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DOC. NO. 13

THIS AGREEMENT, made as of this 25th day of March, 1971, between CONTINENTAL COPPER, INC., an Arizona corporation, hereinafter referred to as "Copper", and AMERICAN SMELTING AND REFINING COMPANY, a New Jersey corporation, hereinafter referred to as "Asarco".

WITNESSETH

In consideration of the mutual covenants hereinafter exchanged, and the sum of Ten Dollars ($10.00) paid by Asarco to Copper, receipt of which is hereby acknowledged, the parties agree as follows:

1. Description of Property.

Copper is the holder of a Purchase Agreement dated October 1, 1969, with CanUS, Ltd., a Colorado Limited Partnership, covering 348 unpatented lode mining claims in the Pioneer Mining District, Pinal County, Arizona. Said Purchase Agreement is attached hereto as Exhibit "A-1", and by reference made a part hereof. CanUS quitclaimed to Copper the interest of CanUS in such group of claims as modified and augmented, by Deed dated March 5, 1971, a copy of which is attached as Exhibit "A-2" and by reference made a part hereof.

The above described claims, together with any improvements thereon, and all timber and water rights, privileges, easements, rights, and appurtenances pertaining thereto or connected therewith or owned, held or used by Copper in connection therewith, are hereinafter referred to as the "Property" or the "Demised Premises".

If Asarco, without obligation to do so, should determine, in its sole judgment, that any of the mining claims forming part of the Property, should be relocated or that locations should be amended, or that fractions exist between any of such claims, it may relocate or amend location of such claims and locate any such fractions, all in the name of

Copper and prepare and file in behalf of Copper such notices and certificates as may be required or proper in the premises. All such mining claims which have been relocated, or the location of which has been amended and all such fractional mining claims, shall constitute part of the Property hereunder.

2. Possession of Property.

During the term of this agreement, Copper grants to Asarco and Asarco shall have sole and exclusive possession and control of the Property, and the right to examine, explore, sample, test, develop, work, mine, operate and use the Property and remove therefrom the ores and minerals therein and belonging thereto, and to treat, mill, smelt, refine, ship, sell or otherwise dispose of the same and receive the full proceeds therefrom; and to erect, construct, maintain, use and operate thereon and therein buildings, structures, machinery and equipment.

3. Exploration Period.

Asarco agrees to spend at least $75,000.00 on the Property during the first year of this agreement, in such exploration work as it may deem desirable in its own judgment. Such work may include geological, geochemical and geophysical work, drilling and other forms of physical prospecting, necessary surveying and the expenses of all assessment work required under this agreement.

Beginning with the second year of this agreement, and continuing thereafter until Asarco decides to equip the Property for production, as hereinafter provided, or until it gives notice that it intends to terminate this agreement, whichever event occurs first, Asarco shall similarly

spend for exploration work on the Property, $50,000.00 each year. Any sums expended in any one year in excess of the amount required to be expended in that year shall apply upon and be credited toward the amount to be expended in subsequent years.

Once Asarco has given notice that it intends to equip the Property for production, its obligations to expend such yearly amounts shall cease.

Asarco may terminate this agreement at any time during the exploration period by notice to Copper, and in case of such termination Asarco shall have no further obligation or liability hereunder except for such already accrued to date of termination. In the event of such a termination at a time other than an anniversary of this agreement, the required expenditure for exploration work for the year of termination shall be prorated in determining Asarco's obligation therefor hereunder.

4. Assessment Work.

Beginning with the date hereof and thereafter during the term of this agreement, Asarco shall be obligated to perform and record within the time required by law, the assessment work on the mining claims required to keep the Property in good standing. Asarco may exclude from this agreement any one or more of the mining claims comprising the Property on giving notice to Copper. In case of any such exclusion or in case of termination of the entire agreement, if the assessment year for any mining claims affected thereby expires within two months from the date of such exclusion or termination, Asarco shall be obligated to perform and record the assessment work pertaining to such claims and this obligation shall survive any such exclusion or termination.

5. Transfer of Work and Operation, Records, Reports, Inspection, etc.

Asarco shall do all its exploration development and mining of the Property in a minerlike manner and shall conform to the Federal and State applicable mining laws and regulations.

During the term hereof Asarco shall pay all property taxes assessed against the Property and against any personal property thereon, and the obligation for payment of such taxes shall be prorated between Copper and Asarco if they cover a period before the date hereof, or a period after the termination of this agreement.

Asarco shall keep the Property free of liens for work performed upon the Property for it or materials furnished to it for use on the Property.

Asarco shall keep proper records showing details of all expenditures in respect of work on the Property, which shall include all expenses attributable to examination, exploration, development and equipment of the Property including mobilization, demobilization and travel costs for equipment and personnel and prorated salaries of geologists and engineers for time devoted to the work on the Property, but shall not include any charges for office overhead or general administration. Designated representatives of Copper may inspect such records at all reasonable times.

Asarco will report to Copper quarterly, the results of its examination and exploration work, including logs of drill holes, and the monies expended, and if the Property is developed and equipped for operation, the progress and results of such development, equipment and

operation, and the monies spent and received.

Accredited representatives of Copper shall, for the purpose of inspection, have free access to the Property and the workings thereon, to the financial, mining and metallurgical records of the Property, drill core and all maps pertaining thereto, but such inspection shall not interfere with Asarco's operations and all such entries on the Property shall be at the sole risk of Copper and such representatives, and Copper shall indemnify Asarco against any claim, liability, damage or expense, including attorneys' fees, by reason of injury (including death) of Copper's said representatives or Copper's guests on the Property or the approaches thereto.

6. Conveyance of Property.

At any time after the beginning of the exploration period, upon Asarco's written request to Copper, the latter shall execute and deliver to Asarco, in form approved by Asarco and suitable for recording, a proper instrument of conveyance, conveying the Property to Asarco, and shall deliver such evidences of title and certificates of work as it may have and which Asarco may request.

If this agreement should be terminated after such conveyance of the Property to Asarco, it shall upon such termination reconvey to Copper all its interest in the Property.

7. Use of Adjacent Properties.

Asarco shall have the right to remove ores, waste, water and other materials from the demised premises and to carry on general mining operations pertaining to the demised premises by means of shafts and

workings on other properties controlled by Asarco and to remove ores, waste, water and other materials from such other properties and to carry on general mining operations pertaining to such other properties on the surface of or through shafts and workings on the demised premises, but until weighed and sampled, all ores extracted and removed from the demised premises shall be kept separate from ores extracted and removed from any other properties.

8. Vertical Boundary Planes.

In consideration of the mutual benefits to be received by Copper and Asarco and by other claim owners in the district from whom Asarco has obtained or shall hereafter obtain leases or agreements, Copper and Asarco hereby agree with each other and with all other claim owners in the district from whom Asarco now has or shall hereafter obtain leases or other agreements containing this or a similar provision, that any and all ores and minerals within the surface boundaries extended downward vertically of any claim so held under lease and agreements by Asarco, or now or hereafter owned by Asarco, shall belong to such claim and none other, and Asarco shall be required to account only to the owner of such claim for ores mined and removed by it therefrom. As to all other claims or property adjoining or adjacent to the demised premises this agreement is intended to and does hereby grant to Asarco, subject to the terms hereof, the full rights of possession and enjoyment in and to the demised premises and all ore and minerals therein and appurtenant thereto and all extralateral rights as provided by law.

9. Equipment and Operation of Property.

At any time during the exploration period Asarco may give notice to Copper that it intends to put the Property in commercial production. In case of such notice the exploration period shall come to an end, and Asarco shall proceed with due diligence with the development and equipment of the Property to a producing stage on a basis of such tonnage capacity as is deemed proper in Asarco's sole judgment, and shall advance all funds required therefor, and after the Property has been placed on a producing basis Asarco shall advance all required working capital and be solely responsible for all costs in the operation of the Property, and shall operate the Property at such level of production as in its sole judgment it deems proper. Asarco may suspend or curtail operation of the Property during periods when the products derived therefrom cannot be sold and produced at a profit or when such products cannot readily be sold at prevailing prices so that an unreasonable inventory would otherwise accumulate.

