1087389 - R8 SDMS

CoCa Mines, Inc.
6500 North Mineral Drive, Suite 200
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OCT - 8 2008

Sharon Abendschan
U.S. EPA Region 8
Technical Enforcement Program, 8ENF-RC
1595 Wynkoop Street
Denver, CO 80202

Re: *Response to Request for Information Pursuant to CERCLA Section 104(e); Gilt Edge Mine Site, Lawrence County, South Dakota*

Dear Ms. Abendschan:

CoCa Mines, Inc. ("CoCa") is transmitting herewith relevant documents responsive to the EPA's Request for Information on the subject-referenced property. If you have any questions or comments concerning this matter, please contact Michael Clary at telephone number 208.769.4146, or at email address mclary@hecla-mining.com.

Sincerely,

Ann Robison

Ann Robison
Property and Contract Coordinator

Enclosures

CoCa Mines, Inc.
6500 North Mineral Drive, Suite 200
Coeur d'Alene, ID 83815-9408
Telephone: 208.769.4100
Fax: 208.769.4107

CoCa Mines, Inc.'s Response
United States Environmental Protection Agency Region 8
Request for Information
Gilt Edge Mine Site – Lawrence County, South Dakota
October 2, 2008

Sharon Abendschan
U.S. EPA Region 8
Technical Enforcement Program, 8ENF-RC
1595 Wynkoop Street
Denver, CO 80202

Re: *Response to Request for Information Pursuant to CERCLA Section 104(e); Gilt Edge Mine Site, Lawrence County, South Dakota*

Dear Ms. Abendschan:

CoCa Mines, Inc. ("CoCa") is responding to the United States Environmental Protection Agency's ("EPA") August 14, 2008 Request for Information, for the Gilt Edge Mine Site, Lawrence County, South Dakota (the "Request"). CoCa's specific responses to EPA's questions are set forth below. CoCa has used its reasonable best efforts to locate documents responsive to EPA's Request. With the exception of certain over-sized maps, diagrams, and technical documents which will be made available to EPA upon reasonable notice, relevant documents responsive to the Request have been enclosed with these responses.

CoCa has conducted an extensive search for documents that may be responsive to the Request. Due to the number of places where responsive documents may have been stored, and because a majority of the requested documents appear to have originated more than twenty-five years ago, CoCa does not represent that every document possibly responsive to these requests has been, or can be, located. In the event that additional relevant, responsive documents in CoCa's possession as of the date of the request are located, they will be made available to the EPA.

These responses and the documents provided with these responses do not constitute an admission by CoCa of liability with respect to the Gilt Edge Mine Site ("Site"), nor any admission or representation concerning the conditions on or surrounding the Site or any acts or omissions of any persons concerning the Site. CoCa's production of documents does not constitute an admission that the contents of the documents provided are true, correct, or accurate, nor does it constitute an admission that the documents are authentic for the purposes of admissibility in any judicial or administrative proceeding. These responses do not constitute an admission by CoCa that it or anyone

employed by it, or its parents, predecessors or subsidiaries, generated, transported, or disposed of any hazardous wastes or substances, pollutants, or contaminants anywhere at the Site. CoCa denies that it has any liability relating to any releases or threatened releases at the Site.

Based upon information available to it, CoCa responds as follows:

I. General Objections

1. CoCa objects to the requests on the grounds that they are overbroad and vague.

2. CoCa objects to the requests to the extent that they seek information or documents that are protected under the attorney-client privilege, the work product doctrine or any other available privilege or protection.

3. CoCa objects to the requests to the extent that they call for legal conclusions.

4. CoCa objects to the requests to the extent that they attempt to impose upon CoCa an obligation to obtain information from third persons or others where the law does not impose such an obligation.

5. CoCa objects to the requests to the extent that they seek information beyond the scope permitted by 42 U.S.C. § 9604(e). Under section 9604(e), the President may only request information relating to (1) the identification, nature, and quantity of materials which have been or are generated, treated, stored, or disposed of at a facility or transported to a facility; (2) the nature or extent of a release or threatened release of a hazardous substance or pollutant or contaminant at or from a facility; or (3) the ability to pay for or perform a cleanup. *See* 42 U.S.C. § 9604(e)(2).

II. Objections to Instructions and Definitions

1. CoCa objects to instruction No. 4, requiring that each document produced indicate the number of the question to which it relates, as vague and unduly burdensome. CoCa is providing a number of documents with these responses, and each document may be relevant to several questions. EPA is in the best position to evaluate the relevance of each document in regard to its own questions.

2. CoCa objects to the definitions of "Respondent" and "you" as overly broad, vague and ambiguous.

3. CoCa objects to the definitions of "pollutant or contaminant," "hazardous wastes," and "materials" as vague, overly broad and internally inconsistent. In addition, CoCa objects to these terms because they improperly require legal conclusions.

4. CoCa objects to EPA's definitions of "identify" as overly broad and unduly burdensome, and because they may require CoCa to provide information outside the scope of 42 U.S.C. § 9604(e). With respect to the identification of specific documents, CoCa states that each document speaks for itself.

5. CoCa objects to the definitions of "document" and "documents" as overly broad, vague, ambiguous and unduly burdensome, and because these definitions may require CoCa to provide information outside the scope of 42 U.S.C. § 9604(e). In addition, CoCa objects to these definitions because they attempt to impose an obligation to provide EPA with information not in CoCa's custody or control.

6. CoCa objects to EPA's definition of "ore" as vague, ambiguous and so broad as to be meaningless.

7. CoCa objects to EPA's definition of "property interest" as vague, overly broad, ambiguous, unduly burdensome and because it potentially requires CoCa to provide information beyond the scope of 42 U.S.C. § 9604(e). In addition, CoCa objects to this term because it improperly requires a legal conclusion.

8. CoCa objects to EPA's definition of "Site" as vague and ambiguous.

III. Responses

CoCa reserves the right to amend its answers if and when additional information becomes available which is relevant to this Request. CoCa incorporates each of its General Objections and Objections to Instructions and Definitions into each response provided below. Without waiving these objections or admitting any liability with respect to the Site, CoCa answers as follows:

Question 1: Identify the person(s) answering these Questions on behalf of the Respondent.

Response to Question 1: The answers to these questions were prepared by the following persons:

Ronald W. Clayton
President, CoCa Mines, Inc.

Question 2: For each and every Question contained herein, identify all persons consulted in the preparation of the answer.

Response to Question 2: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 2 as unduly burdensome and because it requires the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that persons consulted in the preparation of these responses include:

Scott Hardt
Joseph G. Middleton
Temkin Wielga Hardt & Longenecker LLP
1900 Wazee Street, Suite 303
Denver, CO 80202

Mike Clary
Ann Robison
Hecla Limited
6500 N. Mineral Drive, Suite 200
Coeur d'Alene, ID 83815-9408

Question 3: For each and every Question contained herein, identify documents consulted, examined, or referred to in the preparation of the answer or that contain information responsive to the Question and provide accurate copies of all such documents.

Response to Question 3: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 3 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that it is providing, with these responses, relevant documents it has located and reviewed in order to respond to EPA's Request. EPA may determine the relevance of each document to its particular Questions.

Question 4: Describe the operations the Respondent conducted at the Site including the following:

Question 4(a): The dates of operation.

Response to Question 4(a): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects

to the terms "operation" and "operations" as undefined, vague and ambiguous, and because those terms require CoCa to draw legal conclusions. Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct operations at the Site.

Question 4(b): The physical changes made to the Site.

Response to Question 4(b): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to the term "physical changes" as undefined, vague and ambiguous. Without waiving any of its objections, CoCa states that, to the best of its knowledge, it did not make physical changes at the Site.

Question 4(c): The mining and mineral processing activity conducted at the Site, including but not limited to exploration activities.

Response to Question 4(c): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to the term "mining and mineral processing activity" as undefined, vague and ambiguous. Without waiving any of its objections, CoCa states that, to the best of its knowledge, it did not conduct mining or mineral processing activities at the Site. Cyprus Mines Corporation ("Cyprus"), as the party given "full, complete and exclusive control and supervision" of all "exploration, development and production operations" at the Site under the terms of its 1975 joint venture agreement with Congdon and Carey Ltd. 5 conducted a limited program of exploration drilling and metallurgical testing between approximately 1976 and 1983. CoCa is providing, with these responses, relevant information it has located to-date which describes the activities that took place during this general time frame.

Question 4(d): Other entities the Respondent partnered with to perform Site operations.

Response to Question 4(d): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to the terms "partnered" and "operations" as undefined, vague and ambiguous, and because they call for legal conclusions. Without waiving these objections, CoCa states that, to the best of its knowledge, it did not perform operations at the Site. CoCa is unaware of any partnership between itself and any other entities during the relevant time frame. CoCa was involved in a joint venture with Cyprus.

Question 4(e): The activities taken upon cessation of operations at the Site related to reclamation and restoration.

Response to Question 4(e): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to the terms "operations," "reclamation," and "restoration" as undefined, vague and ambiguous, and because they require legal conclusions. Without waiving its objections, CoCa states that it, to the best of its knowledge, did not conduct operations at the Site. Coca is unaware of the specific actions taken upon cessation of operations at the Site related to reclamation and restoration.

Questions 5 (a)-(e): Describe and where available, provide maps and construction drawings that depict the physical characteristics of the Site and all changes that Respondent made at the Site, including but not limited to the following:

a. Surface structures (e.g., buildings, tanks, etc.);

b. Exploration drill holes, ground water wells, including drilling logs;

c. Ore repositories, heap leach pads, and mine waste impoundments;

d. Shafts, adits, and tunnels or other excavations;

e. Roads.

Response to Questions 5(a)-(e): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to Questions 5(a)-(e) as vague, overly broad, unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that, to the best of its knowledge, it did not make changes to the Site's physical characteristics. As set forth above, Cyprus was the sole party authorized to engage in the activities described in Question 5(a)-(e). Coca is providing, with these responses, relevant documents it has located to-date which are responsive to Questions 5(a)-(e).

Question 6: Describe all waste materials that resulted from Respondent's operations at the Site including, but not limited to, waste rock, tailings, spent ore, and treatment plant sludges. State the quantities produced of each such waste. Describe where each such waste was disposed of. Identify any hazardous substances contained in such wastes and provide copies of any and all documents that describe any analysis of such wastes and the results of the analysis.

Response to Question 6: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to Question

6 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct operations at the Site.

Question 7: Provide copies of any and all permits issued by State or Federal agencies related to Respondent's operations at the Site, including permits Respondent obtained on behalf of any other entities.

Response to Question 7: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 7 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct operations at the Site and, to the best of its knowledge, did not acquire any permits on behalf of any other entities for activities related to the Site. CoCa is providing, with these responses, relevant information it has located to-date which is responsive to Question 7.

Question 8: Identify the entity that held recorded title to the Site during the period of CoCa's operations at the Site. Provide the following information:

Response to Question 8: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 8 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). In addition, CoCa objects to Question 8 to the extent it requires CoCa to make any legal conclusion regarding the status of title to particular properties. Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct operations at the Site. CoCa is providing, with these responses, relevant information it has located to-date regarding entities which held recorded title to the property encompassed by the Site.

Question 8(a): The date Respondent acquired the property.

Response to Question 8(a): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. Without waiving its objections, CoCa states that, to the best of its knowledge, its predecessor, Congdon and Carey Ltd. 5, first acquired an interest in certain patented and unpatented mining claims at the Site under a lease executed in 1974. The specific date CoCa or its predecessors acquired any other interests in the various properties encompassed by the Site is set forth in the documents which CoCa is providing with these responses.

Question 8(b): Identify the party from whom Respondent acquired the property;

Response to Question 8(b): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. Without waiving its objections, CoCa states that Congdon and Carey, Ltd. 5's interest under the 1974 lease was granted to it by the Commonwealth Mining Company. The other specific entities CoCa obtained relevant interests from are set forth in the documents which CoCa is providing with these responses.

Question 8(c): Provide a copy of the deed or other instrument by which CoCa acquired the property.

Response to Question 8(c): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. Without waiving its objections, CoCa states that it is providing, with these responses, copies of relevant documents responsive to Question 8(c).

Question 9: Describe all property interests that CoCa currently owns or has previously owned at the Site, including the following information. To the extent the information requested below is provided in deeds or other documents submitted with your response to this Request, you need not include the information in your narrative response.

Response to Question 9: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to Question 9 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). In addition, CoCa objects to Question 9 because it requires CoCa to draw legal conclusions regarding the status of property interests at the Site. Without waiving its objections, CoCa states that any property interests it previously held at the Site are specifically described in the documents produced with these responses. CoCa has no current property interests at the Site.

Question 9(a): Provide the legal description of the properties owned.

Response to Question 9(a): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. Without waiving its objections, CoCa states that its response to Question 9(a) is set forth in its response to Question 9, above.

Question 9(b): Describe the nature of the interest CoCa own(ed), (i.e. surface, mineral, surface and mineral, fractional ownership, fee title, leasehold, option to buy);

Response to Question 9(b): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. Without waiving its

objections, CoCa states that its response to Question 9(b) is set forth in its response to Question 9, above.

Question 9(c): Identify the entity from which Respondent acquired the interest, and the date you acquired it.

Response to Question 9(c): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. Without waiving its objections, CoCa states that its response to Question 9(c) is set forth in its response to Question 9, above.

Question 9(d): If Respondent has sold or in any manner transferred property at the Site, identify the person to whom Respondent sold or transferred property, describe the property sold or transferred, and provide the date of the sale or transfer.

Response to Question 9(d): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. Without waiving its objections, CoCa states that its response to Question 9(d) is set forth in its response to Question 9, above.

Question 9(e): If CoCa owns a fractional interest in any property at the Site, describe the property sold or transferred, and provide the date of the sale or transfer.

Response to Question 9(e): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. Without waiving its objections, CoCa states that its response to Question 9(e) is set forth in its response to Question 9, above.

Question 9(f): Please provide copies of all deeds or other conveying instruments by which CoCa acquired or transferred title to property at the Site.

Response to Question 9(f): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. Without waiving its objections, CoCa states that it is providing, with these responses, relevant documents it has located to-date which are responsive to Question 9(f).

Question 10: If Respondent leased the property, provide copies of all lease agreements.

Response to Question 10: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. Without waiving its

objections, CoCa states that it is providing, with these responses, relevant documents it has located to-date which are responsive to Question 10.

Question 11: If CoCa has conducted any mining activity at the Site, or conducted any activity at the Site that involved excavation, grading, filling, drilling or other earth moving, describe those activities including the date of the activity and the area of the Site on which it occurred. Identify the individuals responsible for such activities at the Site. Provide all documentation pertaining to such activity.

Response to Question 11: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 11 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). In addition, CoCa objects to the term "mining activity" as undefined, vague and ambiguous. Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct mining activity at the Site, or activities that involved excavation, grading, filling, drilling or other earth moving. CoCa has no knowledge of the specific individuals responsible for those activities at the Site.

Question 12: Provide all documentation pertaining to drill holes, including borehole logs, geological logs, location maps, and any information relating to the results and analysis of the drilling that was done at the Site by Respondent and/or its contractors.

Response to Question 12: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to Question 12 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that, to the best of its knowledge, CoCa did not conduct or hire any contractor to conduct drilling at the site. CoCa is providing, with these responses, relevant information it has located to-date which is responsive to Question 12.

Question 13: Provide all existing technical or analytical information in your possession about the Site, including, but not limited to, data and documents related to soil, water (ground or surface), geology, geohydrology or air quality on and about the Site.

Response to Question 13: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to Question 13 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that it is providing, with these responses, relevant information it has located to-date which is responsive to Question 13. Certain oversized maps, diagrams and other data will be made available to EPA upon reasonable notice.

Question 14: Provide copies of project authorization proposals and/or status and planning reports for Respondent's operations at the Site. Identify the person(s) who prepared these reports and his/her role(s) at the Site.

Response to Question 14: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to Question 14 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct operations at the Site. CoCa is providing, with these responses, relevant information it has located to-date which is responsive to Question 14. CoCa has no other relevant knowledge regarding the preparation of project authorization proposals at the Site.

Questions 15(a)-(f): Describe the organizational history, corporate history, and successorship of Congdon & Carey, Ltd. 5 and CoCa Mines, Inc. Provide documents and agreements to support your description. Include the following information in your description:

a. Dates, countries, and states/provinces of incorporation;

b. Any record of partnership, article of incorporation; record of dissolution;

c. The relationship between Congdon & Carey, Ltd. 5 and CoCa Mines, Inc.

d. The relationship between CoCa Mines, Inc., and Hecla Mining Company.

e. The directors and executive officers, including managers, of Congdon & Carey, Ltd. 5 and CoCa Mines, Inc. during the time of operations at the Site; describe each individual's respective role(s) at the Site; and

f. The dates and terms of all mergers, acquisitions, and name changes that Congdon & Carey, Ltd. 5 and CoCa Mines, Inc., have been a party to since their establishment.

Response to Questions 15(a)-(f): CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to Question 15 as overly broad, unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct operations at the Site. Congdon & Carey, Ltd. 5 was organized as a limited partnership under the laws of

Colorado on July 1, 1974. Effective December 31, 1982, CoCa Mines, Inc., a Delaware corporation, St. Mary Parish Land Company, a Delaware corporation, and Congdon & Carey, Ltd. 5, a Colorado limited partnership, formed a new corporation, CoCa Mines, Inc., a Colorado corporation ("CoCa"). In 1986, CoCa merged with and into Minerals Engineering Company ("MECO"), a Colorado corporation, and MECO changed its name to CoCa Mines, Inc. Effective June 26, 1991, CoCa Mines, Inc., merged with CM Acquisition Company, a wholly owned subsidiary of Hecla Mining Company, and CM Acquisition Company changed its name to CoCa Mines, Inc. Hecla Mining Company changed its name to Hecla Limited effective November 8, 2006. CoCa Mines, Inc. is a wholly owned subsidiary of Hecla Limited.

CoCa is providing, with these responses, relevant documents it has located to-date which are responsive to Questions 15(a)-(f).

Question 16: Identify the individual(s) who was responsible for approving budgets for planned operations at the Site on behalf of Respondent. Provide copies of those budgets for planned operations at the Site.

Response to Question 16: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 16 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). In addition, CoCa objects to the term "planned operations" as undefined, vague and ambiguous. Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct operations at the Site. CoCa is unaware of the specific individuals who were responsible for approving budgets for planned operations at the Site. CoCa is providing, with these responses, copies of relevant documents it has located to-date which are responsive to Question 16.

Question 17: Identify the individual(s) who managed, directed, and/or conducted operations at Site on behalf of Respondent related to hazardous waste and/or decisions about compliance with environmental regulations. Provide copies of documents related to hazardous waste and/or decisions about compliance with environmental regulations at the Site.

Response to Question 17: Coca incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to the term "operations" as undefined, vague and ambiguous. CoCa also objects to Question 17 to the extent that it requires CoCa to draw legal conclusions regarding the status of any individual as an operator under 42 U.S.C. § 9607. Finally, CoCa objects to Question 17 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct operations at the Site, and is unaware of the specific

individual(s) who managed, directed, and/or conducted operations at Site and/or decisions about compliance with environmental regulations. CoCa is providing, with these responses, relevant documents it has located to-date which are responsive to Question 17.

Question 18: Provide all information related to the partnership between Cyprus Mines Corporation and Congdon & Carey, Ltd. 5 which provided that all expenses and profits arising from operations at the Site were to be divided 80 percent to Cyprus Mines Corporation and 20 percent to Congdon & Carey, Ltd. 5. Provide copies of such agreements and any related documents.

Response to Question 18: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 18 as vague, overly broad and unduly burdensome, and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). In addition, CoCa objects to EPA's characterization of the relationship between Cyprus and Congdon & Carey, Ltd. 5 as a partnership. Without waiving its objections, CoCa states that it is providing, with these responses, relevant documents it has located to-date which are responsive to Question 18.

Question 19: Provide all information, including documents, relating to CoCa Mines, Inc.'s participation in the partnership with Cyprus Mines Corporation, or any other agreement entered into by CoCa Mines, Inc. that pertained to Site ownership, operations, or reclamation or other activities at the Site.

Response to Question 19: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 19 as vague, overly broad, unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). In addition, CoCa objects to the terms "ownership," "operations," and "reclamation or other activities" as undefined, vague, ambiguous and so broad as to be meaningless. Finally, CoCa objects to EPA's characterization of the relationship between Cyprus and CoCa as a partnership. Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct operations at the Site. CoCa is providing, with these responses, relevant documents it has located to-date which are responsive to Question 19.

Question 20: Identify companies or individuals that the Respondent hired to perform work at the Site. Provide all documentation, including contracts, pertaining to this work. Include information about the purpose of and documentation related to Respondent's contracts at the Site.

Response to Question 20: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 20 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct operations at the Site. CoCa is unaware of any contracts between itself and any other entities regarding activities performed at the Site.

Question 21: Provide all information, including documents, related to Respondent's efforts to conduct remedial work on abandoned tailings at the Site. Identify the individual(s) responsible for such effort and the activities undertaken, if any, related to the remedial work.

Response to Question 21: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. In addition, CoCa objects to the terms "remedial work" and "abandoned tailings" as undefined, vague and ambiguous. CoCa also objects to Question 21 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct any remedial work on abandoned tailings at the Site. CoCa has no knowledge of the specific individuals responsible for any remedial work on abandoned tailings at the Site.

Question 22: Provide all information, including documents, related to Respondent's efforts to reclaim the experimental heap leach at the Site. Identify the individual(s) responsible for such effort and the activities undertaken, if any, related to the reclamation.

Response to Question 22: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 22 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that it, to the best of its knowledge, did not undertake any efforts to reclaim the experimental heap leach at the Site. CoCa is unaware of the specific activities undertaken to reclaim any heap leach at the Site, or of the specific individuals responsible for efforts to reclaim any heap leach at the Site.

Question 23: Provide all information, including documents, relating to the cause, assessment, and remediation of sedimentation at the Strawberry Creek during the period of Respondent's operations at the Site. Include in your answer all information, including documents, related to the construction of a permanent settling impoundment below the tailings to keep material from reaching Strawberry Creek; construction of a temporary settling impoundment in lower Strawberry Creek; and removal of the eroded tailings from Strawberry Creek by Respondent.

Response to Question 23: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 23 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that, to the best of its knowledge, it did not conduct operations at the Site. CoCa has no knowledge regarding the cause, assessment, or remediation of sedimentation at Strawberry Creek.

Question 24: Identify whether Respondent obtained insurance for environmental liability at the Site. If so, provide all information related to such contract(s), including copies of the insurance document(s).

Response to Question 24: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 24 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that it is not aware of any environmental liability insurance relating to the Site.

Question 25: If you have reason to believe that there may be persons able to provide a more detailed or complete response to any Question contained herein or who may be able to provide additional responsive documents, identify such persons and the additional information or documents that they may have.

Response to Question 25: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 25 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that it is unaware of any persons who could provide a more detailed or complete response to any Question in the Request.

Question 26: For each and every question contained herein, if information or documents responsive to this Information Request are not in your possession, custody or control, then identify the persons from whom such information or documents may be obtained.

Response to Question 26: CoCa incorporates by reference its General Objections and its Objections to Instructions and Definitions. CoCa also objects to Question 26 as unduly burdensome and requiring the production of information beyond the scope of 42 U.S.C. § 9604(e). Without waiving its objections, CoCa states that, aside from the information it is providing with these responses, it is unaware of any relevant information responsive to EPA's Request.

CoCa Mines, Inc.'s Response
United States Environmental Protection Agency Region 8
Request for Information
Gilt Edge Mine Site – Lawrence County, South Dakota
October 2, 2008

NOTARIZED CERTIFICATE
GILT EDGE MINE SITE

I, Ronald W. Clayton, hereby state:

1. I am the person authorized by CoCa to respond to the Environmental Protection Agency's (EPA's) request for information concerning the Gilt Edge Mine Site located in Lawrence County, South Dakota.

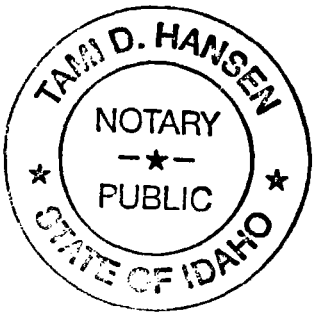
2. CoCa has made a good faith attempt to search for documents and information relevant to the Request.

3. Subject to the Objections and limitations stated above, I hereby certify that to the best of my knowledge, the attached response to EPA's Request is complete, and contains relevant information responsive to the Request which CoCa has located to-date.

4. CoCa Mines, Inc., reserves the right to supplement this Information Request if information or documents not currently known or available to CoCa should later become known or available.

Ronald W. Clayton
President, CoCa Mines, Inc.

Subscribed and sworn to before me this 2nd day of October, 2008.



Notary Public
Residing at Clu Orchards, WA
My Commission Expires: 9-12-09

AGREEMENT AND PLAN OF REORGANIZATION

FOR

COCA MINES INC. (Delaware)

CONGDON AND CAREY, LTD. 5

ST. MARY PARISH LAND COMPANY

COCA MINES INC. (Colorado)

January 31, 1983
to be effective
December 31, 1982

TABLE OF CONTENTS

AGREEMENT AND EXHIBITS

1. Agreement and Plan of Reorganization dated December 17, 1982
2. Exhibit A -- Production Payment Assignments
3. Exhibit B -- Congdon and Carey, Ltd. 5 Distribution Schedule
4. Exhibit C -- Warrant to Purchase Common Stock of CoCa Mines Inc.
5. Exhibit D -- CoCa Mines Inc. Articles of Incorporation
6. Exhibit E -- CoCa Mines Inc. Exceptions to Representations and Warranties
7. Exhibit F -- CoCa Mines Inc. - Colorado Exceptions to Representations and Warranties
8. Exhibit G -- Congdon and Carey, Ltd. 5 Exceptions to Representations and Warranties
9. Exhibit H -- St. Mary Parish Land Company Exceptions to Representations and Warranties
10. Exhibit I -- Security Agreement

CLOSING DOCUMENTS

11. Assignment of Production Payments and Net Revenue Interest - Gilt Edge
12. Assignment of Leases - Gilt Edge
13. Assignment of Production Payments and Net Revenue Interest - Flathead
14. Assignment of Leases - Flathead
15. Assignment of Assets - Congdon and Carey, Ltd. 5 to CoCa Mines Inc. - Colorado
16. Assumption of Liabilities - CoCa Mines Inc. - Colorado of Congdon and Carey, Ltd. 5
17. Security Agreement
18. Receipt and Irrevocable Stock Powers
19. Certificate of President - CoCa Mines Inc. - Colorado
20. Certificate of President - CoCa Mines Inc.
21. Certificate of General Partner - Congdon and Carey, Ltd. 5
22. Certificate of President - St. Mary Parish Land Company
23. Opinion of counsel re legal sufficiency of Agreement and Plan of Reorganization
24. Opinion of counsel re tax aspects of Agreement and Plan of Reorganization

MISCELLANEOUS DOCUMENTS

25. Colorado Articles of Merger of Domestic and Foreign Corporations
26. Delaware Certificate of Ownership and Merger
27. CoCa Mines Inc. - Colorado
    --Articles of Incorporation
    --Amendment to Articles of Incorporation
28. Proxy Statement
29. Minutes of Board of Directors of CoCa Mines Inc. - Colorado Special Meeting, January 21, 1983
    --Waivers of Notice
30. Minutes of Shareholders' and Limited Partners' Meetings, January 31, 1983
    --St. Mary Parish Land Company
    --CoCa Mines Inc.
    --Congdon and Carey, Ltd. 5
31. Resolutions
    --St. Mary Parish Land Company
    --CoCa Mines Inc.
    --Congdon and Carey, Ltd. 5
32. Blue Sky materials
    --Colorado
    --Illinois
    --New York
    --Texas

AGREEMENT AND PLAN OF REORGANIZATION

This AGREEMENT AND PLAN OF REORGANIZATION is made this 17th day of December, 1982 by and among COCA MINES INC., a Delaware corporation ("CoCa"), CONGDON AND CAREY, LTD. 5, a Colorado limited partnership ("C&C 5"), ST. MARY PARISH LAND COMPANY, a Delaware corporation ("St. Mary"), and COCA MINES INC. - COLORADO, a Colorado corporation ("CMI").

WHEREAS CoCa and CMI deem it advisable and in their best interests that CoCa merge into CMI within the meaning of Section 368(a)(i)(A) of the Internal Revenue Code of 1954, as amended; and

WHEREAS C&C 5 desires to transfer its assets and properties to CMI and CMI desires to acquire such assets and properties in exchange, within the meaning of Section 351 of the Internal Revenue Code of 1954, as amended, for the common stock of CMI, the assumption by CMI of all C&C 5 liabilities and the agreement of CMI to make payments to C&C 5 from the net revenues of certain mineral properties of C&C 5; and

WHEREAS St. Mary desires to purchase shares of the Series A Convertible Preferred Stock of CMI, and a Warrant to purchase shares of such CMI Common Stock, and CMI desires to sell such Preferred Stock and such Warrant to St. Mary;

NOW, THEREFORE in consideration of their mutual agreements expressed herein, the parties hereby agree with each other as follows:

1. TRANSACTIONS. At the Closing hereunder the following transactions shall occur:

1.1 Merger. CoCa shall merge into CMI in accordance with the provisions of the General Corporation Law of Delaware, the Colorado Corporation Code and Section 368(a)(1)(A) of the Internal Revenue Code. As a result of such merger:

a. All of the properties and assets, real, personal and mixed, tangible and intangible, together with all rights, privileges, powers and franchises, of CoCa shall, without further act, deed or conveyance, be vested in and devolve upon CMI;

b. All of the debts, liabilities, obligations and duties of CoCa shall, without further act or agreement, attach to and devolve upon CMI and may be enforced against it to the same extent as if incurred or contracted by CMI, and all contracts and agreements to which CoCa is a party shall continue with the same force and effect to bind CMI. Without limiting the generality of the foregoing, CMI shall become liable for the September 30, 1980 promissory notes of CoCa in the aggregate principal amount of $1,094,321 payable to its shareholders but the obligations evidenced by such promissory notes shall be modified so that (i) no payments shall be made thereon so long as there is outstanding any shares of the Series A Convertible Preferred Stock of CMI, and (ii) no restriction shall exist thereunder

with respect to the payment of dividends on the Series A Convertible Preferred Stock of CMI;

c. There shall be issued to each shareholder of CoCa one share of the Common Stock of CMI, par value $.01 per share (the "Common Stock"), for each share of the capital stock of CoCa owned by such shareholder at the time of the Closing; and

d. The directors and officers of CoCa at the time of the Closing shall, except as set forth in paragraph 6.3 hereof, continue as the directors and officers of CMI until their successors shall have been duly elected and qualified.

1.2 Acquisition of C&C 5. CMI shall acquire all of the assets and properties of C&C 5. In exchange therefor within the meaning of Section 351 of the Internal Revenue Code, CMI shall assume and discharge all of the liabilities of C&C 5 and shall (i) issue to C&C 5 330,000 shares of the Common Stock of CMI, and (ii) allow C&C 5 to assign production payments in the forms attached hereto as Exhibit A obligating CMI to pay the aggregate sum of $2,035,537.57 from 10 percent of the net revenues of the Flathead and Gilt Edge mineral properties of C&C 5. Immediately after the Closing hereunder C&C 5 shall liquidate and dissolve and shall distribute the Common Stock to the partners of C&C 5 in accordance the schedule attached hereto as Exhibit B.

1.3 St. Mary Investment. St. Mary shall purchase for an aggregate consideration of $4,000,000, 200,000 shares of the Series A Convertible Preferred Stock of CMI, par value $20 per share (the "Preferred Stock"), and Warrants, in the form attached hereto as Exhibit C (the "Warrants"), to acquire on or before January 31, 1987 up to 150,000 shares of CMI Common Stock at a price of $20 per share. The Preferred Stock shall be issued by CMI pursuant to the provision of its Articles of Incorporation set forth in Exhibit D hereto.

1.4 Other Investments. CMI shall issue up to 25,000 shares of Preferred Stock, at a price of $20 per share, with each four shares of Preferred Stock to be accompanied with three Warrants, to those shareholders of CoCa desiring to purchase such securities.

2. REPRESENTATIONS AND WARRANTIES. In order to induce one another to enter into and to carry out this Agreement, CMI, CoCa, C&C 5 and St. Mary hereby represent and warrant to one another, which representations and warranties shall survive the Closing hereunder, as follows:

2.1 CMI Representation and Warranties. Except as set forth on Exhibit E, CMI represents and warrants as follows:

a. Organization and Standing; Articles and Bylaws. CMI is a corporation duly organized and existing under, and by virtue of, the laws of the State of Colorado.

CMI is not qualified, licensed or domesticated as a foreign corporation in any other jurisdiction.

b. Corporate Power. CMI has now, and will have at the Closing, all requisite legal and corporate power to enter into this Agreement and to carry out and perform its obligations hereinunder.

c. Capitalization. At Closing, the authorized capital stock of CMI will be 6,000,000 shares of Common Stock, of which one share will be issued and outstanding to CoCa, and 225,000 shares of Preferred Stock, no shares of which will be issued and outstanding. There are no outstanding plans, rights, options, warrants, conversion rights or agreements for the purchase or acquisition (contingent or otherwise) from CMI of any shares of its capital stock.

d. Authorization. All corporate action on the part of CMI, its directors and shareholders necessary for the sale and issuance of the capital stock pursuant hereto and the authorization, execution, delivery or performance of CMI's obligations hereunder has been taken or will be taken prior to the Closing hereunder. This Agreement is a valid and binding obligation of CMI enforceable in accordance with its terms. None of the capital stock of CMI is subject to any preemptive rights or rights of first refusal. The Common Stock and Preferred Stock, when issued in compliance with the provisions of this Agreement, and pursuant to the exercise of the Warrant and the conversion of the Preferred Stock, will be validly issued, fully paid and nonassessable and will be free of any liens, claims or encumbrances.

e. Liabilities and Obligations. CMI has no liabilities or obligations, absolute or contingent, except those to be assumed and incurred hereunder.

f. Litigation, etc. There are no actions, proceedings or investigations pending (or, to the best of CMI's knowledge any basis therefor) against CMI.

g. Inactive Corporation. CMI is and will prior to the completion of the Closing be an inactive corporation without assets or contracts and accordingly no representation or warranty by CMI with respect to its business and prospects, its financial statements, its tax returns, title to its properties, material contracts, other instruments, consents or authorizations is necessary.

h. Disclosure. No representation or warranty by CMI in this Agreement or any certificate furnished or to be furnished pursuant hereto or in connection with the transactions contemplated hereby contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statement made therein, in light of the circumstances under which they were made, not misleading.

2.2 CoCa Representations and Warranties. Except as set forth on Exhibit F, CoCa represents and warrants as follows:

a. Organization and Standing; Articles and Bylaws. CoCa is a corporation duly organized and existing under, and by virtue of, the laws of the State of Delaware

and is admitted to do business in the State of Colorado and is in good standing under applicable laws. CoCa has the requisite corporate power and authority to own and operate its properties and assets and to carry on its business as presently conducted. CoCa is qualified, licensed and domesticated as a foreign corporation in all other jurisdictions wherein the failure to be so qualified would have a material adverse effect on the business or operations of the Company.

b. Corporate Power. CoCa has now, and will have as of the Closing date, all requisite legal and corporate power to enter into this Agreement and to carry out and perform its obligations under the terms of this Agreement.

c. Capitalization. The authorized capital stock of CoCa is 5,000,000 shares of common stock, of which 1,008,461 shares are issued and outstanding. All such issued and outstanding shares of common stock have been duly authorized and validly issued, fully paid and nonassessable and were issued in compliance with all applicable state and federal laws concerning the issuance of securities. There are no outstanding plans, rights, options, warrants, conversion rights or agreements for the purchase or acquisition (contingent or otherwise) from CoCa of any shares of its capital stock.

d. Authorization. All corporate action on the part of CoCa, its directors and its shareholders necessary for the authorization, execution and delivery of this Agree-

ment and the performance of CoCa's obligations hereunder has been taken or will be taken prior to the Closing. This Agreement is a valid and binding obligation of CoCa enforceable in accordance with its terms.

e. Business Plan. CoCa has utilized its good faith best efforts in the preparation of its Business Plan dated May 14, 1982 and of all other written and oral information on its business and prospects previously delivered to C&C 5 and to St. Mary and, to the best of CoCa's knowledge and belief, such information represents a fair and reasonable presentation of its business and prospects. Notwithstanding anything to the contrary contained in the foregoing, C&C 5 and St. Mary acknowledge that there can be no certainty of the correctness of the projections and estimates, financial, geological, metallurgical or otherwise, contained in such information.

f. Financial Statements. CoCa has furnished to C&C 5 and to St. Mary its unaudited balance sheet dated December 31, 1981 and its profit and loss statement for the 12-month period then ended together with its unaudited balance sheet dated September 30, 1982 and its profit and loss statement for the 9-month period then ended (the "CoCa Financial Statements"). The CoCa Financial Statements are, as of the dates thereof, true and correct in all material respects, fairly present the results of CoCa's operations for the periods then ended and have been prepared in accordance with generally accepted accounting principles.

g. Tax Returns and Audits. All required federal, state and local tax returns of CoCa have been filed or extensions therefor have been timely requested, and all federal, state and local taxes required to be paid with respect to such returns have been paid or due provision for the payment thereof has been made and CoCa is not delinquent in the payment of any such tax or in the payment of any assessment or governmental charge.

h. Title to Properties and Assets; Liens, etc. To the best of its knowledge, CoCa has good and marketable title to its properties and assets, and good title to all its leasehold estates, in each case subject to no mortgage, pledge, lien, lease, encumbrance or charge, other than resulting from taxes which have not yet become delinquent and minor liens and encumbrances which do not in any case materially detract from the value of the property subject thereto or materially impair the operations of CoCa and which have not arisen otherwise than in the ordinary course of business.

i. Outstanding Indebtedness. CoCa has no indebtedness for borrowed money which CoCa has directly or indirectly created, incurred, assumed or guaranteed, or with respect to which CoCa has otherwise become directly or indirectly liable.

j. Material Contract. CoCa is not a party to or bound by any material written or oral:

(i) contract not made in the ordinary course of business;

(ii) employment contract not terminable without penalty upon notice of thirty days or less;

(iii) bonus, deferred compensation, profit-sharing, pension, stock option, stock purchase, hospitalization, insurance or other plan or arrangement providing employee benefits;

(iv) executory purchase and sale agreement for real property;

(v) lease with respect to any real or personal property, whether as lessor or lessee;

(vi) loans or agreements to lend money or property to officers, directors or employees; or

(vii) contracts or commitments for capital expenditures in excess of $25,000.

k. Compliance with Other Instruments, None Burdensome, etc. CoCa is not in violation of any terms of its Articles of Incorporation, as amended, or Bylaws or in any material respect of any mortgage, indenture, contract, agreement or instrument to which it is a party, or to the knowledge of CoCa any judgment, decree, order, statute, rule or regulation applicable to CoCa or its property. The execution, delivery and performance of and compliance with this Agreement will not result in any such violation or be in conflict with or constitute a default under any such term.

l. Litigation, etc. There are no actions, proceedings, labor disputes or investigations pending (or, to the best of CoCa's knowledge, any basis therefor or threat thereof) against CoCa or its employees and none which questions the validity of this Agreement or any action taken or to be taken in connection herewith.

m. Governmental Consent, etc. No consent, approval or authorization of any governmental authority on the part of CoCa is required in connection with the valid execution and delivery of this Agreement.

n. Material Liabilities. CoCa has no material liabilities or obligations, absolute or contingent, except for liabilities and obligations set forth on the CoCa Financial Statements and except for obligations and liabilities incurred since the date of the most recent of the CoCa Financial Statements in the ordinary course of its business or obligations under contracts made in the ordinary course of its business.

o. Changes. Since the date of the most recent of the CoCa Financial Statements there has not been any material adverse change in CoCa's business, assets or prospects other than as a result of losses arising out of the ordinary course of its business.

p. Disclosure. No representation or warranty by CoCa in this Agreement or any certificate furnished or to be furnished pursuant hereto or in connection with the transactions contemplated hereby contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

2.3 C&C 5 Representations and Warranties. Except as set forth on Exhibit G, C&C 5 represents and warrants as follows:

a. Organization and Authorization. C&C 5 is a Colorado limited partnership duly organized, validly existing and in good standing under the laws of the State of Colorado and its General Partners, Thomas E. Congdon and William J. Carey, have the power, authority and capacity to enter into this Agreement and to carry out the transactions contemplated hereby all of which have been duly and validly authorized. This Agreement is a valid and binding obligation of C&C 5 enforceable in accordance with its terms.

b. Financial Statements. C&C 5 has furnished to CoCa and to St. Mary its audited balance sheet dated December 31, 1981 and its profit and loss statement for the 12-month period then ended together with its unaudited balance sheet dated September 30, 1982 and its profit and loss statement for the 9-month period then ended (the "C&C 5 Financial Statements"). The C&C 5 Financial State-

ments are, as of the dates thereof, true and correct in all material respects, fairly present the results of C&C 5's operations for the periods then ended and have been prepared in accordance with generally accepted accounting principles.

c. Tax Returns and Audits. All required federal, state and local tax returns of C&C 5 have been filed or extensions therefor have been timely requested.

d. Title to Properties and Assets; Liens, etc. To the best of its knowledge, C&C 5 has good and marketable title to its properties and assets, and good title to all its leasehold estates, in each case subject to no mortgage, pledge, lien, lease, encumbrance or charge, other than resulting from taxes which have not yet become delinquent and minor liens and encumbrances which do not in any case materially detract from the value of the property subject thereto or materially impair the operations of C&C 5 and which have not arisen otherwise than in the ordinary course of business.

e. Outstanding Indebtedness. C&C 5 has no indebtedness for borrowed money which C&C 5 has directly or indirectly created, incurred, assumed or guaranteed, or with respect to which the C&C 5 has otherwise become directly or indirectly liable.

f. Material Contract. C&C 5 is not a party to or bound by any material written or oral:

(i) contract not made in the ordinary course of business;

(ii) employment contract not terminable without penalty upon notice of thirty days or less;

(iii) bonus, deferred compensation, profit-sharing, pension, stock option, stock purchase, hospitalization, insurance or other plan or arrangement providing employee benefits;

(iv) executory purchase and sale agreement for real property;

(v) lease with respect to any real or personal property, whether as lessor or lessee;

(vi) loans or agreements to lend money or property to officers, directors or employees; or

(vii) contracts or commitments for capital expenditures in excess of $25,000.

g. Compliance with Other Instruments, None Burdensome, etc. C&C 5 is not in violation of any term of its Agreement of Limited Partnership or in any material respect of any indenture, contract, agreement or instrument to which it is a party, or to the knowledge of C&C 5 any judgment, decree, order, statute, rule or regulation applicable to C&C 5 or its property. The execution, delivery and performance of and compliance with this Agreement will not result in any such violation or be in conflict with or constitute a default under any such term.

h. Litigation, etc. There are no actions, proceedings, labor disputes or investigations pending (or, to the best of C&C 5's knowledge, any basis therefor or threat

thereof) against C&C 5 or its employees and none which questions the validity of this Agreement or any action taken or to be taken in connection herewith.

i. Governmental Consent, etc. No consent, approval or authorization of any governmental authority on the part of C&C 5 is required in connection with the valid execution and delivery of this Agreement.

j. Material Liabilities. C&C 5 has no material liabilities or obligations, absolute or contingent, except for liabilities and obligations set forth on the C&C 5 Financial Statements and except for obligations and liabilities incurred since the date of the most recent of the C&C 5 Financial Statements in the ordinary course of its business or obligations under contracts made in the ordinary course of its business.

k. Changes. Since the date of the most recent of the C&C 5 Financial Statements there has not been any materially adverse change in C&C 5's business, assets or prospects.

l. Disclosure. No representation or warranty by C&C 5 in this Agreement or any certificate furnished or to be furnished pursuant hereto or in connection with the transactions contemplated hereby contains or will contain any untrue statement of a material fact or omits or will

omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

2.4 St. Mary Representations and Warranties. Except as set forth on Exhibit H, St. Mary represents and warrants as follows:

a. Organization and Standing; Articles and Bylaws. St. Mary is a corporation duly organized and existing under, and by virtue of, the laws of the State of Delaware. St. Mary has the requisite corporate power and authority to own and operate its properties and assets and to carry on its business as presently conducted.

b. Corporate Power. St. Mary has now, and will have as of the Closing, all requisite legal and corporate power to enter into this Agreement and to carry out and perform its obligations under the terms of this Agreement.

c. Authorization. All corporate action on the part of St. Mary, its directors and shareholders necessary for the authorization, execution and delivery of this Agreement and the performance of St. Mary's obligations hereunder has been taken or will be taken prior to the Closing. This Agreement is a valid and binding obligation of St. Mary enforceable in accordance with its terms.

3. SECURITIES ACT OF 1933.

3.1 Representations and Warranties. CoCa, C&C 5 and St. Mary represent and warrant to CMI as follows:

a. The Common Stock, Preferred Stock and Warrants (including the Common Stock issuable upon exercise of the Warrants and conversion of the Preferred Stock) will be acquired by such entity for its own account, or the account of its shareholders or partners, for investment and not with a view to, or for resale in connection with, any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

b. CoCa, C&C 5 and St. Mary understand that the Common Stock, Preferred Stock and Warrants have not been registered under the Securities Act by reason of their issuance in transactions exempt from the registration and prospectus delivery requirements of the Securities Act pursuant to Section 4(2) thereof, and that they must be held indefinitely, and that each holder thereof must therefore bear the economic risk of such investment indefinitely, unless a subsequent disposition thereof is registered under the Securities Act or is exempt from registration.

c. CMI acknowledges that at the Closing its Common Stock will be issued to the shareholders of CoCa and that immediately after the Closing its Common Stock will be distributed by C&C 5 to its partners. It shall be a condition of such issuance and distribution that each such shareholder and partner make the representations and warranties set forth in subparagraphs a. and b. above as to the Common Stock received by him.

d. Each shareholder of CoCa who purchases Preferred Stock and Warrants pursuant to paragraph 1.4 hereof shall make the representations and warranties set forth in subparagraphs a. and b. above as to such securities.

3.2 Legend. Each certificate representing the Common Stock, Preferred Stock and Warrants (including any certificate issued upon exercise of the Warrants or conversion of the Preferred Stock) shall be endorsed with the following legend:

> "THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT."

CMI shall not register a transfer of any of the Common Stock, Preferred Stock or Warrants unless one of the conditions specified in the foregoing legend is satisfied and CMI may so instruct its transfer agent.

3.3 Removal of Legend and Transfer Restrictions. Any legend endorsed on a certificate pursuant to paragraph 3.2 and the stop transfer instruction with respect thereto shall be removed and CMI shall promptly issue a certificate without such legend to the holder thereof if such securities are registered under the Securities Act and a prospectus meeting the requirements of Section 10 of the Securities Act

is available or if such holder provides CMI with an opinion of counsel for such holder of the securities reasonably satisfactory to CMI to the effect that a public sale, transfer or assignment of such securities may be made without registration.

4. CONDITIONS TO CLOSING.

4.1 Conditions to Obligations. The obligations of CoCa, C&C 5 and St. Mary to complete at Closing the transactions described in paragraph 1 hereof are subject to the fulfillment to their satisfaction on or prior to the Closing of the following conditions:

a. Representations and Warranties Correct; Performance of Obligations. The representations and warranties set forth in paragraph 2 hereof shall be true and correct when made, and shall be true and correct on the Closing date with the same force and effect as if they had been made on and as of such date; the business, assets and prospects of CoCa and C&C 5 shall not have been adversely affected prior to the Closing date other than as a result of losses arising out of the ordinary course of its business; and each of the parties to this Agreement shall have performed all obligations and conditions herein required to be performed or observed by it on or prior to the Closing date.

b. Opinion of Counsel. CoCa and C&C 5 shall have received from Cohen Brame & Smith, Professional Corporation, an opinion that the carrying out of the trans-

actions described in paragraph 1 hereof will not result in the recognition of any taxable income by any of the parties hereto or by their shareholders or partners other than with respect to the production payments attached hereto as Exhibit A or with respect to any liabilities of C&C 5 in excess of the basis of its properties.

c. Consents and Waivers. Any and all consents, permits and waivers necessary or appropriate for consummation of the transactions contemplated by this Agreement shall have been obtained including the approval thereof by a majority of the disinterested, independent members of the Boards of Directors of CoCa and St. Mary and by disinterested majorities of the shareholders of CoCa and St. Mary voting on such matter and a majority in-interest of the limited partners of C&C 5 voting on such matter.

d. Certificates. The Presidents of CMI, CoCa and St. Mary shall have executed and delivered Certificates dated the Closing date certifying to the fulfillment by CMI, CoCa and St. Mary, respectively, of the conditions specified in subparagraph a. and c. of this paragraph 4.1 applicable to their corporation and a general partner of C&C 5 shall have executed and delivered a Certificate so certifying as to C&C 5.

e. Metallurgical Testwork. The preliminary metallurgical testwork of Hazen Research Inc. on samples of ore from the C&C 5 Flathead project shall have indicated to the reasonable satisfaction of St. Mary that such project is

economically viable at current metals prices and with the extraction rates, reagent consumptions and operating costs indicated by such tests.

f. Modification of Notes. The holders of CoCa's September 30, 1980 promissory notes in the principal amount of $1,094,321 shall have agreed that no payment shall be made thereon while there is outstanding any Preferred Stock and dividends may be paid on the Preferred Stock while such promissory notes are outstanding.

5. CLOSING.

5.1. Time and Place. The Closing hereunder shall take place at the offices of CoCa at 2:00 p.m. on January 31, 1983, effective as to all transactions as of December 31, 1982.

5.2 Actions at Closing. At the Closing:

a. Articles of Merger shall be executed by CoCa and CMI and filed immediately thereafter with the appropriate offices of the States of Delaware and Colorado;

b. One share of the Common Stock of CMI shall be issued for each outstanding share of the capital stock of CoCa;

c. Appropriate documents of assignment or conveyance in favor of CMI shall be executed and delivered with respect to the assets and properties of C&C 5;

d. CMI shall execute and deliver to C&C 5 an assumption of its liabilities and obligations;

e. CMI shall issue to C&C 5 330,000 shares of Common Stock and immediately thereafter C&C 5 shall distribute the Common Stock to its partners pursuant to Exhibit B hereto;

f. C&C 5 shall assign the production payments in the form of Exhibit A hereto and immediately thereafter C&C 5 shall assign to CMI all of its remaining interest in such leases and properties;

g. St. Mary shall pay to CMI by certified or bank check the sum of $4,000,000 and CMI shall issue and deliver to St. Mary certificates for 200,000 shares of Preferred Stock and Warrants to purchase 150,000 shares of Common Stock; and

h. Those shareholders of CoCa purchasing Preferred Stock and Warrants pursuant to paragraph 1.4 hereof shall pay therefor by certified or bank checks at the rate of $20 per share of Preferred Stock (and accompanying Warrant) and CMI shall issue and deliver to such persons certificates for such Preferred Stock and Warrants.

i. CMI shall amend its Articles of Incorporation to change its name to CoCa Mines Inc.

5.3 Further Assurances. At and at any time after the Closing the parties hereto shall execute and deliver such other documents and instruments and do such other acts as become reasonably necessary or desirable, in the opinion of any of such parties, to carry out the intent and purpose of this Agreement.

6. COVENANTS OF CMI. CMI hereby covenants and agrees as follows:

6.1 Basic Financial Information. Until such time as CMI is a reporting company pursuant to the Securities Exchange Act of 1934 CMI will furnish the following reports to each holder of Preferred Stock:

a. As soon as practicable after the end of each fiscal year and in any event within 120 days thereafter, consolidated balance sheets of CMI and its subsidiaries, if any, as at the end of such fiscal year, and consolidated statements of income and surplus and consolidated statements of changes in financial position of CMI and its subsidiaries, if any, for such year, prepared in accordance with generally accepted accounting principles and setting forth in each case in comparative form the figures for the previous fiscal year (except with respect to CoCa for years prior to 1983), all in reasonable detail and certified by independent public accountants of recognized national standing selected by CMI;

b. As soon as practicable after the end of each of the first three quarterly accounting periods in each fiscal year, and in any event within 60 days thereafter, consolidated balance sheets of CMI and its subsidiaries, if any, consolidated statements of income, of costs and expenses and of shareholders' equity for such period and for the current fiscal year to date, prepared in accordance with generally accepted accounting principles all in reasonable

detail and signed, subject to changes resulting from year-end audit adjustments, by the principal financial or accounting officer of CMI;

c. As soon as practicable, notification of any material adverse change in CMI's business or operations, or material litigation or threat thereof; and

d. Such other information or reports as may be reasonably requested by any holder including, upon reasonable notice and at reasonable intervals, the right to meet with the officers of CMI to discuss the financial condition, operations and future prospects of CMI, and the right to inspect the premises and books of CMI during normal business hours, provided that the recipient of any proprietary information shall keep it confidential.

6.2 Payment of Indebtedness. CMI shall pay when due all of its material debts and obligations and shall comply with all of the material terms and conditions of all agreements with respect thereto.

6.3 Board Representation. So long as St. Mary is the holder of at least 100,000 shares of Preferred Stock, CMI shall cause to be elected as a member of its Board of Directors a person designated by St. Mary together with a person jointly designated by it and St. Mary.

6.4 Sinking Fund. Pursuant to the provision of the Articles of Incorporation of CMI attached hereto as Exhibit D, the Preferred Stock shall be redeemed at its par value, to the extent not converted to Common Stock, on or

before December 31, 1986. To secure such redemption obligation CMI shall at the Closing enter into the Security Agreement with St. Mary in the form attached hereto as Exhibit I with respect to the pledge of 1,000,000 shares of the common stock of Equity Silver Mines Limited.

6.5 Early Redemption. In the event that the closing price of Equity Silver Mines Limited common stock on any recognized stock exchange shall be $8.00 (Canadian) or less, CMI shall within five business days thereafter give written notice thereof to each holder of Preferred Stock and shall upon request of such holder made within 15 days thereafter redeem at par value, plus accumulated unpaid dividends, up to fifty percent, as requested by such holder, of the shares of Preferred Stock held by such holder on the date of such event, and in the event that such closing price shall be $6.00 (Canadian) or less, such notice thereof shall be given and CMI shall upon such request redeem at par value, plus accumulated unpaid dividends, up to 100 percent of the shares of Preferred Stock held by such holder on such date. The provisions of this paragraph 6.5 shall not apply to any Preferred Stock the redemption of which is not secured by Equity Silver Mines Limited common stock.

6.6 Default. Upon any default by CMI in its obligations or covenants under this Agreement or upon the breach of any representation or warranty of CMI hereunder, CMI shall, upon any request of a holder of Preferred Stock made within 15 days of his notice of such event, redeem up

to 100 percent, as requested by such holder, of the Preferred Stock held by such holder on the date of such event at par value plus accumulated unpaid dividends.

6.7 Senior Indebtedness. So long as any of the Preferred Stock is outstanding, (i) CMI shall not incur indebtedness or obligations which in the aggregate at any one time exceed $1,500,000 excluding indebtedness and obligations which are expressly subordinate to the rights and claims of the Preferred Stock and excluding its September 30, 1980 promissory notes in the principal amount of $1,094,321 and (ii) CMI shall not repay any portion of such promissory notes.

7. Registration Rights.

7.1 Definitions. As used in this paragraph 7:

a. The terms "register," "registered" and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and the declaration or ordering of the effectiveness of such registration statement;

b. The term "Registrable Securities" means:

(i) the Common Stock issuable upon conversion of the Preferred Stock issued hereunder or acquired by exercise of the Warrants; and

(ii) any other shares of Common Stock issued as a dividend or other distribution with respect to, or in exchange for or in replacement of the Common Stock described in (i) above;

c. The term "Holder" means any holder of outstanding Registrable Securities who acquired such Registrable Securities in a transaction or series of transactions not involving any registered public offering;

d. The terms "Initiating Holders" means any Holder or Holders making a request for registration pursuant to the provision of paragraph 7.2;

e. The term "Substantial Amount of Registrable Securities" means at least fifty percent of the Registrable Securities which have not been resold to the public in a registered public offering.

7.2 Requested Registration.

a. In case at any time after four years following the conversion of at least 100,000 shares of Preferred Stock to Common Stock or, if earlier, at least six months subsequent to an offering by CMI described in paragraph 7.3 below, CMI shall receive from the Holders of a Substantial Amount of Registrable Securities a written request that CMI effect any registration, qualification or compliance with respect to all or a part of the Registrable Securities, CMI shall:

(i) promptly give written notice of the proposed registration, qualification or compliance to all other Holders; and

(ii) as soon as practicable, use its diligent best efforts to effect all such registrations, qualifications and compliances (including, without limitation,

the execution of an undertaking to file post-effective amendments, appropriate qualifications under the applicable blue sky or other state securities laws of a reasonable number of states and appropriate compliance with exemptive regulations issued under the Securities Act and any other governmental requirements or regulations) as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written notice given within thirty days after receipt of such written notice from CMI; provided that CMI shall not be obligated to take any action to effect more than one such registration, qualification or compliance pursuant to this paragraph 7.2.

Subject to the foregoing provision, CMI shall file a registration statement covering the Registrable Securities so requested to be registered as soon as practicable, but in any event within 120 days, after receipt of the request or requests of the Initiating Holders.

b. If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, the right of any Holder to registration pursuant to this paragraph 7.2 shall be con-

ditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. Notwithstanding any other provision of this paragraph 7.2, if the underwriter advises the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of shares included in the registration and underwriting shall be allocated among the Holders of Registrable Securities requesting registration in proportion, as nearly as practicable, to the total number of Registrable Securities held by such Holders at the time of filing of the registration statement. If any Holder disapproves of the terms of the underwriting, he may elect to withdraw therefrom by written notice to CMI, the underwriter and the Initiating Holders. The Registrable Securities so withdrawn shall also be withdrawn from registration.

7.3 CMI Registration.

a. If at any time or from time to time CMI shall determine to register any of its Common Stock, either for its own account or the account of a Holder or Holders (other than a registration relating solely to an employee stock option or purchase plan or a registration relating

solely to Securities and Exchange Commission ("SEC") Rule 145 transaction or on any other form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of Registrable Securities), CMI shall:

(i) promptly give to each Holder written notice thereof (which shall include a list of the jurisdictions in which CMI intends to attempt to qualify such securities under the applicable blue sky or other state securities laws); and

(ii) include in such registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests, made within thirty days after receipt of such written notice from CMI, by any Holder or Holders, except as set forth in paragraph 7.3(b) below.

b. If the registration of which CMI gives notice is for a registered public offering involving an underwriting, CMI shall so advise the Holders as a part of the written notice given pursuant to paragraph 7.3(a)(i). In such event the right of any Holder to registration pursuant to this paragraph 7.3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute

their securities through such underwriting shall (together with CMI and the other holders distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by CMI. Notwithstanding any other provision of this paragraph 7.3, if the underwriter determines that marketing factors require a limitation of the number of shares to be underwritten, the underwriter may limit (or eliminate) the number of Registrable Securities to be included in the registration and underwriting on a pro rata basis based on the total number of the Registrable Securities held by the Holders and by other persons or organizations selling securities pursuant to registration rights granted by CMI.

7.4 Expenses of Registration. All expenses incurred in connection with any registration, qualification or compliance pursuant to this paragraph 7, including without limitation, all registration, filing and qualification fees, blue sky expenses, printing expenses, fees and disbursements of counsel for CMI, expenses of any special audits incidental to or required by such registration, other than counsel retained by the Holders of Registrable Securities covered by such registration, shall be borne by CMI, provided, however, CMI shall not be required to pay underwriters' discounts, commissions, or stock transfer taxes relating to Registrable Securities.

7.5 Indemnification.

a. CMI will indemnify each Holder of Registrable Securities, each of its officers and directors, and each person controlling such Holder, with respect to which registration, qualification or compliance has been effected pursuant to this paragraph 7 and each underwriter, if any, and each person who controls any underwriter of the Registrable Securities held by or issuable to such Holder, against all claims, losses, damages, costs, expenses and liabilities whatsoever (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus, offering circular or other documents (including any related registration, statement, notification or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein not misleading, or any violation by CMI of the Securities Act, the Securities Exchange Act of 1934, as amended, or any state securities law or of any rule or regulation promulated under the Securities Act of any state securities law applicable to CMI and relating to action or inaction required of CMI in connection with any such registration, qualification or compliance, and will reimburse each such Holder, each of its officers and directors, and each person who controls any such underwriter, for any legal and any other expenses

reasonably incurred in connection with investigating or defending any such claim, loss, damage, cost, expense, liability or action, provided that CMI will not be liable in any such case to the extent that any such claim, loss, damage, cost, expense or liability arises out of or is based on any untrue statement or omission based upon written information furnished to CMI by an instrument duly executed by any Holder or underwriter and stated to be specifically for use therein.

b. Each Holder will, if Registrable Securities held by or issuable to such Holder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify CMI, each of its directors and officers who sign such registration statement, each undewriter, if any, of CMI's securities covered by such a registration statement, each person who controls CMI within the meaning of the Securities Act, and each other Holder, against all claims, losses, damages, costs, expenses and liabilities whatsoever (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other documents (including any related registration statement, notification or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the

statements therein not misleading, and will reimburse CMI, such other Holders, such directors, officers, persons or underwriters for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, cost, expense, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to CMI by an instrument duly executed by such Holder and stated to be specifically for use therein.

7.6 Rule 144 Reporting. With a view to making available to Holders of its Common Stock the benefits of certain rules and regulations of the SEC which may permit the sale of Common Stock to the public without registration, CMI agrees to:

a. make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after 90 days after the effective date of the first registration statement filed by CMI which involves a sale of securities of CMI to the general public;

b. file with the SEC in a timely manner all reports and other documents required of CMI under the Securities Act and the Securities Exchange Act of 1934; and

c. furnish to each Holder of Common Stock forthwith upon request a written statement by CMI that it has complied with the reporting requirements of Rule 144 (at any time after 90 days after the effective date of such first registration statement filed by CMI), and of the Securities Act and the Securities Exchange Act of 1934 (at any time after it has become subject to such reporting requirements), a copy of the most recent annual or quarterly report of CMI, and such other reports and documents so filed by CMI as may be reasonably requested in availing any purchaser of any rule or regulation of the SEC permitting the selling of any such securities without registration.

7.7 Transfer of Registration Rights. The rights to cause CMI to register Common Stock granted by CMI under this paragraph 7 may be assigned by a Holder thereof to a transferee or assignee of any of the Registrable Securities, provided that such transfer may otherwise be effected in accordance with applicable securities laws and provided further that CMI is given written notice by such Holder at the time of or within a reasonable time after such transfer, stating the name and address of such transferee or assignee and identifying the securities with respect to which such registration rights are being assigned.

8. MISCELLANEOUS.

8.1 Waivers and Amendments. Neither this Agreement nor any provision hereof may be changed, amended, waived, discharged or terminated orally. Amendment shall be

made only by an instrument in writing signed by all of the parties hereto.

8.2 Governing Law. This Agreement shall be governed in all respects by the laws of the State of Colorado as such laws are applied to agreements between Colorado residents entered into and to be performed entirely within Colorado.

8.3 Survival. The representations, warranties, covenants and agreements made herein shall survive any investigation made by any party and the Closing of the transactions contemplated hereby.

8.4 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto.

8.5 Entire Agreement. This Agreement and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subject hereof and thereof.

8.6 Delays or Omissions. It is agreed that no delay or omission to exercise any rights, power or remedy accruing upon any breach or default under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach or default, or any acquiescense therein, or of or in any similar breach

or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring.

IN WITNESS WHEREOF this Agreement and Plan of Reorganization has been executed this 21st day of January, 1983 to be effective the day and year first above written.

COCA MINES INC.

ATTEST:

Secretary

By
President

CONGDON AND CAREY, LTD. 5

By
General Partner

ST. MARY PARISH LAND COMPANY

ATTEST:

Secretary

By
President

COCA MINES INC. - COLORADO

ATTEST:

Secretary

By
President

EXHIBIT A

PRODUCTION PAYMENT

EXHIBIT A1

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT, CONGDON AND CAREY, LTD. 5, a Colorado limited partnership (hereinafter referred to as "Assignor"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, sell, assign, transfer, set over and convey unto the partners of Assignor in the proportions set forth on Exhibit A attached hereto (hereinafter collectively referred to as "Assignee"), as a non-interest bearing production payment (the "Production Payment"), 10% of Assignor's Net Revenue Interest, as defined herein, in all minerals, metals, ore concentrates and other products produced, saved and marketed from and under the terms of each lease described in Exhibit B attached hereto (the "Leases"), and the lands described in such Leases (the "Properties"), from and after payment in full of that $2,650,000 production payment granted to Canadian Superior Mining (U.S.) Ltd., on April 22, 1982 and until Assignee shall have received the aggregate of $1,314,701.89 (the "Primary Sum").

The Production Payment herein assigned is subject to the following terms, provisions and conditions, to-wit:

1. When the Primary Sum has been received by Assignee, the Production Payment shall be fully discharged and all rights, titles and interests assigned to Assignee herein shall terminate, and Assignee shall, upon request, execute and deliver all necessary and proper acquittances, releases and reassignments; provided, however, that the Production Payment shall in any event terminate whenever 21 years less one day shall have elapsed after the death of the survivor of all descendants of Assignee who are living on the date hereof.

2. Assignee shall look solely to the minerals, metals, ore concentrates and other products produced, saved and marketed from the Leases and Properties and/or the sale, lease or other disposition of the Leases and Properties pursuant to paragraph 4 for the satisfaction and discharge of the Production Payment, and Assignor shall never be personally liable for the payment and discharge thereof.

3. No Production Payment shall be paid or accrue until Assignor shall have received from its Net Revenue Interest with respect to the Properties payments equal to all funds expended by Assignor on or in connection with the Leases and the Properties from and after January 1, 1983 together with interest thereon at the rate of 2 percent over the prime rate of IntraWest Bank of Denver in effect from time to time, and in the event that such recoupment shall occur but thereafter funds expended by Assignor on or in connection with the Leases and the Properties shall exceed such payments received by Assignor, no Production Payment shall again be paid or accrue until such recoupment is again achieved.

4. Net Revenue Interest shall mean Assignor's share of cash revenues from the Leases and the Properties in excess of all cash costs, expenses and expenditures allocable to such revenue share to the extent that such cash costs, expenses and expenditures are not included in funds expended which are subject to recoupment in paragraph 3 hereof. In the event of any sale, lease or other disposi-

tion of the Leases and the Properties or of any portion thereof, the transferee thereof shall take free and clear of this Production Payment but Assignor's Net Revenue Interest shall include the consideration received for such sale, lease or other disposition and shall be applied to the satisfaction and discharge of the Production Payment as set forth herein and subject to paragraph 3 hereof.

5. The Production Payment shall be paid 30 days following the end of each calendar quarter upon the basis of the Net Revenue Interest for such quarter. On or before 90 days following the end of each of Assignor's fiscal years it shall furnish to Assignee a summary of financial results for such year upon which Assignor's Net Revenue Interest for such year is based certified as correct by the principal financial officer of Assignor and, if requested by Assignee, by Assignor's regular independent certified public accountants. Upon receipt of such summary, Assignee at its own expense may obtain an independent audit of Assignor's records which form the basis for such summary. If Assignee has not notified Assignor in writing of any objections on or before 180 days following the end of Assignor's fiscal year, the Production Payments for the fiscal year just ended shall be deemed correct and accepted by Assignee.

6. No obligations, either express or implied, shall arise by reason of this Assignment to Assignee which shall obligate Assignor to keep and maintain the Leases or any of them in force and effect either by the performance of any act or the payment of rentals, compensatory royalties or other payments.

The Production Payment shall be applicable to any renewal, extension or new lease taken or acquired by Assignor within a period of two years from the date of the termination of any of the Leases as to the lands, horizons and minerals covered by such terminated Leases and affected by such new lease.

TO HAVE AND TO HOLD the Production Payment hereinabove assigned to Assignee for and during the term or terms and according to the terms and conditions of the Leases.

Assignee may sell, assign or otherwise dispose of all or any part of its interest hereunder, and the terms of this Assignment shall inure to the benefit of the successors and assigns of Assignee.

Notwithstanding anything to the contrary set forth herein, Assignor and Assignee acknowledge that Assignor will following the execution of this Assignment assign and transfer the Leases and the Properties to CoCa Mines Inc., a Colorado corporation, which shall thereafter be deemed to constitute the Assignor for all purposes hereunder and by its execution hereof shall assume and carry out all of the obligations of Assignor hereunder. Except as set forth in paragraph 4 above, this Assignment and its terms and provisions shall be binding upon the parties hereto, their respective successors and assigns forever.

EXECUTED as of the 31st day of December, 1982.

CONGDON AND CAREY, LTD. 5

By_____
General Partner

The obligations of Assignor under this Assignment are hereby assumed and shall be carried out by the undersigned.

EXECUTED as of the 31st day of December, 1982.

COCA MINES INC.

By _____
President

ATTEST:

_____
Secretary

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the _____ day of _____, 1983, before me, _____, the undersigned officer, personally appeared _____ who acknowledged himself to be a General Partner of Congdon and Carey, Ltd. 5, a Colorado limited partnership, and that he, as such General Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as General Partner.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: _____

_____
Notary Public

Address: _____

_____

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the _____ day of _____, 1983, before me, _____, the undersigned officer, personally appeared _____ and _____ who acknowledged themselves to be the President and Secretary of CoCa Mines Inc., a Colorado corporation, and that they, as such President and Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as President and Secretary.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: _____

_____
Notary Public

Address: _____

_____

EXHIBIT A2

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT, CONGDON AND CAREY, LTD. 5, a Colorado limited partnership (hereinafter referred to as "Assignor"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, sell, assign, transfer, set over and convey unto the partners of Assignor in the proportions set forth on Exhibit A attached hereto (hereinafter collectively referred to as "Assignee"), as a non-interest bearing production payment (the "Production Payment"), 10% of Assignor's Net Revenue Interest, as defined herein, in all minerals, metals, ore concentrates and other products produced, saved and marketed from and under the terms of each lease or other property described in Exhibit B attached hereto (the "Leases"), and the lands described in such Leases (the "Properties"), until Assignee shall have received the aggregate of $720,835.67 (the "Primary Sum").

The Production Payment herein assigned is subject to the following terms, provisions and conditions, to-wit:

1. When the Primary Sum has been received by Assignee, the Production Payment shall be fully discharged and all rights, titles and interests assigned to Assignee herein shall terminate, and Assignee shall, upon request, execute and deliver all necessary and proper acquittances, releases and reassignments; provided, however, that the Production Payment shall in any event terminate whenever 21 years less one day shall have elapsed after the death of the survivor of all descendants of Assignee who are living on the date hereof.

2. Assignee shall look solely to the minerals, metals, ore concentrates and other products produced, saved and marketed from the Leases and Properties and/or the sale, lease or other disposition of the Leases and Properties pursuant to paragraph 4 for the satisfaction and discharge of the Production Payment, and Assignor shall never be personally liable for the payment and discharge thereof.

3. No Production Payment shall be paid or accrue until Assignor shall have received from its Net Revenue Interest with respect to the Properties payments equal to all funds expended by Assignor on or in connection with the Leases and the Properties from and after January 1, 1983 together with interest thereon at the rate of 2 percent over the prime rate of IntraWest Bank of Denver in effect from time to time, and in the event that such recoupment shall occur but thereafter funds expended by Assignor on or in connection with the Leases and the Properties shall exceed such payments received by Assignor, no Production Payment shall again be paid or accrue until such recoupment is again achieved.

4. Net Revenue Interest shall mean Assignor's share of cash revenues from the Leases and the Properties in excess of all cash costs, expenses and expenditures allocable to such revenue share to the extent that such cash costs, expenses and expenditures are not included in funds expended which are subject to recoupment in paragraph 3

hereof. In the event of any sale, lease or other disposition of the Leases and the Properties or of any portion thereof, the transferee thereof shall take free and clear of this Production Payment but Assignor's Net Revenue Interest shall include the consideration received for such sale, lease or other disposition and shall be applied to the satisfaction and discharge of the Production Payment as set forth herein and subject to paragraph 3 hereof.

5. The Production Payment shall be paid 30 days following the end of each calendar quarter upon the basis of the Net Revenue Interest for such quarter. On or before 90 days following the end of each of Assignor's fiscal years it shall furnish to Assignee a summary of financial results for such year upon which Assignor's Net Revenue Interest for such year is based certified as correct by the principal financial officer of Assignor and, if requested by Assignee, by Assignor's regular independent certified public accountants. Upon receipt of such summary, Assignee at its own expense may obtain an independent audit of Assignor's records which form the basis for such summary. If Assignee has not notified Assignor in writing of any objections on or before 180 days following the end of Assignor's fiscal year, the Production Payments for the fiscal year just ended shall be deemed correct and accepted by Assignee.

6. No obligations, either express or implied, shall arise by reason of this Assignment to Assignee which shall obligate Assignor to keep and maintain the Leases or any of them in force and effect either by the performance of any act or the payment of rentals, compensatory royalties or other payments.

The Production Payment shall be applicable to any renewal, extension or new lease taken or acquired by Assignor within a period of two years from the date of the termination of any of the Leases as to the lands, horizons and minerals covered by such terminated Leases and affected by such new lease.

TO HAVE AND TO HOLD the Production Payment hereinabove assigned to Assignee for and during the term or terms and according to the terms and conditions of the Leases.

Assignee may sell, assign or otherwise dispose of all or any part of its interest hereunder, and the terms of this Assignment shall inure to the benefit of the successors and assigns of Assignee.

Notwithstanding anything to the contrary set forth herein, Assignor and Assignee acknowledge that Assignor will following the execution of this Assignment assign and transfer the Leases and the Properties to CoCa Mines Inc., a Colorado corporation, which shall thereafter be deemed to constitute the Assignor for all purposes hereunder and by its execution hereof shall assume and carry out all of the obligations of Assignor hereunder. Except as set forth in paragraph 4 above, this Assignment and its terms and provisions shall be binding upon the parties hereto, their respective successors and assigns forever.

EXECUTED as of the 31st day of December, 1982.

CONGDON AND CAREY, LTD. 5

By_____
General Partner

The obligations of Assignor under this Assignment are hereby assumed and shall be carried out by the undersigned.

EXECUTED as of the 31st day of December, 1982.

COCA MINES INC.

By _____
President

ATTEST:

_____
Secretary

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the _____ day of _____, 1983, before me, _____, the undersigned officer, personally appeared _____ who acknowledged himself to be a General Partner of Congdon and Carey, Ltd. 5, a Colorado limited partnership, and that he, as such General Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as General Partner.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: _____

_____
Notary Public

Address: _____

_____

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the _____ day of _____, 1983, before me, _____, the undersigned officer, personally appeared _____ and _____ who acknowledged themselves to be the President and Secretary of CoCa Mines Inc., a Colorado corporation, and that they, as such President and Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as President and Secretary.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: _____

_____
Notary Public

Address: _____

_____

EXHIBIT B

CONGDON AND CAREY, LTD. 5
DISTRIBUTION SCHEDULE

CONGDON AND CAREY, LTD. 5
PRODUCTION PAYMENTS

	Gilt Edge	Flathead
Limited Partners:		
George G. Anderman	$ 85,710.83	$ 151,832.53
Fiduciary Trust Company of New York, Trustee	39,174.20	103,253.23
Helmerich & Payne, Inc.	107,138.12	189,789.95
Nelson Bunker Hunt	112,984.74	203,135.07
Mrs. Janet W. Levy	107,138.12	189,789.95
John D. Macomber	36,632.09	65,175.53
Daniel C. Searle	27,474.06	48,881.65
Mrs. Mary C. Van Evera	42,855.07	75,915.66
Clint W. Murchison, III	13,558.38	24,376.09
Burk C. Murchison	6,779.18	12,188.05
Burk Coleman Murchison Trust B	6,779.20	12,188.05
Coke Anne Saunders	3,389.59	6,094.02
Coke Anne Murchison Trust 2	3,389.60	6,094.02
Coke Anne Murchison Trust 3	6,779.20	12,188.05
Robert Frank Murchison Trust A	6,779.18	12,188.05
Robert Frank Murchison Trust B	6,779.20	12,188.05
John D. Murchison, Jr.	9,158.43	16,293.84
John D. Murchison, Jr. Trust B	9,158.44	16,293.84
Virginia Lucille Murchison Trust 2	5,357.03	9,489.34
Virginia Lucille Murchison Trust 3	10,714.42	18,979.28
Virginia Lucille Murchison Administrative Trust 3	5,357.03	9,489.34
Mary Noel Lamont	4,579.21	8,146.92
Mary Noel Murchison Trust 2	4,579.22	8,146.92
Mary Noel Murchison Trust 3	9,158.44	16,293.84
Barbara Jeanne Murchison Trust 1	4,579.21	8,146.92
Barbara Jeanne Murchison Trust 2	4,579.22	8,146.92
Barbara Jeanne Murchison Trust 3	9,158.44	16,293.84
Thomas E. Congdon*	15,557.91	26,851.12
William J. Carey*	15,557.91	26,851.12
	$720,835.67	$1,314,701.89

* These sums represent contributions to the Partnership by the General Partners during its Secondary Term when certain Limited Partners declined to meet Calls for Funds. The General Partners are entitled to participate in the Production Payments with respect to these contributions. The General Partners are not entitled to participate in the Production Payments with respect to the $509,038.08 they provided the Partnership for these two projects in their capacity as General Partners.

CONGDON AND CAREY, LTD. 5
SHARE DISTRIBUTION SCHEDULE

	Shares of CoCa Mines Inc.
General Partners:	
Thomas E. Congdon	76,725
William J. Carey	76,725
Employee Assignees	11,550
Limited Partners:	
George G. Anderman	21,542
Fiduciary Trust Company of New York, Trustee	8,593
Helmerich & Payne, Inc.	26,927
Nelson Bunker Hunt	17,188
Mrs. Janet W. Levy	26,927
John D. Macomber	8,250
Daniel C. Searle	6,187
Mrs. Mary C. Van Evera	10,771
Clint W. Murchison, III	2,063
Burk C. Murchison	1,031
Burk Coleman Murchison Trust B	1,032
Coke Anne Saunders	516
Coke Anne Murchison Trust 2	515
Coke Anne Murchison Trust 3	1,031
Robert Frank Murchison Trust A	1,031
Robert Frank Murchison Trust B	1,031
John D. Murchison, Jr.	2,062
John D. Murchison, Jr. Trust B	2,063
Virginia Lucille Murchison Trust 2	1,347
Virginia Lucille Murchison Trust 3	2,693
Virginia Lucille Murchison Administrative Trust 3	1,346
Mary Noel Lamont	1,031
Mary Noel Murchison Trust 2	1,031
Mary Noel Murchison Trust 3	2,063
Barbara Jeanne Murchison Trust 1	1,031
Barbara Jeanne Murchison Trust 2	1,031
Barbara Jeanne Murchison Trust 3	2,063
Thomas E. Congdon	6,302
William J. Carey	6,302
	330,000

EXHIBIT C

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

Void after 5:00 P.M., Denver Time, on January 31, 1987

No. 1

Warrant to Purchase
150,000 Shares
of Common Stock,
$.01 Par Value

WARRANT TO PURCHASE COMMON STOCK

OF CoCa MINES INC.

This Is To Certify That, FOR VALUE RECEIVED, ST. MARY PARISH LAND COMPANY, or registered assigns ("Holder"), is entitled to purchase, subject to the provisions of this Warrant, from CoCa MINES INC., a Colorado corporation ("Company"), at any time on or after December 31, 1982, and not later than 5:00 P.M., Denver Time, on January 31, 1987, 150,000 shares of common stock, $.01 par value per share, of the Company ("Common Stock") at a purchase price per share of $20. The number of shares of Common Stock to be received upon the exercise of this Warrant and the price to be paid for a share of Common Stock may be adjusted from time to time as hereinafter set forth. The shares of Common Stock deliverable upon such exercise, and as adjusted from time to time, are hereinafter sometimes referred to as "Warrant Stock" and the exercise price of a share of Common Stock in effect at any time and as adjusted from time to time is hereinafter sometimes referred to as the "Exercise Price."

(a) Exercise of Warrant. Subject to the provisions of Section (j) hereof, this Warrant may be exercised in whole or in part at any time or from time to time on or after December 31, 1982, but no later than 5:00 P.M., Denver Time, on January 31, 1987, by presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, with the Purchase Form annexed hereto duly executed and accompanied by payment of the Exercise Price for the number of shares specified in such form, together with all federal and state taxes applicable upon such exercise. If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute and deliver a new Warrant evidencing the right of the Holder to purchase the balance of the Warrant Stock. Upon receipt by the Company of this Warrant at the office or agency of the Company, in proper form for exercise, the Holder shall be deemed to be the holder of record of the shares of Common Stock issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such shares of Common Stock shall not then be actually delivered to the Holder.

(b) Reservation of Shares. The Company hereby agrees that at all times there shall be reserved for issuance and/or delivery upon exercise of this Warrant such number of shares of its Common Stock as shall be required for issuance or delivery upon exercise of this Warrant and that the par value of such shares will at all times be less than the applicable Exercise Price.

(c) Exchange, Assignment or Loss of Warrant. This Warrant is exchangeable, without expense, at the option of the Holder, upon presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, for other Warrants of like tenor and different denominations entitling the holder thereof to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder. This Warrant is assignable by the Holder in whole or in part, subject to the provisions of Sections (j) and (k) hereof. Any such assignment shall be made by surrender of this Warrant to the Company or at the office of its stock transfer agent, if any, with the Assignment Form annexed hereto duly executed and funds sufficient to pay any transfer tax. Upon any assignment of this Warrant as aforesaid, the Company shall, without charge, execute and deliver a new Warrant of like tenor registered in the name of the assignee named in such Assignment Form entitling the assignee to purchase the number of shares of Common Stock purchasable hereunder (or under the portion hereof so assigned) and, in the event this Warrant shall be assigned in part, shall execute and deliver to the Holder hereof a new Warrant registered in the name of the Holder entitling him to purchase the balance of the number of shares of Common Stock purchasable hereunder, and this Warrant shall promptly be cancelled. This Warrant may be divided or combined with other Warrants which carry the same rights upon presentation hereof at the office of the Company or at the office of its stock transfer agent, if any, together with a written notice specifying the name and denominations in which new Warrants are to be issued and signed by the Holder hereof. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, or destruction or mutilation of this Warrant, and (in case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company will execute and deliver a new Warrant of like tenor and date. Any such new Warrant executed and delivered shall constitute an additional contractual obligation on the part of the Company, whether or not this Warrant so lost, stolen, destroyed, or mutilated shall be at any time enforceable by anyone.

(d) Rights of the Holder. The Holder shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or equity, and the rights of the Holder are limited to those expressly in this Warrant and are not enforceable against the Company except to the extent set forth herein.

(e) Anti-Dilution Provisions.

(1) Adjustment of Number of Shares. Anything in this Section (e) to the contrary notwithstanding, in case the Company shall at any time issue Common Stock or convertible securities by way of dividend or other distribution on any stock of the Company or subdivide or combine the outstanding shares of Common Stock, the Exercise Price shall be proportionately decreased in the case of such issuance (on the day following the date fixed for determining stockholders entitled to receive such dividend or other distribution) or decreased in the case of such subdivision or increased in the case of such combination (on the date that such subdivision or combination shall become effective).

(2) No Adjustment for Small Amounts. Anything in this Section (e) to the contrary notwithstanding, the Company shall not be required to give effect to any adjustment in the Exercise

Price unless and until the net effect of one or more adjustments, determined as above provided, shall have required a change of the Exercise Price by at least five cents ($.05), but when the cumulative net effect of more than one adjustment so determined shall be to change the actual Exercise Price by at least five cents ($.05), such change in the Exercise Price shall thereupon be given effect.

(3) Number of Shares Adjusted. Upon any adjustment of the Exercise Price, the holder of this Warrant shall thereafter (until another such adjustment) be entitled to purchase, at the new Exercise Price, the number of shares, calculated to the nearest full share, obtained by multiplying the number of shares of Common Stock issuable upon exercise of this Warrant immediately prior to such adjustment by the Exercise Price in effect immediately prior to such adjustment and dividing the product so obtained by the new Exercise Price.

(4) Common Stock Defined. Whenever reference is made in this Section (e) to the issue or sale of shares of Common Stock, the term "Common Stock" shall mean the Common Stock of the Company of the class authorized as of the date hereof and any other class of stock ranking on a parity with such Common Stock. However, subject to the provisions of Section (h) hereof, shares issuable upon exercise hereof shall include only shares of the class designated as Common Stock of the Company as of the date hereof.

(f) Officer's Certificate. Whenever the Exercise Price shall be adjusted as required by the provisions of Section (e) hereof, the Company shall forthwith file in the custody of its Secretary or an Assistant Secretary at its principal office, and with its stock transfer agent, if any, an officer's certificate showing the adjusted Exercise Price determined as herein provided and setting forth in reasonable detail the facts requiring such adjustment. Each such officer's certificate shall be made available at all reasonable times for inspection by the Holder and the Company shall, forthwith after each such adjustment, deliver a copy of such certificate to the Holder. Such certificate shall be conclusive as to the correctness of such adjustment.

(g) Notices to Warrant Holders. So long as this Warrant shall be outstanding and unexercised (i) if the Company shall pay any dividend or make any distribution upon the Common Stock or (ii) if the Company shall offer to the holders of Common Stock for subscription or purchase by them any shares of stock of any class or any other rights or (iii) if any capital reorganization of the Company, reclassification of the capital stock of the Company, consolidation or merger of the Company with or into another corporation, sale, lease or transfer of all or substantially all of the property and assets of the Company to another corporation, or voluntary or involuntary dissolution, liquidation or winding up of the Company shall be effected, then, in any such case, the Company shall cause to be delivered to the Holder, at least ten (10) days prior to the date referred to in (x) or (y) below, as the case may be, a notice containing a brief description of the proposed action and stating the date on which (x) a record is to be taken for the purpose of such dividend, distribution or rights, or (y) such reclassification, reorganization, consolidation, merger, conveyance, lease, dissolution, liquidation or winding up is to take place and the date, if any, to be fixed, as of which the

holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, liquidation or winding up.

(h) Reclassification, Reorganization or Merger. In case of any reclassification, capital reorganization or other change of outstanding shares of Common Stock of the Company (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of an issuance of Common Stock by way of dividend or other distribution or of a subdivision or combination), or in the case of any consolidation or merger of the Company with or into another corporation (other than a merger with a subsidiary in which merger the Company is the continuing corporation and which does not result in any reclassification, capital reorganization or other change of outstanding shares of Common Stock of the class issuable upon exercise of this Warrant) or in case of any sale or conveyance to another corporation of the property of the Company as an entirety or substantially as an entirety, the Company shall cause effective provision to be made so that the Holder shall have the right thereafter, by exercising this Warrant, to purchase the kind and amount of shares of stock and other securities and property receivable upon such reclassification, capital reorganization or other change, consolidation, merger, sale or conveyance. Any such provision shall include provision for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Warrant. The foregoing provisions of this Section (h) shall similarly apply to successive reclassifications, capital reorganizations and changes of shares of Common Stock and to successive consolidations, mergers, sales or conveyances. The Company shall not effect any such consolidation, merger or sale unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument executed and mailed and delivered to the Holder hereof the obligation to deliver to such Holder such shares of stock and other securities and property as, in accordance with the foregoing provisions, the Holder may be entitled to purchase. In the event that in any such capital reorganization or reclassification, consolidation, merger, sale or conveyance, additional shares of Common Stock shall be issued in exchange, conversion, substitution or payment, in whole or in part, for or of a security of the Company other than Common Stock, any such issue shall be treated as an issue of Common Stock covered by the provisions of subsection (e)(1) hereof with the amount of the consideration received upon the issue thereof being determined by the Board of Directors of the Company, such determination to be final and binding on the Holder.

(i) Registration Under the Securities Act of 1933 (the "Act"). The Holder of this Warrant shall be entitled to the benefit of the provisions of paragraph 7 of the Agreement and Plan of Reorganization with the Company dated December 17, 1982 with respect to the registration of the Warrant Stock, a copy of which is on file at the principal office of the Company.

(j) Transfer to Comply with the Securities Act of 1933.

(1) This Warrant or the Warrant Stock or any other security issued or issuable upon exercise of this Warrant shall not be sold or transferred except in compliance with the Act or an exemption thereunder and then only against receipt by the

Company of an agreement of such person to comply with the provisions of this Section (j) with respect to any resale or other disposition of such securities.

(2) The Company may cause the following legend to be set forth on each certificate representing Warrant Stock or any other security issued or issuable upon exercise of this Warrant pursuant to Section (i) hereof, unless counsel for the Company is of the opinion as to any such certificate that such legend is unnecessary:

> THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

(k) Inseparability from Series A Convertible Preferred Stock. Notwithstanding anything to the contrary contained herein, this Warrant is being issued in connection with the issuance of 200,000 shares of the Company's Series A Convertible Preferred Stock and may be exercised only by holders of such Preferred Stock within 30 days following conversion thereof. Any exercise of this Warrant must occur within 30 days following the conversion to Common Stock by the holder hereof of four shares of Series A Convertible Preferred Stock for each three shares of Common Stock to be acquired by the exercise hereof.

(l) Applicable Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Colorado.

CoCa MINES INC.

(S E A L)

By_____
President

ATTEST:

By_____
Secretary

DATE: _____

PURCHASE FORM

Dated: _____, 19___

The undersigned hereby irrevocably elects to exercise the within Warrant to the extent of purchasing _____ shares of Common Stock and hereby makes payment of $_____ in payment of the actual exercise price thereof.

_____

INSTRUCTIONS FOR REGISTRATION OF STOCK

Name: _____
(Please type or print in block letters)

Address: _____

_____

Signature: _____

_____

ASSIGNMENT FORM

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto

Name: _____
(Please type or print in block letters)

Address: _____

_____

the right to purchase Common Stock represented by this Warrant to the extent of _____ shares as to which such right is exercisable and does hereby irrevocably constitute and appoint

_____ attorney, to transfer the same on the books of the Company with full power of substitution in the premises.

Signature: _____

Dated: _____, 19__.

EXHIBIT D

CoCa MINES INC.
ARTICLES OF INCORPORATION

FOURTH: The aggregate number of shares of stock which the corporation shall have authority to issue is 6,000,000 shares of $.01 par value Common Stock and 225,000 shares of $20 par value Series A Convertible Preferred Stock. The rights, preferences, restrictions and other matters relating to such Series A Convertible Preferred Stock are as follows:

(a) Dividends.

The holders of the Series A Convertible Preferred Stock shall be entitled to dividends out of the retained earnings of the corporation at the annual rate of $1.60 per share, prior and in preference to any declaration or payment of any dividend (payable other than in stock of the corporation) on the Common Stock of the corporation. Such dividends for any year shall not be paid to the extent that they exceed the net income of the corporation for such year determined in accordance with generally accepted accounting principles by the corporation's regular independent certified public accountants. The right to such dividends on shares of the Series A Convertible Preferred Stock shall be cumulative if dividends on said shares are not declared and paid in any prior period.

(b) Redemption.

1. Commencing on January 1, 1984, the corporation may at any time at the option of the Board of Directors redeem all or part (selected on a pro rata basis) of the outstanding shares of the Series A Convertible Preferred Stock and on December 31, 1986, the corporation shall redeem all remaining outstanding shares of the Series A Convertible Preferred Stock at the redemption price set forth in Subparagraph (b)2 below, provided that written notice of the Series A Convertible Preferred Stock to be redeemed be given at least forty-five days prior to the date specified for redemption (the "Redemption Date").

2. Each share of Series A Convertible Preferred Stock may be redeemed at a cash price equal to $20 plus the product of $1.60 times the number of full years between the date of issuance and the Redemption Date, less any cash dividends paid on such shares of Series A Convertible Preferred Stock (the "Redemption Price"). Notwithstanding anything set forth above, the payment of the Redemption Price can only be made from any funds of the corporation legally available therefor.

3. From and after the Redemption Date (unless default shall be made by the corporation in duly paying the Redemption Price on the Redemption Date), the holders of the shares of the Series A Convertible Preferred Stock called for redemption shall cease to have any rights as stockholders of the corporation, except the right to receive, without interest, the Redemption Price

thereof upon surrender of certificates representing the shares of the Series A Convertible Preferred Stock or to exercise on or before the Redemption Date the right to convert the shares called for redemption pursuant to Paragraph (e) hereof, and such shares shall not after the Redemption Date be transferred (except with the consent of the corporation) on the books of the corporation and shall not be deemed outstanding for any purpose whatsoever.

4. There shall be no redemption of any shares of Series A Convertible Preferred Stock of the corporation where such action would be in violation of applicable law.

5. The corporation shall duly pay the Redemption Price by promptly paying the holder of each share of Series A Convertible Preferred Stock cash in the amount of the Redemption Price upon receipt of a certificate or certificates for the shares being redeemed, such shares to be endorsed for transfer to the corporation.

(c) Preference on Liquidation.

1. In the event of any liquidation, dissolution or winding up of the corporation, the holders of shares of the Series A Convertible Preferred Stock then outstanding shall be entitled to be paid out of the assets of the corporation available for distribution to its stockholders before any payments shall be made to the corporation's common stockholders an amount equal to $20 per share plus the product of $1.60 times the number of full years between the date of issuance and the date of such liquidation payment for each share of Series A Convertible Preferred Stock less any cash dividends paid on such shares of Series A Convertible Preferred Stock (the "Preferential Amount"). Each share of Series A Convertible Preferred Stock shall rank on a parity with each other preferred share with respect to the Preferential Amount. In the event the assets of the corporation available for distribution are less than the foregoing Preferential Amount, distribution shall be made pro rata among all shares of Series A Convertible Preferred Stock proportionate to the Preferential Amount to which each is entitled and no such amounts shall be paid or set apart for payment on the preferred shares unless at the same time amounts in like proportion to the respective Preferential Amount shall be paid or set apart for payment to all other preferred shares then outstanding. After the payment or setting apart for payment to the holders of preferred shares of the Preferential Amounts so payable to them, the holders of the common shares of the corporation shall be entitled to receive, ratably, all remaining assets of the corporation.

2. The merger or consolidation of the corporation into or with another corporation in which this corporation shall not survive, or the sale, transfer or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender) of all or substantially all of the assets of the corporation shall not be deemed to be a liquidation, dissolution or winding up of the corporation as those terms are used in this Paragraph (c).

3. In the event the corporation shall propose to take any action of the types described in Subparagraphs 1 and 2 of this Paragraph (c), the corporation shall, within ten days after the date the Board of Directors approves such action or twenty days prior to any shareholders' meeting called to approve such action, whichever is earlier, give each holder of the Series A Convertible Preferred Stock initial written notice of the proposed action. Such initial written notice shall describe the material terms and conditions of such proposed action, including a description of the stock, cash and property to be received by the holders of the Series A Convertible Preferred Stock upon consummation of the proposed action and the date of delivery thereof. If any material change in the facts set forth in the initial notice shall occur, the corporation shall promptly give written notice to each holder of the Series A Convertible Preferred Stock of such material change.

4. The corporation shall not consummate any proposed action of the types described in Subparagraphs 1 and 2 of this Paragraph (c) before the expiration of fifteen days after the mailing of the initial notice or ten days after the mailing of any subsequent written notice, whichever is later, provided that any such 15 or 10-day period may be shortened upon the written consent of the holders of a majority of the outstanding shares of each of the Series A Convertible Preferred Stock.

5. In the event the corporation shall propose to take any action of the types described in Subparagraphs 1 and 2 of this Paragraph (c) which will involve the distribution of assets other than cash, the corporation shall promptly engage independent competent appraisers to determine the value of the assets to be distributed to the holders of the Series A Convertible Preferred Stock (it being understood that with respect to the valuation of securities, the corporation shall engage such appraiser as shall be approved by the holders of a majority of the outstanding shares of the Series A Convertible Preferred Stock). The corporation shall, upon receipt of such appraiser's valuation, give prompt written notice to each holder of the Series A Convertible Preferred Stock of the appraiser's valuation.

(d) Voting.

1. Except as otherwise provided by law or by the corporation's Articles of Incorporation, the holders of the Series A Convertible Preferred Stock shall be entitled to receive notice of shareholders' meetings and the holders of the Series A Convertible Preferred Stock shall be entitled to vote upon the election of directors or upon any questions affecting the management or affairs of this corporation, on the same basis as if each share of Series A Convertible Preferred Stock has been converted into the number of the shares of Common Stock into which it is then convertible.

2. The Series A Convertible Preferred Stockholders shall have the right to vote separately from the Common Stock on any consolidation, merger, sale, lease or transfer of substantially all of the assets of the corporation, or any capital reorganization or reclassification of capital stock of the corporation as if it were a separate class under the Colorado Corporation Code.

3. Where the holders of the Series A Convertible Preferred Stock have the power to vote, said holders shall be entitled to appropriate notice of shareholders' meetings. Except as otherwise provided herein or required by law, the holders of shares of the Series A Convertible Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters.

(e) Conversion Rights.

1. Each share of the Series A Convertible Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, and on or prior to the close of business on the third business day preceding the Redemption Date, if any (unless default shall be made by the corporation in duly paying the Redemption Price on the Redemption Date), initially into one fully paid and nonassessable share of Common Stock of the corporation subject to adjustment as set forth in Subparagraph (e)8 below. The actual number of shares of Common Stock into which each share of Series A Convertible Preferred Stock is convertible shall be determined by dividing the conversion price (the "Conversion Price") then in effect as determined by the application of Subparagraph (e)8 below into $20. Fractional shares of Common Stock will not be issued upon conversion of shares of the Series A Convertible Preferred Stock. The number of shares of Common Stock issuable shall be rounded down to the nearest whole share of Common Stock (to which any holders of Series A Convertible Preferred Stock are entitled), with any fractional share being disregarded.

2. The holders of any shares of Series A Convertible Preferred Stock may exercise the conversion right as to such shares or any part thereof by delivering to the corporation during regular business hours, at the office of any transfer agent of the corporation for the Series A Convertible Preferred Stock, or at the principal office of the corporation or at such other place as may be designated by the corporation, the certificate or certificates for the shares to be converted, duly endorsed for transfer to the corporation (if required by it), accompanied by written notice stating that the holder elects to convert such shares. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as the "Conversion Date." As promptly as practicable thereafter, the corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the holder, a certificate or certificates for the number of full shares of Common Stock to which such holder is entitled. The holder shall

be deemed to have become a shareholder of record on the applicable Conversion Date. Upon conversion of only a portion of the number of shares of Series A Convertible Preferred Stock represented by a certificate so surrendered for conversion, the corporation shall issue and deliver to or upon the written order of the holder of the certificate so surrendered for conversion, at the expense of the corporation, a new certificate covering the number of shares of Series A Convertible Preferred Stock representing the unconverted portion of the certificate so surrendered.

3. The corporation shall pay all documentary stamp and other transactional taxes attributable to the issuance or delivery of shares of Common Stock of the corporation upon conversion of any shares of Series A Convertible Preferred Stock; provided, however, that the corporation shall not be required to pay any taxes which may be payable in respect of any transfer involved in the issuance or delivery of any certificate for such shares in a name other than that of the holder of the shares of Series A Convertible Preferred Stock in respect of which such shares are being issued.

4. The corporation shall reserve, free from pre-emptive rights, out of its treasury stock or its authorized but unissued shares of Common Stock, or both, solely for the purpose of effecting the conversion of the shares of Series A Convertible Preferred Stock, sufficient shares to provide for the conversion of all outstanding shares of Series A Convertible Preferred Stock.

5. If any shares of Common Stock to be reserved for the purpose of conversion of shares of Series A Convertible Preferred Stock require registration or listing with, or approval of, any governmental authority, stock exchange or other regulatory body under any federal or state law or regulation or otherwise, before such shares may be validly issued or delivered upon conversion, the corporation will in good faith and as expeditiously as possible at its expense, endeavor to secure such registration, listing or approval, as the case may be.

6. All shares of the Common Stock which may be issued upon conversion of the shares of Series A Convertible Preferred Stock will upon issuance by the corporation be validly issued, fully paid and non-assessable and free from all taxes, liens and charges with respect to the issuance thereof.

7. Upon conversion of the shares of Series A Convertible Preferred Stock into Common Stock, said converted shares of Series A Convertible Preferred Stock shall be canceled and not reissued thereafter by the corporation.

8. The initial Conversion Price is $20 for the Series A Convertible Preferred Stock subject to adjustment from time to time as described in this subparagraph.

In the event the corporation at any time or from time to time after the Series A Convertible Preferred Stock has been issued shall declare or pay any dividend on the Common Stock payable in Common Stock, or effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then and in any such event, such Conversion Price shall be reduced, concurrently with such issue, to a price calculated to the nearest cent) determined by multiplying such Conversion Price in effect immediately prior to such issue by a fraction, (x) the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue, and (y) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such additional shares of Common Stock so issued, provided that the Conversion Price shall not be so reduced at such time if the amount of such reduction would be an amount less than $0.05, but any such amount shall be carried forward and reduction with respect thereto made at the time of and together with any subsequent reduction which, together with such amount and any other amount or amounts so carried forward, shall aggregate $0.05 or more; and provided further that, for the purposes of this section, all shares of Common Stock issuable upon conversion of outstanding Preferred Shares shall be deemed to be outstanding.

In the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Conversion Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

9. In case of any consolidation or merger of the corporation or the conveyance of all or substantially all of the assets of the corporation to another corporation, each share of Series A Convertible Preferred Stock shall thereafter be convertible into the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the corporation deliverable upon conversion of such Series A Convertible Preferred Stock would have been entitled upon such consolidation, merger or conveyance; and, in any such case, appropriate adjustment (as determined by the Board) shall be made in the application of the provisions herein set forth with respect to the rights and interest thereafter of the holders of the Series A Convertible Preferred Stock, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series A Convertible Preferred Stock.

10. The corporation shall promptly give written notice of each adjustment or readjustment of the Conversion Price or the number of shares of Common Stock or other securities issuable upon conversion of each share.

(f) Changes.

So long as any shares of Series A Convertible Preferred Stock are outstanding, the corporation shall not, without first obtaining the approval by vote or written consent, in the manner provided by law, of the holders of at least a majority of the total number of shares of Series A Convertible Preferred Stock outstanding, voting separately as a class (1) alter or change any of the powers, preferences, privileges or rights of the Series A Convertible Preferred Stock; (2) amend the provisions of this Paragraph (f); or (3) authorize, create amend or increase or issue any capital stock of any class or series of any parity or other stock other than Common Stock as presently authorized, except other series of Preferred Stock sold at a price at least equal to $20 per share or the Conversion Price of a share of Series A Convertible Preferred Stock, as then in effect, whichever is the lesser, with such terms and conditions with respect to the liquidation preferences as essentially contained herein, as well as redemption, dividends and voting rights as contained herein.

(g) Notices.

Notices to this corporation with respect to the shares shall be addressed to the attention of the Secretary at the principal office of this corporation, or to such other place as this corporation may from time to time direct by written notice to all holders of Series A Convertible Preferred Stock. Any notice required by the provisions hereof to be given to the holders of shares of the Series A Convertible Preferred Stock shall be deemed given if deposited in the United States mail, either by registered or certified mail, postage prepaid and addressed to each holder at the address given to the corporation by the holder, and as may from time to time be changed by written notice to the corporation.

EXHIBIT E

CMI EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

2.1c. CMI intends to adopt an Incentive Stock Option Plan providing for the granting to key employees of options to purchase up to 50,000 shares of common stock.

EXHIBIT F

CoCa EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

2.2c CoCa has adopted an Incentive Stock Option Plan providing for the granting to key employees of options to purchase up to 50,000 shares of common stock.

2.2g CoCa has not timely filed or requested extensions for certain state tax returns for which CoCa believes no taxes are owed, nonetheless upon filing such returns a late filing fee may be incurred.

2.2h At the Luning project, in Mineral County, Nevada, CoCa has located claims on approximately 140 acres upon which the County has issued a Tax Deed to other parties. CoCa's examination of the Bureau of Land Management records and the Mineral County records for the parcels indicates that the County authorities have been erroneously taxing these lands, and consequently the Tax Deed is null and void.

2.2j(1) CoCa has agreements with Computer Sciences Corporation, Electron Information Systems and Leasametric respecting data processing facilities. These agreements can be terminated with a maximum of three months advance notice and generally provide for minimum monthly payments aggregating $800. The agreements do not provide for options to purchase equipment.

(2) CoCa provides group medical and life insurance coverage, an employee pension plan and an employee thrift savings plan for its employees.

(3) CoCa has an employment agreement with Hugh J. Matheson.

(4) CoCa holds a promissory note secured by a deed of trust with respect to a loan to an officer in the amount of $30,000.

(5) CoCa holds an unsecured promissory note with respect to a loan to an officer in the amount of $50,000.

(6) CoCa entered into an agreement with all of the former general and limited partners of Congdon and Carey, Ltd. No. 3 effective March 19, 1982. The agreement designated and appointed CoCa, its successors and assignees, as the true and lawful agent and attorney-in-fact on behalf of the former partners to act on their behalf with respect to management of the Gem Park property. The agreement provides that the former partners will reimburse CoCa for all costs and expenses incurred by CoCa and in addition will pay to CoCa a sum equal to the base salary of CoCa's employees for any time spent on Gem Park affairs, plus an additional 70 percent thereof to cover CoCa's overhead associated with such time.

(7) CoCa entered into agreements dated March 30, 1982 with the owners of undivided mineral interests in the Gem Park property. The agreements appointed CoCa as the owners' agent and attorney-in-fact with the authority to deal the owners' interests in the property in order to expedite further exploration and development of the property.

(8) CoCa has entered into agreements in principle with Messrs. Congdon and Carey respecting further exploration and development of the Round Mountain and Middle Buttes properties and the sharing of profits therefrom. Final agreements are subject to the completion of the transactions provided for in this Agreement and Plan of Reorganization. The agreements, if executed, will require minimum expenditures at Round Mountain and Middle Buttes of $75,000 and $200,000 respectively.

(9) The general partner of Candelaria Partners, Occidental Minerals Corporation, has agreed to indemnify and hold CoCa harmless as a consequence of legal action brought against the Partnership by Candelaria Industries, Inc. and Argentum Consolidated Mines, Inc.

(10) CoCa entered into an agreement November 20, 1980 with St. Mary Parish Land Company and Congdon and Carey respecting "corporate opportunity" wherein CoCa agreed to

exclude from natural resource activities the direct or indirect investment in the exploration, ownership and operation of properties intended to produce oil, gas, coal or other energy-related minerals, and in which St. Mary agreed to restrict its natural resource activities to properties intended to produce oil, gas, coal or other energy-related minerals. The agreement further provides that if CoCa or St. Mary shall first originate or receive an investment opportunity involving a natural resource activity designated for the other, the originating or receiving entity may pursue that opportunity provided that such entity shall first offer the other the right to acquire a one-half interest in return for payment of one-half the direct and indirect cost thereof. The agreement will expire September 30, 1985 unless extended by mutual agreement. Congdon and Carey (a general partnership of Messrs. Congdon and Carey) is bound by the same terms and provisions applicable to CoCa.

(11) CoCa entered into an agreement May 1, 1981 with Dolf W. Fieldman, which was subsequently amended effective October 1, 1982. The agreement provides for a monthly retainer to Mr. Fieldman, and grants CoCa a right of first examination of any geologic presentations developed by Mr. Fieldman for those prospects deemed by Mr. Fieldman at his sole discretion to be suitable in scope and size to CoCa's requirements. Should CoCa elect to pursue a prospect of Mr. Fieldman's he is to receive additional compensation equal to a percentage of CoCa's expenditures on exploration and/or development of the prospect. The agreement may be terminated at any time effective 60 days after notice to the other.

(12) CoCa entered into an agreement June 1, 1981 with Congdon and Carey whereby the partnership could elect to subscribe for up to a 25 percent participation in an exploration program on mineral prospects. The agreement provides for adjustment of the parties' respective interests

in each mineral prospect based on their respective contributions to the exploration expenditures on that prospect. It further provides that under certain conditions, CoCa has the right to acquire the partnership's interest in a prospect at fair market value upon completion of a feasibility study on the prospect. The agreement will terminate December 31, 1986, unless extended by the parties.

(13) From January, 1982, Thomas E. Congdon and William J. Carey have agreed to postpone receipt of sums due them for compensation as officers of CoCa. The sums owed will be accrued on CoCa's books and are non-interest bearing.

2.21 CoCa learned on January 10, 1983 that it is named as a defendant in litigation arising from an automobile accident involving a company automobile.

EXHIBIT G

C&C 5 EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

2.3f(1) C&C 5 has entered into agreements with the Anaconda Copper Company, the Burlington Northern Railroad Company and the State of Montana in order to acquire the leasehold interest in the precious and base minerals under 10½ sections of land comprising the Flathead project, Flathead County, Montana. In 1979, the leasehold interest was assigned to Hog Heaven Partners of which C&C 5 was the sole limited partner. Hog Heaven Partners was terminated effective May 15, 1982, but the three leases remain in that partnership's name. The assignment of the leasehold interests to CMI will require the consent of Anaconda, Burlington Northern and the State of Montana. Currently, the advance royalty payments required under the agreements are approximately $76,000 annually.

(2) The lease agreement with Anaconda requires that the lessee has production in an amount not less than $1,000,000 of net smelter returns in the year commencing December 1, 1987, and annually thereafter, in order to maintain the lease. The agreement further provides that C&C 5 has the right to purchase the surface to one section of land comprising the Main Mine area at the Flathead project. Anaconda has been notified that CMI wishes to commence negotiations to establish the purchase price thereof.

(3) The mining lease with the State of Montana has a primary term of 10 years commencing October 18, 1976. The lease may be extended by production after October 18, 1986 for an additional term, but the lease will in any event expire October 18, 1996. Thereafter, the lessee has a preferential right of renewal under such readjusted terms and conditions as the Department of State Lands for the State of Montana may determine.

(4) The mining lease with Burlington Northern has a term of 25 years, ending December 31, 2004, with an option

for lessee to renew the lease for an additional 25 years, subject to the negotiation of new rates of royalty to apply during the extended term. During the initial 25-year term, the rate of royalty will range from 3½ percent to 4 percent of the gross value paid by the purchaser of the mine's products. Pursuant to the agreement, Burlington Northern may elect a 25 percent carried working interest in lieu of the production royalty, on a section-by-section basis. Such carried working interest shall apply only after lessee has achieved payout, as defined in the agreement.

(5) The two principal leases controlling the mineral interests at Gilt Edge, South Dakota require that production commence not later than the fall of 1991 and 1993, respectively, or the leases will expire. In order to maintain the leases, advance royalties presently amounting to $7,500 per calendar quarter must be paid to the lessors. The rate of royalty on production ranges from a maximum of 8 percent to a minimum of 2 percent of the net smelter returns received by lessee. The leased property may be purchased for an aggregate consideration of $3,750,000 less a credit for certain expenditures incurred prior to exercise of the options.

EXHIBIT H

ST. MARY EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

None.

EXHIBIT I

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (hereinafter referred to as the "Pledge") is made this _____ day of December, 1982 between CoCa MINES INC., a Colorado corporation (hereinafter referred to as "Debtor"), and ST. MARY PARISH LAND COMPANY, a Delaware corporation (hereinafter referred to as "Secured Party").

W I T N E S S E T H:

WHEREAS, Secured Party has concurrently with the execution of this Pledge entered into an Agreement with Debtor providing for the purchase by Secured Party of 200,000 shares of the Series A Convertible Preferred Stock of Debtor and a Warrant to purchase up to 150,000 shares of Common Stock of Debtor;

WHEREAS, the Articles of Incorporation of Debtor and the Agreement between Debtor and Secured Party require Debtor under certain circumstances to redeem the Series A Convertible Preferred Stock acquired by Secured Party; and

WHEREAS, the parties hereto desire and intend to have this instrument serve as a pledge and security agreement between Debtor and Secured Party in order to secure the above referred to obligations of Debtor;

NOW, THEREFORE, in consideration of the premises and of the performance of the covenants hereinafter set forth, Debtor hereby grants, bargains, sells, assigns, transfers, pledges, conveys and mortgages to Secured Party, with power of sale, as pledgee and secured party, a security interest in 1,000,000 common shares of Equity Silver Mines Limited ("Equity Silver") represented by Certificates No. _____ (the "Collateral"), duly endorsed, which Collateral is being delivered in pledge to Secured Party.

TO HAVE AND TO HOLD the Collateral, together with all of the rights, privileges, benefits, hereditaments and

appurtenances in anywise belonging, incidental or appertaining thereto, to Secured Party and its successors and assigns forever, subject to all of the covenants, agreements, terms and conditions herein set forth, AS SECURITY for the benefit of Secured Party and its successors and assigns.

ARTICLE I

Indebtedness Secured

Section 1.1. This instrument is executed and delivered by Debtor to secure and enforce the payment and satisfaction of Debtor's obligations below described (herein called the "Obligations"):

A. The obligation of Debtor to redeem its Series A Convertible Preferred Stock pursuant to paragraph (b) of Article FOURTH of its Articles of Incorporation; and

B. The obligation of Debtor to redeem its Series A Convertible Preferred Stock pursuant to paragraphs 6.5 and 6.6 of the December 17, 1982 Agreement and Plan of Reorganization between Debtor and Secured Party (the "Agreement").

ARTICLE II

Particular Warranties, Representations and Covenants of Debtor

Section 2.1. Debtor covenants, represents and warrants to and with Secured Party that the Equity Silver shares representing the Collateral have been validly issued and are fully paid and are nonassessable; that Debtor holds good and absolute title to the Collateral; that Debtor has good right and lawful authority to pledge and encumber the Collateral; that the Collateral is free and clear of all prior liens, encumbrances, adverse claims and interests; that all information furnished or to be furnished the Secured Party by or on behalf of Debtor in connection with the Collateral is or will be complete and accurate; and Debtor hereby binds itself and its successors and assigns to warrant and forever defend the Collateral unto Secured Party and its successors and assigns against every person whomsoever claiming or to claim the same or any part thereof. The security interest hereby granted to Secured Party shall continue in any proceeds derived from the disposition of the

Collateral and in any securities, cash or other property received in exchange for or in addition to the Collateral pursuant to any merger, consolidation, subdivision of shares, capital reorganization, capital reclassification or dissolution of the issuer thereof, and in any dividend or distribution of securities, cash or property in respect of the Collateral. Any such substitute or additional collateral shall be deemed to be part of the Collateral for all purposes of this Pledge.

Section 2.2. Debtor covenants and agrees with the Secured Party that, so long as any part of the Obligations secured hereby remain undischarged, unless Secured Party shall have otherwise consented in writing:

A. Debtor will discharge the Obligations in accordance with the terms thereof and hereof and will comply with all of the terms and provisions of its Articles of Incorporation and the Agreement;

B. Debtor shall execute, acknowledge and deliver to Secured Party such other and further instruments and do such other acts as in the opinion of Secured Party may be necessary or desirable to effect the intent of this instrument, promptly upon request of Secured Party and at Debtor's expense;

C. If the title of Debtor or Secured Party to the Collateral or any part thereof shall be attacked, either directly or indirectly, or if any legal proceedings are commenced against Debtor, Debtor shall promptly give written notice thereof to Secured Party and at Debtor's own expense shall proceed diligently to defend against any such attack or proceedings, employing attorneys agreeable to Secured Party; and Secured Party may take such independent action in connection therewith as it may in its discretion deem advisable, and all costs and expenses, including reasonable attorneys' fees and legal expenses, incurred by Secured Party in connection therewith, shall be a demand obligation owing by Debtor to Secured Party.

Section 2.3. Debtor agrees that if it fails to perform any act which it is required to perform hereunder, or to pay any money which it is required to pay hereunder, Secured Party may, but shall not be obligated to, perform or cause to be performed such act and may pay such money, and any expenses so incurred by Secured Party, and any money so paid by Secured Party shall be a demand obligation owing by Debtor and shall be a part of the Obligations hereby secured, and the Secured Party shall be subrogated to all

of the rights of the person, corporation or body politic receiving such payment. No such advancement or expenditure therefor shall relieve Debtor of any default under the terms of this instrument.

ARTICLE III

Release of Collateral

Section 3.1. Notwithstanding anything to the contrary contained herein or in the Agreement, Debtor shall have the right at any time to sell all or any part of the Collateral and Secured Party shall release such sold Collateral and the proceeds thereof from this Pledge, provided that there shall remain at all times subject to this Pledge with respect to each outstanding share of Debtor's Series A Convertible Preferred Stock (i) five shares of Equity Silver, or (ii) $20 (or such other amount as may be the Redemption Price under Debtor's Articles of Incorporation).

ARTICLE IV

Voting, Dividends and Adjustment

Section 4.1. Until the occurrence of any of the Events of Default hereunder, Debtor shall be entitled, without any further consent or approval by Secured Party but subject to the provisions hereof, to exercise as it may from time to time deem appropriate any and all rights and privileges to which it is entitled as a holder of record of the Collateral, including without limitation the rights to vote on all matters on which shareholders are required or permitted to vote, to issue proxies, to exercise appraisal rights, to tender shares pursuant to mergers, consolidations, dissolutions and other transactions and to receive all dividends and other amounts hereafter declared on the Collateral.

Section 4.2. In the event that, during the term of this Pledge, any share dividend, reclassification, readjustment or other change is declared or made in the capital structure of Equity Silver, or any subscription warrant or other option is exercisable with respect to the Collateral

pledged hereunder, all new, substituted or additional shares or other securities issued by reason of any such change or option shall be held by Secured Party under the terms of this Pledge in the same manner as the Collateral originally pledged hereunder.

ARTICLE V

Termination

Section 5.1. If all of the Obligations shall be discharged in full pursuant to the terms and conditions of this instrument, Debtor's Articles of Incorporation and the Agreement, then this instrument shall become null and void, all of the Collateral shall revert to Debtor, the entire right, title and interest of Secured Party shall terminate and Secured Party shall, promptly after the request of Debtor and at Debtor's cost and expense, execute, acknowledge and deliver to Debtor proper instruments evidencing the termination of this instrument and deliver the Collateral, duly endorsed, to Debtor. Otherwise, this instrument shall remain and continue in full force and effect.

ARTICLE VI

Default

Section 6.1. In case any one or more of the following events or conditions shall occur (herein called "Events of Default"):

A. Default by Debtor in any of its Obligations set forth in Section 1.1 hereof;

B. The title of Debtor or Secured Party to the Collateral or a substantial part thereof becomes the subject matter of litigation which might in the opinion of Secured Party result in substantial impairment or loss of the lien and security interest intended to be created by this instrument; or

C. The seizure or taking of any of the Collateral by any governmental or similar authority, or the issuance of a writ, order of attachment or garnishment with respect thereto.

then, and in any such event, Secured Party may declare the Obligations of Debtor secured by this instrument to be forthwith due without any notice or demand of any kind.

Section 6.2. Upon the occurrence of any of the Events of Default, or at any time thereafter, Secured Party may resort to any security given by this instrument or to any other security now existing or hereafter given to secure the Obligations secured hereby, in whole or in part, and in such portions and in such order as may seem best to Secured Party, in its sole and uncontrolled discretion, and any such action shall not in any way be considered as a waiver of any of the rights, benefits or liens created by this instrument or granted by applicable law.

Section 6.3. All costs and expenses (including attorneys' fees) incurred by Secured Party in protecting and enforcing its rights hereunder, shall constitute a demand obligation owing by Debtor, all of which shall constitute a portion of the Obligations secured by this instrument.

Section 6.4. Upon the occurrence of any of the Events of Default, and at all times thereafter, in addition to all other rights and remedies herein conferred, Secured Party shall have all of the rights and remedies of a mortgagee and secured party granted by applicable law, including the Uniform Commercial Code, and shall, to the extent permitted by applicable law, have the right and power, but not the obligation, to demand, collect and retain all earnings, proceeds and other sums due or to become due with respect to the Collateral, accounting for and applying to the discharge of the Obligations only the net earnings arising therefrom after charging against the receipts therefrom all costs, expenses, charges, damages and losses incurred by reason thereof as fully and effectually as if Secured Party were the absolute owner of the Collateral and without any liability to Debtor in connection therewith.

Section 6.5. Upon the occurrence of any of the Events of Default, or at any time thereafter, Secured Party, in lieu of or in addition to exercising any other power hereby granted, may without notice, demand or declaration of default, which are hereby waived by Debtor, proceed by an

action or actions in equity or at law for the sale of the Collateral or any part thereof, for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, for the foreclosure or sale of the Collateral or any part thereof under the judgment or decree of any court of competent jurisdiction, for the appointment of a receiver pending any foreclosure hereunder or the sale of the Collateral or any part thereof or for the enforcement of any other appropriate equitable or legal remedy.

Section 6.6. If notice is required by applicable law, five days' prior written notice of the time and place of any public sale or of the time after which any private sale or any other intended disposition thereof is to be made shall be reasonable notice to Debtor. No such notice is necessary if such property is of a type customarily sold on a recognized market. If Secured Party in good faith believes that the securities laws of Canada or the Provinces of Canada or the Securities Act of 1933, as amended, or any other State or Federal law, as now or hereafter in effect, prohibits or restricts the customary manner of sale or distribution of any of such property, Secured Party may sell such property privately or in any other manner deemed advisable by Secured Party at such price or prices as Secured Party determines in its sole discretion. Debtor recognizes that such prohibition or restriction may cause such property to have less value than it otherwise would have and that, consequently, such sale or disposition by Secured Party may result in a lower sales price than if the sale were otherwise held.

Section 6.7. Secured Party shall have the right to become the purchaser at any sale made pursuant to the provisions of this Article VI and shall have the right to credit upon the amount of the bid made therefor the amount payable to it out of the net proceeds of such sale. Recitals contained in any conveyance to any purchaser at any

sale made hereunder will conclusively establish the truth and accuracy of the matters therein stated, including without limitation, non-discharge of the Obligations and advertisement and conduct of such sale in the manner provided herein. Debtor does hereby ratify and confirm all legal acts that Secured Party may do in carrying out the provisions of this instrument.

Section 6.8. Any sale of the Collateral or any part thereof pursuant to the provisions of this Article VI will operate to divest all right, title, interest, claim and demand of Debtor in and to the property sold and will be a perpetual bar against Debtor. Nevertheless, if requested by Secured Party so to do, Debtor shall join in the execution, acknowledgement and delivery of all proper conveyances, assignments and transfers of the property so sold. Any purchaser at a foreclosure sale will receive immediate possession of the property purchased.

Section 6.9. Debtor, to the extent permitted by law, hereby relinquishes and waives any and all rights of appraisement or redemption with respect to the Collateral or any part thereof which Debtor or those claiming through or under Debtor, may have in any jurisdiction in connection with the sale or conveyance of the Collateral or any part thereof either under power of sale or in foreclosure proceedings hereunder.

Section 6.10. The proceeds of any sale of the Collateral or any part thereof made pursuant to this Article VI shall be applied as follows:

A. First, to the payment of all costs and expenses incident to the enforcement of this instrument, including, but not limited to, a reasonable compensation to the agents, attorneys and counsel of Secured Party;

B. Second, to the discharge of the Obligations; and

C. Third, the remainder, if any, shall be paid to Debtor; provided, however, Debtor shall remain liable to Secured Party for any deficiency in the Obligations remaining after any such sale.

Section 6.11. Upon any sale made under the powers of sale herein granted and conferred, the receipt of the Secured Party will be sufficient discharge to the purchaser or purchasers at any sale for the purchase money, and such purchaser or purchasers and the heirs, devisees, personal representatives, successors and assigns thereof will not, after paying such purchase money and receiving such receipt of Secured Party, be obliged to see to the application thereof or be in anywise answerable for any loss, misapplication or nonapplication thereof.

ARTICLE VII

Miscellaneous Provisions

Section 7.1. All options, powers, remedies and rights herein provided for the benefit of Secured Party are continuing, cumulative and not exclusive, and the failure to exercise any such option, power, remedy or right upon a particular default or breach or upon any subsequent default or breach shall not be construed as waiving the right to exercise such option, power, remedy or right with respect to the Obligations secured hereby after their due date. No exercise of the rights and powers herein granted and no delay or omission in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time and from time to time. Any and all covenants in this instrument may from time to time by instrument in writing signed by Secured Party be waived to such extent and in such manner as Secured Party may desire, but no such waiver will ever affect or impair Secured Party's rights hereunder, except to the extent specifically stated in such written instrument. All changes to and modifications of this instrument must be in writing signed by Secured Party.

Section 7.2. No release from the lien of this instrument of any part of the Collateral shall in any way alter, vary or diminish the force, effect or lien of this instrument on the balance of the Collateral.

Section 7.3. If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction, and the remaining provisions hereof shall be liberally construed in favor of Secured Party in order to effectuate the provisions hereof, and the invalidity or unenforceability of any provisions hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction.

Section 7.4. This instrument is made with full substitution and subrogation of Secured Party in and to all covenants and warranties by others heretofore given or made in respect of the Collateral or any part thereof.

Section 7.5. No provision of this Pledge shall be construed to impose upon Secured Party a duty to perform any of the covenants and obligations of the Debtor.

Section 7.6. This instrument will be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, deed of trust, financing statement or security agreement, and from time to time as any one or more thereof is appropriate under applicable state law.

Section 7.7. All deliveries hereunder shall be deemed to have been duly made if actually delivered or if mailed by registered or certified mail, postage prepaid, addressed as set forth above. Each party may, by written notice so delivered to the other, change the address to which delivery shall thereafter be made.

Section 7.8. The terms, provisions, covenants and conditions hereof shall bind and inure to the benefit of the respective successors and assigns of Debtor and of Secured Party.

Section 7.9. This Pledge shall be governed by and construed in accordance with the laws of the State of Colorado.

IN WITNESS WHEREOF, this Pledge is executed as of the day and year first above written.

CoCa MINES INC.

By_____
President

ATTEST:

_____
Secretary

ST. MARY PARISH LAND COMPANY

By_____
President

ATTEST:

_____
Secretary

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT, CONGDON AND CAREY, LTD. 5, a Colorado limited partnership (hereinafter referred to as "Assignor"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, sell, assign, transfer, set over and convey unto the partners of Assignor in the proportions set forth on Exhibit A attached hereto (hereinafter collectively referred to as "Assignee"), as a non-interest bearing production payment (the "Production Payment"), 10% of Assignor's Net Revenue Interest, as defined herein, in all minerals, metals, ore concentrates and other products produced, saved and marketed from and under the terms of each lease or other property described in Exhibit B attached hereto (the "Leases"), and the lands described in such Leases (the "Properties"), until Assignee shall have received the aggregate of $720,835.67 (the "Primary Sum").

The Production Payment herein assigned is subject to the following terms, provisions and conditions, to-wit:

1. When the Primary Sum has been received by Assignee, the Production Payment shall be fully discharged and all rights, titles and interests assigned to Assignee herein shall terminate, and Assignee shall, upon request, execute and deliver all necessary and proper acquittances, releases and reassignments; provided, however, that the Production Payment shall in any event terminate whenever 21 years less one day shall have elapsed after the death of the survivor of all descendants of Assignee who are living on the date hereof.

2. Assignee shall look solely to the minerals, metals, ore concentrates and other products produced, saved and marketed from the Leases and Properties and/or the sale, lease or other disposition of the Leases and Properties pursuant to paragraph 4 for the satisfaction and discharge of the Production Payment, and Assignor shall never be personally liable for the payment and discharge thereof.

3. No Production Payment shall be paid or accrue until Assignor shall have received from its Net Revenue Interest with respect to the Properties payments equal to all funds expended by Assignor on or in connection with the Leases and the Properties from and after January 1, 1983 together with interest thereon at the rate of 2 percent over the prime rate of IntraWest Bank of Denver in effect from time to time, and in the event that such recoupment shall occur but thereafter funds expended by Assignor on or in connection with the Leases and the Properties shall exceed such payments received by Assignor, no Production Payment shall again be paid or accrue until such recoupment is again achieved.

4. Net Revenue Interest shall mean Assignor's share of cash revenues from the Leases and the Properties in excess of all cash costs, expenses and expenditures allocable to such revenue share to the extent that such cash costs, expenses and expenditures are not included in funds expended which are subject to recoupment in paragraph 3

hereof. In the event of any sale, lease or other disposition of the Leases and the Properties or of any portion thereof, the transferee thereof shall take free and clear of this Production Payment but Assignor's Net Revenue Interest shall include the consideration received for such sale, lease or other disposition and shall be applied to the satisfaction and discharge of the Production Payment as set forth herein and subject to paragraph 3 hereof.

5. The Production Payment shall be paid 30 days following the end of each calendar quarter upon the basis of the Net Revenue Interest for such quarter. On or before 90 days following the end of each of Assignor's fiscal years it shall furnish to Assignee a summary of financial results for such year upon which Assignor's Net Revenue Interest for such year is based certified as correct by the principal financial officer of Assignor and, if requested by Assignee, by Assignor's regular independent certified public accountants. Upon receipt of such summary, Assignee at its own expense may obtain an independent audit of Assignor's records which form the basis for such summary. If Assignee has not notified Assignor in writing of any objections on or before 180 days following the end of Assignor's fiscal year, the Production Payments for the fiscal year just ended shall be deemed correct and accepted by Assignee.

6. No obligations, either express or implied, shall arise by reason of this Assignment to Assignee which shall obligate Assignor to keep and maintain the Leases or any of them in force and effect either by the performance of any act or the payment of rentals, compensatory royalties or other payments.

The Production Payment shall be applicable to any renewal, extension or new lease taken or acquired by Assignor within a period of two years from the date of the termination of any of the Leases as to the lands, horizons and minerals covered by such terminated Leases and affected by such new lease.

TO HAVE AND TO HOLD the Production Payment hereinabove assigned to Assignee for and during the term or terms and according to the terms and conditions of the Leases.

Assignee may sell, assign or otherwise dispose of all or any part of its interest hereunder, and the terms of this Assignment shall inure to the benefit of the successors and assigns of Assignee.

Notwithstanding anything to the contrary set forth herein, Assignor and Assignee acknowledge that Assignor will following the execution of this Assignment assign and transfer the Leases and the Properties to CoCa Mines Inc., a Colorado corporation, which shall thereafter be deemed to constitute the Assignor for all purposes hereunder and by its execution hereof shall assume and carry out all of the obligations of Assignor hereunder. Except as set forth in paragraph 4 above, this Assignment and its terms and provisions shall be binding upon the parties hereto, their respective successors and assigns forever.

EXECUTED as of the 31st day of December, 1982.

CONGDON AND CAREY, LTD. 5

By _____
General Partner

The obligations of Assignor under this Assignment are hereby assumed and shall be carried out by the undersigned.

EXECUTED as of the 31st day of December, 1982.

COCA MINES INC.

By _____
President

ATTEST:

_____
Secretary

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the 31st day of January, 1983, before me, Rebecca L. Zupan the undersigned officer, personally appeared Thomas A. Congdon who acknowledged himself to be a General Partner of Congdon and Carey, Ltd. 5, a Colorado limited partnership, and that he, as such General Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as General Partner.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: April 13, 1986

_____
Notary Public

Address: 1100 [illegible]
DENVER

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the 31st day of January, 1983, before me, Rebecca D Zupan, the undersigned officer, personally appeared Hugh J. Matheson and J. Christopher Mitchell who acknowledged themselves to be the President and Secretary of CoCa Mines Inc., a Colorado corporation, and that they, as such President and Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as President and Secretary.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: April 13, 1986

Rebecca Zupan
Notary Public

Address: ~~1100 DENVER CENTER BUILDING~~
1776 LINCOLN ST.
DENVER, COLORADO 80203

EXHIBIT A

CONGDON AND CAREY, LTD. 5
PRODUCTION PAYMENTS

	Gilt Edge
Limited Partners:	
George G. Anderman	$ 85,710.83
Fiduciary Trust Company of New York, Trustee	39,174.20
Helmerich & Payne, Inc.	107,138.12
Nelson Bunker Hunt	112,984.74
Mrs. Janet W. Levy	107,138.12
John D. Macomber	36,632.09
Daniel C. Searle	27,474.06
Mrs. Mary C. Van Evera	42,855.07
Clint W. Murchison, III	13,558.38
Burk C. Murchison	6,779.18
Burk Coleman Murchison Trust B	6,779.20
Coke Anne Saunders	3,389.59
Coke Anne Murchison Trust 2	3,389.60
Coke Anne Murchison Trust 3	6,779.20
Robert Frank Murchison Trust A	6,779.18
Robert Frank Murchison Trust B	6,779.20
John D. Murchison, Jr.	9,158.43
John D. Murchison, Jr. Trust B	9,158.44
Virginia Lucille Murchison Trust 2	5,357.03
Virginia Lucille Murchison Trust 3	10,714.42
Virginia Lucille Murchison Administrative Trust 3	5,357.03
Mary Noel Lamont	4,579.21
Mary Noel Murchison Trust 2	4,579.22
Mary Noel Murchison Trust 3	9,158.44
Barbara Jeanne Murchison Trust 1	4,579.21
Barbara Jeanne Murchison Trust 2	4,579.22
Barbara Jeanne Murchison Trust 3	9,158.44
Thomas E. Congdon*	15,557.91
William J. Carey*	15,557.91
	$720,835.67

* These sums represent contributions to the Partnership by the General Partners during its Secondary Term when certain Limited Partners declined to meet Calls for Funds. The General Partners are entitled to participate in the Production Payments with respect to these contributions. The General Partners are not entitled to participate in the Production Payments with respect to the $509,038.08 they provided the Partnership for these two projects in their capacity as General Partners.

EXHIBIT B

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

I. Patented and unpatented mining claims in which Cyprus Mines Corporation has acquired an 80% interest by virtue of a Joint Venture Agreement dated January 1, 1975 with Congdon and Carey, Ltd. 5, and an Assignment dated April 18, 1975 from Congdon and Carey, Ltd. 5, to Cyprus Mines Corporation.

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnake Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.696
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Belle	1235	30615	10.257
Summit	1236	30615	6.806
Summit #1	1236	30615	7.04
Horn Silver	1236	30615	9.929
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Strawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.65
(Amended)	-	215	300		
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.96
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 100% interest (20% of which is to be assigned to Congdon and Carey, Ltd. 5).

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claims).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Nut	05/08/1976	76	1081	M MC 17030 (SD)	) 22.31
Nut Number One (1)	05/08/1976	76	1082	M MC 17031 (SD)	)

NOTE: The area covered by these claims has been relocated November 16, 1982 as the Erik 1-4 unpatented lode claims; recordation and B.L.M. filing is in process.

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOC. NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 38821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/23/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02

ASSIGNMENT

Know all men by these presents, that CONGDON AND CAREY, LTD. 5, a Colorado limited partnership ("Assignor"), for and in consideration of the sum of ten dollars and other good and valuable consideration, to it in hand paid by CoCa MINES INC., a Colorado corporation ("Assignee"), the receipt of which is hereby acknowledged, has bargained and sold and by these presents does grant, convey, transfer and assign unto Assignee all right, title and interest of Assignor in, from and under the terms of each lease or other property described in Exhibit A attached hereto and the lands described therein.

EXECUTED as of the 31st day of December, 1982.

CONGDON AND CAREY, LTD. 5

By _____
Thomas E. Congdon,
General Partner

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this 3rd day of February, 1983, before me, REBECCA D. ZILPAN, the undersigned officer, personally appeared Thomas E. Congdon who acknowledged himself to be a General Partner of Congdon and Carey, Ltd. 5, a Colorado limited partnership, and that he, as such General Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as General Partner.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: MAR 13 1986

_____
Notary Public

Address: 1100 D[illegible] BUILDING
D[illegible] 80203

EXHIBIT A

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

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1. Patented Lode Claims

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Gilt Edge	328	8652	7.78
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Binghamton	975	28948)	
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Norwich	975	28948)	

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
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Carl	1031	26763	10.00
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White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
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Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Belle	1235	30615	10.257
Summit	1236	30615	6.806
Summit #1	1236	30615	7.04
Horn Silver	1236	30615	9.929
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
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Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Strawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
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(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.66
(Amended)	-	215	300		
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.96
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 100% interest (20% of which is to be assigned to Congdon and Carey, Ltd. 5).

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claims).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Nut	05/08/1976	76	1081	M MC 17030 (SD)	) 22.31
Nut Number One (1)	05/08/1976	76	1082	M MC 17031 (SD)	)

NOTE: The area covered by these claims has been relocated November 16, 1982 as the Erik 1-4 unpatented lode claims; recordation and B.L.M. filing is in process.

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOC. NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 38821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/23/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02

DOC. NO. 83-2316

1983 FEB -7 AM 9:46

[illegible] COUNTY
LAWRENCE COUNTY
REGISTER OF DEEDS

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT, CONGDON AND CAREY, LTD. 5, a Colorado limited partnership (hereinafter referred to as "Assignor"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, sell, assign, transfer, set over and convey unto the partners of Assignor in the proportions set forth on Exhibit A attached hereto (hereinafter collectively referred to as "Assignee"), as a non-interest bearing production payment (the "Production Payment"), 10% of Assignor's Net Revenue Interest, as defined herein, in all minerals, metals, ore concentrates and other products produced, saved and marketed from and under the terms of each lease described in Exhibit B attached hereto (the "Leases"), and the lands described in such Leases (the "Properties"), from and after payment in full of that $2,650,000 production payment granted to Canadian Superior Mining (U.S.) Ltd., on April 22, 1982 and until Assignee shall have received the aggregate of $1,314,701.89 (the "Primary Sum").

The Production Payment herein assigned is subject to the following terms, provisions and conditions, to-wit:

1. When the Primary Sum has been received by Assignee, the Production Payment shall be fully discharged and all rights, titles and interests assigned to Assignee herein shall terminate, and Assignee shall, upon request, execute and deliver all necessary and proper acquittances, releases and reassignments; provided, however, that the Production Payment shall in any event terminate whenever 21 years less one day shall have elapsed after the death of the survivor of all descendants of Assignee who are living on the date hereof.

2. Assignee shall look solely to the minerals, metals, ore concentrates and other products produced, saved and marketed from the Leases and Properties and/or the sale, lease or other disposition of the Leases and Properties pursuant to paragraph 4 for the satisfaction and discharge of the Production Payment, and Assignor shall never be personally liable for the payment and discharge thereof.

3. No Production Payment shall be paid or accrue until Assignor shall have received from its Net Revenue Interest with respect to the Properties payments equal to all funds expended by Assignor on or in connection with the Leases and the Properties from and after January 1, 1983 together with interest thereon at the rate of 2 percent over the prime rate of IntraWest Bank of Denver in effect from time to time, and in the event that such recoupment shall occur but thereafter funds expended by Assignor on or in connection with the Leases and the Properties shall exceed such payments received by Assignor, no Production Payment shall again be paid or accrue until such recoupment is again achieved.

4. Net Revenue Interest shall mean Assignor's share of cash revenues from the Leases and the Properties in excess of all cash costs, expenses and expenditures allocable to such revenue share to the extent that such cash costs, expenses and expenditures are not included in funds expended which are subject to recoupment in paragraph 3 hereof. In the event of any sale, lease or other disposi-

tion of the Leases and the Properties or of any portion thereof, the transferee thereof shall take free and clear of this Production Payment but Assignor's Net Revenue Interest shall include the consideration received for such sale, lease or other disposition and shall be applied to the satisfaction and discharge of the Production Payment as set forth herein and subject to paragraph 3 hereof.

5. The Production Payment shall be paid 30 days following the end of each calendar quarter upon the basis of the Net Revenue Interest for such quarter. On or before 90 days following the end of each of Assignor's fiscal years it shall furnish to Assignee a summary of financial results for such year upon which Assignor's Net Revenue Interest for such year is based certified as correct by the principal financial officer of Assignor and, if requested by Assignee, by Assignor's regular independent certified public accountants. Upon receipt of such summary, Assignee at its own expense may obtain an independent audit of Assignor's records which form the basis for such summary. If Assignee has not notified Assignor in writing of any objections on or before 180 days following the end of Assignor's fiscal year, the Production Payments for the fiscal year just ended shall be deemed correct and accepted by Assignee.

6. No obligations, either express or implied, shall arise by reason of this Assignment to Assignee which shall obligate Assignor to keep and maintain the Leases or any of them in force and effect either by the performance of any act or the payment of rentals, compensatory royalties or other payments.

The Production Payment shall be applicable to any renewal, extension or new lease taken or acquired by Assignor within a period of two years from the date of the termination of any of the Leases as to the lands, horizons and minerals covered by such terminated Leases and affected by such new lease.

TO HAVE AND TO HOLD the Production Payment hereinabove assigned to Assignee for and during the term or terms and according to the terms and conditions of the Leases.

Assignee may sell, assign or otherwise dispose of all or any part of its interest hereunder, and the terms of this Assignment shall inure to the benefit of the successors and assigns of Assignee.

Notwithstanding anything to the contrary set forth herein, Assignor and Assignee acknowledge that Assignor will following the execution of this Assignment assign and transfer the Leases and the Properties to CoCa Mines Inc., a Colorado corporation, which shall thereafter be deemed to constitute the Assignor for all purposes hereunder and by its execution hereof shall assume and carry out all of the obligations of Assignor hereunder. Except as set forth in paragraph 4 above, this Assignment and its terms and provisions shall be binding upon the parties hereto, their respective successors and assigns forever.

EXECUTED as of the 31st day of December, 1982.

CONGDON AND CAREY, LTD. 5

By _____
General Partner

The obligations of Assignor under this Assignment are hereby assumed and shall be carried out by the undersigned.

EXECUTED as of the 31st day of December, 1982.

COCA MINES INC.

By _____
President

ATTEST:

_____
Secretary

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the 31st day of January, 1983, before me, REBECCA D. ZUPAN, the undersigned officer, personally appeared THOMAS E. CONGDON who acknowledged himself to be a General Partner of Congdon and Carey, Ltd. 5, a Colorado limited partnership, and that he, as such General Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as General Partner.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: April 13, 1986

REBECCA D. ZUPAN NOTARY PUBLIC STATE OF COLORADO

_____
Notary Public

Address: 1100 DENVER CENTER BUILDING
1775 LINCOLN ST.
DENVER, CO. COLORADO 80203

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the 31st day of January, 1983, before me, REBECCA D. ZUPAN, the undersigned officer, personally appeared HUGH J. MATHESON and J. CHRISTOPHER MITCHELL who acknowledged themselves to be the President and Secretary of CoCa Mines Inc., a Colorado corporation, and that they, as such President and Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as President and Secretary.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: April 13, 1984

REBECCA D. ZUPAN NOTARY PUBLIC STATE OF COLORADO

Notary Public

Address: 1100 DENVER CENTER BUILDING
1775 LINCOLN ST.
DENVER, COLORADO 80203

EXHIBIT A

CONGDON AND CAREY, LTD. 5
PRODUCTION PAYMENTS

	Flathead
Limited Partners:	
George G. Anderman	$ 151,832.53
Fiduciary Trust Company of New York, Trustee	103,253.23
Helmerich & Payne, Inc.	189,789.95
Nelson Bunker Hunt	203,135.07
Mrs. Janet W. Levy	189,789.95
John D. Macomber	65,175.53
Daniel C. Searle	48,881.65
Mrs. Mary C. Van Evera	75,915.66
Clint W. Murchison, III	24,376.09
Burk C. Murchison	12,188.05
Burk Coleman Murchison Trust B	12,188.05
Coke Anne Saunders	6,094.02
Coke Anne Murchison Trust 2	6,094.02
Coke Anne Murchison Trust 3	12,188.05
Robert Frank Murchison Trust A	12,188.05
Robert Frank Murchison Trust B	12,188.05
John D. Murchison, Jr.	16,293.84
John D. Murchison, Jr. Trust B	16,293.84
Virginia Lucille Murchison Trust	9,489.34
Virginia Lucille Murchison Trust	18,979.28
Virginia Lucille Murchison Administrative Trust 3	9,489.34
Mary Noel Lamont	8,146.92
Mary Noel Murchison Trust 2	8,146.92
Mary Noel Murchison Trust 3	16,293.84
Barbara Jeanne Murchison Trust 1	8,146.92
Barbara Jeanne Murchison Trust 2	8,146.92
Barbara Jeanne Murchison Trust 3	16,293.84
Thomas E. Congdon*	26,851.12
William J. Carey*	26,851.12
	$1,314,701.89

* These sums represent contributions to the Partnership by the General Partners during its Secondary Term when certain Limited Partners declined to meet Calls for Funds. The General Partners are entitled to participate in the Production Payments with respect to these contributions. The General Partners are not entitled to participate in the Production Payments with respect to the $509,038.08 they provided the Partnership for these two projects in their capacity as General Partners.

EXHIBIT B

FLATHEAD

T.25 N., R.23 W.
Montana Principal Meridian
Hog Heaven Mining District
Flathead County, Montana

Leasehold interest in specified minerals as follows:

1. Sections 5, 7, 9, 17, 19, 21, N/2 29

   Lessor: The Anaconda Company - all minerals

2. Sections 8, 18 and 20

   Lessor: Burlington Northern Railroad Company - for copper, lead, zinc, gold and silver and associated minerals only, excluding uranium.

3. Section 16

   Lessor: State of Montana - for metalliferous minerals, namely gold, silver, copper, lead, zinc, platinum and iron and all other metallic minerals, excluding uranium and all other fissionable minerals.

STATE OF MONTANA, } ss
County of Flathead }

Filed for record at the request of CoCa Mines

this 14 day of Feb 19 83 at 1:21 o'clock P M and recorded in VOL. 759

PAGE 928 Records of Flathead County, State of Montana.

Fee $ 12.00 Pd.

Iris L. Hindman
Flathead County Clerk and Recorder

RECEPTION NO. 83 2491

Deputy

RETURN TO CoCa Mines Inc
1777 Lincoln St Suite 1100 Denver Colorado 80203

ASSIGNMENT

Know all men by these presents, that CONGDON AND CAREY, LTD. 5, a Colorado limited partnership ("Assignor"), for and in consideration of the sum of ten dollars and other good and valuable consideration, to it in hand paid by CoCa MINES INC., a Colorado corporation ("Assignee"), the receipt of which is hereby acknowledged, has bargained and sold and by these presents does grant, convey, transfer and assign unto Assignee all right, title and interest of Assignor in, from and under the terms of each lease described in Exhibit A attached hereto and the lands described in such leases.

EXECUTED as of the 31st day of December, 1982.

CONGDON AND CAREY, LTD. 5

By _____
Thomas E. Congdon,
General Partner

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this 3rd day of February, 1983, before me, REBECCA D ZUPAN, the undersigned officer, personally appeared Thomas E. Congdon who acknowledged himself to be a General Partner of Congdon and Carey, Ltd. 5, a Colorado limited partnership, and that he, as such General Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as General Partner.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: April 13, 1984

REBECCA D. ZUPAN NOTARY PUBLIC STATE OF COLORADO

_____
Notary Public

Address: _____ BUILDING
1100 [illegible] ST.
DEN[illegible] 80203

EXHIBIT A

FLATHEAD

T.25 N., R.23 W.
Montana Principal Meridian
Hog Heaven Mining District
Flathead County, Montana

Leasehold interest in specified minerals as follows:

1. Sections 5, 7, 9, 17, 19, 21, N/2 29

   Lessor: The Anaconda Company - all minerals

2. Sections 8, 18 and 20

   Lessor: Burlington Northern Railroad Company - for copper, lead, zinc, gold and silver and associated minerals only, excluding uranium.

3. Section 16

   Lessor: State of Montana - for metalliferous minerals, namely gold, silver, copper, lead, zinc, platinum and iron and all other metallic minerals, excluding uranium and all other fissionable minerals.

STATE OF MONTANA, } ss
County of Flathead

Filed for record at the request of _____
this 14 day of Feb 19 83 at 1:33 o'clock P M and recorded in VOL. 759
PAGE 934 Records of Flathead County, State of Montana.
Fee $ 4.00 Pd.

Iris I. Hindman
Flathead County Clerk and Recorder

RECEPTION NO. 832462

Rebekah Klein
Deputy

RETURN TO Cola Mines Inc
1776 Lincoln St. Suite 1100 Denver Colorado 80203

ASSIGNMENT

Know all men by these presents, that CONGDON AND CAREY, LTD. 5, a Colorado limited partnership, for and in consideration of the sum of ten dollars, certain shares of the $.01 par value common stock of CoCa MINES INC.-COLORADO, a Colorado corporation, and other good and valuable consideration, to it in hand paid by CoCa MINES INC.-COLORADO, the receipt of which is hereby acknowledged, has bargained and sold and by these presents does grant, convey and assign unto CoCa MINES INC.-COLORADO its successors and assigns, all of the properties and assets of CONGDON AND CAREY, LTD. 5, except for the above described shares of $.01 par value common stock of CoCa MINES INC.-COLORADO.

At any time after the date hereof, CONGDON AND CAREY, LTD. 5 shall execute and deliver such other documents and instruments and do such other acts as become reasonably necessary or desirable, in the opinion of CoCa MINES INC.-COLORADO, to carry out the intent and purpose of this Assignment and the Agreement and Plan of Reorganization dated December 17, 1982 among CONGDON AND CAREY, LTD. 5, CoCa MINES INC.-COLORADO, et al.

In witness whereof, CONGDON AND CAREY, LTD. 5, has executed this Assignment as of the 31st day of December, 1982.

CONGDON AND CAREY, LTD. 5

By _____
Thomas E. Congdon
General Partner

STATE OF COLORADO]
] ss.
CITY AND COUNTY OF DENVER]

On this 31st day of January, 1983, before me, REBECCA D. ZUPAN, the undersigned officer, personally appeared Thomas E. Congdon who acknowledged himself to be a General Partner of CONGDON AND CAREY, LTD. 5, a Colorado limited partnership, and that he, as such General Partner, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as General Partner.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: April 13, 1986

[Seal]

_____
Notary Public

Address ~~1100 DENVER CENTER BUILDING~~
1776 LINCOLN ST.
DENVER, COLORADO 80203

ASSUMPTION OF LIABILITIES

Know all men by these presents, that CoCa MINES INC.-COLORADO, a Colorado corporation, for and in consideration of the sum of ten dollars and other good and valuable consideration, to it in hand paid by CONGDON AND CAREY, LTD. 5, a Colorado limited partnership, the receipt of which is hereby acknowledged, hereby assumes all of those liabilities and obligations of CONGDON AND CAREY, LTD. 5 which CoCa MINES INC.-COLORADO agreed to assume pursuant to the Agreement and Plan of Reorganization dated December 17, 1982 among CONGDON AND CAREY, LTD. 5, CoCa MINES INC.-COLORADO, et al.

In witness whereof, CoCa MINES INC.-COLORADO has executed this Assumption of Liabilities as of the 31st day of December, 1982.

CoCa MINES INC.-COLORADO

By _____
Hugh J. Matheson, President

ATTEST:

By _____
J. Christopher Mitchell,
Secretary

STATE OF COLORADO]
] ss.
CITY AND COUNTY OF DENVER]

The foregoing instrument was acknowledged before me this 31st day of January, 1983, by Hugh J. Matheson, as President, and J. Christopher Mitchell, as Secretary of CoCa MINES INC.-COLORADO.

Witness my hand and official seal.

My commission expires: April 13, 1986

[Seal]

Notary Public

Address 1100 DENVER CENTER BUILDING
1776 LINCOLN ST.
DENVER, COLORADO 80203

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (hereinafter referred to as the "Pledge") is made as of the 31st day of December, 1982 between CoCa MINES INC., a Colorado corporation (hereinafter referred to as "Debtor"), and ST. MARY PARISH LAND COMPANY, a Delaware corporation (hereinafter referred to as "Secured Party").

W I T N E S S E T H:

WHEREAS, Secured Party has concurrently with the execution of this Pledge entered into an Agreement with Debtor providing for the purchase by Secured Party of 200,000 shares of the Series A Convertible Preferred Stock of Debtor and a Warrant to purchase up to 150,000 shares of Common Stock of Debtor;

WHEREAS, the Articles of Incorporation of Debtor and the Agreement between Debtor and Secured Party require Debtor under certain circumstances to redeem the Series A Convertible Preferred Stock acquired by Secured Party; and

WHEREAS, the parties hereto desire and intend to have this instrument serve as a pledge and security agreement between Debtor and Secured Party in order to secure the above referred to obligations of Debtor;

NOW, THEREFORE, in consideration of the premises and of the performance of the covenants hereinafter set forth, Debtor hereby grants, bargains, sells, assigns, transfers, pledges, conveys and mortgages to Secured Party, with power of sale, as pledgee and secured party, a security interest in 1,000,000 common shares of Equity Silver Mines Limited ("Equity Silver") represented by Certificates No. 1036 - 1037C (the "Collateral"), duly endorsed, which Collateral is being delivered in pledge to Secured Party.

TO HAVE AND TO HOLD the Collateral, together with all of the rights, privileges, benefits, hereditaments and

appurtenances in anywise belonging, incidental or appertaining thereto, to Secured Party and its successors and assigns forever, subject to all of the covenants, agreements, terms and conditions herein set forth, AS SECURITY for the benefit of Secured Party and its successors and assigns.

ARTICLE I

Indebtedness Secured

Section 1.1. This instrument is executed and delivered by Debtor to secure and enforce the payment and satisfaction of Debtor's obligations below described (herein called the "Obligations"):

A. The obligation of Debtor to redeem its Series A Convertible Preferred Stock pursuant to paragraph (b) of Article FOURTH of its Articles of Incorporation; and

B. The obligation of Debtor to redeem its Series A Convertible Preferred Stock pursuant to paragraphs 6.5 and 6.6 of the December 17, 1982 Agreement and Plan of Reorganization between Debtor and Secured Party (the "Agreement").

ARTICLE II

Particular Warranties, Representations and Covenants of Debtor

Section 2.1. Debtor covenants, represents and warrants to and with Secured Party that the Equity Silver shares representing the Collateral have been validly issued and are fully paid and are nonassessable; that Debtor holds good and absolute title to the Collateral; that Debtor has good right and lawful authority to pledge and encumber the Collateral; that the Collateral is free and clear of all prior liens, encumbrances, adverse claims and interests; that all information furnished or to be furnished the Secured Party by or on behalf of Debtor in connection with the Collateral is or will be complete and accurate; and Debtor hereby binds itself and its successors and assigns to warrant and forever defend the Collateral unto Secured Party and its successors and assigns against every person whomsoever claiming or to claim the same or any part thereof. The security interest hereby granted to Secured Party shall continue in any proceeds derived from the disposition of the

Collateral and in any securities, cash or other property received in exchange for or in addition to the Collateral pursuant to any merger, consolidation, subdivision of shares, capital reorganization, capital reclassification or dissolution of the issuer thereof, and in any dividend or distribution of securities, cash or property in respect of the Collateral. Any such substitute or additional collateral shall be deemed to be part of the Collateral for all purposes of this Pledge.

Section 2.2. Debtor covenants and agrees with the Secured Party that, so long as any part of the Obligations secured hereby remain undischarged, unless Secured Party shall have otherwise consented in writing:

A. Debtor will discharge the Obligations in accordance with the terms thereof and hereof and will comply with all of the terms and provisions of its Articles of Incorporation and the Agreement;

B. Debtor shall execute, acknowledge and deliver to Secured Party such other and further instruments and do such other acts as in the opinion of Secured Party may be necessary or desirable to effect the intent of this instrument, promptly upon request of Secured Party and at Debtor's expense;

C. If the title of Debtor or Secured Party to the Collateral or any part thereof shall be attacked, either directly or indirectly, or if any legal proceedings are commenced against Debtor, Debtor shall promptly give written notice thereof to Secured Party and at Debtor's own expense shall proceed diligently to defend against any such attack or proceedings, employing attorneys agreeable to Secured Party; and Secured Party may take such independent action in connection therewith as it may in its discretion deem advisable, and all costs and expenses, including reasonable attorneys' fees and legal expenses, incurred by Secured Party in connection therewith, shall be a demand obligation owing by Debtor to Secured Party.

Section 2.3. Debtor agrees that if it fails to perform any act which it is required to perform hereunder, or to pay any money which it is required to pay hereunder, Secured Party may, but shall not be obligated to, perform or cause to be performed such act and may pay such money, and any expenses so incurred by Secured Party, and any money so paid by Secured Party shall be a demand obligation owing by Debtor and shall be a part of the Obligations hereby secured, and the Secured Party shall be subrogated to all

of the rights of the person, corporation or body politic receiving such payment. No such advancement or expenditure therefor shall relieve Debtor of any default under the terms of this instrument.

ARTICLE III

Release of Collateral

Section 3.1. Notwithstanding anything to the contrary contained herein or in the Agreement, Debtor shall have the right at any time to sell all or any part of the Collateral and Secured Party shall release such sold Collateral and the proceeds thereof from this Pledge, provided that there shall remain at all times subject to this Pledge with respect to each outstanding share of Debtor's Series A Convertible Preferred Stock (i) five shares of Equity Silver, or (ii) $20 (or such other amount as may be the Redemption Price under Debtor's Articles of Incorporation).

ARTICLE IV

Voting, Dividends and Adjustment

Section 4.1. Until the occurrence of any of the Events of Default hereunder, Debtor shall be entitled, without any further consent or approval by Secured Party but subject to the provisions hereof, to exercise as it may from time to time deem appropriate any and all rights and privileges to which it is entitled as a holder of record of the Collateral, including without limitation the rights to vote on all matters on which shareholders are required or permitted to vote, to issue proxies, to exercise appraisal rights, to tender shares pursuant to mergers, consolidations, dissolutions and other transactions and to receive all dividends and other amounts hereafter declared on the Collateral.

Section 4.2. In the event that, during the term of this Pledge, any share dividend, reclassification, readjustment or other change is declared or made in the capital structure of Equity Silver, or any subscription warrant or other option is exercisable with respect to the Collateral

pledged hereunder, all new, substituted or additional shares or other securities issued by reason of any such change or option shall be held by Secured Party under the terms of this Pledge in the same manner as the Collateral originally pledged hereunder.

ARTICLE V

Termination

Section 5.1. If all of the Obligations shall be discharged in full pursuant to the terms and conditions of this instrument, Debtor's Articles of Incorporation and the Agreement, then this instrument shall become null and void, all of the Collateral shall revert to Debtor, the entire right, title and interest of Secured Party shall terminate and Secured Party shall, promptly after the request of Debtor and at Debtor's cost and expense, execute, acknowledge and deliver to Debtor proper instruments evidencing the termination of this instrument and deliver the Collateral, duly endorsed, to Debtor. Otherwise, this instrument shall remain and continue in full force and effect.

ARTICLE VI

Default

Section 6.1. In case any one or more of the following events or conditions shall occur (herein called "Events of Default"):

A. Default by Debtor in any of its Obligations set forth in Section 1.1 hereof;

B. The title of Debtor or Secured Party to the Collateral or a substantial part thereof becomes the subject matter of litigation which might in the opinion of Secured Party result in substantial impairment or loss of the lien and security interest intended to be created by this instrument; or

C. The seizure or taking of any of the Collateral by any governmental or similar authority, or the issuance of a writ, order of attachment or garnishment with respect thereto.

then, and in any such event, Secured Party may declare the Obligations of Debtor secured by this instrument to be forthwith due without any notice or demand of any kind.

Section 6.2. Upon the occurrence of any of the Events of Default, or at any time thereafter, Secured Party may resort to any security given by this instrument or to any other security now existing or hereafter given to secure the Obligations secured hereby, in whole or in part, and in such portions and in such order as may seem best to Secured Party, in its sole and uncontrolled discretion, and any such action shall not in any way be considered as a waiver of any of the rights, benefits or liens created by this instrument or granted by applicable law.

Section 6.3. All costs and expenses (including attorneys' fees) incurred by Secured Party in protecting and enforcing its rights hereunder, shall constitute a demand obligation owing by Debtor, all of which shall constitute a portion of the Obligations secured by this instrument.

Section 6.4. Upon the occurrence of any of the Events of Default, and at all times thereafter, in addition to all other rights and remedies herein conferred, Secured Party shall have all of the rights and remedies of a mortgagee and secured party granted by applicable law, including the Uniform Commercial Code, and shall, to the extent permitted by applicable law, have the right and power, but not the obligation, to demand, collect and retain all earnings, proceeds and other sums due or to become due with respect to the Collateral, accounting for and applying to the discharge of the Obligations only the net earnings arising therefrom after charging against the receipts therefrom all costs, expenses, charges, damages and losses incurred by reason thereof as fully and effectually as if Secured Party were the absolute owner of the Collateral and without any liability to Debtor in connection therewith.

Section 6.5. Upon the occurrence of any of the Events of Default, or at any time thereafter, Secured Party, in lieu of or in addition to exercising any other power hereby granted, may without notice, demand or declaration of default, which are hereby waived by Debtor, proceed by an

action or actions in equity or at law for the sale of the Collateral or any part thereof, for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, for the foreclosure or sale of the Collateral or any part thereof under the judgment or decree of any court of competent jurisdiction, for the appointment of a receiver pending any foreclosure hereunder or the sale of the Collateral or any part thereof or for the enforcement of any other appropriate equitable or legal remedy.

Section 6.6. If notice is required by applicable law, five days' prior written notice of the time and place of any public sale or of the time after which any private sale or any other intended disposition thereof is to be made shall be reasonable notice to Debtor. No such notice is necessary if such property is of a type customarily sold on a recognized market. If Secured Party in good faith believes that the securities laws of Canada or the Provinces of Canada or the Securities Act of 1933, as amended, or any other State or Federal law, as now or hereafter in effect, prohibits or restricts the customary manner of sale or distribution of any of such property, Secured Party may sell such property privately or in any other manner deemed advisable by Secured Party at such price or prices as Secured Party determines in its sole discretion. Debtor recognizes that such prohibition or restriction may cause such property to have less value than it otherwise would have and that, consequently, such sale or disposition by Secured Party may result in a lower sales price than if the sale were otherwise held.

Section 6.7. Secured Party shall have the right to become the purchaser at any sale made pursuant to the provisions of this Article VI and shall have the right to credit upon the amount of the bid made therefor the amount payable to it out of the net proceeds of such sale. Recitals contained in any conveyance to any purchaser at any

sale made hereunder will conclusively establish the truth and accuracy of the matters therein stated, including without limitation, non-discharge of the Obligations and advertisement and conduct of such sale in the manner provided herein. Debtor does hereby ratify and confirm all legal acts that Secured Party may do in carrying out the provisions of this instrument.

Section 6.8. Any sale of the Collateral or any part thereof pursuant to the provisions of this Article VI will operate to divest all right, title, interest, claim and demand of Debtor in and to the property sold and will be a perpetual bar against Debtor. Nevertheless, if requested by Secured Party so to do, Debtor shall join in the execution, acknowledgement and delivery of all proper conveyances, assignments and transfers of the property so sold. Any purchaser at a foreclosure sale will receive immediate possession of the property purchased.

Section 6.9. Debtor, to the extent permitted by law, hereby relinquishes and waives any and all rights of appraisement or redemption with respect to the Collateral or any part thereof which Debtor or those claiming through or under Debtor, may have in any jurisdiction in connection with the sale or conveyance of the Collateral or any part thereof either under power of sale or in foreclosure proceedings hereunder.

Section 6.10. The proceeds of any sale of the Collateral or any part thereof made pursuant to this Article VI shall be applied as follows:

A. First, to the payment of all costs and expenses incident to the enforcement of this instrument, including, but not limited to, a reasonable compensation to the agents, attorneys and counsel of Secured Party;

B. Second, to the discharge of the Obligations; and

C. Third, the remainder, if any, shall be paid to Debtor; provided, however, Debtor shall remain liable to Secured Party for any deficiency in the Obligations remaining after any such sale.

Section 6.11. Upon any sale made under the powers of sale herein granted and conferred, the receipt of the Secured Party will be sufficient discharge to the purchaser or purchasers at any sale for the purchase money, and such purchaser or purchasers and the heirs, devisees, personal representatives, successors and assigns thereof will not, after paying such purchase money and receiving such receipt of Secured Party, be obliged to see to the application thereof or be in anywise answerable for any loss, misapplication or nonapplication thereof.

ARTICLE VII

Miscellaneous Provisions

Section 7.1. All options, powers, remedies and rights herein provided for the benefit of Secured Party are continuing, cumulative and not exclusive, and the failure to exercise any such option, power, remedy or right upon a particular default or breach or upon any subsequent default or breach shall not be construed as waiving the right to exercise such option, power, remedy or right with respect to the Obligations secured hereby after their due date. No exercise of the rights and powers herein granted and no delay or omission in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time and from time to time. Any and all covenants in this instrument may from time to time by instrument in writing signed by Secured Party be waived to such extent and in such manner as Secured Party may desire, but no such waiver will ever affect or impair Secured Party's rights hereunder, except to the extent specifically stated in such written instrument. All changes to and modifications of this instrument must be in writing signed by Secured Party.

Section 7.2. No release from the lien of this instrument of any part of the Collateral shall in any way alter, vary or diminish the force, effect or lien of this instrument on the balance of the Collateral.

Section 7.3. If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction, and the remaining provisions hereof shall be liberally construed in favor of Secured Party in order to effectuate the provisions hereof, and the invalidity or unenforceability of any provisions hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction.

Section 7.4. This instrument is made with full substitution and subrogation of Secured Party in and to all covenants and warranties by others heretofore given or made in respect of the Collateral or any part thereof.

Section 7.5. No provision of this Pledge shall be construed to impose upon Secured Party a duty to perform any of the covenants and obligations of the Debtor.

Section 7.6. This instrument will be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, deed of trust, financing statement or security agreement, and from time to time as any one or more thereof is appropriate under applicable state law.

Section 7.7. All deliveries hereunder shall be deemed to have been duly made if actually delivered or if mailed by registered or certified mail, postage prepaid, addressed as set forth above. Each party may, by written notice so delivered to the other, change the address to which delivery shall thereafter be made.

Section 7.8. The terms, provisions, covenants and conditions hereof shall bind and inure to the benefit of the respective successors and assigns of Debtor and of Secured Party.

Section 7.9. This Pledge shall be governed by and construed in accordance with the laws of the State of Colorado.

IN WITNESS WHEREOF, this Pledge is executed as of the day and year first above written.

CoCa MINES INC.

By _____
President

ATTEST:

_____
Secretary

ST. MARY PARISH LAND COMPANY

By _____
President

ATTEST:

_____
Secretary

ST. MARY PARISH LAND COMPANY
RECEIPT
JANUARY 31, 1983

I hereby acknowledge receipt of the following listed shares of Equity Silver Mines from CoCa Mines Inc.:

Stock Certificate No.	Shares
10361	100,000.
10362	100,000.
10363	100,000.
10364	100,000.
10365	100,000.
10366	100,000.
10367	100,000.
10368	100,000.
10369	100,000.
10370	100,000.
TOTAL:	1,000,000. SHARES

ST. MARY PARISH LAND COMPANY

CoCa MINES INC.

DAIN BOSWORTH INCORPORATED

Office	Account number	Type	RR

IRREVOCABLE STOCK OR BOND POWER

For Value Received, CoCa Mines Inc.

hereby sell, assign and transfer unto St. Mary Parish Land Company

IF STOCK, COMPLETE THIS PORTION

1,000,000 shares of the common stock of Equity Silver Mines Limited

represented by Certificate(s) No(s). 10361-10370 inclusive,

standing in the name of the undersigned on the books of said Company.

IF BONDS, COMPLETE THIS PORTION

..... bonds of .....

in the principal amount of $....., No(s). ..... inclusive,

standing in the name of the undersigned on the books of said Company.

The undersigned hereby irrevocably constitute and appoint

..... attorney

to transfer the said stock or bonds on the books of said Company, with full power of substitution in the premises.

SIGN HERE ☛ CoCa MINES INC.

JOINT OWNER SIGN HERE ☛ per H. J. Matheson

Signers last name (please print) H. J. Matheson

THIS SECTION FOR HOME OFFICE USE ONLY

SIGNATURE GUARANTEED

DAIN BOSWORTH INCORPORATED

Authorized Signature
(Authorizing Resolutions filed with New York Stock Exchange)

#0107 (9/79)

NUMBER

10361

SHARES

100

AMALGAMATED IN THE PROVINCE OF BRITISH COLUMBIA

EQUITY SILVER MINES LIMITED

AUTHORIZED CAPITAL:
9,284,900 SHARES DIVIDED INTO 8,284,900 COMMON SHARES WITHOUT PAR VALUE AND
1,000,000 CUMULATIVE, NON-VOTING, REDEEMABLE PREFERRED SHARES WITH A PAR VALUE OF $1.00 EACH

CUSIP 294915 10 3

THIS CERTIFIES THAT :::COCA MINES INC.::: is the registered

holder of 100 fully paid and

NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL STOCK OF

EQUITY SILVER MINES LIMITED

subject to the Memorandum and Articles of the Company transferable on the books of the Company by the registered holder in person or by Attorney duly authorized in writing upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Registrar and Transfer Agent of the Company.

IN WITNESS WHEREOF the Company has caused this certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with its common seal.

Date of Issue:

President

Secretary

Countersigned and registered on the date of this certificate
NATIONAL TRUST COMPANY, LIMITED
Transfer Agent and Registrar

By: _____
Authorized Signature

The Shares represented by this Certificate are transferable at the offices of the National Trust Company, Limited, Vancouver, B.C. and Toronto, Ontario

SPECIMEN

BRITISH AMERICAN BANK NOTE INC — PRINTED IN CANADA — IMPRIMÉ AU CANADA
PACIFIC BANKNOTE LTD VANCOUVER B.C.

FOR VALUE RECEIVED _____ hereby sell assign and transfer unto

_____

(Please print or typewrite name and address of assignee)

_____

_____

_____ Shares

of the Capital represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Shares on the Books of the within named Company with full power of substitution in the premises.

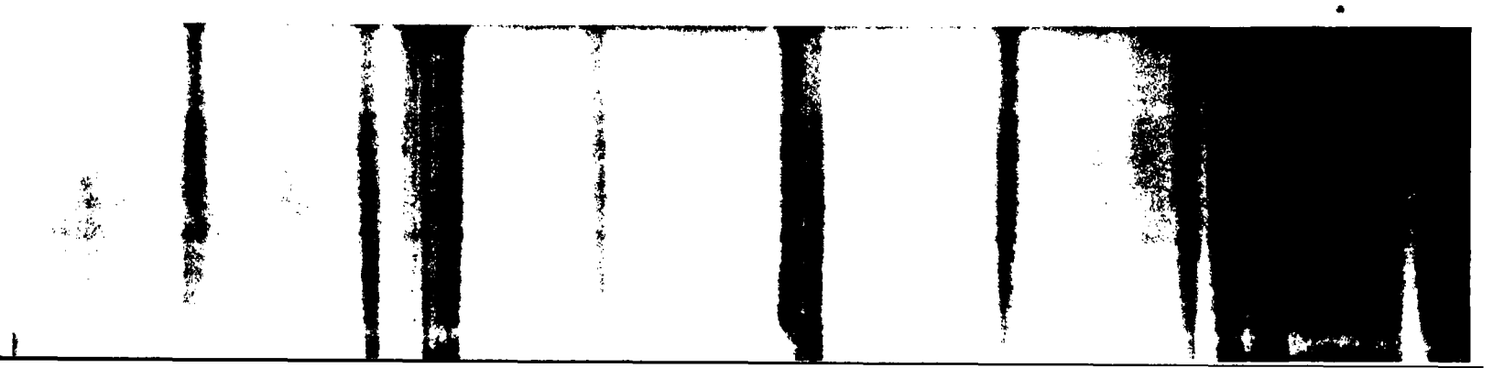
Dated _____ 19___

_____

Signature

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever, and must be guaranteed by a bank, trust company or a member of a recognized stock exchange.

Signature Guaranteed By:



NUMBER

10362

SHARES

100,[illegible]

AMALGAMATED IN THE PROVINCE OF BRITISH COLUMBIA

EQUITY SILVER MINES LIMITED

AUTHORIZED CAPITAL:
9,284,900 SHARES DIVIDED INTO 8,284,900 COMMON SHARES WITHOUT PAR VALUE AND
1,000,000 CUMULATIVE, NON-VOTING, REDEEMABLE PREFERRED SHARES WITH A PAR VALUE OF $1.00 EACH

CUSIP 294915 10 3

THIS CERTIFIES THAT ***COCA MINES INC.*** is the registered

holder of 100,[illegible] fully paid and

NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL STOCK OF

EQUITY SILVER MINES LIMITED

subject to the Memorandum and Articles of the Company transferable on the books of the Company by the registered holder in person or by Attorney duly authorized in writing upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Registrar and Transfer Agent of the Company.

IN WITNESS WHEREOF the Company has caused this certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with its common seal.

President

Secretary

Date of Issue: [illegible]

Countersigned and registered on the date of this certificate:
NATIONAL TRUST COMPANY, LIMITED
Transfer Agent and Registrar

By _____
Authorized Signature

The Shares represented by this Certificate are transferable at the offices of the National Trust Company, Limited, Vancouver, B.C. and Toronto, Ontario.

BRITISH AMERICAN BANK NOTE (NC) — PRINTED IN CANADA — IMPRIMÉ AU CANADA

PACIFIC BANKNOTE LTD. VANCOUVER B.C.

FOR VALUE RECEIVED _____ hereby sell assign and transfer unto

_____

(Please print or typewrite name and address of assignee)

_____

_____

_____ Shares

of the Capital represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Shares on the Books of the within named Company with full power of substitution in the premises.

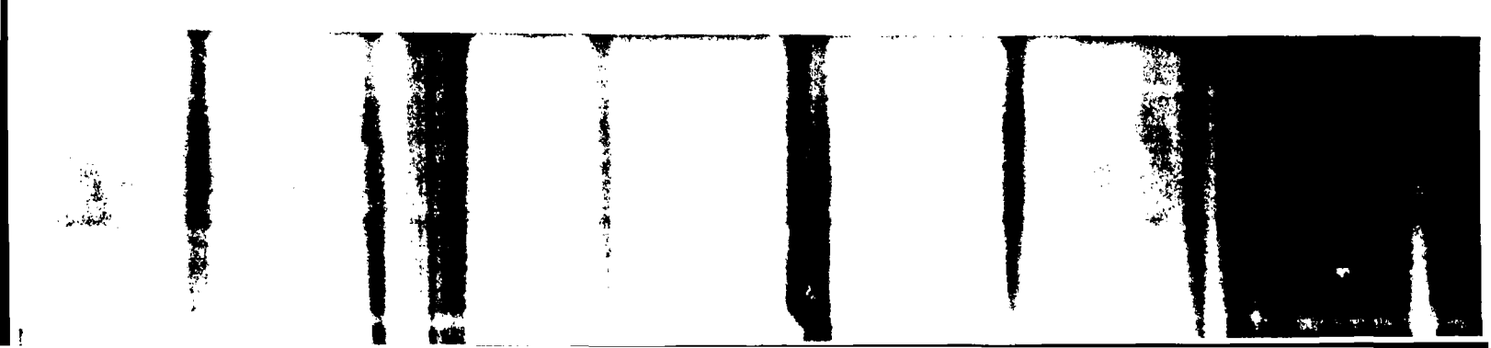
Dated _____ 19___

_____

Signature

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever, and must be guaranteed by a bank, trust company or a member of a recognized stock exchange.

Signature Guaranteed By:



NUMBER

10363

AMALGAMATED IN THE PROVINCE OF BRITISH COLUMBIA

SHARES

100

EQUITY SILVER MINES LIMITED

AUTHORIZED CAPITAL:
9,284,900 SHARES DIVIDED INTO 8,284,900 COMMON SHARES WITHOUT PAR VALUE AND
1,000,000 CUMULATIVE, NON-VOTING, REDEEMABLE PREFERRED SHARES WITH A PAR VALUE OF $1.00 EACH

CUSIP 294915 10 3

THIS CERTIFIES THAT ***COCA MINES INC.*** is the registered

holder of 100 fully paid and

NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL STOCK OF

EQUITY SILVER MINES LIMITED

subject to the Memorandum and Articles of the Company transferable on the books of the Company by the registered holder in person or by Attorney duly authorized in writing upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Registrar and Transfer Agent of the Company.

IN WITNESS WHEREOF the Company has caused this certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with its common seal.

Date of Issue:

President

Secretary

Countersigned and registered on the date of this certificate
NATIONAL TRUST COMPANY, LIMITED
Transfer Agent and Registrar

By: _____
Authorized Signature

The Shares represented by this Certificate are transferable at the offices of the National Trust Company, Limited, Vancouver, B.C. and Toronto, Ontario

PACIFIC BANKNOTE LTD. VANCOUVER, B.C.

FOR VALUE RECEIVED _____ hereby sell assign and transfer unto

_____

(Please print or typewrite name and address of assignee)

_____

_____

_____ Shares

of the Capital represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Shares on the Books of the within named Company with full power of substitution in the premises.

Dated _____ 19___

_____

Signature

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever, and must be guaranteed by a bank, trust company or a member of a recognized stock exchange.

Signature Guaranteed By:

NUMBER

10364

AMALGAMATED IN THE PROVINCE OF BRITISH COLUMBIA

SHARES

100

EQUITY SILVER MINES LIMITED

AUTHORIZED CAPITAL:
9,284,900 SHARES DIVIDED INTO 8,284,900 COMMON SHARES WITHOUT PAR VALUE AND
1,000,000 CUMULATIVE, NON-VOTING, REDEEMABLE PREFERRED SHARES WITH A PAR VALUE OF $1.00 EACH

CUSIP 294915 10 3

THIS CERTIFIES THAT ***COCA MINES INC.*** is the registered

holder of 100 fully paid and

NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL STOCK OF

EQUITY SILVER MINES LIMITED

subject to the Memorandum and Articles of the Company transferable on the books of the Company by the registered holder in person or by Attorney duly authorized in writing upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Registrar and Transfer Agent of the Company.

IN WITNESS WHEREOF the Company has caused this certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with its common seal.

President

Secretary

Date of Issue:

Countersigned and registered on the date of this certificate
NATIONAL TRUST COMPANY, LIMITED
Transfer Agent and Registrar

By: _____
Authorized Signature

The Shares represented by this Certificate are transferable at the offices of the National Trust Company, Limited, Vancouver, B.C. and Toronto, Ontario

BRITISH AMERICAN BANK NOTE INC. — PRINTED IN CANADA — IMPRIMÉ AU CANADA

PACIFIC BANKNOTE LTD. VANCOUVER, B.C.

FOR VALUE RECEIVED _____ hereby sell assign and transfer unto

_____

(Please print or typewrite name and address of assignee)

_____

_____

_____ Shares

of the Capital represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Shares on the Books of the within named Company with full power of substitution in the premises.

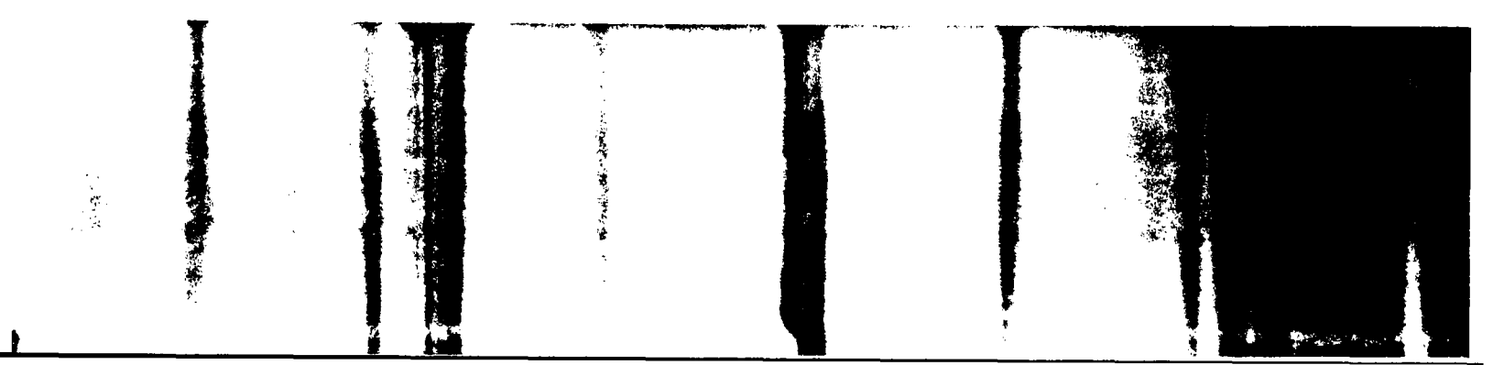
Dated _____ 19___

_____

Signature

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever, and must be guaranteed by a bank, trust company or a member of a recognized stock exchange.

Signature Guaranteed By:



NUMBER

10365

SHARES

100

AMALGAMATED IN THE PROVINCE OF BRITISH COLUMBIA

EQUITY SILVER MINES LIMITED

AUTHORIZED CAPITAL:
8,284,900 SHARES DIVIDED INTO 8,284,900 COMMON SHARES WITHOUT PAR VALUE AND
1,000,000 CUMULATIVE, NON-VOTING, REDEEMABLE PREFERRED SHARES WITH A PAR VALUE OF $1.00 EACH

CUSIP 294915 10 3

THIS CERTIFIES THAT :::COCA MINES INC.::: is the registered

holder of ONE HUNDRED fully paid and

NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL STOCK OF

EQUITY SILVER MINES LIMITED

subject to the Memorandum and Articles of the Company transferable on the books of the Company by the registered holder in person or by Attorney duly authorized in writing upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Registrar and Transfer Agent of the Company.

IN WITNESS WHEREOF the Company has caused this certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with its common seal.

Date of Issue: OCT 7 1985

President

Secretary

Countersigned and registered on the date of this certificate:
NATIONAL TRUST COMPANY, LIMITED
Transfer Agent and Registrar

By: _____
Authorized Signature

The Shares represented by this Certificate are transferable at the offices of the National Trust Company, Limited, Vancouver, B.C. and Toronto, Ontario

BRITISH AMERICAN BANK NOTE INC. — PRINTED IN CANADA — IMPRIMÉ AU CANADA

PACIFIC BANKNOTE LTD. VANCOUVER B.C.

FOR VALUE RECEIVED _____ hereby sell assign and transfer unto

_____

(Please print or typewrite name and address of assignee)

_____

_____

_____ Shares

of the Capital represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Shares on the Books of the within named Company with full power of substitution in the premises.

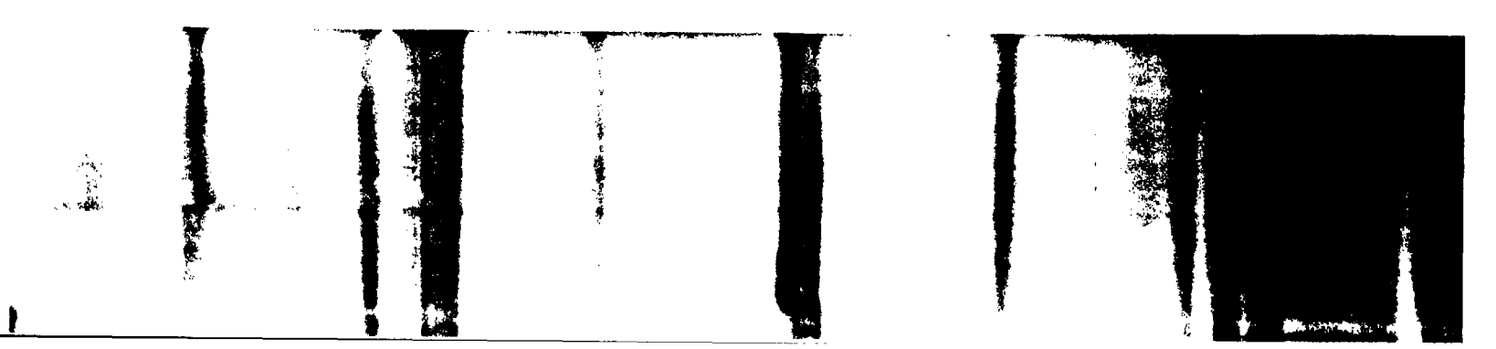
Dated _____ 19___

_____

Signature

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever, and must be guaranteed by a bank, trust company or a member of a recognized stock exchange.

Signature Guaranteed By:



NUMBER

10366

AMALGAMATED IN THE PROVINCE OF BRITISH COLUMBIA

EQUITY SILVER MINES LIMITED

AUTHORIZED CAPITAL:
9,284,900 SHARES DIVIDED INTO 8,284,900 COMMON SHARES WITHOUT PAR VALUE AND
1,000,000 CUMULATIVE, NON-VOTING, REDEEMABLE PREFERRED SHARES WITH A PAR VALUE OF $1.00 EACH

SHARES

100

CUSIP 294915 10 3

THIS CERTIFIES THAT ***COCA MINES INC.*** is the registered

holder of 100 fully paid and

NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL STOCK OF

EQUITY SILVER MINES LIMITED

subject to the Memorandum and Articles of the Company transferable on the books of the Company by the registered holder in person or by Attorney duly authorized in writing upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Registrar and Transfer Agent of the Company.

IN WITNESS WHEREOF the Company has caused this certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with its common seal.

Date of Issue:

President

Secretary

Countersigned and registered on the date of this certificate
NATIONAL TRUST COMPANY, LIMITED
Transfer Agent and Registrar

By: _____
Authorized Signature

The Shares represented by this Certificate are transferable at the offices of the National Trust Company, Limited, Vancouver, B.C. and Toronto, Ontario

PACIFIC BANKNOTE LTD. VANCOUVER B.C.

FOR VALUE RECEIVED _____ hereby sell assign and transfer unto

_____

(Please print or typewrite name and address of assignee)

_____

_____

_____ Shares

of the Capital represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Shares on the Books of the within named Company with full power of substitution in the premises.

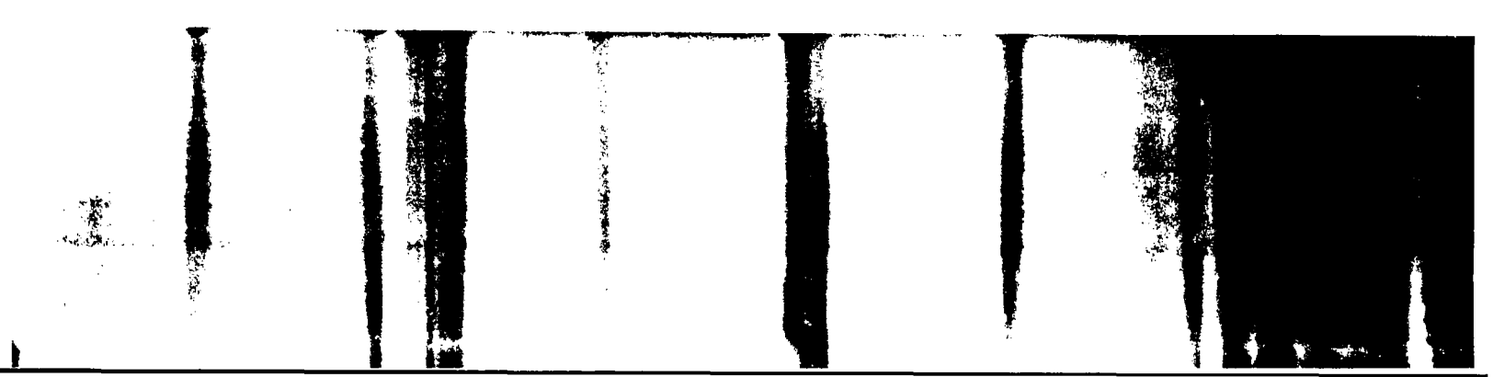
Dated _____ 19___

_____

Signature

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever, and must be guaranteed by a bank, trust company or a member of a recognized stock exchange.

Signature Guaranteed By:



NUMBER
10367

SHARES
100

AMALGAMATED IN THE PROVINCE OF BRITISH COLUMBIA

EQUITY SILVER MINES LIMITED

AUTHORIZED CAPITAL:
9,284,900 SHARES DIVIDED INTO 8,284,900 COMMON SHARES WITHOUT PAR VALUE AND
1,000,000 CUMULATIVE, NON-VOTING, REDEEMABLE PREFERRED SHARES WITH A PAR VALUE OF $1.00 EACH

CUSIP 294915 10 3

THIS CERTIFIES THAT ***COCA MINES INC.*** is the registered

holder of 100,000 fully paid and

NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL STOCK OF

EQUITY SILVER MINES LIMITED

subject to the Memorandum and Articles of the Company transferable on the books of the Company by the registered holder in person or by Attorney duly authorized in writing upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Registrar and Transfer Agent of the Company.

IN WITNESS WHEREOF the Company has caused this certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with its common seal.

Date of Issue:

President

Secretary

Countersigned and registered on the date of this certificate:
NATIONAL TRUST COMPANY, LIMITED
Transfer Agent and Registrar

By _____
Authorized Signature

The Shares represented by this Certificate are transferable at the offices of the National Trust Company, Limited, Vancouver, B.C. and Toronto, Ontario.

SPECIMEN

BRITISH AMERICAN BANK NOTE INC — PRINTED IN CANADA — IMPRIMÉ AU CANADA
PACIFIC BANKNOTE LTD. VANCOUVER, B.C.

FOR VALUE RECEIVED _____ hereby sell assign and transfer unto

_____

(Please print or typewrite name and address of assignee)

_____

_____

_____ Shares

of the Capital represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Shares on the Books of the within named Company with full power of substitution in the premises.

Dated _____ 19___

_____

Signature

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever, and must be guaranteed by a bank, trust company or a member of a recognized stock exchange.

Signature Guaranteed By:

NUMBER

10368

SHARES

100

AMALGAMATED IN THE PROVINCE OF BRITISH COLUMBIA

EQUITY SILVER MINES LIMITED

AUTHORIZED CAPITAL:
9,284,900 SHARES DIVIDED INTO 8,284,900 COMMON SHARES WITHOUT PAR VALUE AND
1,000,000 CUMULATIVE, NON-VOTING, REDEEMABLE PREFERRED SHARES WITH A PAR VALUE OF $1.00 EACH

CUSIP 294915 10 3

THIS CERTIFIES THAT ***COCA MINES INC.*** is the registered

holder of 100 fully paid and

NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL STOCK OF

EQUITY SILVER MINES LIMITED

subject to the Memorandum and Articles of the Company transferable on the books of the Company by the registered holder in person or by Attorney duly authorized in writing upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Registrar and Transfer Agent of the Company.

IN WITNESS WHEREOF the Company has caused this certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with its common seal.

Date of Issue:

President

Secretary

Countersigned and registered on the date of this certificate
NATIONAL TRUST COMPANY, LIMITED
Transfer Agent and Registrar

By _____
Authorized Signature

The Shares represented by this Certificate are transferable at the offices of the National Trust Company, Limited, Vancouver, B.C. and Toronto, Ontario

SPECIMEN

BRITISH AMERICAN BANK NOTE INC. PRINTED IN CANADA IMPRIMÉ AU CANADA
PACIFIC BANKNOTE LTD. VANCOUVER B.C.

FOR VALUE RECEIVED _____ hereby sell assign and transfer unto

_____

(Please print or typewrite name and address of assignee)

_____

_____

_____ Shares

of the Capital represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Shares on the Books of the within named Company with full power of substitution in the premises.

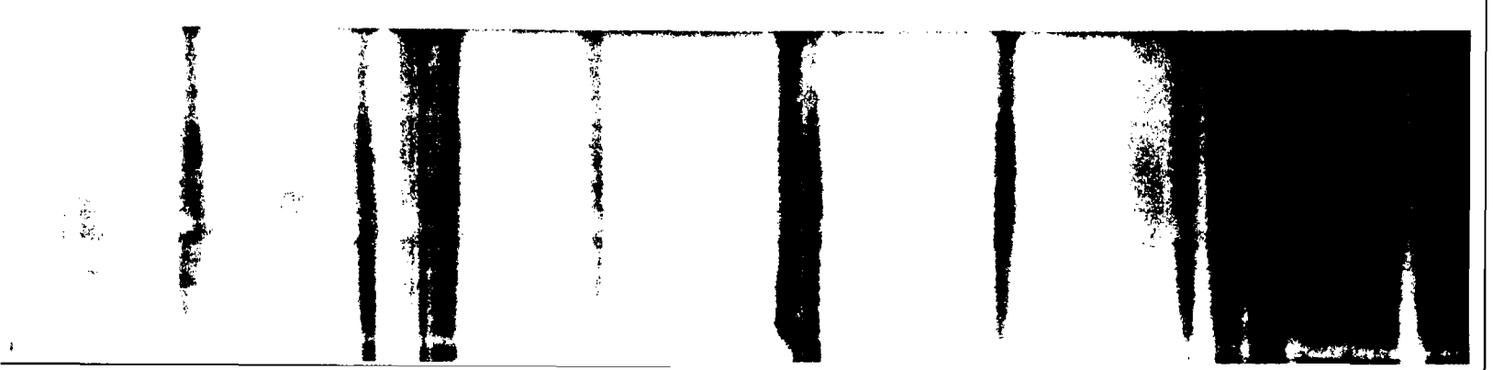
Dated _____ 19___

_____

Signature

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever, and must be guaranteed by a bank, trust company or a member of a recognized stock exchange.

Signature Guaranteed By:



NUMBER

10369

SHARES

100

AMALGAMATED IN THE PROVINCE OF BRITISH COLUMBIA

EQUITY SILVER MINES LIMITED

AUTHORIZED CAPITAL:
9,284,900 SHARES DIVIDED INTO 8,284,900 COMMON SHARES WITHOUT PAR VALUE AND
1,000,000 CUMULATIVE, NON-VOTING, REDEEMABLE PREFERRED SHARES WITH A PAR VALUE OF $1.00 EACH

CUSIP 294915 10 3

THIS CERTIFIES THAT :::COCA MINES INC.::: is the registered

holder of 100,000 fully paid and

NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL STOCK OF

EQUITY SILVER MINES LIMITED

subject to the Memorandum and Articles of the Company transferable on the books of the Company by the registered holder in person or by Attorney duly authorized in writing upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Registrar and Transfer Agent of the Company.

IN WITNESS WHEREOF the Company has caused this certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with its common seal.

President

Secretary

Date of Issue:

Countersigned and registered on the date of this certificate:
NATIONAL TRUST COMPANY, LIMITED
Transfer Agent and Registrar

By
Authorized Signature

The Shares represented by this Certificate are transferable at the offices of the National Trust Company, Limited, Vancouver, B.C. and Toronto, Ontario.

BRITISH AMERICAN BANK NOTE INC — PRINTED IN CANADA — IMPRIMÉ AU CANADA

PACIFIC BANKNOTE LTD. VANCOUVER, B.C.

FOR VALUE RECEIVED _____ hereby sell assign and transfer unto

_____

(Please print or typewrite name and address of assignee)

_____

_____

_____ Shares

of the Capital represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Shares on the Books of the within named Company with full power of substitution in the premises.

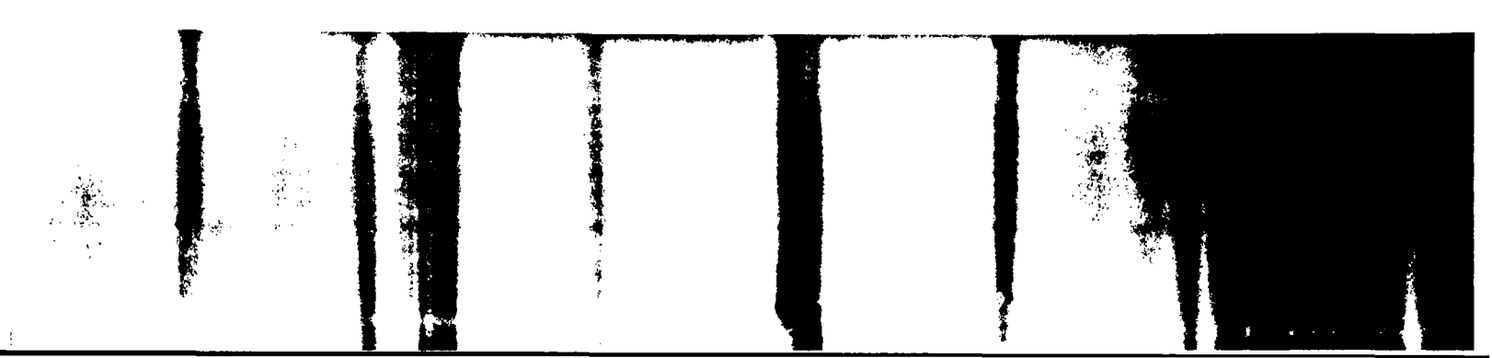
Dated _____ 19___

_____

Signature

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever, and must be guaranteed by a bank, trust company or a member of a recognized stock exchange.

Signature Guaranteed By:



NUMBER

10370

SHARES

100

AMALGAMATED IN THE PROVINCE OF BRITISH COLUMBIA

EQUITY SILVER MINES LIMITED

AUTHORIZED CAPITAL:
9,284,900 SHARES DIVIDED INTO 8,284,900 COMMON SHARES WITHOUT PAR VALUE AND
1,000,000 CUMULATIVE, NON-VOTING, REDEEMABLE PREFERRED SHARES WITH A PAR VALUE OF $1.00 EACH

CUSIP 294915 10 3

THIS CERTIFIES THAT ***COCA MINES INC.*** is the registered

holder of 100 fully paid and

NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL STOCK OF

EQUITY SILVER MINES LIMITED

subject to the Memorandum and Articles of the Company transferable on the books of the Company by the registered holder in person or by Attorney duly authorized in writing upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Registrar and Transfer Agent of the Company.

IN WITNESS WHEREOF the Company has caused this certificate to be signed by the facsimile signatures of its duly authorized officers and to be sealed with its common seal.

President

Secretary

Date of Issue: DEC - 7 ***

Countersigned and registered on the date of this certificate:
NATIONAL TRUST COMPANY, LIMITED
Transfer Agent and Registrar

By _____
Authorized Signature

The Shares represented by this Certificate are transferable at the offices of the National Trust Company, Limited, Vancouver, B.C. and Toronto, Ontario

BRITISH AMERICAN BANK NOTE INC. PRINTED IN CANADA IMPRIMÉ AU CANADA

PACIFIC BANKNOTE LTD. VANCOUVER, B.C.

FOR VALUE RECEIVED _____ hereby sell assign and transfer unto

_____

(Please print or typewrite name and address of assignee)

_____

_____

_____ Shares

of the Capital represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Shares on the Books of the within named Company with full power of substitution in the premises.

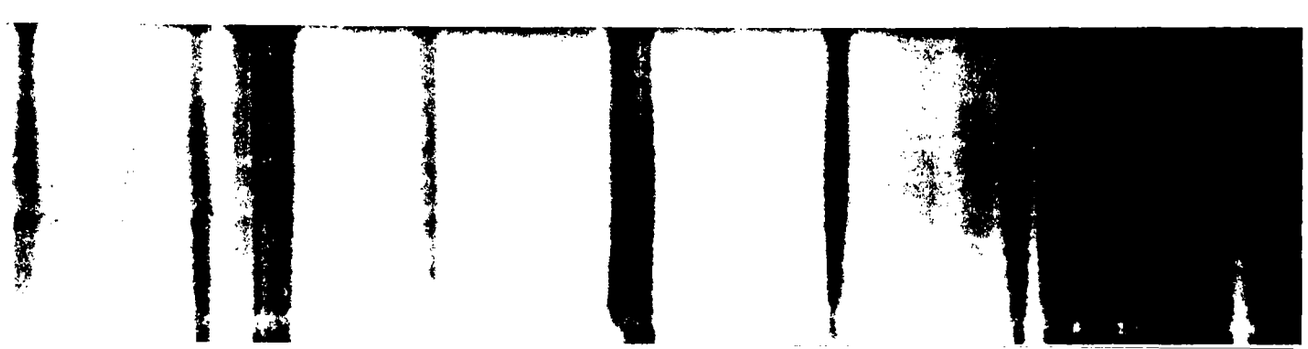
Dated _____ 19___

_____

Signature

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever, and must be guaranteed by a bank, trust company or a member of a recognized stock exchange.

Signature Guaranteed By:



CERTIFICATE OF PRESIDENT

OF COCA MINES INC. - COLORADO

The undersigned, Hugh J. Matheson, as President of CoCa Mines Inc. - Colorado, a Colorado corporation, does hereby certify that the conditions set forth in subparagraphs a and c of paragraph 4.1 of the Agreement and Plan of Reorganization dated December 17, 1982 among CoCa Mines Inc., Congdon and Carey, Ltd. 5, St. Mary Parish Land Company and CoCa Mines Inc. - Colorado have been fulfilled to the extent applicable to CoCa Mines Inc. - Colorado as of the date hereof.

COCA MINES INC. - COLORADO,
a Colorado corporation

By _____
Hugh J. Matheson, President

Dated: January 31, 1983

CERTIFICATE OF PRESIDENT

OF COCA MINES INC.

The undersigned, Hugh J. Matheson, as President of CoCa Mines Inc., a Delaware corporation, does hereby certify that the conditions set forth in subparagraphs a and c of paragraph 4.1 of the Agreement and Plan of Reorganization dated December 17, 1982 among CoCa Mines Inc., Congdon and Carey, Ltd. 5, St. Mary Parish Land Company and CoCa Mines Inc. - Colorado have been fulfilled to the extent applicable to CoCa Mines Inc. as of the date hereof.

COCA MINES INC.,
a Delaware corporation

By _____
Hugh J. Matheson, President

Dated: January 31, 1983

CERTIFICATE OF GENERAL PARTNER

OF CONGDON AND CAREY, LTD. 5

The undersigned, Thomas E. Congdon, as a General Partner of Congdon and Carey, Ltd. 5, a Colorado limited partnership, does hereby certify that the conditions set forth in subparagraphs a and c of paragraph 4.1 of the Agreement and Plan of Reorganization dated December 17, 1982 among CoCa Mines Inc., Congdon and Carey, Ltd. 5, St. Mary Parish Land Company and CoCa Mines Inc. - Colorado have been fulfilled to the extent applicable to Congdon and Carey, Ltd. 5 as of the date hereof.

CONGDON AND CAREY, LTD. 5,
a Colorado limited partnership

By _____
Thomas E. Congdon
General Partner

Dated: January 31, 1983

CERTIFICATE OF PRESIDENT

OF ST. MARY PARISH LAND COMPANY

The undersigned, Thomas E. Congdon, as President of St. Mary Parish Land Company, a Delaware corporation, does hereby certify that the conditions set forth in sub-paragraphs a and c of paragraph 4.1 of the Agreement and Plan of Reorganization dated December 17, 1982 among CoCa Mines Inc., Congdon and Carey, Ltd. 5, St. Mary Parish Land Company and CoCa Mines Inc. - Colorado have been fulfilled to the extent applicable to St. Mary Parish Land Company as of the date hereof.

ST. MARY PARISH LAND COMPANY,
a Delaware corporation

By _____
Thomas E. Congdon, President

Dated: January 31, 1983

LAW OFFICES

BURNS, WALL, SMITH AND MUELLER

600 DENVER CLUB BUILDING
518 SEVENTEENTH STREET
DENVER, COLORADO 80202

TELEPHONE
303 893-3600

THOMAS M. BURNS
PETER J. WALL
GREGORY J. SMITH
GEORGE W. MUELLER, JR.
JAN B. DELBRIDGE-GRAHAM
RICHARD T. CARROLL
MICHAEL A. MAXWELL
JAMES E. BOSIK
JAMES P. ROUSE
STEVEN F. MUELLER
J. STEVEN BEABOUT
RANDALL C. SCHOONOVER
LYNN R. CARDEY
JOHN D. CARVER
ROBERT T. COSGROVE

OF COUNSEL
THOMAS J. FILES
FRANK H. HOUCK

January 31, 1983

St. Mary Parish Land Company
1776 Lincoln Street, Suite 1100
Denver, Colorado 80203

Re: Agreement and Plan of Reorganization dated December 17, 1982, between Coca Mines, Inc., a Delaware corporation, Congdon and Carey Ltd. 5, a Colorado limited partnership, St. Mary Parish Land Company, a Delaware corporation, and Coca Mines, Inc., a Colorado Corporation

Gentlemen:

At your request, we have reviewed the above Agreement and Plan of Reorganization (the "Agreement") on your behalf for the purpose of advising you generally as to its legal sufficiency to accomplish the purposes set out in that certain Letter dated November 3, 1982, from Coca to St. Mary.

In rendering this opinion, we have examined such documents as we deemed appropriate, including the Agreement and the exhibits thereto. Additionally, we have discussed the Agreement in some detail with Walter I. Auran, Senior Vice President of St. Mary and with Roger C. Cohen, counsel for St. Mary and Coca. For the purposes of this opinion we have assumed that:

1. The Agreement and related documents will be duly authorized, executed and delivered by the parties thereto and will be enforceable in accordance with their terms.

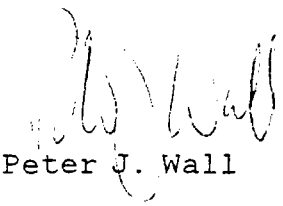
2. There will be compliance in all respects with the Colorado Corporation Code, the Colorado Uniform Limited Partnership Law and the General Corporation Law of Delaware, including all filing requirements.

3. The business substance of the transaction, and all substantive changes, modifications or clarifications relating to the transactions as set forth in the November 3, 1982, letter, are acceptable to you, and the transactions outlined in the Agreement will be consummated as described therein.

Based upon the foregoing, we are of the opinion that the Agreement and exhibits are legally sufficient in all respects under Colorado law to accomplish the purposes for which they are intended and that they fairly state and provide for the consummation of the transactions as the same have been presented to us. In our opinion, the interests of St. Mary in connection with the transactions are protected in a manner which is reasonable and generally customary for such transactions. We cannot, of course, make any representation to you as to the accuracy or completeness of statements of fact contained in the Agreement and exhibits. Moreover, no opinion is given as to the business, securities, tax or other aspects of the transactions contemplated.

Yours very truly,

BURNS, WALL, SMITH AND MUELLER

By 
Peter J. Wall

PJW:dsb

COHEN BRAME & SMITH
PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
3500 AMOCO BUILDING
1670 BROADWAY
DENVER, COLORADO 80202
303-837-8800

January 31, 1983

CoCa Mines Inc.
1776 Lincoln Street
Suite #1100
Denver, Colorado 80203

Congdon and Carey, Ltd. 5
1776 Lincoln Street
Suite #1100
Denver, Colorado 80203

RE: Opinion of Counsel re Tax Aspects of Agreement and Plan of Reorganization dated December 17, 1982

Gentlemen:

In satisfaction of the requirement of paragraph 4.1.b. of the Agreement and Plan of Reorganization of December 17, 1982, this letter sets forth our opinion on the income tax effects of the plan of reorganization.

In summary, the Agreement and Plan of Reorganization provide that CoCa Mines Inc., a Delaware corporation ("CoCa") shall merge into CoCa Mines Inc.-Colorado, a Colorado corporation ("CMI"); that CMI shall acquire all of the assets and properties of Congdon and Carey, Ltd. 5, a Colorado limited partnership ("C&C5"), (other than certain production payments which shall be retained by C&C5 and distributed to certain of its partners) in exchange for 330,000 shares of common stock of CMI; that C&C5 shall then liquidate and distribute the common stock of CMI to its partners; and that St. Mary Parish Land Company, a Delaware corporation ("St. Mary"), shall purchase for $4,000,000 cash 200,000 shares of Series A Convertible Preferred Stock of CMI and Warrants to acquire on or before January 31, 1987 up to 150,000 shares of CMI common stock at a price of $20 per share. Additional Series A Convertible Preferred Stock (up to 25,000 shares) and Warrants will be made available to shareholders of CoCa at the same price and ratio as reflected in the sale to St. Mary.

In memoranda dated October 11, 1982, October 15, 1982 and December 6, 1982, we have provided detailed discussion of the many tax effects of the transaction, including those aspects identified in the Agreement and Plan of Reorganization requiring an opinion of counsel. Parties to the transaction may refer to those memoranda.

In summary, it is our opinion that the issuance of CMI Series A Preferred Stock and Warrants to St. Mary and any participating CoCa shareholder will be a non-recognition event for tax purposes; and that the issuance of CMI Common Stock to CoCa shareholders and to C&C5 (for distribution to its partners) will also be a non-recognition event for tax purposes. Those C&C5 partners receiving an interest in the retained production payment will recognize income under the installment method as the production payments are made, which income will be taxed at ordinary rates to the extent of exploration expense recapture and imputed interest.

Very truly yours,

COHEN BRAME & SMITH
Professional Corporation

By Frank A. Brame III

STATE OF COLORADO

DEPARTMENT OF STATE

CERTIFICATE

I, **NATALIE MEYER**, *Secretary of State of the State of Colorado hereby certify that the prerequisites for the issuance of this certificate have been fulfilled in compliance with law and are found to conform to law.*

Accordingly, the undersigned, by virtue of the authority vested in me by law, hereby issues A CERTIFICATE OF AMENDMENT TO COCA MINES INC. (DELAWARE CORPORATION) INTO COCA MINES INC. - COLORADO (COLORADO CORPORATION) THE SURVIVOR. SUBMITTED WITH AN AMENDMENT CHANGING THE NAME TO COCA MINES INC.

Natalie Meyer
SECRETARY OF STATE

DATED: FEBRUARY 1, 1983

Change of N

ARTICLES OF MERGER OF
DOMESTIC AND FOREIGN CORPORATIONS

FILED

1 FEB '83

Pursuant to the provisions of Section 7-7-107 of the Colorado Revised Statutes, 1973, and Section 253 of the General Corporation Law of Delaware, the undersigned domestic and foreign corporations adopt the following Articles of Merger for the purpose of merging a Delaware corporation into its wholly owned subsidiary Colorado corporation:

1. The name of the Delaware corporation is CoCa Mines Inc. and the name of its wholly owned subsidiary Colorado corporation is CoCa Mines Inc. - Colorado.

2. The laws of the states under which the undersigned corporations are organized permit CoCa Mines Inc. to merge into CoCa Mines Inc. - Colorado.

3. The surviving corporation shall be governed by the laws of the State of Colorado.

4. The Articles of Incorporation, as herein amended, of CoCa Mines Inc. - Colorado, a Colorado corporation, shall be the articles of incorporation of the surviving corporation. Simultaneously with the merger, Article FIRST of the Articles of Incorporation of CoCa Mines Inc. - Colorado shall be amended to read in its entirey as follows:

"FIRST: The name of the corporation is CoCa Mines Inc."

5. The plan of merger provides that CoCa Mines Inc. - Colorado will acquire all of the assets and liabili-

ties of CoCa Mines Inc., and CoCa Mines Inc. - Colorado will issue one share of its common stock for each of the presently outstanding 1,008,461 shares of the common stock of CoCa Mines Inc. The plan of merger was approved, adopted, certified, executed and acknowledged by each of the undersigned corporations in the manner prescribed by the laws of the state under which each is organized.

6. The authorized capital stock of the undersigned corporations is as follows:

Name of Corporation	Authorized No. of Shares of Capital Stock
CoCa Mines Inc. (a Delaware corporation):	
Common stock	5,000,000
CoCa Mines Inc. - Colorado (a Colorado corporation):	
Common stock	6,000,000
Preferred stock	225,000

7. As to each undersigned corporation, the number of shares outstanding are as follows:

Name of Corporation	No. of Shares Outstanding
CoCa Mines Inc. (a Delaware corporation):	
Common stock	1,008,461
CoCa Mines Inc. - Colorado (a Colorado corporation):	
Common stock	1
Preferred stock	0

8. As to each undersigned corporation, the number of shares voted for and against such Plan of Merger, respectively, are as follows:

Name of Corporation	No. of Shares Voted For	No. of Shares Voted Against
CoCa Mines Inc. (a Delaware corporation):		
Common Stock	1,008,461	0
CoCa Mines Inc. - Colorado (a Colorado corporation):		
Common stock	1	0
Preferred stock	(none issued)	

Dated January 31, 1983.

COCA MINES INC.,
a Delaware corporation

By _____
Hugh J. Matheson, President

ATTEST:

By _____
J. Christopher Mitchell,
Secretary

COCA MINES INC. - COLORADO,
a Colorado corporation

By _____
Hugh J. Matheson, President

ATTEST:

By _____
J. Christopher Mitchell,
Secretary

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

The foregoing instrument was acknowledged before me this 31st day of January, 1983, by Hugh J. Matheson, as President, and J. Christopher Mitchell, as Secretary, of CoCa Mines Inc., a Delaware corporation.

WITNESS my hand and official seal.

My commission expires April 13, 1986.

Notary Public

1100 DENVER CENTER BUILDING
1775 LINCOLN ST.
DENVER, COLORADO 80203
Address

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

The foregoing instrument was acknowledged before me this 31st day of January, 1983, by Hugh J. Matheson, as President, and J. Christopher Mitchell, as Secretary, of CoCa Mines Inc. - Colorado, a Colorado corporation.

WITNESS my hand and official seal.

My commission expires April 13, 1986.

Notary Public

1100 DENVER CENTER BUILDING
1775 LINCOLN ST.
DENVER, COLORADO 80203
Address

___ ARTICLES OF MERGER

___ WITH AMENDMENT

___ CERTIFIED COPY OF ARTICLES OF MERGER

___ WITH CHANGE OF NAME AMENDMENT

XXXXXXXX DOMESTIC ___ FOREIGN XXXXXXXX PROFIT ___ NONPROFIT

COCA MINES INC. FP0409746

A Delaware qual. corp.

INTO

COCA MINES INC. - COLORADO DP0501786

A Colorado corporation

CHANGING ITS NAME TO:

COCA MINES INC.

THE CORPORATION TRUST COMPANY

February 1, 1983

RE: CoCa Mines Inc. (Del.Dom.)
Merged into: CoCa Mines Inc.-Colorado (Col.Dom.)

Cohen, Brame & Smith
Attention: Mr. Lee Zieroth
1670 Broadway #3500
Denver, Colorado 80202

Dear Mr. Zieroth:

Pursuant to instructions received, the Certificate of Ownership and Merger for this corporation was filed in the office of the Secretary of State of Delaware on February 1, 1983 , at 2:00 P.M. , and a certified copy thereof was recorded in the office of the Recorder of Deeds of New Castle County, Wilmington, Delaware on the same date. This copy will be forwarded to you when released by the Recorder in approximately two months.

We enclose one certified copy of the Certificate of Ownership and Merger.

Very truly yours,

THE CORPORATION TRUST COMPANY

Joseph L. Rivera
Assistant Secretary

JLR/dls
Enc.

State of DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton, Secretary of State of the State of Delaware, do hereby certify that the attached is a true and correct copy of Certificate of Ownership filed in this office on February 1, 1983.

Glenn C. Kenton, Secretary of State

BY:

DATE: February 1, 1983

Form 130

CERTIFICATE OF OWNERSHIP AND MERGER

MERGING

CoCa Mines Inc.

INTO

CoCa Mines Inc.-Colorado

* * * * * * *

CoCa Mines Inc., a corporation organized and existing under the laws of Delaware,

DOES HEREBY CERTIFY:

FIRST: That this corporation was incorporated on the 27th day of June, 1980, pursuant to the General Corporation Law of the State of Delaware.

SECOND: That this corporation owns all of the outstanding shares of the stock of CoCa Mines Inc.-Colorado, a corporation incorporated on the 17th day of December 1982, pursuant to the Corporation Code of the State of Colorado.

THIRD: That the directors of CoCa Mines Inc., by the following resolutions of its Board of Directors, duly adopted at a meeting held on the 16th day of December, 1982, determined to merge itself into said CoCa Mines Inc.-Colorado.

RESOLVED, that CoCa Mines Inc. merge, and it hereby does merge itself into said CoCa Mines Inc.-Colorado which assumes all of the obligations of CoCa Mines Inc.

FURTHER RESOLVED, that the merger shall be effective upon filing with the Secretary of State of Delaware.

FURTHER RESOLVED, that the terms and conditions of the merger provide that CoCa Mines Inc.-Colorado will acquire all of the assets and liabilities of CoCa Mines Inc., and CoCa Mines Inc.-Colorado will issue one share of its common stock for each of the presently outstanding 1,008,461 shares of the common stock of CoCa Mines Inc.

FURTHER RESOLVED, that the proposed merger shall be submitted to the stockholders of CoCa Mines Inc. at a meeting of such stockholders duly called and held after twenty days' notice of the purpose thereof mailed to the address of each such stockholder as it appears in the record of the corporation; and upon receiving the affirmative vote of the holders of at least a majority of the outstanding stock entitled to vote thereon of CoCa Mines Inc., the merger shall be approved.

FURTHER RESOLVED, that the proper officers of this corporation be and they hereby are directly to make and execute a Certificate of Ownership and Merger setting forth a copy of the resolutions to merge itself into said CoCa Mines Inc.-Colorado, and the date of adoption thereof, and to cause the same to be filed with the Secretary of State and a certified copy recorded in the Office of the Recorder of Deeds of New Castle County and to do all acts and things whatsoever, whether within or without the State of Delaware, which may be in anywise necessary or proper to effect said merger.

FOURTH: That the merger has been approved by the holders of at least a majority of the outstanding stock entitled to vote thereon of CoCa Mines Inc. at a meeting duly called and held.

FIFTH: That CoCa Mines Inc.-Colorado survives the merger and may be served with process in the State of Delaware in any proceeding for enforcement of any obligation of CoCa Mines Inc. as well as for enforcement of any obliga- of the surviving corporation arising from the merger, including any suit or proceeding to enforce the right of any stockholder as determined in appraisal proceedings pursuant to the provisions of Section 262 of Title 8 of the Delaware Code of 1953, and it does hereby irrevocably appoint the Secretary of State of Delaware as its agent to accept service of process in any such suit or other proceeding. The address to which a copy of such process shall be mailed by the Secretary of State of Delaware is 1776 Lincoln Street, Suite 1100, Denver, Colorado 80203 until the surviving corporation shall have hereafter designated in writing to the said Secretary of State a different address for such purpose. Service of such process may be made by personally delivering to and leaving with the Secretary of State of Delaware duplicate copies of such process, one of which copies the Secretary of State of Delaware shall forthwith send by registered mail to CoCa Mines Inc.-Colorado at the above address.

SIXTH: Anything herein or elsewhere to the contrary notwithstanding this merger may be terminated and abandoned by the board of directors of CoCa Mines Inc. at any time prior to the date of filing the merger with the Secretary of State.

IN WITNESS WHEREOF, CoCa Mines Inc., a Delaware corporation, has caused this certificate to be signed by Hugh J. Matheson, its President, and attested by J. Christopher Mitchell, its Secretary, this 31st day of January, 1983.

CoCa Mines Inc.,
a Delaware corporation

By _____
Hugh J. Matheson, President

ATTEST:

By _____
J. Christopher Mitchell,
Secretary

STATE OF COLORADO]
] ss.
CITY AND COUNTY OF DENVER]

The foregoing instrument was acknowledged before me this 31st day of January, 1983, by Hugh J. Matheson, as President, and J. Christopher Mitchell, as Secretary of CoCa Mines Inc., a Delaware corporation.

WITNESS my hand and official seal.

My commission expires April 13, 1986.

_____
Notary Public

Address 1100 DENVER BUILDING
1700 BROADWAY
DENVER, COLORADO 80203

STATE OF COLORADO

DEPARTMENT OF STATE

CERTIFICATE

I, **MARY ESTILL BUCHANAN,** *Secretary of State of the State of Colorado hereby certify that the prerequisites for the issuance of this certificate have been fulfilled in compliance with law and are found to conform to law.*

Accordingly, the undersigned, by virtue of the authority vested in me by law, hereby issues A CERTIFICATE OF INCORPORATION TO COCA MINES INC. - COLORADO.

Mary Estill Buchanan

SECRETARY OF STATE

DATED: DECEMBER 17, 1982

1676

RECEIVED
DEC 17 3 57 P
DEPARTMENT OF STATE
STATE OF COLORADO

ARTICLES OF INCORPORATION

OF

CoCa MINES INC. - COLORADO

FILED

17 DEC '82

STATE OF COLORADO
DEPT OF STATE

The undersigned natural person, who is more than eighteen years of age, hereby establishes a corporation pursuant to the Statutes of Colorado and adopts the following Articles of Incorporation:

FIRST: The name of the corporation is CoCa Mines Inc. - Colorado.

SECOND: The corporation shall have perpetual existence.

THIRD: (a) Purposes. The nature, objects and purposes of the business to be transacted shall be as follows:

1. To engage in the acquisition, exploration, ownership, development, operation and disposition of properties containing precious metals and other non-energy minerals; and

2. To transact all lawful business for which corporations may be incorporated pursuant to Articles 1 through 10 of the Colorado Corporation Code.

(b) Powers. In furtherance of the foregoing purposes, the corporation shall have and may exercise all of the rights, powers and privileges now or thereafter conferred upon corporations organized under the laws of Colorado. In addition, it may do everything necessary, suitable or proper for the accomplishment of any of its corporation purposes.

FOURTH: The aggregate number of shares of stock which the corporation shall have authority to issue is 3,500,000 shares of $.01 par value Common Stock and 225,000 shares of $20 par value Series A Convertible Preferred Stock. The rights, preferences, restrictions and other matters relating to such Series A Convertible Preferred Stock are as follows:

(a) Dividends. The holders of the Series A Convertible Preferred Stock shall be entitled to dividends out of the retained earnings of the corporation at the annual rate of $1.60 per share, prior and in preference to any declaration or payment of any dividend (payable other than in stock of the corporation) on the Common Stock of the corporation. Such dividends for any year shall not be paid to the extent that they exceed the net income of the corporation for such year determined in accordance with generally accepted accounting principles by the corporation's regular independent certified public accountants. The right to such dividends on shares of the Series A Convertible Preferred Stock shall be cumulative if dividends on said shares are not declared and paid in any prior period.

(b) Redemption.

1. Commencing on January 1, 1984, the corporation may at any time at the option of the Board of Directors redeem all or part (selected on a pro rata basis) of the outstanding shares of the Series A Convertible Preferred Stock and on December 31, 1986, the corporation shall

redeem all remaining outstanding shares of the Series A Convertible Preferred Stock at the redemption price set forth in Subparagraph (b)2 below, provided that written notice of the Series A Convertible Preferred Stock to be redeemed be given at least forty-five days prior to the date specified for redemption (the "Redemption Date").

2. Each share of Series A Convertible Preferred Stock may be redeemed at a cash price equal to $20 plus the product of $1.60 times the number of full years between the date of issuance and the Redemption Date, less any cash dividends paid on such shares of Series A Convertible Preferred Stock (the "Redemption Price"). Notwithstanding anything set forth above, the payment of the Redemption Price can only be made from any funds of the corporation legally available therefor.

3. From and after the Redemption Date (unless default shall be made by the corporation in duly paying the Redemption Price on the Redemption Date), the holders of the shares of the Series A Convertible Preferred Stock called for redemption shall cease to have any rights as stockholders of the corporation, except the right to receive, without interest, the Redemption Price thereof upon surrender of certificates representing the shares of the Series A Convertible Preferred Stock or to exercise on or before the Redemption Date the right to convert the shares called for redemption pursuant to Paragraph (e) hereof, and such shares shall not after the Redemption Date be transferred (except with the consent of the corporation) on the books of the corporation and shall not be deemed outstanding for any purpose whatsoever.

4. There shall be no redemption of any shares of Series A Convertible Preferred Stock of the corporation where such action would be in violation of applicable law.

5. The corporation shall duly pay the Redemption Price by promptly paying the holder of each share of Series A Convertible Preferred Stock cash in the amount of the Redemption Price upon receipt of a certificate or certificates for the shares being redeemed, such shares to be endorsed for transfer to the corporation.

(c) Preference on Liquidation.

1. The board of directors may from time to time distribute to the shareholders in partial liquidation, out of stated capital or capital surplus of the corporation, a portion of its assets, in cash or property, subject to the limitations contained in the statutes of Colorado and these Articles of Incorporation.

2. In the event of any liquidation, dissolution or winding up of the corporation, the holders of shares of the Series A Convertible Preferred Stock then outstanding shall be entitled to be paid out of the assets of the corporation available for distribution to its stockholders before any payments shall be made to the corporation's common stockholders an amount equal to $20 per share plus the product of $1.60 times the number of full years between the date of issuance and the date of such liquidation payment for each share of Series A Convertible Preferred Stock less any cash dividends paid on such shares of Series A Convertible Preferred Stock (the "Preferential Amount"). Each share of Series A Convertible Preferred Stock shall rank on a parity with each other preferred share with respect to the Preferential Amount. In the event the assets of the corporation available for distribution are less than the foregoing Preferential Amount, distribution

shall be made pro rata among all shares of Series A Convertible Preferred Stock proportionate to the Preferential Amount to which each is entitled and no such amounts shall be paid or set apart for payment on the preferred shares unless at the same time amounts in like proportion to the respective Preferential Amount shall be paid or set apart for payment to all other preferred shares then outstanding. After the payment or setting apart for payment to the holders of preferred shares of the Preferential Amounts so payable to them, the holders of the common shares of the corporation shall be entitled to receive, ratably, all remaining assets of the corporation.

3. The merger or consolidation of the corporation into or with another corporation in which this corporation shall not survive, or the sale, transfer or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender) of all or substantially all of the assets of the corporation shall not be deemed to be a liquidation, dissolution or winding up of the corporation as those terms are used in this Paragraph (c).

4. In the event the corporation shall propose to take any action of the types described in Subparagraphs 1 and 2 of this Paragraph (c), the corporation shall, within ten days after the date the Board of Directors approves such action or twenty days prior to any shareholders' meeting called to approve such action, whichever is earlier, give each holder of the Series A Convertible Preferred Stock initial written notice of the proposed action. Such initial written notice shall describe the material terms and conditions of such proposed action, including a description of the stock, cash and property to be received by the holders of the Series A Convertible Preferred Stock upon consummation of the proposed action and the date of delivery thereof. If any material change in the facts set forth in the initial notice shall occur, the corporation shall promptly give written notice to each holder of the Series A Convertible Preferred Stock of such material change.

5. The corporation shall not consummate any proposed action of the types described in Subparagraphs 1 and 2 of this Paragraph (c) before the expiration of fifteen days after the mailing of the initial notice or ten days after the mailing of any subsequent written notice, whichever is later, provided that any such 15 or 10-day period may be shortened upon the written consent of the holders of a majority of the outstanding shares of each of the Series A Convertible Preferred Stock.

6. In the event the corporation shall propose to take any action of the types described in Subparagraphs 1 and 2 of this Paragraph (c) which will involve the distribution of assets other than cash, the corporation shall promptly engage independent competent appraisers to determine the value of the assets to be distributed to the holders of the Series A Convertible Preferred Stock (it being understood that with respect to the valuation of securities, the corporation shall engage such appraiser as shall be approved by the holders of a majority of the outstanding shares of the Series A Convertible Preferred Stock). The corporation shall, upon receipt of such appraiser's valuation, give prompt written notice to each holder of the Series A Convertible Preferred Stock of the appraiser's valuation.

(d) Voting.

1. Each Common Stockholder of record shall have one vote for each share of stock standing in his

name on the books of the corporation and entitled to vote. Except as otherwise provided by law, the holders of the Series A Convertible Preferred Stock shall be entitled to receive notice of shareholders' meetings and the holders of the Series A Convertible Preferred Stock shall be entitled to vote upon the election of directors or upon any questions affecting the management or affairs of this corporation, on the same basis as if each share of Series A Convertible Preferred Stock has been converted into the number of the shares of Common Stock into which it is then convertible. In the election of directors, each shareholder shall have the right to vote his number of shares for as many persons as there are directors to be elected. Cumulative voting shall not be permitted in the election of directors or otherwise.

2. The Series A Convertible Preferred Stockholders shall have the right to vote separately from the Common Stock on any consolidation, merger, sale, lease or transfer of substantially all of the assets of the corporation, or any capital reorganization or reclassification of capital stock of the corporation as if it were a separate class under the Colorado Corporation Code.

3. Where the holders of the Series A Convertible Preferred Stock have the power to vote, said holders shall be entitled to appropriate notice of shareholders' meetings. Except as otherwise provided herein or required by law, the holders of shares of the Series A Convertible Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters.

4. At all meetings of shareholders, one-third of the shares entitled to vote at such meeting, represented in person or by proxy, shall constitute a quorum.

5. When, with respect to any action to be taken by the shareholders, the Colorado Corporation Code requires the vote or concurrence of the holders of two-thirds of the outstanding shares, or of the shares entited to vote thereon, or of any class or series of shares, approval shall result from the vote or concurrence of a majority of such shares or class or series. This provision is adopted pursuant to C.R.S. §7-4-118, 1973, and shall control over any contrary provisions of the Colorado Corporation Code.

(e) Conversion Rights.

1. Each share of the Series A Convertible Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, and on or prior to the close of business on the third business day preceding the Redemption Date, if any (unless default shall be made by the corporation in duly paying the Redemption Price on the Redemption Date), initially into one fully paid and nonassessable share of Common Stock of the corporation subject to adjustment as set forth in Subparagraph (e)8 below. The actual number of shares of Common Stock into which each share of Series A Convertible Preferred Stock is convertible shall be determined by dividing the conversion price (the "Conversion Price") then in effect as determined by the application of Subparagraph (e)8 below into $20. Fractional shares of Common Stock will not be issued upon conversion of shares of the Series A Convertible Preferred Stock. The number of shares of Common Stock issuable shall be rounded down to the nearest whole share of Common Stock (to which any holders of Series A Convertible Preferred Stock are entitled), with any fractional share being disregarded.

2. The holders of any shares of Series A Convertible Preferred Stock may exercise the conversion right as to such shares or any part thereof by delivering to the corporation during regular business hours, at the office of any transfer agent of the corporation for the Series A Convertible Preferred Stock, or at the principal office of the corporation or at such other place as may be designated by the corporation, the certificate or certificates for the shares to be converted, duly endorsed for transfer to the corporation (if required by it), accompanied by written notice stating that the holder elects to convert such shares. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as the "Conversion Date." As promptly as practicable thereafter, the corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the holder, a certificate or certificates for the number of full shares of Common Stock to which such holder is entitled. The holder shall be deemed to have become a shareholder of record on the applicable Conversion Date. Upon conversion of only a portion of the number of shares of Series A Convertible Preferred Stock represented by a certificate so surrendered for conversion, the corporation shall issue and deliver to or upon the written order of the holder of the certificate so surrendered for conversion, at the expense of the corporation, a new certificate covering the number of shares of Series A Convertible Preferred Stock representing the unconverted portion of the certificate so surrendered.

3. The corporation shall pay all documentary stamp and other transactional taxes attributable to the issuance or delivery of shares of Common Stock of the corporation upon conversion of any shares of Series A Convertible Preferred Stock; provided, however, that the corporation shall not be required to pay any taxes which may be payable in respect of any transfer involved in the issuance or delivery of any certificate for such shares in a name other than that of the holder of the shares of Series A Convertible Preferred Stock in respect of which such shares are being issued.

4. The corporation shall reserve, free from pre-emptive rights, out of its treasury stock or its authorized but unissued shares of Common Stock, or both, solely for the purpose of effecting the conversion of the shares of Series A Convertible Preferred Stock, sufficient shares to provide for the conversion of all outstanding shares of Series A Convertible Preferred Stock.

5. If any shares of Common Stock to be reserved for the purpose of conversion of shares of Series A Convertible Preferred Stock require registration or listing with, or approval of, any governmental authority, stock exchange or other regulatory body under any federal or state law or regulation or otherwise, before such shares may be validly issued or delivered upon conversion, the corporation will in good faith and as expeditiously as possible at its expense, endeavor to secure such registration, listing or approval, as the case may be.

6. All shares of the Common Stock which may be issued upon conversion of the shares of Series A Convertible Preferred Stock will upon issuance by the corporation be validly issued, fully paid and non-assessable and free from all taxes, liens and charges with respect to the issuance thereof.

7. Upon conversion of the shares of Series A Convertible Preferred Stock into Common Stock, said converted shares of Series A Convertible Preferred Stock

shall be canceled and not reissued thereafter by the corporation.

8. The initial Conversion Price is $20 for the Series A Convertible Preferred Stock subject to adjustment from time to time as described in this subparagraph.

In the event the corporation at any time or from time to time after the Series A Convertible Preferred Stock has been issued shall declare or pay any dividend on the Common Stock payable in Common Stock, or effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then and in any such event, such Conversion Price shall be reduced, concurrently with such issue, to a price calculated to the nearest cent) determined by multiplying such Conversion Price in effect immediately prior to such issue by a fraction, (x) the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue, and (y) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such additional shares of Common Stock so issued, provided that the Conversion Price shall not be so reduced at such time if the amount of such reduction would be an amount less than $0.05, but any such amount shall be carried forward and reduction with respect thereto made at the time of and together with any subsequent reduction which, together with such amount and any other amount or amounts so carried forward, shall aggregate $0.05 or more; and provided further that, for the purposes of this section, all shares of Common Stock issuable upon conversion of outstanding Preferred Shares shall be deemed to be outstanding.

In the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Conversion Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

9. In case of any consolidation or merger of the corporation or the conveyance of all or substantially all of the assets of the corporation to another corporation, each share of Series A Convertible Preferred Stock shall thereafter be convertible into the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the corporation deliverable upon conversion of such Series A Convertible Preferred Stock would have been entitled upon such consolidation, merger or conveyance; and, in any such case, appropriate adjustment (as determined by the Board) shall be made in the application of the provisions herein set forth with respect to the rights and interest thereafter of the holders of the Series A Convertible Preferred Stock, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series A Convertible Preferred Stock.

10. The corporation shall promptly give written notice of each adjustment or readjustment of the Conversion Price or the number of shares of Common Stock or other securities issuable upon conversion of each share.

(f) Changes. So long as any shares of Series A Convertible Preferred Stock are outstanding, the corporation shall not, without first obtaining the approval by vote or written consent, in the manner provided by law, of the holders of at least a majority of the total number of shares of Series A Convertible Preferred Stock outstanding, voting separately as a class (1) alter or change any of the powers, preferences, privileges or rights of the Series A Convertible Preferred Stock; (2) amend the provisions of this Paragraph (f); or (3) authorize, create amend or increase or issue any capital stock of any class or series of any parity or other stock other than Common Stock as presently authorized, except other series of Preferred Stock sold at a price at least equal to $20 per share or the Conversion Price of a share of Series A Convertible Preferred Stock, as then in effect, whichever is the lesser, with such terms and conditions with respect to the liquidation preferences as essentially contained herein, as well as redemption, dividends and voting rights as contained herein.

(g) Notices. Notices to this corporation with respect to the shares shall be addressed to the attention of the Secretary at the principal office of this corporation, or to such other place as this corporation may from time to time direct by written notice to all holders of Series A Convertible Preferred Stock. Any notice required by the provisions hereof to be given to the holders of shares of the Series A Convertible Preferred Stock shall be deemed given if deposited in the United States mail, either by registered or certified mail, postage prepaid and addressed to each holder at the address given to the corporation by the holder, and as may from time to time be changed by written notice to the corporation.

(h) Preemptive Rights. No shareholder of the corporation shall have any preemptive or other right to subscribe for any additional unissued or treasury shares of stock or for other securities of any class, or for rights, warrants or options to purchase stock, or for scrip, or for securities of any kind convertible into stock or carrying stock purchase warrants or privileges.

FIFTH: The number of directors of the corporation shall be fixed by the bylaws and shall not be less than three nor more than nine. Five directors shall constitute the initial board of directors. The names and addresses of the initial directors are as follows:

Thomas E. Congdon	1776 Lincoln Street Suite 1100 Denver, Colorado 80203
William J. Carey	1776 Lincoln Street Suite 1100 Denver, Colorado 80203
Hugh J. Matheson	1776 Lincoln Street Suite 1100 Denver, Colorado 80203
Philip T. Bee	1776 Lincoln Street Suite 1100 Denver, Colorado 80203
Roger C. Cohen	3500 Amoco Building 1670 Broadway Denver, Colorado 80202

SIXTH: The address of the initial registered office of the corporation is 3500 Amoco Building, 1670 Broadway, Denver, Colorado 80202. The name of its initial

registered agent at such address is Roger C. Cohen. The corporation may conduct part or all of its business in any other part of Colorado, of the United States or of the world. It may hold, purchase, mortgage, lease and convey real and personal property in any of such places.

SEVENTH: The following provisions are inserted for the management of the business and for the conduct of the affairs of the corporation, and the same are in furtherance of and not in limitation or exclusion of the powers conferred by law.

(a) Contracts with Directors, etc. No contract or other transaction between the corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested shall be either void or voidable solely because of such relationship or interest or solely because such directors are present at the meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or solely because their votes are counted for such purpose if: (i) the fact of such relationship or interest is disclosed or known to the board of directors or committee which authorizes, approves, or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consent of such interested directors; or (ii) the fact of such relationship or interest is disclosed or known to the shareholders entitled to vote and they authorize, approve, or ratify such contract or transaction by vote or written consent; or (iii) the contract or transaction is fair and reasonable to the corporation. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or a committee thereof which authorizes, approves, or ratifies such contract or transaction.

(b) Indemnification of Directors, etc. The corporation shall indemnify, to the extent permitted by law, any director, officer, agent or employee of the corporation against any claim, liability or expense arising against or incurred by such person as a result of actions reasonably taken by him at the direction of the corporation. The corporation shall further have the authority to the full extent permitted by law to indemnify its directors, officers, agents and employees against any claim, liability or expense arising against or incurred by them in all other circumstances.

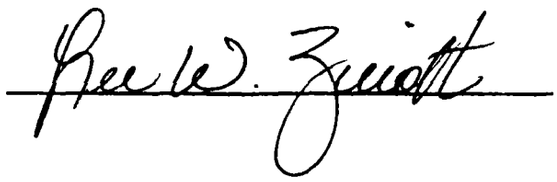
(c) Negation of Equitable Interests in Shares or Rights. The corporation shall be entitled to treat the registered holder of any shares of the corporation as the owner thereof for all purposes, including all rights deriving from such shares, and shall not be bound to recognize any equitable or other claim to, or interest in, such shares or rights deriving from such shares, on the part of any other person, including but without limiting the generality hereof, a purchaser, assignee or transferee of such shares or rights deriving from such shares, unless and until such purchaser, assignee, transferee or other person becomes the registered holder of such shares, whether or not the corporation shall have either actual or constructive notice of the interest of such purchaser, assignee, transferee or other person. The purchaser, assignee, or transferee of any of the shares of the corporation shall not be entitled: to receive notice of the meetings of the shareholders; to vote at such meetings; to examine a list of the shareholders; to be paid dividends or other sums payable to shareholders; or to own, enjoy and exercise any other property or rights

deriving from such shares against the corporation, until such purchaser, assignee, or transferee has become the registered holder of such shares.

EIGHTH: The name and address of the incorporator is:

Lee W. Zieroth — 3500 Amoco Building, 1670 Broadway, Denver, Colorado 80202

DATED the 17th day of December, 1982.



VERIFICATION

STATE OF COLORADO]
] ss.
CITY AND COUNTY OF DENVER]

I, Mercedes M. Munn a notary public, hereby certify that on the 17th day of December, 1982, personally appeared before me Lee W. Zieroth, who being by me first duly sworn, declared that he is the person who signed the foregoing document as incorporator and that the statements therein contained are true.

My commission expires: 8-3-86

Mercedes M. Munn
Notary Public

Address: ~~My commission expires Aug. 3, 1986~~
1302 E. 11TH AVE.
~~DENVER, COLORADO 80218~~

December 17, 1982

Colorado Secretary of State
Corporations
1575 Sherman Street
Denver, CO 80203

To Whom It May Concern:

CoCa Mines Inc., a Delaware corporation in good standing in the State of Colorado, hereby consents to and permits the formation of CoCa Mines Inc. - Colorado in the State of Colorado by Lee W. Zieroth, its incorporator.

COCA MINES, INC., a
Delaware Corporation

ATTEST:
By: _____
Secretary

By: _____
President

STATE OF COLORADO

DEPARTMENT OF STATE

CERTIFICATE

I, **NATALIE MEYER**, *Secretary of State of the State of Colorado hereby certify that the prerequisites for the issuance of this certificate have been fulfilled in compliance with law and are found to conform to law.*

Accordingly, the undersigned, by virtue of the authority vested in me by law, hereby issues A CERTIFICATE OF AMENDMENT TO COCA MINES INC. - COLORADO.

STATE OF COLORADO · NIL SINE NUMINE · 1876

Natalie Meyer
SECRETARY OF STATE

DATED: JANUARY 21, 1983

(Rev. 10 75)

FILLING FEE: $22.50

ARTICLES OF AMENDMENT

to the

ARTICLES OF INCORPORATION

RECEIVED

FILED

Pursuant to the provisions of the Colorado Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is (note 3) CoCa Mines Inc. - Colorado 21 JAN '83

STATE OF COLORADO

SECOND: The following amendment was adopted by the ~~shareholders~~ directors* of the corporation on January 20 21 1983, in the manner prescribed by the Colorado Corporation Act:

RESOLVED, that the first sentence of Article FOURTH to the Articles of Incorporation of the corporation be amended to read as follows:

"The aggregate number of shares of stock which the corporation shall have authority to issue is 6,000,000 shares of $.01 par value Common Stock and 225,000 shares of $20 par value Series A Convertible Preferred Stock."

