Government copy

EXPLORATION PROJECT CONTRACT
ATTWOOD COPPER MINES, LIMITED
DOCKET NO. DMEA-2985

RESCISSION OF EXPLORATION PROJECT CONTRACT

It is agreed this 16th day of July, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Attwood Copper Mines, Limited, parties to that certain Exploration Project Contract Idm-E599 (Docket No. DMEA-2985), dated September 17, 1953, hereinafter called the "Contract," that the Contract is hereby revoked, cancelled, and rescinded as of September 17, 1953, before any work has been performed or any costs have been incurred thereunder, without any obligation whatever one party to the other, the same as if the Contract had never been entered into.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C D Mitchenor
Administrator, Defense Minerals
Exploration Administration

ATTWOOD COPPER MINES, LIMITED

By Leonard F. Kidd
President

Government's Copy

EXPLORATION PROJECT CONTRACT
ATTWOOD COPPER MINES LIMITED
DOCKET NO. DMEA-2985

AMENDMENT NO. 1

It is agreed this 6th day of January, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Attwood Copper Mines Limited, that Exploration Project Contract Idm-E599, Docket No. DMEA-2985, dated September 17, 1953, is amended, effective September 17, 1953, as follows:

1. In Article 3 of the contract, delete "within 90 days from the date of this contract" and substitute "not later than May 17, 1954"; and in the same article, delete "24 months" and substitute "32 months".

2. In Articles 9 and 10, delete the period "10 years" and substitute the period "11 years".

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the amount of any item designated as "allowable maximum."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mitteudorf
Administrator, Defense
Minerals Exploration
Administration

ATTWOOD COPPER MINES LIMITED

By Lloyd F Field

F. N. Hannaford

Docket No. ~~[illegible]~~ - 2985

Commodity Copper

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

CANCELLATION

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 599

Date of Contract ~~[illegible]~~ Sept. 17, 1953

Name and Address of Operator:
Attwood Copper Mines, Limited
Suite 1008, 330 Bay St.,
Toronto, Ontario, Canada

Amount of Government participation ____ $ 54,598.05

Percent of Government participation 50 %

Region: 11 State: Washington

Note: Please release @ 54,598.05: Advice Contract Administration and Audit Division

(Name)
J. L. Cahmsen
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 7/16/54

54458

Docket No. 2985

Commodity Copper

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 599

Date of Contract ~~or Amendment~~: September 17, 1953

Name and Address of Operator: Attwood Copper Mines, Limited
Suite 1008, 330 Bay Street
Toronto, Ontario, Canada

Amount of Government participation $54,598.05

Percent of Government participation 50 %

Region: II State: Washington

(Name)
Jay L. Chambers, Chief
Contract Administration
and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. Sept.17,1953 13808

EXPLORATION PROJECT CONTRACT
ATTWOOD COPPER MINES LIMITED
DOCKET NO. DMEA-2985

ANNEX I

In Sections 1, 2, and 3, T. 40 N., R. 33 E., Willamette Meridian, as shown on attached map entitled "Attwood Copper Mines Limited Claim Map - Lone Star Properties - Docket No. DMEA-2985," the Operator is the owner of the following claims:

Patented Claims	Patent No.
Arthur Jr.	1031
Black Diamond	1031
Carter	1031
Houck	1031
Mother Lode	1031
Pauline Fr.	1031
Primrose Fr.	1031
Shonee	1031
Snowstorm	1031
Walter	1031
Lone Star	349
Shonee No. 2	531
Helen	570
Prytis	607

Unpatented Claims	Book No.	Page No.
Washington No. 1	12	130
Washington No. 2	12	130
Bob	12	155
Bill	12	155
Clint	12	155
Ted	12	155
Van	12	161
Vance	12	161
Woert	12	161

and the optionee of the following claims:

Unpatented Claims	Book No.	Page No.
Santa Fee Fr.	11	424

Patented Claims	Patent No.
Santa Fee	555
Sunset	679
Sunrise	679

MF-200
(June 1951)
(Revised Feb. 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED

DOCKET NO. DMEA 2985

COMMODITY Copper

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

Government's Copy

Idm-E599

EXPLORATION PROJECT CONTRACT[1]

IT IS AGREED this 17th day of September, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Attwood Copper Mines Limited
Suite 1008, 330 Bay Street
Toronto, Ontario, Canada

hereinafter called the "Operator," as follows: as set forth in Annexes I, II and III, attached hereto and made a part hereof.

