Audit's copy

RESCISSION OF EXPLORATION PROJECT CONTRACT
BY AGREEMENT BEFORE WORK IS BEGUN

It is agreed this 26th day of September, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, and Western Fluorite Mining Company, Incorporated, parties to that certain Exploration Project Contract No. Idm-E1209 (Docket No. DMEA-4753), dated June 16, 1958, hereinafter called the "Contract," that the Contract shall be and is hereby rescinded, revoked, and cancelled as of June 16, 1958, before any work has been performed or costs incurred thereunder, without any obligation whatever, one party to the other, the same as if said Contract had never been entered into.

Witness the following signatures as of the day and year first above written.

THE UNITED STATES OF AMERICA

By C. M. Mittendorf
ACTING Director, Office of Minerals Exploration

WESTERN FLUORITE MINING COMPANY, INCORPORATED

By [illegible]

Title President

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 23 1958
DATE | INITIALS | COPY
100

MME Form 14
Sept. 1958

Contract No. Idm-E) 1209
~~XXXXX)~~

Docket No. DMEA) 4763
~~MME)~~

Date of Action October 29, 1958

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Cancelled contract

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor: **Western Fluorite Mining Co., Inc.**
630 North Avenue East
Missoula, Montana

Date of Contract	Region	State	Commodity
June 16, 1958	I	Montana	Thorium-Uranium-Rare Earths-Columb.-Tanta.
	Reserve		Obligation
Prior Amount	0		10,145.00
Increase	0		
Decrease	0		10,145.00
Revised Amount	0		0

Remarks:

cc: 800
210

43244

DMEA Form 14

Contract No. Idm-E ~~1209~~

Docket No. ~~4763~~

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
June 16, 1958	I	Montana	Thorium-Uranium-Rare Earths-Col.-Tanta.

Name and Address of Operator: Western Fluorite Mining Co., Inc.
630 North Avenue East
Missoula, Montana

	Reserve	Obligation
Prior Amount	10,145.00	0
Increase	0	10,145.00
Decrease	~~10,145.00~~	~~0~~
Revised Amount	0	10,145.00

Remarks:

(Name)
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 6/30/58

22845

Audit's copy

MF-200
(Revised June 1954)

RECEIVED
JUL 17 1958
D.M.E.A.

Docket No. DMEA 4763

Commodity Thorium, uranium, rare earths, columbium, tantalum, yttrium

Contract No. Idm-E 1209

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 16 JUN 1958 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Western Fluorite Mining Company, Inc., a corporation organized in the State of Arkansas, whose mailing address is 630 North Avenue East, Missoula, Montana, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and map Plate 2

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

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

(b) The Operator represents and undertakes that:

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

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

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

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

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to Lien and Subordination Agreement of Lessors.

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of thorium, uranium, rare earths, columbium, tantalum, yttrium. The work to be performed is described in Exhibit "A." The Operator on or before AUG 15 1958 shall commence the work, and on or before January 1, 1959 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~either~~ have completed the work ~~as shall be necessary to develop a workable method of extraction or have completed the work allowable costs for the work in Exhibit "A"~~, except as otherwise provided in Exhibit "A" with respect to stages of work. See Article 13.

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $ 20,200.00
The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $ 10,100.00 : *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

(a) That part of the last sentence of Article 3 beginning with the word "either" is deleted and replaced by the words "have completed the work, except as otherwise provided in Exhibit 'A' with respect to stages of work."

(b) That part of the last sentence in the first paragraph of Article 5(a) commencing after the semicolon is deleted.

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

16—70017-1

(d) Notwithstanding any other provision of the Contract, the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of all the actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the contract.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mittendorf

Administrator, Defense Minerals Exploration Administration

WESTERN FLUORITE MINING COMPANY, INC.
(Operator)

By Henry S. Ottlich

Title President

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70017-1

EXPLORATION PROJECT CONTRACT
WESTERN FLUORITE MINING COMPANY, INC.
DOCKET NO. DMEA-4763

ANNEX I

The land referred to in Article 2 of the Contract consists of fourteen (14) unpatented placer mining claims situate in a portion of sections 8, 9, 10, 11, 13, 14, 15, 17, 23, 24, 25 and 26, T. 5 N., R. 17 W., Granite County, Montana. The Notices of Location of the said claims, to which reference is hereby made for a more complete description, are recorded in the office of the Granite County Clerk and Recorder, Philipsburg, Montana, as follows:

Claim	Book	Page
Little Jim	22	460
Elk Horn	22	463
The Coffee Pot	22	480
The Ranger	22	475
Little Bill	22	470
Little Mike	22	468
Cub	22	472
Moose	22	462
Lucky	22	473
Peanuts	22	467
Moose Horn	22	458
Wanda	22	477
Judith	22	465
Fred	22	457

The locations of the claims are shown on the map entitled "Plate 2 - Sand Basin Placer Area, Western Fluorite Mining Co.----," attached hereto and made part hereof.

