MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090 –
Contract Date

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Siskiyou, State of California,

described as follows:[2] Blue Ledge Number Three M.C., West Blue Ledge Number Two M.C. and West Blue Ledge Three M.C. All the above listed claims are patented lode mining claims, U.S. Letters Patent #240908 included in U.S. Survey No. 4548 and lie in portions of section 3 in Township 47N and section 34 in Township 48N all in Siskiyou County, Calif. Range 11 W of the Mt. Diablo Meridian,

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

Blue Ledge Copper Mines Inc.[3]

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance 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]

2. 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.

3. 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 blank.)

Agreement dated 3 July, 1968, wherein Transcontinental Resources Ltd. assigns to Jason Explorers Ltd. the option to acquire 75% of the issued shares of Blue Ledge Copper Mines Inc., the holder of these lands.

1/ 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 must be inserted above. If the space provided is insufficient, use an Annex and ref to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. 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 true copies of such notice; and

5. 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.

6. Added provisions ____ none ____ (State "None" or "See Annex No. ____".)

Dated this 14th day of February, 19 69.

TRANSCONTINENTAL RESOURCES LIMITED

Director — Suite 401, 1033 Davie Street (Street)

Secretary (Seal) — Vancouver 5, British Columbia (City & State)

BLUE LEDGE COPPER MINES INCORPORATED

Director — Suite 401, 1033 Davie Street, (Street)

Secretary (Seal) — Vancouver 5, British Columbia. (City & State)

(Street)

(Seal) (City & State)

(Street)

(Seal) (City & State)

JASON EXPLORERS LTD. (N.P.L.)

Director — 1170 Bentall Centre, 505 Burrard Street (Street)

Secretary (Seal) — Vancouver 1, B.C. (City & State)

(Street)

(Seal) (City & State)

We, ~~I~~ Frederick William Schroeder and D. E. Betchley (Name), certify that ~~I am the~~ we are a Director and the Secretary (Title—Secretary, etc.) respectively of the corporation named herein; that F. W. Schroeder and D. E. Betchley (Name), who signed this agreement were ~~was~~ then a Director and the Secretary respectively (Title—Pres., Vice-Pres., 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.

Director

Secretary

(Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
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LIEN AND SUBORDINATION AGREEMENTS[1]

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Blue Ledge Copper Mines Inc.[3]

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance 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]

2. 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.

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5. 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.

6. Added provisions none (State "None" or "See Annex No. ____".)

Dated this 1-8th day of February, 19 69.

TRANSCONTINENTAL RESOURCES LIMITED

Director — Suite 401, 1033 Davie Street (Street)

Secretary (Seal) — Vancouver 5, British Columbia (City & State)

BLUE LEDGE COPPER MINES INCORPORATED

Director — Suite 401, 1033 Davie Street. (Street)

Secretary (Seal) — Vancouver 5, British Columbia. (City & State)

(Street)

(Seal) (City & State)

JASON EXPLORERS LTD. (N.P.L.)

Director — 1170 Bentall Centre, 505 Burrard Street (Street)

Secretary (Seal) — Vancouver 1, B.C. (City & State)

(Street)

(Seal) (City & State)

(Street)

(Seal) (City & State)

We, Frederick William Schroeder and D. E. Botchley (Name), certify that we are I am the a Director and the Secretary (Title—Secretary, etc.) respectively of the corporation named herein; that F. W. Schroeder and D. E. Botchley (Name), who signed this agreement were was then a Director and the Secretary respectively of said corporation; that said agreement was duly signed for and (Title—Pres., Vice-Pres., etc.)

in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

Director.

Secretary

(Corporate Seal)

INT.-DOP. SEC., WASH., D.C. 21103

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
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Contract Date

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6. Added provisions ____ none ____ (State "None" or "See Annex No.____".)

Dated this 14th day of February, 19 69.

TRANSCONTINENTAL RESOURCES LIMITED

[signature]	Director	Suite 91, 1069 Davie Street	(Street)
D.E. Betchley	Secretary (Seal)	Vancouver 5, British Columbia	(City & State)

BLUE LAKE COPPER MINES INCORPORATED

[signature]	Director	Suite 91, 1069 Davie Street	(Street)
D.E. Betchley	Secretary (Seal)	Vancouver 5, British Columbia	(City & State)
			(Street)
	(Seal)		(City & State)

JASON EXPLORERS LTD. (N.P.L.)

Walter L. Beyer	Director	1170 Bentall Centre, 505 Burrard Street	(Street)
[signature]	Secretary (Seal)	Vancouver 1, B.C.	(City & State)
			(Street)
	(Seal)		(City & State)
			(Street)
	(Seal)		(City & State)

We, ~~I~~ Frederick William Schroeder and D. E. Betchley (Name), certify that ~~I am the~~ we are a Director and the Secretary (Title—Secretary, etc.) respectively of the corporation named herein; that F. W. Schroeder and D. E. Betchley (Name), who signed this agreement ~~was~~ were then a Director and the Secretary respectively (Title—Pres., Vice-Pres., 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.

[signature] Director

D.E. Betchley Secretary

(Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090 –
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6. Added provisions ____ none ____ (State "None" or "See Annex No.____".)

Dated this 1 th day of February, 19 [illegible].

TRANSCONTINENTAL RESOURCES LIMITED

Director — Suite 401, 1033 Davie Street (Street)

Secretary (Seal) — Vancouver 5, British Columbia (City & State)

BLUE LEDGE COPPER MINES INCORPORATED

Director — Suite 401, 1033 Davie Street, (Street)

Secretary (Seal) — Vancouver 5, British Columbia. (City & State)

(Seal) — (Street) (City & State)

JASON EXPLORERS LTD. (N.P.L.)

Director — 1170 Bentall Centre, 505 Burrard Street (Street)

Secretary (Seal) — Vancouver 1, B.C. (City & State)

(Seal) — (Street) (City & State)

(Seal) — (Street) (City & State)

I, Mr. Frederick William Schroeder and D. C. Butchley (Name), certify that I am the we are a Director and the Secretary respectively (Title—Secretary, etc.) of the corporation named herein; that F. W. Schroeder and D. C. Butchley (Name), who signed this agreement was then a Director and the Secretary respectively of said corporation; that said agreement was duly signed for and (Title—Pres., Vice-Pres., etc.)

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Secretary

(Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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Dated this 1 th day of February, 19 .

TRANSCONTINENTAL RESOURCES LIMITED			
Director		Suite 401, 1033 Davie Street	(Street)
Secretary	(Seal)	Vancouver 5, British Columbia	(City & State)
CLUA LAKES COPPER MINES INCORPORATED			
Director		Suite 401, 1033 Davie Street,	(Street)
Secretary	(Seal)	Vancouver 5, British Columbia.	(City & State)
			(Street)
	(Seal)		(City & State)
JASON EXPLORERS LTD. (N.P.L.)			
Director		1170 Bentall Centre, 505 Burrard Street	(Street)
Secretary	(Seal)	Vancouver 1, B.C.	(City & State)
			(Street)
	(Seal)		(City & State)
			(Street)
	(Seal)		(City & State)

I, (Name) and D. E. Bechtley, certify that I am the (Title—Secretary, etc.) Director and the Secretary of the corporation named herein; that (Name) E. U. Schroeder and D. E. Bechtley, who signed this agreement was then (Title—Pres., Vice-Pres., etc.) Director and the Secretary respectively 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.

Director

Secretary

(Corporate Seal)

DRAFT 10/28/70
HKirkemo/bl/gla

MME Form 50
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. GEOLOGICAL SURVEY

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME -6777	Copper		Siskiyou	California

It is agreed _____ (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Jason Explorers Ltd. (N.P.L.), a Canadian corporation

whose mailing address is 775 Bentall Centre, 555 Burrard Street, Vancouver 1, B. C., Canada, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 12 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $ 35,300.00. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $ 17,650.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of ____ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

ARTICLE 2. Operator's right in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

See Annex I

(b) 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 lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

See Annex I

(c) The Operator shall preserve and maintain his right, title, or 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. 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 royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability **insurance** covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(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 (see Article 6(a), Category (1)). 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, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration 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 production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.-- The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(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 and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. 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. 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 all pertinent books, documents, papers, and records of the Operator. 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) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; 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; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

(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 three copies of a final report (in addition to the final monthly report). 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 the related costs.

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

(e) Compliance with requirements.--If the Government determines that 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 preparation or completion of the same 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 6. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article, or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

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

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [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 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.--Costs of items listed under this category include all requirements, 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 total of this category is a maximum.

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

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

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, 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 total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--In addition to the limitations imposed by paragraph (a) of this Article the Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs 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 total cost. The provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retains his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract, or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, 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 (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or Producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) 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.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used 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, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used 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 thereof in the form in which and at the time 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) Lien for payment.--To secure the payment of royalty (see Article 7(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer 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 Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 8. 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, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, 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, sale to others, purchase by the Operator, or sale or transfer to 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 that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that 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 offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), 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 exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, 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:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be 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; and

(3) 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 9. Termination of the Government's obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is 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 final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is 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 final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 9 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 13.

