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

July 27, 1964

Re: DMEA-4597 (Uranium)
Strategic Minerals Exploration Co.
Joan, LaRay, and Ella Claims
San Juan County, Utah and Montrose County, Colo.
Contract Idm-E1096

Mr. Norman E. Ebbley
President
Mid-Continent Uranium Corp.
204 Uranium Center Bldg.
Grand Junction, Colorado, 81501

Dear Sir:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

George C. Selfridge

George C. Selfridge, Chief
Division of Exploration Operations

Send copy of letter with 63 to Reg III
Sent 8/18/64
m

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 17 1964

DATE	INITIALS	CODE
8/17	[illegible]	800
		~~100~~
8/17	[illegible]	~~110~~
8/18	[illegible]	120 m
	[illegible]	120

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since September 1963 , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes [X] No [ ]

2. Since September 1963 , has there been any production from the land subject to the contract? Yes [X] No [ ]

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value
Please refer to our letter of July 29, 1964		

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since , has any production been transported through workings (see of contract)? Yes [ ] No [ ]

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name John E. Dawson Title Office Manager

Address MID-CONTINENT URANIUM CORP. Date August 13, 1964
URANIUM CENTER BUILDING
GRAND JUNCTION, COLORADO

4511

August 13, 1964

Mr. Page Edwards
Vanadium Corporation of America
Shiprock, New Mexico

Gentlemen:

Reference is made to our letter of July 29, 1964 regarding the payment of the Office of Minerals Exploration royalty on the ore that is being shipped to you from our Ella Claim covered by your Ore Purchase Contract No. 72.

Please amend our instructions for payment of this royalty to coincide with Office of Minerals Exploration's letter of August 3, 1964, a copy of which is herewith enclosed.

Very truly yours,

MID-CONTINENT URANIUM CORP.

John E. Danielson
Office Manager

Encl.

JED:gw

cc - Office of Minerals Exploration

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

September 18, 1963

Re: DMEA-4597 (Uranium)
Strategic Minerals Exploration Co.
Joan, LaRay, and Ella Claims
San Juan County, Utah and
Montrose County, Colorado
Contract Idm-E1096

Mid-Continent Uranium Corp.
c/o John E. Danielson, Office Manager
Uranium Center Building
Grand Junction, Colorado

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

F. M. Murphy

F. M. Murphy, Acting Chief
Division of Minerals

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 26 1963

DATE	INITIALS	CODE
9/27		800
		~~120~~
9-27		100
9/27		~~110~~
9/30	Murphy	~~500~~
		320

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since May 31, 1962, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☐

2. Since May 31, 1962, has there been any production from the land subject to the contract? Yes ☐ No ☒

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☒

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Norman E. Bolay Title President