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 Washington, County of Ferry, described as ~~follows~~ XXXX:[3] set forth in Annex I

the Operator represents and undertakes:[4]

(*a*) That the Operator is the owner, in possession and entitled to possession, of those claims so listed in Annex I ~~and that the property is subject~~ XXXX to the XXXXXXX claims, liens, or encumbrances XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX:

(*b*) That the Operator is an optionee, ~~a lessee~~ in possession and entitled to possession, of those claims so listed in Annex I ~~and the Owner's Consent to Lien 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 90 days from the date of this contract shall commence work on a project of exploration for[5] Copper

in or upon the described land; and shall bring the project to completion within a period of 24 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.

ARTICLE 4. *Performance of the work.*—(*a*) *Operator's responsibility.* The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A," attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A," as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(*b*) *Independent contracts.*—Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(*c*) *Government may inspect.*—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 5. *Estimated costs of the project.*—A statement of the estimated cost of the project is set forth in Exhibit "A," attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. *Allowable costs of the project.*—(*a*) The costs of the project in which the Government will participate are limited to the following: and also the costs referred to in Article 13.

(1) *Independent contracts.*—Payments to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the 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 and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) *Labor, supervision, consultants.*—Labor, supervision and technical services (including engineering and geological consultants), a schedule of which is included in the estimate of costs set forth in Exhibit "A." The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) *Operating materials and supplies.*—Necessary materials and supplies including items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A."

(4) *Operating equipment.*—Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A." Any items listed as owned and to be furnished by the Operator, and related ~~initial~~ allowable depreciation, are allowable maximums.

(5) *Rehabilitation and repairs.*—Any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A." These items are allowable maximums.

(6) *New buildings, improvements, installations.*—Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A." All of these items are allowable maximums.

(7) *Miscellaneous.*—Repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance and payroll taxes.

(8) *Contingencies.*—Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A," as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

[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*) The Government's payments in all cases will be based on actual, necessary costs (including contract unit prices) incurred not in excess of any "allowable maximum," and not in excess of the fixed percentage of the total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred 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 costs incurred 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.

(*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 operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, 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 as provided in Article 12.

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 50 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $54,598.05, which is 50 percent of $109,196.10, 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 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.

(*b*) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. *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: See Annex II, substituted for that part of 9(a) preceding the colon.

(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 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 10. *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 11. *Title to and disposition of property.*—All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator 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 at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

ARTICLE 12. *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. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* To the extent that costs are set forth in Exhibit "A" as "agreed unit costs," they are in lieu of the actual costs that would otherwise be allowable costs of the project as provided in Article 6(a) of the contract form.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

ATTWOOD COPPER MINES LIMITED
(Operator)

By Edward F. Kidd
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—66328-1

EXPLORATION PROJECT CONTRACT
ATTWOOD COPPER MINES LIMITED
DOCKET NO. DMEA-2985

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ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 9 which precedes the colon:

If the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after a sufficient, complete, final report and final account referred to in the contract 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. The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2, 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 of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for 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. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
ATTWOOD COPPER MINES LIMITED
DOCKET NO. DMEA-2985

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ANNEX III

Materials and Supplies. For the purpose of determining the Government's interest in materials or supplies remaining upon any termination of the work, they shall be considered in groups or categories (such as pipe, or explosives, or rails, or drill steel), and if the original cost of the remaining unexpended portion of any such group or category exceeded $50, the Government shall have an interest therein as provided in Article 11 of the contract form.

