DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Report of:

Mineral Mills, Inc.

Custer, South Dakota

pertaining to Exploration Project Contract No. Idm-E530, Docket No. DMEA-2877, for the period of June 16, 1953 to August 4, 1953, inclusive, covering a project for the exploration of mica and beryl on the Great Northern Mining Claim, also known as the Old Mike Mine, located in Custer County, South Dakota.

My review included an examination of the Monthly Report (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of the units of work performed by reference to the Field Team representative's endorsement at the bottom of the Form MF-104A, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the following reason:

the contract provides for payment by the Government on the basis of agreed estimated costs of units of work actually performed.

The review disclosed the following facts in regard to the amount paid or to be paid the contractor:

Total cost as billed by Contractor		$1,891.60
Exceptions:		
By DMEA Finance Officer	$ 241.60	
Herewith	-0-	241.60
Total Accepted Cost		$1,650.00

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Fourteen hundred eighty-five and no/100 Dollars,

$1,485.00

is considered valid and proper.

E. D. Talbert, Auditor

October 14, 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

OCT 1 4 1953

~~1 4 1953~~

Mr. A. B. Needham
Executive Officer
DMEA Field Team, Region V
2908 Colfax Avenue South
Minneapolis, Minnesota

Re: Mineral Mills, Inc.
Contract No. Idm-E530
Docket No. DMEA-2877

Dear Mr. Needham:

Enclosed are the original and two copies of the Report of Review covering the referenced Exploration Project Contract.

Inasmuch as the Field Team representative (Mr. E. O. Binyon, Mining Engineer) endorsed the Form MF-104A to confirm the performance of the work authorized by the contract on an agreed unit cost basis, it has not been necessary for an auditor to visit your office in order to issue this Report of Review.

Distribution should be effected in accordance with Section 3 of DMEA Circular 19, Supplement 4, dated October 9, 1952.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
October 14, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

C O P Y

400

UNITED STATES
DEPARTMENT OF THE INTERIOR
~~BUREAU OF MINES~~
DEFENSE MINERALS EXPLORATION ADMINISTRATION
Region V
2908 Colfax Avenue South
Minneapolis 8, Minnesota

Washington

19

January 15, 1954

Memorandum

To: Operating Committee, Defense Minerals Exploration Administration, Washington, D. C.

From: Executive Officer, Field Team, Region V

Subject: Docket DMEA 2877, Contract Idm-E-530, Mineral Mills, Inc., Old Mike Mine

Reference is made to your letter of January 7, 1954. This office has withheld $100 from the last MF-104 which was June-August, 1953, pending receipt of the operator's final engineering report. Otherwise the project has been completed.

From a further study of the project and narrative reports by the operator, it has been concluded that the narrative report accompaning the last MF-104 will be satisfactory for his final report.

We are authorizing our Fiscal Section to release the $100, and you may consider the subject project completed.

A. B. NEEDHAM

cc Dutton
Binyon
Redden
Hill

NOTE TO MR. HILL: As you will note above, it is requested that you release the $100 withheld on the subject contract.

ABN

Pursuant to authority vested in me,
I certify that this account is correct
and proper for payment in the amount of:
$90.00

L. A. Hill
Authorized Certifying Officer

Form MF-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

Wash

7

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month June 16 to August 4, 195 Docket No. DMEA 2377 Contract No. IDA-E 530
Operator's Name Minerals Mills Inc Minerals Mica-Beryl
Address Custer, S. Dak.
Contract Amount, $100.00 Government Participation 90 % Amount, $ 1,650.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Core	346'-$1730	none	346'-$1730.00	1,650.00	--	1,650.00
~~[illegible]~~ Core Drilling (800 ft.)						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	100.00	none	100.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Core Boxes 0	20.00	none	20.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Labor Hauling to water for drilling	41.60	none	41.60			
(8) Contingencies (specify):						
TOTALS	$1891.60	none	$1891.60	1,650.00 ~~1,650.00~~	~~[illegible]~~	1,650.00

I certify that the above bill is correct and just and that payment therefor has not been received.

