ELKHORN DISTRICT

Jefferson County, Montana

Presented as part of an exploration package by Coronado Mining Corporation. The prospect is located on the west side of the old Elkhorn District in Sections 10, 11, 14, 15, 22, and 23, T.6N., R.3W., about 33 miles northeast of Butte and 22 miles south of Helena.

A report by Pete Kirwin describes a granodiorite porphyry stock approximately 2 miles long by 3000 feet wide occurring at the east edge of the Boulder batholith. The stock cust Cambrian sediments and contains 1% to 10% limonite after sulphides. A zone of contact metamorphism in sedimentary rock adjacent to the contact contains weak chalcopyrite, pyrrhotite, and magnetite. Induced polarization surveys indicate anomalous sulphide mineralization over an area several miles long in a northerly direction and several thousand feet wide.

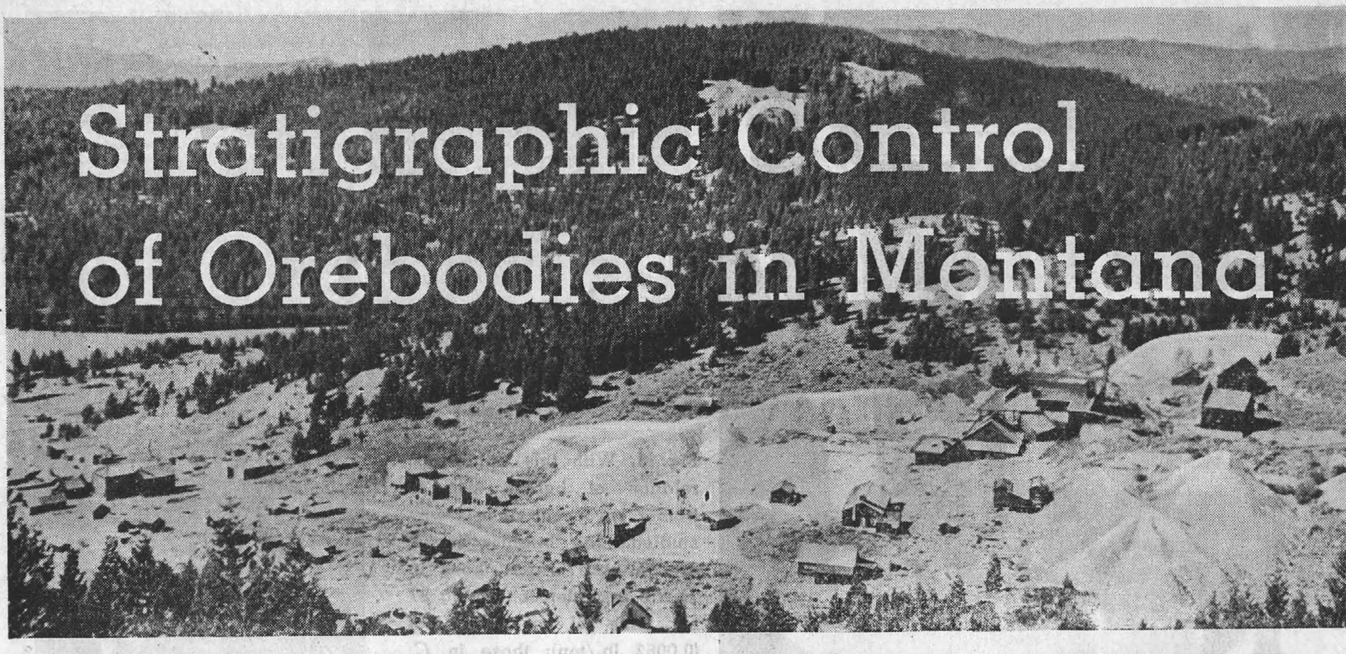
Merit of any specific target must be evaluated on the ground, but the general features suggest the chance for either copper-bearing tactites or porphyry copper mineralization.

For reference see USGS Professional Paper 292.

J.K. Jones

March 10, 1972

JKJ:td



Stratigraphic Control of Orebodies in Montana

EUGENE S. PERRY, Professor of Geology, Montana School of Mines, Butte, Mont.

