

10/26/2005

IDAHO DEPARTMENT OF WATER RESOURCES  
PRELIMINARY RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 77-2084

NAME AND ADDRESS: THE TRUST FOR PUBLIC LAND  
1011 WESTERN AVE  
SEATTLE WA 99223

SOURCE: MULE CREEK

TRIBUTARY: MONUMENTAL CREEK

QUANTITY: 0.500 CFS

PRIORITY DATE: 01/21/1942

POINT OF DIVERSION:

T19N R11E S19 SWSE Within VALLEY County

PURPOSE AND  
PERIOD OF USE:

| <u>PURPOSE OF USE</u> | <u>PERIOD OF USE</u> | <u>QUANTITY</u> |
|-----------------------|----------------------|-----------------|
| INDUSTRIAL            | 1/01 12/31           | 0.500 CFS       |

PLACE OF USE: INDUSTRIAL Within VALLEY County

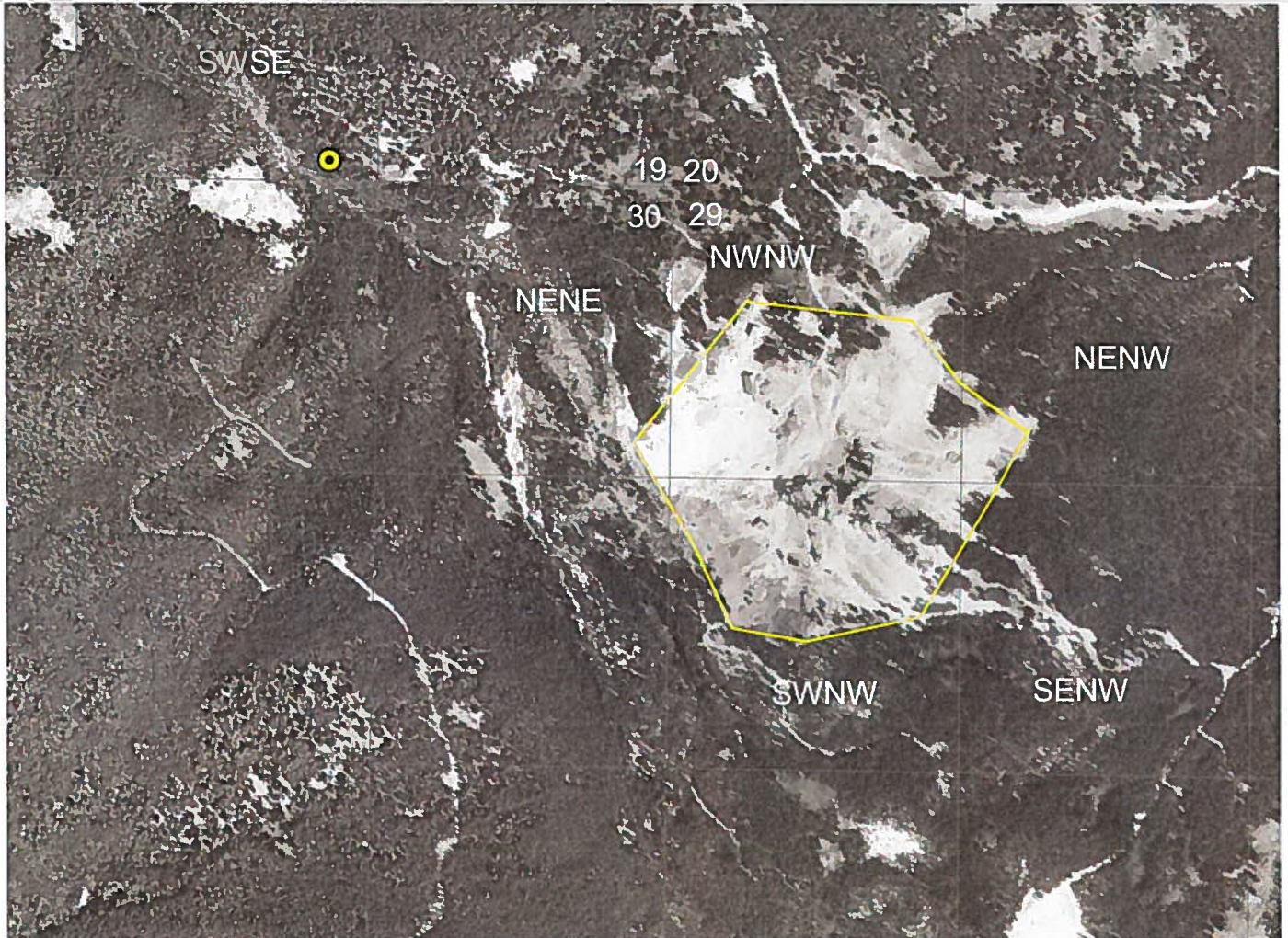
|               |      |               |      |
|---------------|------|---------------|------|
| T19N R11E S29 | NENW | T19N R11E S29 | NWNW |
| T19N R11E S29 | SWNW | T19N R11E S29 | SENW |
| T19N R11E S30 | NENE |               |      |

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - License

# 77-2084



0 600 1200 Feet

Sections 19, 29, 30  
T19N R11E



● Point of Diversion

□ Place of Use

Map prepared on March 2, 2005  
By Kenneth Knoblock  
Idaho Department of Water Resources

SEE 77-2006 for documentation

RECEIVED

STATE OF IDAHO  
DEPARTMENT OF WATER RESOURCES  
NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

OCT 11 2005

WATER RESOURCES  
WESTERN REGION

Please print or type. Attach pages with additional information. Instructions are included at the end of this form.  
Incomplete forms will be returned.

