

RESOLUTION

Late 21-90

Resolution offered by the Forestry/Outdoor Recreation Committee.

WHEREAS, Oneida County Board resolution #44-89 which was passed by the Oneida County Board on June 20, 1989 authorizes the Forestry/Outdoor Recreation Committee to enter into an exploration, prospecting and mining lease with the mineral exploration companies which were the successful bidders on certain tracts of County forest lands; and

WHEREAS, in November of 1989 these leases were signed and sent to the Wisconsin Department of Natural Resources for that agency's final approval; and

WHEREAS, upon receipt of the Wisconsin Department of Natural Resources' approval, the lease agreements were duly recorded in the Oneida County Register of Deeds Office; and

WHEREAS, subsequent to that recording several concerns have been raised by the lessee mineral companies relative to insurance requirements, lease wording relative to the County's right to cancel, and timeliness of the recording of the lease documents; and

WHEREAS, these concerns have been reviewed by the Oneida County Corporation Counsel, Forestry/Outdoor Recreation Committee and the County's insurance consultant; and

WHEREAS, the "Oneida County Metallic Mineral Exploration Agreement and Mining Lease Amendment and Ratification", which has been attached to and made a part of this resolution, addresses the aforementioned concerns to the satisfaction of all parties involved.

NOW, THEREFORE, BE IT RESOLVED that the Oneida County Board of Supervisors does hereby approve and ratify the attached amendment and authorize the signing of the amendment by the appropriate County officials.

BE IT FURTHER RESOLVED that the signed amendments be forwarded to the Wisconsin Department of Natural Resources for their approval and information as may be required by law.

BE IT FURTHER RESOLVED that the amendment then be filed in the Oneida County Register of Deeds Office as addendums to those lease documents already recorded in Volume 2, Minerals, page 1, document number 381911, (Oneida County Metallic Mineral Exploration and Prospecting Agreements and

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2 Mining Leases with Noranda Exploration, Inc.), Volume 2, Minerals, page 48,  
3 document number 382101, (Oneida County Metallic Mineral Exploration and  
4 Prospecting Agreements and Mining Lease with Great Lakes Exploration,  
5 Inc.), and Volume 2, Minerals, page 91, document number 382106, (Oneida  
6 County Metallic Mineral Exploration and Prospecting Agreements and Mining  
7 Lease with E.K. Lehman and Associates of Wisconsin).  
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32 DATED this <sup>19</sup>16 day of February 1990.

33 Offered and passage moved by Thomas D. Rudolph  
34 Seconded by J. Lee

35 16 Ayes  
36 0 Nays  
37 4 Absent  
38  
39

James Busche  
Theodore Swan

**ONEIDA COUNTY METALLIC MINERAL EXPLORATION  
AND PROSPECTING AGREEMENT AND MINING LEASE  
AMENDMENT AND RATIFICATION**

This Mining Lease Amendment and Ratification (the "Amendment") is made between Oneida County ("County") and

WHEREAS, County and are parties to a certain Exploration and Prospecting Agreement Nos. 1 and 2, with Exhibit I (Mining Lease) attached, a true and correct copy of all of which are attached hereto and incorporated herein by reference, which agreements were entered into by and between the County and subject to the approval of the Wisconsin Department of Natural Resources ("WDNR") as required by Wis. Stat. §28.11(3), and which will be referred to collectively as the "Original Agreement"; and,

WHEREAS, the Original Agreement did not contain a statement of right to cancel as required by Wis. Stat. §107.25(3); and,

WHEREAS, the WDNR approval letter for the Original Agreement was dated ; and,

WHEREAS, the Original Agreement bears dated signatures on behalf of of November 28, 1989; on behalf of the County of November 16, 1989; and was recorded in the Office of the Register of Deeds for Oneida County, Wisconsin, in Rhinelander, Wisconsin, on January , 1990, in Volume of Minerals on Page as Document No. ; and,

WHEREAS, the parties wish to alternatively ratify and amend the Original Agreement or, in case the Original Agreement should be adjudged to be of no force and effect, to have this Amendment and the attached copy of the Original Agreement constitute a new and enforceable agreement;

NOW, THEREFORE, in consideration of the mutual covenants recited herein, and the mutual covenants recited in the Original Agreement, attached hereto and incorporated herein by reference, the parties agree as follows:

1. County hereby acknowledges that it has knowledge of the provisions of Wis. Stat. §107.25 regarding the rights of lessors to cancel exploration mining leases, which section of the statute specifically provides for cancellation by a lessor that is a public body by notifying the lessee within ninety days after the lease is recorded, and which provides that a statement of that right to cancel shall be included in any such agreement. The Original Agreement did not contain a proper statement of right to cancel as required by Wis. Stat. §107.25(3). The County hereby waives the requirement of Wis. Stat. §107.25(4) to include a statement of the right to cancel, and waives any right to have received notice,

in any form, off the right to cancel from . This waiver does not include waiver of County's right to cancel provided in Wis. Stat. §107.25(1). The parties hereby agree and confirm that for the purposes of Wis. Stat. §107.25(4), the Original Agreement was signed by County on, and as of, the date on which approval was given by the WDNR, and that recording of the Original Agreement was within thirty days after such signing. and County hereby ratify and confirm the Original Agreement and acknowledge that the Original Agreement is, subject to the amendatory provisions contained in paragraph 3 hereof, valid and in full force and effect in accordance with the terms thereof.

2. Paragraph 3 of this Amendment contains amendments to the Original Agreement. If, for any reason, the Original Agreement should be adjudged defective, then this agreement (except the provisions relating only to ratification of the Original Agreement) and the Original Agreement attached hereto shall constitute a new and enforceable agreement between the parties.

3. The Original Agreement is amended as follows:

A. Section VII of Exploration and Prospecting Agreement No. 1 is removed and replaced with the following:

"Insurance. Company shall carry general comprehensive liability insurance to include (a) worker's compensation (coverage A), including employer's liability (coverage B); (b) commercial general liability, including bodily injury/property damage/personal injury; (c) automobile liability to include bodily injury/property damage; and (d) umbrella liability. Minimum amounts of coverage shall be (a) coverage A: statutory, and coverage B: employer's liability of \$500,000; (b) \$500,000 each occurrence and \$500,000 aggregate; (c) \$500,000 each person and \$500,000 each occurrence; and (d) \$3,000,000 each occurrence and \$3 million aggregate. Company must provide a certificate of insurance indicating types of insurance owned and minimum amounts of coverage available within 30 days of the recording of this Agreement."

B. The following provision is added to the Terms and Conditions of Exploration and Prospecting Agreement No. 2:

"Company shall carry the insurance coverages specified under Exploration and Prospecting Agreement No. 1, except that Company shall increase the coverage of the umbrella liability insurance to a minimum of \$10 million each occurrence aggregate."

- C. The following provision is added to the General portion of Exhibit I (Mining Lease):

"Company shall carry the insurance coverages specified under Exploration and Prospecting Agreement No. 1, except that Company shall increase the coverage of the umbrella liability insurance to a minimum of \$10 million each occurrence and \$10 million aggregate."

- D. The Original Agreement is amended to include the following provision:

"If any time period or time limit contained in this Agreement is greater than permitted by applicable law, such time limit or time period shall be reduced to the maximum length permitted by applicable law."

- E. The Statement of Right to Cancel, deemed to be in 12-point, bold-face type, or larger, is included below and is incorporated into the Original Agreement.
- F. Pursuant to Wis. Stat. §706.05(3)(b), the Original Agreement is amended to include the following provision:

" \_\_\_\_\_, a \_\_\_\_\_ corporation, is a wholly owned subsidiary of \_\_\_\_\_, a \_\_\_\_\_ corporation, which is a wholly owned subsidiary of \_\_\_\_\_, a \_\_\_\_\_ corporation, which is a wholly owned subsidiary of \_\_\_\_\_."