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Exploration Program Proposal

CORONADO MINING CORPORATION

EXPLORATION PROGRAM PROPOSAL

January 13, 1972

OBJECTIVES

The major objective of this program is to find, within a three year period of time, a large copper and/or molybdenum deposit which can be mined utilizing bulk surface or underground methods, and from which metals can be produced at a cost within the lower 75% of projected ranges of world competitive production costs.

A secondary objective will be to find deposits of gold and silver amenable to open pit mining methods, or of sufficient grade and tonnage to permit an underground operation at satisfactorily competitive production costs and satisfactory return on investment.

Deposits of metals other than copper, molybdenum, gold and silver, for example, zinc, will be considered if they offer potential of relatively large tonnage and very competitive production costs.

GEOGRAPHICAL AREA OF OPERATIONS

Exploration activities will be limited to the United States.

TARGET GENERATION

In order to raise the odds in favor of discovery to a more reasonable level, initial efforts will be concentrated on deposits or targets presently known to have merit. In addition, as an on-going program, certain districts which have known potential will be evaluated. Property submittals will be considered at all times for further evaluation, but work on drilling targets already delimited on properties already held by Coronado will receive primary emphasis.

Consideration may be given to operating properties which have unrealized potential and which may be available for acquisition. Three such operations are known to us at this time. Two are very modest operations; however, one is a large operation of considerable interest.

Three undeveloped deposits with probable and proven tonnages of modest size are known to us. They could cenceivably be put into operation. Two of them are in the 30 million ton category and the third is in the 1 million range. All are owned by major companies who consider them to be too small to be of mining interest to them. Two of the properties are now being offered for joint venture or purchase. We have been assured of consideration on these properties if we can demonstrate the financial backing to handle them. In regard to these properties, time is of the essence.

Coronado has five properties under option at this time. Two are small and are being groomed to be put into production in the near future and will not be part of the joint venture portfolio. These two properties are the Franklin Mine in Montana, which is a high grade lead/silver operation, and the Sinbad Property in southern Utah, which is a small uranium property.

We have an exceptional target available to us adjacent to an operating pit, if we can come up with sufficient financial backing to satisfy the owner that we can carry the property's evaluation to the development stage should the findings warrant it. This opportunity will not be available long.

PROPOSED BUDGET

	$500,000 Amount	$500,000 Percentage	$750,000 Amount	$750,000 Percentage	$1,000,000 Amount	$1,000,000 Percentage
I. Direct Exploration Expenses						
A. Technical Staff						
Senior Geologist (3 @ $25,000)	$75,000		$75,000		$75,000	
Project Geologist (2 @ $15,000)	30,000		30,000		30,000	
Geophysicist (1 @ $18,000)	18,000		18,000		18,000	
Additional Project Geologist (1 @ $15,000)			15,000		15,000	
Technician (1 @ $10,000)			10,000		10,000	
Additional Project Geologist (1 @ $15,000)					15,000	
	$123,000	24.6%	$148,000	19.7%	$163,000	16.3%
B. Drilling, Sampling (Both Assay and Geochemical), Assaying, Geochemical Assaying, Geophysics, Legal, Option Payments (Pre-Project Designation Payments), Claim Staking, Claim Perfection, Travel (Vehicle, Air), Meals and Lodging	$292,000	58.4%	$499,500	66.6%	$717,000	71.7%

	$500,000		$750,000		$1,000,000	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
II. <u>Service and Overhead Estimate</u>						
Actual Cost	$75,000	@ 15%	$87,500	@ 12.5%	$100,000	@ 10%
Supervisor of Program, time of Officers of Company and Other Senior Staff Carried on our own Budget but not Assigned Full Time to the Program - Up to $20,000 on a Time Audit Basis	10,000		15,000		20,000	
	$500,000		$750,000		$1,000,000	

FINANCIAL COMMITMENT

The minimum program commitment is $500,000 annually for three years.

This represents the basic target generation and definition budget which will cover claim staking, geophysics, geochemistry, option payments, initial drilling, professional salaries, legal, travel, and office expenses.

