Extra copy

MF-200
(Revised June 1954)

Docket No. DMEA - 4732

Commodity Lead-Zinc-Copper

Contract No. Idm-E 1176

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 14 MAR 1958 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] WESTERN AMERICA OF MONTANA, INC., a Montana corporation,

whose mailing address is P. O. Box 782
Helena, Montana,

hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and map, Plate II.

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Montana, County of Jefferson, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Lessee of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ..... recorded in Book See Annex I, page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: Royalty interests of lessors.

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consents to Lien and Subordination Agreements of the lessors, Gil C. and Anne Holshue and D. A. and Catherine DuBois.

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of lead, zinc, and copper. The work to be performed is described in Exhibit "A." The Operator on or before April 1, 1958, shall commence the work, and on or before April 1, 1959 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A.", except as otherwise provided in Exhibit "A" with respect to stages of work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $ 63,910.00 The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $ 31,955.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; [redacted] See Article 13.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 13. See Article 13.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

(For instance: the royalty on an amount of five dollars ($5.00) per ton would be one and one-half (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—(a) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon is deleted.

(b) In the last sentence of Article 6(c), the words "Article 9" are substituted for the words "Article 9."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By .....

Administrator, Defense Minerals Exploration Administration

WESTERN AMERICA OF MONTANA, INC.
(Operator)

By .....

Title .....

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

EXPLORATION PROJECT CONTRACT
WESTERN AMERICA OF MONTANA, INC.
DOCKET NO. RMA-4732

ANNEX I

The land referred to in Article 2 of the Contract is situated in sections 7, 17, and 18, T. 7 N., R. 5 W., M.P.M., in Jefferson County, Montana, and is shown on the map entitled "Midnight-Morning Property, Western America of Montana, Inc. - Plate II," attached to and made a part hereof.

The Operator has possession by virtue of (1) a Mining Lease dated December 31, 1957, from Gil C. and Anna Kolstad and R. A. Dubois and Catherine Dubois; and (2) an Assignment of Mining Lease dated June 14, 1957, from the Western America Uranium Exploration Corporation, copies of which are in RMA Docket No. 4732. The property consists of 2 patented and 8 unpatented lode mining claims as follows:

Patented Mining Claims

Name of Claim	Mineral Survey No.
Morning	8518
Midnight	8519

Unpatented Mining Claims	Book	Page
Cindy No. 1	48	390
Cindy No. 2	48	391
Cindy No. 3	48	392
Cindy No. 4	48	393
Cindy No. 5	48	394
Cindy No. 6	—	—
Midnight Extension	48	396
Morning Extension	—	—

The Notices of Location of the said claims are recorded in the Jefferson County Clerk's office in Boulder, Montana, as above

identified, and the descriptions therein are incorporated herein by reference.

Copies of Contracts to Lien and Subordination Agreements executed by Gil C. and Anne Mikkes and D. A. and Catherine Pabrio are attached and made a part hereof.

EXPLORATION PROJECT CONTRACT
WESTERN AMERICA OF MONTANA, INC.
DOCKET NO. DMA-4732

EXHIBIT "A"

Description of the Work

The purpose of the project is to explore the Morning vein or other parallel veins for lead-zinc-copper ores. The work is divided into two stages. The Operator shall perform the Stage I work. In the event ore is discovered as a result of the Stage I work, the Operator, with the written approval of the Government, shall perform the Stage II work.

The work shall consist of:

Stage I

1. With a D-8 caterpillar dozer or equivalent unit of another make, prepare six drill sites. Not in excess of 18 hours of bulldozing time shall be allowed for this work.

2. From the surface, diamond drill 6 holes to an average depth of approximately 350 feet each, at an inclination of approximately minus 45°, to explore the Morning vein or other parallel structures. Not more than 2,100 feet of drilling shall be performed. The tentative hole locations are shown on the map entitled, "Midnight-Morning Property Western America of Montana, Inc. - Plate II," but the actual locations, directions, inclinations, and depths of all holes are subject to prior Government approval. Holes shall be spaced not closer than 100 feet.

All diamond drilling shall be done with AX size, or larger, coring bits, except that with Government approval the hole may be reduced with NX coring and completed with EX size bits when necessary to complete a hole. Drill holes shall be reamed and cased or cemented and redrilled as necessary.

The Government will not contribute to the cost of drilling any hole which is not completed.

All drill holes shall be logged, and all drill core shall be properly labeled and stored and made available to the Government for examination. All significantly mineralized core, in lengths not to exceed 5 feet, shall be split, and one-half thereof shall be properly sampled and assayed for one or more of the following metals: lead, zinc, copper, and silver. Not in excess of 70 determinations shall be allowed for assaying for any one metal.

When drilling in significantly mineralized ground, sludges corresponding to the core shall be taken (if possible); and in the event that the core recovery does not amount to percent, both core and sludge samples shall be taken at intervals not to exceed 5 feet. Both the core and the sludge shall be split, and one-half thereof properly sampled and assayed. The remaining half of all significantly mineralized core and sludge samples thus taken, shall be furnished to the Government upon request.

All assays shall be reported monthly to the Government, together with the logs of the drill holes and proper plan maps and sections showing the progress of the work and the sample locations.

All drilling and sample preparation shall be properly supervised by competent engineers and geologists.

Phase II

1. At an elevation corresponding to that of the 5kj level, drive an adit crosscut to the hanging wall and then drift on the vein; the total drifting and crosscutting shall not exceed 1,100 feet. The crosscut and drift shall not be less than 5 feet by 7 feet in the clear of timber. The crosscut and drift are tentatively shown on the map (Plate II, sheet 1; Stage 2) but the location, direction, and extent of the crosscut and drift are subject to prior Government approval.

2. Not in excess of 570 feet of timbering will be allowed for the crosscut and drift. Timber posts shall consist of not less than 8-inch by 8-inch timber or the equivalent in round timber.

3. Set a new temporary station in the crosscut or drift, which will be equivalent to 10 feet of crosscutting or drifting.

4. Not in excess of 300 feet of long-hole drilling shall be performed on the 5kj level to get four parallel structures in the hanging

vein. Where mineralization is encountered by the long-hole drilling, sludge samples shall be taken at intervals not to exceed 5 feet; the samples shall be split and one-half thereof shall be properly sampled and assayed. The remaining half of all mineralized sludge samples shall be furnished to the Government upon request. All assays shall be reported monthly to the Government together with drill logs and proper plan maps showing the progress of the work and the sample locations.

5. All samples from the long-hole drilling and the drifting and crosscutting shall be assayed for one or more of the following metals: lead, zinc, copper, and silver. Not to exceed 80 determinations shall be allowed for the assaying for any one metal.

Estimated Costs of the Project

Actual Costs

Stage I

Category (1) Instrument Contracts

12 hours of helicopter @ $15.00/hr. $180.00

Diamond Core Drilling

Drilling plan through overburden 150 feet @ $9.00/ft.

NX size drilling, 0 - 250-foot depth, 150 feet @ $6.60/ft.

AX size drilling, 0 - 250-foot depth, 1,200 feet @ $6.00/ft.

BX size drilling, 0 - 250-foot depth, @ $5.70/ft.

AX size drilling, depth greater than 250 feet, 600 feet @ $6.00/ft.

BX size drilling, depth greater than 250 feet, @ $5.30/ft.

13,500.00

Drawing and coring, 790 feet @ $3.50/ft. $2,765.00

Cementing and rehabilitation, 790 feet @ $3.50/ft., or 2.25 hours @ $30.00/hr. 790.00

Rehabilitation and demobilization of diamond drill equipment, 5 hours @ $18.00/hr. 90.00 $27,940.00

The above rates include charges for water supply, changing of bushing, and all other charges by the diamond drill contractor.

Further the cost and the value of the coring made by drill under (4) the option of the Commission will be allowed as a credit to the contract.

Category (d) Engineering Services

Subcategory (a) Geophysics

Supervisor, 2-1/2 months @ $300.00/mo. $750.00

Subcategory (b) Geological Services

Consulting engineer or geologist, 2 days @ $50.00/day 100.00

Subcategory (c) Labor

None — $2,000.00

Category (3) Specialized Equipment and Supplies

Rope coverage

Rope ropes (varies) $800.00

Geographical (4) Storage (5)

None

Category (7) Miscellaneous

Road clearing

(8) sump determinations @ $1.00/mo.* $200.00

Estimated total capital costs of Stage I $32,[illegible]

Item 11

The Government will contribute to the costs of drifting, crosscutting, timbering, cutting car transfer station, and long-hole drilling on the basis of Subcategories (2)(a) and (2)(c), Category (3), and Subcategory 4(c), for which estimated costs are set forth or waived below: Provided, That the Government will not contribute to any portion of the aggregate cost of a work item that exceeds on an average the estimated unit cost for such items, as follows:

Drifting and crosscutting 4,150 feet @ $32.00/ft.*	$37,950.00	
Timbering, 370 feet @ $7.00/ft.*	2,590.00	
Cutting car transfer station 10 feet @ $30.00/ft.*	300.00	
Long-hole drilling, 550 feet @ $1.05/ft.*	650.00	$45,590.00

Category (3) Independent Contractor

None

Subcategories (2)(a) and (2)(c), and Category (3)

Estimates waived

Subcategory (4)(c) Depreciation

1 Jeep station wagon	$22.11/mo.
1 Ford dump truck	32.32/mo.
1 Mancha trammer	85.30/mo.
1 Storage battery charger	4.16/mo.
1 Thor air leg (used)	6.33/mo.
1 Thor air leg (new)	14.73/mo.
13 Mine cars	33.00/mo.
1 Combs car transfer	9.16/mo.
1 500 c.f.m. compressor (part.)	108.33/mo.
2 Ventilation fans @ $12.30/mo./ea.	25.00/mo.
1 Pushing machine	31.33/mo.
1 Electric generating plant	22.50/mo.
5 Miners hand lamps	5.42/mo.

Additional Annual Costs

In addition to the costs of Stage II set forth above, the Government will also contribute to the actual costs of the following:

Category (3) Personal Services

Subcategory (b) Technical Services

Consulting engineer and/or geologist 30 days @ $50.00/day	$ 1,500.00

Category (4) New Buildings, Fixtures, and Installations

Compressor house and tool shed	$50.00

Category (7) Miscellaneous

300 assay determinations @ $1.00/ea.*	300.00
Estimated Total Actual Costs of Stage II	$44,900.00

S U M M A R Y

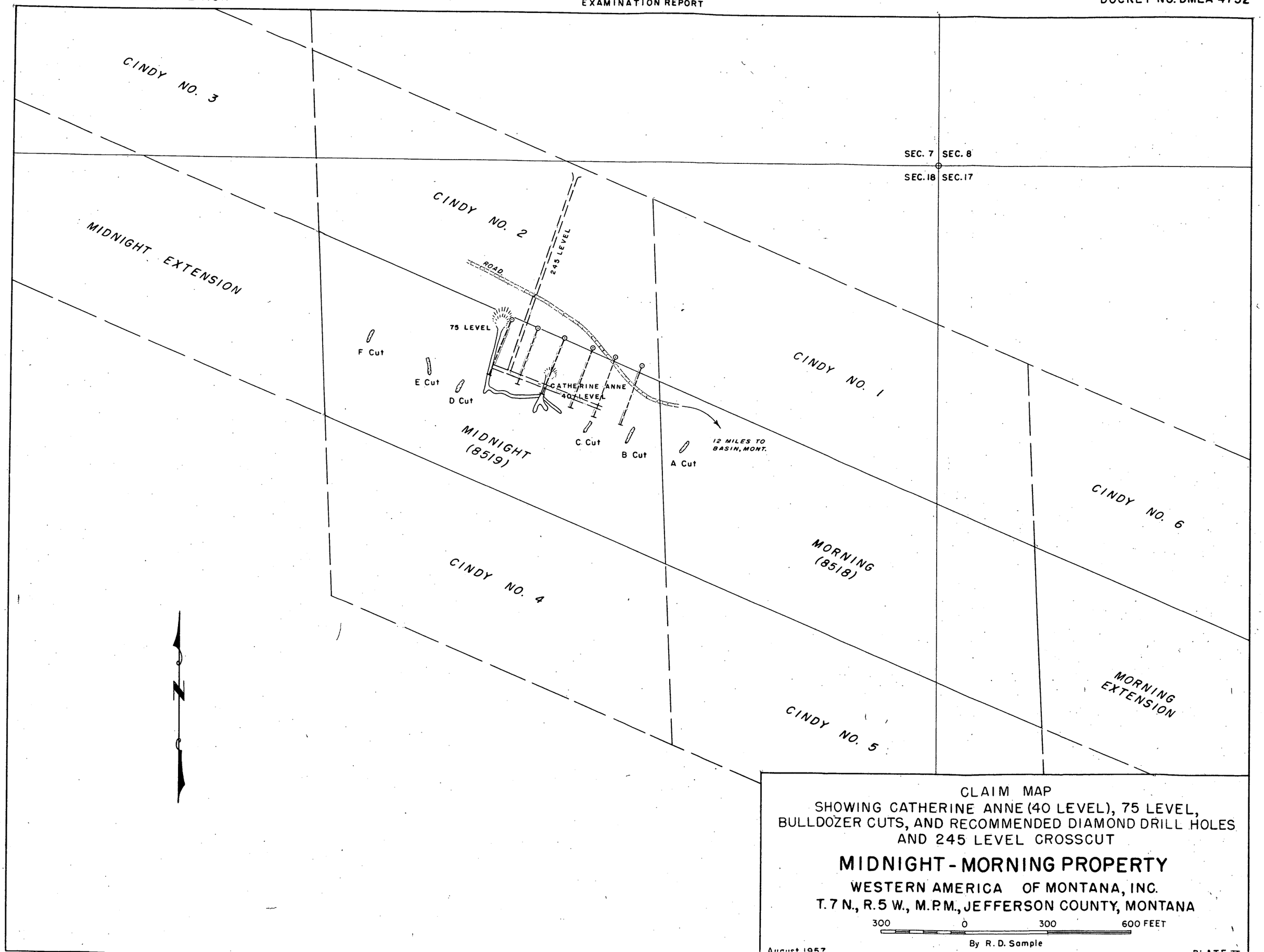
Estimated Total Cost of Stage I	$18,920.00	
Estimated Total Cost of Stage II	44,900.00	
Estimated Total Cost of the Project		$63,820.00
Government Participation @ 30%		$21,215.00

* In addition to the purchase stated in the contract form, an advance indicates uniform.

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXAMINATION REPORT

DOCKET NO. DMEA 4732



CLAIM MAP
SHOWING CATHERINE ANNE (40 LEVEL), 75 LEVEL,
BULLDOZER CUTS, AND RECOMMENDED DIAMOND DRILL HOLES
AND 245 LEVEL CROSSCUT

MIDNIGHT - MORNING PROPERTY

WESTERN AMERICA OF MONTANA, INC.
T. 7 N., R. 5 W., M.P.M., JEFFERSON COUNTY, MONTANA

300 0 300 600 FEET

By R. D. Sample

August 1957

PLATE II

Operator's copy

MF-200
(Revised June 1954)

Docket No. DMEA - 4732

Commodity Lead-Zinc-Copper

Contract No. Idm-E 1176

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 14 MAR 1958 day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] WESTERN AMERICA OF MONTANA, INC., a Montana corporation, whose mailing address is P. O. Box 782 Helena, Montana, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200), the attached Exhibit "A," Annex I, and map, Plate II.

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Montana, County of Jefferson, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Lessee of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] _____ recorded in Book See Annex I page _____, official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: Royalty interests of lessors.

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: **Consents to Lien and Subordination Agreements of the lessors, Gil C. and Anne Holshue and D. A. and Catherine DuBois.**

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of **Lead, zinc, and copper.** The work to be performed is described in Exhibit "A." The Operator on or before **April 1, 1958,** shall commence the work, and on or before **April 1, 1959** (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A," **except as otherwise provided in Exhibit "A" with respect to stages of work.**

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $**63,910.00**
The Government shall contribute **50** percent of the allowable costs as they are incurred in a total sum not in excess of $**31,955.00**: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; ~~but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated total allowable cost of the work.~~ **See Article 13.**

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 2. 8. **See Article 13.**

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

(For instance: the royalty on an amount of five dollars ($5.00) per ton would be one and one-half (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—

(a) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon is deleted.

(b) In the last sentence of Article 6(c), the words "Article 8" are substituted for the words "Article 9."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. J. Mittendorf

Administrator, Defense Minerals Exploration Administration

WESTERN AMERICA OF MONTANA, INC.
(Operator)

By Ed Schwadle

Title

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

Ed Schwadle

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

EXPLORATION PROJECT CONTRACT
WESTERN AMERICA OF MONTANA, INC.
DOCKET NO. DMEA-4732

ANNEX I

The land referred to in Article 2 of the Contract is situated in sections 7, 17, and 18, T. 7 N., R. 3 W., M.P.M., in Jefferson County, Montana, and is shown on the map entitled "Midnight-Morning Property, Western America of Montana, Inc. - Plate II," attached to and made a part hereof.

The Operator has possession by virtue of (1) a Mining Lease dated December 23, 1957, from Gil C. and Anne Holshue and D. A. DuBois and Catherine DuBois; and (2) an Assignment of Mining Lease dated June 16, 1957, from the Western America Uranium Exploration Corporation, copies of which are in DMEA Docket No. 4732. The property consists of 2 patented and 8 unpatented lode mining claims as follows:

Patented Mining Claims

Name of Claim	Mineral Survey No.
Morning	8518
Midnight	8519

Unpatented Mining Claims	Book	Page
Cindy No. 1	48	590
Cindy No. 2	48	591
Cindy No. 3	48	592
Cindy No. 4	48	593
Cindy No. 5	48	594
Cindy No. 6	48	595
Midnight Extension	48	596
Morning Extension	48	597

The Notices of Location of the said claims are recorded in the Jefferson County Clerk's office in Boulder, Montana, as above

identified, and the descriptions therein are incorporated herein by reference.

Copies of Consents to Lien and Subordination Agreements executed by Bill G. and Anne Weldon and B. A. and Catherine DuBois are attached and made a part hereof.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1958

RECEIVED
JAN 20
DMEA

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1176
Contract Date 14 MAR 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Jefferson, State of Montana, described as follows: 2/

Cindy Lode Mining Claims, Nos. 1 to 6, inclusive

Midnight Extension Lode Mining Claim

Morning Extension Lode Mining Claim

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 31st day of December, 1957.

G. L. Holshue	[Seal]	Basin, Montana	[Address]
Anne F. Holshue	[Seal]	Basin, Montana	[Address]
D. A. DuBois	[Seal]	Basin, Montana	[Address]
Catherine DuBois	[Seal]	Basin, Montana	[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1176
Contract Date 4 MAR 1958

RECEIVED
OCT 21 1957
D.M.E.A.

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Jefferson, State of Montana, described as follows: 2/

Morning Claim, U. S. Patent Survey No. 8518

Midnight Claim, U. S. Patent Survey No. 8519

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 12th day of October, 197_.

Gil L. Holshue	[Seal]	Basin, Montana	[Address]
Anne F. Holshue	[Seal]	Basin, Montana	[Address]
D. A. DuBois	[Seal]	Basin, Montana	[Address]
Catherine DuBois	[Seal]	Basin, Montana	[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
WESTERN AMERICA OF MONTANA, INC.
DOCKET NO. DMMA-4732

EXHIBIT "A"

Description of the Work

The purpose of the project is to explore the Morning vein or other parallel veins for lead-zinc-copper ores. The work is divided into two stages. The Operator shall perform the Stage I work. In the event ore is discovered as a result of the Stage I work, the Operator, with the written approval of the Government, shall perform the Stage II work.

The work shall consist of:

Stage I

1. With a D-8 caterpiller dozer or equivalent unit of another make, prepare six drill sites. Not in excess of 12 hours of bulldozing time shall be allowed for this work.

2. From the surface, diamond drill 6 holes to an average depth of approximately 350 feet each, at an inclination of approximately minus 33°, to explore the Morning vein or other parallel structures. Not more than 2,100 feet of drilling shall be performed. The tentative hole locations are shown on the map entitled, "Midnight-Morning Property Western America of Montana, Inc. - Plate II," but the actual locations, directions, inclinations, and depths of all holes are subject to prior Government approval. Holes shall be spaced not closer than 100 feet.

All diamond drilling shall be done with AX size, or larger, coring bits, except that with Government approval the hole may be reduced with BX casing and completed with BX size bits when necessary to complete a hole. Drill holes shall be reamed and cased or cemented and refilled as necessary.

The Government will not contribute to the cost of drilling any hole which is not completed.

All drill holes shall be logged, and all drill core shall be properly labeled and stored and made available to the Government for examination. All significantly mineralized core, in lengths not to exceed 5 feet, shall be split, and one-half thereof shall be properly sampled and assayed for one or more of the following metals: lead, zinc, copper, and silver. But in excess of 30 determinations shall be allowed for carrying for any one metal.

Where drilling in significantly mineralized ground, sludges corresponding to the cores shall be taken (if possible); and in the event that the work discovers lead and mineral 70 percent, both core and sludge samples shall be taken at intervals not to exceed 5 feet. Both the core and the sludge shall be split, and one-half thereof properly sampled and assayed. The remaining half of all significantly mineralized core and sludge samples when taken, shall be furnished to the Government upon request.

All assays shall be reported monthly to the Government, together with the logs of the drill holes and proper plan maps and sections showing the progress of the work and the sample locations.

All drilling and sample preparation shall be properly supervised by competent engineers and geologists.

Stage II.

1. At an elevation corresponding to that of the 245 level, drive an adit crosscut to the Morning vein and then drift on the vein; the total drifting and crosscutting shall not exceed 1,150 feet. The crosscut and drift shall not be less than 5 feet by 7 feet in the clear of timber. The crosscut and drift are tentatively shown on the map (Plate II, cited in Stage I) but the location, direction, and extent of the crosscut and drift are subject to prior Government approval.

2. But in excess of 770 feet of timbering will be allowed for the crosscut and drift. Timber sets shall consist of not less than 8-inch by 8-inch timber or the equivalent in round timber.

3. Put a car transfer station in the crosscut or drift, which will be equivalent to 10 feet of crosscutting or drifting.

4. Put to exceed 300 feet of long-hole drilling shall be performed on the 245 level to get for parallel structures to the Morning

vein. Where mineralization is encountered by the long-hole drilling, sludge samples shall be taken at intervals not to exceed 5 feet; the samples shall be split and one-half thereof shall be properly sampled and assayed. The remaining half of all mineralized sludge samples shall be furnished to the Government upon request. All assays shall be reported monthly to the Government together with drill logs and proper plan maps showing the progress of the work and the sample locations.

5. All samples from the long-hole drilling and the drifting and crosscutting shall be assayed for one or more of the following metals: lead, zinc, copper, and silver. Not to exceed 80 determinations shall be allowed for the assaying for any one metal.

Estimated Costs of the Project

Actual Costs

Stage I

Category (1) Independent Contracts

12 hours of bulldozing @ $15.00/hr. $180.00

Diamond Core Drilling

Driving pipe through overburden 150 feet @ $9.00/ft.

BX size drilling, 0 - 250-foot depth, 150 feet @ $6.60/ft.

AX size drilling, 0 - 250-foot depth, 1,200 feet @ $6.00/ft.

EX size drilling, 0 - 250-foot depth, @ $5.70/ft.

AX size drilling, depth greater than 250 feet, 600 feet @ $6.60/ft.

EX size drilling, depth greater than 250 feet, @ $6.30/ft.

13,500.00

Drilling and coring, 700 feet @ $3.90/ft. $2,730.00

Operating and maintaining, 200 feet @ $3.90/ft., or 20.25 hours @ $9.60/hr. 780.00

Mobilization and demobilization of diamond drill equipment, 5 hours @ $20.00/hr. 20.00 $17,240.00

The above rates include charges for water supply, changing of liners, and all other charges by the diamond drill contractor.

Neither the cost nor the value of the coring lost in drill holes at the option of the Contractor will be allowed as a charge to the Engineer.

Category (2) Personnel Services

Subcategory (a) Supervision

Supervisor, 4.1/2 months @ $200.00/mo. $750.00

Subcategory (b) Technical Services

Consulting engineer or geologist 5 days @ $90.00/day 450.00

Subcategory (c) Other

None _____ $1,200.00

Category (3) Construction Materials and Facilities

None except

Core boxes (wooden) $800.00

Categories (4) through (6)

None

Category (7) Miscellaneous

None except

100 assay determinations @ $1.00/ea.* $100.00

Estimated total actual costs of Stage 2 $[illegible]

Item II

The Government will contribute to the costs of drifting, crosscutting, timbering, cutting car transfer station, and long-hole drilling on the basis of Subcategories (2)(a) and (2)(c), Category (3), and Subcategory 4(a), for which estimated costs are set forth or waived below: Provided, That the Government will not contribute to any portion of the aggregate cost of a work item that exceeds an averaged the estimated unit cost for such items, as follows:

Drifting and crosscutting 1,150 feet @ $33.00/ft.*	$37,950.00	
Timbering, 570 feet @ $7.00/ft.*	3,990.00	
Cutting car transfer station 15 feet @ $33.00/ft.*	330.00	
Long-hole drilling, 500 feet @ $1.25/ft.*	650.00	$42,920.00

Category (1) Independent Contracts

None

Subcategories (2)(a) and (2)(c), and Category (3)

Estimates waived

Subcategory (4)(a) Equipment

1 Jeep station wagon	$12.32/mo.
1 Ford dump truck	33.33/mo.
1 Mancha trammer	33.30/mo.
1 Storage battery charger	4.16/mo.
1 Thor air leg (used)	6.33/mo.
1 Thor air leg (new)	16.75/mo.
12 Mine cars	31.00/mo.
1 Gantry car transfer	9.16/mo.
1 600 c.f.m. compressor (part.)	108.33/mo.
2 Ventilation fans @ $12.50/mo./ea.	25.00/mo.
1 Mucking machine	33.33/mo.
1 Electric generating plant	32.50/mo.
5 Miners head lamps	5.42/mo.

Additional Actual Costs

In addition to the costs of Stage II set forth above, the Government will also contribute to the actual costs of the following:

Category (2) Personal Services

Subcategory (b) Technical Services

Consulting engineer and/or geologist 30 days @ $50.00/day	$ 1,500.00
Category (4) New Buildings, Figures, and Installations	
Compressor house and tool shed	250.00
Category (7) Miscellaneous	
120 assay determinations @ $1.00/ea.*	120.00
Estimated Total Actual Costs of Stage II	$44,990.00

SUMMARY

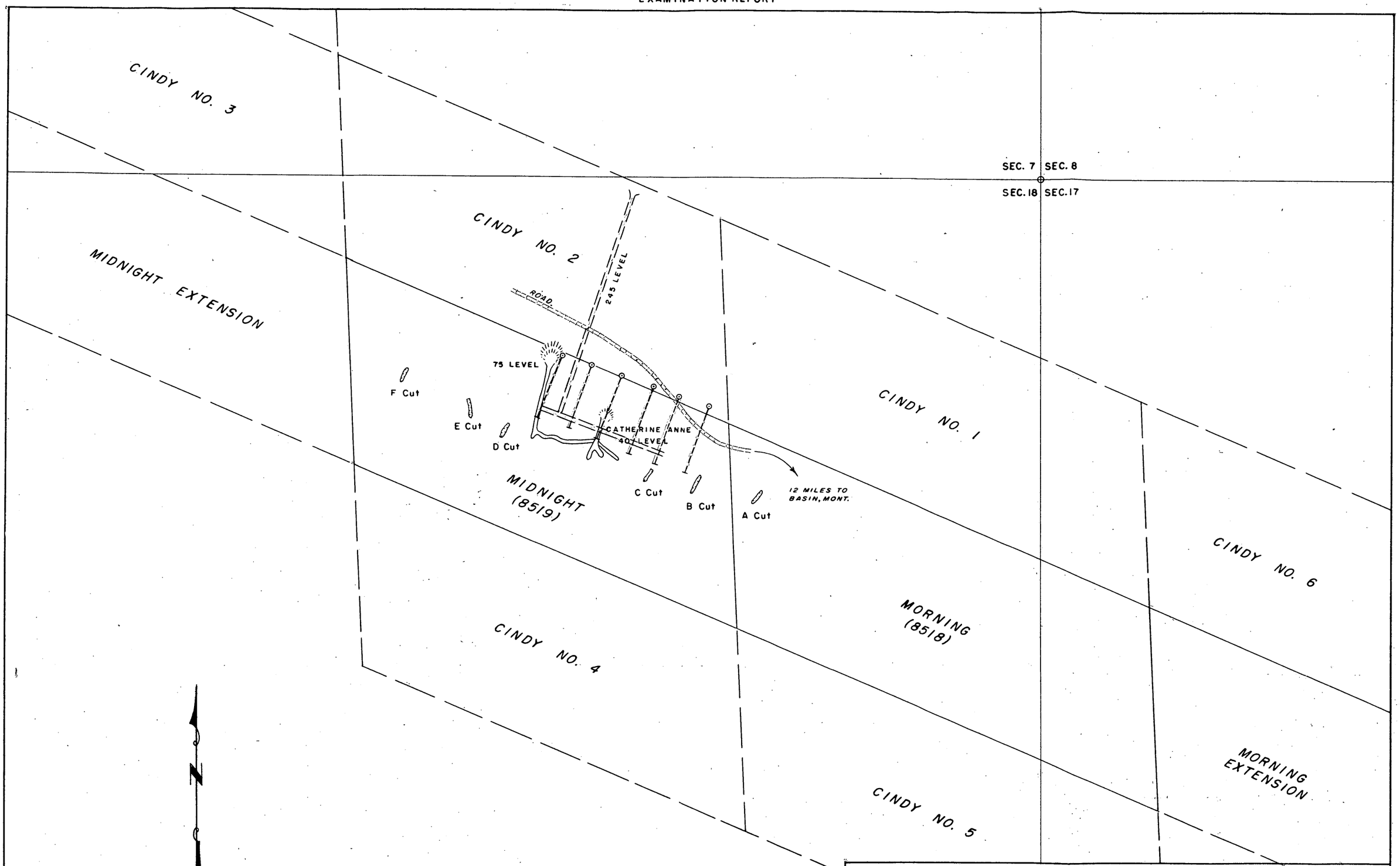
Estimated Total Cost of Stage I	$18,929.00	
Estimated Total Cost of Stage II	44,990.00	
Estimated Total Cost of the Project		$63,919.00
Government Participation @ 50%		$31,959.50

* In addition to the maximum fixed in the contract form, an asterisk indicates maximum.

