NON-PRIVILEGED DOCUMENT

TO BE PHOTOCOPIED AND PRODUCED

DO NOT CODE

BATES NO. 0339

EXPLORATION PROJECT CONTRACT
SPOKANE-IDAHO MINING COMPANY
DOCKET NO. DMEA-2525

EXHIBIT "A"

Description of the Work

The exploration project shall consist of the following work in the Douglas Mine, located as indicated on the U. S. Department of Interior map attached hereto entitled "D.M.E.A. Docket No. 2525" and marked "Exhibit 'C'":

A. Rehabilitating (a) approximately 50 lineal feet of the present shaft and (b) approximately 300 lineal feet of the east drift on the No. 6 level, by cleaning up tunnel and removing debris and retimbering where necessary.

B. Deepening the present inclined shaft (section 4 x 7 feet in the clear) 200 lineal feet.

C. Excavating a station 42x10x8 and an 1840 cubic foot pocket close timbering where necessary - at a proposed No. 7 level 150 feet vertically below the No. 6 level.

D. Drifting (a) (section 6x7½ feet in the clear) in the vein 800 lineal feet east on the No. 6 level, and (b) (section 6x7½ feet in the clear) 700 lineal feet east and 1350 lineal feet west in the vein on the No. 7 level.

E. Crosscutting (section 6x7½ feet in the clear) approximately 70 feet from the proposed station on the No. 7 level to intersect the vein.

Estimated Cost of the Project
(*Indicates allowable maximum)

(1) Independent Contracts

None

(2) Labor, Supervision, Consultants

Schedule waived. Actual necessary costs allowable, but no more than $815.00 per month for supervision and consultants.

(3) Operating Materials and Supplies

Schedule waived. Actual costs allowable

(4) Operating Equipment

To be rented

None

To be purchased

None

To be furnished by Operator

The Operator will furnish all operating equipment for the work at an arbitrary allowance of $400.00 per month, beginning with the beginning of work.

(5) Rehabilitation and Repairs

None

(6) New Buildings, Improvements, Installations

None

(7) Miscellaneous

Actual necessary costs.

(8) Contingencies

Actual necessary costs.

S U M M A R Y

A.	(1)	Rehabilitate approximately 50 lineal feet of shaft @ $3.00/ft.*	$ 150.00*
	(2)	Rehabilitate approximately 300 lineal feet of drift @ $3.00/ft.*	900.00*
B.		Sink 200 lineal feet of inclined shaft @ $105.00/ft.*	21,000.00*

C. 5200 cubic feet of excavation for station and pocket @ $0.96/cu. ft.* $ 4,992.00*

D. 2850 lineal feet of drifting @ $55.50/lin. ft.* (This estimate is for a timbered drift close lagged in the back. If timbering is unnecessary, the estimated cost is $47.50/lin.* ft. and the total cost will thus be correspondingly less but the higher estimate is here indicated to cover all eventualities.) 158,175.00*

E. 70 lineal feet of crosscutting @ $47.50/lin. ft.* 3,325.00*

Total Estimated Cost of Project **$188,542.00***

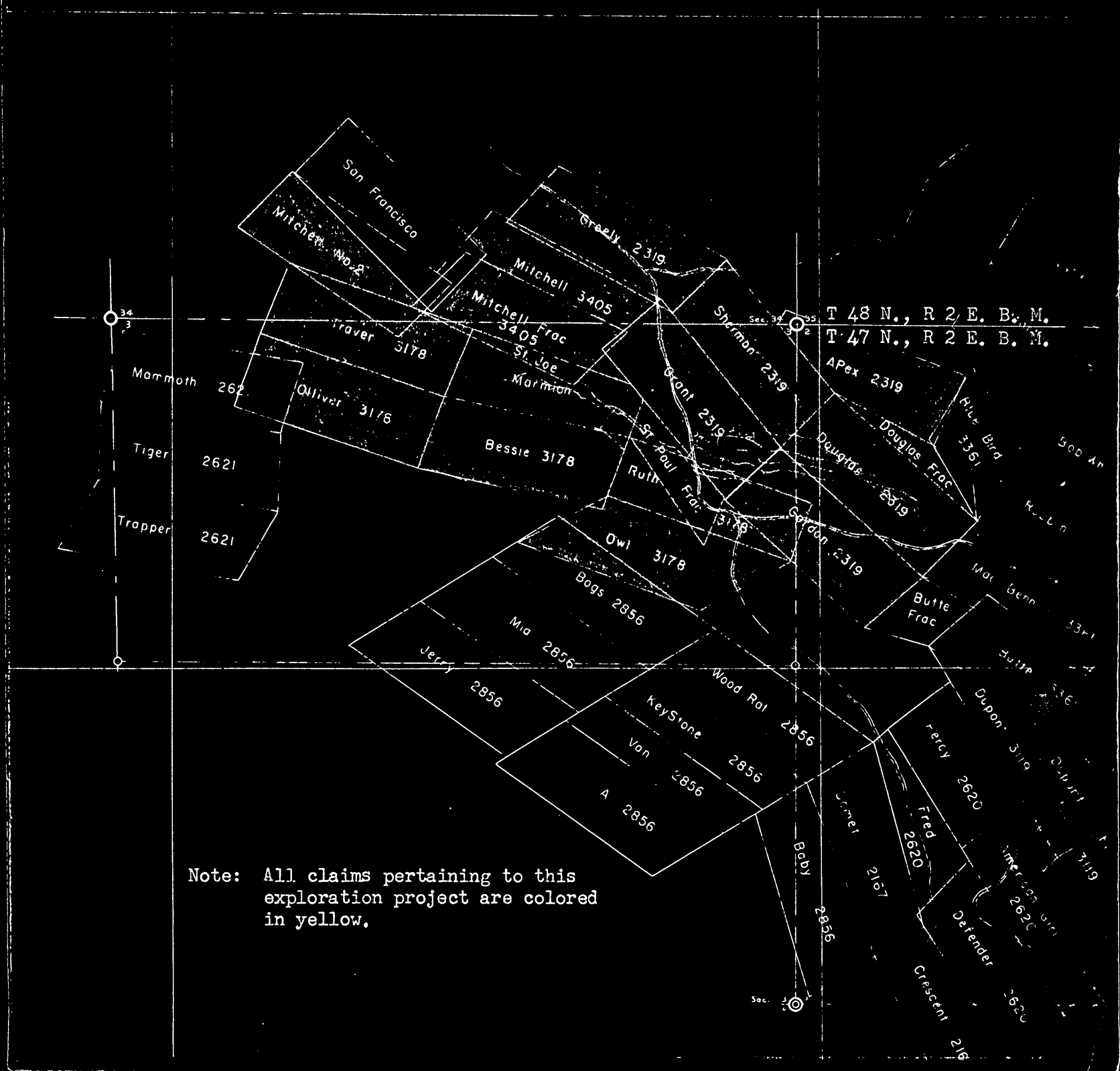
Government participation @ 50% **$ 94,271.00***