Date Sept. 8, 1953 *Payee Minerals Mills Inc

Per A. D. Johnson Title Treas.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1395-00 46

Signature L. A. Hill
(Authorized Certifying Officer)

Date SEP 16 1953 Vou. No. 7
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. TDMES30 in accordance with the terms of the contract.

Signature [illegible] Title [illegible] Mining Engineer Date Sept 11, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Ex Off Date 9/11/53

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

7

Month of ..... 195..... Docket No. DMEA ..... Contract No. .....
Operator's Name ..... Minerals .....
Address .....

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs								

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Remarks: .....

Date ..... Operator .....

Per ..... Title .....

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

(For Government use only)

Two holes, No. 1 and No. 2, were drilled to an aggregate total depth of 346 ft. Hole No. 1 being drilled to a depth of 185 ft. and Hole No. 2 to 161 ft. By agreement the footage in Hoe 2, in excess of the 115 ft., or the amount allowed under the contract for a total of 300 ft., would be paid for by the operator.

Unit	Cost this month	Units this month	Cost to date	Units to date	Unit Cost to date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Ft.	1,650.00	300	1,650.00	300	$5.50	300	$5.50

E. Benson

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

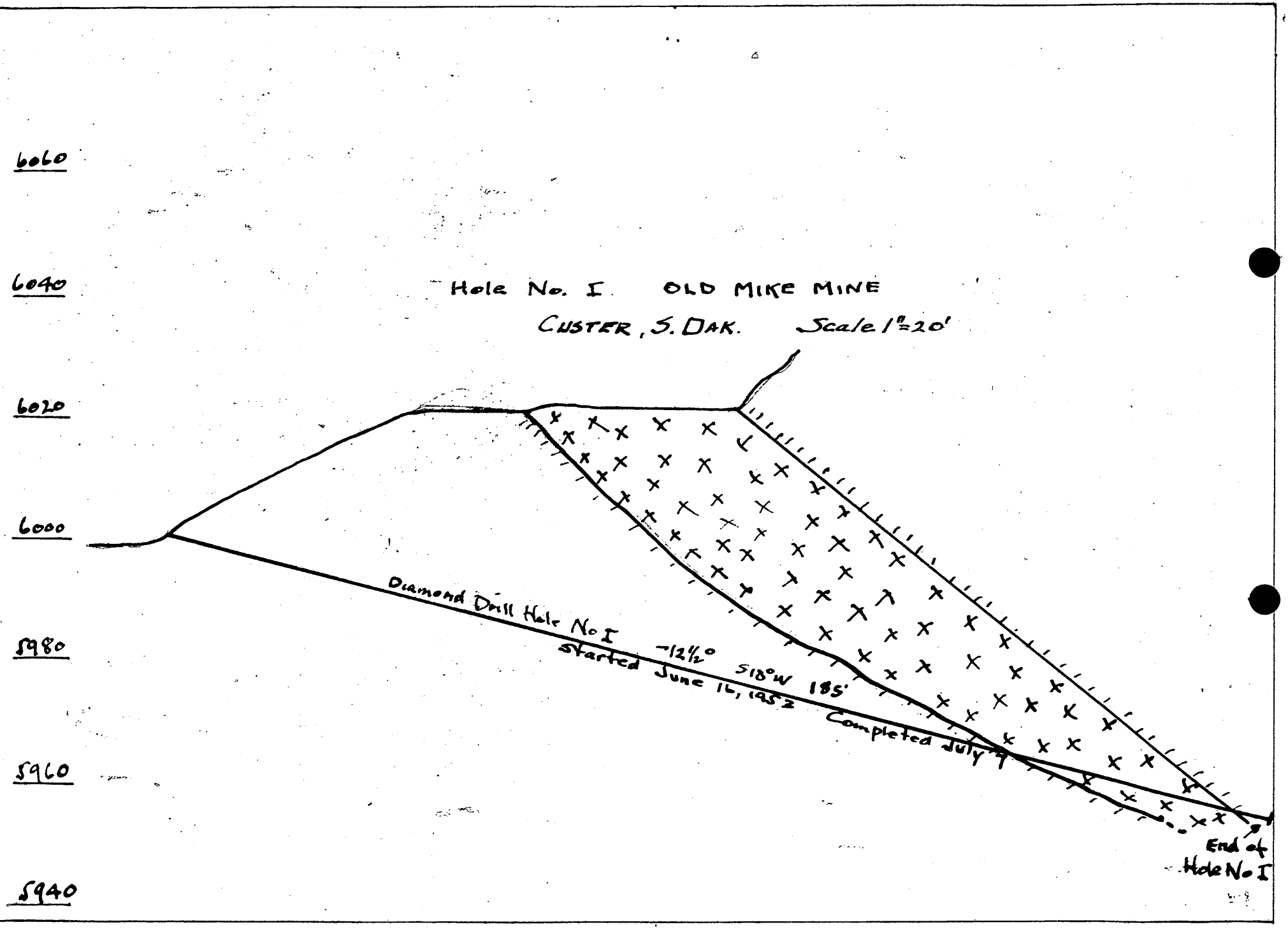
Narrative.