THIRD: *The number of shares of the corporation outstanding at the time of such adoption was none: and the number of shares entitled to vote thereon was none.

FOURTH:* The designation and number of outstanding shares of each class entitled to vote thereon as a class were as follows: none

CLASS	(Note 1)	NUMBER OF SHARES

FIFTH: *The number of shares voted for such amendment was none; and the number of shares voted against such amendment was none.

SIXTH:* The number of shares of each class entitled to vote thereon as a class voted for and against such amendment, respectively, was: none

CLASS	(Note 1)	NUMBER OF SHARES VOTED	
		For	Against

SEVENTH: The manner, if not set forth in such amendment, in which any exchange, reclassification, or cancellation of issued shares provided for in the amendment shall be effected, is as follows: no change

(Note 2)

EIGHTH: The manner in which such amendment effects a change in the amount of stated capital, and the amount of stated capital as changed by such amendment, are as follows: no change

(Note 2)

*No shares have been issued.

CoCa Mines Inc. - Colorado (Note 3)

By Hugh J. Matheson (Its President)

and (Its Secretary) } (Note 4)

STATE OF COLORADO, City and County of Denver } ss

Before me, REBECCA D ZUPAN, a Notary Public in and for the said County and State, personally appeared Hugh J. Matheson who acknowledged before me that he is the President (Title of office) of CoCa Mines Inc. - Colorado (Name of the corporation), a Colorado corporation and that he signed the foregoing Articles of Amendment as his free and voluntary act and deed for the uses and purposes therein set forth, and that the facts contained therein are true.

In witness whereof I have hereunto set my hand and seal this 21st day of January A.D. 1983

My commission expires April 13, 1986

Rebecca D Zupan (Notary Public)

NOTES: 1. If inapplicable, insert "None."
2. If inapplicable, insert "No change."
3. Exact corporate name of corporation adopting the Articles of Amendment. (If this is a change of name amendment the name before this amendment is filed)
4. Signatures and titles of officers signing for the corporation.

SUBMIT IN DUPLICATE means original TYPED copy and first carbon copy, or xerox copies both having original signatures & verifications.

1100 DENVER ACTION BUILDING

DENVER, CO 80203 ADDRESS

PROXY STATEMENT

COCA MINES INC.
ST. MARY PARISH LAND COMPANY
CONGDON AND CAREY, LTD. 5

This Proxy Statement is furnished in connection with the solicitation by the managements of CoCa Mines Inc., a Delaware corporation ("CoCa"), and St. Mary Parish Land Company, a Delaware corporation ("St. Mary"), and by the general partners of Congdon and Carey, Ltd. 5, a Colorado limited partnership ("C&C5"), for proxies of shareholders and limited partners, respectively, to be used at special meetings thereof to be held January 31, 1983. The purpose of the special meetings is to vote upon the Agreement and Plan of Reorganization dated December 17, 1982 (the "Agreement"), among CoCa, St. Mary and C&C5, providing for the following transactions:

1. CoCa shall be merged into and with CoCa Mines Inc., a newly-formed Colorado corporation ("CMI");

2. CMI shall acquire all of the assets and properties of C&C5; and

3. St. Mary shall purchase, for an aggregate consideration of $4,000,000, 200,000 shares of the Series A Convertible Preferred Stock of CMI and warrants to purchase up to 150,000 shares of CMI common stock at a price of $20 per share.

THE APPROVAL OF A MAJORITY OF THE DISINTERESTED SHAREHOLDERS OF COCA AND ST. MARY, RESPECTIVELY, AND BY A MAJORITY-IN-INTEREST OF THE LIMITED PARTNERS OF C&C5 WHO VOTE ON SUCH MATTERS IS A CONDITION PRECEDENT TO THE EFFECTIVENESS OF THE AGREEMENT.

All shares and partnership interests, as the case may be, represented by properly executed proxies will, unless such proxies have been previously revoked, be voted at the meetings in accordance with the directions on the proxies. If no direction is indicated, the shares or partnership interests will be voted in favor of the Agreement. If any other matters are properly presented to the meetings for action, it is intended that the persons named in the proxies and acting thereunder will vote in accordance with their best judgment on such matters.

TABLE OF CONTENTS

	Page
SUMMARY OF TRANSACTIONS	4
BUSINESS OF CMI	6
BUSINESS OF COCA	
General	6
Management and Principal Shareholders	6
Properties	7
Equity Silver Mines Limited	7
Candelaria Partners	9
Luning	11
Kasock Mountain	11
Round Mountain	12
Middle Buttes	13
BUSINESS OF C&C5	
General	14
Management and Principal Owners	15
Properties	15
Gilt Edge	15
Flathead	16
BUSINESS OF ST. MARY	
General	19
Management and Principal Shareholders	20
VALUATION	21
USE OF NEW CAPITAL	23
DESCRIPTION OF TRANSACTIONS	
General	23
Capitalization	24
CMI Common Stock	24
CMI Preferred Stock	25
CMI Warrants	26
Registration Rights	26
Other Covenants	27
Promissory Notes	27
Production Payments	27
TAX EFFECTS	28
RESALE RESTRICTIONS	29
MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF CMI	30

TABLE OF CONTENTS (continued)

	Page
CONFLICTS OF INTEREST	34
CERTAIN CONSIDERATIONS	
General	35
General Risks of the Mining Industry	36
Specific Risks Relating to Properties	37
Income Tax Risks	38
FINANCIAL STATEMENTS	39
CONSENT OF PROMISSORY NOTEHOLDERS	39
SUBSCRIPTION BY COCA SHAREHOLDERS	39

EXHIBITS:

A. Equity Silver Mines Limited Reports
B. Kilborn Engineering (B.C.) Ltd. Report

SUMMARY OF TRANSACTIONS

The following summary of certain information contained in this Proxy Statement is qualified in its entirety by the detailed information appearing herein and by the Agreement. See also "CERTAIN CONSIDERATIONS" at page 35 for certain risks applicable to the transactions contemplated by the Agreement.

A copy of the Agreement is available to any shareholder of CoCa and St. Mary and to any limited partner of C&C5 upon request therefor.

The transactions to be voted upon by the shareholders of CoCa and St. Mary and by the limited partners of C&C5 generally provide for the expansion of CoCa through its acquisition of the net assets of C&C5 and its obtaining of at least $4,000,000 of new capital from St. Mary. The transactions specifically involve the following:

1. A new Colorado corporation has been formed known as "CoCa Mines Inc." ("CMI"). The authorized capitalization of CMI is 3,500,000 shares of common stock (the "Common Stock") and 225,000 shares of Series A Convertible Preferred Stock.

2. CMI will acquire by merger CoCa, which is a Delaware corporation. All of the assets and liabilities of CoCa will become the assets and liabilities of CMI, and CMI will issue one share of its Common Stock for each of the presently outstanding 1,008,461 shares of the common stock of CoCa. After the merger, CoCa will cease to exist.

3. CMI will acquire the assets and liabilities of C&C5 in exchange for 330,000 shares of CMI's Common Stock and the retention by C&C5 of production payments from the net revenues of its two mining projects in the aggregate amount of $2,035,537.56. C&C5 will then liquidate and distribute the CMI Common Stock and the right to receive production payments to its partners.

4. CMI will issue to St. Mary 200,000 shares of its Series A Convertible Preferred Stock for $20 per share cash, or an aggregate of $4,000,000. Each share of such Preferred Stock will be convertible into one share of CMI Common Stock at any time up to December 31, 1986. If by that date the Preferred Stock has not been converted to Common Stock, it must then be redeemed by CMI at its original cost. This redemption obligation will be secured by a pledge of 1,000,000 shares of the common stock of Equity Silver Mines Limited. St. Mary will also acquire a warrant to purchase on or before January 31, 1987 up to an additional 150,000 shares of CMI Common Stock for $20 per share.

5. Shareholders of CoCa may elect to purchase up to an aggregate of 25,000 shares of CMI Series A Convertible Preferred Stock for $20 per share and to receive warrants to purchase up to an additional 18,750 shares of CMI Common Stock at $20 per share. The terms of such Preferred Stock and warrants are the same as those to be acquired by St. Mary.

6. The effects of the foregoing transactions are that the shareholders of CoCa will become owners of the same number of shares of the Common Stock of CMI; the partners of C&C5 will cease to be members of that partnership and will become common shareholders of CMI; and St. Mary will become a holder of CMI Preferred Stock and have the right to become a CMI common shareholder, as will those shareholders of CoCa electing to invest on the same basis as St. Mary.

7. The advantages of the foregoing transactions to CoCa and its shareholders are generally (i) the obtaining from C&C5 of two precious metals mining projects on which substantial funds have previously been expended for exploration and development, one of which (the Flathead project in Montana) appears to be viable even at current depressed metals prices and (ii) the obtaining from St. Mary of sufficient capital to carry the Flathead project forward and to continue CoCa's other mineral investment activities.

8. The advantages of the transactions to C&C5 and its partners are (i) the acquisition of an approximately 25 percent interest in the Common Stock of CMI (19 percent after conversion of Preferred Stock and exercise of warrants), which is equivalent to the percentage ownership interest C&C5 might expect to retain in its mining projects were it independently to develop them with third parties, (ii) the participation through CMI Common Stock ownership in the other present and future mineral investments of CMI and (iii) the retention of production payments from the net revenues of C&C5's present mining projects.

9. The advantage of the transactions to St. Mary is diversification of its energy and real estate investment activities into precious metals on a cost basis which reflects current depressed prices and which, through CMI's secured Preferred Stock redemption obligation, minimizes risk.

10. The transfer to CMI of the C&C5 assets and liabilities and the investment by St. Mary are each conditioned upon the occurrence of the other. All transactions are to close simultaneously on January 31, 1983, effective as of December 31, 1982.

BUSINESS OF CMI

CMI was formed December 17, 1982 under the laws of Colorado for the purpose of entering into the transactions contemplated by the Agreement. It is the objective of CMI, following consummation of the Agreement, to continue the business of CoCa and to establish an ongoing, successful and substantial mining company with principal emphasis on precious metals.

The sole shareholder of CMI is CoCa which holds one share of Common Stock. CMI has not conducted any business as of the date hereof, owns no properties or other assets and will commence operations only upon consummation of the Agreement. For information concerning management of CMI following consummation of the Agreement, see "MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF CMI" at page 30.

BUSINESS OF COCA

General

CoCa was formed under the laws of Delaware on June 27, 1980 for the purpose of engaging in the mining business. Effective September 30, 1980, CoCa acquired all of the assets and liabilities of Congdon and Carey, Ltd. No. 4, a Colorado limited partnership, including its interest in Candelaria Partners and its shares of Equity Silver Mines Limited (see "Properties" at page 7).

Management and Principal Shareholders

The executive officers and directors of CoCa are as follows:

Name	Position
Thomas E. Congdon	Chairman of the Board of Directors
William J. Carey	Vice Chairman of the Board of Directors
Hugh J. Matheson	President and Chief Executive Officer; Director
J. Christopher Mitchell	Vice-President; Secretary
Robert A. Rivera	Vice-President - Exploration
Jerry E. Julian	Treasurer
Philip T. Bee	Director
Roger C. Cohen	Director

The following sets forth information, as of December 15, 1982, with respect to the total number of shares of CoCa's common stock held of record by beneficial owners of more than five percent of CoCa's common stock:

Name and Address	Shares Owned Beneficially and of Record	
	Number	Percent of Class
William J. Carey 7322 Blairview Drive Dallas, Texas 75230	256,189.5	25.4
Thomas E. Congdon 1776 Lincoln Street Suite 1100 Denver, Colorado 80203	354,851.5(1)	35.0

(1) Includes an aggregate of 174,563.5 shares held by Mr. Congdon's wife, daughters and trusts for their benefit.

For information concerning the officers and directors and principal shareholders of CMI following its merger with CoCa, see "MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF CMI" at page 30.

Properties

The principal assets of CoCa consist of 1,001,145 shares of Equity Silver Mines Limited, a British Columbia corporation ("ESML"), and a limited partnership interest in Candelaria Partners, a Colorado limited partnership ("Candelaria"). CoCa also owns interests in the Luning prospect (Nevada) and the Kasock Mountain prospect (Nevada). CoCa has negotiated agreements in principle for participation in further exploration and development of the Round Mountain prospect (Colorado) and the Middle Buttes prospect (California).

Equity Silver Mines Limited

CoCa owns approximately 12.1 percent, or 1,001,145 shares, of ESML's common stock. The capitalization of ESML is 8,266,000 shares of common stock, of which Placer Development Limited, a British Columbia corporation ("Placer"), owns 70 percent, and 246,520 shares of cumulative redeemable preferred stock, of which Placer owns 100 percent. As of September 30, 1982, the principal amount owing on the cumulative redeemable ESML preferred shares was $67,052,000 (Canadian), and the cumulative unpaid dividends on those shares were $9,528,000 (Canadian).

The common stock of ESML is traded on the Vancouver Stock Exchange and on December 16, 1982, closed at a price of $26.50 (Canadian) per share. The trading range in 1982 through December 16 has been a low of $10 (Canadian) in June and a high of $27 (Canadian) in early December.

ESML is a successor to several other entities and owns the Equity silver-copper-gold mine near Houston, British Columbia. In 1973, Thomas E. Congdon, on behalf of Congdon and Carey, Ltd. No. 4, the predecessor to CoCa, entered into an agreement providing for further exploration and development of the Equity mining claims with a predecessor of ESML. From discovery in the mid-1960's by others through 1978, a total of approximately $7,000,000 (Canadian) was spent on the Equity project.

On December 20, 1978, an agreement was entered into with Placer for the organization of ESML and its acquisition of the Equity project. Such agreement was consummated in February, 1979, and shortly thereafter Placer committed to place the Equity project into production. Placer arranged for all funding necessary to develop the mine at a cost of approximately $144,000,000 (Canadian).

Production commenced in the fall of 1980. Activities during 1981 are described in ESML's 1981 Annual Report, a copy of which accompanies this Proxy Statement as Exhibit A. The leach plant, designed to reduce the levels of antimony and arsenic, has had a long and difficult startup. In the meantime, sales of unleached concentrate are continuing in the spot market.

ESML metal production in 1982 through September 30 was as follows:

Silver - 4,756,350 ounces
Gold - 19,370 ounces
Copper - 1,583,370 pounds

Placer's engineers have estimated mineable ore reserves in the two known orebodies at the Equity project at December 31, 1981 as follows:

		Ounces/Ton		Percent	
Orebody	Short Tons	Silver	Gold	Copper	Antimony
So. Tail	4,830,000	3.62	0.047	0.559	0.091
Main Zone	23,369,000	2.87	0.024	0.350	0.070

The scheduled ore production shown above does not exhaust the known ore reserves in the two orebodies. Estimates made by CoCa's engineers in 1978 indicated the geologic ore reserves for the two orebodies as:

Tons	Ounces/Ton		Percent	
	Silver	Gold	Copper	Antimony
43,203,000	2.83	0.026	0.33	0.09

In addition, the potential exists for developing more ore down dip, along strike and in other potential deposits on the property. It appears that there is sufficient additional mineralization to support the present rates of mining well into the next century.

Messrs. Congdon and Carey serve as two of the seven members of the Board of Directors of ESML. During October and November, 1982 CoCa sold 120,000 shares of ESML common stock for an aggregate consideration of $2,075,000 which was used to retire bank indebtedness.

Candelaria Partners

Candelaria Partners is a Colorado limited partnership of which Occidental Minerals Corporation, a wholly-owned subsidiary of Occidental Petroleum Corporation, is the general partner, holding a 92 percent interest before payout and a 60 percent interest after payout. CoCa, as a successor in interest to Congdon and Carey, Ltd. No. 4 ("C&C4"), is a limited partner with a 7 percent interest before payout and a 37 percent interest after payout. Candelaria Partners was formed in 1976 to develop the Candelaria gold and silver property in Mineral County, Nevada.

The Candelaria property is located 35 miles southeast of Hawthorne, Nevada. Silver mineralization in the Candelaria area has been known for more than 100 years, and the area was a major silver camp in the 1870's and 1880's. Production at that time was from high grade veins using underground mining methods. Technology was not, however, sufficient to permit the extraction of silver from the extensive lower grade areas.

In the late 1960's, interest was rekindled in the Candelaria area. During 1970 through 1972, C&C4 entered into agreements with landowners to obtain the claims now held by Candelaria Partners. Between 1968 and 1970, drilling and sampling was conducted on the Candelaria properties by other parties, and this activity was continued by C&C4 through 1975.

Following the formation of Candelaria Partners, Occidental drilled an additional 205 holes in the two ore deposits. Based upon such testing, Occidental and its engineers estimated reserves as follows:

Deposit	Tons	Ounces/Ton Silver	Ounces/Ton Gold	Strip Ratio
Lucky Hill	3,969,000	2.64	.0083	1.36:1
Mt. Diablo	8,363,230	3.23	.0060	3.41:1

A geological consultant to Occidental has estimated that a third mineral deposit may contain approximately 6,000,000 tons of ore with a metals content comparable to the above.

The Candelaria mine was brought into production by Occidental in the fall of 1980. At December 31, 1980, Occidental's contributions to the capital of Candelaria Partners amounted to approximately $39,501,000, of which approximately $3,200,000 was spent on exploration, evaluation and property acquisition.

Ninety-two percent of Candelaria profits are allocated to Occidental until it has recovered from cash flow the capital contributed by it to place the property into production, interest on that capital contribution plus income taxes on such portion of cash flow. After payout, all profits are to be allocated 60 percent to Occidental, approximately 37 percent to CoCa and approximately 3 percent to the other limited partners.

From inception of operations in the fall of 1980 through June, 1982, production at Candelaria was as follows:

	Ore to Pads (tons)	Silver (ounces)	Gold (ounces)
1980	120,901	269,718	1,059.6
1981	2,194,327	1,675,280	9,184.6
1982	854,951	747,609	4,734.2
Total	3,170,179	2,692,607	14,978.4

Silver production at Candelaria has been less than anticipated, due to lower ore grades and a less favorable silver extraction rate from ore on leach pads. As a result production costs are higher and losses occur at silver prices of less than $8.00-8.50 per ounce. Accordingly, mining operations were suspended at Candelaria in June, 1982. Concurrently, Occidental Petroleum began terminating most of the employees of Occidental Minerals and sought purchasers for the latter's assets, including Candelaria.

Barring an increase of silver prices into the $16-20 per ounce range, it is unlikely CoCa will ever receive anything more than 7.4 percent of Candelaria cash flow as, pursuant to the limited partnership agreement, the general partner is unlikely ever to achieve payout of its capital contributions plus interest and taxes.

Luning

The Luning prospect is a prospective gold project in the Santa Fe Mining District approximately 34 miles east of Hawthorne, Nevada. A large variety of mineral products have been mined in the Santa Fe Mining District since 1879, including copper, silver, tungsten and gold. Most recently, exploration by another company has led to the discovery of a gold-silver ore deposit reported to hold 3,350,000 tons grading 0.087 oz/ton gold and 1.3 oz/ton silver.

Prospecting by CoCa in 1981 resulted in identification of a target for disseminated gold mineralization. Detailed surface geologic mapping and sampling in 1981 confirmed the presence of a strong gold geochemical anomaly over a 500 x 1,600 foot area, supported by larger anomalies in antimony, arsenic and mercury. To date, a total of 789 surface samples have been taken, of which 124 are rock samples. Fifty-two percent of the rock samples have gold assays above lower detection limits and range up to 0.338 oz/ton gold, with an average of 0.035 oz/ton. Two reverse circulation drillholes were drilled in 1982 and successfully tested the geochemical anomaly, encountering low grade gold mineralization over 195 feet, averaging 0.035 oz/ton gold. Mineralization was found to exist to a depth of 335 feet, and additional mineralized limestone was found buried under alluvial cover.

Land acquisition work in 1981 consisted of the location of 52 York unpatented lode claims on open federal lands and the purchase of 3 additional unpatented lode claims. The claims are all contiguous and represent a land position of approximately 940 acres.

CoCa's exploration staff has recommended that work in 1983 consist of grid drilling the York target and scout drilling in selected other areas elsewhere on the property.

Kasock Mountain

The Kasock Mountain prospect is located approximately 44 miles north/northeast of Hawthorne, Nevada. The property represents an exploration target for a porphyry copper deposit of large size.

The property consists of 103 unpatented lode mining claims encompassing a total of approximately 2,038 acres located by CoCa personnel in late 1981 and early 1982. CoCa's exploration staff has recommended a program of geochemical and geophysical surveys, together with detailed geologic mapping, to evaluate the prospect's potential and to define drill targets.

Round Mountain

The former partners of Congdon and Carey, Ltd. No. 2 ("C&C2") own an interest in mineral rights in over 2,400 acres covering portions of 11 sections in the Hardscrabble Mining District, Custer County, immediately north of Westcliffe, Colorado. The mineral rights are held through a variety of agreements, including leases, leases with options to purchase, options to purchase and by direct ownership of both patented and unpatented lode mining claims.

Thomas E. Congdon and William J. Carey, on behalf of the former partners of C&C2, have agreed in principle with CoCa for the formation of a limited partnership to acquire and develop the Round Mountain project. CoCa will be the general partner and will make an initial capital contribution of $75,000. At such time as it has contributed to the partnership an aggregate of $1,000,000 of capital, it will be entitled to an 80 percent interest in the project. CoCa will also receive management fees and the reimbursement of its management costs. The C&C2 partners as limited partners will be entitled to a 20 percent interest in the project after CoCa has recovered its capital contributions. CoCa may elect to terminate the partnership at any time after its initial capital contribution. Partnership capital will be used for further exploration and development of the Round Mountain project with the exception of $230,000, plus interest, which will be paid to Mr. Congdon to reimburse him for previous Round Mountain expenditures advanced by him. Should CoCa determine to place the project into production, it must obtain the funds to do so without dilution of the interests of the C&C2 partners.

The foregoing limited partnership is to be entered into upon completion of the transactions among CMI, CoCa, C&C5 and St. Mary described in this Proxy Statement. The terms of such partnership have been approved by the independent members of the Board of Directors of CoCa. Such terms have also been reviewed by an independent mining consultant to CoCa who found them generally to be fair and reasonable and to be as favorable to CoCa as those which could be obtained from an unaffiliated third party.

The original reconnaissance of the Round Mountain area was undertaken in 1962, followed by geologic mapping

during the next two years. Exploratory drilling commenced in 1966, and through 1981 a total of 46,137 feet of sampling had been completed.

The Round Mountain project lies within the Silver Cliff volcanic center. While past production was principally from fractures in volcanic rocks filled with lead-zinc-silver ores, C&C2's exploration effort has been directed towards the evaluation of the "Kate" manganese silver ore deposit. The manganese minerals have combined with the silver in such a way as to render conventional cyanidation methods ineffective.

The next phase of work at Round Mountain will require fill-in drilling to complete ore definition in the Kate area, where present reserves are estimated to be four to seven million tons at a grade of 2.7 oz/ton silver, using a one ounce cut-off. The drilling program will be augmented by metallurgical testing to provide cost and recovery data for the production of silver in a marketable form.

CoCa's exploration staff believes there is excellent potential for the addition of from two to five million tons of a grade comparable to the Kate mineralization in untested areas adjacent to the Kate zone. In addition, a re-evaluation of areas previously worked by others for lead-zinc-silver mineralization appears to be warranted.

Middle Buttes

The Middle Buttes project is an effort to define gold and silver mineralization in an area approximately 25 miles north/northwest of Lancaster, California. The site includes the former Cactus Queen mine, which was a 250-ton per day operation owned by the Mudd family of Los Angeles. The mine was operated from 1936 to 1942, when it was closed by Presidential Order.

This project has been funded solely by Messrs. Congdon and Carey. Expenditures commenced in the summer of 1979 and through September, 1982 amounted to approximately $720,000.

Land acquisition began in the fall of 1979. An aggregate of nine leases have been executed, and in addition, 20 unpatented lode mining claims have been located on open federal lands. The lease on the area containing the bulk of the known mineralization provides for a sliding-scale earned royalty, with a minimum rate of royalty of 4 percent on ores with a net smelter return value of $40 per ton or less, to a maximum of 12½ percent, generally on ores having a net smelter return value of $500 per ton or more. The other eight leases provide for a 2½ percent royalty rate for ores having a net smelter return value of $25 per ton or

less, increasing pro rata to the maximum rate of 12½ percent to ores having a net smelter return value of $125 per ton or more. In all leases, the ore values are adjusted quarterly in relation to movements in the Consumer Price Index since June, 1979.

To date, 33 rotary and 11 diamond holes totaling 15,744 feet have been completed. Seven intercepts of more than 10 feet of thickness grading 0.10 oz/ton gold or more have been encountered. The most encouraging of these intercepts grades 2.89 oz/ton gold and 2.5 oz/ton silver through a 10-foot thickness at a site more than 800 feet from the old mine workings. Two possible ore reserves are indicated. The "Shumake Zone" has potential for development as a low grade gold deposit with a low waste/ore ratio, while the "Cactus Zone" is a potential underground producer.

Messrs. Congdon and Carey have agreed in principle with CoCa to form a joint venture to acquire and develop the Middle Buttes project. CoCa will make an initial capital contribution of $200,000 and at such time as it has contributed to the venture an aggregate of $1,000,000 of capital and committed to cause the project to be placed into production, it will be entitled to a 77½ percent interest in the project. CoCa will also receive management fees and the reimbursement of its management costs. Messrs. Congdon and Carey will be entitled to a 22½ percent interest in the venture after CoCa has recovered its capital contributions. CoCa may elect to terminate the venture at any time after its initial capital contribution. Capital of the venture will be used for further exploration and development of the Middle Buttes project. Funding to place the project into production must be obtained by CoCa without dilution of the interests of Messrs. Congdon and Carey.

The foregoing joint venture is to be entered into upon completion of the transactions among CMI, CoCa, C&C5 and St. Mary described in this Proxy Statement. The terms of such venture have been approved by the independent members of the Board of Directors of CoCa. Such terms have also been reviewed by an independent mining consultant to CoCa who found them generally to be fair and reasonable and to be as favorable to CoCa as those which could be obtained from an unaffiliated third party.

BUSINESS OF C&C5

General

C&C5 was organized as a limited partnership under the laws of Colorado on July 1, 1974. Since such time, it has engaged in the mining business. C&C5 currently controls all of the mineral rights to the Flathead silver-gold-base

metal project in Flathead County, Montana, and with Amoco Minerals controls the mineral rights to the Gilt Edge gold project in Lawrence County, South Dakota.

Upon consummation of the Agreement described herein, C&C5 will liquidate and dissolve and will distribute the CMI Common Stock and the Flathead and Gilt Edge production payments to the partners of C&C5 as described in "DESCRIPTION OF TRANSACTIONS" at page 23.

Management and Principal Owners

The general partners of C&C5 are William J. Carey and Thomas E. Congdon, each of whom owns a 26.9096 percent interest in C&C5 after payout.

The following limited partners of C&C5 each own in excess of five percent of the aggregate partnership interests after payout in C&C5:

Name	Percentage Interest
George G. Anderman	6.5278
Helmerich & Payne, Inc.	8.1598
Nelson Bunker Hunt	5.2084
Mrs. Janet Levy	8.1598

Properties

Gilt Edge

The Gilt Edge project is a potential low grade open pit gold mine in the Black Hills of South Dakota. The property consists of approximately 830 acres held by two principal leases on patented and unpatented lode mining claims, plus additional unpatented claims located by Amoco Minerals, operator of the Gilt Edge joint venture with C&C5.

Amoco Minerals has an 80 percent interest in the joint venture and C&C5 a 20 percent interest. The joint venturers are obligated to fund their respective shares of the venture's costs or suffer dilution.

The Gilt Edge property produced gold from intermittent underground and open pit mining operations from 1897 through 1941. C&C5 assembled a property position in 1971 and undertook for its own account an exploration program seeking copper and molybdenum mineralization beneath the

previously worked gold deposits. This effort was unsuccessful and the property position was allowed to lapse. Improving gold prices in 1975 led to a request from Cyprus Mines (now Amoco Minerals) for assistance in reassembling the property position and to the formation of the Gilt Edge joint venture.

Through 1981, a total of 231 exploratory holes for 62,000 feet of drilling was completed, as well as the reopening of a portion of the underground workings and the completion of a considerable amount of metallurgical testing to determine the amenability of the ore to low cost heap leaching methods. The ultimate potential of the project is presently considered to be 20 million tons of ore in a single open pit at a grade of 0.047 oz/ton gold at a cut-off grade of 0.020 oz/ton. Expenditures through September, 1982 were in excess of $3,866,000.

A deposit of the Gilt Edge scale may be too small to be of interest to Amoco Minerals. During 1982, exploration efforts were directed at locating higher grade mineralization mineable by underground methods which appears to have been unsuccessful. Amoco Minerals has invited a number of mining companies to review the Gilt Edge data with a view to offering to purchase Amoco Minerals' interest. It is expected that purchase offers, if any, will fall short of Amoco Minerals' expectations and that it may thereafter negotiate to turn the property back to C&C5.

It is the opinion of C&C5 that Gilt Edge could be a profitable small scale, open pit, heap leach operation at a price level only slightly higher than the current gold price.

Flathead

The Flathead project is a relatively high grade silver property with potential byproducts of gold, lead, zinc and copper. The property consists of ten and one-half sections of land, 35 miles northwest of Polson, Montana, held pursuant to lease agreements with Anaconda Minerals Company, Burlington Northern Railroad Company and the Department of State Lands, State of Montana.

Initial geologic reconnaissance was carried out by C&C5 in 1972, and lease negotiations commenced in 1975. C&C5 assigned the leases to Hog Heaven Partners ("HHP") in 1979. C&C5 was the sole limited partner in HHP and Canadian Superior Mining (U.S.) Ltd. ("Superior") was the sole general partner. An agreement was reached with Superior on May 15, 1982 to terminate HHP.

Mineralization was first discovered on the Flathead property by local ranchers in 1913, but commercial production did not commence until 1934, when Anaconda began

shipping ore to Montana smelters. Low metal prices and a shortage of labor forced Anaconda to suspend operations in mid-1946. There was no further production until 1963, when a lessee commenced open pit mining which continued through 1975. There has been no underground mining since 1946. While production records are incomplete, the following summary of prior production from Flathead is believed to be reasonably accurate:

Tons Mined	Silver	Other Metals
134,000	26.6 oz/ton	0.02 oz/ton gold
139,000	18.2	12.1 percent lead
17,000	28.9	0.004 oz/ton gold plus 1.2 percent copper

or 6,580,000 ounces of silver plus additional values in gold and base metals.

From 1975 through 1978, C&C5 spent approximately $1,035,000 in completing 45 diamond holes totaling 24,850 feet and reopened, rehabilitated and mapped portions of the underground workings. C&C5 was also able to locate the very extensive assay and sampling records that had been prepared by the mine staff during the years 1934-1946.

C&C5's exploration objective was the definition of a bulk tonnage deposit with potential reserves mineable by both open pit and underground methods, in the range of 50 to 100 million ounces of silver. Results through 1978 suggested the existence of such a target, and C&C5 invited a number of companies to consider participation in further drilling and development of the Flathead property. An agreement was reached with Superior in early 1979 whereby HHP would be formed, with Superior contributing all the funds required to complete, at Superior's sole discretion, a feasibility study on the project.

In the 1979-1981 period, Superior completed approximately 425 drill holes, of which 67,865 feet represented rotary drill holes and 31,079 feet represented diamond drill holes, with emphasis on definition drilling of open pit reserves. Superior also initiated metallurgical testwork and environmental baseline studies and acquired on behalf of HHP various buildings and related facilities to support a large scale exploration effort. Superior's contributions to HHP during this three-year period were approximately $3,743,000.

In early 1982, Superior requested a renegotiation of the terms of the HHP partnership agreement. It believed that the exploration effort to develop open pit reserves, while successful, would require a lesser scale of operations

than it had originally anticipated, and that fact, coupled with estimated operating costs and depressed silver prices, would result in less favorable economics. C&C5 declined to renegotiate the agreement and instead agreed with Superior that HHP be dissolved and the Flathead property returned to C&C5. Superior will receive a non-interest bearing $2,650,000 production payment payable out of ten percent of Flathead net profits after recoupment with interest of all funds invested in the project subsequent to May 15, 1982.

The production payment of $1,314,701.89 to be retained by C&C5 from the Flathead project is payable only after the Superior production payment has been paid in full.

Since C&C5 reacquired Flathead CoCa personnel have completed the assaying of Superior's 1981 drilling program and prepared plan maps and cross sections from all available geologic and drilling data in order to recalculate ore reserves. Work on the environmental baseline studies has been continued, and metallurgical samples have been prepared from drill core representative of the various ore types and areas within the proposed mine. Metallurgical testing is presently underway at Hazen Research, Inc., Golden, Colorado, and preliminary results should be available by year-end. This 1982 work by C&C5 is estimated to cost $375,000.

The present estimate of ore reserves is shown in the following table:

Flathead Project Ore Reserves
Organized by Potential Mining Method

	Cutoff(2)	Tons	Equiv. Ag oz/ton(2)	Grade Ag oz/ton	Grade Au oz/ton	Pb+Zn	oz Ag(2) Equiv.
Open Pit							
Ole Hill	1.0 oz Ag equiv.	1,725,000	2.6	2.1	0.013	(1)	4,500,000
Main Mine	2.0 oz Ag	1,800,000	5.7	5.1	0.015	(3)	10,300,000
							14,800,000
Underground							
"Flat" reserve	4.0 oz Ag equiv.	2,400,000	10.2	5.6	0.003	4.5%	24,500,000
"Steep" reserve	4.0 oz Ag equiv.	750,000	9.0 est	5.0 est	.012 (est)	3.5%	6,750,000
"Bulk" reserve	1.0 oz Ag equiv.	5,500,000	4.2	2.8 est	0.015	0.8%	23,000,000
							54,250,000
							69,000,000 oz Ag equiv.

Ag = silver; Au = gold; Pb = lead; Zn = zinc.

(1) Not assayed, not recoverable in this oxide environment.

(2) Assume $0.25/lb NSR for Pb & Zn, $5.00/oz for Ag & $200/oz for Au: $Au:$Ag=40:1.

(3) Pb+Zn are at least 0.8%, locally much higher. Most of this environment is oxide and mixed oxide/sulfide. The base metals are probably not recoverable.

As indicated above, the ore reserves represent both open pit and underground ore. While the Ole Hill material can be mined by open pit methods, the substantially higher silver content of a portion of the underground reserves suggests it would be more profitable to process these ore reserves in preference to Ole Hill reserves.

C&C5 believes a full study of the feasibility of placing the Flathead property into production should be undertaken. The conceptual plan would be based on a production rate of approximately 1,000 tons per day, the initial three and one-half years of ore coming from the Main Mine reserves, with an additional eight and one-half years of ore coming from underground reserves to be phased in as Main Mine ore reserves are depleted. Oxidized, near surface ores would be processed initially using a conventional cyanidation circuit to extract silver and gold, which would be sold to a third party refinery. As the deeper sulfide ores are mined, a flotation circuit would be added to recover flotation concentrates containing the precious and base metals. These concentrates would be sold to third party smelters for subsequent processing. Assuming a favorable conclusion to the study and expeditious handling of applications for various government permits and negotiation of project financing, construction could commence in the spring of 1984, with first production approximately 12 months later.

Preliminary calculations indicate the cost to produce one ounce of silver at Flathead (exclusive of financing costs) will be similar to production costs at the most efficient of the silver mines in the Coeur d'Alene district of Idaho and western Canada, and thus cost competitive on a worldwide basis. It is anticipated that capital costs will be approximately $30 million or less, including working capital and some development work on the underground ore zones.

BUSINESS OF ST. MARY

General

St. Mary was incorporated under the laws of Delaware on January 23, 1915. St. Mary's assets consist primarily of leasehold or ownership interests in undeveloped and producing oil and gas properties, undeveloped land and developed multi-family residential and office rental properties. All residential and commercial real property is held

by subsidiaries of St. Mary for investment. St. Mary obtains significant revenues from its royalty and working interests in oil and gas properties.

Management and Principal Shareholders

The executive officers and directors of St. Mary are as follows:

Name	Position
Thomas E. Congdon	President; Director
Walter I. Auran	Senior Vice President; Director
William C. Lagos	Vice President; Secretary
Jerry E. Julian	Vice President - Finance; Treasurer
Richard A. Weber	Real Estate Investment Manager
Richard C. Norris	Controller
Salisbury Adams	Director
George G. Anderman	Director
Robert G. Boucher	Director
Robert M. Bowman	Director
James H. Claypool	Director
Clinton T. Dyer	Director
William P. Van Evera	Director

The following sets forth information as of December 15, 1982 with respect to the total number of shares of St. Mary's common stock held of record by beneficial owners of more than five percent of St. Mary's common stock:

	Shares Owned Beneficially and of Record	
Name and Address	Number	Percent of Class
Ordean Foundation c/o Trust Department First American National Bank Duluth, Minnesota 55802	60	12.0

Name and Address	Shares Owned Beneficially and of Record	
	Number	Percent of Class
James C. Dudley 521 Fifth Avenue New York, New York 10017	35.4166	7.0
Hartley & Company 740 East Superior Duluth, Minnesota 55802	30	6.0
Margaret D. Noe Stoneleigh Bronxville, New York 10708	28.5(1)	5.7
Thomas E. Congdon 1776 Lincoln Street Suite 1100 Denver, Colorado 80203	25.8255(2)	5.1
Mary C. Van Evera 807 Lonsdale Building Duluth, Minnesota 55802	25.8056(3)	5.1

(1) Includes 4 shares held in trust for Mrs. Noe's children.

(2) Includes an aggregate of 17 shares held by a trust for the benefit of Mr. Congdon and by his wife and children and trusts for their benefit.

(3) All shares are held by trusts for the benefit of Mrs. Van Evera and her children.

VALUATION

Following the completion of the transactions among CMI, CoCa, C&C5 and St. Mary, the outstanding capitalization of CMI will be 1,732,211 shares of Common Stock, assuming the purchase of 225,000 shares of its Series A Convertible Preferred Stock and the conversion of all such Preferred Stock and the exercise of Warrants to purchase 168,750 shares of Common Stock. Of such Common Stock 393,750 shares, or 22.7 percent, will have been acquired for $7,875,000 cash through the conversion of Preferred Stock and the exercise of Warrants; 1,008,462 shares, or 58.2 percent, will have been issued to the present shareholders of CoCa in exchange for the assets and liabilities of that corporation; and 330,000 shares, or 19 percent, will have

been issued to the partners of C&C5 in exchange for its assets and liabilities (exclusive of its retained Gilt Edge and Flathead production payments).

The Board of Directors of CoCa and St. Mary and the general partners of C&C5 agreed upon the foregoing proportionate ownerships based primarily upon a determination of the underlying valuations of CoCa and C&C5 as follows:

1. The net value of CoCa was determined to be $19,558,032 or $19.40 per outstanding share of CoCa common stock. This value was in turn based upon a valuation of $17,807,967, or $17.78 per share, for the 1,001,145 shares of ESML common stock owned by CoCa, $1,120,000 for its 7.4 percent limited partnership interest in Candelaria Partners, $224,386 for the September 30, 1982 book value of its other assets and $1,500,000 for its "going concern" value, with the total of the foregoing reduced by $1,094,321 for CoCa's September 30, 1980 promissory notes payable. The ESML valuation represents the average quoted market price of those shares during October, 1982 and the Candelaria Partners valuation represents what CoCa would receive if the Candelaria property had been sold at the price at which it was offered for sale earlier this year. The reasonableness of the valuation of the ESML common stock was confirmed by a calculation of the present value of the estimated future cash flow from the dividends to be received on those shares. The "going concern" value of CoCa is based in part on the more than $2,000,000 which it has expended since its organization in 1980 on its general corporate purposes and activities and on its other prospects.

2. The valuation of C&C5 was determined by a calculation of the present value of the estimated future cash flow from the Flathead mining project discounted to reflect the fact that the mine is not yet in production and to reflect the economic and metallurgical uncertainties of placing it in production. The resulting valuation of Flathead was $7,700,000. A value of $300,000 was assigned to the Gilt Edge mining project. From this $8,000,000 total there was subtracted the estimated present value ($1,400,000) of the $2,035,537 non-interest bearing production payments to be retained by the C&C5 limited partners resulting in a net value of C&C5 of $6,395,476.

3. Recognizing that 1,008,462 shares of CMI Common Stock are to be issued to the shareholders of CoCa, utilizing the foregoing values results in the issuance of 330,000 CMI shares to C&C5. Accompanying this Proxy Statement as Exhibit B hereto is the October 13, 1982 Report of Kilborn Engineering (B.C.) Ltd. of Vancouver, Canada with respect to the relative values of CoCa and C&C5. It concludes that the value of CoCa is $16,630,000 and the value

of C&C5 is $5,810,000. These relative values are approximately the same as the relative values represented by the above Common Stock division between CoCa and C&C5 and generally confirm the judgments of the managements of CoCa, C&C5 and St. Mary.

4. A price of $20 per share was determined for the Series A Convertible Preferred Stock of CMI and the accompanying Warrants based upon the above values and upon values assigned to (i) a premium for the Preferred Stock on account of its preferential claim to dividends and assets over Common Stock and (ii) the Warrants which entitle the holders thereof to elect to increase their equity ownership in CMI at any time during a four-year period.

USE OF NEW CAPITAL

Assuming the sale of 225,000 shares of its Series A Convertible Preferred Stock, CMI will realize $4,500,000 of new capital. This capital will generally be utilized as follows:

Flathead project:	$2,000,000
Other mining projects:	$ 675,000
General working capital:	$1,825,000

If the Warrants to acquire 168,750 shares of CMI Common Stock are exercised, CMI will realize $3,375,000 of additional capital. This capital will be utilized for Flathead and other mining projects to the extent justified by their exploration and development progress and the balance will be added to general working capital.

DESCRIPTION OF TRANSACTIONS

General

The transactions provided for by the Agreement are summarized in "SUMMARY OF TRANSACTIONS" at page 4. The Agreement contains comprehensive representations and warranties of CMI, CoCa and C&C5 as to their status, business and financial condition. Consummation of the transactions is conditional upon those representations and warranties remaining true and upon all parties to the Agreement complying therewith. The closing of the transactions is also conditional upon (i) a favorable opinion by Cohen Brame & Smith, Professional Corporation, on the income tax effects of the transactions, (ii) a determination by St. Mary that, based upon the metallurgical testwork of Hazen Research Inc., the C&C5 Flathead mining project is economically viable, (iii) the agreement of the holders of CoCa's $1,094,321 September 30, 1980 promissory notes to forego

payments thereon while the CMI Series A Convertible Preferred Stock is outstanding, and (iv) the approval of the transactions by a disinterested majority of the shareholders of CoCa and St. Mary who vote thereon and by a majority-in-interest of the limited partners of C&C5 who vote thereon.

Other aspects of the transactions provided for by the Agreement are described below.

Capitalization

The capitalization of CMI, after completion of the transactions described herein, will be as follows:

Common Stock -	Authorized	3,500,000
	Outstanding	1,338,462(1)
Series A Convertible Preferred Stock -	Authorized	225,000
	Outstanding	225,000(2)
Common Stock Warrants -	Authorized	168,750
	Outstanding	168,750(2)
Promissory Notes due September 30, 1985 -	$1,094,321	
Production Payments -	Canadian Superior	$2,650,000
	C&C5 Partners	$2,035,537

(1) Assuming conversion of the Convertible Preferred Stock and exercise of all Warrants, the Common Stock outstanding would increase to 1,732,217 shares.

(2) Assuming the purchase of 25,000 shares of Series A Convertible Preferred Stock and Warrants to purchase 18,750 shares of CMI Common Stock by shareholders of CoCa.

CMI Common Stock

CMI is authorized to issue 3,500,000 shares of common stock, $.01 par value ("Common Stock"). Each shareholder is entitled to one vote for each share of Common Stock held by him. Shareholders are not entitled to cumulative voting in the election of directors. Holders of Common Stock have no redemption, sinking fund or conversion privileges, and do not have preemptive rights. When issued, all shares of Common Stock will be fully paid and non-assessable.

Holders of Common Stock are entitled to dividends when and if declared by the Board of Directors of CMI, except that (i) no dividends may be paid while there remains unpaid any dividends on the CMI Series A Convertible Preferred Stock, and (ii) no dividends may be paid so long as the September 30, 1980 promissory notes of CoCa are outstanding in the aggregate principal amount of $1,094,321.

Shares of Common Stock are entitled to share equally in the assets of CMI available for distribution to holders of Common Stock upon liquidation or dissolution of CMI, whether voluntary or involuntary. Assets of CMI will not, however, be available for distribution to holders of Common Stock until there has been paid to holders of CMI Series A Convertible Preferred Stock the sum of $20 per share plus any unpaid dividends with respect to such Preferred Stock.

CMI Preferred Stock

CMI is authorized to issue 225,000 shares of Series A Convertible Preferred Stock, $20 par value. Each holder of CMI Preferred Stock is entitled to one vote for each share held by him. The holders of Series A Convertible Preferred Stock also have the right to vote separately from the holders of Common Stock on any consolidation, merger or sale of substantially all the assets of CMI or on any capital reorganization or reclassification of the capital stock of CMI. When issued, all shares of CMI Series A Convertible Preferred Stock will be fully paid and non-assessable.

The holders of Series A Convertible Preferred Stock are entitled to dividends out of the retained earnings of CMI at the annual rate of $1.60 per share prior to the payment of any dividends on CMI Common Stock. Such Preferred Stock dividends shall not however be paid to the extent that they exceed the net income of CMI for any year and the right to such dividends, if not paid, is cumulative.

Each share of the Series A Convertible Preferred Stock is convertible at the option of the holder thereof at any time into one share of CMI Common Stock. Such conversion ratio shall be adjusted proportionately in the event of any change in the capital structure of CMI through a division or consolidation of Common Stock or similar transaction.

Beginning January 1, 1984, CMI may at any time redeem all or any portion of the Series A Convertible Preferred Stock at a price of $20 per share plus the amount of any unpaid dividends thereon. Any such redemption must be preceded by 45 days notice during which period the Preferred Stock may be converted to CMI Common Stock.

To the extent that the Series A Convertible Preferred Stock has not been converted to CMI Common Stock on or before December 31, 1986, or upon any default under the Agreement, CMI is obligated on that date to redeem such Preferred Stock for $20 per share plus the amount of any unpaid dividends thereon. The obligation of CMI to redeem the Preferred Stock, if not converted, is secured by a pledge of 1,000,000 shares of the common stock of ESML (see "BUSINESS OF COCA - Properties"). CMI has the right to sell the ESML shares and retain the proceeds therefrom so long as there remains subject to the pledge at least five shares of ESML or $20 cash for each outstanding share of Series A Convertible Preferred Stock. CMI is also obligated, if requested by holders of the Series A Convertible Preferred Stock, to redeem some or all of such Preferred Stock in the event of any decline in the market price of ESML shares to $8 (Canadian) or below or in the event of any breach by CMI of the various covenants, representations or warranties contained in the Agreement.

Upon any liquidation of CMI the holders of the Series A Convertible Preferred Stock are entitled to receive out of the assets of CMI available for distribution, before any payment to the holders of Common Stock, the sum of $20 per share plus the amount of any unpaid dividends.

CMI Warrants

There will be outstanding Warrants to purchase 150,000 shares of CMI Common Stock, together with Warrants to purchase an additional 18,750 shares of Common Stock to the extent subscribed for by the common stockholders of CoCa. The Warrants are exercisable at a price of $20 per share and only in conjunction with the conversion to CMI Common Stock of its Series A Convertible Preferred Stock. Warrants to purchase three shares of Common Stock may be exercised for each four shares of Series A Convertible Preferred Stock which are converted to Common Stock, and to the extent that such Preferred Stock is not converted to CMI Common Stock, the Warrants will not be exercisable.

Registration Rights

The holders of CMI Common Stock acquired by conversion of its Series A Convertible Preferred Stock and exercise of its Warrants are entitled under certain circumstances to cause such Common Stock to be registered for resale under the Securities Act of 1933. The registration rights include the right on one occasion to demand such registration by CMI provided that there has elapsed the lesser of four years since the date of the conversion of at least 100,000 shares of the Series A Convertible Preferred Stock or six months since the effective date of another registration statement filed under the Securities Act of

1933 by CMI. The holders of CMI Common Stock acquired by conversion of the Series A Convertible Preferred Stock and by exercise of the Warrants are also entitled to include such Common Stock within any registration statement which CMI itself proposes to file provided that the inclusion of such additional Common Stock is not determined to be disadvantageous by any underwriter thereof.

Other Covenants

So long as CMI Series A Convertible Preferred Stock is outstanding, CMI has covenanted to provide to the holders of such Preferred Stock complete quarterly and annual financial information, together with such other information on CMI as they may request, and to accord to them the right to meet with officers of CMI to discuss its operations and financial condition. CMI has also covenanted, so long as any such Preferred Stock is outstanding, not to incur indebtedness or obligations which in the aggregate at any one time exceed $1,500,000, excluding indebtedness which is subordinate to the Preferred Stock and excluding the September 30, 1980 promissory notes in the principal amount of $1,094,321. So long as St. Mary is the holder of at least 100,000 shares of the Series A Convertible Preferred Stock, CMI is obligated to cause to be elected as a member of its Board of Directors a person designated by St. Mary, together with a person jointly designated by St. Mary and CMI (see "MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF CMI").

Promissory Notes

CMI will have outstanding promissory notes in the aggregate principal amount of $1,094,321 which were previously obligations of CoCa. The promissory notes are due on or before September 30, 1985 and are non-interest bearing. The notes are payable earlier out of and to the extent of one-half of CMI's cash flow in excess of $1,000,000 annually. It is a requirement, however, of the Agreement that each holder of the promissory notes agrees that (i) dividends may be paid on the CMI Series A Convertible Preferred Stock while the promissory notes remain outstanding, and (ii) no payments of principal will be made on the promissory notes while there remains outstanding any shares of the Series A Convertible Preferred Stock.

Production Payments

C&C5 will retain a production payment with respect to the Flathead mining project in the amount of $1,314,701.89 and a production payment with respect to the Gilt Edge mining project in the amount of $720,835.67. Both production payments will be payable out of 10 percent of CMI's net revenues from such projects after the payment of

all costs and expenses and after CMI has recovered from such net revenues all of its capital expenditures for such projects together with interest thereon at 2 percent per annum over the prime rate. The Flathead production payment is also subject to the prior payment in full of a $2,650,000 production payment held by Canadian Superior Mining (U.S.) Ltd. Following the acquisition of its assets by CMI, C&C5 intends to dissolve and assign such production payments to its limited partners.

TAX EFFECTS

In the opinion of Cohen Brame & Smith, Professional Corporation, the transactions described herein among CMI, CoCa, St. Mary and C&C5 will have the following income tax consequences.

1. Pursuant to Sections 351, 354, 361 and 368 of the Internal Revenue Code of 1954 (the "Code") no gain or loss will be recognized by CoCa or its shareholders with respect to the merger of CoCa into CMI. Each shareholder of CoCa will have a basis for his CMI Common Stock equal to the basis of his CoCa common stock and the holding period for such CMI Common Stock will include the period he held his CoCa common stock.

2. Pursuant to Section 382(b)(1) of the Code any net operating loss of CoCa will become a net operating loss of CMI available for use by it to the same extent available to CoCa.

3. Pursuant to Section 351 of the Code the partners of C&C5 will not recognize any gain or loss with respect to their receipt of CMI Common Stock. The C&C5 partners will recognize income with respect to payments received by them on the production payments to be retained by C&C5 from the Gilt Edge and Flathead mining projects. Pursuant to Section 453 of the Code such production payment income will however be recognizable only as received under the installment method of reporting and such income will be taxable as ordinary income to the extent it represents imputed interest or previously deducted depreciation or exploration expenditures. Previously claimed investment tax credits may be subject to recapture at the time of the transfer. The basis of CMI Common Stock received by each C&C5 partner will be equal to such partner's basis in his previously held partnership interest.

4. No gain or loss will be recognized by St. Mary or by shareholders of CoCa with respect to their purchase of CMI Series A Convertible Preferred Stock and Warrants, nor will any gain be recognized by them upon the conversion of such Preferred Stock or the exercise of such Warrants.

Dividends received by St. Mary on CMI Preferred Stock will be eligible for the 85 percent dividend received deduction pursuant to Section 243 of the Code.

The foregoing is only a brief, general summary of the income tax consequences of the transactions among CMI, CoCa, C&C5 and St. Mary provided for by the Agreement. A ruling of the Internal Revenue Service on the foregoing income tax consequences has not been applied for and the opinion of Cohen Brame & Smith, Professional Corporation, is dependent upon certain facts and assumptions including the existence of a business purpose for all of the transactions. The Code and the Treasury Regulations thereunder are subject to change and re-interpretation prospectively and retroactively. For all of these reasons there can be no assurance of the tax consequences of such transactions and each person is urged to consult his own tax adviser with respect thereto.

RESALE RESTRICTIONS

The CMI Common Stock, Series A Convertible Preferred Stock and Warrants to be issued pursuant to the Agreement have not been registered under the Securities Act of 1933 and will be issued in a transaction not involving any public offering pursuant to the registration exemption provided by Section 4(2) thereof. Such Common Stock, Preferred Stock and Warrants will be acquired by the holders thereof (including the partners of C&C5 on distribution of the Common Stock) for their own account for investment and not with a view to, or for resale in connection with, any distribution or public offering thereof. Each holder must hold such securities indefinitely and must therefore bear the economic risk of such investment indefinitely unless a subsequent disposition thereof is registered under the Securities Act of 1933 or is exempt from registration.

There is no market for the CMI Common Stock, Preferred Stock or Warrants and Rule 144 under the Securities Act of 1933 is not presently available for any resales of such securities.

Prior to distribution of the shares of CMI Common Stock to the shareholders of CoCa and the limited partners of C&C5 pursuant to the Agreement, such shareholders and limited partners will be required to execute an investment letter representing that such shares of CMI's Common Stock are being acquired for their own account for investment and not with a view to resale or distribution thereof. Furthermore, each shareholder and limited partner must represent that he is able to bear the economic risk of such investment indefinitely and agree to hold his shares of CMI Common Stock for an indefinite period of time.

MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF CMI

Upon consummation of the Agreement and the transactions contemplated thereby, the following persons will serve as the executive officers and directors of CMI:

Name	Position
Thomas E. Congdon	Chairman of the Board of Directors
William J. Carey	Vice Chairman of the Board of Directors
Hugh J. Matheson	President and Chief Executive Officer; Director
J. Christopher Mitchell	Vice President; Secretary
Robert A. Rivera	Vice President - Exploration
Jerry E. Julian	Treasurer
Philip T. Bee	Director
Robert G. Boucher	Director
Roger C. Cohen	Director
James C. O'Rourke	Director

The executive officers of CMI will devote such time and effort to CMI as may be required in order to properly conduct and administer its business and affairs.

Thomas E. Congdon (age 56) is a graduate of Yale University and the Graduate School of Business Administration of Harvard University. Following graduation, he was employed by a division of AMAX Inc., a major mining company. In 1961, Mr. Congdon and Mr. Carey founded the first of a series of Congdon and Carey limited partnerships engaged in non-hydrocarbon minerals exploration. Mr. Congdon is a Director of ESML and Adanac Mining and Exploration Ltd., both publicly traded Canadian mining companies, as well as a director or general partner of a number of corporations and partnerships largely controlled by his family, including St. Mary, which own iron ore and other mineral and agricultural interests in the United States. Mr. Congdon is a Director of Colorado National Bankshares Inc., a bank holding company.

William J. Carey (age 57) is a graduate of the University of Notre Dame, Columbia University Law School and the Graduate School of Business Administration of Harvard

University. He was employed by Delhi Corporation, an oil and gas exploration and production company, from 1950-1954. From 1954 through 1960, Mr. Carey was an independent oil operator and thereafter has engaged in personal investments. In 1961, Messrs. Congdon and Carey founded the first of a series of Congdon and Carey partnerships. Mr. Carey is the principal shareholder and Chairman of the Board of Empire Corporation, a fabricator of aluminum and textile goods. He is an independent oil and gas operator and holds investments in cattle, real estate and finance. Mr. Carey is also a Director of ESML.

Hugh J. Matheson (age 54) earned the degree of Engineer of Mines from Colorado School of Mines. For six years, on a seasonal basis, Mr. Matheson was the owner-manager of a gold placer operation 220 miles north of Fairbanks, Alaska and also worked as a civil engineer and instructor at the School of Mines of the University of Alaska during the winter months. He then served as general superintendent of two strip coal mining operations in Alaska and was General Manager of Evan Jones Coal Company of Anchorage when it was acquired by Placer Development Limited in 1963. He later became General Manager of the Endako molybdenum mine in British Columbia, where he was responsible for all operations, including engineering, open pit production, concentrator operations, accounting and future planning, of this 10,000 tons per day operation, which he and his staff expanded to 26,000 tons per day. From 1969 to 1977, Mr. Matheson was Vice President - Exploration and a Director of Placer Amex, Inc., the U.S. subsidiary of Placer Development Limited, which conducts mineral exploration and manages properties in the United States for its parent. From 1977 until his employment with CoCa in 1980, Mr. Matheson served as Manager of Exploration for Placer Development Limited in Vancouver, responsible for worldwide exploration activities. Mr. Matheson bore primary responsibility for the acquisition of exploration projects and ore reserves developed by others.

J. Christopher Mitchell (age 42) earned from the University of British Columbia a B.Sc. in chemistry and Masters Degrees in metallurgy and business administration. Mr. Mitchell was employed by the Broken Hill Associated Smelters in Australia before returning to Canada and the employ of Bralorne Resources Limited. He joined the staff of Equity Mining Corporation, one of the predecessors of ESML, during the early exploration stage of the Sam Goosly project. Since 1978, he has been employed by St. Mary and C&C5 and has served as an officer of CoCa since 1980.

Robert A. Rivera (age 42), Vice President - Exploration, holds degrees from the University of California at Berkeley in Mining Engineering and Engineering Science-Mineral Technology. He specialized initially in geophysics

and became the chief geophysicist of Placer Development Limited. Mr. Rivera's duties later evolved to the analysis of exploration data to determine the economic merits of properties. In the three years before joining CoCa, he served as the manager of a precious metals exploration program for Resource Associates of Alaska, employing thirty geologists, geophysicists, engineers and other personnel.

Jerry E. Julian (age 45) graduated from the University of Evansville in Indiana with a B.S. Degree in Accounting. He was an audit manager and Certified Public Accountant with Coopers & Lybrand, public accountants, before joining St. Mary in 1975.

Philip T. Bee (age 65) graduated from the University of California at Berkeley in 1939 with a B.S. Degree and from Stanford University in 1941 with a Masters of Business Administration Degree. Since 1980, he has been an independent businessman and investor. For 35 years prior to 1980, Mr. Bee was a senior executive with the C. W. Murchison Family interests in Dallas, Texas. He is presently serving on the Boards of Directors of Enterra Corporation, Radnor, Pennsylvania (NYSE); Kirby Exploration Company, Houston, Texas (ASE); and several privately-owned corporations.

Robert G. Boucher (age 58) is Chairman of the Board of IntraWest Mortgage Company, a position he has held for two years, prior to which time, he served as its President for eight years. Mr. Boucher was Senior Vice President of Mortgage Investments Company from 1957 until 1968, when it was sold to The First National Bank of Denver. He received a B.A. Degree in Economics from Middlebury College. Mr. Boucher will serve as a director as the designee of St. Mary pursuant to the Agreement.

Roger C. Cohen (age 49) graduated from Harvard College and received his law degree from Harvard Law School in 1959. Mr. Cohen is the senior partner of the Denver, Colorado law firm of Cohen Brame & Smith, Professional Corporation. He has been engaged in the practice of law since 1960, specializing primarily in corporate finance. Cohen Brame & Smith acts as general counsel for CoCa, C&C5 and St. Mary and will act as counsel for CMI.

James C. O'Rourke (age 43) is a graduate of the University of British Columbia with a B.A.Sc. in Mining. He was employed by Placer Development Limited and its affiliated companies in various technical and administrative capacities from 1964-1976. From 1976 through 1978, Mr. O'Rourke was Vice President and General Manager of Equity Mining Corporation, predecessor in interest to ESML. In 1979, Mr. O'Rourke joined Brinco Limited as Vice President - Mining. He was appointed President of Brinco Mining Limited

in 1982. Brinco Mining, headquartered in Vancouver, British Columbia, is owner and operator of mines producing asbestos, coal and gold. CMI and St. Mary have jointly designated Mr. O'Rourke to serve as a director of CMI pursuant to the Agreement.

The following table sets forth certain information upon consummation of the Agreement regarding each person who will own five percent or more of the outstanding shares of each class of capital stock of CMI. Other than Messrs. Congdon and Carey, no officer or director of CMI will own any shares of Common Stock upon consummation of the Agreement.

	Common Stock		Preferred Stock	
Name and Address	Number of Shares	Percent of Class	Number of Shares	Percent of Class
Thomas E. Congdon 1776 Lincoln Street Suite 1100 Denver, Colorado 80203	443,653.5(1)	33.1%(2)	-0-	
William J. Carey 7322 Blairview Drive Dallas, Texas 75230	344,991.5	25.8%(2)	-0-	
St. Mary Parish Land Company 1776 Lincoln Street Suite 1100 Denver, Colorado 80203	(3)	-0-	200,000	89%(4)

(1) Includes shares to be held by Mr. Congdon's wife, daughters and trusts for their benefit.

(2) Calculated immediately after distribution of Common Stock by C&C5 and prior to conversion of Preferred Stock and exercise of Warrants.

(3) St. Mary will receive Warrants to acquire up to 150,000 shares of CMI Common Stock. Such Warrants may be exercised only in conjunction with conversion of the Preferred Stock.

(4) Assumes the purchase of 25,000 shares of Series A Convertible Preferred Stock by shareholders of CoCa.

CMI intends to adopt an Incentive Stock Option Plan providing for the granting to its key employees of options to purchase up to 50,000 shares of its Common Stock.

CONFLICTS OF INTEREST

The proposed transactions among CMI, CoCa, C&C5 and St. Mary involve a number of possible conflicts of interest. These conflicts arise out of the following facts:

1. Thomas E. Congdon is the President of St. Mary, the Chairman of the Board of Directors of CoCa and CMI and a general and limited partner of C&C5. Mr. Congdon and members of his family hold substantial ownership interests in all of those entities.

2. William J. Carey is the Vice Chairman of the Board of Directors of CoCa and CMI and is a general and limited partner of C&C5. Mr. Carey holds substantial ownership interests in both of those entities.

3. Other members of the Board of Directors of St. Mary and members of their families hold substantial ownership interests in St. Mary, CoCa and C&C5.

4. The CoCa Round Mountain mining project is to be owned and developed by a partnership between it and the former partners of Congdon and Carey, Ltd. No. 2 which was a limited partnership of which Messrs. Congdon and Carey were the general partners and in which members of the Congdon family were limited partners. Congdon and Carey, Ltd. No. 2 previously owned the Round Moutain Project and since 1964 has expended thereon approximately $862,725. The terms of the partnership between CoCa and the Congdon and Carey, Ltd. No. 2 partners have been determined by the independent members of the Board of Directors of CoCa and by an independent mining consultant to CoCa to be fair and in the best interests of CoCa and at least as favorable to CoCa as it could obtain from any unaffiliated third party owning the Round Mountain project.

5. The CoCa Middle Buttes project is to be owned and developed by a partnership between it and Messrs. Congdon and Carey who previously owned the project and since 1979 have expended thereon approximately $741,750. The terms of the partnership between CoCa and Messrs. Congdon and Carey have been determined by the independent members of the Board of Directors of CoCa to be fair and in the best interests of CoCa and at least as favorable to CoCa as it could obtain from any unaffiliated third party owning the Middle Buttes project.

6. In June, 1982, CoCa entered into an agreement with Messrs. Congdon and Carey whereby in consideration for the assignment to CoCa of their accumulated exploration expertise, including library material and proprietary data, as well as the subsequent devotion of their metals exploration efforts to CoCa, Messrs. Congdon and Carey have the

semi-annual opportunity to participate in up to 25 percent of CoCa's exploration activities and budget on terms that grant to them an interest in the prospects proportionate to the funds contributed. Such arrangement is, however, limited to funds to be expended by CoCa for the discovery of theretofore unknown economic mineral reserves, as determined by the Chief Executive Officer of CoCa, and Messrs. Congdon and Carey must elect to participate in all of such activities and costs during a six-month period and not merely in those for selected prospects. Such agreement was entered into following a determination by the independent directors of CoCa that its terms and conditions were fair and in the best interests of CoCa.

Similar possible conflicts of interest have existed during past years among Messrs. Congdon and Carey and their affiliated entities. Messrs. Congdon and Carey have at all times endeavored to conduct their affairs in a fair and equitable manner so that such conflicts would not adversely affect any of such entities. To date to the best of their knowledge, none of such entities, or investors in them, have raised complaints or questions about such possible conflicts or about transactions between Messrs. Congdon and Carey and such entities, and Messrs. Congdon and Carey intend to continue such fair and equitable conduct.

To eliminate further the effect of any such possible conflict of interest, the transactions among CMI, CoCa, St. Mary and C&C5 have been approved by the independent members of the Boards of Directors of CoCa and St. Mary and must be approved by the holders of an independent majority of the common stock of CoCa and St. Mary who vote on such matter and by a majority-in-interest of the limited partners of Congdon and Carey 5 who vote on such matter.

CERTAIN CONSIDERATIONS

In evaluating the transactions contemplated by the Agreement, the following factors should be carefully reviewed and considered:

General

1. Absence of Market for CMI Stock. There is no market for the Common Stock or Series A Convertible Preferred Stock or Warrants of CMI, and it is not anticipated that one will develop in the foreseeable future. Neither the shares of Common Stock nor the Preferred Stock or Warrants will be registered under the Securities Act of 1933 and, accordingly, may not be resold without subsequent registration under such Act or reliance upon an exemption

provided by such Act. Rule 144 under such Act is not presently available for resale of the Common Stock or the Preferred Stock or the Warrants of CMI.

2. Valuation. The values of CoCa and C&C5 have not been determined by negotiations between completely independent parties and accordingly the value of the CMI Common Stock and Preferred Stock may differ from the amount to be paid therefor.

3. Dividends. CMI is restricted from paying dividends on its Common Stock so long as any shares of its Preferred Stock are outstanding (see "DESCRIPTION OF TRANSACTIONS - CMI Common Stock"). There can be no assurance that CMI will ever pay dividends on its Common Stock.

4. Conflicts of Interest. Certain officers and directors of CMI engage independently and through other entities in mineral exploration and development activities similar to the activities of CMI. In addition, the terms of the Agreement were not negotiated between completely independent parties.

General Risks of the Mining Industry

1. General Economic Conditions. As a result of generally adverse economic conditions, the mining industry has, over the past several years, experienced sharp curtailments of activity. Prices and demand have decreased significantly.

2. Risks of Minerals Exploration. Exploration for minerals is highly speculative. Most exploration projects undertaken do not result in the discovery of commercially mineable deposits of ore. Unlike oil and gas exploration and development, the expenditures on exploration for hard minerals are only a minor part of the total amount required in order to develop a mine and place it into commercial production. In the event a commercially mineable deposit of precious or other metals is discovered through exploration, it will be necessary for CMI to raise a very substantial amount of capital or dispose of the property in whole or in part. In such event, CMI may seek such funds through borrowing or the sale of additional shares of its Common Stock or the sharing of the development of a mine with a partner.

3. Metallurgical Risk. The development and operation of a mine also entails a degree of risk stemming from the application of established and new extractive processes to orebodies whose metallurgical characters are highly individualistic.

4. Risk of Government Action. Mining operations and the development of new mines and production facilities are subject to a considerable amount of regulation by federal, state and local governmental authorities which can increase the cost of conducting exploration and development or effectively prevent such activities in certain areas. Further, sudden metals price increases have stimulated some governmental authorities to impose burdensome tax legislation over and above normal income taxes.

5. Fluctuations in Price. The market price of precious metals is extremely volatile and is beyond the control of CMI, fluctuating widely as a consequence of only moderate shifts in supply and demand. Increases in metals prices tend to depress the demand, thereby producing a corresponding depressant effect on prices. If the price for gold, silver or other precious metals should drop dramatically, CMI's operations could be adversely affected, with the possible result that CMI's operations would either be less profitable or no longer commercially feasible.

6. Weather Interruptions. CMI's operations may be subject to periodic interruptions due to inclement weather conditions.

7. Title to Mineral Properties. A portion of the mineral properties in which CMI will have an interest and other properties which CMI may acquire from time to time will consist of unpatented mining claims. It should be understood that there is always a degree of uncertainty with respect to the validity of any unpatented mining claim.

8. Competitive Risk. The acquisition of mineral properties and exploration rights is highly competitive, and CMI will be competing with many other mining and other companies which have far greater financial resources than CMI and larger technical staffs of geologists, engineers and other personnel.

Specific Risks Relating to Properties

1. Risks Related to ESML. The Equity mine is one of the few non-unionized mines in Canada. If it should become unionized in the future, costs may increase and labor disruptions could have the effect of causing periodic work stoppages.

The flotation concentrate produced at the Equity mine contains high levels of antimony and arsenic, the removal of which increases the cost of production. Although a leach plant has been built, it is not yet fully operational.

ESML has been cited for certain violations of the Canadian Fisheries Act alleging that ESML has caused acidic waters to drain from waste rock. The maximum fine could be $300,000, although the matter has not yet been adjudicated. In addition, environmental authorities have the power to cause mining operations to cease altogether as a result of repeated violations. ESML intends to vigorously defend this action.

2. Risks Related to the Flathead Project. The Flathead project is located in an area of Montana having a population that is active regarding environmental issues. It is likely operating permits issued by governmental authorities will require minimal environmental impact from mining activities. It may be anticipated that this will increase the mine's costs of production.

It may become necessary to precondition such ore to improve the silver extractions in a subsequent cyanidation procedure which would result in additional expense and raise the ore cut-off grade, thereby reducing the size of the orebody at a given silver price.

The lease covering the Flathead project provides that net smelter returns of $1,000,000 per year must be produced commencing December, 1987 or the lease will lapse. Because of possible delays in obtaining permits from appropriate governmental authorities, there is no assurance that such production will be attained.

3. Risks Related to Other Properties. The use of cyanide to recover gold and silver in leach solutions is a widely-used practice in most areas, especially in Nevada, and is regulated by environmental authorities. Standards which may be set by such authorities in the future (especially in scenic or populated areas) may not be attainable by mine operators at a reasonable cost.

Income Tax Risks

An advance ruling of the Internal Revenue Service on the income tax consequences of the transactions provided for by the Agreement will not be obtained and there is no assurance of the correctness of the opinion thereon of Cohen Brame & Smith, Professional Corporation. If such transactions are not generally tax-free, the partners of C&C5 could be particularly adversely affected by being required to recognize immediate gain equal to the difference between the basis of their partnership interests and the fair market value of the CMI Common Stock received by them.

FINANCIAL STATEMENTS

Attached to this Proxy Statement are financial statements of CoCa and C&C5 as of December 31, 1981 and September 30, 1982 and a Pro Forma financial statement of CMI as of December 31, 1982.

CONSENT OF PROMISSORY NOTEHOLDERS

It is a condition of the transactions provided for by the Agreement that the holders of the September 30, 1980 promissory notes of CoCa in the aggregate principal amount of $1,094,351 agree that (i) dividends may be paid on the CMI Series A Convertible Preferred Stock while such promissory notes are outstanding and (ii) no payments may be made on such promissory notes while such Preferred Stock is outstanding. EACH HOLDER OF A COCA PROMISSORY NOTE IS REQUESTED TO EXECUTE AND RETURN THE ATTACHED CONSENT FOR SUCH PURPOSE.

SUBSCRIPTION BY COCA SHAREHOLDERS

The shareholders of CoCa may elect to purchase at the closing under the Agreement up to 25,000 shares of CMI Series A Convertible Preferred Stock at a price of $20 per share and also receive up to 18,750 accompanying CMI Common Stock Warrants exercisable at $20 per share. The terms and conditions of such Preferred Stock and Warrants, and their purchase, are the same as those to be acquired by St. Mary. If CoCa shareholders desire to purchase more than 25,000 shares of Preferred Stock and 18,750 Warrants, such Preferred Stock and Warrants will be prorated among those shareholders desiring to purchase. EACH COCA SHAREHOLDER DESIRING TO PURCHASE CMI SERIES A PREFERRED STOCK AND WARRANTS IS REQUESTED TO EXECUTE AND RETURN THE ATTACHED SUBSCRIPTION FOR SUCH PURPOSE.

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COCA MINES INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 1981

(UNAUDITED)

COCA MINES INC.

Balance Sheet
December 31, 1981

(Unaudited)

ASSETS

Current Assets		
Cash	$ 10,487	
Accounts Receivable (Note 6)	600,000	
Accounts Receivable, Others	59,081	
		$ 669,568
Notes Receivable, Officers		70,239
Investment in Candelaria Partners (Note 3)		709,998
Investment in Equity Silver Mines Limited, 1,121,146 shares - market value approximately $14,600,000 (Note 4)		1,585,298
Office improvements, furniture & equipment, net of accumulated depreciation		118,909
Organization Costs		1,199
Investment in Claims & Leases		16,000
		$ 3,171,211

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Note Payable, Bank	$ 1,704,509	
Accounts Payable and Accrued Expenses	119,571	
		$ 1,824,080
Notes Payable, Partners of Predecessor Partnership (Notes 1 & 5)		1,094,321
		2,918,401
Stockholders' Equity		
Common Shares, $.01 Par Value; 5,000,000 shares authorized; 1,008,461 shares outstanding	10,085	
Paid-In Capital	1,243,787	
Deficit	(1,001,062)	
		252,810
		$ 3,171,211

The accompanying notes are an integral part of the financial statements.

COCA MINES INC.

Statement of Operations

For the Year Ended December 31, 1981

(Unaudited)

Equity in Operations of Equity Silver Mines Limited (Note 4) Income of the Period		$ 485,928
Equity in (Loss) of Candelaria Partners (Note 3)		(80,217)
Other Income		11,350
		417,061
General and Administrative Expenses:		
Legal Expenses	389,059	
Interest	160,519	
Others	425,646	
Less: Recovery of expenses (Note 6)	(600,000)	
Exploration Expenses	279,907	
		655,131
Net Income (Loss)		$ (238,070)
Deficit, beginning of year as previously reported		(864,265)
Retroactive effect of change in method of accounting (Note 3)		101,273
Deficit, end of year		$(1,001,062)

The accompanying notes are an integral part of the financial statements.

COCA MINES INC.

Statement of Changes in Financial Position
For the Year Ended December 31, 1981
(Unaudited)

Sources of Working Capital:		
Distribution from Candelaria Partners		$ 46,254
Increase with Working Capital Deficit		690,795
		$ 737,049
Use of Working Capital:		
Loss for Period	$ 238,070	
Less, Charges Not Requiring Funds:		
Equity in Loss of Candelaria Partners	80,217	
Depreciation Expense	19,644	
	138,209	
Add, Equity in Operations of Equity Silver Mines Limited	485,928	
		$ 624,137
Office Improvements, Furniture & Equipment		75,073
Investment in Claims & Leases		16,000
Notes Receivable - Officers (Net)		21,839
		$ 737,049
Changes in Components of Working Capital Deficit:		
(Increase) in Current Assets:		
Cash		(9,148)
Accounts Receivable		(640,464)
		(649,612)
(Decrease) Increase in Current Liabilities:		
Note Payable - Bank		1,404,509
Accounts Payable and Accrued Expenses		(59,042)
Due to Non-Exchanging Partners		(5,060)
		1,340,407
Increase in Working Capital Deficit		$ 690,795

The accompanying notes are an integral part of the financial statements.

COCA MINES INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 1981

(Unaudited)

1. Organization:

The Company was incorporated in Delaware on June 27, 1980, for the purpose of acquiring substantially all of the net assets of Congdon and Carey Ltd. No. 4, a Colorado Limited Partnership (the "Predecessor Partnership"). The assets acquired were principally as a limited partner in a mining project (Candelaria - see note 3) and ownership of approximately 14% of the outstanding common shares of a mining company (Equity Silver Mines Limited "ESML" - see note 4).

As of September 30, 1980, the Company issued 987,149 shares of its common stock, $.01 par value, and $1,094,321 of its promissory notes in exchange for substantially all of the assets and assumption of the liabilities of Congdon and Carey Ltd. No. 4.

In addition to the assets received from the Predecessor Partnership, the Company acquired 50,000 shares of the common stock of ESML in exchange for 21,292 shares of the Company's common stock. This acquisition as of September 30, 1980, was recorded at its estimated fair value of $1,234,000 which is based upon the market price of the common stock of ESML with a discount for blockage.

2. Accounting Principles:

Mining Properties:

The cost of acquiring mining claims and option payments and expenditures of like nature made under license and option to purchase agreements are capitalized. Exploration costs are charged against earnings when incurred. When a commercial ore body is discovered, the related exploration cost previously charged against earnings are credited to earnings and capitalized and then depleted over the life of the ore body.

Equity Method of Accounting:

The Company's investmemt in Equity Silver Mines Limited is carried at cost adjusted for equity in income and losses. The Company uses the equity method of accounting because of the significant influence exercised over the operating and financial policies through Board of Director representation and other factors.

The Company's investment in Candelaria is carried at cost adjusted for its Limited Partner's interest in the income and losses of the partnership.

Foreign Translation:

In determining its equity in assets, liabilities and operations, the accounts of the Canadian company (ESML), except for capitalized property, plant and equipment costs, are translated at the rate of exchange in effect at the end of the period; capitalized costs and income and expenses are translated at average rates in effect during the period incurred.

Income Taxes:

As required in the future, deferred taxes will be provided for the tax effects of timing differences including the recognition of income from ESML on the cash method for income tax purposes.

3. Investment in Candelaria Partners:

The company is a Limited Partner in a Colorado limited partnership of which Occidental Minerals Corporation is the General Partner. The partnership owns and operates a precious metals mine near Hawthorne, Nevada. Production commenced in November, 1980.

The General Partner provided all funds necessary to place the mine in production. During the period the General Partner is recouping this investment, the Company will be entitled to approximately 7% of the profits and losses and accompanying cash flow. After such recoupment, the Company's interest will increase to approximately 37%. The General Partner has the right to retain such working capital as it deems necessary for the operation of the mine.

Condensed financial information summarized from unaudited trial balances and other financial data as to Candelaria Partners is as follows:

CANDELARIA PARTNERS
Condensed Balance Sheet
December 31, 1981
(Unaudited)

Assets

Current Assets		
Cash and Cash Equivalents	$ 3,672,880	
Accounts Receivable	919,723	
Inventories (At the lower of average cost or market):		
Work in Process - Leach Pads	3,387,070	
Unrefined Gold and Silver	941,498	
Materials and Supplies	1,270,217	
Other	158,603	$ 10,349,991
Deposits		875,004
Property, Plant and Equipment	42,089,669	
Accumulated Depreciation and Amortization	(8,206,996)	33,882,673
		$45,107,668

Liabilities and Partners' Capital

Liabilities

Current Liabilities	$ 1,293,898

Partners' Capital

General Partner	$43,348,551	
Limited Partner	465,219	
		43,813,770
		$ 45,107,668

Condensed Statement of Income
For the Year Ended December 31, 1981
(Unaudited)

Sales	$ 20,800,053
Costs and Expenses	21,881,107
Net Income (Loss)	$ (1,081,054)

During 1981, the Company changed its policy for determining its equity in income for its limited partnership interest by adjusting assets and costs to reflect a Work in Process Inventory - Leach Pads. Previously, the Company did not recognize Work in Process - Leach Pads. The Company believes recognition of this inventory is preferable in that it more clearly matches costs with revenue.

The excess of the Company's investment over its Limited Partner capital account is principally due to costs applicable to the prospect area capitalized by the Company in prior years for which it did not receive credit in its capital account. The excess will be charged to income ratably over future operations.

At the end of the first quarter of 1982, the operating rate of Candelaria Partners was halved.

4. Investment in Equity Silver Mines Limited:

At December 31, 1981, the Company owned 1,121,146 shares (approximately 14%) of the issued common stock of ESML. Placer Development Limited ("Placer") of Vancouver, British Columbia owns 70% of the issued common stock and 100% of the cumulative non-voting preferred stock of ESML. ESML is the owner of several hundred mineral claims in British Columbia known as the Goosly Property. The shares of ESML are traded on the Vancouver Stock Exchange and will be listed on the Toronto Stock Exchange by the end of 1982.

In October 1980, the Goosly Property was placed into production. Placer provided the necessary construction financing by purchasing preferred stock from ESML. This stock has a dividend rate equivalent to one-half the Canadian prime rate in effect from time to time, plus one percentage point. During December, 1980, ESML arranged bank financing to redeem a substantial portion of the preferred shares. The cash flow from operations will be used initially to retire the bank indebtedness and the balance of the preferred shares.

Condensed financial information stated in U.S. dollars as to ESML is as follows:

EQUITY SILVER MINES LIMITED
Condensed Balance Sheet
December 31, 1981

Assets

Current Assets:		
Cash, short-term investments, inventories, and other		$ 42,803,000
Deposits, mortgages receivable and other		1,960,000
Property, plant and equipment:		
Buildings and equipment and mining properties and development		121,233,000
		$ 165,996,000

Liabilities and Shareholders' Equity

Current Liabilities:		
Short-term loans, accounts payable, accrued liabilities, and other		$ 42,807,000
Long-term loans		56,757,000
Deferred Income and Resource Taxes		4,764,000
Shareholders' Equity:		
Common Shares	$ 6,783,000	
Preferred Shares	54,885,000	
		61,668,000
		$165,996,000

Equity Silver Mines Limited
Condensed Statement of Earnings
For the Year Ended
December 31, 1981

Revenue:	
Sales	$49,754,000
Other	150,000
	49,904,000
Expenses:	
Cost of Sales	18,312,000
General and Administrative	1,028,000
Interest Expense	17,321,000
	36,661,000
Income Before Taxes	13,243,000
Deferred Taxes	4,948,000
Net Income	8,295,000
Requirements for preferred share dividend	(4,722,000)
Net Income for Common Shareholders	$ 3,573,000

The Company's investment in ESML is comprised of cumulative capital contributions and cash payments made by the Predecessor Partnership to its predecessor corporations together with other costs incurred relating to the Goosly Property, increased by the equity in income through December 31, 1981, adjusted for the sales of ESML shares made from to time.

The excess of the Company's investment in ESML over its equity in net assets is principally due to the excess of costs over book value of 50,000 shares of ESML acquired as of September 30, 1980 in exchange for 21,292 shares of the Company (see note 1) reduced by interest expense, research and development costs and administrative expenses charged to income in prior years by the Predecessor Partnership, which costs and expenses have been deferred by ESML.

5. Notes Payable

The promissory notes are without interest and are due and payable in full on or before September 30, 1985. The notes may be prepaid, in whole or in part, at any time without penalty. The Company is obligated following the close of each fiscal year to prepay the notes proportionately to the extent of one-half of the Company's cash flow in excess of one million dollars.

6. Subsequent Event

The Company agreed effective March 18, 1982 to terminate its claim against Occidental Minerals arising out of silver futures trading profits during the first quarter of 1980. The recovery of expenses related to costs incurred with respect to this claim in 1980 and 1981.

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COCA MINES INC.

FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 1982

(Unaudited)

COCA MINES INC.

Balance Sheet
September 30, 1982

(Unaudited)

ASSETS

Current Assets		
Cash		$ 17,470
Accounts Receivable, Others		159,441
		176,911
Notes receivable, Officers		67,978
Investment in Candelaria Partners (Note 3)		557,784
Investment in Equity Silver Mines Limited, 1,121,146 Shares - market value approximately $15,900,000 (Note 4)		1,351,418
Office improvements, furniture & equipment, net of accumulated depreciation		138,687
Organization Costs		1,199
Investment in Claims & Leases		16,000
		$ 2,309,977

LIABILITIES AND
STOCKHOLDERS' EQUITY

Current Liabilities		
Note Payable, Bank		$ 2,045,000
Accounts Payable and Accrued Expenses		176,389
		2,221,389
Notes Payable, Partners of Predecessor Partnership (Notes 1&5)		1,094,321
Stockholders' Equity		
Common Shares, $.01 Par Value; 5,000,000 shares authorized; 1,008,461 shares outstanding	$ 10,085	
Paid-In Capital	1,243,787	
Deficit	(2,259,605)	(1,005,733)
		$ 2,309,977

The accompanying notes are an integral part of the financial statements.

COCA MINES INC.

Statement of Operations

for the Nine Months Ended September 30, 1982

(Unaudited)

Equity in Operations of Equity Silver Mines Limited (Note 4) (Loss) for the Nine Months	$	(233,880)
Equity in (Loss) of Candelaria Partners (Note 3)		(152,214)
Other Income		886
		(385,208)
General and Administrative Expenses:		
Legal Expenses		29,368
Interest		225,043
Others		245,982
Exploration Expenses		372,942
Net Income (Loss)	$	(1,258,543)
Deficit, beginning of year		(1,001,062)
Deficit, end of period	$	(2,259,605)

The accompanying notes are an integral part of the financial statements.

COCA MINES INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 1982

(Unaudited)

1. Organization:

The Company was incorporated in Delaware on June 27, 1980 for the purpose of acquiring substantially all of the net assets of Congdon and Carey Ltd. No. 4, a Colorado Limited Partnership (the "Predecessor Partnership"). The assets acquired were principally as a limited partner in a mining project (Candelaria - see note 3) and ownership of approximately 14% of the outstanding common shares of a mining company (Equity Silver Mines Limited "ESML" - see note 4).

As of September 30, 1980, the Company issued 987,149 shares of its common stock, $.01 par value, and $1,094,321 of its promissory notes in exchange for substantially all of the assets and assumption of the liabilities of Congdon and Carey Ltd. No. 4.

In addition to the assets received from the Predecessor Partnership, the Company acquired 50,000 shares of the common stock of ESML in exchange for 21,292 shares of the Company's common stock. This acquisition as of September 30, 1980, was recorded at its estimated fair value of $1,234,000 which is based upon the market price of the common stock of ESML with a discount for blockage.

2. Accounting Principles:

Mining Properties:

The cost of acquiring mining claims and option payments and expenditures of like nature made under license and option to purchase agreements are capitalized. Exploration costs are charged against earnings when incurred. When a commercial ore body is discovered, the related exploration cost previously charged against earnings are credited to earnings and capitalized and then depleted over the life of the ore body.

Equity Method of Accounting:

The Company's investment in Equity Silver Mines Limited is carried at cost adjusted for equity in income and losses. The Company uses the equity method of accounting because of the significant influence exercised over the operating and financial policies through Board of Director representation and other factors.

The Company's investment in Candelaria is carried at cost adjusted for its Limited Partner's interest in the income and losses of the partnership.

Foreign Translation:

In determining its equity in assets, liabilities and operations, the accounts of the Canadian company (ESML), except for capitalized property, plant and equipment costs, are translated at the rate of exchange in effect at the end of the period; capitalized costs and income and expenses are translated at average rates in effect during the period incurred.

Income Taxes:

As required in the future, deferred taxes will be provided for the tax effects of timing differences including the recognition of income from ESML on the cash method for income tax purposes.

3. Investment in Candelaria Partners:

The Company is a Limited Partner in a Colorado limited partnership of which Occidental Minerals Corporation is the General Partner. The partnership owns a precious metals mine near Hawthorne, Nevada. Production commenced in November, 1980, and was suspended in June, 1982, except for continuing irrigation of the leaching heaps, which continue to produce limited quantities of silver and gold.

The General Partner provided all funds necessary to place the mine in production. During the period the General Partner is recouping this investment, the Company will be entitled to approximately 7% of the profits and losses and accompanying cash flow. After such recoupment, the Company's interest will increase to approximately 37%. The General Partner has the right to retain such working capital as it deems necessary for the operation and maintenance of the mine.

Condensed financial information summarized from unaudited trial balances and other financial data as to Candelaria Partners is as follows:

CANDELARIA PARTNERS
Condensed Balance Sheet
September 30, 1982
(Unaudited)

Assets

Current Assets		
Cash and Cash Equivalents		$ 5,562,000
Accounts Receivable		329,000
Inventories (At the lower of average cost or market):		
Work in Process - Leach Pads	$ 2,045,748	
Unrefined Gold and Silver	1,671,000	
Materials and Supplies	821,000	4,537,748
Other		888,000
Property, Plant and Equipment	42,113,000	
Accumulated Depreciation and Amortization	(10,277,000)	31,836,000
		$ 43,152,748

Liabilities and Partners' Capital

Liabilities

Current Liabilities		855,000

Partners' Capital

General Partner	$ 42,085,661	
Limited Partner	212,087	42,297,748
		$ 43,152,748

Condensed Statement of Income
For the Nine Months Ended September 30, 1982
(Unaudited)

Sales	$ 8,253,000
Costs and Expenses	10,304,322
Net Income (Loss)	$ (2,051,322)

During 1981, the Company changed its policy for determining its equity in income for its limited partnership interest by adjusting assets and costs to reflect a Work in Process Inventory - Leach Pads. Previously, the Company did not recognize Work in Process - Leach Pads. The Company believes recognition of this inventory is preferable in that it more clearly matches costs with revenue.

The excess of the Company's investment over its Limited Partner capital account is principally due to costs applicable to the prospect area capitalized by the Company in prior years for which it did not receive credit in its capital account. The excess will be charged to income ratably over future operations.

4. Investment in Equity Silver Mines Limited:

At Septmeber 30, 1982, the Company owned 1,121,146 shares (approximately 14%) of the issued common stock of ESML. Placer Development Limited ("Placer") of Vancouver, British Columbia owns 70% of the issued common stock and 100% of the cumulative non-voting preferred stock of ESML. ESML is the owner of several hundred mineral claims in British Columbia known as the Goosly Property. The shares of ESML are traded on the Vancouver Stock Exchange and will be listed on the Toronto Stock Exchange by the end of 1982. See also Note 6: Subsequent Event.

In October, 1980, the Goosly Property was placed into production. Placer provided the necessary construction financing by purchasing preferred stock from ESML. This stock has a dividend rate equivalent to one-half the Canadian prime rate in effect from time to time, plus one percentage point. During December, 1980, ESML arranged bank financing to redeem a substantial portion of the preferred shares. The cash flow from operations will be used initially to retire the bank indebtedness and the balance of the preferred shares.

At September 30, 1982, the principal amount of the cumulative non-voting preferred stock was CDN. $67,052,000. Cumulative unpaid dividends at the same date amounted to CDN. $9,528,000.

Condensed financial information stated in U.S. dollars as to ESML is as follows:

)UITY SILVER MINES LIMITE(
Condensed Balance Sheet
September 30, 1982
Assets

Current Assets:		
Cash, short-term investments, inventories, and other		$ 28,611,602
Deposits, mortgages receivable and other		1,905,568
Property, plant and equipment:		
Buildings and equipment and mining properties and development (net)		120,322,154
		$ 150,839,324

Liabilities and Shareholder's Equity

Current Liabilities:		
Short-term loans, accounts payable, accrued liabilities, and other		$ 26,200,593
Long-term loans		49,751,588
Deferred Income and Resource Taxes		5,730,140
Shareholders' Equity:		
Common Shares	$ 5,063,568	
Preferred Shares	64,093,435	69,157,003
		$ 150,839,324

EQUITY SILVER MINES LIMITED
Condensed Statement of Earnings
For the Nine Months Ended
(Unaudited)
September 30, 1982

Revenue:	
Sales	$ 39,861,030
Other	135,108
	39,996,138
Expenses:	
Cost of Sales	24,707,250
General and Administrative	725,580
Interest Expense	10,958,760
	36,391,590
Income Before Taxes	3,604,548
Deferred Taxes	966,606
Net Income	2,637,942
Requirements for preferred share dividend	4,357,650
Net (Loss) for Common Shareholders	$ (1,719,708)

The Company's investment in ESML is comprised of cumulative capital contributions and cash payments made by the Predecessor Partnership to its predecessor corporations together with other costs incurred relating to the Goosly Property, increased by the equity in income through September 30, 1982, adjusted for the sales of ESML shares made from to time.

The excess of the Company's investment in ESML over its equity in net assets is principally due to the excess of costs over book value of 50,000 shares of ESML acquired as of September 30, 1980, in exchange for 21,292 shares of the Company (see note 1) reduced by interest expense, research and development costs and administrative expenses charged to income in prior years by the Predecessor Partnership, which costs and expenses have been deferred by ESML.

5. Notes Payable

The promissory notes are without interest and are due and payable in full on or before September 30, 1985. The notes may be prepaid, in whole or in part, at any time without penalty. The Company is obligated following the close of each fiscal year to prepay the notes proportionately to the extent of one-half of the Company's cash flow in excess of one million dollars.

6. Subsequent Event

In late October and early November, 1982, the Company sold a total of 120,000 shares of ESML. A substantial portion of the proceeds was used to reduce term bank borrowings.

CONGDON AND CAREY, LTD. 5
(a partnership)

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

for the year ended December 31, 1981

Coopers
&Lybrand

certified public accountants

To the Partners
Congdon and Carey, Ltd 5:

We have examined the balance sheet of Congdon and Carey, Ltd. 5 as of December 31, 1981, and the related statements of costs and expenses, partners' capital and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Congdon and Carey, Ltd. 5 at December 31, 1981, and its costs and expenses, changes in partners' capital, and changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Denver, Colorado
March 30, 1982

CONGDON AND CAREY, LTD. 5
(a partnership)

BALANCE SHEET, December 31, 1981

ASSETS		
Current assets:		
Cash	$ 1,806	
Accounts receivable	26,328	$28,134
Field office and storage buildings	8,568	
Less accumulated depreciation	(7,133)	1,435
Mining properties:		
Flathead (Note 4)	3,730	
Ashby (Note 5)	25,871	
Gilt Edge joint venture (Note 3)	18,692	48,293
		$ 77,862
LIABILITIES		
Current liabilities:		
Accounts payable		$117,552
Commitments (Notes 3, 4 and 5)		
PARTNERS' CAPITAL		
Partners' capital (Note 2):		
General partners	(7,940)	
Limited partners	(31,750)	(39,690)
		$ 77,862

STATEMENT OF PARTNERS' CAPITAL
for the year ended December 31, 1981

	General Partners	Limited Partners
Balance, December 31, 1980	$ (1,872)	$ (7,493)
Capital contributions	37,500	150,000
	35,628	142,507
Costs and expenses	43,568	174,257
Balance, December 31, 1981	$ (7,940)	$(31,750)

The accompanying notes are a part of these financial statements.

CONGDON AND CAREY, LTD. 5
(a partnership)

STATEMENT OF COSTS AND EXPENSES

for the year ended December 31, 1981

	General and Administrative	Prospect Areas			Total
		Gilt Edge	Flathead	Ashby	
Office management and services	$ 5,032	$ 49,005	$4,620		$ 58,657
Office rent and storage	930	9,184		$ 880	10,994
Field trips	1,613	6,568	1,206		9,387
Professional services	2,621				2,621
Assaying, geochemical and metallurgy		13,607			13,607
Office supplies	186	194			380
Publications, drafting, maps and photos	39	203			242
Excavating and road building		1,124			1,124
Contract drilling		99,517			99,517
Other contracted services		46,187	1,013		47,200
Minimum advance royalties		5,104			5,104
Telephone and telegraph	70	261	45		376
Interest	2,949				2,949
Miscellaneous	186	1,953	25	62	2,226
Depreciation			1,116	176	1,292
	$13,626	$232,907	$8,025	$1,118	255,676
Less: Royalty income - Ashby					(1,172)
Interest income					(4,325)
Recovery of royalty costs expensed in a prior year					(32,354)
					$217,825

The accompanying notes are a part of these financial statements.

YGDON AND CAREY, LTD. 5
(a partnership)

STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended December 31, 1981

Sources of working capital:	
Partners' capital contributions	$187,500
Uses of working capital:	
Costs and expenses	217,825
Depreciation	(1,292)
	216,533
Other uses:	
Additions to lease costs	1,500
	218,033
Decrease in working capital	$ 30,533
Summary of changes in components of working capital:	
Increases (decreases) in current assets:	
Cash	$ 1,222
Accounts receivable	13,474
	14,696
Decreases (increases) in current liabilities:	
Accounts payable	(45,229)
Decrease in working capital	$ 30,533

The accompanying notes are a part of these financial statements.

CONGDON AND CAREY, LTD. 5
(a partnership)

STATEMENT OF PARTNERS' CAPITAL

for the year ended December 31, 1981

	Partners' Interest (Note 2)	Partners' Capital December 31, 1980	Capital Contributions by Partners	Costs and Expenses for Year	Partners' Capital December 31, 1981
General partners:					
Thomas E. Congdon	10.000%	$ (937)	$ 18,750	$ 21,784	$ (3,971)
William J. Carey	10.000	(935)	18,750	21,784	(3,969)
		(1,872)	37,500	43,568	(7,940)
Limited partners:					
George G. Anderman	8.000	(750)	15,000	17,426	(3,176)
Fiduciary Trust Company of New York, Trustee	8.333	(775)	15,621	18,151	(3,305)
Helmerich & Payne, Inc.	10.000	(935)	18,750	21,783	(3,968)
Nelson Bunker Hunt	16.667	(1,565)	31,250	36,305	(6,620)
Mrs. Janet W. Levy	10.000	(935)	18,750	21,783	(3,968)
John D. Macomber	4.000	(374)	7,500	8,713	(1,587)
Daniel C. Searle	3.000	(283)	5,625	6,535	(1,193)
Mrs. Mary C. Van Evera	4.000	(374)	7,500	8,713	(1,587)
Clint W. Murchison, III	1.000	(94)	1,875	2,178	(397)
C. W. Murchison, III Trust B	1.000	(94)	1,875	2,178	(397)
Burk C. Murchison	1.000	(94)	1,875	2,178	(397)
Burk Coleman Murchison Trust B	1.000	(94)	1,875	2,178	(397)
Coke Anne Murchison Trust 1	.500	(46)	938	1,089	(197)
Coke Anne Murchison Trust 2	.500	(46)	938	1,089	(197)
Coke Anne Murchison Trust 3	1.000	(94)	1,875	2,178	(397)
Robert Frank Murchison Trust A	1.000	(94)	1,875	2,178	(397)
Robert Frank Murchison Trust B	1.000	(94)	1,875	2,178	(397)
John D. Murchison, Jr.	1.000	(94)	1,875	2,178	(397)
John D. Murchison, Jr. Trust B	1.000	(94)	1,875	2,178	(397)
Virginia Lucille Murchison Trust 1	.500	(48)	938	1,089	(199)
Virginia Lucille Murchison Trust 2	.500	(48)	938	1,089	(199)
Virginia Lucille Murchison Trust 3	1.000	(94)	1,875	2,178	(397)
Mary Noel Murchison Trust 1	.500	(47)	938	1,089	(198)
Mary Noel Murchison Trust 2	.500	(47)	938	1,089	(198)
Mary Noel Murchison Trust 3	1.000	(94)	1,875	2,178	(397)
Barbara Jeanne Murchison Trust 1	.500	(46)	938	1,089	(197)
Barbara Jeanne Murchison Trust 2	.500	(46)	938	1,089	(197)
Barbara Jeanne Murchison Trust 3	1.000	(94)	1,875	2,178	(397)
		(7,493)	150,000	174,257	(31,750)
Totals	100.000%	$(9,365)	$187,500	$217,825	$(39,690)

The accompanying notes are a part of these financial statements.

1. Accounting Policy:

For accounting and income tax purposes, the partnership capitalizes the cost of acquiring mining claims and expenditures made under option to purchase agreements. Advance and minimum annual royalty payments, exploration and other costs are charged to expense in the year incurred. If a prospect area is abandoned, the capitalized costs applicable to such prospect area are charged to expense when abandoned.

2. Partnership Agreement:

The Limited Partnership Agreement was entered into effective as of July 1, 1974, and contains provisions as follows:

(a) The partnership shall commence on July 1, 1974, and shall continue for a period of nine years unless sooner terminated thereunder.

(b) The general partners participate to the extent of 50% in gains and profits from each prospect area after there shall have accrued to the benefit of the limited partners the total costs and expenses contributed by the limited partners and allocated to such prospect area. Subject to the foregoing interest of limited partners, the assets are owned by the general partners to the extent of 50% thereof.

(c) Others relating to partners' capital contributions during "primary term" (July 1, 1974 to December 31, 1976) and "secondary term" (January 1, 1977 to termination), losses and expenses, profits and gains, death of a partner, distribution of assets upon termination, title to properties, expenditures during "secondary term," and many other provisions and restrictions.

3. Gilt Edge Prospect:

A lease and option to purchase agreement was entered into with Commonwealth Mining Company of South Dakota (Commonwealth) as of October 16, 1974, under which the partnership acquired the rights of exploring, mining, milling, removing and selling or otherwise disposing of all ores and minerals in certain patented and unpatented lode mining claims in

Continued

3. Gilt Edge Prospect, continued:

accordance with specific provisions as set forth. The term of the lease and option is 15 years plus as long thereafter as commerical production continues. The partnership may terminate the agreement by written notice. The agreement provides for royalties to be paid on all ore mined and marketed and for advance royalty payments which shall be credited against royalties which become payable. Advance royalties are payable quarterly and will aggregate $94,000 over the first nine-year period. Thereafter, $5,000 is payable quarterly. Among other provisions and representations, the partnership agrees to pay property taxes upon the premises, and to perform any assessment work necessary to perpetuate the claims. The partnership has an option exercisable while this agreement is in force and effect to purchase all right, title and interest in and to the premises for a total price of $2,500,000 with credit for all amounts paid to Commonwealth against the purchase price.

During 1975, a Joint Venture Agreement was entered into under which the partnership transferred to Cyprus Mines Corporation (now Amoco Minerals (Amoco)) an undivided 80% interest in the above-mentioned mining claims, together with the same percentage interest in any properties subsequently acquired by either party within two miles of the Commonwealth property boundaries. As a joint venturer and operator, Amoco will pay 80% of all expenditures including obligations for all properties subject to the Joint Venture Agreement. The partnership, in order to maintain its 20% interest, is obliged to fund 20% of all expenditures. The Joint Venture Agreement contains provisions respecting exploration, operations, expenditures, dilution, termination and other items. Under certain conditions the partnership is entitled to receive a royalty equal to 2% of the net smelter returns from properties subject to the Joint Venture Agreement.

Continued

3. Gilt Edge Prospect, continued:

A lease and option to purchase agreement was entered into with Northwestern Metal Company as of September 1, 1976 which provides for rights of exploring, mining, milling, removing and selling all ores and minerals in certain patented mining claims in accordance with specific provisions as set forth. The term of the lease and option is 15 years plus as long thereafter as commercial production continues. The prospect is subject to the Joint Venture Agreement and the joint venturers may terminate the agreement upon ten days' notice. The agreement provides for royalties to be paid on all ore mined and marketed and for advance royalty payments payable quarterly, aggregating $90,000 over a nine-year period. Thereafter, $3,500 is payable quarterly. Advance royalties shall be credited against production royalties. Among other provisions and representations, the joint venturers agree to pay property taxes upon the premises and to perform any assessment work necessary to perpetuate the claims. The joint venturers have an option exercisable while this agreement is in force and effect to purchase all right, title and interest in and to the premises for a total price of $1,250,000 with credit for all amounts paid to Northwestern Metal Company against the purchase price.

During 1978, a contract for deed was entered into by the partnership jointly with Cyprus, as buyer, with the Estate of Magdalena Waggoner, as seller, to buy an interest in mining claims located in South Dakota. The total consideration was $75,000 all of which had been paid by September 1, 1981.

4. Flathead Prospect:

During 1976, the partnership entered into an agreement with the Anaconda Company under which the partnership acquired a mining lease on 4,160 acres of fee lands owned by Anaconda in Flathead County, Montana. The lease contains an exploration commitment which has been performed by the partnership. The lease is for a term of 13 years and so long thereafter as production continues at the rate of $1,000,000 or more net mint or smelter returns per year.

Continued

4. Flathead Prospect, continued:

At any time after cumulative expenditures exceed $1,000,000, the general partner may serve notice of its intent to place the properties into commercial production. Within 90 days of receipt of said notice, the limited partner must make an election on whether or not to contribute to the capital cost of the production facilities. In the event the limited partner makes the election, it will be obliged to furnish 32% (twenty-four seventy-fifths) of the capital cost to retain a 24% working interest, the general partner shall have a 51% working interest and the limited partner a 25% carried interest. In the event the limited partner does not make the election, or having made it, fails to make the contributions required, the limited partner shall nevertheless retain a 25% carried interest, and the general partner supplying 100% of the funds needed to construct the facilities shall have a 75% working interest.

The Limited Partnership Agreement contains provisions respecting operations, expansions, further capital contributions, the allocation of income and losses, termination and other items.

5. Ashby Prospect:

During 1979 the limited partnership exercised its option to purchase the Ashby property, which consists of 67 unpatented lode mining claims in Mineral County, Nevada. The limited partnership leased the property effective May 3, 1979, to an independent miner for a term of five years plus so long thereafter as production from the property in commercial quantities shall continue. Royalty income on production in 1981 amounted to $1,172. Commencing May 1, 1984, the lessee must pay minimum annual royalties of $25,000 per year. The lease agreement also requires the lessee to pay all property taxes, meet the assessment requirements, and perform certain rehabilitation work, among other terms and conditions.

CONGDON AND CAREY, LTD. 5
(a partnership)

FINANCIAL STATEMENTS

for the Nine Month Period Ended September 30, 1982

(Unaudited)

CONGDON AND CAREY, LTD. 5
(a partnership)

BALANCE SHEET, September 30, 1982

UNAUDITED

ASSETS

Current assets:		
Cash	$ 49,211	
Accounts receivable	15,825	$ 65,036
Field office and storage buildings	8,568	
Less accumulated depreciation	(7,654)	914
Mining properties:		
Flathead (Note 4)	3,730	
Ashby (Note 5)	25,871	
Gilt Edge joint venture (Note 3)	18,692	48,293
		$ 114,243

LIABILITIES

Current liabilities:	
Accounts payable	$ 197,386

Commitments (Notes 3, 4 and 5)

PARTNERS' CAPITAL

Partners' capital (Note 2):		
General partners	3,015	
Limited partners	(86,158)	(83,143)
		$ 114,243

STATEMENT OF PARTNERS' CAPITAL
For the Nine Months ended September 30, 1982

	General Partners	Limited Partners
Balance, December 31, 1981	$ (7,940)	$ (31,750)
Capital contributions as of 9/30/82	80,000	221,773
	72,060	190,023
Costs and expenses	69,045	276,181
Balance, September 30, 1982	$ 3,015	$ (86,158)

The accompanying notes are a part of these financial statements.

CONGDON AND CAREY, LTD. 5
(a partnership)

STATEMENT OF COSTS AND EXPENSES

for the Nine Months ended September 30, 1982
(Unaudited)

	General and Administrative	Prospect Areas			Total
		Gilt Edge	Flathead	Ashby	
Office management and services	$	$ 38,174	$ 120,731	$	$ 159,373
Office rent and storage		1,065	600	468	1,665
Field trips		3,000	14,155		17,155
Professional services	6,171	9,490	10,139		25,800
Assaying, geochemical and metallurgy		4,890	141		5,031
Office supplies			282		282
Publications, drafting, maps and photos		255	3,488		3,743
Excavating and road building		5,629	28,315		33,944
Contract drilling		49,165			49,165
Other contracted services		1,642	18,499		20,141
Minimum advance royalties		4,150	5,510	480	10,140
Telephone and telegraph		64	594		658
Interest	4,595				4,595
Miscellaneous	20	6,344	6,674	4	13,042
Depreciation			521		521
	$ 10,786	$ 123,868	$ 209,649	$ 952	$ 345,255
Less: Royalty income - Ashby				(29)	(29)
					$ 345,226

NOTES TO FINANCIAL STATEMENTS

1. Accounting Policy:

For accounting and income tax purposes, the partnership capitalizes the cost of acquiring mining claims and expenditures made under option to purchase agreements. Advance and minimum annual royalty payments, exploration and other costs are charged to expense in the year incurred. If a prospect area is abandoned, the capitalized costs applicable to such prospect area are charged to expense when abandoned.

2. Partnership Agreement:

The Limited Partnership Agreement was entered into effective as of July 1, 1974, and contains provisions as follows:

(a) The partnership shall commence on July 1, 1974, and shall continue for a period of nine years unless sooner terminated thereunder.

(b) The general partners participate to the extent of 50% in gains and profits from each prospect area after there shall have accrued to the benefit of the limited partners the total costs and expenses contributed by the limited partners and allocated to such prospect area. Subject to the foregoing interest of limited partners, the assets are owned by the general partners to the extent of 50% thereof.

(c) Others relating to partners' capital contributions during "primary term" (July 1, 1974 to December 31, 1976) and "secondary term" (January 1, 1977 to termination), losses and expenses, profits and gains, death of a partner, distribution of assets upon termination, title to properties, expenditures during "secondary term," and many other provisions and restrictions.

3. Gilt Edge Prospect:

A Lease and Option to Purchase Agreement was entered into with Commonwealth Mining Company of South Dakota (Commonwealth) as of October 16, 1974, under which the partnership acquired the rights of exploring, mining, milling, removing and selling or otherwise disposing of all ores and minerals in certain patented and unpatented lode mining claims in accordance with specific provisions as set forth. The term of the lease and option is 15 years plus as long thereafter as commercial production continues. The partnership may terminate the agreement by written notice. The agreement provides for royalites to be paid on all ore mined and marketed and for advance royalty payments which shall be credited against royalties which become payable. Advance royalties are payable quarterly and will aggregate $94,000 over the first nine-year period. Thereafter, $5,000 is payable quarterly. Among other provisions and representations, the partnership agrees to pay property taxes upon the premises, and to perform any assessment

3. Gilt Edge Prospect, continued:

work necessary to perpetuate the claims. The partnership has an option exercisable while this agreement is in force and effect to purchase all right, title and interest in and to the premises for a total price of $2,500,000 with credit for all amounts paid to Commonwealth against the purchase price.

During 1975, a Joint Venture Agreement was entered into under which the partnership transferred to Cyprus Mines Corporation now Amoco Minerals ("Amoco"), an undivided 80% interest in the above-mentioned mining clamins, together with the same percentage interest in any properties subsequently acquired by either party within two miles of the Commonwealth property boundaries. As a joint venturer and operator, Amoco will pay 80% of all expenditures including obligations for all properties subject to the Joint Venture Agreement. The partnership, in order to maintain its 20% interest, is obliged to fund 20% of all expenditures. The Joint Venture Agreement contains provisions respecting exploration, operations, expenditures, dilution, termination and other items. Under certain conditions the partnership is entitled to receive a royalty equal to 2% of the net smelter returns from properties subject to the Joint Venture Agreement.

A Lease and Option to Purchase Agreement was entered into with Northwestern Metal Company as of September 1, 1976 which provides for rights of exploring, mining, milling, removing and selling all ores and minerals in certain patented mining claims in accordance with specific provisions as set forth. The term of the lease and option is 15 years plus so long thereafter as commercial production continues. The prospect is subject to the Joint Venture Agreement and the joint venturers may terminate the agreement upon ten days' notice. The agreement provides for royalites to be paid on all ore mined and marketed and for advance royalty payments payable quarterly, aggregating $90,000 over a nine-year period. Thereafter, $3,500 is payable quarterly. Advance royalties shall be credited against production royalties. Among other provisions and representations, the joint venturers agree to pay property taxes upon the premises and to perform any assessment work necessary to perpetuate the claims. The joint venturers have an option exercisable while this agreement is in force and effect to purchase all right, title and interest in and to the premises for a total price of $1,250,000 with credit for all amounts paid to Northwestern Metal Company against the purchase price.

4. Flathead Prospect:

During 1976, the partnership entered into an agreement with the Anaconda Company under which the partnership acquired a mining lease on 4,160 acres of fee lands owned by Anaconda in Flathead County, Montana. The lease contains an exploration commitment which has been performed by the partnership. The lease is for a term of 13 years and so long thereafter as production continues at the rate of $1,000,000 or more net mint or smelter returns per year.

Anaconda retains a 5% roylaty interest. The partnership is obligated to pay minimum annual advance royalites commencing with 1977 and continuing through thirteen years in amounts ranging from $25,000 to $200,000.

During 1976, the partnership entered into an exploration permit with an option for a mining lease with Burlington Northern under a letter agreement. During 1978, the partnership exercised its option for a mining lease. Advance minimum payments shall be paid annually in advance ranging from $12,500 per year for the first three years; $25,000 per year for the fourth through seventh years; $50,000 in the eighth year; $75,000 in the ninth year; and $100,000 in the tenth and each succeeding year thereafter. One-half of the advance minimum payments required in the first seven years and all of the advance minimum payments made thereafter may be credited against future earned royalty payments which are required once production has commenced.

With effect from February 1, 1979, the partnership entered into a Limited Partnership Agreement as the limited partner with Canadian Superior Mining (U.S.) Ltd. ("Superior") as the general partner. The limited partnership is known as Hog Heaven Partners, Ltd. ("HHP"). The partnership's interest in the properties have been contributed to HHP. In order to maintain its interest in HHP, the general partner was obliged to make contributions to the capital of the partnership such that its total cumulative expenditures equal $700,000 prior to January 31, 1981 and $1,000,000 prior to November 1, 1981. Such contributions were made on a timely basis.

During 1980 HHP terminated a sublease to Waino Lindbom relating to a State of Montana mining lease on 640 acres. The consideration to Mr. Lindbom was monthly advance royalty payments of $1,000, and an overriding royalty of 2-1/2% on production from the acreage, to a maximum consideration of $200,000.

HHP was terminated effective May 15, 1982, with Superior retaining the right to a production payment of $2,650,000, payable out of 10% of net income after recoupment, with interest, of all sums spent on the Flathead project subsequent to May 15, 1982.

5. Ashby Prospect:

During 1979 the limited partnership exercised its option to purchase the Ashby property, which consists of 67 unpatented lode mining claims in Mineral County, Nevada. The limited partnership leased the property effective May 3, 1979, to an independent miner for a term of five years plus so long thereafter as production from the property in commercial quantities shall continue. Royalty income on production in 1981 amounted to $1,172. Commencing May 1, 1984, the lessee must pay minimum annual royalties of $25,000 per year. The lease agreement also requires the lessee to pay all property taxes, meet the assessment requirements, and perform certain rehabilitation work, among other terms and conditions.

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COCA MINES INC.

BALANCE SHEET

SEPTEMBER 30, 1982

AND PRO FORMA AS OF DECEMBER 31, 1982

(Unaudited)

COCA MINES INC.

Balance Sheet
September 30, 1982 and Pro Forma as of December 31, 1982
(Unaudited)

ASSETS

	September 30, 1982 As Reported		Pro Forma Adjustments	Pro Forma Balance Sheet December 31, 1982
Current Assets				
Cash and Cash Equivalents	$ 17,470	(E), (B)	$ 4,500,000	$ 4,547,470
		(C)	30,000	
Accounts Receivable	159,441			159,441
Notes Receivable, Officers	67,978			67,978
Investment in Candelaria Partners	557,784			557,784
Investment in Equity Silver Mines Limited	1,351,418	(C)	(144,647)	1,206,771
Office improvements, furniture & equipment, net of accumulated depreciation	138,687			138,687
Organization Costs	1,199			1,199
Investments in Claims & Leases	16,000	(A)	2,528,576	2,544,576
	$ 2,309,977		$ 6,913,929	$ 9,223,906

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities				
Note Payable, Bank	$ 2,045,000	(C)	$ (2,045,000)	
Accounts Payable and Accrued Expenses	176,389			$ 176,389
Notes Payable, Partners of Predecessor Partnership	1,094,321			1,094,321
Stockholders' Equity				
Preferred Shares, $20.00 Par Value; 225,000 shares outstanding		(E)	500,000	
		(B)	4,000,000	4,500,000
Common Shares, $.01 Par Value; 5,000,000 shares authorized	10,085	(A)	3,300	13,385
Paid-In Capital	1,243,787	(A)	2,525,276	3,769,063
Deficit	(2,259,605)	(C)	1,930,353	(D) (329,252)
	$ 2,309,977		$ 6,913,929	$ 9,223,906

The accompanying pro forma notes are an integral part of this financial statement.

COCA MINES INC.

FOOTNOTES FOR PRO FORMA

ADJUSTMENTS

Pro Forma Adjustments:

(A) To reflect the acquisition of the assets of Congdon and Carey, Ltd. 5 (a limited partnership) in consideration for the issuance to the partners of that partnership of no more than 330,000 shares of the common stock of CoCa Mines **Inc. and non-interest bearing production payments of $1,314,701.89 to be paid to the limited partner interests from 10% of the operating cash flow from the Flathead Project and $720,835.67 to be paid to the limited partner interests from operating cash flow from the Gilt Edge project in both cases after payout with interest of all funds invested in the respective projects from January 1, 1983. The investment in claims and leases will be recorded at predecessor's cost.**

(B) To reflect the sale to St. Mary Parish Land Company of 200,000 shares of callable convertible preferred stock at a price of $20.00 per share. This preferred stock can be converted on or before December 31, 1986, into 200,000 shares of the common stock of CoCa Mines Inc. The preferred stock can be called by CoCa on 45 day's notice. As additional consideration CoCa Mines Inc. will issue to St. Mary Parish Land Company a common stock purchase warrant expiring on January 31, 1987, to purchase 150,000 shares of CoCa's common stock at a price of $20.00. This warrant will not be separable from the preferred stock and can be exercised only within 30 days following conversion of the preferred stock.

The above noted sale is subject to the acquisition of all of the assets of Congdon and Carey, Ltd. 5 and favorable results of certain metallurgical testwork on samples of ore from the Flathead Project to ascertain that the Project is economically viable at present day metal prices, metallurgical extraction rates, reagent consumptions and operating costs.

(C) To reflect the sale of 120,000 shares of Equity Silver Mines Limited. Proceeds from this sale were used to repay all bank borrowings and the balance was used to supplement working capital.

(D) Operations for the fourth quarter have not been estimated for this pro forma financial statement.

(E) Assumes the sale of 25,000 preferred shares at $20.00 per share to the shareholders of CoCa Mines Inc.

CoCa MINES INC.

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS

HELD AT SUITE 1100, 1776 LINCOLN STREET, DENVER, COLORADO

FRIDAY, January 21, 1983 AT 2:00 P.M.

1. Meeting to Order

Mr. Congdon took the Chair, called the meeting to order and asked Mr. Mitchell to act as Secretary of the meeting.

Present were:	Roger C. Cohen Thomas E. Congdon Hugh J. Matheson
Also present:	J. Christopher Mitchell Lee Zieroth

The Chairman noted that Messrs. Philip T. Bee and William J. Carey would be returning waivers respecting the Notice of Meeting for this meeting. As this is the initial meeting of CoCa - Colorado, there are no minutes of previous meetings that require approval.

2. Resolutions Respecting Formation and the Agreement and Plan of Reorganization

Mr. Cohen presented a number of resolutions dealing with the formation of CoCa - Colorado. Discussion followed. Upon motion moved by H. J. Matheson, seconded by R. C. Cohen with T. E. Congdon declaring his interest as a shareholder in St. Mary Parish Land Company and his partnership interests in Congdon and Carey, Ltd. 5, and abstaining, the following resolutions were adopted:

I

RESOLVED, that a copy of the Articles of Incorporation, as filed in the office of the Secretary of State of Colorado on December 17, 1982, and a copy of the Certificate of Incorporation of the corporation issued on the same day be placed in the minute book.

II

RESOLVED, that the first sentence of Article FOURTH to the Articles of

Incorporation of the corporation be amended to read as follows:

"The aggregate number of shares of stock which the corporation shall have authority to issue is 6,000,000 shares of $.01 par value Common Stock and 225,000 shares of $20 par value Series A Convertible Preferred Stock."

III

RESOLVED, that the corporation enter into the Agreement and Plan of Reorganization dated December 17, 1982 with CoCa Mines Inc., a Delaware corporation, St. Mary Parish Land Company, a Delaware corporation, and Congdon and Carey, Ltd. 5, a Colorado limited partnership.

FURTHER RESOLVED, that the proper officers of this corporation are hereby authorized to do and perform such acts and things and to sign such documents and certificates and to take all such other action as they may deem necessary or advisable to carry out the intent of the foregoing resolution and to fully perform the provisions of the Agreement and Plan of Reorganization.

IV

RESOLVED, that Colorado National Bank be and it hereby is designated a depository of the corporation, and that the customary form of resolution of such bank, conferring banking authority upon certain of the corporation's officers be and it hereby is adopted and that a copy of such resolution be placed in the minute book of the corporation.

V

RESOLVED, that the form of stock certificate representing common stock, a specimen of which is attached hereto be and it is hereby adopted as the stock certificate of the corporation.

VI

RESOLVED, that the following named persons be and they hereby are elected to the office or offices set forth opposite each of their names to serve until their successors shall be selected and qualified:

Name	Office
Thomas E. Congdon	Chairman of the Board of Directors
William J. Carey	Vice Chairman of the Board of Directors
Hugh J. Matheson	President and Chief Executive Officer
J. Christopher Mitchell	Vice President and Secretary
Jerry E. Julian	Treasurer
Robert A. Rivera	Vice President

VII

RESOLVED, that the offer of CoCa Mines Inc., a Delaware corporation, to purchase one share of the corporation's common stock in exchange for property or cash in the amount set forth in the subscription agreement attached hereto is accepted.

FURTHER RESOLVED, that the officers of this corporation are hereby authorized, upon receipt of the above subcriptions, to issue and deliver certificates to the above named persons representing the number of shares so subscribed for.

VIII

RESOLVED, that for the purpose of authorizing the corporation to do business in any state, territory or dependency of the United States or any foreign country in which it is necessary or expedient for this corporation to transact business, the proper officers of this

corporation are hereby authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices, and, under the corporate seal, to make and file all necessary certificates, reports of attorney and other instruments as may be required by the laws of such state, territory, dependency or country to authorize the corporation to transact business therein and withdraw therefrom, to revoke any appointed agent or attorney for service of process, and to file such certificates, reports, revocations of appointment, or surrenders of authority of the corporation to do business in any such state, territory, dependency or country.

IX

RESOLVED, that the number of directors of the corporation shall be and hereby is increased from five to seven, and the present members of the board of directors shall fill the vacancies resulting from the increase in the number of directors.

FURTHER RESOLVED, that effective upon the closing of the Agreement and Plan of Reorganization the following named persons be and they hereby are elected to fill vacancies on the board of directors and to serve as directors of the corporation until their successors are duly elected and qualified:

Robert G. Boucher
James C. O'Rourke

X

RESOLVED, that the Stock Option Plan, in the form attached hereto, authorizing the issuance of stock options to certain employees to acquire up to 50,000 shares of the corporation's common stock is hereby approved, ratified and confirmed.

FURTHER RESOLVED, that the Stock Option Plan be submitted to the shareholders of the corporation for their approval.

XI

RESOLVED, that any one of the Chairman, Vice Chairman or President of the Corporation be and is hereby authorized to execute a Stock Power of Attorney and such other documents as may be required in connection herewith to affect the transfer of securities registered in the Corporation's name, and that the Secretary or Assistant Secretary of the Corporation be and is hereby authorized and instructed to affix the seal of the Corporation to said Stock Power of Attorney to affect such transfer and to such other documents as may be required in connection therewith.

FURTHER RESOLVED, that the foregoing authority shall remain in effect until amended or rescinded by a further resolution of the Board of Directors.

There being no further business, the meeting adjourned at 2:30 p.m.

J. Christopher Mitchell,
Secretary

[SEAL]

WAIVER OF NOTICE

The undersigned, being a director of CoCa Mines Inc., a Colorado corporation, does hereby waive any and all the requirements of the corporation's Bylaws and of the State of Colorado relative to notice of the initial meeting of the Board of Directors of CoCa Mines Inc. to be held on January 21, 1983, at 2:00 p.m. at 1776 Lincoln Street, Suite 1100, Denver, Colorado, and of the business to be transacted thereat.

William J. Carey

Dated: Jan 21, 1983

WAIVER OF NOTICE

The undersigned, being a director of CoCa Mines Inc., a Colorado corporation, does hereby waive any and all the requirements of the corporation's Bylaws and of the State of Colorado relative to notice of the initial meeting of the Board of Directors of CoCa Mines Inc. to be held on January 21, 1983, at 2:00 p.m. at 1776 Lincoln Street, Suite 1100, Denver, Colorado, and of the business to be transacted thereat.

_____
Philip T. Bee

Dated: _____

MINUTES OF SPECIAL MEETING OF
THE STOCKHOLDERS OF
ST. MARY PARISH LAND COMPANY
JANUARY 31, 1983

Pursuant to written notice given by the Secretary, a special meeting of the stockholders of St. Mary Parish Land Company was held at 1776 Lincoln Street, Suite 1100, Denver, Colorado on Monday, the 31st day of January, 1983 at 10:00 a.m.

Walter I. Auran, Senior Vice President, acted as Chairman of the meeting and the minutes were kept by the Secretary.

Written notice of the meeting was mailed on December 17, 1982, to all stockholders of record as of December 15, 1982.

The Chairman then stated that the purpose of the special meeting was to consider and vote upon an Agreement and Plan of Reorganization with CoCa Mines Inc., a Delaware corporation, CoCa Mines Inc.-Colorado, a Colorado corporation and Congdon and Carey, Ltd. 5, a Colorado limited partnership, providing for the purchase by the Company of 200,000 shares of Series A Convertible Preferred Stock of CoCa Mines Inc.-Colorado, a Colorado corporation ("CMI"), for an aggregate consideration of $4,000,000, and warrants to purchase up to 150,000 shares of CMI's common stock, all as described in the Proxy Statement which accompanied the written Notice of this Special Meeting.

The Chairman then announced that one-third of all outstanding shares were necessary to constitute a quorum. The outstanding shares number 505.434 and thus 168.476 shares constitute a quorum. The Chairman then stated he had been advised that 498.3762 shares were represented at the meeting in person or by proxy which satisfied the quorum requirement. The Chairman also pointed out that only disinterested shareholders of the Company were entitled to vote.

Upon motion duly made and seconded, the following resolution was voted upon:

> "RESOLVED, That the Company enter into the Agreement and Plan of Reorganization dated December 17, 1982 with CoCa Mines Inc., a Delaware corporation, CoCa Mines Inc.-Colorado, a Colorado corporation and Congdon and Carey, Ltd. 5, a Colorado limited partnership; and

FURTHER RESOLVED, That the proper officers of this Company are hereby authorized to do and perform such acts and things and to sign such documents and certificates and to take all such other action as they may deem necessary or advisable to carry out the intent of the foregoing resolution and to fully perform the provisions of the Agreement and Plan of Reorganization."

A vote of the disinterested shareholders was taken which showed:

In Favor of the Motion:

Walter I. Auran and William C. Lagos, as shareholders proxies, representing 376.3485 shares

Against the Motion:

Walter I. Auran and William C. Lagos, as shareholders proxies, representing 17.7083 shares

Abstaining:

Walter I. Auran and William C. Lagos, as shareholders proxies, representing 23.3133 shares

As noted, the motion carried and the resolution was adopted by a majority vote of the disinterested shareholders of the Company.

It was felt that for the purposes of the record, the minutes should reflect the names of the shareholders who either voted against the motion or abstained therefrom, along with the names of the shareholders who were classified as "interested" and not qualified to vote on the motion.

Against the Motion:

Jennifer C. Johnson 17.7083 shares

Abstained:

Elsie B. Faust	.8550 shares
Nornat Company (for LeRoy Stirpes Fund)	17.7083 shares
UNB & Co. (Nominee of University Bank of Denver TR UA John B. Bartholomew, Sr.)	4.7500 shares
Total Shares Abstaining:	23.3133 shares

Shareholders Not Entitled to Vote on the Motion:

Jean C. Adams	8.8542 shares
Salisbury Adams	1.0000 shares
George G. Anderman	1.0000 shares
Chelsea Congdon	2.0000 shares
Robert A. Congdon	8.8542 shares
Thomas E. Congdon, TR UA Dorothy H. Congdon Grandchild Trust	2.0000 shares
Thomas E. Congdon	8.8255 shares
Katherine A. Reichert	2.9514 shares
Emily Van Evera	2.9514 shares
Gretchen Van Evera	2.9513 shares
Stephen W. Van Evera	2.9514 shares
William P. Van Evera, TR of MMC 1961 Trust	14.0000 shares
William P. Van Evera, TR of SHC 1963 Trust	8.6667 shares
William P. Van Evera, TR of TEC 1966 Trust	13.0000 shares
William P. Van Evera, TR	1.0000 shares
Total:	81.0061 shares

In summary, the total outstanding shares of the common stock of the Company were accounted for as follows:

For the Motion:	376.3485 shares
Against the Motion:	17.7083 shares
Abstained:	23.3133 shares
Interested shareholders not entitled to vote:	81.0061 shares
Shareholders who did not send in proxies:	7.0578 shares
Total Outstanding Shares:	505.4340 shares

The Secretary was directed to insert in the minute book for the purpose of reference a copy of the Notice of Special Meeting and proof of service thereof and the form of Proxy.

There being no further business, upon motion duly made and seconded, the meeting was adjourned.

Walter I. Auran, Senior Vice President and Chairman of the Meeting.

William C. Lagos, Secretary

MINUTES OF SPECIAL MEETING OF
THE STOCKHOLDERS OF
COCA MINES INC.
JANUARY 31, 1983

Pursuant to written notice given by the Secretary, a special meeting of the stockholders of CoCa Mines Inc. was held at 1776 Lincoln, Suite 1100, Denver, Colorado on Monday, the 31st day of January, 1983 at 10:00 a.m.

Hugh J. Matheson, President, acted as Chairman of the meeting and the minutes were kept by the Secretary.

Written notice of the meeting was mailed on December 17, 1982, to all stockholders of record as of December 15, 1982.

The Chairman stated that the purpose of the special meeting was to consider and vote upon an Agreement and Plan of Reorganization among CoCa Mines Inc., a Delaware corporation, CoCa Mines Inc.-Colorado, a Colorado corporation and Congdon and Carey, Ltd. 5, a Colorado limited partnership, providing for the purchase by St. Mary Parish Land Company of 200,000 shares of Series A Convertible Preferred Stock of CoCa Mines Inc.-Colorado, a Colorado corporation ("CMI"), for an aggregate consideration of $4,000,000, and warrants to purchase up to 150,000 shares of CMI's common stock, and further providing for the purchase by stockholders of the Company for up to a further 25,000 shares of Series A Convertible Preferred Stock of CMI for an aggregate consideration of $500,000, and warrants to purchase up to 18,750 shares of CMI's common stock all as described in the Proxy Statement which accompanied the written Notice of this Special Meeting.

The Chairman stated he had been advised that 1,008,461 shares were represented at the meeting in person or by proxy which represented 100 percent of the shares issued. The Chairman also pointed out that only disinterested shareholders of the Company were entitled to vote.

Upon motion duly made and seconded, the following resolution was voted upon:

> "RESOLVED, That the Company enter into the Agreement and Plan of Reorganization dated December 17, 1982 with CoCa Mines Inc.-Colorado, a Colorado corporation, Congdon and Carey, Ltd. 5, a Colorado limited partnership and St. Mary Parish Land Company, a Delaware corporation; and

FURTHER RESOLVED, That the proper officers of this Company are hereby authorized to do and perform such acts and things and to sign such documents and certificates and to take all such other action as they may deem necessary or advisable to carry out the intent of the foregoing resolution and to fully perform the provisions of the Agreement and Plan of Reorganization."

A vote of the disinterested shareholders was taken which showed:

In Favor of the Motion:

Hugh J. Matheson, as shareholder proxies, representing 100 percent of the disinterested shares.

Against the Motion:

None

Abstaining:

None

As noted, the motion carried and the resolution was adopted by a unanimous vote of the disinterested shareholders of the Company.

The Secretary was directed to insert in the minute book for the purpose of reference a copy of the Notice of Special Meeting and proof of service thereof and the form of Proxy.

There being no further business, upon motion duly made and seconded, the meeting was adjourned.

Hugh J. Matheson, President and Chairman of the Meeting.

J. Christopher Mitchell, Secretary

STATE OF COLORADO)
) ss. AFFIDAVIT OF SECRETARY
CITY AND COUNTY OF DENVER)

J. CHRISTOPHER MITCHELL, being duly sworn upon oath deposes and says that he is the Secretary of CoCa Mines Inc., a corporation organized and existing under the laws of the State of Delaware, having its prinicipal office in the State of Colorado; and that on the 17th day of December, 1982, he caused notice of a special meeting of the stockholders of said Corporation, a copy of which is hereto attached and is hereby made a part of this Affidavit, to be deposited in the United States Postal Service at the City of Denver, in a sealed envelope, postage prepaid, duly addressed to each stockholder of record of said Corporation at his, or her, or its last known post office address as the same appeared on the books of the Corporation.

J. Christopher Mitchell, Secretary

Subscribed and sworn to before me this 11th day of March, 1983.

Linda A. Ditsworth, Notary Public
1776 Lincoln Street
Denver, Colorado 80203

My commission expires June 15, 1985.

P R O X Y

COCA MINES INC.
1776 Lincoln Street
Suite 1100
Denver, Colorado 80203

The undersigned hereby appoints HUGH J. MATHESON and J. CHRISTOPHER MITCHELL, or either of them, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated below, all of the shares of common stock of CoCa Mines Inc., a Delaware corporation ("CoCa"), held of record by the undersigned on December 15, 1982, at the special meeting of shareholders of CoCa to be held on January 31, 1983, or any and all adjournments thereof.

1. FOR /__/ AGAINST /__/ ABSTAIN IN VOTING FOR /__/ approval of an Agreement and Plan of Reorganization providing for the merger of CoCa into and with CoCa Mines Inc., a Colorado corporation.

2. In their discretion, the above-named proxies are authorized to vote upon such other matters related to the foregoing as may properly come before the meeting.

It is understood that this Proxy will be voted as specified herein and WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL BE VOTED IN FAVOR OF THE AGREEMENT AND PLAN OF REORGANIZATION AND MERGER.

The undersigned hereby revokes all previous proxies relating to the shares covered hereby:

Dated: _____

_____
(Signature)

_____
(Printed Name)

(When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign the partperson.)

Please mark, sign, date and return this Proxy promptly in the enclosed postpaid envelope.

COCA MINES INC.
1776 Lincoln Street, Suite 1100
Denver, Colorado 80203

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD JANUARY 31, 1983

To the shareholders of CoCa Mines Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of CoCa Mines Inc., a Delaware corporation ("CoCa"), will be held at 1776 Lincoln Street, Suite 1100, Denver, Colorado, on January 31, 1983, at 10:00 A.M., for the following purposes:

1. To consider and vote upon an Agreement and Plan of Reorganization providing for the merger of CoCa into and with CoCa Mines Inc., a Colorado corporation ("CMI"), all as described in the Proxy Statement accompanying this Notice; and

2. To transact such other business related to the foregoing as may properly come before the meeting or any adjournments thereof.

The Board of Directors of CoCa has fixed December 15, 1982 as the record date for determining shareholders entitled to vote. At such date, there were 1,008,461 shares of common stock outstanding, and each share is entitled to one vote on the matters which will come before the meeting.

THE BOARD OF DIRECTORS OF COCA RECOMMENDS THAT THE SHAREHOLDERS VOTE IN FAVOR OF THE MERGER AND REQUESTS THAT YOU DATE, SIGN AND PROMPTLY MAIL THE ENCLOSED PROXY IN THE STAMPED, SELF-ADDRESSED ENVELOPE. Please do so whether or not you plan to attend the meeting. If you do attend, you may, if you wish, revoke your proxy and vote personally at the meeting.

The merger and the financing of which it is a part also require the consent of the holders of CoCa's September 30, 1980 promissory notes. A Consent is also enclosed for that purpose. Additionally, shareholders of CoCa may subscribe for shares of the Series A Convertible Preferred Stock of CMI and warrants to purchase the common stock of CMI and a Subscription is enclosed for that purpose.

By order of the Board of Directors,

J. Christopher Mitchell
Secretary

Denver, Colorado
December 17, 1982

MINUTES OF SPECIAL MEETING OF
THE PARTNERS OF
CONGDON AND CAREY, LTD. 5
JANUARY 31, 1983

Pursuant to written notice given by Thomas E. Congdon, General Partner, a special meeting of the partners of Congdon and Carey, Ltd. 5 was held at 1776 Lincoln Street, Suite 1100, Denver, Colorado on Monday, the 31st day of January, 1983 at 10:00 a.m.

Thomas E. Congdon, General Partner, acted as Chairman of the meeting and the minutes were kept by J. Christopher Mitchell.

Written notice of the meeting was mailed on December 17, 1982 to all partners as of December 15, 1982.

The Chairman stated that the purpose of the special meeting was to consider and vote upon an Agreement and Plan of Reorganization among Congdon and Carey, Ltd. 5, a Colorado limited partnership, CoCa Mines Inc., a Delaware corporation and CoCa Mines Inc.-Colorado, a Colorado corporation, providing for the sale of the partnership's assets and properties for Common Stock of CoCa Mines Inc.-Colorado; and for the purchase by St. Mary Parish Land Company of 200,000 shares of Series A Convertible Preferred Stock of CoCa Mines Inc.-Colorado, a Colorado corporation ("CMI"), for an aggregate consideration of $4,000,000, and warrants to purchase up to 150,000 shares of CMI's common stock and further providing for the purchase by stockholders of CoCa Mines Inc. for up to a further 25,000 shares of Series A Convertible Preferred Stock of CMI for an aggregate consideration of $500,000, and warrants to purchase up to 18,750 shares of CMI's common stock all as described in the Proxy Statement which accompanied the written Notice of this Special Meeting.

The Chairman stated he had been advised that the interests of all disinterested limited partners were represented at the meeting in person or by proxy. The Chairman also pointed out that only disinterested limited partners of the partnership were entitled to vote.

Upon motion duly made and seconded, the following resolution was voted upon:

> "RESOLVED, That Congdon and Carey, Ltd. 5 enter into the Agreement and Plan of Reorganization dated December 17, 1982 with CoCa Mines Inc., a Delaware corporation, CoCa Mines Inc.-Colorado, a Colorado corporation and St. Mary Parish Land Company, a Delaware corporation; and
>
> FURTHER RESOLVED, That a General Partner of the partnership is hereby authorized to do and perform such acts and things and

to sign such documents and certificates and to take all such other action as he may deem necessary or advisable to carry out the intent of the foregoing resolution and to fully perform the provisions of the Agreement and Plan of Reorganization."

A vote of the disinterested limited partners was taken which showed:

In Favor of the Motion:

Thomas E. Congdon, as shareholder proxies, representing 100 percent of the disinterested limited partners' interests.

Against the Motion:

None

Abstaining:

None

As noted, the motion carried and the resolution was adopted by a unanimous vote of the disinterested limited partners of the partnership.

The Secretary was directed to insert in the minute book for the purpose of reference a copy of the form of Proxy for a Special Meeting and proof of service thereof.

There being no further business, upon motion duly made and seconded, the meeting was adjourned.

Thomas E. Congdon, General Partner
and Chairman of the Meeting

J. Christopher Mitchell, Secretary

STATE OF COLORADO)
) ss. AFFIDAVIT OF GENERAL PARTNER
CITY AND COUNTY OF DENVER)

THOMAS E. CONGDON, being duly sworn upon oath deposes and says that he is a General Partner of Congdon and Carey, Ltd. 5, a limited partnership, organized and existing under the laws of the State of Colorado, having its principal office in the State of Colorado; and that on the 17th day of December, 1982, he caused a proxy for a special meeting of the partners of said partnership, a copy of which is hereto attached and is hereby made a part of this Affidavit, to be deposited in the United States Postal Service at the City of Denver, in a sealed envelope, postage prepaid, duly addressed to each partner of said partnership at his, or her, or its last known post office address as the same appeared on the Certificate of Limited Partnership.

Thomas E. Congdon, General Partner

Subscribed and sworn to before me
this 11th day of March, 1983.

Rebecca D. Zupan, Notary Public
1776 Lincoln Street, Suite 1100
Denver, Colorado 80203

My commission expires: April 13, 1986

P R O X Y

CONGDON AND CAREY, LTD. 5
1776 Lincoln Street
Suite 1100
Denver, Colorado 80203

The undersigned hereby appoints WILLIAM J. CAREY and THOMAS E. CONGDON, or either of them, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated below, all of the limited partnership interests of Congdon and Carey, Ltd. 5, a Colorado limited partnership ("C&C5"), held by the undersigned, at the special meeting of limited partners of C&C5 to be held on January 31, 1983, or any and all adjournments thereof.

1. FOR ☐ AGAINST ☐ ABSTAIN IN VOTING FOR ☐ approval of an Agreement and Plan of Reorganization providing for the sale of all of the assets and properties of C&C5 to CoCa Mines Inc., a Colorado corporation.

2. In their discretion, the above-named proxies are authorized to vote upon such other matters related to the foregoing as may properly come before the meeting.

It is understood that this Proxy will be voted as specified herein and WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL BE VOTED IN FAVOR OF THE AGREEMENT AND PLAN OF REORGANIZATION AND SALE.

The undersigned hereby revokes all previous proxies relating to the limited partnership interests covered hereby.

Dated: _____

_____
(Signature)

_____
(Printed Name)

(When limited partnership interests are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign the partnership name by authorized person.)

Please mark, sign, date and return this Proxy promptly in the enclosed postpaid envelope.

RESOLUTION TO BE ADOPTED AT

SPECIAL MEETING OF SHAREHOLDERS OF

ST. MARY PARISH LAND COMPANY

January 31, 1983

RESOLVED, that the corporation enter into the Agreement and Plan of Reorganization dated December 17, 1982 with CoCa Mines Inc., a Delaware corporation, CoCa Mines Inc.-Colorado, a Colorado corporation, and Congdon and Carey, Ltd. 5, a Colorado limited partnership.

FURTHER RESOLVED, that the proper officers of this corporation are hereby authorized to do and perform such acts and things and to sign such documents and certificates and to take all such other action as they may deem necessary or advisable to carry out the intent of the foregoing resolution and to fully perform the provisions of the Agreement and Plan of Reorganization.

RESOLUTION TO BE ADOPTED AT

SPECIAL MEETING OF SHAREHOLDERS OF

COCA MINES INC.

January 31, 1983

RESOLVED, that the corporation enter into the Agreement and Plan of Reorganization dated December 17, 1982 with CoCa Mines Inc.-Colorado, a Colorado corporation, St. Mary Parish Land Company, a Delaware corporation, and Congdon and Carey, Ltd. 5, a Colorado limited partnership.

FURTHER RESOLVED, that the proper officers of this corporation are hereby authorized to do and perform such acts and things and to sign such documents and certificates and to take all such other action as they may deem necessary or advisable to carry out the intent of the foregoing resolution and to fully perform the provisions of the Agreement and Plan of Reorganization.

RESOLUTION TO BE ADOPTED AT

SPECIAL MEETING OF LIMITED PARTNERS OF

CONGDON AND CAREY, LTD. 5

January 31, 1983

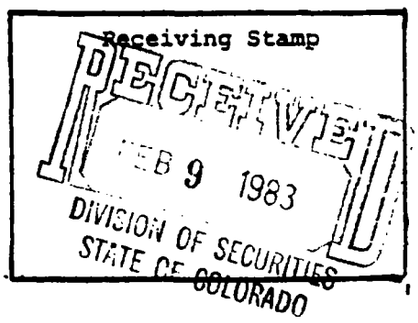
RESOLVED, that the limited partnership enter into the Agreement and Plan of Reorganization dated December 17, 1982 with CoCa Mines Inc., a Delaware corporation, St. Mary Parish Land Company, a Delaware corporation, and CoCa Mines Inc.-Colorado, a Colorado corporation.

FURTHER RESOLVED, that the general partners of this limited partnership are hereby authorized to do and perform such acts and things and to sign such documents and certificates and to take all such other action as they may deem necessary or advisable to carry out the intent of the foregoing resolution and to fully perform the provisions of the Agreement and Plan of Reorganization.

FORM 107 (Rev. 7/82)

STATE OF COLORADO
DEPARTMENT OF REGULATORY AGENCIES * DIVISION OF SECURITIES
1525 SHERMAN STREET - ROOM 210
DENVER, COLORADO 80203
(303) 866-2607

Receiving Stamp



NOTICE OF SALE OF SECURITIES

Pursuant to Section 11-51-107(2) and 11-51-118(1) of the Securities Act of 1981, notice of the sale of the hereinafter described securities is made, and the following information submitted:

1. NAME AND ADDRESS OF ISSUER: CoCa Mines, Inc. 1776 Lincoln St., Suite 1100 Denver, Colorado 80203

2. NAME AND ADDRESS OF PERSON FILING (if other than issuer): Lance P. Vanzant, Esq., 1670 Broadway, Suite 3500, Denver, Colorado 80202

3. DESCRIPTION (TITLE) OF SECURITIES: common stock & Series A convertible Preferred Stock

4. DATE FIRST SALE OF SECURITIES (if yet consummated) WAS MADE IN COLORADO: January 31, 1983

5. NAME OF PARTICIPATING COLORADO DEALER(S) (if any): none

6. Nonreturnable filing fee enclosed in the amount of $5.00 (payable to the Division of Securities)

7. Attach irrevocable written consent as required under Section 11-51-127(3).

8. Registration Statement No. _____ on Form _____ filed with the Securities and Exchange Commission became effective on _____ (date).

...OR...

Offering is made pursuant to an exemption from the "Securities Act of 1933" in compliance with SEC ~~Rule or Regulation~~ Sec. 4(2) and Regulation D.

PERSON FILING

By Lance P. Vanzant
SIGNATURE AND TITLE
Lance P. Vanzant

NO ACKNOWLEDGMENT OF THIS FILING WILL BE MADE UNLESS THE DIVISION OF SECURITIES IS SUPPLIED WITH ONE ADDITIONAL COPY OF THIS NOTICE (ALONG WITH A SELF-ADDRESSED, STAMPED ENVELOPE) TO BE DATE STAMPED AND RETURNED TO THE PERSON FILING.

Form P (Rev. 1980)

STATE OF COLORADO

Department of Regulatory Agencies
DIVISION OF SECURITIES

RECEIVED
FEB 9 1983
DIVISION OF SECURITIES
STATE OF COLORADO

APPOINTMENT AND CONSENT TO SERVICE OF PROCESS

(This form need not be filed if such a consent has previously been filed with the Division of Securities, unless the information contained therein has been changed by amendment to prior application.)

KNOW ALL MEN BY THESE PRESENTS:

That pursuant to the provisions of 11-51-127 CRS 1973:

CoCa Mines Inc. hereinafter referred to as "Applicant,"
(Name of Applicant)

hereby irrevocably constitutes and appoints the Securities Commissioner of the State of Colorado, or his successor in office, to be its true and lawful attorney within this state, to receive service of any lawful process in any noncriminal suit, action or proceedings arising under any provision of Title II, Article 51, CRS 73, as amended, known as the Securities Act, or any rule or order pursuant thereto, may be served with the same force and validity as if in fact served upon said applicant, personally, and notice of service and copy of any process served hereunder shall be sent by registered mail addressed to: Lee W. Zieroth, Esq.

1670 Broadway, Suite 3500 (Street Address), Denver (City), Colorado 80202 (State)

STATE OF Colorado
City and COUNTY OF Denver } ss.

IN WITNESS WHEREOF, the aforesaid applicant has caused these presents to be executed this
day of February 19 83

CORPORATE SEAL
(if corporation)

Attest: _____ Secretary

CoCa Mines Inc. Applicant

By _____ Signature

President Title

Before me, a Notary Public, in and for said county and state, personally appeared Hugh J. Matheson and J. Christopher Mitchell to me known to be the persons who executed the foregoing instrument, who being first duly sworn, severally made oath that they are the president and secretary, respectively, of said corporation; that the seal affixed hereto is the seal of said corporation, and that said instrument was signed, sealed and delivered in behalf of said corporation by authority of its board of directors as its free and voluntary act for the use and purposes therein set forth.

FOR CORPORATION

WITNESS my hand and official seal this 8th day of February, 19 83

My Commission expires:

(SEAL) 1100 DENVER ... 1776 ... DEN...

_____ Notary Public

Before me, a Notary Public in and for said county and state, personally appeared _____

_____ to me known to be the person who executed the foregoing instrument, who, being first duly sworn, upon oath deposes and says that he is a (partner) (trustee) of said (partnership) (trust), that said instrument was signed, sealed, and delivered for and on behalf of said (partnership) (trust) and with authority of its (partners) (trustees) as its free and voluntary act for the use and purposes therein set forth.

FOR PARTNERSHIP OR TRUST

WITNESS my hand and official seal this _____ day of _____, 19 ____

My Commission expires:

(SEAL)

_____ Notary Public

Before me, a Notary Public in and for said county and state, personally appeared _____

_____, to me known to be the person who executed the foregoing Instrument, who, being by me first duly sworn, acknowledged under oath that he executed the said instrument as his free and voluntary act for the use and purposes therein set forth.

FOR INDIVIDUAL

Subscribed and sworn to before me this _____ day of _____, 19 ____

My Commission expires:

(SEAL)

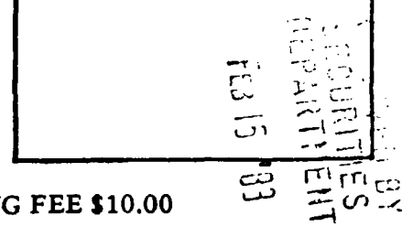
_____ Notary Public

ILLINOIS FORM 4G
(Revised 11-7-77)

COPY

Securities Department
151 Bruns Lane
Suite 103
Springfield, Illinois 62702

RECEIPT STAMP



REPORT OF SALE

FILING FEE $10.00

(This Form 4G is to be used for filing for an exemption from registration under Section 4G of The Illinois Securities Law of 1953, for the sale of securities other than fractional undivided interests in an oil, gas or other mineral lease, right or royalty.)

(SEE INSTRUCTIONS ON REVERSE SIDE)

The undersigned hereby files this Report of Sale under Section 4, subsection G of The Illinois Securities Law of 1953:

1. Name and address of issuer of securities: CoCa Mines Inc.
1776 Lincoln Street
Suite 1100
Denver, Colorado 80203

2. Name and address of controlling person(s):
William J. Carey
7322 Blairview Drive
Dallas, Texas 75230

Thomas E. Congdon
1776 Lincoln St., Suite 1100
Denver, Colorado 80203

3. Description of securities sold in transactions being reported:

Type or Class	Series (if any)	Par Value (if any)
common stock	none	$.01

4. Give the following information concerning the sale(s) of securities in the transaction(s) being reported:

Amount(s) Sold	Name and address of Purchaser(s)	Selling Price Per Unit / Total	Commission or Discount Per Unit / Total	Date of Sale
6,187 shares	Daniel C. Searle Box 1045 4709 Golf Road Skokie, IL. 55802	exchange for assets	none	January 31, 1983

5. The undersigned represents that: (1) no commission, discount or other remuneration exceeding 15% of the sales price was paid, directly or indirectly for or on account of the sale(s) herein reported; (2) offers to sell these securities have not been made to more than 70 persons in this State during the last 12 months.

DATE OF REPORT February 8, 1983

Hugh J. Matheson
(Signature)

President
(Title of Signatory)

THIS REPORT OF SALE SHALL BE DEEMED CONFIDENTIAL AND SHALL NOT BE DISCLOSED TO THE PUBLIC EXCEPT BY ORDER OF COURT OR IN COURT PROCEEDINGS.

ROBERT ABRAMS
ATTORNEY GENERAL

46807

TWO WORLD TRADE CENTER
NEW YORK, NEW YORK 10047

PROOF OF REGISTRATION
DO NOT DISCARD

STATE OF NEW YORK
DEPARTMENT OF LAW

DATE 2/3/83
20 07 54

BROKER - DEALER STATEMENT FILING FEE $ 150.00

Cohen Brame & Smith
3500 Amoco Bldg.
1670 Broadway
Denver, CO 80202
Re: CoCa Mines Inc.

PAYMENT RECEIVED

THIS REGISTRATION EXPIRES
FOUR YEARS FROM DATE

ROBERT ABRAMS
ATTORNEY GENERAL

State Securities Board
P. O. Box 13167, Capitol Station
Austin, Texas 78711

Issuer's Notice for Exemption to Sell Securities Under
Section 5.I.(c) Article 581, Vernon's Annoted Texas Statutes
The Securities Act of Texas

Name of Issuer: CoCa Mines Inc.
State of Incorporation: Colorado
Address of principal place of business: 1776 Lincoln Street, Suite 1100, Denver, Colorado 80203

1. The Issuer is engaged in the acquisition, development, ownership and disposition of precious mineral mining properties.

2. A balance sheet for the Issuer as of fiscal year 1981 and related statements of income, changes in stockholders' equity and changes in financial position, along with the same financial statements for the interim period ended September 30, 1982 are set forth in the attached proxy statements as are the same financial statements for a similar period relating to Congdon and Carey, Ltd. 5, a Colorado limited partnership, whose assets are being acquired by the Issuer. Financial statements for earlier periods are attached hereto as an exhibit. As to all unaudited financial statements referenced herein, Jerry E. Julian, the principal financial officer of CoCa Mines Inc., hereby states that he is familiar with the financial affairs of CoCa Mines Inc. (a Delaware corporation, predecessor to the Issuer) and Congdon and Carey, Ltd. 5, and that such financial statements present fairly the financial position of those entities on the dates indicated and the results of their respective operations and changes in financial position for the periods indicated in conformity with generally accepted accounting principles applied on a consistent basis during the periods.

Jerry E. Julian, Treasurer

3. CoCa Mines Inc., a Delaware corporation, was formed on June 27, 1980 and acquired all the assets and liabilities of Congdon and Carey, Ltd. No. 4, a Colorado limited partnership, effective September 30, 1980. CoCa Mines Inc., a Colorado corporation, was formed December 17, 1982, to merge with its predecessor.

4. The present officers and directors of the Issuer are as follows:

Name	Home Address	Business Address
Thomas E. Congdon	4150 East Quincy Avenue Englewood, CO 80110	1776 Lincoln Street Suite 1100 Denver, CO 80203
William J. Carey	7322 Blairview Drive Dallas, TX 75230	7322 Blairview Drive Dallas, TX 75230
Hugh J. Matheson	4081 South Aspen Lane Evergreen, CO 80439	1776 Lincoln Street Suite 1100 Denver, CO 80203
J. Christopher Mitchell	5463 South Franklin Lane Littleton, CO 80121	1776 Lincoln Street Suite 1100 Denver, CO 80203

Name	Home Address	Business Address
Robert A. Rivera	10535 Arapahoe Road Lafayette, CO 80026	1776 Lincoln Street Suite 1100 Denver, CO 80203
Jerry E. Julian	7599 South Argonne Street Aurora, CO 80016	1776 Lincoln Street Suite 1100 Denver, CO 80203
Philip T. Bee	4801 Abbott Avenue Dallas, TX 75205	2900 Turtle Creek Plaza Dallas, TX
Roger C. Cohen	4949 South Birch Street Englewood, CO	1670 Broadway Suite 3500 Denver, CO 80202

5. The Issuer has not engaged in any public offering within the last three years.

6. As of the date of this Notice no warrants or options of the Issuer are outstanding; however, the Issuer has authorized warrants to purchase up to 168,750 shares of Common Stock of the Issuer on or before January 31, 1987 at $20 per share.

7. The Issuer's securities are not offered to the public, and there is no established market price.

8. An opinion of counsel concerning the validity of the proposed issue of stock and the availability of the 5.I.(c) exemption is attached.

9. (a) The securities to be sold in Texas are shares of Common Stock, $.01 par value.

   (b) 131,176 shares of Common Stock may be sold in Texas.

   (c) The Common Stock to be issued in Texas, along with other shares of Common Stock issued to residents of other jurisdictions, will be issued in exchange for all the assets of Congdon and Carey, Ltd. 5.

   (d) The securities will be sold on January 31, 1983, or as soon thereafter as permitted by the State Securities Board.

   (e) Texas residents who may purchase these securities are listed below:

Name	Occupation	Relationship to Issuer	Amount to be Purchased
William J. Carey	private investor	Director, Vice Chairman of the Board	87,977
Nelson Bunker Hunt	private investor	none	17,188
Clint W. Murchison, III	private investor	none	2,063
Burk Coleman Murchison and Burk Coleman Murchison Trust B	private investor	none	2,063
Coke Ann Murchison and Coke Ann Murchison Trusts 2 and 3	private investor	none	2,062
Robert Frank Murchison Trusts A and B	private investor	none	2,062

Name	Occupation	Relationship to Issuer	Amount to be Purchased
John D. Murchison, Jr. and John D. Murchison, Jr. Trust B	private investor	none	4,125
Mary Noel Lamont and Mary Noel Murchison Trusts 2 and 3	private investor	none	4,125
Barbara Jeanne Murchison Trusts 1, 2 and 3	private investor	none	4,125
Virgina Lucille Murchison Trusts 2, 3 and Administrative Trust No. 3	private investor	none	5,386

(f) The form of investment letter to be signed by each proposed purchaser is attached hereto.

10. The Issuer has sold no securities in the state of Texas during the past 12 months.

11. Attached hereto is a copy of the proxy statement distributed to the proposed purchasers.

12. (a) The Issuer maintains no separate transfer agent.

(b) As of this date, the number of security holders of the Issuer is one.

STATE OF COLORADO]
] ss.
CITY AND COUNTY OF DENVER]

I am President of the Issuer named above. I certify that reasonable information concerning the plan of business and financial condition of the Issuer has been furnished to the proposed purchasers. To the best of my knowledge and belief: (A) No public solicitation or advertising has been used to procure the proposed purchasers. (B) The proposed purchasers, plus all other purchasers under Section 5.I. during the past 12 months, do not exceed 15. (c) The proposed purchasers are purchasing for their own account and not for distribution.

Signature of Affiant

President Hugh J. Mullen
Title

SUBSCRIBED AND SWORN TO before me, this 28th day of January, , A.D., 1985.

Notary Public in and for

Denver County

my commission expires: 4-13-86

FIRST AMENDMENT TO MINING AGREEMENT

THIS FIRST AMENDMENT TO MINING AGREEMENT is made effective as of the 30th day of May, 1985, by and among Cyprus Mines Corporation, a Delaware corporation, 7200 South Alton Way, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation, P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510 (hereinafter referred to as "Grantee").

WHEREAS, Grantors and Grantee entered into a mining agreement (hereinafter the "Agreement") dated June 1, 1983 concerning the Gilt Edge Property, Lawrence County, South Dakota, a Memorandum of which Agreement was recorded in the office of the Register of Deeds, Lawrence County, South Dakota as Document Number 83-5768, on October 18, 1983; and

WHEREAS, Grantors and Grantee now desire to amend said agreement.

NOW, THEREFORE, in consideration of ONE DOLLAR and other good and valuable consideration, the parties hereby agree as follows:

1. The first sentence of Section 4.2 entitled "Evaluation Expenditures" is hereby amended, and two sentences are added, to read as follows:

During the first six years of this Agreement, beginning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year(s)	Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
6-1-83 through 5-31-84	$ 500,000	$150,000
6-1-84 through 5-31-86	1,150,000	200,000
6-1-86 through 5-31-87	2,000,000	0
6-1-87 through 5-31-88	2,000,000	0
6-1-88 through 5-31-89	1,850,000	0

Grantee will work diligently on feasibility studies and environmental permitting matters so that on or prior to 5/31/86 Grantee will have:

(i) obtained all state and federal government permits needed to bring a mine into production on the Property:

(ii) completed a feasibility study on bringing a mine into production on the Property

Notwithstanding the foregoing, if Grantee is prevented for any reason whatsoever from obtaining all necessary governmental permits and approvals and/or completing a feasibility study, and Grantee's cumulative Evaluation Expenditures in the period 6/1/83 through 5/31/86 are less than $1,650,000, the amount by which such cumulative Evaluation Expenditures are less than $1,650,000 shall be promptly paid to Cyprus and CoCa as to 80% and 20% respectively.

The remainder of Section 4.2 beginning with the words, "Any deficiency ..." shall remain as written.

2. The parties acknowledge that, pursuant to the telex dated April 26, 1985 from E. R. Wozniak on behalf of Grantors to E. G. Thompson of Grantee, the thirty day prior written notice provision of Section 3.2 of the Agreement has been suspended through and including May 31, 1985. The parties agree that after May 31, 1985, the suspension shall no longer be in effect and Section 3.2 of the Agreement shall once again become effective as originally written in such agreement.

3. The remaining terms of the Agreement are hereby confirmed by the parties as being in full force and effect.

IN WITNESS, WHEREOF, the parties have executed this First Amendment of Mining Agreement effective as of the date first above written.

GRANTORS:

Cyprus Mines Corporation

By: _____
J. C. Compton
Vice President

_____
Attest: S. S. Shellhaas
Assistant Secretary

CoCa Mines, Inc.

By: _____
J. Christopher Mitchell
Vice President

_____
Attest:

GRANTEE:
Lacana Mining, Inc.

By: _____
Chairman of the Board

_____
President

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 30th day of May, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared J.C. Compton and S.S. Shellhaas known to me to be Vice Pres. and Asst. Secretary of Cyprus Mines Corporation, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

I. Irene Johanson
Notary Public

My commission expires: December 26, 1985

PROVINCE OF Ontario)
) ss.
COUNTY OF York)

On this 5th day of June, 1985, before me, the undersigned, a Notary Public in and for said ~~state~~ province Foh personally appeared W.H. Gross and Edward G. Thompson known to me to be Chairman and President, respectively of Lacana Mining Inc., a corporation, who acknowledged to me that they executed the foregoing instrument on behalf of said corporation.

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

Notary Public

My commission does not expire:

STATE OF Colorado)
) ss.
CITY AND COUNTY OF Denver)

On this 30th day of May, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared J.C. Mitchell known to me to be Vice President of CoCa Mines Inc., a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

Vicki L. Ferguson
Notary Public
1776 Lincoln Street
Denver, CO

My commission expires: November 22, 1986

MINING AGREEMENT

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING AGREEMENT (hereinafter the "Agreement") is made effective as of the first day of June, 1983, by and among Cyprus Mines Corporation, a Delaware corporation, 7000 South Yosemite Street, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation (hereinafter referred to as "Grantee"), whose address is P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510.

WHEREAS, Grantors or their predecessors, as the case may be, entered into a Joint Venture Agreement dated January 1, 1975, whereby Grantors agreed to explore, develop and mine certain property located in Lawrence County, South Dakota; and

WHEREAS, pursuant to the above Joint Venture Agreement, Grantors are the Lessees under certain leases ("Leases") covering patented and unpatented mining claims and are also the owners of certain patented and unpatented mining claims ("Claims"), all situated in Lawrence County, South Dakota, more particularly described in Exhibit A which is attached hereto and by reference made a part hereof (all of the property covered by the Leases and the Claims is hereinafter referred to as the "Property"); and

WHEREAS, Grantee desires to obtain an interest in the Property;

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I

GRANT AND DESCRIPTION

1.1 Assignment

For and in consideration of the sum of Fifty Thousand Dollars ($US50,000.00) as specified in Section 4.1, receipt of which is acknowledged by Grantors, Grantors and each of them hereby sell, assign, transfer and convey to Grantee all of their right, title and interest in and to the above described Leases together with all rights incident and appurtenant thereto, subject only to the exceptions and reservations made in this Agreement.

1.2 Assumption of Obligations

Grantee hereby accepts the assignment of the above Leases and agrees to perform all of the obligations of Grantors thereunder and save and defend Grantors harmless from any claims or obligations under said Leases arising or occurring after the date of this Agreement, except for the obligations noted in Section 13.9. Grantee specifically assumes the obligation to make all payments required by the Leases on or after June 1, 1983 through May 31, 1984, regardless of the date of termination of this Agreement, unless terminated pursuant to Section 7.2. Grantee shall be responsible to make such payments to the Lessors of the Leases and Grantors shall cooperate in furnishing addresses, payment schedules and other information to Grantee.

1.3 Exclusive Lease of Claims

Grantors hereby lease exclusively to Grantee, its successors and assigns, for the term and purposes stated below, the Claims , together with all rights, privileges and appurtenances in anywise belonging to said mining claims, including, but not limited to, easements, rights-of-way, access rights, road construction rights, water and water rights and timber and vegetative resources, together with the right to use the surface to the fullest extent reasonably necessary, appropriate, convenient,

worthwhile or incidental to any of the rights and privileges of Grantee hereunder. The Claims are leased without limitation, for purposes of surveying, evaluation, exploration, additional prospecting, drilling, developing, mining by any method or otherwise extracting, stockpiling, storing, processing, treating, removing, stripping, and marketing or otherwise disposing of any and all minerals, metals, ores and materials of whatsoever kind and character (hereinafter "Minerals") in, upon, under, or extending from or into the Claims.

1.4 **Area of Interest**

The parties hereto hereby agree that if, after the date of this Agreement, Grantors or any one of them acquire any right, title or interest in any property the boundary of which is located within the Area of Interest, they shall promptly notify Grantee of such acquisition and if Grantee shall, within sixty (60) days after receipt of such notice, notify Grantors that said property should be included as part of the Claims or Leases under this Agreement (depending upon whether such property is acquired in fee or by lease), Grantors shall execute all necessary documents in order that such property shall be included as part of the Property under this Agreement. The term "Area of Interest" as used herein shall be deemed to mean that property situate in Lawrence County, South Dakota more particularly described as:

Township 4 North, Range 3 East, B.H.M.

Section	1:	all
	12:	all
	13:	N½

Township 5 North, Range 3 East, B.H.M.

Section	36:	all

Township 4 North, Range 4 East, B.H.M.

Section	4:	W½
	5:	all
	6:	all
	7:	all
	8:	all
	9:	W½
	16:	NW¼
	17:	N½
	18:	N½

Township 5 North, Range 4 East, B.H.M.

Section 31: all
32: all

The Area of Interest is also shown graphically on Exhibit B attached hereto and by reference made a part hereof. If Grantee does not elect to include such property under this Agreement, Grantors shall be free to retain, use or dispose of their right, title and interest in such property as they may determine. Unless otherwise agreed in writing by the parties hereto, if Grantee elects that any such property offered by Grantors be included as part of the Property under this Agreement, Grantee shall reimburse Grantors their costs in acquiring such property, and such costs shall be included as Evaluation Expenditures as defined herein. After any such property is added, as provided in this Paragraph, such property shall thereafter be considered part of and be included in the Property as either Claims or Leases.

Grantee shall have the right to prospect for, locate and otherwise acquire property interests within the Area of Interest. Any such properties acquired by Grantee will become part of this Agreement as Claims (in the case of fee acquisition) or Leases (in the case of acquisition by lease).

In the event that this Agreement is terminated, those claims and leases hereafter acquired by Grantee within the Area of Interest shall be conveyed by Grantee by quitclaim deed to Grantors. Upon the expiration of one (1) year after termination of this Agreement, each party shall be free to acquire interests within the Area of Interest.

1.5 **Purposes**

The Claims are leased to Grantee to survey, evaluate and drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship and market or otherwise dispose of any and all Minerals in, upon or under the Claims or other land in the vicinity of the Claims; and to exercise any and all rights or privileges granted in this Agreement, or which are incident to

or which may be useful or convenient in the exercise of any of the rights granted in this Agreement. In addition to the rights, privileges and purposes set forth in Section 1.3 and in the foregoing sentence, Grantee shall have unrestricted access to the Claims and the exclusive rights (i) to evaluate, develop and mine, and to extract, remove and dispose of any and all air, Minerals, water and waste from the Claims and to deposit such materials on or in the Claims, by means of underground or surface mining operations in or on the Claims or other property, (ii) to remove air, Minerals, water and waste, and materials from other property and to carry on general mining and milling operations pertaining to the Claims or other such property, on the surface of or through underground or surface workings on the Claims, (iii) to use any part of the Claims for tailings and waste dumps and for any other purpose incident to underground or surface mining operations on the Claims or other property, (iv) to erect, construct, use and maintain on the Claims such roads, buildings, structures, machinery, and equipment as may be required by Grantee for the conduct of operations on the Claims or other property, and (v) to sell Minerals and other products derived from the Claims in such forms, on such terms, at such times and for such prices as Grantee may, in its sole discretion, determine. All operations on the Claims by Grantee shall be conducted in a good and miner-like manner.

1.6 **Operations**

Grantee shall also have exclusive right without limitation and in its sole discretion: (a) to further evaluate the Claims by drilling, seismic or other geophysical methods, to mine by any method or methods deemed desirable or convenient, including but not limited to, underground, open pit, strip, in situ, solution and leaching; and to process and treat the Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all excavations, pits, shafts, and openings on the Claims and to inject such gas, waters, other

fluids, air and other substances into the subsurface strata thereof; (c) to stockpile, store or dispose of on or off the Claims, Minerals, waste, earth, tailings and other materials; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Claims buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements.

1.7 **Operations on Adjacent Lands**

Grantee shall have the right to remove Minerals from the Claims through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Claims.

1.8 **Water Use**

Grantee shall have the free use of any and all water and water rights in and on the Claims, to the extent Grantors are able to grant such right.

1.9 **Ingress and Egress**

Grantors grant Grantee the right to use all rights-of-way for ingress to and egress from the Claims which it is within the power of Grantors to grant, together with the right to construct roads across such rights-of-way to assist Grantee in conducting its operations.

1.10 **Acquisition of Additional Acreage**

Grantors and Grantee agree that control of the Old Pennsylvania, M.S. 1632, and the Black Dan, M.S. 327, patented lode claims is advisable for the orderly exploration and development of the Property. Grantors hereby agree to pursue with all reasonable diligence the negotiation and execution of a

definitive agreement with the legal representative of the estate of Fred G. Borsch, deceased, owner of the above mentioned patented lode claims, for the lease or acquisition of these claims upon terms reasonably acceptable to Grantee. To this effect Grantors agree to also pursue with all reasonable diligence the approval of Geraldine Fahrni, a possible heir, of such a definitive agreement. Grantee acknowledges that the estate is subject to a will contest and that factors beyond the control of Grantors may delay or prevent the execution of such a definitive agreement. If these claims are acquired, they shall become part of the Property, either as Claims (in the event of outright acquisition) or as Leases (in the event of acquisition by lease).

However, if despite the reasonable diligence of the Grantors as aforesaid such definitive agreement has not been obtained on or prior to the first anniversary of the date of this Agreement, the Grantee shall have the right and option to notify Grantors within 14 days after said first anniversary that it has elected to suspend this Agreement, pending satisfactory resolution of such will contest. On such notice being given, the term of this Agreement shall be suspended effective the end of the day prior to the said first anniversary. During the term of such suspension, the Grantee shall not be obligated to spend the amounts on Evaluation Expenditures specified in Section 4.2 hereof, other than such amounts as are required to keep the Leases and the Claims in force or in good standing, as the case may be.

The period of suspension shall extend 2 weeks after the time when Grantee receives an executed copy of the aforementioned definitive agreement. Anything in this Agreement to the contrary notwithstanding, the period of suspension shall not be counted against Grantee and it shall be excluded in computing and shall extend the time(s) of the performance by the Grantee of the covenants and conditions of this Agreement except that the beginning date for payment of minimum annual advance royalty under Section 4.4 shall not be extended by such suspension. The term of this Agreement shall also be extended by such period of suspension; provided, however, that if such definitive agreement

is not obtained on or prior to the second anniversary of the effective date of this Agreement and if the requirement for a definitive agreement has not theretofore been waived by the Grantee, this Agreement shall automatically terminate on the expiration of the second anniversary date. If Grantee waives the requirement for a definitive agreement on or prior to the second anniversary, this Agreement shall not terminate and the period of suspension shall extend two (2) weeks after such waiver is given whereupon this Agreement shall be reinstated and shall continue to be in full force and effect.

1.11 **Grantee's Discretion in Operations**

It is agreed that Grantee shall have the right to decide in its sole discretion on what part or parts of the Property any of the operations contemplated in this Agreement are to be carried out and the timing and priority of any such operations, including, without limitation, the right to determine whether such operations will be carried out on any one or more Claims in priority to the Leases or vice versa; provided that nothing in this section shall be interpreted as altering or diminishing the obligations of Grantee set forth in other provisions of this Agreement.

ARTICLE II

OPTION TO PURCHASE

2.1 **Exercise of Options**

Grantee agrees to exercise, at Grantors' request, any options to purchase which may be contained in the Leases. Grantors agree to pay any difference between the purchase option price and the total payments creditable toward the purchase price at the time of exercise of the option, if any such options are exercised before satisfaction, as specified in Section 3.3, and title to such property covered by such Leases shall be held by Grantors. If such options are exercised after satisfaction, Grantee shall be responsible for the entire purchase price and shall hold title.

ARTICLE III

TERM OF AGREEMENT

3.1 **Term**

Unless sooner terminated as hereinafter provided, the lease of the Claims contained in this Agreement shall remain in full force and effect for a period of ten (10) years from the effective date hereof (the "Primary Term") and so long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis within the Area of Interest. For this purpose, development, mining or processing operations shall be deemed continuous so long as all such operations do not cease for a period of more than one hundred eighty (180) consecutive days, excluding period(s) of force majeure as provided in Section 10.3 of this Agreement and as provided hereinafter. In the event Grantee is unable to obtain a satisfactory market for any Minerals discovered or produced from the Claims, and as a result Grantee delays commencement of development, mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this Agreement shall not expire or terminate during such period of lack of market but may be extended by Grantee's continuing payment of minimum royalties under Article IV. Grantee shall use diligence in searching for a satisfactory market for the Minerals during such lack-of-market periods, and when a satisfactory market becomes available, Grantee shall have a reasonable time thereafter, not to exceed sixty (60) days, within which to begin or renew development, mining or processing operations.

3.2 **Termination**

Upon thirty (30) days' prior written notice to Grantors, Grantee shall have the right at any time to terminate this Agreement as to all of the Property by notifying Grantors thereof and thereupon all rights and obligations of Grantee under this Agree-

ment, except for those obligations which may have accrued prior to termination, shall terminate. Upon termination of this Agreement, Grantee shall:

(a) Quitclaim to Grantors all of Grantee's right, title and interest in and to the Property; and

(b) Within sixty (60) days after surrender or other termination of this Agreement, Grantee shall deliver to Grantors copies of all factual geological, metallurgical, and engineering data and maps, logs or drill hole cores and results of assaying related to the affected properties which Grantee may obtain as a result of exploration work under this Agreement, provided, however, Grantee shall have no liability on account of any such data used or relied upon by Grantors.

(c) In the event that Grantee shall fail to deliver such data, Grantors shall be entitled to receive, as liquidated damages, a payment equal to the sum of the expenditures made by Grantee to compile the data referred to in subsection 3.2(a)(ii).

Upon such termination, all payments previously made shall be retained by Grantors as full compensation for use and occupancy of the Property and all liabilities and obligations of Grantee of any kind then not due or accrued with respect to the Claims and Leases shall terminate.

3.3 **Satisfaction**

In the event that Grantee fulfills its entire Evaluation Expenditure obligation of $US7,500,000.00 at any time on or before the end of the fifth year of this Agreement, and is otherwise in compliance with this Agreement, Grantee may notify Grantors of such facts and Grantors shall, within thirty (30) days of such notice, provide Grantee with fully executed quitclaim deeds to the Claims and to any acreage obtained through exercise of purchase options contained in the Leases, subject only to a reservation of a production royalty or overriding

royalty as provided in Section 4.3, and a minimum annual advance royalty as provided in Section 4.4. This Agreement shall thereupon be considered satisfied and terminated.

ARTICLE IV

CONSIDERATION

4.1 Bonus

Concurrent with the execution of this Agreement, Grantee shall pay to Grantors as a Bonus the sum of $US50,000.00.

4.2 Evaluation Expenditures

During each one year period of this Agreement, beginning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year	Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
6-1-83 through 5-31-84	$ 500,000	$150,000
6-1-84 through 5-31-85	1,000,000	200,000
6-1-85 through 5-31-86	2,000,000	200,000
6-1-86 through 5-31-87	2,000,000	200,000
6-1-87 through 5-31-88	2,000,000	250,000

Any deficiency in the amount of Evaluation Expenditures incurred in any period may be made up within sixty (60) days after the end of the period in which such deficiency occurred without penalty by incurring Evaluation Expenditures or making cash payment to Grantors in the amount of the deficiency. If any such deficiency is not made up within such time, this Agreement shall terminate and Grantee shall follow the provisions of paragraph 3.2. Evaluation Expenditures in excess of that required for any one year period may be made by Grantee and any Evaluation Expenditures during a period in excess of the required minimum expenditure set forth above shall be a credit against the Evaluation Expenditure requirements for subsequent exploration periods. "Evaluation Expenditures" shall be deemed to mean and

include the costs of evaluation, further exploring, and developing the Property, including the drilling, excavating and searching by all recognized prospecting techniques; sampling, assaying, testing and evaluating materials removed therefrom, including large-scale bulk sampling or testing; mapping, platting, surveying; constructing and maintaining camps, roads, works and structures necessary to carry out evaluation, sampling or testing; all payments made to maintain the Leases and Claims in good standing, including rentals, assessment work, and minimum advance royalties, but not production royalties; all costs incurred in acquiring additional acreage within the Area of Interest; all studies including metallurgical, mine planning, financial, economic, scoping, feasibility, marketing, geological and technical studies required to develop a prospect or mine and all work that may be required for preparing a mine for operation, including the opening of a mine, the construction and installation of operating facilities and the procurement of labor, materials, tools, equipment, machinery and supplies necessary thereto. Five (5%) percent of each year's Evaluation Expenditures may be allocated by Grantee to overhead and administration. Travel expenses and time of technical personnel engaged in work on or for the benefit of the Property may be charged as Evaluation Expenditures but office and administrative expenses, including time of administrative personnel shall be covered by the five percent overhead charge. The commitment for Evaluation Expenditures shall accrue annually in advance. Accordingly, upon execution of this Agreement Grantee is obligated for the first lease year evaluation expenditure of $500,000, of which $150,000 must be spent on exploration drilling, unless this Agreement is terminated pursuant to the title provisions of Section 7.2 in which event all obligations for Evaluation Expenditures shall be terminated ab initio. In a similar fashion, if the first anniversary date is reached without termination of this Agreement, then the second year's Evaluation Expenditure shall be deemed to have accrued and Grantee shall be

liable therefor whether or not this Agreement is terminated during the second lease year. The Evaluation Expenditures shall accrue in a similar fashion over the ensuing lease years. Exploration drilling shall mean all drilling carried out on the Property, and expenditures on exploration drilling shall mean all direct and indirect drilling costs, including, without limitation, road and site preparation, standby charges, mobilization and demobilization costs, related assaying costs and technical supervision expenses.

4.3 **Production and Overriding Royalty**

(a) Grantors hereby except and reserve from the assignment of the Leases an overriding royalty, and Grantee hereby agrees to pay to Grantors a production royalty on the Claims, all in the amount of seven and one-half percent (7½%), inclusive of any other royalties, production payments, overriding royalties or other burdens (but excluding taxes of any type) existing on the date of this Agreement, of the Net Value of all Minerals, including ores, metals, Dore bars, bullion, Concentrates and Mineral products derived from the Property. Grantee shall have the right and obligation to pay all underlying production and overriding royalties, production payments or other burdens existing on the date of this Agreement and all such payments on account of production royalties, overriding royalties and production payments made to parties other than Grantors shall be credited against and deducted from the production and overriding royalty, if any, payable to Grantors hereunder and in the event that any such obligations equal or exceed seven and one-half (7½%) percent of the Net Value for any portion of the Property, then no royalty shall be payable to Grantors on such portion. It is the intention of the parties that the aggregate amount of royalties payable by Grantee to Grantors under this Agreement and to all other persons who are entitled to receive production royalties, overriding royalties or production payments under the Leases or any other agreements, shall not in the aggregate exceed

seven and one-half percent (7½%) of the Net Value of the production from the Property, except in those aforesaid circumstances in which, and only for so long as, such royalties and like payments payable to such other persons exceed seven and one-half percent (7½%) of the Net Value, and that there shall be no duplication of payments on account of overriding royalties and production royalties, if any, due to Grantors. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Grantee from the sale of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to a mill, Smelter, or other purchaser, user or consumer other than Grantee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to the mill, Smelter, or other purchaser, user or consumer. The term "Smelter" means conventional smelters, as well as any other type of production plant used in lieu of a conventional smelter to reduce ores or Concentrates.

(b) Grantee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Minerals, including ores, metals or Mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Grantee. Any upgrading beyond the stage at which beneficiation, milling, sorting, and concentrating has yielded concentrate in the form usually commercially marketable ("Concentrate") shall be done for Grantee's sole benefit, risk and account, and the Mineral products taken by Grantee for such upgrading shall be deemed, for the purpose of computing Net Value and royalties payable thereon only, and not otherwise, to have been sold at the mean of quotations for the

Concentrate so taken for the month of such takings as reported in "Metals Week" published by McGraw-Hill, Inc., or, in the event such quotations are not published therein or such publication ceases or suspended, then at the mean of the quotations for Concentrate of the type so taken for the month of such taking as may be reported in such other publication or source as is generally recognized in the industry as reflecting the quotations at which such Concentrates are currently being offered for sale and purchase, or in the absence of such a publication, by such other means as may establish such quotations to the end that in determining the Net Value of such Concentrates as are not sold by Grantee, but are taken by it, the price received for such Concentrates shall be deemed to be the mean of prices at which Concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties. Grantee shall not be liable for mineral values lost in such processing under sound engineering practices. It is expressly understood that Grantee shall pay, or otherwise absorb, all costs and expenses incurred in all stages of the mining and treatment processes up to and including the loading of Concentrates in a form which is usually commercially marketable in rail cars or such other type of transport vehicle used for transporting the Concentrates from the mill or concentrator site. Grantee shall be permitted to sell Concentrates in the form usually commercially marketable to its parent company or any subsidiary of its parent company (more than 50% owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

(c) The production and overriding royalties provided for herein shall be the total payments due Grantors from Minerals produced from the Claims and Leases.

4.4 **Minimum Annual Advance Royalty**

Beginning on the fifth anniversary date of this Agreement, Grantee shall pay to Grantors a minimum advance royalty of $US200,000.00 per year. The payment of this minimum advance royalty shall continue on each subsequent anniversary date for a period of ten (10) years after the start of commercial production by Grantee on the Property. Minimum advance royalties shall constitute prepayment of and advances against payment of production and overriding royalties that may become payable under this Agreement. Grantee may credit all minimum advance royalties against production and overriding royalties accruing at any time until said advance royalties have been fully recouped from production and overriding royalties. Commercial production is hereby defined as ninety (90) days of continuous production from the mine and its associated facility at not less than seventy percent (70%) of its rated capacity.

4.5 **Reduction of Expenditures**

If this Agreement expires or is terminated as to all of the Claims, Grantee shall not be required to make any Evaluation Expenditures except as provided in Sections 4.2 and 12.2.

4.6 **Applicability of Other Provisions**

All of the provisions of this Agreement, including the obligations for payment of minimum advance royalties, production royalties and overriding royalties shall apply to properties which become Claims or Leases pursuant to the Area of Interest provisions of Section 1.4.

4.7 **Salvage**

Grantors shall not be entitled to share in the proceeds of salvage or other disposition of personal property or fixtures erected or placed on the Claims by Lessee.

ARTICLE V

MANNER OF PAYMENT

5.1 **Production and Overriding Royalty Payments**

Overriding royalties and production royalties to Grantors on the Leases and Claims, when payable, shall accrue monthly at the end of each calendar month and shall become due and payable quarterly on the fifteenth day of each month following the last day of the calendar quarter in which the same accrue. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the Minerals, Concentrates and other Mineral products, processed by Grantee for the preceding calendar quarter, the proceeds of sale, costs and other deductions and other pertinent information in sufficient detail to explain the calculation of the production and overriding royalty payments.

5.2 **Payments to Grantors**

All payments to Grantors under this Agreement shall be made in the following proportions to the parties listed until Grantee is otherwise notified in writing by all parties acting as Grantor hereunder:

Name	Percentage of Payment
Cyprus Mines Corporation P.O. Box 3299 7000 So. Yosemite Street Englewood, Colorado 80155 Attn: Property Records Supervisor	80%
CoCa Mines Inc. 1776 Lincoln Street Suite 910 Denver, Colorado 80203 Attn: J. C. Mitchell	20%

5.3 **Audit**

Grantee shall keep books and records relating to computation of payments for a period of at least two (2) years after receipt of such payment by Grantors. For a period of two (2) years after

Grantor's receipt of payment, Grantors shall have the right, upon reasonable notice and at a reasonable time, to have Grantee's accounts and records relating to calculation of the statement in question audited by a certified public accountant acceptable to Grantors and to Grantee. If such audit determines that there has been a deficiency or an excess in the payment made to Grantors, such deficiency or excess shall be resolved by adjusting the next production or overriding royalty payment due hereunder. If such audit discloses any deficiency between the amount of the production or overriding royalty payments due hereunder and the amount actually paid which exceeds five per cent (5%) of the amount due, Grantee shall pay all costs of such audit. If any such deficiency is five per cent (5%) or less, or if there is an overpayment, Grantors shall pay all costs of such audit. Grantors may also conduct their own audits at their own expense at reasonable intervals within the time provided above, but such audit shall not be binding on Grantee without Grantee's consent. All books and records used by Grantee to calculate production and overriding royalties due hereunder shall be kept in accordance with generally accepted accounting principles.

5.4 **Claims by Third Parties**

If any third party, other than the United States of America, asserts, through a judicial proceeding, any claim to or against the Claims for any Minerals, Concentrates, or Mineral products lying in or under the Claims, or to the surface of the Claims, or to any amounts payable to Grantee, Grantee may deposit any amounts otherwise due to Grantors in an interest-bearing escrow until the controversy is finally determined.

ARTICLE VI

OPERATIONS AND DAMAGES

6.1 Standard of Operations; Reports

Grantee agrees that all operations affecting the interests of Grantors under this Agreement shall be conducted in a good and miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Property or operations hereunder (including, without limitation, Workmen's Compensation Laws). Grantee shall provide to Grantors a yearly progress report summarizing the activities accomplished during the previous year within sixty (60) days after each anniversary date of this agreement.

6.2 Reclamation

Grantee shall comply with all applicable and valid governmental laws, rules, regulations and orders governing reclamation of the Property and restoration of the surface of the Property.

6.3 Indemnity

Grantors shall not be liable for any work performed or materials used upon the Property by Grantee after the date of this Agreement. Grantee shall hold Grantors and the Property free of and harmless from all liens, charges and liabilities arising from damage to property, or injury to, or death of persons caused by any acts or omissions of Grantee with respect to the Property. Grantors shall hold Grantee and the Property free of and harmless from all liens, charges and liabilities arising from damage to property, or injury to, or death of persons caused by any acts or omissions of Grantors with respect to the Property occurring prior to the date of this Agreement or occurring during the exercise of rights reserved to Grantors under this Agreement. Grantors may post on the Property during

Grantors any internal proprietary data including, but not limited to, information which includes interpretive data. Grantee shall facilitate and assist such inspections by Grantors in every reasonable way, but Grantors or their agents shall enter upon the Property at Grantors' own risk and expense and shall indemnify, defend and hold Grantee harmless from any and all loss, claims, damage, or liability including reasonable attorneys' fees and other expenses arising from or by reason of injury to or the presence of Grantors, Grantors' agents, representatives, licensees or guests, or any of them, on the Property, except damage or injury caused by the negligence or willful misconduct of Grantee.

6.6 **Confidentiality**

Grantors agree to treat all information acquired hereunder as confidential and further agree that Grantors shall not use name of Grantee, its parent, subsidiaries, affiliates or partners in any public statement or press release and shall make no press releases, public statements or public announcements of any sort concerning this Agreement or the operations and activities of Grantee with respect thereto, except with the prior consent of Grantee (which consent shall not unreasonably be withheld), or as required by law. During the term of this Agreement and for one (1) year following termination of this Agreement, Grantee agrees to treat all information regarding the Property as confidential, and will not disclose the same to third parties except with the consent of Grantors (which consent shall not unreasonably be withheld), or as required by law.

ARTICLE VII

TITLE

7.1 **Representations and Warranties**

Grantors hereby specifically make no warranties or representations with respect to the Property except as follows:

(a) Grantors have the full and exclusive right and power to act on behalf of Grantors, and on behalf of any other interested person or entities, to lease the Claims to Grantee under the terms and provisions of this Agreement and to grant the rights granted to Grantee hereunder;

(b) The Claims are free and clear of all liens and encumbrances except as set forth herein;

(c) The Claims are not subject to any agreements contrary to the provisions of this Agreement;

(d) While this Agreement remains in effect, Grantors will not place upon or cause to be placed upon the Claims any lien or encumbrance; and

(e) Grantors further represent that the unpatented Claims have been validly located, recorded and maintained pursuant to applicable federal, state and local laws and regulations and Grantors are the sole recorded and beneficial owners as to their respective percentage interests in the Claims.

(f) Grantors have not done any acts causing Leases to be forfeited or cancelled; that all Leases are in good standing at the time this Agreement is entered into and there is no default or any act which with the passage of time could become a default under any of the Leases; that no notice of default has been given to Grantors and to Grantors' knowledge no such notice is contemplated to be given by any of the lessors under the Leases; that Grantors are the sole present lessees and have the full and exclusive right and power to assign the Leases to Grantee.

7.2 **Proof of Title**

Grantee may, at its expense, examine the title to the Property. At any time within one hundred twenty (120) days from the date of this Agreement, Grantee may disapprove title to the Property if, in the opinion of an attorney, title to all or a part thereof is not good and merchantable. If Grantee

disapproves title to part of the Property, it shall have the right, but not the obligation, to disapprove title to the whole, or it may accept the Property with such defects. If Grantee disapproves title to the whole of the Property, this Agreement shall terminate, Grantee shall record the surrender required by Section 3.2, and all payments made by Grantee hereunder, including the bonus and any underlying Lease payments, but excluding payments for work performed on the Property during the term of this Agreement prior to termination, shall be returned to Grantee by Grantors or reimbursed, as the case may be, forthwith upon recordation of surrender. Grantors shall cooperate with Grantee should Grantee undertake any title examination or curative matters and expenses incurred by Grantee in such curative work shall qualify as Evaluation Expenditures.

7.3 **Lesser Interest**

Except as provided herein, in the event Grantors own an interest in the Property which is less than the entire, undivided interest in the Property, except where such lesser interest is referred to in Exhibit A, then the payments provided for in Article IV shall be proportionately reduced and paid to Grantors only in the proportion that Grantors' interest therein bears to the whole and undivided interest in the Property. In such event Grantors shall be entitled to retain only such proportion of the monies previously paid to Grantors hereunder as Grantors' said interest bears to the whole and undivided interest in the Property and Grantee shall be entitled to recover such previous overpayment by offsetting such overpayments against monetary obligations which thereafter become due and payable to Grantors hereunder.

7.4 **Redemption of Liens**

Grantors agree to pay promptly, upon the demand of a creditor, any mortgages, taxes, or other liens which Grantors have placed or caused to be placed upon the Property, except

where Grantors in good faith dispute the obligation. Grantee, at its option, may discharge any mortgages, taxes, or other liens on the Property, either in whole or in part, in the event of default by Grantors, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Grantors in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Grantee, in addition to the right of subrogation herein granted, Grantee shall also have the right to retain any monetary obligations which may become due Grantors hereunder, including, without limitation, overriding or production royalties payable to Grantors, and to repay Grantee therefrom, and the retention of such monies by Grantee shall have the same effect as if paid to the Grantors in whose behalf payment of any mortgage, taxes or other liens was made.

ARTICLE VIII

TAXES

8.1 Taxes

During the term of this Agreement, Grantee shall pay all real property taxes, ad valorem and assessments, assessed against the Property. Grantee agrees, during the term of this Agreement, to pay promptly when due all taxes levied and assessed upon Grantee as an employer, and upon fixtures and personal property placed by Grantee on the Property. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Agreement, Grantors and Grantee shall bear their pro rata share, and Grantee may pay Grantors' share of such tax and withhold the amount paid from any other payment due to Grantors hereunder, provided that, where the tax is levied or computed on the amount or value of ores produced, the pro rata share of Grantors shall be determined by multiplying the gross amount of royalties paid to Grantors during the taxing period by the applicable tax rate,

the balance of the tax being Grantee's pro rata share. All taxes shall be paid when due and before delinquency, but Grantee shall be under no obligation to pay any tax so long as such tax is being contested in good faith. Both Grantors and Grantee shall have the right in good faith to contest any tax or assessment, whether payable by Grantors or Grantee, but shall not permit the Property or any improvements or personal property thereon to be sold for such taxes or assessments.

8.2 **Tax Election**

If the relationship of the parties hereto is deemed to be a partnership for tax purposes, each of the parties hereto hereby elects to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States of America or his delegate, insofar as said Subchapter K or any portion or portions thereof may be applicable to the joint operations under this Agreement, and from any comparable provisions of applicable state law, and hereby binds itself to do any and all things necessary or proper in the premises from time to time in order to effectuate such election under the authority of Section 761(a) of said United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America.

ARTICLE IX

COMMINGLING

9.1 **Commingling**

(a) Grantee shall have the right to commingle ore from the Claims with other ore. Before any commingling, Grantee shall (i) weigh and sample the ore from the Claims in accordance with

sound mining and metallurgical practice, and (ii) assay such samples, or cause them to be assayed, to determine moisture and metal content. Grantee shall keep records showing weights, moisture, percentage of metal content, and gross metal content of the ore from the Claims. From this information, Grantee shall calculate an average grade of ore from the Claims or an average grade of ore fed to process in the accounting quarter used by Grantee.

(b) If Concentrates are produced, the average per cent recovery for the accounting quarter will be used to determine the amount of metal in the Concentrate derived from the Claims. Grantee shall sample the Concentrate and shall assay such samples, or cause them to be assayed, to determine moisture and metal content. Grantee shall determine the weight of Concentrate derived from the Claims by using the average grade of all Concentrate for the accounting quarter.

(c) In computing royalty payments, credits for the metal shall be based upon the amount of metal contained in the Claims, or upon the amount of metal contained in the Concentrate derived from the Claims, as may be appropriate, and charges based on the weight of ore or Concentrate shall be based upon the weight of the ore from the Claims or Concentrate derived from the Claims, as may be appropriate, for the accounting quarter. Grantee may, at its option, assay the ore from the Claims and other ore for penalty substances. Charges for penalty substances shall be allocated proportionally between the ore from the Claims and other ore on the basis of the gross penalty substance content of each ore. If Grantee elects not to make such assays, all penalties for penalty substances in the commingled ores shall be borne by Grantee.

9.2 **Consent**

Grantors by executing this Agreement hereby consent to any unit plan that Grantee, in its discretion, may adopt in conformity with Section 9.1, hereof. Upon the request of

Grantee, Grantors shall formally consent to any such unit plan by executing a written consent thereto prepared by Grantee. Notwithstanding any unit plan or any consent of Grantors, Grantee shall have the right to discontinue or terminate any such unit at any time or times.

9.3 **Reduction of Unit**

Reduction in the size of, or in the interest covered by, any unit as a result of failure of title or any other cause shall not, of itself, terminate the unitization. In the event of any such reduction, no retroactive reapportionment in royalties shall be required, nor shall royalties be payable thereunder on production from any land, title to which has thus failed. Grantee may terminate any unit by notifying Grantors to that effect in writing.

ARTICLE X

DEFAULT, FORCE MAJEURE AND DISPUTES

10.1 **Default**

Failure by Grantee to perform or comply with any of the terms, provisions or conditions of this Agreement, expressed or implied, including payment of monetary obligations, shall not automatically terminate this Agreement nor render it null or void. In case of such default, Grantors may notify Grantee in writing of such breach, and Grantee shall have a period of thirty (30) days after receipt of such notice (ten (10) days if the default is the failure to make any payment required hereunder) within which to cure the default or diligently commence to cure the default, provided that the period of time for remedying such default shall be extended by any time or times that Grantee is prevented from acting because of force majeure conditions. If Grantee fails to cure or diligently commence to cure the default within the time herein stated, Grantors may thereupon terminate this Agreement by giving written notice to Grantee of such termi-

nation. Notwithstanding the foregoing, if any action is taken or suffered by Grantee under any insolvency or bankruptcy act, such action shall constitute a breach of this Agreement for Grantee and Grantors shall be entitled to terminate this Agreement upon ten (10) days written notice to Grantee.

10.2 **Cessation of Production**

The Grantors and Grantee expressly agree that no express or implied covenant, undertaking or condition whatsoever shall be read into this Agreement as having been made or given by Grantee relating to the evaluation, development, mining or production of and from the Property by the Grantee, or the time thereof, or to any operations of or carried out by Grantee hereunder or to the measure of diligence thereof, except as specifically provided in this Agreement.

10.3 **Force Majeure**

The failure to perform or to comply with any of the covenants or conditions of this Agreement, either expressed or implied, on the part of Grantee shall not be a ground for cancellation or termination or forfeiture hereof, during such time as such failure to perform is caused, or compliance is delayed or prevented by storms, droughts or other severe weather, fire, floods, washouts or landslides, accidents, mill shutdown, failure of or damage to or destruction of mill machinery or mill plant facilities, or inability, after diligent effort, to obtain competent labor service or materials, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, regulations, or legal actions (including delays or inability to obtain necessary governmental approvals, permits or authorizations on terms reasonably acceptable to Grantee within a reasonable time after application therefor has been made); acts of God; or any other cause whatsoever beyond the control of Grantee, whether similar or dissimilar to the aforementioned causes, and Grantee shall be

excused from, and not be held liable for, such delay or failure to perform or to comply. If Grantee is at any time and from time to time delayed or prevented from engaging in exploration, development, mining, or processing operations by any such cause or causes, the time of any such delay or interruption shall not be counted against Grantee, anything in this Agreement to the contrary notwithstanding, and the period(s) of all such delays and preventions shall be excluded in computing and shall extend the time(s) of Grantee's performance or compliance and the term of this Agreement shall be extended by the period(s) of such delays and preventions. Grantee shall notify Grantors of any event of force majeure as soon as possible after affected thereby. The existence of any event of force majeure shall not relieve Grantee of the obligation to make payments and production and overriding royalty payments specified in Article IV, nor shall it relieve Grantee of its obligation in Section 1.2 hereof to perform all obligations of Grantors in the underlying Leases, unless excused by terms of the applicable Lease.

10.4 **Disputes or Adverse Claims**

In case of judicial suit or administrative contest, Grantee shall not be in default in payment thereof until such suit or administrative contest has been finally disposed of, and Grantee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient, in Grantee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Grantee hereunder be disputed, it shall not be counted against Grantee either as affecting the term of this Agreement (which shall be extended by the period of dispute) or for any other purpose, and Grantee may withhold the making of all payments due Grantors hereunder, without interest, until there is a final adjudication or other determination of such dispute.

ARTICLE XI

ASSIGNMENT

11.1 **Assignment**

The rights and estate of any party to this Agreement may not be transferred or assigned, in whole or in part, unless the prior written consent of each other party to this Agreement is first obtained, which consent shall not be unreasonably withheld; provided, however, that transfers or assignments, in whole or in part, may be made without such consent to an organization or entity in which such party owns at least a twenty percent (20%) interest.

11.2 **Binding Effect**

All of the covenants and terms of this Agreement shall run with the land and shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, successors and assigns.

11.3 **Mortgages**

Grantee is hereby granted the right to mortgage, subordinate or otherwise encumber all or part of its interest in this Agreement and the Property in order to finance development of the Property, provided that such mortgage or encumbrance shall recognize the priority, validity and continuance of this Agreement. Grantors agree to cooperate with Grantee in order to effectuate the purposes of this Section 11.3.

ARTICLE XII

RELOCATION AND ASSESSMENT WORK

12.1 **Amendments, Relocations and Patents**

Grantee may, in the name of Grantors, amend or relocate any or all of the unpatented mining claims included in the Claims and may locate any fractions resulting from such amendment or reloca-

tion. Grantors agree to apply for patent on any or all of the unpatented mining claims upon the request of Grantee. All expenses incurred by Grantee in connection with amending or relocating mining claims or prosecuting patenting proceedings shall be borne by Grantee and shall qualify as Evaluation Expenditures.

12.2 **Assessment Work**

Grantee agrees to perform the assessment work for the benefit of the Claims for the 1982-1983 assessment year and for each assessment year thereafter in which this Agreement continues beyond June 1. In addition, Grantee shall record on behalf of Grantors, as required by law, the affidavit of such work with the appropriate county and Bureau of Land Management offices, as required by state law and the Federal Land Policy and Management Act. If any court or governmental agency determines that work performed by Grantee does not constitute assessment work required by federal and state law, Grantee shall nevertheless have complied with this Agreement if work done is of the kind generally accepted in the mining industry as assessment work under this existing law. In any year in which the owners of the Claims shall be exempted by law from performing assessment work, Grantee shall prepare or cause to be prepared and filed any notices, including notices of intention to hold, or other instruments required to take advantage of the exemption. Grantee shall send to Grantors a copy of all affidavits and other documents filed pursuant to this paragraph.

ARTICLE XIII

OTHER PROVISIONS

13.1 **Notices**

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in

writing delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by telex, to the following addresses:

If to Grantors: Cyprus Mines Corporation
P.O. Box 3299
7000 South Yosemite Street
Englewood, Colorado 80155
Attn: C. A. Mark

With a copy to: CoCa Mines Inc.
1776 Lincoln Street, Suite 910
Denver, Colorado 80203
Attn: J. C. Mitchell

If to Grantee: Lacana Mining Corporation
P.O. Box 354
3701 Royal Trust Tower
TD Center Toronto, Ontario
CANADA M5K 1K7
Attn: P. E. Lawford

With a Copy to: Lacana Mining,Inc.
2005 Ironwood Parkway, Room 105
Coeur d'Alene, Idaho 83814
Attn: P. E. Dircksen

or to the most recent address of that party for which such notice has been given. Unless otherwise provided herein, such notice shall be deemed effective when either delivered by personal service, on the day of telexing or five (5) days after date of mailing.

13.2 **Counterparts**

This Agreement may be executed in any number of counterparts and shall be binding upon all owners of interests in the Property executing the same or a counterpart hereof, whether or not named herein as one of the Grantors, and whether or not other owners of interests in the Property have executed other counterparts or have not entered into this Agreement. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

13.3 **Further Acts**

Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such documents which are available as are reasonably necessary to carry out the provisions of this Agreement. Grantors also agree to cooperate at all times with Grantee in any reasonable manner to assist Grantee in the effecting of the purpose of this Agreement.

13.4 **Severance**

Should any portion of this Agreement be declared invalid and unenforceable by any judicial action, then such portion shall be deemed to be severed from this Agreement and shall not affect the remainder thereof.

13.5 **Construction**

When required by the context, the singular shall include the plural and vice versa; the terms "Grantors" and "Grantee" shall include their respective heirs, personal representatives, successors and assigns, if any, and the masculine shall include the feminine and vice versa.

13.6 **Governing Law**

This Agreement shall be governed by the law of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

13.7 **Attorney's Fees**

If either party commences an action against the other to enforce any of the terms of this Agreement or because of the breach by either party of any of the terms hereof, the losing or defaulting party shall pay the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action.

13.8 **Recordation**

This Agreement shall not be recorded. Concurrently with the Agreement, the parties shall execute and record assignments of leases for each underlying Lease and a memorandum for recording of the lease of the Claims contained herein.

13.9 **Reclamation**

Grantors and Grantee recognize that Grantors have certain obligations to the State of South Dakota regarding reclamation of certain existing drill holes, roads and the existing test heap leach facility on the Property. Grantee hereby agrees that Grantors may have access to the Property to perform such reclamation and Grantors hereby agree to indemnify Grantee for any claim, loss or damage arising from such activity by Grantors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GRANTORS:

Cyprus Mines Corporation

By: _____ RWG

_____

CoCa Mines, Inc.

By: _____
CHAIRMAN

_____
VICE PRESIDENT

GRANTEE:

Lacana Mining ~~Company~~ Inc.

By: _____
Chairman of the Board

_____
PRESIDENT

_____

_____

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 7th day of June, 1983, before me, the undersigned, a Notary Public in and for said state, personally appeared H. L. Bauer, Jr., known to me to be Vice President of Cyprus Mines Corporation, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

Nancy L. Novotny
Notary Public
7000 S. Yosemite St.
Englewood, CO 80112

My commission expires: September 29, 1984

(seal)

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 7th day of June, 1983, before me, the undersigned, a Notary Public in and for said state, personally appeared W. H. Cann, known to me to be the person whose name subscribed to the within instrument, who acknowledged to me that he executed the same.

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

Nancy L. Novotny
Notary Public
7000 S. Yosemite St.
Englewood, CO 80112

My commission expires: September 29, 1984

(seal)

STATE OF Province Ontario)
) ss.
COUNTY OF York)

On this 13th day of June, 1983, ~~1980~~, before me, the undersigned, a Notary Public in and for said ~~state~~, Province personally appeared William H. Gross and Edward G. Thompson, known to me to be Chairman and President, respectively, of LACANA MINING INC., a corporation, who acknowledged to me that they executed the foregoing instrument on behalf of said corporation.

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

Notary Public

A NOTARY PUBLIC in and for the Province of Ontario. My Commission is held during the pleasure of the Lieutenant-Governor.

My commission expires:

(seal)

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

On this 16th day of June, 1983, ~~1980~~, before me, the undersigned, a Notary Public in and for said state, personally appeared THOMAS E. CONGDON, CHAIRMAN AND J. CHRISTOPHER MITCHELL, VICE PRESIDENT OF COCA MINES INC., known to me to be the persons whose names are subscribed to the within instrument, who acknowledged to me that they executed the same.

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

Notary Public

1100 DENVER CENTER BUILDING
1776 LINCOLN ST.
DENVER, COLORADO 80203

My commission expires: April 13, 1986

(seal)

EXHIBIT A

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

I. Patented and unpatended mining claims in which Cyprus Mines Corporation has acquired an 80% interest by virtue of a Joint Venture Agreement dated January 1, 1975 with Congdon and Carey, Ltd. 5, to Cyprus Mines Corporation.

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee, recorded Book 418, Pages 264-284.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnale Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.969
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Bella	1235	30615	10.257
Summit	1236	31088)	
Summit #1	1236	31088)	20.994
Horn Silver	1236	31088)	
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Stawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.66
(Amended)	-	215	300		

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.96
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee. Deed recorded in Document No. 81-3271.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 80% interest.

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2622 (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2623 (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2673 (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2455 (unpatented lode claims).

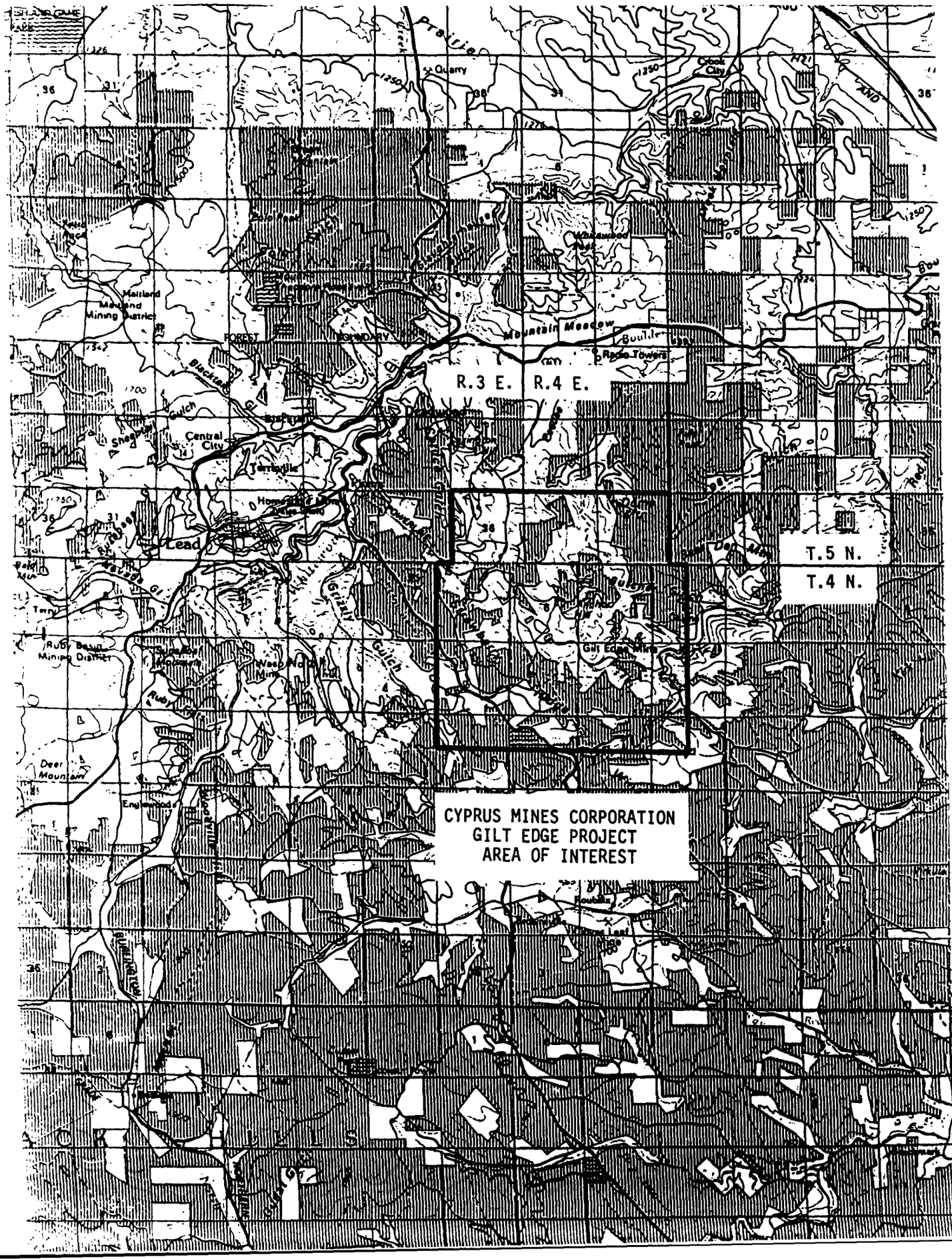
CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Erik No. 1	11/16/82	82-5392	M MC 95380 (SD)	
Erik No. 2	11/16/82	82-5393	M MC 95381 (SD)	22.43 AC. ±
Erik NO. 3	11/16/82	82-5394	M MC 95382 (SD)	
Erik No. 4	11/16/82	82-5395	M MC 95383 (SD)	

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 88821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/22/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02

EXHIBIT B

Attached to and made a part of that certain Mining Agreement dated the _____ day of _____, 1983 by and between CYPRUS MINES CORPORATION and LACANA MINING INC.



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ASSIGNMENT OF 80% INTEREST IN
LEASE AND OPTION TO PURCHASE

FOR A VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, THOMAS E. CONGDON hereby assigns to CYPRUS MINES CORPORATION, a New York corporation, an undivided 80% interest in and under (i) the Lease and Option to Purchase entered into under date of October 16, 1974 between Commonwealth Mining Company of South Dakota, a South Dakota corporation, and Thomas E. Congdon, and (ii) the patented and unpatented mining claims which are identified on the Exhibit A attached to said Lease and Option to Purchase and also on Exhibit A hereto attached.

Dated: April 18, 1975

Thos E Congdon
THOMAS E. CONGDON

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

On this 18th day of April, 1975, before me, the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission expires: January 5, 1977

Janet E. Rogers
Notary Public

PATENTED LODE MINING CLAIMS: (unless otherwise indicated)

Name of Claim	Mineral Survey Number
Anchor	138
Rattlesnake Jack	188
Center Fraction	189
Little Giant	218
Montenegro	311
Gilt Edge	328
Ophir	483
Ora Fino	646
3/8 interest in Ora Bella	648
3/8 interest in Waggoner	649
Sunday	650
Two Bears	699
Sonora	700
Strawberry Placer Claim M&B	712
Bismarck, Golden Star, Rush, Golden West and Moltke	884
St. Patrick, Summit, Mary Ellen, J.K.P. and Big Spring (a/k/a Blue Spring)	926
Haley and Theodore	927
Ontario, Adelphia, Binghampton, True Blue, Delhigh and Norwich	975
Barvaria, Walter, Franklin, Carl, Marie, White, Prussian, Hattie, Gray, Louis, Fritz and Scotia	1031
Algol Fraction	1069
Dakota Maid and Dakota Maid Fraction	1225
Mineral Twain #1, Mineral Twain #2 and Ruby Bell	1235
Summit, Summit #1 and Horn Silver	1236
Saxonia, Saxonia Fraction, Cortez, Aguila, Happy New Year, Golden Crest and Miantonomah	1239
1895, 1895 No. 1, 1894 No. 2, 1895 No. 4	1421
Ossa Minna, Pelion, Waterloo and Bunker Hill	1575
Arcadia and Arcadia Fraction	1831
Commonwealth, Commonwealth Fraction and Robin	1892
Mondamin (a/k/a/ Pt. Moundsman), Silver Glance, Standard, Ceroite and Zipp Fraction	1932

UNPATENTED LODE MINING CLAIMS:

Name of Claim	Recorded Book	Page
Reindeer Lode #1	188	433
Reindeer Lode #2	188	434

UNPATENTED LODE MINING CLAIMS (cont'd):

Name of Claim	Recorded Book	Page
Reindeer Lode #3	155	600
Reindeer Fraction	188	433
Gilmore Fraction	188	434
Llewellyn Lode	188	435
New York		
Silver Crest		
Gnome Mineral		
Zelda #1		
Zelda #2		
Zelda #3		
Zelda #4		
Sunday Fraction	358	44
Waggoner Fraction	358	46
Rattlesnake Fraction	352	566
Norwich Fraction	358	45

all situate in Sections 5, 6, 7 and 8 of Township 4 North, Range 4 East and Sections 1 and 12 of Township 4 North, Range 3 East, Lawrence County, South Dakota

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JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT, entered into as of January 1, 1975, by and between CONGDON AND CAREY, LTD. 5, a Partnership comprised of THOMAS E. CONGDON and WILLIAM J. CAREY as the General Partners (herein called "Congdon"), and CYPRUS MINES CORPORATION, a New York corporation (herein called "Cyprus");

W I T N E S S E T H :

WHEREAS, under date of October 16, 1974, Commonwealth Mining Company of South Dakota, a South Dakota corporation, entered into a Lease and Option to Purchase with Thomas E. Congdon, individually, acting on behalf of the Partnership herein denominated "Congdon"; and

WHEREAS, concurrently herewith Congdon has transferred to Cyprus in recordable form an undivided 80% interest in the property covered by said Lease and Option to Purchase of October 16, 1974, which property consists of patented and unpatented mining claims situated in Lawrence County, South Dakota, and identified on Exhibit A hereto attached; and

WHEREAS, the parties hereto desire to participate as joint venturers in the exploration for, development and mining of minerals in the joint venture area defined in Paragraph 1 below;

NOW, THEREFORE, by reason of the premises and in consideration of the mutual covenants herein contained it is agreed as follows:

1. JOINT VENTURE PROPERTIES. The territorial area within which the joint venture shall operate consists of the patented and unpatented mining claims identified on Exhibit A hereto attached together with all additional lands and interests therein which either of the parties hereto may acquire while this Joint Venture Agreement remains in effect within two miles of the exterior boundaries of the area identified on Exhibit A. The total area covered by this Joint Venture Agreement is sometimes referred to as the "Joint Venture Properties." Cyprus and Congdon hereby undertake to engage as joint venturers in the exploration, development and mining of the Joint Venture Properties in accordance with the terms of this Joint Venture Agreement.

2. OPERATOR. For so long as the interest of Cyprus in the Joint Venture Properties shall equal or exceed 50% Cyprus shall be the Operator thereof and as such have the sole and exclusive right to possession, management and control of the Joint Venture Properties. The entity from time to time entitled to such exclusive possession, management and control is referred to hereafter as "Operator." It shall be the obligation of Operator to conduct the affairs of the joint venture in an efficient and workmanlike manner.

3. ACQUISITION OF ADDITIONAL PROPERTIES. If either party hereto shall acquire any additional lands or interest therein within the area referred to in Paragraph 1 above, it shall promptly by appropriate instrument offer the same at cost to the other party or parties hereto in accordance with their then respective interests in the Joint Venture Properties.

4. CONSOLIDATED GOLD FIELDS. It is understood that out of its interest in the Joint Venture Properties Cyprus will be obligated to offer to Consolidated Gold Fields a 30% of 100% interest therein as soon as practicable after initial drilling has indicated a target of substantial interest. In order to acquire that interest Consolidated Gold Fields must commit itself thereto within 60 days after the interest is offered to it by Cyprus. If Consolidated Gold Fields shall not participate in the exploration and development of the Joint Venture Properties Congdon shall be promptly notified thereof by Cyprus in writing after which Congdon shall have 30 days in which to elect -- by means of written notice to Cyprus -- to increase its interest in the Joint Venture Properties from 20% to 26% -- thus leaving Cyprus with an initial interest therein of 74%. If Congdon shall fail so to elect the initial interests of Cyprus and Congdon shall remain at 80% and 20% respectively.

5. RIGHTS AND POWERS OF OPERATOR. Operator shall have full, complete and exclusive control and supervision of the Joint Venture Properties and all exploration, development and production operations conducted thereon or therewith. Operator

shall conduct the joint venture to the best of its ability, using modern techniques and good and economical mining practices. All operations shall be conducted with due regard for the development and preservation of the Joint Venture Properties as a workable mine or mines and in keeping with applicable mining laws and regulations; but Operator shall not be liable to any other entity for errors or omissions not resulting from gross negligence or wilful misconduct.

6. DUTIES AND OBLIGATIONS OF OPERATOR. Operator shall have the following duties and obligations:

(a) To manage, direct and control all exploration operations hereunder in a prudent and workmanlike manner in accordance with the applicable terms and conditions of this Joint Venture Agreement and all laws and valid regulations pertaining to the Joint Venture Properties.

(b) To keep true and correct books, accounts and records of operations hereunder and to permit at all reasonable times the inspection, examination and auditing thereof by each other entity having an interest in the Joint Venture Properties.

(c) To keep the Joint Venture Properties free of liens or other encumbrances occasioned by operations hereunder.

(d) To maintain in effect at the cost of the joint account for the benefit of the Joint Venture Properties and the owners thereof such liability insurance if any as it is from time to time carrying on other comparable operations.

(e) To furnish to each entity in interest on or before the 25th day of each calendar month a statement of minerals produced from the Joint Venture Properties and the proceeds thereof when sold by Operator during the preceding calendar month.

(f) To comply with and maintain in good standing the above-identified Lease and Option to Purchase.

(g) To pay for the joint account of the parties hereto on production sold from the Joint Venture Properties all sums due under the terms of the said Lease and Option to Purchase and each other applicable agreement and charge the same to the parties hereto in accordance with their respective interests.

(h) To pay for the joint account all expenses and liabilities accruing or resulting from operations hereunder and to account with reference thereto.

(i) To account for and distribute monthly to the parties entitled thereto as their respective interests may from time to time appear any net income received by Operator from the Joint Venture Properties.

(j) To furnish to each party in interest a quarterly summary of operations conducted on the Joint Venture Properties.

(k) To maintain the Joint Venture Properties in good standing unless and until any such property shall be transferred or released pursuant to Paragraph 11 below.

7. EXPENDITURES. In the determination of the net profits derived by the joint venture from Operator's operation of the Joint Venture Properties all expenditures made by Operator shall be counted, including specifically but not exclusively, (i) on-site expenditures, (ii) the cost of supplies and equipment and the transportation thereof, (iii) the cost of test holes, geophysical work and assays, (iv) the cost of transporting personnel and the living expenses of persons temporarily assigned to and engaged in performance of work on or about the Joint Venture Properties, (v) the cost of acquiring, constructing and maintaining means of access to the Joint Venture Properties, (vi) all feasibility, engineering and consultation costs reasonably incurred by Operator in

connection with the Joint Venture Properties, (vii) all costs of acquiring any additional property interests, (viii) insurance, taxes and assessments, (ix) direct payroll costs of those persons engaged in performance of work on or about the Joint Venture Properties (plus all such payroll-related costs as those for pensions, group medical plans and other fringe benefits), (x) restoration work, (xi) legal fees for services relating to the joint venture, and (xii) 10% of all of the aforesaid expenses (except payments made to acquire additional property interests hereunder and payments made in exercising the option to purchase under the Lease and Option to Purchase dated October 16, 1974) as head office and overhead expenses, with the express understanding that such rate will be subject to periodic review and renegotiation by the Advisory Committee so that Operator will be reimbursed for overhead costs directly incurred in the performance of its duties and responsibilities hereunder in accordance with practices considered reasonable and customary in the industry.

8. ADVISORY COMMITTEE. An Advisory Committee shall be appointed to consult with the Operator in planning the joint venture operations. The Committee shall be composed of one representative appointed by Operator who shall be the Chairman, and one representative appointed by the other party or parties hereto. The appointing party or parties may replace from time to time their respective representatives at any time or may from time to time name substitute representatives to attend any meeting or other function of the Committee. Any party may with good reason call a meeting of the Committee

Actions of the Committee shall be controlled by a majority in interest of the parties. Meetings of the Committee shall be held at least four times each calendar year unless waived by all parties in interest.

9. EXPLORATION BUDGETS AND DILUTION.

(a) Attached hereto as Exhibit B is a schedule of the respective expenditures of the parties during the calendar year 1974. Appropriate adjustments between the original two parties to this Agreement shall be promptly made so that their respective expenditures for that year will be in the ratio of 80% in the case of Cyprus and 20% in the case of Congdon.

(b) Attached hereto as Exhibit C is a proposed exploration program and budget for the calendar year 1975. Programs and budgets for ensuing calendar years while this Joint Venture Agreement remains in effect shall be submitted in writing on or before December 31 of the immediately preceding calendar year. The party or parties from time to time having an interest in the Joint Venture Properties shall have until the next ensuing February 28 to discuss and then elect by notice in writing to Operator to participate in the program and budget for the then current calendar year. Failure to exercise such election shall have the consequences specified in subparagraph 9(f) below. The budget hereto attached as Exhibit C is automatically approved by the execution of this Joint Venture Agreement.

(c) Budgets proposed for each calendar year during the exploration period shall not exceed $250,000 except with the consent of all parties then having an interest in the Joint Venture Properties. A budget in which any entity other than Operator is participating shall not be exceeded by more than 10% without the written consent of all parties in interest other than Operator.

(d) If any party in interest fails to elect by a writing delivered to Operator within the time specified in subparagraph 9(b) above to participate in a program and budget, the interest of that party shall be subject to dilution in accordance with the subsequent provisions of this Paragraph 9.

(e) If Operator fails to propose a program and budget for any calendar year by December 31 of the immediately preceding calendar year, any other entity then having an interest in the Joint Venture Properties may propose a budget for that calendar year and thereupon become Operator hereunder for so long as it continues to propose budgets in accordance with this Joint Venture Agreement.

(f) If any entity then having an interest in the Joint Venture Properties shall fail to participate in any program or budget or if -- having elected to participate -- shall fail to contribute its full share of the funds required to meet the expenditures specified in the budget, Operator

and a non-delinquent party or parties may elect to contribute -- in proportion to their respective interests in the Joint Venture Properties -- funds to cover the share of the delinquent party. In each such event the interest of the delinquent party in the Joint Venture Properties shall be reduced to the same percentage which its total contributions bear to the total contributions of all parties and the interests of Operator and any contributing non-delinquent party or parties shall be correspondingly and proportionately increased. An interest once diluted may not thereafter be increased.

(g) Should the interest of any party with an interest in the Joint Venture Properties become diluted pursuant to subparagraph 9(f) above to such a point that its interest in the Joint Venture Properties would become less than 5%, that party's working interest in the Joint Venture Properties shall automatically terminate in its entirety except that (i) if Congdon's working interest should terminate under this provision, it shall nevertheless be entitled to retain the 2% net smelter return interest provided for in subparagraph 9(h) hereof and (ii) if the working interest of Cyprus should terminate under this provision, it shall then become entitled to receive an appropriate instrument of transfer covering 2% of the net smelter returns derived from production of the Joint Venture Properties as defined in Paragraph

1 above -- which 2% interest will become effective as to the properties covered by the above identified Lease and Option to Purchase dated October 16, 1974 only after a percentage of net smelter returns shall no longer be payable to Commonwealth Mining Company of South Dakota or its successors in interest under the terms of said Lease and Option to Purchase.

(h) Concurrently with the execution of this Joint Venture Agreement there shall be executed and delivered to Congdon an appropriate instrument of transfer covering 2% of the net smelter returns derived from production of the Joint Venture Properties as defined in Paragraph 1 above -- which 2% interest will become effective as to the properties covered by the above identified Lease and Option to Purchase dated October 16, 1974 only after a percentage of net smelter returns shall no longer be payable to Commonwealth Mining Company of South Dakota or its successor in interest under the terms of said Lease and Option to Purchase.

(i) The term "net smelter returns" as used in this Joint Venture Agreement shall be defined in the same manner as in Paragraph 2.3 of said Lease and Option to Purchase dated October 16, 1974, and the obligation to pay the 2% net smelter return interests referred to in subparagraphs 9 (g) and (h) when and if such payments become due shall be that of the entity which is acting as Operator hereunder.

10. DEVELOPMENT AND MINING OPERATIONS. When and if a majority in interest of the Joint Venturers shall conclude that an ore body has been defined which warrants being placed into commercial production, Operator shall prepare and submit to the Advisory Committee a feasibility study and development plan. Any such plan which recommends placing the ore body into commercial production may not be undertaken until the Joint Venturers have negotiated and entered into a mutually agreeable development and operating agreement.

11. ASSESSMENT WORK. The Operator shall be responsible for the performance of such assessment work as may from time to time be required to maintain in good standing the unpatented mining claims of which the Joint Venture Properties are in part comprised. The cost of such assessment work shall constitute a work expenditure for purposes of Paragraph 7 above. The Operator's responsibility under this Paragraph 11 as to one or more unpatented mining claims shall cease with the assessment year immediately preceding the assessment year in which those claims cease to be covered by this Joint Venture Agreement prior to June 1.

12. WITHDRAWAL AND RELEASE OF PROPERTIES.

(a) Any party may withdraw at any time from the joint venture created by this Joint Venture Agreement by (i) giving to the other venturers written notice thereof at least 60 days in advance of the date specified for withdrawal, (ii) paying to the other venturers the withdrawing party's share of joint venture expenses through the date of withdrawal and (iii) assigning to the other venturers in accordance with

their respective interests in the Joint Venture Properties the withdrawing party's interest in all Joint Venture Properties.

(b) If Operator proposes to release or relinquish any of the Joint Venture Properties it shall give written notice thereof to the other Joint Venturers at least 30 days in advance of the date specified for release or relinquishment; and if any of the other Joint Venturers shall so request prior to the date so specified, the property specified in the notice shall be transferred to the party or parties so requesting in accordance with their respective interests in the Joint Venture Properties.

(c) The provisions of subparagraph 12(b) above -- insofar as their application to any property covered by the above identified Lease and Option to Purchase dated October 16, 1974 is involved -- shall be subject to compliance with the requirements of that instrument.

13. REPORTS AND INSPECTION.

(a) Commencing with the calendar quarter ending June 30, 1975, Operator shall furnish to the other Joint Venturers (i) reports not less frequently than quarterly concerning exploration operations conducted upon the Joint Venture Properties during that quarter, except that the first such report shall also cover any exploration operations which may take place during the first calendar quarter of

the year 1975, and (ii) a copy of all maps, logs, assays, geological information and other data having a bearing on the periodic reports.

(b) Operator shall also be responsible for (i) any reports required under the terms of the above-identified Lease and Option to Purchase dated October 16, 1974 and (ii) all payments and work obligations required under the terms of that instrument.

(c) Joint Venturers other than Operator -- acting through their designated representatives -- shall be entitled at all reasonable times to inspect the Joint Venture Properties and the operations thereon so long as such inspections do not unduly interfere with the activities of Operator. Operator shall have no liability on account of property damage, injury or death, suffered by any representative of the other venturers while on or about the Joint Venture Properties and the venturer whose representative suffers any such damage, injury or death, shall save and defend Operator harmless on account thereof.

14. NOTICES. Any notices required or permitted hereunder shall be effective when deposited in the United States mail with airmail postage prepaid and directed to the respective parties as follows:

If to Cyprus:

Cyprus Mines Corporation
555 South Flower Street
Suite 3700
Los Angeles, CA 90071

If to Congdon:

Thomas E. Congdon
1010 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203

Either party may from time to time by notice so given to the other change its or his address for future notices hereunder.

15. RELEASE OF INFORMATION. Information with respect to the geology, exploration, development and production of the Joint Venture Properties and other factors bearing upon the evaluation thereof obtained by virtue of operations thereon or otherwise shall be treated as confidential. Such confidential information may be disclosed to agents, contractors and employees only to the extent required for the proper prosecution of their work and the parties hereto shall each exercise all appropriate precautions and impose all appropriate safeguards to avoid improper disclosure of confidential information by such employees, agents or contractors. A party hereto shall not disclose confidential information to a non-party entity without the prior consent of each other party hereto unless such disclosure is (i) reasonably required in connection with the bona fide offer or sale of an interest in the Joint Venture Properties, the borrowing of funds, the issuance or sale of securities or mandatory reports to lessors, governmental agencies or partners of a party hereto or (ii) required to be disseminated by virtue of Federal or State Securities Laws or regulations.

16. EXCLUSION FROM CERTAIN PROVISIONS OF UNITED STATES INTERNAL REVENUE CODE. Each of the Joint Venturers hereby elects to have the joint operations under this Joint Venture Ageement excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States of America or his delegate insofar as said Subchapter K or any portion or portions thereof may be applicable to the joint operations hereunder and hereby binds itself to do any and all things necessary or proper in the premises from time to time in order to effectuate such election under the authority of Section 761(a) of said United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America.

17. DISPOSITION OF PRODUCTION. While this joint venture is in full force and effect, each member hereof may take in kind or separately dispose of its share of the production exclusive of any production consumed by the joint venture in its operations hereunder and any production unavoidably lost. When production is taken in kind, division in kind shall be made in such manner as will equalize both quantity and quality as nearly as possible. Production may

be thus taken in kind at any time before it is sold and until so taken shall be stored in the storage facilities jointly owned by the members. Should any member fail to take in kind or separately dispose of its share of production, the joint venture is hereby authorized to sell such production at the highest price and on the best terms obtainable therefor under the circumstances. Each member shall always have the right by written notice to revoke the authority of the joint venture to sell its said share of production not so taken in kind or separately disposed of; but so long as the joint venture is not authorized to sell such production following the giving of such notice such member shall be obligated at its own expense and risk to take the same in kind and arrange for the separate storage or disposition thereof. Any sale by the joint venture of a member's share of production shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances and in no event shall be for a period in excess of one year.

18. ARBITRATION. If the parties do not settle a dispute in respect of the interpretation or application of this Joint Venture Agreement, it shall be resolved by arbitration as follows:

(a) The party desiring to arbitrate shall give written notice to the others of the issues it proposes to settle by arbitration.

(b) Within 10 days following such notice each recipient shall submit to the moving party in writing any modifications of the issues it wishes to propose.

(c) If within 10 days thereafter the parties have not reached agreement on the issues to be arbitrated, the issues shall be defined by the arbitrator.

(d) The parties shall agree on a single arbitrator who shall be knowledgeable in the field encompassing the issues to be resolved.

(e) If the parties fail to select an arbitrator within 10 days, the arbitrator shall be appointed by the American Arbitration Association.

(f) The issues shall be limited to those proposed pursuant to subpragraphs (a) and (b) above and the arbitration decision shall be final and binding upon the parties.

(g) The arbitration hearing shall be commenced within 10 days after the selection process is completed at a time and place to be agreed upon by the arbitrator and the parties.

(h) The manner of conducting the arbitration proceedings shall be within the sole discretion of the arbitrator who is hereby authorized to engage such expert witnesses as he may deem necessary.

(i) The costs of the arbitration proceedings and the fees payable to the arbitrator shall be assessed by the arbitrator against one or more of the parties as the arbitrator sees fit. Each party shall bear its own legal fees and other costs incurred in presenting its own case.

(j) The failure to appoint an arbitrator or to meet the time limits contained in this Paragraph 18 shall not invalidate or be a defense to the enforcement of the arbitration award.

(k) The laws and jurisprudence of California shall govern the enforcement of an arbitration award.

19. TRANSFERS. Any party may freely transfer any interest in the joint venture or any shares of or interest in an operating entity to (i) a corporation in which the party or a parent corporation of the party owns more than 50% of the voting rights upon condition that by participating in such transfer, the party or its parent thereby becomes obligated to retain a controlling interest in the transferee corporation, or (ii) a parent corporation of the party or (iii) a successor corporation by merger or consolidation or (iv) a purchaser of all or substantially all of a

party's assets. Any partnership party may at any time dissolve such partnership and distribute its interest in kind to the partners who comprise such partnership or may transfer all of its interest to a successor partnership or corporation in which its present members have more than a 50% interest. Each transferee referred to above in this Paragraph 19 shall automatically have all the obligations and liabilities of the transferring party and shall as a condition to the assertion of any rights hereunder execute an appropriate instrument to evidence its assumption of all such obligations and liabilities of the transferring party.

Except as specified above in this Paragraph 19, no interest in the Joint Venture Properties or under this Joint Venture Agreement shall be transferred by any party without the written consent of all other parties hereto first obtained. This restriction shall not apply to a transfer (i) by Cyprus to Consolidated Gold Fields pursuant to Paragraph 4 above or (ii) by Congdon to another partnership having the same general partners which shall have assumed in writing all obligations of Congdon hereunder.

Subject to the foregoing restrictions on transfers of interest in or under this Joint Venture Agreement, it shall extend to, inure to the benefit of and be binding upon the respective assigns and other successors in interest of the parties hereto.

20. FORCE MAJEURE. The time for performance of any act or making any payment required under this Joint Venture Agreement shall be extended by the period of any delay or inability to perform to the extent that such delay or inability to perform is due to fire, strikes, labor disturbances, riots, civil commotions, war (whether de facto or formally declared), acts of God, shortage of materials or equipment, any present or future law or governmental regulation or any other cause beyond the control of the party in default. This paragraph shall be operative only if the party desiring an extension of time notifies the other in writing within 30 days after obtaining knowledge of the delay or inability to perform.

21. TERM. Unless terminated or extended by mutual agreement, this Joint Venture Agreement shall remain in effect while any of the Joint Venture Properties are jointly owned by two or more parties hereto and until disposal of all joint venture assets and the rendition of a final accounting among the parties hereto.

22. MEMORANDUM. If any party hereto shall so request, a memorandum of this Joint Venture Agreement shall be executed and acknowledged by all parties hereto and delivered for the purpose of recordation to the party making the request.

23. NO PARTNERSHIP IMPLIED. Nothing contained in this Joint Venture Agreement shall be deemed to create a partnership between or among any of the parties hereto.

24. ENTIRE AGREEMENT. All of the agreements and understandings of the parties with reference to the Joint Venture Properties are embodied in this Joint Venture Agreement which supersedes all prior agreements or understandings of the parties with reference to those properties.

IN WITNESS WHEREOF, the parties hereto have caused this Joint Venture Agreement to be executed as of the day and year first above written.

CONGDON AND CAREY, LTD. 5

By _____

Title _____

CYPRUS MINES CORPORATION

By _____

Title Sr. Vice President

PATENTED LODE MINING CLAIMS: (unless otherwise indicated)

Name of Claim	Mineral Survey Number
Anchor	138
Rattlesnake Jack	188
Center Fraction	189
Little Giant	218
Montenegro	311
Gilt Edge	328
Ophir	483
Ora Fino	646
3/8 interest in Ora Bella	648
3/8 interest in Waggoner	649
Sunday	650
Two Bears	699
Sonora	700
Strawberry Placer Claim M&B	712
Bismarck, Golden Star, Rush, Golden West and Moltke	884
St. Patrick, Summit, Mary Ellen, J.K.P. and Big Spring (a/k/a Blue Spring)	926
Haley and Theodore	927
Ontario, Adelphia, Binghampton, True Blue, Delhigh and Norwich	975
Barvaria, Walter, Franklin, Carl, Marie, White, Prussian, Hattie, Gray, Louis, Fritz and Scotia	1031
Algol Fraction	1069
Dakota Maid and Dakota Maid Fraction	1225
Mineral Twain #1, Mineral Twain #2 and Ruby Bell	1235
Summit, Summit #1 and Horn Silver	1236
Saxonia, Saxonia Fraction, Cortez, Aguila, Happy New Year, Golden Crest and Miantonomah	1239
1895, 1895 No. 1, 1894 No. 2, 1895 No. 4	1421
Ossa Minna, Pelion, Waterloo and Bunker Hill	1575
Arcadia and Arcadia Fraction	1831
Commonwealth, Commonwealth Fraction and Robin	1892
Mondamin (a/k/a/ Pt. Moundsman), Silver Glance, Standard, Ceroite and Zipp Fraction	1932

UNPATENTED LODE MINING CLAIMS:

Name of Claim	Recorded Book	Page
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Reindeer Lode #2	188	434

UNPATENTED LODE MINING CLAIMS (cont'd):

Name of Claim	Recorded Book	Page
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Reindeer Fraction	188	433
Gilmore Fraction	188	434
Llewellyn Lode	188	435
New York		
Silver Crest		
Gnome Mineral		
Zelda #1		
Zelda #2		
Zelda #3		
Zelda #4		
Sunday Fraction	358	44
Waggoner Fraction	358	46
Rattlesnake Fraction	352	566
Norwich Fraction	358	45

all situate in Sections 5, 6, 7 and 8 of Township 4 North, Range 4 East and Sections 1 and 12 of Township 4 North, Range 3 East, Lawrence County, South Dakota

PATENTED LODE MINING CLAIMS: (unless otherwise indicated)

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all situate in Sections 5, 6, 7 and 8 of Township 4 North, Range 4 East and Sections 1 and 12 of Township 4 North, Range 3 East, Lawrence County, South Dakota

EXHIBIT B

Costs to Date

	Cyprus		Congdon & Carey		
	Overhead	Direct Costs	Overhead	Direct Costs	Total
Acquisitions:					
1969 taxes on behalf of Commonwealth				$3,834.21	$ 3,834.21
Consideration to Commonwealth ($7,000 less above taxes)				3,165.79	3,165.79
Total acquisition				7,000.00	7,000.00
Legal fees		$ 338.00		48.06	386.06
Salaries and payroll taxes		4,134.50		356.97	4,491.47
Survey and mapping		164.60		70.07	234.67
Assay and sampling		2,024.20		-	2,024.20
Travel		4,101.39		136.45	4,237.84
Storage space rent (cores)		-		280.00	280.00
Miscellaneous		226.77		-	226.77
		10,989.46		7,891.55	18,881.01
Overhead Charge (Re: Paragraph 4 of letter agreement dated June 1, 1974)					
Direct costs	$10,989.46		$7,891.55		
Less: Acquisition	-		7,000.00		
	$10,989.46		$ 891.55		
10% Overhead charge		1,098.95		89.16	1,188.11
Total costs to December 31, 1974		$12,088.41		$7,980.71	$20,069.12
Joint Ventures share of Costs: (Re: Paragraph 3 of letter agreement dated June 1, 1974)					
Cyprus 80%		$ 9,670.73		$6,384.57	$16,055.30
Congdon & Carey 20%		2,417.68		1,596.14	4,013.82
100		$12,088.41		$7,980.71	$20,069.12

Congdon & Carey

Costs to date by Congdon & Carey	$7,980.71
Less: Congdon & Carey 20% share of joint venture total costs	4,013.82
Balance due from Cyprus	$3,966.89

TITLE: Gilt Edge Prospect
Galena Mining District
Lawrence County, South Dakota

ESTIMATED COST:

Budget Title	Expenditures Thru 12/74	Proposed Expenditures	Estimated Total
Acquisition Costs	3,648	13,000	16,648
Salaries & Wages	4,134	10,000	14,134
Surveying & Mapping	165	1,000	1,165
Geochemistry		1,500	1,500
Drilling		50,000	50,000
Excavation		4,000	4,000
Assaying and Sampling	2,024	9,000	11,024
Travel	4,101	9,000	13,101
Equipment		1,000	1,000
Miscellaneous	227	1,000	1,227
Land Reclamation		500	500
Total	$14,299	$100,000	$114,299
Less C & C Share	*	22,000	22,000
CMC Share	$14,299	$ 78,000	$ 92,299

* 1974 expenditures have been adjusted to reflect Congden and Carey's share of total joint venture costs.