1. Please list the water right number(s) and/or adjudication claim number(s) (if any) for each water right to be changed. List just the adjudication claim number if there is no corresponding water right record on file with the department. Indicate, by checking in the space provided (under the "split" heading), if the change in ownership is limited to a portion of a water right in which case division of the existing water right or adjudication claim record will be required.

| Water<br>Right No(s). | Adjudication<br>Claim No(s). | Split | Water<br>Right No(s). | Adjudication<br>Claim No(s). | Split |
|-----------------------|------------------------------|-------|-----------------------|------------------------------|-------|
| 77-02006              | A77-02006                    | ___   | 77-07124              | A77-07124                    | ___   |
| 77-02084              | A77-02084                    | ___   | 77-07129              | A77-07129                    | ___   |
| 77-02086              | A77-02086                    | ___   | 77-07201              | A77-07201                    | ___   |
| 77-04055              | A77-04055                    | ___   | 77-07211              | A77-07211                    | ___   |
| 77-07087              | A77-07087                    | ___   | 77-07217              | A77-07217                    | ___   |
| 77-07123              | A77-07123                    | ___   |                       |                              |       |

2. The following **REQUIRED** information must be submitted with this form:

- A. The appropriate **FILING FEE**. See instructions for fee amounts.
- B. A copy of the most recent **DEED, TITLE POLICY, CONTRACT OF SALE** or other legal document indicating your ownership of the property and water right(s) or claim(s) in question, **WITH ATTACHED LEGAL DESCRIPTION**.
- C. Either of the following (if necessary to clarify division of water rights or other complex property descriptions):  
**PLAT OF PROPERTY** or **SURVEY MAP** clearly showing the location of the point(s) of diversion and place of use of your water right(s) and/or adjudication claim(s) (these are usually attached to your deed or on file with the county).

OR

If your water right(s) and/or adjudication claim(s) is for ten or more acres of irrigation, you must submit a USDA Farm Service Agency **AERIAL PHOTO** with the irrigated acres outlined and point(s) of diversion clearly marked. The **AERIAL PHOTO** should be submitted in place of the **PLAT OF PROPERTY** or **SURVEY MAP**.

3. Name and Address of Former Owner/Claimant(s)

THUNDER MOUNTAIN GOLD, INC. (DEWEY MININ CO., INC.)  
3006 EAST 16TH AVENUE

4. New Owner/Claimant(s)

SPOKANE, WA 99223

New Mailing Address

Name Connector (Check one): [ ] and, [ ] or, [ ] and/or  
THE TRUST FOR PUBLIC LAND  
1011 WESTERN AVENUE, SUITE 605

City, State and ZIP Code

SEATTLE, WASHINGTON 98104

New Telephone Number

206 587-2447

5. Date you acquired the property

SEPTEMBER 1, 2005

6. If the change in ownership affects the entire water right for each water right or adjudication claim number listed in item 1, THEN SKIP THIS ITEM AND GO TO ITEM 7. If the change in ownership divides the water right(s) among multiple owners, you must describe, in detail, your portion of each water right after the change. Fill in the appropriate spaces in the box(es) below to describe your water right(s) after the change (one water right per box, you may copy this page as necessary). If your quantity of water is greater than a proportionate split, you must attach documentation to show justification for a larger amount. If you are not sure how to identify your portion of the original water right or adjudication claim records, please contact the nearest IDWR office for assistance.

| DESCRIPTION OF YOUR PORTION OF WATER RIGHT<br>(If the right(s) will not be split, skip this area and proceed to item 7) |                                                                            |                                                              |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------|
| Water Right and/or Adjudication Claim Number _____                                                                      |                                                                            |                                                              |
| Water Use                                                                                                               | Diversion Rate or Volume<br>(cubic feet per second or acre-feet per annum) | Description<br>(acres, number and type of stock, homes, etc) |
| Irrigation                                                                                                              | _____                                                                      | _____                                                        |
| Stock                                                                                                                   | _____                                                                      | _____                                                        |
| Domestic                                                                                                                | _____                                                                      | _____                                                        |
| Other _____                                                                                                             | _____                                                                      | _____                                                        |
| Total                                                                                                                   | _____                                                                      |                                                              |

| DESCRIPTION OF YOUR PORTION OF WATER RIGHT<br>(If the right(s) will not be split, skip this area and proceed to item 7) |                                                                            |                                                              |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------|
| Water Right and/or Adjudication Claim Number _____                                                                      |                                                                            |                                                              |
| Water Use                                                                                                               | Diversion Rate or Volume<br>(cubic feet per second or acre-feet per annum) | Description<br>(acres, number and type of stock, homes, etc) |
| Irrigation                                                                                                              | _____                                                                      | _____                                                        |
| Stock                                                                                                                   | _____                                                                      | _____                                                        |
| Domestic                                                                                                                | _____                                                                      | _____                                                        |
| Other _____                                                                                                             | _____                                                                      | _____                                                        |
| Total                                                                                                                   | _____                                                                      |                                                              |

7. Signature of New Owner(s) or Claimant(s) \_\_\_\_\_  
(include title if applicable)

James E. Jyner  
REGIONAL COUNSEL, THE TRUST FOR PUBLIC LAND

For Snake River Basin Adjudication Claims: Please attach a Notice of Appearance completed by your attorney, if you wish IDWR to correspond with him/her for all matters related to your claims.

