DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
~~Defense Minerals Exploration Administration~~
GEOLOGICAL SURVEY

OFFICIAL DOCKET FILE

~~Idm-E~~ NO. ~~DMEA~~ NO. 6529

Application
- [x] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [ ] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [ ] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [ ] Project summary (final)
- [ ] Work Completed analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No._____: Maps (Use pocket folder or envelope)

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty material

17963

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Denver Federal Center - Bldg. 20
Room D 2211
Denver, Colorado 80225

OFFICIAL
COPY
O. M. E.
RECEIVED
JAN 7 1966
INITIALS | CODE

January 7, 1966

To: Chief, OME

From: Field Officer, Region III

Subject: Application for financial assistance in minerals exploration to explore for silver at the Tintic Lead Co. Lease, Beaver County, Utah, by the Rosario Exploration Company, Boise, Idaho

The Rosario Exploration Company, 404 First Security Bank Bldg., Boise, Idaho, a wholly owned subsidiary of N.Y. & Honduras Mining Co., submitted a well prepared and adequate application for assistance in minerals exploration through their consultant geologist Mr. Murray Godbe, III, Salt Lake City, Utah. During correspondence with the Rosario Exploration Company concerning the attached application, Mr. Godbe requests that a copy of such correspondence be sent to him as he is the applicant's field representative as listed in the application.

The applicant has done considerable exploration work in the lease property to date consisting of surface and underground geologic mapping, geophysical investigation, geochemical sampling, and data interpretation and evaluation. As a result of this work, three main target areas have been defined, the principal target area is at the intersection of the Horn Silver and Squaw Springs faults, a second target is in an area southerly along the Horn Silver fault, that exhibits features similar to those in the Horn Silver mine, and a third target area is the delineation of zones favorable for the emplacement of bedded replacement ore bodies where favorable limestone host rocks intersect known mineral-bearing fissures.

The applicant proposes drilling some 4,700 feet of rotary drilling with spot coring where indicated, to explore the above-mentioned target areas at a total estimated cost of $22,476.55.

In reviewing the application with the applicant's field representative, he was informed that Item (E) would not be allowed. Under Item (b), consultant fees, etc. seem high; however, this item was not discussed with him.

The Horn Silver ore body is reported as having had a production of some $60,000,000. The area and exploration proposals are worthy of consideration.

J. William

J. William Hasler

APPLICATION FOR
FINANCIAL ASSISTANCE IN MINERALS EXPLORATION
MME FORM 40

Rosario Exploration Company
404 First Security Bank Bldg.
Boise, Idaho
Field Representative Address
2765 East 3900 South
Salt Lake City, Utah
84117

MME Form 40
Jan. 65

Budget Bureau No. 42-R1508
Approval expires Dec. 31, 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

Pursuant to Public Law 85-701 (72 Stat. 700; 30 U.S.C. 641)

NAME OF APPLICANT *(Full legal name and mailing address as they should appear on contract if one is executed.)*

Rosario Exploration Company
404 First Security Bank Building
Boise, Idah

Field Representative address

2765 East 3900 South
Salt Lake City, Utah

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6529

DATE RECEIVED: 1-7-66

REGION: III

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

- INDIVIDUAL [ ]
- CORPORATION [x]
- PARTNERSHIP [ ]
- OTHER *(Specify)* [ ]

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
R. M. Reininger	20 Exchange Place New York, New York	President
D. L. Moore	404 First Security Bank Bldg. Boise, Idaho	Vice Pres.

STATE IN WHICH FIRM IS ORGANIZED: Colorado

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE: Silver

ESTIMATED COST OF PROJECT: $ 22,476.55

PROPERTY NAME	LOCATION COUNTY	STATE
Tintic Lead Co. Lease	Beaver	Utah

GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. III). To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit two copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Office of Minerals Exploration, Department of the Interior,* ~~Washington 25, D.C., or with the nearest OME Field Office.~~ Washington, D. C., 20242, or with the nearest OME Field Office.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief, and that he would not ordinarily undertake the proposed exploration under current conditions and circumstances at his sole expense.

12/20/65
DATED

David L. Moore
BY *(Signature)*

Vice President
TITLE

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

INFORMATION REQUIRED WITH THIS APPLICATION

Financial Eligibility:

(a) Submit evidence of efforts made within 90 days preceding the filing of this application to obtain credit from your bank of account and at least one other banking institution or other private source of credit. Such evidence shall include true copies of correspondence which show: (1) date of loan request, (2) amount and terms requested, (3) proposed use of loan funds, and (4) the replies from credit sources. If the loan was offered under terms which you consider unreasonable, state why you consider them so.

(b) List names and addresses of affiliated, parent, or controlling companies or organizations and state extent and nature of their interest.

(c) State how you propose to furnish your share of the cost of the exploration work.

2. Applicant's Rights in Land:

(a) State your interest in the land and mineral rights, whether owner, lessee, purchaser under contract, or other. If you are not the owner, submit one true copy of the lease, contract, or other document (with address of owner) under which you control the property. Describe all liens, mortgages, or other encumbrances on the land and state book and page number and official place where recorded.

(b) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all adjacent land which you own or control. Describe any part of the land or workings which should not be subject to Government royalty and liens. If the land consists of unpatented claims, state book and page number for each recorded location notice, including amended locations, and official place where recorded. State all the names by which you know the property.

(c) For all land or mineral rights encumbered or not owned, submit five copies of Lien and Subordination Agreements on OME Form 52. If the agreements cannot be obtained, state reasons and provide copies of letters of refusal.

3. Physical Description:

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the land. Include existing mine workings and all production facilities.

(b) State your interest, if any, in operations described in (a).

(c) State, if you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves, giving quantities and grades and sampling methods used. Support your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you have, indicating whether you require their return.

4. Accessibility of Property:

(a) To aid the OME representative who may examine the property, state name and address of person who will meet him; give directions for reaching the property; and describe accessibility of property and of any mine workings.

(b) Name the shipping and supply points and state the distances to the property.

5. Exploration Work:

(a) Describe fully the proposed exploration work giving individual footages and sizes of open[illegible] *for each item of work.* Use narrative, maps, plans, and sections as necessary. Show location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *land boundaries* or to the closest identifiable corner.

(b) If an access road must be built, show the proposed location on the property map and state the length, type and construction methods proposed.

(c) If an OME contract is executed, state how soon thereafter work would be started and finished. State your anticipated average daily or monthly rate of progress for each type of work.

6. Experience:

State your operating experience and background to conduct this exploration work and also that of the person who will supervise the work.

7. Estimate of Costs:

Furnish detailed estimates of the necessary costs *for each item of the work proposed in 5(a)* under the headings listed below with a total for each heading and the estimated total cost of the work. Costs for any work to be performed by an independent contractor should be listed separately under category (a) below. Costs for any work that is not to be performed by an independent contractor should be listed under categories (b) through (g).

(a) Independent contracts. State the total cost of any proposed independent contract for all or any part of the work, and the number of units and the unit cost for each type of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, or per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. (*Note*—If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. The cost of supervision, engineering and geological services, outside consultants, and labor should be itemized by numbers and classes of employees; rates of wages, salaries or fees; and periods of employment. State whether these services are available.

(c) Operating materials and supplies. List items of material and supplies giving quantity and cost of each. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of equipment and tools costing $50 or more per unit. Give specifications and indicate how each item is to be acquired—i.e., rented, purchased or provided by the applicant. If rented or purchased, state the estimated rental or purchase price. If furnished by the applicant, state condition and present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant which will be used in the exploration work.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration work, stating specifications and cost including labor, materials, and supervision.

(g) Miscellaneous. Describe the type and estimate the cost of repairs and maintenance of the operating equipment listed in 7(d). Do not repeat initial repairs listed in 7(e). Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories. [*Note*—The Government will not contribute to costs incurred before the date of the contract, or to costs of or incident to: (1) acquiring, using, or possessing land and any existing improvements, facilities, buildings, installations, and appurtenances, or the depreciation and depletion thereof; (2) general overhead, corporate management, interest and taxes (other than payroll and sales taxes); (3) insurance (other than employees' liability insurance); and (4) damages to persons or property (other than authorized repair to or replacement of equipment or other property used in the work).]

ROSARIO EXPLORATION COMPANY
405 McCARTY BUILDING
208 342-7473
BOISE, IDAHO

DAVID L. MOORE
VICE PRESIDENT

December 20, 1965.

Office of Mineral Exploration
Department of the Interior
Washington, D. C.

Gentlemen:

With regard to the application herewith attached requesting assistance in our exploration program, I wish to state that we would not be willing to enter into a program of this scope on this property unless we do receive the assistance requested.

Sincerely,

David L. Moore

David L. Moore

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah
84117

DATA FOR M.M.E. FORM 40
O.M.E. LOAN

1. FINANCIAL ELIGIBILITY

(a) Refer to addendum 'A'.

(b) Parent Company: New York & Honduras Rosario Mining Co.
20 Exchange Place
New York, New York 10005

Rosario Exploration Company is a wholly owned subsidiary and is the exploration arm of New York & Honduras Rosario Mining Company.

(c) Applicant's share of the cost of exploration work contemplated will be furnished by a budget appropriation from the parent company.

2. APPLICANT'S RIGHTS IN LAND

(a) Property under consideration is held by unpatented claim location in the name of Rosario Exploration Company, as lessee by lease and option on 28 patented mining claims from Tintic Lead Company, Cobre Mining Company, and the Lulu Mining Claim (patent number 48) held by a purchase option which has been assigned by Intermountain Exploration Company through Tintic Lead Company (refer to Map No. D36U-28B).

There are no liens or encumbrances on the property other than property taxes which may be accruing, but not yet due.

Owner of patented property (Lulu Claim):
E. C. and Mabel S. McGarry
1122 Michigan Avenue
Salt Lake City, Utah
Refer to addendum 'B' for copy of option, assignments, and attorney's opinion.

Owner of patented property (28 claims):
Tintic Lead Company and Cobre Mining Co.
39 Exchange Place
Salt Lake City, Utah
Refer to addendum 'B' for copy of lease and option.

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
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(b) Unpatented claims held by Rosario Exploration Company Recorder, Beaver County, Utah, as follows:

Claim name	Date of location	Entry No.	Book No.	Page No.
Elite No. 1	Feb. 15, 1965	103435	30	99
Elite No. 2	Feb. 15, 1965	103436	30	99
Elite No. 3	Feb. 15, 1965	103437	30	99
Holes 1,2,3,4 Elite No. 4	Feb. 15, 1965	103438	30	100
Elite No. 5	Feb. 16, 1965	103439	30	100
Elite No. 6	Feb. 16, 1965	103440	30	100
Elite No. 7	April 23, 1965	103824	30	180
Elite No. 8	Feb. 16, 1965	103441	30	100

Patented claims of E. C. McGarry and Mabel S. McGarry are described as follows:

Claim name	Patent Number
Holes 5 & 6 Lulu	48

Patented claims of Tintic Lead Company and Cobre Mining Company consist of 28 in number and are described as follows:

Claim name	Patent Number
Young America	70
Dolly Mack	61
Dolly Mack Fraction	5921
Horn Silver Apex	5921
Horn Silver Apex 4	5921
Horn Silver Apex 2	5921
Horn Silver Apex 8	5921
Horn Silver Apex 11	5921
Horn Silver Apex 12	5921
Horn Silver Apex 13	5921
Lady Franklin	3400
Lady Franklin Fraction	5921
Independence No. 1	5921
Independence No. 3	5921
Emporia No. 1	5921
Emporia Fraction	5921
Emporia No. 7	5921
Emporia No. 8	5921
Emporia No. 9	5921
Emporia No. 10	5921
Emporia No. 11	5921

Rosario Exploration Company
404 1st Security Bank Bldg.
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84117

Claim Name	Patent Number
Holes 7 and 8 — St. Louis No. 3	5986
St. Louis No. 4	5986
St. Louis No. 1	5986
St. Louis No. 2	5986
Drum	5986
Drum No. 1	5986
Drum No. 2	5986

All property is located within Sections 22, 23, and 26, Township 27 South, Range 13 West, Salt Lake Base and Meridian, San Francisco Mining District, Beaver County, Utah.

(c) For 5 copies of Lien and Subordination Agreements, Form MME 52 on the 28 claims, refer to Addendum 'C'.

Lien and Subordination Agreements for the Lulu Claim, owned by E. C. and Mabel S. McGarry, cannot be obtained due to the fact that Mr. E. C. McGarry is recently deceased and the estate has not been settled. It is felt that such subordination agreement is not necessary as it is considered to be a part of the major lease and option package, and is held by Rosario Exploration Co. under a purchase option agreement. If productive mineralization is encountered during the exploration program, it is anticipated that Rosario Exploration Company would exercise their option and thus be the owner of record of the Lulu Mining Claim (patent number 48). NO Only Broad

3. PHYSICAL DESCRIPTION

(a) To the applicant's knowledge there has been no production or mining operations conducted on the property except for work on the Lulu Claim (patent number 48) which consists of a shaft 600 feet deep, crosscutting and drifting on the 200, 400, and 600 levels near the north end of the claim (refer to Map No. D36U-39). No ores of commercial grade were encountered. Access to the workings is difficult, although ladders and landings have been repaired in the shaft.

The Horn Silver Mine which abuts to the north has been the major producer in the district. According to B. S. Butler (U.S.G.S. Prof. Paper 80), the property produced 474,780 tons of ore to 1909 from a well defined replacement fissure deposit. Surface mining and development drilling is presently being undertaken around the periphery

of the old ore body by the present owners. Prospecting activity undertaken in the past is evidenced by the presence of numerous shallow shafts, pits, and tunnels (refer to Map No. D36U-18).