Addendum to MR 103
Spokane-Idaho Mining Co.
Box 930, Kellogg, Idaho

EXHIBIT "B"

THE DOUGLAS - CLAIMS AND MINE WORKINGS

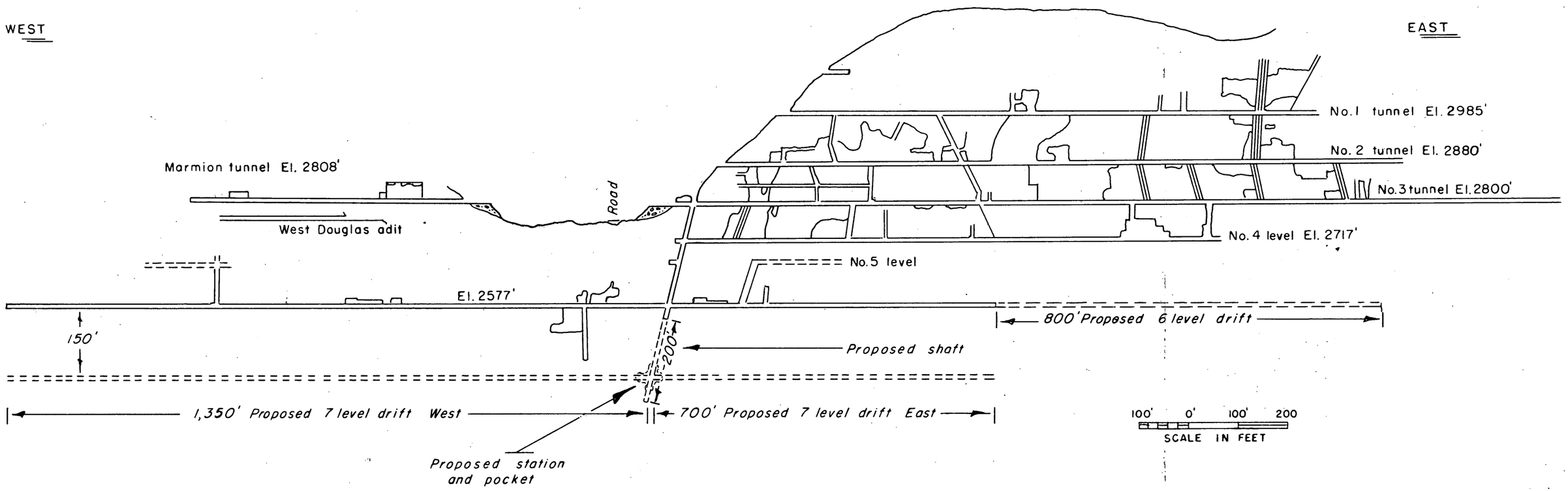
Scale 1" = 1000'



DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 23 1952

U.S. Department of the [redacted]erior

Exhibit "C" D[redacted]E.A. Docket No. ____



REDUCED FROM COMPANY MAP DATED 12-28-51

Vetical section showing proposed alternate exploration project at the Douglas mine — Spokane Idaho Mining Company Inc. — Shoshone County, Idaho.

MF-200
(April 1951)

Docket No. DMA 2525
Commodity Lead-Zinc

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

(TO BE USED ON MF-200 AS REVISED FEBRUARY 1952)

Contract void
[illegible] of itemized costs

EXPLORATION PROJECT CONTRACT[1]

It is agreed this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and[2] _____

Spokane-Idaho Mining Co., an Idaho Corporation
Box 930
Kellogg, Idaho

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 Idaho, County of Shoshone described as follows:[3] The Travers, Olliver, Bessie, Ruth and Owl, Mineral Survey No. 3178; the Greely, Sherman, Grant, Apex, Douglas, Gordon, St. Joe Fraction, Marmion, St. Paul Fraction and Douglas Fraction, Mineral Survey No. 2319; the Mitchell and Mitchell Fraction, Mineral Survey No. 3405, and the No. 2 Mitchell (unpatented). as indicated on the map entitled "The Douglas-Claims and Mine Workings" marked Exhibit "B" and attached hereto

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

(*a*) ~~That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached~~: _____

(*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 30 days from the date of this contract shall commence work on a project of exploration for[5] lead and 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] 2 years 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. Attached hereto, marked "Exhibit 'B'," is a detailed list of 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 its agreed pro-rata share of the cost. 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.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. 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, and 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.* Attached hereto, marked "Exhibit 'D'," is 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.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

10. *Allowable costs of the project.* The allowable 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, 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 the 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, or any other indirect costs not expressly allowed by these regulations, 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. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator 50 percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $94,~~248~~ .271, which is 50 percent of the agreed estimated total cost of this project, $188,~~496~~ .542.

12. *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.

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract 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.

14. *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 additional for each 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 property 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.

15. *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.

16. *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 triplicate the day and year first above written.

THE UNITED STATES OF AMERICA

(Operator)

By ----------

By ----------

U. S. GOVERNMENT PRINTING OFFICE 16—64066-1

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A"
(Alternate Proposal)

Exploration Project

The exploration project shall consist of:

(1) Rehabilitating approximately 50 lin. ft. of the present inclined shaft and approximately 300 lin. ft. of the east drift on the No. 6 level.

(2) Deepening the present inclined shaft (section 4x7 feet in the clear) 200 lin. feet.

(3) Excavating a station 42x10x8 feet and an 1800 cu. ft. pocket - close timbering where necessary - at a proposed No. 7 level 150 feet vertically below the No. 6 level.

(4) Drifting (section 6x7½ feet in the clear) in the vein 800 lin. ft. east on the No. 6 level.

(5) Crosscutting (section 6x7½ feet in the clear) approximately 70 feet from the proposed station on the No. 7 level to intersect the vein.

(6) Drifting (section 6x7½ feet in the clear) 700 lin. ft. east and 1350 lin. ft. west in the vein on the No. 7 level.

Performance of the Work

All or any part of the work may be performed by independent contractors upon the written approval of the Government.

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A" - cont.