PROSPECT DESCRIPTION:

The Gilt Edge gold prospect is located five miles east-southeast of Lead, in the Galena Mining District, Lawrence County, South Dakota. The prospect was first referred to Cyprus in 1973 by Consolidated Goldfields who in turn received it as a proposal from Condon and Carey -- a Denver based exploration group. Terrain is moderately rugged and wooded with good access via paved roads to near the edge of the property. The Black Hills are sparsely populated with the nearest population and business center being Rapid City about 30 miles to the southeast. Rapid City is served by three scheduled airlines and two railroads. An estimated 56,000 ounces of gold has been recovered from an estimated one-half million tons through 1941, initially from small open pits and subsequently underground stoping at the old Gilt Edge Mines.

Gold mineralization is found associated with Early Tertiary intrusive rocks as opposed to the Precambrian metamorphic environment and mineralization at the Homestake Mine. The two igneous units of immediate interest include a stock of latite porphyry transected by dikes or sills of trachyte/rhyolite porphyry. Substantial blocks of partially digested Precambrian and Cambrian strata may also be encountered. At least two major breccia zones have been mapped which, in part, parallel the trachyte/latite contacts and from which most of the earlier production was derived.

Congdon and Carey discovered some additional low-grade gold mineralization in widely-spaced diamond drill holes while testing the prospect for its porphyry copper/moly potential. Eleven holes totalling 10,265 feet were completed in 1968/69. During the 1974 field season a short program of geochemical rock chip sampling yielded encouraging results which when combined with the Congdon and Carey data indicate that a good potential exists for 10 to 15 million tons grading 0.05 to 0.10 oz gold with several tenths of an ounce per ton silver.

A joint venture agreement with Congdon and Carey is being drafted whereby Cyprus will be the managing operator with an 80 percent interest, Congdon and Carey retaining 20 percent. Consolidated Goldfields may acquire a 30 percent interest of the total, if they so desire. The present property under lease/option from Commonwealth Mining Company of South Dakota to Thomas E. Congdon is comprised of 79 full or fractional patented claims totaling 559 acres and 17 full or fractional unpatented lode claims of as yet undetermined acreage. Under terms of this agreement, $7,000 has been paid covering both, back taxes for 1969 and an initial cash payment. A schedule of back taxes and advance royalty payments toward a two and one-half million dollar purchase price is attached.

EXPLORATION PROGRAM: The proposed program will be comprised essentially of shallow rotary drilling around the present workings, totaling about 6,000 feet, to determine the presence, continuity, and grade of gold mineralization. Some additional geologic mapping and geochemical soil sampling to extend present knowledge of the area will also be carried out. Success would require an expanded program, probably including drilling, bulk sampling, and metallurgical testing with Consolidated Goldfields as a possible third partner. Lack of encouragement would dictate abandonment.

JUSTIFICATION: The potential for a gold orebody amenable to open pit mining 10 to 15 million tons in size and grading 0.075 oz per ton gold well justifies this proposed expenditure.

APPROVAL:

JEW — J. E. Worthington — 3/12/75 — Date

C A Mark — C. A. Mark — March 28 '75 — Date

J. G. Hansen — 3-31-75 — Date

C R — 4/1/75

Schedule of payments and commitments per Lease and Option to Purchase agreement between Commonwealth Mining Company of South Dakota and Thomas E. Congdon dated October 16, 1974.

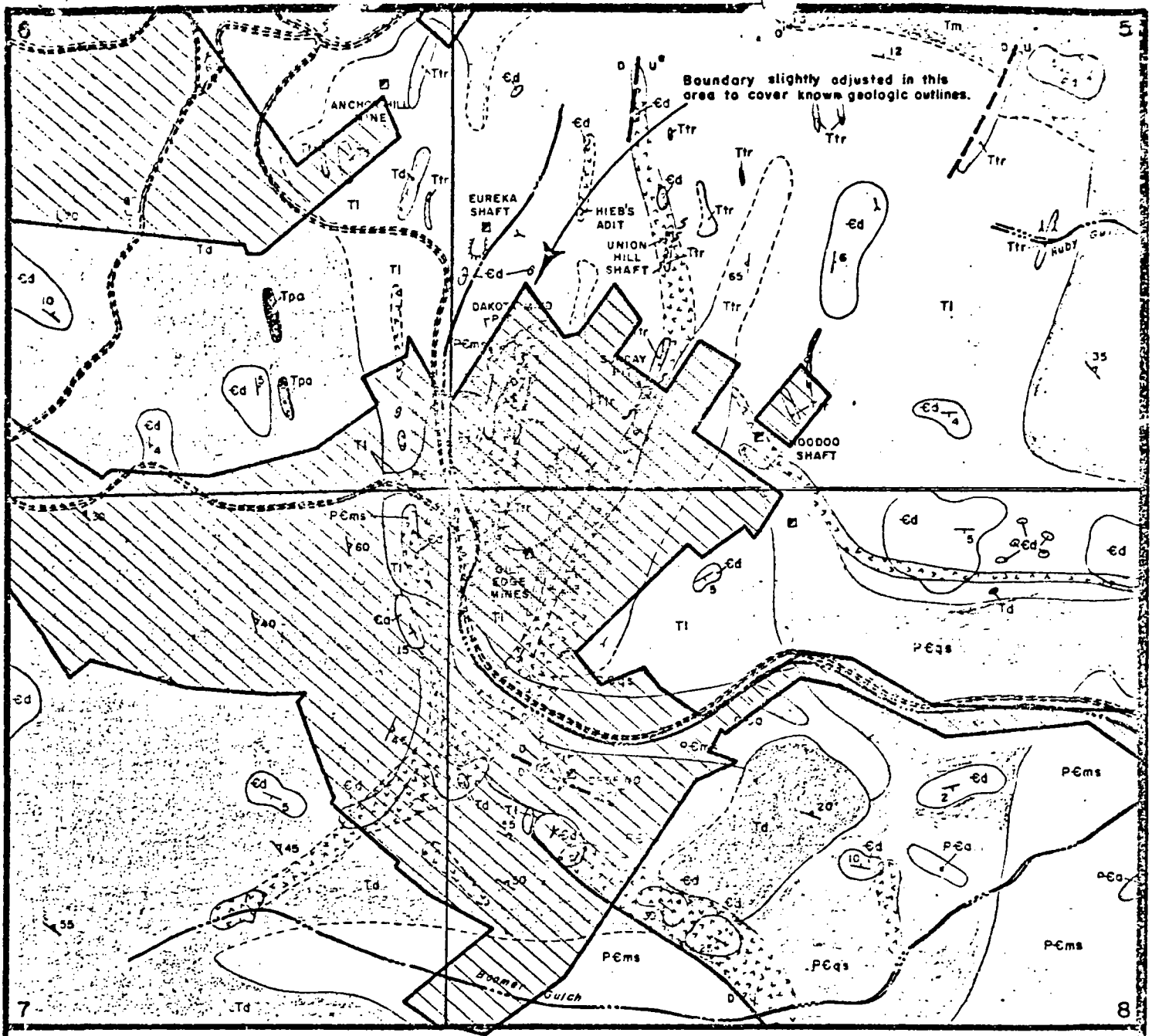
Total purchase price for Commonwealth's property is two and one-half million dollars. A first year's work commitment of $40,000 is due October 16, 1975 with a $12,500 work commitment due each quarter thereafter until a cumulative total of $300,000 is reached.

1) Production Royalty Schedule	Percentage
On the first $2 million NSR	8%
On the second $2 million NSR	6%
On the third $2 million NSR	4%
On any NSR in excess of $6 million	2%

2) Taxes for the Year	Payable
1969	Paid *
1970 & 71	May 31, 1975
1972 & 73	May 31, 1976
1974 & 75	May 31, 1977
1976 & 77	May 31, 1978
1978 & thereafter	Currently as due

* Note: 1969 taxes and penalties totalling $3,834 were paid November, 1974 and an initial cash payment to Commonwealth of $3,166 was made in January, 1975. Tax payments may be applied toward either the cumulative work commitment or the final purchase price at the leasee's election.

3) Period Following 10/16/75	Advance Royalty Payments
1 year and each of the next 3 quarters	$1,500
2 years and each of the next 3 quarters	2,000
3 years and each of the next 3 quarters	2,500
4 years and each of the next 3 quarters	2,500
5 years and each of the next 3 quarters	3,000
6 years and each of the next 3 quarters	3,500
7 years and each of the next 3 quarters	4,000
8 years and each of the next 3 quarters	4,500
9 years and each quarter thereafter	5,000



EXPLANATION

CENOZOIC

- Tr — RHYOLITE
- Ttr — TRACHYTE AND RHYOLITE PORPHYRIES
- Tl — LATITE PORPHYRY
- Tm — HORNBLENDE MONZONITE PORPHYRY
- PYROXENE ANDESITE PORPHYRY
- Td — HORNBLENDE DIORITE PORPHYRY

PRE-CAMBRIAN PALEOZOIC

- €d — DEADWOOD FORMATION
- P€a — AMPHIBOLITE
- P€ms — P€ms - MICA SCHIST AND PHYLLITE; P€qs - QUARTZ SCHIST AND QUARTZITE
- BRECCIA ZONE

SYMBOLS

- ROAD
- CONTACT — dashed where approx.
- COMMON WEALTH MINING CO. PROPERTY
- FAULT — dashed where approx.
- SHEAR
- STRIKE AND DIP OF SEDIMENTARY BEDDING
- STRIKE AND DIP OF FLOW LAYERING IN IGNEOUS ROCKS
- AREA OF PROPOSED DRILLING
- DUMP
- ADIT
- SHAFT

NOTE : GILT EDGE MINE WORKINGS INCLUDING THE DAKOTA MAID AND SUNDAY PITS ARE ONLY APPROXIMATELY LOCATED.

0 5000 10000 20000 FEET

SCALE : 1" = 10000'

SOURCE : AFTER NILENDU S. MUKHERJEE

CYPRUS EXPLORATION COMPANY

PROPERTY OUTLINE OVERLAY

Gilt Edge Project

Lawrence County, South Dakota

BY: C. B. H.
DRAFTED BY: R. C. D.
DATE: FEB. 1975

UNITED STATES EXPLORATION
1975 PROGRAM

SA 190054

11196

11196.003
10100257-8

MINING DEED

THIS INDENTURE, Made this 12th day of December, in the year of our Lord One Thousand Nine Hundred and Seventy Four, between THOMAS E. CONGDON of the County of Denver, and State of Colorado, party of the first part, and COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, a South Dakota corporation, of the County of Winnebago, and State of Wisconsin, party of the second part:

WITNESSETH, That the said party of the first part, for and in consideration for the sum of Ten Dollars ($10.00), lawful money of the United States of America, to him in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, has granted, bargained, sold, remised, released and quit-claimed, and by these presents does grant, bargain, sell, remise, release and forever quit-claim unto the said party of the second part, and to its heirs and assigns, the mining premises situated in Township 4 North, Ranges 3 and 4 East in Bear Butte Mining District, County of Lawrence, State of South Dakota, more particularly described in Exhibit A, attached hereto and by this reference made a part hereof.

TOGETHER WITH all the dips, spurs and angles, and also all the metals, ores, gold- and silver-bearing quartz or vein-bearing rock and earth therein; and all the rights, privileges and franchises thereto incident, appendant and appurtenant, or therewith usually had and enjoyed, and also, all and singular the tenements, hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the rents, issues and profits thereof; and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the said party of the first part, of, in, or to the said premises, and every part or parcel thereof, with the appurtenances and privileges thereto incident, unto the said party of the second part, its heirs and assigns forever.

IN WITNESS WHEREOF, The said party of the first part has hereunto set his hand and seal the day and year first above written.

Thomas E. Congdon

Thomas E. Congdon

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 12th day of December, 1974, before me, Janet E. Rogers, the undersigned officer, personally appeared THOMAS E. CONGDON known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Janet E. Rogers
Notary Public

My commission expires: January 5, 1977

COCA-01-007

EXHIBIT A to MINING DEED, dated December 18th, 1974, between THOMAS E. CONGDON, Party of the First Part, and COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, Party of the Second Part.

PATENTED LODE MINING CLAIMS: (unless otherwise indicated)

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Gilt Edge	328
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Rattlesnake Fraction	352	566
Norwich Fraction	358	45

all situate in Township 4 North, Ranges 3 and 4 East, Lawrence County, South Dakota.

FILE COPY
PLEASE RETURN
TO FILE

LEASE AND OPTION TO PURCHASE

THIS AGREEMENT is made and entered into as of the

December 17, 1984

FILE COPY
PLEASE RETURN
TO FILE

AGREEMENT

THIS AGREEMENT is made and entered into as of this _____ day of _____, 198___, by and between: LACANA GOLD INC., a Nevada corporation, P.O. Box 11305, Reno, Nevada 89510 ("LACANA"); CYPRUS MINES CORPORATION, a Delaware corporation, P.O. Box 3299, Englewood, Colorado 80155 ("CYPRUS"); COCA MINES INC., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 ("COCA"); and COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, a South Dakota corporation, c/o R. E. Meyer, P.O. Box 995, Oshkosh, Wisconsin 54901 ("COMMONWEALTH");

W I T N E S S E T H:

WHEREAS as of October 16, 1974 COMMONWEALTH entered into and granted a Lease and Option to Purchase Agreement to Thomas E. Congdon for certain patented and unpatented claims generally located in Lawrence County, South Dakota, hereinafter referred to as the "Subject Property", with said Lease and Option to Purchase Agreement being duly recorded in Lawrence County, South Dakota on November 12, 1974 in Book 418, at Pages 264-284; and

WHEREAS by mesne assignments, conveyances and other agreements COCA and CYPRUS have succeeded to the interest of Thomas E. Congdon; and

WHEREAS LACANA (nee' Lacana Mining Inc.) entered into a Mining Agreement dated as of June 1, 1983 with CYPRUS and COCA to acquire the Subject Property and other mineral properties in

BIBLE, SANTINI, HOY & MILLER
ATTORNEYS AND COUNSELORS AT LAW
RENO-ELKO-WASHINGTON, D.C.

(1) exploring for and mining, or otherwise extracting by any method deemed desirable by Congdon, including open pit and strip mining;

(2) milling, treating or otherwise processing;

(3) storing or stockpiling; and

(4) removing, selling or otherwise disposing of

all ores and minerals in, upon, or under the premises; TO HAVE AND TO HOLD the same from the date hereof for the period of fifteen (15) years and so long thereafter as said minerals or any of them are produced in commercial quantities from the premises. For purposes of determining said term hereof, it is presumed that minerals are produced in commercial quantities in any calendar year if they are so produced during at least half of the period of such calendar year during which weather reasonably permits access to the premises for purposes of production.

2.2 Commonwealth hereby grants to Congdon the right to use so much of the surface or subsurface of the premises as may be reasonably necessary, desirable, or convenient in carrying out the purposes of this Agreement, and for conducting all operations incident thereto on the premises, specifically including, without limited the generality of the foregoing, the right to construct, use, maintain, repair, replace and relocate on the premises processing facilities, buildings, shops, plants, ore stockpiles (including ores from outside the premises), pipelines, telephone lines, electric transmission lines, roads and roadways, and other utilities or transportation facilities for use in connection with the purpose of this Agreement, and for use by Congdon in connection with Congdon's operations on other lands in the

general area of the premises. Commonwealth further grants to Congdon the right to use any now existing or subsequently discovered surface or underground water which is not required for the domestic or agricultural usage of Commonwealth or its agricultural lessees. The leasing, letting and demising of the premises by Commonwealth to Congdon hereunder shall include any and all rights to pursue any veins or lodes or mineral deposits contained within the premises along any strike, dip or course of the same, and shall include all rights relative to the mining claims embraced by the premises and any veins or lodes contained within the same, and all rights of ingress or egress to the premises, all to the extent that Commonwealth has the right to grant the same.

2.3 Congdon agrees to pay to Commonwealth a royalty on all ore mined and marketed by Congdon from the premises, which royalty shall be computed upon the net smelter returns, as follows:

	Percentage Rate of Royalty
On the first $2,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	8%
On the next $2,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	6%
On the third $2,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	4%
On any net smelter returns in excess of $6,000,000.00, received by Congdon	2%

"Net smelter returns", for the purposes of calculating royalty hereunder, are defined as the net amounts received from the sale by Congdon of ore or concentrates after deducting (i) all charges, penalties and deductions of any nature whatsoever made by the smelter, refinery or other treatment plant or purchaser arising out of the receipt,

processing or handling of such ores and concentrates; (ii) the following items if paid by or for the account of Congdon (a) all brokers' or agents' commissions on the sale, and (b) all costs of transportation (including freight, insurance, handling, forwarding, port, demurrage, delay and other like charges and expenses) from mine or mill, as the case may be, to the purchase contract destination; and (iii) all milling charges or costs incurred by Congdon for mill treatment accomplished by Congdon.

After any ore from the premises has been weighed and sampled, Congdon may mix the same with ore from other sources. In the event of such mixing, Congdon shall keep such records and make such analyses as shall be necessary to determine equitably the interest of Commonwealth in such mixed ore, and such mixing shall be done in such a manner as not to interfere with the computations provided for in this paragraph.

Royalties shall be payable on or before the 20th day following the end of each calendar month and shall be accompanied by a statement showing the calculation of royalty for that particular month. The royalties payable for any calendar month shall be computed on the actual net smelter returns received by Congdon during such calendar month from the sale of ores and minerals produced from the premises. All payments of royalty shall be made in the manner hereinafter provided in Paragraph 2.15 below.

Royalties shall be payable on any minerals for which Congdon is paid in connection with the sale of ore from the premises. In the event that Congdon mills any such ores, royalty shall be payable on any minerals sold by Congdon which are recovered at any time prior to the time that the residue shall be first deposited in the tailings pile. All

tailings shall be the property of Congdon.

2.4 Provided that Commonwealth has placed in escrow the proper deed as provided for in ARTICLE V below, Congdon shall pay to Commonwealth within three (3) months following the execution of this Agreement, and provided this Agreement is then in force and effect, as advance royalty the sum of Seven Thousand Dollars ($7,000.00) less the amount paid or to be paid by Congdon for 1969 taxes on or by November 15, 1974, pursuant to the provisions of Paragraph 2.5 below. Similarly, within the hereinafter designated period following the execution of this Agreement, and provided this Agreement is then in force and effect, Congdon shall pay to Commonwealth as advance royalty the additional sum specified as follows:

Period Following Execution of this Agreement	Additional Sum as Advance Royalty
One (1) Year	$1,500.00
Fifteen (15) Months	1,500.00
Eighteen (18) Months	1,500.00
Twenty-One (21) Months	1,500.00
Two (2) Years	2,000.00
Twenty-Seven (27) Months	2,000.00
Thirty (30) Months	2,000.00
Thirty-Three (33) Months	2,000.00
Three (3) Years	2,500.00
Thirty-Nine (30) Months	2,500.00
Forty-Two (42) Months	2,500.00
Forty-Five (45) Months	2,500.00
Four (4) Years	2,500.00
Fifty-One (51) Months	2,500.00
Fifty-Four (54) Months	2,500.00
Fifty-Seven (57) Months	2,500.00
Five (5) Years	3,000.00
Sixty-Three (63) Months	3,000.00
Sixty-Six (66) Months	3,000.00
Sixty-Nine (69) Months	3,000.00
Six (6) Years	3,500.00
Seventy-Five (75) Months	3,500.00
Seventy-Eight (78) Months	3,500.00
Eighty-One (81) Months	3,500.00
Seven (7) Years	4,000.00
Eighty-Seven (87) Months	4,000.00
Ninety (90) Months	4,000.00
Ninety-Three (93) Months	4,000.00
Eight (8) Years	4,500.00
Ninety-Nine (99) Months	4,500.00
One Hundred Two (102) Months	4,500.00
One Hundred Five (105) Months	4,500.00
Nine (9) Years	5,000.00
Each Three (3) Months Thereafter	5,000.00

All payments of advance royalty hereunder shall be credited against royalties which become payable under the provisions of Paragraph 2.3 immediately above. In the event that the advance royalty exceeds the total of actual royalties which accrue hereunder, Commonwealth shall be entitled to retain such excess and to treat it as a payment of minimum royalty, subject, however, to the provisions of Paragraph 2.14 below.

All obligations of Congdon under this Paragraph 2.4 are contingent upon the satisfaction of the conditions of Paragraph 7.1 below.

2.5 Congdon agrees, following and contingent upon the satisfaction of the conditions of Paragraph 7.1 below, and subject to the provisions of Paragraph 7.4 below, to pay the properties taxes upon the premises and any improvements thereon according to the following schedule, provided that this Agreement is in force and effect at the time for such scheduled payment:

Taxes for the Year	Payable by Congdon
1969	November 15, 1974
1970	May 31, 1975
1971	May 31, 1975
1972	May 31, 1976
1973	May 31, 1976
1974	May 31, 1977
1975	May 31, 1977
1976	May 31, 1978
1977	May 31, 1978
1978 and thereafter	Currently as due

It is understood that any taxes and assessments, general, special, ordinary and extraordinary, that may be levied or assessed upon ore and concentrates produced therefrom shall be apportioned between Commonwealth and Congdon in the same proportion that royalties paid under Paragraph 2.3 above bear to total net smelter returns as defined above.

2.6 If at any time Commonwealth shall own an interest in the premises less than the entire and undivided mineral fee estate therein, then the royalty and advance royalty herein

provided for shall be paid Commonwealth only in the proportion which its interests bear to the whole and undivided mineral fee estate, provided, however, in the event that title to any interest in said mineral fee estate shall revert to or be acquired by Commonwealth, this lease shall cover such reverted or acquired interests, and thereafter the royalty and advance royalty herein provided for shall be appropriately increased at the time of the next payment thereof required hereunder, provided that thirty (30) days written notice of such reversion or acquisition is given by Commonwealth to Congdon.

2.7 Either party may assign or sublet, in whole or in part, such party's interest hereunder; and in the event of any such assignment or sublease, the terms, provisions, covenants, conditions, rights, privileges, and obligations hereof shall extend to, be binding upon and inure to the benefit of the respective assignees or sublessees.

2.8 Congdon may at any time execute and deliver to Commonwealth or place of record a release of any part of the premises from the leasehold interest of Congdon hereunder; and thereupon these lease provisions shall terminate as to that part of the premises described in such release.

2.9 No change of ownership of the premises or the right to receive royalties or advance royalty hereunder shall be binding on Congdon, except at Congdon's option in any particular case, whether Congdon has actual or constructive knowledge of such change in ownership, until thirty (30) days after Congdon shall have been furnished by certified or registered United States mail at Congdon's office address above with a certified copy of the recorded instrument or instruments satisfactory in the opinion of Congdon to evidence such change of ownership and to establish the right,

title or interests of the claiming party and the extent thereof. In any event, all payments which Congdon may make hereunder shall be made in accordance with the terms of Paragraph 2.15 below and no change of ownership shall entitle any person to receive payments in any manner different from that provided for in said paragraph or shall require Congdon to separately sample, assay or mill ores derived from any portion of the premises.

2.10 The breach by Congdon of any obligation arising hereunder shall not work an automatic forfeiture or termination of this lease. In the event that Congdon has not complied with all of his obligations hereunder, Commonwealth may notify Congdon in writing setting forth specifically and in detail in what respect Congdon has failed, and Congdon shall have a reasonable period, and in no event less than sixty (60) days after receipt of said notice, within which to commence to remedy any and all breaches or defaults alleged by Commonwealth to have occurred. Unless Congdon shall commence to remedy, and thereafter proceed with reasonably diligence to completely remedy, such breaches or defaults as herein provided, this Agreement shall terminate, provided, however, that in the event Congdon concludes that any of the breaches or defaults specified in Commonwealth's notice do not in fact exist, this lease shall not terminate if Congdon notifies Commonwealth of such fact within sixty (60) days following its receipt of Commonwealth's notice. In such event, if Commonwealth desires to secure a termination of this Agreement on the basis of the alleged breach or default, Commonwealth must secure a final judicial determination by a court of competent jurisdiction that such breaches or defaults in fact exist. In the event that there is such a judicial determination that such breaches or defaults exist, this Agreement shall not terminate if Congdon shall

remedy such defaults within sixty (60) days after such judicial determination. As to any such judicial determination, it is agreed that the prevailing party shall be entitled to recover from the losing party its reasonable costs of prosecuting the judicial proceedings, including attorney's fees, in such amount as may be allowed by the court having jurisdiction in the matter.

2.11 Commonwealth or its duly authorized representatives shall have the right at all reasonable times and at its own risk to enter into and upon the premises and the workings thereon for the purposes of examining and inspecting the same, and ascertaining whether the terms and conditions of this Agreement are being carried out and performed by Congdon; and Commonwealth or its duly authorized representatives shall have access at all reasonable times to Congdon's records of production, exploration and drilling, and such other records as will show compliance by Congdon with the provisions of this lease.

2.12 Congdon shall have a period of six (6) months following termination of his interest under this Agreement for any reason whatsoever, as to all or any part of the premises, in which to remove any and all buildings, structures, machinery, equipment, lines and facilities placed on the premises by Congdon during the term of this Agreement, provided that such removal does not permanently damage any mine located on the premises at such time.

2.13 Congdon shall pay all expenses and charges for which he may become liable in connection with his operations on the premises and shall protect and save the premises harmless from all claims and liens arising out of such operations. A notice to this effect shall be posted by Congdon on the premises. In conducting his operations hereunder, Congdon shall comply fully with the terms and provisions of

the Workmen's Compensation laws of the State of South Dakota and shall hold Commonwealth harmless from and against any and all loss, damage or claims of whatsoever nature or character occasioned by or arising out of his operations, except any damage or claims resulting from a failure of title of Commonwealth.

2.14 Commonwealth hereby warrants and agrees to defend the title to the premises against any and all persons or claims. Commonwealth further warrants that any prior leases covering the premises have been properly terminated or released; that the premises are free and clear of liens, encumbrances, or unrecorded agreements except delinquent taxes for the year 1969 and thereafter; that Commonwealth has the unqualified right, power and authority to lease said premises to Congdon; that there are no royalties, overriding royalties, production payments, or like burdens outstanding; that Commonwealth has a valid possessory title to any mining claims constituting a part of the premises; that said claims have been properly located in accordance with the mining laws of the United States of America and of the State of South Dakota. Without impairment of Congdon's rights under the above warranties, it is understood and agreed that if Commonwealth's title shall fail as to any of the premises embraced in this Agreement, the royalties hereunder shall not be applicable as to the portion of the premises as to which title has failed. Commonwealth agrees that Congdon, at his option, may pay and discharge any taxes, mortgages, or other liens upon the premises either in whole or in part; and in the event he exercises such option he shall be subrogated to the rights of any holder or holders thereof with the right to enforce the same and apply royalty accruing hereunder to satisfy the same without prejudice to the right to recover in any other manner.

Upon request of Congdon, Commonwealth shall deliver to Congdon for his review all abstracts of title, status reports, title opinions, and other title data which it may have in its possession relative to the premises.

In the event that a title examination discloses that Commonwealth's title to the premises is not as represented and warranted above, and Congdon has not elected in writing to accept Commonwealth's title despite the defects disclosed, then Commonwealth shall immediately repay to Congdon all advance royalties paid by Congdon to Commonwealth under the terms of this Agreement which are in excess of actual royalties accrued, and all further obligation of Congdon to Commonwealth shall cease.

2.15 Commonwealth hereby agrees that Congdon shall be entitled to make all payments under this lease to its credit at the F. Oshkosh Nat'l Bank 302 N. Main St. Oshkosh, Wisc. 54901 , and that such bank is hereby designated as Commonwealth's agent to receive all such payments from Congdon. Such bank shall continue as Commonwealth's agent for all payments hereunder during the term of this lease regardless of changes of ownership of said property. Congdon shall not be responsible for the division or distribution of payments made hereunder among the various parties who may be entitled thereto; and it is understood that the depository bank may withhold the disbursement of any payments made by Congdon hereunder until Commonwealth has executed such division or distribution orders as such depository bank may require. All payments may be made by check or draft of Congdon or any assignee mailed or delivered on or before the dates specified. Any charges made by said bank shall be paid by Congdon. Payments made by Congdon in the above manner shall be binding upon Commonwealth, its successors and assigns.

2.16 This lease is subject to all applicable federal and state rules and regulations of any governmental agencies having jurisdiction in the matter. Congdon's failure to perform or comply with any of the covenants or conditions of this lease shall not be grounds for cancellation, termination or forfeiture if such breach or failure to perform is caused or compliance prevented by circumstances or conditions beyond the reasonable control of Congdon.

2.17 During such time as this Agreement is in force and effect, Congdon will do any assessment work which may be necessary to perpetuate any mining claims constituting a part of the premises according to the applicable provisions of the United States and State of South Dakota mining laws, it being specifically recognized by the parties that work anywhere on the premises, if sufficient in amount, will satisfy the assessment work requirements for other claims on the premises on which no specific work is done. In the event that this lease is terminated for any reason as to any claim on or before August 1 of any calendar year, it is understood that Congdon shall not be responsible for the annual assessment work on such claim for such year.

ARTICLE III

Work Commitment by Congdon

3.1 Contingent upon the satisfaction of the conditions set forth in Paragraph 7.1 below, Congdon agrees that, during such time as this Agreement is in force and effect, he will expend directly on or in connection with the premises, amounts which are at least a cumulative total of Forty Thousand Dollars ($40,000.00) within one (1) year following satisfaction of the conditions of Paragraph 7.1. Such cumulative total shall thereafter increase at the rate of Twelve Thousand Five Hundred Dollars ($12,500.00) per three (3) month period until such cumulative total has

reached Three Hundred Thousand Dollars ($300,000.00).

3.2 Expenditures made by Congdon in satisfaction of the requirements of Paragraph 3.1 above shall be for the specific benefit of the premises and shall be evidenced by the filing by Congdon with Commonwealth of quarterly affidavits setting forth such expenditures made by him. Such affidavits shall be filed with Commonwealth under the option notice provisions of this Agreement.

3.3 It is the intent of the parties that the principal expenditures to be made by Congdon hereunder shall be for exploration work and related economic feasibility determinations; but it is specifically understood that any payments which Congdon may make to satisfy obligations of Commonwealth as to the premises during such time as this Agreement is in force and effect may, at the election of Congdon, be applied against the minimum required expenditures under the provisions of Paragraph 3.1 above. Such expenditures shall not include, however, any of Congdon's Denver office overhead expense.

ARTICLE IV

Option to Purchase

4.1 Commonwealth hereby grants and conveys to Congdon the exclusive right and option to purchase all of its right, title and interest in and to the premises for a total purchase price of Two Million Five Hundred Thousand Dollars ($2,500,000.00).

4.2 All amounts paid to Commonwealth by Congdon under the provisions of this Agreement, including any payments which Congdon may make to satisfy obligations of Commonwealth as to the premises during such time as this Agreement is in force and effect, which payments have not been applied by Congdon against his expenditure obligations under Paragraph 3.1 as permitted under the provisions of

Paragraph 3.3, shall be credited against the purchase price specified in Paragraph 4.1. Receipts for the amount of such credit claimed by Congdon, when deposited with the Escrow Agent (provided in ARTICLE V below) by Congdon, shall be deemed to be payments under this paragraph to the extent of such credit and shall be sufficient authority for the said Escrow Agent to grant the claimed credit. If Commonwealth should disagree as to the allowance of any part or all of such claimed credit or credits, it shall notify Congdon of such disagreement within sixty (60) days following notice of such claimed credit or credits; and if agreement as to such dispute cannot be reached by Commonwealth and Congdon, such dispute shall be submitted to arbitration under the rules of the American Arbitration Association, with each party bearing one-half of the expenses of such arbitration.

4.3 The option granted to Congdon herein may be exercised by Congdon at any time while this Agreement is in force and effect by written notice to Commonwealth and to the Escrow Agent as hereinafter provided. Such notice shall be sent to Commonwealth at the address set forth above and shall be sent by certified mail, postage prepaid. The effective date of any such notice shall be the date the same is deposited in the United States mails.

4.4 Upon the exercise of this option by Congdon, credit against the purchase price shall be allowed for all payments theretofore made to Commonwealth under the terms of this Agreement, as provided in Paragraph 4.2. Payment of the balance of such purchase price, if any, shall be tendered by Congdon at the time of exercise of this option.

ARTICLE V

Escrow Agreement

5.1 Commonwealth and Congdon hereby designate The

First National Bank of Denver, Denver, Colorado, as Escrow Agent to receive, hold and deliver the instruments and monies to be placed in escrow as provided for herein.

5.2 Commonwealth agrees to execute and deliver to the Escrow Agent a Deed granting and conveying the full mineral interest in the premises to Congdon, free and clear of any liens, encumbrances or interests of third parties.

5.3 Congdon agrees to execute and deliver to the Escrow Agent a Quitclaim Deed of the mineral interest in the premises in favor of Commonwealth.

5.4 Immediately upon receipt of any funds paid by Congdon under Paragraph 4.4 above, the Escrow Agent shall be authorized to deliver such funds to the First National Bank of the Black Hills, Deadwood, [redacted], for deposit to an account for Commonwealth, or to such other bank to be dsignated by Commonwealth in the escrow instructions executed pursuant to Paragraph 5.6 hereof. Neither Congdon nor the Escrow Agent shall be responsible for the proper division of any monies payable or which may be paid to Commonwealth under this Agreement.

5.5 Upon receipt by the Escrow Agent of evidence of payment of the full purchase price provided in Paragraph 4.1 above, the Escrow Agent shall deliver to Congdon all Deeds deposited in escrow under Paragraphs 5.2 and 5.3 above. In the event of written notice to the Escrow Agent by Congdon that the option is no longer desired, or upon proof satisfactory to the Escrow Agent that this Agreement has terminated without the receipt by Commonwealth of payments hereunder equal to the purchase price specified in Paragraph 4.1, the Escrow Agent shall deliver all such Deeds to Commonwealth.

5.6 The parties agree to execute such escrow instructions as may be required by the Escrow Agent in order to serve hereunder as Escrow Agent, provided that such

instructions do not vary the substantive terms hereof. Any and all escrow fees charged by the Escrow Agent shall be paid by Congdon.

ARTICLE VI

Termination

6.1 Notwithstanding anything herein to the contrary, Congdon may, at the twelfth (12th) month following execution of this Agreement or at any three (3) month interval thereafter, release the lease and option and all rights granted to him under this Agreement by written notice to Commonwealth and to the Escrow Agent given at least ten (10) days prior to such date of release; and in such event this Agreement shall terminate and Congdon shall be thereupon relieved of any obligations thereafter accruing under this Agreement.

6.2 In the event of termination under this Article, the parties agree to notify the Escrow Agent of such termination and the Deeds held in escrow by said Escrow Agent shall be delivered to Commonwealth.

ARTICLE VII

General Provisions

7.1 All obligations of Congdon hereunder, except the obligation to make the payment of 1969 delinquent taxes by November 15, 1974, provided for in Paragraph 2.5 above, are specifically contingent and conditional upon satisfaction of the following conditions or requirements:

(a) This Agreement shall be effective only upon the approval of two-thirds (2/3) of the stockholders of Commonwealth Mining Company of South Dakota. In the event that such approval is not obtained, Commonwealth shall repay to Congdon any amounts paid by him under the provisions of Paragraph 2.5 above.

Congdon shall thereafter pay any amounts which would otherwise have been due to the taxing authorities under the provisions of Paragraph 2.5 to Commonwealth instead, all to the end that Congdon shall have paid in connection with the taxes specified in Paragraph 2.5 the respective amounts thereof, but no more, by the dates specified in the said Paragraph 2.5 so long as this Agreement is in force and effect as each such date is passed.

7.5 Time is of the essence of this Agreement.

7.6 This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, executors, administrators, successors and assigns.

7.7 This Agreement embraces the entire understanding of the parties.

7.8 This Agreement shall be construed according to the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first above written.

COMMONWEALTH MINING COMPANY
OF SOUTH DAKOTA

Attest:

By _____
John C. Nott, Vice President

_____
Thomas E. Congdon

7.2 The parties agree that a Memorandum of this Lease and Option to Purchase shall be executed by them for recording in South Dakota by Congdon in order to provide record notice of the prior rights of Congdon affecting the premises as herein created.

7.3 Any notices required or permitted under this Agreement which are not expressly governed by other provisions may be given by certified mail, deposited in the United States mails, with postage prepaid thereon, addressed to the parties at the addresses set forth above or at such other addresses as may from time to time be given by notice hereunder. Notices shall be deemed to have been given on the date of delivery, or if mailed on the date of mailing as shown by the post office postmark.

7.4 It is understood that Congdon may be prevented from fulfilling his obligations under Paragraph 2.5 by one or more acquisitions by third parties over whom he has no control of the tax certificates covering portions of the premises. In such event, Congdon may satisfy his said obligations in any way which will prevent the said premises from being conveyed to third parties by a tax deed; and the cost of any such preventive action may be charged by Congdon against Commonwealth, recoverable by him in any manner available, including the withholding of advance royalties, royalties, or purchase monies otherwise payable to Commonwealth hereunder to the extent necessary to provide such reimbursement. It is provided, however, that any such reimbursement shall not be greater at any time than the excess of said costs of preventive action over the amounts which Congdon would otherwise have paid by such time under the provisions of Paragraph 2.5; and after such reimbursement has been effected from Commonwealth to Congdon hereunder,

STATE OF Wisconsin)
) ss.
COUNTY OF Winnebago)

On this the 16th day of September, 1974, before me, the undersigned officer, personally appeared JOHN C. NOTT, who acknowledged himself to be the Vice President of COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, a corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My Commission expires: My Commission Expires April 30, 1977

Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

In this 4th day of September, 1974, before me, Janet E. Rogers, the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My Commission expires: January 5, 1977

Janet E. Rogers
Notary Public

EXHIBIT A to LEASE AND OPTION TO PURCHASE AGREEMENT, dated October 16, 1974, by and between COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA and THOMAS E. CONGDON.

PATENTED LODE MINING CLAIMS: (unless otherwise indicated)

Name of Claim	Mineral Survey Number
Anchor	138
Rattlesnake Jack	188
Center Fraction	189
Little Giant	218
Montenegro	311
Gilt Edge	328
Ophir	483
Ora Fino	646
3/8 interest in Ora Bella	648
3/8 interest in Waggoner	649
Sunday	650
Two Bears	699
Sonora	700
Strawberry Placer Claim M&B	712
Bismarck, Golden Star, Rush, Golden West and Moltke	884
St. Patrick, Summit, Mary Ellen, J.K.P. and Big Spring (a/k/a Blue Spring)	926
Haley and Theodore	927
Ontario, Adelphia, Binghampton, True Blue, Delhigh and Norwich	975
Barvaria, Walter, Franklin, Carl, Marie, White, Prussian, Hattie, Gray, Louis, Fritz and Scotia	1031
Algol Fraction	1069
Dakota Maid and Dakota Maid Fraction	1225
Mineral Twain #1, Mineral Twain #2 and Ruby Bell	1235
Summit, Summit #1 and Horn Silver	1236
Saxonia, Saxonia Fraction, Cortez, Aguila, Happy New Year, Golden Crest and Miantonomah	1239
1895, 1895 No. 1, 1894 No. 2, 1895 No. 4	1421
Ossa Minna, Pelion, Waterloo and Bunker Hill	1575
Arcadia and Arcadia Fraction	1831
Commonwealth, Commonwealth Fraction and Robin	1892
Mondamin (a/k/a/ Pt. Moundsman), Silver Glance, Standard, Ceroite and Zipp Fraction	1932

UNPATENTED LODE MINING CLAIMS:

Name of Claim	Recorded Book	Page
Reindeer Lode #1	188	433
Reindeer Lode #2	188	434

UNPATENTED LODE MINING CLAIMS (cont'd):

Name of Claim	Recorded Book	Page
Reindeer Lode #3	155	600
Reindeer Fraction	188	433
Gilmore Fraction	188	434
Llewellyn Lode	188	435
New York		
Silver Crest		
Gnome Mineral		
Zelda #1		
Zelda #2		
Zelda #3		
Zelda #4		
Sunday Fraction	358	44
Waggoner Fraction	358	46
Rattlesnake Fraction	352	566
Norwich Fraction	358	45

all situate in Sections 5, 6, 7 and 8 of Township 4 North, Range 4 East and Sections 1 and 12 of Township 4 North, Range 3 East, Lawrence County, South Dakota

5586

Office of Register of Deeds Filed for record this 12 date of Nov. 1974 at 9:15 o'clock
State of South Dakota } ss
County of Lawrence } M. and recorded in Book No. 418 Page 264-284

Fee 22.50

Jeanne Jorgensen
Register of Deeds

Deputy

CERTIFICATION

The undersigned, Joe Ford Meyer, Secretary of The Commonwealth Mining Company of South Dakota, a South Dakota Corporation, hereby certifies that the following Resolution:

That the corporation enter into a Lease With Option To Purchase of described properties of said corporation, with Thomas E. Congdon, 1010 Denver Center Bldg., 1776 Lincoln Street, Denver, Colorado, : 80203, which was adopted by the Board ofDirectors at its special meeting held on the 4th day of May, 1974, at Oshkosh, Wisconsin,

was adopted by more than two thirds of its stockholders at the Special Stockholders' Meeting held on October 16, 1974, in the rooms of the South Side Business Mens Club in Oshkosh, Wisconsin.

WITNESS my hand and signature at Oshkosh, Wisconsin, this 16th day of October, 1974.

Joe Ford Meyer - Secretary of Commonwealth Mining Company ofSouth Dakota, a South Dakota Corporation.

CERTIFICATION

The undersigned, Joe Ford Meyer, Secretary of TheCommonwealth Mining Company of South Dakota, a South Dakota Corporation, hereby certifies that the following Resolution was adopted by the Board of Directors of said corporation at a special meeting held on the 16th day of October, 1974, in the rooms of the South Side Business Men's Club in Oshkosh, Wisconsin, to-wit:

That Vice President, John C. Nott, and Joe Ford Meyer, Secretary of said corporation, are hereby authorized to execute the Lease and Option to Purchase between Commonwealth Mining Company, a SouthDakota Corporation, and Thomas E. Congdon of Denver, Colorado, dated the 16th day of October, 1974.

WITNESS my hand and signature at Oshkosh, Wisconsin, this 16th day of October, 1974.

Joe Ford Meyer

Joe Ford Meyer - Secretary of
Commonwealth Mining Co. of South Dakota,
a South Dakota corporation.

FILE COPY
RETURN

AMENDMENT OF LEASE AND OPTION TO PURCHASE

THIS AGREEMENT AND AMENDMENT, made and entered into as of the 30th day of June, 1983, by and between **NORTHWESTERN METAL COMPANY**, a Nebraska corporation, whose address is Superior Industrial Park, P.O. Box 81826, Lincoln, Nebraska 68501 (hereinafter referred to as "Northwestern"), and **CYPRUS MINES CORPORATION**, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, and **CoCa MINES INC.**, a Colorado corporation, whose address is 910 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, successors in interest to CONGDON AND CAREY, LTD. 5, (hereinafter referred to as "Lessee" whether one or more):

WITNESSETH:

WHEREAS, under date of September 1, 1976 ("Lease Date"), Northwestern entered into a certain Lease and Option to Purchase with Congdon and Carey, Ltd. 5, a limited partnership under the provisions of Colorado Revised Statutes, affecting certain lands situated in Lawrence County, South Dakota, a memorandum of which was recorded in the Official Records of Lawrence County, South Dakota, on July 21, 1983, Document Number 83-4097, and ;

WHEREAS, Congdon and Carey, Ltd. 5, entered into a Joint Venture Agreement as of January 1, 1975, with Cyprus Mines Corporation, and;

WHEREAS, in accordance with the provisions of the aforementioned Lease and Option to Purchase and the Joint Venture Agreement, Congdon and Carey, Ltd. 5, assigned an undivided eighty percent (80%) interest in the Lease and Option to Purchase to Cyprus Mines Corporation by Assignment dated September 27, 1976, and recorded in the Official Records of Lawrence County, South Dakota, on February 14, 1983, Document Number 83-2448, and;

WHEREAS, in accordance with the provisions of the aforementioned Lease and Option to Purchase and the [illegible]

Congdon and Carey, Ltd. 5, assigned an undivided twenty percent (20%) interest in the Lease and Option to Purchase to CoCa Mines Inc., by Assignment dated December 31, 1982, as recorded in the Official Records of Lawrence County, South Dakota, on February 7, 1983, Document Number 83-2386, and;

WHEREAS, Northwestern and Lessee desire to amend the description of the premises contained in the Lease and Option to Purchase:

NOW, THEREFORE, Northwestern and Lessee agree that, in consideration of the payment of One Dollar ($1.00) by Lessee to Northwestern, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, Article I, Paragraph 1.1, of the Lease and Option to Purchase dated September 1, 1976, is hereby amended to read as follows:

1.1 Northwestern is the owner of the full mineral interest in the following described patented lode mining claims and any improvements thereon, and the lands covered thereby, situate in Sections 5 and 6, Township 4 North, Range 4 east, B.H.M., Bear Butte Mining District, Lawrence County, State of South Dakota (hereinafter referred to as the "Premises"), to-wit:

Mineral Survey No. 1134, approved January 18, 1899; Mineral Patent No. 32166 dated February 16, 1900, as recorded in the Official Records of Lawrence County, South Dakota, on April 10, 1900, Book 149 of Miscellaneous Deeds, Pages 530 through 546, covering the following claims:

Adrian Fraction
Alert
Alert Fraction
Alert Fraction No. 1
Argo Fraction
Comet
Erwin Fraction
Maverick
May
May Fraction
Nevada
Pyrite
Pyrite Fraction
South Ruby

Eureka
Hoodo
Lucky Fra

containin

Northwestern acknow
as amended, is val
purpose Northwester
of Northwestern's
terms, conditions a
and Option to Purch

This Amendment of L
to and be effective

This Amendment of L
upon and inure to
successors, personal

EXECUTED the day and

Attest:

Attest:

W. H. Cann

Attest:

J. C. Mitchell,
Vice President

Eureka	Summit
Hoodo	Union Fraction
Lucky Fraction	Union Hill

containing 119.20 acres, more or less.

Northwestern acknowledges that said Lease and Option to Purchase, as amended, is valid and in full force and effect and for such purpose Northwestern hereby grants, leases and lets to Lessee all of Northwestern's interest in the above Premises upon the same terms, conditions and provisions as are contained in said Lease and Option to Purchase as amended hereby.

This Amendment of Lease and Option to Purchase shall relate back to and be effective as of the Lease date.

This Amendment of Lease and Option to Purchase shall be binding upon and inure to the benefit of the parties hereto, their successors, personal representatives and assigns.

EXECUTED the day and year first above set forth.

Attest:

Northwestern:
Northwestern Metal Company

By: _____
David Hedges, President

Attest:

W. H. Cann

LESSEE:
Cyprus Mines Corporation

By: _____
H. L. Bauer, Jr.,
Vice President

Attest:

J. O. Mitchell,
Vice President

LESSEE:
CoCa Mines Inc.

By: _____
Hugh J. Matheson, President

CORPORATE ACKNOWLEDGMENT - ~~NEBRASKA~~

State of Nebraska)
) ss.
County of Lancaster)

On this the 30th day of June, 1983, before me, William D. Thompson the undersigned officer, personally appeared David V. Helgen who acknowledged himself to be the Pres. of Northwestern Motel Co a corporation, and that he, as such Officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof I hereto set my hand and official seal.

William D. Thompson
Notary Public

SEAL

William D. Thompson
GENERAL NOTARIAL
SEAL
STATE OF NEBRASKA
COMMISSION EXPIRES
July 14, 1984

William D. Thompson
Typed or Printed Name

Box 81886 Lincoln NE 68501
Business Address

My Commission expires July 14, 1984

CORPORATE ACKNOWLEDGMENT - ~~SOUTH DAKOTA~~ Colorado

State of Colorado)
) ss.
County of Denver)

On this the 6th day of July, 19[illegible], before me, the undersigned officer, personally appeared [illegible], who acknowledged himself to be the [illegible] of [illegible] a corporation, and that he, as such [illegible], being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as [illegible].

In witness whereof I hereto set my hand and official seal.

Deborah L. Hurt
Notary Public

DEBORAH L. HURT
NOTARY PUBLIC
STATE OF COLORADO
SEAL

Deborah L. Hurt
Typed or Printed Name

1776 Lincoln Street
Denver, Colorado 80203
Business Address

My Commission expires Jan 28, 1984

State of Colorado)
) ss.
County of Arapahoe)

On this the 28th day of July , 1983, before me, Nancy L. Novotny the undersigned officer, personally appeared N. L. Bauer, Jr. , who acknowledged himself to be the Vice President of Cyprus Mines Corporation corporation, and that he, as such Vice President , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as .

In witness whereof I hereto set my hand and official seal.

Nancy L Novotny
Notary Public

SEAL

NANCY L. NOVOTNY NOTARY PUBLIC STATE OF COLORADO

Nancy L. Novotny
Typed or Printed Name

7000 South Yosemite St.
Englewood, Colorado 80112
Business Address

My Commission expires September 29, 1984

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the day of , 19 , before me, the undersigned officer, personally appeared , who acknowledged himself to be the of a corporation, and that he, as such , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as .

In witness whereof I hereto set my hand and official seal.

Notary Public

SEAL

Typed or Printed Name

Business Address

My Commission expires

DOC. NO. 83-5163

1983 SEP 19 AM 10:15

IVORINE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS

FILE COPY
PLEASE RETURN
TO FILE

LEASE AND OPTION TO PURCHASE

THIS AGREEMENT is made and entered into as of the 1st day of September, 1976, by and between NORTHWESTERN METAL COMPANY, a Nebraska corporation, whose address is P. O. Box 81826, North 27th Industrial Park, Lincoln, Nebraska 68500, Party of the First Part (hereinafter referred to as "Northwestern"), and CONGDON AND CAREY, LTD. 5, a limited partnership under the provisions of Colorado Revised Statutes, whose address is 1776 Lincoln Street, Suite 910, Denver, Colorado 80203, Party of the Second Part (hereinafter referred to as "Congdon"), whose agreements, covenants and representations are hereinafter set forth as follows:

ARTICLE I

Premises

1.1 Northwestern is the owner of the full mineral interest in the following described patented mining claims and any improvements thereon, and the lands covered thereby, situate in Sections 5, 6 and 8, Township 4 North, Range 4 East, Lawrence County, State of South Dakota (hereinafter referred to as the "premises"), to-wit:

Mineral Survey No. 1134

Alert	May
Alert Fraction	May Fraction
Alert Fraction No. 1	Nevada
Argo	Pyrite
Comet	Pyrite Fraction
Eureka	S. Ruby
Hoodoo	Summit
Maverick	Union Hill

being approximately 119.20 acres.

1.2 Congdon desires to have a lease on the premises to explore and develop and mine the same for mineral content, and also to have the option to purchase the mineral rights and all minerals in and under the premises upon the terms and conditions herein set forth.

1.3 The considerations for this Lease and Option to Purchase are the mutual covenants and conditions herein contained and the mutual benefits to be derived herefrom.

ARTICLE II

Lease

2.1 Northwestern hereby grants, leases, demises and lets, exclusively unto Congdon, the premises for the purpose of

(1) exploring for and mining, or otherwise extracting by any method deemed desirable by Congdon, including open pit and strip mining;

(2) milling, treating or otherwise processing;

(3) storing or stockpiling; and

(4) removing, selling or otherwise disposing of

all ores and minerals in, under, or upon the premises; TO HAVE AND TO HOLD the same from the date hereof for the period of fifteen (15) years and so long thereafter as said minerals or any of them are produced in commercial quantities from the premises. For the purpose of determining said term hereof, it is presumed that minerals are produced in commercial quantities in any calendar year if they are so produced during at least half of the period of such calendar year during which weather reasonably permits access to the premises for purposes of production.

2.2 Northwestern hereby grants to Congdon the right to use so much of the surface or subsurface of the premises as may be reasonably necessary, desirable, or convenient in carrying out the purposes of this Agreement, and for conducting all operations incident thereto on the premises or on any adjacent premises, specifically including, without limiting the generality of the foregoing, the right to construct, use, maintain, repair, replace and relocate on the premises or the leased premises

processing facilities, buildings, shops, plants, ore stockpiles (including ores from outside the premises), pipelines, telephone lines, electric transmission lines, roads and roadways, and other utilities or transportation facilities for use in connection with the purposes of this Agreement, and for use by Congdon in connection with Congdon's operations on other lands in the general area of the premises. Northwestern further grants to Congdon the right to use any now existing or subsequently discovered surface or underground water which is not required for the domestic or agricultural usage of Northwestern or its agricultural leases, but it is understood that Congdon shall have no right to cut and remove timber from the premises except for such cutting as may be necessary in its mining operations. The leasing, letting and demising of the premises by Northwestern to Congdon hereunder shall include any and all rights to pursue any veins or lodes or mineral deposits contained within the premises along any strike, dip or course of the same, and shall include all rights relative to the mining claims embraced by the premises and any veins or lodes contained within the same, and all rights of ingress or egress to the premises, all to the extent that Northwestern has the right to grant the same.

2.3 Congdon agrees to pay to Northwestern a royalty on all ore mined and marketed by Congdon from the premises, which royalty shall be computed upon the net smelter returns as follows:

	Percentage Rate of Royalty
On the first $1,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	8%
On the next $1,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	6%
On the third $1,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	4%
On any net smelter returns in excess of $3,000,000.00, received by Congdon	2%

"Net smelter returns", for the purpose of calculating royalty hereunder, are defined as the net amounts received from the sale by Congdon of ore or concentrates after deducting (i) all charges, penalties and deductions of any nature whatsoever made by the smelter, refinery or other treatment plant or purchaser arising out of the receipt, processing or handling of such ores and concentrates; (ii) the following items if paid by or for the account of Congdon (a) all brokers' or agents' commissions on the sale, and (b) all costs of transportation (including freight, insurance, handling, forwarding, port, demurrage, delay and other like charges and expenses) from mine or mill, as the case may be, to the purchase contract destination; and (iii) all milling charges or costs incurred by Congdon for mill treatment accomplished by Congdon on the premises or on any adjacent premises.

After any ore from the premises has been weighed and sampled, Congdon may mix the same with ore from other sources. In the event of such mixing, Congdon shall keep such records and make such analyses as shall be necessary to determine equitably the interest of Northwestern in such mixed ore, and such mixing shall be done in such a manner as not to interfere with the computations provided for in this paragraph.

Royalties shall be payable on or before the 20th day following the end of each calendar month and shall be accompanied by a statement showing the calculation of royalty for that particular month. The royalties payayble for any calendar month shall be computed on the actual net smelter returns received by Congdon during such calendar month from the sale of ores and minerals produced from the premises. All payments of royalty shall be made in the manner hereinafter provided in Paragraph 2.14 below.

Royalties shall be payable on any minerals for which Congdon is paid in connection with the sale of ores from the premises. In the event that Congdon mills any such ores, royalty

shall be payable on any minerals sold by Congdon which are recovered at any time prior to the time that the residue shall be first deposited in the tailings pile. All tailings shall be the property of Congdon.

2.4 Within the hereinafter designated periods following the execution of this Agreement, and provided this Agreement is then in force and effect, Congdon shall pay to Northwestern as advance royalty the additional sums specified as follows:

Period Following Execution of this Agreement	Additional Sum as Advance Royalty
Three (3) Months	$ 1,500.00
Six (6) Months	1,500.00
Nine (9) Months	1,500.00
One (1) Year	1,500.00
Fifteen (15) Months	1,750.00
Eighteen (18) Months	1,750.00
Twenty-One (21) Months	1,750.00
Two (2) Years	1,750.00
Twenty-Seven (27) Months	2,000.00
Thirty (30) Months	2,000.00
Thirty-Three (33) Months	2,000.00
Three (3) Years	2,000.00
Thirty-Nine (39) Months	2,250.00
Forty-Two (42) Months	2,250.00
Forty-Five (45) Months	2,250.00
Four (4) Years	2,250.00
Fifty-One (51) Months	2,500.00
Fifty-Four (54) Months	2,500.00
Fifty-Seven (57) Months	2,500.00
Five (5) Years	2,500.00
Sixty-Three (63) Months	2,750.00
Sixty-Six (66) Months	2,750.00
Sixty-Nine (69) Months	2,750.00
Six (6) Years	2,750.00
Seventy-Five (75) Months	3,000.00
Seventy-Eight (78) Months	3,000.00
Eighty-One (81) Months	3,000.00
Seven (7) Years	3,000.00
Eighty-Seven Months	3,250.00
Ninety (90) Months	3,250.00
Ninety-Three (93) Months	3,250.00
Eight (8) Years	3,250.00
Ninety-Nine (99) Months	3,500.00
One Hundred Two (102) Months	3,500.00
One Hundred Five (105) Months	3,500.00
Nine (9) Years	3,500.00
Each Three (3) Months thereafter	3,500.00

All payments of advance royalty hereunder shall be credited against royalties which become payable under the provisions of Paragraph 2.3 immediately above. In the event that the advance royalty exceeds the total of actual royalties which accrue here-

under, Northwestern shall be entitled to retain such excess and to treat it as a payment of minimum royalty, subject, however, to the provisions of Paragraph 2.13 below.

2.5 Congdon agrees to pay the property taxes upon the premises and any improvements thereon levied for the year 1976 and for every year thereafter that this Agreement is in force and effect at the time for such scheduled payments, it being understood such taxes are now payable April 30 of each year following the year in which such taxes are levied. Congdon will promptly forward to Northwestern receipts evidencing such tax payments.

It is understood that any taxes and assessments, general, special, ordinary and extraordinary, that may be levied or assessed upon ore and concentrates produced therefrom shall be apportioned between Northwestern and Congdon in the same proportion that royalties paid under Paragraph 2.3 above bear to total net smelter returns as defined above.

2.6 If at any time Northwestern shall own an interest in the premises less than the entire and undivided mineral fee estate therein, then the royalty and advance royalty herein provided for shall be paid by Northwestern only in the proportion which its interests bear to the whole and undivided mineral fee estate, provided, however, in the event that title to any interest in said mineral fee estate shall revert to or be acquired by Northwestern, this lease shall cover such reverted or acquired interests, and thereafter the royalty and advance royalty herein provided for shall be appropriately increased at the time of the next payment thereof required hereunder, provided that thirty (30) days written notice of such reversion or acquisition is given by Northwestern to Congdon.

2.7 Either party may assign or sublet, in whole or in part, such party's interest hereunder; and in the event of any such assignment or sublease, the terms, provisions, covenants, conditions, rights, privileges and obligations hereof shall extend to, be binding upon and inure to the benefit of the respective assignees or sublessees, provided that Congdon shall remain liable for all obligations to Northwestern of his assignee or sublessee unless otherwise released by Northwestern.

2.8 No change of ownership of the premises or the right to receive royalties or advance royalty hereunder shall be binding on Congdon, except at Congdon's option in any particular case, whether Congdon has actual or constructive knowledge of such change in ownership, until thirty (30) days after Congdon shall have been furnished by certified or registered United States mail at Congdon's office address above with a certified copy of the recorded instrument or instruments to evidence such change of ownership and to establish the right, title or interests of the claiming party and the extent thereof. In any event, all payments which Congdon may make hereunder shall be made in accordance with the terms of Paragraph 2.14 below and no change of ownership shall entitle any person to receive payments in any manner different from that provided for in said paragraph or shall require Congdon to separately sample, assay or mill ores derived from any portion of the premises.

2.9 The breach by Congdon of any obligation arising hereunder shall not work an automatic forfeiture or termination of this lease. In the event that Congdon has not complied with all of its obligations hereunder except payment of monies due Northwestern, Northwestern may notify Congdon in writing setting forth specifically and in detail in what respect Congdon has failed, and Congdon shall have fifteen (15) days after receipt of said notice within which to commence to remedy any and all breaches or defaults alleged by Northwestern to have occurred. Unless Congdon shall commence to remedy, and thereafter proceed with reasonable diligence to completely remedy, such breaches or defaults as herein provided, this Agreement shall terminate.

2.10 Northwestern or its duly authorized representatives shall have the right at all reasonable times and at its own risk to enter into and upon the premises and the workings thereon for the purpose of examining and inspecting the same, and ascertaining whether the terms and conditions of this Agreement are being carried out and performed by Congdon; and Northwestern or its

duly authorized representatives shall have access at all reasonable times to Congdon's records of production, exploration and drilling, and such other records as will show compliance by Congdon with the provisions of this lease.

2.11 Congdon shall have a period of three (3) months following termination of its interest under this Agreement for any reason whatsoever, as to all or any part of the premises in which to remove any and all buildings, structures, machinery, equipment, lines and facilities placed on the premises by Congdon during the term of this Agreement, provided that such removal does not permanently damage any mine located on the premises at such time.

2.12 Congdon shall pay all expenses and charges which it will incur including all labor and material in connection with its operations on the premises and shall protect and save the premises harmless from all claims and liens arising out of such operations. A notice to this effect shall be posted by Congdon on the premises. In conducting its operations hereunder, Congdon shall comply fully with the terms and provisions of the Workmen's Compensation laws of the State of South Dakota and shall hold Northwestern harmless from and against any and all loss, damage or claims of whatsoever nature or character occasioned by or arising out of its operations, except any damage or claims resulting from a failure of title of Northwestern or through the exercise by Northwestern of its rights under Paragraph 2.10.

2.13 Northwestern hereby believes that it is the owner to the title to the premises, but does not warrant the title and leases in this instrument only the interest that Northwestern has in the above described property. Its officers have been duly empowered to execute this instrument and otherwise comply with its terms. It is understood and agreed that, in the event Northwestern's title to the premises shall fail, Northwestern shall not be liable to Congdon for expenditures made by Congdon under the provisions of Article III or subsequent expenditures for mine development and plant or for damages of any kind. It

is understood and agreed that if Northwestern's title shall fail as to any of the premises embraced in this Agreement, the royalties hereunder shall not be applicable as to the portion of the premises as to which title has failed. Northwestern agrees that upon thirty (30) days notice to Northwestern, Congdon, at its option, may pay and discharge any taxes, mortgages, or other liens upon the premises either in whole or in part only if such taxes, mortgages or other liens are in default; and in the event it exercises such option it shall be subrogated to the rights of any holder or holders thereof with the right to enforce the same and apply royalty accruing hereunder to satisfy the same.

Upon request of Congdon, Northwestern shall deliver to Congdon for its review all abstracts of title, status reports, title opinions, and other title data which it may have in its possession relative to the premises.

In the event that a title examination discloses that Northwestern's title to the premises is not as represented above and Congdon has not elected in writing to accept Northwestern's title despite the defects disclosed, or if subsequent events should establish that Northwestern had no right to enter into this Agreement, then at Congdon's option, Northwestern shall immediately repay to Congdon all advance royalties paid by Congdon to Northwestern under the terms of this Agreement which are in excess of actual royalties accrued, and all further obligations of Congdon to Northwestern shall cease.

2.14 Northwestern hereby agrees that Congdon shall be entitled to make all payments under this lease to Northwestern at the address set forth above. Regardless of changes of ownership of said property, Congdon shall not be responsible for the division or distribution of payments made hereunder among the various parties who may become entitled thereto. All payments may be made by check or draft of Congdon or any assignee mailed or delivered on or before the dates specified. Payments made by Congdon in the above manner shall be binding upon Northwestern, its successors and assigns.

2.15 This lease is subject to all applicable federal and state rules and regulations of any governmental agencies having jurisdiction in the matter and Congdon agrees to comply with all such rules and regulations, including any applicable environmental rules, regulations and requirements. Congdon's failure to perform or comply with any of the covenants or conditions of this lease shall not be grounds for cancellation, termination or forfeiture if such breach or failure to perform is caused or compliance prevented by circumstances or conditions beyond the control of Congdon.

ARTICLE III

Work Commitment by Congdon

3.1 Congdon agrees that, during such time as this Agreement is in force and effect, it will expend directly on or in connection with the premises, amounts which are at least a cumulative total of Forty Thousand Dollars ($40,000.00) within one (1) year following execution of this Agreement. Such cumulative total shall thereafter increase at the rate of Twelve Thousand Five Hundred Dollars ($12,500.00) per three (3) month period until such cumulative total has reached Three Hundred Thousand Dollars ($300,000.00), provided, however, that amounts expended by Congdon after the first year under this Agreement may be spent on the premises or on any adjacent premises.

3.2 Expenditures made by Congdon in satisfaction of the requirements of Paragraph 3.1 above shall be evidenced by the mailing to Northwestern of quarterly reports setting forth such expenditures made by Congdon. Such reports shall be mailed to Northwestern under the option notice provisions of this Agreement. Such expenditures shall not include, however, any of Congdon's Denver office overhead expense.

ARTICLE IV

Option to Purchase

4.1 Northwestern hereby grants and conveys to Congdon the exclusive right and option to purchase all of its right,

title and interest in and to the premises for a total purchase price of One Million Two Hundred Fifty Thousand Dollars ($1,250,000.00).

4.2 The option granted to Congdon herein may be exercised by Congdon at any time while this Agreement is in force and effect by written notice to Northwestern. Such notice shall be sent to Northwestern at the address set forth above and shall be sent by certified mail, postage prepaid. The effective date of any such notice shall be the date the same is deposited in the United States mails.

4.3 Upon the exercise of this option by Congdon, credit against the purchase price shall be allowed for all payments theretofore made to Northwestern under the terms of this Agreement, including items specified in Paragraphs 2.3 and 2.4. Payment of the balance of such purchase price, if any, shall be tendered by Congdon at the time of exercise of this option by mailing or delivering a certified check to Northwestern whereupon Northwestern hereby agrees to execute and deliver to Congdon a mineral deed in form satisfactory to Congdon granting and conveying to Congdon all of Northwestern's rights, title, interest, claim and demand in and to the premises.

ARTICLE V

Termination

5.1 Notwithstanding anything herein to the contrary, Congdon may, at any time following execution of this Agreement, release the lease and option and all rights granted to it under the lease and option and all rights granted to it under this Agreement by written notice to Northwestern given at least ten (10) days prior to such date of release; and in such event this Agreement shall terminate and Congdon shall be thereupon relieved of any obligations thereafter accruing under this Agreement and the option to purchase provided for in Article IV of this Agreement shall be void and Congdon shall have no right and interest

in the real estate described in Article I of this lease; provided, however, that if Congdon exercises its right to release the lease and option within two years after the execution of this Agreement, Congdon will nevertheless be required to pay to Northwestern, at the time of such release, an amount equal to the advance royalties accruing during the first two years of this Agreement and which remain unpaid at the time of such release.

ARTICLE VI

General Provisions

6.1 The parties agree that a Memorandum of this Lease and Option to Purchase shall be executed by them for recording in South Dakota by Congdon in order to provide record notice of the prior rights of Congdon affecting the premises as herein created.

6.2 Any notices required or permitted under this Agreement which are not expressly governed by other provisions may be given by certified mail, deposited in the United States mails, with postage prepaid thereon, addressed to the parties at the addresses set forth above or at such other addresses as may from time to time be given by notice hereunder. Notices shall be deemed to have been given on the date of delivery, or if mailed, on the date of mailing as shown by the post office postmark.

6.3 Time is of the essence of this Agreement.

6.4 This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, executors, administrators, successors and assigns.

6.5 This Agreement embraces the entire understanding of the parties.

6.6 This Agreement shall be construed according to the laws of the State of Nebraska.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first above written.

Attest:

Cecelia Hill
Secretary

NORTHWESTERN METAL COMPANY

By Gary Hill

CONGDON AND CAREY, LTD. 5

By Thomas E. Congdon
Thomas E. Congdon,
General Partner

STATE OF NEBRASKA)
)ss.
COUNTY OF LANCASTER)

On this the 13TH day of SEPTEMBER, 1976, before me, WILLIAM D. THOMPSON, the undersigned officer, personally appeared GARY HILL, who acknowledged himself to be the PRESIDENT of NORTHWESTERN METAL COMPANY, a corporation, and that he, as such PERSON OFFICER, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as PRESIDENT.

William D. Thompson
NOTARY PUBLIC
STATE OF NEBRASKA
COMMISSION EXPIRES
July 14, 1980

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My commission expires JULY 14, 1980.

William D. Thompson
Notary Public

STATE OF COLORADO)
)ss.
COUNTY OF DENVER)

On this 27th day of August, 1976, before me, KATHYRLN C. BACHELLER, the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My commission expires July 27, 1977.

Kathryn C. Bacheller
Notary Public

MEMORANDUM

DATE: March 30, 1983

TO: File

FROM: N. J. Bohling

SUBJECT: Gilt Edge & Flathead Production Payments to Partners

On March 22, 1983, photocopies of the above documents were sent to the stockholders as follows:

George G. Anderman
Fiduciary Trust Company of New York,
Frank Newman, Trustee
Mr. Frank Newman
Helmerich & Payne, Inc.
Nelson Bunker Hunt
Mrs. Janet W. Levy, c/o Peter Levy
John D. Macomber
Daniel C. Searle
Mrs. Mary C. Van Evera

Clint W. Murchison, III
Burk C. Murchison
Coke Anne Saunders
Robert Frank Murchison
c/o Mr. Truman Kemper
6116 N. Central Expressway
Suite 303
Dallas, TX 75206

John D. Murchison
2500 Diamond Shamrock Tower
717 N. Harwood (Box 86)
Dallas, TX 75201

Virginia Lucille Murchison
Mary Noel Lamont
Barbara Jeanne Murchison
c/o Mr. John Hood
MML Management, Inc.
2300 First Nat'l. Bank Bldg.
Dallas, TX 75202

Thomas E. Congdon
William J. Carey

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, by Assignment dated the 31st day of December, 1982, and recorded as Document No. 83-2385 of the records of the County of Lawrence, State of South Dakota, Congdon and Carey, Ltd. 5 did bargain, sell, assign, transfer, set over and convey unto George G. Anderman a certain production payment in and to certain properties, all as more fully described in such Assignment, which by this reference is made a part hereof, as fully as if said Assignment were incorporated herein; and

WHEREAS, the properties that are the subject of said Assignment are specifically set forth on Exhibit "A" attached hereto and by this reference made a part hereof; and

WHEREAS, the interest conveyed to said George G. Anderman in said Assignment is owned beneficially in the shares of seven-eighths (7/8) by George G. Anderman, and one-eighth (1/8) by Dona M. Mohan;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged, GEORGE G. ANDERMAN (Assignor) of 1776 Lincoln Street, Suite 500, Denver, Colorado 80203 does hereby bargain, sell, assign, transfer, set over and convey unto DONA M. MOHAN, a single person, of 1776 Lincoln Street, Suite 500, Denver, Colorado 80203, an undivided one-eighth (1/8) of all right, title and interest of GEORGE G. ANDERMAN in and to the property described in Exhibit "A" hereto as conveyed to him by the Assignment first hereinabove identified.

This Assignment is subject to all the terms, conditions, reservations and exceptions set forth in the Assignment first hereinabove identified.

Executed this 27th day of May, 1983, but effective as of the 31st day of December, 1982.

George G. Anderman

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

Before me, the undersigned, a Notary Public in and for said County and State, on the 29th day of August, 1983, personally appeared GEORGE G. ANDERMAN, to me known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires:
March 6, 1986

Notary Public

COCA-01-013

EXHIBIT A

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

I. Patented and unpatented mining claims in which Cyprus Mines Corporation has acquired an 80% interest by virtue of a Joint Venture Agreement dated January 1, 1975 with Congdon and Carey, Ltd. 5, and an Assignment dated April 18, 1975 from Congdon and Carey, Ltd. 5, to Cyprus Mines Corporation.

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnake Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.696
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Belle	1235	30615	10.257
Summit	1236	30615	6.806
Summit #1	1236	30615	7.04
Horn Silver	1236	30615	9.929
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Strawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.66
(Amended)	-	215	300		
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.96
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 100% interest (20% of which is to be assigned to Congdon and Carey, Ltd. 5).

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claims).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Nut	05/08/1976	76	1081	M MC 17030 (SD)	) 22.31
Nut Number One (1)	05/08/1976	76	1082	M MC 17031 (SD)	)

NOTE: The area covered by these claims has been relocated November 16, 1982 as the Erik 1-4 unpatented lode claims; recordation and B.L.M. filing is in process.

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOC. NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 38821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/23/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02

DOE NO. 83-4939

1983 SEP -2 AM 10:05

Jee 7.00

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT, CONGDON AND CAREY, LTD. 5, a Colorado limited partnership (hereinafter referred to as "Assignor"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, sell, assign, transfer, set over and convey unto the partners of Assignor in the proportions set forth on Exhibit A attached hereto (hereinafter collectively referred to as "Assignee"), as a non-interest bearing production payment (the "Production Payment"), 10% of Assignor's Net Revenue Interest, as defined herein, in all minerals, metals, ore concentrates and other products produced, saved and marketed from and under the terms of each lease or other property described in Exhibit B attached hereto (the "Leases"), and the lands described in such Leases (the "Properties"), until Assignee shall have received the aggregate of $720,835.67 (the "Primary Sum").

The Production Payment herein assigned is subject to the following terms, provisions and conditions, to-wit:

1. When the Primary Sum has been received by Assignee, the Production Payment shall be fully discharged and all rights, titles and interests assigned to Assignee herein shall terminate, and Assignee shall, upon request, execute and deliver all necessary and proper acquittances, releases and reassignments; provided, however, that the Production Payment shall in any event terminate whenever 21 years less one day shall have elapsed after the death of the survivor of all descendants of Assignee who are living on the date hereof.

2. Assignee shall look solely to the minerals, metals, ore concentrates and other products produced, saved and marketed from the Leases and Properties and/or the sale, lease or other disposition of the Leases and Properties pursuant to paragraph 4 for the satisfaction and discharge of the Production Payment, and Assignor shall never be personally liable for the payment and discharge thereof.

3. No Production Payment shall be paid or accrue until Assignor shall have received from its Net Revenue Interest with respect to the Properties payments equal to all funds expended by Assignor on or in connection with the Leases and the Properties from and after January 1, 1983 together with interest thereon at the rate of 2 percent over the prime rate of IntraWest Bank of Denver in effect from time to time, and in the event that such recoupment shall occur but thereafter funds expended by Assignor on or in connection with the Leases and the Properties shall exceed such payments received by Assignor, no Production Payment shall again be paid or accrue until such recoupment is again achieved.

4. Net Revenue Interest shall mean Assignor's share of cash revenues from the Leases and the Properties in excess of all cash costs, expenses and expenditures allocable to such revenue share to the extent that such cash costs, expenses and expenditures are not included in funds expended which are subject to recoupment in paragraph 3

hereof. In the event of any sale, lease or other disposition of the Leases and the Properties or of any portion thereof, the transferee thereof shall take free and clear of this Production Payment but Assignor's Net Revenue Interest shall include the consideration received for such sale, lease or other disposition and shall be applied to the satisfaction and discharge of the Production Payment as set forth herein and subject to paragraph 3 hereof.

5. The Production Payment shall be paid 30 days following the end of each calendar quarter upon the basis of the Net Revenue Interest for such quarter. On or before 90 days following the end of each of Assignor's fiscal years it shall furnish to Assignee a summary of financial results for such year upon which Assignor's Net Revenue Interest for such year is based certified as correct by the principal financial officer of Assignor and, if requested by Assignee, by Assignor's regular independent certified public accountants. Upon receipt of such summary, Assignee at its own expense may obtain an independent audit of Assignor's records which form the basis for such summary. If Assignee has not notified Assignor in writing of any objections on or before 180 days following the end of Assignor's fiscal year, the Production Payments for the fiscal year just ended shall be deemed correct and accepted by Assignee.

6. No obligations, either express or implied, shall arise by reason of this Assignment to Assignee which shall obligate Assignor to keep and maintain the Leases or any of them in force and effect either by the performance of any act or the payment of rentals, compensatory royalties or other payments.

The Production Payment shall be applicable to any renewal, extension or new lease taken or acquired by Assignor within a period of two years from the date of the termination of any of the Leases as to the lands, horizons and minerals covered by such terminated Leases and affected by such new lease.

TO HAVE AND TO HOLD the Production Payment hereinabove assigned to Assignee for and during the term or terms and according to the terms and conditions of the Leases.

Assignee may sell, assign or otherwise dispose of all or any part of its interest hereunder, and the terms of this Assignment shall inure to the benefit of the successors and assigns of Assignee.

Notwithstanding anything to the contrary set forth herein, Assignor and Assignee acknowledge that Assignor will following the execution of this Assignment assign and transfer the Leases and the Properties to CoCa Mines Inc., a Colorado corporation, which shall thereafter be deemed to constitute the Assignor for all purposes hereunder and by its execution hereof shall assume and carry out all of the obligations of Assignor hereunder. Except as set forth in paragraph 4 above, this Assignment and its terms and provisions shall be binding upon the parties hereto, their respective successors and assigns forever.

EXECUTED as of the 31st day of December, 1982.

CONGDON AND CAREY, LTD. 5

By _____
General Partner

The obligations of Assignor under this Assignment are hereby assumed and shall be carried out by the undersigned.

EXECUTED as of the 31st day of December, 1982.

COCA MINES INC.

By _____
President

ATTEST:

_____
Secretary

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the 31st day of January, 1983, before me, Rebecca C. Tupan the undersigned officer, personally appeared Thomas E. Congdon who acknowledged himself to be a General Partner of Congdon and Carey, Ltd. 5, a Colorado limited partnership, and that he, as such General Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as General Partner.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: April 13, 1986

_____
Notary Public

Address: [illegible]
DENVER

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the 31st day of January, 1983, before me, Rebecca D. Zupan, the undersigned officer, personally appeared Hugh J. Matheson and J. Christopher Mitchell who acknowledged themselves to be the President and Secretary of CoCa Mines Inc., a Colorado corporation, and that they, as such President and Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as President and Secretary.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: April 13, 1986

Notary Public

Address: 1100 DENVER CENTER BUILDING
1776 LINCOLN ST.
DENVER, COLORADO 80203

EXHIBIT A

CONGDON AND CAREY, LTD. 5
PRODUCTION PAYMENTS

	Gilt Edge
Limited Partners:	
George G. Anderman	$ 85,710.83
Fiduciary Trust Company of New York, Trustee	39,174.20
Helmerich & Payne, Inc.	107,138.12
Nelson Bunker Hunt	112,984.74
Mrs. Janet W. Levy	107,138.12
John D. Macomber	36,632.09
Daniel C. Searle	27,474.06
Mrs. Mary C. Van Evera	42,855.07
Clint W. Murchison, III	13,558.38
Burk C. Murchison	6,779.18
Burk Coleman Murchison Trust B	6,779.20
Coke Anne Saunders	3,389.59
Coke Anne Murchison Trust 2	3,389.60
Coke Anne Murchison Trust 3	6,779.20
Robert Frank Murchison Trust A	6,779.18
Robert Frank Murchison Trust B	6,779.20
John D. Murchison, Jr.	9,158.43
John D. Murchison, Jr. Trust B	9,158.44
Virginia Lucille Murchison Trust 2	5,357.03
Virginia Lucille Murchison Trust 3	10,714.42
Virginia Lucille Murchison Administrative Trust 3	5,357.03
Mary Noel Lamont	4,579.21
Mary Noel Murchison Trust 2	4,579.22
Mary Noel Murchison Trust 3	9,158.44
Barbara Jeanne Murchison Trust 1	4,579.21
Barbara Jeanne Murchison Trust 2	4,579.22
Barbara Jeanne Murchison Trust 3	9,158.44
Thomas E. Congdon*	15,557.91
William J. Carey*	15,557.91
	$720,835.67

* These sums represent contributions to the Partnership by the General Partners during its Secondary Term when certain Limited Partners declined to meet Calls for Funds. The General Partners are entitled to participate in the Production Payments with respect to these contributions. The General Partners are not entitled to participate in the Production Payments with respect to the $509,038.08 they provided the Partnership for these two projects in their capacity as General Partners.

EXHIBIT B

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

I. Patented and unpatented mining claims in which Cyprus Mines Corporation has acquired an 80% interest by virtue of a Joint Venture Agreement dated January 1, 1975 with Congdon and Carey, Ltd. 5, and an Assignment dated April 18, 1975 from Congdon and Carey, Ltd. 5, to Cyprus Mines Corporation.

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnake Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.696
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
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Mineral Twin #2	1235	30615	10.214
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Summit #1	1236	30615	7.04
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1895 No. 4	1421	34697	5.925
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Minna	1575	38124	9.368
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Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Strawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
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(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
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Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
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Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.96
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 100% interest (20% of which is to be assigned to Congdon and Carey, Ltd. 5).

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claims).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Nut	05/08/1976	76	1081	M MC 17030 (SD)	) 22.31
Nut Number One (1)	05/08/1976	76	1082	M MC 17031 (SD)	)

NOTE: The area covered by these claims has been relocated November 16, 1982 as the Erik 1-4 unpatented lode claims; recordation and B.L.M. filing is in process.

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOC. NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 38821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/23/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02

DOC. NO. 83-2385

1983 JAN -7 AM 9:45

JOANNE C. PLEASANT
LAWRENCE COUNTY
REGISTER OF DEEDS

Fee 11.00

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that CONGDON AND CAREY, LTD. 5, a Colorado limited partnership ("Assignor"), for and in consideration of the sum of Ten Dollars and other good and valuable consideration, to it in hand paid by CoCa MINES INC., a Colorado corporation ("Assignee"), the receipt of which is hereby acknowledged, has bargained and sold and by these presents does grant, convey, transfer and assign unto Assignee all right, title and interest of Assignor in, from and under the terms of each lease or other property described in Exhibit A attached hereto and the lands described therein.

EXECUTED as of the 31st day of December, 1982.

CONGDON AND CAREY, LTD. 5

By: _____
Thomas E. Congdon
General Partner

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On this 3rd day of February, 1983, before me, REBECCA D ZUPAN, the undersigned officer, personally appeared Thomas E. Congdon who acknowledged himself to be a General Partner of Congdon and Carey, Ltd. 5, a Colorado limited partnership, and that he, as such General Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as General Partner.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My commission expires: April 13, 1986

_____
Notary Public

Address: 1[illegible] BUILDING
[illegible]
[illegible] 80203

COCA-01-015

EXHIBIT A

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

I. Patented and unpatented mining claims in which Cyprus Mines Corporation has acquired an 80% interest by virtue of a Joint Venture Agreement dated January 1, 1975 with Congdon and Carey, Ltd. 5, and an Assignment dated April 18, 1975 from Congdon and Carey, Ltd. 5, to Cyprus Mines Corporation.

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnake Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.696
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Belle	1235	30615	10.257
Summit	1236	30615	6.806
Summit #1	1236	30615	7.04
Horn Silver	1236	30615	9.929
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Strawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.66
(Amended)	-	215	300		
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.96
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 100% interest (20% of which is to be assigned to Congdon and Carey, Ltd. 5).

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claims).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Nut	05/08/1976	76	1081	M MC 17030 (SD)	) 22.31
Nut Number One (1)	05/08/1976	76	1082	M MC 17031 (SD)	)

NOTE: The area covered by these claims has been relocated November 16, 1982 as the Erik 1-4 unpatented lode claims; recordation and B.L.M. filing is in process.

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOC. NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 38821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/23/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02

DOC. NO. 83-2386

1983 FEB -7 AM 9:46

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS

Jen 7.

QUIT CLAIM DEED

THIS QUIT CLAIM DEED is made and entered into as of the 23rd day of August, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to convey an undivided twenty (20%) percent interest in that property identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby convey and quit claim to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that property identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This quit claim deed is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this quit claim deed effective as of the date first above written.

CYPRUS MINES CORPORATION

By: H L Bauer Jr
H. L. Bauer, Jr.
Vice President

APPROVED Log

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 23rd day of August, 1983, before me, Marian Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

Marian Schutz
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: Feb. 5, 1986

COCA-01-016

E X H I B I T A

Attached to and made a part of that certain Assignment of Interest dated the 23rd day of August, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described unpatented lode mining claims located in Township 4 North, Range 4 East, Sections 5, 6, and 7, B.H.P.M., Lawrence County, South Dakota:

CLAIM NAME	DATE LOCATED	ORIGINAL RECORDING INFORMATION	BLM SERIAL NUMBER
Jen 1	05/22/82	Document No. 82-1772	M MC 88817
Jen 2	05/22/82	Document No. 82-1773	M MC 88818
Jen 3	05/22/82	Document No. 82-1774	M MC 88819
Jen 4	05/22/82	Document No. 82-1775	M MC 88820
Jen 5	05/22/82	Document No. 82-1776	M MC 88821
Jen 6	05/22/82	Document No. 82-1777	M MC 88822
Jen 7	07/15/83	Document No. 83-4608	M MC 102163
Jen 9	05/22/82	Document No. 82-1779	M MC 88824
Jen 10	05/22/82	Document No. 82-1780	M MC 88825

ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 7, 1982, by and between Whitehouse Congress, Inc., a South Dakota corporation, whose President is Willis F. Aye, Lessor(s), and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on March 8, 1983, as Document No. 83-2622, in the records of the County of Lawrence, State of South Dakota, which covers the following described property, to wit:

Name of Claim	Mineral Survey Number	Patent Number
Highland Mary Lode	326	8654

L-100093

ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

ACCEPTED

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 7, 1982, by and between Willis F. Aye and Lona B. Aye, husband and wife, Lessor(s), and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on March 8, 1983, as Document No. 83-2623, in the records of the County of Lawrence, State of South Dakota, covering the following described property, to wit:

Name of Claim	Mineral Survey Number	Patent Number
Bailey Lode	1871	42922

L-100092

ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

APPROVED

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 3, 1982, by and between Orba T. Borsch and Maria Borsch, husband and wife, and Rose E. Borsch, widow of Chester A. Borsch, Lessor(s), and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on August 3, 1983, as Document No. 83-2673, in the records of the County of Lawrence, State of South Dakota, which covers the following described property, to wit:

	Recorded		
Name of Claim	Book	Page	B.L.M. Serial No.
Maria Lode	342	290	M MC 32414

L-100165

ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

APPROVED

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 10, 1982, by and between Marcia A. Darland, a married woman dealing in her sole and separate property, Lessor, and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on February 15, 1983, as Document No. 83-2455, in the records of the County of Lawrence, State of South Dakota, covering the following described unpatented lode mining claims, to wit:

T4N-R4E, B.H.M.
Section 5: Lot 5
Section 6: Lot 8

Name of Claim	Recorded Document Number	B.L.M. Serial No.
Erik No. 1	82-5392	M MC 95380
Erik No. 2	82-5393	M MC 95381
Erik No. 3	82-5394	M MC 95382
Erik No. 4	82-5395	M MC 95383

Bear Butte Mining District, Lawrence County South Dakota.

ACQUISITION AGREEMENT

THIS AGREEMENT is made and entered into as of this 22nd day of June, 1986, by and between GILT EDGE INC., a South Dakota corporation; hereinafter simply referred to as "Gilt Edge" or "Purchaser"; and CYPRUS MINES CORPORATION, a Delaware corporation, hereinafter simply referred to as "Cyprus", and COCA MINES INC., a Colorado corporation, hereinafter simply referred to as "CoCa", with Cyprus and CoCa being hereinafter collectively referred to as "Seller".

WITNESSETH:

WHEREAS, the Seller, by that certain mining agreement (the "Mining Agreement") dated as of June 1, 1983, leased certain mining properties within the Gilt Edge Mining District of Lawrence County, South Dakota to Lacana Mining Inc. (now Lacana Gold Inc.), a Memorandum of which was recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983, a full and complete copy of said Mining Agreement is attached hereto as Exhibit "A"; and

WHEREAS, the original parties to the Mining Agreement entered into a First Amendment to Mining Agreement dated as of May 30, 1985, with Lacana Mining Inc. (now Lacana Gold Inc.) acting on behalf of, and for the benefit of, Gilt Edge, which Amendment to the Mining Agreement, a copy of which is attached hereto as Exhibit "B", shall, unless the terms of this Agreement dictate otherwise, be included in all subsequent references to the Mining Agreement; and

WHEREAS, the mineral properties subject of the Mining Agreement are comprised of interests in patented and unpatented mining claims, other patented property, and leasehold interests in patented and unpatented mining claims, other patented property, all more particularly described in the Mining Agreement and the attachments thereto, and which will hereinafter collectively be referred to as the "Subject Property"; and

WHEREAS, the Mining Agreement sets forth an Area of Interest, which "Area of Interest" shall be adopted by the parties hereto as a definition of land area for the purposes of this Agreement; and

WHEREAS, all of the right, title and interest of Lacana Gold Inc. in and to the aforesaid Mining Agreement was assigned to Gilt Edge by that certain Assignment and Assumption

Agreement dated January 11, 1985, which was duly recorded in Lawrence County, South Dakota, as Document #85-649, on March 13, 1985; and

WHEREAS, it is now the desire of Gilt Edge to purchase all of the right, title and interest of the Seller in and to the Mining Agreement, the Subject Property and the Area of Interest, and the desire of the Seller to sell to Gilt Edge all of its right, title and interest in and to the Mining Agreement, the Subject Property and the Area of Interest, including but not limited to all interests of Seller of any kind or nature to receive royalties from mineral production therefrom;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00), in hand paid by Gilt Edge to the Seller, the receipt and sufficiency of which is acknowledged by the Seller, and the other consideration, terms, conditions, covenants and promises contained herein, the parties agree as follows:

1. AGREEMENT TO SELL: The Seller agrees to exclusively sell, grant, assign and convey, all of its right, title and interest in and to the Mining Agreement, Subject Property, Area of Interest and any personalty on the Subject Property or subject of the Mining Agreement as of the date of this Agreement to Gilt Edge in accordance with the terms and conditions of this Agreement, by appropriate quitclaim deeds, assignments or conveyances, or by bills of sale or otherwise ("Conveyance Documents"), as approved by counsel for Gilt Edge, and in a form that may be recorded in Lawrence County, South Dakota.

It is understood and agreed to by Gilt Edge and the Seller that such Conveyance Documents, after being approved as to form and content by counsel for Gilt Edge, but without warranties of title except as set forth herein, shall be subject to the purchase escrow provisions set forth below.

It is understood and agreed to by Seller that it will continue to cooperate with Gilt Edge in perfecting title in and to the Subject Property or other properties within the Area of Interest by executing any further and additional documents necessary to carry out the spirit and intent of this Agreement, even after the closing of the purchase escrow contemplated by the provisions set forth below.

2. PURCHASE CONSIDERATION: Gilt Edge agrees to pay to Seller the following amounts as full consideration for the

interests in the Mining Agreement and Subject Property conveyed to it by the Sellers:

$100,000.00	upon execution of this Agreement
$400,000.00	on or before August 1, 1986
$750,000.00	on or before December 31, 1986

unless this Agreement is sooner terminated, surrendered or forfeited. In the event that this Agreement is terminated, surrendered or forfeited any payments made by Gilt Edge shall not be refunded but shall be retained by the Seller as reasonable rental. Notwithstanding anything to the contrary in this Agreement, if any claims exist as of December 31, 1986 for which Gilt Edge is obligated to indemnify Seller under Section 6.3 of the Mining Agreement, Gilt Edge shall not be entitled to obtain the release of the Conveyance Documents from Escrow Agent (notwithstanding any tender of payment by Gilt Edge hereunder) until all such claims have been satisfied or, in the case of a threatened claim, Gilt Edge has provided Seller with a continuing indemnification and guaranty in form satisfactory to Seller providing for the payment and satisfaction of any such claim.

3. ABATEMENT OF SELECTED PROVISIONS OF MINING AGREEMENT: Upon execution of this Agreement, and thereafter until the completion of the purchase of all the interest of the Seller in the Mining Agreement and Subject Property that will culminate with the closing of the purchase escrow arrangement set forth below, Gilt Edge shall have the right to continue possession, exploration, development and mining of the Subject Property in accordance with the terms and conditions of the Mining Agreement without being obligated to make any payments under Section 4.2, 4.3 or 4.4 to Seller during the term of this Agreement, provided, however, that no surface disturbing operation shall take place on the Subject Property until the August 1, 1986 payment provided for in Section 2 hereof is paid to Seller. Except as otherwise set forth above, during the term of this Agreement, Gilt Edge shall observe and perform all obligations and covenants applicable to it under the Mining Agreement.

In the event this Agreement is terminated by default of Gilt Edge, then all provisions of the Mining Agreement, including, without limitation, all obligations accrued or owed to Seller under Sections 4.2, 4.3 and 4.4 shall automatically go back into full force and effect effective as of June 25, 1986, except that any monies paid hereunder shall be credited against Evaluation Expenditures accrued

under Section 4.2 of the Mining Agreement. In the event of a conflict between the terms of this Agreement and the terms of the Mining Agreement, the terms of this Agreement shall govern and prevail.

4. WARRANTIES AND REPRESENTATIONS OF SELLER: The Seller represents and warrants unto Gilt Edge as follows:

(a) Seller has the full and exclusive right and power to act on behalf of Seller, and on behalf of any other interest person or entities, to sell its interest in and to the Mining Agreement, Subject Property and Area of Interest to Gilt Edge under the terms and provisions of this Agreement and to grant the rights granted to Gilt Edge hereunder;

(b) except as otherwise disclosed in this Agreement, the Subject Property is free and clear of all liens and encumbrances made or suffered by the Seller;

(c) the Subject Property is not subject to any agreements made or suffered by the Seller contrary to the provisions of this Agreement or the Mining Agreement;

(d) while this Agreement remains in effect, Seller will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance; and

(e) Seller has not done any acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constituted a default; or any act which with the passage of time could become a default under any of such leases; that notice of default has been given to Seller and to Seller's knowledge no such notice is contemplated to be given by any of the lessors under the leases subject to the Mining Agreement; that Seller is the sole present lessee and has the full and exclusive right and power to assign such leases to Gilt Edge, subject to the terms of the Mining Agreement.

All the representations and warranties set forth herein shall survive the term of this Agreement provided Gilt Edge has made all payments required under Section 2 hereof to Seller.

5. WARRANTIES AND REPRESENTATIONS OF GILT EDGE: Gilt Edge represents and warrants unto the Seller that it, Gilt Edge,

has the full right and corporate authority to enter into this Agreement, and that upon execution this Agreement will be binding upon Gilt Edge.

While this Agreement remains in effect, Gilt Edge will not place upon or cause or allow to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance.

While this Agreement remains in effect, Gilt Edge will do no acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constitute a default or any act which with the passage of time could become a default under any of such leases.

All the representations and warranties set forth herein shall survive the term of this Agreement.

6. CONGDEN AND CAREY, LTD. 5: Gilt Edge acknowledges that it has been advised by CoCa that CoCa acquired its interest in the Subject Property from Congden and Carey, Ltd. 5 ("Congden and Carey"), a Colorado Limited Partnership, subject to a prior assignment made by Congden an Carey, on the 31st day of December, 1982 in favor of its limited partners (the "Limited Partners"). CoCa represents and warrants that, notwithstanding the said assignment or any of the terms that may be contained therein, CoCa has the full and sufficient right and authority to transfer all of the interest of CoCa, Congden and Carey, and the Limited Partners in the Mining Agreement, the Subject Property and the Area of Interest to Gilt Edge free and clear of all liens and encumbrances in accordance with the terms of this Agreement and further agrees to indemnify and save Gilt Edge harmless from and against any claim or action relating to the transfer of such title and interest to Gilt Edge by CoCa (including any costs incurred by Gilt Edge in connection with any such claims or action) either threatened or commenced by Congden and Carey, the Limited Partners, or any of them.

7. PURCHASE ESCROW: Upon execution of this Agreement the parties hereto agree to immediately, or as soon thereafter as is reasonably possible, deposit a fully executed copy hereof, together with any and all Conveyance Documents prepared, approved and executed as of that date, in escrow with a mutually acceptable escrow agent ("Escrow Agent"). Gilt Edge shall also prepare and deliver to Escrow Agent a quitclaim deed conveying all of its right, title and interest in this Agreement to Seller (the "Quitclaim Deed") and a

release in recordable form releasing the Memorandum of Agreement (the "Release"). Such Escrow Agent shall be instructed to release unto Gilt Edge all Conveyance Documents, the Quitclaim Deed and the Release upon the earlier of (i) fifteen (15) days after receiving written notice from Gilt Edge that the purchase payments set forth above have been made, or (ii) upon receipt of written confirmation from Sellers that all payments required under Section 2 hereof have been paid by Gilt Edge. The Escrow Agent shall seek confirmation of such payments from the Seller, however should the Seller fail to respond to inquiries of either Gilt Edge or the Escrow Agent to ratify said payments for a period of more than fifteen (15) days, such ratification and approval shall be inferred. The parties hereto shall accept all reasonable escrow conditions imposed by the Escrow Agent and shall share equally in all escrow charges or fees.

At any time during the pendency of the escrow the parties hereto can add to or modify the Conveyance Documents to more correctly reflect the assignments or conveyance of property interest contemplated by this Agreement. Each party hereto agrees to cooperate with the other in drafting, reviewing and executing any Conveyance Document, or modifications thereto, in order that the property interests to be assigned or conveyed are correct at the time the escrow is to close pursuant to the terms of this Agreement.

Should the Seller fail to receive any one or all of the purchase payments set forth above in a timely manner, it shall give written notice to Gilt Edge of such default, and Gilt Edge shall have ten (10) days thereafter to cure such default or to furnish proof of payment. Should Gilt Edge fail to respond or otherwise satisfy the noticed default within the prescribed time, the Escrow Agent shall return the Conveyance Documents, the Quitclaim Deed and the Release to Seller and this Agreement shall terminate without Gilt Edge having any further rights under this Agreement to purchase the interests of Seller.

8. TERMINATION OF MINING AGREEMENT: Upon payment of all of the purchase price set forth in Section 2 hereof and the release of the Conveyance Documents to Gilt Edge by Escrow Agent, the Mining Agreement shall be terminated. Upon receipt of the Conveyance Documents,Gilt Edge may thereafter cause the same to be recorded in Lawrence County, South Dakota.

Gilt Edge, upon completion of the purchase of the Mining Agreement, agrees to accept the assignments of any leases subject to the Mining Agreement, and to perform all the obligations thereunder of the Seller, arising or occurring after the date of this Agreement, except any ongoing or past reclamation requirements accruing by past actions of the Seller. From and after the termination of the Mining Agreement, Gilt Edge shall cooperate with Seller in obtaining the release of Seller, Congden and Carey Ltd. 5 and Thomas Congdon from any obligations under the Leases conveyed to Gilt Edge hereunder.

9. COOPERATION OF SELLER: During the term of this Agreement, Seller shall reasonably cooperate with Gilt Edge to the extent such cooperation is required by law to obtain all county, state and federal permits required to conduct on the Subject Property the mining operation contemplated by Gilt Edge, but the cost thereof incurred by the Seller shall be paid by Gilt Edge.

10. INDEMNIFICATION: Gilt Edge hereby indemnifies and agrees to hold Seller harmless against, from and in respect to any and all damages, losses, liabilities, claims, costs and expenses (including, without limitation, reasonable attorneys' fees) arising as a result of any untrue representation or the breach of any warranty or covenant of Gilt Edge contained herein. Cyprus and CoCa each hereby severally, but not jointly, agree to indemnify and hold Gilt Edge harmless from, against and in respect to any and all damages, losses, liabilities, claims, costs and expenses (including, without limitation, reasonable attorneys' fees) arising as a result of any untrue representation or the breach of any warranty or covenant made by such party contained herein. Notwithstanding anything to the contrary contained in the foregoing, the aggregate amount of all claims for the breach of all representations, warranties and covenants of Cyprus or CoCa, as the case may be, shall not exceed the total payment proceeds received by such party pursuant to Section 10 hereof.

Notwithstanding the termination of the Mining Agreement pursuant to the terms of Section 8 hereof, the Indemnity provided for in Section 6.3 of the Mining Agreement shall survive the termination of such Agreement and shall remain the continuing obligation of the parties hereto in accordance with the provisions of such section.

11. MULTIPLE PARTIES - AGENT: As the Seller is and, may be, from time to time, made up of various individuals or entities whose ownership interests may vary, the Seller hereby names:

Cyprus Mines Corporation
as to Eight-tenths (8/10 or eighty percent (80%)) of any payment
P.O. Box 3299
7000 So. Yosemite Street
Englewood, Colorado 80155

Attention: Property Records Supervisor

And:

CoCa Mines Inc.
as to two-tenths (2/10 or twenty percent (20%)) of any payment
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

Attention: J. C. Mitchell

as its agent to receive from Gilt Edge all payments to Seller due hereunder. Such payments shall be made by cashiers' checks, wire transfers, or other methods providing immediate funds, payable to the order of said agents at such addresses. Any charges made by said agents shall be paid by Seller. Payment by Gilt Edge to said agents, or to any other agents designated by the different ownership groups of Seller in accordance with this paragraph, shall constitute and be payment in full to Seller and each ownership group of each such payment, and such payment shall constitute and be a full discharge of all of Gilt Edge's obligations to make such payment. Gilt Edge shall not have any obligation whatsoever, with respect to the distribution of any such payment by any such agents to Seller or its ownership groups or to any other person or persons entitled thereto or to any part thereof. If such agents, or any successors thereof, shall cease to exist or shall refuse to serve as Seller's, or its ownership groups', agents hereunder, such payment shall be made thereafter to any bank or other party in the United States that Seller shall designate. Gilt Edge shall be entitled to withhold all payments hereunder until such designation is made. At all times pertinent hereto, Gilt Edge shall have the right to demand that no more than two (2) agents act in the place and stead of Seller and its ownership groups for purposes of receiving payments hereunder. At the time payments are made by Gilt Edge to said agents, Gilt Edge shall send notices of such payment to Seller, as provided below.

12. NOTICES: Any notice or demand which is required to be given hereunder by either party hereto which either party may desire to give to the other hereunder shall be given in writing by mailing the same by United States mail, registered or certified, return receipt requested postage prepaid, addressed to the other party at his respective address shown below and, to be effective, must be made to all those designated to receive copies set forth below. A notice hereunder shall be effective the second (2nd) day next following deposit thereof in the United States mail or, if made by personal delivery, the same shall become effective on the day of such delivery to the party as provided herein. A party's address, as set forth hereinbelow and/or the person to whose attention the notice is to be given, may be changed by such party by notice given as provided herein to the other party:

If the notice is to Seller:

Cyprus Mines Corporation
Attention: H.L. Bauer, Jr.
P.O. Box 3299
7200 So. Alton Way
Englewood, Colorado 80155

with a copy to:

CoCa Mines Inc.
Attention: J.C. Mitchell
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

If the notice is to Gilt Edge:

Gilt Edge Inc.
Attention: Wayne McClay
Suite 1088
99 West Hastings Street
Vancouver, British Columbia
V6C 2W2

with a copy to:

Swinton & Company
Attention: Stephen E. Dadson
Suite 1300
1090 West Georgia Street
Vancouver, British Columbia
V6E 3X9

13. NON-PARTNERSHIP: This Agreement shall not constitute or be construed to constitute a partnership, mining partnership, joint venture or joint operation. The full control and determination as to manner, extent and character of mining operations during the term of this Agreement shall be determined by Gilt Edge in accordance with the provisions of the Mining Agreement.

14. ENTIRE AGREEMENT: AMENDMENTS: Except for the applicable terms of the Mining Agreement, this Agreement contains the entire agreement between Gilt Edge and Seller, and no oral agreement, promise, statement or representation which is not contained herein shall be binding upon Gilt Edge or Seller. All amendments of this Agreement shall be in writing and executed by the parties.

15. BINDING EFFECT: All of the terms, conditions, warranties, covenants and agreements herein contained shall be binding on the parties hereto, their partners, heirs, successors and assigns.

16. RECORDATION: The parties hereto agree that this Agreement will not be recorded but that a Memorandum of Agreement will be recorded setting forth the rights of Gilt Edge to acquire the rights of the Seller to the Mining Agreement, Subject Property and the Area of Interest. A release of such Memorandum shall be executed by the parties hereto and delivered to Escrow Agent simultaneously with the delivery of the Conveyance Documents.

17. SEVERABILITY: If any of the provisions of this Agreement is or becomes void or unenforceable by Force of Law, the other provisions shall remain valid and enforceable.

18. WAIVER: The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by any part of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to effect either validity of this Agreement, or any part hereof, or the right of each party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

19. CURRENCY: References to currency in this Agreement are references to United States currency.

20. INSURANCE: If any operations are conducted upon the Subject Property by Gilt Edge while this Agreement is in effect, Gilt Edge shall carry Worker's Compensation insurance as required by applicable law and shall carry General Liability and Automobile Liability insurance of not less than One Million Dollars ($1,000,000.00) for each occurrence for property damage, bodily injury and public liability.

Cyprus Mines Corporation and CoCa Mines Inc. shall be named insureds under such policies and shall be beneficiaries of insurer's waiver of subrogation under any required Worker's Compensation insurance policy. Certificates evidencing the foregoing insurance coverage shall be provided to Seller before any mining, exploration or development operations are conducted upon the Subject Property by Gilt Edge.

21. GOVERNING LAW: This Agreement shall be governed by the laws of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands as of the day and year first above written.

SELLER:

CYPRUS MINES CORPORATION,
a Delaware corporation

By: Chester B Stone Jr
Title: EXECUTIVE VICE PRESIDENT

COCA MINES INC.,
a Colorado corporation

By: Hugh J. Mueller
Title: President

GILT EDGE INC.,
a South Dakota corporation

By:
Title: PRESIDENT

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

On this the 27th day of JUNE, 1986, before me, FLORENCE FRANK, the undersigned officer, personally appeared CHESTER B. STONE, JR., who acknowledged himself to be the EXECUTIVE VICE PRESIDENT of CYPRUS MINES CORPORATION, a corporation, and that he, as such EXEC VICE PRESIDENT, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as EXEC. VICE PRESIDENT.

In witness whereof, I have hereunder set my hand and official seal.

Florence Frank
Notary Public
My Commission expires 7-21-86

STATE OF Colorado)
CITY AND) ss.
COUNTY OF Denver)

On this the 26 day of June, 1986, before me, Vicki L. Ferguson, the undersigned officer, personally appeared Hugh J. Matheson, who acknowledged himself to be the President of COCA MINES INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I have hereunder set my hand and official seal.

My Commission Expires Nov. 22, 1986

Vicki L. Ferguson
Notary Public
1776 Lincoln St.
Denver, CO

STATE OF _____)
PROVINCE) ss.
~~COUNTY~~ OF BRITISH COLUMBIA)

On this the 3rd day of July, 1986, before me, Philip Dadson, the undersigned officer, personally appeared Wayne McCloy, who acknowledged himself to be the President of GILT EDGE INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I have hereunder set my hand and official seal.

Barrister & Solicitor
1300 - 1090 W. GEORGIA ST
VANCOUVER, B.C. V6E 3X
PHONE 687-2242

Notary Public
My Commission does not Expire

EXHIBIT "A"

MINING AGREEMENT

STATE OF SOUTH DAKOTA

This Agreement, is made effective as of the first day of June, 1983, by and among Cyprus Mines Corporation, a Delaware corporation, 7000 South Yosemite Street, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation (hereinafter referred to as "Grantee"), whose address is P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510.

WHEREAS, Grantors or their predecessors, as the case may be, entered into a Joint Venture Agreement dated January 1, 1975, whereby Grantors agreed to explore, develop and mine certain property located in Lawrence County, South Dakota; and

WHEREAS, pursuant to the above Joint Venture Agreement, Grantors are the Lessees under certain leases ("Leases") covering patented and unpatented mining claims and are also the owners of certain patented and unpatented mining claims ("Claims"), all situated in Lawrence County, South Dakota, more particularly described in Exhibit A which is attached hereto and by reference made a part hereof (all of the property covered by the Leases and the Claims is hereinafter referred to as the "Property"); and

WHEREAS, Grantee desires to obtain an interest in the Property;

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I

GRANT AND DESCRIPTION

1.1 Assignment

Dollars ($US50,000.00) as specified in Section 4.1, receipt of which is acknowledged by Grantors, Grantors and each of them hereby sell, assign, transfer and convey to Grantee all of their right, title and interest in and to the above described Leases together with all rights incident and appurtenant thereto, subject only to the exceptions and reservations made in this Agreement.

1.2 Assumption of Obligations

Grantee hereby accepts the assignment of the above Leases and agrees to perform all of the obligations of Grantors thereunder and save and defend Grantors harmless from any claims or obligations under said Leases arising or occurring after the date of this Agreement, except for the obligations noted in Section 13.9. Grantee specifically assumes the obligation to make all payments required by the Leases on or after June 1, 1983 through May 31, 1984, regardless of the date of termination of this Agreement, unless terminated pursuant to Section 7.2. Grantee shall be responsible to make such payments to the Lessors of the Leases and Grantors shall cooperate in furnishing addresses, payment schedules and other information to Grantee.

1.3 Exclusive Lease of Claims

Grantors hereby lease exclusively to Grantee, its successors and assigns, for the term and purposes stated below, the Claims , together with all rights, privileges and appurtenances in anywise belonging to said mining claims, including, but not limited to, easements, rights-of-way, access rights, road construction rights, water and water rights and timber and vegetative resources, together with the right to use the surface to the fullest extent reasonably necessary, appropriate, convenient,

worthwhile or incidental to any of the rights and privileges of Grantee hereunder. The Claims are leased without limitation, for purposes of surveying, evaluation, exploration, additional prospecting, drilling, developing, mining by any method or otherwise extracting, stockpiling, storing, processing, treating, removing, stripping, and marketing or otherwise disposing of any and all minerals, metals, ores and materials of whatsoever kind and character (hereinafter "Minerals") in, upon, under, or extending from or into the Claims.

1.4 Area of Interest

The parties hereto hereby agree that if, after the date of this Agreement, Grantors or any one of them acquire any right, title or interest in any property the boundary of which is located within the Area of Interest, they shall promptly notify Grantee of such acquisition and if Grantee shall, within sixty (60) days after receipt of such notice, notify Grantors that said property should be included as part of the Claims or Leases under this Agreement (depending upon whether such property is acquired in fee or by lease), Grantors shall execute all necessary documents in order that such property shall be included as part of the Property under this Agreement. The term "Area of Interest" as used herein shall be deemed to mean that property situate in Lawrence County, South Dakota more particularly described as:

Township 4 North, Range 3 East, B.H.M.

Section	1:	all
	12:	all
	13:	N½

Township 5 North, Range 3 East, B.H.M.

Section	36:	all

Township 4 North, Range 4 East, B.H.M.

Section	4:	W½
	5:	all
	6:	all
	7:	all
	8:	all
	9:	W½
	16:	NW¼
	17:	N½
	18:	N½

Township 5 North, Range 4 East, B.H.M.

Section 31: all
32: all

The Area of Interest is also shown graphically on Exhibit B attached hereto and by reference made a part hereof. If Grantee does not elect to include such property under this Agreement, Grantors shall be free to retain, use or dispose of their right, title and interest in such property as they may determine. Unless otherwise agreed in writing by the parties hereto, if Grantee elects that any such property offered by Grantors be included as part of the Property under this Agreement, Grantee shall reimburse Grantors their costs in acquiring such property, and such costs shall be included as Evaluation Expenditures as defined herein. After any such property is added, as provided in this Paragraph, such property shall thereafter be considered part of and be included in the Property as either Claims or Leases.

Grantee shall have the right to prospect for, locate and otherwise acquire property interests within the Area of Interest. Any such properties acquired by Grantee will become part of this Agreement as Claims (in the case of fee acquisition) or Leases (in the case of acquisition by lease).

In the event that this Agreement is terminated, those claims and leases hereafter acquired by Grantee within the Area of Interest shall be conveyed by Grantee by quitclaim deed to Grantors. Upon the expiration of one (1) year after termination of this Agreement, each party shall be free to acquire interests within the Area of Interest.

1.5 Purposes

The Claims are leased to Grantee to survey, evaluate and drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship and market or otherwise dispose of any and all Minerals in, upon or under the Claims or other land in the vicinity of the Claims; and to exercise any and all rights or privileges granted in this Agreement, or which are incident to

or which may be useful or convenient in the exercise of any of the rights granted in this Agreement. In addition to the rights, privileges and purposes set forth in Section 1.3 and in the foregoing sentence, Grantee shall have unrestricted access to the Claims and the exclusive rights (i) to develop and mine, and to extract, remove and dispose of any and all air, Minerals, water and waste from the Claims and to deposit such materials on or in the Claims, by means of underground or surface mining operations in or on the Claims or other property, (ii) to remove air, Minerals, water and waste, and materials from other property and to carry on general mining and milling operations pertaining to the Claims or other such property, on the surface of or through underground or surface workings on the Claims, (iii) to use any part of the Claims for tailings and waste dumps and for any other purpose incident to underground or surface mining operations on the Claims or other property, (iv) to erect, construct, use and maintain on the Claims such roads, buildings, structures, machinery, and equipment as may be required by Grantee for the conduct of operations on the Claims or other property, and (v) to sell Minerals and other products derived from the Claims in such forms, on such terms, at such times and for such prices as Grantee may, in its sole discretion, determine. All operations on the Claims by Grantee shall be conducted in a good and miner-like manner.

1.6 Operations

Grantee shall also have exclusive right without limitation and in its sole discretion: (a) to further evaluate the Claims by drilling, seismic or other geophysical methods, to mine by any method or methods deemed desirable or convenient, including but not limited to, underground, open pit, strip, in situ, solution and leaching; and to process and treat the Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all excavations, pits, shafts, and openings on the Claims and to inject such gas, waters, other

fluids, air and other substances into the subsurface strata thereof; (c) to stockpile, store or dispose of on or off the Claims, Minerals, waste, earth, tailings and other materials; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Claims buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements.

1.7 Operations on Adjacent Lands

Grantee shall have the right to remove Minerals from the Claims through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Claims.

1.8 Water Use

Grantee shall have the free use of any and all water and water rights in and on the Claims, to the extent Grantors are able to grant such right.

1.9 Ingress and Egress

Grantors grant Grantee the right to use all rights-of-way for ingress to and egress from the Claims which it is within the power of Grantors to grant, together with the right to construct roads across such rights-of-way to assist Grantee in conducting its operations.

1.10 Acquisition of Additional Acreage

Grantors and Grantee agree that control of the Old Pennsylvania, M.S. 1632, and the Black Dan, M.S. 327, patented lode claims is advisable for the orderly exploration and development of the Property. Grantors hereby agree to pursue with all reasonable diligence the negotiation and execution of a

definitive agreement with the legal representative of the estate of Fred G. Borsch, deceased, owner of the above mentioned patented lode claims, for the lease or acquisition of these claims upon terms reasonably acceptable to Grantee. To this effect Grantors agree to also pursue with all reasonable diligence the approval of Geraldine Fahrni, a possible heir, of such a definitive agreement. Grantee acknowledges that the estate is subject to a will contest and that factors beyond the control of Grantors may delay or prevent the execution of such a definitive agreement. If these claims are acquired, they shall become part of the Property, either as Claims (in the event of outright acquisition) or as Leases (in the event of acquisition by lease).

However, if despite the reasonable diligence of the Grantors as aforesaid such definitive agreement has not been obtained on or prior to the first anniversary of the date of this Agreement, the Grantee shall have the right and option to notify Grantors within 14 days after said first anniversary that it has elected to suspend this Agreement, pending satisfactory resolution of such will contest. On such notice being given, the term of this Agreement shall be suspended effective the end of the day prior to the said first anniversary. During the term of such suspension, the Grantee shall not be obligated to spend the amounts on Evaluation Expenditures specified in Section 4.2 hereof, other than such amounts as are required to keep the Leases and the Claims in force or in good standing, as the case may be.

The period of suspension shall extend 2 weeks after the time when Grantee receives an executed copy of the aforementioned definitive agreement. Anything in this Agreement to the contrary notwithstanding, the period of suspension shall not be counted against Grantee and it shall be excluded in computing and shall extend the time(s) of the performance by the Grantee of the covenants and conditions of this Agreement except that the beginning date for payment of minimum annual advance royalty under Section 4.4 shall not be extended by such suspension. The term of this Agreement shall also be extended by such period of suspension; provided, however, that if such definitive agreement

is not obtained on or prior to the second anniversary of the effective date of this Agreement and if the requirement for a definitive agreement has not theretofore been waived by the Grantee, this Agreement shall automatically terminate on the expiration of the second anniversary date. If Grantee waives the requirement for a definitive agreement on or prior to the second anniversary, this Agreement shall not terminate and the period of suspension shall extend two (2) weeks after such waiver is given whereupon this Agreement shall be reinstated and shall continue to be in full force and effect.

1.11 Grantee's Discretion in Operations

It is agreed that Grantee shall have the right to decide in its sole discretion on what part or parts of the Property any of the operations contemplated in this Agreement are to be carried out and the timing and priority of any such operations, including, without limitation, the right to determine whether such operations will be carried out on any one or more Claims in priority to the Leases or vice versa; provided that nothing in this section shall be interpreted as altering or diminishing the obligations of Grantee set forth in other provisions of this Agreement.

ARTICLE II

OPTION TO PURCHASE

2.1 Exercise of Options

Grantee agrees to exercise, at Grantors' request, any options to purchase which may be contained in the Leases. Grantors agree to pay any difference between the purchase option price and the total payments creditable toward the purchase price at the time of exercise of the option, if any such options are exercised before satisfaction, as specified in Section 3.3, and title to such property covered by such Leases shall be held by Grantors. If such options are exercised after satisfaction, Grantee shall be responsible for the entire purchase price and shall hold title.

ARTICLE III

TERM OF AGREEMENT

3.1 Term

Unless sooner terminated as hereinafter provided, the lease of the Claims contained in this Agreement shall remain in full force and effect for a period of ten (10) years from the effective date hereof (the "Primary Term") and so long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis within the Area of Interest. For this purpose, development, mining or processing operations shall be deemed continuous so long as all such operations do not cease for a period of more than one hundred eighty (180) consecutive days, excluding period(s) of force majeure as provided in Section 10.3 of this Agreement and as provided hereinafter. In the event Grantee is unable to obtain a satisfactory market for any Minerals discovered or produced from the Claims, and as a result Grantee delays commencement of development, mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this Agreement shall not expire or terminate during such period of lack of market but may be extended by Grantee's continuing payment of minimum royalties under Article IV. Grantee shall use diligence in searching for a satisfactory market for the Minerals during such lack-of-market periods, and when a satisfactory market becomes available, Grantee shall have a reasonable time thereafter, not to exceed sixty (60) days, within which to begin or renew development, mining or processing operations.

3.2 Termination

Upon thirty (30) days' prior written notice to Grantors, Grantee shall have the right at any time to terminate this Agreement as to all of the Property by notifying Grantors thereof and thereupon all rights and obligations of Grantee under this Agree-

ment, except for those obligations which may have accrued prior to termination, shall terminate. Upon termination of this Agreement, Grantee shall:

(a) Quitclaim to Grantors all of Grantee's right, title and interest in and to the Property; and

(b) Within sixty (60) days after surrender or other termination of this Agreement, Grantee shall deliver to Grantors copies of all factual geological, metallurgical, and engineering data and maps, logs or drill hole cores and results of assaying related to the affected properties which Grantee may obtain as a result of exploration work under this Agreement, provided, however, Grantee shall have no liability on account of any such data used or relied upon by Grantors.

(c) In the event that Grantee shall fail to deliver such data, Grantors shall be entitled to receive, as liquidated damages, a payment equal to the sum of the expenditures made by Grantee to compile the data referred to in subsection 3.2(a)(ii).

Upon such termination, all payments previously made shall be retained by Grantors as full compensation for use and occupancy of the Property and all liabilities and obligations of Grantee of any kind then not due or accrued with respect to the Claims and Leases shall terminate.

3.3 Satisfaction

In the event that Grantee fulfills its entire Evaluation Expenditure obligation of $US7,500,000.00 at any time on or before the end of the fifth year of this Agreement, and is otherwise in compliance with this Agreement, Grantee may notify Grantors of such facts and Grantors shall, within thirty (30) days of such notice, provide Grantee with fully executed quitclaim deeds to the Claims and to any acreage obtained through exercise of purchase options contained in the Leases, subject only to a reservation of a production royalty or overriding

royalty as provided in Section 4.3, and a minimum annual advance royalty as provided in Section 4.4. This Agreement shall thereupon be considered satisfied and terminated.

ARTICLE IV

CONSIDERATION

4.1 Bonus

Concurrent with the execution of this Agreement, Grantee shall pay to Grantors as a Bonus the sum of $US50,000.00.

4.2 Evaluation Expenditures

During each one year period of this Agreement, beginning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year	Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
6-1-83 through 5-31-84	$ 500,000	$150,000
6-1-84 through 5-31-85	1,000,000	200,000
6-1-85 through 5-31-86	2,000,000	200,000
6-1-86 through 5-31-87	2,000,000	200,000
6-1-87 through 5-31-88	2,000,000	250,000

Any deficiency in the amount of Evaluation Expenditures incurred in any period may be made up within sixty (60) days after the end of the period in which such deficiency occurred without penalty by incurring Evaluation Expenditures or making cash payment to Grantors in the amount of the deficiency. If any such deficiency is not made up within such time, this Agreement shall terminate and Grantee shall follow the provisions of paragraph 3.2. Evaluation Expenditures in excess of that required for any one year period may be made by Grantee and any Evaluation Expenditures during a period in excess of the required minimum expenditure set forth above shall be a credit against the Evaluation Expenditure requirements for subsequent exploration periods. "Evaluation Expenditures" shall be deemed to mean and

include the costs of evaluation, further exploring, and developing the Property, including the drilling, excavating and searching by all recognized prospecting techniques; sampling, assaying, testing and evaluating materials removed therefrom, including large-scale bulk sampling or testing; mapping, platting, surveying; constructing and maintaining camps, roads, works and structures necessary to carry out evaluation, sampling or testing; all payments made to maintain the Leases and Claims in good standing, including rentals, assessment work, and minimum advance royalties, but not production royalties; all costs incurred in acquiring additional acreage within the Area of Interest; all studies including metallurgical, mine planning, financial, economic, scoping, feasibility, marketing, geological and technical studies required to develop a prospect or mine and all work that may be required for preparing a mine for operation, including the opening of a mine, the construction and instal[illegible] of operating facilities and the procurement of [illegible]rials, tools, equipment, machinery and supplies [illegible]reto. Five (5%) percent of each year's Evaluation may be allocated by Grantee to overhead and [illegible]. Travel expenses and time of technical personnel [illegible]aged in work on or for the benefit of the Property may be charged as Evaluation Expenditures but office and administrative expenses, including time of administrative personnel shall be covered by the five percent overhead charge. The commitment for Evaluation Expenditures shall accrue annually in advance. Accordingly, upon execution of this Agreement Grantee is obligated for the first lease year evaluation expenditure of $500,000, of which $150,000 must be spent on exploration drilling, unless this Agreement is terminated pursuant to the title provisions of Section 7.2 in which event all obligations for Evaluation Expenditures shall be terminated ab initio. In a similar fashion, if the first anniversary date is reached without termination of this Agreement, then the second year's Evaluation Expenditure shall be deemed to have accrued and Grantee shall be

liable therefor whether or not this Agreement is terminated during the second lease year. The Evaluation Expenditures shall accrue in a similar fashion over the ensuing lease years. Exploration drilling shall mean all drilling carried out on the Property, and expenditures on exploration drilling shall mean all direct and indirect drilling costs, including, without limitation, road and site preparation, standby charges, mobilization and demobilization costs, related assaying costs and technical supervision expenses.

4.3 Production and Overriding Royalty

(a) Grantors hereby except and reserve from the assignment of the Leases an overriding royalty, and Grantee hereby agrees to pay to Grantors a production royalty on the Claims, all in the amount of seven and one-half percent (7½%), inclusive of any other royalties, production payments, overriding royalties or other burdens (but excluding taxes of any type) existing on the date of this Agreement, of the Net Value of all Minerals, including ores, metals, Dore bars, bullion, Concentrates and Mineral products derived from the Property.. Grantee shall have the right and obligation to pay all underlying production and overriding royalties, production payments or other burdens existing on the date of this Agreement and all such payments on account of production royalties, overriding royalties and production payments made to parties other than Grantors shall be credited against and deducted from the production and overriding royalty, if any, payable to Grantors hereunder and in the event that any such obligations equal or exceed seven and one-half (7½%) percent of the Net Value for any portion of the Property, then no royalty shall be payable to Grantors on such portion. It is the intention of the parties that the aggregate amount of royalties payable by Grantee to Grantors under this Agreement and to all other persons who are entitled to receive production royalties, overriding royalties or production payments under the Leases or any other agreements, shall not in the aggregate exceed

seven and one-half percent (7½%) of the Net Value of the production from the Property, except in those aforesaid circumstances in which, and only for so long as, such royalties and like payments payable to such other persons exceed seven and one-half percent (7½%) of the Net Value, and that there shall be no duplication of payments on account of overriding royalties and production royalties, if any, due to Grantors. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Grantee from the sale of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to a mill, Smelter, or other purchaser, user or consumer other than Grantee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to the mill, Smelter, or other purchaser, user or consumer. The term "Smelter" means conventional smelters, as well as any other type of production plant used in lieu of a conventional smelter to reduce ores or Concentrates.

(b) Grantee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Minerals, including ores, metals or Mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Grantee. Any upgrading beyond the stage at which beneficiation, milling, sorting, and concentrating has yielded concentrate in the form usually commercially marketable ("Concentrate") shall be done for Grantee's sole benefit, risk and account, and the Mineral products taken by Grantee for such upgrading shall be deemed, for the purpose of computing Net Value and royalties payable thereon only, and not otherwise, to have been sold at the mean of quotations for the

Concentrate so taken for the month of such takings as reported in "Metals Week" published by McGraw-Hill, Inc., or, in the event such quotations are not published therein or such publication ceases or suspended, then at the mean of the quotations for Concentrate of the type so taken for the month of such taking as may be reported in such other publication or source as is generally [illegible] as reflecting the quotation [illegible] such Concentrates are currently being offered for sale and purchase, or in the absence of such a publication, by such other means as may establish such quotations to the end that in determining the Net Value of such Concentrates as are not sold by Grantee, but are taken by it, the price received for such Concentrates shall be deemed to be the mean of prices at which Concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties. Grantee shall not be liable for mineral values lost in such processing under sound engineering practices. It is expressly understood that Grantee shall pay, or otherwise absorb, all costs and expenses incurred in all stages of the mining and treatment processes up to and including the loading of Concentrates in a form which is usually commercially marketable in rail cars or such other type of transport vehicle used for transporting the Concentrates from the mill or concentrator site. Grantee shall be permitted to sell Concentrates in the form usually commercially marketable to its parent company or any subsidiary of its parent company (more than 50% owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

(c) The production and overriding royalties provided for herein shall be the total payments due Grantors from Minerals produced from the Claims and Leases.

4.4 Minimum Annual Advance Royalty

Beginning on the fifth anniversary date of this Agreement, Grantee shall pay to Grantors a minimum advance royalty of $US200,000.00 per year. The payment of this minimum advance royalty shall continue on each subsequent anniversary date for a period of ten (10) years after the start of commercial production by Grantee on the Property. Minimum advance royalties shall constitute prepayment of and advances against payment of production and overriding royalties that may become payable under this Agreement. Grantee may credit all minimum advance royalties against production and overriding royalties accruing at any time until said advance royalties have been fully recouped from production and overriding royalties. Commercial production is hereby defined as ninety (90) days of continuous production from the mine and its associated facility at not less than seventy percent (70%) of its rated capacity.

4.5 Reduction of Expenditures

If this Agreement expires or is terminated as to all of the Claims, Grantee shall not be required to make any Evaluation Expenditures except as provided in Sections 4.2 and 12.2.

4.6 Applicability of Other Provisions

All of the provisions of this Agreement, including the obligations for payment of minimum advance royalties, production royalties and overriding royalties shall apply to properties which become Claims or Leases pursuant to the Area of Interest provisions of Section 1.4.

4.7 Salvage

Grantors shall not be entitled to share in the proceeds of salvage or other disposition of personal property or fixtures erected or placed on the Claims by Lessee.

ARTICLE V

MANNER OF PAYMENT

5.1 Production and Overriding Royalty Payments

Overriding royalties and production royalties to Grantors on the Leases and Claims, when payable, shall accrue monthly at the end of each calendar month and shall become due and payable quarterly on the fifteenth day of each month following the last day of the calendar quarter in which the same accrue. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the Minerals, Concentrates and other Mineral products, processed by Grantee for the preceding calendar quarter, the proceeds of sale, costs and other deductions and other pertinent information in sufficient detail to explain the calculation of the production and overriding royalty payments.

5.2 Payments to Grantors

All payments to Grantors under this Agreement shall be made in the following proportions to the parties listed until Grantee is otherwise notified in writing by all parties acting as Grantor hereunder:

Name	Percentage of Payment
Cyprus Mines Corporation P.O. Box 3299 7000 So. Yosemite Street Englewood, Colorado 80155 Attn: Property Records Supervisor	80%
CoCa Mines Inc. 1776 Lincoln Street Suite 910 Denver, Colorado 80203 Attn: J. C. Mitchell	20%

5.3 Audit

Grantee shall keep books and records relating to computation of payments for a period of at least two (2) years after receipt of such payment by Grantors. For a period of two (2) years after

Grantor's receipt of payment, Grantors shall have the right, upon reasonable notice and at a reasonable time, to have Grantee's accounts and records relating to calculation of the statement in question audited by a certified public accountant acceptable to Grantors and to Grantee. If such audit determines that there has been a deficiency or an excess in the payment made to Grantors, such deficiency or excess shall be resolved by adjusting the next production or overriding royalty payment due hereunder. If such audit discloses any deficiency between the amount of the production or overriding royalty payments due hereunder and the amount actually paid which exceeds five per cent (5%) of the amount due, Grantee shall pay all costs of such audit. If any such deficiency is five per cent (5%) or less, or if there is an overpayment, Grantors shall pay all costs of such audit. Grantors may also conduct their own audits at their own expense at reasonable intervals within the time provided above, but such audit shall not be binding on Grantee without Grantee's consent. All books and records used by Grantee to calculate production and overriding royalties due hereunder shall be kept in accordance with generally accepted accounting principles.

5.4 Claims by Third Parties

If any third party, other than the United States of America, asserts, through a judicial proceeding, any claim to or against the Claims for any Minerals, Concentrates, or Mineral products lying in or under the Claims, or to the surface of the Claims, or to any amounts payable to Grantee, Grantee may deposit any amounts otherwise due to Grantors in an interest-bearing escrow until the controversy is finally determined.

ARTICLE VI

OPERATIONS AND DAMAGES

6.1 Standard of Operations; Reports

Grantee agrees that all operations affecting the interests of Grantors under this Agreement shall be conducted in a good and miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Property or operations hereunder (including, without limitation, Workmen's Compensation Laws). Grantee shall provide to Grantors a yearly progress report summarizing the activities accomplished during the previous year within sixty (60) days after each anniversary date of this agreement.

6.2 Reclamation

Grantee shall comply with all applicable and valid governmental laws, rules, regulations and orders governing reclamation of the Property and restoration of the surface of the Property.

6.3 Indemnity

Grantors shall not be liable for any work performed or materials used upon the Property by Grantee after the date of this Agreement. Grantee shall hold Grantors and the Property free of and harmless from all liens, charges and liabilities arising from damage to property, or injury to, or death of persons caused by any acts or omissions of Grantee with respect to the Property. Grantors shall hold Grantee and the Property free of and harmless from all liens, charges and liabilities arising from damage to property, or injury to, or death of persons caused by any acts or omissions of Grantors with respect to the Property occurring prior to the date of this Agreement or occurring during the exercise of rights reserved to Grantors under this Agreement. Grantors may post on the Property during

the term of this Agreement such notices as they see fit of the nonresponsibility of Grantors for any of the acts of Grantee. In such event, Grantee shall exercise reasonable care to preserve the effective condition of any notice so posted.

6.4 Removal of Equipment and Minerals

Grantee shall have the right, but not the obligation unless otherwise required by law, to remove, within one (1) year after termination of this Agreement as to any part of the Claims any and all structures, machinery, equipment or other personal property or fixtures which Grantee erected or placed on any part of the Claims. Provided that the terms of Section 4.3 have been complied with, Grantee shall also have the right to remove, during said period, all Minerals, Concentrates and other Mineral products mined or extracted by Grantee during the term of this Agreement. All roads and bridges built on any part of the Claims, along with any water right initiated or established by Grantee, the point of surface diversion or ground water, withdrawal of which is on such part, will, upon the expiration or termination of this Agreement as to such part, if the surface rights of the Claims are owned by Grantors, become the property of Grantors without cost.

6.5 Inspection by Grantors

Grantors and Grantors' agents, duly authorized in writing, may enter upon the Property to inspect the same upon reasonable notice to Grantee and in a manner which will not unreasonably hinder or interrupt the operations and activities of Grantee on the Property or on any lands adjacent thereto. At the time of such inspection, Grantee will make available to Grantors, if requested, all records of factual data pertaining to the calculation of Production Royalty due hereunder including, without limitation, weighing, sampling and assaying of ore produced from the Property and sales, transportation, and processing costs; provided, however, Grantee shall not be obligated to furnish to

Grantors any internal proprietary data including, but not limited to, information which includes interpretive data. Grantee shall facilitate and assist such inspections by Grantors in every reasonable way, but Grantors or their agents shall enter upon the Property at Grantors' own risk and expense and shall indemnify, [illegible] damage, or liability including reasonable attorneys' fees and other expenses arising from or by reason of injury to or the presence of Grantors, Grantors' agents, representatives, licensees or guests, or any of them, on the Property, except damage or injury caused by the negligence or willful misconduct of Grantee.

6.6 Confidentiality

Grantors agree to treat all information acquired hereunder as confidential and further agree that Grantors shall not use name of Grantee, its parent, subsidiaries, affiliates or partners in any public statement or press release and shall make no press releases, public statements or public announcements of any sort concerning this Agreement or the operations and activities of Grantee with respect thereto, except with the prior consent of Grantee (which consent shall not unreasonably be withheld), or as required by law. During the term of this Agreement and for one (1) year following termination of this Agreement, Grantee agrees to treat all information regarding the Property as confidential, and will not disclose the same to third parties except with the consent of Grantors (which consent shall not unreasonably be withheld), or as required by law.

ARTICLE VII

TITLE

7.1 Representations and Warranties

Grantors hereby specifically make no warranties or representations with respect to the Property except as follows:

(a) Grantors have the full and exclusive right and power to act on behalf of Grantors, and on behalf of any other interested person or entities, to lease the Claims to Grantee under the terms and provisions of this Agreement and to grant the rights granted to Grantee hereunder;

(b) The Claims are free and clear of all [illegible] encumbrances except as set forth herein;

(c) The Claims are not subject to any agreements contrary to the provisions of this Agreement;

(d) While this Agreement remains in effect, Grantors will not place upon or cause to be placed upon the Claims any lien or encumbrance; and

(e) Grantors further represent that the unpatented Claims have been validly located, recorded and maintained pursuant to applicable federal, state and local laws and regulations and Grantors are the sole recorded and beneficial owners as to their respective percentage interests in the Claims.

(f) Grantors have not done any acts causing Leases to be forfeited or cancelled; that all Leases are in good standing at the time this Agreement is entered into and there is no default or any act which with the passage of time could become a default under any of the Leases; that no notice of default has been given to Grantors and to Grantors' knowledge no such notice is contemplated to be given by any of the lessors under the Leases; that Grantors are the sole present lessees and have the full and exclusive right and power to assign the Leases to Grantee.

7.2 Proof of Title

Grantee may, at its expense, examine the title to the Property. At any time within one hundred twenty (120) days from the date of this Agreement, Grantee may disapprove title to the Property if, in the opinion of an attorney, title to all or a part thereof is not good and merchantable. If Grantee

disapproves title to part of the Property, it shall have the right, but not the obligation, to disapprove title to the whole, or it may accept the Property with such defects. If Grantee disapproves title to the whole of the Property, this Agreement shall terminate, Grantee shall record the surrender required by Section 3.2, and all payments made by Grantee hereunder, including the bonus and any underlying Lease payments, but excluding payments for work performed on the Property during the term of this Agreement prior to termination, shall be returned to Grantee by Grantors or reimbursed, as the case may be, forthwith upon recordation of surrender. Grantors shall cooperate with Grantee should Grantee undertake any title examination or curative matters and expenses incurred by Grantee in such curative work shall qualify as Evaluation Expenditures.

7.3 Lesser Interest

Except as provided herein, in the event Grantors own an interest in the Property which is less than the entire, undivided interest in the Property, except where such lesser interest is referred to in Exhibit A, then the payments provided for in Article IV shall be proportionately reduced and paid to Grantors only in the proportion that Grantors' interest therein bears to the whole and undivided interest in the Property. In such event Grantors shall be entitled to retain only such proportion of the monies previously paid to Grantors hereunder as Grantors' said interest bears to the whole and undivided interest in the Property and Grantee shall be entitled to recover such previous overpayment by offsetting such overpayments against monetary obligations which thereafter become due and payable to Grantors hereunder.

7.4 Redemption of Liens

Grantors agree to pay promptly, upon the demand of a creditor, any mortgages, taxes, or other liens which Grantors have placed or caused to be placed upon the Property, except

where Grantors in good faith dispute the obligation. Grantee, at its option, may discharge any mortgages, taxes, or other liens on the Property, either in whole or in part, in the event of default by Grantors, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Grantors in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Grantee, in addition to the right of subrogation herein granted, Grantee shall also have the right to retain any monetary obligations which may become due Grantors hereunder, including, without limitation, overriding or production royalties payable to Grantors, and to repay Grantee therefrom, and the retention of such monies by Grantee shall have the same effect as if paid to the Grantors in whose behalf payment of any mortgage, taxes or other liens was made.

ARTICLE VIII

TAXES

8.1 Taxes

During the term of this Agreement, Grantee shall pay all real property taxes, ad valorem and assessments, assessed against the Property. Grantee agrees, during the term of this Agreement, to pay promptly when due all taxes levied and assessed upon Grantee as an employer, and upon fixtures and personal property placed by Grantee on the Property. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Agreement, Grantors and Grantee shall bear their pro rata share, and Grantee may pay Grantors' share of such tax and withhold the amount paid from any other payment due to Grantors hereunder, provided that, where the tax is levied or computed on the amount or value of ores produced, the pro rata share of Grantors shall be determined by multiplying the gross amount of royalties paid to Grantors during the taxing period by the applicable tax rate,

the balance of the tax being Grantee's pro rata share. All taxes shall be paid when due and before delinquency, but Grantee shall be under no obligation to pay any tax so long as such tax is being contested in good faith. Both Grantors and Grantee shall have the right in good faith to contest any tax or assessment, whether payable by Grantors or Grantee, but shall not permit the Property or any improvements or personal property thereon to be sold for such taxes or assessments.

8.2 Tax Election

If the relationship of the parties hereto is deemed to be a partnership for tax purposes, each of the parties hereto hereby elects to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States of America or his delegate, insofar as said Subchapter K or any portion or portions thereof may be applicable to the joint operations under this Agreement, and from any comparable provisions of applicable state law, and hereby binds itself to do any and all things necessary or proper in the premises from time to time in order to effectuate such election under the authority of Section 761(a) of said United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America.

ARTICLE IX

COMMINGLING

9.1 Commingling

(a) Grantee shall have the right to commingle ore from the Claims with other ore. Before any commingling, Grantee shall (i) weigh and sample the ore from the Claims in accordance with

sound mining and metallurgical practice, and (ii) assay such samples, or cause them to be assayed, to determine moisture and metal content. Grantee shall keep records showing weights, moisture, percentage of metal content, and gross metal content of the ore from the Claims. From this information, Grantee shall calculate an average grade of ore from the Claims or an average grade of ore fed to process in the accounting quarter used by Grantee.

(b) If Concentrates are produced, the average per cent recovery for the accounting quarter will be used to determine the amount of metal in the Concentrate derived from the Claims. Grantee shall sample the Concentrate and shall assay such samples, or cause them to be assayed, to determine moisture and metal content. Grantee shall determine the weight of Concentrate derived from the Claims by using the average grade of all Concentrate for the accounting quarter.

(c) In computing royalty payments, credits for the metal shall be based upon the amount of metal contained in the Claims, or upon the amount of metal contained in the Concentrate derived from the Claims, as may be appropriate, and charges based on the weight of ore or Concentrate shall be based upon the weight of the ore from the Claims or Concentrate derived from the Claims, as may be appropriate, for the accounting quarter. Grantee may, at its option, assay the ore from the Claims and other ore for penalty substances. Charges for penalty substances shall be allocated proportionally between the ore from the Claims and other ore on the basis of the gross penalty substance content of each ore. If Grantee elects not to make such assays, all penalties for penalty substances in the commingled ores shall be borne by Grantee.

9.2 Consent

Grantors by executing this Agreement hereby consent to any unit plan that Grantee, in its discretion, may adopt in conformity with Section 9.1, hereof. Upon the request of

Grantee, Grantors shall formally consent to any such unit plan by executing a written consent thereto prepared by Grantee. Notwithstanding any unit plan or any consent of Grantors, Grantee shall have the right to discontinue or terminate any such unit at any time or times.

9.3 Reduction of Unit

Reduction in the size of, or in the interest covered by, any unit as a result of failure of title or any other cause shall not, of itself, terminate the unitization. In the event of any such reduction, no retroactive reapportionment in royalties shall be required, nor shall royalties be payable thereunder on production from any land, title to which has thus failed. Grantee may terminate any unit by notifying Grantors to that effect in writing.

ARTICLE X

DEFAULT, FORCE MAJEURE AND DISPUTES

10.1 Default

Failure by Grantee to perform or comply with any of the terms, provisions or conditions of this Agreement, expressed or implied, including payment of monetary obligations, shall not automatically terminate this Agreement nor render it null or void. In case of such default, Grantors may notify Grantee in writing of such breach, and Grantee shall have a period of thirty (30) days after receipt of such notice (ten (10) days if the default is the failure to make any payment required hereunder) within which to cure the default or diligently commence to cure the default, provided that the period of time for remedying such default shall be extended by any time or times that Grantee is prevented from acting because of force majeure conditions. If Grantee fails to cure or diligently commence to cure the default within the time herein stated, Grantors may thereupon terminate this Agreement by giving written notice to Grantee of such termi-

nation. Notwithstanding the foregoing, if any action is taken or suffered by Grantee under any insolvency or bankruptcy act, such action shall constitute a breach of this Agreement for Grantee and Grantors shall be entitled to terminate this Agreement upon ten (10) days written notice to Grantee.

10.2 Cessation of Production

The Grantors and Grantee expressly agree that no express or implied covenant, undertaking or condition whatsoever shall be read into this Agreement as having been made or given by Grantee relating to the evaluation, development, mining or production of and from the Property by the Grantee, or the time thereof, or to any operations of or carried out by Grantee hereunder or to the measure of diligence thereof, except as specifically provided in this Agreement.

10.3 Force Majeure

The failure to perform or to comply with any of the covenants or conditions of this Agreement, either expressed or implied, on the part of Grantee shall not be a ground for cancellation or termination or forfeiture hereof, during such time as such failure to perform is caused, or compliance is delayed or prevented by storms, droughts or other severe weather, fire, floods, washouts or landslides, accidents, mill shutdown, failure of or damage to or destruction of mill machinery or mill plant facilities, or inability, after diligent effort, to obtain competent labor service or materials, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, regulations, or legal actions (including delays or inability to obtain necessary governmental approvals, permits or authorizations on terms reasonably acceptable to Grantee within a reasonable time after application therefor has been made); acts of God; or any other cause whatsoever beyond the control of Grantee, whether similar or dissimilar to the aforementioned causes, and Grantee shall be

excused from, and not be held liable for, such delay or failure to perform or to comply. If Grantee is at any time and from time to time delayed or prevented from engaging in exploration, development, mining, or processing operations by any such cause or causes, the time of any such delay or interruption shall not be counted against Grantee, anything in this Agreement to the contrary notwithstanding, and the period(s) of all such delays and preventions shall be excluded in computing and shall extend the time(s) of Grantee's performance or compliance and the term of this Agreement shall be extended by the period(s) of such delays and preventions. Grantee shall notify Grantors of any event of force majeure as soon as possible after affected thereby. The existence of any event of force majeure shall not relieve Grantee of the obligation to make payments and production and overriding royalty payments specified in Article IV, nor shall it relieve Grantee of its obligation in Section 1.2 hereof to perform all obligations of Grantors in the underlying Leases, unless excused by terms of the applicable Lease.

10.4 Disputes or Adverse Claims

In case of judicial suit or administrative contest, Grantee shall not be in default in payment thereof until such suit or administrative contest has been finally disposed of, and Grantee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient, in Grantee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Grantee hereunder be disputed, it shall not be counted against Grantee either as affecting the term of this Agreement (which shall be extended by the period of dispute) or for any other purpose, and Grantee may withhold the making of all payments due Grantors hereunder, without interest, until there is a final adjudication or other determination of such dispute.

ARTICLE XI

ASSIGNMENT

11.1 [illegible]

The rights and estate of any party to this Agreement may not [illegible] written consent of each other party to this Agreement is first obtained, which consent shall not be unreasonably withheld; provided, however, that transfers or assignments, in whole or in part, may be made without such consent to an organization or entity in which such party owns at least a twenty percent (20%) interest.

11.2 Binding Effect

All of the covenants and terms of [illegible] run with the land and shall inure to the ben [illegible]ding upon, the parties hereto and their respe [illegible] heirs, successors and assigns.

11.3 Mortgages

Grantee is hereby granted the right to mortgage, subordinate or otherwise encumber all or part of its interest in this Agreement and the Property in order to finance development of the Property, provided that such mortgage or encumbrance shall recognize the priority, validity and continuance of this Agreement. Grantors agree to cooperate with Grantee in order to effectuate the purposes of this Section 11.3.

ARTICLE XII

RELOCATION AND ASSESSMENT WORK

12.1 Amendments, Relocations and Patents

Grantee may, in the name of Grantors, amend or relocate any or all of the unpatented mining claims included in the Claims and may locate any fractions resulting from such amendment or reloca-

tion. Grantors agree to apply for patent on any or all of the unpatented mining claims upon the request of Grantee. All expenses incurred by Grantee in connection with amending or relocating mining claims or prosecuting patent proceedings shall be borne by Grantee and shall qualify as Evaluation Expenditures.

12.2 Assessment Work

Grantee agrees to perform the assessment work for the benefit of the Claims for the 1982-1983 assessment year and for each assessment year thereafter in which this Agreement continues beyond June 1. In addition, Grantee shall record on behalf of Grantors, as required by law, the affidavit of such work with the appropriate county and Bureau of Land Management offices, as required by state law and the Federal Land Policy and Management Act. If any court or governmental agency determines that work performed by Grantee does not constitute assessment work required by federal and state law, Grantee shall nevertheless have complied with this Agreement if work done is of the kind generally accepted in the mining industry as assessment work under this existing law. In any year in which the owners of the Claims shall be exempted by law from performing assessment work, Grantee shall prepare or cause to be prepared and filed any notices, including notices of intention to hold, or other instruments required to take advantage of the exemption. Grantee shall send to Grantors a copy of all affidavits and other documents filed pursuant to this paragraph.

ARTICLE XIII

OTHER PROVISIONS

13.1 Notices

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in

writing delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by telex, to the following addresses:

If to Grantor:	Cyprus Mines Corporation P.O. Box 3299 7000 South Yosemite Street Englewood, Colorado 80155 Attn: C. A. Mark
With a copy to:	CoCa Mines Inc. 1776 Lincoln Street, Suite 910 Denver, Colorado 80203 Attn: J. C. Mitchell
If to Grantee:	Lacana Mining Corporation P.O. Box 354 3701 Royal Trust Tower TD Center Toronto, Ontario CANADA M5K 1K7 Attn: P. E. Lawford
With a Copy to:	Lacana Mining,Inc. 2005 Ironwood Parkway, Room 105 Coeur d'Alene, Idaho 83814 Attn: P. E. Dircksen

or to the most recent address of that party for which such notice has been given. Unless otherwise provided herein, such notice shall be deemed effective when either delivered by personal service, on the day of telexing or five (5) days after date of mailing.

13.2 Counterparts

This Agreement may be executed in any number of counterparts and shall be binding upon all owners of interests in the Property executing the same or a counterpart hereof, whether or not named herein as one of the Grantors, and whether or not other owners of interests in the Property have executed other counterparts or have not entered into this Agreement. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

13.3 Further Acts

Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such documents which

sions of this Agreement. Grantors also agree to cooperate at all times with Grantee in any reasonable manner to assist Grantee in the effecting of the purpose of this Agreement.

13.4 Severance

Should any portion of this Agreement be declared invalid and unenforceable by any judicial action, then such portion shall be deemed to be severed from this Agreement and shall not affect the remainder thereof.

13.5 Construction

When required by the context, the singular shall include the plural and vice versa; the terms "Grantors" and "Grantee" shall include their respective heirs, personal representatives, successors and assigns, if any, and the masculine shall include the feminine and vice versa.

13.6 Governing Law

This Agreement shall be governed by the law of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

13.7 Attorney's Fees

If either party commences an action against the other to enforce any of the terms of this Agreement or because of the breach by either party of any of the terms hereof, the losing or defaulting party shall pay the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action.

13.8 Recordation

This Agreement shall not be recorded. Concurrently with the Agreement, the parties shall execute and record assignments of of the lease of the Claims contained herein.

13.9 Reclamation

Grantors and Grantee recognize that Grantors have certain obligations to the State of South Dakota regarding reclamation of certain existing drill holes, roads and the existing test heap leach facility on the Property. Grantee hereby agrees that Grantors may have access to the Property to perform such reclamation and Grantors hereby agree to indemnify Grantee for any claim, loss or damage arising from such activity by Grantors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Cyprus Mines Corporation

By: _____ and

_____

CoCa Mines, Inc.

By: _____
CHAIRMAN

_____
VICE PRESIDENT

GRANTEE:

Lacana Mining ~~Company~~ Inc.

By: _____
Chairman of the Board

_____
PRESIDENT

_____

_____

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 7th day of June, 1983 before me, the undersigned, a Notary Public in and for said state, personally appeared H. L. Bauer Jr., known to me to be Vice President of Cyprus Mines Corporation, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

Nancy L. Novotny
Notary Public
7000 S. Yosemite St.
Englewood, CO 80112

My commission expires: September 29, 1984

(seal)

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 7th day of June, 1983, before me, the undersigned, a Notary Public in and for said state, personally appeared W. H. Cann, known to me to be the person__ whose name__ ____ subscribed to the within instrument, who acknowledged to me that _____ he executed the same.

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

Nancy L. Novotny
Notary Public
7000 S. Yosemite St.
Englewood CO 80112

My commission expires: September 29, 1984

(seal)

~~STATE OF~~ Province Ontario)
~~COUNTY OF~~ York) ss.

On this 13th day of June, 1983, ~~1980~~, before me, the undersigned, ~~a Notary Public in and for~~ said state, personally appeared William H. Gross and Edward G. Thompson, known to me to be Chairman and President respectively, of LACANA MINING INC., a corporation, who acknowledged to me that they executed the foregoing instrument on behalf of said corporation.

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

Notary Public

A NOTARY PUBLIC in and for the Province of Ontario. My Commission is held during the pleasure of the Lieutenant-Governor.

My commission expires:

(seal)

STATE OF COLORAD)
) ss.
COUNTY OF DENVER)

On this 16th day of June, ~~1980~~ 1983, before me, the undersigned, a Notary Public in and for said state, personally appeared THOMAS E CONGDON, CHAIRMAN AND V CHRISTOPHER MITCHELL, VICE PRESIDENT OF GG MINES INC., known to me to be the persons whose names are subscribed to the within instrument, who acknowledged to me that they executed the same.

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

Notary Public
1100 DENVER CENTER BUILDING
1776 LINCOLN ST.
DENVER, COLORADO 80203

My commission expires: April 13, 1986

(seal)

EXHIBIT A

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

I. Patented and unpatended mining claims in which Cyprus Mines Corporation has acquired an 80% interest by virtue of a Joint Venture Agreement dated January 1, 1975 with Congdon and Carey, Ltd. 5, to Cyprus Mines Corporation.

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee, recorded Book 418, Pages 284-284.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnale Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.969
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Bella	1235	30615	10.257
Summit	1236	31088)	.
Summit #1	1236	31088)	20.994
Horn Silver	1236	31088)	
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

656.9105

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Stawberry Creek	712	23596	19.56

19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.66
(Amended)	-	215	300		

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

245.43

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

118.342

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee. Deed recorded in Document No. 81-3271.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

8.98

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 80% interest.

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2622 (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2623 (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2673 (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2455 (unpatented lode claims).

CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Erik No. 1	11/16/82	82-5392	M MC 95380 (SD)	
Erik No. 2	11/16/82	82-5393	M MC 95381 (SD)	22.43 AC. ±
Erik NO. 3	11/16/82	82-5394	M MC 95382 (SD)	
Erik No. 4	11/16/82	82-5395	M MC 95383 (SD)	

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 88821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/22/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02
				103.12

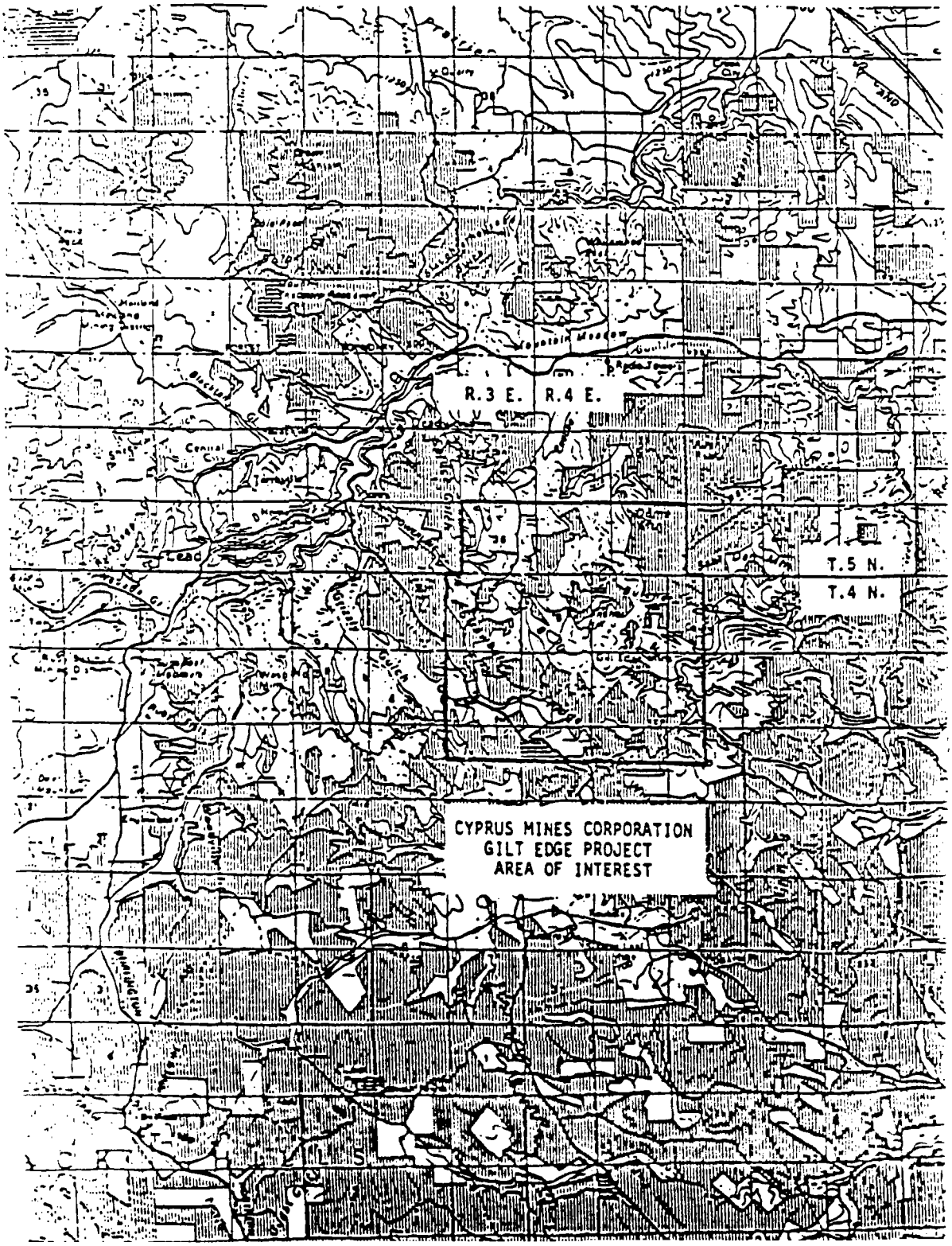
plus some fractional claims (

Rattlesnake

Total Acreage 1228.5375

EXHIBIT B

Attached to and made a part of that certain Mining Agreement dated the _____ day of _____, 1983 by and between CYPRUS MINES CORPORATION and LACANA MINING INC.



FIRST AMENDMENT TO MINING AGREEMENT

THIS FIRST AMENDMENT TO MINING AGREEMENT is made effective as of the 31st day of May, 1985, by and among Cyprus Mines Corporation, a Delaware corporation, 7200 South Alton Way, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation, P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510 (hereinafter referred to as "Grantee").

WHEREAS, Grantors and Grantee entered into a mining agreement (hereinafter the "Agreement") dated June 1, 1983 concerning the Gilt Edge Property, Lawrence County, South Dakota, a Memorandum of which Agreement was recorded in the office of the Register of Deeds, Lawrence County, South Dakota as Document Number 83-5768, on October 18, 1983; and

WHEREAS, Grantors and Grantee now desire to amend said agreement.

NOW, THEREFORE, in consideration of ONE DOLLAR and other good and valuable consideration, the parties hereby agree as follows:

1. The first sentence of Section 4.2 entitled "Evaluation Expenditures" is hereby amended, and two sentences are added, to read as follows:

During the first six years of this Agreement, beginning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year(s)	Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
6-1-83 through 5-31-84	$ 500,000	$150,000
6-1-84 through 5-31-86	1,150,000	200,000
6-1-86 through 5-31-87	2,000,000	0
6-1-87 through 5-31-88	2,000,000	0
6-1-88 through 5-31-89	1,850,000	0

Grantee will work diligently on feasibility studies and environmental permitting matters so that on or prior to 5/31/86 Grantee will have:

(i) obtained all state and federal government permits needed to bring a mine into production on the Property:

(ii) completed a feasibility study on bringing a mine into production on the Property

Notwithstanding the foregoing, if Grantee is prevented for any reason whatsoever from obtaining all necessary governmental permits and approvals and/or completing a feasibility study, and Grantee's cumulative Evaluation Expenditures in the period 6/1/83 through 5/31/86 are less than $1,650,000, the amount by which such cumulative Evaluation Expenditures are less than $1,650,000 shall be promptly paid to Cyprus and CoCa as to 80% and 20% respectively.

The remainder of Section 4.2 beginning with the words, "Any deficiency ..." shall remain as written.

2. The parties acknowledge that, pursuant to the telex dated April 26, 1985 from E. R. Wozniak on behalf of Grantors to E. G. Thompson of Grantee, the thirty day prior written notice provision of Section 3.2 of the Agreement has been suspended through and including May 31, 1985. The parties agree that after May 31, 1985, the suspension shall no longer be in effect and Section 3.2 of the Agreement shall once again become effective as originally written in such agreement.

3. The remaining terms of the Agreement are hereby confirmed by the parties as being in full force and effect.

IN WITNESS, WHEREOF, the parties have executed this First Amendment of Mining Agreement effective as of the date first above written.

GRANTORS:

Cyprus Mines Corporation

By: _____ RWG
J. C. Compton
Vice President

_____
Attest: S. S. Shellhaas
Assistant Secretary

CoCa Mines, Inc.

By: _____
J. Christopher Mitchell
Vice President

_____
Attest:

GRANTEE:
Lacana Mining, Inc.

By: _____
Chairman of the Board

_____
President

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 30th day of May, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared J.C. Compton and S.S. Shellhaas known to me to be Vice Pres. and Asst. Secretary of Cyprus Mines Corporation, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

G. Irene Johanson
Notary Public

My commission expires: December 26, 1985

PROVINCE OF Ontario)
) ss.
COUNTY OF York)

On this 5th day of June, 1985, before me, the undersigned, a Notary Public in and for said ~~state~~ Province Toh personally appeared V H. Gross and Edward G. Thompson known to me to be Chairman and President, respectively, of Lacana Mining Inc., a corporation, who acknowledged to me that ~~they~~ executed the foregoing instrument on behalf of said corporation.

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

Notary Public

My commission ~~expires~~ does not expire: _____

STATE OF Colorado)
CITY AND) ss.
COUNTY OF Denver)

On this 30th day of May, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared J.C. Mitchell known to me to be Vice President of CoCa Mines Inc., a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

Vicki L Ferguson
Notary Public
1776 Lincoln Street
Denver, CO

My commission expires: November 22, 1986

EXHIBIT "B"

SCHEDULE 2

Assignment of Assumption Agreement
Between Lacana Gold Inc.
and
Gilt Edge Inc.

December 17, 1984

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT is made and entered into as of this 11 day of January, 1985 by and between LACANA GOLD INC., a Nevada corporation, P.O. Box 11305, Reno, Nevada 89510, as "ASSIGNOR"; and GILT EDGE INC., a South Dakota corporation, P.O. Box 11305, Reno, Nevada, 89510, as "ASSIGNEE";

W I T N E S S E T H:

WHEREAS LACANA GOLD INC. (nee' Lacana Mining Inc.) entered into a Mining Agreement dated as of June 1, 1983 with Cyprus Mines Corporation and CoCa Mines Inc. to acquire certain mining properties in Lawrence County, South Dakota, as is evidenced by that certain Assignment of Leases - Memorandum for Recording, recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983; and

WHEREAS LACANA GOLD INC. formerly was known as Lacana Mining Inc., the name change being effectuated by appropriate documents filed with the Nevada Secretary of State on July 9, 1984; and

WHEREAS GILT EDGE INC. is a wholly owned subsidiary of LACANA GOLD INC. and thus, pursuant to Paragraph 11.1 of Article XI of the aforesaid Mining Agreement, LACANA GOLD INC. can assign said Mining Agreement to GILT EDGE INC. without the consent of Cyprus Mines Corporation or CoCa Mines Inc.;

NOW THEREFORE, for and in consideration of the sum of TEN AND 00/100 DOLLARS ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby

acknowledged by the ASSIGNOR, the parties hereto agree as follows:

1. ASSIGNMENT: The ASSIGNOR hereby grants, conveys, sells and assigns to ASSIGNEE all of ASSIGNOR's right, title and interest in and to the aforesaid Mining Agreement and any benefits associated therewith.

2. ASSUMPTION: The ASSIGNEE hereby assumes, receives and accepts from the ASSIGNOR all of ASSIGNOR's right, title and interest in and to the aforesaid Mining Agreement and any burdens associated therewith.

WHEREFORE, the parties hereto have hereunto set their hands as of the day and year first above written.

ASSIGNOR:

LACANA GOLD INC., a Nevada corporation

BY: _____

TITLE: PRESIDENT

ASSIGNEE:

GILT EDGE INC., a South Dakota corporation

BY: _____

TITLE: PRESIDENT

December 13, 1984

STATE OF Ontario)
) SS.
COUNTY OF York)

On this the 8th day of January, 1985, before me, Peter Eugene Lawford, the undersigned officer, personally appeared Edward G. Thompson, who acknowledged himself to be the President of LACANA GOLD INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I hereunto set my hand and official seal.

NOTARY PUBLIC

STATE OF Ontario)
) SS.
COUNTY OF York)

On this the 8th day of January, 1985, before me, Peter Eugene Lawford, the undersigned officer, personally appeared Edward G. Thompson who acknowledged himself to be the President of GILT EDGE INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I hereunto set my hand and official seal.

NOTARY PUBLIC

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENT, that COCA MINES INC., ("Grantor"), whose address is 910 Denver Center Bldg., 1776 Lincoln St., Denver, Colorado 80203, for and in consideration of Ten Dollors ($10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, convey, and QUITCLAIM unto BROHM MINING CORPORATION, a South Dakota corporation, ("Grantee"), whose address is 20 Cliff Street, P.O. Box 485, Deadwood, South Dakota 57732, all right, title, and interest in and to that certain real property more particularly described in Exhibit "A" attached hereto and incorporated by reference herein ("Premises"), together with all dips, spurs, and angles, and all tenements, hereditaments, and appurtenances.

IN WITNESS WHEREOF, Grantor has executed this Quitclaim Deed this 7th day of January, 1988.

GRANTOR:

CoCa Mines Inc.

CoCa Mines Inc.

By: _____

Mark A. Hellerstein

Title: Vice President

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 7th day of January, 1988, before me, Mary Ann Nichols, the undersigned officer, personally appeared Mark A. Hellerstein, who acknowleged himself to be the Vice President of COCA MINES INC., a corporation, and that he, as such Vice President being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

NOTARY PUBLIC STATE OF COLORADO MARY ANN NICHOLS

Mary Ann Nichols

Notary Public

My Commission Expires: August 6, 1990

[SEAL]

(COCA) (121487)

COCA-01-025

EXHIBIT A
TO QUITCLAIM DEED
DATED January 7, 1988
BY AND BETWEEN
COCA MINES INC.
AND
BROHM MINING CORPORATION

I. All Grantor's right, title and interest, if any, in and to that certain Lease and Option to Purchase Agreement dated October 15, 1984 between ALLAN HERBERT and LISELOTTE HERBERT, as Lessor and LACANA GOLD INC. as Lessee.

II. Patented Claims.

CLAIM NAME	MIN. SURVEY	PATENT	TSHP	B.H.M. RANGE	SECT	GROSS ACRES
Waggoner	649	22198	4N	4E	5:SW4 8:NW4	7.50
Oro Bella	648	22197	4N	4E	5:SW4 8:NW4	3.08
Hoodoo Gulch Placer	931	24135	4N	4E	5:SW4 8:NW4	12.56
Crown Point	912	31848	4N	4E	8:NW4	9.47

II. Unpatented Claims.

CLAIM NAME	RECORDED BOOK/PAGE	LOC. DATE	BLM #	TSHP	B.H.M. RANGE	SECT	GROSS ACRES
JEN 1	82/1772	05/22/82	88817	4N	4E	6:E2	20.66
JEN 2	82/1773	05/22/82	88818	4N	4E	6:E2	20.66
JEN 3	82/1774	05/22/82	88819	4N	4E	6:E2	20.66
				4N	4E	5:NW4	
JEN 4	82/1775	05/22/82	88820	4N	4E	6:NE4	20.66
				4N	4E	5:NW4	
JEN 5	82/1776	05/22/82	88821	4N	4E	6:N2	20.66
JEN 6	82/1777	05/22/82	88822	4N	4E	6:NE4	20.66
JEN 7	83/4608	07/15/83	102163	4N	4E	6:NE4	20.66
				5N	4E	31:S2	
JEN 9	82/1779	05/23/82	88824	4N	4E	8:NW4	10.33
				4N	4E	7:NE4	
JEN 10	82/1780	05/23/82	88825	4N	4E	5:SW4	10.33
				4N	4E	6:SE4	
				4N	4E	7:NE4	
				4N	4E	8:NW4	
MAGUS 1	84/3017	09/09/84	114731	4N	4E	8:NW4	4.13
MAGUS 2	84/3018	09/09/84	114732	4N	4E	8:NW4	1.38
MAGUS 3	84/3019	09/09/84	114733	4N	4E	5:SW4	5.17
MAGUS 4	84/3020	09/09/84	114734	4N	4E	5:SW4	3.44
MAGUS 5	84/3021	09/09/84	114735	4N	4E	6:SE4	13.77
MAGUS 6	84/3022	09/11/84	114736	4N	4E	7:NE4	1.38
RECOVERY FRACTION		06/21/85	120384	4N	4E	5:NW4 6:NE4	18.31

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENT, that COCA MINES INC., ("Grantor"), whose address is 910 Denver Center Bldg., 1776 Lincoln St., Denver, Colorado 80203, for and in consideration of Ten Dollors ($10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, convey, and QUITCLAIM unto BROHM MINING CORPORATION, a South Dakota corporation, ("Grantee"), whose address is 20 Cliff Street, P.O. Box 485, Deadwood, South Dakota 57732, all right, title, and interest in and to that certain real property more particularly described in Exhibit "A" attached hereto and incorporated by reference herein ("Premises"), together with all dips, spurs, and angles, and all tenements, hereditaments, and appurtenances.

IN WITNESS WHEREOF, Grantor has executed this Quitclaim Deed this 7th day of January, 1988.

GRANTOR:

CoCa Mines Inc.

CoCa Mines Inc.

By: _____

Mark A. Hellerstein

Title: Vice President

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 7th day of January, 1988, before me, Mary Ann Nichols, the undersigned officer, personally appeared Mark A. Hellerstein, who acknowleged himself to be the Vice President of COCA MINES INC., a corporation, and that he, as such Vice President being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

NOTARY PUBLIC MARY ANN NICHOLS STATE OF COLORADO

Mary Ann Nichols

Notary Public

My Commission Expires: August 6, 1990

[SEAL]

(coca)

(121487)

COCA-01-026

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENT, that CONGDON & CAREY, LTD. 5, ("Grantor"), whose address is 910 Denver Center Bldg., 1776 Lincoln St., Denver, Colorado 80203, for and in consideration of Ten Dollors ($10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, convey, and QUITCLAIM unto BROHM MINING CORPORATION, a South Dakota corporation, ("Grantee"), whose address is 20 Cliff Street, P.O. Box 485, Deadwood, South Dakota 57732, all right, title, and interest in and to that certain real property more particularly described in Exhibit "A" attached hereto and incorporated by reference herein ("Premises"), together with all dips, spurs, and angles, and all tenements, hereditaments, and appurtenances.

IN WITNESS WHEREOF, Grantor has executed this Quitclaim Deed this 7th day of January, 1988.

GRANTOR:

Congdon & Carey, Ltd. 5

By: Thomas E. Congdon

Title: General Partner

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 7th day of January, 1988, before me, Mary Ann Nichols, the undersigned officer, personally appeared Thomas E. Congdon, who acknowleged himself to be the General Partner of CONGDON & CAREY, LTD. 5, and that he, as such General Partner being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the ~~corporation~~ limited partnership by himself as General Partner.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

NOTARY PUBLIC MARY ANN NICHOLS STATE OF COLORADO

Mary Ann Nichols
Notary Public - 1776 Lincoln Street, #910
Denver, Colorado 80203

My Commission Expires: August 6, 1990

[SEAL]

(congdon)

(121487)
COCA-01-027

EXHIBIT A
TO QUITCLAIM DEED
DATED January 7, 1988
BY AND BETWEEN
CONGDON & CAREY, LTD. 5
AND
BROHM MINING CORPORATION

I. Patented Claims.

CLAIM NAME	MIN. SURVEY	PATENT	TSHP	B.H.M. RANGE	SECT	GROSS ACRES
Waggoner	649	22198	4N	4E	5:SW4 8:NW4	7.50
Oro Bella	648	22197	4N	4E	5:SW4 8:NW4	3.08
Hoodoo Gulch Placer	931	24135	4N	4E	5:SW4 8:NW4	12.56
Crown Point	912	31848	4N	4E	8:NW4	9.47

AMENDMENT TO ACQUISITION AGREEMENT

AND

AMENDMENT TO MINING AGREEMENT

THIS AGREEMENT made and entered into as of the 24th day of July, 1986 by and

BETWEEN:

GILT EDGE INC., a South Dakota corporation;

(hereinafter simply referred to as "Gilt Edge" or "Purchaser")

AND:

CYPRUS MINES CORPORATION, a Delaware corporation;

(hereinafter simply referred to as "Cyprus")

AND:

COCA MINES INC., a Colorado corporation;

(hereinafter simply referred to as "CoCa", with Cyprus and CoCa being hereinafter collectively referred to as the "Seller")

WITNESSETH:

WHEREAS, by a Mining Agreement dated as of June 1, 1983 by and between Seller and Lacana Mining Inc. ("Lacana"), as amended by First Amendment to Mining Agreement dated as of May 30, 1985 (the "Mining Agreement"), Seller leased to Lacana certain mining properties in Lawrence County, South Dakota, a Memorandum of which was recorded in Lawrence County, South Dakota, on October 18, 1983 as Document No. 83-5768;

AND WHEREAS the Mining Agreement includes an Area of Interest clause providing that additional properties might become subject to the Mining Agreement;

AND WHEREAS the entire leasehold estate created pursuant to that certain Lease and Option to Purchase Agreement dated as of September 1, 1976 by and between Northwestern Metals Company and Congdon and Carey, Ltd. 5 (the "Northwestern Lease") is subject to the Mining Agreement;

AND WHEREAS the Northwestern Lease was amended on June 30, 1983, to subject to the terms and conditions of the Northwestern Lease the following patented mining claims situated in Lawrence County, South Dakota:

Adrian Fraction, Mineral Survey No. 1134
Erwin Fraction, Mineral Survey No. 1134
Lucky Fraction, Mineral Survey No. 1134
Union Fraction, Mineral Survey No. 1134

(the above described leasehold estate in and to such claims shall hereinafter be referred to as the "Northwestern Lease Addition");

AND WHEREAS Cyprus and Jeraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch entered into two Mining Leases, each dated as of August 29, 1983 (the "Borsch Lease") covering the following patented mining claims situated in Lawrence County, South Dakota:

Black Dan Lode, Mineral Survey No. 327
Old Pennsylvania Lode, Mineral Survey No. 1632
Barrett Lode, Mineral Survey No. 1681;

AND WHEREAS pursuant to an Assignment and Assumption Agreement dated as of January 11, 1985, Lacana assigned all of its right, title and interest in the Mining Agreement to Purchaser;

AND WHEREAS the Mining Agreement should be amended so as to clarify that the Northwestern Lease Addition and the Borsch Lease are part of the Property subject to the Mining Agreement;

AND WHEREAS pursuant to an Acquisition Agreement dated as of June 27, 1986 by and between Purchaser and Seller (the "Acquisition Agreement"), Purchaser acquired all of Seller's remaining right, title and interest in or to the Mining Agreement and the property subject to the Mining Agreement;

NOW THEREFORE, in consideration of the sum of $10.00 in hand paid by Purchaser to Seller and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Seller, the parties hereto agree as follows:

1. The Northwestern Lease Addition and the Borsch Lease shall form a part of the "Property" and a part of the "Leases" (as such terms are used and defined in the Mining Agreement) subject to the Mining Lease, and the Mining Lease and Exhibits thereto shall be deemed amended accordingly.

2. The Northwestern Lease Addition and the Borsch Lease shall form a part of the "Subject Property" (as such term is used and defined in the Acquisition Agreement) subject to the Acquisition Agreement, and the Acquisition Agreement and Exhibits thereto shall be deemed amended accordingly.

3. This Agreement shall inure to the benefit of and be binding upon the parties, their successors and assigns.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands as of the day and year first above written.

CYPRUS MINES CORPORATION

By: _____

Title: Vice President Metals

COCA MINES INC.

By: _____

Title: Vice President & Secretary

GILT EDGE INC.

By: _____

Title: President / Director

ACKNOWLEDGEMENTS

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 6th day of August, 1986, before me, Kathy M Ruddy, the undersigned officer, personally appeared J. C. Compton, who acknowledged himself to be the Vice President-Metals of CYPRUS MINES CORPORATION, a corporation, and that he, as such Vice President Metals, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as J.C. Compton.

IN WITNESS WHEREOF, I haver hereunder set by hand and official seal.

Kathy M Ruddy

My Commission Expires July 31, 1987

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this 15th day of August, 1986, before me, Vicki L. Ferguson, the undersigned officer, personally appeared J.C. Mitchell, who acknowledged himself to be the Vice President & Secretary of COCA MINES INC., a corporation, and that he, as such Vice President & Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President & Secretary.

IN WITNESS WHEREOF, I haver hereunder set by hand and official seal.

My commission expires Nov. 12, 1988

Vicki L. Ferguson
1776 Lincoln St.
Denver, CO

STATE OF _____)
PROVINCE) ss.
COUNTY OF BRITISH COLUMBIA)

On this 24th day of July, 1986, before me, Chris Dodson, the undersigned officer, personally appeared Wayne Mellon, who acknowledged himself to be the President of GILT EDGE INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I haver hereunder set by hand and official seal.

Dated the 24th day of July, 1986

BETWEEN:

GILT EDGE INC.

AND:

CYPRUS MINES CORPORATION

AND:

COCA MINES INC.

AMENDMENT TO ACQUISITION AGREEMENT
AND
AMENDMENT TO MINING AGREEMENT

BRO2396
PJD:kl

SWINTON & COMPANY

Barristers and Solicitors

1300-1090 West Georgia Street
Vancouver, British Columbia
Canada V6E 3X9

Telephone (604) 687-2242

ACQUISITION AGREEMENT

THIS AGREEMENT is made and entered into as of this 27th day of June, 1986, by and between GILT EDGE INC., a South Dakota corporation; hereinafter simply referred to as "Gilt Edge" or "Purchaser"; and CYPRUS MINES CORPORATION, a Delaware corporation, hereinafter simply referred to as "Cyprus", and COCA MINES INC., a Colorado corporation, hereinafter simply referred to as "CoCa", with Cyprus and CoCa being hereinafter collectively referred to as "Seller".

WITNESSETH:

WHEREAS, the Seller, by that certain mining agreement (the "Mining Agreement") dated as of June 1, 1983, leased certain mining properties within the Gilt Edge Mining District of Lawrence County, South Dakota to Lacana Mining Inc. (now Lacana Gold Inc.), a Memorandum of which was recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983, a full and complete copy of said Mining Agreement is attached hereto as Exhibit "A"; and

WHEREAS, the original parties to the Mining Agreement entered into a First Amendment to Mining Agreement dated as of May 30, 1985, with Lacana Mining Inc. (now Lacana Gold Inc.) acting on behalf of, and for the benefit of, Gilt Edge, which Amendment to the Mining Agreement, a copy of which is attached hereto as Exhibit "B", shall, unless the terms of this Agreement dictate otherwise, be included in all subsequent references to the Mining Agreement; and

WHEREAS, the mineral properties subject of the Mining Agreement are comprised of interests in patented and unpatented mining claims, other patented property, and leasehold interests in patented and unpatented mining claims, other patented property, all more particularly described in the Mining Agreement and the attachments thereto, and which will hereinafter collectively be referred to as the "Subject Property"; and

WHEREAS, the Mining Agreement sets forth an Area of Interest, which "Area of Interest" shall be adopted by the parties hereto as a definition of land area for the purposes of this Agreement; and

WHEREAS, all of the right, title and interest of Lacana Gold Inc. in and to the aforesaid Mining Agreement was assigned to Gilt Edge by that certain Assignment and Assumption

Agreement dated January 11, 1985, which was duly recorded in Lawrence County, South Dakota, as Document #85-649, on March 13, 1985; and

WHEREAS, it is now the desire of Gilt Edge to purchase all of the right, title and interest of the Seller in and to the Mining Agreement, the Subject Property and the Area of Interest, and the desire of the Seller to sell to Gilt Edge all of its right, title and interest in and to the Mining Agreement, the Subject Property and the Area of Interest, including but not limited to all interests of Seller of any kind or nature to receive royalties from mineral production therefrom;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00), in hand paid by Gilt Edge to the Seller, the receipt and sufficiency of which is acknowledged by the Seller, and the other consideration, terms, conditions, covenants and promises contained herein, the parties agree as follows:

1. AGREEMENT TO SELL: The Seller agrees to exclusively sell, grant, assign and convey, all of its right, title and interest in and to the Mining Agreement, Subject Property, Area of Interest and any personalty on the Subject Property or subject of the Mining Agreement as of the date of this Agreement to Gilt Edge in accordance with the terms and conditions of this Agreement, by appropriate quitclaim deeds, assignments or conveyances, or by bills of sale or otherwise ("Conveyance Documents"), as approved by counsel for Gilt Edge, and in a form that may be recorded in Lawrence County, South Dakota.

It is understood and agreed to by Gilt Edge and the Seller that such Conveyance Documents, after being approved as to form and content by counsel for Gilt Edge, but without warranties of title except as set forth herein, shall be subject to the purchase escrow provisions set forth below.

It is understood and agreed to by Seller that it will continue to cooperate with Gilt Edge in perfecting title in and to the Subject Property or other properties within the Area of Interest by executing any further and additional documents necessary to carry out the spirit and intent of this Agreement, even after the closing of the purchase escrow contemplated by the provisions set forth below.

2. PURCHASE CONSIDERATION: Gilt Edge agrees to pay to Seller the following amounts as full consideration for the

interests in the Mining Agreement and Subject Property conveyed to it by the Sellers:

$100,000.00	upon execution of this Agreement
$400,000.00	on or before August 1, 1986
$750,000.00	on or before December 31, 1986

unless this Agreement is sooner terminated, surrendered or forfeited. In the event that this Agreement is terminated, surrendered or forfeited any payments made by Gilt Edge shall not be refunded but shall be retained by the Seller as reasonable rental. Notwithstanding anything to the contrary in this Agreement, if any claims exist as of December 31, 1986 for which Gilt Edge is obligated to indemnify Seller under Section 6.3 of the Mining Agreement, Gilt Edge shall not be entitled to obtain the release of the Conveyance Documents from Escrow Agent (notwithstanding any tender of payment by Gilt Edge hereunder) until all such claims have been satisfied or, in the case of a threatened claim, Gilt Edge has provided Seller with a continuing indemnification and guaranty in form satisfactory to Seller providing for the payment and satisfaction of any such claim.

3. ABATEMENT OF SELECTED PROVISIONS OF MINING AGREEMENT: Upon execution of this Agreement, and thereafter until the completion of the purchase of all the interest of the Seller in the Mining Agreement and Subject Property that will culminate with the closing of the purchase escrow arrangement set forth below, Gilt Edge shall have the right to continue possession, exploration, development and mining of the Subject Property in accordance with the terms and conditions of the Mining Agreement without being obligated to make any payments under Section 4.2, 4.3 or 4.4 to Seller during the term of this Agreement, provided, however, that no surface disturbing operation shall take place on the Subject Property until the August 1, 1986 payment provided for in Section 2 hereof is paid to Seller. Except as otherwise set forth above, during the term of this Agreement, Gilt Edge shall observe and perform all obligations and covenants applicable to it under the Mining Agreement.

In the event this Agreement is terminated by default of Gilt Edge, then all provisions of the Mining Agreement, including, without limitation, all obligations accrued or owed to Seller under Sections 4.2, 4.3 and 4.4 shall automatically go back into full force and effect effective as of June 25, 1986, except that any monies paid hereunder shall be credited against Evaluation Expenditures accrued

under Section 4.2 of the Mining Agreement. In the event of a conflict between the terms of this Agreement and the terms of the Mining Agreement, the terms of this Agreement shall govern and prevail.

4. WARRANTIES AND REPRESENTATIONS OF SELLER: The Seller represents and warrants unto Gilt Edge as follows:

(a) Seller has the full and exclusive right and power to act on behalf of Seller, and on behalf of any other interest person or entities, to sell its interest in and to the Mining Agreement, Subject Property and Area of Interest to Gilt Edge under the terms and provisions of this Agreement and to grant the rights granted to Gilt Edge hereunder;

(b) except as otherwise disclosed in this Agreement, the Subject Property is free and clear of all liens and encumbrances made or suffered by the Seller;

(c) the Subject Property is not subject to any agreements made or suffered by the Seller contrary to the provisions of this Agreement or the Mining Agreement;

(d) while this Agreement remains in effect, Seller will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance; and

(e) Seller has not done any acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constituted a default; or any act which with the passage of time could become a default under any of such leases; that notice of default has been given to Seller and to Seller's knowledge no such notice is contemplated to be given by any of the lessors under the leases subject to the Mining Agreement; that Seller is the sole present lessee and has the full and exclusive right and power to assign such leases to Gilt Edge, subject to the terms of the Mining Agreement.

All the representations and warranties set forth herein shall survive the term of this Agreement provided Gilt Edge has made all payments required under Section 2 hereof to Seller.

5. WARRANTIES AND REPRESENTATIONS OF GILT EDGE: Gilt Edge represents and warrants unto the Seller that it, Gilt Edge,

has the full right and corporate authority to enter into this Agreement, and that upon execution this Agreement will be binding upon Gilt Edge.

While this Agreement remains in effect, Gilt Edge will not place upon or cause or allow to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance.

While this Agreement remains in effect, Gilt Edge will do no acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constitute a default or any act which with the passage of time could become a default under any of such leases.

All the representations and warranties set forth herein shall survive the term of this Agreement.

6. CONGDEN AND CAREY, LTD. 5: Gilt Edge acknowledges that it has been advised by CoCa that CoCa acquired its interest in the Subject Property from Congden and Carey, Ltd. 5 ("Congden and Carey"), a Colorado Limited Partnership, subject to a prior assignment made by Congden an Carey, on the 31st day of December, 1982 in favor of its limited partners (the "Limited Partners"). CoCa represents and warrants that, notwithstanding the said assignment or any of the terms that may be contained therein, CoCa has the full and sufficient right and authority to transfer all of the interest of CoCa, Congden and Carey, and the Limited Partners in the Mining Agreement, the Subject Property and the Area of Interest to Gilt Edge free and clear of all liens and encumbrances in accordance with the terms of this Agreement and further agrees to indemnify and save Gilt Edge harmless from and against any claim or action relating to the transfer of such title and interest to Gilt Edge by CoCa (including any costs incurred by Gilt Edge in connection with any such claims or action) either threatened or commenced by Congden and Carey, the Limited Partners, or any of them.

7. PURCHASE ESCROW: Upon execution of this Agreement the parties hereto agree to immediately, or as soon thereafter as is reasonably possible, deposit a fully executed copy hereof, together with any and all Conveyance Documents prepared, approved and executed as of that date, in escrow with a mutually acceptable escrow agent ("Escrow Agent"). Gilt Edge shall also prepare and deliver to Escrow Agent a quitclaim deed conveying all of its right, title and interest in this Agreement to Seller (the "Quitclaim Deed") and a

release in recordable form releasing the Memorandum of Agreement (the "Release"). Such Escrow Agent shall be instructed to release unto Gilt Edge all Conveyance Documents, the Quitclaim Deed and the Release upon the earlier of (i) fifteen (15) days after receiving written notice from Gilt Edge that the purchase payments set forth above have been made, or (ii) upon receipt of written confirmation from Sellers that all payments required under Section 2 hereof have been paid by Gilt Edge. The Escrow Agent shall seek confirmation of such payments from the Seller, however should the Seller fail to respond to inquiries of either Gilt Edge or the Escrow Agent to ratify said payments for a period of more than fifteen (15) days, such ratification and approval shall be inferred. The parties hereto shall accept all reasonable escrow conditions imposed by the Escrow Agent and shall share equally in all escrow charges or fees.

At any time during the pendency of the escrow the parties hereto can add to or modify the Conveyance Documents to more correctly reflect the assignments or conveyance of property interest contemplated by this Agreement. Each party hereto agrees to cooperate with the other in drafting, reviewing and executing any Conveyance Document, or modifications thereto, in order that the property interests to be assigned or conveyed are correct at the time the escrow is to close pursuant to the terms of this Agreement.

Should the Seller fail to receive any one or all of the purchase payments set forth above in a timely manner, it shall give written notice to Gilt Edge of such default, and Gilt Edge shall have ten (10) days thereafter to cure such default or to furnish proof of payment. Should Gilt Edge fail to respond or otherwise satisfy the noticed default within the prescribed time, the Escrow Agent shall return the Conveyance Documents, the Quitclaim Deed and the Release to Seller and this Agreement shall terminate without Gilt Edge having any further rights under this Agreement to purchase the interests of Seller.

8. TERMINATION OF MINING AGREEMENT: Upon payment of all of the purchase price set forth in Section 2 hereof and the release of the Conveyance Documents to Gilt Edge by Escrow Agent, the Mining Agreement shall be terminated. Upon receipt of the Conveyance Documents,Gilt Edge may thereafter cause the same to be recorded in Lawrence County, South Dakota.

Gilt Edge, upon completion of the purchase of the Mining Agreement, agrees to accept the assignments of any leases subject to the Mining Agreement, and to perform all the obligations thereunder of the Seller, arising or occurring after the date of this Agreement, except any ongoing or past reclamation requirements accruing by past actions of the Seller. From and after the termination of the Mining Agreement, Gilt Edge shall cooperate with Seller in obtaining the release of Seller, Congden and Carey Ltd. 5 and Thomas Congdon from any obligations under the Leases conveyed to Gilt Edge hereunder.

9. COOPERATION OF SELLER: During the term of this Agreement, Seller shall reasonably cooperate with Gilt Edge to the extent such cooperation is required by law to obtain all county, state and federal permits required to conduct on the Subject Property the mining operation contemplated by Gilt Edge, but the cost thereof incurred by the Seller shall be paid by Gilt Edge.

10. INDEMNIFICATION: Gilt Edge hereby indemnifies and agrees to hold Seller harmless against, from and in respect to any and all damages, losses, liabilities, claims, costs and expenses (including, without limitation, reasonable attorneys' fees) arising as a result of any untrue representation or the breach of any warranty or covenant of Gilt Edge contained herein. Cyprus and CoCa each hereby severally, but not jointly, agree to indemnify and hold Gilt Edge harmless from, against and in respect to any and all damages, losses, liabilities, claims, costs and expenses (including, without limitation, reasonable attorneys' fees) arising as a result of any untrue representation or the breach of any warranty or covenant made by such party contained herein. Notwithstanding anything to the contrary contained in the foregoing, the aggregate amount of all claims for the breach of all representations, warranties and covenants of Cyprus or CoCa, as the case may be, shall not exceed the total payment proceeds received by such party pursuant to Section 10 hereof.

Notwithstanding the termination of the Mining Agreement pursuant to the terms of Section 8 hereof, the Indemnity provided for in Section 6.3 of the Mining Agreement shall survive the termination of such Agreement and shall remain the continuing obligation of the parties hereto in accordance with the provisions of such section.

11. MULTIPLE PARTIES - AGENT: As the Seller is and, may be, from time to time, made up of various individuals or entities whose ownership interests may vary, the Seller hereby names:

Cyprus Mines Corporation
as to Eight-tenths (8/10 or eighty percent (80%)) of any payment
P.O. Box 3299
7000 So. Yosemite Street
Englewood, Colorado 80155

Attention: Property Records Supervisor

And:

CoCa Mines Inc.
as to two-tenths (2/10 or twenty percent (20%)) of any payment
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

Attention: J. C. Mitchell

as its agent to receive from Gilt Edge all payments to Seller due hereunder. Such payments shall be made by cashiers' checks, wire transfers, or other methods providing immediate funds, payable to the order of said agents at such addresses. Any charges made by said agents shall be paid by Seller. Payment by Gilt Edge to said agents, or to any other agents designated by the different ownership groups of Seller in accordance with this paragraph, shall constitute and be payment in full to Seller and each ownership group of each such payment, and such payment shall constitute and be a full discharge of all of Gilt Edge's obligations to make such payment. Gilt Edge shall not have any obligation whatsoever, with respect to the distribution of any such payment by any such agents to Seller or its ownership groups or to any other person or persons entitled thereto or to any part thereof. If such agents, or any successors thereof, shall cease to exist or shall refuse to serve as Seller's, or its ownership groups', agents hereunder, such payment shall be made thereafter to any bank or other party in the United States that Seller shall designate. Gilt Edge shall be entitled to withhold all payments hereunder until such designation is made. At all times pertinent hereto, Gilt Edge shall have the right to demand that no more than two (2) agents act in the place and stead of Seller and its ownership groups for purposes of receiving payments hereunder. At the time payments are made by Gilt Edge to said agents, Gilt Edge shall send notices of such payment to Seller, as provided below.

12. NOTICES: Any notice or demand which is required to be given hereunder by either party hereto which either party may desire to give to the other hereunder shall be given in writing by mailing the same by United States mail, registered or certified, return receipt requested postage prepaid, addressed to the other party at his respective address shown below and, to be effective, must be made to all those designated to receive copies set forth below. A notice hereunder shall be effective the second (2nd) day next following deposit thereof in the United States mail or, if made by personal delivery, the same shall become effective on the day of such delivery to the party as provided herein. A party's address, as set forth hereinbelow and/or the person to whose attention the notice is to be given, may be changed by such party by notice given as provided herein to the other party:

If the notice is to Seller:

Cyprus Mines Corporation
Attention: H.L. Bauer, Jr.
P.O. Box 3299
7200 So. Alton Way
Englewood, Colorado 80155

with a copy to:

CoCa Mines Inc.
Attention: J.C. Mitchell
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

If the notice is to Gilt Edge:

Gilt Edge Inc.
Attention: Wayne McClay
Suite 1088
99 West Hastings Street
Vancouver, British Columbia
V6C 2W2

with a copy to:

Swinton & Company
Attention: Stephen E. Dadson
Suite 1300
1090 West Georgia Street
Vancouver, British Columbia
V6E 3X9

13. NON-PARTNERSHIP: This Agreement shall not constitute or be construed to constitute a partnership, mining partnership, joint venture or joint operation. The full control and determination as to manner, extent and character of mining operations during the term of this Agreement shall be determined by Gilt Edge in accordance with the provisions of the Mining Agreement.

14. ENTIRE AGREEMENT: AMENDMENTS: Except for the applicable terms of the Mining Agreement, this Agreement contains the entire agreement between Gilt Edge and Seller, and no oral agreement, promise, statement or representation which is not contained herein shall be binding upon Gilt Edge or Seller. All amendments of this Agreement shall be in writing and executed by the parties.

15. BINDING EFFECT: All of the terms, conditions, warranties, covenants and agreements herein contained shall be binding on the parties hereto, their partners, heirs, successors and assigns.

16. RECORDATION: The parties hereto agree that this Agreement will not be recorded but that a Memorandum of Agreement will be recorded setting forth the rights of Gilt Edge to acquire the rights of the Seller to the Mining Agreement, Subject Property and the Area of Interest. A release of such Memorandum shall be executed by the parties hereto and delivered to Escrow Agent simultaneously with the delivery of the Conveyance Documents.

17. SEVERABILITY: If any of the provisions of this Agreement is or becomes void or unenforceable by Force of Law, the other provisions shall remain valid and enforceable.

18. WAIVER: The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by any part of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to effect either validity of this Agreement, or any part hereof, or the right of each party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

19. CURRENCY: References to currency in this Agreement are references to United States currency.

20. INSURANCE: If any operations are conducted upon the Subject Property by Gilt Edge while this Agreement is in effect, Gilt Edge shall carry Worker's Compensation insurance as required by applicable law and shall carry General Liability and Automobile Liability insurance of not less than One Million Dollars ($1,000,000.00) for each occurrence for property damage, bodily injury and public liability.

Cyprus Mines Corporation and CoCa Mines Inc. shall be named insureds under such policies and shall be beneficiaries of insurer's waiver of subrogation under any required Worker's Compensation insurance policy. Certificates evidencing the foregoing insurance coverage shall be provided to Seller before any mining, exploration or development operations are conducted upon the Subject Property by Gilt Edge.

21. GOVERNING LAW: This Agreement shall be governed by the laws of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands as of the day and year first above written.

SELLER:

CYPRUS MINES CORPORATION,
a Delaware corporation

By: Chester B Stone
Title: EXECUTIVE VICE PRESIDENT

COCA MINES INC.,
a Colorado corporation

By:
Title: President

GILT EDGE INC.,
a South Dakota corporation

By:
Title: PRESIDENT

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

On this the 27th day of JUNE, 1986, before me, FLORENCE FRANK, the undersigned officer, personally appeared CHESTER B. STONE, JR., who acknowledged himself to be the EXECUTIVE VICE PRESIDENT of CYPRUS MINES CORPORATION, a corporation, and that he, as such EXEC. VICE PRESIDENT, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as EXEC. VICE PRESIDENT.

In witness whereof, I have hereunder set my hand and official seal.

Florence Frank
Notary Public
My commission expires 7-21-86

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 26 day of June, 1986, before me, Vicki L. Ferguson, the undersigned officer, personally appeared Hugh J. Matheson, who acknowledged himself to be the President of COCA MINES INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I have hereunder set my hand and official seal.

My Commission Expires Nov. 22, 1988

Vicki L. Ferguson
Notary Public
1776 Lincoln St.
Denver, CO

STATE OF _____)
PROVINCE) ss.
~~COUNTY~~ OF BRITISH COLUMBIA)

On this the 3rd day of July, 1986, before me, Philip Dadson, the undersigned officer, personally appeared Wayne McCloy, who acknowledged himself to be the President of GILT EDGE INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I have hereunder set my hand and official seal.

PHILIP J. DADSON
Barrister & Solicitor
1300 - 1090 W. GEORGIA ST
VANCOUVER, B.C. V6E 3X7
PHONE 687-2242

Notary Public

EXHIBIT A

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

I. Patented and unpatended mining claims in which Cyprus Mines Corporation has acquired an 80% interest by virtue of a Joint Venture Agreement dated January 1, 1975 with Congdon and Carey, Ltd. 5, to Cyprus Mines Corporation.

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee, recorded Book 418, Pages 284-294.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnale Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.969
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	[illegible]
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

245.43

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

118.342

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee. Deed recorded in Document No. 81-3271.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

8.98

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch [illegible]	931	24135	12.56

12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 80% interest.

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2622 (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2623 (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2673 (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2455 (unpatented lode claims).

CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Erik No. 1	11/16/82	82-5392	M MC 95380 (SD)	
Erik No. 2	11/16/82	82-5393	M MC 95381 (SD)	22.43 AC. ±
Erik NO. 3	11/16/82	82-5394	M MC 95382 (SD)	
Erik No. 4	11/16/82	82-5395	M MC 95383 (SD)	

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 88821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/22/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02
				103.12

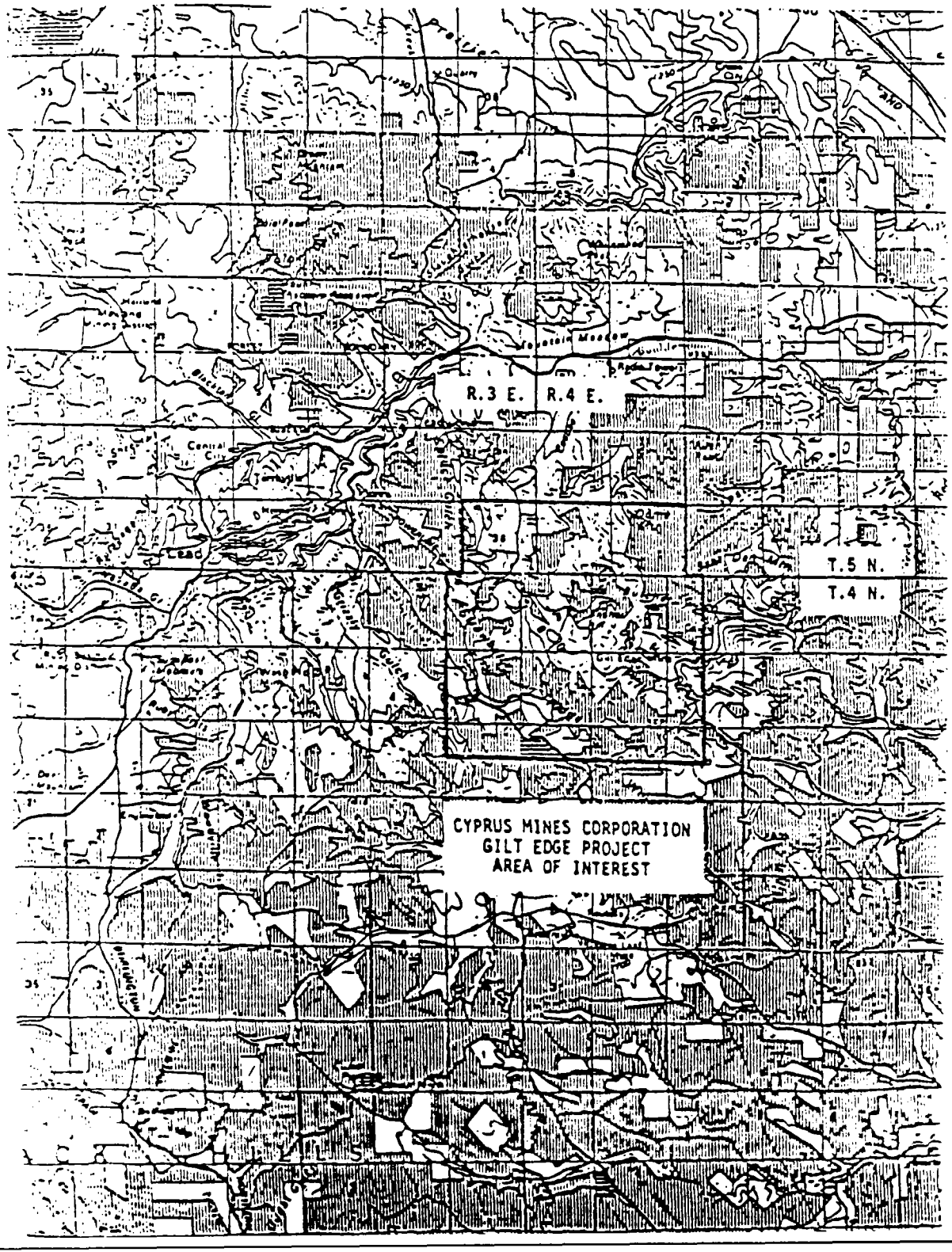
plus some fractional claims (

Rattlesnake

Total Acreage 1228.535

EXHIBIT B

Attached to and made a part of that certain Mining Agreement dated the _____ day of _____, 1983 by and between CYPRUS MINES CORPORATION and LACANA MINING INC.



FIRST AMENDMENT TO MINING AGREEMENT

THIS FIRST AMENDMENT TO MINING AGREEMENT is made effective as of the 31st day of May, 1985, by and among Cyprus Mines Corporation, a Delaware corporation, 7200 South Alton Way, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation, P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510 (hereinafter referred to as "Grantee").

WHEREAS, Grantors and Grantee entered into a mining agreement (hereinafter the "Agreement") dated June 1, 1983 concerning the Gilt Edge Property, Lawrence County, South Dakota, a Memorandum of which Agreement was recorded in the office of the Register of Deeds, Lawrence County, South Dakota as Document Number 83-5768, on October 18, 1983; and

WHEREAS, Grantors and Grantee now desire to amend said agreement.

NOW, THEREFORE, in consideration of ONE DOLLAR and other good and valuable consideration, the parties hereby agree as follows:

1. The first sentence of Section 4.2 entitled "Evaluation Expenditures" is hereby amended, and two sentences are added, to read as follows:

During the first six years of this Agreement, beginning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year(s)	Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
6-1-83 through 5-31-84	$ 500,000	$150,000
6-1-84 through 5-31-86	1,150,000	200,000
6-1-86 through 5-31-87	2,000,000	0
6-1-87 through 5-31-88	2,000,000	0
6-1-88 through 5-31-89	1,850,000	0

Grantee will work diligently on feasibility studies and environmental permitting matters so that on or prior to 5/31/86 Grantee will have:

(i) obtained all state and federal government permits needed to bring a mine into production on the Property:

(ii) completed a feasibility study on bringing a mine into production on the Property

Notwithstanding the foregoing, if Grantee is prevented for any reason whatsoever from obtaining all necessary governmental permits and approvals and/or completing a feasibility study, and Grantee's cumulative Evaluation Expenditures in the period 6/1/83 through 5/31/86 are less than $1,650,000, the amount by which such cumulative Evaluation Expenditures are less than $1,650,000 shall be promptly paid to Cyprus and CoCa as to 80% and 20% respectively.

The remainder of Section 4.2 beginning with the words, "Any deficiency ..." shall remain as written.

2. The parties acknowledge that, pursuant to the telex dated April 26, 1985 from E. R. Wozniak on behalf of Grantors to E. G. Thompson of Grantee, the thirty day prior written notice provision of Section 3.2 of the Agreement has been suspended through and including May 31, 1985. The parties agree that after May 31, 1985, the suspension shall no longer be in effect and Section 3.2 of the Agreement shall once again become effective as originally written in such agreement.

3. The remaining terms of the Agreement are hereby confirmed by the parties as being in full force and effect.

IN WITNESS, WHEREOF, the parties have executed this First Amendment of Mining Agreement effective as of the date first above written.

GRANTORS:

Cyprus Mines Corporation

By: _____
J. C. Compton
Vice President

_____
Attest: S. S. Shellhaas
Assistant Secretary

CoCa Mines, Inc.

By: _____
J. Christopher Mitchell
Vice President

_____
Attest:

GRANTEE:
Lacana Mining, Inc.

By: _____
Chairman of the Board

_____
President

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 30th day of May, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared J.C. Compton and S.S. Shellhaas known to me to be Vice Pres. and Asst. Secretary of Cyprus Mines Corporation, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

G. Irene Johansen
Notary Public

My commission expires: December 26, 1985

PROVINCE OF Ontario)
) ss.
COUNTY OF York)

On this 5th day of June, 1985, before me, the undersigned, a Notary Public in and for said ~~state~~ province, personally appeared W.H. Gross and Edward G. Thompson known to me to be Chairman and President, respectively, of Lacana Mining Inc., a corporation, who acknowledged to me that ~~they~~ executed the foregoing instrument on behalf of said corporation.

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

Notary Public

My commission ~~expires~~ does not expire: _____

STATE OF Colorado)
CITY AND) ss.
COUNTY OF Denver)

On this 30th day of May, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared J.C. Mitchell known to me to be Vice President of CoCa Mines Inc., a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

Notary Public
1776 Lincoln Street
Denver, CO

My commission expires: November 22, 1986

EXHIBIT "B"

SCHEDULE 2

Assignment of Assumption Agreement
Between Lacana Gold Inc.
and
Gilt Edge Inc.

December 17, 1984

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT is made and entered into as of this 17 day of January, 1985 by and between LACANA GOLD INC., a Nevada corporation, P.O. Box 11305, Reno, Nevada 89510, as "ASSIGNOR"; and GILT EDGE INC., a South Dakota corporation, P.O. Box 11305, Reno, Nevada, 89510, as "ASSIGNEE";

W I T N E S S E T H:

WHEREAS LACANA GOLD INC. (nee' Lacana Mining Inc.) entered into a Mining Agreement dated as of June 1, 1983 with Cyprus Mines Corporation and CoCa Mines Inc. to acquire certain mining properties in Lawrence County, South Dakota, as is evidenced by that certain Assignment of Leases - Memorandum for Recording, recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983; and

WHEREAS LACANA GOLD INC. formerly was known as Lacana Mining Inc., the name change being effectuated by appropriate documents filed with the Nevada Secretary of State on July 9, 1984; and

WHEREAS GILT EDGE INC. is a wholly owned subsidiary of LACANA GOLD INC. and thus, pursuant to Paragraph 11.1 of Article XI of the aforesaid Mining Agreement, LACANA GOLD INC. can assign said Mining Agreement to GILT EDGE INC. without the consent of Cyprus Mines Corporation or CoCa Mines Inc.;

NOW THEREFORE, for and in consideration of the sum of TEN AND 00/100 DOLLARS ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby

acknowledged by the ASSIGNOR, the parties hereto agree as follows:

1. ASSIGNMENT: The ASSIGNOR hereby grants, conveys, sells and assigns to ASSIGNEE all of ASSIGNOR's right, title and interest in and to the aforesaid Mining Agreement and any benefits associated therewith.

2. ASSUMPTION: The ASSIGNEE hereby assumes, receives and accepts from the ASSIGNOR all of ASSIGNOR's right, title and interest in and to the aforesaid Mining Agreement and any burdens associated therewith.

WHEREFORE, the parties hereto have hereunto set their hands as of the day and year first above written.

ASSIGNOR:

LACANA GOLD INC., a Nevada corporation

BY: _____

TITLE: PRESIDENT

ASSIGNEE:

GILT EDGE INC., a South Dakota corporation

BY: _____

TITLE: PRESIDENT

Ontario
STATE OF Ontario)
) SS.
COUNTY OF York)

On this the 8th day of January, 1984, before me, Peter Eugene Lawford, the undersigned officer, personally appeared Edward G. Thompson, who acknowledged himself to be the President of LACANA GOLD INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I hereunto set my hand and official seal.

P E Lawford
NOTARY PUBLIC

Ontario
STATE OF Ontario)
) SS.
COUNTY OF York)

On this the 8th day of January, 1984, before me, Peter Eugene Lawford, the undersigned officer, personally appeared Edward G. Thompson who acknowledged himself to be the President of GILT EDGE INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I hereunto set my hand and official seal.

P E Lawford
NOTARY PUBLIC

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Bella	1235	30615	10.257
Summit	1236	31088)	.
Summit #1	1236	31088)	20.994
Horn Silver	1236	31088)	
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

656.9105

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Stawberry Creek	712	23596	19.56

19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.66
(Amended)	-	215	300		

EXHIBIT "A"

MINING AGREEMENT

STATE OF SOUTH DAKOTA

This Agreement, is made effective as of the first day of June, 1983, by and among Cyprus Mines Corporation, a Delaware corporation, 7000 South Yosemite Street, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation (hereinafter referred to as "Grantee"), whose address is P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510.

WHEREAS, Grantors or their predecessors, as the case may be, entered into a Joint Venture Agreement dated January 1, 1975, whereby Grantors agreed to explore, develop and mine certain property located in Lawrence County, South Dakota; and

WHEREAS, pursuant to the above Joint Venture Agreement, Grantors are the Lessees under certain leases ("Leases") covering patented and unpatented mining claims and are also the owners of certain patented and unpatented mining claims ("Claims"), all situated in Lawrence County, South Dakota, more particularly described in Exhibit A which is attached hereto and by reference made a part hereof (all of the property covered by the Leases and the Claims is hereinafter referred to as the "Property"); and

WHEREAS, Grantee desires to obtain an interest in the Property;

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I

GRANT AND DESCRIPTION

1.1 Assignment

Dollars ($US50,000.00) as specified in Section 4.1, receipt of which is acknowledged by Grantors, Grantors and each of them hereby sell, assign, transfer and convey to Grantee all of their right, title and interest in and to the above described Leases together with all rights incident and appurtenant thereto, subject only to the exceptions and reservations made in this Agreement.

1.2 Assumption of Obligations

Grantee hereby accepts the assignment of the above Leases and agrees to perform all of the obligations of Grantors thereunder and save and defend Grantors harmless from any claims or obligations under said Leases arising or occurring after the date of this Agreement, except for the obligations noted in Section 13.9. Grantee specifically assumes the obligation to make all payments required by the Leases on or after June 1, 1983 through May 31, 1984, regardless of the date of termination of this Agreement, unless terminated pursuant to Section 7.2. Grantee shall be responsible to make such payments to the Lessors of the Leases and Grantors shall cooperate in furnishing addresses, payment schedules and other information to Grantee.

1.3 Exclusive Lease of Claims

Grantors hereby lease exclusively to Grantee, its successors and assigns, for the term and purposes stated below, the Claims , together with all rights, privileges and appurtenances in anywise belonging to said mining claims, including, but not limited to, easements, rights-of-way, access rights, road construction rights, water and water rights and timber and vegetative resources, together with the right to use the surface to the fullest extent reasonably necessary, appropriate, convenient,

worthwhile or incidental to any of the rights and privileges of Grantee hereunder. The Claims are leased without limitation, for purposes of surveying, evaluation, exploration, additional prospecting, drilling, developing, mining by any method or otherwise extracting, stockpiling, storing, processing, treating, removing, stripping, and marketing or otherwise disposing of any and all minerals, metals, ores and materials of whatsoever kind and character (hereinafter "Minerals") in, upon, under, or extending from or into the Claims.

1.4 Area of Interest

The parties hereto hereby agree that if, after the date of this Agreement, Grantors or any one of them acquire any right, title or interest in any property the boundary of which is located within the Area of Interest, they shall promptly notify Grantee of such acquisition and if Grantee shall, within sixty (60) days after receipt of such notice, notify Grantors that said property should be included as part of the Claims or Leases under this Agreement (depending upon whether such property is acquired in fee or by lease), Grantors shall execute all necessary documents in order that such property shall be included as part of the Property under this Agreement. The term "Area of Interest" as used herein shall be deemed to mean that property situate in Lawrence County, South Dakota more particularly described as:

Township 4 North, Range 3 East, B.H.M.

Section 1: all
12: all
13: N½

Township 5 North, Range 3 East, B.H.M.

Section 36: all

Township 4 North, Range 4 East, B.H.M.

Section 4: W½
5: all
6: all
7: all
8: all
9: W½
16: NW¼
17: N½
18: N½

Township 5 North, Range 4 East, B.H.M.

Section 31: all
32: all

The Area of Interest is also shown graphically on Exhibit B attached hereto and by reference made a part hereof. If Grantee does not elect to include such property under this Agreement, Grantors shall be free to retain, use or dispose of their right, title and interest in such property as they may determine. Unless otherwise agreed in writing by the parties hereto, if Grantee elects that any such property offered by Grantors be included as part of the Property under this Agreement, Grantee shall reimburse Grantors their costs in acquiring such property, and such costs shall be included as Evaluation Expenditures as defined herein. After any such property is added, as provided in this Paragraph, such property shall thereafter be considered part of and be included in the Property as either Claims or Leases.

Grantee shall have the right to prospect for, locate and otherwise acquire property interests within the Area of Interest. Any such properties acquired by Grantee will become part of this Agreement as Claims (in the case of fee acquisition) or Leases (in the case of acquisition by lease).

In the event that this Agreement is terminated, those claims and leases hereafter acquired by Grantee within the Area of Interest shall be conveyed by Grantee by quitclaim deed to Grantors. Upon the expiration of one (1) year after termination of this Agreement, each party shall be free to acquire interests within the Area of Interest.

1.5 Purposes

The Claims are leased to Grantee to survey, evaluate and drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship and market or otherwise dispose of any and all Minerals in, upon or under the Claims or other land in the vicinity of the Claims; and to exercise any and all rights or privileges granted in this Agreement, or which are incident to

or which may be useful or convenient in the exercise of any of the rights granted in this Agreement. In addition to the rights, privileges and purposes set forth in Section 1.3 and in the foregoing sentence, Grantee shall have unrestricted access to the Claims and the exclusive rights (i) to develop and mine, and to extract, remove and dispose of any and all air, Minerals, water and waste from the Claims and to deposit such materials on or in the Claims, by means of underground or surface mining operations in or on the Claims or other property, (ii) to remove air, Minerals, water and waste, and materials from other property and to carry on general mining and milling operations pertaining to the Claims or other such property, on the surface of or through underground or surface workings on the Claims, (iii) to use any part of the Claims for tailings and waste dumps and for any other purpose incident to underground or surface mining operations on the Claims or other property, (iv) to erect, construct, use and maintain on the Claims such roads, buildings, structures, machinery, and equipment as may be required by Grantee for the conduct of operations on the Claims or other property, and (v) to sell Minerals and other products derived from the Claims in such forms, on such terms, at such times and for such prices as Grantee may, in its sole discretion, determine. All operations on the Claims by Grantee shall be conducted in a good and miner-like manner.

1.6 Operations

Grantee shall also have exclusive right without limitation and in its sole discretion: (a) to further evaluate the Claims by drilling, seismic or other geophysical methods, to mine by any method or methods deemed desirable or convenient, including but not limited to, underground, open pit, strip, in situ, solution and leaching; and to process and treat the Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all excavations, pits, shafts, and openings on the Claims and to inject such gas, waters, other

fluids, air and other substances into the subsurface strata thereof; (c) to stockpile, store or dispose of on or off the Claims, Minerals, waste, earth, tailings and other materials; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Claims buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements.

1.7 Operations on Adjacent Lands

Grantee shall have the right to remove Minerals from the Claims through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Claims.

1.8 Water Use

Grantee shall have the free use of any and all water and water rights in and on the Claims, to the extent Grantors are able to grant such right.

1.9 Ingress and Egress

Grantors grant Grantee the right to use all rights-of-way for ingress to and egress from the Claims which it is within the power of Grantors to grant, together with the right to construct roads across such rights-of-way to assist Grantee in conducting its operations.

1.10 Acquisition of Additional Acreage

Grantors and Grantee agree that control of the Old Pennsylvania, M.S. 1632, and the Black Dan, M.S. 327, patented lode claims is advisable for the orderly exploration and development of the Property. Grantors hereby agree to pursue with all reasonable diligence the negotiation and execution of a

definitive agreement with the legal representative of the estate of Fred G. Borsch, deceased, owner of the above mentioned patented lode claims, for the lease or acquisition of these claims upon terms reasonably acceptable to Grantee. To this effect Grantors agree to also pursue with all reasonable diligence the approval of Geraldine Fahrni, a possible heir, of such a definitive agreement. Grantee acknowledges that the estate is subject to a will contest and that factors beyond the control of Grantors may delay or prevent the execution of such a definitive agreement. If these claims are acquired, they shall become part of the Property, either as Claims (in the event of outright acquisition) or as Leases (in the event of acquisition by lease).

However, if despite the reasonable diligence of the Grantors as aforesaid such definitive agreement has not been obtained on or prior to the first anniversary of the date of this Agreement, the Grantee shall have the right and option to notify Grantors within 14 days after said first anniversary that it has elected to suspend this Agreement, pending satisfactory resolution of such will contest. On such notice being given, the term of this Agreement shall be suspended effective the end of the day prior to the said first anniversary. During the term of such suspension, the Grantee shall not be obligated to spend the amounts on Evaluation Expenditures specified in Section 4.2 hereof, other than such amounts as are required to keep the Leases and the Claims in force or in good standing, as the case may be.

The period of suspension shall extend 2 weeks after the time when Grantee receives an executed copy of the aforementioned definitive agreement. Anything in this Agreement to the contrary notwithstanding, the period of suspension shall not be counted against Grantee and it shall be excluded in computing and shall extend the time(s) of the performance by the Grantee of the covenants and conditions of this Agreement except that the beginning date for payment of minimum annual advance royalty under Section 4.4 shall not be extended by such suspension. The term of this Agreement shall also be extended by such period of suspension; provided, however, that if such definitive agreement

is not obtained on or prior to the second anniversary of the effective date of this Agreement and if the requirement for a definitive agreement has not theretofore been waived by the Grantee, this Agreement shall automatically terminate on the expiration of the second anniversary date. If Grantee waives the requirement for a definitive agreement on or prior to the second anniversary, this Agreement shall not terminate and the period of suspension shall extend two (2) weeks after such waiver is given whereupon this Agreement shall be reinstated and shall continue to be in full force and effect.

1.11 Grantee's Discretion in Operations

It is agreed that Grantee shall have the right to decide in its sole discretion on what part or parts of the Property any of the operations contemplated in this Agreement are to be carried out and the timing and priority of any such operations, including, without limitation, the right to determine whether such operations will be carried out on any one or more Claims in priority to the Leases or vice versa; provided that nothing in this section shall be interpreted as altering or diminishing the obligations of Grantee set forth in other provisions of this Agreement.

ARTICLE II

OPTION TO PURCHASE

2.1 Exercise of Options

Grantee agrees to exercise, at Grantors' request, any options to purchase which may be contained in the Leases. Grantors agree to pay any difference between the purchase option price and the total payments creditable toward the purchase price at the time of exercise of the option, if any such options are exercised before satisfaction, as specified in Section 3.3, and title to such property covered by such Leases shall be held by Grantors. If such options are exercised after satisfaction, Grantee shall be responsible for the entire purchase price and shall hold title.

ARTICLE III

TERM OF AGREEMENT

3.1 Term

Unless sooner terminated as hereinafter provided, the lease of the Claims contained in this Agreement shall remain in full force and effect for a period of ten (10) years from the effective date hereof (the "Primary Term") and so long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis within the Area of Interest. For this purpose, development, mining or processing operations shall be deemed continuous so long as all such operations do not cease for a period of more than one hundred eighty (180) consecutive days, excluding period(s) of force majeure as provided in Section 10.3 of this Agreement and as provided hereinafter. In the event Grantee is unable to obtain a satisfactory market for any Minerals discovered or produced from the Claims, and as a result Grantee delays commencement of development, mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this Agreement shall not expire or terminate during such period of lack of market but may be extended by Grantee's continuing payment of minimum royalties under Article IV. Grantee shall use diligence in searching for a satisfactory market for the Minerals during such lack-of-market periods, and when a satisfactory market becomes available, Grantee shall have a reasonable time thereafter, not to exceed sixty (60) days, within which to begin or renew development, mining or processing operations.

3.2 Termination

Upon thirty (30) days' prior written notice to Grantors, Grantee shall have the right at any time to terminate this Agreement as to all of the Property by notifying Grantors thereof and thereupon all rights and obligations of Grantee under this Agree-

ment, except for those obligations which may have accrued prior to termination, shall terminate. Upon termination of this Agreement, Grantee shall:

(a) Quitclaim to Grantors all of Grantee's right, title and interest in and to the Property; and

(b) Within sixty (60) days after surrender or other termination of this Agreement, Grantee shall deliver to Grantors copies of all factual geological, metallurgical, and engineering data and maps, logs or drill hole cores and results of assaying related to the affected properties which Grantee may obtain as a result of exploration work under this Agreement, provided, however, Grantee shall have no liability on account of any such data used or relied upon by Grantors.

(c) In the event that Grantee shall fail to deliver such data, Grantors shall be entitled to receive, as liquidated damages, a payment equal to the sum of the expenditures made by Grantee to compile the data referred to in subsection 3.2(a)(ii).

Upon such termination, all payments previously made shall be retained by Grantors as full compensation for use and occupancy of the Property and all liabilities and obligations of Grantee of any kind then not due or accrued with respect to the Claims and Leases shall terminate.

3.3 Satisfaction

In the event that Grantee fulfills its entire Evaluation Expenditure obligation of $US7,500,000.00 at any time on or before the end of the fifth year of this Agreement, and is otherwise in compliance with this Agreement, Grantee may notify Grantors of such facts and Grantors shall, within thirty (30) days of such notice, provide Grantee with fully executed quitclaim deeds to the Claims and to any acreage obtained through exercise of purchase options contained in the Leases, subject only to a reservation of a production royalty or overriding

royalty as provided in Section 4.3, and a minimum annual advance royalty as provided in Section 4.4. This Agreement shall thereupon be considered satisfied and terminated.

ARTICLE IV

CONSIDERATION

4.1 Bonus

Concurrent with the execution of this Agreement, Grantee shall pay to Grantors as a Bonus the sum of $US50,000.00.

4.2 Evaluation Expenditures

During each one year period of this Agreement, beginning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year	Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
6-1-83 through 5-31-84	$ 500,000	$150,000
6-1-84 through 5-31-85	1,000,000	200,000
6-1-85 through 5-31-86	2,000,000	200,000
6-1-86 through 5-31-87	2,000,000	200,000
6-1-87 through 5-31-88	2,000,000	250,000

Any deficiency in the amount of Evaluation Expenditures incurred in any period may be made up within sixty (60) days after the end of the period in which such deficiency occurred without penalty by incurring Evaluation Expenditures or making cash payment to Grantors in the amount of the deficiency. If any such deficiency is not made up within such time, this Agreement shall terminate and Grantee shall follow the provisions of paragraph 3.2. Evaluation Expenditures in excess of that required for any one year period may be made by Grantee and any Evaluation Expenditures during a period in excess of the required minimum expenditure set forth above shall be a credit against the Evaluation Expenditure requirements for subsequent exploration periods. "Evaluation Expenditures" shall be deemed to mean and

include the costs of evaluation, further exploring, and developing the Property, including the drilling, excavating and searching by all recognized prospecting techniques; sampling, assaying, testing and evaluating materials removed therefrom, including large-scale bulk sampling or testing; mapping, platting, surveying; constructing and maintaining camps, roads, works and structures necessary to carry out evaluation, sampling or testing; all payments made to maintain the Leases and Claims in good standing, including rentals, assessment work, and minimum advance royalties, but not production royalties; all costs incurred in acquiring additional acreage within the Area of Interest; all studies including metallurgical, mine planning, financial, economic, scoping, feasibility, marketing, geological and technical studies required to develop a prospect or mine and all work that may be required for preparing a mine for operation, including the opening of a mine, the construction and instal[illegible] of operating facilities and the procurement of [illegible]rials, tools, equipment, machinery and supplies [illegible]reto. Five (5%) percent of each year's Evaluation [illegible] may be allocated by Grantee to overhead and [illegible]. Travel expenses and time of technical personnel [illegible]aged in work on or for the benefit of the Property may be charged as Evaluation Expenditures but office and administrative expenses, including time of administrative personnel shall be covered by the five percent overhead charge. The commitment for Evaluation Expenditures shall accrue annually in advance. Accordingly, upon execution of this Agreement Grantee is obligated for the first lease year evaluation expenditure of $500,000, of which $150,000 must be spent on exploration drilling, unless this Agreement is terminated pursuant to the title provisions of Section 7.2 in which event all obligations for Evaluation Expenditures shall be terminated ab initio. In a similar fashion, if the first anniversary date is reached without termination of this Agreement, then the second year's Evaluation Expenditure shall be deemed to have accrued and Grantee shall be

liable therefor whether or not this Agreement is terminated during the second lease year. The Evaluation Expenditures shall accrue in a similar fashion over the ensuing lease years. Exploration drilling shall mean all drilling carried out on the Property, and expenditures on exploration drilling shall mean all direct and indirect drilling costs, including, without limitation, road and site preparation, standby charges, mobilization and demobilization costs, related assaying costs and technical supervision expenses.

4.3 Production and Overriding Royalty

(a) Grantors hereby except and reserve from the assignment of the Leases an overriding royalty, and Grantee hereby agrees to pay to Grantors a production royalty on the Claims, all in the amount of seven and one-half percent (7½%), inclusive of any other royalties, production payments, overriding royalties or other burdens (but excluding taxes of any type) existing on the date of this Agreement, of the Net Value of all Minerals, including ores, metals, Dore bars, bullion, Concentrates and Mineral products derived from the Property.. Grantee shall have the right and obligation to pay all underlying production and overriding royalties, production payments or other burdens existing on the date of this Agreement and all such payments on account of production royalties, overriding royalties and production payments made to parties other than Grantors shall be credited against and deducted from the production and overriding royalty, if any, payable to Grantors hereunder and in the event that any such obligations equal or exceed seven and one-half (7½%) percent of the Net Value for any portion of the Property, then no royalty shall be payable to Grantors on such portion. It is the intention of the parties that the aggregate amount of royalties payable by Grantee to Grantors under this Agreement and to all other persons who are entitled to receive production royalties, overriding royalties or production payments under the Leases or any other agreements, shall not in the aggregate exceed

seven and one-half percent (7½%) of the Net Value of the production from the Property, except in those aforesaid circumstances in which, and only for so long as, such royalties and like payments payable to such other persons exceed seven and one-half percent (7½%) of the Net Value, and that there shall be no duplication of payments on account of overriding royalties and production royalties, if any, due to Grantors. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Grantee from the sale of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to a mill, Smelter, or other purchaser, user or consumer other than Grantee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to the mill, Smelter, or other purchaser, user or consumer. The term "Smelter" means conventional smelters, as well as any other type of production plant used in lieu of a conventional smelter to reduce ores or Concentrates.

(b) Grantee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Minerals, including ores, metals or Mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Grantee. Any upgrading beyond the stage at which beneficiation, milling, sorting, and concentrating has yielded concentrate in the form usually commercially marketable ("Concentrate") shall be done for Grantee's sole benefit, risk and account, and the Mineral products taken by Grantee for such upgrading shall be deemed, for the purpose of computing Net Value and royalties payable thereon only, and not otherwise, to have been sold at the mean of quotations for the

Concentrate so taken for the month of such takings as reported in "Metals Week" published by McGraw-Hill, Inc., or, in the event such quotations are not published therein or such publication ceases or suspended, then at the mean of the quotations for Concentrate of the type so taken for the month of such taking as may be reported in such other publication or source as is generally [illegible] as reflecting the quotations [illegible] such Concentrates are currently being offered for sale and purchase, or in the absence of such a publication, by such other means as may establish such quotations to the end that in determining the Net Value of such Concentrates as are not sold by Grantee, but are taken by it, the price received for such Concentrates shall be deemed to be the mean of prices at which Concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties. Grantee shall not be liable for mineral values lost in such processing under sound engineering practices. It is expressly understood that Grantee shall pay, or otherwise absorb, all costs and expenses incurred in all stages of the mining and treatment processes up to and including the loading of Concentrates in a form which is usually commercially marketable in rail cars or such other type of transport vehicle used for transporting the Concentrates from the mill or concentrator site. Grantee shall be permitted to sell Concentrates in the form usually commercially marketable to its parent company or any subsidiary of its parent company (more than 50% owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

(c) The production and overriding royalties provided for herein shall be the total payments due Grantors from Minerals produced from the Claims and Leases.

4.4 Minimum Annual Advance Royalty

Beginning on the fifth anniversary date of this Agreement, Grantee shall pay to Grantors a minimum advance royalty of $US200,000.00 per year. The payment of this minimum advance royalty shall continue on each subsequent anniversary date for a period of ten (10) years after the start of commercial production by Grantee on the Property. Minimum advance royalties shall constitute prepayment of and advances against payment of production and overriding royalties that may become payable under this Agreement. Grantee may credit all minimum advance royalties against production and overriding royalties accruing at any time until said advance royalties have been fully recouped from production and overriding royalties. Commercial production is hereby defined as ninety (90) days of continuous production from the mine and its associated facility at not less than seventy percent (70%) of its rated capacity.

4.5 Reduction of Expenditures

If this Agreement expires or is terminated as to all of the Claims, Grantee shall not be required to make any Evaluation Expenditures except as provided in Sections 4.2 and 12.2.

4.6 Applicability of Other Provisions

All of the provisions of this Agreement, including the obligations for payment of minimum advance royalties, production royalties and overriding royalties shall apply to properties which become Claims or Leases pursuant to the Area of Interest provisions of Section 1.4.

4.7 Salvage

Grantors shall not be entitled to share in the proceeds of salvage or other disposition of personal property or fixtures erected or placed on the Claims by Lessee.

ARTICLE V

MANNER OF PAYMENT

5.1 Production and Overriding Royalty Payments

Overriding royalties and production royalties to Grantors on the Leases and Claims, when payable, shall accrue monthly at the end of each calendar month and shall become due and payable quarterly on the fifteenth day of each month following the last day of the calendar quarter in which the same accrue. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the Minerals, Concentrates and other Mineral products, processed by Grantee for the preceding calendar quarter, the proceeds of sale, costs and other deductions and other pertinent information in sufficient detail to explain the calculation of the production and overriding royalty payments.

5.2 Payments to Grantors

All payments to Grantors under this Agreement shall be made in the following proportions to the parties listed until Grantee is otherwise notified in writing by all parties acting as Grantor hereunder:

Name	Percentage of Payment
Cyprus Mines Corporation P.O. Box 3299 7000 So. Yosemite Street Englewood, Colorado 80155 Attn: Property Records Supervisor	80%
CoCa Mines Inc. 1776 Lincoln Street Suite 910 Denver, Colorado 80203 Attn: J. C. Mitchell	20%

5.3 Audit

Grantee shall keep books and records relating to computation of payments for a period of at least two (2) years after receipt of such payment by Grantors. For a period of two (2) years after

Grantor's receipt of payment, Grantors shall have the right, upon reasonable notice and at a reasonable time, to have Grantee's accounts and records relating to calculation of the statement in question audited by a certified public accountant acceptable to Grantors and to Grantee. If such audit determines that there has been a deficiency or an excess in the payment made to Grantors, such deficiency or excess shall be resolved by adjusting the next production or overriding royalty payment due hereunder. If such audit discloses any deficiency between the amount of the production or overriding royalty payments due hereunder and the amount actually paid which exceeds five per cent (5%) of the amount due, Grantee shall pay all costs of such audit. If any such deficiency is five per cent (5%) or less, or if there is an overpayment, Grantors shall pay all costs of such audit. Grantors may also conduct their own audits at their own expense at reasonable intervals within the time provided above, but such audit shall not be binding on Grantee without Grantee's consent. All books and records used by Grantee to calculate production and overriding royalties due hereunder shall be kept in accordance with generally accepted accounting principles.

5.4 Claims by Third Parties

If any third party, other than the United States of America, asserts, through a judicial proceeding, any claim to or against the Claims for any Minerals, Concentrates, or Mineral products lying in or under the Claims, or to the surface of the Claims, or to any amounts payable to Grantee, Grantee may deposit any amounts otherwise due to Grantors in an interest-bearing escrow until the controversy is finally determined.

ARTICLE VI

OPERATIONS AND DAMAGES

6.1 Standard of Operations; Reports

Grantee agrees that all operations affecting the interests of Grantors under this agreement shall be conducted in a good and miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Property or operations hereunder (including, without limitation, Workmen's Compensation Laws). Grantee shall provide to Grantors a yearly progress report summarizing the activities accomplished during the previous year within sixty (60) days after each anniversary date of this agreement.

6.2 Reclamation

Grantee shall comply with all applicable and valid governmental laws, rules, regulations and orders governing reclamation of the Property and restoration of the surface of the Property.

6.3 Indemnity

Grantors shall not be liable for any work performed or materials used upon the Property by Grantee after the date of this Agreement. Grantee shall hold Grantors and the Property free of and harmless from all liens, charges and liabilities arising from damage to property, or injury to, or death of persons caused by any acts or omissions of Grantee with respect to the Property. Grantors shall hold Grantee and the Property free of and harmless from all liens, charges and liabilities arising from damage to property, or injury to, or death of persons caused by any acts or omissions of Grantors with respect to the Property occurring prior to the date of this Agreement or occurring during the exercise of rights reserved to Grantors under this Agreement. Grantors may post on the Property during

the term of this Agreement such notices as they see fit of the nonresponsibility of Grantors for any of the acts of Grantee. In such event, Grantee shall exercise reasonable care to preserve the effective condition of any notice so posted.

6.4 Removal of Equipment and Minerals

Grantee shall have the right, but not the obligation unless otherwise required by law, to remove, within one (1) year after termination of this Agreement as to any part of the Claims any and all structures, machinery, equipment or other personal property or fixtures which Grantee erected or placed on any part of the Claims. Provided that the terms of Section 4.3 have been complied with, Grantee shall also have the right to remove, during said period, all Minerals, Concentrates and other Mineral products mined or extracted by Grantee during the term of this Agreement. All roads and bridges built on any part of the Claims, along with any water right initiated or established by Grantee, the point of surface diversion or ground water, withdrawal of which is on such part, will, upon the expiration or termination of this Agreement as to such part, if the surface rights of the Claims are owned by Grantors, become the property of Grantors without cost.

6.5 Inspection by Grantors

Grantors and Grantors' agents, duly authorized in writing, may enter upon the Property to inspect the same upon reasonable notice to Grantee and in a manner which will not unreasonably hinder or interrupt the operations and activities of Grantee on the Property or on any lands adjacent thereto. At the time of such inspection, Grantee will make available to Grantors, if requested, all records of factual data pertaining to the calculation of Production Royalty due hereunder including, without limitation, weighing, sampling and assaying of ore produced from the Property and sales, transportation, and processing costs; provided, however, Grantee shall not be obligated to furnish to

Grantors any internal proprietary data including, but not limited to, information which includes interpretive data. Grantee shall facilitate and assist such inspections by Grantors in every reasonable way, but Grantors or their agents shall enter upon the Property at Grantors' own risk and expense and shall indemnify, [illegible] damage, or liability including reasonable attorneys' fees and other expenses arising from or by reason of injury to or the presence of Grantors, Grantors' agents, representatives, licensees or guests, or any of them, on the Property, except damage or injury caused by the negligence or willful misconduct of Grantee.

6.6 Confidentiality

Grantors agree to treat all information acquired hereunder as confidential and further agree that Grantors shall not use name of Grantee, its parent, subsidiaries, affiliates or partners in any public statement or press release and shall make no press releases, public statements or public announcements of any sort concerning this Agreement or the operations and activities of Grantee with respect thereto, except with the prior consent of Grantee (which consent shall not unreasonably be withheld), or as required by law. During the term of this Agreement and for one (1) year following termination of this Agreement, Grantee agrees to treat all information regarding the Property as confidential, and will not disclose the same to third parties except with the consent of Grantors (which consent shall not unreasonably be withheld), or as required by law.

ARTICLE VII

TITLE

7.1 Representations and Warranties

Grantors hereby specifically make no warranties or representations with respect to the Property except as follows:

(a) Grantors have the full and exclusive right and power to act on behalf of Grantors, and on behalf of any other interested person or entities, to lease the Claims to Grantee under the terms and provisions of this Agreement and to grant the rights granted to Grantee hereunder;

(b) The Claims are free and clear of all [illegible] encumbrances except as set forth herein;

(c) The Claims are not subject to any agreements contrary to the provisions of this Agreement;

(d) While this Agreement remains in effect, Grantors will not place upon or cause to be placed upon the Claims any lien or encumbrance; and

(e) Grantors further represent that the unpatented Claims have been validly located, recorded and maintained pursuant to applicable federal, state and local laws and regulations and Grantors are the sole recorded and beneficial owners as to their respective percentage interests in the Claims.

(f) Grantors have not done any acts causing Leases to be forfeited or cancelled; that all Leases are in good standing at the time this Agreement is entered into and there is no default or any act which with the passage of time could become a default under any of the Leases; that no notice of default has been given to Grantors and to Grantors' knowledge no such notice is contemplated to be given by any of the lessors under the Leases; that Grantors are the sole present lessees and have the full and exclusive right and power to assign the Leases to Grantee.

7.2 Proof of Title

Grantee may, at its expense, examine the title to the Property. At any time within one hundred twenty (120) days from the date of this Agreement, Grantee may disapprove title to the Property if, in the opinion of an attorney, title to all or a part thereof is not good and merchantable. If Grantee

disapproves title to part of the Property, it shall have the right, but not the obligation, to disapprove title to the whole, or it may accept the Property with such defects. If Grantee disapproves title to the whole of the Property, this Agreement shall terminate, Grantee shall record the surrender required by Section 3.2, and all payments made by Grantee hereunder, including the bonus and any underlying Lease payments, but excluding payments for work performed on the Property during the term of this Agreement prior to termination, shall be returned to Grantee by Grantors or reimbursed, as the case may be, forthwith upon recordation of surrender. Grantors shall cooperate with Grantee should Grantee undertake any title examination or curative matters and expenses incurred by Grantee in such curative work shall qualify as Evaluation Expenditures.

7.3 Lesser Interest

Except as provided herein, in the event Grantors own an interest in the Property which is less than the entire, undivided interest in the Property, except where such lesser interest is referred to in Exhibit A, then the payments provided for in Article IV shall be proportionately reduced and paid to Grantors only in the proportion that Grantors' interest therein bears to the whole and undivided interest in the Property. In such event Grantors shall be entitled to retain only such proportion of the monies previously paid to Grantors hereunder as Grantors' said interest bears to the whole and undivided interest in the Property and Grantee shall be entitled to recover such previous overpayment by offsetting such overpayments against monetary obligations which thereafter become due and payable to Grantors hereunder.

7.4 Redemption of Liens

Grantors agree to pay promptly, upon the demand of a creditor, any mortgages, taxes, or other liens which Grantors have placed or caused to be placed upon the Property, except

where Grantors in good faith dispute the obligation. Grantee, at its option, may discharge any mortgages, taxes, or other liens on the Property, either in whole or in part, in the event of default by Grantors, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Grantors in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Grantee, in addition to the right of subrogation herein granted, Grantee shall also have the right to retain any monetary obligations which may become due Grantors hereunder, including, without limitation, overriding or production royalties payable to Grantors, and to repay Grantee therefrom, and the retention of such monies by Grantee shall have the same effect as if paid to the Grantors in whose behalf payment of any mortgage, taxes or other liens was made.

ARTICLE VIII

TAXES

8.1 Taxes

During the term of this Agreement, Grantee shall pay all real property taxes, ad valorem and assessments, assessed against the Property. Grantee agrees, during the term of this Agreement, to pay promptly when due all taxes levied and assessed upon Grantee as an employer, and upon fixtures and personal property placed by Grantee on the Property. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Agreement, Grantors and Grantee shall bear their pro rata share, and Grantee may pay Grantors' share of such tax and withhold the amount paid from any other payment due to Grantors hereunder, provided that, where the tax is levied or computed on the amount or value of ores produced, the pro rata share of Grantors shall be determined by multiplying the gross amount of royalties paid to Grantors during the taxing period by the applicable tax rate,

the balance of the tax being Grantee's pro rata share. All taxes shall be paid when due and before delinquency, but Grantee shall be under no obligation to pay any tax so long as such tax is being contested in good faith. Both Grantors and Grantee shall have the right in good faith to contest any tax or assessment, whether payable by Grantors or Grantee, but shall not permit the Property or any improvements or personal property thereon to be sold for such taxes or assessments.