Exploration activity undertaken by the applicant to date consists of surface and underground geologic mapping, geophysical investigation, geochemical sampling, and data interpretation and evaluation.

Three base lines have been laid out with cross traverses at 200 and 500 foot intervals. The North-South base line is placed parallel to the strike of the Horn Silver fault. The East-West base line is placed parallel to the Squaw Springs fault, Drum, and Emporia fissures. The South-West base line is placed so that cross traverses cut the projected intersection of the Horn Silver and Squaw Springs fault at the most advantageous angle.

A total of 47,500 linear feet of traverse stations have been placed by transit and stadia. At each 100 foot station, a survey hub or stake has been placed in the ground, marked and flagged.

Ground magnetic and self potential readings have been taken at each traverse station. Station spacing was set at 100 foot intervals, with 50 foot station readings at points of inflection in order to obtain diagnostic curves. All geophysical data has been plotted on a linear curve and actual station readings on plan. Values for both magnetics and self potential have been contoured to aid in interpretation of data (refer to Map Nos. D36U-29A and D36U-29C).

319 soil samples have been taken at each traverse station for mercury halo and geochemical determinations. Mercury values, results of which were obtained by using a Type S 1 Mercury Detector (Lemaire Instruments) have been plotted on plan and contoured (refer to Map No. D36U-29B).

Geologic notes have been taken along geophysical traverse lines, and tied to the surveyed stations. All data has been plotted at a common scale for comparative purposes.

Low level (1" = 600' scale) aerial photography has been taken in color. Black and white stereo pairs and color balanced prints have been prepared in order to assist in mapping rock type and alteration phenomena, as well as other geologic phenomena.

(b) The applicant has no interest in the mining and development operations of the Horn Silver Mine.

(c) None

(d) None

(e) Mineral deposits mined to date in the San Francisco Mining District and surrounding areas are conspicuously related to faults, and more particularly to fault intersections or the intersection of a mineralized fault with a favorable sedimentary bed. Most of these presently known ore deposits are restricted in plan and extended in vertical section. While other factors appear equally important in the formation of ore deposits in the area, structural features herein mentioned are the most apparent from the standpoint of guiding exploration.

The area under investigation is bounded on the East by the Horn Silver fault, and on the South and West by the Squaw Springs fault. The Horn Silver fault, striking North-South and dipping steeply to the East, has thrown volcanic rocks down against limestone. The Squaw Springs fault, striking roughly North 45° West and dipping steeply to the South, has thrown volcanic rocks down against limestone, although there is evidence to indicate a strong strike slip component movement to the West. While the exact position is not seen on the surface due to alluvial cover, electrical and magnetic surveys give data as to its positioning.

Besides these main faults, there are numerous East-West trending faults with comparatively slight throw, which are not readily detected unless they have been exposed by mining operations. Several such faults are exposed in the workings of the Horn Silver and Lulu mines. This East-West movement along the main North-South fault (Horn Silver) resulted in a pronounced brecciation of the rock in the vicinity of the junction of the two systems, and thus rendered the host rock especially favorable to the action of mineralizing solutions (refer to Map No. D36U-18). Mineralization occurs within the Squaw Springs fault as evidenced by drill hole data from outside sources obtained during 1964.

The Horn Silver ore body, which had a total reported production of $60,000,000 according to the Horn Silver Mines Company, is positioned along the Horn Silver fault. The Horn Silver ore body is classified as a replacement fissure deposit. In the lower levels of the Horn Silver mine, a considerable amount of bedded replacement ore was developed and mined in the limestone footwall, and appears to have developed along low angle faults dipping

westerly and being sub-parallel to the limestone bedding. Ore minerals are reported to have been argentite, pyrargyrite, galena, jamesonite, and some zinc, both sulfides and oxides.

(f) Within the area under investigation, three main target areas exist. It is toward these target areas that the primary exploration activity is being directed.

The principal target is at the projected interesection of the Horn Silver and Squaw Springs faults. Mineralization is known to exist along these structures, as evidenced by the Horn Silver Mine and the referred to outside drilling. This projected intersection should contain the necessary criteria for development of a commercial ore body similiar in occurence to the Horn Silver. Mercury concentrations parallel and/or overlie the inferred intersection area. Magnetic and S.P. anomalies which indicate the intersection position do not follow or seem to be controlled by the position or trend of the Frisco Wash area, and thus factors causing the readings are interpreted to be from a deeper than near surface source. Mercury concentration readings, all samples of which were taken from the soil, do not show any alignment which could be attributed to soil creep, and are inferred to be reflections from a deeper than near surface source.

The second target area is the delineation of geologic features similiar to those found in the Horn Silver Mine along the southerly extension of the Horn Silver fault. At least two and possibly three places along the extension of the structure shows evidence of cross faulting with offset to the East similiar to those observed in the Horn Silver mine. At cross traverse 10 S along the North-South base line, geologic conditions similiar to the Horn Silver mine exist. Positioning of abnormal mercury concentrations and anomalous magnetic and self potential readings delineate a favorable target zone (refer to Map Nos. D36U-18, D36U-29A, D36U-29B, and D36U-29C).

The third target area is the delineation of zones favorable for the emplacement of bedded replacement ore bodies where favorable limestone host rocks intersect known mineral bearing fissures. At the south end of the St. Louis No. 2 and St. Louis No. 3 and the north end of the Emporia No. 10 claims, thin carbonaceous limestones show intermittent replacement type mineralization over a strike length of 900 feet (refer to MapNo. D-36U-18). Exposures

ranging from 50 feet to 130 feet show continuous mineralization along this zone. In no instance does the mineralization attain ore grade except for small hand picked samples. One such exposure has been prospected down dip by an incline for some 80 feet, and replacement type mineralization has been noted through its length. These outcrops are exposed between the Drum and Emporia fissures both of which show mineralization along their strike length. At the point of intersection of the mineralized fissure (Drum) and this susceptible bed, chances for development of a bedded type ore body appear to be favorable.

(g) Refer to addendum 'D'. Copies of the attached maps and data need not be returned.

Map Nos.	D36U-18	Geology-Topography Claim Map showing drill hole locations. 1" = 400'
	D11U-19	Cross-Section A-A[1] 1" = 400'
	D36U-28B	Claim Map 1" = 400'
	D36U-29A	Ground Magnetic Contour Map 1" = 400'
	D36U-29B	Mercury Concentration Halo Contour Map 1" = 400'
	D36U-29C	Self Potential Contour Map 1" = 400'
	D36U-39	Lulu Mining Company property 1" = 60'

4. ACCESSIBILITY OF PROPERTY

(a) Representative who will meet OME representative on property:
M. C. Godbe, III
2765 East 3900 South
Salt Lake City, Utah
Tel. # 277-9060
484-8596

The property is located in the south end of the San Francisco Mining District, seventeen miles by hard surfaced highway (Utah Highway 21) northwest from Milford, Utah. All of the property is adjacent to the highway, and for the most part can be traversed by a standard highway vehicle.

No mine workings of consequence other than the Lulu shaft occur on the property. For the most part, adits and prospect tunnels present are open for examination.

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah

(b) Nearest rail shipping point is at Milford, Utah, some 17 miles distant. Operating materials and supplies can be obtained in Milford and if unavailable, same day shipment can generally be made out of Salt Lake City, Utah

5. EXPLORATION WORK

(a) Proposed exploration work consists of 4700 feet of rotary drilling with spot coring as directed. Holes are so located as to obtain subsurface data relative to known geologic features, geophysical, and geochemical anomalous zones which hold the possibility for development of productive ore grade mineralization. All drill hole locations are placed on geologic and geophysical data and projections. (For drill hole locations refer to Map No. D36U-18).

Drill holes 1 and 2 are located 2100 feet in a south south-west direction from the NE corner of Section 26, Township 27S, Range 13 W on the Elite No. 4 claim. Proposed depths of the holes are 200 feet. Positioning of these holes is to obtain subsurface data in the footwall and hangingwall sections of the projected trace of the Horn Silver fault, and to test the mercury halo, self potential and magnetic anomalous areas delineated. Contemporaneous with site preparation work, three cross trenches will be dug across the projected fault trace north of the proposed drill sites in order to obtain information which will enable more accurate placing of the drill sites.

Drill holes 3 and 4 are located in the same area as 1 and 2. Exact positioning of the holes is dependent upon results of holes 1 and 2. Proposed depths of the holes are 1000 feet, and are placed to test the mercury halo, self potential, and magnetic anomalous areas over the vertical range of known productive mineral emplacement in the district.

Drill holes 5 and 6 are located 1600 feet north west of the southeast corner of Section 23, Township 27 S, Range 13 W on the Lulu claim. Proposed depths of the holes are 750 feet, and are placed to test the footwall and hanging wall sections of a portion of the Horn Silver fault which has been offset several hundred feet to the east. Indications of this offset are shown by geologic and geophysical techniques and the presence of mineralization inferred by an abnormal mercury halo high. Contemporaneous with site prepartion work, two trenches will be cut across the projected fault offset in order to obtain information which will enable more accurate placing of the drill holes.

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah

Drill holes 7 and 8 are located 1200 feet northeast of the southwest corner of Section 23, Township 27 S., Range 13 West on the St. Louis No. 3 claim. Proposed depths of the holes are 400 feet, and are placed to cut the intersection of a mineralized, thin bedded limestone and the Drum fissure in hole #7 and the up dip extension of the mineralized bed in hole #8 (refer to Map Nos. D36U-18 and D11U-19).

All rotary cuttings will be collected and logged in five foot intervals, or at rock type or alteration feature changes. Mercury halo determinations will be made at each interval and selected portions will be sent for analyses. Vertical sections showing geology and mercury halo dispersion readings will be prepared for comparative purposes with surface data obtained on a horizontal plane.

(b) Access roads to the property are not required, however it is anticipated that access to drill sites, and the preparation of the sites themselves will be required. All site preparation work is to be done by a bulldozer equipped tractor. Sites to be sufficiently level to allow drilling a vertical hole and covering sufficient area to allow adequate working space, sumps if necessary, and equipment storage. It is anticipated that no special surfacing or fill meterial will be required for construction of the drill sites and access other than naturally occuring soils, sands and gravels from the immediate vicinity. Total length of access roads should aggregate approximately 5200 feet.

(c) Upon execution of an OME contract, work could be started immediately, subject to availability of contractor's equipment and weather conditions. We are advised that all bidders presently have the necessary crews and equipment available.

Access and drill site preparation should require approximately 100 machine hours.

Rotary drilling with a tricone bit should average 100 feet per shift.

Spot coring for a 5 foot run should average 3 hours.

Rig setup time, including teardown and traveling between sites should average 4 hours.

It is anticipated that the exploration program will be completed within 45 working days.

Rosario Exploration Company
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Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah

6. EXPERIENCE

New York and Honduras Rosario Mining Company, the parent organization of Rosario Exploration Company, has been actively engaged in the mining business for 85 years. All of the officers, directors and staff of both organizations are well qualified through formal education and experience to implement, conduct, and appraise the results of an exploration program as contemplated.

Murray C. Godbe, III, who will supervise the work is a consultant to Rosario Exploration Company. Mr. Godbe is a consulting Geological Engineer and has been actively engaged in exploration geology since 1948. He is a graduate of the University of Utah and has worked for International Smelting and Refining Company, American Smelting and Refining Company, New York and Honduras Rosario Mining Company, United Minerals Corporation, United States Steel Corporation, and Haile Mines (now Howe Sound) prior to entering the consulting field. Rosario Exploration Company was introduced to the area by Mr. Godbe, and all of the field work for the project has been performed by him and field assistants under his direction and control.

7. ESTIMATE OF COSTS

(a) Independent contracts

Drilling cost estimates (refer to addendum 'E' for contractor's bids).

Hole No.	Projected Depth	Rotary cost	Spot Coring and extras	Total Cost
1	200	590.00	59.00	649.00
2	200	590.00	59.00	649.00
3	1000	3,250.00	325.00	3,575.00
4	1000	3,250.00	325.00	3,575.00
5	750	2,362.50	236.25	2,598.75
6	750	2,362.50	236.25	2,598.75
7	400	1,180.00	118.00	1,298.00
8	400	1,180.00	118.00	1,298.00
Totals:	4700	$14,765.00	$476.50	$16,241.50
Mobilization				250.00
Grand total cost				$16,491.50

Drill site, trenching and access cost estimates.

No formal bids for bulldozer operations could be obtained. Because of distance to the job from organized contracting firms, and the small amount of work involved, mobilization charges would prove excessive. Local owner-operators in the Milford area will perform small jobs on an hourly

basis, and it is anticipated that this work will be let out to them. Local going rate for a bulldozer equipped tractor (D-7 or D-8 class) is $15.00 per hour.

Work Class & No.	Time (hrs.)	Cost	Sumps and Incidentals	Total Cost
Drill sites 8	32	480.00	48.00	528.00
Trenching 5	17.5	262.50	26.25	288.75
Access roads 2	50.5	757.50	75.75	833.25
Totals:	100.0	$1,500.00	$150.00	$1,650.00

Assaying charges.

Assaying charges for core splits and cuttings will be done in Salt Lake City, Utah, by one of the established assay houses. Charges for this work are consistent from one establishment to the other,(intervals to be determined as drilling progresses).