Equities in Equipment. Unless expressly permitted by provisions in Exhibit "A", the operator shall not procure equipment or any other item under a rental-purchase agreement, an installment-purchase agreement, any agreement which creates or builds up an equity or interest in the thing procured which can be converted to legal title only by further payment or some other consideration, or any agreement other than for straight rental or cash purchase and delivery.

Preservation of Property. Until the final disposal of any equipment or other property in which the Government has an interest or equity, the operator shall preserve and protect same for the mutual best interests of the parties, any reasonable and necessary cost thereof to be treated as an allowable cost of the exploration work to which the Government will contribute.

EXPLORATION PROJECT CONTRACT
ATTWOOD COPPER MINES LIMITED
DOCKET NO. DMEA-2985

EXHIBIT "A"

Description of the Work

The purpose of this project is to explore the Lone Star Mine for copper.

As indicated on the attached map entitled "Attwood Copper Mines Limited - DMEA-2985 - Diagrammatic Geologic Map Showing Proposed Exploration, Lone Star Mine, Ferry County, Wash.", the following work shall be performed:

1. The preparatory work shall consist of repairing the road, preparing the portal and dump site with a bulldozer, constructing a bridge across the creek from the road to the portal, installing a switch and dump track, building and equipping a bunkhouse-cookhouse, and erecting a compressor house-work shop.

2. Diamond drill 250 feet from the face of the adit, whose portal is at co-ordinates 4700 N., 5096 E., at location designated as No. 2 on the map. This drilling will consist of two holes fanned to the east and west at negative angles to check the ore zone below that area.

3. Diamond drill 600 feet from surface from the outcrop at co-ordinates 4430 N., 4940 E., at location designated as No. 3 on the map. These holes will be fanned to the north at negative angles to test the ore zone in that area.

4. Rehabilitate and enlarge 184 feet of adit, whose portal is at co-ordinates 4265 N., 4710 E., at location designated as No. 4 on the map. The minimum size of enlarged adit shall be 5 feet by 7 feet.

5. Drift and crosscut, in cross section a minimum size of 5 feet by 7 feet in the clear, 2,200 feet on the 3765-foot adit level, at location designated as No. 5 on the map, to explore the mineralized zone around the nose of the "plunging anticline." From the drift, crosscuts are to be driven to test the thickness of the zone and to serve as drill sites for lower-level diamond drilling.

Scheduled Actual Costs
(*Indicates allowable maximum)

Independent Contracts (Item 1)			
Repair road and prepare portal and dump site		$ 500.00*	
New buildings, improvements, installations (Item 1)			
Construct bridge across creek from road to portal 1/	$ 200.00		
Install switch and dump track 1/	300.00		
Construct Bunkhouse-cookhouse (18' x 30') 1/	2,000.00		
Construct compressor house-workshop 1/	1,800.00		
Equip and furnish bunkhouse-cookhouse 1/	800.00	5,100.00*	
Assays (Item 8)		800.00*	
Total Scheduled Actual Costs			$ 6,400.00*
Total Estimated Cost of the Project			$109,196.10*
Government Participation @ 50%			$ 54,598.05*

1/ All schedules waived but includes all costs of any kind needed to complete the work.

6. Where necessary, not in excess of 660 feet of crosscuts and drift shall be timbered with standard drift sets.

7. Diamond drill 1,650 feet off of the 3,765 foot adit level, from the drift drilled upward to test the thickness of the ore, and/or from the face of the crosscuts to test the zone below the adit level.

