RESCISSION OF EXPLORATION PROJECT CONTRACT
BY AGREEMENT BEFORE WORK IS BEGUN

It is agreed this 14th day of August, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and a partnership consisting of John L. Joyce, Fred A. Joyce, hereinafter called the "Operator," parties to that certain Exploration Project Contract I-dm-E293, Docket No. DMEA 1191X dated April 16, 1952, that said contract shall be and is hereby rescinded, revoked, and cancelled as of the date of the contract, before any actions have been taken or costs incurred thereunder, without any obligation whatever, one party to the other, the same as if said contract had never been entered into.

Witness the following signatures as of the day and year first above written.

UNITED STATES OF AMERICA

By W. S. King

FLAGSTAFF & NEWTON MINING CO.

By Fred A. Joyce

John L. Joyce

Docket No. 1101

Commodity Lead-Silver

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 203

Date of Contract ~~or Amendment~~: April 15, 1952

Name and Address of Operator:
John L. Joyce
Prof A. Joyce
510 East 5th Street
Leadville, Colorado

Amount of Government participation $ 11,050.00

Percent of Government participation 50 %

Region: IV State: Colorado

Please release $11,050.00

J. [illegible] (Name) Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 9/10/52

13908

Docket No. 1191

Commodity Lead-Zinc

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 293

Date of Contract or Amendment: ////////// April 16, 1952

Name and Address of Operator:

John L. Joyce
Fred A. Joyce
419 East 5th St.
Leadville, Colorado

Amount of Government participation $ 11,850.00

Percent of Government participation 50 %

Region: IV State: Colorado

(Name)
J.L. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. April 16, 1952

13908

MF-20
(June 195
DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 10 1952
Colorado Branch
Date Rec'd
APR 4 1952
BUREAU OF MINES
Denver, Colorado

Docket No. DMA 1191X
Commodity Lead-Zinc

Idm-E293

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 16th day of April, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] a partnership consisting of: John L. Joyce
Fred A. Joyce
419 East 5th Street
Leadville, Colorado,
hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Colorado, County of Lake described as follows: [3] Newton Claim No. 2470, and Flagstaff Claim No. 348 in the California Mining District

with respect to which the Operator represents and undertakes: [4]

(*a*) ~~That he is a lessee, in possession and entitled to possession, and the property is subject only to the following~~

(*b*) That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.

3. *Exploration project.* The Operator, within ninety (90) days from the date of this contract shall commence work on a project of exploration for [5] Lead-Zinc; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] twenty-one (21) months from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Any additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute currently its agreed pro rata share, are listed in Exhibit "A" attached hereto. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro rata share.

6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 50 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $11,850.00, which is 50 percent of the agreed estimated total cost of this project, $23,700.00.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

15. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter, shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent for each additional full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the mineral deposit which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

16. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

John L Joyce
Fred A Joyce
(Operator)

By

THE UNITED STATES OF AMERICA

By J. H. Ernst Jr jws

Regional Director, Region IV
United States Bureau of Mines

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned is the owner in fee simple of that certain parcel of ground in the county of Lake, State of Colorado, described in a certain Exploration Project Contract dated April 16, 1952, 1952, between John L. Joyce and Fred A. Joyce, 419 East 5th. Street, Leadville, Colo. the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated April 16th. 1951, does by these presents subordinate all of his right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agrees that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

The undersigned further agrees that if said leasehold interest should be surrendered or if said lease should terminate at any time prior to the expiration of the rights of the United States of America under said Exploration Project Contract, the undersigned shall assume and does hereby assume all of the obligations of the Lessee under said Exploration Project Contract to make repayment to the United States of America according to the terms of said contract; and

The undersigned agrees to commit no act, nor assert any claim under judicial process or otherwise that may contravene or conflict with the prior lien and claim of the United States of America under the provisions of said Exploration Project Contract.