**For Office Use Only**

Received by \_\_\_\_\_ Date \_\_\_\_\_ Fee \_\_\_\_\_  
 Receipted by \_\_\_\_\_ Date \_\_\_\_\_ Receipt No. \_\_\_\_\_  
 Processed by \_\_\_\_\_ AJ Date \_\_\_\_\_ WR \_\_\_\_\_ Date \_\_\_\_\_

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO,  
IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION  
OF RIGHTS TO THE USE OF WATER FROM  
THE SNAKE RIVER BASIN WATER SYSTEM.

CIVIL CASE NUMBER: 39576

Ident. Number: A77-02084  
Date Received: 11/23/1988  
Receipt No: C003688  
Received By: \_\_\_\_\_

NOTICE OF CLAIM TO A WATER RIGHT  
ACQUIRED UNDER STATE LAW

1. Name: DEWEY MINING CO 208-342-8901  
Address: PO BOX 5411  
BOISE ID 83705

2. Date of Priority: JAN 21, 1942

3. Source: MULE CREEK Trib. to: MONUMENTAL CREEK

4. Point of Diversion:

| Township | Range | Section | 1/4 of | 1/4 of | 1/4 of | Lot | County |
|----------|-------|---------|--------|--------|--------|-----|--------|
| 19N      | 11E   | 20      |        | SE     | SW     |     | VALLEY |

5. Description of diverting works:  
SMALL DAM & DITCH, PUMP. PUMPED VIA PIPELINE TO POU.

6. Water is used for the following purposes:

| Purpose    | From  | To    | C.F.S | (or) | A.F.A. |
|------------|-------|-------|-------|------|--------|
| INDUSTRIAL | 01/01 | 12/31 | 0.500 |      |        |

7. Total Quantity Appropriated is:  
0.500 C.F.S. (and/or) A.F.A.

8. Total consumptive use is 90.0 Acre Feet Per Annum.

9. Non-irrigation uses:  
I/PROCESS GOLD AND SILVER ORE.

10. Place of Use:

| Township | Range | Section | 1/4 of | 1/4 of | Lot | Use    | Acres |
|----------|-------|---------|--------|--------|-----|--------|-------|
| 19N      | 11E   | 29      | NE     | NW     |     | INDUST |       |
|          |       |         | NW     | NW     |     | INDUST |       |
|          |       |         | SW     | NW     |     | INDUST |       |
|          |       |         | SE     | NW     |     | INDUST |       |

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11. Place of use in counties: VALLEY

12. Do you own the property listed above as place of use? YES

13. Other Water Rights Used:  
77-02085, 77-04055, 77-07087

14. Remarks:  
GOLDEN REEF JOINT VENTURE IS THE SUCCESSOR IN INTEREST TO GOLD  
REEF MINING COMPANY. THE WATER RIGHTS SHOULD BE LISTED AS OWNED  
BY GOLDEN REEF JOINT VENTURE.  
OWNERSHIP CHANGED ON 6-24-93 PER CHANGE OF OWNERSHIP FORM AND  
COURT DOCUMENTS SUBMITTED. JS

15. Basis of Claim: LICENSE

Water Right Number: 19278

16. Signature(s)

(a.) By signing below, I/We acknowledge that I/We have received, read and  
understand the form entitled "How you will receive notice in the Snake River  
Basin Adjudication." (b.) I/We do \_\_\_\_\_ do not \_\_\_\_\_ wish to receive and pay  
a small annual fee for monthly copies of the docket sheet.

Number of attachments: \_\_\_\_\_

**For Individuals:**

I/We do solemnly swear or affirm that the statements contained in the  
foregoing document are true and correct.

Signature of Claimant(s): \_\_\_\_\_ Date: \_\_\_\_\_  
\_\_\_\_\_ Date: \_\_\_\_\_

State of Idaho )  
County of \_\_\_\_\_ ) SS. \_\_\_\_\_

Subscribed and sworn (or affirmed) before me this \_\_\_\_\_ day  
of \_\_\_\_\_ 19 \_\_\_\_\_

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

Seal

Residing at \_\_\_\_\_

My Commission Expires \_\_\_\_\_

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# NEW PROPERTY OWNER NOTICE OF CHANGE OF WATER RIGHT OWNERSHIP

Please print or type  
(see instructions on back of page)

DATE OF CLOSING: July 23, 1991

LEGAL DESCRIPTION OF PROPERTY: Township 19N Range 11E  
Section 29 1/4 of 30 1/4 of 1 1/4, Govt. Lot       , BM.  
Lot       , Block       , Subdivision/Townsite Valley County  
If you have additional legal descriptions, please attach separate sheet.

[ ] Served Only by a Public Service Water Supply (all water is received from a city or company who maintains water supply system, owns the water right, and bills the customer on a regular basis)

☒ Water Right Number(s)  
Assigned by IDWR:

A77-02084, A77-02085 ALSO A77-04055  
A77-07087

[ ] Name and Address of Former  
Owner/Claimant(s)(Seller):

GOLD REEF JOINT VENTURE SEE MEMO  
P.O. Box 8007 DATED 6/23/91  
Boise, ID 83707

[ ] New Owner/Claimant  
(Purchaser):

DEWEY MINING CO.