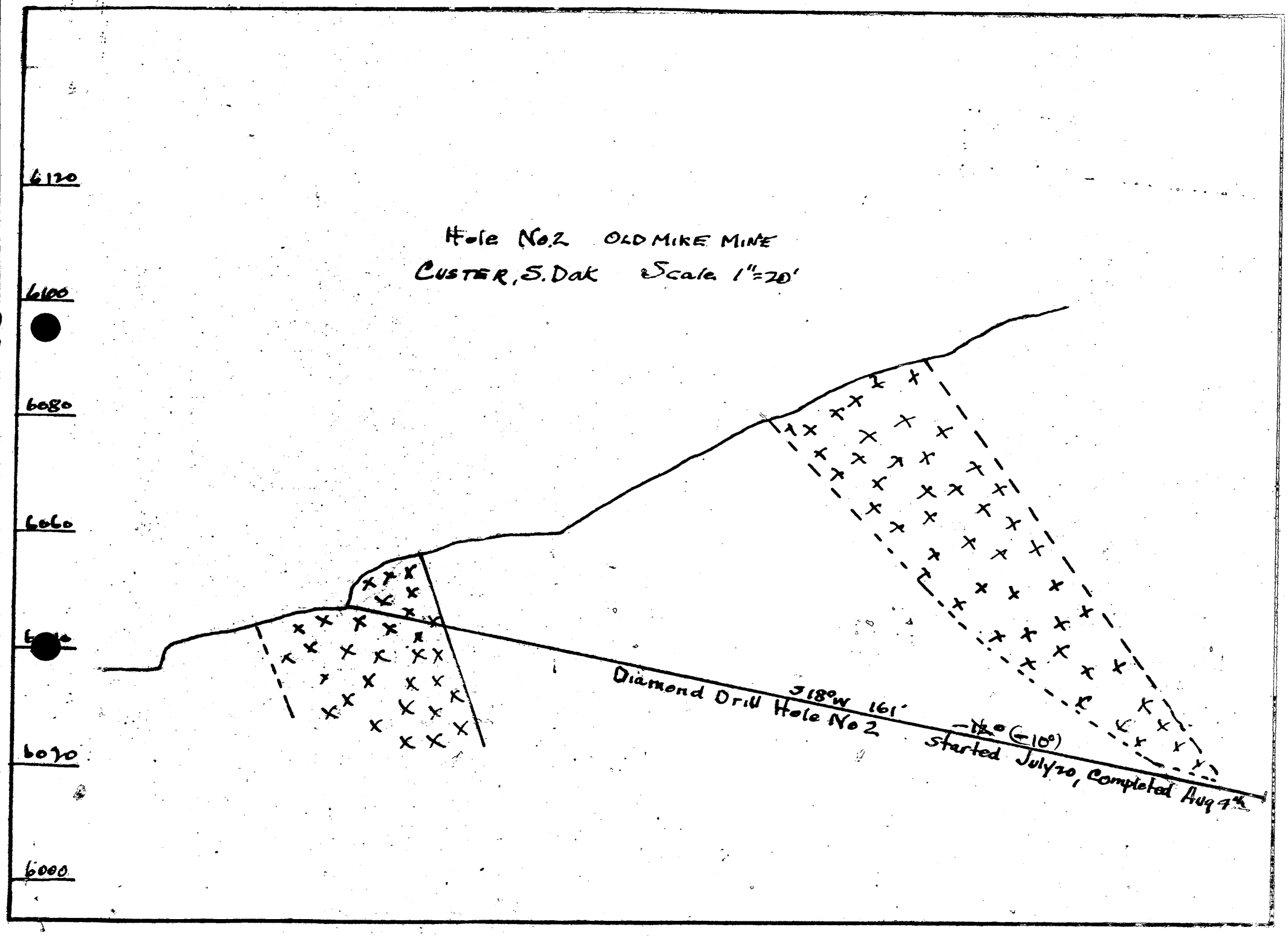
Drilling on hole No. 1 started June 16th 1953. The hole was set at an inclination of - 12½ degrees on a bearing of S 18 degrees West. The hole was collared at an elevation of 6,000 feet and drilled 195 feet. The hole was completed July 7, 1953. A section of the hole is submitted with this report. The pegmatite was contacted at a distance of 140 feet and passed thru at a distance of 177 feet or a total of 37' of pegmatite. The pegmatite was entirely a mica pegmatite consisting of scrap mica of the size of one inch to 2 inch in size.

