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—
DINO DeCONCINI
OF COUNSEL

March 29, 1985

Mr. Ben F. Dickerson, III
DMEA Ltd.
7340 East Shoeman Lane
Suite 111 "B" (E)
Scottsdale, Arizona 85251

RECEIVED APR 1 1985

Re: United Verde Extension

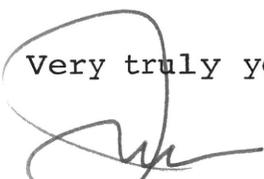
Dear Ben:

I have enclosed the most recent version of an agreement between A.F. Budge (Mining) concerning the United Verde Extension Mine.

One of the changes requested by Carole was to draw in an exclusion from the application of the agreement within 100 feet of the exterior boundaries of the property. It seems to me that this exclusion should only be applicable to mining rights (as opposed to access, etc.).

I have provided additional copies of pages where I have made substantial changes from the last version to show where the changes were made.

Very truly yours,



John C. Lacy

jk

Enc.

whereby Verde leases the Property to Budge together with the rights of access necessary for the exercise of the rights granted by this Agreement.

2. Grant; Definitions

a. Grant - Verde hereby grants, demises, leases and lets the "Property" exclusively to Budge, its successors and assigns, with the right to conduct "Mineral Exploration and Mining Activities" and to produce, process and sell "Leased Substances" therefrom **together with all "Surface Rights" (but only to the extent Verde is vested with title to the surface) required or necessary to conduct Mineral Exploration and Mining Activities** during the term of this Agreement.

b. Definitions - The words and phrases used in the above grant shall have the following meanings:

(1) The "Property" includes those lands in the Verde (Jerome) Mining District, Yavapai County, Arizona, more particularly described as Parcels I through VII, inclusive, in Exhibit A hereto, enclosed within vertical lines extended downward from the surface boundaries of the claims as designated by the mineral surveys thereof, together with all appurtenances thereto including specifically a right of access through the Audrey Shaft described as Parcel VII and any other rights of access now owned by Verde, including any interest Verde may hereafter acquire.

(2) "Leased Substances" shall include, but without being limited to, all rock, ores, minerals and mineral rights within the limits of the Property.

(3) "Mineral Exploration and Mining Activities" shall include the exclusive rights and privileges:

-- to drill and excavate holes, pits, shafts and other excavations, to construct roads and to conduct surveys, explorations, sampling, investigations and other operations in such a manner and to the extent as

Budge, in its sole judgment and discretion, may deem advisable for the purpose of ascertaining any and all facts relating to the occurrence of ores and minerals in and under the Property and the metallurgical and physical properties of any such ores;

-- to mine (by underground or any other methods suitable for the extractions of Leased Substances from the Property), extract, mill, store, process, remove and market Leased Substances from the Property, **provided, however, that such mining rights shall not be exercised within those portions of Parcels I through VII lying within 100 feet of the outside perimeter of the claims or portions thereof included within the Property and for purposes of mining are excluded from the Property;**

-- to use other resources of the Property, including the use of water rights of Verde and such additional rights as may be acquired by Budge in its or Verde's name, in connection with the exploration, mining and processing rights granted hereunder.

(4) "Surface Rights" shall include the exclusive rights and privileges:

-- to place, construct, maintain, use, and remove such structures, facilities, equipment, roadways, haulageways and such other improvements on the surface or subsurface of the Property as Budge may deem necessary, useful or convenient for the full enjoyment of all of the rights herein granted; and

-- to use the surface of the Property to deposit waste other materials from mining operations on the Property.

provided, however, that if such surface for facilities or waste disposal is not compatible with existing or projected uses of the surface, Verde shall provide Budge with surface rights on adjoining or nearby properties to Budge's reasonable satisfaction. Verde shall also, as requested by

Change P

Budge, use its best efforts to obtain for Budge any additional rights of access or the use of facilities, including the use of shafts, tunnels and other underground facilities, transportation, power and other communication facilities upon property owned or controlled by Verde but leased to third parties solely for the enjoyment of the rights granted Budge by this Agreement.

3. Term

Unless sooner terminated under the termination provisions hereinafter contained, the term of this Agreement shall be for a period of five (5) years (the "Primary Term") commencing on the effective date hereof; and for so long thereafter as Leased Substances are continuously produced from the Property (the "Secondary Term"). For purposes of this provision, "production" and "produced" shall include all activities commonly regarded as mining (including in situ leaching), milling (or other processing), and marketing. Production shall specifically include the operation of any pilot or test facility for initial testing of the metallurgical qualities of Leased Substances extracted from the Property whether or not Leased Substances have actually been removed. Either the Primary or Secondary Term may be extended by reasons of force majeure, as specified in Section 11 hereof. Operations shall be deemed continuous as long as mining, processing or marketing operations do not cease for a period of more than ninety (90) consecutive days except as provided in Section 11.