- G. Approval of this Mining Lease Amendment and Ratification by the WDNR will be sought and is anticipated to be received in the form of a letter. That letter will be attached hereto and incorporated herein by reference before this document is recorded in the Office of the Register of Deeds for Oneida County, Wisconsin.

4. Pursuant to Wis. Stat. §107.25, the following statement of right to cancel is included in larger than 12-point, bold-face type:

(1) **Right to cancel.** An exploration mining lease entered into after April 25, 1978, may be canceled by the lessor as follows:

(a) [Omitted]

(b) If the lessor is a public body as defined in s. 66.43(3)(i), the lessor may cancel an exploration mining lease by notifying the lessee within 90 calendar days after the lease is recorded.

(c) The lessor may cancel an exploration mining lease if 10 years have elapsed from the date on which the lease was recorded in the office of the register of deeds of the county where the property is located and the lessee has not formally applied for either a permit to prospect under s. 144.84 or a permit to mine under s. 144.85. In the event that the lessee formally applies for a prospecting permit under s. 144.84 or a mining permit under s. 144.85 within the 10-year period, but does not receive a mining permit under s. 144.85 within the 10-year period following the date of application for the prospecting permit or mining permit, the lessor's right to cancel is revived.

(d) The lessor's right to cancel an exploration mining lease provided in this subsection cannot be waived and any provision to the contrary in such a lease is void.

(e) [Omitted]

(2) Notification of cancellation. A lessor shall notify the lessee of cancellation by registered mail addressed to the lessee. Notice is considered to be given at the time the letter is mailed. The lessor shall also provide written notice of the cancellation to the register of deeds which shall be recorded. The recorded notice shall be in legible form, as

recorded. The recorded notice shall be in legible form, as determined by the register of deeds and must clearly identify the exploration mining lease document being canceled, the lessor and lessee, the property subject to the lease and the date the lease was originally recorded.

Notice of cancellation should be mailed to the following address:

and should be sent to the attention of the Land Department.

5. Except as amended herein, the terms of the Original Agreement remain unchanged and in full force and effect, a copy of which Original Agreement is attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, the County has caused these presents to be executed by its Chairman of the Board of Supervisors and its County Clerk, this \_\_\_\_\_ day of \_\_\_\_\_, 1990.

ONEIDA COUNTY

By \_\_\_\_\_

Chairman, Oneida County Board of Supervisors

By \_\_\_\_\_

Clerk of Oneida County

STATE OF WISCONSIN )  
 ) ss.  
COUNTY OF ONEIDA )

Personally came before me this \_\_\_\_\_ day of \_\_\_\_\_, 1990,  
\_\_\_\_\_, Chairman, Oneida County Board of Supervisors,  
and \_\_\_\_\_, Clerk of Oneida County, to me known to  
be such Chairman, Oneida County Board of Supervisors, and Clerk of Oneida County, and  
acknowledged that they executed the foregoing instrument as such Chairman, Oneida  
County Board of Supervisors, and Clerk of Oneida County as the deed of Oneida County,  
by its authority.

\_\_\_\_\_  
Notary Public, Oneida Co., Wisconsin  
My Commission expires: \_\_\_\_\_

IN WITNESS WHEREOF, \_\_\_\_\_ has caused these presents to be executed by  
its \_\_\_\_\_ and attested by its \_\_\_\_\_  
\_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 1990.

In presence of:

(Seal)

By \_\_\_\_\_

Its \_\_\_\_\_

Attest \_\_\_\_\_

Its \_\_\_\_\_



ACKNOWLEDGMENT

)  
) ss.  
)

This certifies that on the \_\_\_\_\_ day of \_\_\_\_\_, 1990,  
before me, the undersigned, a Notary Public in  
personally appeared \_\_\_\_\_, known by me to the \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_, and, that he being authorized to do so,  
acknowledged to me that he executed the foregoing instrument freely and voluntarily and  
for the uses and purposes therein mentioned.

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

\_\_\_\_\_  
Notary Public for

(Seal)

My Commission is . . . .

This instrument was prepared by

*Abandonment  
Late 21-90*

**ONEIDA COUNTY METALLIC MINERAL  
EXPLORATION AND PROSPECTING AGREEMENTS  
AND MINING LEASE**

**EXPLORATION AND PROSPECTING  
AGREEMENT NO. 1**

EXPLORATION AND PROSPECTING AGREEMENT No. 1 including Exploration and Prospecting Agreement No. 2 and Exhibit I (Mining Lease) are entered into by and between Oneida County, a political subdivision of the State of Wisconsin, hereinafter referred to as COUNTY and \_\_\_\_\_ hereinafter referred to as COMPANY.

For and in consideration of mutual covenants hereinafter set forth, the COUNTY and the COMPANY agree as follows:

- I. **Definitions.** For the purpose of Exploration and Prospecting Agreement No. 1 (hereinafter referred to as Agreement No. 1), Exploration and Prospecting Agreement No. 2 (hereinafter referred to as Agreement No. 2), and Exhibit I (Mining Lease), hereinafter referred to as Mining Lease, certain words and terms shall be interpreted as follows:
  - A. "Abandonment" means abandoning a drill hole in accordance with the procedures specified in section NR 130.06, Wis. Admin. Code.
  - B. "Appendix A" means a listing of all COUNTY forest lands subject to this Agreement No. 1, Agreement No. 2, and Mining Lease.
  - C. "Appendix B" means a listing of additional resource protection requirements as noted in Section VII.P. of Agreement No. 1.
  - D. "Appendix C" means a listing of each application and bid form for each bid unit awarded by COUNTY to COMPANY as per COUNTY'S competitive mineral leasing program. Such listing shall include each bid unit by number and the additional royalty amount owed by COMPANY as per COMPANY'S accepted application and bid.
  - E. "COMPANY" means the individual, partnership, firm, association, corporation or other legal entity which intends to investigate the COUNTY'S mineral resources pursuant to this Agreement.
  - F. "Competitive mineral leasing program" means the program and procedures, including all relevant documents, adopted by the COUNTY to effectuate the leasing of COUNTY forest lands for the purpose of metallic mineral exploration, prospecting, and mining. Documents relevant to this program and hereby incorporated by reference shall include but not be limited to the Application and Bid form and the Bid Units Book with Explanation of Procedures.

- G. "Concrete grout" means a mixture of portland cement, sand and water in the proportion of one bag of cement (94 pounds) and an equal volume of dry sand, and 5 to 6 gallons of clean water.
- H. "Current fair market value" as applied to timber means the current market value of timber stumpage by species for the COUNTY using the procedures published by the DEPARTMENT in its Timber Sales Handbook No. 2461.
- I. "DEPARTMENT" means the Wisconsin Department of Natural Resources.
- J. "Drilling site" means the area disturbed by exploration including the drill hole.
- K. "Environmental emergency" means any situation on the premises which has arisen, or appears imminent, such as but not limited to forest fires and floods whether due to the action or inaction of COMPANY or COUNTY, or any third party, or due to natural causes, and which appears to exist in the judgment of the COUNTY or the DEPARTMENT and which appears to warrant immediate prevention or curative action to protect the natural resource from serious damage or destruction.
- L. "Exploration" means the onsite geologic examination from the surface of an area by core, rotary, percussion, or other drilling, where the diameter of the hole does not exceed 18 inches, for the purpose of searching for metallic minerals or establishing the nature of a known metallic mineral deposit and includes activities such as clearing and preparing sites or constructing roads for drilling.
- M. "Exploration and Prospecting Agreement No. 1" means the initial Agreement entered into by the COUNTY and the COMPANY covering the exploration and prospecting of metallic minerals in, on, and under the premises.
- N. "Exploration and Prospecting Agreement No. 2" means the Agreement entered into by the COUNTY and the COMPANY commencing on the date that the COMPANY exercises the mining lease option of Agreement No 1 or the DEPARTMENT notifies the COUNTY that the COMPANY has filed a mining permit application pursuant to s. 144.85, Stats.
- O. "Force majeure" as used herein shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, riot, lightning, fire, storm, flood, explosion, governmental restraint, and any other cause whether of the kind specifically enumerated above or otherwise which is not reasonably within the control of the parties.