In equipping the Property for operation, Asarco may determine in its sole judgment the location of any buildings, structures, machinery and equipment and whether the same shall be located outside the limits of the Property, and may acquire other land by purchase, lease or otherwise for such purposes.

Upon, or at any time after the giving of such notice, Asarco may defer or interrupt its work of developing and equipping the Property for operation, but without the consent of Copper, the total of such period or periods of deferment shall not exceed a cumulative total of five years.

10. Reimbursement to Asarco from First Net Proceeds and Subsequent Division of Net Proceeds.

After the Property has been put in commercial production, Asarco shall retain all of the net proceeds (as hereinafter defined) realized from the Property until the amounts so retained shall equal Asarco's total advances and expenditures in excess of $500,000.00 in examining, exploring, developing and equipping the Property and all matters connected therewith, all expenditures to the date of beginning operations (as hereinafter defined) which would be allowable as operating expenses (as hereinafter defined) if they had been made after the date of beginning operations, and advances for initial working capital, plus an amount equivalent to a simple interest charge at the rate of 1% over the prime interest rate in effect in New York City on the date notice was given that Asarco intended to put the Property into production, calculated on the average of the net outstanding balances of the foregoing at the beginning and end of each calendar quarter.

After Asarco has been fully reimbursed out of net proceeds as aforesaid, the net proceeds thereafter derived from the Property shall be divided quarterly as follows: Asarco shall retain eighty per-cent thereof and shall pay Copper twenty per-cent thereof.

11. Additional Interest.

Copper shall have, and is hereby given and granted, the right to participate in the net proceeds up to an additional 20% on the following terms and conditions:

If Asarco should determine that a commercial ore body or ore bodies have been found on the Property, it shall so notify Copper and submit a program in writing under which it intends to proceed to place the

Property on a producing basis, that is to say, on a scale commensurate in the opinion of Asarco with tonnage of ore indicated as a result of the work on the Property. Such written program shall set out the amount and nature of the work to be performed in order to do so and the estimated cost thereof. Copper shall within Ninety (90) days following receipt of such proposed program, notify Asarco in writing of Copper's election to acquire an additional percentage of the net proceeds, and if it does so elect, what additional percentage, not exceeding 20%. If Copper fails to give such notice within such period, it shall have no further right to such additional acquisition. If Copper elects to acquire such additional percentage, it shall thereupon reimburse Asarco such proportion of Asarco's expenditures to that time over $500,000.00 and contribute towards all expenditures thereafter, up to the date of beginning of operations, the same percentage thereof as the additional percentage of net proceeds it elects to acquire, but excluding any contribution by Copper towards working capital. Until Asarco shall have been reimbursed for its expenses, plus interest, as aforesaid, the net proceeds shall be divided - - to Copper, a percentage thereof equal to its additional percentage it has elected to acquire, and to Asarco, the remainder. After Asarco shall have been reimbursed as aforesaid, the net proceeds shall be divided - - to Copper, twenty per-cent plus its said additional percentage, and to Asarco, the remainder. All operating expenses after the date of beginning of operations shall be the responsibility and obligation of Asarco.

For example, if Copper elects to participate in an additional 10% of the net proceeds, it shall reimburse Asarco for 10% of all its previous expenditures on the Property over $500,000.00 and advance 10% of all expenditures (except working capital) from that time forward. When net proceeds are obtained, they shall be divided 90% to Asarco and 10% to Copper until Asarco

shall have been fully reimbursed, and thereafter 70% to Asarco and 30% to Copper.

12. Definitions for Accounting Purposes:

(A) Date of Beginning Operations.

The term "date of beginning operations" shall mean the time when the production of ores or concentrates for sale on a commercial basis has begun.

(B) Net Proceeds.

Net proceeds shall be determined by deducting from the gross proceeds received from the sale of ores, concentrates and other products of the Property and any miscellaneous revenues therefrom, all operating expenses as hereinafter defined. Any excess of operating expenses over gross proceeds shall be carried forward and be a charge against net proceeds thereafter derived.

(C) Operating Expenses.

There shall be included in operating expenses of the Property all costs, obligations, liabilities and expenses of whatsoever nature which are incurred or become payable by Asarco after the date of beginning operations in connection with or for the benefit of the development, improvement, maintenance and operation of the Property and the products thereof, both during periods of operation and during periods when the Property may be shut down, including but not limited to all expenditures for capital assets (as distinguished from expense items) and all expenses and deductions from income allowable (but with discretion in Asarco in what accounting periods the same shall be chargeable) for income tax purposes under the Internal Revenue Code but excluding: (a) depletion and depreciation; and (b) all taxes based on profits other than any government royalties and/or mining taxes based on profits; and without limiting the generality of the foregoing, operation

expenses shall also include the following:

(1) The actual cost of Asarco's traveling auditor's audit about once a year;

(2) All royalties payable to any third parties.

(3) A charge of five ($0.05) cents per dry short ton of ore milled for Asarco's routine general administration service and expenses, and except for the foregoing there shall not be included in operating expenses any charge by Asarco for routine general administration services, that is to say, for management above that of the resident superintendent or manager of the Property, but Asarco may include in operating expenses any item of cost outside the usual course of such general administration, as, e.g., engineering expenses other than routine.

(4) Asarco need procure only such insurance on the Property and such liability insurance as in its sole judgment it shall deem adequate, and the cost of all insurance premiums and all expenditures and liability by reason of losses and damages not covered by insurance shall be included as operating expenses.

(5) It is contemplated by the parties hereto that an orebody may exist which will occur both on the Property covered by this agreement and on property owned by Asarco. If such a situation should prove to exist, the parties agree to negotiate an equitable proration of expenses, and if they cannot come to an agreement, to submit the matter to arbitration, as provided in Article 17 hereof.

13. Marketing of Products.

All mineral products of the Property shall be marketed at the best terms obtainable from any responsible smelter or refinery with due regard to freight differentials, and if such ores or concentrates or other products

shall be treated at a smelter or refinery of Asarco, the smelter or refinery schedules used for determining the net smelter returns (which shall be deemed the gross proceeds hereunder less any transportation expense) shall not be less favorable to the Property than the schedules under which products of like character and in similar quantities are purchased at the time from other shippers by such Asarco smelter or refinery.

14. Force Majeure.

If Asarco shall be prevented or delayed from performing any of the obligations on its part to be performed hereunder by reason of act of nature, strike or threat of strike, fire, flood, interruption or delay in transportation, war, insurrection or mob violence, requirement or regulation of government, unavoidable casualties, shortage of labor, equipment or material, plant breakdown or any disabling cause, without regard to the foregoing enumeration, beyond the control of Asarco or which cannot be overcome by the means normally employed in performance and at comparable expense, then and in such event any such failure to perform shall not be deemed a breach of this agreement but performance of the aforesaid obligations shall be suspended during such period of disability and all rights of Asarco and the time for performance of such obligations shall be extended for a period equal to the period or periods of disability. Asarco agrees to use reasonable diligence to remove such causes of disability as may occur from time to time, but shall not be required to settle strikes or other labor difficulties contrary to its own judgment.

15. Voluntary Termination by Asarco.

At any time after Asarco has given notice to Copper of its intention to proceed to place the Property on a commercial producing basis, Asarco shall have the right to terminate this agreement and to relinquish and surrender the Property to Copper by giving notice to that effect not less than Ninety (90) days prior to the date upon which it desires to so terminate. Upon such termination Asarco shall be relieved of all further obligations or liabilities hereunder except for payments, obligations and liabilities already accrued to the date of termination and the obligations on its part to be performed upon termination, as herein provided.

