Government's Copy

Defense Minerals Administration
RECEIVED
SEP 13 1954

RESCISSION OF EXPLORATION PROJECT CONTRACT

It is agreed this 23rd day of August, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Big Q Tungsten Mine, Inc., parties to that certain Exploration Project Contract Idm-E582 (Docket No. DMEA-3037), dated August 13, 1953, hereinafter called the "Contract," that the Contract is hereby revoked, cancelled, and rescinded as of August 13, 1953, before any work has been performed or any costs have been incurred thereunder, without any obligation whatever one party to the other,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 P McKeever
Administrator, Defense
Minerals Exploration
Administration

BIG Q TUNGSTEN MINE, INC.

By Wm M Geoghegan
President

Docket No. DMEA - 3037

Commodity Tungsten

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 502

Date of Contract ~~or amendment~~ August 13,1953

Name and Address of Operator:
Big O Tungsten Mine Inc.
417-19 Lloyd Bldg.
Seattle 1, Washington

Amount of Government participation $ 7,650.00

Percent of Government participation 75 %

Region: 11 State: Washington

Note: Please release $ 7,650.00 Contract Cancelled

J. L. [illegible] (Name)
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 9/15/54

54458

Docket No. [illegible] 2097

Commodity Tungsten

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 502

Date of Contract ~~or Amendment~~: August 13, 1953

Name and Address of Operator:
Big Q Tungsten Mine Inc.
417-19 Lloyd Building
Seattle 1, Washington

Amount of Government participation ____ $ 7,[illegible].00

Percent of Government participation 75 %

Region: II State: Washington

(Name)
J.L. Chambers, Chief,
Contract Administration and Audit Div.

(Title)

Date Delivered to Bureau of Mines, Washington. 8/31/53

13808

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3037

COMMODITY Tungsten

Government's Copy
IDM-E-582

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 13 day of August, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Big Q Tungsten Mine, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Washington, having its principal office at 417-19 Lloyd Building, Seattle 1, Washington.

hereinafter called the "Operator," as follows: and as set forth in Annex 1, attached to 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 Stevens, described ~~xxxxxx~~: in Annex II and in Fig. A - "Property Map Big Q Tungsten Mine, Inc.," both attached to and made a part hereof.

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 liens, encumbrances, or claims of which the exploration agreement of the holder is attached:~~

lessors' Owner's Consents to Lien are attached, and the Owner's Consent to Lien of the State of Washington is waived.

(*b*) That the Operator is a lessee, in possession and entitled to possession, 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 60 days from the date of this contract shall commence work on a project of exploration for[5] Tungsten

in or upon the described land; and shall bring the project to completion within a period of six (6) 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 75 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 $7,650.00, which is 75 percent of $10,200.00 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: See Annex I, substituted for that part of 6(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 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* That part of the second sentence in Article 7 following the semicolon, is deleted.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitterdorf
Administrator, Defense Minerals Exploration Administration

BIG Q TUNGSTEN MINE, INC.
(Operator)

By Wm M Dougley by Pres

I, J. E. Chandler certify that I am the secretary of the corporation named as Operator herein; that Wm M Dougley by President, 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.

J. E. Chandler [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
BIG Q TUNGSTEN MINE, INC.
DOCKET NO. DMEA-3037

DEPARTMENT OF THE INTERIOR
Bureau of Mines
SEP 8 1958

ANNEX I

The following provisions are in lieu of all of paragraph (a) of Article 6 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
BIG Q TUNGSTEN MINE, INC.
DOCKET NO. DMEA-3037

ANNEX II

The mineral lands are described in four State of Washington Mining Contracts, Nos. 230, 232, 233, and 234, covering mineral lands at Blue Grouse Mountain in Section 16, T. 30 N., R. 42 E., W. M., Stevens County, Washington, as follows:

Mining Contract No. 230, issued on March 29, 1937, to A. W. Kemp: the SW$\frac{1}{4}$NW$\frac{1}{4}$, NW$\frac{1}{4}$SW$\frac{1}{4}$, "except such part of said land as, on March 29, 1937, the date of said State Contract of Mining, the State of Washington had were then included in State Mining Contract No. 73."

Mining Contract No. 232, issued on April 20, 1937, to Mabel Kimmel: those portions of the SE$\frac{1}{4}$NW$\frac{1}{4}$, NE$\frac{1}{4}$SW$\frac{1}{4}$, and NW$\frac{1}{4}$SE$\frac{1}{4}$ included in a tract described by metes and bounds in Mining Contract No. 232, which description is incorporated herein by reference.