8.2 Tax Election

If the relationship of the parties hereto is deemed to be a partnership for tax purposes, each of the parties hereto hereby elects to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States of America or his delegate, insofar as said Subchapter K or any portion or portions thereof may be applicable to the joint operations under this Agreement, and from any comparable provisions of applicable state law, and hereby binds itself to do any and all things necessary or proper in the premises from time to time in order to effectuate such election under the authority of Section 761(a) of said United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America.

ARTICLE IX

COMMINGLING

9.1 Commingling

(a) Grantee shall have the right to commingle ore from the Claims with other ore. Before any commingling, Grantee shall (i) weigh and sample the ore from the Claims in accordance with

sound mining and metallurgical practice, and (ii) assay such samples, or cause them to be assayed, to determine moisture and metal content. Grantee shall keep records showing weights, moisture, percentage of metal content, and gross metal content of the ore from the Claims. From this information, Grantee shall calculate an average grade of ore from the Claims or an average grade of ore fed to process in the accounting quarter used by Grantee.

(b) If Concentrates are produced, the average per cent recovery for the accounting quarter will be used to determine the amount of metal in the Concentrate derived from the Claims. Grantee shall sample the Concentrate and shall assay such samples, or cause them to be assayed, to determine moisture and metal content. Grantee shall determine the weight of Concentrate derived from the Claims by using the average grade of all Concentrate for the accounting quarter.

(c) In computing royalty payments, credits for the metal shall be based upon the amount of metal contained in the Claims, or upon the amount of metal contained in the Concentrate derived from the Claims, as may be appropriate, and charges based on the weight of ore or Concentrate shall be based upon the weight of the ore from the Claims or Concentrate derived from the Claims, as may be appropriate, for the accounting quarter. Grantee may, at its option, assay the ore from the Claims and other ore for penalty substances. Charges for penalty substances shall be allocated proportionally between the ore from the Claims and other ore on the basis of the gross penalty substance content of each ore. If Grantee elects not to make such assays, all penalties for penalty substances in the commingled ores shall be borne by Grantee.

9.2 Consent

Grantors by executing this Agreement hereby consent to any unit plan that Grantee, in its discretion, may adopt in conformity with Section 9.1, hereof. Upon the request of

Grantee, Grantors shall formally consent to any such unit plan by executing a written consent thereto prepared by Grantee. Notwithstanding any unit plan or any consent of Grantors, Grantee shall have the right to discontinue or terminate any such unit at any time or times.

9.3 Reduction of Unit

Reduction in the size of, or in the interest covered by, any unit as a result of failure of title or any other cause shall not, of itself, terminate the unitization. In the event of any such reduction, no retroactive reapportionment in royalties shall be required, nor shall royalties be payable thereunder on production from any land, title to which has thus failed. Grantee may terminate any unit by notifying Grantors to that effect in writing.

ARTICLE X

DEFAULT, FORCE MAJEURE AND DISPUTES

10.1 Default

Failure by Grantee to perform or comply with any of the terms, provisions or conditions of this Agreement, expressed or implied, including payment of monetary obligations, shall not automatically terminate this Agreement nor render it null or void. In case of such default, Grantors may notify Grantee in writing of such breach, and Grantee shall have a period of thirty (30) days after receipt of such notice (ten (10) days if the default is the failure to make any payment required hereunder) within which to cure the default or diligently commence to cure the default, provided that the period of time for remedying such default shall be extended by any time or times that Grantee is prevented from acting because of force majeure conditions. If Grantee fails to cure or diligently commence to cure the default within the time herein stated, Grantors may thereupon terminate this Agreement by giving written notice to Grantee of such termi-

nation. Notwithstanding the foregoing, if any action is taken or suffered by Grantee under any insolvency or bankruptcy act, such action shall constitute a breach of this Agreement for Grantee and Grantors shall be entitled to terminate this Agreement upon ten (10) days written notice to Grantee.

10.2 Cessation of Production

The Grantors and Grantee expressly agree that no express or implied covenant, undertaking or condition whatsoever shall be read into this Agreement as having been made or given by Grantee relating to the evaluation, development, mining or production of and from the Property by the Grantee, or the time thereof, or to any operations of or carried out by Grantee hereunder or to the measure of diligence thereof, except as specifically provided in this Agreement.

10.3 Force Majeure

The failure to perform or to comply with any of the covenants or conditions of this Agreement, either expressed or implied, on the part of Grantee shall not be a ground for cancellation or termination or forfeiture hereof, during such time as such failure to perform is caused, or compliance is delayed or prevented by storms, droughts or other severe weather, fire, floods, washouts or landslides, accidents, mill shutdown, failure of or damage to or destruction of mill machinery or mill plant facilities, or inability, after diligent effort, to obtain competent labor service or materials, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, regulations, or legal actions (including delays or inability to obtain necessary governmental approvals, permits or authorizations on terms reasonably acceptable to Grantee within a reasonable time after application therefor has been made); acts of God; or any other cause whatsoever beyond the control of Grantee, whether similar or dissimilar to the aforementioned causes, and Grantee shall be

excused from, and not be held liable for, such delay or failure to perform or to comply. If Grantee is at any time and from time to time delayed or prevented from engaging in exploration, development, mining, or processing operations by any such cause or causes, the time of any such delay or interruption shall not be counted against Grantee, anything in this Agreement to the contrary notwithstanding, and the period(s) of all such delays and preventions shall be excluded in computing and shall extend the time(s) of Grantee's performance or compliance and the term of this Agreement shall be extended by the period(s) of such delays and preventions. Grantee shall notify Grantors of any event of force majeure as soon as possible after affected thereby. The existence of any event of force majeure shall not relieve Grantee of the obligation to make payments and production and overriding royalty payments specified in Article IV, nor shall it relieve Grantee of its obligation in Section 1.2 hereof to perform all obligations of Grantors in the underlying Leases, unless excused by terms of the applicable Lease.

10.4 Disputes or Adverse Claims

In case of judicial suit or administrative contest, Grantee shall not be in default in payment thereof until such suit or administrative contest has been finally disposed of, and Grantee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient, in Grantee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Grantee hereunder be disputed, it shall not be counted against Grantee either as affecting the term of this Agreement (which shall be extended by the period of dispute) or for any other purpose, and Grantee may withhold the making of all payments due Grantors hereunder, without interest, until there is a final adjudication or other determination of such dispute.

ARTICLE XI

ASSIGNMENT

11.1 Assignment

The rights and estate of any party to this Agreement may not [illegible] without the prior written consent of each other party to this Agreement is first obtained, which consent shall not be unreasonably withheld; provided, however, that transfers or assignments, in whole or in part, may be made without such consent to an organization or entity in which such party owns at least a twenty percent (20%) interest.

11.2 Binding Effect

All of the covenants and terms of JV Partnership l run with the land and shall inure to the ben ıding upon, the parties hereto and their respe - neirs, successors and assigns.

11.3 Mortgages

Grantee is hereby granted the right to mortgage, subordinate or otherwise encumber all or part of its interest in this Agreement and the Property in order to finance development of the Property, provided that such mortgage or encumbrance shall recognize the priority, validity and continuance of this Agreement. Grantors agree to cooperate with Grantee in order to effectuate the purposes of this Section 11.3.

ARTICLE XII

RELOCATION AND ASSESSMENT WORK

12.1 Amendments, Relocations and Patents

Grantee may, in the name of Grantors, amend or relocate any or all of the unpatented mining claims included in the Claims and may locate any fractions resulting from such amendment or reloca-

tion. Grantors agree to apply for patent on any or all of the unpatented mining claims upon the request of Grantee. All expenses incurred by Grantee in connection with amending or relocating mining claims or prosecuting patenting proceedings shall be borne by Grantee and shall qualify as Evaluation Expenditures.

12.2 Assessment Work

Grantee agrees to perform the assessment work for the benefit of the Claims for the 1982-1983 assessment year and for each assessment year thereafter in which this Agreement continues beyond June 1. In addition, Grantee shall record on behalf of Grantors, as required by law, the affidavit of such work with the appropriate county and Bureau of Land Management offices, as required by state law and the Federal Land Policy and Management Act. If any court or governmental agency determines that work performed by Grantee does not constitute assessment work required by federal and state law, Grantee shall nevertheless have complied with this Agreement if work done is of the kind generally accepted in the mining industry as assessment work under this existing law. In any year in which the owners of the Claims shall be exempted by law from performing assessment work, Grantee shall prepare or cause to be prepared and filed any notices, including notices of intention to hold, or other instruments required to take advantage of the exemption. Grantee shall send to Grantors a copy of all affidavits and other documents filed pursuant to this paragraph.

ARTICLE XIII

OTHER PROVISIONS

13.1 Notices

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in

writing delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by telex, to the following addresses:

If to Grantors:	Cyprus Mines Corporation P.O. Box 3299 7000 South Yosemite Street Englewood, Colorado 80155 Attn: C. A. Mark
With a copy to:	CoCa Mines Inc. 1776 Lincoln Street, Suite 910 Denver, Colorado 80203 Attn: J. C. Mitchell
If to Grantee:	Lacana Mining Corporation P.O. Box 354 3701 Royal Trust Tower TD Center Toronto, Ontario CANADA M5K 1K7 Attn: P. E. Lawford
With a Copy to:	Lacana Mining,Inc. 2005 Ironwood Parkway, Room 105 Coeur d'Alene, Idaho 83814 Attn: P. E. Dircksen

or to the most recent address of that party for which such notice has been given. Unless otherwise provided herein, such notice shall be deemed effective when either delivered by personal service, on the day of telexing or five (5) days after date of mailing.

13.2 Counterparts

This Agreement may be executed in any number of counterparts and shall be binding upon all owners of interests in the Property executing the same or a counterpart hereof, whether or not named herein as one of the Grantors, and whether or not other owners of interests in the Property have executed other counterparts or have not entered into this Agreement. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

13.3 Further Acts

Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such documents which

sions of this Agreement. Grantors also agree to cooperate at all times with Grantee in any reasonable manner to assist Grantee in the effecting of the purpose of this Agreement.

13.4 Severance

Should any portion of this Agreement be declared invalid and unenforceable by any judicial action, then such portion shall be deemed to be severed from this Agreement and shall not affect the remainder thereof.

13.5 Construction

When required by the context, the singular shall include the plural and vice versa; the terms "Grantors" and "Grantee" shall include their respective heirs, personal representatives, successors and assigns, if any, and the masculine shall include the feminine and vice versa.

13.6 Governing Law

This Agreement shall be governed by the law of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

13.7 Attorney's Fees

If either party commences an action against the other to enforce any of the terms of this Agreement or because of the breach by either party of any of the terms hereof, the losing or defaulting party shall pay the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action.

13.8 Recordation

This Agreement shall not be recorded. Concurrently with the Agreement, the parties shall execute and record assignments of

of the lease of the Claims contained herein.

13.9 Reclamation

Grantors and Grantee recognize that Grantors have certain obligations to the State of South Dakota regarding reclamation of certain existing drill holes, roads and the existing test heap leach facility on the Property. Grantee hereby agrees that Grantors may have access to the Property to perform such reclamation and Grantors hereby agree to indemnify Grantee for any claim, loss or damage arising from such activity by Grantors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Cyprus Mines Corporation

By: _____ AWG

_____

CoCa Mines, Inc.

By: _____
CHAIRMAN

_____
VICE PRESIDENT

GRANTEE:

Lacana Mining ~~Company~~ Inc.

By: _____
Chairman of the Board

_____
PRESIDENT

_____

_____

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 7th day of June, 1983 before me, the undersigned, a Notary Public in and for said state, personally appeared H. L. Boyer, Jr., known to me to be Vice President of Cyprus Mines Corporation, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

Nancy A Martin
Notary Public
7000 S. Yosemite St.
Englewood, CO 80112

My commission expires: September 29, 1984

(seal)

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 7th day of June, 1983, before me, the undersigned, a Notary Public in and for said state, personally appeared W. H. Cox, known to me to be the person whose name subscribed to the within instrument, who acknowledged to me that he executed the same.

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

Nancy A Martin
Notary Public
7000 S. Yosemite St.
Englewood CO 80112

My commission expires: September 29, 1984

(seal)

Province ~~STATE~~ OF Ontario)
) ss.
~~COUNTY OF~~ York)

On this 13th day of June, 1983, ~~1980~~, before me, the undersigned, a Notary Public in and ~~for~~ said state, personally appeared William H Gross and Edward G. Thompson, known to me to be Chairman and President respectively, of LACANA MINING INC., a corporation, who acknowledged to me that they executed the foregoing instrument on behalf of said corporation.

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

Notary Public

A NOTARY PUBLIC in and for the Province of Ontario. My Commission is held during the pleasure of the Lieutenant-Governor.

My commission expires:

(seal)

STATE OF COLORAD)
) ss.
COUNTY OF DENVER)

On this 16th day of June, ~~1980~~ 1983, before me, the undersigned, a Notary Public in and for said state, personally appeared THOMAS E CONGDON, CHAIRMAN AND CHRISTOPHER MITCHELL VICE PRESIDENT OF GG MINES INC., known to me to be the persons whose names are subscribed to the within instrument, who acknowledged to me that they executed the same.

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

Notary Public
1100 DENVER CENTER BUILDING
1776 LINCOLN ST.
DENVER, COLORADO 80203

My commission expires: April 13, 1986

(seal)

Additional Identifiers for RFIP Documents

AA = AU -- Universe of Access-related Documents (related but not put in ARA)

ARA = ARA – Administrative Record for Access (not for remedy or other purposes). ***Note***: this is not the same as the current "A" or "Administrative Record" designation that exists on many documents in SDMS. "ARA" does not change other AR designations.

107(q)(A) List of Docs.

PRP =	PRP	(i)	Cause or Contribute to Release or Threat of Release (or affiliated)
RS =	RS	(iii)	Reasonable Steps to Stop a Release
EA =	CA	(iv)	Full Cooperation, Assistance & Access
	IC	(v)	Compliance with IC
REO =	RFI	(vi)	Full Compliance with Request for Information

Potential Sub-designations:

EE = CD = Contractor Documents
PN = PN = Personal Notes
RR = RCRA
AE = AD = Attorney Document (a document that might qualify for attorney work product or client communication.

Notes:

(1) A check mark (√) indicates that the document was evaluated and no additional individual identifier was applied to that document.

(2) All "ARA" documents must also be considered "AU" documents and should be include in the separate "AU" collection.

(3) None of the additional identifiers are intended to change or alter existing identifiers for any documents, although the accessibility or restricted nature of some documents may be changed in the future.

Steven:
O 303 312-6857
C 303 908-5128

√ = NA

MEMORANDUM

DATE: April 21, 1983

TO: H. J. Matheson cc: TEC
RAR

FROM: J. C. Mitchell

SUBJECT: Gilt Edge - Farm Out

I received a telephone call Thursday afternoon from Ralph Godell, an attorney for Amoco Minerals. He advised me that Amoco on behalf of the joint venture partners, had reached an agreement in principle with Lacana, essentially incorporating the terms CoCa had suggested to Amoco respecting sale of our joint interests in the property.

Essentially the understanding is that Lacana will pay a $50,000 bonus, to be split 80/20 and a royalty on production in the amount of 7.5%*,also to be split 80/20. Lacana will be required to make all property payments required for 1983 and has agreed to minimum work commitments as follows:

Year	Expenditure	Cumulative
1983	$ 500,000	$ 500,000
1984	1,000,000	1,500,000
1985	2,000,000	3,500,000
1986	2,000,000	5,500,000
1987	2,000,000	7,500,000

In the event Lacana fails to make the minimum expenditures required the properties will all revert to the joint venture.

Ralph asked if CoCa would confirm its concurrence as soon as possible as he would like to accept Lacana's offer Friday. I said both TEC and HJM were out of the office but as soon as one or the other of them would return I would bring the matter to their attention. I added that inasmuch as Lacana enjoys a good reputation and the terms of the transaction appear to incorporate our suggestions to Herm Bauer, it was reasonable to assume we would concur in the transaction. Since TEC returned Thursday afternoon, I discussed this matter with him and he agreed that we should tell Amoco to proceed.

*(inclusive of NSR to underlying owners)

COCA-01-033

JCM:njb

BH Gold Mining Company
Project D-74-84
Gilt Edge
Analysis of Expenditures
February 28, 1983

	100%	
	Month of February	Year-to-Date
DIRECT COSTS		
Salaries and Wages	$ 4,214.17	$ 11,223.53
Benefit Plans and Payroll Taxes	1,728.23	4,602.77
Supplies - Office	17.84	23.44
Field Office Rent	--	4,437.50
Field Supplies	39.93	39.93
Freight	(358.00)	(184.49)
Travel	693.92	838.33
Communications	38.70	99.90
Consultants	4,671.11	1,671.11
Assays	(4,823.39)	(4,879.39)
Equipment Operations and Maintenance	58.37	835.85
Property, Credit (Reversal of Accural) CoCa Mines	--	(3,000.00)
Property Acquisitions, Surveys, Staking, etc.	90.00	90.00
Outside Services		
Stenographic Typing, Clerical, Etc.	31.95	31.95
Other	844.75	871.94
Reproduction Services	27.75	136.56
Employee Expenses - Entertainment	56.23	56.23
Charges from other operations	--	454.40
Total Direct Cost	$ 7,331.56	$ 17,349.56
CoCa Mines Costs		
Total Costs above Year-To-Date	$17,349.56	
Reverse Property Credit above	3,000.00	
Costs subject to invoicing	$20,349.56	
CoCa Mines Share (20%)	$ 4,069.91	
Overhead charge (G&A) 10%	406.99	
Invoice to CoCa Mines	4,476.90	
Property Payments (above) made by CoCa	--	
CoCa Mines Costs	$ 4,476.90	4,476.90
BHGMC Joint Venture Costs		$ 12,872.66

COCA-01-034

BH Gold Mining Company
Project D-74-84
Gilt Edge
Analysis of Expenditures
January 31, 1983

	100%	
	Month of January	Year-to-Date
DIRECT COSTS		
Salaries and Wages	$ 7,009.36	$ 7,009.36
Benefit Plans and Payroll Taxes	2,874.54	2,874.54
Supplies - Office	5.60	5.60
Field Office Rent	4,437.50	4,437.50
Freight	173.51	173.51
Travel	144.41	144.41
Communications	61.20	61.20
Consultants	(3,000.00)	(3,000.00)
Assays	(56.00)	(56.00)
Equipment Operations and Maintenance	777.48	777.48
Property, Credit (Reversal of Accural) CoCa Mines	(3,000.00)	(3,000.00)
Outside Services		
Other	27.19	27.19
Reproduction Services	108.81	108.81
Charges from other operations	454.40	454.40
Total Direct Cost	$10,018.00	$ 10,018.00
CoCa Mines Costs		
Total Costs above	$10,018.00	
Reverse Property Credit above	3,000.00	
Costs subject to invoicing	$13,018.00	
CoCa Mines Share (20%)	$ 2,603.60	
Overhead charge (G&A) 10%	260.36	
Invoice to CoCa Mines	2,863.96	
Property Payments (above) made by CoCa	--	
CoCa Mines Costs	$ 2,863.96	$ 2,863.96
BHCMC Joint Venture Costs		$ 7,154.04

file

CoCa Mines

CoCa Mines Inc. • 1100 Denver Center Building • 1776 Lincoln Street • Denver, Colorado 80203 • (303) 861-5400

February 25, 1983

Mr. Herman L. Bauer, Jr.
Vice President - Exploration
Amoco Minerals Company
7000 S. Yosemite Street
P. O. Box 3299
Englewood, Colorado 80155

Re: Gilt Edge Property

Dear Mr. Bauer:

Mr. Matheson asked that I convey in writing the comments he made to you by telephone February 24, 1983.

Having had an opportunity to review the most recent Gilt Edge exploration data in detail, CoCa would like to state that if Amoco was able to negotiate terms with a third party as follows:

1) Amoco and CoCa together would retain a 7.6% NSR (shared 80/20) in all Joint Venture properties, less whatever royalties might be payable to the underlying claim owners;

2) The vendee would assume the work commitments and other conditions as set forth in item 4 (4c amended to read "If work commitments are not met, the Joint Venture to regain the entire working interest"),

then it is very likely CoCa would wish to join Amoco in selling the project to a third party vendee.

Should Amoco be unable to sell the project upon the terms of the February 14 letter, as modified herein, CoCa would nevertheless encourage Amoco to negotiate with interested vendees for terms for 100% of the Joint Venture's interest. CoCa would wish to reserve the right to review all offers and is thus not necessarily committed to a sale of its 20% interest.

Alternatively, CoCa is prepared to offer the following terms to acquire Amoco's 80% interest in the Joint Venture:

(i) CoCa would make all care and maintenance expenditures required to keep the property intact;

(ii) Exploration activities would be at CoCa's sole discretion;

(iii) Amoco would receive a non-interest bearing production payment of $5 million out of 20 percent of defined net cash flow after recoupment of all funds spent on or for the benefit of the project subsequent to December 31, 1982;

(iv) Prior to relinquishing any of the lands comprising the present project land position, lands to be dropped would be offered to Amoco, free of any retained interest or other economic burden to CoCa.

This alternative offer will remain open until 5 o'clock, P.M., on the last business day of June, 1983.

Yours very truly,

J. C. Mitchell

JCM:njb

1100 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-5400

CONGDON AND CAREY

MINERAL EXPLORATION

December 17, 1981

Amoco Minerals Company
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155

Attention: Mr. A. G. Humphrey
Manager, Minerals Exploration - U.S.A.

RE: Gilt Edge Project
Black Hills, South Dakota

Dear Sirs:

We hereby give our approval to increase the 1981 budget for the subject project by $50,000, to a grand total of $925,000. Our share of the increase will be $10,000, being 20 percent of said increase.

Very truly yours,

CONGDON AND CAREY, LTD. 5

By T. E. Congdon
Thomas E. Congdon
General Partner

TEC/JCM/slc

COCA-01-036

MEMORANDUM

DATE: 2/1/77

TO: T.E. Congdon, W. J. Carey, W. I. Auran

FROM: D. W. Fieldman

SUBJECT: GILT EDGE 1977 PROGRAM

I talked to Joe Worthington of Cyprus this morning in regard to their budget for this project. They have not yet received approval but have requested to go forward at the same pace as last year. That is $200,000 overall, Congdon & Carey No. 5 share $40,000.

They have recalculated the reserves, reducing the tonnage somewhat. They are now 8 million tons at a minimum grade of .05 with a range to .075 oz/ton Av.

The work this year will be some additional drilling to firm up grade and attempt to extend the tonnage on N. W. Metals ground. Most work will be on a bulk heap-leaching test.

I suggested, since the evidence indicates that the gold is held within the pyrite in the sulfide zone, that an attempt be made by flotation or heavy media to make a simple pyrite concentrate. This could possibly be sold or tolled at the Homestake mill, only ten miles distant. Homestake now has excess mill capacity.

Worthington seemed enthused by this and will investigate the possibility with Jim Anderson. It may be a low capitol cost way to eventual operation.

COCA-01-037

September 27, 1976

Mr. Joe Worthington
Cyprus Exploration Company
555 South Flower Street
Los Angeles, California 90071

Re: Lease and Option to Purchase -
Northwestern Metal Company

Dear Joe:

Enclosed for your file is a copy of the above executed Lease and Option to Purchase Agreement, together with a copy of letter from Mr. Polsky, attorney for Northwestern Metal Company. Since the property was obtained on behalf of our joint venture and was taken in the name of Congdon and Carey, Ltd. 5, we have prepared and are enclosing an assignment of an 80% interest to Cyprus. This was done with the understanding we have that Consolidated Gold Fields has elected to participate in the exploration and development of the Joint Venture Properties and that, accordingly, our interest remains at 20%.

In due course we will prepare and forward to you a statement of the costs we incurred in acquiring this property, including the first advance royalty payment which we made to Northwestern last week.

In reviewing our Joint Venture Agreement, I note that the transfer of the 2% net smelter return covered by Paragraph 9(h) was apparently overlooked when the Joint Venture Agreement was executed. Accordingly, as soon as a final agreement is reached with the Kosels, we will prepare and forward an assignment covering the conveyance of the net smelter return as it relates to the Commonwealth,

Northwestern and Kosel properties.

Very truly yours,

Walter I. Auran

WIA:ld

Enclosures

W/A
WEL

Cyprus Exploration Company

555 South Flower Street
Los Angeles, California 90071
Telephone 213) 489-3700

Cable Selmud Losangeles
Telex 67-4601
TWX 910) 321-2958

Mr. Dolf W. Fieldman
Congden and Carey
1010 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203

February 13, 1976

Dear Mr. Fieldman:

There have been no reports on the Gilt Edge project for two months because there has been no field work. We do have some metallurgical studies in the works and will let you know the results as we receive them. We are currently going ahead with plans for the summer along the lines of the program that I gave you in November.

I also wondered whether any progress has been made with regard to the additional land acquisition that was discussed at the November meeting.

Very truly yours,

Joe Worthington

Joseph E. Worthington
U. S. Exploration Manager

JEW:an

COCA-01-039

CYPRUS

CIRCULATE TO: ~~TEC~~ ~~WH~~ WCL DWF NSM

Cyprus Exploration Company

South 400 Jefferson Street
Suite 161
Spokane, Washington 99204
Telephone 509) 624-8902

Mr. Dolf W. Fieldman
Congden and Carey
1010 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203

October 8, 1975

What reports must we [illegible] give to Commonwealth

REC'D OCT 10 1975

Dear Mr. Fieldman:

I am enclosing several items relative to our joint venture in South Dakota, as follows:

(1) Report of Activities for September by C. B. Hutchens. Note that field activities are completed for the year. Over half the drilling appears encouraging.

(2) Expenditure summary. Note that total expenditures through August 31 are $109,244 and are more than sufficient to carry the obligation to Commonwealth for some time. Also note we are somewhat in excess of our budget and will probably exceed it by another $10,000 to $15,000 before year end.

(3) Copy of affidavit filed for 1975 assessment.

WCL

With reference to the letter from W. C. Lagos to M. W. Seery dated September 22 regarding outstanding fractional claim interests I believe it is obvious that we should attempt to acquire them, as with the additional land acquisition recommended by C. B. Hutchens. Since you have handled past land acquisition it might be appropriate for you to follow up these situations. If you should care to discuss this, or any other aspect of the program, please give me a call.

Very truly yours,

Joseph E. Worthington

Joseph E. Worthington
U. S. Manager of Exploration

Kozel (Waggoner Ora Fine Lode MS 648
Ora Bella & Ora Fine Lodes MS 648

JEW:eg
Enc.
cc: M. W. Seery

COCA-01-040

CYPRUS

MEMORANDUM September 3, 1975

To: J. E. Worthington

From: C. B. Hutchens

Subject: September Monthly Report - Gilt Edge Project, Lawrence County, South Dakota

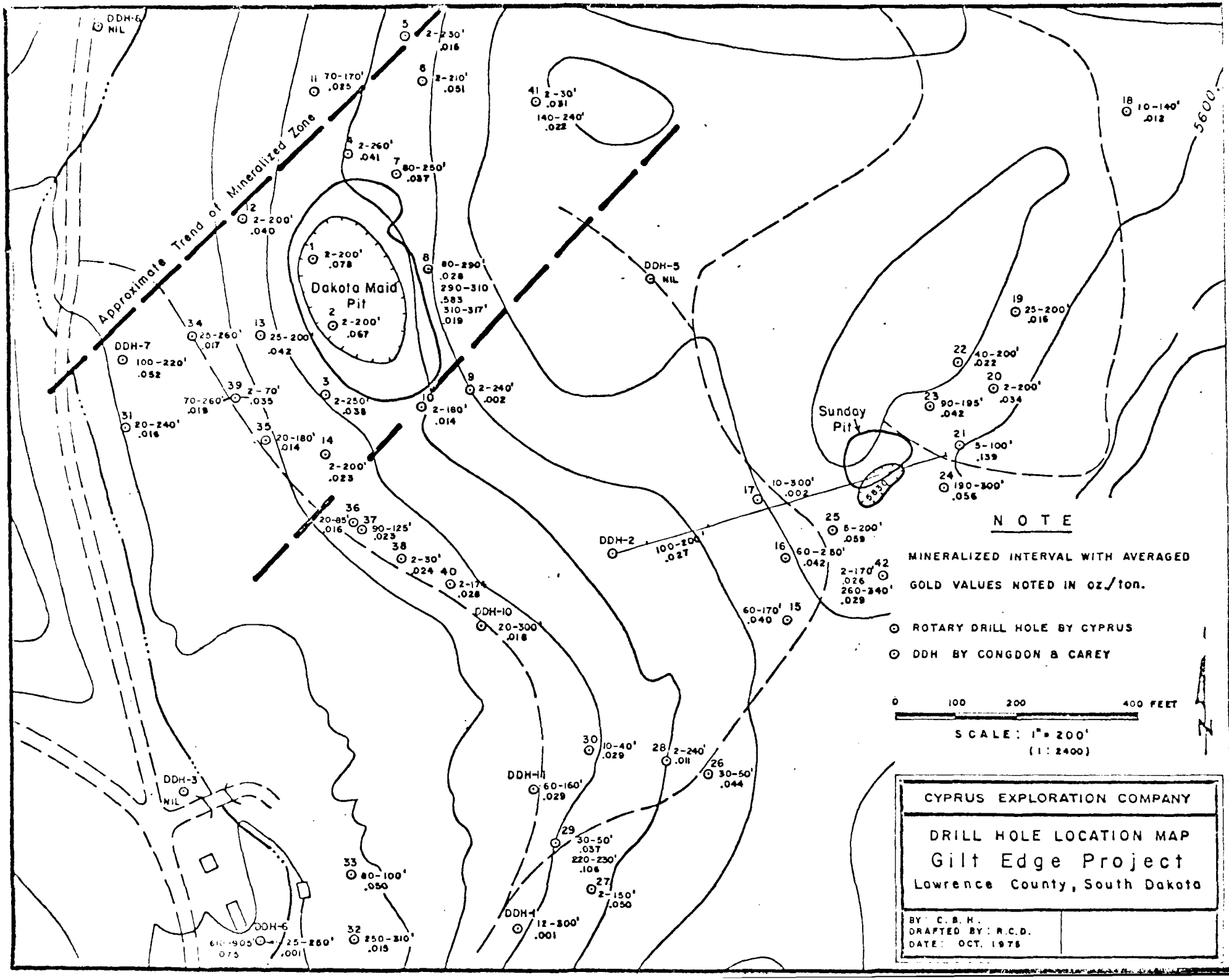
All reclamation and sample storage relocation activities were completed the first part of the month. There have been no other field activities on the Gilt Edge project during September. An affidavit of labor was filed for the seventeen unpatented claims noted in the joint venture agreement with Congdon and Carey.

Compilation of all the data for a summary report is in progress. Except for a few check assays, most all drilling assay data has now been received. An updated tabulation of all of the holes with averaged results and a hole location map are attached. Although spotty intervals of potentially ore-grade gold mineralization were encountered in most of the last sixteen holes drilled, only hole 27, located in the Che John area southwest of the Sunday pit, penetrated a significant interval: 146' (2' - 150') averaging .050 oz./T. gold.

A weighted average of the significantly mineralized intervals (i.e. .02 oz./T. gold) in 28 of the holes representing a total of 4106 feet is 0.043 oz./T. gold. A number of assay cross sections will be prepared on which various grade-levels will be outlined. By internally wasting the lower-grade material, it is anticipated that the overall tenor of potentially mineable material will increase somewhat.

Charles B. Hutchens

CBH:sf



Approximate Trend of Mineralized Zone
Dakota Maid Pit
Sunday Pit
5600
5830
DDH-6 NIL
DDH-7 100-220' .052
DDH-3 NIL
DDH-6 610-905' .075 25-260' .001
DDH-10 20-300' .018
DDH-11 60-160' .029
DDH-1 12-300' .001
DDH-2 100-200' .027
DDH-5 NIL
1 2-200' .078
2 2-200' .067
3 2-250' .038
4 2-260' .041
5 2-230' .016
6 2-210' .051
7 80-250' .037
8 80-290' .028 290-310 .583 310-317' .019
9 2-240' .002
10 2-180' .014
11 70-170' .025
12 2-200' .040
13 25-200' .042
14 2-200' .023
15 60-170' .040
16 60-250' .042
17 10-300' .002
18 10-140' .012
19 25-200' .016
20 2-200' .034
21 5-100' .139
22 40-200' .022
23 90-195' .042
24 190-300' .056
25 5-200' .059
26 30-50' .044
27 2-150' .050
28 2-240' .011
29 30-50' .037 220-230' .106
30 10-40' .029
31 20-240' .016
32 250-310' .015
33 80-100' .050
34 25-260' .017
35 20-180' .014
36 20-85' .016
37 90-125' .023
38 2-30' .024
39 2-70' .035 70-260' .019
40 2-174 .028
41 2-30' .031 140-240' .022
42 2-170' .026 260-340' .029
NOTE
MINERALIZED INTERVAL WITH AVERAGED GOLD VALUES NOTED IN oz./ton.
ROTARY DRILL HOLE BY CYPRUS
DDH BY CONGDON & CAREY
0 100 200 400 FEET
SCALE: 1" = 200' (1:2400)
N
CYPRUS EXPLORATION COMPANY
DRILL HOLE LOCATION MAP
Gilt Edge Project
Lawrence County, South Dakota
BY: C.B.H.
DRAFTED BY: R.C.D.
DATE: OCT. 1975

Gilt Edge Project, Lawrence County, South Dakota

Table of Rotary Drill Hole Averaged Assay Results

Hole 75-GLE-	Interval	Footage	Au oz./T. CMS	Au oz./T. CRL	Au oz./T. Union	Ag oz./T. CMS	Ag oz./T. CRL	Ag oz./T. Union
1	2-200'	198'	.088	.066	.079	.35	.07	.24
2	2-200'	198'	.074	.066	.062	.17	.04	.19
3	2-250'	248'	.033	.040	.041	.31	.07	.24
4	2-260'	258'	.044	.040	.040	.45	.19	.31
5	2-230'	228'	.016	.012	.019	.35	.08	.24
5	230-245'	15'	.007	.008	.015	.16	tr.	.10
6	2-210'	208'	.049	.051	.052	.42	.18	.22
7	2- 80'	78'	.007	.007	.011	.11	.01	.11
7	80-250'	170'	.035	.038		.34	.15	
8	2- 80'	78'	.007	.003		.04	.06	
8	80-290'	210'	.025	.030		.16	.05	
8	290-310'	20'	.547	.619		.59	.51	
8	310-317'	7'	.017	.020		.14	.08	
9	2-190'	188'	.003	.002		.04	tr.	
9	190-240'	50'	.001	<.01		.65	.53	
10	2-180'	178'	.012	.016		.17	.08	
10	200-205'	5'	.009	<.01		.24	tr.	
11	2- 70'	68'	.010	.012		.25	.17	
11	70-170'	100'	.023	.027		.32	.05	
11	170-200'	30'	.012	.017		.12	.02	
12	2-200'	198'	.039	.040		.30	.14	
13	25-200'	175'	.044	.039		.10	tr.	
14	2-200'	198'	.025	.020		.12	tr.	
15	15- 60'	45'	.005	.004		.03	.01	
15	60-170'	110'	.046	.034		.04	.03	
15	170-240'	70'	.010	.003		.04	.05	
16	15- 60'	45'	.006	<.01		.04	tr.	
16	60-250'	190'	.046	.038		.03	tr.	
17	10-300'	290'	.002	<.01		.05	tr.	
18	4- 10'	6'	.174	.142		.86	.37	
18	10-140'	130'	.013	.011		.38	.14	
19	25-200'	175'	.017	.015		.11	.01	
20	2-200'	198'	.034	.033		.04	tr.	
21	5-100'	95'	.162	.116		.04	.02	
21	100-200'	100'	.007	.003		.02	tr.	
22	4- 40'	36'	.011	.013		.08	tr.	
22	40-200'	160'	.022	.022		.05	.02	
23	3- 90'	87'	.015	.017		.07	.02	
23	90-195'	105'	.010	.013		.05	tr.	

Hole 75-GLE-	Interval	Footage	Au oz./T. CMS	Au oz./T. CRL	Au oz./T. Union	Ag oz./T. CMS	Ag oz./T. CRL	Ag oz./T. Union
23	90-195'	105'	.040	.043		.05	tr.	
24	3-190'	187'	.015	.013		.06	.01	
24	190-300'	110'	.048	.063		.03	tr.	
25	5-200'	195'	.058	.059		.03	tr.	
26	2- 30'	28'	.017	.018		.11	.02	
26	30- 50'	20'	.041	.047		.05	tr.	
26	50-300'	250'	.010	.008		.05	tr.	
27	2-150'	148'	.048	.051		.04	tr.	
27	150-260'	110'	.008	.008		.11	.01	
28	2-240'	238'	.011	.011		.04	tr.	
29	5- 30'	25'	.011	.012		.02	tr.	
29	30- 50'	20'	.030	.044		.03	tr.	
29	50-220'	170'	.010	.011		.10	.01	
29	220-230'	10'	.138	.074		.19	tr.	
29	230-240'	10'	.008	.022		.07	tr.	
30	10- 40'	30'	.025	.032		.10	.02	
30	40-200'	160'	.006	.007		.05	tr.	
31	20-240'	220'	.012	.019		.06	tr.	
32	20-250'	230'	.003	.002		.03	tr.	
32	250-310'	60'	.015	.019		.05	tr.	
33	40- 80'	40'	.005	.011		.03	tr.	
33	80-100'	20'	.047	.053		.04	tr.	
33	100-125'	25'	.005	.006		.03	tr.	
34	25-260'	235'	.015	.019		.10	.02	
35	20-180'	160'	.011	.016		.06	tr.	
36	20- 85'	65'	.013	.019		.11	tr.	
37	10- 90'	80'	.012	.003		.07	tr.	
37	90-125'	35'	.020	.025		.18	.02	
38	2- 30'	28'	.023	.025		.17	tr.	
38	30-250'	220'	.012	.012		.09	tr.	
38	250-260'	10'	.039	.042		.10	tr.	
39	2- 70'	68'	.036	.033		.19	.08	
39	70-260'	190'	.019	.019		.09	.01	
40	2-174'	172'	.025	.030		.17	.03	
41	2- 30'	28'	.033	.029		.08	.03	
41	30-140'	110'	.007	.004		.04	tr.	
41	140-240'	100'	.020	.023		.05	.01	
41	240-420'	180'	.003	.003		.05	tr.	
42	2-170'	168'	.024	.027		.13	.02	
42	170-260'	90'	.007	.009		.08	tr.	
42	260-340'	80'	.023	.035		.08	.01	
42	340-400'	60'	.013	.017		.17	.01	

...Expl. - Chief Geolog
Manager - United States

MINERAL EXPLORATION
Expenditure Report

GILT EDGE PROSPECT

AUGUST 31, 1975

	Actual Expenditures	
	Month	Year to Date
...ion costs	$<2800>	$ 10,445
...es and wages	4030	18,818
...eying and mapping	87	1,125
...eophysics	—	—
Geochemistry	—	—
Metallurgy	—	—
Outside contract services	—	—
Drilling	51,119	53,419
Excavation	270	2,468
Assaying and sampling	403.5	11,243
Travel	2,631	9759
Air charter	—	—
Equipment	233	768
Miscellaneous	184	799
Water Quality Control	—	—
Land Reclamation	—	—
Total	59,779	109,244
Less C & C Share	<10,008>	<14,644>
CMC Share	$ 49,771	$ 94,600

COCA-01-042

May 1, 1973

Cyprus Mines Corporation
555 South Flower Street
Los Angeles, California 90071

Attention: Mr. M. W. Seery

Gentlemen:

This is to confirm the oral agreement reached with Mr. Seery of your company last week concerning a joint exploration and development program, the Gilt Edge Project, to be conducted on certain mineral properties in Lawrence County, South Dakota, which are held by Commonwealth Mining Company of South Dakota ("Commonwealth") and Northwestern Metal Company ("Northwestern") and which are more particularly described in attached Exhibits A and B, and on such other adjacent mineral properties that may be acquired in accordance with the terms of this Letter Agreement.

In consideration of the mutual promises contained herein, it is agreed as follows:

1. We agree to use our best efforts to negotiate and acquire a Lease and Option to Purchase agreement on the mineral properties owned or held under options or leases by Commonwealth and Northwestern, substantially in accordance with the terms and conditions of Exhibits A and B, respectively. We also agree to use our best efforts to acquire additional mineral rights and interests in the immediate area of the Commonwealth and Northwestern properties (the area of interest) on such terms and conditions as are agreeable to both of us. Title to all of the interests acquired hereunder will be taken in the name of Thomas E. Congdon, with the understanding that he will hold such title as nominee for the benefit of your company and our partnership.

2. In the event we are successful in acquiring the above described interests in the Commonwealth and Northwestern properties within a reasonable time following execution of this Letter

Agreement, we will be entitled to an assignment of a 2% net smelter return on all properties acquired for our mutual benefit within the area of interest, such net smelter return to be computed in accordance with the definition contained in Exhibit A and to be payable on the Commonwealth and Northwestern properties only after expiration of the net smelter return which will be payable to Commonwealth and Northwestern.

3. It is agreed that, initially, our respective undivided working interests in the Gilt Edge Project and in the mineral properties to be acquired hereunder, will be: Cyprus Mines Corporation 80% and Congdon and Carey 20%. It is our understanding that Goldfields Consolidated Corporation has the right to acquire thirty (30%) per cent of any interest you acquire in the Gilt Edge Project. It is therefore agreed that if Goldfields Consolidated Corporation should elect not to participate in the Project, we will have the right to increase our working interest from twenty (20%) per cent to twenty-six (26%) per cent.

4. It is agreed that all exploration, development and mining activities on the Gilt Edge Project will be conducted in the form of a joint venture or other suitable arrangement on terms acceptable to and approved by both of us, with your company being designated as the operator of the Project.

5. It is further agreed that in the event we are unable to negotiate suitable Lease and Option to Purchase agreements with both Commonwealth and Northwestern, within the time specified herein, this Letter Agreement shall terminate and all obligations and benefits hereunder will be of no further force and effect.

If the above accurately reflects your understanding of our agreement, please signify your approval by signing in the space provided below and forward one copy for our file.

Very truly yours,

CONGDON AND CAREY

By _____
General Partner

ACCEPTED and APPROVED
this _____ day of May, 1974.

CYPRUS MINES CORPORATION

By _____

FILE COPY
PLEASE RETURN
TO FILE

JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT, entered into as of January 1, 1975, by and between CONGDON AND CAREY, LTD. 5, a Partnership comprised of THOMAS E. CONGDON and WILLIAM J. CAREY as the General Partners (herein called "Congdon"), and CYPRUS MINES CORPORATION, a New York corporation (herein called "Cyprus");

W I T N E S S E T H :

WHEREAS, under date of October 16, 1974, Commonwealth Mining Company of South Dakota, a South Dakota corporation, entered into a Lease and Option to Purchase with Thomas E. Congdon, individually, acting on behalf of the Partnership herein denominated "Congdon"; and

WHEREAS, concurrently herewith Congdon has transferred to Cyprus in recordable form an undivided 80% interest in the property covered by said Lease and Option to Purchase of October 16, 1974, which property consists of patented and unpatented mining claims situated in Lawrence County, South Dakota, and identified on Exhibit A hereto attached; and

WHEREAS, the parties hereto desire to participate as joint venturers in the exploration for, development and mining of minerals in the joint venture area defined in Paragraph 1 below;

NOW, THEREFORE, by reason of the premises and in consideration of the mutual covenants herein contained it is agreed as follows:

1. JOINT VENTURE PROPERTIES. The territorial area within which the joint venture shall operate consists of the patented and unpatented mining claims identified on Exhibit A hereto attached together with all additional lands and interests therein which either of the parties hereto may acquire while this Joint Venture Agreement remains in effect within two miles of the exterior boundaries of the area identified on Exhibit A. The total area covered by this Joint Venture Agreement is sometimes referred to as the "Joint Venture Properties." Cyprus and Congdon hereby undertake to engage as joint venturers in the exploration, development and mining of the Joint Venture Properties in accordance with the terms of this Joint Venture Agreement.

2. OPERATOR. For so long as the interest of Cyprus in the Joint Venture Properties shall equal or exceed 50% Cyprus shall be the Operator thereof and as such have the sole and exclusive right to possession, management and control of the Joint Venture Properties. The entity from time to time entitled to such exclusive possession, management and control is referred to hereafter as "Operator." It shall be the obligation of Operator to conduct the affairs of the joint venture in an efficient and workmanlike manner.

3. ACQUISITION OF ADDITIONAL PROPERTIES. If either party hereto shall acquire any additional lands or interest therein within the area referred to in Paragraph 1 above, it shall promptly by appropriate instrument offer the same at cost to the other party or parties hereto in accordance with their then respective interests in the Joint Venture Properties.

4. CONSOLIDATED GOLD FIELDS. It is understood that out of its interest in the Joint Venture Properties Cyprus will be obligated to offer to Consolidated Gold Fields a 30% of 100% interest therein as soon as practicable after initial drilling has indicated a target of substantial interest. In order to acquire that interest Consolidated Gold Fields must commit itself thereto within 60 days after the interest is offered to it by Cyprus. If Consolidated Gold Fields shall not participate in the exploration and development of the Joint Venture Properties Congdon shall be promptly notified thereof by Cyprus in writing after which Congdon shall have 30 days in which to elect -- by means of written notice to Cyprus -- to increase its interest in the Joint Venture Properties from 20% to 26% -- thus leaving Cyprus with an initial interest therein of 74%. If Congdon shall fail so to elect the initial interests of Cyprus and Congdon shall remain at 80% and 20% respectively.

5. RIGHTS AND POWERS OF OPERATOR. Operator shall have full, complete and exclusive control and supervision of the Joint Venture Properties and all exploration, development and production operations conducted thereon or therewith. Operator

shall conduct the joint venture to the best of its ability, using modern techniques and good and economical mining practices. All operations shall be conducted with due regard for the development and preservation of the Joint Venture Properties as a workable mine or mines and in keeping with applicable mining laws and regulations; but Operator shall not be liable to any other entity for errors or omissions not resulting from gross negligence or wilful misconduct.

6. DUTIES AND OBLIGATIONS OF OPERATOR. Operator shall have the following duties and obligations:

(a) To manage, direct and control all exploration operations hereunder in a prudent and workmanlike manner in accordance with the applicable terms and conditions of this Joint Venture Agreement and all laws and valid regulations pertaining to the Joint Venture Properties.

(b) To keep true and correct books, accounts and records of operations hereunder and to permit at all reasonable times the inspection, examination and auditing thereof by each other entity having an interest in the Joint Venture Properties.

(c) To keep the Joint Venture Properties free of liens or other encumbrances occasioned by operations hereunder.

(d) To maintain in effect at the cost of the joint account for the benefit of the Joint Venture Properties and the owners thereof such liability insurance if any as it is from time to time carrying on other comparable operations.

(e) To furnish to each entity in interest on or before the 25th day of each calendar month a statement of minerals produced from the Joint Venture Properties and the proceeds thereof when sold by Operator during the preceding calendar month.

(f) To comply with and maintain in good standing the above-identified Lease and Option to Purchase.

(g) To pay for the joint account of the parties hereto on production sold from the Joint Venture Properties all sums due under the terms of the said Lease and Option to Purchase and each other applicable agreement and charge the same to the parties hereto in accordance with their respective interests.

(h) To pay for the joint account all expenses and liabilities accruing or resulting from operations hereunder and to account with reference thereto.

(i) To account for and distribute monthly to the parties entitled thereto as their respective interests may from time to time appear any net income received by Operator from the Joint Venture Properties.

(j) To furnish to each party in interest a quarterly summary of operations conducted on the Joint Venture Properties.

(k) To maintain the Joint Venture Properties in good standing unless and until any such property shall be transferred or released pursuant to Paragraph 11 below.

7. EXPENDITURES. In the determination of the net profits derived by the joint venture from Operator's operation of the Joint Venture Properties all expenditures made by Operator shall be counted, including specifically but not exclusively, (i) on-site expenditures, (ii) the cost of supplies and equipment and the transportation thereof, (iii) the cost of test holes, geophysical work and assays, (iv) the cost of transporting personnel and the living expenses of persons temporarily assigned to and engaged in performance of work on or about the Joint Venture Properties, (v) the cost of acquiring, constructing and maintaining means of access to the Joint Venture Properties, (vi) all feasibility, engineering and consultation costs reasonably incurred by Operator in

connection with the Joint Venture Properties, (vii) all costs of acquiring any additional property interests, (viii) insurance, taxes and assessments, (ix) direct payroll costs of those persons engaged in performance of work on or about the Joint Venture Properties (plus all such payroll-related costs as those for pensions, group medical plans and other fringe benefits), (x) restoration work, (xi) legal fees for services relating to the joint venture, and (xii) 10% of all of the aforesaid expenses (except payments made to acquire additional property interests hereunder and payments made in exercising the option to purchase under the Lease and Option to Purchase dated October 16, 1974) as head office and overhead expenses, with the express understanding that such rate will be subject to periodic review and renegotiation by the Advisory Committee so that Operator will be reimbursed for overhead costs directly incurred in the performance of its duties and responsibilities hereunder in accordance with practices considered reasonable and customary in the industry.

8. ADVISORY COMMITTEE. An Advisory Committee shall be appointed to consult with the Operator in planning the joint venture operations. The Committee shall be composed of one representative appointed by Operator who shall be the Chairman, and one representative appointed by the other party or parties hereto. The appointing party or parties may replace from time to time their respective representatives at any time or may from time to time name substitute representatives to attend any meeting or other function of the Committee. Any party may with good reason call a meeting of the Committee.

Actions of the Committee shall be controlled by a majority in interest of the parties. Meetings of the Committee shall be held at least four times each calendar year unless waived by all parties in interest.

9. EXPLORATION BUDGETS AND DILUTION.

(a) Attached hereto as Exhibit B is a schedule of the respective expenditures of the parties during the calendar year 1974. Appropriate adjustments between the original two parties to this Agreement shall be promptly made so that their respective expenditures for that year will be in the ratio of 80% in the case of Cyprus and 20% in the case of Congdon.

(b) Attached hereto as Exhibit C is a proposed exploration program and budget for the calendar year 1975. Programs and budgets for ensuing calendar years while this Joint Venture Agreement remains in effect shall be submitted in writing on or before December 31 of the immediately preceding calendar year. The party or parties from time to time having an interest in the Joint Venture Properties shall have until the next ensuing February 28 to discuss and then elect by notice in writing to Operator to participate in the program and budget for the then current calendar year. Failure to exercise such election shall have the consequences specified in subparagraph 9(f) below. The budget hereto attached as Exhibit C is automatically approved by the execution of this Joint Venture Agreement.

(c) Budgets proposed for each calendar year during the exploration period shall not exceed $250,000 except with the consent of all parties then having an interest in the Joint Venture Properties. A budget in which any entity other than Operator is participating shall not be exceeded by more than 10% without the written consent of all parties in interest other than Operator.

(d) If any party in interest fails to elect by a writing delivered to Operator within the time specified in subparagraph 9(b) above to participate in a program and budget, the interest of that party shall be subject to dilution in accordance with the subsequent provisions of this Paragraph 9.

(e) If Operator fails to propose a program and budget for any calendar year by December 31 of the immediately preceding calendar year, any other entity then having an interest in the Joint Venture Properties may propose a budget for that calendar year and thereupon become Operator hereunder for so long as it continues to propose budgets in accordance with this Joint Venture Agreement.

(f) If any entity then having an interest in the Joint Venture Properties shall fail to participate in any program or budget or if -- having elected to participate -- shall fail to contribute its full share of the funds required to meet the expenditures specified in the budget, Operator

and a non-delinquent party or parties may elect to contribute -- in proportion to their respective interests in the Joint Venture Properties -- funds to cover the share of the delinquent party. In each such event the interest of the delinquent party in the Joint Venture Properties shall be reduced to the same percentage which its total contributions bear to the total contributions of all parties and the interests of Operator and any contributing non-delinquent party or parties shall be correspondingly and proportionately increased. An interest once diluted may not thereafter be increased.

(g) Should the interest of any party with an interest in the Joint Venture Properties become diluted pursuant to subparagraph 9(f) above to such a point that its interest in the Joint Venture Properties would become less than 5%, that party's working interest in the Joint Venture Properties shall automatically terminate in its entirety except that (i) if Congdon's working interest should terminate under this provision, it shall nevertheless be entitled to retain the 2% net smelter return interest provided for in subparagraph 9(h) hereof and (ii) if the working interest of Cyprus should terminate under this provision, it shall then become entitled to receive an appropriate instrument of transfer covering 2% of the net smelter returns derived from production of the Joint Venture Properties as defined in Paragraph

1 above -- which 2% interest will become effective as to the properties covered by the above identified Lease and Option to Purchase dated October 16, 1974 only after a percentage of net smelter returns shall no longer be payable to Commonwealth Mining Company of South Dakota or its successors in interest under the terms of said Lease and Option to Purchase.

(h) Concurrently with the execution of this Joint Venture Agreement there shall be executed and delivered to Congdon an appropriate instrument of transfer covering 2% of the net smelter returns derived from production of the Joint Venture Properties as defined in Paragraph 1 above -- which 2% interest will become effective as to the properties covered by the above identified Lease and Option to Purchase dated October 16, 1974 only after a percentage of net smelter returns shall no longer be payable to Commonwealth Mining Company of South Dakota or its successor in interest under the terms of said Lease and Option to Purchase.

(i) The term "net smelter returns" as used in this Joint Venture Agreement shall be defined in the same manner as in Paragraph 2.3 of said Lease and Option to Purchase dated October 16, 1974, and the obligation to pay the 2% net smelter return interests referred to in subparagraphs 9 (g) and (h) when and if such payments become due shall be that of the entity which is acting as Operator hereunder.

10. DEVELOPMENT AND MINING OPERATIONS. When and if a majority in interest of the Joint Venturers shall conclude that an ore body has been defined which warrants being placed into commercial production, Operator shall prepare and submit to the Advisory Committee a feasibility study and development plan. Any such plan which recommends placing the ore body into commercial production may not be undertaken until the Joint Venturers have negotiated and entered into a mutually agreeable development and operating agreement.

11. ASSESSMENT WORK. The Operator shall be responsible for the performance of such assessment work as may from time to time be required to maintain in good standing the unpatented mining claims of which the Joint Venture Properties are in part comprised. The cost of such assessment work shall constitute a work expenditure for purposes of Paragraph 7 above. The Operator's responsibility under this Paragraph 11 as to one or more unpatented mining claims shall cease with the assessment year immediately preceding the assessment year in which those claims cease to be covered by this Joint Venture Agreement prior to June 1.

12. WITHDRAWAL AND RELEASE OF PROPERTIES.

(a) Any party may withdraw at any time from the joint venture created by this Joint Venture Agreement by (i) giving to the other venturers written notice thereof at least 60 days in advance of the date specified for withdrawal, (ii) paying to the other venturers the withdrawing party's share of joint venture expenses through the date of withdrawal and (iii) assigning to the other venturers in accordance with

their respective interests in the Joint Venture Properties the withdrawing party's interest in all Joint Venture Properties.

(b) If Operator proposes to release or relinquish any of the Joint Venture Properties it shall give written notice thereof to the other Joint Venturers at least 30 days in advance of the date specified for release or relinquishment; and if any of the other Joint Venturers shall so request prior to the date so specified, the property specified in the notice shall be transferred to the party or parties so requesting in accordance with their respective interests in the Joint Venture Properties.

(c) The provisions of subparagraph 12(b) above -- insofar as their application to any property covered by the above identified Lease and Option to Purchase dated October 16, 1974 is involved -- shall be subject to compliance with the requirements of that instrument.

13. REPORTS AND INSPECTION.

(a) Commencing with the calendar quarter ending June 30, 1975, Operator shall furnish to the other Joint Venturers (i) reports not less frequently than quarterly concerning exploration operations conducted upon the Joint Venture Properties during that quarter, except that the first such report shall also cover any exploration operations which may take place during the first calendar quarter of

the year 1975, and (ii) a copy of all maps, logs, assays, geological information and other data having a bearing on the periodic reports.

(b) Operator shall also be responsible for (i) any reports required under the terms of the above-identified Lease and Option to Purchase dated October 16, 1974 and (ii) all payments and work obligations required under the terms of that instrument.

(c) Joint Venturers other than Operator -- acting through their designated representatives -- shall be entitled at all reasonable times to inspect the Joint Venture Properties and the operations thereon so long as such inspections do not unduly interfere with the activities of Operator. Operator shall have no liability on account of property damage, injury or death, suffered by any representative of the other venturers while on or about the Joint Venture Properties and the venturer whose representative suffers any such damage, injury or death, shall save and defend Operator harmless on account thereof.

14. NOTICES. Any notices required or permitted hereunder shall be effective when deposited in the United States mail with airmail postage prepaid and directed to the respective parties as follows:

If to Cyprus:

Cyprus Mines Corporation
555 South Flower Street
Suite 3700
Los Angeles, CA 90071

If to Congdon:

Thomas E. Congdon
1010 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203

Either party may from time to time by notice so given to the other change its or his address for future notices hereunder.

15. RELEASE OF INFORMATION. Information with respect to the geology, exploration, development and production of the Joint Venture Properties and other factors bearing upon the evaluation thereof obtained by virtue of operations thereon or otherwise shall be treated as confidential. Such confidential information may be disclosed to agents, contractors and employees only to the extent required for the proper prosecution of their work and the parties hereto shall each exercise all appropriate precautions and impose all appropriate safeguards to avoid improper disclosure of confidential information by such employees, agents or contractors. A party hereto shall not disclose confidential information to a non-party entity without the prior consent of each other party hereto unless such disclosure is (i) reasonably required in connection with the bona fide offer or sale of an interest in the Joint Venture Properties, the borrowing of funds, the issuance or sale of securities or mandatory reports to lessors, governmental agencies or partners of a party hereto or (ii) required to be disseminated by virtue of Federal or State Securities Laws or regulations.

16. EXCLUSION FROM CERTAIN PROVISIONS OF UNITED STATES INTERNAL REVENUE CODE. Each of the Joint Venturers hereby elects to have the joint operations under this Joint Venture Ageement excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States of America or his delegate insofar as said Subchapter K or any portion or portions thereof may be applicable to the joint operations hereunder and hereby binds itself to do any and all things necessary or proper in the premises from time to time in order to effectuate such election under the authority of Section 761(a) of said United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America.

17. DISPOSITION OF PRODUCTION. While this joint venture is in full force and effect, each member hereof may take in kind or separately dispose of its share of the production exclusive of any production consumed by the joint venture in its operations hereunder and any production unavoidably lost. When production is taken in kind, division in kind shall be made in such manner as will equalize both quantity and quality as nearly as possible. Production may

be thus taken in kind at any time before it is sold and until so taken shall be stored in the storage facilities jointly owned by the members. Should any member fail to take in kind or separately dispose of its share of production, the joint venture is hereby authorized to sell such production at the highest price and on the best terms obtainable therefor under the circumstances. Each member shall always have the right by written notice to revoke the authority of the joint venture to sell its said share of production not so taken in kind or separately disposed of; but so long as the joint venture is not authorized to sell such production following the giving of such notice such member shall be obligated at its own expense and risk to take the same in kind and arrange for the separate storage or disposition thereof. Any sale by the joint venture of a member's share of production shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances and in no event shall be for a period in excess of one year.

18. ARBITRATION. If the parties do not settle a dispute in respect of the interpretation or application of this Joint Venture Agreement, it shall be resolved by arbitration as follows:

(a) The party desiring to arbitrate shall give written notice to the others of the issues it proposes to settle by arbitration.

(b) Within 10 days following such notice each recipient shall submit to the moving party in writing any modifications of the issues it wishes to propose.

(c) If within 10 days thereafter the parties have not reached agreement on the issues to be arbitrated, the issues shall be defined by the arbitrator.

(d) The parties shall agree on a single arbitrator who shall be knowledgeable in the field encompassing the issues to be resolved.

(e) If the parties fail to select an arbitrator within 10 days, the arbitrator shall be appointed by the American Arbitration Association.

(f) The issues shall be limited to those proposed pursuant to subpragraphs (a) and (b) above and the arbitration decision shall be final and binding upon the parties.

(g) The arbitration hearing shall be commenced within 10 days after the selection process is completed at a time and place to be agreed upon by the arbitrator and the parties.

(h) The manner of conducting the arbitration proceedings shall be within the sole discretion of the arbitrator who is hereby authorized to engage such expert witnesses as he may deem necessary.

(i) The costs of the arbitration proceedings and the fees payable to the arbitrator shall be assessed by the arbitrator against one or more of the parties as the arbitrator sees fit. Each party shall bear its own legal fees and other costs incurred in presenting its own case.

(j) The failure to appoint an arbitrator or to meet the time limits contained in this Paragraph 18 shall not invalidate or be a defense to the enforcement of the arbitration award.

(k) The laws and jurisprudence of California shall govern the enforcement of an arbitration award.

19. TRANSFERS. Any party may freely transfer any interest in the joint venture or any shares of or interest in an operating entity to (i) a corporation in which the party or a parent corporation of the party owns more than 50% of the voting rights upon condition that by participating in such transfer, the party or its parent thereby becomes obligated to retain a controlling interest in the transferee corporation, or (ii) a parent corporation of the party or (iii) a successor corporation by merger or consolidation or (iv) a purchaser of all or substantially all of a

party's assets. Any partnership party may at any time dissolve such partnership and distribute its interest in kind to the partners who comprise such partnership or may transfer all of its interest to a successor partnership or corporation in which its present members have more than a 50% interest. Each transferee referred to above in this Paragraph 19 shall automatically have all the obligations and liabilities of the transferring party and shall as a condition to the assertion of any rights hereunder execute an appropriate instrument to evidence its assumption of all such obligations and liabilities of the transferring party.

Except as specified above in this Paragraph 19, no interest in the Joint Venture Properties or under this Joint Venture Agreement shall be transferred by any party without the written consent of all other parties hereto first obtained. This restriction shall not apply to a transfer (i) by Cyprus to Consolidated Gold Fields pursuant to Paragraph 4 above or (ii) by Congdon to another partnership having the same general partners which shall have assumed in writing all obligations of Congdon hereunder.

Subject to the foregoing restrictions on transfers of interest in or under this Joint Venture Agreement, it shall extend to, inure to the benefit of and be binding upon the respective assigns and other successors in interest of the parties hereto.

20. FORCE MAJEURE. The time for performance of any act or making any payment required under this Joint Venture Agreement shall be extended by the period of any delay or inability to perform to the extent that such delay or inability to perform is due to fire, strikes, labor disturbances, riots, civil commotions, war (whether de facto or formally declared), acts of God, shortage of materials or equipment, any present or future law or governmental regulation or any other cause beyond the control of the party in default. This paragraph shall be operative only if the party desiring an extension of time notifies the other in writing within 30 days after obtaining knowledge of the delay or inability to perform.

21. TERM. Unless terminated or extended by mutual agreement, this Joint Venture Agreement shall remain in effect while any of the Joint Venture Properties are jointly owned by two or more parties hereto and until disposal of all joint venture assets and the rendition of a final accounting among the parties hereto.

22. MEMORANDUM. If any party hereto shall so request, a memorandum of this Joint Venture Agreement shall be executed and acknowledged by all parties hereto and delivered for the purpose of recordation to the party making the request.

23. NO PARTNERSHIP IMPLIED. Nothing contained in this Joint Venture Agreement shall be deemed to create a partnership between or among any of the parties hereto.

24. ENTIRE AGREEMENT. All of the agreements and understandings of the parties with reference to the Joint Venture Properties are embodied in this Joint Venture Agreement which supersedes all prior agreements or understandings of the parties with reference to those properties.

IN WITNESS WHEREOF, the parties hereto have caused this Joint Venture Agreement to be executed as of the day and year first above written.

CONGDON AND CAREY, LTD. 5

By _____

Title _____

CYPRUS MINES CORPORATION

By _____

Title Sr. Vice President

PATENTED LODE MINING CLAIMS: (unless otherwise indicated)

Name of Claim	Mineral Survey Number
Anchor	138
Rattlesnake Jack	188
Center Fraction	189
Little Giant	218
Montenegro	311
Gilt Edge	328
Ophir	483
Ora Fino	646
3/8 interest in Ora Bella	648
3/8 interest in Waggoner	649
Sunday	650
Two Bears	699
Sonora	700
Strawberry Placer Claim M&B	712
Bismarck, Golden Star, Rush, Golden West and Moltke	884
St. Patrick, Summit, Mary Ellen, J.K.P. and Big Spring (a/k/a Blue Spring)	926
Haley and Theodore	927
Ontario, Adelphia, Binghampton, True Blue, Delhigh and Norwich	975
Barvaria, Walter, Franklin, Carl, Marie, White, Prussian, Hattie, Gray, Louis, Fritz and Scotia	1031
Algol Fraction	1069
Dakota Maid and Dakota Maid Fraction	1225
Mineral Twain #1, Mineral Twain #2 and Ruby Bell	1235
Summit, Summit #1 and Horn Silver	1236
Saxonia, Saxonia Fraction, Cortez, Aguila, Happy New Year, Golden Crest and Miantonomah	1239
1895, 1895 No. 1, 1894 No. 2, 1895 No. 4	1421
Ossa Minna, Pelion, Waterloo and Bunker Hill	1575
Arcadia and Arcadia Fraction	1831
Commonwealth, Commonwealth Fraction and Robin	1892
Mondamin (a/k/a/ Pt. Moundsman), Silver Glance, Standard, Ceroite and Zipp Fraction	1932

UNPATENTED LODE MINING CLAIMS:

Name of Claim	Recorded Book	Page
Reindeer Lode #1	188	433
Reindeer Lode #2	188	434

UNPATENTED LODE MINING CLAIMS (cont'd):

Name of Claim	Recorded Book	Page
Reindeer Lode #3	155	600
Reindeer Fraction	188	433
Gilmore Fraction	188	434
Llewellyn Lode	188	435
New York		
Silver Crest		
Gnome Mineral		
Zelda #1		
Zelda #2		
Zelda #3		
Zelda #4		
Sunday Fraction	358	44
Waggoner Fraction	358	46
Rattlesnake Fraction	352	566
Norwich Fraction	358	45

all situate in Sections 5, 6, 7 and 8 of Township 4 North, Range 4 East and Sections 1 and 12 of Township 4 North, Range 3 East, Lawrence County, South Dakota

PATENTED LODE MINING CLAIMS: (unless otherwise indicated)

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Zelda #2		
Zelda #3		
Zelda #4		
Sunday Fraction	358	44
Waggoner Fraction	358	46
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Norwich Fraction	358	45

all situate in Sections 5, 6, 7 and 8 of Township 4 North, Range 4 East and Sections 1 and 12 of Township 4 North, Range 3 East, Lawrence County, South Dakota

EXHIBIT B

Costs to Date

	Cyprus		Congdon & Carey		
	Overhead	Direct Costs	Overhead	Direct Costs	Total
Acquisitions:					
1969 taxes on behalf of Commonwealth				$3,834.21	$ 3,834.21
Consideration to Commonwealth ($7,000 less above taxes)				3,165.79	3,165.79
Total acquisition				7,000.00	7,000.00
Legal fees		$ 338.00		48.06	386.06
Salaries and payroll taxes		4,134.50		356.97	4,491.47
Survey and mapping		164.60		70.07	234.67
Assay and sampling		2,024.20		-	2,024.20
Travel		4,101.39		136.45	4,237.84
Storage space rent (cores)		-		280.00	280.00
Miscellaneous		226.77		-	226.77
		10,989.46		7,891.55	18,881.01
Overhead Charge (Re: Paragraph 4 of letter agreement dated June 1, 1974)					
Direct costs	$10,989.46		$7,891.55		
Less: Acquisition	-		7,000.00		
	$10,989.46		$ 891.55		
10% Overhead charge		1,098.95		89.16	1,188.11
Total costs to December 31, 1974		$12,088.41		$7,980.71	$20,069.12
Joint Ventures share of Costs: (Re: Paragraph 3 of letter agreement dated June 1, 1974)					
Cyprus 80%		$ 9,670.73		$6,384.57	$16,055.30
Congdon & Carey 20%		2,417.68		1,596.14	4,013.82
100		$12,088.41		$7,980.71	$20,069.12
Congdon & Carey					
Costs to date by Congdon & Carey				$7,980.71	
Less: Congdon & Carey 20% share of joint venture total costs				4,013.82	
Balance due from Cyprus				$3,966.89	

TITLE: Gilt Edge Prospect
Galena Mining District
Lawrence County, South Dakota

ESTIMATED COST:

Budget Title	Expenditures Thru 12/74	Proposed Expenditures	Estimated Total
Acquisition Costs	3,648	13,000	16,648
Salaries & Wages	4,134	10,000	14,134
Surveying & Mapping	165	1,000	1,165
Geochemistry		1,500	1,500
Drilling		50,000	50,000
Excavation		4,000	4,000
Assaying and Sampling	2,024	9,000	11,024
Travel	4,101	9,000	13,101
Equipment		1,000	1,000
Miscellaneous	227	1,000	1,227
Land Reclamation		500	500
Total	$14,299	$100,000	$114,299
Less C & C Share	*	22,000	22,000
CMC Share	$14,299	$ 78,000	$ 92,299

* 1974 expenditures have been adjusted to reflect Congden and Carey's share of total joint venture costs.

PROSPECT DESCRIPTION:

The Gilt Edge gold prospect is located five miles east-southeast of Lead, in the Galena Mining District, Lawrence County, South Dakota. The prospect was first referred to Cyprus in 1973 by Consolidated Goldfields who in turn received it as a proposal from Condon and Carey -- a Denver based exploration group. Terrain is moderately rugged and wooded with good access via paved roads to near the edge of the property. The Black Hills are sparsely populated with the nearest population and business center being Rapid City about 30 miles to the southeast. Rapid City is served by three scheduled airlines and two railroads. An estimated 56,000 ounces of gold has been recovered from an estimated one-half million tons through 1941, initially from small open pits and subsequently underground stoping at the old Gilt Edge Mines.

Gold mineralization is found associated with Early Tertiary intrusive rocks as opposed to the Precambrian metamorphic environment and mineralization at the Homestake Mine. The two igneous units of immediate interest include a stock of latite porphyry transected by dikes or sills of trachyte/rhyolite porphyry. Substantial blocks of partially digested Precambrian and Cambrian strata may also be encountered. At least two major breccia zones have been mapped which, in part, parallel the trachyte/latite contacts and from which most of the earlier production was derived.

Congdon and Carey discovered some additional low-grade gold mineralization in widely-spaced diamond drill holes while testing the prospect for its porphyry copper/moly potential. Eleven holes totalling 10,265 feet were completed in 1968/69. During the 1974 field season a short program of geochemical rock chip sampling yielded encouraging results which when combined with the Congdon and Carey data indicate that a good potential exists for 10 to 15 million tons grading 0.05 to 0.10 oz gold with several tenths of an ounce per ton silver.

A joint venture agreement with Congdon and Carey is being drafted whereby Cyprus will be the managing operator with an 80 percent interest, Congdon and Carey retaining 20 percent. Consolidated Goldfields may acquire a 30 percent interest of the total, if they so desire. The present property under lease/option from Commonwealth Mining Company of South Dakota to Thomas E. Congdon is comprised of 79 full or fractional patented claims totaling 559 acres and 17 full or fractional unpatented lode claims of as yet undetermined acreage. Under terms of this agreement, $7,000 has been paid covering both, back taxes for 1969 and an initial cash payment. A schedule of back taxes and advance royalty payments toward a two and one-half million dollar purchase price is attached.

EXPLORATION PROGRAM:

The proposed program will be comprised essentially of shallow rotary drilling around the present workings, totaling about 6,000 feet, to determine the presence, continuity, and grade of gold mineralization. Some additional geologic mapping and geochemical soil sampling to extend present knowledge of the area will also be carried out. Success would require an expanded program, probably including drilling, bulk sampling, and metallurgical testing with Consolidated Goldfields as a possible third partner. Lack of encouragement would dictate abandonment.

JUSTIFICATION:

The potential for a gold orebody amenable to open pit mining 10 to 15 million tons in size and grading 0.075 oz per ton gold well justifies this proposed expenditure.

APPROVAL:

J. E. Worthington — 3/12/75 — Date

C. A. Mark — March 28 '75 — Date

J. G. Hansen — 3-31-75 — Date

Schedule of payments and commitments per Lease and Option to Purchase agreement between Commonwealth Mining Company of South Dakota and Thomas E. Congdon dated October 16, 1974.

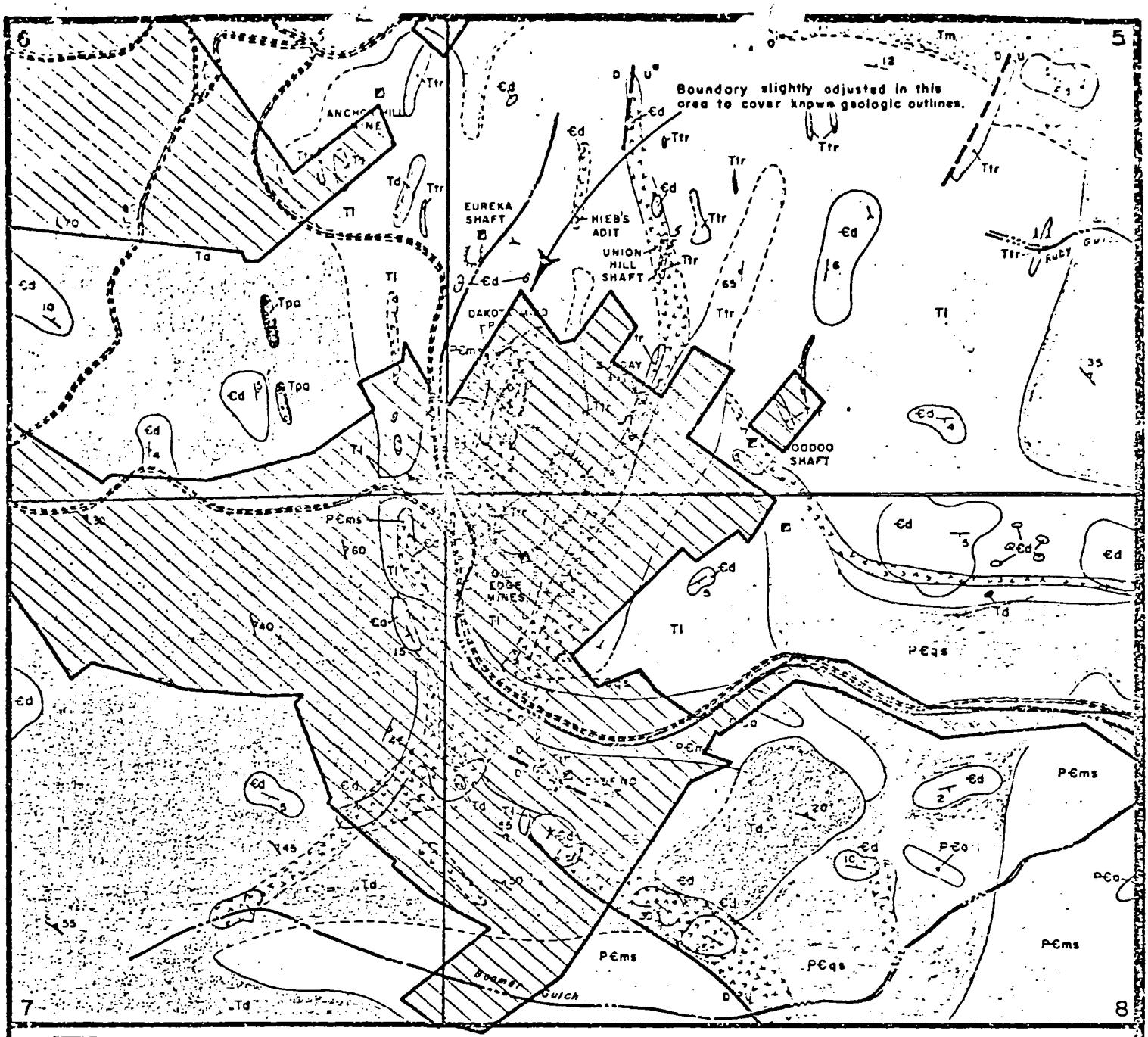
Total purchase price for Commonwealth's property is two and one-half million dollars. A first year's work commitment of $40,000 is due October 16, 1975 with a $12,500 work commitment due each quarter thereafter until a cumulative total of $300,000 is reached.

1) Production Royalty Schedule	Percentage
On the first $2 million NSR	8%
On the second $2 million NSR	6%
On the third $2 million NSR	4%
On any NSR in excess of $6 million	2%

2) Taxes for the Year	Payable
1969	Paid *
1970 & 71	May 31, 1975
1972 & 73	May 31, 1976
1974 & 75	May 31, 1977
1976 & 77	May 31, 1978
1978 & thereafter	Currently as due

* Note: 1969 taxes and penalties totalling $3,834 were paid November, 1974 and an initial cash payment to Commonwealth of $3,166 was made in January, 1975. Tax payments may be applied toward either the cumulative work commitment or the final purchase price at the leasee's election.

3) Period Following 10/16/75	Advance Royalty Payments
1 year and each of the next 3 quarters	$1,500
2 years and each of the next 3 quarters	2,000
3 years and each of the next 3 quarters	2,500
4 years and each of the next 3 quarters	2,500
5 years and each of the next 3 quarters	3,000
6 years and each of the next 3 quarters	3,500
7 years and each of the next 3 quarters	4,000
8 years and each of the next 3 quarters	4,500
9 years and each quarter thereafter	5,000



EXPLANATION

CENOZOIC

- Tr — RHYOLITE
- Ttr — TRACHYTE AND RHYOLITE PORPHYRIES
- Tl — LATITE PORPHYRY
- Tm — HORNBLENDE MONZONITE PORPHYRY
- Tpa — PYROXENE ANDESITE PORPHYRY
- Td — HORNBLENDE DIORITE PORPHYRY

PALEOZOIC

- €d — DEADWOOD FORMATION

PRE-CAMBRIAN

- P€a — AMPHIBOLITE
- P€ms — P€ms - MICA SCHIST AND PHYLLITE; P€qs - QUARTZ SCHIST AND QUARTZITE
- BRECCIA ZONE

SYMBOLS

- ROAD
- CONTACT — dashed where approx.
- COMMON WEALTH MINING CO. PROPERTY
- FAULT — dashed where approx.
- SHEAR
- 12 — STRIKE AND DIP OF SEDIMENTARY BEDDING
- 45 — STRIKE AND DIP OF FLOW LAYERING IN IGNEOUS ROCKS
- DUMP
- ADIT
- SHAFT

NOTE: GILT EDGE MINE WORKINGS INCLUDING THE DAKOTA MAID AND SUNDAY PITS ARE ONLY APPROXIMATELY LOCATED.

0 5000 10000 20000 FEET

SCALE: 1" = 10000' (1:120000)

SOURCE: AFTER NILENDU S. MUKHERJEE

CYPRUS EXPLORATION COMPANY

PROPERTY OUTLINE OVERLAY

Gilt Edge Project

Lawrence County, South Dakota

BY: C. B. H.
DRAFTED BY: R. C. D.
DATE: FEB. 1975

UNITED STATES EXPLORATION
1975 PROGRAM

ASSIGNMENT OF 80% INTEREST IN
LEASE AND OPTION TO PURCHASE

FOR A VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, CONGDON AND CAREY, LTD. 5, a Colorado partnership, hereby assigns to CYPRUS MINES CORPORATION, a New York corporation, an undivided 80% interest in and under (i) the Lease and Option to Purchase entered into under date of September 1, 1976 between Northwestern Metal Company, a Nebraska corporation, and Congdon and Carey, Ltd. 5, and (ii) the patented mining claims which are identified in said Lease and Option to Purchase and on Exhibit A hereto attached.

Dated: September 27, 1976

CONGDON AND CAREY, LTD. 5

By: _____
Thomas E. Congdon,
General Partner

EXHIBIT A
(Attached to and made a part of Assignment of 80% Interest in Lease and Option to Purchase from Congdon and Carey, Ltd. 5, a Colorado partnership, to Cyprus Mines Corporation, a New York corporation)

PATENTED LODE MINING CLAIMS

Mineral Survey No. 1134

Alert
Alert Fraction
Alert Fraction No. 1
Argo
Comet
Eureka
Hoodoo
Maverick
May
May Fraction
Nevada
Pyrite
Pyrite Fraction
S. Ruby
Summit
Union Hall

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

On this 27th day of September, 1976, before me, the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My commission expires: July 25, 1977

Linda A. Dusworth
Notary Public

FILE COPY
PLEASE RETURN
TO FILE

ASSIGNMENT OF 80% INTEREST IN
LEASE AND OPTION TO PURCHASE

FOR A VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, THOMAS E. CONGDON hereby assigns to CYPRUS MINES CORPORATION, a New York corporation, an undivided 80% interest in and under (i) the Lease and Option to Purchase entered into under date of October 16, 1974 between Commonwealth Mining Company of South Dakota, a South Dakota corporation, and Thomas E. Congdon, and (ii) the patented and unpatented mining claims which are identified on the Exhibit A attached to said Lease and Option to Purchase and also on Exhibit A hereto attached.

Dated: April 18, 1975

Thomas E Congdon
THOMAS E. CONGDON

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

On this 18th day of April, 1975, before me, the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission expires: January 5, 1977

Janet E. Rogers
Notary Public

PATENTED LODE MINING CLAIMS: (unless otherwise indicated)

Name of Claim	Mineral Survey Number
Anchor	138
Rattlesnake Jack	188
Center Fraction	189
Little Giant	218
Montenegro	311
Gilt Edge	328
Ophir	483
Ora Fino	646
3/8 interest in Ora Bella	648
3/8 interest in Waggoner	649
Sunday	650
Two Bears	699
Sonora	700
Strawberry Placer Claim M&B	712
Bismarck, Golden Star, Rush, Golden West and Moltke	884
St. Patrick, Summit, Mary Ellen, J.K.P. and Big Spring (a/k/a Blue Spring)	926
Haley and Theodore	927
Ontario, Adelphia, Binghampton, True Blue, Delhigh and Norwich	975
Barvaria, Walter, Franklin, Carl, Marie, White, Prussian, Hattie, Gray, Louis, Fritz and Scotia	1031
Algol Fraction	1069
Dakota Maid and Dakota Maid Fraction	1225
Mineral Twain #1, Mineral Twain #2 and Ruby Bell	1235
Summit, Summit #1 and Horn Silver	1236
Saxonia, Saxonia Fraction, Cortez, Aguila, Happy New Year, Golden Crest and Miantonomah	1239
1895, 1895 No. 1, 1894 No. 2, 1895 No. 4	1421
Ossa Minna, Pelion, Waterloo and Bunker Hill	1575
Arcadia and Arcadia Fraction	1831
Commonwealth, Commonwealth Fraction and Robin	1892
Mondamin (a/k/a/ Pt. Moundsman), Silver Glance, Standard, Ceroite and Zipp Fraction	1932

UNPATENTED LODE MINING CLAIMS:

Name of Claim	Recorded Book	Page
Reindeer Lode #1	188	433
Reindeer Lode #2	188	434

UNPATENTED LODE MINING CLAIMS (cont'd):

Name of Claim	Recorded Book	Page
Reindeer Lode #3	155	600
Reindeer Fraction	188	433
Gilmore Fraction	188	434
Llewellyn Lode	188	435
New York		
Silver Crest		
Gnome Mineral		
Zelda #1		
Zelda #2		
Zelda #3		
Zelda #4		
Sunday Fraction	358	44
Waggoner Fraction	358	46
Rattlesnake Fraction	352	566
Norwich Fraction	358	45

all situate in Sections 5, 6, 7 and 8 of Township 4 North, Range 4 East and Sections 1 and 12 of Township 4 North, Range 3 East, Lawrence County, South Dakota

File: 6.11 Edge

Cyprus Mines Corporation

555 South Flower Street
Los Angeles, California 90071
Telephone 213) 489-3700

Cable Selmud Losangeles
Telex 67-4601

REC'D MAY 6 1976

Mr. Thomas E. Congdon
1010 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203

May 3, 1976

Dear Mr. Congdon:

Reference is made to the Joint Venture Agreement which we entered into under date of January 1, 1975 with Congdon and Carey, Ltd. 5.

Pursuant to Paragraph 4 of that Joint Venture Agreement we have offered to Azcon Corporation a portion of our interest in and under the above-identified Joint Venture Agreement and Azcon has accepted a 24% of 100% interest -- with the result that the ownership interests in the property covered by the Joint Venture Agreement of January 1, 1975 are 56% in the case of Cyprus, 24% in the case of Azcon and 20% in the case of Congdon and Carey Ltd. 5. A Joint Venture Agreement is in course of preparation and execution between Cyprus and Azcon of which you will, of course, promptly be furnished a copy.

Very truly yours,

CYPRUS MINES CORPORATION

By J. G. Hansen
Senior Vice President

COCA-01-047

CYPRUS

Thomas E. Congdon
William J. Carey
Dolf W. Fieldman
Nilendu S. Mukherjee

1010 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203
Telephone 303-861-8140

C O N G D O N A N D C A R E Y

MINERAL EXPLORATION

June 1, 1974

Cyprus Mines Corporation
555 South Flower Street
Los Angeles, California 90071

Attention: Mr. M. W. Seery

Gentlemen:

This is to confirm the oral agreement reached with Mr. Seery of your company last week concerning a joint exploration and development program, the Gilt Edge Project, to be conducted on certain mineral properties in Lawrence County, South Dakota, which are held by Commonwealth Mining Company of South Dakota ("Commonwealth") and Northwestern Metal Company ("Northwestern") and which are more particularly described in attached Exhibits A and B, and on such other adjacent mineral properties that may be acquired in accordance with the terms of this Letter Agreement.

In consideration of the mutual promises contained herein, it is agreed as follows:

1. We agree to use our best efforts to negotiate and acquire (i) a Lease and Option to Purchase Agreement on the mineral properties owned or held under options or leases by Commonwealth and Northwestern substantially in accordance with the terms and conditions of Exhibits A and B respectively and (ii) additional mineral rights and interests in the immediate area of the Commonwealth and Northwestern properties (the area of interest). All these acquisitions are to be on such terms and conditions as are agreeable to both of us. Title to all of the interests acquired hereunder will be taken initially in the name of Thomas E. Congdon, with the understanding that he will hold such title temporarily as nominee for the benefit of your company and our partnership subject to transfer of your 80% interest to you whenever requested by you.

2. In the event we are successful in acquiring the above-described interests in the Commonwealth

and Northwestern properties within three months following the date of this Letter Agreement, we will be entitled to an assignment of a 2% net smelter return on all properties acquired for our mutual benefit within the area of interest, such net smelter return to be computed in accordance with the definition contained in Exhibit A and to be payable on the Commonwealth and Northwestern properties only after expiration of the net smelter return which will be payable to Commonwealth and Northwestern. Your responsibility to us with reference to said 2% net smelter return will cease when and if you no longer hold a controlling interest in the Commonwealth and Northwestern properties.

3. Initially our respective undivided working interests in the Gilt Edge Project and in the mineral properties to be acquired hereunder will be: Cyprus Mines Corporation 80% and Congdon and Carey 20%. It is our understanding that Consolidated Gold Fields has the right to acquire a 30% of 100% interest out of any interest you acquire in the Gilt Edge Project. It is therefore agreed that if Consolidated Gold Fields should elect not to participate in the Project we will have the right to increase our working interest from 20% to 26% -- thus leaving you with your basic 50% plus 80% of the 30% offered to Gold Fields or a total of 74%.

4. All exploration, development and mining activities on the Gilt Edge Project will be conducted in the form of a joint venture or other suitable arrangement on terms acceptable to and approved by both of us, with your company being designated as the operator of the Project. Among these terms will be provision for reimbursement of the operator by the venture for its direct costs plus 10% thereof for overhead.

5. In the event we are unable to negotiate suitable Lease and Option to Purchase Agreements with both Commonwealth and Northwestern within the time specified herein this Letter Agreement shall terminate and all obligations and benefits thereunder will be of no further force and effect.

If the above accurately reflects your understanding of our agreement, please signify your approval by signing in the space provided below and forward one copy for our file.

Very truly yours,

CONGDON AND CAREY

By _____
General Partner

ACCEPTED AND APPROVED

CYPRUS MINES CORPORATION

By _____
Senior Vice President

PROJECT AUTHORIZATION PROPOSAL
GILT EDGE PROJECT
LAWRENCE COUNTY, SOUTH DAKOTA

May, 1981

COCA-01-049

PROJECT AUTHORIZATION PROPOSAL

GILT EDGE PROJECT

LAWRENCE COUNTY, SOUTH DAKOTA

T. C. Windisch, Geologist

B. B. Goddard, Regional Geologist

May 27, 1981

PROJECT AUTHORIZATION PROPOSAL
GILT EDGE PROJECT
LAWRENCE COUNTY, SOUTH DAKOTA

TARGET CONCEPT AND OBJECTIVES

The Gilt Edge Project has defined in excess of 14 million tons of gold ore with an average grade of .052 oz/ton gold located in two separate ore zones 900 feet apart. Eleven million tons of .050 oz/ton ore occur within 300 feet of the surface and are amenable to open pit mining, with a waste to ore stripping ratio of 1.4 to 1. Lateral boundaries of mineralization have been established in every direction but to the northeast. Potential for increasing reserves with depth is excellent. Gold systems being investigated include a cyanide agitation leach plant, and heap leaching.

The planned 1981 Gilt Edge program has three objectives:

1. Complete delineation of the Dakota Maid ore zone at depth.

2. Exploration of the rest of the joint venture property.

3. Metallurgical testing leading to an evaluation of recoverable ounces of gold by agitation leaching versus heap leaching and the relative merits of the two systems.

RECOMMENDATIONS

The allocation of $925 thousand for the 1981 Gilt Edge Program is requested for the following purposes:

1. Drilling of 7,500 feet of core and 4,000 feet of rotary holes to test the deep mineralization in the Dakota Maid zone and potential gold mineralization in the untested northeastern part of the core area. Assaying of 2,000 samples, surveying of hole locations, minor road preparation, contractor's services, and reclamation will be associated with drilling. Expenditures for drilling and associated work are expected to total $360,000.

2. A metallurgical program testing drill core for agitation leaching characteristics, laboratory testing, and completion of tall column field testing now underway on various types of gold ore on the property. Expenditures for the metallurgical test program are expected to total $325,000.

3. Geological, petrological, and geochemical studies of both the major area of investigation and the rest of the property. Expenditures are expected to total $5,000.

4. A computer ore reserve estimate, preliminary pit design, and updated waste to ore stripping ratio calculation. Expenditures are expected to total $100,000.

5. An additional $140,000 is allocated for operating expenses such as property acquisition costs, salaries and wages, travel, equipment rental and purchase, and miscellaneous items.

Twenty percent of the $925,000 total ($185,000) will be provided by Congdon and Carey according to the terms of the joint venture agreement, bringing the Amoco portion of the 1981 budget for the project to $740,000.

SUMMARY AND CONCLUSIONS

The Gilt Edge Project is a gold deposit in western South Dakota. Ore reserves of 11 million tons of .050 oz/ton gold mineable by open pit methods have been identified. Additional mineralization exists to a depth of 1500 feet. Further metallurgical testing is necessary to determine the best method of treating the ore. Currently subeconomic quantities of silver, molybdenum, tungsten, and copper are also known to occur on the property. A program of geologic investigation, deeper drilling, metallurgical testing and computer modeling is planned.

INTRODUCTION

A budget authorization proposal for the funding required to continue exploration and evaluation of the Gilt Edge gold project in Lawrence County, South Dakota is contained in this report. A total budget of $925 thousand is requested, of which $185,000 will be reimbursed by the joint venture partners, leaving $740,000 to be paid by Amoco. The budget includes $40,000 for property payments, which are due on a continuing basis throughout the year.

LOCATION, ACCESS AND INFRASTRUCTURE

The Gilt Edge project is located in Lawrence County, South Dakota, about 4 miles southeast of Deadwood, South Dakota and is 18 miles from the Wyoming border. The project area falls in Township 4 N, Range 4 E, Sections 5, 6, 7, and 8, Black Hills Base and Meridian. The property is within the Black Hills National Forest.

Elevations range from 5,000 feet on Strawberry Creek to 5,600 feet on the top of the Gilt Edge Hill. Water flows in the lower part of Strawberry Creek all year and is also found in a well and in deep workings, but the property has no attached water rights. The area is well timbered with pine, spruce, hemlock, and cedar trees on the slopes and poplar, birch and willow by streams.

The property can be reached by interstate and state highways from Rapid City about 45 miles away and by about 3 miles of gravel road near Deadwood. Roads are generally good, but some on the property are steep. Four wheel drive vehicles are necessary for all-weather access.

Motels, restaurants, auto repair and leasing facilities and most other services are available in Deadwood and Lead, 6 miles by road from the property. The Burlington Northern Railroad serves the area and passes within 4 miles of the property. Major airline connections are available in Rapid City.

The Homestake Gold Mine has been the major employer in the county for over 100 years, and because of their influence, a labor pool of skilled miners and craftsmen is available. Homestake has been generous in lending or selling mining equipment parts and supplies. Major equipment supply houses are familiar with the Lead-Deadwood destination for their goods, and any equipment we might need can be brought in by rail or truck.

LAND STATUS

One placer claim, 95 patented lode claims, and 17 unpatented lode claims forming a contiguous claim group of 820 acres are held under a lease-purchase agreement between the landowners and Congdon and Carey. Congdon and Carey have in turn entered into a joint venture with Cyprus (Amoco) in which Amoco has an 80% interest in the property and is the project operator. The property is in the Black Hills National Forest, but surrounding land generally consists of patented claims.

Property payments of $141,500 have been paid through 1980 by Cyprus and Congdon and Carey together. Amoco will pay approximately $40,000 in 1981. As of September 1, Amoco and Congdon and Carey will own the Kosel claims (100% interest in one claim, 62% interest in two claims, and 25% interest in one claim). All work commitments have been fulfilled.

BUSINESS TERMS

Business agreements by which Amoco has an interest in the Gilt Edge property are of two types: 1. Lease-purchase agreements between landowners and Congdon and Carey; and 2. A joint venture agreement between Congdon and Carey and Amoco. Terms of the lease-purchase agreements are listed below. In the joint venture agreement, all expenses and profits are divided, with Congdon and Carey paying 20% of all expenses and receiving 20% of the profit, and Amoco paying and receiving 80%. The only exception to this is also discussed below.

Commonwealth Mining Co.

Purchase Price: $2,500,000

Term of Lease: 15 years from October 16, 1974 or as long as commercial production continues. May be purchased.

Payment Schedule:

A lump sum payment on the Commonwealth property was made on October 16, 1974. Quarterly payments began on October 16, 1975. Commonwealth has been paid $56,500 through 1980, of which $45,200 was paid by Cyprus and $11,300 was paid by Congdon and Carey.

1981 payments are:

January 16, 1981	$ 3,500.
April 16, 1981	$ 3,500.
July 16, 1981	$ 3,500.
October 16, 1981	$ 4,000.
1981 Total	$14,500. + taxes
Amoco Portion, 80%	$11,600. + taxes

Work Commitments: $300,000, previously fulfilled.

Royalty to Landowner:

8% net smelter return on first $2 million produced.
6% net smelter return on second $2 million produced.
4% net smelter return on third $2 million produced.
2% net smelter return on fourth $2 million produced.

These figures refer only to production from Commonwealth property. The net smelter return will be divided between Amoco and Congdon and Carey on an 80% - 20% basis, and royalty payments to landowners will also be divided on an 80% - 20% basis as an expense. The only exception to the 80% - 20% division of loss and profit is

that Congdon and Carey will receive an additional 2% of the net smelter return from the start of production payable if and when the Commonwealth property is purchased. Both advance and production royalties are credited against the purchase price. Advance royalties are credited against production royalties.

Assignments:

Any of the participants may assign their interest. If Congdon and Carey's interest becomes diluted to 5% or less, they will still receive 2% of the net smelter return.

Northwestern Metals Co.

Purchase Price: $1,250,000

Term of Lease: 15 years from September 1, 1976 or as long as commercial production continues. May be purchased at any time.

Payment Schedule:

Payments on the Northwestern property began December 1, 1976. Escalating quarterly payments have continued from that date. Northwestern has been paid $32,500 through 1980, of which $26,000 was paid by Cyprus and $6,500 was paid by Congdon and Carey.

1981 payments are:

March 1, 1981	$ 2,500.
June 1, 1981	$ 2,500.
September 1, 1981	$ 2,500.
December 1, 1981	$ 2,750.
1981 Total	$10,250. + taxes
Amoco Portion, 80%	$ 8,200. + taxes

Work Commitments: $300,000, previously fulfilled.

Royalty to Landowner:

8% net smelter return on first $1 million produced.
6% net smelter return on second $1 million produced.
4% net smelter return on third $1 million produced.
2% net smelter return on fourth $1 million produced.

These figures refer only to production from Northwest Metals property. Profits and royalty payments will be paid as described for the Commonwealth agreement, except that the purchase of the Northwestern property will not affect Congdon and Carey's share of the net smelter return.

Assignments:

Any of the participants may assign their interest. If Congdon and Carey's interest becomes diluted to 5% or less, they will still receive 2% of the net smelter return.

Kosel (Magdalena Waggoner Estate)

Purchase Price: $75,000

Term of Lease: Until purchase price is paid or cancelled.

Payment Schedule:

Payments on the Kosel property began August 11, 1978 with a second payment on September 1, 1978. Payments have continued on a yearly basis from the date of the second payment. Jerry Kosel has been paid $52,500 through 1980, of which $42,000 was paid by Cyprus and $10,500 was paid by Congdon and Carey. 1981 payments are:

September 1, 1981	$22,500. + taxes (total for year)
Amoco portion, 80%	$18,500. + taxes

Amoco and Congdon and Carey will own the Kosel property upon making the 1981 payment.

Work Commitment: There is no work commitment on this property.

Royalty:

There is no royalty agreement on this property. The contract requires that the full purchase price be paid before mining begins on the property. Full purchase price to be paid on September 1, 1981.

Assignment:

Neither party may assign their interest. It should be noted that Kosel has only partial interest in three of the four claims in this agreement - 100% of the Hoodoo Gulch, 62% of the Waggoner and Ora Bella, and 25% of the Crown Point. The other 75% interest in the Crown Point claim, along with 100% of the Crown Point Fraction and the Blackhawk, were purchased in 1980 by G. D. Arnold of Golden, Colorado, who has since incorporated the Crown Point Mining Company.

REGIONAL GEOLOGY

The Gilt Edge Project is located in the northern part of the Black Hills, a breached dome with Cambrian and Precambrian sedimentary and metamorphic rocks rimmed by nearly flat-lying Jurassic and Cretaceous sediments. Precambrian intrusives and gneisses occur in the south-central hills. A northwest trending zone of felsic Tertiary intrusives approximately 25 miles long and 7 miles wide occurs in the northern hills and is being explored in detail by Amoco and other companies for gold mineralization. The Gilt Edge deposit is in this zone.

GEOLOGY OF THE GILT EDGE PROJECT AREA

The project area currently being explored is centered on a complex intrusive sequence of Tertiary age, with rocks ranging in composition from rhyolite and trachyte porphyry to latite. The Tertiary sequence intrudes Cambrian and Precambrian sedimentary rock with steeply dipping contacts. Rhyolite dikes and associated breccia zones with a northeast strike occur on the east side of the Gilt Edge Hill. Quartz pods and stringers are common in the surrounding sedimentary units, but are rare in the intrusive. Very fine quartz veinlets occur in the trachyte near the contact with the sedimentary rock. Silificiation is strong in a zone on the west side of the Gilt Edge Hill and occurs variably on the rest of the property. Zones of jarosite-alunite, quartz-pyrite sericite, argillic and propylitic alteration have been identified by previous workers.

MINERALIZATION

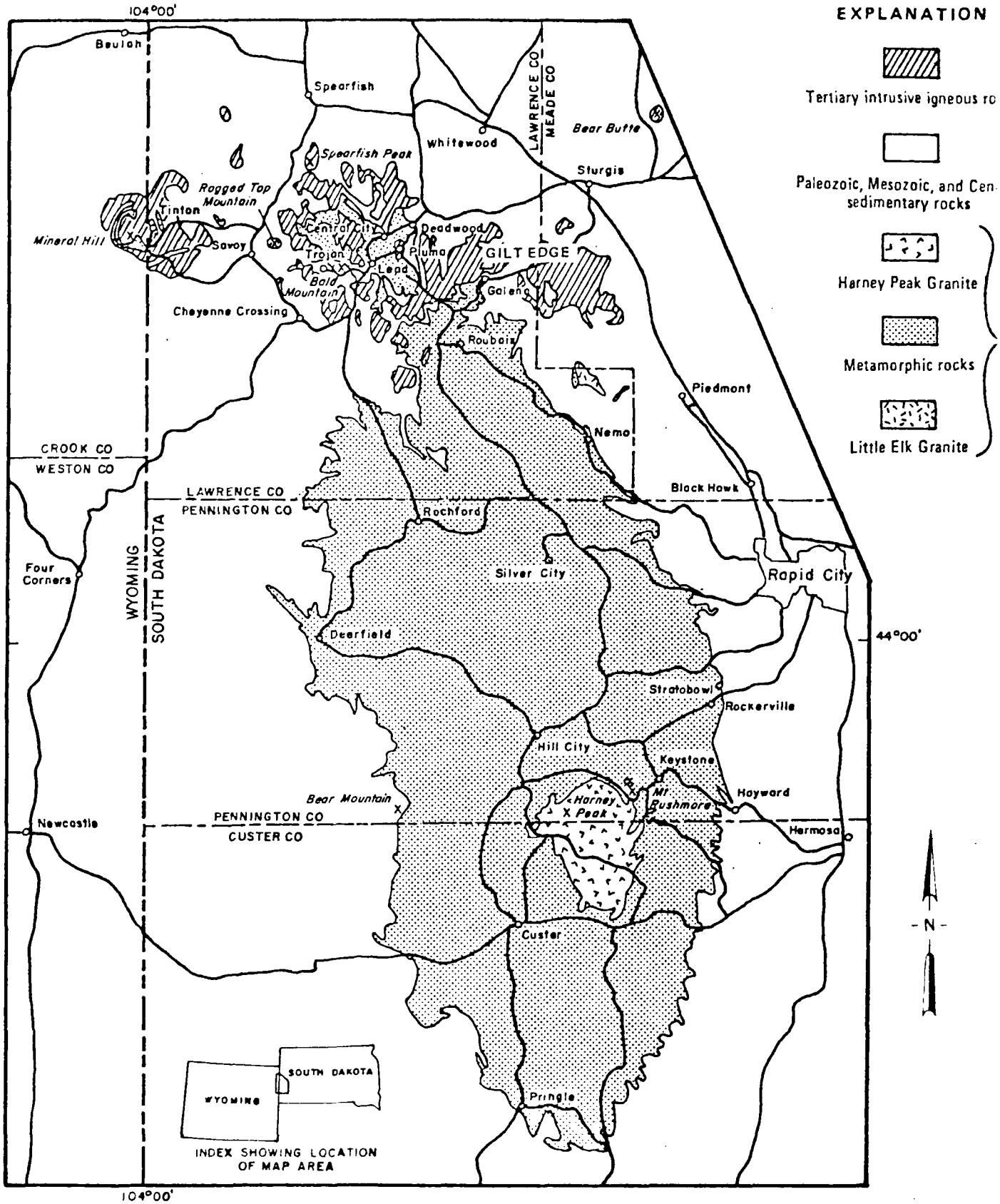
Gold occurs in two distinct zones about 900 feet apart in the Tertiary intrusive rocks. In the western zone (Dakota Maid), gold with varying amounts of copper and silver occurs in a zone of abundant secondary silica and pyrite up to 200 feet wide and 600 feet long. The zone narrows and continues to the north and south, but mineralization decreases. However, mineralization continues to at least 900 feet below the surface with a modest improvement in grade. Potential for further mineralization at depth is excellent. The siliceous zone occurs in a narrow trachyte porphyry unit between a coarse rhyolite porphyry on the east and a unit of interlayered trachyte and quartz-biotite schist on the west. It appears to crosscut contacts at a shallow angle. Gold with pyrite also occurs in fine fractures in both the trachyte porphyry and the interlayered units, but is rare in the central rhyolite porphyry.

Gold occurs in the eastern (Rattlesnake - Sunday) zone in relatively unsilicified, pyrite-rich breccia zones and fractures adjacent to a system of steeply dipping rhyolite dikes. The dike and fracture system occurs in a fine to medium grained rhyolite porphyry near the contact with the coarse rhyolite porphyry. Much of this brecciated, pyrite rich ore is oxidized and leaches readily, although the dike itself is siliceous and leaches poorly. A zone of uneconomic copper enrichment is present at depth.

ORE RESERVES

Ore reserve calculation prior to 1980 considered only the mineralization to a depth of 300 feet from surface. Three methods of reserve calculation were employed: a polygon calculation with a 75-foot area of influence, a cross section method with a 100-foot area of influence, and a standard computer ore reserve calculation. Results are as follows:

	Method	Total Million Tons	Average Oz/ton Au	Cutoff Grade Oz/ton Au
Reserves through 1979	Polygon	10.03	.050	.020
	Cross Section	11.40	.049	.020
	Computer	12.30	.048	.025

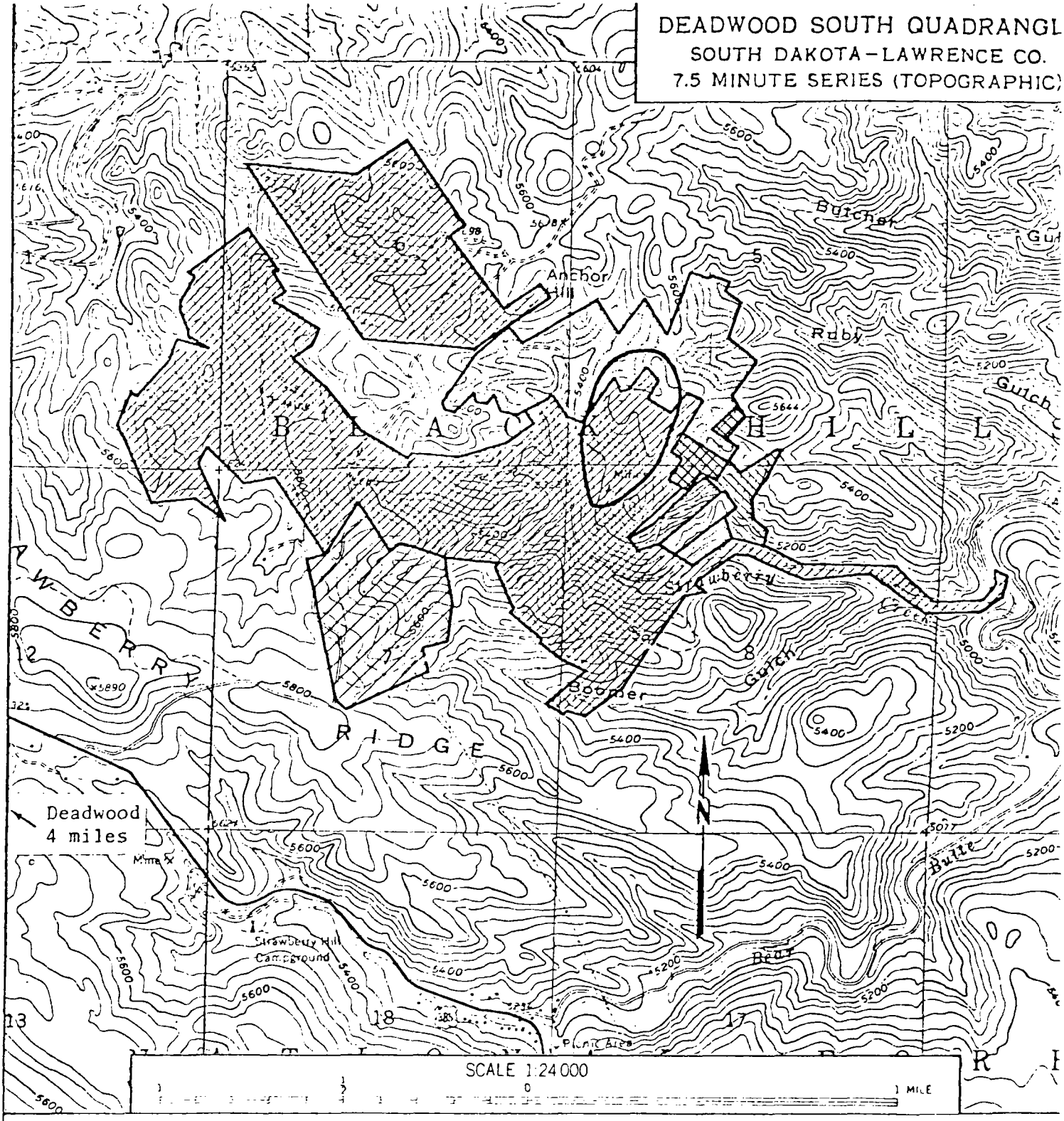


Base compiled from U.S. Geological Survey and State Highway Maps

Map from Norton, James J. (1974), U.S. Geological Circular 699

Geology compiled from Darton and Palge(1925), Darton(1905), Bayley(1972), and from mapping by J.A. Redden, J.J. Norton, J.C. Ratte, and P.H. Rahn from 1948-73

Figure 1 Generalized geologic map of the Black Hills of western South Dakota and adjacent parts of Wyoming.



Commonwealth

Commonwealth Unpatented

Northwestern Metals

Kosel

Kosel 5/8 interest
Commonwealth 3/8 interest

Kosel 1/4 interest
(remaining 3/4 not under
lease to Amoco Minerals Co.)

Major area of investigation

Note: All claims patented unless otherwise indicated.

Figure 2 Generalized Property Map, Gilt Edge Project

An updated polygon ore reserve calculation based on the results of the shallow 1980 drilling program added about 900,000 tons of ore to the 1979 reserves, defining the lateral boundaries of gold mineralization except for a small area to the northeast. However, results from deep core drilling during 1980 and previous years from 300 to 1500 feet brings the updated 1980 total to 14 million tons of .052 oz/ton gold. Most of the deep ore is located in the Dakota Maid zone. Results are summarized below:

1979 Polygon total (shallow ore)	10.03 million tons	.050 oz/ton
Additional 1980 shallow ore	0.89 million tons	.050 oz/ton
Additional 1968-1980 deep ore	3.10 million tons	.058 oz/ton
Updated 1980 Polygon total	14.02 million tons	.052 oz/ton

The shallow pit ore reserves are approximately evenly divided between the two zones.

New cross sections and a computer ore reserve estimate are now in progress.

A preliminary evaluation of molybdenum intercepts was also attempted from assays of four core holes, indicating approximately half a million tons of .025% Mo.

METALLURGICAL TEST PROGRAM

Metallurgical testing on Gilt Edge ores, conducted since 1978 by the Miller-Kappes Company, has consisted of bottle roll tests, bucket leach tests, laboratory column and 40-foot tall column tests, and one 1700 ton heap leach test. Rotary cuttings, split core, surface and underground wall chip samples, bulk samples and the heap sample at various crush sizes have been used. Tests were conducted both to determine the leachability of the various ore types and to define the relationship between leaching results of small scale tests and results of larger tests.

The Rattlesnake - Sunday zone has been thoroughly tested, but testing of the more siliceous Dakota Maid zone was hampered by lack of underground access until 1980. Of 32 tests from the Sunday ore zone, all but three showed consistently good recoveries; 70% when using material crushed to two inches and 55% when using uncrushed material. The three poor recovery tests were from a zone identified later as a dike area. Seven of the 1979 tests from the 300-foot level of the Sunday zone also showed 70% recovery.

A heap leach test containing 1700 tons of ore from a surface pit located next to the Sunday pit was operated during 1980. Initial plans for this test called for leaving the ore uncrushed because regulatory delays would preclude conducting a test during the 1980 season if time had been taken to crush the ore. Recoveries, based on previous coarse rock tests, were expected to be 50% or more, but actual heap results gave only 35% recovery. The sample unfortunately had been taken from the dike area which had not been previously identified. A major goal of the 1981 program will be to make sure the dike has been identified properly.

Five samples from the walls of the Dakota Maid pit gave leach recoveries in the 40-70% range. The samples with the higher recoveries, however, required a long leach time (three months), apparently because copper sulfide coated the gold in the rock.

In 1980, the King workings in the Dakota Maid zone were opened. One 25-ton and nine one-ton bulk samples were taken and are currently being tested. Preliminary recoveries from oxidized samples appear to be near 70%, and most sulfide samples indicate plus 60% recovery. The consistency of recent test results indicates that the Dakota Maid zone will have predictable heap leach behavior like the Sunday zone. However, access to the Dakota Maid zone is still limited, and testing of core samples will be required. Forty-foot high column leach tests are being run to confirm that bucket tests can be scaled up. Initial data indicate that tall column recoveries are nearly the same as from bucket tests.

HISTORY AND PREVIOUS WORK

The Gilt Edge property currently under lease consists of three different parcels of land with different histories: the Commonwealth Mining property, the Northwestern Metals Company land, and the Kosel claims, or Magdalena Waggoner Estate.

Most of the old Gilt Edge mines are located on the property now owned by Commonwealth. Major producers were the Rattlesnake Jack mine and the overlying Sunday workings, the Dakota Maid and the underlying King workings, and the Gilt Edge Incline. The Oro Fino, near Strawberry Creek about half a mile to the south, was considered to be part of the same mining district as was the Golden Crest, one mile to the west. At first, all the workings were operated on a small scale as independent mines. The only production recorded was for the Oro Fino, near the contact of the Precambrian sediments and the Gilt Edge intrusive, which produced 1,050 ounces of gold from 5,000 tons of ore in 1893. The mine was near Strawberry Creek and flooded in 1894. The Golden Crest, now called the Commonwealth, produced 4,840 ounces of gold from the Cambrian-Precambrian basal conglomerate of the Deadwood formation and Tertiary dikes prior to 1906. The property changed hands and a mill was built in the early 1930's, but no more gold was produced.

The mines in the central Gilt Edge area were consolidated into the Gilt Edge Maid Mining Company in 1900 and produced approximately 40,000 ounces of gold and 20,000 ounces of silver between 1905 and 1916. The mine then remained idle until 1935, after the price of gold reached $35 per ounce. From 1937 to 1940 the mine produced approximately 20,000 ounces of gold-silver bullion, chiefly from the Rattlesnake - Sunday workings. Written reports indicate that the mine was shut down in 1941 because of War Order L-208, but local people who worked in the mine at that time say it was shut down in 1940 because of metallurgical problems.

The Commonwealth Mining Company purchased all of the above properties and the Strawverry Creek Placer in the late 1940's, but never operated any of them. Commonwealth holdings total 75 patented lode claims, one patented placer claim, and 17 unpatented lode claims (see land map).

The Northwestern Metals property consists of 16 claims of the once-extensive Branch Mint Mining Company. Prior to 1912, the Branch Mine claim group was larger and more productive than the Gilt Edge, with a large mill and a spur track connecting the mine to the main railroad line.

The 16 Northwestern claims include the Hoodoo, Union Hill, and Eureka workings. The Hoodoo and Union Hill mines connected, crossing the northern extension of the Rattlesnake - Sunday rhyolite dike - breccia system in the Tertiary intrusive. Approximately 7,000 ounces of gold were produced in these workings prior to 1900. It is not known whether this figure includes production from the Eureka workings.

The four claims held by the Kosel family include the portals of the Ora Bella (Rattlesnake Jack extension) and the Hoodoo workings, but no major production has been obtained from the area with the claim boundaries.

The Commonwealth property and the Northwestern property were leased by Congdon and Carey in 1967. Between 1967 and 1971 they drilled 10,265 feet of core in eleven holes ranging from 450 to 1500 feet in length, looking for a copper-molybdenum target. Lease agreements were terminated in 1971. Congdon and Carey leased the property again in 1974 and brought it to the attention of Azcon (Consolidated Goldfields), who turned it over to Cyprus according to the terms of a previous agreement. The property was examined by P. E. Chapman, who recommended its gold potential, and a joint venture agreement was made between Cyprus and Congdon and Carey. Azcon participated in the joint venture agreement from 1976 to 1977, leaving it as a result of a Cyprus - Azcon business agreement on another property.

The Kosel property was optioned in 1978. Since the joint venture agreement in 1975, Cyprus has drilled 216 rotary holes totalling 52,728 feet and 16 core holes with a total of 9,403 feet. Rotary holes varied from 40 to 350 feet with an average depth of 250 feet. Core holes were from 334 to 1152 feet in length. Rotary drilling is patterned on a rough grid with 100 - 150 foot spacing. With the exception of the undrilled northeastern part of the Gilt Edge mine area, it is thought that mineralization above 250 to 300 feet below the surface is completely delineated on the Gilt Edge Hill. Approximately 11 million tons of ore at 0.050 ounces per ton gold within 300 feet of the surface have been drilled out.

EXPLORATION POTENTIAL

Lateral extension of mineralization of the Gilt Edge Hill is unlikely, except for an undrilled area to the northeast (see polygon map). However, potential for extension at depth is very good. The nearly vertical Dakota Maid ore zone continues to at least 930 feet depth from the surface, with some improvement in grade. Ore was found to 530 feet beneath the surface in the Rattlesnake zone. Ore continued in both cases, but the angled core holes crossed the zones of mineralization.

Potential for gold mineralization also exists in other portions of the property. Exploration to date has been conducted entirely on the Gilt Edge Hill because of its past production and Tertiary intrusive host rock. However, gold, silver, and other metals in the Black Hills also occur on the upper and lower contacts of the Cambrian Deadwood formation, which is widely distributed on the joint venture property. Some past producers such as the Commonwealth and the Oro Fino are in this environment.

ENVIRONMENTAL CONSIDERATIONS

Federal

The Gilt Edge mine area is private property and will not require an environmental impact statement. The only Federal regulations currently thought to apply are the health and safety standards for workers.

State

The state of South Dakota has numerous regulations and permit requirements designed to protect the environment, mine employees, and the general public. Most of these regulations are reasonable, but a few problems exist because of lack of experience and information on the part of state regulatory agencies on the processes of opening and operating mines and cyanide heap leach plants. As a result, considerable time must be spent in providing the various state agencies with filed tours, maps, forms, information and reassurance. Standards and requirements change yearly as the state agencies evolve and as state personnel changes.

A small, out-of-the-way part of the Gilt Edge property has been designated a historical site and is off-limits to exploration. There are no endangered species on the property.

PROPOSED PROGRAM

The planned 1981 Gilt Edge program has three objectives:

1. Complete delineation of the Dakota Maid ore zone at depth.

2. Exploration of the rest of the joint venture property.

3. Metallurgical testing leading to an evaluation of recoverable ounces of gold and the best method of beneficiation.

The following methods are proposed to accomplish these objectives:

1. Delineation of the Dakota Maid ore zone at depth - approximately 7,500 feet of angled core drilling in a number of holes is planned.

2. Conduct exploration work on the joint venture property. Approximately 4,500 feet of rotary drilling in up to 10 holes on the northeastern part of the property, where zones of mineralization are still open

(see polygon map). Mapping and rock chip sampling of the rest of the joint venture area, which previously received little attention because it was outside the Gilt Edge intrusive body.

3. Metallurgical test work. The metallurgical work will involve such sampling, assaying, testing and geologic support as is needed to establish the best mode of treatment of the ore.

   a. Agitation leach tests on diamond drill core samples obtained from various parts of the ore body.

   b. Completion of existing tests now underway (tall column and bucket leach tests).

   c. Re-start and re-neutralize the existing 1700 ton heap.

   d. Environmental monitoring.

   e. Mineralogic studies as pertaining to the metallurgy.

   f. Mill costs and preliminary feasibility study.

   g. Summation and comparison of both leaching methods. Complete reports from both metallurgical consultants.

1981 Budget
Gilt Edge Project
Lawrence County, South Dakota
Detailed Cost Breakdown

Budget Title	Actual Expenditures through 1980	Proposed Expenditures	Estimated Total
Acquisition Costs	$ 156,161	$ 40,000	$ 196,161
Salaries & Wages	201,448	60,000	261,448
Surveying & Mapping	48,193	20,000	68,193
Engineering Study	-	100,000	100,000
Geochemistry & Petrology	1,053	5,000	6,053
Metallurgy	92,787	275,000	367,787
Outside Contract Services	235,861	50,000	285,861
Drilling	615,870	300,000	915,870
Excavation	210,234	20,000	230,234
Assaying & Sampling	109,685	40,000	149,685
Travel	89,467	3,000	92,467
Equipment	79,418	-	79,418
Miscellaneous	47,076	2,000	49,076
Reclamation	356	10,000	10,356
Sub Total	1,887,609	925,000	2,812,609
Less Azcon	99,854		99,854
Less Congdon & Carey	384,030	185,000	569,030
Total	$1,403,725	$ 740,000	$ 2,143,725

Amoco Minerals Company

Authorization - Project Proposal

AM-1 (5-79)

Authorization: [X] Original [ ] Supplement — Number:

Division: Amoco Minerals Company

Operator:

Project Proposal Name: Gilt Edge Project

Project Proposal Number:

Country: U.S.A.

State or Province: South Dakota

Area or Location: Lawrence County

Company Interest: 80%

Other Interest: 20% - Congdon and Carey

Commodity: Gold

General Description			Gross Amount (U.S. $000)
Salaries and Benefits	1 Geologist 12 mo., 2 Temporary 8 mo., 2 to 4		40.0
Travel	Casual 5 mo.		20.0
Cookery Expenses	Man Days	$ @	
Field Office Rent			
Field Supplies	Fuel		
	Other (Specify) Reclamation - grade & seed		10.0
	Miscellaneous		5.0
Engineering	Geochemistry/Petrography		5.0
Aircraft Charter	Fixed Wing	Hrs. @	$
	Helicopter	Hrs. @	$
Geophysics	Airborne	Line Mi. @	$
	Ground	Line Mi. @	$
Consultants	Type Metallurgical & Other		325.0
Drilling	Feet 7,500' @ 35. 4,000 @ 10. ±		262.5 37.5
Other Contractors	Type Excavation		20.0
Assays	Samples 2000 @ 20.	$	40.0
Equipment Operation and Maintenance Expense			
Equipment Rental	Type		
Property Payments	Type Lease & Adv. Royalty		40.0
~~Property Acquisitions~~	Surveying/Mapping		20.0
Other (Specify)	Engineering-Computer Pit Study		100.0

	Net Amount (U.S. $000)
Total This Authorization	925.0 (Total) 740.0 (Amoco portion)
Control Budget Estimate (Current Year)	925.0 (Total) 740.0 (Amoco portion)
Previously Authorized (Current Year)	1,887.609 1,403.725
Total Expended From Inception Plus This Authorization	2,812.609 (Total) 2,143.725 (Cyprus por.)

Describe the Type and Amount of Work To Be Performed and the Duration of Program.

The 1981 exploration program will consist o (1) drilling 7,500 feet of core and 4,000 feet of rotary cuttings to define known mineralization and seek additional deep ore (2) geological exploration of the remaining joint venture area; (3) metallurgical testi including (a) agitation leaching from sampl of diamond drill core (b) completion of exi ing tests (bucket and tall columns) now und way (c) re-start and re-neutralization of t existing 1700 ton heap, and subsequent environmental monitoring (d) mineralogy studies as pertains to metallurgy (e) repor preparation on preliminary feasibility, and comparison of heap leaching versus agitatio leaching. A computer ore reserve estimate a pit design is underway. Mapping and samplin of the rest of the joint venture property w be carried out around small but productive mines outside the Gilt Edge mine area.

Quarterly Estimates: 1st 10 % | 2nd 25 % | 3rd 40 % | 4th 25 %

Recommended By (Regional Geologist): Bruce B. Goddard — Date: May 16, '81

Authorized By — Date

Approved By (Division Manager) — Date

PROJECT AUTHORIZATION PROPOSAL

GILT EDGE PROJECT (D-74-84)

LAWRENCE COUNTY, SOUTH DAKOTA

4/14/82

COCA-01-050

PROJECT AUTHORIZATION PROPOSAL

GILT EDGE PROJECT (D-74-84)

LAWRENCE COUNTY, SOUTH DAKOTA

Ronald E. Graichen
Senior Geologist
April 14, 1982

Christopher A. Rautman
Project Geologist
April 14, 1982

William D. Burton
Senior Regional Geologist
April 14, 1982

PROJECT AUTHORIZATION REPORT
GILT EDGE PROJECT (D-74-84)
LAWRENCE COUNTY, SOUTH DAKOTA

SUMMARY

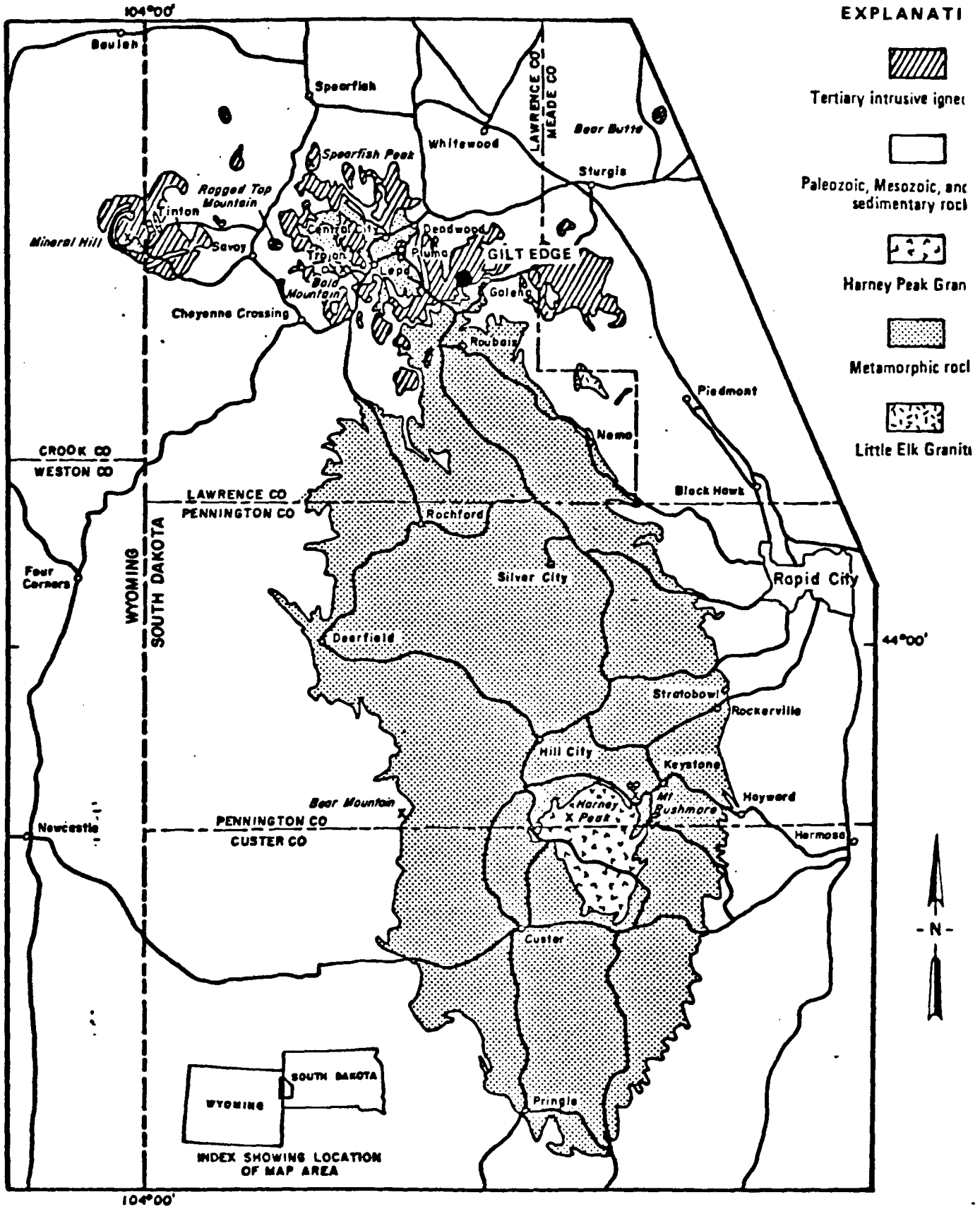
The 1982 Gilt Edge project in the northern Black Hills of South Dakota is an exploration drilling program designed to test the extent and grade of deep gold mineralization (greater than 0.1 ounce per ton) identified by the 1981 drilling effort, to drill other untested deep gold targets, and test drill for additional shallow, low-grade gold reserves. Cyprus has been active at Gilt Edge since 1974, and has defined a significant low-grade, open-pit gold deposit. In 1980 Amoco stoping studies showed additional tonnage of higher grade mineralization to be mined underground, would be necessary for economic development of the property and the 1981 drilling program was directed toward that goal. Of three areas tested in 1981, only one shows potential for developing substantial underground grade reserves; 2 million tons may be inferred from two drill holes in this area.

Detailed mapping and sampling has identified three Tertiary sanidine rhyolite stocks having associated gold mineralization. The central stock is best known and is the general location of the well-drilled, open-pit gold reserves. Deeper drilling in 1981 along the western contact and in the east-central portion of this stock failed to locate substantial zones of greater than 0.1 ounce gold; little potential remains for additional reserves in these areas.

Two of five 1981 drill holes located along the northern contact of the southern sanidine rhyolite stock contain gold zones that allow inference of two million tons of geologic reserves that exceed 0.1 ounce per ton. Since this gold zone is open on essentially all sides, total tonnage may be as high as ten million tons. The 1982 exploration program will require three angle holes totalling 3,800 feet to confirm the size and shape of this zone. A fourth hole 1,200 feet deep will test for analogous mineralization along the southern contact of the same stock where highly anomalous gold occurs at the surface.

Continued mapping in the northern part of the Gilt Edge area is expected to reveal additional drill targets in the vicinity of the northern sanidine rhyolite stock which is only partly defined at this time. The 1981 reconnaissance sampling shows high-grade gold mineralization occurring at the surface. For 1982, a close-spaced magnetometer survey and detailed mapping is expected to generate targets that can be tested with shallow rotary holes beginning in the fall. Reevaluation of all drill core and mapping of available mine workings will aid in defining controls on gold mineralization throughout the Gilt Edge property and aid additional exploration.

The total budget proposed is $580,000, which includes $106,000 for 1981 accounting carry-over costs. Amoco's 80 percent share of the total budget is $465,000. The bulk of the expenditures will be for direct drilling and assaying costs.



Base compiled from U.S. Geological Survey and State Highway Maps

Map from Norton, James J. (1974), U.S. Geological Circular 699

Geology compiled from Darton and Paige(1925), Darton(1905), Bayley(1972), and from mapping by J.A. Redden, J.J. Norton, J.C. Rattè, and P.H. Rahn from 1948-73

Index Map: Generalized geologic map of the Black Hills of western South Dakota and adjacent parts of Wyoming.

INTRODUCTION

This report briefly summarizes the current status of the Cyprus Gilt Edge project in the Black Hills of South Dakota and details a continuing exploration program for 1982. Evaluation of an open-pit, heap-leach gold deposit has been in progress at Gilt Edge since 1974. Detailed rotary and core drilling have delineated a substantial low-grade reserve on the property. Compilation of Cyprus data from 1980 and earlier activities indicated marginal economic return to Amoco with current gold prices. Therefore, exploration activities during 1981 were redirected toward the discovery of higher-grade gold mineralization that could be mined underground. Several 1981 drill holes intersected gold-bearing intervals of sufficient size and grade to confirm underground potential. The proposed 1982 exploration program will consist of diamond drilling to develop gold mineralization discovered during 1981. Mapping and sampling will continue to explore untested targets remaining in the Gilt Edge area.

LOCATION AND ACCESS

The Gilt Edge project is located in Lawrence County, South Dakota, about 5 miles southeast of Lead and the Homestake Mine. The project area is within Black Hills National Forest in sections 5, 6, 7, and 8, T.4N., R.4E. (Index Map).

The property may be reached by U.S. Highway 385 south from Lead, and thence along a gravel road 4.5 miles toward the old town of Galena. The Gilt Edge property is located near Galena at the headwaters of Strawberry Creek. Four-wheel-drive vehicles are necessary for all-weather access. Elevations on the property range from 5,000 feet along Strawberry Creek to 5,600 feet on top of Gilt Edge Hill. Water flows in lower Strawberry Creek most of the year, and water is found within 250 feet of the surface in mine workings. The entire area is moderately timber covered.

HISTORY AND PREVIOUS WORK

General History

The Gilt Edge project area comprises the bulk of the Gilt Edge mining district. Most of the individual workings on the property were developed as small, independent gold mines during the late 1800's and early 1900's. Modest production of some 13,000 ounces of gold from at least five different mines is recorded prior to about the turn of the century. The various mines of the central Gilt Edge area were consolidated as the Gilt Edge Maid Mining Company in 1900, and the combined operation produced approximately 40,000 ounces of gold between 1905 and 1916. Reactivation of the mines after the price of gold reached $35 per ounce in 1935 resulted in production of an additional 20,000 ounces between 1937 and 1941.

In 1967, a major portion of the project area was explored by the partnership of Congdon and Carey as a copper-molybdenum target. Eleven core holes totalling 9,960 feet were drilled, reaching a maximum depth of 1,500 feet. Discouraging results forced abandonment of the project in 1971.

Amoco (Cyprus) Program

Property Acquisition - In 1974, Congdon and Carey reacquired the Commonwealth Mining Company portion of the Gilt Edge property, and they promoted it to Azcon Corporation (Consolidated Goldfields), who referred the prospect to Cyprus Mines under the terms of an existing exploration agreement. The resulting joint venture between Cyprus and Congdon and Carey has been in effect since 1975 to develop the gold potential of Gilt Edge. Azcon participated in the joint venture during 1976 and 1977, but terminated their interest under the terms of another Cyprus-Azcon business arrangement.

Sixteen claims and fractions owned by the Northwestern Metals Company were acquired in 1976. Several claims owned by the estate of Magdalena Waggoner (Kosel Claims) were optioned in 1978, and have been wholly owned by the joint venture partners since 1981 (Figure 1).

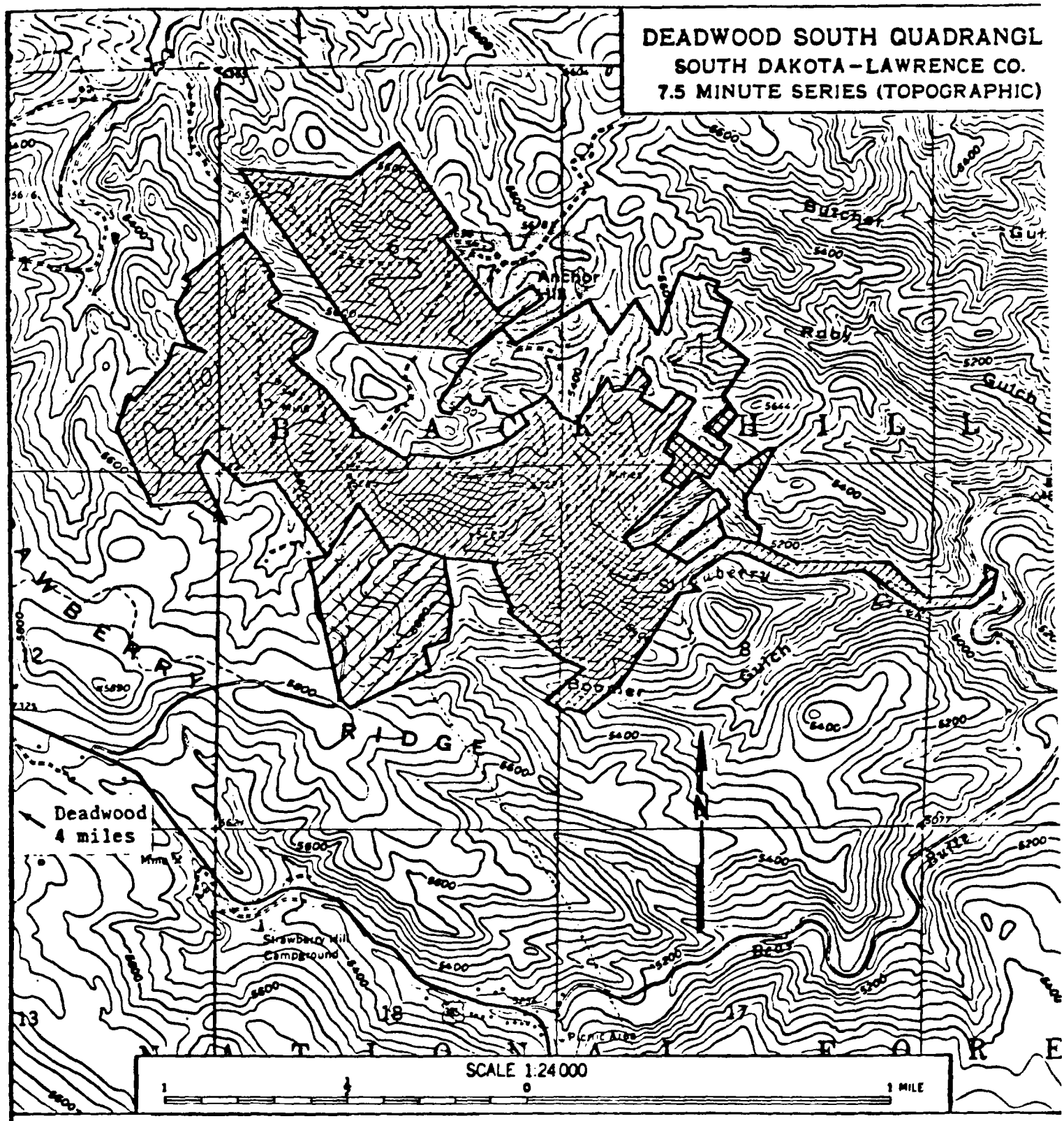
Shallow Exploration - From 1975 to 1980, Cyprus, as operator for the joint venture, explored shallow gold mineralization at Gilt Edge, anticipating development of an open-pit, heap-leach operation. During this period, some 214 shallow rotary holes totalling 52,050 feet were drilled on a roughly 100- to 150-foot grid. Maximum hole depth is 350 feet. Sixteen core holes totalling 9,366 feet and varying in depth from 355 to 1,150 feet were drilled to aid delineation of the shallow gold deposit. This exploration program has defined a significant low-grade gold deposit. Actual reserve estimates based on various cut-off grade and pit design assumptions are summarized in Table 1.

Deep Exploration - The 1981 drilling program was designed to search for deeper, higher-grade gold mineralization that could be developed by underground mining. Results of 18 core holes totalling 19,740 feet indicate that substantial tonnages of previously undefined gold mineralization exist in at least one of three separate target areas.

The three target areas tested at Gilt Edge during 1981 are briefly as follows: 1) The deeper continuation of the Dakota Maid shear zone: Ten core holes totalling 10,855 feet encountered numerous narrow zones exceeding 0.1 ounce of gold per ton, but do not develop any significant tonnage. Potential of the deep Dakota Maid zone is probably less than a million tons. 2) The general vicinity of the old Sunday pit: Four diamond core holes totalling 4,170 feet encountered sporadic 10- to 20-foot intervals that exceed 0.1 ounce per ton, but no significant tonnage was developed. 3) The "cabin site" adjacent to a deep Congdon and Carey gold intercept from 1968: Four diamond core holes totalling 4,715 feet tested and partly delineated gold mineralization exceeding 0.1 ounce per ton over intervals of as much as 500 feet. Geologic reserves of roughly 2 million tons may be inferred in this area, with the extent of mineralization essentially undefined in all directions. Additional drilling is expected to increase this tonnage substantially.

Table 1. Gilt Edge Project Reserve Estimates
(based on drilling data through 1980 only).

Type of Estimate	Cut-off Grade (oz/ton)	Tons (MM)	Avg. Grade (oz/ton)	Waste to Ore Stripping Ratio
Geologic - In Place Computing Assoc. 12/81	0.020	19.71	0.047	-
	0.025	14.36	0.056	-
	0.030	10.83	0.065	-
	0.035	8.74	0.073	-
	0.040	6.37	0.086	-
	0.045	5.21	0.095	-
	0.050	4.04	0.109	-
	0.055	3.46	0.119	-
Geologic, cross section method, Goddard et al, 10/81	0.020	11.63	0.051	-
	0.030	8.66	0.061	-
	0.040	6.15	0.072	-
	0.050	4.08	0.086	-
	0.060	3.17	0.096	-
Geologic, polygon method Goddard et al, 10/81	0.020	11.62	0.051	-
	0.030	8.66	0.061	-
	0.040	6.15	0.072	-
	0.050	4.08	0.086	-
	0.060	3.17	0.096	-
Mineable, 0.020 pit design Computing Assoc. 12/81 Using 0.020 oz. gold for pit base.	0.020	11.32	0.042	1.97 to 1
	0.025	8.52	0.049	2.95 to 1
	0.030	6.38	0.055	4.27 to 1
	0.035	5.03	0.062	6.26 to 1
	0.040	3.55	0.072	-
	0.045	2.86	0.079	-
	0.050	2.15	0.089	-
	0.055	1.81	0.096	-
Mineable, cross section method, Goddard et al, 10/81	0.020	8.03	0.052	1.70 to 1
Mineable, polygon method Goddard et al, 10/81	0.020	8.80	0.046	1.70 to 1



- Commonwealth
- Commonwealth Unpatented
- Northwestern Metals
- Kosel
- Kosel 5/8 interest
  Commonwealth 3/8 interest
- Kosel 1/4 interest only
- Area proposed for acquisition
- Area containing shallow gold reserves

Figure 1. Generalized property map, Gilt Edge Project

Metallurgical Testing - Cyprus has conducted relatively extensive metallurgical studies at the Gilt Edge property since its acquisition in 1974. This work is summarized in three broad stages. 1) Early Characterization of Ore: Studies of this period identified different types of mineralized rock and summarized their gold content and typical gold recovery. 2) Heap Leach Testing: Leaching experiments to demonstrate the viability of heap leaching Gilt Edge material were progressively scaled up to a 1,700 ton pilot heap facility. Recovery of gold from the pilot heap was within expected limits, and the safety and reclamation of cyanide heap-leach projects was demonstrated to state authorities. 3) Conventional Mill Testing: In line with the change of exploration to underground, various studies are now in progress to determine the behavior of Gilt Edge material in a conventional (agitation) milling circuit. Flotation studies have produced high grade sulphide concentrates, which are now being tested further to determine leaching characteristics.

GEOLOGIC SETTING

Regional Geology

The Gilt Edge project area is located in the northern part of the Black Hills, a Laramide domal uplift that exposes Precambrian metamorphic and plutonic rocks rimmed by tilted Paleozoic and Mesozoic sedimentary rocks. Superimposed as a northwest-trending belt upon the northern Black Hills is a Cenozoic igneous province 12 miles wide by 75 miles long. These silicic intrusives contain precious metals at Gilt Edge and in other areas along the belt. The Gilt Edge area is one of thirteen recognized intrusive centers within this province and all appear to have been emplaced at fairly shallow depths. Compositionally, they are alkalic with strongly undersaturated varieties in the western three-fourths of the belt and silica-saturated rocks in the eastern quarter which includes Gilt Edge.

Geology of the Project Area

The project area is located in the western part of the Gilt Edge-Galena intrusive complex. Detailed geologic mapping by Amoco (geologic map, rear pocket) shows Precambrian quartzites and schists unconformably overlain by Cambrian flat-lying to gently dipping Deadwood Formation sandstones and shales. Younger Paleozoic sedimentary rocks are largely eroded. This sequence has been intruded by a complex of Tertiary stocks, sills, and other bodies that include rhyolite, trachyte, diorite and more mafic rock types.

The earliest Tertiary intrusion is a 200-foot thick sill of hornblende diorite porphyry. Later is a sequence of trachytic to rhyolitic porphyritic intrusions. The earliest of these occur as elongate masses and dikes that parallel a northeast structural grain. Detailed logging of drill holes indicates that some trachytic dikes may have a genetic association with gold mineralization at Gilt Edge.

Three small stocks of sanidine rhyolite porphyry intrude the earlier porphyries. The central stock is roughly circular and 1,000 feet in diameter; the Dakota Maid and Sunday workings are located around its western and southeastern contacts, respectively. The southern stock is elongate east-west, measuring 800 feet by 1,400 feet. It is centered some 1,400 feet south of the Dakota Maid pit. Very little is known of the northern body because mapping was terminated in this area by snowfall in November, 1981. Alteration and gold mineralization are associated with all three stocks.

Breccias are abundant at Gilt Edge and intrusion breccias predominate. Rhyolitic and trachytic intrusions have incorporated locally significant volumes of host rock fragments into their mass. Some local breccia zones are altered and carry anomalous gold mineralization while other zones have fresh rock inclusions and are not anomalous. Other breccias are formed as crackle breccias that have been filled with secondary minerals, commonly pyrite, purple fluorite and hematite; some of these zones contain important gold values. Crackle breccias probably were created by physical emplacement of one or more of the hypabyssal intrusive units that may or may not have been a source for gold mineralization. Surface sampling shows anomalous base and precious metal values in some breccia zones. Basal Deadwood Formation rocks typically contain anomalous values within the Gilt Edge area as well as throughout the region. Precambrian metamorphic rocks generally are not anomalous in the Gilt Edge area.

Ore Deposits

Shallow Gold Mineralization - Exploration efforts at Gilt Edge since 1975 have developed extensive data on the distribution of shallow gold mineralization within and adjacent to the central sanidine rhyolite porphyry stock. Geologic controls for this mineralization are vague, and perhaps masked by alteration and intense surface oxidation. Gold was emplaced with one or more of the several generations of pyrite and is most abundant in more intensely pyritized and silicified shear zones. Oxidation assisted the distribution of very fine grained gold throughout a broad area where it is now contained in residual clay and silica-rich rock. Actual reserve estimates based on various cut-off grades and pit designed are summarized in Table 1. At present it is not known if similar low-grade gold deposits are associated with the other two untested sanidine rhyolite stock in the Gilt Edge area.

Deep Gold Mineralization - Deeper, higher grade gold mineralization was confirmed at Gilt Edge by the 1981 core drilling effort. Numerous intercepts exceeding 0.1 ounce gold were encountered in three separate areas but only one area shows promise for sufficient tonnage to warrant further exploration. A tabulation of 1981 drilling for each of the three areas is shown in Table 2.

A bulk gold deposit with grades in excess of 0.1 ounce gold appears to have been intersected by drilling in the "cabin site" near the northwestern margin of the southern sanidine rhyolite porphyry stock.

TABLE 2 - Gilt Edge 1981 Drilling Assays using a 0.064 ounce gold per ton cut-off.

Hole No.	Interval	Footage	Aver. Au o.p.t. Fire Assay
DDH-28	560-570	10	.491
	1060-1090	30	.155
	1240-1260	20	.145
	1730-1754	24	.450
	1790-1810	20	.151
DDH-29	170-200	30	.116
	490-500	10	.104
DDH-30	400-410	10	1.097
DDH-32	610-650	40	.124
DDH-33	470-480	10	.144
DDH-35	310-330	20	.113
	410-420	10	.103
DDH-36	930-1190	260	.106
	1250-1360	110	.103
	1630-1640	10	.165
DDH-37	1080-1090	10	.199
DDH-38	650-660	10	.281
DDH-39	540-550	10	.125
	870-890	20	.117
DDH-40	80-90	10	.164
DDH-41	160-210	50	.108
DDH-42	550-560	10	.089
DDH-44	200-220	20	.107
	250-260	10	.430
	300-320	20	.125
DDH-45	290-333	43	.178

Substantial intercepts in two drill holes, DDH 6 and DDH 36, suggest a geologic reserve of greater than 2 million tons with the deposit open in several directions. Gold mineralization occurs with pyrite and silica alteration possibly related to fine-grained, late trachyte porphyry dikes. Some high grade gold is also associated with open void crackle breccia that has been filled with coarse pyrite, purple fluorite and hematite.

Thin, high-grade intercepts generally 20 feet or less in thickness, were encountered in the deeper continuation of the Dakota Maid shear zone. Only a very steeply dipping lensoid, rock mass of less than 1 million tons grading 0.1 ounce gold or better was found. Over a dozen core holes have sufficiently tested this target area and very little potential exists for discovery of additional tonnages.

About eight core holes have been drilled in the deep portions of the Sunday Pit area. Again only a few narrow zones of about 0.1 ounce gold were discovered and potential for large tonnages is limited.

Metallurgy - Extensive data have been acquired relative to the metallurgical character and processing of Gilt Edge gold mineralization. Early studies identified three principal categories of mineralized rock-oxide, sulphide, and mixed-oxide sulphide. Cyanide leaching experiments indicated that gold recoveries ranged from 90 percent for oxide material to 65 percent for sulphide material. A series of experiments designed to evaluate the heap leach potential of Gilt Edge ores progressed in scale from bottle tests to bucket-leach tests to laboratory column tests. All results suggested oxide zone gold recoveries on the order of 70 percent.

At this point, a 1,700-ton pilot heap-leach facility was constructed to demonstrate the safety and reclamation of such projects to state authorities and to provide preliminary data on large-scale gold recovery. Demonstration of heap-leach operation to the State of South Dakota was an unqualified success. Gold recovery during the test was approximately 48 percent, even though the rock had not been crushed prior to heap construction. Additional experimentation with large-scale leaching of 25-ton bulk samples in 40-foot-high column tests proved both that the percolation characteristics of Gilt Edge ore are acceptable for the construction of tall heaps and that gold recoveries of 75 percent can be routinely achieved outside the laboratory.

Following the heap-leach experiments, a series of studies is now underway to determine the behavior of Gilt Edge material under conventional (agitation) milling conditions. Results of bottle-roll tests indicate 1) gold recovery is up to 82 percent and averages 76 percent; 2) silver recovery is 3.5 times that expected under heap-leach conditions; 3) interference with gold recovery by cyanide-soluble copper is significant in parts of the shallow deposit, but will not effect overall processing of ore by either conventional milling or heap leaching, Flotation studies have produced high-grade sulphide concentrates, and tests are continuing to determine best recovery procedures for these concentrates.

Target Concept and Exploration Potential

Two types of gold deposits warrant exploration at Gilt Edge. Shallow, low-grade bulk gold, believed to form by oxidation of auriferous pyrite has been defined in the central sanidine rhyolite stock area. The recent discovery of deeper, higher grade bulk gold in excess of 0.1 ounce associated with deeper intrusives is the other.

Shallow oxide ore may be found by rotary drilling both north and south of the known Dakota Maid-Sunday pit reserve, where surface geochemical gold anomalies occur at the northern and southern sanidine rhyolite porphyry stocks. These areas have little rock outcrop and significant tonnages may exist beneath shallow soil cover. Mineable reserves of 5 to 10 million tons averaging greater than 0.05 ounces may be located in addition to known mineable reserves of 8.5 million tons of 0.049 ounce gold in the Dakota Maid-Sunday deposit. Detailed geologic mapping and geochemical sampling followed by shallow rotary drilling will test these areas.

Deeper, bulk gold deposits averaging in excess of 0.1 ounce gold are related to trachyte porphyry intrusion breccias. A deposit of this type has been inferred from the results of the 1981 drilling program in the cabin area, near the southern sanidine rhyolite stock. Surface mapping and detailed core logging suggests that the area around the southern stock currently known to contain similar rock units is capable of containing a gold deposit of 5-10 million tons, at an average grade of better than 0.1 ounce per ton. Continued mapping of the poorly known northern stock and reevaluation of data from the central stock area may indicate similar geologic situations in these areas as well.

BUSINESS CONDITIONS

Infrastructure

The project area is almost ideally located with respect to support facilities for possible development. Gilt Edge is situated approximately five miles southeast of the Homestake Mine, an important underground gold producer for over 100 years. The mining communities of Lead and Deadwood and the surrounding rural area contain an existing pool of skilled miners and craftsmen. Motel, restaurant, and general service and supply facilities also exist in Deadwood and Lead. The Burlington Northern Railroad passes within four miles of the property and a paved federal highway passes within a mile and one-half. Commercial airline transportation is available in Rapid City, forty-five miles distant by highway. Electric power has already been installed on the property for operation of the heap-leach facility.

Land Status

The project area is located within Black Hills National Forest. Most of the immediate area, however, consists of patented mining claims, inasmuch as mineral development has a long history in the vicinity. Some public domain land may exist near the margins of the old mining district. Ownership of patented claims outside the joint venture property appears somewhat fragmented. The joint venture of Cyprus and Congdon and Carey currently has an interest in 2 placer claims, 95 patented lode claims, and 17 unpatented lode claims. Net mineral interest is 100 percent within the property boundary with the following exceptions. 1) Within the claim block, there are a number of small parcels of open ground that have resulted from the diverse orientations of the original claims. These areas are believed open to mineral location; and should be covered by fractional claims as a protective measure. 2) In the southeast portion of the area, there are 3 claims in which the joint venture has only a partial interest or no interest at all. The interests in these claims not now controlled by the joint venture should be acquired as soon as possible, since the 1981 exploration program indicated considerable underground potential in this area.

Business Terms

A number of business agreements are relevant to the Gilt Edge project. Cyprus acquired its interest in the various properties comprising the project through a joint venture agreement dated January 1, 1975, with Congdon and Carey, Ltd. 5, a partnership of Thomas E. Congdon and William J. Carey. Briefly stated, the provisions of the joint venture agreement are that all expenses and profits arising from the operations conducted are divided 80 percent to Cyprus and 20 percent to Congdon and Carey. Exploration budgets shall not exceed $250,000 annually except by consent of the parties, and approved budgets shall not be exceeded by more than 10 percent without prior approval. There is an exception to the 80:20 division of profits related to royalties from the Commonwealth property, which is discussed at greater length below. Cyprus is designated as Operator in the agreement. The joint venture terms apply to any additional properties acquired by either party within a two-mile area of influence surrounding the initial properties involved.

There are several other business agreements involved at Gilt Edge; these are lease-purchase arrangements between the various landowners of the subject properties and Congdon and Carey. The requisite 80 percent interest in these lease-purchase agreements was assigned to Cyprus by Congdon and Carey under the terms of the joint venture. Interest in a third property was acquired by outright purchase by the joint venture partners. Terms of these property agreements are summarized below.

Commonwealth Mining Co. (Lease-Purchase)

Purchase Price: $2,500,000

Term of Lease: 15 years from October 16, 1974 or as long as commercial production continues. May be purchased at any time.

Payment Schedule:

A lump sum payment on the Commonwealth property was made on October 16, 1974. Quarterly advance royalty payments began on October 16, 1975. Commonwealth has been paid $71,000 through 1981, of which $56,800 was paid by Cyprus and $14,200 by Congdon and Carey. 1982 payments are due as follows:

January 16, 1982	$4,000
April 16, 1982	$4,000
July 16, 1982	$4,000
October 16, 1982	$4,500
1982 Total	$16,500 plus taxes
Cyprus portion (80 percent)	13,200 plus taxes

Taxes are paid annually, and total approximately $3,000, of which some $2,400 will be payable by Cyprus.

Work Commitments: $300,000, previously fulfilled.

Royalty to Landowner:

8 percent net smelter return on first $2 million produced.
6 percent net smelter return on second $2 million produced.
4 percent net smelter return on third $2 million produced.
2 percent net smelter return on fourth $2 million produced.

These figures refer only to production from Commonwealth property. The net smelter return will be divided between Amoco and Congdon and Carey on an 80 percent - 20 percent basis, and royalty payments to landowners will also be divided on an 80 percent - 20 percent basis as an expense. The only exception to the 80 percent - 20 percent division of loss and profit is that Congdon and Carey will receive an additional 2 percent of the net smelter return from the start of production payable if and when the Commonwealth property is purchased. Both advance and production royalties are credited against the purchase price. Advance royalties are credited against production royalties.

Assignments:

Any of the participants may assign their interest. If Congdon and Carey's interest becomes diluted to 5 percent or less, they will still receive 2 percent of the net smelter return.

Northwestern Metals Co. (Lease-Purchase)

Purchase Price: $1,250,000

Term of Lease: 15 years from September 1, 1976 or as long as commercial production continues. May be purchased at any time.

Payment Schedule:

Payments on the Northwestern property began December 1, 1976. Escalating quarterly payments of advance royalty have continued from that date. Northwestern has been paid $42,750 through 1981, of which $34,200 was paid by Cyprus and $8,550 was paid by Congdon and Carey. 1982 payments are as follows:

March 1, 1982	$2,750
June 1, 1982	$2,750
September 1, 1982	$2,750
December 1, 1982	$3,000
1982 Total	$11,250 plus taxes
Cyprus portion (80 percent)	9,000 plus taxes

Taxes are paid annually and total approximately $500, of which some $400 will be payable by Cyprus.

Work Commitments: $300,000, previously fulfilled.

Royalty to Landowner:

8 percent net smelter return on first $1 million produced.
6 percent net smelter return on second $1 million produced.
4 percent net smelter return on third $1 million produced.
2 percent net smelter return on fourth $1 million produced.

These figures refer only to production from Northwest Metals property. Net smelter return is to be divided between Cyprus and Congdon and Carey on an 80 percent - 20 percent basis, and royalty payments to landowners will be divided 80 percent - 20 percent as an expense. Both advance royalties and production royalties are credited against the purchase price. Advance royalty is credited against production royalty. Purchase of the Northwestern Metals property does not affect Congdon and Carey's share of the net smelter return.

Assignments:

Any of the participants may assign their interest. If Congdon and Carey's interest becomes diluted to 5 percent or less, they will still receive 2 percent of the net smelter return.

Kosel Claims (Magdalena Waggoner Estate) (Contract for Deed)

Purchase Price: $75,000 (paid)

Payment Schedule:

Payments on the Kosel property began on August 11, 1978, with a second payment on September 1, 1978. Annual payments continued until September 1, 1981, at which time the purchase price had been paid in full and title to the property passed

to the joint venture partners. Cyprus has paid $60,000 and Congdon and Carey has paid $15,000. Taxes on the Kosel property are approximately $200 per year, of which $160 will be payable by Cyprus.

Work Commitment: There is no work commitment on the property

Royalty: There are no royalty provisions on the property, inasmuch as it is owned outright by the joint venture partners.

Assignment: No party to the Contract for Deed could assign their interest in the Contract. This provision is no longer relevant since the Contract has been fulfilled and title belongs to the joint venture partners.

Partial Interest: It should be noted that the Kosel agreement conveyed only partial interest in three of the four claims comprising the subject property. Ownership of the four claims is as follows:

Claim	Cyprus and Congdon and Carey	Remainder
Hoodoo Gulch Placer	100%	--
Waggoner Lode	5/8	3/8 Commonwealth Mining C
Ora Bella Lode	5/8	3/8 Commonwealth Mining C
Crown Point Lode	1/4	3/4 Crown Point Mining Co

The three-eights interest in the Waggoner and Ore Bella claims is controlled by the joint venture under the lease-purchase agreement with Commonwealth Mining Company. It is reported that the remaining 75 percent of the Crown Point claim may be available for purchase. Interest in the marginal areas of the southern stock suggests that this fractional interest should be acquired if possible. Two other claims adjacent to the Crownpoint should also be acquired.

Operating Costs

Exploration costs at Gilt Edge appear to be typical of those expected in more accessible portions of the western United States. The project area is well located with respect to supplies and contractors, and access to the property is good. Operating costs for a mining operation might be lower than those expected in many areas because of the project's location adjacent to the operating Homestake Mine. Both a skilled labor pool and suppliers are already established in the region.

OTHER CONSIDERATIONS

Political Factors

Despite the 100-year operation of the Homestake Mine in the State, South Dakota is still in the process of establishing new regulations for

the mining industry. State agencies do not have many well qualified people who can write meaningful regulations and they have relied heavily on industry people for guidance. The pilot heap leach operation at Gilt Edge was the first in South Dakota and it provided state agencies with important data for regulating this type of operation. The Cyprus heap leach facility operated in 1980 and 1981, and received good marks from the regulators.

The 1982 program will concentrate on exploration for deeper mineralization. The permit process for drilling exploration activity has recently been liberalized and few problems or delays are anticipated.

South Dakota is currently studying a number of changes in its general mining statutes. G. A. Trabit's evaluation of proposed revisions as they existed in late 1981 indicate that several aspects of the proposed changes would benefit development at Gilt Edge. Two of these changes would prohibit the state from requiring reclamation of existing surface disturbances as a condition for approving any permit for a new or existing mining operation, and would centralize all permitting at the state level.

A separate item to be resolved is that of state severance taxes. A six percent tax has been enacted that does not consider any costs of production. Homestake Mining Company asserts that such a tax would render their Lead mine uneconomic. Although any new development at Gilt Edge would be greatly different from the ongoing operation at the Homestake Mine, careful evaluation of the severance tax is warranted.

Local mining people in South Dakota indicate a repeal of the excessive severance tax is expected in 1982, sparked by a dramatic drop in the price of gold.

Environmental Factors

Although uranium exploration and development elsewhere in the Black Hills has attracted concerted opposition from the Black Hills Alliance and other groups, this type of protest has not been directed at other types of mineral exploration. There are no extraordinary environmental considerations believed to affect development at Gilt Edge. Location of the project area in a previously disturbed region may provide a degree of protection from unreasonable environmental demands.

The cyanide heap-leach operation on the property was at one point a cause of some extra concern by state regulatory agencies. However, regulatory guidelines were defined without undue difficulty and the pilot test proceeded to completion. Monitoring of cyanide levels in the vicinity revealed no unexpected migration of cyanide in the environment, and the heap has now been neutralized.

Competitor Activity

In addition to the ongoing gold mining operation conducted by Homestake Mining Company, there are several other companies involved in exploration in the northern Black Hills. Anaconda controls a gold prospect of some 3,000 mostly patented acres north of Lead, and Amax controls a claim group a short distance southwest of Gilt Edge. A few local operations control various small claim blocks in the general region, but their activity is mostly low key.

The Cyprus-Congdon and Carey joint venture controls the bulk of the Gilt Edge area; direct competition in the vicinity of known mineralization is essentially non-existent. To prevent "nuisance" activities, Cyprus should stake the existing small parcels of open ground within the claim boundary with fractional claims. In addition, effort should be made to reach some form of agreement with the owner of the Black Hawk and Barrett claims and the remaining three-fourths interest in the adjacent Crown Point claim. These two parcels lie on the southern margin of the southern stock. Another area in which control should be established is the long tongue of land that extends toward the central Gilt Edge area from the northwest. This ground could become important as exploration proceeds away from Gilt Edge Hill.

CONCLUSIONS AND RECOMMENDATIONS

Project Status

Detailed mapping and sampling during 1981 shows three sub-volcanic stocks are associated with gold mineralization at Gilt Edge. Over the past several years extensive shallow drilling has defined 8.5 million tons of 0.049 ounce per ton gold with a 0.025 ounce cut-off, associated with the central stock. Extensive metallurgical work has been done to evaluate the known deposit, both for a heap-leach and a conventional operation.

The 1981 effort involved deeper drilling for possible higher grade gold beneath the shallow, known occurrences. Most drilling was confined to the central stock area and the results were disappointing. Only a few, narrow, high-grade zones were found. Little potential remains for discovery of significant deep tonnage at an economic grade.

In the southern stock area, an early drill hole contains a significant, deep, high-grade gold intercept. Offset drilling discovered considerably more gold and the two holes provide a preliminary geologic reserve estimate of two million tons of greater than 0.1 ounce gold with the deposit open on several sides. Detailed core logging of these holes has revealed probable controls for alteration and gold mineralization that will guide location of drill holes for the 1982 exploration effort.

It is recommended that the Gilt Edge project be principally an exploration effort to discover new gold zones. Only a part of the 5,000 feet of core drilling will be to define limits of the gold reserve discovered by DDH-6 and DDH-36. Other core drilling is recommended to explore for deeper gold in a similar geologic setting, but at the southern contact of the southern stock, beneath an area where surface sampling shows the presence of 0.10 ounce gold. Several patented claims will need to be acquired in this area. Continued detailed mapping and sampling of the poorly defined northern stock will provide untested areas for very shallow rotary drilling. A total of 2,000 feet is planned to discover additional shallow gold reserves that might lie beneath soil cover, around the margins of the northern stock. Several patented calims will need to be acquired in this area as well, and some ground open to location may be available.

A total of $580,000 is proposed for Gilt Edge in 1982. Amoco's 80 percent portion is $465,000. The effort will involve core drilling early in the season, detailed mapping and sampling during mid-year and rotary drilling in the fall. Continued research will provide data for a model of Gilt Edge to aid exploration of other areas in the northern Black Hills.

Proposed Program

The 1982 exploration effort at Gilt Edge will be to further explore for gold mineralization in the northern and southern rhyolite stock areas. Detailed core logging of the entire core library and mapping of all available underground mine workings are critical for understanding ore controls at Gilt Edge. To date only about 10 percent of all core has been adequately logged and all mine workings must be mapped. Upon approval of the proposed budget, concentrated effort will be exerted to log the core and map the mine openings. As the snow cover disappears, detailed mapping will be accomplished in the northern half of the claim area where a third, ill-defined rhyolite stock is known to have anomalous gold in outcrop. Additionally, a detailed ground magnetic survey will be conducted over the northern stock area to aid interpretation of drilling targets.

Early in the season, diamond drilling will begin with one rig to test the deep, 0.10 ounce gold zone discovered last year in the cabin area. Two holes totalling 3,500 feet will provide data to better define tonnage and grade for this deposit. A third angle hole will penetrate across the northeasterly structural and dike trend that exists between the central and southern rhyolite stocks. This hole will bottom at about 1,000 feet near the northeastern margin of the southern rhyolite stock and will test the eastern extension of the cabin gold zone.

A fourth hole about 1,000 feet in length will be collared near the southern contact of the southern stock, to search for contact gold beneath some small surface workings where sampling has defined some 0.10 ounce gold. This target lies beneath the Crown Point patented claim, in which Amoco holds a 25 percent interest. Total core drilling will be 5,000 feet.

Late in the season, after all logging, mapping and geophysical work has been done, selected untested targets will be sampled by shallow 50 foot rotary drilling to search beneath soil cover in areas where narrow outcrop have yielded anomalous gold values. Total rotary drilling will be 2,000 feet.

The total budget for 1982 is $580,000. This figure includes $106,000 for 1981 carry-over charges. Amoco's 80 percent portion of the total budget is $465,000. ($380,000 for 1982 operating expenses and $85,000 for 1981 carry-over charges)

Amoco Minerals Comp

Authorization - Project Proposal

AM-1 (5-79)

Authorization: [X] Original [ ] Supplement — Number:

Division: U.S.A. Minerals Exploration Division

Operator: Amoco Minerals Company

Project Proposal Name: Gilt Edge

Project Proposal Number:

Country: U.S.A.

State or Province: South Dakota

Area or Location: Lawrence County

Company Interest: 80%

Other Interest: 20% Congdon and Carey

General Description			Gross Amount (U.S. $000)
Salaries and Benefits	Sen. & Proj Geol. 8 mos temp geol & casual 6 & 2 mos.		93.2
Travel	500 man days		26.5
Cookery Expenses	Man Days	$	
Field Office Rent			7.0
Field Supplies	Fuel 1.0 propane		
	Other (Specify) 3.0 reclamation		
	Miscellaneous 5.0		9.0
Freight			3.0
Aircraft Charter	Fixed Wing — Hrs.	$	
	Helicopter — Hrs.	$	
Geophysics	Airborne — Line Mi.	$	
	Ground — Line Mi.	$	
Consultants	Type Goddard & Computing Assoc.		4.4
Drilling	Core & Rotary — Feet 7,000	$ 31.43	220.0
Other Contractors	Type Bulldozer		10.0
Assays	fire & geochem — Samples 1,000	$ 20.00	20.0
Equipment Operation and Maintenance Expense	fuel		5.0
Equipment Rental	Type 3 4WD 7 mos.		14.9
Property Payments	Type Commonwealth Northwestern Leases		22.2
Property Acquisitions	5-10 yr. lease		40.0
Other (Specify)	1981 charges, carry-over		106.0
		Net Amount (U.S. $000)	581.2
Total This Authorization	Amoco 80% portion		465.0
Control Budget Estimate (Current Year)			
Previously Authorized (Current Year)			
Total Expended From Inception Plus This Authorization			

Quarterly Estimates: 1st 22 % | 2nd 25 % | 3rd 40 % | 4th 13 %

Recommended By (Regional Geologist): William D. Burton (sw) — Date: 4/16/82

Authorized By: — Date:

Approved By (Division Manager): — Date: 4/16/82

Describe the Type and Amount of Work To Be Performed and the Duration of Program.

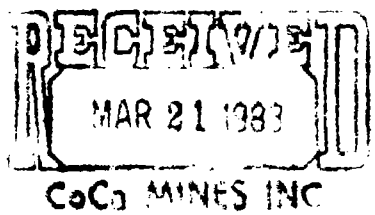
work will be year round with core drilling and detailed core logging beginning early in the spring. One core rig will be used for 5,000 feet of drilling to explore for deeper gold in the southern stock area where geologic reserves of 2,000,000 tons of greater than 0.10 ounce gold has been defined. Detailed mapping and a detailed magnetic survey will be completed in a northern stock area prior to shallow rotary drilling which is expected to commence in the fall.

Commodity: Gold and Silver

Amoco Minerals Company

U.S.A. Minerals Exploration
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155
303-740-5638

March 10, 1983



J. Christopher Mitchell
1100 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203

Dear Chris:

Please find enclosed, a copy of the AM-1 form that identifies the total CoCa Mines costs and total Amoco Minerals costs for the proposed 1983 Gilt Edge budget. This will accompany the project authorization proposal text that I will send to Amoco management for approval. As I mentioned during our phone conversation today, this format for presenting total costs should clarify the bottom line costs for both of the joint venture partners. Please look it over carefully and inform us if you see any problems with this presentation.

Sincerely yours,

Ron Graichen
Senior Geologist

REG/jrg

Enclosure

A. G. Humphrey
C. A. Mark
E. A. Radies
C. A. Rautman

COCA-01-051

Amoco Minerals Company

Authorization - Project Proposal

AM-1 (5-79)

Authorization: [X] Original [ ] Supplement — Number:

Division: U.S.A. Minerals Exploration Division

Operator: Amoco Minerals Company

Project Proposal Name: Gilt Edge

Project Proposal Number: D-74-84

Country: U.S.A.

State or Province: South Dakota

Area or Location: Lawrence County

Company Interest: 80%

Other Interest: 20%

General Description			Gross Amount (U.S. $000)
Salaries and Benefits	Geol. 4 mos. 1 Casual 1 mo.		19.2
Travel			2.5
Cookery Expenses	Man Days @	$	
Field Office Rent			5.0
Field Supplies	Fuel		
	Other (Specify)		
	Miscellaneous		1.0
Freight			
Aircraft Charter	Fixed Wing — Hrs. @	$	
	Helicopter — Hrs. @	$	
Geophysics	Airborne — Line Mi. @	$	
	Ground — Line Mi. @	$	
Consultants	Type: Computer 1.6; Petrographer 1.7		3.3
Drilling	Feet @	$	
Other Contractors	Type		
Assays	Samples @	$	
Equipment Operation and Maintenance Expense			
Equipment Rental	Type		
Property Payments	Type: Lease & Adv. Royalty		40.0
Property Acquisitions			10.0
Other (Specify)	Reclamation		23.0
TOTAL PROJECT BUDGET		Net Amount (U.S. $000)	104.0
Total This Authorization	Amoco Portion	105.0	
Control Budget Estimate (Current Year)		440.0	
Previously Authorized (Current Year)		--	
Total Expended From Inception Plus This Authorization		2,724.0	

Quarterly Estimates: 1st 10 % | 2nd 60 % | 3rd 20 % | 4th 10 %

Commodity: Gold

Describe the Type and Amount of Work To Be Performed and the Duration of Program.

The 1983 expenditures are for holding costs only. Drill holes, test heap and tailing reclamation work must be done to satisfy state environmental requirements. Joint Venture budget calculations are shown below:

Total project costs for 1983	104.0
Less property payments made by CoCa Mines	40.0
Costs subject to invoicing	64.0
CoCa Mines 20% share	12.8
CoCa pays 10% overhead	1.3
Invoice to Coca Mines	14.1
Property payments made by CoCa Mines	8.0
CoCa Mines J.V. costs Total	22.1
Difference from total project budget of $104.0	81.9
1982 overhead cost not paid by CoCa Mines	23.0
Amoco portion, 1983 costs Total	105.0

Recommended By (Regional Geologist) — Date: 3/10/83

Authorized By — Date

Approved By (Division Manager) — Date: 3/10/83

1100 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-5400

CONGDON AND CAREY
MINERAL EXPLORATION
November 19, 1982

Mr. R. E. Meyer, President
Commonwealth Mining Company of South Dakota
P. O. Box 995
521 West 16th Avenue
Oshkosh, Wisconsin 54901

Re: Gilt Edge Project
Schedule of Expenditures

Dear Mr. Meyer:

For your information, we are enclosing a Schedule of Expenditures for the twelve month period November 1, 1981 through October 31, 1982. Expenditures during the period amounted to $1,040,571.00.

As you will see from an examination of the Schedule, about 50% of the expenditures were for further exploratory drilling. Cyprus' deeper drilling was done in an attempt to locate higher grade ores that could be mined by underground methods. This drilling yielded only disappointing results. Cyprus has therefore shifted its emphasis to the location of additional tonnages of near-surface mineralization.

The metallurgical testwork completed during 1981 suggests gold recoveries in heap leaching with cyanide solutions will provide gold extractions in the 65% to 75% range, depending on the extent of oxidation of the ores. This percentage extraction is somewhat less than was hoped for, but is within the range achieved at certain other heap leaching properties.

As you are aware, the October advance royalty payment increased by $500.00 as that payment fell on the anniversary of the agreement. We trust that the escrow agent has forwarded the additional distribution to you as we have instructed.

Very truly yours,

J. C. Mitchell

lw/
cc: Wm. C. Lagos, Land Dept.w/attachment

SCHEDULE OF EXPENDITURES

Gilt Edge Project

Period: November 1, 1981 through October 31, 1982

1.	Advance Royalty Paid Commonwealth	$	16,000
2.	Taxes		2,959
3.	Exploratory Drilling		520,753
4.	Assaying and Sampling		49,084
5.	Metallurgy		-
6.	Geochemical Analysis		-
7.	Excavating		-
8.	Surveying and Mapping		6,966
9.	Equipment		-
10.	Equipment Rental		23,736
11.	Equipment Operations and Maintenance		14,727
12.	Outside Contract Services		56,239
13.	Consultants		115,986
14.	Salaries and Wages		184,249
15.	Travel Expenses		26,461
16.	Supplies (office, maps & field) field office rent and communications		15,488
17.	Miscellaneious		7,923
	TOTAL		$ 1,040,571

SCHEDULE OF EXPENDITURES
Period October 16, 1974 through October 31, 1981

			November	December	Jan - Oct 1982	Total 12 Mo	Total through 10-31-82
1.	Advance Royalty Paid Commonwealth	$ 78,145	-	4,000	12,000	16,000	94,145
2.	Taxes	39,082	-	-	2,959	2,959	42,041
3.	Exploratory Drilling	1,402,289	129,109	145,819	245,825 -	520,753	1,923,042
4.	Assaying and Sampling	183,445	3055	22,743	24,286 -	49,084	232,529
5.	Metallurgy	206,915	-	-	-	-	206,915
6.	Geo. Chem Analysis	43,001	-	-	-	-	43,001
7.	Excavating	362,808	-	-	-	-	362,808
8.	Surveying and Mapping	74,430	-	-	6,966 -	6,966	81,396
9.	Equipment	115,230	[illegible]	-	-	-	115,230
10.	Equipment Rental	26,800	1,331	6,954	15,451 -	23,736	50,536
11.	Equipment Operations and Maintenance	15,045	2,497	4,515	7,715 -	14,727	29,772
12.	Outside Contract Services	477,727	9,409	15,425	31,412 -	56,239	533,966
13.	Consultants	112,041	24,443	44,091	47,452 -	115,986	228,027
14.	Salaries and Wages	274,722	13,387	20,110	150,752 -	184,249	458,971
15.	Travel Expenses	105,988	4,458	5,186	16,817 -	26,461	132,449
16.	Supplies (office, map & field), field office rent and communications	5,060	1,922	3,051	10,515 -	15,488	20,548
17.	Miscellaneous	42,080	489	1,344	6,090	7,923	50,003
	TOTAL	$3,564,808	189,093 ~	273,238 ~	578,240 ~	1,040,597 ~	4,605,397 ✓

82-11-19

1100 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-5400

CONGDON AND CAREY

MINERAL EXPLORATION

December 29, 1981

Mr. R. H. Meyer
Commonwealth Mining Co. of South Dakota
P.O. Box 995
Oshkosh, WI 59402

RE: Gilt Edge Project
Schedule of Expenditures

Dear Mr. Meyer:

For your information, we are enclosing a Schedule of Expenditures for the period October 16, 1974 through October 31, 1981. Expenditures for the period amounted to $3,564,818.

Expenditures during the period January 1, 1981 through October 31, 1981 amounted to $551,855. As you know, the bulk of the field work in any one year usually takes place during the period July through November.

This year's work consisted of diamond drilling from the surface, large scale heap leach and column tests as well as laboratory tests. Cyprus' drilling was somewhat deeper in an effort to find additional reserves that could be mined by underground methods. We are still awaiting the results of Cyprus' 1981 program. As you know, Cyprus is now a division of Amoco (Standard Oil Company of Indiana).

A matter of concern to Cyprus and ourselves, was the enactment this year of a six percent gross severance tax on gold and silver by the State of South Dakota. This isn't much help to the mining industry particularly in view of overall economic conditions.

We will give you additional information after we have received Cyprus' report of their 1981 activities on the project.

Very truly yours,

William C. Lagos
Landman

WCL/slc
Enclosure

COCA-01-053

SCHEDULE OF EXPENDITURES
Period October 16, 1974 through October 31, 1981

1.	Advance Royalty Paid Commonwealth	$ 78,145
2.	Taxes	39,082
3.	Exploratory Drilling	1,402,289
4.	Assaying and Sampling	183,445
5.	Metallurgy	206,915
6.	Geo. Chem Analysis	43,001
7.	Excavating	362,808
8.	Surveying and Mapping	74,430
9.	Equipment	115,230
10.	Equipment Rental	26,800
11.	Equipment Operations and Maintenance	15,045
12.	Outside Contract Services	477,727
13.	Consultants	112,041
14.	Salaries and Wages	274,722
15.	Travel Expenses	105,988
16.	Supplies (office, map & field), field office rent and communications	5,060
17.	Miscellaneous	42,080
	TOTAL	$3,564,818

910 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-8140

CONGDON AND CAREY

MINERAL EXPLORATION

September 2, 1980

Mr. Robert E. Meyer, President
Commonwealth Mining Company of South Dakota
c/o Meyer Sausage Company Incorporated
P.O.Box 995
521 West 16th Ave.
Oshkosh, Wisconsin 54901

Dear Mr. Meyer:

Enclosed for your information is a Schedule of Expenditures relating to the Cyprus - Congdon and Carey Gilt Edge Project covering the period October 16, 1974 through August 31, 1980.

Considerable funds were expended during the year to date for exploratory drilling, excavating, surveying and mapping and technical consulting services.

Some of our people will visit the project in mid-September to see how the project is developing. Thereafter, we will be able to provide you with a more detailed report.

Very truly yours,

William C. Lagos

WCL/mjm

Enclosure

COCA-01-054

SCHEDULE OF EXPENDITURES

Gilt Edge Project

Period: October 16, 1974 through July 31, 1980

Advance royalty paid Commonwealth	$ 60,145
Taxes	35,887
Drilling	605,660
Outside Contract Services	254,531
Excavation	140,053
Assay and sampling	107,526
Equipment	21,913
Survey and mapping	43,412
Salaries and wages	136,100
Travel	72,200
Miscellaneous and storage space - rent	21,144
Metallurgy	43,001
Legal fees	386
Land Reclamation	264
Total Expenditures	$1,542,222

December 27, 1979

Mr. Robert E. Meyer, President
Commonwealth Mining Company of
South Dakota
c/o Meyer Sausage Company Incorporated
P. O. Box 995
521 West 16th Avenue
Oshkosh, Wisconsin 54901

Dear Mr. Meyer:

Enclosed for your information is a Schedule of Expenditures relating to the Cyprus-Congdon and Carey Gilt Edge Project and covering the period October 16, 1974 through October 31, 1979.

Very truly yours,

William C. Lagos

WCL:ld

Enclosure

cc: Mr. C. A. Mark
Cyprus Mines Corporation
555 South Flower Street
Los Angeles, California 90071

COCA-01-055

SCHEDULE OF EXPENDITURES

Gild Edge Project

Period: October 16, 1974 through October 31, 1979

Advance royalty paid Commonwealth	$ 51,145.79
Taxes	32,922.88
Drilling	506,469.50
Outside Contract Service	126,393.62
Excavation	44,917.62
Assay and sampling	94,004.07
Equipment	15,108.68
Survey and mapping	24,205.44
Salaries and wages	100,908.66
Travel	59,887.11
Miscellaneous and storage space - rent	17,136.71
Metallurgy	38,631.62
Legal fees	386.06
Land Reclamation	264.00
Total Expenditures:	$1,112,381.76

October 4, 1978

Mr. Jon Mattson
Driscoll, Mattson, Bachetto
& Christensen
P. O. Box 392
Deadwood, South Dakota 57732

Re: Commonwealth Mining Company

Dear Mr. Mattson:

Enclosed are the following copies of the affidavits related to the work commitment called for under the agreement with Commonwealth Mining Company:

1. Affidavit dated November 24, 1975 covering period October 16, 1974 through August, 1975 ($101,351.60).

2. Affidavit dated December 8, 1975 amending the one set out in 1, above ($116,613.61).

3. Affidavit dated April 16, 1976 covering period October 16, 1974 through December 31, 1975 ($137,729.11).

4. Affidavit dated December 17, 1976 covering period October 16, 1974 through August 31, 1976 ($252,000.47).

5. Affidavit dated July 26, 1977 covering period October 16, 1974 through December 31, 1976 ($310,251.56).

6. Schedule of Expenditures covering period October 16, 1974 through June 30, 1978 ($472,473.52).

We are awaiting invoices totalling approximately $100,000 for work performed subsequent to June 30, 1978 which will

bring the total expenditures for work up to $578,578.00. An updated schedule will be furnished to you and Mr. Meyer at a later date.

The $300,000 work commitment called for in the agreement was completed by October, 1976 and evidenced by our affidavit dated July 26, 1977, item 5 above. Under the agreement, we were allowed until January 16, 1980 to complete the work commitment.

Perhaps a brief summary relating to the work commitment will be of some assistance to you.

The agreement called for $40,000 to be expended by the end of the first year, October 16, 1975. By that time we had spent over $116,000 and had fulfilled our commitment until nearly April, 1977. By August 31, 1976 (affidavit dated December 17, 1976), we had satisfied the work commitment through July 16, 1979. Since the date of satisfying the work commitment, by year-end 1976, we have nearly doubled the $300,000 commitment.

The work program for the 1978 season was comprised of over 5,000 feet of fill-in drilling. Samples are at the assayers at the present time.

We trust the above information and enclosed affidavits will be of some help to you.

Very truly yours,

William C. Lagos

WCL:ld

Enclosures

cc: Mr. R. E. Meyer
Commonwealth Mining Company

Mr. C. A. Mark
Cyprus Mines Corporation

SCHEDULE OF EXPENDITURES

Gilt Edge Project

Period: October 16, 1974 through June 30, 1978

Advance royalty paid Commonwealth	$ 25,165.79
Taxes	30,145.38
Drilling	224,946.23
Outside Contract Service	14,797.81
Excavation	9,492.75
Assay and sampling	51,566.10
Equipment	7,153.66
Survey and mapping	18,799.39
Salaries and wages	61,379.51
Travel	41,902.44
Miscellaneous and storage space - rent	5,277.57
Legal fees	386.06
Metallurgy	12,631.62
	$ 503,644.31
LESS: Advance Royalty (above)	25,165.79
Total Attributable to "Work Commitment"	$ 478,478.52

State of Colorado)
City and)
County of Denver)

AFFIDAVIT

I, WILLIAM C. LAGOS, of lawful age, being first duly sworn, deposes and says:

1. That I am the Manager of Lands for Congdon and Carey and as such I have personal and first hand knowledge of the matters herein deposed to by me.

2. That the attached Schedule of Expenditures incurred by Cyprus Mines Corporation and Congdon and Carey on the Gilt Edge Project in Lawrence County, South Dakota, during the period October 16, 1974 to ~~December 31~~ Jun. 30 1978, to the best of my knowledge and belief, are true and correct.

Further affiant sayeth not.

William C. Lagos

Subscribed and sworn to before me this 26 day of ~~July, 1977.~~ Oct. 1978

My commission expires June 15 1981

Notary Public
for the State of Colorado

910 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-8140

CONGDON AND CAREY

MINERAL EXPLORATION

July 26, 1977

Mr. R. E. Meyer, President
Commonwealth Mining Company of
South Dakota
P.O. Box 995
Oshkosh, Wisconsin 54901

Dear Mr. Meyer:

Enclosed is our Affidavit to which is attached a Schedule of Expenditures for the period from October 16, 1974 through December 31, 1976. As you can see, Cyprus Mines has expended sufficient funds to fulfill the work commitment as called for in Article III of the Agreement. Nevertheless, additional funds have been expended since year end and we will provide you with another schedule of expenditures prior to October 16 reflecting the expenditures made on the project through June 30, 1977.

Except for limited geologic and geochemical evaluation, and possibly some drilling, development activities will be held to a minimum in view of the depressed price of gold.

Please let us know if you have any questions.

Very truly yours,

William C. Lagos

ah
Encls.

cc: Mr. C. A. Mark
Cyprus Mines Corporation
Los Angeles, California 90071

Mr. Francis J. Parker
P.O. Box 586
Deadwood, South Dakota 57732

John C. Nott, D.D.S.
101½ South Main
Romeo, Michigan 48065

Note to Mr. Parker: Thank you for advising about the "claim jumper". Cyprus' field personnel were advised.

COCA-01-057

State of Colorado)
City and)
County of Denver)

A F F I D A V I T

I, WILLIAM C. LAGOS, of lawful age, being first duly sworn, deposes and says:

1. That I am the Manager of Lands for Congdon and Carey and as such I have personal and first hand knowledge of the matters herein deposed to by me.

2. That the attached Schedule of Expenditures incurred by Cyprus Mines Corporation and Congdon and Carey on the Gilt Edge Project in Lawrence County, South Dakota, during the period October 16, 1974 to December 31, 1976, to the best of my knowledge and belief, are true and correct.

Further affiant sayeth not.

William C. Lagos

Subscribed and sworn to before me this 26 day of July, 1977.

My commission expires June 15, 1981

Notary Public
for the State of Colorado

SCHEDULE OF EXPENDITURES

Gilt Edge Project

Period: October 16, 1974 through December 31, 1976

Advance royalty paid Commonwealth	$ 11,165.79
Taxes	18,664.00
Drilling	143,569.23
Outside Contract Service	4,398.74
Excavation	7,152.75
Assay and sampling	36,039.17
Equipment	3,927.45
Survey and mapping	11,679.85
Salaries and wages	47,238.81
Travel	28,280.29
Miscellaneous and storage space - rent	2,983.59
Legal fees	386.06
Metallurgy	5,931.62
	$321,417.35
LESS: Advance Royalty (above)	11,165.79
Total Attributable to "Work Commitment"	$310,251.56

910 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-8140

CONGDON AND CAREY
MINERAL EXPLORATION

December 17, 1976

Mr. R. E. Meyer, President
Commonwealth Mining Company of
South Dakota
P. O. Box 995
Oshkosh, Wisconsin 54901

Dear Mr. Meyer:

Enclosed is an Affidavit to which is attached a Schedule of Expenditures for the period from October 16, 1974 through August 19, 1976. These funds were expended by Cyprus Mines Corporation, the operator for the exploration and development of the properties.

The cumulative amount of monies expended to date fulfills the work commitments for a considerable time into the future, approximately January, 1980. We understand that additional work will be performed during the summer months of 1977.

Incidently, we have forwarded to the escrow agent the $2,000 advance royalty payment due your firm on January 16, 1977.

Please let us know if you need additional information regarding the above.

Very truly yours,

William C. Lagos

WCL:ld
Enclosures

cc: Dr. John C. Nott
Mr. Francis J. Parker
Mr. C. A. Mark

COCA-01-058

SCHEDULE OF EXPENDITURES

Gilt Edge Project

Period: October 16, 1974 through August 31, 1976

Advance royalty paid Commonwealth	$ 9,165.79
Taxes	18,664.00
Drilling	131,578.18
Outside Contract Service	243.99
Excavation	6,468.00
Assay and sampling	23,010.78
Equipment	1,106.16
Survey and mapping	5,424.00
Salaries and wages	34,761.20
Travel	22,024.40
Miscellaneous and storage space - rent	2,682.91
Legal fees	386.06
Metallurgy	5,650.79
	$ 261,166.26
LESS: Advance Royalty (above)	9,165.79
Total Attributable to "Work Commitment"	$ 252,000.47

State of Colorado)
City and)
County of Denver)

A F F I D A V I T

I, WILLIAM C. LAGOS, of lawful age, being first duly sworn, deposes and says:

1. That I am the Manager of Lands for Congdon and Carey and as such I have personal and first hand knowledge of the matters herein deposed to by me.

2. That the attached Schedule of Expenditures incurred by Cyprus Mines Corporation and Congdon and Carey on the Gilt Edge Project in Lawrence County, South Dakota, during the period October 16, 1974 to August, 1976, to the best of my knowledge and belief, are true and correct.

Further affiant sayeth not.

William C. Lagos

Subscribed and sworn to before me this 17th day of December, 1976.

My commission expires July 25, 1977.

Linda A. Ditsworth
Notary Public
for the State of Colorado

State of Colorado)
City and)
County of Denver)

A F F I D A V I T

I, WILLIAM C. LAGOS, of lawful age, being first duly sworn, deposes and says:

1. That I am the Manager of Lands for Congdon and Carey and as such I have personal and first hand knowledge of the matters herein deposed to by me.

2. That the attached Schedule of Expenditures incurred by Cyprus Mines Corporation and Congdon and Carey on the Gilt Edge Project in Lawrence County, South Dakota, during the period October 16, 1974 to August, 1976, to the best of my knowledge and belief, are true and correct.

Further affiant sayeth not.

William C. Lagos

Subscribed and sworn to before me this 17th day of December, 1976.

My commission expires July 25, 1977.

Linda A. Ditsworth
Notary Public
for the State of Colorado

THOMAS E. CONGDON
WILLIAM J. CAREY
DOLF W. FIELDMAN
NILENDU S. MUKHERJEE

910 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203
TELEPHONE 303 861-8140

CONGDON AND CAREY
MINERAL EXPLORATION

April 19, 1976

Mr. R. E. Meyer, President
Commonwealth Mining Company of South Dakota
P. O. Box 995
Oshkosh, Wisconsin 54901

Dear Mr. Meyer:

Enclosed is an Affidavit of Expenditures for the period October 16, 1974 through December 31, 1975. These figures were supplied us by Cyprus Mines, the operator for the project.

Please feel free to contact us if you have any questions.

Very truly yours,

William C. Lagos

WCL:ld

Enclosure

cc: Dr. John C. Nott

Mr. Francis J. Parker

Mr. C. A. Mark

bcc: Mr. Mark:

I have omitted item "vacation and holiday" category from the schedule forwarded to Commonwealth as I believe Commonwealth would object under the terms of Article 3.3 of the agreement, i.e. "it is the intent of the parties that the principal expenditures to be made by Congdon hereunder shall be for exploration work and related economic feasiblity determinations"...etc... However, the schedules you forward to us and which serve as the basis for our affidavit are, of course, most vital and helpful to our controller.

The next update should be for the period through April 16, 1976.

WCL

COCA-01-059

State of Colorado)
City and)
County of Denver)

A F F I D A V I T

I, WILLIAM C. LAGOS, of lawful age, being first duly sworn, deposes and says:

1. That I am the Manager of Lands for Congdon and Carey and as such I have personal and first hand knowledge of the matters herein deposed to by me.

2. That the attached Schedule of Expenditures incurred by Cyprus Mines Corporation and Congdon and Carey on the Gilt Edge Project in Lawrence County, South Dakota, during the period October 16, 1974 to December 31, 1975, to the best of my knowledge and belief, are true and correct.

Further affiant sayeth not.

William C. Lagos

Subscribed and sworn to before me this 19th day of April, 1976.

My commission expires July 25, 1977.

Notary Public
for the State of Colorado

SCHEDULE OF EXPENDITURES

Gilt Edge Project

Period: October 16, 1974 through December 31, 1975

Taxes		
Advance royalty paid Commonwealth ($7,000 less 1969 taxes)		$ 3,165.79
Advance royalty paid Commonwealth		3,000.00
Taxes		
1969	$3,834.21	
1970 & 1971	7,604.92	
Redemption MS 648 & 649	116.42	
1967 taxes on MS 1031 (Bavaria)	596.53	
Delinquent Personal Property Tax	159.15	12,311.23
Drilling		54,550.83
Excavation		3,528.00
Assay & Sampling		19,971.68
Equipment		836.21
Survey and Mapping		1,647.77
Salaries and Wages		27,892.69
Travel		14,394.68
Miscellaneous and Storage Space-Rent		1,742.64
Legal Fees		386.04
Metallurgy		467.34
		$143,894.90
Less: Advance Royalty (above)		6,165.79
Total Attributable to "Work Commitment"		$137,729.11

December 8, 1975

Mr. R. E. Meyer, President
Commonwealth Mining Company of South Dakota
P. O. Box 995
Oshkosh, Wisconsin 54901

Dear Mr. Meyer:

Since writing to you on November 24th, we have heard from Cyprus relative to the expenditures incurred by them through August, 1975. Accordingly, the attached Affidavit is to replace the one sent to you on November 24th.

The total amount expended through August, 1975, attributable to the "work commitment" is $116,613.61 ($119,779.40 less advance royalty of $3,165.79). Incidently, we have forwarded to the escrow agent the $1,500 advance royalty due your firm on January 16, 1976.

By copy of this letter to Cyprus, we are requesting that they furnish us with a Schedule of Expenditures for period October 16, 1974 through December 31, 1975. Upon receipt, we will provide you with an updated Affidavit.

Very truly yours,

William C. Lagos

WCL:ld

Enclosures

cc: Mr. C. A. Marks, Chief Geologist
and Manager of Exploration
Cyprus Mines Corporation
555 South Flower Street
Los Angeles, California 90071

State of Colorado)
City and)
County of Denver)

A F F I D A V I T

I, WILLIAM C. LAGOS, of lawful age, being first duly sworn, deposes and says:

1. That I am the Manager of Lands for Congdon and Carey and as such I have personal and first hand knowledge of the matters herein deposed to by me.

2. That the attached Amended Schedule of Expenditures incurred by Cyprus Mines Corporation and Congdon and Carey on the Gilt Edge Project in Lawrence County, South Dakota, during the period October 16, 1974 to August, 1975, to the best of my knowledge and belief, are true and correct.

Further affiant sayeth not.

/s/ William C. Lagos
William C. Lagos

Subscribed and sworn to before me this 8th day of December, 1975.

My commission expires July 25, 1977.

/s/ Linda A. Dietsworth
Notary Public
for the State of Colorado

Cyprus Mines Corporation

555 South Flower Street
Los Angeles, California 90071
Telephone 213) 489-3700

Cable Selmud Losangeles
Telex 67-4601

December 5, 1975

Mr. William C. Lagos
Congdon and Carey
Mineral Exploration
1776 Lincoln Street
Denver, Colorado 80203

Dear Mr. Lagos:

Re: Gilt Edge Expenditures

In answer to your letter dated October 17, 1975, addressed to Major Seery on the Gilt Edge affidavit of expenditures, our accounting department has worked up the attached schedule. As noted on the reconciliation sheet the differences are noted so that you can see what they have added.

Very truly yours,

C. A. Mark, Chief Geologist
and Manager of Exploration

CAM:gj
Attachment

CC: (w/o attachment) Exploration Accounting Department

COCA-01-061

CYPRUS

AMENDED
SCHEDULE OF EXPENDITURES

Gilt Edge Project

Period: October 16, 1974 through August, 1975

Taxes		
Advance royalty paid Commonwealth ($7,000 less 1969 taxes)		$ 3,165.79
Taxes		
1969	$3,834.21	
1970 and 1971	7,604.92	
Redemption MS 648 and 649	116.42	
1967 taxes on MS 1031 (Bavaria)	596.53	
Delinquent Personal Property Tax	159.15	12,311.23
Drilling		53,419.29
Excavation		2,868.00
Assay and Sampling		11,941.49
Equipment		768.24
Survey and Mapping		1,273.46
Salaries and Wages		20,659.69
Travel		11,819.29
Miscellaneous and storage space rent		1,166.86
Legal Fees		386.06
		$119,779.40
Less Advance Royalty (above)		3,165.79
Total Attributable to "Work Commitment"		$116,613.61

November 24, 1975

Mr. R. E. Meyer, President
Commonwealth Mining Company of South Dakota
P. O. Box 995
Oshkosh, Wisconsin 54901

Dear Mr. Meyer:

Enclosed is an Affidavit to which is attached a Schedule of Expenditures for the period from October 16, 1974 through August, 1975. These funds were expended by Cyprus Mines Corporation, the party designated by us as operator of the joint venture for the exploration and development of the properties.

The total amount expended during this period was $104,517.39 less the $3,165.79 advance royalty paid during January of 1975, or $101,351.60, which amount is attributable to the "work commitment" pursuant to Article 3.1 of the Agreement dated October 16, 1974. We believe an additional $10,000 to $15,000 of additional work will have been expended between August, 1975 and December 31, 1975. An updated Schedule of Expenditures will be furnished you at such time as we receive the breakdown from Cyprus.

As you can see, the cumulative total of monies expended to date fulfill the work commitments until early 1977.

Cyprus' geological department has recommended additional drilling (diamond drilling) for next Spring. It is our belief that Cyprus management will approve a budget for this drilling.

We expect a geological report from Cyprus within the next 30 days. Our geologists will review this material upon receipt.

Very truly yours,

William C. Lagos

WCLrrm

State of Colorado)
City and)
County of Denver)

A F F I D A V I T

I, WILLIAM C. LAGOS, of lawful age, being first duly sworn, deposes and says:

1. That I am the Manager of Lands for Congdon and Carey and as such I have personal and first hand knowledge of the matters herein deposed to by me.

2. That the attached Schedule of Expenditures incurred by Cyprus Mines Corporation and Congdon and Carey on the Gilt Edge Project in Lawrence County, South Dakota, during the period October 16, 1974 to August, 1975, to the best of my knowledge and belief, are true and correct.

Further affiant sayeth not.

William C. Lagos
WILLIAM C. LAGOS

Subscribed and sworn to before me this 24th day of December, 1975.

My commission expires: July 25, 1977

Linda A. Dutwarth
Notary Public for the State of Colorado

SCHEDULE OF EXPENDITURES

Gilt Edge Project

Period: October 16, 1974 through August, 1975

Taxes		
Advance royalty paid Commonwealth ($7,000 less 1969 taxes)		$ 3, 165.79
Taxes		
1969	$3,834.21	
1970 & 1971	7,604.92	
Redemption MS 648 & 649	116.42	
1967 taxes on MS 1031 (Bavaria)	596.53	
Delinquent Personal Property Tax	159.15	12,311.23
Drilling		53,419.29
Excavation		2,868.00
Assay & Sampling		11,242.65
Equipment		768.24
Survey and Mapping		1,124.72
Salaries & Wages		18,818.43
Miscellaneous		799.04
		$104,517.39
Less Advance Royalty (above)		3,165.79
Total Attributable to Exploration		$101,351.60

COMMONWEALTH

Work Commitment: $300,000.00

By Oct. 16, 1975:	$40,000.00	, thereafter $12,500 per quarter
By Jan. 16, 1976:	12,500.00	
By Ap. 16, 1976:	12,500.00	
By July 16, 1976:	12,500.00	
By Oct. 16, 1976:		

See Article 3 for work commitment. $40,000 of work during first year increasing at the rate of $12,500 per 3-month period until cumulative total of $300,000 reached. Option to purchase for $2,500,000. Agreement is part of agreement between C&C #5 and Cyprus Mines.

Taxes for the Year	Payable by Congdon
1969	November 15, 1974
1970	May 31, 1975
1971	May 31, 1975
1972	May 31, 1976
1973	May 31, 1976
1974	May 31, 1977
1975	May 31, 1977
1976	May 31, 1978
1977	May 31, 1978
1978 and thereafter	Currently as due

Period Following Execution of this Agreement	Additional Sum as Advance Royalty
One (1) Year	$1,500.00
Fifteen (15) Months	1,500.00
Eighteen (18) Months	1,500.00
Twenty-One (21) Months	1,500.00
Two (2) Years	2,000.00
Twenty-Seven (27) Months	2,000.00
Thirty (30) Months	2,000.00
Thirty-Three (33) Months	2,000.00
Three (3) Years	2,500.00
Thirty-Nine (30) Months	2,500.00
Forty-Two (42) Months	2,500.00
Forty-Five (45) Months	2,500.00
Four (4) Years	2,500.00
Fifty-One (51) Months	2,500.00
Fifty-Four (54) Months	2,500.00
Fifty-Seven (57) Months	2,500.00
Five (5) Years	3,000.00
Sixty-Three (63) Months	3,000.00
Sixty-Six (66) Months	3,000.00
Sixty-Nine (69) Months	3,000.00
Six (6) Years	3,500.00
Seventy-Five (75) Months	3,500.00
Seventy-Eight (78) Months	3,500.00
Eighty-One (81) Months	3,500.00
Seven (7) Years	4,000.00
Eighty-Seven (87) Months	4,000.00
Ninety (90) Months	4,000.00
Ninety-Three (93) Months	4,000.00
Eight (8) Years	4,500.00
Ninety-Nine (99) Months	4,500.00
One Hundred Two (102) Months	4,500.00
One Hundred Five (105) Months	4,500.00
Nine (9) Years	5,000.00
Each Three (3) Months Thereafter	5,000.00

December 17, 198

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AGREEMENT

THIS AGREEMENT is made and entered into as of this _____ day of _____, 198___, by and between: LACANA GOLD INC., a Nevada corporation, P.O. Box 11305, Reno, Nevada 89510 ("LACANA"); CYPRUS MINES CORPORATION, a Delaware corporation, P.O. Box 3299, Englewood, Colorado 80155 ("CYPRUS"); COCA MINES INC., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 ("COCA"); and COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, a South Dakota corporation, c/o R. E. Meyer, P.O. Box 995, Oshkosh, Wisconsin 54901 ("COMMONWEALTH");

W I T N E S S E T H:

WHEREAS as of October 16, 1974 COMMONWEALTH entered into and granted a Lease and Option to Purchase Agreement to Thomas E. Congdon for certain patented and unpatented claims generally located in Lawrence County, South Dakota, hereinafter referred to as the "Subject Property", with said Lease and Option to Purchase Agreement being duly recorded in Lawrence County, South Dakota on November 12, 1974 in Book 418, at Pages 264-284; and

WHEREAS by mesne assignments, conveyances and other agreements COCA and CYPRUS have succeeded to the interest of Thomas E. Congdon; and

WHEREAS LACANA (nee' Lacana Mining Inc.) entered into a Mining Agreement dated as of June 1, 1983 with CYPRUS and COCA to acquire the Subject Property and other mineral properties in

COCA-01-063

Lawrence County, South Dakota, as is evidenced by that certain Assignment of Leases - Memorandum for Recording, recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983; and

WHEREAS LACANA formerly was known as Lacana Mining Inc., the name change being effectuated by appropriate documents filed with the Nevada Secretary of State on July 9, 1984; and

WHEREAS LACANA has spent the 1983 and 1984 exploration seasons drilling and developing the ore reserves of the Subject Property and neighboring mineral properties and is now considering putting such properties into production; and

WHEREAS the Subject Properties have previously mined waste dumps and tailings of marginal mineral value that could be used by LACANA for construction materials while clearing up potential environmental hazards;

NOW THEREFORE, for and in consideration of the sum of TEN AND 00/100 DOLLARS ($10.00), the receipt and sufficiency of which is hereby acknowledged by CYPRUS, COCA and COMMONWEALTH, and for the consideration recited in the 1974 Lease and Option to Purchase and the 1983 Mining Agreement, the parties hereto agree as follows:

1. That LACANA may use any and all previously worked mine waste dumps and/or tailings material that are present on the Subject Property for any purpose associated with bringing the Subject Property or any portion thereof into production, including, but not limited to, using such materials for roadway construction, leach pad base, leach pad linings, etc.

2. That CYPRUS, COCA and COMMONWEALTH shall be entitled to their respective shares of royalties (if any) as set forth in their respective agreements controlling the Subject Property should LACANA recover any salcable minerals or metals from that portion of said previously mined waste materials or tailings placed (as lining material or otherwise) on the leach pads planned by LACANA, or otherwise.

3. That Paragraph 1 and 2 above only set forth understandings between the parties hereto and nothing contained herein is intended to modify the substance of the 1974 Lease and Option to Purchase Agreement or the 1983 Mining Agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the day and year first above written.

LACANA:

LACANA GOLD INC., a Nevada corporation

BY: _____

TITLE: President

CYPRUS:

CYPRUS MINES CORPORATION, a Delaware corporation

BY: Ralph E. Anderson

TITLE: Vice-President

COCA:

COCA MINES INC., a Colorado corporation

BY: _____

TITLE: Pres

COMMONWEALTH:

COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, a South Dakota corporation

BY: _____

TITLE: Pres

STATE OF Nevada)
) SS.
COUNTY OF Washoe)

On this the 11th day of January, 1985, before me, Wilma P. Hatter, the undersigned officer, personally appeared E. A. Thompson, who acknowledged himself to be the President of LACANA GOLD INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I hereunto set my hand and official seal.

Wilma P. Hatter
NOTARY PUBLIC

WILMA P. HATTER
Notary Public - State of Nevada
Appointment Recorded in Washoe County
MY APPOINTMENT EXPIRES MAR. 23, 1987

December 17, 1984

STATE OF Colorado)
) SS.
COUNTY OF Arapahoe)

On this the 28th day of March, 1984, before me, G. Irene Johanson, the undersigned officer, personally appeared Ralph E. Anderson, who acknowledged himself to be the Vice President of CYPRUS MINES CORPORATION, a corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In witness whereof, I hereunto set my hand and official seal.

G. Irene Johanson
NOTARY PUBLIC
7000 S. YOSEMITE ST.
ENGLEWOOD, CO 80112

My Commission Expires December 26, 1985

STATE OF Colorado)
CITY AND) SS.
COUNTY OF Denver)

On this the First day of April, 1984, before me, Vicki L. Ferguson, the undersigned officer, personally appeared Hugh J. Matheson, who acknowledged himself to be the President of COCA MINES INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I hereunto set my hand and official seal.

My Commission Expires Nov. 22, 1988

Vicki L. Ferguson
NOTARY PUBLIC
1776 Lincoln Street
Denver, CO 80203

STATE OF Wisconsin)
) SS.
COUNTY OF Kenosha)

On this the 4th day of February, 1985, before me, Carol Jean Schumann, the undersigned officer, personally appeared Robert E. Meyer, who acknowledged himself to be the President of COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I hereunto set my hand and official seal.

Carol Jean Schumann
NOTARY PUBLIC
My Commission expires
November 1, 1987.

ASSIGNMENT
AND
QUITCLAIM DEED

Know all men by those presents, that I, Thomas E. Congdon, Grantor, of 1776 Lincoln Street, Suite 1100, City and County of Denver, State of Colorado 80203, for and in consideration for the sum of One Dollar hereby remise, release, assign, quitclaim and convey to CoCa Mines, Inc., the Grantee, of 1776 Lincoln Street, Suite 910, City and County of Denver, State of Colorado 80203, all of my right, title and interest in and to the following described real estate in the County of Lawrence, in the State of South Dakota:

That certain Lease and Option to Purchase dated October 16, 1974, by and between Commonwealth Mining Company of South Dakota, as Lessor, and Thomas E. Congdon as Lessee, recorded in Book 418 at Pages 264-284 of the Office of Register of Deeds, Lawrence County, South Dakota, covering patented and unpatented mining claims as more particularly described on attached Exhibit A.

It is the express intent of the Grantor that the conveyance described herein shall extend to after acquired title.

Dated this 17th day of October, 19 83.

(SEAL)

Thomas E. Congdon

STATE OF Colorado)
) ss.
COUNTY OF Denver)

On this 17th day of October, 1983, before me, Vicki L. Ferguson, a Notary Public, of said State, duly commissioned and sworn, personally appeared Thomas E. Congdon, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Vicki L. Ferguson
Notary Public

2271 S. Beech Way
(Address)

Lakewood, Colorado 80228

My Commission Expires: November 22, 1986

COCA-01-064

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Bella	1235	30615	10.257
Summit	1236	31088)	
Summit #1	1236	31088)	20.994
Horn Silver	1236	31088)	
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Strawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.66
(Amended)	-	215	300		

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.96
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

* * *

EXHIBIT A

Attached to and made a part of that certain Assignment and Quitclaim Deed dated _____, 1983, by and between Thomas E. Congdon and CoCa Mines Inc.

GILT EDGE

Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee, recorded November 12, 1974 at Book 418, Pages 264-284, covering the following claims:.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnake Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.969
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26

LEASE AND OPTION TO PURCHASE

THIS AGREEMENT is made and entered into as of the 16th day of October, 1974, by and between COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, a South Dakota corporation, whose address is c/o R. E. Meyer, President, P. O. Box 995, Oshkosh, Wisconson, 54901, Party of the First Part (hereinafter referred to as "Commonwealth"), and THOMAS E. CONGDON, whose address is 1010 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, Party of the Second Part (hereinafter referred to as "Congdon"), whose agreements, covenants and representations are hereinafter set forth as follows:

ARTICLE I

Premises

1.1 Commonwealth is the owner of the full mineral interest in the property described on Exhibit A attached hereto and by this reference made a part hereof (hereinafter referred to as the "premises") situate in the State of South Dakota.

1.2 The parties wish Congdon to have a lease on the premises to explore and develop the same for mineral content, and also to have the option to purchase the mineral rights and all minerals in and under the premises upon the terms and conditions herein set forth.

1.3 The considerations for this Lease and Option to Purchase are the mutual covenants and conditions herein contained and the mutual benefits to be derived herefrom.

ARTICLE II

Lease

2.1 Commonwealth hereby grants, leases, demises and lets the premises, exclusively unto Congdon for the purposes of

Recorded Book 418 Pages 264-284 on 11-12-74 # 5586 $22 fee

COCA-01-065

(1) exploring for and mining, or otherwise extracting by any method deemed desirable by Congdon, including open pit and strip mining;

(2) milling, treating or otherwise processing;

(3) storing or stockpiling; and

(4) removing, selling or otherwise disposing of

all ores and minerals in, upon, or under the premises; TO HAVE AND TO HOLD the same from the date hereof for the period of fifteen (15) years and so long thereafter as said minerals or any of them are produced in commercial quantities from the premises. For purposes of determining said term hereof, it is presumed that minerals are produced in commercial quantities in any calendar year if they are so produced during at least half of the period of such calendar year during which weather reasonably permits access to the premises for purposes of production.

2.2 Commonwealth hereby grants to Congdon the right to use so much of the surface or subsurface of the premises as may be reasonably necessary, desirable, or convenient in carrying out the purposes of this Agreement, and for conducting all operations incident thereto on the premises, specifically including, without limited the generality of the foregoing, the right to construct, use, maintain, repair, replace and relocate on the premises processing facilities, buildings, shops, plants, ore stockpiles (including ores from outside the premises), pipelines, telephone lines, electric transmission lines, roads and roadways, and other utilities or transportation facilities for use in connection with the purpose of this Agreement, and for use by Congdon in connection with Congdon's operations on other lands in the

general area of the premises. Commonwealth further grants to Congdon the right to use any now existing or subsequently discovered surface or underground water which is not required for the domestic or agricultural usage of Commonwealth or its agricultural lessees. The leasing, letting and demising of the premises by Commonwealth to Congdon hereunder shall include any and all rights to pursue any veins or lodes or mineral deposits contained within the premises along any strike, dip or course of the same, and shall include all rights relative to the mining claims embraced by the premises and any veins or lodes contained within the same, and all rights of ingress or egress to the premises, all to the extent that Commonwealth has the right to grant the same.

2.3 Congdon agrees to pay to Commonwealth a royalty on all ore mined and marketed by Congdon from the premises, which royalty shall be computed upon the net smelter returns, as follows:

	Percentage Rate of Royalty
On the first $2,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	8%
On the next $2,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	6%
On the third $2,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	4%
On any net smelter returns in excess of $6,000,000.00, received by Congdon	2%

"Net smelter returns", for the purposes of calculating royalty hereunder, are defined as the net amounts received from the sale by Congdon of ore or concentrates after deducting (i) all charges, penalties and deductions of any nature whatsoever made by the smelter, refinery or other treatment plant or purchaser arising out of the receipt,

processing or handling of such ores and concentrates; (ii) the following items if paid by or for the account of Congdon (a) all brokers' or agents' commissions on the sale, and (b) all costs of transportation (including freight, insurance, handling, forwarding, port, demurrage, delay and other like charges and expenses) from mine or mill, as the case may be, to the purchase contract destination; and (iii) all milling charges or costs incurred by Congdon for mill treatment accomplished by Congdon.

After any ore from the premises has been weighed and sampled, Congdon may mix the same with ore from other sources. In the event of such mixing, Congdon shall keep such records and make such analyses as shall be necessary to determine equitably the interest of Commonwealth in such mixed ore, and such mixing shall be done in such a manner as not to interfere with the computations provided for in this paragraph.

Royalties shall be payable on or before the 20th day following the end of each calendar month and shall be accompanied by a statement showing the calculation of royalty for that particular month. The royalties payable for any calendar month shall be computed on the actual net smelter returns received by Congdon during such calendar month from the sale of ores and minerals produced from the premises. All payments of royalty shall be made in the manner hereinafter provided in Paragraph 2.15 below.

Royalties shall be payable on any minerals for which Congdon is paid in connection with the sale of ore from the premises. In the event that Congdon mills any such ores, royalty shall be payable on any minerals sold by Congdon which are recovered at any time prior to the time that the residue shall be first deposited in the tailings pile. All

tailings shall be the property of Congdon.

2.4 Provided that Commonwealth has placed in escrow the proper deed as provided for in ARTICLE V below, Congdon shall pay to Commonwealth within three (3) months following the execution of this Agreement, and provided this Agreement is then in force and effect, as advance royalty the sum of Seven Thousand Dollars ($7,000.00) less the amount paid or to be paid by Congdon for 1969 taxes on or by November 15, 1974, pursuant to the provisions of Paragraph 2.5 below. Similarly, within the hereinafter designated period following the execution of this Agreement, and provided this Agreement is then in force and effect, Congdon shall pay to Commonwealth as advance royalty the additional sum specified as follows:

Period Following Execution of this Agreement	Additional Sum as Advance Royalty
One (1) Year	$1,500.00
Fifteen (15) Months	1,500.00
Eighteen (18) Months	1,500.00
Twenty-One (21) Months	1,500.00
Two (2) Years	2,000.00
Twenty-Seven (27) Months	2,000.00
Thirty (30) Months	2,000.00
Thirty-Three (33) Months	2,000.00
Three (3) Years	2,500.00
Thirty-Nine (30) Months	2,500.00
Forty-Two (42) Months	2,500.00
Forty-Five (45) Months	2,500.00
Four (4) Years	2,500.00
Fifty-One (51) Months	2,500.00
Fifty-Four (54) Months	2,500.00
Fifty-Seven (57) Months	2,500.00
Five (5) Years	3,000.00
Sixty-Three (63) Months	3,000.00
Sixty-Six (66) Months	3,000.00
Sixty-Nine (69) Months	3,000.00
Six (6) Years	3,500.00
Seventy-Five (75) Months	3,500.00
Seventy-Eight (78) Months	3,500.00
Eighty-One (81) Months	3,500.00
Seven (7) Years	4,000.00
Eighty-Seven (87) Months	4,000.00
Ninety (90) Months	4,000.00
Ninety-Three (93) Months	4,000.00
Eight (8) Years	4,500.00
Ninety-Nine (99) Months	4,500.00
One Hundred Two (102) Months	4,500.00
One Hundred Five (105) Months	4,500.00
Nine (9) Years	5,000.00
Each Three (3) Months Thereafter	5,000.00

All payments of advance royalty hereunder shall be credited against royalties which become payable under the provisions of Paragraph 2.3 immediately above. In the event that the advance royalty exceeds the total of actual royalties which accrue hereunder, Commonwealth shall be entitled to retain such excess and to treat it as a payment of minimum royalty, subject, however, to the provisions of Paragraph 2.14 below.

All obligations of Congdon under this Paragraph 2.4 are contingent upon the satisfaction of the conditions of Paragraph 7.1 below.

2.5 Congdon agrees, following and contingent upon the satisfaction of the conditions of Paragraph 7.1 below, and subject to the provisions of Paragraph 7.4 below, to pay the properties taxes upon the premises and any improvements thereon according to the following schedule, provided that this Agreement is in force and effect at the time for such scheduled payment:

Taxes for the Year	Payable by Congdon
1969	November 15, 1974
1970	May 31, 1975
1971	May 31, 1975
1972	May 31, 1976
1973	May 31, 1976
1974	May 31, 1977
1975	May 31, 1977
1976	May 31, 1978
1977	May 31, 1978
1978 and thereafter	Currently as due

It is understood that any taxes and assessments, general, special, ordinary and extraordinary, that may be levied or assessed upon ore and concentrates produced therefrom shall be apportioned between Commonwealth and Congdon in the same proportion that royalties paid under Paragraph 2.3 above bear to total net smelter returns as defined above.

2.6 If at any time Commonwealth shall own an interest in the premises less than the entire and undivided mineral fee estate therein, then the royalty and advance royalty herein

provided for shall be paid Commonwealth only in the proportion which its interests bear to the whole and undivided mineral fee estate, provided, however, in the event that title to any interest in said mineral fee estate shall revert to or be acquired by Commonwealth, this lease shall cover such reverted or acquired interests, and thereafter the royalty and advance royalty herein provided for shall be appropriately increased at the time of the next payment thereof required hereunder, provided that thirty (30) days written notice of such reversion or acquisition is given by Commonwealth to Congdon.

2.7 Either party may assign or sublet, in whole or in part, such party's interest hereunder; and in the event of any such assignment or sublease, the terms, provisions, covenants, conditions, rights, privileges, and obligations hereof shall extend to, be binding upon and inure to the benefit of the respective assignees or sublessees.

2.8 Congdon may at any time execute and deliver to Commonwealth or place of record a release of any part of the premises from the leasehold interest of Congdon hereunder; and thereupon these lease provisions shall terminate as to that part of the premises described in such release.

2.9 No change of ownership of the premises or the right to receive royalties or advance royalty hereunder shall be binding on Congdon, except at Congdon's option in any particular case, whether Congdon has actual or constructive knowledge of such change in ownership, until thirty (30) days after Congdon shall have been furnished by certified or registered United States mail at Congdon's office address above with a certified copy of the recorded instrument or instruments satisfactory in the opinion of Congdon to evidence such change of ownership and to establish the right,

title or interests of the claiming party and the extent thereof. In any event, all payments which Congdon may make hereunder shall be made in accordance with the terms of Paragraph 2.15 below and no change of ownership shall entitle any person to receive payments in any manner different from that provided for in said paragraph or shall require Congdon to separately sample, assay or mill ores derived from any portion of the premises.

2.10 The breach by Congdon of any obligation arising hereunder shall not work an automatic forfeiture or termination of this lease. In the event that Congdon has not complied with all of his obligations hereunder, Commonwealth may notify Congdon in writing setting forth specifically and in detail in what respect Congdon has failed, and Congdon shall have a reasonable period, and in no event less than sixty (60) days after receipt of said notice, within which to commence to remedy any and all breaches or defaults alleged by Commonwealth to have occurred. Unless Congdon shall commence to remedy, and thereafter proceed with reasonably diligence to completely remedy, such breaches or defaults as herein provided, this Agreement shall terminate, provided, however, that in the event Congdon concludes that any of the breaches or defaults specified in Commonwealth's notice do not in fact exist, this lease shall not terminate if Congdon notifies Commonwealth of such fact within sixty (60) days following its receipt of Commonwealth's notice. In such event, if Commonwealth desires to secure a termination of this Agreement on the basis of the alleged breach or default, Commonwealth must secure a final judicial determination by a court of competent jurisdiction that such breaches or defaults in fact exist. In the event that there is such a judicial determination that such breaches or defaults exist, this Agreement shall not terminate if Congdon shall

remedy such defaults within sixty (60) days after such judicial determination. As to any such judicial determination, it is agreed that the prevailing party shall be entitled to recover from the losing party its reasonable costs of prosecuting the judicial proceedings, including attorney's fees, in such amount as may be allowed by the court having jurisdiction in the matter.

2.11 Commonwealth or its duly authorized representatives shall have the right at all reasonable times and at its own risk to enter into and upon the premises and the workings thereon for the purposes of examining and inspecting the same, and ascertaining whether the terms and conditions of this Agreement are being carried out and performed by Congdon; and Commonwealth or its duly authorized representatives shall have access at all reasonable times to Congdon's records of production, exploration and drilling, and such other records as will show compliance by Congdon with the provisions of this lease.

2.12 Congdon shall have a period of six (6) months following termination of his interest under this Agreement for any reason whatsoever, as to all or any part of the premises, in which to remove any and all buildings, structures, machinery, equipment, lines and facilities placed on the premises by Congdon during the term of this Agreement, provided that such removal does not permanently damage any mine located on the premises at such time.

2.13 Congdon shall pay all expenses and charges for which he may become liable in connection with his operations on the premises and shall protect and save the premises harmless from all claims and liens arising out of such operations. A notice to this effect shall be posted by Congdon on the premises. In conducting his operations hereunder, Congdon shall comply fully with the terms and provisions of

the Workmen's Compensation laws of the State of South Dakota and shall hold Commonwealth harmless from and against any and all loss, damage or claims of whatsoever nature or character occasioned by or arising out of his operations, except any damage or claims resulting from a failure of title of Commonwealth.

2.14 Commonwealth hereby warrants and agrees to defend the title to the premises against any and all persons or claims. Commonwealth further warrants that any prior leases covering the premises have been properly terminated or released; that the premises are free and clear of liens, encumbrances, or unrecorded agreements except delinquent taxes for the year 1969 and thereafter; that Commonwealth has the unqualified right, power and authority to lease said premises to Congdon; that there are no royalties, overriding royalties, production payments, or like burdens outstanding; that Commonwealth has a valid possessory title to any mining claims constituting a part of the premises; that said claims have been properly located in accordance with the mining laws of the United States of America and of the State of South Dakota. Without impairment of Congdon's rights under the above warranties, it is understood and agreed that if Commonwealth's title shall fail as to any of the premises embraced in this Agreement, the royalties hereunder shall not be applicable as to the portion of the premises as to which title has failed. Commonwealth agrees that Congdon, at his option, may pay and discharge any taxes, mortgages, or other liens upon the premises either in whole or in part; and in the event he exercises such option he shall be subrogated to the rights of any holder or holders thereof with the right to enforce the same and apply royalty accruing hereunder to satisfy the same without prejudice to the right to recover in any other manner.

Upon request of Congdon, Commonwealth shall deliver to Congdon for his review all abstracts of title, status reports, title opinions, and other title data which it may have in its possession relative to the premises.

In the event that a title examination discloses that Commonwealth's title to the premises is not as represented and warranted above, and Congdon has not elected in writing to accept Commonwealth's title despite the defects disclosed, then Commonwealth shall immediately repay to Congdon all advance royalties paid by Congdon to Commonwealth under the terms of this Agreement which are in excess of actual royalties accrued, and all further obligation of Congdon to Commonwealth shall cease.

2.15 Commonwealth hereby agrees that Congdon shall be entitled to make all payments under this lease to its credit at the F. Oshkosh Nat'l Bank 302 N. Main St. Oshkosh, Wisc. 54901 , and that such bank is hereby designated as Commonwealth's agent to receive all such payments from Congdon. Such bank shall continue as Commonwealth's agent for all payments hereunder during the term of this lease regardless of changes of ownership of said property. Congdon shall not be responsible for the division or distribution of payments made hereunder among the various parties who may be entitled thereto; and it is understood that the depository bank may withhold the disbursement of any payments made by Congdon hereunder until Commonwealth has executed such division or distribution orders as such depository bank may require. All payments may be made by check or draft of Congdon or any assignee mailed or delivered on or before the dates specified. Any charges made by said bank shall be paid by Congdon. Payments made by Congdon in the above manner shall be binding upon Commonwealth, its successors and assigns.

2.16 This lease is subject to all applicable federal and state rules and regulations of any governmental agencies having jurisdiction in the matter. Congdon's failure to perform or comply with any of the covenants or conditions of this lease shall not be grounds for cancellation, termination or forfeiture if such breach or failure to perform is caused or compliance prevented by circumstances or conditions beyond the reasonable control of Congdon.

2.17 During such time as this Agreement is in force and effect, Congdon will do any assessment work which may be necessary to perpetuate any mining claims constituting a part of the premises according to the applicable provisions of the United States and State of South Dakota mining laws, it being specifically recognized by the parties that work anywhere on the premises, if sufficient in amount, will satisfy the assessment work requirements for other claims on the premises on which no specific work is done. In the event that this lease is terminated for any reason as to any claim on or before August 1 of any calendar year, it is understood that Congdon shall not be responsible for the annual assessment work on such claim for such year.

ARTICLE III

Work Commitment by Congdon

3.1 Contingent upon the satisfaction of the conditions set forth in Paragraph 7.1 below, Congdon agrees that, during such time as this Agreement is in force and effect, he will expend directly on or in connection with the premises, amounts which are at least a cumulative total of Forty Thousand Dollars ($40,000.00) within one (1) year following satisfaction of the conditions of Paragraph 7.1. Such cumulative total shall thereafter increase at the rate of Twelve Thousand Five Hundred Dollars ($12,500.00) per three (3) month period until such cumulative total has

reached Three Hundred Thousand Dollars ($300,000.00).

3.2 Expenditures made by Congdon in satisfaction of the requirements of Paragraph 3.1 above shall be for the specific benefit of the premises and shall be evidenced by the filing by Congdon with Commonwealth of quarterly affidavits setting forth such expenditures made by him. Such affidavits shall be filed with Commonwealth under the option notice provisions of this Agreement.

3.3 It is the intent of the parties that the principal expenditures to be made by Congdon hereunder shall be for exploration work and related economic feasibility determinations; but is specifically understood that any payments which Congdon may make to satisfy obligations of Commonwealth as to the premises during such time as this Agreement is in force and effect may, at the election of Congdon, be applied against the minimum required expenditures under the provisions of Paragraph 3.1 above. Such expenditures shall not include, however, any of Congdon's Denver office overhead expense.

ARTICLE IV

Option to Purchase

4.1 Commonwealth hereby grants and conveys to Congdon the exclusive right and option to purchase all of its right, title and interest in and to the premises for a total purchase price of Two Million Five Hundred Thousand Dollars ($2,500,000.00).

4.2 All amounts paid to Commonwealth by Congdon under the provisions of this Agreement, including any payments which Congdon may make to satisfy obligations of Commonwealth as to the premises during such time as this Agreement is in force and effect, which payments have not been applied by Congdon against his expenditure obligations under Paragraph 3.1 as permitted under the provisions of

Paragraph 3.3, shall be credited against the purchase price specified in Paragraph 4.1. Receipts for the amount of such credit claimed by Congdon, when deposited with the Escrow Agent (provided in ARTICLE V below) by Congdon, shall be deemed to be payments under this paragraph to the extent of such credit and shall be sufficient authority for the said Escrow Agent to grant the claimed credit. If Commonwealth should disagree as to the allowance of any part or all of such claimed credit or credits, it shall notify Congdon of such disagreement within sixty (60) days following notice of such claimed credit or credits; and if agreement as to such dispute cannot be reached by Commonwealth and Congdon, such dispute shall be submitted to arbitration under the rules of the American Arbitration Association, with each party bearing one-half of the expenses of such arbitration.

4.3 The option granted to Congdon herein may be exercised by Congdon at any time while this Agreement is in force and effect by written notice to Commonwealth and to the Escrow Agent as hereinafter provided. Such notice shall be sent to Commonwealth at the address set forth above and shall be sent by certified mail, postage prepaid. The effective date of any such notice shall be the date the same is deposited in the United States mails.

4.4 Upon the exercise of this option by Congdon, credit against the purchase price shall be allowed for all payments theretofore made to Commonwealth under the terms of this Agreement, as provided in Paragraph 4.2. Payment of the balance of such purchase price, if any, shall be tendered by Congdon at the time of exercise of this option.

ARTICLE V

Escrow Agreement

5.1 Commonwealth and Congdon hereby designate The

First National Bank of Denver, Denver, Colorado, as Escrow Agent to receive, hold and deliver the instruments and monies to be placed in escrow as provided for herein.

5.2 Commonwealth agrees to execute and deliver to the Escrow Agent a Deed granting and conveying the full mineral interest in the premises to Congdon, free and clear of any liens, encumbrances or interests of third parties.

5.3 Congdon agrees to execute and deliver to the Escrow Agent a Quitclaim Deed of the mineral interest in the premises in favor of Commonwealth.

5.4 Immediately upon receipt of any funds paid by Congdon under Paragraph 4.4 above, the Escrow Agent shall be authorized to deliver such funds to the Oshkosh Nat'l Bank 302 N. Main St. Oshkosh Wisc. 54901 ~~North Dakota~~, for deposit to an account for Commonwealth, or to such other bank to be dsignated by Commonwealth in the escrow instructions executed pursuant to Paragraph 5.6 hereof. Neither Congdon nor the Escrow Agent shall be responsible for the proper division of any monies payable or which may be paid to Commonwealth under this Agreement.

5.5 Upon receipt by the Escrow Agent of evidence of payment of the full purchase price provided in Paragraph 4.1 above, the Escrow Agent shall deliver to Congdon all Deeds deposited in escrow under Paragraphs 5.2 and 5.3 above. In the event of written notice to the Escrow Agent by Congdon that the option is no longer desired, or upon proof satisfactory to the Escrow Agent that this Agreement has terminated without the receipt by Commonwealth of payments hereunder equal to the purchase price specified in Paragraph 4.1, the Escrow Agent shall deliver all such Deeds to Commonwealth.

5.6 The parties agree to execute such escrow instructions as may be required by the Escrow Agent in order to serve hereunder as Escrow Agent, provided that such

instructions do not vary the substantive terms hereof. Any and all escrow fees charged by the Escrow Agent shall be paid by Congdon.

ARTICLE VI

Termination

6.1 Notwithstanding anything herein to the contrary, Congdon may, at the twelfth (12th) month following execution of this Agreement or at any three (3) month interval thereafter, release the lease and option and all rights granted to him under this Agreement by written notice to Commonwealth and to the Escrow Agent given at least ten (10) days prior to such date of release; and in such event this Agreement shall terminate and Congdon shall be thereupon relieved of any obligations thereafter accruing under this Agreement.

6.2 In the event of termination under this Article, the parties agree to notify the Escrow Agent of such termination and the Deeds held in escrow by said Escrow Agent shall be delivered to Commonwealth.

ARTICLE VII

General Provisions

7.1 All obligations of Congdon hereunder, except the obligation to make the payment of 1969 delinquent taxes by November 15, 1974, provided for in Paragraph 2.5 above, are specifically contingent and conditional upon satisfaction of the following conditions or requirements:

(a) This Agreement shall be effective only upon the approval of two-thirds (2/3) of the stockholders of Commonwealth Mining Company of South Dakota. In the event that such approval is not obtained, Commonwealth shall repay to Congdon any amounts paid by him under the provisions of Paragraph 2.5 above.

7.2 The parties agree that a Memorandum of this Lease and Option to Purchase shall be executed by them for recording in South Dakota by Congdon in order to provide record notice of the prior rights of Congdon affecting the premises as herein created.

7.3 Any notices required or permitted under this Agreement which are not expressly governed by other provisions may be given by certified mail, deposited in the United States mails, with postage prepaid thereon, addressed to the parties at the addresses set forth above or at such other addresses as may from time to time be given by notice hereunder. Notices shall be deemed to have been given on the date of delivery, or if mailed on the date of mailing as shown by the post office postmark.

7.4 It is understood that Congdon may be prevented from fulfilling his obligations under Paragraph 2.5 by one or more acquisitions by third parties over whom he has no control of the tax certificates covering portions of the premises. In such event, Congdon may satisfy his said obligations in any way which will prevent the said premises from being conveyed to third parties by a tax deed; and the cost of any such preventive action may be charged by Congdon against Commonwealth, recoverable by him in any manner available, including the withholding of advance royalties, royalties, or purchase monies otherwise payable to Commonwealth hereunder to the extent necessary to provide such reimbursement. It is provided, however, that any such reimbursement shall not be greater at any time than the excess of said costs of preventive action over the amounts which Congdon would otherwise have paid by such time under the provisions of Paragraph 2.5; and after such reimbursement has been effected from Commonwealth to Congdon hereunder,

Congdon shall thereafter pay any amounts which would otherwise have been due to the taxing authorities under the provisions of Paragraph 2.5 to Commonwealth instead, all to the end that Congdon shall have paid in connection with the taxes specified in Paragraph 2.5 the respective amounts thereof, but no more, by the dates specified in the said Paragraph 2.5 so long as this Agreement is in force and effect as each such date is passed.

7.5 Time is of the essence of this Agreement.

7.6 This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, executors, administrators, successors and assigns.

7.7 This Agreement embraces the entire understanding of the parties.

7.8 This Agreement shall be construed according to the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first above written.

COMMONWEALTH MINING COMPANY
OF SOUTH DAKOTA

Attest:

By _____
John C. Nott, Vice President

_____
Thomas E. Congdon

STATE OF Wisconsin)
) ss.
COUNTY OF Winnebago)

On this the 16th day of ~~September~~ October, 1974, before me, Alice A. Linder the undersigned officer, personally appeared JOHN C. NOTT, who acknowledged himself to be the Vice President of COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, a corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My Commission expires: My Commission Expires April 10, 1977

Alice A. Linder
Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

In this 4th day of September, 1974, before me, Janet E. Rogers, the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My Commission expires: January 5, 1977

Janet E. Rogers
Notary Public

EXHIBIT A to LEASE AND OPTION TO PURCHASE AGREEMENT, dated October 16th, 1974, by and between COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA and THOMAS E. CONGDON.

PATENTED LODE MINING CLAIMS: (unless otherwise indicated)

Name of Claim	Mineral Survey Number
Anchor	138
Rattlesnake Jack	188
Center Fraction	189
Little Giant	218
Montenegro	311
Gilt Edge	328
Ophir	483
Ora Fino	646
3/8 interest in Ora Bella	648
3/8 interest in Waggoner	649
Sunday	650
Two Bears	699
Sonora	700
Strawberry Placer Claim M&B	712
Bismarck, Golden Star, Rush, Golden West and Moltke	884
St. Patrick, Summit, Mary Ellen, J.K.P. and Big Spring (a/k/a Blue Spring)	926
Haley and Theodore	927
Ontario, Adelphia, Binghampton, True Blue, Delhigh and Norwich	975
Barvaria, Walter, Franklin, Carl, Marie, White, Prussian, Hattie, Gray, Louis, Fritz and Scotia	1031
Algol Fraction	1069
Dakota Maid and Dakota Maid Fraction	1225
Mineral Twain #1, Mineral Twain #2 and Ruby Bell	1235
Summit, Summit #1 and Horn Silver	1236
Saxonia, Saxonia Fraction, Cortez, Aguila, Happy New Year, Golden Crest and Miantonomah	1239
1895, 1895 No. 1, 1894 No. 2, 1895 No. 4	1421
Ossa Minna, Pelion, Waterloo and Bunker Hill	1575
Arcadia and Arcadia Fraction	1831
Commonwealth, Commonwealth Fraction and Robin	1892
Mondamin (a/k/a/ Pt. Moundsman), Silver Glance, Standard, Ceroite and Zipp Fraction	1932

UNPATENTED LODE MINING CLAIMS:

Name of Claim	Recorded Book	Page
Reindeer Lode #1	188	433
Reindeer Lode #2	188	434

UNPATENTED LODE MINING CLAIMS (cont'd):

Name of Claim	Recorded Book	Page
Reindeer Lode #3	155	600
Reindeer Fraction	188	433
Gilmore Fraction	188	434
Llewellyn Lode	188	435
New York		
Silver Crest		
Gnome Mineral		
Zelda #1		
Zelda #2		
Zelda #3		
Zelda #4		
Sunday Fraction	358	44
Waggoner Fraction	358	46
Rattlesnake Fraction	352	566
Norwich Fraction	358	45

all situate in Sections 5, 6, 7 and 8 of Township 4 North, Range 4 East and Sections 1 and 12 of Township 4 North, Range 3 East, Lawrence County, South Dakota

MINING DEED

THIS INDENTURE, Made this 12 day of December, in the year of our Lord One Thousand Nine Hundred and Seventy Four, between COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, a South Dakota corporation, of the County of Winnebago, and State of Wisconsin, party of the first part, and THOMAS E. CONGDON, of the County of Denver, and State of Colorado, party of the second part:

WITNESSETH, That the said party of the first part, for and in consideration for the sum of Ten Dollars ($10.00), lawful money of the United States of America, to it in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, has granted, bargained, sold, remised, released and quit-claimed, and by these presents does grant, bargain, sell, remise, release and forever quit-claim unto the said party of the second part, and to his heirs and assigns, the following described mining premises situated in Bear Butte mining district, County of Lawrence, State of South Dakota to-wit:

UNPATENTED LODE MINING CLAIMS

Name of Claim	Recorded Book	Page
Reindeer Lode #1	188	433
Reindeer Lode #2	188	434
Reindeer Lode #3	155	600
Reindeer Fraction	188	433
Gilmore Fraction	188	434
Llewellyn Lode	188	435
New York		
Silver Crest		
Gnome Mineral		
Zelda #1		
Zelda #2		
Zelda #3		
Zelda #4		
Sunday Fraction	358	44
Waggoner Fraction	358	46
Rattlesnake Fraction	352	566
Norwich Fraction	358	45

situate in Township 4 North, Ranges 3 and 4 East, Lawrence County, South Dakota.

together with all the dips, spurs and angles, and also all the metals, ores, gold- and silver-bearing quartz or vein-bearing rock and earth therein; and all the rights, privileges and franchises thereto incident, appendant and appurtenant, or therewith usually had and enjoyed, and also, all and singular the tenements, hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the rents, issues whatsoever, as well in law as in equity, of the said party of the first part, of, in, or to the said premises, and every part or parcel thereof, with the appurtenances; to have and to hold, all and singular, the said premises, together with the appurtenances and privileges thereto incident, unto the said party of the second part, his heirs and assigns forever.

IN WITNESS WHEREOF, The said party of the first part has hereunto set its hand and seal the day and year first above written.

COMMONWEALTH MINING COMPANY
OF SOUTH DAKOTA

Attest:

Joe Ford Meyer
Secretary

By K. A. Meyer

STATE OF SOUTH DAKOTA)
) ss.
COUNTY OF WINNEBAGO)

On this the 12 day of DECEMBER, 1974, before me, VERNETTA CORBISIER the undersigned officer, personally appeared JOE FORD MEYER, who acknowledged himself to be the SECRETARY, of Commonwealth Mining Company of South Dakota, a South Dakota corporation, and that he, as such, JOE FORD MEYER, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the names of the corporation by himself as SECRETARY.

In witness whereof I hereunto set my hand and official seal.

Vernetta Corbisier
Notary Public

My commission expires:

11-2-75

File Copy

MINING DEED

THIS INDENTURE, Made this 12th day of December, in the year of our Lord One Thousand Nine Hundred and Seventy Four, between THOMAS E. CONGDON of the County of Denver, and State of Colorado, party of the first part, and COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, a South Dakota corporation, of the County of Winnebago, and State of Wisconsin, party of the second part:

WITNESSETH, That the said party of the first part, for and in consideration for the sum of Ten Dollars ($10.00), lawful money of the United States of America, to him in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, has granted, bargained, sold, remised, released and quit-claimed, and by these presents does grant, bargain, sell, remise, release and forever quit-claim unto the said party of the second part, and to its heirs and assigns, the mining premises situated in Township 4 North, Ranges 3 and 4 East in Bear Butte Mining District, County of Lawrence, State of South Dakota, more particularly described in Exhibit A, attached hereto and by this reference made a part hereof.