[ ] New Mailing Address:

P.O. Box 5411  
Boise, ID 83705

[ ] New Telephone Number:

(208) 342-8901

[ ] Does the change in ownership result in a splitting of the water right owned/claimed? yes X no  
If yes, then describe the portion of the water right that is now owned/claimed by the new owner:

[ ] Attach proof of  
ownership, describe  
proof attached:

YES

(proof of ownership must describe either the property conveyed or include the claim number. Proof of ownership is not required if this form is signed by the former owner/claimant.)

[ ] Signature of New  
Owner/Claimant(s)

DEWEY MINING CO.

Date 5/27/93

[ ] Signature of Former  
Owner/Claimant(s):

GOLD REEF JOINT VENTURE

Date 5/27/97

Date 5/27/93

Date 5/27/93

(Signature of former claimant(s) is not required if proof of ownership is attached.)

## FOR IDWR USE ONLY:

Initial Review and Data-Entry

Date: 6-23-93 By: Jp

Further Action Needed:

Further Action Taken

Date: 6-23-93 By: Jp

Final Review and Data-Entry

Date: 6-23-93 By: Jp

Claim Numbers of Split, if any:

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Original to be mailed to Idaho Department of Water Resources  
Copies to Former Owner and New Owner

OFF COURT CASE  
DOCUMENTS IN  
CORRESPONDENCE

NO. \_\_\_\_\_ COPY  
A.M. \_\_\_\_\_ FILED  
P.M. \_\_\_\_\_  
JUL 23 1991

J. DAVID HARRIS, Clerk  
By \_\_\_\_\_  
DEPUTY

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF  
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

HOWARD HOLLINGSWORTH; WILEY  
HOLLINGSWORTH; SYDNEY  
HOLLINGSWORTH REISBICK;  
CLAUDIA HOLLINGSWORTH TRIGVE;  
and DEWEY MINING COMPANY, an  
Idaho corporation,

Plaintiffs,

vs.

GOLDEN REEF MINING CO., an  
Idaho corporation; RONALD C.  
YANKE, DONALD J. NELSON, and  
WOLFGANG RAUBALL,  
Individually as former  
shareholders of Dewey Mining  
Company; RUDOLPH O. NELSON  
and HARRY BETTIS,  
individually as former  
shareholders of Dewey Mining  
Company; COPPER LAKE  
EXPLORATIONS, LTD., a British  
Columbia corporation;  
STANHOLM RESOURCES, LTD., a  
British Columbia corporation,  
ORD SILVER MINES, INC., an  
Arizona corporation; and  
COPPER LAKE IDAHO, INC., an  
Idaho corporation,

Defendants.

Case No. 74238

FINAL JUDGMENT

The above-entitled cause come on for trial before the  
Court, sitting without a jury, commencing April 19, 1988, and  
concluding June 8, 1988. Final arguments were heard December 15,

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1989; Findings of Fact and Conclusions of Law were entered June 7, 1990; Amended Findings of Fact and Conclusions of Law were entered December 18, 1990; and Second Amended Findings of Facts and Conclusions of Law were entered April 25, 1991. On March 18, 1991, the above-entitled Court entered its partial Judgment. Subsequent thereto, Plaintiffs filed an Application for Fees and Costs and Defendants Yanke, D. J. Nelson, Bettis and R. Nelson filed objections thereto.

Defendants Yanke, D. J. Nelson, Bettis and R. Nelson filed a Notice of Appeal and Plaintiffs filed a Notice of Cross-Appeal, however, the Judgment entered March 18, 1991, is not a final appealable order because certain issues remained unresolved when it was issued and this Court retains jurisdiction to enter this Final Judgment.

The Plaintiffs are represented by Terry E. Thomson and Mark D. Deife of Sylvester Ruud Petrie and Cruzen of Seattle, Washington, and Stanley W. Welsh and Rory R. Jones of Clemons Cosho & Humphrey of Boise, Idaho. Defendants Yanke, D. J. Nelson, R. Nelson and Bettis are represented by Bart W. Harwood of Harwood & McColl of Boise, Idaho, and by Merlyn W. Clark of Hawley Troxell Ennis & Hawley of Boise, Idaho. Counsel for Defendants Copper Lake Exploration, Ltd., Stanholm Resources, Ltd., Copper Lake Idaho, Inc., and Ord Silver Mines have previously withdrawn and said Defendants have failed to serve any

additional appearance in the action. Golden Reef Mining Co. was dissolved as an Idaho corporation in 1981 and has not appeared in the action. On October 22, 1987, this Court entered an order of default against Defendant Wolfgang Rauball and said Defendant has failed to serve any additional appearance in the action.

Plaintiffs Hollingsworth and Defendants Yanke, D. J. Nelson, Bettis and R. Nelson have filed a Joint Motion and Stipulation for Order Approving Compromise, entry of Third Amended Findings of Fact and Conclusions of Law and entry of this Final Judgment. A Notice of Hearing in a form and manner approved by the Court has been given to the shareholders of derivative Plaintiff, Dewey Mining Company, pursuant to Rule 23(f), I.R.C.P.

A hearing was held on the 23<sup>rd</sup> day of July, 1991, in accordance with the Notice of Hearing to Shareholders and Rule 23(f), 3I.R.C.P. The Court has determined and finds that the compromise and settlement of this action is in the best interests of Dewey Mining Company and should be and is hereby approved in accordance with Rule 23(f), I.R.C.P. The Court has entered the Third Amended Findings of Fact and Conclusions of Law and directed entry of judgment as hereinafter stated.

