JAN:sm (30) 6/1/72

Recorded 7/13/72 #2000
Book 532/732

MINING LEASE

THIS LEASE, entered into this 1st day of July, 1972, by and between Charles H. Stimpson and Marie A. Stimpson of East Union, Maine (Knox County) hereinafter called "Lessors", and Knox Mining Corporation 429 Main Street, Rockland, Maine, a Maine corporation, hereinafter called "Lessee".

W I T N E S S E T H:

Lessors own certain lands in East Union, Knox County, Maine, which Lessee desires to lease for the purposes and upon the terms herein contained.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter provided, the parties hereto agree as follows:

ARTICLE I
Demise

Section 1. Leased Premises: Lessors hereby lease to Lessee all of Lessors' right, title and interest in those parcels of land hereinafter sometimes called "leased premises", described as follows, to-wit: All property in deed of John L. Knight, Administrator of the estate of Arthur Anderson, to Charles H. Stimpson Jr. and Marie A. Stimpson dated July 17, 1963 and recorded Knox County Registry of Deeds Book 413 Pages 258-260; except 1 2/10 acres deeded by Charles H. Stimpson Jr. and Marie A. Stimpson to Bruce E. Stimpson and Judith A. Stimpson on November 27, 1970 recorded Knox County Registry of Deeds Book 511 Page 115. See also deed State of Maine Highway Commission to Charles H. Stimpson Jr. and Marie A. Stimpson April 22, 1964 recorded Knox County Registry of Deeds Book 422 Page 270.

including any improvements and property of Lessors now thereon, except that Lessors shall have the continuing right to occupy and use the surface of the leased premises and any of their improvements thereon until Lessee shall actually need the same for mining purposes, in which event Lessors shall have a reasonable time in which to

vacate such part of the leased premises as Lessee may require for its mining operations, as hereinafter provided.

Section 2. Purposes: The leased premises are leased exclusively to Lessee for the purposes of exploring for, mining and removing therefrom and treating and shipping any and all ores and minerals found in, on or under the leased premises, and the doing of all things on the leased premises which may be necessary or convenient for such mining, removing, treating and shipping of ores and minerals therefrom and from other lands, and for such uses and purposes, using and occupying so much of the leased premises as may be reasonably necessary.

Section 3. Term: This lease shall run for an initial term of twenty (20) years beginning July 1, 1972 and ending June 30, 1992; provided, that Lessee may extend the term hereof on the same terms for additional periods of ten (10) years each, by giving Lessors written notice of each such extension at least sixty (60) days prior to the expiration of such term or any extension thereof; provided further, however, that the total of the initial term and any extensions thereof shall not exceed fifty (50) years, unless Lessee is actually engaged in mining or milling operations within 10 miles from any point on the perimeter of the leased premises, in which case Lessee shall continue to have the right to extend the term hereof for such ten (10) year intervals beyond fifty (50) years so long as it continues to engage in mining or milling operations within 10 miles of the perimeter of the leased premises.

Should the Lessee during the term hereof or any extension thereof, after having engaged in mining or milling operations on the leased premises, elect to suspend its operations because of the low or unfavorable state of the market, the cumulative period of any such suspensions will be added at the end of the then current lease term so as to extend such term by such accumulated periods of suspension.

ARTICLE II
Use of Surface, Indemnity, Timber Removal

Section 1. Use of Surface: In the event Lessors are the owners of the surface of the leased premises and Lessee notifies Lessors that it needs all or a

portion thereof for its mining operations, Lessors shall have a reasonable time in which to make such portion of the surface available to Lessee and Lessee agrees to pay Lessors an annual rental for the portion of the surface so used which shall be the reasonable rental value thereof; alternatively at the descretion of the Lessor, Lessee may purchase that portion of the surface at the then current market value. If such annual reasonable rental or current market value cannot be mutually agreed upon by the parties hereto the same shall be determined by arbitration as hereinafter provided, in the event that Lessor elects to rent the surface, thereafter Lessee shall have the exclusive right to use the same during the term hereof so long as it duly pays the rental therefor. Such use of the surface by Lessee may be made at any time, notwithstanding the submission to arbitration of the determination of the annual rental, and notwithstanding that such annual rental may not as yet have been determined.

Section 2. Indemnity: Lessee shall indemnify and hold Lessors harmless from any loss or liability resulting from any injury to or death of persons or damages to property (other than the normal wear and tear thereof consistent with the grants herein made) caused by or arising solely out of Lessee's operations hereunder.

Section 3. Timber Removal: All standing timber on the leased premises belongs to Lessors and may be removed by Lessors any time prior to mining operations. Lessee shall give Lessors not less than ninety (90) days' written notification whenever it deems it necessary to its mining operations that such timber or a part thereof be removed. In the event Lessors fail to promptly remove said timber after receipt of such notice, Lessee shall have the right to remove such portion thereof for the account of the Lessors as it deems necessary for its mining operations, but shall be entitled from the proceeds of the sale of such timber to the reasonable expenses occasioned by it in removing such timber.

ARTICLE III
Taxes

Lessee's Obligation to Pay Taxes: Lessee will punctually pay all taxes levied against the mines and minerals on the leased premises during the term of this lease, and shall also pay, during the term hereof, all increases subsequent to the date hereof in the present town taxes levied against the leased premises on account of Lessee's operations thereon.

ARTICLE IV
Minimum Royalty

Section 1. Rate: Beginning with the effective date hereof and continuing thereafter during the period that this lease continues in force, Lessee covenants and agrees to pay to Lessors minimum royalty at the following rates per calendar year: $100.00 per year, with first five years to be paid in advance at the time of signing if lease.

~~For the first _____ years of the lease $_____ per year; For each year of the term thereafter, and any extension thereof $_____ per year.~~

C.H.S. M.A.S.

Minimum royalty for the ~~first~~ sixth calendar year of this lease and for the calendar year of termination shall be prorated on the basis of the length of time Lessee holds this lease in each of such years.

Section 2. Payment of Minimums: After the first five years, All such minimum royalty shall be payable in one lump sum for each year on the 20th day of January next following the year for which such payment is made.

Section 3. Application of Minimums: Provided, however, that if the total earned royalty to be paid hereunder for any year equals or exceeds the minimum royalty payable for such year, no minimum royalty shall be payable for such year; and if the total earned royalty payable for such year is less than the minimum royalty payable for such year, then the minimum royalty payable for such year shall be such an amount as when added to the earned royalty for such year, shall equal the total minimum royalty payable for such year. The minimum royalty so paid may be used from time to time to satisfy the payment of earned royalty in any year after the earned royalty in such year amounts to more than enough to pay the minimum royalty for such year.

ARTICLE V
Earned Royalty

Lessee will pay earned royalty to Lessors as follows:

A. A royalty of 5 % of the net proceeds realized by Lessee from all marketable nonmetallic mineral products produced from ore or mineral substances from the leased premises.

B. A royalty of 5 % of the net smelter return received by Lessee from all sulfides and other concentrates from metallic ores produced from the leased premises. "Concentrates", for the purposes hereof, means the saleable zinc, lead, copper, nickel, cobalt, iron, gold, silver and any other metallic minerals or sulfur economically recoverable.

"Net smelter return", for the purposes hereof when used with respect to the minerals listed above, means the price established at the smelter by responsible buyers of such marketable mineral products or of concentrates of a similar grade and kind produced from ores mined and milled in the general area and prevailing at the time the concentrates are delivered to the smelter for treatment, after all deductions for customary smelting costs, charges and penalties, and for costs paid by or charged to Lessee for transporting and selling such marketable mineral products or concentrates, including all taxes, duties and commissions paid or payable, if any, in connection with such transportation or sale.

C. If Lessee desires to mine and ship or mine, beneficiate and ship or otherwise dispose of any minerals, mineral products, metals or other materials from the leased premises for which royalty rates are not provided herein, Lessee shall have the right to mine and ship or mine, concentrate and ship or otherwise dispose of such materials but before doing so the parties hereto shall agree upon a royalty rate for such materials.

D. Time and place of payment: All earned royalty shall be paid to Lessors at the addresses shown in Article XII on or before the 20th days of April, July, October and January for all earned royalty accrued during the three calendar month period immediately preceding the date on which each such payment is to be made.

ARTICLE VI
Mining Rights and Duties

Section 1. Exploration, Weights: Lessee shall not be required to explore, develop or operate the leased premises so long as it shall promptly pay the taxes and assessments and make the minimum and other payments required to be made herein and shall properly protect and maintain the leased premises. For the purposes hereof, all weights shall be ascertained by the Lessee through the use of weightometers or other substantially equivalent weighing devices.

Section 2. Cross Mining, Stockpiling, Mixing: Lessee may conduct its mining operations on the leased premises and on other property as a single mining operation and as if all such properties constituted a single tract of land.

Lessee shall have the right at any time and from time to time to mix ores and minerals, and any or all other materials from the leased premises with similar ores, minerals or other materials from other lands; provided Lessors shall receive when due substantially the same amount of royalty hereunder for their portion of such mixed material as they would have received if the same had not been mixed.

Section 3. Good Mining Practices: Lessee will conduct all of its operations hereunder in a workmanlike manner, in accordance with good engineering methods, and in compliance with all appropriate laws and regulations of any governmental entity having jurisdiction over the leased premises.

Section 4. Inspection: Lessors have the right, at their own risk and expense, to inspect the leased premises and any plants in which ore from the leased premises is beneficiated, not necessarily hindering or interrupting the work or operations of Lessee.

Section 5. Tailings: The tailings or other material eliminated by the treatment of ores mined and removed from the leased premises shall be treated as waste and shall be the property of the Lessee, and Lessee shall have the right to use such material either on or off the leased premises for any purpose deemed necessary by Lessee for its operations on the leased premises or other mining operations in the vicinity thereof; subject however, to the obligation of Lessee to pay earned royalty to Lessors in accordance with the terms hereof in the event Lessee produces and ships any metallic products from such tailings or other wasted material during the term hereof.

ARTICLE VII
Title to Ore and Protection of Lessors' Interests, Covenants of Title

Section 1. Lessors' Lien: As security for Lessee's faithful performance of this lease, Lessors shall hold a lien against the Lessee's interest in any ore mined from the leased premises and against any of Lessee's buildings, improvements, equipment and machinery situated on the leased premises. This shall not, however, be construed to prevent the sale and removal of said ores in the usual course of business, nor to prevent the removal of buildings, improvements, equipment and machinery or any other property at any time when said Lessee shall not be in default, and the said lien shall not, in case of sales of ore to third parties, be deemed to follow the same as against such third parties.

Section 2. Protection against Liens: Lessee will keep the leased premises and the ores removed therefrom free and clear of all liens and encumbrances on account of Lessee's operations in connection therewith, provided, however, that Lessee shall not be required to pay any liens or encumbrances so long as Lessee in good faith contests its liability and protects the Lessors' interests in the leased premises.

Section 3. Covenants of Title: Lessors warrant themselves to be the owners of the leased premises, free from all encumbrances except as may be hereinbefore specified, and except rights of way for transportation and public utilities; that they have full right to lease the same as herein provided; and that if Lessee, its successors and assigns, duly keeps and performs the terms, conditions and obligations of this lease to be kept and performed by it, Lessors, their representatives, heirs, successors and assigns, will warrant and defend Lessee, its successors and assigns, in the full and peaceful possession and exercise of the rights, privileges and estates hereby granted or conferred, against all lawful claims and demands whatsoever.

ARTICLE VIII
Arbitration

Section 1. Selection of Arbitrators: It is mutually agreed that all controversies or disagreements between the parties hereto over the observance and fulfillment of the terms and obligations hereof by either party which they cannot mutually resolve shall be settled by arbitration according to the rules of the American Arbitration Association at Augusta, Maine.

Section 2. Controversies Not to Suspend Operations: Controversies between the parties hereto as to the rights of Lessors and Lessee under this lease shall not suspend Lessee's right to mine and ship ore from the leased premises during the time such controversies are being resolved.

ARTICLE IX
Termination

Section 1. Termination by Lessee: Lessee may terminate this lease any time by giving Lessors written notice of such termination, and from and

after the giving of such notice this lease and all liabilities of Lessee hereunder shall terminate.

Section 2. Obligations of Lessee on Termination: Whenever this lease is terminated, Lessee shall peaceably surrender the leased premises to Lessors. Lessee shall be entitled and permitted to remove within six (6) months after any termination all property which may be erected or placed by it on the leased premises.

ARTICLE X
Default

In case Lessee shall default in the performance of this agreement and such default shall continue uncorrected for ninety (90) days after Lessors give Lessee written notice of such default, then Lessors may terminate this lease and reenter and hold the leased premises and exclude Lessee therefrom; provided, that if Lessee denies such default and demands arbitration thereof, the time required for such arbitration shall not be considered part of such ninety (90) day period and the Lessee shall have ninety (90) days after the decision of the arbitrators in which to correct any such default found by the arbitrators.

ARTICLE XI
Assignments

Lessee shall have the right to assign this lease or to sublease the leased premises or any part thereof.

ARTICLE XII
Notices

Written notices hereunder may be given in person or mailed by registered or certified mail to the last known address of the parties hereto, and shall be considered given at the time of such delivery or mailing, as the case may be. Such addresses, in the absence of written notice to the contrary shall be:

As to Lessors:

As to Lessee:

Periodical reports, statements and payments required of Lessee may be delivered in person or by ordinary mail.

ARTICLE XIII
Miscellaneous

Binds Successors and Assigns: This agreement shall extend to, inure to the benefit of and be binding upon the respective representatives, heirs, successors and assigns of the parties hereto, subject however to the provisions of ARTICLE XI hereof.

IN WITNESS WHEREOF, the parties hereto have caused this lease to be duly executed as of the day and year first above written.

In the Presence of:

Victor E. Kind
to both

LESSORS:

Charles H. Stimpson Jr.
Marie A. Stimpson

LESSEE:

By S. L. Engel

By

(Acknowledgment for Husband and Wife Lessors):

STATE OF)
) SS.
COUNTY OF)

On this 12 day of July, 1972, before me, a Notary Public, within and for said County and State, personally appeared Charles H. Stimpson and Marie A. Stimpson husband and wife, to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they have executed the same as their own free act and deed.

Donald E. Wyke
Notary Public

my commission expires
april 12, 1974

(Original lease 6/5/67 #284) released 6/18/70

JAN:sm (30) 6/1/72

Recorded 7/13/72 #1199
Book 5321 Page 730

Lease Terminated Feb. 6, 1976

MINING LEASE

THIS LEASE, entered into this 29th day of June, 1972 by and between Woodrow Gould and Anna M. Gould (his wife)

hereinafter called "Lessors", and Knox Mining Corp. A Corporation with its principal business office in Rockland, Maine, a Maine corporation, hereinafter called "Lessee".

W I T N E S S E T H:

Lessors own certain lands in Knox County, Maine, which Lessee desires to lease for the purposes and upon the terms herein contained.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter provided, the parties hereto agree as follows:

ARTICLE I
Demise

Section 1. Leased Premises: Lessors hereby lease to Lessee all of Lessors' right, title and interest in those parcels of land hereinafter sometimes called "leased premises", described as follows, to-wit:
situated in Union, Maine described in the deed of Burleigh M. F. Esancy and Beulah H. Hilt to Woodrow Gould and Anna M. Gould. Dated June 25, 1941. Recorded in Knox County Registry of Deeds Book 168 Page 480 13 acres.

including any improvements and property of Lessors now thereon, except that Lessors shall have the continuing right to occupy and use the surface of the leased premises and any of their improvements thereon until Lessee shall actually need the same for mining purposes, in which event Lessors shall have a reasonable time in which to

vacate such part of the leased premises as Lessee may require for its mining operations, as hereinafter provided.

Section 2. Purposes: The leased premises are leased exclusively to Lessee for the purposes of exploring for, mining and removing therefrom and treating and shipping any and all ores and minerals found in, on or under the leased premises, and the doing of all things on the leased premises which may be necessary or convenient for such mining, removing, treating and shipping of ores and minerals therefrom and from other lands, and for such uses and purposes, using and occupying so much of the leased premises as may be reasonably necessary.

L.B.H. W.W.B. Section 3. Term: This lease shall run for an initial term of ~~twenty~~ Ten ~~(20)~~ 10 years beginning 6/29/72 and ending 6/29/82; provided, that Lessee may extend the term hereof on the same terms for additional periods of ten (10) years each, by giving Lessors written notice of each such extension at least sixty (60) days prior to the expiration of such term or any extension thereof; provided further, however, that the total of the initial term and any extensions thereof shall not exceed fifty (50) years, unless Lessee is actually engaged in mining or milling operations within 10 miles from any point on the perimeter of the leased premises, in which case Lessee shall continue to have the right to extend the term hereof for such ten (10) year intervals beyond fifty (50) years so long as it continues to engage in mining or milling operations within 10 miles of the perimeter of the leased premises.

Should the Lessee during the term hereof or any extension thereof, after having engaged in mining or milling operations on the leased premises, elect to suspend its operations because of the low or unfavorable state of the market, the cumulative period of any such suspensions will be added at the end of the then current lease term so as to extend such term by such accumulated periods of suspension.

ARTICLE II
Use of Surface, Indemnity, Timber Removal

Section 1. Use of Surface: In the event Lessors are the owners of the surface of the leased premises and Lessee notifies Lessors that it needs all or a

portion thereof for its mining operations, Lessors shall have a reasonable time in which to make such portion of the surface available to Lessee and Lessee agrees to pay Lessors an annual rental for the portion of the surface so used which shall be the reasonable rental value thereof. If such annual reasonable rental cannot be mutually agreed upon by the parties hereto the same shall be determined by arbitration as hereinafter provided, and thereafter Lessee shall have the exclusive right to use the same during the term hereof so long as it duly pays the rental therefor. Such use of the surface by Lessee may be made at any time, notwithstanding the submission to arbitration of the determination of the annual rental, and notwithstanding that such annual rental may not as yet have been determined.

Section 2. Indemnity: Lessee shall indemnify and hold Lessors harmless from any loss or liability resulting from any injury to or death of persons or damages to property (other than the normal wear and tear thereof consistent with the grants herein made) caused by or arising solely out of Lessee's operations hereunder.

Section 3. Timber Removal: All standing timber on the leased premises belongs to Lessors and may be removed by Lessors any time prior to mining operations. Lessee shall give Lessors not less than ninety (90) days' written notification whenever it deems it necessary to its mining operations that such timber or a part thereof be removed. In the event Lessors fail to promptly remove said timber after receipt of such notice, Lessee shall have the right to remove such portion thereof for the account of the Lessors as it deems necessary for its mining operations, but shall be entitled from the proceeds of the sale of such timber to the reasonable expenses occasioned by it in removing such timber.

ARTICLE III
Taxes

Lessee's Obligation to Pay Taxes: Lessee will punctually pay all taxes levied against the mines and minerals on the leased premises during the term of this lease, and shall also pay, during the term hereof, all increases subsequent to the date hereof in the present town taxes levied against the leased premises on account of Lessee's operations thereon.

ARTICLE IV
Minimum Royalty

Section 1. Rate: Beginning with the effective date hereof and continuing thereafter during the period that this lease continues in force, Lessee covenants and agrees to pay to Lessors minimum royalty at the following rates per calendar year:

For the first 10 years of the lease $100.00 per year;
For each year of the term thereafter, and any extension thereof $150.00 per year.

L.B.H. W.H.B.

Minimum royalty for the first calendar year of this lease will be paid upon signing and for the calendar year of termination shall be prorated on the basis of the length of time Lessee holds this lease in each of such years.

L.B.H. W.H.B.

Section 2. Payment of Minimums: With the exception of the advance royalty covering the first calendar year of the lease. All such minimum royalty shall be payable in one lump sum for each year on the 20th day of January next following the year for which such payment is made.

Section 3. Application of Minimums: Provided, however, that if the total earned royalty to be paid hereunder for any year equals or exceeds the minimum royalty payable for such year, no minimum royalty shall be payable for such year; and if the total earned royalty payable for such year is less than the minimum royalty payable for such year, then the minimum royalty payable for such year shall be such an amount as when added to the earned royalty for such year, shall equal the total minimum royalty payable for such year. The minimum royalty so paid may be used from time to time to satisfy the payment of earned royalty in any year after the earned royalty in such year amounts to more than enough to pay the minimum royalty for such year.

ARTICLE V
Earned Royalty

Lessee will pay earned royalty to Lessors as follows:

A. A royalty of 5 % of the net proceeds realized by Lessee from all marketable nonmetallic mineral products produced from ore or mineral substances from the leased premises.

B. A royalty of 5 % of the net smelter return received by Lessee from all sulfides and other concentrates from metallic ores produced from the leased premises. "Concentrates", for the purposes hereof, means the saleable zinc, lead, copper, nickel, cobalt, iron, gold, silver and any other metallic minerals or sulfur economically recoverable.

"Net smelter return", for the purposes hereof when used with respect to the minerals listed above, means the price established at the smelter by responsible buyers of such marketable mineral products or of concentrates of a similar grade and kind produced from ores mined and milled in the general area and prevailing at the time the concentrates are delivered to the smelter for treatment, after all deductions for customary smelting costs, charges and penalties, and for costs paid by or charged to Lessee for transporting and selling such marketable mineral products or concentrates, including all taxes, duties and commissions paid or payable, if any, in connection with such transportation or sale.

C. If Lessee desires to mine and ship or mine, beneficiate and ship or otherwise dispose of any minerals, mineral products, metals or other materials from the leased premises for which royalty rates are not provided herein, Lessee shall have the right to mine and ship or mine, concentrate and ship or otherwise dispose of such materials but before doing so the parties hereto shall agree upon a royalty rate for such materials.

D. Time and place of payment: All earned royalty shall be paid to Lessors at the addresses shown in Article XII on or before the 20th days of April, July, October and January for all earned royalty accrued during the three calendar month period immediately preceding the date on which each such payment is to be made.

ARTICLE VI
Mining Rights and Duties

Section 1. Exploration, Weights: Lessee shall not be required to explore, develop or operate the leased premises so long as it shall promptly pay the taxes and assessments and make the minimum and other payments required to be made herein and shall properly protect and maintain the leased premises. For the purposes hereof, all weights shall be ascertained by the Lessee through the use of weightometers or other substantially equivalent weighing devices.

Section 2. Cross Mining, Stockpiling, Mixing: Lessee may conduct its mining operations on the leased premises and on other property as a single mining operation and as if all such properties constituted a single tract of land.

Lessee shall have the right at any time and from time to time to mix ores and minerals, and any or all other materials from the leased premises with similar ores, minerals or other materials from other lands; provided Lessors shall receive when due substantially the same amount of royalty hereunder for their portion of such mixed material as they would have received if the same had not been mixed.

Section 3. Good Mining Practices: Lessee will conduct all of its operations hereunder in a workmanlike manner, in accordance with good engineering methods, and in compliance with all appropriate laws and regulations of any governmental entity having jurisdiction over the leased premises.

Section 4. Inspection: Lessors have the right, at their own risk and expense, to inspect the leased premises and any plants in which ore from the leased premises is beneficiated, not necessarily hindering or interrupting the work or operations of Lessee.

Section 5. Tailings: The tailings or other material eliminated by the treatment of ores mined and removed from the leased premises shall be treated as waste and shall be the property of the Lessee, and Lessee shall have the right to use such material either on or off the leased premises for any purpose deemed necessary by Lessee for its operations on the leased premises or other mining operations in the vicinity thereof; subject however, to the obligation of Lessee to pay earned royalty to Lessors in accordance with the terms hereof in the event Lessee produces and ships any metallic products from such tailings or other wasted material during the term hereof.

ARTICLE VII
Title to Ore and Protection of Lessors' Interests, Covenants of Title

Section 1. Lessors' Lien: As security for Lessee's faithful performance of this lease, Lessors shall hold a lien against the Lessee's interest in any ore mined from the leased premises and against any of Lessee's buildings, improvements, equipment and machinery situated on the leased premises. This shall not, however, be construed to prevent the sale and removal of said ores in the usual course of business, nor to prevent the removal of buildings, improvements, equipment and machinery or any other property at any time when said Lessee shall not be in default, and the said lien shall not, in case of sales of ore to third parties, be deemed to follow the same as against such third parties.

Section 2. Protection against Liens: Lessee will keep the leased premises and the ores removed therefrom free and clear of all liens and encumbrances on account of Lessee's operations in connection therewith, provided, however, that Lessee shall not be required to pay any liens or encumbrances so long as Lessee in good faith contests its liability and protects the Lessors' interests in the leased premises.

Section 3. Covenants of Title: Lessors warrant themselves to be the owners of the leased premises, free from all encumbrances except as may be hereinbefore specified, and except rights of way for transportation and public utilities; that they have full right to lease the same as herein provided; and that if Lessee, its successors and assigns, duly keeps and performs the terms, conditions and obligations of this lease to be kept and performed by it, Lessors, their representatives, heirs, successors and assigns, will warrant and defend Lessee, its successors and assigns, in the full and peaceful possession and exercise of the rights, privileges and estates hereby granted or conferred, against all lawful claims and demands whatsoever.

ARTICLE VIII
Arbitration

Section 1. Selection of Arbitrators: It is mutually agreed that all controversies or disagreements between the parties hereto over the observance and fulfillment of the terms and obligations hereof by either party which they cannot mutually resolve shall be settled by arbitration according to the rules of the American Arbitration Association at Augusta, Maine.

Section 2. Controversies Not to Suspend Operations: Controversies between the parties hereto as to the rights of Lessors and Lessee under this lease shall not suspend Lessee's right to mine and ship ore from the leased premises during the time such controversies are being resolved.

ARTICLE IX
Termination

Section 1. Termination by Lessee: Lessee may terminate this lease any time by giving Lessors written notice of such termination, and from and

after the giving of such notice this lease and all liabilities of Lessee hereunder shall terminate.

Section 2. Obligations of Lessee on Termination: Whenever this lease is terminated, Lessee shall peaceably surrender the leased premises to Lessors. Lessee shall be entitled and permitted to remove within six (6) months after any termination all property which may be erected or placed by it on the leased premises.

ARTICLE X
Default

In case Lessee shall default in the performance of this agreement and such default shall continue uncorrected for ninety (90) days after Lessors give Lessee written notice of such default, then Lessors may terminate this lease and reenter and hold the leased premises and exclude Lessee therefrom; provided, that if Lessee denies such default and demands arbitration thereof, the time required for such arbitration shall not be considered part of such ninety (90) day period and the Lessee shall have ninety (90) days after the decision of the arbitrators in which to correct any such default found by the arbitrators.

ARTICLE XI
Assignments

Lessee shall have the right to assign this lease or to sublease the leased premises or any part thereof.

ARTICLE XII
Notices

Written notices hereunder may be given in person or mailed by registered or certified mail to the last known address of the parties hereto, and shall be considered given at the time of such delivery or mailing, as the case may be. Such addresses, in the absence of written notice to the contrary shall be:

As to Lessors:
Woodrow Gould and Anna M. Gould
Union, Maine 04862

As to Lessee:
Knox Mining Corp.
Rockland, Maine 429 Main St 04841

Periodical reports, statements and payments required of Lessee may be delivered in person or by ordinary mail.