ARTICLE 10. Notices to be given by the Government may be delivered to the Operator, or may be sent by certified 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 11. 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 12. Nondiscrimination in Employment. The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961 as amended and supplemented are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 14. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for

liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 15. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 16. Changes and added provision.--

_____

_____

_____

_____

Executed in ~~quintuplicate~~ quadruplicate the day and year first above written.

JASON EXPLORERS LTD. (N.P.L.)

(Operator)

By _____

Title _____

THE UNITED STATES OF AMERICA

By _____

Director, U. S. Geological Survey

I, _____ (Name), certify that I am the _____ secretary of the corporation named as Operator herein; that _____ (Name), who signed this contract on behalf of the Operator, was then _____ (Title) 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]

EXPLORATION CONTRACT
JASON EXPLORERS LTD. (N.P.L.)
OME-6777

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of twelve (12) patented lode mining claims situated in secs. 22, 27, and 34, T. 48 N., R. 11 W., Mount Diablo Meridian, Elliott mining district, Siskiyou County, California. These claims are shown on Figure 1, entitled "Property map of the north part of the Blue Ledge, et al., Group of claims, Siskiyou County, California showing proposed exploration," which is attached and made part hereof.

The patented claims are included in U. S. Mineral Survey No. 4548, U. S. Letters ~~Patent No. 240908 and identified as follows:~~ Patent No. 240908, and identified as follows:

West Blue Ledge No. 2	No. 1 Midway
Blue Ledge No. 3	No. 2 Midway
East Blue Ledge No. 1	No. 3 Midway
Brown Bear	Nabob No. 2
Blue Ledge No. 2	Nabob No. 1
Blue Ledge No. 4	Nabob

The Operator is in possession of these claims under terms of a Memorandum of Agreement executed July 3, 1968, between Blue Ledge Copper Mines, Incorporated, the owner; Transcontinental Resources Ltd., the parent company of Blue Ledge Copper Mines, Inc.; and Jason Explorers Ltd.

A Performance Bond in lieu of Lien and Subordination Agreements in the amount of $17,650.00 will be furnished by the Operator, and attached and made part hereof.

~~120E~~ WE

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WLEmerick/bsl

120

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EXPLORATION CONTRACT
JASON EXPLORERS LTD. (N.P.L.)
OME-6777

EXHIBIT A

The purpose of this project is to test or explore by inclined diamond core drilling from prepared surface sites copper-bearing geochemical anomalies for copper-bearing deposits in and the northern extension of the Blue Ledge shear zone deposit occurring in schistose rocks of probable Paleozoic age.

GENERAL PROVISIONS

All drill holes shall be completed to standard BX core size or equivalent wire line size.

All drill holes shall be cased as necessary. The Government will not contribute to the cost of casing left in a hole at the Operator's request.

Diamond drill core shall be stored in boxes identified by hole numbers with markers in the core sections indicating the depths represented.

Facilities shall be provided for recovering drill sludge, and such sludge shall be retained when drilling in significantly mineralized rock.

All drill core shall be logged and significantly mineralized core shall be split and one split assayed. Whenever core recovery is less than 60 percent, a split of the corresponding retained sludge shall be assayed separately. The remaining core shall be stored in

proper sequence with the unsampled core, and the remaining sludge shall be stored in suitable containers properly identified as to hole number and depth.

All splits of samples for assay shall be analyzed for copper, zinc, gold, and silver.

True copies of assay certificates, copies of drill logs, and maps or sketches showing the work completed during the reporting period, the location and width of all samples taken, and the geological formations and structures traversed by the drill holes shall be furnished monthly to the Government.

Stored samples shall be made available for Government inspection and possible use, and may be disposed of only with prior Government approval.

The Operator shall provide such supervision, labor, and technical services as may be required to perform the work in a satisfactory manner.

The Government shall not contribute to the costs of incomplete drill holes.

The location, direction, and extent of each work item shall be subject to Government approval.

DESCRIPTION OF THE WORK

The work shall consist of preparing access roads and surface drill sites and drilling eight inclined diamond drill holes eastward from five prepared sites to test ~~copper-bearing~~ geochemical anomalies of copper

north of the Blue Ledge deposit, and two inclined diamond drill holes westward from one prepared site to explore the northern extension of the main ore zone of the Blue Ledge deposit. It is estimated that a total of 2,500 feet of drilling, including overburden drilling, will be required.

The approximate locations and directions of the drill holes are shown in plan view on Figure 1, entitled "Property map of the north part of the Blue Ledge, et al., Group of Claims, Siskiyou County, California, showing proposed exploration," attached and made part hereof.

The approximate bearings, inclinations, and depths of the proposed holes are as follows:

Hole No.	Bearing	Inclination, degrees	Depth, feet
1	Due E	-30	150
2	Due E	-60	225
3	Due E	-30	250
4	Due E	-60	400
5	Due E	-30	300
6	Due E	-60	500
7	Due E	-30	125
8	Due E	-30	150
9	S.75° W.	-30	200
10	N.55° W.	-30	200
			2,500

ESTIMATED COSTS OF THE PROJECT

Actual Costs

Category (1) Independent Contracts

Preparation for Drilling

Mobilization and demobilization of bulldozer, D-7 size or larger, 3 trips in and out @ $100.00/ea.	$ 300.00
Bulldozing drill sites and access roads, including snow removal and maintenance of roads, 100 hours @ $21.00/hr.	2,100.00

Drilling

Mobilization and demobilization of drill rig	600.00
Diamond core drilling from surface sites, 2,500 feet	20,300.00

Depth, feet	Price per foot BX Conventional or Wireline
0-500	$8.00
500-750	9.00

Reaming, casing, cementing, drilling cement, etc., 120 hours @ $17.50/hr.	2,100.00
Moving between from hole to holes, 5 moves @ $100.00/ea.	500.00

Standby time, after 72 hours of		
free time,		
60 hours @ $9.50/hr.	$ 570.00	
Cement, drill mud, additives, etc.	420.00	
Core boxes,		
250 @ $1.40/ea.	350.00	
Lost casing,		
100 feet @ $2.50/ft.	250.00	
		$27,490.00

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

Field engineer and supervisor,	
3 months @ $1,500/mo.	4,500.00

Category (3) Operating Materials and Supplies

Core splitter, 1 @ $50.00	50.00

Category (7) Miscellaneous

None except:

Travel of supervisor to and from	
Vancouver, B.C.,	
2 trips @ $100.00/ea.	200.00

Vehicle travel on project,		
3,000 miles @ $0.12/mi.	$ 360.00	
Communication costs, field		
supervisor and home office	100.00	
Accounting and office expense,		
including preparation of		
final report,		
4 months @ $~~100~~ 75.00/mo.	~~400.00~~ 300.00	
Assaying for gold, silver,		
copper and zinc,		
~~200~~ 209 samples @ $11.00/sample (rounded)	~~2,200.00~~ 2,300.00	
		$3,260.00
Total Estimated Cost of the Project		$35,300.00

OME paid $10 per sample on OME-6577 from E. Smith contract

SUMMARY

Total Estimated Cost	$35,300.00
Government Participation @ 50 percent	$17,650.00

1 copy map (Figure 1) attached
to this copy

DRAFT 10/28/70
HKirkemo/bl/gla

MME Form 50
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. GEOLOGICAL SURVEY

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME -6777	Copper		Siskiyou	California

It is agreed _____ (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Jason Explorers Ltd. (N.P.L.), a Canadian corporation

whose mailing address is 775 Bentall Centre, 555 Burrard Street, Vancouver 1, B. C., Canada, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 12 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $ 35,300.00. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $ 17,650.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of _____ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

ARTICLE 2. Operator's right in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

See Annex I

(b) 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 lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

See Annex I

(c) The Operator shall preserve and maintain his right, title, or 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. 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 royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(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 (see Article 6(a), Category (1)). 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, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration 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 production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.-- The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(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 and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. 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. 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 all pertinent books, documents, papers, and records of the Operator. 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) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; 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; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

(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 three copies of a final report (in addition to the final monthly report). 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 the related costs.

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

(e) Compliance with requirements.--If the Government determines that 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 preparation or completion of the same 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 6. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article, or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

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

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [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 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.--Costs of items listed under this category include all requirements, 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 total of this category is a maximum.

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

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

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, 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 total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--In addition to the limitations imposed by paragraph (a) of this Article the Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs 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 total cost. The provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retains his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract, or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, 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 (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or Producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) 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.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used 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, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used 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 thereof in the form in which and at the time 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) Lien for payment.--To secure the payment of royalty (see Article 7(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer 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 Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 8. 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, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, 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, sale to others, purchase by the Operator, or sale or transfer to 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 that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that 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 offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), 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 exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, 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:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be 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; and

(3) 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 9. Termination of the Government's obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is 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 final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is 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 final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 9 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 13.