- P. "Lease year" means the twelve months from October 1st of a calendar year through September 30 of the next following calendar year. October 1 shall be the "anniversary date" for the lease irrespective of the actual date of execution or effective date of Agreement No. 1, Agreement No. 2, and the Mining Lease..
- Q. "Mineral(s)" shall include but not be limited to ores of aluminum, beryllium, cadmium, chromium, cobalt, copper, gold, iron, lead, manganese, mercury, molybdenum, nickel, platinum and platinum-group metals, silver, sulphur, taconite, tin, tungsten, vanadium, zinc and zirconium, excluding specifically sand and gravel, uranium and other fissionable materials, oil, gas, casinghead gas and other thick or liquifiable hydrocarbons, and other nonmetallic minerals.
- R. "Mineral interest" means the rights of the COUNTY to minerals located in, on, or under the premises.
- S. "Mineral discovery" means a discovery of such a character and quantity that a prudent person would be justified in the further expenditure of his labor and means with a reasonable prospect of success in developing a valuable mine. For the purposes of Agreement No. 1, Agreement No. 2, and Mining Lease, all parties to these agreements and lease shall treat a mineral discovery, as defined above, as a common law trade secret under section 1.65(6)(a)4. of the General Code of Oneida County.
- T. "Mining" means all or part of the process in the mining of metallic minerals other than for exploration or prospecting, including commercial extraction, agglomeration, beneficiation, construction of roads, removal of overburden and the production of refuse.
- U. "Mining permit" means the permit which is required of all operators as a condition precedent to commencing mining at a mining site.
- V. "Monitor team captain" means the DEPARTMENT employee designated by the DEPARTMENT to act in this position.
- W. "Neat cement grout" shall consist of cement and water in the proportion of one bag of portland cement (94 pounds) to 5 to 6 gallons of clean water.
- X. "NEW COMPANY" means the individual, partnership, firm, association, corporation or other legal entity which assumes all obligations and responsibilities under the terms and provisions of this Agreement with or in the place of the COMPANY as a result of the assignment of this Agreement or any part thereof by the COMPANY.

- Y. "Premises" means all COUNTY Forest Lands entered pursuant to s. 28.11, Stats., on which the COUNTY has mineral interests and which the COUNTY has determined to be subject to Agreement No. 1, Agreement No. 2, and Mining Lease through the COUNTY'S competitive mineral mineral leasing program. Such lands are as described in Appendix A attached hereto and hereby made a part hereof.
- Z. "Prospecting" means engaging in the examination of an area for the purpose of determining the quality and quantity of minerals, other than for exploration, but including the obtaining of an ore sample, by such physical means as excavating, trenching, construction of shafts, ramps, tunnels, pits, and the production of refuse and other associated activities.
- AA. "Reclamation" means the rehabilitation of the project site including, but not limited to establishment of vegetative cover, stabilization of soil conditions, prevention of water pollution and where practicable, restoration of fish, plants and wildlife.
- II. Term. The term of this Exploration and Prospecting Agreement No. 1 shall not exceed a period of 10 lease years commencing on the date of formal written approval by the DEPARTMENT as described in Section IX of this agreement.
- III. Rental. The COMPANY shall pay the COUNTY according to the following schedule. Annual rental payments are due the COUNTY during the first month of the lease year, which begins October 1. The first lease year's payment shall be pro-rated reflecting the proportion of the lease year remaining from the date of execution of Agreement No. 1 and shall be due in full within 30 days after execution of this agreement. Terminal payment shall be for an entire lease year. The COMPANY shall pay to the COUNTY the following sums per lease year for each acre of the Premises on which the COMPANY has retained exploration and prospecting rights subject to the terms of Agreement No. 1.

Exploration and Prospecting Agreement No. 1

First year: \$ 5.00 per acre	Sixth year: \$13.00 per acre
Second year: \$ 5.00 per acre	Seventh year: \$15.00 per acre
Third year: \$ 7.00 per acre	Eighth year: \$17.00 per acre
Fourth year: \$ 9.00 per acre	Ninth year: \$19.00 per acre
Fifth year: \$11.00 per acre	Tenth year: \$20.00 per acre

For the second lease year and each successive lease year thereafter, the dollar amounts in Agreement No. 1, Agreement No. 2, and Mining Lease shall be changed to reflect the percentage change between the implicit deflator of gross national product for the second quarter of the current calendar year and the implicit deflator of gross national

product for the second quarter of the previous calendar year, as published in Economic Indicators, a publication of the Joint Economic Committee of the U. S. Congress. If Economic Indicators ceases to be published during the lifetime of these agreements and lease, another standard reference mutually agreeable to the COMPANY and the COUNTY shall be selected.

In any event, the revised amounts shall not be reduced below the amounts listed in Agreement No. 1, Agreement No. 2, and Mining Lease.

#### IV. Exploration and Prospecting Rights

- A. The COUNTY hereby grants to the COMPANY exclusive right to prospect and explore for minerals, including but not limited to the right to drill, take samples, conduct surveys, construct roads and prepare drill sites on, in, and under the premises.
- B. The rights under Agreement No. 1 and Agreement No. 2 herein granted the COMPANY shall include, without limitation, drilling, geological, geochemical, and geophysical surveys, sinking exploration shafts, taking samples, and using on the premises all machinery and equipment as reasonably may be required for the purpose of these agreements, but shall not include mining operations for the purpose of extracting and selling minerals present in commercial quantities.
- C. COMPANY shall have rights of ingress and egress to and from the premises to the extent the COUNTY has and may lawfully grant such rights, for the purpose of examining, investigating, and exploring the mineral interests and shall also have the right to remove reasonable amounts of ore or other materials for testing purposes.
- D. Upon any mineral discovery of sand, gravel, or any other merchantable mineral commodity not specifically granted under the definition of mineral(s) in Section I.M., the COMPANY shall notify the COUNTY. COMPANY agrees not to divulge information concerning such mineral discovery except to the COUNTY for as long as this agreement, in whole or in part, is in effect.
- E. The COMPANY shall obtain the permission of the COUNTY prior to use of any existing COUNTY Forest road or trail for access to exploration and/or prospecting sites, construction of any road or drill site, or other alteration of the premises, including the cutting of timber or other vegetation. Before granting permission, the COUNTY shall obtain the concurrence of the DEPARTMENT's monitor team captain. The COUNTY's or the DEPARTMENT's representatives shall have access to the premises for the purpose of inspection. In no event shall the COMPANY be unreasonably denied access to any proposed exploration and/or prospecting site.

- F. The COMPANY shall conduct its operations in accordance with applicable federal and state laws, rules and regulations, the General Code of Oneida County, Wisconsin, Oneida County Zoning and Shorelands Protection Ordinance, and other local ordinances.

V. Exploration and Prospecting Reports

The COMPANY shall file the following reports:

- A. Annual Exploration and Prospecting Report. The COMPANY shall during the first month of ~~the~~ calendar year, file a report describing the general nature and location of the work performed in the preceding year. Such report(s) shall also include a description of any mineral discovery, and shall be filed with the COUNTY, with copies sent concurrently to the DEPARTMENT and the Wisconsin State Geologist. All recipients shall treat these reports as confidential during the lifetime of Agreement No. 1, Agreement No. 2, and Mining Lease, to the extent provided by law.
- B. Final Exploration and Prospecting Report. The COMPANY shall within sixty (60) days subsequent to termination of these agreements file a report containing the following information:
1. Map showing the location of all drill holes constructed by the COMPANY on the Premises.
  2. The logs of such drill holes.
  3. All analyses of samples from such test holes.
  4. Geological maps and cross-sections.

The above information need not divulge any trade secrets concerning exploration and prospecting techniques.