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXAMINATION REPORT

DOCKET NO. DMEA 4732



CLAIM MAP
SHOWING CATHERINE ANNE (40 LEVEL), 75 LEVEL,
BULLDOZER CUTS, AND RECOMMENDED DIAMOND DRILL HOLES
AND 245 LEVEL CROSSCUT

MIDNIGHT - MORNING PROPERTY

WESTERN AMERICA OF MONTANA, INC.
T. 7 N., R. 5 W., M.P.M., JEFFERSON COUNTY, MONTANA

300 0 300 600 FEET

By R. D. Sample

August 1957

PLATE II

Audit copy

MF-200
(Revised June 1954)

Docket No. DMEA - 4732

Commodity Lead-Zinc-Copper

Contract No. Idm-E 1176

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 14 MAR 1958 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] WESTERN AMERICA OF MONTANA, INC., a Montana corporation,

whose mailing address is P. O. Box 782
Helena, Montana,

hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and map, Plate II.

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Montana, County of Jefferson, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Lessee of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ..... recorded in Book See Annex I, page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: Royalty interests of lessors.

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consents to Lien and Subordination Agreements of the lessors, Gil C. and Anna Holshue and D. A. and Catherine Dubois.

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of lead, zinc, and copper. The work to be performed is described in Exhibit "A." The Operator on or before April 1, 1958, shall commence the work, and on or before April 1, 1959 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A.", except as otherwise provided in Exhibit "A" with respect to stages of work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $63,910.00 The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $31,955.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, items and items the Operator is not obligated to incur more than his agreed percentage of the estimated total allowable cost of the work. See Article 13.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 13. See Article 13.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

(For instance: the royalty on an amount of five dollars ($5.00) per ton would be one and one-half (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—(a) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon is deleted.

(b) In the last sentence of Article 6(c), the words "Article 3" are substituted for the words "Article 9."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O Mitterdorf

Administrator, Defense Minerals Exploration Administration

WESTERN AMERICA OF MONTANA, INC.
(Operator)

By E J Wheeler

Title

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

E J Wheeler

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70817-1

EXPLORATION PROJECT CONTRACT
WESTERN AMERICA OF MONTANA, INC.
DOCKET NO. MMA-4732

ANNEX I

The land referred to in Article I of the Contract is situated in sections 7, 17, and 18, T. 7 N., R. 3 W., M.P.M., in Jefferson County, Montana, and is shown on the map entitled "Midnight-Morning Property, Western America of Montana, Inc. - Plate II," attached to and made a part hereof.

The Operator has possession by virtue of (1) a Mining Lease dated December 31, 1957, from Gil C. and Anna Holstun and N. A. DuBois and Catherine DuBois; and (2) an Assignment of Mining Lease dated June 16, 1957, from the Western America Uranium Exploration Corporation, copies of which are in MMA Docket No. 4732. The property consists of 2 patented and 8 unpatented lode mining claims as follows:

Patented Mining Claims

Name of Claim	Mineral Survey No.
Morning	8518
Midnight	8519

Unpatented Mining Claims	Book	Page
Cindy No. 1	48	590
Cindy No. 2	48	591
Cindy No. 3	48	592
Cindy No. 4	48	593
Cindy No. 5	48	594
Cindy No. 6	48	595
Midnight Extension	48	596
Morning Extension	48	597

The Notices of Location of the said claims are recorded in the Jefferson County Clerk's office in Boulder, Montana, as above

identified, and the descriptions therein are incorporated herein by reference.

Copies of Consents to Lien and Subordination Agreements executed by Gil C. and Anne Kulshan and R. A. and Catherine Rajkis are attached and made a part hereof.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1176
Contract Date 14 MAR 1958

RECEIVED
JAN 20 1958
D.M.E.A.

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Jefferson, State of Montana, described as follows: 2/

Cindy Lode Mining Claim, Nos. 1 to 6, inclusive

Midnight Extension Lode Mining Claim

Morning Extension Lode Mining Claim

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

RECEIVED
OCT 21 1957
D.M.E.A.

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1176
Contract Date 14 MAR 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Jefferson, State of Montana, described as follows: 2/

Morning Glain, U. S. Patent Survey No. 6518

Midnight Glain, U. S. Patent Survey No. 6519

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

EXPLORATION PROJECT CONTRACT
WESTERN AMERICA OF MONTANA, INC.
DOCKET NO. [illegible]

EXHIBIT "A"

Description of the Work

The purpose of the project is to explore the Morning vein or other parallel veins for lead-zinc-copper ores. The work is divided into two stages. The Operator shall perform the Stage I work. In the event ore is discovered as a result of the Stage I work, the Operator, with the written approval of the Government, shall perform the Stage II work.

The work shall consist of:

Stage I

1. With a D-8 caterpillar dozer or equivalent unit of another make, prepare six drill sites. Not in excess of 12 hours of bulldozing time shall be allowed for this work.

2. From the surface, diamond drill 6 holes to an average depth of approximately 350 feet each, at an inclination of approximately minus 15°, to explore the Morning vein or other parallel structures. Not more than 2,100 feet of drilling shall be performed. The tentative hole locations are shown on the map entitled, "Midnight-Morning Property Western America of Montana, Inc. - Plate II," but the actual locations, directions, inclinations, and depths of all holes are subject to prior Government approval. Holes shall be spaced not closer than 100 feet.

All diamond drilling shall be done with AX size, or larger, coring bits, except that with Government approval the hole may be reduced with BX coring and completed with BX size bits when necessary to complete a hole. Drill holes shall be reamed and cased or cemented and redrilled as necessary.

The Government will not contribute to the cost of drilling any hole which is not completed.

All drill holes shall be logged, and all drill core shall be properly labeled and stored and made available to the Government for examination. All significantly mineralized core, in lengths not to exceed 5 feet, shall be split, and one-half thereof shall be properly sampled and assayed for one or more of the following metals: lead, zinc, copper, and silver. Not in excess of 70 determinations shall be allowed for assaying for any one metal.

When drilling in significantly mineralized ground, sludges corresponding to the cores shall be taken (if possible); and in the event that the core recovery does not exceed 70 percent, both core and sludge samples shall be taken at intervals not to exceed 5 feet. Both the core and the sludge shall be split, and one-half thereof properly sampled and assayed. The remaining half of all significantly mineralized core and sludge samples when taken, shall be furnished to the Government upon request.

All assays shall be reported monthly to the Government, together with the logs of the drill holes and proper plan maps and sections showing the progress of the work and the sample locations.

All drilling and sample preparation shall be properly supervised by competent engineers and geologists.

Stage II

1. At an elevation corresponding to that of the 245 level, drive an adit crosscut to the Morning vein and then drift on the vein; the total drifting and crosscutting shall not exceed 1,150 feet. The crosscut and drift shall not be less than 5 feet by 7 feet in the clear of timber. The crosscut and drift are tentatively shown on the map (Plate II, cited in Stage I) but the location, direction, and extent of the crosscut and drift are subject to prior Government approval.

2. Not in excess of 570 feet of timbering will be allowed for the crosscut and drift. Timber sets shall consist of not less than 8-inch by 8-inch timber or the equivalent in round timber.

3. Cut a car transfer station in the crosscut or drift, which will be equivalent to 10 feet of crosscutting or drifting.

4. Not to exceed 580 feet of long-hole drilling shall be performed on the 245 level to test for parallel structures to the Morning

vein. Where mineralization is encountered by the long-hole drilling, sludge samples shall be taken at intervals not to exceed 5 feet; the samples shall be split and one-half thereof shall be properly sampled and assayed. The remaining half of all mineralized sludge samples shall be furnished to the Government upon request. All assays shall be reported monthly to the Government together with drill logs and proper plan maps showing the progress of the work and the sample locations.

5. All samples from the long-hole drilling and the drifting and crosscutting shall be assayed for one or more of the following metals: lead, zinc, copper, and silver. Not to exceed [illegible] determinations shall be allowed for the assaying for any one metal.

Estimated Costs of the Project

Actual Costs

Stage I

Category (1) Independent Contracts

12 hours of bulldozing @ $15.00/hr. $180.00

Diamond Core Drilling

Driving pipe through overburden 150 feet @ $5.00/ft.

BX size drilling, 0 - 250-foot depth, 150 feet @ $6.60/ft.

AX size drilling, 0 - 250-foot depth, 1,800 feet @ $6.00/ft.

NX size drilling, 0 - 250-foot depth, @ $5.70/ft.

AX size drilling, depth greater than 250 feet, 600 feet @ $6.60/ft.

NX size drilling, depth greater than 250 feet, @ $6.30/ft.

13,500.00

Dumping and moving, 700 feet @ $3.50/ft. $2,750.00

Dismantling and rebuilding, 200 feet @ $3.50/ft., or 57.25 hours @ $9.50/hr. 700.00

Rehabilitation and demobilization of diamond drill equipment, 5 hours @ $10.00/hr. 50.00 $17,500.00

The above rates include charges for water supply, changing of locations, and all other charges by the diamond drill contractor.

Neither the cost nor the value of the mining left in drill holes at the option of the Operator will be allowed as a charge to the Contract.

Category (2) General Services

Subcategory (a) Supervision

Supervision, 3-1/2 months @ $250.00/mo. $750.00

Subcategory (b) Technical Services

Consulting engineer or geologist 9 days @ $50.00/day 450.00

Subcategory (c) Labor

None $1,200.00

Category (3) Operation Materials and Supplies

None except

Core boxes (wooden) $200.00

Categories (4) through (6)

None

Category (7) Miscellaneous

None except
250 assay determinations @ $1.00/ea.* $250.00
Estimated total actual costs of Stage I $18,[illegible]

Stage II

The Government will contribute to the costs of drifting, crosscutting, timbering, cutting car transfer station, and long-hole drilling on the basis of Subcategories (2)(a) and (2)(e), Category (3), and Subcategory 4(a), for which estimated costs are set forth or waived below: Provided, That the Government will not contribute to any portion of the aggregate cost of a work item that exceeds on an average the estimated unit cost for such items, as follows:

Drifting and crosscutting 1,150 feet @ $33.00/ft.*	$37,950.00	
Timbering, 370 feet @ $7.00/ft.*	3,900.00	
Cutting car transfer station 10 feet @ $33.00/ft.*	330.00	
Long-hole drilling, 520 feet @ $1.25/ft.*	650.00	$42,920.00

Category (1) Independent Contracts

None

Subcategories (2)(a) and (2)(e), and Category (3)

Estimates waived

Subcategory (4)(a) Ventilation

1 Jeep station wagon	$32.33/mo.
1 Ford dump truck	33.33/mo.
1 Mancha trammer	65.80/mo.
1 Storage battery charger	4.16/mo.
1 Thor air leg (used)	6.33/mo.
1 Thor air leg (new)	34.75/mo.
12 Mine cars	33.00/mo.
1 Gardner car trimmer	9.16/mo.
1 300 c.f.m. compressor (part.)	100.33/mo.
2 Ventilation fans @ $12.50/mo./ea.	25.00/mo.
1 Mucking machine	33.33/mo.
1 Electric generating plant	22.50/mo.
5 Miners head lamps	5.42/mo.

Additional Annual Costs

In addition to the costs of Stage II set forth above, the Government will also contribute to the actual costs of the following:

Category (2) Personal Services

Subcategory (b) Technical Services

Consulting engineer and/or geologist 30 days @ $50.00/day	$ 1,500.00

Category (6) New Buildings, Fixtures, and Installations

Compressor house and tool shed	250.00

Category (7) Miscellaneous

320 assay determinations @ $1.00/ea.*	320.00
Estimated Total Actual Costs of Stage II	$44,220.00

SUMMARY

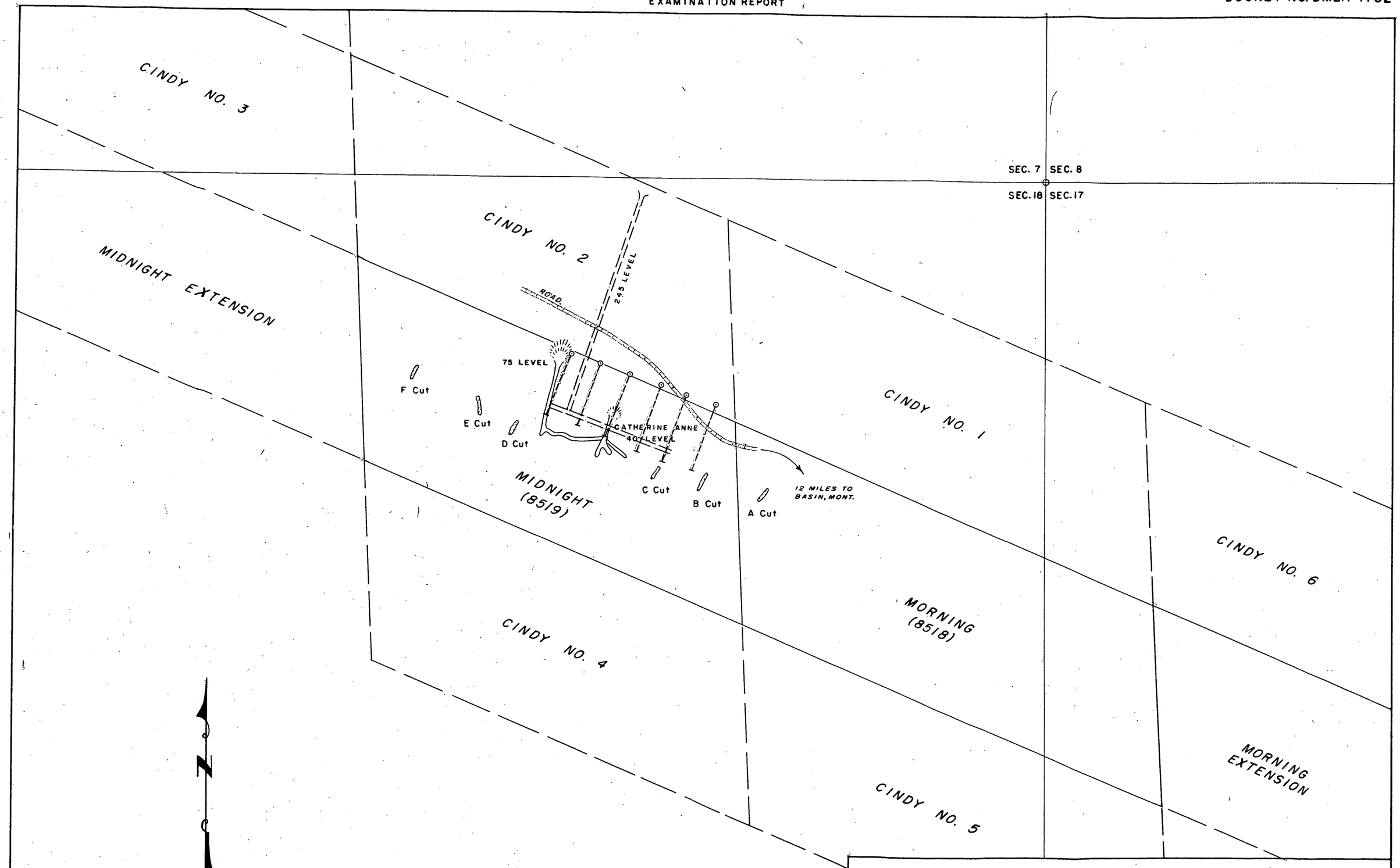
Estimated total Cost of Stage I	$18,930.00	
Estimated Total Cost of Stage II	44,220.00	
Estimated Total Cost of the Project		$63,210.00
Government Participation @ 30%		$21,255.00

* In addition to the maximum fixed in the contract form, an asterisk indicates maximum.

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXAMINATION REPORT

DOCKET NO. DMEA 4732



CLAIM MAP
SHOWING CATHERINE ANNE (40 LEVEL), 75 LEVEL,
BULLDOZER CUTS, AND RECOMMENDED DIAMOND DRILL HOLES
AND 245 LEVEL CROSSCUT

MIDNIGHT - MORNING PROPERTY

WESTERN AMERICA OF MONTANA, INC.
T. 7 N., R. 5 W., M.P.M., JEFFERSON COUNTY, MONTANA

300 0 300 600 FEET

By R. D. Sample

August 1957

PLATE II

Field Team copy

MF-200
(Revised June 1954)

Docket No. DMEA - 4732

Commodity Lead-Zinc-Copper

Contract No. Idm-E 1176

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 14 MAR 1958 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] WESTERN AMERICA OF MONTANA, INC., a Montana corporation,

whose mailing address is P. O. Box 782
Helena, Montana,
hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and map, Plate II.

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Montana, County of Jefferson, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Lessee of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ..... recorded in Book See Annex I, page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: Royalty interests of lessors.

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consents to Lien and Subordination Agreements of the lessors, Gil C. and Anna Holahue and D. A. and Catherine DuBois.

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Lead, zinc, and copper. The work to be performed is described in Exhibit "A." The Operator on or before April 1, 1958, shall commence the work, and on or before April 1, 1959 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A," except as otherwise provided in Exhibit "A" with respect to stages of work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $63,910.00 The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $31,955.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; [redacted] See Article 13.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 2.8. See Article 13.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

(For instance: the royalty on an amount of five dollars ($5.00) per ton would be one and one-half (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—

(a) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon is deleted.

(b) In the last sentence of Article 6(c), the words "Article 8" are substituted for the words "Article 9."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitteadorf

Administrator, Defense Minerals Exploration Administration

WESTERN AMERICA OF MONTANA, INC.
(Operator)

By Ed Kheadle

Title

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

Ed Kheadle

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

EXPLORATION PROJECT CONTRACT
WESTERN AMERICA OF MONTANA, INC.
DOCKET NO. DMSA-4732

ANNEX I

The land referred to in Article 2 of the Contract is situated in sections 7, 17, and 18, T. 7 N., R. 5 W., M.P.M., in Jefferson County, Montana, and is shown on the map entitled "Midnight-Morning Property, Western America of Montana, Inc. - Plate II," attached to and made a part hereof.

The Operator has possession by virtue of (1) a Mining Lease dated December 31, 1957, from Eli G. and Anne Holdhus and D. A. DuBois and Catherine DuBois; and (2) an Assignment of Mining Lease dated June 14, 1957, from the Western America Uranium Exploration Corporation, copies of which are in DMSA Docket No. 4732. The property consists of 2 patented and 8 unpatented lode mining claims as follows:

Patented Mining Claims

Name of Claim	Mineral Survey No.
Morning	8518
Midnight	8519

Unpatented Mining Claims	Book	Page
Cindy No. 1	48	590
Cindy No. 2	48	591
Cindy No. 3	48	592
Cindy No. 4	48	593
Cindy No. 5	48	594
Cindy No. 6	48	595
Midnight Extension	48	596
Morning Extension	48	597

The Notices of Location of the said claims are recorded in the Jefferson County Clerk's office in Boulder, Montana, as above

identified, and the descriptions therein are incorporated herein by reference.

Copies of Consents to Lien and Subordination Agreements executed by Gil C. and Anne Holshue and D. A. and Catherine DuBois are attached and made a part hereof.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1176
Contract Date 14 MAR 1958

RECEIVED
JAN 20 1958
D.M.E.A.

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Jefferson, State of Montana, described as follows: 2/

Cindy Lode Mining Claims, Nos. 1 to 6, inclusive

Midnight Extension Lode Mining Claim

Morning Extension Lode Mining Claim

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 31st day of December, 1957.

G. E. Holshue	[Seal]	Rollin, Montana	[Address]
Anne F. Holshue	[Seal]	Rollin, Montana	[Address]
W A DuBois	[Seal]	Rollin, Montana	[Address]
Catherine DuBois	[Seal]	Rollin, Montana	[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

RECEIVED
OCT 21 1957
D.M.E.A.

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1176
Contract Date 14 MAR 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Jefferson, State of Montana, described as follows: 2/

Morning Claim, U. S. Patent Survey No. 6518

Midnight Claim, U. S. Patent Survey No. 6519

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 12th day of October, 1957.

G. L. Holshue	[Seal]	Basin, Montana	[Address]
Anne F. Holshue	[Seal]	Basin, Montana	[Address]
D. A. DuBois	[Seal]	Basin, Montana	[Address]
Catherine DuBois	[Seal]	Basin, Montana	[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
WESTERN AMERICA OF MONTANA, INC.
DOCKET NO. BMSA-4732

EXHIBIT "A"

Description of the Work

The purpose of the project is to explore the Morning vein or other parallel veins for lead-zinc-copper ores. The work is divided into two stages. The Operator shall perform the Stage I work. In the event ore is discovered as a result of the Stage I work, the Operator, with the written approval of the Government, shall perform the Stage II work.

The work shall consist of:

Stage I

1. With a D-8 caterpillar dozer or equivalent unit of another make, prepare six drill sites. Not in excess of 12 hours of bulldozing time shall be allowed for this work.

2. From the surface, diamond drill 6 holes to an average depth of approximately 350 feet each, at an inclination of approximately minus 33°, to explore the Morning vein or other parallel structures. Not more than 2,100 feet of drilling shall be performed. The tentative hole locations are shown on the map entitled, "Midnight-Morning Property Western America of Montana, Inc. - Plate II," but the actual locations, directions, inclinations, and depths of all holes are subject to prior Government approval. Holes shall be spaced not closer than 100 feet.

All diamond drilling shall be done with AX size, or larger, coring bits, except that with Government approval the hole may be reduced with EX casing and completed with EX size bits when necessary to complete a hole. Drill holes shall be reamed and cased or cemented and redrilled as necessary.

The Government will not contribute to the cost of drilling any hole which is not completed.

All drill holes shall be logged, and all drill core shall be properly labeled and stored and made available to the Government for examination. All significantly mineralized core, in lengths not to exceed 5 feet, shall be split, and one-half thereof shall be properly sampled and assayed for one or more of the following metals: lead, zinc, copper, and silver. Not in excess of 70 determinations shall be allowed for sampling for any one metal.

When drilling in significantly mineralized ground, sludge corresponding to the core shall be taken (if possible), and in the event that the core recovery does not exceed 70 percent, both core and sludge samples shall be taken at intervals not to exceed 5 feet. Both the core and the sludge shall be split, and one-half thereof properly sampled and assayed. The remaining half of all significantly mineralized core and sludge samples when taken, shall be furnished to the Government upon request.

All assays shall be reported monthly to the Government, together with the logs of the drill holes and proper plan maps and sections showing the progress of the work and the sample locations.

All drilling and sample preparation shall be properly supervised by competent engineers and geologists.

Stage II

1. At an elevation corresponding to that of the 245 level, drive an adit crosscut to the Morning vein and then drift on the vein; the total drifting and crosscutting shall not exceed 1,150 feet. The crosscut and drift shall not be less than 5 feet by 7 feet in the clear of timber. The crosscut and drift are tentatively shown on the map (Plate II, sheet 2, Stage I) but the location, direction, and extent of the crosscut and drift are subject to prior Government approval.

2. Not in excess of 370 feet of timbering will be allowed for the crosscut and drift. Timber sets shall consist of not less than 8-inch by 8-inch timber or the equivalent in round timber.

3. Set a car transfer station in the crosscut or drift, which will be equivalent to 10 feet of crosscutting or drifting.

4. Not to exceed 320 feet of long-hole drilling shall be performed on the 245 level to test for parallel structure to the Morning

vein. Where mineralization is encountered by the long-hole drilling, sludge samples shall be taken at intervals not to exceed 5 feet; the samples shall be split and one-half thereof shall be properly sampled and assayed. The remaining half of all mineralized sludge samples shall be furnished to the Government upon request. All assays shall be reported monthly to the Government together with drill logs and proper plan maps showing the progress of the work and the sample locations.

5. All samples from the long-hole drilling and the drifting and prospecting shall be sampled for one or more of the following metals: lead, zinc, copper, and silver. But no assay determinations shall be allowed for the sampling for any one metal.

Estimated Costs of the Project

Actual Costs

Phase I

Category (1) Subcontract Contracts

18 hours of bulldozing @ $15.00/hr. $180.00

Diamond Core Drilling

Moving plant through overburden 1,700 feet @ $9.00/ft.

EX size drilling, 0 - 500-foot depth, 150 feet @ $6.60/ft.

AX size drilling, 0 - 750-foot depth, 1,200 feet @ $6.00/ft.

BX size drilling, 0 - 850-foot depth, @ $5.70/ft.

AX size drilling, depth greater than 750 feet, 600 feet @ $6.60/ft.

BX size drilling, depth greater than 850 feet, @ $6.30/ft.

13,500.00

Reaming and casing, 700 feet @ $3.90/ft. $2,730.00

Pulverizing and redrilling, 200 feet @ $3.90/ft., or 51.25 hours @ $9.60/hr. 780.00

Mobilization and demobilization of diamond drill equipment, 5 hours @ $10.00/hr. 50.00 $17,860.00

The above rates include charges for water supply, changing of locations, and all other charges by the diamond drill contractor.

Neither the cost nor the value of the casing left in drill holes at the option of the Operator will be allowed as a charge to the Contract.

Category (2) Personnel Services

Subcategory (a) Supervision

Supervisor, 2-1/2 months @ $300.00/mo. $750.00

Subcategory (b) Technical Services

Consulting engineer or geologist 9 days @ $50.00/day 450.00

Subcategory (c) Labor

None $1,200.00

Category (3) Operating Materials and Supplies

None except

Core boxes (wooden) $200.00

Categories (4) through (6)

None

Category (7) Miscellaneous

None except

200 assay determinations @ $1.00/ea.* $200.00

Estimated total actual costs of Stage I $18,985.00

Item II

The Government will contribute to the costs of drifting, sevenmaking, timbering, cutting car transfer stations, and long-hole drilling on the basis of Subcategories (2)(a) and (2)(c), Category (3), and Subcategory 4(a), for which estimated costs are set forth or waived below: Provided, That the Government will not contribute to any portion of the aggregate cost of a work item that exceeds on an average the estimated unit cost for such items, as follows:

Drifting and crosscutting 1,150 feet @ $32.00/ft.*	$37,920.00	
Timbering, 370 feet @ $7.00/ft.*	3,990.00	
Cutting car transfer station 10 feet @ $33.00/ft.*	330.00	
Long-hole drilling, 520 feet @ $1.25/ft.*	650.00	$42,920.00

Category (1) Independent Contracts

None

Subcategories (2)(a) and (2)(c), and Category (3)

Estimates waived

Subcategory (4)(a) Mechanization

1 Jeep station wagon	$33.33/mo.
1 Ford dump truck	33.33/mo.
1 Mancha trammer	63.00/mo.
1 Storage battery charger	4.16/mo.
1 Thor air leg (used)	8.33/mo.
1 Thor air leg (new)	14.75/mo.
12 Mine cars	33.00/mo.
1 Canton car transfer	9.16/mo.
1 500 c.f.m. compressor (port.)	108.33/mo.
2 Ventilation fans @ $12.50/mo./ea.	25.00/mo.
1 Mucking machine	33.33/mo.
1 Electric generating plant	22.50/mo.
3 Miners head lamps	3.42/mo.