The method of accounting and charging for overhead (office expenses) is being studied by our tax advisors, Arthur Andersen and Company, and recommendations are to be made by the participants.

The figure in the budget for the activity of our officers and other Coronado staff not specifically assigned to this project permits Coronado to assign staff from time to time on a limited basis. Our officers and unassigned senior staff will devote such time as is necessary to this project to insure its success.

Specific project AFE's (Applications for Expenditures) will be submitted from time to time when initial drilling of targets indicates sufficient potential to warrant major drilling expenditure.

CORONADO'S RESPONSIBILITY

The draft of the Joint Venture Agreement and attached Operating Agreement should be read for full details of operating structures.

Coronado will have operating responsibility within the guidelines which are set forth in the Agreements. It will be the responsibility of Coronado to:

1. Devise and execute exploration programs;
2. Evaluate potential mining targets;
3. Evaluate mines for acquisition;
4. Seek out joint venture and profitable investment opportunities;
5. Prepare and submit to the board of control evaluation programs with budgets for funding consideration by the participants;
6. Prepare and disseminate to the partners monthly and quarterly progress reports;
7. Maintain complete and detailed financial records and prepare monthly and quarterly financial reports as required in the agreement;
8. Acquire properties through staking, options to purchase, leases, joint venture agreements, etc., on terms as favorable as it is possible to obtain for the project.
9. All other business of the project.

When sufficient work has been done on a property to demonstrate that it has potential for an ore body, an AFE will be prepared and presented to the board. The AFE will be composed of a technical analysis of the prospect along with a recommended program for a more definitive appraisal. Each participant will then have a period of time to consider the particular target and to decide whether it meets their particular investment requirements. If the decision is affirmative, they then inform Coronado and the other participants of their decision. It is highly desirable that the decision period be kept brief.

No participant will be required to spend such additional funds involved prior to its next budget submittal period. This provision is subject to modification by vote of the participants in any individual situation to allow for special circumstances.

If any participant should elect not to participate in a particular program, their percentage will be made available to the other participants on a prorated basis. Once a participant has participated in an initial AFE on a project, his investment in that particular project should he elect not to participate in subsequent phases, is protected on a percentage basis as it relates to the capital required to put the property into production or carry it to an evaluation position where it is eventually sold or entered into a joint venture.

If all participants elect not to proceed with a particular project, then all right, title and interest in the project is vested in Coronado which then has the exclusive right to treat the property as it sees fit. If evaluation has proceeded through one or more AFE's, the above-mentioned investment protection will prevail. However, this point notwithstanding, Coronado will have the exclusive right to continue the property evaluation through to production or sale by whatever means it deems necessary, but with the proviso that no additional project funds will be used for these purposes.

Coronado would have no authority to pledge the credit of the participants or any one of them.

Except as required by law, neither Coronado nor any participant will release information on a project to the public without the express consent of the other participants in the particular projects.

The individual participants are free to prospect and acquire claims on their own behalf as long as such claims are not within a distance of five miles of the exterior boundary of property already held by Coronado or acquired by Coronado in the future for this program, unless of course the individual participant's ownership in these claims predates the joint venture property acquisition. This provision is binding upon each participant, its parent, subsidiary, or associate.

Each participant has the right to inspect and examine, at its own expense and risk, any records or data acquired by the program and to visit any property under investigation.

All operations will be carried out in compliance with all applicable state and federal statutes and regulations. Coronado will carry, and require its contractors to carry, all normally required forms of insurance for conducting such operations and will furnish the participants with copies of the policies if they so desire. The insurance costs to Coronado mentioned in this paragraph will be a cost of the program.

If any participant or Coronado decides to sell its interest in any of the projects, it will notify the other participants in writing of its intention and will extend the right of first refusal to purchase its interest first to the participants as a whole and then to the individual participants. In the event the offering participant does not receive written notice within 30 calendar days of the other participants' intention to acquire the interest, it will have the right to dispose of its interest without further notice to the other participants. The project manager upon being notified of any such intent to sell will immediately inform all remaining participants as to the details of such intent to sell. They will also send along with such information a written form upon which each participant can indicate its preference as to the action of the participants a as a whole. In the event the remaining participants as a whole decline to purchase, a second form will be sent out indicating individual preference as to purchase. If more than one participant indicates a willingness to purchase, then the interest will be divided among those so responding.

