

AGREEMENT made this 26th day of June, 1974.

BETWEEN
(Buyer)

THE BUNKER HILL COMPANY, P. O. Box 29, Kellogg, Idaho 83837
(hereinafter called the "Buyer")

AND
(Seller)

REEVES MACDONALD MINES, LIMITED
Suite 105, 465 Ward Street
Nelson, B. C., Canada
(hereinafter called the "Seller")

WHEREBY IT IS AGREED AS FOLLOWS:

Seller agrees to sell and deliver and Buyer agrees to buy and receive the material described hereunder at the terms and conditions hereinafter contained.

MATERIAL:

Lead concentrates of substantially the following analysis produced by Reeves Mac Donald Mines Limited at their operations near Remac, B. C., Canada:

Gold	.002	oz. per ton
Silver	15.0	oz. per ton
Copper	.01	%
Lead	55.0	%
Zinc	11.0	%
Antimony	.04	%
Cadmium	.10	%
Iron	4.4	%
Insol.	.60	%
Lime	2.0	%
Sulfur	18.0	%
Arsenic	.06	%
Bismuth	.003	%
Moisture	9.0	%
Chlorine	Nil	

QUANTITY:

Total production of lead concentrates, currently estimated at about 2,000 to 3,000 short dry tons per year.

SHIPMENT:

Regularly as produced.

DELIVERY:

Seller shall deliver the material F.O.B. in open-top, solid-bottom gondola railroad cars or F.O.B. in trucks, at Buyers option, within receiving bins, Buyer's Lead Smelter, Bradley, Idaho. (Railroad demurrage charges at destination shall be for Seller's account.) Buyer's approval for shipments by truck shall not be unreasonably withheld.

PRICE:

The purchase price shall be the sum of the Payments less the sum of the Deductions next specified below:

NOV 11 1974

PAYMENTS:

Lead: If the lead content is 50% or more, pay for 92% of the full lead content at the "MW US Producer" quotation for common domestic lead, as published by "Metals Week" for the quotational period hereinafter provided, less 1.1¢ per pound. If the lead content is 25%, but less than 50%, pay for 91% of the full lead content at the "MW US Producer" quotation for common domestic lead, as published by "Metals Week" for the quotational period hereinafter provided, less 1.1¢ per pound. If unpublished discounts for lead become prevalent and generally recognized in the trade, the above "MW US Producer" quotation shall be reduced by any such discounts.

Zinc: If the zinc content is 2.5% or more, pay for 10% of the full zinc content at the "MW US PW" quotation for zinc as published by "Metals Week" for the quotational period hereinafter provided.

Silver: If the silver content is one ounce per short dry ton or more, pay for 93% of the full silver content at the "Handy & Harman NY" quotation for refined silver, as published by "Metals Week" for the quotational period hereinafter provided, adjusted to the basis applicable to silver contained in unrefined silver-bearing material, less 6¢ per ounce.

Gold: Deduct 0.02 ounce per ton from the gold content and pay for 90% of the remaining gold content at the "Engelhard Selling" quotation, as published by "Metals Week" for the quotational period hereinafter provided, less \$3.00 per ounce.

DEDUCTIONS:

Treatment Charge: \$48.25 per short dry ton. For each 1.0¢ that the applicable net payment quotation for lead including discounting is above 23.0¢ per pound, the treatment charge shall be increased \$3.00 per short dry ton, fractions pro rata. (Applicable net payment quotation for lead means the "MW US Producer" quotation, less applicable discounts for lead as expressed in the above lead payment clause.)

Labor: The above specified treatment charge of \$48.25 per short dry ton is based upon an average labor cost of \$5.879 for hourly employees at the Buyer's lead smelter. This cost is based on wage rates, shift differentials, holiday, vacation and overtime payments, projected payroll taxes (F.O.A.B. and unemployment taxes), and fringe benefits (pensions, medical-surgical, dental and insurance). Any future calculation of hourly labor costs will be based on the items included above, plus any additional labor costs accrued or paid to or on behalf of the employees. Any increase or decrease in said average hourly labor cost in effect for the calendar month prior to the date of delivery of product shall be for Seller's account and to adjust, charge eight cents (8¢) per net dry ton for each one cent (1¢) per hour that the average hourly labor cost shall be in excess of \$5.879 and credit eight cents (8¢) per net dry ton for each one cent (1¢) per hour that the average hourly labor cost shall be less than \$5.879, fractions in proportion.

Freight on Lead Paid For: The above specified treatment charge of \$48.25 is based upon a \$42.78 fifty-ton pig lead freight rate from Bradley, Idaho, to New York, N. Y. Any increase or decrease in this freight rate, or tax thereon, shall be applicable to the lead pounds paid for and shall be for Seller's account, to be added to or deducted from the specified treatment charge, as circumstances require.