TOGETHER WITH all the dips, spurs and angles, and also all the metals, ores, gold- and silver-bearing quartz or vein-bearing rock and earth therein; and all the rights, privileges and franchises thereto incident, appendant and appurtenant, or therewith usually had and enjoyed, and also, all and singular the tenements, hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the rents, issues and profits thereof; and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the said party of the first part, of, in, or to the said premises, and every part or parcel thereof, with the appurtenances and privileges thereto incident, unto the said party of the second part, its heirs and assigns forever.

IN WITNESS WHEREOF, The said party of the first part has hereunto set his hand and seal the day and year first above written.

/s/ Thomas E. Congdon
Thomas E. Congdon

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the _____ day of December, 1974, before me, _____, the undersigned officer, personally appeared THOMAS E. CONGDON known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

_____
Notary Public

My commission expires: _____

COCA-01-067

EXHIBIT A to MINING DEED, dated November _____, 1974, between THOMAS E. CONGDON, Party of the First Part, and COMMONWEALTH MINING COMPANY OF SOUTH DAKOTA, Party of the Second Part.

PATENTED LODE MINING CLAIMS: (unless otherwise indicated)

Name of Claim	Mineral Survey Number
Anchor	138
Rattlesnake Jack	188
Center Fraction	189
Little Giant	218
Montenegro	311
Gilt Edge	328
Ophir	483
Ora Fino	646
3/8 interest in Ora Bella	648
3/8 interest in Waggoner	649
Sunday	650
Two Bears	699
Sonora	700
Strawberry Placer Claim M&B	712
Bismarck, Golden Star, Rush, Golden West and Moltke	884
St. Patrick, Summit, Mary Ellen, J.K.P. and Big Spring (a/k/a Blue Spring)	926
Haley and Theodore	927
Ontario, Adelphia, Binghampton, True Blue, Delhigh and Norwich	975
Barvaria, Walter, Franklin, Carl, Marie, White, Prussian, Hattie, Gray, Louis, Fritz and Scotia	1031
Algol Fraction	1069
Dakota Maid and Dakota Maid Fraction	1225
Mineral Twain #1, Mineral Twain #2 and Ruby Bell	1235
Summit, Summit #1 and Horn Silver	1236
Saxonia, Saxonia Fraction, Cortez, Aguila, Happy New Year, Golden Crest and Miantonomah	1239
1895, 1895 No. 1, 1895 No. 2, 1895 No. 4	1421
Ossa Minna, Pelion, Waterloo and Bunker Hill	1575
Arcadia and Arcadia Fraction	1831
Commonwealth, Commonwealth Fraction and Robin	1892
Mondamin (a/k/a/ Pt. Moundsman), Silver Glance, Standard, Ceroite and Zipp Fraction	1932

UNPATENTED LODE MINING CLAIMS:

Name of Claim	Recorded Book	Page
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Reindeer Lode #2	188	434

UNPATENTED LODE MINING CLAIMS (cont'd):

Name of Claim	Recorded Book	Page
Reindeer Lode #3	155	600
Reindeer Fraction	188	433
Gilmore Fraction	188	434
Llewellyn Lode	188	435
New York		
Silver Crest		
Gnome Mineral		
Zelda #1		
Zelda #2		
Zelda #3		
Zelda #4		
Sunday Fraction	358	44
Waggoner Fraction	358	46
Rattlesnake Fraction	352	566
Norwich Fraction	358	45

all situate in Township 4 North, Ranges 3 and 4 East, Lawrence County, South Dakota.

...er of Claims
Commonwealth Mining Company of South Dakota
c/o R. E. Meyer, President, P.O. Box 995
Oshkosh, Wisconsin 54901
Lessee: Congdon and Carey, Ltd. 5
Sublessee: Cyprus Mines Corporation

EXHIBIT "A"
SCHEDULE OF UNPATENTED LODE MINING CLAIMS
TOWNSHIP 4 NORTH, RANGES 3 & 4 EAST, BHM
LAWRENCE COUNTY, SOUTH DAKOTA

Name of Claim & Claim No.	Type of Claim	Date of Location	Recording Data of Location Certificate or Amendment Book	Page	Description Twp.	Rge.	Section	Subdivision	Mining District
Reindeer No. 1	Lode	4/10/01	155	599	4N.	4E.	7	SE/4NW/4, NE/4SW/4, SW/4NE/4 & NW/4SE/4	Bear Butte
(amendment)			188	433					
Reindeer No. 2	Lode	4/10/01	155	599	4N.	4E.	7	E/2NW/4 &W/2 NE/4	Bear Butte
(amendment)			188	434					
Reindeer No. 3	Lode	4/10/01	155	600	4N.	4E.	7	E/2 NW/4 & W/2 NE/4	Bear Butte
Reindeer Fraction	Lode	4/10/01	155	600	4N.	4E.	7	NW/4	Bear Butte
(amendment)			188	433					
Gilmore Fraction	Lode	12/01/02	168	264	4N.	4E.	7	NE/4	Bear Butte
(amendment)			188	434					
Llewelyn	Lode	5/08/07	188	435	4N.	4E.	7	E/2 SW/4 & W/2 SE/4	Bear Butte
New York	Lode	11/26/1894	104	617	4N.	4E.	7	NW/4	Bear Butte
(amendment)			144	494					
Silver Crest	Lode	10/12/16	215	296	4N.	4E.	7	NW/4	Bear Butte
(amendment)			215	300					
Gnome	Lode	12/09/15	215	207	4N.	3E.	1	SE/4	Whitewood
Zelda No. 1	Lode	9/25/54	326	329	4N.	3E.	11	E/2 NE/4	Whitewood
							12	W/2 NW/4	
Zelda No. 2	Lode	9/25/54	326	330	4N.	3E.	12	NW/4	Whitewood
Zelda No. 3	Lode	10/21/54	326	348	4N.	3E.	1	SW/4	Whitewood
Zelda No. 4	Lode	10/21/54	326	349	4N.	3E.	1	W/2 SE/4 & E/2 SW/4	Whitewood
Mineral	Lode	9/16/54	326	317	4N.	3E.	19	NW/4	[illegible]

Owner of Claims

Commonwealth Mining Company of South Dakota
c/o R. E. Meyer, President, P.O. Box 995
Oshkosh, Wisconsin 54901

Lessee: Congdon and Carey, Ltd. 5

Sublessee: Cyprus Mines Corporation

EXHIBIT "A"
SCHEDULE OF UNPATENTED LODE MINING CLAIMS
TOWNSHIP 4 NORTH, RANGES 3 & 4 EAST, BHM
LAWRENCE COUNTY, SOUTH DAKOTA

Name of Claim & Claim No.	Type of Claim	Date of Location	Recording Data of Location Certificate or Amendment Book	Page	Description Twp.	Rge.	Section	Subdivision	Mining District
Sunday Fraction	Lode	9/14/61	358	44	4N.	4E.	8	NW/4	Bear Butte
Waggoner Fraction	Lode	9/14/61	358	46	4N.	4E.	8	NW/4	Bear Butte
Norwich Fraction	Lode	9/14/61	358	45	4N.	4E.	8	NW/4	Bear Butte
Rattlesnake Fraction	Lode	7/26/61	352	566	4N.	4E.	5 8	SW/4 NW/4	Bear Butte

PETITIONER'S DEED

Amanda Kosel, Billings, Yellowstone County, Montana, being the duly appointed, qualified, and acting petitioner under the Last Will and Testament of Magdalena Waggoner, Deceased, late of St. Cloud, Minnesota, Grantor, for and in consideration of One Dollar ($1.00) and other good and valuable consideration, hereby conveys to Cyprus Mines Corporation, a New York corporation, Los Angeles, California, and Congdon & Carey, Ltd. 5, a Colorado limited partnership, Denver, Colorado, all of the right, title, interest, and estate that the decedent had at the date of her death, and also all of the right, title and interest acquired by the estate of the decedent, by operation of law or otherwise since such death, other than in addition to that of the decedent at the time of her death, the following described real property located in Lawrence County, State of South Dakota:

> An undivided five-eighths (5/8ths) interest in the Waggoner Mining Claim, an undivided five-eighths (5/8ths) interest in the Ora Bella Mining Claim, a one hundred per cent (100%) interest in the Hoodoo Gulch Mining Claim, and an undivided one-fourth (1/4th) interest in the Crown Point Mining Claim, all of such property being situated in Sections Five (5) and Eight (8) in Township Four (4) North, Range Four (4) East of the Black Hills Meridian, Lawrence County, South Dakota, and are identified as M.S. No. 649, 648, 931, and 912, respectively.

An order confirming the sale to the above named grantees was entered by the Circuit Court of Lawrence County on the 2nd day of October, 1978, and a duly certified copy of such order was recorded on the 11th day of October, 1978, at 11:03 A.M., document no. 78-3937 in the office of the Register of Deeds of Lawrence County, South Dakota, and reference to such order is hereby made.

Dated this 18th day of October, 1978.

ESTATE OF MAGDALENA WAGGONER, DECEASED.

BY: Amanda Kosel

ITS: Agent

STATE OF MONTANA :
SS
COUNTY OF YELLOWSTONE :

On this the 18th day of October, 1978, before me, RAYETTA TAUTE, the undersigned officer, personally appeared Amanda Kosel,

Petitioner of the Estate of Magdalena Waggoner, Deceased, known to me or satisfactorily proven to be the person described in the foregoing instrument, and acknowledged that she executed the same in the capacity therein stated and for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Ravetta Laute
NOTARY PUBLIC

(SEAL)

My Commission Expires: April 29, 1980
Residing in Billings, MT

910 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-8140

CONGDON AND CAREY

MINERAL EXPLORATION

August 24, 1979

TO: Cyprus Exploration Company
Attention: Mr. C. A. Mark

FROM: Congdon and Carey, Ltd. 5

INVOICE

To bill you for your proportionate share of payment re Contract for Deed between The Estate of Magdalena Waggoner, Deceased, Seller, and Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, Buyers due September 1, 1979 $15,000.00

TOTAL DUE THIS INVOICE $15,000.00

Cyprus	(80%)	$12,000.00
Congdon and Carey	(20%)	$ 3,000.00

PLEASE MAKE YOUR CHECK PAYABLE TO:

CONGDON AND CAREY, LTD. 5

- THANK YOU -

COCA-01-069

CONTRACT FOR DEED

I

PARTIES:

The parties to this Contract for Deed (hereinafter referred to as Agreement) are THE ESTATE OF MAGDALENA WAGGONER, Deceased, (hereinafter called Seller) and CYPRUS MINES CORPORATION, a New York corporation, Los Angeles, California, and CONGDON & CAREY, LTD. 5, a Colorado limited partnership, Denver, Colorado, a joint venture (hereinafter referred to as Buyers).

II

PURPOSE:

The purpose of this agreement is to fix the terms and conditions under which the Seller agrees to sell and the Buyers agree to buy the property described in Part III hereof.

III

PROPERTY:

The property to be covered by this agreement is described as follows:

> An undivided five-eighths (5/8ths) interest in the Waggoner Mining Claim, an undivided five-eighths (5/8ths) interest in the Ora Bella Mining Claim, a one hundred per cent (100%) interest in the Hoodoo Gulch Mining Claim, and an undivided one-fourth (1/4th) interest in the Crown Point Mining Claim, all of such property being situated in Sections Five (5) and Eight (8) in Township Four (4) North, Range Four (4) East of the Black Hills Meridian, Lawrence County, South Dakota, and are identified as M.S. No. 649, 648, 931, and 912, respectively.

The Seller and Buyers agree that the property described herein contains approximately 21.32 acres. The Buyers agree that neither the Seller nor its agents have made any representations with respect to this property other than as set forth herein and specifically that the Seller has made no representations with respect to the location or quantity of minerals.

IV

CONSIDERATION:

As total consideration for the property described in Part III hereof, the Buyers agree to pay to the Seller the sum of Seventy-Five Thousand Dollars ($75,000.00) payable as follows:

A. Seven Thousand Five Hundred Dollars ($7,500.00) paid upon the execution of this Agreement, the receipt and sufficiency of which is hereby acknowledged by the Seller.

B. The Buyers agree to pay the balance of Sixty-Seven Thousand Five Hundred Dollars ($67,500.00) plus interest thereon at eight per cent (8%) per annum from and after the date of possession by making the following principal payments plus accrued interest on the unpaid balance at eight per cent (8%) per annum on the dates set forth:

September 1, 1978	$ 7,500.00
September 1, 1979	15,000.00
September 1, 1980	22,500.00
September 1, 1981	22,500.00
Total	$67,500.00

C. The parties agree that all payments made shall apply first to the payment of interest and the balance to the reduction of principal.

D. The parties agree that the Buyers shall have the right to prepay all or any part of any sums due from time to time hereunder at any time without penalty.

V

POSSESSION:

The parties agree that the Buyers may assume possession of the property described in Part III hereof on Sept 1, 1978.

VI

TAXES:

The Seller warrants that all taxes and special assessments which constitute a lien on the property described in Part III hereof assessed for the year 1977 and prior years have been paid.

The Buyers agree to pay all of the taxes and special assessments assessed against the property described in Part III hereof for the year 1978 and all of such taxes and special assessments assessed for subsequent years before the same become delinquent. If the Agreement is terminated as described in Part XIV hereof, then the Buyers agree to pay all of the taxes and

special assessments assessed against the property described in Part III hereof for the year of termination before such taxes become delinquent.

VII

INSURANCE:

The Buyers agree to carry liability insurance covering their operations on the property described in Part III hereof, having a single limit of One Million Dollars ($1,000,000.00) naming the Seller as an additional insured.

VIII

ESCROW:

Upon the execution of this Agreement, the parties agree to execute escrow instructions to and to establish an escrow account with First Northwestern National Bank of Billings, Billings, Montana, the initial expenses of which shall be borne equally by the parties and all subsequent charges of which shall be borne by the Seller. The Buyers agree to make all deferred payments required of them hereunder to the escrow agent for the account of the Seller and the escrow agent shall deduct from the last payment made by the Buyers the cost of the transfer fee imposed by the State of South Dakota.

Upon the execution of this Agreement, the parties agree to deposit with the escrow agent the original of this Agreement, a warranty deed from the Seller and quit claim deeds from the Buyers to the Seller, to the property described in Part III hereof, all of which are to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants and conditions of this agreement to be performed by them.

The parties agree that, when the abstract of title to the property described in Part III hereof has been brought down to date, examined and approved by the Buyers, it shall be deposited with the escrow agent and delivered by the escrow agent to the Buyers upon complete performance by the Buyers of all of the terms, covenants and conditions of this Agreement assumed by them.

As described in Part XIV hereof, each of the Buyers agrees to execute a quit claim deed to the property described in Part III hereof so that

hereof, then the quit claim deeds from the Buyers to the Seller shall be disbursed from escrow by the escrow agent and may be recorded by the Seller.

IX

TITLE:

The Seller warrants that it has good and merchantable title to the property described in Part III hereof, according to the Title Standards adopted by the State Bar of South Dakota, subject only to easements and rights-of-way of record and current taxes not delinquent.

The Seller and Buyers agree that the Seller has secured a continuation down to date of the abstract of title to the property described in Part III hereof and delivered the same to the Buyers for examination by their attorney. The Buyers agree that they have examined the abstract and found no defects in title under the Title Standards of the State Bar of the State of South Dakota. The parties agree to return the abstract to the escrow agent described herein.

Upon the execution of this Agreement, the Seller agrees to deposit with the escrow agent a good and sufficient warranty deed from the Seller covering the property described in Part III hereof to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants, and conditions of this Agreement to be performed by them.

X

MECHANIC'S LIENS:

The Buyers agree that they will not permit the filing of any mechanic's liens on the property described in Part III hereof at any time during the term of this Agreement. The Buyers agree that if any mechanic's liens are filed they will be discharged within thirty (30) days after the Buyers have notice of said filing. The parties agree that the violation of the provisions of this part shall constitute a default hereunder.

XI

TIME:

The parties agree that time is of the essence of this Agreement.

XII

SALE OR ASSIGNMENT:

Until such time as the total purchase price is paid, the Buyers agree not to assign this Agreement, or sell or otherwise dispose of any interest in the property described in Part III hereof, either in whole or in part, to any other person, firm or corporation for any reason without the express consent of the Seller; provided, however, that such consent shall not be unreasonably withheld; provided further, that each Buyer may assign any part or all of their respective rights and interests to a corporation owned and controlled by each or to a successor by reason of a sale of substantially all of such assignor's assets, merger, consolidation or reorganization without the consent of Seller, but no such assignment or transfer shall operate to relieve the transferor or assignor of any liability or obligation under this Agreement which arose prior to such transfer. Consent granted in any case or waiver of consent shall not constitute consent except for the specific waiver or consent granted. Violations of the provisions of this part shall constitute a default hereunder.

XIII

HOLD HARMLESS:

The Buyers agree to defend and hold the Seller harmless from any liability of any kind or character arising out of the use and occupation of the property described in Part III hereof by the Buyers, or anyone claiming under them, including but not limited to a reasonable attorney fee for any litigation to which the Seller is made a party or threatened to be made a party, and which arises out of the use and occupation of the property described in Part III hereof by the Buyers.

XIV

TERMINATION:

The parties agree that the Buyers may terminate this Agreement at any time after the Buyers have made principal payments on the purchase price totalling at least Thirty Thousand Dollars ($30,000.00) on the dates set forth in Part IV B hereof or by prepayment. In order to terminate the Agree-

ment, the Buyers shall give to the Seller thirty (30) days written notice of their intent to terminate the Agreement and this Agreement shall terminate at the end of such thirty (30) day period. The Buyers shall also cooperate with the Seller in obtaining all documents previously placed in escrow with the escrow agent. In the event the Buyers make such election, then the Seller agrees that the Buyers' obligation to make the additional payments of principal in excess of Thirty Thousand Dollars ($30,000.00) and interest is null and void and both parties shall be released of any and all obligations which might be owed to the other party. The Buyers agree to execute quit claim deeds to the property described in Part III hereof in favor of the Seller and such quit claim deeds shall be released from escrow if the Buyers elect to terminate this Agreement as provided herein.

XV

LIMITATION ON MINING:

The Buyers agree that they shall not mine ore in commercial quantities from the property described in Part III hereof unless they have first paid in full the purchase price and accrued interest as set forth in Part IV hereof. However, the Seller agrees that this shall not prohibit the Buyers from removing from time to time such ore and material as may be necessary for the Buyers to make analysis of value, metallurgical tests, and other like purposes. The Buyers agree that the Seller and its agents may inspect the property during such time and also inspect the mining and testing being made by the Buyers and to report from time to time as to the status of the mining operations. The mining of ore by the Buyers in commercial quantities without payment in full of the purchase price and accrued interest shall constitute a default hereunder.

XVI

TIMBER:

The parties agree that if the Buyers (to the extent Buyers have the right to so do) shall sell any of the standing timber on the property described in Part III hereof or the right to cut any of such timber prior to the complete and full payment of the purchase price plus accrued interest

proportionate share (based on the approximate undivided fractional interest set forth in Part III) of the net proceeds received from such sale. If Buyers do not elect to terminate this Agreement under Part XIV hereof, Seller shall have the right (subject to the rights of any co-owners) until September 1, 1982 to remove any marketable standing timber then remaining on the property described in Part III; provided, however, that Seller shall not unreasonably hinder or interfere with any operations then being conducted on the properties by Buyers. Once the Buyers have made complete and full payment of the purchase price plus accrued interest, as set forth in Part IV hereof, Seller's rights as to any timber on the property described in Part III shall terminate.

XVII

JOINT AND SEVERAL LIABILITY:

The Buyers agree that their liability and undertaking under this Agreement, including the liability for payment in full of the purchase price and accrued interest, shall be joint and several.

XVIII

SHORT FORM CONTRACT FOR DEED:

The parties agree that a short form contract for deed will be prepared and executed and placed of record in the office of the Register of Deeds of Lawrence County, South Dakota.

XIX

LAW GOVERNING:

The parties agree that this is a South Dakota contract and shall be governed, interpreted, and construed according to the laws of South Dakota, notwithstanding that one or more of the parties hereto may be a resident of a State other than South Dakota or that they may have signed this Agreement in a State other than South Dakota.

Any party executing this Agreement who is not a resident of South Dakota does hereby agree that service of process upon him or her in any dispute arising under this Agreement may be made by serving the Secretary of State of South Dakota, with instructions to the Secretary

to the person or persons to be served at the last known address of said person or persons and, in addition by mailing to said person or persons a true copy of said process at the last address of which said persons have furnished the person instituting such process.

The parties agree that all disputes arising hereunder shall be submitted to a state or federal court having jurisdiction of the parties and the subject matter and located and sitting within the State of South Dakota.

XX

COUNTERPARTS:

The parties agree that this Agreement may be executed in as many counterparts by the Seller as there are Sellers and in as many counterparts by the Buyers as there are Buyers and that all such counterparts shall be considered originals of this Agreement.

XXI

OBLIGATION TO COMPLY WITH APPLICABLE LAWS:

Buyers, at their sole expense, shall promptly comply with all laws, orders, and regulations of federal, state, county, and municipal authorities, and with any direction of any public officer, pursuant to law, which shall impose any duty upon the Buyers or Seller with respect to the property described in Part III hereof. The Buyers shall, at their sole expense, obtain all licenses and permits which may be required with the conduct of their business on the property described in Part III hereof.

XXII

UNAVOIDABLE DELAY:

If there shall occur on or after the commencement date of this Agreement, any act of God, governmental restriction, regulation, or control beyond the reasonable control of the Buyers, and as a result of one or all of the above mentioned events, the Buyers fail to punctually perform any obligation on their part to be performed under this Agreement, then such failure shall be excused and shall not be a breach of this Agreement by the party in question, but only to the extent and for the time occasioned by such event.

XXIII

DEFAULT:

In the event the Buyers default in the performance of any of the terms, covenants, conditions or obligations of this Agreement assumed by them, the parties agree that the Seller shall have the option to declare all deferred balances due and payable. Said option shall be exercisable by giving to the Buyers at their address in Cyprus Mines Corporation, 555 Flower Street, Los Angeles, California 90071 and Congdon & Carey, Ltd. 5, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 by certified mail, thirty (30) days written notice of the nature of such default. In the event of the failure of the Buyers to cure such default within such thirty (30) day period, then all such deferred balances shall be due and payable at the end of said thirty (30) day period and Seller shall have the right to retake possession of the property described in Part III hereof and to retain all payments made by the Buyers and all improvements made by them on the premises as liquidated damages for the breach of this Agreement, accurate damages being incapable of ascertainment.

The parties agree that, in the event of such default, all other remedies available to the Seller under the laws of South Dakota shall accrue to the Seller.

XXIV

INTEGRATION:

The parties agree that this writing constitutes the entire Agreement between them and that there are no other oral or collateral agreements or understandings of any kind or character except those contained herein.

XXV

BINDING EFFECT:

This Agreement shall extend to and be binding upon the heirs, administrators, executors, successors and assigns of the Seller and Buyers.

XXVI

HEADINGS:

The headings used for each paragraph herein are for descriptive

Dated this ~~[illegible]~~ 29 day of August, 1978.

"SELLER"

ESTATE OF MAGDALENA WAGGONER, DECEASED

BY: Amanda Kosel

ITS: Agent

"BUYERS"

CYPRUS MINES CORPORATION

BY: Alan Bakewell ✓ Corr

ITS: Vice President

CONGDON & CAREY, LTD. 5

BY: [illegible]

ITS: General Partner

STATE OF South Dakota:
SS
COUNTY OF Pennington:

On this 29th day of August, 1978, before me, the undersigned officer, personally appeared Amanda Kosel, who acknowledged herself to be the petitioner of the Estate of Magdalena Waggoner, Deceased, and that she as such petitioner, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing her name as the petitioner of the said estate.

In witness whereof I hereunto set my hand and official seal.

Elizabeth Albrecht
NOTARY PUBLIC

(SEAL)

My Commission Expires: June 8, 1985

STATE OF California:
SS
COUNTY OF Los Angeles:

On this 11th day of August, 1978, before me, the undersigned officer, personally appeared Alan Bakewell, who acknowledged himself to be the Vice President of CYPRUS MINES CORPORATION, a corporation, and that he, as such Officer, being authorized so to do, executed the foregoing

✓ Notary. Corr

instrument for the purposes therein contained by signing the name of the corporation by himself as Vice President

In witness whereof I hereunto set my hand and official seal.

OFFICIAL SEAL
GLORIA M. JUDGE
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My comm. expires FEB 7, 1980

(SEAL)

Gloria M. Judge
NOTARY PUBLIC

My Commission Expires: February 7, 1980

STATE OF Colorado :
City SS
COUNTY OF Denver :

On this 2nd day of August, 1978, before me, the undersigned officer, personally appeared Thomas E. Congdon, who acknowledged himself to be one of the general partners of CONGDON & CAREY, LTD. 5, a limited partnership, and that he, as such general partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the partnership by himself as a general partner.

In witness whereof I hereunto set my hand and official seal.

Linda C. Ditsworth
NOTARY PUBLIC

(SEAL)

My Commission Expires: June 15, 1981

CONTRACT FOR DEED

I

PARTIES:

The parties to this Contract for Deed (hereinafter referred to as Agreement) are THE ESTATE OF MAGDALINA WAGGONER, Deceased, (hereinafter called Seller) and CYPRUS MINES CORPORATION, a New York corporation, Los Angeles, California, and CONGDON AND CAREY,LTD.5 a Colorado limited partnership, Denver, Colorado, a joint venture (hereinafter referred to as Buyers).

II

PURPOSE:

The purpose of this agreement is to fix the terms and conditions under which the Sellers agree to sell and the Buyers agree to buy the property described in Part III hereof.

III

PROPERTY:

The property to be covered by this agreement is described as follows:

> An undivided five-eighths (5/8ths) interest in the Waggoner Mining Claim, an undivided five-eighths (5/8ths) interest in the Ora Bella Mining Claim, a one hundred per cent (100%) interest in the Hoodoo Gulch Mining Claim, and an undivided one-fourth (1/4th) interest in the Crown Point Mining Claim, all of such property being situated in Sections Five (5) and Eight (8) in Township Four (4) North, Range Four (4) East of the Black Hills Meridian, Lawrence County, South Dakota, and are identified as M.S. No. 649, 648, 931, and 912, respectively.

The Sellers and Buyers agree that the property described herein contains approximately 21.32 acres. The Buyers agree that neither the Sellers nor agents have made any representations with respect to this property other than as set forth herein and specifically that the Sellers have made no representations with respect to the location or quantity of minerals.

IV

CONSIDERATION:

As total consideration for the property described in Part III hereof, the Buyers agree to pay to the Sellers the sum of Seventy-Five Thousand Dollars ($75,000.00), payable as follows:

→ [illegible] address & other minor changes [illegible]

A. Seven Thousand Five Hundred Dollars ($7,500.00) paid upon the execution of this Agreement, the receipt and sufficiency of which is hereby acknowledged by the Sellers.

B. The Buyers agree to pay the balance of Sixty-Seven Thousand Five Hundred Dollars ($67,500.00) plus interest thereon at eight per cent (8%) per annum from and after the date of possession by making the following principal payments plus accrued interest on the unpaid balance at eight per cent (8%) per annum on the dates set forth:

September 1, 1978		$ 7,500.00
September 1, 1979		15,000.00
September 1, 1980		22,500.00
September 1, 1981		22,500.00
	Total	$67,500.00

C. The parties agree that all payments made shall apply first to the payment of interest and the balance to the reduction of principal.

D. The parties agree that the Buyers shall have the right to prepay all or any part of any sums due from time to time hereunder at any time without penalty.

V

POSSESSION:

The parties agree that the Buyers may assume possession of the property described in Part III hereof on _____, 1978.

VI

TAXES:

The Sellers warrant that all taxes and special assessments which constitute a lien on the property described in Part III hereof assessed for the year 1977 and prior years have been paid.

The Buyers agree to pay all of the taxes and special assessments assessed against the property described in Part III hereof for the year 1978 and all of such taxes and special assessments assessed for subsequent years before the same become delinquent. If the Agreement is terminated as described in Part XV hereof, then the Buyers agree to pay all of the taxes and special assessments assessed against the property described in Part III hereof for the year of termination before such taxes become delinquent.

VII

INSURANCE:

The Buyers agree to carry liability insurance covering their operations on the property described in Part III hereof, having a single limit of One Million Dollars ($1,000,000.00) naming the Sellers as additional insureds.

VIII

ESCROW:

Upon the execution of this Agreement, the parties agree to execute escrow instructions to and to establish an escrow account with the , Billings, Montana., the initial expenses of which shall be borne equally by the parties and all subsequent charges, which shall be borne by the Sellers. The Buyers agree to make all deferred payments required of them hereunder to the escrow agent for the account of the Sellers and the escrow agent shall deduct from the last payment made by the Buyers the cost of the transfer fee imposed by the State of South Dakota.

Upon the execution of this Agreement, the parties agree to deposit with the escrow agent the original of this Agreement, a warranty deed from the Seller and quit claim deeds from the Buyers to the Seller, to the property described in Part III hereof, all of which are to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants and conditions of this agreement to be performed by them.

The parties agree that, when the abstract of title to the property described in Part III hereof has been brought down to date, examined and approved by the Buyers, it shall be deposited with the escrow agent and delivered by the escrow agent to the Buyers upon complete performance by the Buyers of all of the terms, covenants and conditions of this Agreement assumed by them.

As described in PartXIVhereof, each of the Buyers agrees to execute a quit claim deed to the property described in Part III hereof so that if the Buyers determine to terminate the Agreement as provided in Part XIV hereof, then the quit claim deeds from the Buyers to the Seller shall be disbursed from escrow by the escrow agent and may be recorded by the Seller.

IX

TITLE:

The Seller warrants that it has good and merchantable title to the property described in Part III hereof, according to the Title Standards adopted by the State Bar of South Dakota, subject only to easements and rights-of-way of record and current taxes not delinquent.

The Seller and Buyers agree that the Seller has secured a continuation down to date of the abstract of title to the property described in Part III hereof and delivered the same to the Buyers for examination by their attorney. The Buyers agree that they have examined the abstract and found no defects in title under the Title Standards of the State Bar of the State of South Dakota. The parties agree to return the abstract to the escrow agent described herein.

Upon the execution of this Agreement, the Seller agrees to deposit with the escrow agent a good and sufficient warranty deed from the Seller covering the property described in Part III hereof to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants, and conditions of this Agreement to be performed by them.

X

MECHANIC'S LIENS:

The Buyers agree that they will not permit the filing of any mechanic's liens on the property described in Part III hereof at any time during the term of this Agreement. The Buyers agree that if any mechanic's liens are filed they will be discharged within thirty (30) days after the Buyers have notice of said filing. The parties agree that the violation of the provisions of this part shall constitute a default hereunder.

XI

TIME:

The parties agree that time is of the essence of this Agreement.

XII

SALE OR ASSIGNMENT:

Until such time as the total purchase price is paid the Buyers agree not to assign this Agreement, or sell or otherwise dispose of any

interest in the property described in Part III hereof, either in whole or in part, to any other person, firm or corporation for any reason without the express consent of the Seller; provided, however, that such consent shall not be unreasonably withheld; provided further, that each Buyer may assign any part or all of their respective rights and interests to a corporation owned and controlled by each or to a successor by reason of a sale of substantially all of such assignor's assets, merger, consolidation or reorganization without the consent of Seller, but no such assignment or transfer shall operate to relieve the transferor or assignor of any liability or obligation under this Agreement which arose prior to such transfer. Consent granted in any case or waiver of consent shall not constitute consent except for the specific waiver or consent granted. Violations of the provisions of this part shall constitute a default hereunder.

XIII

HOLD HARMLESS:

The Buyers agree to defend and hold the Seller harmless from any liability of any kind or character arising out of the use and occupation of the property described in Part III hereof by the Buyers, or anyone claiming under them, including but not limited to a reasonable attorney fee for any litigation to which the Seller is made a party or threatened to be made a party, and which arises out of the use and occupation of the property described in Part III hereof by the Buyers.

XIV

TERMINATION:

The parties agree that the Buyers may terminate this Agreement at any time after the Buyers have made principal payments on the purchase price totalling at least Thirty Thousand Dollars ($30,000.00) on the dates set forth in Part IV hereof or by prepayment. In order to terminate the Agreement, the Buyers shall give to the Sellers thirty (30) days written notice of their intent to terminate the Agreement and this Agreement shall terminate at the end of such thirty (30) day period. The Buyers shall also cooperate with the Seller in obtaining all documents previously placed in escrow with the escrow agent. In the event the Buyers make such election, then the

Seller agrees that the Buyers' obligation to make the additional payments of principal in excess of Thirty Thousand Dollars ($30,000.00) and interest is null and void and both parties shall be released of any and all obligations which might be owed to the other party. The Buyers agree to execute quit claim deeds to the property described in Part III hereof in favor of the Seller and such quit claim deeds shall be released from escrow if the Buyers elect to terminate this Agreement as provided herein.

XV

LIMITATION ON MINING:

The Buyers agree that they shall not mine ore in commercial quantities from the property described in Part III hereof unless they have first paid in full the purchase price and accrued interest as set forth in Part IV hereof. However, the Seller agrees that this shall not prohibit the Buyers from removing from time to time such ore and material as may be necessary for the Buyers to make analysis of value, metallurgical tests, and other like purposes. The Buyers agree that the Seller and its agents may inspect the property during such time and also inspect the mining and testing being made by the Buyers and to report from time to time as to the status of the mining operations. The mining of ore by the Buyers in commercial quantities without payment in full of the purchase price and accrued interest shall constitute a default hereunder.

XVI

TIMBER:

The parties agree that if the Buyers (to the extent Buyers have the right to so do) shall sell any of the standing timber on the property described in Part III hereof or the right to cut any of such timber prior to the complete and full payment of the purchase price plus accrued interest set forth in Part IV hereof, then the Buyers shall pay to the Seller their proportionate share (based on the approximate undivided fractional interest set forth in Part III) of the net proceeds received from such sale. If Buyers do not elect to terminate this Agreement under Part. XIV hereof, Seller shall have the right (subject to the rights of any co-owners) until September 1, 1982 to remove any marketable standing timber then remaining

on the property described in Part III; provided, however, that Seller shall not unreasonably hinder or interfere with any operations then being conducted on the properties by Buyers. Once the Buyers have made complete and full payment of the purchase price plus accrued interest, as set forth in Part IV hereof, Seller's rights as to any timber on the property described in Part III shall terminate.

XVII

JOINT AND SEVERAL LIABILITY:

The Buyers agree that their liability and undertaking under this Agreement, including the liability for payment in full of the purchase price and accrued interest, shall be joint and several.

XVIII

SHORT FORM CONTRACT FOR DEED:

The parties agree that a short form contract for deed will be prepared and executed and placed of record in the office of the Register of Deeds of Lawrence County, South Dakota.

XIX

LAW GOVERNING:

The parties agree that this is a South Dakota contract and shall be governed, interpreted, and construed according to the laws of South Dakota, notwithstanding that one or more of the parties hereto may be a resident of a State other than South Dakota or that they may have signed this Agreement in a State other than South Dakota.

Any party executing this Agreement who is not a resident of South Dakota does hereby agree that service of process upon him or her in any dispute arising under this Agreement may be made by serving the Secretary of State of South Dakota, with instructions to the Secretary of State of South Dakota to immediately forward a true copy of said process to the person or persons to be served at the last known address of said person or persons and, in addition by mailing to said person or persons a true copy of said process at the last address of which said persons have furnished the person instituting such process.

The parties agree that all disputes arising hereunder shall be submitted to a state or federal court having jurisdiction of the parties and the subject matter and located and sitting within the State of South Dakota.

XX

COUNTERPARTS:

The parties agree that this Agreement may be executed in as many counterparts by the Sellers as there are Sellers and in as many counterparts by the Buyers as there are Buyers and that all such counterparts shall be considered originals of this Agreement.

XXI

OBLIGATION TO COMPLY WITH APPLICABLE LAWS:

Buyers, at their sole expense, shall promptly comply with all laws, orders, and regulations of federal, state, county, and municipal authorities, and with any direction of any public officer, pursuant to law, which shall impose any duty upon the Buyers or Seller with respect to the property described in Part III hereof. The Buyers shall, at their sole expense, obtain all licenses and permits which may be required with the conduct of their business on the property described in Part III hereof.

XXII

UNAVOIDABLE DELAY:

If there shall occur on or after the commencement date of this Agreement, any act of God, governmental restriction, regulation, or control beyond the reasonable control of the Buyers, and as a result of one or all of the above mentioned events, the Buyers fail to punctually perform any obligation on their part to be performed under this Agreement, then such failure shall be excused and shall not be a breach of this Agreement by the party in question, but only to the extent and for the time occasioned by such event.

XXIII

DEFAULT:

In the event the Buyers default in the performance of any of the terms, covenants, conditions or obligations of this Agreement assumed by them, the parties agree that the Sellers shall have the option to declare

all deferred balances due and payable. Said option shall be exercisable by giving to the Buyers at their address in _____ by certified mail, thirty (30) days written notice of the nature of such default. In the event of the failure of the Buyers to cure such default within such thirty (30) day period, then all such deferred balances shall be due and payable at the end of said thirty (30) day period and Sellers shall have the right to retake possession of the property described in Part III hereof and to retain all payments made by the Buyers and all improvements made by them on the premises as liquidated damages for the breach of this Agreement, accurate damages being incapable of ascertainment.

The parties agree that, in the event of such default, all other remedies available to the Sellers under the laws of South Dakota shall accrue to the Sellers.

XXIV

INTEGRATION:

The parties agree that this writing constitutes the entire Agreement between them and that there are no other oral or collateral agreements or understandings of any kind or character except those contained herein.

XXV

BINDING EFFECT:

This Agreement shall extend to and be binding upon the heirs, administrators, executors, successors and assigns of the Sellers and Buyers.

XXVI

HEADINGS:

The headings used for each paragraph herein are for descriptive purposes only.

Dated this _____ day of _____, 1978.

"SELLERS"

THE ESTATE OF MAGDALINA WAGGONER, DECEASED

BY: _____

ITS: _____

"BUYERS"

CYPRUS MINES CORPORATION

BY:_____

ITS:_____

CONGDON AND CAREY, LTD. 5

BY:_____
General Partner

STATE OF _____:
SS
COUNTY OF _____:

On this ____ day of _____, 1978, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of the Estate of Magdalina Waggoner, Deceased, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing his name as the _____ of the said estate.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

(SEAL)

My Commission Expires:_____

STATE OF _____:
SS
COUNTY OF _____:

On this ___ day of _____, 1978, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as _____.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

(SEAL)

My Commission Expires:_____

STATE OF COLORADO :
SS
COUNTY OF DENVER :

On this ____ day of _____, 1978, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be one of the general partners of Congdon and Carey, Ltd. 5, a limited partnership, and that he, as such partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the partnership by himself as a general partner.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

(SEAL)

My Commission Expires:_____

CONTRACT FOR DEED

DRAFT OF
2-25-78

I

PARTIES:

The parties to this Contract for Deed (hereinafter referred to as Agreement) are THE ESTATE OF MAGDALINA WAGGONER, Deceased, (hereinafter called Seller) and CYPRUS MINES CORPORATION, a New York corporation, _____, California, and CONGDON & CAREY, LTD.,[5] a Colorado limited partnership, Denver, Colorado, a joint venture (hereinafter referred to as Buyers).

II

PURPOSE:

The purpose of this agreement is to fix the terms and conditions under which the Sellers agree to sell and the Buyers agree to buy the property described in Part III hereof.

III

PROPERTY:

The property to be covered by this agreement is described as follows:

> An undivided five-eighths (5/8ths) interest in the Waggoner Mining Claim, an undivided five-eighths (5/8ths) interest in the Ora Bella Mining Claim, a one hundred per cent (100%) interest in the Hoodoo Gulch Mining Claim, and an undivided one-fourth (1/4th) interest in the Crown Point Mining Claim, all of such property being situated in Sections Five (5) and Eight (8) in Township Four (4) North, Range (4) East of the Black Hills Meridian, Lawrence County, South Dakota, and are identified as M.S. No. 649, 648, 931, and 912, respectively.

The Sellers and Buyers agree that the property described herein contains approximately 21.32 acres. The Buyers agree that neither the Sellers nor agents have made any representations with respect to this property other than as set forth herein and specifically that the Sellers have made no representations with respect to the location or quantity of minerals.

IV

CONSIDERATION:

As total consideration for the property described in Part III hereof, the Buyers agree to pay to the Sellers the sum of Seventy-Five Thousand Dollars ($75,000.00), payable as follows:

A. Seven Thousand Five Hundred Dollars ($7,500.00) paid upon the execution of this Agreement, the receipt and sufficiency of which is hereby acknowledged by the Sellers.

B. The Buyers agree to pay the balance of Sixty-Seven Thousand

Five Hundred Dollars ($67,500.00) plus interest thereon at eight per cent (8%) per annum from and after _____, 1978, by making the following principal payments plus accrued interest on the unpaid balance at eight per cent (8%) per annum on the dates set forth:

September 1, 1978	$ 7,500.00
September 1, 1979	15,000.00
September 1, 1980	22,500.00
September 1, 1981	22,500.00
Total	$67,500.00

same [illegible] ?

C. The parties agree that all payments made shall apply first to the payment of interest and the balance to the reduction of principal.

D. The parties agree that the Buyers shall have the right to prepay all or any part of any sums due from time to time hereunder at any time without penalty.

V

POSSESSION:

The parties agree that the Buyers may assume possession of the property described in Part III hereof on _____, 1978.

VI

TAXES:

did we ever discuss deleting this?

The Sellers warrant that all taxes and special assessments which constitute a lien on the property described in Part III hereof assessed for the year 1977 and prior years have been paid.

The Buyers agree to pay all of the taxes and special assessments assessed against the property described in Part III hereof for the year 1978 and all of such taxes and special assessments assessed for subsequent years before the same become delinquent. If the Agreement is terminated as described in Part XIV (XV) hereof, then the Buyers agree to pay all of the taxes and special assessments assessed against the property described in Part III hereof for the year of termination before such taxes become delinquent.

VII

INSURANCE:

The Buyers agree to carry liability insurance covering their operations on the property described in Part III hereof, having a single limit of

One Million Dollars ($1,000,000.00) naming the Sellers as additional insureds.

VIII

ESCROW:

Upon the execution of this Agreement, the parties agree to execute escrow instructions to and to establish an escrow account with the First National Bank of the Black Hills, Rapid City, South Dakota, the initial expenses of which shall be borne equally by the parties and all subsequent charges which shall be borne by the Sellers. The Buyers agree to make all deferred payments required of them hereunder to the escrow agent for the account of the Sellers and the escrow agent shall deduct from the last payment made by the Buyers the cost of the transfer fee imposed by the State of South Dakota.

Upon the execution of this Agreement, the parties agree to deposit with the escrow agent the original of this Agreement, a warranty deed from the Seller and quit claim deeds from the Buyers to the Seller, to the property described in Part III hereof, all of which are to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants and conditions of this agreement to be performed by them.

The parties agree that, when the abstract of title to the property described in Part III hereof has been brought down to date, examined and approved by the Buyers, it shall be deposited with the escrow agent and delivered by the escrow agent to the Buyers upon complete performance by the Buyers of all of the terms, covenants and conditions of this Agreement assumed by them.

As described in Part XV hereof, each of the Buyers agrees to execute a quit claim deed to the property described in Part III hereof so that if the Buyers determine to terminate the Agreement as provided in Part XV hereof, then the quit claim deeds from the Buyers to the Seller shall be disbursed from escrow by the escrow agent and may be recorded by the Seller.

IX

TITLE:

The Seller warrants that it has good and merchantable title to the property described in Part III hereof, according to the Title Standards adopted by the State Bar of South Dakota, subject only to easements and rights-of-way of record and current taxes not delinquent.

The Seller and Buyers agree that the Seller has secured a

continuation down to date of the abstract of title to the property described in Part III hereof and delivered the same to the Buyers for examination by their attorney. The Buyers agree that they have examined the abstract and found no defects in title under the Title Standards of the State Bar of the State of South Dakota. The parties agree to return the abstract to the escrow agent described herein.

This paragraph is NEW

Upon the execution of this Agreement, the Seller agrees to deposit with the escrow agent a good and sufficient warranty deed from the Seller covering the property described in Part III hereof to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants, and conditions of this Agreement to be performed by them.

same

X

MECHANIC'S LIENS:

The Buyers agree that they will not permit the filing of any mechanic's liens on the property described in Part III hereof at any time during the term of this Agreement. The Buyers agree that if any mechanic's liens are filed they will be discharged within thirty (30) days after the Buyers have notice of said filing. The parties agree that the violation of the provisions of this part shall constitute a default hereunder.

XI

TIME:

The parties agree that time is of the essence of this Agreement.

XII

SALE OR ASSIGNMENT:

Until such time as the total purchase price is paid the Buyers agree not to assign this Agreement, or sell or otherwise dispose of any interest in the property described in Part III hereof, either in whole or in part, to any other person, firm or corporation for any reason without the express consent of the Seller; provided, however, that such consent shall not be unreasonably withheld; provided further, that each Buyer may assign any part or all of their respective rights and interests to a corporation owned and controlled by each or to a successor by reason of a sale of substantially all of such assignor's assets, merger, consolidation or reorganization without the consent of Seller, but no such assignment or transfer shall operate to relieve the transferor or assignor of any liability or obligation under this Agreement which arose prior to such transfer. Consent granted in any case or waiver of consent shall not

constitute consent except for the specific waiver or consent granted. Violations of the provisions of this part shall constitute a default hereunder.

XIII

HOLD HARMLESS:

The Buyers agree to defend and hold the Seller harmless from any liability of any kind or character arising out of the use and occupation of the property described in Part III hereof by the Buyers, or anyone claiming under them, including but not limited to a reasonable attorney fee for any litigation to which the Seller is made a party or threatened to be made a party, and which arises out of the use and occupation of the property described in Part III hereof by the Buyers.

XIV

TERMINATION:

The parties agree that the Buyers may terminate this Agreement at any time after the Buyers have made principal payments on the purchase price totalling at least Thirty Thousand Dollars ($30,000.00) [on the dates set forth in Part IV hereof or by prepayment.] In order to terminate the Agreement, the Buyers shall give to the Sellers thirty (30) days written notice of their intent to terminate the Agreement and this Agreement shall terminate at the end of such thirty (30) day period. The Buyers shall also cooperate with the Seller in obtaining all documents previously placed in escrow with the escrow agent. In the event the Buyers make such election, then the Seller agrees that the Buyers' obligation to make the additional payments of principal in excess of Thirty Thousand Dollars ($30,000.00) and interest is null and void and both parties shall be released of any and all obligations which might be owed to the other party. The Buyers agree to execute quit claim deeds to the property described in Part III hereof in favor of the Seller and such quit claim deeds shall be released from escrow if the Buyers elect to terminate this Agreement as provided herein.

XV

LIMITATION ON MINING:

The Buyers agree that they shall not mine ore in commercial quantities from the property described in Part III hereof unless they have first paid in full the purchase price and accrued interest as set forth in Part IV hereof. However, the Seller agrees that this shall not prohibit the Buyers from re-

moving from time to time such ore and material as may be necessary for the Buyers to make analysis of value, metallurgical tests, and other like purposes. The Buyers agree that the Seller and its agents may inspect the property during such time and also inspect the mining and testing being made by the Buyers and to report from time to time as to the status of the mining operations. The mining of ore by the Buyers in commercial quantities without payment in full of the purchase price and accrued interest shall constitute a default hereunder.

XVI

TIMBER:

The parties agree that if the Buyers (to the extent Buyers have the right to so do) shall sell any of the standing timber on the property described in Part III hereof or the right to cut any of such timber prior to the complete and full payment of the purchase price plus accrued interest set forth in Part IV hereof, then the Buyers shall pay to the Seller their proportionate share (based on the approximate undivided fractional interest set forth in Part III) of the net proceeds received from such sale. If Buyers do not elect to terminate this Agreement under Parts ~~IV and IV~~ XIV hereof, Seller shall have the right (subject to the rights of any co-owners) until September 1, 1982 to remove any marketable standing timber then remaining on the property described in Part III; provided, however, that Seller shall not unreasonably hinder or interfere with any operations then being conducted on the properties by Buyers. Once the Buyers have made complete and full payment of the purchase price plus accrued interest, as set forth in Part IV hereof, Seller's rights as to any timber on the property described in Part III shall terminate.

XVII

JOINT AND SEVERAL LIABILITY:

The Buyers agree that their liability and undertaking under this Agreement, including the liability for payment in full of the purchase price and accrued interest, shall be joint and several.

XVIII

SHORT FORM CONTRACT FOR DEED:

The parties agree that a short form contract for deed will be prepared and executed and placed of record in the office of the Register of Deeds of Lawrence County, South Dakota.

XIX

LAW GOVERNING:

The parties agree that this is a South Dakota contract and shall be governed, interpreted, and construed according to the laws of South Dakota, notwithstanding that one or more of the parties hereto may be a resident of a State other than South Dakota or that they may have signed this Agreement in a State other than South Dakota.

Any party executing this Agreement who is not a resident of South Dakota does hereby agree that service of process upon him or her in any dispute arising under this Agreement may be made by serving the Secretary of State of South Dakota, with instructions to the Secretary of State of South Dakota to immediately forward a true copy of said process to the person or persons to be served at the last known address of said person or persons and, in addition by mailing to said person or persons a true copy of said process at the last address of which said persons have furnished the person instituting such process.

The parties agree that all disputes arising hereunder shall be submitted to a state or federal court having jurisdiction of the parties and the subject matter and located and sitting within the State of South Dakota.

XX

COUNTERPARTS:

The parties agree that this Agreement may be executed in as many counterparts by the Sellers as there are Sellers and in as many counterparts by the Buyers as there are Buyers and that all such counterparts shall be considered originals of this Agreement.

XXI

OBLIGATION TO COMPLY WITH APPLICABLE LAWS:

Buyers, at their sole expense, shall promptly comply with all laws, orders, and regulations of federal, state, county, and municipal authorities, and with any direction of any public officer, pursuant to law, which shall impose any duty upon the Buyers or Seller with respect to the property described in Part III hereof. The Buyers shall, at their sole expense, obtain all licenses and permits which may be required with

News - see Riter Lt. of 1-25-7

the conduct of their business on the property described in Part III hereof.

XXII

UNAVOIDABLE DELAY:

If there shall occur on or after the commencement date of this Agreement, any act of God, governmental restriction, regulation, or control beyond the reasonable control of the Buyers, and as a result of one or all of the above mentioned events, the Buyers fail to punctually perform any obligation on their part to be performed under this Agreement, then such failure shall be excused and shall not be a breach of this Agreement by the party in question, but only to the extent and for the time occasioned by such event.

XXIII

DEFAULT:

In the event the Buyers default in the performance of any of the terms, covenants, conditions or obligations of this Agreement assumed by them, the parties agree that the Sellers shall have the option to declare all deferred balances due and payable. Said option shall be exercisable by giving to the Buyers at their address in _____ by certified mail, thirty (30) days written notice of the nature of such default. In the event of the failure of the Buyers to cure such default within such thirty (30) day period, then all such deferred balances shall be due and payable at the end of said thirty (30) day period and Sellers shall have the right to retake possession of the property described in Part III hereof and to retain all payments made by the Buyers and all improvements made by them on the premises as liquidated damages for the breach of this Agreement, accurate damages being incapable of ascertainment.

The parties agree that, in the event of such default, all other remedies available to the Sellers under the laws of South Dakota shall accrue to the Sellers.

XXIII

INTEGRATION:

The parties agree that this writing constitute the entire Agreement between them and that there are no other oral or collateral agreements or understandings of any kind or character except those contained herein.

XXIV

BINDING EFFECT:

This Agreement shall extend to and be binding upon the heirs, administrators, executors, successors and assigns of the Sellers and Buyers.

HEADINGS:

The headings used for each paragraph herein are for descriptive purposes only.

Dated this _____ day of _____, 1977.

"SELLERS"

THE ESTATE OF MAGDALINA WAGGONER, DECEASED

BY: _____

ITS: _____

"BUYERS"

CYPRUS MINES CORPORATION

BY_____

ITS_____

CONGDON & CAREY, LTD.

BY_____

ITS_____

910 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-8140

CONGDON AND CAREY
MINERAL EXPLORATION

December 31, 1977

Mr. Charles L. Riter
Bangs, McCullen, Butler, Foye & Simmons
Attorneys At Law
P. O. Box 2670
Rapid City, South Dakota 57709

Re: In the Matter of the Estate of
Magdalina Waggoner, Deceased

Dear Mr. Riter:

Enclosed are the changes we noted in the proposed Contract For Deed as well as a "sample" set of escrow instructions.

The following changes were made:

1. Part VIII: We understand the escrow agent will be a South Dakota bank. We have merely noted our copy of the contract that you will make that change.

2. Part IX: (Title) The change was made on page 4 to provide for a "lesser interest clause." We have not provided the specific mechanics how this clause operates but customarily it would be done on a net acreage basis.

3. Part XII SALE OR ASSIGNMENT: We have added language to provide for assignment to "controlled" entities, i.e., through merger, consolidation, etc.

4. Part XIV EMINENT DOMAIN: Could we not delete this provision in its entirety? I believe the matter of eminent domain is pretty hard to handle. I think we could sit down and negotiate a reasonable settlement once the situation arises.

5. XVII TIMBER: We have amplified a bit on this paragraph. See what you think.

6. XXII DEFAULT: We feel that we should have the opportunity of a greater period of time within which to cure the default and also gives us some leeway to determine if there is in fact a default and also to allow for judicial determination if there is a question as to a default or breach.

Please let us know your comments on this. We are also providing Cyprus with copies so they too may give us both the benefit of their thinking.

Very truly yours,

William C. Lagos
(for W. I. Auran)

COCA-01-073

TITLE

declare this Agreement null and void and to demand of the Sellers that they return the down payment. In the event title examination reveals that Sellers interest in the property, or any portion thereof is less than that recited in Part III hereof, the the purchase price and the Thirty Thousand Dollar ($30,000.00) amount referred to in Part XV hereof shall be paid Sellers only in the proportion which Sellers actual interest bears to the interest set out in said Part III. If there are no defects in title under the Title Standards of the State Bar of the State of South DAkota, then the parties agree to return the abstract to the escrow agent escribed herein.

Upon the execution of this Agreement, the Sellers agree to deposit with the escrow agent good and sufficient warranty deeds from each Seller covering the property described in Part III hereof to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants and conditions of this Agreement to be performed by them.

X

MECHANIC"S LIENS: (no changes)

XI

Time: (no changes)

XII

SALE OR ASSIGNMENT:

Until such time as the purchase price is paid the Buyers agree not to assign this Agreement, or sell or otherwise dispose of any interest in the property described in Part III hereof, either in whole or in part, to any other person, firm or corporation for any reason without the express consent of the Sellers; provided, however, that such consent shall not be unreasonably withheld; provided further, that each Buyer may assign any part or all of their respective rights and interests to a corporation owned ~~or~~ controlled by each or to a successor by reason of a sale of substantially all of such assignor's assets, merger, consolidation or reorganization without the consent of Sellers, but no such assignment or transfer shall operate to relieve the transferor or assignor of any liability or obliation under this Agreement which arose prior to such transfer. Consented granted in any case or waiver of consent shall not constitute consent except for the specific waiver or consent granted. Violations of the provisions of this part shall Constitute a default hereunder

XIII (no change)

4

XVII

TIMBER:

The parties agree that if the Buyers (to the extent Buyers have the right to so do) shall sell any of the standing timber on the property described in Part III hereof or the right to cut any of such timber prior to the complete and full payment of the purchase price plus accrued interest set forth in Part IV hereof, then the Buyers shall pay to the Sellers their proportionate share (based on the approximate undivided fractional interest set forth in Part III) of the net proceeds received from such sale. If Buyers do not elect to terminate this Agreement under Parts IX and ~~IV~~ XV hereof, Sellers shall have the right (subject to the rights of any co-owners) until September 1, 1982 to remove any marketable standing timber then remaining on the property described in Part III; provided, however, that Sellers shall not unreasonably hinder or interfere with any operations then being conducted on the properties by Buyers. Once the Buyers have made complete and full payment of the purchase price plus accrued interest, as set forth in Part IV hereof, Sellers rights as to any timber on the property described in Part III shall terminate.

XVIII

JOINT AND SEVERAL LIABILITY: (no change)

XIX

SHORT FORM CONTRACT FOR DEED: (no change)

XX

LAW GOVERNING: (No change)

XXI

COUNTERPARTS: (no change)

XXII

DEFAULT:

In the event the Buyers default in the performance of any of the terms, covenants, conditions or obligations of this Agreement assumed by them, the parties agree that the Sellers shall have the option to declare all deferred balances due any payable. Such option shall be exercisable by giving to the Buyers,at the address shown herein for Congdon and Carey, by certified mail, written notice of the nature of such default and Buyers shall have a reasonable period, and in no event less than sixty (60) days after receipt of said notice, within which to commence to remedy any and all breaches or defaults alleged by Sellers to have occurred. Unless Buyers shall commence to remedy, and thereafter proceed with reasonable diligence to completely remedy, such breaches or defaults as herein provided, this Agreement shall terminate and all such deferred balances shall be due and payable within said sixty (60) day period and Sellers shall have the right to retake possession of the property and to retain all payments made by the Buyers and all improvements made by them on the premises as liquidated damages for the breach of this Agreement, accurate damages being incapable of ascertainment; provided, however, that in the event Buyers conclude that any of the breaches or defaults specified in Sellers notice does not in fact exist, this Agreement shall not terminate if Buyers notify Sellers of such fact with sixty (60) days following Buyers receipt of Sellers notice. In such event, if Sellers desire to secure a termination of this Agreement on the basis of the alleged breach or default, Sellers must secure a final judicial determination by a court of competent jurisdiction that such breaches or defaults in fact exist. In the event that there is such a judicial determination that such breaches or defaults exist, this Agreement shall not terminate if Buyers shall remedy such defaults within sixty (60) days after such judicial determination. As to any such judicial determination, it is agreed that the prevailing party shall be entitled to recover from the losing party its reasonable costs of prosecuting the judicial proceeds, including attorney's fees, in such amount as may be allowed by the court having jurisdiction in the matter.

Number_____

SAMPLE

Escrow Instructions

Escrow Number_____

Denver, Colorado,_____

The undersigned deposit___ with ~~The First National Bank of Denver~~, as Escrow Agent, the items set forth in Schedule A, to be held by said escrow Agent subject to the terms hereof and the Special Instructions set forth in Schedule B.

1. These Instructions may be altered, amended, modified or revoked by writing only, signed by all of the parties hereto, and approved by the Escrow Agent, upon payment of all fees, costs and expenses incident hereto.

2. No assignment, transfer, conveyance or hypothecation of any right, title or interest in and to the subject matter of this Escrow shall be binding upon the Escrow Agent unless written notice thereof shall be served upon the Escrow Agent and all fees, costs and expenses incident to such transfer of interest shall have been paid.

3. Any notice required or desired to be given by the Escrow Agent to any other party to this Escrow may be given by mailing the same to such party at the address noted below, and notice so mailed shall for all purposes hereof be as effectual as though served upon such party in person at the time of depositing such notice in the mail.

4. The Escrow Agent shall not be personally liable for any act it may do or omit to do hereunder as such agent, while acting in good faith and in the exercise of its own best judgment, and any act done or omitted by it pursuant to the advice of its own attorney shall be conclusive evidence of such good faith.

5. The Escrow Agent is hereby expressly authorized and directed to disregard any and all notices or warnings given by any of the parties hereto, or by any other person or corporation, excepting only orders or process of court, and is hereby expressly authorized to comply with and obey any and all orders, judgments or decrees of any court, and in case the said Agent obeys or complies with any such order, judgment or decree of any court it shall not be liable to any of the parties hereto or any other person, firm, or corporation by reason of such compliance, notwithstanding any such order, judgment or decree be subsequently reversed, modified, annulled, set aside or vacated, or found to have been entered without jurisdiction.

6. In consideration of the acceptance of this escrow by the Escrow Agent, the undersigned agree, jointly and severally, for themselves, their heirs, executors, administrators, successors and assigns, to pay the Escrow Agent its charges hereunder and to indemnify and hold it harmless as to any liability by it incurred to any other person or corporation by reason of its having accepted the same, or in connection herewith, and to reimburse it for all its expenses, including, among other things, counsel fees and court costs incurred in connection herewith; and that the Escrow Agent shall have a first and prior lien upon all deposits made hereunder to secure the performance of said agreement of indemnity and the payment of its charges and expenses. Escrow fees or charges, as distinguished from other expenses, hereunder shall be as written above the Escrow Agent's signature at the time of its acceptance hereof.

7. If the deposits hereunder are not withdrawn before September 2, 1981

the Escrow Agent may mail the same as follows: all deposit may be mailed in
(State to whom each item deposited is to be returned in such event)
c/o Gerald E. Kosel, having an address of

at the address stated below and thereupon be relieved of all liability hereunder.

IN WITNESS WHEREOF, the undersigned have hereunto affixed their signatures and hereby adopt as a part of this instrument Schedules A and B hereto attached.

Signature_____
GeraldE. Kosel
Address_____

Signature_____
Marvin C. Kosel
Address_____

Signature_____
Howard E. Kosel
Address_____

Signature_____
Amanda H. Kosel
Address_____

Inez Walker

_____
C. J. Walker
Address:_____

Cyprus Mines Corporation

By:_____
Address:

Congdon and Carey, Ltd. 5

By_____
General Partner

ACCEPTED:

Date:_____

THE_____BANK

SAMPLE

"SCHEDULE A"

(Deposits)

1. Warranty Deed dated January _____, 1978 from Gerald E. Kosel, Howard E. Kosel, Marvin C. Kosel, Amanda H. Kosel, Inez Walker and C. J. Walker, wife and husband, "Grantors", and Cypurs Mines Corporation and Congdon and Carey, Ltd. 5, "Grantees" in the proportions of 80% and 20% respectively, in and to the following described property:

   An undivided five-eighths (5/8ths) interest in the Waggoner Mining Claim, an undivided five-eights interest in the Ora Bella Mining Claim, a one hundred per cent (100%) interest in the Hoodoo Gulch Mining Claim, and an undivided one-fourth (1/4th) interest in the Crown Point Mining Claim, all of such property being situated in Sections Five (5) and Eight (8) in Township Four (4) North, Range Four (4) Eastof the Black Hills Meridian, Lawrence County, South Dakota, and are identified as M. S. No. 649, 648, 931, and 912, respectively.

   Containing approximately 21.32 acres.

2. Quitclaim Deed from Cyprus Mining Corporation and Congdon and Carey, Ltd. 5, to the Grantors named in 1 above, quitclaiming and granting the identical property recited above.

3. Fully executed copy of Contract For Deed dated January _____,1978, between the Grantors set out in 1 above, identified therein as Sellers, and the Grantees therein recited and being identified in this Contract For Deed as "Buyers."

4. Abstract of Title in _____parts.

Note: If more than one warranty deed, then all will have to be set out, i.e. as to parties only since the property is set out in the very first deed

"SCHEDULE B"

(Special Instructions)

NOTE: These instructions should be specific and must be complete in themselves, and not refer to or adopt any other instrument or contract. The Escrow Agent can not undertake to construe contracts or determine compliance therewith.

1. Immediately upon receipt of the yearly principal payments made by Cyprus Mines and Congdon and Carey pursuant to Part IV B of the Contract For Deed(copy of which is deposited in escrow under Schedule A, Paragraph 3 above) and as set out below, plus accrued interest on the unpaid balance at eight per cent (8%) per annum, escrow agent is authorized to deliver equal shares of such payment to each of the following individuals, at their addresses set out on the first page of these instructions or at such other addresses as may from time to time be designated in writing by any of said individuals to the satisfaction of the escrow agent.

Gerald E. Kosel	1/5th
Howard E. Kosel	1/5th
Amanda H. Kosel	1/5th
Marvin C. Kosel	1/5th
Inez Walker and C. J. Walker	1/5th

Schedule of Payments:

Due Date	Amount
On or before Sept. 1, 1978	$ 7,500.00
On or before Sept. 1, 1979	15,000.00
On or before Sept. 1, 1980	22,500.00
On or before Sept. 1, 1981	22,500.00
	$67,500.00

2. Upon receipt by the escrow agent of the full purchase price provided for in Part IV B, of said Contract For Deed and as set out above (it being recognized that $7,500.00 of the full purchase price was paid previously), escrow agent shall deliver to Cyprus Mines and Congdon and Carey, c/o Congdon and Carey, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203,all items deposited in escrow under "Schedule A", Paragraphs 1-4, inclusive.

3. Under the terms of Part ~~XIV~~ XIV of said Contract For Deed, Cyprus Mines and Congdon and Carey are obligated to make principal payments of $30,000.00 prior to any termination by them (~~except for failure of title under Part IX of said Contract For Deed~~), and, except for such obligated , in the event of a failure of Congdon and Carey or Cyprus Mines to make any principal payment subsequent to September 1, 1979, and as provided in Paragraph 1 of this "Schedule B", and in Part IV B of said Contract For Deed, or in the event of written notice to escrow agent by Congdon and Carey and Cyprus Mines that they intend to terminate the Contract For Deed and have also provided escrow agent with evidence satisfactory to said escrow agent that Geral E. Kosel et al have been given the required 30 day notice called for under Part ~~XIV~~ XIV of said Contract For Deed, the escrow agent shall deliver to the parties set out under Paragraph 1 above (being Gerald E. Kosel et al) all of the items deposited in escrow under Schedule A, Paragrpahs 1-4, inclusive.

Draft #1

11-2-77

JG

CONTRACT FOR DEED

I

W/A notations herein

PARTIES:

The parties to this Contract for Deed (hereinafter referred to as Agreement) are _____ (hereinafter called Sellers) and CYPRUS MINES CORPORATION, a _____ corporation, _____, California, and CONGDON & CAREY, LTD., a _____ corporation, Denver, Colorado, a joint venture (hereinafter referred to as Buyers).

II

PURPOSE:

The purpose of this agreement is to fix the terms and conditions under which the Sellers agree to sell and the Buyers agree to buy the property described in Part III hereof.

III

PROPERTY:

The property to be covered by this agreement is described as follows:

An undivided five-eighths (5/8ths) interest in the Waggoner Mining Claim, an undivided five-eighths interest in the Ora Bella Mining Claim, a one hundred per cent (100%) interest in the Hoodoo Gulch Mining Claim, and an undivided one-fourth (1/4th) interest in the Crown Point Mining Claim, all of such property being situated in Sections Five (5) and Eight (8) in Township Four (4) North, Range (4) East of the Black Hills Meridian, Lawrence County, South Dakota, and are identified as M.S. No. 649, 648, 931, and 912, respectively.

1351.93A

The Sellers and Buyers agree that the property described herein contains approximately 21.32 acres. The Buyers agree that neither the Sellers nor agents have made any representations with respect to this property other than as set forth herein and specifically that the Sellers have made no representations with respect to the location or quantity of minerals.

IV

CONSIDERATION:

As total consideration for the property described in Part III hereof the Buyers agree to pay to the Sellers the sum of Seventy-Five Thousand Dollars ($75,000.00), payable as follows:

A. Seven Thousand Five Hundred Dollars ($7,500.00) paid upon the execution of this Agreement, the receipt and sufficiency of which is hereby acknowledged by the Sellers.

B. The Buyers agree to pay the balance of Sixty-Seven Thousand Five Hundred Dollars ($67,500.00) plus interest thereon at eight per cent

(8%) per annum from and after January ____, 1978, by making the following principal payments plus accrued interest on the unpaid balance at eight per cent (8%) per annum on the dates set forth:

September 1, 1978	$ 7,500.00
September 1, 1979	15,000.00
September 1, 1980	22,500.00
September 1, 1981	22,500.00
Total	$67,500.00

C. The parties agree that all payments made shall apply first to the payment of interest and the balance to the reduction of principal.

D. The parties agree that the Buyers shall have the right to prepay all or any part of any sums due from time to time hereunder at any time without penalty.

E. The parties agree that the purchase price set forth in this Part IV may be modified as described in Part XV of this Agreement.

V

POSSESSION:

The parties agree that the Buyers may assume possession of the property described in Part III hereof on January ___, 1978.

VI

TAXES:

The Sellers warrant that all taxes and special assessments which constitute a lien on the property described in Part III hereof assessed for the year 1977 and prior years have been paid.

The Buyers agree to pay all of the taxes and special assessments assessed against the property described in Part III hereof for the year 1978 and all of such taxes and special assessments assessed for subsequent years before the same become delinquent. If the Agreement is terminated as described in Part XV hereof, then the Buyers agree to pay all of the taxes and special assessments assessed against the property described in Part III hereof for the year of termination before such taxes become delinquent.

VII

INSURANCE:

The Buyers agree to carry liability insurance covering their operations on the property described in Part III hereof, having a single limit of _____ Dollars ($_____) naming the Sellers as additional insureds.

VIII

ESCROW:

Upon the execution of this Agreement, the parties

escrow instructions to and to establish an escrow account with the First National Bank of Denver, Denver, Colorado, the initial expenses of which shall be borne equally by the parties and all subsequent charges which shall be borne by the Sellers. The Buyers agree to make all deferred payments required of them hereunder to the escrow agent for the account of the Sellers and the escrow agent shall deduct from the last payment made by the Buyers the cost of the transfer fee imposed by the State of South Dakota.

Upon the execution of this Agreement, the parties agree to deposit with the escrow agent the original of this Agreement, warranty deeds from each Seller and quit claim deeds from the Buyers to the Sellers, to the property described in Part III hereof, all of which are to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants and conditions of this agreement to be performed by them.

The parties agree that, when the abstract of title to the property described in Part III hereof has been brought down to date, examined and approved by the Buyers, it shall be deposited with the escrow agent and delivered by the escrow agent to the Buyers upon complete performance by the Buyers of all of the terms, covenants and conditions of this Agreement assumed by them.

As described in Part XV hereof, each of the Buyers agrees to execute a quit claim deed to the property described in Part III hereof so that if the Buyers determine to terminate the Agreement as provided in Part XV hereof, then the quit claim deeds from the Buyers to the Sellers shall be disbursed from escrow by the escrow agent and may be recorded by the Sellers.

IX

TITLE:

The Sellers warrant that they have good and merchantable title to the property described in Part III hereof, according to the Title Standards adopted by the State Bar of South Dakota, subject only to easements and rights-of-way of record and current taxes not delinquent.

Within a reasonable time after the execution of this Agreement, the Sellers agree to secure a continuation down to date of the abstract of title to the property described in Part III hereof and deliver the same to the Buyers for examination by their attorney. Within sixty (60) days after deliver of said abstract to the Buyers, the Buyers agree to have it examined and if there are any defects in title under the Title Standards of the State Bar of the State of South Dakota, then the Buyers shall have the right to

declare this Agreement null and void and to demand of the Sellers that they return the down payment. In the event title examination reveals that Sellers' interest in the property, or any portion thereof is less than that recited in Part III, then ~~The Buyers shall also have the right, as further described in Part XV hereof, to demand that if there are defects in title under the Title Standards of the State Bar of the State of South Dakota, that a proportionate reduction in~~ the purchase price and ~~in~~ the Thirty Thousand Dollar ($30,000.00) amount referred to in Part XV hereof shall be paid Sellers ~~of this Agreement~~ only in the proportion which Sellers actual interest bears to the interest set out in said Part III. ~~be made~~. If there are no defects in title under the Title Standards of the State Bar of the State of South Dakota, then the parties agree to return the abstract to the escrow agent described herein.

Upon the execution of this Agreement, the Sellers agree to deposit with the escrow agent good and sufficient warranty deeds from each Seller covering the property described in Part III hereof to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants, and conditions of this Agreement to be performed by them.

X

MECHANIC'S LIENS:

The Buyers agree that they will not permit the filing of any mechanic's liens on the property described in Part III hereof at any time during the term of this Agreement. The Buyers agree that if any mechanic's liens are filed they will be discharged within thirty (30) days after the Buyers have notice of said filing. The parties agree that the violation of the provisions of this part shall constitute a default hereunder.

XI

TIME:

The parties agree that time is of the essence of this Agreement.

XII

SALE OR ASSIGNMENT:

The Buyers agree not to assign this Agreement, or sell or otherwise dispose of any interest in the property described in Part III hereof, either in whole or in part, to any other person, firm or corporation for any reason without the express written consent of the Sellers except that such consent shall not be unreasonably withheld; provided however, that each Buyer may convey and transfer any or all of their rights and interests to a corporation owned or controlled by each or to a successor by reason of a sale of substantially all of a transferor's assets, merger, consolidation or reorganization without the consent of Buyers but no such assignment or transfer shall operate to relieve the transferor of any liability or obligation under this Agreement which arose prior to such transfer. ~~Consent granted in any case or waiver of consent shall not constitute consent except for the specific waiver or consent granted. Violations of the provisions of this part shall constitute a default hereunder.~~

XIII

HOLD HARMLESS:

The Buyers agree to defend and hold the Sellers harmless from any liability of any kind or character arising out of the use and occupation of the property described in Part III hereof by the Buyers, or anyone claiming

under them, including but not limited to a reasonable attorney fee for any litigation to which the Sellers are made a party or threatened to be made a party, and which arises out of the use and occupation of the property described in Part III hereof by the Buyers.

XIV

EMINENT DOMAIN: delete.

The parties agree that if all or any part of the property described in Part III hereof is taken by any governmental or quasi-governmental body under the power of eminent domain, or the threat of the use of the power of eminent domain, that the entire award received from such taking shall be applied to the latest maturing installment of the balance due hereunder.

XV

TERMINATION:

The parties agree that the Buyers may terminate this Agreement at any time after the Buyers have made principal payments on the purchase price totalling at least Thirty Thousand Dollars ($30,000.00). In order to terminate the Agreement, the Buyers shall give to the Sellers thirty (30) days written notice of their intent to terminate the Agreement and this Agreement shall terminate at the end of such thirty (30) day period. The Buyers shall also cooperate with the Sellers in obtaining all documents previously placed in escrow with the escrow agent. In the event the Buyers make such election, then the Sellers agree that the Buyers' obligation to make the additional payments of principal in excess of Thirty Thousand Dollars ($30,000.00) and interest is null and void and both parties shall be released of any and all obligations which might be owed to the other party. The Buyers agree to execute quit claim deeds to the property described in Part III hereof in favor of the Sellers and such quit claim deeds shall be released from escrow if the Buyers elect to terminate this Agreement as provided herein.

XVI

LIMITATION ON MINING:

The Buyers agree that they shall not mine ore in commercial quantities from the property described in Part III hereof unless they have first paid in full the purchase price and accrued interest as set forth in Part IV hereof. However, the Sellers agree that this shall not prohibit the Buyers from removing from time to time such ore and material as may be necessary for the Buyers to make analysis of value, metallurgical tests, and other like pur-

poses. The Buyers agree that the Sellers and their agents may inspect the property during such time and also inspect the mining and testing being made by the Buyers and to report from time to time as to the status of the mining operations. The mining of ore by the Buyers in commercial quantities without payment in full of the purchase price and accrued interest shall constitute a default hereunder.

XVII

TIMBER: see "6" attached

The parties agree that if the Buyers (to the extent Buyers have the right to so do) shall sell any of the standing timber on the property described in Part III hereof or the right to cut any of such timber prior to the complete and full payment of the purchase price plus accrued interest set forth in Part IV hereof, then the Buyers shall pay to the Sellers their proportionate share (based on the approximate undivided fractional interest set forth in Part III) of the net proceeds received from such sale. If Buyers do not elect to terminate this agreement under Parts IX and ~~XV~~ XV hereof, Sellers shall have the right (subject to the rights of any co-owners) until September 1, 1982 to remove any marketable standing timber then remaining on the property described in Part III, provided, however, that Sellers shall not unreasonably hinder or interfere with any operations then being conducted on the properties by Buyers. Once the Buyers have made complete and full payment of the purchase price plus accrued interest set forth in Part IV hereof, Sellers rights as to ~~any~~ timber on the property described in Part III shall terminate.

XVIII

JOINT AND SEVERAL LIABILITY:

The Buyers agree that their liability and undertaking under this Agreement, including the liability for payment in full of the purchase price and accrued interest shall be joint and several.

XIX

SHORT FORM CONTRACT FOR DEED:

The parties agree that short form contract for deed will be prepared and executed and placed of record in the office of the Register of Deeds of Lawrence County, South Dakota.

XX

LAW GOVERNING:

The parties agree that this is a South Dakota contract and shall be governed, interpreted, and construed according to the laws of South Dakota, notwithstanding that one or more of the parties hereto may be a resident of a State other than South Dakota or that they may have signed this Agreement in a State other than South Dakota.

Any party executing this Agreement who is not a resident of South Dakota does hereby agree that service of process upon him or her in any dispute arising under this Agreement may be made by serving the Secretary of State of South Dakota, with instructions to the Secretary of State of South Dakota to immediately forward a true copy of said process to the person or persons to be served at the last known address of said person or persons and, in addition by mailing to said person or persons a true copy of said process at the last address of which said persons have furnished the person instituting such process.

The parties agree that all disputes arising hereunder shall be submitted to a state or federal court having jurisdiction of the parties and the subject matter and located and sitting within the State of South Dakota.

XXI

COUNTERPARTS:

The parties agree that this Agreement may be executed in as many counterparts by the Sellers as there are Sellers and in as many counterparts by the Buyers as there are Buyers and that all such counterparts shall be considered originals of this Agreement.

XXII

DEFAULT:

In the event the Buyers default in the performance of any of the terms, covenants, conditions or obligations of this Agreement assumed by them, the parties agree that the Sellers shall have the option to declare all deferred balances due and payable. Said option shall be exercisable by giving to the Buyers at their address in _____ by certified mail, ~~thirty (30) days~~ written notice of the nature of such default. In the event of the failure of the Buyers to cure such default within such thirty (30) day period, then all such deferred balances shall be due and payable at the end of said thirty (30) day period and Sellers shall have the right to retake possession of the property described in Part III hereof and to retain all payments made by the Buyers and all improvements made by them on the premises as liquidated damages for the breach of this Agreement, accurate damages being incapable of ascertainment.

The parties agree that, in the event of such default, all other remedies available to the Sellers under the laws of South Dakota shall accrue to the Sellers.

XXIII

INTEGRATION:

The parties agree that this writing constitute the entire Agreement between them and that there are no other oral or collateral agreements or understandings of any kind or character except those contained herein.

XXIV

BINDING EFFECT:

This Agreement shall extend to and be binding upon the heirs, administrators, executors, successors and assigns of the Sellers and Buyers.

XXV

HEADINGS:

The headings used for each paragraph herein are for descriptive purposes only.

Dated this _____ day of _____, 1977.

"SELLERS"

_____

_____

_____

_____

_____

_____

"BUYERS"

CYPRUS MINES CORPORATION

BY _____

ITS _____

CONGDON & CAREY, LTD.

BY _____

CONTRACT FOR DEED

I

PARTIES:

The parties to this Contract for Deed (hereinafter referred to as Agreement) are THE ESTATE OF MAGDALINA WAGGONER, Deceased, (hereinafter called Seller) and CYPRUS MINES CORPORATION, a New York corporation, Los Angeles, California, and CONGDON AND CAREY, LTD., a Colorado limited partnership, Denver, Colorado, a joint venture (hereinafter referred to as Buyers).

II

PURPOSE:

The purpose of this agreement is to fix the terms and conditions under which the Sellers agree to sell and the Buyers agree to buy the property described in Part III hereof.

III

PROPERTY:

The property to be covered by this agreement is described as follows:

An undivided five-eighths (5/8ths) interest in the Waggoner Mining Claim, an undivided five-eighths (5/8ths) interest in the Ora Bella Mining Claim, a one hundred per cent (100%) interest in the Hoodoo Gulch Mining Claim, and an undivided one-fourth (1/4th) interest in the Crown Point Mining Claim, all of such property being situated in Sections Five (5) and Eight (8) in Township Four (4) North, Range Four (4) East of the Black Hills Meridian, Lawrence County, South Dakota, and are identified as M.S. No. 649, 648, 931, and 912, respectively.

The Sellers and Buyers agree that the property described herein contains approximately 21.32 acres. The Buyers agree that neither the Sellers nor agents have made any representations with respect to this property other than as set forth herein and specifically that the Sellers have made no representations with respect to the location or quantity of minerals.

IV

CONSIDERATION:

As total consideration for the property described in Part III hereof, the Buyers agree to pay to the Sellers the sum of Seventy-Five Thousand Dollars ($75,000.00), payable as follows:

CONTRACT FOR DEED

I

PARTIES:

The parties to this Contract for Deed (hereinafter referred to as Agreement) are THE ESTATE OF MAGDALINA WAGGONER, Deceased, (hereinafter called Seller) and CYPRUS MINES CORPORATION, a New York corporation, Los Angeles, California, and CONGDON AND CAREY, LTD., a Colorado limited partnership, Denver, Colorado, a joint venture (hereinafter referred to as Buyers).

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The Sellers and Buyers agree that the property described herein contains approximately 21.32 acres. The Buyers agree that neither the Sellers nor agents have made any representations with respect to this property other than as set forth herein and specifically that the Sellers have made no representations with respect to the location or quantity of minerals.

IV

CONSIDERATION:

As total consideration for the property described in Part III hereof, the Buyers agree to pay to the Sellers the sum of Seventy-Five Thousand Dollars ($75,000.00), payable as follows:

VII

INSURANCE:

The Buyers agree to carry liability insurance covering their operations on the property described in Part III hereof, having a single limit of One Million Dollars ($1,000,000.00) naming the Sellers as additional insureds.

VIII

ESCROW:

Upon the execution of this Agreement, the parties agree to execute escrow instructions to and to establish an escrow account with the , Billings, Montana., the initial expenses of which shall be borne equally by the parties and all subsequent charges which shall be borne by the Sellers. The Buyers agree to make all deferred payments required of them hereunder to the escrow agent for the account of the Sellers and the escrow agent shall deduct from the last payment made by the Buyers the cost of the transfer fee imposed by the State of South Dakota.

Upon the execution of this Agreement, the parties agree to deposit with the escrow agent the original of this Agreement, a warranty deed from the Seller and quit claim deeds from the Buyers to the Seller, to the property described in Part III hereof, all of which are to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants and conditions of this agreement to be performed by them.

The parties agree that, when the abstract of title to the property described in Part III hereof has been brought down to date, examined and approved by the Buyers, it shall be deposited with the escrow agent and delivered by the escrow agent to the Buyers upon complete performance by the Buyers of all of the terms, covenants and conditions of this Agreement assumed by them.

As described in PartXIVhereof, each of the Buyers agrees to execute a quit claim deed to the property described in Part III hereof so that if the Buyers determine to terminate the Agreement as provided in Part XIV hereof, then the quit claim deeds from the Buyers to the Seller shall be disbursed from escrow by the escrow agent and may be recorded by the Seller.

VII

INSURANCE:

The Buyers agree to carry liability insurance covering their operations on the property described in Part III hereof, having a single limit of One Million Dollars ($1,000,000.00) naming the Sellers as additional insureds.

VIII

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Upon the execution of this Agreement, the parties agree to execute escrow instructions to and to establish an escrow account with the , Billings, Montana., the initial expenses of which shall be borne equally by the parties and all subsequent charges of which shall be borne by the Sellers. The Buyers agree to make all deferred payments required of them hereunder to the escrow agent for the account of the Sellers and the escrow agent shall deduct from the last payment made by the Buyers the cost of the transfer fee imposed by the State of South Dakota.

Upon the execution of this Agreement, the parties agree to deposit with the escrow agent the original of this Agreement, a warranty deed from the Seller and quit claim deeds from the Buyers to the Seller, to the property described in Part III hereof, all of which are to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants and conditions of this agreement to be performed by them.

The parties agree that, when the abstract of title to the property described in Part III hereof has been brought down to date, examined and approved by the Buyers, it shall be deposited with the escrow agent and delivered by the escrow agent to the Buyers upon complete performance by the Buyers of all of the terms, covenants and conditions of this Agreement assumed by them.

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Seller agrees that the Buyers' obligation to make the additional payments of principal in excess of Thirty Thousand Dollars ($30,000.00) and interest is null and void and both parties shall be released of any and all obligations which might be owed to the other party. The Buyers agree to execute quit claim deeds to the property described in Part III hereof in favor of the Seller and such quit claim deeds shall be released from escrow if the Buyers elect to terminate this Agreement as provided herein.

XV

LIMITATION ON MINING:

The Buyers agree that they shall not mine ore in commercial quantities from the property described in Part III hereof unless they have first paid in full the purchase price and accrued interest as set forth in Part IV hereof. However, the Seller agrees that this shall not prohibit the Buyers from removing from time to time such ore and material as may be necessary for the Buyers to make analysis of value, metallurgical tests, and other like purposes. The Buyers agree that the Seller and its agents may inspect the property during such time and also inspect the mining and testing being made by the Buyers and to report from time to time as to the status of the mining operations. The mining of ore by the Buyers in commercial quantities without payment in full of the purchase price and accrued interest shall constitute a default hereunder.

XVI

TIMBER:

The parties agree that if the Buyers (to the extent Buyers have the right to so do) shall sell any of the standing timber on the property described in Part III hereof or the right to cut any of such timber prior to the complete and full payment of the purchase price plus accrued interest set forth in Part IV hereof, then the Buyers shall pay to the Seller their proportionate share (based on the approximate undivided fractional interest set forth in Part III) of the net proceeds received from such sale. If Buyers do not elect to terminate this Agreement under Part. XIV hereof, Seller shall have the right (subject to the rights of any co-owners) until September 1, 1982 to remove any marketable standing timber then remaining

Seller agrees that the Buyers' obligation to make the additional payments of principal in excess of Thirty Thousand Dollars ($30,000.00) and interest is null and void and both parties shall be released of any and all obligations which might be owed to the other party. The Buyers agree to execute quit claim deeds to the property described in Part III hereof in favor of the Seller and such quit claim deeds shall be released from escrow if the Buyers elect to terminate this Agreement as provided herein.

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XVI

TIMBER:

The parties agree that if the Buyers (to the extent Buyers have the right to so do) shall sell any of the standing timber on the property described in Part III hereof or the right to cut any of such timber prior to the complete and full payment of the purchase price plus accrued interest set forth in Part IV hereof, then the Buyers shall pay to the Seller their proportionate share (based on the approximate undivided fractional interest set forth in Part III) of the net proceeds received from such sale. If Buyers do not elect to terminate this Agreement under Part. XIV hereof, Seller shall have the right (subject to the rights of any co-owners) until September 1, 1982 to remove any marketable standing timber then remaining

"BUYERS"

CYPRUS MINES CORPORATION

BY:_____

ITS:_____

CONGDON AND CAREY, LTD. 5

BY:_____

General Partner

STATE OF _____:
SS
COUNTY OF _____:

On this ____ day of _____, 1978, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of the Estate of Magdalina Waggoner, Deceased, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing his name as the _____ of the said estate.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

(SEAL)

My Commission Expires:_____

STATE OF _____:
SS
COUNTY OF _____:

On this ___ day of _____, 1978, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as _____.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

(SEAL)

My Commission Expires:_____

"BUYERS"

CYPRUS MINES CORPORATION

BY:_____

ITS:_____

CONGDON AND CAREY, LTD. 5

BY:_____
General Partner

STATE OF _____:
SS
COUNTY OF _____:

On this ____ day of _____, 1978, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of the Estate of Magdalina Waggoner, Deceased, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing his name as the _____ of the said estate.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

(SEAL)

My Commission Expires:_____

STATE OF _____:
SS
COUNTY OF _____:

On this ___ day of _____, 1978, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as _____.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

(SEAL)

My Commission Expires:_____

STATE OF COLORADO :
SS
COUNTY OF DENVER :

On this ____ day of _____, 1978, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be one of the general partners of Congdon and Carey, Ltd. 5, a limited partnership, and that he, as such partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the partnership by himself as a general partner.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

(SEAL)

My Commission Expires: _____

STATE OF COLORADO :
SS
COUNTY OF DENVER :

On this ____ day of _____, 1978, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be one of the general partners of Congdon and Carey Ltd. 5, a limited partnership, and that he, as such partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the partnership by himself as a general partner.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

(SEAL)

My Commission Expires:_____

CONTRACT FOR DEED

I

PARTIES:

The parties to this Contract for Deed (hereinafter referred to as Agreement) are THE ESTATE OF MAGDALENA WAGGONER, Deceased, (hereinafter called Seller) and CYPRUS MINES CORPORATION, a New York corporation, Los Angeles, California, and CONGDON & CAREY, LTD. 5, a Colorado limited partnership, Denver, Colorado, a joint venture (hereinafter referred to as Buyers).

II

PURPOSE:

The purpose of this agreement is to fix the terms and conditions under which the Seller agrees to sell and the Buyers agree to buy the property described in Part III hereof.

III

PROPERTY:

The property to be covered by this agreement is described as follows:

> An undivided five-eighths (5/8ths) interest in the Waggoner Mining Claim, an undivided five-eighths (5/8ths) interest in the Ora Bella Mining Claim, a one hundred per cent (100%) interest in the Hoodoo Gulch Mining Claim, and an undivided one-fourth (1/4th) interest in the Crown Point Mining Claim, all of such property being situated in Sections Five (5) and Eight (8) in Township Four (4) North, Range Four (4) East of the Black Hills Meridian, Lawrence County, South Dakota, and are identified as M.S. No. 649, 648, 931, and 912, respectively.

The Seller and Buyers agree that the property described herein contains approximately 21.32 acres. The Buyers agree that neither the Seller nor its agents have made any representations with respect to this property other than as set forth herein and specifically that the Seller has made no representations with respect to the location or quantity of minerals.

IV

CONSIDERATION:

As total consideration for the property described in Part III hereof, the Buyers agree to pay to the Seller the sum of Seventy-Five Thousand Dollars ($75,000.00), payable as follows:

A. Seven Thousand Five Hundred Dollars ($7,500.00) paid upon the execution of this Agreement, the receipt and sufficiency of which is hereby acknowledged by the Seller.

B. The Buyers agree to pay the balance of Sixty-Seven Thousand Five Hundred Dollars ($67,500.00) plus interest thereon at eight per cent (8%) per annum from and after the date of possession by making the following principal payments plus accrued interest on the unpaid balance at eight per cent (8%) per annum on the dates set forth:

September 1, 1978	$ 7,500.00
September 1, 1979	15,000.00
September 1, 1980	22,500.00
September 1, 1981	22,500.00
Total	$67,500.00

C. The parties agree that all payments made shall apply first to the payment of interest and the balance to the reduction of principal.

D. The parties agree that the Buyers shall have the right to prepay all or any part of any sums due from time to time hereunder at any time without penalty.

V

POSSESSION:

The parties agree that the Buyers may assume possession of the property described in Part III hereof on Sept 1, 1978.

VI

TAXES:

The Seller warrants that all taxes and special assessments which constitute a lien on the property described in Part III hereof assessed for the year 1977 and prior years have been paid.

The Buyers agree to pay all of the taxes and special assessments assessed against the property described in Part III hereof for the year 1978 and all of such taxes and special assessments assessed for subsequent years before the same become delinquent. If the Agreement is terminated as described in Part XIV hereof, then the Buyers agree to pay all of the taxes and

special assessments assessed against the property described in Part III hereof for the year of termination before such taxes become delinquent.

VII

INSURANCE:

The Buyers agree to carry liability insurance covering their operations on the property described in Part III hereof, having a single limit of One Million Dollars ($1,000,000.00) naming the Seller as an additional insured.

VIII

ESCROW:

Upon the execution of this Agreement, the parties agree to execute escrow instructions to and to establish an escrow account with First Northwestern National Bank of Billings, Billings, Montana, the initial expenses of which shall be borne equally by the parties and all subsequent charges which shall be borne by the Seller. The Buyers agree to make all deferred payments required of them hereunder to the escrow agent for the account of the Seller and the escrow agent shall deduct from the last payment made by the Buyers the cost of the transfer fee imposed by the State of South Dakota.

Upon the execution of this Agreement, the parties agree to deposit with the escrow agent the original of this Agreement, a warranty deed from the Seller and quit claim deeds from the Buyers to the Seller, to the property described in Part III hereof, all of which are to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants and conditions of this agreement to be performed by them.

The parties agree that, when the abstract of title to the property described in Part III hereof has been brought down to date, examined and approved by the Buyers, it shall be deposited with the escrow agent and delivered by the escrow agent to the Buyers upon complete performance by the Buyers of all of the terms, covenants and conditions of this Agreement assumed by them.

As described in Part XV hereof, each of the Buyers agrees to execute a quit claim deed to the property described in Part III hereof so that if the Buyers determine to terminate the Agreement as provided in Part XV

hereof, then the quit claim deeds from the Buyers to the Seller shall be disbursed from escrow by the escrow agent and may be recorded by the Seller.

IX

TITLE:

The Seller warrants that it has good and merchantable title to the property described in Part III hereof, according to the Title Standards adopted by the State Bar of South Dakota, subject only to easements and rights-of-way of record and current taxes not delinquent.

The Seller and Buyers agree that the Seller has secured a continuation down to date of the abstract of title to the property described in Part III hereof and delivered the same to the Buyers for examination by their attorney. The Buyers agree that they have examined the abstract and found no defects in title under the Title Standards of the State Bar of the State of South Dakota. The parties agree to return the abstract to the escrow agent described herein.

Upon the execution of this Agreement, the Seller agrees to deposit with the escrow agent a good and sufficient warranty deed from the Seller covering the property described in Part III hereof to be delivered to the Buyers upon the complete performance by them of all of the terms, covenants, and conditions of this Agreement to be performed by them.

X

MECHANIC'S LIENS:

The Buyers agree that they will not permit the filing of any mechanic's liens on the property described in Part III hereof at any time during the term of this Agreement. The Buyers agree that if any mechanic's liens are filed they will be discharged within thirty (30) days after the Buyers have notice of said filing. The parties agree that the violation of the provisions of this part shall constitute a default hereunder.

XI

TIME:

The parties agree that time is of the essence of this Agreement.

XII

SALE OR ASSIGNMENT:

Until such time as the total purchase price is paid, the Buyers agree not to assign this Agreement, or sell or otherwise dispose of any interest in the property described in Part III hereof, either in whole or in part, to any other person, firm or corporation for any reason without the express consent of the Seller; provided, however, that such consent shall not be unreasonably withheld; provided further, that each Buyer may assign any part or all of their respective rights and interests to a corporation owned and controlled by each or to a successor by reason of a sale of substantially all of such assignor's assets, merger, consolidation or reorganization without the consent of Seller, but no such assignment or transfer shall operate to relieve the transferor or assignor of any liability or obligation under this Agreement which arose prior to such transfer. Consent granted in any case or waiver of consent shall not constitute consent except for the specific waiver or consent granted. Violations of the provisions of this part shall constitute a default hereunder.

XIII

HOLD HARMLESS:

The Buyers agree to defend and hold the Seller harmless from any liability of any kind or character arising out of the use and occupation of the property described in Part III hereof by the Buyers, or anyone claiming under them, including but not limited to a reasonable attorney fee for any litigation to which the Seller is made a party or threatened to be made a party, and which arises out of the use and occupation of the property described in Part III hereof by the Buyers.

XIV

TERMINATION:

The parties agree that the Buyers may terminate this Agreement at any time after the Buyers have made principal payments on the purchase price totalling at least Thirty Thousand Dollars ($30,000.00) on the dates set forth in Part IV B hereof or by prepayment. In order to terminate the Agree-

ment, the Buyers shall give to the Seller thirty (30) days written notice of their intent to terminate the Agreement and this Agreement shall terminate at the end of such thirty (30) day period. The Buyers shall also cooperate with the Seller in obtaining all documents previously placed in escrow with the escrow agent. In the event the Buyers make such election, then the Seller agrees that the Buyers' obligation to make the additional payments of principal in excess of Thirty Thousand Dollars ($30,000.00) and interest is null and void and both parties shall be released of any and all obligations which might be owed to the other party. The Buyers agree to execute quit claim deeds to the property described in Part III hereof in favor of the Seller and such quit claim deeds shall be released from escrow if the Buyers elect to terminate this Agreement as provided herein.

XV

LIMITATION ON MINING:

The Buyers agree that they shall not mine ore in commercial quantities from the property described in Part III hereof unless they have first paid in full the purchase price and accrued interest as set forth in Part IV hereof. However, the Seller agrees that this shall not prohibit the Buyers from removing from time to time such ore and material as may be necessary for the Buyers to make analysis of value, metallurgical tests, and other like purposes. The Buyers agree that the Seller and its agents may inspect the property during such time and also inspect the mining and testing being made by the Buyers and to report from time to time as to the status of the mining operations. The mining of ore by the Buyers in commercial quantities without payment in full of the purchase price and accrued interest shall constitute a default hereunder.

XVI

TIMBER:

The parties agree that if the Buyers (to the extent Buyers have the right to so do) shall sell any of the standing timber on the property described in Part III hereof or the right to cut any of such timber prior to the complete and full payment of the purchase price plus accrued interest set forth in Part IV hereof, then the Buyers shall pay to the Seller their

proportionate share (based on the approximate undivided fractional interest set forth in Part III) of the net proceeds received from such sale. If Buyers do not elect to terminate this Agreement under Part XIV hereof, Seller shall have the right (subject to the rights of any co-owners) until September 1, 1982 to remove any marketable standing timber then remaining on the property described in Part III; provided, however, that Seller shall not unreasonably hinder or interfere with any operations then being conducted on the properties by Buyers. Once the Buyers have made complete and full payment of the purchase price plus accrued interest, as set forth in Part IV hereof, Seller's rights as to any timber on the property described in Part III shall terminate.

XVII

JOINT AND SEVERAL LIABILITY:

The Buyers agree that their liability and undertaking under this Agreement, including the liability for payment in full of the purchase price and accrued interest, shall be joint and several.

XVIII

SHORT FORM CONTRACT FOR DEED:

The parties agree that a short form contract for deed will be prepared and executed and placed of record in the office of the Register of Deeds of Lawrence County, South Dakota.

XIX

LAW GOVERNING:

The parties agree that this is a South Dakota contract and shall be governed, interpreted, and construed according to the laws of South Dakota, notwithstanding that one or more of the parties hereto may be a resident of a State other than South Dakota or that they may have signed this Agreement in a State other than South Dakota.

Any party executing this Agreement who is not a resident of South Dakota does hereby agree that service of process upon him or her in any dispute arising under this Agreement may be made by serving the Secretary of State of South Dakota, with instructions to the Secretary of State of South Dakota to immediately forward a true copy of said process

to the person or persons to be served at the last known address of said person or persons and, in addition by mailing to said person or persons a true copy of said process at the last address of which said persons have furnished the person instituting such process.

The parties agree that all disputes arising hereunder shall be submitted to a state or federal court having jurisdiction of the parties and the subject matter and located and sitting within the State of South Dakota.

XX

COUNTERPARTS:

The parties agree that this Agreement may be executed in as many counterparts by the Seller as there are Sellers and in as many counterparts by the Buyers as there are Buyers and that all such counterparts shall be considered originals of this Agreement.

XXI

OBLIGATION TO COMPLY WITH APPLICABLE LAWS:

Buyers, at their sole expense, shall promptly comply with all laws, orders, and regulations of federal, state, county, and municipal authorities, and with any direction of any public officer, pursuant to law, which shall impose any duty upon the Buyers or Seller with respect to the property described in Part III hereof. The Buyers shall, at their sole expense, obtain all licenses and permits which may be required with the conduct of their business on the property described in Part III hereof.

XXII

UNAVOIDABLE DELAY:

If there shall occur on or after the commencement date of this Agreement, any act of God, governmental restriction, regulation, or control beyond the reasonable control of the Buyers, and as a result of one or all of the above mentioned events, the Buyers fail to punctually perform any obligation on their part to be performed under this Agreement, then such failure shall be excused and shall not be a breach of this Agreement by the party in question, but only to the extent and for the time occasioned by such event.

XXIII

DEFAULT:

In the event the Buyers default in the performance of any of the terms, covenants, conditions or obligations of this Agreement assumed by them, the parties agree that the Seller shall have the option to declare all deferred balances due and payable. Said option shall be exercisable by giving to the Buyers at their address in Cyprus Mines Corporation, 555 Flower Street, Los Angeles, California 90071 and Congdon & Carey, Ltd. 5, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 by certified mail, thirty (30) days written notice of the nature of such default. In the event of the failure of the Buyers to cure such default within such thirty (30) day period, then all such deferred balances shall be due and payable at the end of said thirty (30) day period and Seller shall have the right to retake possession of the property described in Part III hereof and to retain all payments made by the Buyers and all improvements made by them on the premises as liquidated damages for the breach of this Agreement, accurate damages being incapable of ascertainment.

The parties agree that, in the event of such default, all other remedies available to the Seller under the laws of South Dakota shall accrue to the Seller.

XXIV

INTEGRATION:

The parties agree that this writing constitutes the entire Agreement between them and that there are no other oral or collateral agreements or understandings of any kind or character except those contained herein.

XXV

BINDING EFFECT:

This Agreement shall extend to and be binding upon the heirs, administrators, executors, successors and assigns of the Seller and Buyers.

XXVI

HEADINGS:

The headings used for each paragraph herein are for descriptive purposes only.

Dated this _____ day of _____, 1978.

"SELLER"

ESTATE OF MAGDALENA WAGGONER, DECEASED

BY: _____

ITS: _____

"BUYERS"

CYPRUS MINES CORPORATION

BY: Alan Bakewell

ITS: Vice President

CONGDON & CAREY, LTD. 5

BY: Thomas E Congdon

ITS: General Partner

STATE OF _____ :
SS
COUNTY OF _____ :

On this ____ day of _____, 1978, before me, the undersigned officer, personally appeared Amanda Kosel, who acknowledged herself to be the petitioner of the Estate of Magdalena Waggoner, Deceased, and that she as such petitioner, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing her name as the petitioner of the said estate.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

(SEAL)

My Commission Expires: _____

STATE OF California :
SS
COUNTY OF Los Angeles :

On this 11th day of August, 1978, before me, the undersigned officer, personally appeared Alan Bakewell, who acknowledged himself to be the Vice President of CYPRUS MINES CORPORATION, a corporation, and that he, as such Officer, being authorized so to do, executed the foregoing

instrument for the purposes therein contained by signing the name of the corporation by himself as Vice President

In witness whereof I hereunto set my hand and official seal.

(SEAL) OFFICIAL SEAL GLORIA M. JUDGE NOTARY PUBLIC - CALIFORNIA LOS ANGELES COUNTY My comm. expires FEB 7, 1980

Gloria M. Judge
NOTARY PUBLIC

My Commission Expires: February 7, 1980

STATE OF Colorado :
City SS
COUNTY OF Denver :

On this 2nd day of August, 1978, before me, the undersigned officer, personally appeared Thomas E. Congdon, who acknowledged himself to be one of the general partners of CONGDON & CAREY, LTD. 5, a limited partnership, and that he, as such general partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the partnership by himself as a general partner.

In witness whereof I hereunto set my hand and official seal.

Linda A Dotsworth
NOTARY PUBLIC

(SEAL)

My Commission Expires: June 15, 1981

wid 10/5/83

AMENDMENT OF LEASE AND OPTION TO PURCHASE

THIS AGREEMENT AND AMENDMENT, made and entered into as of the 30th day of June, 1983, by and between NORTHWESTERN METAL COMPANY, a Nebraska corporation, whose address is Superior Industrial Park, P.O. Box 81826, Lincoln, Nebraska 68501 (hereinafter referred to as "Northwestern"), and CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, and CoCa MINES INC., a Colorado corporation, whose address is 910 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, successors in interest to CONGDON AND CAREY, LTD. 5, (hereinafter referred to as "Lessee" whether one or more):

WITNESSETH:

WHEREAS, under date of September 1, 1976 ("Lease Date"), Northwestern entered into a certain Lease and Option to Purchase with Congdon and Carey, Ltd. 5, a limited partnership under the provisions of Colorado Revised Statutes, affecting certain lands situated in Lawrence County, South Dakota, a memorandum of which was recorded in the Official Records of Lawrence County, South Dakota, on July 21, 1983, Document Number 83-4097, and ;

WHEREAS, Congdon and Carey, Ltd. 5, entered into a Joint Venture Agreement as of January 1, 1975, with Cyprus Mines Corporation, and;

WHEREAS, in accordance with the provisions of the aforementioned Lease and Option to Purchase and the Joint Venture Agreement, Congdon and Carey, Ltd. 5, assigned an undivided eighty percent (80%) interest in the Lease and Option to Purchase to Cyprus Mines Corporation by Assignment dated September 27, 1976, as recorded in the Official Records of Lawrence County, South Dakota, on February 14, 1983, Document Number 83-2448, and;

WHEREAS, in accordance with the provisions of the aforementioned Lease and Option to Purchase and the Joint Venture Agreement,

COCA-01-076

Congdon and Carey, Ltd. 5, assigned an undivided twenty percent (20%) interest in the Lease and Option to Purchase to CoCa Mines Inc., by Assignment dated December 31, 1982, as recorded in the Official Records of Lawrence County, South Dakota, on February 7, 1983, Document Number 83-2386, and;

WHEREAS, Northwestern and Lessee desire to amend the description of the premises contained in the Lease and Option to Purchase:

NOW, THEREFORE, Northwestern and Lessee agree that, in consideration of the payment of One Dollar ($1.00) by Lessee to Northwestern, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, Article I, Paragraph 1.1, of the Lease and Option to Purchase dated September 1, 1976, is hereby amended to read as follows:

1.1 Northwestern is the owner of the full mineral interest in the following described patented lode mining claims and any improvements thereon, and the lands covered thereby, situate in Sections 5 and 6, Township 4 North, Range 4 east, B.H.M., Bear Butte Mining District, Lawrence County, State of South Dakota (hereinafter referred to as the "Premises"), to-wit:

Mineral Survey No. 1134, approved January 18, 1899; Mineral Patent No. 32166 dated February 16, 1900, as recorded in the Official Records of Lawrence County, South Dakota, on April 10, 1900, Book 149 of Miscellaneous Deeds, Pages 530 through 546, covering the following claims:

Adrian Fraction
Alert
Alert Fraction
Alert Fraction No. 1
Argo Fraction
Comet
Erwin Fraction
Maverick
May
May Fraction
Nevada
Pyrite
Pyrite Fraction
South Ruby

Eureka
Hoodo
Lucky Fract

containing

Northwestern acknowle
as amended, is valid
purpose Northwestern
of Northwestern's in
terms, conditions an
and Option to Purchas

This Amendment of Le
to and be effective a

This Amendment of Le
upon and inure to
successors, personal

EXECUTED the day and

Attest:

Attest:

W. H. Cann

Attest:

J. C. Mitchell,
Vice President

Eureka
Hoodo
Lucky Fraction

Summit
Union Fraction
Union Hill

containing 119.20 acres, more or less.

Northwestern acknowledges that said Lease and Option to Purchase, as amended, is valid and in full force and effect and for such purpose Northwestern hereby grants, leases and lets to Lessee all of Northwestern's interest in the above Premises upon the same terms, conditions and provisions as are contained in said Lease and Option to Purchase as amended hereby.

This Amendment of Lease and Option to Purchase shall relate back to and be effective as of the Lease date.

This Amendment of Lease and Option to Purchase shall be binding upon and inure to the benefit of the parties hereto, their successors, personal representatives and assigns.

EXECUTED the day and year first above set forth.

Northwestern:
Northwestern Metal Company

Attest:

By: David V. Hedges
David Hedges, President

LESSEE:
Cyprus Mines Corporation

Attest:

By:
H. L. Bauer, Jr.,
Vice President

W. H. Cann

LESSEE:
CoCa Mines Inc.

Attest:

By:
Hugh J. Matheson, President

J. O. Mitchell,
Vice President

CORPORATE ACKNOWLEDGMENT - ~~[illegible]~~ Nebraska

State of Nebraska)
) ss.
County of Lancaster)

On this the 30th day of June, 1983, before me, William D. Thompson the undersigned officer, personally appeared David V. Hedges who acknowledged himself to be the President of Northwestern Metal Co a corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof I hereto set my hand and official seal.

William D. Thompson
Notary Public

SEAL

William D. Thompson
GENERAL NOTARIAL
SEAL
STATE OF NEBRASKA
COMMISSION EXPIRES
July 14, 1984

William D. Thompson
Typed or Printed Name

Box 81806 Lincoln NE 68501
Business Address

My Commission expires July 14, 1984

CORPORATE ACKNOWLEDGMENT - ~~SOUTH DAKOTA~~ Colorado

State of Colorado)
) ss.
County of Denver)

On this the 8th day of July, 1983, before me, the undersigned officer, personally appeared Hugh J. Mathison, who acknowledged himself to be the President of Coba Mines Inc a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof I hereto set my hand and official seal.

Deborah L. Hurt
Notary Public

SEAL

DEBORAH L. HURT
NOTARY PUBLIC
STATE OF COLORADO

DEBORAH L. HURT
Typed or Printed Name

1776 Lincoln Street
Denver, Colorado 80203
Business Address

My Commission expires
Jan. 28, 1984

CORPORATE ACKNOWLEDGMENT - UTAH FORM

State of Colorado)
) ss.
County of Arapahoe)

On this the 28th day of July, 1983, before me, Nancy L. Novotny the undersigned officer, personally appeared H. L. Bauer, Jr., who acknowledged himself to be the Vice President of Cyprus Mines Corporatign corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as .

In witness whereof I hereto set my hand and official seal.

Nancy L Novotny
Notary Public

SEAL

NANCY L. NOVOTNY NOTARY PUBLIC STATE OF COLORADO

Nancy L. Novotny
Typed or Printed Name

7000 South Yosemite St.
Englewood, Colorado 80112
Business Address

My Commission expires September 29, 1984

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the day of , 19 , before me, the undersigned officer, personally appeared , who acknowledged himself to be the of a corporation, and that he, as such , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as

In witness whereof I hereto set my hand and official seal.

Notary Public

SEAL

Typed or Printed Name

Business Address

My Commission expires

DOC. NO. 83-5163

1983 SEP 19 AM 10:15

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS

1100 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-5400

CONGDON AND CAREY
MINERAL EXPLORATION

December 22, 1981

Mr. Leo Hill
Northwestern Metal Company
P.O. Box 81826
North Industrial Park
Lincoln, Nebraska 68500

Dear Mr. Hill:

Enclosed is a Schedule of Expenditures for the period August 1, 1976 through October 31, 1981. Expenditures for the period amounted to $3,447,591.

As you know, most of the expenditures made during any given year are during the months of August, September and October. This year's expenditures amounted to $530,660.

This year's work consisted of diamond drilling from the surface, large scale heap leach and column tests as well as laboratory tests. Cyprus/Amoco's drilling was somewhat deeper in an effort to find additional reserves that could be mined by underground methods. We are awaiting the results of Cyprus/Amoco's 1981 program.

A matter of concern to Amoco (Standard Oil Company of Indiana) and ourselves was the enactment this year of a six percent gross severance tax on gold and silver by the State of South Dakota. This isn't much help to the mining industry, particularly in view of overall economic conditions.

We will endeavor to keep you advised of any developments relating to the properties involved in this project. It does, however, take longer to get reports from Amoco than from Cyprus. As you know, Cyprus was purchased by Amoco. In any event, we will get information to you as it is received by us.

Very truly yours,

William C. Lagos

WCL/slc
Enclosure

COCA-01-077

SCHEDULE OF EXPENDITURES
Period August 1, 1976 through October 31, 1981

1.	Exploratory Drilling	$ 1,402,289
2.	Assaying and Sampling	183,445
3.	Metallurgy	206,915
4.	Geo. Chem Analysis	43,001
5.	Excavating	362,808
6.	Surveying and Mapping	74,430
7.	Equipment	115,230
8.	Equipment Rental	26,800
9.	Equipment Operations and Maintenance	15,045
10.	Outside Contract Services	477,727
11.	Consultants	112,041
12.	Salaries and Wages	274,722
13.	Travel Expenses	105,988
14.	Supplies (Office, map, & field), field office, rent and communications	5,060
15.	Miscellaneous	42,080
	TOTAL	$ 3,447,591

910 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-8140

CONGDON AND CAREY
MINERAL EXPLORATION

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

August 29, 1980

Mr. Leo Hill
Northwestern Metal Company
P.O.Box 81826
North Industrial Park
Lincoln, Nebraska 68500

Dear Mr. Hill:

Enclosed is a Schedule of Expenditures for the period August 1, 1976 through July 31, 1980. Considerable funds were spent for exploratory drilling, excavating, surveying and mapping and outside contract services.

We have been advised by Cyprus that considerable additional funds will be expended on metallurgical tests. Drilling continued this summer to fill in gaps in the existing drill pattern.

Cyprus has extended an invitation to us to visit the project in mid-September. Thereafter, we will report to you in greater detail.

Very truly yours,

William C. Lagos

WCL/mjm

Enclosure

August 31, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Leo Hill
Northwestern Metal Company
P. O. Box 81826
North Industrial Park
Lincoln, Nebraska 68500

Dear Mr. Hill:

In regard to the Gilt Edge Project, Cyprus has a drill crew, geologist, two metallurgists and a sampling crew on the ground. We understand they have opened some tunnels for sampling purposes and I believe some underground drilling is underway.

During the early Springs months, Cyprus was conducting metallurgical tests. The results were erratic. We are advised that more work must be conducted before any type of field leach tests at the property can be conducted.

Cyprus was a bit delayed in getting underway this summer as the new South Dakota Mining Laws impose strict regulations regarding exploratory work and even though such work is performed on private property. Cyprus had to obtain an exploration permit and post cash bonds before they could proceed. Add to this the efforts by Black Hills environmentalists and the Indians to halt all types of mining activity. The environmentalists also tried to claim that eagles nested on the ground that Cyprus was exploring. Had this allegation been proved, we would have been shut down.

As you may or may not know, Standard Oil of Indiana is apparently going to acquire Cyprus. Cyprus' Board has approved the merger and now the stockholders of Cyprus will meet on September 20th to approve or disapprove the merger. If this union is accomplished, Standard may accelerate Cyprus' mineral exploratin and development activities.

For your information, we are attaching a schedule which sets out the sums expended by Cyprus-Congdon and Carey from August 1, 1976 through July 1979. The figures shown do not include office overhead or property payments, but do include travel expenses, salaries and wages of Cyprus' project personnel.

Let us know if you need additional information. In this regard, we will send you more information when Cyprus completes the present phase of development.

Very truly yours,

COCA-01-079

William C. Lagos

lw/

SCHEDULE OF EXPENDITURES
THROUGH JULY, 1979

1.	Exploratory Drilling	$ 366,057
2.	Assaying and Sampling	63,388
3.	Metallurgy	38,631
4.	Excavating	14,228
5.	Surveying and Mapping	21,627
6.	Equipment	10,254
7.	Outside Contract Services	68,199
8.	Salaries and Wages	70,286
9.	Travel and Expenses	48,761
10.	Miscellaneous	38,631
	Total:	$ 740,062

910 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-8140

CONGDON AND CAREY

MINERAL EXPLORATION

August 7, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Leo Hill
Northwestern Metal Company
P. O. Box 81826
North Industrial Park
Lincoln, Nebraska 68500

Re: Work Commitment

Dear Mr. Hill:

In accordance with Article 3.1 of the Lease and Option to Purchase Agreement dated September 1, 1976 between our respective firms, this is to advise you that exploratory work continues on the project lands. Considerable drilling took place on your lands between August and November, 1977 which accounted for the major portion of the $81,000 drilling budget. $13,000 went toward assaying and sampling, $16,700 for metallurgy and $10,000 for outside-contract services associated with the exploration program.

Our 1978 exploration program is underway. $25,000 will be spent on drilling and the balance for sampling, assaying, metallurgy, survey and mapping and miscellaneous services.

The amounts expended on the Gilt Edge project by Cyprus-Congdon and Carey from August 1, 1976 through June 1978 are set out below. These figures do not include office overhead or property payments, but do include travel expenses and salaries and wages of Cyprus' project personnel.

1.	Exploratory Drilling	$ 326,802
2.	Assaying and sampling	42,032
3.	Metallurgy	18,544
4.	Excavating	6,309
5.	Survey and mapping	10,895

6.	Outside contract services	$ 15,083
7.	Salaries and wages	28,888
8.	Travel and expenses	24,014
9.	Equipment	7,320
10.	Miscellaneous	2,713
	Total expenditures August, 1976 through June, 1978	$ 482,600

Very truly yours,

William C. Lagos

WCL:ld

cc: Mr. C. A. Mark
Cyprus Mines Corporation
555 South Flower Street
Los Angeles, California 90071

910 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-8140

CONGDON AND CAREY

MINERAL EXPLORATION

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

August 23, 1977

Mr. Leo Hill
Northwestern Metal Company
P. O. Box 81826
North Industrial Park
Lincoln, Nebraska 68500

Re: Work Commitment

Dear Mr. Hill:

In accordance with Article 3.1 of the Lease and Option to Purchase Agreement dated September 1, 1976 between our respective firms, this is to advise you that exploratory work being conducted by Cyprus continues on Northwestern ground and when all the bills are in, direct expenditures will exceed the $40,000 called for in said agreement. Accordingly, a more detailed letter will follow upon completion of the present drilling program.

The exploratory program on your firm's lands is comprised of the following:

1.	5 holes drilled on Northwestern ground during fall of 1976	$ 5,000
2.	I.P. survey (geophysical work on Northwestern ground (1977)	3,000
3.	Selecting and constructing drill sites and road for 1977 drilling program. 19 drill sites on Northwestern ground. Drilling should be completed by end of August. Costs to exceed	35,000
	Estimated expenditures through 8/31/77	$ 43,000

COCA-01-081

As indicated above, when Cyprus completes the drilling of the 19 test holes on Northwestern ground and all the bills are in, we will provide you with an updated statement of expenditures.

Very truly yours,

William C. Lagos,
Manager of Lands

WCL:ld

cc: Mr. J. E. Worthington
U. S. Exploration Manager
Cyprus Mines Corporation
555 South Flower Street
Los Angeles, California 90071

LEASE AND OPTION TO PURCHASE

THIS AGREEMENT is made and entered into as of the 1st day of September, 1976, by and between NORTHWESTERN METAL COMPANY, a Nebraska corporation, whose address is P. O. Box 81826, North 27th Industrial Park, Lincoln, Nebraska 68500, Party of the First Part (hereinafter referred to as "Northwestern"), and CONGDON AND CAREY, LTD. 5, a limited partnership under the provisions of Colorado Revised Statutes, whose address is 1776 Lincoln Street, Suite 910, Denver, Colorado 80203, Party of the Second Part (hereinafter referred to as "Congdon"), whose agreements, covenants and representations are hereinafter set forth as follows:

ARTICLE I

Premises

1.1 Northwestern is the owner of the full mineral interest in the following described patented mining claims and any improvements thereon, and the lands covered thereby, situate in Sections 5, 6 and 8, Township 4 North, Range 4 East, Lawrence County, State of South Dakota (hereinafter referred to as the "premises"), to-wit:

Mineral Survey No. 1134

Alert	May
Alert Fraction	May Fraction
Alert Fraction No. 1	Nevada
Argo	Pyrite
Comet	Pyrite Fraction
Eureka	S. Ruby
Hoodoo	Summit
Maverick	Union Hill

being approximately 119.20 acres.

1.2 Congdon desires to have a lease on the premises to explore and develop and mine the same for mineral content, and also to have the option to purchase the mineral rights and all minerals in and under the premises upon the terms and conditions herein set forth.

1.3 The considerations for this Lease and Option to Purchase are the mutual covenants and conditions herein contained and the mutual benefits to be derived herefrom.

ARTICLE II

Lease

2.1 Northwestern hereby grants, leases, demises and lets, exclusively unto Congdon, the premises for the purpose of

(1) exploring for and mining, or otherwise extracting by any method deemed desirable by Congdon, including open pit and strip mining;

(2) milling, treating or otherwise processing;

(3) storing or stockpiling; and

(4) removing, selling or otherwise disposing of

all ores and minerals in, under, or upon the premises; TO HAVE AND TO HOLD the same from the date hereof for the period of fifteen (15) years and so long thereafter as said minerals or any of them are produced in commercial quantities from the premises. For the purpose of determining said term hereof, it is presumed that minerals are produced in commercial quantities in any calendar year if they are so produced during at least half of the period of such calendar year during which weather reasonably permits access to the premises for purposes of production.

2.2 Northwestern hereby grants to Congdon the right to use so much of the surface or subsurface of the premises as may be reasonably necessary, desirable, or convenient in carrying out the purposes of this Agreement, and for conducting all operations incident thereto on the premises or on any adjacent premises, specifically including, without limiting the generality of the foregoing, the right to construct, use, maintain, repair, replace and relocate on the premises or the leased premises

processing facilities, buildings, shops, plants, ore stockpiles (including ores from outside the premises), pipelines, telephone lines, electric transmission lines, roads and roadways, and other utilities or transportation facilities for use in connection with the purposes of this Agreement, and for use by Congdon in connection with Congdon's operations on other lands in the general area of the premises. Northwestern further grants to Congdon the right to use any now existing or subsequently discovered surface or underground water which is not required for the domestic or agricultural usage of Northwestern or its agricultural leases, but it is understood that Congdon shall have no right to cut and remove timber from the premises except for such cutting as may be necessary in its mining operations. The leasing, letting and demising of the premises by Northwestern to Congdon hereunder shall include any and all rights to pursue any veins or lodes or mineral deposits contained within the premises along any strike, dip or course of the same, and shall include all rights relative to the mining claims embraced by the premises and any veins or lodes contained within the same, and all rights of ingress or egress to the premises, all to the extent that Northwestern has the right to grant the same.

2.3 Congdon agrees to pay to Northwestern a royalty on all ore mined and marketed by Congdon from the premises, which royalty shall be computed upon the net smelter returns as follows:

	Percentage Rate of Royalty
On the first $1,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	8%
On the next $1,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	6%
On the third $1,000,000.00 of net smelter returns, or any portion thereof, received by Congdon	4%
On any net smelter returns in excess of $3,000,000.00, received by Congdon	2%

"Net smelter returns", for the purpose of calculating royalty hereunder, are defined as the net amounts received from the sale by Congdon of ore or concentrates after deducting (i) all charges, penalties and deductions of any nature whatsoever made by the smelter, refinery or other treatment plant or purchaser arising out of the receipt, processing or handling of such ores and concentrates; (ii) the following items if paid by or for the account of Congdon (a) all brokers' or agents' commissions on the sale, and (b) all costs of transportation (including freight, insurance, handling, forwarding, port, demurrage, delay and other like charges and expenses) from mine or mill, as the case may be, to the purchase contract destination; and (iii) all milling charges or costs incurred by Congdon for mill treatment accomplished by Congdon on the premises or on any adjacent premises.

After any ore from the premises has been weighed and sampled, Congdon may mix the same with ore from other sources. In the event of such mixing, Congdon shall keep such records and make such analyses as shall be necessary to determine equitably the interest of Northwestern in such mixed ore, and such mixing shall be done in such a manner as not to interfere with the computations provided for in this paragraph.

Royalties shall be payable on or before the 20th day following the end of each calendar month and shall be accompanied by a statement showing the calculation of royalty for that particular month. The royalties payayble for any calendar month shall be computed on the actual net smelter returns received by Congdon during such calendar month from the sale of ores and minerals produced from the premises. All payments of royalty shall be made in the manner hereinafter provided in Paragraph 2.14 below.

Royalties shall be payable on any minerals for which Congdon is paid in connection with the sale of ores from the premises. In the event that Congdon mills any such ores, royalty

shall be payable on any minerals sold by Congdon which are recovered at any time prior to the time that the residue shall be first deposited in the tailings pile. All tailings shall be the property of Congdon.

2.4 Within the hereinafter designated periods following the execution of this Agreement, and provided this Agreement is then in force and effect, Congdon shall pay to Northwestern as advance royalty the additional sums specified as follows:

Period Following Execution of this Agreement	Additional Sum as Advance Royalty
Three (3) Months	$ 1,500.00
Six (6) Months	1,500.00
Nine (9) Months	1,500.00
One (1) Year	1,500.00
Fifteen (15) Months	1,750.00
Eighteen (18) Months	1,750.00
Twenty-One (21) Months	1,750.00
Two (2) Years	1,750.00
Twenty-Seven (27) Months	2,000.00
Thirty (30) Months	2,000.00
Thirty-Three (33) Months	2,000.00
Three (3) Years	2,000.00
Thirty-Nine (39) Months	2,250.00
Forty-Two (42) Months	2,250.00
Forty-Five (45) Months	2,250.00
Four (4) Years	2,250.00
Fifty-One (51) Months	2,500.00
Fifty-Four (54) Months	2,500.00
Fifty-Seven (57) Months	2,500.00
Five (5) Years	2,500.00
Sixty-Three (63) Months	2,750.00
Sixty-Six (66) Months	2,750.00
Sixty-Nine (69) Months	2,750.00
Six (6) Years	2,750.00
Seventy-Five (75) Months	3,000.00
Seventy-Eight (78) Months	3,000.00
Eighty-One (81) Months	3,000.00
Seven (7) Years	3,000.00
Eighty-Seven Months	3,250.00
Ninety (90) Months	3,250.00
Ninety-Three (93) Months	3,250.00
Eight (8) Years	3,250.00
Ninety-Nine (99) Months	3,500.00
One Hundred Two (102) Months	3,500.00
One Hundred Five (105) Months	3,500.00
Nine (9) Years	3,500.00
Each Three (3) Months thereafter	3,500.00

All payments of advance royalty hereunder shall be credited against royalties which become payable under the provisions of Paragraph 2.3 immediately above. In the event that the advance royalty exceeds the total of actual royalties which accrue here-

under, Northwestern shall be entitled to retain such excess and to treat it as a payment of minimum royalty, subject, however, to the provisions of Paragraph 2.13 below.

2.5 Congdon agrees to pay the property taxes upon the premises and any improvements thereon levied for the year 1976 and for every year thereafter that this Agreement is in force and effect at the time for such scheduled payments, it being understood such taxes are now payable April 30 of each year following the year in which such taxes are levied. Congdon will promptly forward to Northwestern receipts evidencing such tax payments.

It is understood that any taxes and assessments, general, special, ordinary and extraordinary, that may be levied or assessed upon ore and concentrates produced therefrom shall be apportioned between Northwestern and Congdon in the same proportion that royalties paid under Paragraph 2.3 above bear to total net smelter returns as defined above.

2.6 If at any time Northwestern shall own an interest in the premises less than the entire and undivided mineral fee estate therein, then the royalty and advance royalty herein provided for shall be paid by Northwestern only in the proportion which its interests bear to the whole and undivided mineral fee estate, provided, however, in the event that title to any interest in said mineral fee estate shall revert to or be acquired by Northwestern, this lease shall cover such reverted or acquired interests, and thereafter the royalty and advance royalty herein provided for shall be appropriately increased at the time of the next payment thereof required hereunder, provided that thirty (30) days written notice of such reversion or acquisition is given by Northwestern to Congdon.

2.7 Either party may assign or sublet, in whole or in part, such party's interest hereunder; and in the event of any such assignment or sublease, the terms, provisions, covenants, conditions, rights, privileges and obligations hereof shall extend to, be binding upon and inure to the benefit of the respective assignees or sublessees, provided that Congdon shall remain liable for all obligations to Northwestern of his assignee or sublessee unless otherwise released by Northwestern.

2.8 No change of ownership of the premises or the right to receive royalties or advance royalty hereunder shall be binding on Congdon, except at Congdon's option in any particular case, whether Congdon has actual or constructive knowledge of such change in ownership, until thirty (30) days after Congdon shall have been furnished by certified or registered United States mail at Congdon's office address above with a certified copy of the recorded instrument or instruments to evidence such change of ownership and to establish the right, title or interests of the claiming party and the extent thereof. In any event, all payments which Congdon may make hereunder shall be made in accordance with the terms of Paragraph 2.14 below and no change of ownership shall entitle any person to receive payments in any manner different from that provided for in said paragraph or shall require Congdon to separately sample, assay or mill ores derived from any portion of the premises.

2.9 The breach by Congdon of any obligation arising hereunder shall not work an automatic forfeiture or termination of this lease. In the event that Congdon has not complied with all of its obligations hereunder except payment of monies due Northwestern, Northwestern may notify Congdon in writing setting forth specifically and in detail in what respect Congdon has failed, and Congdon shall have fifteen (15) days after receipt of said notice within which to commence to remedy any and all breaches or defaults alleged by Northwestern to have occurred. Unless Congdon shall commence to remedy, and thereafter proceed with reasonable diligence to completely remedy, such breaches or defaults as herein provided, this Agreement shall terminate.

2.10 Northwestern or its duly authorized representatives shall have the right at all reasonable times and at its own risk to enter into and upon the premises and the workings thereon for the purpose of examining and inspecting the same, and ascertaining whether the terms and conditions of this Agreement are being carried out and performed by Congdon; and Northwestern or its

duly authorized representatives shall have access at all reasonable times to Congdon's records of production, exploration and drilling, and such other records as will show compliance by Congdon with the provisions of this lease.

2.11 Congdon shall have a period of three (3) months following termination of its interest under this Agreement for any reason whatsoever, as to all or any part of the premises in which to remove any and all buildings, structures, machinery, equipment, lines and facilities placed on the premises by Congdon during the term of this Agreement, provided that such removal does not permanently damage any mine located on the premises at such time.

2.12 Congdon shall pay all expenses and charges which it will incur including all labor and material in connection with its operations on the premises and shall protect and save the premises harmless from all claims and liens arising out of such operations. A notice to this effect shall be posted by Congdon on the premises. In conducting its operations hereunder, Congdon shall comply fully with the terms and provisions of the Workmen's Compensation laws of the State of South Dakota and shall hold Northwestern harmless from and against any and all loss, damage or claims of whatsoever nature or character occasioned by or arising out of its operations, except any damage or claims resulting from a failure of title of Northwestern or through the exercise by Northwestern of its rights under Paragraph 2.10.

2.13 Northwestern hereby believes that it is the owner to the title to the premises, but does not warrant the title and leases in this instrument only the interest that Northwestern has in the above described property. Its officers have been duly empowered to execute this instrument and otherwise comply with its terms. It is understood and agreed that, in the event Northwestern's title to the premises shall fail, Northwestern shall not be liable to Congdon for expenditures made by Congdon under the provisions of Article III or subsequent expenditures for mine development and plant or for damages of any kind. It

is understood and agreed that if Northwestern's title shall fail as to any of the premises embraced in this Agreement, the royalties hereunder shall not be applicable as to the portion of the premises as to which title has failed. Northwestern agrees that upon thirty (30) days notice to Northwestern, Congdon, at its option, may pay and discharge any taxes, mortgages, or other liens upon the premises either in whole or in part only if such taxes, mortgages or other liens are in default; and in the event it exercises such option it shall be subrogated to the rights of any holder or holders thereof with the right to enforce the same and apply royalty accruing hereunder to satisfy the same.

Upon request of Congdon, Northwestern shall deliver to Congdon for its review all abstracts of title, status reports, title opinions, and other title data which it may have in its possession relative to the premises.

In the event that a title examination discloses that Northwestern's title to the premises is not as represented above and Congdon has not elected in writing to accept Northwestern's title despite the defects disclosed, or if subsequent events should establish that Northwestern had no right to enter into this Agreement, then at Congdon's option, Northwestern shall immediately repay to Congdon all advance royalties paid by Congdon to Northwestern under the terms of this Agreement which are in excess of actual royalties accrued, and all further obligations of Congdon to Northwestern shall cease.

2.14 Northwestern hereby agrees that Congdon shall be entitled to make all payments under this lease to Northwestern at the address set forth above. Regardless of changes of ownership of said property, Congdon shall not be responsible for the division or distribution of payments made hereunder among the various parties who may become entitled thereto. All payments may be made by check or draft of Congdon or any assignee mailed or delivered on or before the dates specified. Payments made by Congdon in the above manner shall be binding upon Northwestern, its successors and assigns.

2.15 This lease is subject to all applicable federal and state rules and regulations of any governmental agencies having jurisdiction in the matter and Congdon agrees to comply with all such rules and regulations, including any applicable environmental rules, regulations and requirements. Congdon's failure to perform or comply with any of the covenants or conditions of this lease shall not be grounds for cancellation, termination or forfeiture if such breach or failure to perform is caused or compliance prevented by circumstances or conditions beyond the control of Congdon.

ARTICLE III

Work Commitment by Congdon

3.1 Congdon agrees that, during such time as this Agreement is in force and effect, it will expend directly on or in connection with the premises, amounts which are at least a cumulative total of Forty Thousand Dollars ($40,000.00) within one (1) year following execution of this Agreement. Such cumulative total shall thereafter increase at the rate of Twelve Thousand Five Hundred Dollars ($12,500.00) per three (3) month period until such cumulative total has reached Three Hundred Thousand Dollars ($300,000.00), provided, however, that amounts expended by Congdon after the first year under this Agreement may be spent on the premises or on any adjacent premises.

3.2 Expenditures made by Congdon in satisfaction of the requirements of Paragraph 3.1 above shall be evidenced by the mailing to Northwestern of quarterly reports setting forth such expenditures made by Congdon. Such reports shall be mailed to Northwestern under the option notice provisions of this Agreement. Such expenditures shall not include, however, any of Congdon's Denver office overhead expense.

ARTICLE IV

Option to Purchase

4.1 Northwestern hereby grants and conveys to Congdon the exclusive right and option to purchase all of its right,

title and interest in and to the premises for a total purchase price of One Million Two Hundred Fifty Thousand Dollars ($1,250,000.00).

4.2 The option granted to Congdon herein may be exercised by Congdon at any time while this Agreement is in force and effect by written notice to Northwestern. Such notice shall be sent to Northwestern at the address set forth above and shall be sent by certified mail, postage prepaid. The effective date of any such notice shall be the date the same is deposited in the United States mails.

4.3 Upon the exercise of this option by Congdon, credit against the purchase price shall be allowed for all payments theretofore made to Northwestern under the terms of this Agreement, including items specified in Paragraphs 2.3 and 2.4. Payment of the balance of such purchase price, if any, shall be tendered by Congdon at the time of exercise of this option by mailing or delivering a certified check to Northwestern whereupon Northwestern hereby agrees to execute and deliver to Congdon a mineral deed in form satisfactory to Congdon granting and conveying to Congdon all of Northwestern's rights, title, interest, claim and demand in and to the premises.

ARTICLE V

Termination

5.1 Notwithstanding anything herein to the contrary, Congdon may, at any time following execution of this Agreement, release the lease and option and all rights granted to it under the lease and option and all rights granted to it under this Agreement by written notice to Northwestern given at least ten (10) days prior to such date of release; and in such event this Agreement shall terminate and Congdon shall be thereupon relieved of any obligations thereafter accruing under this Agreement and the option to purchase provided for in Article IV of this Agreement shall be void and Congdon shall have no right and interest

in the real estate described in Article I of this lease; provided, however, that if Congdon exercises its right to release the lease and option within two years after the execution of this Agreement, Congdon will nevertheless be required to pay to Northwestern, at the time of such release, an amount equal to the advance royalties accruing during the first two years of this Agreement and which remain unpaid at the time of such release.

ARTICLE VI

General Provisions

6.1 The parties agree that a Memorandum of this Lease and Option to Purchase shall be executed by them for recording in South Dakota by Congdon in order to provide record notice of the prior rights of Congdon affecting the premises as herein created.

6.2 Any notices required or permitted under this Agreement which are not expressly governed by other provisions may be given by certified mail, deposited in the United States mails, with postage prepaid thereon, addressed to the parties at the addresses set forth above or at such other addresses as may from time to time be given by notice hereunder. Notices shall be deemed to have been given on the date of delivery, or if mailed, on the date of mailing as shown by the post office postmark.

6.3 Time is of the essence of this Agreement.

6.4 This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, executors, administrators, successors and assigns.

6.5 This Agreement embraces the entire understanding of the parties.

6.6 This Agreement shall be construed according to the laws of the State of Nebraska.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first above written.

Attest:

Cecelia Hill
Secretary

NORTHWESTERN METAL COMPANY

By Gary Hill

CONGDON AND CAREY, LTD. 5

By Thomas E Congdon
Thomas E. Congdon,
General Partner

STATE OF NEBRASKA)
)ss.
COUNTY OF LANCASTER)

On this the 13TH day of SEPTEMBER, 1976, before me, WILLIAM D. THOMPSON, the undersigned officer, personally appeared GARY HILL, who acknowledged himself to be the PRESIDENT of NORTHWESTERN METAL COMPANY, a corporation, and that he, as such PERSON OFFICER, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by ~~signing~~ the name of the corporation by himself as PRESIDENT.

William D. Thompson
GENERAL NOTARIAL SEAL
STATE OF NEBRASKA
COMMISSION EXPIRES
July 14, 1980

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My commission expires JULY 14, 1980.

William D Thompson
Notary Public

STATE OF COLORADO)
)ss.
COUNTY OF DENVER)

On this 27th day of August, 1976, before me, KATHYREN C. BACHELLER, the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

My commission expires July 27, 1977.

Kathyren C. Bachelle
Notary Public

August 27, 1976

Hyman Polsky, Esquire
Davis, Bailey, Polsky,
Huff & Denney
525 Stuart Building
Lincoln, Nebraska 68508

Re: Northwestern Metal Company

Dear Mr. Polsky:

Enclosed is a Lease and Option to Purchase Agreement which has been prepared to reflect the agreements reached with you and Mr. Leo Hill on August 24, 1976.

The substantive changes included in the enclosed Agreement are as follows:

(1) The initial paragraph has been changed to provide that the Agreement is to become effective September 1, 1976 and that Congdon and Carey, Ltd. 5 is the designated lessee.

(2) Article 1.2 has been deleted and Articles 1.3 and 1.4 have been renumbered 1.2 and 1.3, respectively.

(3) Article 2.2 has been changed in the fifth line to correct the former reference to the "necessary adjacent premises". The second sentence of that Article has also been changed by insertion of the following language after the word "lessees": "but it is understood that Congdon shall have no right to cut and remove timber from the premises except for such cutting as may be necessary in its mining operations."

(4) Article 2.3 has been changed in subsection (iii) of the definition of "net smelter returns" to correct the reference to the "necessary adjacent premises".

(5) Article 2.4 has been changed to reflect the new schedule of advance royalty payments.

(6) Article 2.5 has been changed in the second line to update the tax payments from 1967 to 1976.

(7) Article 2.8 has been omitted and the remaining paragraphs under Article II have been renumbered.

(8) Article 2.12 (formerly 2.13) has been slightly changed by the addition of a phrase believed necessary for clarification only.

(9) Article 2.13 (formerly 2.14) has been changed in the third paragraph thereof by the insertion of the following language after the words "the defects disclosed": "or if subsequent events should establish that Northwestern had no right to enter into this Agreement, then, at Congdon's option,".

(10) Article 2.15 (formerly 2.16) contains an addition at the end of the first sentence which reads as follows: "and Congdon agrees to comply with all such rules and regulations, including any applicable environmental rules, regulations and requirements."

(11) Article 3.1 has been changed to delete the reference to Commonwealth Mining Company and the Fred Brosch claims and to add at the end of that Article the following language: "provided, however, that amounts expended by Congdon after the first year under this Agreement may be spent on the premises or on any adjacent premises."

(12) Article 3.2 has been changed to delete the reference to the Borsch and Commonwealth claims and to clarify the reporting requirements.

(13) Article 5.1 has been changed in the second and third lines and with the following addition at the end of the paragraph to reflect the new termination rights of Congdon: "provided, however, that if Congdon exercises its right to release the lease and option within two yeaes after the execution of this Agreement, Congdon will nevertheless be required to pay to Northwestern, at the time of such release, an amount equal to the advance royalties which accrue during the first two years of this Agreement and which remain unpaid at the time of such release."

(14) Article 6.1 of the former draft has been deleted and the remaining Article numbers have been correspondingly changed. In addition, the duplication of paragraphs on the last page of the Agreement have been deleted.

The only other changes that are contained in the enclosed Agreement relate to typographical errors, changes from "his" to "its" and the like.

If the enclosed Agreement is consistent with your understanding of our agreements reached on August 24, we would appreciate it if you would execute two copies and return one to us. We will then forward to you a check in the amount of $1,500.00 covering the first quarterly advance royalty payment.

We enjoyed meeting with both you and Mr. Hill and look forward to a very successful relationship.

Very truly yours,

Walter I. Auran

WIA:kcb
Enclosures

DRAFT
8/25/76
WIA:kcb

Hyman Polsky, Esquire
Davis, Bailey, Polsky, Huff & Denney
525 Stuart Building
Lincoln, Nebraska 68508

Re: Northwestern Metal Co.

Dear Mr. Polsky:

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(1) The initial paragraph has been changed to provide that the Agreement is to become effective September 1, 1976 and that Congdon and Carey, Ltd. 5 is the designated lessee.

(2) Article 1.2 has been deleted and Articles 1.3 and 1.4 have been renumbered 1.2 and 1.3, respectively.

(3) Article 2.2 has been changed in the fifth line to correct the former reference to the "necessary adjacent premises". The second sentence of that Article has also been changed by insertion of the following language after the word "lessees": "but it is understood that Congdon shall have no right to cut and remove timber from the premises except for such cutting as may be necessary in its mining operations."

(4) Article 2.3 has been changed in subsection (iii) of the definition of "net smelter returns" to correct the reference to the "necessary adjacent premises".

(5) Article 2.4 has been changed to reflect the new schedule of advance royalty payments.

(6) Article 2.5 has been changed in the second line to update the tax payments from 1967 to 1976.

(7) Article 2.8 has been omitted and the remaining paragraphs under Article II have been renumbered.

(8) Article 2.12 (formerly 2.13) has been slightly changed by the addition of a phrase believed necessary for clarification only.

(9) Article 2.13 (formerly 2.14) has been changed in the third paragraph thereof by the insertion of the following language after the words "the defects disclosed": "or if subsequent events should establish that Northwestern had no right to enter into this Agreement, then, at Congdon's option, ".

(10) Article 2.15 (formerly 2.16) contains an addition at the end of the first sentence which reads as follows: "and Congdon agrees to comply with all such rules and regulations, including any applicable environmental rules, regulations and requirements."

(11) Article 3.1 has been changed to delete the reference to Commonwealth Mining Company and the Fred Borsch claims and to add at the end of that Article the following language: "provided, however, that amounts expended by Congdon after the first year under this Agreement may be spent on the premises or on any adjacent premises."

(12) Article 3.2 has been changed to delete the reference to the Borsch and Commonwealth claims and to clarify the reporting requirements.

(13) Article 5.1 has been changed in the second and third lines and with the following addition at the end of the paragraph to reflect the new termination rights of Congdon: "provided, however, that if Congdon exercises its right to release the lease and option within two years after the execution of this Agreement, Congdon will nevertheless be required to pay to Northwestern, at the time of such release, an

amount equal to the advance royalties which accrue during the first two years of this Agreement and which remain unpaid at the time of such release."

(14) Article 6.1 of the former draft has been deleted and the remaining Article numbers have been correspondingly changed. In addition the duplication of paragraphs on the last page of the Agreement have been deleted.

The only other changes that are contained in the enclosed Agreement relate to typographical errors, changes from "his" to "its" and the like.

If the enclosed Agreement is consistent with your understanding of our agreements reached on August 24, we would appreciate it if you would execute two copies and return one to us. We will then forward to you a check in the amount of $1,500.00 covering the first quarterly advance royalty payment.

We enjoyed meeting with both you and Mr. Hill and look forward to a very successful relationship.

Very truly yours,

WIA ? or TEC ?

LEASE AND OPTION TO PURCHASE

MEMORANDUM FOR RECORDING

THIS LEASE AND OPTION TO PURCHASE - MEMORANDUM FOR RECORDING is made and entered into effective as of the 1st day of September, 1976, by and between NORTHWESTERN METAL COMPANY, a Nebraska corporation, whose address is P.O. Box 81826, Superior Industrial Park, P.O. Box 81826, Lincoln, Nebraska 68501 (hereinafter referred to as "Northwestern"), and CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, and COCA MINES INC., a Colorado corporation, whose address is 910 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, successors in interest to CONGDON AND CAREY, LTD. 5, by assignments dated September 27, 1976, and December 31, 1982, recorded as document numbers 83-2386 and 83-2448 of the official records of Lawrence County, South Dakota (hereinafter collectively referred to as "Lessee"):

IN CONSIDERATION OF the rentals, royalties, covenants and agreements set forth in the Unrecorded Lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

1.1 Exclusive Lease. Pursuant to the terms and conditions of that certain unrecorded Mining Lease of September 1, 1976 (Unrecorded Lease) between Lessor and Lessee, Lessor leased and hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the following described patented mining claims and any improvements thereon, and the lands covered thereby, situate in Sections 5, 6 and 8, Township 4 North, Range 4 East, Lawrence County, State of South Dakota (hereinafter referred to as the "Premises"), to-wit:

Mineral Survey No. 1134

Alert	May
Alert Fraction	May Fraction
Alert Fraction No. 1	Nevada
Argo	Pyrite
Comet	Pyrite Fraction
Eureka	S. Ruby
Hoodoo	Summit
Maverick	Union Hill

being approximately 119.20 acres.

1.2 Purposes; Term. The Premises are leased to Lessee for the purpose of:

(1) exploring for and mining, or otherwise extracting by any method deemed desirable by Lessee, including open pit and strip mining;

(2) milling, treating or otherwise processing;

(3) storing or stockpiling; and

(4) removing, selling or otherwise disposing of

all ores and minerals in, under, or upon the Premises; TO HAVE AND TO HOLD the same from September 1, 1976 for a period of fifteen (15) years and so long thereafter as said minerals or any of them are produced in commercial quantities from the Premises. For the purpose of determining said term hereof, it is presumed that minerals are produced in commercial quantities in any calendar year if they are so produced during at least half of the period of such calendar year during which weather reasonably permits access to the Premises for purposes of production.

1.3 Additional Grant. Lessor has granted and hereby grants to Lessee the right to use so much of the surface or subsurface of the Premises as may be reasonably necessary, desirable, or convenient in carrying out the purposes of the Unrecorded Lease, and for conducting all operations incident thereto on the Premises or on any adjacent premises, specifically including, without limiting the generality of the foregoing, the right to construct, use, maintain, repair, replace

and relocate on the Premises or on adjacent premises processing facilities, buildings, shops, plants, ore stockpiles (including ores from outside the Premises), pipelines, telephone lines, electric transmission lines, roads and roadways, and other utilities or transportation facilities for use in connection with the purposes of this Agreement, and for use by Lessee in connection with Lessee's operations on other lands in the general area of the Premises. Lessor further grants to Lessee the right to use any now existing or subsequently discovered surface or underground water which is not required for the domestic or agricultural usage of Lessor or its agricultural leases, but it is understood that Lessee shall have no right to cut and remove timber from the Premises except for such cutting as may be necessary in its mining operations. The leasing, letting and demising of the Premises by Lessor to Lessee hereunder shall include any and all rights to pursue any veins or lodes or mineral deposits contained within the Premises along any strike, dip or course of the same, and shall include all rights relative to the mining claims embraced by the Premises and any veins or lodes contained within the same, and all rights of ingress or egress to the Premises, all to the extent that Lessor has the right to grant the same.

SECTION TWO. OPTION TO PURCHASE

2.1 Option to Purchase. Lessor has granted and hereby grants to Lessee the exclusive right and option to purchase all of its right, title and interest in and to the Premises at any time while the Unrecorded Lease is in effect upon terms stated in the Unrecorded Lease.

SECTION THREE. NOTICES

3.1 Notices. All notices and demands of any kind which either party may require or desire to give or serve on the other

shall be made in writing, delivered by personal service, or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the addresses of the parties as listed above.

SECTION FOUR. UNRECORDED AGREEMENT CONTROLLING

4.1 Unrecorded Agreement Controlling. This Mining Lease - Memorandum for Recording is being recorded to give constructive notice of the Mining Lease granted by Lessor to Lessee pursuant to the terms and conditions of the Unrecorded Lease. The incomplete statement in this Memorandum for Recording of any of the terms and provisions of the Unrecorded Lease shall not be deemed to amend or modify the Unrecorded Lease which shall be the controlling instrument.

IN WITNESS WHEREOF, the parties have executed this MINING LEASE - MEMORANDUM FOR RECORDING effective as of the date first above set forth.

Northwestern:
Northwestern Metal Company

Attest:
Secretary

By: David V. Hedges
David Hedges, President

LESSEE:
Cyprus Mines Corporation

Attest:
D. H. Cann
Secretary

By: H. L. Bauer Jr.
H. L. Bauer, Jr.,
Vice President

LESSEE:
CoCa Mines Inc.

Attest:
T. C. Mitchell,
Vice President

By: Hugh J. Matheson
Hugh J. Matheson, President

CORPORATE ACKNOWLEDGMENT - ~~SOUTH DAKOTA~~ Nebraska

State of Nebraska)
) ss.
County of Lancaster)

On this the 30th day of June, 1983, before me, William D. Thompson the undersigned officer, personally appeared David V. Hedges who acknowledged himself to be the President of Northwestern Metal Co a corporation, and that he, as such Officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof I hereto set my hand and official seal.

William D Thompson
Notary Public

SEAL

William D. Thompson
GENERAL NOTARIAL
SEAL
STATE OF NEBRASKA
COMMISSION EXPIRES
July 14, 1984

WILLIAM D THOMPSON
Typed or Printed Name

Box 81826 Lincoln NE 68501
Business Address

My Commission expires July 14, 1984

CORPORATE ACKNOWLEDGMENT - ~~SOUTH DAKOTA~~ Colorado

State of Colorado)
) ss.
County of Denver)

On this the 8th day of July, 1983, before me, the undersigned officer, personally appeared Hugh J Mathison who acknowledged himself to be the President of Colby Mines Inc. a corporation, and that he, as such President., being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof I hereto set my hand and official seal.

Deborah L. Hurt
Notary Public

SEAL

DEBORAH L. HURT
Typed or Printed Name

1776 Lincoln Street
Denver, Colorado 80203
Business Address

My Commission expires
Jan. 28, 1984

CORPORATE ACKNOWLEDGMENT - ~~SOUTH DAKOTA~~ COLORADO

State of COLORADO)
) ss.
County of ARAPAHOE)

On this the 13th day of July, 1983, before me, Mariann Schutz the undersigned officer, personally appeared H. L. Bauer, Jr., who acknowledged himself to be the Vice President of Cyprus Mines Corporation a corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as .

In witness whereof I hereto set my hand and official seal.

Mariann Schutz
Notary Public

SEAL

Mariann Schutz
Typed or Printed Name
7000 South Yosemite Street
Englewood, Colorado 80155
Business Address

My Commission expires February 5, 1986

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the day of , 19 , before me, the undersigned officer, personally appeared , who acknowledged himself to be the of a corporation, and that he, as such , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as .

In witness whereof I hereto set my hand and official seal.

Notary Public

SEAL

Typed or Printed Name

Business Address

My Commission expires

DOC. NO. 83-4097

1983 JUL 21 AM 11:01
YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS
fee $7.00
JRM.

CHAIN OF TITLE

Lucky, Erwin, Adrian and Union Fractions
M. S. 1134, Patent No. 32166
Gilt Edge, Lawrence County, South Dakota

01/01/1897 — Location Certificate: Union Fraction
Locator: H. Clinton Grable
Recorded: 01/26/1897, Bk. 120, page 147

11/12/1897 — Location Certificate: Adrian Fraction
Locator: Edgemont & Union Hill Smelting Co.
Recorded: 11/13/1897, Bk. 133, page 126

11/12/1897 — Location Certificate: Erwin Fraction
Locator: Edgemont & Union Hill Smelting Co.
Recorded: 11/13/1897, Bk. 133, page 127

06/15/1898 — Location Certificate: Lucky Fraction
Locator: Edgemont & Union Hill Smelting Co.
Recorded 09/12/1898, Bk. 137, page 463

07/10/1898 — Deed, recorded 12/07/1898, Bk. 139, page 247
Grantor: Edgemont & Union Hill Smelting Co.
Grantee: John H. Graham & George A. Fletcher, Trustees (of Edgemont)
Conveys: Adrian Fraction and other claims

11/21/1898 — Mining Deed, recorded _____, Bk. 139, page 347
Grantor: George A. Fletcher, Surviving Trustee
Grantee: Galena Mining & Smelting Co.
Conveys: Adrian Fraction, Erwin Fraction, Lucky Fraction, Union Fraction, and other claims

02/16/1900 — Patent No. 32166, recorded 04/10/1900, Bk. 149 of Miscellaneous Deeds, pages 530-546
Grantor: U.S.A.
Grantee: Galena Mining & Smelting Co.
Conveys: 20 Claims in M.S. 1134, including Lucky, Erwin, Adrian & Union Fractions

08/10/1903 — Deed recorded 08/10/1903, Bk. 176, page 5
Grantor: James D. Hardin
Grantee: Branch Mint Mining & Milling Co.
Conveys: Union, Lucky, Erwin & Adrian Fractions, and other property together with (Grantor's) interest which he may hereafter acquire under Option to Purchase dated 03/21/1903 with Percy S. Bickmore in which Bickmore agreed to sell Hardin "all of the properties ..... heretofore owned by the Galena Mining and Smelting Co."

09/15/1903 Deed recorded 09/15/1903, Bk. 176, page 51
Grantor: Percy B. Bickmore, Receiver for Galena Mining & Smelting Co.
Grantee: Branch Mint Mining & Smelting Co.
Conveys: All of Galena's assets, including Union, Lucky, Erwin & Adrian Fractions

09/15/1903 Deed recorded 09/15/1903, Bk. 176, page 53
Grantor: Galena Mining & Smelting Co. (by Walter H. Graham, President)
Grantee: Branch Mint Mining & Smelting Co.
Conveys: Claims including Union, Lucky, Erwin, & Adrian Fractions

09/15/1903 Mortgage recorded 09/15/1903, Bk. 165, page 303
Mortgagor: Branch Mint Mining & Milling Co.
Mortgagee: Union Trust Co.
Pledges assets of Branch Mint, including Union, Lucky, Erwin & Adrian Fractions

07/09/1909 Sheriff's Certificate of Tax Sale, recorded _____
Conveys: Interest of Branch Mint Mining & Smelting Co. to Robert N. Ogden, Trustee

Assignment, recorded _____
Grantor: Robert N. Ogden, Trustee
Grantee: James D. Hardin
Conveys: Interest in Certificate of Tax Sale

09/04/1909 Notice of Redemption of Sheriff's Certificate of Tax Sale
Recorded: 09/04/1909, Bk. 202, page 80
Redeemed: By James D. Hardin

11/25/1911 Treasurer's Deed, recorded 12/10/1982, #82-5704
Grantor: Treasurer, Lawrence County
Grantee: Lawrence County
Conveys: (for unpaid taxes, 1903) "Maverick, Pyrite, Pyrite Fr., Argo Fr., Luck (sic) Fr., Albert (sic) Fr., Irwin (sic) Fr., Albert (sic) Fr. No. 1, Alert, Adrian, Nevada, Summit, Union Hill and Corner Lode, M.S. 1134."
(Note: This deed was "lost" in Treasurer's office until 1982.)

Assignment, recorded _____
Grantor: James D. Hardin
Grantee: Black Hills Trust & Savings Bank

01/08/1912 Sheriff's Deed, recorded 01/09/1912, Bk. 209, page 268
Grantor: Sheriff of Lawrence County
Grantee: Union Trust Co.
Conveys: Interest of Branch Mint Mining & Smelting Co. in Union, Lucky, Erwin & Adrian Fractions, and other property

03/06/1912 Quit Claim Deed, recorded 04/25/1912, Bk. 209, page 384
Grantor: Union Trust Co.
Grantee: John Stokes Adams
Conveys: (4 fractions) and other property

03/11/1912 Quit Claim Deed, recorded 04/25/1912, Bk. 209, page 394
Grantor: Merchants Union Trust Co.
Grantee: John Stokes Adams
Conveys: (4 fractions) and other property

03/15/1913 Receiver's Deed, recorded 03/06/1913, Bk. 217, pg. 42
Grantor: Branch Mint Mining Co.
Grantee: Walter E. Graham
Conveys: (4 fractions) and other property

03/24/1913 Mining Deed, recorded 03/31/1913, Bk. 217, page 69
Grantor: John Stokes Adams
Grantee: Walter E. Graham
Conveys: (4 fractions) and other property

04/09/1915 Quiet Title Decree, recorded 05/06/1915, Bk. 217, page 607
Plaintiff: James D. Hardin
Defendant: Walter E. Graham
The court decreed that the defendant is the owner in fee simple and in possession and entitled to the possession of all the real estate described in plaintiff's complaint.

08/30/1917 Deed, recorded 08/30/1917, Bk. 222, page 562
Grantor: James D. Hardin
Grantee: Charles W. McCutcheon
Conveys: (4 fractions) and other property

10/11/1918 Marshal's Certificate of Sale, recorded 10/29/1918, Bk. 219, page 337
Grantor: Marshal
Grantee: Union Trust Co.
Conveys: Interest of Branch Mint Mining & Milling Co. in (4 fractions) and other property.

10/10/1919 Marshall's Deed, recorded 10/17/1919, Bk. 219, page 368
Grantor: Marshal
Grantee: Union Trust Co.
Conveys: Interest of Branch Mint Mining & Milling Co. in (4 fractions) and other property.

12/09/1918 Treasurer's Certificate of Sale, recorded _____
Grantor: Treasurer, Lawrence County
Grantee: Joseph G. Lester
Conveys: Mineral Survey No. 1134

10/13/1924 Treasurer's Deed, recorded 10/13/1924, Book 238, page 276
Grantor: Treasurer, Lawrence County
Grantee: Joseph G. Lester
Conveys: M.S. 1134 per tax certificate dated 12/9/1918

12/13/1929 Treasurer's Deed, recorded 12/13/1929, Bk. 251, page 8
Grantor: Treasurer, Lawrence County
Grantee: Fred Borsch
Conveys: "Maverick, Pyrite, et al, Mineral Survey Number 1134, containing 119.20"

12/14/1929 Quit Claim Deed, recorded 03/04/1938, Bk. 261, page 580
Grantor: Fred Borsch
Grantee: Northwestern Iron & Metal Co.
Conveys: "All my right, title and interest to Maverick, Pyrite, et al, Mineral Survey Number 1134, containing 119.20 acres"

03/08/1930 Quit Claim Deed, recorded 03/08/1930, Bk. 241, page 393
Grantor: Fred Borsch
Grantee: The Northwestern Iron & Metal Co.
Conveys: Mineral Survey Number 161, Mineral Survey Number 1134

05/08/1930 Sheriff's Certificate of Sale, recorded 05/08/1930, Bk. 244, page 211
Grantor: Sheriff, Lawrence County
Grantee: Robert N. Ogden
Conveys: Interest of Union Trust Co. to Mineral Survey Number 1134

07/14/1938 Quit Claim Deed, recorded 05/01/1939, Bk. 273, page 236
Grantor: Maude D. Ogden
Grantee: D. Hill and Northwestern Iron & Metal Co.
Conveys: Mineral Survey Number 161, Mineral Survey Number 1134
(Note: D. Hill was President of Northwestern Iron & Metal Co.)

05/05/1939 Notice of Pendency of Action, recorded 05/06/1939, Bk. LP4, page 365
Plaintiff: Northwestern Iron & Metal Co.
Defendent: Galena Mining & Smelting Co., Union Trust Co., et al.
Gives notice of commencement of quiet title action.

05/08/1939 Quit Claim Deed, recorded 05/11/1939, Bk. 273, page 242
Grantor: D. Hill
Grantee: Northwestern Iron & Metal Co.
Conveys: Mineral Survey Number 161, Mineral Survey Number 1134

08/16/1939 Treasurer's Amended Deed, recorded 08/16/1939, Bk. 276, pages 53-54
Grantor: Treasurer, Lawrence County
Grantee: Fred Borsch
Conveys: Maverick, Pyrite, et al, Mineral Survey Number 1134, containing 119.20 acres.

08/16/1939 Judgment by Default, recorded 08/16/1939, Bk. 276, pages 54-57
Plaintiff: Northwestern Iron & Metal Co.
Defendants: Galena Smelting & Reduction Co., Union Trust Co., Edgemont and Union Hill Smelting Co., et al.
Conveys: To Plaintiff Mineral Survey Number 161, 15.02 acres, and Mineral Survey Number 1134, 119.299 acres, as described in patent recorded in Bk. 146, pages 530-546.

02/28/1956 Mutual General Release, recorded 03/12/1956, Bk. 332, page 79
Grantor: Estate of William C. Bessler
Grantee: Ray Coppo, et ux.
Conveys: (by Quit Claim) Mineral Survey Number 1134, 119.299 acres

05/04/1959 Memorandum of Agreement and Option to Purchase, recorded 05/12/1959, Bk. 332, pages 79-81
Grantor: Ray Coppo, et ux.
Grantee: Yuba Consolidated Industries, Inc.
RE: Mineral Survey Number 1134

10/30/1964 Quit Claim Deed, recorded 2/18/1965
Grantor: Northwestern Metal Co., Inc.
Grantee: Northwestern Metal Company
Conveys: Mineral Survey Number 1134, 119.299 acres, as described in Patent recorded in Bk. 146, pages 530-546 (and other property)

03/13/1968 Memorandum of Lease and Option to Purchase, recorded 05/09/1968, Bk. 384, page 259
Grantor: Northwestern Metal Company
Grantee: Congdon & Carey Limited 3
RE: Mineral Survey Number 1134; individual claims listed but not Union, Lucky, Adrian & Erwin Fractions

01/01/1974 Lease, recorded 07/02/1974, Bk. 415, page 355
Grantor: Ray Coppo, et ux
Grantee: Joe M. Kosel and Amanda Kosel dba National Enterprises,Inc
RE: Mineral Survey Number 912

01/01/1974 Lease, recorded 07/02/1974, Bk. 415, page 363
Grantor: Ray Coppo, et ux
Grantee: National Enterprises, Inc.
RE: Mineral Survey Number 376, Silver Jack, Silver Jack #1

05/28/1974 Assignment, recorded 09/24/1974, Bk. 418, page 39
Grantor: National Enterprises, Inc.
Grantee: John M. Sailer
Conveys: A 5% interest of net mill run from:
a.) Millsite Triangle Parcel (Lot 346)
b.) Crown Point Lode (Mineral Survey 912)
c.) New Years Lode (as recorded in Bk. 343, page 456)
d.) Silver Jack, Silver Jack #1 (as recorded in Bk. 405, page 5)
e.) "a parcel known as Branch Mint, consisting of 119.99 acres, more or less, as recorded in Bk. 146, pages 530-546."

06/22/1974 Assignment, recorded 08/20/1974, Bk. 415, page 621
Grantor: National Enterprises Inc. (by Jakie Hieb, President)
Grantee: Phillip Eichorst
Conveys: A 6% interest of net mill run from (see Assignment dated 05/28/1974)

09/26/1974 Assignment, recorded 11/01/1974, Bk. 418, page 215
Grantor: John M. Sailer
Grantee: August Timpe and Irene Timpe
Conveys: A 1% interest of net mill run from (see Assignment dated 05/28/1974)

10/29/1974 Assignment, recorded 11/01/1974, Bk. 418, page 217
Grantor: John M. Sailer
Grantee: Raymond J. Berg and Mary Berg
Conveys: A 1% interest of net mill run from (see Assignment dated 05/28/1974)

11/25/1974 Assignment, recorded 12/02/1974, Bk. 418, page 358
Grantor: John M. Sailer
Grantee: Raymond J. Berg and Mary Berg
Conveys: A 1% interest of net mill run from (see Assignment dated 05/28/1974)

09/01/1976 Lease and Option to Purchase, recorded_____
Grantor: Northwestern Metal Company
Grantee: Congdon and Carey, Ltd. 5
RE: Mineral Survey Number 1134; individual claims listed but not lucky, Erwin Union and Adrian Fractions

COMMENTS

1. No conveyance from H. Clinton Grable to Edgemont and Union Hill Smelting Co. or Galena Mining & Smelting Co. of unpatented Union Fraction Lode was found. Galena was the patentee at time of patent.

2. There are several spurious deeds referring to the "Union Link Fraction Lode, Mineral Survey Number 1134" in this chain of title (see 57/96, 219/96, 254/155, etc). The Union Link Fraction was located 11/23/1897, and recorded 11/24/1897, Bk. 133, page 199. The locator was Joseph King. It is described as joining the Dakota Maid Lode on the north. There is no record of this claim being patented, and is not the same claim as the Union Fraction, Mineral Survey Number 1134.

3. The chain of title becomes quite confused due to Treasurer's Deeds (for delinquent taxes) and also Marshall's Deeds (for mortgage foreclosures) involving Edgemont & Union Hill Smelting Co., Galena Mining and Smelting Co., and Branch Mint Mining and Smelting Co., This was apparently cured by the Treasurer's Deeds to Fred Borsch and the Quiet Title Decree of August 16, 1939.

4. A chain of title from William C. Bessler to Ray Coppo and thence to Yuba Consolidated Industries and National Enterprises, Inc. first appears on February 28, 1956, and ends on November 25, 1974. No evidence was found of William C. Bessler acquiring any interest in Mineral Survey Number 1134 back to January 1, 1939 (prior to the Quiet Title Decree of August 16, 1939). Bessler was not a Defendant in the Quiet Title Decree.

5. Ray Coppo died intestate 12/02/82, leaving an estimated $164,888 estate to his widow and daughter. His assets as stated in the inventory included the following:
   a.) his mill and equipment
   b.) a leasehold interest in part of Mineral Survey 346 (Washington Lode) and Mineral Survey 161(Placer) per lease dated 4/23/1981 with Northwestern Metal Company
   c.) joint ownership with Ethel Coppo of:
   Mineral Survey 376 - New Years Lode
   Mineral Survey 698 - Black Lode
   Mineral Survey 912 - Crown Point Lode (undivided interest)

   All subject to Contract of Sale dated 9/17/1981. There is no mention in the probate file of any interest in Mineral Survey 1134

6. It appears that subject to the possible validity of interest of William C. Bessler and his successors, Northwestern Metal Company has valid title to all the claims included in Mineral Survey 1134 and Patent Number 32166, including the Lucky Fraction, Erwin Fraction, Adrian Fraction and Union Fraction Lodes.

James H. Bird, Jr.
February 15-16, 1983

Amoco Metals Company
7000 South Yosemite Street
Post Office Box 3299
Englewood, Colorado 80155
303-740-5000

January 25, 1983

Mr. David Hedges, President
Northwestern Metal Company
P.O. Box 81826
North 27th Industrial Park
Lincoln, Nebraska 68500

Gilt Edge Prospect

Dear Mr. Hedges:

As you are aware, Northwestern Metal Co. entered into a Lease and Option to Purchase with Congdon and Carey, Ltd. 5 on September 1, 1976. Cyprus Mines Corporation acquired an 80% interest in the agreement by virtue of a Joint Venture Agreement with Congdon and Carey.

The Northwestern Metal Co. agreement covers the following patented lode mining claims in Lawrence County, South Dakota:

Mineral Survey No. 1134

Alert	May
Alert Fraction	May Fraction
Alert Fraction No. 1	Nevada
Argo	Pyrite
Comet	Pyrite Fraction
Eureka	S. Ruby
Hoodoo (sic)	Summit
Maverick	Union Hall

being approximately 119.20 acres.

In reviewing our land position at the Gilt Edge Project, we determined that four small patented lode claims were not shown as controlled by the joint venture.

Claim	Acreage
Lucky Fr.	0.360 Ac.
Erwin Fr.	0.245 Ac.
Adrian Fr.	0.095 Ac.
Union Fr.	0.257 Ac.

A check of federal records revealed that these four claims were included in Mineral Survey No. 1134 and Mineral Patent No. 32166 dated February 16, 1900, copies of which are enclosed for your information.

The patent (deed from the U.S.) to the Galena Mining and Smelting Co. in 1900 included the 16 claims as shown in the 1976 agreement and the four small claims above.

You have indicated that you acquired your interest in the 16 claims in the mid 1930's from Branch Mint Mining Co., and that apparently the claims acquired were based on information from a 1909 map, which did not show the four small claims.

Subject to a check of the chain of title from Galena Mining and Smelting Co. through Branch Mint Mining Co to Northwestern Metal Co., it appears that although specific reference to the four small claims was unintentionally omitted some time in the past, Northwestern has a legitimate claim to these properties. This claim is further substantiated by the fact that Northwestern Metal Co. and subsequently the Joint Venture have been paying taxes on 119.20 acres, which is the total acreage of all the claims covered by the patent.

I intend to check the county records in the near future in regard to this matter, and hope to ascertain that title to the four claims is vested in Northwestern Metal Co. If this is true, we would like to amend the 1976 agreement to include the four "lost" claims, as it appears it was the original intention of the agreement to cover all of the patented claims in Mineral Survey No. 1134 owned by Northwestern Metal Co., comprising a total of 119.20 acres.

Any assistance you can provide in regard to the title to these claims would be much appreciated.

Sincerely,

James H. Bird
Sr. Land Representative

JHB:lp

Congdon & Carey
R. E. Graichen
M. T. Nesbitt
W. P. Taylor

On the first day of May of the year after which taxes shall have been assessed, one half of all unpaid taxes shall become delinquent and on that day and the first day of each and every month thereafter there shall be added as interest and penalty on said delinquent tax 1 ⅛ %. If the other half is not paid by the first day of November of the same year that also becomes delinquent and the same interest and penalty shall attach in the same manner ****

Unpaid taxes are advertised in December for tax sale and sold the third Monday in December. Action for tax deed may be started four years from date of sale.

Compare the descriptions on this receipt with your title papers to be sure that it is the property on which you wish to pay. In case of error notify the County Treasurer at once.

Any amount of $20.00 or under must be paid in full by April 30th.

OFFICIAL REAL ESTATE NOTICE—1981

TREASURER'S OFFICE, LAWRENCE COUNTY

P.O. Box 394

Deadwood, South Dakota 57732

This Reciept Is Not A Bar To The Collection Of Any Prior Tax.

No. 11902

☐ First ☐ Second ☐ Full ☐ Cash ☐ Check

DESCRIPTION	S or L	T or R	Rng.	Acres		VALUATION	TAX	SAN.	TOTAL TAX	INSTALLMENT First	INSTALLMENT Second
Maverick & Pyrits etal	1134			119.20	AG						
					NA	6480.	396.12		396.12		

ON PROPERTY TAXED IN THE NAME OF

Northwestern Metal Co.

9
TAX DISTRICT

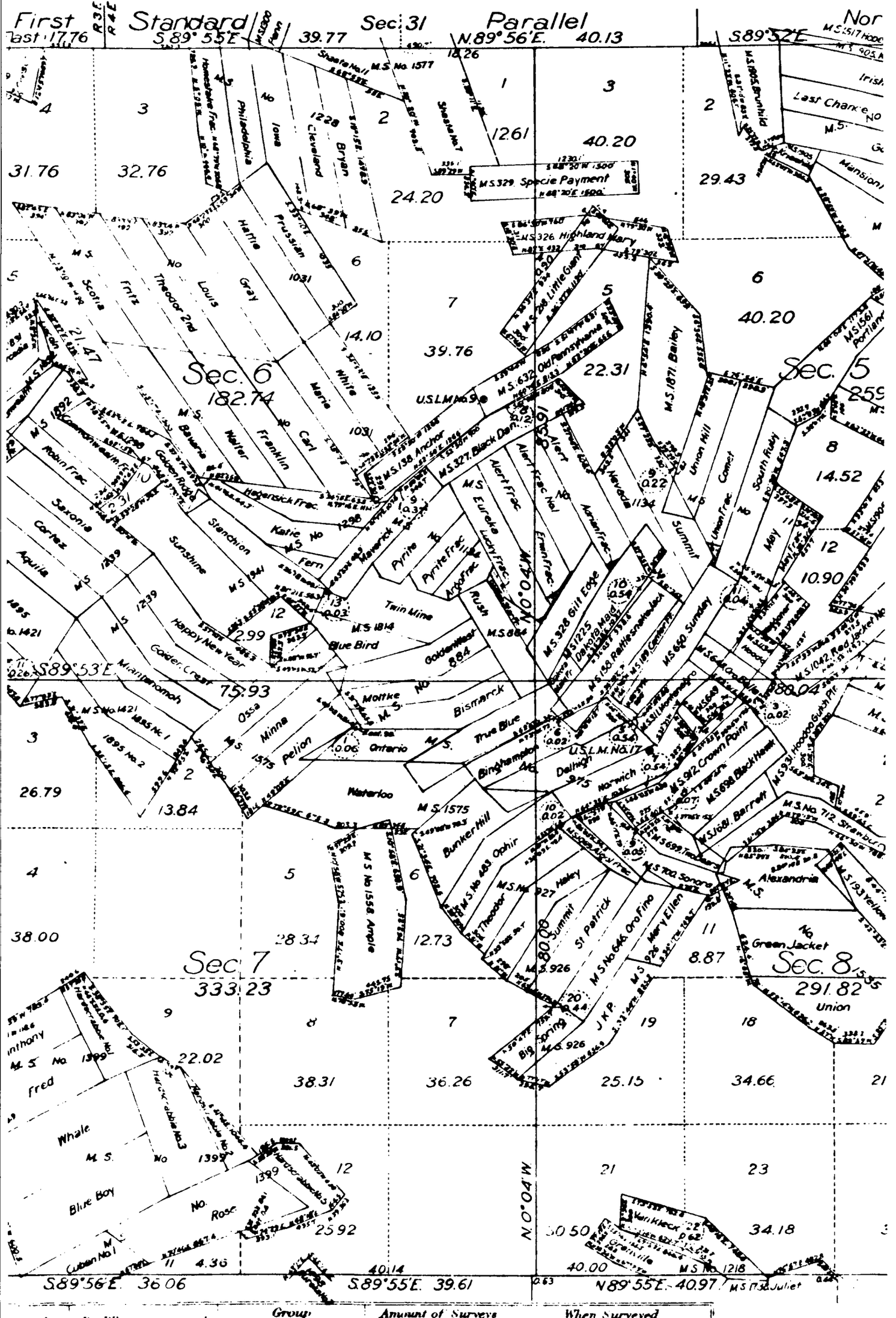
Tax Statement

Bring Or Send This Notice

With Payment

...ship No. 4 North - Range No. 4 East of the Black Hills

in 3 Sheets



Group	Amount of Surveys			When Surveyed	
No.	Date	Mls.	chs.	lks.	Begun	Completed

...inated By Whom Surveyed

This sheet is a part of the ...

Meridian South

4
5
6
7
8
9
10
3
SHASTA No.5 1577
OPHIR No.12 1517
KLONDIKE 1517
HOPEFUL No.2 1517
HOPEFUL No.4 1517
SPECIE PAYMENT
MAHATMAS 2035
JUPITER 2035
MAINE No.2 2154
GOLDEN RULE 2154
SCOTIA 1031
FRITZ 1031
LOUIS 1031
GRAY 1031
WHITE 1031
MARIE 1031
CARL 1031
FRANKLIN 1031
WALTER 1031
BAVARIA 1031
SUNSHINE 1941
KATIE 1248
CORTEZ 1239
ROBIN 1192
FISSURE 1964
NERO 1964
CROWS FOOT 1964
COOPER 1905
MANSION 1905
BAILEY 1871
UNION HILL 1134
COMET 1134
ALERT 1134
CALUMET No.3 1178
LITA 1178
CALUMET 1178
B M 1178
RUBY PL. 432
HARRIS 1906
SHEAHAN PL. 557
BRILLIANT 1903
CRYSOLITE 1903
LINA 846
MOLTKE 884
BISMARCK 884
OSSA 1575
MINNA 1575
PELION 1575
WATERLOO 1575
BUNKER HILL 1575
AMPLE 1558
ALEXANDRIA 1535
GREEN JACKET 1535
UNION 1535
RAINBOW 1446
HESTER A. 1446
TREASURE 1262
ALTA 1262
MARGARET 1901
GULCH 1901
BED ROCK 1901
FISSURE 1901
GRAND VIEW 365
SILVER TERRA 364
ORO FLAM 384
GORMAN 2031
SCENIC No.1 2045
McCLELLAN EXT. 2045
FLORENCE 163
RED CLOUD 159
TARTAR
BARON
ELDEN
MELBA 1260
MOBILE 1260
EVERETT 1260
MERTON 1260
CASSIE 1260
ROANOKE 1260
BUTTE 1260
BUTTE No.1 1260
ISABELL 1260
OELRICHS 1260
HENRY CLAY 1260
WEST SIDE 1260
NIAGRA 1260
EAST SIDE 1260
VICKSBURG
LAGRANGE 1260
CARIBOO 93
EL REFUGIO 88
MIDNIGHT No.1 1867
MIDNIGHT No.2 1867
METALLIC STREAK 1867
LEADVILLE 1867
CROW
TINCUP 1867
GROSHONG 1384
QUEEN 1384
ALICE 1744
MALME 1267
STOCKHOLM 1267
BION 1749
CHICO 1749
ALMA 1749
WINDSOR 1749
LONE HAND 1749
ELLA S
MONTANA
NEW YORK
HENRIETTA
RIDGE
STRAWBERRY
ANTHONY 399
FRED 1399
WHALE 1399
BLUE BOY 1399
ROSE 1399
CRESCENT 1399

Amoco Metals Company
7000 South Yosemite Street
Post Office Box 3299
Englewood, Colorado 80155

November 19, 1982

William C. Lagos, Vice President
Congdon and Carey
1100 Denver Center Building
1776 Lincoln Street
Denver, CO. 80203

Gilt Edge, South Dakota

Dear Bill:

One of the patented claims included in the Commonwealth agreement is the "ADELPHIA," Min. Survey No. 975. A check of Mineral Patent No. 28948 confirms that no such claim was patented. None of the B.L.M. maps or plats show such a claim and I conclude that it does not exist.

The Northwestern Metal agreement, covering patented claims in Mineral Survey No. 1134, does not include four small fractions:

Lucky Fraction
Erwin Fraction
Adrian Fraction
Union Fraction

These claims are included in Mineral Survey No. 1134 and Mineral Patent No. 32166 dated February 16, 1900. Since they are not in the lease, I conclude that they "fell between the cracks" sometime between 1900 and 1976. I will do further title research in Deadwood and see if it is possible to bring them back under the Northwestern Metal agreement.

Sincerely,

James H. Bird
Sr. Land Representative

M. T. Nesbitt
R. E. Graichen

LEASE AND OPTION TO PURCHASE

THIS AGREEMENT is made and entered into as of the 1st day of September, 1976, by and between NORTHWESTERN METAL COMPANY, a Nebraska corporation, whose address is P. O. Box 81826, North 27th Industrial Park, Lincoln, Nebraska 68500, Party of the First Part (hereinafter referred to as "Northwestern"), and CONGDON AND CAREY, LTD. 5, a limited partnership under the provisions of Colorado Revised Statutes, whose address is 1776 Lincoln Street, Suite 910, Denver, Colorado 80203, Party of the Second Part (hereinafter referred to as "Congdon"), whose agreements, covenants and representations are hereinafter set forth as follows:

ARTICLE I

Premises

1.1 Northwestern is the owner of the full mineral interest in the following described patented mining claims and any improvements thereon, and the lands covered thereby, situate in Sections 5, 6 and 8, Township 4 North, Range 4 East, Lawrence County, State of South Dakota (hereinafter referred to as the "premises"), to-wit:

Mineral Survey No. 1134

Alert	May
Alert Fraction	May Fraction
Alert Fraction No. 1	Nevada
Argo	Pyrite
Comet	Pyrite Fraction
Eureka	S. Ruby
Hoodoo	Summit
Maverick	Union Hill

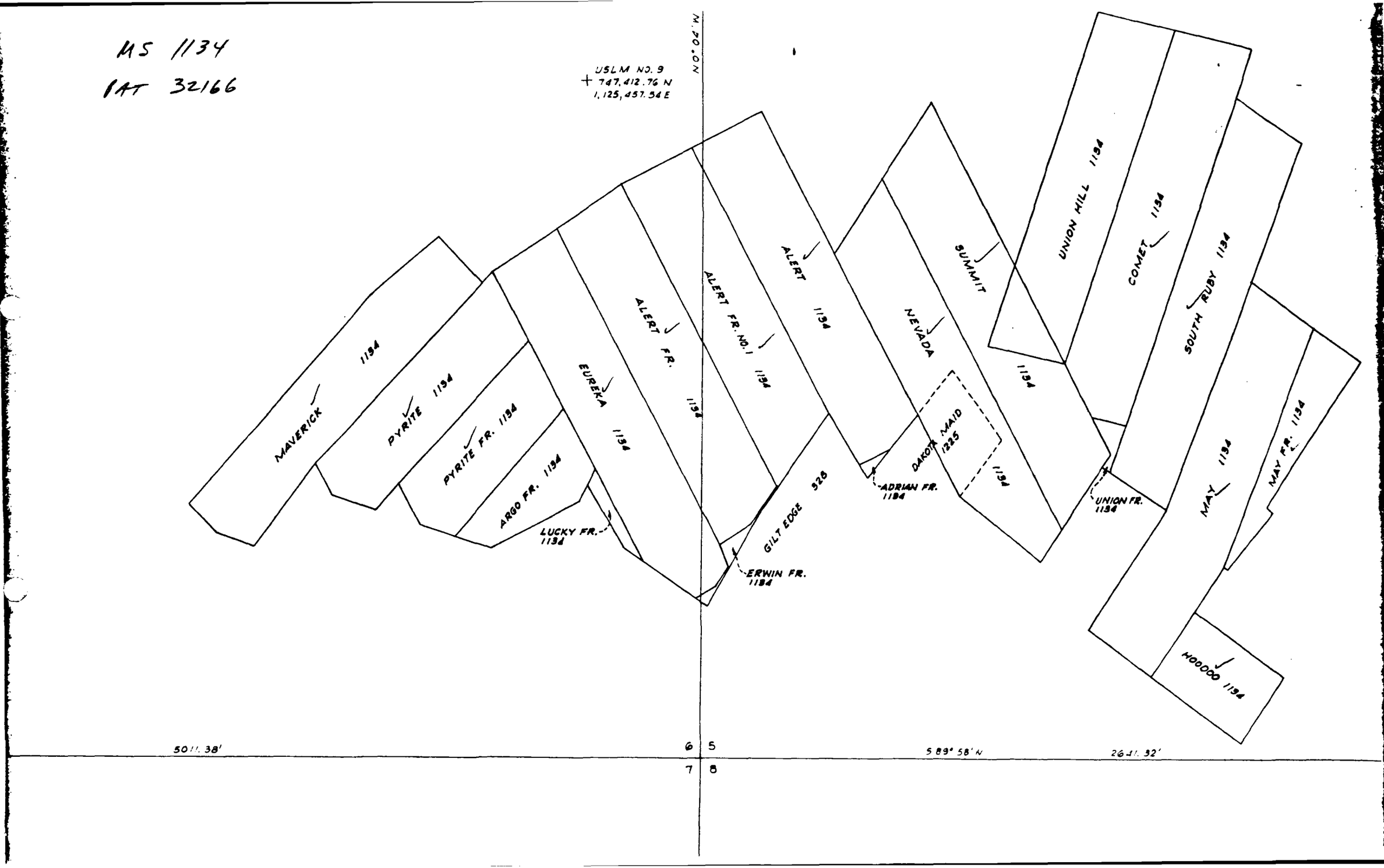
16 patented claims

being approximately 119.20 acres.

1.2 Congdon desires to have a lease on the premises to explore and develop and mine the same for mineral content, and also to have the option to purchase the mineral rights and all minerals in and under the premises upon the terms and conditions herein set forth.

MS 1134

IAT 32166



Gilt Edge

11/15/82 Jim Bird of Amoco Minerals called. (#740-5428)

Re Commonwealth deal, having problems locating Adelphia patented claim i.e, no title backup and it is not included in Mineral Survey 975. (note: the tax assessor initially set out M.S. 975 as comprised of the Ontario, Adelphia, Binghampton, Ture Blue, Delhigh & Norwich.

Later assessment schedules show:

"Ontario	MS	975	6.57 ac
Adelphia, Binghampton		975	36.76 ac.

Adelphia does show up on maps, etc. What survey is it in,etc.

As to Northwest Metals, are 4 fractions; Lucky, Adrian, Union and Erwin(Irwin?). These patented fractions were not in the lease to us from Northwest Metals. Are small fractions. Who has these? These 4 were part of the mineral survey #1134 Pat. 32166. Bird wondered if we had title info, and inquired if there was any particular reason these fractions were left out of the description.

11/17/82 Bird called. Said he had checked , 4 factions included in the patent to patentee, Galina Mining and Smelting Company. Patent dated 2Feb. 16, 1900.

When did these 4 fractions drop out of the chain of title?

Bird figures he will get up to Deadwood and ck. the 4 fractions and how the title went.

SCHEDULE OF EXPENDITURES

Period August [illegible] 1976 through October 31, 1[illegible]1

Item	Thru 1979	During 1980 Jan.thruDec.	1981 Thru Oct.	Total
Drilling	510,649	672,212	219,428	1,402,289
Assaying & Sampling	99,148	53,686	30,611	183,445
Metallurgy	39,631	167,284	-	206,915
~~Geo-Chem-Analysis~~ (o.k.)	43,001	-	-	43,001
Excavating	44,917	317,891	-	362,808
Surveying & Mapping	24,667	49,763	-	74,430
Equipment	15,291	99,939	-	115,230
Equipment Rental	-	-	26,800	26,800
Equipment Operations & Maintenance	-	-	15,045	15,045
Outside Contract Services	162,690	285,082	29,955 *~~47,772~~	~~447,772~~
Consultants	-	-	112,041**	112,041
Salaries & Wages	102,077	94,807	77,838	274,722
Travel	61,023	37,192	[illegible]7,773	105,998
Office Supplies, field office rent, supplies-maps, field supplies, freight, communications	-	-	5,060	5,060
Miscellaneous	17,418	18,553	6,109	42,080
Total				3,447,591

* set out as "other contractors" on new Cyprus schedules & billings
** new category

outside contract services 477,727

Save this as work sheet use

→ goes in Northwest file.

SCHEDULE OF EXPENDITURES ~~October, 1979~~ 7-17 31, 198-
Period August 1, 1976 through ~~October, 1979~~

			Thru Dec 79	TOTAL Thru 12/31/79
1.	Exploratory Drilling	$ 506,469	4,000	510,469
2.	Assaying and Sampling	94,004	5144	99,148
3.	Metallurgy	38,631	1000	39,631
	Geo Chem Analysis		1053	1,053
4.	Excavating	44,917	-	44,917
5.	Surveying and Mapping	24,205	462	24,667
6.	Equipment	15,108	183	15,291
7.	Outside Contract Services	126,393	36,297	162,690
8.	Salaries and Wages	100,908	1,169	102,077
9.	Travel and Expenses	59,887	1,136	61,023
10.	Miscellaneous	17,382*	36	17,418
	Total:	$1,027,904	50480	1,078,384

* The Schedule for period through July, 1979 showed $38,631. This was the metallurgy total and was erroenously repeated under "Miscellaneous". "Miscellaneous" for period through July 1979 was $9,121.

*{1980 Expenses from Cyprus billings of 8/18/80}

	8/1/76 thru Dec 79	* Expenses 1-1-80 thru 7/31/80	Total 8/1/76 thru 7-31-80
1. Exploratory Drilling	510,469	95,191	605,660
2. Assaying and Sampling	99,148	8,378	107,526
3. Metallurgy	39,631	3,370	43,001
4. Geo Chem. Analysis	1,053	—	1053
5. Excavating	44,917	95,136	140,053
6. Surveying and Mapping	24,667	18,745	43,412
7. Equipment	15,291	6,422	21,713
8. Outside Contract Services	162,690	91,841	254,831
9. Salaries & Wages	102,077	34,023	136,101
10. Travel & Expenses	61,023	11,177	72,200
11. Miscellaneous	17,418	3,726	21,144
TOTAL	1,078,384	368,209	1,446,593

look sheet
- Sqva -

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

December 28, 1979

Mr. Leo Hill
Northwestern Metal Company
P. O. Box 81826
North Industrial Park
Lincoln, Nebraska 68500

Dear Mr. Hill:

Enclosed is a Schedule of Expenditures through October 1979. These figures do not include office overhead or property payments.

Our last billing from Cyprus for October expenditures was received by us this month. The November billing will be forwarded to us in January and the year end billing will be received by us around the end of February. Thereafter, we will provide you with a year end Schedule of Expenditures.

Standard Oil Company of Indiana acquired Cyprus on September 21, 1979. We assume Cyprus will continue to operate as a separate mining subsidiary of Standard of Indiana.

Cyprus has told us that metallurgical test work must continue since tests conducted to date have resulted in erratic recovery of gold--indicating variations in either the geologic character of the material, the sampling of the material to date or inconsistent extracting methods. We were told that until an extraction of at least 60% of the gold can be assured, metallurgical test work must continue.

We will keep you advised.

Very truly yours,

William C. Lagos

WCL:ld
Enclosure

COCA-01-089

SCHEDULE OF EXPENDITURES
Period August 1, 1976 through October, 1979

1.	Exploratory Drilling	$ 506,469
2.	Assaying and Sampling	94,004
3.	Metallurgy	38,631
4.	Excavating	44,917
5.	Surveying and Mapping	24,205
6.	Equipment	15,108
7.	Outside Contract Services	126,393
8.	Salaries and Wages	100,908
9.	Travel and Expenses	59,887
10.	Miscellaneous	17,382*
	Total:	$1,027,904

* The Schedule for period through July, 1979 showed $38,631. This was the metallurgy total and was erroenously repeated under "Miscellaneous". "Miscellaneous" for period through July 1979 was $9,121.

SCHEDULE OF EXPENDITURES
THROUGH JULY, 1979

1.	Exploratory Drilling	$ 366,057
2.	Assaying and Sampling	63,388
3.	Metallurgy	38,631
4.	Excavating	14,228
5.	Surveying and Mapping	21,627
6.	Equipment	10,254
7.	Outside Contract Services	68,199
8.	Salaries and Wages	70,286
9.	Travel and Expenses	48,761
10.	Miscellaneous	38,631
	Total:	$ 740,062

610 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-8140

CONGDON AND CAREY
MINERAL EXPLORATION

HOLD IN FILE — USE FOR subsequent Ltrs. re "work"

August 7, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Use the parallel addition for last ltr.

Mr. Leo Hill
Northwestern Metal Company
P. O. Box 81826
North Industrial Park
Lincoln, Nebraska 68500

Re: Work Commitment

Dear Mr. Hill:

In accordance with Article 3.1 of the Lease and Option to Purchase Agreement dated September 1, 1976 between our respective firms, this is to advise you that exploratory work continues on the project lands. Considerable drilling took place on your lands between August and November, 1977 which accounted for the major portion of the $81,000 drilling budget. $13,000 went toward assaying and sampling, $16,700 for metallurgy and $10,000 for outside-contract services associated with the exploration program.

Our 1978 exploration program is underway. $25,000 will be spent on drilling and the balance for sampling, assaying, metallurgy, survey and mapping and miscellaneous services.

The amounts expended on the Gilt Edge project by Cyprus-Congdon and Carey from August 1, 1976 through June 1978 are set out below. These figures do not include office overhead or property payments, but do include travel expenses and salaries and wages of Cyprus' project personnel.

			Thru 6/78 add	Thru 6/78 out	Thru July 79
1.	Exploratory Drilling	$ 326,802+	29,500	7,000	
2.	Assaying and sampling	42,032+	1 647.80	-	
3.	Metallurgy	18,544+	-	-	
4.	Excavating	6,309+	-	-	
5.	Survey and mapping	10,895+	-	-	

COCA-01-090

6.	Outside contract services	$ 15,083	6634.88	5481.82
7.	Salaries and wages	28,888	659.09	4796.78
8.	Travel and expenses	24,014	3081.25	1600.00
9.	Equipment	7,320	—	3084.09
10.	Miscellaneous	2,713	1549.24	200.00
	Total expenditures August, 1976 through June, 1978	$ 482,600		

Very truly yours,

William C. Lagos

WCL:ld

cc: Mr. C. A. Mark
Cyprus Mines Corporation
555 South Flower Street
Los Angeles, California 90071

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

December 28, 1979

Mr. Leo Hill
Northwestern Metal Company
P. O. Box 81826
North Industrial Park
Lincoln, Nebraska 68500

Dear Mr. Hill:

Enclosed is a Schedule of Expenditures through October 1979. These figures do not include office overhead or property payments.

Our last billing from Cyprus for October expenditures was received by us this month. The November billing will be forwarded to us in January and the year end billing will be received by us around the end of February. Thereafter, we will provide you with a year end Schedule of Expenditures.

Standard Oil Company of Indiana acquired Cyprus on September 21, 1979. We assume Cyprus will continue to operate as a separate mining subsidiary of Standard of Indiana.

Cyprus has told us that metallurgical test work must continue since tests conducted to date have resulted in erratic recovery of gold--indicating variations in either the geologic character of the material, the sampling of the material to date or inconsistent extracting methods. We were told that until an extraction of at least 60% of the gold can be assured, metallurgical test work must continue.

We will keep you advised.

Very truly yours,

William C. Lagos

WCL:ld
Enclosure

SCHEDULE OF EXPENDITURES
Period August 1, 1976 through October, 1979

1.	Exploratory Drilling	$ 506,469
2.	Assaying and Sampling	94,004
3.	Metallurgy	38,631
4.	Excavating	44,917
5.	Surveying and Mapping	24,205
6.	Equipment	15,108
7.	Outside Contract Services	126,393
8.	Salaries and Wages	100,908
9.	Travel and Expenses	59,887
10.	Miscellaneous	17,382*
	Total:	$1,027,904

* The Schedule for period through July, 1979 showed $38,631. This was the metallurgy total and was erroenously repeated under "Miscellaneous". "Miscellaneous" for period through July 1979 was $9,121.

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

August 23, 1977

Mr. Leo Hill
Northwestern Metal Company
P. O. Box 81826
North Industrial Park
Lincoln, Nebraska 68500

Re: Work Commitment

Dear Mr. Hill:

In accordance with Article 3.1 of the Lease and Option to Purchase Agreement dated September 1, 1976 between our respective firms, this is to advise you that exploratory work being conducted by Cyprus continues on Northwestern ground and when all the bills are in, direct expenditures will exceed the $40,000 called for in said agreement. Accordingly, a more detailed letter will follow upon completion of the present drilling program.

The exploratory program on your firm's lands is comprised of the following:

1.	5 holes drilled on Northwestern ground during fall of 1976	$ 5,000
2.	I.P. survey (geophysical work on Northwestern ground (1977)	3,000
3.	Selecting and constructing drill sites and road for 1977 drilling program. 19 drill sites on Northwestern ground. Drilling should be completed by end of August. Costs to exceed	35,000
	Estimated expenditures through 8/31/77	$ 43,000

As indicated above, when Cyprus completes the drilling of the 19 test holes on Northwestern ground and all the bills are in, we will provide you with an updated statement of expenditures.

Very truly yours,

William C. Lagos,
Manager of Lands

WCL:ld

cc: Mr. J. E. Worthington
U. S. Exploration Manager
Cyprus Mines Corporation
555 South Flower Street
Los Angeles, California 90071

ASSIGNMENT OF LEASES

MEMORANDUM FOR RECORDING

THIS ASSIGNMENT is made effective as of the first day of June, 1983, by and among Cyprus Mines Corporation, a Delaware corporation, 7000 South Yosemite Street, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation (hereinafter referred to as "Grantee"), whose address is P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510.

WHEREAS, Grantors or their predecessors, as the case may be, entered into a Joint Venture Agreement dated January 1, 1975, whereby Grantors agreed to explore, develop and mine certain property located in Lawrence County, South Dakota; and

WHEREAS, pursuant to the above Joint Venture Agreement, Grantors are the Lessees under certain leases ("Leases") covering patented and unpatented mining claims situated in Lawrence County, South Dakota, more particularly described in Exhibit A which is attached hereto and by reference made a part hereof; and

WHEREAS, Grantee desires to obtain an interest in the Leases.

NOW, THEREFORE, the parties hereby agree as follows:

1. ASSIGNMENT

Pursuant to the terms and conditions of that certain unrecorded Mining Agreement of even date herewith ("Mining Agreement") Grantors have assigned and hereby assign to Grantee all of their right, title and interest in and to the Leases described in Part I of Exhibit A attached hereto, subject to exceptions, reservations, obligations and conditions of the Mining Agreement.

2. Lease

Pursuant to the terms and conditions of the Mining Agreement, Grantors have leased and hereby lease to Grantee for a period of ten years and so long thereafter as development, mining or processing operations are conducted on a continuous basis, the claims described in Part II of Exhibit A attached hereto, subject to the exceptions, reservations, obligations and conditions of the Mining Agreement.

3. Notices

All written notices hereunder shall, unless otherwise provided, be personally delivered, sent by telegram or telex, or be mailed by registered or certified mail to the addresses following, until some other address is designated in a notice so given:

If to Grantors:
Cyprus Mines Corporation
P.O. Box 3299
7000 South Yosemite Street
Englewood, Colorado 80155
Attn: C. A. Mark

With a copy to:
CoCa Mines Inc.
1776 Lincoln Street, Suite 910
Denver, Colorado 80203
Attn: J. C. Mitchell

If to Grantee:
Lacana Mining Corporation
P.O. Box 354
3701 Royal Trust Tower
TD Center Toronto, Ontario
CANADA M5K 1K7
Attn: P. E. Lawford

With a Copy to:
Lacana Mining Inc.
2005 Ironwood Parkway, Room 105
Coeur d'Alene, Idaho 83814
Attn: P. E. Dircksen

or to the most recent address of that party for which such notice has been given. Unless otherwise provided herein, such notice shall be deemed effective when either delivered by personal service, on the day of telexing or five (5) days after date of mailing.

4. Mining Agreement Controlling

This Assignment of Leases—Memorandum for Recording is being recorded to give constructive notice of the assignment of leases granted by Grantors to Grantee pursuant to the terms and provisions of the Mining Agreement. The incomplete statement in this Memorandum for Recording of any of the terms and provisions of the Mining Agreement shall not be deemed to amend or modify the Mining Agreement which shall be the controlling instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GRANTORS:

Cyprus Mines Corporation

By: _____ RWG
H. L. Bauer, Jr.
Vice President

_____
Sherrill A. Sherman
Assistant Secretary

CoCa Mines, Inc.

By: _____
~~Thomas E. Congdon~~ H. J. Matheson
~~Chairman~~ President

_____
J. C. Mitchell
Vice President

GRANTEE:

Lacana Mining ~~Company~~ Inc.

By: _____
W. H. Gross
Chairman of the Board

_____
E. G. Thompson
President and Chief Executive Officer

CORPORATE ACKNOWLEDGEMENT—SOUTH DAKOTA

Province ~~State~~ of Ontario)
) ss.
County of York)

On this the 22nd day of September, 1983, before me, Peter Lyman Lawford, the undersigned officer, personally appeared Edward G. Thompson who acknowledged himself to be the President and Chief Exec. Off. of Lacana Mining Inc., a corporation, and that he, as such President and C.E.O., being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the coproration by himself as such officer.

In witness whereof I hereto set my hand and official seal.

P Lawford
Notary Public

SEAL

PETER E. LAWFORD
Typed or Printed Name

STE. 3701 Royal Trust Tower
TD Centre, Toronto, Ontario
Canada M5K 1K7
Business Address

My Commission does not expire

CORPORATE ACKNOWLEDGEMENT—~~SOUTH DAKOTA~~ COLORADO

State of COLORADO)
) ss.
County of ARAPAHOE)

On this the 14th day of October, 1983, before me, Nancy L. Novotny, the undersigned officer, personally appeared H. L. Bauer, Jr. who acknowledged himself to be the Vice President of Cyprus Mines Corporation, a corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the coproration by himself as Vice President.

In witness whereof I hereto set my hand and official seal.

Nancy L. Novotny
Notary Public

SEAL

Nancy L. Novotny
Typed or Printed Name

7000 South Yosemite Street
Englewood, Colorado 80112
Business Address

My Commission expires September 29, 1984

CORPORATE ACKNOWLEDGEMENT—SOUTH DAKOTA

State of Colorado)
) ss.
County of Denver)

On this the 14th day of October, 1983, before me, Vicki L. Ferguson, the undersigned officer, personally appeared H. J. Matheson who acknowledged himself to be the President of Tola Mines Inc., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the coproration by himself as President.

In witness whereof I hereto set my hand and official seal.

Vicki L. Ferguson
Notary Public

SEAL

Vicki L. Ferguson
Typed or Printed Name

910 Denver Ctr Bldg.
Business Address
1776 Lincoln St.
Denver, CO 80203

My Commission expires
Nov 22, 1986

DOC. NO. 83-5768

1983 OCT 18 PM 1:40

Fee 11.00

EXHIBIT A

Attached to and made a part of that certain Assignment of Leases-Memorandum for Recording dated effective June 1, 1983, by and between Cyprus Mines Corporation, CoCa Mines, Inc. and Lacana Mining Inc.

GILT EDGE

I. LEASES

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee, recorded November 12, 1974 at Book 418, Pages 264-284, covering the following claims:.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnake Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.969
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Bella	1235	30615	10.257
Summit	1236	31088)	
Summit #1	1236	31088)	20.994
Horn Silver	1236	31088)	
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Strawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.66
(Amended)	-	215	300		

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.96
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee, a memorandum of which was recorded July 21, 1983, Document No. 83-4097, as amended June 30, 1983, recorded September 19, 1983, Document No. 83-5163, covering the following patented lode claims:

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Adrian Fraction	1134	32166	0.095
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Erwin Fraction	1134	32166	0.245
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Lucky Fraction	1134	32166	0.360
Maverick	1134	32166	8.627
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Fraction	1134	32166	0.257
Union Hill	1134	32166	9.013

C. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee, a memorandum of which was recorded March 8, 1983, Document No. 83-2622 covering the following described patented lode claim:

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

D. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee, a memorandum of which was recorded March 8, 1983, Document No. 83-2623 covering the following described patented lode claim:

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

E. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee, a memorandum of which was recorded March 11, 1983, Document No. 83-2673 covering the following unpatented lode claim:

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

F. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee, a memorandum of which was recorded February 15, 1983, Document No. 83-2455, covering the following described unpatented lode claims:

CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Erik No. 1	11/16/82	82-5392	M MC 95380 (SD)	
Erik No. 2	11/16/82	82-5393	M MC 95381 (SD)	22.43 AC. ±
Erik NO. 3	11/16/82	82-5394	M MC 95382 (SD)	
Erik No. 4	11/16/82	82-5395	M MC 95383 (SD)	

G. Fred Borsch Estate Group

1. Mining Lease dated August 29, 1983, by and between Jeraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, deceased, Lessor, and Cyprus Mines Corporation, Lessee, a memorandum of which was recorded September 12, 1983, Document No. 83-5038, covering the following patented lode claims:

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Black Dan	327	8653)	
Old Pennsylvania	1632	38548)	19.455

2. Mining Lease dated August 29, 1983, by and between Jeraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, deceased, Lessor, and Cyprus Mines Corporation, Lessee, a memorandum of which was recorded September 12, 1983, as Document No. 83-5039, covering the following patented lode claim:

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Barrett	1681	40997	3.99

II. CLAIMS

A. Waggoner Group: Patented claims in which Cyprus Mines Corporation and CoCa Mines Inc., successor to Congdon and Carey, Ltd. 5, acquired a fee interest by Petitioner's Deed dated October 18, 1978, from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, recorded October 30, 1981, Document No. 81-3271 more particularly described as follows:

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

B. Jen Group: Unpatented lode claims owned by Cyprus Mines Corporation and CoCa Mines Inc.:

CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 88821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	07/15/1983	83-4608	M MC 102163 (SD)	20.66
Jen 9	05/22/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02

All of the above patented and unpatented claims are located in:

T.4N., R.3E.: Sections 1, 11, & 12
T.4N., R.4E.: Sections 5, 6, 7, 8, & 9

Black Hills Meridian, Bear Butte Mining District, Lawrence County, South Dakota.

* * *

MINING AGREEMENT

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING AGREEMENT (hereinafter the "Agreement") is made effective as of the first day of June, 1983, by and among Cyprus Mines Corporation, a Delaware corporation, 7000 South Yosemite Street, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation (hereinafter referred to as "Grantee"), whose address is P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510.

WHEREAS, Grantors or their predecessors, as the case may be, entered into a Joint Venture Agreement dated January 1, 1975, whereby Grantors agreed to explore, develop and mine certain property located in Lawrence County, South Dakota; and

WHEREAS, pursuant to the above Joint Venture Agreement, Grantors are the Lessees under certain leases ("Leases") covering patented and unpatented mining claims and are also the owners of certain patented and unpatented mining claims ("Claims"), all situated in Lawrence County, South Dakota, more particularly described in Exhibit A which is attached hereto and by reference made a part hereof (all of the property covered by the Leases and the Claims is hereinafter referred to as the "Property"); and

WHEREAS, Grantee desires to obtain an interest in the Property;

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I

GRANT AND DESCRIPTION

1.1 **Assignment**

For and in consideration of the sum of Fifty Thousand Dollars ($US50,000.00) as specified in Section 4.1, receipt of which is acknowledged by Grantors, Grantors and each of them hereby sell, assign, transfer and convey to Grantee all of their right, title and interest in and to the above described Leases together with all rights incident and appurtenant thereto, subject only to the exceptions and reservations made in this Agreement.

1.2 **Assumption of Obligations**

Grantee hereby accepts the assignment of the above Leases and agrees to perform all of the obligations of Grantors thereunder and save and defend Grantors harmless from any claims or obligations under said Leases arising or occurring after the date of this Agreement, except for the obligations noted in Section 13.9. Grantee specifically assumes the obligation to make all payments required by the Leases on or after June 1, 1983 through May 31, 1984, regardless of the date of termination of this Agreement, unless terminated pursuant to Section 7.2. Grantee shall be responsible to make such payments to the Lessors of the Leases and Grantors shall cooperate in furnishing addresses, payment schedules and other information to Grantee.

1.3 **Exclusive Lease of Claims**

Grantors hereby lease exclusively to Grantee, its successors and assigns, for the term and purposes stated below, the Claims , together with all rights, privileges and appurtenances in anywise belonging to said mining claims, including, but not limited to, easements, rights-of-way, access rights, road construction rights, water and water rights and timber and vegetative resources, together with the right to use the surface to the fullest extent reasonably necessary, appropriate, convenient,

worthwhile or incidental to any of the rights and privileges of Grantee hereunder. The Claims are leased without limitation, for purposes of surveying, evaluation, exploration, additional prospecting, drilling, developing, mining by any method or otherwise extracting, stockpiling, storing, processing, treating, removing, stripping, and marketing or otherwise disposing of any and all minerals, metals, ores and materials of whatsoever kind and character (hereinafter "Minerals") in, upon, under, or extending from or into the Claims.

1.4 **Area of Interest**

The parties hereto hereby agree that if, after the date of this Agreement, Grantors or any one of them acquire any right, title or interest in any property the boundary of which is located within the Area of Interest, they shall promptly notify Grantee of such acquisition and if Grantee shall, within sixty (60) days after receipt of such notice, notify Grantors that said property should be included as part of the Claims or Leases under this Agreement (depending upon whether such property is acquired in fee or by lease), Grantors shall execute all necessary documents in order that such property shall be included as part of the Property under this Agreement. The term "Area of Interest" as used herein shall be deemed to mean that property situate in Lawrence County, South Dakota more particularly described as:

Township 4 North, Range 3 East, B.H.M.

Section	1:	all
	12:	all
	13:	N½

Township 5 North, Range 3 East, B.H.M.

Section	36:	all

Township 4 North, Range 4 East, B.H.M.

Section	4:	W½
	5:	all
	6:	all
	7:	all
	8:	all
	9:	W½
	16:	NW¼
	17:	N½
	18:	N½

Township 5 North, Range 4 East, B.H.M.

Section 31: all
32: all

The Area of Interest is also shown graphically on Exhibit B attached hereto and by reference made a part hereof. If Grantee does not elect to include such property under this Agreement, Grantors shall be free to retain, use or dispose of their right, title and interest in such property as they may determine. Unless otherwise agreed in writing by the parties hereto, if Grantee elects that any such property offered by Grantors be included as part of the Property under this Agreement, Grantee shall reimburse Grantors their costs in acquiring such property, and such costs shall be included as Evaluation Expenditures as defined herein. After any such property is added, as provided in this Paragraph, such property shall thereafter be considered part of and be included in the Property as either Claims or Leases.

Grantee shall have the right to prospect for, locate and otherwise acquire property interests within the Area of Interest. Any such properties acquired by Grantee will become part of this Agreement as Claims (in the case of fee acquisition) or Leases (in the case of acquisition by lease).

In the event that this Agreement is terminated, those claims and leases hereafter acquired by Grantee within the Area of Interest shall be conveyed by Grantee by quitclaim deed to Grantors. Upon the expiration of one (1) year after termination of this Agreement, each party shall be free to acquire interests within the Area of Interest.

1.5 **Purposes**

The Claims are leased to Grantee to survey, evaluate and drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship and market or otherwise dispose of any and all Minerals in, upon or under the Claims or other land in the vicinity of the Claims; and to exercise any and all rights or privileges granted in this Agreement, or which are incident to

or which may be useful or convenient in the exercise of any of the rights granted in this Agreement. In addition to the rights, privileges and purposes set forth in Section 1.3 and in the foregoing sentence, Grantee shall have unrestricted access to the Claims and the exclusive rights (i) to evaluate, develop and mine, and to extract, remove and dispose of any and all air, Minerals, water and waste from the Claims and to deposit such materials on or in the Claims, by means of underground or surface mining operations in or on the Claims or other property, (ii) to remove air, Minerals, water and waste, and materials from other property and to carry on general mining and milling operations pertaining to the Claims or other such property, on the surface of or through underground or surface workings on the Claims, (iii) to use any part of the Claims for tailings and waste dumps and for any other purpose incident to underground or surface mining operations on the Claims or other property, (iv) to erect, construct, use and maintain on the Claims such roads, buildings, structures, machinery, and equipment as may be required by Grantee for the conduct of operations on the Claims or other property, and (v) to sell Minerals and other products derived from the Claims in such forms, on such terms, at such times and for such prices as Grantee may, in its sole discretion, determine. All operations on the Claims by Grantee shall be conducted in a good and miner-like manner.

1.6 **Operations**

Grantee shall also have exclusive right without limitation and in its sole discretion: (a) to further evaluate the Claims by drilling, seismic or other geophysical methods, to mine by any method or methods deemed desirable or convenient, including but not limited to, underground, open pit, strip, in situ, solution and leaching; and to process and treat the Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all excavations, pits, shafts, and openings on the Claims and to inject such gas, waters, other

fluids, air and other substances into the subsurface strata thereof; (c) to stockpile, store or dispose of on or off the Claims, Minerals, waste, earth, tailings and other materials; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Claims buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements.

1.7 **Operations on Adjacent Lands**

Grantee shall have the right to remove Minerals from the Claims through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Claims.

1.8 **Water Use**

Grantee shall have the free use of any and all water and water rights in and on the Claims, to the extent Grantors are able to grant such right.

1.9 **Ingress and Egress**

Grantors grant Grantee the right to use all rights-of-way for ingress to and egress from the Claims which it is within the power of Grantors to grant, together with the right to construct roads across such rights-of-way to assist Grantee in conducting its operations.

1.10 **Acquisition of Additional Acreage**

Grantors and Grantee agree that control of the Old Pennsylvania, M.S. 1632, and the Black Dan, M.S. 327, patented lode claims is advisable for the orderly exploration and development of the Property. Grantors hereby agree to pursue with all reasonable diligence the negotiation and execution of a

definitive agreement with the legal representative of the estate of Fred G. Borsch, deceased, owner of the above mentioned patented lode claims, for the lease or acquisition of these claims upon terms reasonably acceptable to Grantee. To this effect Grantors agree to also pursue with all reasonable diligence the approval of Geraldine Fahrni, a possible heir, of such a definitive agreement. Grantee acknowledges that the estate is subject to a will contest and that factors beyond the control of Grantors may delay or prevent the execution of such a definitive agreement. If these claims are acquired, they shall become part of the Property, either as Claims (in the event of outright acquisition) or as Leases (in the event of acquisition by lease).

However, if despite the reasonable diligence of the Grantors as aforesaid such definitive agreement has not been obtained on or prior to the first anniversary of the date of this Agreement, the Grantee shall have the right and option to notify Grantors within 14 days after said first anniversary that it has elected to suspend this Agreement, pending satisfactory resolution of such will contest. On such notice being given, the term of this Agreement shall be suspended effective the end of the day prior to the said first anniversary. During the term of such suspension, the Grantee shall not be obligated to spend the amounts on Evaluation Expenditures specified in Section 4.2 hereof, other than such amounts as are required to keep the Leases and the Claims in force or in good standing, as the case may be.

The period of suspension shall extend 2 weeks after the time when Grantee receives an executed copy of the aforementioned definitive agreement. Anything in this Agreement to the contrary notwithstanding, the period of suspension shall not be counted against Grantee and it shall be excluded in computing and shall extend the time(s) of the performance by the Grantee of the covenants and conditions of this Agreement except that the beginning date for payment of minimum annual advance royalty under Section 4.4 shall not be extended by such suspension. The term of this Agreement shall also be extended by such period of suspension; provided, however, that if such definitive agreement

is not obtained on or prior to the second anniversary of the effective date of this Agreement and if the requirement for a definitive agreement has not theretofore been waived by the Grantee, this Agreement shall automatically terminate on the expiration of the second anniversary date. If Grantee waives the requirement for a definitive agreement on or prior to the second anniversary, this Agreement shall not terminate and the period of suspension shall extend two (2) weeks after such waiver is given whereupon this Agreement shall be reinstated and shall continue to be in full force and effect.

1.11 **Grantee's Discretion in Operations**

It is agreed that Grantee shall have the right to decide in its sole discretion on what part or parts of the Property any of the operations contemplated in this Agreement are to be carried out and the timing and priority of any such operations, including, without limitation, the right to determine whether such operations will be carried out on any one or more Claims in priority to the Leases or vice versa; provided that nothing in this section shall be interpreted as altering or diminishing the obligations of Grantee set forth in other provisions of this Agreement.

ARTICLE II

OPTION TO PURCHASE

2.1 **Exercise of Options**

Grantee agrees to exercise, at Grantors' request, any options to purchase which may be contained in the Leases. Grantors agree to pay any difference between the purchase option price and the total payments creditable toward the purchase price at the time of exercise of the option, if any such options are exercised before satisfaction, as specified in Section 3.3, and title to such property covered by such Leases shall be held by Grantors. If such options are exercised after satisfaction, Grantee shall be responsible for the entire purchase price and shall hold title.

ARTICLE III

TERM OF AGREEMENT

3.1 **Term**

Unless sooner terminated as hereinafter provided, the lease of the Claims contained in this Agreement shall remain in full force and effect for a period of ten (10) years from the effective date hereof (the "Primary Term") and so long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis within the Area of Interest. For this purpose, development, mining or processing operations shall be deemed continuous so long as all such operations do not cease for a period of more than one hundred eighty (180) consecutive days, excluding period(s) of force majeure as provided in Section 10.3 of this Agreement and as provided hereinafter. In the event Grantee is unable to obtain a satisfactory market for any Minerals discovered or produced from the Claims, and as a result Grantee delays commencement of development, mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this Agreement shall not expire or terminate during such period of lack of market but may be extended by Grantee's continuing payment of minimum royalties under Article IV. Grantee shall use diligence in searching for a satisfactory market for the Minerals during such lack-of-market periods, and when a satisfactory market becomes available, Grantee shall have a reasonable time thereafter, not to exceed sixty (60) days, within which to begin or renew development, mining or processing operations.

3.2 **Termination**

Upon thirty (30) days' prior written notice to Grantors, Grantee shall have the right at any time to terminate this Agreement as to all of the Property by notifying Grantors thereof and thereupon all rights and obligations of Grantee under this Agree-

ment, except for those obligations which may have accrued prior to termination, shall terminate. Upon termination of this Agreement, Grantee shall:

(a) Quitclaim to Grantors all of Grantee's right, title and interest in and to the Property; and

(b) Within sixty (60) days after surrender or other termination of this Agreement, Grantee shall deliver to Grantors copies of all factual geological, metallurgical, and engineering data and maps, logs or drill hole cores and results of assaying related to the affected properties which Grantee may obtain as a result of exploration work under this Agreement, provided, however, Grantee shall have no liability on account of any such data used or relied upon by Grantors.

(c) In the event that Grantee shall fail to deliver such data, Grantors shall be entitled to receive, as liquidated damages, a payment equal to the sum of the expenditures made by Grantee to compile the data referred to in subsection 3.2(a)(ii).

Upon such termination, all payments previously made shall be retained by Grantors as full compensation for use and occupancy of the Property and all liabilities and obligations of Grantee of any kind then not due or accrued with respect to the Claims and Leases shall terminate.

3.3 **Satisfaction**

In the event that Grantee fulfills its entire Evaluation Expenditure obligation of $US7,500,000.00 at any time on or before the end of the fifth year of this Agreement, and is otherwise in compliance with this Agreement, Grantee may notify Grantors of such facts and Grantors shall, within thirty (30) days of such notice, provide Grantee with fully executed quitclaim deeds to the Claims and to any acreage obtained through exercise of purchase options contained in the Leases, subject only to a reservation of a production royalty or overriding

royalty as provided in Section 4.3, and a minimum annual advance royalty as provided in Section 4.4. This Agreement shall thereupon be considered satisfied and terminated.

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as at 2/28/85 Lacana's expenditures were

	Evaluation	Exploration
	1.3 mm	565 m.

4.1

Conc Grantee shall pay

4.2

Duri nning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year	Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
6-1-83 through 5-31-84	$ 500,000	$150,000
6-1-84 through 5-31-85	1,000,000	200,000
6-1-85 through 5-31-86	2,000,000	200,000
6-1-86 through 5-31-87	2,000,000	200,000
6-1-87 through 5-31-88	2,000,000	250,000

Any deficiency in the amount of Evaluation Expenditures incurred in any period may be made up within sixty (60) days after the end of the period in which such deficiency occurred without penalty by incurring Evaluation Expenditures or making cash payment to Grantors in the amount of the deficiency. If any such deficiency is not made up within such time, this Agreement shall terminate and Grantee shall follow the provisions of paragraph 3.2. Evaluation Expenditures in excess of that required for any one year period may be made by Grantee and any Evaluation Expenditures during a period in excess of the required minimum expenditure set forth above shall be a credit against the Evaluation Expenditure requirements for subsequent exploration periods. "Evaluation Expenditures" shall be deemed to mean and

include the costs of evaluation, further exploring, and developing the Property, including the drilling, excavating and searching by all recognized prospecting techniques; sampling, assaying, testing and evaluating materials removed therefrom, including large-scale bulk sampling or testing; mapping, platting, surveying; constructing and maintaining camps, roads, works and structures necessary to carry out evaluation, sampling or testing; all payments made to maintain the Leases and Claims in good standing, including rentals, assessment work, and minimum advance royalties, but not production royalties; all costs incurred in acquiring additional acreage within the Area of Interest; all studies including metallurgical, mine planning, financial, economic, scoping, feasibility, marketing, geological and technical studies required to develop a prospect or mine and all work that may be required for preparing a mine for operation, including the opening of a mine, the construction and installation of operating facilities and the procurement of labor, materials, tools, equipment, machinery and supplies necessary thereto. Five (5%) percent of each year's Evaluation Expenditures may be allocated by Grantee to overhead and administration. Travel expenses and time of technical personnel engaged in work on or for the benefit of the Property may be charged as Evaluation Expenditures but office and administrative expenses, including time of administrative personnel shall be covered by the five percent overhead charge. The commitment for Evaluation Expenditures shall accrue annually in advance. Accordingly, upon execution of this Agreement Grantee is obligated for the first lease year evaluation expenditure of $500,000, of which $150,000 must be spent on exploration drilling, unless this Agreement is terminated pursuant to the title provisions of Section 7.2 in which event all obligations for Evaluation Expenditures shall be terminated ab initio. In a similar fashion, if the first anniversary date is reached without termination of this Agreement, then the second year's Evaluation Expenditure shall be deemed to have accrued and Grantee shall be

liable therefor whether or not this Agreement is terminated during the second lease year. The Evaluation Expenditures shall accrue in a similar fashion over the ensuing lease years. Exploration drilling shall mean all drilling carried out on the Property, and expenditures on exploration drilling shall mean all direct and indirect drilling costs, including, without limitation, road and site preparation, standby charges, mobilization and demobilization costs, related assaying costs and technical supervision expenses.

4.3 **Production and Overriding Royalty**

(a) Grantors hereby except and reserve from the assignment of the Leases an overriding royalty, and Grantee hereby agrees to pay to Grantors a production royalty on the Claims, all in the amount of seven and one-half percent (7½%), inclusive of any other royalties, production payments, overriding royalties or other burdens (but excluding taxes of any type) existing on the date of this Agreement, of the Net Value of all Minerals, including ores, metals, Dore bars, bullion, Concentrates and Mineral products derived from the Property. Grantee shall have the right and obligation to pay all underlying production and overriding royalties, production payments or other burdens existing on the date of this Agreement and all such payments on account of production royalties, overriding royalties and production payments made to parties other than Grantors shall be credited against and deducted from the production and overriding royalty, if any, payable to Grantors hereunder and in the event that any such obligations equal or exceed seven and one-half (7½%) percent of the Net Value for any portion of the Property, then no royalty shall be payable to Grantors on such portion. It is the intention of the parties that the aggregate amount of royalties payable by Grantee to Grantors under this Agreement and to all other persons who are entitled to receive production royalties, overriding royalties or production payments under the Leases or any other agreements, shall not in the aggregate exceed

seven and one-half percent (7½%) of the Net Value of the production from the Property, except in those aforesaid circumstances in which, and only for so long as, such royalties and like payments payable to such other persons exceed seven and one-half percent (7½%) of the Net Value, and that there shall be no duplication of payments on account of overriding royalties and production royalties, if any, due to Grantors. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Grantee from the sale of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to a mill, Smelter, or other purchaser, user or consumer other than Grantee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to the mill, Smelter, or other purchaser, user or consumer. The term "Smelter" means conventional smelters, as well as any other type of production plant used in lieu of a conventional smelter to reduce ores or Concentrates.

(b) Grantee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Minerals, including ores, metals or Mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Grantee. Any upgrading beyond the stage at which beneficiation, milling, sorting, and concentrating has yielded concentrate in the form usually commercially marketable ("Concentrate") shall be done for Grantee's sole benefit, risk and account, and the Mineral products taken by Grantee for such upgrading shall be deemed, for the purpose of computing Net Value and royalties payable thereon only, and not otherwise, to have been sold at the mean of quotations for the

Concentrate so taken for the month of such takings as reported in "Metals Week" published by McGraw-Hill, Inc., or, in the event such quotations are not published therein or such publication ceases or suspended, then at the mean of the quotations for Concentrate of the type so taken for the month of such taking as may be reported in such other publication or source as is generally recognized in the industry as reflecting the quotations at which such Concentrates are currently being offered for sale and purchase, or in the absence of such a publication, by such other means as may establish such quotations to the end that in determining the Net Value of such Concentrates as are not sold by Grantee, but are taken by it, the price received for such Concentrates shall be deemed to be the mean of prices at which Concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties. Grantee shall not be liable for mineral values lost in such processing under sound engineering practices. It is expressly understood that Grantee shall pay, or otherwise absorb, all costs and expenses incurred in all stages of the mining and treatment processes up to and including the loading of Concentrates in a form which is usually commercially marketable in rail cars or such other type of transport vehicle used for transporting the Concentrates from the mill or concentrator site. Grantee shall be permitted to sell Concentrates in the form usually commercially marketable to its parent company or any subsidiary of its parent company (more than 50% owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

(c) The production and overriding royalties provided for herein shall be the total payments due Grantors from Minerals produced from the Claims and Leases.

4.4 **Minimum Annual Advance Royalty**

Beginning on the fifth anniversary date of this Agreement, Grantee shall pay to Grantors a minimum advance royalty of $US200,000.00 per year. The payment of this minimum advance royalty shall continue on each subsequent anniversary date for a period of ten (10) years after the start of commercial production by Grantee on the Property. Minimum advance royalties shall constitute prepayment of and advances against payment of production and overriding royalties that may become payable under this Agreement. Grantee may credit all minimum advance royalties against production and overriding royalties accruing at any time until said advance royalties have been fully recouped from production and overriding royalties. Commercial production is hereby defined as ninety (90) days of continuous production from the mine and its associated facility at not less than seventy percent (70%) of its rated capacity.

4.5 **Reduction of Expenditures**

If this Agreement expires or is terminated as to all of the Claims, Grantee shall not be required to make any Evaluation Expenditures except as provided in Sections 4.2 and 12.2.

4.6 **Applicability of Other Provisions**

All of the provisions of this Agreement, including the obligations for payment of minimum advance royalties, production royalties and overriding royalties shall apply to properties which become Claims or Leases pursuant to the Area of Interest provisions of Section 1.4.

4.7 **Salvage**

Grantors shall not be entitled to share in the proceeds of salvage or other disposition of personal property or fixtures erected or placed on the Claims by Lessee.

ARTICLE V

MANNER OF PAYMENT

5.1 Production and Overriding Royalty Payments

Overriding royalties and production royalties to Grantors on the Leases and Claims, when payable, shall accrue monthly at the end of each calendar month and shall become due and payable quarterly on the fifteenth day of each month following the last day of the calendar quarter in which the same accrue. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the Minerals, Concentrates and other Mineral products, processed by Grantee for the preceding calendar quarter, the proceeds of sale, costs and other deductions and other pertinent information in sufficient detail to explain the calculation of the production and overriding royalty payments.

5.2 Payments to Grantors

All payments to Grantors under this Agreement shall be made in the following proportions to the parties listed until Grantee is otherwise notified in writing by all parties acting as Grantor hereunder:

Name	Percentage of Payment
Cyprus Mines Corporation P.O. Box 3299 7000 So. Yosemite Street Englewood, Colorado 80155 Attn: Property Records Supervisor	80%
CoCa Mines Inc. 1776 Lincoln Street Suite 910 Denver, Colorado 80203 Attn: J. C. Mitchell	20%

5.3 Audit

Grantee shall keep books and records relating to computation of payments for a period of at least two (2) years after receipt of such payment by Grantors. For a period of two (2) years after

Grantor's receipt of payment, Grantors shall have the right, upon reasonable notice and at a reasonable time, to have Grantee's accounts and records relating to calculation of the statement in question audited by a certified public accountant acceptable to Grantors and to Grantee. If such audit determines that there has been a deficiency or an excess in the payment made to Grantors, such deficiency or excess shall be resolved by adjusting the next production or overriding royalty payment due hereunder. If such audit discloses any deficiency between the amount of the production or overriding royalty payments due hereunder and the amount actually paid which exceeds five per cent (5%) of the amount due, Grantee shall pay all costs of such audit. If any such deficiency is five per cent (5%) or less, or if there is an overpayment, Grantors shall pay all costs of such audit. Grantors may also conduct their own audits at their own expense at reasonable intervals within the time provided above, but such audit shall not be binding on Grantee without Grantee's consent. All books and records used by Grantee to calculate production and overriding royalties due hereunder shall be kept in accordance with generally accepted accounting principles.

5.4 **Claims by Third Parties**

If any third party, other than the United States of America, asserts, through a judicial proceeding, any claim to or against the Claims for any Minerals, Concentrates, or Mineral products lying in or under the Claims, or to the surface of the Claims, or to any amounts payable to Grantee, Grantee may deposit any amounts otherwise due to Grantors in an interest-bearing escrow until the controversy is finally determined.

ARTICLE VI

OPERATIONS AND DAMAGES

6.1 Standard of Operations; Reports

Grantee agrees that all operations affecting the interests of Grantors under this Agreement shall be conducted in a good and miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Property or operations hereunder (including, without limitation, Workmen's Compensation Laws). Grantee shall provide to Grantors a yearly progress report summarizing the activities accomplished during the previous year within sixty (60) days after each anniversary date of this agreement.

6.2 Reclamation

Grantee shall comply with all applicable and valid governmental laws, rules, regulations and orders governing reclamation of the Property and restoration of the surface of the Property.

6.3 Indemnity

Grantors shall not be liable for any work performed or materials used upon the Property by Grantee after the date of this Agreement. Grantee shall hold Grantors and the Property free of and harmless from all liens, charges and liabilities arising from damage to property, or injury to, or death of persons caused by any acts or omissions of Grantee with respect to the Property. Grantors shall hold Grantee and the Property free of and harmless from all liens, charges and liabilities arising from damage to property, or injury to, or death of persons caused by any acts or omissions of Grantors with respect to the Property occurring prior to the date of this Agreement or occurring during the exercise of rights reserved to Grantors under this Agreement. Grantors may post on the Property during

the term of this Agreement such notices as they see fit of the nonresponsibility of Grantors for any of the acts of Grantee. In such event, Grantee shall exercise reasonable care to preserve the effective condition of any notice so posted.

6.4 **Removal of Equipment and Minerals**

Grantee shall have the right, but not the obligation unless otherwise required by law, to remove, within one (1) year after termination of this Agreement as to any part of the Claims any and all structures, machinery, equipment or other personal property or fixtures which Grantee erected or placed on any part of the Claims. Provided that the terms of Section 4.3 have been complied with, Grantee shall also have the right to remove, during said period, all Minerals, Concentrates and other Mineral products mined or extracted by Grantee during the term of this Agreement. All roads and bridges built on any part of the Claims, along with any water right initiated or established by Grantee, the point of surface diversion or ground water, withdrawal of which is on such part, will, upon the expiration or termination of this Agreement as to such part, if the surface rights of the Claims are owned by Grantors, become the property of Grantors without cost.

6.5 **Inspection by Grantors**

Grantors and Grantors' agents, duly authorized in writing, may enter upon the Property to inspect the same upon reasonable notice to Grantee and in a manner which will not unreasonably hinder or interrupt the operations and activities of Grantee on the Property or on any lands adjacent thereto. At the time of such inspection, Grantee will make available to Grantors, if requested, all records of factual data pertaining to the calculation of Production Royalty due hereunder including, without limitation, weighing, sampling and assaying of ore produced from the Property and sales, transportation, and processing costs; provided, however, Grantee shall not be obligated to furnish to

Grantors any internal proprietary data including, but not limited to, information which includes interpretive data. Grantee shall facilitate and assist such inspections by Grantors in every reasonable way, but Grantors or their agents shall enter upon the Property at Grantors' own risk and expense and shall indemnify, defend and hold Grantee harmless from any and all loss, claims, damage, or liability including reasonable attorneys' fees and other expenses arising from or by reason of injury to or the presence of Grantors, Grantors' agents, representatives, licensees or guests, or any of them, on the Property, except damage or injury caused by the negligence or willful misconduct of Grantee.

6.6 **Confidentiality**

Grantors agree to treat all information acquired hereunder as confidential and further agree that Grantors shall not use name of Grantee, its parent, subsidiaries, affiliates or partners in any public statement or press release and shall make no press releases, public statements or public announcements of any sort concerning this Agreement or the operations and activities of Grantee with respect thereto, except with the prior consent of Grantee (which consent shall not unreasonably be withheld), or as required by law. During the term of this Agreement and for one (1) year following termination of this Agreement, Grantee agrees to treat all information regarding the Property as confidential, and will not disclose the same to third parties except with the consent of Grantors (which consent shall not unreasonably be withheld), or as required by law.

ARTICLE VII

TITLE

7.1 **Representations and Warranties**

Grantors hereby specifically make no warranties or representations with respect to the Property except as follows:

(a) Grantors have the full and exclusive right and power to act on behalf of Grantors, and on behalf of any other interested person or entities, to lease the Claims to Grantee under the terms and provisions of this Agreement and to grant the rights granted to Grantee hereunder;

(b) The Claims are free and clear of all liens and encumbrances except as set forth herein;

(c) The Claims are not subject to any agreements contrary to the provisions of this Agreement;

(d) While this Agreement remains in effect, Grantors will not place upon or cause to be placed upon the Claims any lien or encumbrance; and

(e) Grantors further represent that the unpatented Claims have been validly located, recorded and maintained pursuant to applicable federal, state and local laws and regulations and Grantors are the sole recorded and beneficial owners as to their respective percentage interests in the Claims.

(f) Grantors have not done any acts causing Leases to be forfeited or cancelled; that all Leases are in good standing at the time this Agreement is entered into and there is no default or any act which with the passage of time could become a default under any of the Leases; that no notice of default has been given to Grantors and to Grantors' knowledge no such notice is contemplated to be given by any of the lessors under the Leases; that Grantors are the sole present lessees and have the full and exclusive right and power to assign the Leases to Grantee.

7.2 **Proof of Title**

Grantee may, at its expense, examine the title to the Property. At any time within one hundred twenty (120) days from the date of this Agreement, Grantee may disapprove title to the Property if, in the opinion of an attorney, title to all or a part thereof is not good and merchantable. If Grantee

disapproves title to part of the Property, it shall have the right, but not the obligation, to disapprove title to the whole, or it may accept the Property with such defects. If Grantee disapproves title to the whole of the Property, this Agreement shall terminate, Grantee shall record the surrender required by Section 3.2, and all payments made by Grantee hereunder, including the bonus and any underlying Lease payments, but excluding payments for work performed on the Property during the term of this Agreement prior to termination, shall be returned to Grantee by Grantors or reimbursed, as the case may be, forthwith upon recordation of surrender. Grantors shall cooperate with Grantee should Grantee undertake any title examination or curative matters and expenses incurred by Grantee in such curative work shall qualify as Evaluation Expenditures.

7.3 **Lesser Interest**

Except as provided herein, in the event Grantors own an interest in the Property which is less than the entire, undivided interest in the Property, except where such lesser interest is referred to in Exhibit A, then the payments provided for in Article IV shall be proportionately reduced and paid to Grantors only in the proportion that Grantors' interest therein bears to the whole and undivided interest in the Property. In such event Grantors shall be entitled to retain only such proportion of the monies previously paid to Grantors hereunder as Grantors' said interest bears to the whole and undivided interest in the Property and Grantee shall be entitled to recover such previous overpayment by offsetting such overpayments against monetary obligations which thereafter become due and payable to Grantors hereunder.

7.4 **Redemption of Liens**

Grantors agree to pay promptly, upon the demand of a creditor, any mortgages, taxes, or other liens which Grantors have placed or caused to be placed upon the Property, except

where Grantors in good faith dispute the obligation. Grantee, at its option, may discharge any mortgages, taxes, or other liens on the Property, either in whole or in part, in the event of default by Grantors, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Grantors in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Grantee, in addition to the right of subrogation herein granted, Grantee shall also have the right to retain any monetary obligations which may become due Grantors hereunder, including, without limitation, overriding or production royalties payable to Grantors, and to repay Grantee therefrom, and the retention of such monies by Grantee shall have the same effect as if paid to the Grantors in whose behalf payment of any mortgage, taxes or other liens was made.

ARTICLE VIII

TAXES

8.1 **Taxes**

During the term of this Agreement, Grantee shall pay all real property taxes, ad valorem and assessments, assessed against the Property. Grantee agrees, during the term of this Agreement, to pay promptly when due all taxes levied and assessed upon Grantee as an employer, and upon fixtures and personal property placed by Grantee on the Property. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Agreement, Grantors and Grantee shall bear their pro rata share, and Grantee may pay Grantors' share of such tax and withhold the amount paid from any other payment due to Grantors hereunder, provided that, where the tax is levied or computed on the amount or value of ores produced, the pro rata share of Grantors shall be determined by multiplying the gross amount of royalties paid to Grantors during the taxing period by the applicable tax rate,

the balance of the tax being Grantee's pro rata share. All taxes shall be paid when due and before delinquency, but Grantee shall be under no obligation to pay any tax so long as such tax is being contested in good faith. Both Grantors and Grantee shall have the right in good faith to contest any tax or assessment, whether payable by Grantors or Grantee, but shall not permit the Property or any improvements or personal property thereon to be sold for such taxes or assessments.

8.2 **Tax Election**

If the relationship of the parties hereto is deemed to be a partnership for tax purposes, each of the parties hereto hereby elects to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States of America or his delegate, insofar as said Subchapter K or any portion or portions thereof may be applicable to the joint operations under this Agreement, and from any comparable provisions of applicable state law, and hereby binds itself to do any and all things necessary or proper in the premises from time to time in order to effectuate such election under the authority of Section 761(a) of said United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America.

ARTICLE IX

COMMINGLING

9.1 **Commingling**

(a) Grantee shall have the right to commingle ore from the Claims with other ore. Before any commingling, Grantee shall (i) weigh and sample the ore from the Claims in accordance with

sound mining and metallurgical practice, and (ii) assay such samples, or cause them to be assayed, to determine moisture and metal content. Grantee shall keep records showing weights, moisture, percentage of metal content, and gross metal content of the ore from the Claims. From this information, Grantee shall calculate an average grade of ore from the Claims or an average grade of ore fed to process in the accounting quarter used by Grantee.

(b) If Concentrates are produced, the average per cent recovery for the accounting quarter will be used to determine the amount of metal in the Concentrate derived from the Claims. Grantee shall sample the Concentrate and shall assay such samples, or cause them to be assayed, to determine moisture and metal content. Grantee shall determine the weight of Concentrate derived from the Claims by using the average grade of all Concentrate for the accounting quarter.

(c) In computing royalty payments, credits for the metal shall be based upon the amount of metal contained in the Claims, or upon the amount of metal contained in the Concentrate derived from the Claims, as may be appropriate, and charges based on the weight of ore or Concentrate shall be based upon the weight of the ore from the Claims or Concentrate derived from the Claims, as may be appropriate, for the accounting quarter. Grantee may, at its option, assay the ore from the Claims and other ore for penalty substances. Charges for penalty substances shall be allocated proportionally between the ore from the Claims and other ore on the basis of the gross penalty substance content of each ore. If Grantee elects not to make such assays, all penalties for penalty substances in the commingled ores shall be borne by Grantee.

9.2 **Consent**

Grantors by executing this Agreement hereby consent to any unit plan that Grantee, in its discretion, may adopt in conformity with Section 9.1, hereof. Upon the request of

Grantee, Grantors shall formally consent to any such unit plan by executing a written consent thereto prepared by Grantee. Notwithstanding any unit plan or any consent of Grantors, Grantee shall have the right to discontinue or terminate any such unit at any time or times.

9.3 **Reduction of Unit**

Reduction in the size of, or in the interest covered by, any unit as a result of failure of title or any other cause shall not, of itself, terminate the unitization. In the event of any such reduction, no retroactive reapportionment in royalties shall be required, nor shall royalties be payable thereunder on production from any land, title to which has thus failed. Grantee may terminate any unit by notifying Grantors to that effect in writing.

ARTICLE X

DEFAULT, FORCE MAJEURE AND DISPUTES

10.1 **Default**

Failure by Grantee to perform or comply with any of the terms, provisions or conditions of this Agreement, expressed or implied, including payment of monetary obligations, shall not automatically terminate this Agreement nor render it null or void. In case of such default, Grantors may notify Grantee in writing of such breach, and Grantee shall have a period of thirty (30) days after receipt of such notice (ten (10) days if the default is the failure to make any payment required hereunder) within which to cure the default or diligently commence to cure the default, provided that the period of time for remedying such default shall be extended by any time or times that Grantee is prevented from acting because of force majeure conditions. If Grantee fails to cure or diligently commence to cure the default within the time herein stated, Grantors may thereupon terminate this Agreement by giving written notice to Grantee of such termi-

nation. Notwithstanding the foregoing, if any action is taken or suffered by Grantee under any insolvency or bankruptcy act, such action shall constitute a breach of this Agreement for Grantee and Grantors shall be entitled to terminate this Agreement upon ten (10) days written notice to Grantee.

10.2 **Cessation of Production**

The Grantors and Grantee expressly agree that no express or implied covenant, undertaking or condition whatsoever shall be read into this Agreement as having been made or given by Grantee relating to the evaluation, development, mining or production of and from the Property by the Grantee, or the time thereof, or to any operations of or carried out by Grantee hereunder or to the measure of diligence thereof, except as specifically provided in this Agreement.