16. Termination for Breach.

The failure of Asarco to keep or perform any obligations on its part to be kept or performed according to the terms and provisions hereof shall, at the election of Copper constitute a breach of this agreement, unless such default be cured as hereinafter provided. In the event of any such default and such election of Copper, it shall first give Asarco notice of its intention to declare such breach of this agreement and to terminate the same on account thereof, specifying the particular default or defaults relied upon by it. Asarco shall have a reasonable time (which in any case shall not be less than Ninety (90) days) after receipt of such notice in which to cure such specified default or defaults, and if such default or defaults are cured, there shall be no breach hereunder with respect to such default or defaults. No waiver of and no failure on the part of Copper to give notice of a

default or defaults shall affect any subsequent default or impair its rights resulting therefrom. If Asarco should dispute that a default has occurred, it shall so advise Copper and the question shall be determined by arbitration as hereinafter provided. If the decision of the arbitrators shall be that Asarco was in default, then it shall have the reasonable time aforesaid after said decision within which to cure the default or defaults before Copper may terminate this agreement in the manner aforesaid, and if such default or defaults be cured, there shall be no breach hereunder with respect to the same. In the event Copper terminates this agreement on account of breach by Asarco, Asarco shall be under no further obligation or liability hereunder to Copper from and after the date of such termination except for the performance of obligations and the satisfaction of liabilities to third parties or respecting the Property, which have accrued to the date of such termination, the satisfaction of liabilities to Copper under the terms of Articles 10 and 11 hereof which have accrued to the date of such termination, and the performance of its obligations to Copper upon termination of this agreement as provided in Article 18 hereof.

17. Arbitration.

In case of any dispute or difference between the parties, the same shall be submitted to and determined and settled by arbitration which shall be conducted by and under the rules of the American Arbitration Association, except as the same may be modified herein. Arbitration shall take place in New York City, New York. There shall be three arbitrators, all of whom shall be disinterested persons of experience

in the mining business or if no mining question is involved then persons having technical competence relative to the point in dispute, and who are not and never have been associated directly or indirectly with either party to the dispute. The decision of the arbitrators or any two of them in writing shall be binding upon the parties. Said arbitrators shall, after hearing the parties and any evidence that they may submit, make up their award and reduce the same to writing, and deliver one copy thereof to each of the parties hereto. The arbitrators shall retain jurisdiction to determine whether a default has been cured. The expense of the arbitrators shall be paid accordingly as the arbitrators shall decide in their award. The terms of this Article shall continue to apply in the event of termination of this agreement for any cause, if any dispute or difference arise in connection therewith and the ensuing liquidation, and shall govern the settlement of every such dispute or difference.

18. Liquidation on Termination.

Upon termination of this agreement for any cause, Asarco shall surrender peaceable possession of the Property to Copper, and if the Property shall have been theretofore conveyed to Asarco, the latter shall reconvey the same to Copper in appropriate form as aforesaid.

If such termination shall occur before the Property is placed upon a basis of commercial production, Asarco shall have the right to remove from the Property all equipment, materials and supplies placed thereon by it, subject however, to the rights of Copper to purchase

(a) any one or more of the units of removable equipment, the basis of the purchase price to be the delivered cost to Asarco of the said equipment erected or placed on the Property, less ten per-cent (10%) per year for depreciation, and (b) all or any part of such materials and supplies on the basis of the delivered cost at the Property thereof to Asarco; said delivered costs to include any erection and installation costs.

If such termination shall occur after the Property shall have been placed upon a basis of commercial production, but before Asarco shall have been fully reimbursed as aforesaid for its advances and expenditures hereunder, then any cash available in excess of that required to pay outstanding obligations incurred in connection with, or claims against the operation of the Property and which are chargeable as operating expenses hereunder, shall be applied to so reimburse Asarco, and Asarco shall have the further right to remove from the Property equipment, materials and supplies of a fair market value not exceeding the amount required for such reimbursement, subject, however, to the right of Copper to purchase any of such equipment, materials and supplies at the then fair market value thereof. If, however, Asarco shall have been previously so fully reimbursed, or shall be so fully reimbursed through the application of available cash or property as hereinabove provided, then the amount of any remaining assets not required for the payment of obligations or claims shall be divided between Asarco and Copper in the same proportion as their division of net proceeds, and for that purpose the equipment, materials and supplies remaining on the

Property shall be sold or otherwise disposed of by Asarco on the basis of the best terms available.

Asarco shall not, after a termination, remove mine timbers, mine tracks, ties and pipelines in place on the Property, the title to which shall be vested upon such termination in Copper.

All ores or products derived therefrom on the Property at time of termination shall be sold by Asarco and the net proceeds accounted for in the usual manner. Any broken ore in stopes or mine workings shall be left on the Property and shall belong to Copper.

19. Representations, Warranties and Covenants.

Copper represents and warrants that the Purchase Agreement annexed hereto as Exhibit A-1, is a valid existing contract between the parties named therein and that neither of the parties thereto is in default. Copper warrants and covenants that it shall perform all of its obligations under paragraph 8 and 10 of said Purchase Agreement and that Asarco will have no responsibility thereunder.

20. Notices.

All notices hereunder shall be in writing and may be given by registered mail. Such notice shall be conclusively deemed delivered and given two days after the posting thereof. The notice shall be addressed as follows:

Continental Copper, Inc.
P. O. Box 190
Grand Junction, Colorado 81501

American Smelting and Refining Company
Attn: Exploration Department
120 Broadway
New York, New York 10005

and

American Smelting and Refining Company
Attn: Exploration Department
P. O. Box 5747
Tucson, Arizona 85703

Either party may give notice to the other at any time and from time to time of any other address and/or addresses different from or additional to the above to which all notices thereafter given to such party shall be addressed.

21. Term.

The term of this agreement is ninety-nine years from the date hereof, subject to earlier termination as herein provided and subject to any further limitation by reason of law which may be applicable at the situs of the Property.

22. Article Headings.

The titles of the respective Articles hereof shall not be deemed a part of this agreement in the interpretation thereof, but shall be regarded as used for convenience only.

IN WITNESS WHEREOF, the parties have executed these presents as of the day and year first above written.

CONTINENTAL COPPER, INC.

Attest: _____ Secretary

By: _____ President

AMERICAN SMELTING AND REFINING COMPANY

Attest: _____ Asst. Secretary

By: _____ Vice President

STATE OF Illinois)
) SS
COUNTY OF Cook)

On this the 11th day of March, 1971, before me, the undersigned officer, personally appeared Gerald Gidwitz who acknowledged himself to be the President of CONTINENTAL COPPER, INC., an Arizona corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Ruth Baron
Notary Public

My Commission expires: July 9, 1972

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

On this the 25th day of March, 1971, before me, the undersigned officer, personally appeared F. L. Iverson who acknowledged himself to be the Vice President of AMERICAN SMELTING AND REFINING COMPANY, a New Jersey corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Anna L. McDonough
Notary Public

My Commission expires: 3/30/71

EXHIBIT A-1

MARGARET

PURCHASE AGREEMENT

THIS AGREEMENT, dated as of October 1, 1969, among:

CanUS, Ltd.
a Colorado Limited Partnership
c/o Kirby C. Coryell
5140 East Burns Street
Tucson, Arizona 85711
602-325-2075 (Tucson)
303-244-8116 (Denver)

(hereinafter called "CanUS");

Continental Copper, Inc.
an Arizona Corporation
Post Office Box 190
Grand Junction, Colorado 81501
303-243-2100 (Grand Junction)
602-623-0265 (Tucson)

(hereinafter called "Copper"); and

Continental Materials Corporation
a Delaware Corporation
1510 North Kostner Avenue
Chicago, Illinois 60651
312-292-2140

(hereinafter called "Continental");

W I T N E S S E T H:

1. Sale and Purchase. CanUS hereby sells and assigns to Copper (subject to the royalty hereinafter described, retained by CanUS) and Copper hereby purchases and accepts from CanUS (subject to such royalty) those unpatented lode mining claims in Pinal County, Arizona (which, together with such additional property as may be added from

time to time and less such claims as may be surrendered from time to time, are hereinafter called the "Premises"), described in Appendix A. CanUS will execute and deliver to (or at the direction of) Copper assignments and such other transfer documents without warranty of title in such form as Copper may reasonably request.

2. Royalty--Lands Included--Copper. Copper shall pay to CanUS a royalty (as hereinafter described) in respect of the Premises. The Premises shall include all property which Copper or any affiliate of Copper shall ever hold within one mile of the perimeter of the claims listed in Appendix A. The term "affiliate of Copper" means an entity, directly or indirectly controlling, controlled by or under common control with Copper, and the term "control" means the possession, direct or indirect, of the power to direct management and policies.