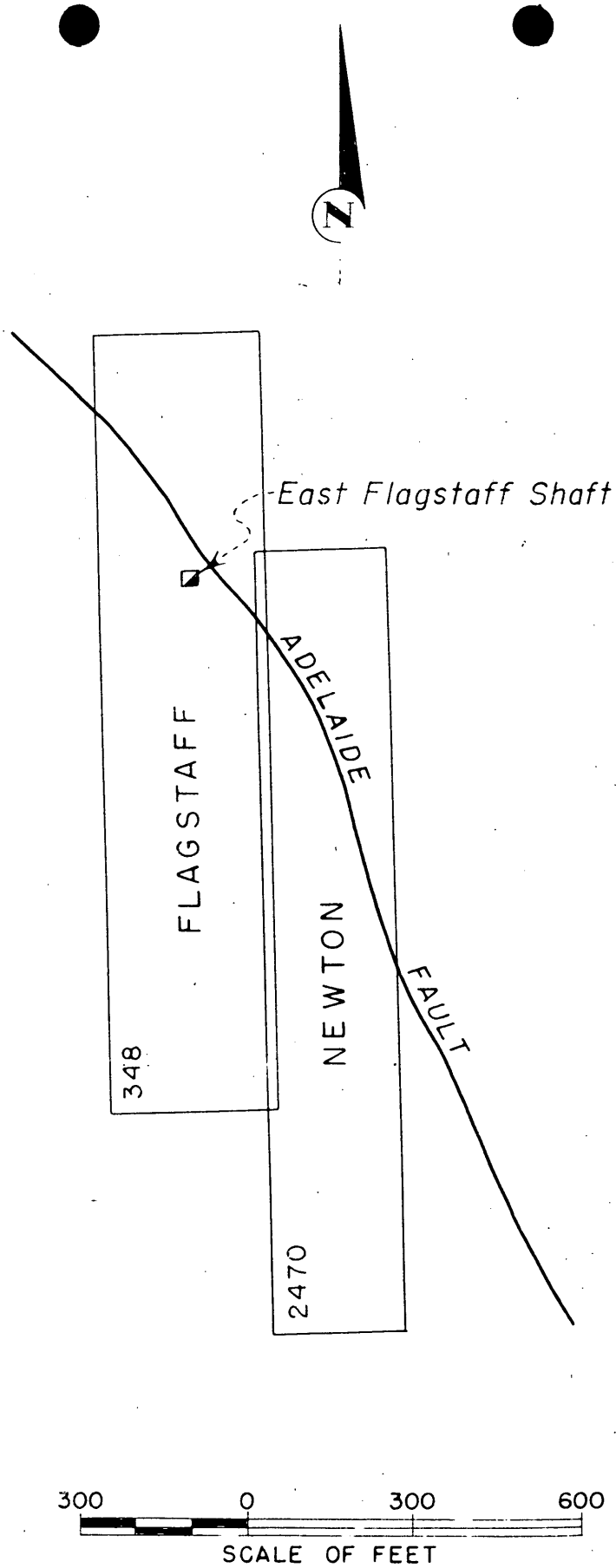
This undertaking and covenant shall be binding upon the heirs, successors, and assigns of the undersigned.

Dated this _____ day of _____, 195____

_____

as Power of Attorney
for NELLIE L. CHAMPION

U. S. GOVERNMENT PRINTING OFFICE 16—64582-1



NEWTON & FLAGSTAFF CLAIMS, LAKE COUNTY, COLORADO DMA 1191X

EXHIBIT A

Exploration Project

The proposed project consists of erecting a headframe, constructing a hoist room, installing a gasoline hoist and compressor, rehabilitating and unwatering the East Flagstaff shaft, and doing 900 feet of exploration work near the shaft bottom. The water level in the East Flagstaff shaft is 505 feet below the collar. The total depth of the shaft is given as 573 feet. The mine has been idle for 35 years and maps are not available. The operators plan to explore the northeast extension of an ore zone in the Blue Limestone which they worked in a neighboring mine. The proposed exploration work cannot be definitely described because the extent of the underground workings is unknown. It may consist of drifting, crosscutting or raising. The location and extent of the exploration work will be determined after the shaft is rehabilitated and unwatered, and must be acceptable to the D.M.E.A. representative.

A claim map showing the location of the East Flagstaff shaft is attached.

The estimated working time is 18 months.

The following costs are estimated:

Rental of equipment	$ 1,968.00
Purchase of equipment	1,262.00
Depreciation of equipment	1,400.00
Labor and Supervision	11,720.00
Supplies	7,100.00
Engineering & Geology	250.00
Total cost of project	$23,700.00

Fixtures and Improvements

Headframe with sheave wheel	$ 500.00
Hoist house	500.00
Hoist and compressor foundations	286.00
	$1,286.00*

*This total is included in labor & supplies

Operating Equipment

To be rented:

1 105 c.f.m. gasoline engine-driven compressor @ $164.00 per month	$1,968.00

Operating Equipment (continued)

To be purchased:

750 feet of 5/8-inch hoisting cable	$ 113.00
Cross bar, or column and clamp for rock drill	100.00
Pressure water tank	67.00
Air receiver, used	100.00
1 Mounted rock drill	882.00
	$1,262.00

To be furnished by applicant:

Gasoline hoist, buckets, mine cars, $100.00/month	$1,400.00

Labor and Supervision

1 hoistman @ $1.50 per hour
1 miner-supervisor @ $1.50 per hour
1 miner-mucker @ $1.50 per hour

The above wage rates are based on an 8-hour, 5-day week with time and one-half for overtime.

Total estimated wages	$10,600.00
Compensation, payroll taxes	1,120.00
Total -	$11,720.00

Supplies

Air and water hose	100.00
Gasoline, oil and grease	1,500.00
Powder, caps and fuse	2,700.00
12-pound rail	600.00
2-inch pipe	300.00
Drill steel	200.00
Drill bits	300.00
Timber and lumber	1,000.00
Small tools	200.00
Assaying	200.00
Total -	$7,100.00

Engineering and Geology

Engineering and Geologic mapping - $250.00

Rehabilitation and Repairs

Repairing Shaft	$2,175.00*

*This total is included in labor and supplies.