Mining Contract No. 233, issued on April 20, 1937, to O. M. Kimmel: the W$\frac{1}{2}$NE$\frac{1}{4}$.

Mining Contract No. 234, issued on April 20, 1937, to Keturah C. Kimmel: those portions of the SE$\frac{1}{4}$NW$\frac{1}{4}$, NE$\frac{1}{4}$SW$\frac{1}{4}$, included in a tract described by metes and bounds in Mining Contract No. 234, which description is incorporated herein by reference.

The lands were leased to William M. Quigley, Sr., who assigned the lease to the Operator.

EXPLORATION PROJECT CONTRACT
BIG Q TUNGSTEN MINE, INC.
DOCKET NO. DMEA-3037

EXHIBIT "A"

Description of the Work

The exploration work shall be done as indicated on "Map 2" attached hereto and entitled "DMEA-DOCKET 3037, Big Q Tungsten Mine Inc." All workings shall be not less than 4 feet by 6 feet in the clear, and timbered where necessary.

The sampling required by the contract shall be carried out in a manner approved by the Government. Each sample shall be divided into not less than two parts, one of which shall be furnished to the Government.

The work to be performed is as follows:

1. Drift not in excess of 125 feet southeast on the vein on the No. 1 adit level, to explore for the possible downward extension of the ore shoot on the No. 3 level.

2. Drift approximately 25 feet northwest to the limit of the ore shoot on the No. 3 level.

3. Raise on ore shoot approximately 90 feet from the No. 1 adit level to the No. 3 level.

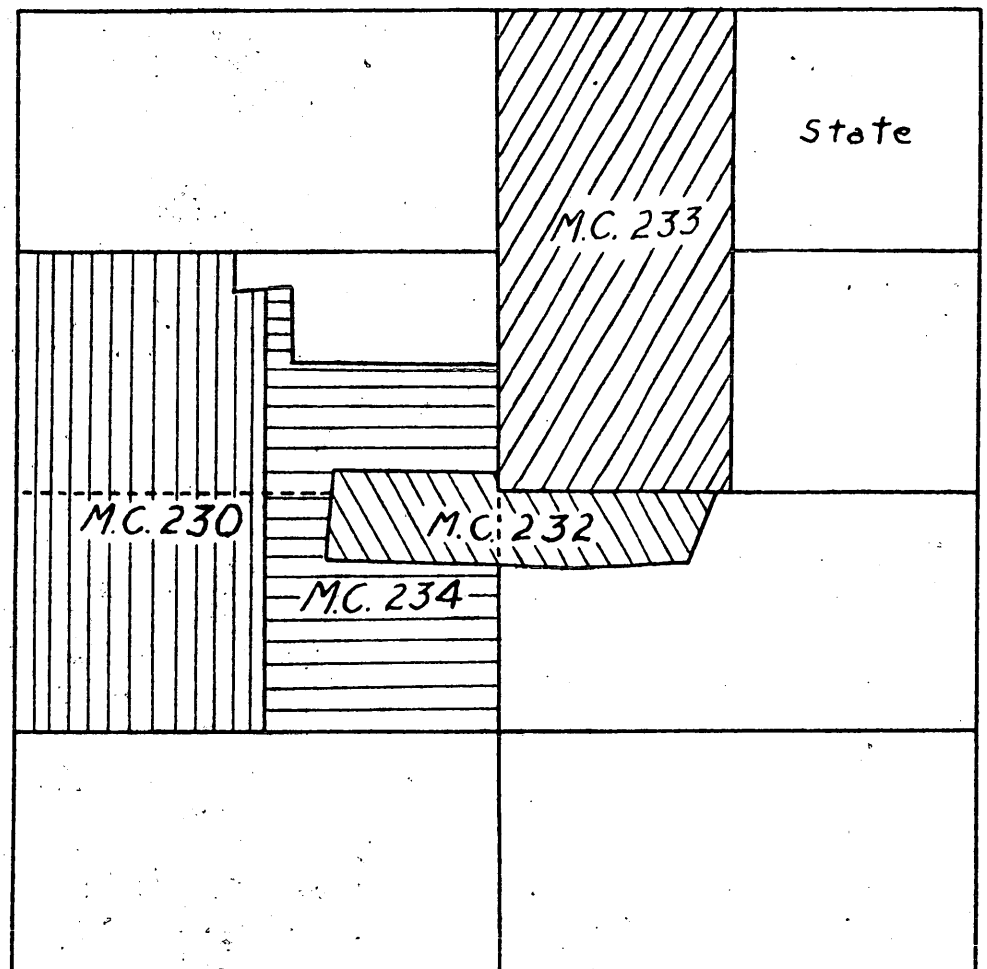
4. Drift, crosscut, and/or raise not in excess of 60 feet on mineralized structure on the No. 2 level. The location, direction, and extent of this work is subject to the prior written approval of the Government.