Arsenic: For each 0.10% of arsenic content in excess of 0.10%, the treatment charge shall be increased \$1.00 per short dry ton, fractions pro rata.

Bismuth: For each pound of busmuth content in excess of 0.02% of the lead content, the treatment charge shall be increased 50 cents per short dry ton, fractions pro rata.

Sulfur: For each unit of sulfur content in excess of 16.0%, the treatment charge shall be increased 10 cents per short dry ton, fractions pro rata.

Moisture: For each unit of moisture content in excess of 10%, the treatment charge shall be increased 20 cents per short dry ton, fractions pro rata.

Environmental Quality Control Facilities Charge: The above specified treatment charge of \$48.25 per short dry ton does not include any provision for recoupment of the net costs to the Buyer of operating expenses and amortization of capital improvements as applied to environmental quality control facilities. The following charge to be added to the above treatment charge will provide for recoupment based on spreading such costs over payable pounds of lead in lead concentrates and zinc in zinc concentrates processed. The initial charge to be added to the above treatment charge of \$48.25 will be 0.48¢ per pound of payable lead for the period July 1, 1974 through November 30, 1974. Thereafter, the amount per pound to be charged in any succeeding six-month period will be based on the Buyer's calculation of actual costs for the preceding six-month period but will be limited to a maximum of 0.6¢ per pound of payable lead. If actual costs in any six-month period exceed this maximum, the Buyer may, upon written notice, request an increase in such 0.6¢ maximum. If agreement on any increase in such maximum is not reached within sixty days, either party may terminate this agreement on three months' written notice to the other.

DUTIES:

All U.S.A. import taxes, ditues, surcharges and other related charges applicable to this material at the rate or rates in effect when the material is delivered shall be for the account of Seller.

SETTLEMENT:

Payment in full for all lots received at the Buyer's lead smelter between the first and the fifteenth day of any month shall be made on the fifteenth of the following month. Payment in full for all lots received between the sixteenth and the last day of any month shall be made on the last day of the following month. If final agreement as to assays has not been reached and also if final duty charges are not known, a provisional payment of 95% of the estimated value shall be made. Payment shall be made in United States dollars.

TAXES:

All taxes or other U. S. governmental charges, national, state, local or municipal, now or hereafter imposed in respect to or measured by the product purchased hereunder, or the production, extraction, smelting, refining, sale, transportation, proceeds or value thereof, or of the metals derived therefrom, other than income taxes levied upon BUYER, shall be for account of SELLER and shall be deducted from the purchase price payable hereunder.

QUOTATIONS:

All quotations for lead, zinc, silver and gold used in settlement for all material delivered hereunder shall be the arithmetical average of quotations for the calendar month during which the material arrives at Buyer's lead smelter.

SUSPENSION
OF
QUOTATIONS:

If, for any cause, there is a suspension of quotations during any applicable monthly quotational period, then unless the parties otherwise agree as to the quotations to be used in settlement, that monthly quotational period shall be extended by a number of quotational days equal to the number of quotational days during that month for which no quotations were available. If "Handy & Harman" or "Metals Week" quotations are terminated or cease to be standard for materials to be paid for hereunder, then such other quotations as are generally recognized as standard shall be substituted.

UNLOADING,
WEIGHING,
SAMPLING &
MOISTURE
DETERMINA-
TION:

Unloading, weighing, sampling and moisture determination shall be done at the expense of Buyer at its receiving smelter in accordance with standard practice. Smelter weights, samples and moisture shall govern settlement. Seller shall have the privilege of being represented at these operations at its own expense. Failure of Seller's representative to be present shall constitute a waiver of this privilege in each case. The sample of each lot shall be divided into three equal parts, one for the Seller's determination to be handed to the Seller's representative, one for the receiving smelter, and one to be sealed and set aside for umpire purposes.

ANALYSES:

Analyses shall be made independently by Seller's representative and Buyer's smelter and the results shall be exchanged in the usual manner by crossing mails. Should the difference between the Seller's and Buyer's results be not more than the splitting limits specified below, the exact mean of the two results shall be taken as the agreed result for settlement purposes. In the case

of any greater difference, repeat assays shall be run by both parties. If the repeat assays also show a greater difference, the umpire sample shall be referred to one of the below named umpires in rotation and the middle result of the three shall be taken for settlement purposes. Cost of the umpire's analyses shall be borne by the party whose result is further away from that of the umpire, but should the results of the umpire be the exact mena of that of the Seller and that of the Buyer, the cost of the umpire's analyses shall be borne equally by both parties.