ARTICLE XIII
Miscellaneous

Binds Successors and Assigns: This agreement shall extend to, inure to the benefit of and be binding upon the respective representatives, heirs, successors and assigns of the parties hereto, subject however to the provisions of ARTICLE XI hereof.

IN WITNESS WHEREOF, the parties hereto have caused this lease to be duly executed as of the day and year first above written.

In the Presence of:

Lynwood B. Hilt
Ts Seth

LESSORS:

Woodrow Gould
Anna M. Gould

LESSEE:

By S. P. Engel

By

(Acknowledgment for Husband and Wife Lessors):

STATE OF Maine)
) SS.
COUNTY OF Knox)

On this 29th day of June, 1972 before me, a Notary Public, within and for said County and State, personally appeared Woodrow Gould and Anna M. Gould, husband and wife, to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they have executed the same as their own free act and deed.

Lynwood B. Hilt
Notary Public

My Commission Expires June 19th, 1979

AMM - Jan. 11, 1979 p. 7

ALLOYING & PRECIOUS METALS

Earth Resources Pushes Gold and Silver Exploration

2d Pit Opening at DeLamar Mine to Provide Flexibility: Krausse

By OVID ABRAMS

NEW YORK—Earth Resources Co., a Dallas-based diversified company with interests in gold and silver mining, will "continue its aggressive exploration program and will concentrate on gold and silver," according to Dan M. Krausse, president and chief executive officer.

Krausse said in a telephone interview that his company had recently opened a second pit at its DeLamar silver mine in southwest Idaho, "to give management greater flexibility" in selecting hard or soft ores from the two open-pit mines.

Additionally, "the two differing ore bodies will allow for some production flexibility in adapting to market price fluctuations," Krausse said. He was referring to the ability of the mine and mill complex to vary its production ratio of gold and silver, depending on prices of the metals. Ores from one pit are richer in silver, and those from the other are richer in gold.

Krausse said that historically, the price of gold had been about 30 times that of silver, but the current difference is closer to 40 times. Therefore, the company has been concentrating more on gold-rich ores, and "we have no difficulty varying the production ratio."

Earth Resources also has major petroleum refining and distributing operations in the continental United States and at North Pole, Alaska, in addition to road construction operations. Less than 2 percent of its revenues come from its precious metals operations.

The company recently reported its highest first quarter income of $3,276,000, or 62 cents a share, a 35 percent increase from $2,418,000, or 46 cents a share, in the previous first quarter. Its net sales and other revenues increased 9 percent to $92,840,000 (AMM 12/19).

The DeLamar silver mine complex went into production in April 1977, with over $22-million in capital equipment, Krausse said. Total output is about 3-million ounces of silver equivalent per year.

He defined the silver equivalent as the value of silver plus silver value of gold produced. Krausse said the gold portion of the output ranges from 25 percent to 40 percent of the total value.

The silver is found in hard clay and volcanic rock and requires special equipment for its production. About 4.5 ounces of silver are contained per ton of ore, while the gold content is about 0.1 ounce per ton.

The end product is 99 percent silver and gold bars, each weighing about 70 pounds (840 troy ounces), according to Krausse. The gold content in each bar is about 2 percent by weight.

Krausse said mine production this year will be slightly higher than in 1978, and is estimated at 235,000 ounces of silver equivalent per month—bringing in revenues of over $1-million per month, based on current gold and silver prices.

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Ferroalloy Prices

Prices are in cents per pound unless otherwise shown and do not reflect negotiated deals.
Producers of ferroalloys generally sell at f.o.b. producer basis, with some exceptions. Pricing methods and quotations among different producers may show slight differences.

FERROCHROME	0.10% Max A1	$0.4390
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OME-6455

Nov. 30, 1977

PROGRESS REPORT

DeLamar Silver Mine

IDAHO — The first bars of silver and gold Dore' bullion from the DeLamar Silver Mine were poured April 26, 1977 as Earth Resources Company began operations near the historic ghost town of DeLamar in southwestern Idaho's Owyhee County.

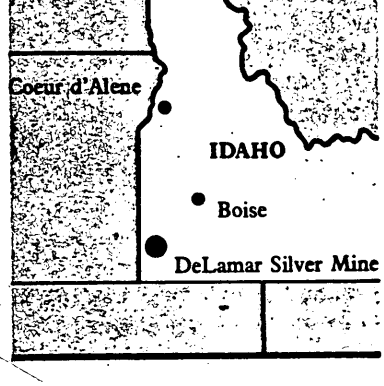
The DeLamar Silver Mine will rank as one of the largest in the United States at its designed annual production level of approximately 2.5 million ounces of silver a year and 16,500 ounces of gold (equivalent to about 535,000 ounces of silver). During 1977 further evaluation of ore reserves added substantially to the estimated life of the mine.

The mine is jointly owned by Earth Resources Company (which has a 52.5% interest, and is the operator), The Superior Oil Company, and Canadian Superior Mining (U.S.) Ltd. Total investment by the partners in the project is approximately $22.4 million, with ERC's share being $11.9 million, slightly more than earlier estimated.

The mill's designed rate of production is 1700 tons of ore per day. During the first three months it operated at about half of the designed feed rate due to problems with the ore feeding system. Mechanical alterations are overcoming this problem.

Disseminated silver — contrasted with silver in veins — is not common commercially. Silver in this form, even though it is locked into hard clay and volcanic rock, permits open pit mining at costs much lower than those of underground mining. This is fortunate, for the contrast between getting silver with pick and shovel and leaching it chemically from the ore, as at DeLamar, is very great. Each ton of ore at DeLamar contains only about 4.5 troy ounces of silver and less than one-tenth ounce of gold, with a total worth on today's market of about $21 for the silver and $5 for the gold (illustrating the relative worth of the gold despite its low content by weight in the refined product).

The DeLamar Silver Mine's designed weekly production of approximately 50,000 ounces of Dore' bullion (silver with a trace of gold) fits neatly into two firmly bound wooden crates just 24x24x17 inches. Each box is



worth about $150,000. Both would fit easily into your clothes closet — if you could lift the nearly one ton each box weighs.

The week's production goes by armored car to Portland, Oregon, where it is flown to Antwerp, Belgium, for final refining of the precious metals.

ERC has drilled a standby well capable of supplying fresh water to nearby Jordan Creek to help ranchers in times of drouth, and keeps a fully equipped ambulance at the mine, with paramedics, ready to assist in event of an emergency in the community.

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n said it would like to
ough acquisition but said

it sees "very few opportunities within our size range from acquiring going operations or companies."

"The growth will probably have to come through internal development, either through our own projects or joint ventures with other companies," the report said.

A full year of production at the Coeur mine in the Idaho silver district, which began generating income in late 1976, helped the company increase its aggregate pretax silver earnings in 1977, the report said.

But while Coeur results were up, profits from the Galena silver mine were slightly lower, due to decreased sales and increased operating costs, according to the report.

The Galena mine, located in the Coeur d'Alene district of Idaho, is owned by Callahan but operated by Asarco Inc. under a long-term lease. The mine produced 1977 revenues of $4,038,000 compared to $4,069,000 in 1976. Callahan receives 50 percent of cash flow from Galena operations.

The report said operating costs for the year increased from $2.26 per troy ounce to $2.33 per ounce.

Ore milled by Galena totaled 177,704 tons with an average grade of 21.45 ounces of silver compared with 182,272 tons with a grade of 19.47 ounces of silver milled in 1976.

Mill production for the year at Coeur, which adjoins the Galena mine to the west, totaled 146,924 tons of ore with an average grade of 16.59 ounces of silver.

The report said the Coeur output added $436,000 to Callahan's pretax earnings in 1977. By the end of the year, Callahan had recovered $791,000 of its initial $1,693,000 investment in the mine.

Earth Resources Net Off in Qtr., 6-Mos. Despite Higher Sales in Both Periods

NEW YORK—Earth Resources Co., Dallas, reported reduced net income for its second fiscal quarter and its first six months despite significant increases in sales for both periods.

The mineral and energy concern had a net income for its second quarter, ended Feb. 28, of $1.2-million, or 25 cents a share, down 36.8 percent from the $1.9-million, or 35 cents a share, earned during the like period a year ago.

Sales for the second quarter were $87.5-million, up 26.2 percent from $69.3-million in the same period a year ago.

Net income for the first six months was $3.6-million, or 68 cents a share, down 16.2 percent from $4.3-million, or 86 cents a share, on sales of $173-million, up 25 percent from $138.3-million for the same six month period a year ago.

Higher taxes were partly to blame for the decline in net earnings. according to Dan M. Krausse, president and chief executive officer.

The company's new DeLamar silver mine in Owyhee City, Idaho, did not contribute as much as expected to the first half results, Krausse added.

Start-up problems held the silver mine's profit contribution to "substantially below what we expected" though it is now becoming "increasingly" profitable, he said.

The silver and gold property had a planned annual rate of 2.2-million ounces of silver and 13,400 ounces of gold. The property was estimated to contain at least 26-million recoverable ounces of silver equivalent.

Earth Resources owns 52.5 percent of the DeLamar Mine. The balance of the interest in the mine is owned equally by Superior Oil Co., Houston, and its affiliate, Canadian Superior Mining U.S. Ltd., a subsidiary of Canadian Superior Oil Ltd., Calgary.

Krausse said the silver mine resolved production problems and became increasingly profitable in a climate of sharply rising silver and gold prices. Current production is better than 200,000 ounces a month of silver equivalent, Krausse said.

Krausse said a fire in November at the company's new oil refinery at North Pole, Alaska, "substantially eliminated any profit contribution" from the refinery, which was closed for a month afterward. Insurance, he said, is expected to recover virtually all cost of repair and some portion of revenue losses.

"The fire at our Alaskan refinery and the tax credits situation are transitory developments with no lasting impact on the company's progress or prospects," Krausse said.

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[illegible]	26.00
Berylco)	26.00
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Berylco)	26.00
ontaining Alloys: 4 percent BeCu	
asting alloy (Eff. 1/16/78)	3.35
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s than 0.5 percent Mg.)	
d beryllium	78.00
7%	
(Eff. 3/28/77)	86.50
200 grade)	
ts (Eff. 3/28/77)	96.00
s (Eff. 3/28/77)	109.00
Pa., Cleveland	
UMINUM (Eff. 1/16/78)	
Pa., Detroit and Elmore Ohio.	
	$83.00
PPER (Eff. 3/10/78)	
	$4.315-$4.675
re (No. 25)	$4.275-$5.195
PPER MASTER ALLOY:	
Pa., Detroit, Mich., Elsmore, Ohio	
ned beryllium for 5 lb/	
	67.00
pper at cost price on date of	

Brass Mill Product Prices

(Effective Jan. 4, 1978)

Representative base prices in cents per pound for non-rated orders are predicated on the following metal values: copper at 63c per pound; zinc at 31c; lead at 33c; tin at up to 610c; nickel at up to 214.5c; aluminum at 53c; and cadmium at 300c. The following prices do not include size extras or any additional charges or surcharges to invoices. Prices based on last published schedules received from Anaconda Co.'s Brass division, effective Dec. 19, 1977; Bridgeport Brass Co., Dec. 20; Chase Brass & Copper Co.'s Sheet division, Dec. 20; Revere Copper & Brass Inc., Dec. 20; and Century Brass Products Inc., Dec. 19. Subsequent changes in fabricating charges [illegible]

441-	Admiralty (except condenser	
445	tube)	136.38-137.87
240	Low brass, 80%	132.29-133.79
230	Red brass, 85%	133.98-135.48
220	Comm'l brz. 90%	136-137.50
464	Naval brass	137.23

AMM March 20, 1978, P. 10
OME-6455

United States Department of the Interior

GEOLOGICAL SURVEY
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Denver Federal Center STOP 905
Denver, Colorado 80225

IN REPLY REFER TO:

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July 29, 1977

MEMORANDUM

TO : Chief, Office of Mineral Exploration

FROM : Field Officer, Region I

SUBJECT: Post royalty period visit
OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
De Lamar Mine
Owyhee County, Idaho
Contract 2214

I visited the De Lamar mine area on Tuesday, July 19, 1977, to learn of the progress in the open-pit mining operation. The period for royalty payments due to the Government from production at the property expired on February 28, 1977. I did not attempt to visit the open-pit area but did view it from a distant and took the accompanying pictures of some of the activity results since my visit there last year.

Work was progressing on the dam for the tailings pond. Ore from the pit was being stockpiled after primary crushing and uniquely was covered with a large fabric balloon--obviously to protect it from the severe winter weather common in the area. I doubt very much that the mill had operated except intermittently. New office buildings had been erected at the mine and parking areas, etc. were being prepared.

Willard P. Puffett

Willard P. Puffett

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

June 3, 1977

Memorandum

To: Chief, Branch of Eastern Mineral Resources

From: Chief, Office of Minerals Exploration

Subject: Production of silver resumed at historical mine in Idaho

The DeLamar mine in Owyhee County, Idaho, which produced about $12.5 million in silver and gold from 1888 to about 1913, resumed production in April 1977 under a joint venture agreement involving Earth Resources Company, The Superior Oil Company, and Canadian Superior Mining, Ltd. The mine is expected to produce approximately 2.5 million ounces of silver and 13,000-15,000 ounces of gold annually for about 20 years. At this rate, the mine will be the third largest silver producer in the United States.

The Geological Survey's Office of Minerals Exploration participated in an exploration project with a previous owner of the property in 1965 and 1966. Information obtained from that project contributed to the decision by the present owners to expend about $20 million in developing the present open pit mine and constructing the mill and other surface facilities.

The only detailed geologic reports on the DeLamar mine and the surrounding Silver City region were by Waldemar Lindgren in 1900 (U.S. Geol. Survey 20th Ann. Report, part III) and by A. M. Piper and F. B. Laney in 1926 (Idaho Bureau of Mines and Geology Bulletin 11).

Harold Kirkemo

Harold Kirkemo

Elsewhere in precious metals . . .

India's State Trading Corp. has revised upward its quota for silver exports for the fiscal year beginning Apr. 1 to 1,000 mt (MW, *Apr. 18, p6*). Trade sources there are hopeful that the figure will be revised again, but the STC is mum on the subject. Also, the STC is now insisting that exporters should not enter into commitments for more than 600 kilograms at a time and has told exporters *not to ship metal when the price of silver is less than 490 USc*. Thus, legal exports may have virtually been suspended recently.

Earth Resources began producing silver last week from its new 2.5-million-oz-per-year mine in Delamar, Idaho. The life expectancy of the big mine, which also has an annual output of 13,000-15,000 oz of gold, is 20 years. The Dallas-based company is selling the metal through US dealers, who are sending it to Hoboken, Belgium, for refining. Earth Resources owns 52.5% of the operation, with the remainder divided equally between Superior Oil and Canadian Superior Mining (US).

A US District Court for Idaho has denied Sunshine Mining's motion for a preliminary injunction against Great Western United's proposed tender offer (MW, *Mar. 28, p6*). The court order also dissolved the temporary restraining order previously entered by the court against Great Western. Great Western is seeking to buy about 35% of Sunshine's stock.

FERROALLOYS

Tungsten buyers await close of Canton Fair

With the Canton Fair in full swing, tungsten buyers are watching and waiting—apparently holding off their long anticipated buying spree until the Fair closes in mid-May. The rumored rush into the European market by the East Europeans has yet to materialize.

If they were to move now, traders say, this would almost certainly push up the Chinese price, which is already in the $183-185 per mtu range compared with the current LMB spread of $177-184 per mtu (up $1 on the low end from the previous week). When they finally do move, they're likely to bull the European market.

In the US market, there was little spot activity, although traders reported forward transactions involving about 200 mtu for second half delivery at around $176 per mtu. The GSA, however, attracted no bids on its monthly offering of 500,000 lb (350,000 lb for domestic use and 150,000 lb exportable). One explanation is that dealers are offering discounts several percent below the level at which the GSA rejected bids at the previous offering. Another may be that buyers expect the market to further weaken. The MW U.S. Spot Ore quote remained unchanged at $160-162.50 per stu, c.i.f. U.S. ports, minimum 65% WO_3.

Ferroalloys in general remained quiet, with little spot business reported. Prices remained unchanged except for 75% imported ferromanganese, which declined to $320-335 per lt from the previous week's MW quote of $330-345 per lt. Dealers note that although steel production is up, mills are sitting on big inventories of ferroalloys and the market has yet to reflect the upswing.

Elsewhere in ferroalloys . . .

NC Trading, North American sales representative for Soc. Le Nickel, South African alloyer Samancor, and French chromium producer Delachaux, has changed its name to Le Nickel Inc., following the sale of 60% interest in the company by Imetal S.A. to SLN.

GOVERNMENT

Udall seeks to protect huge Alaskan area

A House Interior subcommittee began hearings last week on bill introduced by Rep. Morris K. Udall (D-Ariz.) to designate 115-million acres of potentially mineral-rich Alaska land as wilderness. The proposal (HR-39) goes considerably beyond Ford administration plan to preserve 83-million acres from mining and logging exploration.

There is opposition to Udall's bill, particularly from an Alaskan coalition of business and labor interests which considers the amount of land to be excessive. The group, Citizens for Management of Alaskan Lands (CMAL), supports an alternate plan hammered out by the state's Republican delegation—Gov. Jay S. Hammond, Sen. Ted Stevens, and Rep. Don Young—under which 25-million acres would be designated for limited exploration and development plus another 55-million acres that would constitute a so-called "buffer zone," where more intensive development would be permitted. The buffer zone would revert to wilderness status in the year 2000.

Supporting Udall is a broad coalition of environmental groups that have banded together as the Alaska Coalition. They are confident Udall's bill will pass substantially intact. If so, exploration would be barred in an area believed to contain the world's second-largest deposits of nickel.

Under the 1971 Alaska Native Claims Act, Congress must decide the issue by Dec 1978.

Elsewhere in government . . .

The American Mining Congress proposal for a national stockpile, which is used as a model for a bill being drawn up by Sen. James McClure (R-Ida.), would probably result in the government buying some silver, but not any copper, an AMC spokesman said. This contrasts with an FPA study which called for purchases of 1.2-million tons of copper and the sale of about 140-million oz of silver. However, *Metals Week* understands that any stockpile legislation will probably not reach Congress until late this year. One problem is that there are no high-level personnel left at either GSA or FPA to run the programs. Also, Sen. Gary Hart (D-Colo.) and Rep. Charles Bennett (D-Fla.) are holding up stockpile legislation pending action on Bennett's bill in the Senate and new administration proposals.

The Carter administration plans to support Congressional moves to revise substantially the antiquated Mining Law of 1872, which currently governs hard-rock exploration and mining on federal lands. The Dept. of the Interior hopes to send legislation to Congress by late summer. Both the House Interior Committee and the Senate Energy Committee are already working on revision of the law, but it's doubtful that final action will come until next year. Similar reform efforts have failed in the last two Congresses because of lukewarm administration support and fierce opposition by the mining industry.

MINOR METALS

Surplus of metal depresses mercury market

European **mercury** prices continued to soften last week as Rotterdam stocks rose above 25,000 fl. Dealers attributed the sudden fall to last month's squeeze threat which encouraged European shipments. In the US, dealers reported an upturn in business as the MW price fell to $145-150 per fl—down $7 on the low and $8 on the high end of the range.

US dealer **cadmium** prices fell to around $2.50-2.55 per lb and **antimony** weakened to $1.38-1.45 per lb. **Bismuth** and **Selenium** prices were unchanged.

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Reports Uranium Discovery In Canada

ON — Inexco Oil Co. it and two partners discovered uranium rice Bay in northern wan.

results so far aren't to determine whether very is economically To date, the find 30 feet wide, 150 feet varies in thickness ine feet and 22½ feet, ny said.

holds a 25% interest ven[illegible]e. Uranerz on & [illegible]ng Co., a unit zbergbau G.m.b.H. of Vest Germany, holds 5%. And Saskatchewan Development Corp., a Canadian government corporation, holds the remaining 50%.

Inexco said that 23 holes have been drilled on the northwest Athabasca venture, which is 48 miles west-southwest of Uranium City, Saskatchewan and three miles east of the Alberta-Saskatchewan border. Of those, it said five have showed signs of uranium ore in thickness ranging from nine to 22½ feet, at depths of about 100 feet. The company said exploration is continuing.

A spokesman stressed that exploratory drilling is at an extremely early stage and that assays aren't yet available.

Silver Ledge Acquires Claims

recent letter, M.H. n, Secretary-Treasurer Ledge Inc. informed ers the company has e uranium exploration acquisition of mineral 76 unpatented lode claims, located in released a report in 1976, directing attention to parts of Pend Oreille County, Washington in respect of their favorability for uranium occurrences, particularly in Tertiary and other rock formations.

Earth Resources Co. Begins Silver Production In Idaho

DELAMAR, Idaho — The first bars of silver and gold dore bullion were poured at DeLamar Silver Mine, as Earth Resources Company began operations near this historic Owyhee County mining town in Southwestern Idaho.

The DeLamar mine is expected to produce approximately 2.5 million ounces per year of silver and gold, with an economic life of 20 years or more. At this production level, it will be this country's third largest silver mine.

Earth Resources Company operates this new property under a joint venture agreement among ERC, The Superior Oil Company, and Canadian Superior Mining (U.S.) Ltd. Total investment by the partners in the project is approximately $20 million; ERC's share is 52.5%.

Dan M. Krausse, president and chief executive officer of Dallas-based ERC, said the DeLamar Silver Mine is expected to begin contributing significantly to cash flow and earnings. The bullion is being shipped to a refinery in Belgium for separation and further purification.

In 1976, approximately 437 million ounces of silver were consumed in the free world, while primary production amounted to 250 million ounces. The shortfall, which has existed since 1970, has been made up from stockpiles and hoards.

This summer Earth Resources Company expects to begin operations at North Pole, Alaska, of the first refinery to use North Slope oil. Other operations include a Memphis refinery, retail gasoline stations throughout the mid-South, marine and surface transportation for petroleum, the manufacture in Alaska of paving asphalt and aggregates, and other mining and mineral exploration activities.

Earth Resources Company common stock is traded on the American Stock Exchange and the Pacific Coast Stock Exchange under the symbol "ERC."

United Canso Reports Gold Vein Discovery

CALGARY, Alberta — United Canso Oil & Gas Ltd. and Ego Mines Limited announced

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DeLemar Mine Put in Operation

DELAMAR, Idaho — The first bars of silver and gold ore bullion have been poured here as the DeLamar Silver Mine run by Earth Resources Co., started operations.

Earth Resources said it expects the mine to produce about 2.5 million ounces of silver and gold each year, making the mine the third largest silver mine in the United States. Production is expected to continue for 20 years.

The mine is operated by Earth Resources under a joint venture agreement with Superior Oil Co. and Canadian Superior Mining (U.S.) Ltd. Total investment in the project amounts to about $20 million, with Earth Resources' share coming to 52.5 percent of the total.

The bullion will be shipped to Belgium for separation and further purification. Earth Resources added that it expects the mine to start contributing significantly to its cash flow and earnings.

AMERICAN METAL MARKET, MAY 4, 1977

iformity.

producing 70/30 copper-nickel castings?
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treated 234,000 tons grading 1.23 percent copper and 2.08 percent zinc, while the Ruttan mill treated 661,000 tons assaying 1.3 percent copper and 1.46 percent zinc. Total

PD Unit Reduces Wire Products 3c

NEW YORK — Phelps Dodge Copper Products Co., a subsidiary of Phelps Dodge Corp., has decreased by 3 cents a pound the

WILLAR
U.S. G
Denver

WALLACE MINER

THE WALLACE MINER, WALLACE, IDAHO, 83873, APRIL 28, 1977.

Ore Production At Clayton Silver Higher Than Last Year But Lower Prices Hold Down Profits

Production from the Clayton mine near Clayton, Idaho, continued at capacity during 1976 with 91,061 tons or ore being milled, says the annual report to shareholders.

This compares with 79,807 tons milled in 1975. A total of 1,768,213 tons have been processed since the present mill commenced operations in 1936.

Net income for 1976 was $174,420 or 5.8 cents per share as compared to net income of $255,044 or 8.5 cents per share the previous year, president Norman Smith said.

"The mine had an operating profit before income taxes of $157,855 in 1976 as compared to a profit of $65,593 for the previous year. The increased operating for 1976 is attributable to the larger tonnage extracted.

"Ore is being mined from the North Stope area on the 500 level, from which 45,196 tons were extracted and 45,865 tons were extracted from the 800 level. The broken ore above the 800 level was estimated to be 143,880 tons at year-end. This is sufficient to operate the mill at capacity for about one and one-half years. In addition to the broken ore reserve, there is a 100,000-ton reserve block immediately below the 800 level which brings total reserves to 243,880 tons on Dec. 31, 1976.

"In prior reports we advised shareholders that a new No. 2 shaft was being sunk from the 800 level to the 1100 level. Two new levels, the 950 and 1100, will be developed below the 800 level. During 1976 the shaft was sunk 225.5 feet to a depth of 355.5 feet below the 800 level and the 950 loading pocket and the 1100 station were excavated.

"Shaft installations, including stations, loading pockets, sumps and permanent pumps to handle 1,000 gallons of water per minute are scheduled for completion about mid-year. Development of ore on the 950 and 1100 levels will then proceed and should increase ore reserves substantially.

"Metals recovered during 1976 amounted to 156,020 ounces of silver, 1,258,361 pounds of lead, 657,172 pounds of zinc, 45,412 pounds of copper and 2,124 pounds of cadmium.

"In 1976, Clayton received 61 per cent of its mining income from production of silver, 22 per cent from lead and 17 per cent from zinc and other metals.

"The price of silver was $4.165 at the beginning of the year, fluctuated between a low of $3.82 in January to a high of $5.10 in July and was $4.375 per ounce at year-end. During the year the federal government proposed the sale of 122 million ounces of silver from the government stockpile which dampened speculative interest in the metal. The average price for the year was $4.35 per ounce as compared to $4.42 in 1975, $4.71 in 1974 and $2.56 in 1973.

"As has been the case in each of the last 15 years, world silver consumption exceeded new production. Preliminary 1976 free-world consumption was 422 million ounces and new mine production was 244 million ounces. The resulting 178 million ounce primary deficit was met through salvage and liquidation of accumulated inventories. Revised 1975 free-world consumption was 394 million ounces and new mine production was 238 million ounces leaving a gap of 156 million ounces.

"The consumption-production deficit of over two billion ounces of silver during the past decade has largely been met by depletion of above-ground inventories. An improved economic climate coupled with continued inflation should increase the demand for silver over the next few years. However, increased production will not readily respond to the increased demand because more than 75 per cent of new silver production is recovered as a by-product from the mining of other metals. Lowered production from mines from which silver is produced as a by-product may result due to lagging base metal prices and increased operating and environmental costs.

"Over the longer term, persistent monetary uncertainties and the continuing and expanding use and utility of silver coupled with a static supply should exert a strong upward pressure on the price of silver," the report concluded.