ARTICLE 10. Notices to be given by the Government may be delivered to the Operator, or may be sent by certified 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 11. 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 12. Nondiscrimination in Employment. The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961 as amended and supplemented are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 14. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for

liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 15. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 16. Changes and added provision.--

_____

_____

_____

_____

Executed in quadruplicate the day and year first above written.

JASON EXPLORERS LTD. (N.P.L.)

_____
(Operator)

By_____

Title_____

THE UNITED STATES OF AMERICA

By_____
Director, U. S. Geological Survey

I, _____, certify that I am the
(Name)

_____ secretary of the corporation named as Operator herein; that

_____, who signed this contract on behalf of the Operator, was then
(Name)

_____ of said corporation; that said contract was duly signed for
(Title)

and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____

[CORPORATE SEAL]

EXPLORATION CONTRACT
JASON EXPLORERS LTD. (N.P.L.)
OME-6777

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of twelve (12) patented lode mining claims situated in secs. 22, 27, and 34, T. 48 N., R. 11 W., Mount Diablo Meridian, Elliott mining district, Siskiyou County, California. These claims are shown on Figure 1, entitled "Property map of the north part of the Blue Ledge, et al., Group of claims, Siskiyou County, California showing proposed exploration," which is attached and made part hereof.

The patented claims are included in U. S. Mineral Survey No. 4548, U. S. Letters ~~Patent Mp/ 240908 and identified as follows:~~ Patent No. 240908, and identified as follows:

West Blue Ledge No. 2	No. 1 Midway
Blue Ledge No. 3	No. 2 Midway
East Blue Ledge No. 1	No. 3 Midway
Brown Bear	Nabob No. 2
Blue Ledge No. 2	Nabob No. 1
Blue Ledge No. 4	Nabob

The Operator is in possession of these claims under terms of a Memorandum of Agreement executed July 3, 1968, between Blue Ledge Copper Mines, Incorporated, the owner; Transcontinental Resources Ltd., the parent company of Blue Ledge Copper Mines, Inc.; and Jason Explorers Ltd.

A Performance Bond in lieu of Lien and Subordination Agreements in the amount of $17,650.00 will be furnished by the Operator, and attached and made part hereof.

DRAFT 10/22/70
WLEmerick/bsl

EXPLORATION CONTRACT
JASON EXPLORERS LTD. (N.P.L.)
OME-6777

EXHIBIT A

The purpose of this project is to ~~xxxxxx~~ explore by inclined diamond core drilling from prepared surface sites ~~xxxxxxxxxx~~ for copper-bearing deposits in geochemical anomalies/~~xxxxxxxxxxxxxxxxxxxxxx~~ the Blue Ledge shear zone ~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ occurring in schistose rocks of probable Paleozoic ~~or Mesozoic~~ age.

GENERAL PROVISIONS

All drill holes shall be completed to standard BX core size or equivalent wire line size.

All drill holes shall be cased as necessary. The Government will not contribute to the cost of casing left in a hole at the Operator's request.

Diamond drill core shall be stored in boxes identified by hole numbers with markers in the core sections indicating the depths represented.

Facilities shall be provided for recovering drill sludge, and such sludge shall be retained when drilling in significantly mineralized rock.

All drill core shall be logged and significantly mineralized core shall be split and one split assayed. Whenever core recovery is less than 60 percent, a split of the corresponding retained sludge shall be assayed separately. The remaining core shall be stored in

proper sequence with the unsampled core, and the remaining sludge shall be stored in suitable containers properly identified as to hole number and depth.

All splits of samples for assay shall be analyzed for copper, zinc, gold, and silver.

True copies of assay certificates, copies of drill logs, and maps or sketches showing the work completed during the reporting period, the location and width of all samples taken, and the geological formations and structures traversed by the drill holes shall be furnished monthly to the Government.

Stored samples shall be made available for Government inspection and possible use, and may be disposed of only with prior Government approval.

The Operator shall provide such supervision, labor, and technical services as may be required to perform the work in a satisfactory manner.

The Government shall not contribute to the costs of incomplete drill holes.

The location, direction, and extent of each work item shall be subject to Government approval.

DESCRIPTION OF THE WORK

The work shall consist of preparing access roads and surface drill sites and drilling eight inclined diamond drill holes eastward from five prepared sites to test ~~copperxbearing~~ geochemical anomalies of copper

north of the Blue Ledge deposit, and two inclined diamond drill holes westward from one prepared site to explore the northern extension of the main ore zone of the Blue Ledge deposit. It is estimated that a total of 2,500 feet of drilling, including overburden drilling, will be required.

The approximate locations and directions of the drill holes are shown in plan view on Figure 1, entitled "Property map of the north part of the Blue Ledge, et al., Group of Claims, Siskiyou County, California, showing proposed exploration," attached and made part hereof.

The approximate bearings, inclinations, and depths of the proposed holes are as follows:

Hole No.	Bearing	Inclination, degrees	Depth, feet
1	Due E	-30	150
2	Due E	-60	225
3	Due E	-30	250
4	Due E	-60	400
5	Due E	-30	300
6	Due E	-60	500
7	Due E	-30	125
8	Due E	-30	150
9	S 75° W.	-30	200
10	N 55° W.	-30	200
			2,500

ESTIMATED COSTS OF THE PROJECT

Actual Costs

Category (1) Independent Contracts

Preparation for Drilling

Mobilization and demobilization of bulldozer, D-7 size or larger, 3 trips in and out @ $100.00/ea.	$ 300.00
Bulldozing drill sites and access roads, including snow removal and maintenance of roads, 100 hours @ $21.00/hr.	2,100.00

Drilling

Mobilization and demobilization of drill rig	600.00
Diamond core drilling from surface sites, 2,500 feet	20,300.00

Depth, feet	Price per foot BX Conventional or Wireline
0-500	$8.00
500-750	9.00

Reaming, casing, cementing, drilling cement, etc., 120 hours @ $17.50/hr.	2,100.00
Moving ~~from hole to~~ between holes 5 moves @ $100.00/ea.	500.00

Standby time, after 72 hours of free time,		
60 hours @ $9.50/hr.	$ 570.00	
Cement, drill mud, additives, etc.	420.00	
Core boxes,		
250 @ $1.40/ea.	350.00	
Lost casing,		
100 feet @ $2.50/ft.	250.00	
		$27,490.00

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

Field engineer and supervisor,		
3 months @ $1,500/mo.		4,500.00

Category (3) Operating Materials and Supplies

Core splitter, 1 @ $50.00		50.00

Category (7) Miscellaneous

None except:

Travel of supervisor to and from Vancouver, B.C.,		
2 trips @ $100.00/ea.	200.00	

Vehicle travel on project,		
3,000 miles @ $0.12/mi.	$ 360.00	
Communication costs, field supervisor and home office	100.00	
Accounting and office expense, including preparation of final report,		
4 months @ $~~100~~ 75.00/mo.	~~400~~ 300.00	
Assaying for gold, silver, copper and zinc,		
~~200~~ 209 samples @ $11.00/sample (rounded)	~~2,200.00~~ 2,300.00	
		$3,260.00
Total Estimated Cost of the Project		$35,300.00

SUMMARY

Total Estimated Cost	$35,300.00
Government Participation ~~of~~ @ 50 percent	$17,650.00