The Operator is in possession of the claims pursuant to the terms of an "Assignment of Agreement" executed May 30, 1957, by Ora P. Thompson, of an "Agreement" dated April 13, 1957, by and between Joseph T. Abbey, Ivy L. Abbey, Thomas D. Waldo, Edythe Waldo, Pat Morris, Helen Morris, Emil Skroch, Lenore Skroch, J. V. Newell, Nellie Newell, Milo E. Wilson and Juanita B. Wilson, lessors, and Ora P. Thompson, lessee.

A Consent to Lien and Subordination Agreement executed by the above-named lessors is attached and made a part hereof.

MF-2 [illegible] MF-203)

For Government's Use Only
EXPLOR[illegible]ON PROJECT CONTRACT
Operator _____
Docket No. DMEA-_____
Contract No. _____
Contract Date 16 JUN 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of [illegible]

Montana, described as follows: 2/

(SEE ATTACHED SCHEDULE)

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

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

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

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

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

None

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

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

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

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

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

Dated this _____ day of _____, 195__.

/s/ Emil Skroch	[Seal]	/s/ Joseph T. Abbey	[Address]
/s/ Lenora M. Skroch	[Seal]	/s/ Ivy L. Abbey	[Address]
/s/ Tom Waldo	[Seal]	/s/ J. V. Newell	[Address]
/s/ Edyth Waldo	[Seal]	/s/ Nellie Newell	[Address]
/s/ Milo E. Wilson	[Seal]	/s/ Pat Morris	[Address]
/s/ Juanita B. Wilson	[Seal]	/s/ Helen Morris	[Address]

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

_____

[Corporate Seal]

ANNEX NO. 1

Little Jim	Certificate of Relocation, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 480;
Elk Horn	Certificate of Relocation, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 463;
The Coffee Pot	Certificate of Relocation, Filed August 25, 1955; Recorded in Book 22 of Placer Locations at Page 480;
The Ranger	Certificate of Relocation, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 475;
Little Bill	Certificate of Relocation, Filed August 18, 1955; Recorded in Book 22 of Placer Locations at Page 479;
Little Mike	Certificate of Relocation, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 468;
Cub	Certificate of Relocation, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 472;
Moose	Certificate of Relocation, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 462;
Lucky	Certificate of Relocation, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 473;
Peanuts	Certificate of Location, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 467;
Moose Horn	Certificate of Location, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 458;
Wanda	Certificate of Location, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 477;

Judith	Certificate of Location, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 465;
Fred	Certificate of Location, Filed August 17, 1955; Recorded in Book 22 of Placer Locations at Page 457.

EXPLORATION PROJECT CONTRACT
WESTERN FLUORITE MINING COMPANY, INC.
DOCKET NO. DMEA-4763

EXHIBIT "A"

Description of the Work

General Provisions

The object of this project is to explore the Sand Basin placer area by churn drilling. The elements being searched for include thorium, uranium, rare earths, columbium, tantalum, and yttrium. It is estimated that the holes will average about 40 feet in depth.

In drilling the holes a heavy-duty casing of 6-inch inside diameter with a standard 7½ inch drive shoe shall be used. After each 2½ feet of drive cuttings shall be recovered with a sand pump or bailer. Except in instances where drilling penetrates bedrock, enough material shall remain in the drive shoe to insure that there will be no run in from the sides of the hole. The material recovered from two drives, each 2½ feet in depth, shall be combined to form one sample.

The sample from each 5 feet of hole shall be weighed, then washed and screened to about 10-mesh size in the field. The product, properly identified as to drill hole number and depth represented shall be transported to a suitable laboratory where it shall be concentrated and an estimate of the weight of the concentrate in relation to the placer gravel shall be made. Then all the concentrate from each hole shall be combined to form a composite sample representing the hole. The Operator shall have one-half of each composite sample analyzed chemically for its thorium, uranium, rare earths, columbium, tantalum, and yttrium content; the remainder shall be stored for Government use in a suitable container, properly identified as to the drill hole number it represents. A representative sample of all the concentrate recovered in Stage I shall be analyzed to determine the classification of the minerals it contains.