3. Royalty--Lands Included--CanUS. CanUS represents that neither CanUS nor any general partner of CanUS holds any property or interest in property located within one mile of the perimeter of the claims listed in Appendix A. During the term of this Agreement, if CanUS or any general partner of CanUS acquires (on behalf of itself or others) any property or interest within one mile of the perimeter of the claims listed in Appendix A, it shall acquire such property or interest on behalf of Copper, and such property or interest shall be included within the terms of this Agreement and as part of the Premises, subject to payment of royalty.

4. Royalty. All precipitates and other products derived from leach material from the Premises and all ore (or concentrates or other products derived from such ore) mined and shipped from the Premises shall be delivered to a smelter for smelting or otherwise disposed of as Copper may determine. The royalty on all precipitates and other leach material products and ore (or concentrates or other products derived from such ore) shall be the amounts set forth below, and shall be based upon the net smelter returns or net sales as defined hereafter, provided, however, when all payments total $20,000,000.00 no further royalty payments will be made.

5. Royalty, Net Smelter Returns and Net Sales. Royalty, net smelter returns and net sales shall be determined as follows:

(a) In the case of precipitates and other leach material products and ore (or concentrates or other products derived therefrom) sold by Copper to a custom smelter, the royalty shall be three per cent (3%) of net smelter returns. The term "net smelter returns" as used herein shall mean the total returns from the smelter less charges for railroad or other transportation from the point of loading in railroad cars or trucks at the mill or mine to the smelter, and all charges by the smelter, including but not limited to smelting, refining, selling and transportation charges. Any smelter owned or controlled by Copper or any one or more of its affiliates (the term "affiliate" being defined in Paragraph 2 above) shall be deemed not to be a custom smelter for the purposes of this Agreement.

(b) In the case of precipitates and other leach material products and ore (or concentrates or other products derived therefrom) smelted at a Copper smelter, the royalty shall be three per cent (3%) of net smelter returns. The net smelter returns shall be computed and determined in accordance with usual custom smelting practices the same as if sold to such smelter by a third party, but such net smelter returns shall be not less than would have been realized by Copper if Copper had sold such precipitates or other leach material products or ore (or concentrates or other products derived therefrom) to that custom smelter which would have taken them and would have paid to Copper the highest net smelter returns therefor.

(c) In the case of precipitates and other leach material products and ore (or concentrates or other products derived therefrom) not sold by Copper to a custom smelter and not smelted at a Copper smelter, the term "net sales" shall mean the net price received by Copper from a sale, less all applicable charges, direct or indirect, for sales tax, sales commission, and costs of delivery to the buyer (including transportation, handling, and insurance).

(i) In the case of ore (or concentrates or other products derived therefrom, including cement copper and flotation or other concentrates) the royalty shall be three per cent (3%) of net sales.

(ii) In the case of all other products, including precipitates, electrolytic copper, and other leach material products, the royalty shall be two and one half per cent (2-1/2%) of net sales.

In no event shall the royalty payable pursuant to subparagraph (i) or (ii) above be less than three per cent (3%) of net smelter returns which would have been realized by Copper if Copper had sold such precipitates, electrolytic copper, or other leach material products or ore (or concentrates or other products derived therefrom) to that custom smelter which would have taken them and would have paid to Copper the highest net smelter returns therefor. The amount of such net smelter returns may be determined by a bona fide quotation from such custom smelter.

(d) The amount of net smelter returns and the amount of net sales shall be determined by Lybrand, Ross Bros. & Montgomery or such other firm of independent certified public accountants who regularly audit the books of Copper, applying generally accepted accounting principles.

All determinations required in the calculation of the royalty provided for herein shall be subject to audit or review by CanUS or by its agents, employees or representatives.

6. Inspection; Reports; Leaching. Copper hereby grants permission to CanUS or its agents, employees or representatives at all reasonable times to enter and inspect the Premises, any smelter plant or

any other place under the control of Copper where mineral-bearing materials from the Premises may be located for the purposes of sampling, testing or observing the progress or extent of operations. Copper will use its best efforts to secure permission for CanUS or its agents, employees or representatives at all reasonable times to enter and inspect any custom or other smelter plant or any other place not under the control of Copper where mineral-bearing materials from the Premises may be located for the purpose of sampling, testing or observing the progress or extent of operations. Copper shall afford CanUS every facility at all times for the inspection and copying of all books, assay journals, assay certificates, accounts, statements and papers insofar as they relate to the general status of operations, and to the payment of amounts to be paid CanUS hereunder, and both prior and subsequent to commencement of development operations Copper from time to time upon request from CanUS shall make available for inspection or copying all then existing information of Copper relating to geologic, engineering and geophysical data in the most detailed form recorded by Copper and summarized by Copper, surveys, maps and drill logs relating to the mining properties, and full, true and accurate information not heretofore furnished with regard to smelting and treating operations. Copper, promptly following the close of each calendar year, upon request from CanUS shall make available for inspection or copying, all then existing information of Copper relating to work done on the mining property during the year, including maps which will show the workings and openings made during such year, and to the respective classifications, locations and approximate quantities of all waste and leach material removed from the mining properties and dumped or deposited on other lands during such year, any report which shows the accumulated

quantities of all ıch waste and leach material d ɔed or deposited on and removed from other lands, and any report which shows whether any such material is reclassified or relocated. Copper will perform all leaching in a workmanlike manner. Copper shall not leach mineral bearing material in place within the mining properties (as distinguished from the leaching of mineral bearing material mined and deposited in leach dumps, piles, or vats) if such in-place leaching would cause economic detriment to the Premises disproportionate to the economic benefits resulting from such in-place leaching. The undertakings of Copper set forth in this paragraph shall be binding upon and performed by all successors of Copper.

7. Time of Payment of Royalties. Royalties shall be paid on a calendar-quarter basis in respect of amounts received by Copper during such calendar quarter; such payment shall be made not later than thirty days after the end of the calendar quarter. At the time of making royalty payment, Copper shall furnish CanUS with a statement showing the amount of such royalties and the manner in which determined, and shall make available for inspection or copying all data used in making such determination as shall be reasonably requested by CanUS for the purpose of verifying the determination. If CanUS disagrees with the amount of any monthly royalty payment, within fifteen (15) calendar months of receipt thereof CanUS shall give Copper notice specifying the alleged error. If CanUS fails to give such notice within such fifteen (15) calendar months, the settlement shall be final and CanUS shall thereafter be barred from disputing any such monthly payment.

8. Continental Shares. Copper will promptly deliver (or cause to be delivered) to CanUS (or at the direction of CanUS to one or more partners of CanUS) five thousand (5,000) shares of Continental Materials

Corporation common stock. During the remaining term of this Agreement Copper will so deliver (or cause to be delivered) an additional 5,000 Continental shares promptly at March 1, 1972, another 5,000 additional shares promptly at March 1, 1973, and another 5,000 additional shares promptly at March 1, 1974 (which, together with the initial 5,000 shares, equals 20,000 Continental shares) but Copper shall not be obligated to make or cause delivery to CanUS of additional shares due after any such date if on or before any such date Copper has transferred all claims and interest in the Premises to CanUS. Upon delivery all such Continental shares will be validly issued, fully paid and non-assessable, listed on any stock exchange on which Continental shares may be listed, and with respect to such shares Continental shall have complied with all applicable laws of and the rules and regulations of any agency of, Delaware, any other state having jurisdiction, and of the United States, and the rules and regulations of any stock exchange on which Continental shares may be listed.

(a) In the event Continental's issued and outstanding shares shall be increased or decreased by reason of any stock dividend, reorganization or reclassification, or by reason of any other subdividing or combining of such shares, the number of shares remaining to be issued hereunder shall be appropriately and automatically adjusted by increasing or decreasing the number of said shares, as the case may be, so that the shares remaining to be issued to CanUS shall be the same percentage of Continental's common stock issued and outstanding immediately after said action as immediately prior thereto. The shares to be issued shall

be adjusted from time to time if required by the foregoing provisions, and the adjusted number of shares shall serve as the basis for succeeding adjustments.