Drilling of hole No. 2 was started July 20th and completed August 4th at a distance of 161 feet. Hole No. 2 was drilled at an inclination of - 12 degrees and on a bearing of S 18 deg. W. The hole passed under the second dike and only pegmatite in the first dike for a distance of 14 feet was encountered. This material was similar to that exposed in hole No. 1. The location of the holes is indicated on the plan and a section of the hole indicates the conditions encountered. (-10°) Eob

A. I. Johnson

Hole No 2
Hole No 3


6060
6040
6020
6000
5980
5960
5940
Hole No. I OLD MIKE MINE
CUSTER, S. DAK. Scale 1"=20'
Diamond Drill Hole No I -12½° S18°W 185'
Started June 16, 1952 Completed July
End of Hole No I


Hole No.2 OLD MIKE MINE
CUSTER, S. Dak Scale 1"=20'
6120
6100
6080
6060
6040
6020
6000
Diamond Drill Hole No 2
318°W 161'
-12° (-10°)
Started July 20, Completed Aug 9th

c
o
p
y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

January 21, 1954

Mr. A. I. Johnson, Secretary-Treasurer
Mineral Mills Incorporated
Custer, South Dakota

Re: Docket No. DMEA-2877 - Beryl-Mica
Old Mike Mine
Custer County, South Dakota
Contract No. Idm-E530

Dear Mr. Johnson:

This is with reference to the subject Exploration Contract between the Mineral Mills Incorporated and the Government.

The final audit of the contract expenditures and the final reports of the Operator and the Field Team have been received and accepted by this Administration. Of the total amount of $2,100.00 approved under the contract, the sum of $1,650.00 was expended, 90 percent of which, or $1,485.00, represented the Government's share. There were no unused materials, supplies or equipment to be disposed of for the joint account of the Operator and the Government.

Because the results of the exploration were unfavorable, it is not our intention to make a certification of discovery or development which would create a lien against the subject property. We are, therefore, closing our books and records with respect to this project. Your attention is called, however, to Article 5 (d) of the Contract which requires the Operator to "keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract".

Your interest in the Exploration Program of the Defense Minerals Exploration Administration and your willineness to participate therein are appreciated.

Sincerely yours,

/s/ C. O. Mittendorf

Administrator

JTRobertson:gad 11/30/53
Copy to: Admr. R.File
Docket File
Field Team, Region V
Mr. Dietrich, 3526
Mr. Larrabee, G-232, GSA Bldg.
Mr. Houk

Doc[illegible] No. DMEA 2877

Commodity Dar,1-Mica

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

[illegible]

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 530

Date of Contract ~~or Amendment~~: May 26, 1953

Name and Address of Operator:

Mineral Hills, Incorporated
Custer, S. D.