4. Payments to Verde

a. Advance Minimum Payments Against Net Proceeds Interest - Budge shall pay Verde Twenty-Five Thousand Dollars (\$25,000.00) annually and in advance as an advance minimum payment against net proceeds payable under subsection b of this Section 4, provided, however, that if Budge purchases

Road, Scarsdale, New York 10583, and Paul A. Handverger, 2160 Old Jerome Highway, Clarkdale, Arizona 86234, and in the case of Budge, an additional copy shall be sent to DMEA Ltd., 7340 E. Shoeman Lane, Suite 111 "B"(E), Scottsdale, Arizona 85251. Either party may, by notice to the other given as aforesaid, change its mailing address for future notices.

10. Assignment

Budge's rights in this Agreement or the Property shall not be assigned without the prior written consent of Verde, which consent shall not be unreasonably withheld. This provision shall not apply to mergers, transfers through operation of law, or sales and assignments to subsidiaries of Budge, its corporate parent or subsidiaries of its corporate parent. A subsidiary shall be deemed any corporation or other entity in which Budge or its parent owns or controls a majority of the stock or interest. No assignment by Verde shall operate to enlarge the obligations or diminish the rights of Budge hereunder. No such change or division in the ownership of the Property by Verde shall be binding upon Budge for any purpose until the first day of the month next succeeding the month in which such person acquiring any interest shall furnish evidence to Budge's satisfaction of such change, transfer or division of ownership.

11. Force Majeure; No Implied Covenants

If Budge is delayed or interrupted in or prevented from exercising its rights or performing its obligations, as herein provided, by reasons of "force majeure," then, and in all such cases, Budge shall be excused, without liability, from performance of its obligations set forth in this Agreement (except as to obligations set forth in Sections 4 and 6), but the provisions shall again come into full force and effect upon the termination of the period of delay, pre-

04-11-84

JCL

LEASE AGREEMENT

BY THIS LEASE AGREEMENT

effective as of the 1st day of April, 1985,

by and between VERDE EXPLORATION, LTD., a Delaware corporation, and JEROME-VERDE DEVELOPMENT CORPORATION, a Delaware corporation, whose address is Room 4201, 40 Wall Street, New York, New York 10005 (collectively "Verde" herein),

and

A. F. BUDGE (MINING) LIMITED, a registered corporation under the laws of England, whose address is West Carr Road, Retford, Nottinghamshire, England DN22 7SW ("Budge" herein),

Verde, in consideration of the agreements set forth herein, has granted certain rights to Budge under the following terms and conditions:

1. Recitals

Verde Exploration, Ltd., owns certain lands, mineral rights and improvements in the Verde (Jerome) Mining District (more particularly described as Parcels I through VI in Exhibit A and including particularly the Edith Shaft situated on Parcel II) and Jerome-Verde Development Corporation owns a mine shaft known as the Audrey Shaft together with the surface surrounding the shaft to a depth of 25 feet below the surface (more particularly described as Parcel VII in Exhibit A). Verde has previously entered into a Mineral Lease dated September 14, 1981, with Phelps Dodge Corporation which Mineral Lease has been terminated but Verde and Phelps Dodge have jointly agreed that certain hoisting equipment and facilities associated with the Edith Shaft (the "Hoist") would remain on the Property and Budge has therefore entered into a separate agreement with Phelps Dodge concerning the lease and optional purchase of the Hoist. Verde and Budge by

*agreement
effective April 1, 1984*

this Agreement now desire to enter into an arrangement whereby Verde leases the Property to Budge together with the rights of access necessary for the exercise of the rights granted by this Agreement.

2. Grant; Definitions

a. Grant - Verde hereby grants, demises, leases and lets the "Property" exclusively to Budge, its successors and assigns, with the right to conduct "Mineral Exploration and Mining Activities" and to produce, process and sell "Leased Substances" therefrom together with all "Surface Rights" (but only to the extent Verde is vested with title to the surface) required or necessary to conduct Mineral Exploration and Mining Activities during the term of this Agreement.

b. Definitions - The words and phrases used in the above grant shall have the following meanings:

(1) The "Property" includes those lands in the Verde (Jerome) Mining District, Yavapai County, Arizona, more particularly described as Parcels I through VII, inclusive, in Exhibit A hereto, enclosed within vertical lines extended downward from the surface boundaries of the claims as designated by the mineral surveys thereof, together with all appurtenances thereto and including specifically a right of access through the **Edith Shaft included within Parcel II** and any other rights of access now owned by Verde, including any interest Verde may hereafter acquire. **Verde specifically agrees to use its best efforts to acquire for Budge joint use rights in the so-called "Josphine Tunnel" in and to areas outside the Property for which Budge agrees to allow similar joint use rights within the Property.**

(2) "Leased Substances" shall include, but without being limited to, all rock, ores, minerals and mineral rights within the limits of the Property.