LEGAL ENTITY AND INTERESTS

The contributing parties will be a joint venture and form a partnership for tax purposes. Coronado Mining Corporation, hereinafter called Coronado, will manage the exploration program for the contributing parties.

If the sums committed to a project are less than the submitted AFE, the committed parties have the right to seek other participants to aid in the completion of the AFE objectives. The contributing parties' interests will then be changed to reflect the new situation.

Each party shall have an economic interest in the properties mined and reserve the right separately to take in kind or dispose of its respective share of any products produced or extracted from such properties. The operator or joint venturer shall not sell services or the products produced or extracted, although each party may, from time to time, delegate authority to sell its share of any products produced or extracted for the time being for its account for the period or time required by the minimum needs of the industry involved, but in no event, shall any single such delegation be for a period of more than one year.

The terminology in this section describing Coronado's carried interest is subject to review by Coronado's accountants.

Coronado Mining Corporation will own a carried interest in production from each property. The carried interest will be an undivided 5% interest in "Net Operating Income" until the backers receive 150% of their invested funds from "Net Operating Income," a 10% interest until they receive 20% of their invested funds from the "Net Operating Income," and then 15% interest during the life of the mine.

"Net Operating Income" is defined, for the purpose of this Agreement, as being the revenues received from the sale of ores, concentrates, precipitates, or other products from the property or properties being mined, less only the following costs:

1. Royalties payable by the joint venture to the party or parties from whom the property or properties being mined were obtained;
2. Costs of transporting the product or products of the mining operation to the point of delivery to the buyer of the product or products, if such transportation costs are to be paid by the joint venture;
3. Mining costs, but not costs of advance stripping, underground development or development drilling except as noted in (4.) below;
4. That portion, and only that portion, of costs of advance stripping, underground development, and development drilling incurred after commencement of normal mine production, and directly applicable to the ore mined and processed

during the quarter for which "Net Operating Income" is being computed;

5. Metallurgical treatment costs including costs of concentration, beneficiation, roasting, leaching, precipitation, smelting, refining, and electrowinning except such of these costs as may have been deducted in computation of revenues.
6. Indirect expenses such as general mine office expense, safety and welfare;
7. Selling expenses;
8. State taxes other than income tax;
9. That portion, and only that portion, of exploration costs incurred after commencement of normal mine production directly applicable to the ore mined and processed during the quarter for which "Net Operating Income" is being computed;
10. Depreciation of mining equipment and plant facilities purchased by the joint venture after commencement of normal mine production and used in production of saleable products from the property or properties being mined.

General or administrative expenses of offices of the joint venturers will not be deducted from revenues to determine "Net Operating Income".

Depreciation referred to in (10.) above will be computed on a units-of-production or straight-line basis, and not by any accelerated method such as the declining balance method or sum-of-the years digits method.

For the purpose of this Agreement, for each property "Total Cash Expenditure" is defined as the sum of all expenditures for exploration and development of the property before commencement of mining and milling of ore, less those expenditures for exploration and development made by Coronado Mining Corporation prior to the date of the signing of this Agreement

For the purpose of this Agreement the definition of "Property" is the definition for purposes of computing the depletion allowance under the 1954 Internal Revenue Code as amended by the Revenue Act of 1964.

TIME REQUIREMENT

Deposits that had a strong surface expression are the mines of today. Deposits with moderate surface expression are the current developing mines. Deposits with weak to practically non-existent surface expression are the newly announced discoveries of today and are the type that we must search for, at least in the better explored areas. Therefore, in order to assure a reasonable chance of success for the project, adequate search time must be allowed.

We do feel that a three- to five-year commitment is essential. Therefore, we propose an initial three-year commitment with a two-year renewal option. This will permit time for sustained district evaluations, reasonable project time, and most importantly, will eliminate the waste that is usually brought on by hasty decisions made in short-term crash programs.