Estimated Costs of the Project

(1)	Rehabilitate approx. 50 lin. ft. of shaft @ $3/ft.	$ 150.
(2)	Rehabilitate approx. 300 lin. ft. of drift @ $3/ft.	900.
(3)	Sink 200 lin. ft. of inclined shaft @ $105/ lin. ft.	21,000.
(4)	5160 cu. ft. of excavation for station and pocket @ $0.96/cu. ft.	4,953.
(5)	2850 lin. ft. of drifting @ $55.50/lin. ft.*	158,175.
(6)	70 lin. ft. of crosscutting @ $47.50/lin. ft.	~~3,318.~~ 3325
		$188,496.

*The estimated cost of $55.50/lin. ft. is for a timbered drift close lagged in the back - if timbering is unnecessary the estimated cost shall be $47.50/lin. ft.

The above estimated unit costs include all costs of the project and are maximum allowable costs per unit.

Allowable Costs of the Project

Independent contracts

The unit cost for independent contracts shall not exceed the unit cost as estimated in the cost of the project, and each independent contract shall have the written approval of the Government.

Labor, Supervision, Consultants

Labor may be paid at shift or unit contract rates but such rates shall not exceed the rate paid for like work in the Coeur d'Alene mining district.

The cost of supervision including shift bosses, engineering, consultants, and bookkeeping shall not exceed $815 per month.

Operating materials and supplies

Necessary materials and supplies including items of equipment costing less than $50 each, and power, water, and fuel are included in the unit cost as estimated in the cost of the project.

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A"
(Alternate Proposal)

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The exploration project shall consist of:

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Performance of the Work

All or any part of the work may be performed by independent contractors upon the written approval of the Government.

Estimate only - not part of contract

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

Estimate for Exhibit "A"

Station and pocket (concurrent with drifting)

1800 cu. ft./wk - timbered

		Cost/cu. ft.
6 miners	$793.26/wk	.440
1/2 trammer	44.00/wk	.024
1/2 cager	44.00/wk	.024
1/2 mech. & compressor.	45.30/wk	.025
1 compressorman	182.26/wk	.101
1/2 supervision	94.11/wk	.052
Payroll tax & ins. 10%	120.29/wk	.067
Supplies		.120
Power		.056
Depreciation ½	43.18/wk	.024
Maintenance and repair		.083
Rental of lamps ½		.002
		$0.958

Drifting

2 headings - 50 ft/wk

		Cost/ft.
Powder and caps		3.65
Timber		3.02
Bits		2.00
Steel		.70
Hose		.18
Pipe - 3"		.78
Pipe - 2"		.41
Fan pipe - 12"		.95
Rail - 16#		.87
Small tools		.14
Misc.		.10
6 miners	$721.92/wk	14.42
2 hoistmen	186.42/wk	3.73
1 trammer (top)	88.01/wk	1.76
1 cager & nipper	88.01/wk	1.76
1 mech. & comp.	90.61/wk	1.81
1 compressorman	91.13/wk	1.82
Supervision	188.22/wk	3.76
Payroll tax. & ins. 10% of 29.06		2.91
Power		3.58
Maintenance and repair		2.63
Sampling		.58
Lamps		.08
Depreciation $195.30/wk		3.90
		$55.54

Estimate only - not part of contract

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

Estimate for Exhibit "A"

Crosscutting

	(Drifting)	$55.54
Delete timber and 2 miners		
Timber	3.02	
2 miners	4.80	7.82
		$47.72

Sinking

Advance 24 ft/wk.		Cost/ft.
Powder		4.00
Timber		3.44
Bits		2.00
Steel		.80
Hose		.18
4" pipe		1.20
2" pipe		.41
Rail 16#		.87
Small tools		.25
Misc.		.15
Miners		40.00
Hoistmen	$285.87/wk	11.90
1 top trammer	88.41/wk	3.68
3 compressormen	272.86/wk	10.57
Superv., engr & acct	188.22/wk	7.84
Payroll tax & ins	10% of 73.99	7.40
Power		4.16
Depreciation on equip	86.36/wk	3.60
Maintenance & repair		1.71
Lamps		.12
		$104.28/ft

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A" - cont.

Estimated Costs of the Project

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The cost of supervision including shift bosses, engineering, consultants, and bookkeeping shall not exceed $815 per month.

Operating materials and supplies

Necessary materials and supplies including items of equipment costing less than $50 each, and power, water, and fuel are included in the unit cost as estimated in the cost of the project.

DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMEA ~~DMA~~ Docket No. 2525

DO NOT DETACH THIS SLIP

Action on this document is recorded and controlled in Reports and Records Branch. Any movement of this document between divisions or offices of DMA or movement outside DMA must be reported to the Reports and Records Branch. Actions taken that affect status of the case must also be reported.

This document has been recorded as

EXPLORATION PROJECT

Any action taken to change the type of request for assistance must be promptly reported to the Reports and Records Branch. Use DMA Form 2 for submitting these reports.

Routing Slip Copies to USBM and USGS.
One copy was retained by Region II.

To:	Code 500, Rm. 2614	Date	5-14-52
To:	Op. Com.	Date	6-20-52
To:	Open Com	Date	1-26-53
To:		Date	
To:		Date	
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DO NOT DETACH

CONTROLLED DOCUMENT

MF-200
(April 1951)

Docket No. DMA _____
Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

(TO BE USED ON MF-200 AS REVISED FEBRUARY 1952)

EXPLORATION PROJECT CONTRACT [1]

It is agreed this _____ day of _____, 195___, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] _____

Spokane-Idaho Mining Co.
Box 930
Kellogg, Idaho

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[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.* Attached hereto, marked "Exhibit 'D'," is 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.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

10. *Allowable costs of the project.* The allowable 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, 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 the 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, or any other indirect costs not expressly allowed by these regulations, 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. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator 50 percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $ 94,248, which is 50 percent of the agreed estimated total cost of this project, $ 188,496.

12. *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.

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract 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.

14. *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 additional for each 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 property 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.

15. *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.

16. *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 triplicate the day and year first above written.

THE UNITED STATES OF AMERICA

(Operator)

By ----------

By ----------

U. S. GOVERNMENT PRINTING OFFICE 16—64066-1

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A"
(Alternate Proposal)

Exploration Project

The exploration project shall consist of:

(1) Rehabilitating approximately 50 lin. ft. of the present inclined shaft and approximately 300 lin. ft. of the east drift on the No. 6 level.

(2) Deepening the present inclined shaft (section 4x7 feet in the clear) 200 lin. feet.

(3) Excavating a station 42x10x8 feet and an 1800 cu. ft. pocket - close timbering where necessary - at a proposed No. 7 level 150 feet vertically below the No. 6 level.

