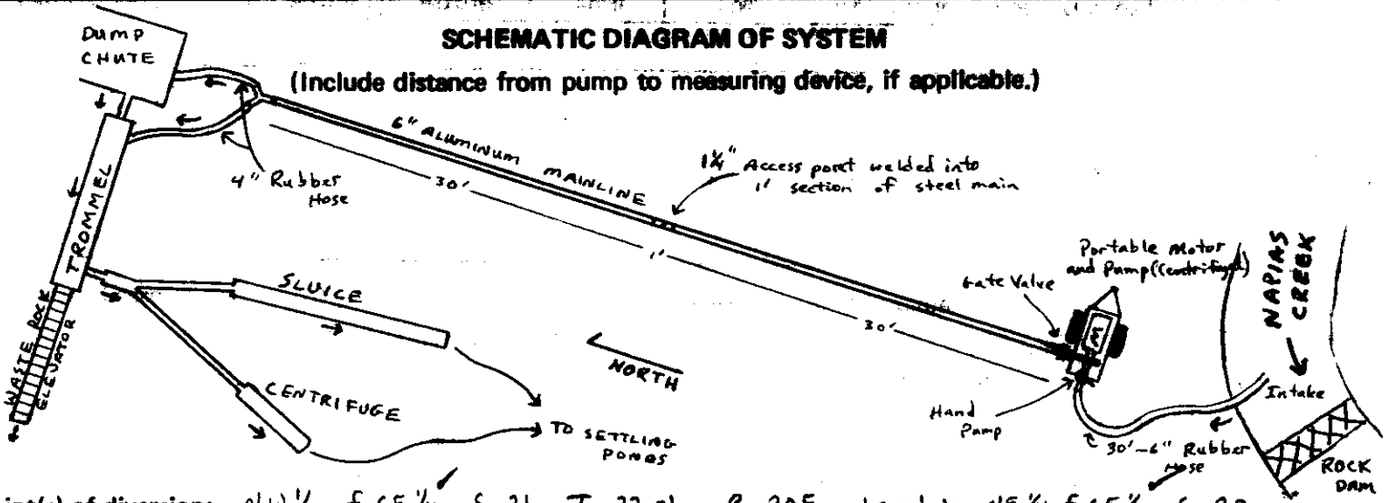
MICROFILMED DEC 30 1991
MICROFILMED JUN 26 1992

MAP (Attach Aerial Photo)



SCHEMATIC DIAGRAM OF SYSTEM

(Include distance from pump to measuring device, if applicable.)



Point(s) of diversion: NW¼ of SE¼, S.21, T.22 N., R.20E., Lembi; NE¼ of SE¼, S.20, T.22N., R.20E., B.M.; SW¼ of NW¼, S.21, T.22 N., R.20E., BM.

Place(s) of Use: as above for P.D.

TWP.	RGE.	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	
22N	20E	20													X				
		21							X							X			
		27																	

MIGRATION RECORDED

DEC 30 1991 JUN 26 1992

Recommended Amendments:

☐ Change P.D. as reflected above ☒ Add P.D. as reflected above ☐ None

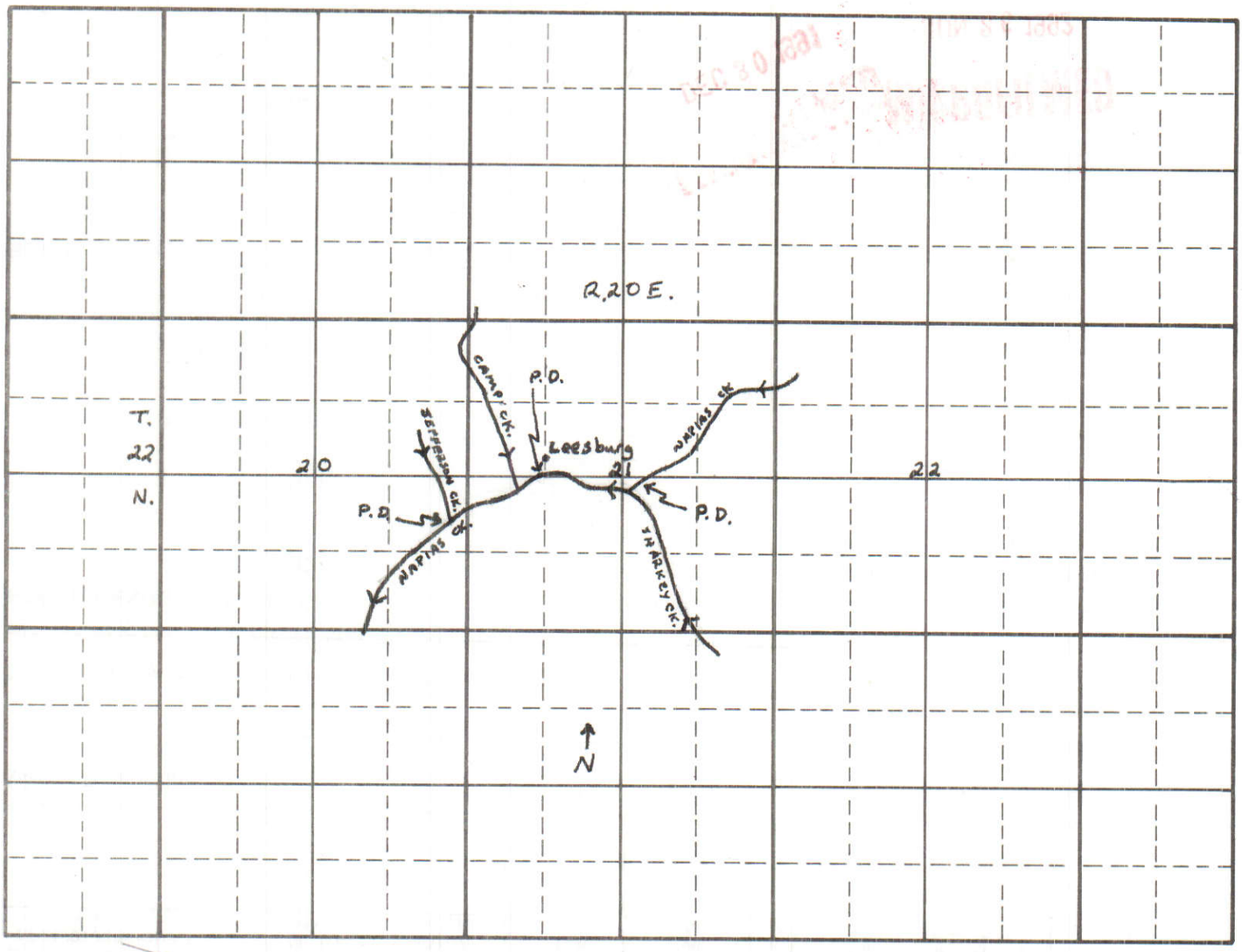
☐ Change P.U. as reflected above ☐ Add P.U. as reflected above ☐ Other