Our program is to be undertaken by highly competent professional personnel of proven ability. We are, therefore, interested only in being associated with parties equally serious and committed to finding a mine. Those sophisticated in the search for large deposits are aware that a long-term commitment is necessary to succeed.

STAFF

The success of any exploration program is directly related to the competence of its professional staff. Given equal training and aggressiveness in people, competence level is directly related to the actual experience an individual has had.

The Coronado staff are all practicing field geologists with wide experience in mining exploration. Most of them are the former senior staff members of the United States Holt-McPhar organization. All have been in high level exploration management positions with major companies but chose to leave these jobs because they were convinced that their abilities would lead to higher payoff by spending their time in the field.

Each senior geological staff member will function as an explorationist in every sense of the word. Virtually all of the evaluations will be done by them personally. In addition, should one or more leave the program for any reason, the program can still function under strong management leadership.

The planned salary levels are competitive within the industry for the capabilities attained by the staff and, in fact, are lower than previous positions held.

Profitability Analysis

PROFITABILITY ANALYSIS

OPEN PIT COPPER MINES

Coronado Mining Corporation

H. J. Winters, Jr.
November 1971

This analysis is intended to present a reasonable picture of the profitability of open pit copper mines. It is based on capital and operating cost data from currently operating mines including Silver Bell, Mission, Pima, Twin Buttes, Sierrita, Mineral Park, Esperanza, Tyrone, and the Lavender Pit.

Since the cost data used is the result of "averaging out" data on a number of open pits, no particular mine could be found with the exact outlays used. The estimates are representative of a number of operations and should be good estimates for the purposes of this study.

Three hypothetical projects have been analyzed. The three are: a 10,000 tpd operation based on 50,000,000 tons of 0.75% copper ore; a 40,000 tpd operation based on 200,000,000 tons of 0.75% copper ore; a 80,000 tpd operation based on 400,000,000 tons of 0.65% copper ore. A molybdenum byproduct has been assumed in each case.

I have assumed uniform annual income in this analysis although generally this is not the case. Supergene enrichment of many porphyry copper deposits makes possible the mining of higher grade ore in the first few years of operation than the average grade of the deposit. Presence of enrichment would mean higher cash flow in early years. When the deposit has not been enriched, the grade mined will tend to be more uniform and the present analysis will be more representative.

Again for the purpose of being able to use the uniform annual income assumption, I have used straight line depreciation of the investment in plant and equipment although accelerated depreciation could be taken. To the extent that accelerated depreciation would not cut into the percentage depletion allowance, the treatment in this analysis understates the cash flow of early years.

In this analysis preproduction stripping has been capitalized and amortized over the life of the mine. In fact this expense is deductible by taxpayers in the year incurred. This is a benefit to taxpayers who have income from other sources against which the deduction can be taken.

Exploration expenses, which might amount to $1 million to as much as $3 or $4 million on a porphyry copper deposit minable by surface methods, are also deductible in the year incurred. They are, however, subject to recapture in the event the property goes into production.

It goes without saying that any investment credit made available under the income tax regulations would help and any surcharge on the tax bill would hurt.

Note that no cost has been levied against the operation for "Houston office expense". The purpose of this analysis was to draw a reasonable picture of the economics of the mining operation itself.

PRODUCTION FACTORS

Ore Production Rate

	10,000 tpd	40,000 tpd	80,000 tpd
ore reserves	50,000,000	200,000,000	400,000,000
milling days per year	360	360	360
life of mine	13.8 years	13.8 years	13.8 years
stripping ratio*	2.5 to 1	2.5 to 1	2.5 to 1
grade of ore			
copper	0.75%	0.75%	0.65%
molybdenum	0.015%	0.015%	0.015%
recoveries			
copper, mine to wirebar	87%	87%	85%
molybdenum, in concentrate	50%	50%	50%

* Excludes preproduction stripping

REQUIRED CAPITAL INVESTMENT

1. 10,000 TPD Operation

A four-year preproduction interval was used. The time pattern of capital outlays was estimated as follows:

Year 1	$1.5 million	drilling, roads, underground sampling, etc.
Year 2	$5.0 million	drilling, underground sampling, pilot plant, water development, engineering and design
Year 3	$19.3 million	mining equipment, mine shops, offices, stripping, concentrator, power, etc.
Year 4	$15.6 million	stripping, concentrator, contingency

At the beginning of production an additional $1.5 million in working capital would be required.