Address Continent Urn. Corp. Date 9/23/63

4511

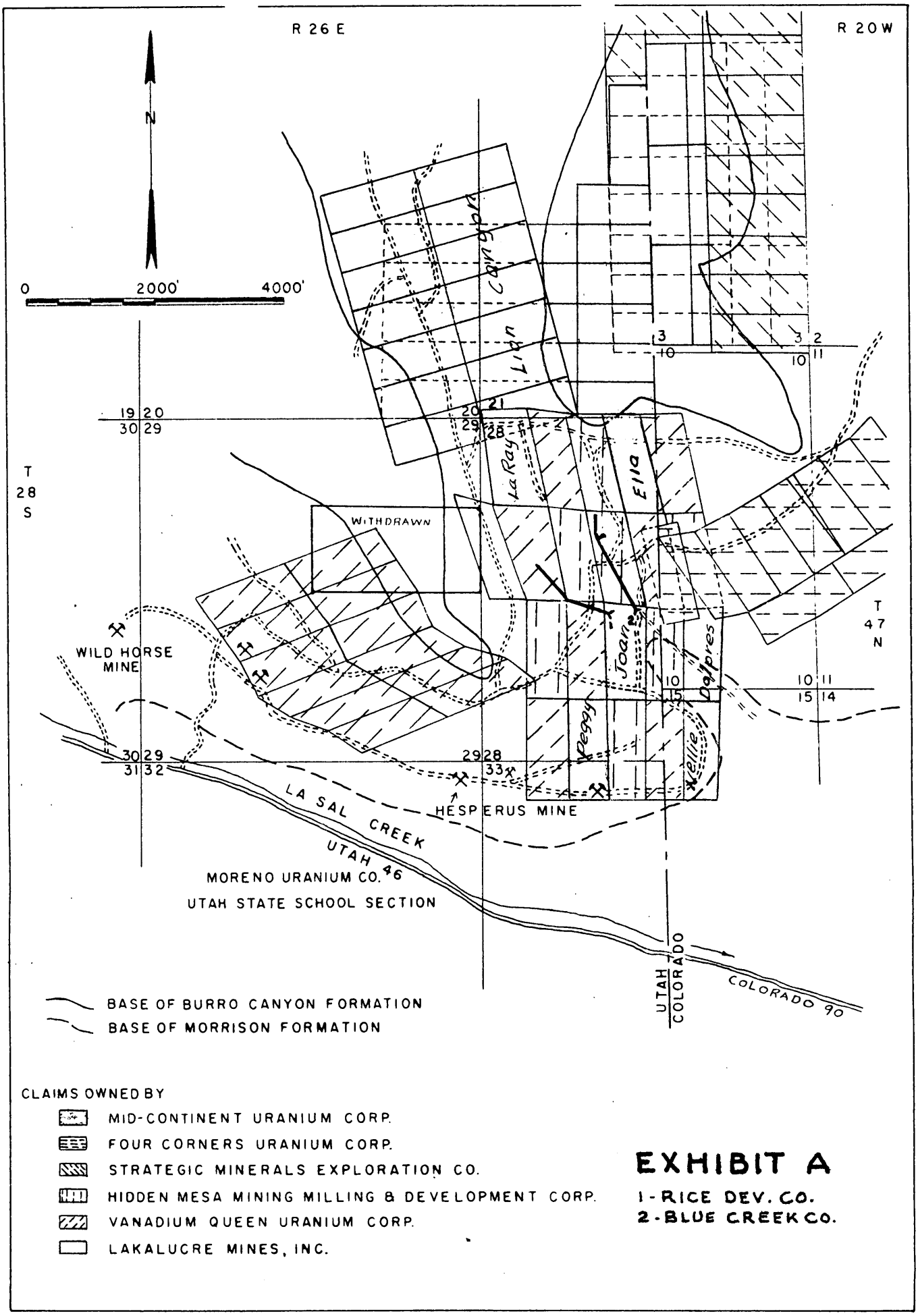

FIG. 2 CLAIM MAP, LA SAL CREEK AREA

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 22 1960

DATE	INITIALS	CODE

OFFICE OF MINERALS EXPLORATION

REGION III

Statement in Lieu of Interim Report
of Certified Project

Reporting Period January 1, 1959 through March 6, 1960

Docket and Contract Number DMEA-4597, E-1096 (Uranium)

Operator Strategic Minerals Exploration Company,
San Juan County, Utah

The project has been inactive during the reporting period [x]

Pertinent data relative to the subject contract has remained unchanged since the last report [x]

Remarks:

John I. Schumacher, Managing Partner,
reported as noted above.

See Mid-Continent Uranium Corp.
letter Jan 11, 1961

Signed H. M. Connors
H. M. CONNORS

Date March 14, 1960

DMEA Form 18
Feb. 58

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ANALYSIS OF SEMIANNUAL REPORT OF CERTIFIED PROJECT

Prepare in duplicate. File original in Official Docket. Send copy

To: Statistics Branch (Code 210)

From: Division of Rare and Miscellaneous Metals

Report Period 6/3/57 thru 6/30/58

DMEA No.	Operator	Contract No.
4597	Strategic Minerals Exploration Company	Idm-E1096

ORE ESTIMATES

	Tons	Analysis
DMEA	1,241	0.48 U_3O_8 + 1.27 % U_2O_5
Operator to date	None	
Total		
Production to date	None	
Ore in ground		

INVESTMENT

Type	Size		Feet	Cost
Shafts				
Winzes				
Drifts and Crosscuts				
Raises				
Drilling	Type core	BX	1227	$2,500.00
Rehabilitation	Description			