Examiner's Signature John Kaufman by HLJ Date 1-4-88

Checked by [illegible] Date 1-4-88

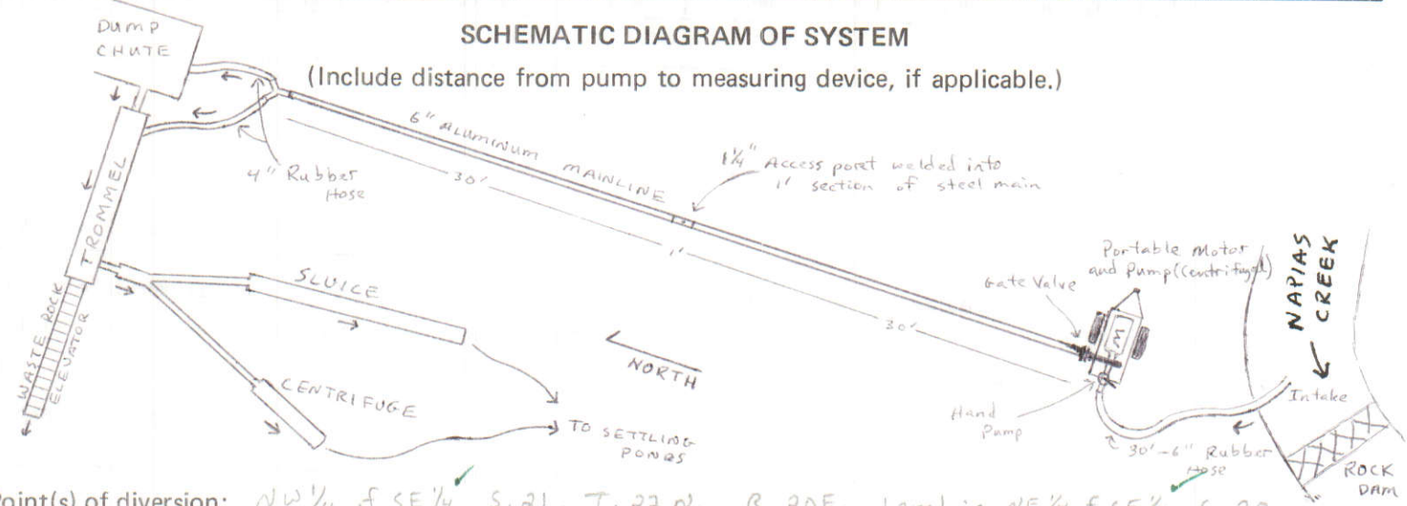
Approved by [illegible] Date 1-11-88

MAP (Attach Aerial Photo)



SCHEMATIC DIAGRAM OF SYSTEM

(Include distance from pump to measuring device, if applicable.)



Point(s) of diversion: NW¼ of SE¼, S.21, T.22 N., R.20E., Lemhi; NE¼ of SE¼, S.20, T.22 N., R.20E., B.M.; SW¼ of NW¼, S.21, T.22 N., R.20E., BM.

Place(s) of Use: as above for P.D.

TWP.	RGE.	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	
22N	20E	20													X				
		21							X							X			
		22																	

MICROFILMED DEC 30 1991
MICROFILMED JUN 26 1992

Recommended Amendments:

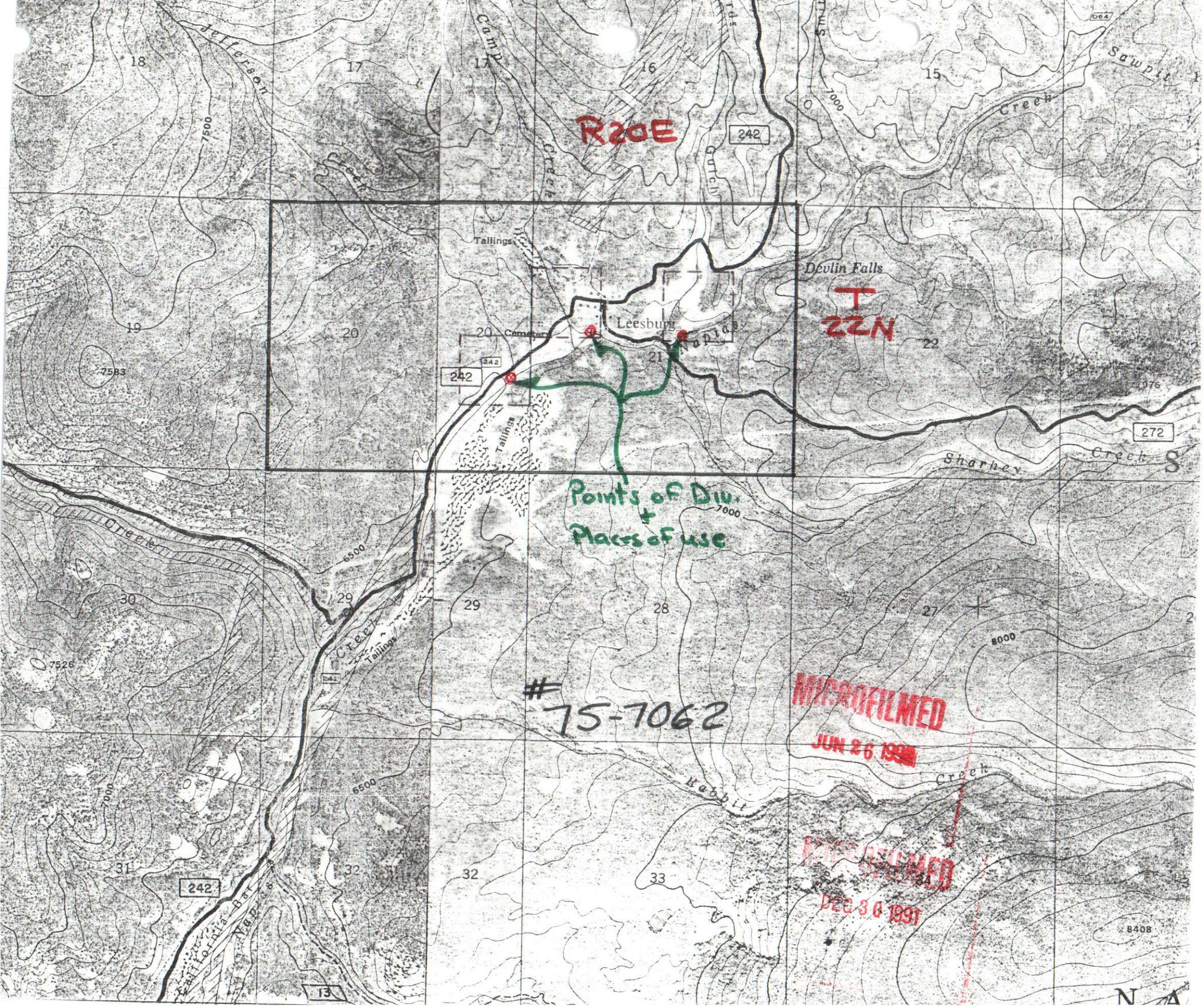
☐ Change P.D. as reflected above ☒ Add P.D. as reflected above ☐ None

☐ Change P.U. as reflected above ☐ Add P.U. as reflected above ☐ Other

Examiner's Signature John Kappelman by HWJ Date 1-4-88

Checked by [signature] Date 1-4-88

Approved by [signature] Date 1-11-88


R20E
T
22N
Points of Div.
+
Places of Use
#
75-7062
MICROFILMED
JUN 26 19
MICROFILMED
DEC 30 1991
Leesburg
Devlin Falls
Tailings
Cemetery
Napias
Jefferson
Camp
Creek
Gulch
Sawpit
Creek
Sharkey
Creek
Rabbit
Creek
California Bar
Napias
242
272
13
7500
7000
6500
8000
7583
7526
8408

HARRY JOHNSON 3 Dec

On [redacted] 25 June 1980 I submitted proof of beneficial use on my six (6) ~~applications for~~ permits nos. 75-7064, 75-7063, 23-7013, 75-7062, 75-7061, and 75-7065. Only ~~three~~ two of these permits required that beneficial use proof be submitted by 1 July 1980 (75-7063 and 75-7064); I mistakedly filed proof on the other permits. I am requesting that my submission of proof of beneficial on permits ~~23-7013~~, 75-7061, 75-7062, and 75-7065 be withdrawn, and that the original dates for the proof of beneficial use be reinstated. These dates are:

~~20-7013~~	~~1 December 1982~~
75-7061	1 March 1982
75-7062	1 March 1982
75-7065	1 March 1982

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18 Sept.

