



CONTACT INFORMATION
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Arizona Geological Survey
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602-771-1601
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Arizona Resources, Inc.

formerly A.F. Budge (Mining) Limited
4300 North Miller Road, Suite 121, Scottsdale, Arizona 85251-3620
Office: (602) 945-4630 FAX: (602) 949-1737

August 24, 1992

R. Casillas
Assistant Branch Controller
Phelps Dodge - Hidalgo Smelter
Playas, New Mexico 88009

Dear Mr. Casillas:

For future settlements made on Jerome Flux from our operations at the United Verde Extension Mine in Jerome, Arizona, would you please change the wire transfer information for payments to the account of Arizona Resources, Inc., at Bank of America (formerly Security Pacific Bank of Arizona), Scottsdale-Lincoln Branch, ABA routing number 122101706, account number 055-793685.

If you should have any questions concerning the above request, please contact me at the above address.

Sincerely,

Carole A. O'Brien

Carole A. O'Brien
Corporate Secretary/Treasurer

c: R. Hyde
R. Westphal



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formerly A.F. Budge (Mining) Limited
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Carole A. O'Brien
Corporate Secretary/Treasurer

c: R. Hyde
R. Westphal



Morenci Branch, Morenci, Arizona 85540 • (602) 865-4521

April 11, 1991

RECEIVED APR 15 1991

Mr. Ron Short
A. F. Budge (Mining) Ltd.
4301 N. 75th St.
Suite 101
Scottsdale, AZ 85351-3504

Dear Ron,

Per our telephone conversation on April 11, 1991 please find attached a new contract for purchase of flux at our Hidalgo smelter.

This new contract replaces our previous Contract dated March 1, 1989, and Letter of Addendum dated August 8, 1989, and provides for:

- 1) Copper payment.
- 2) Gold deduction of 0.02 oz/T, or 8% whichever is greater, for flux containing at least 81.0% SiO₂. For deliveries with silica content below 81.0% SiO₂ the gold deduction will be 0.03 oz/T or 10%, whichever is greater.

Please sign and date both originals, and return one original to me. Once I have received the signed contract you will need to arrange the delivery schedule directly with Bill Champion or Bill Mitchell at Hidalgo.

Very truly yours,


D. K. Farquhar
Raw Materials Director

DKF:rt
Attachments
c: WHC w/o attachments
RC

PHELPS DODGE CORPORATION
2600 NORTH CENTRAL AVENUE
PHOENIX, AZ 85004

PHELPS DODGE CORPORATION
RAW MATERIALS DIRECTOR, D. K. FARQUHAR
WESTERN OPERATIONS, c/o MORENCI BRANCH
MORENCI, ARIZONA 85540

PURCHASE CONTRACT

DATE April 15, 1991

SHIPPER A. F. budge (Mining) Limited
ADDRESS Mr. R. R. Short, 4301 N. 75th Street, Suite 101, Scottsdale, AZ 85251-3504
MATERIAL Siliceous Fluxing Ore
ANALYSIS

Au _____ oz/ton	S _____ %	As _____ %
Ag _____ oz/ton	Fe _____ %	Sb _____ %
Cu _____ %	CaO _____ %	Bi _____ %
SiO ₂ _____ %	Al ₂ O ₃ _____ %	Cd _____ %
	Pb _____ %	F _____ %
	Zn _____ %	Cl _____ %

DELIVERY F.O.B. Hidalgo Smelter, Phelps Dodge Corporation. Truck haulage is acceptable within smelter determined quantities. Drop bottom cars SP series 464 thru 467 or equivalent may also be acceptable upon agreement by Phelps Dodge.

SECTION I - ECONOMIC

PAYMENT If assay certificates are exchanged, payment shall be made within 30 days after the date of the exchange of assays. If assays are not exchanged, the Phelps Dodge assay results will be used for the settlement and payment shall be made within 30 days after the shipment is weighed and sampled at the Smelter. If a sample is sent to umpire, settlement will be delayed until after receipt of the umpire results.

Gold: Deduct 0.02 tr. oz per dry ton or 8% of the gold content, whichever is greater, and pay for 95 % of balance at the weekly average Handy and Harmon quotation in Metals Week; for the week ending Friday in which the shipment is received, for flux with silica content of 81.0% SiO₂, or greater. For silica content less than 81.0% SiO₂, deduct 0.03 oz/T, or 10% whichever is greater, and pay 95% of the remainder.

Silver: Deduct 0.5 tr. oz per dry ton or 10% of the silver content, whichever is the greater, and pay for 95 % of the balance at the weekly average Handy & Harmon quotation in Metals Week for the week ending Friday in which the shipment is received.

Copper: Deduct 10 lbs. per dry ton and pay for 90 % of the balance at the average U.S. Prod. Ref. quotation in Metals Week less 15 ¢ per pound of copper, for the week ending Friday in which the shipment is received.

CHARGES Silica: Ore less than 75% SiO₂ will be charged at \$1.00 per unit (1 percentage point = 20 lbs.) fractions in proportion.

Iron: Above 6 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Lime: Above 3 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Alumina: Above 6 %, charge excess at \$ 1.00 per unit, fractions in proportion.

Determination for the following impurities shall be made on a weighted monthly composite sample.

Lead: Above 0.3 %, charge excess at \$ 0.30 per unit, fractions in proportion.
Zinc: Above 0.3 %, charge excess at \$ 0.30 per unit, fractions in proportion.
Arsenic: Above 0.3 %, charge excess at \$ 0.30 per unit, fractions in proportion.
Antimony:) Combined,
Bismuth:) Above 0.2 %, charge excess at \$ 8.00 per unit, fractions proportion.
Cadmium:)
Fluorine: Above 0.05%, charge excess at \$ 2.00 per lb., fractions in proportion.
Chlorine: Above 0.05%, charge excess at \$ 2.00 per lb., fractions in proportion.
Moisture: Above 10 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Above purchase terms are subject to the following non-economic section of this contract.

SECTION II - NON - ECONOMIC

TERMS

This agreement will be in force from April 15, 1991 until terminated by Phelps Dodge Corporation. Termination will be effective thirty (30) days after written notice is given to the Shipper by Phelps Dodge. All terms of this Contract are subject to periodic review and re-negotiation by the parties.

Basic weight units will be troy ounces, avoirdupois pounds and short dry tons. The word "unit" will mean "1 percentage point (1.0%)", or 20 lbs.

QUANTITY

The Shipper will be advised by Phelps Dodge on a monthly basis of the quantity to be delivered during each calendar month and the lot size for sampling and settlement purposes. This contract is for up to 3000 tons/month.

WEIGHING,
SAMPLING &
ASSAYING

Weighing, sampling, moisture determination and assaying will be conducted in accordance with standard practices at the Smelter after receipt of material at the Smelter. The Shipper shall have the right to be present, or have his representative present, at the weighing and sampling.

If the Shipper notifies the Hidalgo Smelter, Phelps Dodge Corporation, in writing, prior to receipt by the Smelter of the siliceous material, that Shipper wishes to exchange assays, Phelps Dodge shall deliver to Shipper a one-quarter split of the sample of the shipment taken by the Smelter and the Supplier shall cause his sample split to be assayed by a reputable and qualified assayer. The Shipper, on receipt of his assay certificate, shall present same to the Branch controller or his representative, who shall then present at that time the Smelter's assay certificate for comparison. If the variation between the two certificates do not exceed the following splitting limits:

Copper	=	0.15%
Silver	=	0.15 oz/ton
Gold	=	0.010 oz/ton
Lead	=	0.05%
Zinc	=	0.2%
Arsenic	=	0.4%
Antimony	=	0.4%
Bismuth	=	0.1%
Fluorine	=	0.005%
Chlorine	=	0.01%
SiO ₂	=	0.5%
Al ₂ O ₃	=	0.5%
CaO	=	0.5%
Iron	=	0.5%

then the settlement will be established on the average between the respective assays. In the case of the variation exceeding the splitting limits, a mutually acceptable umpire shall be chosen from the following assayers:

Mountain States Research & Development, Tucson
Metallurgical Labs, San Francisco
American Analytical, Tucson
Skyline Labs, Tucson

The umpire's assay result shall be final, if it is not higher than the highest result or lower than the lowest result of the Shipper and Smelter assay certificates. If the umpire's assay is higher than the highest or lower than the lowest results of the Shipper and Smelter assay certificates, settlement shall be based on the assay nearest to the umpire's. Cost of the umpire analysis shall be borne by the party whose assay result is the furthest from the umpire's.