SPLITTING
LIMITS:

Gold	0.01 oz. per ton
Lead	0.5 %
Zinc	0.5 %
Silver	0.5 oz. per ton
Arsenic	0.02 %
Bismuth	0.02 %
Sulfur	1.0 %

UMPIRES:

Peter Mack, P. O. Box 808, Wallace, Idaho 83873
Union Assay Office, Inc., P. O. Box 1528, Salt Lake City, Utah 84110.

DIVERSION
OF
SHIPMENTS:

Buyer reserves the right to divert any and all shipments of material to the smelter of any other company, provided however, that the terms of settlement, freight charges and other conditions shall be the same as though the material was shipped to Buyer's smelter at Bradley, Idaho.

FORCE
MAJEURE:

Failures or delays in the performance hereof shall be excused if and so long as caused by acts of God or the elements, labor shortage or disturbances, fire, delay or interruption of transportation, war or the consequence thereof, insurrection or mob violence, laws, regulations or requirements of any Federal, State, County or Local government or governmental body, financial crisis of Seller or Buyer, cessation of operations for any reasons at Seller's mine or Buyer's smelter, or other affected facility, or any other cause, whether or not like those enumerated, beyond the reasonable control of either party, it being understood that prevention or settlement of any strike or labor disturbance shall not be considered a matter within the control of either party. A suspension of performance pursuant to this clause shall not have the effect of abrogating the contract, but immediately upon the termination of the cause of disability this contract shall again come into full force and effect and the term of the contract shall be extended for a period equal to the period of suspension, but in no event shall such extended term of the contract be of longer duration than the unexpired term of the contract at the time of suspension.

DURATION:

This agreement shall remain in force and effect from July 1, 1974 to and including June 30, 1976. However, if at any time on or after January 1, 1975 Seller receives a bona fide offer of at least one years duration from a third party offering to buy subject material at terms by which Seller shall realize a greater net smelter return than that realized under the terms of subject agreement then, Seller shall contact Buyer and make him aware of said offer. If within ten (10) days after receiving proper notice and information of said offer Buyer does not elect to meet said third party terms then Seller may terminate this agreement forty-five (45) days thereafter.

NOTICES:

Notices shall be in writing and mailed, postage prepaid, by registered or certified mail to the respective parties at their respective addresses first above noted, and shall be conclusively presumed received on the day after that on which mailed.

DEFINITIONS:

- a) "ton" means a short ton equivalent to 2000 pounds avoirdupois, dry basis;
- b) "unit" means 1% of a short ton or 20 pounds avoirdupois, dry basis;
- c) "ounce" means a Troy ounce;
- d) "dollars" (\$) and "cents" (¢) mean lawful money of the United States of America;
- e) A "lot" shall constitute approximately 50 tons. At the end of any calendar month, a lot may be less than 50 tons.

INTEGRATION:

This agreement, together with any additional provisions appended hereto, contains the entire understanding of the parties.

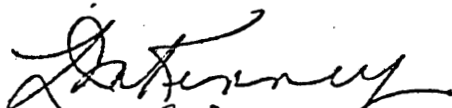
SUCCESSION:

This agreement shall bind and inure to the benefit of the successors, assigns, heirs, executors, administrators and legal representatives of the parties and shall be a covenant running with the land.

IN WITNESS WHEREOF the parties have executed this agreement the day and year first above written.

REEVES MACDONALD MINES LIMITED

THE BUNKER HILL COMPANY

By 
Vice President
Seller

By 
Manager - Ore Purchasing
Buyer

REEVES MACDONALD LEAD CONCENTRATES

Suggested revisions to Agreement of June 26, 1974:

Labor: The above specified treatment charge of \$48.25 per short dry ton is based upon an average labor cost of \$5.879 for hourly employees at the Buyer's lead smelter. This cost is based on wage rates, shift differentials, holiday, vacation and overtime payments, projected payroll taxes (F.O. A. B. and unemployment taxes), and fringe benefits (pensions, medical-surgical, dental and insurance). Any future calculation of hourly labor costs will be based on the items included above, plus any additional labor costs accrued or paid to or on behalf of the employees. Any increase or decrease in said average hourly labor cost in effect for the calendar month prior to the date of delivery of product shall be for Seller's account and to adjust, charge eight cents (8¢) per net dry ton for each one cent (1¢) per hour that the average hourly labor cost shall be in excess of \$5.879 and credit eight cents (8¢) per net dry ton for each one cent (1¢) that the average hourly labor cost shall be less than \$5.879, fractions in proportion.

Natural Gas: Increase T/C 42.0¢ per short dry ton for each 1.0¢ increase in cost per therm of natural gas above \$0.07328 per therm (present rate), fractions pro rata.

Coke: Increase T/C 22.0¢ per short dry ton for each \$1.00 per ton increase in coke cost above \$30.75, fractions pro rata.