Boise

Bob Fleenor

Received Beneficial Use card early
(Did not request card)

Dave Tidhill

Extension Time request
Letter w/draw Basin Use previously filed

copies of app. 77

proof

Proof Req.

1 March '82 Napier 75-7062 until '82

1 March '82 Jureano 75-7061 " "

" " " Camp 70

Extension

✓ Jefferson Ck. '80

Rapps " "

Anderson " "

DEC 30 1991

18 Sept

Mr. Johnson (Harry) stopped by this morning to discuss his permits. He talked with Bob Fleenor on 17 Sept. about his applications for permit. As it turns out, 2 of Johnson's 6 permits required proof on 1 July 1980, with the other 4 on 1 Dec. 1980 (23-7013) and 1 March 1982 (75-7062[measured], 75-7061, 75-7065). Mr. Johnson was under the impression that all 6 proofs were due 1 July 1980 and submitted them accordingly. (Bill Rhoades sat in on our discussion.)

Fleenor suggested that Mr. Johnson submitt

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JUN 26 1992

a letter to the department requesting a withdrawal of the ~~permits~~ beneficial use cards for the permits with the 1 March 1982 proof date. I will draft this letter for Mr. Johnson's signature.

I advised Mr. Johnson that the same law that he and I discussed earlier still applies to his permits with the small dredges that required proof this summer (i.e., that he will be licensed for the water beneficially used at the time of the exam, and ~~not for~~ total amount he applied for, unless the two are identical). I suggested that he file an extension of time for the 4 small systems if he intends to install larger systems. I advised him that the extension of time is more inexpensive than filing new applications. If the extensions are denied, he will have to refile for more water.

I later discussed ~~this~~ my ideas with John Carlson, Skip Jones, and Bill Rhoades, and they agreed with my conclusions.

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JUN 26 1992

15 September

Ernie Carlson, John Carlson and I discussed Harry Johnson's Permit Number 75-7062. I explained that an extension did not seem appropriate in this case so that Mr. Johnson could put the rest of the 4.0 cfs that he applied for to beneficial use. Mr. Johnson sent proof on his systems on 25 June 1980, and seems to understand the law. The three of us agreed that this Permit should be licensed for 1.58 cfs, as measured.

In regard to Mr Johnson's permits (5) for portable dredges, it was concluded that a license was unnecessary if the sluice was used in the stream. If the sluice was used on the bank

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JUN 26 1992
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DEC 30 1991

a permit would be necessary.

I told Ernie and John that it is my impression that mr. Johnson has larger operations in mind for each of the 5 remaining permits. Mr. Johnson appears to think that ~~by operating~~ putting a small amount of water to a beneficial use protects his "right" to use a larger amount. His permits in each case are for greater amounts of water than the systems are capable of using.

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17 Sept

4 PM: Call from Harry Johnson

I had called Mr. Johnson earlier this week to find out how many days per year the operation on Napias Ck. runs. He returned my call.

I asked Mr Johnson about his 5 floating dredge operations. He informed me that the sluices can be, and are, located in both the stream and on the bank. I told him that a license was unnecessary if the sluices were to be in the stream only. He said that he hoped to install larger systems ("but not as big as Napias") on each of these sites. I told him that he would be licensed for the amount of water put to beneficial

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JUN 26 1992

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DEC 30 1991

use at the time of the exam. I explained to him that if he was licensed for a small portable dredge, and decided to put in a larger system, he would have to reapply for the needed extra water. Further, I told Mr. Johnson that Permit No. 75-7062 was being licensed for 1.58 c.f.s., the amount measured. He disagreed and stated that since he applied for 4.0 c.f.s. he is entitled to it. I told him that he is entitled to it if he puts it to a beneficial use. My field exam of the system shows a use of 1.58 c.f.s. I informed him that if he wishes to use more he must apply for the increased amount. Mr. Johnson was upset with my

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JUN 26 1992
MICROFILMED
DEC 30 1991

conclusion and asked for Steven Allred's phone number. I gave him the Water Resource's general phone number in Boise. I told him that he should stop by the office in Idaho Falls so that we could sit down and talk about his license. He said that he might be by.

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DEC 30 1991

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JUN 26 1992

15 Sept.

1

75-7062 On 3 Sept 1980 I conducted a licensing examination for Harry Johnson, application for permit no. 75-7062. Mr Johnson applied for 4.0 c.f.s. for placer mining purposes, with "ditch and/or pipe out of creek (to) sluice box."

I contacted Mr. Johnson on 18 August 1980 to set up an appointment for the licensing of this permit and of 4 others he has in the same area. Mr Johnson was very cooperative over the telephone. He informed me that there was no measuring device MICROFILMED DEC 30 1980 access port installed on the pumping system of permit 75-7062. We discussed various possibilities and came to the solution of installing a one foot section of steel

MICROFILMED JUN 26 1982

pipe with an access port between the two sections of aluminum mainline. Mr Johnson agreed to call me when the port was installed.

Mr Johnson called on 26 August 1980 to inform that the access port would be ready the next week. We set up an appointment for 3 Sept. 1980. I obtained travel funds for the appointment (IDWR - Rotary 9595, sight draft # 12 41054).

I arrived at Harry Johnson's trailer house in Leesburg, ID at approximately 2.30 PM on 3 Sept. 1980. Harry and Tom Mason were eating at the time, and invited me in. They questioned me about the purpose of my

visit. I told them that the measuring exam is the final step in the water rights license, following the submission of beneficial proof (recorded 21 July 1980). I explained how a water right operates to protect their activities.

Both Harry and Marvin, but especially Marvin, complained about government interference in their mining operation and excessive government bureaucracy. They told me that a private individual has a right to a decent welfare-less living, explained the merits of the "Sagebrush Rebellion", and warned of the coming revolution between the east and west coasts of the United States. They told of the "down time" costs my measurement involved, and said

MICROFILMED JUN 26 1992

MICROFILMED DEC 30 1991

they were going to have D.W.R. pay for the costs of installing the access ports. I explained that the access port is required by law and that it is their responsibility to have it installed.

Marvin was visibly upset. He asked how many times per week I would be around to bother them with a measurement. He calmed down somewhat when I told him that only one measurement was needed. Marvin then requested that I fill out an "Official Public Servants Questionnaire." I filled out the form in duplicate, giving one to Marvin and keeping one for myself (see enclosure).

MICROFILMED
DEC 30 1991
MICROFILMED
JUN 22 1992

I next proceeded to take the measurement. Both Johnsons were still complaining about government bureacracy. Their harassment continued throughout the measurement. They berated my position and made comments about me being a "college boy."

The installation of the one foot access port produced a kink in the rubber hoses past the aluminum mainline. In addition, the intake hose below the pump was sucking air. The 60 eagle-eye meter averaged 20 inches H_2O (needle fluctuation between 18 inches and 21 inches). Marvin told me that I should give them 21 inches because of the air and the kinked hoses. I attempted to explain to him that in the line,

MICROFILMED DEC 30 1991
FILED JUN 26 1992

I had no way of compensating for air or kinked lines, but that if the wished to re-sink the intake and remove the kinks I would remeasure. At this point Marvin Johnson began to scream at me about being uncooperative with the measurement. He was so angry that I thought he would strike me. His father Harry pleaded with him to calm down.

After a few tense minutes the Johnsons decided to resink the hose. We attempted to remove the kinks but the system was too rigid to allow any movement of the components. Marvin Johnson insisted that I accept

MICROFILMED JUN 26 1992
MICROFILMED DEC 30 1991

open discs at the end of the system

near the trommel. I was hesitant to accept this as a measurement because there is a slight lift of 4-8 feet from the "Y" to the equipment. The hoses are, however, open discharge into the equipment. I see no other way of obtaining a "fair" measurement of this system in its present state. The only better arrangement would involve the permanent installation of the access port coupler and a shortening of the rubber hoses. The Johnsons refused to do this. ("This coupler is coming out as soon as you get your measurement.")