This report shall be filed with ~~the~~ COUNTY with copies sent concurrently to the DEPARTMENT and the Wisconsin State Geologist.

All physical samples, including core and cuttings, collected by the COMPANY shall become the property of the COUNTY following termination of this Agreement. Nothing herein shall preclude, however, testing or evaluation, whether consumptive or not, of the physical samples by the COMPANY. Transfer of physical samples from COMPANY to COUNTY shall be at COUNTY expense.

VI. Exploration Drilling and Abandonment

- A. Prior to commencement of exploration, the COMPANY shall notify the COUNTY where the drilling sites will be located. The drill site(s) shall be constructed, maintained and abandoned in accordance with federal, state and local laws and regulations.

- B. The COMPANY shall comply with the following requirements to prevent exploration drill holes from acting as channels for contamination of groundwater, to-wit:
1. Exploration drill holes constructed by core drilling.
    - a. Water source(s) for exploration drilling operations shall be approved by the DEPARTMENT's monitor team captain prior to the use of such water by the COMPANY.
    - b. If drilling methods require the use of recirculating pits, such pits shall be constructed in a manner which will mitigate adverse environmental impacts and are subject to the prior approval of the DEPARTMENT's monitor team captain. A water-tight tank may be required at the discretion of the monitor team captain where natural conditions do not prevent the intersection of the recirculating pit with the local water table.
    - c. Drilling additives other than bentonite mud shall not be used unless approved by the DEPARTMENT.
    - d. Notification of intent to seal each exploration drill hole shall be given by the COMPANY to the DEPARTMENT's monitor team captain at least 24 hours prior to sealing.
    - e. Where all or a portion of the casing will be removed upon abandonment, exploration drill holes shall be backfilled with concrete grout concurrently with the process of the casing. Such grout must be placed from the bottom of the hole upward to the ground surface by pumping through a conductor pipe.
    - f. In the event the casing is to be left in place upon abandonment, backfilling of the hole with concrete grout shall also be accomplished in the manner prescribed in Section VI.B.1.e. above.
    - g. The COMPANY may substitute neat cement grout for concrete grout for sealing purposes.
    - h. Artesian flow encountered as a result of exploration drill-hole construction operations shall be positively contained. In the event a drill hole will flow under pressure great enough to cause a problem in using sealing prescriptions specified herein, contact should be made with the DEPARTMENT's monitor team captain immediately concerning special sealing methods required.
    - i. If the COMPANY desires to temporarily abandon an exploration drill hole, the casing shall be left in place and extend at least 12 inches above the ground surface and shall be properly capped with either a threaded metal cap



or an overlapping steel plate welded on airtight. Such temporarily abandoned drill hole shall be backfilled in the manner described in the preceding paragraphs, upon completion of its exploration use, and prior to permanent abandonment of the site.

2. For exploration drill holes other than those constructed by core drilling methods, specific approval for their construction and abandonment must be obtained from the DEPARTMENT prior to undertaking such activities.
- C. Upon the abandonment of a drill hole, the COMPANY shall furnish to the COUNTY the following information:
1. Hole identification number
  2. Exact location of drill hole
  3. Total depth of drill hole
  4. Collar elevation, inclination, and azimuth of drill hole
  5. General description of samples (core and cuttings)

#### VII. General Conditions.

##### A. Liability and compensation.

1. General Liability. To the fullest extent permitted by law, the COMPANY shall indemnify and hold harmless the COUNTY and their agents and employees from and against all claims, damages, losses and expenses, including but not limited to attorneys fees, arising out of or resulting from the exploration, prospecting or mining undertaken by COMPANY, provided that any such claim, damage, loss or expense (1) is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, including the loss of use resulting therefrom and (2) is caused by any negligent act or omission of the COMPANY, any subcontractor, any one directly or indirectly employed by any of them or anyone for whose acts any of them may be liable.
2. Worker's Compensation Liability. COMPANY agrees not to request any of the COUNTY'S employees to perform work for COMPANY, but should, in violation of Agreement No. 1, Agreement No. 2, and Mining Lease, this request be made by COMPANY, and should the COUNTY'S employees be injured or killed while performing said work COMPANY agrees to save the COUNTY harmless from any and all claims including Worker's Compensation.
3. Damages to COUNTY and town property. If any real or personal property of the COUNTY and town, including timber, town trunk roads, COUNTY forest roads, and COUNTY trunk roads, is damaged or destroyed by virtue of COMPANY'S operations hereunder on or off the premises, COMPANY shall restore, or

pay for the restoration of the same to an acceptable condition and value or may, in the case of personal property, pay fair market value of the damage as compensation therefore.

On a town trunk road, COUNTY forest road, or COUNTY trunk road where COMPANY equipment and vehicles have been operating, it shall be presumed that any damage to these roads incurred after the COMPANY initiated its operations pursuant to this agreement was caused by such COMPANY operations. The COMPANY shall have the right to show and shall bear the burden of proof in showing that the indicated damage was not the result of their operations. The determination of responsibility for road damage shall be the responsibility of the COUNTY Board of Supervisors.

4. Timber. Notwithstanding the foregoing provision, COMPANY agrees to reimburse the COUNTY at double the current fair market value for any unauthorized loss or damage to its timber, sawlogs, cordwood, or other forest products on or off the premises which may result from COMPANY's operations on or off the premises.

B. Insurance. COMPANY shall carry general comprehensive liability insurance to include (a) worker's compensation (coverage A) including employer's liability (coverage B), (b) commercial general liability including bodily injury/property damage/personal injury, (c) automobile liability to include bodily injury/property damage, and (d) umbrella liability. Minimum amounts of coverage shall be (a) coverage A: statutory and coverage B: employers liability of \$500,000, (b) \$500,000 each occurrence and \$500,000 aggregate, (c) \$500,000 each person and \$500,000 each occurrence, and (d) \$10,000,000 each occurrence and \$10 million aggregate.

COMPANY must provide a certificate of insurance indicating types of insurance owned and minimum amounts of coverage available prior to execution of this Agreement.

C. Fencing. COMPANY shall promptly and properly post and fence any and all hazards which the COMPANY may create on the premises.

D. Compatibility. COMPANY agrees that in the course of its exploration, it shall not interfere with the use of the premises for other COUNTY purposes.

E. Road Use and Construction. COMPANY shall consult with and obtain the permission of the COUNTY or its designated representative as to the placement or construction of any road for the purposes of Agreement No. 1, Agreement No. 2, and Mining Lease or for the use of any existing COUNTY Forest road or trail for access to exploration and/or prospecting sites. In no event will COMPANY be denied reasonable access to any proposed

exploration or prospecting site. The DEPARTMENT and COUNTY shall have reasonable access to COMPANY's workings on the premises for the purpose of inspection of same so long as such access or inspection shall not unreasonably interrupt COMPANY's operations. However, in the event of an environmental emergency, access shall not be so limited.

- F. Environmental Emergency. In the event of an environmental emergency on the premises, COMPANY will render reasonable aid and assistance to the COUNTY upon request. Failure to render such aid shall be grounds for termination of Agreement No. 1, Agreement No. 2, and Mining Lease.
- G. Service of Notice - Making Regular Reports.
1. Any notice, required or permitted to be given or served upon any party pursuant hereto, purporting to alter the status of the parties or the premises, shall be sufficiently given, served or made if sent to such party by certified or registered mail addressed to such party as such party shall designate by written notice to the other party as follows:

To COUNTY:

County Forest Administrator  
Oneida County Forestry Department  
Oneida County Courthouse  
Rhinelander, WI 54501

To COMPANY:

To Department of Natural Resources:

Administrator, Division of Resource Management  
Box 7921  
Madison, WI 53707

To Wisconsin State Geologist:

Geological and Natural History Survey  
3817 Mineral Point Road  
Madison, WI 53705

Notice given in such fashion shall be deemed received by the party to whom addressed at the time indicated on the return receipt.