Former Hecla General Manager Is Dead

Ralph W. Neyman, 76, former president of Federal Resources Corp. and a retired general manager of Hecla Mining Co., died Tuesday in a Spokane hospital.

Born in Topeka, Kan., he moved with his family to Bellevue, Idaho, in 1906 and started work as a miner for the Bunker Hill Co. in 1925.

He took correspondence courses in engineering while working for the Idaho State Highway Department and later served as city engineer for Wallace, Idaho.

He joined Hecla at Wallace in 1930 and served as an engineer, superindentent and general manager, retiring in 1958.

Neyman then served as president and general manager of Federal Resources until 1963 when he retired again to his Priest Lake, Idaho, home. He also was president of Conjecture Mines.

He was honored in 1967 with a life membership in the Northwest Mining Association which recognized him for his many mechanical improvements while supervising Hecla's Star Mine at Burke, Idaho.

Surviving are his widow, Lila R., at the home; a son, William, Costa Mesa, Calif.; three daughters, Mrs. Jerry Flatabo of Las Vegas, Nev., Mrs. Walter A. Johnson of Spokane and Mrs. Marilyn Matson of Vancouver, Wash.

Reeves MacDonald Will Sell Plant, Equipment

Reeves MacDonald Mines, Ltd., will sell its plant and equipment at Remac, B.C., the company announced recently.

The decision to sell was made by the board of directors at a meeting following the annual shareholders' meeting, a spokesman said.

The final sales transaction will be subject to approval by regulatory bodies concerned, the company said.

A spokesman said the company "has been unable to interest others in a venture which would utilize the facilities of the Reeves MacDonald mine for exploration and development of adjoining properties."

The decision to initiate disposal of the plant and equipment was made to conserve cash resources by reducing ongoing expenses required to maintain the property, the spokesman said.

The company intends to retain its land holdings in the area. The properties are located four and one-half miles northwest of Nelway, B.C.

Production began in 1949. Since that time, 7 million tons of lead and zinc ores have been extracted from the property.

Operations at the Remac mine have been shut down since March 1975. Reeves MacDonald is a subsidiary of The Bunker Hill Co. Bunker Hill owns 60.35 per cent of the mine.

DeLamar Silver Mine Begins Production

The first bars of Dore bullion were poured Tuesday at DeLamar silver mine, as Earth Resources began operations near this historical Owyhee County mining town in in southwestern Idaho.

The DeLamar mine is expected to produce approximately 2,500,000 ounces of silver and gold per year with an economic life of 20 years or more. At this production level, it will be this country's 3rd largest silver mine.

Earth Resources Company operates this new property under a joint venture agreement among Earth Resources Company, the Superior Oil Company, and Canadian Superior Mining (U.S.), Ltd. Total investment by the partners in the project is approximately $20 million; Earth Resources' share is 52.5 per cent.

Dan M. Krausse, president and chief executive officer of Dallas-based Earth Resources Company, said the DeLamar silver mine is expected to begin to contribute significantly to cash flow and earnings. The bullion is being shipped to a refinery in Belgium for separation and further purification.

In 1976, approximately 437 million ounces of silver were consumed in the free world while primary production amounted to 250 million ounces. The shortfall which has existed since 1970 has been made up from stockpiles and hoards.

This summer, Earth Resources Company expects to begin operations at North Pole, Alaska, of the first refinery to use North Slope Oil. Other operations include a Memphis refinery, retail gasoline stations through the mid-South, marine and surface transportation for petroleum, the manufacture in Alaska of paving asphalt and aggregates, and mineral exploration activites.

Earth Resources Company stock is traded on the American and Pacific Coast stock exchanges.

The report said that total production from the Snowstorm and Apex Areas in 1976 prior to the strike amounted to 1,863 tons of ore averaging 46.38 ounces of silver per ton as compared to 7,904 tons averaging 46.21 ounces silver per ton for the entire year of 1975. Big Creek received smelter returns of $165,736 from its portion of the production.

Big Creek Apex paid a dividend of three cents per share, amounting to $60,000 during the year, bringing total dividends paid to date of $180,000.

The report said total ore reserves in the Apex Snowstorm Areas at year-end were estimated at 61,325 tons, as compared to 62,625 tons at the beginning of the year. Big Creek's portion of these reserves at Dec. 31, 1976, are 27,343 tons, as compared to 27,830 tons at the beginning of the year.

Big Creek Apex president Norman Smith said these ore reserves do not include any probable ore between the 4000 and 4800 levels.

"If additional development between the 4000 and the 4800 level determines that the ore discovered on the lower levels is the downward extension of the vein presently being mined on the 400 level, ore reserves in the Snowstorm and Apex Areas are expected to be substantially increased," Smith said in the report.

"The No. 12 shaft will be an offset shaft approximately 800 feet south of the Jewell shaft which is located in the western portion of the Sunshine property. When completed, the No. 12 shaft will connect the 3700 and 4800 levels and will greatly facilitate development of the projected downward extension of the ores presently being mined and above the 4000 level in the Apex and Snowstorm Areas. No substantial progress has been made in connection with the No. 12 shaft project during the past five years," Smith said.

The report went on to say th

From Puttett 4/12/77

Gail For our file

OME 6455

Ms Dorothy McCullough Lee
Personal Rep.
Estate of Marian C. Rushing, Deceased
c/o Carney, Probst and Levak
410 Riveria Plaza
1618 S.W. 1st Ave.
Portland, Oregon 97201.

4/6/77

Willard:

Got any ideas how to reach someone who can accept this letter on behalf of Ms Rushing?

Kirk

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

March 2, 1977

Ms. Marian C. Rushing
5317 N.W. Fruit Valley Road
Vancouver, Washington 98660

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

Dear Ms. Rushing:

Enclosed is a self-explanatory letter dated March 2, 1977, to Mr. J. T. Heatherly. This relates to the Lien and Subordination Agreements signed by you on March 29, 1965.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

AMERICAN REVOLUTION BICENTENNIAL 1776-1976 ®

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DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

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87

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

March 2, 1977

Memorandum

To: Branch of Financial Management

From: Chief, Office of Minerals Exploration

Subject: Recording of realized loss under OME contract

Write-off of realized loss on the following contract is hereby authorized:

Contract	Docket	Operator	Write-off
2214	OME-6455	Continental Quicksilver, Inc.	$24,405.80

Harold Kirkemo

Harold Kirkemo

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United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

March 2, 1977

Mr. J. T. Heatherly
Controller
Earth Resources Company
P.O. Box 52
Jordan Valley, Oregon 97910

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

Dear Mr. Heatherly:

By the terms of Contract 2214, as amended and the Certification of Possible Production dated February 17, 1969, all minerals mined or produced from February 28, 1966, to February 28, 1977, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We closed our books and records on this contract effective February 28, 1977.

Although the Government will receive no royalties on future production, we are pleased to know that Earth Resources Company is preparing the property for production in the near future. We hope that results obtained from work on the OME contract contributed to the decision to proceed with mine development.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

cc:
Mr. W. C. Cole
Manager--Exploration
Earth Resources Company
5920 McIntyre Street
Golden, Colorado 80401

Mr. Frank Crowley, Expl. Mgr. N.W.
Superior Mining Company
P.O. Box 385
Spokane, Washington 99210

Mr. R. A. Dujardin, Director of Expl.
Canadian Superior Exploration Limited
Suite 2201
1177 West Hastings Street
Vancouver 1, British Columbia

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

March 2, 1977

Mr. Charles T. Lark, Jr., Trustee
501 Fifth Avenue
New York, New York 10017

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

Dear Mr. Lark:

Enclosed is a self-explanatory letter dated March 2, 1977, to Mr. J. T. Heatherly. This relates to the Lien and Subordination Agreements signed by you on March 29, 1965.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

March 2, 1977

Ms. Marian C. Rushing
5317 N.W. Fruit Valley Road
Vancouver, Washington 98660

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

Dear Ms. Rushing:

Enclosed is a self-explanatory letter dated March 2, 1977, to Mr. J. T. Heatherly. This relates to the Lien and Subordination Agreements signed by you on March 29, 1965.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

P. O. Box 25046 - Building 53 - MS 953

June 17, 1976

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Annual Royalty Inspection
OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
De Lamar Mine
Owyhee County, Idaho
Contract 2214

I visited the De Lamar mine area on Monday, June 7, 1976. First I visited the Earth Resources, Inc. office in Jordan Valley, Oregon, where I conferred with their engineer, Bob Ottomeier, and Mr. James Knox of Perry, Knox, Kaufman, Inc.

Current activities at the mine site include the erection of a mill and construction of a dam for the tailing pond; this work has been contracted to an Idaho construction firm.

Earth Resources, Inc. plan to start production on or about April 1, 1977. Planned production rate is 1700 tons per day. Average ore grade will be 4 or 5 ounces of silver per ton, and probably a trace of gold.

The period during which royalties are due to the Government from production at the property lasts until February 28, 1977. Obviously there will be no production from which royalty will be due to the Government.

Willard P. Puffett

Willard P. Puffett

DeLamar Silver Mine Ore Reserves Have 'About Doubled'

The president of Earth Resources Co. said the joint venture agreement with Johns Manville Corp. to develop the Niagara property on East Eagle Creek in the Murray-Prichard district calls for spending of $100,000 for initial exploration and development of the copper-silver claims.

Dan M. Krausse told the Spokane Stock and Bond Club in Spokane that Johns Manville will have to spend $1 million on development on the Niagara property to earn a 50 per cent share. Total additional development costs, to be borne equally by the two partners, could be $20 million to $30 million, Krausse said.

Earth Resources estimates reserves at the Niagara properties to be 16 million tons of ore. Krausse said copper at the prospect is commercial grade ore and "0.5 to 0.7 per cent is typical commercial grade." He said the ore also contains about two ounces of silver per ton.

The Niagara claims are located about three miles from the famous old Jack Waite mine, which was operated by Asarco for nearly 40 years and was a heavy producer of lead-zinc-silver. It has had several lessees since Asarco gave up its lease over 10 years ago, but only small shipments of ore were made.

Krausse said that work on the DeLamar silver mine in southwest Idaho is progressing on schedule and that further investigation indicates the mine's ore reserves have "about doubled" since Earth Resources and its joint-venture partners, Superior Oil Co. and Canadian Superior Oil, Ltd. began the project.

Earth Resources owns 52.5 per cent of the open-pit mine in Owyhee County which, last year, was said to contain 26 million ounces of silver equivalent. Gold production, translated to silver values, is added to make up the "equivalent."

Krausse said although the average grade of ore has been lowered slightly by the new finds, the life of the mine has been extended to 15 years from the previously proposed 10 years.

He said recent additional exploration of the DeLamar property has shown additional potential and that Earth Resources intends to continue exploration of the area. The DeLamar, said Krausse, will be on stream by April 1977. It was developed at a cost of almost $20 million, he added.

Earth Resources' copper mine in New Mexico is closed and will remain closed until the price of copper increases from the current 70 cents per pound, said Krausse. Company projection for the long-range value of copper is well over 80 cents per pound, he said.

Frontier Enters Uranium Venture

Frontier Mining Corporation (FROMINCO), a New Mexico Corporation, subsidiary of French American Metals Corporations (FRAMCO), a Delaware Corporation, announces that it has concluded a joint-venture agreement with Aquitaine Oil Corporation, a Delaware Corporation, on 55,000 acres of land that it controls in the Grants Mineral Belt, New Mexico. The agreement provides for a joint uranium exploration effort and exploitation if warranted under the management of FROMINCO. FROMINCO and FRAMCO are engaged in uranium exploration throughout the United States from their offices in Denver and Albuquerque. Aquitaine, a subsidiary of Societe Nationale des Petroles d'Aquitaine of France, engaged in oil exploration and production from its Houston office has recently set up a Mineral Division in Denver.

Copper Exp

Agree On Pro

PARIS — The world's majo copper-exporting countries hav failed to agree to extend a 15% production-cutback agreemen that is scheduled to expire Jun 30.

The five-natio Intergovernmental Council o Copper Exporting Countries - which represents, Zaire, Zambia Chile, Peru and Indonesia - decided after a two-day meetin to ask the United Nation Conference on Trade an Development to conven another ministerial meetin soon.

One conference source said is "extremely improbable" tha

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United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

RECEIVED
MAR 1 1976

IN REPLY REFER TO: Office of Minerals Exploration

February 27, 1976

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

Mr. W. C. Cole, Manager - Exploration
Earth Resources Company
5940 McIntyre Street
Golden, Colorado 80401

see new name & address in reply.

Dear Mr. Cole:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 11 1976

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HK	AK

With reference to possible production in the next year or so, please be advised that in the event of production prior to February 28, 1977, royalties would be due only on the value of actual production. Such payments would be applied against the outstanding balance of principal and accrued interest. Any ore stockpiled prior to expiration of the period (Feb. 28, 1977) of obligation for royalties is subject to payment of royalty as stated in Article 7(d) of the Contract.

The interest of the Government in this Contract should not be a deterrent to undertaking production at the property at any time because the amount of royalties payable to the Government is contingent on value of production. The amount of the outstanding balance on principal and accrued interest does not become due and payable on a predetermined schedule as would the balance on a conventional commercial loan.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since February 5, 1975, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

2. Since February 5, 1975, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since workings *(see* , has any production been transported through *of contract)*? Yes ☐ No ☒

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name J. T. Heatherly	*Title* Controller
Address P. O. Box 52-Jordan Valley, Or	*Date* 3/5/76

97910

E/MJ 1/1976 OME - 6455

Institute. Located on the Papago Indian Reservation south of Casa Grande, the institute provides mining and safety training for Indians from reservations throughout the state.

The Papago tribe began the program several years ago to train some of its members in skills required to get jobs in new mines opening on the reservation. Subsequently taken over by the college, the program includes drilling, blasting, mucking, timbering, and first aid. The program has graduated more than 200 Indians and placed more than 185 in mine-related jobs throughout central Arizona.

Arizona state mine inspectors have not been collecting enough gas and dust samples to adequately protect the health of miners and smelter workers, according to the Federal Mining Enforcement and Safety Administration. MESA also claimed that Arizona officials lack equipment for proper inspection of industrial hygiene in the mines, used "apparently arbitrary" dust threshold limitation values, and did not have the instruments calibrated frequently enough.

Although the report was critical of state procedure, it was complimentary of State Mine Inspector Bert C. Romero, who took office in January 1975. "Your operation . . . has so far . . . been a record of constant improvement. You are continuing to bring about good results in the field of mine health and safety and your cooperative attitude . . . is a clear indication of the sincerity of your efforts," the report noted.

Idaho

Eight firms are seeking leasing rights totaling 130,000 acres on Federal land in southeast Idaho that could lead to the opening of 16 new surface phosphate mines, according to the US Forest Service. The firms include J. R. Simplot, FMC, Beker Industries, Stauffer Chemical, and Monsanto—which already hold leases in the area—and three newcomers. Simplot and FMC operate plants at Pocatello, and a Monsanto plant at Soda Springs uses ore from area mines.

About 5 million tpy of phosphate ore are mined in southeast Idaho, according to the Forest Service, and an estimated 12 to 15 million tpy could be mined by 1985 if mining plans on file are approved.

An environmental impact statement on development of the area's phosphate resources was due for release in December by a joint task force including the Forest Service, Bureau of Land Management, and the US Geological Survey.

Completion of the proposed 1,700-tpd mill at the DeLamar open pit silver-gold mine in Owyhee County will be delayed until the spring of 1977, Earth Sciences has reported. The mill had been scheduled to go into production late in 1976.

The company and its partners, Canadian Superior Oil Ltd. and Superior Oil Co., have invested about $20 million in the DeLamar project and plan to spend an additional $21 million during 1976.

The mill will produce Doré bullion, containing both silver and gold; initial production is scheduled at 2.2 million oz of silver and 13,400 oz of gold annually.

Iowa

Amax Inc.'s Fort Madison molybdenum conversion facility has been awarded a Distinguished Service Environmental Planning Award for 1975 by the Industrial Development Research Council "by virtue of significant achievements in the harmonizing of economic development with sound conservation principles."

The basis for the Fort Madison award was Amax's development of a site that, according to the 1975 Site Selection Handbook, "from an environmental standpoint . . . would have spelled 'hands off' for most companies." The site's forested bottomland and backwaters, home to many species of wildlife, made it unlike most industrial sites in the locality. "Through commitment, planning, and implementation of the first order, Amax has met all the challenges" in building on the site and, at the same time, not disturbing the existing wildlife situation, according to Ian Mac Gregor, Amax chairman.

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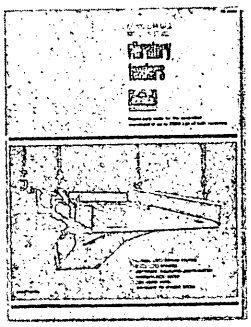

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*Patent Pending

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OME-6455

Earth Resources Plans Increased '76 Exploration

DALLAS — Earth Resources Co. here said recently obtained financing will enable the company to continue to expand and diversify its business in fiscal 1976 through efforts including increased mineral exploration and development.

In its annual report for the fiscal year ended June 30, ERC said the $30-million, 15-year credit obtained last month from the Equitable Life Assurance Society of the United States and the Teachers Insurance and Annuity Associates provides the company with funds "for growth projects of major importance."

While some of this money will be devoted to ERC's oil refining and gasoline retailing operations, it also indicated that a substantial portion will be devoted to exploration and possible acquisition of gold, silver, copper and other mineral deposits.

ERC said that during the past fiscal year it spent $1-million on such exploration, centering on three promising properties acquired during the year. These included a copper/molybdenum deposit, a disseminated silver deposit in Mexico, and a copper deposit in Idaho.

ERC noted that development drilling at the silver property has already been undertaken by Industrias Penoles SA; a Mexican mining company, who is a 60 percent, managing partner in the project with ERC.

Completion of the Delamar silver mine in Idaho, a joint venture with Canadian Superior Oil (U.S.) Ltd. and Superior Oil Co., has been delayed until early 1977 because of a decision to expand the project.

ERC said that with continuing exploration in the area indicating greater ore reserves than originally estimated, a decision was made to expand the mill's designed capacity from 1,400 tons of ore per day to 1,700.

ERC added that this change means that the combined total investment of the partners in the project will now have to amount to $20-million.

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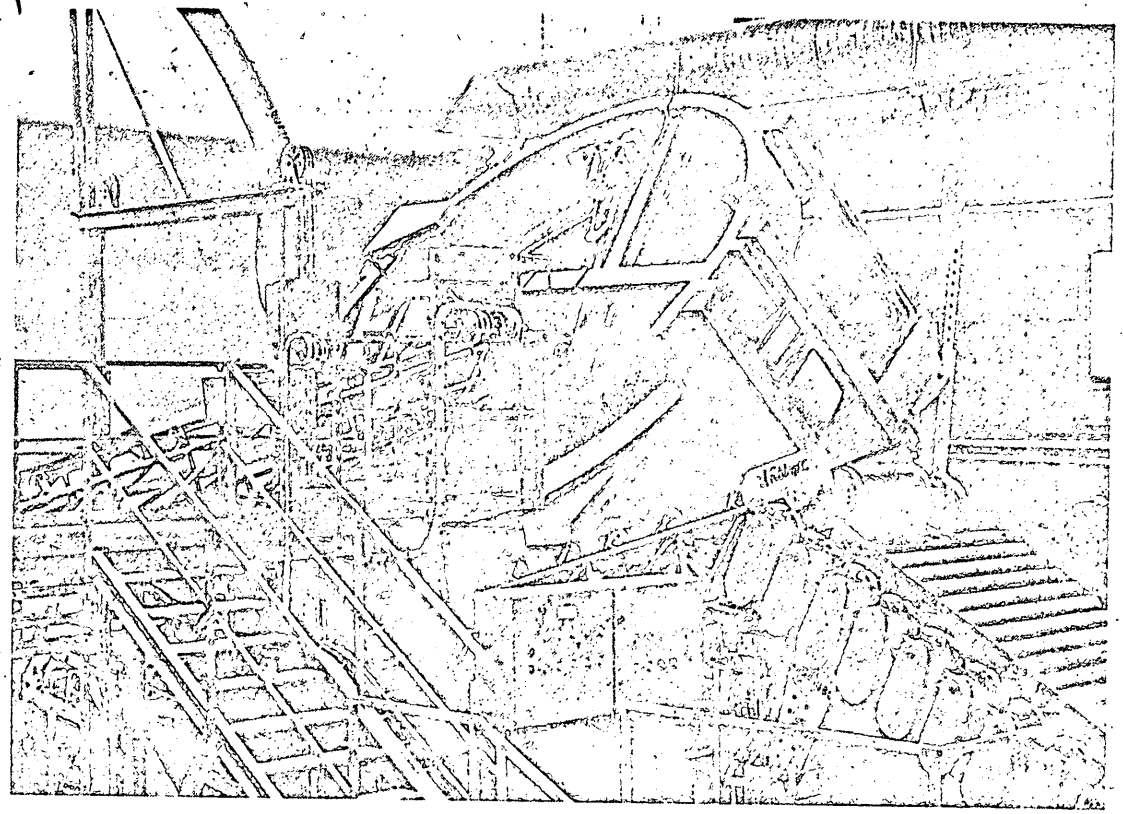
OMARK INDUSTRIES INC

Omark Industries Inc has declared a regular quarterly dividend of 15 cents payable Dec. 15 to shareholders of record Nov. 14.



CHROME ORE PROCESS — This new technique, called the Cobo process, transforms finely crushed chrome ore into pellets large enough to undergo metallurgical processing. Pictured above is the first chrome ore operating unit, which has a capacity of 150,000 tons per year, at Ferrolegeringar AB, Trollhattan, Sweden, and has been in operation since May. Pelletizing of materials, such as manganese ores and fine iron and waste products from steel production, can be accomplished through the use of this process developed by Gudmar Kihlstedt, a professor at the Royal Institute of Technology in Stockholm. The Swedish firm of Sala International AB has obtained a license to operate the process throughout the world.

Three Large, New Furnaces Nearing Completion at SIBRA

(Continued from previous page)

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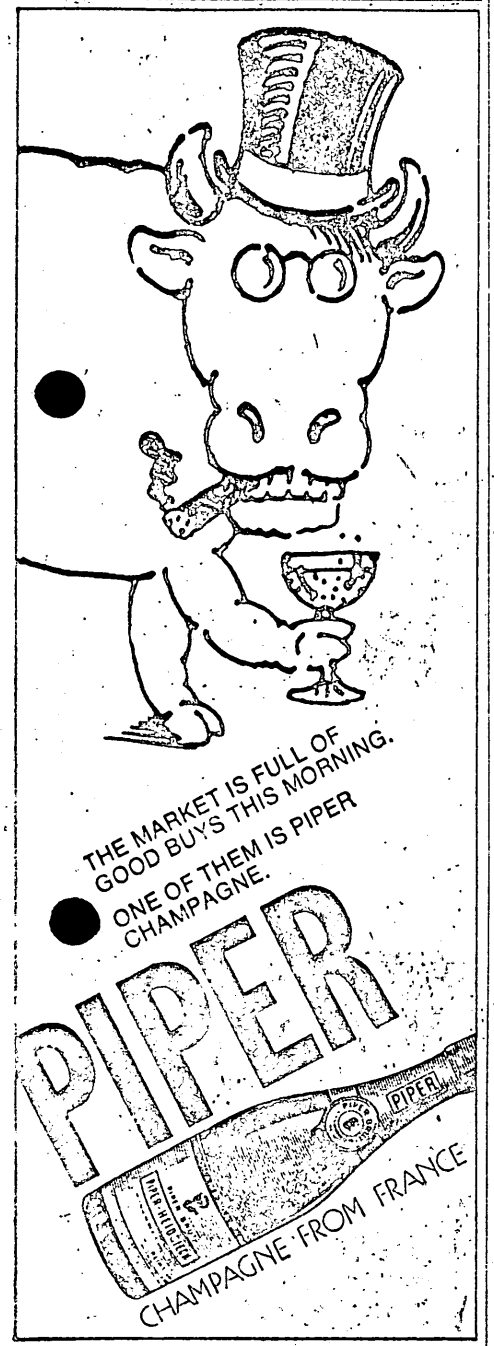


Bank Board Prohibits Variable-Rate Loans On 1-to-4 Unit Homes

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON—Retreating a third time under congressional fire, the Federal Home Loan Bank Board withdrew proposals to allow variable-rate mortgages for one-to-four-family homes.

The bank board specifically dropped proposals made last February that would have authorized such flexible-rate mortgages, on which interest charges would vary generally with money-market rates on one-to-four-family homes, including condominium units. But it adopted amendments authorizing such variable mortgages on multifamily and commercial properties.

The bank board's latest move on the controversial issue of variable-rate mortgages followed actions by the House and Senate last spring in which they expressed their opposition to such home loans. On two previous occasions, Congress also had voiced disapproval of the mortgage-financing idea.

The bank board's acting chairman, Garth Marston, said the agency decided to forbid such loans on one-to-four-family dwellings "in view of the substantial congressional opposition." But he said the board continues to believe that S&Ls should be permitted to make variable-rate loans "subject to appropriate consumer protections."

Opponents of the loans, which are currently being made by state-chartered S&Ls in California, fear they would prompt S&Ls to become more restrictive in their mortgage lending. They reason that S&Ls would make the loans only to borrowers they believed would be able to meet sharply higher mortgage payments at some future time when market rates were substantially greater. Many low- or fixed-income families would be considered poor risks and wouldn't get mortgage loans, these critics say.

In permitting variable-rate loans on commercial and multifamily property, Mr. Marston explained that such borrowers normally are investors who obtain loans to engage in profit-making business ventures and that limiting the ability of S&Ls to contract freely with such borrowers concerning interest [illegible] inappropriate." [illegible]

Earth Resources Talks With Soviet on Process Raising Copper Yield

By a WALL STREET JOURNAL *Staff Reporter*

DALLAS—Earth Resources Co. said it's discussing its new patented process to improve recovery of copper oxide ores with the Soviet Union.

The company said "favorable" test results have been achieved with ore from the Udokan deposit in central Russia. Its process control has shown potential improvement in copper recovery of as much as 35%, Earth Resources added.

Dan M. Krausse, president, also said that site preparation has begun near Fairbanks, Alaska, on its Energy Co. of Alaska unit's refinery. Start-up date is estimated at October 1977. The trans-Alaska pipeline will pass about three miles from the refinery site.

He also said that work is progressing on the DeLamar silver mine in Idaho where production of both silver and gold is planned to begin in the spring of 1977.

Borden Plans 30% Rise In '76 Capital Spending

By a WALL STREET JOURNAL *Staff Reporter*

ST. LOUIS—Borden Inc.'s capital spending next year will increase 30% to $130 million from a projected $100 million in 1975, Joseph E. Madigan, treasurer, told analysts here.

About 70% of the planned expenditures will be for chemical facilities and 30% for food and dairy facilities world-wide, Mr. Madigan said. The company expects to spend about $115 million for new domestic plants and equipment, compared with $86 million this year, he added.