(b) If by reason of a merger, consolidation or reorganization stock of Continental shall be converted into shares of another corporation, for all such purposes hereunder such shares after conversion shall be considered equivalent to the number of shares of Continental which were so converted into such shares and shall be subject to adjustment as required by the two foregoing sentences as fully as if such were Continental shares.

9. Investment Representation. CanUS hereby represents that it is acquiring the Continental shares to be delivered hereunder for investment and not with a present view to sale or other distribution, and CanUS will deliver to Continental an Investment Representation letter, substantially in the form attached as Appendix B, with respect to each block of such shares, from CanUS and from each partner of CanUS receiving any of such shares. Each certificate representing any of such shares will bear a legend as set forth in Appendix B. Upon receipt of an opinion of counsel from any one of the following law firms of Denver, Colorado:

Davis, Graham & Stubbs
Dawson, Nagel, Sherman & Howard
Holland & Hart

to the effect that neither the sale nor the proposed transfer results in a violation of the Securites Act of 1933, as amended, Continental will authorize its transfer agent to complete the transfer pursuant to any sale or transfer which is the subject of such opinion of counsel.

10. Registration. From time to time Continental will notify CanUS of any and all registration statements it may intend to file with the Securities and Exchange Commission prior to March 1, 1976, and upon request by CanUS will include any Continental shares delivered or to be delivered hereunder in any such registration statement and in filings under the so-called Blue Sky laws where the issue is to be sold. CanUS will pay such incidental expenses as are caused by the addition of its shares to the registration. CanUS will cooperate with Continental in respect to such registration, furnishing appropriate information, customary cross-indemnifications, agreements to comply with prospectus delivery requirements and anti-manipulation rules, and other customary covenants.

11. Completion of Location. CanUS will complete putting up all corner monuments, location monuments and end monuments on all claims included in the Premises. Copper will complete such validation drilling or other timely location work as may be necessary with respect to such claims. CanUS agrees to cooperate in perfecting title to the claims conveyed, including amending notices of location, relocating claims and locating fractional claims.

12. Assessment and Other Work. Copper will expend or will cause to be expended the amount of annual labor required by law with respect to each unpatented mining claim included in the Premises on

September 1 of each year, and will file affidavits stating that such work was performed. Copper shall perform all operations on the Premises in compliance with applicable laws and regulations and in good and workmanlike manner and as is usual and customary in the skillful and proper mining and processing operations of a similar character and safeguard and maintain the mining properties in compliance with all applicable laws and regulations, including the fencing of open cuts, pits and shafts and capping or plugging of drill holes.

13. Surrender. Copper may transfer to CanUS at any time any one or more claims, free and clear of liens and encumbrances, included in the Premises, terminating any further obligation by Copper to pay royalty in respect of such transferred claims or to perform annual labor on such transferred claims. Copper may transfer to CanUS at any time all remaining claims, free and clear of liens and encumbrances, included in the Premises, terminating all further obligations by Copper, including the obligation to transfer any Continental shares (beyond the first 5,000 shares) not then due. Current annual labor obligations will be fulfilled with respect to any claims transferred by Copper to CanUS between June 1 and September 1 of any year. In addition to the information provided to be made available upon request in Paragraph 6, Copper in connection with any claims transferred to CanUS, upon request shall make available for removal by CanUS any existing sub-surface samples, cores or cuttings or other material retained which was taken

from any claim returned to CanUS. Upon surrender Copper shall have the right within ninety days thereafter to remove any and all improvements, machinery, equipment, tools and supplies constructed, installed and placed by Copper upon the mining properties, but it shall not have the right to remove or impair mine rails, ties, air lines or any supports or timbers placed in the mine necessary to the maintenance of shafts, tunnels or adits.

14. Validity of Claims. CanUS represents that neither it nor any of its partners has any knowledge of any present conflicting interest in respect to the Premises except (a) claims entitled the Tim 1 and 2 (Section 11, Township 1 South, Range 13 East) which all parties agree shall have precedence over claims filed hereunder, and (b) possible overlapping of claims forming the perimeter of the Premises on other claims or on patented ground. CanUS will furnish to Copper notarized statements from two witnesses with respect to each claim included in the Premises not staked in company with Copper employees to the effect that such witnesses examined the ground comprising the claims and saw no indications of staking or of annual labor performed more recently than 1965. CanUS warrants that (1) the Premises consist of two groups of claims (divided by United States Highway 60-70) and to the best of its knowledge the claims within each group are contiguous for the purposes of annual labor required by law, and (2) CanUS knows of no liens and emcumbrances on said claims.

15. Lesser Interest. If CanUS owns less than the entire locatable interest in unpatented ground embraced by the claims listed in Appendix A on pages 1 through 6 and on page 7 through claim #330 Amended,* on page 7 claim #69E, and on page 8 commencing with claim #131E (hereinafter referred to as "such ground") the number of Continental shares included in each block to be delivered to CanUS and $20,000,000.00 maximum royalty payment shall be reduced to the same proportion as the locatable interest of CanUS in such ground bears to the entire locatable interest, provided, however, the foregoing shall not apply to the extent that CanUS's interest is reduced by the matters referred to in Clauses (a) and (b) of Paragraph 14 above. If CanUS owns less than the entire locatable interest of any part of such ground on which mining occurs, the royalty on production from such ground will be proportionately reduced.

16. Guarantee. Continental hereby guarantees to CanUS that Copper will perform its undertakings contained in this Agreement.

17. Further Assurances. Each party will do all acts and execute all documents reasonably requested by any other party as necessary or appropriate to effectuate any convenant of this Agreement.

18. Finders' Fees. Each party represents and warrants to the others that it employed no broker or finder in bringing about this transaction, and each will hold the others harmless from and indemnify the others against all liability and expenses arising from any claim for brokers' or finders' fees or commissions in respect of this transaction based upon its acts.

*exclusive of those claims whose numbers later appear in Appendix A with the letter "A" following the number (except Claim 169),

19. Notices and Checks. All notices shall be in writing, directed to the parties at their addresses stated in the opening section. Any party by notice may designate a new address. All notices sent by registered or certified mail, addressed as stated above, shall be effective as of the date of mailing. All checks or drafts shall be made payable to "CanUS, Ltd." or to such persons, not to exceed ten in number, as CanUS shall designate to Copper by notice, and any such payments by check or draft, made payable as above, subject to honor on presentation, shall discharge Copper.

20. Public Announcements. Neither Copper nor Continental will make any public announcement which refers to CanUS or to any general partner of CanUS, and which is described in both (a) and (b) below, without the prior written approval of CanUS, and CanUS will not unreasonably withhold such approval. CanUS will not make any public announcement which refers to Continental or to Copper and which is described in both (a) and (b) below without the prior written approval of Copper, and Copper will not unreasonably withhold such approval. The type of public announcement referred to is one which both:

(a) Is directed or available to news media and/or to stockholders of the issuer; and

(b) Is not part of a proxy statement, Registration Statement, Blue Sky filing, report to a national stock exchange on which the issuer's stock is listed, or report to the Securities and Exchange Commission.

21. Force Majeure. Copper shall not be considered in default if Copper's failure to perform any convenant or condition of this Agreement is caused to any extent by any circumstances beyond the control of

Copper. The settlement of a labor dispute shall be considered to be beyond the control of Copper. Copper shall be deemed to have corrected or remedied any default which is subject to correction when in good faith it shall commence action to correct or remedy such default if such action shall be prosecuted thereafter with due diligence.

22. Successors. All the terms, covenants and conditions of this Agreement shall be binding upon and inure to the benefit of the administrators, executors, heirs, successors and assigns of the respective parties. The rights of CanUS hereunder may be assigned in whole or in part. No change or division in ownership of CanUS's interest in payments, however accomplished, shall operate to create or enlarge any obligation or diminish any right of Copper, or be binding upon Copper for any purpose until receipt by Copper of a notice signed by or on behalf of CanUS and all successors, stating the persons (not more than ten in number) and addresses to which all future notices and payments may be directed by Copper.