Estimated cost: $250.00

Total costs - Independent contracts: $18,391.50

(b) Personal services

Mercury halo dispersion samples

Mercury halo determinations will be made on each 5 foot drill hole interval. Work will be performed by company or outside personnel using company equipment. As an outside comparison, Rocky Mountain Geochemical Laboratories will perform like services at $2.00 per sample (refer to addendum 'E').

Estimated costs 940 samples @ 96¢ per sample, (including handling, collection, preparation and supplies) $902.40

Supervision, Engineering & Geological Services

Outside consultants fees for on the job supervision (1½ x minimum monthly retainer-M. C. Godbe, III) $450.00

21 days additional time factor fee (prorated for time chargeable to exploration program(@ $50.00 per day) $1,050.00

Meals and Lodging Expense (one man @ $10.00 per day) 450.00

Rosario Exploration Co. supervision (salaries not incl. expenses, prorated at time spent in

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Salt Lake City, Utah

(continued--Supervision, Engineering & Geological Services)

field on exploration program	$500.00	
Totals:	$2,450.00	
Total costs - Personal Services		$3,352.40

(c) Operating materials and supplies

1000 sample sacks-12x18 laminated (storing cuttings @$332.05/M--Bemis Bag Company	$332.05	
2000 sample tags @ $0.10/tag	20.00	
1000 plastic bags (mercury halo samples) @ $0.56/100	5.60	
Total cost-Operating materials and supplies	$357.65	$357.65

(d) Operating Equipment

Mileage charges non-company owned 4 wheel Wagoneer-1965 model (est. chargeable miles to use on exploration program, Salt Lake City to Milford and return 420 miles 50 miles per day on project 2250 miles		
2,670 miles @ 10¢ per mile	$267.00	$267.00

(e) Initial rehabilitation and repairs	none	

(f) New buildings, fixtures, installations

6x8 core shack-skid mounted, lumber & aluminum siding. Local fabrication on site incl. materials, labor, delivered to job Estimated cost	$108.00	$108.00

(g) Miscellaneous	none	
Total cost estimate all items		$22,476.55

refer to Item 1 para. (a)

ROSARIO EXPLORATION COMPANY
405 M CARTY BUILDING
208 342 7471
BOISE, IDAHO

DAVID L MOORE
VICE PRESIDENT

November 30, 1965

Mr. Thomas Allen, Vice President
First National Bank
205 N. 10th
Boise, Idaho

Dear Mr. Allen:

The Rosario Exploration Company, which is a subsidiary of the New York and Honduras Rosario Mining Company, would like to inquire as to the possibilities of being granted by your bank a loan to do certain exploration work (principally drilling) on a silver prospect near Milford, Utah.

The property consists of patented and unpatented claims near the Horn Silver Mine, which was a substantial producer of high grade silver ore. We, in the exploration business, consider the venture a reasonable one.

We would like to borrow $22,500 at an interest rate not to exceed 6%, to be paid out of production from the property at the rate of 10% of the net smelter returns. We do not wish to put up other collateral to secure payment of the loan. NG

If you feel you would consider this proposal favorably, such other information concerning locations, etc. as you may require will be furnished upon request.

Sincerely,

David L. Moore

DLM:cg

refer to Item 1 para. (a)

HEAD OFFICE

The Idaho First National Bank

ESTABLISHED 1867

BOISE, IDAHO

December 1, 1965

Mr. David L. Moore, Vice President
Rosario Exploration Company
405 McCarty Building
Boise, Idaho

Dear Mr. Moore:

Thank you for your inquiry of November 30, 1965.

Loans for the exploration and development of mining properties predicated upon repayment out of production do not fall within the scope of our present credit pattern. We must, therefore, ask to be excused in this particular instance.

Should you wish to discuss the matter in greater detail, please do not hesitate to let me know.

Very truly yours,

Thomas H. Allen

Thomas H. Allen
Vice President

THA:jh

refer to Item 1 para. (a)

ROSARIO EXPLORATION COMPANY
405 McCARTY BUILDING
208 342-7473
BOISE, IDAHO

DAVID L. MOORE
VICE PRESIDENT

November 30, 1965

Mr. Spencer F. Eccles, Vice President
First Security Bank
119 N. 9th
Boise, Idaho

Dear Mr. Eccles:

The Rosario Exploration Company, which is a subsidiary of the New York and Honduras Rosario Mining Company, would like to inquire as to the possibilities of being granted by your bank a loan to do certain exploration work (principally drilling) on a silver prospect near Milford, Utah.

The property consists of patented and unpatented claims near the Horn Silver Mine, which was a substantial producer of high grade silver ore. We, in the exploration business, consider the venture a reasonable one.

We would like to borrow $22,500 at an interest rate not to exceed 6%, to be paid out of production from the property at the rate of 10% of the net smelter returns. We do not wish to put up other collateral to secure payment of the loan. NG

If you feel you would consider this proposal favorably, such other information concerning locations, etc. as you may require will be furnished upon request.

Sincerely,

David L. Moore

DLM:cg

refer to Item 1 para. (a)

First Security Bank of Idaho
NATIONAL ASSOCIATION
BOISE OFFICE
BOISE, IDAHO

December 6, 1965

Mr. David L. Moore
Vice President
Rosario Exploration Co.
405 McCarty Building
Boise, Idaho

Dear Mr. Moore:

I am writing in regard to your letter of November 30 in which you requested a loan of $22,500.00 with interest rate not to exceed 6%--the purpose of the loan being to do exploration work on prospective silver producing property near Milford, Utah. You also mentioned that the loan was to be paid out of production, if you are successful in finding any silver, at the rate of 10% of the net smelter returns.

Due to the tightness in the money market and to the tremendous loan demand we are receiving at this time, we are forced to allocate our loans to long standing customers with whom we have a deposit relationship. Consequently, we would be unable to take care of your credit application at this time and would suggest with the silver situation as it is in the United States today that you inquire from some of the various government agencies whether they are able to make risk capital loans such as this and on the terms which look economically feasible to you.

Thanks very much for your request.

Sincerely yours,

S F Eccles

S. F. Eccles
Vice President

SFE:hkw

MEMBER FIRST SECURITY CORPORATION SYSTEM
LARGEST INTERMOUNTAIN BANKING ORGANIZATION

refer to Item para. (a)

O P T I O N.

For and in consideration of the sum of One Dollar, ($1.00), and other good and valuable consideration to them in hand paid by INTERMOUNTAIN EXPLORATION COMPANY, a Utah corporation, with its principal place of business in St. George, Washington County, Utah, the receipt whereof is hereby acknowledged, E. C. McGARRY and MABEL S. McGARRY, his wife, of Salt Lake City, Utah, do hereby give to the said Intermountain Exploration Company, the option of buying, for the full purchase price of Twenty-Five Thousand Dollars, ($25,000.00), that certain patented lode mining claim situated in the San Francisco Mining District of Beaver County, Utah, known and designated as the "Lulu" lode mining claim;

That the said optionee or its assigns shall have the right to close this application or option at any time within five years from and after the date hereof by paying to the optionors at or before said time the entire sum of $25,000.00 in cash;

That this option is conditioned upon the said optionee paying before the delinquency date, all taxes that are assessed against the said mining claim for each of the years 1963 to 1967 inclusive, unless prior to the expiration date of this option the said optionee shall in writing advise the optionors that he is terminating this option and relinquishing all rights thereunder, in which event he shall be relieved of the obligation to pay such taxes for the calendar years next succeeding the date of such termination.

Time is of the essence of this contract and option.

In the event the said optionee shall fail to pay the said taxes on or before the delinquency date thereof it shall forfeit all right, title, interest and equity in and to this said option and the premises thereby and therein described, and this option shall immediately terminate and all rights and privileges of optionee shall

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ATTORNEYS-AT-LAW
MILFORD . UTAH

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Salt Lake City, Utah
84117

be immediately cancelled and forfeited, all without further notice or action upon the part of optionors.

IN WITNESS WHEREOF parties of the first part and optionors do hereby set their hands and seals this 23 day of April, 1963.

E. C. McGarry

Mabel S. McGarry

STATE OF UTAH)
) SS.
County of Salt Lake)

On this 23rd day of April, 1963, personally appeared before me E. C. McGarry and Mabel S. McGarry, his wife, the signers of the above and foregoing instrument, who each duly acknowledged to me that they executed the same.

Sheridan L. McGarry
Notary Public
Residing at Salt Lake City, Ut.

My Commission Expires
February 20, 1964

CLINE & CLINE
ATTORNEYS-AT-LAW
MILFORD - UTAH

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Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah
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refer to Item 2 para. (a)

ESCROW INSTRUCTIONS.

The enclosed warranty deed, dated the 31 day of July, 1963, wherein E. C. McGarry and Mabel S. McGarry, his wife, are grantors, and Intermountain Exploration Company, a Utah corporation, is grantee, and describing the Lulu Lode Mining Claim, Lot #48, and situated in the San Francisco Mining District of Beaver County, Utah, is hereby deposited with the Milford State Bank of Milford, Utah, on and subject to the following terms and conditions:

That the said deed shall be held by said escrow trustee until the sum of Twenty-Five Thousand Dollars, ($25,000.00), shall be paid, said sum to be paid to said escrow trustee on or before the 23rd day of April, 1968. now

That when and in the event the entire sum of $25,000.00 has been paid, the said escrow trustee shall purchase and then affix to said deed the sum of $16.50 in revenue stamps, cancel the same, and deliver the said deed to the said grantee, deducting the said sum from the said purchase price of $25,000.00.

It is understood and agreed by and between the grantors and the grantee named in said deed that said grantee shall pay or cause to be paid the general taxes assessed against the said premises for the year 1963 and subsequent years during which this escrow shall remain in standing and effect.

That in the event the said grantee shall fail to pay or cause to be paid said taxes before the same shall become delinquent, and/or in the event the said grantee shall fail to pay or cause to be paid any of the said installments and full purchase price of $25,000.00 on or before the due date as above set forth, the said grantors or either of them, may at his or her option, demand a return of said deed ~~and~~ from the said escrow trustee and upon such demand shall be entitled to a return thereof.

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ATTORNEYS-AT-LAW
MILFORD · UTAH

refer to Item para. (a)

Dated this 31 day of July, 1963.

Witnessed by

E. L. McGarry

Mabel L. McGarry

Grantors

INTERMOUNTAIN EXPLORATION CO.,

By Richard V. Wyman
President

CLINE & CLINE
ATTORNEYS-AT-LAW
MILFORD - UTAH

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Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah
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Refer to
Item 2 para. (2)

ASSIGNMENT AND QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS:

For and in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, INTERMOUNTAIN EXPLORATION COMPANY, a corporation organized and existing under the laws of the State of Utah, with its principal place of business in St. George, Utah (hereinafter sometimes designated as the "ASSIGNOR"), does hereby sell, assign, transfer, set over, and deliver to PAGE BLAKEMORE, a resident of Salt Lake City, County of Salt Lake, State of Utah (hereinafter sometimes designated as the "ASSIGNEE"), all of the right, title and interest of the ASSIGNOR, in, to and under that certain Option, dated April 23, 1963, involving the Lulu patented lode mining claim, located in the San Francisco Mining District, of Beaver County, Utah, wherein S. L. McGarry and Mabel S. McGarry, his wife, were named as the Optionors, a copy of said Option being attached to this Assignment and made a part hereof by reference, as EXHIBIT A hereto.

The ASSIGNOR does further sell, assign, transfer, deliver, and set over unto the ASSIGNEE, all of the ASSIGNOR'S right, title, and interest in and to certain Escrow Instructions, dated July 31, 1963, pertaining to the same transaction as the above-described Option, by and between the aforementioned parties, a copy of said Escrow Instructions being attached to this Assignment and made a part hereof by reference, as EXHIBIT B hereto.

Further, by the execution of this Assignment, INTERMOUNTAIN EXPLORATION COMPANY does hereby convey, quitclaim, remise, set over, grant, and deliver to PAGE BLAKEMORE, all of its right, title and interest, in, to and under the Lulu lode mining claim, the same being a patented lode mining claim, situated in the San Francisco Mining District, of Beaver County, State of Utah.

IN WITNESS WHEREOF, INTERMOUNTAIN EXPLORATION COMPANY has hereunto set its hand and affixed its seal as of this 17th day of August, 1965.

INTERMOUNTAIN EXPLORATION COMPANY

By Russell V. Wyman
President

ATTEST:

Anne R. Wyman
Secretary

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 East 3900 So.
Salt Lake City, Utah
84117

Refer to Item 2 para. (2)

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

On this 14th day of August, 1965, personally appeared before me, Richard V. Ellyson and Anne F. Ellyson, who, being by me duly sworn, did say: that they are the President and Secretary, respectively, of INTERMOUNTAIN EXPLORATION COMPANY, a Utah corporation, and that the within and foregoing Assignment and Quitclaim Deed was signed on behalf of said corporation by authority of a resolution of its Board of Directors and said Richard V. Ellyson and Anne F. Ellyson duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

Jane Cooke
NOTARY PUBLIC

My commission expires: Jan. 21, 1966

Residing at: 612 Ave C
Boulder City Nevada

JANE COOKE
NOTARY PUBLIC
CLARK COUNTY, NEVADA
MY COMMISSION EXPIRES
JANUARY 21, 1966

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 E. 3900 South
Salt Lake City, Utah
84117

Refer to Item 2 para. (2)

ASSIGNMENT AND QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS:

For and in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, PAGE BLAKEMORE and ELLA R. BLAKEMORE, his wife, residents of Salt Lake City, County of Salt Lake, State of Utah (hereinafter sometimes designated as the "ASSIGNORS"), do hereby sell, assign, transfer, set over, and deliver to TINTIC LEAD COMPANY, a corporation (hereinafter sometimes designated as the "ASSIGNEE"), all of the right, title and interest of the ASSIGNORS, in, to and under that certain Option, dated April 23, 1963, involving the Lulu patented lode mining claim, located in the San Francisco Mining District, of Beaver County, Utah, wherein S. L. McGarry and Mabel S. McGarry, his wife, were named as Optionors, a copy of said Option being attached to this Assignment and made a part hereof by reference, as EXHIBIT A hereto.