Preproduction stripping of 25 million tons of overburden was used in the estimate.

Outlays for various items were: $6.5 million for drilling, underground sampling, roads, water exploration metallurgical testing, and engineering and design; $25 million for concentrator, mining equipment, shops, and power; $6.25 million for stripping and a $3.6 million contingency.

2. 40,000 TPD Operation

The following time pattern of outlays was estimated:

Year 1	$3.0 million	drilling, roads, ug work, etc.
Year 2	$5.0 million	finish sampling, metallurgical test work, begin engineering and design
Year 3	$32.1 million	mining equipment, shops, offices, stripping, power, complete concentrator design
Year 4	$42.0 million	stripping, concentrator, water, tailings pond
Year 5	$42.0 million	stripping, concentrator, tailings pond, contingency

At the beginning of production an additional $5.0 million working capital would be required.

Preproduction stripping of 50 million tons of waste was assumed.

Outlays for various items were: $11.1 million for drilling, underground sampling, roads, engineering and design, water exploration, pilot plant, etc.; $89.0 million for concentrator and related facilities, mining equipment, shops, offices, power, etc.; $11.0 million for preproduction stripping; and a contingency amount of $13.0 million.

3. 80,000 TPD Operation

The following time pattern of outlays was estimated:

Year 1	\$3.6 million	drilling, underground sampling, etc.
Year 2	\$6.9 million	drilling, etc., and engineering and design
Year 3	\$45.9 million	complete engineering and design, mining equipment, shops, etc., begin stripping
Year 4	\$70.0 million	stripping, concentrator and related facilities
Year 5	\$60.0 million	stripping, concentrator, etc., contingency

At the beginning of production an additional \$9.0 million in working capital would be required.

Preproduction stripping of 100 million tons of waste was assumed.

Outlays for various items were: \$14.4 million for drilling, underground sampling, roads, engineering and design, water, pilot plant, etc.; \$135.0 million for concentrator, mining equipment, shops, offices, tailings pond, power, etc.; \$20.0 million for preproduction stripping; and a \$17.0 million contingency amount.

OPERATING COSTS

stripping ratio 2.5 to 1

Ore Production Rate

	10,000 tpd	40,000 tpd	80,000 tpd
mining cost	$0.88/ton ore	$0.77/ton ore	$0.70/ton ore
milling cost*	1.15	0.95	0.85
general expense	0.35	0.35	0.30
total operating cost	$2.38	$2.07	$1.85

* Includes cost of producing molybdenite concentrate.

YEARLY OPERATING INCOME

CASE 1

Copper Price	$0.50/lb
Molybdenum Price	$1.50/lb contained in molybdenite concentrate
Smelting, Refining, Pollution Control, Freight	$0.11/lb Cu

	Ore Production Rate		
	10,000 tpd	40,000 tpd	80,000 tpd
copper sales	$ 23,490,000	$ 93,960,000	$159,120,000
smelting, refining, etc.	- 5,167,800	-20,671,000	-35,006,000
gross income from copper	18,322,200	73,289,000	124,114,000
molybdenum sales	+ 810,000	+ 3,240,000	+ 6,480,000
total gross income	19,132,200	76,529,000	130,594,000
operating costs*	- 8,568,000	-29,808,000	-53,280,000
operating income	$ 10,564,200	$ 46,721,000	$ 77,314,000

* Does not include depreciation, depletion, or amortization of preproduction stripping.

YEARLY OPERATING INCOME

CASE 2

Copper Price	$ .45/lb
Molybdenum Price	$1.50/lb contained in molybdenite concentrate
Smelting, Refining, Pollution Control, Freight	$0.11/lb copper

Ore Production Rate

	10,000 tpd	40,000 tpd	80,000 tpd
copper sales	$21,141,000	$84,564,000	$143,208,000
smelting, refining, etc.	-5,167,000	-20,671,000	-35,006,000
gross income from copper	15,974,000	63,893,000	108,202,000
molybdenum sales	+ 810,000	+3,240,000	+6,480,000
total gross income	16,784,000	67,133,000	114,682,000
operating costs*	-8,568,000	-29,808,000	-53,280,000
operating income	8,216,000	37,325,000	61,402,000

* Does not include depreciation, depletion, or amortization of preproduction stripping.