209 samples @ $11 = $2299.00

210 samples @ $11 = $2310.00

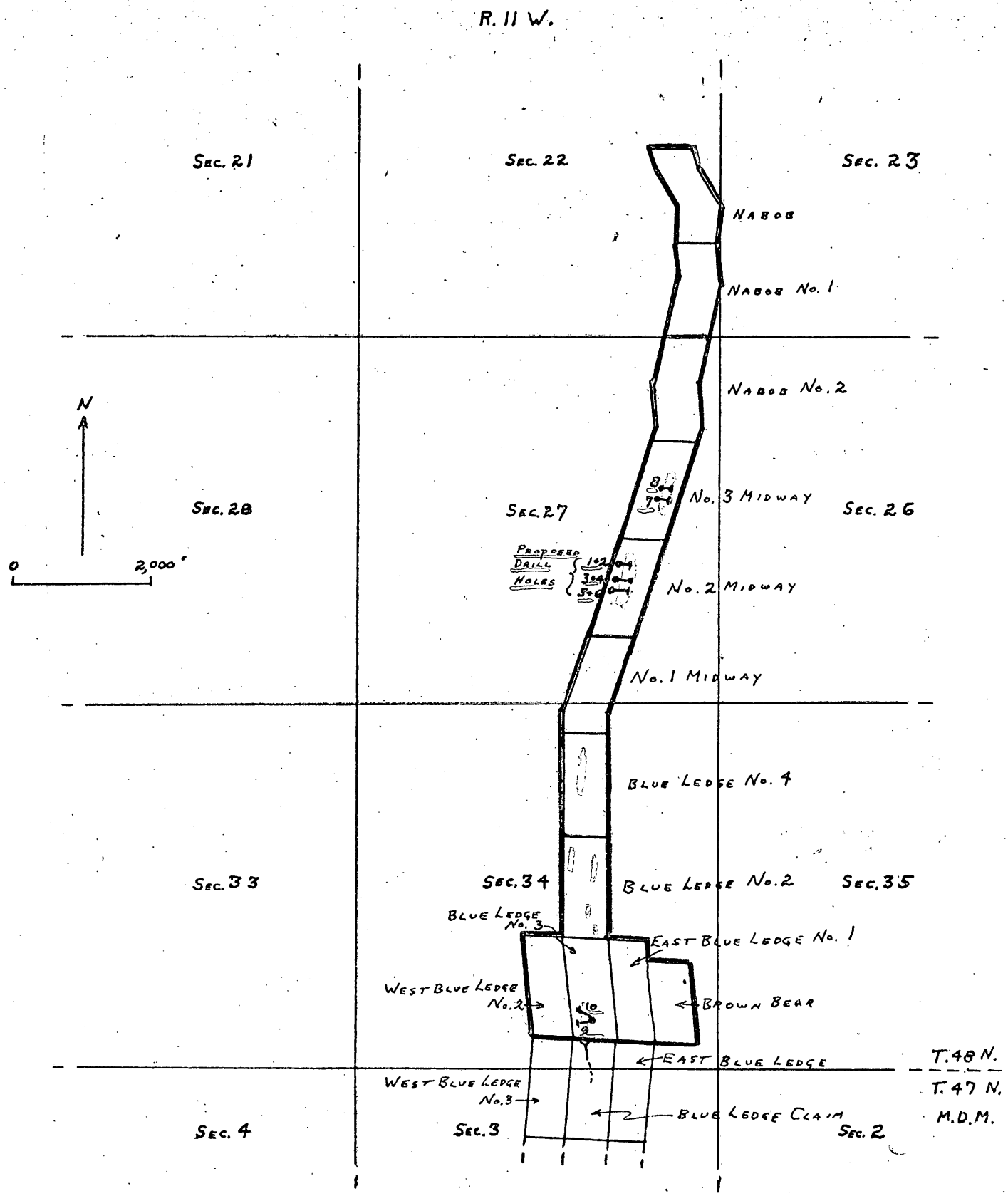
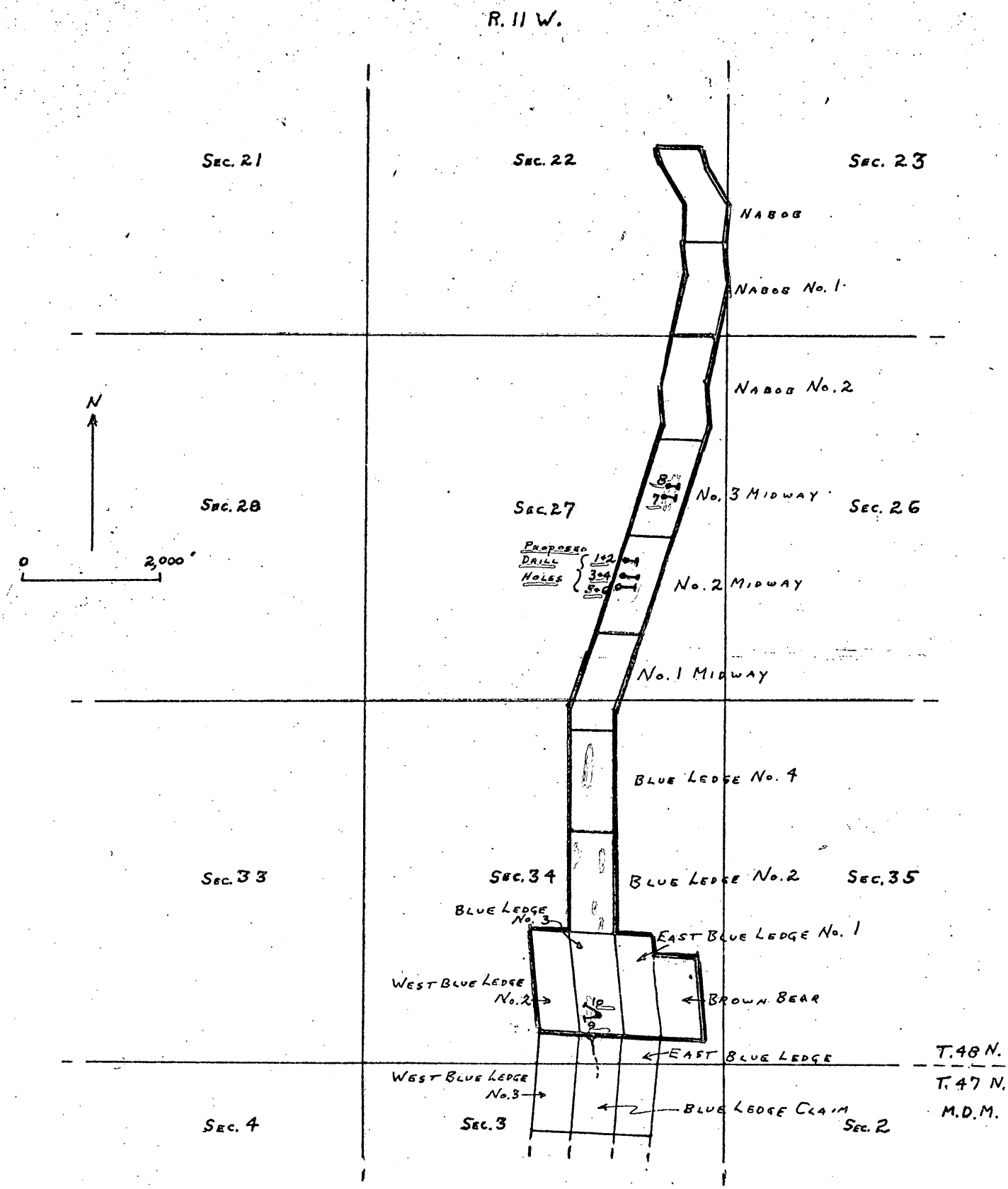


Figure 1.--Property map of the north part of the Blue Ledge, et al., Group of Claims, Siskiyou County, California, showing proposed exploration.



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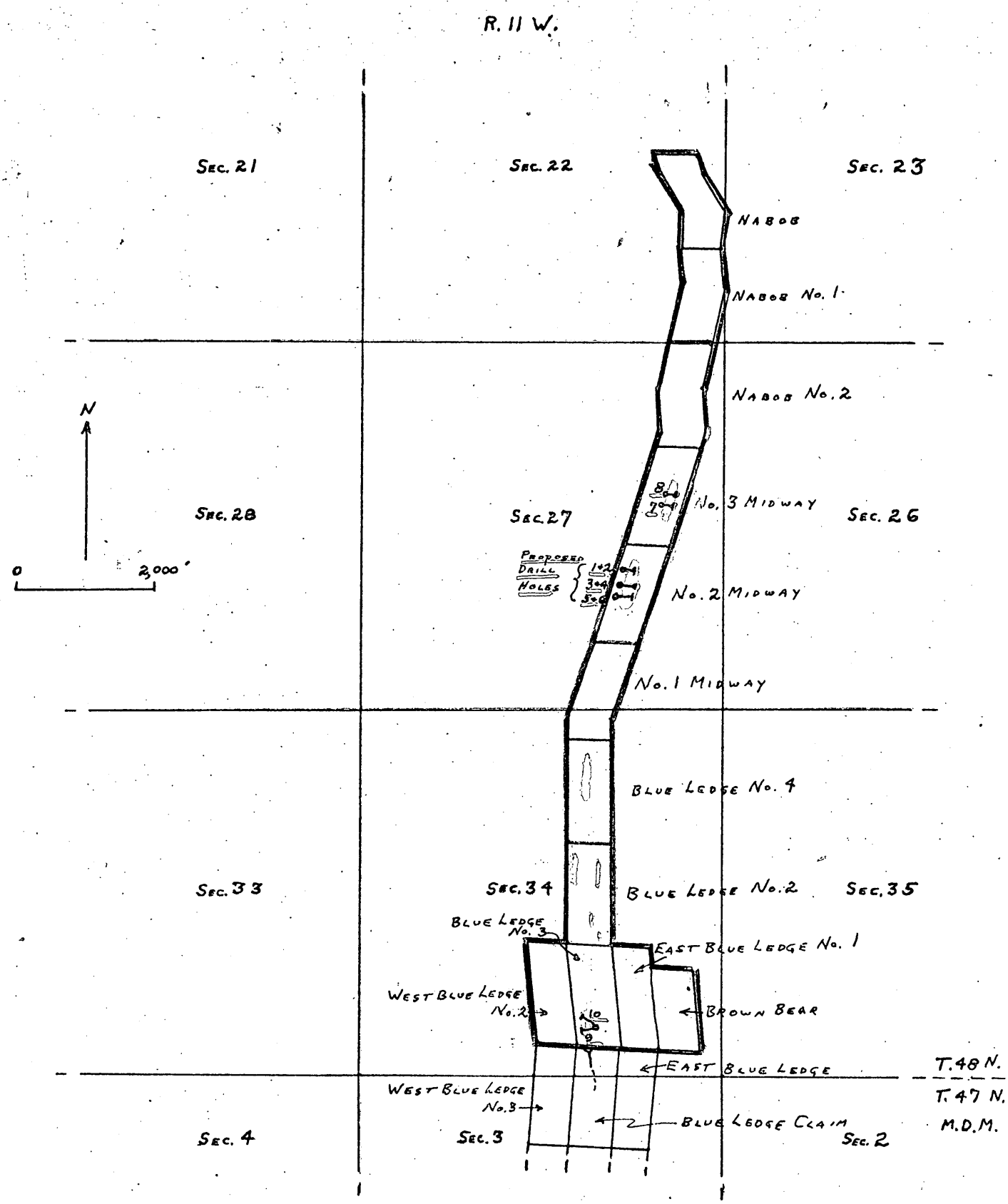