The ASSIGNORS do further sell, assign, transfer, deliver and set over unto the ASSIGNEE, all of the ASSIGNORS' right, title, and interest in and to certain Escrow Instructions, dated July 31, 1963, pertaining to the same transaction as the above-described Option, by and between the aforementioned parties, a copy of said Escrow Instructions being attached to this Assignment and made a part hereof by reference, as EXHIBIT B hereto.

Further, by the execution of this Assignment, the ASSIGNORS do hereby convey, quitclaim, remise, set over, grant, and deliver to TINTIC LEAD COMPANY, all of their right, title and interest in, to and under the Luly lode mining claim, the same being a patented lode mining claim, situated in the San Francisco Mining District, of Beaver County, State of Utah.

IN WITNESS WHEREOF, the ASSIGNORS have hereunto set their hands and affixed their seals as of this 31 day of August, 1965.

Page Blakemore

Page Blakemore

Ella R Blakemore

Ella R. Blakemore, his wife

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

On this 31 day of August, 1965, personally appeared before me, PAGE BLAKEMORE and ELLA R. BLAKEMORE, his wife, the signers of the above and foregoing instrument, who acknowledged that they executed the same.

Clarice Conte

NOTARY PUBLIC
Residing at: Salt Lake City, Utah

My commission expires:
Oct 6 1966

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 E. 3900 South
Salt Lake City, Utah
84117

refer to Item 2 para. (a)

W. O. VAN COTT (1914-1953)
GRANT H. BAGLEY
S. N. CORNWALL
DENNIS McCARTHY
CLIFFORD L. ASHTON
LEONARD J. LEWIS
DAVID E. SALISBURY
GRANT MACFARLANE, JR.
STERLING D. COLTON
M. SCOTT WOODLAND
L. R. GARDINER, JR.
HOWARD L. EDWARDS
MALCOLM D. PIKE
H. T. BENSON
RAY G. MARTINEAU
C. KEITH ROOKER
RICHARD W. GIAUQUE
ROBERT M. ANDERSON
DAVID S. COOK
ALLAN M. LIPMAN, JR.

MAX B. LEWIS
OF COUNSEL

LAW OFFICES OF
VAN COTT, BAGLEY, CORNWALL & McCARTHY
SUITE 300
141 EAST FIRST SOUTH
SALT LAKE CITY, UTAH 84111

BENNETT, HARKNESS & KIRKPATRICK 1874-1890
BENNETT, MARSHALL & BRADLEY 1890-1896
BENNETT, HARKNESS, HOWAT, SUTHERLAND & VAN COTT 1896-1902
SUTHERLAND, VAN COTT & ALLISON 1902-1907
VAN COTT, ALLISON & RITER 1907-1917
VAN COTT, RITER & FARNSWORTH 1917-1947

May 3, 1965

Mr. M. C. Godbe, III
Geological Engineer
2765 East 3900 South
Salt Lake City, Utah

Gentlemen:

We have examined the title evidence identified below relating to the herein described lands and base our findings as of April 26, 1965 at 9:00 o'clock A. M.:

I.

DESCRIPTION OF LANDS

The lands the subject of this opinion (herein called "Subject Premises") are situated in Township 27 South, Range 13 West, Salt Lake Meridian, in Beaver County, State of Utah, and are officially described as follows:

Lulu Patented Lode Mining Claim,
Lot No. 48, containing 20.66 acres.

II.

TITLE EVIDENCE EXAMINED

The title evidence upon which this opinion is based consists of an unnumbered abstract of title prepared by Beaver County Abstract Company from the records of Beaver County, Utah, containing 54 pages and last certified to on April 26, 1965, at 9:00 o'clock A. M.

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 East 3900 South'
Salt Lake City, Utah
84117

III.

OPINION AS TO TITLE

Based upon our examination of said title evidence, it is our opinion that fee title to the surface and mineral estate of the Subject Premises is vested in E. C. McGarry, subject to the comments, qualifications and exceptions noted below.

IV.

COMMENTS, QUALIFICATIONS AND EXCEPTIONS

The foregoing opinion is subject to the following comments, qualifications and exceptions:

A. Tax Title.

The ownership of the Subject Premises is based upon a tax deed from Beaver County, Utah. The lands have been subject to tax sale proceedings on three occasions, the lands being sold for taxes for 1909, 1934 and 1937. After the tax sales for 1909 and 1934 taxes the record owner, as contrasted to the tax title owner, succeeded to title by conveyance from the tax title owner. This was not the case with the tax sale for 1937 and the chain of title to the present owner is from the purchaser under tax sale.

The lands were sold to the County for taxes December 20, 1937, and after the redemption period and upon payment of all back taxes and fees, the sale was assigned on March 11, 1942 to A. M. Cheney. The abstract does not contain a complete record of the tax sale proceedings. In the absence of a complete record, we must conclude that the tax sale was invalid. Such conclusion does not per se negate the validity of the tax title.

Even if the title did not technically pass in the tax sale proceedings, the tax title may be valid under Sections 78-12-5.1 and 78-12-5.3, Utah Code Annotated, 1953, as amended, which sections have as their purpose the protection by limitation of certain tax titles.

Those sections, as construed by the Utah Supreme

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2765 East 3900 South
Salt Lake City, Utah
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Court, apply to a tax title owner differently depending on whether that owner is defending his title against the claim of the record owner or whether that owner is seeking to quiet his title against the claim of a record title owner. The burden of proof is different in the two situations, to wit:

(i) Record owner's burden in recovering premises from tax title owner.

Under the statute, in order for the record title owner as opposed to the tax title owner to prevail on the claim of ownership, such party must have had possession of the premises within the four-year statutory period, dating from the initiation of the tax title. In an action by the record owner to upset the tax title, it would be incumbent on the record owner or its successors or assigns to assume the burden of proving that it and not the tax title owner had possession of the premises during the statutory period. The record owner's burden would be increased by the record owner having actual notice or being charged with notice of the situation by reason of the tax title owner's occupancy of the premises.

In this case the record owner at the time of the sale for 1937 taxes was a corporation, San Francisco Mines, Inc. That the record owner probably had actual notice of the situation is indicated by dealings between the tax title owner and record title owner before and after the tax sale proceedings. A mortgage was given by the record owner to the tax title owner in 1939, some three years prior to the initiation of the tax title. The tax title owner foreclosed that mortgage, a decree of foreclosure being issued August 26, 1942, after the initiation of the tax title and a sheriff's deed pursuant to the foreclosure was issued dated June 29, 1943.

In an action by the record title owner, the burden of the tax title owner would be to produce the tax sale proceedings. Such showing would be sufficient to defend the tax title in the event of the record title owner failing to meet his burden.

(ii) Tax title owner's burden in affirmatively prosecuting an action to quiet his title.

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The absence of the right of the record owner would not, in and of itself, entitle the tax title owner to quiet his title. The tax title owner must proceed on the strength of his own title and cannot rely on the weakness of the record title owner's position. To establish a sufficient right that could be quieted, the tax title owner would have to show possession of the property for a period of four years prior to the commencement of the action and further show that all taxes which had been levied and assessed within such period had been paid before the taxes became delinquent, redemption of delinquent taxes not constituting payment of taxes levied and assessed within the meaning of the adverse possession statute. The tax title owner could also avail himself of the seven-year adverse possession statute that does not relate to tax titles. However, the burden of proving possession and payment of taxes would be the same.

In this case the abstracter has certified that there are no unpaid or delinquent taxes and that there have not been any redeemed delinquent taxes during the last four years. It appears that all taxes have been paid before they have become delinquent. If the tax title owner has been in possession of the premises for the last four years, he could accordingly show a sufficient right in the property to bar the record title owner from defeating an action by the tax title owner to quiet title. However, any action in which the plaintiff is charged with such a burden of proof is fraught with uncertainty. For example, if there has not been any mining activity on the lands within the last four years, there is some question as to whether possession of the surface only of mineral lands would constitute possession of the mineral estate.

As noted above, mortgage foreclosure proceedings could probably be construed as giving notice to the record owner of the situation involving the tax sale. The mortgage foreclosure proceedings would not, in and of themselves, prevent a claim by the record title owner but merely preclude that record title owner from asserting any right of redemption under the mortgage.

The record title owner, San Francisco Mines, Inc., is likely defunct. If this is the case, the rights, if any,

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Field Representative
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Salt Lake City, Utah
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of that company would be vested in the individual stockholders and, in our opinion, the risk of affirmative action by stockholders of a defunct corporation to recover the property under these circumstances is remote.

Based on the foregoing, and assuming no possession by the record title owner and possession by the tax title owner, it is our opinion that the risk of a challenge by the record owner to the tax title described herein is a risk that can be prudently assumed. The burden that would have to be undertaken by the record owner in challenging the validity of the tax title would be of such magnitude that in our opinion it could not successfully be discharged. We recommend that no action be taken by the tax title owner to quiet the tax title. Because of the burden that would have to be discharged in our opinion it would be more prudent to assume the risk of possibly having to defend the tax title against a claim of the record owner at some future time.

Requirement: We recommend that the tax title owner be advised of the risks noted above and be advised to pay all taxes before delinquency, to maintain acts of possession of the premises including acts that will constitute possession of the mineral estate and document the history of possession of the subject premises since the date of initiation of the tax title.

B. Rights of Third Parties.

The rights outlined above are subject to the rights, if any, of third parties by reason of use or occupancy of the premises, encroachments, unrecorded easements, unpaid mechanics' or materialmens' liens or otherwise.

Requirement: We recommend a physical examination of the Subject Premises to determine the existence, if any, of rights of third parties that could interfere with the rights outlined above.

C. Survey of the Subject Premises.

The Subject Premises are described by metes and bounds in U. S. Mineral Survey, Lot No. 48, San Francisco Mining District with a tie to another mineral survey and no ties to a corner of the public land survey. If the corners

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2765 East 3900 South
Salt Lake City, Utah
84117

of the Lulu claim are permanently monumented the risks inherent in a metes and bounds survey not tied to the public land survey are minimized. If the claim is not permanently monumented steps should be taken to identify the lands on the ground.

Requirement: We recommend a survey of the Subject Premises and permanent monumenting of the boundaries.

D. Chain of Title.

There are a number of defects in the chain of title between the time of patent and the tax sale proceedings on which the present title is based such as no recorded power of attorney of an attorney in fact, no authorization naming certain individuals as trustees of a defunct corporation, etc. However, such defects can be prudently waived the effect of such defects being tolled by the tax title. A tax title is a new title having its roots in the tax sale proceedings, or, as in this case, in the tax title limitation statute, and the title is not clouded by technical chain defects antedating the tax sale proceedings.

Requirement: None.

E. Name of Predecessor in Interest.

We assume that M. L. Ritchie, grantee in two deeds in the chain of title and Mary Lou Ritchie, grantor in a deed in the chain of title are one and the same person.

Requirement: None.

F. Extralateral and Intralimital Rights.

The patent to the Subject Premises, being issued under the general mining laws for a lode mining claims, vests in the owner extralateral rights in veins apexing within the boundaries and dipping beyond the sidelines and also vests ownership of all minerals within the boundaries with the possible exception of veins apexing in a neighboring lode mining claim.

Requirement: None.

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Salt Lake City, Utah
84117

refer to Item 2 para. (a)

G. Taxes.

The ownership of the Subject Premises is subject to 1965 general taxes, now a lien against the property, but not yet due and payable.

Requirement: None.

The abstract examined is being returned to Milford State Bank, Milford, Utah.

Yours truly,

VAN COTT, BAGLEY, CORNWALL & McCARTHY

Howard L. Edwards

HLE:L

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Refer to Item 2 para. (a)

AGREEMENT

Agreement made in Salt Lake City, Utah, between ROSARIO EXPLORATION COMPANY, a Colorado corporation, hereinafter referred to as "ROSARIO," TINTIC LEAD COMPANY, a Utah corporation, hereinafter referred to as "TINTIC," COBRE MINING COMPANY, a Utah corporation, hereinafter referred to as "COBRE," and M. C. GODBE III, hereinafter referred to as "GODBE,"

WITNESSETH:

By written Agreement dated April 23, 1963, E. C. McGarry and Mabel S. McGarry, his wife, granted an option to Intermountain Exploration Company, a Utah corporation, to acquire that certain patented lode mining claim situated in the San Francisco Mining District of Beaver County, Utah, known and designated as the "Lulu" lode mining claim. Such option provided, among other things, for the payment by optionee, before delinquency date, of all taxes assessed against said mining claim during option period.

Thereafter, on January 27, 1965, Rosario, Tintic, and Cobre entered into an Agreement relative to the exploration, development, and operation of mining claims particularly described therein. Such Agreement provides that Tintic and Cobre might negotiate during the period of the Agreement for the acquisition of the "Lulu" claim and that it would be included

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84117

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Boise, Idaho.
Field Representative
2765 East 3900 South
Salt Lake City, Utah
84117

as an additional mining property subject to the terms of said Agreement, all as therein specifically provided. Thereafter, Tintic and Cobre acquired the rights of optionee under the above option. As the result of negotiations between Rosario, Godbe, Tintic and Cobre, it was understood that Godbe would pay to Tintic its costs incurred in securing said option to purchase the "Lulu" mining claim, and that Tintic would assign said option rights to Rosario for inclusion as a claim under said Agreement of January 27, 1965, between Rosario, Tintic and Cobre. Further Rosario and Godbe agreed that Rosario would grant to Godbe a royalty of 3% of the net smelter returns from ore or minerals removed or mined from the "Lulu" claim, assuming Rosario ultimately elected to exercise said option.