I took a measurement with this set up and obtained a reading of 26 inches H_2O

MICROFILMED JUN 26 1992
MICROFILMED DEC 30 1991

(needle fluctuation between 25 and 26.5 inches).

The Johnsons were very concerned about receiving the 4.0 c.f.s. of water that they had applied for. Their pump produces 1.58 c.f.s. I attempted to explain to them that a new application will have to be filed if they wish to use more than 1.58 c.f.s. but they did not listen. I am sure they are still under the impression that they can develop the remaining 2.42 c.f.s. under permit no. 75-7062.

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JUN 26 1992

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DEC 30 1991

I talked with Harry Johnson for 30 minutes after I finished the measurement. We talked about why they were so uncooperative.

(Marvin refused to speak to me.) Harry told me that their operation was in tough financial straits and that other government agencies were very concerned about the quality of the water from their operation. We reached the conclusion that their anger was not so much directed at the measurement, or at me personally, as it was at other external factors. Harry and I parted with kind words and a handshake.

MICROFILMED JUN 26 1992

MICROFILMED DEC 30 1991

12 Sept.

Harry Johnson 75-7062

CALCULATION

6" annubar

26" H_2O

80 METER

$(6)^2\ 3.85\sqrt{26}$ = Q g.p.m.

$(6)^2\ 3.85\ (5.099)$ = 706.7 g.p.m.

706.7 g.p.m. × .00223 c.f.s./1 g.p.m. = 1.58 c.f.s.

Applied for 4 c.f.s.

Send in 1.58 cfs measurement for licence

No extension

Can request remeasurement

Dis. 7 Health Dept. (County)

Jeff Burgeson

522-0310

Environ. Health Dv.

523-5382

MICROFILMED
DEC 30 1994
MICROFILMED
JUN 26 1992

3 Sept 75 - 7062

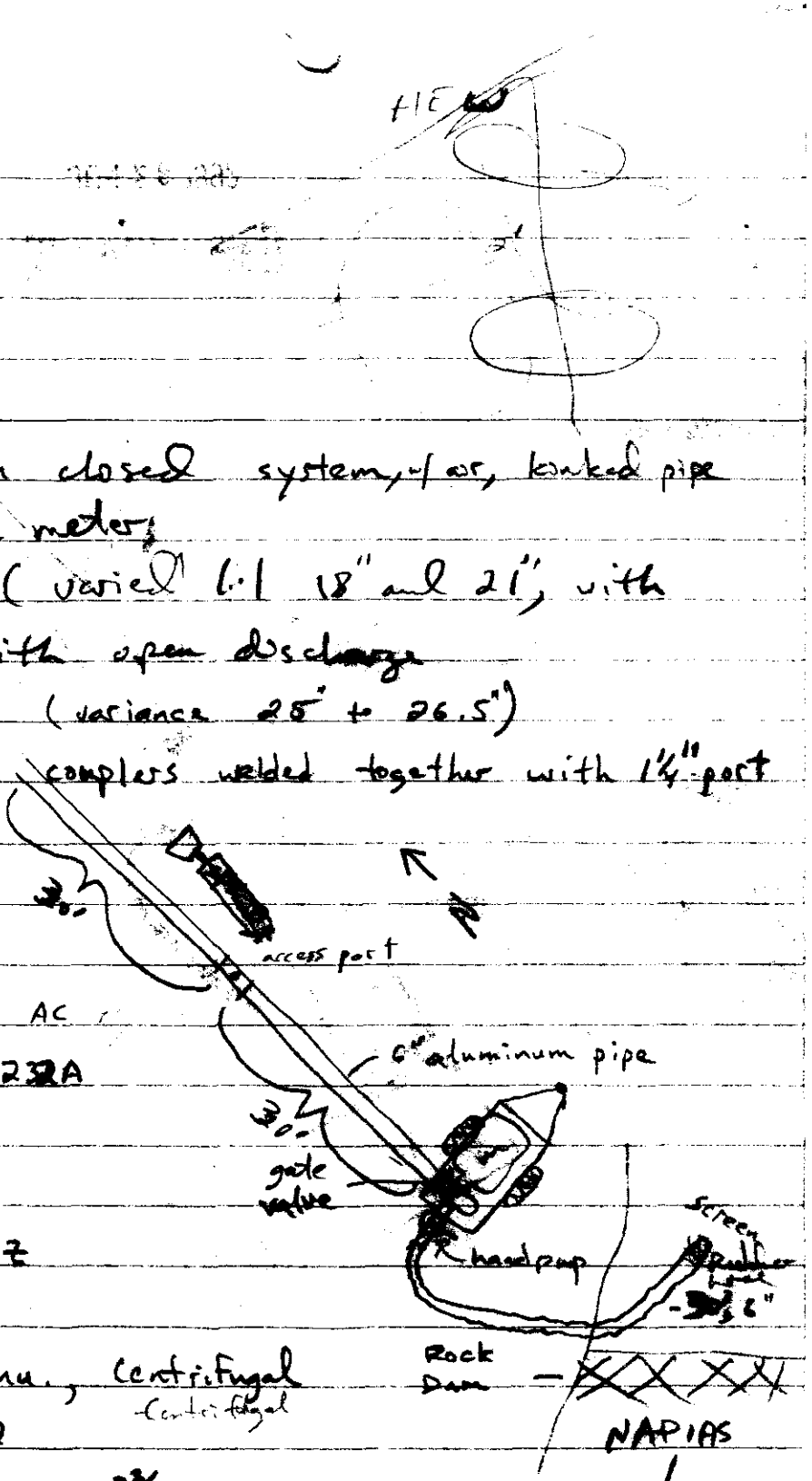
Harry Johnson

Measurement

① 6" annular in closed system, w/ air, leaked pipe
80 Rayleeye meter;
20" H_2O (varied 1:1 18" and 21", with

② as above, with open discharge
26" H_2O (variance 25" to 26.5")

Access port: 2 pipe couplers welded together with 1¼" port



MOTOR: GE Tricled AC
M.N, 5K256JN123A
HP 25
NO JK
Frame 256TC7

PUMP: Cornell Manu., Centrifugal
Centrifugal
M N: 3W25-2
S N: 26374

MICROFILMED
DEC 30 1991
MICROFILMED
JUN 26 1992

3 Sept 75 - 7062

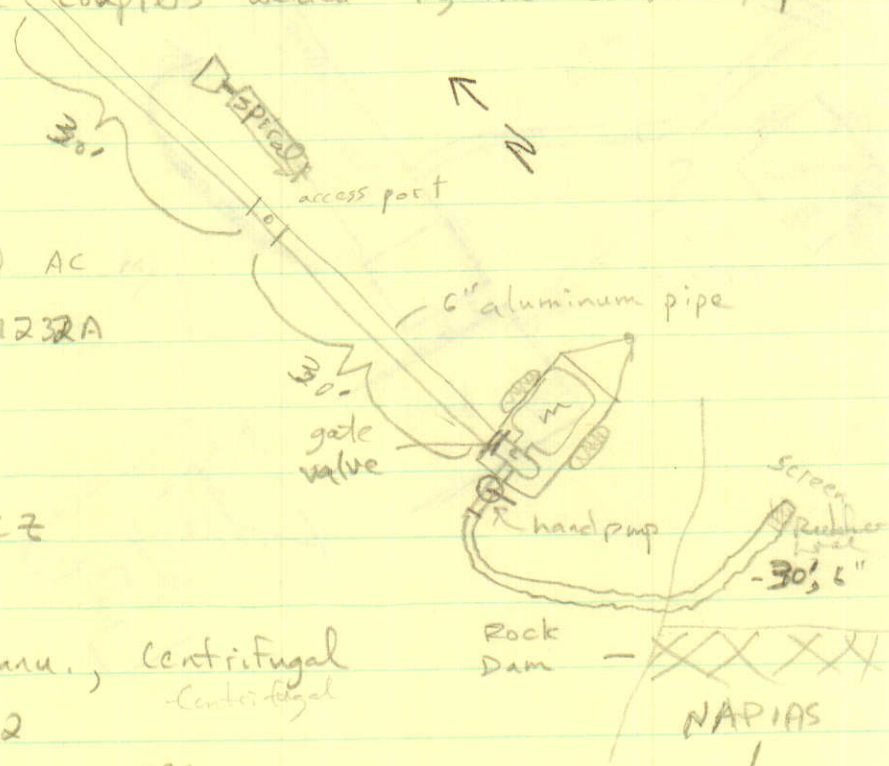
Harry Johnson

Measurement:

① 6" annubar in closed system, w/ air, flanged pipe
80 eagleeye meter:
20" H_2O (varied b.t. 18" and 21", with

② as above, with open discharge
26" H_2O (variance 25" to 26.5")

Access port: 2 pipe couplers welded together with 1¼" port



MOTOR: GE Triclad AC
M.N, 5K256JN123RA
HP 25
NO JK
Frame 256TCZ

PUMP: Cornell Manu., Centrifugal
M N: 3W25-2
S N: 26374

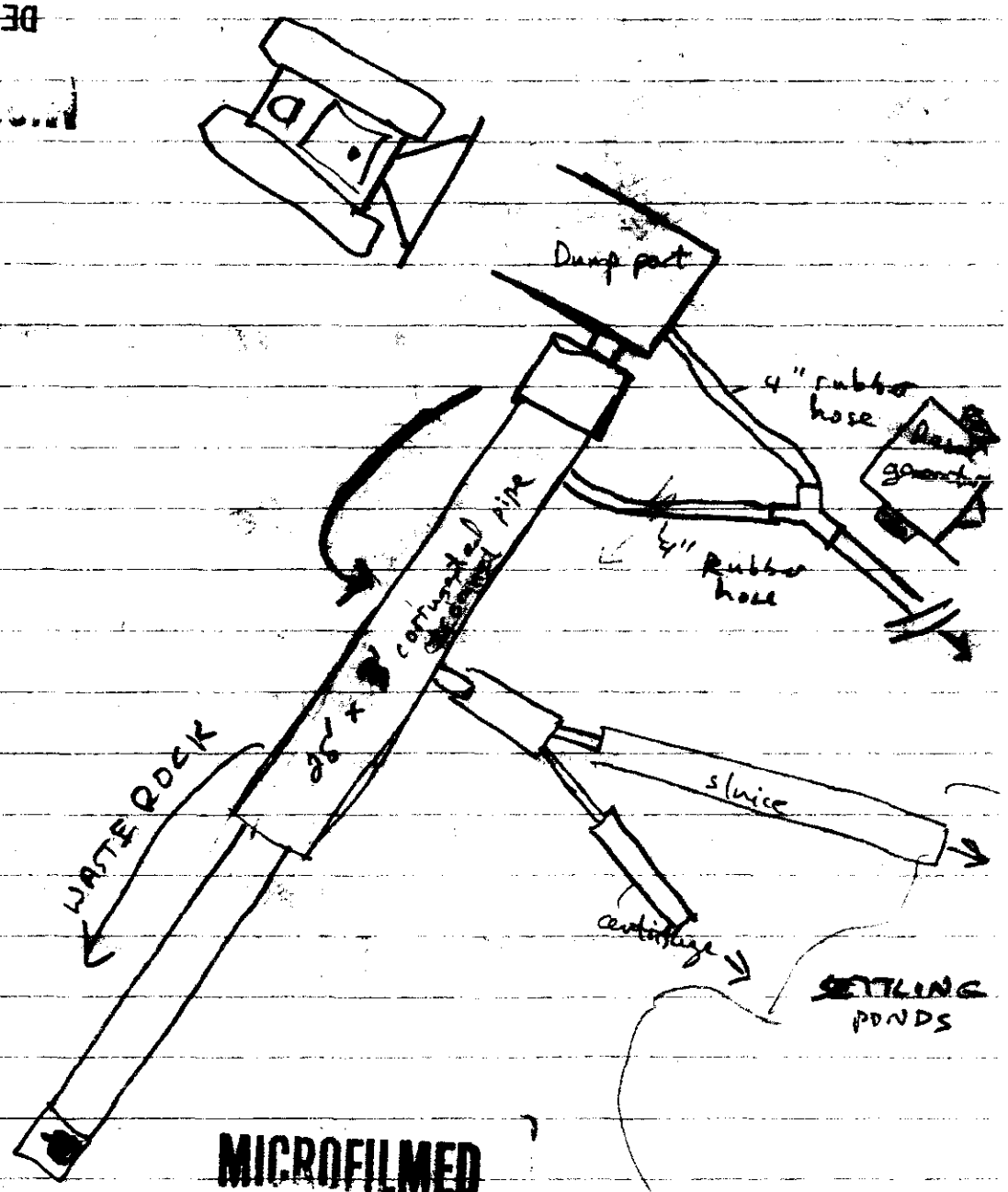
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DEC 30 1991
MICROFILMED
JUN 26 1992