Additional Actual Costs

In addition to the costs of Stage II set forth above, the Government will also contribute to the actual costs of the following:

Category (3) Personal Services

Subcategory (b) Technical Services

Consulting engineer and/or geologist 30 days @ $[illegible]/day	$ 1,[illegible]

Category (6) New Buildings, Fixtures, and Installations

Compressor house and tool shed	250.00

Category (7) Miscellaneous

350 assay determinations @ $1.00/ea.*	350.00
Estimated Total Actual Costs of Stage II	$[illegible]

SUMMARY

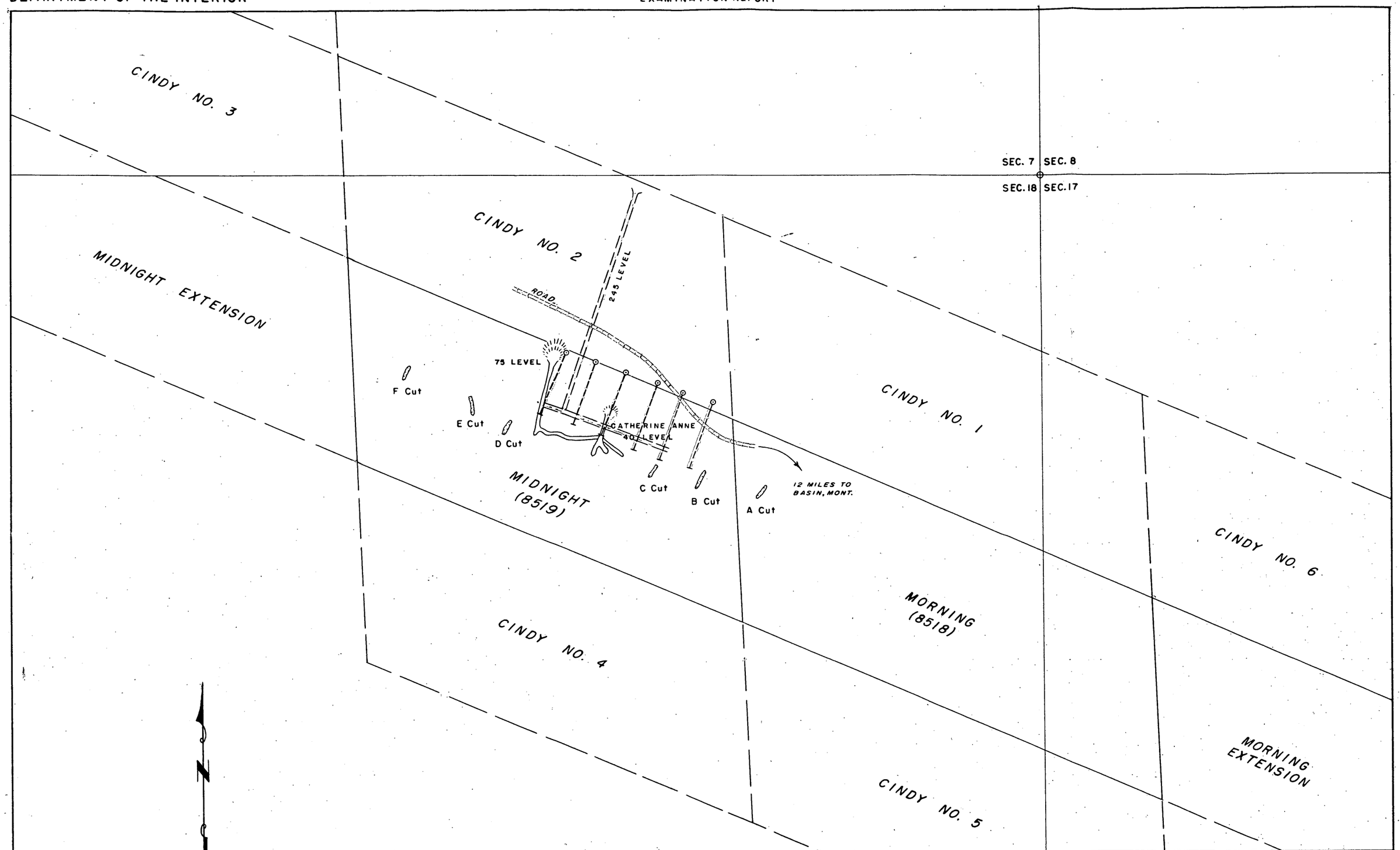
Estimated total Cost of Stage I	$16,[illegible].00	
Estimated Total Cost of Stage II	[illegible]	
Estimated Total Cost of the Project		$[illegible]
Government Participation @ 50%		$[illegible]

* In addition to the maximum fixed in the contract form, an asterisk indicates maximum.

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXAMINATION REPORT

DOCKET NO. DMEA 4732



CLAIM MAP
SHOWING CATHERINE ANNE (40 LEVEL), 75 LEVEL,
BULLDOZER CUTS, AND RECOMMENDED DIAMOND DRILL HOLES
AND 245 LEVEL CROSSCUT

MIDNIGHT - MORNING PROPERTY

WESTERN AMERICA OF MONTANA, INC.
T. 7 N., R. 5 W., M.P.M., JEFFERSON COUNTY, MONTANA

300 0 300 600 FEET

By R. D. Sample

August 1957

PLATE II

Finance Office copy

MF-200
(Revised June 1954)

Docket No. DMEA - 4732

Commodity Lead-Zinc-Copper

Contract No. Idm-E 1176

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 14 MAR 1958 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] WESTERN AMERICA OF MONTANA, INC., a Montana corporation,

whose mailing address is P. O. Box 782
Helena, Montana,
hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and map, Plate II.

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Montana, County of Jefferson, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Lessee of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ..... recorded in Book See Annex I page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: Royalty interests of lessors.

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consents to Lien and Subordination Agreements of the lessors, Gil G. and Anna Holshue and D. A. and Catherine DuBois.

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Lead, zinc, and copper. The work to be performed is described in Exhibit "A." The Operator on or before April 1, 1958, shall commence the work, and on or before April 1, 1959 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A," except as otherwise provided in Exhibit "A" with respect to stages of work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $63,910.00. The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $31,955.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; [redacted] **See Article 13.**

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article ~~9~~.8. **See Article 13.**

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

(For instance: the royalty on an amount of five dollars ($5.00) per ton would be one and one-half (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—

(a) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon is deleted.

(b) In the last sentence of Article 6(c), the words "Article 3" are substituted for the words "Article 9."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mittendorf

Administrator, Defense Minerals Exploration Administration

WESTERN AMERICA OF MONTANA, INC.
(Operator)

By E. Wheadle

Title

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

E. Wheadle

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

EXPLORATION PROJECT CONTRACT
WESTERN AMERICA OF MONTANA, INC.
DOCKET NO. NMRA-4732

ANNEX 1

The land referred to in Article 2 of the Contract is situated in sections 7, 17, and 18, T. 7 N., R. 5 W., M.P.M., in Jefferson County, Montana, and is shown on the map entitled "Midnight-Morning Property, Western America of Montana, Inc. - Plate II," attached to and made a part hereof.

The Operator has possession by virtue of (1) a Mining Lease dated December 31, 1957, from Gil T. and Anna Melchor and D. A. Dubois and Catherine Dubois; and (2) an Assignment of Mining Lease dated June 18, 1957, from the Western America Uranium Exploration Corporation, copies of which are in NMRA Docket No. 4732. The property consists of 2 patented and 8 unpatented lode mining claims as follows:

Patented Mining Claims

Name of Claim	Mineral Survey No.
Morning	8518
Midnight	8519

Unpatented Mining Claims	Book	Page
Cindy No. 1	48	590
Cindy No. 2	48	591
Cindy No. 3	48	592
Cindy No. 4	48	593
Cindy No. 5	48	594
Cindy No. 6	48	595
Midnight Extension	48	596
Morning Extension	48	597

The Notices of Location of the said claims are recorded in the Jefferson County Clerk's office in Boulder, Montana, as above

identified, and the descriptions therein are incorporated herein by reference.

Copies of Consents to Lien and Subordination Agreements executed by Eli G. and Anna Weinkam and W. A. and Catherine DuBois are attached and made a part hereof.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1176
Contract Date 14 MAR 1958

RECEIVED
20

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Jefferson, State of Montana, described as follows: 2/

Cindy Lode Mining Claims, Nos. 1 to 6, inclusive

Midnight Extension Lode Mining Claim

Morning Extension Lode Mining Claim

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 31st day of December, 1957.

G. E. Holshue [Seal] Basin, Montana [Address]

Anne H. Holshue [Seal] Basin, Montana [Address]

D A Du Bois [Seal] Basin, Montana [Address]

Catherine DuBois [Seal] Basin, Montana [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

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OCT 21 1957
D.M.E.A.

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1176
Contract Date 4 MAR 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Jefferson, State of Montana, described as follows: 2/

Morning Claim, U. S. Patent Survey No. 8518

Midnight Claim, U. S. Patent Survey No. 8519

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 12th day of October, 19[illegible]

Gil L. Holahue	[Seal]	Basin, Montana	[Address]
Anne F. Holahue	[Seal]	Basin, Montana	[Address]
D A Du Bois	[Seal]	Basin, Montana	[Address]
Catherine Du Bois	[Seal]	Basin, Montana	[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
WESTERN AMERICA OF MONTANA, INC.
PROJECT NO. [illegible]-9732

EXHIBIT "A"

Description of the Work

The purpose of the project is to explore the Morning vein or other parallel veins for lead-zinc-copper ores. The work is divided into two stages. The Operator shall perform the Stage I work. In the event ore is discovered as a result of the Stage I work, the Operator, with the written approval of the Government, shall perform the Stage II work.

The work shall consist of:

Stage I

1. With a D-8 caterpillar dozer or equivalent unit of another make, prepare six drill sites. Not in excess of 12 hours of bulldozing time shall be allowed for this work.

2. From the surface, diamond drill 6 holes to an average depth of approximately 350 feet each, at an inclination of approximately minus 35°, to explore the Morning vein or other parallel stringers. Not more than 2,100 feet of drilling shall be performed. The tentative hole locations are shown on the map entitled, "Midnight-Morning Property Western America of Montana, Inc. - Plate II," but the actual locations, directions, inclinations, and depths of all holes are subject to prior Government approval. Holes shall be spaced not closer than 100 feet.

All diamond drilling shall be done with AX size, or larger, coring bits, except that with Government approval the hole may be reduced with BX coring and completed with BX size bits when necessary to complete a hole. Drill holes shall be reamed and cased or cemented and redrilled as necessary.

The Government will not contribute to the cost of drilling any hole which is not completed.

All drill holes shall be logged, and all drill core shall be properly labeled and stored and made available to the Government for examination. All significantly mineralized core, in lengths not to exceed 5 feet, shall be split, and one-half thereof shall be properly sampled and assayed for one or more of the following metals: lead, zinc, copper, and silver. Not in excess of 10 determinations shall be allowed for sampling for any one metal.

When drilling in significantly mineralized ground, sludges corresponding to the cores shall be taken (if possible); and in the event that the core recovery does not exceed 70 percent, both core and sludge samples shall be taken at intervals not to exceed 5 feet. Both the core and the sludge shall be split, and one-half thereof properly sampled and assayed. The remaining half of all significantly mineralized core and sludge samples when taken, shall be furnished to the Government upon request.

All assays shall be reported monthly to the Government, together with the logs of the drill holes and proper plan maps and sections showing the progress of the work and the sample locations.

All drilling and sample preparation shall be properly supervised by competent engineers and geologists.

Stage IV

1. At an elevation corresponding to that of the 8½ level, drive an adit crosscut to the Morning vein and then drift on the vein; the total drifting and crosscutting shall not exceed 1,100 feet. The crosscut and drift shall not be less than 5 feet by 7 feet in the clear of timber. The crosscut and drift are tentatively shown on the map (Table II, cited in Stage I) but the location, direction, and extent of the crosscut and drift are subject to prior Government approval.

2. Not in excess of 500 feet of timbering will be allowed for the crosscut and drift. Timber sets shall consist of not less than 8-inch by 8-inch timber or the equivalent in round timber.

3. Set a car transfer station in the crosscut or drift, which will be equivalent to 10 feet of crosscutting or drifting.

4. Not to exceed 500 feet of long-hole drilling shall be performed on the 8½ level to test for parallel structures to the Morning

vate. Where mineralization is encountered by the long-hole drilling, sludge samples shall be taken at intervals not to exceed 5 feet; the samples shall be split and one-half thereof shall be properly sampled and assayed. The remaining half of all mineralized sludge samples shall be furnished to the Government upon request. All assays shall be reported monthly to the Government together with drill logs and proper plan maps showing the progress of the work and the sample locations.

5. All samples from the long-hole drilling and the drifting and crosscutting shall be assayed for one or more of the following metals: lead, zinc, copper, and silver. Not to exceed 80 determinations shall be allowed for the assaying for any one metal.

Estimated Costs of the Project

Actual Costs

Stage I

Category (1) Improvement Contracts

12 hours of bulldozing @ $15.00/hr. $180.00

Diamond Core Drilling

Driving pipe through overburden 150 feet @ $9.00/ft.

NX size drilling, 0 - 250-foot depth, 150 feet @ $6.60/ft.

AX size drilling, 0 - 250-foot depth, 1,[illegible] feet @ $6.00/ft.

BX size drilling, 0 - 250-foot depth, @ $5.70/ft.

AX size drilling, depth greater than 250 feet, 600 feet @ $6.60/ft.

BX size drilling, depth greater than 250 feet, @ $6.30/ft.

13,500.00

Running and casing, 700 feet @ $3.90/ft. $2,730.00

Cementing and rebuilding, 200 feet @ $3.50/ft., or 41.50 hours @ $9.60/hr. 700.00

Mobilization and demobilization of diamond drill equipment, 3 hours @ $10.00/hr. 30.00 $17,860.00

The above price includes charges for water supply, changing of locations, and all other charges by the diamond drill contractor.

Either the cost per the value of the cutting left in drill holes at the option of the Operator will be allowed at a charge to the Contract.

Category (2) Personal Services

Subcategory (a) Supervision

Supervision, 2-1/2 months @ $300.00/mo. $750.00

Subcategory (b) Technical Services

Consulting engineer or geologist 3 days @ $30.00/day 450.00

Subcategory (c) Office

None $1,200.00

Category (3) Operating Materials and Supplies

None except

Core boxes (wooden) $200.00

Categories (4) through (6)

None

Category (7) Miscellaneous

None except

500 assay determinations @ $1.00/ea.* $500.00

Estimated total actual costs of Stage I $22,[illegible]

Item II

The Government will contribute as the costs of drifting, cementing, timbering, cutting car transfer station, and long-hole drilling on the basis of Subcategories (2)(c) and (3)(a), Category (3), and Subcategory 4(c), for which unpaid costs are set forth or valued below: Provided, That the Government will not contribute to any portion of the aggregate cost of a work item that exceeds in an average the estimated unit cost for that item, as follows:

Drifting and cementing 1,150 feet @ $33.00/ft.*	$37,950.00	
Timbering, 370 feet @ $7.00/ft.*	3,990.00	
Cutting car transfer station 10 feet @ $23.00/ft.*	230.00	
Long-hole drilling, 330 feet @ $1.35/ft.*	330.00	$42,500.00

Category (1) Independent Contractor

None

Subcategories (2)(a) and (2)(c), and Category (3)

Estimates waived

Subcategory (4)(a) Mechanization

1 Jeep station wagon	$32.33/mo.
1 Yard dump truck	21.33/mo.
1 Mancha trencher	43.00/mo.
1 Storage battery charger	4.16/mo.
2 Thor air leg (used)	8.33/mo.
2 Thor air leg (new)	14.72/mo.
12 Mine cars	33.00/mo.
1 Cambro car transfer	9.16/mo.
1 500 c.f.m. compressor (gas.)	100.33/mo.
2 Ventilation fans @ $12.50/mo./ea.	25.00/mo.
1 Welding machine	33.33/mo.
1 Electric generating plant	32.50/mo.
5 Miners head lamps	5.42/mo.

Additional Actual Costs

In addition to the costs of Stage II set forth above, the Government will also contribute to the actual costs of the following:

Category (3) Personal Services

Subcategory (b) Technical Services

Consulting engineer and/or geologist 30 days @ $50.00/day	$ 1,500.00

Category (6) New Buildings, Fixtures, and Installations

Compressor house and tool shed	350.00

Category (7) Miscellaneous

350 sacks decomposition @ $1.00/sa.*	350.00
Estimated Total Actual Costs of Stage II	$44,250.00

SUMMARY

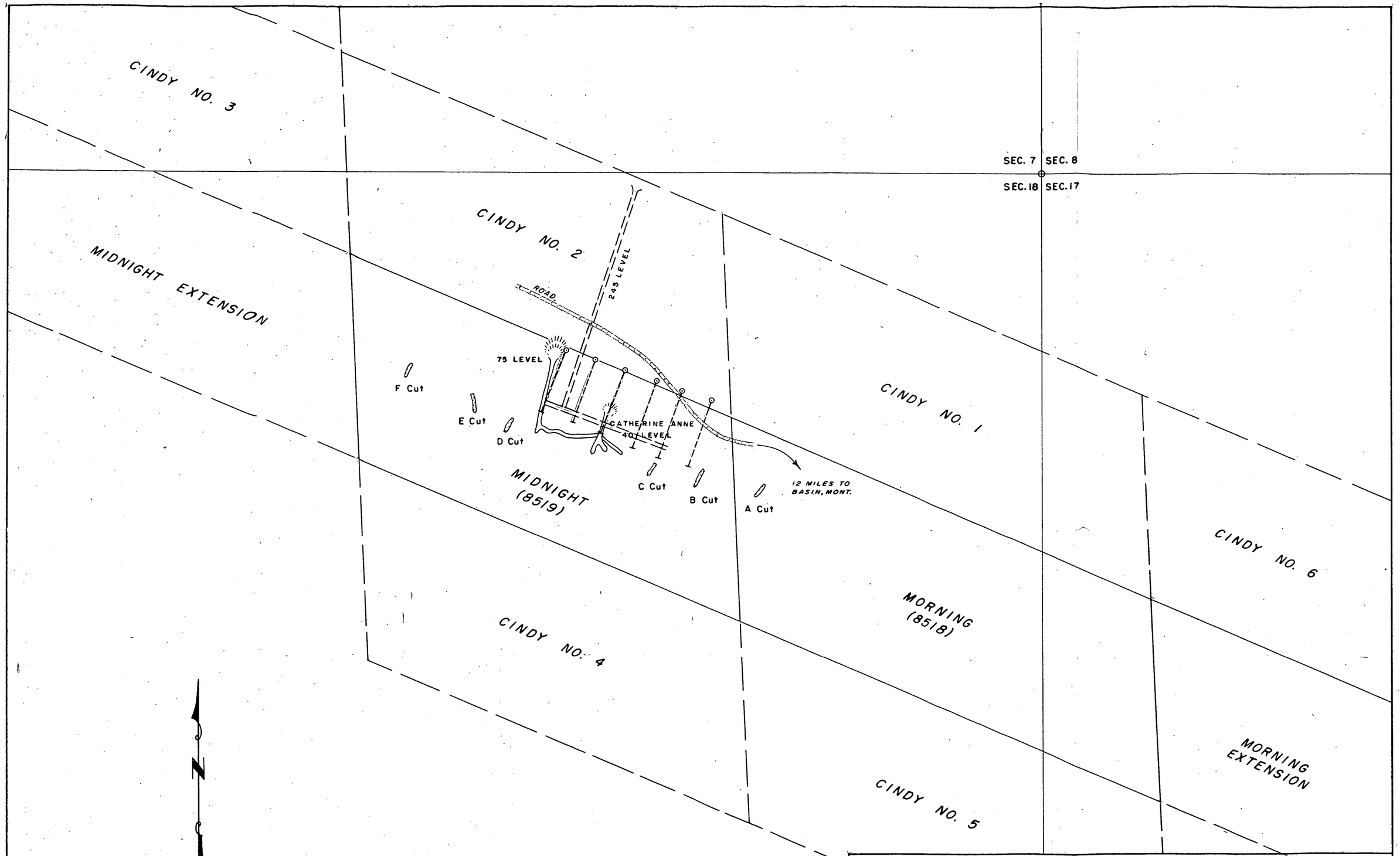
Estimated total Cost of Stage I	$15,220.00	
Estimated Total Cost of Stage II	44,250.00	
Estimated Total Cost of the Project		$61,310.00
Government Participation @ 50%		$31,255.00

* In addition to the sacks listed in the contract form, an asterisk indicates sacks.

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXAMINATION REPORT

DOCKET NO. DMEA 4732



CLAIM MAP
SHOWING CATHERINE ANNE (40 LEVEL), 75 LEVEL,
BULLDOZER CUTS, AND RECOMMENDED DIAMOND DRILL HOLES
AND 245 LEVEL CROSSCUT

MIDNIGHT - MORNING PROPERTY

WESTERN AMERICA OF MONTANA, INC.
T. 7 N., R. 5 W., M.P.M., JEFFERSON COUNTY, MONTANA

300 0 300 600 FEET

By R. D. Sample

PLATE II

A REPORT ON THE MORNING MINE EXPLORATION PROJECT

JEFFERSON COUNTY, MONTANA

OFFICIAL FILE COPY
D M E A
RECEIVED APR 22 1957

DATE	INITIALS	CODE

Western America of Montana, Inc.
March, 1957

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LIST OF ENCLOSURES

Preliminary Surface Map, Scale: 1"--40'

Surface Map, Scale: 1"--100'

Preliminary Longitudinal Section, Scale: 1"--40'

Copy of all Assay Results, Recent Exploration Project

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Conclusions and Recommendations

The exploration project undertaken by Western America of Montana, Inc. during the past summer on the Morning-Midnight property can be considered successful, in that (1) a considerable amount of engineering and geological data has been obtained, (2) certain important factors concerned with the mineralization phenomena have become evident, and (3) the money expended to date has been nearly amortized by reserves (indicated and inferred) of mill grade ore partially blocked out and in place in the mine.

It is evident that the 75-level (75 feet below the apex) has penetrated the Morning structure in its oxidized and enriched portion. Commercial grade quartz-sulphide vein material has been disclosed on that level, and extends upward to the surface as is indicated by the near surface operations undertaken in past years, and for an undetermined distance below. Out of 305 feet of drift on the 75-level, 80 feet have been relatively barren of value, and this in the sector containing the Catherine Anne workings (40-level), and extending downward to the 75-level in the vicinity of survey stations 12, 13, and 14. The remaining 225 feet (74% of total length of drift) penetrated ore grade material (Block A and Block B). Further, the lateral extent of important mineralization on the 75-level has not been determined to date. In view of surface cut information, and information from the east end of the 75-level, the composite horizontal dimension of the Morning ore column will surely exceed 225 feet.

In view of all of the facts mentioned above and appearing in the remainder of this report, it is the opinion of the writer that a showing of sufficient magnitude has been disclosed by all work accomplished to date to warrant a test of the Morning shear zone at depth. This work should necessarily be designed to penetrate below the oxidized and enriched parts of the shear zone, and should test the tenor and size of the deposit and or deposits in the zone of primary mineralization. If the property is to have a future, the primary ores must necessarily be of ore-grade.

As is indicated in some detail in the last chapter of this report (Proposed Exploration, Time Required, and Cost), two means of exploring the Morning shear zone are available to the operator. It is recommended that the work outlined be accomplished with the aid of a U. S. D. M. E. A. loan, if such can be obtained.

One means of exploring the property at depth is by sinking a small dimension inclined winze directly on structure from the 75-level, from which two sublevels would explore the shear zone laterally. A second means of entry would necessitate the driving of 850 feet of crosscut tunnel to penetrate the shear zone 200 feet below the 75-level, from which lateral work and eventual raise and sublevel exploration would be undertaken. Both means of exploration mentioned above have certain advantages and disadvantages, when all factors are considered.

Because sinking directly on the structure will more quickly give some insight as to the tenor or primary ore below the oxidized zone, and because it could possibly save the operator unnecessary expenditures should the ore deposits quickly bottom in non-commercial ore,

the winze sinking project is recommended. However, both projects have been outlined in this report, in that a sinking operation might not prove feasible when depth is gained on the structure because of a severe water flooding problem. The associated high cost of water removal by pumping, utilizing available mine power, could force the discontinuance of the project--cheap electric power is not at hand.

The total estimated cost of each project is outlined below. Detailed estimated costs by project phases and by individual cost items appear in the last section of this report.

I SINKING PROJECT ----------$89,346.82

II CROSSCUT PROJECT ----------$81,471.52

Should a U.S.D.M.E.A. loan be obtained on the Morning-Midnight property, the estimated cost to each participant (50% Government participation) would be the following:

I <u>SINKING PROJECT, ESTIMATED COSTS</u>

Cost to Western America of Montana, Inc. of Equipment Not Presently on Hand ---------- $ 4,704.00

Western America of Montana, Inc.; Portion of Proposed Sinking Project ---------- $42,321.41

United States Government; Portion of Proposed Sinking Project ------$42,321.41

Total Estimated Cost of Sinking Project to Operator --- $47,025.41

Total Estimated Cost of Sinking Project to Government - $42,321.41

Estimated Total Cost of Sinking Project ----- $89,346.82

II <u>CROSSCUT PROJECT, (ALTERNATE PLAN), ESTIMATED COSTS</u>

Cost to Western America of Montana, Inc. of Equipment Not Presently on Hand ---------- $ 2,584.20

Western America of Montana, Inc.; Portion of Proposed Crosscut Project ---------- $39,448.26

United States Government; Portion of Proposed Crosscut Project ----------$39,448.25

Total Estimated Cost of Crosscut Project to Operator $42,032.46

Total Estimated Cost of Crosscut Project to Govt. $39,448.25

Estimated Total Cost of Crosscut Project (Alternate Plan) ---------- $81,480.71

Introduction

On June 16, 1956, Western America of Montana, Inc. acquired a lease on the Morning-Midnight property in Jefferson County, Montana, and shortly thereafter instigated a thorough examination of the property involving both surface and underground work. The information appearing below pertains generally to the outcome of the surface and underground phases of the project, and more specifically with a study of those portions of the Morning shear structure that have been exposed to date, with the geology and mineralogy involved, and with the indicated size and value of the deposits thus disclosed.

The project had as its main goal the procurement of sufficient geological and engineering data to form a sound basis for a decision to test the Morning shear structure at depth.

Surface Exploratory work was comprised of trenching the shear structure at intervals (surface cuts A,B,C,D,E,F, and G; refer to surface map, enclosed) for a distance of better than 1350 feet. These surface trenches were studied and sampled in some detail.

The underground portion of the project resulted in 207 feet of new exploratory drift on the 75-level of the property, one small 8 foot long crosscut, and a detailed examination of all accessible mine workings. The new underground work was designed to pass under and disclose the downward extensions of the ore accumulations worked on or near the surface in the past (small tunnels and shallow shafts on surface map), and beyond this, to gain information regarding the nature of base-metal mineralization on the 75-level of the property which penetrates the shear structure in the oxidized-enriched zone.

In addition, eight protection claims were staked and recorded, several actually encompassing a continuation of the Morning structure to the west and east beyond patent ground, and several to facilitate possible tunnel sites.

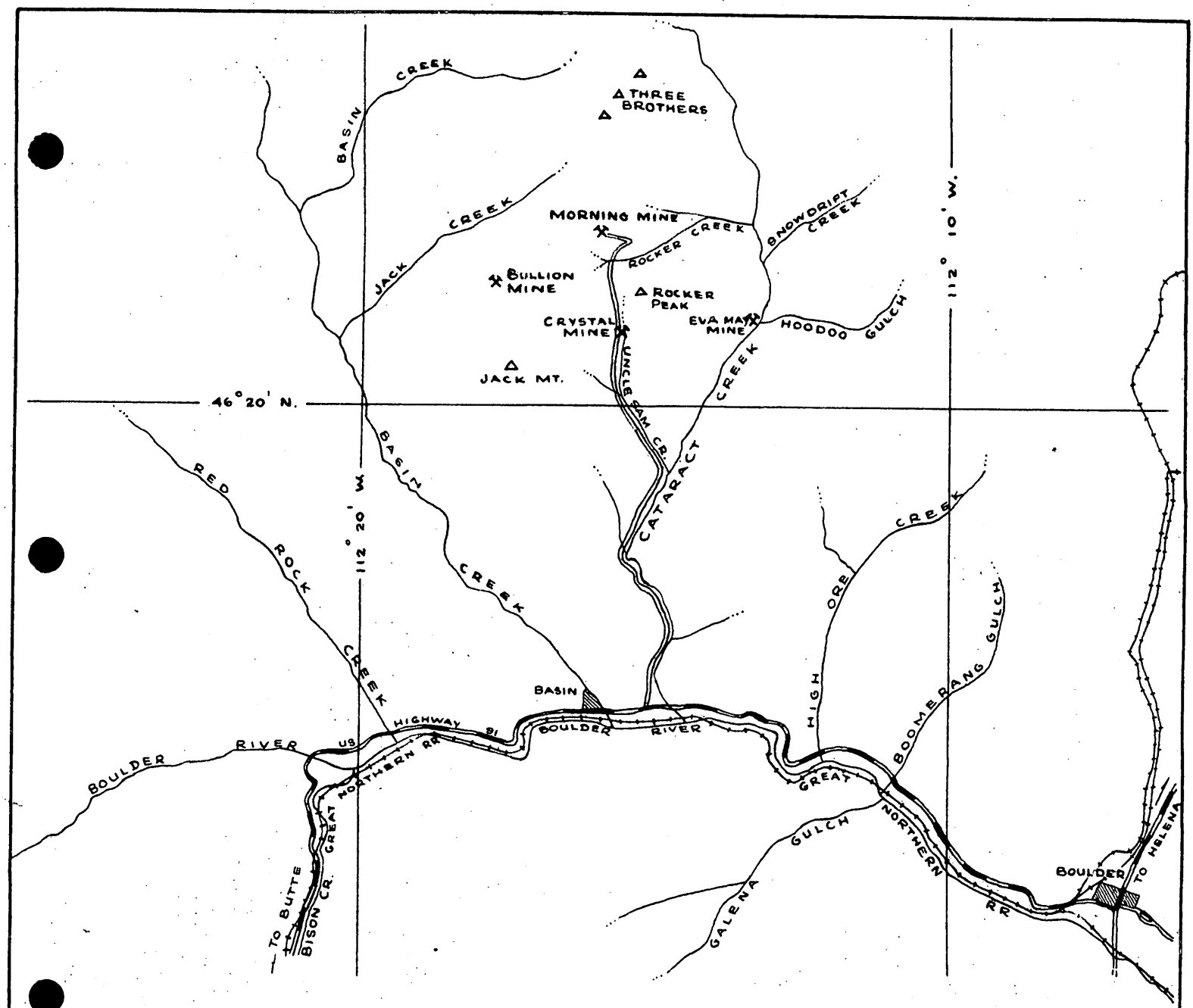
Description and Location of Property

The Morning-Midnight property (figure 1, page 4; and figure 2, page 5) consists of two patented lode claims (Survey Numbers 8518 and 8519) and eight unpatented protection claims recently located, all in the Cataract (unorg.) Mining District, Jefferson County, Montana. All of the claims are situated on the north flank of Jack Mountain, and lie approximately 1 mile northwest of Rocker Peak. The principal mine workings lie at an elevation of about 8300 feet. The property is made accessible from Basin, Montana, by about 12 miles of County road, Forest Service road, and mine road.

Western America of Montana, Inc. holds a mining lease on the property from G. C. Holshue and D. A. Dubois, both of Basin, Montana.