23. Scope of Agreement. This Agreement (including appendices hereto) constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contempraneous agreements and understandings of the parties in connection therewith, and particularly supersedes the CanUS-CONTINENTAL Purchase Memorandum, February 28, 1969. No officer or other agent of a party is authorized to make any representation, warranty or promise not contained herein. No change, termination or attempted waiver of any of the provisions hereof shall be binding unless in writing. No officer or other agent of a party is authorized to agree to any change, termination or waiver of any of the provisions hereof in any other way.

24. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

25. Term of Agreement. This Agreement shall terminate upon the payment by Copper to CanUS of royalty payments totaling $20,000,000.00, or upon the transfer by Copper to CanUS of all claims included in the Premises, whichever shall first occur.

CanUS, LTD.

By _____
Kirby C. Coryell
General Partner

ATTEST:

_____
Melvin Pollack
Assistant Secretary

CONTINENTAL COPPER, INC.

By _____
C. H. Reynolds
Vice President

ATTEST:

_____
Sidney M. Gunther
Secretary

CONTINENTAL MATERIALS CORPORATION

By _____
Gerald Gidwitz
President

Premises

The Premises consist of all the Margaret unpatented lode mining claims in Sections 1, 2, 3, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 26, 27, 28, 34 and 35, Township 1 South, Range 13 East, G&SRB&M, in Pinal County, State of Arizona, located, relocated, amended, or otherwise held by CanUS, Ltd., a Colorado limited partnership, or by any partner thereof, or by Continental Copper, Inc., an Arizona corporation, the numbers of claims and dockets and pages of the record of the original notices of location and relocation, and amended notices of location in the office of the County Recorder of Pinal County, Arizona, whereof are as follows:

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#10	559	355
#11	559	356
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APPENDIX B

Continental Materials Corporation
1510 North Kostner Avenue
Chicago, Illinois 60651

Investment Representation

Gentlemen:

In connection with the transfer to me today of _____ shares of your common stock pursuant to the Margaret Purchase Agreement, _____ _____, 1969, among CanUS, Ltd., Continental Copper, Inc. and Continental Materials Corporation, I hereby represent to you that such shares are being acquired for investment and not with a view to, or for resale in connection with, any distribution of such shares within the meaning of the Securities Act of 1933.

By such representation I mean that I presently intend to hold such shares for investment for my own account, and that I do not presently intend to dispose of all or any part of such shares unless and until some change in my personal circumstances, by reason of some intervening event not now in contemplation, has occurred that makes such disposition necessary, or unless or until such shares have been registered under the Securities Act of 1933 or an exemption from such registration is available.

I understand that the shares have not been registered under the Securities Act of 1933, as amended, by reason of a specific exemption under the provisions of the Act, which depends upon my intent. In this connection, your counsel has advised me that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption would not be present if

my representation merely meant that my present intention was to hold such stock for the six months' capital gain period of the tax statutes, for a deferred sale, for a market rise, for a sale if the market does not rise, or for a year or other fixed period in the future. Your counsel has advised me that, in the view of the Commission, a purchase now with an intent to resell by reason of any foreseeable specific contingency or an anticipated change in market values, or in your condition or that of the industry, or in connection with a contemplated liquidation or settlement of any loan obtained by me for the acquisition of such shares and for which such shares were pledged as security, would represent a purchase with an intent inconsistent with my representation to you, and the Commission might regard such a sale or disposition as a sale as to which the exemption is not available.

I acknowledge that I am familiar with your condition, financial and otherwise, and have reviewed material relevant to your current corporate activities. I believe that the securities covered hereby are securities of the kind I wish to purchase and hold for investment and that the nature and amount of shares are consistent with my investment program.

I consent that you may, if you so desire, permit the transfer of any of the shares referred to herein out of my name only when my request for transfer is accompanied by either an opinion of counsel satisfactory to you to the effect that neither the sale nor the proposed trans-

fer results in a violation of the Securities Act of 1933, as amended, or a no-action letter from the Commission with respect to the proposed transfer, or when a registration under such Act with respect to such shares is in effect or an exemption from such registration is available. I agree that a legend to this effect may be placed on the certificates delivered to me or any substitute therefor.

Very truly yours,

_____

MINING DEED

WHEREAS, CanUS, Ltd., a Colorado limited partnership, entered into a certain Agreement entitled "Margaret Purchase Agreement" dated as of October 1, 1969, with Continental Copper, Inc., an Arizona corporation, and Continental Materials Corporation, a Delaware corporation, and pursuant thereto conveyed to Continental Copper, Inc., certain unpatented lode mining claims in Pinal County, Arizona;

WHEREAS, since the date of said Agreement, Continental Copper has relocated certain of said claims and amended the location of certain other claims and has requested CanUS, pursuant to Paragraph 1 of the said Agreement, to quitclaim its right, title and interest to certain of the original claims and to the amended and relocated claims to Continental Copper, subject, however, to the royalty reserved pursuant to said Agreement.

NOW, THEREFORE, CanUS, Ltd., does hereby grant and convey to Continental Copper, Inc., an Arizona corporation, Grantee, all of its right, title and interest, claim and demand, in and to those certain unpatented lode mining claims situate in the Pioneer Mining District, Pinal County, Arizona, more particularly described in Exhibit A attached hereto, making, however, no warranty that the same are free from encumbrances or liens.

EXCEPT there is reserved to the said Grantor a royalty equal to 3% of the net smelter returns or net sales of all minerals mined and shipped from the subject property, not to exceed $20,000,000.00, in accordance with the terms of that certain Margaret Purchase Agreement dated October 1, 1969, among Grantor and Grantee.

TO HAVE AND TO HOLD, all and singular, the said premises, together with the appurtenances and privileges thereunto incident, unto said Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, Grantor has executed these presents this 5th day of March, 1971.

CanUS, Ltd., a limited partnership

By Kirby C. Coryell
Kirby C. Coryell
General Partner

STATE OF ARIZONA)
County of Pima) ss.

On this 5th day of March, 1971, before me, the undersigned Notary Public, personally appeared Kirby C. Coryell, who acknowledged himself to be the General Partner of CanUS, Ltd., a Colorado limited partnership, and that he as such General Partner, being authorized so to do, executed the foregoing Mining Deed for the purposes and consideration therein contained, by signing the name of the limited partnership by himself as General Partner.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission expires:

Notary Public

KIRBY C. CORYELL, GENERAL PARTNER
5140 EAST BURNS STREET
TUCSON, ARIZONA 85711
(602) 325-2075

JUN 19 1975

June 9, 1975

Mr. C. H. Reynolds, Vice President
Continental Materials Corp.
P. O. Box 662
Oracle, Arizona 85623

T. C. O.
JUN 20 1975

RECEIVED
JUN 25 1975
MINING DEPT.

Dear Herb,

As you know, my need for accurate and complete exploration data on the Margaret claims was to be able to inform my partners of these data and my opinion as to their significance so they could have some feel for the value of the partnership's assets. They have been so informed, along with your request not to disclose any of the data outside the partnership, and reminders that our Agreement with Continental prohibits our making any public announcement regarding the property and that criminal liability would be incurred by anyone using this information to advantage on any of the securities exchanges. In this last regard our legal counsel suggested I inform you of my distribution of this information so that your company and Asarco can evaluate the impact of my distribution on your situations with respect to requirements of the SEC.

I have informed all CanUS partners, which, other than myself, comprises 8 individuals, the administrator of an estate, one corporation (addressed to its president), and one partnership. This partnership poses a complication in that its interest once was held by a small corporation; the corporation has conveyed its interest in CanUS to a partnership composed of all of its stockholders, about 30. I distributed the exploration data to the three partners owning about 90% of the partnership; our attorney also handles legal matters for this partnership and presently is examining whether or not the General Partner of that partnership can abstain from informing the some 27 partners of minority interest in the partnership without incurring personal liability.

I have of course rejoiced at the news that we have a most probable very large scale ore situation on our ground, but in retrospect feel very keenly that we should have been given complete assay data some 15 months ago rather than deliberately misleading data. The wear and tear on me has been quite large, among other things, and a month or two ago I certainly wouldn't have sold 5,000 shares of your stock that CanUS owned. We of course cannot buy it back now that we have the exploration results.