NOW, THEREFORE, IT IS HEREBY ORDERED ADJUDGED AND DECREED THAT:

1. The February 5, 1968 Lease between Dewey Mining Company as lessor, and Golden Reef Mining Company as lessee, expired by its terms on February 4, 1988. The July 29, 1980, agreement to extend said Lease between Dewey Mining Company and Golden Reef Mining Company and its assigns and successors in interest, is hereby declared null and void as to all persons and entities claiming any right, title or interest therein, including, but not limited to the above-named Defendants and all of them.

2. A constructive trust for the benefit of Dewey Mining Company is imposed upon the following patented and unpatented mining claims; and each of the Defendants is ordered to cause the discharge and release, within thirty (30) days following entry of this Judgment, of all encumbrances made or suffered by him against said claims. The Defendants and each of them shall within seven (7) days following entry of this Judgment execute and deliver to Dewey Mining Company a Quitclaim Deed conveying to Dewey Mining Company the following mining claims; and in default of the execution and delivery of said Deed, this Judgment shall have the effect and operation, at law and in equity, of such conveyance, so as to quiet title and vest Dewey Mining Company with fee simple absolute title to the following-described mining claims:

| <u>Name of Claim</u>   | <u>Valley<br/>County No.</u> | <u>BLM IMC<br/>Serial Number</u> |
|------------------------|------------------------------|----------------------------------|
| Black Pole Point No. 1 | 69014                        | 17916                            |
| Black Pole Point No. 2 | 69015                        | 17917                            |
| Blackpine No. 1        | 117054                       | 68379                            |
| Blackpine No. 2        | 117055                       | 68380                            |
| Blackpine No. 3        | 117056                       | 68381                            |
| Blackpine No. 4        | 117057                       | 68382                            |
| Blackpine No. 5        | 117058                       | 68383                            |
| Blackpine No. 6        | 117059                       | 68384                            |
| Blackpine No. 7        | 117060                       | 68385                            |
| Blackpine No. 8        | 117061                       | 68386                            |
| Bold Ruler No. 1       | 68995                        | 17898                            |
| Bold Ruler No. 2       | 68996                        | 17899                            |
| Bold Ruler No. 3       | 68997                        | 17900                            |
| Bold Ruler No. 4       | 68998                        | 17901                            |
| Bold Ruler No. 5       | 68999                        | 17902                            |
| Bold Ruler No. 6       | 69000                        | 17903                            |
| Campsite No. 1         | 117051                       | 68376                            |
| Campsite No. 2         | 117052                       | 68377                            |
| Campsite No. 3         | 117053                       | 68378                            |
| CD No. 78              |                              | 17862                            |
| CD No. 117             | 79898                        | 17863                            |
| CD No. 118             | 79899                        | 17864                            |
| CD No. 119             |                              | 17865                            |
| CD No. 120             | 80150                        | 17866                            |
| Count Fleet No. 1      | 69122                        | 17912                            |
| Count Fleet No. 2      | 69123                        | 17913                            |
| Count Fleet No. 3      | 69124                        | 17914                            |
| Count Fleet No. 4      | 69125                        | 17915                            |
| Crater No. 1           | 14-312                       | 17894                            |
|                        | 69127                        |                                  |
| Crater No. 2           | 14-313                       | 17895                            |
|                        | 69128                        |                                  |
| Crater No. 3           | 14-314                       | 17896                            |
|                        | 69129                        |                                  |
| Crater No. 4           | 14-315                       | 17897                            |
|                        | 69126                        |                                  |
| Dancer's Image No. 1   | 69009                        | 17918                            |
| Dancer's Image No. 2   | 69010                        | 17919                            |
| Dancer's Image No. 3   | 69011                        | 17920                            |
| Dancer's Image No. 4   | 69012                        | 17921                            |
| Dancer's Image No. 5   | 69013                        | 17922                            |
| Dewey Campsite         | 11-557                       | 17887                            |
| Forward Pass No. 1     | 69001                        | 17904                            |