Availability of Manpower, Mine Power, and Mining Supplies and Materials

Even though the property is somewhat remote from any large cities or towns, it is situated within a mining district which periodically shows some mining activity. Capable miners are always available, either from local sources, from the mines at Butte, Montana, or from the active mining camps in northern Idaho.



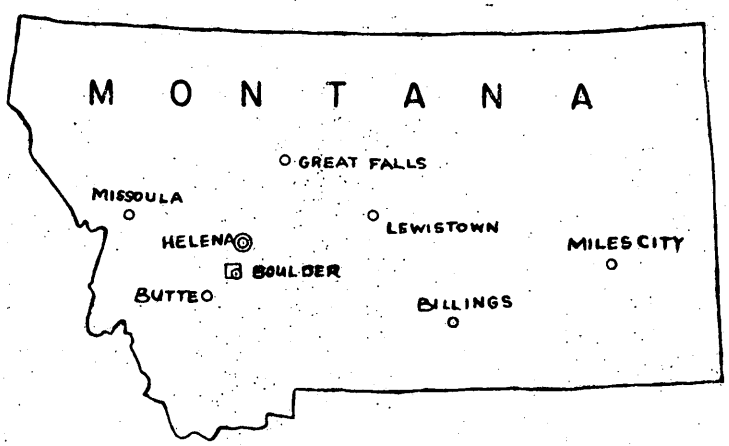
LOCATION MAP

MORNING MINE

JEFFERSON COUNTY, MONTANA

SCALE 1" = 2 MILES

DATE : JULY, 1956

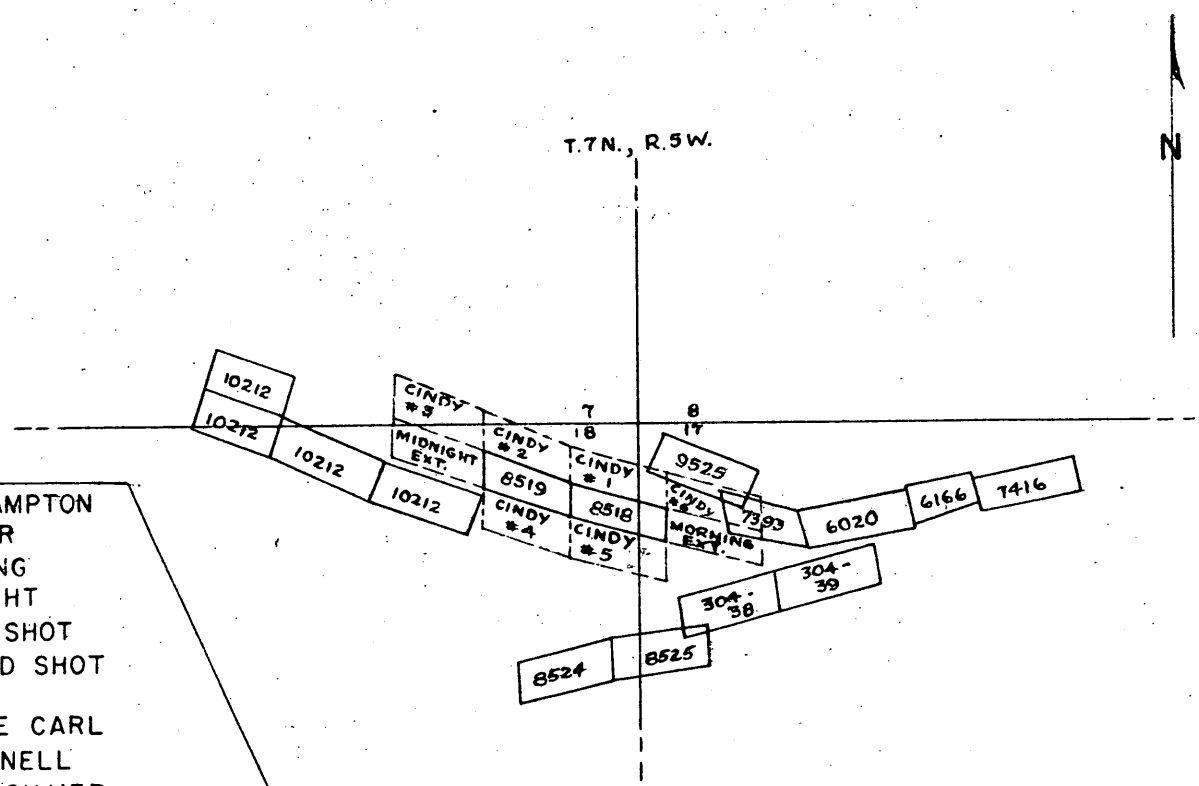


N

FIGURE — 1

CLAIM LOCATION PLAT

MORNING-MIDNIGHT SECTOR
CATARACT (UNORG.) MINING DISTRICT
JEFFERSON COUNTY, MONTANA



304-38	BINGHAMPTON
304-39	ROCKER
8518	MORNING
8519	MIDNIGHT
8524	FIRST SHOT
8525	SECOND SHOT
6020	ADA
6166	PRINCE CARL
7393	LADY NELL
7416	FREE SILVER
9525	DEW DROP
10212	ARIZONA
10212	GREY ROCK
10212	JACK & JILL
10212	JACK & JILL EXTENSION

PATENTED CLAIMS

APPROX. SCALE: 1" = 3000'

FIGURE 2

Electric power is not presently available on the property, the closest being 12 miles away in Basin, Montana. Mine power requirements must thus currently be met by diesel and gasoline driven compressors and generators.

Mining materials, such as explosives, mine rail, pipe, etc., are all available in either Helena, Montana, or Butte, Montana, and if small quantities are required, from some of the smaller local communities. Everyday supplies, such as gasoline, diesel fuel, and supplies for maintaining mobile equipment can be purchased in either Basin or Boulder, Montana.

Timber sufficient in size and quality for use as mine timber does not grow in great quantity on the property. Favorable localities for procuring timber are closely available, however, and are under the jurisdiction of the U. S. Forest Service. Square timber can be procured from Whitehall, Montana, for $75.00 per 1000 board feet (delivered to mine yard).

Past Development, Production, and Value of Ore

The ground underlying the two patented claims is thought to have been first located before 1900. The property has been worked only periodically since that time, primarily because in the early years it became inaccessible except for a few months during the summer and fall of each year--the property lies at an elevation of 8300 feet, and thus considerable snow accumulates in the area in the winter and spring of any year. Perhaps poor management and financing also contributed to lack of development in the early years.

More recent rehabilitation and activity was begun in 1942 by Frank Soli, a lessee, of Basin, Montana. His operation was concentrated around the small shaft and grass-roots tunnel situated a short distance northwest of survey station 34 (refer to surface map, enclosed). His main effort was a small, two-stage, hand driven shaft, which had a depth of about 25 feet, and a lateral development of 15 to 18 feet (refer to longitudinal section, enclosed). During the years 1942-1949, the operator shipped 94.5 tons of ore valued primarily for gold, silver, and lead. The assays on these shipments, weighted for individual tonnages, indicate that the ore shipped had an average gross assay value of $45.70 per dry ton. A tabulated list of these shipments appears in Table 1, Appendix A.

The next operators (Holshue and Dubois; 1952-1956), working only in the summer and fall, sank two small shafts, one an incline 25 feet deep, and the other vertical and to a depth of 33 feet (surface map; two shafts south and west of survey station 15, respectively). Approximately 109 tons of vein material were removed from these workings, and from dumps. The material again contained values in gold, silver, lead, and zinc. These shipments, two to the A.S.&R. Co. at East Helena, Montana, and three to the Metals Milling Company, Inc. of Basin, Montana, when weighted for tonnage, indicate that the material had a gross assay value of $27.40 per dry ton. Eliminating 28,712 # of dump material originating from an earlier 75-level operation, the ore from the two shafts had a gross assay value of $29.00 per dry ton. A tabulated list of these shipments appears in Table 2, Appendix B.

These operators also drove a small dimension drift and crosscut on structure from the Catherine Anne workings (refer to surface maps and preliminary longitudinal section). No vein material of sufficient value to ship was encountered in this operation.

Exploration Project

Surface Exploratory Work-

Structure--

The apex of the Morning-Midnight shear zone has been disclosed at intervals for a distance of approximately 1350 feet (refer to surface map and to maps of surface cuts, enclosed), and is known to continue on both westerly and easterly for undetermined distances. To the west, the structure continues through the entire length of the Midnight Extension claim (unpatented), and to the east, through the Morning patent claim and either onto Cindy #6 (unpatented) or onto the Morning Extension (unpatented), or onto both because of a separation or split.

The Ada vein system (patents 7393, 6020, 6166, and 7416) either represents a limb of the Morning structure, or is an isolated system a short distance to the north. In any case, the Morning and Ada systems establish a structural trend which bears east-west or slightly north of west, and which can be traced on the surface for a distance of greater than four miles.

As seen in individual surface cuts on the Midnight claim, the Morning-Midnight shear structure dips 55-65° NNE. and strikes N. 70° W.

Geology--

Only on the Midnight claim has recent surface work disclosed the Morning-Midnight shear structure with any regularity (refer to surface map). Surface cuts A,B,C,D,E,F, and G, (Appendix C) expose the entire width of the shear zone, which has been seen to maintain a thickness of approximately 25 feet, and to thicken to as much as 33 feet locally. The thicknesses encompass the interval extending from locally strongly altered, medium to coarse-grained quartz monzonite on the hanging wall, to fresh, fine to medium-grained quartz monzonite on the footwall.

As observed at the surface within the limits of the shear zone, massive quartz veins crop-out for a distance of 1100 feet (distance surface cut A to surface cut G, 1350 feet). These quartz veins, which maintain an average thickness of 6.9 feet throughout the above distance, locally contain sulphides of iron and lead, oxides of iron, and some lead carbonate.

To the west, the surface cuts indicate that the quartz veins disappear between cuts E and F. Beyond surface cut A. to the east, the structure has been exposed at about the center of the Morning patent claim (not mapped or sampled), but no massive vein quartz was disclosed. The cut, however, does indicate that the structure

continues that far, and a terracing effect on the apex of the structure allows it to be followed with ease for a much greater distance.

The following rock types and/or alteration phases occur within the shear zone: (1) shattered, white to brownish-gray, marbly quartz (barren); (2)massive, gray to black tourmalinated quartz (contains base metals): (3) white, gray, and bluish gray aplite (alaskite ?); (4) intervals of altered aplite and country rock (quartz monzonite); and (5), limonitic intervals of varying strength, from those that are 4 or 5 feet in thickness and are comprised almost entirely of limonite and hematite, to the smallest stringer locally carrying iron oxide mostly as discoloration.

Sampling and Assay Results--

The six main surface cuts (A,B,C,D,E, and F) were also sampled, and the samples assayed in an attempt to discern the richest parts of the shear zone laterally and also within the walls of the shear itself. These results have been compared with results obtained from normal (unmineralized-unaltered) quartz monzonitic country rock, and considering only the quartz veins and certain strong limonitic intervals, it can be seen that almost without exception these portions of the vein zone contain 0.3 to 0.5% more lead than does the fresh quartz monzonite (0.0 to 0.1% lead). A differential of this magnitude in some areas is considered to be sufficient justification for exploration work at depth. Certain of the aplitic segments also contain measurable lead values, but these concentrations could possibly be the result of erosion, and transportation of richer vein material from adjacent parts of the shear zone.

The surface cuts also lengthened considerably the mineralized zones penetrated by the 75-level and by the small tunnels and shallow shafts between cuts C and D, an interval where values were obtained at or very near the surface.

Underground Exploratory Work-

75-Level--

Structure---

The 225 feet of crosscut and 305 feet of drift have penetrated the footwall of the shear zone twice and the hangingwall once, on a level approximately 75 feet below the apex of the structure (Figure 3, page 9). This drift work has disclosed that the Morning structure is a wide (25-30') fault zone or shear made up of many sub-parallel lesser fissures, probably none being continuous for any great lateral distance, but rather each supplementing the other. Large fractures, sometimes carrying moderately thick (1.0-1.5') breccia and gouge do occur on either or both of the walls locally, and thus the width of the shear can be discerned with little difficulty. In all places where exposed, the footwall of the shear is the most easily discerned, most commonly passing abruptly into fresh quartz monzonite. Where seen, the hangingwall is comprised of an iron-stained quartz vein, with only alteration and weaker systems of fractures occurring beyond.

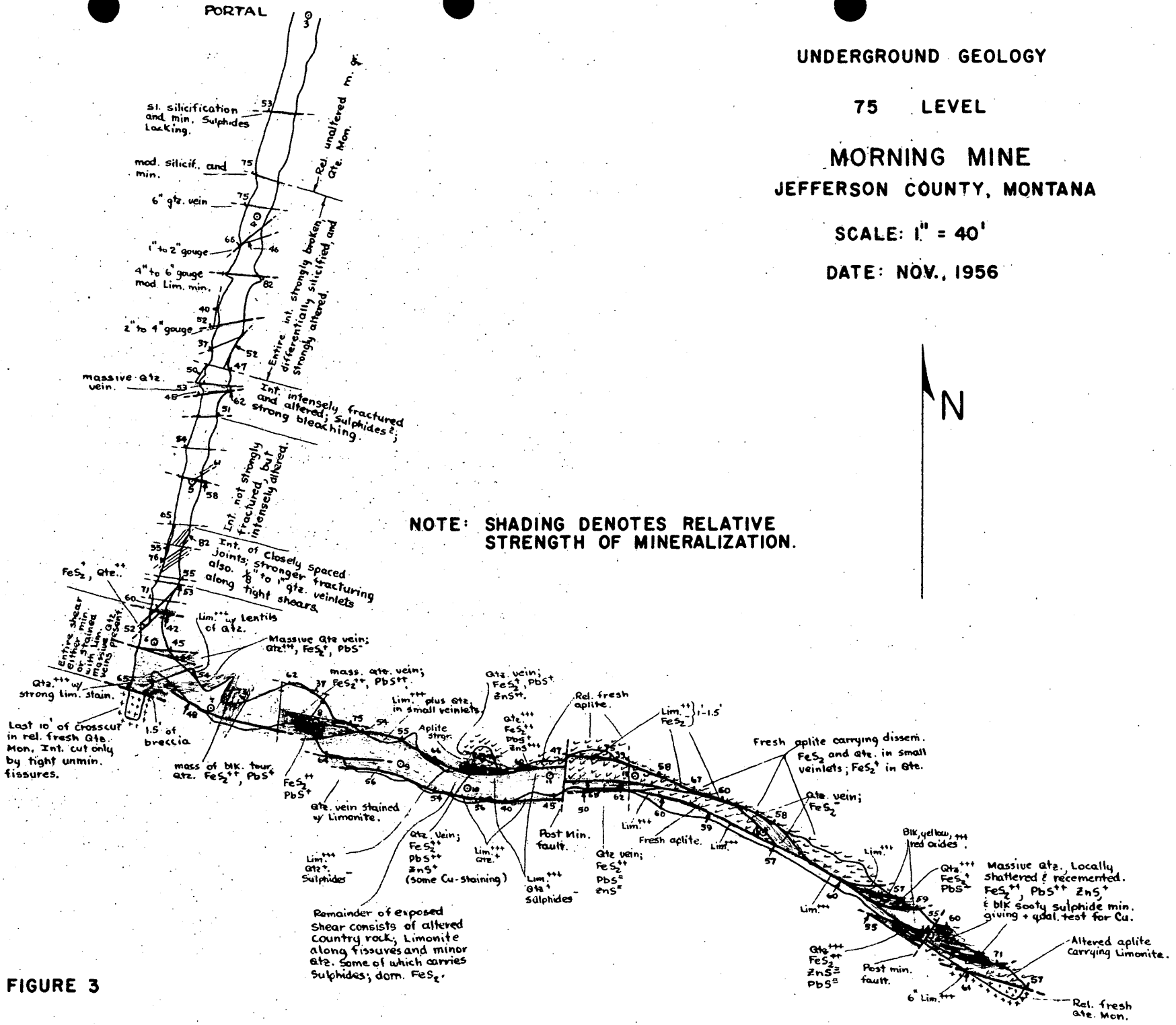

PORTAL
UNDERGROUND GEOLOGY
75 LEVEL
MORNING MINE
JEFFERSON COUNTY, MONTANA
SCALE: 1" = 40'
DATE: NOV., 1956
N
NOTE: SHADING DENOTES RELATIVE STRENGTH OF MINERALIZATION.
Sl. silicification and min. Sulphides Lacking.
mod. silicif. and min.
6" qtz. vein
1" to 2" gouge
4" to 6" gouge mod. Lim. min.
2" to 4" gouge
massive Qtz. vein.
Rel. unaltered m. & Qtz. Mon.
Entire int. strongly broken, differentially silicified, and strongly altered.
Int. intensely fractured and altered; sulphides & strong bleaching.
Int. not strongly fractured but intensely altered.
Int. of closely spaced joints; stronger fracturing also. 1/8" to 1" qtz. veinlets along tight shears.
Entire shear either min. or stained with Lim. Massive Qtz. veins present.
Lim.+++ w/ lentils of Qtz.
Massive Qtz vein; Qtz.++, FeS2+, PbS-
Last 10' of crosscut in rel. fresh Qtz. Mon. Int. cut only by tight unmin. fissures.
Qtz.++ w/ strong Lim. stain.
1.5' of breccia
mass of blk. tour. Qtz. FeS2++, PbS+
mass. qtz. vein; FeS2++, PbS++.
Lim.+++ plus Qtz. in small veinlets.
Aplite strgr.
Qtz. vein stained w/ Limonite.
FeS2++ PbS+
Qtz. vein; FeS2+, PbS+ ZnS++.
Qtz.+++ FeS2++ PbS+ ZnS+++
Rel. fresh aplite.
Lim.++ FeS2 } 1-1.5'
Post Min. fault.
Lim.+++ Qtz.+ Sulphides
Qtz. Vein; FeS2++ PbS++ ZnS+ (some Cu-staining)
Lim.+++ Qtz.+
Lim.+++ Qtz.+ Sulphides
Qtz vein; FeS2++ PbS= ZnS=
Fresh aplite.
Lim.++
Lim.+++
Fresh aplite carrying dissem. FeS2 and Qtz. in small veinlets; FeS2+ in Qtz.
Qtz. vein; FeS2-
Blk, yellow, +++ red oxides.
Lim.+++
Qtz.+++ FeS2+ PbS-
Massive Qtz. Locally shattered & recemented. FeS2++, PbS+++ ZnS+ & blk sooty sulphide min. giving + qual. test for Cu.
Altered aplite carrying Limonite.
Qtz.+++ FeS2++ ZnS= PbS=
Post min. fault.
6" Lim.+++
Rel. fresh Qtz. Mon.
Remainder of exposed shear consists of altered country rock; Limonite along fissures and minor Qtz. Some of which carries Sulphides; dom. FeS2.

FIGURE 3

Again the structure is seen to dip 55-65° to the NNE. Strikes on individual fissures within the shear zone are not constant, but rather change within short lateral limits. However, taken as a composite structure, the vein zone again exhibits a strike of N. 70° W.

Post-mineral faulting of small magnitude displaces the Morning structure at a number of points. These cross-cutting fractures trend approximately north-south, and dip 40-45° to the west. Where observed, faults of this type displace the Morning structure 2 to 4 feet, and both north and south displacement have been recognized. The largest post-mineral fault noted appears near survey station 11, and is thought to be the same fault existing in the Catherine Anne workings, inasmuch as projected dips and magnitude and direction of displacement closely coincide.

Geology and Mineralogy---

Within the limits of the Morning shear zone, several periods of movement and related ages of hydrothermal activity and mineralization are evident. Two distinct types of quartz, one a much broken, white to light brownish gray or gray variety, the other a tourmalinated gray to grayish black massive variety, occur in the zone. Both are associated closely with each other and with a fine-grained intruded igneous rock tentatively called aplite (alaskite?).

The darker more massive quartz carries sulphides of iron, lead, and zinc, sometimes as strong massive veins, as subsidiary veinlets, as clumps and/or pods, and as disseminations. Minor copper, mostly as chalcopyrite, has been discerned and green copper staining is sometimes evident on the quartz-sulphide masses. Gold values are distributed among all of the major sulphide types present, and also in the crusty limonitic parts of the vein zone. Silver values closely follow the lead, and also the copper and zinc were present. A ratio of 3 to 5 ounces of silver per percent of lead is consistently maintained.

Mineral types discerned, which embody sulphides, sulpho-salts, carbonates, sulphates, oxides, and the silicate gangue minerals, are the following: argentiferous (silver-bearing) galena; sphalerite; pyrite; chalcopyrite; tetrahedrite-tennantite?; limonite; hematite; pyrolusite; cerrusite; anglesite; quartz; and tourmaline.

Much of the width of the shear zone on the 75-level is characterized by a preponderance of iron oxide occurring as distinct veins or veinlets, as crusts, smears, and disseminations, and as discoloration. Dikes of aplite-like material have been intruded into the shear zone, as can be seen on the maps of the surface cuts (Appendix C) and of the 75-level (figure 3, page 9). The fine-grained sandy-appearing rock, which makes up the greater part of the hanging-wall side of the shear zone, is associated closely with the sulphide-rich quartz masses, and also with the barren quartz. What the exact age relationships are is not known at present, but all three are late batholith (quartz monzonite) in age.

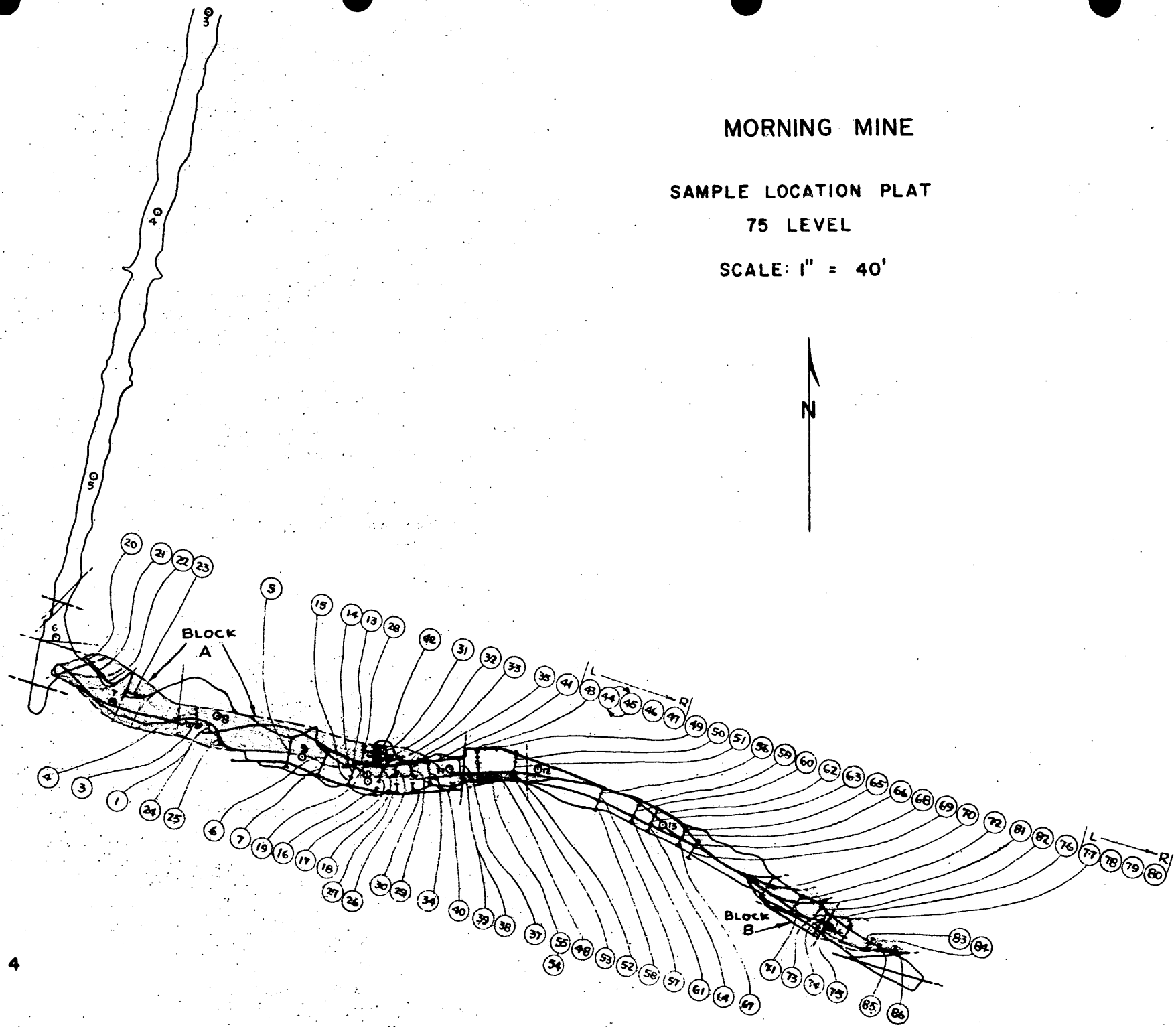

MORNING MINE
SAMPLE LOCATION PLAT
75 LEVEL
SCALE: 1" = 40'
N
BLOCK A
BLOCK B
L
R

FIGURE 4

Aplite exhibiting all degrees of alteration has been observed, from the fresh variety carrying pyrite in thin veinlets and as disseminations, to the strongly altered phase carrying general iron-staining and limonite in casts and veinlets, perhaps pseudomorphic after pyrite. The strongly altered aplitic phases testify perhaps to a post-aplite period of hydrothermal activity. Splinters and horses of strongly altered and silicified country rock (quartz monzonite) are present in the shear zone, and in many instances, where exhibiting strong limonitic encrustations and discoloration, are found to carry minor gold-silver values.

Mapping of the 75-level crosscut indicates that the wall rock north of the major shear structure in that sector has undergone considerable alteration. Although this alteration zone was not studied in detail, it was noted that a great part of the ferro-magnesian minerals and perhaps feldspathic minerals normal to quartz monzonite have been partially removed and/or altered to the extent that, locally, a soft whiteish country rock is the result. This zone of alteration extends outward (north) from the shear zone for approximately 140'.

Sampling, Assay Values, and Lateral Delineation of Deposits---

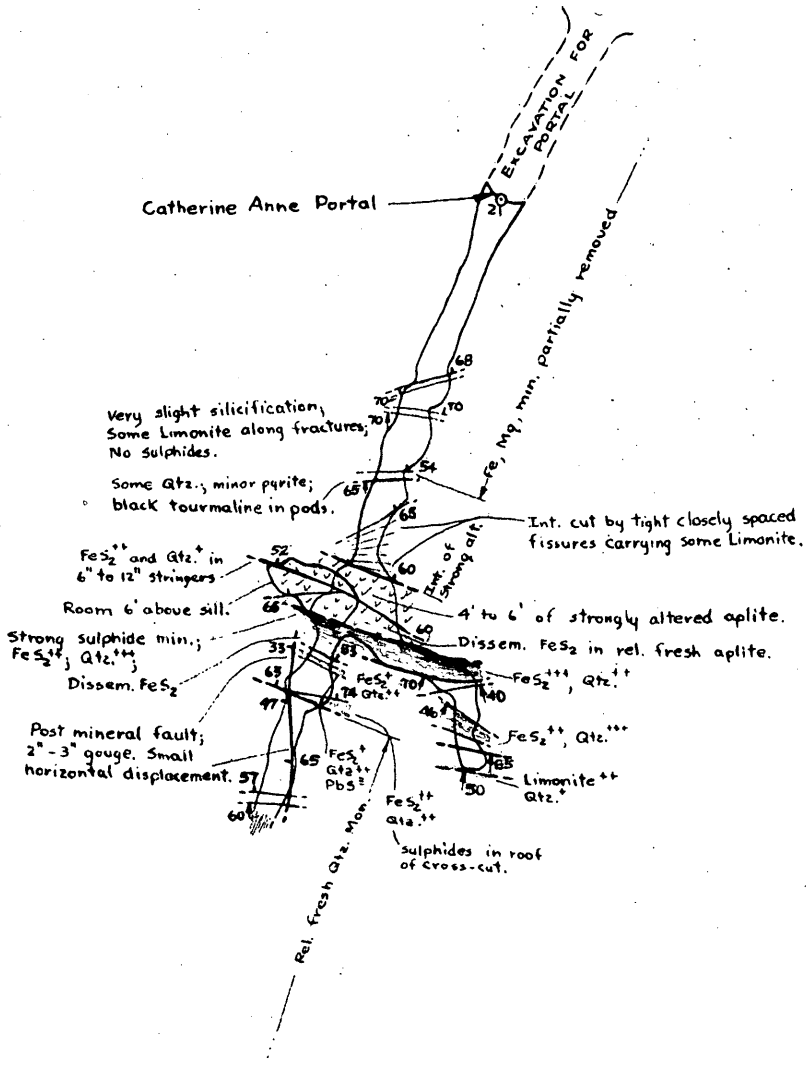
Detailed sampling (refer to 75-level Sample Location Plat, figure 4, page 11, and to Tabulated Assay Results, Appendix B) has disclosed two intervals throughout the 305 feet of exposed shear, containing an increase in the size and number of quartz-sulphide masses, quartz-sulphide veins, and other mineralized vein material, all of sufficient grade to constitute ore deposits.

The first accumulation extends from halfway between survey stations 6 and 7 to slightly past survey station 12, a lateral distance of 150 feet. On the basis of assays weighted for sample interval and for lateral control between sample locations, an ore body having an average gross assay value of $16.00 per ton, and having an average thickness of 5.2 feet (Block A) has been penetrated by the 75-level.