(4) Drifting (section 6x7½ feet in the clear) in the vein 800 lin. ft. east on the No. 6 level.

(5) Crosscutting (section 6x7½ feet in the clear) approximately 70 feet from the proposed station on the No. 7 level to intersect the vein.

(6) Drifting (section 6x7½ feet in the clear) 700 lin. ft. east and 1350 lin. ft. west in the vein on the No. 7 level.

Performance of the Work

All or any part of the work may be performed by independent contractors upon the written approval of the Government.

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A" - cont.

Estimated Costs of the Project

(1)	Rehabilitate approx. 50 lin. ft. of shaft @ $3/ft.	$ 150.
(2)	Rehabilitate approx. 300 lin. ft. of drift @ $3/ft.	900.
(3)	Sink 200 lin. ft. of inclined shaft @ $105/lin. ft.	21,000.
(4)	5160 cu. ft. of excavation for station and pocket @ $0.96/cu. ft.	4,953.
(5)	2850 lin. ft. of drifting @ $55.50/lin. ft.*	158,175.
(6)	70 lin. ft. of crosscutting @ $47.50/lin. ft.	3,318.
		$188,496.

*The estimated cost of $55.50/lin. ft. is for a timbered drift close lagged in the back - if timbering is unnecessary the estimated cost shall be $47.50/lin. ft.

The above estimated unit costs include all costs of the project and are maximum allowable costs per unit.

Allowable Costs of the Project

Independent contracts

The unit cost for independent contracts shall not exceed the unit cost as estimated in the cost of the project, and each independent contract shall have the written approval of the Government.

Labor, Supervision, Consultants

Labor may be paid at shift or unit contract rates but such rates shall not exceed the rate paid for like work in the Coeur d'Alene mining district.

The cost of supervision including shift bosses, engineering, consultants, and bookkeeping shall not exceed $815 per month.

Operating materials and supplies

Necessary materials and supplies including items of equipment costing less than $50 each, and power, water, and fuel are included in the unit cost as estimated in the cost of the project.

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A" - cont.

Allowable Costs of the Project - continued

Operating equipment

All operating equipment shall be furnished by the operator. The maximum allowable depreciation per month is as follows:

			Maximum depreciation each - per mo.
1	Ingersoll-Rand 2000 cu. ft. compressor	(used)	$88.
2	Ingersoll-Rand 1½ MHX 25 motor pump	(new)	14.
1	Ingersoll-Rand 1½ RVH 10 motor pump	(used)	29.
1	Ingersoll-Rand No. 35 sump pump	(used)	5.
1	Allis Chalmers 10 HP Domestic pump	(used)	5.
1	Westinghouse 25 KVA transformer	(new)	5.
2	500 amp. disconnects	(new)	5.
1	3/4-ton Chevrolet pickup	(new)	32.
1	30 HP Coeur d'Alene hoist	(used)	33.
3	Mancha 1½-ton battery locomotive	(new)	96.
12	Ajax 32 cu. ft. mine cars	(new)	7.
6	Ingersoll-Rand CA30 drifters	(new)	21.
2	Eimco Model 12B car loader	(new)	51.
3	Ventilation fan	(new)	6.
3	Mine car transfer	(new)	4.
3	Ingersoll-Rand J-50 jackhammers	(used)	3.
			404
			Max. allowable cost

Rehabilitation and repairs

An estimated	50 ft. of shaft repair	$150.
	300 ft. of drift on 6 level	900.

New buildings, improvements, installations

None

Miscellaneous

All miscellaneous repairs to and maintenance of operating equipment, analytical work, accounting, workman's compensation and employer's liability insurance, and payroll taxes are included in the unit cost as estimated in the cost of the project.

Estimate only - not part of contract

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

Estimate for Exhibit "A"

Station and pocket (concurrent with drifting)

1800 cu. ft./wk - timbered

		Cost/cu. ft.
6 miners	$793.26/wk	.440
1/2 trammer	44.00/wk	.024
1/2 cager	44.00/wk	.024
1/2 mech. & compressor.	45.30/wk	.025
1 compressorman	182.26/wk	.101
1/2 supervision	94.11/wk	.052
Payroll tax & ins. 10%	120.29/wk	.067
Supplies		.120
Power		.056
Depreciation ½	43.18/wk	.024
Maintenance and repair		.023
Rental of lamps ½		.002
		$0.958

Drifting

2 headings - 50 ft/wk

		Cost/ft.
Powder and caps		3.65
Timber		3.02
Bits		2.00
Steel		.70
Hose		.18
Pipe - 3"		.78
Pipe - 2"		.41
Fan pipe - 12"		.95
Rail - 16#		.87
Small tools		.14
Misc.		.10
6 miners	$721.92/wk	14.42
2 hoistmen	186.42/wk	3.73
1 trammer (top)	88.01/wk	1.76
1 cager & nipper	88.01/wk	1.76
1 mech. & comp.	90.61/wk	1.81
1 compressorman	91.13/wk	1.82
Supervision	188.22/wk	3.76
Payroll tax. & ins. 10% of	29.06	2.91
Power		3.58
Maintenance and repair		2.63
Sampling		.58
Lamps		.08
Depreciation $195.30/wk		3.90
		$55.54

Estimate only - not part of contract

SPORANE-IDAHO MINING COMPANY
Douglas Lease

Estimate for Exhibit "A"

Crosscutting

		(Drifting)	$55.54
Delete timber and 2 miners			
Timber		3.02	
2 miners		4.80	7.82
			$47.72

Sinking

Advance 24 ft/wk.		Cost/ft.
Powder		4.00
Timber		3.44
Bits		2.00
Steel		.80
Hose		.18
4" pipe		1.20
2" pipe		.41
Rail 16#		.87
Small tools		.25
Misc.		.15
Miners		40.00
Hoistman	$285.67/wk	11.90
1 top trammer	88.41/wk	3.68
3 compressorman	272.84/wk	10.57
Superv., engr & asst	188.22/wk	7.84
Payroll tax & ins	10% of 73.99	7.40
Power		4.16
Depreciation on equip	86.34/wk	3.60
Maintenance & repair		1.71
Lamps		.12
		$104.88/ft

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A" - cont.