This present agreement is a formal agreement to be executed between the parties in accordance with said understandings above and as particularly hereinafter provided;

NOW, THEREFORE, IT IS AGREED between the parties as follows:

1. Tintic shall assign to Rosario its said option rights to acquire the "Lulu" lode mining claim, for inclusion as an additional mining property subject to the terms and conditions of said lease and option of January 27, 1965, as provided in paragraph 16 thereof, and Rosario agrees to perform all obligations imposed on optionee, subject to said Agreement of January 27, 1965. In such assignment, Tintic will make no warranties or guarantees of title, it being understood that Tintic will assign only whatever rights it has. It is understood and agreed that the royalty of 3% payable under Paragraph 3 is in lieu of the royalty payable under Paragraph 7 of agreement dated January 27, 1965.

2. Godbe agrees to pay to Tintic the sum of $1750.00, representing an agreed value of 10,000 shares of Tintic Lead Company Common Stock delivered by Tintic to Intermountain Exploration Company for acquisition of its rights as said optionee to acquire the "Lulu" claim, and to pay to Max B. Lewis, attorney at law, the costs of bringing abstract of title to date and attorney's opinion all relative to title of the "Lulu" claim, at a cost not to exceed $200.00.

3. In consideration of the foregoing payments of Godbe, Rosario agrees, if it exercises said option, to pay to Godbe and there shall be reserved for Godbe, a royalty of three percent (3%) of the net smelter returns received by Rosario from the sale of any shipment of ore or ores or minerals from the "Lulu" claim. The term "net smelter returns" shall mean the amount received by Rosario from the smelter or mill which purchases ore or minerals mined from the "Lulu" claim, including all subsidies or bonuses and other consideration of all types paid therefor, but after deducting therefrom all charges and amounts deducted by the smelter or mill for treatment, sampling, assaying, railroad, trucking, or other haulage charges. If Rosario should elect not to exercise said option to acquire the "Lulu" mining claim, or if it elects to relinquish said option rights to and in favor of Tintic (as provided in paragraph 5 hereof), Godbe shall not be entitled to the royalty payment herein described or any other consideration or things of value.

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Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah
84117

4. Rosario agrees that in the event of its exercise of option to acquire the "Lulu" claim and its acquisition of title to such claim, it will grant to Tintic and/or Horn Silver Mining Company, the right to the use of the surface of the "Lulu" claim, and to the use of all shafts and underground workings of such claim, now or hereafter established, together with the right to run a tunnel, drift, or cross-cut from the "Lulu" claim to the Horn Silver properties, provided that the location of such tunnel, drift, or cross-cut shall be consistent with sound mining practice and operation. All of such rights and easements and their exercise, however, shall be usable only to the extent that the same do not unreasonably interfere with mining or exploration activities on the "Lulu" claim by Rosario. Any discovered ore within the boundaries of the "Lulu" claim in the process of operating such rights and easements or in running the tunnel, drift or cross-cut above, shall be and remain the property of Rosario subject to this Agreement. During exploration and development, and prior to exercise of option and acquisition of title as aforesaid by Rosario, it is agreed that it will extend to Tintic and Horn Silver Mining Company the right to use the surface and tunnels, drifts, or cross-cuts insofar as it may have the legal right to do so.

5. In the event that Rosario shall relinquish its rights under said lease and option agreement of January 27, 1965, as provided therein, or if Rosario has not exercised such option

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Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah
84117

on or before sixty days prior to option expiration, all rights of optionee to the "Lulu" claim shall revert and be transferred to Tintic. In the event of the occurrence of the relinquishment by, or the failure of Rosario to exercise the option on or before sixty days prior to its expiration (as described in the immediately preceding sentence), neither Rosario or Godbe shall have any interest in the option or the "Lulu" mining claim, and Godbe shall not be entitled to the royalty payment described in paragraph 3 above, nor shall Godbe be entitled to a return of any funds advanced by him.

6. Rosario agrees that it will not assign its option rights to the "Lulu" mining claim, without the written consent of Tintic and Cobre being first had and obtained.

IN WITNESS WHEREOF, the parties above named have executed this Agreement in triplicate on the 3rd day of November, 1965.

ROSARIO EXPLORATION COMPANY

By _____
Its President

TINTIC LEAD COMPANY

By _____
Its President

COBRE MINING COMPANY

By _____
Its PRESIDENT

_____
M. C. GODBE, III

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Boise, Idaho
Field Representative
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Salt Lake City, Utah
84117

AGREEMENT made in Salt Lake City, Utah, between ROSARIO EXPLORATION COMPANY, a Colorado corporation, hereinafter referred to as "Rosario", and TINTIC LEAD COMPANY, a Utah corporation and COBRE MINING COMPANY, a Utah corporation, both companies being referred to hereinafter as "Owners",

W I T N E S S E T H:

By Letter Agreement dated December 10, 1964, Guy Snyder acting as agent for M. Godbe III, secured a lease and option covering the exploration and development of certain patented mining claims located in the County of Beaver, State of Utah, more particularly described as follows:

NAME OF PATENTED MINING CLAIM	PATENT NUMBER	NAME OF PATENTED MINING CLAIM	PATENT NUMBER
Independence No. 1	5921	Drum	5986
Independence No. 3	5921	Drum No. 1	5986
Emporia	5921	Drum No. 2	5986
Emporia Fraction	5921	Horn Silver Apex No. 1	5921
Lady Franklin	3400	Horn Silver Apex No. 2	5921
Lady Franklin Fraction	5921	Horn Silver Apex No. 4	5921
Emporia No. 7	5986	Horn Silver Apex No. 8	5921
Emporia No. 8	5986	Horn Silver Apex No. 11	5921
Emporia No. 9	5986	Horn Silver Apex No. 12	5921
Emporia No. 10	5986	Horn Silver Apex No. 13	5921
Emporia No. 11	5986	Dolly Mack Fraction	5921
St. Louis No. 1	5986		
St. Louis No. 2	5986		
St. Louis No. 3	5986		
St. Louis No. 4	5986		
Young American	70		
Dolly Mack	61		

Said patented mining claims will be for purposes of convenience referred to hereinafter as the "28 Patented Mining Claims."

In said Letter Agreement it is stated that said agent was acting on behalf of a major mining company the name of which was revealed and which said mining company is now

stated to be Rosario Exploration Company and this present Agreement is the formal Agreement to be executed between the principals in accordance with the stipulation contained in said Letter Agreement.

NOW, THEREFORE, in consideration of the terms and conditions set out in said Letter Agreement of December 10, 1964, it is hereby agreed between the parties above named as follows:

The said Owners give and grant to Rosario a lease and option on the said "28 Patented Mining Claims" provided Rosario undertakes to assume and perform all terms and conditions of said Letter Agreement as follows:

(1) Rosario shall have a period of six months to go upon the properties embraced by said "28 Patented Mining Claims and conduct thereon geologic and engineering investigation; the six-month period shall commence running on the 1st day of January, 1965.

(2) During the fiscal year beginning on the 1st day of July, 1965, and ending on the 30th day of June, 1966, Rosario will expend not less than $20,000.00 on a portion or portions of the property embraced by said "28 Patented Mining Claims", which funds shall be spent for exploration and/or development of the mining properties.

(3) Rosario shall have "first right of refusal" with respect to 11 other patented mining claims owned by the above named Owners and which claims are described as follows:

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Salt Lake City, Utah
84117

NAME OF PATENTED MINING CLAIM	PATENT NUMBER	NAME OF PATENTED MINING CLAIM	PATENT NUMBER
Accrington No. 3	5986	Utah No. 1	---
Accrington No. 4	5986	Utah No. 2	---
Accrington No. 6	5986	Utah No. 3	---
Accrington No. 7	5986	Horn Silver	5921
Champion	5986	Apex No. 10	
George Dewey	5986	Congress No. 2	5986

(3a) With respect to the phrase "first right of refusal" and the option rights pertaining to said "11 Patented Mining Claims" it is agreed that at any time up to the first day of July, 1975, Rosario shall have the first right and option to purchase or lease the said "11 Patented Mining Claims" or any one or more of them, upon the same terms and conditions as any third party or third parties might be willing to pay or give for such lease or purchase. In this regard, if the owners of the 11 Patented Mining Claims decide that they want to sell or lease the same, such owners shall give written notice to Rosario describing the terms and conditions of any bona fide offer which they have received from a third party or third parties for the lease or purchase of said "11 Patented Mining Claims", or any of them, such notice to hereinafter be called "first notice." Rosario shall then have a period of 30 days from and after receipt of said first notice, to elect to purchase or lease the mining claim or mining claims of said "11 Patented Mining Claims", upon the terms and conditions which are described in the said first notice. Said election shall be made in writing and shall be delivered to the owners of the said "11 Patented Mining Claims" and shall be accompanied by any monetary consideration necessary to meet the terms and conditions of the third party's offer. If Rosario fails to elect to lease or purchase the pertinent mining claim or

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Boise, Idaho
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2765 East 3900 South
Salt Lake City, Utah
84117

mining claims of said "11 Patented Mining Claims" during said 30-day period, the owners of the same shall be free to lease or sell the pertinent mining claim or mining claims of the said "11 Patented Mining Claims" to the third party upon the terms and conditions outlined in the first notice. Further, it is understood that the option being granted to Rosario shall not in any way prevent, preclude or in any way interfere with the right of the owners of the same to conduct their own exploratory or mining operations on any one or more of the said "11 Patented Mining Claims" as they see fit. In the event that by July 1, 1975, the owners of said "11 Patented Mining Claims" have not conducted mining operations thereon and no bona fide offer for purchase thereof has been received from a third party or parties, the said "11 Patented Mining Claims shall be transferred to Rosario along with the 28 Patented Mining Claims.

(4) Rosario shall have the right at any time and at all times to relinquish this Lease and Option Agreement. In order to have an effective release of the Lease and Option Agreement, Rosario shall deliver written notice of its intention to release to the undersigned at their respective addresses. Provided, that in releasing the Lease and Option Agreement and its rights hereunder, it shall relinquish and lose any and all work performed or sums of money paid to the effective date of such release.

(5) The total purchase price of the aforesaid "28 Patented Mining Claims" is $400,000.00, payable as follows:

(a) $20,000.00, on or before the 1st day of July, 1966;

(b) $28,000.00, on or before the 1st day of July, 1967;

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404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah
84117

(c) $40,000.00, on or before the 1st day of July, 1968, and $40,000.00 on or before the 1st day of July each and every year thereafter until six separate $40,000.00 payments have been made;

(d) $52,000.00, on or before the 1st day of July, 1974, and the balance of

(e) $60,000.00, on or before the 1st day of July, 1975.

(6) Further, notwithstanding the provisions contained in the immediately preceding paragraph and subparagraphs (a) to (e), inclusive, thereof, as shown above, it is agreed that Rosario shall be bound to pay to the owners of the 28 Patented Mining Claims, beginning with the 31st day of December, 1965, and as of the 31st day of December of each and every year thereafter, a sum equal to 7-1/2% of the net mill or smelter returns for all ores having a value of $20.00 per ton or less, and 10% of net mill or smelter returns of all ores having a value in excess of $20.00 per ton. The payments made by Rosario hereunder shall operate as credits against the next payments of the purchase price becoming due as provided in subparagraphs (a) to (e), inclusive, above. Further, the owners of the 28 Patented Mining Claims shall have the right at any time and from time to time to advise Rosario that they desire and elect to receive direct and current (monthly) payment of the payments described in this paragraph from the mill or smelter which is purchasing the ores therefrom and if such election is made by the owners, Rosario agrees to notify the mill to make direct payment of said 7-1/2% or 10%, as hereinabove described and as the case may be, directly to said owners.

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(7) In addition to the payments reserved above, it is understood and agreed that the owners shall reserve to themselves a royalty of 3% of the net smelter returns, as that term is hereinafter defined, received by Rosario from the sale of any shipment of ore or ores, or minerals, from the 28 Patented Mining Claims. The expression "net smelter returns" shall mean the amount received by Rosario from the smelter or mill which purchases ore or minerals mined from the 28 Patented Mining Claims, including all subsidies or bonuses and other consideration of all types paid therefor, but after deducting therefrom all charges and amounts deducted by the smelter or mill for treatment, sampling, assaying, railroad, trucking, or other haulage charges; provided, that it is agreed that the 3% royalty hereinabove provided shall not be payable by Rosario while the monetary payments provided above and aggregating $400,000.00 are yet to be paid. When the sum of $400,000.00 has been paid, as hereinabove provided, the 3% royalty payments shall commence and be payable at all times thereafter as a continuing royalty, as hereinabove defined. Provided, that when there has been paid to the Owners of the 28 Patented Mining Claims, as the continuing royalty described in this paragraph a sum equal to $1,000,000.00, the royalty payment and obligations to pay the same shall cease and terminate. Further, Rosario shall have the right and option exercisable at any time prior to July 1, 1977, to pay to the Owners of the 28 Patented Mining Claims the cash sum of $200,000.00, less any of such royalty paid after July 1, 1975, which, if elected and paid, shall cancel and terminate said royalty obligations. To make clear the intentions of the parties, the royalty payments and said cash sum of $200,000.00 provided above shall

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Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah
84117

be paid in addition to the other monetary payments required under the agreement, including the $400,000.00 purchase price.