8. Sampling and assaying shall be performed where necessary in the drift and crosscuts.

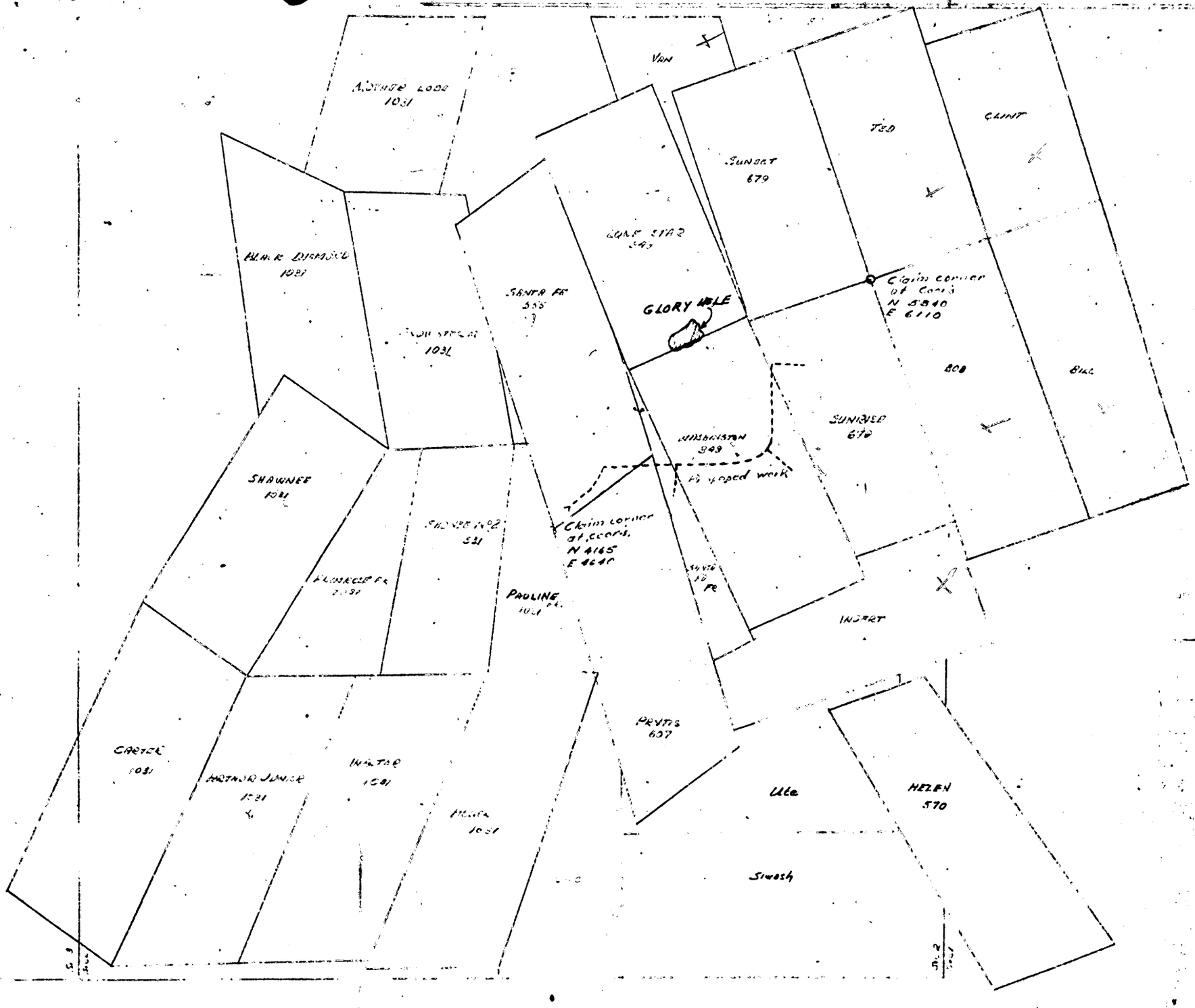
The location, direction and length of the drift and crosscuts and the size, location, direction, length and inclination of the diamond drill holes shall meet with the approval of the Government.