WITHHOLDING

If any third party should make claim to any of the siliceous material or the proceeds from the sale thereof, payment shall be withheld until such time as the dispute has been resolved by:

- (i) Entry of a final judgment by a court or a final award in arbitration determining the respective rights of the claimants to the siliceous material or the proceeds from the sale thereof, or
- (ii) Mutual agreement among the claimants releasing and discharging Phelps Dodge from any and all liability in connection with the purchase of and payment for said siliceous material.

WARRANTIES

The Shipper warrants that it has the right to mine and ship siliceous material to the Hidalgo Smelter, Phelps Dodge Corporation, hereunder, and that it will have good title to all siliceous material delivered to the Hidalgo Smelter, Phelps Dodge Corporation, and Shipper agrees to indemnify and hold harmless the Hidalgo Smelter, Phelps Dodge Corporation, from any and all claims, demands, obligations, and liabilities of any kind whatsoever that may be asserted against the Hidalgo Smelter, Phelps Dodge Corporation, for or on account of siliceous material delivered hereunder, or the purchase thereof.

FORCE MAJEURE Either party hereto shall be excused from performance during any period such performance is prevented by governmental action, war, fire, flood or other force majeure beyond the control of such party, or by strike, lockout, or failure of transportation facilities, and the Hidalgo Smelter, Phelps Dodge Corporation, shall not be required to order, accept, or receive any siliceous material hereunder during any period when the operations of the Hidalgo Smelter, Phelps Dodge Corporation, or any smelter to which such material has been shipped or is to be shipped, are suspended or curtailed on account of any such case.

The time for making payments for siliceous material sampled during a period when force majeure has been declared shall be extended by a period of time equivalent to the number of days for which force majeure was in effect.

NOTICE All notices shall be deemed to have been given upon delivery in person or upon deposit thereof in the United States mail, registered or certified mail, postage prepaid, return receipt requested; enclosed in a sealed envelope addressed to the party at the address set forth above or to such other address as a party shall have designated by written notice to the other. Any notice of change of address shall not be deemed given until actually received by the party entitled to receive such notice.

PHELPS DODGE CORPORATION

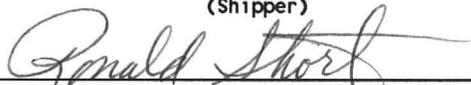
by 
D. K. Farquhar

Title Raw Materials Director, Western Operations

Date April 11, 1991

Accepted:

A.F. BUDGE (MINING) LTD.
(Shipper)

by 
(Authorized Rep. for Shipper)

Title GENERAL MANAGER

Date APRIL 16, 1991

PHELPS DODGE CORPORATION
 2600 NORTH CENTRAL AVENUE
 PHOENIX, AZ 85004

PHELPS DODGE CORPORATION
 RAW MATERIALS DIRECTOR, D. K. FARQUHAR
 WESTERN OPERATIONS, c/o MORENCI BRANCH
 MORENCI, ARIZONA 85540

PURCHASE CONTRACT

DATE April 15, 1991

SHIPPER A. F. budge (Mining) Limited
ADDRESS Mr. R. R. Short, 4301 N. 75th Street, Suite 101, Scottsdale, AZ 85251-3504
MATERIAL Siliceous Fluxing Ore
ANALYSIS

Au _____ oz/ton	S _____ %	As _____ %
Ag _____ oz/ton	Fe _____ %	Sb _____ %
Cu _____ %	CaO _____ %	Bi _____ %
SiO ₂ _____ %	Al ₂ O ₃ _____ %	Cd _____ %
	Pb _____ %	F _____ %
	Zn _____ %	Cl _____ %

DELIVERY F.O.B. Hidalgo Smelter, Phelps Dodge Corporation. Truck haulage is acceptable within smelter determined quantities. Drop bottom cars SP series 464 thru 467 or equivalent may also be acceptable upon agreement by Phelps Dodge.

SECTION I - ECONOMIC

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Gold: Deduct 0.02 tr. oz per dry ton or 8% of the gold content, whichever is greater, and pay for 95 % of balance at the weekly average Handy and Harmon quotation in Metals Week; for the week ending Friday in which the shipment is received, for flux with silica content of 81.0% SiO₂, or greater. For silica content less than 81.0% SiO₂, deduct 0.03 oz/T, or 10% whichever is greater, and pay 95% of the remainder.

Silver: Deduct 0.5 tr. oz per dry ton or 10% of the silver content, whichever is the greater, and pay for 95 % of the balance at the weekly average Handy & Harmon quotation in Metals Week for the week ending Friday in which the shipment is received.

Copper: Deduct 10 lbs. per dry ton and pay for 90 % of the balance at the average U.S. Prod. Ref. quotation in Metals Week less 15 ¢ per pound of copper, for the week ending Friday in which the shipment is received.

CHARGES

Silica: Ore less than 75% SiO₂ will be charged at \$1.00 per unit (1 percentage point = 20 lbs.) fractions in proportion.

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Lime: Above 3 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Alumina: Above 6 %, charge excess at \$ 1.00 per unit, fractions in proportion.

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Zinc: Above 0.3 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Arsenic: Above 0.3 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Antimony:) Combined,

Bismuth:) Above 0.2 %, charge excess at \$ 8.00 per unit, fractions proportion.

Cadmium:)

Fluorine: Above 0.05%, charge excess at \$ 2.00 per lb., fractions in proportion.

Chlorine: Above 0.05%, charge excess at \$ 2.00 per lb., fractions in proportion.

Moisture: Above 10 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Above purchase terms are subject to the following non-economic section of this contract.

SECTION II - NON - ECONOMIC

TERMS

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Basic weight units will be troy ounces, avoirdupois pounds and short dry tons. The word "unit" will mean "1 percentage point (1.0%)", or 20 lbs.

QUANTITY

The Shipper will be advised by Phelps Dodge on a monthly basis of the quantity to be delivered during each calendar month and the lot size for sampling and settlement purposes. This contract is for up to 3000 tons/month.

WEIGHING,
SAMPLING &
ASSAYING

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Copper	=	0.15%
Silver	=	0.15 oz/ton
Gold	=	0.010 oz/ton
Lead	=	0.05%
Zinc	=	0.2%
Arsenic	=	0.4%
Antimony	=	0.4%
Bismuth	=	0.1%
Fluorine	=	0.005%
Chlorine	=	0.01%
SiO ₂	=	0.5%
Al ₂ O ₃	=	0.5%
CaO	=	0.5%
Iron	=	0.5%

then the settlement will be established on the average between the respective assays. In the case of the variation exceeding the splitting limits, a mutually acceptable umpire shall be chosen from the following assayers:

Mountain States Research & Development, Tucson
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The umpire's assay result shall be final, if it is not higher than the highest result or lower than the lowest result of the Shipper and Smelter assay certificates. If the umpire's assay is higher than the highest or lower than the lowest results of the Shipper and Smelter assay certificates, settlement shall be based on the assay nearest to the umpire's. Cost of the umpire analysis shall be borne by the party whose assay result is the furthest from the umpire's.