12 hrs/day × 1 da/24 hrs × 30 da/mo × 5 mo = 75 da

1.58 cfs × 75 da × 1.9835 AF/da = 235.04 AF/Acre

1.58 cfs (12 hrs/day × 30 da/mo × 5 mo) × 1.9835 AF/da
24 h

MICROFILMED
DEC 30 1991



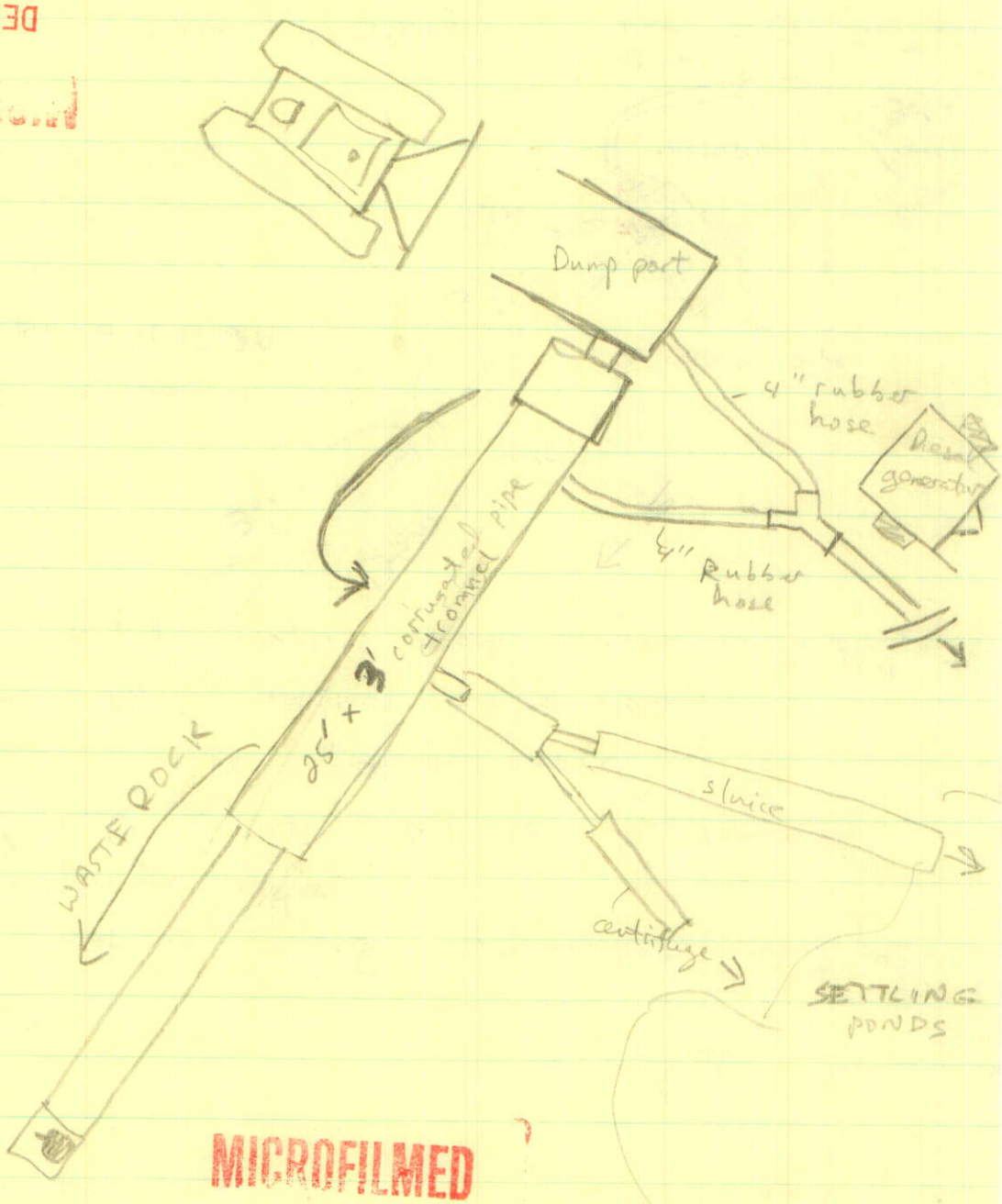
MICROFILMED
JUN 26 1992

12 hrs/day × 1 da/24 hrs × 30 da/mo × 5 mo = 75 da

1.58 cfs × 75 da × 1.9835 AF/da ≈ 235.04 AF/Ann

1.58 cfs (12 hrs/day × 30 da/mo × 5 mo) × 1.9835 AF/da / 24 h

DEC 30 1991
MICROFILMED



MICROFILMED
JUN 26 1992

OFFICIAL PUBLIC SERVANTS QUESTIONNAIRE

(Required for protection of taxpayers against imposters.)

Answers to questions should be put down by taxpayer. If, at the end of the questioning, the public servant declines to swear or affirm to the truthfulness of what he has answered, this fact should be noted and the forms sent off as directed.

To be executed in quadruplicate. Original for taxpayer's files. Second copy to head of department from which public servant was sent. Third copy to taxpayer's attorney. Fourth copy to public servant. Taxpayer will assume responsibility of mailing to appropriate persons.

Name of public servant JOHN KAPPELMAN, JR

Resident address 131 S. PLACER AVE **City** IDAHO FALLS **State** ID

Name of department of government, bureau or agency by which public servant is employed: STATE OF IDAHO, DEPARTMENT OF WATER RESOURCES

Its mailing address 1515 LINCOLN RD. **City** IDAHO FALLS **State** ID

Did public servant furnish proof of identity? YES What was the nature of this proof? D. L.

Is the name given by public servant his right name? YES

Has public servant ever employed an alias or assumed name? NO

If so, what was it? _____

Has public servant ever served time in prison for a misdemeanor? N. A. A felony? N. A.

A crime? N.A. If answer to foregoing is "yes" in any case, give reason for public servant's incarceration. _____

Will the public servant furnish a copy of the law or regulation which authorizes the investigation? YES

Will the public servant read aloud that portion of the law authorizing questions he will ask? NO - DO NOT HAVE IDAHO CODE WITH ME.

How long has he worked for this agency (department, bureau, etc.)? years N. A. months _____

Has he ever been employed outside of governement or outside of tax-supported agency such as a welfare bureau, a government school, etc.? N. A.

What was the nature of that employment? N. A.

What are his qualifications for conducting this investigation? (Cite special training, degrees held, special aptitudes, etc.) EMPLOYMENT BY DEPT. OF WATER RESOURCES

Name of person in government requesting that investigation be made STEPHEN ALLRED, DIRECTOR (sp)

Is the investigation "general" or is it "special"? FOR LICENSING OF WATER RIGHT

Note: By "general" is meant any kind of blanket investigation in which a number of persons are involved because of geography, type of business, sex, religion, schooling, income, etc. By "special" is meant one investigation of an individual nature in which others are not involved.

Name of private person (if any) who suggested that investigation be made NONE

Was private person paid for turning in the name of taxpayer? N. A. How much was he paid? $ N. A.

Address N. A.

Note: Amendment VI of the Constitution says: "In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial by an impartial jury of the state and district wherein the crime shall have been committed, which district shall have been previously ascertained by law and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense." Since government investigations are frequently followed by criminal prosecution, the taxpayer has a right to know the names of his accusers and to also be informed of the nature of the accusation brought against him. Also, Amendment V guarantees the right of the individual not to incriminate himself. Thus, a failure on the part of the investigator to satisfactorily answer the foregoing may provide grounds for the taxpayer refusing to answer questions. See a lawyer, if questions remain in your mind on this point.

Does public servant realize that he is a servant of the people? YES

Does public servant realize that the purpose of Government, as stated in the Constitution, is to serve the people, and that it never was intended for people to be servants of the Government? YES

Has public servant read the Constitution of the United States? N. A.

Does he know that the Constitution of the United States demands that all public servants take an oath to uphold the Constitution? _____

Has he taken that oath? N. A.

Does public servant know that it is a criminal offense to deprive another of his Constitutional rights, and that anyone depriving another of his Constitutional rights can be liable of a fine of up to $10,000.00 and 10 years in prison? YES

Will he (the public servant) guarantee that the information requested will not be used by persons in departments, bureaus or agencies other than the one by whom he is employed? NO If not, why not? A WATER RIGHT IS (over)

Has the public servant been courteous and cooperative? YES Has he made any threats? _____ What is the nature of the threats? _____

↑ PUBLIC INFORMATION

AFFIRMATION BY PUBLIC SERVANT

I swear or affirm that the answers I have given to the foregoing questions are complete and correct in every particular

John Kappelman, Jr

Must be signed in ink and the signature should be witnessed by two people. Taxpayer may administer an oath if he so desires.

Witness Marvin Johnson
MARVIN JOHNSON

Witness _____

ADDITIONAL COPIES, WRITE: WESTERN HILLS BOOKS, BOX 100, GILLETTE, WYOMING 82716
10 cents per copy, 12 copies for $1.00

USPS 1991

PUBLIC INFORMATION.

LEESBURG LAND & MINING, INC.

2140 SOUTH IVANHOE STREET
DENVER COLORADO 80222
(303) 758-4159
TLX 45-636

June 19, 1984

RECEIVED
JUN 25 1984
Department of Water Resources
Eastern District Office

Mr. Keith C. Wilson
State of Idaho
Department of Water Resources
150 Shoup, Suite 15
Idaho Falls, Idaho 83402

Re: Your letter of June 14, 1984
Permit #75-7062, 75-7065

Dear Mr. Wilson:

The contact for you is either Robert D. Peck or Robert C. Bryant who can be reached at (208) 756-3252 or most week days at our mine site at Leesburg, Idaho. Due to the current muddy conditions I'd suggest you plan to wait until August to inspect the site.

I'd also like to bring to your attention that Leesburg Land & Mining, Inc. is the holder of two additional permits, #75-7211 and 75-7257.