A second concentration of sulphide-bearing quartz and lead-rich vein material has partially been delineated in the vicinity of survey station 14, near the east end of the 75-level drift. The ore body is again comprised of blackish tourmalinated quartz carrying sulphides of iron, lead, zinc, and copper. Relatively high silver values have been found locally within the mass, in each case associated with the above sulphides. The sooty black to blackish metallic tetrahedrite-tennantite mineral group has tentatively been identified in this ore body, intermixed with the other sulphides.

By referring to the geologic map of the 75-level (figure 3 page 9), it can be seen that this concentration (Block B) has not been completely delineated. The drift passed out of the quartz vein and penetrated the footwall of the shear zone at the present face. Perhaps half, or an even greater portion of the ore body extends eastward out into the left wall of the drift. The strikes and dips indicate this, and also that the mass is increasing in size in a downward direction.

NOTE: SHADING DENOTES RELATIVE STREGTH OF MINERALIZATION.



UNDERGROUND GEOLOGY

CATHERINE ANNE ADIT

MORNING MINE

JEFFERSON COUNTY, MONTANA

SCALE: 1" = 40'

DATE: NOV., 1956

N

FIGURE 5

On the basis of assays weighted for sample interval and for distance between sample locations, a mineable body having a gross assay value of $22.00 per ton, and an average thickness of 4.9 feet has been partially disclosed. The mass has been exposed for a distance of 50 feet and perhaps extends onward to the east for half that distance, for a total projected length on the 75-level of 75 feet. Parts of the exposed ore body are strongly mineralized over thicknesses of 8 to 10 feet.

Geologic Examination of the Catherine Anne Workings (40-level)--

Geology---

The Catherine Anne workings penetrate through the shear zone on the 40 foot level, but in a relatively barren interval (figure 5 page 13). This is indicated on the preliminary longitudinal section (enclosure), which depicts the sector in question with relation to the richer intervals on either extremity.

On the 40-level, the shear contains massive quartz veins carrying pyrite as the dominant sulphide mineral. Lesser stringers on the extreme footwall side of the structure contain some galena associated with pyrite in vein quartz. Relatively fresh aplite again comprises about 1/3 of the zone on the hangingwall side or north side.

Alteration phenomena similar to that appearing in the 75-level crosscut is present also in the Catherine Anne sector. The alteration zone encompasses the interval from the shear zone to the portal, a distance of approximately 80 feet.

Structure---

As measured on the 40-level, the major limbs of the structure dip 60-65° NNE., and strike N. 70° . Crosscutting post-mineral fracture, which strikes north-south and decreases in dip as it approaches and enters the shear zone, is considered to be the same fracture appearing on the 75-level in the vicinity of survey station 11. Movement along this fault has displaced the shear zone only slightly, with the footwall block having moved southward a short distance relative to the hangingwall block.

Sampling and Assay Results---

A number of samples cut on the more massive quartz veins exposed in the Catherine Anne workings (page 1, samples 8, 9, 10, 11, and 12; Tabulated Assay Results; Appendix B) indicate that important lead-silver-gold values are absent in that immediate sector. Of the five samples obtained, only sample MM-12 contained appreciable gold-silver values, and none of the five contained more than a trace of lead, zinc, and copper (figure 6, page 15).

SAMPLE LOCATION PLAT

MORNING MINE

CAHERINE ANNE ADIT

SCALE: 1" = 40'

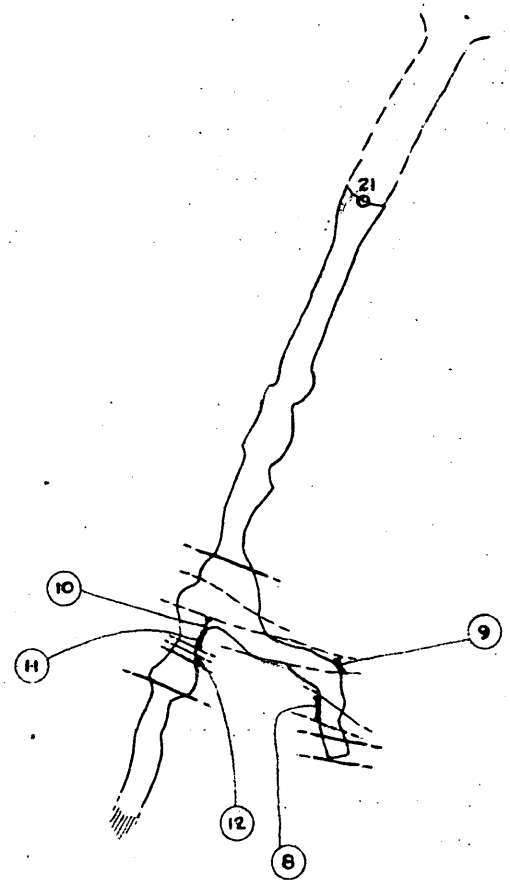


FIGURE 6

Tonnage Estimates--Indicated and Inferred Ore

In view of only lateral exploration and development work to date on the 75-level of the property, and of the few short tunnels and shallow shafts above this level, all tonnage estimates are classed as indicated and inferred reserves (not blocked out and positive). The estimates of tonnage and grade, and the projected limits of each concentration, are based partly on specific measurements, samples, and past production, and partly on projection for a reasonable distance on geologic evidence.

The spacial limits of indicated and inferred ore (Block A and Block B) are depicted on the preliminary longitudinal section (enclosure). The configuration of each accumulation on the 75-level is shown on the sample location plat (figure 4, page 11).

Indicated and Inferred Ore--Block A-

To date, Block A has an exposed and sampled length on the 75-level of 150 feet. The accumulation perhaps extends onward in a westerly direction under surface cut D, but for purposes of tonnage estimation the block is assumed to stop on a line above and below the 75-level crosscut.

The block has an average available back of 75 feet, and, on the basis of geologic evidence, can with reasonable projection be extended downward (below the 75-level) for a distance of 1/2 the exposed length, or for 75 feet. Block A thus has a projected vertical dimension of 150 feet.

Utilizing the above dimensions, the average thickness figure of 5.2 feet, and an assumed specific gravity of 12.5 cubic feet per ton, the block contains an estimated 9,000 tons of indicated and inferred ore with a gross sampled grade of $16.00 per ton. A lesser tonnage of higher grade material exists in the block, as is evidenced by individual high assays obtained on the 75-level and by the 94.28 tons of ore shipped by Holshue and Dubois from nearer the surface (Table II, Appendix B), which had an average gross assay value of $29.00 per dry ton. Further evidence exists in the 7 tons of vein material shipped by Western America of Montana, Inc. (Appendix E). This quartz-sulphide material, which was obtained from a drift slabbing operation in the vicinity of survey station 8, and from the small crosscut near station 10, had an average gross assay value of $27.17 per dry ton.

Indicated and Inferred Ore--Block B-

The smaller Block B, although only partially delineated laterally on the 75-level todate, has been found to comprise a somewhat richer sulphide occurrence than found in Block A. On the 75-level, the occurrence has been exposed for 50 feet, and for purposes of tonnage estimation is assumed to extend an additional 25 feet eastward, for

a total projected length of 75 feet. The block has an average available back of 60 feet, and extending the block below the 75-level for 1/2 the projected length on the basis of geologic evidence, a vertical dimension of 97.5 feet is obtained.

The above dimensions, the average thickness figure of 4.9 feet, and the assumed specific gravity of 12.5 cubic feet per ton, indicate that the block contains an estimated 2,860 tons of ore having an average gross assay value of $22.00 per ton. That a smaller tonnage of higher grade material exists in the block is apparent, in that high individual assays have been obtained, and material of considerably higher grade was shipped from nearer the surface by Frank Soll of Basin, Montana (Table I, Appendix A). The 94.31 tons shipped by Frank Soll had an average gross assay value of $45.70 per dry ton.

Indicated and Inferred Tonnage, and Gross Value (Sampled Grade)-

Block	Tonnage	Gross Assay Value/Ton
A	9,000	$16.00
B	2,860	$22.00
	11,860 tons	

Total Indicated and Inferred Tonnage - - - 11,860 tons
Weighted Gross Assay Value Per Ton - - - - $17.44/ton

Proposed Exploration Project

All geological and engineering data gained to date on the Morning-Midnight property, indicate only that one or more of number of types of occurrence are perhaps portrayed by the partially explored and developed deposits:

(1) that they are relatively rich lensatic bodies, small in size, and isolated one from the other;

(2) that they represent the remaining roots of a now non-existent deposit, with no great additional extension at depth;

or (3), that they comprise the upper extremities of a larger more continuous deposit existing at depth.

Which ever of the above is the case, all exploration and development work accomplished to date on the 75-level and above, has illustrated that a zone of oxidation and resulting enrichment is superimposed over the known sulphide concentrations. At present, it is not known how far this zone of oxidation extends in a downward direction.

However, the future of the Morning-Midnight property is directly associated with the tenor and size of the deposit or deposits in the zone of primary mineralization below the oxidized and enriched portions of the vein zone. If found to be of commercial grade and mineable size, the primary ores will necessarily constitute the bulk of production from the property.

Two means of exploring the Morning shear zone at depth are available to the operator. Either of the projects will accomplish the required goal, a test of structure and mineralization below the zone of oxidation and enrichment. It is recommended that the proposed exploratory work be accomplished with the aid of a U.S.D.M.E.A. loan, if at all possible.

The preliminary surface map and longitudinal section illustrate the chosen winze site and proposed sublevels (Sinking Project). The tunnel sites for the alternate plan (Crosscut Project), the proposed centerline of each, and the projected point of penetration of the footwall of the shear zone are depicted on the surface map (Scale: 1" ---100') and the preliminary longitudinal section. Both of the proposed projects, one an alternate for the other, are outlined briefly below.

I <u>Exploratory Winze</u> (Recommended Project)- (6'x10' outside of timber)

Proposed Work: 210 feet (10 feet sump) of winze sunk from the 75-level on the footwall of the structure in two stages; plus possible 1000 feet of lateral work on one or two headings on two sublevels (175-level, Stage I; 275-level, Stage II); plus a minimum of 1000 feet of longholing, 500 feet on each level.

II <u>Crosscut to Shear Zone</u> (Alternate Plan)-(5'x7' inside of timber)

Proposed Work: 850 feet of crosscut tunnel to penetrate shear zone on the 275-level, 500 feet of lateral work, and 500 feet of longholing (Stage I); plus 110 feet of raise to the 175-level, 500 feet of lateral work (175-sublevel), and 500 feet of longholing (Stage II).

Both projects are outlined in some detail below, the second plan constituting an alternate project for the first, should sinking not prove feasible because of a severe water flooding problem. Time scheduling, costs by project phases, and summarized costs are included. Major items of equipment required for the successful completion of each project, items not presently on hand, are figured in the total estimated cost of each.

I Exploratory Winze Project (Recommended)

A Tabulation of Estimated Costs and Time Scheduling by Phases

Stage I (Based on a 6 day work week; two shifts/day)

Phase	Work Description	Time Required, Shifts/Day, and Labor Force	Estimated Cost
I	Preparation of 75-level surface installation, rehabilitation of 320 feet of access adit and drift, and preparation of 75-level winze station (772.5 cu. ft.)	1 week;(6 days) (one shift/day) Labor Force: 7 men.	$ 1696.66
II	Sink 110 feet of exploratory winze (10 feet of sump); 6' x 10' outside of timber.	8 weeks (two shifts/day) 7 men	14,882.40
III	Prepare 175-level winze station (2340 cu. ft.)	2 weeks (two shifts/day) 7 men	3,470.14
IV	Drive 400 feet of timbered drift on 175-level on one or two headings (5' x 7' inside of timber); plus 500' of longholing.	7 weeks (two shifts/day) 7 men	19,256.00
V	Drive 100 feet of timbered crosscut on basis of long-hole information; possibly four headings (same dimension as timbered drift).	2 weeks (two shifts/day) 7 men	4,715.00
		20 weeks	$44,020.20

Estimated cost, to Western America of Montana, Inc., of mining equipment not on hand..... $ 3,914.50

Estimated Cost of Stage I of Sinking Project..... $47,934.70

Note: If starting date is May 1, 1957, Stage I of the Sinking Project will be completed on or about September 17, 1957.

Stage II (Based on same time scheduling as above; also dimensions of workings are the same).

Phase	Work Description	Time Required, Shifts/day and Labor Force	Estimated Cost
I	Deepen winze for an additional 100 feet.	7 weeks (two shifts/day) 7 men	$13,436.50
II	PREPARATION OF 275-level winze station.	2 weeks (two shifts/day) 7 men	$ 3,440.12
III	Drive 400 feet of timbered drift on 275-level on one or two headings; 500 feet of long-holing.	7 weeks (two shifts/day) 7 men	$19,076.00
IV	Drive 100 feet of timbered crosscut on basis of long-hole information; possibly four headings.	2 weeks (two shifts/day) 7 men	$ 4,670.00
		18 weeks	$40,622.62

Estimated Cost to Western America of Montana, Inc. of mining equipment not on hand ..... $ 789.50

Estimated Cost of Stage II of Sinking Project $41,412.12

Note: Stage II should be completed on or about January 21, 1957.

Cost Summary, Sinking Project

Stage I $47,934.70

Stage II $41,412.12

Estimated Total Cost of Sinking Proj.. $89,346.82

A Cost Breakdown by Major Cost Categories, Sinking Project.

Equipment to be purchased by Western America of Montana, Inc., for the successful completion of the proposed Sinking Project.

Stage I

	Cost
1 Electric Generating Plant, 12½ KVA, 3 phase, 240 volt	$1350.00

Stage I (Sinking Project; continued)

3 Gardner-Denver pneumatic sump pumps, model VP4; $395.00 ea. $1185.00

1 Thor Airleg, model 390; model 680 telescopic feed leg 885.00

1 Sinking Bucket, 1/2 ton capacity . . . 100.00

Bits, Timken, Tungsten Carbide Insert

6, 2 1/4" @ $28.30 ea. 169.80
6, 1 7/8" @ $19.40 ea. 116.40
6, 1 5/8" @ $18.05 ea. 108.30

Total Cost Stage I - - -$3,914.50

Stage II

	Cost
1 Gardner-Denver pneumatic sump pump, Model VP4; $395.00 ea.	$395.00
18 bits, as above	394.50
Total Cost Stage II	$789.50

Total cost to Western America of Montana, Inc. of Mining Equipment not on Hand (Sinking Project) $4,704.00

Estimated Cost of Independent Contracts . . . $ 0.00

Estimated Costs of Labor, Supervision, and Consultants by phases.

Dayspay Scale, miner . . .$22.50/day or $2.812/hour
Labor nonminer. .$18.00/day or $2.25/hour
truckdriver 18.00/day or $2.25/hour

Contract Scale, 1. Sinking . . . . $70.00/foot of advance
Labor, Miners only
2. Drifting from Winze Level . . $20.00/foot of advance
3. Crosscutting from Winze Level . . . . . $20.00/foot of advance

Technical Supervision,
Geological Engineer $25.00/day

Estimated Costs of Labor, Supervision, and Consultants by phases (Continued)

Stage I

Phase	3 Miners	3 Miners; Truck-drivers Phase I Only	1 Nonminer	Geol. Engn.
	ea.	ea.		
I	$ 135.00	$ 108.00	$108.00	----
II	$1,283.33	1,283.00	792.00	$600.00
III	270.00	270.00	216.00	150.00
IV	1,333.33	1,333.33	720.00	350.00
V	333.33	333.33	216.00	100.00
	$3,354.99 x 3 ($3,355.00)x 3	$3,327.99 x 3 ($3,328.00)x 3	$2,052.00	$1,200.00

Stage II

Phase	3 Miners	3 Miners	1 Nonminer	Geol. Engn.
	ea.	ea.		
I	$1,166.67	$1,166.67	$720.00	$525.00
II	270.00	270.00	216.00	150.00
III	1,333.33	1,333.33	720.00	350.00
IV	333.33	333.33	216.00	100.00
	$3,103.33 x 3	$3,103.33 x 3	$1,872.00	$1,125.00

Summarized Wages by Project Stages and Labor Categories

Stage I

3 Miners . . 3 X $3,355.00 ----------$10,065.00
3 Miners-
Truckdrivers 3 X $3,328.00 ---------- 9,984.00
1 Nonminer ---------- 2,052.00
Geol. Engn. (Part Time) ---------- 1,200.00

Estimated Wages
Stage I, Sinking
Project $23,301.00

Stage II

6 Miners . . . 6 X $3,103.33 . . . . . $18,619.98
1 Nonminer 1,872.00
Geol. Engn. (Part Time) 1,125.00
Estimated Wages, $21,616.98
Stage II, Sinking
Project

All Wages, Stage I, Sinking Project....$23,301.00
All Wages, Stage II, Sinking Project...$21,616.98

Total Estimated Wages Paid for Labor, Supervision, and Consultants, Sinking Project $44,917.98
($44,918.00)

Estimated Cost of Operating Materials and Supplies by Phases

Stage I

Phase	Work Description	Estimated Cost
I	Surface Installation, Rehabilitation of access adit and drift, and preparation of 75-level winze station	$ 467.90
II	110 feet of winze	3,388.00
III	175-level winze station	943.64
IV	400 feet of timbered drift; 500 feet of longholing	6,974.00
V	100 feet of timbered crosscut . .	1,689.00
	Estimated Cost Stage I	$13,462.54

Stage II

Phase	Work Description	Estimated Cost
I	Deepen winze 100 feet	$ 3,072.00
II	275-level winze station	941.92
III	400 feet of timbered drift; 500 feet of longholing	6,974.00
IV	100 feet of timbered crosscut. .	1,689.00
	Estimated Cost Stage II	$12,676.92

Stage I, Sinking Project, Estimated Cost of Operating Materials and Supplies	$13,462.54
Stage II, Sinking Project, Estimated Cost of Operating Materials and Supplies	$12,676.92
Estimated total cost of Operating Materials and Supplies, Sinking Project. .	$26,139.46

Estimated-Costs, Operating Equipment (Use-Allowances, Insurance, and Maintenance-Repair Allowance by Project Phases

Stage I

Phase	Work Description	Estimated Cost
I	Surface Installation, rehabilitation of access adit and drift, and preparation of 75-level winze station	$ 112.19
II	110 feet of winze	1,151.70
III	175-level winze station	268.73
IV	400 feet of timbered drift; 500 feet of longholing	1,200.00
V	100 feet of timbered crosscut . .	327.00
	Estimated Cost, Stage I	$3,059.62

Stage II

Phase	Work Description	Estimated Cost
I	Deepen winze 100 feet	$1,026.00
II	275-level winze station	275.88
III	400 feet of timbered drift; 500 feet of longholing	1,200.00
IV	100 feet of timbered crosscut . .	327.00
	Estimated Cost, Stage II	$2,828.88
Stage I,	Sinking Project, Estimated Cost Operating Equipment	$3,059.62
Stage II,	Sinking Project, Estimated Cost Operating Equipment	$2,828.88
	Estimated Total Cost Re: Operating Equipment (Use-Allowance, Insurance, and Maintenance-Repair Allowance)	$5,888.50

Estimated Costs, Rehabilitation and Repairs by Phases

Stage I

Phase	Work Description	Estimated Cost
I	Rehabilitation of 320 feet of access adit and drift @ $0.50/ft.	$ 160.00

(No expenditure all other phases)

Stage II	(No Expenditure)	0.00
	Estimated Total Cost Rehabilitation and Repair, Sinking Project	$ 160.00

Estimated Cost of New Buildings, Improvements, and Installations by Phases

Stage I

Phase	Work Description	Estimated Cost
I	Excavation for and pouring of concrete foundation for ventilation fan and enclosure...	$ 25.00

(No expenditure all other phases)

Stage II	(No Expenditure)	0.00
	Estimated Total Cost of all New Buildings, Improvements, and Installations, Sinking Project...	$ 25.00

Estimated Cost, Miscellaneous Expenditures (Industrial Accident Insurance, Payroll Taxes, Unemployment Compensation, and Analytical Work by Phases

Stage I

Phase	Work Description	Estimated Cost
I	Surface Installation, rehabilitation of access adit and drift, and preparation of 75-level winze station	$ 94.57
II	110 feet of winze	1,250.70
III	175-level winze station. . . .	271.77
IV	400 feet of timbered drift; 500 feet of longholing	1,512.00
V	100 feet of timbered crosscut	383.00
	Estimated Cost Stage I	$3,512.04

Stage II

Phase	Work Description	Estimated Cost
I	Deepen winze 100 feet	$ 1,093.50
II	275-level winze station	236.32
III	400 feet of timbered drift; 500 feet of longholing	1,332.00
IV	100 feet of timbered crosscut	338.00
	Estimated Cost Stage II	$ 2,999.82

Stage I, Sinking Project, Estimated Cost of Miscellaneous Expenditures (Industrial Accident Insurance, Payroll taxes, Unemployment Compensation, and Analytical Work) . . . . . $ 3,512.04

Stage II, Sinking Project, Estimated Cost as above . . . . . $ 2,999.82

Estimated Cost of Contingencies . . . . . (?)

Summary of Costs of Major Cost Categories, Sinking Project

Independent Contracts	$ 0.00
Labor, Supervision, Consultants	44,918.00
Operating Materials and Supplies	26,139.46
Operating Equipment	5,888.50
Rehabilitation and Repair	160.00
New Buildings, Improvements, Installations. . . .	25.00
Miscellaneous Expenditures	6,511.86
Contingencies	?
Cost to Western America of Montana, Inc. of mining equipment not presently on hand	4,704.00
1000 feet of Longholing at $1.00/foot	1,000.00
Total estimated Cost of Proposed Sinking Project, Morning-Midnight Property, Jefferson County, Montana	$89,346.82

II Crosscut Project (Alternate Plan)

A Tabulation of Estimated Costs and Time Scheduling by Phases

Stage I (Based on a 6 day work week; two shifts/day)

Phase	Work Description	Time Required, Shifts/day, and Labor Force	Estimated Cost
I	Preparation of 275-level surface installation and tunnel site	2 weeks, one shift/day, 6 men	$ 2,222.13
II	850 feet crosscut and two sidings (crosscut 5' x 7' inside of timbered)	16 weeks, two shifts/day, 5 men	$29,126.11
III	400 feet of timbered drift (5' x 7' in the clear of timber); plus 500 feet of longholing	7 weeks, two shifts/day 5 men	$16,055.60
IV	100 feet of timbered crosscut (5' x 7' in the clear of timber)	2 weeks, two shifts/day, 5 men	$ 3,793.40
		27 weeks	$51,197.24

Estimated cost to Western America of Montana, Inc., of mining equipment not on hand . . . . . $ 2,467.80

Estimated Cost of Stage I of Proposed Crosscut Project (Alternate Plan) $53,665.04

Note: If the starting date is May 1, 1957, Stage I of the proposed Crosscut Project should be completed on or about November 5, 1957.

Stage II (Based on same time scheduling as above; also dimensions of workings are the same)

Phase	Work Description	Time Required, Shifts/day, and Labor Force	Estimated Cost
I	110 feet of timbered raise (6' x 10' outside of timber)	2 weeks, two shifts/day 5 men	$ 4,610.63
II	175-level raise station	4 days two shifts/day, 5 men	$ 1,043.21
III	400 feet of timbered drift; plus 500 feet of longholing	7 weeks two shifts/day, 5 men	$17,783.14
IV	100 feet of crosscutting	2 weeks, two shifts/day 5 men	$ 4,262.29
		11 weeks, 4 days	$27,699.27

Estimated cost, to Western America of Montana, Inc., of mining equipment not on hand. . $ 116.40

Estimated Cost of Stage II of Proposed Crosscut Project (Alternate Plan) $27,815.67

Note: Stage II of Crosscut Project (Alternate Plan) should be completed on or about January 21, 1958.

Cost Summary, Crosscut Project

Stage I	$53,665.04
Stage II	$27,815.67
Estimated Total Cost of Proposed Crosscut Project (Alternate Plan)	$81,480.71

A Cost Breakdown by Major Cost Categories, Crosscut Project

Equipment to be purchased by Western America of Montana, Inc. for the successful completion of the proposed Crosscut Project

Stage I	Cost
1 Electric Generating Plant, 12½ KVA, 3 phase, 240 volt	$ 1,350.00
1 Thor Airleg; model 390 --model 680 telescopic feed leg	$ 885.00
Bits, Timken, Tungsten Carbide Insert 12,1 7/8"; @ $19.40 ea.	$ 232.80
Total Cost, Stage I . . .	$ 2,467.80

Stage II	Cost
Bits, Timken, Tungsten Carbide Insert 6, 1 7/8"; @ $19.40 ea.	$ 116.40
Total Cost, Stage II . .	$ 116.40

Total Cost to Western America of Montana, Inc. of mining equipment not on hand (Crosscut Project-Alternate Plan). . . $2,584.20

Estimated Cost of Independent Contracts $ 0.00

Estimated Cost of Labor, Supervision, and Consultants by Phases

Dayspay Scale, Labor	miner.....$22.50/day or $2.812/hour nonminer.....$18.00/day or $225/hour truckdriver....$18.00/day or $2.25/hour bull-dozer operator.....$22.00/day or $2.75/hour
Contract Scale, Labor, Miners Only	1. Crosscut....$15.00/foot of advance 2. Drifting and Crosscutting w/i shear zone ..... $15.00/foot of advance 3. Raising.... $18.00/foot of advance 4. Drifting and Cross-cutting from raise station.... $19.00/foot of advance

Technical Supervision,
Geological Engineer (Part Time).. $25.00/day

Stage I

Phase	4 Miners (ea.)	Nonminer	Geol. Engn.	Bull-dozer Operator
I	$ 216.00	$ 216.00	$ 100.00	$ 240.00
II	3,277.50	1,674.00	300.00	0.00
III	1,500.00	720.00	350.00	0.00
IV	375.00	180.00	100.00	0.00
	$ 5,368.50 (x 4)	$2,790.00	$850.00	$ 240.00

Stage II

Phase	4 Miners (ea.)	Nonminer	Geol. Engn.
I	$ 495.00	$ 216.00	$ 300.00
II	90.00	72.00	50.00
III	1,900.00	720.00	350.00
IV	475.00	180.00	100.00
	$2,960.00 (x4)	$1,188.00	$800.00

Summarized Wages by Project Stages and Labor Categories

Stage I

4 miners . . . 4 x $5,368.50 ----------	$21,474.00
Nonminer ----------	2,790.00
Geol. Engn. (Part Time) ----------	850.00
Bull-dozer Operator (Phase I, one week only; second week as laborer) ----------	240.00
Estimated Wages, Stage I	$25,354.00

Stage II

4 Miners . . . 4 x $2,960.00 ----------	$11,840.00
Nonminer ----------	1,188.00
Geol. Engn. (Part Time) ----------	800.00
Estimated Wages, Stage II	$13,828.00

All Wages, Stage I, Crosscut Project	$25,354.00
All Wages, Stage II, Crosscut Project . . .	$13,828.00
Total Estimated Wages paid for Labor, Supervision, and Consultants	$39,182.00

Estimated Cost of Operating Materials and Supplies by Phases

Stage I

Phase	Work Description	Estimated Cost
I	275-level surface installation and tunnel site	$ 358.98
II	850 foot crosscut and two sidings	$ 9,769.09
III	400 feet of timbered drift; plus 500 feet of longholing	$ 6,185.60
IV	100 feet of timbered crosscut	$ 1,434.40
Estimated Cost, Stage I		$17,748.07

Stage II	Work Description	Estimated Cost
Phase I	110 feet of timbered raise	$ 1,437.70
II	175-level raise station	$ 400.45
III	400 feet of timbered drift; plus 500 feet of longholing	$ 6,157.60
IV	100 feet of timbered crosscut	$ 1,434.40
Estimated Cost, Stage II		$ 9,430.15

Stage I, Crosscut Project, Estimated Cost of Operating Materials & Supplies	$17,748.07
Stage II, Crosscut Project, Estimated Cost of Operating Materials & Supplies	$ 9,430.15
Total Estimated Cost of Operating Materials and Supplies, Crosscut Project	$27,178.22

Estimated Cost, Operating Equipment (Use-Allowance, Insurance, and Maintenance-Repair Allowance by Project Phases

Stage I

Phase	Work Description	Estimated Cost
I	275-level surface installation and tunnel site	$ 179.70
II	850 foot crosscut and two sidings	$ 2,373.21
III	400 feet of timbered drift; plus 500 feet of longholing	$ 1,104.00
IV	100 feet of timbered crosscut	$ 298.00

Estimated Cost, Stage I . . . . . .$ 3,954.91

Stage II

Phase	Work Description	Estimated Cost
I	110 feet of timbered raise	$ 306.16
II	175-level raise station	$ 90.75
III	400 feet of timbered drift; plus 500 feet of longholing	$ 1,158.82
IV	100 feet of timbered crosscut	$ 313.69

Estimated Cost, Stage II . . . . . .$ 1,869.42

Stage I, Crosscut Project, Estimated Cost of Operating Equipment . . . . . $ 3,954.91

Stage II, Crosscut Project, Estimated Cost of Operating Equipment . . . . . $ 1,869.42

Estimated Total Cost Re: Operating Equipment (Use-Allowance, Insurance, and Maintenance-Repair Allowance) . . . $ 5,824.33

Estimated Cost, Rehabilitation and Repair . . . . . $ 0.00

Estimated Cost of New Buildings, Improvements, and Installations

Stage I

Phase	Work Description	Estimated Cost
I	1. New building to house trammer charging generator, charging panel, and to be used as a tool-house	$ 100.00
	2. Concrete foundation for ventilation fan and enclosure; also for necessary excavation for foundation	$ 25.00
	3. Note: Cost of access road and mine yard preparation in all other costs, Phase I	0.00

(No expenditure all other Phases, Stage I)

Estimated Cost, Stage I . . . . . .$ 125.00

Stage II (No Expenditures)

Estimated Total Cost of all New Buildings, Improvements, and Installations, Crosscut Project $ 125.00

Estimated Cost, Miscellaneous Expenditures (Industrial Accident Insurance, Payroll Taxes, Unemployment Compensation, and Analytical Work) by Phases

Stage I

Phase	Work Description	Estimated Cost
I	275-level surface Installation and tunnel site	$ 138.45
II	850 feet crosscut and two sidings	$1,899.81
III	400 feet of timbered drift; plus 500 feet of longholing	$1,196.00
IV	100 feet of timbered crosscut	$ 281.00

Estimated Cost, Stage I $3,515.26

Stage II

Phase	Work Description	Estimated Cost
I	110 feet of timbered raise	$ 370.77
II	175-level raise station	$ 70.01
III	400 feet of timbered drift; plus 500 feet of longholing	$1,296.72
IV	100 feet of timbered crosscut	$ 334.20

Estimated Cost, Stage II $2,071.70

Stage I, Crosscut Project, Estimated Cost of Miscellaneous Expenditures. . . $3,515.26

Stage II, Crosscut Project, Estimated Cost of Miscellaneous Expenditures . . $2,071.70

Estimated Total Cost of Miscellaneous Expenditures (Industrial Accident Insurance, Payroll Taxes, Unemployment Compensation, and Analytical Work) $5,586.96

Estimated Cost of Contingencies . . . . . ?