WITHHOLDING

If any third party should make claim to any of the siliceous material or the proceeds from the sale thereof, payment shall be withheld until such time as the dispute has been resolved by:

- (i) Entry of a final judgment by a court or a final award in arbitration determining the respective rights of the claimants to the siliceous material or the proceeds from the sale thereof, or
- (ii) Mutual agreement among the claimants releasing and discharging Phelps Dodge from any and all liability in connection with the purchase of and payment for said siliceous material.

WARRANTIES

The Shipper warrants that it has the right to mine and ship siliceous material to the Hidalgo Smelter, Phelps Dodge Corporation, hereunder, and that it will have good title to all siliceous material delivered to the Hidalgo Smelter, Phelps Dodge Corporation, and Shipper agrees to indemnify and hold harmless the Hidalgo Smelter, Phelps Dodge Corporation, from any and all claims, demands, obligations, and liabilities of any kind whatsoever that may be asserted against the Hidalgo Smelter, Phelps Dodge Corporation, for or on account of siliceous material delivered hereunder, or the purchase thereof.

FORCE MAJEURE Either party hereto shall be excused from performance during any period such performance is prevented by governmental action, war, fire, flood or other force majeure beyond the control of such party, or by strike, lockout, or failure of transportation facilities, and the Hidalgo Smelter, Phelps Dodge Corporation, shall not be required to order, accept, or receive any siliceous material hereunder during any period when the operations of the Hidalgo Smelter, Phelps Dodge Corporation, or any smelter to which such material has been shipped or is to be shipped, are suspended or curtailed on account of any such case.

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PHELPS DODGE CORPORATION

by *D. K. Farquhar*
D. K. Farquhar

Title Raw Materials Director, Western Operations

Date April 11, 1991

Accepted:

A.F. BUDGE (MINING) LTD.

(Shipper)

by *Ronald Stork*
(Authorized Rep. for Shipper)

Title GENERAL MANAGER

Date APRIL 16, 1991



Arizona Resources, Inc.

4300 North Miller Road Suite 121 Scottsdale, Arizona 85251-3620
Office: (602) 945-4630 FAX: (602) 949-1737

FAX TRANSMITTAL SHEET

To: Stan Stiles
Company: PD
FAX #: _____
From: Carole O'Brien
Date: November 16, 1992 Time: _____

Total number of pages including cover: 2

Comments/Remarks: _____

Please call (602) 945-4630 if all pages are not received.

THIS COMMUNICATION IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY THE SENDER IMMEDIATELY BY TELEPHONE (COLLECT) AND RETURN THE ORIGINAL MESSAGE TO THE SENDER AT THE ABOVE ADDRESS BY MAIL. THANK YOU.

PHELPS DODGE CORPORATION
2600 NORTH CENTRAL AVENUE
PHOENIX, AZ 85004

PHELPS DODGE CORPORATION
RAW MATERIALS DIRECTOR, D. K. FARQUHAR
WESTERN OPERATIONS, c/o MORENCI BRANCH
MORENCI, ARIZONA 85540

PURCHASE CONTRACT

DATE March 1, 1989

SHIPPER A. F. Budge (Mining) Limited (Attn. R. R. Short)
ADDRESS 4301 N. 75th St., Suite 101, Scottsdale, AZ 85251-3504

MATERIAL Siliceous Fluxing Ore

<u>ANALYSIS</u>	Au _____ oz/ton	S _____ %	As _____ %
	Ag _____ oz/ton	Fe _____ %	Sb _____ %
	Cu _____ %	CaO _____ %	Bi _____ %
	SiO ₂ _____ %	Al ₂ O ₃ _____ %	Cd _____ %
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DELIVERY F.O.B. Hidalgo Smelter, Phelps Dodge Corporation. Truck haulage is acceptable within smelter determined quantities. Drop bottom cars SP series 464 thru 467 or equivalent may also be acceptable upon agreement by Phelps Dodge.

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Silver: Deduct 0.5 tr. oz per dry ton or 10% of the silver content, whichever is the greater, and pay for 95 % of the balance at the weekly average Handy & Harmon quotation in Metals Week for the week ending Friday in which the shipment is received.

CHARGES ~~Treatment Charge: xxxxxxxx of the payable gold, silver and copper content.~~

Silica: Ore less than 75% SiO₂ will be charged at \$1.00 per unit (1 percentage point = 1 unit = 20 lbs.) fractions in proportion.

Iron: Above 6 %, charge excess at \$ 0.30 per unit, fractions in proportion.

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Arsenic: Above 0.3 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Antimony:) Combined,
Bismuth:) Above 0.2 %, charge excess at \$ 8.00 per unit, fractions in
Cadmium:) proportion.

Fluorine: Above 0.05%, charge excess at \$ 2.00 per lb., fractions in proportion.

Chlorine: Above 0.05%, charge excess at \$ 2.00 per lb., fractions in proportion.

Moisture: Above 10 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Above purchase terms are subject to the following non-economic section of this contract.

SECTION III - NON-ECONOMIC

TERMS

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SAMPLING &
ASSAYING

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Zinc	=	0.2%
Arsenic	=	0.4%
Antimony	=	0.4%
Bismuth	=	0.1%
Fluorine	=	0.005%
Chlorine	=	0.01%
SiO ₂	=	0.5%
Al ₂ O ₃	=	0.5%
CaO	=	0.5%
Iron	=	0.5%

then the settlement will be established on the average between the respective assays. In the case of the variation exceeding the splitting limits, a mutually acceptable umpire shall be chosen from the following assayers:

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WITHHOLDING

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- (ii) Mutual agreement among the claimants releasing and discharging Phelps Dodge from any and all liability in connection with the purchase of and payment for said siliceous material.

WARRANTIES

The Shipper warrants that it has the right to mine and ship siliceous material to the Hidalgo Smelter, Phelps Dodge Corporation, hereunder, and that it will have good title to all siliceous material delivered to the Hidalgo Smelter, Phelps Dodge Corporation, and the Shipper agrees to indemnify and hold harmless the Hidalgo Smelter, Phelps Dodge Corporation, from any and all claims, demands, obligations, and liabilities of any kind whatsoever that may be asserted against the Hidalgo Smelter, Phelps Dodge Corporation, for or on account of siliceous material delivered hereunder, or the purchase thereof.

FORCE MAJEURE

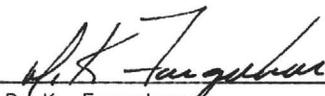
Either party hereto shall be excused from performance during any period such performance is prevented by governmental action, war, fire, flood or other force majeure beyond the control of such party, or by strike, lockout, or failure of transportation facilities, and the Hidalgo Smelter, Phelps Dodge Corporation, shall not be required to order, accept, or receive any siliceous material hereunder during any period when the operations of the Hidalgo Smelter, Phelps Dodge Corporation, or any smelter to which such material has been shipped or is to be shipped, are suspended or curtailed on account of any such cause.

The time for making payments for siliceous material sampled during a period when force majeure has been declared shall be extended by a period of time equivalent to the number of days for which force majeure was in effect.

NOTICE

All notices shall be deemed to have been given upon delivery in person or upon deposit thereof in the United States mail, registered or certified mail, postage prepaid, return receipt requested; enclosed in a sealed envelope addressed to the party at the address set forth above or to such other address as a party shall have designated by written notice to the other. Any notice of change of address shall not be deemed given until actually received by the party entitled to receive such notice.

PHELPS DODGE CORPORATION

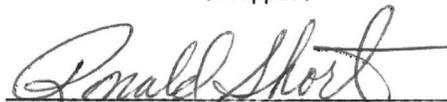
by 
D. K. Farquhar

Title Raw Materials Director, Western Operations

Date 3/3/89

Accepted:

A.F. BUDGE (MINING) LTD.
(Shipper)

by 
(Authorized Rep. For Shipper)

Title GENERAL MANAGER

Date MARCH 7, 1989



Morenci Branch, Morenci, Arizona 85540 • (602) 865-4521

June 6, 1989

Mr. Ron Short
A. F. Budge (Mining) Ltd.
4301 N. 75th St.
Suite 101
Scottsdale, AZ 85351-3504

Dear Ron,

This letter authorizes A. F. Budge (Mining) Inc. to deliver up to 5000 TPM precious metal bearing flux ore to our Hidalgo smelter under conditions of our original contract dated March 1, 1989.