(8) Further, notwithstanding anything in this Agreement to the contrary, it is understood that by delivering a written release of its rights under the Lease and Option and relinquishing all of its right, title and interest in, to and under the above described 28 Patented Mining Claims, and the 11 Patented Mining Claims, Rosario shall have the right, effective upon the giving and granting of said release and relinquishment, to avoid paying any payments of the purchase price thereafter becoming due and payable. Nevertheless, it is to be understood and agreed that all payments made prior to the delivery of said release and relinquishment shall be retained by Tintic Lead Company and Cobre Mining Company, as their sole property.

(9) It is further understood and agreed between the parties hereto as follows:

(a) It is understood that Rosario will pay all real property taxes pertaining to the above described 28 Patented Mining Claims for the period commencing July 1, 1965, and continuing thereafter so long as the Agreement is in effect. Real property taxes for a partial period of a year shall be equitably prorated by the parties. Also, other taxes are to be prorated as the parties' interests appear and exist.

(b) Until the sum of $400,000.00 has been paid, as provided above, Rosario shall submit to the representative of the Owners,

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Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah
84117

bi-monthly reports which shall be submitted within 30 days following the end of the two-month period for which such reports are respectively made, describing generally Rosario's activities on the properties, the discovery or existence of all known ore bodies thereon, the amount of ore shipped from the premises, and its nature, grade and quality, and the name or names of the company or companies purchasing or milling all ore shipped. Further, it is agreed that the Owners and their duly authorized representatives shall at all times have reasonable access and be permitted entrance and exit to the lands embraced by the said "28 Patented Mining Claims."

(10) The terms and conditions of this Agreement are subject to the usual Force Majeure clause, so that if either party shall be prevented or delayed in carrying out its obligations hereunder within any specified time due to war, insurrection, riot, fire, flood, strike or any other condition usually recognized in the mining industry as a Force Majeure condition, such delay or failure to perform shall be excused until such condition no longer prevents or delays performance and all rights of other parties hereunder shall not be affected by such failure or delay.

(11) At the time the first ~~monthly~~ payment of $20,000.00 is made, as provided above, the Owners shall place in escrow a warranty deed or warranty deeds, transferring to Rosario title to said "28 Patented Mining Claims" free and clear of all encumbrances, the escrow agreement to be consistent with the basic agreements.

(12) Rosario as an independent contractor shall be solely responsible for all labor, materials, supplies and equipment furnished for operations hereunder and shall keep the demised premises free and clear of encumbrances and liens.

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Field Representative
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Salt Lake City, Utah 84117

(13) Rosario shall also indemnify and save harmless the owners of and from all liability, loss, cost, damage and expense that may arise out of damage or injury to persons or property occurring during operations hereunder. Rosario shall be notified promptly of the commencement of any suit against the owners with respect to any such damages and shall have the right to defend such suit at its own expense but shall be entitled to receive all practical assistance which may be rendered by the owners in the defense thereof.

(14) Rosario shall post and keep posted on the demised premises notices as to nonliability on the part of owners in compliance with Utah laws, and shall also comply with all other laws and regulations of Utah and the United States of America affecting its operations.

(15) Rosario shall have the right to expend such funds as it may deem appropriate and necessary and shall have the right to direct all work hereunder within its best judgment and discretion through its own staff or other employees engaged by it; provided that such work shall be done in compliance with the other provisions of this Agreement.

(16) The owners may at their option, negotiate during the period of this Agreement for the acquisition of a mining claim known as the "Lulu." The owners are interested only in the surface rights to said property; and if the owners are able to obtain title to said Lulu claim, it will be included as an additional mining property subject to the terms and conditions of this Lease and Option, insofar as sub-surface rights on said claim are concerned. Provided, that as a condition to obtain such rights, Rosario will pay to the owners a sum equal to the amount expended by them in securing said claim.

Any new locations made in the name of either party which are contiguous to the said "28 Patented Mining Claims", shall be subject to and included under this Lease and Option.

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Boise, Idaho
Field Representative
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Salt Lake City, Utah
84117

(17) Upon termination of the Agreement in any manner Rosario shall have the right of removal of all equipment, machinery, tools and supplies placed on the demised premises by it, such right of removal to be exercised within ninety days after such termination, but no track nor timbering shall be removed.

IN WITNESS WHEREOF, the parties above named have executed this Agreement in triplicate on the 27TH day of JANUARY 1965.

Attest:
Marion A. Hurst
Secretary

TINTIC LEAD COMPANY
By [signature]

Attest:
Mary D. Lewis
Secretary

COBRE MINING COMPANY
By Page R. Blakemore
President

Owners

ROSARIO EXPLORATION COMPANY
Lessee
By [signature]
President

Attest:
[signature]
Secretary

Approved: JANUARY 27, 1965.

Guy Snyder

Page Blakemore

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Salt Lake City, Utah
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ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
LILY M. HOTTINGER, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Telephone 363-3302

Hand Sample Serial 6919-6928

Mine M. C. Cooley XXI
2765 East 3900 South
Salt Lake City, Utah

CHECK SAMPLES
ROSARIO EXPLORATION COMPANY
TINTIC LEAD COMPANY LEASE

RESULTS PER TON OF 2000 POUNDS

Sept. 9, 1965

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
2182	EMPORIA - DRUM FISSURES CHIP SAMPLES FOR AS-PB BOND DATA	11.08	10.1 ✓	Shear zone	rust red oxide - upper						
2183		3.50	2.2	" "	Lt. brown & white talcy oxide - upper						
2184		2.26	14.4	" "	Choc. brown to canary yellow oxide - upper						
2185		0.42	None	" "	White to pale yellow talcy oxide - upper						
2186		0.38	None	" "	White to pale yellow brown talcy oxide - upper						
2187		5.41	2.2	" "	white & brown talcy wall rock - upper						
2188		3.22	2.6	" "	composite oxide zone & wall rock - upper						
2189		1.14	0.9	" "	rust red oxide - Lower						
2190	NOGED BLACK DIKE	0.16	5.3			38.54	Pipe adit - west incline - dump grab				
2191		0.26	41.5 ✓	select	specimens from ST Louis Claims area						

Remarks

Charges $ 52.00

W. C. Wanlass

refer to Item 7 para.(a)

Stewart Brothers DRILLING CO.

• EXPLORATION
• DRILLING

• P. O. BOX 2067, MILAN STATION
• GRANTS, NEW MEXICO

November 29, 1965

Mr. Murray Godbe
2765 East 3900 South
Salt Lake City, Utah

Dear Mr. Godbe:

In connection with our telephone conversation this evening on the proposed drilling project for Rosario 17 miles Northwest of Milford, Utah, we would perform this job with a Failing CFD-1B rotary drilling rig, a Schramm 600 cfm truck-mounted air compressor, an Ingersoll-Rand down-hole drill, an 800 gal. capacity water truck, 1000 feet of drill pipe and all the necessary related items except tricone bits, lost circulation material and core boxes. Rosario would be billed for these excepted items. We will also furnish an experienced three-man crew, and will work at the following rates:

Rig Time	$22.50 per hour
Compressor Time	8.00 per hour
Drilling w/ Down-hole Tool	1.00 per foot

Mobilization at 25¢ per mile per vehicle. This would be a total of 75¢ per mile without a water truck. Rosario would also be billed for any necessary casing.

The $1.00 per foot down-hole tool charge covers tool maintenance and bit cost.

We hope that this proposal meets with your approval, and that we may hear from you further in this connection. If any of this should need clarification, do not hesitate to call on us. Out telephone number is 287-2047, area code 505.

Very truly yours,

H. M. Stewart

H. M. Stewart

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah

refer to Item 7 para. (a)

Whatley DRILLING COMPANY

P.O. BOX 7113

1 SOUTH FOURTH AVENUE ○ TUCSON, ARIZONA 85713

624-6341

November 29, 1965.

David L. Moore,
V.P. Exploration,
New York, Honduras Rosario
405 McCarty Building,
Boise, Idaho.

Dear Dave:

We submit the following proposal for drilling on your Horn Silver project, King David Area, Beaver County, Utah.

1. Furnish one Model HD 1000 Mayhew rig w/ 2-7/8 I.F. drill pipe & 3-1/2" drill collars, Mud Pu,p, 600CFM low pressure Compressor, Geolograph recorder, I.R. Model 275 Down-the-hole hammerdrill. One 2500 gallon water truck, One truck mounted Compressor 600 CFM, 150 psi.

2. To drill on your locations exploration holes, set pipe through the alluvium and collect samples at 5' intervals or at rock changes. Pull spot cores at intervals as directed by your field representative.

3. Prices:

Rotary or Hammerdrill	
0 - 1500 ft.	$ 3.50 per ft.
Rotary (testing to find bedrock)	
0 - 200 ft.	$ 2.50 per ft.
Coring:	
w/mud or rig-mounted Compressor	$ 22.00 per hr.
w/ Auxilliary Compressor	$ 30.00 per hr.
Standby Time:	
w/ Crew	$ 22.00 per hr.
w/o Crew	$ 10.00 per hr.
Water Truck	No Charge
Mobilization	$ 250.00 flat rate
(Should total drilling charges exceed	$ 10 000.00
Mobilization will be refunded)	

Sincerely Yours,

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah
84117

Leon Whatley

efer to Item 7 para. (a)

CORE DRILLING
D DRILLING EQUIPMENT
NG
ATION TESTING
G
RYING
FT SINKING
NEL DRIVING
NE PLANT DESIGN
AND FABRICATION

Boyles Bros.
DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS
General Offices and Plant
1624 Pioneer Road P. O. Box 58 HUnter 7-7595
SALT LAKE CITY 10, UTAH

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
ST. LOUIS

November 22, 1965

Reply to:

New York Honduras Rosario Mining Co.
2765 East 3900 South
Salt Lake City, Utah

Attn: Mr. M.C. Godbe III
Geological Engineer

After inspection of your proposed drilling with Mr. Godbe, we would like to present the following for your consideration. To Rotary drill approximately 3000' to 5000', one mile west of Horn Silver Mine in the Milford, Utah area.

1. Mobilization and demobilization @ $250.00.
2. Rotary drilling dust samples:
   0 - 500 ft. @ $2.95 per ft.
   500 - 1000 ft. @ 3.55 per ft.
   1000 - 1500 ft. @ 4.10 per ft.
3. Cementing or drilling cement @ $15.00 per hour, plus cost of cement or cement substitutes used.
4. Mud and additives would be charged for, if needed.
5. Spot coring as directed @ $9.30 per ft., plus cost of diamond bits that exceeds $1.30 per ft.; or, at an hourly rate of $22.50 per hour, plus cost of diamond bits.
6. Stations and roads to be furnished with no charge to Boyles Bros.
7. If for any reason a water truck were required, the charge would be $210.00 per month plus .12¢ per mile driven. For extra driver, if required, his wages, taxes and Ins. would be charged for.
8. The drill has it's own mounted compressor. If extra air were needed the rental charge we had to pay would be charged for, plus fuel used in the unit.
9. Delays, asked for or caused by owner, would be at the rate of $15.00 per hour. Also extra work, if performed, would be at the $15.00 per hour rate.

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah
84117

refer to Item 7 para. (a)

New York Honduras Rosario Mining Co.
Mr. M.C. Godbe III

November 22, 1965
Page 2.

Proposal #2.

Boyles would furnish Rotary and competent operating personnel, with all pertinent equipment to drill 1200 ft., for the rate of $22.50 per hour. Owner would be charged for mud, additives, water, truck and all bits used.

We would like to thank you for considering us for this work. We hope you will find one of the above proposals to your advantage.

If the 5000 ft. were drilled with no unforseen happinings, we would refund mobilization charges.

If any questions arise concerning the above, please feel free to call us.

Very truly yours,

J F Brennan

J.F. Brennan
Field Supt., Drilling Division

JFB:gh

Rosario Exploration Company
1st Security Bank Bldg.
Room 404
Boise, Idaho
Field Representative
2705 East 3900 South
Salt Lake City, Utah
84117

refer to Item 7 para.(b)

ROCKY MOUNTAIN GEOCHEMICAL LABORATORIES

P. O. BOX 2217 1870 SOUTH, 2nd WEST ST.
SALT LAKE CITY, UTAH 84110
Phone: 466-9172
(Area Code 801)

December 5, 1965

Mr. Murray C. Godbe III
Suite #19
1321 East 3300 South
Salt Lake City, Utah

Re: Horn silver, King David Project; Rosario Exploration Company

Dear Mr. Godbe:

In regard to your recent phone call, we are pleased to quote the following prices and information on Hg analyses:

Analytical method: Combination of wet chemical and atomic absorption using the Perkin-Elmer model 303 equipped with Hg power supply and digital computer.

Sensitivity: Less than 1 part per million.

Precision and Accuracy: Analytical method will be free of interferences and the analyses should be very accutate and precise.

Cost: Cost will be $2.00 per analysis on lots of 10 or more samples.

We will have more specific information on lower limits of detection, accuracy and precision in the near future.

Thank you for your inquiry, and if we can be of any additional service, please do not hesitate to contact us.

Sincerely yours,

James J. Johnson

JJJ:ab

Rosario Exploration Company
404 1st Security Bank Bldg.
Boise, Idaho
Field Representative
2765 East 3900 South
Salt Lake City, Utah
84117

refer to Item 2 para.(c)

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

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the County of Beaver, State of Utah;

described as follows: 2/ refer to attached Annex

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

Rosario Exploration Company 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.)

none

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 refer 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 3rd day of January, 19 66.