The executive said that, based on cash-flow projections, the company "won't require any major external financing for the 1976 capital program."

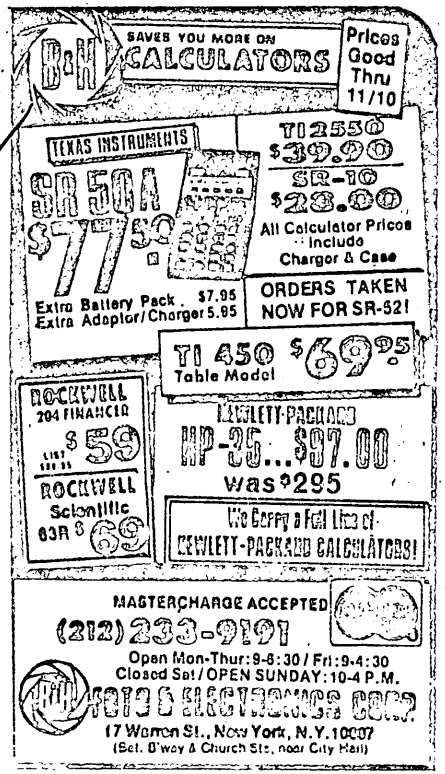
Canada Auto Output Slated To Trail Prior Week by 19%

TORONTO — Canadian auto makers scheduled 22,265 car assemblies this week, down 19% from 27,603 last week, but up 6% from the 20,924 produced in the year-ago week.

Among major producers, General Motors of Canada Ltd. plans to build 10,192 cars this week, down from 10,355 last week, but up from 6,499 a year ago. Ford Motor Co. of Canada set 5,448 car assemblies this week, down from 9,658 last week and 8,061 a year ago.

Chrysler Canada Ltd. plans to build 5,200 cars this week, down from 6,158 last week and 5,317 a year ago. American Motors (Canada) Ltd. set 1,120 car assemblies, down from 1,127 last week, but up from 831 a year ago.

Industry truck production was pegged at 8,946, down from 9,246 last week, but up from 5,634 in the year-ago week.



MR Save File in OME-6455

Wednesday, September 24, 1975 The MINING RECORD

DeLamar Silver Mine Being Readied For Production In '76

SPOKANE — Asarco announced plans last year to put the Coeur mine near Osburn into production in 1976 at an annual rate of 2.2 million ounces of silver, which would rank it as the nation's fourth largest primary silver mine.

Now it appears that the DeLamar mine in the old Silver City mining camp in southwestern Idaho will attain the No. 4 rating.

Earth Resources Co., Dallas, Tex., in its 1974 report, said plans called for putting the DeLamar property into production by the fall of 1976 with an initial output of 2.2 million ounces of silver a year.

In a more recent report, however, Earth Resources said the design capacity of the DeLamar mill has been increased from 1,400 tons per day to 1,700 tons.

The report also disclosed that continuing exploration indicated a potential increase in ore reserves of 60 per cent over that originally proven. (The earlier report had said the property was estimated to contain at least 26 million recoverable ounces of silver.)

The mill being built at the Coeur mine by Asarco will have an initial capacity of 450 tons of ore daily but will have sufficient grinding capacity to allow expansion to 700 tons a day.

Coeur d'Alene Mines Corp., owner of the Coeur property, said in its 1974 annual report that developed ore reserves total nearly 1.1 million tons averaging 25.2 ounces of silver and 1 per cent copper.

The metal content would be more than 27 million ounces of silver and about 22 million pounds of copper.

Earth Resources Corp. has not disclosed the grade of the DeLamar ore but it obviously is much less since open pit mining methods will be used.

The Texas firm said the open pit mine also will have an initial output of 13,400 ounces of gold a year and that the joint venture with Canadian Superior Oil, Ltd., is believed to be the first to undertake mining and production of "disseminated silver and gold."

Earth Resources' latest report said its 52.5 per cent share of the capital investment has risen from $6.7 million to $10.2 million.

MINING TIMBER

West Coast Douglas Fir

Specializing in:
- Shaft Sets
- Square Sets
- Custom Cutting

URANIUM PROPERTIES

February 28, 1975

Mr. W. C. Cole
Manager-Exploration
Earth Resources Company
5920 McIntyre Street
Golden, Colorado 80401

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

Dear Mr. Cole:

Thank you for your letter of February 24, 1975, and the Certificate of Ownership and Merger.

In the event copies of the three amendments to OME Contract 2214 are not readily available in the files of Continental Quicksilver, Inc., we enclose copies for your information. Our letter of February 17, 1969, to Continental Quicksilver, copy enclosed, may be of interest to you, also.

Sincerely yours,

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

cc:
DRF
MR Rdg.
OME Rdg.
OME Files
Mr. Kirkemo
Region I

HKirkemo/gpw

EARTH RESOURCES COMPANY
5920 mcintyre street golden colorado 80401 303·279·7631

February 24, 1975

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
United States Department of the Interior
Geological Survey
Reston, Virginia 22092

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

Dear Mr. Kirkemo:

Earth Resources Company acquired all of the outstanding shares of the stock of Vitro Minerals Corporation on September 10, 1968. Subsequently, on September 23, 1970, Earth Resources Company did merge into itself said Vitro Minerals Corporation. For your information and file, enclosed is a xerox copy of the "CERTIFICATE OF OWNERSHIP AND MERGER - MERGING VITRO MINERALS CORPORATION INTO EARTH RESOURCES COMPANY".

With regard to the termination date for repayment by the Operator, you refer to Article 3 in Amendment No. 3, dated July 26, 1967, extending the contract from ten (10) to eleven (11) years from the date of the contract. We have no knowledge of the three (3) amendments you are referring to and have asked the attorney for Continental Quicksilver, Inc. to look into it for us. We were furnished with quite a comprehensive file on the OME-6455 Contract 2214; however there were no amendments included with the original Contract dated Feb. 28, 1966.

Sincerely,

EARTH RESOURCES COMPANY

W. C. Cole
Manager-Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
2 27 1975

INITIALS	CODE
HK	HK

WCC:dp
encl.

CERTIFICATE OF OWNERSHIP AND MERGER

MERGING

VITRO MINERALS CORPORATION

INTO

EARTH RESOURCES COMPANY

* * * * *

EARTH RESOURCES COMPANY, a corporation organized and existing under the laws of Delaware,

DOES HEREBY CERTIFY:

FIRST: That this corporation was incorporated on the 8th day of July, 1968, pursuant to the General Corporation Law of the State of Delaware.

SECOND: That this corporation owns all of the outstanding shares of the stock of Vitro Minerals Corporation, a corporation incorporated on the 7th day of August, 1958, pursuant to the General Corporation Law of the State of Delaware.

THIRD: That this corporation, by the following resolutions of its Board of Directors, duly adopted at a meeting held on the 23rd day of September, 1970, determined to and did merge into itself said Vitro Minerals Corporation:

"RESOLVED, that Earth Resources Company merge, and it hereby does merge into itself said Vitro Minerals Corporation, and assumes all of its obligations; and

FURTHER RESOLVED, that the merger shall be effective upon the date of filing with the Secretary of State of Delaware.

FURTHER RESOLVED, that the proper officers of this corporation be and they hereby are directed to make and execute, under the corporate seal of this corporation, a Certificate of Ownership

and Merger setting forth a copy of the resolutions to merge said Vitro Minerals Corporation and assume its liabilities and obligations, and the date of adoption thereof, and to cause the same to be filed with Secretary of State and a certified copy in the office of the Recorder of Deeds of New Castle County and to do all acts and things whatsoever, whether within or without the State of Delaware, which may be in anywise necessary or proper to effect said merger; "

IN WITNESS WHEREOF, said Earth Resources Company has caused its corporate seal to be hereunto affixed and this certificate to be signed by Dan M. Krausse, its President, and attested by R. J. Donachie, its Secretary, this 23rd day of September, 1970.

EARTH RESOURCES COMPANY

By Dan M. Krausse
President

ATTEST:

By R. J. Donachie
Secretary

STATE OF Texas
ss:
COUNTY OF Dallas

BE IT REMEMBERED that on this 23rd day of September, 1970, personally came before me, a Notary Public in and for the County and State aforesaid, Dan M. Krausse President of Earth Resources Company, a corporation of the State of Delaware, and he duly executed said certificate before me and acknowledged the said certificate to be his act and deed and the act and deed of said corporation and the facts stated therein are true; and that the seal affixed to said certificate and attested by the Secretary of said corporation is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

NOTARY PUBLIC COUNTY OF DALLAS TEXAS

Johnie M. Garman
Notary Public

Johnie M. Garman, Dallas County, Texas

My commission expires June 1, 1971.

br

REC S108 PAGE 943

State of Delaware

Office of Secretary of State

I, Eugene Bunting, *Secretary of State of the State of Delaware,* do hereby certify *that the above and foregoing is a true and correct copy of*

Certificate of Ownership of the "EARTH RESOURCES COMPANY", merging "VITRO MINERALS CORPORATION", pursuant to Section 253 of the General Corporation Law of the State of Delaware, as received and filed in this office the thirtieth day of August, A.D. 1971, at 12:30 o'clock P.M.

In Testimony Whereof, *I have hereunto set my hand and official seal at Dover this* thirtieth *day of* August *in the year of our Lord one thousand nine hundred and* ~~seventy-one.~~

Eugene Bunting

Secretary of State

R H Caldwell

Ass't Secretary of State

FORM 120 REC'D FOR RECORD Aug 30 1971 LEO J. DUGAN, Jr. Recorder

February 18, 1975

Mr. W. C. Cole
Manager--Exploration
Earth Resources Company
5920 McIntyre Street
Golden, Colorado 80401

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
De Lamar Mine
Owyhee County, Idaho
Contract 2214

Dear Mr. Cole:

Thank you for your letter of February 5, 1975.

We have copies of all documents except the assignment of Continental Quicksilver to Earth Resources Company, et al. Perhaps we don't recognize Earth Resources in the documents we have but your letter indicates that an assignment was made between the parties. Also, we don't have a copy of a document showing how Vitro Minerals Corporation was transferred to Earth Resources. Our concern is to ensure that currently responsible parties acknowledge or are aware through these documents of the Government's right to royalty on production.

With reference to the termination date for repayment by the Operator, please refer to Article 3 in Amendment No. 3, dated July 26, 1967, which reads as follows:

"The maximum period for royalty payments and for the lien to secure payments thereof provided for in the contract is extended from ten (10) to eleven (11) years from the date of the contract."

The date, therefore, is February 28, 1977, as is stated in the letter of February 17, 1969, to Continental Quicksilver, Inc.

Sincerely yours,

Harold Kirkemo, Chief
Office of Minerals Exploration

cc:
DRF
MR Rdg.
OME Rdg./OME Files
Mr. Kirkemo
R. I

Received 2/7/75

OFFICIAL COPY
O. M. E.
RECEIVED
2 7 1975
INITIALS CODE

EARTH RESOURCES COMPANY
5920 mcintyre street golden colorado 80401 303·279·7631

February 5, 1975

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
United States Department of the Interior
Geological Survey
Reston, Virginia 22092

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

Dear Mr. Kirkemo:

Your communication of January 29, 1975 to Mr. Frank A. Crowley of Superior Mining Company has been forwarded to this office for reply, as Earth Resources Company is the Operator of the joint venture exploration being conducted by Earth Resources Company and Canadian Superior Oil (U.S.) Ltd., which involves several areas, of which DeLamar is one.

Under date of October 25, 1972, you were furnished copies of the assignment agreements to Canadian Superior by Perry, Knox, Kaufman, Inc. which resulted in Canadian Superior succeeding to the interests of the original joint venture participants. These assignments, including the Continental Quicksilver assignment to Earth Resources Company, et al (of which you were also furnished a copy) noted that all parties involved have acknowledged the existence of the O.M.E. lien on the property. There has been no change in ownership since October, 1972.

In reviewing the OME Contract No. 2214, it is our interpretation that the termination date for repayment by Operator is February 28, 1976. Article 7. Repayment by Operator---(b) (2)..."if the Government issues a certification of possible production--for a period of ten years from the date of the contract, or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first."

We are unable to predict just when production will commence and do not anticipate that if we do in fact put the property into production, that it will occur prior to the termination date of the OME Contract 2214.

February 5, 1975

We do not feel that the Operating Agreement between Earth Resources Company and Canadian Superior Oil (U.S.) Ltd. adds anything to the status of the property, since the documents which created the venture between Earth Resources Company and Canadian Superior have already been furnished you and the assignments to both companies do acknowledge the Government's right to royalty on production from lands subject to provisions of the OME contract.

In order to assist you in reviewing the file, attached is a xerox copy of Perry, Knox, Kaufman's letter of October 25, 1972 to which reference is made in this letter.

In accordance with your request, returned to you herewith are two copies of your letter with Form MME 63 on the back of each. We have answered the questions the pertinent questions.

Sincerely,

EARTH RESOURCES COMPANY

W. C. Cole
Manager-Exploration

WCC:dp
encls.

xc: Mr. Frank Crowley, Expl. Mgr. N.W.
Superior Mining Company
P. O. Box 385
Spokane, Washington 99210

Mr. R. A. Dujardin, Director of Expl.
Canadian Superior Exploration Limited
Suite 2201
1177 West Hastings Street
Vancouver 1, British Columbia

PERRY, KNOX, KAUFMAN, INC.

MINERAL EXPLORATION AND DEVELOPMENT

OFFICES:

TUCSON, ARIZONA (BUSINESS)
2343 E. BROADWAY, SUITE 206
P. O. BOX 12754, ZIP 85711
TELEPHONE (602) 622-0582

SPOKANE, WASHINGTON
NORTH 20 PINES ROAD, SUITE 21
P. O. BOX 14336, ZIP 99214
TELEPHONE (509) - WA 4-0878

Spokane, Washington
October 25, 1972

RECEIVED
NOV 03 1972

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
U. S. Geological Survey
Washington, D. C. 20242

Re: OME-6455
Continental Quicksilver, Inc.
DeLamar Mine, Owyhee Co., Idaho
Contract 2214

Dear Mr. Kirkemo:

In response to your letter of October 20, 1972, pertaining to the DeLamar property on which Continental Quicksilver obtained an O.M.E. loan some years ago, please be appraised of the fact that all parties involved are fully aware of the O.M.E. lien on the property.

This firm has recently assigned its interest in the DeLamar property to Canadian Superior Exploration Ltd., a subsidiary of The Superior Oil Company. As requested, enclosed are two copies of the basic assignment agreements pertaining to this transaction. Although I have not included all the exhibits to this agreement, Exhibit B is the "Assignment Agreement (DeLamar Lease and Option)" dated November 17, 1969, by and between Continental Quicksilver, Pinnacle Exploration, Inc., Day Mines, Inc., Vétro Minerals (Earth Resources Company), and Perry, Knox, Kaufman, Inc., a copy of which has probably been provided you by Continental; this exhibit makes reference to the O.M.E. lien, and our Assignment Agreement with Canadian Superior is naturally subject to this document.

Canadian Superior Exploration Limited's address is Suite 2201-1177 West Hastings Street, Vancouver 1, British Columbia. They are currently doing business in the United States through Superior Mining Company, P. O. Box 385, Spokane, Washington 99210.

As you are perhaps aware, results of our exploration efforts to date have outlined a rather limited reserve of low grade silver-gold mineralization that is currently uneconomic. It will take a significant increase

in the price of silver and some very optimistic people before any attempt will ever be made to place this marginal property into production. And very substantial payments due the underlying owners over the next few years may cause all parties to eventually back away.

If you need any additional information, please advise.

Sincerely,

J. A. Knox
PERRY, KNOX, KAUFMAN, INC.

cc: Earth Resources
Canadian Superior

SUPERIOR MINING COMPANY

A SUBSIDIARY OF THE SUPERIOR OIL COMPANY

1104 [redacted] PAULSEN BUILDING

P. O. BOX 385

SPOKANE, WASHINGTON 99210

OFFICIAL COPY
O. M. E.
RECEIVED
2 6 1975

INITIALS	CODE
HK	[redacted]

February 3, 1975

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
United States Department of the Interior
Geological Survey
Reston, VA 22092

Subject: OME-6455 Continental Quicksilver, Inc., DeLamar Mine

Dear Mr. Kirkemo:

Your letter concerning exploration and development at the De Lamar Mine, Owyhee County, Idaho, is being forwarded to Mr. Bill Cole, Exploration Manager, Earth Resources Company in Golden, Colorado. Earth Resources is managing the De Lamar project and will provide you with the requested information.

Sincerely,

Frank A. Crowley

Frank A. Crowley
Exploration Manager
Northwest District

FAC:jp

cc: Bill Cole

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

IN REPLY REFER TO: Office of Minerals Exploration

January 29, 1975

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

Mr. Frank A. Crowley
Exploration Manager N.W.
Superior Mining Co.
P. O. Box 385
Spokane, Washington 99210

Dear Mr. Crowley:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

We understand that a joint venture between Earth Resources Company, Dallas, Texas, and Canadian Superior Oil (U.S.) Ltd., is developing the DeLamar mine with production slated by fall 1976. Copies of documents pertaining to the formation of this venture would be appreciated. The Government's right to royalty on production from lands subject to provisions of the OME contract must be stated in these documents, added by amendment or acknowledged by both parties in a letter of understanding.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Copy to: Canadian Superior Oil (U.S.) Ltd.
c/o Canadian Superior Exploration Limited
Suite 2201
1177 West Hastings Street
Vancouver 1, British Columbia

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since March 2, 1973, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes [ ] No [XX]

Has any interest in land located within 1,500 feet of the southern boundary of the land described in the contract been acquired since March 2, 1973? (See "A Special Agreement Concerning Land" in Annex I, page 2). Yes [XX] No [ ]

Fractions of 9 unpatented mining claims staked (approx. 40 acs.)

2. Since March 2, 1973, has there been any production from the land subject to the contract? Yes [ ] No [XX]

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser (*name and address*)	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity (*tons*)	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since workings (*see* , has any production been transported through *of contract*)? Yes [ ] No [ ]

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name W. C. Cole EARTH RESOURCES COMPANY	*Title* Manager-Exploration
Address 5920 McIntyre St. Golden, Colorado 80401	*Date* February 5, 1975

OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

May 30, 1974

Continental Quicksilver, Inc.
P. O. Box 662
Oracle, Arizona 85623

Re: OME-6455 (gold-silver)
DeLamar Mine
Owyhee County, Idaho
Contract 2214

Gentlemen:

The Region I Office of Minerals Exploration field office is being transferred to Denver, Colorado, on June 7, 1974.

After June 5, 1974, please address all correspondence concerning OME and mail all required royalty payments to:

Office of Minerals Exploration
U. S. Geological Survey
Building 53, Room 28
Federal Center
Denver, Colorado 80225

Royalty checks should still be made payable to U. S. Geological Survey.

Sincerely,

Willard P. Puffett
Field Officer, Region I, OME

cc: Frank Crowley

Earth Resources Company

DRF
OME
Puffett/at

FORM 312—100M—2-71 LERC—23213

THE SUPERIOR OIL COMPANY

To H. Kirkemo

From F. Crowley

Remarks As requested

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

February 28, 1973

Canadian Superior Oil (U.S.) Ltd.
c/o Canadian Superior Exploration
Limited
Suite 2201
1177 West Hastings Street
Vancouver 1, British Columbia

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

COPY
O. M. E.
RECEIVED
AR 6 1973
INITIALS CODE
HK 420

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Although Mr. James A. Knox, of Perry, Knox, Kaufman, Inc., advised us of the situation at the property in October 1972, we would appreciate the information requested in order to maintain our records on an annual basis as of the anniversary date of the contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to R-I

cc to: Superior Mining Company
P. O. Box 385
Spokane, Washington 99210

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since August 24, 1972, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

Has any interest in land located within 1,500 feet of the southern boundary of the land described in the contract been acquired since March 3, 1972? (See "A Special Agreement Concerning Land" in Annex I, page 2). yes ☐ No ☒

2. Since March 3, 1972, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since workings *(see* , has any production been transported through *of contract)*? Yes ☐ No ☒

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Frank A Crowley	*Title* Exploration Manager N.W. Superior Mining Co.
Address P.O. Box 385 Spokane Wn 99210	*Date* March 2, 1973

OFFICES:

TUCSON, ARIZONA (BUSINESS)
2343 E. BROADWAY, SUITE 206
P. O. BOX 12754, ZIP 85711
TELEPHONE (602) 622-0582

SPOKANE, WASHINGTON
NORTH 20 PINES ROAD, SUITE 21
P. O. BOX 14336, ZIP 99214
TELEPHONE (509) - WA 4-0878

PERRY, KNOX, KAUFMAN, INC.

MINERAL EXPLORATION AND DEVELOPMENT

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 21 1972
INITIALS | CODE
RAW
220

Spokane, Washington
November 10, 1972

Mr. Harold Kirkemo
Chief, Office of Minerals Exploration
U. S. Geological Survey
Washington, D. C. 20242

Re: OME-6455
Continental Quicksilver, Inc.
DeLamar Mine, Owyhee County, Idaho
Contract 2214

Dear Mr. Kirkemo:

With reference to your letter of November 7, 1972, pertaining to the Perry, Knox, Kaufman, Inc. assignment of its DeLamar property interest to Canadian Superior, your interpretation is correct. Since I was once associated with The Superior Oil Company organization, I tend to use "Superior" and "Canadian Superior" and the several subsidiaries rather loosely. Legally we assigned our interest to Canadian Superior Oil (U.S.) Ltd. The Superior Oil Company owns in excess of 53% of the stock of Canadian Superior Oil Ltd.

If you have any further questions, please advise.

Sincerely,

James A. Knox

James A. Knox
PERRY, KNOX, KAUFMAN, INC.

Copy to OME Region I 11/21/72

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/7/72		120
		220

NOV 6 1972

AIRMAIL

Mr. James A. Knox
Vice President
Perry, Knox, Kaufman, Inc.
P. O. Box 14336
Spokane, Washington 99214

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
De Lamar Mine
Owyhee County, Idaho
Contract 2214

Dear Mr. Knox:

Thank you for your letter of October 25, 1972, the Assignment Agreement of January 3, 1972, and the Agreement of August 24, 1972.

You mention that Perry, Knox, Kaufman, Inc., (P-K-K)"--recently assigned its interest in the De Lamar property to Canadian Superior Exploration Ltd., a subsidiary of the Superior Oil Company." This statement does not seem to be in accord with the terms of the Agreement of August 24.

According to Section 3, Assignment, in the Agreement, P-K-K's rights, titles and interests were assigned, transferred and conveyed to Canadian Superior Oil (U.S.) Ltd., a Nevada corporation referred to as "Canadian Superior". The reason given for the reassignment according to paragraph B on page 1 of the Agreement was that Canadian Superior Exploration Ltd., was not qualified to do business in Idaho and the legality of the Assignment Agreement of January 3, 1972, was uncertain.

Please advise us if our interpretation is correct.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
OME Reginn I w/copies of
Assignment Agreement
January 3, 1972
Agreement 8/24/72
J.A.Knox letter 10/25/72
S.M.Gunther letter 10/27/72
HKirkemo
130

HKirkemo/gla 11-7-72

PHONE: (312) 565-0100

CONTINENTAL MATERIALS CORPORATION

EXECUTIVE OFFICE: 111 EAST WACKER DRIVE • CHICAGO, ILLINOIS 60601

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October 27, 1972

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
United States Department of the Interior
Geological Survey
Washington, D. C. 20242

OME-645~~3~~5 (Gold-Silver)
Continental Quicksilver, Inc.
De Lamar Mine
Owyhee County, Idaho
Contract 2214

Dear Mr. Kirkemo:

Please be advised that the new address of our subsidiary, Continental Quicksilver, Inc., a party to the above-referenced agreement, is now:

Continental Quicksilver, Inc.
P. O. Box 662
Oracle, Arizona 85623

Sincerely,

CONTINENTAL MATERIALS CORPORATION

By Sidney M. Gunther
Sidney M. Gunther

gv
(Certified)
cc: C. H. Reynolds

ERRY, KNOX, KAUFMAN, INC.
MINERAL EXPLORATION AND DEVELOPMENT

OFFICES:

TUCSON, ARIZONA (BUSINESS)
2343 E. BROADWAY, SUITE 206
P. O. BOX 12754, ZIP 85711
TELEPHONE (602) 622-0582

SPOKANE, WASHINGTON
NORTH 20 PINES ROAD, SUITE 21
P. O. BOX 14336, ZIP 99214
TELEPHONE (509) - WA 4-0878

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Spokane, Washington
October 25, 1972

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
U. S. Geological Survey
Washington, D. C. 20242

Re: OME-6455
Continental Quicksilver, Inc.
DeLamar Mine, Owyhee Co., Idaho
Contract 2214

Dear Mr. Kirkemo:

In response to your letter of October 20, 1972, pertaining to the DeLamar property on which Continental Quicksilver obtained an O.M.E. loan some years ago, please be appraised of the fact that all parties involved are fully aware of the O.M.E. lien on the property.

This firm has recently assigned its interest in the DeLamar property to Canadian Superior Exploration Ltd., a subsidiary of The Superior Oil Company. As requested, enclosed are two copies of the basic assignment agreements pertaining to this transaction. Although I have not included all the exhibits to this agreement, Exhibit B is the "Assignment Agreement (DeLamar Lease and Option)" dated November 17, 1969, by and between Continental Quicksilver, Pinnacle Exploration, Inc., Day Mines, Inc., Vetro Minerals (Earth Resources Company), and Perry, Knox, Kaufman, Inc., a copy of which has probably been provided you by Continental; this exhibit makes reference to the O.M.E. lien, and our Assignment Agreement with Canadian Superior is naturally subject to this document.

Canadian Superior Exploration Limited's address is Suite 2201-1177 West Hastings Street, Vancouver 1, British Columbia. They are currently doing business in the United States through Superior Mining Company, P. O. Box 385, Spokane, Washington 99210.

As you are perhaps aware, results of our exploration efforts to date have outlined a rather limited reserve of low grade silver-gold mineralization that is currently uneconomic. It will take a significant increase

in the price of silver and some very optimistic people before any attempt will ever be made to place this marginal property into production. And very substantial payments due the underlying owners over the next few years may cause all parties to eventually back away.

If you need any additional information, please advise.

Sincerely,

James A. Knox

J. A. Knox
PERRY, KNOX, KAUFMAN, INC.

cc: Earth Resources
Canadian Superior

A G R E E M E N T

THIS AGREEMENT is made effective as of the 31st day of August ~~July~~, 1972, by and between PERRY, KNOX, KAUFMAN, INC., a Nevada corporation (hereinafter called "P-K-K") and CANADIAN SUPERIOR EXPLORATION LIMITED, a company incorporated under and subject to the laws of the Province of Ontario (hereinafter called "Canadian Superior Exploration") and CANADIAN SUPERIOR OIL (U.S.) LTD., a Nevada Corporation (hereinafter called "Canadian Superior").