CASH FLOW

TREATING THE OPERATION AS A TAXPAYER

CASE 1

Copper Price $0.50/lb

	Ore Production Rate		
	10,000 tpd	40,000 tpd	80,000 tpd
operating income	$10,564,000	$46,721,000	$77,314,000
amortization of pre-production stripping	- 453,000	- 797,000	-1,449,000
depreciation	-2,547,000	-8,196,000	-12,058,000
net before depletion	7,564,000	37,728,000	63,807,000
depletion	-2,927,000	-11,706,000	-20,042,000
taxable income	4,637,000	26,022,000	43,765,000
income tax	-2,319,000	-13,011,000	-21,883,000
tax on preference item	58,000	-0-	-0-
after tax income	2,260,000	13,011,000	21,882,000
depreciation depletion, amortization	+5,927,000	+20,699,000	+33,549,000
cash flow	$8,187,000	$33,710,000	$55,431,000

CASH FLOW

TREATING THE OPERATION AS A TAXPAYER

CASE 2

Copper Price $0.45/lb

	Ore Production Rate		
	10,000 tpd	40,000 tpd	80,000 tpd
operating income	$8,216,000	$37,325,000	$58,162,000
amortization of pre-production stripping	- 453,000	- 797,000	-1,449,000
depreciation	-2,547,000	-8,196,000	-12,058,000
net before depletion	5,216,000	28,332,000	44,655,000
depletion	-2,574,000	-10,297,000	-17,656,000
taxable income	2,652,000	18,035,000	26,999,000
income tax	-1,321,000	-9,018,000	-13,500,000
tax on preference item	122,000	125,000	413,000
after tax income	1,199,000	8,892,000	13,086,000
depreciation, depletion amortization	+5,574,000	+19,290,000	+31,163,000
cash flow	$6,773,000	$28,182,000	$44,249,000

POST STARTUP CAPITAL ADDITIONS

Any mining operation will require outlays on new plant and equipment (depreciable assets) during its life. Such outlays might be for new trucks, extension of a belt conveyor, or any of a host of other items. Of course to the extent that replacements of equipment components can be written off as maintenance, e.g. tire replacement, they are included in the operating cost estimates, but expenditures for replacement trucks, etc. must be deducted from the cash flows in the years in which made and corresponding upward adjustments made in depreciation deductions.

It is most difficult to even estimate what level of expenditures will be required. It is probably not unreasonable to assume that they might average $250,000 to $400,000 per year at the 10,000 tpd operation, $800,000 to $1,000,000 at the 40,000 tpd operation, and $1,800,000 to $2,000,000 at the 80,000 tpd operation. Of course, these outlays will not be even from year to year. Assuming any startup problems do not require large equipment changes, and that no immediate expansions are undertaken, these outlays should be low the first few years of production and peak in years corresponding to the end of useful life of major pieces of equipment.

CORONADO MINING CORPORATION

Property Descriptions

Property Descriptions

PREFACE

The properties presented here are known to varying degrees, but with few exceptions, they are familiar at first hand to the writer of the summary report. In the case of the exceptions, information has been obtained from respected professionals who are well known to the report writer.

Availability at any point in time of all but a few of the properties will be uncertain, depending upon the timing of an inquiry or the status of Coronado's negotiations. In some instances it is known that others have broached deals to owners.

In regard to the budgets, it must be recognized that they have been based on varyingly detailed data. In any event no firm figures can be calculated until final field review is accomplished. Therefore, even though they are expressed as ranges they are subject to change, hopefully though not to major degree. Also the figures do not include normal reconnaissance category costs which should be relegated to general overhead. Omitted besides are any expenses owing to lease-option agreement terms. Every attempt will be made to secure properties for as long a free period as is possible.