FACILITIES

Mine Plant		
Mill		
Roads		

REMARKS

Prepared by Kuoma Date 10-22-58

31398

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

224 New Customhouse
Denver 2, Colorado
October 13, 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 16 1958

DATE	INITIALS	CODE
10/16	C	220
"		110
10/17		800
		700

Memorandum

To: Chairman, Operating Committee, OME

From: Acting Executive Officer, OME Field Team, Region III

Subject: Semiannual Report of Certified Project for the Period June 3, 1957 through June 30, 1958
Docket No. DMEA (Uranium), Contract Idm-E1096
Strategic Minerals Exploration Company (Ella Claim)
San Juan County, Utah and Montrose County, Colorado

4597

Enclosed are the original and three copies of the subject report prepared in conformance with instructions contained in memorandum of January 6, 1956 from this office, Memorandum 29, and Special Notice in Minutes of Operating Committee Meeting No. 692.

E. N. Harshman

E. N. Harshman

Enc.

Semiannual Report of Certified Projects

Reporting Period	June 3, 1957 through June 30, 1958
Docket and Contract Number	DMEA 4597, Contract Idm-E1096
Operator	Strategic Minerals Exploration Company
Commodity	Uranium
Mine Name	Ella claim
County and State	San Juan County, Utah and Montrose County, Colorado

Date of Contract	June 3, 1957
Date of Certification	April 4, 1958
Expiration Date of Royalty Payments	June 3, 1967
Date of Examination for this Report	July 9, 1958

Total Amount of Contract	$13,500.00	
Total Expenditures under Contract	11,911.04	
Amount of Government Participation at 75 %		$8,933.28

Royalty Payments this Period	None
Previous Royalty Payments	None
Total Royalty Payments to Date	None
% Loan Repayment Completed	-

Amount of Royalty Due	None
Royalty Remarks	

Docket DMEA-4597 (Uranium), Contract Idm-E1096 June 3, 1957 - June 30, 1958
Strategic Minerals Exploration Company (Ella Claim)
San Juan County, Utah and Montrose County, Colorado

	Tons	Analysis U_3O_8	Analysis V_2O_5
Original Estimate of DMEA			
Reserves (Field Team Final Report)	1,241	0.48	1.27
Mines [ ] Survey [ ] Joint [X]			
Revised Estimate of DMEA			
Reserves (Field Team)	-	-	-
Mines [ ] Survey [ ] Joint [ ]			
Increase of Reserves by work performed subsequent to DMEA project work	-	-	-
Production DMEA {~~conc~~ ore} (This period)	None	-	-
(Previous)	None	-	-
(To Date)	None	-	-
" Operator's {conc ore} (This period)			
(Previous)			
(To Date)			

Percent Revised Reserves Mined 0

(For Uranium Ores Only)

Initial Production Bonus: 1/

Status Operator: Ineligible [ ] Not Applied [ ] Applied [X] Rec'ing pmt [ ] Pd up [ ]

Pounds U_3O_8 produced this period eligible for Bonus None

Amount of Bonus paid to Operator this period $ None

Total pounds U_3O_8 produced to date eligible for Bonus None

Total amount of Bonus paid to Operator to date $ None

Bonus Royalty Paid $ -

Bonus Royalty Due $ -

Investment Data

Shafts Size	Shafts Feet	Shafts Cost	Winzes Size	Winzes Feet	Winzes Cost	Drifts & Crosscuts Size	Drifts & Crosscuts Feet	Drifts & Crosscuts Cost

Raises Size	Raises Feet	Raises Cost	Rehabilitation Description	Rehabilitation Cost	Type & Size	Drilling Feet	Drilling Cost
					Core drilling BX	1,227	$2500.00

Facilities

Mine Plant Description	Mine Plant Cost	Mill Description	Mill Cost	Roads Description	Roads Cost

Remarks

1/ The property has been certified for initial production bonus but no uranium ore has been produced to date.

Signed H. F. Robertson (Engineer)

MINING LEASE

THIS INDENTURE, Made and entered into this 26th day of January, 1962, at Grand Junction, Colorado, by and between MID-CONTINENT URANIUM CORP., a Colorado Corporation, qualified to do business in the State of Utah and having its principal office at Grand Junction, Colorado, hereinafter called "Lessor" and SHUMWAY AND DADE, a Colorado Corporation, duly authorized to do business in the State of Utah, 215 Landsdown, Grand Junction, Colorado, hereinafter called "Lessees".