Allowable Costs of the Project - continued

Operating equipment

All operating equipment shall be furnished by the operator. The maximum allowable depreciation per month is as follows:

			Maximum depreciation each - per mo.
1	Ingersoll-Rand 2000 cu. ft. compressor	(used)	$88.
2	Ingersoll-Rand 1½ MRV 25 motor pump	(new)	14.
1	Ingersoll-Rand 1½ RVM 10 motor pump	(used)	29.
1	Ingersoll-Rand No. 35 sump pump	(used)	5.
1	Allis Chalmers 10 HP Domestic pump	(used)	5.
1	Westinghouse 25 KVA transformer	(new)	5.
2	500 amp. disconnects	(new)	5.
1	3/4-ton Chevrolet pickup	(new)	32.
1	30 HP Coeur d'Alene hoist	(used)	33.
3	Mancha 1½-ton battery locomotive	(new)	96.
12	Ajax 32 cu. ft. mine cars	(new)	7.
6	Ingersoll-Rand 0430 drifters	(new)	21.
2	Eimco Model 12B car loader	(new)	51.
3	Ventilation fan	(new)	6.
3	Mine car transfer	(new)	4.
3	Ingersoll-Rand J-50 jackhammers	(used)	3.

Rehabilitation and repairs

	Max. allowable cost
An estimated 50 ft. of shaft repair	$150.
300 ft. of drift on 6 level	900.

New buildings, improvements, installations

None

Miscellaneous

All miscellaneous repairs to and maintenance of operating equipment, analytical work, accounting, workman's compensation and employer's liability insurance, and payroll taxes are included in the unit cost as estimated in the cost of the project.

MF-200
(April 1952)

Docket No. DMA _____

Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

(TO BE USED ON MF-200 AS REVISED FEBRUARY 1952)

EXPLORATION PROJECT CONTRACT[1]

It is agreed this _____ day of _____, 195___, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and[2] _____

Spokane-Idaho Mining Co.
Box 930
Kellogg, Idaho

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 Idaho, County of Shoshone described as follows:[3] The Travers, Olliver, Bessie, Ruth and Owl, Mineral Survey No. 3178; the Greely, Sherman, Grant, Apex, Douglas, Gordon, St. Joe Fraction, Marmion, St. Paul Fraction and Douglas Fraction, Mineral Survey No. 2319; the Mitchell and Mitchell Fraction, Mineral Survey No. 3405, and the No. 2 Mitchell (unpatented).
with respect to which the Operator represents and undertakes:[4]

(*a*) ~~That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:~~

(*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 30 days from the date of this contract shall commence work on a project of exploration for[5] lead and 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] 2 years 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. Attached hereto, marked "Exhibit 'B'," is a detailed list of 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 its agreed pro-rata share of the cost. 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.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. 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.* Attached hereto, marked "Exhibit 'D'," is 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.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

10. *Allowable costs of the project.* The allowable 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, 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 the 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, or any other indirect costs not expressly allowed by these regulations, 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. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator 50 percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $ 94,248, which is 50 percent of the agreed estimated total cost of this project, $ 188,496.

12. *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.

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract 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.

14. *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 additional for each 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 property 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.

15. *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.

16. *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 triplicate the day and year first above written.

THE UNITED STATES OF AMERICA

(Operator)

By ----------

By ----------

U. S. GOVERNMENT PRINTING OFFICE 16—64066-1

SPORANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A" - cont.

Allowable Costs of the Project - continued

Operating equipment

All operating equipment shall be furnished by the operator. The maximum allowable depreciation per month is as follows:

			Maximum depreciation each - per mo.
1	Ingersoll-Rand 2000 cu. ft. compressor	(used)	$88.
2	Ingersoll-Rand 1½ MRV 25 motor pump	(new)	14.
1	Ingersoll-Rand 1½ RVH 10 motor pump	(used)	29.
1	Ingersoll-Rand No. 35 sump pump	(used)	5.
1	Allis Chalmers 10 HP Domestic pump	(used)	5.
1	Westinghouse 25 KVA transformer	(new)	5.
2	500 amp. disconnects	(new)	5.
1	3/4-ton Chevrolet pickup	(new)	32.
1	30 HP Coeur d'Alene hoist	(used)	33.
3	Mancha 1½-ton battery locomotive	(new)	96.
12	Ajax 32 cu. ft. mine cars	(new)	7.
6	Ingersoll-Rand OA30 drifters	(new)	21.
2	Eimco Model 12B car loader	(new)	51.
3	Ventilation fan	(new)	6.
3	Mine car transfer	(new)	4.
3	Ingersoll-Rand J-50 jackhammers	(used)	3.

Rehabilitation and repairs

		Max. allowable cost
An estimated	50 ft. of shaft repair	$150.
	300 ft. of drift on 6 level	900.

New buildings, improvements, installations

None

Miscellaneous

All miscellaneous repairs to and maintenance of operating equipment, analytical work, accounting, workman's compensation and employer's liability insurance, and payroll taxes are included in the unit cost as estimated in the cost of the project.

Estimate only - not part of contract

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

Estimate for Exhibit "A"

Station and pocket (concurrent with drifting)

1800 cu. ft./wk - timbered

		Cost/cu. ft.
6 miners	$793.26/wk	.440
1/2 trammer	44.00/wk	.024
1/2 cager	44.00/wk	.024
1/2 mech. & compressor.	45.30/wk	.025
1 compressorman	182.26/wk	.101
1/2 supervision	94.11/wk	.052
Payroll tax & ins. 10%	120.29/wk	.067
Supplies		.120
Power		.056
Depreciation ½	43.18/wk	.024
Maintenance and repair		.023
Rental of lamps ½		.002
		$0.958

Drifting

2 headings - 50 ft/wk

		Cost/ft.
Powder and caps		3.65
Timber		3.02
Bits		2.00
Steel		.70
Hose		.18
Pipe - 3"		.78
Pipe - 2"		.41
Fan pipe - 12"		.95
Nail - 16#		.87
Small tools		.14
Misc.		.10
6 miners	$721.92/wk	14.42
2 hoistmen	186.42/wk	3.73
1 trammer (top)	88.01/wk	1.76
1 cager & nipper	88.01/wk	1.76
1 mech. & comp.	90.61/wk	1.81
1 compressorman	91.13/wk	1.82
Supervision	188.22/wk	3.76
Payroll tax. & ins. 10% of 29.06		2.91
Power		3.58
Maintenance and repair		2.63
Sampling		.58
Lamps		.08
Depreciation $195.30/wk		3.90
		$55.54

Estimate only - not part of contract

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

Estimate for Exhibit "A"

Crosscutting

		(Drifting)	$55.54
Delete timber and 2 miners			
Timber		3.02	
2 miners		4.80	7.82
			$47.72

Sinking

Advance 24 ft/wk.		Cost/ft.
Powder		4.00
Timber		3.44
Bits		2.00
Steel		.80
Hose		.18
4" pipe		1.20
2" pipe		.41
Rail 16#		.87
Small tools		.25
Misc.		.15
Miners		40.00
Hoistman	$285.87/wk	11.90
1 top trammer	88.41/wk	3.68
3 compressorman	272.86/wk	10.57
Superv., engr & acct	188.22/wk	7.84
Payroll tax & ins	10% of 73.99	7.40
Power		4.16
Depreciation on equip	86.36/wk	3.60
Maintenance & repair		1.71
Lamps		.12
		$104.28/ft

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A"
(Alternate Proposal)

Exploration Project

The exploration project shall consist of:

(1) Rehabilitating approximately 50 lin. ft. of the present inclined shaft and approximately 300 lin. ft. of the east drift on the No. 6 level.