Estimated Costs of the Project

AGREED UNIT COSTS

Diamond drilling (Items 2 and 3) 850 ft. @ $6.85/ft.	$5,822.50	
Rehabilitate and enlarge adit (Item 4) 184 ft. @ $12.90/ft.	2,373.60	
Crosscutting and drifting (Item 5) 2,200 ft. @ $37.00/ft.	81,400.00	
Timbering where necessary (Item 6) 660 ft. @ $5.00/ft.	3,300.00	
Diamond drilling (Item 7) 1650 ft. @ $6.00/ft.	9,900.00	
Total Agreed Unit Costs		$102,796.10

The Government will contribute to the costs of the above diamond drilling, crosscutting and drifting, timbering and rehabilitating and enlarging of adit, on the basis of these agreed estimated unit costs for units of work actually performed, in lieu of actual costs. These agreed unit costs include all costs of this work except assaying in Item 8. The work may be performed by independent contractor without reference to the provisions relating to independent contracts and contractors in Articles 4(a) and (b) and 6(a)(1) of the contract form.



Attwood Copper Mines Limited
CLAIM MAP.

LONE STAR PROPERTIES

TOWNSHIP 40N RANGE 33E

Scale 1" = 600' Docket No. DMEA-2985

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

Defense Minerals Administration
RECEIVED
AUG 21 1953

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Washington, County of Ferry, described as follows:1/

(as set out in annex)

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

2/ Attwood Copper Mines Limited,
(no personal liability)

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions

Dated this 27th day of July, 1953.

Marie L. McGowan [Seal]

[Seal]

[Seal]

1/ 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.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there i no obligation to repay the Government.

RELEVANT CONTRACT PROVISIONS

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(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 of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of 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, as follows:

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

(b) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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) per cent 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) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

c. Definitions.--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 gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--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.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--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.

[illegible]
[illegible]
[illegible]
[illegible] 1958

ANNEX

Sante Fee - Recorded in book 11, chapter 423, official records of said county.

Sante Fee Fraction - Recorded in book 11, chapter 423, official records of said County.

Sunrise mineral claim - Lot 679.

Sunset mineral claim, Lot 679.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

September 28, 1953

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

Re: Docket No. DMEA-2985 (Copper)
Attwood Copper Mines, Ltd.
Lone Star Mine
Ferry County, Washington

Dear Mr. Selfridge:

Enclosed are the original and two signed copies of the referenced contract. One copy has been retained by the Operator, one for the files of the Certifying Officer, and one for the files of this office.

Regarding the apparent discrepancies referred to in the fourth paragraph of the letter forwarding the contract to the field for signature, we wish to advise as follows:

(1) The correct names of the referred claims are being checked by the applicant at the courthouse. He will advise us which spelling is correct and this information will be forwarded to Washington upon receipt.

(2) The claim map attached to the contract shows only the Washington claim, which is actually the Washington No. 1 claim. In checking the survey of claims, a previous locator found that there was a possible sliver of unclaimed ground lying between the Washington and the Sunrise claim. This sliver is much like that lying between the Lone Star and the Sunset claims except that its existence could not be proved when the survey was made. Therefore, for protection, the applicant filed the Washington No. 2 claim to cover that sliver of ground between the Washington and Sunrise claims, if it should subsequently be proved such a sliver existed. As the claim map shows that the Washington and Sunrise claims adequately covered the ground, the location of the Washington No. 2 was not needed, as it was thought it might only result in confusion to reviewers of the application. In this respect, it might be said that the Washington No. 2 and the Van claims have much in common except that the Van covers unstaked ground known to exist.

(3) When the applicant took control of the property he found that while the Washington No. 2 claim had been staked to cover a possible sliver of ground between the Washington and Sunrise claims, there was some question as to whether assessment work had been adequately done on the Washington No. 2 claim. Therefore, as a means of further protection, the applicant staked the Vance claim over the Washington No. 2 claim, thereby assuring himself that any sliver which might be present would be in his control.

(4) The applicant states that all numbers on the claim map attached to the contract are patent survey numbers.