2. Routine or regular periodical reports and statements and documents or any payments hereunder may, however, be made or sent by regular mail. If any of the same shall not be received when due, the addressee will notify the addressor in

accordance with the provisions for notice herein of such failure of receipt and give the addressor a reasonable time to secure the delivery of the statement and report or a duplicate thereof or any payment, before claiming any default on account thereof.

3. COMPANY shall designate a contact person, familiar with all aspects of COMPANY's operations under Agreements No. 1 and No. 2 and Mining Lease, to act as a liaison to the COUNTY. The function of the contact person shall be to respond to requests for information and to advise the COUNTY as to the status of these operations, from time to time.
4. Drill hole abandonment reports required to be provided by the COMPANY to the DEPARTMENT pursuant to NR 130.11, Wis. Admin. Code, shall be mailed to the monitor team captain's business address below:  
  

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- H. Payments. All payments made by the COMPANY shall be made payable to Oneida County, Oneida County Courthouse, Rhinelander, WI 54501
- I. Litigation - Injunction. No disagreement or controversy or court proceeding shall interrupt the operations contemplated hereunder; provided, however, that nothing contained in Agreement No. 1, Agreement No. 2, and Mining Lease shall prevent the COUNTY from obtaining a restraining order or injunction against COMPANY committing any breach of these agreements which would cause any unreasonable damage to the premises, nor shall anything contained herein prevent termination pursuant to Section VIII.B. of Agreement No. 1. Such operations may be continued and settlement and payments shall be made hereunder in the same manner as prior to the arising of such disagreement or controversy until the matters in dispute shall be finally determined; thereupon, payments of restitution shall be made in accordance with the decision.
- J. Covenants.
  1. Agreement Nos. 1 and 2 and Mining Lease shall run with the land and shall be binding on and inure to the benefit of the respective successors and assigns of the parties hereto.
  2. COUNTY makes no representation or warranty whatsoever with respect to its title to the premises and COMPANY shall be solely responsible for satisfying itself with respect to the ownership of such lands. Prior to execution of these agreements, COMPANY shall provide to COUNTY any and all information in their possession regarding COUNTY's title to

the surface and mineral estates on the premises and information on such ownership which is obtained at any time during the term of Agreement No. 1, Agreement No. 2, and Mining Lease shall also be provided to the COUNTY in a timely manner.

If subsequently divested of said title, no liability shall be incurred by COUNTY by virtue of these agreements for any loss or damage to the COMPANY, nor shall any claim for refund of rents or royalties previously paid to the COUNTY be made by said COMPANY, its successors, or assignees.

3. If COUNTY owns less than the entire and undivided mineral interest in the premises, then the rentals and royalties herein provided shall be proportionately reduced and paid to COUNTY only in the proportion which COUNTY's interest bears to the entire undivided mineral interest.
  4. Agreement Nos. 1 and 2 and Mining Lease cover not only such interests in the premises as the COUNTY presently owns therein, but also such additional interest as it may acquire in the future by operation of law or otherwise. Rental or royalties shall be increased proportionately for the balance of the term of these agreements following receipt of notice by COMPANY of the acquisition by COUNTY of such additional interest.
- K. Hiring. In connection with the performance of work under this Agreement, the COMPANY agrees not to discriminate against any employee or applicant for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in s. 51.01(5), Stats., sexual orientation, or national origin. This provision shall include but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The COMPANY further agrees to take affirmative action to ensure equal employment opportunities. The COMPANY agrees to post in conspicuous places, available for employes and applicants for employment, notices to be provided by the COUNTY setting forth the provisions of this nondiscrimination clause.
- L. Assignment. This Agreement or any part thereof shall not be assigned without the prior written approval of the COUNTY. Approval of any proposed assignment shall not be unreasonably withheld. COUNTY shall consider the experience, past operational history, financial capability, and general ability of the NEW COMPANY to carry out the obligations of COMPANY under this Agreement in rendering its judgement concerning approval or nonapproval. Any written approval by the COUNTY shall be conditioned upon the NEW COMPANY providing the COUNTY with the names and addresses of its registered agents for the giving of

notice and service of process, together with a certified statement of the president of the NEW COMPANY accepting all the terms and provisions of this Agreement. The COUNTY shall receive notarized copies of all documents pertaining to the assignment of these agreements to the NEW COMPANY.

Notice of any proposed assignment of these agreements shall be forwarded to the DEPARTMENT prior to COUNTY consent of assignment.

- M. Arbitration and Right to Arbitration. Any and all matters of dispute or difference that may arise between COMPANY and the COUNTY with respect to any act or thing done or to be done pursuant to the provisions of Agreement No. 1, Agreement No. 2, and Mining Lease shall be subject to arbitration, pursuant to Chapter 788, Stats.
- N. Force Majeure. If either party is rendered unable wholly or in part by force majeure to carry out its obligations under the Agreement No. 1, Agreement No. 2, and Mining Lease, the party unable to perform shall give to the other party prompt written notice of the force majeure with reasonably full particulars concerning it. Thereupon, the obligations of the party asserting force majeure so far as they are affected by force majeure shall be suspended during the continuance of the force majeure. The party asserting force majeure shall use all possible diligence to remove the force majeure as quickly as possible, but this shall not require the settlement of strikes, lockouts, or other labor difficulties by either party contrary to its wishes. The financial inability of either party to perform hereunder the terms of Agreement No. 1, Agreement No. 2, and Mining Lease shall not be deemed a force majeure.
- O. Bonding and Other Financial Security Requirements. The COMPANY shall file with the COUNTY a bond or other security payable to the COUNTY conditioned upon faithful performance of Agreement No. 1, Agreement No. 2, and Mining Lease in the amount of One Hundred Thousand Dollars and No Cents (\$100,000.00) to insure compliance with said agreements and Mining Lease. Such requirements may be adjusted by the Oneida County Board of Supervisors to cover changes in proposed activities if such adjustment is deemed necessary to protect the public interest.
1. Bonds shall be issued by a surety company licensed to do business in Wisconsin. If the license to do business in Wisconsin of any surety upon a bond filed with the COUNTY shall be revoked or suspended, the COMPANY, within thirty (30) days after receiving notice thereof from the COUNTY, shall substitute for any surety a good and sufficient corporate surety underwritten by a company approved by the COUNTY and licensed to do business in Wisconsin as a surety. Upon failure of the COMPANY to make said substitution of surety, the COUNTY shall have the right to suspend the rights granted the COMPANY herein until such substitution has been made.

2. Each bond shall provide that the bond shall not be cancelled by the surety, except after not less than ninety (90) days notice to the COUNTY in writing by registered or certified mail. Not less than thirty (30) days prior to the expiration of the ninety (90) day notice of cancellation, the COMPANY shall deliver to the COUNTY a replacement bond in absence of which all Exploration and Prospecting operations shall cease and the COMPANY shall forfeit the bond to the COUNTY.
  3. The bond shall be payable to "Oneida County." In no event shall the COUNTY release the performance bond until the COMPANY has met its obligations under Exploration and Prospecting Agreement No. 1 and Exploration and Prospecting Agreement No. 2 for reclamation of the Premises and the COUNTY has received written notice from the DEPARTMENT that the reclamation is satisfactory.
  4. In lieu of a bond, the COMPANY may deposit cash, certificates of deposit, or government securities. Interest received on certificates of deposit and government securities shall be paid to the COMPANY.
- P. Additional Resource Protection Requirements. The COMPANY shall also comply with the resource protection requirements listed in Appendix B attached hereto and hereby made a part hereof. Such additional resource protection requirements shall be determined by the COUNTY and the DEPARTMENT's monitor team. In the event COMPANY determines that the additional resource protection requirements are so restrictive as to preclude COMPANY's faithful performance under these agreements, COMPANY may withdraw its bid without penalty. COMPANY must notify COUNTY in accordance with Section VII.G.1 of this Agreement No. 1 within ten (10) calendar days of their decision to withdraw their bid.