WHEREAS:

A. P-K-K, by agreement effective January 3, 1972, assigned all its right, title and interest in and to the DeLamar Specific Prospect, the DeLamar Agreement and the DeLamar Claims, all as described in said agreement, to Canadian Superior Exploration on the terms and conditions set forth in that agreement (hereinafter called the "Initial Assignment"), a copy of which Initial Assignment is attached hereto as Exhibit "A" and made a part hereof.

B. Canadian Superior Exploration, was not, at the date of the Initial Assignment qualified to do business in the State of Idaho thus making the legality of the Initial Assignment uncertain.

C. The parties hereto desire that the rights and interests assigned by P-K-K under the Initial Assignment be assigned to Canadian Superior, a company duly qualified to do business in the State of Idaho, and held by Canadian Superior to the same extent and in the same manner as if the Initial Assignment had been made to Canadian Superior.

NOW THEREFORE, in consideration of the covenants and agreements herein contained, P-K-K, Canadian Superior Exploration and Canadian Superior agree as follows:

1. REASSIGNMENT

Canadian Superior Exploration hereby re-assigns to P-K-K all its right, title and interest under the Initial Assignment to P-K-K and Canadian Superior Exploration and P-K-K hereby release each other from any and all obligations under the Initial Assignment other than those provided for under paragraph 3(iv) of the Initial Assignment.

2. REPRESENTATIONS

P-K-K represents to Canadian Superior that the representations made by P-K-K under the Initial Assignment were true and correct as at the date thereof and that as at the date hereof, it has not encumbered or assigned to any third party its interest under the Initial Assignment.

3. ASSIGNMENT

P-K-K hereby assigns to Canadian Superior all of P-K-K's rights, titles and interests in and to the DeLamar Specific Project, the DeLamar Agreement, the DeLamar Claims (described and listed on Exhibit "B" attached hereto), and the Silver Project Agreement (to the extent that the Silver Project Agreement pertains to the DeLamar Specific Prospect); it being the intent of this paragraph that all rights, titles and interests originally assigned by P-K-K to Canadian Superior Exploration under the Initial Assignment be assigned, transferred and conveyed hereby to Canadian Superior to the same extent and in the same manner as if the Initial Assignment had been made to Canadian Superior; RESERVING, HOWEVER, unto P-K-K, its successors and assigns a three percent (3%) fully carried net profits interest in and to all production from within that portion of the DeLamar Specific Prospect situated south of Jordan Creek the obligation to pay such net profits interest to P-K-K being solely the obligation of Canadian Superior and not the obligation of any of the other parties to the Silver Project Agreement. The term "net profits interest" as used herein shall mean the net profits derived from the operation of that portion of the DeLamar Specific Prospect lying south of Jordan Creek as determined after deduction and recovery of all costs, expenses, liabilities and obligations as incurred by the Contributing Parties to the DeLamar Specific Prospect under the Silver Project Agreement in connection with or attributable to that portion of the DeLamar Specific Prospect lying south of Jordan Creek from and after October 1, 1969, including, but not limited to, all costs, expenses, liabilities and obligations of exploration, development, mining, milling, treatment, sales, royalty, net profits or proceeds paid to Continental Quicksilver, Inc. or its

successors or assigns under the DeLamar Agreement, lease burdens, production taxes and property payments, as determined in accordance with generally accepted accounting practices. In the event of any transfer, conveyance or assignment by Canadian Superior of any interests in the DeLamar Specific Prospect, such transfer, conveyance or assignment shall be subject to the net profits interests reserved by P-K-K hereunder.

4. OBLIGATIONS ASSUMED BY CANADIAN SUPERIOR

Canadian Superior, in accepting the assignment herein contained, agrees that it shall:

(i) in the event it terminates this Agreement pursuant to the provision of Section 5 below, pay its share of expenditures made or committed prior to such terminations;

(ii) indemnify and hold P-K-K harmless from all obligations and liabilities with respect to the DeLamar Specific Prospect, the DeLamar Claims, the DeLamar Agreement and the Silver Project Agreement to the extent that the Silver Project Agreement pertains to the DeLamar Specific Prospect the due dates for the performance of which duties, obligations and liabilities occur subsequent to January 3, 1972, and prior to the termination of, this Agreement; and

(iii) account to and pay to P-K-K on a calendar quarterly basis the amounts payable to P-K-K under its reserved three percent carried net profits interest.

5. TERMINATION; REASSIGNMENT

Canadian Superior shall have the right to terminate this Agreement at any time upon at least 30 days prior written notice to P-K-K, which notice shall be accompanied by a re-assignment to P-K-K of all of the interests assigned by P-K-K hereunder together with any additional interests acquired by Canadian Superior within the DeLamar Specific Prospect area, other than through purchase from a party to the Silver Project Agreement, such re-assignment to be

Attached to and forms part of this document.

executed by Canadian Superior in a recordable form with an effective date as of the date of the termination of this Agreement. From and after the effective date of termination of this Agreement, the net profits interest reserved to P-K-K shall terminate. Upon such termination and re-assignment and from and after the completion of performance by Canadian Superior of its obligations as set forth in Section 4 above, Canadian Superior shall have no further obligations hereunder and P-K-K shall indemnify and hold Canadian Superior harmless from all subsequent obligations and liabilities with respect to the DeLamar Specific Prospect and all interests subject thereto. Unless and until this Agreement is terminated by Canadian Superior in the manner as set forth in this Section 5, this Agreement, and the net profits interest reserved hereunder to P-K-K, shall remain in full force and effect.

6. INFORMATION; CONFIDENTIALITY

Canadian Superior shall keep P-K-K informed at semi-annual intervals of the progress and results of all exploration, development and exploitation operations performed by the Contributing Parties within the DeLamar Specific Prospect area and P-K-K shall have the right, at its sole risk and expense, and to the extent that Canadian Superior is so entitled, to enter upon the DeLamar Specific Prospect area and to examine the operations thereon and to make copies of data, reports, records and other information concerning operations by the Contributing Parties within the DeLamar Specific Prospect area. P-K-K agrees to treat all such data, reports, records and other information as confidential and P-K-K shall not, without the express written consent of the Contributing Parties, disclose any information it may obtain with respect to the results of such operations, except in connection with a sale of P-K-K's interest reserved hereunder or where counsel for P-K-K deems such disclosure necessary.

7. ADDRESSES

For the purpose of receiving reports, forwarding payments or giving notice under this Agreement, the parties designate the following addresses:

If to Canadian Superior:

Canadian Superior Oil (U.S.) Ltd.
c/o Canadian Superior Exploration Limited,
Suite 2201,
1177 West Hastings Street,
Vancouver, British Columbia.

If to P-K-K:

Perry, Knox, Kaufman, Inc.,
P. O. Box 14336,
Spokane, Washington 99214

Either party may change its address by giving written notice to the other party.

8. GENERAL

Upon request of either party to this Agreement, Canadian Superior and P-K-K agree to execute a memorandum of this Agreement in a recordable form sufficient to give notice to third parties of the rights granted hereunder. Nothing contained in this Agreement shall be construed as creating a partnership, association or joint venture nor creating a mining or other partnership or association, it being the intent that the rights and liabilities or the parties hereunder shall be several and not joint or collective. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above set forth.

PERRY, KNOX, KAUFMAN, INC.

By James R. Knox
Vice President

Attest: M. A. Kaufman
Assist. Secretary

CANADIAN SUPERIOR EXPLORATION LIMITED

BY W. G. Robinson Managing Director

Attest: J. T. Lau Asst Secretary

CANADIAN SUPERIOR OIL (U.S.) LTD.

By A. E. Feldmeyer
PRESIDENT

Attest: D. C. Jones
SECRETARY

STATE OF Washington)
) ss
County of Spokane)

On this 3rd day of August, 1972, before me personally appeared JAMES A. KNOX and MORRIS A. KAUFMAN, to me known to be the Vice President and Asst Secretary of PERRY, KNOX, KAUFMAN, INC., the corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and each on oath stated that he is authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Robert L Magnuson
NOTARY PUBLIC in and for the State of Washington, residing at Spokane

DOMINION OF CANADA)
) ss
Province of ~~Alberta~~ British Columbia)

On this 24th day of August, 1972, before me personally appeared W. G. Robinson and Jorgen T. Law, to me known to be the Managing Director and Asst Secretary of CANADIAN SUPERIOR EXPLORATION LIMITED, the corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and each on oath stated that he is authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the Province of ~~Alberta~~ British Columbia, residing at Vancouver

DOMINION OF CANADA)
) ss
Province of Alberta)

On this 21st day of August, 1972, before me personally appeared A. E. Feldmeyer and D. C. L. Jones, to me known to be the President and Secretary of CANADIAN SUPERIOR OIL (U.S.) LTD., the corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and each on oath stated that he is authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Robert G Schneider
NOTARY PUBLIC in and for the Province of Alberta, residing at Calgary, Alta

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT is made effective as of the 31st day of January, 1972, by and between PERRY, KNOX, KAUFMAN, INC., a Nevada corporation (hereinafter "P-K-K") and CANADIAN SUPERIOR EXPLORATION LIMITED, a company incorporated under and subject to the laws of the Province of Ontario (hereinafter "CANADIAN SUPERIOR");

W I T N E S S E T H:

WHEREAS, pursuant to that certain Agreement dated February 7, 1969, by and between Pinnacle Exploration, Inc., Vitro Minerals Corporation and P-K-K, as amended and clarified by the following: (i) "Letter of Amendment to February 7, 1969 Agreement"; (ii) letter of clarification dated July 14, 1969; (iii) "Second Supplement to Agreement of February 7, 1969" dated November 5, 1969; (iv) "Third Amendment to Agreement of February 7, 1969" dated January 15, 1970; (v) Fourth Amendment to Agreement of February 7, 1969" dated January 15, 1971; and (vi) "Fifth Amendment to Agreement of February 7, 1969" dated November 1, 1971 (which Agreement, letter of clarification and Amendments are all hereinafter collectively referred to as the "Silver Project Agreement"), Earth Resources Company ("Earth"), Day Mines, Inc. ("Day") and P-K-K (as successors in interest to the original parties to the Silver Project Agreement) are the "Contributing Parties" (as the term is defined in the Silver Project Agreement) to the De Lamar Specific Prospect, the percentage interest of the Contributing Parties being Earth - 52.5%, Day - 30.0% and P-K-K - 17.5%, the interests of the Contributing Parties being subject to the retention by Pinnacle Exploration, Inc. of a "Net Profits Interest" acquired pursuant to Section 12 of the Silver Project Agreement, and copies of the Silver Project Agreement being attached hereto as Exhibit A and made a part hereof; and

WHEREAS, the De Lamar Specific Prospect encompasses:

Township 4 South, Range 4 West

Section	Description
31	S/2
32	S/2
33	S/2

Township 5 South, Range 4 West

All of Sections 4, 5, 6, 7, 8 and 9

all situated within Owyhee County, Idaho; and

WHEREAS, the interests of the Contributing Parties within the De Lamar Specific Prospect presently consist of the interests acquired pursuant to that certain "Assignment Agreement (De Lamar Lease and Option)" dated November 17, 1969, as amended by that certain First Amendment to Assignment Agreement dated November 5, 1971, copies of which are attached hereto as Exhibit B and made a part hereof (which Assignment Agreement and First Amendment are hereinafter collectively referred to as the "De Lamar Agreement"), together with those certain unpatented lode mining claims situated in the Carson Mining District, Owyhee County, Idaho, all as more particularly described in Exhibit C attached hereto and made a part hereof (all of which claims are hereinafter collectively referred to as the "De Lamar Claims"); and

WHEREAS, P-K-K and CANADIAN SUPERIOR desire to enter into an agreement whereunder P-K-K assigns to CANADIAN SUPERIOR P-K-K's rights and interests in and to the De Lamar Specific Prospect, the De Lamar Agreement and the De Lamar Claims, and whereunder P-K-K assigns to CANADIAN SUPERIOR the rights of P-K-K in and to the Silver Project Agreement, to the extent and only to the extent that the Silver Project Agreement pertains to the De Lamar Specific Prospect all on the terms and conditions and subject to the reservations as hereinafter set forth;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, P-K-K and CANADIAN SUPERIOR agree as follows:

1. Representations

P-K-K represents to CANADIAN SUPERIOR that; (i) the Silver Project Agreement and the De Lamar Agreement are in full force and effect; (ii) P-K-K has obtained the necessary consents to permit P-K-K to assign to CANADIAN SUPERIOR the interests assigned hereunder; (iii) work or improvements have been performed for the benefit of the De Lamar Claims at the times and in the manner described in Exhibit C: (iv) P-K-K has not encumbered nor assigned to any third party whatsoever the interests assigned hereunder to CANADIAN SUPERIOR; and (v) P-K-K has the full right, power and capacity to enter into this Agreement on the terms and conditions herein contained.

2. Assignment

P-K-K hereby assigns to CANADIAN SUPERIOR all of P-K-K's rights, titles and interests in and to the De Lamar Specific Prospect, the De Lamar Agreement, the De Lamar Claims and the Silver Project Agreement (to the extent that the Silver Project Agreement pertains to the De Lamar Specific Prospect); RESERVING, HOWEVER, unto P-K-K, its successors and assigns a three percent (3%) fully carried net profits interest in and to all production from within that portion of the De Lamar Specific Prospect situated south of Jordan Creek, the obligation to pay such net profits interest to P-K-K being solely the obligation of CANADIAN SUPERIOR and not the obligation of any of the other parties to the Silver Project Agreement. The term "net profits interest" as used herein shall mean the net profits derived from the operation of that portion of the De Lamar Specific Prospect lying south of Jordan Creek as determined after deduction and recovery of all costs, expenses, liabilities and obligations as incurred by the

Contributing Parties to the De Lamar Specific Prospect under the Silver Project Agreement in connection with or attributable to that portion of the De Lamar Specific Prospect lying south of Jordan Creek from and after October 1, 1969, including, but not limited to, all costs, expenses, liabilities and obligations of exploration, development, mining, milling, treatment, sales, royalty, net profits or proceeds paid to Continental Quicksilver, Inc. or its successors or assigns under the De Lamar Agreement, lease burdens, production taxes and property payments, as determined in accordance with generally accepted accounting practices. In the event of any transfer, conveyance or assignment by CANADIAN SUPERIOR of any interests in the De Lamar Specific Prospect, such transfer, conveyance or assignment shall be subject to the net profits interests reserved by P-K-K hereunder.

3. Obligations Assumed by CANADIAN SUPERIOR

CANADIAN SUPERIOR, in accepting the assignment herein contained, agrees that it shall: (i) make the proportional share of the payment attributable to the interest assigned hereunder due the Owners on or about February 1, 1972, under the De Lamar Agreement; (ii) in the event CANADIAN SUPERIOR terminates this Agreement pursuant to the provisions of Section 4 below, CANADIAN SUPERIOR shall pay its share of expenditures made or committed prior to such termination ~~and, in the event such termination becomes effective between the dates of September 30 and February 1,~~ October 15 January 31 CANADIAN SUPERIOR shall pay P-K-K's ~~proportional share of the payment due Owners for the~~ payment next coming ~~due under the De Lamar Agreement; (iii) assume all of the duties, obligations and liabilities of P-K-K under the De Lamar Agreement and under the Silver Project Agreement to the extent (and only to the extent) that the Silver Project Agreement pertains to the De Lamar Specific Prospect; (iv)~~ indemnify and hold P-K-K harmless from all obligations and liabilities with respect to the De Lamar Specific Prospect, the De Lamar Claims, the De Lamar Agreement and the Silver Project

Agreement to the extent that the Silver Project Agreement pertains to the De Lamar Specific Prospect, the due dates for the performance of which duties, obligations and liabilities occur subsequent to the effective date of, and prior to the termination of, this Agreement; and (v) account to and pay to P-K-K on a calendar quarterly basis the amounts payable to P-K-K under its reserved three percent carried net profits interest.

4. Termination; Reassignment

CANADIAN SUPERIOR shall have the right to terminate this Agreement at any time upon at least ~~15~~ 30 days prior written notice to P-K-K, which notice shall be accompanied by a reassignment to P-K-K of all of the interests assigned ~~to~~ by P-K-K hereunder together with any additional interests acquired by CANADIAN SUPERIOR within the De Lamar Specific Prospect area, such reassignment to be executed by CANADIAN SUPERIOR in a recordable form with an effective date as of the date of termination of this Agreement. From and after the effective date of termination of this Agreement, the net profits interest reserved to P-K-K shall terminate. Upon such termination and reassignment and from and after the completion of performance by CANADIAN SUPERIOR of its obligations as set forth in Section 3 above, CANADIAN SUPERIOR shall have no further obligations hereunder and P-K-K shall indemnify and hold CANADIAN SUPERIOR harmless from all subsequent obligations and liabilities with respect to the De Lamar Specific Prospect and all interests subject thereto. Unless and until this Agreement is terminated by CANADIAN SUPERIOR in the manner as set forth in this Section 4, this Agreement, and the net profits interest reserved hereunder to P-K-K, shall remain in full force and effect.

MAK

5. Information; Confidentiality

CANADIAN SUPERIOR shall keep P-K-K informed at semi-annual

intervals of the progress and results of all exploration, development and exploitation operations performed by the Contributing Parties within the De Lamar Specific Prospect area and P-K-K shall have the right, at its sole risk and expense, and to the extent that CANADIAN SUPERIOR is so entitled, to enter upon the De Lamar Specific Prospect area and to examine the operations thereon and to make copies of data, reports, records and other information concerning operations by the Contributing Parties within the De Lamar Specific Prospect area. P-K-K agrees to treat all such data, reports, records and other information as confidential and P-K-K shall not, without the express written consent of the Contributing Parties, disclose any information it may obtain with respect to the results of such operations, except in connection with a sale of P-K-K's interest reserved hereunder or where counsel for P-K-K deems such disclosure necessary.

6. Addresses

For the purpose of receiving reports, forwarding payments or giving notice under this Agreement, the parties designate the following addresses:

If to CANADIAN SUPERIOR:

Canadian Superior Exploration Limited
Suite 2201, 177 West Hastings Street
Vancouver 1, British Columbia
Canada

If to P-K-K:

Perry, Knox, Kaufman, Inc.
P.O. Box 14336
Spokane, Washington 92214

Either party may change its address by giving written notice to the other party.

7. General

Upon request of either party to this Agreement, CANADIAN SUPERIOR and P-K-K agree to execute a memorandum of this Agreement in a recordable form sufficient to give notice to third parties of the rights

granted hereunder. Nothing contained in this Agreement shall be construed as creating a partnership, association or joint venture nor creating a mining or other partnership or association, it being the intent that the rights and liabilities of the parties hereunder shall be several and not joint or collective. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, this Assignment Agreement has been executed as of the date first above set forth.

PERRY, KNOX, KAUFMAN, INC.

By James C. Knox
Vice President

ATTEST: M. A. Kaufman
Asst. Secretary

CANADIAN SUPERIOR EXPLORATION LIMITED

By W. G. Kleman Managing Director

ATTEST: J. T. Lees
Asst. Secretary

STATE OF Washington)
) ss.
COUNTY OF Spokane)

On this the 10th day of January, 1972, before me, the undersigned Notary Public, personally appeared James A. Knox, who acknowledged himself to be the Vice President of PERRY, KNOX, KAUFMAN, a corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Kenneth A. Edmond
Notary Public

My commission expires:

April 20, 1974

PROVINCE OF British Columbia
) ss.
COUNTY OF Vancouver)

On this the 24th day of March, 1972, before me, the undersigned Notary Public, personally appeared W. G. Robinson, who acknowledged himself to be the Managing Director of CANADIAN SUPERIOR EXPLORATION LIMITED, a company, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

D. T. Lee
Notary Public

My commission ~~expires~~:

in for life

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/20/72		120
		220

October 20, 1972

AIRMAIL

Mr. James A. Knox
Vice President
Perry, Knox, Kaufmann, Inc.
P. O. Box 14336
Spokane, Washington 99214

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
De Lamar Mine
Owyhee County, Idaho
Contract 2214

Dear Mr. Knox:

We were advised by Mr. Sidney M. Gunther, Secretary, Continental Materials Corporation, on October 16, 1972, that negotiations were in progress to assign the interest of Perry, Knox, Kaufmann, Inc., in the De Lamar property to a firm identified as Canadian Superior. If this assignment is made, please furnish us with two copies of the assignment document, and the address of the assignee.

You should inform the assignee of the lien on the property and on any production therefrom under provisions of the subject OME contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copies to: Sidney M. Gunther
C. H. Reynolds
W. C. Cole
Day Mines, Inc.

cc: Director's Reading File
Mineral Resources
Docket
OME Reading File
OME Region I w/cy letter 10/16/72 and 4 enclosures
Mr. Kirkemo
130

HKirkemo/gla 10-20-72

Addresses of individuals to whom letter of October 20, 1972, were sent:

Mr. James A. Knox
Vice President
Perry, Knox, Kaufman, Inc.
P. O. Box 14336
Spokane, Washington 99214

Mr. Sidney M. Gunther
Secretary
Continental Materials Corporation
1510 North Kostner Avenue
Chicago, Illinois 60651

Mr. C. H. Reynolds
Continental Materials Corporation
820 South Ninth Street
Grand Junction, Colorado 81502

Mr. W. C. Cole
Manager-Exploration
Earth Resources Company
5920 McIntyre Road
Post Office Box 270
Golden, Colorado 80401

Day Minés, Inc.
P. O. Box 1010
Wallace, Idaho 83873

PHONE: (312) 292-2140

CONTINENTAL MATERIALS CORPORATION

EXECUTIVE OFFICE: 1510 NORTH KOSTNER AVENUE • CHICAGO, ILLINOIS 60651

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October 16, 1972

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
United States Department of the Interior
Geological Survey
Washington, D. C. 20242

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
De Lamar Mine
Owyhee County, Idaho
Contract 2214

Dear Mr. Kirkemo:

This will acknowledge your letter of October 6, 1972, addressed to Continental Quicksilver, Inc., a wholly-owned subsidiary of Continental Materials Corporation, requesting documentation concerning the interest of Earth Resources, Inc. and Superior Oil Company in the De Lamar Mine.

Effective November 17, 1969 Continental Quicksilver, Inc. granted an interest in the De Lamar Mine to a group (known as the Silver Group) of four corporations consisting of Pinnacle Exploration, Inc., Vitro Minerals Corporation, Day Mines, Inc., and Perry, Knox, Kaufman, Inc. The interest granted is described in the agreement, and Continental retained an interest in the De Lamar Mine, also as described in the agreement.

Thereafter, there were some transfers of interest among the participants, and transfers to others. As a result of these rearrangements, by Spring of 1972 the three participants in the interest transferred by Continental Quicksilver, Inc. were:

Earth Resources Company
Day Mines, Inc.
Perry, Knox, Kaufman, Inc.

At this time Earth Resources Company advised that Perry, Knox, Kaufman were negotiating with Canadian Superior to assign Perry, Knox, Kaufman's interest to Canadian Superior. The foregoing reports the information which has been furnished to Continental.

For your records, as you requested, I am enclosing two copies of the documentation in possession of Continental Quicksilver, Inc. consisting of the following items:

Assignment Agreement (De Lamar Lease and Option), November 17, 1969, among Continental Quicksilver, Inc. and Pinnacle Exploration, Inc., Vitro Minerals Corporation, Day Mines, Inc. and Perry, Knox, Kaufman, Inc.

Fifth Amendment to Agreement of February 7, 1969 (Silver Project), November 1, 1971, among Pinnacle Exploration, Inc., Earth Resources Company, Day Mines, Inc. and Perry, Knox, Kaufman, Inc.

Letter, November 11, 1971, to Earth Resources Company, Day Mines, Inc. and Perry, Knox, Kaufman, Inc. from Pinnacle Exploration, Inc.

Letter, March 3, 1972, to C. H. Reynolds from W. C. Cole of Earth Resources Company.

The foregoing items appear to be the only documentation in our possession relating to this matter.

Sincerely,

CONTINENTAL MATERIALS CORPORATION

By _____
Sidney M. Gunther, Secretary

r
enc.

cc: W. C. Cole
Earth Resources Company
P. O. Box 270
Golden, Colo. 80401

C. H. Reynolds

CERTIFIED MAIL #[illegible]
RETURN RECEIPT REQUESTED

To SHG 3/[illegible]

EARTH RESOURCES COMPANY
5920 mcintyre road · post office box 270 · golden colorado 80401 · 303·279·7631

March 3, 1972

Mr. C. H. Reynolds
Continental Materials Corporation
820 South Ninth Street
Grand Junction, Colorado 81502

Re: Assignment Agreement
DeLamar Lease and Option
#13-141-1

Dear Mr. Reynolds:

Notice is hereby given of change of participation in the Assignment Agreement - DeLamar Lease and Option, as follows:

EARTH RESOURCES COMPANY	52½%
DAY MINES, INC.	30%
PERRY, KNOX, KAUFMAN, INC.	17½%

Perry, Knox, Kaufman are presently negotiating with Canadian Superior to assign its 17½% interest to Canadian Superior. Upon receipt of said assignment, we will furnish you a copy for your records.

Under date of November 11, 1971, PINNACLE EXPLORATION, INC. withdrew from participation in this project; a xerox copy of its withdrawal notice is attached hereto for your information.

Also, under date of November 1, 1971, EARTH RESOURCES COMPANY assumed the duties and responsibilities of OPERATOR under the Joint Venture Silver Project, of which the DeLamar Lease and Option is a part. A xerox copy of the "Fifth Amendment To Agreement of February 7, 1969" in which EARTH was appointed as Manager, is attached for your records.

Please note your acceptance of these changes, by noting the copy of this letter and returning it to this office. All correspondence and notices should be directed to: EARTH RESOURCES COMPANY, P. O. Box 270, Golden, Colorado 80401 - Att: W. C. Cole.

Very truly yours,

WCole

W. C. Cole
Manager-Exploration

WCC:dp

ACCEPTED AND AGREED TO this 6th day of March, 1972.
CONTINENTAL MATERIALS CORPORATION:

By C. H. Reynolds

xc: Antonow, Fink, Gunther & Lester - w/attachments

PINNACLE EXPLORATION, INC.
SUBSIDIARY OF CALLAHAN MINING CORPORATION

277 PARK AVENUE • NEW YORK, N.Y. 10017
TELEPHONE: (212) 826-2950

November 11, 1971

RECEIVED
NOV 15 1971

Earth Resources Company
P.O. Box 270
Golden, Colorado 80401

Day Mines, Inc.
P.O. Box 1010
Wallace, Idaho 83873

Perry, Knox, Kaufman, Inc.
P.O. Box 14336
Spokane, Washington 99214

Gentlemen:

Re: Silver Project Agreement - DeLamar Specific Prospect

This will confirm the advice given October 11, 1971, that Pinnacle is withdrawing from participation in the DeLamar Specific Prospect under the above agreement. Such withdrawal shall be effective October 11, 1971, and shall be in accordance with the terms of Section 12 of the Silver Project Agreement. Pinnacle has to date spent in excess of $25,000 on this prospect and will, therefore, retain a "Net Profits Interest" therein which will be determined as set forth in Exhibit D to the Silver Project Agreement.