10.3 **Force Majeure**

The failure to perform or to comply with any of the covenants or conditions of this Agreement, either expressed or implied, on the part of Grantee shall not be a ground for cancellation or termination or forfeiture hereof, during such time as such failure to perform is caused, or compliance is delayed or prevented by storms, droughts or other severe weather, fire, floods, washouts or landslides, accidents, mill shutdown, failure of or damage to or destruction of mill machinery or mill plant facilities, or inability, after diligent effort, to obtain competent labor service or materials, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, regulations, or legal actions (including delays or inability to obtain necessary governmental approvals, permits or authorizations on terms reasonably acceptable to Grantee within a reasonable time after application therefor has been made); acts of God; or any other cause whatsoever beyond the control of Grantee, whether similar or dissimilar to the aforementioned causes, and Grantee shall be

excused from, and not be held liable for, such delay or failure to perform or to comply. If Grantee is at any time and from time to time delayed or prevented from engaging in exploration, development, mining, or processing operations by any such cause or causes, the time of any such delay or interruption shall not be counted against Grantee, anything in this Agreement to the contrary notwithstanding, and the period(s) of all such delays and preventions shall be excluded in computing and shall extend the time(s) of Grantee's performance or compliance and the term of this Agreement shall be extended by the period(s) of such delays and preventions. Grantee shall notify Grantors of any event of force majeure as soon as possible after affected thereby. The existence of any event of force majeure shall not relieve Grantee of the obligation to make payments and production and overriding royalty payments specified in Article IV, nor shall it relieve Grantee of its obligation in Section 1.2 hereof to perform all obligations of Grantors in the underlying Leases, unless excused by terms of the applicable Lease.

10.4 **Disputes or Adverse Claims**

In case of judicial suit or administrative contest, Grantee shall not be in default in payment thereof until such suit or administrative contest has been finally disposed of, and Grantee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient, in Grantee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Grantee hereunder be disputed, it shall not be counted against Grantee either as affecting the term of this Agreement (which shall be extended by the period of dispute) or for any other purpose, and Grantee may withhold the making of all payments due Grantors hereunder, without interest, until there is a final adjudication or other determination of such dispute.

ARTICLE XI

ASSIGNMENT

11.1 **Assignment**

The rights and estate of any party to this Agreement may not be transferred or assigned, in whole or in part, unless the prior written consent of each other party to this Agreement is first obtained, which consent shall not be unreasonably withheld; provided, however, that transfers or assignments, in whole or in part, may be made without such consent to an organization or entity in which such party owns at least a twenty percent (20%) interest.

11.2 **Binding Effect**

All of the covenants and terms of this Agreement shall run with the land and shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, successors and assigns.

11.3 **Mortgages**

Grantee is hereby granted the right to mortgage, subordinate or otherwise encumber all or part of its interest in this Agreement and the Property in order to finance development of the Property, provided that such mortgage or encumbrance shall recognize the priority, validity and continuance of this Agreement. Grantors agree to cooperate with Grantee in order to effectuate the purposes of this Section 11.3.

ARTICLE XII

RELOCATION AND ASSESSMENT WORK

12.1 **Amendments, Relocations and Patents**

Grantee may, in the name of Grantors, amend or relocate any or all of the unpatented mining claims included in the Claims and may locate any fractions resulting from such amendment or reloca-

tion. Grantors agree to apply for patent on any or all of the unpatented mining claims upon the request of Grantee. All expenses incurred by Grantee in connection with amending or relocating mining claims or prosecuting patenting proceedings shall be borne by Grantee and shall qualify as Evaluation Expenditures.

12.2 **Assessment Work**

Grantee agrees to perform the assessment work for the benefit of the Claims for the 1982-1983 assessment year and for each assessment year thereafter in which this Agreement continues beyond June 1. In addition, Grantee shall record on behalf of Grantors, as required by law, the affidavit of such work with the appropriate county and Bureau of Land Management offices, as required by state law and the Federal Land Policy and Management Act. If any court or governmental agency determines that work performed by Grantee does not constitute assessment work required by federal and state law, Grantee shall nevertheless have complied with this Agreement if work done is of the kind generally accepted in the mining industry as assessment work under this existing law. In any year in which the owners of the Claims shall be exempted by law from performing assessment work, Grantee shall prepare or cause to be prepared and filed any notices, including notices of intention to hold, or other instruments required to take advantage of the exemption. Grantee shall send to Grantors a copy of all affidavits and other documents filed pursuant to this paragraph.

ARTICLE XIII

OTHER PROVISIONS

13.1 **Notices**

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in

writing delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by telex, to the following addresses:

If to Grantors:
Cyprus Mines Corporation
P.O. Box 3299
7000 South Yosemite Street
Englewood, Colorado 80155
Attn: C. A. Mark

With a copy to:
CoCa Mines Inc.
1776 Lincoln Street, Suite 910
Denver, Colorado 80203
Attn: J. C. Mitchell

If to Grantee:
Lacana Mining Corporation
P.O. Box 354
3701 Royal Trust Tower
TD Center Toronto, Ontario
CANADA M5K 1K7
Attn: P. E. Lawford

With a Copy to:
Lacana Mining,Inc.
2005 Ironwood Parkway, Room 105
Coeur d'Alene, Idaho 83814
Attn: P. E. Dircksen

or to the most recent address of that party for which such notice has been given. Unless otherwise provided herein, such notice shall be deemed effective when either delivered by personal service, on the day of telexing or five (5) days after date of mailing.

13.2 **Counterparts**

This Agreement may be executed in any number of counterparts and shall be binding upon all owners of interests in the Property executing the same or a counterpart hereof, whether or not named herein as one of the Grantors, and whether or not other owners of interests in the Property have executed other counterparts or have not entered into this Agreement. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

13.3 **Further Acts**

Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such documents which are available as are reasonably necessary to carry out the provisions of this Agreement. Grantors also agree to cooperate at all times with Grantee in any reasonable manner to assist Grantee in the effecting of the purpose of this Agreement.

13.4 **Severance**

Should any portion of this Agreement be declared invalid and unenforceable by any judicial action, then such portion shall be deemed to be severed from this Agreement and shall not affect the remainder thereof.

13.5 **Construction**

When required by the context, the singular shall include the plural and vice versa; the terms "Grantors" and "Grantee" shall include their respective heirs, personal representatives, successors and assigns, if any, and the masculine shall include the feminine and vice versa.

13.6 **Governing Law**

This Agreement shall be governed by the law of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

13.7 **Attorney's Fees**

If either party commences an action against the other to enforce any of the terms of this Agreement or because of the breach by either party of any of the terms hereof, the losing or defaulting party shall pay the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action.

13.8 **Recordation**

This Agreement shall not be recorded. Concurrently with the Agreement, the parties shall execute and record assignments of leases for each underlying Lease and a memorandum for recording of the lease of the Claims contained herein.

13.9 **Reclamation**

Grantors and Grantee recognize that Grantors have certain obligations to the State of South Dakota regarding reclamation of certain existing drill holes, roads and the existing test heap leach facility on the Property. Grantee hereby agrees that Grantors may have access to the Property to perform such reclamation and Grantors hereby agree to indemnify Grantee for any claim, loss or damage arising from such activity by Grantors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GRANTORS:

Cyprus Mines Corporation

By: _____

_____

CoCa Mines, Inc.

By: _____
CHAIRMAN

_____
VICE PRESIDENT

GRANTEE:

Lacana Mining Company, Inc.

By: _____
Chairman of the Board

_____

_____

_____

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 7th day of June, 1983, before me, the undersigned, a Notary Public in and for said state, personally appeared [illegible], known to me to be [illegible] of [illegible], a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

[illegible]
Notary Public
[illegible]
Englewood, CO 80112

My commission expires: September 29, 1984

(seal)

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 7th day of June, 1983, before me, the undersigned, a Notary Public in and for said state, personally appeared [illegible], known to me to be the person whose name subscribed to the within instrument, who acknowledged to me that he executed the same.

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

[illegible]
Notary Public
[illegible]
Englewood, CO 80112

My commission expires: September 29, 1984

(seal)

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, ~~1980~~, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, known to me to be _____ of _____, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

_____
Notary Public

My commission expires: _____

(seal)

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

On this 16th day of June, ~~1980~~ 1983, before me, the undersigned, a Notary Public in and for said state, personally appeared THOMAS E. CONGDON, CHAIRMAN AND J. CHRISTOPHER MICHAEL, VICE PRESIDENT OF COCA MINES INC., known to me to be the persons whose names are subscribed to the within instrument, who acknowledged to me that they executed the same.

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

_____
~~Notary Public~~

1100 DENVER CENTER BUILDING
1776 LINCOLN ST.
DENVER, COLORADO 80203

My commission expires: April 13, 1986

(seal)

EXHIBIT A

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

I. Patented and unpatended mining claims in which Cyprus Mines Corporation has acquired an 80% interest by virtue of a Joint Venture Agreement dated January 1, 1975 with Congdon and Carey, Ltd. 5, to Cyprus Mines Corporation.

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee, recorded Book 418, Pages 264-284.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnale Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.969
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Bella	1235	30615	10.257
Summit	1236	31088)	
Summit #1	1236	31088)	20.994
Horn Silver	1236	31088)	
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Stawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.66
(Amended)	-	215	300		

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.96
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee. Deed recorded in Document No. 81-3271.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 80% interest.

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2622 (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2623 (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2673 (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2455 (unpatented lode claims).

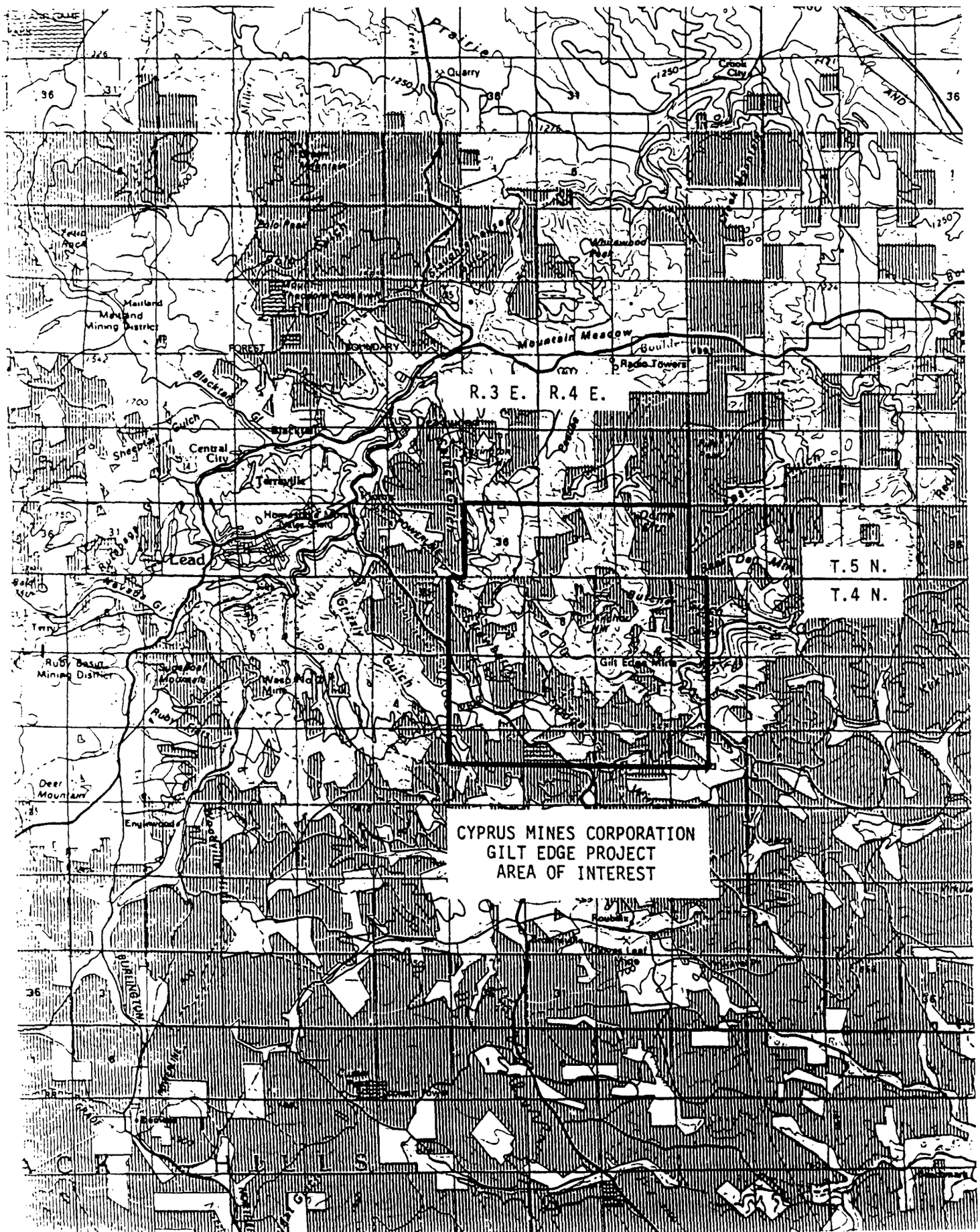
CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Erik No. 1	11/16/82	82-5392	M MC 95380 (SD)	
Erik No. 2	11/16/82	82-5393	M MC 95381 (SD)	22.43 AC. ±
Erik NO. 3	11/16/82	82-5394	M MC 95382 (SD)	
Erik No. 4	11/16/82	82-5395	M MC 95383 (SD)	

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 88821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/22/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02

EXHIBIT B

Attached to and made a part of that certain Mining Agreement dated the _____ day of _____, 1983 by and between CYPRUS MINES CORPORATION and LACANA MINING INC.



FIRST AMENDMENT TO MINING AGREEMENT

THIS FIRST AMENDMENT TO MINING AGREEMENT is made effective as of the 30th day of May, 1985, by and among Cyprus Mines Corporation, a Delaware corporation, 7200 South Alton Way, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation, P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510 (hereinafter referred to as "Grantee").

WHEREAS, Grantors and Grantee entered into a mining agreement (hereinafter the "Agreement") dated June 1, 1983 concerning the Gilt Edge Property, Lawrence County, South Dakota, a Memorandum of which Agreement was recorded in the office of the Register of Deeds, Lawrence County, South Dakota as Document Number 83-5768, on October 18, 1983; and

WHEREAS, Grantors and Grantee now desire to amend said agreement.

NOW, THEREFORE, in consideration of ONE DOLLAR and other good and valuable consideration, the parties hereby agree as follows:

1. The first sentence of Section 4.2 entitled "Evaluation Expenditures" is hereby amended, and two sentences are added, to read as follows:

During the first six years of this Agreement, beginning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year(s)	Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
6-1-83 through 5-31-84	$ 500,000	$150,000
6-1-84 through 5-31-86	1,150,000	200,000
6-1-86 through 5-31-87	2,000,000	0
6-1-87 through 5-31-88	2,000,000	0
6-1-88 through 5-31-89	1,850,000	0

Grantee will work diligently on feasibility studies and environmental permitting matters so that on or prior to 5/31/86 Grantee will have:

(i) obtained all state and federal government permits needed to bring a mine into production on the Property:

(ii) completed a feasibility study on bringing a mine into production on the Property

Notwithstanding the foregoing, if Grantee is prevented for any reason whatsoever from obtaining all necessary governmental permits and approvals and/or completing a feasibility study, and Grantee's cumulative Evaluation Expenditures in the period 6/1/83 through 5/31/86 are less than $1,650,000, the amount by which such cumulative Evaluation Expenditures are less than $1,650,000 shall be promptly paid to Cyprus and CoCa as to 80% and 20% respectively.

The remainder of Section 4.2 beginning with the words, "Any deficiency ..." shall remain as written.

2. The parties acknowledge that, pursuant to the telex dated April 26, 1985 from E. R. Wozniak on behalf of Grantors to E. G. Thompson of Grantee, the thirty day prior written notice provision of Section 3.2 of the Agreement has been suspended through and including May 31, 1985. The parties agree that after May 31, 1985, the suspension shall no longer be in effect and Section 3.2 of the Agreement shall once again become effective as originally written in such agreement.

3. The remaining terms of the Agreement are hereby confirmed by the parties as being in full force and effect.

IN WITNESS, WHEREOF, the parties have executed this First Amendment of Mining Agreement effective as of the date first above written.

GRANTORS:

Cyprus Mines Corporation

By: _____
J. C. Compton
Vice President

_____
Attest: S. S. Shellhaas
Assistant Secretary

CoCa Mines, Inc.

By: _____
J. Christopher Mitchell
Vice President

_____
Attest:

GRANTEE:
Lacana Mining, Inc.

By: _____
Chairman of the Board

_____
President

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 30th day of May, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared J.C. Compton and S.S. Shellhaas known to me to be Vice Pres. and Asst. Secretary of Cyprus Mines Corporation, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

G. Irene Johanson
Notary Public

My commission expires: December 26, 1985

PROVINCE OF Ontario)
) ss.
COUNTY OF York)

On this 5th day of June, 1985, before me, the undersigned, a Notary Public in and for said ~~state~~ province, personally appeared W.H. Gross and Edward L. Thompson known to me to be Chairman and President, respectively, of Lacana Mining Inc., a corporation, who acknowledged to me that they executed the foregoing instrument on behalf of said corporation.

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

Notary Public

My commission does not expire:

STATE OF Colorado)
) ss.
CITY AND COUNTY OF Denver)

On this 30th day of May, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared J.C. Mitchell known to me to be Vice President of CoCa Mines Inc., a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

Vicki L. Ferguson
Notary Public
1776 Lincoln Street
Denver, CO

My commission expires: November 22, 1986

(file. GE: Lacana farm-out

Amoco Minerals Company
7000 South Yosemite Street
Post Office Box 3299
Englewood, Colorado 80155
Negotiations & Land Department
303-740-5279

J. J. Bensing
Supervisor, Property Records

RECEIVED
JUL 20 1983
CoCa MINES INC.

July 19, 1983

Ms. Wilma Hatter
Lacana Mining Inc.
P.O. Box 11305
Reno, Nevada 89510

Dear Ms. Hatter:

C-10,020
Gilt Edge Project
Lawrence County, South Dakota

In accordance with our recent telephone conversation, please find attached a listing of property obligations for the Gilt Edge Project in Lawrence County, South Dakota. We understand that you are now prepared to make all payments required to hold the project property. We would appreciate receiving copies of your checks for our files as evidence of payment.

Property payments required for August are as follows:

Property Name	Date Due	Type	Amount
Aye, Willis etux	August 7, 1983	Adv. Royalty	$1,250.00
Whitehouse Congress Inc.	August 7, 1983	Adv. Royalty	$1,250.00
Darland, Marcia A.	August 10, 1983	Adv. Royalty	$5,000.00
Borsch, Orba T. etal	August 3, 1983	Adv. Royalty	$2,500.00

Property tax statements are presently sent to CoCa Mines each year for the patented mining claims. By copy of this letter, we ask that CoCa forward the statements to Lacana for payment and furnish evidence of payment for our files.

Should you have questions or require additional information, please let me know.

Sincerely,

JJB/ms

J. H. Bird w/attachment
✓J. C. Mitchell w/attachment
M. T. Nesbitt w/attachment
W. P. Taylor w/attachment

COCA-01-096

7-19-83

GILT EDGE SOUTH DAKOTA

Summary of Obligations

I. Commonwealth Mining Co. Lease and Option to Purchase dated 10/16/74, L-100039.

Term: 15 years plus production

74 patented lodes, 1 patented placer, 3/8 interest in 2 patented lodes, 18 unpatented lodes.

Lessee has option to purchase for $2,500,000 less credit for advance and production royalty paid previously.

Obligation	Obligation
Minimum Adv. Royalty:	
1/16/83 - 7/16/83	$4500 qtrly.
10/16/83 & qtrly thereafter	$5000 qtrly.
Production Royalty:	
8% NSR first $2,000,000	
6% NSR next $2,000,000	
4% NSR next $2,000,000	
2% NSR All Over $6,000,000	
Work Commitment: Fulfilled	
Taxes	$3000 est. annually
Escrow Fee	$250 annually
Assessment Work	$1800 annually

Payment Address: Intrawest Bank of Denver
P.O. Box 5825, Terminal Annex
Denver, Colorado 80217

Deposit To: Escrow No. 11196-00-3
Commonwealth Mining Company of South Dakota

II. Northwestern Metal Co. Lease and Option to Purchase dated 9/1/76, L-100040.

Term: 15 years plus production.

16 patented lodes.

Lessee has option to purchase for $1,250,000 less credit for advance and production royalty previously paid.

Obligation	Obligation
Minimum Adv. Royalty:	
3/1/83 - 9/1/83	$3000 qtrly.
12/1/83 - 9/1/84	$3250 qtrly.
12/1/84 & qtrly thereafter	$3500 qtrly.

Production Royalty:

8% NSR first $1,000,000

6% NSR next $1,000,000

4% NSR next $1,000,000

2% NSR all over $3,000,000

Work Commitment: Fulfilled

Taxes $500 est. annually

Assessment Work: None

Payment Address: Northwestern Metal Company
P.O. Box 81826
Lincoln, Nebraska 68500

III. Waggoner Estate Claims, L-100041.

5/8 interest in 2 patented lodes, 1/4 interest in 1 patented lode; acquired by Deed 10/18/78 for $75,000.

Obligation	Obligation
Minimum Adv. Royalty	None
Production Royalty	None
Work Commitment	None
Taxes	$100 est. annually
Assessment Work	None

IV. Whitehouse Congress Inc. Lease dated 8/7/82, L-100093.

Term: 20 years plus development.

1 patented lode.

Obligation	Obligation
Minimum Adv. Royalty:	
8/7/83 - 8/7/87	$1250 annually
8/7/88 & annually thereafter	$2500 annually
Production Royalty:	
4% of Net Value	
Work Commitment	None
Taxes (pd. by Lessor)	None
Assessment Work	None

Payment Address: Bank of Belle Fourche
Spearfish, South Dakota 57783

Deposit To: Willis F. Aye, President
Whitehouse Congress, Inc.
Route #1, P.O. Box 2547
Miles City, Montana 59301

V. Willis Aye Lease dated 8/7/82, L-100092.

Term: 20 years plus development

1 patented lode.

Obligation	Obligation
Minimum Adv. Royalty:	
8/7/83 - 8/7/87	$1250 annually
8/7/88 & annually thereafter	$2500 annually
Production Royalty: 4% of Net Value	
Work Commitment	None
Taxes (pd. by Lessor)	None
Assessment Work	None

Payment Address: Bank of Belle Fourche
Spearfish, South Dakota 57783

Deposit to: Willis F. Aye and Lona B. Aye
Route #1, P.O. Box 2547
Miles City, Montana 59301

VI. Orba & Rose Borsch Lease dated 8/3/82, L-100165.

Term: 20 years plus development.

1 unpatented lode.

Obligation	Obligation
Minimum Adv. Royalty:	
8/3/83 - 8/3/87	$2500 annually
8/3/88 - 8/3/97	$5000 annually
8/3/98 - 8/3/2003	$10,000 annually
Production Royalty:	
5% of Net Value	
Work Commitment	None
Taxes	None
Assessment Work	$100 annually

Payment Address: (50%) First National Bank of the Black Hills
Deadwood, South Dakota 57732

Deposit to: Rose E. Borsch
Nemo Route
Box 550
Deadwood, South Dakota 57732

Payment Address: (50%) Peoples Bank of Lakeland
Box 1607
Lakeland, Florida 33803

Deposit to: Orba T. Borsch and Maria Borsch
5524 Club Hill West
Lakeland, Florida 33803

VII. Marcia Darland Lease dated 8/10/82, L-100094.

Term: 15 years plus development.

4 unpatented lodes.

Obligation	Obligation
Minimum Adv. Royalty:	
8/10/83 - 8/10/88	$5000 annually
8/10/89 - 8/10/89	$10,000 annually
Production Royalty:	
5% of Net Value	
Work Commitment	None
Taxes	None
Assessment Work	$400 annually

Payment Address: First National Bank of the Black Hills
Deadwood, South Dakota 57732

Deposit to: Marcia A. Darland
P.O. Box 504
Deadwood, South Dakota 57732

VIII. Jen CLaim Group, L-100087.

9 unpatented lodes located by Cyprus.

Obligation	Obligation
Minimum Adv. Royalty	None
Production Royalty	None
Work Commitment	None
Taxes	None
Assessment Work	$900

LACANA

LACANA GOLD INC.
COEUR D'ALENE, IDAHO

MEMORANDUM

TO. E.G. Thompson

DATE March 22, 1985

FROM R.J. Hall

cc:

SUBJECT Lacana-Amoco/CoCa Meeting
March 27, 1985

--Progress on Gilt Edge since signing of agreement in 1983.

- Lacana has completed nearly 8,500 feet of diamond drilling and nearly 18,000 feet of reverse circulation rotary drilling.
- Lacana has developed a mineable reserve estimate of 3.8 million tons grading 0.054 ounce of gold per ton.
- Over 240 feet of cross-cut has been driven for grade confirmation and to provide material for metallurgical testing.
- Five large column metallurgical tests have been carried out. These tests indicate a 70 percent gold recovery.
- Ground necessary to commence a mining operation has been secured.
- Baseline environmental studies have commenced and are continuing.
- A mining/milling permit application has been submitted to the State of South Dakota.
- County permits necessary for a mining operation have been secured.
- An extension of the term of the Commonwealth agreement for an annual renewal of a five year production window has been indicated by a letter from Commonwealth.
- Total evaluation expenditures by Lacana through February 28, 1985, are $1.3 million.
- Total drilling expenditure is $568,000. This exceeds our drilling expenditure obligation through May 31, 1986.
- In summary, the property is currently awaiting approval of permit applications and gold prices to make a production decision.

--Objective for 1985: To position ourselves to make a production decision.

° Necessary tasks to complete:

1.	Complete permitting	$175,000	Submit by Aug. 31 Approval by Dec. 31
2.	Complete feasibility study	50,000	December 1, 1985
3.	Lacana personnel & internal costs	150,000	
Total estimated 1985 expenditures		$375,000	

--Holding costs on property.

	Years 1985-1987	1988	1989
° Borsch Estate Year signed: 1983 Term: 20 years	$ 7,500	$ 7,500	$ 15,000
° Borsch Estate Year signed: 1982 Term: 20 years	2,500	2,500	5,000
° Willis Aye Year signed: 1982 Term: 20 years	2,500	2,500	5,000
° Northwest Metals Year signed: 1976 Term: 15 years	14,000	14,000	14,000
° Marcia Darland Year signed: 1982 Term: 15 years	5,000	5,000	10,000
° Commonwealth Mining Year signed: 1974 Term: Being renegotiated	20,000	20,000	20,000
° Alan Herbert Year signed: 1984 Term: 20 years	5,000	5,000	10,000
° Unpatented claim Assessment requirements	5,100	5,100	5,100
° Property tax estimates (E)	3,000	3,000(E)	3,000(E)
Total Holding Costs	64,600	64,600	87,100
+ Advanced Royalty due Amoco/CoCa		200,000	200,000
		$264,600	$287,000

--Estimated non-discounted revenues at $400 per ounce gold and 70 percent recovery.

- Amoco/CoCa royalty revenues after property payments and royalties: $2.4 million.
- Lacana revenues based on cumulative net cash flow: $8.6 million.

--Concerns about project and the agreement.

- Lacana cannot prudently spend $2 million in years 1985-1988; short of capital expenditures for construction.
- Should Lacana put property into production for less than $6 million Lacana is still obligated to spend on evaluation, or pay to Amoco/ CoCa, the difference $6 million and the capital cost.
- The property is currently uneconomic.

--Proposal for changes in the agreement.

- Modify the agreement to reflect that a production decision terminates the evaluation expenditure.
- Waive $2 million per year evaluation expenditure until it becomes economic to use these dollars for construction.
- Institute an annual economic review process for the project to begin on/or around December 31, 1985.

--Lacana Obligations

° During 1985 Lacana will:

1. Work diligently to secure all permits necessary for production decision.
2. Complete feasibility study.

° Lacana will maintain the property in good standing and meet all terms and conditions of agreement. This includes the $200,000 advanced royalty payments to begin June 1, 1988 and the exploration drilling commitments.

FIRST AMENDMENT TO MINING AGREEMENT

THIS FIRST AMENDMENT TO MINING AGREEMENT is made effective as of the _____ day _____, 1985, by and among Cyprus Mines Corporation, a Delaware corporation, 7200 South Alton Way, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation, P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510 (hereinafter referred to as "Grantee").

WHEREAS, Grantors and Grantee entered into a mining agreement (hereinafter the "Agreement") dated June 1, 1983 concerning the Gilt Edge Property, Lawrence County, South Dakota, a Memorandum of which Agreement was recorded in the office of the Clerk and Recorder of Lawrence County, South Dakota at book _____, page _____, on June _____, 1983; and

WHEREAS, Grantors and Grantee now desire to amend said agreement.

NOW, THEREFORE, in consideration of ONE DOLLAR and other good and valuable consideration, the parties hereby agree as follows:

1. The first sentence of Section 4.2 entitled "Evaluation Expenditures" is hereby amended to read as follows:

During each one year period of this Agreement, beginning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year	Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
6-1-83 through 5-31-84	$ 500,000	$150,000
6-1-84 through 5-31-86	1,000,000	200,000
6-1-85 through 5-31-87	2,000,000	200,000
6-1-86 through 5-31-88	2,000,000	200,000
6-1-87 through 5-31-89	2,000,000	250,000

6, 7, 8 respectively

2. The parties acknowledge that, pursuant to the Telex dated _____, 1985 from E. R. Wozniak on behalf of Grantors to E. G. Thompson of Grantee, the thirty day prior written notice provision of Section 3.2 of the Agreement has been suspended through and including May 31, 1985. The parties agree that after May 31, 1985, the suspension shall no longer be in effect and Section 3.2 of the Agreement shall once again become effective as originally written in such agreement.

3. The remaining terms of the Agreement are hereby confirmed by the parties as being in full force and effect.

IN WITNESS, WHEREOF, the parties have executed this First Amendment of Mining Agreement effective as of the date first above written.

GRANTORS:

Cyprus Mines Corporation

By: _____
H. L. Bauer Jr.

_____
Attest: D. J. Friedman

CoCa Mines, Inc.

By: _____
Thomas E. Congdon,
Chairman

_____
Attest:

GRANTEE:
Lacana Mining, Inc.

By: _____
Chairman of the Board

_____
President

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared _____ known to me to be _____ of _____ _____, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

_____
Notary Public

My commission expires: _____

PROVINCE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared _____ known to me to be _____ of _____ _____, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

_____
Notary Public

My commission expires: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared _____ known to me to be _____ of _____ _____, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

_____
Notary Public

My commission expires: _____

FIRST AMENDMENT TO MINING AGREEMENT

THIS FIRST AMENDMENT TO MINING AGREEMENT is made effective as of the 30th day of May, 1985, by and among Cyprus Mines Corporation, a Delaware corporation, 7200 South Alton Way, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation, P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510 (hereinafter referred to as "Grantee").

WHEREAS, Grantors and Grantee entered into a mining agreement (hereinafter the "Agreement") dated June 1, 1983 concerning the Gilt Edge Property, Lawrence County, South Dakota, a Memorandum of which Agreement was recorded in the office of the Register of Deeds, Lawrence County, South Dakota as Document Number 83-5768, on October 18, 1983; and

WHEREAS, Grantors and Grantee now desire to amend said agreement.

NOW, THEREFORE, in consideration of ONE DOLLAR and other good and valuable consideration, the parties hereby agree as follows:

1. The first sentence of Section 4.2 entitled "Evaluation Expenditures" is hereby amended, and two sentences are added, to read as follows:

During the first six years of this Agreement, beginning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year(s)	Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
6-1-83 through 5-31-84	$ 500,000	$150,000
6-1-84 through 5-31-86	1,150,000	200,000
6-1-86 through 5-31-87	2,000,000	0
6-1-87 through 5-31-88	2,000,000	0
6-1-88 through 5-31-89	1,850,000	0

Grantee will work diligently on feasibility studies and environmental permitting matters so that on or prior to 5/31/86 Grantee will have:

(i) obtained all state and federal government permits needed to bring a mine into production on the Property:

(ii) completed a feasibility study on bringing a mine into production on the Property

Notwithstanding the foregoing, if Grantee is prevented for any reason whatsoever from obtaining all necessary governmental permits and approvals and/or completing a feasibility study, and Grantee's cumulative Evaluation Expenditures in the period 6/1/83 through 5/31/86 are less than $1,650,000, the amount by which such cumulative Evaluation Expenditures are less than $1,650,000 shall be promptly paid to Cyprus and CoCa as to 80% and 20% respectively.

The remainder of Section 4.2 beginning with the words, "Any deficiency ..." shall remain as written.

2. The parties acknowledge that, pursuant to the telex dated April 26, 1985 from E. R. Wozniak on behalf of Grantors to E. G. Thompson of Grantee, the thirty day prior written notice provision of Section 3.2 of the Agreement has been suspended through and including May 31, 1985. The parties agree that after May 31, 1985, the suspension shall no longer be in effect and Section 3.2 of the Agreement shall once again become effective as originally written in such agreement.

3. The remaining terms of the Agreement are hereby confirmed by the parties as being in full force and effect.

IN WITNESS, WHEREOF, the parties have executed this First Amendment of Mining Agreement effective as of the date first above written.

GRANTORS:

Cyprus Mines Corporation

By: _____ RWG
J. C. Compton
Vice President

_____
Attest: S. S. Shellhaas
Assistant Secretary

CoCa Mines, Inc.

By: _____
J. Christopher Mitchell
Vice President

_____
Attest:

GRANTEE:
Lacana Mining, Inc.

By: _____
Chairman of the Board

_____
President

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 30th day of May, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared J.C. Compton and S.S. Shellhaas known to me to be Vice Pres. and Asst. Secretary of Cyprus Mines Corporation, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

G. Irene Johanson
Notary Public

My commission expires: December 26, 1985

PROVINCE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared _____ known to me to be _____ of _____ _____, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

_____
Notary Public

My commission expires: _____

STATE OF Colorado)
CITY AND) ss.
COUNTY OF Denver)

On this 30th day of May, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared J.C. Mitchell known to me to be Vice President of CoCa Mines Inc., a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

Vicki L Ferguson
Notary Public
1776 Lincoln Street
Denver, CO

My commission expires: November 22, 1986

Facsimile Transmission
Form 16-166 Rev. 3-77

Date: May 30, 1985

To: Name	Company	City and State	Telecopier Phone
C. A. Mitchell	CoCa Mines	Denver, Colorado	861-5136
From: Name	**Company**	**Phone**	**Mail Code**
R. W. Godell	Amoco Minerals	740-5014	S122

COCA-01-100

Initiated By	Approved By	Typed By	Phone Ext.	Mail Code

2/8

May 30, 1985

E. R. Wozniak
Mail Code S244

Amend to Mining Agreement,
Gilt Edge Project, South Dakota

Please find enclosed the latest draft of the above amendment. This draft incorporates two changes suggested by C. A. Mitchell. Please let me know if you have any questions or comments.

R. W. Godell
Mail Code S122

RWG/ban

Enclosure

C. A. Mitchell (via Telecopy)

3/8

FIRST AMENDMENT TO MINING AGREEMENT

THIS FIRST AMENDMENT TO MINING AGREEMENT is made effective as of the _____ day of May, 1985, by and among Cyprus Mines Corporation, a Delaware corporation, 7200 South Alton Way, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation, P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510 (hereinafter referred to as "Grantee").

WHEREAS, Grantors and Grantee entered into a mining agreement (hereinafter the "Agreement") dated June 1, 1983 concerning the Gilt Edge Property, Lawrence County, South Dakota, a Memorandum of which Agreement was recorded in the office of the Register of Deeds, Lawrence County, South Dakota as Document Number 83-5768, on October 18, 1983; and

WHEREAS, Grantors and Grantee now desire to amend said agreement.

NOW, THEREFORE, in consideration of ONE DOLLAR and other good and valuable consideration, the parties hereby agree as follows:

4/8

1. The first sentence of Section 4.2 entitled "Evaluation Expenditures" is hereby amended, and two sentences are added, to read as follows:

During the first six years of this Agreement, beginning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year(s)	Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
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6-1-86 through 5-31-87	2,000,000	200,000
6-1-87 through 5-31-88	2,000,000	200,000
6-1-88 through 5-31-89	1,850,000	250,000

Grantee will work diligently on feasibility studies and environmental permitting matters so that on or prior to 5/31/86 Grantee will have:

(i) obtained all state and federal government permits needed to bring a mine into production on the Property:

(ii) completed a feasibility study on bringing a mine into production on the Property

Notwithstanding the foregoing, if Grantee is prevented for any reason whatsoever from obtaining all necessary governmental permits and approvals and/or completing a feasibility study, and Grantee's cumulative Evaluation Expenditures in the period 6/1/83 through 5/31/86 are less than $1,650,000, the amount by which such cumulative Evaluation Expenditures are less than $1,650,000 shall be promptly paid to Cyprus and CoCa as to 80% and 20% respectively.

The remainder of Section 4.2 beginning with the words, "Any deficiency ..." shall remain as written.

2. The parties acknowledge that, pursuant to the telex dated April 26, 1985 from E. R. Wozniak on behalf of Grantors to E. G. Thompson of Grantee, the thirty day prior written notice provision of Section 3.2 of the Agreement has been suspended through and including May 31, 1985. The parties agree that after May 31, 1985, the suspension shall no longer be in effect and Section 3.2 of the Agreement shall once again become effective as originally written in such agreement.

6/8

3. The remaining terms of the Agreement are hereby confirmed by the parties as being in full force and effect.

IN WITNESS, WHEREOF, the parties have executed this First Amendment of Mining Agreement effective as of the date first above written.

GRANTORS:

Cyprus Mines Corporation

By: _____
J. C. Compton
Vice President

_____
Attest: S. S. Shellhaas
Assistant Secretary

CoCa Mines, Inc.

By: _____
Thomas E. Congdon,
Chairman

_____
Attest:

GRANTEE:
Lacana Mining, Inc.

By: _____
Chairman of the Board

_____
President

7/8

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared _____ known to me to be _____ of _____ _____, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

_____
Notary Public

My commission expires: _____

8/8

PROVINCE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared _____ known to me to be _____ of _____ _____, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

_____
Notary Public

My commission expires: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1985, before me, the undersigned, a Notary Public in and for said state, personally appeared _____ known to me to be _____ of _____ _____, a corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

_____
Notary Public

My commission expires: _____

ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

APPROVED

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 3, 1982, by and between Orba T. Borsch and Maria Borsch, husband and wife, and Rose E. Borsch, widow of Chester A. Borsch, Lessor(s), and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on August 3, 1983, as Document No. 83-2673, in the records of the County of Lawrence, State of South Dakota, which covers the following described property, to wit:

	Recorded		
Name of Claim	Book	Page	B.L.M. Serial No.
Maria Lode	342	290	M MC 32414

L-100165

Original

MINING LEASE

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE (hereinafter the "Agreement") is made effective as of this 3rd day of August, 1982, by and among Orba T. Borsch and Maria Borsch, husband and wife; Rose E. Borsch, widow of Chester A. Borsch of Nemo Route, Box 550, Deadwood, South Dakota 57732 (hereinafter collectively referred to as "Lessor"); and CYPRUS MINES CORPORATION, a Delaware corporation (hereinafter referred to as "Lessee"), whose address is 7000 S. Yosemite Street, P.O. Box 3299, Englewood, Colorado 80115.

IN CONSIDERATION of Ten Dollars ($10.00) and other valuable consideration paid by Lessee to Lessor, receipt of which is hereby acknowledged, and in consideration of the covenants and agreements set forth in this Agreement, Lessor and Lessee agree as follows:

ARTICLE I

GRANT AND DESCRIPTION

1.1 Exclusive Lease and Grant

Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the unpatented lode mining claims described below:

Name of Claim	Recorded Book	Recorded Page	BLM Serial No.
Maria Lode of the Lawrence County, South Dakota records.	342	290	32414

and made a part hereof (the unpatented lode claims being hereinafter collectively referred to as the "Claims"), together with all rights, privileges and appurtenances in

anywise belonging to said mining claims, including, but not limited to, easements, rights-of-way, access rights, road construction rights, water and water rights and timber and vegetative resources, together with the right to use the surface to the fullest extent reasonably necessary, appropriate, convenient, worthwhile or incidental to any of the rights and privileges of Lessee hereunder. The Claims are leased without limitation, for purposes of surveying, evaluation, exploration, additional prospecting, drilling, developing, mining by any method or otherwise extracting, stockpiling, storing, processing, treating, removing, stripping, and marketing or otherwise disposing of any and all minerals, metals, ores and materials of whatsoever kind and character (hereinafter "Minerals") in, upon, under, or extending from or into the Claims.

1.2 Purposes

The Claims are leased to Lessee to survey, evaluate and drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship and market or otherwise dispose of any and all Minerals in, upon or under the Claims or other land in the vicinity of the Claims; and to exercise any and all rights or privileges granted in this Agreement, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Agreement. In addition, Lessee shall have unrestricted access to the Claims and the exclusive rights (i) to evaluate, develop and mine, and to extract, remove and dispose of any and all Minerals, water and waste from the Claims and to deposit such materials on or in the Claims, by means of underground or surface mining operations in or on the Claims or other property, (ii) to remove Minerals, water and waste, and materials from other property and to carry on general mining and milling operations pertaining to the Claims or other such property, on the surface of or through underground or surface workings on the Claims, (iii) to use any part of the Claims for tailings and waste dumps and for any other purpose incident to underground or surface mining operations on the Claims or other property, (iv) to erect, construct, use and maintain on the Claims such roads, buildings, structures, machinery, and equipment as may be required by Lessee for the conduct of operations on the Claims or other property, and (v) to sell Minerals and other products derived from the Claims in such forms, on such terms, at such times and for such prices as Lessee may, in its sole discretion, determine.

1.4 Scope of Operations

Lessee shall also have the exclusive right without limitation and in its sole discretion: (a) to further evaluate by core drilling, seismic or other geophysical

methods, to mine by any method or methods deemed desirable or convenient, including but not limited to, underground, open pit, strip, in situ, solution and leaching; and to process and treat the Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all such excavations, pits, shafts, and openings on the Claims and to inject such gas, waters, other fluids, air and other substances into the subsurface strata thereof; (c) to stockpile, store or dispose of on or off the Claims, Minerals, waste, earth, tailings and other materials; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Claims such buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements.

1.5 Operations on Adjacent Lands

Lessee shall have the right to remove Minerals from the Claims through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Claims.

1.6 Water Use

Lessee shall have the free use of any and all water and water rights in and on the Claims.

1.7 Ingress and Egress

Lessor grants Lessee the right to use all rights-of-way for ingress to and egress from the Claims which it is within the power of Lessor to grant, together with the right to construct roads across such rights-of-way to assist Lessee in conducting its operations.

ARTICLE II

TERM OF AGREEMENT

2.1 Term

Unless sooner terminated as hereinafter provided, this Agreement and all of the rights herein granted shall remain in full force and effect for a period twenty (20) years from the effective date hereof (the "Primary Term") and so long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis on the Claims. For this purpose, development, mining or processing operations shall be deemed continuous so long as all such operations do not cease for

a period of more than one hundred eighty (180) consecutive days, excluding periods of force majeure or lack of reasonable market conditions as provided hereafter. In the event Lessee is unable to obtain a satisfactory market for any Minerals discovered or produced from the Claims, and as a result Lessee delays commencement of development, mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this Agreement shall not expire or terminate as a result of such period of lack of market but may be extended by Lessee's continuing payment of minimum royalties under Article III. Lessee shall use diligence in searching for a satisfactory market for the Minerals during such lack-of-market periods, and when a satisfactory market becomes available, Lessee shall have a reasonable time thereafter within which to begin or resume development, mining or processing operations.

2.2 Termination

(a) Upon written notice to Lessor, Lessee shall have the right at any time to terminate this Agreement as to any or all of the Claims and thereupon all rights and obligations of Lessee under this Agreement shall terminate. Lessee shall record an appropriate release thereof of all of its interest hereunder as to such Claims. If such notice is given on or before June 1 of any assessment year, Lessee shall have no further obligation to perform assessment work for the affected claims for the assessment year in which the notice is given.

Upon termination of this Agreement, Lessee shall:

(i) Quitclaim to Lessor all of Lessee's right, title and interest in and to the Claims to be relinquished to Lessor.

(ii) Upon the written request of Lessor made within ninety (90) days after surrender or other termination of this Agreement, Lessee shall deliver to Lessor all factual geological, metallurgical, and engineering data and maps, logs or drill hole cores and results of assaying related to the Claims which Lessee may obtain as a result of exploration work under this Agreement, provided, however, Lessee shall have no liability on account of any such data used or relied upon by Lessor. Lessee shall not be obligated to furnish Lessor with interpretive data. In the event Lessee fails to provide such information, Lessor shall have the right to obtain such data by his own efforts and be reimbursed by Lessee for the cost thereof.

ARTICLE III

CONSIDERATION

3.1 Lease Payments and Title

Upon execution of this Lease, Lessee shall pay Lessor One Thousand Dollars by a thirty (30) day time draft. During the time period from the date of this lease until the draft must be honored, Lessee may examine title to the Claims and if Lessee, in its sole discretion, determines that title defects exist, Lessee may elect not to honor payment of such draft and this lease shall terminate. During such time period of title examination, Lessee may enter upon the Claims to investigate access and water availability and to perform general surveying but shall not conduct drilling operations of any sort unless and until such draft is honored. Lessor shall furnish to Lessee concurrently with the execution of this Lease, all location certificates, assessment work affidavits, deeds, leases, assignments, BLM filings, title reports, land status reports, title opinion and all other title data and abstracts in Lessor's possession relating to the Claims, and Lessee may conduct such examination thereof and such additional title examination as Lessee wishes, at its own expense. Neither Lessee's approval of title nor its omission to examine title shall constitute a release or waiver of Lessor's warranties and representations hereunder and all of the terms, conditions and covenants, expressed or implied herein shall continue in full force and effect.

3.2 Advance Minimum Royalty

Lessee shall make the following advance minimum royalty payments on or before the specified aniversary dates of this Lease:

Attachment and made a part hereto:

JEB

Date	Dollars ($)
First through Fifth Anniversary per claim	2,500.00
Sixth through Fifteenth Anniversary per claim	5,000.00
Sixteenth through Twentieth Anniversary per claim	10,000.00

Annual payments made pursuant to the above schedule and the initial payment made to Lessor upon execution of this Lease shall constitute prepayment of and advances against payment of production royalties that may become payable. Lessee may credit said initial payment and all advance royalties, against production royalties accruing at any time until said initial payment and all advance royalties have been fully recouped from production royalties.

3.3 Production Royalty

(a) Lessee hereby agrees to pay to Lessor a Production Royalty of five percent (5%) of the Net Value of all Minerals as defined in Paragraph 1.1, including metals, bullion, concentrates and any other products of Minerals produced from the Claims. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Lessee from the sale of such Minerals, including ores, metals, bullion, concentrates, and any other products of Minerals to a mill, Smelter, or other purchaser, user or consumer other than Lessee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of such Minerals, including ores, metals, bullion, concentrates, and Mineral products to the mill, Smelter, or other purchaser, user or consumer. The term "Smelter" means conventional and custom smelters, as well as any other type of processing facility used in lieu of a conventional smelter to reduce ores or concentrates.

(b) Lessee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Minerals, including ores, metals or Mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Lessee. Any upgrading beyond the concentrate state (the stage at which beneficiation, milling, sorting, and concentrating has yielded concentrate in the form usually commercially marketable) shall be done for Lessee's sole benefit, risk and account, and the mineral products taken by Lessee for such upgrading shall be deemed to have been sold at the time of such upgrading for the purpose of computing Net Value and royalties payable thereon only, and not otherwise, at the mean of quotations for the concentrate so taken for the month of such deemed sale as reported in "Metals Week" published by McGraw-Hill, Inc., or, in the event such quotations are not published therein or such publication ceases or suspended, then at the mean of the quotations for concentrate of the type so taken for the month of such deemed sale as may be reported in such other publication or source as is generally recognized in the industry as reflecting the quotations at which such concentrates are currently being offered for sale and purchase; or in the absence of such a publication, so that the Net Value of such concentrates that are not sold by Lessee shall be deemed to be the average price received for such concentrates for

the month of such deemed sales. Such deemed price shall thereby be treated as the mean of prices at which concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties as hereinafter defined. Lessee shall not be liable for mineral values lost in such processing under sound engineering practices. It is expressly understood that Lessee shall pay, or otherwise absorb, all costs and expenses incurred in all stages of the mining and treatment processes up to and including the loading of concentrates in a form which is usually commercially marketable in rail cars or such other type of transport vehicles used for transporting the concentrates from a mill or concentrator site. Lessee shall be permitted to sell concentrates in the form usually commercially marketable to an affiliated party, which is defined as its parent company or any subsidiary of its parent company (more than 50% owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

(c) All Minerals for which a royalty is payable shall be weighed or measured, sampled and analyzed in accordance with standard mining and metallurgical practices. Upon request to Lessee, and at Lessor's expense, Lessor shall have the right to have a representative present at the time samples are taken. After such measurement, Lessee may mix or commingle such ores, materials or products with ores, materials or products from other property. All sampling and analysis procedures shall be those which are generally accepted in the mining industry.

(d) Production royalties, when payable, shall accrue monthly at the end of each calendar month, and shall become due and payable quarterly on the last day of each month following the last day of the calendar quarter in which the same accrued. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the minerals, concentrates, and other mineral products processed by Lessee for the preceding calendar quarter; the proceeds of sale, costs, and other deductions; and other pertinent information in sufficient detail to explain the calculation of the production royalty payment.

(e) All production royalty payments shall be considered final and in full satisfaction of all obligations of Lessee with respect thereto, unless Lessor gives Lessee written notice describing and setting forth a specific objection to the calculation thereof within sixty (60) days after receipt by Lessor of the quarterly statement herein provided for. If Lessor objects to a particular quarterly statement

as herein provided, Lessor shall, for a period of thirty (30) days after Lessee's receipt of notice of such objection, have the right, upon reasonable notice and at a reasonable time, to have Lessee's accounts and records relating to the calculation of the quarterly statement in question audited by a certified public accountant acceptable to Lessor and to Lessee. If such audit determines that there has been a deficiency or an excess in the payment made to Lessor, such deficiency or excess shall be resolved by adjusting the next quarterly production royalty payment due hereunder. Lessor shall pay all costs of such audit if no deficiency is determined. Lessee shall pay the costs of such audit if a deficiency is determined to exist. All books and records used by Lessee to calculate production royalties due hereunder shall be kept in accordance with generally accepted accounting principles. Failure on the part of Lessor to make claim on Lessee for adjustment in such period shall establish the correctness and preclude the filing of exceptions thereto or making of claims for adjustment thereon.

(f) The production royalties provided for herein shall be the total payments due Lessor for Minerals mined and removed from the Claims by Lessee hereunder. With respect to any mill tailings or other residues remaining after processing ores hereunder, it is agreed that Lessor shall have no interest in such tailings or residues, and Lessee shall be deemed to be the owner of such materials, provided that any such materials which remain on any part of the Claims for a period of one year after the effective expiration or termination of this lease as to such part shall become the responsibility and property of Lessor. Lessee shall comply with all applicable regulations concerning the disposal of such tailings or residues.

3.5 Reduction of Expenditures

Acreage changes resulting from surrender or partial assignment of any of the Claims or from the addition of property to the Claims shall not reduce or increase the amount of the annual payments provided for in Section 3.2 and the production royalties provided for in Section 3.3. If this Agreement expires or is terminated as to all of the Claims, Lessee shall not be required to make any annual payments which have not accrued prior to the date of such expiration or termination

3.6 Applicability of Other Provisions

The foregoing obligations for advance minimum royalty payments and production royalties are subject to all of the provisions of this Agreement including, without limitation, the lesser interest provisions of Section 6.3.

3.7 Salvage

Lessor shall not be entitled to share in the proceeds of salvage or other disposition of personal property or fixtures erected or placed on the Claims by Lessee.

ARTICLE IV

PAYMENTS

4.1 Agent for Payments

Lessor hereby designates all payments due under the terms hereof to be mailed or otherwise delivered to The First National Bank of The Black Hills, at the following address Deadwood, South Dakota 57732. Said recipient of said payments shall be Lessor's agent. Such payments shall effectively and for all purposes whatsoever constitute full payment of the amount due to Lessor to the same extent as if made to Lessor directly. Said agent, and not Lessee, shall be liable for the proper distribution of all payments tendered to Lessor under the terms of this Agreement. Lessee shall not be responsible to identify or to make payments to any successors, heirs or assigns of Lessor and Lessor agrees to indemnify, defend and hold Lessee harmless from and against any and all loss, claims, damage or liability, including reasonable attorneys' fees and other expenses, arising out of the ownership of the Production Royalties or the entitlement to the proceeds thereof, or any other payments hereunder.

4.2 Claims by Third Parties

If any third party, other than the United States of America, asserts, through a judicial proceeding, any claim to or against the Claims for any Minerals, concentrates, or Mineral products lying in or under the Claims, or to the surface of the Claims, or to any amounts payable to Lessee, Lessee may deposit any amounts otherwise due to Lessor in escrow until the controversy is finally determined. If Lessee is required to pay any third party as the result of any such claim, payment and all costs incurred by Lessee shall be credited against all payments thereafter due to Lessor.

ARTICLE V

OPERATIONS

5.1 Conduct of Operations and Compliance with Laws

Lessee agrees that all operations affecting the interests of Lessor under this Agreement shall be conducted in a good and miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Claims or operations hereunder (including, without limitation, Workmen's Compensation and Reclamation Laws); provided, however, Lessee shall be entitled to contest any applicable law, rule, regulation or order as Lessee in its sole discretion determines.

5.2 Indemnity

Lessor shall not be liable for any work performed or materials used upon the Claims by Lessee. During the term of this Agreement, Lessee shall hold Lessor and the Claims free of and harmless from all liens, charges and liabilities arising from damage to property, or injury to, or death of persons caused by any acts or omissions of Lessee with respect to the Claims.

5.3 Removal of Equipment and Minerals

Lessee shall have the right, but not the obligation unless otherwise required by law, to remove, within one (1) year after termination of this Agreement as to any part of the Claims any and all structures, machinery, equipment or other personal property or fixtures which Lessee erected or placed on any part of the Claims. Lessee shall also have the right to remove, during said period, all Minerals, concentrates and other products of Minerals mined or extracted by Lessee from the Claims during the term of this Agreement. All roads and bridges built on any part of the Claims, along with any water right initiated or established by Lessee, the point of surface diversion or ground water, withdrawal of which is on such part, will, upon the expiration or termination of this Agreement as to such part, if the surface rights of the Claims are owned by Lessor, become the property of Lessor without cost.

5.4 Inspection by Lessor

Lessor and Lessor's agents, duly authorized in writing, may enter upon the Claims to inspect the same upon reasonable notice to Lessee and in a manner and at a

time which will not unreasonably hinder or interrupt the operations and activities of Lessee on the Claims or on any lands adjacent thereto. Lessee shall facilitate and assist such inspections by Lessor in every reasonable way, but Lessor shall enter upon the Claims at Lessor's sole risk and expense and shall indemnify, defend and hold Lessee harmless from any and all loss, claims, damage, or liability including reasonable attorneys' fees and other expenses arising from or by reason of injury to or the presence of Lessor, Lessor's agents, representatives, licensees or guests, or any of them, on the Claims, except damage or injury caused by the gross negligence or willful misconduct of Lessee. Lessor agrees to treat all information acquired hereunder as confidential during the term of this Lease and for three years after its expiration.

5.5 Public Statements

Lessor shall not use Lessee's name, its parent, subsidiaries, affiliates or partners in any public statement or press release and shall make no press releases, public statements or public announcements of any sort concerning this Agreement or the operations and activities of Lessee with respect thereto.

ARTICLE VI

TITLE

6.1 Representations and Warranties

Lessor hereby warrants and represents to Lessee that:

(a) Lessor has the full and exclusive right and power to act on behalf of Lessor, and on behalf of any other interested person or entities, to lease the Claims to Lessee under the terms and provisions of this Agreement and to grant the rights granted to Lessee hereunder;

(b) The Claims are free and clear of all liens and encumbrances except as set forth herein;

(c) While this Agreement remains in effect, Lessor will not place upon or cause to be placed upon the Claims any lien or encumbrance; and

(d) With respect to the unpatented lode mining claims described herein Lessor further represents that the Claims have been properly located and recorded according to the laws of the United States , including the Federal Land Policy and Management Act of 1976 and the regulations adopted thereunder if applicable, and the State of South Dakota.

(e) Lessors agree to erect and maintain all cornerposts and discovery monuments, post such notices as may be required and perform all other work which is necessary and requested by Lessee to clearly establish and evidence Lessors title to the claims.

(f) Lessor specially warrants title to the Claims as against any person claiming by, through or under Lessor.

6.2 Lesser Interest

Except as provided herein, in the event Lessor owns an interest in the Claims which is less than the entire, undivided interest in the Claims, whether or not such lesser interest is referred to herein, then the payments provided for in Article III shall be proportionately reduced and paid to Lessor only in the proportion that Lessor's interest therein bears to the whole and undivided interest in the Claims. Lessor shall be entitled to retain only such proportion of the monies previously paid to Lessor hereunder as Lessor's said interest bears to the whole and undivided interest in the Claims and Lessee shall be entitled to all of the monies previously paid Lessor hereunder as Lessor's said interest bears to the whole and undivided interest in the Claims and Lessee shall be entitled to offset all of the monies previously paid Lessor hereunder against monetary obligations which thereafter become due and payable to Lessor hereunder. Nothing in this Section is intended to impair Lessee's rights under the representations and warranties set forth in Section 6.1 hereof in the event of failure of title.

6.3 Redemption of Liens

Lessor agrees to pay promptly, upon the demand of a creditor, any mortgages, taxes, or other liens which Lessor has placed or caused to be placed upon the Claims, except where Lessor in good faith disputes the obligation. Lessee, at its option, may discharge any mortgages, taxes, or other liens on the Claims, either in whole or in part, in the event of default by Lessor, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Lessor in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Lessee, in addition to the right of subrogation herein granted, Lessee shall also have the right to retain any monetary obligations which may become due Lessor hereunder, and to repay Lessee therefrom, and the retention of such monies by Lessee shall have the same effect as if paid to the Lessor in whose behalf payment of any mortgage, taxes or other liens was made.

ARTICLE VII

TAXES

7.1 Taxes

Lessor agrees to pay promptly when due all taxes resulting from Lessor's use of the Claims, except as hereinafter provided. During the term of this Agreement, Lessee shall reimburse Lessor for all real property taxes, ad valorem and assessments, assessed against the Claims. Lessee agrees, during the term of this Agreement, to pay promptly when due all taxes levied and assessed upon Lessee as an employer, upon fixtures and personal property placed by Lessee on the Claims. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Agreement, Lessor and Lessee shall bear their pro rata share, provided that, where the tax is levied or computed on the amount or value of ores produced, the pro rata share of Lessor shall be determined by multiplying the gross amount of royalties paid to Lessor during the taxing period by the applicable tax rate, the balance of the tax being Lessee's pro rata share. All taxes shall be paid when due and before delinquent, but Lessee shall be under no obligation to pay any tax so long as such tax is being contested in good faith. Both Lessor and Lessee shall have the right in good faith to contest any tax or assessment, whether payable by Lessor or Lessee, but shall not permit the Claims or any improvements or personal property thereon to be sold for such taxes or assessments.

7.2 Tax Election

If the relationship of the parties hereto is deemed to be a partnership for tax purposes, each of the parties hereto hereby elects to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States of America or his delegate, insofar as said Subchapter K or any portion or portions thereof may be applicable to the joint operations under this Agreement, and from any comparable provisions of applicable state law, and hereby binds itself to do any and all things necessary or proper in the premises from time to time in order to effectuate such election under the authority of Section 761(a) of said United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America.

ARTICLE VIII

COMMINGLING

8.1 Commingling

(a) Lessee shall have the right to commingle ore from the Claims with other ore. Before any commingling, Lessee shall (i) weigh and sample the ore from the Claims and (ii) assay such samples, or cause them to be assayed, to determine moisture and metal content. Lessee shall keep records showing weights, percentage of metal content, and gross metal content of the ore from the Claims. Such weighing, sampling and assaying shall be conducted in accordance with sound mining and metallurgical practices. From this information, Lessee shall calculate the average grade of ore from the Claims or the average grade of ore sent for processing in the accounting quarter used by Lessee.

(b) If concentrates are produced, the average per cent recovery for the accounting quarter will be used to determine the amount of metal in the concentrate derived from the Claims. Lessee shall sample the concentrate and shall assay such samples, or cause them to be assayed, to determine moisture and metal content. Lessee shall determine the weight of concentrate derived from the Claims by using the average grade of all concentrate for the accounting quarter.

(c) In computing royalty payments, credits for the metal shall be based upon the amount of metal contained in the ore or upon the amount of metal contained in the concentrate produced from the ore mined or removed from the Claims, as may be appropriate, and charges based on the weight of ore or concentrate shall be based upon the weight of the ore from the Claims or concentrate derived from the Claims, as may be appropriate, for the accounting quarter. Lessee may, at its option, assay the ore from the Claims and other ore for penalty substances. Charges for penalty substances shall be allocated proportionally between the ore from the Claims and other ore on the basis of the gross penalty substance content of each ore.

8.2 Consent

Lessor by executing this Agreement hereby consents to any unit plan that Lessee, in its discretion, may adopt in conformity with Section 8.1 hereof. Upon the request of Lessee, Lessor shall formally consent to any such unit plan by executing a written consent thereto prepared by Lessee.

ARTICLE IX

DEFAULT, FORCE MAJEURE AND DISPUTES

9.1 Default

Failure by Lessee to perform or comply with any of the terms, provisions or conditions of this Agreement, expressed or implied, including payment of monetary obligations, shall not automatically terminate this Agreement nor render it null or void. In case of such default, Lessor may notify Lessee in writing of such breach, and Lessee shall have a period of thirty (30) days after receipt of such notice within which to cure the default or diligently commence to cure the default within a reasonable time, provided that the period of time for remedying such default shall be extended by any time that Lessee is prevented from acting because of force majeure conditions or periods of lack of market. If Lessee fails to cure or diligently commence to cure the default within the time herein stated, Lessor may thereupon terminate this Agreement by giving written notice to Lessee of such termination.

9.2 Implied Conditions

The Lessor and Lessee expressly agree that this Agreement shall not be subject to any implied covenant or condition whatsoever relating to evaluation, development, mining or production, or the time thereof, or to any operations of Lessee hereunder or to the measure of diligence thereof, except as specifically provided in this Agreement.

9.3 Force Majeure

The failure to perform or to comply with any of the covenants or conditions of this Agreement, either expressed or implied, on the part of Lessee shall not be a ground for cancellation or termination or forfeiture hereof, during such time as such failure to perform is caused, or compliance is prevented by storms, droughts or other severe weather conditions, fire, floods, washouts or landslides, accidents, mill shutdown, damage to or destruction of mill or mill plant facilities, or inability, after diligent effort, to obtain competent labor service or materials, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, enactment of regulations of governmental authority or legal actions; acts of God; or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from, and not be held liable for, such failure to perform or to comply. If Lessee is prevented from engaging in development, mining, or processing operations by any such cause, the time of such delay or interruption shall not be counted against the term hereof, anything in this Agreement to the contrary

notwithstanding, and the term of this Agreement shall be extended while and so long as Lessee is so prevented from conducting such operations. Lessee shall notify Lessor of any event of force majeure as soon as possible after affected thereby. The existence of any event of force majeure shall not relieve Lessee of the obligation to make payments and production royalty payments specified in Article III.

9.4 Disputes or Adverse Claims

In case of judicial suit or administrative contest, Lessee shall not be in default in payments due hereunder until such suit or administrative contest has been finally disposed of, and Lessee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient, in Lessee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Lessee hereunder be disputed, it shall not be counted against Lessee either as affecting the term of this Agreement (which shall be extended by the period of dispute) or for any other purpose, and Lessee may withhold the making of all payments due Lessor hereunder, without interest, until there is a final adjudication or other determination of such dispute.

ARTICLE X

ASSIGNMENT

10.1 Assignment

The rights and estate of either party may be transferred or assigned, in whole or in part, provided that no change or division in the ownership of the Claims shall be binding on Lessee until forty-five (45) days after receipt of notice to Lessee, together with a certified copy of the recorded instrument or instruments evidencing such change or division. Notwithstanding the above, no change or division in ownership of the Claims shall operate to enlarge the obligations or diminish the rights of Lessee under this Agreement. In the event this Agreement shall be transferred or assigned as to a part or parts of the Claims, and the Lessee or assignee or assignees of any part or parts shall fail to make or default in the payment of the proportionate part of the annual payments or Production Royalties due from him or them or otherwise breach any covenants contained herein, such default shall not operate to defeat or affect this Agreement insofar as it covers any other part or parts of the Claims. Assignment of this Agreement by Lessee shall, to the extent of such assignment, relieve and discharge Lessee of all obligations hereunder which have not theretofore become due.

10.2 Binding Effect

All of the covenants and terms of this Agreement shall run with the land and shall inure to the benefit of, and be binding upon, the parties hereto and their devisees,respective heirs, personal representatives, successors and assigns.

ARTICLE XI

RELOCATION AND ASSESSMENT WORK

11.1 Amendments, Relocations and Patents

Lessee may, in the name of Lessor, amend or relocate any or all of the unpatented mining claims included in the Claims and may locate any fractions resulting from such amendment or relocation. Lessor agrees to apply for patent on any or all of the unpatented mining claims upon the request of Lessee. All expenses incurred by Lessee in connection with amending or relocating mining claims or prosecuting patenting proceedings shall be borne by Lessee.

11.2 Assessment Work

Lessee agrees to perform the assessment work for the benefit of the Claims for each assessment year in which this Agreement continues beyond June 1; provided, however, in the event Lessee terminates this Agreement at any time prior to June 1 of any assessment year, it shall not be responsible for performing the assessment work on the Claims for that assessment year. In addition, Lessee shall record on behalf of Lessor, as required by law, the affidavit of such work with the appropriate county and Bureau of Land Management offices, as required by state law and the Federal Land Policy and Management Act. If any court or governmental agency determines that work performed by Lessee does not constitute assessment work required by federal and state law, Lessee shall nevertheless be deemed to have complied with this Agreement if the work performed is of the kind generally accepted in the mining industry as assessment work under this existing law. In any year in which the owners of the Claims shall be exempted by law from performing assessment work, Lessee shall prepare, or cause to be prepared, and file any notices, including notices of intention to hold, or other instruments required to take advantage of the exemption. Lessee shall send to Lessor a copy of all affidavits and other documents filed pursuant to this paragraph.

ARTICLE XII

OTHER PROVISIONS

12.1 Notices

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing sent by registered or certified mail, postage prepaid, return receipt requested, or by telex, to the following addresses:

If to Lessor:

Correct address

Orba T. Borsch and Rose E. Borsch
Nemo Route, Box 550
Deadwood, South Dakota 57732

Orbert. Borsch and Maria Bor:
5524 Club Hill West
Lakeland
Florida 33803

If to Lessee:

Property Records Supervisor
Cyprus Mines Corporation
7000 South Yosemite Street
P. O. Box 3299
Englewood, Colorado 80155

With a copy to:

Manager, Minerals Exploration - USA
Cyprus Mines Corporation
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155

Either party may by written notice change its above address. Unless otherwise provided herein, such notice shall be deemed effective when either delivered by personal service or deposited in the U. S. Mail.

12.2 Counterparts

This Agreement may be executed in any number of counterparts and shall be binding upon all owners of interests in the Claims executing the same or a counterpart hereof, whether or not named herein as one of the Lessors, and whether or not other owners of interests in the Claims have executed other counterparts or have not entered into this Agreement. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

12.3 Further Acts

Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such documents which are available as are reasonably necessary to carry out the provisions of this Agreement. Lessor also agrees to cooperate at all times with Lessee in any reasonable manner to assist Lessee in the effecting of the purpose of this Agreement.

12.4 Severance

Should any portion of this Agreement be declared invalid and unenforceable by any judicial action, then such portion shall be deemed to be severed from this Lease and shall not affect the remainder thereof.

12.5 Construction

When required by the context, the singular shall include the plural and vice versa, and the masculine shall include the feminine and vice versa.

12.6 Governing Law

This Agreement shall be governed by the law of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

12.7 Attorney's Fees

If either party commences an action against the other to enforce any of the terms of this Agreement or because of the breach by either party of any of the terms hereof, the losing or defaulting party shall pay the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action.

12.8 Recordation

This Agreement may not be recorded. Concurrently with the Agreement, the parties shall execute and record a Memorandum for Recording in the form attached hereto as Exhibit "A." Such memorandum, if any, shall be of the same date hereof and covering the same Claims, may be recorded but is not intended to supersede, abrogate, change, alter or modify any terms of this agreement.

12.9 Headings for Convenience

Headings used herein are for convenience only and do not constitute part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

LESSOR:

x Orba T. Borsch
Orba T. Borsch

x Maria Borsch
Maria Borsch

x Rose E. Borsch
Rose E. Borsch

LESSEE:

CYPRUS MINES CORPORATION

Vice President

ATTEST:

Secretary

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1982, before me, personally appeared _____, known to me to be _____ of the corporation that executed the within and foregoing instrument and acknowledged the said instrument to be free and voluntary act and deed of the corporation for the uses and purposes therein mentioned and on oath stated that he was authorized to execute said instrument and that the seal offered is the corporate seal of said corporation.

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

Notary Public in and for the State of

residing at _____

My Commission expires:

(seal)

STATE OF South Dakota)
) ss.
COUNTY OF Lawrence)

On this 4th day of August, 1982, personally appeared before me, Rose E. Borsch, a widow, known to me to be the person described in and who executed the within and foregoing instrument and acknowledged that she signed the same of his free and voluntary act and deed, for the uses and purposed therein mentioned.

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

Karen Dietlow
Notary Public in and for the State of South Dakota
residing at Deadwood, SD

My Commission expires: Aug. 17, 1985

(seal)

STATE OF Florida)
) ss.
COUNTY OF Polk)

On this 27th day of August, 1982, personally appeared before me, Orba T. Borsch & Maria Borsch, husband and wife, known to me to be the person described in and who executed the within and foregoing instrument and acknowledged that he signed the same of his free and voluntary act and deed, for the uses and purposed therein mentioned.

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

Margaret S. Long
Notary Public in and for the State of Florida
residing at Lakeland, FL

My Commission expires:

(seal) Notary Public, State of Florida at Large
My Commission Expires Dec. 13, 1983
Bonded By American Fire & Casualty Company

Original

MINING LEASE

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE is made this 7th day of August 1982 by and between Whitehouse Congress, Inc., a South Dakota Corporation, whose president is Willis F. Aye

_____ (hereinafter collectively referred to as "Lessor," whether one or more), whose address is Route 1, P.O. Box 2547, Miles City, Montana 59301

_____, and CYPRUS MINES CORPORATION, a Delaware Corporation (hereinafter referred to as "Lessee"), whose address is 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado.

IN CONSIDERATION OF the rentals, royalties, covenants and agreements set forth in this lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

SECTION ONE. GRANT AND DESCRIPTION

1-1. **Exclusive Lease.** Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the property described below (which property is hereinafter referred to as the "Premises").

Name of Claim	Mineral Survey No.	Patent No.
Highland Mary Lode	326	8654

State of South Dakota, County of Lawrence

1-2. **Subject Minerals; Application to Future Interests.** The Premises leased hereunder include, without limitation, any and all minerals, metals, ores and materials of whatsoever kind and character, except oil, gas and associated liquid hydrocarbons (which included minerals, metals, ores and materials are hereinafter referred to as the

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"Subject Minerals"), in, upon, under or extending from or into the Premises; and any and all right, title and interest in or to the Premises (including Subject Minerals) which Lessor may hereafter acquire.

1-3. Purposes. The Premises are leased to Lessee to survey, explore for, prospect, drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship, and market or otherwise dispose of any or all Subject Minerals in, upon, or under the Premises or other land in the vicinity of the Premises (hereinafter referred to, individually or together, as the "Operations"); and to exercise any and all rights or privileges granted in this Lease, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Lease.

1-4. Lessee's Discretion in Operations. The Operations and connected activities hereunder shall be performed only to the extent Lessee in its sole discretion deems desirable or convenient, and at such times and locations, and by or with such methods, as Lessee may deem desirable or convenient in its sole discretion. In consideration of the Annual Payments to be paid to Lessor under Section Three herein, Lessor agrees that Lessee shall be under no obligation during the term of this Lease to perform any Operations on the Premises. Without limitation, Lessee shall have the right in its sole discretion: (a) to prospect by core drilling, seismic or other geophysical methods; to mine by any method or methods deemed desirable or convenient, including underground, open pit, strip, solution and leaching; and to process and treat the Subject Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all such excavations, pits, shafts, and openings on the Premises, and to inject such gas, waters, other fluids, air, and other substances into the subsurface strata of the Premises, as may be desirable or convenient for or in connection with the Operations; (c) to stockpile, store or dispose of on the Premises ore, waste, earth, tailings and other material resulting from the Operations, whatever its sources; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Premises such buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements as may be desirable or convenient from time to time for or in connection with the Operations and (e) the right to use so much of the surface and subsurface of

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the Premises as may be reasonably necessary in Lessee's sole judgment to exercise the rights and privileges granted by this Lease.

1-5. **Operations on Adjacent Lands.** Lessee shall have the right to remove the Subject Minerals from the Premises through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Premises, including property in the possession of the Lessor. Lessee shall have the right to use the Premises and any and all works and improvements thereon for or in connection with Operations on lands in the vicinity of the Premises, whether or not contiguous and whether or not owned by Lessor (including for the disposal of waste materials), and to construct and use additional facilities on the Premises for said purposes. Such right will continue after the expiration of this lease for so long as Lessee concludes that continued use of the Premises or works or improvements thereon is desirable or convenient in connection with such Operations on lands in the vicinity of the Premises; provided that, in the event such right is so continued, Lessee may extend this lease, as to the portion of the Premises desirable or convenient to the enjoyment of such right by notifying Lessor and paying annual rental on the such Area at the same rate per acre and in the same manner set out in Section Three for Annual Payments.

1-6. **Water Use.** Lessee shall have the free use of all water and water rights in and on the Premises to the extent Lessee deems reasonably necessary for its Operations, insofar as Lessor is able to grant such right, excluding Lessor's water wells and water impounded by Lessor. Lessee shall also have the right independently to secure water rights and in that connection to explore for, file for and appropriate water on or off the Premises for use in or in connection with the Operations. Lessee shall have the right, in its sole discretion, to develop, drill for, divert, transport and store water on or off the Premises and to construct, use, maintain, repair and remove from the Premises such ditches, pipelines, ponds, dams, reservoir and other structures, works and improvements as may be desirable or convenient in exercising Lessee's rights under this Paragraph. Lessee agrees to exercise diligence at all times to use no more water than in its judgment is required and further agrees to use all reasonable means of preventing waste of water.

1-7. **Ingress and Egress.** Lessor grants to Lessee the right to use all rights-of-way for ingress to and egress from the Premises which it is within the power of Lessor to grant, together with the right to construct roads across such rights-of-way to assist

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Lessee in conducting its Operations, provided that Lessee shall consult with Lessor as to the least intrusive routes.

SECTION TWO: TERM OF LEASE

2-1. Term. Unless sooner terminated as hereinafter provided, this lease and all of the rights herein granted shall remain in full force and effect for twenty (20) years from the effective date hereof (the "Primary Term") and as long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis on the Premises. For this purpose, development, mining or processing operations shall be deemed continuous so long as all such operations do not cease for a period of more than one hundred eight (180) consecutive days, excluding periods of force majeure as provided hereafter. In the event Lessee is unable to obtain a satisfactory market for Subject Minerals discovered or produced on the Premises, and as a result Lessee delays commencement of development, mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this lease shall not expire or terminate during such period of lack of market but may be extended by lessee's continuing payment of Annual Payments under Section Three. Lessee shall use diligence in searching for a satisfactory market for the Subject Minerals during such lack-of-market periods, and when a satisfactory market becomes available Lessee shall have a reasonable time thereafter within which to begin or renew development, mining or processing operations.

2-2. Surrender. Lessee may at any time and from time to time execute and deliver to Lessor a release or releases covering all or any portion or portions of the Premises, and thereby terminate this lease as to all or such portion or portions, provided that the annual payments in Section Three shall not be reduced by a partial termination.

SECTION THREE. ANNUAL PAYMENTS

3-1. Upon execution of this Lease, Lessee shall pay Lessor $500.00 by a thirty (30) day time draft. During the time period from the date of this lease until the draft must be honored, Lessee may examine title to the Premises and if Lessee, in

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its sole discretion, determines that title defects exist, Lessee may elect not to honor payment of such draft and this lease shall terminate. During such time period of title examination, Lessee may enter upon the Premises to investigate access and water availability and to perform general surveying but shall not conduct drilling operations of any sort unless and until such draft is honored. Lessor shall furnish to Lessee concurrently with the execution of this Lease, title reports, land status reports, title opinions and all other title data and abstracts in Lessor's possession relating to the Premises, and Lessee may conduct such examination thereof and such additional title examination as Lessee wishes, at its own expense. Neither Lessee's approval of title nor its omission to examine title shall constitute a release or waiver of Lessor's warranties and representations hereunder and all of the terms, conditions and covenants, expressed or implied herein shall continue in full force and effect.

3.2 Advance Minimum Royalty

Lessee shall make the following advance minimum royalty payments on or before the specified annual anniversary dates of this Lease:

Attachment and Made a Part Hereto:

First anniversary through fifth	$1,250.00
Sixth anniversary through fifteenth	$2,500.00
Sixteenth anniversary and each anniversary date thereafter	$5,000.00

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Annual payments made pursuant to the above schedule and the payment made to Lessor upon execution of this Lease shall constitute prepayment of and advances against payment of production royalties that may become payable. Lessee may credit the payment made upon execution and all annual advance royalties against production royalties accruing at any time until said payment and annual advance royalties have been fully credited against production royalties.

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3-3. **Termination.** Acreage changes resulting from partial surrender will not reduce the annual payments as provided above. If this lease expires or is terminated as to all of the Premises, Lessee shall not be required to pay any annual payments accruing after the effective date of expiration or termination.

3-4. **Applicability of Other Provisions.** The foregoing obligations for annual payments are subject to all of the provisions of this lease, including, without limitation, the lesser interest provisions.

SECTION FOUR. PRODUCTION ROYALTIES

4-1. **Production Royalty.**

(a) Lessee hereby agrees to pay to Lessor a production royalty of four percent (4 %) of the Net Value of all Subject Minerals, including ores, metals, concentrates and mineral products derived from the Premises. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Lessee from the sale of such Subject Minerals, including ores, metals, concentrates, and mineral products to a mill, smelter, or other purchaser, user or consumer other than Lessee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of such Subject Minerals, to the mill, smelter, or other purchaser, user or consumer. The term "Smelter" means conventional smelters, as well as any other type of production plant used in lieu of a conventional smelter to reduce ores or Concentrates.

(b) Lessee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Subject Minerals, including ores, metals or mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Lessee. Any upgrading beyond the concentrate state (the stage at which beneficiation, milling, sorting, and concentrating has yielded Concentrate in the form usually commercially marketable) shall be done for Lessee's sole benefit, risk and account, and the mineral products taken by Lessee for such upgrading shall be deemed, for the purpose of computing Net Value and royalties

payable thereon only, and not otherwise, to have been sold at the mean of quotations for the Concentrate so taken for the month of such takings as reported in "Metals Week" published by McGraw-Hill, Inc., or, in the event such quotations are not published therein or such publication ceases or suspended, then at the mean of the quotations for Concentrate of the type so taken for the month of such taking as may be reported in such other publication or source as is generally recognized in the industry as reflecting the quotations at which such Concentrates are currently being offered for sale and purchase, or in the absence of such a publication, by such other means as may establish such quotations to the end that in determining the Net Value of such Concentrates as are not sold by Lessee, but are taken by it, the price received for such Concentrates shall be deemed to be the mean of prices at which Concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties. Lessee shall not be liable for mineral values lost in such processing under sound engineering practices. Lessee shall be permitted to sell Concentrates in the form usually commercially marketable to its parent company or any subsidiary of its parent company (more than 50% owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

4-2. **Measurement and Mixing**. All Subject Minerals for which a royalty is payable shall be weighed or measured, sampled and analyzed in accordance with good practice. Upon request to Lessee, and at Lessor's expense, Lessor shall have the right to have a representative present at the time samples are taken. After such measurement, Lessee may mix or commingle such ores, materials or products with ores, materials or products from other property.

4-3. **Time of Payment**. Production royalties, when payable, shall accrue monthly at the end of each calendar month, and shall become due and payable quarterly on the fifteenth day of each month following the last day of the calendar quarter in which the same accrue. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the minerals, concentrates, and other

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mineral products processed by Lessee for the preceding calendar quarter; the proceeds of sale, costs, and other deductions; and other pertinent information in sufficient detail to explain the calculation of the production royalty payment.

4-4. Statements. All production royalty payments shall be considered final and in full satisfaction of all obligations of Lessee with respect thereto, unless Lessor gives Lessee written notice describing and setting forth a specific objection to the calulation thereof within sixty (60) days after receipt by Lessor of the quarterly statement herein provided for. If Lessor objects to a particular quarterly statement as herein provided, Lessor shall, for a period of thirty (30) days after Lessee's receipt of notice of such objection, have the right, upon reasonable notice and at a reasonable time, to have Lessee's accounts and records relating to calculation of the quarterly statement in question audited by a certified public accountant acceptable to Lessor and to Lessee. If such audit determines that there has been a deficiency or an excess in the payment made to Lessor, such deficiency or excess shall be resolved by adjusting the next quarterly production royalty payment due hereunder. Lessor shall pay all costs of such audit. All books and records used by Lessee to calculate production royalties due hereunder shall be kept in accordance with generally accepted accounting principles. Failure on the part of Lessor to make claim on Lessee for adjustment in such period shall establish the correctness and preclude the filing of exceptions thereto or making of claims for adjustment thereon.

4-5. Tailings. The production royalties provided for herein shall be the total payments due Lessor for Subject Minerals mined and removed from the Premises by Lessee hereunder. With respect to any mill tailings or other residues remaining after processing ores hereunder, it is agreed that Lessor shall have no interest in such tailings or residues, and Lessee shall be deemed to be the owner of such materials, provided that any such materials which remain on any part of the Premises for a period of one year after the effective expiration or termination of this lease as to such part shall become the responsibility and property of Lessor. Lessee shall comply with all applicable regulations concerning the disposal of such tailings or residues.

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SECTION FIVE. MANNER OF PAYMENT

5-1. Lessor hereby designates Bank of Belle Fourche Spearfish, South Dakota 57783 as its depository bank (hereinafter the "Bank") to act as its agent to receive from Lessee all payments due under the terms hereof, and all such payments may be made by paying or tendering the same to the Bank for Lessor's credit, and the Bank shall continue as the depository for all payments hereunder regardless of any changes in ownership of the Premises or Production Royalty and regardless of any changes in the right to receive any payment due hereunder. All charges of the Bank shall be for Lessor's account. A single payment or tender to the Bank shall be made for each installment of production royalties, annual payments, or surface damages due hereunder, and such payment shall effectively and for all purposes whatsoever constitute full payment of the amount due to Lessor to the same extent as if made to Lessor directly. Lessee shall not be responsible to identify or to make payments to any successors, heirs or assigns of Lessor and Lessor agrees to indemnify, defend and hold harmless from and against any and all loss, claims, damage or liability, including reasonable attorneys' fees and other expenses, arising out of the ownership of the production royalties or the entitlement to the proceeds thereof, or the right to receive any annual payment due hereunder. In the event the Bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept royalties or any payment due hereunder, or should the owners of all rights to payments hereunder desire to designate another depository bank, then Lessee shall have no obligation to make payment or tender of payments until thirty (30) days after said persons shall deliver to Lessee a proper instrument naming a bank as agent to receive such payments or tenders. Lessee shall not be responsible for the proper distribution of annual payments, production royalties or surface damage payments to Lessor.

SECTION SIX. OPERATIONS AND DAMAGES

6-1. Standard of Operations. Lessee agrees that all Operations affecting the interests of Lessor under this lease shall be conducted in a good and miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Premises or Operations hereunder (including, without limitation, Workmen's Compensation Laws).

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6-2. Damages. The compensation herein provided to Lessor shall be deemed to be full payment to lessor for any damage which may be caused to the Premises by lessee's Operations hereunder so long as Lessee conducts its Operations in a reasonable and prudent manner without negligence on the part of Lessee; provided, however, Lessee agrees to reimburse Lessor for actual damage to or destruction of roads, fences, ditches, buildings, growing crops, livestock and personal property, if any, belonging to Lessor caused by the Operations, or, in the sole discretion of Lessee, to replace or repair any property that has been so damaged or destroyed.

6-3. Reclamation. Lessee shall comply with all applicable and valid governmental laws, rules, regulations and orders governing reclamation of the Premises and restoration of the surface of the Premises. Lessee agrees to pay Lessor for each acre of surface land destroyed or permanently damaged the Fair Market Value (pro rated for partial acres) within thirty days of the completion of any reclamation.

6-4. Determination of Damages. Fair market value or actual damages shall be determined as follows: (i) by mutual agreement of the parties; or (ii) if the parties cannot agree upon the fair market value or actual damages, by one (1) qualified appraiser mutually selected by Lessee and Lessor; or (iii) if Lessee and Lessor cannot mutually agree upon a fair market value, actual damages or the selection of one (1) appraiser, by averaging the values determined by three (3) qualified appraisers, one appointed by Lessor, one appointed by Lessee and the third selected by the two (2) appraisers appointed by the parties. It is expressly agreed and understood by the parties hereto that any determination of actual damages or fair market value shall not include any values that would otherwise be included which are attributable to mineral value or to mineral exploration, development or mining, or any other use, the value attributable to which results from any such mineral exploration, development or mining. The cost of determining the fair market value or actual damages shall be shared equally by the parties. Compensation paid by Lessee to Lessor hereunder shall constitute full and complete payment for such damage or destruction for the then remaining term of this Agreement.

6-5. Indemnity From Third-Party Claims. Lessee agrees to hold Lessor harmless from all claims and demands arising directly out of the Operations that may be asserted

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by third-parties, unless Lessor, or any person or instrumentality acting in its behalf shall have been a contributing cause to the event giving rise to such claim or demand. Lessor agrees to cooperate with Lessee in the conduct of any suits stemming from claims and demands under this Paragraph.

6-6. **Removal of Equipment, Etc.** Lessee shall have the right but not the obligation to remove, within one year after expiration or termination of this lease as to any part of the Premises, all property, fixtures and structures erected or placed by Lessee on such part. Lessee shall also have the right to remove, during the one year period, all ore and product mined or extracted by Lessee during the term hereof, either on such part. All roads and bridges built on any part of the Premises, along with any water right initiated or established by Lessee, the point of surface diversion or ground water withdrawal of which is on such part, will upon the expiration or termination of the lease as to such part, if the surface rights of the Premises are owned by Lessor, become the property of Lessor, without cost.

6-7. **Inspection.** Lessor or Lessor's duly appointed representative shall have the right, exercisable at all reasonable times and in a reasonable manner so as not to interfere with the Operations, to go upon the Premises, and workings and improvements thereon, for the purpose of examining and inspecting the same, and to have access to production records and records of mill settlements pertinent and necessary for substantiating the compliance of Lessee with the provisions of this lease. Lessee shall not be obligated to furnish to Lessor any internal proprietary data, including but not limited to information which includes interpretive data. Such right shall be exercised at Lessor's own risk and expense and Lessor shall hold Lessee harmless from all claims for damages sustained by Lessor or Lessor's agents or employees while in or upon the Premises herein permitted, unless such damages arise as a result of the negligence of Lessee.

6.8. **Confidentiality.** Lessor agrees to treat all information acquired as a result of operations conducted under this Lease as confidential, and further agrees that Lessor shall not use Lessee's name, its parent, subsidiaries, affiliates, or partners in any public

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statement or press release; and shall make no press releases, public statements, or public announcements of any sort concerning this Lease or the operations and activities of Lessee with respect thereto, except with the prior consent of Lessee or as required by law.

SECTION SEVEN. WARRANTIES AND LESSER INTERESTS

7-1. **Warranty.** Lessors represent and warrant to Lessee that they are the owners of the entire undivided interest in the Premises (including Subject Minerals) shown in Exhibit A, that their interests are free and clear of all liens, claims, encumbrances, royalties, overriding royalties, and payments out of production; that Lessors have the full and exclusive right and power to lease the Premises to Lessee under the terms and provisions of this lease and to grant the rights granted to Lessee hereunder; and that the Premises are not subject to any agreements contrary to the provisions of this lease. Lessors also agree to defend the title to the Premises if challenged.

7-2. **Lesser Interest.** In the event Lessors own interest in the Premises less than the entire and undivided mineral estate, whether or not such lesser interest is referred to herein, then the production royalties, annual payments, and damages under Paragraphs 6.2 and 6.3 shall be proportionately reduced and paid to Lessors only in the proportion the Lessors' interest therein bears to the whole and undivided mineral estate in the Premises. Lessors shall be entitled to retain only such proportion of the moneys previously paid to Lessors hereunder as Lessors' said interest bears to the whole and undivided mineral estate in the Premises, and Lessee shall be entitled to offset all other moneys previously paid Lessors hereunder against monetary obligations which thereafter become due and payable to Lessors hereunder. Nothing in this Paragraph is intended to impair Lessee's rights under the warranty in Paragraph 7.1 in the event of failure of title.

7-3. **Homestead Exemption.** Lessors hereby expressly waives and releases all rights, exemptions and benefits under or by virtue of any homestead, homestead exemption, dower or courtesy laws now or hereafter applicable or in force in the jurisdiction in which the Premises are located.

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7-4. Redemption of Liens. Lessors agrees to pay promptly upon the demand of a creditor any mortgages, taxes, or other liens on the Premises, except where Lessors in good faith disputes the obligation. Lessee, at its option, may discharge any mortgages, taxes, or other liens on the Premises, either in whole or in part, in the event of default by Lessors, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Lessors in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Lessee, in addition to the right of subrogation herein granted, Lessee shall also have the right to retain any monetary obligations which may become due Lessors hereunder, and to repay Lessee therefrom, and the retention of such moneys by Lessee shall have the same effect as if paid to the Lessor in whose behalf payment of any mortgage, taxes or other liens were made.

SECTION EIGHT. TAXES

8-1. Taxes. Lessor agrees to pay promptly when due all ad valorem taxes on and assessments against the Premises and all taxes resulting from Lessor's use of the Premises, except as hereinafter provided. Lessee agrees, during the term of the lease, to pay promptly when due all taxes levied and assessed upon any improvements and machinery placed by Lessee on the Premises. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Lease, Lessor and Lessee shall bear their pro rata share, provided that, where the tax is levied or computed on the value of the ores produced, the pro rata share of Lessor shall be determined by multiplying the gross amount of royalties paid to Lessor during the taxing period by the applicable tax rate, the balance of the tax being Lessee's pro rata share. Both Lessor and Lessee shall have the right in good faith to contest any tax or assessment, whether payable by Lessor or Lessee, but shall not permit the Premises or any improvements or personal property thereon to be sold for such taxes or assessments.

SECTION NINE. DEFAULT, FORCE MAJEURE AND DISPUTES

9-1. Default. Failure by Lessee to perform or comply with any of the terms, provisions or conditions of this lease, expressed or implied, including payment of monetary obligations, shall not automatically terminate this lease nor render it null or

void. In case of such default, Lessor may notify Lessee in writing of such breach, and Lessee shall have a period of sixty days after receipt of such notice within which to commence activities which, to be diligently pursued, will cure the default, provided that the period of time for remedying such default shall be extended by any time that Lessee is prevented from acting because of force majeure.

9-2. Force Majeure. The failure to perform or to comply with any of the covenants or conditions hereof, either expressed or implied, on the part of the Lessee shall not be a ground for cancellation or termination or forfeiture hereof, during such time as such failure to perform is caused, or compliance is prevented, by storms, droughts or other severe weather, fire, floods, washouts or landslides; accidents, mill shutdown, damage to or destruction of mill or mill plant facilities, or inability after diligent effort to obtain competent labor service or material, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, regulations, or legal actions; acts of God; or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from, and not be held liable for, such failure to perform or to comply. If Lessee is prevented from engaging in development, mining, or processing operations by any such cause, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding, and this lease shall be extended while and so long as Lessee is so prevented from conducting such operations. Lessee shall notify Lessor of any event of force majeure as soon as possible after affected thereby.

9-3. Disputes or Adverse Claims. In case of suit, adverse claim, dispute or question as to the ownership of the Premises or of the annual payments or production royalties (or any interest therein) payable under this lease, Lessee shall not be in default in payment thereof until such suit, claim, dispute or question has been finally disposed of, and Lessee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient in Lessee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Lessee hereunder be disputed, it shall not be counted against Lessee either as affecting the term of the lease (which shall be extended by the period of dispute) or for any other purpose, and Lessee may withhold the making of all payments due Lessor hereunder without interest until there is a final adjudication or other determination of such dispute.

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9.4 Cessation of Production. The Lessor and Lessee expressly agree that no implied covenant or condition whatsoever shall be read into this Lease relating to evaluation, development, mining, or production, or the time thereof, or to any operations of Lessee hereunder, or to the measure of diligence thereof, except as specifically provided in this Lease. If at any time or times Lessee, after commencing production, desires to shut down or cease production for any reason, it shall have the right to do so without terminating this Lease.

SECTION TEN. ASSIGNMENT

10.1 Assignment. The rights and estate of either party may be transferred or assigned in whole or in part; provided that Lessor may not transfer or assign his right to annual payments or royalties hereunder separately and apart from Lessor's interest in the Premises; and provided that no change or division in the ownership of the Premises shall be binding on Lessee until thirty (30) days after receipt of notice by Lessee, together with a certified copy of the recorded instrument or instruments evidencing such change or division. Notwithstanding the above, no change or division in ownership of the Premises shall operate to enlarge the obligations or diminish the rights of Lessee under this lease. In the event this lease shall be transferred or assigned as to a part or parts of the Premises, and the Lessee, or assignee or assignees of any part or parts, shall fail or make default in the payment of the proportionate part of the annual payments, production royalties, or damages due from him or them or otherwise breach any covenants contained herein, such default shall not operate to defeat or affect this lease insofar as it covers any other part or parts of the Premises. Assignment of this lease by Lessee shall, to the extent of such assignment, relieve and discharge the Lessee of all obligations hereunder which have not theretofore become due.

10.2 Binding Effect. All of the covenants and terms of this lease shall run with the land and shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, successors and assigns.

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SECTION ELEVEN. OTHER PROVISIONS

11-1. **Notices.** All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

If to Lessor: Whitehouse Congress, Inc.
Route #1, P.O. Box 2547
Miles City, Montana 59301

If to Lessee: Manager, Minerals Exploration-USA
Amoco Minerals Company
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155

With a Copy Sent To: Property Record Supervisor
Amoco Minerals Company
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155

11-2. **Counterpart Leases.** This Lease may be executed in any number of counterparts and shall be binding upon all owners of interests in the Premises executing the same or a counterpart hereof, whether or not named herein as one of the Lessors, and whether or not other owners of interests in the Premises have executed other counterparts or have not entered into this Lease. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

11-3. **Further Acts.** Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this lease. Lessor also agrees to

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cooperate at all times with Lessee in any reasonable manner to assist Lessee in the effecting of the purpose of this lease.

11-4. **Severance.** Should any portion of this lease be declared invalid and unenforceable, then such portion shall be deemed to be severed from this lease and shall not affect the remainder thereof.

11-5. **Construction.** When required by the context, the singular shall include the plural and vice versa; the terms "Lessor" and "Lessee" shall include their respective heirs, personal representatives, successors and assigns.

11-6. **Recordation.** This Lease shall not be recorded. Concurrently with the Lease, the parties shall execute and record a Memorandum for Recording in the form attached hereto as Exhibit "A."

11-7. **Governing Law.** This Lease shall be governed by the law of the State of South Dakota.

IN WITNESS WHEREOF, this mining lease is executed as of the 7th day of August, 19 82.

Seal

LESSORS:

x Willis F. Aye
Willis F. Aye, President

Attest: x Faye M. Hughes
Faye M. Hughes, Secretary-Treasurer

LESSEE:

CYPRUS MINES CORPORATION

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STATE OF) Montana

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COUNTY OF) Custer

On this ____ day of August, 1982, before me, C. Mae Hughes, a notary public of said State, duly commissioned and sworn, personally appeared Willis F. Aye, known to me to be the _____ President of the corporation that executed the within instrument, and acknowledged to me that he executed the same on behalf of the Corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

C. Mae Hughes
Notary Public

Witness my hand and official seal.

My Commission Expires: 2/24/83

STATE OF) Montana

SS

COUNTY OF) Custer

On this ____ day of August, 1982, before me, C. Mae Hughes, a notary public of said State, duly commissioned and sworn, personally appeared Faye M. Hughes, known to me to be the Secretary-Treasurer ~~President~~ of the corporation that executed the within instrument, and acknowledged to me that he executed the same on behalf of the Corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

C. Mae Hughes
Notary Public

Witness my hand and official seal.

My Commission Expires: 2/24/83

STATE OF)_____

SS

COUNTY OF)_____

On this ____ day of _____, 1982, before me, _____, a notary public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the _____ President of the corporation that executed the within instrument, and acknowledged to me that he executed the same on behalf of the Corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____
Notary Public

Witness my hand and official seal.

My Commission Expires: _____

EXHIBIT A

MINING LEASE—MEMORANDUM FOR RECORDING

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE—Memorandum for Recording is made this 7th day of August 1982 by and between Whitehouse Congress, Inc., a South Dakota Corporation, whose President is Willis F. Aye _____ (hereinafter collectively referred to as "Lessor," whether one or more), whose address is Route #1, P.O. Box 2547, Miles City, Montana 59301 _____, and CYPRUS MINES CORPORATION, a Delaware Corporation (hereinafter referred to as "Lessee"), whose address is 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado.

IN CONSIDERATION OF the rentals, royalties, covenants and agreements set forth in this lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

SECTION ONE. GRANT AND DESCRIPTION

1.1 **Exclusive Lease.** Pursuant to the terms and conditions of that certain unrecorded Mining Lease and Option to Purchase of even date herewith (Unrecorded Lease) between Lessor and Lessee, Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the property described below (which property is hereinafter referred to as the "Premises"):

Name of Claim	Mineral Survey No.	Patent No.
Highland Mary Lode	326	8654

State of South Dakota, County of Lawrence

1.2 **Subject Minerals; Application to Future Interests.** The Premises leased hereunder include, without limitation, any and all minerals, metals, ores, and materials of whatsoever kind and character, except oil, gas, and associated liquid hydrocarbons (which included minerals, metals, ores, and materials are hereinafter referred to as the "Subject Minerals"), in, upon, under, or extending from or into the Premises; and any and all right, title, and interest in or to the Premises (including Subject Minerals) which Lessor may hereafter acquire.

1.3 **Purposes.** The Premises are leased to Lessee to survey, explore for, prospect, drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship, and market or otherwise dispose of any or all Subject Minerals in, upon, or under the Premises or other land in the vicinity of the Premises; and to exercise any and all rights or privileges granted in this Lease, or which are incident to, or which may be useful or convenient in the exercise of any of the rights granted in this Lease.

SECTION TWO. TERM

2.1 **Term.** Unless sooner terminated as provided in the Unrecorded Lease, this Lease and all of the rights herein granted shall remain in full force and effect for twenty (20) years from the effective date hereof (the "Primary Term"), and as long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis on the Premises.

SECTION THREE.

3.1 **Notices.** All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service, or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

If to Lessor: Whitehouse Congress, Inc.
Route #1, P.O. Box 2547
Miles City, Montana 59301

If to Lessee: Property Records Supervisor
Amoco Minerals Company
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155

With a Copy Sent To: Manager, Minerals Exploration-USA
Amoco Minerals Company
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155

SECTION FOUR. UNRECORDED AGREEMENT CONTROLLING

This Mining Lease—Memorandum for Recording is being recorded to give constructive notice of the Mining Lease granted by Lessor to Lessee pursuant to the terms and conditions of the Unrecorded Lease. The incomplete statement in this Memorandum for Recording of any of the terms and provisions of the Unrecorded Lease shall not be deemed to amend or modify the Unrecorded Lease which shall be the controlling instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Seal

LESSORS:

Willis F. Aye
Willis F. Aye, President

Attest: Faye M. Hughes
Faye M. Hughes, Secretary-Treasurer

LESSEE:

CYPRUS MINES CORPORATION

cag

STATE OF) Montana

SS

COUNTY OF) Custer

On this ____ day of August, 1982, before me, C Mae Hughes, a notary public of said State, duly commissioned and sworn, personally appeared Willis F. Aye, known to me to be the _____ President of the corporation that executed the within instrument, and acknowledged to me that he executed the same on behalf of the Corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

C Mae Hughes
Notary Public

Witness my hand and official seal.

My Commission Expires: 2/24/83

STATE OF) Montana

SS

COUNTY OF) Custer

On this ____ day of August, 1982, before me, C Mae Hughes, a notary public of said State, duly commissioned and sworn, personally appeared Faye M. Hughes, known to me to be the Secretary-Treasurer ~~President~~ of the corporation that executed the within instrument, and acknowledged to me that he executed the same on behalf of the Corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

C Mae Hughes
Notary Public

Witness my hand and official seal.

My Commission Expires: 2/24/83

STATE OF)_____

SS

COUNTY OF)_____

On this ____ day of _____, 1982, before me, _____, a notary public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the _____ President of the corporation that executed the within instrument, and acknowledged to me that he executed the same on behalf of the Corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____
Notary Public

Witness my hand and official seal.

My Commission Expires: _____

ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

APPROVED
RWG

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 7, 1982, by and between Whitehouse Congress, Inc., a South Dakota corporation, whose President is Willis F. Aye, Lessor(s), and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on March 8, 1983, as Document No. 83-2622, in the records of the County of Lawrence, State of South Dakota, which covers the following described property, to wit:

Name of Claim	Mineral Survey Number	Patent Number
Highland Mary Lode	326	8654

L-100093

Original

MINING LEASE

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE is made this 7th day of August 1982 by and between Willis F. Aye and Lona B. Aye, husband and wife

_____

_____

_____ (hereinafter collectively referred to as "Lessor," whether one or more), whose address is Rt. #1, P.O. Box 2547, Miles City, Montana 59301

_____, and CYPRUS MINES CORPORATION, a Delaware Corporation (hereinafter referred to as "Lessee"), whose address is 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado.

IN CONSIDERATION OF the rentals, royalties, covenants and agreements set forth in this lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

SECTION ONE. GRANT AND DESCRIPTION

1-1. **Exclusive Lease.** Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the property described below (which property is hereinafter referred to as the "Premises").

Name of Claim	Mineral Survey No.	Patent No.
Bailey Lode	1871	42922

State of South Dakota, County of Lawrence

1-2. **Subject Minerals; Application to Future Interests.** The Premises leased hereunder include, without limitation, any and all minerals, metals, ores and materials of whatsoever kind and character, except oil, gas and associated liquid hydrocarbons (which included minerals, metals, ores and materials are hereinafter referred to as the

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"Subject Minerals"), in, upon, under or extending from or into the Premises; and any and all right, title and interest in or to the Premises (including Subject Minerals) which Lessor may hereafter acquire.

1-3. **Purposes.** The Premises are leased to Lessee to survey, explore for, prospect, drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship, and market or otherwise dispose of any or all Subject Minerals in, upon, or under the Premises or other land in the vicinity of the Premises (hereinafter referred to, individually or together, as the "Operations"); and to exercise any and all rights or privileges granted in this Lease, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Lease.

1-4. **Lessee's Discretion in Operations.** The Operations and connected activities hereunder shall be performed only to the extent Lessee in its sole discretion deems desirable or convenient, and at such times and locations, and by or with such methods, as Lessee may deem desirable or convenient in its sole discretion. In consideration of the Annual Payments to be paid to Lessor under Section Three herein, Lessor agrees that Lessee shall be under no obligation during the term of this Lease to perform any Operations on the Premises. Without limitation, Lessee shall have the right in its sole discretion: (a) to prospect by core drilling, seismic or other geophysical methods; to mine by any method or methods deemed desirable or convenient, including underground, open pit, strip, solution and leaching; and to process and treat the Subject Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all such excavations, pits, shafts, and openings on the Premises, and to inject such gas, waters, other fluids, air, and other substances into the subsurface strata of the Premises, as may be desirable or convenient for or in connection with the Operations; (c) to stockpile, store or dispose of on the Premises ore, waste, earth, tailings and other material resulting from the Operations, whatever its sources; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Premises such buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements as may be desirable or convenient from time to time for or in connection with the Operations and (e) the right to use so much of the surface and subsurface of

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the Premises as may be reasonably necessary in Lessee's sole judgment to exercise the rights and privileges granted by this Lease.

1-5. Operations on Adjacent Lands. Lessee shall have the right to remove the Subject Minerals from the Premises through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Premises, including property in the possession of the Lessor. Lessee shall have the right to use the Premises and any and all works and improvements thereon for or in connection with Operations on lands in the vicinity of the Premises, whether or not contiguous and whether or not owned by Lessor (including for the disposal of waste materials), and to construct and use additional facilities on the Premises for said purposes. Such right will continue after the expiration of this lease for so long as Lessee concludes that continued use of the Premises or works or improvements thereon is desirable or convenient in connection with such Operations on lands in the vicinity of the Premises; provided that, in the event such right is so continued, Lessee may extend this lease, as to the portion of the Premises desirable or convenient to the enjoyment of such right by notifying Lessor and paying annual rental on the such Area at the same rate per acre and in the same manner set out in Section Three for Annual Payments.

1-6. Water Use. Lessee shall have the free use of all water and water rights in and on the Premises to the extent Lessee deems reasonably necessary for its Operations, insofar as Lessor is able to grant such right, excluding Lessor's water wells and water impounded by Lessor. Lessee shall also have the right independently to secure water rights and in that connection to explore for, file for and appropriate water on or off the Premises for use in or in connection with the Operations. Lessee shall have the right, in its sole discretion, to develop, drill for, divert, transport and store water on or off the Premises and to construct, use, maintain, repair and remove from the Premises such ditches, pipelines, ponds, dams, reservoir and other structures, works and improvements as may be desirable or convenient in exercising Lessee's rights under this Paragraph. Lessee agrees to exercise diligence at all times to use no more water than in its judgment is required and further agrees to use all reasonable means of preventing waste of water.

1-7. Ingress and Egress. Lessor grants to Lessee the right to use all rights-of-way for ingress to and egress from the Premises which it is within the power of Lessor to grant, together with the right to construct roads across such rights-of-way to assist

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Lessee in conducting its Operations, provided that Lessee shall consult with Lessor as to the least intrusive routes.

SECTION TWO: TERM OF LEASE

2-1. Term. Unless sooner terminated as hereinafter provided, this lease and all of the rights herein granted shall remain in full force and effect for twenty (20) years from the effective date hereof (the "Primary Term") and as long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis on the Premises. For this purpose, development, mining or processing operations shall be deemed continuous so long as all such operations do not cease for a period of more than one hundred eight (180) consecutive days, excluding periods of force majeure as provided hereafter. In the event Lessee is unable to obtain a satisfactory market for Subject Minerals discovered or produced on the Premises, and as a result Lessee delays commencement of development, mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this lease shall not expire or terminate during such period of lack of market but may be extended by lessee's continuing payment of Annual Payments under Section Three. Lessee shall use diligence in searching for a satisfactory market for the Subject Minerals during such lack-of-market periods, and when a satisfactory market becomes available Lessee shall have a reasonable time thereafter within which to begin or renew development, mining or processing operations.

2-2. Surrender. Lessee may at any time and from time to time execute and deliver to Lessor a release or releases covering all or any portion or portions of the Premises, and thereby terminate this lease as to all or such portion or portions, provided that the annual payments in Section Three shall not be reduced by a partial termination.

SECTION THREE. ANNUAL PAYMENTS

3-1. Upon execution of this Lease, Lessee shall pay Lessor $500.00 by a thirty (30) day time draft. During the time period from the date of this lease until the draft must be honored, Lessee may examine title to the Premises and if Lessee, in

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its sole discretion, determines that title defects exist, Lessee may elect not to honor payment of such draft and this lease shall terminate. During such time period of title examination, Lessee may enter upon the Premises to investigate access and water availability and to perform general surveying but shall not conduct drilling operations of any sort unless and until such draft is honored. Lessor shall furnish to Lessee concurrently with the execution of this Lease, title reports, land status reports, title opinions and all other title data and abstracts in Lessor's possession relating to the Premises, and Lessee may conduct such examination thereof and such additional title examination as Lessee wishes, at its own expense. Neither Lessee's approval of title nor its omission to examine title shall constitute a release or waiver of Lessor's warranties and representations hereunder and all of the terms, conditions and covenants, expressed or implied herein shall continue in full force and effect.

3.2 Advance Minimum Royalty

Lessee shall make the following advance minimum royalty payments on or before the specified annual anniversary dates of this Lease:

Attachment and Made a Part Hereto:

First anniversary through fifth	$1,250.00
Sixth anniversary through fifteenth	$2,500.00
Sixteenth anniversary and each anniversary date thereafter	$5,000.00

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Annual payments made pursuant to the above schedule and the payment made to Lessor upon execution of this Lease shall constitute prepayment of and advances against payment of production royalties that may become payable. Lessee may credit the payment made upon execution and all annual advance royalties against production royalties accruing at any time until said payment and annual advance royalties have been fully credited against production royalties.

W F A L. B. A.

3-3. Termination. Acreage changes resulting from partial surrender will not reduce the annual payments as provided above. If this lease expires or is terminated as to all of the Premises, Lessee shall not be required to pay any annual payments accruing after the effective date of expiration or termination.

3-4. Applicability of Other Provisions. The foregoing obligations for annual payments are subject to all of the provisions of this lease, including, without limitation, the lesser interest provisions.

SECTION FOUR. PRODUCTION ROYALTIES

4-1. Production Royalty.

(a) Lessee hereby agrees to pay to Lessor a production royalty of four percent (4 %) of the Net Value of all Subject Minerals, including ores, metals, concentrates and mineral products derived from the Premises. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Lessee from the sale of such Subject Minerals, including ores, metals, concentrates, and mineral products to a mill, smelter, or other purchaser, user or consumer other than Lessee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of such Subject Minerals, to the mill, smelter, or other purchaser, user or consumer. The term "Smelter" means conventional smelters, as well as any other type of production plant used in lieu of a conventional smelter to reduce ores or Concentrates.

(b) Lessee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Subject Minerals, including ores, metals or mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Lessee. Any upgrading beyond the concentrate state (the stage at which beneficiation, milling, sorting, and concentrating has yielded Concentrate in the form usually commercially marketable) shall be done for Lessee's sole benefit, risk and account, and the mineral products taken by Lessee for such upgrading shall be deemed, for the purpose of computing Net Value and royalties

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payable thereon only, and not otherwise, to have been sold at the mean of quotations for the Concentrate so taken for the month of such takings as reported in "Metals Week" published by McGraw-Hill, Inc., or, in the event such quotations are not published therein or such publication ceases or suspended, then at the mean of the quotations for Concentrate of the type so taken for the month of such taking as may be reported in such other publication or source as is generally recognized in the industry as reflecting the quotations at which such Concentrates are currently being offered for sale and purchase, or in the absence of such a publication, by such other means as may establish such quotations to the end that in determining the Net Value of such Concentrates as are not sold by Lessee, but are taken by it, the price received for such Concentrates shall be deemed to be the mean of prices at which Concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties. Lessee shall not be liable for mineral values lost in such processing under sound engineering practices. Lessee shall be permitted to sell Concentrates in the form usually commercially marketable to its parent company or any subsidiary of its parent company (more than 50% owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

4-2. **Measurement and Mixing**. All Subject Minerals for which a royalty is payable shall be weighed or measured, sampled and analyzed in accordance with good practice. Upon request to Lessee, and at Lessor's expense, Lessor shall have the right to have a representative present at the time samples are taken. After such measurement, Lessee may mix or commingle such ores, materials or products with ores, materials or products from other property.

4-3. **Time of Payment**. Production royalties, when payable, shall accrue monthly at the end of each calendar month, and shall become due and payable quarterly on the fifteenth day of each month following the last day of the calendar quarter in which the same accrue. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the minerals, concentrates, and other

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mineral products processed by Lessee for the preceding calendar quarter; the proceeds of sale, costs, and other deductions; and other pertinent information in sufficient detail to explain the calculation of the production royalty payment.

4-4. Statements. All production royalty payments shall be considered final and in full satisfaction of all obligations of Lessee with respect thereto, unless Lessor gives Lessee written notice describing and setting forth a specific objection to the calulation thereof within sixty (60) days after receipt by Lessor of the quarterly statement herein provided for. If Lessor objects to a particular quarterly statement as herein provided, Lessor shall, for a period of thirty (30) days after Lessee's receipt of notice of such objection, have the right, upon reasonable notice and at a reasonable time, to have Lessee's accounts and records relating to calculation of the quarterly statement in question audited by a certified public accountant acceptable to Lessor and to Lessee. If such audit determines that there has been a deficiency or an excess in the payment made to Lessor, such deficiency or excess shall be resolved by adjusting the next quarterly production royalty payment due hereunder. Lessor shall pay all costs of such audit. All books and records used by Lessee to calculate production royalties due hereunder shall be kept in accordance with generally accepted accounting principles. Failure on the part of Lessor to make claim on Lessee for adjustment in such period shall establish the correctness and preclude the filing of exceptions thereto or making of claims for adjustment thereon.

4-5. Tailings. The production royalties provided for herein shall be the total payments due Lessor for Subject Minerals mined and removed from the Premises by Lessee hereunder. With respect to any mill tailings or other residues remaining after processing ores hereunder, it is agreed that Lessor shall have no interest in such tailings or residues, and Lessee shall be deemed to be the owner of such materials, provided that any such materials which remain on any part of the Premises for a period of one year after the effective expiration or termination of this lease as to such part shall become the responsibility and property of Lessor. Lessee shall comply with all applicable regulations concerning the disposal of such tailings or residues.

WFA J. B. A.

SECTION FIVE. MANNER OF PAYMENT

5-1. Lessor hereby designates Bank of Belle Fourche Spearfish, South Dakota 57783 as its depository bank (hereinafter the "Bank") to act as its agent to receive from Lessee all payments due under the terms hereof, and all such payments may be made by paying or tendering the same to the Bank for Lessor's credit, and the Bank shall continue as the depository for all payments hereunder regardless of any changes in ownership of the Premises or Production Royalty and regardless of any changes in the right to receive any payment due hereunder. All charges of the Bank shall be for Lessor's account. A single payment or tender to the Bank shall be made for each installment of production royalties, annual payments, or surface damages due hereunder, and such payment shall effectively and for all purposes whatsoever constitute full payment of the amount due to Lessor to the same extent as if made to Lessor directly. Lessee shall not be responsible to identify or to make payments to any successors, heirs or assigns of Lessor and Lessor agrees to indemnify, defend and hold harmless from and against any and all loss, claims, damage or liability, including reasonable attorneys' fees and other expenses, arising out of the ownership of the production royalties or the entitlement to the proceeds thereof, or the right to receive any annual payment due hereunder. In the event the Bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept royalties or any payment due hereunder, or should the owners of all rights to payments hereunder desire to designate another depository bank, then Lessee shall have no obligation to make payment or tender of payments until thirty (30) days after said persons shall deliver to Lessee a proper instrument naming a bank as agent to receive such payments or tenders. Lessee shall not be responsible for the proper distribution of annual payments, production royalties or surface damage payments to Lessor.

SECTION SIX. OPERATIONS AND DAMAGES

6-1. **Standard of Operations.** Lessee agrees that all Operations affecting the interests of Lessor under this lease shall be conducted in a good and miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Premises or Operations hereunder (including, without limitation, Workmen's Compensation Laws).

WFA Lo. B. A.

6-2. **Damages.** The compensation herein provided to Lessor shall be deemed to be full payment to lessor for any damage which may be caused to the Premises by lessee's Operations hereunder so long as Lessee conducts its Operations in a reasonable and prudent manner without negligence on the part of Lessee; provided, however, Lessee agrees to reimburse Lessor for actual damage to or destruction of roads, fences, ditches, buildings, growing crops, livestock and personal property, if any, belonging to Lessor caused by the Operations, or, in the sole discretion of Lessee, to replace or repair any property that has been so damaged or destroyed.

6-3. **Reclamation.** Lessee shall comply with all applicable and valid governmental laws, rules, regulations and orders governing reclamation of the Premises and restoration of the surface of the Premises. Lessee agrees to pay Lessor for each acre of surface land destroyed or permanently damaged the Fair Market Value (pro rated for partial acres) within thirty days of the completion of any reclamation.

6-4. **Determination of Damages.** Fair market value or actual damages shall be determined as follows: (i) by mutual agreement of the parties; or (ii) if the parties cannot agree upon the fair market value or actual damages, by one (1) qualified appraiser mutually selected by Lessee and Lessor; or (iii) if Lessee and Lessor cannot mutually agree upon a fair market value, actual damages or the selection of one (1) appraiser, by averaging the values determined by three (3) qualified appraisers, one appointed by Lessor, one appointed by Lessee and the third selected by the two (2) appraisers appointed by the parties. It is expressly agreed and understood by the parties hereto that any determination of actual damages or fair market value shall not include any values that would otherwise be included which are attributable to mineral value or to mineral exploration, development or mining, or any other use, the value attributable to which results from any such mineral exploration, development or mining. The cost of determining the fair market value or actual damages shall be shared equally by the parties. Compensation paid by Lessee to Lessor hereunder shall constitute full and complete payment for such damage or destruction for the then remaining term of this Agreement.

6-5. **Indemnity From Third-Party Claims.** Lessee agrees to hold Lessor harmless from all claims and demands arising directly out of the Operations that may be asserted

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by third-parties, unless Lessor, or any person or instrumentality acting in its behalf shall have been a contributing cause to the event giving rise to such claim or demand. Lessor agrees to cooperate with Lessee in the conduct of any suits stemming from claims and demands under this Paragraph.

6-6. **Removal of Equipment, Etc.** Lessee shall have the right but not the obligation to remove, within one year after expiration or termination of this lease as to any part of the Premises, all property, fixtures and structures erected or placed by Lessee on such part. Lessee shall also have the right to remove, during the one year period, all ore and product mined or extracted by Lessee during the term hereof, either on such part. All roads and bridges built on any part of the Premises, along with any water right initiated or established by Lessee, the point of surface diversion or ground water withdrawal of which is on such part, will upon the expiration or termination of the lease as to such part, if the surface rights of the Premises are owned by Lessor, become the property of Lessor, without cost.

6-7. **Inspection.** Lessor or Lessor's duly appointed representative shall have the right, exercisable at all reasonable times and in a reasonable manner so as not to interfere with the Operations, to go upon the Premises, and workings and improvements thereon, for the purpose of examining and inspecting the same, and to have access to production records and records of mill settlements pertinent and necessary for substantiating the compliance of Lessee with the provisions of this lease. Lessee shall not be obligated to furnish to Lessor any internal proprietary data, including but not limited to information which includes interpretive data. Such right shall be exercised at Lessor's own risk and expense and Lessor shall hold Lessee harmless from all claims for damages sustained by Lessor or Lessor's agents or employees while in or upon the Premises herein permitted, unless such damages arise as a result of the negligence of Lessee.

6.8. **Confidentiality.** Lessor agrees to treat all information acquired as a result of operations conducted under this Lease as confidential, and further agrees that Lessor shall not use Lessee's name, its parent, subsidiaries, affiliates, or partners in any public

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statement or press release; and shall make no press releases, public statements, or public announcements of any sort concerning this Lease or the operations and activities of Lessee with respect thereto, except with the prior consent of Lessee or as required by law.

SECTION SEVEN. WARRANTIES AND LESSER INTERESTS

7-1. **Warranty.** Lessors represent and warrant to Lessee that they are the owners of the entire undivided interest in the Premises (including Subject Minerals) shown in Exhibit A, that their interests are free and clear of all liens, claims, encumbrances, royalties, overriding royalties, and payments out of production; that Lessors have the full and exclusive right and power to lease the Premises to Lessee under the terms and provisions of this lease and to grant the rights granted to Lessee hereunder; and that the Premises are not subject to any agreements contrary to the provisions of this lease. Lessors also agree to defend the title to the Premises if challenged.

7-2. **Lesser Interest.** In the event Lessors own interest in the Premises less than the entire and undivided mineral estate, whether or not such lesser interest is referred to herein, then the production royalties, annual payments, and damages under Paragraphs 6.2 and 6.3 shall be proportionately reduced and paid to Lessors only in the proportion the Lessors' interest therein bears to the whole and undivided mineral estate in the Premises. Lessors shall be entitled to retain only such proportion of the moneys previously paid to Lessors hereunder as Lessors' said interest bears to the whole and undivided mineral estate in the Premises, and Lessee shall be entitled to offset all other moneys previously paid Lessors hereunder against monetary obligations which thereafter become due and payable to Lessors hereunder. Nothing in this Paragraph is intended to impair Lessee's rights under the warranty in Paragraph 7.1 in the event of failure of title.

7-3. **Homestead Exemption.** Lessors hereby expressly waives and releases all rights, exemptions and benefits under or by virtue of any homestead, homestead exemption, dower or courtesy laws now or hereafter applicable or in force in the jurisdiction in which the Premises are located.

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7-4. **Redemption of Liens.** Lessors agrees to pay promptly upon the demand of a creditor any mortgages, taxes, or other liens on the Premises, except where Lessors in good faith disputes the obligation. Lessee, at its option, may discharge any mortgages, taxes, or other liens on the Premises, either in whole or in part, in the event of default by Lessors, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Lessors in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Lessee, in addition to the right of subrogation herein granted, Lessee shall also have the right to retain any monetary obligations which may become due Lessors hereunder, and to repay Lessee therefrom, and the retention of such moneys by Lessee shall have the same effect as if paid to the Lessor in whose behalf payment of any mortgage, taxes or other liens were made.

SECTION EIGHT. TAXES

8-1. **Taxes.** Lessor agrees to pay promptly when due all ad valorem taxes on and assessments against the Premises and all taxes resulting from Lessor's use of the Premises, except as hereinafter provided. Lessee agrees, during the term of the lease, to pay promptly when due all taxes levied and assessed upon any improvements and machinery placed by Lessee on the Premises. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Lease, Lessor and Lessee shall bear their pro rata share, provided that, where the tax is levied or computed on the value of the ores produced, the pro rata share of Lessor shall be determined by multiplying the gross amount of royalties paid to Lessor during the taxing period by the applicable tax rate, the balance of the tax being Lessee's pro rata share. Both Lessor and Lessee shall have the right in good faith to contest any tax or assessment, whether payable by Lessor or Lessee, but shall not permit the Premises or any improvements or personal property thereon to be sold for such taxes or assessments.

SECTION NINE. DEFAULT, FORCE MAJEURE AND DISPUTES

9-1. **Default.** Failure by Lessee to perform or comply with any of the terms, provisions or conditions of this lease, expressed or implied, including payment of monetary obligations, shall not automatically terminate this lease nor render it null or

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void. In case of such default, Lessor may notify Lessee in writing of such breach, and Lessee shall have a period of sixty days after receipt of such notice within which to commence activities which, to be diligently pursued, will cure the default, provided that the period of time for remedying such default shall be extended by any time that Lessee is prevented from acting because of force majeure.

9-2. Force Majeure. The failure to perform or to comply with any of the covenants or conditions hereof, either expressed or implied, on the part of the Lessee shall not be a ground for cancellation or termination or forfeiture hereof, during such time as such failure to perform is caused, or compliance is prevented, by storms, droughts or other severe weather, fire, floods, washouts or landslides; accidents, mill shutdown, damage to or destruction of mill or mill plant facilities, or inability after diligent effort to obtain competent labor service or material, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, regulations, or legal actions; acts of God; or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from, and not be held liable for, such failure to perform or to comply. If Lessee is prevented from engaging in development, mining, or processing operations by any such cause, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding, and this lease shall be extended while and so long as Lessee is so prevented from conducting such operations. Lessee shall notify Lessor of any event of force majeure as soon as possible after affected thereby.

9-3. Disputes or Adverse Claims. In case of suit, adverse claim, dispute or question as to the ownership of the Premises or of the annual payments or production royalties (or any interest therein) payable under this lease, Lessee shall not be in default in payment thereof until such suit, claim, dispute or question has been finally disposed of, and Lessee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient in Lessee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Lessee hereunder be disputed, it shall not be counted against Lessee either as affecting the term of the lease (which shall be extended by the period of dispute) or for any other purpose, and Lessee may withhold the making of all payments due Lessor hereunder without interest until there is a final adjudication or other determination of such dispute.

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9.4 Cessation of Production. The Lessor and Lessee expressly agree that no implied covenant or condition whatsoever shall be read into this Lease relating to evaluation, development, mining, or production, or the time thereof, or to any operations of Lessee hereunder, or to the measure of diligence thereof, except as specifically provided in this Lease. If at any time or times Lessee, after commencing production, desires to shut down or cease production for any reason, it shall have the right to do so without terminating this Lease.

SECTION TEN. ASSIGNMENT

10.1 Assignment. The rights and estate of either party may be transferred or assigned in whole or in part; provided that Lessor may not transfer or assign his right to annual payments or royalties hereunder separately and apart from Lessor's interest in the Premises; and provided that no change or division in the ownership of the Premises shall be binding on Lessee until thirty (30) days after receipt of notice by Lessee, together with a certified copy of the recorded instrument or instruments evidencing such change or division. Notwithstanding the above, no change or division in ownership of the Premises shall operate to enlarge the obligations or diminish the rights of Lessee under this lease. In the event this lease shall be transferred or assigned as to a part or parts of the Premises, and the Lessee, or assignee or assignees of any part or parts, shall fail or make default in the payment of the proportionate part of the annual payments, production royalties, or damages due from him or them or otherwise breach any covenants contained herein, such default shall not operate to defeat or affect this lease insofar as it covers any other part or parts of the Premises. Assignment of this lease by Lessee shall, to the extent of such assignment, relieve and discharge the Lessee of all obligations hereunder which have not theretofore become due.

10.2 Binding Effect. All of the covenants and terms of this lease shall run with the land and shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, successors and assigns.

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SECTION ELEVEN. OTHER PROVISIONS

11-1. **Notices.** All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

If to Lessor: Willis F. Aye & Lona B. Aye
Rt. #1, P.O. Box 2547
Miles City, Montana 59301

If to Lessee: Manager, Minerals Exploration-USA
Amoco Minerals Company
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155

With a Copy Sent To: Property Record Supervisor
Amoco Minerals Company
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155

11-2. **Counterpart Leases.** This Lease may be executed in any number of counterparts and shall be binding upon all owners of interests in the Premises executing the same or a counterpart hereof, whether or not named herein as one of the Lessors, and whether or not other owners of interests in the Premises have executed other counterparts or have not entered into this Lease. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

11-3. **Further Acts.** Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this lease. Lessor also agrees to

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cooperate at all times with Lessee in any reasonable manner to assist Lessee in the effecting of the purpose of this lease.

11-4. **Severance.** Should any portion of this lease be declared invalid and unenforceable, then such portion shall be deemed to be severed from this lease and shall not affect the remainder thereof.

11-5. **Construction.** When required by the context, the singular shall include the plural and vice versa; the terms "Lessor" and "Lessee" shall include their respective heirs, personal representatives, successors and assigns.

11-6. **Recordation.** This Lease shall not be recorded. Concurrently with the Lease, the parties shall execute and record a Memorandum for Recording in the form attached hereto as Exhibit "A."

11-7. **Governing Law.** This Lease shall be governed by the law of the State of South Dakota.

IN WITNESS WHEREOF, this mining lease is executed as of the 7th day of August, 1982.

LESSORS:

x Willis F. Aye
Willis F. Aye

x Lona B. Aye
Lona B. Aye

LESSEE:

CYPRUS MINES CORPORATION

STATE OF) Montana

SS

COUNTY OF) Custer

On this ____ day of August, 1982, before me, G. Thos. Hughes, a notary public of said State, duly commissioned and sworn, personally appeared Willis F. Aye & Lona B. Aye, husband and wife, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

G. Thos. Hughes
Notary Public

Witness my hand and official seal.

My Commission Expires: 2/24/83

STATE OF)

SS

COUNTY OF)

On this ____ day of _____, 1982, before me, _____, a notary public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____
Notary Public

Witness my hand and official seal.

My Commission Expires: _____

STATE OF)_____

SS

COUNTY OF)_____

On this ____ day of _____, 1982, before me, _____, a notary public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the _____ President of the corporation that executed the within instrument, and acknowledged to me that he executed the same on behalf of the Corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____
Notary Public

Witness my hand and official seal.

My Commission Expires: _____

EXHIBIT A

MINING LEASE--MEMORANDUM FOR RECORDING

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE--Memorandum for Recording is made this 7th day of August 1982 by and between Willis F. Aye and Lona B. Aye, husband and wife _____ _____ _____ (hereinafter collectively referred to as "Lessor," whether one or more), whose address is _____ Rt. #1, P.O. Box 2547, Miles City, Montana 59301 _____, and CYPRUS MINES CORPORATION, a Delaware Corporation (hereinafter referred to as "Lessee"), whose address is 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado.

IN CONSIDERATION OF the rentals, royalties, covenants and agreements set forth in this lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

SECTION ONE. GRANT AND DESCRIPTION

1.1 **Exclusive Lease.** Pursuant to the terms and conditions of that certain unrecorded Mining Lease and Option to Purchase of even date herewith (Unrecorded Lease) between Lessor and Lessee, Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the property described below (which property is hereinafter referred to as the "Premises"):

Name of Claim	Mineral Survey No.	Patent No.
Bailey Lode	1871	42922

State of South Dakota, County of Lawrence

1.2 **Subject Minerals; Application to Future Interests.** The Premises leased hereunder include, without limitation, any and all minerals, metals, ores, and materials of whatsoever kind and character, except oil, gas, and associated liquid hydrocarbons (which included minerals, metals, ores, and materials are hereinafter referred to as the "Subject Minerals"), in, upon, under, or extending from or into the Premises; and any and all right, title, and interest in or to the Premises (including Subject Minerals) which Lessor may hereafter acquire.

1.3 **Purposes.** The Premises are leased to Lessee to survey, explore for, prospect, drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship, and market or otherwise dispose of any or all Subject Minerals in, upon, or under the Premises or other land in the vicinity of the Premises; and to exercise any and all rights or privileges granted in this Lease, or which are incident to, or which may be useful or convenient in the exercise of any of the rights granted in this Lease.

SECTION TWO. TERM

2.1 **Term.** Unless sooner terminated as provided in the Unrecorded Lease, this Lease and all of the rights herein granted shall remain in full force and effect for twenty (20) years from the effective date hereof (the "Primary Term"), and as long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis on the Premises.

SECTION THREE.

3.1 **Notices.** All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service, or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

If to Lessor: Willis F. Aye & Lona B. Aye
Rt. #1, P.O. Box 2547
Miles City, Montana 59301

If to Lessee: Property Records Supervisor
Amoco Minerals Company
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155

With a Copy Sent To: Manager, Minerals Exploration-USA
Amoco Minerals Company
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155

SECTION FOUR. UNRECORDED AGREEMENT CONTROLLING

This Mining Lease—Memorandum for Recording is being recorded to give constructive notice of the Mining Lease granted by Lessor to Lessee pursuant to the terms and conditions of the Unrecorded Lease. The incomplete statement in this Memorandum for Recording of any of the terms and provisions of the Unrecorded Lease shall not be deemed to amend or modify the Unrecorded Lease which shall be the controlling instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

LESSORS:

x Willis F. Aye
Willis F. Aye

x Lona B. Aye
Lona B. Aye

LESSEE:

CYPRUS MINES CORPORATION

STATE OF) Montana

SS

COUNTY OF) Custer

On this ____ day of August, 1982, before me, C. Mae Hughes, a notary public of said State, duly commissioned and sworn, personally appeared Willis F. Aye and Lona B. Aye, husband and wife, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

C. Mae Hughes
Notary Public

Witness my hand and official seal.

My Commission Expires: 7/24/83

STATE OF)

SS

COUNTY OF)

On this ____ day of _____, 1982, before me, _____, a notary public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____
Notary Public

Witness my hand and official seal.

My Commission Expires: _____

STATE OF)_____

SS

COUNTY OF)_____

On this ____ day of _____, 1982, before me, _____, a notary public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the _____ President of the corporation that executed the within instrument, and acknowledged to me that he executed the same on behalf of the Corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____
Notary Public

Witness my hand and official seal.

My Commission Expires: _____

STATE OF)_____

SS

COUNTY OF)_____

On this ____ day of _____, 1982, before me, _____, a notary public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the _____ President of the corporation that executed the within instrument, and acknowledged to me that he executed the same on behalf of the Corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____
Notary Public

Witness my hand and official seal.

My Commission Expires: _____

ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

APPROVED
RWG
FJB

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 7, 1982, by and between Willis F. Aye and Lona B. Aye, husband and wife, Lessor(s), and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on March 8, 1983, as Document No. 83-2623, in the records of the County of Lawrence, State of South Dakota, covering the following described property, to wit:

Name of Claim	Mineral Survey Number	Patent Number
Bailey Lode	1871	42922

L-100092

Draft 1

MINING AGREEMENT

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING AGREEMENT (hereinafter the "Agreement") is made as of this _____ day of _____, 19___, by and among Cyprus Mines Corporation, a Delaware corporation, 7000 South Yosemite Street, P. O. Box 3299, Englewood, Colorado 80155, and Coca Mines, Inc., a Colorado corporation, 1776 Lincoln Street, Suite ~~1100~~, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantor"); and Lacana Mining, Inc., a Delaware corporation (hereinafter referred to as "Grantee"), whose address is _____.

WHEREAS, Grantors are the Lessees under certain leases ("Leases") covering patented and unpatented mining claims and are also the owners of certain unpatented mining claims ("Claims"), all situated in Lawrence County, South Dakota, more particularly described in Exhibit A which is attached hereto and by reference made a part hereof (all of the property covered by the Leases and the Claims is hereinafter referred to as the "Property"); and

WHEREAS, Grantee desires to obtain an interest in the Property;

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I

GRANT AND DESCRIPTION

1.1 Assignment

For and in consideration of the sum of Fifty Thousand Dollars ($50,000.00), receipt of which is acknowledged by Grantor, Grantor does hereby sell, assign, transfer and convey to Grantee all of its right, title and interest in and to the above

described Leases together with all rights incident and appurtenant thereto, subject only to the exceptions and reservations made in this assignment.

1.2 Assumption of Obligations

Grantee hereby accepts the assignment of the above Leases and agree to perform all of the obligations of Grantor thereunder and save and defend Grantor harmless from any claims or obligations against said Leases arising or occurring after the date of this Assignment, except for the obligations noted in paragraph 13.9. Grantee specifically assumes the obligation to make all payments required by the Leases for 1983, regardless of the date of termination of this Agreement.

1.3 Exclusive Lease of Claims

Grantor hereby leases exclusively to Grantee, its successors and assigns, for the term and purposes stated below, the Claims , together with all rights, privileges and appurtenances in anywise belonging to said mining claims, including, but not limited to, easements, rights-of-way, access rights, road construction rights, water and water rights and timber and vegetative resources, together with the right to use the surface to the fullest extent reasonably necessary, appropriate, convenient, worthwhile or incidental to any of the rights and privileges of Grantee hereunder. The Claims are leased without limitation, for purposes of surveying, evaluation, exploration, additional prospecting, drilling, developing, mining by any method or otherwise extracting, stockpiling, storing, processing, treating, removing, stripping, and marketing or otherwise disposing of any and all minerals, metals, ores and materials of whatsoever kind and character (hereinafter "Minerals") in, upon, under, or extending from or into the Claims.

1.4 Area of Interest

The parties hereto hereby agree that if, after the date of this Agreement, Grantor acquires any right, title or interest in any property the boundary of which is located within the Area of Interest, it shall so notify Grantee of such acquisition and if

Grantee shall, within sixty (60) days after receipt of such notice, notify Grantor that said property should be included as part of the Claims under this Agreement, Grantor shall execute all necessary documents in order that such property shall be included as part of the Claims under this Agreement. The term "Area of Interest" as used herein shall be deemed to mean that property situate in Lawrence County, South Dakota more particularly described as:

Township 4 North, Range 3 East

Section	1:	all
	12:	all
	13:	N½

Township 5 North, Range 3 East

Section	36:	all

Township 4, North, Range 4 East

Section	4:	W½
	5:	all
	6:	all
	7:	all
	8:	all
	9:	W½
	16:	NW¼
	17:	N½
	18:	N½

Township 5 North, Range 4 East

Section	31:	all
	32:	all

If Grantee does not elect to include such property under this Agreement, Grantor shall be free to retain, use or dispose of its right, title and interest in such property as it may determine. Unless otherwise agreed in writing by the parties hereto, if Grantee elects that any such property offered by Grantor be included as part of the Claims under this Agreement, Grantee shall reimburse Grantor its costs in acquiring such property. After any such property is added, as provided in this Paragraph, such property shall thereafter be considered part of and be included in the Claims.

Grantee shall have the right to prospect for, locate and otherwise acquire mining claims in the Area of Interest. Any such properties located by Grantee will become part of this

Agreement, and the term "Claims" as used in this Agreement shall thereafter extend to and apply to such properties.

In the event that this Agreement is terminated, those claims hereafter located by Grantee within the Area of Interest shall be conveyed by Grantee by quitclaim deed to Grantor. Upon the expiration of one year after termination of this Agreement, each party shall be free to acquire interests within the Area of Interest.

1.5 Purposes

The Claims are leased to Grantee to survey, evaluate and drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship and market or otherwise dispose of any and all Minerals in, upon or under the Claims or other land in the vicinity of the Claims; and to exercise any and all rights or privileges granted in this Agreement, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Agreement. In addition, Grantee shall have unrestricted access to the Claims and the exclusive rights (i) to evaluate, develop and mine, and to extract, remove and dispose of any and all air, Minerals, water and waste from the Claims and to deposit such materials on or in the Claims, by means of underground or surface mining operations in or on the Claims or other property, (ii) to remove air, Minerals, water and waste, and materials from other property and to carry on general mining and milling operations pertaining to the Claims or other such property, on the surface of or through underground or surface workings on the Claims, (iii) to use any part of the Claims for tailings and waste dumps and for any other purpose incident to underground or surface mining operations on the Claims or other property, (iv) to erect, construct, use and maintain on the Claims such roads, buildings, structures, machinery, and equipment as may be required by Grantee for the conduct of operations on the Claims or other property, and (v) to sell Minerals and other products derived from the Claims in such forms, on such terms, at such times and for such prices as

Grantee may, in its sole discretion, determine. All operations on the Claims by Grantee shall be conducted in a good and miner-like manner.

1.6 Operations

Grantee shall also have exclusive right without limitation and in its sole discretion: (a) to further evaluate the Claims by core drilling, seismic or other geophysical methods, to mine by any method or methods deemed desirable or convenient, including but not limited to, underground, open pit, strip, in situ, solution and leaching; and to process and treat the Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all such excavations, pits, shafts, and openings on the Claims and to inject such gas, waters, other fluids, air and other substances into the sub-surface strata thereof; (c) to stockpile, store or dispose of on or off the Claims, Minerals, waste, earth, tailings and other materials; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Claims such buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements.

1.7 Operations on Adjacent Lands

Grantee shall have the right to remove Minerals from the Claims through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Claims.

1.8 Water Use

Grantee shall have the free use of any and all water and water rights in and on the Claims.

1.9 Ingress and Egress

Grantor grants Grantee the right to use all rights-of-way for ingress to and egress from the Claims which it is within the power of Grantor to grant, together with the right to construct

roads across such rights-of-way to assist Grantee in conducting its operations.

ARTICLE II

OPTION TO PURCHASE

2.1 Exercise of Options

Grantee agrees to exercise, at Grantor's request, any options to purchase which may be contained in the Leases. Grantor agrees to pay any difference between the purchase option price and the total payments creditable toward the purchase price at the time of exercise of the option.

ARTICLE III

TERM OF AGREEMENT

3.1 Term

Unless sooner terminated as hereinafter provided, the lease of the Claims contained in this Agreement shall remain in full force and effect for a period of ten (10) years from the effective date hereof (the "Primary Term") and so long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis on the Claims or on a pooled unit which includes all or a portion of the Claims. For this purpose, development, mining or processing operations shall be deemed continuous so long as all such operations do not cease for a period of more than one hundred eighty (180) consecutive days, excluding period of force majeure as provided hereafter. In the event Grantee is unable to obtain a satisfactory market for any Minerals discovered or produced from the Claims, and as a result Grantee delays commencement of development, mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this Agreement shall not expire or terminate during such period of lack of market but may be extended by Grantee's continuing payment of minimum royalties under Article IV. Grantee shall use diligence in searching for a satisfactory market for the Minerals during such lack-of-market periods, and

when a satisfactory market becomes available, Grantee shall have a reasonable time thereafter within which to begin or renew development, mining or processing operations.

3.2 Termination

(a) Upon thirty (30) days' prior written notice to Grantor, Grantee shall have the right at any time to terminate this Agreement as to any or all of the Claims or Leases by notifying Grantor thereof and thereupon all rights and obligations of Grantee under this Agreement, except for those obligations which may have accured, shall terminate. Upon termination of this Agreement, Grantee shall:

(i) Quitclaim to Grantor all of Grantee's right, title and interest in and to the Claims or Leases to be relinquished to Grantor.

(ii) Within sixty (60) days after surrender or other termination of this Agreement, Grantee shall deliver to Grantor all factual geological, metallurgical, and engineering data and maps, logs or drill hole cores and results of assaying related to the affected properties which Grantee may obtain as a result of exploration work under this Agreement, provided, however, Grantee shall have no liability on account of any such data used or relied upon by Grantor.

(iii) In the event that Grantee shall fail to deliver such data, Grantor shall be entitled to receive, as liquidated damages, a payment equal to the sum of the expenditures made by Grantee to compile the data referred to in subsection 3.2(a)(ii).

Upon such termination, all payments previously made shall be retained by Grantor as full compensation for use and occupancy of the claims and all liabilities and obligations of Grantee of any kind then not due or accrued with respect to the Claims shall terminate.

3.3 Abandonment

If Grantee desires to abandon any unpatented mining claim included in the Claims, it shall give Grantor notice of intention to abandon. If, within thirty (30) days after receipt of such notice by Grantor, Grantor agrees in writing to abandonment, Grantee may abandon the claim but, if Grantor does not so agree, Grantee shall surrender the claim to Grantor by recording a quit-claim of all its interest therein. Upon such abandonment or surrender, all liabilities or obligations of Grantee of any kind, character or description with respect to such claim or claims, except for those obligations which have accrued, shall terminate. If notice of intention to abandon is given on or before June 1 of any assessment year, Grantee shall have no further obligation to perform assessment work for the affected claims except as provided in Section 12.2.

ARTICLE IV

CONSIDERATION

4.1 Bonus

Concurrent with the execution of this Agreement, Grantee shall pay to Grantor as a Bonus the sum of $US50,000.00.

4.2 Evaluation Expenditures

During each year of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year		Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
First	(1983)	$ 500,000	$ 150,000
Second	(1984)	1,000,000	200,000
Third	(1985)	2,000,000	200,000
Fourth	(1986)	2,000,000	200,000
Fifth	(1987)	2,000,000	250,000

Any deficiency in the amount of Evaluation Expenditures incurred in any period may be made up within sixty (60) days after the end of the period in which such deficiency occurred without penalty. If any such deficiency is not made up within such time, this

Agreement shall terminate and Grantee shall follow the provisions of paragraph 3.2. Any Evaluation Expenditures during a period in excess of the required minimum expenditure set forth above shall be a credit against the Evaluation Expenditure requirements for subsequent exploration periods. "Evaluation Expenditures" shall be deemed to mean and include the costs of evaluation, further exploring, and developing the Claims, including the drilling, excavating and searching by all recognized prospecting techniques; sampling, assaying, testing and evaluating materials removed therefrom; mapping, platting, surveying; constructing and maintaining camps, roads, works and structures necessary to carry out evaluation, sampling or testing; all studies required to develop a mine and all work that may be required for preparing a mine for operation, including the opening of a mine, the construction and installation of operating facilities and the procurement of labor, materials, tools, equipment, machinery and supplies necessary thereto. Evaluation Expenditures shall accrue annually in advance. Accordingly, upon execution of this Agreement Grantee is obligated for the first lease year evaluation expenditure of $500,000, of which $150,000 must be spent on exploration drilling. In a similar fashion, if the first anniversary date is reached without termination of this Agreement, then the second year's Evaluation Expenditure shall be deemed to have accrued and Grantee shall be liable therefor whether or not this Agreement is terminated during the second lease year. The Evaluation Expenditure shall accrue in a similar fashion over the ensuing lease years.

4.3 Production Royalty

(a) Grantor hereby excepts and reserves from the assignment of the Leases an overriding royalty, and Grantee hereby agrees to pay to Grantor a production royalty on the Claims, all in the amount of seven and one-half percent (7½%), inclusive of any other royalties, production payments, overriding royalties or other burdens existing on the date of this Agreement, of the Net Value of all Minerals, including ores, metals, Dore bars,

bullion, Concentrates and Mineral products derived from the Property. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Grantee from the sale of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to a mill, Smelter, or other purchaser, user or consumer other than Grantee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to the mill, Smelter, or other purchaser, user or consumer. The term "Smelter" means conventional smelters, as well as any other type of production plant used in lieu of a conventional smelter to reduce ores or Concentrates.

(b) Grantee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Minerals, including ores, metals or Mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Grantee. Any upgrading beyond the concentrate state (the stage at which beneficiation, milling, sorting, and concentrating has yielded Concentrate in the form usually commercially marketable) shall be done for Grantee's sole benefit, risk and account, and the mineral products taken by Grantee for such upgrading shall be deemed, for the purpose of computing Net Value and royalties payable thereon only, and not otherwise, to have been sold at the mean of quotations for the Concentrate so taken for the month of such takings as reported in "Metals Week" published by McGraw-Hill, Inc., or, in the event such quotations are not published therein or such publication ceases or suspended, then at the mean of the quotations for Concentrate of the type so taken for the month of such taking as may be reported in such other publication or source as is

generally recognized in the industry as reflecting the quotations at which such Concentrates are currently being offered for sale and purchase, or in the absence of such a publication, by such other means as may establish such quotations to the end that in determining the Net Value of such Concentrates as are not sold by Grantee, but are taken by it, the price received for such Concentrates shall be deemed to be the mean of prices at which Concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties. Grantee shall not be liable for mineral values lost in such procesing under sound engineering practices. It is expressly understood that Grantee shall pay, or otherwise absorb, all costs and expenses incurred in all stages of the mining and treatment processes up to and including the loading of Concentrates in a form which is usually commercially marketable in rail cars or such other type of transport vehicle used for transporting the Concentrates from the mill or concentrator site. Grantee shall be permitted to sell Concentrates in the form usually commercially marketable to its parent company or any subsidiary of its parent company (more than 50% owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

(c) The production and overriding royalties provided for herein shall be the total payments due Grantor from Minerals produced from the Claims and Leases. The production and overriding royalties shall be payable on Minerals produced from the Claims prior to the time waste rock, spoil, tailings or other mine waste and residue are first disposed of as such, and such waste rock, spoil, tailings or other mine waste and residue shall be the sole property of Grantee. Grantee shall have the sole right to dump, deposit, sell, dispose of or reprocess such waste rock, spoil, tailings or other mine waste and residues, and Grantor shall have no claim or interest therefrom and no

production or overriding royalties shall be payable with respect thereto.

4.4 Minimum Annual Advance Royalty

Beginning on or before the fifth anniversary date of this Agreement, and continuing on each subsequent anniversary date during the term of this Agreement, Grantee shall pay to Grantor a minimum advance royalty of $US 200,000.00 per year. Minimum advance royalties shall constitute prepayment of and advances against payment of production and overriding royalties that may become payable under this Agreement. Grantee may credit all minimum advance royalties against production and overriding royalties accruing at any time until said advance royalties have been fully recouped from production and overriding royalties.

4.5 Reduction of Expenditures

Acreage changes resulting from surrender or partial assignment of any of the Claims or Leases shall not reduce the amount of the Evaluation Expenditures provided for in Section 4.2. If this Agreement expires or is terminated as to all of the Claims, Grantee shall not be required to make any Evaluation Expenditures except as provided in Sections 4.2 and 12.2.

4.6 Applicability of Other Provisions

The foregoing obligations for bonus, Evaluation Expenditures and payment of minimum advance royalties are subject to all of the provisions of this Agreement including, without limitation, the Area of Interest provisions of Section 1.2 and the lesser interest provisions of Section 7.3.

4.7 Salvage

Grantor shall not be entitled to share in the proceeds of salvage or other disposition of personal property or fixtures erected or placed on the Claims by Lessee.

ARTICLE V

MANNER OF PAYMENT

5.1 Production and Overriding Royalty Payments

Production royalties, when payable, shall accrue monthly at the end of each calendar month and shall become due and payable quarterly on the fifteenth day of each month following the last day of the calendar quarter in which the same accrue. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the Minerals, Concentrates and other Mineral products, processed by Grantee for the preceding calendar quarter, the proceeds of sale, costs and other deductions and other pertinent information in sufficient detail to explain the calculation of the production and overriding royalty payments.

5.2 Payments to Grantor

All payments to Grantor under this Agreement shall be made in the following proportions to the parties listed until Grantee is otherwise notified in writing by all parties acting as Grantor hereunder:

Name	Percentage of Payment
Cyprus Mines Corporation P.O. Box 3299 7000 So. Yosemite Street Englewood, Colorado 80155 Attn: Property Records Dept.	80%
CoCa Mines, Inc. 1776 Lincoln Street Suite 1100 Denver, Colorado 80203 Attn: C.A. Mitchell	20%

5.3 Objections to Payments

All production and overriding royalty payments shall be considered final and in full satisfaction of all obligations of Grantee with respect thereto unless Grantor gives Grantee written notice describing and setting forth a specific objection to the calculation thereof within one hundred twenty (120) days after receipt by Grantor of the quarterly statement herein provided for. If Grantor objects to a particular quarterly statement as

herein provided, Grantor shall, for a period of thirty (30) days after Grantee's receipt of notice of such objection, have the right, upon reasonable notice and at a reasonable time to have Grantee's accounts and records relating to calculation of the quarterly statement in question audited by a certified public accountant acceptable to Grantor and to Grantee. If such audit determines that there has been a deficiency or an excess in the payment made to Grantor, such deficiency or excess shall be resolved by adjusting the next quarterly production or overriding royalty payment due hereunder. If such audit discloses any deficiency between the amount of the production or overriding royalty payments due hereunder and the amount actually paid which exceeds five per cent (5%) of the amount due, Grantee shall pay all costs of such audit. If any such deficiency is five per cent (5%) or less, Grantor shall pay all costs of such audit. All books and records used by Grantee to calculate production and overriding royalties due hereunder shall be kept in accordance with generally accepted accounting principles.

5.4 Claims by Third Parties

If any third party, other than the United States of America, asserts, through a judicial proceeding, any claim to or against the Claims for any Minerals, Concentrates, or Mineral products lying in or under the Claims, or to the surface of the Claims, or to any amounts payable to Grantee, Grantee may deposit any amounts otherwise due to Grantor in escrow until the controversy is finally determined. If Grantee is required to pay any third party as the result of any such claim, payment and all costs incurred by Grantee shall be credited against all payments thereafter due to Grantor.

ARTICLE VI

OPERATIONS AND DAMAGES

6.1 Standard of Operations; Reports

Grantee agrees that all operations affecting the interests of Grantor under this Agreement shall be conducted in a good and

miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Property or operations hereunder (including, without limitation, Workmen's Compensation Laws). Grantee shall provide to Grantor a yearly progress report summarizing the activities accomplished during the previous year within sixty (60) days after each anniversary date of this agreement.

6.2 Reclamation

Grantee shall comply with all applicable and valid governmental laws, rules, regulations and orders governing reclamation of the Property and restoration of the surface of the Property.

6.3 Indemnity

Grantor shall not be liable for any work performed or materials used upon the Property by Grantee. During the term of this Agreement, Grantee shall hold Grantor and the Property free of and harmless from all liens, charges and liabilities arising from damage to property, or injury to, or death of persons caused by any acts or omissions of Grantee with respect to the Property. Grantor may post on the Claims during the term of this Agreement such notices as it sees fit of the nonresponsibility of Grantor for any of the acts of Grantee. In such event, Grantee shall exercise reasonable care to preserve the effective condition of any notice so posted.

6.4 Removal of Equipment and Minerals

Grantee shall have the right, but not the obligation unless otherwise required by law, to remove, within one (1) year after termination of this Agreement as to any part of the Claims any and all structures, machinery, equipment or other personal property or fixtures which Grantee erected or placed on any part of the Claims. Provided that the terms of Section 4.3 have been complied with, Grantee shall also have the right to remove, during said period, all Minerals, Concentrates and other Mineral products mined or extracted by Grantee during the term of this

Agreement. All roads and bridges built on any part of the Claims, along with any water right initiated or established by Grantee, the point of surface diversion or ground water, withdrawal of which is on such part, will, upon the expiration or termination of this Agreement as to such part, if the surface rights of the Claims are owned by Grantor, become the property of Grantor without cost.

6.5 Inspection by Grantor

Grantor and Grantor's agents, duly authorized in writing, may enter upon the Property to inspect the same upon reasonable notice to Grantee and in a manner which will not unreasonably hinder or interrupt the operations and activities of Grantee on the Property or on any lands adjacent thereto. At the time of such inspection, Grantee will make available to Grantor, if requested, all records of factual data pertaining to the calculation of Production Royalty due hereunder including, without limitation, weighing, sampling and assaying of ore produced from the Property and sales, transportation, and processing costs; provided, however, Grantee shall not be obligated to furnish to Grantor any internal proprietary data including, but not limited to, information which includes interpretive data. Grantee shall facilitate and assist such inspections by Grantor in every reasonable way, but Grantor shall enter upon the Property at Grantor's own risk and expense and shall indemnify, defend and hold Grantee harmless from any and all loss, claims, damage, or liability including reasonable attorneys' fees and other expenses arising from or by reason of injury to or the presence of Grantor, Grantor's agents, representatives, licensees or guests, or any of them, on the Property, except damage or injury caused by the negligence or willful misconduct of Grantee. Grantor agrees to treat all information acquired hereunder as confidential and further agrees that Grantor shall not use Grantee's name, its parent, subsidiaries, affiliates or partners in any public statement or press release and shall make no press releases, public statements or public announcements of any sort

concerning this Agreement or the operations and activities of Grantee with respect thereto, except with the prior consent of Grantee (which consent shall not unreasonably be withheld), or as required by law.

ARTICLE VII

TITLE

7.1 Representations and Warranties

Lessor hereby specifically makes no warranties or representations with respect to the Property except as follows:

(a) Lessor has the full and exclusive right and power to act on behalf of Grantor, and on behalf of any other interested person or entities, to lease the Claims to Grantee under the terms and provisions of this Agreement and to grant the rights granted to Grantee hereunder;

(b) The Claims are free and clear of all liens and encumbrances except as set forth herein;

(c) The Claims are not subject to any agreements contrary to the provision of this Agreement;

(d) While this Agreement remains in effect, Grantor will not place upon or cause to be placed upon the Claims any lien or encumbrance; and

(e) With respect to the unpatented lode mining claim described in Exhibit A, Grantor further represents that the Claims have been properly recorded pursuant to the Federal Land Policy and Management Act of 1976 and the regulations adopted thereunder.

7.2 Proof of Title

(a) Lessee may, at its expense, examine the title to the Property. At any time within ninety (90) days from the date of this Agreement, Lessee may disapprove title to the whole or any part of the Property. If Grantee disapproves title to part of the Property, it shall have the right, but not the obligation, to disapprove title to the whole. If Grantee disapproves title to the whole of the Property, this Agreement shall terminate and

Grantee shall record the surrender required by Section 3.2. If Grantee disapproves title to part but not all of the Property; (i) the disapproved part shall thereafter not be part of the Property; (ii) this Agreement shall continue in effect with respect to the remainder, and (iii) Grantee shall follow the termination provision of Section 3.2 with respect to the disapproved part.

7.3 Lesser Interest

Except as provided herein, in the event Grantor owns an interest in the Property which is less than the entire, undivided interest in the Property, whether or not such lesser interest is referred to herein, then the payments provided for in Article IV shall be proportionately reduced and paid to Grantor only in the proportion that Grantor's interest therein bears to the whole and undivided interest in the Property. Grantor shall be entitled to retain only such proportion of the monies previously paid to Grantor hereunder as Grantor's said interest bears to the whole and undivided interest in the Property and Grantee shall be entitled to all of the monies previously paid Grantor hereunder as Grantor's said interest bears to the whole and undivided interest in the Property and Grantee shall be entitled to offset all of the monies previously paid Grantor hereunder against monetary obligations which thereafter become due and payable to Grantor hereunder.

7.4 Redemption of Liens

Grantor agrees to pay promptly, upon the demand of a creditor, any mortgages, taxes, or other liens which Grantor has placed or caused to be placed upon the Property, except where Grantor in good faith disputes the obligation. Grantee, at its option, may discharge any mortgages, taxes, or other liens on the Property, either in whole or in part, in the event of default by Grantor, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Grantor in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Grantee, in addition to the

right of subrogation herein granted, Grantee shall also have the right to retain any monetary obligations which may become due Grantor hereunder, and to repay Grantee therefrom, and the retention of such monies by Grantee shall have the same effect as if paid to the Grantor in whose behalf payment of any mortgage, taxes or other liens was made.

ARTICLE VIII

TAXES

8.1 Taxes

During the term of this Agreement, Grantee shall pay all real property taxes, ad valorem and assessments, assessed against the Property. Grantee agrees, during the term of this Agreement, to pay promptly when due all taxes levied and assessed upon Grantee as an employer, upon fixtures and personal property placed by Grantee on the Property. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Agreement, Grantor and Grantee shall bear their pro rata share, provided that, where the tax is levied or computed on the amount or value of ores produced, the pro rata share of Grantor shall be determined by multiplying the gross amount of royalties paid to Grantor during the taxing period by the applicable tax rate, the balance of the tax being Grantee's pro rata share. All taxes shall be paid when due and before delinquent, but Grantee shall be under no obligation to pay any tax so long as such tax is being contest in good faith. Both Grantor and Grantee shall have the right in good faith to contest any tax or assessment, whether payable by Grantor or Grantee, but shall not permit the Property or any improvements or personal property thereon to be sold for such taxes or assessments.

8.2 Tax Election

If the relationship of the parties hereto is deemed to be a partnership for tax purposes, each of the parties hereto hereby elects to be excluded from the application of Subchapter K of

Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States of America or his delegate, insofar as said Subchapter K or any portion or portions thereof may be applicable to the joint operations under this Agreement, and from any comparable provisions of applicable state law, and hereby binds itself to do any and all things necessary or proper in the premises from time to time in order to effectuate such election under the authority of Section 761(a) of said United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America.

ARTICLE IX

COMMINGLING

9.1 Commingling

(a) Grantee shall have the right to commingle ore from the Claims with other ore. Before any commingling, Grantee shall (i) weigh and sample the ore from the Claims in accordance with sound mining and metallurgical practice, and (ii) assay such samples, or cause them to be assayed, to determine moisture and metal content. Grantee shall keep records showing weights, moisture, percentage of metal content, and gross metal content of the ore from the Claims. From this information, Grantee shall calculate an average grade of ore from the Claims or an average grade of ore fed to process in the accounting quarter used by Grantee.

(b) If Concentrates are produced, the average per cent recovery for the accounting quarter will be used to determine the amount of metal in the Concentrate derived from the Claims. Grantee shall sample the Concentrate and shall assay such samples, or cause them to be assayed, to determine moisture and metal content. Grantee shall determine the weight of Concentrate

derived from the Claims by using the average grade of all Concentrate for the accounting quarter.

(c) In computing royalty payments, credits for the metal shall be based upon the amount of metal contained in the Claims, or upon the amount of metal contained in the Concentrate derived from the Claims, as may be appropriate, and charges based on the weight of ore or Concentrate shall be based upon the weight of the ore from the Claims or Concentrate derived from the Claims, as may be appropriate, for the accounting quarter. Grantee may, at its option, assay the ore from the Claims and other ore for penalty substances. Charges for penalty substances shall be allocated proportionally between the ore from the Claims and other ore on the basis of the gross penalty substance content of each ore. If Grantee elcts not to make such assays, all penalties for penalty substances in the commingled ores shall be borne by Grantee.

9.2 Consent

Grantor by excuting this Agreement hereby consents to any unit plan that Grantee, in its discretion, may adopt in conformity with Section 9.1, hereof. Upon the request of Grantee, Grantor shall formally consent to any such unit plan by executing a written consent thereto prepared by Grantee.

9.3 Reduction

Reduction in the size of, or in the interest covered by, any unit as a result of failure of title or any other cause shall not, of itself, terminate the unitization. In the event of any such reduction, no retroactive reapportionment in royalties shall be required, nor shall royalties be payable thereunder on production from any land, title to which has thus failed. Grantee may terminate any unit by notifying Grantor to that effect in writing.

ARTICLE X

DEFAULT, FORCE MAJEURE AND DISPUTES

10.1 Default

Failure by Grantee to perform or comply with any of the terms, provisions or conditions of this Agreement, expressed or implied, including payment of monetary obligations, shall not automatically terminate this Agreement nor render it null or void. In case of such default, Grantor may notify Grantee in writing of such breach, and Grantee shall have a period of thirty (30) days after receipt of such notice (ten (10) days if the default is the failure to make any payment required hereunder) within which to cure the default or diligently commence to cure the default, provided that the period of time for remedying such default shall be extended by any time that Grantee is prevented from acting because of force majeure conditions. If Grantee fails to cure or diligently commence to cure the default within the time herein stated, Grantor may thereupon terminate this Agreement by giving written notice to Grantee of such termination. Notwithstanding the foregoing, if any action is taken or suffered by Grantee under any insolvency or bankruptcy act, such action shall constitute a breach of this Agreement for Grantee and Grantor shall be entitled to terminate this Agreement upon ten (10) days written notice to Grantee.

10.2 Cessation of Production

The Grantor and Grantee expressly agree that no implied covenant or condition whatsoever shall be read into this Agreement relating to evaluation, development, mining or production, or the time thereof, or to any operations of Grantee hereunder or to the measure of diligence thereof, except as specifically provided in this Agreement.

10.3 Force Majeure

The failure to perform or to comply with any of the covenants or conditions of this Agreement, either expressed or implied, on the part of Grantee shall not be a ground for cancellation or termination or forfeiture hereof, during such

time as such failure to perform is caused, or compliance is prevented by storms, droughts or other severe weather, fire, floods, washouts or landslides, accidents, mill shutdown, damage to or destruction of mill or mill plant facilities, or inability, after diligent effort, to obtain competent labor service or materials, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, regulations, or legal actions; acts of God; or any other cause whatsoever beyond the control of Grantee, and Grantee shall be excused from, and not be held liable for, such failure to perform or to comply. If Grantee is prevented from engaging in development, mining, or processing operations by any such cause, the time of such delay or interruption shall not be counted against Grantee, anything in this Agreement to the contrary notwithstanding, and this Agreement shall be extended while and so long as Grantee is so prevented from conducting such operations. Grantee shall notify Grantor of any event of force majeure as soon as possible after affected thereby. The existence of any event of force majeure shall not relieve Grantee of the obligation to make payments and production and overriding royalty payments specified in Article IV.

10.4 Disputes or Adverse Claims

In case of judicial suit or administrative contest, Grantee shall not be in default in payment thereof until such suit or administrative contest has been finally disposed of, and Grantee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient, in Grantee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Grantee hereunder be disputed, it shall not be counted against Grantee either as affecting the term of this Agreement (which shall be extended by the period of dispute) or for any other purpose, and Grantee may withhold the making of all payments due Grantor hereunder, without interest, until there is a final adjudication or other determination of such dispute.

ARTICLE XI

ASSIGNMENT

11.1 Assignment

The rights and estate of either party may be transferred or assigned, in whole or in part, provided that no change or division in the ownership of the Claims shall be binding on Grantee until forty-five (45) days after receipt of notice to Grantee, together with a certified copy of the recorded instrument or instruments evidencing such change or division. Notwithstanding the above, no change or division in ownership of the Claims shall operate to enlarge the obligations or diminish the rights of Grantee under this Agreement. In the event this Agreement shall be transferred or assigned as to a part or parts of the Claims, and the Grantee or assignee or assignees of any part or parts shall fail to make or default in the payment of the proportionate part of the annual payments or Production Royalties due from him or them or otherwise breach any covenants contained herein, such default shall not operate to defeat or affect this Agreement insofar as it covers any other part or parts of the Claims. Assignment of this Agreement by Grantee shall, to the extent of such assignment, relieve and discharge Grantee of all obligations hereunder which have not theretofore become due.

11.2 Binding Effect

All of the covenants and terms of this Agreement shall run with the land and shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, successors and assigns.

ARTICLE XII

RELOCATION AND ASSESSMENT WORK

12.1 Amendments, Relocations and Patents

Grantee may, in the name of Grantor, amend or relocate any or all of the unpatented mining claims included in the Claims and may locate any fractions resulting from such amendment or relocation. Grantor agrees to apply for patent on any or all of

the unpatented mining claims upon the request of Grantee. All expenses incurred by Grantee in connection with amending or relocating mining claims or prosecuting patenting proceedings shall be borne by Grantee.

12.2 Assessment Work

Grantee agrees to perform the assessment work for the benefit of the Claims for the assessment year thereafter in which this Agreement continues beyond June 1; provided, however, in the event Grantee terminates this Agreement or abandons any claim at any time prior to June 1 of any assessment year, Grantee shall be obligated to expend for the benefit of the claim or Claims or pay to Grantor an amount equal to one-twelfth (1/12) of the required amount of annual assessment work for the Claims or the abandoned claim for each full month that this Agreement remains in effect between September 1 and August 31 of each assessment year. In addition, Grantee shall record on behalf of Grantor, as required by law, the affidavit of such work with the appropriate county and Bureau of Land Management offices, as required by state law and the Federal Land Policy and Management Act. If any court or governmental agency determines that work performed by Grantee does not constitute assessment work required by federal and state law, Grantee shall nevertheless have complied with this Agreement if work done is of the kind generally accepted in the mining industry as assessment work under this existing law. In any year in which the owners of the Claims shall be exempted by law from performing assessment work, Grantee shall prepare or cause to be prepared and filed any notices, including notices of intention to hold, or other instruments required to take advantage of the exemption. Grantee shall send to Grantor a copy of all affidavits and other documents filed pursuant to this paragraph.

ARTICLE XIII

OTHER PROVISIONS

13.1 Notices

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by telex, to the following addresses:

If to Grantor:

Cyprus Mines Corporation
P.O. Box 3299
7000 South Yosemite Street
Englewood, Colorado 80155
Attn: C.A. Mark

If to Grantee:

Lacana Mining Corporation
P.O. Box 354
3701 Royal Trust Tower
TD Center Toronto, Ontario
CANADA MSK 1K7
Attn: P.G. Lawford

or to the most recent address of that party for which such notice has been given. Unless otherwise provided herein, such notice shall be deemed effective when either delivered by personal service or deposited in the U. S. Mail.

13.2 Counterparts

This Agreement may be executed in any number of counterparts and shall be binding upon all owners of interests in the Claims executing the same or a counterpart hereof, whether or not named herein as one of the Grantors, and whether or not other owners of interests in the Claims have executed other counterparts or have not entered into this Agreement. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

13.3 Further Acts

Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such documents which are available as are reasonably necessary to carry out the provisions of this Agreement. Grantor also agrees to cooperate at all

times with Grantee in any reasonable manner to assist Grantee in the effecting of the purpose of this Agreement.

13.4 Severance

Should any portion of this Agreement be declared invalid and unenforceable by any judicial action, then such portion shall be deemed to be severed from this Lease and shall not affect the remainder thereof.

13.5 Construction

When required by the context, the singular shall include the plural and vice versa; the terms "Grantor" and "Grantee" shall include their respective heirs, personal representatives, successors and assigns, if any, and the masculine shall include the feminine and vice versa.

13.6 Governing Law

This Agreement shall be governed by the law of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

13.7 Attorney's Fees

If either party commences an action against the other to enforce any of the terms of this Agreement or because of the breach by either party of any of the terms hereof, the losing or defaulting party shall pay the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action.

13.8 Recordation

13.9 Reclamation

Grantor and Grantee recognize that Grantor has certain obligations to the State of South Dakota regarding reclamation of existing drill holes and reclamation of the existing test heap leach facility on the Property. Grantee hereby agrees that Grantor may have access to the Property to perform such reclamation and Grantor hereby agrees to indemnify Grantee for any claim, loss or damage arising from such activity by Grantor.

This Agreement may not be recorded. Concurrently with the Agreement, the parties shall execute and record a Memorandum for Recording in the form attached hereto as Exhibit "C."

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GRANTOR:

Cyprus Mines Corporation

By: _____

_____

CoCa Mines, Inc.

By: _____

_____

GRANTEE

Lacana Mining Company, Inc.

By: _____

_____

_____

_____

STATE OF _____)
: ss.
COUNTY OF _____)

On this _____ day of _____ , 1980, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, known to me to be _____ of _____ _____, a _____ corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

_____
Notary Public

My Commission expires:

(seal)

STATE OF _____)
: ss.
COUNTY OF _____)

On this _____ day of _____, 1980, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, known to me to be the person__ whose name__ __subscribed to the within instrument, who acknowledged to me that__ he__ executed the same.

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

_____
Notary Public

My Commission expires:

(seal)

STATE OF SOUTH DAKOTA)
) SS.
COUNTY OF LAWRENCE)

IN CIRCUIT COURT

EIGHTH JUDICIAL CIRCUIT

Civ. #83-39

IN THE MATTER OF THE ESTATE OF FREDERICK G. BORSCH, Deceased

ORDER AUTHORIZING AND APPROVING MINERAL LEASES

The above-entitled matter having come for hearing before this Court upon the Petition of Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, deceased, pursuant to Order of the Court dated August 11, 1983, with the Special Administratrix appearing in person and with her attorney, Jon Mattson, of Deadwood, South Dakota, and Allen Herbert appearing in person, and the Court having reviewed the PETITION TO AUTHORIZE MINING LEASES and being satisfied that the Mining Leases are in the best interest of the Estate and that it is impractical for the Estate to explore the land for mining purposes; and it appearing that Notice of Hearing on the Petition has been given as required by law; and there being no opposition to the PETITION TO AUTHORIZE MINING LEASES: and the Court being further advised in the premises;

NOW THEREFORE, IT IS HEREBY ORDERED that Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, deceased, is hereby authorized to execute a Mining Lease with Cyprus Mines Corporation, a Delaware corporation, covering the Barrett Lode, Mineral Survey 1681, Patent 40997 dated 6-12-1905, and another Mining Lease with Cyprus Mines Corporation, a Delaware corporation, covering the Black Dan Lode, Mineral Survey 327, Patent 8653 dated 1-21-1884 and the Old Pennsylvania Lode, Mineral Survey 1632, Patent 38548 dated 4-9-1904, under terms and conditions similar to the Mining Leases attached to the Petition of Geraldine Borsch Fahrni, Special Administratrix, and that said Mining Leases

as attached to the Petition of Geraldine Borsch Fahrni, Special Administratrix, are hereby approved.

Dated this 29th day of August, 1983.

BY THE COURT:

Circuit Court Judge

ATTEST:

B. C. Edstrom, Clerk of Courts
By: Kathryn Hall
Deputy

FILED
B. C. Edstrom
AUG 29 1983
CLERK OF CIRCUIT COURT
LAWRENCE COUNTY, S. D.
By Kathryn Hall Deputy
Recorded Book ___ Page ___

STATE OF SOUTH DAKOTA }
COUNTY OF LAWRENCE } ss.
I hereby certify that I have carefully compared the within instrument with the original now on file in my office and that it is a true and correct copy of the same and the whole thereof, including the filing thereon and same is now in full force and effect.
Dated AUG 29 1983, 19___
B. C. EDSTROM, Clerk of Courts
By Kathryn Hall Deputy

ASSIGNMENT OF LEASES

MEMORANDUM FOR RECORDING

THIS ASSIGNMENT is made effective as of the first day of June, 1983, by and among Cyprus Mines Corporation, a Delaware corporation, 7000 South Yosemite Street, P. O. Box 3299, Englewood, Colorado 80155, and CoCa Mines Inc., a Colorado corporation, 1776 Lincoln Street, Suite 910, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantors"); and Lacana Mining Inc., a Nevada corporation (hereinafter referred to as "Grantee"), whose address is P. O. Box 11305, 940 Matley Lane, Suite 10, Reno, Nevada 89510.

WHEREAS, Grantors or their predecessors, as the case may be, entered into a Joint Venture Agreement dated January 1, 1975, whereby Grantors agreed to explore, develop and mine certain property located in Lawrence County, South Dakota; and

WHEREAS, pursuant to the above Joint Venture Agreement, Grantors are the Lessees under certain leases ("Leases") covering patented and unpatented mining claims situated in Lawrence County, South Dakota, more particularly described in Exhibit A which is attached hereto and by reference made a part hereof; and

WHEREAS, Grantee desires to obtain an interest in the Leases.

NOW, THEREFORE, the parties hereby agree as follows:

1. ASSIGNMENT

Pursuant to the terms and conditions of that certain unrecorded Mining Agreement of even date herewith ("Mining Agreement") Grantors have assigned and hereby assign to Grantee all of their right, title and interest in and to the Leases

2. Lease

Pursuant to the terms and conditions of the Mining Agreement, Grantors have leased and hereby lease to Grantee for a period of ten years and so long thereafter as development, mining or processing operations are conducted on a continuous basis, the claims described in Part II of Exhibit A attached hereto, subject to the exceptions, reservations, obligations and conditions of the Mining Agreement.

3. Notices

All written notices hereunder shall, unless otherwise provided, be personally delivered, sent by telegram or telex, or be mailed by registered or certified mail to the addresses following, until some other address is designated in a notice so given:

If to Grantors:
Cyprus Mines Corporation
P.O. Box 3299
7000 South Yosemite Street
Englewood, Colorado 80155
Attn: C. A. Mark

With a copy to:
CoCa Mines Inc.
1776 Lincoln Street, Suite 910
Denver, Colorado 80203
Attn: J. C. Mitchell

If to Grantee:
Lacana Mining Corporation
P.O. Box 354
3701 Royal Trust Tower
TD Center Toronto, Ontario
CANADA M5K 1K7
Attn: P. E. Lawford

With a Copy to:
Lacana Mining Inc.
2005 Ironwood Parkway, Room 105
Coeur d'Alene, Idaho 83814
Attn: P. E. Dircksen

or to the most recent address of that party for which such notice has been given. Unless otherwise provided herein, such notice shall be deemed effective when

4. Mining Agreement Controlling

This Assignment of Leases—Memorandum for Recording is being recorded to give constructive notice of the assignment of leases granted by Grantors to Grantee pursuant to the terms and provisions of the Mining Agreement. The incomplete statement in this Memorandum for Recording of any of the terms and provisions of the Mining Agreement shall not be deemed to amend or modify the Mining Agreement which shall be the controlling instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GRANTORS:

Cyprus Mines Corporation

By: _____ RWG
H. L. Bauer, Jr.
Vice President

_____
W. H. Cann
Secretary

CoCa Mines, Inc.

By: _____
Thomas E. Congdon
Chairman

_____
J. C. Mitchell
Vice President

GRANTEE:

Lacana Mining Company Inc.

By: _____
W. H. Gross
Chairman of the Board

_____
E. G. Thompson
President

CORPORATE ACKNOWLEDGEMENT—SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the _____ day of _____, 19___, before me, _____, the undersigned officer, personally appeared _____ who acknowledged himself to be the _____ of _____, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the coproration by himself as _____.

In witness whereof I hereto set my hand and official seal.

_____
Notary Public

SEAL

_____
Typed or Printed Name

_____
Business Address

My Commission expires _____

CORPORATE ACKNOWLEDGEMENT—SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the _____ day of _____, 19___, before me, _____, the undersigned officer, personally appeared _____ who acknowledged himself to be the _____ of _____, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the coproration by himself as _____.

In witness whereof I hereto set my hand and official seal.

_____
Notary Public

SEAL

_____
Typed or Printed Name

_____
Business Address

My Commission expires _____

CORPORATE ACKNOWLEDGEMENT—SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the _____ day of _____, 19___, before me, _____, the undersigned officer, personally appeared _____ who acknowledged himself to be the _____ of _____, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the coproration by himself as _____.

In witness whereof I hereto set my hand and official seal.

_____
Notary Public

SEAL

_____
Typed or Printed Name

_____
Business Address

My Commission expires _____

2nd Draft

MINING AGREEMENT

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING AGREEMENT (hereinafter the "Agreement") is made as of this _____ day of _____, 19___, by and among Cyprus Mines Corporation, a Delaware corporation, 7000 South Yosemite Street, P. O. Box 3299, Englewood, Colorado 80155, and Coca Mines, Inc., a Colorado corporation, 1776 Lincoln Street, Suite 1100, Denver, Colorado 80203 (hereinafter collectively referred to as "Grantor"); and Lacana Mining Inc., a Nevada corporation (hereinafter referred to as "Grantee"), whose address is _____.

WHEREAS, Grantors are the Lessees under certain leases ("Leases") covering patented and unpatented mining claims and are also the owners of certain unpatented mining claims ("Claims"), all situated in Lawrence County, South Dakota, more particularly described in Exhibit A which is attached hereto and by reference made a part hereof (all of the property covered by the Leases and the Claims is hereinafter referred to as the "Property"); and

WHEREAS, Grantee desires to obtain an interest in the Property;

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I

GRANT AND DESCRIPTION

1.1 Assignment

For and in consideration of the sum of Fifty Thousand Dollars ($50,000.00) as specified in Section 4.1, receipt of which is acknowledged by Grantor, Grantor does hereby sell, assign, transfer and convey to Grantee all of its right, title

and interest in and to the above described Leases together with all rights incident and appurtenant thereto, subject only to the exceptions and reservations made in this assignment.

1.2 Assumption of Obligations

Grantee hereby accepts the assignment of the above Leases and agree to perform all of the obligations of Grantor thereunder and save and defend Grantor harmless from any claims or obligations against said Leases arising or occurring after the date of this Assignment, except for the obligations noted in paragraph 13.9. Grantee specifically assumes the obligation to make all payments required by the Leases for 1983, regardless of the date of termination of this Agreement. Grantee shall be responsible to make such payments to the Lessors of the Leases and Grantor shall cooperate in furnishing addresses, payment schedules and other information to Grantee.

1.3 Exclusive Lease of Claims

Grantor hereby leases exclusively to Grantee, its successors and assigns, for the term and purposes stated below, the Claims , together with all rights, privileges and appurtenances in anywise belonging to said mining claims, including, but not limited to, easements, rights-of-way, access rights, road construction rights, water and water rights and timber and vegetative resources, together with the right to use the surface to the fullest extent reasonably necessary, appropriate, convenient, worthwhile or incidental to any of the rights and privileges of Grantee hereunder. The Claims are leased without limitation, for purposes of surveying, evaluation, exploration, additional prospecting, drilling, developing, mining by any method or otherwise extracting, stockpiling, storing, processing, treating, removing, stripping, and marketing or otherwise disposing of any and all minerals, metals, ores and materials of whatsoever kind and character (hereinafter "Minerals") in, upon, under, or extending from or into the Claims.

1.4 Area of Interest

The parties hereto hereby agree that if, after the date of this Agreement, Grantor acquires any right, title or interest in any property the boundary of which is located within the Area of Interest, it shall so notify Grantee of such acquisition and if Grantee shall, within sixty (60) days after receipt of such notice, notify Grantor that said property should be included as part of the Claims under this Agreement, Grantor shall execute all necessary documents in order that such property shall be included as part of the Claims under this Agreement. The term "Area of Interest" as used herein shall be deemed to mean that property situate in Lawrence County, South Dakota more particularly described as:

Township 4 North, Range 3 East

Section	1:	all
	12:	all
	13:	N½

Township 5 North, Range 3 East

Section	36:	all

Township 4, North, Range 4 East

Section	4:	W½
	5:	all
	6:	all
	7:	all
	8:	all
	9:	W½
	16:	NW¼
	17:	N½
	18:	N½

Township 5 North, Range 4 East

Section	31:	all
	32:	all

The Area of Interest is also shown graphically on Exhibit B attached hereto and by reference made a part hereof. If Grantee does not elect to include such property under this Agreement, Grantor shall be free to retain, use or dispose of its right, title and interest in such property as it may determine. Unless otherwise agreed in writing by the parties hereto, if Grantee elects that any such property offered by Grantor be included as part of the Claims under this Agreement, Grantee shall reimburse

Grantor its costs in acquiring such property. After any such property is added, as provided in this Paragraph, such property shall thereafter be considered part of and be included in the Claims.

Grantee shall have the right to prospect for, locate and otherwise acquire mining claims in the Area of Interest. Any such properties located by Grantee will become part of this Agreement, and the term "Claims" as used in this Agreement shall thereafter extend to and apply to such properties.

In the event that this Agreement is terminated, those claims hereafter located by Grantee within the Area of Interest shall be conveyed by Grantee by quitclaim deed to Grantor. Upon the expiration of one year after termination of this Agreement, each party shall be free to acquire interests within the Area of Interest.

1.5 Purposes

The Claims are leased to Grantee to survey, evaluate and drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship and market or otherwise dispose of any and all Minerals in, upon or under the Claims or other land in the vicinity of the Claims; and to exercise any and all rights or privileges granted in this Agreement, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Agreement. In addition, Grantee shall have unrestricted access to the Claims and the exclusive rights (i) to evaluate, develop and mine, and to extract, remove and dispose of any and all air, Minerals, water and waste from the Claims and to deposit such materials on or in the Claims, by means of underground or surface mining operations in or on the Claims or other property, (ii) to remove air, Minerals, water and waste, and materials from other property and to carry on general mining and milling operations pertaining to the Claims or other such property, on the surface of or through underground or surface workings on the Claims, (iii) to use any part of the Claims for tailings and waste dumps and for any other purpose incident

to underground or surface mining operations on the Claims or other property, (iv) to erect, construct, use and maintain on the Claims such roads, buildings, structures, machinery, and equipment as may be required by Grantee for the conduct of operations on the Claims or other property, and (v) to sell Minerals and other products derived from the Claims in such forms, on such terms, at such times and for such prices as Grantee may, in its sole discretion, determine. All operations on the Claims by Grantee shall be conducted in a good and miner-like manner.

1.6 Operations

Grantee shall also have exclusive right without limitation and in its sole discretion: (a) to further evaluate the Claims by core drilling, seismic or other geophysical methods, to mine by any method or methods deemed desirable or convenient, including but not limited to, underground, open pit, strip, in situ, solution and leaching; and to process and treat the Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all such excavations, pits, shafts, and openings on the Claims and to inject such gas, waters, other fluids, air and other substances into the subsurface strata thereof; (c) to stockpile, store or dispose of on or off the Claims, Minerals, waste, earth, tailings and other materials; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Claims such buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements.

1.7 Operations on Adjacent Lands

Grantee shall have the right to remove Minerals from the Claims through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Claims.

1.8 Water Use

Grantee shall have the free use of any and all water and water rights in and on the Claims.

1.9 Ingress and Egress

Grantor grants Grantee the right to use all rights-of-way for ingress to and egress from the Claims which it is within the power of Grantor to grant, together with the right to construct roads across such rights-of-way to assist Grantee in conducting its operations.

ARTICLE II

OPTION TO PURCHASE

2.1 Exercise of Options

Grantee agrees to exercise, at Grantor's request, any options to purchase which may be contained in the Leases. Grantor agrees to pay any difference between the purchase option price and the total payments creditable toward the purchase price at the time of exercise of the option, if any such options are exercised before satisfaction, as specified in Section 3.3, and title to such property covered by such Leases shall be held by Grantor. If such options are exercised after satisfaction, Grantee shall be responsible for the entire purchase price and shall hold title.

ARTICLE III

TERM OF AGREEMENT

3.1 Term

Unless sooner terminated as hereinafter provided, the lease of the Claims contained in this Agreement shall remain in full force and effect for a period of ten (10) years from the effective date hereof (the "Primary Term") and so long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis within the Area of Interest. For this purpose, development, mining or processing operations shall be deemed continuous so long as all such operations do not cease for a period of more than one hundred eighty (180) consecutive days, excluding period of force majeure as

provided hereafter. In the event Grantee is unable to obtain a satisfactory market for any Minerals discovered or produced from the Claims, and as a result Grantee delays commencement of development, mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this Agreement shall not expire or terminate during such period of lack of market but may be extended by Grantee's continuing payment of minimum royalties under Article IV. Grantee shall use diligence in searching for a satisfactory market for the Minerals during such lack-of-market periods, and when a satisfactory market becomes available, Grantee shall have a reasonable time thereafter within which to begin or renew development, mining or processing operations.

3.2 Termination

(a) Upon thirty (30) days' prior written notice to Grantor, Grantee shall have the right at any time to terminate this Agreement as to all of the Property by notifying Grantor thereof and thereupon all rights and obligations of Grantee under this Agreement, except for those obligations which may have accured, shall terminate. Upon termination of this Agreement, Grantee shall:

(i) Quitclaim to Grantor all of Grantee's right, title and interest in and to the Property; and

(ii) Within sixty (60) days after surrender or other termination of this Agreement, Grantee shall deliver to Grantor copies of all factual geological, metallurgical, and engineering data and maps, logs or drill hole cores and results of assaying related to the affected properties which Grantee may obtain as a result of exploration work under this Agreement, provided, however, Grantee shall have no liability on account of any such data used or relied upon by Grantor.

(iii) In the event that Grantee shall fail to deliver such data, Grantor shall be entitled to receive, as liquidated damages, a payment equal to the sum of the expenditures made by Grantee to compile the data referred to in subsection 3.2(a)(ii).

Upon such termination, all payments previously made shall be retained by Grantor as full compensation for use and occupancy of the Property and all liabilities and obligations of Grantee of any kind then not due or accrued with respect to the Claims and Leases shall terminate.

3.3 Satisfaction

In the event that Grantee fulfills its entire Evaluation Expenditure obligation of $US7,500,000.00 at any time on or before the end of the fifth year of this Agreement, and is otherwise in compliance with this Agreement, Grantee may notify Grantor of such facts and Grantor shall, within thirty (30) days of such notice, provide Grantee with a fully executed quit claim deed to the Property, subject only to a reservation of a production royalty or overriding royalty as provided in Section 4.3, and a minimum annual advance royalty as provided in Section 4.4. This Agreement shall thereupon be considered satisfied and terminated.

ARTICLE IV

CONSIDERATION

4.1 Bonus

Concurrent with the execution of this Agreement, Grantee shall pay to Grantor as a Bonus the sum of $US50,000.00.

4.2 Evaluation Expenditures

During each one year period of this Agreement, beginning on the effective date of this Agreement, Grantee agrees to spend the following amounts as Evaluation Expenditures on the Property, part of which shall be spent, as specified, on exploration drilling:

Lease Year		Evaluation Expenditures ($US)	Annual Exploration Drilling ($US)
First	(1983)	$ 500,000	$150,000
Second	(1984)	1,000,000	200,000
Third	(1985)	2,000,000	200,000
Fourth	(1986)	2,000,000	200,000
Fifth	(1987)	2,000,000	250,000

Any deficiency in the amount of Evaluation Expenditures incurred

in any period may be made up within sixty (60) days after the end of the period in which such deficiency occurred without penalty. If any such deficiency is not made up within such time, this Agreement shall terminate and Grantee shall follow the provisions of paragraph 3.2. Evaluation Expenditures in excess of that required for any one year period may be made by Grantee and any Evaluation Expenditures during a period in excess of the required minimum expenditure set forth above shall be a credit against the Evaluation Expenditure requirements for subsequent exploration periods. "Evaluation Expenditures" shall be deemed to mean and include the costs of evaluation, further exploring, and developing the Claims, including the drilling, excavating and searching by all recognized prospecting techniques; sampling, assaying, testing and evaluating materials removed therefrom; mapping, platting, surveying; constructing and maintaining camps, roads, works and structures necessary to carry out evaluation, sampling or testing; all payments made to maintain the Leases and Claims in good standing, including rentals, assessment work, and minimum advance royalties, but not productiion royalties; all studies including metallurgical, mine planning, financial, economic, scoping, feasibility marketing, geological and technical required to develop a mine and all work that may be required for preparing a mine for operation, including the opening of a mine, the construction and installation of operating facilities and the procurement of labor, materials, tools, equipment, machinery and supplies necessary thereto. Five (5%) percent of each year's Evaluation Expenditures may be allocated by Grantee to overhead and administratiion. Travel expenses and time of technical personnel engaged in work for the project may be charged as Evaluation Expenditures but office and administrative expenses, including time of administrative personnel shall be covered by the five percent overhead charge. Evaluation Expenditures shall accrue annually in advance. Accordingly, upon execution of this Agreement Grantee is obligated for the first lease year evaluation expenditure of $500,000, of which $150,000 must

be spent on exploration drilling. In a similar fashion, if the first anniversary date is reached without termination of this Agreement, then the second year's Evaluation Expenditure shall be deemed to have accrued and Grantee shall be liable therefor whether or not this Agreement is terminated during the second lease year. The Evaluation Expenditure shall accrue in a similar fashion over the ensuing lease years.

4.3 Production and Overriding Royalty

(a) Grantor hereby excepts and reserves from the assignment of the Leases an overriding royalty, and Grantee hereby agrees to pay to Grantor a production royalty on the Claims, all in the amount of seven and one-half percent (7½%), inclusive of any other royalties, production payments, overriding royalties or other burdens existing on the date of this Agreement, of the Net Value of all Minerals, including ores, metals, Dore bars, bullion, Concentrates and Mineral products derived from the Property. Grantee shall be responsible for making payment of all underlying production and overriding royalties, production payments of other burdens existing on the date of this Agreement and in the event that any such obligation equal or exceed seven and one-half (7½%) percent of the Net Value for any portion of the Property, then no royalty shall be payable to Grantor on such portion. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Grantee from the sale of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to a mill, Smelter, or other purchaser, user or consumer other than Grantee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of such Minerals, including ores, metals, Dore bars, bullion, Concentrates, and Mineral products to the mill, Smelter, or other purchaser, user

or consumer. The term "Smelter" means conventional smelters, as well as any other type of production plant used in lieu of a conventional smelter to reduce ores or Concentrates.

(b) Grantee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Minerals, including ores, metals or Mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Grantee. Any upgrading beyond the concentrate state (the stage at which beneficiation, milling, sorting, and concentrating has yielded Concentrate in the form usually commercially marketable) shall be done for Grantee's sole benefit, risk and account, and the mineral products taken by Grantee for such upgrading shall be deemed, for the purpose of computing Net Value and royalties payable thereon only, and not otherwise, to have been sold at the mean of quotations for the Concentrate so taken for the month of such takings as reported in "Metals Week" published by McGraw-Hill, Inc., or, in the event such quotations are not published therein or such publication ceases or suspended, then at the mean of the quotations for Concentrate of the type so taken for the month of such taking as may be reported in such other publication or source as is generally recognized in the industry as reflecting the quotations at which such Concentrates are currently being offered for sale and purchase, or in the absence of such a publication, by such other means as may establish such quotations to the end that in determining the Net Value of such Concentrates as are not sold by Grantee, but are taken by it, the price received for such Concentrates shall be deemed to be the mean of prices at which Concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties. Grantee shall not be liable for mineral values lost in such procesing under sound engineering practices. It is expressly understood that Grantee shall pay, or otherwise absorb, all costs and expenses incurred in all stages of the mining and treatment processes up to and including the loading of Concentrates in a form which is usually

commercially marketable in rail cars or such other type of transport vehicle used for transporting the Concentrates from the mill or concentrator site. Grantee shall be permitted to sell Concentrates in the form usually commercially marketable to its parent company or any subsidiary of its parent company (more than 50% owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

(c) The production and overriding royalties provided for herein shall be the total payments due Grantor from Minerals produced from the Claims and Leases. The production and overriding royalties shall be payable on Minerals produced from the Claims prior to the time waste rock, spoil, tailings or other mine waste and residue are first disposed of as such, and such waste rock, spoil, tailings or other mine waste and residue shall be the sole property of Grantee. Grantee shall have the sole right to dump, deposit, sell, dispose of or reprocess such waste rock, spoil, tailings or other mine waste and residues, and Grantor shall have no claim or interest therefrom and no production or overriding royalties shall be payable with respect thereto.

4.4 Minimum Annual Advance Royalty

Beginning on or before the fifth anniversary date of this Agreement, and continuing on each subsequent anniversary date for a period of ten (10) years after the start of commercial production by Grantee on the Property, Grantee shall pay to Grantor a minimum advance royalty of $US 200,000.00 per year. Minimum advance royalties shall constitute prepayment of and advances against payment of production and overriding royalties that may become payable under this Agreement. Grantee may credit all minimum advance royalties against production and overriding royalties accruing at any time until said advance royalties have been fully recouped from production and overriding royalties.

4.5 Reduction of Expenditures

If this Agreement expires or is terminated as to all of the Claims, Grantee shall not be required to make any Evaluation Expenditures except as provided in Sections 4.2 and 12.2.

4.6 Applicability of Other Provisions

The foregoing obligations for bonus, Evaluation Expenditures, payment of minimum advance royalties, production royalties and overriding royalties are subject to all of the provisions of this Agreement including, without limitation, the Area of Interest provisions of Section 1.2 and the lesser interest provisions of Section 7.3.

4.7 Salvage

Grantor shall not be entitled to share in the proceeds of salvage or other disposition of personal property or fixtures erected or placed on the Claims by Lessee.

ARTICLE V

MANNER OF PAYMENT

5.1 Production and Overriding Royalty Payments

Overriding royalties shall be due and payable to Grantor in the same manner as royalties are payable in the Leases. Production royalties on the Claims, when payable, shall accrue monthly at the end of each calendar month and shall become due and payable quarterly on the fifteenth day of each month following the last day of the calendar quarter in which the same accrue. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the Minerals, Concentrates and other Mineral products, processed by Grantee for the preceding calendar quarter, the proceeds of sale, costs and other deductions and other pertinent information in sufficient detail to explain the calculation of the production and overriding royalty payments.

5.2 Payments to Grantor

All payments to Grantor under this Agreement shall be made in the following proportions to the parties listed until Grantee

is otherwise notified in writing by all parties acting as Grantor hereunder:

Name	Percentage of Payment
Cyprus Mines Corporation P.O. Box 3299 7000 So. Yosemite Street Englewood, Colorado 80155 Attn: Property Records Dept.	80%
CoCa Mines, Inc. 1776 Lincoln Street Suite 1100 Denver, Colorado 80203 Attn: C.A. Mitchell	20%

5.3 Audit

Grantee shall keep books and records relating to computation of payments for a period of at least two (2) years after receipt of such payment by Grantor. For a period of two (2) years after Grantor's receipt of payment, Grantor shall have the right, upon reasonable notice and at a reasonable time, to have Grantee's accounts and records relating to calculation of the statement in question audited by a certified public accountant acceptable to Grantor and to Grantee. If such audit determines that there has been a deficiency or an excess in the payment made to Grantor, such deficiency or excess shall be resolved by adjusting the next production or overriding royalty payment due hereunder. If such audit discloses any deficiency between the amount of the production or overriding royalty payments due hereunder and the amount actually paid which exceeds five per cent (5%) of the amount due, Grantee shall pay all costs of such audit. If any such deficiency is five per cent (5%) or less, or if there is an overpayment, Grantor shall pay all costs of such audit. Grantor may also conduct its own audits at its own expense within the time provided above, but such audit shall not be binding on Grantee without Grantee's consent. All books and records used by Grantee to calculate production and overriding royalties due hereunder shall be kept in accordance with generally accepted accounting principles.

5.4 Claims by Third Parties

If any third party, other than the United States of America, asserts, through a judicial proceeding, any claim to or against the Claims for any Minerals, Concentrates, or Mineral products lying in or under the Claims, or to the surface of the Claims, or to any amounts payable to Grantee, Grantee may deposit any amounts otherwise due to Grantor in escrow until the controversy is finally determined. If Grantee is required to pay any third party as the result of any such claim, payment and all costs incurred by Grantee shall be credited against all payments thereafter due to Grantor.

ARTICLE VI

OPERATIONS AND DAMAGES

6.1 Standard of Operations; Reports

Grantee agrees that all operations affecting the interests of Grantor under this Agreement shall be conducted in a good and miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Property or operations hereunder (including, without limitation, Workmen's Compensation Laws). Grantee shall provide to Grantor a yearly progress report summarizing the activities accomplished during the previous year within sixty (60) days after each anniversary date of this agreement.

6.2 Reclamation

Grantee shall comply with all applicable and valid governmental laws, rules, regulations and orders governing reclamation of the Property and restoration of the surface of the Property.

6.3 Indemnity

Grantor shall not be liable for any work performed or materials used upon the Property by Grantee after the date of this Agreement. During the term of this Agreement, Grantee shall hold Grantor and the Property free of and harmless from all liens, charges and liabilities arising from damage to property,

or injury to, or death of persons caused by any acts or omissions of Grantee with respect to the Property. Grantor may post on the Claims during the term of this Agreement such notices as it sees fit of the nonresponsibility of Grantor for any of the acts of Grantee. In such event, Grantee shall exercise reasonable care to preserve the effective condition of any notice so posted.

6.4 Removal of Equipment and Minerals

Grantee shall have the right, but not the obligation unless otherwise required by law, to remove, within one (1) year after termination of this Agreement as to any part of the Claims any and all structures, machinery, equipment or other personal property or fixtures which Grantee erected or placed on any part of the Claims. Provided that the terms of Section 4.3 have been complied with, Grantee shall also have the right to remove, during said period, all Minerals, Concentrates and other Mineral products mined or extracted by Grantee during the term of this Agreement. All roads and bridges built on any part of the Claims, along with any water right initiated or established by Grantee, the point of surface diversion or ground water, withdrawal of which is on such part, will, upon the expiration or termination of this Agreement as to such part, if the surface rights of the Claims are owned by Grantor, become the property of Grantor without cost.

6.5 Inspection by Grantor

Grantor and Grantor's agents, duly authorized in writing, may enter upon the Property to inspect the same upon reasonable notice to Grantee and in a manner which will not unreasonably hinder or interrupt the operations and activities of Grantee on the Property or on any lands adjacent thereto. At the time of such inspection, Grantee will make available to Grantor, if requested, all records of factual data pertaining to the calculation of Production Royalty due hereunder including, without limitation, weighing, sampling and assaying of ore produced from the Property and sales, transportation, and processing costs; provided, however, Grantee shall not be obligated to furnish to

Grantor any internal proprietary data including, but not limited to, information which includes interpretive data. Grantee shall facilitate and assist such inspections by Grantor in every reasonable way, but Grantor or its agents shall enter upon the Property at Grantor's own risk and expense and shall indemnify, defend and hold Grantee harmless from any and all loss, claims, damage, or liability including reasonable attorneys' fees and other expenses arising from or by reason of injury to or the presence of Grantor, Grantor's agents, representatives, licensees or guests, or any of them, on the Property, except damage or injury caused by the negligence or willful misconduct of Grantee. Grantor agrees to treat all information acquired hereunder as confidential and further agrees that Grantor shall not use Grantee's name, its parent, subsidiaries, affiliates or partners in any public statement or press release and shall make no press releases, public statements or public announcements of any sort concerning this Agreement or the operations and activities of Grantee with respect thereto, except with the prior consent of Grantee (which consent shall not unreasonably be withheld), or as required by law.

ARTICLE VII

TITLE

7.1 Representations and Warranties

Grantor hereby specifically makes no warranties or representations with respect to the Property except as follows:

(a) Grantor has the full and exclusive right and power to act on behalf of Grantor, and on behalf of any other interested person or entities, to lease the Claims to Grantee under the terms and provisions of this Agreement and to grant the rights granted to Grantee hereunder;

(b) The Claims are free and clear of all liens and encumbrances except as set forth herein;

(c) The Claims are not subject to any agreements contrary to the provision of this Agreement;

(d) While this Agreement remains in effect, Grantor will not place upon or cause to be placed upon the Claims any lien or encumbrance; and

(e) Grantor further represents that the Claims have been properly recorded pursuant to the Federal Land Policy and Management Act of 1976 and the regulations adopted thereunder.

7.2 Proof of Title

(a) Grantee may, at its expense, examine the title to the Property. At any time within ninety (90) days from the date of this Agreement, Grantee may disapprove title to the Property if, in the opinion of an attorney, title to all or a part thereof is not good and merchantable. If Grantee disapproves title to part of the Property, it shall have the right, but not the obligation, to disapprove title to the whole, or it may accept the Property with such defects. If Grantee disapproves title to the whole of the Property, this Agreement shall terminate, Grantee shall record the surrender required by Section 3.2, and all payments made by Grantee hereunder, including the bonus and any underlying Lease payments, but excluding payments for work on the Property, shall be returned to Grantee by Grantor. Grantor shall cooperate with Grantee should Grantee undertake any title examination or curative matters.

7.3 Lesser Interest

Except as provided herein, in the event Grantor owns an interest in the Property which is less than the entire, undivided interest in the Property, except where such lesser interest is referred to in Exhibit A, then the payments provided for in Article IV shall be proportionately reduced and paid to Grantor only in the proportion that Grantor's interest therein bears to the whole and undivided interest in the Property. Grantor shall be entitled to retain only such proportion of the monies previously paid to Grantor hereunder as Grantor's said interest bears to the whole and undivided interest in the Property and Grantee shall be entitled to all of the monies previously paid

Grantor hereunder as Grantor's said interest bears to the whole and undivided interest in the Property and Grantee shall be entitled to offset all of the monies previously paid Grantor hereunder against monetary obligations which thereafter become due and payable to Grantor hereunder.

7.4 Redemption of Liens

Grantor agrees to pay promptly, upon the demand of a creditor, any mortgages, taxes, or other liens which Grantor has placed or caused to be placed upon the Property, except where Grantor in good faith disputes the obligation. Grantee, at its option, may discharge any mortgages, taxes, or other liens on the Property, either in whole or in part, in the event of default by Grantor, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Grantor in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Grantee, in addition to the right of subrogation herein granted, Grantee shall also have the right to retain any monetary obligations which may become due Grantor hereunder, and to repay Grantee therefrom, and the retention of such monies by Grantee shall have the same effect as if paid to the Grantor in whose behalf payment of any mortgage, taxes or other liens was made.

ARTICLE VIII

TAXES

8.1 Taxes

During the term of this Agreement, Grantee shall pay all real property taxes, ad valorem and assessments, assessed against the Property. Grantee agrees, during the term of this Agreement, to pay promptly when due all taxes levied and assessed upon Grantee as an employer, upon fixtures and personal property placed by Grantee on the Property. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Agreement, Grantor and Grantee shall bear their pro rata share,

and Grantee may pay Grantor's share of such tax and withhold the amount paid from any other payment due to Grantor hereunder, provided that, where the tax is levied or computed on the amount or value of ores produced, the pro rata share of Grantor shall be determined by multiplying the gross amount of royalties paid to Grantor during the taxing period by the applicable tax rate, the balance of the tax being Grantee's pro rata share. All taxes shall be paid when due and before delinquent, but Grantee shall be under no obligation to pay any tax so long as such tax is being contested in good faith. Both Grantor and Grantee shall have the right in good faith to contest any tax or assessment, whether payable by Grantor or Grantee, but shall not permit the Property or any improvements or personal property thereon to be sold for such taxes or assessments.

8.2 Tax Election

If the relationship of the parties hereto is deemed to be a partnership for tax purposes, each of the parties hereto hereby elects to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States of America or his delegate, insofar as said Subchapter K or any portion or portions thereof may be applicable to the joint operations under this Agreement, and from any comparable provisions of applicable state law, and hereby binds itself to do any and all things necessary or proper in the premises from time to time in order to effectuate such election under the authority of Section 761(a) of said United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America.

penalties for penalty substances in the commingled ores shall be borne by Grantee.

9.2 Consent

Grantor by excuting this Agreement hereby consents to any unit plan that Grantee, in its discretion, may adopt in conformity with Section 9.1, hereof. Upon the request of Grantee, Grantor shall formally consent to any such unit plan by executing a written consent thereto prepared by Grantee.

9.3 Reduction of Unit

Reduction in the size of, or in the interest covered by, any unit as a result of failure of title or any other cause shall not, of itself, terminate the unitization. In the event of any such reduction, no retroactive reapportionment in royalties shall be required, nor shall royalties be payable thereunder on production from any land, title to which has thus failed. Grantee may terminate any unit by notifying Grantor to that effect in writing.

ARTICLE X

DEFAULT, FORCE MAJEURE AND DISPUTES

10.1 Default

Failure by Grantee to perform or comply with any of the terms, provisions or conditions of this Agreement, expressed or implied, including payment of monetary obligations, shall not automatically terminate this Agreement nor render it null or void. In case of such default, Grantor may notify Grantee in writing of such breach, and Grantee shall have a period of thirty (30) days after receipt of such notice (ten (10) days if the default is the failure to make any payment required hereunder) within which to cure the default or diligently commence to cure the default, provided that the period of time for remedying such default shall be extended by any time that Grantee is prevented from acting because of force majeure conditions. If Grantee fails to cure or diligently commence to cure the default within the time herein stated, Grantor may thereupon terminate this

Agreement by giving written notice to Grantee of such termination. Notwithstanding the foregoing, if any action is taken or suffered by Grantee under any insolvency or bankruptcy act, such action shall constitute a breach of this Agreement for Grantee and Grantor shall be entitled to terminate this Agreement upon ten (10) days written notice to Grantee.

10.2 Cessation of Production

The Grantor and Grantee expressly agree that no implied covenant or condition whatsoever shall be read into this Agreement relating to evaluation, development, mining or production, or the time thereof, or to any operations of Grantee hereunder or to the measure of diligence thereof, except as specifically provided in this Agreement.

10.3 Force Majeure

The failure to perform or to comply with any of the covenants or conditions of this Agreement, either expressed or implied, on the part of Grantee shall not be a ground for cancellation or termination or forfeiture hereof, during such time as such failure to perform is caused, or compliance is prevented by storms, droughts or other severe weather, fire, floods, washouts or landslides, accidents, mill shutdown, damage to or destruction of mill or mill plant facilities, or inability, after diligent effort, to obtain competent labor service or materials, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, regulations, or legal actions (including delays or inability to obtain necessary governmental approvals, permits or authorizations on terms reasonably acceptable to Grantee within a reasonable time after application therefor has been made); acts of God; or any other cause whatsoever beyond the control of Grantee, and Grantee shall be excused from, and not be held liable for, such failure to perform or to comply. If Grantee is prevented from engaging in development, mining, or processing operations by any such cause, the time of such delay or interruption shall not be counted against Grantee, anything in this Agreement to the contrary not-

withstanding, and this Agreement shall be extended while and so long as Grantee is so prevented from conducting such operations. Grantee shall notify Grantor of any event of force majeure as soon as possible after affected thereby. The existence of any event of force majeure shall not relieve Grantee of the obligation to make payments and production and overriding royalty payments specified in Article IV, nor shall it relieve Grantee of its obligation in Section 1.2 hereof to perform all obligations of Grantor in the underlying Leases, unless excused by terms of the applicable Lease.

10.4 Disputes or Adverse Claims

In case of judicial suit or administrative contest, Grantee shall not be in default in payment thereof until such suit or administrative contest has been finally disposed of, and Grantee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient, in Grantee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Grantee hereunder be disputed, it shall not be counted against Grantee either as affecting the term of this Agreement (which shall be extended by the period of dispute) or for any other purpose, and Grantee may withhold the making of all payments due Grantor hereunder, without interest, until there is a final adjudication or other determination of such dispute.

ARTICLE XI

ASSIGNMENT

11.1 Assignment

The rights and estate of either party may be transferred or assigned, in whole or in part, provided that no change or division in the ownership of the Claims shall be binding on Grantee until forty-five (45) days after receipt of notice to Grantee, together with a certified copy of the recorded instrument or instruments evidencing such change or division. Notwithstanding the above, no change or division in ownership of the

Claims shall operate to enlarge the obligations or diminish the rights of Grantee under this Agreement. In the event this Agreement shall be transferred or assigned as to a part or parts of the Claims, and the Grantee or assignee or assignees of any part or parts shall fail to make or default in the payment of the proportionate part of the annual payments or Production Royalties due from him or them or otherwise breach any covenants contained herein, such default shall not operate to defeat or affect this Agreement insofar as it covers any other part or parts of the Claims. Assignment of this Agreement by Grantee shall, to the extent of such assignment, relieve and discharge Grantee of all obligations hereunder which have not theretofore become due.

11.2 Binding Effect

All of the covenants and terms of this Agreement shall run with the land and shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, successors and assigns.

ARTICLE XII

RELOCATION AND ASSESSMENT WORK

12.1 Amendments, Relocations and Patents

Grantee may, in the name of Grantor, amend or relocate any or all of the unpatented mining claims included in the Claims and may locate any fractions resulting from such amendment or relocation. Grantor agrees to apply for patent on any or all of the unpatented mining claims upon the request of Grantee. All expenses incurred by Grantee in connection with amending or relocating mining claims or prosecuting patenting proceedings shall be borne by Grantee.

12.2 Assessment Work

Grantee agrees to perform the assessment work for the benefit of the Claims for the assessment year thereafter in which this Agreement continues beyond June 1. In addition, Grantee shall record on behalf of Grantor, as required by law, the affidavit of such work with the appropriate county and Bureau of Land

Management offices, as required by state law and the Federal Land Policy and Management Act. If any court or governmental agency determines that work performed by Grantee does not constitute assessment work required by federal and state law, Grantee shall nevertheless have complied with this Agreement if work done is of the kind generally accepted in the mining industry as assessment work under this existing law. In any year in which the owners of the Claims shall be exempted by law from performing assessment work, Grantee shall prepare or cause to be prepared and filed any notices, including notices of intention to hold, or other instruments required to take advantage of the exemption. Grantee shall send to Grantor a copy of all affidavits and other documents filed pursuant to this paragraph.

ARTICLE XIII

OTHER PROVISIONS

13.1 Notices

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by telex, to the following addresses:

If to Grantor:
Cyprus Mines Corporation
P.O. Box 3299
7000 South Yosemite Street
Englewood, Colorado 80155
Attn: C.A. Mark

If to Grantee:
Lacana Mining Corporation
P.O. Box 354
3701 Royal Trust Tower
TD Center Toronto, Ontario
CANADA MSK 1K7
Attn: P.G. Lawford

With a Copy to:
Lacana Mining,Inc.
2005 Ironwood Parkway, Room 105
Coeur d'Alene, Idaho 83814
Attn: P. E. Dircksen

or to the most recent address of that party for which such notice has been given. Unless otherwise provided herein, such notice

shall be deemed effective when either delivered by personal service or deposited in the U. S. Mail.

13.2 Counterparts

This Agreement may be executed in any number of counterparts and shall be binding upon all owners of interests in the Claims executing the same or a counterpart hereof, whether or not named herein as one of the Grantors, and whether or not other owners of interests in the Claims have executed other counterparts or have not entered into this Agreement. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

13.3 Further Acts

Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such documents which are available as are reasonably necessary to carry out the provisions of this Agreement. Grantor also agrees to cooperate at all times with Grantee in any reasonable manner to assist Grantee in the effecting of the purpose of this Agreement.

13.4 Severance

Should any portion of this Agreement be declared invalid and unenforceable by any judicial action, then such portion shall be deemed to be severed from this Lease and shall not affect the remainder thereof.

13.5 Construction

When required by the context, the singular shall include the plural and vice versa; the terms "Grantor" and "Grantee" shall include their respective heirs, personal representatives, successors and assigns, if any, and the masculine shall include the feminine and vice versa.

13.6 Governing Law

This Agreement shall be governed by the law of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

13.7 Attorney's Fees

If either party commences an action against the other to enforce any of the terms of this Agreement or because of the breach by either party of any of the terms hereof, the losing or defaulting party shall pay the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action.

13.8 Recordation

This Agreement may not be recorded. Concurrently with the Agreement, the parties shall execute and record Assignments of Leases for each underlying Lease and a Memorandum for Recording of the lease of the Claims contained herein.

13.9 Reclamation

Grantor and Grantee recognize that Grantor has certain obligations to the State of South Dakota regarding reclamation of existing drill holes and reclamation of the existing test heap leach facility on the Property. Grantee hereby agrees that Grantor may have access to the Property to perform such reclamation and Grantor hereby agrees to indemnify Grantee for any claim, loss or damage arising from such activity by Grantor.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GRANTOR:

Cyprus Mines Corporation

By: _____

_____

CoCa Mines, Inc.

By: _____

_____

GRANTEE

Lacana Mining Company, Inc.

By: _____

_____

_____

_____

STATE OF _____)
: ss.
COUNTY OF _____)

On this _____ day of _____, 1980, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, known to me to be _____ of _____ _____, a _____ corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

_____
Notary Public

My Commission expires:

(seal)

STATE OF _____)
: ss.
COUNTY OF _____)

On this _____ day of _____, 1980, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, known to me to be the person__ whose name__ __subscribed to the within instrument, who acknowledged to me that__ he__ executed the same.

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

_____
Notary Public

My Commission expires:

(seal)

STATE OF _____)
: ss.
COUNTY OF _____)

On this _____ day of _____, 1980, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, known to me to be _____ of _____ _____, a _____ corporation, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

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

_____
Notary Public

My Commission expires:

(seal)

STATE OF _____)
: ss.
COUNTY OF _____)

On this _____ day of _____, 1980, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, known to me to be the person__ whose name__ __subscribed to the within instrument, who acknowledged to me that__ he__ executed the same.

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

_____
Notary Public

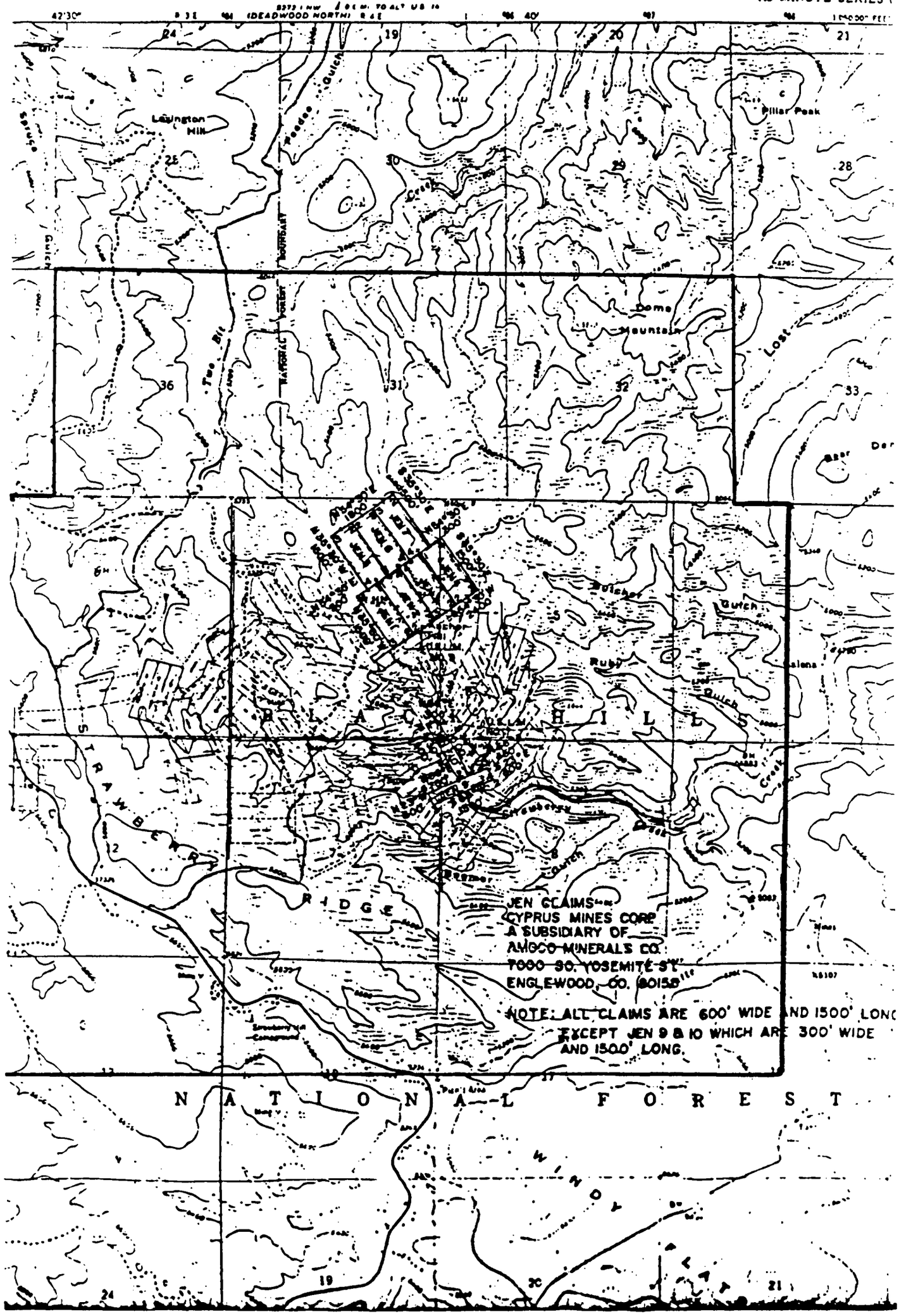
My Commission expires:

(seal)

GILT EDGE PROPERTY

EXHIBIT B

AREA OF INTEREST



ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

APPROVED
RWB

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 7, 1982, by and between Willis F. Aye and Lona B. Aye, husband and wife, Lessor(s), and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on March 8, 1983, as Document No. 83-2623, in the records of the County of Lawrence, State of South Dakota, covering the following described property, to wit:

Name of Claim	Mineral Survey Number	Patent Number
Bailey Lode	1871	42922

DOC. NO. 83-3066

1983 APR 15 AM 10:07

YVONNE C. FORENAW
LAWRENCE COUNTY
REGISTER OF DEEDS

Fee 3.00

L-100092

ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

APPROVED
RWG

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

COCA-01-110

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 10, 1982, by and between Marcia A. Darland, a married woman dealing in her sole and separate property, Lessor, and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on February 15, 1983, as Document No. 83-2455, in the records of the County of Lawrence, State of South Dakota, covering the following described unpatented lode mining claims, to wit:

T4N-R4E, B.H.M.
Section 5: Lot 5
Section 6: Lot 8

Name of Claim	Recorded Document Number	B.L.M. Serial No.
Erik No. 1	82-5392	M MC 95380
Erik No. 2	82-5393	M MC 95381
Erik No. 3	82-5394	M MC 95382
Erik No. 4	82-5395	M MC 95383

Bear Butte Mining District, Lawrence County South Dakota.

DOC. NO. 83-3065

1983 APR 15 AM 10:06

YVONNE C. FORE
LAWRENCE COUNTY
REGISTER OF DEEDS

Fee 3.75

L-100094

ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF **I hereunto set my hand and official seal.**

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 7, 1982, by and between Whitehouse Congress, Inc., a South Dakota corporation, whose President is Willis F. Aye, Lessor(s), and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on March 8, 1983, as Document No. 83-2622, in the records of the County of Lawrence, State of South Dakota, which covers the following described property, to wit:

Name of Claim	Mineral Survey Number	Patent Number
Highland Mary Lode	326	8654

REGISTER of DEEDS

DOC. NO. 83-3067

1983 APR 15 AM 10:08

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS
Fee 3.00

L-100093

ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

APPROVED RWG

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 3, 1982, by and between Orba T. Borsch and Maria Borsch, husband and wife, and Rose E. Borsch, widow of Chester A. Borsch, Lessor(s), and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on August 3, 1983, as Document No. 83-2673, in the records of the County of Lawrence, State of South Dakota, which covers the following described property, to wit:

Name of Claim	Recorded Book	Recorded Page	B.L.M. Serial No.
Maria Lode	342	290	M MC 32414

REGISTER OF DEEDS ... SOUTH DAKOTA

DOC. NO. 83-3068

1983 APR 15 AM 10: 10

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS

Fee 3.00

L-100165

MINING LEASE—MEMORANDUM FOR RECORDING

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE—Memorandum for Recording ("Lease") is made as of this 10th day of August, 1982, by and between Marcia A. Darland, a married woman dealing in her sole and separate property, whose address is P.O. Box 504, Deadwood, South Dakota 57732, (hereinafter referred to as "Lessor"); and CYPRUS MINES CORPORATION, a Delaware corporation whose address is 7000 S. Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155 (hereinafter referred to as "Lessee").

WITNESSETH

THAT, WHEREAS, Lessor is the owner of certain unpatented lode mining claims ("the Claims") situated in Lawrence County, South Dakota, which claims are more particularly described below in

T.4N, R.4E, B.H.M.
Section 5; Lot 5
Section 6; Lot 8

Name of Claim	Recorded Document No.	BLM Serial No.
Erik No. 1	82-5392	M MC 95380 (SD)
Erik No. 2	82-5393	M MC 95381 (SD)
Erik No. 3	82-5394	M MC 95382 (SD)
Erik No. 4	82-5395	M MC 95383 (SD)

Bear Butte Mining District, Lawrence County, South Dakota containing 22.43 net acres, more or less,

WHEREAS, Lessee desires to lease the Claims for purposes of evaluation and development;

NOW, THEREFORE, with reference to the aforementioned facts and in consideration of the covenants and agreements set forth below, the parties hereto hereby agree as follows:

1. Demise

Pursuant to the terms and conditions of that certain unrecorded Mining Lease of even date herewith (the "Unrecorded Lease") between Lessor and Lessee, Lessor leased and hereby leases the Claims exclusively to Lessee, its successors and assigns, for the purposes stated in the Unrecorded Lease, together with, without limitation, any and all minerals, metals, water and water rights to the extent that Lessor can grant such rights, ores and materials of whatsoever kind and character in, upon or under or extending from or upon the Claims and any and all right, title and interest in and to the Claims which Lessor may have or hereafter acquire.

2. Term

Unless sooner terminated as provided in the Unrecorded Lease, this Lease and all of the rights herein granted shall remain in full force and effect for a period of fifteen (15) years from the effective date hereof (the Primary Term) and so long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis on the Claims.

3. Notices

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

If to Lessor: Marcia A. Darland
P.O. Box 504
Deadwood, South Dakota 57732

If to Lessee: Manager, Minerals Exploration - U.S.A.
Cyprus Mines Corporation
7200 South Alton Way
P. O. Box 3986
Englewood, Colorado 80155

With a Copy Sent To:

Property Records Supervisor
Cyprus Mines Corporation
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155

4. Unrecorded Agreement Controlling

This Mining Lease—Memorandum for Recording is being recorded to give constructive notice of the Mining Lease granted by Lessor to Lessee pursuant to the terms and conditions of the Unrecorded Lease. The incomplete statement in this Memorandum for Recording of any of the terms and provisions of the Unrecorded Lease shall not be deemed to amend or modify the Unrecorded lease which shall be the controlling instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

LESSOR:

Marcia A. Darland

Marcia A. Darland

LESSEE:

CYPRUS MINES CORPORATION

Vice President

ATTEST:

Craig A. Gardner

Asst. Secretary

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 10 day of February, 1983, before me, personally appeared H. L. Bauer, known to me to be Vice-President of the corporation that executed the within and foregoing instrument and acknowledged the said instrument to be free and voluntary act and deed of the corporation for the uses and purposes therein mentioned and on oath stated that he was authorized to execute said instrument and that the seal offered is the corporate seal of said corporation.

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

Notary Public in and for the State of Colorado
residing at 7000 S Yosemite
Englewood, Colorado

My Commission expires: 8/18/86

(seal)

STATE OF South Dakota)
) ss.
COUNTY OF Lawrence)

On this 15th day of February, 1983, personally appeared before me, Marcia A. Darland, known to me to be the person described in and who executed the within and foregoing instrument and acknowledged that she signed the same of his free and voluntary act and deed, for the uses and purposed therein mentioned.

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

Notary Public in and for the State of South Dakota
residing at Deadwood

My Commission expires: 11-20-87

(seal)

DOC. NO. 83-2455

1983 FEB 15 PM 1:20

YVONNE C. FOSS
LAWRENCE COUNTY
RECISTER

fee $6.00
JRM

MINING LEASE

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE (hereinafter the "Agreement") is made effective as of this 10th day of August, 1982, by and among Marcia A. Darland, a married woman dealing in her sole and separate property, of P.O. Box 504, Deadwood, South Dakota 57732 (hereinafter collectively referred to as "Lessor"); and CYPRUS MINES CORPORATION, a Delaware corporation (hereinafter referred to as "Lessee"), whose address is 7000 S. Yosemite Street, P.O. Box 3299, Englewood, Colorado 80115.

IN CONSIDERATION of Ten Dollars ($10.00) and other valuable consideration paid by Lessee to Lessor, receipt of which is hereby acknowledged, and in consideration of the covenants and agreements set forth in this Agreement, Lessor and Lessee agree as follows:

ARTICLE I

GRANT AND DESCRIPTION

1.1 Exclusive Lease and Grant

Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the unpatented lode mining claims described below in

T.4N., R.4E, B.H.M
Section 5; Lot 5
Section 6; Lot 8

Name of Claim	Recorded Document No.	BLM Serial No.
Erik No. 1	82-5392	M MC 95380 (SD)
Erik No. 2	82-5393	M MC 95381 (SD)
Erik No. 3	82-5394	M MC 95382 (SD)
Erik No. 4	82-5395	M MC 95383 (SD)

Bear Butte Mining District, Lawrence County, South Dakota containing 22.43 net acres, more or less,

and made a part hereof (the unpatented lode claims being hereinafter collectively referred to as the "Claims"), together with all rights, privileges and appurtenances in anywise belonging to said mining claims, including, but not limited to, easements, rights-of-way, access rights, road construction rights, water and water rights and timber and vegetative resources, together with the right to use the surface to the fullest extent reasonably necessary, appropriate, convenient, worthwhile or incidental

to any of the rights and privileges of Lessee hereunder. The Claims are leased without limitation, for purposes of surveying, evaluation, exploration, additional prospecting, drilling, developing, mining by any method or otherwise extracting, stockpiling, storing, processing, treating, removing, stripping, and marketing or otherwise disposing of any and all minerals, metals, ores and materials of whatsoever kind and character (hereinafter "Minerals") in, upon, under, or extending from or into the Claims.

1.2 Purposes

The Claims are leased to Lessee to survey, evaluate and drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship and market or otherwise dispose of any and all Minerals in, upon or under the Claims or other land in the vicinity of the Claims; and to exercise any and all rights or privileges granted in this Agreement, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Agreement. In addition, Lessee shall have unrestricted access to the Claims and the exclusive rights (i) to evaluate, develop and mine, and to extract, remove and dispose of any and all Minerals, water and waste from the Claims and to deposit such materials on or in the Claims, by means of underground or surface mining operations in or on the Claims or other property, (ii) to remove Minerals, water and waste, and materials from other property and to carry on general mining and milling operations pertaining to the Claims or other such property, on the surface of or through underground or surface workings on the Claims, (iii) to use any part of the Claims for tailings and waste dumps and for any other purpose incident to underground or surface mining operations on the Claims or other property, (iv) to erect, construct, use and maintain on the Claims such roads, buildings, structures, machinery, and equipment as may be required by Lessee for the conduct of operations on the Claims or other property, and (v) to sell Minerals and other products derived from the Claims in such forms, on such terms, at such times and for such prices as Lessee may, in its sole discretion, determine.

1.4 Scope of Operations

Lessee shall also have the exclusive right without limitation and in its sole discretion: (a) to further evaluate by drilling, seismic or other geophysical methods, to mine by any method or methods deemed desirable or convenient, including but not limited to, underground, open pit, strip, in situ, solution and leaching; and to process and treat the Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all such excavations, pits, shafts, and openings on the Claims and to inject such gas, waters, other fluids, air and other substances into

the subsurface strata thereof; (c) to stockpile, store or dispose of on or off the Claims, Minerals, waste, earth, tailings and other materials; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Claims such buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements.

1.5 Operations on Adjacent Lands

Lessee shall have the right to remove Minerals from the Claims through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Claims.

1.6 Water Use

Lessee shall have the free use of any and all water and water rights in and on the Claims.

1.7 Ingress and Egress

Lessor grants Lessee the right to use all rights-of-way for ingress to and egress from the Claims which it is within the power of Lessor to grant, together with the right to construct roads across such rights-of-way to assist Lessee in conducting its operations.

ARTICLE II

TERM OF AGREEMENT

2.1 Term

Unless sooner terminated as hereinafter provided, this Agreement and all of the rights herein granted shall remain in full force and effect for a period of fifteen (15) years from the effective date hereof (the "Primary Term") and so long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis on the Claims. For this purpose, development, mining or processing operations shall be deemed continuous so long as all such operations do not cease for a period of more than one hundred eighty (180) consecutive days, excluding periods of force majeure or lack of reasonable market conditions as provided hereafter. In the event Lessee is unable to obtain a satisfactory market for any Minerals discovered or produced from the Claims, and as a result Lessee delays commencement of development, mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this

Agreement shall not expire or terminate as a result of such period of lack of market but may be extended by Lessee's continuing payment of minimum royalties under Article III. Lessee shall use diligence in searching for a satisfactory market for the Minerals during such lack-of-market periods, and when a satisfactory market becomes available, Lessee shall have a reasonable time thereafter within which to begin or resume development, mining or processing operations.

2.2 Termination

(a) Upon written notice to Lessor, Lessee shall have the right at any time to terminate this Agreement as to any or all of the Claims and thereupon all rights and obligations of Lessee under this Agreement shall terminate. Lessee shall record an appropriate release thereof of all of its interest hereunder as to such Claims. If such notice is given on or before June 1 of any assessment year, Lessee shall have no further obligation to perform assessment work for the affected claims for the assessment year in which the notice is given.

Upon termination of this Agreement, Lessee shall:

(i) Quitclaim to Lessor all of Lessee's right, title and interest in and to the Claims to be relinquished to Lessor.

(ii) Upon the written request of Lessor made within ninety (90) days after surrender or other termination of this Agreement, Lessee shall deliver to Lessor all factual geological, metallurgical, and engineering data and maps, logs or drill hole cores and results of assaying related to the Claims which Lessee may obtain as a result of exploration work under this Agreement, provided, however, Lessee shall have no liability on account of any such data used or relied upon by Lessor. Lessee shall not be obligated to furnish Lessor with interpretive data. In the event Lessee fails to provide such information, Lessor shall have the right to obtain such data by his own efforts and be reimbursed by Lessee for the cost thereof.

ARTICLE III

CONSIDERATION

3.1 Lease Payments and Title

Upon execution of this Lease, Lessee shall pay Lessor $2,000.00 by a thirty (30) day time draft. During the time period from the date of this lease until the date the draft must be honored, Lessee may examine title to the Claims and if Lessee, in its sole discretion, determines that title defects exist, Lessee may elect not to honor

payment of such draft and this lease shall terminate. During such time period of title examination, Lessee may enter upon the Claims to investigate access and water availability and to perform general surveying but shall not conduct drilling operations of any sort unless and until such draft is honored. Lessor shall furnish to Lessee concurrently with the execution of this Lease, all location certificates, assessment work affidavits, deeds, leases, assignments, BLM filings, title reports, land status reports, title opinion and all other title data and abstracts in Lessor's possession relating to the Claims, and Lessee may conduct such examination thereof and such additional title examination as Lessee wishes, at its own expense. Neither Lessee's approval of title nor its omission to examine title shall constitute a release or waiver of Lessor's warranties and representations hereunder and all of the terms, conditions and covenants, expressed or implied herein shall continue in full force and effect.

3.2 Advance Minimum Royalty

Lessee shall make the following advance minimum royalty payments on or before the specified aniversary dates of this Lease:

Date	Amount
First through Fifth Anniversary	$5,000.00
Sixth Anniversary through Fifteenth Anniversary	$10,000.00

Annual payments made pursuant to the above schedule and the initial payment made to Lessor upon execution of this Lease shall constitute prepayment of and advances against payment of production royalties that may become payable. Lessee may credit said initial payment and all advance royalties, against production royalties accruing at any time until said initial payment and all advance royalties have been fully recouped from production royalties.

3.3 Production Royalty

(a) Lessee hereby agrees to pay to Lessor a Production Royalty of five percent (5%) of the Net Value of all Minerals as defined in Paragraph 1.1, including metals, bullion, concentrates and any other products of Minerals produced from the Claims. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Lessee from the sale of such Minerals, including ores, metals, bullion, concentrates, and any other products of Minerals to a mill, Smelter, or other purchaser, user or consumer other than Lessee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such

transportation) of such Minerals, including ores, metals, bullion, concentrates, and Mineral products to the mill, Smelter, or other purchaser, user or consumer. The term "Smelter" means conventional and custom smelters, as well as any other type of processing facility used in lieu of a conventional smelter to reduce ores or concentrates.

(b) Lessee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Minerals, including ores, metals or Mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Lessee. Any upgrading beyond the concentrate state (the stage at which beneficiation, milling, sorting, and concentrating has yielded concentrate in the form usually commercially marketable) shall be done for Lessee's sole benefit, risk and account, and the mineral products taken by Lessee for such upgrading shall be deemed to have been sold at the time of such upgrading for the purpose of computing Net Value and royalties payable thereon only, and not otherwise, at the mean of quotations for the concentrate so taken for the month of such deemed sale as reported in "Metals Week" published by McGraw-Hill, Inc., or, in the event such quotations are not published therein or such publication ceases or suspended, then at the mean of the quotations for concentrate of the type so taken for the month of such deemed sale as may be reported in such other publication or source as is generally recognized in the industry as reflecting the quotations at which such concentrates are currently being offered for sale and purchase; or in the absence of such a publication, so that the Net Value of such concentrates that are not sold by Lessee shall be deemed to be the average price received for such concentrates for the month of such deemed sales. Such deemed price shall thereby be treated as the mean of prices at which concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties as hereinafter defined. Lessee shall not be liable for mineral values lost in such processing under sound engineering practices. It is expressly understood that Lessee shall pay, or otherwise absorb, all costs and expenses incurred in all stages of the mining and treatment processes up to and including the loading of concentrates in a form which is usually commercially marketable in rail cars or such other type of transport vehicles used for transporting the concentrates from a mill or concentrator site. Lessee shall be permitted to sell concentrates in the form usually commercially marketable to an affiliated party, which is defined as its parent company or any subsidiary of its parent company (more than 50% owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to

have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

(c) All Minerals for which a royalty is payable shall be weighed or measured, sampled and analyzed in accordance with standard mining and metallurgical practices. Upon request to Lessee, and at Lessor's expense, Lessor shall have the right to have a representative present at the time samples are taken. After such measurement, Lessee may mix or commingle such ores, materials or products with ores, materials or products from other property. All sampling and analysis procedures shall be those which are generally accepted in the mining industry.

(d) Production royalties, when payable, shall accrue monthly at the end of each calendar month, and shall become due and payable quarterly on the last day of each month following the last day of the calendar quarter in which the same accrued. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the minerals, concentrates, and other mineral products processed by Lessee for the preceding calendar quarter; the proceeds of sale, costs, and other deductions; and other pertinent information in sufficient detail to explain the calculation of the production royalty payment.

(e) All production royalty payments shall be considered final and in full satisfaction of all obligations of Lessee with respect thereto, unless Lessor gives Lessee written notice describing and setting forth a specific objection to the calculation thereof within sixty (60) days after receipt by Lessor of the quarterly statement herein provided for. If Lessor objects to a particular quarterly statement as herein provided, Lessor shall, for a period of thirty (30) days after Lessee's receipt of notice of such objection, have the right, upon reasonable notice and at a reasonable time, to have Lessee's accounts and records relating to the calculation of the quarterly statement in question audited by a certified public accountant acceptable to Lessor and to Lessee. If such audit determines that there has been a deficiency or an excess in the payment made to Lessor, such deficiency or excess shall be resolved by adjusting the next quarterly production royalty payment due hereunder. Lessor shall pay all costs of such audit if no deficiency is determined. Lessee shall pay the costs of such audit if a deficiency is determined to exist. All books and records used by Lessee to calculate production royalties due hereunder shall be kept in accordance with generally accepted accounting principles. Failure on the part of Lessor to make claim on Lessee for adjustment in such period shall establish the correctness and preclude the filing of exceptions thereto or making of claims for adjustment thereon.

(f) The production royalties provided for herein shall be the total payments due Lessor for Minerals mined and removed from the Claims by Lessee hereunder. With respect to any mill tailings or other residues remaining after processing ores hereunder, it is agreed that Lessor shall have no interest in such tailings or residues, and Lessee shall be deemed to be the owner of such materials, provided that any such materials which remain on any part of the Claims for a period of one year after the effective expiration or termination of this lease as to such part shall become the responsibility and property of Lessor. Lessee shall comply with all applicable regulations concerning the disposal of such tailings or residues.

3.5 Reduction of Expenditures

Acreage changes resulting from surrender or partial assignment of any of the Claims or from the addition of property to the Claims shall not reduce or increase the amount of the annual payments provided for in Section 3.2 and the production royalties provided for in Section 3.3. If this Agreement expires or is terminated as to all of the Claims, Lessee shall not be required to make any annual payments which have not accrued prior to the date of such expiration or termination

3.6 Applicability of Other Provisions

The foregoing obligations for advance minimum royalty payments and production royalties are subject to all of the provisions of this Agreement including, without limitation, the lesser interest provisions of Section 6.3.

3.7 Salvage

Lessor shall not be entitled to share in the proceeds of salvage or other disposition of personal property or fixtures erected or placed on the Claims by Lessee.

ARTICLE IV

PAYMENTS

4.1 Agent for Payments

Lessor hereby designates all payments due under the terms hereof to be mailed or otherwise delivered to The First National Bank of the Black Hills, , at the following address Deadwood, South Dakota 57732. Said recipient of said payments shall be Lessor's agent. Such payments shall effectively and for all purposes whatsoever constitute full payment of the amount due to Lessor to the same extent as if made to Lessor directly. Said agent, and not Lessee, shall be liable for the proper distribution of all payments tendered to Lessor under the terms of this Agreement. Lessee shall not be responsible to identify or to make payments to any successors, heirs or assigns of Lessor and Lessor agrees to indemnify, defend and hold

Lessee harmless from and against any and all loss, claims, damage or liability, including reasonable attorneys' fees and other expenses, arising out of the ownership of the Production Royalties or the entitlement to the proceeds thereof, or any other payments hereunder.

4.2 Claims by Third Parties

If any third party, other than the United States of America, asserts, through a judicial proceeding, any claim to or against the Claims for any Minerals, concentrates, or Mineral products lying in or under the Claims, or to the surface of the Claims, or to any amounts payable to Lessee, Lessee may deposit any amounts otherwise due to Lessor in escrow until the controversy is finally determined. If Lessee is required to pay any third party as the result of any such claim, payment and all costs incurred by Lessee shall be credited against all payments thereafter due to Lessor.

ARTICLE V

OPERATIONS

5.1 Conduct of Operations and Compliance with Laws

Lessee agrees that all operations affecting the interests of Lessor under this Agreement shall be conducted in a good and miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Claims or operations hereunder (including, without limitation, Workmen's Compensation and Reclamation Laws); provided, however, Lessee shall be entitled to contest any applicable law, rule, regulation or order as Lessee in its sole discretion determines.

5.2 Indemnity

Lessor shall not be liable for any work performed or materials used upon the Claims by Lessee. During the term of this Agreement, Lessee shall hold Lessor and the Claims free of and harmless from all liens, charges and liabilities arising from damage to property, or injury to, or death of persons caused by any acts or omissions of Lessee with respect to the Claims.

5.3 Removal of Equipment and Minerals

Lessee shall have the right, but not the obligation unless otherwise required by law, to remove, within one (1) year after termination of this Agreement as to any part of the Claims any and all structures, machinery, equipment or other personal property or fixtures which Lessee erected or placed on any part of the Claims. Lessee shall also have the right to remove, during said period, all Minerals,

concentrates and other products of Minerals mined or extracted by Lessee from the Claims during the term of this Agreement. All roads and bridges built on any part of the Claims, along with any water right initiated or established by Lessee, the point of surface diversion or ground water, withdrawal of which is on such part, will, upon the expiration or termination of this Agreement as to such part, if the surface rights of the Claims are owned by Lessor, become the property of Lessor without cost.

5.4 Inspection by Lessor

Lessor and Lessor's agents, duly authorized in writing, may enter upon the Claims to inspect the same upon reasonable notice to Lessee and in a manner and at a time which will not unreasonably hinder or interrupt the operations and activities of Lessee on the Claims or on any lands adjacent thereto. Lessee shall facilitate and assist such inspections by Lessor in every reasonable way, but Lessor shall enter upon the Claims at Lessor's sole risk and expense and shall indemnify, defend and hold Lessee harmless from any and all loss, claims, damage, or liability including reasonable attorneys' fees and other expenses arising from or by reason of injury to or the presence of Lessor, Lessor's agents, representatives, licensees or guests, or any of them, on the Claims, except damage or injury caused by the gross negligence or willful misconduct of Lessee. Lessor agrees to treat all information acquired hereunder as confidential during the term of this Lease and for three years after its expiration.