RECITALS

1. Lessor is the owner of the Joan unpatented mining claim, situate in San Juan County, State of Utah, and on July 7, 1956, entered into an Easement Agreement with the Blue Creek Mining Company wherein Blue Creek Mining Company was granted a right of way for the construction of a tunnel through a portion of said mining claim, a right of way to build a road over a portion of said mining claim, and a right to construct and maintain buildings, improvements and a dump, upon a portion of said mining claim, as more fully set forth therein. Lessees have now acquired all interests in the said non-assignable Easement Agreement, as hereinafter set forth, and have also acquired Blue Creek Mining Company's interest in a sub-lease agreement on the Black Hat unpatented mining claim, the May unpatented mining claim and the Lion unpatented mining claim, all situate in San Juan County, State of Utah.

2. Blue Creek Mining Company drove a tunnel, the portal of which is on the said Joan unpatented mining claim pursuant to said Easement Agreement dated July 7, 1956, through the Black Hat unpatented mining claim and the Lessees desire to extend said tunnel to and into the Ella unpatented mining claim, the principal portion of which is situate in San Juan County, State of Utah, and a small fraction of which is situate in

6/20/63
Copy mailed
to Shumway.

Montrose County, State of Colorado, and which claim is owned by the Lessor and which claim Lessees desire to lease from Lessor upon the terms and conditions hereinafter set forth.

3. Lessor is also the owner of the Com Group, the Lion Canyon Group of unpatented mining claims and the La Ray unpatented mining claim, some of which are contiguous to the said Ella unpatented mining claim and some of which are contiguous to one or more of the remainder of said unpatented mining claims, and Lessor desires to have development work performed on the Ella unpatented mining claim in order to determine upon and carry out the most economic way of developing and mining all of said unpatented mining claims. Lessor therefore desires to lease the said Ella unpatented mining claim to Lessees upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the royalties to be paid Lessor by Lessees in the amounts, at the time and in the manner hereinafter set forth and in consideration of the covenants hereinafter set forth of the Lessees to be by them faithfully kept and performed, Lessor hereby leases unto Lessees the Ella unpatented mining claim situate in part in Section Twenty-nine (29), Township 28 South, Range 16 East, S.L.M., San Juan County, Utah, and situate in part in Section Ten (10), Township 47 North, Range 8 West, N.M.P.M., Montrose County, Colorado, as shown on the map attached hereto, designated Exhibit A and by reference made a part hereof, subject, however, to the United States Government Defense Minerals Exploration Administration loan lien.

LESSEES COVENANT:

1. To develop said Ella unpatented mining claim by extending the tunnel which the Blue Creek Mining Company has driven from the Joan unpatented mining claim through a portion of the Black Hat unpatented mining claim, to and into the said Ella unpatented mining claim and to begin work on the extension of said tunnel within a period of thirty (30) days from the date

of this lease and to diligently and continuously perform the tunnel extension operation until mining operations can be commenced and thereafter to diligently and continuously perform mining operations on the demised premises during the period this lease is in force and effect, in accordance with good mining practices, in a manner necessary to good and economical mining, to the end that the greatest tonnage possible will be mined and produced therefrom, with due regard to the development and preservation of said mining premises as a workable mining property.

2. To perform not less than fifty (50) eight-hour man shifts per calendar month in developing and mining the demised premises, from the date the Lessees begin work upon the extension of said tunnel and thereafter during the period this lease shall be in force and effect, unless prevented therefrom by reason of extremely adverse weather, acts of God, strikes, fire, or extraordinary mining casualty; provided, however, that Lessees may in any calendar month expend a cash expenditure equivalent to the said monthly underground work commitment for surface drilling exploration on said Lila unpatented mining claim.

3. To provide at Lessees' sole cost and expense all labor, mining machinery, equipment, tools, implements, water, air, light, power and supplies necessary for mining operations hereunder, including the development work in extending said tunnel as provided herein.

4. To arrange for the purchase of all ores mined hereunder by licensed ore purchasers.

5. To comply with all health and safety regulations and all other requirements of the Federal, State, and Local Governments, including, but not by way of limitation, to do all necessary timbering and other work to maintain the mine in safe operating condition, to provide and maintain first aid equipment at the mine to meet the approval of the State Mine Inspector, to keep the ore clean of injurious materials, to remove barren

materials to locations on said premises designated by Lessor, at which it will not effect future mining or drilling operations.