(2) Deepening the present inclined shaft (section 4x7 feet in the clear) 200 lin. feet.

(3) Excavating a station 4x10x8 feet and an 1800 cu. ft. pocket - close timbering where necessary - at a proposed No. 7 level 150 feet vertically below the No. 6 level.

(4) Drifting (section 6x7½ feet in the clear) in the vein 800 lin. ft. east on the No. 6 level.

(5) Crosscutting (section 6x7½ feet in the clear) approximately 70 feet from the proposed station on the No. 7 level to intersect the vein.

(6) Drifting (section 6x7½ feet in the clear) 700 lin. ft. east and 1350 lin. ft. west in the vein on the No. 7 level.

Performance of the Work

All or any part of the work may be performed by independent contractors upon the written approval of the Government.

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A" - cont.

Estimated Costs of the Project

(1)	Rehabilitate approx. 50 lin. ft. of shaft @ $3/ft.	$ 150.
(2)	Rehabilitate approx. 300 lin. ft. of drift @ $3/ft.	900.
(3)	Sink 200 lin. ft. of inclined shaft @ $105/lin. ft.	21,000.
(4)	5160 cu. ft. of excavation for station and pocket @ $0.96/cu. ft.	4,953.
(5)	2850 lin. ft. of drifting @ $55.50/lin. ft.*	158,175.
(6)	70 lin. ft. of crosscutting @ $47.50/lin. ft.	3,318.
		$188,496.

*The estimated cost of $55.50/lin. ft. is for a timbered drift close lagged in the back - if timbering is unnecessary the estimated cost shall be $47.50/lin. ft.

The above estimated unit costs include all costs of the project and are maximum allowable costs per unit.

Allowable Costs of the Project

Independent contracts

The unit cost for independent contracts shall not exceed the unit cost as estimated in the cost of the project, and each independent contract shall have the written approval of the Government.

Labor, Supervision, Consultants

Labor may be paid at shift or unit contract rates but such rates shall not exceed the rate paid for like work in the Coeur d'Alene mining district.

The cost of supervision including shift bosses, engineering, consultants, and bookkeeping shall not exceed $815 per month.

Operating materials and supplies

Necessary materials and supplies including items of equipment costing less than $50 each, and power, water, and fuel are included in the unit cost as estimated in the cost of the project.

MR-200
(April 1951)

Docket No. DMA _____

Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

(TO BE USED ON MR-200 AS REVISED FEBRUARY 1952)

EXPLORATION PROJECT CONTRACT [1]

It is agreed this _____ day of _____, 195___, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] _____

Spokane-Idaho Mining Co.
Box 930
Kellogg, Idaho

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 Idaho, County of Shoshone described as follows: [3] The Travers, Olliver, Bessie, Ruth and Owl, Mineral Survey No. 3178; the Greely, Sherman, Grant, Apex, Douglas, Gordon, St. Joe Fraction, Marmion, St. Paul Fraction and Douglas Fraction, Mineral Survey No. 2319; the Mitchell and Mitchell Fraction, Mineral Survey No. 3405, and the No. 2 Mitchell (unpatented).

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

(*a*) ~~That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:~~

(*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 30 days from the date of this contract shall commence work on a project of exploration for [5] lead andzinc; 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] 2 years 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. Attached hereto, marked "Exhibit 'B'," is a detailed list of 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 its agreed pro-rata share of the cost. 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.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. 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.* Attached hereto, marked "Exhibit 'D'," is 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.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

10. *Allowable costs of the project.* The allowable 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, 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 the 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, or any other indirect costs not expressly allowed by these regulations, 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. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator 50 percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $ 94,248, which is 50 percent of the agreed estimated total cost of this project, $ 188,496.

12. *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.

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract 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.

14. *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 additional for each 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 property 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.

15. *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.

16. *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 triplicate the day and year first above written.

THE UNITED STATES OF AMERICA

(Operator)

By ---

By ---

U. S. GOVERNMENT PRINTING OFFICE 16—64066-1

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A"
(Alternate Proposal)

Exploration Project

The exploration project shall consist of:

(1) Rehabilitating approximately 50 lin. ft. of the present inclined shaft and approximately 300 lin. ft. of the east drift on the No. 6 level.

(2) Deepening the present inclined shaft (section 4x7 feet in the clear) 200 lin. feet.

(3) Excavating a station 42x10x8 feet and an 1800 cu. ft. pocket - close timbering where necessary - at a proposed No. 7 level 150 feet vertically below the No. 6 level.

(4) Drifting (section 6x7½ feet in the clear) in the vein 800 lin. ft. east on the No. 6 level.

(5) Crosscutting (section 6x7½ feet in the clear) approximately 70 feet from the proposed station on the No. 7 level to intersect the vein.

(6) Drifting (section 6x7½ feet in the clear) 700 lin. ft. east and 1350 lin. ft. west in the vein on the No. 7 level.

Performance of the Work

All or any part of the work may be performed by independent contractors upon the written approval of the Government.

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A" - cont.

Estimated Costs of the Project

(1)	Rehabilitate approx. 50 lin. ft. of shaft @ $3/ft.	$ 150.
(2)	Rehabilitate approx. 300 lin. ft. of drift @ $3/ft.	900.
(3)	Sink 200 lin. ft. of inclined shaft @ $105/lin. ft.	21,000.
(4)	5160 cu. ft. of excavation for station and pocket @ $0.96/cu. ft.	4,953.
(5)	2850 lin. ft. of drifting @ $55.50/lin. ft.*	158,175.
(6)	70 lin. ft. of crosscutting @ $47.50/lin. ft.	3,318.
		$188,496.

*The estimated cost of $55.50/lin. ft. is for a timbered drift close lagged in the back - if timbering is unnecessary the estimated cost shall be $47.50/lin. ft.