Very truly yours,

R. GLENN VAWTER
President

RGV/dt
Enc

cc: Mr. R. C. Bryant
Mr. R. D. Peck

RECEIVED
DEC 30 1991

RECEIVED
JUN 26 1992

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
EASTERN REGION

John V. Evans
Governor

A Kenneth Dunn
Director

150 Shoup — Suite 15
Idaho Falls, Idaho 83402
(208) 525-7161

June 14, 1984

RE: Permit # 75-7062, 75-7065

Leesburg Land & Mining Co.
2140 S. Ivanhoe Street
Denver, CO 80222

ATTN: Glenn Vawter

Dear Sir:

Mr. Harry I. Johnson of Idaho Falls, Idaho has informed me that you are operating his claims on Camp Creek and Napias Creek on the Salmon River drainage in Idaho.

Currently Mr. Johnson is the holder of the two permits, as referenced above, to appropriate the water.

Before a license can be issued a field examination to measure the amount of water being beneficially while the systems are in operation must be made by this department. Prior to conducting the examination I need to talk with someone that is familiar with the systems to determine the best method to obtain an accurate measurement data, and to make an appointment to conduct the exam.

Your cooperation will be appreciated.

Sincerely,

Keith C Wilson

KEITH C. WILSON
Sr. Resource Agent

KCW:jk

RECEIVED
DEC 30 1991

JUN 26 1992

DEPARTMENT OF WATER RESOURCES

The Idaho Department of Water Resources will consider this card as a statement that the permit holder(s) has completed development to the extent shown below of Permit No. 75-7062.

Name(s) of Permit Holder: Harry I Johnson

Post Office Address: 3380 Handly Ave

Idaho Falls, Id Tel. No. 523-9[illegible]

Source of Water: Napias Ck.

Extent of Use:
- ☐ Domestic _____ (number of households)
- ☐ Stockwater _____ (number and type of stock)
- ☐ Irrigation _____
- ☒ Other Mining

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Measuring Device: Required? ☒ Yes ☐ No Installed? ☐ Yes ☒ No

Access Port: Required? ☐ Yes ☐ No Installed? ☐ Yes ☐ No

JUN 26 1992

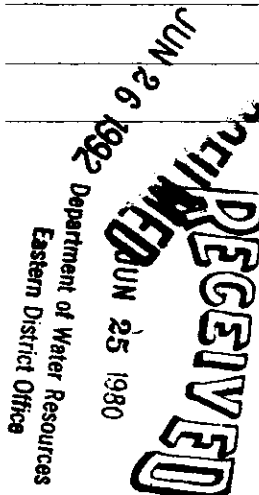
The above information is a true statement of the extent to which the above numbered permit has been developed.

June 25-80
Date

Harry I. Johnson
Signature of Permit Holder

PLACE
TEN CENT
STAMP
HERE

IDAHO DEPARTMENT OF WATER RESOURCES
STATEHOUSE
BOISE, IDAHO 83720



STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
EASTERN REGION

John V. Evans
Governor

C. Stephen Allred
Director

1515 Lincoln Road
Idaho Falls, Idaho 83401
(208) 523-7186

July 22, 1980

RE: Permit No. 75-7061 and 75-7062

Harry J. Johnson
3380 Handley
Idaho Falls, Idaho 83401

Dear Mr. Johnson:

We acknowledge receipt of the proof of beneficial use card submitted for the above referenced permit.

Before a license can be issued, a field examination must be made by a representative of this department. We cannot tell just when this examination will be made, but our examiner will try to contact you at the time he makes the examination so that you may show him the system.

If you have any questions regarding the field examination, please contact our eastern regional office.

Very truly yours,

Bobbie R. Stephens
Sr. Clerk

cc: IDWR - State Office

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JUN 26 1992

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

Cecil D. Andrus
Governor

R. Keith Higginson
Director

Statehouse
Boise, Idaho 83720
(208) 384-2215

March 8, 1977

Re: Permit Nos. 75-7061
75-7062
75-7065

Harry I. Johnson
3380 Handly Avenue
Idaho Falls, ID 83401

Dear Mr. Johnson:

Enclosed are copies of your approved Applications for Permit Nos. 75-7061, 75-7062, and 75-7065. We direct your attention to the conditions of approval as listed on the fourth page.

Be sure to note that a special condition requiring you to install and maintain a measuring device at your point of diversion has been placed upon your permit. We are enclosing a letter describing different types of measuring devices accepted by this office.

You should also be aware that you will need to obtain a stream channel alteration permit if you plan to in the stream channel, except to construct your diverting works.

Sincerely,

BOBBY D. FLEENOR
Chief, Water Rights

BDF/cah

Enclosure

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JUN 26 1992

MICROFILMED

INTER-DEPARTMENT MEMO — 1

DATE February 2, 1977

FROM Ron Carlson

TO Bob Fleenor

SUBJECT Applications for Permit No. 75-7061, 75-7062 and 75-7065

Applications for permit No. 75-7061, 75-7062 and 75-7065 were filed by Harry I. Johnson, May 30, 1975. Since that time we have been requesting copies of his mining claims to demonstrate possessory interest at the site where he proposes using this water under these permits.

I believe we have given him ample time to provide us with an easement or copy of his mining claim and that we should proceed now to void our records of these applications.

SIGNATURE

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JUN 26 1992

MICROFILMED

December 7, 1976

RE: Application for Permit No. 75-7061, 75-7062 and 75-7065

Mr. Harry I. Johnson
3380 Handly Avenue
Idaho Falls, Idaho 83401

Dear Mr. Johnson:

The Department has been holding the above referenced applications for permit since June 30, 1975, awaiting copies of your mining claims. We need to know if you are still interested in pursuing these applications or if we should take action to void them.

Since we have not heard from you since April 16, 1976, we do not know what action to take. Therefore, we will take no action until February 1, 1977, at which time we will proceed to void these applications in our records if we have not received copies of your mining claims by that time.

Very truly yours,

RONALD D. CARLSON
Supervisor,
Eastern Region

RDC:CW

MICROFILMED

JUN 26 1992

INTER-DEPARTMENT MEMO — 1

DATE April 16, 1976

FROM Ron

TO File

SUBJECT Applications for Permit 75-7061, 75-7062, 75-7065

Mr. Johnson was in the office this date and stated that he would submit copies of his mining claims for these files.

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MICROFILMED
JUN 26 1992

SIGNATURE

March 1, 1976

RE: Application for Permits No. 75-7061, 75-7062, & 75-7065

Mr. Harry Johnson
3380 Handley Avenue
Idaho Falls, Idaho 83401

Dear Mr. Johnson:

The Department is still holding further action on the above referenced applications for permit awaiting required Forest Service easements.

Since you have not responded to our letters of June, 1975, and January, 1976, we can only assume that you have no further interest in pursuing these applications. For your convenience, we will hold these in our files for an additional 30 days. At the end of that time, if we have not heard from you we will proceed to void these applications in our records.

Very truly yours,

RONALD D. CARLSON
Supervisor,
Eastern Region

RDC:CW

MICROFILMED

JUN 26 1992

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
EASTERN DISTRICT

Cecil D. Andrus
Governor

R. Keith Higginson
Director

1515 Lincoln Road
Idaho Falls, Idaho 83401
(208) 523-7186

January 22, 1976

RE: Applications for Permit Nos. 75-7061,75-7062,75-7065

Harry I. Johnson
3380 Handley Ave.
Idaho Falls, Idaho 83401

Dear Mr. Johnson:

As you recall, in June of 1975 we wrote you indicating that the points of diversion and places of use shown on the above referenced applications were on Forest Service property, and that the permits could not be approved untill we had record in our file of a Forest Service easement.

We have not heard from you since that time and, therefore, need to know if you are still seeking an easement from the Forest Service, or have no interest in continuing these application.

Please advise us of your progress and wishes in this matter at your earliest convenience.