Very truly yours,

A handwritten signature in cursive script, appearing to read "D. K. Farquhar".

D. K. Farquhar
Raw Materials Director
Western Operations

DKF:rt

c: WJC
RED

*Ron - Thanks for
the help -
Klone*

Donald K. Farquhar
Raw Materials Director
Western Operations

**phelps
dodge**
Corporation

P.O. Box 187, Morenci, AZ 85540
(602) 865-4521, Ext. 463
(Phoenix) Telex: 650 233 1665 MCI
Telecopy: (602) 865-5288

Letter of Addendum
To Contract Between

Phelps Dodge Corporation (Chino Smelter)

And

A.F. Budge (Mining) Limited

Dated December 11, 1989

I. Section 1 - Economic

A) For gold content of 0.5 oz/Ton or greater, and silica content of 81.0% or greater, deduct 0.04 oz/Ton gold, or 5% of the gold content, whichever is greater, and pay for 95% of the balance at the weekly average Handy and Harmon quotation in Metals Week; for the week ending Friday in which the shipment is received.

For gold content less than 0.5 oz/Ton, or silica content less than 81.0%, deduct 0.03 oz/Ton gold, or 10%, whichever is greater, and pay for 95% of the balance at the weekly Handy and Harmon quotation in Metals Week; for the week ending Friday in which the shipment is received.

II. All other conditions and provisions of the original December 11, 1989 contract remain unchanged.

IV. The intent of this addendum is to provide deduction of 0.04 oz/Ton gold or 5%, whichever is greater, for flux ore which equals or exceeds both 0.5 oz/Ton gold and 81.0% silica, and to maintain the original contract terms (December 11, 1989) for material which is less than 0.5 oz/Ton gold or less than 81.0% silica.

For Phelps Dodge Corporation

by D.K. Farquhar
D.K. Farquhar

Title: Raw Materials Director

Date: December 15, 1989

For A.F. Budge (Mining) Limited

by Ronald R. Short
Ronald R. Short

Title: General Manager

Date: Dec. 13, 1989



Morenci Branch, Morenci, Arizona 85540 • (602) 865-4521

December 11, 1989

Mr. Ron Short
A. F. Budge (Mining) Ltd.
4301 N. 75th Street
Suite 101
Scottsdale, AZ 85251-3504

Dear Ron,

Please find attached two copies of our contract and addendum to purchase up to 4000 tons per month of precious metal bearing flux for our Chino smelter.

It will be necessary for you to coordinate delivery and quantities of the flux directly with Mr. W. L. Gage, Smelter Superintendent, or Mr. Eric Partelpoeg, Assistant Smelter Superintendent. Either gentleman can be reached at (505) 537-3381.

Please sign and date both copies of the contract and addendum and return one original set to me.

Very truly yours,

A handwritten signature in dark ink, appearing to read "D. K. Farquhar".

D. K. Farquhar
Raw Materials Director
Western Operations

DKF:rt
Attachments
c: WLG w/attach



Morenci Branch, Morenci, Arizona 85540 • (602) 865-4521

May 10, 1989

Mr. Ron Short
A. F. Budge (Mining) Ltd.
4301 N. 75th St.
Suite 101
Scottsdale, AZ 85351-3504

Dear Ron,

As per our telephone conversation this morning, Phelps Dodge agrees to increase the allowable deliveries of your precious metal bearing flux from 1000 TPM to 2000 TPM delivered to our Hidalgo smelter.

All other terms and conditions of our March 1, 1989 contract covering this business remain unchanged.

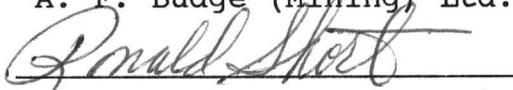
As before, please coordinate these increased tonnage deliveries directly with our Mr. Chen, or Mr. Mitchell, at Hidalgo.

We are pleased to have concluded this additional business.

Very truly yours,


D. K. Farquhar
Raw Materials Director
Western Operations

accepted for
A. F. Budge (Mining) Ltd.



DKF:rt

Ledoux West

A Division of

Ledoux & Company
Est. 1880



TELEX 165210 LEDOUXWEST TUC

2500 N. Pantano, Suite 120 Tucson, Arizona 85715 Telephone: (602) 722-3192

Members of: AIME, NARI, IPMI

INTERNATIONAL SHIPPERS' REPRESENTATIVES, SAMPLING AND WEIGHING OF ORES,
CONCENTRATES AND METALS • COMMODITY EXCHANGE LICENSED WEIGHMASTERS

March 10, 1989

Mr. Ron Short
A. F. BUDGE MINING LTD.
4301 North 75th Street
Scottsdale, AZ 85251

Dear Mr. Short:

Thank you for your interest in having Ledoux West represent your gold and silver-bearing silica ore at the Phelps Dodge Hidalgo Plant in Playas, New Mexico.

The services Ledoux West would provide for you at the Hidalgo Plant would be, first and foremost, the insistence of our representatives to make sure that the detailed terms of your contract with the receiving plant are carried out as we represent your shipments in each of the following areas:

- A. Full-time representation from fully qualified shipper's representatives at the Playas Smelter.
- B. Advising you of the arrival of trucks at the plant by telephone, if you so desire.
- C. Supervision of weighing of all trucks at receiving works, both heavy and light weights.
- D. Complete supervision of moisture determination for each lot.
- E. Supervision of value sampling for each lot.
- F. Supervision of sample preparation.
- G. Written report on wet weights, moisture and dry weights, as well as other written information required by you.
- H. Sample shipment to you, or to whatever location you require.

Ledoux West

A Division of

Ledoux & Company

Mr. Ron Short
March 10, 1989
Page 2

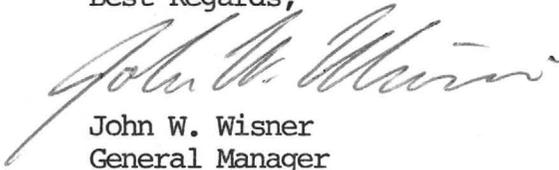
The Tucson office of Ledoux West has a facsimile and a telex for easier and faster communication with our clients. All work done in the field is reported back to our office daily, so that we may keep our clients up-to-date on the processing and handling of their shipments.

We understand that the initial contract is for 100 tons a day of your Au/Ag silica ore to be shipped via truck to the Phelps Dodge Playas Plant.

Our charge for the aforementioned services for your silica ore would be \$0.88 per wet metric ton received, plus cost of any facsimile, telephone or sample shipments.

I know that Ledoux West can be of tremendous value to you, and to A. F. Budge Mining Ltd., by helping to protect your interests in the best possible way.

Best Regards,



John W. Wisner
General Manager

JWW/jv



Morenci Branch, Morenci, Arizona 85540

865-4521
ext. 463

January 16, 1989

Mr. Ronald R. Short
General Manager
A. F. Budge (Mining) Limited
4301 North 75th Street
Suite 101
Scottsdale, AZ 85251-3504

Dear Mr. Short:

Please find attached two original copies of our contract for delivery of a 300 ton test shipment of precious metal bearing flux to our Hidalgo Smelter located in Playas, New Mexico.

Please sign and date both contracts, and return one original to me.

Once we have received the signed contract you will need to arrange and co-ordinate the actual shipping and delivery to Hidalgo directly with Mr. W. J. Chen, Superintendent or Mr. Bill Mitchell, Technical Services Department Head. Hidalgo's telephone number is (505)436-2211.