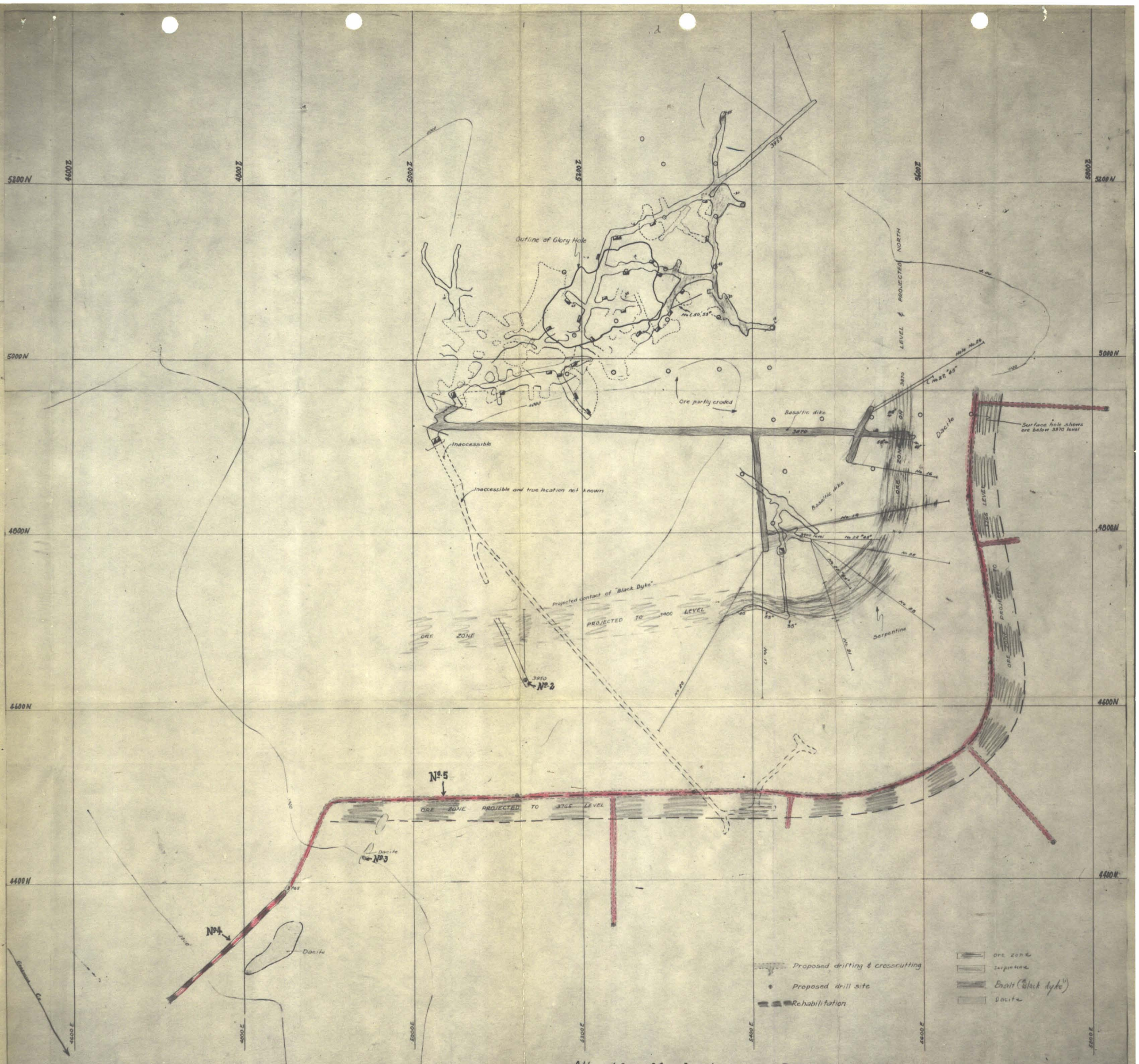
Sincerely yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

cc: USBM (2)
Kiilsgaard



Attwood Copper Mines Limited DMEA-2965

DIAGRAMMATIC GEOLOGIC MAP SHOWING PROPOSED EXPLORATION, LONE STAR MINE, FERRY COUNTY, WASH.

1" = ~~40'~~ 80'