A log of each hole with respect to the type of material penetrated, such as clay, sand, coarse or fine gravel, bedrock, etc., shall be made. Records of such logging, together with the estimates of the ratio of concentrates per cubic yard of material in place and the assay certificates of the concentrate samples, shall be submitted with the Operator's monthly report. The monthly report shall also include a map or sketch showing the location of all holes drilled during the reporting period.

A competent supervisor and one helper shall be employed full time to assist in the performance of the work.

Bulldozer work shall be performed with a D-6 Caterpillar tractor or an equivalent size unit of any other make.

No hole shall be drilled closer than 200 feet to any area not controlled by the Operator, nor closer than 600 feet to any other hole drilled under this Contract.

The location, direction, and extent of all the project work are subject to Government approval.

The work shall be performed in two stages. The Operator shall perform all the Stage I work and as much of Stage II work as is approved in advance in writing by the Government. With written Government approval, units of work and costs pertaining thereto may be exchanged between stages.

Stage I

Bulldoze access roads and drill sites, and drill not in excess of 18 holes. The approximate locations of 15 of these holes are shown on the map Plate 2. The locations of the remaining 3 holes, will be selected by the Government after possible map corrections are made in the field.

It is estimated that 40 hours of bulldozer work and 750 feet of churn drilling will be required to complete Stage I.

Stage II

Bulldoze access roads and drill sites, and drill not in excess of 18 holes to explore extensions of the placer area drilled under Stage I.

Not in excess of 40 hours of bulldozer work, 750 feet of churn drilling, the concentration and determination of the weight of 150 samples, nor the chemical analyses of 18 composite samples for their thorium, uranium, rare earths, columbium, tantalum and yttrium content shall be performed under this Stage II of the Contract.

Estimated Costs of the Project

Actual Costs

*Indicates additional maximums

Stage I

Category (1) Independent Contracts		
Bulldozing, 40 hours @ $14/hr.	$ 560.00	
Moving drill in and out of project area	200.00	
750 ft. churn drilling @ $5.50/ft.	4,125.00	$4,885.00
Category (2) Personal Services		
Supervisor, 2½ mos. @ $600/mo.	$1,500.00	
One helper, 2½ mos. @ $400/mo.	1,000.00	2,500.00
Category (3) Operating Materials and Supplies		
None except:		

2 tents with wood floors and frames[1]	$ 134.00 *	
2 gas lanterns[1]	14.00 *	
1 gas stove[1]	8.00 *	
Tools, etc., for field concentration of samples[1]	134.60 *	
400 gals. gasoline for pickup, @ $0.37/gal.	148.00	
Oil, grease and repairs for pickup	30.00	
200 large sample sacks, tags, twine	200.00	
Office supplies	36.00	$ 704.60 *
Category (4) Operating Equipment		
None except:		
Rental of 1 ton truck, 2½ mos. @ $70/mo.	175.00	
Surveying equipment, 1 mo. @ $75/mo.	75.00	250.00
Categories (5) and (6)		
None		
Category (7) Miscellaneous		
None except:		
Payroll taxes and insurance on $2,500.00 @ 14.9%	372.50	

Hauling samples, 9 tons - 480 miles @ $0.11/ton mile	$475.20	
Concentration, and determination of weight of samples and black sands, 150 samples @ $7/sample	$1,050.00	
Chemical analyses for thorium, uranium, rare earths, columbium, tantalum, and yttrium content of 18 samples @ $50/sample	900.00	
Mineralogical analyses of 1 sample	25.00	$2,822.70
Estimated Total Cost Stage I		$11,162.30

Stage II

Category (1) Independent Contracts		
Bulldozing, 40 hrs. @ $14/hr.	$ 560.00	
750 ft. churn drilling @ $5/ft.	3,750.00	$ 4,310.00
Category (2) Personal Services		
Supervisor, 1½ mos. @ $600/mo.	900.00	
One helper, 1½ mos. @ $400/mo.	600.00	1,500.00
Category (3) Operating Materials and Supplies		
None except:		
200 large sample bags, tags, twine	200.00	
400 gals. gasoline for pickup @ $0.37/gal.	148.00	
Oil, grease and repairs for pickup	30.00	