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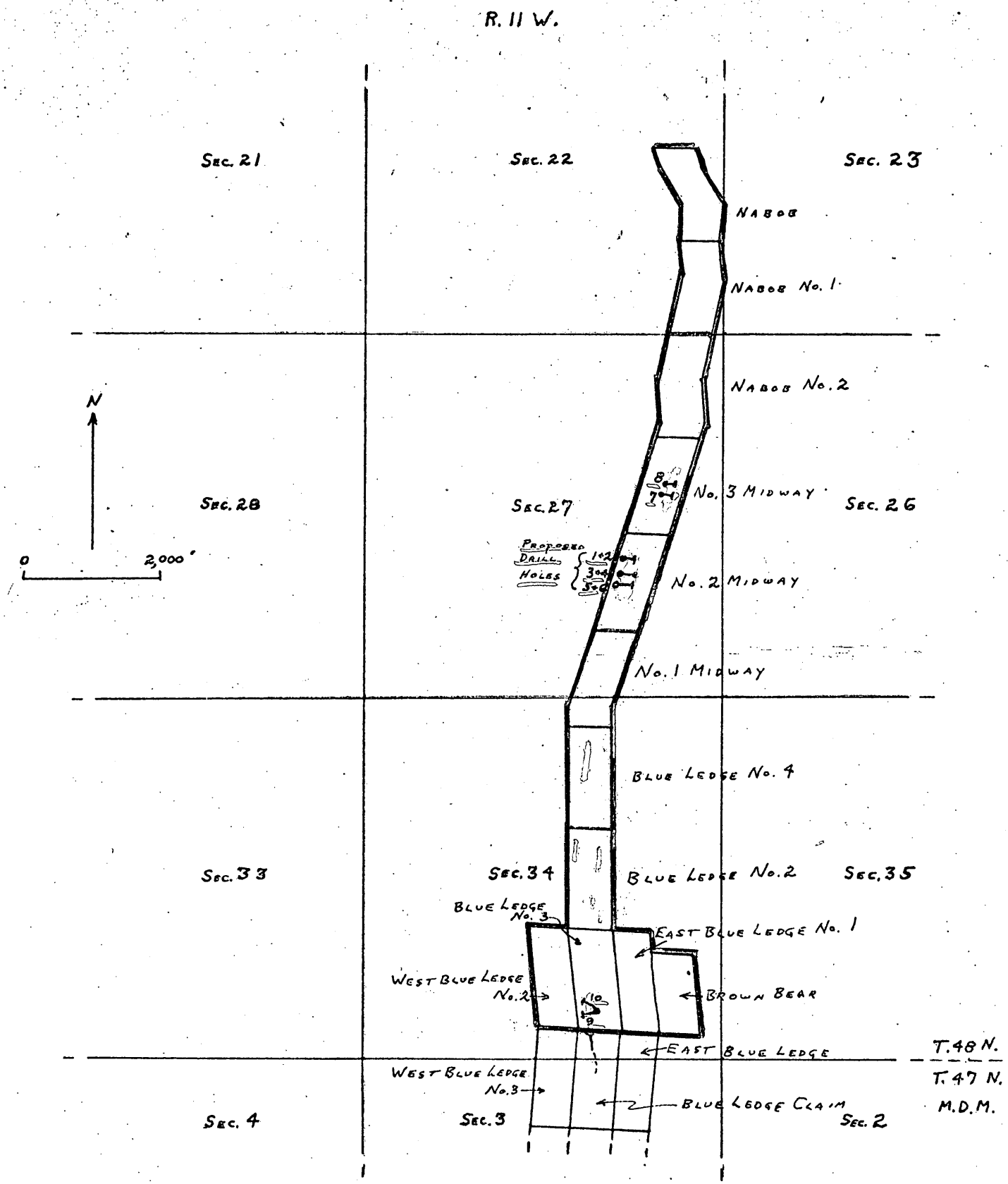

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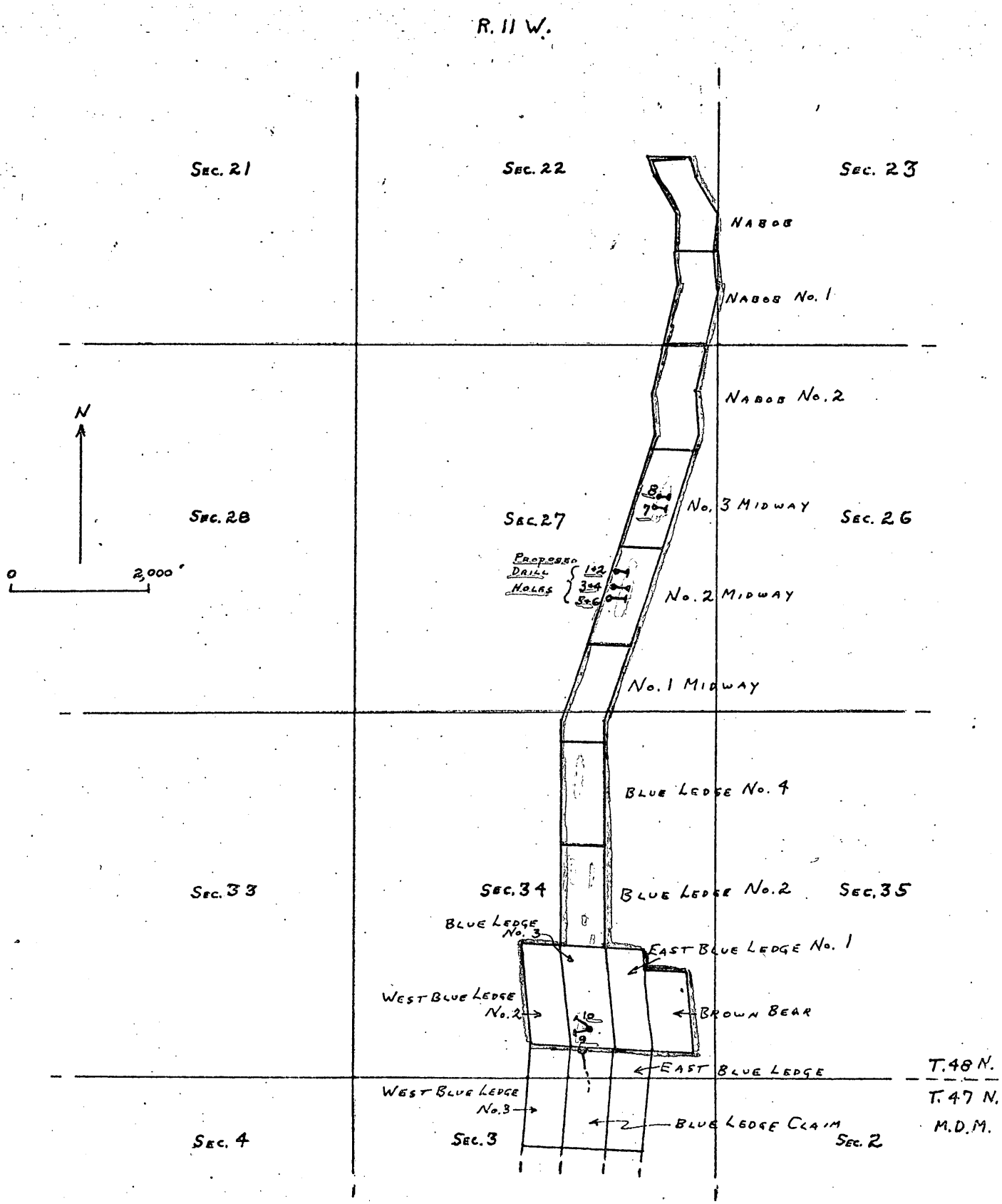