Estimated Costs of the Project

Drift, crosscut, and raise 300 feet @ $30.00/foot	$ 9,000.00
Timber 200 feet of drift, crosscut, and raise @ $5.00/foot	1,000.00

Analyze 50 samples @ $4.00/each	$ 200.00	
Estimated Total Cost of Project		$10,200.00
Government Participation @ 75%		$ 7,650.00

M



Sec. 16
T. 30 N., R. 42 E.

FIG. A PROPERTY MAP BIG Q TUNGSTEN MINE, INC.

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, THE UNDERSIGNED, AS OWNER, CO-OWNER, LESSOR, OR SELLER HAS AN INTEREST IN CERTAIN PROPERTY IN THE STATE OF Washington, COUNTY OF Stevens, DESCRIBED AS FOLLOWS: 1/

SW¼NW¼, NW¼SW¼, Sec. 16. State Mining Contract No. 230 filed May 14, 1951, in Vol. H of Leases, Page 457 records of Stevens County under No. 258403.

Approved by the State Land Commissioner May 10, 1951

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/ Big Q Tungsten Mine, Inc.

HEREINAFTER CALLED THE "OPERATOR"; AND

WHEREAS, UNDER CERTAIN PROVISIONS OF SAID CONTRACT WHICH ARE SET FORTH ON THE REVERSE SIDE HEREOF, THE GOVERNMENT IS ENTITLED TO A PERCENTAGE ROYALTY ON PRODUCTION AND TO CERTAIN OTHER RIGHTS AND EQUITIES WHICH DO OR MAY CONFLICT WITH OR BE ADVERSE TO THE INTEREST OF THE UNDERSIGNED IN SAID PROPERTY;

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 PRODUCTION 3/ PROVIDED FOR UNDER THE TERMS OF SAID EXPLORATION PROJECT CONTRACT, OR ANY AMENDMENT THEREOF WHICH DOES NOT INCREASE THE MAXIMUM AMOUNT OF THE GOVERNMENT'S CLAIM HERE STATED OR ALTER THE PROVISIONS FOR REPAYMENT, THERE IS HEREBY GRANTED TO THE GOVERNMENT A LIEN UPON THE LAND HEREIN DESCRIBED AND UPON ANY PRODUCTION OF MINERALS THEREFROM, UNTIL THE ROYALTY CLAIM IS FULLY PAID IN THE AMOUNT OF THE GOVERNMENT'S CONTRIBUTION, NOT IN EXCESS OF 4/$ 10,500.00, OR TEN YEARS HAVE ELAPSED FROM THE DATE OF THE CONTRACT.

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.

DATED THIS 19th DAY OF June, 1953.

A. D. Kemp [SEAL]

A. D. Kemp

[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 IS NO OBLIGATION TO REPAY THE GOVERNMENT.

4/ INSERT THE MAXIMUM AMOUNT OF THE GOVERNMENT'S CONTRIBUTION.

RELEVANT CONTRACT PROVISIONS

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 SIX 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 ($1\frac{1}{2}$) PER CENT OF ANY SUCH NET AMOUNTS NOT IN EXCESS OF EIGHT DOLLARS ($8.00) PER TON.

(2) ONE AND ONE-HALF ($1\frac{1}{2}$) PER CENT OF ANY SUCH NET AMOUNTS, PLUS ONE-HALF ($\frac{1}{2}$) PER CENT 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 ($1\frac{1}{2}$) PER CENT; ON A NET AMOUNT OF TEN DOLLARS ($10.00) PER TON, THREE AND ONE-HALF ($3\frac{1}{2}$) PER CENT.)

(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, 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.

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.

DEPARTMENT OF THE INTERIOR
Bureau of Mines
Spokane

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, THE UNDERSIGNED, AS OWNER, CO-OWNER, LESSOR, OR SELLER HAS AN INTEREST IN CERTAIN PROPERTY IN THE STATE OF Washington, COUNTY OF Stevens, DESCRIBED AS FOLLOWS: 1/

W½ of NE¼ Sec. 16 State Mining Contract No. 233 filed May 14, 1951 in Vol. H of Leases, Page 453 records of Stevens County under No. 25840. Approved by the State Land Commissioner May 10, 1951

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/ Big Q Tungsten Mine, Inc.