Amount of Government participation ____ $ 1,800.00

Percent of Government participation 90 %

Region: V State: S. D.

NOTE: Please release $405.00, Advice Contract Administration and Audit Division

(Name)

J. L. Chambers,
Chief, Contract Administration and Audit Division

(Title)

10/14/53

Date Delivered to Bureau of Mines, Washington.

13808

Docket No. DMEA 2077

Commodity Mica-Beryl

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 530

Date of Contract ~~or Amendment~~: May 26, 1953

Name and Address of Operator:
Mineral Hills Incorporated
Custer, S. D.

Amount of Government participation $ 1,000.00

Percent of Government participation 90 %

Region: V State: S. D.

(Name)

J. L. Chambers,
Chief, Contract Administration and M&S Division
(Title)

Date Delivered to Bureau of Mines, Washington. May 26, 1953

13908

MF-200 (A)
(February 1952)

DOCKET NO. MEA 2877

COMMODITY Mica - Beryl

UNITED STATES OF AMERICA Government's Copy
DEPARTMENT OF THE INTERIOR IDM-E 530
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 26th day of May, 1953 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Mineral Mills Incorporated, a corporation duly organized and existing under and by virtue of the laws of the State of South Dakota Custer, South Dakota

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of South Dakota, County of Custer, described as follows:[3] the Great Northern Lode Mining Claim also known as the Old Mike Mine located 3½ miles northwest of Custer in Sections 2 and 3, T. 3 S., R. 4 E., BHM, and recorded in Book 14, page 223 of Mineral Locations, Custer County, South Dakota, and indicated further on the map attached hereto, made a part hereof, and entitled "Plat of Mining Claims Mineral Mills, Inc. Custer, S. Dak."

the Operator represents and undertakes:[4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: None

(*b*) ~~That the Operator is a lessee in possession and entitled to possession, and the Owner's Consent to Lease is attached.~~

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within 60 days from the date of this contract shall commence work on a project of exploration for[5] mica and beryl

in or upon the described land; and shall bring the project to completion within a period of four (4) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $1,890.00, which is 90 percent of $2,100.00 the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or 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 ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Mineral Mills Incorporated
(Operator)