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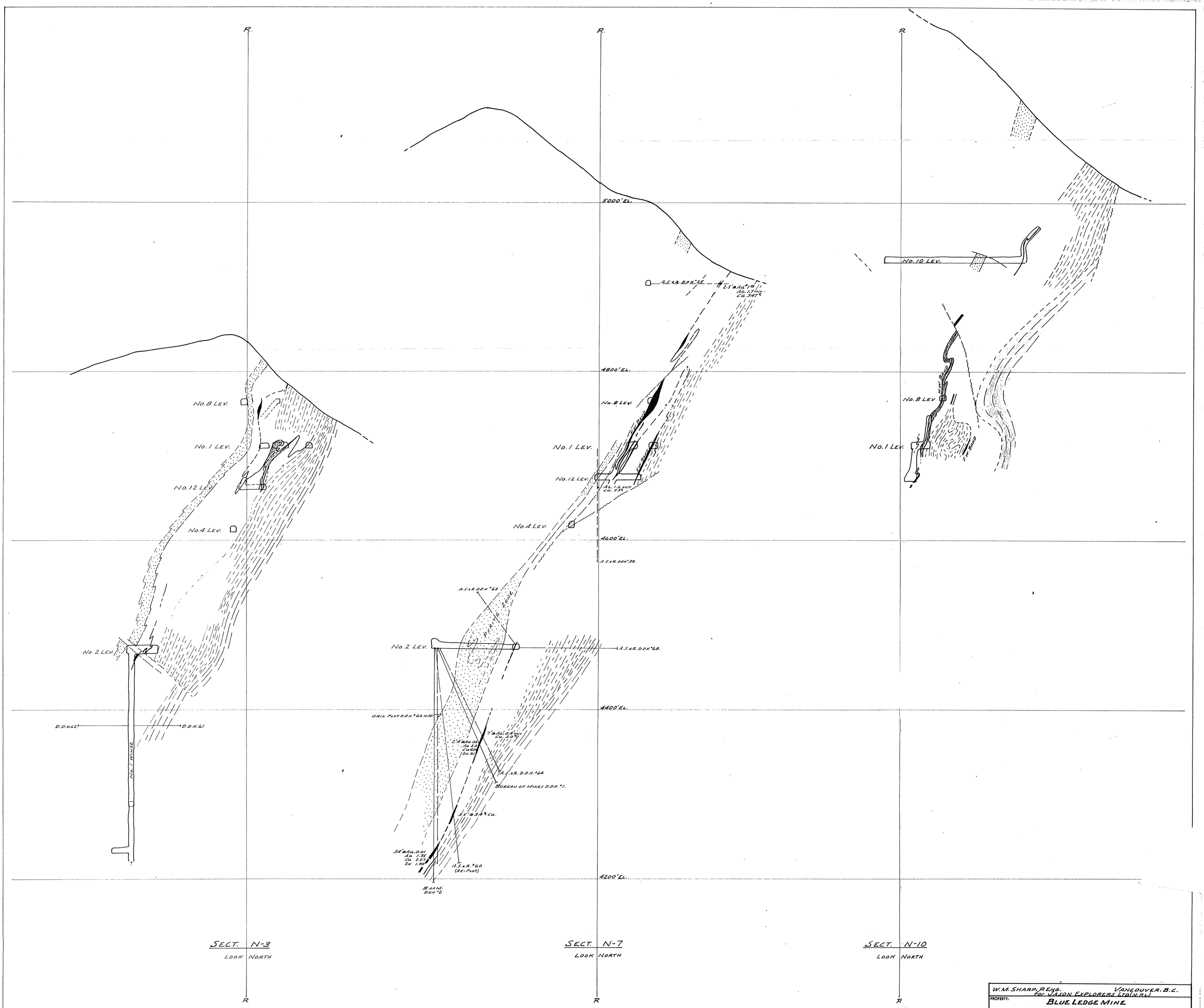


W. M. SHARP, P.ENG. VANCOUVER, B.C.
for JASON EXPLORERS LTD. (N.P.L.)

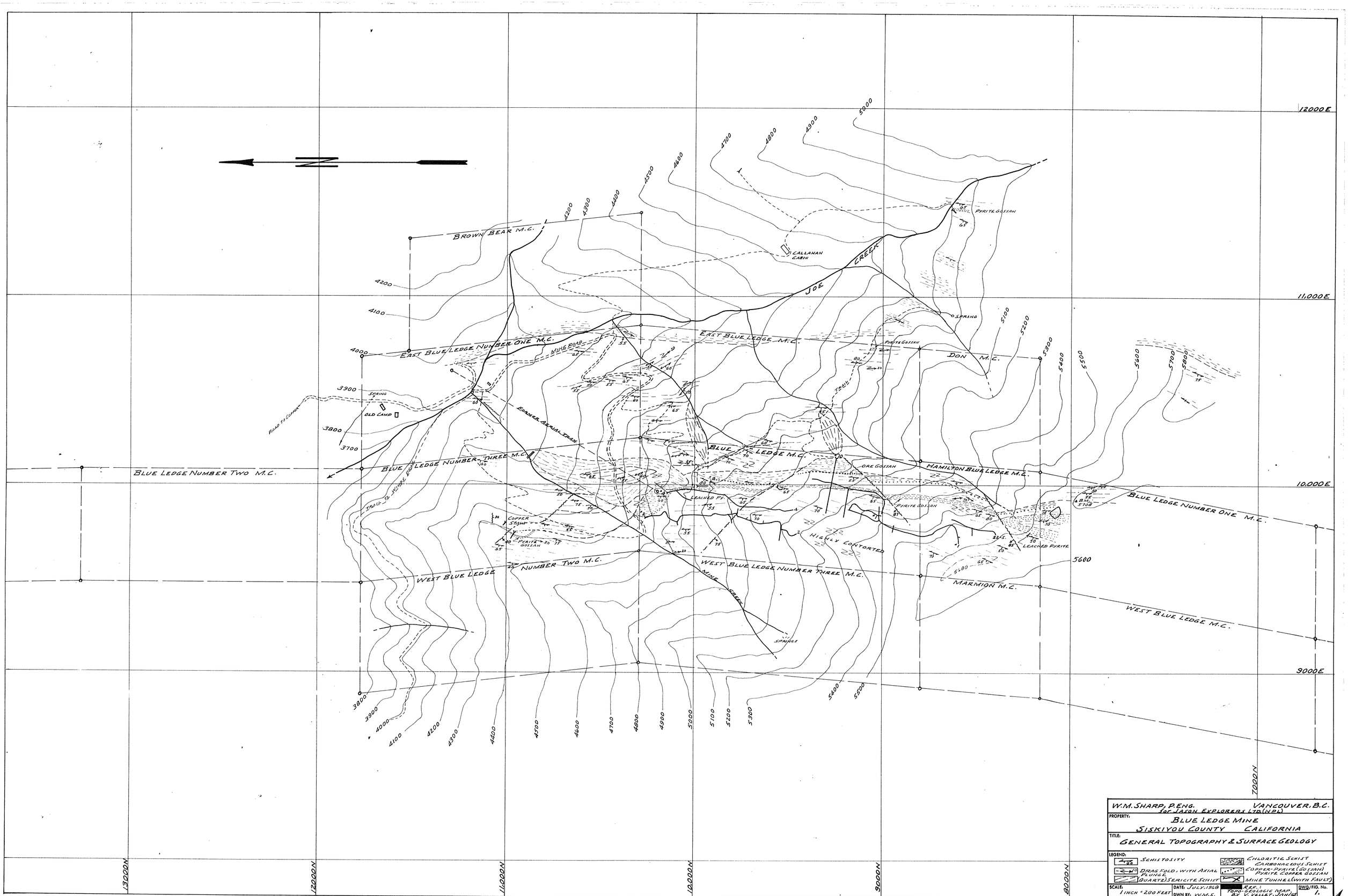
PROPERTY: **BLUE LEDGE MINE**

SISKIYOU COUNTY CALIFORNIA

TITLE: PRINCIPAL CROSS-SECTIONS

LEGEND:
- CARBONACEOUS SCHIST
- CHLORITE - SERICITE "
- QUARTZ - SERICITE "
- ORE BAND: FE-CU-ZN SULPHIDES WITH ASSOC. AU & AG.
- DISSEMINATED PYRITE
- FAULT

SCALE:	DATE: JULY. 1968	REVISION: REF.: V. VILLET, 1964 & BUREAU OF MINES, 1945	DWG/FIG. No.
1 IN. = 40 FT.	DWN BY: W.M.S.		5.