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| <u>Name of Claim</u> | <u>Valley<br/>County No.</u> | <u>BLM IMC<br/>Serial Number</u> |
|----------------------|------------------------------|----------------------------------|
| Forward Pass No. 2   | 69002                        | 17905                            |
| Forward Pass No. 3   | 69003                        | 17906                            |
| Forward Pass No. 4   | 69004                        | 17907                            |
| Forward Pass No. 5   | 69005                        | 17908                            |
| Forward Pass No. 6   | 69006                        | 17909                            |
| Forward Pass No. 7   | 69007                        | 17910                            |
| Forward Pass No. 8   | 69008                        | 17911                            |
| Gravel Point No. 1   | 117049                       | 68374                            |
| Gravel Point No. 2   | 117050                       | 68375                            |
| Howard No. 1         |                              | 89125                            |
| Howard No. 2         | 131539                       | 89124                            |
| Howard No. 3         | 131538                       | 89123                            |
| Howard No. 4         | 131537                       | 89122                            |
| Howard No. 5         | 131536                       | 89121                            |
| Howard No. 6         | 131535                       | 89120                            |
| Howard No. 7         | 131534                       | 89119                            |
| Idaho Rand No. 1     | 14-306                       | 17888                            |
|                      | 69130                        |                                  |
| Idaho Rand No. 2     | 14-307                       | 17889                            |
|                      | 69131                        |                                  |
| Idaho Rand No. 3     | 14-308                       | 17890                            |
|                      | 69132                        |                                  |
| Idaho Rand No. 4     | 14-309                       | 17891                            |
|                      | 69133                        |                                  |
| Idaho Rand No. 5     | 14-310                       | 17892                            |
|                      | 69134                        |                                  |
| Idaho Rand No. 6     | 14-311                       | 17893                            |
|                      | 69135                        |                                  |
| KW No. 63            | 79213                        | 17850                            |
| KW No. 64            | 79217                        | 17851                            |
| KW No. 66            | 79219                        | 17852                            |
| KW No. 68            | 79221                        | 17853                            |
| KW No. 70            | 79223                        | 17854                            |
| KW No. 71            | 79224                        | 17855                            |
| KW No. 72            | 79225                        | 17856                            |
| KW No. 103           |                              | 17857                            |
| KW No. 104           |                              | 17858                            |
| KW No. 105           |                              | 17859                            |
| KW No. 106           |                              | 17860                            |
| KW No. 107           |                              | 17861                            |
| Linda No. 1          | 131552                       | 89107                            |
| Linda No. 2          | 131551                       | 89108                            |
| Linda No. 3          | 131550                       | 89109                            |

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| <u>Name of Claim</u>             | <u>Valley<br/>County No.</u> | <u>BLM IMC<br/>Serial Number</u> |
|----------------------------------|------------------------------|----------------------------------|
| Linda No. 4                      | 131549                       | 89110                            |
| Linda No. 5                      | 131548                       | 89111                            |
| Linda No. 6                      | 131547                       | 89112                            |
| Linda No. 7                      | 131546                       | 89113                            |
| Linda No. 8                      | 131545                       | 89114                            |
| Linda No. 9                      | 131544                       | 89115                            |
| Linda No. 10                     | 131543                       | 89116                            |
| Linda No. 11                     | 131542                       | 89117                            |
| Linda No. 12                     | 131541                       | 89118                            |
| Mike No. 1                       | 133212                       | 91338                            |
| Mike No. 2                       | 133213                       | 91339                            |
| Mike No. 3                       | 133214                       | 91340                            |
| Mike No. 4                       | 133217                       | 91341                            |
| Mike No. 5                       | 133215                       | 91342                            |
| Mike No. 6                       | 133216                       | 91343                            |
| Mike No. 7                       | 133220                       | 91344                            |
| Mike No. 8                       | 133219                       | 91345                            |
| Mike No. 9                       | 133218                       | 91346                            |
| Mike No. 10                      |                              | 91347                            |
| Pay Boy (undivided 1/2 interest) | 13-593                       | 17867                            |
| Pete No. 1                       | 7-23                         | 17885                            |
| Pete No. 2                       | 7-24                         | 17886                            |
| Buffalo (patented)               |                              |                                  |

3. The Accounting For Ore Required by Judgment heretofore filed by Defendants Yanke, D. J. Nelson, Bettis and R. Nelson is hereby approved and accepted and no further relief is warranted with respect thereto.

4. The receiver, Arthur D. Zierold, shall submit to the Court <sup>with copies to DAB</sup> and counsel, a final accounting and request for discharge.

5. The individual Plaintiff shareholders, Howard Hollingsworth, Wiley Hollingsworth, Sydney Hollingsworth Reisbick and Claudia Hollingsworth Trigve, are hereby awarded judgment for

punitive damages in the amount of \$5,000,000 against Defendant Wolfgang Rauball.

Unless they agree otherwise, said individual Plaintiff shareholders shall own said award as tenants-in-common in proportion to their ownership of Dewey Mining Company shares as of the date of this Judgment, and any of them may seek collection thereof, and any sums recovered thereon shall be paid into the registry of this Court for distribution among them by supplemental order.

6. Dewey Mining Company is hereby awarded judgment for compensatory damages against Defendant Wolfgang Rauball in the amount of \$9,467,700, consisting of \$4,530,000 in principal and \$4,937,700 in interest accrued to the date of this Judgment.

7. Plaintiffs Howard Hollingsworth, Wiley Hollingsworth, Sydney Reisbick and Claudia Trigve are hereby awarded their attorney fees and costs incurred herein in the amount of \$600,000. Said judgment shall be joint and several (with the right of contribution) against the following Defendants: Ronald J. Yanke, Donald J. Nelson, Copper Lake Exploration, Ltd., Stanholm Resources Ltd., and Copper Lake Idaho, Inc.

8. All counterclaims of Defendants are dismissed with prejudice and without costs.

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9. This Judgment is a final and complete disposition of all issues and claims between all parties and shall be entered as such forthwith.

DATED this 23<sup>rd</sup> day of July, 1991.