We would suggest that Manager circulate a written memorandum detailing total expenditures to this prospect by each of the participants to and including October 11, 1971.

The above notice relates only to the DeLamar Specific Prospect. It is our understanding that Pinnacle still remains as a participant in the Floride Mountain Specific Prospect, and will have the opportunity to determine whether it will continue its participation therein at such time

as a plan entailing further expenditures is proposed.

Very truly yours,

PINNACLE EXPLORATION, INC.

By _____
Charles D. Snead, Jr., Vice-President

CDS:ggm

cc: Fred Beck

FIFTH AMENDMENT
TO AGREEMENT OF FEBRUARY 7, 1969
(Silver Project)

WHEREAS, pursuant to that certain Agreement dated February 7, 1969 and the Amendments thereto ("Silver Project Agreement"), PINNACLE EXPLORATION, INC., ("Pinnacle"), EARTH RESOURCES COMPANY ("Earth"), DAY MINES, INC. ("Day") and PERRY, KNOX, KAUFMAN, INC. ("PKK") have participated in an unincorporated exploration program pursuant thereto; and

WHEREAS, the parties desire to amend the Silver Project Agreement in the manner set forth below;

NOW THEREFORE, in consideration of the mutual benefits and obligations arising hereunder the parties agree as follows:

1. PKK is hereby discharged as Manager of Silver Project by the unanimous vote of the Contributing Parties hereto.

2. Earth is hereby appointed as Manager of Silver Project by the unanimous vote of the Contributing Parties hereto.

3. PKK by its execution of this amendment agrees to waive the sixty (60) days notice required by Article 6 of the Agreement dated February 7, 1969 as amended and further agrees to comply with the other conditions of the aforesaid Article 6 which relate to the discharge of PKK as Project Manager.

All of the other terms and conditions of that certain Agreement dated February 7, 1969 as amended remain unchanged.

IN WITNESS WHEREOF, the Parties have executed this Fifth Amendment effective as of the 1st day of November, 1971.

PINNACLE EXPLORATION, INC.

By _____
Vice-President and Secretary
ATTEST _____
Assistant Secretary

EARTH RESOURCES COMPANY

By _____
Vice President
ATTEST _____
Assistant Secretary

DAY MINES, INC.

By _____
President
ATTEST _____
Secretary

PERRY, KNOX, KAUFMAN, INC.

By _____
ATTEST _____

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On this the 8th day of November, 1971, before me, the undersigned Notary Public, personally appeared Charles D. Snead, Jr. who acknowledged himself to be the Vice President and Secretary of PINNACLE EXPLORATION, INC., and that he as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President/Secy.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Gil Friedman
Notary Public
GIL FRIEDMAN
Notary Public, State of New York
No. 24-4500167 Qual. in Kings Co.
Certificate filed in New York County
Commission Expires March 30, 1973

My Commission Expires:

STATE OF [illegible])
) ss
COUNTY OF [illegible])

On this the 2[illegible] day of [illegible], 1971, before me, the undersigned Notary Public, personally appeared [illegible] who acknowledged himself to be the [illegible] of EARTH RESOURCES COMPANY, and that he as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as [illegible].

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[illegible]
Notary Public

My Commission Expires:

My Commission expires August 3, 1975

STATE OF Idaho)
)ss
COUNTY OF Shoshone)

On this the 10th day of November, 1971, before me, the undersigned Notary Public, personally appeared Rollin Farmer who acknowledged himself to be the President of DAY MINES, INC. and that he as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Kathryn A. Eichwald
Notary Public

My Commission Expires:
March 10, 1974

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

On this the 13th day of NOVEMBER, 1971, before me, the undersigned Notary Public, personally appeared A. J. PERRY who acknowledged himself to be the PRESIDENT of PERRY, KNOX, KAUFMAN, INC., and that he as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as PRESIDENT.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

J. F. Green
Notary Public

My Commission Expires:

AUGUST 9, 1975

ASSIGNMENT AGREEMENT
(De Lamar Lease and Option)

THIS AGREEMENT, is made effective as of the 17th day of November, 1969, by and between CONTINENTAL QUICKSILVER, INC., a California corporation (hereinafter designated "CONTINENTAL"), as assignor, and PINNACLE EXPLORATION, INC., a Colorado corporation; VITRO MINERALS CORPORATION, a Delaware corporation; DAY MINES, INC., an Idaho corporation and PERRY, KNOX, KAUFMAN, INC., a Nevada corporation (hereinafter collectively designated as the "SILVER GROUP"), as assignees;

W I T N E S S E T H

WHEREAS, CONTINENTAL, pursuant to that certain De Lamar Lease and Option agreement dated October 31, 1963, as amended by that certain First Amendment to De Lamar Lease and Option dated December 1, 1964, by and between CONTINENTAL and Marian C. Rushing, et al. (hereinafter "De Lamar Lease and Option"), a copy of which is attached hereto as Schedule A and made a part hereof, has exercised the option to purchase therein set forth and now holds the 24 patented lode mining claims and 11 patented mill site claims all situated in Owyhee County, Idaho and all more fully described in Appendix B to the De Lamar Lease and Option (which claims are hereinafter designated as the "Premises"), and

WHEREAS, CONTINENTAL and the SILVER GROUP desire to enter into an agreement effecting an assignment by CONTINENTAL to the SILVER GROUP of all of CONTINENTAL's rights in and to the De Lamar Lease and Option and in and to the Premises;

NOW, THEREFORE, in consideration of the covenants, agreements and conditions herein contained, CONTINENTAL and the SILVER GROUP agree as follows:

CONFORMED COPY

Section 1 - Representations; Covenants

CONTINENTAL represents to the SILVER GROUP that CONTINENTAL is the sole owner of the De Lamar Lease and Option and has exercised the option therein contained to purchase the Premises and that the De Lamar Lease and Option is in good standing and in full force and effect and subject to no amendments other than as described on page 1 of this Agreement. CONTINENTAL further represents to the SILVER GROUP that there exist no liens nor encumbrances against CONTINENTAL's interest in and to the De Lamar Lease and Option except as to the lien provided under that certain Office of Minerals Exploration loan in the principal amount of $24,406.00 plus interest at the rate of 6-3/4% per annum payable out of 5% of the production through February 28, 1977. CONTINENTAL covenants that it shall make the applicable $10,000.00 payment accruing December 31, 1969 to the underlying owners as set forth in paragraph 3(b) of the De Lamar Lease and Option on or before the due date thereof. If the SILVER GROUP has not terminated this Agreement on or before December 31, 1969, the SILVER GROUP covenants that it shall, upon notification from CONTINENTAL of payment to the underlying owners, promptly pay CONTINENTAL $5,000.00 as partial reimbursement for the aforementioned $10,000.00 payment.

Section 2 - Assignment

CONTINENTAL, on the terms and conditions as set forth in this Agreement, hereby assigns its rights in and to the De Lamar Lease and Option and in and to the Premises to the SILVER GROUP, their successors and assigns; RESERVING HOWEVER unto CONTINENTAL a 10% "Net Profits Interest" (as defined in Section 3). The SILVER GROUP hereby accepts the said assignment and agrees to assume the obligations thereof, all subject to the terms and conditions of this Agreement.

Section 3 - Definitions

For purposes of this Agreement the following terms shall have the meanings as set forth below:

(1) "Net Profits Interest" - Shall mean the designated percentage of the net profits from the operation of the De Lamar Lease and Option Premises as determined after deduction and recovery of all costs, expenses, liabilities and obligations as incurred by the SILVER GROUP in excess of $200,000.00 and by any other holder or holders of any "Working Interests" (as hereinafter defined), in connection with or attributable to the Premises from and after the date on which the SILVER GROUP first incurred expenses thereon, including, but not limited to, all costs, expenses, liabilities and obligations of exploration, development, mining, milling, treatment, sales, royalty, lease burdens, production taxes and property payments, as determined in accordance with generally accepted accounting practices as employed by the SILVER GROUP.

(2) "Working Interests" - Shall mean operating interests in and to the De Lamar Lease and Option having the exclusive right to explore, develop and exploit the minerals on the Premises and, subject to payment of Net Profits Interests, to share in the proceeds therefrom; the holders of Working Interests being obligated to share, as their respective interests appear, all costs of exploring, developing and exploiting the Premises while this Agreement or any operating agreement entered into by the Working Interest owners, is in full force and effect.

(3) "Qualifying Expenditure" - Shall mean the expenditure by the SILVER GROUP of the amount of $200,000.00 in exploration and development costs and expenses on or attributable to the Premises, including, but not limited to, expenditures and payments made pursuant to paragraph 2(a), 3(b), 3(c), 7(a) and 7(c) of the De Lamar Lease and Option.

Section 4 - Termination and Reassignment (Prior to Qualifying Expenditure)

The SILVER GROUP, at any time prior to making the "Qualifying Expenditure" as defined in Section 3, may terminate its interest under this Agreement by written notice to CONTINENTAL, accompanied by a Reassignment of De Lamar Lease and Option and of the Premises, executed by the SILVER GROUP and in a recordable form. Upon the giving of such notice of termination all of the rights, duties and obligations of the SILVER GROUP shall cease and terminate except that:

(1) If such notice is given on or before December 31, 1969, the SILVER GROUP shall be obligated to perform the applicable work commitment as set forth in paragraph 7(c) of the De Lamar Lease and Option for the year ending December 31, 1969, which for purposes of this Agreement shall include all work theretofore performed by CONTINENTAL and the SILVER GROUP.

(2) If such notice is given subsequent to December 31, 1969 and on or before October 31, 1970, the SILVER GROUP shall be obligated to perform the applicable work commitment as set forth in paragraph 7(c) of the De Lamar Lease and Option for the year ending December 31, 1970, which for purposes of this Agreement shall include all work theretofore performed by CONTINENTAL and the SILVER GROUP.

(3) From and after October 31, 1970, unless such notice is given on or before the 31st day of October of any calender year (including notice given the prior year after the 31st day of October), the SILVER GROUP shall be obligated to make the payment, if any, to owners due and payable on the 31st of December of such calendar year pursuant to paragraph 3(b) of the De Lamar Lease and Option and to perform the applicable work commitment as set forth in paragraph 7(c) of the De Lamar Lease and Option for the next succeeding calendar year which for purposes of this Agreement shall include all work theretofore performed by CONTINENTAL and the SILVER GROUP. If such notice is given on or before the 31st day of October of any such calendar year (including notice given the prior year after the 31st day of October), the SILVER GROUP shall have no obligation to make the payment, if any, to owners otherwise payable on December 31st of such calendar year pursuant to paragraph 3(b) of the De Lamar Lease and Option, or to perform the applicable work commitment referred to above for the next succeeding calendar year.

Section 5 - Election by CONTINENTAL after Qualifying Expenditure Work

If the SILVER GROUP makes the Qualifying Expenditure, the SILVER GROUP shall promptly give notice of such fact to CONTINENTAL. Within 60 days after notice has been given CONTINENTAL of the SILVER GROUP's having made the Qualifying Expenditure, CONTINENTAL shall give notice to the SILVER GROUP as to which of the following interests, CONTINENTAL elects to have transferred to it:

(1) 25% of the Working Interest and no additional Net Profits Interests; or

(2) No Working Interest and 5% Net Profits Interest, in addition to the Net Profits Interest reserved by CONTINENTAL in Section 2; or

(3) Any one of the following combinations:

Working Interest		Additional Net Profits Interest
20%	and	1%
15%	and	2%
10%	and	3%
5%	and	4%

In the event CONTINENTAL elects to acquire any Working Interest under the provisions of this Section 5, CONTINENTAL shall thereafter contribute its share of expenditure with respect to the Premises as called for by the SILVER GROUP operator from time to time, and in accordance with any operating agreement under which the SILVER GROUP is operating as of the time of such election by CONTINENTAL. The notice from the SILVER GROUP first described above in this Section 5 shall be accompanied by a copy of any operating agreement under which the SILVER GROUP is then operating and in accordance with which CONTINENTAL would contribute its share of expenditure. Thereafter the SILVER GROUP will promptly make available to CONTINENTAL such factual data and future operating plans as CONTINENTAL reasonably may request to enable it to make an informed judgment as to its above described election. If CONTINENTAL elects to take any part of the Working Interest CONTINENTAL shall thereafter be included as a party to any operating agreement or to any amendment to an operating agreement thereafter executed. At any time while this Agreement is in effect and upon notice from the SILVER GROUP, CONTINENTAL shall execute and deliver in escrow a good and sufficient deed in a form acceptable to counsel for the SILVER GROUP conveying the Premises to the SILVER GROUP, which deed shall reserve to CONTINENTAL the Net Profits Interest

reserved in Section 2 of this Agreement and any Working Interest or additional Net Profits Interest acquired by CONTINENTAL pursuant to the provisions of this Section 5. The parties agree to execute and deliver in escrow any additional or substitute documents necessary to reflect any changes in ownership of the De Lamar Lease and Option and the Premises. Unless otherwise agreed by the parties hereto, the escrow of such documents shall be with the same escrow agent as is employed by CONTINENTAL and the underlying owners.

Section 6 - Termination (After Qualifying Expenditure Made)

In the event the SILVER GROUP chooses to discontinue its operations after making the Qualifying Expenditure and prior to entering into commercial production operations from the Premises, the SILVER GROUP shall have earned the right to retain 50% of the Working Interest and, upon notice of such discontinuance to CONTINENTAL, shall reassign to CONTINENTAL the percentage of the Working Interest necessary to vest 50% of the Working Interest in CONTINENTAL. In the event the SILVER GROUP chooses to discontinue its operations after having made the Qualifying Expenditure and after entering commercial production operations from the Premises, the SILVER GROUP shall have earned the right to retain the Working Interest owned by the SILVER GROUP at the time of such discontinuance. Either CONTINENTAL or the SILVER GROUP, upon notice to the other, may relinquish all of the relinquishing party or group's Working Interest to the other and terminate such relinquishing party or group's rights, obligations and Working Interests in and to the De Lamar Lease and Option and in and to the Premises. As long as both CONTINENTAL and the SILVER GROUP retain Working Interests, they shall contribute to the expenses of holding the De Lamar Lease and Option and the Premises in the percentages as their Working Interests bear to the total Working Interest.

Section 7 - Factual Data

Within 60 days of termination of this Agreement, the SILVER GROUP shall furnish CONTINENTAL all factual data acquired by the SILVER GROUP, pursuant to this Agreement, including copies of all maps, reports and other summaries of operating data which can be reproduced and which have not theretofore been furnished.

Section 8 - SILVER GROUP Membership Changes

The SILVER GROUP represents to CONTINENTAL and the latter acknowledges and consents to the fact that the composition of the SILVER GROUP may change from time to time by withdrawals from or additions to the membership thereof pursuant to the provisions of an Agreement between the individual parties constituting the SILVER GROUP. A new member may be added to the SILVER GROUP only with the prior written consent of CONTINENTAL, and CONTINENTAL will not unreasonably withhold such consent. In the event of any such withdrawals, CONTINENTAL agrees that from and after the giving by the SILVER GROUP of notice of such withdrawal, the withdrawing party shall thereafter be relieved of all obligations and duties hereunder except such as may have accrued but which have not been discharged prior to the giving of such notice. In the event of any such addition, CONTINENTAL agrees that any party added to the SILVER GROUP, shall, from and after the giving by the SILVER GROUP of notice of such addition, be entitled to its proportionate share of the rights and interest granted to the SILVER GROUP hereunder.

Section 9 - Right of First Refusal

If, at any time while the SILVER GROUP retains an interest in and to the De Lamar Lease and Option and the Premises, CONTINENTAL intends to sell, assign, transfer or convey all or any part of its Net Profits Interest or Working Interest to any person, firm or corporation other than its parent corporation or to a majority-owned subsidiary of CONTINENTAL or its parent,

or to a successor by way of merger, consolidation or reorganization, CONTINENTAL shall deliver to the SILVER GROUP at least thirty (30) days' prior written notice identifying the party or parties with whom CONTINENTAL intends to deal and describing all of the terms of the proposed sale, assignment, transfer or conveyance. The SILVER GROUP shall have the exclusive right during the above thirty (30) day period, at its election, to purchase the interest described in said notice, for a sum of money equal in value to the consideration which would be received by CONTINENTAL under the terms set forth in the written notice. If the SILVER GROUP elects to purchase the interest described in the notice, the SILVER GROUP shall so notify CONTINENTAL within the thirty (30) day period. If the SILVER GROUP has not notified CONTINENTAL of the group's above election within the thirty (30) day period, CONTINENTAL shall have the right during the next succeeding ninety (90) day period to sell, assign, transfer or convey the interest as described in said notice to the party or parties named therein, upon the terms and conditions set forth in said notice, but all subject, however, to this Agreement. Upon expiration of the above-described ninety (90) day period, any subsequent sale, assignment, transfer or conveyance of CONTINENTAL's interest, or part thereof, shall be subject to the SILVER GROUP's foregoing right of first refusal, all upon the terms and conditions set forth above.

Section 10 - Notices

Notices permitted or required hereunder shall be deemed given upon deposit in the United States mails thereof, certified mail, postage prepaid, to the following addresses:

If to CONTINENTAL:

Continental Quicksilver, Inc.
1556 North Kostner Avenue
Chicago, Illinois 60651
Attn: Legal Department

with copy to:

Continental Quicksilver, Inc.
820 South Ninth Street
P. O. Box 190
Grand Junction, Colorado 81501

If to SILVER GROUP

Perry, Knox, Kaufman, Inc.
P. O. Box 12754
Tucson, Arizona 85711
Attn: James A. Knox

with copy to:

Pinnacle Exploration, Inc.
277 Park Avenue
New York, New York 10017

Vitro Minerals Corporation
720 Equitable Building
Denver, Colorado 80202

Day Mines, Inc.
P. O. Box 1010
Wallace, Idaho 83873

which addresses may be changed, from time to time, upon notice given to the parties in the manner above set forth.

Section 11 - Consent

CONTINENTAL agrees that it shall promptly obtain from the underlying owners of the Premises, a consent to the assignment of the De Lamar Lease and Option and the Premises, which consent shall be affixed hereto or to a counterpart hereof.

Section 12 - Liability Several

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations herein set forth. It is not the intention of the parties to create a partnership and this Agreement shall not be construed so as to render the parties liable as partners, associates, or joint venturers or as creating a mining or other partnership or association. Each of the parties hereto elects

to be excluded from the application of all of the provisions of sub-chapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954.

Section 13 - Headings for Convenience Only

The headings used in this Agreement are for convenience only and shall be disregarded in construing this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above set forth.

CONTINENTAL

CONTINENTAL QUICKSILVER, INC.

By C. H. Reynolds
C. H. Reynolds, Vice President

ATTEST Melvin Pollack
Melvin Pollack, Assistant Secretary

SILVER GROUP

PERRY, KNOX, KAUFMAN, INC.

By James A. Knox
Title: VICE PRESIDENT

ATTEST M. G. Kaufman
ASST. SECRETARY

PINNACLE EXPLORATION, INC.

By Joseph T. Hall
Title: Pres.

ATTEST Charles D. Arend
Secretary

DAY MINES, INC.

By Robin Farmin
Title: vice president

ATTEST Norval K. Bruce
Secretary

VITRO MINERALS CORPORATION

By W. B. Hall
Title: PRESIDENT

ATTEST Keith H. Elmer
Secretary

CONSENTS TO ASSIGNMENT:

Marian C. Rushing
Marian C. Rushing

Charles T. Lark, Jr. Trustee
Charles T. Lark, Jr., Trustee

STATE OF Washington)
) ss.
COUNTY OF Spokane)

On this the 12th day of May, 1970, before me, the undersigned Notary Public, personally appeared James A. Knox who acknowledged himself to be the Vice President of PERRY, KNOX, KAUFMAN, INC., and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In Witness Whereof, I hereunto set my hand and official seal.

Virginia E. Lewis
Notary Public

My Commission Expires:

STATE OF Idaho)
) ss.
COUNTY OF Shoshone)

On this the 10th day of June, 1969, before me, the undersigned Notary Public, personally appeared Joseph T. Hall — who acknowledged himself to be the President of PINNACLE EXPLORATION, INC., and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In Witness Whereof, I hereunto set my hand and official seal.

Wayne E. Johnson
Notary Public

My Commission Expires:
1-25-72

STATE OF Colorado)
) ss.
COUNTY OF Denver)

On this the 22nd day of May, 1969, before me, the undersigned Notary Public, personally appeared H. B. Hall who acknowledged himself to be the President of VITRO MINERALS CORPORATION, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In Witness Whereof, I hereunto set my hand and official seal.

Carol Ann Porter
Notary Public

My Commission Expires:
Dec. 4, 1974

STATE OF Idaho)
) ss.
COUNTY OF Shoshone)

On this the 18th day of May, 1969, before me, the undersigned Notary Public, personally appeared Robert Jarman who acknowledged himself to be the Vice President of DAY MINES, INC., and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In Witness Whereof, I hereunto set my hand and official seal.

Kathryn A. Eichwald
Notary Public

My Commission Expires:
March 10 1974

STATE OF Colorado)
) ss.
COUNTY OF Mesa)

On this the 26th day of January, 1970, before me, the undersigned Notary Public, personally appeared C.H. Reynolds who acknowledged himself to be the Vice President of CONTINENTAL QUICKSILVER, INC., and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In Witness Whereof, I hereunto set my hand and official seal.

V. R. Gray
Notary Public

My Commission Expires:
My Commission expires April 13, 1972

STATE OF Oregon)
) ss.
COUNTY OF Multnomah)

On this 20 day of April, 1970, before me, the undersigned Notary Public, personally appeared MARIAN C. RUSHING, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

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

Gladys Munson
Notary Public
Residing at Portland, Oregon

My Commission Expires:
8-16-71

STATE OF New York)
) ss.
COUNTY OF New York)

On this 1st day of May, 1970, before me, the undersigned Notary Public, personally appeared CHARLES T. LARK, JR., known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same, not individually, but in his capacity as Trustee.

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

Arthur E. Sullivan
Notary Public

Residing at 207 Elm Road, Briarcliff Manor, N. Y.

My Commission Expires:

ARTHUR E. SULLIVAN
Notary Public, State of New York
No. 60-5238350
Qualified in Westchester County
Certificate Filed in New York County
Commission Expires March 30, 1972

DE LAMAR
LEASE AND OPTION

THIS AGREEMENT, dated October 31, 1963, between CONTINENTAL QUICKSILVER, INC., a California corporation (hereinafter called "CONTINENTAL") and MARIAN C. RUSHING, CHARLES T. LARK, JR., and those other persons listed in Appendix A (each of whom individually is hereinafter called an "OWNER" and together all are called the "OWNERS");

W I T N E S S E T H:

WHEREAS, each OWNER owns the undivided fractional interest set forth after his name in Appendix A in those patented mining claims and mill sites located in Owyhee County, Idaho, as described in Appendix B, which claims are hereinafter called the "PREMISES";

NOW, THEREFORE, CONTINENTAL and the OWNERS agree as follows:

1. Lease. For and in consideration of Ten ($10) Dollars each paid to the OWNERS set forth in Appendix A (or a total of Forty ($40) Dollars) and other considerations, receipt of which the OWNERS hereby acknowledge, the OWNERS hereby lease the PREMISES to CONTINENTAL beginning on the date of this Agreement and continuing until January 31, 1965, together with:

(a) All minerals and mineral rights in the PREMISES; and

(b) The exclusive right and privilege to mine and sell all minerals from the PREMISES; and

(c) So much of the use of the surface and water rights as may be necessary or convenient to explore or mine the PREMISES.

CONTINENTAL hereby accepts this lease. Upon termination of this Agreement, the term of this lease shall end, but CONTINENTAL shall not be relieved of any obligation to make payments with respect to ore mined by CONTINENTAL from the PREMISES during the term of this lease and sold.

SCHEDULE A

2. Options and Percentage Payments. The OWNERS hereby grant to CONTINENTAL an option to purchase all of the fee simple interest in the PREMISES for a purchase price of One Million ($1,000,000) Dollars, which option may be exercised by notice of at least forty five (45) days, served on the OWNERS on or before December 31, 1964. Upon exercise of the option CONTINENTAL will pay the purchase price to the OWNERS either by PERCENTAGE PAYMENTS as set forth below in this paragraph 2 (including any such PERCENTAGE PAYMENTS previously made) or by payments set forth in paragraph 3, and CONTINENTAL shall have exclusive possession of the PREMISES until the termination of this Agreement.

(a) Effective immediately and continuing for and during the term of the lease and after any exercise by CONTINENTAL of the option, CONTINENTAL will make payments to the OWNERS on or about the 20th day of each calendar month, which payments shall be equal to ten per cent (10%) of net smelter returns received by CONTINENTAL during the preceding month from the sale of all ore or concentrate from ore mined from the PREMISES. All such payments made during the term of the lease or after exercise by CONTINENTAL of the option and until the purchase price is fully paid, shall be deemed to have been made to apply on the purchase price.

(b) The term "net smelter return" means all receipts by CONTINENTAL from the sale of ore or concentrate from ore as shown on each settlement sheet or remittance statement, after deducting all payments to and charges by a mill or smelter and after deducting all charges and payments for transportation prior to sale with respect to such ore sold or with respect to ore beneficiated into concentrate sold, other than transportation for hauling

SCHEDULE A-2

ore from the PREMISES to a mill located within 50 miles of the PREMISES. Charges by a mill owned by CONTINENTAL or by any corporation controlling, controlled by or under common control with CONTINENTAL shall not include any profit.

(c) All PERCENTAGE PAYMENTS by CONTINENTAL will be accompanied by a copy of each settlement sheet or remittance statement pertaining to the receipts on which such PERCENTAGE PAYMENT is based.

(d) CONTINENTAL may arrange with any mill, smelter or other ore buyer to make any PERCENTAGE PAYMENTS and to transmit copies of settlement sheets or remittance statements directly to the OWNERS.

(e) All PERCENTAGE PAYMENTS to OWNERS will be made by paying to each OWNER pro rata according to the fractional interest set forth after his name in Appendix A.

3. Exercise of Option. Upon exercise of the option by CONTINENTAL, the parties shall take the actions set forth below.

(a) At a closing to be held at Harris Trust and Savings Bank (hereinafter called "HARRIS BANK") in Chicago, Illinois, at a time stated by notice of exercise, which time shall be at least forty five (45) days after service of such notice, CONTINENTAL will pay to the OWNERS Five Thousand ($5,000) Dollars to apply on the purchase price, and the OWNERS will place in escrow a deed executed by all OWNERS and their spouses, in form suitable for recording, effective to convey to CONTINENTAL (or as CONTINENTAL may direct) the entire fee simple interest in the PREMISES. Such escrow will be established at HARRIS BANK or with such other escrowee as the parties may designate, and will provide for delivery of the

deed upon payment to OWNERS of the total amount of the purchase price, and upon such delivery this Agreement shall terminate. CONTINENTAL will pay all charges of HARRIS BANK in connection with such closing and escrow.