The above estimated unit costs include all costs of the project and are maximum allowable costs per unit.

Allowable Costs of the Project

Independent contracts

The unit cost for independent contracts shall not exceed the unit cost as estimated in the cost of the project, and each independent contract shall have the written approval of the Government.

Labor, Supervision, Consultants

Labor may be paid at shift or unit contract rates but such rates shall not exceed the rate paid for like work in the Coeur d'Alene mining district.

The cost of supervision including shift bosses, engineering, consultants, and bookkeeping shall not exceed $815 per month.

Operating materials and supplies

Necessary materials and supplies including items of equipment costing less than $50 each, and power, water, and fuel are included in the unit cost as estimated in the cost of the project.

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A" - cont.

Allowable Costs of the Project - continued

Operating equipment

All operating equipment shall be furnished by the operator. The maximum allowable depreciation per month is as follows:

			Maximum depreciation each - per mo.
1	Ingersoll-Rand 2000 cu. ft. compressor	(used)	$82.
2	Ingersoll-Rand 1½ MRV 25 motor pump	(new)	14.
1	Ingersoll-Rand 1½ RVH 10 motor pump	(used)	29.
1	Ingersoll-Rand No. 35 sump pump	(used)	5.
1	Allis Chalmers 10 HP Domestic pump	(used)	5.
1	Westinghouse 25 KVA transformer	(new)	5.
2	500 amp. disconnects	(new)	5.
1	3/4-ton Chevrolet pickup	(new)	32.
1	30 HP Coeur d'Alene hoist	(used)	33.
3	Wanoha 1½-ton battery locomotive	(new)	96.
12	Ajax 32 cu. ft. mine cars	(new)	7.
6	Ingersoll-Rand OA30 drifters	(new)	21.
2	Simco Model 12B car loader	(new)	51.
3	Ventilation fan	(new)	6.
3	Mine car transfer	(new)	4.
3	Ingersoll-Rand J-50 jackhammers	(used)	3.

Rehabilitation and repairs

		Max. allowable cost
An estimated	50 ft. of shaft repair	$150.
	300 ft. of drift on 6 level	900.

New buildings, improvements, installations

None

Miscellaneous

All miscellaneous repairs to and maintenance of operating equipment, analytical work, accounting, workman's compensation and employer's liability insurance, and payroll taxes are included in the unit cost as estimated in the cost of the project.

Estimate only - not part of contract

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

Estimate for Exhibit "A"

Crosscutting

		(Drifting)	$55.54
Delete timber and 2 miners			
Timber		3.02	
2 miners		4.80	7.82
			$47.72

Sinking

Advance 24 ft/wk.		Cost/ft.
Powder		4.00
Timber		3.44
Bits		2.00
Steel		.80
Hose		.18
4" pipe		1.20
2" pipe		.41
Rail 16#		.87
Small tools		.25
Misc.		.15
Miners		40.00
Hoistmen	$285.87/wk	11.90
1 top trammer	88.41/wk	3.68
3 compressormen	272.86/wk	10.57
Superv., engr & acct	188.22/wk	7.84
Payroll tax & ins	10% of 73.99	7.40
Power		4.16
Depreciation on equip	86.36/wk	3.60
Maintenance & repair		1.71
Lamps		.12
		$104.28/ft.

Estimate only - not part of contract

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

Estimate for Exhibit "A"

Station and pocket (concurrent with drifting)

1800 cu. ft./wk - timbered

		Cost/cu. ft.
6 miners	$793.26/wk	.440
1/2 trammer	44.00/wk	.024
1/2 cager	44.00/wk	.024
1/2 mech. & compressor.	45.30/wk	.025
1 compressorman	182.26/wk	.101
1/2 supervision	94.11/wk	.052
Payroll tax & ins. 10%	120.29/wk	.067
Supplies		.120
Power		.056
Depreciation ½	43.18/wk	.024
Maintenance and repair		.023
Rental of lamps ½		.002
		$0.958

Drifting

2 headings - 50 ft/wk

		Cost/ft.
Powder and caps		3.65
Timber		3.02
Bits		2.00
Steel		.70
Hose		.18
Pipe - 3"		.78
Pipe - 2"		.41
Fan pipe - 12"		.95
Nail - 16#		.87
Small tools		.14
Misc.		.10
6 miners	$721.92/wk	14.42
2 hoistmen	186.42/wk	3.73
1 trammer (top)	88.01/wk	1.76
1 cager & nipper	88.01/wk	1.76
1 mech. & comp.	90.61/wk	1.81
1 compressorman	91.13/wk	1.82
Supervision	188.22/wk	3.76
Payroll tax. & ins. 10% of	29.06	2.91
Power		3.58
Maintenance and repair		2.63
Sampling		.38
Lamps		.08
Depreciation $195.30/wk		3.90
		$55.34

MF-200
(April 1951)

Docket No. DMA 2525
Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

(TO BE USED ON MF-200 AS REVISED FEBRUARY 1952)

EXPLORATION PROJECT CONTRACT[1]

It is agreed this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and[2] _____

Spokane-Idaho Mining Co.
Box 930
Kellogg, Idaho

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 Idaho, County of Shoshone described as follows:[3] The Travers, Olliver, Bessie, Ruth and Owl, Mineral Survey No. 3178; the Greely, Sherman, Grant, Apex, Douglas, Gordon, St. Joe Fraction, Marmion, St. Paul Fraction and Douglas Fraction, Mineral Survey No. 2319; the Mitchell and Mitchell Fraction, Mineral Survey No. 3405, and the No. 2 Mitchell (unpatented).

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

(*a*) ~~That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:~~ _____

(*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 30 days from the date of this contract shall commence work on a project of exploration for[5] lead and 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] 2 years 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. Attached hereto, marked "Exhibit 'B'," is a detailed list of 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 its agreed pro-rata share of the cost. 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.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. 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.* Attached hereto, marked "Exhibit 'D'," is 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.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

10. *Allowable costs of the project.* The allowable 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, 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 the 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, or any other indirect costs not expressly allowed by these regulations, 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. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator 50 percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $ 94,248, which is 50 percent of the agreed estimated total cost of this project, $ 188,496.

12. *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.

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract 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.

14. *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 additional for each 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 property 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.

15. *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.

16. *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 triplicate the day and year first above written.

THE UNITED STATES OF AMERICA

(Operator)

By ---

By ---

U. S. GOVERNMENT PRINTING OFFICE 16—64066-1

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A"
(Alternate Proposal)

Exploration Project

The exploration project shall consist of:

(1) Rehabilitating approximately 50 lin. ft. of the present inclined shaft and approximately 300 lin. ft. of the east drift on the No. 6 level.