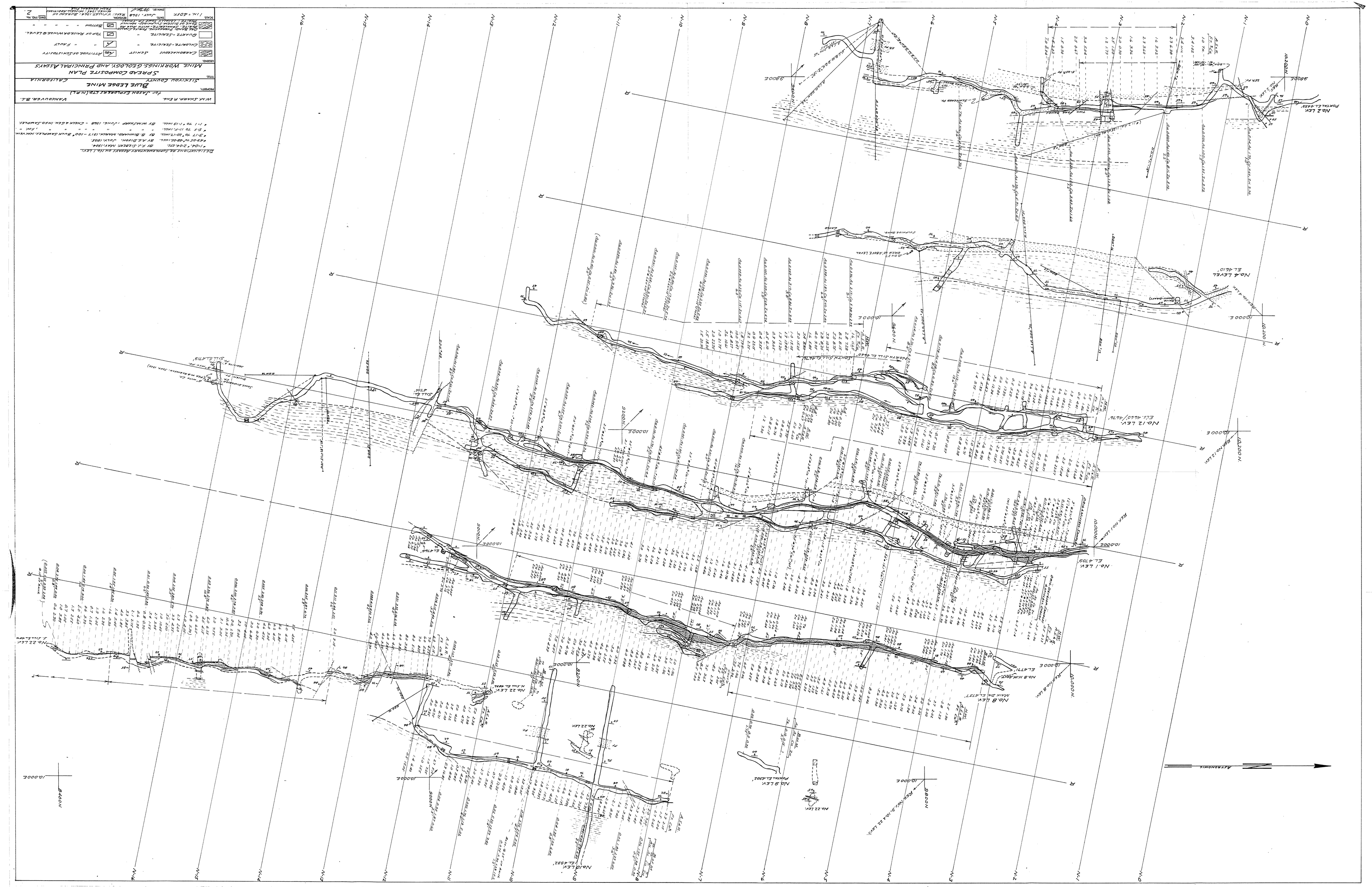
W.M. SHARP, P.ENG. VANCOUVER, B.C.
for JASON EXPLORERS LTD (N.P.L)

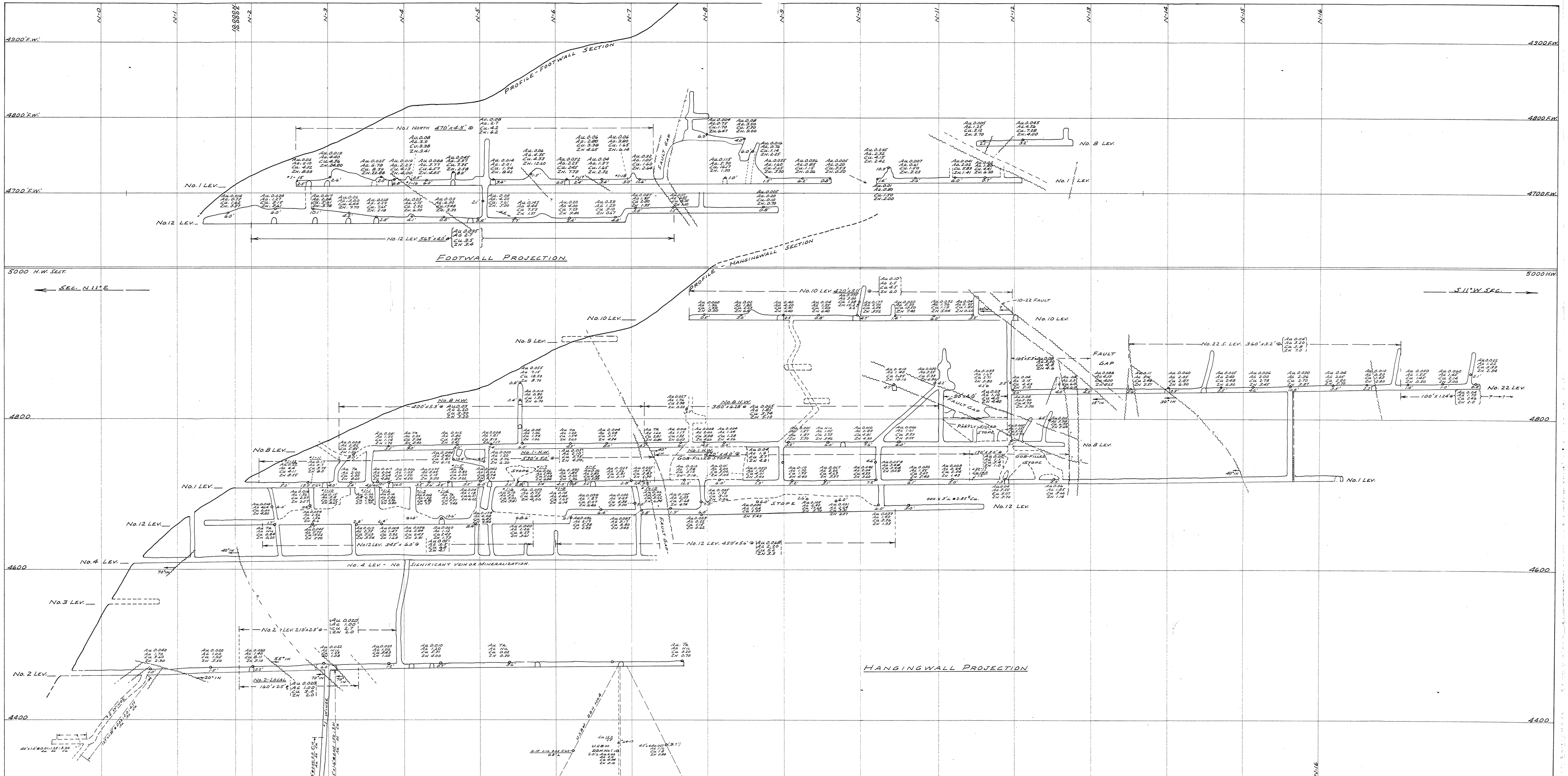
PROPERTY: BLUE LEDGE MINE
SISKIYOU COUNTY CALIFORNIA

TITLE: GENERAL TOPOGRAPHY & SURFACE GEOLOGY

LEGEND:
- SCHISTOSITY
- DRAG FOLD, WITH AXIAL PLUNGE
- (QUARTZ) SERICITE SCHIST
- CHLORITIC SCHIST
- CARBONACEOUS SCHIST
- COPPER-PYRITE (GOSSAN)
- PYRITE COPPER GOSSAN
- MINE TUNNEL (WITH FAULT)

SCALE: 1 INCH = 200 FEET
DATE: JULY, 1960
DWN BY: W.M.S.
REF.: TOPO-GEOLOGIC MAP BY V. VELLET, JAN/65
DWG./FIG. No. 1.