6. To keep all drifts, tunnels, shafts, winzes, and other workings thoroughly drained and clear of loose rock and rubbish and in a safe and secure condition unless prevented from doing so by extraordinary mining casualty, and to leave the floor of all cross-cuts and other workings in good, even, unobstructed condition at all times and to store no waste underground or fill in any stopes without the written consent of the Lessor.

7. To cover and maintain in a safe condition all shafts and other openings not in use.

8. To forthwith post, and at all times keep posted, in conspicuous places upon the premises, notices stating that the Lessees are performing work as Lessees on the premises and that the right, title, and interest of the Lessor shall not be subject to any lien or encumbrance arising from the Lessees' operations thereon, and that the Lessor shall not be liable for any claim arising from the Lessees' operations hereunder, including, but not limited to, death and injuries to persons and damage to property.

9. To supervise, direct, and control such employees as the Lessees may require to properly perform this lease, and to pay said employees on their own account.

10. To comply with all applicable statutes with respect to labor employed by Lessees on the work, including, but not limited to, the Fair Labor Standards Act and the Walsh-Healey Act, and to protect and indemnify the Lessor against any payroll taxes or contributions imposed with respect to any employees of the Lessees by any applicable law dealing with old-age benefits, unemployment or pension, accident compensation, health insurance, and related subjects.

11. Before commencing work hereunder and thereafter to insure, at the cost and expense of the Lessees, to cost and

every workman employed in, about or upon the work, the compensation provided for, in and by each and every statute applicable thereto with respect to Workmen's Compensation and/or Employer's Liability, and to pay and discharge, or otherwise dispose of any and all claims, suits, actions, and demands of any nature whatsoever for injury to persons, including death resulting therefrom, and loss of or damage to property caused by or in connection with the performance of the work, and to procure, prior to the commencement of the work hereunder, and to maintain at the cost and expense of the Lessees during the period this lease is in force and effect, Public Liability Insurance in a reputable and financially responsible insurance company, properly safeguarding the Lessees against liability for injury to persons, including injury resulting in death, and loss of and damage to property in amounts acceptable to the Lessor. To furnish to the Lessor written certificates from insurance carriers, or from appropriate governmental authorities, establishing that said insurance has been procured and is being properly maintained and that the premiums therefor are paid, and specifying the names of the insurers, the respective policy numbers of the policies, and the expiration dates thereof. All such insurance policies shall provide that in the event of cancellation thereof, written notice of cancellation shall be given to the Lessor at least five (5) days prior to the effective date of such cancellation.

12. To permit the Lessor, its employees, and agents full and free access at all reasonable times to the demised premises and to the mine or mines therein for purposes of inspection, mapping, surveying, the taking of ore samples and/or conducting exploration work thereon, including drilling.

13. To promptly pay all costs and expenses of the work, including, but not limited to, labor, equipment, materials, supplies, and to indemnify and save harmless the Lessor of and from liability for any or all such costs and expenses.

14. Not to permit any laborers', mechanics', materialmen's liens, and any other liens or charges to be made upon the demised premises arising out of the operations to be performed by the Lessees under this lease and to indemnify and save harmless the Lessor from any such liens or charges made upon the demised premises.

15. To indemnify and save harmless the Lessor from any and all claims of every nature whatsoever arising from the Lessees' operations hereunder, except as expressly provided herein.

16. To mine and deliver the ore hereunder so as to preserve the greatest value thereof and not to "high grade" the ore, that is, not to mine and deliver the better grade ore and leave ore of lower but commercial grade remaining to the loss or detriment of the Lessor.

17. To perform all necessary annual labor upon the demised premises and file proofs thereof prior to June 30th of each year and to present satisfactory evidence to the Lessor of the performance of said annual labor and the filing of said proofs thereof on or before June 30th of each year.

18. Not to assign this lease without the written consent of the Lessor.

19. That the Lessees will at all times keep proper records of the following:

A. Shifts worked
B. Tonnage and grade of ore mined and/or sold
C. Development and exploration work performed.

During the period this lease is in force and effect the Lessees on or before the 15th day of each calendar month shall submit to the Lessor a letter report covering the previous calendar month's operations, giving the information set forth above. Lessees shall also prepare and maintain proper maps. The above required records and maps shall be made available to inspection by the Lessor, its representatives or agents at all reasonable times upon request.