(b) After exercise of the option, on or about the first day of February of each year, CONTINENTAL will make payments to OWNERS to apply on the purchase price of such amount, if any, as may be necessary to increase the total of all payments made to the OWNERS through the prior December 31 to the amounts stated in Column 3 below. The total of all payments made to the OWNERS shall include PERCENTAGE PAYMENTS, the payment pursuant to subparagraph 3(a) above, payments pursuant to this subparagraph 3(b), and payments pursuant to subparagraph 3(c) below.

1 Date	2 Increase in Cumulative Total	3 Cumulative Total
December 31, 1964	$ 5,000	$ 5,000
December 31, 1965	5,000	10,000
December 31, 1966	5,000	15,000
December 31, 1967	5,000	20,000
December 31, 1968	10,000	30,000
December 31, 1969	10,000	40,000
December 31, 1970	20,000	60,000
December 31, 1971	20,000	80,000
December 31, 1972	20,000	100,000
December 31, 1973	25,000	125,000
December 31, 1974	75,000	200,000
December 31, 1975	75,000	275,000
December 31, 1976	75,000	350,000
December 31, 1977	75,000	425,000
December 31, 1978	75,000	500,000
December 31, 1979	100,000	600,000
December 31, 1980	100,000	700,000
December 31, 1981	100,000	800,000
December 31, 1982	100,000	900,000
December 31, 1983	100,000	1,000,000
	$1,000,000	

To the extent that all PERCENTAGE PAYMENTS previously made, together with all payments previously made pursuant to subparagraph 3(a), this subparagraph 3(b) or subparagraph 3(c)

exceed the cumulative total in column 3 above, the excess shall be credited against such cumulative total, and no further minimum payments shall become due under this subparagraph 3(b) until the cumulative total in column 3 above then due shall exceed the cumulative total of all payments previously made as PERCENTAGE PAYMENTS, or as payments pursuant to subparagraph 3(a), this subparagraph 3(b), or subparagraph 3(c).

(c) At its option CONTINENTAL may make additional payments to OWNERS to apply on the purchase price.

All payments to OWNERS will be made by paying to each OWNER pro rata according to the fractional interest set forth after his name in Appendix A.

4. Operations. CONTINENTAL will promptly enter upon the PREMISES, weather permitting, and will commence field work and conduct an examination and investigation, diligently pursuing all appropriate work, including such re-opening of old workings, surface and underground exploration, drilling, trenching, sampling and assaying, as it shall deem appropriate.

5. Indemnification. CONTINENTAL will indemnify and hold harmless the OWNERS from all costs, expense and liabilities arising from all acts of CONTINENTAL, including all labor and materialmen's liens filed against the PREMISES arising from operations of CONTINENTAL. CONTINENTAL will cause its parent corporation, Continental Materials Corporation, a Delaware corporation, to execute a guarantee substantially in the form attached as Appendix C, guaranteeing the foregoing undertaking with respect to labor and materialmen's liens. CONTINENTAL will carry workmen's compensation and such other employee insurance as may be required pursuant to the laws of the State of Idaho for all persons employed by CONTINENTAL in and upon the PREMISES. CONTINENTAL will carry public liability insurance of at least Two Hundred Fifty Thousand ($250,000) Dollars with respect to its operations on the PREMISES.

6. Reports. CONTINENTAL will furnish to OWNERS copies of all annual certified financial statements and audit reports it receives, and copies of statements and reports it makes to the State of Idaho or any of its agencies, but CONTINENTAL need not secure any statements or reports it would not otherwise receive or make.

7. CONTINENTAL's Undertakings. CONTINENTAL will do each of the following until termination of this Agreement:

(a) pay all property taxes and special assessments pertaining to the PREMISES;

(b) operate the PREMISES in a workmanlike and minerlike manner;

(c) perform work in respect of the PREMISES (including work of any nature performed at the PREMISES or elsewhere) or make payments to OWNERS pursuant to paragraph 2 or 3, in an amount equal:

(i) at December 31, 1964 to $15,000; and

(ii) at any time after December 31, 1964 to $25,000 times the number of completed years after December 31, 1964, plus $15,000;

(d) upon reasonable request make available to OWNERS for examination or copying all operating and accounting records of CONTINENTAL pertaining to the PREMISES or CONTINENTAL's operations, including all engineering reports, maps, assay reports, and smelter returns and settlements. Upon surrender by CONTINENTAL of the PREMISES prior to payment of the full purchase price, CONTINENTAL will deliver to OWNERS originals or copies of maps, reports and other summaries of operating data pertaining to the PREMISES;

(e) protect and preserve the interests of the OWNERS in water rights, rights-of-way, or rights appurtenant to the PREMISES, and will acquire in or transfer to the names of the OWNERS all such rights CONTINENTAL may acquire in respect of the PREMISES.

8. OWNERS' Acts. The OWNERS:

(a) will make available to CONTINENTAL all writings coming under the OWNERS' control relating to the location or title of the PREMISES;

(b) will deliver to CONTINENTAL originals or copies of all written communications and will by notice advise CONTINENTAL of all oral communications relating to the PREMISES which might affect CONTINENTAL;

(c) upon request from CONTINENTAL by notice will promptly take such action as may be necessary or desirable to terminate in thirty (30) days any then existing grazing lease on the PREMISES;

(d) will cooperate with CONTINENTAL in securing Office of Mineral Exploration and other loans for exploration, development and mining of the PREMISES, without personal liability to the OWNERS;

(e) will do all acts and execute all documents necessary or convenient to effectuate any covenant of the OWNERS; and

(f) may at all reasonable times in person or by agent enter in and upon all parts of the PREMISES for the purpose of inspection. All such entries shall be at the sole expense and risk of the OWNERS and without unreasonably interfering with CONTINENTAL's operation.

SCHEDULE A-7

9. Quiet Enjoyment. CONTINENTAL may take such action as it deems necessary or convenient to hold and defend its interest in the PREMISES against all persons, and the OWNERS will cooperate with CONTINENTAL in such action, without expense to the OWNERS.

10. Surrender. CONTINENTAL may at any time by notice to the OWNERS surrender the PREMISES and terminate this Agreement, effective thirty (30) days after such notice.

11. Warranties. OWNERS warrant that each OWNER owns that fractional interest set forth after his name in Appendix A in fee simple in the PREMISES.

12. Removal of Property. During the term of the lease and for ninety (90) days after the termination of this Agreement, CONTINENTAL may remove all fixtures and personal property placed or erected on the PREMISES by CONTINENTAL other than rail, if any, from the mine to a mill, and other than buried utility lines, and may remove all ore mined from the PREMISES during the term of the lease. Any ore mined and remaining after such ninety (90) day period shall be the property of OWNERS.

13. Notices. All notices shall be in writing. All payments to Charles T. Lark, Jr., George H. Lark and Loye Lark Lauder may be combined in a single check payable to "Charles T. Lark, Jr. Ranch Account". All payments and notices to such OWNERS may be directed to:

Charles T. Lark, Jr.
501 Fifth Avenue
New York, New York 10017

All notices and payments to Marian C. Rushing may be directed to:

5317 N.W. Fruit Valley Road
Vancouver, Washington 98660

All notices to CONTINENTAL shall be directed to:

4534 West North Avenue
Chicago, Illinois 60639
Attention: Legal Department

Any party by notice to all other parties may designate a new address for payments and notices to said party. Unless otherwise specified herein, all notices shall be effective when sent by registered or certified mail addressed as stated above.

14. Termination. If CONTINENTAL defaults in the performance of any covenant or condition hereof, the OWNERS may deliver notice to CONTINENTAL specifying in detail the default and if such default shall not be corrected or remedied within sixty (60) days after receipt by CONTINENTAL of such notice, the OWNERS at their election may:

(a) recover damages for such default in performance of any such covenant or condition;

(b) enjoin the continuance of such default in performance or secure specific performance of any such covenant; or

(c) declare this Agreement forfeited and terminated, but if after a final court or other mutually acceptable determination of such default CONTINENTAL corrects or remedies such default within thirty (30) days thereafter, such declaration of forfeiture and termination shall be deemed rescinded and of no further force or effect. Upon such final termination CONTINENTAL will promptly vacate the PREMISES and deliver to OWNERS a quit claim deed of CONTINENTAL's interest.

CONTINENTAL may remedy any default by paying to the OWNERS compensatory money damages. CONTINENTAL shall be deemed to have corrected or remedied any default when CONTINENTAL shall in good faith commence action to correct or remedy such default if such action shall be prosecuted thereafter with due diligence.

15. Force Majeure. CONTINENTAL shall not be considered in default if CONTINENTAL's failure to perform any covenant or condition of this Agreement is caused by any circumstances not within the control of CONTINENTAL. The settlement of a labor dispute shall not be considered to be within the control of CONTINENTAL. Financial inability to make any payment shall not be considered beyond the control of CONTINENTAL.

16. Assignment. All the terms, covenants and conditions of this Agreement shall be binding upon and inure to the benefit of the administrators, executors, heirs, successors and assigns of the respective parties.

(a) The rights of any OWNER hereunder may be assigned in whole or in part. No change or division in ownership of any OWNER's interest in any payment, however accomplished, shall operate or create to enlarge any obligation or diminish any right of CONTINENTAL, or be binding upon CONTINENTAL for any purpose until receipt by CONTINENTAL of a notice signed by or on behalf of such OWNER and all successors, stating the nature of the change or division and stating the single person and address to which all future notices and payments applicable to such OWNER may be directed by CONTINENTAL.

(b) CONTINENTAL may assign this Agreement to Continental Materials Corporation, a Delaware corporation, a subsidiary of Continental Materials Corporation, or with the consent of OWNERS, which consent will not be unreasonably withheld, to anyone. Upon notice to the OWNERS, the assignee shall be substituted in the place and stead of CONTINENTAL from the date of the assignment, and thereafter CONTINENTAL shall remain liable for all its obligations, if any, accrued prior to the date of such assignment but shall have no further rights or liabilities under this Agreement as to acts subsequent to the assignment.

17. Scope of Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith. No officer or other agent of the parties is authorized to make any representation, warranty or promise not contained herein. No change, termination or attempted waiver of any of the provisions hereof shall be binding on OWNERS unless in writing or on CONTINENTAL unless in writing and signed by an officer of CONTINENTAL authorized to take such action. No officer or other agent of the parties is authorized to agree to any change, termination or waiver of any of the provisions hereof in any other way. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall affect the right of the parties to enforce any claim, whether or not liquidated, which accrued prior to the date of such modification, waiver, termination, rescission, discharge or cancellation of this Agreement, and no waiver of any provision of or default under this Agreement shall affect the right of parties thereafter to enforce said provisions or to exercise any right or remedy in the event of any other default, whether or not similar.

18. Paragraph Headings. The paragraph headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

19. Counterparts. This Agreement may be executed by all parties in one or more counterparts, each of which shall be deemed a complete original copy.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

Marian C. Rushing

Marian C. Rushing

Consented to by Spouses:

Thelma H. Lark

Thelma H. Lark
(Mrs. Charles T. Lark, Jr.)

Charles T. Lark, Jr.

Hedda G. Lark

Hedda G. Lark
(Mrs. George H. Lark)

George H. Lark

(George Lauder)

Loye Lark Lauder

CONTINENTAL QUICKSILVER, INC.

By

Gerald Gidwitz

ATTEST:

Melvin Pollack

Melvin Pollack

SCHEDULE A-12

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STATE OF WASHINGTON)
) SS.
COUNTY OF CLARK)

On this 27th day of November, 1963, before me, a Notary Public personally appeared Marian C. Rushing known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

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

Notary Public
Residing at: Vancouver, Washington

STATE OF NEW YORK)
) SS.
COUNTY OF NEW YORK)

On this 14 day of Nov., 1963, before me, a Notary Public personally appeared Charles T. Lark, Jr., known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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

ARTHUR E. SULLIVAN
Notary Public, State Of New York
No. 60-9238350
Qualified in Westchester County
Commission Expires March 30, 1964

Notary Public
Residing at: 207 Elm Road,
Briarcliff Manor, N. Y.

SCHEDULE A-13

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On this 22nd day of November, 1963, before me, a Notary Public, personally appeared George H. Lark, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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

Samuel E. Ewing Jr.
Notary Public
Residing at: 2711 Fairfield Blvd
La Crescenta Calif

SAMUEL E. EWING, JR.
My Commission Expires April 23, 1966

STATE OF CONNECTICUT)
) SS.
COUNTY OF FAIRFIELD)

On this 21st day of November, 1963, before me, a Notary Public, personally appeared Loye Lark Lauder, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

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

Francis W. McAndrews, Notary Public
My Commission Expires April 1, 1968

Francis W. McAndrews
Notary Public
Residing at: 44 Perryridge Road
Greenwich, Conn.

Francis W. McAndrews, Notary Public
My Commission Expires April 1, 1968

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 24th day of December, 1963, before me, a Notary Public, personally appeared Gerald Gidwitz, known to me to be the Vice President of the corporation that executed the above instrument on behalf of said corporation and acknowledged to me that such corporation executed the same.

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

Ruth Baron
Notary Public
Residing at: Chicago, Illinois

SCHEDULE A-14

APPENDIX A

OWNERS

Names and Addresses	Fractional Interest
Marian C. Rushing 5317 N.W. Fruit Valley Road Vancouver, Washington 98660	4/5
Charles T. Lark, Jr. 670 Summit Avenue Hackensack, New Jersey	1/15
George H. Lark P.O. Box 216 La Canada, California	1/15
Loye Lark Lauder P.O. Box 1063 Greenwich, Connecticut	1/15

SCHEDULE A-15

APPENDIX B

CLAIMS

Lode Claims	Survey	Patent
Boston	855	20972
Cash	859A	22255
Chicago	643A	17931
Christian Wahl	642A	17932
Crown Prince & Bismark Consolidated	923A	22257
Denver	856A	21442
Dissen	921	21977
Hidden Treasure	1264	30107
Hope	920A	22256
Iburg	1260	30600
Idaho	548	16692
London	857A	37355
Louis Wahl	854	25112
Michigan	1266	29721
Malloy	1029A	30913
New York	863A	20973
Philadelphia	862A	21441
Phoebe Grace	858	21444
San Francisco	860	21443
Stoddard (Index No. 328)	--	12003
Torpedo	1261	30598
Wall Street	1265	34875
Wilson	547	16476
Zulu	1259	30599

Mill Site Claims	Survey	Patent
Cash	859B	22255
Chicago	643B	17931
Christian Wahl	642B	17932
Crown Prince & Bismark Consolidated	923B	22257
DeLamar	1024	25782
Denver	856B	21442
Hope	920B	22256
London	857B	27355
New York	863B	20973
Philadelphia	862B	21441
Wilson	652	17933

APPENDIX C

GUARANTEE

Continental Materials Corporation, a Delaware corporation, hereby guarantees to those persons designated as OWNERS in the foregoing De Lamar Lease and Option, that its subsidiary, Continental Quicksilver, Inc., a California corporation, will indemnify and hold harmless the OWNERS from all labor and materialmen's liens filed against the PREMISES as defined in such De Lamar Lease and Option, arising from operations of Continental Quicksilver, Inc.

Dated: October 31, 1963

CONTINENTAL MATERIALS CORPORATION

ATTEST:

Max H. Braun, Secretary

By Peter A. Bauer, Vice President

SCHEDULE A-17

CONFORMED COPY

CONFORMED COPY

FIRST AMENDMENT TO

DE LAMAR LEASE AND OPTION

THIS AGREEMENT, dated December 1, 1964, between CONTINENTAL QUICKSILVER, INC., a California corporation (hereinafter called "CONTINENTAL") and MARIAN C. RUSHING, CHARLES T. LARK, JR., individually, and those other persons who have signed this Agreement (each of whom together are called the "OWNERS");

W I T N E S S E T H:

A. WHEREAS, on October 31, 1963, Continental Quicksilver, Inc., Marian C. Rushing, Charles T. Lark, Jr., individually, George H. Lark and Loye Lark Lauder entered into the De Lamar Lease and Option embracing certain property in Owyhee County, Idaho; and

B. WHEREAS, on September 28, 1964, Loye Lark Lauder died, and thereafter BANKERS TRUST COMPANY, a corporation organized under the laws of the State of New York, George Lauder and Charles T. Lark, Jr. were appointed Co-Executors of the Estate of Loye Lark Lauder, Deceased; and

C. WHEREAS, the parties desire to amend the De Lamar Lease and Option on the terms and conditions hereinafter set forth;

NOW, THEREFORE, CONTINENTAL and the OWNERS agree as follows:

1. Payment. CONTINENTAL will promptly pay to the OWNERS Five Thousand ($5,000) Dollars.

2. Extension of Term. To extend the term of lease included in the De Lamar Lease and Option from January 31, 1965 to September 30, 1965, paragraph 1 of the De Lamar Lease and Option is hereby amended to read as follows:

CONFORMED COPY

CONFORMED COPY

1. Lease. For and in consideration of Ten ($10) Dollars each paid to the OWNERS set forth in Appendix A (or a total of Forty ($40) Dollars) and other considerations, receipt of which the OWNERS hereby acknowledge, the OWNERS hereby lease the PREMISES to CONTINENTAL beginning on the date of this Agreement and continuing until September 30, 1965, together with:

(a) All minerals and mineral rights in the PREMISES; and

(b) The exclusive right and privilege to mine and sell all minerals from the PREMISES; and

(c) So much of the use of the surface and water rights as may be necessary or convenient to explore or mine the PREMISES.

CONTINENTAL hereby accepts this lease. Upon termination of this Agreement, the term of this lease shall end, but CONTINENTAL shall not be relieved of any obligation to make payments with respect to ore mined by CONTINENTAL from the PREMISES during the term of this lease and sold.

3. Modification of Option. To provide for the application of the foregoing Five Thousand ($5,000) Dollar payment against the total purchase price provided in the De Lamar Lease and Option, and to extend the expiration date of CONTINENTAL'S purchase option, paragraph 2 of the De Lamar Lease and Option is hereby amended to read as follows:

2. Options and Percentage Payments. The OWNERS hereby grant to CONTINENTAL an option to purchase all of the fee simple interest in the PREMISES for a purchase price of Nine Hundred Ninety Five Thousand ($995,000) Dollars, which option may be exercised by notice of at least forty five (45) days, served on the

OWNERS on or before September 1, 1965. Upon exercise of the option CONTINENTAL will pay the purchase price to the OWNERS either by PERCENTAGE PAYMENTS as set forth below in this paragraph 2 (including any such PERCENTAGE PAYMENTS previously made) or by payments set forth in paragraph 3, and CONTINENTAL shall have exclusive possession of the PREMISES until the termination of this Agreement.

(a) Effective immediately and continuing for and during the term of the lease and after any exercise by CONTINENTAL of the option, CONTINENTAL will make payments to the OWNERS on or about the 20th day of each calendar month, which payments shall be equal to ten per cent (10%) of net smelter returns received by CONTINENTAL during the preceding month from the sale of all ore or concentrate from ore mined from the PREMISES. All such payments made during the term of the lease or after exercise by CONTINENTAL of the option and until the purchase price is fully paid, shall be deemed to have been made to apply on the purchase price.

(b) The term "net smelter return" means all receipts by CONTINENTAL from the sale of ore or concentrate from ore as shown on each settlement sheet or remittance statement, after deducting all payments to and charges by a mill or smelter and after deducting all charges and payments for transportation prior to sale with respect to such ore sold or with respect to ore beneficiated

into concentrate sold, other than transportation for hauling ore from the PREMISES to a mill located within 50 miles of the PREMISES. Charges by a mill owned by CONTINENTAL or by any corporation controlling, controlled by or under common control with CONTINENTAL shall not include any profit.

(c) All PERCENTAGE PAYMENTS by CONTINENTAL will be accompanied by a copy of each settlement sheet or remittance statement pertaining to the receipts on which such PERCENTAGE PAYMENT is based.

(d) CONTINENTAL may arrange with any mill, smelter or other ore buyer to make any PERCENTAGE PAYMENTS and to transmit copies of settlement sheets or remittance statements directly to the OWNERS.

(e) All PERCENTAGE PAYMENTS to OWNERS will be made by paying to each OWNER pro rata according to the fractional interest set forth after his name in Appendix A.

4. Revision of Payment Schedule. To reflect the application of the foregoing Five Thousand ($5,000) Dollar payment against the total purchase price and to modify the schedule of future payments, paragraph 3 (b) of the De Lamar Lease and Option is hereby amended to read as follows:

(b) After exercise of the option, on or about the first day of February of each year, CONTINENTAL will make payments to OWNERS to apply on the purchase price of such amount, if any, as may be necessary to increase the total of all payments made to the OWNERS through the prior December 31 to the amounts stated in Column 3 below. The total of all payments made to the

OWNERS shall include PERCENTAGE PAYMENTS, the payment pursuant to subparagraph 3(a) above, payments pursuant to this subparagraph 3(b), and payments pursuant to subparagraph 3(c) below.

1 Date	2 Increase in Cumulative Total	3 Cumulative Total
December 31, 1965	$ 5,000	$ 5,000
December 31, 1966	5,000	10,000
December 31, 1967	5,000	15,000
December 31, 1968	10,000	25,000
December 31, 1969	10,000	35,000
December 31, 1970	20,000	55,000
December 31, 1971	20,000	75,000
December 31, 1972	20,000	95,000
December 31, 1973	25,000	120,000
December 31, 1974	75,000	195,000
December 31, 1975	75,000	270,000
December 31, 1976	75,000	345,000
December 31, 1977	75,000	420,000
December 31, 1978	75,000	495,000
December 31, 1979	100,000	595,000
December 31, 1980	100,000	695,000
December 31, 1981	100,000	795,000
December 31, 1982	100,000	895,000
December 31, 1983	100,000	995,000
	$ 995,000	

To the extent that all PERCENTAGE PAYMENTS previously made, together with all payments previously made pursuant to subparagraph 3(a), this subparagraph 3(b) or subparagraph 3(c) exceed the cumulative total in column 3 above, the excess shall be credited against such cumulative total, and no further minimum payments shall become due under this subparagraph 3(b) until the cumulative total in column 3 above then due shall exceed the cumulative total of all payments previously made as PERCENTAGE PAYMENTS, or as payments pursuant to subparagraph 3(a), this subparagraph 3(b), or subparagraph 3(c).

5. Confirmation. All other terms and provisions of the De Lamar Lease and Option shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment the day and year first above written.

Consented to by Spouses:

Marian C. Rushing

Marian C. Rushing

Thelma H. Lark

Thelma H. Lark
(Mrs. Charles T. Lark, Jr.)

Charles T. Lark, Jr., individually

Hedda G. Lark

Hedda G. Lark
(Mrs. George H. Lark)

George H. Lark

George Lauder, not individually, but as Co-Executor of the estate of Loye Lark Lauder, Deceased

Charles T. Lark, Jr., not individually, but as Co-Executor of the estate of Loye Lark Lauder, Deceased

BANKERS TRUST COMPANY, a corporation organized under the laws of the State of New York, as Co-Executor of the estate of Loye Lark Lauder, Deceased

ATTEST:

Trust Officer

By

ASSISTANT TRUST OFFICER

CONTINENTAL QUICKSILVER, INC.

ATTEST:

By

Gerald Gidwitz
Vice President

Melvin Pollack
Assistant Secretary

SCHEDULE A-23

STATE OF WASHINGTON)
COUNTY OF CLARK) SS.

On this 21 day of December before me, a Notary Public personally appeared Marian C. Rushing known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

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

Loyd Adams
Notary Public
Residing at: Vancouver Wash

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS.

On this 10th day of December 1964 before me, a Notary Public personally appeared Charles T. Lark, Jr., individually known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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

Arthur E. Sullivan
Notary Public
Residing at:

Notary Public, State of New York
No. 60-9238350
Qualified in Westchester County
Commission Expires March 30, 1966

SCHEDULE A-24

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On this 15 day of Dec 1964 before me, a Notary Public, personally appeared George H. Lark, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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

Lawson Sibley Adams
Notary Public
Residing at: La Crescenta L.A. Co. Calif
LAWSON SIBLEY ADAMS
My Commission Expires Aug. 31, 1965

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 23rd day of December before me, a Notary Public, personally appeared Gerald Gidwitz, known to me to be the Vice President of the corporation that executed the above instrument on behalf of said corporation and acknowledged to me that such corporation executed the same.

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

Notary Public
Residing at: Chicago, Illinois

SCHEDULE A-25

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On this 10th day of December 1964 before me a Notary Public appeared Charles T. Lark, Jr. as Co-Executor of the Estate of Loye Lark Lauder, deceased, individually known to me to be the person whose name is subscribed to the within instrument as such Co-Executor, and he acknowledged to me that he executed the same as such Co-Executor.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certification first above written.

Arthur E. Sullivan

Notary Public

ARTHUR E. SULLIVAN
Notary Public, State of New York
No. 60-0238050
Qualified in Westchester County
Commission Expires March 30, 1966

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On this 10th day of December 1964 before me a Notary Public, appeared George Lauder, as Co-Executor of the Estate of Loye Lark Lauder, deceased, individually known to me to be the person whose name is subscribed to the within instrument as such Co-Executor and he acknowledged to me that he executed the same as such Co-Executor.

In Witness Whereof, I have hereunto set myhand and affixed my official seal the day and year in this certification first above written.

Arthur E. Sullivan

Notary Public

ARTHUR E. SULLIVAN
Notary Public, State of New York
No. 60-0238050
Qualified in Westchester County
Commission Expires March 30, 1966

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On the 14th day of December 1964 before me personally came ROBERT P. BORGES to me known who by me being duly sworn did depose and say that he resides at 205 East 69th Street, New York 21, N. Y. ; that he is an Assistant Trust Officer of Bankers Trust Company, the corporation described in and which executed the above instrument as Co-Executor of the Estate of Loye Lark Lauder, deceased; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by Order of the Board of Directors of said corporation and that he signed his name thereto by like order.

Marie B. Friedenreich
Notary Public

MARIE B. FRIEDENREICH
NOTARY PUBLIC, State of New York
No. 41-1322040
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1965

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/6/72		120
		220

AIRMAIL

Continental Quicksilver, Inc.
Attention: Legal Department
1556 North Kostner Avenue
Chicago, Illinois 60651

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
De Lamar Mine
Owyhee County, Idaho
Contract 2214

Gentlemen:

We understand that the De Lamar mine is now in the control of Earth Resources, Inc. (52½ percent interest) and Superior Oil Company (47½ percent interest) having acquired these interests from Vitro minerals Corporation, Day Mines, Inc., and Perry, Knox, Kauffman, Inc. We have not received copies of the legal documents concerning these transactions as is required by the provisions of Article 2(c) of the subject OME contract.