Office supplies	$ 36.00	
Tools, etc., for field concentration of samples	75.00	$ 489.00
Category (4) Operating Equipment		
None except:		
Rental of 1 ton truck, 1½ mos. @ $70/mo.	105.00	
Surveying equipment, 1 mo. @ $75/mo.	75.00	180.00
Categories (5) and (6)		
None		
Category (7) Miscellaneous		
None except:		
Payroll taxes and insurance on $1,500.00 @ 14.9%	223.50	
Hauling samples, 9 tons - 480 miles @ $0.11/ton mile	475.20	
Concentration and determination of weight of samples and black sands, 150 samples @ $7/sample	$1,050.00	
Chemical analyses for thorium, uranium, rare earths, columbium, tantalum, and yttrium content of 18 samples @ $50/sample	900.00	2,648.70
Estimated Total Cost Stage II		$9,127.70

S U M M A R Y

Estimated Total Cost Stage I	$11,162.30
Estimated Total Cost Stage II	9,127.70
Estimated Total Cost of Project	$20,290.00
Government Participation @ 50%	$10,145.00

✓ The Government hereby waives its right to any possible salvage value, because such values are considered in the estimated cost.

So. 157 Howard Street
Spokane 4, Washington
July 3, 1958

EXTRA COPY DMEA RECEIVED JUL 7 1958		
DATE	INITIALS	CODE
		800

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-4763 (Monazite, Columbite, Rutile)
Western Fluorite Mining Co., Inc.
Sand Basin Placer Area
Granite County, Montana
Contract No. Idm-E1209

Dear Mr. Selfridge:

Enclosed are the Government and Audit copies of a long-form contract for this project and two copies of a letter, dated June 30, 1958, from Henry S. Childs, president of the company, returning this contract to us. You will note in the postscript that Mr. Childs states that the address appearing on page 1 of the contract should be changed from 630 North Avenue East, Missoula, Montana, to Box 455, Hailey, Idaho.

Also enclosed are two copies of a letter from Claude A. Johnson, dated June 20, 1958, enclosing an affidavit and two copies of a letter from the same gentleman, dated June 25, 1958, enclosing "Extension of Time for Payment" signed by the claim owners.

Our fieldmen checked the map, plate 2, attached to the contract in the field and found it to be acceptable.

By copy of this letter, other copies of this contract are being distributed.

Sincerely yours,

Donald R. MacLaren
For: Wing G. Agnew
Acting Executive Officer, Field Team
DMEA Region I

Enclosures
cc: USBM(2) w/cys letrs. from Claude A. Johnson
USBM(AD) w/cy contract
Prinz w/cy contract and cy incoming

EXTRA COPY
D M E A

RECEIVED JUL 7 '89

DATE	INITIALS	CODE

PHONE 144

CLAUDE A. JOHNSON
LAWYER
FORD BUILDING
HAMILTON, MONTANA

June 25, 1958

Mr. A. E. Weissenborn
Executive Officer DMEA
U. S. Department of Interior
South 157 Howard Street
Spokane 4, Washington

Re: Docket Number DMEA 4753
Sand Basin Placer
Granite County, Montana

Dear Mr. Weissenborn:

Western Fluorite Mining Company has asked me to forward you the enclosed extension of lease covering the Sand Basin claims.

Yours truly,

Claude A. Johnson

CAJ/SK
Enc/1
cc/Joseph McFadjen
Attorney at Law
Butte, Mont.

RECEIVED
Air mail - Special
JUN 27 1958
U. S. G. S.
SPOKANE, WASH.

EXTENSION OF TIME FOR PAYMENT

WHEREAS, Joseph T. Abbey and Ivy L. Abbey, his wife, Tom Waldo and Edythe Waldo, his wife, Pat Morris and Helen Morris, his wife, Emil Skroch and Lenora Skroch, his wife, J. V. Newell and Nellie Newell, his wife, and Milo E. Wilson and Juanita B. Wilson, his wife, all of Ravalli County, Montana; and Ora P. Thompson of Missoula, Montana, did on the 3rd day of April, 1957, enter into an Option to Lease certain mining claims located in Township 5 North and Ranges 16, 17 and 18 West, M. P. M., all in Granite County, Montana, which Option to Lease was thereafter assigned by the said Ora P. Thompson to the Western Fluorite Mining Company, Inc., an Arkansas Corporation, and

WHEREAS, said Option to Lease required a payment of $5,000.00 on or before the first day of October, 1957, and by an extension of time for payment, said payment date was heretofore extended until November 1, 1957, and thereafter the time was extended until April 1, 1958; and

WHEREAS, by extension of time for payment, said payment date was heretofore extended until August 1, 1959; and