Very truly yours,

D. K. Farquhar
Raw Materials Director
Western Operations

DKF:rt (6.22)
Attachments
c: WJC w/attach

PHELPS DODGE CORPORATION
2600 NORTH CENTRAL AVENUE
PHOENIX, AZ 85004

PHELPS DODGE CORPORATION
RAW MATERIALS DIRECTOR, D. K. FARQUHAR
WESTERN OPERATIONS, c/o MORENCI BRANCH
MORENCI, ARIZONA 85540

PURCHASE CONTRACT

DATE January 13, 1989

SHIPPER

A. F. Budge (Mining) Limited (Attn. R. R. Short)

ADDRESS

4301 N. 75th St., Suite 101, Scottsdale, AZ 85251-3504

MATERIAL

Siliceous Fluxing Ore

ANALYSIS

Au	_____ oz/ton	S	_____ %	As	_____ %
Ag	_____ oz/ton	Fe	_____ %	Sb	_____ %
Cu	_____ %	CaO	_____ %	Bi	_____ %
SiO ₂	_____ %	Al ₂ O ₃	_____ %	Cd	_____ %
		Pb	_____ %	F	_____ %
		Zn	_____ %	Cl	_____ %

DELIVERY

F.O.B. Hidalgo Smelter, Phelps Dodge Corporation. Truck haulage is acceptable within smelter determined quantities. Drop bottom cars SP series 464 thru 467 or equivalent may also be acceptable upon agreement by Phelps Dodge.

SECTION I - ECONOMIC

PAYMENT

If assay certificates are exchanged, payment shall be made within 30 days after the date of the exchange of assays. If assays are not exchanged, the Phelps Dodge assay results will be used for the settlement and payment shall be made within 30 days after the shipment is weighed and sampled at the Smelter. If a sample is sent to an umpire, settlement will be delayed until after receipt of the umpire results.

Gold: Deduct 0.03 tr. oz per dry ton or 10% of the gold content, whichever is greater, and pay for 95 % of balance at the weekly average Handy and Harmon quotation in Metals Week; for the week ending Friday in which the shipment is received.

Silver: Deduct 0.5 tr. oz per dry ton or 10% of the silver content, whichever is the greater, and pay for 95 % of the balance at the weekly average Handy & Harmon quotation in Metals Week for the week ending Friday in which the shipment is received.

CHARGES

~~Treatment Charge: xxxxxxxx of the payable gold, silver and copper content.~~

Silica: Ore less than 75% SiO₂ will be charged at \$1.00 per unit (1 percentage point = 1 unit = 20 lbs.) fractions in proportion.

Iron: Above 6 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Lime: Above 3 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Alumina: Above 6 %, charge excess at \$ 1.00 per unit, fractions in proportion.

Determination for the following impurities shall be made on a weighted monthly composite sample.

Lead: Above 0.3 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Zinc: Above 0.3 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Arsenic: Above 0.3 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Antimony:) Combined,
Bismuth:) Above 0.2 %, charge excess at \$ 8.00 per unit, fractions in
Cadmium:) proportion.

Fluorine: Above 0.05%, charge excess at \$ 2.00 per lb., fractions in proportion.

Chlorine: Above 0.05%, charge excess at \$ 2.00 per lb., fractions in proportion.

Moisture: Above 10 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Above purchase terms are subject to the following non-economic section of this contract.

SECTION III - NON-ECONOMIC

TERMS

This agreement will be in force from January 13, 1989 until terminated by Phelps Dodge Corporation. Termination will be effective thirty (30) days after written notice is given to the Shipper by Phelps Dodge. All terms of this Contract are subject to periodic review and re-negotiation by the parties.

Basic weight units will be troy ounces, avoirdupois pounds and short dry tons. The word "unit" will mean "1 percentage point (1.0%)", or 20 lbs.

QUANTITY

The Shipper will be advised by Phelps Dodge on a monthly basis of the quantity to be delivered during each calendar month and the lot size for sampling and settlement purposes. This contract is for up to 300 tons/month test shipment.

WEIGHING,
SAMPLING &
ASSAYING

Weighing, sampling, moisture determination and assaying will be conducted in accordance with standard practices at the Smelter after receipt of material at the Smelter. The Shipper shall have the right to be present, or have his representative present, at the weighing and sampling.

If the Shipper notifies the Hidalgo Smelter, Phelps Dodge Corporation, in writing, prior to receipt by the Smelter of the siliceous material, that Shipper wishes to exchange assays, Phelps Dodge shall deliver to Shipper a one-quarter split of the sample of the shipment taken by the Smelter and the Supplier shall cause his sample split to be assayed by a reputable and qualified assayer. The Shipper, on receipt of his assay certificate, shall present same to the Branch Controller or his representative, who shall then present at that time the Smelter's assay certificate for comparison. If the variation between the two certificates do not exceed the following splitting limits:

Copper	=	0.15%
Silver	=	0.15 oz/ton
Gold	=	0.010 oz/ton
Lead	=	0.05%
Zinc	=	0.2%
Arsenic	=	0.4%
Antimony	=	0.4%
Bismuth	=	0.1%
Fluorine	=	0.005%
Chlorine	=	0.01%
SiO ₂	=	0.5%
Al ₂ O ₃	=	0.5%
CaO	=	0.5%
Iron	=	0.5%

then the settlement will be established on the average between the respective assays. In the case of the variation exceeding the splitting limits, a mutually acceptable umpire shall be chosen from the following assayers:

Mountain States Research & Development, Tucson
Metallurgical Labs, San Francisco
American Analytical, Tucson
Skyline Labs, Tucson

The umpire's assay result shall be final, if it is not higher than the highest result or lower than the lowest result of the Shipper and Smelter assay certificates. If the umpire's assay is higher than the highest or lower than the lowest results of the Shipper and Smelter assay certificates, settlement shall be based on the assay nearest to the umpire's. Cost of the umpire analysis shall be borne by the party whose assay result is the furthest from the umpire's.

WITHHOLDING

If any third party should make claim to any of the siliceous material or the proceeds from the sale thereof, payment shall be withheld until such time as the dispute has been resolved by:

- (i) Entry of a final judgment by a court or a final award in arbitration determining the respective rights of the claimants to the siliceous material or the proceeds from the sale thereof, or
- (ii) Mutual agreement among the claimants releasing and discharging Phelps Dodge from any and all liability in connection with the purchase of and payment for said siliceous material.

WARRANTIES

The Shipper warrants that it has the right to mine and ship siliceous material to the Hidalgo Smelter, Phelps Dodge Corporation, hereunder, and that it will have good title to all siliceous material delivered to the Hidalgo Smelter, Phelps Dodge Corporation, and the Shipper agrees to indemnify and hold harmless the Hidalgo Smelter, Phelps Dodge Corporation, from any and all claims, demands, obligations, and liabilities of any kind whatsoever that may be asserted against the Hidalgo Smelter, Phelps Dodge Corporation, for or on account of siliceous material delivered hereunder, or the purchase thereof.

FORCE MAJEURE

Either party hereto shall be excused from performance during any period such performance is prevented by governmental action, war, fire, flood or other force majeure beyond the control of such party, or by strike, lockout, or failure of transportation facilities, and the Hidalgo Smelter, Phelps Dodge Corporation, shall not be required to order, accept, or receive any siliceous material hereunder during any period when the operations of the Hidalgo Smelter, Phelps Dodge Corporation, or any smelter to which such material has been shipped or is to be shipped, are suspended or curtailed on account of any such cause.

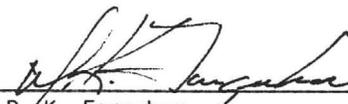
The time for making payments for siliceous material sampled during a period when force majeure has been declared shall be extended by a period of time equivalent to the number of days for which force majeure was in effect.