#### VIII. Termination of Agreement

- A. Termination by Release of Lands.
  1. During the terms of Agreement No. 1, Agreement No. 2, and Mining Lease, COMPANY may execute and deliver to the COUNTY a release or partial release, releasing to the COUNTY all or any part of the premises and immediately upon such delivery these agreements shall terminate with respect to such part or all, as the case may be, for the premises, and COMPANY shall be relieved, except as noted below, of all obligations, liability, or responsibility of every character whatsoever thereafter to accrue with respect to that part or all of the premises so released; however, said termination will not relieve COMPANY of any obligations, liability, or responsibility that have not been met including but not limited to provisions for restoration, rehabilitation, and reclamation as determined by the COUNTY and the DEPARTMENT.

2. Any release by the COMPANY shall be effective for the succeeding payment period, and must be received by COUNTY by September 1 of the current lease year, to be released for the succeeding lease year.
  3. The release unit shall not be less than a quarter-quarter section, fractional lot or government lot as shown by the U.S. government survey plat.
  4. Upon release of land, COMPANY shall have the obligation to remove within ninety (90) days thereafter from any of the lands as to which these agreements are terminated, all of its machinery, equipment, tools, structures, or other property. Any property left on premises after the ninety (90) day period without the written permission of the COUNTY may become the property of the COUNTY or the COUNTY may remove the property at the COMPANY'S expense.
  5. If COMPANY has built access roads on the premises, the COUNTY shall have the option of requiring COMPANY to barricade the entrance to said roadway(s) or to obliterate said roads and reasonably restore the roadway to its natural condition by seeding, planting, etc., or may require that COMPANY leave the roadway(s) as constructed. Within thirty (30) days following the termination of this Agreement the COUNTY shall inform the COMPANY in writing of its decision.
- B. COUNTY'S Right to Terminate; COMPANY'S Right to Cure Default. The COUNTY may not terminate these agreements unless (a) COMPANY shall fail to make payment of any amount of money due and payable by COMPANY to the COUNTY pursuant to Agreement No. 1, Agreement No. 2, and Mining Lease or (b) COMPANY shall fail to substantially perform its obligations hereunder; provided, however, that in the event of such a default or defaults under (a) and (b) of this section by COMPANY, and at the election of the COUNTY to terminate these agreements, the COUNTY shall give COMPANY written notice of its intention to terminate in which notice the COUNTY must specify the particular default or defaults relied upon and COMPANY shall have sixty (60) days after mailing of such notice by the COUNTY to make good such default or defaults or to contest them by arbitration. In the event COMPANY makes good or commences to cure and pursues with diligence to cure such default or defaults within the thirty (30) days, there shall be no termination.

#### IX. Effective Date

Exploration and Prospecting Agreement No. 1 shall be effective on the date the written approval of Agreement No. 1 is given by the DEPARTMENT pursuant to s. 28.11(3)(i), Stats. The DEPARTMENT'S written approval shall be transmitted in the manner prescribed in Section VII.G.1. of Agreement No. 1.



X. Mining Lease Option

- A. The COUNTY hereby grants the COMPANY the exclusive option to mine, exercisable during the lifetime of Agreement No. 1, and to lease the mining and mineral rights in, under and to the above-described property which has not been released as provided in Section VIII.A. of Agreement No. 1 for the purpose of mining pursuant to the terms and conditions set forth in Exhibit I (Mining Lease) which is attached hereto and made a part hereof.
- B. If the COMPANY elects to exercise its mining lease option, it shall do so by notifying the COUNTY in the manner prescribed in Section VII.G.1. of Agreement No. 1. Such notice shall specify the portion or portions of the above-described properties the COMPANY elects to lease.
- C. Within twelve months following the exercise of its mining lease option, the COMPANY shall formally apply to the DEPARTMENT for a mining permit pursuant to s. 144.85, Stats.
- D. The attached Exploration and Prospecting Agreement No. 2 shall become effective on the date of receipt by the COUNTY of formal notice by the COMPANY of its election to exercise its mining lease option.

XI. Application for Withdrawal of COUNTY Forest Lands

The COUNTY, based on an affirmative vote of at least two-thirds of the COUNTY Board of Supervisors, shall submit a request to the DEPARTMENT for withdrawal of such COUNTY Forest Lands as are identified as premises and being unreleased lands subject to these agreements at the time of the COMPANY's notice of its decision to exercise its option to mine as specified in Section X.

XII. Authority to Contract

The COUNTY has been authorized to execute Agreement No. 1, Agreement No. 2, and Mining Lease under and pursuant to the direction of the County Board of Supervisors of Oneida County, Wisconsin, by resolution of said Board adopted at its meeting duly convened and held on the \_\_\_\_\_ day of \_\_\_\_\_, 1989.

IN WITNESS WHEREOF, the COUNTY has caused these presents to be executed by its Chairman of the Board of Supervisors, and its County Clerk, this \_\_\_\_\_ day of \_\_\_\_\_, 1989.

In presence of:

Oneida County

By \_\_\_\_\_  
Chairman, Oneida County  
Board of Supervisors

By \_\_\_\_\_  
Clerk of Oneida County

IN WITNESS WHEREOF, the COMPANY has caused these presents to be executed by its (Vice) President and attested by its \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 1989.

In presence of:

\_\_\_\_\_  
(name of company)

By \_\_\_\_\_

Attest \_\_\_\_\_

This instrument was prepared by  
Oneida County,  
Rhinelander, Wisconsin.

ACKNOWLEDGMENT

STATE OF WISCONSIN        )  
                                  ) ss.  
COUNTY OF \_\_\_\_\_ )

Personally appeared before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, the  
above named \_\_\_\_\_ to  
me known to be the person(s) who executed the foregoing instrument and  
acknowledged the same.

\_\_\_\_\_  
Notary Public, State of  
Wisconsin

My Commission (Expires)(Is):  
\_\_\_\_\_

ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ )  
                                  ) ss.  
COUNTY OF \_\_\_\_\_ )

Personally appeared before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, the  
above named \_\_\_\_\_ to me known to be the person(s) who  
executed the foregoing instrument and acknowledged the same.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

My Commission (Expires)(Is):  
\_\_\_\_\_

EXPLORATION AND PROSPECTING  
AGREEMENT NO. 2

Effective Date. This EXPLORATION AND PROSPECTING AGREEMENT No. 2 shall be effective for a period of \_\_\_\_\_ years (maximum 10 lease years) commencing on the date of receipt by the COUNTY of notification that the COMPANY exercises the mining lease option as provided in Section X of the Exploration and Prospecting Agreement No. 1 attached hereto and hereby made a part hereof.

Within ten (10) calendar days of receipt of such notification, the COUNTY shall provide notice to the DEPARTMENT of the date of such receipt.

Terms and Conditions. The terms and conditions set forth in said Exploration and Prospecting Agreement No. 1 shall constitute the terms and conditions of the Exploration and Prospecting Agreement No. 2 including the following:

1. Upon exercising the mining lease option, the COMPANY shall pay an annual acreage rental of \$35.00 per acre on all lands subject to Agreement No. 2 until the Mining Lease has been executed by the COUNTY and the COMPANY, whereupon payment schedules outlined in Section III, Payment, of Exhibit I (Mining Lease) will take effect. The first lease year's payment under Exploration and Prospecting Agreement No. 2 shall be pro-rated based on the proportion of the lease year remaining from the effective date of Agreement No. 2 and shall be payable within 30 days of the effective date. Per acre prices shall be adjusted annually by the COUNTY by indexing in the manner prescribed in Section III of Exploration and Prospecting Agreement No. 1.
2. Upon receipt of a mining permit from the DEPARTMENT and upon notification that the COMPANY has obtained all state, federal and local licenses, permits and approvals, the COUNTY will forthwith execute and deliver to the COMPANY a mining lease in the form of said Exhibit I (Mining Lease) by which all or any portion of lands subject to this agreement and shall be leased to the COMPANY.
3. The attached Mining Lease with respect to lands entered as COUNTY Forest shall become effective on the date of issuance of the DEPARTMENT Order of Withdrawal removing said lands from entry as COUNTY Forest or upon the notification to the COUNTY by the DEPARTMENT that the lands need not be withdrawn to accommodate mining, and in the event both situations are involved in the same mining proposal, the DEPARTMENT will issue the documents with even date.