(2) Deepening the present inclined shaft (section 4x7 feet in the clear) 200 lin. feet.

(3) Excavating a station 42x10x8 feet and an 1800 cu. ft. pocket - close timbering where necessary - at a proposed No. 7 level 150 feet vertically below the No. 6 level.

(4) Drifting (section 6x7½ feet in the clear) in the vein 800 lin. ft. east on the No. 6 level.

(5) Crosscutting (section 6x7½ feet in the clear) approximately 70 feet from the proposed station on the No. 7 level to intersect the vein.

(6) Drifting (section 6x7½ feet in the clear) 700 lin. ft. east and 1350 lin. ft. west in the vein on the No. 7 level.

Performance of the Work

All or any part of the work may be performed by independent contractors upon the written approval of the Government.

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A" - cont.

Estimated Costs of the Project

(1)	Rehabilitate approx. 50 lin. ft. of shaft @ $3/ft.	$ 150.
(2)	Rehabilitate approx. 300 lin. ft. of drift @ $3/ft.	900.
(3)	Sink 200 lin. ft. of inclined shaft @ $105/lin. ft.	21,000.
(4)	5160 cu. ft. of excavation for station and pocket @ $0.96/cu. ft.	4,953.
(5)	2850 lin. ft. of drifting @ $55.50/lin. ft.*	158,175.
(6)	70 lin. ft. of crosscutting @ $47.50/lin. ft.	3,318.
		$188,496.

*The estimated cost of $55.50/lin. ft. is for a timbered drift close lagged in the back - if timbering is unnecessary the estimated cost shall be $47.50/lin. ft.

The above estimated unit costs include all costs of the project and are maximum allowable costs per unit.

Allowable Costs of the Project

Independent contracts

The unit cost for independent contracts shall not exceed the unit cost as estimated in the cost of the project, and each independent contract shall have the written approval of the Government.

Labor, Supervision, Consultants

Labor may be paid at shift or unit contract rates but such rates shall not exceed the rate paid for like work in the Coeur d'Alene mining district.

The cost of supervision including shift bosses, engineering, consultants, and bookkeeping shall not exceed $815 per month.

Operating materials and supplies

Necessary materials and supplies including items of equipment costing less than $50 each, and power, water, and fuel are included in the unit cost as estimated in the cost of the project.

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

EXHIBIT "A" - cont.

Allowable Costs of the Project - continued

Operating equipment

All operating equipment shall be furnished by the operator. The maximum allowable depreciation per month is as follows:

			Maximum depreciation each - per mo.
1	Ingersoll-Rand 2000 cu. ft. compressor	(used)	$88.
2	Ingersoll-Rand 1½ MRV 25 motor pump	(new)	14.
1	Ingersoll-Rand 1½ RVH 10 motor pump	(used)	29.
1	Ingersoll-Rand No. 35 sump pump	(used)	5.
1	Allis Chalmers 10 HP Domestic pump	(used)	5.
1	Westinghouse 25 KVA transformer	(new)	5.
2	500 amp. disconnects	(new)	5.
1	3/4-ton Chevrolet pickup	(new)	32.
1	30 HP Coeur d'Alene hoist	(used)	33.
3	Mancha 1½-ton battery locomotive	(new)	96.
12	Ajax 32 cu. ft. mine cars	(new)	7.
6	Ingersoll-Rand O430 drifters	(new)	21.
2	Eimco Model 12B car loader	(new)	51.
3	Ventilation fan	(new)	6.
3	Mine car transfer	(new)	4.
3	Ingersoll-Rand J-50 jackhammers	(used)	3.

Rehabilitation and repairs

	Max. allowable cost
An estimated 50 ft. of shaft repair	$150.
300 ft. of drift on 6 level	900.

New buildings, improvements, installations

None

Miscellaneous

All miscellaneous repairs to and maintenance of operating equipment, analytical work, accounting, workman's compensation and employer's liability insurance, and payroll taxes are included in the unit cost as estimated in the cost of the project.

Estimate only - not part of contract

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

Estimate for Exhibit "A"

Station and pocket (concurrent with drifting)

1800 cu. ft./wk - timbered

		Cost/cu. ft.
6 miners	$793.26/wk	.440
1/2 trammer	44.00/wk	.024
1/2 cager	44.00/wk	.024
1/2 mech. & compressor.	45.30/wk	.025
1 compressorman	182.26/wk	.101
1/2 supervision	94.11/wk	.052
Payroll tax & ins. 10%	120.29/wk	.067
Supplies		.120
Power		.056
Depreciation ½	43.18/wk	.024
Maintenance and repair		.023
Rental of lamps ½		.002
		$0.958

Drifting

2 headings - 50 ft/wk

		Cost/ft.
Powder and caps		3.65
Timber		3.02
Bits		2.00
Steel		.70
Hose		.18
Pipe - 3"		.78
Pipe - 2"		.41
Fan pipe - 12"		.95
Rail - 16#		.87
Small tools		.14
Misc.		.10
6 miners	$721.92/wk	14.42
2 hoistmen	186.42/wk	3.73
1 trammer (top)	88.01/wk	1.76
1 cager & nipper	88.01/wk	1.76
1 mech. & comp.	90.61/wk	1.81
1 compressorman	91.13/wk	1.82
Supervision	188.22/wk	3.76
Payroll tax. & ins.	10% of 29.06	2.91
Power		3.58
Maintenance and repair		2.63
Sampling		.58
Lamps		.08
Depreciation	$195.30/wk	3.90
		$55.54

Estimate only - not part of contract

SPOKANE-IDAHO MINING COMPANY
Douglas Lease

Estimate for Exhibit "A"

Crosscutting

	(Drifting)	$55.54
Delete timber and 2 miners		
Timber	3.02	
2 miners	4.80	7.82
		$47.72

Sinking

Advance 24 ft/wk.		Cost/ft.
Powder		4.00
Timber		3.44
Bits		2.00
Steel		.80
Hose		.18
4" pipe		1.20
2" pipe		.41
Rail 16#		.87
Small tools		.25
Misc.		.15
Miners		40.00
Hoistmen	$285.87/wk	11.90
1 top trammer	88.41/wk	3.68
3 compressormen	272.86/wk	10.57
Superv., engr & acct	188.22/wk	7.84
Payroll tax & ins	10% of 73.99	7.40
Power		4.16
Depreciation on equip	86.36/wk	3.60
Maintenance & repair		1.71
Lamps		.12
		$104.28/ft