NOTICE

All notices shall be deemed to have been given upon delivery in person or upon deposit thereof in the United States mail, registered or certified mail, postage prepaid, return receipt requested; enclosed in a sealed envelope addressed to the party at the address set forth above or to such other address as a party shall have designated by written notice to the other. Any notice of change of address shall not be deemed given until actually received by the party entitled to receive such notice.

PHELPS DODGE CORPORATION

by


D.K. Farquhar

Title Raw Materials Director, Western Operations

Date

January 13, 1989

Accepted:

A.F. Budge (Mining) Limited

(Shipper)

by


(Authorized Rep. For Shipper)

Ronald R. Short

Title

General Manager

Date

January 19, 1989

SETTLEMENT SHEETS

PHELPS DODGE CORPORATION
 HIDALGO SHELTER
 JEROME (BUDGE) - FLUX
 PAYMENT SUMMARY WORKSHEET
 3001

STATUS

Copper 0.320%
 Silver 7.813
 Gold 0.4170

TONS 284.23

0.00

PENALTIES:	Contract Limit	Actual	Penalty Basis	Penalty Applied
Iron	6.0%	4.57%	0.00%	\$0.00
Lime	3.0%	0.61%	0.00%	0.00
Alumina	6.0%	1.20%	0.00%	0.00
Zinc	0.3%	0.10%	0.00%	0.00
Lead	0.3%	0.04%	0.00%	0.00
Arsenic	0.3%	0.020%	0.00%	0.00
Antimony		0.003%		
Cadmium		0.010%		
& Bismuth		0.130%		
total	0.2%	0.163%	0.00%	0.00
chlorine	0.05%	0.03%	0.00%	0.00
Flourine	0.05%	0.01%	0.00%	0.00
silica	75.00%	89.99%	0.00%	0.00

PHELPS DODGE CORPORATION
 HIDALGO SMELTER
 JEROME (BUDGE) - FLUX
 PAYMENT SUMMARY WORKSHEET
 4001

STATUS

TONS 512.4

Silver 6.490
 Gold 0.3780

0.00

PENALTIES:	Contract Limit	Actual	Penalty Basis	Penalty Applied
Iron	6.0%	13.61%	-7.61%	\$1,169.81
Lime	3.0%	0.36%	0.00%	0.00
Alumina	6.0%	2.30%	0.00%	0.00
Zinc	0.3%	0.05%	0.00%	0.00
Lead	0.3%	0.08%	0.00%	0.00
Arsenic	0.3%	0.066%	0.00%	0.00
Antimony		0.008%		
Cadmium		0.005%		
& Bismuth		0.075%		
total	0.2%	0.154%	0.00%	0.00
Chlorine	0.05%	0.02%	0.00%	0.00
Flourine	0.05%	0.01%	0.00%	0.00
Silica	75.00%	82.26%	0.00%	0.00

Less Penalties

(1,169.81)

PHELPS DODGE CORPORATION
 HIDALGO SMELTER
 JEROME (BUDGE) - FLUX
 PAYMENT SUMMARY WORKSHEET
 4002

STATUS

521.94

Silver 9.180
 Gold 0.3900

U.UU

PENALTIES:	Contract Limit	Actual	Penalty Basis	Penalty Applied
Iron	6.0X	9.73X	-3.73X	\$584.05
Lime	3.0X	0.14X	0.00X	0.00
Alumina	6.0X	0.89X	0.00X	0.00
Zinc	0.3X	0.07X	0.00X	0.00
Lead	0.3X	0.08X	0.00X	0.00
Arsenic	0.3X	0.051X	0.00X	0.00
Antimony		0.008X		
Cadmium		0.005X		
& Bismuth		0.075X		
total	0.2X	0.139X	0.00X	0.00
Chlorine	0.05X	0.07X	-0.02X	24.01
Flourine	0.05X	0.01X	0.00X	0.00
silica	75.00X	86.10X	0.00X	0.00

Less Penalties

(608.06)

PHELPS DODGE CORPORATION
HIDALGO SMELTER
JEROME (BUDGE) - FLUX
PAYMENT SUMMARY WORKSHEET
5001

STATUS

Silver 1.710
Gold 0.1240

TONS 623.46

PENALTIES:	Contract Limit	Actual	Penalty Basis	Penalty Applied
Iron	6.0%	6.80%	-0.80%	\$149.63
Lime	3.0%	0.60%	0.00%	0.00
Alumina	6.0%	2.40%	0.00%	0.00
Zinc	0.3%	0.04%	0.00%	0.00
Lead	0.3%	0.09%	0.00%	0.00
Arsenic	0.3%	0.032%	0.00%	0.00
Antimony		0.007%		
Cadmium		0.003%		
& Bismuth		0.020%		
total	0.2%	0.000%	0.00%	0.00
Chlorine	0.05%	0.00%	0.00%	0.00
Flourine	0.05%	0.02%	0.00%	0.00
Silica	75.00%	84.30%	0.00%	0.00

Less Penalties

(149.63)

PHELPS DODGE CORPORATION
 HIDALGO SMELTER
 JEROME (BUDGE) - FLUX
 PAYMENT SUMMARY WORKSHEET
 5002

STATUS

Silver 3.470
 Gold 0.1870 *TONS-413.65*

PENALTIES:	Contract Limit	Actual	Penalty Basis	Penalty Applied
Iron	6.0%	6.50%	-0.50%	\$62.05
Lime	3.0%	0.50%	0.00%	0.00
Alumina	6.0%	1.90%	0.00%	0.00
Zinc	0.3%	0.04%	0.00%	0.00
Lead	0.3%	0.09%	0.00%	0.00
Arsenic	0.3%	0.032%	0.00%	0.00
Antimony		0.007%		
Cadmium		0.003%		
& Bismuth		0.020%		
total	0.2%	0.000%	0.00%	0.00
Chlorine	0.05%	0.00%	0.00%	0.00
Flourine	0.05%	0.02%	0.00%	0.00
Silica	75.00%	84.20%	0.00%	0.00

Less Penalties

(62.05)

STATUS U = UMPIRE

PHELPS DODGE CORPORATION
 HIDALGO SMELTER
 JEROME (BUDGE) - FLUX
 PAYMENT SUMMARY WORKSHEET
 LOT 6001

Silver 4.850
 Gold 0.3300

TONS 471.81

PENALTIES:	Contract Limit	Actual	Penalty Basis	Penalty Applied
Iron	6.0%	8.60%	-2.60%	\$368.01
Lime	3.0%	0.44%	0.00%	0.00
Alumina	6.0%	1.10%	0.00%	0.00
Zinc	0.3%	0.02%	0.00%	0.00
Lead	0.3%	0.05%	0.00%	0.00
Arsenic	0.3%	0.047%	0.00%	0.00
Antimony		0.001%		
Cadmium		0.060%		
& Bismuth		0.018%		
total	0.2%	0.079%	0.00%	0.00
Chlorine	0.05%	0.01%	0.00%	0.00
Flourine	0.05%	0.01%	0.00%	0.00
Silica	75.00%	83.23%	0.00%	0.00

PHELPS DODGE CORPORATION
 HIDALGO SMELTER
 JEROME (BUDGE) - FLUX
 PAYMENT SUMMARY WORKSHEET
 LOT 6002

Silver 12.440
 Gold 0.4940

544.99 TONS

PENALTIES:	Contract Limit	Actual	Penalty Basis	Penalty Applied
Iron	6.0%	10.10%	-4.10%	\$670.34
Lime	3.0%	0.30%	0.00%	0.00
Alumina	6.0%	1.00%	0.00%	0.00
Zinc	0.3%	0.04%	0.00%	0.00
Lead	0.3%	0.07%	0.00%	0.00
Arsenic	0.3%	0.019%	0.00%	0.00
Antimony		0.000%		
Cadmium		0.006%		
& Bismuth		0.002%		
total	0.2%	0.008%	0.00%	0.00
Chlorine	0.05%	0.01%	0.00%	0.00
Flourine	0.05%	0.01%	0.00%	0.00
Silica	75.00%	81.10%	0.00%	0.00