Very truly yours,

RONALD D. CARLSON
Supervisor,
Eastern Region

RDC:me

JUN 26 1992

MICROFILMED

June 19, 1975

RE: Application for Permit No. 75-7061
" " " No. 75-7062

Mr. Harry I. Johnson
3380 Handly Avenue
Idaho Falls, ID 83401

Dear Mr. Johnson:

In reviewing the above referenced applications, we found that the U. S. Forest Service owns both the points of diversion and places of use. Therefore, before final action can be taken on these applications it will be necessary for you to furnish this office with a copy of the easement of right-of-way allowing you access to this land.

Your immediate attention to the above matter will expedite the processing of the applications.

Very truly yours,

RONALD D. CARLSON
District Engineer

RDC:MB

cc: IDWR - Boise

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JUN 26 1992

STATE OF IDAHO
Cecil D. Andrus, governor

department of health and welfare

RECEIVED
JUN 12 1975
Department of Water Resources
Eastern District Office

James A. Bax, director

DIVISION OF ENVIRONMENT
7th and Lander Streets
Pocatello, Idaho
83201

11 June 1975

Harry I. Johnson
3380 Handly Avenue
Idaho Falls, Idaho 83401

Re: Permit to Appropriate the Public Waters of State of Idaho

Dear Mr. Johnson:

We have been advised by the Idaho Department of Water Resources that you have submitted applications as follows:

#23-7013: Anderson Spring, tributary of Anderson Creek, tributary of McCoy Creek (Bonneville County)
#75-7061: Jureano Creek, tributary of the Salmon River (Lemhi County)
#75-6072: Napias Creek, tributary of Salmon River (Lemhi County)

According to the applications, we note that you intend to divert water from the mentioned spring and creeks for the purpose of placer mining, and it is wondered what will be done with the discharge of this water.

If you intend to provide settling ponds with discharges, a NPDES waste discharge permit will be required. Before you can secure a permit, however, approval from this Department of any settling ponds, etc. must be obtained.

Enclosed is a copy of State of Idaho Water Quality Standards and Wastewater Treatment Requirements, which you will find very informative. If you have any questions, please do not hesitate to contact us.

Yours very truly,

Gordon J. Hopson
Environmental Quality Specialist

GJH/md
Enc.
BCC: Dept. of Water Resources-Idaho Falls

MICROFILMED
MICRO
JUN 26 19

June 4, 1975

RE: Application for Permit No. 73-7029 Corrigan
" " " No. 74-7048 Morgan
" " " No. 75-7061 Johnson
" " " No. 75-7062 Johnson

The Recorder-Herald
P.O. Box 310
Salmon, ID 83467

Gentlemen:

Enclosed you will find a legal notice which we wish to have published once a week for two consecutive weekly issues of your newspaper. We have inserted the publication dates allowing time for you to submit us a galley proof for review before publication.

After sending us a galley proof, proceed with the publication on the dates we have inserted, assuming the notice is correct. If we have any corrections, we will notify you before the first publication. If you cannot publish the notice on the proposed dates, please contact us immediately.

An affidavit of publication must be submitted to the Department along with the publication bill.

Very truly yours,

RONALD D. CARLSON
District Engineer

Bill submitted 6-23-75 by MB

RDC:MB

Enc: Legal Notice (4)

MICROFILMED

JUN 26 1992

NOTICE OF APPLICATION FOR WATER PERMIT

Notice is hereby given that Harry I. Johnson, Idaho Falls, Idaho has on 5-30-75 submitted Application No. 75-7062 for a permit to appropriate 4.0 cubic feet per second of water from Napias Creek Tributary of Salmon River by means of ditch, pipe and sluice box within the NW¼SE¼, Sec. 21, NE¼SE¼, Sec. 20, T. 22N, R. 20E, B.M., Lemhi County; to be used from Mar. 15 to Dec.1 for placer mining purposes within the NW¼SE¼, Sec. 21. NE¼SE¼, Sec. 20, T. 22N, R. 20E, B.M.

If issued, this permit will be subject to all prior water rights. Protests against the granting of the permit must be filed with the Idaho Department of Water Resources, 1515 Lincoln Road, Idaho Falls, Idaho, 83401 on or before June 30, 1975.

R. KEITH HIGGINSON
DIRECTOR

Published in The Recorder-Herald, Salmon, Idaho on June 12 and June 19, 1975.

6-12-2tc

NOTICE OF APPLICATION FOR WATER PERMIT

Notice is hereby given that Harry I. Johnson, Idaho Falls, Idaho has on 5-30-75 submitted Application No. 75-7062 for a permit to appropriate 4.0 cubic feet per second of water from Napias Creek tributary of Salmon River by means of ditch, pipe and sluice box within the NW¼SE¼, Sec. 21, NE¼SE¼, Sec. 20, T. 22N, R. 20E, B.M., Lemhi County;

to be used from Mar. 15 to Dec. 1 for placer mining purposes within the NW¼SE¼, Sec. 21, NE¼SE¼, Sec. 20, T. 22N, R. 20E, B.M.

If issued, this permit will be subject to all prior water rights. Protests against the granting of the permit must be filed with the Idaho Department of Water Resources, 1515 Lincoln Road, Idaho Falls, Idaho, 83401 on or before June 30, 1975.

R. KEITH HIGGINSON
Director

Published in the Recorder-Herald, Salmon, Idaho
on June 12 and June 19, 1975

MICROFILMED

JUN 26 1975

JUN 26 1975

June 3, 1975

RE: Application for Permit No. 23-7013
Application for Permit No. 75-7061
Application for Permit No. 75-7062

Idaho Department of Health & Welfare
Statehouse
Boise, Idaho 83720

Gentlemen:

We are enclosing copies of applications that may be of interest to your agency. Please review the applications and if you have any comments, please submit them to our Department as soon as possible. The last date of protest is June 30, 1975, and we are required to take final action shortly thereafter.

If we may be of further assistance, please feel free to contact us.

Very truly yours,

RONALD D. CARLSON
District Engineer

RDC:MB

Enclosures

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JUN 26 1992

DEPARTMENT OF WATER RESOURCES
- STAFF ANALYSIS -

Item	Initial	Date	
			Application No. (4.0 cfs) Johnson
			✓ Source ✓ Point of Diversion ✓ County ✓ Quantity of Water and Period of Use ✓ Description of Diverting Works ✓ Time required for B/U of water ✓ Place of Use or Acres Irrigated ✓ Map ✓ Signature ✓ Fee
	ZF	6-2-75	
(1)	✓	✓	In form to receipt Yes
(2)	"	"	Send Copies to: ✓ Idaho State Health Department - Statehouse _____ Idaho Fish and Game Department NA _____ Bureau of Land Management
(3)	"	"	_____ Request Special Use Permit from U.S.F.S. NA _____ Request Easement from B.L.M. _____ Request Information from Applicant
(4)	"	"	In form for advertising Yes
(5)	_____	_____	Platted on Map No._____
(6)	"	"	NA Located within Water District No._____
(7)	"	"	NA Critical groundwater area: yes_____ no_____
(8)	"	"	NA Groundwater levels: _____ Declining, _____ Stable, _____ Increasing (comment)_____
(9)	"	"	Other rights on the same place of use No
(10)	"	"	Comments: None
(11)	MB	6-23-75	Affidavit of Publication received (date) 6-23
(12)	MB	6-30-75	Final date for protests June 30, 1975 Protests received: yes_____ no X
(13)	RDC	2/2/77	All requested information received from agencies or applicant: yes_____ no ✓
(14)	_____	_____	Action recommended: _____ Approve ✓ Deny _____ Proposed Priority _____ Reason for Reduction_____ ✓ Measuring device required _____ See attached sheet for other conditions of approval _____ No special conditions for approval
(15)	District E		By RDC Date 2/2/77

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