A Summary of Costs by Major Cost Categories, Crosscut Project

Independent Contracts	$ 0.00
Labor, Supervision, and Consultants	$39,182.00
Operating Materials and Supplies	$27,178.22
Operating Equipment	$ 5,824.33
Rehabilitation and Repair	0.00
New Buildings, Improvements, and Installations	125.00
Miscellaneous Expenditures	$ 5,586.96
Contingencies	?

Cost to Western America of Montana, Inc., of mining equipment not presently on hand . .	$ 2,584.20
1000 feet of longholing at $1.00/foot	1,000.00

Total estimated Cost of Proposed Crosscut Project (Alternate Exploration Plan), Morning-Midnight Property, Jefferson County, Montana	$81,480.71

Respectfully submitted,

Richard N. Miller

Richard N. Miller
Geological Engineer
Western America of Montana, Inc.

cc: Alscope Explorations, Ltd. (2)
Western America of Montana, Inc. (2)
United States Department of the Interior (DMEA Loan Application) (4)
G.C. Holshue and D. A. Dubois (1)

APPENDICES

APPENDIX A

SHIPMENTS FROM MORNING MINE, JEFFERSON COUNTY, MONTANA
TO THE AMERICAN SMELTING AND REFINING CO., EAST HELENA, MONTANA

Shipped from: Basin, Montana
Shipper: Frank Soll

Lot No.	Lbs. Dry Weight	Gold ozs.	Silver ozs.	Lead %	Copper %	Insol %	Iron %	Mang. %	S. %	Zinc %	As %	Sb %	CaO %	Date
1552-1	11,653	0.59	11.5	7.4	0.03	51.2	14.4	0.02	2.0	1.2	4.62	0.09	1.5	7-3-42
1723-2	15,233	0.42	8.3	5.4	0.01					0.5	3.57	0.12		7-25-42
1913-3	24,336	0.48	6.3	3.0	0.05				4.0	0.3	6.30	0.02		8-17-42
2082-4	8,199	0.265	9.4	6.6	0.06				2.0	0.5	5.5	0.03		9-5-42
2039-1	22,832	0.205	6.4	6.1	0.05	69.2	6.4	0.1	0.0	0.5	3.95	0.41	0.7	10-22-47
1992-1	68,839	0.450	11.5	5.4	0.10	69.2	7.1	0.1		0.5	5.10	0.58	0.7	9-10-49
2412-2	34,855	0.695	9.5	2.6	0.05					0.5	9.95	0.50		10-29-49
2413-3	3,003	0.730	64.1	47.9	0.20					0.5	3.20	1.16		10-29-49

CALCULATION OF AVERAGE GROSS ASSAY VALUE (8 SHIPMENTS)

Lot No.	Dry Wt. Tons (A)	Value/Ton (B)	(A) X (B)	Metal Prices Gross Assay Value Based On:
1552	5.82	$60.32	351.0	Gold, $35.00/ oz.
1723	7.62	41.60	316.6	Silver, $0.90/ oz.
1913	12.18	33.28	405.0	Lead, $0.16/ lb.
2082	4.09	40.84	167.5	Zinc, $0.135/ lb.
2039	11.45	34.20	391.4	Copper, $0.40/ lb.
1992	34.20	45.53	1559.0	(The above are not
2412	17.45	42.94	749.0	smelter schedule prices)
2413	1.50	239.47	358.8	
$\Sigma A = 94.31$				$\frac{\Sigma A \times B}{\Sigma A} = \frac{4293.30}{94.31} = \$45.70$/Dry Ton
		$\Sigma A \times B$	$= 4293.30$	

TABLE 1
APPENDIX A

APPENDIX B

SHIPMENTS FROM MORNING MINE, JEFFERSON COUNTY, MONTANA
TO THE AMERICAN SMELTING AND REFINING CO., EAST HELENA, MONTANA

Shipped from: Basin, Montana
Shipper: G. C. Holshue and D. A. Dubois

Lot No.	Lbs. Dry Weight	Gold ozs.	Silver ozs.	Lead %	Copper %	Insol. %	Iron %	Mang. %	S. %	Zn %	As %	Sb %	CaO %	Date	Location
1444-1	63,689	0.255	5.2	1.7	0.40	65.3	9.2	0.1		0.5	0.10	0.20	0.1	3-12-52	Incl. Shaft
1723-4	17,562	0.230	14.3	6.7	0.10					0.0	6.40	0.57		9-22-52	Vert. Shaft

SHIPMENTS FROM MORNING MINE TO METALS MILLING CO., INC.
OF BASIN, MONTANA
Shipper: G. C. Holshue and D. A. Dubois

44-1	54,520	0.17	5.35	3.6		5.65		10-12-52	Vert. Shaft
50-2	22,712	0.06	5.95	1.675		1.30		11-10-52	Dump
51-3	55,912	0.155	4.65	1.275		1.90		11-10-52	Vert. Shaft

CALCULATION OF AVERAGE GROSS ASSAY VALUE (5 SHIPMENTS)

Lot No.	Dry Wt. Tons (A)	Gross Value /Ton (B)	(A) x (B)	Metal Prices Gross Assay Value Based On:
1723-4	8.23	$43.16	355.0	Gold, $35.00/oz Silver, $0.90/oz Lead, $0.16/lb Zinc, $0.135/lb Copper, $0.40/lb (The above are not smelter schedule prices)
1444-1	31.80	24.59	782.0	
44-1	27.20	40.59	1104.0	
50-2	14.36	16.32	234.0	
51-3	27.00	18.82	508.0	
$\Sigma A = 103.64$				$\frac{\Sigma A \times B}{\Sigma A} = \frac{2932.0}{103.64}$
		$\Sigma A \times B = 2932.0$		$= \$28.40$/ dry ton

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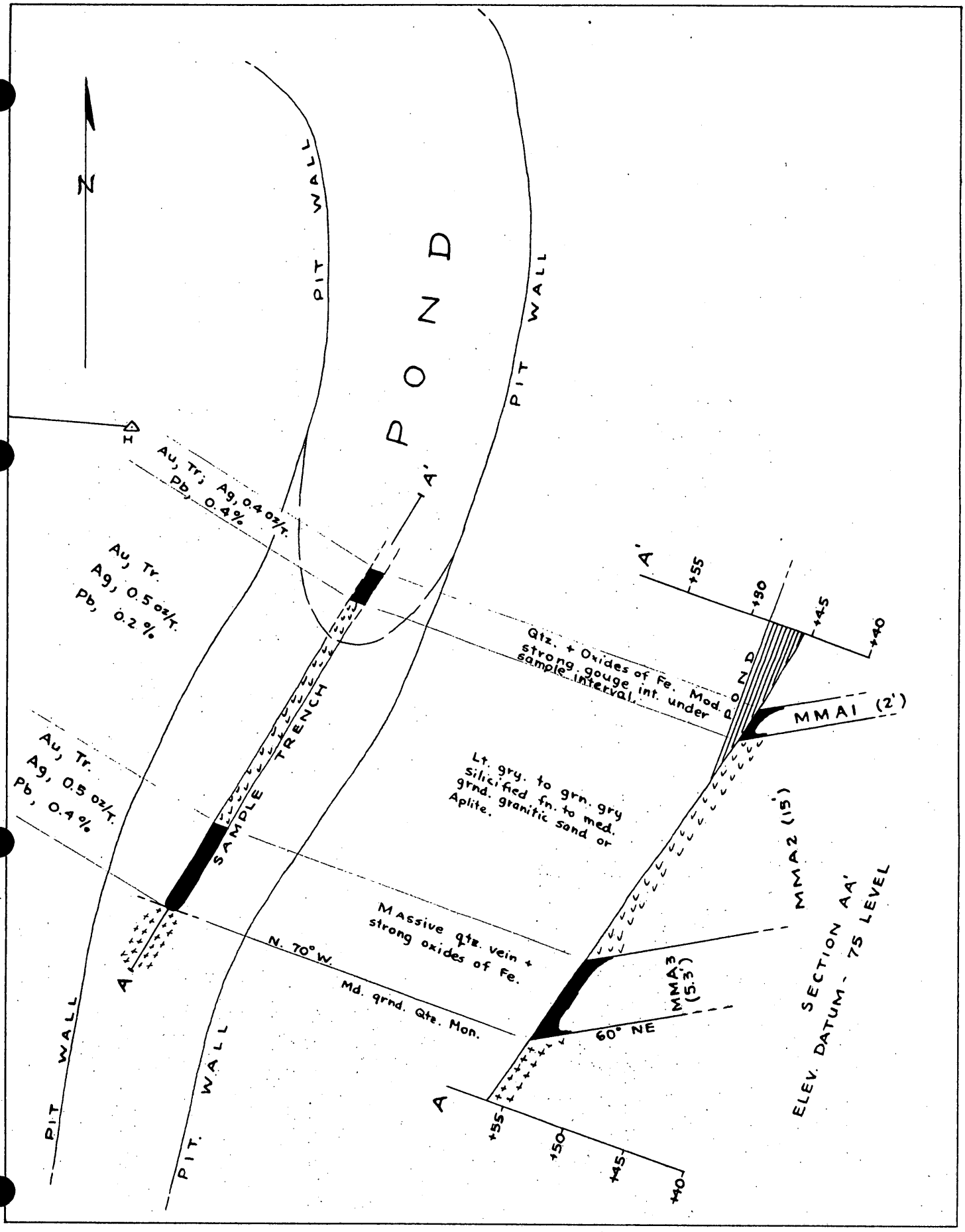
TABLE II
APPENDIX 3

CALCULATION OF AVERAGE GROSS ASSAY VALUE (Less Dump; Lot No. 50-2)

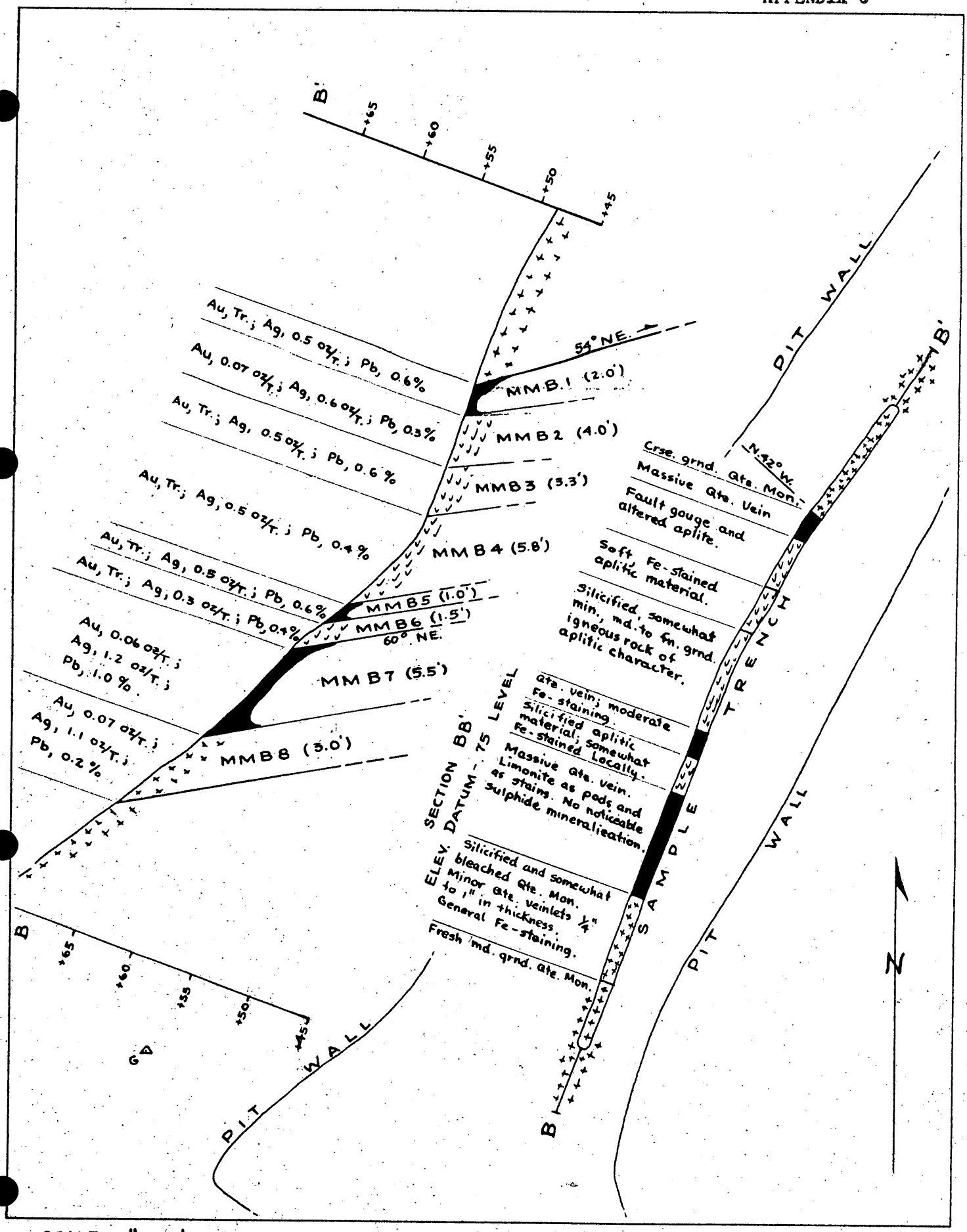
Lot No.	Dry Wt. Tons (A)	Gross Value /Ton (B)	(A) X (B)	Metal Prices Gross Assay Value Based On:
1723-4	3.23	$43.16	357.0	Gold, $35.00/oz Silver, $0.90/oz Lead, $0.16/lb Zinc, $0.135/lb Copper, $0.40/lb
1444-1	31.30	24.59	732.0	
44-1	27.20	40.59	1101.0	
51-3	27.0	18.32	503.0	
$\Sigma A = 94.23$				$\frac{\Sigma A \times B}{\Sigma A} = \frac{2743.0}{94.23}$
		$\Sigma A \times B = 2743.0$		$= \$29.00$/ dry ton

APPENDIX C



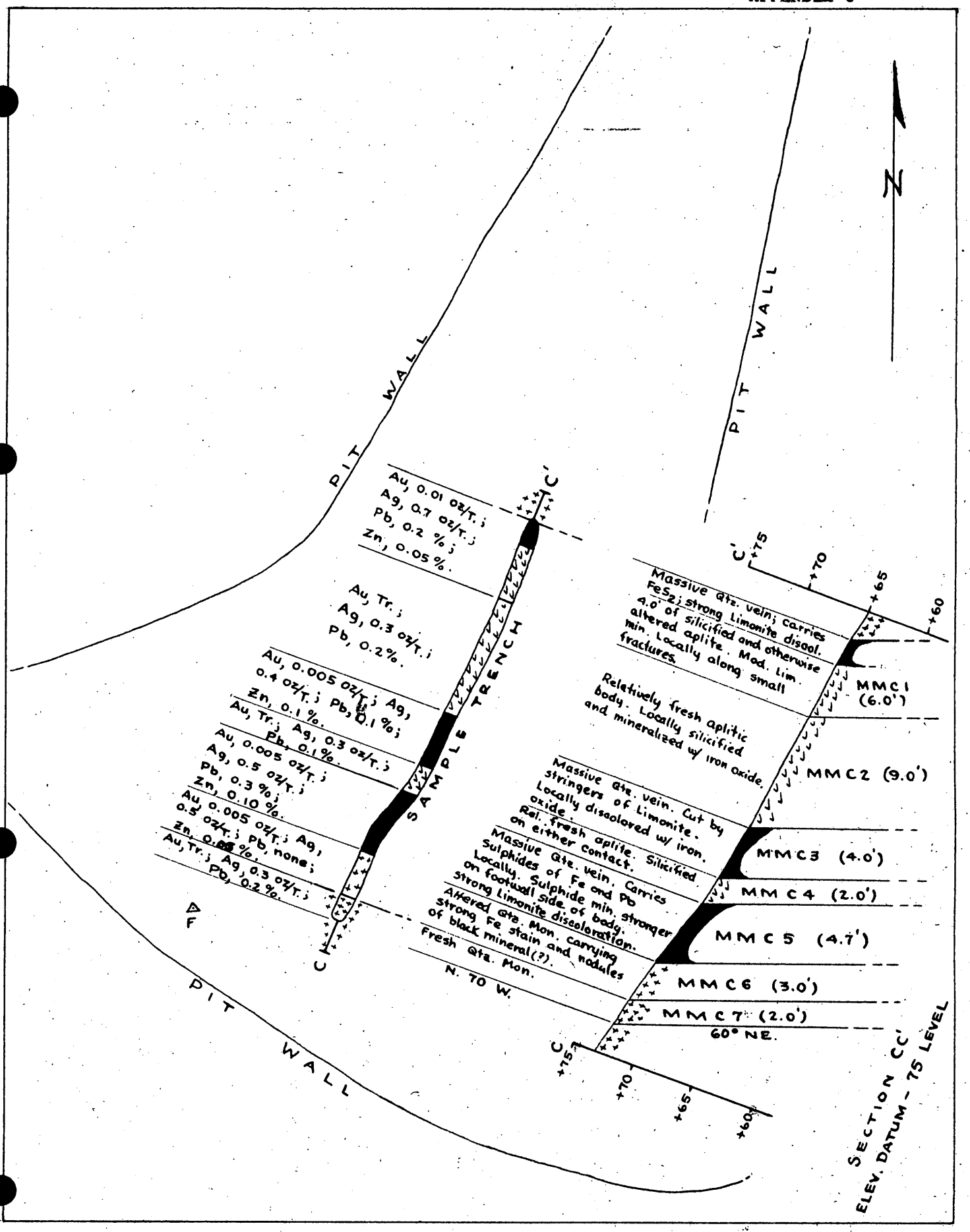
SCALE: 1" = 10'
DATE: NOVEMBER, 1956

MORNING MINE, JEFFERSON COUNTY, MONTANA
MAP OF SURFACE CUT A
SAMPLE SERIES MMA



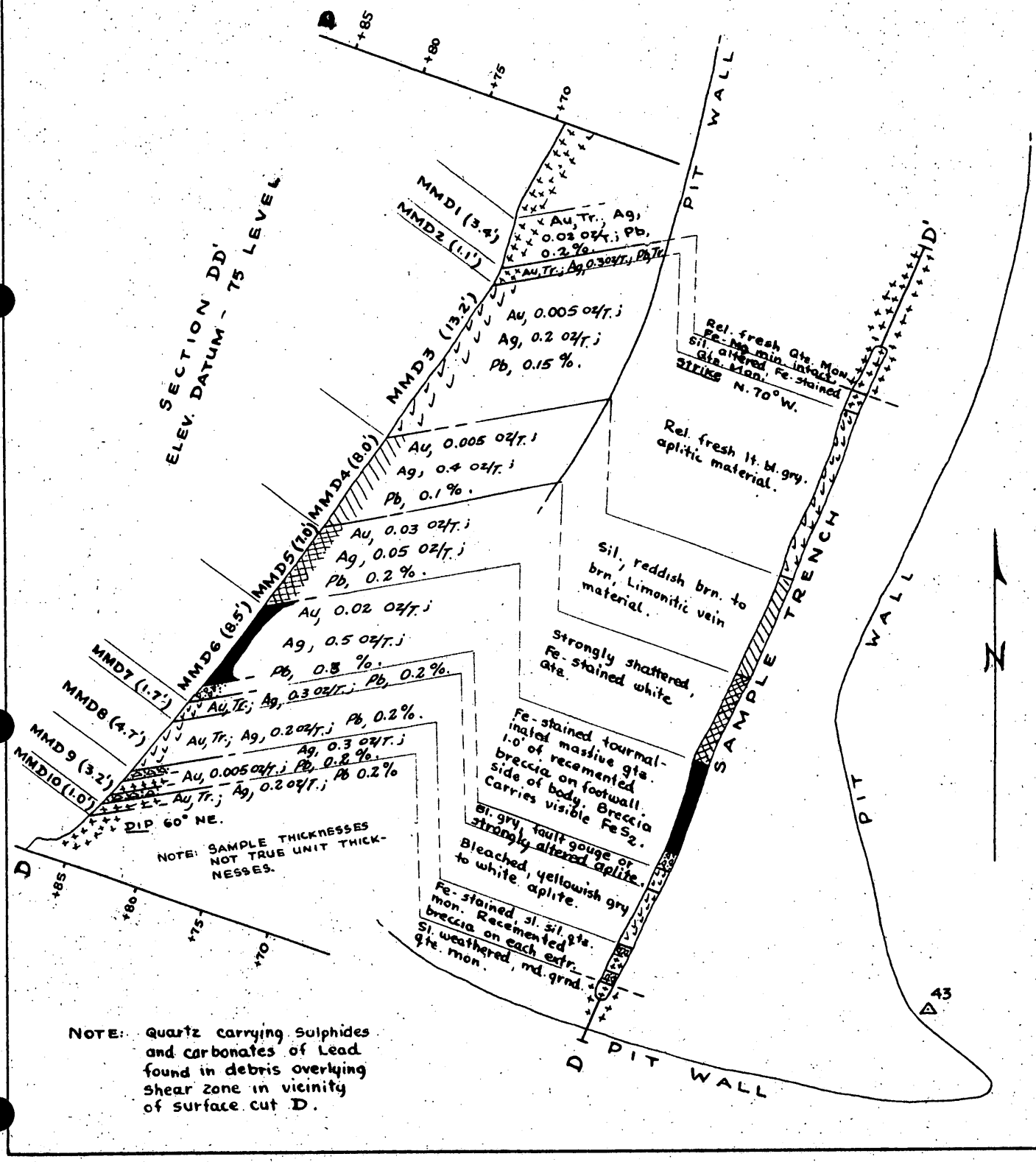
SCALE: 1" = 10'
DATE: NOVEMBER, 1956

MORNING MINE, JEFFERSON COUNTY, MONTANA
MAP OF SURFACE CUT B
SAMPLE SERIES MMB



SCALE: 1" = 10'
DATE: NOVEMBER, 1956

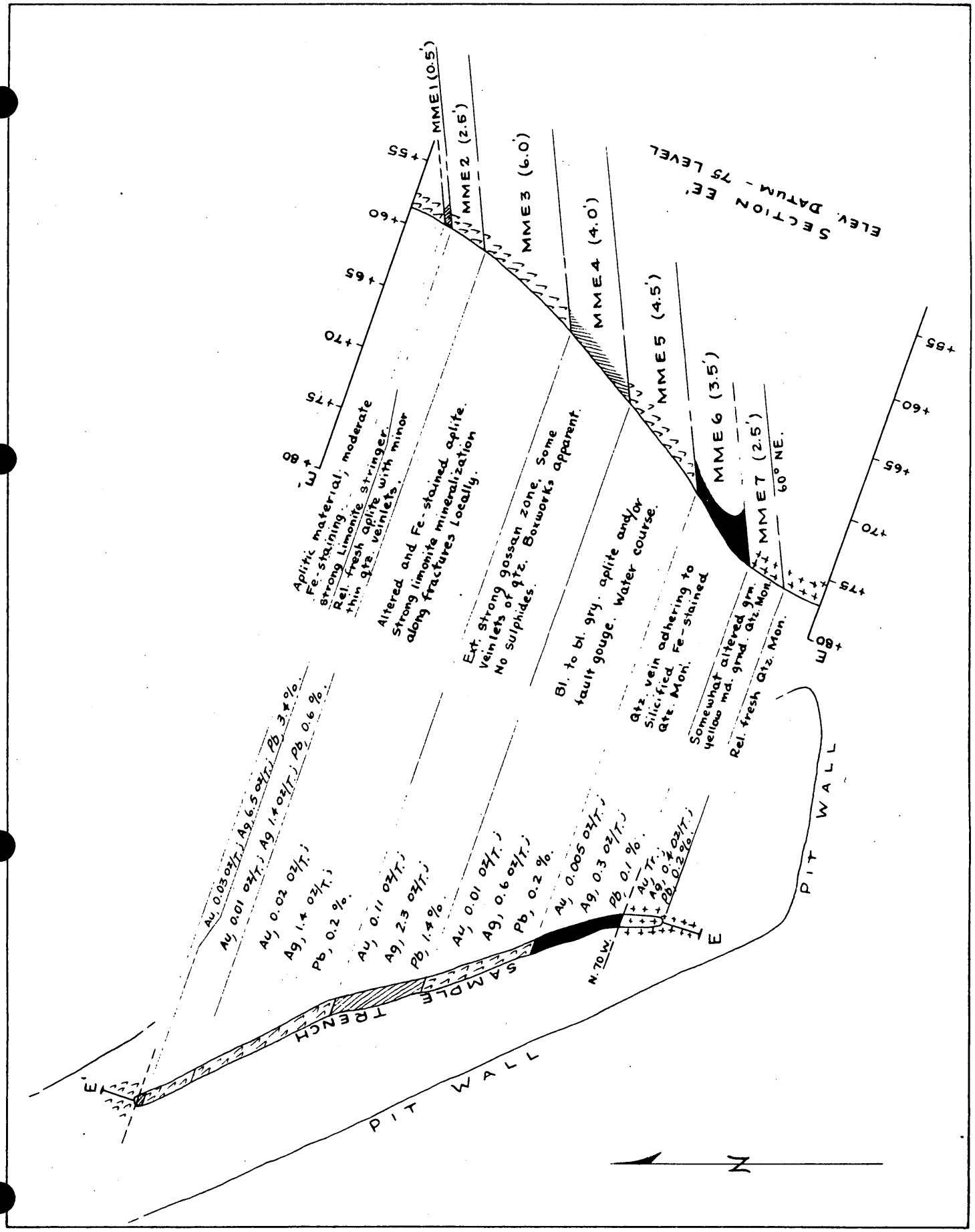
MORNING MINE, JEFFERSON COUNTY, MONTANA
MAP OF SURFACE CUT C
SAMPLE SERIES MMC



NOTE: Quartz carrying sulphides and carbonates of Lead found in debris overlying shear zone in vicinity of surface cut D.