Robert A. Hunt (Seal)	39 Exchange Place	(Street)
President Tintic Lead Company	Salt Lake City, Utah	(City & State)
Page Blakemore (Seal)	39 Exchange Place	(Street)
Cobre Mining Company a Utah Corporation	Salt LAke City, Utah	(City & State)
(Seal)		(Street) (City & State)
(Seal)		(Street) (City & State)
(Seal)		(Street) (City & State)
(Seal)		(Street) (City & State)

I, Marian M. Hunt (Name), certify that I am the Sec. & Treas. (Title—Secretary, etc.) of the corporation named herein; that Robert A. Hunt (Name), who signed this agreement was then President (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.

Marian M. Hunt
(Corporate Seal)

I, Max B. Lewis, certify that I am the Secretary of the corporation named herein; that Page Blakemore, who signed this agreement was then President. 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.

INT.-DUP. SEC., WASH., D.C. 48694

Max B. Lewis.
(corporate Seal)
Secretary - Cobre Mining Company, a Utah Corporation

refer to Item 2 para.(c)

PROPERTY DESCRIPTION ANNEX
LIEN AND SUBORDINATION AGREEMENTS
MME Form 52

Jan. 1959

Claim Name	Patent Number
Young America	70
Dolly Mack	61
Dolly Mack Fraction	5921
Horn Silver Apex	5921
Horn Silver Apex 2	5921
Horn Silver Apex 4	5921
Horn Silver Apex 8	5921
Horn Silver Apex 11	5921
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Lady Franklin Fraction	5921
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Emporia No. 10	5921
Emporia No. 11	5921
St. Louis No. 3	5986
St. Louis No. 4	5986
St. Louis No. 1	5986
St. Louis No. 2	5986
Drum	5986
Drum No. 1	5986
Drum No. 2	5986

Rosario Exploration Company
404 1st Security Bank Bldg
Boise, Idaho

Field Representative Address
2765 East 3900 South
Salt Lake City, Utah

Marian M. Hunt
Sec. & Treas.
Tintic Lead Co

refer to Item 2 para.(c)

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 Beaver, State of Utah;

described as follows:[2] refer to attached Annex

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

Rosario Exploration Company[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.)

none

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 refer 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 3rd day of January, 19 66

Robert A. Hunt (Seal) President Tintic Lead Company	39 Exchange Place (Street) Salt Lake City, Utah (City & State)	
Page P. Blakemore (Seal) Cobre Mining Company a Utah Corporation	39 Exchange Place (Street) Salt LAke City, Utah (City & State)	
(Seal)	(Street) (City & State)	
(Seal)	(Street) (City & State)	
(Seal)	(Street) (City & State)	
(Seal)	(Street) (City & State)	

I, Marian M. Hunt (Name), certify that I am the Sec. & Treas. (Title—Secretary, etc.) of the corporation named herein; that Robert A. Hunt (Name), who signed this agreement was then President (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.

Marian M. Hunt
(Corporate Seal)

I, Max B. Lewis, certify that I am the Secretary of the corporation named herein; that Page B. Blakemore, who signed this agreement was then President 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.

Max B. Lewis
(corporate seal)
Secretary, Cobre Mining Company, a Utah Corporation

INT-GOV SEC. WASH. D.C. 48694

refer to Item 2 para.(c)

PROPERTY DESCRIPTION ANNEX
LIEN AND SUBORDINATION AGREEMENTS
MME Form 52

Jan. 1959

Claim Name	Patent Number
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Horn Silver Apex 2	5921
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St. Louis No. 4	5986
St. Louis No. 1	5986
St. Louis No. 2	5986
Drum	5986
Drum No. 1	5986
Drum No. 2	5986

Rosario Exploration Company
404 1st Security Bank Bldg
Boise, Idaho

Field Representative Address
2765 East 3900 South
Salt Lake City, Utah

Marian M. Hunt
Sec. & Treas
Turtle Lead Co

refer to Item 2 para.(c)

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

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Beaver, State of Utah;

described as follows:[2] refer to attached Annex

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

Rosario Exploration Company[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.)

none

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

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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 3rd day of January, 19 66

President Tintic Lead Company	(Seal)	39 Exchange Place (Street) Salt Lake City, Utah (City & State)
Cobre Mining Company a Utah Corporation	(Seal)	~~39 Exchange Place~~ (Street) ~~Salt Lake City, Utah~~ (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)

I, Marian A. Hunt (Name), certify that I am the Sec. & Treas. (Title—Secretary, etc.) of the corporation named herein; that Robert A. Hunt (Name), who signed this agreement was then President (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.

Marian A. Hunt
(Corporate Seal)

I, Max B Lewis, certify that I ~~am~~ the Secretary of the corporation named herein; that Gage Blakemore, who signed this agreement was then President 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.

INC. SUP. SEC. OF WASH. D.C. 48694

Max B Lewis
(corporate seal)
Secretary, Cobre Mining Company, a Utah Corporation

refer to Item 2 para.(c)

PROPERTY DESCRIPTION ANNEX
LIEN AND SUBORDINATION AGREEMENTS
MME Form 52

Jan. 1959

Claim Name	Patent Number
Young America	70
Dolly Mack	61
Dolly Mack Fraction	5921
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Rosario Exploration Company
404 1st Security Bank Bldg
Boise, Idaho

Field Representative Address
2765 East 3900 South
Salt Lake City, Utah

Marian M. Hunt
Sec. & Treas.
Tintic Lead Co.

refer to Item 2 para.(c)

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

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Beaver, State of Utah;

described as follows:[2] refer to Attached Annex

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

Rosario Exploration Company[3]

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

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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 refer to the Annex in the space.

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

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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 3rd day of January, 19 66.

Robert A. Hunt (Seal)	39 Exchange Place (Street)	
President Tintic Lead Company	Salt Lake City, Utah (City & State)	
Page R. Blakemore (Seal)	39 Exchange Place (Street)	
Cobre Mining Company a Utah Corporation	Salt Lake City, Utah (City & State)	
(Seal)	(Street)	
	(City & State)	
(Seal)	(Street)	
	(City & State)	
(Seal)	(Street)	
	(City & State)	
(Seal)	(Street)	
	(City & State)	

I, Marian M. Hunt (Name), certify that I am the Sec. & Treas. (Title—Secretary, etc.) of the corporation named herein; that Robert A. Hunt (Name), who signed this agreement was then President (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.

Marian M. Hunt
(Corporate Seal)

I, Max B. Lewis, certify ~~that I~~ am the Secretary of the corporation named herein; that Page Blakemore, who signed this agreement was then President 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.

Max B. Lewis
(corporate seal)
Secretary, Cobre Mining Company, a Utah Corporation

ENG. DIV. SEC. WASH. D.C. 48694

refer to Item 2 para.(c)

PROPERTY DESCRIPTION ANNEX
LIEN AND SUBORDINATION AGREEMENTS
MME Form 52

Jan. 1959

Claim Name	Patent Number
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St. Louis No. 3	5986
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St. Louis No. 2	5986
Drum	5986
Drum No. 1	5986
Drum No. 2	5986

Rosario Exploration Company
404 1st Security Bank Bldg
Boise, Idaho

Field Representative Address
2765 East 3900 South
Salt Lake City, Utah

Marian M. Hunt
Sec. & Treas.
Tintic Land Co.

refer to Item 2 para.(c)

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 Beaver, State of Utah;

described as follows:[2] refer to attached Anex

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

Rosario Exploration Company[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.)

none

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 refer 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 3rd day of January, 19 66.

Robert A. Hunt (Seal)	39 Exchange Place	(Street)
President Tintic Lead Company	Salt Lake City, Utah	(City & State)
Page Blakemore (Seal)	39 Exchange Place	(Street)
Colore Mining Company, a Utah Corporation.	Salt Lake City, Utah	(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)

I, Marian M. Hunt (Name), certify that I am the Sec. & Treas. (Title—Secretary, etc.) of the corporation named herein; that Robert A. Hunt (Name), who signed this agreement was then President (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.

Marian M. Hunt
(Corporate Seal)

I, Max B. Lewis, certify that I am the Secretary of the corporation named herein; that Page Blakemore, who signed this agreement was then President 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.

INT.-DUP. SEC., WASH., D.C. 48694

Max B. Lewis
(corporate seal)
Secretary, Colore Mining Company, a Utah Corporation

refer to Item 2 para.(c)

PROPERTY DESCRIPTION ANNEX
LIEN AND SUBORDINATION AGREEMENTS
MME Form 52

Jan. 1959

Claim Name	Patent Number
Young America	70
Dolly Mack	61
Dolly Mack Fraction	5921
Horn Silver Apex	5921
Horn Silver Apex 2	5921
Horn Silver Apex 4	5921
Horn Silver Apex 8	5921
Horn Silver Apex 11	5921
Horn Silver Apex 12	5921
Horn Silver Apex 13	5921
Lady Franklin	3400
Lady Franklin Fraction	5921
Independence No. 1	5921
Independence No. 3	5921
Emporia No. 1	5921
Emporia Fraction	5921
Emporia No. 7	5921
Emporia No. 8	5921
Emporia No. 9	5921
Emporia No. 10	5921
Emporia No. 11	5921
St. Louis No. 3	5986
St. Louis No. 4	5986
St. Louis No. 1	5986
St. Louis No. 2	5986
Drum	5986
Drum No. 1	5986
Drum No. 2	5986

Rosario Exploration Company
404 1st Security Bank Bldg
Boise, Idaho

Field Representative Address
2705 East 3900 South
Salt Lake City, Utah

Marian Mitchell
Sec. & Treas.
Turtle Lead Co

Mr. Dan Murphy, a stockholder in the company phoned June 14, 1966 and inquired about the location of the property. I informed him it was in the San Francisco mining district about 17 miles NW of Milford, Utah.

Harold Kirkemo

OFFICIAL FILE COPY

Date	Surname	Code
		110
		220

MAR 30 1966

Mr. M. C. Godbe, III
Geological Engineer
2765 East 3900 South
Salt Lake City, Utah 84117

Re: OME-6529 (Silver)
Rosario Exploration Company
Tintic Lead Company Lease
Beaver County, Utah

Dear Mr. Godbe:

We have your letter of March 15, 1966, concerning the subject application. On March 24, 1966, we informed the applicant of our decision on this application, copy of our letter is enclosed.

This decision was made with regret after careful review of the well prepared application. The merits of the proposed exploration were not considered in reaching our decision.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region III w/cy inc. ltr.

FEJohnson/bih 3/29/66

23263

M. C. GODBE, III

Geological Engineer

Mar. 25, 1966

refer to: OME-6529

OFFICIAL COPY

Frank E. Johnson, Chief
Office of Minerals Exploration
Geological Survey
U. S. Dept. of the Interior
Washington 25, D. C.

Sir:

Recently an application for exploration assistance was submitted to your offices by Rosario Exploration Company. This application was assigned Docket No. OME-6529 on January 7, 1966. Since this time, nothing more has been heard regarding this application.

The weather is ideal for drilling operations, and the contractors inform us it will be necessary to make some arrangements soon to assure us of men and equipment.

Would you kindly let me know the status of the application so we may proceed with our plans for the coming field season.

M. C. Godbe, III
Field Representative
2765 East 3900 South
Salt Lake City, Utah
84117

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
3/9	Johnson	110
	Selfridge	120
Noted—	Richard	120 K
3/14	Long	140
	APPROVED	
3/18	Wilgard	
3/18	Lewis	
3/21	Hyson	
		220

Rosario Exploration Company
404 First Security Bank Building
Boise, Idaho

Re: OME-6529 (Silver)
Rosario Exploration Company
Tintic Lead Company Lease
Beaver County, Utah

Gentlemen:

This is with reference to your letter of February 25, 1966, and enclosed financial statements of Rosario Exploration Company and its parent company, New York and Honduras Rosario Mining Company.

SOLICITOR
C-66-2069.11
MAR 10 1966
INTERIOR DEPT.

Public Law 85-701, which authorizes the minerals exploration assistance program, provides that "No funds shall be made available unless the applicant shall furnish evidence that funds from commercial sources are unavailable on reasonable terms." A careful review of the subject application and the financial statements clearly indicates that under this requirement Rosario Exploration Company is ineligible to participate in the minerals exploration assistance program because assets of the parent company are sufficient to underwrite a loan from commercial sources.

Under the circumstances, we sincerely regret that we cannot be of assistance to you in financing your proposed exploration.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region III
Mr. Selfridge
120-M
SOLICITOR

FEJohnson/bih 3/9/66

FROM SOLICITOR
MAR 14 1966
FOR SIGNATURE

RECEIVED
MAR 1966
Division of Mineral Resources

43683

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
		✓

RECEIVED
M[illegible] 1966
Division [illegible] Resources
[illegible]

March 8, 1966

Memorandum

To: Chief, Office of Minerals Exploration

From: Harold Kirkemo

Subject: OME-6529 (Silver)
Rosario Exploration Company
Tintic Lead Co. Lease
Beaver County, Utah

The Applicant's financial statement and that of the parent company, New York and Honduras Rosario Mining Company, have been received. A legal or administrative decision as to eligibility of the Applicant for OME assistance is requested before this application is processed further.

SOLICITOR
66-2069.11
MAR 10 1966
Ti[illegible] PT

The estimated cost of the proposed exploration program is about $22,500. As of December 31, 1964, current assets of the Applicant were $39,733, and of the parent company slightly over $5,000,000.