By _____

By _____
Administrator, Defense Minerals Exploration Administration

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—66329-1

EXPLORATION PROJECT CONTRACT
MINERAL MILLS INCORPORATED
DOCKET NO. DMEA-2877

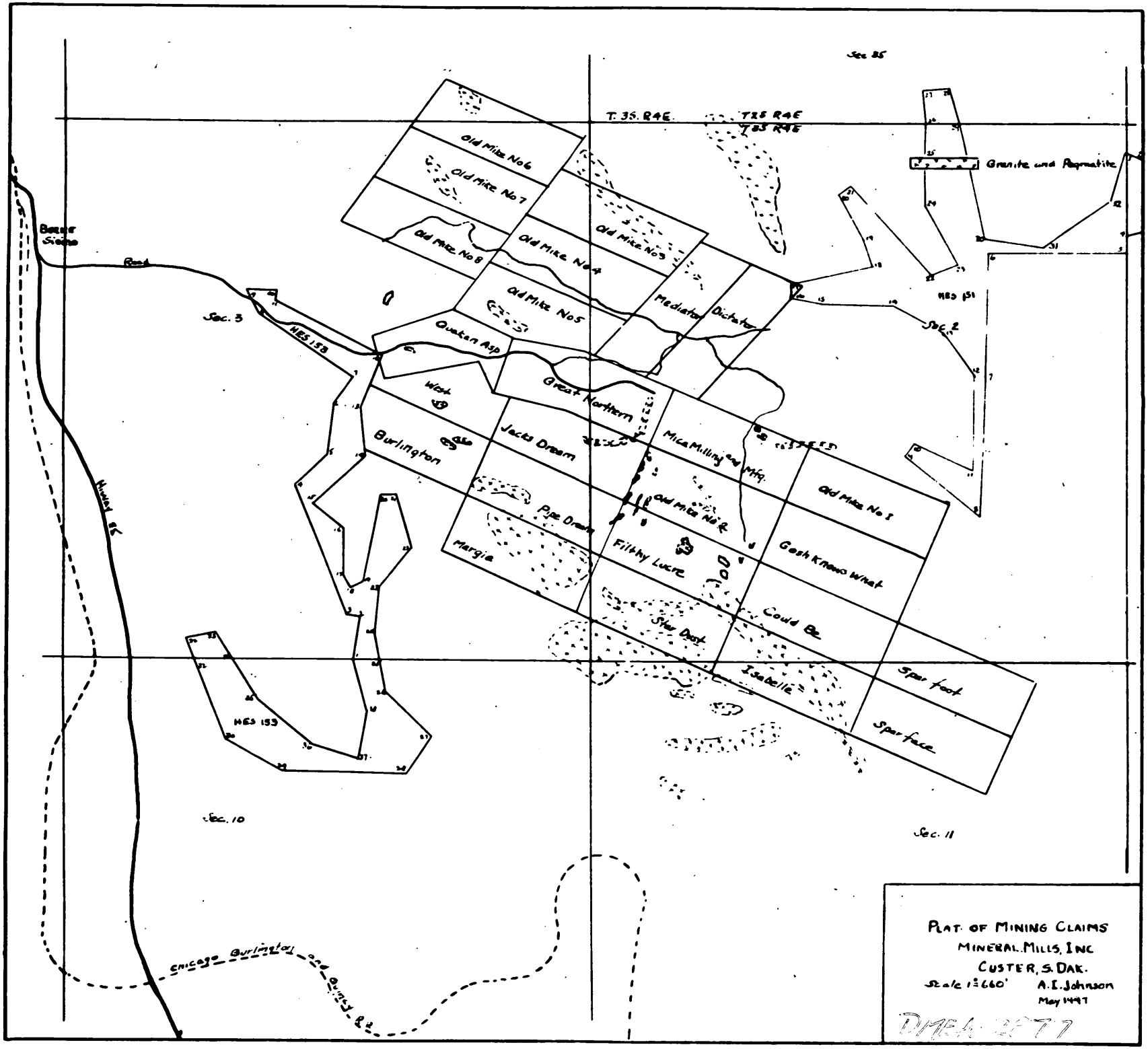
EXHIBIT "A"

Description of the Work

Two core drill holes of BX size with an aggregate depth of not more than 300 feet are to be drilled to cut a mica-pegmatite zone on the property. Not in excess of 200 feet may be cemented and drilled out or reamed and cased and the casing pulled, as required. The location, direction, depth, and inclination of the holes are to be designated by the Government engineers with the concurrence of the Operator.

Agreed Unit Costs

300 feet of BX core drill hole @ $5.50/ft.	$1,650.00	
200 feet of cementing and drilling out, reaming and casing and pulling casing @ $2.25/ft.	450.00	
Total Agreed Estimated Cost of Project		$2,100.00
Government Participation @ 90%		$1,890.00


Sec 35
T. 35. R4E.
T25 R4E
T23 R4E
Granite and Pegmatite
Berry Siding
Road
Sec. 3
HES 158
Hurley Ck
Old Mike No 6
Old Mike No 7
Old Mike No 8
Old Mike No 4
Old Mike No 3
Old Mike No 5
Mediator
Dictator
Quaker Asp
West
Great Northern
Burlington
Jacks Dream
Mica Milling and Mfg.
Old Mike No 1
Old Mike No 2
Pipe Dream
Margie
Filthy Lucre
Gosh Know What
Star Dust
Could Be
Isabelle
Spar foot
Spar face
HES 151
Sec. 2
HES 153
Sec. 10
Sec. 11
Chicago Burlington and Quincy R.R.
PLAT OF MINING CLAIMS
MINERAL MILLS, INC
CUSTER, S. DAK.
Scale 1"=660'
A. I. Johnson
May 1997