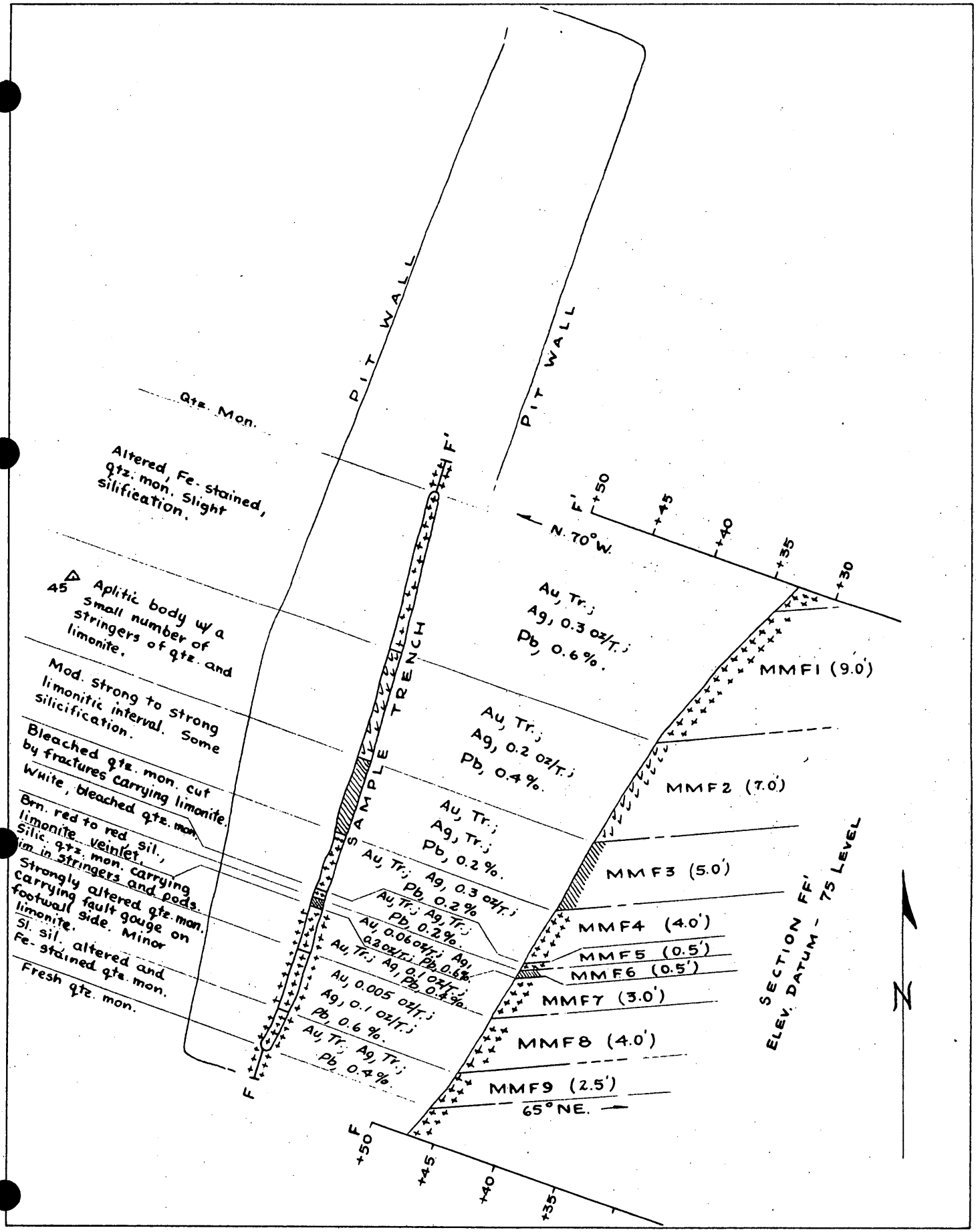
SCALE: 1" = 10'
DATE: NOVEMBER, 1956

MORNING MINE, JEFFERSON COUNTY, MONTANA
MAP OF SURFACE CUT D
SAMPLE SERIES MMD



SCALE: 1" = 10'
DATE: NOVEMBER, 1956

MORNING MINE, JEFFERSON COUNTY, MONTANA
MAP OF SURFACE CUT E
SAMPLE SERIES MME



SCALE: 1" = 10'
DATE: NOVEMBER, 1956

MORNING MINE, JEFFERSON COUNTY, MONTANA
MAP OF SURFACE CUT F
SAMPLE SERIES MMF

APPENDIX D

MORNING MINE, JEFFERSON COUNTY, MONTANA SAMPLE DATA

Smpl. No.	Date Smpld.	Smpl. Int.	Location of Sample Point	Description of Interval Sampled
MM-1	July 13, 1956	Bulk	Composite of material slabbed from right wall, back, and floor of drift in vicinity of Sta. 8.	Sulphides; 50#.
MM-2	July 13, 1956	Bulk	Composite sample from same operation as above.	Oxides; 30#.
MM-3	July 16, 1956	3.4'	West end of sample interval 10.5' west of survey sta. 8; right wall of drift.	Oxides in plane of vein.
MM-4	July 16, 1956	4.0'	7.6' west of Sta. 8; cut through right wall and back of drift.	Sulphides and vein quartz; FeS_2 and PbS noticeable.
MM-5	July 23, 1956	9.0'	4.6' west of Sta. 9; across entire exposed vein.	Moderate limonitic min.; some small quartz veinlets present; minor sulphides.
MM-6	July 30, 1956	3.9'	6.8' east of Sta. 9; left wall and back; 7' above sill.	Strong iron oxide min; quartz veinlets on both extremities; strongest on hangingwall side; some pyrite present in quartz.
MM-7	July 30, 1956	4.0'	6.8' east of Sta. 9; portion of back and right wall; 7' above sill.	Three small fissures carrying mod. iron oxide min.; many lesser slips bearing iron oxide; otherwise bleached country rock(footwall).
MM-8	Aug. 1, 1956	4.5'	Catherine Anne workings; easternmost crosscut near footwall; right wall of crosscut.	Strong quartz vein carrying moderate pyrite mineralization. No PbS or ZnS apparent.
MM-9	Aug. 1, 1956	3.0'	Catherine Anne workings; east end of short drift; left wall; high.	Massive pyrite and quartz stringers. No PbS or ZnS apparent.
MM-10	Aug. 1, 1956	2.8'	Catherine Anne workings; main crosscut beyond short easterly bearing drift; left wall.	Moderately strong quartz vein carrying pyrite. Some tourmalinated quartz present. No PbS or ZnS.
MM-11	Aug. 1, 1956	3.2'	Catherine Anne workings; contiguous with sample MM-10; left wall.	Strong quartz min.; pyrite as veinlets and as dissem.; mod. iron staining; No Pbs or ZnS.

ASSAY RESULTS

GOLD ozs./ton	SILVER ozs./ton	LEAD %	COPPER %	ZINC %	Total Value/Ton w/ ZINC	Total Value/ton w/o ZINC	REMARKS
0.07	15.2	5.2		2.6	$36.29	$29.67	Total Assay Values Based On Following Metal Prices: Gold, $35.00/oz Silver, $0.90/oz Lead, $0.16/lb Zinc, $0.135/lb Copper, $0.40/lb
0.03	3.2	0.6		0.2	$7.35	$6.51	
0.06	3.5	0.6		trace	$3.13	$3.13	
0.07	7.8	3.4		trace	$20.35	$20.35	
0.005	3.8				$3.95		
0.20	3.0				$9.70		
0.01	0.6				$0.89		
0.03	1.0	0.4		none	$3.23	$3.23	
0.06	0.3	0.4		0.1	$3.65	$3.38	
0.06	0.4	0.2		0.1	$3.31	$3.04	
0.03	0.5	0.4		none	$2.78	$2.73	

Smpl. No.	Date Smpld.	Smpl. Int.	Location of Sample Point	Description of Interval Sampled
MM-12	Aug. 1, 1956	2.0'	5.0' south of sample point MM-11; high on left wall.	Vein of quartz and pyrite cut by post mineral fault. PoS and ZnS absent.
MM-13	Aug. 2, 1956	3.0'	16.5' east of Sta. 9; left 1/3 of face;	Strong limonite; moderate quartz min.; minor sulphides of iron and oxides of manganese(black).
MM-14	Aug. 2, 1956	2.0'	16.5' east of Sta. 9; middle 1/3 of face;	Bleached country rock with numerous veinlets of limonite.
MM-15	Aug. 2, 1956	3.5'	16.5' east of Sta. 9; right 1/3 of face;	Mod. to strong limonite min.; small lentils of waste; minor quartz.
MM-16	Aug. 8, 1956	3.0'	23.9' east of Sta. 9; right 1/4 of face;	Mod. limonite with some lentils of country rock.
MM-17	Aug. 8, 1956	1.4'	23.9' east of Sta. 9; left portion of face;	Moderate to strong limonitic interval; 1.2' of waste between MM-16 and MM-17.
MM-18	Aug. 8, 1956	1.5'	23.9' east of Sta. 9; extreme left portion of face.	Red, brown, yellow, and black oxides; crusty; minor quartz veinlets. Sulphides of Pb and Fe massive and in narrow veinlet of limonite.
MM-19	Aug. 8, 1956	Grab	20.0' east of Sta. 9; low on left wall 2.0' above sill.	Black and red oxides; minor quartz.
MM-20	Aug. 9, 1956	3.8'	9.0' east of Sta. 6; left wall of drift.	Massive quartz vein carrying pyrite and minor galena.
MM-21	Aug. 9, 1956	4.9'	12.5' east of Sta. 6; left wall of drift.	Oxides of Fe and Mn.
MM-22	Aug. 9, 1956	1.8'	19.0' east of Sta. 6; left wall of drift.	Massive quartz vein carrying pyrite and minor galena.
MM-23	Aug. 9, 1956	2.9'	3.0' east of Sta. 7; left wall of drift.	Massive quartz vein carrying pyrite and minor galena.
MM-24	Aug. 9, 1956	1.8'	At Sta. 8; in back of drift on right side.	Massive sulphides; also oxides; lead value apparent.

GOLD ozs./ton	SILVER ozs./ton	LEAD %	COPPER %	ZINC %	Total value/ton w/ ZINC	Total value/ton w/o ZINC	REMARKS
0.23	3.0	0.2	—	none	$11.39	$11.39	
0.03	3.3				$4.47		
0.01	0.5				$0.80		
0.04	1.2				$2.48		
0.02	1.0				$1.60		
0.02	1.4				$1.96		
0.10	12.5	3.2		0.1	$25.26	$24.99	
0.01	2.0				$2.15		
0.05	2.3	0.6		trace	$5.74	$5.74	
0.06	2.5				$4.35		
0.05	2.4	1.4		0.4	$10.37	$9.29	
0.15	15.3	2.2	trace	0.1	$26.33	$26.06	
0.12	8.7	3.6		trace	$23.55	$23.55	

Smpl. No.	Date Smpld.	Smpl. Int.	Location of Sample Point	Description of Interval Sampled
M-25	Aug. 9, 1956	3.0'	5.0' east of Sta. 8; right side in back.	Strong occurrence of oxides under sulphides sampled in M-24.
M-26	Aug. 13, 1956	2.0'	9.0' east of Sta. 10; left 1/3 of face.	Strong oxides of Fe and Mn; minor quartz and sulphides of Fe and Pb.
MM-27	Aug. 13, 1956	3.0'	9.0' east of Sta. 10; Right 1/3 of face.	Mod. strong occurrence of limonite; carrying minor quartz stringers.
MM-28	Aug. 13, 1956	Drill Sldg.	5' drill hole; 2.5' west of Sta. 10; left wall.	(Data from examination of drill cuttings) Massive quartz and sulphide body. Cuttings carry a strong show of PbS and FeS_2.
MM-29	Aug. 18, 1956	4.4'	13.4' east of Sta. 10; left 1/3 of face.	Strong occurrence of Fe and Mn oxides; minor quartz on hangingwall side; shattered interval; sample also includes a strongly altered horse of aplite.
MM-30	Aug. 18, 1956	3.0'	13.4' east of Sta. 10; right 1/3 of face. 1.2' of barren aplite between MM-29 and MM-30	Mod. strong occurrence of limonite with minor quartz stringers on footwall side.
MM-31	Aug. 18, 1956	1.5'	6.0' east of Sta. 10; 8.0' left of drift E; in back of burn cut.	Massive and dissem. sulphides; Zn values apparent.
MM-32	Aug. 18, 1956	2.0'	Stringer of aplite cut by burn round; contiguous with MM-31.	Aplitic body carrying dissem. pyrite and minor veinlets of limonite.
MM-33	Aug. 18, 1956	2.0'	Contiguous with MM-32.	Massive sulphides and sulphide pods in quartz gangue. Sulphides include FeS_2, PbS, and ZnS; some green copper staining.
MM-34	Aug. 22, 1956	8.7'	19.0' east of Sta. 10; from massive sulphide body on left wall of drift to right wall of drift.	1.5' strong occurrence of iron oxide; (description--right to left) 3.0' of less oxidized material; 2.2' extremely strong occurrence of oxides of Fe and Mn; 4-6 in. quartz stringers carrying sulphides.
MM-35	Aug. 22, 1956	2.5'	16.5' to 19.0' east of Sta. 10; left wall high; approx. in plane of vein (dips 60-65° N; strikes N. 83° W.)	Quartz-sulphide body trending westward into vicinity of small crosscut. Sample MM-35 cut on approx. eastern extremity of occurrence. Zn and Pb values apparent.

ASSAY RESULTS

GOLD ozs./ton	SILVER ozs./ton	LEAD %	COPPER %	ZINC %	Total value/ton w/ ZINC
0.17	7.3				$12.52
0.06	5.6	3.0		trace	$16.74
0.04	0.9				$2.21
0.06	5.2	2.3	0.2	0.1	$17.47
0.08	3.4	2.8		0.5	$14.95
0.04	1.6				$2.34
0.09	5.5	0.6	0.5	5.7	$29.41
0.03	1.5	0.8		0.1	$5.51
0.08	9.6	6.8	0.3	3.5	$45.05
0.06	4.6	2.4	0.2	0.2	$16.06
0.03	25.9	2.0	1.5	8.4	$66.39

Smpl. No.	Date Smpld.	Smpl. Int.	Location of Sample Point	Description of Interval Sampled	GOLD ozs./ton	SILVER ozs./ton	LEAD %	COPPER %	ZINC %	Total value/ton w/ ZINC	Total value/ton w/o ZINC	REMARKS
M-25	Aug. 9, 1956	3.0'	5.0' east of Sta. 8; right side in back.	Strong occurrence of oxides under sulphides sampled in M-24.	0.17	7.3				$12.52	$12.52	
M-26	Aug. 13, 1956	2.0'	9.0' east of Sta. 10; left 1/3 of face.	Strong oxides of Fe and Mn; minor quartz and sulphides of Fe and Pb.	0.06	5.6	3.0		trace	$16.74	$16.74	
MM-27	Aug. 13, 1956	3.0'	9.0' east of Sta. 10; Right 1/3 of face.	Mod. strong occurrence of limonite; carrying minor quartz stringers.	0.04	0.9				$2.21		
M-28	Aug. 13, 1956	Drill Sldg.	5' drill hole; 2.5' west of Sta. 10; left wall.	(Data from examination of drill cuttings) Massive quartz and sulphide body. Cuttings carry a strong show of PbS and FeS_2.	0.06	5.2	2.8	0.2	0.1	$17.47	$17.20	
MM-29	Aug. 18, 1956	4.4'	13.4' east of Sta. 10; left 1/3 of face.	Strong occurrence of Fe and Mn oxides; minor quartz on hangingwall side; shattered interval; sample also includes a strongly altered horse of aplite.	0.08	3.4	2.8		0.5	$14.95	$13.60	
MM-30	Aug. 18, 1956	3.0'	13.4' east of Sta. 10; right 1/3 of face. 1.2' of barren aplite between MM-29 and MM-30	Mod. strong occurrence of limonite with minor quartz stringers on footwall side.	0.04	1.6				$2.34		
MM-31	Aug. 18, 1956	1.5'	6.0' east of Sta. 10; 8.0' left of drift E; in back of burn cut.	Massive and dissem. sulphides; Zn values apparent.	0.09	5.5	0.6	0.5	5.7	$29.41	$13.92	
MM-32	Aug. 18, 1956	2.0'	Stringer of aplite cut by burn round; contiguous with MM-31.	Aplitic body carrying dissem. pyrite and minor veinlets of limonite.	0.03	1.5	0.8		0.1	$5.51	$5.24	
MM-33	Aug. 18, 1956	2.0'	Contiguous with MM-32.	Massive sulphides and sulphide pods in quartz gangue. Sulphides include FeS_2, PbS, and ZnS; some green copper staining.	0.08	9.6	6.8	0.3	3.5	$45.05	$35.60	
MM-34	Aug. 22, 1956	8.7'	19.0' east of Sta. 10; from massive sulphide body on left wall of drift to right wall of drift.	1.5' strong occurrence of iron oxide; (description--right to left) 3.0' of less oxidized material; 2.2' extremely strong occurrence of oxides of Fe and Mn; 4-6 in. quartz stringers carrying sulphides.	0.06	4.6	2.4	0.2	0.2	$16.06	$15.52	
MM-35	Aug. 22, 1956	2.5'	16.5' to 19.0' east of Sta. 10; left wall high; approx. in plane of vein (dips 60-65° N; strikes N. 83° W.)	Quartz-sulphide body trending westward into vicinity of small crosscut. Sample MM-35 cut on approx. eastern extremity of occurrence. Zn and Pb values apparent.	0.05	25.9	2.0	1.5	8.4	$66.39	$43.71	

Smpl. No.	Date Smpld.	Smpl. Int.	Location of Sample Point	Description of Interval Sampled	GOLD ozs./ton	SILVER ozs./ton	LEAD %	COPPER %	ZINC %	Total value/ton w/ ZINC	Total value/ton w/o ZINC	REMARKS
MM-36	Aug. 27, 1956	Grab	From round 24 - 30' east of Survey Sta. 10.	Composite of oxides and sulphides; hand samples from mine cars.	0.03	1.3	0.3	trace	0.1	$4.95	$4.68	
MM-37	Aug. 28, 1956	5.0'	30.0' east of Sta. 10; left 1/2 of face.	Bleached aplite; moderate limonite and small quartz veinlets; some black Mn oxide.	0.01	0.3				$0.62		
MM-38	Aug. 28, 1956	2.5'	30.0' east of Sta. 10; right 1/3 of face; chest high.	Strong occurrence of Fe oxides; some quartz.	0.02	0.9				$1.51		
MM-39	Aug. 28, 1956	3.0'	30.0' east of Sta. 10; right 1/3 of face just above sill.	Yellowish-green breccia; dissem. pyrite.	0.03	1.6	[illegible]	[illegible]	[illegible]	$2.49		
MM-40	Aug. 28, 1956	2.0'	27.0' east of Sta. 10; right wall of drift, chest high.	Quartz carrying minor sulphides; heavily iron-stained.	0.03	2.9	2.8	0.2	1.6	$13.34	$14.22	
MM-41	Aug. 28, 1956	2.0'	24.0' east of Sta. 10; left wall of drift.	White aplitic material carrying pyrite and limonite as thin veinlets and as dissem.	0.05	3.2				$4.63		
MM-42	Sept. 5, 1956	3.5'	2.0' east of Sta. 10; left wall of small crosscut.	Mod. strong to strong occurrence of massive and dissem. sulphides. Int. also cut by small stringers of aplite carrying dissem. pyrite. Large and continuous aplitic body in face of crosscut (not part of sample). Pb and Zn values apparent in Sample MM-42.	0.08	10.5	2.8	0.1	3.9	$32.54	$22.01	
MM-43	Sept. 6, 1956	1.0'	8.3' east of Sta. 11; extreme left portion of face.	Strong occurrence of Fe oxides; some pyrite and sphalerite.	0.09	8.3	1.2	trace	1.3	$17.97	$14.46	
MM-44	Sept. 6, 1956	3.5'	8.8' east of Sta. 11; middle 1/3 of face.	Aplitic body carrying dissem. pyrite; cut by small quartz veinlets.	0.01	0.9			—	$1.26		
MM-45	Sept. 6, 1956	1.3'	8.8' east of Sta. 11; between MM-43 and MM-44.	Concentration of sulphides; pyrite dominant.	0.06	4.8	1.2		0.5	$11.61	$10.26	
MM-46	Sept. 6, 1956	3.0'	3.3' east of Sta. 11; large fissure under aplite in MM-44.	Fissure containing strong occurrence of Fe oxides. Minor sulphides.	0.04	1.6				$2.34		
MM-47	Sept. 6, 1956	1.0'	8.8' east of Sta. 11; on footwall side of MM-46.	Bony quartz; strongly shattered; minor sulphides of Fe.	0.04	2.7	1.0		0.4	$8.11	$7.03	

Smpl. No.	Date Smpld.	Smpl. Int.	Location of Sample Point	Description of Interval Sampled.	GOLD ozs./ton	SILVER ozs./ton	LEAD %	COPPER %	ZINC %	Total value/ton w/ ZINC	Total value/ton w/o ZINC	REMARKS
MM-48	Sept. 11, 1956	3.0'	14.0' east of Sta. 11; right 1/3 of face to right wall of drift.	Massive quartz body carrying pyrite. Aplite body in face extends from left wall to 3' from right wall.	0.06	3.5	1.2		0.6	$10.71	$9.09	
MM-49	Sept. 11, 1956	3.5'	On left wall of drift 1.0' above sill (11.5' to 14.0' east of Sta. 11; in plane of structure).	Masses of pyrite in strong occurrence of iron oxide.	0.05	1.6	0.4		2.0	$9.87	$4.47	
MM-50	Sept. 13, 1956	2.5'	19.8' east of Sta. 11; extreme left portion of face.	Stained quartz carrying some pyrite.	0.01	0.8				$1.16		
MM-51	Sept. 13, 1956	3.5'	19.8' east of Sta. 11; middle of face.	Aplite body carrying stringers of limonite, pyrite, and quartz.	0.06	2.9				$4.71		
MM-52	Sept. 13, 1956	1.0'	19.8' east of Sta. 11; right 1/4 of face.	Massive quartz-sulphide body. Pb and Zn values apparent.	0.08	16.0	3.4	1.0	5.3	$50.39	$36.03	
MM-53	Sept. 13, 1956	1.5'	19.8' east of Sta. 11: low in face and on right wall.	Strong occurrence of oxides. Minor sulphides present.	0.04	2.8				$3.92	$3.92	
MM-54	Sept. 13, 1956	1.4'	11.0' east of Sta. 11; right wall of drift.	Massive quartz-sulphide body. Pb and Zn values apparent.	0.07	10.8	1.6	0.3	2.8	$30.25	$22.69	
MM-55	Sept. 13, 1956	1.5'	11.0' east of Sta. 11; right wall of drift under MM-54.	Strong oxide occurrence.	0.02	1.3				$1.77	$1.77	
MM-56	Oct. 1, 1956	2.0'	21.0' east of Sta. 12; left 1/3 of face.	Strong limonite occurrence carrying pods of pyrite.	0.08	6.9	1.4		0.3	$14.30	$13.49	
MM-57	Oct. 1, 1956	3.0'	21.0' east of Sta. 12; middle 1/3 of face;	Altered aplitic body streaked with limonite; somewhat silicified.	0.04	1.4	0.6		0.3	$5.39	$4.58	
MM-58	Oct. 1, 1956	3.0'	21.0' east of Sta. 12; right 1/3 of face.	Strong occurrence of limonite carrying quartz veinlets and some pyrite.	0.10	4.1	0.8		0.1	$10.02	$9.75	
MM-59	Oct. 3, 1956	1.4'	33.0' east of Sta. 12; left 1/3 of face.	Altered and silicified aplitic body; streaked with limonite and quartz stringers; some FeS_2 in pods on hangingwall side.	0.10	2.7	0.4		0.3	$8.02	$7.21	
MM-60	Oct. 3, 1956	3.8'	33.0' east of Sta. 12; middle 1/3 of face.	Somewhat altered soft aplitic body. Streaked with limonite locally.	0.03	1.2	0.2		0.2	$3.21	$2.67	

Smpl. No.	Date Smpld.	Smpl. Int.	Location of Sample Point	Description of Interval Sampled	GOLD ozs./ton	SILVER ozs./ton	LEAD %	COPPER %	ZINC %	Total value/ton w/ ZINC	Total value/ton w/o ZINC	REMARKS
MM-61	Oct. 3, 1956	2.0'	33.0' east of Sta. 12; right 1/3 of face.	Limonite and strongly stained quartz.	0.12	2.7	0.4		0.3	$8.72	$7.91	
MM-62	Oct. 4, 1956	1.0'	39.5' east of Sta. 12; extreme left portion of face.	Quartz-Sulphide body; minor iron oxide.	0.11	2.9	0.4		0.2	$8.28	$7.74	
MM-63	Oct. 4, 1956	3.0'	39.5' east of Sta. 12; middle 1/3 of face;	Iron-stained aplitic body; locally silicified.	0.04	0.9				$2.21		
MM-64	Oct. 4, 1956	3.0'	39.5' east of Sta. 12; right 1/3 of face.	Shattered quartz lense; carries limonite and generally strongly iron-stained.	0.05	2.6				$4.09		
MM-65	Oct. 9, 1956	1.5'	50.0' east of Sta. 12; left 1/4 of face.	Silicified aplitic material carrying pyrite.	0.07	1.3	0.1		none	$3.94	$3.94	
MM-66	Oct. 9, 1956	2.0'	50.0' east of Sta. 12; mid. 1/3 of face.	Quartz-Sulphide body; pyrite dominant. Body thickens upward and pinches against aplite low on left sill.	0.06	1.8	0.1	trace	none	$4.04	$4.04	
MM-67	Oct. 9, 1956	4.5'	50.0' east of Sta. 12; right 1/2 of face.	Strong occurrence of oxides and shattered iron-stained quartz; also lumps and pods of massive pyrite.	0.13	2.1	2.0		none	$12.34	$12.34	
MM-68	Oct. 10, 1956	1.3'	54.6' east of Sta. 12; mid. 1/3 of face.	Quartz-sulphide mase; pyrite dominant.	0.05	1.2	0.8	0.2	none	$5.29	$5.29	
MM-69	Oct. 10, 1956	4.5'	54.6' east of Sta. 12; right 1/3 of face.	Strong occurrence of oxides; small quartz veinlets and lentils of sulphides present.	0.13	4.7	1.8		none	$14.54	$14.54	
MM-70	Oct. 16, 1956	7.0'	80.7' east of Sta. 12; entire face.	Moderately strong occurrence of oxides. Locally silicified; Oxides stronger on footwall side; small veinlets of pyrite in quartz on hangingwall side.	0.04	2.0	1.0			$6.40		
MM-71	Oct. 18, 1956	2.0'	90.5' east of Sta. 12; right 1/2 of face.	Limonitic aplite with small stringers of quartz carrying pyrite.	0.02	1.6	trace			$2.14		
MM-72	Oct. 18, 1956	2.5'	90.5' east of Sta. 12; left 1/2 of face.	Massive quartz vein carrying sulphides of Fe, Pb, and Zn.	0.04	5.8	3.4	0.3	0.3	$22.31	$21.50	
MM-73	Oct. 20, 1956	2.3'	100.9' east of Sta. 12; left 1/3 of face.	Silicified aplitic material.	trace	0.7	1.2			$4.47		

Smpl. No.	Date Smpld.	Smpl. Int.	Location of Sample Point	Description of Interval Sampled	GOLD ozs/ton	SILVER ozs/ton	LEAD %	COPPER %	ZINC %	Total value/ton w/ ZINC	Total value/ton w/o ZINC	REMARKS
MM-74	Oct. 20, 1956	4.0'	100.9' east of Sta. 12; middle 1/3 of face.	Massive quartz carrying sulphides of Pb and Fe.	0.06	14.3	4.0	0.3	none	$30.17	$30.17	
MM-75	Oct. 20, 1956	3.0'	100.9' east of Sta. 12; right 1/3 of face.	Quartz body; no sulphides apparent.	0.02	2.1	1.4			$7.07		
MM-76	Oct. 22, 1956	3.6'	103.9' east of Sta. 12; right 1/3 of face.	Mass of vein quartz carrying sulphides of Fe, Pb, and Zn.	0.09	5.6	2.7	0.6	1.35	$25.27	$21.63	
MM-77	Oct. 23, 1956	1.3'	108.5' east of Sta. 12; left wall high.	Strong occurrence of oxides and shattered quartz. Visible Pb values.	0.10	10.5	5.0			$28.95		
MM-78	Oct. 23, 1956	0.8'	108.5' east of Sta. 12; left wall under MM-77.	Quartz-sulphide mass. Pb values apparent.	0.04	6.4	4.8		0.9	$24.95	$22.52	
MM-79	Oct. 23, 1956	3.0'	108.5' east of Sta. 12; left 1/4 of face.	Shattered quartz and massive and dissem. sulphides. Yellow, red, and brown oxides. Pb values apparent.	0.06	18.4	8.0			$44.26		
MM-80	Oct. 23, 1956	2.0'	108.5' east of Sta. 12; low on left sill; under MM-79 but contiguous with it.	Massive quartz vein carrying lessor amounts of sulphides.	0.23	2.2	1.6		0.7	$16.54	$14.65	
MM-81	Oct. 24, 1956	1.5'	98.0' east of Sta. 12; high on left wall.	Strong occurrence of Fe oxide; minor FeS_2 on hangingwall side of interval.	0.09	13.9	3.0			$25.35		
MM-82	Oct. 24, 1956	4.0'	93.0' east of Sta. 12; left wall head high to sill.	Altered aplite cut by stringers of quartz. Entire mass shattered and recemented. Quartz carries sulphides. Pb values apparent.	0.06	6.0	4.2	0.4	0.3	$26.60	$24.44	
MM-83	Oct. 25, 1956	2.0'	116.7' east of Sta. 12; left wall high.	Quartz mass bearing sulphides and black sooty mineral (tetrahedrite ?); Pb and Zn values apparent.	0.07	31.8	3.0	2.5	2.1	$66.32	$60.65	
MM-84	Oct. 25, 1956	2.0'	116.7' east of Sta. 12; left wall waist high to sill.	Quartz-sulphide mass; Pb values apparent.	0.03	4.6	2.2	0.5	0.2	$18.77	$13.23	
MM-85	Oct. 29, 1956	2.5'	119.2' east of Sta. 12; high on left wall of drift.	Quartz-sulphide mass.	0.04	2.6	1.8	0.4	0.2	$13.24	$12.70	
MM-86	Oct. 29, 1956	2.5'	123.9' east of Sta. 12; high on left wall of drift.	Quartz-sulphide mass.	0.06	3.1	1.2	0.5	trace	$14.73	$12.73	

APPENDIX E

ORIGINAL PAGE IS
OF POOR QUALITY

SHIPMENT FROM MORNING MINE, JEFFERSON COUNTY, MONTANA
TO THE AMERICAN SMELTING AND REFINING CO., EAST HELENA, MONTANA

Shipped from: Basin, Montana
Shipper: Western America of Montana, Inc.

Lot No.	Lbs. Dry Weight	Gold ozs.	Silver ozs.	Lead %	Copper %	Insol. %	Iron %	Mng. %	S %	Zn %	As %	Sb %	CaO %	Date	Location
1597	13,440	0.0675	7.45	2.5	0.20	69.5	7.7	0.20	0.0	3.15	2.40	0.41	0.2	9-18-57	75-level

Tonnage----6.72
Gross Assay Value/dry ton -----$27.17

Metal Prices Gross Assay Value Based On:

Gold, $35.00/oz
Silver, $0.90/oz
Lead, $0.16/lb
Zinc, $0.135/lb
Copper, $0.40/lb

TABLE III
APPENDIX B

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 SO. MAIN ST., HELENA, MONTANA

WESTERN AMERICA OF MONTANA INC.
P. O. BOX 782
HELENA, MONTANA

TEL. HI 2-3770
P. O. BOX 537

Date JUL 14 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR: Western America Uranium Expl. Corp.