5.5 Public Statements

Lessor shall not use Lessee's name, its parent, subsidiaries, affiliates or partners in any public statement or press release and shall make no press releases, public statements or public announcements of any sort concerning this Agreement or the operations and activities of Lessee with respect thereto.

ARTICLE VI

TITLE

6.1 Representations and Warranties

Lessor hereby warrants and represents to Lessee that:

(a) Lessor has the full and exclusive right and power to act on behalf of Lessor, and on behalf of any other interested person or entities, to lease the Claims to Lessee under the terms and provisions of this Agreement and to grant the rights granted to Lessee hereunder;

(b) The Claims are free and clear of all liens and encumbrances except as set forth herein;

(c) While this Agreement remains in effect, Lessor will not place upon or cause to be placed upon the Claims any lien or encumbrance; and

(d) With respect to the unpatented lode mining claims described herein Lessor further represents that the Claims have been properly located and recorded according to the laws of the United States , including the Federal Land Policy and Management Act of 1976 and the regulations adopted thereunder if applicable, and the State of South Dakota.

(e) Lessor warrants that all cornerposts, discovery monuments and notices required were erected, placed, filed and recorded as required by law, thus establishing Lessor's title to the Claims, and that Lessor has no knowledge of any other person or persons claiming any interest in the Claims or ground covered.

(f) Lessor specially warrants title to the Claims as against any person claiming by, through or under Lessor.

6.2 Lesser Interest

Except as provided herein, in the event Lessor owns an interest in the Claims which is less than the entire, undivided interest in the Claims, whether or not such lesser interest is referred to herein, then the payments provided for in Article III shall be proportionately reduced and paid to Lessor only in the proportion that Lessor's interest therein bears to the whole and undivided interest in the Claims. Lessor shall be entitled to retain only such proportion of the monies previously paid to Lessor hereunder as Lessor's said interest bears to the whole and undivided interest in the Claims and Lessee shall be entitled to offset all other monies previously paid Lessor hereunder against monetary obligations which thereafter become due and payable to Lessor hereunder. Nothing in this Section is intended to impair Lessee's rights under the representations and warranties set forth in Section 6.1 hereof in the event of failure of title.

6.3 Redemption of Liens

Lessor agrees to pay promptly, upon the demand of a creditor, any mortgages, taxes, or other liens which Lessor has placed or caused to be placed upon the Claims, except where Lessor in good faith disputes the obligation. Lessee, at its option, may discharge any mortgages, taxes, or other liens on the Claims, either in whole or in part, in the event of default by Lessor, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Lessor in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Lessee, in addition to the right of subrogation herein granted, Lessee shall

also have the right to retain any monetary obligations which may become due Lessor hereunder, and to repay Lessee therefrom, and the retention of such monies by Lessee shall have the same effect as if paid to the Lessor in whose behalf payment of any mortgage, taxes or other liens was made.

ARTICLE VII

TAXES

7.1 Taxes

Lessor agrees to pay promptly when due all taxes resulting from Lessor's use of the Claims, except as hereinafter provided. During the term of this Agreement, Lessee shall reimburse Lessor for all real property taxes, ad valorem and assessments, assessed against the Claims. Lessee agrees, during the term of this Agreement, to pay promptly when due all taxes levied and assessed upon Lessee as an employer, upon fixtures and personal property placed by Lessee on the Claims. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Agreement, Lessor and Lessee shall bear their pro rata share, provided that, where the tax is levied or computed on the amount or value of ores produced, the pro rata share of Lessor shall be determined by multiplying the gross amount of royalties paid to Lessor during the taxing period by the applicable tax rate, the balance of the tax being Lessee's pro rata share. All taxes shall be paid when due and before delinquent, but Lessee shall be under no obligation to pay any tax so long as such tax is being contested in good faith. Both Lessor and Lessee shall have the right in good faith to contest any tax or assessment, whether payable by Lessor or Lessee, but shall not permit the Claims or any improvements or personal property thereon to be sold for such taxes or assessments.

7.2 Tax Election

If the relationship of the parties hereto is deemed to be a partnership for tax purposes, each of the parties hereto hereby elects to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States of America or his delegate, insofar as said Subchapter K or any portion or portions thereof may be applicable to the joint operations under this Agreement, and from any comparable provisions of applicable state law, and hereby binds itself to

do any and all things necessary or proper in the premises from time to time in order to effectuate such election under the authority of Section 761(a) of said United States Internal Revenue Code of 1954 as amended and the corresponding provisions of any subsequent internal revenue laws of the United States of America.

ARTICLE VIII

COMMINGLING

8.1 Commingling

(a) Lessee shall have the right to commingle ore from the Claims with other ore. Before any commingling, Lessee shall (i) weigh and sample the ore from the Claims and (ii) assay such samples, or cause them to be assayed, to determine moisture and metal content. Lessee shall keep records showing weights, percentage of metal content, and gross metal content of the ore from the Claims. Such weighing, sampling and assaying shall be conducted in accordance with sound mining and metallurgical practices. From this information, Lessee shall calculate the average grade of ore from the Claims or the average grade of ore sent for processing in the accounting quarter used by Lessee.

(b) If concentrates are produced, the average per cent recovery for the accounting quarter will be used to determine the amount of metal in the concentrate derived from the Claims. Lessee shall sample the concentrate and shall assay such samples, or cause them to be assayed, to determine moisture and metal content. Lessee shall determine the weight of concentrate derived from the Claims by using the average grade of all concentrate for the accounting quarter.

(c) In computing royalty payments, credits for the metal shall be based upon the amount of metal contained in the ore or upon the amount of metal contained in the concentrate produced from the ore mined or removed from the Claims, as may be appropriate, and charges based on the weight of ore or concentrate shall be based upon the weight of the ore from the Claims or concentrate derived from the Claims, as may be appropriate, for the accounting quarter. Lessee may, at its option, assay the ore from the Claims and other ore for penalty substances. Charges for penalty substances shall be allocated proportionally between the ore from the Claims and other ore on the basis of the gross penalty substance content of each ore.

8.2 Consent

Lessor by executing this Agreement hereby consents to any unit plan that Lessee, in its discretion, may adopt in conformity with Section 8.1 hereof. Upon the request of Lessee, Lessor shall formally consent to any such unit plan by executing a written consent thereto prepared by Lessee.

ARTICLE IX

DEFAULT, FORCE MAJEURE AND DISPUTES

9.1 Default

Failure by Lessee to perform or comply with any of the terms, provisions or conditions of this Agreement, expressed or implied, including payment of monetary obligations, shall not automatically terminate this Agreement nor render it null or void. In case of such default, Lessor may notify Lessee in writing of such breach, and Lessee shall have a period of thirty (30) days after receipt of such notice within which to cure the default or diligently commence to cure the default within a reasonable time, provided that the period of time for remedying such default shall be extended by any time that Lessee is prevented from acting because of force majeure conditions or periods of lack of market. If Lessee fails to cure or diligently commence to cure the default within the time herein stated, Lessor may thereupon terminate this Agreement by giving written notice to Lessee of such termination.

9.2 Implied Conditions

The Lessor and Lessee expressly agree that this Agreement shall not be subject to any implied covenant or condition whatsoever relating to evaluation, development, mining or production, or the time thereof, or to any operations of Lessee hereunder or to the measure of diligence thereof, except as specifically provided in this Agreement.

9.3 Force Majeure

The failure to perform or to comply with any of the covenants or conditions of this Agreement, either expressed or implied, on the part of Lessee shall not be a ground for cancellation or termination or forfeiture hereof, during such time as such failure to perform is caused, or compliance is prevented by storms, droughts or other severe weather conditions, fire, floods, washouts or landslides, accidents, mill shutdown, damage to or destruction of mill or mill plant facilities, or inability, after diligent effort, to obtain competent labor service or materials, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, enactment of regulations of governmental authority or legal actions;

acts of God; or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from, and not be held liable for, such failure to perform or to comply. If Lessee is prevented from engaging in development, mining, or processing operations by any such cause, the time of such delay or interruption shall not be counted against the term hereof, anything in this Agreement to the contrary notwithstanding, and the term of this Agreement shall be extended while and so long as Lessee is so prevented from conducting such operations. Lessee shall notify Lessor of any event of force majeure as soon as possible after affected thereby. The existence of any event of force majeure shall not relieve Lessee of the obligation to make payments and production royalty payments specified in Article III.

9.4 Disputes or Adverse Claims

In case of judicial suit or administrative contest, Lessee shall not be in default in payments due hereunder until such suit or administrative contest has been finally disposed of, and Lessee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient, in Lessee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Lessee hereunder be disputed, it shall not be counted against Lessee either as affecting the term of this Agreement (which shall be extended by the period of dispute) or for any other purpose, and Lessee may withhold the making of all payments due Lessor hereunder, without interest, until there is a final adjudication or other determination of such dispute.

ARTICLE X

ASSIGNMENT

10.1 Assignment

The rights and estate of either party may be transferred or assigned, in whole or in part, provided that no change or division in the ownership of the Claims shall be binding on Lessee until forty-five (45) days after receipt of notice to Lessee, together with a certified copy of the recorded instrument or instruments evidencing such change or division. Notwithstanding the above, no change or division in ownership of the Claims shall operate to enlarge the obligations or diminish the rights of Lessee under this Agreement. In the event this Agreement shall be transferred or assigned as to a part or parts of the Claims, and the Lessee or assignee or assignees of any part or parts shall fail to make or default in the payment of the proportionate part of the annual payments or Production Royalties due from him or them or otherwise breach any covenants contained herein, such default shall not operate to defeat or

affect this Agreement insofar as it covers any other part or parts of the Claims. Assignment of this Agreement by Lessee shall, to the extent of such assignment, relieve and discharge Lessee of all obligations hereunder which have not theretofore become due.

10.2 Binding Effect

All of the covenants and terms of this Agreement shall run with the land and shall inure to the benefit of, and be binding upon, the parties hereto and their devisees respective heirs, personal representatives, successors and assigns.

ARTICLE XI

RELOCATION AND ASSESSMENT WORK

11.1 Amendments, Relocations and Patents

Lessee may, in the name of Lessor, amend or relocate any or all of the unpatented mining claims included in the Claims and may locate any fractions resulting from such amendment or relocation. Lessor agrees to apply for patent on any or all of the unpatented mining claims upon the request of Lessee. All expenses incurred by Lessee in connection with amending or relocating mining claims or prosecuting patenting proceedings shall be borne by Lessee.

11.2 Assessment Work

Lessee agrees to perform the assessment work for the benefit of the Claims for each assessment year in which this Agreement continues beyond June 1; provided, however, in the event Lessee terminates this Agreement at any time prior to June 1 of any assessment year, it shall not be responsible for performing the assessment work on the Claims for that assessment year. In addition, Lessee shall record on behalf of Lessor, as required by law, the affidavit of such work with the appropriate county and Bureau of Land Management offices, as required by state law and the Federal Land Policy and Management Act. If any court or governmental agency determines that work performed by Lessee does not constitute assessment work required by federal and state law, Lessee shall nevertheless be deemed to have complied with this Agreement if the work performed is of the kind generally accepted in the mining industry as assessment work under this existing law. In any year in which the owners of the Claims shall be exempted by law from performing assessment work, Lessee shall prepare, or cause to be prepared, and file any notices, including notices of intention to hold, or other instruments required to take advantage of the exemption. Lessee shall send to Lessor a copy of all affidavits and other documents filed pursuant to this paragraph.

ARTICLE XII

OTHER PROVISIONS

12.1 Notices

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing sent by registered or certified mail, postage prepaid, return receipt requested, or by telex, to the following addresses:

If to Lessor: Marcia A. Darland
P.O. Box 504
Deadwood, South Dakota 57732

If to Lessee: Manager, Minerals Exploration - USA
Cyprus Mines Corporation
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155

With a copy to: Property Records Supervisor
Cyprus Mines Corporation
7000 South Yosemite Street
P. O. Box 3299
Englewood, Colorado 80155

Either party may by written notice change its above address. Unless otherwise provided herein, such notice shall be deemed effective when either delivered by personal service or deposited in the U. S. Mail.

12.2 Counterparts

This Agreement may be executed in any number of counterparts and shall be binding upon all owners of interests in the Claims executing the same or a counterpart hereof, whether or not named herein as one of the Lessors, and whether or not other owners of interests in the Claims have executed other counterparts or have not entered into this Agreement. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

12.3 Further Acts

Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such documents which are available as are reasonably necessary to carry out the provisions of this Agreement. Lessor also agrees to cooperate at all times with Lessee in any reasonable manner to assist Lessee in the effecting of the purpose of this Agreement.

12.4 Severance

Should any portion of this Agreement be declared invalid and unenforceable by any judicial action, then such portion shall be deemed to be severed from this Agreement and shall not affect the remainder thereof.

12.5 Construction

When required by the context, the singular shall include the plural and vice versa, and the masculine shall include the feminine and vice versa.

12.6 Governing Law

This Agreement shall be governed by the law of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

12.7 Attorney's Fees

If either party commences an action against the other to enforce any of the terms of this Agreement or because of the breach by either party of any of the terms hereof, the losing or defaulting party shall pay the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action.

12.8 Recordation

This Agreement may not be recorded. Concurrently with the Agreement, the parties shall execute and record a Memorandum for Recording in the form attached hereto as Exhibit "A." Such memorandum, if any, shall be of the same date hereof and covering the same Claims, may be recorded but is not intended to supersede, abrogate, change, alter or modify any terms of this agreement.

12.9 Headings for Convenience

Headings used herein are for convenience only and do not constitute part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

LESSOR:

Marcia A. Darland

Marcia A. Darland

LESSEE:

CYPRUS MINES CORPORATION

Vice President

ATTEST:

Craig A. Gardner

Asst. Secretary

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 10 day of February, 1983, before me, personally appeared H. L. Bauer, known to me to be Vice-President of the corporation that executed the within and foregoing instrument and acknowledged the said instrument to be free and voluntary act and deed of the corporation for the uses and purposes therein mentioned and on oath stated that he was authorized to execute said instrument and that the seal offered is the corporate seal of said corporation.

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

Notary Public in and for the State of Colorado
residing at 7000 S Yosemite Englewood, Colorado

My Commission expires: 8/9/86

(seal)

STATE OF South Dakota)
) ss.
COUNTY OF Lawrence)

On this 15 day of February, 1983, personally appeared before me, Marcia A. Darland, known to me to be the person described in and who executed the within and foregoing instrument and acknowledged that she signed the same of his free and voluntary act and deed, for the uses and purposed therein mentioned.

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

Notary Public in and for the State of South Dakota
residing at [illegible]

My Commission expires:
4/26/87

(seal)

EXHIBIT A

MINING LEASE—MEMORANDUM FOR RECORDING

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE—Memorandum for Recording ("Lease") is made as of this 10th day of August, 1982, by and between Marcia A. Darland, a married woman dealing in her sole and separate property, whose address is P.O. Box 504, Deadwood, South Dakota 57732, (hereinafter referred to as "Lessor"); and CYPRUS MINES CORPORATION, a Delaware corporation whose address is 7000 S. Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155 (hereinafter referred to as "Lessee").

WITNESSETH

THAT, WHEREAS, Lessor is the owner of certain unpatented lode mining claims ("the Claims") situated in Lawrence County, South Dakota, which claims are more particularly described below in

T.4N, R.4E, B.H.M.
Section 5; Lot 5
Section 6; Lot 8

Name of Claim	Recorded Document No.	BLM Serial No.
Erik No. 1	82-5392	M MC 95380 (SD)
Erik No. 2	82-5393	M MC 95381 (SD)
Erik No. 3	82-5394	M MC 95382 (SD)
Erik No. 4	82-5395	M MC 95383 (SD)

Bear Butte Mining District, Lawrence County, South Dakota containing 22.43 net acres, more or less,

WHEREAS, Lessee desires to lease the Claims for purposes of evaluation and development;

NOW, THEREFORE, with reference to the aforementioned facts and in consideration of the covenants and agreements set forth below, the parties hereto hereby agree as follows:

1. Demise

Pursuant to the terms and conditions of that certain unrecorded Mining Lease of even date herewith (the "Unrecorded Lease") between Lessor and Lessee, Lessor leased and hereby leases the Claims exclusively to Lessee, its successors and assigns, for the purposes stated in the Unrecorded Lease, together with, without limitation, any and all minerals, metals, water and water rights to the extent that Lessor can grant such rights, ores and materials of whatsoever kind and character in, upon or under or extending from or upon the Claims and any and all right, title and interest in and to the Claims which Lessor may have or hereafter acquire.

2. Term

Unless sooner terminated as provided in the Unrecorded Lease, this Lease and all of the rights herein granted shall remain in full force and effect for a period of fifteen (15) years from the effective date hereof (the Primary Term) and so long thereafter as any development, mining or processing operations are being conducted hereunder on a continuous basis on the Claims.

3. Notices

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

If to Lessor: Marcia A. Darland
P.O. Box 504
Deadwood, South Dakota 57732

If to Lessee: Manager, Minerals Exploration - U.S.A.
Cyprus Mines Corporation
7200 South Alton Way
P. O. Box 3986
Englewood, Colorado 80155

With a Copy Sent To:

Property Records Supervisor
Cyprus Mines Corporation
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155

4. Unrecorded Agreement Controlling

This Mining Lease—Memorandum for Recording is being recorded to give constructive notice of the Mining Lease granted by Lessor to Lessee pursuant to the terms and conditions of the Unrecorded Lease. The incomplete statement in this Memorandum for Recording of any of the terms and provisions of the Unrecorded Lease shall not be deemed to amend or modify the Unrecorded lease which shall be the controlling instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

LESSOR:

Marcia A. Darland

Marcia A. Darland

LESSEE:

CYPRUS MINES CORPORATION

Vice President

ATTEST:

Secretary

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1983, before me, personally appeared _____, known to me to be _____ of the corporation that executed the within and foregoing instrument and acknowledged the said instrument to be free and voluntary act and deed of the corporation for the uses and purposes therein mentioned and on oath stated that he was authorized to execute said instrument and that the seal offered is the corporate seal of said corporation.

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

_____
Notary Public in and for the State of
_____
residing at _____

My Commission expires:

(seal)

STATE OF North Dakota)
) ss.
COUNTY OF Burleigh)

On this 15th day of Feb, 1983, personally appeared before me, Marcia A. Darland, known to me to be the person described in and who executed the within and foregoing instrument and acknowledged that she signed the same of his free and voluntary act and deed, for the uses and purposed therein mentioned.

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

Marcia A. Darland
Notary Public in and for the State of
North Dakota
residing at Bismarck

My Commission expires: 4-20-87

(seal)

ASSIGNMENT OF INTEREST

THIS ASSIGNMENT is made and entered into as of the 31st day of March, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to assign an undivided twenty (20%) percent interest in that lease identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby sell, assign, transfer, and convey to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that lease identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This assignment is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this assignment effective as of the date first above written.

CYPRUS MINES CORPORATION

By: _____
H. L. Bauer, Jr.
Vice President

APPROVED

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 31st day of March, 1983, before me, Mariann Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

_____
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: February 5, 1986

EXHIBIT A

Attached to and made a part of that certain Assignment of Interest dated the 31st day of March, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described Mining Lease:

Mining Lease dated August 10, 1982, by and between Marcia A. Darland, a married woman dealing in her sole and separate property, Lessor, and Cyprus Mines Corporation, Lessee, a Memorandum of which was recorded on February 15, 1983, as Document No. 83-2455, in the records of the County of Lawrence, State of South Dakota, covering the following described unpatented lode mining claims, to wit:

T4N-R4E, B.H.M.
Section 5: Lot 5
Section 6: Lot 8

Name of Claim	Recorded Document Number	B.L.M. Serial No.
Erik No. 1	82-5392	M MC 95380
Erik No. 2	82-5393	M MC 95381
Erik No. 3	82-5394	M MC 95382
Erik No. 4	82-5395	M MC 95383

Bear Butte Mining District, Lawrence County South Dakota.

MINING LEASE

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE is made this 29 day of August, 1983 by and between GERALDINE BORSCH FAHRNI, SPECIAL ADMINISTRATRIX OF THE ESTATE OF FREDERICK G. BORSCH, DECEASED (hereinafter collectively referred to as "Lessor," whether one or more), whose address is Star Route B, Box 85, Piedmont, South Dakota 57769, and CYPRUS MINES CORPORATION, a Delaware Corporation (hereinafter referred to as "Lessee"), whose address is 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155.

IN CONSIDERATION OF the rentals, royalties, covenants and agreements set forth in this lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

SECTION ONE. GRANT AND DESCRIPTION

1-1. **Exclusive Lease**. Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the property described below (which property is hereinafter referred to as the "Premises").

PATENTED CLAIMS

Claim	Mineral Survey	Patent
Black Dan Lode	327	8653 dated 1/21/1884
Old Pennsylvania Lode	1632	38548 dated 4/9/1904

Containing 19.455 acres, more or less, in T.4N., R.4E., B.H.M., Bear Butte Mining District, Lawrence County, South Dakota.

1-2. **Subject Minerals; Application to Future Interests**. The Premises leased hereunder include, without limitation, any and all minerals, metals, ores and materials of whatsoever kind and

character, except oil, gas and associated liquid hydrocarbons (which included minerals, metals, ores and materials are hereinafter referred to as the "Subject Minerals"), in, upon, under or extending from or into the Premises; and any and all right, title and interest in or to the Premises (including Subject Minerals) which Lessor may hereafter acquire.

1-3. Purposes. The Premises are leased to Lessee to survey, explore for, prospect, drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship, and market or otherwise dispose of any or all Subject Minerals in, upon, or under the Premises (hereinafter referred to, individually or together, as the "Operations"); and to exercise any and all rights or privileges granted in this Lease, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Lease.

1-4. Lessee's Discretion in Operations. The Operations and connected activities hereunder shall be performed only to the extent Lessee in its sole discretion deems desirable or convenient, and at such times and locations, and by or with such methods, as Lessee may deem desirable or convenient in its sole discretion. In consideration of the annual payments to be paid to Lessor under Section Three herein, Lessor agrees that Lessee shall be under no obligation during the term of this Lease to perform any Operations on the Premises except for the express obligations of this Lease, including the provisions of Section Three relating to Evaluation Expenditures. Without limitation, Lessee shall have the right in its sole discretion: (a) to prospect by drilling, seismic or other geophysical methods; to mine by any method or methods deemed desirable or convenient, including underground, open pit, strip, solution and leaching; and to process and treat the Subject Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all such excavations, pits, shafts, and openings on the Premises, and to

BT HLS

inject such gas, waters, other fluids, air, and other substances into the subsurface strata of the Premises, as may be desirable or convenient for or in connection with the Operations; (c) to stockpile, store or dispose of on the Premises ore, waste, earth, tailings and other material resulting from the Operations, whatever its sources; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Premises such buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements as may be desirable or convenient from time to time for or in connection with the Operations and (e) the right to use so much of the surface and subsurface of the Premises as may be reasonably necessary in Lessee's sole judgment to exercise the rights and privileges granted by this Lease.

1-5. Operations on Adjacent Lands. Lessee shall have the right to remove the Subject Minerals from the Premises through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Premises which is not owned by Lessor. Lessee shall have the right to use the Premises and any and all works and improvements thereon for or in connection with Operations on lands in the vicinity of the Premises, whether or not contiguous (including for the disposal of waste materials), and to construct and use additional facilities on the Premises for said purposes. Such right will continue after the expiration of this Lease for so long as Lessee concludes that continued use of the Premises or works or improvements thereon is desirable or convenient in connection with such Operations on lands in the vicinity of the Premises; provided that, in the event such right is so continued, Lessee may extend this Lease as to the portion of the Premises desirable or convenient to the enjoyment of such

right by notifying Lessor and paying the annual payments in the same amount and in the same manner set out in Section Three.

1-6. Water Use. Lessee shall have the free use of all water and water rights in and on the Premises to the extent Lessee deems reasonably necessary for its Operations, insofar as Lessor is able to grant such right, excluding Lessor's water wells and water impounded by Lessor. Lessee shall also have the right independently to secure water rights and in that connection to explore for, file for and appropriate water on or off the Premises for use in or in connection with the Operations. Lessee shall have the right, in its sole discretion, to develop, drill for, divert, transport and store water on or off the Premises and to construct, use, maintain, repair and remove from the Premises such ditches, pipelines, ponds, dams, reservoirs and other structures, works and improvements as may be desirable or convenient in exercising Lessee's rights under this paragraph. Lessee agrees to exercise diligence at all times to use no more water than in its judgment is required and further agrees to use all reasonable means of preventing waste of water.

1-7. Ingress and Egress. Lessor grants to Lessee the right to use all rights-of-way for ingress to and egress from the Premises which it is within the power of Lessor to grant, together with the right to construct roads across such rights-of-way to assist Lessee in conducting its Operations, provided that Lessee shall consult with Lessor as to the least intrusive routes.

SECTION TWO: TERM OF LEASE

2-1. Term. Unless sooner terminated as hereinafter provided, this Lease and all of the rights herein granted shall remain in full force and effect for ten (10) years from the effective date hereof (the "Primary Term") and as long thereafter as any mining or processing operations are being conducted

hereunder on a continuous basis on the Premises. For this purpose, mining or processing operations shall be deemed continuous so long as all such operations do not cease for a period of more than one hundred eighty (180) consecutive days, excluding periods of force majeure as provided hereafter. In the event Lessee is unable to obtain a satisfactory market for Subject Minerals discovered or produced on the Premises, and as a result Lessee delays commencement of mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this Lease shall not expire or terminate during such period of lack of market but may be extended by Lessee's continuing payment of annual payments under Section Three. Lessee shall use diligence in searching for a satisfactory market for the Subject Minerals during such lack-of-market periods, and when a satisfactory market becomes available Lessee shall have a reasonable time thereafter within which to begin or renew mining or processing operations.

2-2. Surrender. Lessee may at any time and from time to time execute and deliver to Lessor a release or releases covering all or any portion or portions of the Premises, and thereby terminate this Lease as to all or such portion or portions, provided that the annual payments in Section Three shall not be reduced by a partial termination.

SECTION THREE. CONSIDERATION

3-1. Initial Payment. Promptly following execution of this Lease by Lessor and Lessee, Lessee shall pay to Lessor the sum of Two Thousand Dollars ($2,000.00).

3-2. Advance Minimum Royalty. Lessee shall make the following advance minimum royalty payments on or before the specified annual anniversary dates of this Lease:

#463

	Amount
First anniversary date	$ 5,000.00
Second anniversary date	$ 5,000.00
Third anniversary date	$ 5,000.00
Fourth anniversary date	$ 5,000.00
Fifth anniversary date through the Fourteenth anniversary date	$ 10,000.00
Fifteenth anniversary date and each anniversary date thereafter	$ 20,000.00

Annual payments made pursuant to the above schedule and the payment made to Lessor upon execution of this Lease shall constitute prepayment of and advances against payment of production royalties that may become payable. Lessee may credit the payment made upon execution and all annual advance royalties against production royalties accruing at any time until said payment and annual advance royalties have been fully credited against production royalties.

3-3. **Termination**. Acreage changes resulting from partial termination will not reduce the annual payments as provided above. If this Lease expires or is terminated as to all of the Premises, Lessee shall not be required to pay any annual payments accruing after the effective date of expiration or termination.

3-4. **Evaluation Expenditures**. Beginning on the date of execution hereof, Lessee shall expend on the Premises or on any adjacent property controlled by Lessee as Evaluation Expenditures a total of Three Hundred Thousand Dollars ($300,000.00) prior to the second anniversary date of this Lease, provided, however, that a minimum expenditure of Ten Thousand Dollars ($10,000.00) shall be made directly on the Premises, or other property leased to Lessee by Lessor, in Lawrence County, South Dakota, prior to the first anniversary date of this Lease. "Evaluation Expenditures" shall be deemed to mean and include the costs of evaluation, further exploring, and developing the Premises or adjacent

#403

property controlled by Lessee including the drilling, excavating and searching by all recognized prospecting techniques; sampling, assaying, testing and evaluating materials removed therefrom; mapping, platting, surveying; constructing and maintaining camps, roads, works and structures necessary to carry out evaluation, sampling or testing; all title curative and other land work; all studies required to develop a mine and all work that may be required for preparing a mine for operation, including the opening of a mine, the construction and installation of operating facilities and the procurement of labor, materials, tools, equipment, machinery and supplies necessary thereto.

Evaluation Expenditures made by Lessee on the Premises in satisfaction of the above requirement shall be evidenced by the mailing to Lessor of a report setting forth such expenditures by Lessee. Evaluation Expenditures made by Lessee on the Premises or any adjacent property controlled by Lessee shall be evidenced by the mailing to Lessor of a report setting forth such expenditures during the first two anniversary years by Lessee.

3-5. Applicability of Other Provisions. The foregoing obligations for annual payments are subject to all of the provisions of this Lease, including, without limitation, the lesser interest provisions.

SECTION FOUR. PRODUCTION ROYALTIES

4-1. Production Royalty.

(a) Lessee hereby agrees to pay to Lessor a production royalty of five percent (5%) of the Net Value of all Subject Minerals, including ores, metals, concentrates and mineral products derived from the Premises. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Lessee from the sale of such Subject Minerals, including ores, metals, concentrates, and mineral products to a mill, smelter, or

other purchaser, user or consumer other than Lessee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of such Subject Minerals, to the mill, smelter, or other purchaser, user or consumer. The term "Smelter" means conventional smelters, as well as any other type of production plant used in lieu of a conventional smelter to reduce ores or concentrates.

(b) Lessee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Subject Minerals, including ores, metals or mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Lessee. Any upgrading beyond the concentrate state (the stage at which beneficiation, milling, sorting, and concentrating has yielded concentrate in the form usually commercially marketable) shall be done for Lessee's sole benefit, risk and account, and the mineral products taken by Lessee for such upgrading shall be deemed, for the purpose of computing Net Value and royalties payable thereon only, and not otherwise, to have been sold at the mean of quotations for the concentrate so taken for the month of such takings as reported in "Metals Week" published by McGraw-Hill, Inc. In the event such quotations are not published therein or such publication ceases or suspended, then such mineral products shall be deemed to have been sold at the mean of the quotations for concentrate of the type so taken for the month of such taking as may be reported in such other publication or source as is generally recognized in the industry as reflecting the quotations at which such concentrates are currently being offered for sale and purchase, or in the absence of such a publication, by such other means as may establish such quotations to the end that in determining the Net Value of such concentrates as are not sold by Lessee, but are

taken by it, the price received for such concentrates shall be deemed to be the mean of prices at which concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties. Lessee shall not be liable for mineral values lost in such processing under sound engineering practices. Lessee shall be permitted to sell concentrates in the form usually commercially marketable to its parent company or any subsidiary of its parent company (more than 50 percent owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

4-2. **Measurement and Mixing**. All Subject Minerals for which a royalty is payable shall be weighed or measured, sampled and analyzed in accordance with good practice. Upon request to Lessee, and at Lessor's expense, Lessor shall have the right to have a representative present at the time samples are taken. After such measurement, Lessee may mix or commingle such ores, materials or products with ores, materials or products from other property.

4-3. **Time of Payment**. Production royalties, when payable, shall accrue monthly at the end of each calendar month, and shall become due and payable quarterly on the fifteenth day of each month following the last day of the calendar quarter in which the same accrue. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the minerals, concentrates, and other mineral products processed by Lessee for the preceding calendar quarter; the proceeds of sale, costs, and other deductions; and other pertinent information in sufficient detail to explain the calculation of the production royalty payment.

4-4. Statements. All production royalty payments shall be considered final and in full satisfaction of all obligations of Lessee with respect thereto, unless Lessor gives Lessee written notice describing and setting forth a specific objection to the calculation thereof within sixty (60) days after receipt by Lessor of the quarterly statement herein provided for. If Lessor objects to a particular quarterly statement as herein provided, Lessor shall, for a period of thirty (30) days after Lessee's receipt of notice of such objection, have the right, upon reasonable notice and at a reasonable time, to have Lessee's accounts and records relating to calculation of the quarterly statement in question audited by a certified public accountant acceptable to Lessor and to Lessee. If such audit determines that there has been a deficiency or an excess in the payment made to Lessor, such deficiency or excess shall be resolved by adjusting the next quarterly production royalty payment due hereunder. Lessor shall pay all costs of such audit. All books and records used by Lessee to calculate production royalties due hereunder shall be kept in accordance with generally accepted accounting principles. Failure on the part of Lessor to make claim on Lessee for adjustment in such period shall establish the correctness and preclude the filing of exceptions thereto or making of claims for adjustment thereon.

4-5. Tailings. The production royalties provided for herein shall be the total payments due Lessor for Subject Minerals mined and removed from the Premises by Lessee hereunder. With respect to any mill tailings or other residues remaining after processing ores hereunder, it is agreed that Lessor shall have no interest in such tailings or residues, and Lessee shall be deemed to be the owner of such materials. Any such materials which remain on any part of the Premises for a period of one year after the effective expiration or termination of this Lease as to such part shall become the property of Lessor, but Lessee shall not be relieved of

compliance with all applicable regulations concerning the disposal of such tailings or residues.

SECTION FIVE. MANNER OF PAYMENT

5-1. Agent for Payments. Lessor hereby designates Norwest Bank Black Hills, N.A., Account Number _____, with a mailing address of P.O. Box 526, Deadwood, South Dakota 57732, as its depository bank (hereinafter the "Bank") to act as its agent to receive from Lessee all payments due under the terms hereof, and all such payments may be made by paying or tendering the same to the Bank for Lessor's credit, and the Bank shall continue as the depository for all payments hereunder regardless of any changes in ownership of the Premises or Production Royalty and regardless of any changes in the right to receive any payment due hereunder. All charges of the Bank shall be for Lessor's account. A single payment or tender to the Bank shall be made for each installment of production royalties, annual payments, or surface damages due hereunder, and such payment shall effectively and for all purposes whatsoever constitute full payment of the amount due to Lessor to the same extent as if made to Lessor directly. Lessee shall not be responsible to identify or to make payments to any successors, heirs or assigns of Lessor and Lessor agrees to indemnify, defend and hold harmless from and against any and all loss, claims, damage or liability, including reasonable attorneys' fees and other expenses, arising out of the ownership of the production royalties or the entitlement to the proceeds thereof, or the right to receive any annual payment due hereunder. In the event the Bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept royalties or any payment due hereunder, or should the owners of all rights to payments hereunder desire to designate another depository bank, then Lessee shall have no obligation to make payment or tender of payments until thirty (30) days after said persons shall deliver to Lessee a proper instrument naming a

bank as agent to receive such payments or tenders. Lessee shall not be responsible for the proper distribution of annual payments, production royalties or surface damage payments to Lessor.

SECTION SIX. OPERATIONS AND DAMAGES

6-1. **Standard of Operations**. Lessee agrees that all Operations affecting the interests of Lessor under this Lease shall be conducted in a good and miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Premises or Operations hereunder (including, without limitation, Workmen's Compensation Laws).

6-2. **Damages**. The compensation herein provided to Lessor shall be deemed to be full payment to Lessor for any damage which may be caused to the Premises by Lessee's Operations hereunder so long as Lessee conducts its Operations in a reasonable and prudent manner without negligence on the part of Lessee; provided, however, Lessee agrees to reimburse Lessor for actual damage to or destruction of roads, fences, ditches, buildings, growing crops, livestock and personal property, if any, belonging to Lessor caused by the Operations, or, in the sole discretion of Lessee, to replace or repair any property that has been so damaged or destroyed.

6-3. **Reclamation**. Lessee shall comply with all applicable and valid governmental laws, rules, regulations and orders governing reclamation of the Premises and restoration of the surface of the Premises. Lessee agrees to pay Lessor for each acre of surface land destroyed or permanently damaged the Fair Market Value (pro rated for partial acres) within thirty days of the completion of any reclamation.

BT #463

6-4. **Determination of Damages.** Fair market value or actual damages shall be determined as follows: (i) by mutual agreement of the parties; or (ii) if the parties cannot agree upon the fair market value or actual damages, by one (1) qualified appraiser mutually selected by Lessee and Lessor; or (iii) if Lessee and Lessor cannot mutually agree upon a fair market value, actual damages or the selection of one (1) appraiser, by averaging the values determined by three (3) qualified appraisers, one appointed by Lessor, one appointed by Lessee and the third selected by the two (2) appraisers appointed by the parties. It is expressly agreed and understood by the parties hereto that any determination of actual damages or fair market value shall not include any values that would otherwise be included which are attributable to mineral value or to mineral exploration, development or mining, or any other use, the value attributable to which results from any such mineral exploration, development or mining. The cost of determining the fair market value or actual damages shall be shared equally by the parties. Compensation paid by Lessee to Lessor hereunder shall constitute full and complete payment for such damage or destruction for the then remaining term of this Agreement.

6-5. **Indemnity From Third-Party Claims.** Lessee agrees to hold Lessor harmless from all claims and demands arising directly out of the Operations that may be asserted by third-parties, unless Lessor, or any person or instrumentality acting in its behalf shall have been a contributing cause to the event giving rise to such claim or demand. Lessor agrees to cooperate with Lessee in the conduct of any suits stemming from claims and demands under this paragraph.

6-6. **Removal of Equipment, Etc.** Lessee shall have the right, but not the obligation unless otherwise required by law, to remove, within one year after expiration or termination of this Lease as to any part of the Premises, all property, fixtures and

structures erected or placed by Lessee on such part. Lessee shall also have the right to remove, during the one year period, all ore and product mined or extracted by Lessee during the term hereof. All roads and bridges built on any part of the Premises, along with any water right initiated or established by Lessee, the point of surface diversion or ground water withdrawal of which is on such part, will upon the expiration or termination of the Lease as to such part, if the surface rights of the Premises are owned by Lessor, become the property of Lessor, without cost.

6-7. **Inspection**. Lessor or Lessor's duly appointed representative shall have the right, exercisable at all reasonable times and in a reasonable manner so as not to interfere with the Operations, to go upon the Premises, and workings and improvements thereon, for the purpose of examining and inspecting the same, and to have access to production records and records of mill settlements pertinent and necessary for substantiating the compliance of Lessee with the provisions of this Lease. Lessee shall not be obligated to furnish to Lessor any internal proprietary data, including but not limited to information which includes interpretive data. Such right shall be exercised at Lessor's own risk and expense and Lessor shall hold Lessee harmless from all claims for damages sustained by Lessor or Lessor's agents or employees while in or upon the Premises herein permitted, unless such damages arise as a result of the negligence of Lessee.

6-8. **Confidentiality**. Lessor agrees to treat all information acquired as a result of Operations conducted under this Lease as confidential, and further agrees that Lessor shall not use Lessee's name, its parent, subsidiaries, affiliates, or partners in any public statement or press release; and shall make no press releases, public statements, or public announcements of any sort concerning this Lease or the Operations and activities of Lessee with respect thereto, except with the prior consent of Lessee or as required by law.

SECTION SEVEN. WARRANTIES AND LESSER INTERESTS

7-1. **Warranty**. Lessor hereby warrants and agrees to defend the title to the Premises, but only against all persons lawfully claiming by, through or under the Lessor, but not otherwise. Lessor further represents and warrants that the Premises are free and clear of all liens, encumbrances and agreements of third parties; that all necessary approvals and prerequisites have been duly obtained authorizing the execution of this Lease by it; and that it has the full right, power and capacity to enter into this Lease on the terms and conditions contained herein.

7-2. **Lesser Interest**. In the event Lessor owns an interest in the Premises less than the entire and undivided mineral estate, whether or not such lesser interest is referred to herein, then the production royalties, annual payments, and damages under Paragraphs 6-2 and 6-3 shall be proportionately reduced and paid to Lessor only in the proportion the Lessor's interest therein bears to the whole and undivided mineral estate in the Premises. Lessor shall be entitled to retain only such proportion of the moneys previously paid to Lessor hereunder as Lessor's said interest bears to the whole and undivided mineral estate in the Premises, and Lessee shall be entitled to offset all other moneys previously paid Lessor hereunder against monetary obligations which thereafter become due and payable to Lessor hereunder. Nothing in this paragraph is intended to impair Lessee's rights under the warranty in Paragraph 7-1 in the event of failure of title.

7-3. **Homestead Exemption**. Lessors hereby expressly waives and releases all rights, exemptions and benefits under or by virtue of any homestead, homestead exemption, dower, curtesy or community property laws now or hereafter applicable or in force in the jurisdiction in which the Premises are located.

7-4. **Redemption of Liens**. Lessor agrees to pay promptly upon the demand of a creditor any mortgages, taxes, or other lines on the Premises, except where Lessor in good faith disputes the obligation. Lessee, at its option, may discharge any mortgages, taxes, or other liens on the Premises, either in whole or in part, in the event of default by Lessor, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Lessor in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Lessee, in addition to the right of subrogation herein granted, Lessee shall also have the right to retain any monetary obligations which may become due Lessor hereunder, and to repay Lessee therefrom, and the retention of such moneys by Lessee shall have the same effect as if paid to the Lessor in whose behalf payment of any mortgage, taxes or other liens were made.

SECTION EIGHT. TAXES

8-1. **Taxes**. Lessor agrees to pay promptly when due all ad valorem taxes on and assessments against the Premises and all taxes resulting from Lessor's use of the Premises, except as hereinafter provided. Lessee agrees, during the term of the Lease, to pay promptly when due all taxes levied and assessed upon any improvements and machinery placed by Lessee on the Premises, and any increase in ad valorem taxes on the Premises which are a direct result of Lessee's Operations. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Lease, Lessor and Lessee shall bear their pro rata share, provided that, where the tax is levied or computed on the value of the ores produced, the pro rata share of Lessor shall be determined by multiplying the gross amount of royalties paid to Lessor during the taxing period by the applicable tax rate, the balance of the tax being Lessee's pro rata share. Both Lessor and Lessee shall have the right in good faith to contest any tax or assessment,

whether payable by Lessor or Lessee, but shall not permit the Premises or any improvements or personal property thereon to be sold for such taxes or assessments.

SECTION NINE. DEFAULT, FORCE MAJEURE AND DISPUTES

9-1. Default. Excepting payment of annual payments or production royalty as provided in Section Three of this Lease, as to which Lessee shall have ten (10) days to cure, failure by Lessee to perform or comply with any of the other terms, provisions or conditions of this Lease, expressed or implied, including payment of other monetary obligations, shall not automatically terminate this Lease nor render it null or void. In case of such default, Lessor may notify Lessee in writing of such breach, and Lessee shall have a period of sixty days after receipt of such notice within which to commence activities which, to be diligently pursued, will cure the default, provided that the period of time for remedying such default shall be extended by any time that Lessee is prevented from acting because of force majeure.

9-2. Force Majeure. The failure to perform or to comply with any of the covenants or conditions hereof, either expressed or implied, on the part of the Lessee shall not be a ground for cancellation or termination or forfeiture hereof during such time as such failure to perform is caused, or compliance is prevented, by storms, droughts or other severe weather, fire, floods, washouts or landslides; accidents, mill shutdown, damage to or destruction of mill or mill plant facilities, or inability after diligent effort to obtain competent labor service or material, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, regulations, or legal actions; acts of God; or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from, and not be held liable for, such failure to perform or to

comply. If Lessee is prevented from engaging in development, mining, or processing operations by any such cause, the time of such delay or interruption shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding, and this Lease shall be extended while and so long as Lessee is so prevented from conducting such operations. Lessee shall notify Lessor of any event of force majeure as soon as possible after affected thereby. Force majeure shall not excuse Lessee from making annual payments under Section 3-2 of this Lease.

9-3. **Disputes or Adverse Claims**. In case of suit, adverse claim, dispute or question as to the ownership of the Premises or of the annual payments or production royalties (or any interest therein) payable under this Lease, Lessee shall not be in default in payment thereof until such suit, claim, dispute or question has been finally disposed of, and Lessee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient in Lessee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Lessee hereunder be disputed, it shall not be counted against Lessee either as affecting the term of the Lease (which shall be extended by the period of dispute) or for any other purpose, and Lessee may withhold the making of all payments due Lessor hereunder without interest until there is a final adjudication or other determination of such dispute.

9-4. **Cessation of Production**. Lessor and Lessee expressly agree that no implied covenant or condition whatsoever shall be read into this Lease relating to evaluation, development, mining, or production, or the time thereof, or to any operations of Lessee hereunder, or to the measure of diligence thereof, except as specifically provided in this Lease. If at any time or times Lessee, after commencing production, desires to shut down or cease production for any reason, it shall have the right to do so without terminating this Lease.

SECTION TEN. ASSIGNMENT

10-1. **Assignment**. The rights and estate of either party may be transferred or assigned in whole or in part; provided that Lessor may not transfer or assign his right to annual payments or royalties hereunder separately and apart from Lessor's interest in the Premises; and provided that no change or division in the ownership of the Premises shall be binding on Lessee until thirty (30) days after receipt of notice by Lessee, together with a certified copy of the recorded instrument or instruments evidencing such change or division. Notwithstanding the above, no change or division in ownership of the Premises shall operate to enlarge the obligations or diminish the rights of Lessee under this Lease. In the event this Lease shall be transferred or assigned as to a part or parts of the Premises, and the Lessee, or assignee or assignees of any part or parts, shall fail or make default in the payment of the proportionate part of the annual payments, production royalties, or damages due from him or them or otherwise breach any covenants contained herein, such default shall not operate to defeat or affect this Lease insofar as it covers any other part or parts of the Premises. Assignment of this Lease by Lessee shall, to the extent of such assignment, relieve and discharge the Lessee of all obligations hereunder which have not theretofore become due.

10-2. **Binding Effect**. All of the covenants and terms of this Lease shall run with the land and shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, successors and assigns.

SECTION ELEVEN. OTHER PROVISIONS

11.1 **Notices**. All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service or sent by

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registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

If to Lessor: Geraldine Borsch Fahrni
Special Administratix of the Estate
of Frederick G. Borsch, deceased
Star Route B, Box 85
Piedmont, South Dakota 57769

If to Lessee: Cyprus Mines Corporation
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155
Attn: Manager, Minerals Exploration-USA

With a Copy Sent To: Cyprus Mines Corporation
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155
Attn: Property Records Supervisor

11-2. **Counterpart Leases**. This Lease may be executed in any number of counterparts and shall be binding upon all owners of interests in the Premises executing the same or a counterpart hereof, whether or not named herein as one of the Lessors, and whether or not other owners of interests in the Premises have executed other counterparts or have not entered into this Lease. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

11-3. **Further Acts**. Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this Lease. Lessor also agrees to cooperate at all times with Lessee in any reasonable manner to assist Lessee in the effecting of the purpose of this Lease.

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11-4. **Severance**. Should any portion of this Lease be declared invalid and unenforceable, then such portion shall be deemed to be severed from this Lease and shall not affect the remainder thereof.

11-5. **Construction**. When required by the context, the singular shall include the plural and vice versa; the terms "Lessor" and "Lessee" shall include their respective heirs, personal representatives, successors and assigns.

11.6. **Recordation**. This Lease shall not be recorded. Concurrently with the Lease, the parties shall execute and record a Memorandum for Recording in the form attached hereto as Exhibit "A."

11-7 **Governing Law**. This Lease shall be governed by the law of the State of South Dakota.

IN WITNESS WHEREOF, this Mining Lease is executed as of the 29 day of August, 1983.

LESSOR:

GBF HCE

Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, Deceased

Geraldine Borsch Fahrni

CYPRUS MINES CORPORATION

Attest: _____ By: H C Squires

Title: _____ Title: VP

GBF HCE

INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of South Dakota)
) ss.
County of Lawrence)

On this the 29th day of August, 1983, before me, Jon W. Mattson the undersigned officer, personally appeared Geraldine Borgen Fahrni known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Jon W. Mattson
Notary Public

SEAL

Jon W. Mattson
Typed or Printed Name

Box 392
Business Address

Deadwood, S.D. 57732

My Commission expires

Oct. 11, 1983

INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the _____ day of _____, 19___, before me, _____ the undersigned officer, personally appeared _____ known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

_____
Notary Public

SEAL

_____
Typed or Printed Name

_____
Business Address

My Commission expires

_____

CORPORAT ACKNOWLEDGMENT - SOUTH DA TA

State of Colorado)
) ss.
County of Arapahoe)

On this the 1st day of September, 19 83, before me, Nancy L. Novotny, the undersigned officer, personally appeared H. L. Bauer, Jr., who acknowledged himself to be the Vice President of Cyprus Mines Corporation a corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In witness whereof I hereto set my hand and official seal.

Notary Public

SEAL

Nancy L. Novotny
Typed or Printed Name

7000 S. Yosemite Street
Englewood, Colorado 80112
Business Address

My Commission expires September 29, 1984

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the day of , 19 , before me, the undersigned officer, personally appeared , who acknowledged himself to be the of a corporation, and that he, as such , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as .

In witness whereof I hereto set my hand and official seal.

Notary Public

SEAL

Typed or Printed Name

Business Address

My Commission expires

EXHIBIT A

MINING LEASE--MEMORANDUM FOR RECORDING

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE--Memorandum for Recording is made this 29th day of August, 1983 by and between Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, deceased, (hereinafter collectively referred to as "Lessor," whether one or more), whose address is Star Route B, Box 85, Piedmont, South Dakota 57769, and CYPRUS MINES CORPORATION, a Delaware Corporation (hereinafter referred to as "Lessee"), whose address is 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155.

IN CONSIDERATION OF the rentals, royalties, covenants and agreements set forth in this Lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

SECTION ONE. GRANT AND DESCRIPTION

1-1. **Exclusive Lease**. Pursuant to the terms and conditions of that certain unrecorded Mining Lease of even date herewith (Unrecorded Lease) between Lessor and Lessee, Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the property described below (which property is hereinafter referred to as the "Premises"):

PATENTED CLAIMS

Claim	Mineral Survey	Patent
Black Dan Lode	327	8653 dated 1/21/1884
Old Pennsylvania Lode	1632	38548 dated 4/9/1904

Containing 19.455 acres, more or less, in T.4N., R.4E., B.H.M., Bear Butte Mining District, Lawrence County, South Dakota.

1-2. Subject Minerals; Application to Future Interests. The Premises leased hereunder include, without limitation, any and all minerals, metals, ores and materials of whatsoever kind and character, except oil, gas and associated liquid hydrocarbons (which included minerals, metals, ores and materials are hereinafter referred to as the "Subject Minerals"), in, upon, under, or extending from or into the Premises; and any and all right, title and interest in or to the Premises (including Subject Minerals) which Lessor may hereafter acquire.

1-3. Purposes. The Premises are leased to Lessee to survey, explore for, prospect, drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship, and market or otherwise dispose of any or all Subject Minerals in, upon, or under the Premises; and to exercise any and all rights or privileges granted in this Lease, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Lease.

SECTION TWO. TERM

Unless sooner terminated as provided in the Unrecorded Lease, this Lease and all of the rights herein granted shall remain in full force and effect for ten (10) years from the effective date hereof (the "Primary Term"), and as long thereafter as any mining or processing operations are being conducted hereunder on a continuous basis on the Premises.

SECTION THREE. NOTICES

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service, or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

HLE

If to Lessor: Geraldine Borsch Fahrni
Special Administratix of the Estate
of Frederick G. Borsch, deceased
Star Route B, Box 85
Piedmont, South Dakota 57769

If to Lessee: Cyprus Mines Corporation
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155
Attn: Manager, Minerals Exploration-USA

With a Copy Sent To: Cyprus Mines Corporation
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155
Attn: Property Records Supervisor

SECTION FOUR. UNRECORDED AGREEMENT CONTROLLING

This Mining Lease--Memorandum for Recording is being recorded to give constructive notice of the Mining Lease granted by Lessor to Lessee pursuant to the terms and conditions of the Unrecorded Lease. The incomplete statement in this Memorandum for Recording of any of the terms and provisions of the Unrecorded Lease shall not be deemed to amend or modify the Unrecorded Lease which shall be the controlling instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Mining Lease - Memorandum for Recording as of the 29th day of August, 1983.

LESSOR:

Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, Deceased.

Geraldine Borsch Fahrni

CYPRUS MINES CORPORATION

Attest: _____ By: _____

Title: _____ Title: _____

INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of South Dakota)
) ss.
County of Lawrence)

On this the 29th day of August, 1983, before me, Jon W. Mattson the undersigned officer, personally appeared Jeraldine Borsch Fahrni known to me (or satisfactorily proven) to be the person_ whose name_ is subscribed to the within instrument and acknowledged that she_ executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Jon W. Mattson
Notary Public

SEAL

Jon W. Mattson
Typed or Printed Name

Box 392
Business Address

Deadwood, S.D. 57732

My Commission expires
Oct. 11, 1983

INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the ____ day of _____, 19___, before me, _____ the undersigned officer, personally appeared _____ known to me (or satisfactorily proven) to be the person_ whose name_ ___ subscribed to the within instrument and acknowledged that _he_ executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

_____
Notary Public

SEAL

_____
Typed or Printed Name

_____
Business Address

My Commission expires _____

_____

JBF HEZ

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of Colorado)
) ss.
County of Arapahoe)

On this the 1st day of September, 1983, before me, Nancy L. Novotny the undersigned officer, personally appeared H. L. Bauer, Jr., who acknowledged himself to be the Vice President of Cyprus Mines Corporation corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In witness whereof I hereto set my hand and official seal.

_____
Notary Public

SEAL

Nancy L. Novotny
Typed or Printed Name

7000 S. Yosemite Street
Englewood, Colorado 80112
Business Address

My Commission expires September 29, 1984

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the day of , 19 , before me, the undersigned officer, personally appeared , who acknowledged himself to be the of a corporation, and that he, as such , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as .

In witness whereof I hereto set my hand and official seal.

_____
Notary Public

SEAL

_____
Typed or Printed Name

_____
Business Address

My Commission expires _____

MINING LEASE--MEMORANDUM FOR RECORDING

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE--Memorandum for Recording is made this 29 day of August, 1983 by and between Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, deceased, (hereinafter collectively referred to as "Lessor," whether one or more), whose address is Star Route B, Box 85, Piedmont, South Dakota 57769, and CYPRUS MINES CORPORATION, a Delaware Corporation (hereinafter referred to as "Lessee"), whose address is 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155.

IN CONSIDERATION OF the rentals, royalties, covenants and agreements set forth in this Lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

SECTION ONE. GRANT AND DESCRIPTION

1-1. Exclusive Lease. Pursuant to the terms and conditions of that certain unrecorded Mining Lease of even date herewith (Unrecorded Lease) between Lessor and Lessee, Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the property described below (which property is hereinafter referred to as the "Premises"):

PATENTED CLAIMS

Claim	Mineral Survey	Patent
Black Dan Lode	327	8653 dated 1/21/1884
Old Pennsylvania Lode	1632	38548 dated 4/9/1904

Containing 19.455 acres, more or less, in T.4N., R.4E., B.H.M., Bear Butte Mining District, Lawrence County, South Dakota.

1-2. Subject Minerals; Application to Future Interests. The Premises leased hereunder include, without limitation, any and all minerals, metals, ores and materials of whatsoever kind and character, except oil, gas and associated liquid hydrocarbons (which included minerals, metals, ores and materials are hereinafter referred to as the "Subject Minerals"), in, upon, under, or extending from or into the Premises; and any and all right, title and interest in or to the Premises (including Subject Minerals) which Lessor may hereafter acquire.

1-3. Purposes. The Premises are leased to Lessee to survey, explore for, prospect, drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship, and market or otherwise dispose of any or all Subject Minerals in, upon, or under the Premises; and to exercise any and all rights or privileges granted in this Lease, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Lease.

SECTION TWO. TERM

Unless sooner terminated as provided in the Unrecorded Lease, this Lease and all of the rights herein granted shall remain in full force and effect for ten (10) years from the effective date hereof (the "Primary Term"), and as long thereafter as any mining or processing operations are being conducted hereunder on a continuous basis on the Premises.

SECTION THREE. NOTICES

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service, or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

If to Lessor: Geraldine Borsch Fahrni
Special Administratix of the Estate
of Frederick G. Borsch, deceased
Star Route B, Box 85
Piedmont, South Dakota 57769

If to Lessee: Cyprus Mines Corporation
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155
Attn: Manager, Minerals Exploration-USA

With a Copy Sent To: Cyprus Mines Corporation
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155
Attn: Property Records Supervisor

SECTION FOUR. UNRECORDED AGREEMENT CONTROLLING

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IN WITNESS WHEREOF, the parties hereto have executed this Mining Lease - Memorandum for Recording as of the 29 day of August, 1983.

LESSOR:

Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, Deceased

Geraldine Borsch Fahrni

CYPRUS MINES CORPORATION

Attest: _____ By: _____

Title: _____ Title: VP

INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of South Dakota)
) ss.
County of Lawrence)

On this the 29th day of August, 1983, before me, Jon W. Mattson the undersigned officer, personally appeared Jeraldine Borsch Fahrni known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Jon W. Mattson
Notary Public

Jon W. Mattson
Typed or Printed Name

Box 392
Business Address

Deadwood, S.D. 57732

SEAL

My Commission expires
October 11, 1983

INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the _____ day of _____, 19___, before me, _____ the undersigned officer, personally appeared _____ known to me (or satisfactorily proven) to be the person whose name ___ subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

_____
Notary Public

SEAL

_____
Typed or Printed Name

_____
Business Address

My Commission expires

_____

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of Colorado)
) ss.
County of Arapahoe)

On this the 1st day of September, 1983, before me, Nancy L. Novotny, the undersigned officer, personally appeared H. L. Bauer, Jr., who acknowledged himself to be the Vice President of Cyprus Mines Corporation a corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In witness whereof I hereto set my hand and official seal.

Nancy L. Novotny
Notary Public

SEAL

Nancy L. Novotny
Typed or Printed Name

7000 S. Yosemite Street
Englewood, Colorado 80112
Business Address

My Commission expires September 29, 1984

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the day of , 19 , before me, the undersigned officer, personally appeared , who acknowledged himself to be the of a corporation, and that he, as such , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as .

In witness whereof I hereto set my hand and official seal.

_____
Notary Public

SEAL

_____
Typed or Printed Name

_____
Business Address

My Commission expires _____

MINING LEASE

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE is made this 29 day of August, 1983 by and between JGERALDINE BORSCH FAHRNI, SPECIAL ADMINISTRATRIX OF THE ESTATE OF FREDERICK G. BORSCH, DECEASED (hereinafter collectively referred to as "Lessor," whether one or more), whose address is Star Route B, Box 85, Piedmont, South Dakota 57769, and CYPRUS MINES CORPORATION, a Delaware Corporation (hereinafter referred to as "Lessee"), whose address is 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155.

IN CONSIDERATION OF the rentals, royalties, covenants and agreements set forth in this Lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

SECTION ONE. GRANT AND DESCRIPTION

1-1. **Exclusive Lease.** Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the property described below (which property is hereinafter referred to as the "Premises").

PATENTED CLAIMS

Claim	Mineral Survey	Patent
Barrett Lode	1681	40997 dated 6/12/1905

Containing 3.99 acres, more or less, in T.4N., R.4E., B.H.M., Bear Butte Mining District, Lawrence County, South Dakota.

1-2. **Subject Minerals; Application to Future Interests.** The Premises leased hereunder include, without limitation, any and all minerals, metals, ores and materials of whatsoever kind and

character, except oil, gas and associated liquid hydrocarbons (which included minerals, metals, ores and materials are hereinafter referred to as the "Subject Minerals"), in, upon, under or extending from or into the Premises; and any and all right, title and interest in or to the Premises (including Subject Minerals) which Lessor may hereafter acquire.

1-3. Purposes. The Premises are leased to Lessee to survey, explore for, prospect, drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship, and market or otherwise dispose of any or all Subject Minerals in, upon, or under the Premises (hereinafter referred to, individually or together, as the "Operations"); and to exercise any and all rights or privileges granted in this Lease, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Lease.

1-4. Lessee's Discretion in Operations. The Operations and connected activities hereunder shall be performed only to the extent Lessee in its sole discretion deems desirable or convenient, and at such times and locations, and by or with such methods, as Lessee may deem desirable or convenient in its sole discretion. In consideration of the annual payments to be paid to Lessor under Section Three herein, Lessor agrees that Lessee shall be under no obligation during the term of this Lease to perform any Operations on the Premises except for the express obligations of this Lease, including the provisions of Section Three relating to Evaluation Expenditures. Without limitation, Lessee shall have the right in its sole discretion: (a) to prospect by drilling, seismic or other geophysical methods; to mine by any method or methods deemed desirable or convenient, including underground, open pit, strip, solution and leaching; and to process and treat the Subject Minerals by leaching or otherwise, either underground, on the surface or in processing plants; (b) to make all such excavations, pits, shafts, and openings on the Premises, and to

inject such gas, waters, other fluids, air, and other substances into the subsurface strata of the Premises, as may be desirable or convenient for or in connection with the Operations; (c) to stockpile, store or dispose of on the Premises ore, waste, earth, tailings and other material resulting from the Operations, whatever its sources; and (d) to place, construct, use, maintain, repair, replace, relocate on and remove from the Premises such buildings, shops, plants, vehicles, equipment, communication facilities, power facilities and transmission lines, roadways (including existing roadways) and other transportation facilities (including railways, pipelines, tramways, cable and conveyor lines), ponds, tanks, reservoirs, ditches, mills, processing plants, and other structures, works and improvements as may be desirable or convenient from time to time for or in connection with the Operations and (e) the right to use so much of the surface and subsurface of the Premises as may be reasonably necessary in Lessee's sole judgment to exercise the rights and privileges granted by this Lease.

1-5. Operations on Adjacent Lands. Lessee shall have the right to remove the Subject Minerals from the Premises through or by means of shafts, tunnels, pits and openings in or upon property adjoining or in the vicinity of the Premises which is not owned by Lessor. Lessee shall have the right to use the Premises and any and all works and improvements thereon for or in connection with Operations on lands in the vicinity of the Premises, whether or not contiguous (including for the disposal of waste materials), and to construct and use additional facilities on the Premises for said purposes. Such right will continue after the expiration of this Lease for so long as Lessee concludes that continued use of the Premises or works or improvements thereon is desirable or convenient in connection with such Operations on lands in the vicinity of the Premises; provided that, in the event such right is so continued, Lessee may extend this Lease as to the portion of the Premises desirable or convenient to the enjoyment of such

right by notifying Lessor and paying the annual payments in the same amount and in the same manner set out in Section Three.

1-6. Water Use. Lessee shall have the free use of all water and water rights in and on the Premises to the extent Lessee deems reasonably necessary for its Operations, insofar as Lessor is able to grant such right, excluding Lessor's water wells and water impounded by Lessor. Lessee shall also have the right independently to secure water rights and in that connection to explore for, file for and appropriate water on or off the Premises for use in or in connection with the Operations. Lessee shall have the right, in its sole discretion, to develop, drill for, divert, transport and store water on or off the Premises and to construct, use, maintain, repair and remove from the Premises such ditches, pipelines, ponds, dams, reservoirs and other structures, works and improvements as may be desirable or convenient in exercising Lessee's rights under this paragraph. Lessee agrees to exercise diligence at all times to use no more water than in its judgment is required and further agrees to use all reasonable means of preventing waste of water.

1-7. Ingress and Egress. Lessor grants to Lessee the right to use all rights-of-way for ingress to and egress from the Premises which it is within the power of Lessor to grant, together with the right to construct roads across such rights-of-way to assist Lessee in conducting its Operations, provided that Lessee shall consult with Lessor as to the least intrusive routes.

SECTION TWO: TERM OF LEASE

2-1. Term. Unless sooner terminated as hereinafter provided, this Lease and all of the rights herein granted shall remain in full force and effect for ten (10) years from the effective date hereof (the "Primary Term") and as long thereafter as any mining or processing operations are being conducted

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hereunder on a continuous basis on the Premises. For this purpose, mining or processing operations shall be deemed continuous so long as all such operations do not cease for a period of more than one hundred eighty (180) consecutive days, excluding periods of force majeure as provided hereafter. In the event Lessee is unable to obtain a satisfactory market for Subject Minerals discovered or produced on the Premises, and as a result Lessee delays commencement of mining or processing operations beyond the end of the Primary Term, or from time to time suspends such operations after the end of the Primary Term, this Lease shall not expire or terminate during such period of lack of market but may be extended by Lessee's continuing payment of annual payments under Section Three. Lessee shall use diligence in searching for a satisfactory market for the Subject Minerals during such lack-of-market periods, and when a satisfactory market becomes available Lessee shall have a reasonable time thereafter within which to begin or renew mining or processing operations.

2-2. Surrender. Lessee may at any time and from time to time execute and deliver to Lessor a release or releases covering all or any portion or portions of the Premises, and thereby terminate this Lease as to all or such portion or portions, provided that the annual payments in Section Three shall not be reduced by a partial termination.

SECTION THREE. CONSIDERATION

3-1. Initial Payment. Promptly following execution of this Lease by Lessor and Lessee, Lessee shall pay to Lessor the sum of One Thousand Dollars ($1,000.00).

3-2. Advance Minimum Royalty. Lessee shall make the following advance minimum royalty payments on or before the specified annual anniversary dates of this Lease:

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	Amount
First anniversary date	$ 2,500.00
Second anniversary date	$ 2,500.00
Third anniversary date	$ 2,500.00
Fourth anniversary date	$ 2,500.00
Fifth anniversary date through the Fourteenth anniversary date	$ 5,000.00
Fifteenth anniversary date and each anniversary date thereafter	$ 10,000.00

Annual payments made pursuant to the above schedule and the payment made to Lessor upon execution of this Lease shall constitute prepayment of and advances against payment of production royalties that may become payable. Lessee may credit the payment made upon execution and all annual advance royalties against production royalties accruing at any time until said payment and annual advance royalties have been fully credited against production royalties.

3-3. Termination. Acreage changes resulting from partial termination will not reduce the annual payments as provided above. If this Lease expires or is terminated as to all of the Premises, Lessee shall not be required to pay any annual payments accruing after the effective date of expiration or termination.

3-4. Evaluation Expenditures. Beginning on the date of execution hereof, Lessee shall expend on the Premises or on any adjacent property controlled by Lessee as Evaluation Expenditures a total of Three Hundred Thousand Dollars ($300,000.00) prior to the second anniversary date of this Lease, provided, however, that a minimum expenditure of Ten Thousand Dollars ($10,000.00) shall be made directly on the Premises, or other property leased to Lessee by Lessor, in Lawrence County, South Dakota, prior to the first anniversary date of this Lease. "Evaluation Expenditures" shall be deemed to mean and include the costs of evaluation, further exploring, and developing the Premises or adjacent

property controlled by Lessee including the drilling, excavating and searching by all recognized prospecting techniques; sampling, assaying, testing and evaluating materials removed therefrom; mapping, platting, surveying; constructing and maintaining camps, roads, works and structures necessary to carry out evaluation, sampling or testing; all title curative and other land work; all studies required to develop a mine and all work that may be required for preparing a mine for operation, including the opening of a mine, the construction and installation of operating facilities and the procurement of labor, materials, tools, equipment, machinery and supplies necessary thereto.

Evaluation Expenditures made by Lessee on the Premises in satisfaction of the above requirement shall be evidenced by the mailing to Lessor of a report setting forth such expenditures by Lessee. Evaluation Expenditures made by Lessee on the Premises or any adjacent property controlled by Lessee shall be evidenced by the mailing to Lessor of a report setting forth such expenditures during the first two anniversary years by Lessee.

3-5. Applicability of Other Provisions. The foregoing obligations for annual payments are subject to all of the provisions of this Lease, including, without limitation, the lesser interest provisions.

SECTION FOUR. PRODUCTION ROYALTIES

4-1. Production Royalty.

(a) Lessee hereby agrees to pay to Lessor a production royalty of five percent (5%) of the Net Value of all Subject Minerals, including ores, metals, concentrates and mineral products derived from the Premises. As used herein, the term "Net Value" means the gross returns realized by and paid or credited to Lessee from the sale of such Subject Minerals, including ores, metals, concentrates, and mineral products to a mill, smelter, or

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other purchaser, user or consumer other than Lessee, after deduction of all charges for treatment in the smelting process (including handling, processing, penalties, and other processor deductions) and less sales brokerage costs and actual costs of transportation (including freight, insurance, transaction taxes, handling, port, demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation) of such Subject Minerals, to the mill, smelter, or other purchaser, user or consumer. The term "Smelter" means conventional smelters, as well as any other type of production plant used in lieu of a conventional smelter to reduce ores or concentrates.

(b) Lessee may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process and upgrade the Subject Minerals, including ores, metals or mineral products derived prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Lessee. Any upgrading beyond the concentrate state (the stage at which beneficiation, milling, sorting, and concentrating has yielded concentrate in the form usually commercially marketable) shall be done for Lessee's sole benefit, risk and account, and the mineral products taken by Lessee for such upgrading shall be deemed, for the purpose of computing Net Value and royalties payable thereon only, and not otherwise, to have been sold at the mean of quotations for the concentrate so taken for the month of such takings as reported in "Metals Week" published by McGraw-Hill, Inc. In the event such quotations are not published therein or such publication ceases or suspended, then such mineral products shall be deemed to have been sold at the mean of the quotations for concentrate of the type so taken for the month of such taking as may be reported in such other publication or source as is generally recognized in the industry as reflecting the quotations at which such concentrates are currently being offered for sale and purchase, or in the absence of such a publication, by such other means as may establish such quotations to the end that in determining the Net Value of such concentrates as are not sold by Lessee, but are

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taken by it, the price received for such concentrates shall be deemed to be the mean of prices at which concentrates of the same types are currently being offered for sale and purchase between unaffiliated parties. Lessee shall not be liable for mineral values lost in such processing under sound engineering practices. Lessee shall be permitted to sell concentrates in the form usually commercially marketable to its parent company or any subsidiary of its parent company (more than 50 percent owned by said parent company), provided that such sales shall be considered, solely for the purpose of computing Net Value and royalties thereon, to have been sold at prices and on terms no less favorable than those which would be extended to an unaffiliated third party under similar circumstances.

4-2. **Measurement and Mixing**. All Subject Minerals for which a royalty is payable shall be weighed or measured, sampled and analyzed in accordance with good practice. Upon request to Lessee, and at Lessor's expense, Lessor shall have the right to have a representative present at the time samples are taken. After such measurement, Lessee may mix or commingle such ores, materials or products with ores, materials or products from other property.

4-3. **Time of Payment**. Production royalties, when payable, shall accrue monthly at the end of each calendar month, and shall become due and payable quarterly on the fifteenth day of each month following the last day of the calendar quarter in which the same accrue. Said payments shall be accompanied by a settlement sheet showing in reasonable detail the quantities and grades of the minerals, concentrates, and other mineral products processed by Lessee for the preceding calendar quarter; the proceeds of sale, costs, and other deductions; and other pertinent information in sufficient detail to explain the calculation of the production royalty payment.

4-4. Statements. All production royalty payments shall be considered final and in full satisfaction of all obligations of Lessee with respect thereto, unless Lessor gives Lessee written notice describing and setting forth a specific objection to the calculation thereof within sixty (60) days after receipt by Lessor of the quarterly statement herein provided for. If Lessor objects to a particular quarterly statement as herein provided, Lessor shall, for a period of thirty (30) days after Lessee's receipt of notice of such objection, have the right, upon reasonable notice and at a reasonable time, to have Lessee's accounts and records relating to calculation of the quarterly statement in question audited by a certified public accountant acceptable to Lessor and to Lessee. If such audit determines that there has been a deficiency or an excess in the payment made to Lessor, such deficiency or excess shall be resolved by adjusting the next quarterly production royalty payment due hereunder. Lessor shall pay all costs of such audit. All books and records used by Lessee to calculate production royalties due hereunder shall be kept in accordance with generally accepted accounting principles. Failure on the part of Lessor to make claim on Lessee for adjustment in such period shall establish the correctness and preclude the filing of exceptions thereto or making of claims for adjustment thereon.

4-5. Tailings. The production royalties provided for herein shall be the total payments due Lessor for Subject Minerals mined and removed from the Premises by Lessee hereunder. With respect to any mill tailings or other residues remaining after processing ores hereunder, it is agreed that Lessor shall have no interest in such tailings or residues, and Lessee shall be deemed to be the owner of such materials. Any such materials which remain on any part of the Premises for a period of one year after the effective expiration or termination of this Lease as to such part shall become the property of Lessor, but Lessee shall not be relieved of

compliance with all applicable regulations concerning the disposal of such tailings or residues.

SECTION FIVE. MANNER OF PAYMENT

5-1. Agent for Payments. Lessor hereby designates Norwest Bank Black Hills, N.A., Account Number _____, with a mailing address of P.O. Box 526, Deadwood, South Dakota 57732, as its depository bank (hereinafter the "Bank") to act as its agent to receive from Lessee all payments due under the terms hereof, and all such payments may be made by paying or tendering the same to the Bank for Lessor's credit, and the Bank shall continue as the depository for all payments hereunder regardless of any changes in ownership of the Premises or Production Royalty and regardless of any changes in the right to receive any payment due hereunder. All charges of the Bank shall be for Lessor's account. A single payment or tender to the Bank shall be made for each installment of production royalties, annual payments, or surface damages due hereunder, and such payment shall effectively and for all purposes whatsoever constitute full payment of the amount due to Lessor to the same extent as if made to Lessor directly. Lessee shall not be responsible to identify or to make payments to any successors, heirs or assigns of Lessor and Lessor agrees to indemnify, defend and hold harmless from and against any and all loss, claims, damage or liability, including reasonable attorneys' fees and other expenses, arising out of the ownership of the production royalties or the entitlement to the proceeds thereof, or the right to receive any annual payment due hereunder. In the event the Bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept royalties or any payment due hereunder, or should the owners of all rights to payments hereunder desire to designate another depository bank, then Lessee shall have no obligation to make payment or tender of payments until thirty (30) days after

said persons shall deliver to Lessee a proper instrument naming a bank as agent to receive such payments or tenders. Lessee shall not be responsible for the proper distribution of annual payments, production royalties or surface damage payments to Lessor.

SECTION SIX. OPERATIONS AND DAMAGES

6-1. Standard of Operations. Lessee agrees that all Operations affecting the interests of Lessor under this Lease shall be conducted in a good and miner-like manner and in compliance with all applicable and valid laws, rules, regulations and orders of governmental authorities having jurisdiction over the Premises or Operations hereunder (including, without limitation, Workmen's Compensation Laws).

6-2. Damages. The compensation herein provided to Lessor shall be deemed to be full payment to Lessor for any damage which may be caused to the Premises by Lessee's Operations hereunder so long as Lessee conducts its Operations in a reasonable and prudent manner without negligence on the part of Lessee; provided, however, Lessee agrees to reimburse Lessor for actual damage to or destruction of roads, fences, ditches, buildings, growing crops, livestock and personal property, if any, belonging to Lessor caused by the Operations, or, in the sole discretion of Lessee, to replace or repair any property that has been so damaged or destroyed.

6-3. Reclamation. Lessee shall comply with all applicable and valid governmental laws, rules, regulations and orders governing reclamation of the Premises and restoration of the surface of the Premises. Lessee agrees to pay Lessor for each acre of surface land destroyed or permanently damaged the Fair Market Value (pro rated for partial acres) within thirty days of the completion of any reclamation.

6-4. Determination of Damages. Fair market value or actual damages shall be determined as follows: (i) by mutual agreement of the parties; or (ii) if the parties cannot agree upon the fair market value or actual damages, by one (1) qualified appraiser mutually selected by Lessee and Lessor; or (iii) if Lessee and Lessor cannot mutually agree upon a fair market value, actual damages or the selection of one (1) appraiser, by averaging the values determined by three (3) qualified appraisers, one appointed by Lessor, one appointed by Lessee and the third selected by the two (2) appraisers appointed by the parties. It is expressly agreed and understood by the parties hereto that any determination of actual damages or fair market value shall not include any values that would otherwise be included which are attributable to mineral value or to mineral exploration, development or mining, or any other use, the value attributable to which results from any such mineral exploration, development or mining. The cost of determining the fair market value or actual damages shall be shared equally by the parties. Compensation paid by Lessee to Lessor hereunder shall constitute full and complete payment for such damage or destruction for the then remaining term of this Agreement.

6-5. Indemnity From Third-Party Claims. Lessee agrees to hold Lessor harmless from all claims and demands arising directly out of the Operations that may be asserted by third-parties, unless Lessor, or any person or instrumentality acting in its behalf shall have been a contributing cause to the event giving rise to such claim or demand. Lessor agrees to cooperate with Lessee in the conduct of any suits stemming from claims and demands under this paragraph.

6-6. Removal of Equipment, Etc. Lessee shall have the right, but not the obligation unless otherwise required by law, to remove, within one year after expiration or termination of this Lease as to any part of the Premises, all property, fixtures and

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structures erected or placed by Lessee on such part. Lessee shall also have the right to remove, during the one year period, all ore and product mined or extracted by Lessee during the term hereof. All roads and bridges built on any part of the Premises, along with any water right initiated or established by Lessee, the point of surface diversion or ground water withdrawal of which is on such part, will upon the expiration or termination of the Lease as to such part, if the surface rights of the Premises are owned by Lessor, become the property of Lessor, without cost.

6-7. Inspection. Lessor or Lessor's duly appointed representative shall have the right, exercisable at all reasonable times and in a reasonable manner so as not to interfere with the Operations, to go upon the Premises, and workings and improvements thereon, for the purpose of examining and inspecting the same, and to have access to production records and records of mill settlements pertinent and necessary for substantiating the compliance of Lessee with the provisions of this Lease. Lessee shall not be obligated to furnish to Lessor any internal proprietary data, including but not limited to information which includes interpretive data. Such right shall be exercised at Lessor's own risk and expense and Lessor shall hold Lessee harmless from all claims for damages sustained by Lessor or Lessor's agents or employees while in or upon the Premises herein permitted, unless such damages arise as a result of the negligence of Lessee.

6-8. Confidentiality. Lessor agrees to treat all information acquired as a result of Operations conducted under this Lease as confidential, and further agrees that Lessor shall not use Lessee's name, its parent, subsidiaries, affiliates, or partners in any public statement or press release; and shall make no press releases, public statements, or public announcements of any sort concerning this Lease or the Operations and activities of Lessee with respect thereto, except with the prior consent of Lessee or as required by law.

SECTION SEVEN. WARRANTIES AND LESSER INTERESTS

7-1. Warranty. Lessor hereby warrants and agrees to defend the title to the Premises, but only against all persons lawfully claiming by, through or under the Lessor, but not otherwise. Lessor further represents and warrants that the Premises are free and clear of all liens, encumbrances and agreements of third parties; that all necessary approvals and prerequisites have been duly obtained authorizing the execution of this Lease by it; and that it has the full right, power and capacity to enter into this Lease on the terms and conditions contained herein.

7-2. Lesser Interest. In the event Lessor owns an interest in the Premises less than the entire and undivided mineral estate, whether or not such lesser interest is referred to herein, then the production royalties, annual payments, and damages under Paragraphs 6-2 and 6-3 shall be proportionately reduced and paid to Lessor only in the proportion the Lessor's interest therein bears to the whole and undivided mineral estate in the Premises. Lessor shall be entitled to retain only such proportion of the moneys previously paid to Lessor hereunder as Lessor's said interest bears to the whole and undivided mineral estate in the Premises, and Lessee shall be entitled to offset all other moneys previously paid Lessor hereunder against monetary obligations which thereafter become due and payable to Lessor hereunder. Nothing in this paragraph is intended to impair Lessee's rights under the warranty in Paragraph 7-1 in the event of failure of title.

7-3. Homestead Exemption. Lessors hereby expressly waives and releases all rights, exemptions and benefits under or by virtue of any homestead, homestead exemption, dower, curtesy or community property laws now or hereafter applicable or in force in the jurisdiction in which the Premises are located.

7-4. Redemption of Liens. Lessor agrees to pay promptly upon the demand of a creditor any mortgages, taxes, or other lines on the Premises, except where Lessor in good faith disputes the obligation. Lessee, at its option, may discharge any mortgages, taxes, or other liens on the Premises, either in whole or in part, in the event of default by Lessor, and be subrogated to the right of the holder thereof. Such subrogated rights may be enforced against Lessor in any court of competent jurisdiction. In case of payment of any such mortgage, taxes or other liens by Lessee, in addition to the right of subrogation herein granted, Lessee shall also have the right to retain any monetary obligations which may become due Lessor hereunder, and to repay Lessee therefrom, and the retention of such moneys by Lessee shall have the same effect as if paid to the Lessor in whose behalf payment of any mortgage, taxes or other liens were made.

SECTION EIGHT. TAXES

8-1. Taxes. Lessor agrees to pay promptly when due all ad valorem taxes on and assessments against the Premises and all taxes resulting from Lessor's use of the Premises, except as hereinafter provided. Lessee agrees, during the term of the Lease, to pay promptly when due all taxes levied and assessed upon any improvements and machinery placed by Lessee on the Premises, and any increase in ad valorem taxes on the Premises which are a direct result of Lessee's Operations. As to any taxes measured by production that are now or may hereafter be levied or computed on the amount or value of ores produced during the term of this Lease, Lessor and Lessee shall bear their pro rata share, provided that, where the tax is levied or computed on the value of the ores produced, the pro rata share of Lessor shall be determined by multiplying the gross amount of royalties paid to Lessor during the taxing period by the applicable tax rate, the balance of the tax being Lessee's pro rata share. Both Lessor and Lessee shall have the right in good faith to contest any tax or assessment,

whether payable by Lessor or Lessee, but shall not permit the Premises or any improvements or personal property thereon to be sold for such taxes or assessments.

SECTION NINE. DEFAULT, FORCE MAJEURE AND DISPUTES

9-1. Default. Excepting payment of annual payments or production royalty as provided in Section Three of this Lease, as to which Lessee shall have ten (10) days to cure, failure by Lessee to perform or comply with any of the other terms, provisions or conditions of this Lease, expressed or implied, including payment of other monetary obligations, shall not automatically terminate this Lease nor render it null or void. In case of such default, Lessor may notify Lessee in writing of such breach, and Lessee shall have a period of sixty days after receipt of such notice within which to commence activities which, to be diligently pursued, will cure the default, provided that the period of time for remedying such default shall be extended by any time that Lessee is prevented from acting because of force majeure.

9-2. Force Majeure. The failure to perform or to comply with any of the covenants or conditions hereof, either expressed or implied, on the part of the Lessee shall not be a ground for cancellation or termination or forfeiture hereof during such time as such failure to perform is caused, or compliance is prevented, by storms, droughts or other severe weather, fire, floods, washouts or landslides; accidents, mill shutdown, damage to or destruction of mill or mill plant facilities, or inability after diligent effort to obtain competent labor service or material, civil or military disorders, insurrection or riots, strikes, lockouts or other labor disturbances, laws, orders, rules, regulations, or legal actions; acts of God; or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from, and not be held liable for, such failure to perform or to

#603

comply. If Lessee is prevented from engaging in development, mining, or processing operations by any such cause, the time of such delay or interruption shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding, and this Lease shall be extended while and so long as Lessee is so prevented from conducting such operations. Lessee shall notify Lessor of any event of force majeure as soon as possible after affected thereby. Force majeure shall not excuse Lessee from making annual payments under Section 3-2 of this Lease.

9-3. Disputes or Adverse Claims. In case of suit, adverse claim, dispute or question as to the ownership of the Premises or of the annual payments or production royalties (or any interest therein) payable under this Lease, Lessee shall not be in default in payment thereof until such suit, claim, dispute or question has been finally disposed of, and Lessee shall have sixty (60) days after being furnished with instruments evidencing such settlement, or other proof sufficient in Lessee's opinion, to settle such question, within which to make payment. Should the rights or interest granted Lessee hereunder be disputed, it shall not be counted against Lessee either as affecting the term of the Lease (which shall be extended by the period of dispute) or for any other purpose, and Lessee may withhold the making of all payments due Lessor hereunder without interest until there is a final adjudication or other determination of such dispute.

9-4. Cessation of Production. Lessor and Lessee expressly agree that no implied covenant or condition whatsoever shall be read into this Lease relating to evaluation, development, mining, or production, or the time thereof, or to any operations of Lessee hereunder, or to the measure of diligence thereof, except as specifically provided in this Lease. If at any time or times Lessee, after commencing production, desires to shut down or cease production for any reason, it shall have the right to do so without terminating this Lease.

SECTION TEN. ASSIGNMENT

10-1. Assignment. The rights and estate of either party may be transferred or assigned in whole or in part; provided that Lessor may not transfer or assign his right to annual payments or royalties hereunder separately and apart from Lessor's interest in the Premises; and provided that no change or division in the ownership of the Premises shall be binding on Lessee until thirty (30) days after receipt of notice by Lessee, together with a certified copy of the recorded instrument or instruments evidencing such change or division. Notwithstanding the above, no change or division in ownership of the Premises shall operate to enlarge the obligations or diminish the rights of Lessee under this Lease. In the event this Lease shall be transferred or assigned as to a part or parts of the Premises, and the Lessee, or assignee or assignees of any part or parts, shall fail or make default in the payment of the proportionate part of the annual payments, production royalties, or damages due from him or them or otherwise breach any covenants contained herein, such default shall not operate to defeat or affect this Lease insofar as it covers any other part or parts of the Premises. Assignment of this Lease by Lessee shall, to the extent of such assignment, relieve and discharge the Lessee of all obligations hereunder which have not theretofore become due.

10-2. Binding Effect. All of the covenants and terms of this Lease shall run with the land and shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, successors and assigns.

SECTION ELEVEN. OTHER PROVISIONS

11.1 Notices. All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service or sent by

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registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

If to Lessor: Geraldine Borsch Fahrni,
Special Administratrix of the Estate
of Frederick G. Borsch, deceased
Star Route B, Box 85
Piedmont, South Dakota 57769

If to Lessee: Cyprus Mines Corporation
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155
Attn: Manager, Minerals Exploration-USA

With a Copy Sent To: Cyprus Mines Corporation
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155
Attn: Property Records Supervisor

11-2. **Counterpart Leases**. This Lease may be executed in any number of counterparts and shall be binding upon all owners of interests in the Premises executing the same or a counterpart hereof, whether or not named herein as one of the Lessors, and whether or not other owners of interests in the Premises have executed other counterparts or have not entered into this Lease. This instrument constitutes the entire agreement between the parties hereto, and all parties executing this instrument have received a copy of it.

11-3. **Further Acts**. Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this Lease. Lessor also agrees to cooperate at all times with Lessee in any reasonable manner to assist Lessee in the effecting of the purpose of this Lease.

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11-4. **Severance**. Should any portion of this Lease be declared invalid and unenforceable, then such portion shall be deemed to be severed from this Lease and shall not affect the remainder thereof.

11-5. **Construction**. When required by the context, the singular shall include the plural and vice versa; the terms "Lessor" and "Lessee" shall include their respective heirs, personal representatives, successors and assigns.

11.6. **Recordation**. This Lease shall not be recorded. Concurrently with the Lease, the parties shall execute and record a Memorandum for Recording in the form attached hereto as Exhibit "A."

11-7 **Governing Law**. This Lease shall be governed by the law of the State of South Dakota.

IN WITNESS WHEREOF, this Mining Lease is executed as of the 29 day of August, 1983.

LESSOR:

#603

Geraldine Borsch Fahrni,
Special Administratrix of the Estate
of Frederick G. Borsch, Deceased

Geraldine Borsch Fahrni

CYPRUS MINES CORPORATION

Attest: _____ By: _____

Title: _____ Title: VP

#603

INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of South Dakota)
) ss.
County of Lawrence)

On this the 29th day of August, 1983, before me, Jon W. Mattson the undersigned officer, personally appeared Jeraldine Borsch Fabrni known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Jon W. Mattson
Notary Public

SEAL

Jon W. Mattson
Typed or Printed Name

Box 392
Business Address

Deadwood, S.D. 57732

My Commission expires
October 11, 1983

INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the ____ day of _____, 19___, before me, _____ the undersigned officer, personally appeared _____ known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

_____
Notary Public

SEAL

_____
Typed or Printed Name

_____
Business Address

My Commission expires

_____

87 #103

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of Colorado)
) ss.
County of Arapahoe)

On this the 1st day of September, 19 83, before me, Nancy L. Novotny, the undersigned officer, personally appeared H. L. Bauer, Jr., who acknowledged himself to be the Vice President of Cyprus Mines Corporation a corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In witness whereof I hereto set my hand and official seal.

Notary Public

SEAL

Nancy L. Novotny
Typed or Printed Name

7000 S. Yosemite Street
Englewood, Colorado 80112
Business Address

My Commission expires September 29, 1984

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the day of , 19 , before me, the undersigned officer, personally appeared , who acknowledged himself to be the of a corporation, and that he, as such , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as .

In witness whereof I hereto set my hand and official seal.

Notary Public

SEAL

Typed or Printed Name

Business Address

My Commission expires

EXHIBIT A

MINING LEASE--MEMORANDUM FOR RECORDING

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE--Memorandum for Recording is made this 29th day of August, 19 83 by and between Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, deceased, (hereinafter collectively referred to as "Lessor," whether one or more), whose address is Star Route B, Box 85, Piedmont, South Dakota 57769, and CYPRUS MINES CORPORATION, a Delaware Corporation (hereinafter referred to as "Lessee"), whose address is 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155.

IN CONSIDERATION OF the rentals, royalties, covenants and agreements set forth in this Lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

SECTION ONE. GRANT AND DESCRIPTION

1-1. **Exclusive Lease**. Pursuant to the terms and conditions of that certain unrecorded Mining Lease of even date herewith (Unrecorded Lease) between Lessor and Lessee, Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the property described below (which property is hereinafter referred to as the "Premises"):

PATENTED CLAIMS

Claim	Mineral Survey	Patent
Barrett Lode	1681	40997 dated 6/12/1905

Containing 3.99 acres, more or less, in T.4N., R.4E., B.H.M., Bear Butte Mining District, Lawrence County, South Dakota.

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1-2. Subject Minerals; Application to Future Interests. The Premises leased hereunder include, without limitation, any and all minerals, metals, ores and materials of whatsoever kind and character, except oil, gas and associated liquid hydrocarbons (which included minerals, metals, ores and materials are hereinafter referred to as the "Subject Minerals"), in, upon, under, or extending from or into the Premises; and any and all right, title and interest in or to the Premises (including Subject Minerals) which Lessor may hereafter acquire.

1-3. Purposes. The Premises are leased to Lessee to survey, explore for, prospect, drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship, and market or otherwise dispose of any or all Subject Minerals in, upon, or under the Premises; and to exercise any and all rights or privileges granted in this Lease, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Lease.

SECTION TWO. TERM

Unless sooner terminated as provided in the Unrecorded Lease, this Lease and all of the rights herein granted shall remain in full force and effect for ten (10) years from the effective date hereof (the "Primary Term"), and as long thereafter as any mining or processing operations are being conducted hereunder on a continuous basis on the Premises.

SECTION THREE. NOTICES

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service, or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

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If to Lessor: Geraldine Borsch Fahrni
Special Administratix of the Estate
of Frederick G. Borsch, deceased
Star Route B, Box 85
Piedmont, South Dakota 57769

If to Lessee: Cyprus Mines Corporation
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155
Attn: Manager, Minerals Exploration-USA

With a Copy Sent To: Cyprus Mines Corporation
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155
Attn: Property Records Supervisor

SECTION FOUR. UNRECORDED AGREEMENT CONTROLLING

This Mining Lease--Memorandum for Recording is being recorded to give constructive notice of the Mining Lease granted by Lessor to Lessee pursuant to the terms and conditions of the Unrecorded Lease. The incomplete statement in this Memorandum for Recording of any of the terms and provisions of the Unrecorded Lease shall not be deemed to amend or modify the Unrecorded Lease which shall be the controlling instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Mining Lease - Memorandum for Recording as of the 29th day of August, 1983.

LESSOR:

Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, Deceased

Geraldine Borsch Fahrni

CYPRUS MINES CORPORATION

Attest: _____ By: _____

Title: _____ Title: VP

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INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of South Dakota)
) ss.
County of Lawrence)

On this the 29th day of August, 1983, before me, Jon W. Mattson the undersigned officer, personally appeared Geraldine Borsch Fabian known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Jon W. Mattson
Notary Public

SEAL

Jon W. Mattson
Typed or Printed Name

Box 392
Business Address

Deadwood, S.D. 57732

My Commission expires
Oct. 11, 1983

INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the _____ day of _____, 19___, before me, _____ the undersigned officer, personally appeared _____ known to me (or satisfactorily proven) to be the person whose name ___ subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

_____
Notary Public

SEAL

_____
Typed or Printed Name

_____
Business Address

My Commission expires

_____

CORPORAT ACKNOWLEDGMENT - SOUTH DA TA

State of Colorado)
) ss.
County of Arapahoe)

On this the 1st day of September , 19 83 , before me, Nancy L. Novotny, the undersigned officer, personally appeared H. L. Bauer, Jr. , who acknowledged himself to be the Vice President of Cyprus Mines Corporation a corporation, and that he, as such Vice President , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President .

In witness whereof I hereto set my hand and official seal.

Notary Public

SEAL

Nancy L. Novotny
Typed or Printed Name

7000 S. Yosemite Street
Englewood, Colorado 80112
Business Address

My Commission expires September 29, 1984

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the day of , 19 , before me, the undersigned officer, personally appeared , who acknowledged himself to be the of a corporation, and that he, as such , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as .

In witness whereof I hereto set my hand and official seal.

Notary Public

SEAL

Typed or Printed Name

Business Address

My Commission expires

MINING LEASE--MEMORANDUM FOR RECORDING

STATE OF SOUTH DAKOTA

COUNTY OF LAWRENCE

THIS MINING LEASE--Memorandum for Recording is made this 29 day of August, 1983 by and between Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, deceased, (hereinafter collectively referred to as "Lessor," whether one or more), whose address is Star Route B, Box 85, Piedmont, South Dakota 57769, and CYPRUS MINES CORPORATION, a Delaware Corporation (hereinafter referred to as "Lessee"), whose address is 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155.

IN CONSIDERATION OF the rentals, royalties, covenants and agreements set forth in this Lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

SECTION ONE. GRANT AND DESCRIPTION

1-1. Exclusive Lease. Pursuant to the terms and conditions of that certain unrecorded Mining Lease of even date herewith (Unrecorded Lease) between Lessor and Lessee, Lessor hereby leases exclusively to Lessee, its successors and assigns, for the term and purposes stated below, the property described below (which property is hereinafter referred to as the "Premises"):

PATENTED CLAIMS

Claim	Mineral Survey	Patent
Barrett Lode	1681	40997 dated 6/12/1905

Containing 3.99 acres, more or less, in T.4N., R.4E., B.H.M., Bear Butte Mining District, Lawrence County, South Dakota.

1-2. Subject Minerals; Application to Future Interests. The Premises leased hereunder include, without limitation, any and all minerals, metals, ores and materials of whatsoever kind and character, except oil, gas and associated liquid hydrocarbons (which included minerals, metals, ores and materials are hereinafter referred to as the "Subject Minerals"), in, upon, under, or extending from or into the Premises; and any and all right, title and interest in or to the Premises (including Subject Minerals) which Lessor may hereafter acquire.

1-3. Purposes. The Premises are leased to Lessee to survey, explore for, prospect, drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship, and market or otherwise dispose of any or all Subject Minerals in, upon, or under the Premises; and to exercise any and all rights or privileges granted in this Lease, or which are incident to or which may be useful or convenient in the exercise of any of the rights granted in this Lease.

SECTION TWO. TERM

Unless sooner terminated as provided in the Unrecorded Lease, this Lease and all of the rights herein granted shall remain in full force and effect for ten (10) years from the effective date hereof (the "Primary Term"), and as long thereafter as any mining or processing operations are being conducted hereunder on a continuous basis on the Premises.

SECTION THREE. NOTICES

All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service, or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

BJ #603

If to Lessor: Geraldine Borsch Fahrni
Special Administratix of the Estate
of Frederick G. Borsch, deceased
Star Route B, Box 85
Piedmont, South Dakota 57769

If to Lessee: Cyprus Mines Corporation
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155
Attn: Manager, Minerals Exploration-USA

With a Copy Sent To: Cyprus Mines Corporation
7000 South Yosemite Street
P.O. Box 3299
Englewood, Colorado 80155
Attn: Property Records Supervisor

SECTION FOUR. UNRECORDED AGREEMENT CONTROLLING

This Mining Lease--Memorandum for Recording is being recorded to give constructive notice of the Mining Lease granted by Lessor to Lessee pursuant to the terms and conditions of the Unrecorded Lease. The incomplete statement in this Memorandum for Recording of any of the terms and provisions of the Unrecorded Lease shall not be deemed to amend or modify the Unrecorded Lease which shall be the controlling instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Mining Lease - Memorandum for Recording as of the 29 day of August, 1983.

LESSOR:
JGF HCS
Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, Deceased

Geraldine Borsch Fahrni

CYPRUS MINES CORPORATION

Attest: _____ By: H C Sauer Jr.

Title: _____ Title: VP

JGF HCS

INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of South Dakota)
) ss.
County of Lawrence)

On this the 29th day of August, 1983, before me, Jon W. Mattson the undersigned officer, personally appeared Jeraldine Borsch Fabeni known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Jon W. Mattson
Notary Public

Jon W. Mattson
Typed or Printed Name

Box 392
Business Address

Deadwood, S.D. 57732

SEAL

My Commission expires
Oct. 11, 1983

INDIVIDUAL ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the ____ day of _____, 19___, before me, _____ the undersigned officer, personally appeared _____ known to me (or satisfactorily proven) to be the person whose name ___ subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

_____
Notary Public

SEAL

_____
Typed or Printed Name

_____
Business Address

My Commission expires

_____

CORPORAT ACKNOWLEDGMENT - SOUTH DA TA

State of Colorado)
) ss.
County of Arapahoe)

On this the 1st day of September , 1983 , before me, Nancy L. Novotny, the undersigned officer, personally appeared H. L. Bauer, Jr. , who acknowledged himself to be the Vice President of Cyprus Mines Corporation corporation, and that he, as such Vice President , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President .

In witness whereof I hereto set my hand and official seal.

Notary Public

SEAL

Nancy L. Novotny
Typed or Printed Name

7000 S. Yosemite Street
Englewood, Colorado 80112
Business Address

My Commission expires September 29, 1984

CORPORATE ACKNOWLEDGMENT - SOUTH DAKOTA

State of _____)
) ss.
County of _____)

On this the day of , 19 , before me, the undersigned officer, personally appeared , who acknowledged himself to be the of a corporation, and that he, as such , being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as .

In witness whereof I hereto set my hand and official seal.

Notary Public

SEAL

Typed or Printed Name

Business Address

My Commission expires

STATE OF SOUTH DAKOTA)
) SS.
COUNTY OF LAWRENCE)

IN CIRCUIT COURT

EIGHTH JUDICIAL CIRCUIT

Civ. #83-39

IN THE MATTER OF THE ESTATE OF FREDERICK G. BORSCH, Deceased

ORDER AUTHORIZING AND APPROVING MINERAL LEASES

The above-entitled matter having come for hearing before this Court upon the Petition of Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, deceased, pursuant to Order of the Court dated August 11, 1983, with the Special Administratrix appearing in person and with her attorney, Jon Mattson, of Deadwood, South Dakota, and Allen Herbert appearing in person, and the Court having reviewed the PETITION TO AUTHORIZE MINING LEASES and being satisfied that the Mining Leases are in the best interest of the Estate and that it is impractical for the Estate to explore the land for mining purposes; and it appearing that Notice of Hearing on the Petition has been given as required by law; and there being no opposition to the PETITION TO AUTHORIZE MINING LEASES: and the Court being further advised in the premises;

NOW THEREFORE, IT IS HEREBY ORDERED that Geraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, deceased, is hereby authorized to execute a Mining Lease with Cyprus Mines Corporation, a Delaware corporation, covering the Barrett Lode, Mineral Survey 1681, Patent 40997 dated 6-12-1905, and another Mining Lease with Cyprus Mines Corporation, a Delaware corporation, covering the Black Dan Lode, Mineral Survey 327, Patent 8653 dated 1-21-1884 and the Old Pennsylvania Lode, Mineral Survey 1632, Patent 38548 dated 4-9-1904, under terms and conditions similar to the Mining Leases attached to the Petition of Geraldine Borsch Fahrni, Special Administratrix, and that said Mining Leases

as attached to the Petition of Geraldine Borsch Fahrni, Special Administratrix, are hereby approved.

Dated this 29th day of August, 1983.

BY THE COURT:

Circuit Court Judge

ATTEST:

B. C. Edstrom, Clerk of Courts
By: Kathryn Hall
Deputy

FILED
B. C. Edstrom
AUG 29 1983
CLERK OF CIRCUIT COURT
LAWRENCE COUNTY, S. D.
By Kathryn Hall Deputy
Recorded Book ___ Page ___

STATE OF SOUTH DAKOTA }
COUNTY OF LAWRENCE } ss.
I hereby certify that I have carefully compared the within instrument with the original now on file in my office and that it is a true and correct copy of the same and the whole thereof, including the filing thereon and same is now in full force and effect.
Dated AUG 29 1983, 19___
B. C. EDSTROM, Clerk of Courts
By Kathryn Hall Deputy

CERTIFICATE OF LOCATION

KNOW ALL MEN BY THESE PRESENTS, that Brad Wellington, Agent for Cyprus Mines Corp.

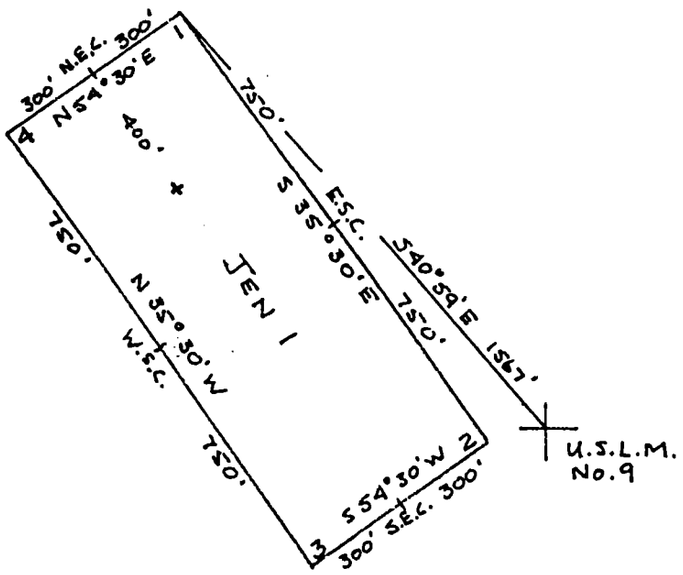
has located the JEN 1 Lode Mining Claim, and by this certificate, and by right of discovery and location, claim 1500 feet, linear and horizontal measurement along the vein thereof, with all it's dips, angles and variations as allowed by law, 400 feet on said vein running N 35° 30' W from the discovery notice and 1100 feet running S 35° 30' E from the discovery notice together with 300 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situated in the _____ Mining District, County of Lawrence and State of South Dakota, located in the NE 1/4 AND THE SE 1/4, SECTION 6.

T. 4 N., R. 4 E., Black Hills P.M., and described by the metes and bounds as follows, to-wit:

Beginning at Corner 1; whence the U.S.L.M. No. 9 bears S 40° 59' E, 1567 FEET;

Thence,	S 35° 30' E	750	feet to the EAST SIDE CENTER;
Thence,	S 35° 30' E	750	feet to Corner 2;
Thence,	S 54° 30' W	300	feet to the SOUTH END CENTER;
Thence,	S 54° 30' W	300	feet to Corner 3;
Thence,	N 35° 30' W	750	feet to the WEST SIDE CENTER;
Thence,	N 35° 30' W	750	feet to Corner 4;
Thence,	N 54° 30' E	300	feet to the NORTH END CENTER;
Thence,	N 54° 30' E	300	feet to Corner 1, the point of beginning.

MAP OF CLAIM



1" = 500'

Said lode was located on MAY 22, 1982

Brad Wellington, agent

Dated: JUNE 30, 1982

DOC. NO. 82-1772

Cyprus Mines Corp., a subsidiary of
Amoco Minerals Co.
7000 So. Yosemite St.
Englewood, CO 80155

1982 JUL -6 AM 9:34

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS

fee $2.00
JRM

COCA-01-120

CERTIFICATE OF LOCATION

KNOW ALL MEN BY THESE PRESENTS, that Brad Wellington, Agent for Cyprus Mines Corp.

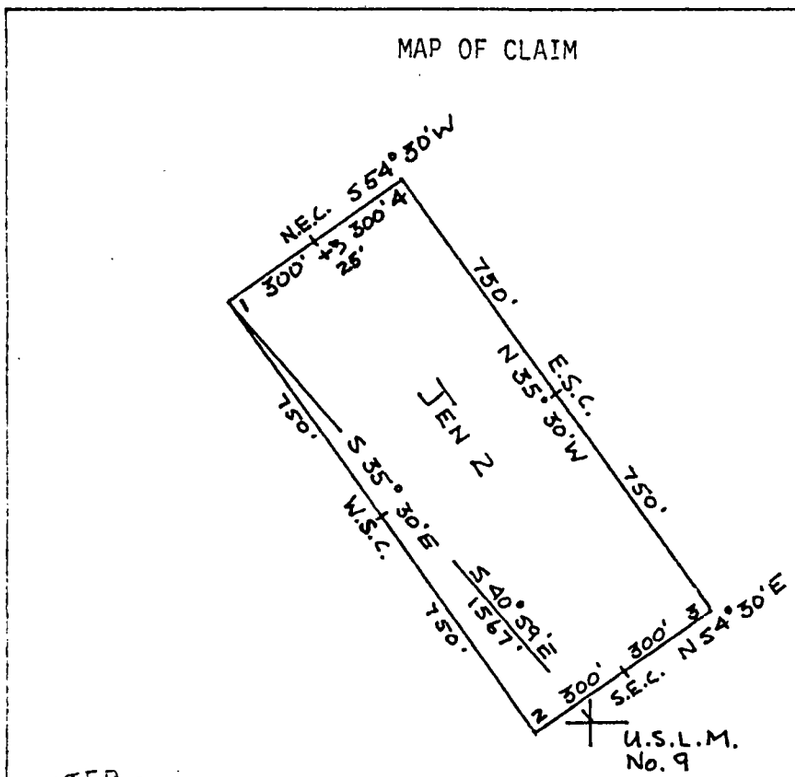
has located the JEN 2 Lode Mining Claim, and by this certificate, and by right of discovery and location, claim 1500 feet, linear and horizontal measurement along the vein thereof, with all it's dips, angles and variations as allowed by law, 25 feet on said vein running N 35°30' W from the discovery notice and 1475 feet running S 35°30' E from the discovery notice together with 300 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situated in the _____ Mining District, County of Lawrence and State of South Dakota, located in the NE 1/4 AND THE SE 1/4, SECTION 6

T.4N., R.4 E., Black Hills P.M., and described by the metes and bounds as follows, to-wit:

Beginning at Corner 1; whence the U.S.L.M. No. 9 bears S 40°59'E, 1567';

Thence,	S 35°30'E	750	feet to the WEST SIDE CENTER;
Thence,	S 35° 30' E	750	feet to Corner 2;
Thence,	N 54° 30' E	300	feet to the SOUTH END CENTER;
Thence,	N 54° 30' E	300	feet to Corner 3;
Thence,	N 35° 30'W	750	feet to the EAST SIDE CENTER;
Thence,	N 35° 30'W	750	feet to Corner 4;
Thence,	S 54° 30'W	300	feet to the NORTH END CENTER;
Thence,	S 54° 30'W	300	feet to Corner 1, the point of beginning.

MAP OF CLAIM



N

1" = 500'

DOC NO. 82-1773

1982 JUL -6 AM 9:35

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS
fee $2.00
jem

REGISTER OF DEEDS LAWRENCE COUNTY, SOUTH DAKOTA

Said lode was located on MAY 22, 1982

Brad Wellington, agent

Dated: JUNE 10, 1982

Cyprus Mines Corp., a subsidiary of
Amoco Minerals Co.
7000 So. Yosemite St.
Englewood, CO 80155

CERTIFICATE OF LOCATION

KNOW ALL MEN BY THESE PRESENTS, that Brad Wellington, Agent for Cyprus Mines Corp.

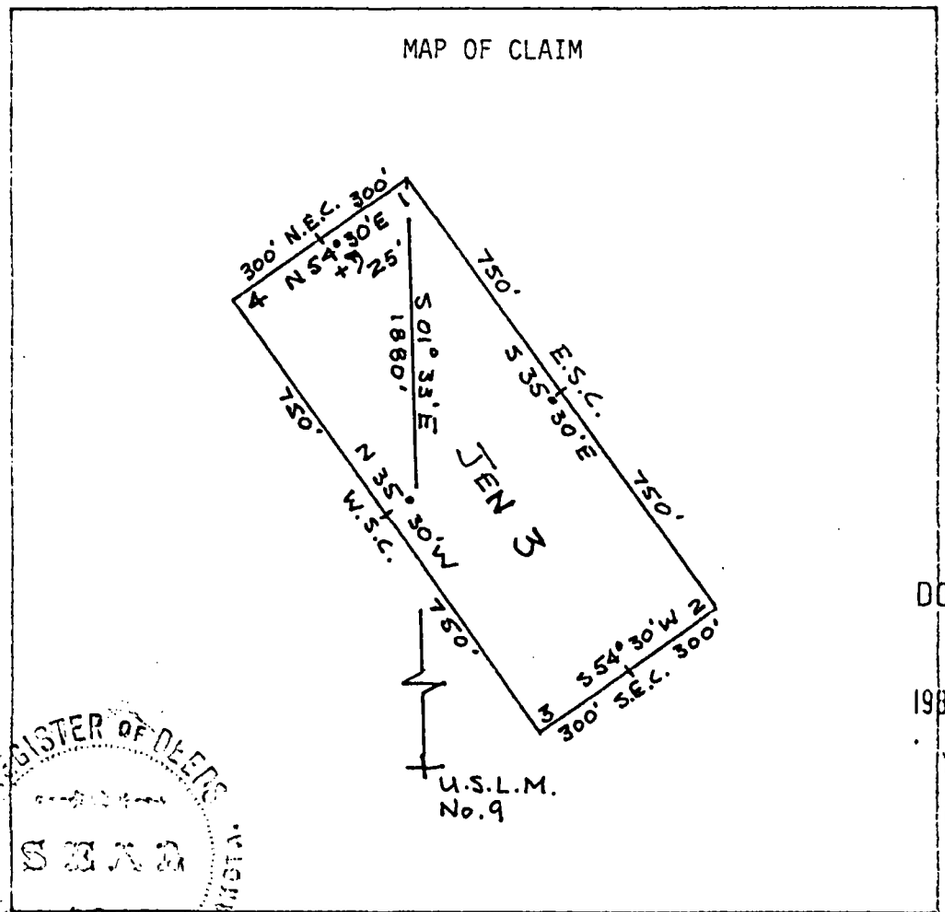
has located the JEN 3 Lode Mining Claim, and by this certificate, and by right of discovery and location, claim 1500 feet, linear and horizontal measurement along the vein thereof, with all it's dips, angles and variations as allowed by law, 25 feet on said vein running N 35° 30'W from the discovery notice and 1475 feet running S 35° 30'E from the discovery notice together with 300 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situated in the _____ Mining District, County of Lawrence and State of South Dakota, located in the NE 1/4 AND THE SE 1/4, SECTION 6 AND IN THE NW 1/4, SECTION 5

T.4N., R.4 E., Black Hills P.M., and described by the metes and bounds as follows, to-wit:

Beginning at Corner 1; whence the U.S.L.M. No. 9 bears S 1°33'E, 1880';

Thence,	S 35° 30'E	750	feet to the EAST SIDE CENTER;
Thence,	S 35° 30'E	750	feet to Corner 2;
Thence,	S 54° 30'W	300	feet to the SOUTH END CENTER;
Thence,	S 54° 30'W	300	feet to Corner 3;
Thence,	N 35° 30'W	750	feet to the WEST SIDE CENTER;
Thence,	N 35° 30'W	750	feet to Corner 4;
Thence,	N 54° 30'E	300	feet to the NORTH END CENTER;
Thence,	N 54° 30'E	300	feet to Corner 1, the point of beginning.

MAP OF CLAIM



DOC. NO. 82-1774

1982 JUL -6 AM 9:36

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS
fee $2.00
JRM

REGISTER OF DEEDS
SEAL
COUNTY, SOUTH DAKOTA

Said lode was located on May 22, 1982

Brad Wellington, agent

Dated: JUNE 10, 1982

Cyprus Mines Corp. a subsidiary of
Amoco Minerals Co.
7000 So. Yosemite St.
Englewood, CO 80155

CERTIFICATE OF LOCATION

KNOW ALL MEN BY THESE PRESENTS, that Brad Wellington, Agent for Cyprus Mines Corp.

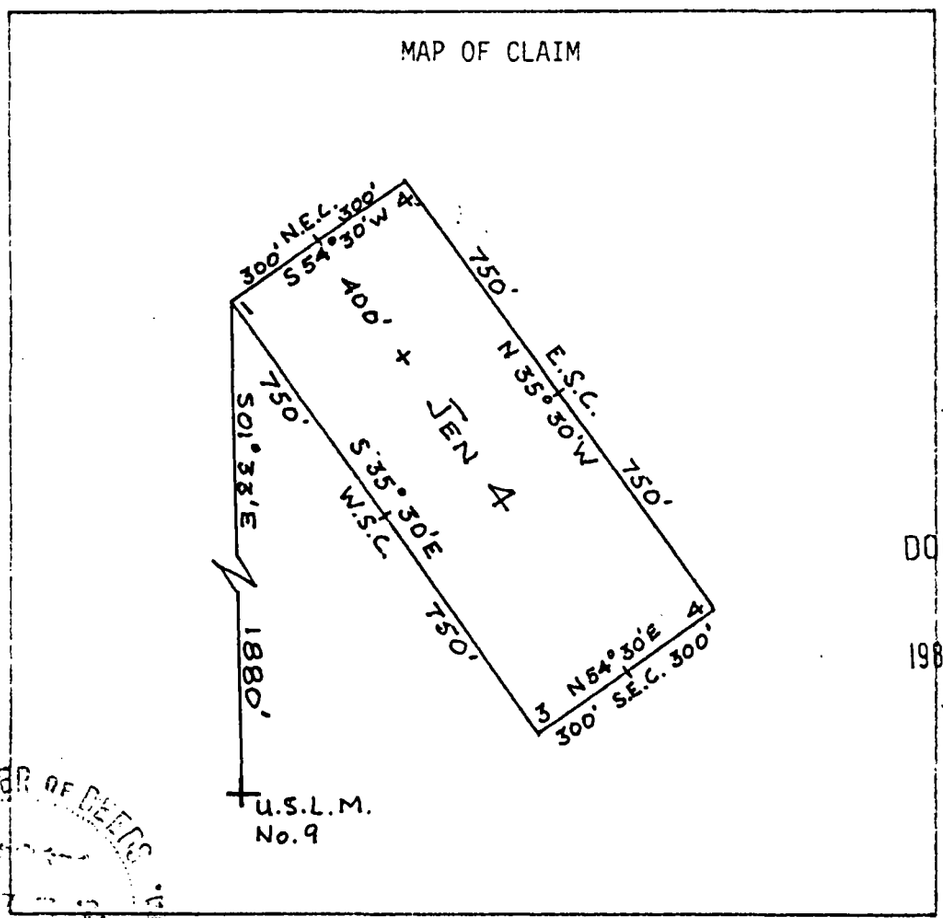
has located the JEN 4 Lode Mining Claim, and by this certificate, and by right of discovery and location, claim 1500 feet, linear and horizontal measurement along the vein thereof, with all it's dips, angles and variations as allowed by law, 400 feet on said vein running N 35°30'W from the discovery notice and 1100 feet running S 35°30'E from the discovery notice together with 300 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situated in the _____ Mining District, County of Lawrence and State of South Dakota, located in the NE 1/4 SECTION 6 AND THE NW 1/4 SECTION 5

T. 4N, R. 4 E., Black Hills P.M., and described by the metes and bounds as follows, to-wit:

Beginning at Corner 1; whence the U.S.L.M. No. 9 bears S 01°33'E, 1880 FEET;

Thence,	S 35°30'E	750	feet to the WEST SIDE CENTER;
Thence,	S 35°30'E	750	feet to Corner 2;
Thence,	N 54°30'E	300	feet to the SOUTH END CENTER;
Thence,	N 54°30'E	300	feet to Corner 3;
Thence,	N 35°30'W	750	feet to the EAST SIDE CENTER;
Thence,	N 35°30'W	750	feet to Corner 4;
Thence,	S 54°30'W	300	feet to the NORTH END CENTER;
Thence,	S 54°30'W	300	feet to Corner 1, the point of beginning.

MAP OF CLAIM



N

1" = 500'

DOC. NO. 82-1775

1982 JUL -6 AM 9:39

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS
fee $2.00
JRM

REGISTER OF DEEDS
LAWRENCE COUNTY, SOUTH DAKOTA

Said lode was located on MAY 22, 1982

Brad Wellington, agent

Dated: JUNE 10, 1982

Cyprus Mines Corp., a subsidiary of
Amoco Minerals Co.
7000 So. Yosemite St.
Englewood, CO 80155

CERTIFICATE OF LOCATION

KNOW ALL MEN BY THESE PRESENTS, that Brad Wellington, Agent for Cyprus Mines Corp.

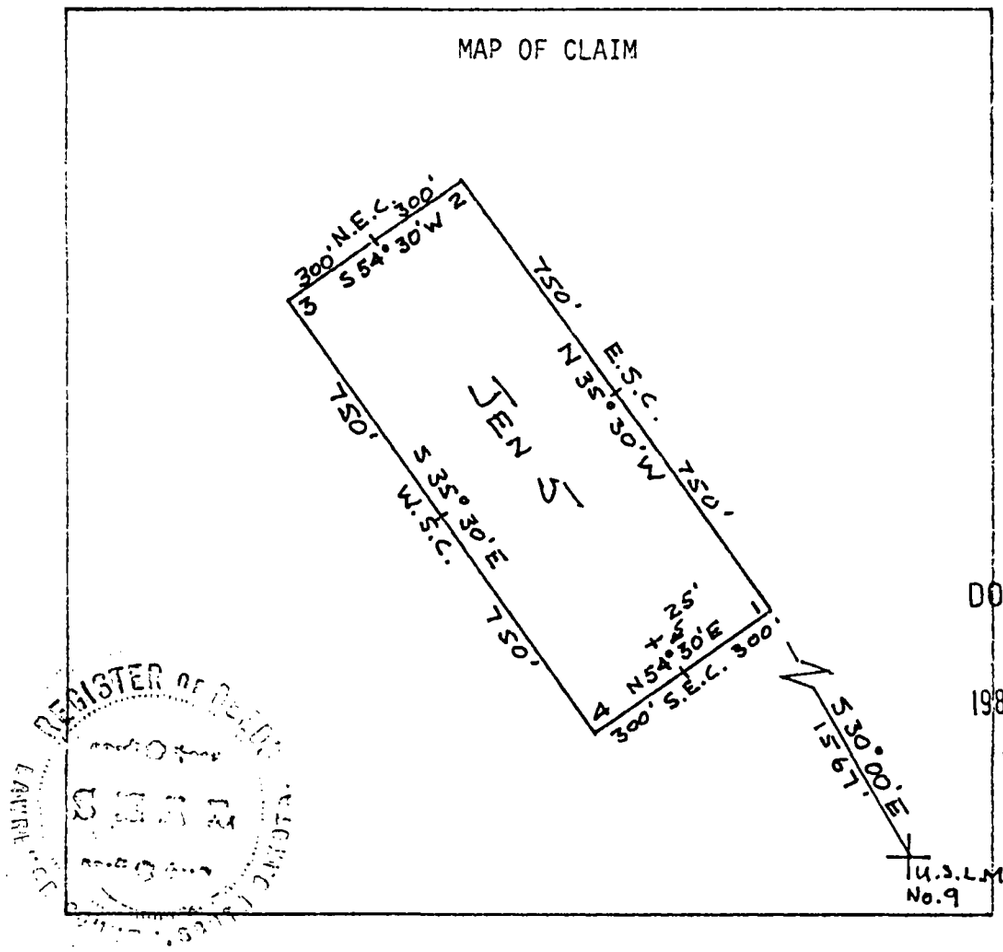
has located the JEN 5 Lode Mining Claim, and by this certificate, and by right of discovery and location, claim 1500 feet, linear and horizontal measurement along the vein thereof, with all it's dips, angles and variations as allowed by law, 25 feet on said vein running S35°30'E from the discovery notice and 1475 feet running N35°30'W from the discovery notice together with 300 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situated in the _____ Mining District, County of Lawrence and State of South Dakota, located in the NE 1/4 AND THE NW 1/4, SECTION 6

T. 4N, R. 4 E., Black Hills P.M., and described by the metes and bounds as follows, to-wit:

Beginning at Corner 1; whence the U.S.L.M. No. 9 bears S 30°00'E, 1567 FEET;

Thence,	N 35° 30'W	750	feet to the EAST SIDE CENTER;
Thence,	N 35° 30'W	750	feet to Corner 2;
Thence,	S 54° 30'W	300	feet to the NORTH END CENTER;
Thence,	S 54° 30'W	300	feet to Corner 3;
Thence,	S 35° 30'E	750	feet to the WEST SIDE CENTER;
Thence,	S 35° 30'E	750	feet to Corner 4;
Thence,	N 54° 30'E	300	feet to the SOUTH END CENTER;
Thence,	N 54° 30'E	300	feet to Corner 1, the point of beginning.

MAP OF CLAIM



1" = 500'

DOC. NO. 82-1776

1982 JUL -6 AM 9:40

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS
fee $2.00
JRM

Said lode was located on MAY 22, 1982

Dated: JUNE 10, 1982

Brad Wellington, agent

Cyprus Mines Corp., a subsidiary of
Amoco Minerals Co.
7000 So. Yosemite St.
Englewood, CO 80155

CERTIFICATE OF LOCATION

KNOW ALL MEN BY THESE PRESENTS, that Brad Wellington, Agent for Cyprus Mines Corp.

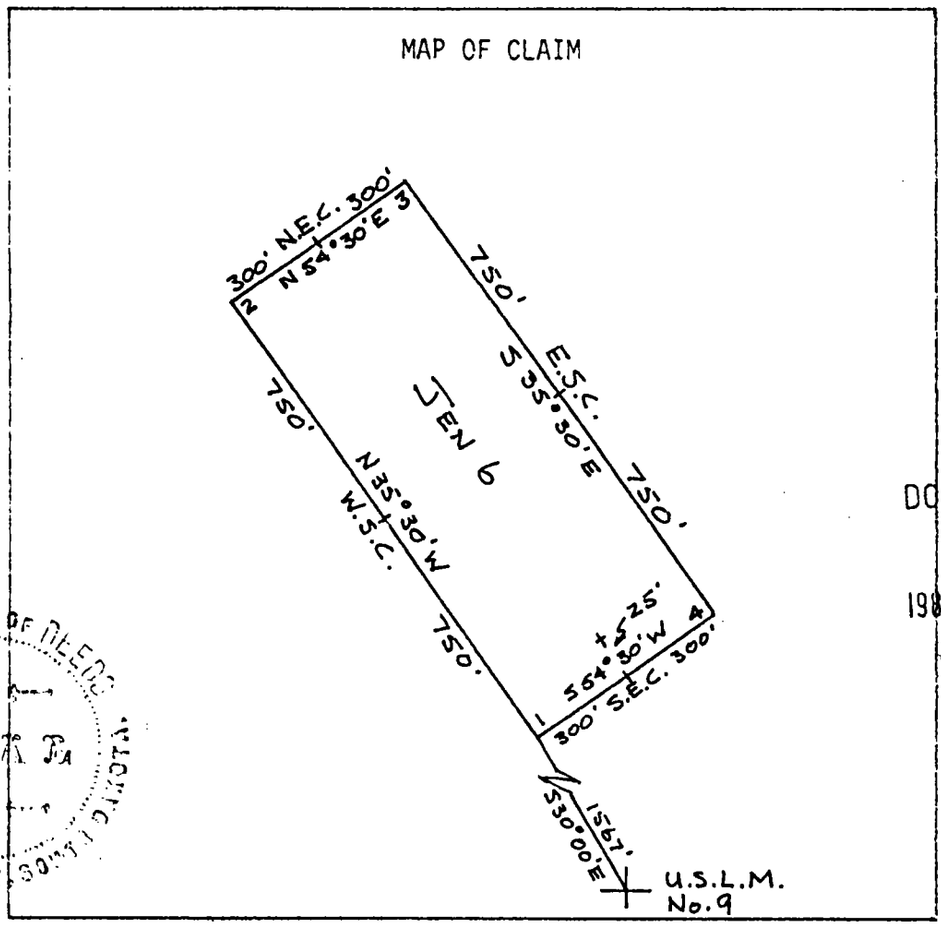
has located the JEN 6 Lode Mining Claim, and by this certificate, and by right of discovery and location, claim 1500 feet, linear and horizontal measurement along the vein thereof, with all it's dips, angles and variations as allowed by law, 25 feet on said vein running S 35° 30' E from the discovery notice and 1475 feet running N 35° 30' W from the discovery notice together with 300 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situated in the Mining District, County of Lawrence and State of South Dakota, located in the NE 1/4, SECTION 6

T. 4 N., R. 4 E., Black Hills P.M., and described by the metes and bounds as follows, to-wit:

Beginning at Corner 1; whence the U.S.L.M. No. 9 bears S 30° 00' E, 1567 FEET;

Thence,	N 35° 30' W	750	feet to the WEST SIDE CENTER;
Thence,	N 35° 30' W	750	feet to Corner 2;
Thence,	N 54° 30' E	300	feet to the NORTH END CENTER;
Thence,	N 54° 30' E	300	feet to Corner 3;
Thence,	S 35° 30' E	750	feet to the EAST SIDE CENTER;
Thence,	S 35° 30' E	750	feet to Corner 4;
Thence,	S 54° 30' W	300	feet to the SOUTH END CENTER;
Thence,	S 54° 30' W	300	feet to Corner 1, the point of beginning.

MAP OF CLAIM



N

1" = 500'

DOC. NO. 82-1777

1982 JUL -6 AM 9:41

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS
fee $2.00
JRM

REGISTER OF DEEDS LAWRENCE COUNTY, SOUTH DAKOTA

Said lode was located on MAY 22, 1982

Dated: JUNE 10, 1982

Brad Wellington, agent

Cyprus Mines Corp., a subsidiary of
Amoco Minerals Co.
7000 So. Yosemite St.
Englewood, CO 80155

CERTIFICATE OF LOCATION

KNOW ALL MEN BY THESE PRESENTS, that Brad Wellington, Agent for Cyprus Mines Corp.

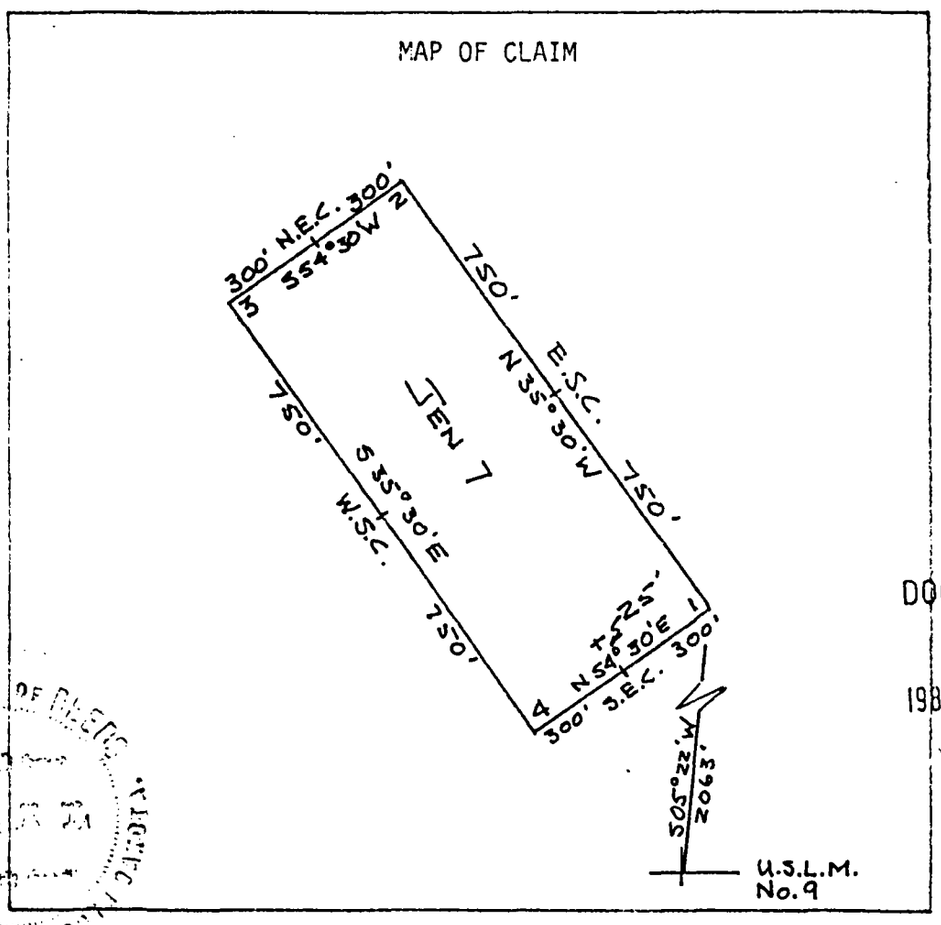
has located the JEN 7 Lode Mining Claim, and by this certificate, and by right of discovery and location, claim 1500 feet, linear and horizontal measurement along the vein thereof, with all it's dips, angles and variations as allowed by law, 25 feet on said vein running S 35° 30' E from the discovery notice and 1475 feet running N 35° 30' W from the discovery notice together with 300 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situated in the _____ Mining District, County of Lawrence and State of South Dakota, located in the SE 1/4 AND THE SW 1/4, SECTION 31, T. 5 N., AND IN THE NE 1/4, Section 6

T. 4 N., R. 4 E., Black Hills P.M., and described by the metes and bounds as follows, to-wit:

Beginning at Corner 1; whence the U.S.L.M. No. 9 bears S 05° 22' W, 2063 FEET;

Thence,	N 35° 30' W	750	feet to the EAST SIDE CENTER;
Thence,	N 35° 30' W	760	feet to Corner 2;
Thence,	S 54° 30' W	300	feet to the NORTH END CENTER;
Thence,	S 54° 30' W	300	feet to Corner 3;
Thence,	S 35° 30' E	750	feet to the WEST SIDE CENTER;
Thence,	S 35° 30' E	750	feet to Corner 4;
Thence,	N 54° 30' E	300	feet to the SOUTH END CENTER;
Thence,	N 54° 30' E	300	feet to Corner 1, the point of beginning.

MAP OF CLAIM



N

1" = 500'

DOC. NO. 82-1778

1982 JUL -6 AM 9:42

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS
fee # 2.00
JRM

REGISTER OF DEEDS
STATE OF SOUTH DAKOTA

Said lode was located on MAY 22, 1982

Dated: JUNE 10, 1982

Brad Wellington, agent

Cyprus Mines Corp., a subsidiary of
Amoco Minerals Co.
7000 So. Yosemite St.
Englewood, CO 80155

CERTIFICATE OF LOCATION

KNOW ALL MEN BY THESE PRESENTS, that Brad Wellington, Agent for Cyprus Mines Corp.

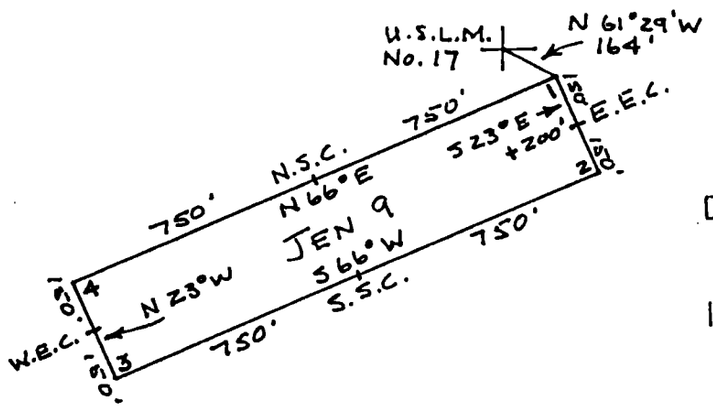
has located the JEN 9 Lode Mining Claim, and by this certificate, and by right of discovery and location, claim 1500 feet, linear and horizontal measurement along the vein thereof, with all it's dips, angles and variations as allowed by law, 200 feet on said vein running N 66° E from the discovery notice and 1300 feet running S 66° W from the discovery notice together with 150 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situated in the _____ Mining District, County of Lawrence and State of South Dakota, located in the NW 1/4, SECTION 8 AND IN THE NE 1/4 SECTION 7

T. 4 N., R. 4 E., Black Hills P.M., and described by the metes and bounds as follows, to-wit:

Beginning at Corner 1; whence the U.S.L.M. No. 17 bears N 61° 29' W, 164 FEET;

Thence,	S 23° E	150	feet to the EAST End Center;
Thence,	S 23° E	150	feet to Corner 2;
Thence,	S 66° W	750	feet to the SOUTH Side Center;
Thence,	S 66° W	750	feet to Corner 3;
Thence,	N 23° W	150	feet to the WEST End Center;
Thence,	N 23° W	150	feet to Corner 4;
Thence,	N 66° E	750	feet to the NORTH Side Center;
Thence,	N 66° E	750	feet to Corner 1, the point of beginning.

MAP OF CLAIM



N

DOC. NO. 82-1779

1" = 500'

1982 JUL -6 AM 9:43

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS
fee $ 2.00
JRM

REGISTER OF DEEDS
LAWRENCE COUNTY, S.D.

Said lode was located on MAY 23, 1982

Brad Wellington, agent

Dated: JUNE 10, 1982

Cyprus Mines Corp., a subsidiary of
Amoco Minerals Co.
7000 So. Yosemite St.
Englewood, CO 80155

CERTIFICATE OF LOCATION

KNOW ALL MEN BY THESE PRESENTS, that Brad Wellington, Agent for Cyprus Mines Corp.

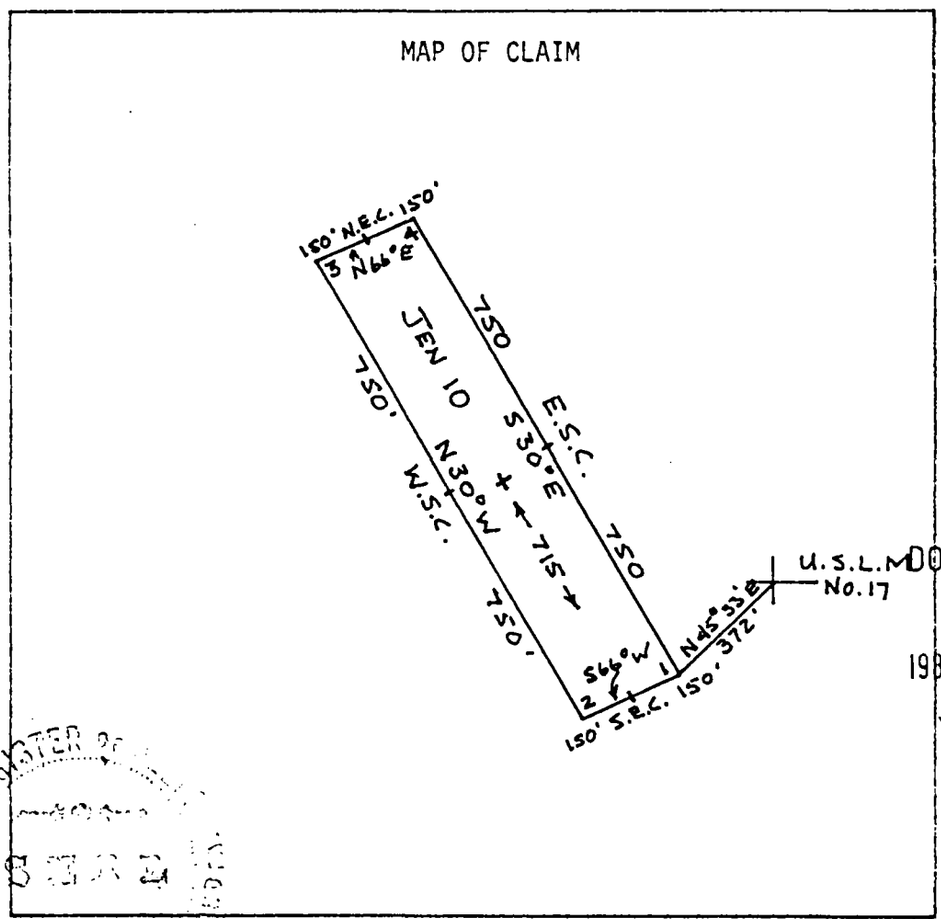
has located the JEN 10 Lode Mining Claim, and by this certificate, and by right of discovery and location, claim 1500 feet, linear and horizontal measurement along the vein thereof, with all it's dips, angles and variations as allowed by law, 715 feet on said vein running S 30° E from the discovery notice and 785 feet running N 30° W from the discovery notice together with 150 feet on each side of the middle of said vein at the surface, and all veins, lodes, ledges, deposits and surface ground within the lines of said claim, situated in the _____ Mining District, County of Lawrence and State of South Dakota, located in the SW 1/4, SECTION 5, THE SE 1/4, SECTION 6, THE NE 1/4, SECTION 7 AND THE NW 1/4, SECTION 8

T. 4N., R. 4 E., Black Hills P.M., and described by the metes and bounds as follows, to-wit:

Beginning at Corner 1; whence the U.S.L.M. No. 17 bears N 45° 33'E, 372. FEET;

Thence,	S 66° W	150	feet to the SOUTH End Center;
Thence,	S 66° W	150	feet to Corner 2;
Thence,	N 30° W	750	feet to the WEST Side Center;
Thence,	N 30° W	750	feet to Corner 3;
Thence,	N 66° E	150	feet to the NORTH End Center;
Thence,	N 66° E	150	feet to Corner 4;
Thence,	S 30° E	750	feet to the EAST Side Center;
Thence,	S 30° E	750	feet to Corner 1, the point of beginning.

MAP OF CLAIM



N

1" = 500'

DOC. NO. 82-1780

1982 JUL -6 AM 9:44

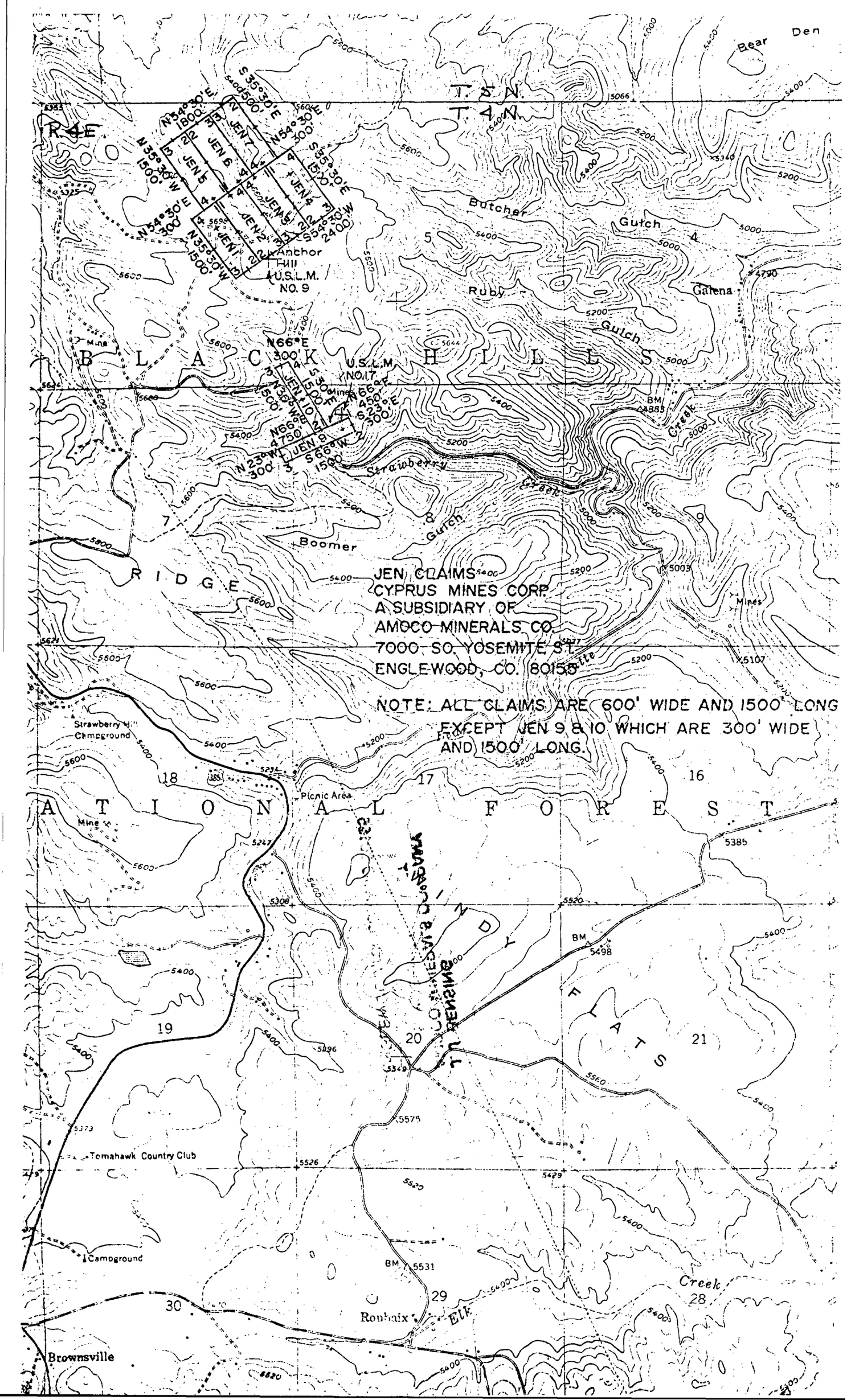
YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS
fee $ 3.00
JRM

Said lode was located on MAY 23, 1982

Dated: JUNE 10, 1982

Brad Wellington, agent

Cyprus Mines Corp., a subsidiary of
Amoco Minerals Co.
7000 So. Yosemite St.
Englewood, CO 80155



JEN CLAIMS
CYPRUS MINES CORP.
A SUBSIDIARY OF
AMOCO MINERALS CO.
7000 SO. YOSEMITE ST.
ENGLEWOOD, CO. 80155

NOTE: ALL CLAIMS ARE 600' WIDE AND 1500' LONG EXCEPT JEN 9 & 10 WHICH ARE 300' WIDE AND 1500' LONG.

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT, CONGDON AND CAREY, LTD. 5, a Colorado limited partnership (hereinafter referred to as "Assignor"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, sell, assign, transfer, set over and convey unto the partners of Assignor in the proportions set forth on Exhibit A attached hereto (hereinafter collectively referred to as "Assignee"), as a non-interest bearing production payment (the "Production Payment"), 10% of Assignor's Net Revenue Interest, as defined herein, in all minerals, metals, ore concentrates and other products produced, saved and marketed from and under the terms of each lease or other property described in Exhibit B attached hereto (the "Leases"), and the lands described in such Leases (the "Properties"), until Assignee shall have received the aggregate of $720,835.67 (the "Primary Sum").

The Production Payment herein assigned is subject to the following terms, provisions and conditions, to-wit:

1. When the Primary Sum has been received by Assignee, the Production Payment shall be fully discharged and all rights, titles and interests assigned to Assignee herein shall terminate, and Assignee shall, upon request, execute and deliver all necessary and proper acquittances, releases and reassignments; provided, however, that the Production Payment shall in any event terminate whenever 21 years less one day shall have elapsed after the death of the survivor of all descendants of Assignee who are living on the date hereof.

2. Assignee shall look solely to the minerals, metals, ore concentrates and other products produced, saved and marketed from the Leases and Properties and/or the sale, lease or other disposition of the Leases and Properties pursuant to paragraph 4 for the satisfaction and discharge of the Production Payment, and Assignor shall never be personally liable for the payment and discharge thereof.

3. No Production Payment shall be paid or accrue until Assignor shall have received from its Net Revenue Interest with respect to the Properties payments equal to all funds expended by Assignor on or in connection with the Leases and the Properties from and after January 1, 1983 together with interest thereon at the rate of 2 percent over the prime rate of IntraWest Bank of Denver in effect from time to time, and in the event that such recoupment shall occur but thereafter funds expended by Assignor on or in connection with the Leases and the Properties shall exceed such payments received by Assignor, no Production Payment shall again be paid or accrue until such recoupment is again achieved.

4. Net Revenue Interest shall mean Assignor's share of cash revenues from the Leases and the Properties in excess of all cash costs, expenses and expenditures allocable to such revenue share to the extent that such cash costs, expenses and expenditures are not included in funds expended which are subject to recoupment in paragraph 3

hereof. In the event of any sale, lease or other disposition of the Leases and the Properties or of any portion thereof, the transferee thereof shall take free and clear of this Production Payment but Assignor's Net Revenue Interest shall include the consideration received for such sale, lease or other disposition and shall be applied to the satisfaction and discharge of the Production Payment as set forth herein and subject to paragraph 3 hereof.

5. The Production Payment shall be paid 30 days following the end of each calendar quarter upon the basis of the Net Revenue Interest for such quarter. On or before 90 days following the end of each of Assignor's fiscal years it shall furnish to Assignee a summary of financial results for such year upon which Assignor's Net Revenue Interest for such year is based certified as correct by the principal financial officer of Assignor and, if requested by Assignee, by Assignor's regular independent certified public accountants. Upon receipt of such summary, Assignee at its own expense may obtain an independent audit of Assignor's records which form the basis for such summary. If Assignee has not notified Assignor in writing of any objections on or before 180 days following the end of Assignor's fiscal year, the Production Payments for the fiscal year just ended shall be deemed correct and accepted by Assignee.

6. No obligations, either express or implied, shall arise by reason of this Assignment to Assignee which shall obligate Assignor to keep and maintain the Leases or any of them in force and effect either by the performance of any act or the payment of rentals, compensatory royalties or other payments.

The Production Payment shall be applicable to any renewal, extension or new lease taken or acquired by Assignor within a period of two years from the date of the termination of any of the Leases as to the lands, horizons and minerals covered by such terminated Leases and affected by such new lease.

TO HAVE AND TO HOLD the Production Payment hereinabove assigned to Assignee for and during the term or terms and according to the terms and conditions of the Leases.

Assignee may sell, assign or otherwise dispose of all or any part of its interest hereunder, and the terms of this Assignment shall inure to the benefit of the successors and assigns of Assignee.

Notwithstanding anything to the contrary set forth herein, Assignor and Assignee acknowledge that Assignor will following the execution of this Assignment assign and transfer the Leases and the Properties to CoCa Mines Inc., a Colorado corporation, which shall thereafter be deemed to constitute the Assignor for all purposes hereunder and by its execution hereof shall assume and carry out all of the obligations of Assignor hereunder. Except as set forth in paragraph 4 above, this Assignment and its terms and provisions shall be binding upon the parties hereto, their respective successors and assigns forever.

EXECUTED as of the 31st day of December, 1982.

CONGDON AND CAREY, LTD. 5

By _____
General Partner

The obligations of Assignor under this Assignment are hereby assumed and shall be carried out by the undersigned.

EXECUTED as of the 31st day of December, 1982.

COCA MINES INC.

By _____
President

ATTEST:

_____
Secretary

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the 31st day of January, 1983, before me, Rebecca D. Zupan the undersigned officer, personally appeared Thomas E. Congdon who acknowledged himself to be a General Partner of Congdon and Carey, Ltd. 5, a Colorado limited partnership, and that he, as such General Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as General Partner.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: April 13, 1986

_____
Notary Public

Address: 1100 [illegible]
DENVER

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this the 31st day of January, 1983, before me, Rebecca D. Zupan, the undersigned officer, personally appeared Hugh T. Matheson and J. Christopher Mitchell who acknowledged themselves to be the President and Secretary of CoCa Mines Inc., a Colorado corporation, and that they, as such President and Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as President and Secretary.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: April 13, 1986

REBECCA D. ZUPAN NOTARY PUBLIC STATE OF COLORADO

Rebecca Zupan
Notary Public

Address: ~~1100 DENVER CENTER BUILDING~~
1776 LINCOLN ST.
DENVER, COLORADO 80203

EXHIBIT A

CONGDON AND CAREY, LTD. 5
PRODUCTION PAYMENTS

	Gilt Edge
Limited Partners:	
George G. Anderman	$ 85,710.83
Fiduciary Trust Company of New York, Trustee	39,174.20
Helmerich & Payne, Inc.	107,138.12
Nelson Bunker Hunt	112,984.74
Mrs. Janet W. Levy	107,138.12
John D. Macomber	36,632.09
Daniel C. Searle	27,474.06
Mrs. Mary C. Van Evera	42,855.07
Clint W. Murchison, III	13,558.38
Burk C. Murchison	6,779.18
Burk Coleman Murchison Trust B	6,779.20
Coke Anne Saunders	3,389.59
Coke Anne Murchison Trust 2	3,389.60
Coke Anne Murchison Trust 3	6,779.20
Robert Frank Murchison Trust A	6,779.18
Robert Frank Murchison Trust B	6,779.20
John D. Murchison, Jr.	9,158.43
John D. Murchison, Jr. Trust B	9,158.44
Virginia Lucille Murchison Trust 2	5,357.03
Virginia Lucille Murchison Trust 3	10,714.42
Virginia Lucille Murchison Administrative Trust 3	5,357.03
Mary Noel Lamont	4,579.21
Mary Noel Murchison Trust 2	4,579.22
Mary Noel Murchison Trust 3	9,158.44
Barbara Jeanne Murchison Trust 1	4,579.21
Barbara Jeanne Murchison Trust 2	4,579.22
Barbara Jeanne Murchison Trust 3	9,158.44
Thomas E. Congdon*	15,557.91
William J. Carey*	15,557.91
	$720,835.67

* These sums represent contributions to the Partnership by the General Partners during its Secondary Term when certain Limited Partners declined to meet Calls for Funds. The General Partners are entitled to participate in the Production Payments with respect to these contributions. The General Partners are not entitled to participate in the Production Payments with respect to the $509,038.08 they provided the Partnership for these two projects in their capacity as General Partners.

EXHIBIT B

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

I. Patented and unpatented mining claims in which Cyprus Mines Corporation has acquired an 80% interest by virtue of a Joint Venture Agreement dated January 1, 1975 with Congdon and Carey, Ltd. 5, and an Assignment dated April 18, 1975 from Congdon and Carey, Ltd. 5, to Cyprus Mines Corporation.

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnake Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.696
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Belle	1235	30615	10.257
Summit	1236	30615	6.806
Summit #1	1236	30615	7.04
Horn Silver	1236	30615	9.929
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Strawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.65
(Amended)	-	215	300		
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.96
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 100% interest (20% of which is to be assigned to Congdon and Carey, Ltd. 5).

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claims).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Nut	05/08/1976	76	1081	M MC 17030 (SD)	) 22.31
Nut Number One (1)	05/08/1976	76	1082	M MC 17031 (SD)	)

NOTE: The area covered by these claims has been relocated November 16, 1982 as the Erik 1-4 unpatented lode claims; recordation and B.L.M. filing is in process.

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOC. NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 38821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/23/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02

DOC. NO. 83-23

9:45

ASSIGNMENT

Know all men by these presents, that CONGDON AND CAREY, LTD. 5, a Colorado limited partnership ("Assignor"), for and in consideration of the sum of ten dollars and other good and valuable consideration, to it in hand paid by CoCa MINES INC., a Colorado corporation ("Assignee"), the receipt of which is hereby acknowledged, has bargained and sold and by these presents does grant, convey, transfer and assign unto Assignee all right, title and interest of Assignor in, from and under the terms of each lease or other property described in Exhibit A attached hereto and the lands described therein.

EXECUTED as of the 31st day of December, 1982.

CONGDON AND CAREY, LTD. 5

By _____
Thomas E. Congdon,
General Partner

STATE OF COLORADO]
] ss.
COUNTY OF DENVER]

On this 3rd day of February, 1983, before me, REBECCA D. ZUPAN, the undersigned officer, personally appeared Thomas E. Congdon who acknowledged himself to be a General Partner of Congdon and Carey, Ltd. 5, a Colorado limited partnership, and that he, as such General Partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the partnership by himself as General Partner.

In witness whereof, I hereunto set my hand and official seal.

My commission expires: DEC 13 1986

_____
Notary Public

Address: 1100 D[illegible] BUILDING
D[illegible] 80203

COCA-01-122

EXHIBIT A

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

I. Patented and unpatented mining claims in which Cyprus Mines Corporation has acquired an 80% interest by virtue of a Joint Venture Agreement dated January 1, 1975 with Congdon and Carey, Ltd. 5, and an Assignment dated April 18, 1975 from Congdon and Carey, Ltd. 5, to Cyprus Mines Corporation.

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee.

1. Patented Lode Claims

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Moltke	884	22661)	
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Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
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Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
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Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Belle	1235	30615	10.257
Summit	1236	30615	6.806
Summit #1	1236	30615	7.04
Horn Silver	1236	30615	9.929
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Strawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	18.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.66
(Amended)	-	215	300		
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.96
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
May	1134	32166	9.752
May Fr.	1134	32166	2.584
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 100% interest (20% of which is to be assigned to Congdon and Carey, Ltd. 5).

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee (unpatented lode claims).

CLAIM	LOCATED	RECORDED BOOK	PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Nut	05/08/1976	76	1081	M MC 17030 (SD)	) 22.31
Nut Number One (1)	05/08/1976	76	1082	M MC 17031 (SD)	)

NOTE: The area covered by these claims has been relocated November 16, 1982 as the Erik 1-4 unpatented lode claims; recordation and B.L.M. filing is in process.

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOC. NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 38821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/23/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02

DOC. NO. 83-234

1983 FEB -7 AM 9:46

RECEIVED
SEP 1 1983
ACCOUNTS PAYABLE

QUIT CLAIM DEED

THIS QUIT CLAIM DEED is made and entered into as of the 23rd day of August, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to convey an undivided twenty (20%) percent interest in that property identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby convey and quit claim to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that property identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This quit claim deed is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this quit claim deed effective as of the date first above written.

CYPRUS MINES CORPORATION

By: H. L. Bauer, Jr.
Vice President

APPROVED

Attest: W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 23rd day of August, 1983, before me, Marianne Schutz, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

Marianne Schutz
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

DOC. NO. 83-4912

My commission expires: Feb. 5, 1986

1983 SEP -1 AM 10:44

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS

Fee 3.00

Exempt from Documentary Fee

COCA-01-123

E X H I B I T A

Attached to and made a part of that certain Assignment of Interest dated the 23rd day of August, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described unpatented lode mining claims located in Township 4 North, Range 4 East, Sections 5, 6, and 7, B.H.P.M., Lawrence County, South Dakota:

CLAIM NAME	DATE LOCATED	ORIGINAL RECORDING INFORMATION	BLM SERIAL NUMBER
Jen 1	05/22/82	Document No. 82-1772	M MC 88817
Jen 2	05/22/82	Document No. 82-1773	M MC 88818
Jen 3	05/22/82	Document No. 82-1774	M MC 88819
Jen 4	05/22/82	Document No. 82-1775	M MC 88820
Jen 5	05/22/82	Document No. 82-1776	M MC 88821
Jen 6	05/22/82	Document No. 82-1777	M MC 88822
Jen 7	07/15/83	Document No. 83-4608	M MC 102163
Jen 9	05/22/82	Document No. 82-1779	M MC 88824
Jen 10	05/22/82	Document No. 82-1780	M MC 88825

QUIT CLAIM DEED

THIS QUIT CLAIM DEED is made and entered into as of the 23rd day of August, 1983, by and between CYPRUS MINES CORPORATION, a Delaware corporation, with an office at 7000 South Yosemite Street, P.O. Box 3299, Englewood, Colorado 80155, (hereinafter referred to as "Grantor") and COCA MINES INC., a Colorado corporation, whose address is 1100 Denver Center Building, 1776 Lincoln Street, Denver, Colorado 80203, (hereinafter referred to as "Grantee"), successor in interest to Congdon and Carey, Ltd. 5, a Colorado partnership.

WHEREAS, Grantor entered into a Joint Venture Agreement with Congdon and Carey, Ltd. 5, dated January 1, 1975; and

WHEREAS, in accordance with Paragraph 3 of the above mentioned Joint Venture Agreement, Grantor desires to convey an undivided twenty (20%) percent interest in that property identified on Exhibit A hereto attached, to Grantee.

NOW, THEREFORE, in consideration of the sum of ten dollars and other good and valuable consideration, Grantor does hereby convey and quit claim to Grantees an undivided twenty (20%) percent of its right, title, and interest in and to that property identified on Exhibit A hereto attached, together with all rights incident and appurtenant thereto. This quit claim deed is made without any warranties of title, either express or implied.

IN WITNESS WHEREOF the parties hereto have executed this quit claim deed effective as of the date first above written.

CYPRUS MINES CORPORATION

By: H. L. Bauer, Jr.
Vice President

Attest: _____
W. H. Cann
Secretary

STATE OF COLORADO)

COUNTY OF ARAPAHOE)

On this the 23rd day of August, 1983, before me, Dawn Schuh, personally appeared H. L. Bauer, Jr. and W. H. Cann, who acknowledged themselves to be the Vice President and Secretary, respectively, of Cyprus Mines Corporation, a corporation, and that they, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as Vice President and Secretary, respectively.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

Dawn Schuh
Notary Public

7000 So. Yosemite Street
Englewood, Colorado 80112

My commission expires: Feb. 5, 1986

E X H I B I T A

Attached to and made a part of that certain Assignment of Interest dated the 23rd day of August, 1983, between Cyprus Mines Corporation, Grantor, and CoCa Mines Inc., Grantee, covering the following described unpatented lode mining claims located in Township 4 North, Range 4 East, Sections 5, 6, and 7, B.H.P.M., Lawrence County, South Dakota:

CLAIM NAME	DATE LOCATED	ORIGINAL RECORDING INFORMATION	BLM SERIAL NUMBER
Jen 1	05/22/82	Document No. 82-1772	M MC 88817
Jen 2	05/22/82	Document No. 82-1773	M MC 88818
Jen 3	05/22/82	Document No. 82-1774	M MC 88819
Jen 4	05/22/82	Document No. 82-1775	M MC 88820
Jen 5	05/22/82	Document No. 82-1776	M MC 88821
Jen 6	05/22/82	Document No. 82-1777	M MC 88822
Jen 7	07/15/83	Document No. 83-4608	M MC 102163
Jen 9	05/22/82	Document No. 82-1779	M MC 88824
Jen 10	05/22/82	Document No. 82-1780	M MC 88825

M E M O R A N D U M

DATE: March 28, 1986

TO: R.C. Cohen

FROM: H.J. Matheson

SUBJECT: Gilt Edge Sale

CoCa is a 20% joint venture partner with Cyprus Minerals Company in the Gilt Edge property located five miles southeast of Lead, South Dakota. The property is principally held through leaseholds with a few minor fractional claims staked by the joint venture. A couple of years ago CoCa and Cyprus farmed out their interest to Lacana Mining, Inc. retaining a 7.5% net smelter returns royalty. Underlying royalties payable to the various lessors are to be paid out of the joint venture's royalty interest. The net effect approximates a 1% NSR royalty to CoCa.

Lacana has spent $1.65 million on the property and is faced with an additional $2.0 million work commitment for the period 6/1/86 - 5/31/87. In early March Lacana indicated it was turning over the property to a recently formed Vancouver Stock Exchange company - Brohm Resources Inc. - in which Lacana has a share ownership of 20%. The principals in Brohm approached Cyprus in early March asking for relief on the work commitment.

On March 13, 1986 Cyprus, CoCa, and Brohm negotiated a sale of the joint venture's leasehold interest for $1.25 million, payable on the following terms:

1. $100,000 payable on signing.

2. $400,000 payable by July 1, 1986. No physical work to be done on the property prior to payment.

3. $750,000 payable by December 31, 1986.

Cyprus as the managing partner is preparing the required documentation. All payments are to be split 80/20 Cyprus/CoCa.

CoCa's share of the sales proceeds are subject to the production payment held by the former partners of C&C5. That payment states that CoCa will recoup its expenditures (plus interest) on the Gilt Edge Project out of net revenues from production or the sale of the property, and any remaining funds are to be distributed to the C&C5 partners. Since CoCa's recoupable expenditures are less than $40,000, the former C&C5 should be receiving something on the order of $210,000.

Brohm and Cyprus clearly understand that CoCa's willingness to enter into the sale is subject to approval by the CoCa Board of Directors.

/bm
1209j

DRAFT

DATED .....

INITIALS .....

ACQUISITION AGREEMENT

THIS AGREEMENT is made and entered into as of this ____ day of _____, 1986, by and between GILT EDGE INC., a South Dakota corporation, hereinafter simply referred to as "GILT EDGE" or "Purchaser"; and CYPRUS MINES CORPORATION, a Delaware corporation, hereinafter simply referred to as "CYPRUS", and COCA MINES INC., a Colorado corporation, hereinafter simply referred to as "COCA", with CYPRUS and COCA being hereinafter collectively referred to as "Seller".

W I T N E S S E T H

WHEREAS the Seller, by that certain Mining Agreement (the "Mining Agreement") dated as of June 1, 1983, leased certain mining properties within the Gilt Edge Mining District of Lawrence County, South Dakota to Lacana Mining Inc. (now Lacana Gold Inc.), a Memorandum of which was recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983, a full and complete copy of said Mining Agreement is attached hereto as Exhibit A; and

WHEREAS the original parties to the Mining Agreement entered into a First Amendment to Mining Agreement dated as of May 30, 1985, with Lacana Mining Inc. (now Lacana Gold Inc.) acting on behalf of, and for the benefit of, GILT EDGE, which Amendment to the Mining Agreement, a copy of which is attached hereto as Exhibit B, shall, unless the terms of this Agreement dictate otherwise, be included in all subsequent references to the Mining Agreement; and

WHEREAS the mineral properties subject of the Mining Agreement are comprised of interests in patented and unpatented

mining claims, other patented property, and leasehold interests in patented and unpatented mining claims, other patented property, all more particularly described in the Mining Agreement and the attachments thereto, and which will hereinafter collectively be referred to as the "Subject Property"; and

WHEREAS the Mining Agreement sets forth an Area of Interest, which "Area of Interest" shall be adopted by the parties hereto as a definition of land area for the purposes of this Agreement; and

WHEREAS all of the right, title and interest of Lacana Gold Inc. in and to the aforesaid Mining Agreement was assigned to GILT EDGE by that certain Assignment and Assumption Agreement dated January 11, 1985, which was duly recorded in Lawrence County, South Dakota, as Document #85-649, on March 13, 1985;

WHEREAS it is now the desire of GILT EDGE to purchase all of the right, title and interest of the Seller in and to the Mining Agreement, the Subject Property and the Area of Interest, and the desire of the Seller to sell to GILT EDGE all of its right, title and interest in and to the Mining Agreement, the Subject Property and the Area of Interest, including but not limited to all interests of any kind or nature to receive royalties from mineral production therefrom;

NOW THEREFORE, for and in consideration of the sum of TEN DOLLARS ($10.00), in hand paid by GILT EDGE to the Seller, the receipt and sufficiency of which is acknowledged by the Seller, and the other consideration, terms, conditions, covenants and promises contained herein, the parties agree as follows:

1. AGREEMENT TO SELL: The Seller agrees to exclusively sell, grant, assign and convey, all of its right, title and interest in and to the Mining Agreement, Subject Property, Area of Interest and any personalty on the Subject Property or subject of the Mining Agreement as of the date of this Agreement to GILT EDGE in accordance with the terms and conditions of this Agreement, by appropriate deeds, assignments, conveyances, bills of sale or otherwise ("Conveyance Documents"), as approved by counsel for GILT EDGE, and in a form that may be recorded in Lawrence County, South Dakota.

It is understood and agreed to by GILT EDGE and the Seller that such Conveyance Documents, after being approved as to form and content by counsel for GILT EDGE, shall be subject to the purchase escrow provisions set forth below.

It is understood and agreed to by Seller that it will continue to cooperate with GILT EDGE in perfecting title in and to the Subject Property or other properties within the Area of Interest by executing any further and additional documents necessary to carry out the spirit and intent of this Agreement, even after the closing of the purchase escrow contemplated by the provisions set forth below.

2. PURCHASE CONSIDERATION: GILT EDGE agrees to pay to Seller the following amounts as full consideration for the interests in the Mining Agreement and Subject Property conveyed to it by the Sellers:

$100,000.00	Upon execution of this Agreement
$400,000.00	On or before July 1, 1986
$750,000.00	On or before December 31, 1986

unless this Agreement is sooner terminated, surrendered or forfeited. In the event that this Agreement is terminated, surrendered or forfeited any payments made by GILT EDGE shall not be refunded but may be retained by the Seller as reasonable rental.

3. ABATEMENT OF SELECTED PROVISIONS OF MINING AGREEMENT: Upon execution of this Agreement, and until the completion of the purchase of all the interest of the Seller in the Mining Agreement and Subject Property that will culminate with the closing of the purchase escrow arrangement set forth below, GILT EDGE shall have the right to continue possession, exploration, development and mining of the Subject Property that it acquired under, and in accordance with, the Mining Agreement, without being obligated under Sections 4.2, 4.3, or 4.4 to Seller, or any other provision requiring payments to Seller or work commitments.

4. WARRANTIES AND REPRESENTATIONS OF SELLER: The Seller represents and warrants unto GILT EDGE as follows:

a. Seller has the full and exclusive right and power to act on behalf of Seller, and on behalf of any other interested person or entities, to sell its interest in and to the Mining Agreement, Subject Property and Area of Interest to GILT EDGE under the terms and provisions of this Agreement and to grant the rights granted to GILT EDGE hereunder;

b. The Subject Property is free and clear of all liens and encumbrances made or suffered by the Seller or as set forth in the Mining Agreement;

c. The Subject Property is not subject to any agreements made or suffered by the Seller contrary to the provisions of this Agreement or the Mining Agreement;

d. While this Agreement remains in effect, Seller will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance; and

e. Seller has not done any acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constituted a default; or any act which with the passage of time could become a default under any of such leases; that no notice of default has been given to Seller and to Seller's knowledge no such notice is contemplated to be given by any of the lessors under the leases subject of the Mining Agreement; that Seller is the sole present lessee and has the full and exclusive right and power to assign such leases to GILT EDGE, subject to the terms of the Mining Agreement.

All the representations and warranties set forth herein shall survive the term of this Agreement.

5. WARRANTIES AND REPRESENTATIONS OF GILT EDGE: GILT EDGE represents and warrants unto the Seller that it, GILT EDGE, has the full right and corporate authority to enter into this Agreement, and that upon execution this Agreement will be binding upon GILT EDGE.

All the representations and warranties set forth herein shall survive the term of this Agreement.

6. PURCHASE ESCROW: Upon execution of this Agreement the parties hereto agree to immediately, or as soon thereafter as is reasonably possible, deposit a fully executed copy hereof, together with any and all Conveyance Documents prepared, approved and executed as of that date, in escrow with a mutually acceptable escrow agent ("Escrow Agent"). Such Escrow Agent shall be instructed to release unto GILT EDGE all Conveyance Documents upon receiving written notice from GILT EDGE, that the purchase payments set forth above have been made. The Escrow Agent shall have the right to seek confirmation of such payments from the Seller, however should the Seller fail to respond to inquiries of either GILT EDGE or the Escrow Agent to ratify said payments for a period of more than FIFTEEN (15) days, such ratification and approval shall be inferred. The parties hereto shall accept all reasonable escrow conditions imposed by the Escrow Agent and shall share equally in all escrow charges or fees.

At any time during the pendency of the escrow the parties hereto can add to or modify the Conveyance Documents to more correctly reflect the assignments or conveyance of property interests contemplated by this Agreement. Each party hereto agrees to cooperate with the other in drafting, reviewing and executing any Conveyance Document, or modifications thereto, in order that the property interests to be assigned or conveyed are correct at the time the escrow is to close pursuant to the terms of this Agreement.

Should Seller fail to receive the purchase payments set forth above in a timely manner, it shall give written notice to GILT EDGE of such default, and GILT EDGE shall have THIRTY (30) days thereafter to cure such default or to furnish proof of payment.

Should GILT EDGE fail to respond or otherwise satisfy the noticed default within the prescribed time, the Escrow Agent shall be authorized to return all Conveyance Documents in its possession to the Seller and this Agreement shall terminate without GILT EDGE having any further rights under this Agreement to purchase the interest of the Seller.

7. TERMINATION OF MINING AGREEMENT: Upon payment of the purchase price as set forth above ($1,250,000.00) and notification of such to the Escrow Agent, the Mining Agreement shall be terminated. As soon thereafter as is reasonably practical the Escrow Agent shall release all Conveyance Documents to GILT EDGE, and GILT EDGE may thereafter cause the same to be recorded in Lawrence County, South Dakota.

GILT EDGE, upon completion of the purchase of the Mining Agreement, agrees to accept the assignments of any leases subject of the Mining Agreement, and to perform all the obligations thereunder of the Seller, arising or occurring after the date of this Agreement, except any ongoing or past reclamation requirements accruing by past actions of the Seller.

8. COOPERATION OF SELLER: During the term of this Agreement Seller shall cooperate with GILT EDGE to the extent such cooperation is required by law to obtain all county, state and federal permits required to conduct on the Subject Property the mining operation contemplated by GILT EDGE, but the cost thereof incurred by the Seller shall be paid by the GILT EDGE.

9. MULTIPLE PARTIES - AGENT: As the Seller is and, may be, from time to time, made up of various individuals or entities whose ownership interests may vary, the Seller hereby names:

Cyprus Mines Corporation
as to EIGHT-TENTHS (8/10 or 80%) of any payment.
P. O. Box 3299
7000 So. Yosemite Street
Englewood, Colorado 80155

Atten: Property Records Supervisor

and:

CoCa Mines Inc.
as to TWO-TENTHS (2/10 or 20%) of any payment.
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

Atten: J. C. Mitchell

as its agents to receive from GILT EDGE all payments to Seller due hereunder. Such payments shall be made by cashiers checks, wire transfers, or other methods providing immediate funds, payable to the order of said agents at such addresses. Any charges made by said agents shall be paid by Seller. Payment by GILT EDGE to said agents, or to any other agents designated by the different ownership groups of Seller in accordance with this paragraph, shall constitute and be payment in full to Seller and each ownership group of each such payment, and such payment shall constitute and be a full discharge of all of GILT EDGE's obligations to make such payment. GILT EDGE shall not have any obligation whatsoever, with respect to the distribution of any such payment by any such agents to Seller or its ownership groups or to any other person or persons entitled thereto or to any part thereof. If such agents, or any successors thereof, shall cease to exist or shall refuse to serve as Seller's, or its ownership groups', agents hereunder, such payment shall be made thereafter to any bank or other party in the United States that Seller shall designate. GILT EDGE shall be entitled to withhold all payments

hereunder until such designation is made. At all times pertinent hereto, GILT EDGE shall have the right to demand that no more than TWO (2) agents act in the place and stead of Seller and its ownership groups for purposes of receiving payments hereunder. At the time payments are made by GILT EDGE to said agents, GILT EDGE shall send notices of such payment to Seller, as provided below.

10. NOTICES: Any notice or demand which is required to be given hereunder by either party hereto which either party may desire to give to the other hereunder shall be given in writing by mailing the same by United States mail, registered or certified, return receipt requested, postage prepaid, addressed to the other party at his respective address shown below and, to be effective, must be made to all those designated to receive copies set forth below. A notice hereunder shall be effective the SECOND (2nd) day next following deposit thereof in the United States mail or, if made by personal delivery, the same shall become effective on the day of such delivery to the party as provided herein. A party's address, as set forth hereinbelow and/or the person to whose attention the notice is to be given, may be changed by such party by notice given as provided herein to the other party:

If the notice is to Seller:

Cyprus Mines Corporation
Attention: C. A. Mark
P. O. Box 3299
7000 So. Yosemite Street
Englewood, Colorado 80155

with a copy to:

CoCa Mines Inc.
Attention: J. C. Mitchell
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

If the notice is to GILT EDGE:

Gilt Edge Inc.
Attention: Wayne McClay
Suite 1088, 999 West Hastings Street
Vancouver, British Columbia V6C 2W2

with a copy to:

Swinton & Company
Attention: Stephen E. Dadson
Suite 1300, 1090 West Georgia Street
Vancouver, British Columbia V6E 3X9

11. NON-PARTNERSHIP: This Agreement shall not constitute or be construed to constitute a partnership, mining partnership, joint venture or joint operation. The full control and determination as to manner, extent and character of mining operations shall be determined by GILT EDGE without interference from Seller.

12. ENTIRE AGREEMENT; AMENDMENTS: Except for the applicable terms of the Mining Agreement, this Agreement contains the entire agreement between GILT EDGE and Seller, and no oral agreement, promise, statement or representation which is not contained herein shall be binding upon GILT EDGE or Seller. All amendments of this Agreement shall be in writing and executed by the parties.

13. BINDING EFFECT: All of the terms, conditions, warranties, covenants and agreements herein contained shall be binding on the parties hereto, their partners, heirs, successors and assigns.

14. RECORDATION: The parties hereto agree that this Agreement will not be recorded but that a Memorandum of Agreement will be recorded setting forth the rights of GILT EDGE to acquire the rights of the Seller to the Mining Agreement, Subject Property and Area of Interest.

15. SEVERABILITY: If any of the provisions of this Agreement is or becomes void or unenforceable by Force of Law, the other provisions shall remain valid and enforceable.

16. WAIVER: The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by any party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to effect either validity of this Agreement, or any part hereof, or the right of each party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the day and year first above written.

Seller:

CYPRUS MINES CORPORATION
a Delaware corporation

BY: _____

TITLE: _____

COCA MINES INC.
a Colorado corporation

BY: _____

TITLE: _____

GILT EDGE:

GILT EDGE INC.
a South Dakota corporation

BY: _____

TITLE: _____

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of COCA MINES INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of GILT EDGE INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

FACSIMILE TRANSMISSION

April 24, 1986

J. C. Mitchell
CoCa Mines
1100 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203

Agreement with Brohm Resources, Ltd.,
Gilt Edge, South Dakota

Please find enclosed a marked up draft of the above Agreement which contains my comments. Please review this draft and let me know what comments you have.

Regards

Ralph W. Godell
R. W. Godell

RWG/ban

H. L. Bauer, Jr.
J. H. Bird
J. D. Flemming
M. D. Martin

ACQUISITION AGREEMENT

THIS AGREEMENT is made and entered into as of this ____ day of _____, 1986, by and between GILT EDGE INC., a South Dakota corporation, hereinafter simply referred to as "GILT EDGE" or "Purchaser"; and CYPRUS MINES CORPORATION, a Delaware corporation, hereinafter simply referred to as "CYPRUS", and COCA MINES INC., a Colorado corporation, hereinafter simply referred to as "COCA", with CYPRUS and COCA being hereinafter collectively referred to as "Seller".

W I T N E S S E T H

WHEREAS the Seller, by that certain Mining Agreement (the "Mining Agreement") dated as of June 1, 1983, leased certain mining properties within the Gilt Edge Mining District of Lawrence County, South Dakota to Lacana Mining Inc. (now Lacana Gold Inc.), a Memorandum of which was recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983, a full and complete copy of said Mining Agreement is attached hereto as Exhibit A; and

WHEREAS the original parties to the Mining Agreement entered into a First Amendment to Mining Agreement dated as of May 30, 1985, with Lacana Mining Inc. (now Lacana Gold Inc.) acting on behalf of, and for the benefit of, GILT EDGE, which Amendment to the Mining Agreement, a copy of which is attached hereto as Exhibit B, shall, unless the terms of this Agreement dictate otherwise, be included in all subsequent references to the Mining Agreement; and

WHEREAS the mineral properties subject of the Mining Agreement are comprised of interests in patented and unpatented

mining claims, other patented property, and leasehold interests in patented and unpatented mining claims, other patented property, all more particularly described in the Mining Agreement and the attachments thereto, and which will hereinafter collectively be referred to as the "Subject Property"; and

WHEREAS the Mining Agreement sets forth an Area of Interest, which "Area of Interest" shall be adopted by the parties hereto as a definition of land area for the purposes of this Agreement; and

WHEREAS all of the right, title and interest of Lacana Gold Inc. in and to the aforesaid Mining Agreement was assigned to GILT EDGE by that certain Assignment and Assumption Agreement dated January 11, 1985, which was duly recorded in Lawrence County, South Dakota, as Document #85-649, on March 13, 1985;

WHEREAS it is now the desire of GILT EDGE to purchase all of the right, title and interest of the Seller in and to the Mining Agreement, the Subject Property and the Area of Interest, and the desire of the Seller to sell to GILT EDGE all of its right, title and interest in and to the Mining Agreement, the Subject Property and the Area of Interest, including but not limited to all interests of any kind or nature to receive royalties from mineral production therefrom;

of Seller

NOW THEREFORE, for and in consideration of the sum of TEN DOLLARS ($10.00), in hand paid by GILT EDGE to the Seller, the receipt and sufficiency of which is acknowledged by the Seller, and the other consideration, terms, conditions, covenants and promises contained herein, the parties agree as follows:

1. AGREEMENT TO SELL: The Seller agrees to exclusively sell, grant, assign and convey, all of its right, title and interest in and to the Mining Agreement, Subject Property, Area of Interest and any personalty on the Subject Property or subject of the Mining Agreement as of the date of this Agreement to GILT EDGE in accordance with the terms and conditions of this Agreement, by appropriate deeds, assignments, conveyances, bills of sale or otherwise ("Conveyance Documents"), as approved by counsel for GILT EDGE, and in a form that may be recorded in Lawrence County, South Dakota.

It is understood and agreed to by GILT EDGE and the Seller that such Conveyance Documents, after being approved as to form and content by counsel for GILT EDGE, but without warranties of title except as set forth, shall be subject to the purchase escrow provisions set forth below.

It is understood and agreed to by Seller that it will continue to cooperate with GILT EDGE in perfecting title in and to the Subject Property or other properties within the Area of Interest by executing any further and additional documents necessary to carry out the spirit and intent of this Agreement, even after the closing of the purchase escrow contemplated by the provisions set forth below.

2. PURCHASE CONSIDERATION: GILT EDGE agrees to pay to Seller the following amounts as full consideration for the interests in the Mining Agreement and Subject Property conveyed to it by the Sellers:

$100,000.00	Upon execution of this Agreement
$400,000	on or before July 1, 1986
$750,000.00	On or before December 31, 1986

unless this Agreement is sooner terminated, surrendered or forfeited. In the event that this Agreement is terminated, surrendered or forfeited any payments made by GILT EDGE shall not be refunded but may be retained by the Seller as reasonable rental.

3. ABATEMENT OF SELECTED PROVISIONS OF MINING AGREEMENT: Upon execution of this Agreement, and until the completion of the purchase of all the interest of the Seller in the Mining Agreement and Subject Property that will culminate with the closing of the purchase escrow arrangement set forth below, GILT EDGE shall have the right to continue possession, exploration, development and mining of the Subject Property that it acquired under, and in accordance with, the Mining Agreement, without being obligated under Sections 4.2, 4.3, or 4.4 to Seller, or any other provision requiring payments to Seller or work commitments, *

4. WARRANTIES AND REPRESENTATIONS OF SELLER: The Seller represents and warrants unto GILT EDGE as follows:

a. Seller has the full and exclusive right and power to act on behalf of Seller, and on behalf of any other interested person or entities, to sell its interest in and to the Mining Agreement, Subject Property and Area of Interest to GILT EDGE under the terms and provisions of this Agreement and to grant the rights granted to GILT EDGE hereunder;

b. The Subject Property is free and clear of all liens and encumbrances made or suffered by the Seller; ~~or as set forth in the Mining Agreement~~

* [illegible] that [illegible] disturbing operations shall take place on the Subject Property until the [illegible] for in Section 2 hereof is paid to Seller. In the event this [illegible] terminated [illegible] Gilt Edge then all provisions including Sections [illegible] shall automatically go back into full force and effect, [illegible] shall be credited as Evaluation Expenditures under [illegible] Mining Agreement retained as liquidated damages?

c. The Subject Property is not subject to any agreements made or suffered by the Seller contrary to the provisions of this Agreement or the Mining Agreement;

d. While this Agreement remains in effect, Seller will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance; and

also Buyer shall not encumber

e. Seller has not done any acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constituted a default; or any act which with the passage of time could become a default under any of such leases; that no notice of default has been given to Seller and to Seller's knowledge no such notice is contemplated to be given by any of the lessors under the leases subject of the Mining Agreement; that Seller is the sole present lessee and has the full and exclusive right and power to assign such leases to GILT EDGE, subject to the terms of the Mining Agreement.

All the representations and warranties set forth herein shall survive the term of this Agreement.

5. WARRANTIES AND REPRESENTATIONS OF GILT EDGE: GILT EDGE represents and warrants unto the Seller that it, GILT EDGE, has the full right and corporate authority to enter into this Agreement, and that upon execution this Agreement will be binding upon GILT EDGE.

All the representations and warranties set forth herein shall survive the term of this Agreement.

6. PURCHASE ESCROW: Upon execution of this Agreement the parties hereto agree to immediately, or as soon thereafter as is reasonably possible, deposit a fully executed copy hereof, together with any and all Conveyance Documents prepared, approved and executed as of that date, in escrow with a mutually acceptable escrow agent ("Escrow Agent"). Such Escrow Agent shall be instructed to release unto GILT EDGE all Conveyance Documents upon receiving written notice from GILT EDGE, that the purchase payments set forth above have been made. The Escrow Agent shall [~~have the right to~~] seek confirmation of such payments from the Seller, however should the Seller fail to respond to inquiries of either GILT EDGE or the Escrow Agent to ratify said payments for a period of more than FIFTEEN (15) days, such ratification and approval shall be inferred. The parties hereto shall accept all reasonable escrow conditions imposed by the Escrow Agent and shall share equally in all escrow charges or fees.

At any time during the pendency of the escrow the parties hereto can add to or modify the Conveyance Documents to more correctly reflect the assignments or conveyance of property interests contemplated by this Agreement. Each party hereto agrees to cooperate with the other in drafting, reviewing and executing any Conveyance Document, or modifications thereto, in order that the property interests to be assigned or conveyed are correct at the time the escrow is to close pursuant to the terms of this Agreement.

Should Seller fail to receive ~~the~~ any one or all of the purchase payments set forth above in a timely manner, it shall give written notice to GILT EDGE of such default, and GILT EDGE shall have THIRTY (30) days thereafter to cure such default or to furnish proof of payment.

Should GILT EDGE fail to respond or otherwise satisfy the noticed default within the prescribed time, the Escrow Agent shall be authorized to return all Conveyance Documents in its possession to the Seller and this Agreement shall terminate without GILT EDGE having any further rights under this Agreement to purchase the interest of the Seller.

7. TERMINATION OF MINING AGREEMENT: Upon payment of the purchase price as set forth above ($1,250,000.00) and notification of such to the Escrow Agent and confirmation from Seller is received or inferred, the Mining Agreement shall be terminated. As soon thereafter as is reasonably practical the Escrow Agent shall release all Conveyance Documents to GILT EDGE, and GILT EDGE may thereafter cause the same to be recorded in Lawrence County, South Dakota.

GILT EDGE, upon completion of the purchase of the Mining Agreement, agrees to accept the assignments of any leases subject of the Mining Agreement, and to perform all the obligations thereunder of the Seller, arising or occurring after the date of this Agreement, except any ongoing or past reclamation requirements accruing by past actions of the Seller.*

8. COOPERATION OF SELLER: During the term of this Agreement Seller shall cooperate with GILT EDGE to the extent such cooperation is required by law to obtain all county, state and federal permits required to conduct on the Subject Property the mining operation contemplated by GILT EDGE, but the cost thereof incurred by the Seller shall be paid by the GILT EDGE.

9. MULTIPLE PARTIES - AGENT: As the Seller is and, may be, from time to time, made up of various individuals or entities whose ownership interests may vary, the Seller hereby names:

* Seller shall have the right to seek consents of the underlying lessors to a substitution of Gilt Edge for Sellers - ~~the~~ the Conveyance Documents, but failure to obtain [illegible] shall have no effect on this Agreement.

Cyprus Mines Corporation
as to EIGHT-TENTHS (8/10 or 80%) of any payment.
P. O. Box 3299
7000 So. Yosemite Street
Englewood, Colorado 80155

Atten: Property Records Supervisor

and:

CoCa Mines Inc.
as to TWO-TENTHS (2/10 or 20%) of any payment.
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

Atten: J. C. Mitchell

as its agents to receive from GILT EDGE all payments to Seller due hereunder. Such payments shall be made by cashiers checks, wire transfers, or other methods providing immediate funds, payable to the order of said agents at such addresses. Any charges made by said agents shall be paid by Seller. Payment by GILT EDGE to said agents, or to any other agents designated by the different ownership groups of Seller in accordance with this paragraph, shall constitute and be payment in full to Seller and each ownership group of each such payment, and such payment shall constitute and be a full discharge of all of GILT EDGE's obligations to make such payment. GILT EDGE shall not have any obligation whatsoever, with respect to the distribution of any such payment by any such agents to Seller or its ownership groups or to any other person or persons entitled thereto or to any part thereof. If such agents, or any successors thereof, shall cease to exist or shall refuse to serve as Seller's, or its ownership groups', agents hereunder, such payment shall be made thereafter to any bank or other party in the United States that Seller shall designate. GILT EDGE shall be entitled to withhold all payments

hereunder until such designation is made. At all times pertinent hereto, GILT EDGE shall have the right to demand that no more than TWO (2) agents act in the place and stead of Seller and its ownership groups for purposes of receiving payments hereunder. At the time payments are made by GILT EDGE to said agents, GILT EDGE shall send notices of such payment to Seller, as provided below.

10. NOTICES: Any notice or demand which is required to be given hereunder by either party hereto which either party may desire to give to the other hereunder shall be given in writing by mailing the same by United States mail, registered or certified, return receipt requested, postage prepaid, addressed to the other party at his respective address shown below and, to be effective, must be made to all those designated to receive copies set forth below. A notice hereunder shall be effective the SECOND (2nd) day next following deposit thereof in the United States mail or, if made by personal delivery, the same shall become effective on the day of such delivery to the party as provided herein. A party's address, as set forth hereinbelow and/or the person to whose attention the notice is to be given, may be changed by such party by notice given as provided herein to the other party:

If the notice is to Seller:

Cyprus Mines Corporation
Attention: ~~C. A. Mark~~ → H. L. Baum, Jr.
P. O. Box 3299
~~7000 So. Yosemite Street~~ → 7200 S Alton Way
Englewood, Colorado 80155

with a copy to:

CoCa Mines Inc.
Attention: J. C. Mitchell
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

If the notice is to GILT EDGE:

Gilt Edge Inc.
Attention: Wayne McClay
Suite 1088, 999 West Hastings Street
Vancouver, British Columbia V6C 2W2

with a copy to:

Swinton & Company
Attention: Stephen E. Dadson
Suite 1300, 1090 West Georgia Street
Vancouver, British Columbia V6E 3X9

11. NON-PARTNERSHIP: This Agreement shall not constitute or be construed to constitute a partnership, mining partnership, joint venture or joint operation. The full control and determination as to manner, extent and character of mining operations shall be determined by GILT EDGE without interference from Seller.

12. ENTIRE AGREEMENT; AMENDMENTS: Except for the applicable terms of the Mining Agreement, this Agreement contains the entire agreement between GILT EDGE and Seller, and no oral agreement, promise, statement or representation which is not contained herein shall be binding upon GILT EDGE or Seller. All amendments of this Agreement shall be in writing and executed by the parties.

13. BINDING EFFECT: All of the terms, conditions, warranties, covenants and agreements herein contained shall be binding on the parties hereto, their partners, heirs, successors and assigns.

14. RECORDATION: The parties hereto agree that this Agreement will not be recorded but that a Memorandum of Agreement will be recorded setting forth the rights of GILT EDGE to acquire the rights of the Seller to the Mining Agreement, Subject Property and Area of Interest.

15. SEVERABILITY: If any of the provisions of this Agreement is or becomes void or unenforceable by Force of Law, the other provisions shall remain valid and enforceable.

16. WAIVER: The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by any party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to effect either validity of this Agreement, or any part hereof, or the right of each party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

17. Currency: References to currency in this Agreement are references to United States currency.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the day and year first above written.

Seller:

CYPRUS MINES CORPORATION
a Delaware corporation

BY: _____

TITLE: _____

COCA MINES INC.
a Colorado corporation

BY: _____

TITLE: _____

GILT EDGE:

GILT EDGE INC.
a South Dakota corporation

BY: _____

TITLE: _____

3/27/86

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of COCA MINES INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

3/27/86

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of GILT EDGE INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

DRAFT
DATE
INITIALS

ACQUISITION AGREEMENT

THIS AGREEMENT is made and entered into as of this ____ day of _____, 1986, by and between GILT EDGE INC., a South Dakota corporation, hereinafter simply referred to as "GILT EDGE" or "Purchaser"; and CYPRUS MINES CORPORATION, a Delaware corporation, hereinafter simply referred to as "CYPRUS", and COCA MINES INC., a Colorado corporation, hereinafter simply referred to as "COCA", with CYPRUS and COCA being hereinafter collectively referred to as "Seller".

W I T N E S S E T H

WHEREAS the Seller, by that certain Mining Agreement (the "Mining Agreement") dated as of June 1, 1983, leased certain mining properties within the Gilt Edge Mining District of Lawrence County, South Dakota to Lacana Mining Inc. (now Lacana Gold Inc.), a Memorandum of which was recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983, a full and complete copy of said Mining Agreement is attached hereto as Exhibit A; and

WHEREAS the original parties to the Mining Agreement entered into a First Amendment to Mining Agreement dated as of May 30, 1985, with Lacana Mining Inc. (now Lacana Gold Inc.) acting on behalf of, and for the benefit of, GILT EDGE, which Amendment to the Mining Agreement, a copy of which is attached hereto as Exhibit B, shall, unless the terms of this Agreement dictate otherwise, be included in all subsequent references to the Mining Agreement; and

WHEREAS the mineral properties subject of the Mining Agreement are comprised of interests in patented and unpatented

mining claims, other patented property, and leasehold interests in patented and unpatented mining claims, other patented property, all more particularly described in the Mining Agreement and the attachments thereto, and which will hereinafter collectively be referred to as the "Subject Property"; and

WHEREAS the Mining Agreement sets forth an Area of Interest, which "Area of Interest" shall be adopted by the parties hereto as a definition of land area for the purposes of this Agreement; and

WHEREAS all of the right, title and interest of Lacana Gold Inc. in and to the aforesaid Mining Agreement was assigned to GILT EDGE by that certain Assignment and Assumption Agreement dated January 11, 1985, which was duly recorded in Lawrence County, South Dakota, as Document #85-649, on March 13, 1985;

WHEREAS it is now the desire of GILT EDGE to purchase all of the right, title and interest of the Seller in and to the Mining Agreement, the Subject Property and the Area of Interest, and the desire of the Seller to sell to GILT EDGE all of its right, title and interest in and to the Mining Agreement, the Subject Property and the Area of Interest, including but not limited to all interests of any kind or nature to receive royalties from mineral production therefrom;

of Seller

NOW THEREFORE, for and in consideration of the sum of TEN DOLLARS ($10.00), in hand paid by GILT EDGE to the Seller, the receipt and sufficiency of which is acknowledged by the Seller, and the other consideration, terms, conditions, covenants and promises contained herein, the parties agree as follows:

1. AGREEMENT TO SELL: The Seller agrees to exclusively sell, grant, assign and convey, all of its right, title and interest in and to the Mining Agreement, Subject Property, Area of Interest and any personalty on the Subject Property or subject of the Mining Agreement as of the date of this Agreement to GILT EDGE in accordance with the terms and conditions of this Agreement, by appropriate deeds, assignments, conveyances, bills of sale or otherwise ("Conveyance Documents"), as approved by counsel for GILT EDGE, and in a form that may be recorded in Lawrence County, South Dakota.

It is understood and agreed to by GILT EDGE and the Seller that such Conveyance Documents, after being approved as to form and content by counsel for GILT EDGE, but without warranties of title except as set forth therein shall be subject to the purchase escrow provisions set forth below.

It is understood and agreed to by Seller that it will continue to cooperate with GILT EDGE in perfecting title in and to the Subject Property or other properties within the Area of Interest by executing any further and additional documents necessary to carry out the spirit and intent of this Agreement, even after the closing of the purchase escrow contemplated by the provisions set forth below.

2. PURCHASE CONSIDERATION: GILT EDGE agrees to pay to Seller the following amounts as full consideration for the interests in the Mining Agreement and Subject Property conveyed to it by the Sellers:

$100,000.00	Upon execution of this Agreement
$400,000.00	On or before July 1, 1986
$750,000.00	On or before December 31, 1986

unless this Agreement is sooner terminated, surrendered or forfeited. In the event that this Agreement is terminated, surrendered or forfeited any payments made by GILT EDGE shall not be refunded but may be retained by the Seller as reasonable rental.

3. ABATEMENT OF SELECTED PROVISIONS OF MINING AGREEMENT: Upon execution of this Agreement, and until the completion of the purchase of all the interest of the Seller in the Mining Agreement and Subject Property that will culminate with the closing of the purchase escrow arrangement set forth below, GILT EDGE shall have the right to continue possession, exploration, development and mining of the Subject Property that it acquired under, and in accordance with, the Mining Agreement, without being obligated under Sections 4.2, 4.3, or 4.4 to Seller, or any other provision requiring payments to Seller or work commitments,*

4. WARRANTIES AND REPRESENTATIONS OF SELLER: The Seller represents and warrants unto GILT EDGE as follows:

a. Seller has the full and exclusive right and power to act on behalf of Seller, and on behalf of any other interested person or entities, to sell its interest in and to the Mining Agreement, Subject Property and Area of Interest to GILT EDGE under the terms and provisions of this Agreement and to grant the rights granted to GILT EDGE hereunder;

b. The Subject Property is free and clear of all liens and encumbrances made or suffered by the Seller; ~~or as set forth in the Mining Agreement~~

* provided, however, ~~so~~ that no surface disturbing operations shall take place on the Subject Property until the July 1, 1986 payment provided for in Section 2 hereof is paid to Seller. In the event this Agreement is terminated by default of Gilt Edge, then all provisions including Sections 4.2, 4.3 & 4.4 of the Mining Agreement shall automatically go back into full force and effect, except that any moneys paid hereunder shall be credited as Evaluation Expenditures under Section 4.2 of the Mining Agreement.

c. The Subject Property is not subject to any agreements made or suffered by the Seller contrary to the provisions of this Agreement or the Mining Agreement;

d. While this Agreement remains in effect, Seller will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance; and

e. Seller has not done any acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constituted a default; or any act which with the passage of time could become a default under any of such leases; that no notice of default has been given to Seller and to Seller's knowledge no such notice is contemplated to be given by any of the lessors under the leases subject of the Mining Agreement; that Seller is the sole present lessee and has the full and exclusive right and power to assign such leases to GILT EDGE, subject to the terms of the Mining Agreement.

All the representations and warranties set forth herein shall survive the term of this Agreement.

5. WARRANTIES AND REPRESENTATIONS OF GILT EDGE: GILT EDGE represents and warrants unto the Seller that it, GILT EDGE, has the full right and corporate authority to enter into this Agreement, and that upon execution this Agreement will be binding upon GILT EDGE. * * -[attached]

All the representations and warranties set forth herein shall survive the term of this Agreement.

**.

While this Agreement remains in effect, Gilt Edge will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance.

While this Agreement remains in effect, Gilt Edge will do no acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constitute a default or any act which with the passage of time could become a default under any of such leases.

6. PURCHASE ESCROW: Upon execution of this Agreement the parties hereto agree to immediately, or as soon thereafter as is reasonably possible, deposit a fully executed copy hereof, together with any and all Conveyance Documents prepared, approved and executed as of that date, in escrow with a mutually acceptable escrow agent ("Escrow Agent"). Such Escrow Agent shall be instructed to release unto GILT EDGE all Conveyance Documents upon receiving written notice from GILT EDGE, that the purchase payments set forth above have been made. The Escrow Agent shall ~~have the right to~~ seek confirmation of such payments from the Seller, however should the Seller fail to respond to inquiries of either GILT EDGE or the Escrow Agent to ratify said payments for a period of more than FIFTEEN (15) days, such ratification and approval shall be inferred. The parties hereto shall accept all reasonable escrow conditions imposed by the Escrow Agent and shall share equally in all escrow charges or fees.

At any time during the pendency of the escrow the parties hereto can add to or modify the Conveyance Documents to more correctly reflect the assignments or conveyance of property interests contemplated by this Agreement. Each party hereto agrees to cooperate with the other in drafting, reviewing and executing any Conveyance Document, or modifications thereto, in order that the property interests to be assigned or conveyed are correct at the time the escrow is to close pursuant to the terms of this Agreement.

Should Seller fail to receive any one or all of the purchase payments set forth above in a timely manner, it shall give written notice to GILT EDGE of such default, and GILT EDGE shall have THIRTY (30) days thereafter to cure such default or to furnish proof of payment.

Should GILT EDGE fail to respond or otherwise satisfy the noticed default within the prescribed time, the Escrow Agent shall be authorized to return all Conveyance Documents in its possession to the Seller and this Agreement shall terminate without GILT EDGE having any further rights under this Agreement to purchase the interest of the Seller.

7. TERMINATION OF MINING AGREEMENT: Upon payment of the purchase price as set forth above ($1,250,000.00) and notification of such to the Escrow Agent, and confirmation from Seller is received or inferred, the Mining Agreement shall be terminated. As soon thereafter as is reasonably practical the Escrow Agent shall release all Conveyance Documents to GILT EDGE, and GILT EDGE may thereafter cause the same to be recorded in Lawrence County, South Dakota.

GILT EDGE, upon completion of the purchase of the Mining Agreement, agrees to accept the assignments of any leases subject of the Mining Agreement, and to perform all the obligations thereunder of the Seller, arising or occurring after the date of this Agreement, except any ongoing or past reclamation requirements accruing by past actions of the Seller.*

8. COOPERATION OF SELLER: During the term of this Agreement Seller shall cooperate with GILT EDGE to the extent such cooperation is required by law to obtain all county, state and federal permits required to conduct on the Subject Property the mining operation contemplated by GILT EDGE, but the cost thereof incurred by the Seller shall be paid by the GILT EDGE.

9. MULTIPLE PARTIES - AGENT: As the Seller is and, may be, from time to time, made up of various individuals or entities whose ownership interests may vary, the Seller hereby names:

* Seller shall have the right to seek consents of the underlying lessors to a substitution of Gilt Edge for Seller in the Conveyance Documents, but failure to obtain such consents shall have no effect on this Agreement.

Cyprus Mines Corporation
as to EIGHT-TENTHS (8/10 or 80%) of any payment.
P. O. Box 3299
7000 So. Yosemite Street
Englewood, Colorado 80155

Atten: Property Records Supervisor

and:

CoCa Mines Inc.
as to TWO-TENTHS (2/10 or 20%) of any payment.
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

Atten: J. C. Mitchell

as its agents to receive from GILT EDGE all payments to Seller due hereunder. Such payments shall be made by cashiers checks, wire transfers, or other methods providing immediate funds, payable to the order of said agents at such addresses. Any charges made by said agents shall be paid by Seller. Payment by GILT EDGE to said agents, or to any other agents designated by the different ownership groups of Seller in accordance with this paragraph, shall constitute and be payment in full to Seller and each ownership group of each such payment, and such payment shall constitute and be a full discharge of all of GILT EDGE's obligations to make such payment. GILT EDGE shall not have any obligation whatsoever, with respect to the distribution of any such payment by any such agents to Seller or its ownership groups or to any other person or persons entitled thereto or to any part thereof. If such agents, or any successors thereof, shall cease to exist or shall refuse to serve as Seller's, or its ownership groups', agents hereunder, such payment shall be made thereafter to any bank or other party in the United States that Seller shall designate. GILT EDGE shall be entitled to withhold all payments

hereunder until such designation is made. At all times pertinent hereto, GILT EDGE shall have the right to demand that no more than TWO (2) agents act in the place and stead of Seller and its ownership groups for purposes of receiving payments hereunder. At the time payments are made by GILT EDGE to said agents, GILT EDGE shall send notices of such payment to Seller, as provided below.

10. NOTICES: Any notice or demand which is required to be given hereunder by either party hereto which either party may desire to give to the other hereunder shall be given in writing by mailing the same by United States mail, registered or certified, return receipt requested, postage prepaid, addressed to the other party at his respective address shown below and, to be effective, must be made to all those designated to receive copies set forth below. A notice hereunder shall be effective the SECOND (2nd) day next following deposit thereof in the United States mail or, if made by personal delivery, the same shall become effective on the day of such delivery to the party as provided herein. A party's address, as set forth hereinbelow and/or the person to whose attention the notice is to be given, may be changed by such party by notice given as provided herein to the other party:

If the notice is to Seller:

Cyprus Mines Corporation
Attention: ~~C. A. Mark~~ → H. L. Baum, Jr.
P. O. Box 3299
~~7000 So. Yosemite Street~~ → 7200 S. Alton Way
Englewood, Colorado 80155

with a copy to:

CoCa Mines Inc.
Attention: J. C. Mitchell
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

If the notice is to GILT EDGE:

Gilt Edge Inc.
Attention: Wayne McClay
Suite 1088, 999 West Hastings Street
Vancouver, British Columbia V6C 2W2

with a copy to:

Swinton & Company
Attention: Stephen E. Dadson
Suite 1300, 1090 West Georgia Street
Vancouver, British Columbia V6E 3X9

11. NON-PARTNERSHIP: This Agreement shall not constitute or be construed to constitute a partnership, mining partnership, joint venture or joint operation. The full control and determination as to manner, extent and character of mining operations shall be determined by GILT EDGE without interference from Seller.

12. ENTIRE AGREEMENT; AMENDMENTS: Except for the applicable terms of the Mining Agreement, this Agreement contains the entire agreement between GILT EDGE and Seller, and no oral agreement, promise, statement or representation which is not contained herein shall be binding upon GILT EDGE or Seller. All amendments of this Agreement shall be in writing and executed by the parties.

13. BINDING EFFECT: All of the terms, conditions, warranties, covenants and agreements herein contained shall be binding on the parties hereto, their partners, heirs, successors and assigns.

14. RECORDATION: The parties hereto agree that this Agreement will not be recorded but that a Memorandum of Agreement will be recorded setting forth the rights of GILT EDGE to acquire the rights of the Seller to the Mining Agreement, Subject Property and Area of Interest.

15. SEVERABILITY: If any of the provisions of this Agreement is or becomes void or unenforceable by Force of Law, the other provisions shall remain valid and enforceable.

16. WAIVER: The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by any party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to effect either validity of this Agreement, or any part hereof, or the right of each party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

17. Currency: References to currency in this Agreement are references to United States currency.

18. Insurance: If any operations are conducted upon the Subject Property ~~by~~ by Gilt Edge while this Agreement is in effect, Gilt Edge shall carry Workers Compensation insurance as required by applicable law and shall carry General Liability and Automobile liability insurance of not less than $1,000,000.00 for each occurance for property damage, bodily injury and public liability. Cyprus Mines Corporation and Colo Mines Inc. shall be named insureds under such policies and shall be beneficiaries of insurer's waiver of subrogation under any required Workers Compensation insurance policy. Certificates evidencing the foregoing insurance coverage shall be provided to Seller.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the day and year first above written.

Seller:

CYPRUS MINES CORPORATION
a Delaware corporation

BY: _____

TITLE: _____

COCA MINES INC.
a Colorado corporation

BY: _____

TITLE: _____

GILT EDGE:

GILT EDGE INC.
a South Dakota corporation

BY: _____

TITLE: _____

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of COCA MINES INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

3/27/86

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of GILT EDGE INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

ACQUISITION AGREEMENT

THIS AGREEMENT is made and entered into as of this _____ day of _____, 1986, by and between GILT EDGE INC., a South Dakota corporation; hereinafter simply referred to as "Gilt Edge" or "Purchaser"; and CYPRUS MINES CORPORATION, a Delaware corporation, hereinafter simply referred to as "Cyprus", and COCA MINES INC., a Colorado corporation, hereinafter simply referred to as "Coca", with Cyprus and Coca being hereinafter collectively referred to as "Seller".

WITNESSETH

WHEREAS the Seller, by that certain mining agreement (the "Mining Agreement") dated as of June 1, 1983, leased certain mining properties within the Gilt Edge Mining District of Lawrence County, South Dakota to Lacana Mining Inc. (now Lacana Gold Inc.), a Memorandum of which was recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983, a full and complete copy of said Mining Agreement is attached hereto as Exhibit "A"; and

WHEREAS the original parties to the Mining Agreement entered into a First Amendment to Mining Agreement dated as of May 30, 1985, with Lacana Mining Inc. (now Lacana Gold Inc.) acting on behalf of, and for the benefit of, Gilt Edge, which Amendment to the Mining Agreement, a copy of which is attached hereto as Exhibit "B", shall, unless the terms of this Agreement dictate otherwise, be included in all subsequent references to the Mining Agreement; and

WHEREAS the mineral properties subject of the Mining Agreement are comprised of interests in patented and unpatented mining

claims, other patented property, and leasehold interests in patented and unpatented mining claims, other patented property, all more particularly described in the Mining Agreement and the attachments thereto, and which will hereinafter collectively be referred to as the "Subject Property"; and

WHEREAS the Mining Agreement sets forth an Area of Interest, which "Area of Interest" shall be adopted by the parties hereto as a definition of land area for the purposes of this Agreement; and

WHEREAS all of the right, title and interest of Lacana Gold Inc. in and to the aforesaid Mining Agreement was assigned to Gilt Edge by that certain Assignment and Assumption Agreement dated January 11, 1985, which was duly recorded in Lawrence County, South Dakota, as Document #85-649, on March 13, 1985; and

WHEREAS it is now the desire of Gilt Edge to purchase all of the right, title and interest of the Seller in and to the Mining Agreement, the Subject Property and the Area of Interest, and the desire of the Seller to sell to Gilt Edge all of its right, title and interest in and to the Mining Agreement, the Subject Property and the Area of Interest, including but not limited to all interests of seller of any kind or nature to receive royalties from mineral production therefrom;

NOW THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00), in hand paid by Gilt Edge to the Seller, the receipt and sufficiency of which is acknowledged by the Seller, and the other consideration, terms, conditions, covenants and promises contained herein, the parties agree as follows:

SWINTON & COMPANY

5/32

1. AGREEMENT TO SELL: The Seller agrees to exclusively sell, grant, assign and convey, all of its right, title and interest in and to the Mining Agreement, Subject Property, area of Interest and any personalty on the Subject Property or subject of the Mining Agreement as of the date of this Agreement to Gilt Edge in accordance with the terms and conditions of this Agreement, by appropriate deeds, assignments, conveyances, bills of sale or otherwise ("Conveyance Documents"), as approved by counsel for Gilt Edge, and in a form that may be recorded in Lawrence County, South Dakota.

It is understood and agreed to by Gilt Edge and the Seller that such Conveyance Documents, after being approved as to form and content by counsel for Gilt Edge, but without warranties of title except as set forth herein, shall be subject to the purchase escrow provisions set forth below.

It is understood and agreed to by Seller that it will continue to co-operate with Gilt Edge in perfecting title in and to the Subject Property or other properties within the Area of Interest by executing any further and additional documents necessary to carry out the spirit and intent of this Agreement, even after the closing of the purchase escrow contemplated by the provisions set forth below.

2. PURCHASE CONSIDERATION: Gilt Edge agrees to pay to Seller the following amounts as full consideration for t[illegible] interests in the Mining Agreement and Subject Property [illegible]nveyed to it by the Sellers:

$100,000.00	upon execution of this Agreement
$400,000.00	on or before August 1, 1986
$750,000.00	on or before December 31, 1986

unless this Agreement is sooner terminated, surrendered or forfeited. In the event that this Agreement is terminated,

MAY 27 '86 14:31 CYPRUS MINERALS ENGLEWOOD P.5 32
PANY

surrendered or forfeited any payments made by Gilt Edge shall not be refunded but may be retained by the Seller as reasonable rental.

3. ABATEMENT OF SELECTED PROVISIONS OF MINING AGREEMENT: Upon execution of this Agreement, and until the completion of the purchase of all the interest of the Seller in the Mining Agreement and Subject Property that will culminate with the closing of the purchase escrow arrangement set forth below, Gilt Edge shall have the right to continue possession, exploration, development and mining of the Subject Property that it acquired under, and in accordance with, the Mining Agreement, without being obligated under Sections 4.2, 4.3, or 4.4 to Seller, or any other provision requiring payments to Seller or work commitments, provided, however, that no surface disturbing operation shall take place on the Subject Property until the August 1, 1986 payment provided for in Section 2 hereof is paid to Seller. In the event this Agreement is terminated by default of Gilt Edge, then all provisions including Sections 4.2, 4.3 and 4.4 of the Mining Agreement shall automatically go back into full force and effect, except that any monies paid hereunder shall be credited as Evaluation Expenditures under Section 4.2 of the Mining Agreement.

4. WARRANTIES AND REPRESENTATIONS OF SELLER: The Seller represents and warrants unto Gilt Edge as follows:

(a) Seller has the full and exclusive right and power to act on behalf of Seller, and on behalf of any other interested person or entities, to sell its interest in and to the Mining Agreement, Subject Property and Area of Interest to Gilt Edge under the terms and provisions of this Agreement and to grant the rights granted to Gilt Edge hereunder;

MAY 27 '86 14:38 CYPRUS MINERALS ENGLEWOOD COMPANY P.6 32

(b) the Subject Property is free and clear of all liens and encumbrances made or suffered by the Seller;

(c) the subject Property is not subject to any agreements made or suffered by the Seller contrary to the provisions of this Agreement or the Mining Agreement;

(d) while this Agreement remains in effect, Seller will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance; and

(e) Seller has not done any acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constituted a default; or any act which with the passage of time could become a default under any of such leases; that no notice of default has been given to Seller and to Seller's knowledge no such notice is contemplated to be given by any of the lessors under the leases subject of the Mining Agreement; that Seller is the sole present lessee and has the full and exclusive right and power to assign such leases to Gilt Edge, subject to the terms of the Mining Agreement.

All the representations and warranties set forth herein shall survive the term of this Agreement.

5. WARRANTIES AND REPRESENTATIONS OF GILT EDGE: Gilt Edge represents and warrants unto the Seller that it, Gilt Edge, has the full right and corporate authority to enter into this Agreement, and that upon execution this Agreement will be binding upon Gilt Edge.

MAR. 27. '86 14:38 CYPRUS MINERALS ENGLEWOOD COMPANY P.17-32

While this Agreement remains in effect, Gilt Edge will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance.

While this Agreement remains in effect, Gilt Edge will do no acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constitute a default or any act which with the passage of time could become a default under any of such leases.

All the representations and warranties set forth herein shall survive the term of this Agreement.

6. PURCHASE ESCROW: Upon execution of this Agreement the parties hereto agree to immediately, or as soon thereafter as is reasonably possible, deposit a fully executed copy hereof, together with any and all Conveyance Documents prepared, approved and executed as of that date, in escrow with a mutually acceptable escrow agent ("Escrow Agent"). Such Escrow Agent shall be instructed to release unto Gilt Edge all Conveyance Documents upon receiving written notice from Gilt Edge, that the purchase payments set forth above have been made. The Escrow Agent shall seek confirmation of such payments from the Seller, however should the Seller fail to respond to inquiries of either Gilt Edge or the Escrow Agent to ratify said payments for a period more than fifteen (15) days, such ratification and approval shall be inferred. The parties hereto shall accept all reasonable escrow conditions imposed by the Escrow Agent and shall share equally in all escrow charges or fees.

At any time during the pendency of the escrow the parties hereto can add to or modify the Conveyance Documents to more

P.8/32 ENGLEWOOD MINERALS COMPANY

correctly reflect the assignments or conveyance of property interests contemplated by this Agreement. Each party hereto agrees to co-operate with the other in drafting, reviewing and executing any Conveyance Document, or modifications thereto, in order that the property interests to be assigned or conveyed are correct at the time the escrow is to close pursuant to the terms of this Agreement.

Should the Seller fail to receive any one or all of the purchase payments set forth above in a timely manner, it shall give written notice to Gilt Edge of such default, and Gilt Edge shall have thirty (30) days thereafter to cure such default or to furnish proof of payment. Should Gilt Edge fail to respond or otherwise satisfy the noticed default within the prescribed time, the Escrow Agent shall be authorized to return all Conveyance Documents in its possession to the Seller and this Agreement shall terminate without Gilt Edge having any further rights under this Agreement to purchase the interests of the Seller.

7. TERMINATION OF MINING AGREEMENT: Upon payment of the purchase price as set forth above One Million Two Hundred and Fifty Thousand Dollars ($1,250,000.00) and notification of such to the Escrow Agent, and confirmation from Seller is received or inferred, the Mining Agreement shall be terminated. As soon thereafter as is reasonably practical the Escrow Agent shall release all Conveyance Documents to Gilt Edge, and Gilt Edge may thereafter cause the same to be recorded in Lawrence County, South Dakota.

Gilt Edge, upon completion of the purchase of the Mining Agreement, agrees to accept the assignments of any leases subject of the Mining Agreement, and to perform all the obligations thereunder of the Seller, arising or occurring

SWINTON & COMPANY
NOV 27 '86 14:35 CYPRUS MINERALS ENGLEWOOD
P.9/32

after the date of this Agreement, except any ongoing or past reclamation requirements accruing by past actions of the Seller. Seller shall have the right to seek consents of the underlying lessors to a substitution of Gilt Edge for Sellers in the Conveyance Documents, but failure to obtain such consents shall have no effect on this Agreement.

8. CO-OPERATION OF SELLER: During the term of this Agreement Seller shall co-operate with Gilt Edge to the extent such co-operation is required by law to obtain all county, state and federal permits required to conduct on the Subject Property the mining operation contemplated by Gilt Edge, but the cost thereof incurred by the Seller shall be paid by Gilt Edge.

9. MULTIPLE PARTIES - AGENT: As the Seller is and, may be, from time to time, made up of various individuals or entities whose ownership interests may vary, the Seller hereby names:

Cyprus Mines Corporation
as to Eight-tenths (8/10 or eighty percent (80%)) of any payment
P.O. Box 3299
7000 So. Yosemite Street
Englewood, Colorado 80155

Attention: Property Records Supervisor

And:

CoCa Mines Inc.
as to two-tenths (2/10 or twenty percent (20%)) of any payment
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

Attention: J.C. Mitchell

NOV 27 '86 14:36 CYPRUS MINERALS ENGLEWOOD COMPANY P.10 32

11/32

as its agent to receive from Gilt Edge all payments to Seller due hereunder. Such payments shall be made by cashiers' checks, wire transfers, or other methods providing immediate funds, payable to the order of said agents at such addresses. Any charges made by said agents shall be paid by Seller. Payment by Gilt Edge to said agents, or to any other agents designated by the different ownership groups of Seller in accordance with this paragraph, shall constitute and be payment in full to Seller and each ownership group of each such payment, and such payment shall constitute and be a full discharge of all of Gilt Edge's obligations to make such payment. Gilt Edge shall not have any obligation whatsoever, with respect to the distribution of any such payment by any such agents to Seller or its ownership groups or to any other person or persons entitled thereto or to any part thereof. If such agents, or any successors thereof, shall cease to exist or shall refuse to serve as Seller's, or its ownership groups', agents hereunder, such payment shall be made thereafter to any bank or other party in the United States that Seller shall designate. Gilt Edge shall be entitled to withhold all payments hereunder until such designation is made. At all times pertinent hereto, Gilt Edge shall have the right to demand that no more than two (2) agents act in the place and stead of Seller and its ownership groups for purposes of receiving payments hereunder. At the time payments are made by Gilt Edge to said agents, Gilt Edge shall send notices of such payment to Seller, as provided below.

10. <u>NOTICES</u>: Any notice or demand which is required to be given hereunder by either party hereto which either party may desire to give to the other hereunder shall be given in writing by mailing the same by United States mail, registered or certified, return receipt requested, postage prepaid, addressed to the other party at his respective

SWINTON & COMPANY

12/32

address shown below and, to be effective, must be made to all those designated to receive copies set forth below. a notice hereunder shall be effective the second (2nd) day next following deposit thereof in the United States mail or, if made by personal delivery, the same shall become effective on the day of such delivery to the party as provided herein. A party's address, as set forth hereinbelow and/or the person to whose attention the notice is to be given, may be changed by such party by notice given as provided herein to the other party:

If the notice is to Seller:

Cyprus Mines Corporation
Attention: H.L. Bauer, Jr.
P.O. Box 3299
7200 So. Alton Way
Englewood, Colorado 80155

with a copy to:

CoCa Mines Inc.
Attention: J.C. Mitchell
suite 910, 1776 Lincoln Street
denver, Colorado 80203

If the notice is to Gilt Edge:

Gilt Edge Inc.
Attention: Wayne McClay
Suite 1088
999 West Hastings Street
Vancouver, British Columbia
V6C 2W2

with a copy to:

Swinton & Company
Attention: Stephen E. Dadson
Suite 1300
1090 West Georgia Street
Vancouver, British Columbia
V6E 3X9

11. <u>NON-PARTNERSHIP</u>: This Agreement shall not constitute or be construed to constitute a partnership, mining partnership,

COMPANY

13/32

joint venture or joint operation. The full control and determination as to manner, extent and character of mining operations shall be determined by Gilt Edge without interference from Seller.

12. ENTIRE AGREEMENT: AMENDMENTS: Except for the applicable terms of the Mining Agreement, this Agreement contains the entire agreement between Gilt Edge and Seller, and no oral agreement, promise, statement or representation which is not contained herein shall be binding upon Gilt Edge or Seller. All amendments of this agreement shall be in writing and executed by the parties.

13. BINDING EFFECT: All of the terms, conditions, warranties, covenants and agreements herein contained shall be binding on the parties hereto, their partners, heirs, successors and assigns.

14. RECORDATION: The parties hereto agree that this Agreement will not be recorded but that a Memorandum of Agreement will be recorded setting forth the rights of Gilt Edge to acquire the rights of the Seller to the Mining Agreement, Subject Property and Area of Interest.

15. SEVERABILITY: If any of the provisions of this Agreement is or becomes void or unenforceable by Force of Law, the other provisions shall remain valid and enforceable.

16. WAIVER: The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by any party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to effect either validity of this Agreement, or any part hereof, or the right of each party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

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17. CURRENCY: References to currency in this Agreement are references to United States currency.

18. INSURANCE: If any operations are conducted upon the Subject Property by Gilt Edge while this Agreement is in effect, Gilt Edge shall carry Worker's Compensation insurance as required by applicable law and shall carry General Liability and Automobile Liability insurance of not less than One Million Dollars ($1,000,000.00) for each occurrence for property damage, bodily injury and public liability. Cyprus Mines Corporation and Coca Mines Inc. shall be named insureds under such policies and shall be beneficiaries of insurer's waiver of subrogation under any required Worker's Compensation insurance policy. Certificates evidencing the foregoing insurance coverage shall be provided to Seller.

IN WITNESS WHEREOF the parties hereto have hereunder set their hands as of the day and year first above written.

SELLER:

CYPRUS MINES CORPORATION
a Delaware corporation

By: _____

Title: _____

COCA MINES INC.
a Colorado corporation

By: _____

Title: _____

GILT EDGE:

GILT EDGE INC.
a South Dakota corporation

By: _____

Title: _____

NOV/27/'86 14:39 CYPRUS MINERALS ENGLEWOOD COMPANY

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of COCA MINES INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

MAY 27 '86 14:40 CYPRUS MINERALS ENGLEWOOD P.15/32

STATE OF _____)
) ss.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of GILT EDGE INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

MAR 27 '86 14:48 CYPRUS MINERALS ENGLEWOOD COMPANY P.16/32

P.17/32

DATED the day of May, 1986

BETWEEN:

GILT EDGE INC.

AND:

CYPRUS MINES CORPORATION

AND:

COCA MINES INC.

ACQUISITION AGREEMENT

BR02396
PJD:kl

SWINTON & COMPANY

Barristers and Solicitors

1300-1090 West Georgia Street
Vancouver, British Columbia
Canada V6E 3R9

Telephone (604) 687-2242

MAY 27 86 14:41 CYPRUS MINERALS ENGLEWOOD

UNDERLINED COMPARISON OF DRAFT 5-22-86 WITH 18/32
DRAFT OF 4-25-86

ACQUISITION AGREEMENT

THIS AGREEMENT is made and entered into as of this _____ day of _____ , 1986, by and between GILT EDGE INC., a South Dakota corporation; hereinafter simply referred to as "Gilt Edge" or "Purchaser"; and CYPRUS MINES CORPORATION, a Delaware corporation, hereinafter simply referred to as "Cyprus", and COCA MINES INC., a Colorado corporation, hereinafter simply referred to as "Coca", with Cyprus and Coca being hereinafter collectively referred to as "Seller".

WITNESSETH

WHEREAS the Seller, by that certain mining agreement (the "Mining Agreement") dated as of June 1, 1983, leased certain mining properties within the Gilt Edge Mining District of Lawrence County, South Dakota to Lacana Mining Inc. (now Lacana Gold Inc.), a Memorandum of which was recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983, a full and complete copy of said Mining Agreement is attached hereto as Exhibit "A"; and

WHEREAS the original parties to the Mining Agreement entered into a First Amendment to Mining Agreement dated as of May 30, 1985, with Lacana Mining Inc. (now Lacana Gold Inc.) acting on behalf of, and for the benefit of, Gilt Edge, which Amendment to the Mining Agreement, a copy of which is attached hereto as Exhibit "B", shall, unless the terms of this Agreement dictate otherwise, be included in all subsequent references to the Mining Agreement; and

WHEREAS the mineral properties subject of the Mining Agreement are comprised of interests in patented and unpatented mining

claims, other patented property, and leasehold interests in patented and unpatented mining claims, other patented property, all more particularly described in the Mining Agreement and the attachments thereto, and which will hereinafter collectively be referred to as the "Subject Property"; and

WHEREAS the Mining Agreement sets forth an Area of Interest, which "Area of Interest" shall be adopted by the parties hereto as a definition of land area for the purposes of this Agreement; and

WHEREAS all of the right, title and interest of Lacana Gold Inc. in and to the aforesaid Mining Agreement was assigned to Gilt Edge by that certain Assignment and Assumption Agreement dated January 11, 1985, which was duly recorded in Lawrence County, South Dakota, as Document #85-649, on March 13, 1985; and

WHEREAS it is now the desire of Gilt Edge to purchase all of the right, title and interest of the Seller in and to the Mining Agreement, the Subject Property and the Area of Interest, and the desire of the Seller to sell to Gilt Edge all of its right, title and interest in and to the Mining Agreement, the Subject Property and the Area of Interest, including but not limited to all interests of Seller of any kind or nature to receive royalties from mineral production therefrom;

NOW THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00), in hand paid by Gilt Edge to the Seller, the receipt and sufficiency of which is acknowledged by the Seller, and the other consideration, terms, conditions, covenants and promises contained herein, the parties agree as follows:

SWINTON & COMPANY

1. AGREEMENT TO SELL: The Seller agrees to exclusively sell, grant, assign and convey, all of its right, title and interest in and to the Mining Agreement, Subject Property, area of Interest and any personalty on the Subject Property or subject of the Mining Agreement as of the date of this Agreement to Gilt Edge in accordance with the terms and conditions of this Agreement, by appropriate deeds, assignments, conveyances, bills of sale or otherwise ("Conveyance Documents"), as approved by counsel for Gilt Edge, and in a form that may be recorded in Lawrence County, South Dakota.

It is understood and agreed to by Gilt Edge and the Seller that such Conveyance Documents, after being approved as to form and content by counsel for Gilt Edge, but without warranties of title except as set forth herein, shall be subject to the purchase escrow provisions set forth below.

It is understood and agreed to by Seller that it will continue to co-operate with Gilt Edge in perfecting title in and to the Subject Property or other properties within the Area of Interest by executing any further and additional documents necessary to carry out the spirit and intent of this Agreement, even after the closing of the purchase escrow contemplated by the provisions set forth below.

2. PURCHASE CONSIDERATION: Gilt Edge agrees to pay to Seller the following amounts as full consideration for the interests in the Mining Agreement and Subject Property conveyed to it by the Sellers:

$100,000.00	upon execution of this Agreement
$400,000.00	on or before August 1, 1986
$750,000.00	on or before December 31, 1986

unless this Agreement is sooner terminated, surrendered or forfeited. In the event that this Agreement is terminated,

surrendered or forfeited any payments made by Gilt Edge shall not be refunded but may be retained by the Seller as reasonable rental.

3. ABATEMENT OF SELECTED PROVISIONS OF MINING AGREEMENT: Upon execution of this Agreement, and until the completion of the purchase of all the interest of the Seller in the Mining Agreement and Subject Property that will culminate with the closing of the purchase escrow arrangement set forth below, Gilt Edge shall have the right to continue possession, exploration, development and mining of the Subject Property that it acquired under, and in accordance with, the Mining Agreement, without being obligated under Sections 4.2, 4.3, or 4.4 to Seller, or any other provision requiring payments to Seller or work commitments, provided, however, that no surface disturbing operation shall take place on the Subject Property until the August 1, 1986 payment provided for in Section 2 hereof is paid to Seller. In the event this Agreement is terminated by default of Gilt Edge, then all provisions including Sections 4.2, 4.3 and 4.4 of the Mining Agreement shall automatically go back into full force and effect, except that any monies paid hereunder shall be credited as Evaluation Expenditures under Section 4.2 of the Mining Agreement.

ratification by Lessor

4. WARRANTIES AND REPRESENTATIONS OF SELLER: The Seller represents and warrants unto Gilt Edge as follows:

(a) Seller has the full and exclusive right and power to act on behalf of Seller, and on behalf of any other interested person or entities, to sell its interest in and to the Mining Agreement, Subject Property and Area of Interest to Gilt Edge under the terms and provisions of this Agreement and to grant the rights granted to Gilt Edge hereunder;

SWINTON & COMPANY

(b) the Subject Property is free and clear of all liens and encumbrances made or suffered by the Seller; Production Payments

(c) the subject Property is not subject to any agreements made or suffered by the Seller contrary to the provisions of this Agreement or the Mining Agreement;

(d) while this Agreement remains in effect, Seller will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance; and

(e) Seller has not done any acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constituted a default; or any act which with the passage of time could become a default under any of such leases; that no notice of default has been given to Seller and to Seller's knowledge no such notice is contemplated to be given by any of the lessors under the leases subject of the Mining Agreement; that Seller is the sole present lessee and has the full and exclusive right and power to assign such leases to Gilt Edge, subject to the terms of the Mining Agreement.

All the representations and warranties set forth herein shall survive the term of this Agreement.

5. WARRANTIES AND REPRESENTATIONS OF GILT EDGE: Gilt Edge represents and warrants unto the Seller that it, Gilt Edge, has the full right and corporate authority to enter into this Agreement, and that upon execution this Agreement will be binding upon Gilt Edge.

While this Agreement remains in effect, Gilt Edge will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance.

While this Agreement remains in effect, Gilt Edge will do no acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constitute a default or any act which with the passage of time could become a default under any of such leases.

All the representations and warranties set forth herein shall survive the term of this Agreement.

6. PURCHASE ESCROW: Upon execution of this Agreement the parties hereto agree to immediately, or as soon thereafter as is reasonably possible, deposit a fully executed copy hereof, together with any and all Conveyance Documents prepared, approved and executed as of that date, in escrow with a mutually acceptable escrow agent ("Escrow Agent"). Such Escrow Agent shall be instructed to release unto Gilt Edge all Conveyance Documents upon receiving written notice from Gilt Edge, that the purchase payments set forth above have been made. The Escrow Agent shall seek confirmation of such payments from the Seller, however should the Seller fail to respond to inquiries of either Gilt Edge or the Escrow Agent to ratify said payments for a period more than fifteen (15) days, such ratification and approval shall be inferred. The parties hereto shall accept all reasonable escrow conditions imposed by the Escrow Agent and shall share equally in all escrow charges or fees.

At any time during the pendency of the escrow the parties hereto can add to or modify the Conveyance Documents to more

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correctly reflect the assignments or conveyance of property interests contemplated by this Agreement. Each party hereto agrees to co-operate with the other in drafting, reviewing and executing any Conveyance Document, or modifications thereto, in order that the property interests to be assigned or conveyed are correct at the time the escrow is to close pursuant to the terms of this Agreement.

Should the Seller fail to receive any one or all of the purchase payments set forth above in a timely manner, it shall give written notice to Gilt Edge of such default, and Gilt Edge shall have thirty (30) days thereafter to cure such default or to furnish proof of payment. Should Gilt Edge fail to respond or otherwise satisfy the noticed default within the prescribed time, the Escrow Agent shall be authorized to return all Conveyance Documents in its possession to the Seller and this Agreement shall terminate without Gilt Edge having any further rights under this Agreement to purchase the interests of the Seller.

7. TERMINATION OF MINING AGREEMENT: Upon payment of the purchase price as set forth above One Million Two Hundred and Fifty Thousand Dollars ($1,250,000.00) and notification of such to the Escrow Agent, and confirmation from Seller is received or inferred, the Mining Agreement shall be terminated. As soon thereafter as is reasonably practical the Escrow Agent shall release all Conveyance Documents to Gilt Edge, and Gilt Edge may thereafter cause the same to be recorded in Lawrence County, South Dakota.

Gilt Edge, upon completion of the purchase of the Mining Agreement, agrees to accept the assignments of any leases subject of the Mining Agreement, and to perform all the obligations thereunder of the Seller, arising or occurring

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after the date of this Agreement, except any ongoing or past reclamation requirements accruing by past actions of the Seller. Seller shall have the right to seek consents of the underlying lessors to a substitution of Gilt Edge for Sellers in the Conveyance Documents, but failure to obtain such consents shall have no effect on this Agreement.

8. CO-OPERATION OF SELLER: During the term of this Agreement Seller shall co-operate with Gilt Edge to the extent such co-operation is required by law to obtain all county, state and federal permits required to conduct on the Subject Property the mining operation contemplated by Gilt Edge, but the cost thereof incurred by the Seller shall be paid by Gilt Edge.

9. MULTIPLE PARTIES - AGENT: As the Seller is and, may be, from time to time, made up of various individuals or entities whose ownership interests may vary, the Seller hereby names:

Cyprus Mines Corporation
as to Eight-tenths (8/10 or eighty percent (80%)) of any payment
P.O. Box 3299
7000 So. Yosemite Street
Englewood, Colorado 80155

Attention: Property Records Supervisor

And:

CoCa Mines Inc.
as to two-tenths (2/10 or twenty percent (20%)) of any payment
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

Attention: J.C. Mitchell

SWINTON & COMPANY

as its agent to receive from Gilt Edge all payments to Seller due hereunder. Such payments shall be made by cashiers' checks, wire transfers, or other methods providing immediate funds, payable to the order of said agents at such addresses. Any charges made by said agents shall be paid by Seller. Payment by Gilt Edge to said agents, or to any other agents designated by the different ownership groups of Seller in accordance with this paragraph, shall constitute and be payment in full to Seller and each ownership group of each such payment, and such payment shall constitute and be a full discharge of all of Gilt Edge's obligations to make such payment. Gilt Edge shall not have any obligation whatsoever, with respect to the distribution of any such payment by any such agents to Seller or its ownership groups or to any other person or persons entitled thereto or to any part thereof. If such agents, or any successors thereof, shall cease to exist or shall refuse to serve as Seller's, or its ownership groups', agents hereunder, such payment shall be made thereafter to any bank or other party in the United States that Seller shall designate. Gilt Edge shall be entitled to withhold all payments hereunder until such designation is made. At all times pertinent hereto, Gilt Edge shall have the right to demand that no more than two (2) agents act in the place and stead of Seller and its ownership groups for purposes of receiving payments hereunder. At the time payments are made by Gilt Edge to said agents, Gilt Edge shall send notices of such payment to Seller, as provided below.

10. NOTICES: Any notice or demand which is required to be given hereunder by either party hereto which either party may desire to give to the other hereunder shall be given in writing by mailing the same by United States mail, registered or certified, return receipt requested, postage prepaid, addressed to the other party at his respective

address shown below and, to be effective, must be made to all those designated to receive copies set forth below. a notice hereunder shall be effective the second (2nd) day next following deposit thereof in the United States mail or, if made by personal delivery, the same shall become effective on the day of such delivery to the party as provided herein. A party's address, as set forth hereinbelow and/or the person to whose attention the notice is to be given, may be changed by such party by notice given as provided herein to the other party:

If the notice is to Seller:

Cyprus Mines Corporation
Attention: H.L. Bauer, Jr.
P.O. Box 3299
7200 So. Alton Way
Englewood, Colorado 80155

with a copy to:

CoCa Mines Inc.
Attention: J.C. Mitchell
suite 910, 1776 Lincoln Street
denver, Colorado 80203

If the notice is to Gilt Edge:

Gilt Edge Inc.
Attention: Wayne McClay
Suite 1088
999 West Hastings Street
Vancouver, British Columbia
V6C 2W2

with a copy to:

Swinton & Company
Attention: Stephen E. Dadson
Suite 1300
1090 West Georgia Street
Vancouver, British Columbia
V6E 3X9

11. NON-PARTNERSHIP: This Agreement shall not constitute or be construed to constitute a partnership, mining partnership,

joint venture or joint operation. The full control and determination as to manner, extent and character of mining operations shall be determined by Gilt Edge without interference from Seller.

12. ENTIRE AGREEMENT: AMENDMENTS: Except for the applicable terms of the Mining Agreement, this Agreement contains the entire agreement between Gilt Edge and Seller, and no oral agreement, promise, statement or representation which is not contained herein shall be binding upon Gilt Edge or Seller. All amendments of this agreement shall be in writing and executed by the parties.

13. BINDING EFFECT: All of the terms, conditions, warranties, covenants and agreements herein contained shall be binding on the parties hereto, their partners, heirs, successors and assigns.

14. RECORDATION: The parties hereto agree that this Agreement will not be recorded but that a Memorandum of Agreement will be recorded setting forth the rights of Gilt Edge to acquire the rights of the Seller to the Mining Agreement, Subject Property and Area of Interest.

15. SEVERABILITY: If any of the provisions of this Agreement is or becomes void or unenforceable by Force of Law, the other provisions shall remain valid and enforceable.

16. WAIVER: The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by any party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to effect either validity of this Agreement, or any part hereof, or the right of each party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

29/32

17. CURRENCY: References to currency in this Agreement are references to United States currency.

18. INSURANCE: If any operations are conducted upon the Subject Property by Gilt Edge while this Agreement is in effect, Gilt Edge shall carry Worker's Compensation insurance as required by applicable law and shall carry General Liability and Automobile Liability insurance of not less than One Million Dollars ($1,000,000.00) for each occurrence for property damage, bodily injury and public liability. Cyprus Mines Corporation and Coca Mines Inc. shall be named insureds under such policies and shall be beneficiaries of insurer's waiver of subrogation under any required Worker's Compensation insurance policy. Certificates evidencing the foregoing insurance coverage shall be provided to Seller.

IN WITNESS WHEREOF the parties hereto have hereunder set their hands as of the day and year first above written.

SELLER:

CYPRUS MINES CORPORATION
a Delaware corporation

By: _____

Title: _____

COCA MINES INC.
a Colorado corporation

By: _____

Title: _____

GILT EDGE:

GILT EDGE INC.
a South Dakota corporation

By: _____

Title: _____

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

STATE OF _____)
) SS.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of COCA MINES INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

MAY 27 '86 14:52 CYPRUS MINERALS ENGLEWOOD

STATE OF _____)
) ss.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of GILT EDGE INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

MAY 27 '86 14:34 CYPRUS MINERALS ENGLEWOOD P.32/32

DATED the day of May, 1986

BETWEEN:

GILT EDGE INC.

AND:

CYPRUS MINES CORPORATION

AND:

COCA MINES INC.

ACQUISITION AGREEMENT

BR02396
PJD:kl

SWINTON & COMPANY

Barristers and Solicitors

1300 1090 West Georgia Street
Vancouver, British Columbia
Canada V6E 3X9

Telephone (604) 68[illegible]

32/32

ACQUISITION AGREEMENT

THIS AGREEMENT is made and entered into as of this _____ day of _____, 1986, by and between GILT EDGE INC., a South Dakota corporation; hereinafter simply referred to as "Gilt Edge" or "Purchaser"; and CYPRUS MINES CORPORATION, a Delaware corporation, hereinafter simply referred to as "Cyprus", and COCA MINES INC., a Colorado corporation, hereinafter simply referred to as "Coca", with Cyprus and Coca being hereinafter collectively referred to as "Seller".

WITNESSETH

WHEREAS the Seller, by that certain mining agreement (the "Mining Agreement") dated as of June 1, 1983, leased certain mining properties within the Gilt Edge Mining District of Lawrence County, South Dakota to Lacana Mining Inc. (now Lacana Gold Inc.), a Memorandum of which was recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983, a full and complete copy of said Mining Agreement is attached hereto as Exhibit "A"; and

WHEREAS the original parties to the Mining Agreement entered into a First Amendment to Mining Agreement dated as of May 30, 1985, with Lacana Mining Inc. (now Lacana Gold Inc.) acting on behalf of, and for the benefit of, Gilt Edge, which Amendment to the Mining Agreement, a copy of which is attached hereto as Exhibit "B", shall, unless the terms of this Agreement dictate otherwise, be included in all subsequent references to the Mining Agreement; and

WHEREAS the mineral properties subject of the Mining Agreement are comprised of interests in patented and unpatented mining

claims, other patented property, and leasehold interests in patented and unpatented mining claims, other patented property, all more particularly described in the Mining Agreement and the attachments thereto, and which will hereinafter collectively be referred to as the "Subject Property"; and

WHEREAS the Mining Agreement sets forth an Area of Interest, which "Area of Interest" shall be adopted by the parties hereto as a definition of land area for the purposes of this Agreement; and

WHEREAS all of the right, title and interest of Lacana Gold Inc. in and to the aforesaid Mining Agreement was assigned to Gilt Edge by that certain Assignment and Assumption Agreement dated January 11, 1985, which was duly recorded in Lawrence County, South Dakota, as Document #85-649, on March 13, 1985; and

WHEREAS it is now the desire of Gilt Edge to purchase all of the right, title and interest of the Seller in and to the Mining Agreement, the Subject Property and the Area of Interest, and the desire of the Seller to sell to Gilt Edge all of its right, title and interest in and to the Mining Agreement, the Subject Property and the Area of Interest, including but not limited to all interests of seller of any kind or nature to receive royalties from mineral production therefrom;

NOW THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00), in hand paid by Gilt Edge to the Seller, the receipt and sufficiency of which is acknowledged by the Seller, and the other consideration, terms, conditions, covenants and promises contained herein, the parties agree as follows:

1. AGREEMENT TO SELL: The Seller agrees to exclusively sell, grant, assign and convey, all of its right, title and interest in and to the Mining Agreement, Subject Property, area of Interest and any personalty on the Subject Property or subject of the Mining Agreement as of the date of this Agreement to Gilt Edge in accordance with the terms and conditions of this Agreement, by appropriate QCD deeds, assignments, conveyances, bills of sale or otherwise ("Conveyance Documents"), as approved by counsel for Gilt Edge, and in a form that may be recorded in Lawrence County, South Dakota. QCD.

It is understood and agreed to by Gilt Edge and the Seller that such Conveyance Documents, after being approved as to form and content by counsel for Gilt Edge, but without warranties of title except as set forth herein, shall be subject to the purchase escrow provisions set forth below.

It is understood and agreed to by Seller that it will continue to co-operate with Gilt Edge in perfecting title in and to the Subject Property or other properties within the Area of Interest by executing any further and additional documents necessary to carry out the spirit and intent of this Agreement, even after the closing of the purchase escrow contemplated by the provisions set forth below.