20. That the Lessees shall be limited to mining within the vertical planes of the demised premises, and shall not extend their workings beyond such vertical planes without the written consent of the Lessor.

21. To pay, and to furnish Lessor proof of payment of all taxes or assessments made upon machinery, temporary structures, equipment, tools, and implements owned by the Lessees and used by the Lessees on the demised premises in their operations hereunder; to pay all taxes or assessments upon the extraction, severance, and/or production of ores from the demised premises upon ore produced hereunder; provided, however, that the Lessees shall be reimbursed by Lessor for that portion of such taxes or assessments which the royalty paid to the Lessor bears to the gross proceeds of ore produced and sold from the demised premises hereunder on taxes and assessments of this nature (i.e., extraction, severance, and/or production) promptly upon demand of the Lessees.

22. A. To pay to the Lessor a royalty of seventeen and one-half percent (17½%) on the gross proceeds of all ore mined and sold from the demised premises, which royalty of 17½% shall include the five percent (5%) royalty payable to the Defense Minerals Exploration Administration under the D.M.E.A. loan lien upon the demised premises, the amount of said D.M.E.A. loan lien being approximately $10,215.00. After said D.M.E.A. loan has been paid in full by payment of the 5% royalty as provided above, the royalty payable hereunder by the Lessees to the Lessor shall be fifteen percent (15%) of the gross proceeds of all ore mined and sold from the demised premises during the balance of the time this lease is in force and effect. Royalties to the D.M.E.A. and to the Lessor shall be deducted by the ore buyers and paid directly by the ore buyers to the royalty holders. Letters of authority and instructions to the ore buyers covering royalty payments will be furnished the ore buyers by the Lessees.

B. The term "gross proceeds" as used herein shall include the base price for all ore and all premiums, bonuses and allowances,

including the development allowance, but shall not include the hauling allowance which shall be the property of the Lessees. The Lessees understand that the D.M.E.A. royalty is based upon the above "gross proceeds" but also includes the haulage allowance.

C. The Lessees shall cause to be delivered by the ore buyers to the Lessor and the D.M.E.A. a copy of each and every settlement sheet on all ore produced and sold from the demised premises.

23. Lessees hereby grant to the Lessor, its successors and assigns, the right to the use of said tunnel, the portal of which is on the Joan unpatented mining claim, and which extends through a portion of the Black Hat Mining Claim, and which is to be extended by the Lessees hereunder to and into the Ella unpatented mining claim, said use to become effective immediately upon termination of the leasehold rights of the Lessees hereunder by either Lessor or by Lessees as provided herein, or upon the termination of the leasehold rights of the Lessees by expiration of the term or terms granted hereunder, upon the following terms and conditions.

A. The right to the use of said tunnel shall be restricted to the further exploration, development and mining of the Ella unpatented mining claim unless the written consent of the Lessees is obtained for the use of said tunnel for the haulage of ore from a claim or claims owned or controlled by the Lessor, which claim or claims is or are contiguous to the Ella unpatented mining claim.

B. The Lessor shall pay to the Lessees for the use of said tunnel Fifteen Cents (15¢) per ton for waste hauled through said tunnel by Lessor and Twenty-five Cents (25¢) per ton for ore of commercial grade hauled through said tunnel by Lessor for so long as Lessees shall maintain said tunnel in a safe condition and shall maintain trackage in said tunnel. In the event the Lessees fail to maintain said tunnel in a safe condition and/or fail to maintain trackage therein, Lessor shall have the right to maintain said tunnel in a safe condition, install and maintain trackage therein and the right to the use of said tunnel

without payment of any haulage fee or charge to the Lessees. If the Lessees desire to use said tunnel after Lessor has undertaken to maintain said tunnel and has installed trackage therein, Lessees shall pay to Lessor a tonnage charge of Fifteen Cents (15¢) per ton for waste and Twenty-five Cents (25¢) per ton for commercial ore hauled by Lessees through said tunnel.

C. The Lessor's right to the use of said tunnel shall include only the right to the use of Lessees' trackage therein and the right to have said tunnel maintained in a safe condition by Lessees. Lessor shall furnish its own power and equipment for hauling said waste and ore.