DETAILED INSIDE SUPPLEMENTARY DRAWS. BY ALTITUDE LEVEL
1-104, 2-104 ETC. BY F.L. STAEBER, MAY 1984.
4-P-P-M 4-P-P-E-1 ETC. BY A.E. DYER, JULY 1985.
3-17 TO 3-20-17 INCL. BY B. BLANCHARD, MARCH 1977 - 100' BULK SAMPLES, NW WIN
" 5-E TO 11-F-1 INCL. " " " " " " " " FLAT "
" 1-1 TO 1-13 INCL. BY WALTHAM JUNE, 1988 - CHECK & CUT, INFO SAMPLES.
for Jason Explorers Ltd. (N.P.L.)
WM SHARP, P.ENG. VANCOUVER, B.C.
WORKS: Blue Lemon Mine
Sisiyou County California
Mine Workings Geology and Principal Assays
Spread Composite Plan
Carbonaceous Schist Attitude of Schistosity
Quartz-Sericite " " Fault
Chlorite-Sericite " " "
Quartz-Sericite " Top or Roll or White Level
Bottom
Scale: 1 in. = 40 ft. Date: June 1988 Drawn by: Walter Lee & Bruce of Mining Consultants
Dwg. No. 2



W.M. SHARP, P.ENG. — VANCOUVER, B.C.

FOR JASON EXPLORERS LTD. (N.P.L.)

PROPERTY: **BLUE LEDGE MINE**

SISKIYOU COUNTY — CALIFORNIA.

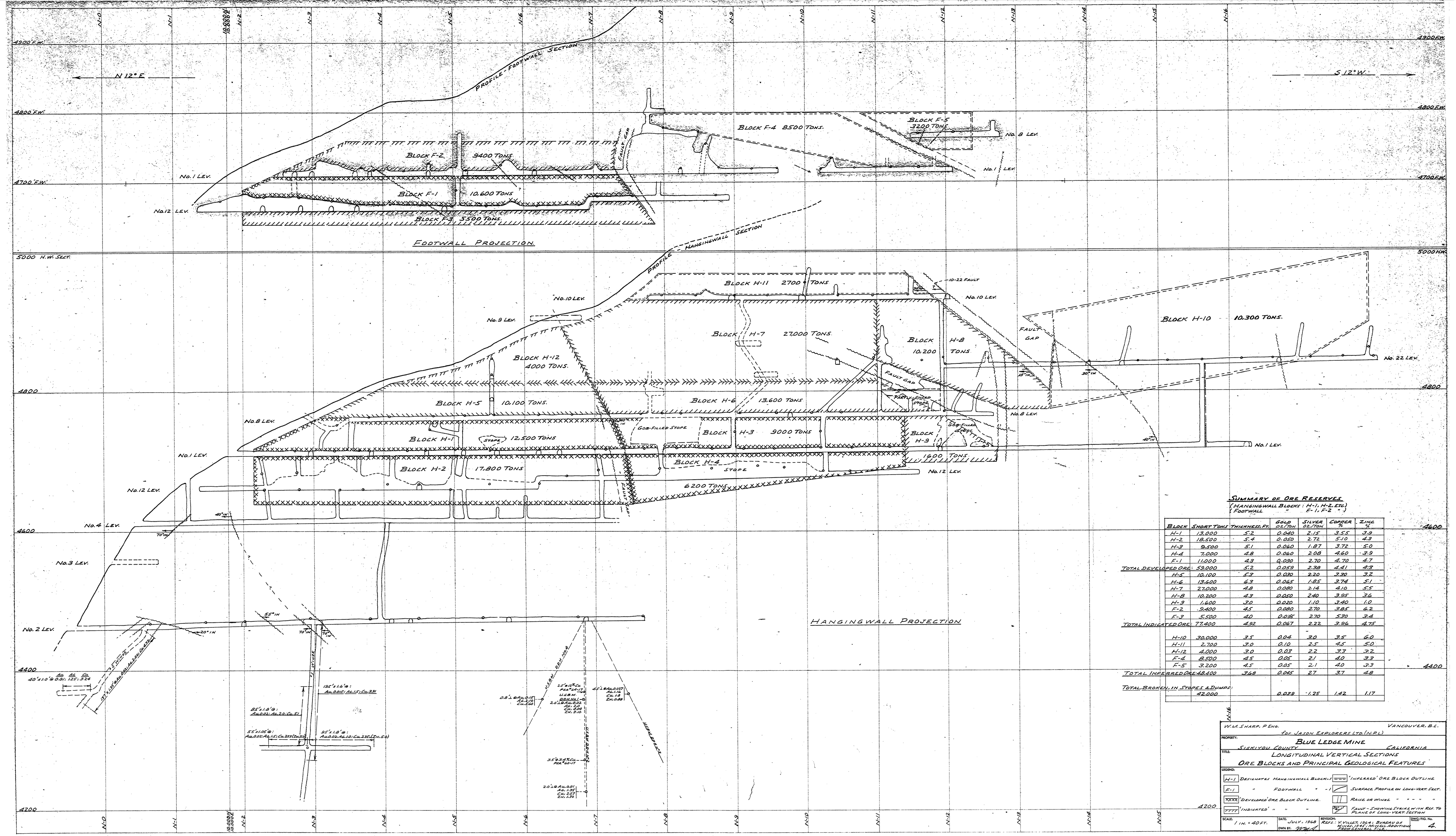
TITLE: LONGITUDINAL VERTICAL SECTIONS
MINE WORKINGS, GEOLOGY, AND PRINCIPAL ASSAYS

LEGEND:

- 2 / 2.5 — LOCATION & WIDTH (FT) OF BUREAU OF MINES CHANNEL SAMPLE, 1948.
- 5.0 — DITTO FOR W.M.S. SAMPLE, JUNE/68
- ASSAYS AS ABOVE:
  - AU. 0.04 - GOLD IN OUNCES PER TON
  - AG. 3.12 - SILVER " " " "
  - CU. 3.42 - COPPER IN PERCENT, WT.
  - ZN. 5.5 - ZINC " " " "
- FAULT - TRACE ON LONG-VERT. SECT.
- SURFACE PROFILE ON LONG-VERT. SECT.
- RAISE OR WINZE " " " " "
- DESIGNATES DRIFT ASSAY SECTION. LENGTH & AVG. WIDTH & INTER. INDES. OF INDIVIDUAL ASSAYS.

SCALE:	DATE:	REVISION:	DWG./FIG. No.
1 IN. = 40 FT.	JULY, 1968	REF.: W. VILLET, 1964 - BUREAU OF MINES; 1942 W. VILLET ADDITIONS FROM ORIGINAL FILE.	3.

DWN BY: [illegible]



Summary of Ore Reserves

(Hangingwall Blocks: H-1, H-2, etc)
(Footwall " F-1, F-2 ")

	Block	Short Tons	Thickness Ft.	Gold Oz/Ton	Silver Oz/Ton	Copper %	Zinc %
	H-1	13,000	5.2	0.040	2.15	3.55	3.9
	H-2	18,500	5.4	0.050	2.72	5.10	4.3
	H-3	9,500	5.1	0.060	1.87	3.72	5.0
	H-4	7,000	4.8	0.060	2.08	4.60	3.9
	F-1	11,000	4.3	0.090	2.70	4.70	4.7
Total Developed Ore:		59,000	5.2	0.059	2.38	4.41	4.3
	H-5	10,100	5.2	0.080	2.20	3.30	3.2
	H-6	13,600	6.3	0.065	1.85	3.74	5.1
	H-7	27,000	4.8	0.080	2.14	4.10	5.5
	H-8	10,200	4.3	0.050	2.40	3.95	3.6
	H-9	1,600	3.0	0.020	1.10	3.40	1.0
	F-2	9,400	4.5	0.080	2.70	3.85	6.2
	F-3	5,500	4.0	0.08	2.70	5.30	3.4
Total Indicated Ore:		77,400	4.92	0.067	2.22	3.96	4.75
	H-10	30,000	3.5	0.04	3.0	3.5	6.0
	H-11	2,700	3.0	0.10	2.5	4.5	5.0
	H-12	4,000	3.0	0.03	2.2	3.3	3.2
	F-4	8,500	4.5	0.05	2.1	4.0	3.3
	F-5	3,200	4.5	0.05	2.1	4.0	3.3
Total Inferred Ore:		48,400	3.68	0.045	2.7	3.7	4.8
Total Broken in Stopes & Dumps:		42,000		0.039	1.25	1.42	1.17

W.M. Sharp, P.Eng. — Vancouver, B.C.
for Jason Explorers Ltd (N.P.L.)

PROPERTY: Blue Ledge Mine
Siskiyou County, California

TITLE: Longitudinal Vertical Sections
Ore Blocks and Principal Geological Features

LEGEND:
H-1 Designates Hangingwall Block-1
F-1 " Footwall " -1
'Developed' Ore Block Outline.
'Indicated' " " "
'Inferred' Ore Block Outline.
Surface Profile on Long-Vert. Sect.
Raise or Winze " " " "
Fault - Showing Strike with Ref. to Plane of Long-Vert. Section

SCALE: 1 in. = 40 ft.
DATE: July, 1968
DWN BY: W.M.S.
REVISION: Refs: V. Willett, 1964; Bureau of Mines, 1947; Miscell. additions from general file.
DWG. FIG. No. 4.