PHELPS DODGE CORPORATION
 HIDALGO SMELTER
 JEROME (BUDGE) - FLUX
 PAYMENT SUMMARY WORKSHEET
 LOT 6003

Silver 7.620
 Gold 0.3720

523.87 TONS

PENALTIES:	Contract Limit	Actual	Penalty Basis	Penalty Applied
Iron	6.0%	12.40%	-6.40%	\$1,005.83
Lime	3.0%	0.40%	0.00%	0.00
Alumina	6.0%	0.70%	0.00%	0.00
Zinc	0.3%	0.04%	0.00%	0.00
Lead	0.3%	0.07%	0.00%	0.00
Arsenic	0.3%	0.019%	0.00%	0.00
Antimony		0.000%		
Cadmium		0.006%		
& Bismuth		0.002%		
total	0.2%	0.008%	0.00%	0.00
Chlorine	0.05%	0.01%	0.00%	0.00
Flourine	0.05%	0.01%	0.00%	0.00
Silica	75.00%	78.20%	0.00%	0.00

PHELPS DODGE CORPORATION
 HIDALGO SMELTER
 JEROME (BUDGE) - FLUX
 PAYMENT SUMMARY WORKSHEET
 LOT 6004

Silver 11.970
 Gold 0.4870

538.34 TONS

PENALTIES:	Contract Limit	Actual	Penalty Basis	Penalty Applied
Iron	6.0%	15.80%	-9.80%	\$1,582.72
Lime	3.0%	0.30%	0.00%	0.00
Alumina	6.0%	0.50%	0.00%	0.00
Zinc	0.3%	0.04%	0.00%	0.00
Lead	0.3%	0.07%	0.00%	0.00
Arsenic	0.3%	0.019%	0.00%	0.00
Antimony		0.000%	0.00%	0.00
Cadmium		0.006%		
& Bismuth		0.020%		
total	0.2%	0.026%		
Chlorine	0.05%	0.01%	0.00%	0.00
Flourine	0.05%	0.01%	0.00%	0.00
Silica	75.00%	74.53%	0.47%	253.02

Less Penalties

P. 02

505 436 2603

8:56

JUL-11-89 TUE

PHELPS DODGE CORPORATION
HIDALGO SMELTER
JEROME (BUDGE) - FLUX
PAYMENT SUMMARY WORKSHEET
LOT 7003

Silver 9.990
Gold 0.4440

541.25 TONS

PENALTIES:	Contract Limit	Actual	Penalty Basis	Penalty Applied
Iron	6.0X	12.10X	-6.10X	\$990.49
Lime	3.0X	0.60X	0.00X	0.00
Alumina	6.0X	0.90X	0.00X	0.00
Zinc	0.3X	0.00X	0.00X	0.00
Lead	0.3X	0.00X	0.00X	0.00
Arsenic	0.3X	0.000X	0.00X	0.00
Antimony		0.000X		
Cadmium		0.000X		
& Bismuth		0.000X		
total	0.2X	0.000X	0.00X	0.00
Chlorine	0.05X	0.00X	0.00X	0.00
Flourine	0.05X	0.00X	0.00X	0.00
Silica	75.00X	77.60X	0.00X	0.00
Less Penalties				(990.49)
Less Assay Charges				0.00
STATUS U = UMPIRE				

P. 04

505 436 2603

8:57

JUL-11-89 TUE

PHELPS DODGE CORPORATION
HIDALGO SMELTER
JEROME (BUDGE) - FLUX
PAYMENT SUMMARY WORKSHEET
LOT 7004

Silver 13.100
Gold 0.5050

592.48 TONS

PENALTIES:	Contract Limit	Actual	Penalty Basis	Penalty Applied
Iron	6.0%	11.10%	5.10%	\$906.49
Lime	3.0%	0.30%	0.00%	0.00
Alumina	6.0%	0.30%	0.00%	0.00
Zinc	0.3%	0.00%	0.00%	0.00
Lead	0.3%	0.00%	0.00%	0.00
Arsenic	0.3%	0.000%	0.00%	0.00
Antimony		0.000%		
Cadmium		0.000%		
& Bismuth		0.000%		
total	0.2%	0.000%	0.00%	0.00
Chlorine	0.05%	0.00%	0.00%	0.00
Flourine	0.05%	0.00%	0.00%	0.00
Silica	75.00%	80.00%	0.00%	0.00

STATUS U = UMPIRE

Less Penalties (906.49)

Less Assay Charges 0.00



Morenci Branch, Morenci, Arizona 85540 • (602) 865-4521

August 8, 1989

Mr. Ron Short
A. F. Budge (Mining) Ltd.
4301 N. 75th St.
Suite 101
Scottsdale, AZ 85351-3504

Dear Ron,

Attached please find two copies of a letter of addendum to our March 1, 1989 contract providing for revised gold deductions for material received, beginning August 1, 1989, which exceeds 0.5 oz/Ton gold and 81.0% SiO₂.

Please sign and date both copies of this addendum and return one original to me.

Very truly yours,

D. K. Farguhar
Raw Materials Director
Western Operations

DKF:rt
Attachments
c: WJC w/attach

Letter of Addendum
To Contract Between

Phelps Dodge Corporation (Hidalgo Smelter)

And

A. F. Budge (Mining) Limited

Dated March 1, 1989

I. Effective Date

This addendum will apply to flux received at the Hidalgo smelter beginning August 1, 1989.

II. Section 1 - Economic

A) For gold content of 0.5 oz/Ton or greater, and silica content of 81.0% or greater, deduct 0.04 oz/Ton gold, or 5% of the gold content, whichever is greater, and pay for 95% of the balance at the weekly average Handy and Harmon quotation in Metals Week; for the week ending Friday in which the shipment is received.

For gold content less than 0.5 oz/Ton, or silica content less than 81.0% SiO₂, deduct 0.03 oz/Ton gold, or 10%, whichever is greater, and pay for 95% of the balance at the weekly average Handy and Harmon quotation in Metals Week; for the week ending Friday in which the shipment is received.

III. All other conditions and provisions of the original March 1, 1989 contract remain unchanged.

IV. The intent of this addendum is to provide deduction of 0.04 oz/Ton gold, or 5%, whichever is greater, for flux ore which equals or exceeds both 0.5 oz/Ton gold and 81.0% SiO₂, and to maintain the original contract terms (March 1, 1989) for material which is less than 0.5 oz/Ton gold or less than 81.0% SiO₂.

For Phelps Dodge Corporation

by *D. K. Farquhar*
D. K. Farquhar

Title Raw Materials Director

date August 8, 1989

For A. F. Budge (Mining)

by *Ronald Short*
Authorized Rep for Shipper

Title GENERAL MANAGER

date August 10, 1989

PHELPS DODGE CORPORATION
2600 NORTH CENTRAL AVENUE
PHOENIX, AZ 85004

PHELPS DODGE CORPORATION
RAW MATERIALS DIRECTOR, D. K. FARQUHAR
WESTERN OPERATIONS, c/o MORENCI BRANCH
MORENCI, ARIZONA 85540

PURCHASE CONTRACT

DATE April 15, 1991

SHIPPER

A. F. Budge (Mining) Limited

ADDRESS

Mr. R. R. Short, 4301 N. 75th Street, Suite 101, Scottsdale, AZ 85251-3504

MATERIAL

Siliceous Fluxing Ore

ANALYSIS

Au _____ oz/ton	S _____ %	As _____ %
Ag _____ oz/ton	Fe _____ %	Sb _____ %
Cu _____ %	CaO _____ %	Bi _____ %
SiO ₂ _____ %	Al ₂ O ₃ _____ %	Cd _____ %
	Pb _____ %	F _____ %
	Zn _____ %	Cl _____ %

DELIVERY

F.O.B. Hidalgo Smelter, Phelps Dodge Corporation. Truck haulage is acceptable within smelter determined quantities. Drop bottom cars SP series 464 thru 467 or equivalent may also be acceptable upon agreement by Phelps Dodge.