(3) "Mineral Exploration and Mining Activities" shall include the exclusive rights and privileges:

-- to drill and excavate holes, pits, shafts and other excavations, to construct roads and to conduct surveys, explorations, sampling, investigations and other operations in such a manner and to the extent as Budge, in its sole judgment and discretion, may deem advisable for the purpose of ascertaining any and all facts relating to the occurrence of ores and minerals in and under the Property and the metallurgical and physical properties of any such ores;

-- to mine (by underground or any other methods suitable for the extractions of Leased Substances from the Property), extract, mill, store, process, remove and market Leased Substances from the Property, provided, however, that such mining rights shall not be exercised within those portions of Parcels I through VII lying within 100 feet of the outside perimeter of the claims or portions thereof included within the Property and for purposes of mining are excluded from the Property;

-- to use other resources of the Property, including the use of water rights of Verde and such additional rights as may be acquired by Budge in its or Verde's name, in connection with the exploration, mining and processing rights granted hereunder.

(4) "Surface Rights" shall include the exclusive rights and privileges:

-- to place, construct, maintain, use, and remove such structures, facilities, equipment, roadways, haulageways and such other improvements on the surface or subsurface of the Property as Budge may deem necessary, useful or convenient for the full enjoyment of all of the rights herein granted; **provided, that this provision shall not be interpreted as granting Budge any**

exclusive use of the so-called "Engineering Building" situated on Parcel II, but which structure shall be subject to the joint use of the parties; ^{and others:} and

-- to use the surface of the Property to deposit waste other materials from mining operations on the Property.

provided, however, that if such surface for facilities or waste disposal is not compatible with existing or projected uses of the surface, Verde shall attempt to provide Budge with surface rights to the best of its ability on adjoining or nearby properties to Budge's reasonable satisfaction. Verde shall also, as requested by Budge, use its best efforts to obtain for Budge any additional rights of access or the use of facilities, including the use of shafts, tunnels and other underground facilities, transportation, power and other communication facilities upon property owned or controlled by Verde but leased to third parties solely for the enjoyment of the rights granted Budge by this Agreement.

3. Term

Unless sooner terminated under the termination provisions hereinafter contained, the term of this Agreement shall be for a period of five (5) years (the "Primary Term") commencing on the effective date hereof; and for so long thereafter as Leased Substances are continuously produced from the Property (the "Secondary Term"). For purposes of this provision, "production" and "produced" shall include all activities commonly regarded as mining (including in situ leaching), milling (or other processing), and marketing. Production shall specifically include the operation of any pilot or test facility for initial testing of the metallurgical qualities of Leased Substances extracted from the Property whether or not Leased Substances have actually been removed; provided that the pilot or test facility

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April 11, 1985

DINO DeCONCINI
OF COUNSEL

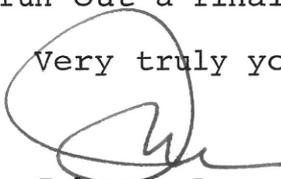
Ms. Carole O'Brien
DMEA Ltd.
7340 East Shoeman Lane
Suite 111 "B" (E)
Scottsdale, Arizona 85251

Re: United Verde Extension

Dear Carole:

I have enclosed a redraft of the Lease Agreement between A.F. Budge and Verde on the United Verde Extension containing my rough ideas for changes pursuant to my discussions with you and Paul Handverger. The changes are indicated in bolded type. I would appreciate it if you would have these changes reviewed and provide me with your comments. Once that is accomplished, I will then remove the bolding and run out a final copy.

Very truly yours,


John C. Lacy

jk

Enc.

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April 22, 1985

VIA FEDERAL EXPRESS

RECEIVED APR 23 1985

Mr. Ben F. Dickerson, III
DMEA Ltd.
7340 East Shoeman Lane
Suite 111 "B" (E)
Scottsdale, Arizona 85251

Re: United Verde Extension Agreement

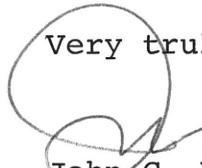
Dear Ben:

I have enclosed an original and four copies of an agreement between A.F. Budge and Verde Exploration, Ltd. and Jerome-Verde Development Corp. concerning the United Verde Extension Mine.

This final version contains the changes I discussed today with Carole. Please also note that I have provided a "back out" on page 1 to the effect that if Budge is not able to consummate the lease of the hoist with Phelps-Dodge he may elect to cancel the deal.

For your convenience I have also enclosed separate pages with highlighted changes.

Very truly yours,



John C. Lacy

jk

Enc.