Please furnish two copies each of these documents at your earliest convenience together with the mailing addresses of the parties involved.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to: Continental Quicksilver, Inc.
Attention: Mr. Vin. R. Gray
Office Manager
820 South Ninth Street
P. O. Box 190
Grand Junction, Colorado 81502

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
OME Region I
Mr. Kirkemo
130

HKirkemo/gla 10-6-72

United States Department of the Interior

GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

September 22, 1972

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 26 1972

INITIALS	CODE
Cal	120
	120
	B.W
10/6/72 rgla	130

MEMORANDUM

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Annual Royalty Inspection
OME-6455 (gold-silver)
Continental Quicksilver, Inc.
De Lamar Mine
Owyhee County, Idaho
Contract 2214

I visited the De Lamar mine area on Friday, Sept. 15, 1972. Mr. Paul Freed (sp.?), the only permanent resident of the community, was present and provided me with some information.

Earth Resources, Inc. and Superior Oil Company now have control of the De Lamar mine. According to Mr. Ray Lasmanis, resident geologist for Superior Oil Company in Spokane, Earth Resources, Inc. owns a 52½ percent interest and Superior Oil Company has a 47½ percent interest in the mine. Earth Resources, Inc. has bought out Vitro Minerals Corporation and Superior Oil Company has purchased the De Lamar interests of Day Mines, Inc., and Perry, Knox, Kauffman, Inc. We do not have documentation of these changes in our docket.

Exploration has continued at the De Lamar mine this summer--what it has consisted of is somewhat uncertain. Apparently one of the shafts was dewatered. I don't know if any diamond drilling has been done. There has been no production.

The Government's lien on future production extends until Feb. 28, 1977.

Willard P. Puffett

Willard P. Puffett

90

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

February 28, 1972

Continental Quicksilver, Inc.
Attention: Mr. Vin. R. Gray
Office Manager
820 South Ninth Street
P. O. Box 190
Grand Junction, Colorado 81502

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 9 1972

INITIALS	CODE
gla	130
HK	120
	220

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to R-I

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since March 3, 1971, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes [ ] No [X]

Is the Assignment Agreement (De Lamar Lease and Option) dated November 17, 1969, between Continental and the Silver Group still in effect? If not, please explain. Yes /X/ No / /

Has any interest in land situate within 1,500 feet of the southern boundary of the land described in the contract been acquired since March 11, 1970? (See "A Special Agreement Concerning Land" in Annex I, page 2). Yes / / No /X/

2. Since March 3, 1971, has there been any production from the land subject to the contract? Yes [ ] No [X]

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since , has any production been transported through workings *(see of contract)*? Yes [ ] No [ ]

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name	*Title*
Vin. R. Gray	Office Manager
Address	*Date* March 3, 1972

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

REPLY REFER TO: Office of Minerals Exploration

February 26, 1971

Continental Quicksilver, Inc.
Attention: Mr. Vin. R. Gray,
Office Manager
820 South NinthStreet
P. O. Box 190
Grand Junction, Colorado 81502

Re: OME-6455 (Gold-Silver)
Continental Quicksilver, Inc.
DeLamar Mine
Owyhee County, Idaho
Contract 2214

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 5 1971
INITIALS | CODE
glu | 130
HK | 120
220

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

copy and Assignment to P-I

Received by
3/10/71 - owner's comment
to assignment appears
to be correct but is not clearly

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since March 11, 1970, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes [xx] No [ ]

Has any interest in land situate within 1,500 feet of the southern boundary of the land described in the contract been acquired since March 11, 1970? (See "A Special Agreement Concerning Land" in Annex I, page 2). [ ] No. [xx]

Two copies of Assignment Agreement enclosed.

2. Since , has there been any production from the land subject to the contract? Yes [ ] No [xx]

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser (*name and address*)	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity (*tons*)	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since , has any production been transported through workings (*see of contract*)? Yes [ ] No [xx]

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Vin. R. Gray Vin. R. Gray	*Title* Office Manager
Address	*Date* March 3, 1971

ASSIGNMENT AGREEMENT
(De Lamar Lease and Option)

THIS AGREEMENT, is made effective as of the 17th day of November, 1969, by and between CONTINENTAL QUICKSILVER, INC., a California corporation (hereinafter designated "CONTINENTAL"), as assignor, and PINNACLE EXPLORATION, INC., a Colorado corporation; VITRO MINERALS CORPORATION, a Delaware corporation; DAY MINES, INC., an Idaho corporation and PERRY, KNOX, KAUFMAN, INC., a Nevada corporation (hereinafter collectively designated as the "SILVER GROUP"), as assignees;

W I T N E S S E T H

WHEREAS, CONTINENTAL, pursuant to that certain De Lamar Lease and Option agreement dated October 31, 1963, as amended by that certain First Amendment to De Lamar Lease and Option dated December 1, 1964, by and between CONTINENTAL and Marian C. Rushing, et al. (hereinafter "De Lamar Lease and Option"), a copy of which is attached hereto as Schedule A and made a part hereof, has exercised the option to purchase therein set forth and now holds the 24 patented lode mining claims and 11 patented mill site claims all situated in Owyhee County, Idaho and all more fully described in Appendix B to the De Lamar Lease and Option (which claims are hereinafter designated as the "Premises"), and

WHEREAS, CONTINENTAL and the SILVER GROUP desire to enter into an agreement effecting an assignment by CONTINENTAL to the SILVER GROUP of all of CONTINENTAL's rights in and to the De Lamar Lease and Option and in and to the Premises;

NOW, THEREFORE, in consideration of the covenants, agreements and conditions herein contained, CONTINENTAL and the SILVER GROUP agree as follows:

CONFORMED COPY

Section 1 - Representations; Covenants

CONTINENTAL represents to the SILVER GROUP that CONTINENTAL is the sole owner of the De Lamar Lease and Option and has exercised the option therein contained to purchase the Premises and that the De Lamar Lease and Option is in good standing and in full force and effect and subject to no amendments other than as described on page 1 of this Agreement. CONTINENTAL further represents to the SILVER GROUP that there exist no liens nor encumbrances against CONTINENTAL's interest in and to the De Lamar Lease and Option except as to the lien provided under that certain Office of Minerals Exploration loan in the principal amount of $24,406.00 plus interest at the rate of 6-3/4% per annum payable out of 5% of the production through February 28, 1977. CONTINENTAL covenants that it shall make the applicable $10,000.00 payment accruing December 31, 1969 to the underlying owners as set forth in paragraph 3(b) of the De Lamar Lease and Option on or before the due date thereof. If the SILVER GROUP has not terminated this Agreement on or before December 31, 1969, the SILVER GROUP covenants that it shall, upon notification from CONTINENTAL of payment to the underlying owners, promptly pay CONTINENTAL $5,000.00 as partial reimbursement for the aforementioned $10,000.00 payment.

Section 2 - Assignment

CONTINENTAL, on the terms and conditions as set forth in this Agreement, hereby assigns its rights in and to the De Lamar Lease and Option and in and to the Premises to the SILVER GROUP, their successors and assigns; RESERVING HOWEVER unto CONTINENTAL a 10% "Net Profits Interest" (as defined in Section 3). The SILVER GROUP hereby accepts the said assignment and agrees to assume the obligations thereof, all subject to the terms and conditions of this Agreement.

Section 3 - Definitions

For purposes of this Agreement the following terms shall have the meanings as set forth below:

(1) "Net Profits Interest" - Shall mean the designated percentage of the net profits from the operation of the De Lamar Lease and Option Premises as determined after deduction and recovery of all costs, expenses, liabilities and obligations as incurred by the SILVER GROUP in excess of $200,000.00 and by any other holder or holders of any "Working Interests" (as hereinafter defined), in connection with or attributable to the Premises from and after the date on which the SILVER GROUP first incurred expenses thereon, including, but not limited to, all costs, expenses, liabilities and obligations of exploration, development, mining, milling, treatment, sales, royalty, lease burdens, production taxes and property payments, as determined in accordance with generally accepted accounting practices as employed by the SILVER GROUP.

(2) "Working Interests" - Shall mean operating interests in and to the De Lamar Lease and Option having the exclusive right to explore, develop and exploit the minerals on the Premises and, subject to payment of Net Profits Interests, to share in the proceeds therefrom; the holders of Working Interests being obligated to share, as their respective interests appear, all costs of exploring, developing and exploiting the Premises while this Agreement or any operating agreement entered into by the Working Interest owners, is in full force and effect.

(3) "Qualifying Expenditure" - Shall mean the expenditure by the SILVER GROUP of the amount of $200,000.00 in exploration and development costs and expenses on or attributable to the Premises, including, but not limited to, expenditures and payments made pursuant to paragraph 2(a), 3(b), 3(c), 7(a) and 7(c) of the De Lamar Lease and Option.

Section 4 - Termination and Reassignment (Prior to Qualifying Expenditure)

The SILVER GROUP, at any time prior to making the "Qualifying Expenditure" as defined in Section 3, may terminate its interest under this Agreement by written notice to CONTINENTAL, accompanied by a Reassignment of De Lamar Lease and Option and of the Premises, executed by the SILVER GROUP and in a recordable form. Upon the giving of such notice of termination all of the rights, duties and obligations of the SILVER GROUP shall cease and terminate except that:

(1) If such notice is given on or before December 31, 1969, the SILVER GROUP shall be obligated to perform the applicable work commitment as set forth in paragraph 7(c) of the De Lamar Lease and Option for the year ending December 31, 1969, which for purposes of this Agreement shall include all work theretofore performed by CONTINENTAL and the SILVER GROUP.

(2) If such notice is given subsequent to December 31, 1969 and on or before October 31, 1970, the SILVER GROUP shall be obligated to perform the applicable work commitment as set forth in paragraph 7(c) of the De Lamar Lease and Option for the year ending December 31, 1970, which for purposes of this Agreement shall include all work theretofore performed by CONTINENTAL and the SILVER GROUP.

(3) From and after October 31, 1970, unless such notice is given on or before the 31st day of October of any calender year (including notice given the prior year after the 31st day of October), the SILVER GROUP shall be obligated to make the payment, if any, to owners due and payable on the 31st of December of such calendar year pursuant to paragraph 3(b) of the De Lamar Lease and Option and to perform the applicable work commitment as set forth in paragraph 7(c) of the De Lamar Lease and Option for the next succeeding calendar year which for purposes of this Agreement shall include all work theretofore performed by CONTINENTAL and the SILVER GROUP. If such notice is given on or before the 31st day of October of any such calendar year (including notice given the prior year after the 31st day of October), the SILVER GROUP shall have no obligation to make the payment, if any, to owners otherwise payable on December 31st of such calendar year pursuant to paragraph 3(b) of the De Lamar Lease and Option, or to perform the applicable work commitment referred to above for the next succeeding calendar year.

Section 5 - Election by CONTINENTAL after Qualifying Expenditure Work

If the SILVER GROUP makes the Qualifying Expenditure, the SILVER GROUP shall promptly give notice of such fact to CONTINENTAL. Within 60 days after notice has been given CONTINENTAL of the SILVER GROUP's having made the Qualifying Expenditure, CONTINENTAL shall give notice to the SILVER GROUP as to which of the following interests, CONTINENTAL elects to have transferred to it:

(1) 25% of the Working Interest and no additional Net Profits Interests; or

(2) No Working Interest and 5% Net Profits Interest, in addition to the Net Profits Interest reserved by CONTINENTAL in Section 2; or

(3) Any one of the following combinations:

Working Interest		Additional Net Profits Interest
20%	and	1%
15%	and	2%
10%	and	3%
5%	and	4%

In the event CONTINENTAL elects to acquire any Working Interest under the provisions of this Section 5, CONTINENTAL shall thereafter contribute its share of expenditure with respect to the Premises as called for by the SILVER GROUP operator from time to time, and in accordance with any operating agreement under which the SILVER GROUP is operating as of the time of such election by CONTINENTAL. The notice from the SILVER GROUP first described above in this Section 5 shall be accompanied by a copy of any operating agreement under which the SILVER GROUP is then operating and in accordance with which CONTINENTAL would contribute its share of expenditure. Thereafter the SILVER GROUP will promptly make available to CONTINENTAL such factual data and future operating plans as CONTINENTAL reasonably may request to enable it to make an informed judgment as to its above described election. If CONTINENTAL elects to take any part of the Working Interest CONTINENTAL shall thereafter be included as a party to any operating agreement or to any amendment to an operating agreement thereafter executed. At any time while this Agreement is in effect and upon notice from the SILVER GROUP, CONTINENTAL shall execute and deliver in escrow a good and sufficient deed in a form acceptable to counsel for the SILVER GROUP conveying the Premises to the SILVER GROUP, which deed shall reserve to CONTINENTAL the Net Profits Interest

reserved in Section 2 of this Agreement and any Working Interest or additional Net Profits Interest acquired by CONTINENTAL pursuant to the provisions of this Section 5. The parties agree to execute and deliver in escrow any additional or substitute documents necessary to reflect any changes in ownership of the De Lamar Lease and Option and the Premises. Unless otherwise agreed by the parties hereto, the escrow of such documents shall be with the same escrow agent as is employed by CONTINENTAL and the underlying owners.

Section 6 - Termination (After Qualifying Expenditure Made)

In the event the SILVER GROUP chooses to discontinue its operations after making the Qualifying Expenditure and prior to entering into commercial production operations from the Premises, the SILVER GROUP shall have earned the right to retain 50% of the Working Interest and, upon notice of such discontinuance to CONTINENTAL, shall reassign to CONTINENTAL the percentage of the Working Interest necessary to vest 50% of the Working Interest in CONTINENTAL. In the event the SILVER GROUP chooses to discontinue its operations after having made the Qualifying Expenditure and after entering commercial production operations from the Premises, the SILVER GROUP shall have earned the right to retain the Working Interest owned by the SILVER GROUP at the time of such discontinuance. Either CONTINENTAL or the SILVER GROUP, upon notice to the other, may relinquish all of the relinquishing party or group's Working Interest to the other and terminate such relinquishing party or group's rights, obligations and Working Interests in and to the De Lamar Lease and Option and in and to the Premises. As long as both CONTINENTAL and the SILVER GROUP retain Working Interests, they shall contribute to the expenses of holding the De Lamar Lease and Option and the Premises in the percentages as their Working Interests bear to the total Working Interest.

Section 7 - Factual Data

Within 60 days of termination of this Agreement, the SILVER GROUP shall furnish CONTINENTAL all factual data acquired by the SILVER GROUP, pursuant to this Agreement, including copies of all maps, reports and other summaries of operating data which can be reproduced and which have not theretofore been furnished.

Section 8 - SILVER GROUP Membership Changes

The SILVER GROUP represents to CONTINENTAL and the latter acknowledges and consents to the fact that the composition of the SILVER GROUP may change from time to time by withdrawals from or additions to the membership thereof pursuant to the provisions of an Agreement between the individual parties constituting the SILVER GROUP. A new member may be added to the SILVER GROUP only with the prior written consent of CONTINENTAL, and CONTINENTAL will not unreasonably withhold such consent. In the event of any such withdrawals, CONTINENTAL agrees that from and after the giving by the SILVER GROUP of notice of such withdrawal, the withdrawing party shall thereafter be relieved of all obligations and duties hereunder except such as may have accrued but which have not been discharged prior to the giving of such notice. In the event of any such addition, CONTINENTAL agrees that any party added to the SILVER GROUP, shall, from and after the giving by the SILVER GROUP of notice of such addition, be entitled to its proportionate share of the rights and interest granted to the SILVER GROUP hereunder.

Section 9 - Right of First Refusal

If, at any time while the SILVER GROUP retains an interest in and to the De Lamar Lease and Option and the Premises, CONTINENTAL intends to sell, assign, transfer or convey all or any part of its Net Profits Interest or Working Interest to any person, firm or corporation other than its parent corporation or to a majority-owned subsidiary of CONTINENTAL or its parent,

or to a successor by way of merger, consolidation or reorganization, CONTINENTAL shall deliver to the SILVER GROUP at least thirty (30) days' prior written notice identifying the party or parties with whom CONTINENTAL intends to deal and describing all of the terms of the proposed sale, assignment, transfer or conveyance. The SILVER GROUP shall have the exclusive right during the above thirty (30) day period, at its election, to purchase the interest described in said notice, for a sum of money equal in value to the consideration which would be received by CONTINENTAL under the terms set forth in the written notice. If the SILVER GROUP elects to purchase the interest described in the notice, the SILVER GROUP shall so notify CONTINENTAL within the thirty (30) day period. If the SILVER GROUP has not notified CONTINENTAL of the group's above election within the thirty (30) day period, CONTINENTAL shall have the right during the next succeeding ninety (90) day period to sell, assign, transfer or convey the interest as described in said notice to the party or parties named therein, upon the terms and conditions set forth in said notice, but all subject, however, to this Agreement. Upon expiration of the above-described ninety (90) day period, any subsequent sale, assignment, transfer or conveyance of CONTINENTAL's interest, or part thereof, shall be subject to the SILVER GROUP's foregoing right of first refusal, all upon the terms and conditions set forth above.

Section 10 - Notices

Notices permitted or required hereunder shall be deemed given upon deposit in the United States mails thereof, certified mail, postage prepaid, to the following addresses:

If to CONTINENTAL:

Continental Quicksilver, Inc.
1556 North Kostner Avenue
Chicago, Illinois 60651
Attn: Legal Department

with copy to:

Continental Quicksilver, Inc.
820 South Ninth Street
P. O. Box 190
Grand Junction, Colorado 81501

If to SILVER GROUP

Perry, Knox, Kaufman, Inc.
P. O. Box 12754
Tucson, Arizona 85711
Attn: James A. Knox

with copy to:

Pinnacle Exploration, Inc.
277 Park Avenue
New York, New York 10017

Vitro Minerals Corporation
720 Equitable Building
Denver, Colorado 80202

Day Mines, Inc.
P. O. Box 1010
Wallace, Idaho 83873

which addresses may be changed, from time to time, upon notice given to the parties in the manner above set forth.

Section 11 - Consent

CONTINENTAL agrees that it shall promptly obtain from the underlying owners of the Premises, a consent to the assignment of the De Lamar Lease and Option and the Premises, which consent shall be affixed hereto or to a counterpart hereof.

Section 12 - Liability Several

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations herein set forth. It is not the intention of the parties to create a partnership and this Agreement shall not be construed so as to render the parties liable as partners, associates, or joint venturers or as creating a mining or other partnership or association. Each of the parties hereto elects

to be excluded from the application of all of the provisions of sub-chapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954.

Section 13 - Headings for Convenience Only

The headings used in this Agreement are for convenience only and shall be disregarded in construing this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above set forth.

CONTINENTAL

CONTINENTAL QUICKSILVER, INC.

By C. H. Reynolds
C. H. Reynolds, Vice President

ATTEST Melvin Pollack
Melvin Pollack, Assistant Secretary

SILVER GROUP

PERRY, KNOX, KAUFMAN, INC.

By James A. Knox
Title: Vice President

ATTEST M. G. Kaufman
Asst. Secretary

PINNACLE EXPLORATION, INC.

By Joseph T. Hall
Title: Pres.

ATTEST [illegible]
Secretary

DAY MINES, INC.

By Robin Farmer
Title: vice president

ATTEST Norman K. Bud
Secretary

VITRO MINERALS CORPORATION

By [illegible]
Title: President

ATTEST Keith A. Elmer
Secretary

CONSENTS TO ASSIGNMENT:

Marian C. Rushing
Marian C. Rushing

Charles T. Lark, Jr.
Charles T. Lark, Jr., Trustee

STATE OF Washington)
) ss.
COUNTY OF Spokane)

On this the 12th day of May, 1970, before me, the undersigned Notary Public, personally appeared James A. Knox who acknowledged himself to be the Vice President of PERRY, KNOX, KAUFMAN, INC., and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In Witness Whereof, I hereunto set my hand and official seal.

Virginia E. Lewis
Notary Public

My Commission Expires:

_____

STATE OF Idaho)
) ss.
COUNTY OF Shoshone)

On this the 10th day of June, 1969, before me, the undersigned Notary Public, personally appeared Frank T. Hall who acknowledged himself to be the President of PINNACLE EXPLORATION, INC., and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In Witness Whereof, I hereunto set my hand and official seal.

Wayne E. Johnson
Notary Public

My Commission Expires:
1-25-72

STATE OF Colorado)
) ss.
COUNTY OF Denver)

On this the 22nd day of May, 1969, before me, the undersigned Notary Public, personally appeared H. B. Hall who acknowledged himself to be the President of VITRO MINERALS CORPORATION, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In Witness Whereof, I hereunto set my hand and official seal.

Carol Ann Porter
Notary Public

My Commission Expires:
Dec. 4, 1974

STATE OF Idaho)
) ss.
COUNTY OF Shoshone)

On this the 15th day of January, 1970, before me, the undersigned Notary Public, personally appeared [illegible] who acknowledged himself to be the Vice President of DAY MINES, INC., and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In Witness Whereof, I hereunto set my hand and official seal.

Kathryn A. Eickhoff
Notary Public

My Commission Expires:
March 10 1974

STATE OF Colorado)
) ss.
COUNTY OF Mesa)

On this the 26th day of January, 1970, before me, the undersigned Notary Public, personally appeared C. H. Reynolds who acknowledged himself to be the Vice President of CONTINENTAL QUICKSILVER, INC., and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In Witness Whereof, I hereunto set my hand and official seal.

V. R. Gary
Notary Public

My Commission Expires:
My Commission expires April 13, 1972

STATE OF Oregon)
) ss.
COUNTY OF Multnomah)

On this 20 day of April, 1970, before me, the undersigned Notary Public, personally appeared MARIAN C. RUSHING, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

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

Gladys Munson
Notary Public
Residing at Portland, Oregon

My Commission Expires:
8-16-71

STATE OF New York)
) ss.
COUNTY OF New York)

On this 1st day of May, 1970, before me, the undersigned Notary Public, personally appeared CHARLES T. LARK, JR., known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same, not individually, but in his capacity as Trustee.

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

Arthur E. Sullivan
Notary Public

Residing at 207 Elm Road, Briarcliff Manor, N. Y.

My Commission Expires:

ARTHUR E. SULLIVAN
Notary Public, State of New York
No. 60-9238350
Qualified in Westchester County
Certificate Filed in New York County
Commission Expires March 30, 1972

Open-pit site De Lamar mine, Owyhee County, Idaho

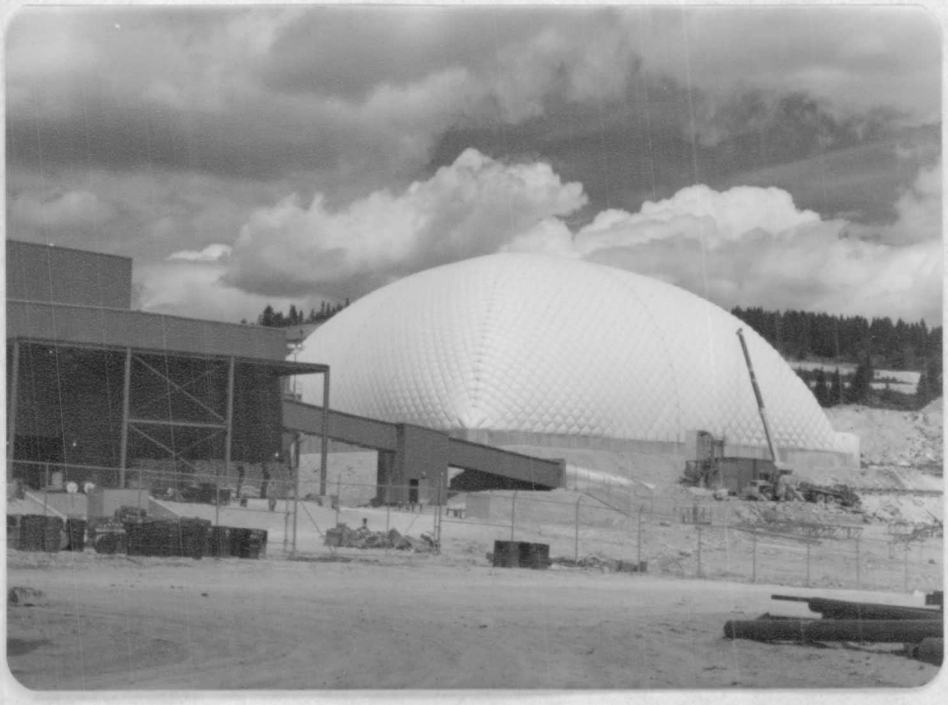
Granite outcrops on main highway between De Lamar and Silver City, Idaho.

Preparation of tailings pond, De Lamar mine

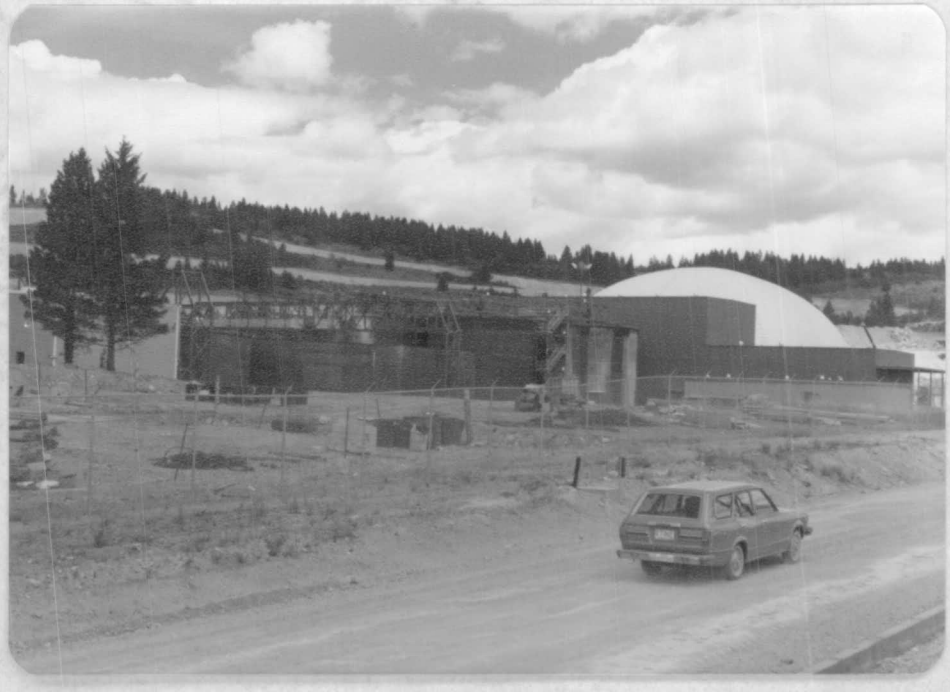
Mill site preparation, De Lamar mine

Looking west at tailings pond and dam under construction. Rock in central view is being removed to be placed on "downstream side of dam."

View of "downstream side of dam" showing area being built up by rock from upstream side of dam.



Balloon over stockpile adjacent to mill building.



General view of some of conditioning tanks, mill building, and stockpile balloon.

View looking southeast to mill. Stockpile balloon on right, mill in central part, and conditioning tanks to right. Note yellow superstructure over tank on extreme right.

Primary crusher with feed to stockpile under balloon.

View from distant (two miles) of open-pit, looking southeast.

Access roads to open pit. View looking northwest--open pit over hill to the left.