I am expecting you to convey my distribution of this information to Asarco.

Very truly yours,

Kirby C. Coryell

Kirby C. Coryell

KCC/ml

Superior East
7-14-75

FROM: W. L. KURTZ

TO: TC Osborn

Correspondence on Cavalli's concern about SEC disclosure.

Paragraph 3, Cavalli's ltr.
We have furnished Cont. Materials with data on holes drilled on their property and this data has satisfied them — they did not request individual assays for hole A-7, nor in fact even composite assays.

We have no obligation to provide data to Cavalli.

Paragraph 4. - I doubt Senator Haskell has to relate Kirby Cavenell's analysis which in part is based on speculation of results of drill holes on "other" property.

cc RBC

WLK

INTER-OFFICE MEMORANDUM

SUBJECT: Continental Copper, Inc.
Margaret Claims

DATE: July 9, 1975

TO: C. H. Reynolds

COPIES TO:

FROM: Sidney M. Gunther

W. L. K.
JUL 14 1975

In a conversation I had with Bradford Wells I advised him Continental did not intend to make any public announcement concerning the results of drilling by ASARCO. He then told me about the disclosure which Senator Floyd K. Haskell (a limited partner of CanUS) was about to make. We decided it would be well if we brought both of these matters to the attention of ASARCO, and at my suggestion he wrote me the attached letter -- July 2, 1975, from Mosley, Wells & Dean to Sidney Gunther.

Please send the extra copy of the July 2 letter to whoever your ASARCO contact is, with the request that he pass it on to the appropriate people in his office. If ASARCO feels anything further should be done I assume they will be in touch with us.

Sidney M. Gunther

r
att.

7/11/75
Thanks for the Towles dredging decision, Bob.
Herb

MOSLEY, WELLS & DEAN
ATTORNEYS AT LAW
1230 COLORADO STATE BANK BUILDING
SIXTEEN HUNDRED BROADWAY
DENVER, COLORADO 80202

JAMES H. MOSLEY
BRADFORD WELLS
JAMES B. DEAN

(303) 861-8136

July 2, 1975

Mr. Sidney Gunther
Continental Materials Corporation
111 East Wacker Drive
Chicago, Illinois 60601

Dear Sid:

This is to confirm our telephone conversation of June 30, 1975, concerning CanUS and the contract of October 1, 1969 between CanUS, Continental Materials and Continental Copper.

Our telephone conversation concerned the drill hole on the claims which were the subject of that contract, and the optomistic opinion of Mr. Kirby Coryell, the general partner of CanUS, as to the significance of that hole together with the information available as to the adjoining property. You and I in that conversation, and in the conversation of last week discussed the possible disclosure requirements as to that information. I hope I interpret your position correctly, when I say that you felt that Continental was not intending to make any public announcements at this time, that the results of the drilling were too premature and speculative to make any announcements and that in any event the public announcement should properly come from the company which has the development responsibilities on the properties and which is a NYSE company.

I also mentioned to you Mr. Coryell's concern that he had sold 5,000 shares of Continental stock before he obtained the information as to the drill holes, but at a time when the information ought to have been furnished to him, and in fact misleading information had been furnished to him.

In our conversation of June 30 I mentioned to you an additional problem concerning Senator Floyd K. Haskell, who is a limited partner of CanUS. The Senator told me on June 30 that the Senate Interior Committee is adopting a policy that its members shall make disclosure of their assets and that the

disclosure would take place in probably 4-6 weeks. Senator Haskell will, of course, list the CanUS interest as an asset and will probably have to describe or include Mr. Coryell's analysis. He is not certain how specific he will have to be as to names of companies involved. He, of course, will have to use his best judgment in making the disclosure to carry out the intent of the Committee policy. (2)

You advised me that you thought that that kind of disclosure was not the kind of public announcement contemplated by paragraph 20 of the 1969 contract, which would require prior approval of the parties.

I expressed my concern about the spread of the information already. The Haskell disclosure will be an additional one. Since this is a ticklish area, I told you that CanUS wanted to keep you informed of what it was doing with the information, so that there are no surprises for you. CanUS has no direct relationship to your lessee on the claims, and I would ask that a copy of this letter be forwarded by you to that company so that it will also be informed.

Very truly yours,

Bradford Wells

Bradford Wells

BW:sc
cc: Mr. Kirby Coryell
The Honorable Floyd K. Haskell

FTG

9/16/76

Superior East
CALUS

Herb Reynolds relayed the following message from Kirby Coryell:

James Lake - formerly w/ Union Carbide;
Hazen Research;
Hanna

Retired - now living in Tucson.

Lake is going to join Kirby and re-organize the 5 Ltd Partnerships into one group.

This will necessitate an evaluation of all 5 Partnerships.

Quote - "Kirby will demand all available information and all knowledge Continental has of the Margaret Group"

Kirby mentioned Legal Counsel will be retained.

-RBC-

Reviewed the above with WLK & JOS.
Reynolds will stop-by at 8:00 A.M. 9/20/76

Exploration Department
Southwestern United States Division
Frederick T. Graybeal
Manager

September 27, 1976

Mr. C. H. Reynolds
Continental Copper, Inc.
Box 662
Oracle, Arizona 85623

Continental Copper-CanUS, Ltd.
Agreement, October 1, 1969

Dear Mr. Reynolds:

With reference to our copy of the letter from Mosley, Wells, Spence, and Dean to Continental Copper, Inc. dated Sept. 15, 1976 and in accordance with the advice of our counsel, I am herewith transmitting to you the following information:

Schlumberger Logs, 1971
- DCA-2 Induction Log
- DCA-2 Formational Density Log
- OF-1A Induction Log
- OF-1A Formational Density Log

E.M. Field Strength Test, DDH A-2, 1972
Drill Hole IP Survey, DDH DCA-3A, 1974
Cooksley Geophysics Seismic Survey, 1976
Drilling Progress Map 2463-A (Margaret Quarterly Report)
Graphic Log & Assay Results
- A-1, A-2, A-2W, A-7, DCA-1A, DCA-2A, DCA-3A, M-1A

Drill Hole Assay Results
- A-1, A-2, A-2W, A-7, DCA-1A, DCA-2A, DCA-3A, M-1A

As per your verbal request of Sept. 23, 1976 we will make the same information available to Mr. Kirby Coryell which he may pick up at our Tucson address. In addition, at his convenience, Mr. Coryell may inspect, but not remove, the core obtained from all holes mentioned in the above list.

Very truly yours,

F. T. Graybeal

F. T. Graybeal

FTG:lb
Encs.

bc: TCO, WLK, RBC, JDS

MINING DEPT
SEP 17 1976
TUCSON

RECEIVED
SEP 17 1976
S. W. U. S. EXPL. DIV.

MOSLEY, WELLS, SPENCE & DEAN
ATTORNEYS AT LAW
1120 COLORADO STATE BANK BUILDING
SIXTEEN HUNDRED BROADWAY
DENVER, COLORADO 80202

JAMES H. MOSLEY
BRADFORD WELLS
H. MICHAEL SPENCE
JAMES B. DEAN
MARTHA J. SWEENEY
PHILIP E. JOHNSON

(303) 861-8136

September 15, 1976

Continental Copper, Inc.
P. O. Box 190
Grand Junction, Colorado 81501

Continental Materials Corporation
1510 North Kostner Avenue
Chicago, Illinois 60651

Re: Continental Materials - Continental Copper
CanUS, Ltd. Agreement, October 1, 1969

Gentlemen:

This is with reference to your previous correspondence with Floyd Haskell, concerning the request that CanUS, Ltd., by its general partner Kirby Coryell and other designated representatives, be allowed to inspect cores taken from drill holes on the claims described in the referenced Agreement and also to see results of IP work on these properties, which request has been refused. We represent CanUS, Ltd.

We do not agree that Continental or its assignee, American Smelting & Refining Company, have the right to deny such inspection. It is our opinion that Continental's obligation to allow inspection, under paragraph 6 of the Agreement, is binding upon its successors and assigns, as is clearly and unequivocally stated in paragraph 22 of the Agreement of October 1, 1969. The latter Agreement was made a part of the contract between you and American Smelting. It is further our opinion that these inspection rights apply to all information from the "Premises" which is defined by the October 1, 1969 agreement to include all property held by Continental within one mile of the perimeter of the claims listed in the Appendix to the Agreement. Again that definition is binding upon American Smelting, as the assignee of Continental Copper.