HEREINAFTER CALLED THE "OPERATOR"; AND

WHEREAS, UNDER CERTAIN PROVISIONS OF SAID CONTRACT WHICH ARE SET FORTH ON THE REVERSE SIDE HEREOF, THE GOVERNMENT IS ENTITLED TO A PERCENTAGE ROYALTY ON PRODUCTION AND TO CERTAIN OTHER RIGHTS AND EQUITIES WHICH DO OR MAY CONFLICT WITH OR BE ADVERSE TO THE INTEREST OF THE UNDERSIGNED IN SAID PROPERTY;

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 PRODUCTION 3/ PROVIDED FOR UNDER THE TERMS OF SAID EXPLORATION PROJECT CONTRACT, OR ANY AMENDMENT THEREOF WHICH DOES NOT INCREASE THE MAXIMUM AMOUNT OF THE GOVERNMENT'S CLAIM HERE STATED OR ALTER THE PROVISIONS FOR REPAYMENT, THERE IS HEREBY GRANTED TO THE GOVERNMENT A LIEN UPON THE LAND HEREIN DESCRIBED AND UPON ANY PRODUCTION OF MINERALS THEREFROM, UNTIL THE ROYALTY CLAIM IS FULLY PAID IN THE AMOUNT OF THE GOVERNMENT'S CONTRIBUTION, NOT IN EXCESS OF 4/$ 10,500.00, OR TEN YEARS HAVE ELAPSED FROM THE DATE OF THE CONTRACT.

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.

DATED THIS 19th DAY OF June, 1953.

O. M. Kimmel [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.

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3/ MINING OR PRODUCTION FROM THE LAND IS NOT REQUIRED, AND IN THE ABSENCE OF PRODUCTION THERE IS NO OBLIGATION TO REPAY THE GOVERNMENT.

4/ INSERT THE MAXIMUM AMOUNT OF THE GOVERNMENT'S CONTRIBUTION.

RELEVANT CONTRACT PROVISIONS

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 SIX 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 ($1\frac{1}{2}$) PER CENT OF ANY SUCH NET AMOUNTS NOT IN EXCESS OF EIGHT DOLLARS ($8.00) PER TON.

(2) ONE AND ONE-HALF ($1\frac{1}{2}$) PER CENT OF ANY SUCH NET AMOUNTS, PLUS ONE-HALF ($\frac{1}{2}$) PER CENT 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 ($1\frac{1}{2}$) PER CENT; ON A NET AMOUNT OF TEN DOLLARS ($10.00) PER TON, THREE AND ONE-HALF ($3\frac{1}{2}$) PER CENT.)

(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, 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.

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.

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, THE UNDERSIGNED, AS OWNER, CO-OWNER, LESSOR, OR SELLER HAS AN INTEREST IN CERTAIN PROPERTY IN THE STATE OF Washington, COUNTY OF Stevens, DESCRIBED AS FOLLOWS: 1/

SE¼NW¼, NE¼SW¼ Sec. 16. State Mining Contract No. 234 filed May 14, 1951 in Vol. H. of Leases, Page 453 records of Stevens County under No. 25840. Approved by the State Land Commissioner May 10, 1951

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/ Big Q Tungsten Mine, Inc.

HEREINAFTER CALLED THE "OPERATOR"; AND

WHEREAS, UNDER CERTAIN PROVISIONS OF SAID CONTRACT WHICH ARE SET FORTH ON THE REVERSE SIDE HEREOF, THE GOVERNMENT IS ENTITLED TO A PERCENTAGE ROYALTY ON PRODUCTION AND TO CERTAIN OTHER RIGHTS AND EQUITIES WHICH DO OR MAY CONFLICT WITH OR BE ADVERSE TO THE INTEREST OF THE UNDERSIGNED IN SAID PROPERTY;

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.

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DATED THIS 19th DAY OF June, 1953.

Keturah C. Kimmel [SEAL]
Keturah C. Kimmel

[SEAL]

[SEAL]

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RELEVANT CONTRACT PROVISIONS

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SE¼NW¼, NE¼SW¼, NW¼SE¼ Sec. 16. State Mining Contract No. 232 filed May 14, 1951 in Vol. H of Leases, Page 453 records of Stevens County under No. 25840. Approved by the State Land Commissioner May 10, 1951

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DATED THIS 19 DAY OF June, 195[illegible].

Mabel Kimmel [SEAL]
Mabel Kimmel

[SEAL]

[SEAL]

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