D. In the event Lessees discontinue development work or mining operations on the Ella claim for a period of ninety (90) days, notwithstanding the provisions specifically set out above as work commitments, and Lessees are still maintaining operations through the tunnel which has its portal on Lessor's Joan claim, then and in that event Lessor may proceed as specified in 23 above to use the tunnel.

24. It is mutually agreed that all of the work requirements of this lease, except the obligation to do annual labor, shall be suspended during such time that a market for the ore mined is unavailable. In such event, the Lessees shall promptly notify the Lessor of that fact and if the Lessor is able to furnish the Lessees with a market which makes mining economically feasible, Lessees shall promptly commence mining and shall thereafter be bound by all of the work requirements of this lease. It is further agreed that, in the event a market is unavailable for a period of one year, that the Lessors may, at their option, elect to terminate the lease by giving the notice provided for herein.

25. It is further agreed that the provisions of paragraph numbered 8 of this lease, whereby Lessees are required to perform not less than 50 8-hour man shifts per calendar month, may be accumulated after ore is encountered so that 150 8-hour

man shifts for each three months' period shall be considered as a sufficient compliance with the shift requirements of this lease. This provision shall not change the man hour shifts required in the extension of the tunnel to the point where ore is encountered on the Ella Claim.

26. It is further mutually understood and agreed that the Lessees herein are only a sub-lessee of the Black Hat, May, and Lion mining claims and other adjoining claims subleased by it, and that its right to grant to the Lessor the right to the use of the tunnel referred to in paragraph numbered 23 of this lease, is limited to such rights as it may have under its sublease to enter into such an agreement, and that, in the event of the cancellation, forfeiture or surrender of its sublease, its rights in said tunnel will terminate and the rights or easement given to the Lessor in said tunnel is subject to such rights as the Lessees may have. It is understood that any future right to use of said tunnel by Lessor shall be a joint use with the Lessees and that each party shall use such tunnel in such a way as to interfere with the use of the other party as little as reasonably possible.

LESSOR COVENANTS:

A. To give the Lessees and their employees access to the above described demised premises and to give to the Lessees the right to use so much of the surface thereof as is reasonably necessary for operations hereunder during the period this lease is in force and effect.

B. To permit the Lessees at Lessees' expense to conduct such exploration work on the demised premises including drilling as the Lessees desire to perform during the period this lease is in force and effect.

C. To reimburse Lessees upon demand for that portion of any extraction, severance, and/or production tax or assessment paid by the Lessees for ore produced and sold from the demised premises which the royalty paid to Lessor hereunder bears to the

gross proceeds of ore mined and sold from the demised premises; to pay all general property taxes and assessments on the demised premises.

LESSOR AND LESSEES COVENANT:

A. That the term of this lease shall be for three (3) years from the date of execution hereof, unless sooner terminated under any of the provisions herein contained. The Lessees, however, shall have the option to extend the term of this lease for a second term through 1976; upon the same terms and conditions contained herein; provided that the covenants and agreements of this lease are fully kept and performed by the Lessees at all times, and provided further that the Lessees shall notify the Lessor in writing at least sixty (60) days prior to the expiration of the term of the Lessees' election to extend the term of this lease for a period of three years.

B. That the force majeure provisions of this lease as contained in paragraph 2, page 3, herein shall be restricted to the matters or things expressly enumerated therein and shall not be deemed to include unavailability of markets, the ore mined being of less than commercial grade or any other matter not expressly stated in said paragraph or not within the meaning of the terms "acts of God" or "extraordinary mining casualty".

C. That there shall be no commingling of ore mined and produced from the Lile unpatented mining claim with ores produced and mined by the Lessees from any other properties. The Lessor shall have the right if it so elects to have an employee or agent on the demised premises at all times, in the said tunnel at all times and on the workings of the Lessees or adjoining property at all reasonable times to make inspections and to generally protect the interests of the Lessor.