Withdrawal of COUNTY Forest Lands for Mining. Prior to approving the preparation and submission of a withdrawal application to the Department, the COUNTY shall receive from the COMPANY a preliminary plan for mining on and reclamation of the premises. The COUNTY Board of Supervisors shall in particular consider the following in reviewing said plan:

1. The measures proposed to be ~~taken~~ during the period of mining operations to minimize any ~~possible~~ adverse impact of mining and processing upon the natural ~~environment~~ of the COUNTY and State of Wisconsin; and
2. The proposed reclamation of ~~these~~ lands during and after the cessation of mining operations.

In accordance with s. 28.11(11), Stats., the COUNTY Board of Supervisors, upon the approval by a two-thirds vote of ~~the~~ Board, shall submit a request for withdrawal of all COUNTY Forest Lands ~~as~~ indicated in Section XI of Exploration and Prospecting No. 1.

Effect of the Exploration and Prospecting Agreement on the Terms of a Withdrawal Order. Notwithstanding ~~any~~ provision herein to the contrary, the parties hereto agree that any language ~~herein~~ which purports to establish terms of a Mining Lease or which incorporates ~~as~~ a Mining Lease by reference, shall not preclude the DEPARTMENT from:

1. Denying approval of an ~~applicattion~~ application for withdrawal pursuant to s. 28.11(11), Stats.;
2. Attaching to any withdrawal ~~order~~ such conditions as it may deem necessary to minimize ~~environmental~~ damage and provide for reclamation or;
3. Enforcing federal and/or ~~state~~ laws.

IN WITNESS WHEREOF, the COUNTY has caused these presents to be executed by its Chairman of the Board of Supervisors, and its County Clerk, this \_\_\_\_ day of \_\_\_\_\_, 1989.

In presence of:

Oneida County

By \_\_\_\_\_  
Chairman, Oneida County  
Board of Supervisors

By \_\_\_\_\_  
Clerk of Oneida County

IN WITNESS WHEREOF, the COMPANY has caused these presents to be executed by its (Vice) President and attested by its \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 1989.

In presence of:

\_\_\_\_\_  
(name of company)

By \_\_\_\_\_

\_\_\_\_\_

Attest \_\_\_\_\_

\_\_\_\_\_

This instrument was prepared by  
Oneida County,  
Rhineland, Wisconsin.

ACKNOWLEDGMENT

STATE OF WISCONSIN        )  
                                  ) ss.  
COUNTY OF \_\_\_\_\_ )

Personally appeared before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_, the  
above named \_\_\_\_\_ to  
me known to be the person(s) who executed the foregoing instrument and  
acknowledged the same.

\_\_\_\_\_  
Notary Public, State of Wisconsin

My Commission (Expires)(Is):  
\_\_\_\_\_

ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ )  
                                  ) ss.  
COUNTY OF \_\_\_\_\_ )

Personally appeared before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_, the  
above named \_\_\_\_\_ to me known to be the person(s) who  
executed the foregoing instrument and acknowledged the same.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

My Commission (Expires)(Is):  
\_\_\_\_\_

Exhibit I  
MINING LEASE

For and in consideration of the covenants and agreements hereinafter set forth and the sum of One Thousand Dollars and No Cents (\$1,000.00) received by Oneida County (COUNTY) from \_\_\_\_\_ (COMPANY), the COUNTY hereby leases to the COMPANY, its successor and assigns the hereinafter described lands, including all necessary rights, with the exclusive right and privilege to explore for, develop, mine (by open pit, underground, surface mining or any other method now known or hereafter developed, extract, mill, store, remove, and market therefrom all minerals, metals, ores and materials of whatsoever nature or sort (hereinafter called "leased substances") except only uranium, thorium, or other fissionable materials physically unassociated with leased substances, oil, gas, sand and gravel, except sand and gravel that might be used by the COMPANY for the benefit of the premises, and other nonmetallic minerals, and of using so much of the surface of said land as may be necessary, useful, or convenient for the full enjoyment of all rights herein granted; all of said lands hereinafter referred to as "premises" being situated in Oneida County, State of Wisconsin, described as follows: All unreleased lands shown in Appendix AA as of the date of the exercise of the option to mine by the COMPANY.

I. Definitions. All definitions contained in the Exploration and Prospecting Agreement No. 1 shall constitute the definitions for this mining lease with the following additions:

- A. "Mining plan" means the proposal for the mining of the mining site which shall be approved by the department under s. 144.85, Stats., prior to issuance of mining permit.
- B. "Mining site" means the surface area disturbed by a mining operation, including the surface area from which the minerals or refuse or both have been removed, the surface area covered by refuse, all lands disturbed by the construction or improvement of haulageways, and any surface areas in which structures, equipment, materials and any other things used in the mining operation are situated.

II. Term. The term of the Mining Lease shall not exceed 50 calendar years from the date of execution of Exploration and Prospecting Agreement No. 1 by the COMPANY, which is attached hereto and made a part hereof, except upon the written approval of the COUNTY.

III. Payment.

- A. COMPANY shall annually pay to the COUNTY \$35.00 per acre as rental on all unreleased lands. The first lease year's payment under Mining Lease shall be pro-rated based on the proportion of the lease year remaining from the effective date of the Mining



Lease and shall be payable within 30 days of the effective date. Per acre rental may be adjusted annually by the COUNTY by indexing in the manner prescribed in Section III Exploration and Prospecting Agreement No. 1. Per acre rental payments as specified in this section shall operate both as a rental and delay rental to cover the privilege of deferring the commencement of operations hereunder, such payments to be in lieu of any obligation, express or implied, on the part of COMPANY to do or cause to be done any exploration or development work, to open any mine or to conduct any operations on the leased premises or the marketing of any ore, minerals, metals, material or product therefrom.

- B. 1. COMPANY shall pay to the COUNTY the following production royalty for all ore, minerals, metals, and materials which are mined or extracted by COMPANY from the premises during the term hereof and sold or used by COMPANY, or from which any leased substance is recovered and sold or used by COMPANY. All such royalty is called "production royalty" in this Mining Lease, and shall be determined and calculated as expressly provided in this section, subject to all credits and deductions provided in this lease, and to the COMPANY interest provisions in the Mining Lease:

The production royalty shall be three (3) percent of net smelter returns plus four (4) percent of net proceeds as defined in s. 70.375, Stats. In addition, the COMPANY shall pay an additional amount of net proceeds as determined by the COUNTY's competitive mineral leasing program. For the purposes of this lease, the additional amounts owed by COMPANY shall be those listed for each bid unit subject to this Mining Lease and listed in Appendix C attached hereto and hereby made a part hereof.

2. The term "net smelter return" shall mean the proceeds received by COMPANY from the smelter, mill, or other purchaser for product sold by COMPANY, after deducting costs of transportation of product to purchaser including costs of loading, charges for smelting and/or refining, and sampling and/or assays charges.
3. Whenever product is sold or delivered for further processing thereof, to a smelter or other processing facility owned or controlled by COMPANY or by COMPANY'S subsidiary corporation, it shall be deemed sold when so delivered, and the net smelter return from such sale shall be an amount equal to the fair market value of the product when so delivered, which amount shall be no less favorable to COUNTY than the amount which would have been realized by COMPANY if the sale had been to an independent smelter or other purchaser reasonably available to COMPANY at the time of delivery, which processes such product on a toll basis; in such case COMPANY may deduct transportation costs permitted to be deducted under the preceding paragraph. In the absence of such measures of fair

market value, net smelter return shall be computed from the metallic content of all saleable metals in the ore and the published wholesale prices of such metals, as published in the most current issue then available of Metals Week, less the customary toll charges for smelting and refining ore concentrate of the composition and quality sold or delivered, and less the costs of transporting such ore concentrate to the smelter or other processing facility. If Metals Week ceases to be published during the lifetime of Mining Lease, another standard reference mutually agreeable to the COMPANY and the COUNTY shall be selected for the purpose of determining wholesale prices of such metals.