WHEREAS, the parties hereto are desirous to, and it is their intention and desire that the said Option to Lease to remain in full force and effect, until August 1, and the parties are desirous of extending the time for payment until August 1, 1959;

NOW THEREFORE, in consideration of One Dollar and other valuable consideration, and in consideration of the premises and contracts heretofore mentioned, it is mutually agreed as follows, to-wit:

The Western Fluorite Mining Company Inc., shall have until August 1, 1958, to make the payment due in the amount of $4,000.00 on said Option to Lease. PROVIDED HOWEVER, that drilling of said premises is commenced within sixty days from the date hereof, and that copies of assay reports in connection with said drilling be forwarded to owners within ten days after they have been received.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 24th day of June, 1958.

Joseph T. Abbey

Ivy L. Abbey, his wife

Tom Waldo

Edythe Waldo, his wife

Pat Morris

Helen Morris, his wife

Emil Skroch

Lenora Skroch, his wife

J. V. Newell

Nellie Newell, his wife

Milo E. Wilson

Juanita B. Wilson, his wife

Ora P. Thompson

STATE OF MONTANA)
: ss.
County of Ravalli)

On this 24th day of June, 1958, before me, Claude A. Johnson, a Notary Public in and for said State, personally appeared:

Joseph T. Abbey and Ivy L. Abbey, his wife;
Tom Waldo and Edythe Waldo, his wife;
Emil Skroch and Lenora Skroch, his wife;
J. V. Newell and Nellie Newell, his wife;
Milo E. Wilson and Juanita B. Wilson, his wife;

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate above written.

Notary Public for Montana
Residing at Hamilton, Montana
My commission expires 9/20/58.

WESTERN FLUORITE MINING COMPANY, INC.

WARREN, ARKANSAS -- HAILEY, IDAHO

June 30, 1958

Defense Minerals Exploration Administration
U. S. Department of the Interior
So. 157 Howard Street
Spokane 4, Washington

Re: Docket No DMEA 4763,
Sand Basin Placer
Granite County, Montana
Attn: Acting Executive Officer
Field Team Region 1.

Dear Sir:

This is to acknowledge receipt of your letter of June 27, 1958 enclosing original and four copies of proposed contract. This was received only in the mail this date, and have been executed by the undersigned, the President of Western Fluorite Mining Company, Inc.

Please note that the corporate seal is not affixed, nor is the Secretary's signature affixed. The reason for this is that the Secretary resides in Warren, Arkansas, and has the corporate seal in his possession. Should you desire verification of my authority to execute this instrument on behalf of the company, please advise, and I will see that proper verification as you should request is immediately forwarded. Unfortunately, I have had to be out of town all day, and only received this letter after office hours and have been unable to reach you by phone, but rather than delay the execution of the agreement, have executed the original and all copies, and am returning all of the copies, except the one marked "Operator' Copy"

Your careful attention to this matter and consideration is appreciated.

Yours truly,

Western Fluorite Mining Company, Inc

By [signature]
President

P.S. Apparently Air Mail doesn't save much time, but this is being forwarded via Air Mail

Please note: The address appearing on page 1 should be changed from "630 North Avenue East
Missoula, Montana,
to "Box 455
Hailey, Idaho.

CLAUDE A. JOHNSON
LAWYER
FORD BUILDING
HAMILTON, MONTANA

PHONE 144

June 20, 1958

Mr. A. E. Weissenborn
Executive Officer DMAE
U. S. Department of Interior
South 157 Howard Street
Spokane 4, Washington

Re: Docket Number DMEA 4763
Sand Basin Placer
Granite County, Montana

Dear Mr. Weissenborn:

Western Fluorite Mining Company has asked me to forward you the enclosed affidavit concerning the Sand Basin claims.

Yours truly,

Claude A. Johnson

CAJ/jlf
Enc/1
cc/Joe McFadden
Attorney at Law
Hailey, Idaho

DMEA Form 14

Contract No. Idm-E 1209

Docket No. 4763

Approved Contract

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
June 16, 1958	I	Montana	Thorium-Uranium-Rare Earth Columb-Tanta

Name and Address of Operator:

Western Fluorite Mining Company, Inc.
630 North Avenue East
Missoula, Montana

	Reserve	Obligation
Prior Amount	0	0
Increase	10,145.00	0
Decrease	0	0
Revised Amount	10,145.00	0

Remarks:

(Name)
Allen S. Dakan, Chief Operations Control and Statistics Division

(Title)