Harold Kirkemo
Harold Kirkemo

cc: Director's Reading File
Division File
Economic Geology File
OME Reading
Kirkemo

HKirkemo/mm (3/8/66)

23263

NYH

NEW YORK AND HONDURAS ROSARIO MINING COMPANY

20 EXCHANGE PLACE · NEW YORK, NEW YORK 10005 · 212 DI 4-2550
CABLE: ASSAYER, N.Y.

February 25, 1966
Our 86th Year

OFFICIAL COPY
O. & G. D.
RECEIVED
FEB 28 1966
INITIALS | CODE
Yg | 110
120 ~~110~~
HK | 120 K
✓

Mr. Frank E. Johnson
Chief, Office of Minerals
Exploration
U.S. Department of the Interior
Washington 25, D.C.

Dear Mr. Johnson:

Re: OME-6529 (Silver)
Rosario Exploration Company
Tintic Lead Co. Lease
Beaver County, Utah

In reply to your letter of February 8, enclosed are financial statements of Rosario Exploration Company and the parent company, New York and Honduras Rosario Mining Company, for the year ended December 31, 1964. These are the latest statements we have at present as our auditors have not completed their review for the year 1965. We also enclose a list of the banks with whom we conduct business.

If any additional information is required, please let us know.

Sincerely yours,

Edward Vickers

Edward L. Vickers
Treasurer

ELV:hp
Encs.

ERNST & ERNST
120 BROADWAY
NEW YORK, N.Y 10005

To the Stockholders
New York and Honduras Rosario Mining Company
New York, N. Y.

We have examined the consolidated financial statements of New York and Honduras Rosario Mining Company and subsidiaries for the year ended December 31, 1964. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures at the New York and mine offices as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and retained earnings present fairly the consolidated financial position of New York and Honduras Rosario Mining Company and subsidiaries at December 31, 1964, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. It is also our opinion that the accompanying statement of source and disposition of funds presents fairly the information shown therein.

Ernst + Ernst

New York, N. Y.
March 5, 1965

CONSOLIDATED BALANCE SHEET

NEW YORK AND HONDURAS ROSARIO MINING COMPANY

and Subsidiaries

ASSETS

	December 31, 1964	December 31, 1963
Current Assets:		
Cash, including time deposits	$2,001,235	$1,570,168
Bullion and concentrates - at net realizable amount	1,179,598	1,271,508
Marketable securities - at cost and accrued interest (quoted market - 1964, $1,245,692; 1963, $1,271,760)	851,332	866,967
Materials and supplies - at average cost	948,566	970,021
Prepaid expenses	37,069	51,581
Total Current Assets	5,017,800	4,730,245
Investments and Other Assets:		
Oil and gas ventures - at cost, less allowances	921,541	659,543
Neptune Gold Mining Company, 33.2% owned - at cost	62,647	62,647
Other mining ventures - at cost, less allowances	387,365	245,602
Other assets	199,136	91,062
	1,570,689	1,058,854
Mining Property, Plant, and Equipment:		
At cost	4,957,242	4,249,942
Less allowances for depreciation	2,692,735	2,434,785
	2,264,507	1,815,157
	$8,852,996	$7,604,256

LIABILITIES

	December 31, 1964	December 31, 1963
Current Liabilities:		
Accounts payable	$ 247,753	$ 150,537
Accrued expenses	435,180	420,198
Honduras and United States income taxes	1,042,701	740,000
Total Current Liabilities	1,725,634	1,310,735
Stockholders' Equity:		
Capital Stock, par value $1.00 per share, authorized 2,000,000 shares, issued 1,084,004* shares in 1964 and 1,053,342* shares in 1963, less 11,000 and 15,809 shares respectively held in treasury - Note A	1,073,004*	1,037,533*
Capital surplus - Note B	3,030,121	2,295,430
Retained earnings	3,024,237	2,960,558
	7,127,362	6,293,521
	$8,852,996	$7,604,256

See notes to financial statements.

* Including shares issued as stock dividends paid the following January.

STATEMENT OF CONSOLIDATED INCOME

NEW YORK AND HONDURAS ROSARIO MINING COMPANY

and Subsidiaries

	Year ended December 31, 1964	1963
Income:		
Income from production of bullion and concentrates	$6,983,376	$6,369,326
Less freight, smelting, and refining costs	1,741,037	1,771,609
	5,242,339	4,597,717
Income from oil and gas ventures	816,107	457,877
Investment income	209,938	229,597
Sundry	55,872	34,065
	6,324,256	5,319,256
Costs and Expenses:		
Mine operating	2,510,865	2,262,920
Depreciation of mine plant and equipment	283,482	211,853
Administrative and general	365,203	295,599
General exploration	155,894	119,600
Oil and gas, including intangible drilling costs	371,420	245,709
	3,686,864	3,135,681
Income before income taxes	2,637,392	2,183,575
Honduras and United States income taxes	955,000	730,000
NET INCOME	$1,682,392	$1,453,575

See notes to financial statements.

STATEMENT OF CONSOLIDATED RETAINED EARNINGS

NEW YORK AND HONDURAS ROSARIO MINING COMPANY

and Subsidiaries

	Year ended December 31, 1964	1963
Balance at beginning of year	$2,960,558	$2,945,324
Net income for year	1,682,392	1,453,575
Excess of cost over par value of treasury stock sold under the stock option plan	20,292	24,332
Adjustment of mining property, plant, and equipment to tax basis, less prior years' income taxes and interest	-	35,355
	4,663,242	4,458,586
Less dividends declared:		
Cash dividends - 1964, $.85 per share; 1963, $.70½ per share	883,667	730,052
Stock dividends - 1964, 3%; 1963, 4% - at market at date of declaration	755,338	767,976
	1,639,055	1,498,028
Balance at end of year	$3,024,237	$2,960,558

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NEW YORK AND HONDURAS ROSARIO MINING COMPANY

and Subsidiaries

December 31, 1964

Note A - Stock Options:

At December 31, 1964, officers and employees of the Company held options to purchase 11,913 shares of capital stock at prices ranging between $11.07 and $22.09 per share, representing 100% of the market price at date of grant, and aggregating $159,113. During 1964, options for 1,157 shares were granted at prices ranging between $19.05 and $22.09, aggregating $22,987, and options were exercised for 5,132 shares for a total of $57,766. The aggregate quoted market price on the dates the options were exercised amounted to $126,035. All options granted will expire on or before December 11, 1967. The number of shares of capital stock reserved at December 31, 1964, for options was 13,060 shares, comprising 11,000 shares in treasury and 2,060 shares unissued capital stock authorized during the year. The information set forth with respect to prices per share and number of shares has been adjusted to reflect stock-split and stock dividends.

Note B - Capital Surplus:

Balance at January 1, 1964	$2,295,430
Excess of market over par value of capital stock issued January 22, 1965, as a 3% stock dividend	702,348
Excess of proceeds over cost of treasury stock sold under the stock option plan	32,343
Balance at December 31, 1964	$3,030,121

CONSOLIDATING BALANCE SHEET

NEW YORK AND HONDURAS ROSARIO MINING COMPANY

and Subsidiaries

December 31, 1964

	Rosario Exploration Company
ASSETS	
Current assets:	
Cash, including time deposits	$ 39,733
Bullion and concentrates	
Marketable securities	
Materials and supplies	
Prepaid expenses	
Total current assets	39,733
Investments in consolidated subsidiaries	
Intercompany accounts receivable	15,237
Investments and other assets:	
Oil and gas ventures	234,975
Neptune Gold Mining Company	
Other mining ventures	53,120
Other assets	79,520
	367,615
Mining property, plant, and equipment	7,393
Less allowances for depreciation	1,904
	5,489
	$428,074
LIABILITIES	
Current liabilities:	
Accounts payable	$ 2,476
Accrued expenses	14,455
Honduras and United States income taxes	
Total current liabilities	16,931
Intercompany accounts payable	53,739
Stockholders' equity:	
Capital stock	50,000
Capital surplus	50,000
Retained earnings (deficit)	227,404
Total stockholders' equity	327,404
	$428,074

CONSOLIDATING STATEMENT OF INCOME AND RETAINED EARNINGS

NEW YORK AND HONDURAS ROSARIO MINING COMPANY

and Subsidiaries

Year ended December 31, 1964

	Rosario Exploration Company
Income:	
Income from production of bullion and concentrates	$ 96,518
Less freight, smelting, and refining costs	125,171
Income from oil and gas ventures	
Investment income	
Sundry	
	221,689
Costs and expenses:	
Mine operating	48,000
Depreciation of mine plant and equipment	66,973
Administrative and general	
General exploration	
Oil and gas, including intangible drilling costs	137,749
	252,722
Income (loss) before income taxes	(31,033)
Honduras and United States income taxes	
Net income (loss)	(31,033)
Retained earnings (deficit) at January 1, 1964	258,437
Excess of cost over par value of treasury stock sold under the stock option plan	227,404
Deduct:	
Cash dividends	
Stock dividend - 3%	
Retained earnings (deficit) at December 31, 1964	$227,404

LIST OF BANKS

NEW YORK AND HONDURAS ROSARIO MINING COMPANY

Chemical Bank New York Trust Co.
34th Street & 5th Avenue, New York, N.Y.

First National City Bank
55 Wall Street, New York, N.Y.

Bankers Trust Co.
16 Wall Street, New York, N.Y.

Chase Manhattan Bank
25 Broadway, New York, N.Y.

ROSARIO EXPLORATION COMPANY

Chemical Bank New York Trust Co.
34th Street & 5th Avenue, New York, N.Y.

Canadian Imperial Bank of Commerce
Phillips Square
Montreal, Quebec, Canada

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/7/66	Kirkemo	120
	Selfridge	120
2/8	Johnson	110
2/8	Cole	220
		120

Rosario Exploration Company
404 First Security Bank Building
Boise, Idaho

Re: OME-6329 (Silver)
Rosario Exploration Company
Tintic Lead Co. Lease
Beaver County, Utah

Gentlemen:

Preliminary review of your application indicates that additional information on your financial resources is required for us to determine whether you are eligible for assistance under OME regulations. Would you, therefore, please furnish us with current financial statements of the Applicant company and of the parent company, New York & Honduras Rosario Mining Company?

Submittal of the additional information should not be construed as a commitment by the Government to grant an exploration contract.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Region III
Mr. Kirkemo
HKirkemo/mm (2/7/66)

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/4		~~120~~
		120
		110
		220
		120M

February 4, 1966

Memorandum

To: Chief, Office of Minerals Exploration

From: Harold Kirkemo, Geologist

Subject: OME-6529 (Silver)
Rosario Exploration Company
Tintic Lead Co. Lease
Beaver County, Utah

A policy decision on the eligibility of the Applicant for OME assistance is requested before this application is processed further.

The Applicant, Rosario Exploration Company, is a Colorado corporation, and is the exploration arm and wholly-owned subsidiary of New York & Honduras Rosario Mining Company, a New York corporation. According to the Mining Year Book, 1963, Rosario Exploration Company held 33.06 percent interest in Neptune Gold Mining Co., which operated a gold-silver property in Nicaragua; owned 100,000 shares in Campbell Chibougamau Mines, Ltd., presumably an inactive Canadian firm; held 15 percent stock interest in Cia Minera Los Andes, S. A., which was developing a copper deposit in Chile; and owned 100 percent interest in Alamo Petroleum Co., which has a 75 percent interest in 12 producing unitized oil and gas properties in Rush County, Texas. None of the financial directories consulted had published a balance sheet showing the cash assets of the company. Presumably operating capital is obtained as a direct budget item from the parent company.

The parent company, New York & Honduras Rosario Mining Company, had current assets in 1963 of $3,018,107.00, investments and other assets of $1,332,504.00, current liabilities of $542,733.00, and a capital surplus of $1,041,227.00. As of December 1964, the company had 845 employees and 2,100 stockholders. The company is listed on the American Stock Exchange, and derives its principal income from mining and milling a silver, gold, lead, and zinc deposit in Honduras. Cash dividends in 1964 were $883,667.00, and retained earnings were $798,725.00.

The Applicant's share of the cost of exploration would be furnished by a budget appropriation from the parent company. The Applicant would not undertake the proposed exploration program without financial assistance from the Government. The usual commercial sources for financing declined the Applicant's requests for loans.

The relationship and relative size of the above-described Applicant company and of the parent company are comparable to those of Humphreys Exploration Company and its parent company, Humphreys Engineering Company, which were involved in the first OME project at the Bulldog Mountain property (OME Docket 6143, Contract 2130). In the present case, the parent company is of moderate size both in assets and in its mining operations. Its principal income is derived from foreign operations. No doubt it could finance the whole program for its exploration company, but prefers to apply for OME assistance.

No

Poor eligible

The Applicant proposes a program consisting of 8 rotary drill holes totalling 4,700 feet in three areas where it contends geologic features, and geophysical and geochemical anomalies warrant investigation for possible silver mineralization. Total estimated cost of the project is $22,476.55. A technical evaluation of the proposal will be made after the eligibility of the Applicant has been decided.

The Applicant's rights to the land included in the program are controlled by an unpatented claim for one area, and by lease and option agreements for the remaining two areas.

Harold Kirkemo

Harold Kirkemo

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Kirkemo

HKirkemo/gla 2-4-66

January 7, 1966

Rosario Exploration Company
404 First Security Bank Building
Boise, Idaho

Subject: OME-6529

Gentlemen:

Your application for exploration assistance, dated December 20, 1965, submitted to our office at Denver, Colorado, has been assigned Docket No. OME-6529.

Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Mr. M. Godbe, III
Field Representative
Copy to Region III