WATER WITHDRAWAL AGREEMENT

This WATER WITHDRAWAL AGREEMENT (the "Agreement") is dated and made effective as of the 31st day of July 2016 by and between Colvard Farms Development Company, LLC ("Colvard Farms") and the County of Chatham, North Carolina (the "County").

WHEREAS, the County, pursuant to an agreement with the North Carolina Division of Water Resources, is entitled to withdraw a certain number of gallons of water per day from the B. Everett Jordan Dam and Lake Project (the "Project"); and

WHEREAS, the County currently is not using all of its allocated capacity from the Project; and

WHEREAS, Colvard Farms desires to purchase water from the County for the purpose of filling a lake, and the County has agreed to allow Colvard Farms to so withdraw said lake-filling water, on the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual agreement and promises herein contained, the parties hereto, intending to be legally bound, agree as follows:

1. Grant.

   The County grants Colvard Farms the right to withdraw up to 225,000 gallons of water per day (the "Water") for no more than one hundred and twenty (120) days during the existence of this contract from the Project for lake-filling purposes conditioned upon strict compliance with the term of this Agreement. Specifically, the Water will be drawn directly from the Project between the confluence of Crooked Creek and New Hope Creek near the Duke Power Easement. This grant is also to be in full compliance with all county, state and federal directives, including, but not limited to directives of the Environmental Protection Agency.

2. Withdrawal of Water.

   Colvard Farms agrees to furnish all necessary labor, equipment and fuel involved with pumping the Water from the Project to an already constructed water storage lake on property owned by Colvard Farms. Colvard Farms shall also make all withdrawals in full compliance with all county, state and federal directives, including, but not limited to directives of the Environmental Protection Agency.

   Water may be withdrawn only when the Jordan Reservoir level is at or above normal pool elevation (currently 216 feet above sea level). Water may not be withdrawn at any time when the reservoir is below normal pool elevation.

3. Consideration.

   Colvard Farms agrees to pay to the County a fee of $8,100.00 for the use of the Water from the Project for lake filling, but not to exceed 27,000,000 gallons. The fee of $8,100.00 will be due and payable within forty-eight (48) hours of the initial water withdrawal.

4. Term.

The term of this Agreement shall be from the date of this Agreement until July 31, 2019.

5. Indemnification.

Colvard Farms, its successors and assigns agree to protect, defend, indemnify, and hold the County of Chatham and its officers, employees and agents free and harmless from and against any and all losses, or liabilities of every kind and character arising out of or relating to any an all claims, liens, demands, obligations, actions, proceedings or causes of action of every kind and character asserted by parties other than the parties hereto in connection with or arising directly or indirectly out of this Agreement and/or the performance hereof.

IN WITNESS WHEREOF, the undersigned have each caused this Agreement to be duly executed and effective as of the day and year first above written.

COLVARD FARMS DEVELOPMENT COMPANY, LLC

By: William Clark 4-29-16

William Clark, Manager Date

Witness: Selina Fortner

COUNTY OF CHATHAM

By: James G. Crawford 05-02-16

James G. Crawford, Chairman Date
Board of Commissioners

ATTEST:

Lindsay K. Ray 05-02-16

Lindsay K. Ray, NCCCC, Clerk Date
Chatham County Board of Commissioner

CHATHAM COUNTY OF NORTH CAROLINA
OFFICIAL SEAL
FOUNDED 1771