/s/ DEBORAH A. BAIL  
Deborah A. Bail  
District Judge

mc ✓  
File -  
Chert -

1 STANLEY W. WELSH  
RORY R. JONES  
2 COSHO, HUMPHREY, GREENER & WELSH  
Attorneys at Law  
3 815 West Washington Street  
Carnegie Library Building  
4 Boise, Idaho 83702  
Telephone: (208) 344-7811

5 TERRY E. THOMSON  
MARK D. DEIFE  
6 SYLVESTER, RUUD, PETRIE & CRUZEN  
2600 Columbia Center  
7 701 Fifth Avenue  
Seattle, Washington 98104-7088  
8 Telephone: (206) 623-1330

9 Attorneys for Plaintiffs/Respondents/  
10 Cross-Appellants

11  
12 IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE  
13 STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA  
14

15  
16 HOWARD HOLLINGSWORTH, et al, )  
Plaintiffs/ )  
17 Respondents/ )  
18 Cross-Appellants. )

19 vs. )

20 GOLDEN REEF MINING CO., et al, )  
Defendants/ )  
21 Appellants/ )  
22 Cross-Respondents. )

Case No. 74238

SATISFACTION OF JUDGMENT

23  
24 COMES NOW, the above-named Plaintiffs, by and through  
25 their counsel of record, Rory R. Jones of Cosho, Humphrey,  
26

Greener & Welsh, P.A., and hereby acknowledge complete satisfaction of that certain Judgment heretofore entered in this matter on the 23rd day of July, 1991.

DATED this 22 day of July, 1992.

COSHO, HUMPHREY, GREENER & WELSH

By Rory R. Jones  
Rory R. Jones,  
Attorneys for Plaintiffs/  
Respondents/Cross-Appellants

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 22 day of July, 1992 that a true and correct copy of the above and foregoing document was mailed by first class mail, postage prepaid, to:

Bart W. Harwood  
Harwood & McColl  
101 South Capitol Blvd., Suite 1100  
Boise, Idaho 83702

Merlyn W. Clark  
Hawley, Troxell, Ennis & Hawley  
P.O. Box 1617  
Boise, Idaho 83701

Arthur D. Zierold  
P.O. Box 8776  
Boise, Idaho 83707-2776

Copper Lake Explorations, Ltd.  
Stanholm Resources, Ltd.  
Copper Lake Idaho, Inc.  
789 Pender, Suite 1202  
Vancouver, B.C.  
CANADA V6C 1H2

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AUG 08 1994

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO,  
IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION  
OF RIGHTS TO THE USE OF WATER FROM  
THE SNAKE RIVER BASIN WATER SYSTEM.

CIVIL CASE NUMBER: 39576

Ident. Number: A77-02084  
Date Received: 11/30/1988  
Receipt No: C003688  
Received By: \_\_\_\_\_

NOTICE OF CLAIM TO A WATER RIGHT  
ACQUIRED UNDER STATE LAW

1. Name: GOLDEN REEF JOINT VENTURE 208-376-4802  
Address: P.O. BOX 45308  
BOISE, ID 83704

2. Date of Priority: JAN 21, 1942

3. Source: MULE CREEK Trib. to: MONUMENTAL CREEK

4. Point of Diversion:

| Township | Range | Section | 1/4 of | 1/4 of | 1/4 | Lot | County |
|----------|-------|---------|--------|--------|-----|-----|--------|
| 19N      | 11E   | 20      | SE     | SW     |     |     | VALLEY |

5. Description of diverting works:  
SMALL DAM & DITCH, PUMP. PUMPED VIA PIPELINE TO POU.

6. Water is used for the following purposes:

| Purpose    | From | To | C.F.S | (or) | A.F.A. |
|------------|------|----|-------|------|--------|
| INDUSTRIAL |      |    | 0.500 |      |        |

7. Total Quantity Appropriated is:  
0.500 C.F.S. (and/or) A.F.A.

8. Total consumptive use is 90.0 Acre Feet Per Annum.

9. Non-irrigation uses:  
I/PROCESS GOLD AND SILVER ORE.

10. Place of Use:

| Township | Range | Section | 1/4 of | 1/4 | Lot | Use    | Acres |
|----------|-------|---------|--------|-----|-----|--------|-------|
| 19N      | 11E   | 29      | NE     | NW  |     | INDUST |       |
|          |       |         | NW     | NW  |     | INDUST |       |
|          |       |         | SW     | NW  |     | INDUST |       |

A77-02084

Page 1

Date: 11/30/88

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OCT 05 1992

10. Place of Use: Continued

| Township | Range | Section | 1/4 of 1/4 | Lot | Use    | Acres |
|----------|-------|---------|------------|-----|--------|-------|
| 19N      | 11E   | 29      | SE NW      |     | INDUST |       |

11. Place of use in counties: VALLEY

12. Do you own the property listed above as place of use? YES

13. Other Water Rights Used:  
77-02085, 77-04055, 77-07087

14. Remarks:  
GOLDEN REEF JOINT VENTURE IS THE SUCCESSOR IN INTEREST TO GOLD  
REEF MINING COMPANY.

15. Basis of Claim: LICENSE  
Water Right Number: 19278

16. Signature(s)

(a.) By signing below, I/We acknowledge that I/We have received, read and understand the form entitled "How you will receive notice in the Snake River Basin Adjudication." (b.) I/We do \_\_\_\_\_ do not \_\_\_\_\_ wish to receive and pay a small annual fee for monthly copies of the docket sheet.

Number of attachments: \_\_\_\_\_

For Organizations:

I do solemnly swear or affirm that I am \_\_\_\_\_ of  
\_\_\_\_\_, that I have signed the foregoing  
Organization document in the space below as \_\_\_\_\_ of  
\_\_\_\_\_ Title  
Organization and that the statements contained in the  
foregoing document are true and correct.

\_\_\_\_\_  
Signature of Authorized Agent

\_\_\_\_\_  
Title and Organization

\_\_\_\_\_  
Date

State of Idaho )  
County of \_\_\_\_\_ ) SS.