MARKS:

Sample No.	DESCRIPTION	Gold Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-1	50# bulk; sulfides	0.07	15.2	5.2		2.6				$39.53
MM-2	30# bulk; oxides	0.03	3.2	0.6		0.2				$ 6.37

Gold not deducted;
Charges $ 5.00 ($5.00 sampling chg.)

GOODALL BROS.
By A. V. Trent

NPCo. C-3669

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 SO. MAIN ST., HELENA, MONTANA

TEL. HI 2-3770
P. O. BOX 537

Date JUL 17 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR: Western America Uranium Expl. Corp.

MARKS:

Sample No.	DESCRIPTION	Gold Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM3	3.4'; chip sample	0.06	3.5	0.6		Trace		(Oxides)		$ 7.17
MM4	4.0'; chip sample	0.07	7.8	3.4		Trace		(Sulfides)		$20.35

Gold not deducted: .....

Charges $ 5.00

GOODALL BROS.

By A. V. Trent

NPCo. C-3669

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 SO. MAIN ST., HELENA, MONTANA

TEL. HI 2-3770
P. O. BOX 537

Date JUL 30 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR: Western America Uranium Expl. Corp. Cell

MARKS:

Sample No.	DESCRIPTION	Gold Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Barium Per Cent	Total Value Per Ton
1	(Omit)	0.01	1.0						3.5	
2	(Omit)	0.005	0.5						19.1	
3	(Omit)	0.02	0.4						0.3	
4	(Omit)	Tace	0.3						0.3	
1-2-3	Composit (Omit)	0.01	0.6						9.5	
MM-5	9.0 feet (chip sample)	0.005	3.8							$3.59

Gold not deducted:

Charges $ 39.00 (4/5 sampling chg. included)

GOODALL BROS.

By A. V. Trent

NPCo. C-3669

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS
46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date JUL 1 - 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western American Uranium Expl. Corp. call

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-6	3.9'; chip sample	0.20	3.0							$9.70
" 7	4.0'; chip sample	0.01	0.6							$0.89

Gold not deducted: .....

Charges $ 3.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date AUG 4 - 1956

UMPIRE ASSAY _____ CONTROL ASSAY _____ HAND SAMPLE _____

ASSAYED FOR Western America Mining Exp. Corp.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MMF 8	4.5'; chip sample	0.03	1.0	0.4		None				$ 3.23
9	3.0'; chip sample	0.06	0.3	0.4		0.1				$ 3.91
10	2.8'; chip sample	0.06	0.4	0.2		0.1				$ 3.36
11	3.2'; chip sample	0.03	0.5	0.4		None				$ 2.78
12	2.0'; chip sample	0.23	3.0	0.2		None				$11.39
13	3.0'; chip sample	0.03	3.8							$ 4.47
14	2.0'; chip sample	0.01	0.5							$ 0.80
15	3.5'; chip sample	0.04	1.2							$ 2.48

Gold not deducted: _____

Charges $ 27.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date AUG 9 - 1956

UMPIRE ASSAY _____ CONTROL ASSAY _____ HAND SAMPLE _____

ASSAYED FOR Western American Uranium Exploration Corp.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MN-16	3.0'; chip sample	0.02	1.0							$ 1.60
- 17	1.4'; chip sample	0.02	1.4							$ 1.96
- 18	1.5'; chip sample	0.10	17.5	3.2		0.1				$24.99
- 19	Grab Sample	0.01	2.0							$ 2.15

Gold not deducted: _____

Charges $ 9.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date AUG 11 1956

UMPIRE ASSAY _____ CONTROL ASSAY _____ HAND SAMPLE _____

ASSAYED FOR Meridian American Uran. Corp. Corp.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-20	3.8'; chip sample	0.05	2.3	0.6		Trace		Qtz & Sulf.		$ 5.74
21	4.9'; chip sample	0.06	2.5					Oxides		$ 4.35
22	1.8'; chip sample	0.05	2.4	1.4		0.4		Qtz & Sulf.		$ 8.93
23	2.9'; chip sample	0.15	15.3	2.2		0.1		Qtz & Sulf.		$26.06
24	1.8'; chip sample	0.12	8.7	3.6		Trace		Qtz & Sulf.		$23.55
25	3.0'; chip sample	0.17	7.3					Oxides		$12.52

Gold not deducted: _____

Charges $ 2.00

#23 - Copper present
#25 - " "

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date AUG 15 1956

UMPIRE ASSAY _____ CONTROL ASSAY _____ HAND SAMPLE _____

ASSAYED FOR Western America Uranium Expl. Corp.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-26		0.06	5.6	3.0		Trace				16.74
27		0.04	0.9							
28		0.06	5.2	2.8	0.2	0.1				19.60

Gold not deducted: _____

Charges $ 12.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS
46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date AUG 21 1956

UMPIRE ASSAY _____ CONTROL ASSAY _____ HAND SAMPLE _____

ASSAYED FOR Western American Uranium Expl. Corp.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM 29		0.08	3.4	2.8		0.5				14.82 + 2 16.12
30		0.04	1.6							2.84
31		0.09	5.5	0.6	0.5	5.7				10.02 + 2 21.02
32		0.03	1.5	0.8		0.1				4.96 + 2 5.22
33		0.08	9.6	6.8	0.3	3.5				23.20 + 2 [illegible]

Gold not deducted: _____

Charges $ 22.50

GOODALL BROS.

By [illegible]

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date AUG 2 1 1958

UMPIRE ASSAY _____ CONTROL ASSAY _____ HAND SAMPLE _____

ASSAYED FOR Northern Queen Uranium Corp. Ltd.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-34		0.06	4.6	2.4	0.2	0.2				
MM-35		0.08	2.9	2.0	1.5	8.4				

Gold not deducted: _____

Charges $ 12.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date AUG 30 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western American Urani Expl. Corp.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-36		0.03	1.3	0.8	Trace	0.1				

Gold not deducted: .....

Charges $ 6.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS
46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date AUG 31 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western American Uranium Expl. Corp.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-37		0.01	0.3							
MM-38		0.02	0.9							
MM-39		0.03	1.6							
MM-40		0.03	2.9	2.8	0.2	1.6				
MM-41		0.05	3.2							

Gold not deducted: .....

Charges $ 12.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date SEP 7 - 1956

UMPIRE ASSAY _____ CONTROL ASSAY _____ HAND SAMPLE _____

ASSAYED FOR Western America Uranium Expl. Corp.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-42		0.08	10.5	2.8	0.1	3.9				$31.25

Gold not deducted: _____

Charges $ 7.00 (7.00 sampling chg. included)

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date SEP 11 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western America Montana, Inc.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
M-43		0.09	8.3	1.2		1.3				
- 44		0.01	0.9							
- 45		0.06	4.8	1.2		0.5				
- 46		0.04	1.6							
- 47		0.04	2.7	1.0		0.4				

Gold not deducted: .....

Charges $ 16.5

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date SEP 14 1956

UMPIRE ASSAY _____ CONTROL ASSAY _____ HAND SAMPLE _____

ASSAYED FOR Western American Montana Inc.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-48		0.06	3.5	1.2		0.6				
" 49		0.05	1.6	0.4		2.0				

Gold not deducted: _____

Charges $ 90

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS
46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date SEP 15 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western American Montana Inc.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
NM 50		0.01	0.8							
51		0.06	2.9							
52		0.08	16.0	3.4	1.0	5.3				[illegible]
53		0.04	2.8							
54		0.07	10.8	1.6	0.8	2.8				$30.98
55		0.02	1.3							

Gold not deducted: .....

Charges $ 18.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 3 - 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western America of Montana

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
56	MM	0.08	6.9	1.4		0.3				
57	"	0.04	1.4	0.6		0.3				
58	"	0.10	4.1	0.8		0.1				

Gold not deducted: .....

Charges $ 13.50

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 5 - 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western American Montana Inc.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-59		0.10	2.7	0.4		0.3				
✓ 60		0.03	1.2	0.2		0.2				
✓ 61		0.12	5.1	0.4		0.1				

Gold not deducted: .....

Charges $ 1.35

GOODALL BROS.

By C. E. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT. 6 - 1956

UMPIRE ASSAY _____ CONTROL ASSAY _____ HAND SAMPLE _____

ASSAYED FOR Western Gem. Montana

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM62		0.11	7.9	0.4		0.2				
63		0.04	0.9							
64		0.05	7.6							

Gold not deducted: _____

Charges $ 7.50

GOODALL BROS.

By C. A. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS
46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 11 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western Emerson Montana Inc.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MA-65		0.07	1.3	0.1		Trace				
66		0.01	1.2	0.1	Trace	Trace				
67		0.13	2.1	2.0		Trace				

Gold not deducted: .....

Charges $ 1.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 12 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western Minerals of Montana

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-68		0.05	1.2	10.8	0.2	Trace				
~ 69		0.13	4.7	1.8		Trace				

Gold not deducted: .....

Charges $ 10.50

GOODALL BROS.

By [illegible]

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 18 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Northern Minerals & Mineral

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MT-76		0.04	2.6	1.6						

Gold not deducted: .....

Charges $ 2.00

GOODALL BROS.

By G. T. Hall

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS
46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 20 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western Financial Montana

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-71		0.02	1.6	Trace						
72		0.04	5.8	3.4	0.3	0.3				

Gold not deducted: .....

Charges $ 9.00

GOODALL BROS.

By G. Trucer

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 23 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR: Meadow Creek Mining Co.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
M14-73		Trace	0.7	1.2						
✓ 74		0.06	14.3	4.0	0.3	None				
✓ 75		0.02	2.1	1.4						

Gold not deducted: .....

Charges $ 1.75

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 24 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western Investment Montana, Inc.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MNT 76		6.07	5.6	5.7	0.2	1.35				

Gold not deducted: .....

Charges $ 6.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 25 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western American of Montana, Inc.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-77		0.10	10.5	5.0						
78		0.04	6.4	4.8		0.9				
79		0.06	18.4	8.0						
80		0.23	7.2	1.6		0.7				

Gold not deducted: .....

Charges $ 15.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 26 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western Lumber of Montana, Inc.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
1 M-81		0.09	13.9	3.0						
82		0.06	6.0	4.2	0.4	0.8				

Gold not deducted: .....

Charges $ 9.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 27 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western Geophysical of Montana Inc.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MN-83		0.07	31.8	3.0	2.5	2.1				
84		0.03	7.6	2.2	0.5	0.2				

Gold not deducted: .....

Charges $ 1.75

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 30 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Montana Tunnels M.M. Mining Inc.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-25		0.04	2.6	1.8	0.4	0.2				2.30
" 26		0.04	3.1	1.2	2.5	Trace				2.72

Gold not deducted: .....

Charges $ 1.00

GOODALL BROS.

By C. L. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS
46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

WESTERN AMERICA OF MONTANA INC.
P. O. BOX 782
HELENA, MONTANA

Date SEP 22 1956

UMPIRE ASSAY ..... CONTROL ASSAY ✓ HAND SAMPLE .....

ASSAYED FOR Western America of Montana

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
N-1	Control; country rock, north cut			none		#0.32	or less	in Pb.		
S-1	Control; country rock, south cut			none		#0.38	or less	in Pb.		
	($2.00 sampling chg. added)									

Gold not deducted: .....

Charges $ 10.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date SEP 17 1956

UMPIRE ASSAY _____ CONTROL ASSAY _____ HAND SAMPLE _____

ASSAYED FOR Western Americas Montana Inc.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
MM-1	Surface Trench "A"	Tree	0.4	0.4						1.20
2	"	Tree	0.5	0.2						
3	"	Tree	0.5	0.4						1.30

($5.00 sampling charge is added)

Gold not deducted: _____

Charges $ 14.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS
46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 3 - 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Northern America Mortgage Co.

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
1	MMB	Trace	0.5	0.6						1.92
2	✓	0.07	0.6	0.3						
3	✓	Trace	0.5	0.6						1.92
4	✓	Trace	0.5	0.4						
5	✓	Trace	0.5	0.6						1.92
6	✓	Trace	0.3	0.4						
7	✓	0.06	1.2	1.0						3.00
8	✓	0.07	1.1	0.2						

Gold not deducted: .....

Charges $ 24.00

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS
46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date SEP 25 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western Concrete of Montana

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
1	Mine	0.01	0.7	0.2		0.05				
2	"	Trace	0.3	0.2						
3	"	0.005	0.4	0.1		0.1				
4	"	Trace	0.3	0.1						
5	"	0.005	0.5	0.3		0.10				$0.90
6	"	0.005	0.5	None		0.05				
7	"	Trace	0.3	0.2						

Gold not deducted: .....

Charges $ 5.00 (Includes $4.00 sampling chg.)

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 9 - 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Hierarchy Resources of Montana

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
[illegible] 1		Trace	0.2	0.2						
" 2		Trace	0.3	Trace						
" 3		0.005	0.2	0.15						
" 4		0.005	0.4	0.1						
" 5		0.03	0.5	0.2						
" 6		0.02	0.5	0.3		Trace				
" 7		Trace	0.3	0.2						
" 8		Trace	0.2	0.2						
" 9		0.005	0.3	0.2						
" 10		Trace	0.2	0.2						

Gold not deducted: .....

Charges $ 7.50 (for sampling & assays)

GOODALL BROS.

By A. V. Trent

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS

46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 12 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Northern American of Montana

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
4ME-1		0.03	6.5	3.4						$10.80
2		0.01	1.4	0.6						
3		0.02	1.4	0.2						
4		0.11	2.3	1.4		Zone				4.48
5		0.01	0.6	0.2						
6		0.005	0.3	0.1						
7		Trace	0.4	0.2						

Gold not deducted: .....

Charges $ 28.50

(Chgs include 6.00 sampling)

GOODALL BROS.

By A. R. Goodall

A. V. TRENT,
Owner-Manager

GOODALL BROTHERS

ASSAYERS AND METALLURGICAL CHEMISTS
46 South Main Street, Helena, Montana

TEL. HI 2-3770
P. O. BOX 537

Date OCT 18 1956

UMPIRE ASSAY ..... CONTROL ASSAY ..... HAND SAMPLE .....

ASSAYED FOR Western Investments of Montana

MARKS:

Sample No.	DESCRIPTION	GOLD Ozs. Per Ton	SILVER Ozs. Per Ton	WET LEAD Per Cent	COPPER Per Cent	ZINC Per Cent	IRON Per Cent	INSOL. Per Cent	Per Cent	Total Value Per Ton
WMF-1		Trace	0.3	0.6						
2		Trace	0.2	0.4						
3		Trace	Trace	0.2						
4		Trace	0.3	0.2						
5		Trace	Trace	0.2						
6		0.06	0.2	0.6						
7		Trace	0.1	0.4						
8		0.005	0.1	0.6						
9		Trace	Trace	0.4						

Gold not deducted: .....

Charges $ 27.00

GOODALL BROS.

By G. T. Brown

SURFACE MAP

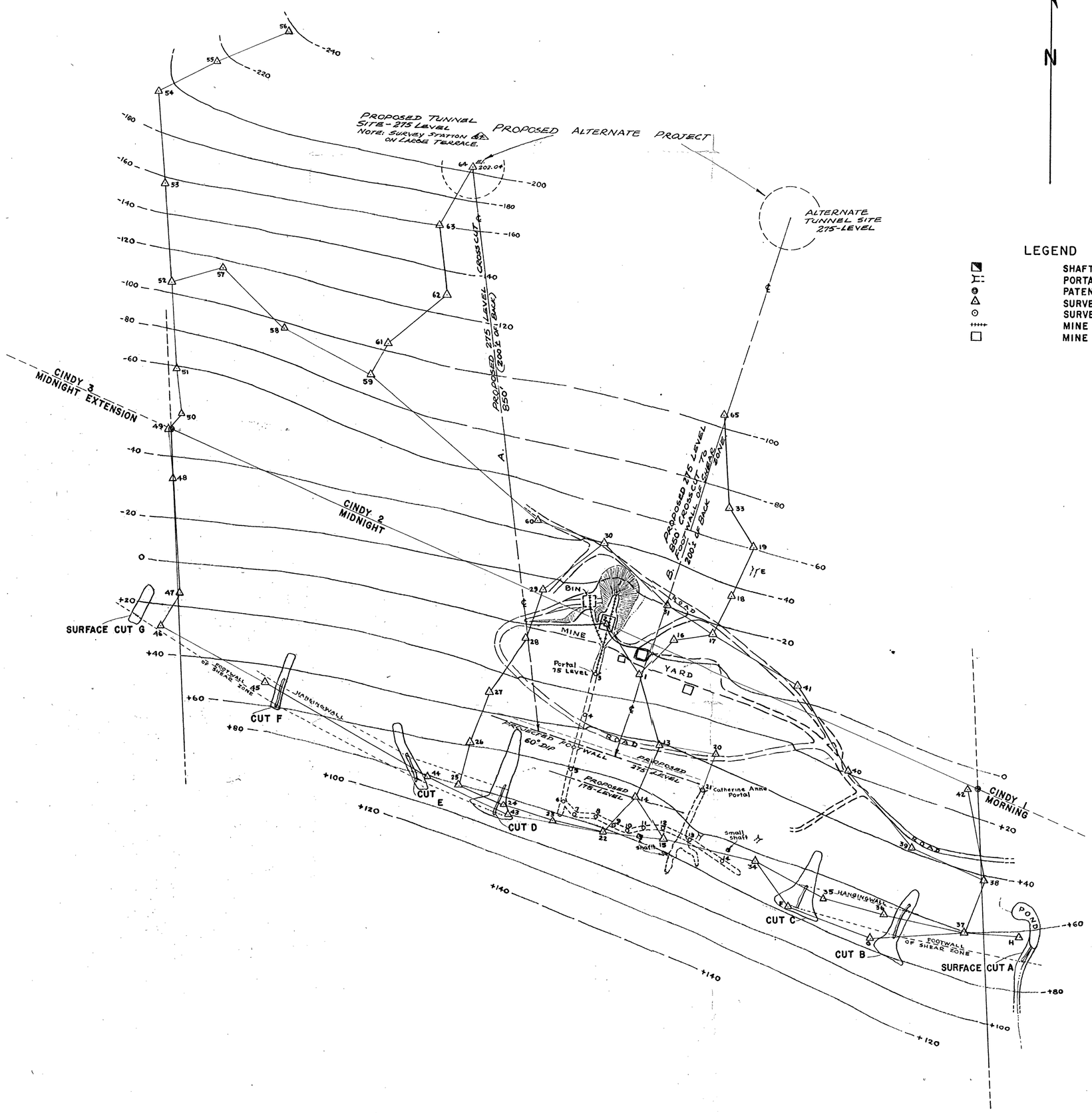
MORNING MINE

T. 7 N. , R. 5 W.
JEFFERSON COUNTY, MONTANA

SCALE: 1" = 100'

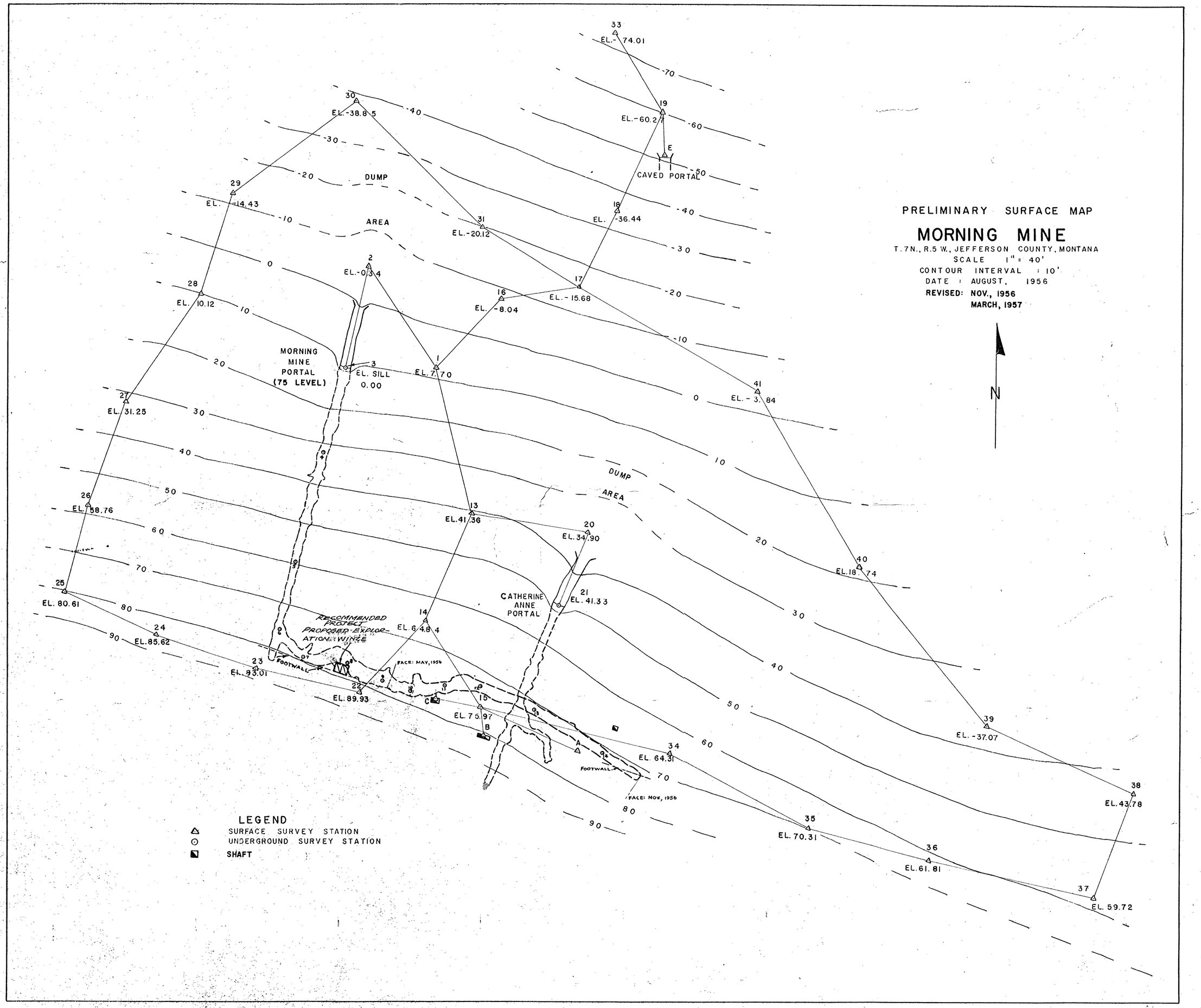
DATE: NOV., 1956

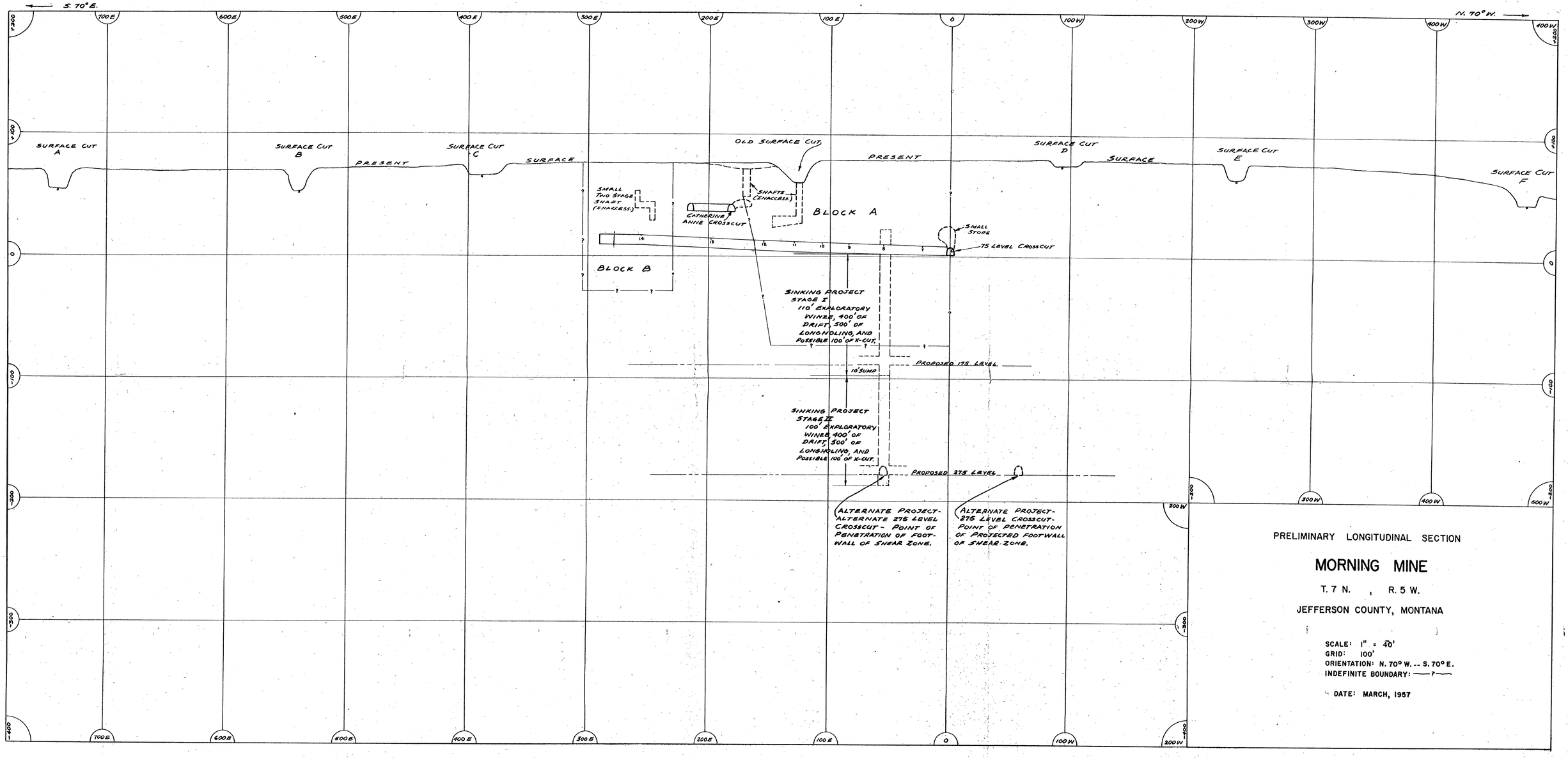
REVISED: MARCH, 1957



LEGEND

- SHAFT
- PORTAL
- PATENTED CLAIM CORNER
- SURVEY STATION, TRANSIT (SURFACE)
- SURVEY STATION, TRANSIT (UNDERGROUND)
- MINE TRACKAGE
- MINE BUILDING


PRELIMINARY SURFACE MAP
MORNING MINE
T.7N., R.5 W., JEFFERSON COUNTY, MONTANA
SCALE 1" = 40'
CONTOUR INTERVAL : 10'
DATE : AUGUST, 1956
REVISED: NOV., 1956
MARCH, 1957
N
33 EL.- 74.01
30 EL.-38.85
19 EL.-60.27
E
CAVED PORTAL
29 EL. -14.43
18 EL. -36.44
31 EL.-20.12
DUMP
AREA
2 EL.-0.34
17 EL.- 15.68
16 EL. -8.04
28 EL. 10.12
MORNING MINE PORTAL (75 LEVEL)
3 EL. SILL 0.00
1 EL. 7.70
41 EL.- 3.84
27 EL. 31.25
DUMP AREA
26 EL. 58.76
13 EL. 41.36
20 EL. 34.90
40 EL. 18.74
25 EL. 80.61
CATHERINE ANNE PORTAL
21 EL. 41.33
14 EL. 6.48.4
24 EL. 85.62
RECOMMENDED PROTECT PROPOSED EXPLORATION WINZE
FOOTWALL
FACE: MAY, 1956
23 EL. 93.01
22 EL. 89.93
15 EL. 75.97
C
B
A
34 EL. 64.31
FOOTWALL
FACE: NOV, 1956
39 EL.- 37.07
38 EL. 43.78
35 EL. 70.31
36 EL. 61.81
37 EL. 59.72
LEGEND
SURFACE SURVEY STATION
UNDERGROUND SURVEY STATION
SHAFT


S. 70° E.
N. 70° W.
700E
600E
500E
400E
300E
200E
100E
0
100W
200W
300W
400W
500W
+200
+100
0
-100
-200
-300
-400
SURFACE CUT A
SURFACE CUT B
SURFACE CUT C
PRESENT SURFACE
OLD SURFACE CUT
PRESENT SURFACE
SURFACE CUT D
SURFACE CUT E
SURFACE CUT F
SMALL TWO STAGE SHAFT (FINALLESS)
SHAFTS (FINALLESS)
CATHERINE ANNE CROSSCUT
BLOCK A
BLOCK B
SMALL STOPE
75 LEVEL CROSSCUT
SINKING PROJECT STAGE I
110' EXPLORATORY WINZE, 400' OF DRIFT, 500' OF LONGHOLING, AND POSSIBLE 100' OF X-CUT.
PROPOSED 175 LEVEL
10' SUMP
SINKING PROJECT STAGE II
100' EXPLORATORY WINZE, 400' OF DRIFT, 500' OF LONGHOLING, AND POSSIBLE 100' OF X-CUT.
PROPOSED 275 LEVEL
ALTERNATE PROJECT- ALTERNATE 275 LEVEL CROSSCUT - POINT OF PENETRATION OF FOOTWALL OF SHEAR ZONE.
ALTERNATE PROJECT- 275 LEVEL CROSSCUT- POINT OF PENETRATION OF PROJECTED FOOTWALL OF SHEAR ZONE.
PRELIMINARY LONGITUDINAL SECTION
MORNING MINE
T. 7 N. , R. 5 W.
JEFFERSON COUNTY, MONTANA
SCALE: 1" = 40'
GRID: 100'
ORIENTATION: N. 70° W. -- S. 70° E.
INDEFINITE BOUNDARY: —?—
DATE: MARCH, 1957