4. In the event that COMPANY produces and sells raw ore, net smelter return shall be computed from the gross metal value of the ore as described in the preceding paragraph, less the customary toll charges for processing, smelting and refining ore concentrate of that composition and quality, and less the costs of transporting ore concentrate of customary grade from the premises to the nearest available smelter or other processing facility.
  5. If the COMPANY recovered mineral values in a manner not provided for or contemplated by the Mining Lease, the payment of royalty shall be negotiated.
- C. The production royalties shall be payable also on minerals extracted by COMPANY from waste material and tailings, if such minerals are sold by COMPANY. Royalty from such waste material and tailings shall be paid at the aforementioned royalty rate schedule. Nothing contained herein shall obligate COMPANY to extract minerals from the host rock, waste material or tailings when in its opinion the extraction of such minerals is uneconomical or undesirable.
- D. Production royalty owed as a result of net smelter returns shall be paid within thirty (30) days after the end of the calendar quarter in which the product is sold or is delivered to a smelter, mill, or to the processing facility. Production royalty owed as a result of net proceeds shall be paid within thirty (30) days after the end of the calendar year in which the net proceeds liability, as determined under s. 70.375, Stats., is incurred. At the time of each payment of production royalty, COMPANY shall deliver to COUNTY a certified statement or settlement sheet showing the product sold during the preceding calendar quarter and all factors relevant to calculation of the payment (in the case of net smelter return royalties) and a certified statement of the COMPANY's net proceeds liability as determined by the COMPANY (in the case of royalty obligations based on the COMPANY's net proceeds). COUNTY shall have the right, at COUNTY's expense, to examine COMPANY'S accounting records used in computing any payment hereunder. The examination shall be made during normal working hours and within eighteen (18) months from the end of the calendar month in which payment is made.

In the event of a contest of net proceeds obligation by the COMPANY or the State of Wisconsin that results in any adjustment of the COMPANY's original submitted determination of net proceeds liability, the royalty owed to the COUNTY shall be adjusted accordingly in the following payment period. Such payment shall include interest on any additional royalty amount owed at a rate of 1.5% per month for the period beginning with the date the royalty was originally due and concluding with the date the royalty is paid.

- E. Reports. After operations are begun, it is agreed that within thirty (30) days after the end of the calendar quarter of each and every calendar quarter during the term of this lease, COMPANY will make a certified report to COUNTY, in which report shall be entered and set down the exact amount in weights of all ore and the assay thereof mined and removed from said premises during the preceding calendar quarter which report shall show the amount of work performed during the preceding calendar quarter, and shall include copies of any and all smelter statements or settlement sheets pertinent to the Premises. Further, COMPANY shall furnish a map annually showing all workings, depths, and thicknesses of ore with location of same tied to a corner established by United States survey or other acceptable corner certified by a licensed surveyor.
- F. Inspection. At all times during the continuance of the Mining Lease, COUNTY or COUNTY's duly authorized agent, shall be and is hereby authorized to check assays and scales as to their accuracy, to go through any of the workings on said premises, and to examine, inspect, survey and take measurements of the same and make extracts from or copies of all books and weight sheets and records which show in any way the ore output, ore values, payments and royalties from and of the premises, and that all conveniences necessary for said inspection, survey, or examination shall be furnished to COUNTY by COMPANY.

#### IV. Mining Rights.

- A. The COMPANY shall have the right to commingle ore from the mining site with other ore, either in the mine, in stockpiles, or in the mill provided however they shall be kept entirely separate and distinct until their quantities and metal and mineral contents have been separately measured and determined.
- B. The COMPANY is granted the right to mine and remove any ores from the mining site through any shafts, openings, or pits that may be made upon adjoining lands and nearby property controlled by the COMPANY and the COMPANY may use the mining site and any shafts, openings, or pits made thereon for the mining and removal of any ores from such adjoining or nearby property; not, however, preventing or intervening with the mining or removal of ore from said mining site; provided that the ores taken from

said mining site shall at all times be kept separate and distinct from any other ores until measured and sampled as herein provided so that the rights of the COUNTY shall be preserved and protected; and the COUNTY agrees to recognize the rights and liens of any nearby or adjoining premises in any ores mixed therefrom and transported through said mining site.

- C. 1. Provided a mine is to be developed on COUNTY land, the rights herein granted shall include without limitation, the right to construct, use, maintain, repair, replace, and relocate in or under the premises, buildings, shops, plants, machinery, mill facilities, ore bins, and structures of all kinds; shafts, inclines, tunnels, adits, drifts, open pits, pipelines, telephone lines, electric transmission lines, and transportation facilities; to dispose of or deposit waste material and tailings in or under the premises, all subject to applicable local ordinances, state and federal laws and regulations governing the use of any surface and subterranean lands and waters or the use of underground water developed or hereafter discovered in or upon the premises; and to utilize any portion of the premises as a residence for its employes, agents or contractors. COMPANY may exercise any of the rights granted hereunder by any methods now or heretofore known or hereafter developed, including, without limitation, underground and surface mining methods all subject to applicable ordinances and laws.
2. If rock containing minerals subject to all other terms of the Mining Lease is not to be extracted from land owned by COUNTY, the COMPANY has no surface rights to the COUNTY's property pursuant to this lease.

- V. General. The terms and conditions contained in Section VII and Section VIII of Exploration and Prospecting Agreement No. 1 attached hereto and made a part hereof constitute the terms and conditions of this Mining Lease, including the following additional provisions.
- A. COMPANY shall operate and reclaim the mining site in accordance with the mining and reclamation plans approved by the DEPARTMENT and in accordance with all other permits, licenses, and approvals approved by DEPARTMENT and all other duly authorized agencies of the town, county, state, and federal government.
- B. COMPANY shall pay when due all property taxes levied or assessed, while the Mining Lease is in effect, on any improvements placed on the premises by COMPANY. COMPANY shall also pay when due all personal property tax levied or assessed while these agreements are in effect. COMPANY shall pay when due all net proceeds taxes and any other taxes levied or computed on the amount or value of ore or product mined or extracted from the premises by or for COMPANY.

IN WITNESS WHEREOF, the COUNTY has caused these presents to be executed by its Chairman of the Board of Supervisors, and its County Clerk, this \_\_\_\_ day of \_\_\_\_\_, 1989.

In presence of:

Oneida County

By \_\_\_\_\_  
Chairman, Oneida County  
Board of Supervisors

By \_\_\_\_\_  
Clerk of Oneida County

IN WITNESS WHEREOF, the COMPANY has caused these presents to be executed by its (Vice) President and attested by its \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 1989.

In presence of:

\_\_\_\_\_  
(name of company)

By \_\_\_\_\_

Attest \_\_\_\_\_

This instrument was prepared by  
Oneida County,  
Rhinelander, Wisconsin.

ACKNOWLEDGMENT

STATE OF WISCONSIN        )  
                                  )  ss.  
COUNTY OF \_\_\_\_\_ )

Personally appeared before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_, the  
above named \_\_\_\_\_ to  
me known to be the person(s) who executed the foregoing instrument and  
acknowledged the same.

\_\_\_\_\_  
Notary Public, State of  
Wisconsin

My Commission (Expires)(Is):  
\_\_\_\_\_

ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ )  
                                  )  ss.  
COUNTY OF \_\_\_\_\_ )

Personally appeared before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_, the  
above named \_\_\_\_\_ to me known to be the person(s) who  
executed the foregoing instrument and acknowledged the same.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

My Commission (Expires)(Is):  
\_\_\_\_\_