2. PURCHASE CONSIDERATION: Gilt Edge agrees to pay to Seller the following amounts as full consideration for the interests in the Mining Agreement and Subject Property conveyed to it by the Sellers:

$100,000.00	upon execution of this Agreement
$400,000.00	on or before August 1, 1986
$750,000.00	on or before December 31, 1986

unless this Agreement is sooner terminated, surrendered or forfeited. In the event that this Agreement is terminated,

SWINTON & COMPANY

JUN 19 '86 14:28 CYPRUS MINERALS ENGLEWOOD P.5/17

surrendered or forfeited any payments made by Gilt Edge shall not be refunded but may be retained by the Seller as reasonable rental.

3. ABATEMENT OF SELECTED PROVISIONS OF MINING AGREEMENT: Upon execution of this Agreement, and until the completion of the purchase of all the interest of the Seller in the Mining Agreement and Subject Property that will culminate with the closing of the purchase escrow arrangement set forth below, Gilt Edge shall have the right to continue possession, exploration, development and mining of the Subject Property that it acquired under, and in accordance with, the Mining Agreement, without being obligated under Sections 4.2, 4.3, or 4.4 to Seller, or any other provision requiring payments to Seller or work commitments, provided, however, that no surface disturbing operation shall take place on the Subject Property until the August 1, 1986 payment provided for in Section 2 hereof is paid to Seller. ** In the event this Agreement is terminated by default of Gilt Edge, then all provisions including Sections 4.2, 4.3 and 4.4 of the Mining Agreement shall automatically go back into full force and effect, except that any monies paid hereunder shall be credited as Evaluation Expenditures under Section 4.2 of the Mining Agreement.

every other clause of M.A. to remain in effect

4. WARRANTIES AND REPRESENTATIONS OF SELLER: The Seller represents and warrants unto Gilt Edge as follows:

(a) Seller has the full and exclusive right and power to act on behalf of Seller, and on behalf of any other interested person or entities, to sell its interest in and to the Mining Agreement, Subject Property and Area of Interest to Gilt Edge under the terms and provisions of this Agreement and to grant the rights granted to Gilt Edge hereunder;

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JUN 19 '86 14:29 CYPRUS MINERALS ENGLEWOOD P.6/17

(b) except as otherwise disclosed in this Agreement, the Subject Property is free and clear of all liens and encumbrances made or suffered by the Seller;

(c) the subject Property is not subject to any agreements made or suffered by the Seller contrary to the provisions of this Agreement or the Mining Agreement;

(d) while this Agreement remains in effect, Seller will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance; and

(e) Seller has not done any acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constituted a default; or any act which with the passage of time could become a default under any of such leases; that no notice of default has been given to Seller and to Seller's knowledge no such notice is contemplated to be given by any of the lessors under the leases subject of the Mining Agreement; that Seller is the sole present lessee and has the full and exclusive right and power to assign such leases to Gilt Edge, subject to the terms of the Mining Agreement.

All the representations and warranties set forth herein shall survive the term of this Agreement.

5. WARRANTIES AND REPRESENTATIONS OF GILT EDGE: Gilt Edge represents and warrants unto the Seller that it, Gilt Edge, has the full right and corporate authority to enter

into this Agreement, and that upon execution this Agreement will be binding upon Gilt Edge.

While this Agreement remains in effect, Gilt Edge will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance.

While this Agreement remains in effect, Gilt Edge will do no acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constitute a default or any act which with the passage of time could become a default under any of such leases.

All the representations and warranties set forth herein shall survive the term of this Agreement.

6. CONGDEN AND CAREY, LTD. 5: Gilt Edge acknowledges that it has been advised by Coca that Coca acquired its interest in the Subject Property from Congden and Carey, Ltd. 5 ("Congden and Carey"), a Colorado Limited Partnership, subject to a prior assignment made by Congden and Carey, on the 31st day of December, 1982 in favour of its limited partners (the "Limited Partners"). Coca represents and warrants that, notwithstanding the said assignment or any of the terms that may be contained therein, Coca has the full and sufficient right and authority to transfer all of the interest of Coca, Congden and Cary, and the Limited Partners to Gilt Edge free and clear of all liens and encumbrances in accordance with the terms of this Agreement and further agrees to indemnify and save Gilt Edge harmless from and against any claim or action (including any costs incurred by Gilt Edge in connection with any such claims or action) either threatened or commenced by Congden and Carey, the Limited Partners, or any of them.

SWINTON & COMPANY
JUN 19 '86 14:30 CYPRUS MINERALS ENGLEWOOD P.8/17

7. PURCHASE ESCROW: Upon execution of this Agreement the parties hereto agree to immediately, or as soon thereafter as is reasonably possible, deposit a fully executed copy hereof, together with any and all Conveyance Documents prepared, approved and executed as of that date, in escrow with a mutually acceptable escrow agent ("Escrow Agent"). Such Escrow Agent shall be instructed to release unto Gilt Edge all Conveyance Documents 15 days after upon receiving written notice from Gilt Edge, that the purchase payments set forth above have been made. The Escrow Agent shall seek confirmation of such payments from the Seller, however should the Seller fail to respond to inquiries of either Gilt Edge or the Escrow Agent to ratify said payments for a period more than fifteen (15) days, such ratification and approval shall be inferred. The parties hereto shall accept all reasonable escrow conditions imposed by the Escrow Agent and shall share equally in all escrow charges or fees.

At any time during the pendency of the escrow the parties hereto can add to or modify the Conveyance Documents to more correctly reflect the assignments or conveyance of property interests contemplated by this Agreement. Each party hereto agrees to co-operate with the other in drafting, reviewing and executing any Conveyance Document, or modifications thereto, in order that the property interests to be assigned or conveyed are correct at the time the escrow is to close pursuant to the terms of this Agreement.

Should the Seller fail to receive any one or all of the purchase payments set forth above in a timely manner, it shall give written notice to Gilt Edge of such default, and Gilt Edge shall have thirty (30) days thereafter to cure such default or to furnish proof of payment. Should Gilt Edge fail to respond or otherwise satisfy the noticed default 10 days after notice

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JUN 19 '86 14:31 CYPRUS MINERALS ENGLEWOOD P.9/17

within the prescribed time, the Escrow Agent shall be authorized to return all Conveyance Documents in its possession to the Seller and this Agreement shall terminate without Gilt Edge having any further rights under this Agreement to purchase the interests of the Seller.

8. TERMINATION OF MINING AGREEMENT: Upon payment of the purchase price as set forth above One Million Two Hundred and Fifty Thousand Dollars ($1,250,000.00) and notification of such to the Escrow Agent, and confirmation from Seller is received or inferred, the Mining Agreement shall be terminated. As soon thereafter as is reasonably practical the Escrow Agent shall release all Conveyance Documents to Gilt Edge, and Gilt Edge may thereafter cause the same to be recorded in Lawrence County, South Dakota.

Gilt Edge, upon completion of the purchase of the Mining Agreement, agrees to accept the assignments of any leases subject of the Mining Agreement, and to perform all the obligations thereunder of the Seller, arising or occurring after the date of this Agreement, except any ongoing or past reclamation requirements accruing by past actions of the Seller. Seller shall have the right to seek consents of the underlying lessors to a substitution of Gilt Edge for Sellers in the Conveyance Documents, but failure to obtain such consents shall have no effect on this Agreement.

9. CO-OPERATION OF SELLER: During the term of this Agreement Seller shall reasonably co-operate with Gilt Edge to the extent such co-operation is required by law to obtain all county, state and federal permits required to conduct on the Subject Property the mining operation contemplated by Gilt Edge, but the cost thereof incurred by the Seller shall be paid by Gilt Edge.

SWINTON & COMPANY

JUN 19 '86 14:32 CYPRUS MINERALS ENGLEWOOD P.10/17

10. MULTIPLE PARTIES - AGENT: As the Seller is and, may be, from time to time, made up of various individuals or entities whose ownership interests may vary, the Seller hereby names:

Cyprus Mines Corporation
as to Eight-tenths (8/10 or eighty percent (80%)) of any payment
P.O. Box 3299
7000 So. Yosemite Street
Englewood, Colorado 80155

Attention: Property Records Supervisor

And:

CoCa Mines Inc.
as to two-tenths (2/10 or twenty percent (20%)) of any payment
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

Attention: J.C. Mitchell

as its agent to receive from Gilt Edge all payments to Seller due hereunder. Such payments shall be made by cashiers' checks, wire transfers, or other methods providing immediate funds, payable to the order of said agents at such addresses. Any charges made by said agents shall be paid by Seller. Payment by Gilt Edge to said agents, or to any other agents designated by the different ownership groups of Seller in accordance with this paragraph, shall constitute and be payment in full to Seller and each ownership group of each such payment, and such payment shall constitute and be a full discharge of all of Gilt Edge's obligations to make such payment. Gilt Edge shall not have any obligation whatsoever, with respect to the distribution of any such payment by any such agents to Seller or its ownership groups or to any other person or persons entitled thereto or to any part thereof. If such agents, or any successors thereof,

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JUN 19 '86 14:33 CYPRUS MINERALS ENGLEWOOD P.11/17

shall cease to exist or shall refuse to serve as Seller's, or its ownership groups', agents hereunder, such payment shall be made thereafter to any bank or other party in the United States that Seller shall designate. Gilt Edge shall be entitled to withhold all payments hereunder until such designation is made. At all times pertinent hereto, Gilt Edge shall have the right to demand that no more than two (2) agents act in the place and stead of Seller and its ownership groups for purposes of receiving payments hereunder. At the time payments are made by Gilt Edge to said agents, Gilt Edge shall send notices of such payment to Seller, as provided below.

11. NOTICES: Any notice or demand which is required to be given hereunder by either party hereto which either party may desire to give to the other hereunder shall be given in writing by mailing the same by United States mail, registered or certified, return receipt requested, postage prepaid, addressed to the other party at his respective address shown below and, to be effective, must be made to all those designated to receive copies set forth below. a notice hereunder shall be effective the second (2nd) day next following deposit thereof in the United States mail or, if made by personal delivery, the same shall become effective on the day of such delivery to the party as provided herein. A party's address, as set forth hereinbelow and/or the person to whose attention the notice is to be given, may be changed by such party by notice given as provided herein to the other party:

If the notice is to Seller:

Cyprus Mines Corporation
Attention: H.L. Bauer, Jr.
P.O. Box 3299
7200 So. Alton Way
Englewood, Colorado 80155

SWINTON & COMPANY

JUN 19 '86 14:34 CYPRUS MINERALS ENGLEWOOD P.12/17

with a copy to:

CoCa Mines Inc.
Attention: J.C. Mitchell
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

If the notice is to Gilt Edge:

Gilt Edge Inc.
Attention: Wayne McClay
Suite 1088
999 West Hastings Street
Vancouver, British Columbia
V6C 2W2

with a copy to:

Swinton & Company
Attention: Stephen E. Dadson
Suite 1300
1090 West Georgia Street
Vancouver, British Columbia
V6E 3X9

12. NON-PARTNERSHIP: This Agreement shall not constitute or be construed to constitute a partnership, mining partnership, joint venture or joint operation. The full control and determination as to manner, extent and character of mining operations shall be determined by Gilt Edge (in accordance w M.A. or to PD) without interference from Seller.

13. ENTIRE AGREEMENT: AMENDMENTS: Except for the applicable terms of the Mining Agreement, this Agreement contains the entire agreement between Gilt Edge and Seller, and no oral agreement, promise, statement or representation which is not contained herein shall be binding upon Gilt Edge or Seller. All amendments of this agreement shall be in writing and executed by the parties.

SWINTON & COMPANY
JUN 19 '86 14:35 CYPRUS MINERALS ENGLEWOOD P.13/17

14. BINDING EFFECT: All of the terms, conditions, warranties, covenants and agreements herein contained shall be binding on the parties hereto, their partners, heirs, successors and assigns.

15. RECORDATION: The parties hereto agree that this Agreement will not be recorded but that a Memorandum of Agreement will be recorded setting forth the rights of Gilt Edge to acquire the rights of the Seller to the Mining Agreement, Subject Property and Area of Interest. QCD: release of any mens filed. OK to P.P.

16. SEVERABILITY: If any of the provisions of this Agreement is or becomes void or unenforceable by Force of Law, the other provisions shall remain valid and enforceable.

17. WAIVER: The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by any party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to effect either validity of this Agreement, or any part hereof, or the right of each party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

18. CURRENCY: References to currency in this Agreement are references to United States currency.

19. INSURANCE: If any operations are conducted upon the Subject Property by Gilt Edge while this Agreement is in effect, Gilt Edge shall carry Worker's Compensation insurance as required by applicable law and shall carry General Liability and Automobile Liability insurance of not less than One Million Dollars ($1,000,000.00) for each occurrence for property damage, bodily injury and public liability. Cyprus

SWINTON & COMPANY
JUN 19 '86 14:35 CYPRUS MINERALS ENGLEWOOD P.14/17

Mines Corporation and Coca Mines Inc. shall be named insureds under such policies and shall be beneficiaries of insurer's waiver of subrogation under any required Worker's Compensation insurance policy. Certificates evidencing the foregoing insurance coverage shall be provided to Seller before any mining work is commenced. OK to P.D.

IN WITNESS WHEREOF the parties hereto have hereunder set their hands as of the day and year first above written.

SELLER:

CYPRUS MINES CORPORATION
a Delaware corporation

By: _____

Title: _____

COCA MINES INC.
a Colorado corporation

By: _____

Title: _____

GILT EDGE:

GILT EDGE INC.
a South Dakota corporation

By: _____

Title: _____

SWINTON & COMPANY
JUN 19 '86 14:36 CYPRUS MINERALS ENGLEWOOD P.15/17

STATE OF _____)
) ss.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of COCA MINES INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

PJD1C.38931

JUN 19 '86 14:37 CYPRUS MINERALS ENGLEWOOD P.16/17

STATE OF _____)
) ss.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of GILT EDGE INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

SWINTON & COMPANY
JUN 19 '86 14:38 CYPRUS MINERALS ENGLEWOOD P.17/17

ACQUISITION AGREEMENT

THIS AGREEMENT is made and entered into as of this ____ day of June, 1986, by and between GILT EDGE INC., a South Dakota corporation; hereinafter simply referred to as "Gilt Edge" or "Purchaser"; and CYPRUS MINES CORPORATION, a Delaware corporation, hereinafter simply referred to as "Cyprus", and COCA MINES INC., a Colorado corporation, hereinafter simply referred to as "CoCa", with Cyprus and CoCa being hereinafter collectively referred to as "Seller".

WITNESSETH:

WHEREAS, the Seller, by that certain mining agreement (the "Mining Agreement") dated as of June 1, 1983, leased certain mining properties within the Gilt Edge Mining District of Lawrence County, South Dakota to Lacana Mining Inc. (now Lacana Gold Inc.), a Memorandum of which was recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983, a full and complete copy of said Mining Agreement is attached hereto as Exhibit "A"; and

WHEREAS, the original parties to the Mining Agreement entered into a First Amendment to Mining Agreement dated as of May 30, 1985, with Lacana Mining Inc. (now Lacana Gold Inc.) acting on behalf of, and for the benefit of, Gilt Edge, which Amendment to the Mining Agreement, a copy of which is attached hereto as Exhibit "B", shall, unless the terms of this Agreement dictate otherwise, be included in all subsequent references to the Mining Agreement; and

WHEREAS, the mineral properties subject of the Mining Agreement are comprised of interests in patented and unpatented mining claims, other patented property, and leasehold interests in patented and unpatented mining claims, other patented property, all more particularly described in the Mining Agreement and the attachments thereto, and which will hereinafter collectively be referred to as the "Subject Property"; and

WHEREAS, the Mining Agreement sets forth an Area of Interest, which "Area of Interest" shall be adopted by the parties hereto as a definition of land area for the purposes of this Agreement; and

WHEREAS, all of the right, title and interest of Lacana Gold Inc. in and to the aforesaid Mining Agreement was assigned to Gilt Edge by that certain Assignment and Assumption

Agreement dated January 11, 1985, which was duly recorded in Lawrence County, South Dakota, as Document #85-649, on March 13, 1985; and

WHEREAS, it is now the desire of Gilt Edge to purchase all of the right, title and interest of the Seller in and to the Mining Agreement, the Subject Property and the Area of Interest, and the desire of the Seller to sell to Gilt Edge all of its right, title and interest in and to the Mining Agreement, the Subject Property and the Area of Interest, including but not limited to all interests of Seller of any kind or nature to receive royalties from mineral production therefrom;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00), in hand paid by Gilt Edge to the Seller, the receipt and sufficiency of which is acknowledged by the Seller, and the other consideration, terms, conditions, covenants and promises contained herein, the parties agree as follows:

1. AGREEMENT TO SELL: The Seller agrees to exclusively sell, grant, assign and convey, all of its right, title and interest in and to the Mining Agreement, Subject Property, Area of Interest and any personalty on the Subject Property or subject of the Mining Agreement as of the date of this Agreement to Gilt Edge in accordance with the terms and conditions of this Agreement, by appropriate quitclaim deeds, assignments or conveyances, or by bills of sale or otherwise ("Conveyance Documents"), as approved by counsel for Gilt Edge, and in a form that may be recorded in Lawrence County, South Dakota.

It is understood and agreed to by Gilt Edge and the Seller that such Conveyance Documents, after being approved as to form and content by counsel for Gilt Edge, but without warranties of title except as set forth herein, shall be subject to the purchase escrow provisions set forth below.

It is understood and agreed to by Seller that it will continue to cooperate with Gilt Edge in perfecting title in and to the Subject Property or other properties within the Area of Interest by executing any further and additional documents necessary to carry out the spirit and intent of this Agreement, even after the closing of the purchase escrow contemplated by the provisions set forth below.

2. PURCHASE CONSIDERATION: Gilt Edge agrees to pay to Seller the following amounts as full consideration for the

interests in the Mining Agreement and Subject Property conveyed to it by the Sellers:

$100,000.00	upon execution of this Agreement
$400,000.00	on or before August 1, 1986
$750,000.00	on or before December 31, 1986

unless this Agreement is sooner terminated, surrendered or forfeited. In the event that this Agreement is terminated, surrendered or forfeited any payments made by Gilt Edge shall not be refunded but shall be retained by the Seller as reasonable rental. Notwithstanding anything to the contrary in this Agreement, if any claims exist as of December 31, 1986 for which Gilt Edge is obligated to indemnify Seller under Section 6.3 of the Mining Agreement, Gilt Edge shall not be entitled to obtain the release of the Conveyance Documents from Escrow Agent (notwithstanding any tender of payment by Gilt Edge hereunder) until all such claims have been satisfied or, in the case of a threatened claim, Gilt Edge has provided Seller with a continuing indemnification and guaranty in form satisfactory to Seller providing for the payment and satisfaction of any such claim.

3. ABATEMENT OF SELECTED PROVISIONS OF MINING AGREEMENT: Upon execution of this Agreement, and thereafter until the completion of the purchase of all the interest of the Seller in the Mining Agreement and Subject Property that will culminate with the closing of the purchase escrow arrangement set forth below, Gilt Edge shall have the right to continue possession, exploration, development and mining of the Subject Property in accordance with the terms and conditions of the Mining Agreement without being obligated to make any payments under Section 4.2, 4.3 or 4.4 to Seller during the term of this Agreement, provided, however, that no surface disturbing operation shall take place on the Subject Property until the August 1, 1986 payment provided for in Section 2 hereof is paid to Seller. Except as otherwise set forth above, during the term of this Agreement, Gilt Edge shall observe and perform all obligations and covenants applicable to it under the Mining Agreement.

In the event this Agreement is terminated by default of Gilt Edge, then all provisions of the Mining Agreement, including, without limitation, all obligations accrued or owed to Seller under Sections 4.2, 4.3 and 4.4 shall automatically go back into full force and effect effective as of June 25, 1986, except that any monies paid hereunder shall be credited against Evaluation Expenditures accrued

under Section 4.2 of the Mining Agreement. In the event of a conflict between the terms of this Agreement and the terms of the Mining Agreement, the terms of this Agreement shall govern and prevail.

4. WARRANTIES AND REPRESENTATIONS OF SELLER: The Seller represents and warrants unto Gilt Edge as follows:

(a) Seller has the full and exclusive right and power to act on behalf of Seller, and on behalf of any other interest person or entities, to sell its interest in and to the Mining Agreement, Subject Property and Area of Interest to Gilt Edge under the terms and provisions of this Agreement and to grant the rights granted to Gilt Edge hereunder;

(b) except as otherwise disclosed in this Agreement, the Subject Property is free and clear of all liens and encumbrances made or suffered by the Seller;

(c) the Subject Property is not subject to any agreements made or suffered by the Seller contrary to the provisions of this Agreement or the Mining Agreement;

(d) while this Agreement remains in effect, Seller will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance; and

(e) Seller has not done any acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constituted a default; or any act which with the passage of time could become a default under any of such leases; that notice of default has been given to Seller and to Seller's knowledge no such notice is contemplated to be given by any of the lessors under the leases subject to the Mining Agreement; that Seller is the sole present lessee and has the full and exclusive right and power to assign such leases to Gilt Edge, subject to the terms of the Mining Agreement.

All the representations and warranties set forth herein shall survive the term of this Agreement provided Gilt Edge has made all payments required under Section 2 hereof to Seller.

5. WARRANTIES AND REPRESENTATIONS OF GILT EDGE: Gilt Edge represents and warrants unto the Seller that it, Gilt Edge,

has the full right and corporate authority to enter into this Agreement, and that upon execution this Agreement will be binding upon Gilt Edge.

While this Agreement remains in effect, Gilt Edge will not place upon or cause or allow to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance.

While this Agreement remains in effect, Gilt Edge will do no acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constitute a default or any act which with the passage of time could become a default under any of such leases.

All the representations and warranties set forth herein shall survive the term of this Agreement.

6. CONGDEN AND CAREY, LTD. 5: Gilt Edge acknowledges that it has been advised by CoCa that CoCa acquired its interest in the Subject Property from Congden and Carey, Ltd. 5 ("Congden and Carey"), a Colorado Limited Partnership, subject to a prior assignment made by Congden an Carey, on the 31st day of December, 1982 in favor of its limited partners (the "Limited Partners"). CoCa represents and warrants that, notwithstanding the said assignment or any of the terms that may be contained therein, CoCa has the full and sufficient right and authority to transfer all of the interest of CoCa, Congden and Carey, and the Limited Partners in the Mining Agreement, the Subject Property and the Area of Interest to Gilt Edge free and clear of all liens and encumbrances in accordance with the terms of this Agreement and further agrees to indemnify and save Gilt Edge harmless from and against any claim or action relating to the transfer of such title and interest to Gilt Edge by CoCa (including any costs incurred by Gilt Edge in connection with any such claims or action) either threatened or commenced by Congden and Carey, the Limited Partners, or any of them.

7. PURCHASE ESCROW: Upon execution of this Agreement the parties hereto agree to immediately, or as soon thereafter as is reasonably possible, deposit a fully executed copy hereof, together with any and all Conveyance Documents prepared, approved and executed as of that date, in escrow with a mutually acceptable escrow agent ("Escrow Agent"). Gilt Edge shall also prepare and deliver to Escrow Agent a quitclaim deed conveying all of its right, title and interest in this Agreement to Seller (the "Quitclaim Deed") and a

release in recordable form releasing the Memorandum of Agreement (the "Release"). Such Escrow Agent shall be instructed to release unto Gilt Edge all Conveyance Documents, the Quitclaim Deed and the Release upon the earlier of (i) fifteen (15) days after receiving written notice from Gilt Edge that the purchase payments set forth above have been made, or (ii) upon receipt of written confirmation from Sellers that all payments required under Section 2 hereof have been paid by Gilt Edge. The Escrow Agent shall seek confirmation of such payments from the Seller, however should the Seller fail to respond to inquiries of either Gilt Edge or the Escrow Agent to ratify said payments for a period of more than fifteen (15) days, such ratification and approval shall be inferred. The parties hereto shall accept all reasonable escrow conditions imposed by the Escrow Agent and shall share equally in all escrow charges or fees.

At any time during the pendency of the escrow the parties hereto can add to or modify the Conveyance Documents to more correctly reflect the assignments or conveyance of property interest contemplated by this Agreement. Each party hereto agrees to cooperate with the other in drafting, reviewing and executing any Conveyance Document, or modifications thereto, in order that the property interests to be assigned or conveyed are correct at the time the escrow is to close pursuant to the terms of this Agreement.

Should the Seller fail to receive any one or all of the purchase payments set forth above in a timely manner, it shall give written notice to Gilt Edge of such default, and Gilt Edge shall have ten (10) days thereafter to cure such default or to furnish proof of payment. Should Gilt Edge fail to respond or otherwise satisfy the noticed default within the prescribed time, the Escrow Agent shall return the Conveyance Documents, the Quitclaim Deed and the Release to Seller and this Agreement shall terminate without Gilt Edge having any further rights under this Agreement to purchase the interests of Seller.

8. TERMINATION OF MINING AGREEMENT: Upon payment of all of the purchase price set forth in Section 2 hereof and the release of the Conveyance Documents to Gilt Edge by Escrow Agent, the Mining Agreement shall be terminated. Upon receipt of the Conveyance Documents,Gilt Edge may thereafter cause the same to be recorded in Lawrence County, South Dakota.

Gilt Edge, upon completion of the purchase of the Mining Agreement, agrees to accept the assignments of any leases subject to the Mining Agreement, and to perform all the obligations thereunder of the Seller, arising or occurring after the date of this Agreement, except any ongoing or past reclamation requirements accruing by past actions of the Seller. From and after the termination of the Mining Agreement, Gilt Edge shall cooperate with Seller in obtaining the release of Seller, Congden and Carey Ltd. 5 and Thomas Congdon from any obligations under the Leases conveyed to Gilt Edge hereunder.

9. COOPERATION OF SELLER: During the term of this Agreement, Seller shall reasonably cooperate with Gilt Edge to the extent such cooperation is required by law to obtain all county, state and federal permits required to conduct on the Subject Property the mining operation contemplated by Gilt Edge, but the cost thereof incurred by the Seller shall be paid by Gilt Edge.

10. INDEMNIFICATION: Gilt Edge hereby indemnifies and agrees to hold Seller harmless against, from and in respect to any and all damages, losses, liabilities, claims, costs and expenses (including, without limitation, reasonable attorneys' fees) arising as a result of any untrue representation or the breach of any warranty or covenant of Gilt Edge contained herein. Cyprus and CoCa each hereby severally, but not jointly, agree to indemnify and hold Gilt Edge harmless from, against and in respect to any and all damages, losses, liabilities, claims, costs and expenses (including, without limitation, reasonable attorneys' fees) arising as a result of any untrue representation or the breach of any warranty or covenant made by such party contained herein. Notwithstanding anything to the contrary contained in the foregoing, the aggregate amount of all claims for the breach of all representations, warranties and covenants of Cyprus or CoCa, as the case may be, shall not exceed the total payment proceeds received by such party pursuant to Section 10 hereof.

Notwithstanding the termination of the Mining Agreement pursuant to the terms of Section 8 hereof, the Indemnity provided for in Section 6.3 of the Mining Agreement shall survive the termination of such Agreement and shall remain the continuing obligation of the parties hereto in accordance with the provisions of such section.

11. MULTIPLE PARTIES - AGENT: As the Seller is and, may be, from time to time, made up of various individuals or entities whose ownership interests may vary, the Seller hereby names:

Cyprus Mines Corporation
as to Eight-tenths (8/10 or eighty percent (80%)) of any payment
P.O. Box 3299
7000 So. Yosemite Street
Englewood, Colorado 80155

Attention: Property Records Supervisor

And:

CoCa Mines Inc.
as to two-tenths (2/10 or twenty percent (20%)) of any payment
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

Attention: J. C. Mitchell

as its agent to receive from Gilt Edge all payments to Seller due hereunder. Such payments shall be made by cashiers' checks, wire transfers, or other methods providing immediate funds, payable to the order of said agents at such addresses. Any charges made by said agents shall be paid by Seller. Payment by Gilt Edge to said agents, or to any other agents designated by the different ownership groups of Seller in accordance with this paragraph, shall constitute and be payment in full to Seller and each ownership group of each such payment, and such payment shall constitute and be a full discharge of all of Gilt Edge's obligations to make such payment. Gilt Edge shall not have any obligation whatsoever, with respect to the distribution of any such payment by any such agents to Seller or its ownership groups or to any other person or persons entitled thereto or to any part thereof. If such agents, or any successors thereof, shall cease to exist or shall refuse to serve as Seller's, or its ownership groups', agents hereunder, such payment shall be made thereafter to any bank or other party in the United States that Seller shall designate. Gilt Edge shall be entitled to withhold all payments hereunder until such designation is made. At all times pertinent hereto, Gilt Edge shall have the right to demand that no more than two (2) agents act in the place and stead of Seller and its ownership groups for purposes of receiving payments hereunder. At the time payments are made by Gilt Edge to said agents, Gilt Edge shall send notices of such payment to Seller, as provided below.

12. NOTICES: Any notice or demand which is required to be given hereunder by either party hereto which either party may desire to give to the other hereunder shall be given in writing by mailing the same by United States mail, registered or certified, return receipt requested postage prepaid, addressed to the other party at his respective address shown below and, to be effective, must be made to all those designated to receive copies set forth below. A notice hereunder shall be effective the second (2nd) day next following deposit thereof in the United States mail or, if made by personal delivery, the same shall become effective on the day of such delivery to the party as provided herein. A party's address, as set forth hereinbelow and/or the person to whose attention the notice is to be given, may be changed by such party by notice given as provided herein to the other party:

If the notice is to Seller:

Cyprus Mines Corporation
Attention: H.L. Bauer, Jr.
P.O. Box 3299
7200 So. Alton Way
Englewood, Colorado 80155

with a copy to:

CoCa Mines Inc.
Attention: J.C. Mitchell
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

If the notice is to Gilt Edge:

Gilt Edge Inc.
Attention: Wayne McClay
Suite 1088
99 West Hastings Street
Vancouver, British Columbia
V6C 2W2

with a copy to:

Swinton & Company
Attention: Stephen E. Dadson
Suite 1300
1090 West Georgia Street
Vancouver, British Columbia
V6E 3X9

13. NON-PARTNERSHIP: This Agreement shall not constitute or be construed to constitute a partnership, mining partnership, joint venture or joint operation. The full control and determination as to manner, extent and character of mining operations during the term of this Agreement shall be determined by Gilt Edge in accordance with the provisions of the Mining Agreement.

14. ENTIRE AGREEMENT: AMENDMENTS: Except for the applicable terms of the Mining Agreement, this Agreement contains the entire agreement between Gilt Edge and Seller, and no oral agreement, promise, statement or representation which is not contained herein shall be binding upon Gilt Edge or Seller. All amendments of this Agreement shall be in writing and executed by the parties.

15. BINDING EFFECT: All of the terms, conditions, warranties, covenants and agreements herein contained shall be binding on the parties hereto, their partners, heirs, successors and assigns.

16. RECORDATION: The parties hereto agree that this Agreement will not be recorded but that a Memorandum of Agreement will be recorded setting forth the rights of Gilt Edge to acquire the rights of the Seller to the Mining Agreement, Subject Property and the Area of Interest. A release of such Memorandum shall be executed by the parties hereto and delivered to Escrow Agent simultaneously with the delivery of the Conveyance Documents.

17. SEVERABILITY: If any of the provisions of this Agreement is or becomes void or unenforceable by Force of Law, the other provisions shall remain valid and enforceable.

18. WAIVER: The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by any part of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to effect either validity of this Agreement, or any part hereof, or the right of each party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

19. CURRENCY: References to currency in this Agreement are references to United States currency.

20. INSURANCE: If any operations are conducted upon the Subject Property by Gilt Edge while this Agreement is in effect, Gilt Edge shall carry Worker's Compensation insurance as required by applicable law and shall carry General Liability and Automobile Liability insurance of not less than One Million Dollars ($1,000,000.00) for each occurrence for property damage, bodily injury and public liability.

Cyprus Mines Corporation and CoCa Mines Inc. shall be named insureds under such policies and shall be beneficiaries of insurer's waiver of subrogation under any required Worker's Compensation insurance policy. Certificates evidencing the foregoing insurance coverage shall be provided to Seller before any mining, exploration or development operations are conducted upon the Subject Property by Gilt Edge.

21. GOVERNING LAW: This Agreement shall be governed by the laws of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands as of the day and year first above written.

SELLER:

CYPRUS MINES CORPORATION,
a Delaware corporation

By:_____
Title:_____

COCA MINES INC.,
a Colorado corporation

By:_____
Title: President

GILT EDGE INC.,
a South Dakota corporation

By:_____
Title:_____

STATE OF _____)
) ss.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____ _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I have hereunder set my hand and official seal.

_____
Notary Public

STATE OF Colorado)
CITY AND) ss.
COUNTY OF Denver)

On this the 26 day of June, 1986, before me, Vicki L. Ferguson, the undersigned officer, personally appeared Hugh J. Matheson, who acknowledged himself to be the President of COCA MINES INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I have hereunder set my hand and official seal.

My Commission Expires Nov. 22, 1986

Vicki L. Ferguson
Notary Public
1776 Lincoln St.
Denver, CO

STATE OF _____)
) ss.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of GILT EDGE INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I have hereunder set my hand and official seal.

_____
Notary Public

Redline 6/26/86

ACQUISITION AGREEMENT

THIS AGREEMENT is made and entered into as of this ____ day of June, 1986, by and between GILT EDGE INC., a South Dakota corporation; hereinafter simply referred to as "Gilt Edge" or "Purchaser"; and CYPRUS MINES CORPORATION, a Delaware corporation, hereinafter simply referred to as "Cyprus", and COCA MINES INC., a Colorado corporation, hereinafter simply referred to as "CoCa", with Cyprus and CoCa being hereinafter collectively referred to as "Seller".

WITNESSETH:

WHEREAS, the Seller, by that certain mining agreement (the "Mining Agreement") dated as of June 1, 1983, leased certain mining properties within the Gilt Edge Mining District of Lawrence County, South Dakota to Lacana Mining Inc. (now Lacana Gold Inc.), a Memorandum of which was recorded in Lawrence County, South Dakota, as Document #83-5768, on October 18, 1983, a full and complete copy of said Mining Agreement is attached hereto as Exhibit "A"; and

WHEREAS, the original parties to the Mining Agreement entered into a First Amendment to Mining Agreement dated as of May 30, 1985, with Lacana Mining Inc. (now Lacana Gold Inc.) acting on behalf of, and for the benefit of, Gilt Edge, which Amendment to the Mining Agreement, a copy of which is attached hereto as Exhibit "B", shall, unless the terms of this Agreement dictate otherwise, be included in all subsequent references to the Mining Agreement; and

WHEREAS, the mineral properties subject of the Mining Agreement are comprised of interests in patented and unpatented mining claims, other patented property, and leasehold interests in patented and unpatented mining claims, other patented property, all more particularly described in the Mining Agreement and the attachments thereto, and which will hereinafter collectively be referred to as the "Subject Property"; and

WHEREAS, the Mining Agreement sets forth an Area of Interest, which "Area of Interest" shall be adopted by the parties hereto as a definition of land area for the purposes of this Agreement; and

WHEREAS, all of the right, title and interest of Lacana Gold Inc. in and to the aforesaid Mining Agreement was assigned to Gilt Edge by that certain Assignment and Assumption

Agreement dated January 11, 1985, which was duly recorded in Lawrence County, South Dakota, as Document #85-649, on March 13, 1985; and

WHEREAS, it is now the desire of Gilt Edge to purchase all of the right, title and interest of the Seller in and to the Mining Agreement, the Subject Property and the Area of Interest, and the desire of the Seller to sell to Gilt Edge all of its right, title and interest in and to the Mining Agreement, the Subject Property and the Area of Interest, including but not limited to all interests of Seller of any kind or nature to receive royalties from mineral production therefrom;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00), in hand paid by Gilt Edge to the Seller, the receipt and sufficiency of which is acknowledged by the Seller, and the other consideration, terms, conditions, covenants and promises contained herein, the parties agree as follows:

1. AGREEMENT TO SELL: The Seller agrees to exclusively sell, grant, assign and convey, all of its right, title and interest in and to the Mining Agreement, Subject Property, Area of Interest and any personalty on the Subject Property or subject of the Mining Agreement as of the date of this Agreement to Gilt Edge in accordance with the terms and conditions of this Agreement, by appropriate quitclaim deeds, assignments or conveyances, or by bills of sale or otherwise ("Conveyance Documents"), as approved by counsel for Gilt Edge, and in a form that may be recorded in Lawrence County, South Dakota.

It is understood and agreed to by Gilt Edge and the Seller that such Conveyance Documents, after being approved as to form and content by counsel for Gilt Edge, but without warranties of title except as set forth herein, shall be subject to the purchase escrow provisions set forth below.

It is understood and agreed to by Seller that it will continue to cooperate with Gilt Edge in perfecting title in and to the Subject Property or other properties within the Area of Interest by executing any further and additional documents necessary to carry out the spirit and intent of this Agreement, even after the closing of the purchase escrow contemplated by the provisions set forth below.

2. PURCHASE CONSIDERATION: Gilt Edge agrees to pay to Seller the following amounts as full consideration for the

interests in the Mining Agreement and Subject Property conveyed to it by the Sellers:

$100,000.00	upon execution of this Agreement
$400,000.00	on or before August 1, 1986
$750,000.00	on or before December 31, 1986

unless this Agreement is sooner terminated, surrendered or forfeited. In the event that this Agreement is terminated, surrendered or forfeited any payments made by Gilt Edge shall not be refunded but shall be retained by the Seller as reasonable rental. Notwithstanding anything to the contrary in this Agreement, if any claims exist as of December 31, 1986 for which Gilt Edge is obligated to indemnify Seller under Section 6.3 of the Mining Agreement, Gilt Edge shall not be entitled to obtain the release of the Conveyance Documents from Escrow Agent (notwithstanding any tender of payment by Gilt Edge hereunder) until all such claims have been satisfied or, in the case of a threatened claim, Gilt Edge has provided Seller with a continuing indemnification and guaranty in form satisfactory to Seller providing for the payment and satisfaction of any such claim.

3. ABATEMENT OF SELECTED PROVISIONS OF MINING AGREEMENT: Upon execution of this Agreement, and thereafter until the completion of the purchase of all the interest of the Seller in the Mining Agreement and Subject Property that will culminate with the closing of the purchase escrow arrangement set forth below, Gilt Edge shall have the right to continue possession, exploration, development and mining of the Subject Property in accordance with the terms and conditions of the Mining Agreement without being obligated to make any payments under Section 4.2, 4.3 or 4.4 to Seller during the term of this Agreement, provided, however, that no surface disturbing operation shall take place on the Subject Property until the August 1, 1986 payment provided for in Section 2 hereof is paid to Seller. Except as otherwise set forth above, during the term of this Agreement, Gilt Edge shall observe and perform all obligations and covenants applicable to it under the Mining Agreement.

In the event this Agreement is terminated by default of Gilt Edge, then all provisions of the Mining Agreement, including, without limitation, all obligations accrued or owed to Seller under Sections 4.2, 4.3 and 4.4 shall automatically go back into full force and effect effective as of June 25, 1986, except that any monies paid hereunder shall be credited against Evaluation Expenditures accrued

under Section 4.2 of the Mining Agreement. In the event of a conflict between the terms of this Agreement and the terms of the Mining Agreement, the terms of this Agreement shall govern and prevail.

4. WARRANTIES AND REPRESENTATIONS OF SELLER: The Seller represents and warrants unto Gilt Edge as follows:

(a) Seller has the full and exclusive right and power to act on behalf of Seller, and on behalf of any other interest person or entities, to sell its interest in and to the Mining Agreement, Subject Property and Area of Interest to Gilt Edge under the terms and provisions of this Agreement and to grant the rights granted to Gilt Edge hereunder;

(b) except as otherwise disclosed in this Agreement, the Subject Property is free and clear of all liens and encumbrances made or suffered by the Seller;

(c) the Subject Property is not subject to any agreements made or suffered by the Seller contrary to the provisions of this Agreement or the Mining Agreement;

(d) while this Agreement remains in effect, Seller will not place upon or cause to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance; and

(e) Seller has not done any acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constituted a default; or any act which with the passage of time could become a default under any of such leases; that notice of default has been given to Seller and to Seller's knowledge no such notice is contemplated to be given by any of the lessors under the leases subject to the Mining Agreement; that Seller is the sole present lessee and has the full and exclusive right and power to assign such leases to Gilt Edge, subject to the terms of the Mining Agreement.

All the representations and warranties set forth herein shall survive the term of this Agreement provided Gilt Edge has made all payments required under Section 2 hereof to Seller.

5. WARRANTIES AND REPRESENTATIONS OF GILT EDGE: Gilt Edge represents and warrants unto the Seller that it, Gilt Edge,

has the full right and corporate authority to enter into this Agreement, and that upon execution this Agreement will be binding upon Gilt Edge.

While this Agreement remains in effect, Gilt Edge will not place upon or cause or allow to be placed upon the Subject Property, or any property within the Area of Interest, any lien or encumbrance.

While this Agreement remains in effect, Gilt Edge will do no acts causing the leases subject of the Mining Agreement to be forfeited or cancelled or which constitute a default or any act which with the passage of time could become a default under any of such leases.

All the representations and warranties set forth herein shall survive the term of this Agreement.

6. CONGDEN AND CAREY, LTD. 5: Gilt Edge acknowledges that it has been advised by CoCa that CoCa acquired its interest in the Subject Property from Congden and Carey, Ltd. 5 ("Congden and Carey"), a Colorado Limited Partnership, subject to a prior assignment made by Congden an Carey, on the 31st day of December, 1982 in favor of its limited partners (the "Limited Partners"). CoCa represents and warrants that, notwithstanding the said assignment or any of the terms that may be contained therein, CoCa has the full and sufficient right and authority to transfer all of the interest of CoCa, Congden and Carey, and the Limited Partners in the Mining Agreement, the Subject Property and the Area of Interest to Gilt Edge free and clear of all liens and encumbrances in accordance with the terms of this Agreement and further agrees to indemnify and save Gilt Edge harmless from and against any claim or action relating to the transfer of such title and interest to Gilt Edge by CoCa (including any costs incurred by Gilt Edge in connection with any such claims or action) either threatened or commenced by Congden and Carey, the Limited Partners, or any of them.

7. PURCHASE ESCROW: Upon execution of this Agreement the parties hereto agree to immediately, or as soon thereafter as is reasonably possible, deposit a fully executed copy hereof, together with any and all Conveyance Documents prepared, approved and executed as of that date, in escrow with a mutually acceptable escrow agent ("Escrow Agent"). Gilt Edge shall also prepare and deliver to Escrow Agent a quitclaim deed conveying all of its right, title and interest in this Agreement to Seller (the "Quitclaim Deed") and a

release in recordable form releasing the Memorandum of Agreement (the "Release"). Such Escrow Agent shall be instructed to release unto Gilt Edge all Conveyance Documents, the Quitclaim Deed and the Release upon the earlier of (i) fifteen (15) days after receiving written notice from Gilt Edge that the purchase payments set forth above have been made, or (ii) upon receipt of written confirmation from Sellers that all payments required under Section 2 hereof have been paid by Gilt Edge. The Escrow Agent shall seek confirmation of such payments from the Seller, however should the Seller fail to respond to inquiries of either Gilt Edge or the Escrow Agent to ratify said payments for a period of more than fifteen (15) days, such ratification and approval shall be inferred. The parties hereto shall accept all reasonable escrow conditions imposed by the Escrow Agent and shall share equally in all escrow charges or fees.

At any time during the pendency of the escrow the parties hereto can add to or modify the Conveyance Documents to more correctly reflect the assignments or conveyance of property interest contemplated by this Agreement. Each party hereto agrees to cooperate with the other in drafting, reviewing and executing any Conveyance Document, or modifications thereto, in order that the property interests to be assigned or conveyed are correct at the time the escrow is to close pursuant to the terms of this Agreement.

Should the Seller fail to receive any one or all of the purchase payments set forth above in a timely manner, it shall give written notice to Gilt Edge of such default, and Gilt Edge shall have ten (10) days thereafter to cure such default or to furnish proof of payment. Should Gilt Edge fail to respond or otherwise satisfy the noticed default within the prescribed time, the Escrow Agent shall return the Conveyance Documents, the Quitclaim Deed and the Release to Seller and this Agreement shall terminate without Gilt Edge having any further rights under this Agreement to purchase the interests of Seller.

8. TERMINATION OF MINING AGREEMENT: Upon payment of all of the purchase price set forth in Section 2 hereof and the release of the Conveyance Documents to Gilt Edge by Escrow Agent, the Mining Agreement shall be terminated. Upon receipt of the Conveyance Documents,Gilt Edge may thereafter cause the same to be recorded in Lawrence County, South Dakota.

Gilt Edge, upon completion of the purchase of the Mining Agreement, agrees to accept the assignments of any leases subject to the Mining Agreement, and to perform all the obligations thereunder of the Seller, arising or occurring after the date of this Agreement, except any ongoing or past reclamation requirements accruing by past actions of the Seller. From and after the termination of the Mining Agreement, Gilt Edge shall cooperate with Seller in obtaining the release of Seller, Congden and Carey Ltd. 5 and Thomas Congdon from any obligations under the Leases conveyed to Gilt Edge hereunder.

9. COOPERATION OF SELLER: During the term of this Agreement, Seller shall reasonably cooperate with Gilt Edge to the extent such cooperation is required by law to obtain all county, state and federal permits required to conduct on the Subject Property the mining operation contemplated by Gilt Edge, but the cost thereof incurred by the Seller shall be paid by Gilt Edge.

10. INDEMNIFICATION: Gilt Edge hereby indemnifies and agrees to hold Seller harmless against, from and in respect to any and all damages, losses, liabilities, claims, costs and expenses (including, without limitation, reasonable attorneys' fees) arising as a result of any untrue representation or the breach of any warranty or covenant of Gilt Edge contained herein. Cyprus and CoCa each hereby severally, but not jointly, agree to indemnify and hold Gilt Edge harmless from, against and in respect to any and all damages, losses, liabilities, claims, costs and expenses (including, without limitation, reasonable attorneys' fees) arising as a result of any untrue representation or the breach of any warranty or covenant made by such party contained herein. Notwithstanding anything to the contrary contained in the foregoing, the aggregate amount of all claims for the breach of all representations, warranties and covenants of Cyprus or CoCa, as the case may be, shall not exceed the total payment proceeds received by such party pursuant to Section 10 hereof.

Notwithstanding the termination of the Mining Agreement pursuant to the terms of Section 8 hereof, the Indemnity provided for in Section 6.3 of the Mining Agreement shall survive the termination of such Agreement and shall remain the continuing obligation of the parties hereto in accordance with the provisions of such section.

11. MULTIPLE PARTIES - AGENT: As the Seller is and, may be, from time to time, made up of various individuals or entities whose ownership interests may vary, the Seller hereby names:

Cyprus Mines Corporation
as to Eight-tenths (8/10 or eighty percent (80%)) of any payment
P.O. Box 3299
7000 So. Yosemite Street
Englewood, Colorado 80155

Attention: Property Records Supervisor

And:

CoCa Mines Inc.
as to two-tenths (2/10 or twenty percent (20%)) of any payment
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

Attention: J. C. Mitchell

as its agent to receive from Gilt Edge all payments to Seller due hereunder. Such payments shall be made by cashiers' checks, wire transfers, or other methods providing immediate funds, payable to the order of said agents at such addresses. Any charges made by said agents shall be paid by Seller. Payment by Gilt Edge to said agents, or to any other agents designated by the different ownership groups of Seller in accordance with this paragraph, shall constitute and be payment in full to Seller and each ownership group of each such payment, and such payment shall constitute and be a full discharge of all of Gilt Edge's obligations to make such payment. Gilt Edge shall not have any obligation whatsoever, with respect to the distribution of any such payment by any such agents to Seller or its ownership groups or to any other person or persons entitled thereto or to any part thereof. If such agents, or any successors thereof, shall cease to exist or shall refuse to serve as Seller's, or its ownership groups', agents hereunder, such payment shall be made thereafter to any bank or other party in the United States that Seller shall designate. Gilt Edge shall be entitled to withhold all payments hereunder until such designation is made. At all times pertinent hereto, Gilt Edge shall have the right to demand that no more than two (2) agents act in the place and stead of Seller and its ownership groups for purposes of receiving payments hereunder. At the time payments are made by Gilt Edge to said agents, Gilt Edge shall send notices of such payment to Seller, as provided below.

12. NOTICES: Any notice or demand which is required to be given hereunder by either party hereto which either party may desire to give to the other hereunder shall be given in writing by mailing the same by United States mail, registered or certified, return receipt requested postage prepaid, addressed to the other party at his respective address shown below and, to be effective, must be made to all those designated to receive copies set forth below. A notice hereunder shall be effective the second (2nd) day next following deposit thereof in the United States mail or, if made by personal delivery, the same shall become effective on the day of such delivery to the party as provided herein. A party's address, as set forth hereinbelow and/or the person to whose attention the notice is to be given, may be changed by such party by notice given as provided herein to the other party:

If the notice is to Seller:

Cyprus Mines Corporation
Attention: H.L. Bauer, Jr.
P.O. Box 3299
7200 So. Alton Way
Englewood, Colorado 80155

with a copy to:

CoCa Mines Inc.
Attention: J.C. Mitchell
Suite 910, 1776 Lincoln Street
Denver, Colorado 80203

If the notice is to Gilt Edge:

Gilt Edge Inc.
Attention: Wayne McClay
Suite 1088
99 West Hastings Street
Vancouver, British Columbia
V6C 2W2

with a copy to:

Swinton & Company
Attention: Stephen E. Dadson
Suite 1300
1090 West Georgia Street
Vancouver, British Columbia
V6E 3X9

13. NON-PARTNERSHIP: This Agreement shall not constitute or be construed to constitute a partnership, mining partnership, joint venture or joint operation. The full control and determination as to manner, extent and character of mining operations during the term of this Agreement shall be determined by Gilt Edge in accordance with the provisions of the Mining Agreement.

14. ENTIRE AGREEMENT: AMENDMENTS: Except for the applicable terms of the Mining Agreement, this Agreement contains the entire agreement between Gilt Edge and Seller, and no oral agreement, promise, statement or representation which is not contained herein shall be binding upon Gilt Edge or Seller. All amendments of this Agreement shall be in writing and executed by the parties.

15. BINDING EFFECT: All of the terms, conditions, warranties, covenants and agreements herein contained shall be binding on the parties hereto, their partners, heirs, successors and assigns.

16. RECORDATION: The parties hereto agree that this Agreement will not be recorded but that a Memorandum of Agreement will be recorded setting forth the rights of Gilt Edge to acquire the rights of the Seller to the Mining Agreement, Subject Property and the Area of Interest. A release of such Memorandum shall be executed by the parties hereto and delivered to Escrow Agent simultaneously with the delivery of the Conveyance Documents.

17. SEVERABILITY: If any of the provisions of this Agreement is or becomes void or unenforceable by Force of Law, the other provisions shall remain valid and enforceable.

18. WAIVER: The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by any part of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to effect either validity of this Agreement, or any part hereof, or the right of each party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

19. CURRENCY: References to currency in this Agreement are references to United States currency.

20. INSURANCE: If any operations are conducted upon the Subject Property by Gilt Edge while this Agreement is in effect, Gilt Edge shall carry Worker's Compensation insurance as required by applicable law and shall carry General Liability and Automobile Liability insurance of not less than One Million Dollars ($1,000,000.00) for each occurrence for property damage, bodily injury and public liability.

Cyprus Mines Corporation and CoCa Mines Inc. shall be named insureds under such policies and shall be beneficiaries of insurer's waiver of subrogation under any required Worker's Compensation insurance policy. Certificates evidencing the foregoing insurance coverage shall be provided to Seller before any mining, exploration or development operations are conducted upon the Subject Property by Gilt Edge.

21. GOVERNING LAW: This Agreement shall be governed by the laws of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands as of the day and year first above written.

SELLER:

CYPRUS MINES CORPORATION,
a Delaware corporation

By:_____
Title:_____

COCA MINES INC.,
a Colorado corporation

By:_____
Title:_____

GILT EDGE INC.,
a South Dakota corporation

By:_____
Title:_____

STATE OF _____)
) ss.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____ _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I have hereunder set my hand and official seal.

_____
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of COCA MINES INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I have hereunder set my hand and official seal.

_____
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of GILT EDGE INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I have hereunder set my hand and official seal.

_____
Notary Public

Cyprus Mines Corporation and CoCa Mines Inc. shall be named insureds under such policies and shall be beneficiaries of insurer's waiver of subrogation under any required Worker's Compensation insurance policy. Certificates evidencing the foregoing insurance coverage shall be provided to Seller before any mining, exploration or development operations are conducted upon the Subject Property by Gilt Edge.

21. GOVERNING LAW: This Agreement shall be governed by the laws of the State of South Dakota and any question arising hereunder shall be construed or determined according to such law.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands as of the day and year first above written.

SELLER:

CYPRUS MINES CORPORATION,
a Delaware corporation

By:_____
Title:_____

COCA MINES INC.,
a Colorado corporation

By:_____
Title:_____

GILT EDGE INC.,
a South Dakota corporation

By:_____
Title:_____

STATE OF _____)
) ss.
COUNTY OF _____)

On this the _____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____ _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I have hereunder set my hand and official seal.

_____
Notary Public

AMENDMENT TO ACQUISITION AGREEMENT

AND

AMENDMENT TO MINING AGREEMENT

THIS AGREEMENT made and entered into as of the 24th day of July, 1986 by and

BETWEEN:

GILT EDGE INC., a South Dakota corporation;

(hereinafter simply referred to as "Gilt Edge" or "Purchaser")

AND:

CYPRUS MINES CORPORATION, a Delaware corporation;

(hereinafter simply referred to as "Cyprus")

AND:

COCA MINES INC., a Colorado corporation;

(hereinafter simply referred to as "CoCa", with Cyprus and CoCa being hereinafter collectively referred to as the "Seller")

WITNESSETH:

WHEREAS, by a Mining Agreement dated as of June 1, 1983 by and between Seller and Lacana Mining Inc. ("Lacana"), as amended by First Amendment to Mining Agreement dated as of May 30, 1985 (the "Mining Agreement"), Seller leased to Lacana certain mining properties in Lawrence County, South Dakota, a Memorandum of which was recorded in Lawrence County, South Dakota, on October 18, 1983 as Document No. 83-5768;

AND WHEREAS the Mining Agreement includes an Area of Interest clause providing that additional properties might become subject to the Mining Agreement;

AND WHEREAS the entire leasehold estate created pursuant to that certain Lease and Option to Purchase Agreement dated as of September 1, 1976 by and between Northwestern Metals Company and Congdon and Carey, Ltd. 5 (the "Northwestern Lease") is subject to the Mining Agreement;

AND WHEREAS the Northwestern Lease was amended on June 30, 1983, to subject to the terms and conditions of the Northwestern Lease the following patented mining claims situated in Lawrence County, South Dakota:

Adrian Fraction, Mineral Survey No. 1134
Erwin Fraction, Mineral Survey No. 1134
Lucky Fraction, Mineral Survey No. 1134
Union Fraction, Mineral Survey No. 1134

(the above described leasehold estate in and to such claims shall hereinafter be referred to as the "Northwestern Lease Addition");

AND WHEREAS Cyprus and Jeraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch entered into two Mining Leases, each dated as of August 29, 1983 (the "Borsch Lease") covering the following patented mining claims situated in Lawrence County, South Dakota:

Black Dan Lode, Mineral Survey No. 327
Old PennsylvanIa Lode, Mineral Survey No. 1632
Barrett Lode, Mineral Survey No. 1681;

AND WHEREAS pursuant to an Assignment and Assumption Agreement dated as of January 11, 1985, Lacana assigned all of its right, title and interest in the Mining Agreement to Purchaser;

AND WHEREAS the Mining Agreement should be amended so as to clarify that the Northwestern Lease Addition and the Borsch Lease are part of the Property subject to the Mining Agreement;

AND WHEREAS pursuant to an Acquisition Agreement dated as of June 27, 1986 by and between Purchaser and Seller (the "Acquisition Agreement"), Purchaser acquired all of Seller's remaining right, title and interest in or to the Mining Agreement and the property subject to the Mining Agreement;

NOW THEREFORE, in consideration of the sum of $10.00 in hand paid by Purchaser to Seller and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Seller, the parties hereto agree as follows:

1. The Northwestern Lease Addition and the Borsch Lease shall form a part of the "Property" and a part of the "Leases" (as such terms are used and defined in the Mining Agreement) subject to the Mining Lease, and the Mining Lease and Exhibits thereto shall be deemed amended accordingly.

2. The Northwestern Lease Addition and the Borsch Lease shall form a part of the "Subject Property" (as such term is used and defined in the Acquisition Agreement) subject to the Acquisition Agreement, and the Acquisition Agreement and Exhibits thereto shall be deemed amended accordingly.

3. This Agreement shall inure to the benefit of and be binding upon the parties, their successors and assigns.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands as of the day and year first above written.

CYPRUS MINES CORPORATION

By: _____ DSB

Title: Vice President Metals

COCA MINES INC.

By: _____

Title: Vice President & Secretary

GILT EDGE INC.

By: _____

Title: President / Direction

ACKNOWLEDGEMENTS

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this 6th day of August, 1986, before me, Kathy M Priddy, the undersigned officer, personally appeared J. C. Compton, who acknowledged himself to be the Vice President Metals of CYPRUS MINES CORPORATION, a corporation, and that he, as such Vice President Metals, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as J. C. Compton.

IN WITNESS WHEREOF, I haver hereunder set by hand and official seal.

Kathy M Priddy

My Commission Expires July 5, 1987

PJD21E.39735 OCR DRAFT, PLEASE PROOF JULY 24/86

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this 15th day of August, 1986, before me, Vicki L. Ferguson, the undersigned officer, personally appeared J.C. Mitchell, who acknowledged himself to be the Vice President & Secretary of COCA MINES INC., a corporation, and that he, as such Vice President & Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President & Secretary.

IN WITNESS WHEREOF, I haver hereunder set by hand and official seal.

My Commission Expires Nov. 22, 1986

Vicki L. Ferguson
1776 Lincoln St.
Denver, CO

STATE OF _____)
PROVINCE) ss.
~~COUNTY~~ OF BRITISH COLUMBIA)

On this 24th day of July, 1986, before me, Phil Dodson, the undersigned officer, personally appeared Wayne McClay, who acknowledged himself to be the President of GILT EDGE INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I haver hereunder set by hand and official seal.

Dated the 24th day of July, 1986

BETWEEN:

GILT EDGE INC.

AND:

CYPRUS MINES CORPORATION

AND:

COCA MINES INC.

AMENDMENT TO ACQUISITION AGREEMENT
AND
AMENDMENT TO MINING AGREEMENT

BRO2396
PJD:kl

SWINTON & COMPANY

Barristers and Solicitors

1300-1090 West Georgia Street
Vancouver, British Columbia
Canada V6E 3X9

Telephone (604) 687-2242

Cyprus Minerals Company
7200 South Alton Way
Post Office Box 3299
Englewood, Colorado 80155
303-740-5063

Priscilla S. Borlase
Attorney

Facsimile Transmission

December 29, 1986

J. C. Mitchell
CoCa Mines, Inc.
1100 Denver Center Building
1776 Lincoln Street
Denver, CO 80203
(Fax: 861-5136)

Re: Gilt Edge Inc. Acquisition

Please find attached the Quitclaim Deed and Assignment of Leases that we discussed for your review. I would like to have the documents reviewed and ready to go as soon as the funds have been wired. Please call with any comments or questions you may have regarding the same. Thank you for your attention to this matter.

Very truly yours,

Priscilla S. Borlase
118C

/kmp

Enclosures

cc: Ralph W. Godell
K. Loughrey

QUITCLAIM DEED

THIS DEED, is made this _____ day of _____, 19___, by and between Cyprus Mines Corporation, a Delaware corporation, hereinafter referred to as "Cyprus", and CoCa Mines Inc., a Colorado corporation, hereinafter referred to as "CoCa", with Cyprus and CoCa being hereinafter collectively referred to as "Grantor", and Gilt Edge, Inc., a South Dakota corporation, hereinafter referred to as "Grantee".

Witnesseth, That Grantor, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, in hand paid by Grantee, the receipt and sufficiency of which is hereby confessed and acknowledged, has remised, released, sold, conveyed and QUIT CLAIMED, and by these presents does remise, release, sell, convey, and QUIT CLAIM unto Grantee, its partners, heirs, successors and assigns forever, all the right, title, interest, claim and demand which Grantor has in and to that certain mining agreement (the "Mining Agreement") dated June 1, 1983 between Grantor and Lacana Mining, Inc. (now Lacana Gold, Inc.), as amended by the original parties to the Mining Agreement in the First Amendment to Mining Agreement dated May 30, 1985, and the mineral properties which are the subject of the Mining Agreement (the "Subject Property") attached hereto as Exhibit "A" and the area of interest set forth in the Mining Agreement (the "Area of Interest"), including but not limited to all interests of Grantor of any kind or nature to receive royalties from mineral production therefrom and any personalty on the Subject Property.

To Have and to Hold the same, together with all and singular the appurtenances and privileges thereunto belonging or in any wise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever of the Grantor, either in law or equity, unto the Grantee, the survivor of them, their assigns, and the heirs and assigns of such survivor forever.

In Witness Whereof, Grantor has subscribed its name the day and the year first above written.

GRANTOR:

CYPRUS MINES CORPORATION
a Delaware corporation

By: _____

Title: _____

CoCa MINES, INC.
a Colorado corporation

By: _____

Title: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On this the ____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On this the ___ day of _____, 1986 before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CoCa MINES, INC., a corporation, and that he, as such _____, being authorized so to do, executed the

foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____ _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

ASSIGNMENT

THIS ASSIGNMENT is made and entered into as of this ___ day of _____, 1986, by and between Cyprus Mines Corporation, a Delaware corporation, hereinafter referred to as "Cyprus", and CoCa Mines Inc., a Colorado corporation, hereinafter simply referred to as "CoCa", with Cyprus and CoCa being hereinafter collectively referred to as "Assignor", and Gilt Edge Inc., a South Dakota corporation as "Assignee".

WITNESSETH

WHEREAS, pursuant to that certain Acquisition Agreement dated the ___ day of _____, 1986 by and between the parties hereto, Assignee has timely tendered to Assignor the purchase price specified therein.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained herein, Assignor hereby assigns all of its right, title and interest as lessee under the leases (the "Leases"), a list of which is attached hereto and made a part hereof as Exhibit "A", which Leases were the subject of said Acquisition Agreement, and Assignee hereby agrees to accept said assignment of Leases and to perform all of the obligations thereunder of Assignor arising or occuring after the date of said Acquisition Agreement.

IN WITNESS WHEREOF the parties hereto have hereunder set their hands as of the day and year first above written.

ASSIGNOR:

CYPRUS MINES CORPORATION
a Delaware corporation

By:_____

Title:_____

CoCa MINES INC.
a Colorado corporation

By:_____

Title:_____

ASSIGNEE:

GILT EDGE INC.
a South Dakota corporation

By: _____

Title: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On this the ____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CYPRUS MINES CORPORATION, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On this the ____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of CoCa MINES INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On this the ____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of GILT EDGE, INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

QUITCLAIM DEED

THIS DEED, is made this 31st day of December, 1986, by and between Cyprus Mines Corporation, a Delaware corporation, hereinafter referred to as "Cyprus", and CoCa Mines Inc., a Colorado corporation, hereinafter referred to as "CoCa", with Cyprus and CoCa being hereinafter collectively referred to as "Grantor", and Gilt Edge, Inc., a South Dakota corporation, hereinafter referred to as "Grantee".

Witnesseth, That Grantor, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, in hand paid by Grantee, the receipt and sufficiency of which is hereby confessed and acknowledged, has remised, released, sold, conveyed and QUIT CLAIMED, and by these presents does remise, release, sell, convey, and QUIT CLAIM unto Grantee, its partners, heirs, successors and assigns forever, all the right, title, interest, claim and demand which Grantor has in and to that certain mining agreement (the "Mining Agreement") dated June 1, 1983 between Grantor and Lacana Mining, Inc. (now Lacana Gold, Inc.), as amended by the original parties to the Mining Agreement in the First Amendment to Mining Agreement dated May 30, 1985, and to those certain patented and unpatented mining claims and the mineral properties which are the subject of the Mining Agreement (the "Subject Property") attached hereto as Exhibit "A" and the area of interest set forth in the Mining Agreement (the "Area of Interest"), including but not limited to all interests of Grantor of any kind or nature to receive royalties from mineral production therefrom and any personalty on the Subject Property.

To Have and to Hold the same, together with all and singular the appurtenances and privileges thereunto belonging or in any wise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever of the Grantor, either in law or equity, unto the Grantee, the survivor of them, their assigns, and the heirs and assigns of such survivor forever.

In Witness Whereof, Grantor has subscribed its name the day and the year first above written.

GRANTOR:

CYPRUS MINES CORPORATION
a Delaware corporation

By: H. J. Mulryan PSB

Title: Vice President

CoCa MINES INC.
a Colorado corporation

By: Hugh J. Matheson

Title: PRESIDENT

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this the 31st day of December, 1986, before me, Elizabeth A. Notheisen, the undersigned officer, personally appeared H. J. Mulryan, who acknowledged himself to be the Vice President of CYPRUS MINES CORPORATION, a corporation, and that he as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In witness whereof, I hereunto set my hand and official seal.

My Commission expires 7-29-89

Elizabeth A. Notheisen
Notary Public
Cyprus Mines Corporation
7200 S. Alton Way
Englewood, Colorado 80112

STATE OF Colorado)
City) ss.
COUNTY OF Denver)

On this the 30 day of December, 1986 before me, Vicki L. Ferguson, the undersigned officer, personally appeared Hugh J. Matheson, who

acknowledged himself to be the President of CoCa MINES INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I hereunto set my hand and official seal.

Vicki L. Ferguson
Notary Public

My Commission Expires Nov. 22, 1990

COCA MINES, INC.
1775 [illegible] SUITE 910
[illegible]

EXHIBIT A
TO QUITCLAIM DEED

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

I. Patented and unpatended mining claims in which Cyprus Mines Corporation has acquired an 80% interest by virtue of a Joint Venture Agreement dated January 1, 1975 with Congdon and Carey, Ltd. 5, to Cyprus Mines Corporation.

A. Commonwealth Group: Lease and Option to Purchase dated October 16, 1974 by and between Commonwealth Mining Co. of South Dakota, lessor, and Thomas E. Congdon, lessee, recorded Book 418, Pages 264-284.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Anchor	138	3823	8.28
Rattlesnake Jack	188	8422	9.98
Center Fraction	189	6659	2.61
Little Giant	218	7301	9.77
Montenegro	311	14821	4.48
Gilt Edge	328	8652	7.78
Ophir	483	20050	9.99
Oro Fino	646	26523	9.49
Oro Bella (3/8 int.)	648	22197	1.155 (3/8)
Waggoner (3/8 int.)	649	22198	2.8125 (3/8)
Sunday	650	21259	9.57
Two Bears	699	21257	4.53
Sonora	700	20996	7.72
Bismarck	884	22661)	
Golden Star Fr.	884	22661)	
Rush	884	22661)	33.969
Golden West	884	22661)	
Moltke	884	22661)	
St. Patrick	926	29732	8.181
Summit	926	29732	5.173
Mary Ellen	926	29732	4.962
J.K.P.	926	29732	9.452
Big Spring	926	29732	5.237
Haley	927	24021	9.06
Theodor	927	24021	8.89
Ontario	975	28948)	
Binghamton	975	28948)	
True Blue	975	28948)	43.035
Delhigh	975	28948)	
Norwich	975	28948)	
Bavaria	1031	26763	10.00
Walter	1031	26763	10.00
Franklin	1031	26763	10.00
Carl	1031	26763	10.00
Marie	1031	26763	8.57
White	1031	26763	8.57
Prussian	1031	26763	10.26
Hattie	1031	26763	10.25
Gray	1031	26763	10.26
Louis	1031	26763	10.26

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Fritz	1031	26763	10.26
Scotia	1031	26763	10.26
Algol Fraction	1069	29566	2.626
Dakota Maid	1225	32480	8.43
Dakota Maid Fr.	1225	32480	1.46
Mineral Twin #1	1235	30615	10.270
Mineral Twin #2	1235	30615	10.214
Rosa Belle	1235	30615	10.257
Summit	1236	31088)	
Summit #1	1236	31088)	20.994
Horn Silver	1236	31088)	
Saxonia	1239	31241	10.128
Saxonia Fr.	1239	31241	2.259
Cortez	1239	31241	10.074
Aquila	1239	31241	10.071
Happy New Year	1239	31241	10.061
Golden Crest	1239	31241	10.051
Miantonomoh	1239	31241	10.052
1895	1421	34697	10.648
1895 No. 1	1421	34697	10.072
1895 No. 2	1421	34697	13.162
1895 No. 4	1421	34697	5.925
Ossa	1575	38124	10.193
Minna	1575	38124	9.368
Pelion	1575	38124	8.465
Waterloo	1575	38124	17.798
Bunker Hill	1575	38124	10.794
Arcadia	1831	45147	19.502
Commonwealth	1892	44279	9.709
Commonwealth Fr.	1892	44279	8.156
Robin Fr.	1892	44279	5.691
Mondamin	1932	45703	5.715
Silver Glance	1932	45703	12.055
Standard	1932	45703	14.595
Ceroite	1932	45703	19.501
Zipp Fraction	1932	45703	3.798

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Stawberry Creek	712	23596	19.56

3. Unpatented Lode Claims

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
*Reindeer No. 1	04/10/1901	155	599	M MC 34116 (SD)	16.39
(Amended)	06/15/1907	188	433		
*Reindeer No. 2	04/10/1901	155	599	M MC 34117 (SD)	18.39
(Amended)	06/15/1907	188	434		
*Reindeer No. 3	04/10/1901	155	600	M MC 34118 (SD)	12.626
*Reindeer Fr.	04/10/1901	155	600	M MC 34119 (SD)	6.276
(Amended)	06/15/1907	188	433		
*Gilmore Fr.	12/01/1902	168	264	M MC 34120 (SD)	15.075
(Amended)	06/15/1907	188	434		
*Llewellyn	06/15/1907	188	435	M MC 34121 (SD)	13.074
New York	11/26/1894	104	617	M MC 34122 (SD)	20.66
(Amended)	11/07/1899	144	494		
Silver Crest	10/12/1916	215	296	M MC 34123 (SD)	20.66
(Amended)	-	215	300		

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Gnome	12/09/1915	215	207	M MC 34124 (SD)	14.92
Zelda No. 1	09/25/1954	326	329	M MC 34125 (SD)	20.66
Zelda No. 2	09/25/1954	326	330	M MC 34126 (SD)	20.66
Zelda No. 3	10/21/1954	326	348	M MC 34127 (SD)	20.66
Zelda No. 4	10/21/1954	326	349	M MC 34128 (SD)	20.66
Mineral	09/16/1954	326	317	M MC 34129 (SD)	19.9
Waggoner Fr.	09/14/1961	358	46	M MC 34130 (SD)	0.06
Sunday Fr.	09/14/1961	358	44	M MC 34131 (SD)	0.54
Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
Rattlesnake Fr.	07/26/1961	352	566	M MC 34133 (SD)	0.54

*Mineral Survey No. 1990

B. Northwestern Metal Group: Lease and Option to Purchase dated September 1, 1976 by and between Northwestern Metal Company, lessor, and Congdon and Carey, Ltd. 5, lessee (patented lode claims).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Alert	1134	32166	9.327
Alert Fr.	1134	32166	9.119
Alert Fr. No. 1	1134	32166	8.384
Argo Fr.	1134	32166	2.844
Comet	1134	32166	9.848
Eureka	1134	32166	9.569
Hoodo	1134	32166	2.888
Maverick	1134	32166	8.627
May	1134	32166	9.752
May Fr.	1134	32166	2.564
Nevada	1134	32166	7.644
Pyrite	1134	32166	6.383
Pyrite Fr.	1134	32166	3.935
South Ruby	1134	32166	9.323
Summit	1134	32166	9.102
Union Hill	1134	32166	9.013

C. Kosel Group: Petitioner's Deed dated October 18, 1978 from Amanda Kosel, Petitioner of the Estate of Magdalena Waggoner, deceased, grantor, to Cyprus Mines Corporation and Congdon and Carey, Ltd. 5, grantee. Deed recorded in Document No. 81-3271.

1. Patented Lode Claims

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Waggoner (5/8 int.)	649	22198	4.69 (5/8)
Oro Bella (5/8 int.)	648	22197	1.92 (5/8)
Crown Point (1/4 int.)	912	31848	2.37 (1/4)

2. Patented Placer Claim

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Hoodoo Gulch	931	24135	12.56

II. Patented and unpatented mining claims in which Cyprus Mines Corporation has 80% interest.

A. Whitehouse Congress Group: Mining Lease dated August 7, 1982 by and between Whitehouse Congress, Inc., lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2622 (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2623 (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2673 (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2455 (unpatented lode claims).

CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO	GROSS ACREAGE
Erik No. 1	11/16/82	82-5392	M MC 95380 (SD)	
Erik No. 2	11/16/82	82-5393	M MC 95381 (SD)	22.43 AC. ±
Erik NO. 3	11/16/82	82-5394	M MC 95382 (SD)	
Erik No. 4	11/16/82	82-5395	M MC 95383 (SD)	

E. Jen Group: Unpatented lode claims located and owned by Cyprus Mines Corporation.

CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO.	GROSS ACREAGE
Jen 1	05/22/1982	82-1772	M MC 88817 (SD)	9.64
Jen 2	05/22/1982	82-1773	M MC 88818 (SD)	11.98
Jen 3	05/22/1982	82-1774	M MC 88819 (SD)	11.82
Jen 4	05/22/1982	82-1775	M MC 88820 (SD)	9.23
Jen 5	05/22/1982	82-1776	M MC 88821 (SD)	18.57
Jen 6	05/22/1982	82-1777	M MC 88822 (SD)	20.66
Jen 7	05/22/1982	82-1778	M MC 88823 (SD)	20.66
Jen 9	05/22/1982	82-1779	M MC 88824 (SD)	0.54
Jen 10	05/23/1982	82-1780	M MC 88825 (SD)	0.02

The Jen 7, under the "Jen Group", has been relocated; the correct data is:

Claim	Located	Recorded Doc. No.	B.L.M. Serial No.	Gross Acreage
Jen 7	7/15/1983	83-4609	M MC 102163(SD)	20.66

III. Additional Acreage

1. The "Northwestern Metal Group" was amended June 30, 1983 to include the following patented lodes:

Claim	Min. Survey	Patent	Gross Acreage
Adrian Fr.	1134	32166	0.095
Erwin Fr.	1134	32166	0.245
Lucky Fr.	1134	32166	0.360
Union Fr.	1134	32166	0.257

2. Two additional Leases were entered into effective August 29, 1983 between Jeraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick A. Borsch, deceased, Lessor, and Cyprus Mines Corporation, Lessee.

   a. Mining Lease recorded as Document No. 83-5038 in Lawrence County:

Claim	Min. Survey	Patent	Gross Acreage
Black Dan	327	8653	9.68
Old Pennsylvania	1632	38548	9.775

   b. Mining Lease recorded as Document No. 83-5039 in Lawrence County:

Claim	Min. Survey	Patent	Gross Acreage
Barrett	1681	40997	3.99

3. The original Lease dated October 16, 1974 between Commonwealth and Congdon (the "Commonwealth Group") included the Rattlesnake Fr. unpatented lode. It was subsequently determined that the ground covered by this claim is in fact occupied by the following patented lode:

Claim	Min. Survey	Patent	Gross Acreage
Lowry Fraction	1992	176601	0.521

ASSIGNMENT

THIS ASSIGNMENT is made and entered into as of this 31ST day of December, 1986, by and between Cyprus Mines Corporation, a Delaware corporation, hereinafter referred to as "Cyprus", and CoCa Mines Inc., a Colorado corporation, hereinafter simply referred to as "CoCa", with Cyprus and CoCa being hereinafter collectively referred to as "Assignor", and Gilt Edge Inc., a South Dakota corporation as "Assignee".

WITNESSETH

WHEREAS, pursuant to that certain Acquisition Agreement dated the ___ day of _____, 1986 by and between the parties hereto, Assignee has timely tendered to Assignor the purchase price specified therein.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained herein, Assignor hereby assigns all of its right, title and interest as lessee under the leases (the "Leases"), a list of which is attached hereto and made a part hereof as Exhibit "A", which Leases were the subject of said Acquisition Agreement, and Assignee hereby agrees to accept said assignment of Leases and to perform all of the obligations thereunder of Assignor arising or occuring after the date of said Acquisition Agreement.

IN WITNESS WHEREOF the parties hereto have hereunder set their hands as of the day and year first above written.

ASSIGNOR:

CYPRUS MINES CORPORATION
a Delaware corporation

By: _____ PSB

Title: Vice President

CoCa MINES INC.
a Colorado corporation

By: _____

Title: PRESIDENT

ASSIGNEE:

GILT EDGE INC.
a South Dakota corporation

By: _____

Title: _____

STATE OF Colorado)
) ss.
COUNTY OF Arapahoe)

On this the 31st day of December, 1986, before me, Elizabeth A. Nothiesen, the undersigned officer, personally appeared A. J. Mulryan, who acknowledged himself to be the Vice President of CYPRUS MINES CORPORATION, a corporation, and that he, as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In witness whereof, I hereunto set my hand and official seal.

My Commission expires
7-29-89

Elizabeth A Nothiesen
Notary Public
Cyprus Mines Corporation
7200 S. Alton Way
Englewood, Colorado 80112

STATE OF Colorado)
City +) ss.
COUNTY OF Denver)

On this the 30 day of December, 1986, before me, Vicki L. Ferguson, the undersigned officer, personally appeared Hugh J. Matheson, who acknowledged himself to be the President of CoCa MINES INC., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof, I hereunto set my hand and official seal.

My Commission Expires Nov. 22, 1990

Vicki L. Ferguson
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On this the ____ day of _____, 1986, before me, _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of GILT EDGE, INC., a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

_____
My Commission Expires

_____
Business Address

EXHIBIT A

TO ASSIGNMENT

GILT EDGE

T. 4N., R. 3E.: Sec. 1, 12
T. 4N., R. 4E.: Sec. 5, 6, 7, 8
Black Hills Meridian
Bear Butte Mining District
Lawrence County, South Dakota

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Norwich Fr.	09/14/1961	358	45	M MC 34132 (SD)	0.78
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*Mineral Survey No. 1990

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Union Hill	1134	32166	9.013

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Highland Mary	326	8654	7.75

B. Willis Aye Group: Mining Lease dated August 7, 1982 by and between Willis Aye, et ux, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2623 (patented lode claim).

CLAIM	MIN. SURVEY	PATENT	GROSS ACREAGE
Bailey	1871	42922	17.295

C. Orba and Rose Borsch Group: Mining Lease dated August 3, 1982 by and between Orba T. Borsch, et ux, and Rose E. Borsch, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2673 (unpatented lode claim).

CLAIM	LOCATED	RECORDED BOOK	RECORDED PAGE	B.L.M. SERIAL NO.	GROSS ACREAGE
Maria	07/20/1958	342	290	M MC 32414 (SD)	16.16

D. Marcia Darland Group: Mining Lease dated August 10, 1982 by and between Marcia A. Darland, lessor, and Cyprus Mines Corporation, lessee recorded in Document No. 83-2455 (unpatented lode claims).

CLAIM	LOCATED	RECORDED DOCUMENT NO.	B.L.M. SERIAL NO	GROSS ACREAGE
Erik No. 1	11/16/82	82-5392	M MC 95380 (SD)	
Erik No. 2	11/16/82	82-5393	M MC 95381 (SD)	22.43 AC. ±
Erik NO. 3	11/16/82	82-5394	M MC 95382 (SD)	
Erik No. 4	11/16/82	82-5395	M MC 95383 (SD)	

III. Additional Acreage

1. The "Northwestern Metal Group" was amended June 30, 1983 to include the following patented lodes:

Claim	Min. Survey	Patent	Gross Acreage
Adrian Fr.	1134	32166	0.095
Erwin Fr.	1134	32166	0.245
Lucky Fr.	1134	32166	0.360
Union Fr.	1134	32166	0.257

2. Two additional Leases were entered into effective August 29, 1983 between Jeraldine Borsch Fahrni, Special Administratrix of the Estate of Frederick G. Borsch, deceased, Lessor, and Cyprus Mines Corporation, Lessee.

a. Mining Lease recorded as Document No. 83-5038 in Lawrence County:

Claim	Min. Survey	Patent	Gross Acreage
Black Dan	327	8653	9.68
Old Pennsylvania	1632	38548	9.775

b. Mining Lease recorded as Document No. 83-5039 in Lawrence County:

Claim	Min. Survey	Patent	Gross Acreage
Barrett	1681	40997	3.99

Cyprus Minerals Company
7200 South Alton Way
Post Office Box 3299
Englewood, Colorado 80155
303-740-5014

Ralph W. Godell
Attorney

January 27, 1987

VIA FACSIMILE TRANSMISSION

Mr. Philip J. Dadson
Swinton & Company
1300-1090 West Georgia Street
Vancouver, British Columbia
Canada V6E 3X9

Gild Edge Inc.

Dear Phil:

Please find enclosed the proposed form of Substitution of Parties to be used in connection with the above project. Of course, the recitations will change with each lease. You will also note that the Substitution of Parties has been separated from the Assignment which we have previously made. Please let me know what comments you have on the enclosed instrument.

Very truly yours.

Ralph W. Godell

RWG/ps

Enclosure

M. D. Martin, Mail Code 113A
C. A. Mitchell

COCA-01-138

CYPRUS

SUBSTITUTION OF PARTIES

THIS SUBSTITUTION OF PARTIES is made and entered into as of this _____ day of _____, 1986, by and between Commonwealth Mining Company of South Dakota (hereinafter referred to as "Commonwealth"), Thomas E. Congdon (hereinafter referred to as "Congdon"), Cyprus Mines Corporation, a Delaware corporation, (hereinafter referred to as "Cyprus"), CoCa Mines Inc., a Colorado corporation (hereinafter simply referred to as "CoCa") and Gilt Edge, Inc., a South Dakota corporation (hereinafter referred to as "Gilt Edge").

WITNESSETH

WHEREAS, by Lease and Option to Purchase (the "Lease") dated October 16, 1974, Commonwealth leased certain properties to Congdon, which Lease is recorded at _____ of the Lawrence County, South Dakota records; and

WHEREAS, by instrument dated _____ and recorded at _____ of the Lawrence County, South Dakota records, Congdon assigned all of his rights, title and interest in and to the Lease to CoCa Mines, Inc.; and

WHEREAS, by Agreement dated _____, a Memorandum which is recorded at _____, of the Lawrence County, South Dakota records, Cyprus obtained an assignment of 80% of the Lease; and

WHEREAS, pursuant to that certain Acquisition Agreement dated the ____ day of _____, 1986, by and between Gilt Edge, Cyprus and CoCa, an option to acquire the Lease was granted to Gilt Edge; and

WHEREAS, by Assignment dated December 31, 1986, the Lease was assigned to Gilt Edge by Cyprus and CoCa; and

WHEREAS, the parties desire to substitute Gilt Edge as Lessee under the Lease for and in the stead of Congdon, Cyprus and CoCa.

NOW THEREFORE, in consideration of One ($1.00) Dollar and in consideration of the foregoing and the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1. Commonwealth hereby agrees to the substitution of Gilt Edge, Inc. as Lessee under the above Agreement for and in the stead of Congdon, Cyprus and CoCa. Congdon, Cyprus and CoCa are hereby released from any liability under the Lease arising after the effective date of this agreement.

IN WITNESS WHEREOF the parties have set their hands effective as of the day and year first above written.

COMMONWEALTH MINING COMPANY
of South Dakota

By: _____

CYPRUS MINES CORPORATION
a Delaware corporation

By: _____

Title: _____

CoCa MINES INC.
a Colorado corporation

By: _____

Title: _____

_____
THOMAS E. CONGDON

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENT, that COCA MINES INC., ("Grantor"), whose address is 910 Denver Center Bldg., 1776 Lincoln St., Denver, Colorado 80203, for and in consideration of Ten Dollors ($10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, convey, and QUITCLAIM unto BROHM MINING CORPORATION, a South Dakota corporation, ("Grantee"), whose address is 20 Cliff Street, P.O. Box 485, Deadwood, South Dakota 57732, all right, title, and interest in and to that certain real property more particularly described in Exhibit "A" attached hereto and incorporated by reference herein ("Premises"), together with all dips, spurs, and angles, and all tenements, hereditaments, and appurtenances.

IN WITNESS WHEREOF, Grantor has executed this Quitclaim Deed this 7th day of January, 1988.

GRANTOR:

Coca Mines Inc.

CoCa Mines Inc.

By: _____

Mark A. Hellerstein

Title: Vice President

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 7th day of January, 1988, before me, Mary Ann Nichols, the undersigned officer, personally appeared Mark A. Hellerstein, who acknowleged himself to be the Vice President of COCA MINES INC., a corporation, and that he, as such Vice President being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

NOTARY PUBLIC MARY ANN NICHOLS STATE OF COLORADO

Mary Ann Nichols

Notary Public

My Commission Expires: August 6, 1990

[SEAL]

(coca) (121487)

COCA-01-139

EXHIBIT A
TO QUITCLAIM DEED
DATED January 7, 1988
BY AND BETWEEN
COCA MINES INC.
AND
BROHM MINING CORPORATION

I. All Grantor's right, title and interest, if any, in and to that certain Lease and Option to Purchase Agreement dated October 15, 1984 between ALLAN HERBERT and LISELOTTE HERBERT, as Lessor and LACANA GOLD INC. as Lessee.

II. Patented Claims.

CLAIM NAME	MIN. SURVEY	PATENT	TSHP	B.H.M. RANGE	SECT	GROSS ACRES
Waggoner	649	22198	4N	4E	5:SW4 8:NW4	7.50
Oro Bella	648	22197	4N	4E	5:SW4 8:NW4	3.08
Hoodoo Gulch Placer	931	24135	4N	4E	5:SW4 8:NW4	12.56
Crown Point	912	31848	4N	4E	8:NW4	9.47

II. Unpatented Claims.

CLAIM NAME	RECORDED BOOK/PAGE	LOC. DATE	BLM #	TSHP	B.H.M. RANGE	SECT	GROSS ACRES
JEN 1	82/1772	05/22/82	88817	4N	4E	6:E2	20.66
JEN 2	82/1773	05/22/82	88818	4N	4E	6:E2	20.66
JEN 3	82/1774	05/22/82	88819	4N	4E	6:E2	20.66
				4N	4E	5:NW4	
JEN 4	82/1775	05/22/82	88820	4N	4E	6:NE4	20.66
				4N	4E	5:NW4	
JEN 5	82/1776	05/22/82	88821	4N	4E	6:N2	20.66
JEN 6	82/1777	05/22/82	88822	4N	4E	6:NE4	20.66
JEN 7	83/4608	07/15/83	102163	4N	4E	6:NE4	20.66
				5N	4E	31:S2	
JEN 9	82/1779	05/23/82	88824	4N	4E	8:NW4	10.33
				4N	4E	7:NE4	
JEN 10	82/1780	05/23/82	88825	4N	4E	5:SW4	10.33
				4N	4E	6:SE4	
				4N	4E	7:NE4	
				4N	4E	8:NW4	
MAGUS 1	84/3017	09/09/84	114731	4N	4E	8:NW4	4.13
MAGUS 2	84/3018	09/09/84	114732	4N	4E	8:NW4	1.38
MAGUS 3	84/3019	09/09/84	114733	4N	4E	5:SW4	5.17
MAGUS 4	84/3020	09/09/84	114734	4N	4E	5:SW4	3.44
MAGUS 5	84/3021	09/09/84	114735	4N	4E	6:SE4	13.77
MAGUS 6	84/3022	09/11/84	114736	4N	4E	7:NE4	1.38
RECOVERY FRACTION		06/21/85	120384	4N	4E	5:NW4 6:NE4	18.31

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENT, that CONGDON & CAREY, LTD. 5, ("Grantor"), whose address is 910 Denver Center Bldg., 1776 Lincoln St., Denver, Colorado 80203, for and in consideration of Ten Dollors ($10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, convey, and QUITCLAIM unto BROHM MINING CORPORATION, a South Dakota corporation, ("Grantee"), whose address is 20 Cliff Street, P.O. Box 485, Deadwood, South Dakota 57732, all right, title, and interest in and to that certain real property more particularly described in Exhibit "A" attached hereto and incorporated by reference herein ("Premises"), together with all dips, spurs, and angles, and all tenements, hereditaments, and appurtenances.

IN WITNESS WHEREOF, Grantor has executed this Quitclaim Deed this 7th day of January, 1988.

GRANTOR:

Congdon & Carey, Ltd. 5

By: Thomas E. Congdon

Title: General Partner

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 7th day of January, 1988, before me, Mary Ann Nichols, the undersigned officer, personally appeared Thomas E. Congdon, who acknowleged himself to be the General Partner of CONGDON & CAREY, LTD. 5, and that he, as such General Partner being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the ~~corporation~~ Limited Partnership by himself as General Partner.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

NOTARY PUBLIC MARY ANN NICHOLS STATE OF COLORADO

Mary Ann Nichols
Notary Public - 1776 Lincoln Street, #910
Denver, Colorado 80203

My Commission Expires: August 6, 1990

[SEAL]

(congdon)

(121487)

COCA-01-140

EXHIBIT A
TO QUITCLAIM DEED
DATED January 7, 1988
BY AND BETWEEN
CONGDON & CAREY, LTD. 5
AND
BROHM MINING CORPORATION

I. Patented Claims.

CLAIM NAME	MIN. SURVEY	PATENT	TSHP	B.H.M. RANGE	SECT	GROSS ACRES
Waggoner	649	22198	4N	4E	5:SW4 8:NW4	7.50
Oro Bella	648	22197	4N	4E	5:SW4 8:NW4	3.08
Hoodoo Gulch Placer	931	24135	4N	4E	5:SW4 8:NW4	12.56
Crown Point	912	31848	4N	4E	8:NW4	9.47

September 26, 1979

Mrs. Yvonne C. Foreman
Register of Deeds
Lawrence County
Deadwood, South Dakota 57732

Dear Mrs. Foreman:

We enclose herewith for recordation assessment affidavit for the year 1979 ending September 1, 1979 relating to eighteen unpatented mining claims in Lawrence County. These claims ae the ones owned by Commonwealth Mining Company of South Dakota which are leased to our firm and to Cyprus Mines Corporation.

We also enclose herewith our check in thhe amount of $8.50 which reppesents the necessary recordation fee.

Thank you.

Very truly yours,

William C. Lagos,
Manager of Lands

lw/
Enclosures: 2

cc: Bureau of Land Management
Billings, Montana
Attn: Mining Claim Records Section
(with copy of affidavit-re: Serial Numbers M MC 34116(SD)-34133(SD), inclusive

COCA-01-141

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF COLORADO)

AFFIDAVIT OF ASSESSMENT WORK FOR THE ASSESSMENT YEAR ENDING SEPTEMBER 1, 1979, IN LAWRENCE COUNTY, SOUTH DAKOTA

THOMAS E. CONGDON, being duly sworn on his oath, does depose and say as follows:

That he is a General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership, with offices at 1776 Lincoln Street, Denver, Colorado 80203.

That Thomas E. Congdon obtained possession by virtue of a Lease and Option to Purchase Agreement covering the unpatented lode mining claims described in Exhibit "A" which is attached hereto and by this reference made a part hereof for all purposes.

That Thomas E. Congdon executed said Lease and Option Agreement for the benefit of Congdon and Carey, Ltd. 5 and which agreement is subject to a Joint Venture Agreement dated January 1, 1975 between Thomas E. Congdon, Individually, and Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation, a New York corporation, with offices at 555 South Flower Street, Los Angeles, California 90071.

That at least Eighteen Hundred Dollars ($1,800.00) were expended consisting of fifteen thousand seven hundred and eighty feet of rotary drilling, site preparation, sampling, assaying, geological supervision , blasting and mining, all of said work performed and made on certain claims which, along with the claims set out in Exhibit "A", comprise a group of contiguous claims, for the benefit of the unpatented mining claims set out in said Exhibit "A", situated in the Bear Butte and Whitewood Mining Districts of the County of Lawrence, State of South Dakota, during the year ending 12:00 Noon, September 1, 1979.

The work described above was performed between July 9, 1979 and August 31, 1979 by Maxfield and Harris Drilling Company of 13636 Jackrabbit Road, Poway, California 92064, Miller-Kappes Company, P. O. Box 13687, Reno, Nevada 89507, Morris Hoffman Mining Co., Deadwood, South Dakota and Peter E. Chapman, Geologic Consultant, 1516 Appaloosa Court, Carson City, Nevada 89701.

All of said mining claims are contiguous and along with other claims comprise a group which are contiguous and the tendency of said work and improvements was to develop each and all of said mining claims.

Such expenditure was made by and at the expense of Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation for the benefit of themselves as lessee or sublessee and for the owner thereof, Commonwealth Mining Company of South Dakota, for the purpose of complying with the laws of the United States and of the State of South Dakota pertaining to assessment or annual work for the year ending 12:00 Noon, September 1, 1979.

Dated this 25th day of September, 1979.

Thomas E. Congdon, Individually and as General Partner of Congdon and Carey, Ltd. 5 and as Agent for Cyprus Mines Corporation.

WITNESSES:

Subscribed and sworn to before me this 25th day of September, 1979.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 25th day of September, 1979, before me the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and that he, THOMAS E. CONGON, executed the same for the purpose therein contained.

In Witness whereof I hereunto set my hand and official seal.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

EXHIBIT "A"

Schedule of unpatented lode mining claims situated in the Bear Butte and Whitewood Mining Districts, County of Lawrence, State of South Dakota:

Owner	Name of Claim	Recorded Book	Recorded Page	BLM M MC No.
Commonwealth Mining Company of South Dakota c/o R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc.54901	Reindeer No. 1	155	599	34116(SD)
	(amendment)	188	433	
	Reindeer No. 2	155	599	34117(SD)
	(amendment)	188	434	
	Reindeer No. 3	155	600	34118(SD)
	Reindeer Fraction	155	600	34119(SD)
	(amendment)	188	433	
	Gilmore Fraction	168	264	34120(SD)
	(amendment)	188	434	
	Llewelyn	188	435	34121(SD)
	New York	104	617	34122(SD)
	(amendment)	144	494	
	Silver Crest	215	296	34123(SD)
	(amendment)	215	300	
	Gnome	215	207	34124(SD)
	Zelda No. 1	326	329	34125(SD)
	Zelda No. 2	326	330	34126(SD)
	Zelda No. 3	326	348	34127(SD)
	Zelda No. 4	326	349	34128(SD)
	Mineral	326	317	34129(SD)
	Waggoner Fraction	358	46	34130(SD)
	Sunday Fraction	358	44	34131(SD)
	Norwich Fraction	358	45	34132(SD)
	Rattlesnake Fraction	352	566	34133(SD)

All of said claims being situated in Section 5, 7 and 8 of Township 4 North, Range 4 East, BHM, and in Section 1, 11 and 12 of Township 4 North, Range 3 East, BHM, Bear Butte and Whitewood Mining Districts in the County of Lawrence, State of South Dakota.

SECOND AMENDED AFFIDAVIT OF LABOR

STATE OF SOUTH DAKOTA)
) ss.
COUNTY OF LAWRENCE)

The undersigned, being first duly sworn, deposes and says that at least One Hundred ($100.00) Dollars per claim was expended, and/or the following labor expended or improvements made having a value thereof, consisting of:

ROAD BUILDING, DRILLING OF 41 ROTARY DRILL HOLES

(Describe character of expenditures or Labor or Improvements)

The labor performed or improvements made were upon the claims described on Exhibit "A" attached hereto, which are situate in the Bear Butte Mining District of the County of Lawrence, State of South Dakota, during the assessment year ending 12:00 Noon, September 1, 1983. The location of the claims by Township, Range and Section, the book and page numbers wherein the original or latest amended location for each claim is recorded and the Bureau of Land Management serial numbers for the claims are shown on Exhibit "A".

Such expenditure was made by or at the expense of Lacana Mining Inc., on behalf of the owner(s) of said claim(s) for the purpose of holding said claim(s).

This Second Amended Affidavit of Labor is intended to supercede and replace Affidavits of Labor recorded on August 31, 1983, at Document Numbers 83-4893 through 83-4895; and Amended Affidavit of Labor recorded on October 27, 1983, at Document Number 83-5883.

The affiant is duly authorized by Lacana Mining Inc. to make this affidavit on its behalf.

Steven J. Skurla
P. O. Box 485
Deadwood, South Dakota 57732

Subscribed and sworn to before me this 3RD day of November, 1983.

Seal

Notary Public

My Commission Expires:

4/30/87

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN SECOND AMENDED AFFIDAVIT OF LABOR DATED THE 3RD DAY OF NOVEMBER, 1983, COVERING THE FOLLOWING UNPATENTED LODE MINING CLAIMS LOCATED IN ALL OR PORTIONS OF TOWNSHIP 4 NORTH, RANGE 3 EAST, SECTIONS 1 AND 2; TOWNSHIP 4 NORTH, RANGE 4 EAST, SECTIONS 5, 6, 7 AND 8; AND TOWNSHIP 5 NORTH, RANGE 4 EAST, SECTION 31, BLACK HILLS MERIDIAN, BEAR BUTTE MINING DISTRICT, COUNTY OF LAWRENCE, STATE OF SOUTH DAKOTA, TO-WIT:

A. COMMONWEALTH MINING COMPANY (OWNER) CLAIM GROUP

MAILING ADDRESS: COMMONWEALTH MINING COMPANY
C/O R. E. MEYER, PRESIDENT
P. O. BOX 995
OSHKOSH, WISCONSIN 54901

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
REINDEER NO. 1	155	599	188	433	M MC 34116
REINDEER NO. 2	155	599	188	434	M MC 34117
REINDEER NO. 3	155	600			M MC 34118
REINDEER FRACTION	155	600	188	433	M MC 34119
GILMORE FRACTION	168	264	188	434	M MC 34120
LLEWELLYN	188	435			M MC 34121
NEW YORK	104	617	144	494	M MC 34122
SILVER CREST	215	296	215	300	M MC 34123
GNOME	215	207			M MC 34124
MINERAL	326	317			M MC 34129
WAGGONER FRACTION	358	46			M MC 34130
SUNDAY FRACTION	358	44			M MC 34131
NORWICH FRACTION	358	45			M MC 34132
RATTLESNAKE FRACTION	352	566			M MC 34133
ZELDA NO. 1	326	329			M MC 34125
ZELDA NO. 2	326	330			M MC 34126
ZELDA NO. 3	326	348			M MC 34127
ZELDA NO. 4	326	349			M MC 34128

B. MARCIA A. DARLAND (OWNER) CLAIM GROUP

MAILING ADDRESS: MARCIA A. DARLAND
P. O. BOX 504
DEADWOOD, SOUTH DAKOTA 57732

NAME OF CLAIM	ORIGINAL RECORDATION BOOK PAGE	AMENDED RECORDATION BOOK PAGE	BLM SERIAL NO.
ERIK NO. 1	DN 82-5392		M MC 95380
ERIK NO. 2	DN 82-5393		M MC 95381
ERIK NO. 3	DN 82-5394		M MC 95382
ERIK NO. 4	DN 82-5395		M MC 95383

C. ORBA T. BORSCH AND MARIA BORSCH, HUSBAND AND WIFE, AND ROSE E. BORSCH (OWNERS) CLAIM GROUP

MAILING ADDRESS: ORBA T. AND MARIA BORSCH
5524 CLUB HILL WEST
LAKELAND, FLORIDA 33803

ROSE E. BORSCH
NEMO ROUTE
BOX 550
DEADWOOD, SOUTH DAKOTA 57732

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
MARIA	342	290			M MC 32414

D. CYPRUS MINES CORPORATION/COCA MINES INC. (OWNERS) CLAIM GROUP

MAILING ADDRESS:

CYPRUS MINES CORPORATION
7000 SOUTH YOSEMITE ST.
P. O. BOX 3299
ENGLEWOOD, COLORADO 80155

ATTENTION: J. J. BENSING

COCA MINES INC.
1100 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

ATTENTION: J. C. MITCHELL

NAME OF CLAIM	ORIGINAL RECORDATION BOOK PAGE	AMENDED RECORDATION BOOK PAGE	BLM SERIAL NO.
JEN 1	DN 82-1772		M MC 88817
JEN 2	DN 82-1773		M MC 88818
JEN 3	DN 82-1774		M MC 88819
JEN 4	DN 82-1775		M MC 88820
JEN 5	DN 82-1776		M MC 88821
JEN 6	DN 82-1777		M MC 88822
JEN 7	DN 83-4609		M MC 102163
JEN 9	DN 82-1779		M MC 88824
JEN 10	DN 82-1780		M MC 88825

DOC. NO. 83-6007

1983 NOV -3 AM 11:13

Fee 9.75

October 1, 1979

Mrs. Yvonne C. Foreman
Register of Deeds
Lawrence County
Deadwood, South Dakota 57732

Dear Mrs. Foreman:

We enclose herewith for recordation assessment affidavit for the assessment year ending September 1, 1980 relating to eighteen unpatented lode mining claims in Lawrence County.

As you will note from the enclosed affidavit, the work performed was subsequent to September 1, 1979 and is therefore applicable to the work requirements for the period September 1, 1979 and ending at noon on September 1, 1980.

We also enclose our check in the amount of $3.50 which represents the recording fee required.

Should you have any questions, please feel free to call me, collect, at the number set out above.

Very truly yours,

William C. Lagos,
Manager of Lands

lw/

Enclsoures: 2

cc: Cyprus Mines Corporation

Bureau of Land Management with copy of affidavit

COCA-01-142

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

AFFIDAVIT OF ASSESSMENT WORK FOR THE ASSESSMENT YEAR ENDING SEPTEMBER 1, 1980, IN LAWRENCE COUNTY, SOUTH DAKOTA

THOMAS E. CONGDON, being duly sworn on his oath, does depose and say af follows:

That he is a General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership,with offices at 1776 Lincoln Street, Denver, Colorado 80203.

That Thomas E. Congdon obtained possession by virtue of a certain Lease and Option to Purchase Agreement from Commonwealth Mining Company of South Dakota covering the unpatented lode mining claims described in Exhibit "A" which is attached hereto and by this reference made a part hereof for all purposes.

That Thomas E. Congdon executed said Lease and Option to Purchase Agreement for the benefit of himself and Congdon and Carey, Ltd. 5 and which agreement subsequently became subject to a Joint Venture Agreement dated January 1, 1975 by and between Thomas E. Congdon, individually, Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation, a New York corporation with offices at 555 South Flower Street, Los Angeles, California 90071.

That at least Eighteen Hundred Dollars ($1,800.00) worth of work or improvements were performed or made on certain claims which, along with the claims set out in Exhibit "A" hereof,comprise a group of contiguous claims for the benefit of the unpatented lode mining claims set out in said Exhibit "A", situated in the Bear Butte and Whitewood Mining Districts of the County of Lawrence, State of South Dakota, during the year ending 12:00 Noon, September 1, 1980.

That said work or improvements consisted of blasting, mining, hauling, shipping of bulk samples, assaying, geological and metallurgical supervision.

The work described above was performed between September 1, 1979 and September 15, 1979 by Morris Hoffman Mining Co., of Deadwood, South Dakota57732, Miller-Kappes Company of P. O. Box 13687, Reno, Nevada 89507 and Peter E. Chapman, Geologic Consultant, of 1516 Appaloosa Court, Carson City, Nevada 89701.

All of said mining claims are contiguous and along with other claims comprise a group which are contiguous and the tendency of said work or improvements was to develop each and all of said mining claims.

Such expenditures were made by or at the expense of Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation for the benefit of Commonwealth Mining Company of South Dakota, as their interests may appear, owners of said claims, for the purpose of complying with the laws of the United States and of the State of South Dakota pertaining to assessment or annual work for the year ending 12:00 Noon, September 1, 1980.

Dated this 26th day of September, 1979.

Thomas E. Congdon

Thomas E. Congdon, Individually and as General Partner of Congdon and Carey, Ltd. 5, and as Agent for Cyprus Mines Corporation

Witnesses:

Will C. Fay

Robert L. Anderson

Subscribed and sworn to before me this 26th day of September, 1979.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 26th day of September, 1979, before me the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and that he, THOMAS E. CONGON, executed the same for the purpose therein contained.

In Witness whereof I hereunto set my hand and official seal.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

EXHIBIT "A"

Schedule of unpatented lode mining claims situated in the Bear Butte and Whitewood Mining Districts, County of Lawrence, State of South Dakota:

Owner	Name of Claim	Recorded Book	Recorded Page	BLM M MC No.
Commonwealth Mining Company of South Dakota c/o R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc.54901	Reindeer No. 1	155	599	34116(SD)
	(amendment)	188	433	
	Reindeer No. 2	155	599	34117(SD)
	(amendment)	188	434	
	Reindeer No. 3	155	600	34118(SD)
	Reindeer Fraction	155	600	34119(SD)
	(amendment)	188	433	
	Gilmore Fraction	168	264	34120(SD)
	(amendment)	188	434	
	Llewelyn	188	435	34121(SD)
	New York	104	617	34122(SD)
	(amendment)	144	494	
	Silver Crest	215	296	34123(SD)
	(amendment)	215	300	
	Gnome	215	207	34124(SD)
	Zelda No. 1	326	329	34125(SD)
	Zelda No. 2	326	330	34126(SD)
	Zelda No. 3	326	348	34127(SD)
	Zelda No. 4	326	349	34128(SD)
	Mineral	326	317	34129(SD)
	Waggoner Fraction	358	46	34130(SD)
	Sunday Fraction	358	44	34131(SD)
	Norwich Fraction	358	45	34132(SD)
	Rattlesnake Fraction	352	566	34133(SD)

All of said claims being situated in Section 5, 7 and 8 of Township 4 North, Range 4 East, BHM, and in Section 1, 11 and 12 of Township 4 North, Range 3 East, BHM, Bear Butte and Whitewood Mining Districts in the County of Lawrence, State of South Dakota.

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

AFFIDAVIT OF ASSESSMENT WORK FOR THE ASSESSMENT YEAR ENDING SEPTEMBER 1, 1981, IN LAWRENCE COUNTY, SOUTH DAKOTA

THOMAS E. CONGDON, being duly sworn on his oath, does depose and say as follows:

That he is a General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership, with offices at 1776 Lincoln Street, Denver, Colorado 80203.

That Thomas E. Congdon obtained possession by virtue of a certain Lease and Option to Purchase Agreement from Commonwealth Mining Company of South Dakota covering the unpatented lode mining claims described in Exhibit "A" which is attached hereto and by this reference made a part hereof for all purposes.

That Thomas E. Congdon executed said Lease and Option to Purchase Agreement for the benefit of himself and Congdon and Carey, Ltd. 5 and which agreement subsequently became subject to a Joint Venture Agreement dated January 1, 1975 by and between Thomas E. Congdon, individually, Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation, a New York corporation with offices at First National Bank Building, 333 West Hampden, Suite 508, Englewood, Colorado 80110.

That at least Eighteen Hundred Dollars ($1,800.00) worth of work or improvements were performed or made on certain claims which, along with the claims set out in Exhibit "A" hereof, comprise a group of contiguous claims for the benefit of the unpatented lode mining claims set out in said Exhibit "A", situated in the Bear Butte and Whitewood Mining Districts of the County of Lawrence, State of South Dakota, during the year ending 12:00 Noon, September 1, 1981.

That said work consisted of diamond drilling, preparation of drill sites, road repair, metallurgical sampling and testing, and geological supervision thereof.

The work described above was performed between September 1, 1980 and September 1, 1981. The diamond drilling was performed by Boyles Bros. Drilling Company of P. O. Box 4307, Spokane, Washington 99702. Drill site preparation and road repair was done by Strawberry Hill Mining Company of Deadwood, South Dakota. Metallurgical sampling and testing was performed by Miller-Kappes Company of P. O. Box 13687, Reno, Nevada 89507. Said work was under the supervision of Terry Windisch, Project Geologist for Amoco Mineral Company, P. O. Box 452, Deadwood, South Dakota 57732.

All of said mining claims are contiguous and along with other claims comprise a group which are contiguous and the tendency of said work or improvements was to develop each and all of said mining claims as a valuable mine and to facilitate the extraction of minerals therefrom.

Such expenditures were made by or at the expense of Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation for the benefit of Commonwealth Mining Company of South Dakota, as their interests may appear, owners of said claims, for the purpose of complying with the laws of the United States and of the State of South Dakota pertaining to assessment or annual work for the year ending 12:00 Noon, September 1, 1981.

Dated this 11th day of September, 1981.

Thomas E. Congdon, Individually and as General Partner of Congdon and Carey, Ltd. 5, and as Agent for Cyprus Mines Corporation

Witnesses:

COCA-01-143

Subscribed and sworn to before me this 11th day of September, 1981.

My Commission expires: February 7, 1985

Notary Public

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 11th day of September, 1981, before me the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and that he, THOMAS E. CONGDON, executed the same for the purpose therein contained.

In Witness whereof I hereunto set my hand and official seal.

My Commission expires: February 7, 1985

Notary Public

EXHIBIT "A"

Schedule of unpatented lode mining claims situated in the Bear Butte and Whitewood Mining Districts, County of Lawrence, State of South Dakota:

Owner	Name of Claim	Recorded Book	Recorded Page	BLM M MC No.
Commonwealth Mining Company of South Dakota c/o R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc.54901	Reindeer No. 1	155	599	34116(SD)
	(amendment)	188	433	
	Reindeer No. 2	155	599	34117(SD)
	(amendment)	188	434	
	Reindeer No. 3	155	600	34118(SD)
	Reindeer Fraction	155	600	34119(SD)
	(amendment)	188	433	
	Gilmore Fraction	168	264	34120(SD)
	(amendment)	188	434	
	Llewelyn	188	435	34121(SD)
	New York	104	617	34122(SD)
	(amendment)	144	494	
	Silver Crest	215	296	34123(SD)
	(amendment)	215	300	
	Gnome	215	207	34124(SD)
	Zelda No. 1	326	329	34125(SD)
	Zelda No. 2	326	330	34126(SD)
	Zelda No. 3	326	348	34127(SD)
	Zelda No. 4	326	349	34128(SD)
	Mineral	326	317	34129(SD)
	Waggoner Fraction	358	46	34130(SD)
	Sunday Fraction	358	44	34131(SD)
	Norwich Fraction	358	45	34132(SD)
	Rattlesnake Fraction	352	566	34133(SD)

All of said claims being situated in Section 5, 7 and 8 of Township 4 North, Range 4 East, BHM, and in Section 1, 11 and 12 of Township 4 North, Range 3 East, BHM, Bear Butte and Whitewood Mining Districts in the County of Lawrence, State of South Dakota.

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

AFFIDAVIT OF ASSESSMENT WORK FOR THE ASSESSMENT YEAR ENDING SEPTEMBER 1, 1982, IN LAWRENCE COUNTY, SOUTH DAKOTA

THOMAS E. CONGDON, being duly sworn on his oath, does depose and say as follows:

That he is a General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership, with offices at 1776 Lincoln Street, Denver, Colorado 80203.

That Thomas E. Congdon obtained possession by virtue of a certain Lease and Option to Purchase Agreement from Commonwealth Mining Company of South Dakota covering the unpatented lode mining claims described in Exhibit "A" which is attached hereto and by this reference made a part hereof for all purposes.

That Thomas E. Congdon executed said Lease and Option to Purchase Agreement for the benefit of himself and Congdon and Carey, Ltd.5 and which agreement subsequently became subject to a Joint Venture Agreement dated January 1, 1975 by and between Thomas E. Congdon, individually, Congdon and Carey Ltd. 5 and Cyprus Mines Corporation, a New York corporation with offices at 7000 South Yosemite, Englewood, Colorado 80155.

That Sixty Thousand Dollars ($60,000.00) worth of work or improvements were performed or made on certain claims which, along with the claims set out in Exhibit "A" hereof, comprise a group of claims for the benefit of the unpatented lode mining claims set out in said Exhibit "A", situated in the Bear Butte and Whitewood Mining Districts of the County of Lawrence, State of South Dakota, during the year ending 12:00 Noon, September 1, 1982.

That said work consisted of diamond drilling, preparation of drill sites, road repair, sampling, testing and geological supervision thereof.

The diamond drilling work described above was performed between May 17, 1982 and September 1, 1982 by Boyles Bros. Drilling Company of P. O. Box 4307, Spokane, Washington 99702, under the direct supervision of geological personnel of Amoco Minerals Company, 7000 South Yosemite, Englewood, Colorado 80155.

All of said mining claims are contiguous and along with other claims comprise a group which are contiguous and the tendency of said work or improvements was to develop each and all of said mining claims as a valuable mine and to facilitate the extraction of minerals therefrom.

Such expenditures were made by or at the expense of Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation for the benefit of Commonwealth Mining Company of South Dakota, as their interests may appear, owners of said claims, for the purpose of complying with the laws of the United States and of the State of South Dakota pertaining to assessment or annual work for the year ending 12:00 Noon, September 1, 1982.

Dated this 24th day of September, 1982.

Thomas E. Congdon

Thomas E. Congdon, Individually and as General Partner of Congdon and Carey, Ltd. 5, and as Agent for Cyprus Mines Corporation

Witnesses:

Walter D. Cinkan

William C. Fagos

COCA-01-144

Subscribed and sworn to before me this 24th day of September, 1982.

My Commission expires: April 13, 1986

Notary Public

Address: 1100 DENVER CENTER BUILDING
1776 LINCOLN ST.
DENVER, COLORADO 80203

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 24th day of September, 1982, before me the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and that he, THOMAS E. CONGDON, executed the same for the purpose therein contained.

In witness whereof I hereunto set my hand and official seal.

My Commission expires: April 13, 1986

Notary Public

Address: 1100 DENVER CENTER BUILDING
1776 LINCOLN ST,
DENVER, COLORADO 80203

EXHIBIT "A"

Schedule of unpatented lode mining claims situated in the Bear Butte and Whitewood Mining Districts, County of Lawrence, State of South Dakota:

Owner	Name of Claim	Recorded Book	Recorded Page	BLM M MC No.
Commonwealth Mining Company of South Dakota c/o R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc.54901	Reindeer No. 1	155	599	34116(SD)
	(amendment)	188	433	
	Reindeer No. 2	155	599	34117(SD)
	(amendment)	188	434	
	Reindeer No. 3	155	600	34118(SD)
	Reindeer Fraction	155	600	34119(SD)
	(amendment)	188	433	
	Gilmore Fraction	168	264	34120(SD)
	(amendment)	188	434	
	Llewelyn	188	435	34121(SD)
	New York	104	617	34122(SD)
	(amendment)	144	494	
	Silver Crest	215	296	34123(SD)
	(amendment)	215	300	
	Gnome	215	207	34124(SD)
	Zelda No. 1	326	329	34125(SD)
	Zelda No. 2	326	330	34126(SD)
	Zelda No. 3	326	348	34127(SD)
	Zelda No. 4	326	349	34128(SD)
	Mineral	326	317	34129(SD)
	Waggoner Fraction	358	46	34130(SD)
	Sunday Fraction	358	44	34131(SD)
	Norwich Fraction	358	45	34132(SD)
	Rattlesnake Fraction	352	566	34133(SD)

All of said claims being situated in Section 5, 7 and 8 of Township 4 North, Range 4 East, BHM, and in Section 1, 11 and 12 of Township 4 North, Range 3 East, BHM, Bear Butte and Whitewood Mining Districts in the County of Lawrence, State of South Dakota.

DOC. NO. 82-3928

1982 SEP 27 AM 10:27

3 rec $25

SECOND AMENDED AFFIDAVIT OF LABOR

RECEIVED 9:00 AM
DEC -8 1983
SOUTH DAKOTA STATE OFFICE
BUREAU OF LAND MANAGEMENT

STATE OF SOUTH DAKOTA)
) ss.
COUNTY OF LAWRENCE)

The undersigned, being first duly sworn, deposes and says that at least One Hundred ($100.00) Dollars per claim was expended, and/or the following labor expended or improvements made having a value thereof, consisting of:

ROAD BUILDING, DRILLING OF 41 ROTARY DRILL HOLES

(Describe character of expenditures or Labor or Improvements)

The labor performed or improvements made were upon the claims described on Exhibit "A" attached hereto, which are situate in the Bear Butte Mining District of the County of Lawrence, State of South Dakota, during the assessment year ending 12:00 Noon, September 1, 1983. The location of the claims by Township, Range and Section, the book and page numbers wherein the original or latest amended location for each claim is recorded and the Bureau of Land Management serial numbers for the claims are shown on Exhibit "A".

Such expenditure was made by or at the expense of Lacana Mining Inc., on behalf of the owner(s) of said claim(s) for the purpose of holding said claim(s).

This Second Amended Affidavit of Labor is intended to supercede and replace Affidavits of Labor recorded on August 31, 1983, at Document Numbers 83-4893 through 83-4895; and Amended Affidavit of Labor recorded on October 27, 1983, at Document Number 83-5283.

The affiant is duly authorized by Lacana Mining Inc. to make this affidavit on its behalf.

Steven J. Skurla
P. O. Box 485
Deadwood, South Dakota 57732

Subscribed and sworn to before me this 3rd day of November, 1983.

Seal

Notary Public

My Commission Expires:

RECEIVED 9:00 AM
DEC -8 1983

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN SECOND AMENDED AFFIDAVIT OF LABOR DATED THE 3RD DAY OF NOVEMBER, 1983, COVERING THE FOLLOWING UNPATENTED LODE MINING CLAIMS LOCATED IN ALL OR PORTIONS OF TOWNSHIP 4 NORTH, RANGE 3 EAST, SECTIONS 1 AND 2; TOWNSHIP 4 NORTH, RANGE 4 EAST, SECTIONS 5, 6, 7 AND 8; AND TOWNSHIP 5 NORTH, RANGE 4 EAST, SECTION 31, BLACK HILLS MERIDIAN, BEAR BUTTE MINING DISTRICT, COUNTY OF LAWRENCE, STATE OF SOUTH DAKOTA, TO-WIT:

A. COMMONWEALTH MINING COMPANY (OWNER) CLAIM GROUP

MAILING ADDRESS: COMMONWEALTH MINING COMPANY
C/O R. E. MEYER, PRESIDENT
P. O. BOX 995
OSHKOSH, WISCONSIN 54901

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
REINDEER NO. 1	155	599	188	433	M MC 34116
REINDEER NO. 2	155	599	188	434	M MC 34117
REINDEER NO. 3	155	600			M MC 34118
REINDEER FRACTION	155	600	188	433	M MC 34119
GILMORE FRACTION	168	264	188	434	M MC 34120
LLEWELLYN	188	435			M MC 34121
NEW YORK	104	617	144	494	M MC 34122
SILVER CREST	215	296	215	300	M MC 34123
GNOME	215	207			M MC 34124
MINERAL	326	317			M MC 34129
WAGGONER FRACTION	358	46			M MC 34130
SUNDAY FRACTION	358	44			M MC 34131
NORWICH FRACTION	358	45			M MC 34132
RATTLESNAKE FRACTION	352	566			M MC 34133
ZELDA NO. 1	326	329			M MC 34125
ZELDA NO. 2	326	330			M MC 34126
ZELDA NO. 3	326	348			M MC 34127
ZELDA NO. 4	326	349			M MC 34128

B. MARCIA A. DARLAND (OWNER) CLAIM GROUP

MAILING ADDRESS: MARCIA A. DARLAND
P. O. BOX 504
DEADWOOD, SOUTH DAKOTA 57732

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
ERIK NO. 1	DN 82-5392				M MC 95380
ERIK NO. 2	DN 82-5393				M MC 95381
ERIK NO. 3	DN 82-5394				M MC 95382
ERIK NO. 4	DN 82-5395				M MC 95383

C. ORBA T. BORSCH AND MARIA BORSCH, HUSBAND AND WIFE, AND ROSE E. BORSCH (OWNERS) CLAIM GROUP

MAILING ADDRESS: ORBA T. AND MARIA BORSCH
5524 CLUB HILL WEST
LAKELAND, FLORIDA 33803

ROSE E. BORSCH
NEMO ROUTE
BOX 550
DEADWOOD, SOUTH DAKOTA 57732

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
[illegible]	342	290			M MC 32414

D. CYPRUS MINES CORPORATION/COCA MINES INC. (OWNERS) CLAIM GROUP

MAILING ADDRESS:

CYPRUS MINES CORPORATION
7000 SOUTH YOSEMITE ST.
P. O. BOX 3299
ENGLEWOOD, COLORADO 80155

ATTENTION: J. J. BENSING

COCA MINES INC.
1100 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

ATTENTION: J. C. MITCHELL

NAME OF CLAIM	ORIGINAL RECORDATION BOOK PAGE	AMENDED RECORDATION BOOK PAGE	BLM SERIAL NO.
JEN 1	DN 82-1772		M MC 88817
JEN 2	DN 82-1773		M MC 88818
JEN 3	DN 82-1774		M MC 88819
JEN 4	DN 82-1775		M MC 88820
JEN 5	DN 82-1776		M MC 88821
JEN 6	DN 82-1777		M MC 88822
JEN 7	DN 83-4609		M MC 102163
JEN 9	DN 82-1779		M MC 88824
JEN 10	DN 82-1780		M MC 88825

DOC. NO. 83-6007

1983 NOV -3 AM 11:13

Jen 9.7

AFFIDAVIT OF LABOR

STATE OF SOUTH DAKOTA)
) ss.
COUNTY OF LAWRENCE)

The undersigned, being first duly sworn, deposes and says that at least One Hundred ($100.00) Dollars per claim was expended, and/or the following labor expended or improvements made having a value thereof, consisting of:

DRILLING, BULK SAMPLING

(Describe character of expenditures or Labor or Improvements)

The labor performed or improvements made were upon the claims described on Exhibit "A" attached hereto, which are situated in the Bear Butte Mining District of the County of Lawrence, State of South Dakota, during the assessment year ending 12:00 Noon, September 1, 1984. The location of the claims by Township, Range and Section, the book and page numbers wherein the original or latest amended location for each claim is recorded and the Bureau of Land Management serial numbers for the claims are shown on Exhibit "A".

Such expenditure was made by or at the espense of Lacana Gold Inc., on behalf of the owner(s) of said claim(s) for the purpose of holding said claim(s).

The affiant is duly authorized by Lacana Gold Inc. to make this affidavit on its behalf.

Richard J. Hall
2005 Ironwood Parkway
Coeur d'Alene, ID 83814

Subscribed and sworn to before me this 19 day of September, 1984.

Seal

Notary Public

My Commission Expires:

Lifetime

DOC. NO. 84-3142

1984 SEP 25 AM 10:40

COCA-01-146

YVONNE C. FORFMAN
LAWRENCE COUNTY
REGISTER OF DEEDS

fee 11.75

EXHIBIT "A"

Attached to and made a part of that certain Affidavit of Labor dated the 19 day of September, 1984, covering the following unpatented lode mining claims located in all or portions of Township 4 North, Range 3 East, Sections 1 and 2; Township 4 North, Range 4 East, Sections 5, 6, 7, and 8; and Township 5 North, Range 4 East, Section 31, Black Hills Meridian, Bear Butte Mining District, County of Lawrence, State of South Dakota, To-Wit:

A. COMMONWEALTH MINING COMPANY (OWNER) CLAIM GROUP

Mailing Address: Commonwealth Mining Company
c/o R. E. Meyer, President
P.O. Box 995
Oshkosh, WI 54901

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Reindeer No. 1	155	599	188	433	M MC 34116
Reindeer No. 2	155	599	188	434	M MC 34117
Reindeer No. 3	155	600			M MC 34118
Reindeer Fraction	155	600	188	433	M MC 34119
Gilmore Fraction	168	264	188	434	M MC 34120
Llewellyn	188	435			M MC 34121
New York	104	617	144	494	M MC 34122
Silver Crest	215	296	215	300	M MC 34123
Gnome	215	207			M MC 34124
Mineral	326	317			M MC 34129
Waggoner Fraction	358	46			M MC 34130
Sunday Fraction	358	44			M MC 34131
Norwich Fraction	358	45			M MC 34132
Rattlesnake Fraction	352	560			M MC 34133
Zelda No. 1	326	329			M MC 34125
Zelda No. 2	326	330			M MC 34126
Zelda No. 3	326	348			M MC 34127
Zelda No. 4	326	349			M MC 34128

B. MARCIA A. DARLAND (OWNER) CLAIM GROUP

Mailing Address: Marcia A. Darland
P.O. Box 504
Deadwood, SD 57732

NAME OF CLAIM	ORIGINAL RECORDATION BOOK PAGE	AMENDED RECORDATION BOOK PAGE	BLM SERIAL NO.
Erik No. 1	DN 82-5392		M MC 95380
Erik No. 2	DN 82-5393		M MC 95381
Erik No. 3	DN 82-5394		M MC 95382
Erik No. 4	Dn 82-5395		M MC 95383

C. ORBA T. BORSCH AND MARIA BORSCH, HUSBAND AND WIFE, AND ROSE E. BORSCH (OWNERS) CLAIM GROUP

Mailing Address: Orba T. and Maria Borsch
5524 Club Hill West
Lakeland, FL 33803

Rose E. Borsch
Nemo Route
Box 550
Deadwood, SD 57732

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Maria	342	290			M MC 32414

D. CYPRUS MINES CORPORATION/COCA MINES INC. (OWNERS) CLAIM GROUP

Mailing Address: Cyprus Mines Corporation
7000 South Yosemite Street
P.O. Box 3299
Englewood, CO 80155

CoCa Mines Inc.
1100 Denver Center Building
1776 Lincoln Street
Denver, CO 80203

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Jen 1	DN 82-1772				M MC 88817
Jen 2	DN 82-1773				M MC 88818
Jen 3	DN 82-1774				M MC 88819
Jen 4	DN 82-1775				M MC 88820
Jen 5	DN 82-1776				M MC 88821
Jen 6	DN 82-1777				M MC 88822
Jen 7	DN 83-4609				M MC 102163
Jen 9	DN 82-1779				M MC 88824
Jen 10	DN 82-1780				M MC 88825

AFFIDAVIT OF LABOR

RECEIVED 9:00 AM
NOV 28 1986
BUR. OF LAND MGMT.
MONTANA STATE OFFICE
BILLINGS, MONTANA

STATE OF SOUTH DAKOTA
ss
COUNTY OF LAWRENCE

The undersigned, being first duly sworn, deposes and says that at least One Hundred Dollars ($100.00) per claim was expended, and/or the following labor expended or improvements made having a value thereof, consisting of:

Environmental, Metallurgical Testing; Mapping Sampling Permitting

(Describe character of expenditures or labor or improvements)

The labor performed or improvements made were upon the claims described on Exhibit "A" ~~and Exhibit "B"~~ attached hereto, which are situated in the Bear Butte Mining District of the County of Lawrence, State of South Dakota, during the assessment year ending 12:00 Noon, September 1, 1986. The location of the claims by Township, Range and Section, the book and page numbers wherein the original or latest amended location for each claim is recorded and the Bureau of Land Management serial numbers for the claims are shown on Exhibit "A" ~~and Exhibit "B"~~.

Such expenditure was made by or at the expense of Gilt Edge Inc., on behalf of the owner(s) of said claim(s) for the purpose of holding said claim(s).

The affiant is duly authorized by Gilt Edge Inc., to make this affidavit on its behalf.

B.R. Stannus
Gilt Edge Inc.
P.O. Box 485
Deadwood, South Dakota
57732

Subscribed and sworn to before me this 20th day of Nov 86, 19___.

Notary Public

My Commission Expires:
1987

G. C. DEROSIER NOTARY PUBLIC SOUTH DAKOTA

DOC. NO. 86-5084

1986 NOV 21 AM 11:48

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS

Fee 16.50

REGISTER OF DEEDS SEAL LAWRENCE COUNTY, SOUTH DAKOTA

COCA-01-147

EXHIBIT "A"

Attached to and made a part of that certain Affidavit of Labor dated the 21 day of November, 1986, covering the following unpatented lode mining claims located in all or portions of Township 4 North, Range 3 East, Sections 1 and 2; Township 4 North, Range 4 East, Sections 5,6,7, and 8; and Township 5 North, Range 4 East, Section 31, Black Hills Meridian, Bear Butte Mining District, County of Lawrence, State of South Dakota, To-Wit:

A. COMMONWEALTH MINING COMPANY (OWNER) CLAIM GROUP

Mailing Address: Commonwealth Mining Company
c/o R.E. Meyer, President
P.O. Box 995
Oshkosh, WI 54901

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Reindeer No. 1	155	599	188	433	M MC 34116
Reindeer No. 2	155	599	188	434	M MC 34117
Reindeer No. 3	155	600			M MC 34118
Reindeer Fraction	155	600	188	433	M MC 34119
Gilmore Fraction	168	264	188	434	M MC 34120
Llewellyn	188	435			M MC 34121
New York	104	617	144	494	M MC 34122
Silver Crest	215	296	215	300	M MC 34123
Gnome	215	207			M MC 34124
Mineral	326	317			M MC 34129
Waggoner Fraction	358	46			M MC 34130
Sunday Fraction	358	44			M MC 34131
Norwich Fraction	358	45			M MC 34132
Rattlesnake Fraction	352	566			M MC 34133
Zelda No. 1	326	329			M MC 34125
Zelda No. 2	326	330			M MC 34126
Zelda No. 3	326	348			M MC 34127
Zelda No. 4	326	349			M MC 34128

B. MARCIA A. DARLAND (OWNER) CLAIM GROUP

Mailing Address: Marcia A. Darland
P.O. Box 504
Deadwood, S.D. 57732

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Erik No. 1	DN	82-5392			M MC 95380
Erik No. 2	DN	82-5393			M MC 95381
Erik No. 3	DN	82-5394			M MC 95382
Erik No. 4	DN	82-5395			M MC 95383

C. ORBA T. BORSCH AND MARIA BORSCH, HUSBAND AND WIFE, AND ROSE E. BORSCH (OWNERS) CLAIM GROUP

RECEIVED 9:00 A
NOV 28 1986
MONTANA STATE OFFICE
BILLINGS, MONTANA

Mailing Address: Orba T. and Maria Borsch
5524 Club Hill West
Lakeland, FL 33803

Rose E. Borsch
Nemo Route, Box 550
Deadwood, SD 57732

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Maria	342	290			M MC 32414

D. BROHM RESOURCES INC. CLAIM GROUP

Mailing Address: Brohm Resources Inc.
1580-999 West Hastings St.
Vancouver, B.C.
V6C 2W2

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Jen 1	DN	82-1772			M MC 88817
Jen 2	DN	82-1773			M MC 88818
Jen 3	DN	82-1774			M MC 88819
Jen 4	DN	82-1775			M MC 88820
Jen 5	DN	82-1776			M MC 88821
Jen 6	DN	82-1777			M MC 88822
Jen 7	DN	82-4609			M MC 102163
Jen 9	DN	82-1779			M MC 88824
Jen 10	DN	82-1780			M MC 88825
Magus 1	DN	84-3017			M MC 114731
Magus 2	DN	84-3018			M MC 114732
Magus 3	DN	84-3019			M MC 114733
Magus 4	DN	84-3020			M MC 114734
Magus 5	DN	84-3021			M MC 114735
Magus 6	DN	84-3022			M MC 114736
Recovery Fraction	DN	85-1751	16		

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NOV 28 1986
MONTANA STATE OFFICE
BILLINGS, MONTANA

AFFIDAVIT OF PERFORMANCE OF ANNUAL WORK

STATE OF WASHINGTON)
) SS
CITY AND COUNTY OF SPOKANE)

CHARLES B. HUTCHENS, being duly sworn, deposes and says he is a citizen of the United States and more than 21 years of age, and offices at South 400 Jefferson Street, Suite 161, Spokane 99204, County of Spokane, Washington, and is personally acquainted with the mining claims more particularly mentioned and set out below, to-wit:

OWNER	NAME OF CLAIM	NOTICE OF LOCATION RECORDED IN BOOK OF MINES OR DOCKET NO.	PAGE
Commonwealth Mining Company	Reindeer Lode #1	188	433
c/o R. E. Meyer, Pres.	Reindeer Lode #2	188	434
P. O. Box 995	Reindeer Lode #3	155	600
Oshkosh, Wisconsin 54901	Reindeer Fraction	188	433
	Gilmore Fraction	188	434
	Llewellyn Lode	188	435
	New York		
	Silver Crest		
	Gnome Mineral		
	Zelda #1		
	Zelda #2		
	Zelda #3		
	Zelda #4		
	Sunday Fraction	358	44
	Waggoner Fraction	358	46
	Rattlesnake Fraction	352	566
	Norwich Fraction	358	45

all situated in Sections 5, 6, 7, and 8, Township 4 North, Range 4 East, and Sections 1 and 12 of Township 4 North, Range 3 East, in the Bear Butte Mining District, Lawrence County, South Dakota, the location notices or amended location notices of which are recorded in the office of the county recorder of said county as shown above; that between the 1st day of May, 1975, and the 31st day of August, 1975, at least One Thousand Seven Hundred Dollars ($1,700.00) worth of work and improvements were done and performed in behalf of said claims, not including the location work of said claims; such work and improvements were made by and at the expense of Charles B. Hutchens, Agent for Cyprus Mines Corporation which was the lessee or sublessee of said claims, for the benefit of the above mentioned owner of said claims, for the purpose of complying with the laws of the United States and of the State of South Dakota, pertaining to assessment

COCA-01-148

BOOK 424 PAGE 267

or annual work, and Hugh M. Harris Drilling Company of Poway, California was the contractor employed by said lessee or sublessee and who labored upon said claims, did said work and improvements, the same being as follows, to-wit:

> Nine Thousand Six Hundred and Eighty-Six Feet of rotary drilling, including splitting of cuttings, logging of same, assaying said cuttings and geologic interpretations of same, and geologists' labor and time associated therewith; all of said work divided between forty-two holes, all located upon contiguous mineral lands controlled by Cyprus Mines Corporation under lease agreements and/or option to purchase agreements.

That all said mining claims are contiguous and constitute one group, and the tendency of said work and improvements so done was to develop each and all of said mining claims.

Dated this 5th day of September, 1975.

Charles B. Hutchens

Charles B. Hutchens

Subscribed and sworn to before me this 6th day of September, 1975.

My commission expires September 28, 1975.

ELINOR F. GRANCHER NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES SEPT. 28, 1975

Elinor F. Grancher

Notary Public

8054

Office of Register of Deeds Filed for record this 12 day of Sept. 1975 at 4:00 P.M. and recorded in Book No. 424 Page 267

State of South Dakota } ss. P. M. and recorded in Book No. 424 Page 267

County of Lawrence } Fee

Yvonne Foreman 3.00 By _____ Deputy

Register of Deeds

BOOK 424 PAGE 268

AFFIDAVIT OF PREFORMANCE OF ANNUAL WORK

STATE OF CALIFORNIA

CITY AND COUNTY OF LOS ANGELES

LARRY L. McINTOSH, being duly sworn, deposes and says he is a citizen of the United States and more than 21 years of age, and offices at 555 So. Flower Street, Los Angeles, California,97001, County of Los Angeles, California, and is personally acquainted with the mining claims more particularly mentioned and set out below, to-wit:

OWNER	NAME OF CLAIM	NOTICE OF LOCATION RECORDED IN BOOK OF MINES OF DOCKET NO.	PAGE
Commonwealth Mining Company c/o R.E. Meyer, Pres. p. O. Box 995 Oshkosh, Wis. 54901	Reindeer Lode #1	188	433
	Reindeer Lode #2	188	434
	Reindeer Lode #3	155	600
	Reindeer Fraction	188	433
	Gilmore Fraction	188	434
	Llewellyn Lode	188	435
	New York		
	Silver Crest		
	Gnome Mineral		
	Zelda#1		
	Zelda#2		
	Zelda#3		
	Zelda#4		
	Sunday Fraction	358	44
	Waggoner Fraction	358	46
	Rattlesnake Fraction	352	566
	Norwich Fraction	358	45

all situated in Sections 5,6,7,and 8, Township 4 North, Range 4 East, and Sections 1 and 12 of Township 4 North, Range 3 East, in the Bear Butte Mining District, Lawrence County, South Dakota, the location notices or amended location notices of which are recorded in the office of the county recorder of said county as shown above; that between the second day of September, 1976 and the 30th day of September, 1976, and between the 17th day of July,1977, and the 29th day of July, 1977, at least One Thousand Seven Hundred Dollars (1,700.00) worth of work and improvements were done and preformed in behalf of said claims. Such work and improvements were made by and at the expense of Larry L. McIntosh, agent for Cyprus Mines Corporation which was the lessee or sub-lessee of said claims, for the benefit of the above mentioned owner of said claims, for the purpose of complying with the laws

of the United States and the State of South Dakota, pertaining to assessment work. Hugh M. Harris Drilling Company of Poway, California was the contractor employed by said lessee or sublessee and who labored upon said claims, did said work and improvements, the same being as follows, to-wit:

> Three Thousand Feet of rotary drilling including splitting of samples, logging of same, assaying said samples and geologic interpretation of same, and geologist's time and labor associated therewith; all of said work located upon contiguous mineral lands controlled by Cyprus Mines Corporation under lease agreements and/or option to purchase agreements.

That all said mining claims are contiguous and constitute one group, and the tendency of said work and improvements so done was to develop each and all of said mining claims.

Dated this ~~11~~ 15th day of August, 1977.

Larry L. McIntosh

Larry L. McIntosh

Subscribed and sworn to before me this 15 day of August, 1977.

My commission expires MY COMMISSION EXPIRES OCT. 6, 1933.

Kathryn Wall

Notary Public

AFFIDAVIT OF PERFORMANCE OF ANNUAL WORK

STATE OF CALIFORNIA)
: SS
COUNTY OF LOS ANGELES)

PETER E. CHAPMAN, being duly sworn, deposes and says: that he is a citizen of the United States and more than 21 years of age, and has offices at 555 S. Flower Street, Los Angeles, California, 90071, County of Los Angeles, State of California, and is personally acquainted with the mining claims more particularly described below, to-wit:

Owner	Name of Claim	Notice of Location Recorded in Book of Mines of Docket No.	Page
Commonwealth Mining Company C/O R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc. 54901	Reindeer Lode #1	188	433
	Reindeer Lode #2	188	434
	Reindeer Lode #3	155	600
	Reindeer Fraction	188	433
	Gilmore Fraction	188	434
	Llewellyn Lode	188	435
	New York		
	Silver Crest		
	Gnome Mineral		
	Zelda #1		
	Zelda #2		
	Zelda #3		
	Zelda #4		
	Sunday Fraction	358	44
	Waggoner Fraction	358	46
	Rattlesnake Fraction	352	566
	Norwich Fraction	358	45

all situated in Sections 5, 6, 7, and 8, Township 4 North, Range 4 East, and Sections 1 and 12 of Township 4 North, Range 3 East, in the Bear Butte Mining District, Lawrence County, South Dakota, the location notices or amended location notices of which are recorded in the office of the county recorder of said county as shown above; that between the 1st day of September, 1977, and the 31st day of August, 1978, at least One Thousand Seven Hundred Dollars ($1,700.00) worth of work and improvements were done and performed in behalf of said claims. Such work and improvements were made by and at the expense of Peter E. Chapman, agent for Cyprus Mines Corporation which was the lessee or sublessee of said claims, for the benefit of the above mentioned owner of said claims, for

COCA-01-150

copy sent to Commonwealth

the purpose of complying with the laws of the United States and the State of South Dakota, pertaining to assessment work. O'Keefe Drilling Company of Butte, Montana, was the contractor employed by said lessee or sublessee and who labored upon said claims, did such work and improvements, the same being as follows, to-wit:

> Five Thousand Five Hundreed Feet of rotary drilling including splitting of samples, logging of same, assaying said samples and geologic interpretation of same, and geologist's time and labor associated therewith; all of said work located upon contiguous mineral lands controlled by Cyprus Mines Corporation under lease agreements and/or option to purchase agreements.

That all said mining claims are contiguous and constitute one group, and the tendency of said work and improvements so done was to develop each and all of said mining claims.

DATED this 28th day of August, 1978.

PETER E. CHAPMAN

SUSCRIBED AND SWORN TO before me this 2[illegible] day of August, 1978. My commission expires [illegible].

BONNIE S. JONES
Notary Public — State of Nevada
County of Carson
My Commission Expires November 7, 1981

Notary Public

REC. [illegible] 78-5426

1978 SEP -8 PM 2:34

Fee 7.00

AFFIDAVIT OF PERFORMANCE OF ANNUAL WORK

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

PETER E. CHAPMAN, being duly sworn, deposes and says: that he is a citizen of the United States and more than 21 years of age, and has offices at 555 S. Flower Street, Los Angeles, California, 90071, County of Los Angeles, State of California, and is personally acquainted with the mining claims more particularly described below, to-wit:

Owner	Name of Claim	Notice of Location Recorded in Book of Mines of Docket No.	Page
Commonwealth Mining Company C/O R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc. 54901	Reindeer Lode #1	188	433
	Reindeer Lode #2	188	434
	Reindeer Lode #3	155	600
	Reindeer Fraction	188	433
	Gilmore Fraction	188	434
	Llewellyn Lode	188	435
	New York		
	Silver Crest		
	Gnome Mineral		
	Zelda #1		
	Zelda #2		
	Zelda #3		
	Zelda #4		
	Sunday Fraction	358	44
	Waggoner Fraction	358	46
	Rattlesnake Fraction	352	566
	Norwich Fraction	358	45

all situated in Sections 5, 6, 7, and 8, Township 4 North, Range 4 East, and Sections 1 and 12 of Township 4 North, Range 3 East, in the Bear Butte Mining District, Lawrence County, South Dakota, the location notices or amended location notices of which are recorded in the office of the county recorder of said county as shown above; that between the 1st day of September, 1977, and the 31st day of August, 1978, at least One Thousand Seven Hundred Dollars ($1,700.00) worth of work and improvements were done and performed in behalf of said claims. Such work and improvements were made by and at the expense of Peter E. Chapman, agent for Cyprus Mines Corporation which was the lessee or sublessee of said claims, for the benefit of the above mentioned owner of said claims, for

the purpose of complying with the laws of the United States and the State of South Dakota, pertaining to assessment work. O'Keefe Drilling Company of Butte, Montana, was the contractor employed by said lessee or sublessee and who labored upon said claims, did such work and improvements, the same being as follows, to-wit:

> Five Thousand Five Hundreed Feet of rotary drilling including splitting of samples, logging of same, assaying said samples and geologic interpretation of same, and geologist's time and labor associated therewith; all of said work located upon contiguous mineral lands controlled by Cyprus Mines Corporation under lease agreements and/or option to purchase agreements.

That all said mining claims are contiguous and constitute one group, and the tendency of said work and improvements so done was to develop each and all of said mining claims.

DATED this 28th day of August, 1978.

PETER E. CHAPMAN

SUSCRIBED AND SWORN TO before me this 29 day of August, 1978. My commission expires _____.

BONNIE S. JONES
Notary Public — State of Nevada
County of Carson
My Commission Expires November 7, 1981

Notary Public

28-5426

1978 SEP -6 PM 2:3

STATEMENTS BY THOMAS E. CONGDON, GENERAL PARTNER
OF CONGDON AND CAREY, LTD. 5
REGARDING UNPATENTED LODE MINING CLAIMS
SITUATED IN LAWRENCE COUNTY, SOUTH DAKOTA

The undersigned, THOMAS E. CONGON, General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership, of 1776 Lincoln Street, Denver, Colorado 80203, makes the following statements regarding certain unpatented lode mining claims located in Lawrence County, South Dakota for the purpose of complying with Title 43, Code of Federal Regulations, Section 3833.1 "Recordation of Mining Claims".

1. Enclosed herewith are copies of Location Certificates and amendments thereto concerned with eighteen (18) unpatented lode mining claims located in the Bear Butte Mining District, in Sections 5, 6, 7 and 8 of Township 4 North, Range 4 East, and Sections 1 and 12 of Township 4 North, Range 3 East, Black Hills Meridian, Lawrence County, South Dakota.

2. All of said mining claims were located prior to October 21, 1976.

3. Said mining claims are owned by Commonwealth Mining Company, c/o R. E. Meyer, President, P. O. Box 995, Oshkosh, Wisconsin 54901, but are subject to a certain Lease and Option to Purchase Agreement dated October 16, 1974 between Commonwealth Mining Company and Thomas E. Congdon.

4. The leasehold rights and corresponding operating rights are currently owned and shared by Congdon and Carey, Ltd. 5, a Colorado Limited Partnership, of 1776 Lincoln Street, Denver, Colorado 80203, and Cyprus Mines Corporation, a New York corporation, of 555 South Flower Street, Los Angeles, California 90071, by virtue of a certain Joint Venture Agreement dated January 1, 1975.

5. That for the further purposes of providing the information required by Title 43, Code of Federal Regulations, Section 3833.1-2(c), there is also enclosed herewith a Schedule of the mining claims setting out the recording data, name of claim and general description thereof, which is marked Exhibit "A", a portion of a topographic base map from the USGS 7½ minute quadrangle, Deadwood, South Dakota and marked Exhibit "B", and a xerox copy of our base map which sets out the exact location of each claim within the pertinent government subdivision along with the claim name and township and range and which map is marked Exhibit "C".

6. That the undersigned, Thomas E. Congdon, as General Partner of Congdon and Carey, Ltd. 5, makes these statements in behalf of all the parties set out in paragraphs 3 and 4, above.

Dated this 24th day of August, 1979.

Thomas E. Congdon, General Partner, Congdon and Carey, Ltd. 5

Subscribed and sworn to before me this 24th day of August, 1979.

Notary Public

My commission expires: June 15, 1981.

COCA-01-152

Owner of Claims
Commonwealth Mining Company of South Dakota
c/o R. E. Meyer, President, P.O. Box 995
Oshkosh, Wisconsin 54901
Lessee: Congdon and Carey, Ltd. 5
Sublessee: Cyprus Mines Corporation

EXHIBIT "A"
SCHEDULE OF UNPATENTED LODE MINING CLAIMS
TOWNSHIP 4 NORTH, RANGES 3 & 4 EAST, BHM
LAWRENCE COUNTY, SOUTH DAKOTA

Name of Claim & Claim No.	Type of Claim	Date of Location	Recording Data of Location Certificate or Amendment Book	Page	Description Twp.	Rge.	Section	Subdivision	Mining District
Reindeer No. 1	Lode	4/10/01	155	599	4N.	4E.	7	SE/4NW/4, NE/4SW/4, SW/4NE/4 & NW/4SE/4	Bear Butte
(amendment)			188	433					
Reindeer No. 2	Lode	4/10/01	155	599	4N.	4E.	7	E/2NW/4 &W/2 NE/4	Bear Butte
(amendment)			188	434					
Reindeer No. 3	Lode	4/10/01	155	600	4N.	4E.	7	E/2 NW/4 & W/2 NE/4	Bear Butte
Reindeer Fraction	Lode	4/10/01	155	600	4N.	4E.	7	NW/4	Bear Butte
(amendment)			188	433					
Gilmore Fraction	Lode	12/01/02	168	264	4N.	4E.	7	NE/4	Bear Butte
(amendment)			188	434					
Llewelyn	Lode	5/08/07	188	435	4N.	4E.	7	E/2 SW/4 & W/2 SE/4	Bear Butte
New York	Lode	11/26/1894	104	617	4N.	4E.	7	NW/4	Bear Butte
(amendment)			144	494					
Silver Crest	Lode	10/12/16	215	296	4N.	4E.	7	NW/4	Bear Butte
(amendment)			215	300					
Gnome	Lode	12/09/15	215	207	4N.	3E.	1	SE/4	Whitewood
Zelda No. 1	Lode	9/25/54	326	329	4N.	3E.	11	E/2 NE/4	Whitewood
							12	W/2 NW/4	
Zelda No. 2	Lode	9/25/54	326	330	4N.	3E.	12	NW/4	Whitewood
Zelda No. 3	Lode	10/21/54	326	348	4N.	3E.	1	SW/4	Whitewood
Zelda No. 4	Lode	10/21/54	326	349	4N.	3E.	1	W/2 SE/4 & E/2 SW/4	Whitewood
Mineral	Lode	9/16/54	326	317	4N.	3E.	12	NW/4	Whitewood

Owner of Claims
Commonwealth Mining Company of South Dakota
c/o R. E. Meyer, President, P.O. Box 995
Oshkosh, Wisconsin 54901
Lessee: Congdon and Carey, Ltd. 5
Sublessee: Cyprus Mines Corporation

EXHIBIT "A"
SCHEDULE OF UNPATENTED LODE MINING CLAIMS
TOWNSHIP 4 NORTH, RANGES 3 & 4 EAST, BHM
LAWRENCE COUNTY, SOUTH DAKOTA

Name of Claim & Claim No.	Type of Claim	Date of Location	Recording Data of Location Certificate or Amendment Book	Page	Description Twp.	Rge.	Section	Subdivision	Mining District
Sunday Fraction	Lode	9/14/61	358	44	4N.	4E.	8	NW/4	Bear Butte
Waggoner Fraction	Lode	9/14/61	358	46	4N.	4E.	8	NW/4	Bear Butte
Norwich Fraction	Lode	9/14/61	358	45	4N.	4E.	8	NW/4	Bear Butte
Rattlesnake Fraction	Lode	7/26/61	352	566	4N.	4E.	5 8	SW/4 NW/4	Bear Butte

I were done in section on plat [illegible]
included Sec 5, 7, & 8 of T4N-4E
and Sec 1, 11 & 12 of T4N-3E

Figure I

Exhibit B

LAURENCE County South Dakota

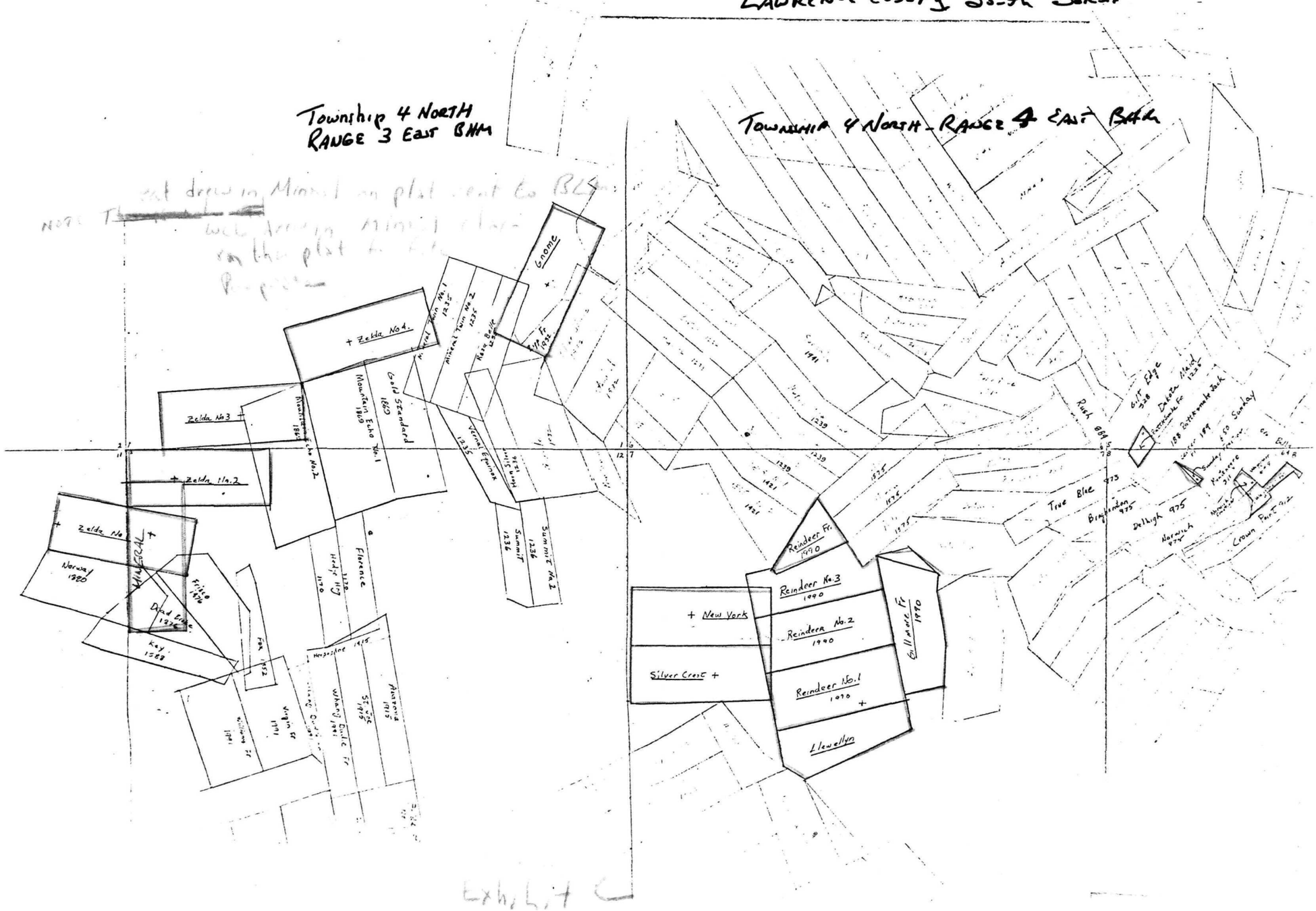

Exhibit C

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF COLORADO)

AFFIDAVIT OF ASSESSMENT WORK FOR THE ASSESSMENT YEAR ENDING SEPTEMBER 1, 1979, IN LAWRENCE COUNTY, SOUTH DAKOTA

THOMAS E. CONGDON, being duly sworn on his oath, does depose and say as follows:

That he is a General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership, with offices at 1776 Lincoln Street, Denver, Colorado 80203.

That Thomas E. Congdon obtained possession by virtue of a Lease and Option to Purchase Agreement covering the unpatented lode mining claims described in Exhibit "A" which is attached hereto and by this reference made a part hereof for all purposes.

That Thomas E. Congdon executed said Lease and Option Agreement for the benefit of Congdon and Carey, Ltd. 5 and which agreement is subject to a Joint Venture Agreement dated January 1, 1975 between Thomas E. Congdon, Individually, and Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation, a New York corporation, with offices at 555 South Flower Street, Los Angeles, California 90071.

That at least Eighteen Hundred Dollars ($1,800.00) were expended consisting of fifteen thousand seven hundred and eighty feet of rotary drilling, site preparation, sampling, assaying, geological supervision , blasting and mining, all of said work performed and made on certain claims which, along with the claims set out in Exhibit "A", comprise a group of contiguous claims, for the benefit of the unpatented mining claims set out in said Exhibit "A", situated in the Bear Butte and Whitewood Mining Districts of the County of Lawrence, State of South Dakota, during the year ending 12:00 Noon, September 1, 1979.

The work described above was performed between July 9, 1979 and August 31, 1979 by Maxfield and Harris Drilling Company of 13636 Jackrabbit Road, Poway, California 92064, Miller-Kappes Company, P. O. Box 13687, Reno, Nevada 89507, Morris Hoffman Mining Co., Deadwood, South Dakota and Peter E. Chapman, Geologic Consultant, 1516 Appaloosa Court, Carson City, Nevada 89701.

All of said mining claims are contiguous and along with other claims comprise a group which are contiguous and the tendency of said work and improvements was to develop each and all of said mining claims.

Such expenditure was made by and at the expense of Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation for the benefit of themselves as lessee or sublessee and for the owner thereof, Commonwealth Mining Company of South Dakota, for the purpose of complying with the laws of the United States and of the State of South Dakota pertaining to assessment or annual work for the year ending 12:00 Noon, September 1, 1979.

Dated this 25th day of September, 1979.

Thomas E. Congdon, Individually and as General Partner of Congdon and Carey, Ltd. 5 and as Agent for Cyprus Mines Corporation

WITNESSES:

Subscribed and sworn to before me this 25th day of September, 1979.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 25th day of September, 1979, before me the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and that he, THOMAS E. CONGON, executed the same for the purpose therein contained.

In Witness whereof I hereunto set my hand and official seal.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

EXHIBIT "A"

Schedule of unpatented lode mining claims situated in the Bear Butte and Whitewood Mining Districts, County of Lawrence, State of South Dakota:

Owner	Name of Claim	Recorded Book	Recorded Page	BLM M MC No.
Commonwealth Mining Company of South Dakota c/o R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc.54901	Reindeer No. 1	155	599	34116(SD)
	(amendment)	188	433	
	Reindeer No. 2	155	599	34117(SD)
	(amendment)	188	434	
	Reindeer No. 3	155	600	34118(SD)
	Reindeer Fraction	155	600	34119(SD)
	(amendment)	188	433	
	Gilmore Fraction	168	264	34120(SD)
	(amendment)	188	434	
	Llewelyn	188	435	34121(SD)
	New York	104	617	34122(SD)
	(amendment)	144	494	
	Silver Crest	215	296	34123(SD)
	(amendment)	215	300	
	Gnome	215	207	34124(SD)
	Zelda No. 1	326	329	34125(SD)
	Zelda No. 2	326	330	34126(SD)
	Zelda No. 3	326	348	34127(SD)
	Zelda No. 4	326	349	34128(SD)
	Mineral	326	317	34129(SD)
	Waggoner Fraction	358	46	34130(SD)
	Sunday Fraction	358	44	34131(SD)
	Norwich Fraction	358	45	34132(SD)
	Rattlesnake Fraction	352	566	34133(SD)

All of said claims being situated in Section 5, 7 and 8 of Township 4 North, Range 4 East, BHM, and in Section 1, 11 and 12 of Township 4 North, Range 3 East, BHM, Bear Butte and Whitewood Mining Districts in the County of Lawrence, State of South Dakota.

DOC. NO. 79-2943

1979 SEP 20 AM 11:40

Fee 8.50

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

AFFIDAVIT OF ASSESSMENT WORK FOR THE ASSESSMENT YEAR ENDING SEPTEMBER 1, 1980, IN LAWRENCE COUNTY, SOUTH DAKOTA

THOMAS E. CONGDON, being duly sworn on his oath, does depose and say af follows:

That he is a General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership,with offices at 1776 Lincoln Street, Denver, Colorado 80203.

That Thomas E. Congdon obtained possession by virtue of a certain Lease and Option to Purchase Agreement from Commonwealth Mining Company of South Dakota covering the unpatented lode mining claims described in Exhibit "A" which is attached hereto and by this reference made a part hereof for all purposes.

That Thomas E. Congdon executed said Lease and Option to Purchase Agreement for the benefit of himself and Congdon and Carey, Ltd. 5 and which agreement subsequently became subject to a Joint Venture Agreement dated January 1, 1975 by and between Thomas E. Congdon, individually, Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation, a New York corporation with offices at 555 South Flower Street, Los Angeles, California 90071.

That at least Eighteen Hundred Dollars ($1,800.00) worth of work or improvements were performed or made on certain claims which, along with the claims set out in Exhibit "A" hereof,comprise a group of contiguous claims for the benefit of the unpatented lode mining claims set out in said Exhibit "A", situated in the Bear Butte and Whitewood Mining Districts of the County of Lawrence, State of South Dakota, during the year ending 12:00 Noon, September 1, 1980.

That said work or improvements consisted of blasting, mining, hauling, shipping of bulk samples, assaying, geological and metallurgical supervision.

The work described above was performed between September 1, 1979 and September 15, 1979 by Morris Hoffman Mining Co., of Deadwood, South Dakota57732, Miller-Kappes Company of P. O. Box 13687, Reno, Nevada 89507 and Peter E. Chapman, Geologic Consultant, of 1516 Appaloosa Court, Carson City, Nevada 89701.

All of said mining claims are contiguous and along with other claims comprise a group which are contiguous and the tendency of said work or improvements was to develop each and all of said mining claims.

Such expenditures were made by or at the expense of Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation for the benefit of Commonwealth Mining Company of South Dakota, as their interests may appear, owners of said claims, for the purpose of complying with the laws of the United States and of the State of South Dakota pertaining to assessment or annual work for the year ending 12:00 Noon, September 1, 1980.

Dated this 26th day of September, 1979.

Thomas E. Congdon, Individually and as General Partner of Congdon and Carey, Ltd. 5, and as Agent for Cyprus Mines Corporation

Witnesses:

Subscribed and sworn to before me this 26th day of September, 1979.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 26th day of September, 1979, before me the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and that he, THOMAS E. CONGON, executed the same for the purpose therein contained.

In Witness whereof I hereunto set my hand and official seal.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

DOC. NO. 79-3012

79 OCT -5 AM 10:55

Fee 8.50

EXHIBIT "A"

Schedule of unpatented lode mining claims situated in the Bear Butte and Whitewood Mining Districts, County of Lawrence, State of South Dakota:

Owner	Name of Claim	Recorded Book	Recorded Page	BLM M MC No.
Commonwealth Mining Company of South Dakota c/o R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc.54901	Reindeer No. 1	155	599	34116(SD)
	(amendment)	188	433	
	Reindeer No. 2	155	599	34117(SD)
	(amendment)	188	434	
	Reindeer No. 3	155	600	34118(SD)
	Reindeer Fraction	155	600	34119(SD)
	(amendment)	188	433	
	Gilmore Fraction	168	264	34120(SD)
	(amendment)	188	434	
	Llewelyn	188	435	34121(SD)
	New York	104	617	34122(SD)
	(amendment)	144	494	
	Silver Crest	215	296	34123(SD)
	(amendment)	215	300	
	Gnome	215	207	34124(SD)
	Zelda No. 1	326	329	34125(SD)
	Zelda No. 2	326	330	34126(SD)
	Zelda No. 3	326	348	34127(SD)
	Zelda No. 4	326	349	34128(SD)
	Mineral	326	317	34129(SD)
	Waggoner Fraction	358	46	34130(SD)
	Sunday Fraction	358	44	34131(SD)
	Norwich Fraction	358	45	34132(SD)
	Rattlesnake Fraction	352	566	34133(SD)

All of said claims being situated in Section 5, 7 and 8 of Township 4 North, Range 4 East, BHM, and in Section 1, 11 and 12 of Township 4 North, Range 3 East, BHM, Bear Butte and Whitewood Mining Districts in the County of Lawrence, State of South Dakota.

Doc No. 79-2943

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF COLORADO)

AFFIDAVIT OF ASSESSMENT WORK FOR THE ASSESSMENT YEAR ENDING SEPTEMBER 1, 1979, IN LAWRENCE COUNTY, SOUTH DAKOTA

THOMAS E. CONGDON, being duly sworn on his oath, does depose and say as follows:

That he is a General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership, with offices at 1776 Lincoln Street, Denver, Colorado 80203.

That Thomas E. Congdon obtained possession by virtue of a Lease and Option to Purchase Agreement covering the unpatented lode mining claims described in Exhibit "A" which is attached hereto and by this reference made a part hereof for all purposes.

That Thomas E. Congdon executed said Lease and Option Agreement for the benefit of Congdon and Carey, Ltd. 5 and which agreement is subject to a Joint Venture Agreement dated January 1, 1975 between Thomas E. Congdon, Individually, and Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation, a New York corporation, with offices at 555 South Flower Street, Los Angeles, California 90071.

That at least Eighteen Hundred Dollars ($1,800.00) were expended consisting of fifteen thousand seven hundred and eighty feet of rotary drilling, site preparation, sampling, assaying, geological supervision , blasting and mining, all of said work performed and made on certain claims which, along with the claims set out in Exhibit "A", comprise a group of contiguous claims, for the benefit of the unpatented mining claims set out in said Exhibit "A", situated in the Bear Butte and Whitewood Mining Districts of the County of Lawrence, State of South Dakota, during the year ending 12:00 Noon, September 1, 1979.

The work described above was performed between July 9, 1979 and August 31, 1979 by Maxfield and Harris Drilling Company of 13636 Jackrabbit Road, Poway, California 92064, Miller-Kappes Company, P. O. Box 13687, Reno, Nevada 89507, Morris Hoffman Mining Co., Deadwood, South Dakota and Peter E. Chapman, Geologic Consultant, 1516 Appaloosa Court, Carson City, Nevada 89701.

All of said mining claims are contiguous and along with other claims comprise a group which are contiguous and the tendency of said work and improvements was to develop each and all of said mining claims.

Such expenditure was made by and at the expense of Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation for the benefit of themselves as lessee or sublessee and for the owner thereof, Commonwealth Mining Company of South Dakota, for the purpose of complying with the laws of the United States and of the State of South Dakota pertaining to assessment or annual work for the year ending 12:00 Noon, September 1, 1979.

Dated this 25th day of September, 1979.

Thomas E. Congdon

Thomas E. Congdon, Individually and as General Partner of Congdon and Carey, Ltd. 5 and as Agent for Cyprus Mines Corporation.

WITNESSES:

William C. Cayon

Robert D. Anderson

This is xerox copy of recorded [illegible]

Subscribed and sworn to before me this 25th day of September, 1979.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 25th day of September, 1979, before me the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and that he, THOMAS E. CONGON, executed the same for the purpose therein contained.

In Witness whereof I hereunto set my hand and official seal.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

EXHIBIT "A"

Schedule of unpatented lode mining claims situated in the Bear Butte and Whitewood Mining Districts, County of Lawrence, State of South Dakota:

Owner	Name of Claim	Recorded Book	Recorded Page	BLM M MC No.
Commonwealth Mining Company of South Dakota c/o R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc.54901	Reindeer No. 1	155	599	34116(SD)
	(amendment)	188	433	
	Reindeer No. 2	155	599	34117(SD)
	(amendment)	188	434	
	Reindeer No. 3	155	600	34118(SD)
	Reindeer Fraction	155	600	34119(SD)
	(amendment)	188	433	
	Gilmore Fraction	168	264	34120(SD)
	(amendment)	188	434	
	Llewelyn	188	435	34121(SD)
	New York	104	617	34122(SD)
	(amendment)	144	494	
	Silver Crest	215	296	34123(SD)
	(amendment)	215	300	
	Gnome	215	207	34124(SD)
	Zelda No. 1	326	329	34125(SD)
	Zelda No. 2	326	330	34126(SD)
	Zelda No. 3	326	348	34127(SD)
	Zelda No. 4	326	349	34128(SD)
	Mineral	326	317	34129(SD)
	Waggoner Fraction	358	46	34130(SD)
	Sunday Fraction	358	44	34131(SD)
	Norwich Fraction	358	45	34132(SD)
	Rattlesnake Fraction	352	566	34133(SD)

All of said claims being situated in Section 5, 7 and 8 of Township 4 North, Range 4 East, BHM, and in Section 1, 11 and 12 of Township 4 North, Range 3 East, BHM, Bear Butte and Whitewood Mining Districts in the County of Lawrence, State of South Dakota.

DOC. NO. 79-2943

1979 SEP 28 AM 11:40

2 pages $5.00

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

AFFIDAVIT OF ASSESSMENT WORK FOR THE ASSESSMENT YEAR ENDING SEPTEMBER 1, 1980, IN LAWRENCE COUNTY, SOUTH DAKOTA

THOMAS E. CONGDON, being duly sworn on his oath, does depose and say af follows:

That he is a General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership,with offices at 1776 Lincoln Street, Denver, Colorado 80203.

That Thomas E. Congdon obtained possession by virtue of a certain Lease and Option to Purchase Agreement from Commonwealth Mining Company of South Dakota covering the unpatented lode mining claims described in Exhibit "A" which is attached hereto and by this reference made a part hereof for all purposes.

That Thomas E. Congdon executed said Lease and Option to Purchase Agreement for the benefit of himself and Congdon and Carey, Ltd. 5 and which agreement subsequently became subject to a Joint Venture Agreement dated January 1, 1975 by and between Thomas E. Congdon, individually, Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation, a New York corporation with offices at 555 South Flower Street, Los Angeles, California 90071.

That at least Eighteen Hundred Dollars ($1,800.00) worth of work or improvements were performed or made on certain claims which, along with the claims set out in Exhibit "A" hereof,comprise a group of contiguous claims for the benefit of the unpatented lode mining claims set out in said Exhibit "A", situated in the Bear Butte and Whitewood Mining Districts of the County of Lawrence, State of South Dakota, during the year ending 12:00 Noon, September 1, 1980.

That said work or improvements consisted of blasting, mining, hauling, shipping of bulk samples, assaying, geological and metallurgical supervision.

The work described above was performed between September 1, 1979 and September 15, 1979 by Morris Hoffman Mining Co., of Deadwood, South Dakota57732, Miller-Kappes Company of P. O. Box 13687, Reno, Nevada 89507 and Peter E. Chapman, Geologic Consultant, of 1516 Appaloosa Court, Carson City, Nevada 89701.

All of said mining claims are contiguous and along with other claims comprise a group which are contiguous and the tendency of said work or improvements was to develop each and all of said mining claims.

Such expenditures were made by or at the expense of Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation for the benefit of Commonwealth Mining Company of South Dakota, as their interests may appear, owners of said claims, for the purpose of complying with the laws of the United States and of the State of South Dakota pertaining to assessment or annual work for the year ending 12:00 Noon, September 1, 1980.

Dated this 26th day of September, 1979.

Thomas E. Congdon, Individually and as General Partner of Congdon and Carey, Ltd. 5, and as Agent for Cyprus Mines Corporation

Witnesses:

Subscribed and sworn to before me this 26th day of September, 1979.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 26th day of September, 1979, before me the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and that he, THOMAS E. CONGON, executed the same for the purpose therein contained.

In Witness whereof I hereunto set my hand and official seal.

My Commission expires: June 15, 1981

Linda A. Ditsworth
Notary Public

DOC. NO. 79-3012

1979 OCT -3 AM 10:55

Fee 8.50

EXHIBIT "A"

Schedule of unpatented lode mining claims situated in the Bear Butte and Whitewood Mining Districts, County of Lawrence, State of South Dakota:

Owner	Name of Claim	Recorded Book	Recorded Page	BLM M MC No.
Commonwealth Mining Company of South Dakota c/o R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc.54901	Reindeer No. 1	155	599	34116(SD)
	(amendment)	188	433	
	Reindeer No. 2	155	599	34117(SD)
	(amendment)	188	434	
	Reindeer No. 3	155	600	34118(SD)
	Reindeer Fraction	155	600	34119(SD)
	(amendment)	188	433	
	Gilmore Fraction	168	264	34120(SD)
	(amendment)	188	434	
	Llewelyn	188	435	34121(SD)
	New York	104	617	34122(SD)
	(amendment)	144	494	
	Silver Crest	215	296	34123(SD)
	(amendment)	215	300	
	Gnome	215	207	34124(SD)
	Zelda No. 1	326	329	34125(SD)
	Zelda No. 2	326	330	34126(SD)
	Zelda No. 3	326	348	34127(SD)
	Zelda No. 4	326	349	34128(SD)
	Mineral	326	317	34129(SD)
	Waggoner Fraction	358	46	34130(SD)
	Sunday Fraction	358	44	34131(SD)
	Norwich Fraction	358	45	34132(SD)
	Rattlesnake Fraction	352	566	34133(SD)

All of said claims being situated in Section 5, 7 and 8 of Township 4 North, Range 4 East, BHM, and in Section 1, 11 and 12 of Township 4 North, Range 3 East, BHM, Bear Butte and Whitewood Mining Districts in the County of Lawrence, State of South Dakota.

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

AFFIDAVIT OF ASSESSMENT WORK FOR THE ASSESSMENT YEAR ENDING SEPTEMBER 1, 1981, IN LAWRENCE COUNTY, SOUTH DAKOTA

THOMAS E. CONGDON, being duly sworn on his oath, does depose and say as follows:

That he is a General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership, with offices at 1776 Lincoln Street, Denver, Colorado 80203.

That Thomas E. Congdon obtained possession by virtue of a certain Lease and Option to Purchase Agreement from Commonwealth Mining Company of South Dakota covering the unpatented lode mining claims described in Exhibit "A" which is attached hereto and by this reference made a part hereof for all purposes.

That Thomas E. Congdon executed said Lease and Option to Purchase Agreement for the benefit of himself and Congdon and Carey, Ltd. 5 and which agreement subsequently became subject to a Joint Venture Agreement dated January 1, 1975 by and between Thomas E. Congdon, individually, Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation, a New York corporation with offices at First National Bank Building, 333 West Hampden, Suite 508, Englewood, Colorado 80110.

That at least Eighteen Hundred Dollars ($1,800.00) worth of work or improvements were performed or made on certain claims which, along with the claims set out in Exhibit "A" hereof, comprise a group of contiguous claims for the benefit of the unpatented lode mining claims set out in said Exhibit "A", situated in the Bear Butte and Whitewood Mining Districts of the County of Lawrence, State of South Dakota, during the year ending 12:00 Noon, September 1, 1981.

That said work consisted of diamond drilling, preparation of drill sites, road repair, metallurgical sampling and testing, and geological supervision thereof.

The work described above was performed between September 1, 1980 and September 1, 1981. The diamond drilling was performed by Boyles Bros. Drilling Company of P. O. Box 4307, Spokane, Washington 99702. Drill site preparation and road repair was done by Strawberry Hill Mining Company of Deadwood, South Dakota. Metallurgical sampling and testing was performed by Miller-Kappes Company of P. O. Box 13687, Reno, Nevada 89507. Said work was under the supervision of Terry Windisch, Project Geologist for Amoco Mineral Company, P. O. Box 452, Deadwood, South Dakota 57732.

All of said mining claims are contiguous and along with other claims comprise a group which are contiguous and the tendency of said work or improvements was to develop each and all of said mining claims as a valuable mine and to facilitate the extraction of minerals therefrom.

Such expenditures were made by or at the expense of Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation for the benefit of Commonwealth Mining Company of South Dakota, as their interests may appear, owners of said claims, for the purpose of complying with the laws of the United States and of the State of South Dakota pertaining to assessment or annual work for the year ending 12:00 Noon, September 1, 1981.

Dated this 11th day of September, 1981.

Thomas E. Congdon

Thomas E. Congdon, Individually and as General Partner of Congdon and Carey, Ltd. 5, and as Agent for Cyprus Mines Corporation

Witnesses:

William C. Sagor

Walter L. Chaney

Subscribed and sworn to before me this 11th day of September, 1981.

My Commission expires: February 7, 1985

Notary Public

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 11th day of September, 1981, before me the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and that he, THOMAS E. CONGDON, executed the same for the purpose therein contained.

In Witness whereof I hereunto set my hand and official seal.

My Commission expires: February 7, 1985

Notary Public

EXHIBIT "A"

Schedule of unpatented lode mining claims situated in the Bear Butte and Whitewood Mining Districts, County of Lawrence, State of South Dakota:

Owner	Name of Claim	Recorded Book	Recorded Page	BLM M MC No.
Commonwealth Mining Company of South Dakota c/o R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc.54901	Reindeer No. 1	155	599	34116(SD)
	(amendment)	188	433	
	Reindeer No. 2	155	599	34117(SD)
	(amendment)	188	434	
	Reindeer No. 3	155	600	34118(SD)
	Reindeer Fraction	155	600	34119(SD)
	(amendment)	188	433	
	Gilmore Fraction	168	264	34120(SD)
	(amendment)	188	434	
	Llewelyn	188	435	34121(SD)
	New York	104	617	34122(SD)
	(amendment)	144	494	
	Silver Crest	215	296	34123(SD)
	(amendment)	215	300	
	Gnome	215	207	34124(SD)
	Zelda No. 1	326	329	34125(SD)
	Zelda No. 2	326	330	34126(SD)
	Zelda No. 3	326	348	34127(SD)
	Zelda No. 4	326	349	34128(SD)
	Mineral	326	317	34129(SD)
	Waggoner Fraction	358	46	34130(SD)
	Sunday Fraction	358	44	34131(SD)
	Norwich Fraction	358	45	34132(SD)
	Rattlesnake Fraction	352	566	34133(SD)

All of said claims being situated in Section 5, 7 and 8 of Township 4 North, Range 4 East, BHM, and in Section 1, 11 and 12 of Township 4 North, Range 3 East, BHM, Bear Butte and Whitewood Mining Districts in the County of Lawrence, State of South Dakota.

DOC. NO. 81-2806

1981 SEP 14 AM 10:53

YVONNE C. FOREMAN
LAWRENCE COUNTY
REGISTER OF DEEDS

fee # 8.25

J.R.M.

AFFIDAVIT OF LABOR

DEPT. OF INTERIOR
BUR. OF LAND MANAGEMENT
1984 OCT 29 PM 1:48
RECEIVED
MONTANA STATE OFFICE
BILLINGS, MONTANA

STATE OF SOUTH DAKOTA)
) ss.
COUNTY OF LAWRENCE)

The undersigned, being first duly sworn, deposes and says that at least One Hundred ($100.00) Dollars per claim was expended, and/or the following labor expended or improvements made having a value thereof, consisting of:

DRILLING, BULK SAMPLING

(Describe character of expenditures or Labor or Improvements)

The labor performed or improvements made were upon the claims described on Exhibit "A" attached hereto, which are situated in the Bear Butte Mining District of the County of Lawrence, State of South Dakota, during the assessment year ending 12:00 Noon, September 1, 1984. The location of the claims by Township, Range and Section, the book and page numbers wherein the original or latest amended location for each claim is recorded and the Bureau of Land Management serial numbers for the claims are shown on Exhibit "A".

Such expenditure was made by or at the espense of Lacana Gold Inc., on behalf of the owner(s) of said claim(s) for the purpose of holding said claim(s).

The affiant is duly authorized by Lacana Gold Inc. to make this affidavit on its behalf.

Richard J. Hall
2005 Ironwood Parkway
Coeur d'Alene, ID 83814

Subscribed and sworn to before me this 19 day of September, 1984.

Seal

Notary Public

My Commission Expires:

DOC. NO. 84-3142

1984 SEP 25 AM 10:40

YVONNE C. TOMPKINS
LAWRENCE COUNTY
REGISTER OF DEEDS

Rec 11

DEPT. OF INTERIOR
BUR. OF LAND MANAGEMENT
1984 OCT 29 PM 1:48
RECEIVED
MONTANA STATE OFFICE
BILLINGS, MONTANA

EXHIBIT "A"

Attached to and made a part of that certain Affidavit of Labor dated the 29 day of September, 1984, covering the following unpatented lode mining claims located in all or portions of Township 4 North, Range 3 East, Sections 1 and 2; Township 4 North, Range 4 East, Sections 5, 6, 7, and 8; and Township 5 North, Range 4 East, Section 31, Black Hills Meridian, Bear Butte Mining District, County of Lawrence, State of South Dakota, To-Wit:

A. COMMONWEALTH MINING COMPANY (OWNER) CLAIM GROUP

Mailing Address: Commonwealth Mining Company
c/o R. E. Meyer, President
P.O. Box 995
Oshkosh, WI 54901

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Reindeer No. 1	155	599	188	433	M MC 34116
Reindeer No. 2	155	599	188	434	M MC 34117
Reindeer No. 3	155	600			M MC 34118
Reindeer Fraction	155	600	188	433	M MC 34119
Gilmore Fraction	168	264	188	434	M MC 34120
Llewellyn	188	435			M MC 34121
New York	104	617	144	494	M MC 34122
Silver Crest	215	296	215	300	M MC 34123
Gnome	215	207			M MC 34124
Mineral	326	317			M MC 34129
Waggoner Fraction	358	46			M MC 34130
Sunday Fraction	358	44			M MC 34131
Norwich Fraction	358	45			M MC 34132
Rattlesnake Fraction	352	560			M MC 34133
Zelda No. 1	326	329			M MC 34125
Zelda No. 2	326	330			M MC 34126
Zelda No. 3	326	348			M MC 34127
Zelda No. 4	326	349			M MC 34128

B. MARCIA A. DARLAND (OWNER) CLAIM GROUP

Mailing Address: Marcia A. Darland
P.O. Box 504
Deadwood, SD 57732

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Erik No. 1	DN 82-5392				M MC 95380
Erik No. 2	DN 82-5393				M MC 95381
Erik No. 3	DN 82-5394				M MC 95382
Erik No. 4	Dn 82-5395				M MC 95383

C. ORBA T. BORSCH AND MARIA BORSCH, HUSBAND AND WIFE, AND ROSE E. BORSCH (OWNERS) CLAIM GROUP

Mailing Address: Orba T. and Maria Borsch
5524 Club Hill West
Lakeland, FL 33803

Rose E. Borsch
Nemo Route
Box 550
Deadwood, SD 57732

DEPT. OF INTERIOR
BUR. OF LAND MANAGEMENT
1984 OCT 29 PM 1:48
RECEIVED
STATE OFFICE
MONTANA

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Maria	342	290			M MC 32414

D. CYPRUS MINES CORPORATION/COCA MINES INC. (OWNERS) CLAIM GROUP

Mailing Address: Cyprus Mines Corporation
7000 South Yosemite Street
P.O. Box 3299
Englewood, CO 80155

CoCa Mines Inc.
1100 Denver Center Building
1776 Lincoln Street
Denver, CO 80203

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Jen 1	DN 82-1772				M MC 88817
Jen 2	DN 82-1773				M MC 88818
Jen 3	DN 82-1774				M MC 88819
Jen 4	DN 82-1775				M MC 88820
Jen 5	DN 82-1776				M MC 88821
Jen 6	DN 82-1777				M MC 88822
Jen 7	DN 83-4609				M MC 102163
Jen 9	DN 82-1779				M MC 88824
Jen 10	DN 82-1780				M MC 88825

DEPT. OF INTERIOR
BUR. OF LAND MANAGEMENT
1985 NOV 15 AM 9:59
RECEIVED
MONTANA STATE OFFICE
BILLINGS, MONTANA

AFFIDAVIT OF LABOR

STATE OF IDAHO)
) ss
COUNTY OF KOOTENAI)

The undersigned, being first duly sworn, deposes and says that at least One Hundred Dollars ($100.00) per claim was expended, and/or the following labor expended or improvements made having a value thereof, consisting of:

Metallurgical testing, environmental monitoring and permitting, development of water sources.

(Describe character of expenditures or labor or improvements)

The labor performed or improvements made were upon the claims described on Exhibit "A" attached hereto, which are situated in the Bear Butte Mining District of the County of Lawrence, State of South Dakota, during the assessment year ending 12:00 Noon, September 1, 1985. The location of the claims by Township, Range and Section, the book and page numbers wherein the original or latest amended location for each claim is recorded and the Bureau of Land Management serial numbers for the claims are shown on Exhibit "A".

Such expenditure was made by or at the expense of Lacana Gold Inc., on behalf of the owner(s) of said claim(s) for the purpose of holding said claim(s).

The affiant is duly authorized by Lacana Gold Inc., to make this affidavit on its behalf.

Richard J. Hall
Lacana Gold Inc.
2005 Ironwood Parkway
Coeur d'Alene, ID 83814

Subscribed and sworn to before me this 11th day of September, 1985.

Notary Public

My Commission Expires:
June 28, 1991

DOC. NO. 85 29130

1985 SEP 19 PM 12:25

1985 NOV 15 AM 9:59
BUREAU OF LAND MANAGEMENT
MONTANA STATE OFFICE
BILLINGS, MONTANA

EXHIBIT "A"

Attached to and made a part of that certain Affidavit of Labor dated the 16th day of September, 1985, covering the following unpatented lode mining claims located in all or portions of Township 4 North, Range 3 East, Sections 1 and 2; Township 4 North, Range 4 East, Sections 5, 6, 7, and 8; and Township 5 North, Range 4 East, Section 31, Black Hills Meridian, Bear Butte Mining District, County of Lawrence, State of South Dakota, To-Wit:

A. COMMONWEALTH MINING COMPANY (OWNER) CLAIM GROUP

Mailing Address: Commonwealth Mining Company
c/o R. E. Meyer, President
P.O. Box 995
Oshkosh, WI 54901

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Reindeer No. 1	155	599	188	433	M MC 34116
Reindeer No. 2	155	599	188	434	M MC 34117
Reindeer No. 3	155	600			M MC 34118
Reindeer Fraction	155	600	188	433	M MC 34119
Gilmore Fraction	168	264	188	434	M MC 34120
Llewellyn	188	435			M MC 34121
New York	104	617	144	494	M MC 34122
Silver Crest	215	296	215	300	M MC 34123
Gnome	215	207			M MC 34124
Mineral	326	317			M MC 34129
Waggoner Fraction	358	46			M MC 34130
Sunday Fraction	358	44			M MC 34131
Norwich Fraction	358	45			M MC 34132
Rattlesnake Fraction	352	566			M MC 34133
Zelda No. 1	326	329			M MC 34125
Zelda No. 2	326	330			M MC 34126
Zelda No. 3	326	348			M MC 34127
Zelda No. 4	326	349			M MC 34128

B. MARCIA A. DARLAND (OWNER) CLAIM GROUP

Mailing Address: Marcia A. Darland
P.O. Box 504
Deadwood, SD 57732

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Erik No. 1	DN 82-5392				M MC 95380
Erik No. 2	DN 82-5393				M MC 95381
Erik No. 3	DN 82-5394				M MC 95382
Erik No. 4	Dn 82-5395				M MC 95383

C. ORBA T. BORSCH AND MARIA BORSCH, HUSBAND AND WIFE, AND ROSE E. BORSCH (OWNERS) CLAIM GROUP

Mailing Address: Orba T. and Maria Borsch
5524 Club Hill West
Lakeland, FL 33803

Rose E. Borsch
Nemo Route
Box 550
Deadwood, SD 57732

BUR. OF LAND MANAGEMENT
1985 NOV 15 AM 9 59
MONTANA STATE OFFICE
BILLINGS, MONTANA

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Maria	342	290			M MC 32414

D. CYPRUS MINES CORPORATION/COCA MINES INC. (OWNERS) CLAIM GROUP

Mailing Address: Cyprus Mines Corporation
7000 South Yosemite Street
P.O. Box 3299
Englewood, CO 80155

CoCa Mines Inc.
1100 Denver Center Building
1776 Lincoln Street
Denver, CO 80203

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO.
Jen 1	DN 82-1772				M MC 88817
Jen 2	DN 82-1773				M MC 88818
Jen 3	DN 82-1774				M MC 88819
Jen 4	DN 82-1775				M MC 88820
Jen 5	DN 82-1776				M MC 88821
Jen 6	DN 82-1777				M MC 88822
Jen 7	DN 83-4609				M MC 102163
Jen 9	DN 82-1779				M MC 88824
Jen 10	DN 82-1780				M MC 88825

E. LACANA GOLD INC. (OWNERS) CLAIM GROUP

Mailing Address: Lacana Gold Inc.
2005 Ironwood Parkway
Coeur d'Alene, ID 83814

NAME OF CLAIM	ORIGINAL RECORDATION BOOK	PAGE	AMENDED RECORDATION BOOK	PAGE	BLM SERIAL NO
Magus 1	DN 84-3017				M MC 1147
Magus 2	DN 84-3018				M MC 1147
Magus 3	DN 84-3019				M MC 1147
Magus 4	DN 84-3020				M MC 1147
Magus 5	DN 84-3021				M MC 1147
Magus 6	DN 84-3022				M MC 1147
Recovery Fraction	DN 85-1751				

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

AFFIDAVIT OF ASSESSMENT WORK FOR THE ASSESSMENT YEAR ENDING SEPTEMBER 1, 1982, IN LAWRENCE COUNTY, SOUTH DAKOTA

THOMAS E. CONGDON, being duly sworn on his oath, does depose and say as follows:

That he is a General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership, with offices at 1776 Lincoln Street, Denver, Colorado 80203.

That Thomas E. Congdon obtained possession by virtue of a certain Lease and Option to Purchase Agreement from Commonwealth Mining Company of South Dakota covering the unpatented lode mining claims described in Exhibit "A" which is attached hereto and by this reference made a part hereof for all purposes.

That Thomas E. Congdon executed said Lease and Option to Purchase Agreement for the benefit of himself and Congdon and Carey, Ltd.5 and which agreement subsequently became subject to a Joint Venture Agreement dated January 1, 1975 by and between Thomas E. Congdon, individually, Congdon and Carey Ltd. 5 and Cyprus Mines Corporation, a New York corporation with offices at 7000 South Yosemite, Englewood, Colorado 80155.

That Sixty Thousand Dollars ($60,000.00) worth of work or improvements were performed or made on certain claims which, along with the claims set out in Exhibit "A" hereof, comprise a group of claims for the benefit of the unpatented lode mining claims set out in said Exhibit "A", situated in the Bear Butte and Whitewood Mining Districts of the County of Lawrence, State of South Dakota, during the year ending 12:00 Noon, September 1, 1982.

That said work consisted of diamond drilling, preparation of drill sites, road repair, sampling, testing and geological supervision thereof.

The diamond drilling work described above was performed between May 17, 1982 and September 1, 1982 by Boyles Bros. Drilling Company of P. O. Box 4307, Spokane, Washington 99702, under the direct supervision of geological personnel of Amoco Minerals Company, 7000 South Yosemite, Englewood, Colorado 80155.

All of said mining claims are contiguous and along with other claims comprise a group which are contiguous and the tendency of said work or improvements was to develop each and all of said mining claims as a valuable mine and to facilitate the extraction of minerals therefrom.

Such expenditures were made by or at the expense of Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation for the benefit of Commonwealth Mining Company of South Dakota, as their interests may appear, owners of said claims, for the purpose of complying with the laws of the United States and of the State of South Dakota pertaining to assessment or annual work for the year ending 12:00 Noon, September 1, 1982.

Dated this 24th day of September, 1982.

Thomas E. Congdon, Individually and as General Partner of Congdon and Carey, Ltd. 5, and as Agent for Cyprus Mines Corporation

Witnesses:

Subscribed and sworn to before me this 24th day of September, 1982.

My Commission expires: April 13, 1986

Notary Public

Address: 1100 DENVER CENTER BUILDING
1776 LINCOLN ST.
DENVER, COLORADO 80203

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 24th day of September, 1982, before me the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and that he, THOMAS E. CONGDON, executed the same for the purpose therein contained.

In witness whereof I hereunto set my hand and official seal.

My Commission expires: April 13, 1986

Notary Public

Address: 1100 DENVER CENTER BUILDING
1776 LINCOLN ST.
DENVER, COLORADO 80203

EXHIBIT "A"

Schedule of unpatented lode mining claims situated in the Bear Butte and Whitewood Mining Districts, County of Lawrence, State of South Dakota:

Owner	Name of Claim	Recorded Book	Recorded Page	BLM M MC No.
Commonwealth Mining Company of South Dakota c/o R. E. Meyer, President P. O. Box 995 Oshkosh, Wisc.54901	Reindeer No. 1	155	599	34116(SD)
	(amendment)	188	433	
	Reindeer No. 2	155	599	34117(SD)
	(amendment)	188	434	
	Reindeer No. 3	155	600	34118(SD)
	Reindeer Fraction	155	600	34119(SD)
	(amendment)	188	433	
	Gilmore Fraction	168	264	34120(SD)
	(amendment)	188	434	
	Llewelyn	188	435	34121(SD)
	New York	104	617	34122(SD)
	(amendment)	144	494	
	Silver Crest	215	296	34123(SD)
	(amendment)	215	300	
	Gnome	215	207	34124 :D)
	Zelda No. 1	326	329	34125 'D)
	Zelda No. 2	326	330	34126 D)
	Zelda No. 3	326	348	34127 :D)
	Zelda No. 4	326	349	34128 ,D)
	Mineral	326	317	34129(SD)
	Waggoner Fraction	358	46	34130(SD)
	Sunday Fraction	358	44	34131(SD)
	Norwich Fraction	358	45	34132(SD)
	Rattlesnake Fraction	352	566	34133(SD)

All of said claims being situated in Section 5, 7 and 8 of Township 4 North, Range 4 East, BHM, and in Section 1, 11 and 12 of Township 4 North, Range 3 East, BHM, Bear Butte and Whitewood Mining Districts in the County of Lawrence, State of South Dakota.

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

AFFIDAVIT OF ASSESSMENT WORK FOR THE ASSESSMENT YEAR ENDING SEPTEMBER 1, 1982, IN LAWRENCE COUNTY, SOUTH DAKOTA

THOMAS E. CONGDON, being duly sworn on his oath, does depose and say as follows:

That he is a General Partner of Congdon and Carey, Ltd. 5, a Colorado Limited Partnership, with offices at 1776 Lincoln Street, Denver, Colorado 80203.

That Thomas E. Congdon obtained possession by virtue of a certain Lease and Option to Purchase Agreement from Commonwealth Mining Company of South Dakota covering the unpatented lode mining claims described in Exhibit "A" which is attached hereto and by this reference made a part hereof for all purposes.

That Thomas E. Congdon executed said Lease and Option to Purchase Agreement for the benefit of himself and Congdon and Carey, Ltd.5 and which agreement subsequently became subject to a Joint Venture Agreement dated January 1, 1975 by and between Thomas E. Congdon, individually, Congdon and Carey Ltd. 5 and Cyprus Mines Corporation, a New York corporation with offices at 7000 South Yosemite, Englewood, Colorado 80155.

That Sixty Thousand Dollars ($60,000.00) worth of work or improvements were performed or made on certain claims which, along with the claims set out in Exhibit "A" hereof, comprise a group of claims for the benefit of the unpatented lode mining claims set out in said Exhibit "A", situated in the Bear Butte and Whitewood Mining Districts of the County of Lawrence, State of South Dakota, during the year ending 12:00 Noon, September 1, 1982.

That said work consisted of diamond drilling, preparation of drill sites, road repair, sampling, testing and geological supervision thereof.

The diamond drilling work described above was performed between May 17, 1982 and September 1, 1982 by Boyles Bros. Drilling Company of P. O. Box 4307, Spokane, Washington 997 , under the direct supervision of geological personnel of Amoco Minerals Company, 70(South Yosemite, Englewood, Colorado 80155.

All of said mining claims are contiguous and along with other claims comprise a group which are contiguous and the tendency of said work or improvements was to develop each and all of said mining claims as a valuable mine and to facilitate the extraction of minerals therefrom.

Such expenditures were made by or at the expense of Congdon and Carey, Ltd. 5 and Cyprus Mines Corporation for the benefit of Commonwealth Mining Company of South Dakota, as their interests may appear, owners of said claims, for the purpose of complying with the laws of the United States and of the State of South Dakota pertaining to assessment or annual work for the year ending 12:00 Noon, September 1, 1982.

Dated this 24th day of September, 1982.

Thomas E. Congdon

Thomas E. Congdon, Individually and as General Partner of Congdon and Carey, Ltd. 5, and as Agent for Cyprus Mines Corporation

Witnesses:

Walter D. Andrews

Willis C. Rogers

Subscribed and sworn to before me this 24th day of September, 1982.

My Commission expires: April 13, 1986

Notary Public

Address: 1100 DENVER CENTER BUILDING
1776 LINCOLN ST.
DENVER, COLORADO 80203

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this the 24th day of September, 1982, before me the undersigned officer, personally appeared THOMAS E. CONGDON, known to me to be the person whose name is subscribed to the within instrument and that he, THOMAS E. CONGDON, executed the same for the purpose therein contained.

In witness whereof I hereunto set my hand and official seal.

My Commission expires: April 13, 1986

Notary Public

Address: 1100 DENVER CENTER BUILDING
1776 LINCOLN ST.
DENVER, COLORADO 80203

EXHIBIT "A"

Schedule of unpatented lode mining claims situated in the Bear Butte and Whitewood Mining Districts, County of Lawrence, State of South Dakota:

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	(amendment)	188	433	
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	(amendment)	188	434	
	Reindeer No. 3	155	600	34118(SD)
	Reindeer Fraction	155	600	34119(SD)
	(amendment)	188	433	
	Gilmore Fraction	168	264	34120(SD)
	(amendment)	188	434	
	Llewelyn	188	435	34121(SD)
	New York	104	617	34122(SD)
	(amendment)	144	494	
	Silver Crest	215	296	34123(SD)
	(amendment)	215	300	
	Gnome	215	207	34124(SD)
	Zelda No. 1	326	329	34125(SD)
	Zelda No. 2	326	330	34126(SD)
	Zelda No. 3	326	348	34127(SD)
	Zelda No. 4	326	349	34128(SD)
	Mineral	326	317	34129(SD)
	Waggoner Fraction	358	46	34130(SD)
	Sunday Fraction	358	44	34131(SD)
	Norwich Fraction	358	45	34132(SD)
	Rattlesnake Fraction	352	566	34133(SD)

All of said claims being situated in Section 5, 7 and 8 of Township 4 North, Range 4 East, BHM, and in Section 1, 11 and 12 of Township 4 North, Range 3 East, BHM, Bear Butte and Whitewood Mining Districts in the County of Lawrence, State of South Dakota.

RECEIVED
DEC 03 1987
CoCa MINES INC.

AFFIDAVIT OF ANNUAL LABOR
(South Dakota -- Leased Claims)

OCT 19 1987

James N. Barron, being duly sworn, deposes and says:

1. At least Fifteen Thousand ($15,000.00) dollars' worth of work or improvements were performed or made upon the claim(s) more particularly described in Exhibit A attached hereto and incorporated by reference herein, between the 1st day of June, 1987, and the 31st day of August, 1987. Such expenditure was made by or at the expense of Brohm Mining Corporation, whose address is 20 Cliff St., P.O. Box 485, Deadwood, South Dakota 57732, for and on behalf of the owner(s) of said claim(s) as set forth in Exhibit A, whose address is also set forth in Exhibit A, for the purpose of complying with the law, and holding said claim(s) for the assessment year ending September 1, 1987.

2. The labor or improvements performed or made upon the claim(s) consisted of: drilling, building and maintaining access roads to claim(s), sampling, assaying

3. [Check box if applicable]

[ ] Detailed report required by United States mining laws for geological, geophysical, or geochemical work or labor is attached.

4. The serial number assigned to each claim by the authorized officer upon filing of a copy of the Certificate of Location in the proper B.L.M. Office is shown on Exhibit A. This serial number constitutes a description of the claim as provided in 43 C.F.R. Chapter 3833.2-2(a)(1).

5. [Check applicable box]

[ ] There is no known change in the mailing address(es) of the owner(s) of the claim(s).

[X] The mailing address(es) of the owner(s) of the claim(s) has been changed as follows:
Brohm Mining Corporation
P.O. Box 485
20 Cliff Street
Deadwood, South Dakota 57732

Further affiant saith not.

James N. Barron

STATE OF South Dakota)
) ss.
County of Lawrence)

SUBSCRIBED AND SWORN TO before me this 1st day of October, 1987.

Mary E. Winchester
Notary Public

My Commission Expires:

03/04/95

[SEAL] MARY E. WINCHESTER NOTARY PUBLIC STATE OF SOUTH DAKOTA

REGISTER OF DEEDS SEAL LAWRENCE COUNTY, SOUTH DAKOTA

DOC. NO. 87-4166
fee # 30.75 jkm.
1987 OCT -2 PM 1:15
JUDY R MEVERDEN
LAWRENCE COUNTY
REGISTER OF DEEDS

ACKNOWLEDGED DEC 1 1987

COUNTY OF LAWRENCE
STATE OF SOUTH DAKOTA

RECEIVED ... OCT 19 1987 ... LINGS, MONTANA

EXHIBIT A
UNPATENTED CLAIMS

CLAIM NAME	RECORDED BOOK/PAGE	LOC. DATE	BLM #	B.H.M. TSHP.	RANGE	SECT.
Jen 1	82/1772	05/22/82	88817	4N	4E	6:E2
Jen 2	82/1773	05/22/82	88818	4N	4E	6:E2
Jen 3	82/1774	05/22/82	88819	4N	4E	6:E2
				4N	4E	5:NW4
Jen 4	82/1775	05/22/82	88820	4N	4E	6:NE4
				4N	4E	5:NW4
Jen 5	82/1776	05/22/82	88821	4N	4E	6:N2
Jen 6	82/1777	05/22/82	88822	4N	4E	6:NE4
Jen 7	83/4608	07/15/83	102163	4N	4E	6:NE4
				5N	4E	31:S2
Jen 9	82/1779	05/23/82	88824	4N	4E	8:NW4
				4N	4E	7:NE4
Jen 10	82/1780	05/23/82	88825	4N	4E	5:SW4
				4N	4E	6:SE4
				4N	4E	7:NE4
				4N	4E	8:NW4

CLAIM OWNER: CYPRUS MINES CORP. - AND - COCA MINES INC.
ADDRESS : 7200 SOUTH ALTON WAY
P.O. BOX 3299
ENGLEWOOD, COLORADO 80155

910 DENVER CENTER BLDG.
1776 LINCOLN STREET
DENVER, COLORADO 80203

ACKNOWLEDGED DEC 1 1987

Amoco Minerals Company

U S.A. Minerals Exploration
7200 South Alton Way
P O Box 3986
Englewood, Colorado 80155
303-740-5638

RECEIVED
NOV 17 1982
CoCa MINES INC.

November 16, 1982

Mr. Hugh Matheson
1776 Lincoln St.
Denver, Colorado 80203

Dear Mr. Matheson:

Enclosed is a copy of the Gilt Edge portion of our October monthly report.

Sincerely,

William D. Burton (jrg)

William D. Burton
Regional Geologist

WDB/jrg

Enclosure

GILT EDGE (Au) PROJECT (D-74-84) S DAKOTA

Shallow rotary drilling scheduled for this month to test the northern rhyolite stock at Anchor Hill was delayed by a sudden snow storm. Drilling should be able to begin the first week of November. Seventeen rotary holes will be drilled to a depth of 300 feet. Surface geochemical gold anomalies indicate that the northern rhyolite stock may have shallow, low grade gold potential similar to that already developed at the central rhyolite stock. A supplemental budget of $88,000 has been submitted to allow the drilling of an additional 18 rotary holes at the northern stock and on a nearly geochemical gold anomaly.

Seven companies were given presentations on the Gilt Edge gold deposit at the Englewood exploration office as part of Amoco Mineral's effort to sell our interest in the Gilt Edge property. Freeport Minerals, Santa Fe Minerals, Goldfield, Noranda, Transwestern, Serem and Ray Rock Resources attended these presentations and examined project data. Freeport Minerals also has visited the property and examined the drill core.

Amoco Minerals Company

U.S.A. Minerals Exploration
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155
303-740-5638

October 8, 1982

Hugh J. Matheson
CoCa Mines
1100 Denver Center Bld.
1776 Lincoln St.
Denver, Colorado 80203

RE: Gilt Edge Project

Dear Hugh:

Enclosed are copies of our September and August monthly reports for the Gilt Edge project. We plan to begin rotary drilling this month to look for additional open pit gold mineralization associated with the unexplored northern rhyolite stock. As you know, we have begun to show Gilt Edge data to a number of companies who have expessed an interest in buying Amoco's portion of the joint venture.

Sincerely,

Bill

William D. Burton
Regional Geologist

WDB/jrg

Enclosures

GILT EDGE (S DAKOTA) PROJECT (D-74-84)

Surface geologic mapping and sampling was completed on the Gilt Edge gold project this month. Some core logging and underground mapping remains to be done. The recently completed surface magnetic map was used to identify the poorly exposed northern rhyolite stock and locate approximately 25 shallow rotary drill holes planned for next month to test for low-grade, open pit gold associated with the northern rhyolite stock's intrusive contact. The holes will vary between 100 and 300 feet deep.

Local city and county officials were given a tour of the property as part of their program to become more acquainted with the status of several nearby gold deposits currently under development in the Deadwood area. As part of Amoco's effort to sell the Gilt Edge deposit, representatives of Freeport Minerals were given a presentation of all relevant data at our Englewood offices.

GILT EDGE (S DAKOTA) PROJECT (D-74-84)

Diamond core drilling on the Gilt Edge project in South Dakota to explore for underground-grade gold associated with the southern rhyolite stock was completed this month. DDH-47 was deepened from 999 feet to 1,202 feet, but remained in unfavorable sanidine rhyolite. Assays received to 990 feet have been negative. The highest values ran 0.074 ounce gold between 520 feet and 540 feet. Thus the first two of three holes drilled have failed to discover underground-grade gold. Details of the deepened portion of DDH-47 are as follows:

Hole	Coordinates	Bearing	Dip	Depth	Results
DDH-47	45,260 N 26,240 E	S10°E	-45°	990-1,202'	Sanidine rhyolite (no assays received)

Assays from the third hole, DDH-48, have been received to 600 feet with negative results, although the favorable gold interval is expected between 1,062 feet and 1,552 feet. The hole did encounter shallow gold mineralization between 150 feet and 200 feet which averaged 0.03 ounce per ton.

Magnetometer surveying of the northern rhyolite stock in the Anchor Hill area has successfully outlined the stock's boundary. Rotary drilling along the stock's contact is scheduled for next month to test for shallow, low-grade gold mineralization.

Amoco Minerals Company

U.S.A. Minerals Exploration
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155
303-740-5638

July 16, 1982

CoCa Mines
Mr. Hugh Matheson
1776 Lincoln
Denver, Colorado 80203

Dear Hugh:

Enclosed is a copy of the Gilt Edge portion of our June monthly report.

Sincerely,

William D. Burton (jrg)

William D. Burton
Regional Geologist

WDB/jrg

Enclosure

GILT EDGE (S DAKOT PROJECT (D-74-84)

Drilling continued on the Gilt Edge project in South Dakota to explore for underground-grade gold associated with the southern rhyolite stock. DDH-46 was completed at 1,630 feet after penetrating favorable looking silicified and pyritized breccia in the upper 600 feet of the hole. Fire assays received from the first 560 feet of the hole show an 80-foot interval between 480 feet and 560 feet that averages 0.115 ounce gold per ton. Assays from the rest of the hole are still pending.

Angle drill hole DDH-47 is drilling ahead at 598 feet to test another area along the north margin of the southern stock. To date the hole has penetrated significant intervals of favorable pyritized crackle breccia, but no assays have been received. Details of the drilling are as follows:

Hole No.	Coordinates	Attitude	Depth	Results
DDH-46	44,950 N 26,340 E	S 62° E -55°	1630 TD	0-30': OB 30-74': PE schist 74-592': breccia, silicified, diss. pyrite 280-410': 0.035 oz.Au *480-560': 0.115 oz.Au

* Fire Assays to 560'

Hole No.	Coordinates	Attitude	Depth	Results
DDH-46 (Continued)				592-639': Sanidine rhyolite por. 639-675': breccia, 5% pyrite 675-994': Sanidine rhyolite por. 994-1461': rhyolite por. 1461-1630': P€ graywacke
DDH-47	45,260 N 26,240 E	S10°E -45°	598' (drilling)	0-30': OB 30-88': trachyte por, 10% py 88-107': breccia 107-598': P€ schist, crackle breccia, pyritized

Geologic mapping is in progress on the northern rhyolite stock area. Some revisions of previously mapped areas have been made to incorporate results of the detailed core logging of holes in and adjacent to the central rhyolite stock. Underground mapping of all old workings in the central stock area has started. Negotiations are in progress to acquire the Crown Point, Blackhawk and Barrett claims at the south margin of the southern stock, and eight claims covering part of the northern stock.

Amoco Minerals Company

U.S.A. Minerals Exploration
7200 South Alton Way
P.O. Box 3986
Englewood, Colorado 80155
303-740-5638

June 9, 1982

Hugh Matheson
Manager of Exploration
Coca Mines
1776 Lincoln
Denver, Colorado 80203

Re: Gilt Edge Joint Venture Project, South Dakota

Dear Mr. Matheson:

The following summarizes our work at the Gilt Edge Property during the month of May:

Drilling began on the Gilt Edge project in South Dakota to explore for underground-grade gold associated with the southern rhyolite stock. Angle drill hole DDH-46 is designed to test the northeast margin of the southern rhyolite stock as a follow-up to the encouraging gold intercept encountered in previously drilled DDH-36. The hole currently is drilling ahead at 961 feet in unfavorable sanadine rhyolite porphyry, but the first 600 feet of the hole penetrated favorable looking silicified, brecciated rock. The hole is planned for 1,100 feet. Drilling details are as follows:

Hole No.	Coordinates	Attitude	Results (no assays)	
DDH-46	744,935 1,126,342	S 52°E -55°	0-30' : 30-74' : 74-592': 592-961':	OB PC schist breccia, silicified, diss. pyrite sanadine rhyolite por.

Detailed relogging of previously drilled core holes continued. Seven claims were staked on the northern rhyolite stock at Anchor Hill because of anomalous geochemical gold results from last year's sampling program. Three other claims were staked to cover fractions in the central rhyolite stock area. A minor overflow spill from our heap leach test ponds occurred during the recent heavy rains. A total of 1.7 grams of cyanide may have been released despite efforts to lower the pond levels by truck tank. State officials were notified, and the truck tank is continuing to empty the lower pond and reduce the upper two ponds.

Sincerely,

William D. Burton
Regional Geologist

WDB/tap

COCA-01-156

MEMORANDUM

DATE: July 29, 1982

TO: File

FROM: H.J. Matheson

SUBJECT: Gilt Edge Visit

On July 28, 1982, the undersigned met with Lou Sickler, geologist and Marshall Eddy, foreman,at the Amoco Galena office, (605) 578-2607, to review the project. Since last September Ron Graichen has been in charge of the project but has been unable to spend time at Gilt Edge during the current field season. Chris Rautman, project geologist, has been at the project about half the time Sickler is a 1981 geology graduate working for Amoco as a temporary employee. Amoco has not taken the time to brief him on their overall strategy.

Holes 46 and 47 are complete and hole 48 was at a depth of 1090 feet with a TD of 1100 feet. Hole 49 has been cancelled. The 4500 feet of drilling in three holes will complete the 1982 program. A soil and magnetic survey grid is being established in the Anchor Hill area and will later be extended across the main stock. No assays have been received to date from the 1982 drilling.

Sickler understands an Amoco landman contacted Coppo in an attempt to obtain the Crown Point claims. Apparently Coppo has leased Crown Point to "Macalester" and states small scale mining will commence this season. A local mining contractor, Morris Hoffman,later in the day explained Coppo almost annually promotes some outsider to finance mining activity.

Hoffman suggests the small scale mining scheme will collapse with the first freeze and Coppo will then commence a search for a new "pigeon".

Considerable exploration activity is apparent in the Black Hills. Anaconda has an extensive reconnaissance program as well as continued geologic work on the Golden Reward. First Mississippi, Homestake and Freeport have geologic crews in the area. Wharf Resources, as reported in a separate memo, have an extensive heap leach program underway at the Annie Creek project.

HJM/sel

MEMORANDUM

DATE: June 1, 1982

TO: File

FROM: H. J. Matheson

SUBJECT: Gilt Edge Review

T. E. Congdon, J. C. Mitchell and the undersigned met with A. G. Humphrey, Manager, Minerals Exploration - USA, William D. Burton, Senior Regional Geologist and Ronald E. Graichen, Senior Geologist, Amoco Minerals Company, 303/740-5620, at their office to review the 1982 budget. In preparation of the 1982 drilling program, the project was remapped with simplified rock-type differentiation. The original 1981 program tested beneath the Dakota Maid Pit for deep mineralization. Drilling indicated the Central Stock is a barren rhyolite with gold occurring only on the periphery. The near surface oxide mineralization in the Dakota Maid-Sunday pit area is thought to be supergene. Exploration along the Southern Stock contact has intercepted reasonable gold mineralization associated with pyrite and fluorite as a crackle breccia filling. The known deep reserve in the Southern Stock area is estimated at 2 million tons in excess of .1 opt Au.

The conflict within Amoco regarding the size of suitable economic targets continues. Humphrey suggests in recent weeks the company has become amenable to searching for "small mine" targets. The minimum now considered economic would be ten years reserve, an annual cash flow of $5 million and DCF ROI of 15%. Humphrey suggests this might require 5 million tons at $50 per ton. In the case of Gilt Edge, Amoco is looking for at least 10 million tons of greater than .1 Au. This will be Amoco's last exploration season if the target is not met. The property would be returned to C & C5 in that event.

Some concern was noted regarding the competency of Miller-Kappes, the metallurgical consultant responsible for the test heap leach. In recent weeks, the Black Hills had a 15.6 inch rainfall, which overflowed a "conservatively constructed" catchment basin below the heap leach pond. Amoco was under the impression Miller-Kappes had neutralized the cyanide remaining from the test heap. To their surprise, the 1,800 gallons which overflowed the catchment basin contained free cyanide at the 60 ppm level. The spill was reported to the State and no adverse repercussions are expected. Nevertheless, Amoco may continue with neutralization techniques in order to better understand the problem.

The presentation and general attitude of the Amoco staff was much more professional than that encountered in prior years. The group was straight-forward and open.

H. J. Matheson

jks

MEMORANDUM

DATE: January 22, 1982

TO: File

cc: TEC
RAR
JCM
LWF
FPC

FROM: H. J. Matheson

SUBJECT: Gilt Edge Project, Lawrence County, S.D. (Au, Ag)

The Gilt Edge Project was reviewed with Cliff Mark, Amoco, on January 22, 1982. The 1982 budget "best estimate" is $750,000 (C&C5 share $150,000). Mark indicates Amoco is taking a more optimistic view towards the property. Assays are yet to come on five 1981 diamond drill holes. The 1981 final report including the approved 1982 budget will be forwarded by March 31.

The ultimate potential of the project is now considered to be 20 million tons in a single open pit at a grade of .04-.05 opt Au. Within the large pit at .03 opt Au cut-off, there is likely 8-10 million tons at .07-.08 Au. The Gilt Edge now compares favorably with the Northumberland Project (21 million tons at .05 Au).

In the 1982 program, Cymet will continue with metallurgy and some environmental permitting will take place.

Computing Associates, Spokane, have completed a "floating cone" reserve estimate utilizing the 1980 drill data with the following results:

Cut-Off Grade	Total Tons	Average Grade	Strip Ratio
.015	15.6	.036	1:1
.02	11	.048	1.5:1
.025	6.5	.052	2:1
.035	3.9	.064	3.8:1

These results compare with a polygon reserve recently completed by Bruce Goddard which suggested a mineable pit at a .016 cut-off would contain 11.7 million tons at .040 opt Au.

H. J. Matheson

HJM/slc

MEMORANDUM

DATE: December 17, 1981

TO: File

FROM: H. J. Matheson

SUBJECT: Gilt Edge Project, Lawrence County, South Dakota (Au)
Conversation with Art Humphrey

Over the past year, the undersigned has discussed the Gilt Edge Project with numerous individuals in the Amoco organization. It has been felt the former Cyprus personnel (particularly Cliff Mark) have been optimistic regarding the eventual development of Gilt Edge, while the Amoco staff have considered it too small a target. In particular, Art Humphrey, Manager-U.S. Minerals Exploration, Amoco, seemed to have a negative attitude. In a telephone conversation December 17, 1981, Humphrey appeared much more optimistic. The Amoco target is 10 million tons grading 0.02 OPT Au and it "still has a chance". The most recent diamond drill hole had 440 feet grading 0.109 OPT Au, between 930 and 1180 feet. This offset to our DDH6 greatly expands the geologic potential to the southeast. Amoco proposed a 1982 budget at $975,000.

H. J. Matheson

HJM/slc

MEMORANDUM

DATE: August 17, 1981

TO: H.J. Matheson, R.A. Rivera, T.E. Congdon, W.C. Lagos, J.C. Mitchell, D.W. Fieldman

FROM: F. P. Crowley

SUBJECT: **Gilt Edge Project - Conversation with Terry Windisch**

I talked with Terry Windisch today in order to get information for filing our 1981 assessment work. She will sent the pertinent data to Bill Lagos.

They are doing surface diamond drilling (the second rig arrives today) testing the heap leach for alternative shut down procedures and agitation tests on other ore samples.

Amoco, with a typical large corporation outlook, desires more tons or better grade in order to continue at Gilt Edge. Their current target is 10 million tons of 0.2 oz Au or better. Deeper underground mining is anticipated and open pit low grade leaching deemphasized.

Terry is trying to delimit an area 700' long, 100' wide and 2000' deep containing 0.2 oz Au. She is not hopeful about the grade standing up. Some of this target has been indicated by diamond drilling. Amoco is now looking at C&C results below 300' depth particularly DDH 6. Results below 300 feet were previously discounted as being below pit level.

Terry indicates that at the end of the year's work, Amoco may 1) continue at a slow pace; 2) mothball project; 3) return to C&C.

Bruce Goddard, formerly of Cyprus/Amoco, is finishing his section of the annual report. The rest of the report is done and should be in our hands soon, with Goddard to follow. The reason for the delay is that Art Hemphries didn't want a report issued (internal reasons?) until Terry pointed out that is was contractually obligated.

Terry also said that the farmers are restless in South Dakota. The legislature is trying to re-write mining and exploration laws. S.D. has a 6% gross tax on minerals which may increase. The archaeologists consider all buildings and all foundations at Gilt Edge to be of historic value and thus can't be touched. Litigation seems to be the only course.

The miners in the Black Hills have started up a new organization to fight the Paha Sapa types and present a united voice before the legislature. I asked her to send us membership data.

Since Cyprus/Amoco may drop this project, we should send someone up there for an annual "hello visit" with an eye towards data recovery, core storage and all the details we might need in order to pick up the ball and run with it when they hand it back. Drilling should continue thru September. Terry would like a couple of days notice to make sure she has her maps available.

FPC:njb

MEMORANDUM

DATE: July 29, 1981

TO: Gilt Edge File cc: TEC
HJM

FROM: R. A. Rivera

SUBJECT: New Developments and Progress on Amoco/Cyprus 1981 Work

In a telephone call to T. Windisch on July 29, 1981, the following information was obtained:

1. Dr. Bruce Goddard has left the employ of Amoco/Cyprus, but will complete the Gilt Edge manual ore-reserve and mine design assignment before leaving.

2. A computer based ore reserve study is also in progress by a contractor (CDC).

3. The drilling program is in progress with the first deep hole almost to target. As of July 28, 1981, this diamond drill hole has reached a depth of 550 ft.

4. Project geologist Terry Windisch advises that she has secured local assaying services from Mr. Hoffman of Strawberry Hill Mining Company. A four hour turn-around has been promised. This assayer will be used for indicative purposes only, definitive assays being obtained from Skyline or some other major assaying company.

5. Terry apologized again for the long delay in producing the report on the 1980 work. (Recall that at our June 23, 1981 meeting, it was indicated that this report would be transmitted within 1 month).

Robert A. Rivera

R. A. Rivera

RAR:lf

cc: TEC
HJM

MEMORANDUM

DATE: January 5, 1981

TO: File

cc: TEC DWF RAR FPC JCM WJC WCL

FROM: Hugh J. Matheson

SUBJECT: Gilt Edge

On December 30, 1980 the Gilt Edge project was reviewed with Cliff Mark, telephone 740-5276. The merger of Amoco Minerals and Cyprus has been completed. The chain of command for the Gilt Edge project is as follows:

Ken Barr, President, Amoco Minerals

Ray Balmer, Executive Vice President

Herm Bauer, Vice President - Exploration

Cliff Mark, Manager, U.S. Exploration

Art Humphreys

Eberhard A. Schmidt, Regional Manager, Spokane

Terry Windisch, Project Geologist, Gilt Edge

Mark now feels that the shuffling of personnel has stablized and one may expect the same players for a year or so. Once a production decision has been made, the project will transfer to Charlie Reno, Vice President New Mines and Development.

Mark was open in discussing the Amoco/Cyprus view of Gilt Edge. In prior years, Cyprus had fixed their investment criteria at $1 million per year net after tax with 14% ROI. During the initial discussions after the merger, Amoco suggested $5 or $6 million per year net after tax would be required for a project to be of interest. Nevertheless, Cyprus presented the Northumberland gold leaching project to the Amoco management in April, 1980 although the feasibility study indicated only $1.5 million per year net after tax. Surprisingly, the Amoco Board of Directors immediately approved the project and expressed pleasure in the gold diversification. Mark indicates the Northumberland and Gilt Edge projects are almost identical in tonnage and grade. Mark believes Amoco Minerals has placed a high priority on the Gilt Edge project.

Terry Windisch has not completed her 1980 report. However, from verbal discussions Mark believes the 1980 field program will not markedly change the reserve data which roughly totals 10 million tons at .05 oz Au/T plus 1 oz Ag/T. Cyprus had hoped to accomplish more metallurgical test work during 1980 but were hampered by the environomental problems.

The exploration division has presented a budget for 1981 and 1982 to management but approval has not been received. The 1981 plan would delineate mineable reserves and complete metallurgical test work sufficient to allow commencement of a final feasibility by January 1982. The final feasibility should be complete late in 1982 allowing commencement of construction by January 1983. The Amoco budget for 1981 requests a C & C 5 participation of $325,000. For 1982, C & C 5 participation will be $100,000.

HJM:car

P-CE-1681

MEMORANDUM

DATE: September 26, 1980

TO: TEC, HM, JCM, FPC, DWF

FROM: Bill Lagos

SUBJECT: Gilt Edge

Received call from Terry Windish of Cypress early this morning. Core drilling progressing. Getting another rig in there so as to complete drilling before the snow flies.

Is about finished with surface work.

Will be installing two gates to keep people out, mostly to prevent people from being hurt in a fall, etc.

Cypress is fencing the high wall area of the Dakota Maid pit.

Terry wants to thank FPC for information she received.

Terry asked about the 1980 assessment work. Informed her that "back-to-back" affidavits for 1979 and 1980 were filed in September of 1979. I advised her that Cliff Mark called me recently on the same subject and I advised him that everything regarding assessment work was handled in 1979. Mark asked that this office handle the filing of the 1981 affidavit. He is sending me the detail of work completed after September 1, 1980 as well as the costs therefor.

MEMORANDUM

DATE: September 17, 1980

TO: File

P-GE-14A0

FROM: Hugh J. Matheson

SUBJECT: **Gilt Edge Project, Deadwood Lead, South Dakota**

J. C. Mitchell and the undersigned visited the Gilt Edge property in Deadwood, South Dakota September 9 & 10, 1980. We were initially escorted through the property by Carl Defilippi, a metallurgical graduate student from the University of Nevada - Reno and Project Manager for the heap leach test now underway on the property. Defilippi is reporting to the Cyprus metallurgical consultant, Dan Kappes, Miller-Kappes Company, P. O. Box 13687, Reno, Nevada 89507, telephone (702) 323-7434.

Samples from metallurgical testing purposes have been taken from numerous locations on the surface and underground. Conventional 24-hour cyanide bottle roll tests have been performed followed by 50# samples irrigated in 5 gal. plastic buckets for ± 6 months (or to extinction). Kappes is said to be experiencing good correlation between large scale heap leach tests and 50# plastic bucket tests. Kappes and Defilippi have performed professional appearing heap leach tests on the ± 1700 ton sample. The heap measures 60' x 70' x 13' on a 70' x 80' pad of double layered Hypolon. The heap leach test ore came from a surface sample 300' east of the Rattlesnake Pit approximately 400' vertically above the Rattlesnake tunnel level. Mine water discharging from the Rattlesnake Tunnel had a pH of 5. High concentrations of NaCN were added directly to the pile without any attempt to reduce the natural acidity of the ore. It is anticipated that the heap leach test program will be completed in approximately 30 days.

The head grade of the heap leach sample was obtained from conventional sampling of air track blast holes and one 50# sample from each two scoops loaded into 13 ton trucks. This equated to a 200# sample for each 13.3 tons. Preliminary assays indicate the head grade to be approximately .03 oz. Au/T + .75 oz. Ag.

Considerable local opposition to the heap leach test program was experienced during the permitting phase of the program. The professional staff of the State Environmental Commission initially turned down the Cyprus application. The Commission members reversed the staff after listening to Dan Kappes testimony. One must anticipate a major environmental fight prior to obtaining full scale production permit. The metallurgical test program appears to be professional and well done. As one might expect,

extra-ordinary safety precautions were taken during the test program. For example, the design criteria for the Catchment basin was 15" rainfall in 24 hours. One may accept a design criteria or that sort in a test program but it would be most onerous for a full scale operation.

Defilippi explained Dan Kappes chose the location of the metallurgical test samples. It would have been much preferable if the geologist had chosen the sample sites based upon rock types, oxidation phenomena, etc. The geological staff should have a much clearer idea of tonage related to specific sample locations. It is surprising Cyprus would consider only a single heap leach test at this stage. One would like to make a large scale test of several different rock types.

The resident Project Geologist is Terry C. Windisch, Cyprus Exploration Company, Spokane. Terry has been alone on the project during the 1980 field season. During the 1979 field season she worked with Peter E. Chapman, Consultanting Geologist, Reno, who initiated the project in 1974. The day prior to our visit, Windisch had received Amoco personnel fromtheir Chicago office. Apparently, the Amoco personnel were highly critical of the program undertaken by Cyprus during the last two years. Our interpetation of Windisch's comments suggest Amoco feels Gilt Edge is much too small a target with probable reserves at approximately 10,000,000 tons grading .05 oz. Au/T at a .02 oz. Au/T cutoff.

During the 1980 field season Cyprus drilled approximately 27 rotary drill holes at depths varying from 110' to 250' and 7 diamond drill holes. The drilling has been confined to the known mineralized zone outlined in the 1979 summary report. Windisch has attempted to complete a 100' x 100' grid thru the known mineralized area. Chip logs are maintained on the rotary holes and conventional one-half split core on diamond drill holes. Unfortunately, Windisch has been alone on the property and no geologic data has been posted to sections. Assay only sections and ore reserves projections have been performed without the benefit of any geologic interpetation. A pure engineering approach has been used by connecting high grade assays from hole to hole and then computing conventional polygons. It is surprising Cyprus has undertaken such a major program and ignored geology. It is felt that Windisch recognizes the short coming of the project but she has simply not been given enough time to complete any geologic interpetation. She would like to relog most of the drill data and post geology to sections during the winter months. If she alone is assigned to the project, one can not expect completion until well into the next field season.

The known mineralized zone will be drilled on a reasonably tight grid by the end of the 1980 season. Sufficient data will be available to perform accurate reserve calculations at varying cut-offs. Hopefully, Cyprus will have a sophisticated calculation performed by a knowledgeable mine valuation group. Windisch and Chapman would not appear to have the necessary background to complete a study of this kind. Upon completion of a reserve study, the concept of selecting higher grade material for custom milling should be pursued. It is understood Homestake currently has excess milling capacity, and may be amenable to treating Gilt Edge ore. Almost certainly this concept would have greater economic viability than heap leaching.

HJM/car

MEMORANDUM

DATE: October 16, 1981

TO: The File

cc: TEC
RAR
WJC

FROM: H. J. Matheson

SUBJECT: Gilt Edge Project Summary Report - 1980 Program - Conversation with Cliff Mark Regarding Project

After reviewing the Gilt Edge Project Summary Report - 1980 Program received September 20, 1981, the undersigned telephoned Cliff Mark to review the project. Bruce Goddard has completed a trial pit based upon a cross-section interpretation. The initial geologic reserve estimate prepared by Goddard indicates 12.5 million tons, grading .052 oz./T Au at .02 oz./T Au cut-off. The initial trial pit, using 45° wall slopes results in 8 million mineable tons at 1.7:1 strip ratio with an average grade of .052 oz./T Au (.02 oz./T Au cut-off). Goddard has not had time to do a second pit, but it is obvious further refinement would increase the mineable reserve. Goddard will be spending the next month preparing a polygon reserve in plan as a check. Earlier this week, Mark received from Computing Associates, Spokane, a geologic reserve of 19.7 million tons, grading .047 oz./T Au, or 14.3 million tons, grading .056 oz./T Au. Mark suggests that this is a reasonable check with Goddard's work. "Computer's are always optimistic!". Neither Goddard or Computing Associates had 1981 drilling information.

The 1981 diamond drill program now has six holes completed with assays returned only on the first two holes. Mineralized zones from AA assays are as follows:

Hole 28	1040-1120 ft.	.152 oz./T Au
"	1240-1260 ft.	.228 oz./T Au
"	1720-1760 ft.	.28 oz./T Au
	Last intercept	.8 oz./T Au
	(Hole has been re-entered and deepened)	
Hole 29	150- 600 ft.	.05 oz./T Au
	1080-1220 ft.	.31 oz./T Au

In the opinion of Cliff Mark, Amoco will continue a 1982 exploration program and is optimistic the project will go to

production. In his opinion, the 1981 program will increase the depth of open-pit reserves to 500-600 feet.

Goddard also prepared a geologic reserve on a .04 Au cut-off and finds the deposit contains 6 million tons at .075 oz./T Au. This would suggest there is an opportunity to develop a small open-pit with mill heads greater than .08 oz./T Au, an ideal "small mine" for CoCa should Amoco back away.

Amoco is now doing agitation cyanidation tests at their Cymet facility, Tucson, Arizona. Later in the fall, this will be compared with heach leap data to finalize a preliminary feasibility study. The results are likely two to three months away.

H. J. Matheson

HJM/slc

MEMORANDUM

TEC

DATE: April 18, 1979

TO: T. E. Congdon, W. J. Carey, J. C. Mitchell

FROM: D. W. Fieldman

SUBJECT: Gilt Edge - Update

The following from a telephone conversation with Pete Chapman, the consulting geologist (Cyprus) on this job.

The 1978 Report is being completed. We should receive a copy the first or second week in May. The ore-reserve now stands at:

Polygonal method:	8.8 million tons at .051 oz Au
Cross-Section method:	10.3 million tons at .050 oz Au

Recent metallurgical work has shown that recovery by heap leaching has been disappointing, with hightly variable results which are not understood. Currently, recoveries appear to be in the 40 to 60% range. The problem does not appear to be solely that the Au is tied to pyrite.

The 1979 program is anticipated to be in the $400,000 range (C&C 20%). It will mainly be devoted to metallurgical work but of a different nature than described in an earlier memo. More lab work and probably no sizeable pad tests.

Pete will advise Cliff Marks of Cyprus of our need to be kept informed.

The acquisition of Cyprus by Standard of Indiana will probably accelerate all of Cyprus' activities including Gilt Edge.

There are several ways the project could go at this point. A very much larger tonnage of lower-grade material seems probable with a resultant change in the scale of the project. Another is an election to mine a higher-grade "gut" of about 2 million tons grading somewhat over .1 oz per ton.

Although the foregoing is not the official report or the finalized program, it might be well to review the available options at this point.

MEMORANDUM

DATE: January 6, 1979

TO: T. E. Congdon, W. J. Carey, J. C. Mitchell, W. C. Lagos

FROM: D. W. Fieldman

SUBJECT: GILT EDGE - CURRENT STATUS

The final 1978 report by Cyprus is scheduled for compilation in late February. The impact of this years' drilling on grade has not yet been calculated. Pete Chapman does not anticipate much change. Rotary drilling in 24 holes totaled 5,580'. The full budget of $100,000 was expended.

In addition to this drilling, three areas were blocked in detail by air-track drilling, one block near the Dakota Mud Pit, 2 blocks in the Sunday pit area. Large samples were taken from these three areas for metallurgical work, heap-leach tests, to be done at the University of Nevada this winter at a cost of approximately $10,000.

If these tests are successful the blocks described above will be mined next summer and large heap-leach tests performed, probably on 2,000 ton batches. The equipment from just completed tests of similar type at Northumberland, Nevada will be moved to Gilt Edge for this purpose.

The direction of further work will thus be governed by the leach tests at the University of Nevada. Chapman expects success because bench scale tests already completed indicate a 60 to 80% Au recovery in mixed oxide-sulphide ores.

Although, Northumberland has a slightly better grade than Gilt Edge crushing size and leach characteristics could leaven that economic difference. The ore bodies are similar in size.

Chapman is sending us a description and schedule of the above described metallurgical program. It should arrive mid-week.

Comparison:	Candelaria	3oz heads, $6 silver, 45% recovery yields $3.10 per ton.
	Gilt Edge	.052 heads, $200 gold, 70% recovery yields $7.28 per ton.

MEMORANDUM

DATE: September 28, 1976

TO: Thomas E. Congdon
William J. Carey
Walter I. Auran
Willaim C. Lagos
Dolf W. Fieldman
George D. Hennessey

FROM: Nilendu S. Mukherjee

SUBJECT: Gilt Edge Project, South Dakota

On my last trip to the Black Hills, South Dakota, I spent the whole day of September 20th and part of the next day visiting the Gilt Edge gold property. Larry McIntosh, the project geologist of the Cyprus Mining Company, was with me on September 20th. He showed me the sites of the holes drilled in the summer of 1976 and explained the results. I examined the cores from a few diamond drill holes. The drilling was completed during the second week of September and the results of all the holes drilled are not yet in. McIntosh is presently busy in interpreting the data and winding up the work on the property for this year.

A total footage of 12,500 feet has been drilled in the summer, 1976. Thirty-nine rotary (down-the-hole hammer) holes account for 10,000 feet of the total. The remainder is in seven diamond drill holes. The holes vary from 250 to 400 feet in depth. They were mostly drilled in the two northeast trending mineralized zones of the Commonwealth ground. Five of them were in the Northwestern ground.

Results obtained so far have not significantly changed the reserve figures (about 10,000,000 tons of .06 oz Au/ton grade open-pitable rocks) of last year. The property in any way, does not appear to be less attractive that it was a year ago. Chances of adding tonnage and improving the grade are good. Among the more significant assays received to date are:

1. 180 feet of about .3 oz Au/ton in a rotary hole about 200 feet southeast of the Sunday pit.

2. 220 feet of .06 oz Au/ton in a diamond drill hole, angled east from about 50 feet west of the Dakota Maid pit.

In a few cases, Cyprus stepped out of the established mineralized zones and drilled to look for new ore bodies. One such attempt was an angled (shallow) diamond drill hole in the rockslide zone, south of the Crown Point claim. It was bottomed at 350 feet. From 320 feet down the cores look mineralized. The assaying is not complete yet. It appears the hole was bottomed prematurely.

McIntosh has filed the affidavit for the seventeen unpatented claims of the Commonwealth parcel. He has staked a few fraction claims to cover the gaps in the Sunday - Dakota Maid area. A survey of the claim boundaries and the drill holes is in progress. A new land map will be made after the survey is completed. Metallurgical test on a composite sample of the Gilt Edge cores is in progress. Cyprus appears to be interested in the patented claims of the Ruby Gulch area, east of the Commonwealth and Northwestern grounds. They are conducting geologic and geochemical evaluation of the area.

MEMORANDUM

DATE: September 23, 1975

TO: T. E. Congdon (1)
W. J. Carey
W. I. Auran (2)

Return to

FROM: D. W. Fieldman

SUBJECT: Gilt Edge - Progress to Date and Possible Decisions

I learned yesterday and informed Tom and Walt that Cyprus is in the process of terminating its entire exploration effort. We do not at this time know what this will mean to our Gilt Edge joint venture.

Attached is Charles Hutchens' August monthly report. In brief, it shows the following:

A zone has been disclosed running northeast and southwest from the Dakota Maid pit. Although it is not possible to calculate a reserve for this 800' x 400' x 200' zone, I estimate that it contains 5 million tons of .05 A_u and approximately 1/3 oz. A_g. The zone cannot be extended very far to the southwest because it is approaching the edge of the favorable rock. Possible extension to the northeast will be on Northwest Metals' ground.

At $135 gold, the reserve appears sub-economic, $6.75 per ton. In my opinion, the viability will depend on a gold price at or over $200/oz.

If we are faced with a decision to hold the property if Cypress drops, this decision will be an economic one. The zone paralleling the Dakota Maid, i.e., the Sunday Pit zone, could contain another 4 million tons. The question put simply is: is a $\pm$ 10 million ton body of .05 gold worth the expenditures required?

Please return Hutchens' report so that Nil and I can do a more detailed analysis of it.

DWF:kcb
Enclosure to TEC only

MEMORANDUM

DATE: November 12, 1974

TO: Thomas E. Congdon, Dolf W. Fieldman, William J. Carey, Walter I. Auran

FROM: Nilendu S. Mukherjee

SUBJECT: Gilt Edge, South Dakota

At the request of Chuck Hutchens of Cyprus Exploration Company, I visited the Gilt Edge property during the last week. The main objective of the visit was to exchange ideas on the geology of the property while beating up Gilt Edge rocks with Hutchens. We walked over Anchor Hill, Eureka, Dakota Maid, Union Hill, Sunday Pit and Crown Point grounds. In the field I helped Hutchens to identify the important lithologic and structural features related to the gold mineralization in the property. We reviewed the past drilling and recent work by Cyprus and also discussed the future drilling on the property.

Cyprus has done some rock sampling on both Commonwealth and Northwestern grounds of the property. Assay values of .03 to .09 oz/ton Au on the walls of the Dakota Maid pit and other locations and the results of our drilling have led Cyprus to consider the Gilt Edge property to be a low-grade gold target with potential for about 10,000,000 tons of .05 to .07 0z/ton Au grade ores at shallow depth. They are planning to spend about $100,000 in a closely spaced rotary drilling program which is scheduled to commence next spring. The holes are expected to be 300 to 500 feet deep. The drilling is supposed to start in the vicinity of the Dakota Maid pit and spread out from there. Hutchens indicated the possibility using concore drill over the ground covered by tailings. Cyprus also plans to conduct some structural study before the drilling begins.

The Cyprus drilling program appears to be designed to explore the areas bounded by our holes 2, 3, 6, 7, 10 and 11 and in the vicinities of the Dakota Maid and Sunday pits. Our drilling coverage for these areas was on 200 to 700 feet spacings. It indicated the possibility of the occurrence of 3 to 7 million tons of .05 to .08 oz/ton Au in the vicinity of the holes 2, 3 and 6 at the depths of 100 to 600 feet. It is also apparent that the mineralization shallows to the north and east of holes 3 and 6.

The grounds supposed to be drilled by Cyprus are to the north and northeast of the area of possible reserves indicated by our drilling. They have not been effectively tested yet. Chances of finding about 10,000,000 tons of .05 to .07 oz/ton Au at shallow depths in these grounds are good for a closely spaced (100 to 200 feet) drill program. However, some of these grounds (especially the area to the north of the Dakota Maid pit) lie in the Northwestern terrane which have already been leased out to Hieb. Cyprus' interest in this ground still persists. SP

Since our share in the drilling will amount to $20,000 only, I recommend that we go ahead with the participation. Though the risk is high, this amount is very little in comparison to our share of the reward for a successful venture. We should also keep our channel open for a possible negotiation with Northwestern.

NSM:jr

D. W. Fieldman
Gold Run Inn
Lead, So. Dak 57754
May 27, 1968

Thomas E. Congdon
520 Patterson Bldg.
Denver, Colo 80202

Memo; Progress report - Gilt Edge - May 17 → May 25, 1968

DDH 6E-2 was spudded on the evening of May 17 approximately 18 ft north of its staked location. This change was necessary because the mud pit was dug for a tripod set-up instead of a truck mount rig.

Surface casing was set at 4.5 ft and 3 3/4 inch rotary was used to 16 ft. Coring commenced at 16' but circulation was lost & the hole reamed & 3 inch casing set to 32 ft. As of Saturday night (midnight) we were at a depth of 386 ft. Maintaining circulation was difficult and we had to cement three different intervals. This expense was deemed worthwhile as we could maintain NX gauge without resort to blind drilling & the attendant risk of losing the drill string and the hole.

The character of this hole is much different than in 6E-1. In 6E-2 we have a rather clean oxide-sulphide break between 55 and 75 ft. The latite was moderately crackled to 230' and brecciated from 230 to the trachyte contact at 357'.

Pyrite mineralization was intense from 80' to present depth. Chalcopyrite is generally weak with a few moderate zones. Chalcocite, peacock & covellite coatings are abundant and appear thicker than in Hole 1. If not thicker

COCA-01-172

they are assuredly more extensive. This does not imply ore grade - although it is possible if the gold & silver pickup.

Logging & core splitting were completed to 330 ft by Saturday noon and 68 samples shipped to Tucson via Continental Trailways. These samples represent approx 25% of the core.

Nilendu arrived on Sunday as planned and school has begun again. I feel like an old bearded professor and wish I were. It's easier than thinking.

It has rained hard every day but one since I arrived back. Therefore, it has not been possible to spot the drill sites & do the necessary cat work. Arrangements of this sort are beyond Nilendu at this point.

If it appears that the hole will be completed near the beginning of next week & the drill sites & other cat work is completed I will drive back with Nilendu. However, it appears that the more likely thing is that the hole will be bottomed at the end of next week. If so I will return this weekend - say hello to my family - and try to spend a day with Un Candide before returning here while the hole is bottoming & Nilendu is commencing.

We are having a difficult time finding a place for him to live. Is he to be allowed any ~~cat~~ expense for his temporary move?

I have not pinned down Fred Borsch on a price for his property but he will want plenty for a small acreage. He gave me a reasonably clear picture of the land situation. Last Friday Homestake offered him a one year 5% net lease with an option for a ten year 10% lease. Borsch refused - he wants cash - so it might be easy to make a deal with them. Old John Aye died & his son controls considerable acreage across the creek from Homestake & he also wants to sell out. There might be a chance to put together a big parcel but it would be risky.

Hope that Joe got his big send off and that you all had a good time.

Best regards

Dolf

Tonight - Monday - we are at 425' - had to cement again. From 405 to 425 chalcopyrite & chalcocite coatings combined are increasing and things are jollier but not assured.