Demand is therefore made that Mr. Coryell on behalf of CanUS be allowed to inspect the cores from all drill holes on the "Premises." In addition he must be allowed to inspect all the information relating to the geologic, engineering and geophysical data in the most detailed form and all other information required by paragraph 6 of the Agreement. Without limiting the foregoing he must be allowed to inspect the geologic logs, the detailed assay data, all IP data and all seismic data on the claims listed in the appendix to the October 1, 1969 agreement and on all property held

by Continental or Asarco within one mile of the perimeter of those claims. This inspection must be permitted within the next 20 days. If these inspections are refused, CanUS will take such steps as it deems advisable to protect its interests. Such refusal will constitute a substantial breach of the Agreement between CanUS and Continental, and will constitute grounds for rescinding the sale, for claiming damages or for obtaining injunctive relief. These remedies are not our desire, since litigation is an irritating method of achieving results, but CanUS seems to have no other alternative available to protect its rights under the Agreement. We cannot stress too strongly CanUS's determination to insist upon those rights.

We are sending a copy of this letter to American Smelting & Refining Company, at the addresses listed in the copy of the purported Agreement between you and that company. Our copy is unsigned, but we assume it was actually signed, since you furnished it to us.

You should notify Mr. Coryell at 5140 East Burns Street, Tucson, Arizona 84711, telephone (602) 325-2075, at what time he may make his inspection.

Very truly yours,

MOSLEY, WELLS, SPENCE & DEAN

By Bradford Wells

BW:sc
cc: Mr. Kirby Coryell
American Smelting & Refining Company (New York)
American Smelting & Refining Company (Tucson)
Sidney M. Gunther, Esq.

(ii) In the case of all other products, including precipitates, electrolytic copper, and other leach material products, the royalty shall be two and one half per cent (2-1/2%) of net sales.

In no event shall the royalty payable pursuant to subparagraph (i) or (ii) above be less than three per cent (3%) of net smelter returns which would have been realized by Copper if Copper had sold such precipitates, electrolytic copper, or other leach material products or ore (or concentrates or other products derived therefrom) to that custom smelter which would have taken them and would have paid to Copper the highest net smelter returns therefor. The amount of such net smelter returns may be determined by a bona fide quotation from such custom smelter.

(d) The amount of net smelter returns and the amount of net sales shall be determined by Lybrand, Ross Bros. & Montgomery or such other firm of independent certified public accountants who regularly audit the books of Copper, applying generally accepted accounting principles.

All determinations required in the calculation of the royalty provided for herein shall be subject to audit or review by CanUS or by its agents, employees or representatives.

6. Inspection; Reports; Leaching. Copper hereby grants permission to CanUS or its agents, employees or representatives at all reasonable times to enter and inspect the Premises, any smelter plant or

any other place under the control of Copper where mineral-bearing materials from the Premises may be located for the purposes of sampling, testing or observing the progress or extent of operations. Copper will use its best efforts to secure permission for CanUS or its agents, employees or representatives at all reasonable times to enter and inspect any custom or other smelter plant or any other place not under the control of Copper where mineral-bearing materials from the Premises may be located for the purpose of sampling, testing or observing the progress or extent of operations. Copper shall afford CanUS every facility at all times for the inspection and copying of all books, assay journals, assay certificates, accounts, statements and papers insofar as they relate to the general status of operations, and to the payment of amounts to be paid CanUS hereunder, and both prior and subsequent to commencement of development operations Copper from time to time upon request from CanUS shall make available for inspection or copying all then existing information of Copper relating to geologic, engineering and geophysical data in the most detailed form recorded by Copper and summarized by Copper, surveys, maps and drill logs relating to the mining properties, and full, true and accurate information not heretofore furnished with regard to smelting and treating operations. Copper, promptly following the close of each calendar year, upon request from CanUS shall make available for inspection or copying, all then existing information of Copper relating to work done on the mining property during the year, including maps which will show the workings and openings made during such year, and to the respective classifications, locations and approximate quantities of all waste and leach material removed from the mining properties and dumped or deposited on other lands during such year, any report which shows the accumulated

quantities of all such waste and leach material dumped or deposited on and removed from other lands, and any report which shows whether any such material is reclassified or relocated. Copper will perform all leaching in a workmanlike manner. Copper shall not leach mineral bearing material in place within the mining properties (as distinguished from the leaching of mineral bearing material mined and deposited in leach dumps, piles, or vats) if such in-place leaching would cause economic detriment to the Premises disproportionate to the economic benefits resulting from such in-place leaching. The undertakings of Copper set forth in this paragraph shall be binding upon and performed by all successors of Copper.

7. Time of Payment of Royalties. Royalties shall be paid on a calendar-quarter basis in respect of amounts received by Copper during such calendar quarter; such payment shall be made not later than thirty days after the end of the calendar quarter. At the time of making royalty payment, Copper shall furnish CanUS with a statement showing the amount of such royalties and the manner in which determined, and shall make available for inspection or copying all data used in making such determination as shall be reasonably requested by CanUS for the purpose of verifying the determination. If CanUS disagrees with the amount of any monthly royalty payment, within fifteen (15) calendar months of receipt thereof CanUS shall give Copper notice specifying the alleged error. If CanUS fails to give such notice within such fifteen (15) calendar months, the settlement shall be final and CanUS shall thereafter be barred from disputing any such monthly payment.

8. Continental Shares. Copper will promptly deliver (or cause to be delivered) to CanUS (or at the direction of CanUS to one or more partners of CanUS) five thousand (5,000) shares of Continental Materials

Copper. The settlement of a labor dispute shall be considered to be beyond the control of Copper. Copper shall be deemed to have corrected or remedied any default which is subject to correction when in good faith it shall commence action to correct or remedy such default if such action shall be prosecuted thereafter with due diligence.

22. Successors. All the terms, covenants and conditions of this Agreement shall be binding upon and inure to the benefit of the administrators, executors, heirs, successors and assigns of the respective parties. The rights of CanUS hereunder may be assigned in whole or in part. No change or division in ownership of CanUS's interest in payments, however accomplished, shall operate to create or enlarge any obligation or diminish any right of Copper, or be binding upon Copper for any purpose until receipt by Copper of a notice signed by or on behalf of CanUS and all successors, stating the persons (not more than ten in number) and addresses to which all future notices and payments may be directed by Copper.

23. Scope of Agreement. This Agreement (including appendices hereto) constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contempraneous agreements and understandings of the parties in connection therewith, and particularly supersedes the CanUS-CONTINENTAL Purchase Memorandum, February 28, 1969. No officer or other agent of a party is authorized to make any representation, warranty or promise not contained herein. No change, termination or attempted waiver of any of the provisions hereof shall be binding unless in writing. No officer or other agent of a party is authorized to agree to any change, termination or waiver of any of the provisions hereof in any other way.

1-18-77
File Superior East
Continental

~~FYI~~ JD Sell → files w attach

① Attached two items shown to Kirby Coryell and John Egar

② Kirby requested these copies — told him, per your instructions, they would go thru Reynolds.

③ Kirby will look at core Wed. morning. I so informed Sell.

④ Kirby wanted to know if we had direction to look anomaly in DCA-3. I told him no that it was an in-hole survey — no surface array.

⑤ Told Kirby we wanted to go low keyed; no publicity. He obviously is enthused and believes we have a mine with the grade in A-8. He believes its all part of a large copper system with the capping slide blocks coming from the south.

Kirby

Called: Jan. 19, 1977
Kirby checked all of "our" intercept in A-8 plus bottom of hole. Also looked at one intercept (hi-grade) in A-7 Cu°. Also talked about slides, better capping, etc. Part of very large system, etc. Lots of Cu° potential etc.
I mentioned that the more Cu° probably the less Cu in bedrock. He thought the Cu° was from numerous deposits draining into a closed, long term basin.

JCD