SECTION I - ECONOMIC

PAYMENT

If assay certificates are exchanged, payment shall be made within 30 days after the date of the exchange of assays. If assays are not exchanged, the Phelps Dodge assay results will be used for the settlement and payment shall be made within 30 days after the shipment is weighed and sampled at the Smelter. If a sample is sent to umpire, settlement will be delayed until after receipt of the umpire results.

Gold: Deduct 0.02 tr. oz per dry ton or 8% of the gold content, whichever is greater, and pay for 95 % of balance at the weekly average Handy and Harmon quotation in Metals Week; for the week ending Friday in which the shipment is received, for flux with silica content of 81.0% SiO₂, or greater. For silica content less than 81.0% SiO₂, deduct 0.03 oz/T, or 10% whichever is greater, and pay 95% of the remainder.

Silver: Deduct 0.5 tr. oz per dry ton or 10% of the silver content, whichever is the greater, and pay for 95 % of the balance at the weekly average Handy & Harmon quotation in Metals Week for the week ending Friday in which the shipment is received.

Copper: Deduct 10 lbs. per dry ton and pay for 90 % of the balance at the average U.S. Prod. Ref. quotation in Metals Week less 15 ¢ per pound of copper, for the week ending Friday in which the shipment is received.

CHARGES

Silica: Ore less than 75% SiO₂ will be charged at \$1.00 per unit (1 percentage point = 20 lbs.) fractions in proportion.

Iron: Above 6 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Lime: Above 3 %, charge excess at \$ 0.30 per unit, fractions in proportion.

Alumina: Above 6 %, charge excess at \$ 1.00 per unit, fractions in proportion.

Determination for the following impurities shall be made on a weighted monthly composite sample.

Lead: Above 0.3 %, charge excess at \$0.30 per unit, fractions in proportion.

Zinc: Above 0.3 %, charge excess at \$0.30 per unit, fractions in proportion.

Arsenic: Above 0.3 %, charge excess at \$0.30 per unit, fractions in proportion.

Antimony:) Combined,

Bismuth:) Above 0.2 %, charge excess at \$8.00 per unit, fractions proportion.

Cadmium:)

Fluorine: Above 0.05%, charge excess at \$2.00 per lb., fractions in proportion.

Chlorine: Above 0.05%, charge excess at \$2.00 per lb., fractions in proportion.

Moisture: Above 10 %, charge excess at \$0.30 per unit, fractions in proportion.

Above purchase terms are subject to the following non-economic section of this contract.

SECTION II - NON - ECONOMIC

TERMS

This agreement will be in force from April 15, 1991 until terminated by Phelps Dodge Corporation. Termination will be effective thirty (30) days after written notice is given to the Shipper by Phelps Dodge. All terms of this Contract are subject to periodic review and re-negotiation by the parties.

Basic weight units will be troy ounces, avoirdupois pounds and short dry tons. The word "unit" will mean "1 percentage point (1.0%)", or 20 lbs.

QUANTITY

The Shipper will be advised by Phelps Dodge on a monthly basis of the quantity to be delivered during each calendar month and the lot size for sampling and settlement purposes. This contract is for up to 3000 tons/month.

WEIGHING,
SAMPLING &
ASSAYING

Weighing, sampling, moisture determination and assaying will be conducted in accordance with standard practices at the Smelter after receipt of material at the Smelter. The Shipper shall have the right to be present, or have his representative present, at the weighing and sampling.

If the Shipper notifies the Hidalgo Smelter, Phelps Dodge Corporation, in writing, prior to receipt by the Smelter of the siliceous material, that Shipper wishes to exchange assays, Phelps Dodge shall deliver to Shipper a one-quarter split of the sample of the shipment taken by the Smelter and the Supplier shall cause his sample split to be assayed by a reputable and qualified assayer. The Shipper, on receipt of his assay certificate, shall present same to the Branch controller or his representative, who shall then present at that time the Smelter's assay certificate for comparison. If the variation between the two certificates do not exceed the following splitting limits:

Copper	=	0.15%
Silver	=	0.15 oz/ton
Gold	=	0.010 oz/ton
Lead	=	0.05%
Zinc	=	0.2%
Arsenic	=	0.4%
Antimony	=	0.4%
Bismuth	=	0.1%
Fluorine	=	0.005%
Chlorine	=	0.01%
SiO ₂	=	0.5%
Al ₂ O ₃	=	0.5%
CaO	=	0.5%
Iron	=	0.5%

then the settlement will be established on the average between the respective assays. In the case of the variation exceeding the splitting limits, a mutually acceptable umpire shall be chosen from the following assayers:

Mountain States Research & Development, Tucson
Metallurgical Labs, San Francisco
American Analytical, Tucson
Skyline Labs, Tucson

The umpire's assay result shall be final, if it is not higher than the highest result or lower than the lowest result of the Shipper and Smelter assay certificates. If the umpire's assay is higher than the highest or lower than the lowest results of the Shipper and Smelter assay certificates, settlement shall be based on the assay nearest to the umpire's. Cost of the umpire analysis shall be borne by the party whose assay result is the furthest from the umpire's.

WITHHOLDING

If any third party should make claim to any of the siliceous material or the proceeds from the sale thereof, payment shall be withheld until such time as the dispute has been resolved by:

- (i) Entry of a final judgment by a court or a final award in arbitration determining the respective rights of the claimants to the siliceous material or the proceeds from the sale thereof, or
- (ii) Mutual agreement among the claimants releasing and discharging Phelps Dodge from any and all liability in connection with the purchase of and payment for said siliceous material.

WARRANTIES

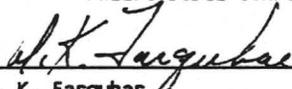
The Shipper warrants that it has the right to mine and ship siliceous material to the Hidalgo Smelter, Phelps Dodge Corporation, hereunder, and that it will have good title to all siliceous material delivered to the Hidalgo Smelter, Phelps Dodge Corporation, and Shipper agrees to indemnify and hold harmless the Hidalgo Smelter, Phelps Dodge Corporation, from any and all claims, demands, obligations, and liabilities of any kind whatsoever that may be asserted against the Hidalgo Smelter, Phelps Dodge Corporation, for or on account of siliceous material delivered hereunder, or the purchase thereof.

FORCE MAJEURE Either party hereto shall be excused from performance during any period such performance is prevented by governmental action, war, fire, flood or other force majeure beyond the control of such party, or by strike, lockout, or failure of transportation facilities, and the Hidalgo Smelter, Phelps Dodge Corporation, shall not be required to order, accept, or receive any siliceous material hereunder during any period when the operations of the Hidalgo Smelter, Phelps Dodge Corporation, or any smelter to which such material has been shipped or is to be shipped, are suspended or curtailed on account of any such case.

The time for making payments for siliceous material sampled during a period when force majeure has been declared shall be extended by a period of time equivalent to the number of days for which force majeure was in effect.

NOTICE All notices shall be deemed to have been given upon delivery in person or upon deposit thereof in the United States mail, registered or certified mail, postage prepaid, return receipt requested; enclosed in a sealed envelope addressed to the party at the address set forth above or to such other address as a party shall have designated by written notice to the other. Any notice of change of address shall not be deemed given until actually received by the party entitled to receive such notice.

PHELPS DODGE CORPORATION

by 
D. K. Farquhar

Title Raw Materials Director, Western Operations

Date April 11, 1991

Accepted:

A.F. Budge (Mining) Limited

(Shipper)

by 
(Authorized Rep. for Shipper)

Title General Manager

Date April 16, 1991