D. That time shall be of the essence, and the Lessor may terminate the leasehold rights granted in this lease upon violation by the Lessees of any of the covenants or agreements herein contained by giving to the Lessees thirty (30) days' written

notice, addressed to them at their address hereinabove stated, of such violation; provided, however, that during such thirty (30) days' period the Lessees shall have the right to correct and remedy the said violation. In the event the Lessees fail to correct and remedy said violation within the said thirty (30) days' period, the leasehold rights granted in this lease shall be terminated, and the Lessees shall forthwith remove all machinery, temporary structures, equipment, tools, and implements owned by them with the exception of the track and track facilities in the said tunnel to and into the Ella claim, and shall have no right of access thereafter to the said premises.

E. That if a proceeding in bankruptcy, receivership, or insolvency shall be instituted or filed by or against either of the Lessees as a bankrupt, defendant, or insolvent, or if either of the Lessees shall enter into any arrangement or composition with their creditors, then, in any of such events, this lease shall be terminated and the Lessees shall forthwith remove all machinery, temporary structures, equipment, tools, and implements owned by them, with the exception of the track and track facilities in the said tunnel to and into the Ella claim, and shall have no right of access thereafter to the said premises.

F. That upon expiration of the term of this lease, or the extension thereof, Lessees shall have thirty (30) days within which to remove all machinery, temporary structures, equipment, tools, and implements owned by it from the demised premises, with the exception of the track and track facilities in the said tunnel to and into the Ella claim.

G. That, except as herein otherwise expressly provided, the Lessees shall, at all times during the term of this lease, have and exercise full and complete direction and control of the work.

H. That should any question arise as to the exact boundaries of the Ella unpatented mining claim, the boundaries as determined by the Lessor shall be accepted as final and binding upon the parties hereto.

I. That it is mutually understood and agreed that this lease is granted only under such title as the Lessor may now hold or hereafter acquire and that in the event the Lessor shall hereafter be divested of such title the Lessor shall not be liable for any damages sustained by the Lessees, nor shall the Lessees attempt to hold the Lessor liable in damages or otherwise on account of the Lessees' possession thereof being destroyed or interrupted.

J. That Lessees may terminate this lease at any time after August 31, 1963, by giving sixty (60) days' written notice to Lessor of their desire to terminate the lease; provided, however, that Lessees shall be required to perform the annual labor or assessment work for the year ending August 31, 1963, and provided, however, that notice of termination may not be given less than sixty (60) days prior to August 31st of any year this lease is in force and effect, unless the annual labor or assessment work for the year ending September 1st of that year has been performed by the Lessees.

K. That no change, alteration, or modification of this lease or any of the covenants and agreements herein contained shall be effective unless made in writing and signed by the parties hereto.

L. This lease contains the entire agreement of the parties hereto, and the parties agree that no promises or representations have been made by any of them as to the amount of ore or the value thereof on the demised premises or any other promises or representations of any nature to the others which are not set forth herein and which shall be binding upon them.

M. That the rights granted in paragraph 22 shall continue in force after termination of the leasehold rights and shall be binding upon and inure to the benefit of the heirs, personal representatives and the successors and assigns of the parties hereto.

N. This lease shall be binding upon and inure to the benefit of the heirs, personal representatives, and the successors

and assigns of the parties hereto; provided, however, that the Lessees shall first obtain the written consent of the Lessor to any assignment of this lease.

O. It is understood and agreed by the parties that according to a report by the Atomic Energy Commission, the LaSal Group and the Pond and Shubert Group of unpatented mining claims, situate on Beaver Mesa, Grand County, Utah, have a total allotment for production of 38,541 lbs. of U_3O_8 representing approximately 8,000 tons of ore. Therefore, the said Ella claim, being a part of the said LaSal Group, is subject to limitation as to production in accordance with said allotment reported to pertain to both groups of said claims; provided, however, that at least fifty (50%) percent of said production shall be reserved for the said Ella claim. In the event the remaining fifty (50%) reserved for the said Pond & Shubert Group is not being produced from the Pond and Shubert, then the Lessees may utilize this allocation and produce the unused pounds from the Ella claim.

IN WITNESS WHEREOF, the Lessees have hereunto set their names and seals and the Lessor has caused its corporate name and seal to be affixed by its President and attested by its Secretary the date and year first above written.

SHUMWAY AND BADE

By: DeVar Shumway

By: John Bade

LESSEES

MID-CONTINENT URANIUM CORP.

By Norman E. Abbley
Norman E. Abbley, President

ATTEST:

Mark D. Dunn
Secretary