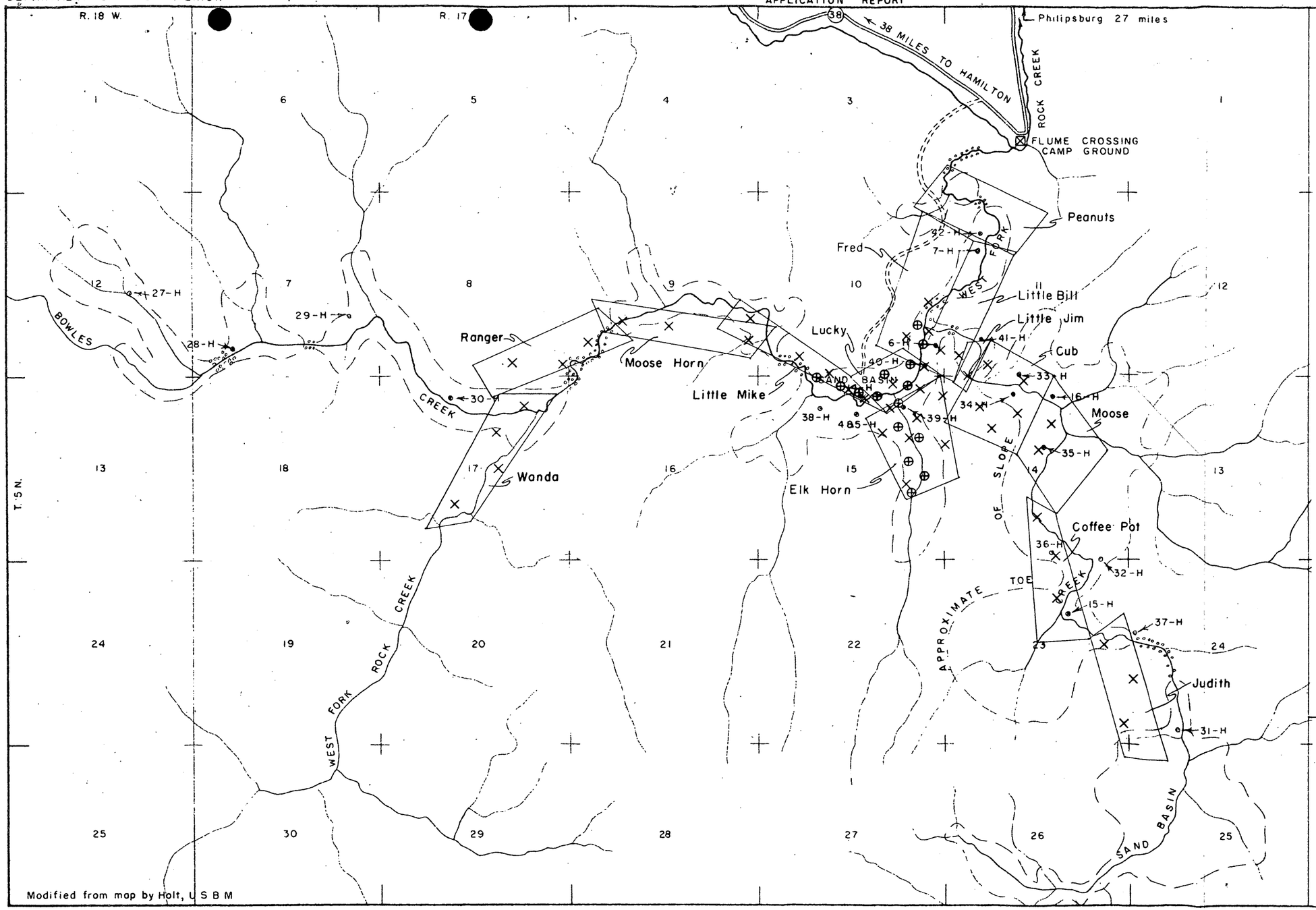
Date delivered to Bureau of Mines, Washington 6/16/58

22845

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
APPLICATION REPORT

DOCKET NO DMEA 4763



Modified from map by Holt, U S B M

EXPLANATION

- ● U.S.B.M. GRAB SAMPLES
- GLACIAL MORAINE
- × HOLES PROPOSED BY APPLICANT
- ⊕ RECOMMENDED STAGE I HOLES

SAND BASIN PLACER AREA

WESTERN FLUORITE MINING CO.

Granite County, Montana

0 ¼ ½ 1 MILE

MAY 1958

PLATE 2