Subscribed and sworn (or affirmed) before me this \_\_\_\_\_ day  
of \_\_\_\_\_ 19 \_\_\_\_\_

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

Seal

Residing at \_\_\_\_\_

My Commission Expires \_\_\_\_\_

17. Notice of Appearance:

Notice is hereby given that I, \_\_\_\_\_ will be  
 \_\_\_\_\_  
 Print Name

---

Print Name

acting as attorney at law on behalf of the claimant signing above, and that all notices required by law to be mailed by the director to the claimant signing above should be mailed to me at the address listed below.

Signature \_\_\_\_\_

Address

Date \_\_\_\_\_

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE  
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION  
OF RIGHTS TO THE USE OF WATER FROM  
THE SNAKE RIVER BASIN WATER SYSTEM

CIVIL CASE NUMBER: 39576

Ident. Number A77-02084Date Received 11/23/88Receipt Number C003688

NOTICE OF CLAIM  
TO A  
WATER RIGHT  
ACQUIRED UNDER STATE LAW

RECEIVED  
NOV 23 1988

Department of Water Resources

## Please type or print clearly

1. Name of Claimant (s) Golden Reef Joint Venture Phone ( 208 ) 376-4802Mailing Address Post Office Box 45308, Boise, Idaho Zip 837042. Date of Priority (Only one (1) per claim) January 21, 19423. Source of water supply (a) Mule Creekwhich is tributary to (b) Monumental Creek4. a. Location of existing point of diversion is: Township 19N Range 11E Section ~~20~~ 20SE 1/4 of SW 1/4 of 1/4, Govt. Lot, B.M., County of ValleyAdditional points of diversion if any: none

b. If instream flow, beginning point of claimed instream flow is:

Township            Range            Section           ,            1/4 of            1/4 of            1/4,Govt. Lot            B.M., County of           ending point is: Township            Range            Section           ,            1/4 of            1/4 of           1/4, Govt. Lot            B.M., County of           

5. Description of existing diversion works (Dams, Reservoirs, Ditches, Wells, Pumps, Pipelines, Headgates, Etc),  
including the dates of any changes or enlargements in use, the dimensions of the diversion works as  
constructed and as enlarged and the depth of each well.

Small dam and ditch leading to a pump. Water is then pumped via  
pipeline to place of use.

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6. Water is claimed for the following purposes:

(both dates are inclusive)

(cfs)

(acre feet)

For Industrial purposes from 1-1 to 12-31 amount .5 or \_\_\_\_\_

For \_\_\_\_\_ purposes from \_\_\_\_\_ to \_\_\_\_\_ amount \_\_\_\_\_ or \_\_\_\_\_

For \_\_\_\_\_ purposes from \_\_\_\_\_ to \_\_\_\_\_ amount \_\_\_\_\_ or \_\_\_\_\_

For \_\_\_\_\_ purposes from \_\_\_\_\_ to \_\_\_\_\_ amount \_\_\_\_\_ or \_\_\_\_\_

7. Total quantity claimed (a) .5 (cfs) and/or (b) \_\_\_\_\_ (acre feet)

8. Total consumptive use claimed is 90 acre feet per annum.

9. Non-irrigation uses; describe fully (eg. Domestic: Give number of households served; Stockwater: Type and number of livestock Etc.) water is used to process gold and silver ore

10. Description of place of use:

a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.

b. If water is used for other purposes, place a symbol of use (example: D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

| TWP | RNG | SEC | NE 1/4 |       |       |       | NW 1/4 |       |       |       | SW 1/4 |       |       |       | SE 1/4 |       |       |       | Totals |
|-----|-----|-----|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|
|     |     |     | NE1/4  | NW1/4 | SW1/4 | SE1/4 | NE1/4  | NW1/4 | SW1/4 | SE1/4 | NE1/4  | NW1/4 | SW1/4 | SE1/4 | NE1/4  | NW1/4 | SW1/4 | SE1/4 |        |
| 19N | 11E | 29  |        |       |       |       | I      |       |       |       |        |       |       |       |        |       |       |       |        |
| 19N | 11E | 29  |        |       |       |       |        | I     |       |       |        |       |       |       |        |       |       |       |        |
| 19N | 11E | 29  |        |       |       |       |        |       | I     |       |        |       |       |       |        |       |       |       |        |
| 19N | 11E | 29  |        |       |       |       |        |       |       | I     |        |       |       |       |        |       |       |       |        |
|     |     |     |        |       |       |       |        |       |       |       |        |       |       |       |        |       |       |       |        |
|     |     |     |        |       |       |       |        |       |       |       |        |       |       |       |        |       |       |       |        |
|     |     |     |        |       |       |       |        |       |       |       |        |       |       |       |        |       |       |       |        |

Total number of acres irrigated \_\_\_\_\_

11. In which county (ies) are lands listed above as place of use located? Valley

12. Do you own the property listed above as place of use? Yes X No \_\_\_\_\_  
If your answer is No, describe in Remarks below the authority you have to claim this water right.

13. Describe any other water rights used at the same place and for the same purposes as described above.  
77-2085, 77-4055, 77-7087 or None ( )

14. Remarks:

Golden Reef Joint Venture is the successor in interest to Gold Reef Mining Company. Their addresses are the same. The water rights should be listed as owned by Golden Reef Joint Venture.

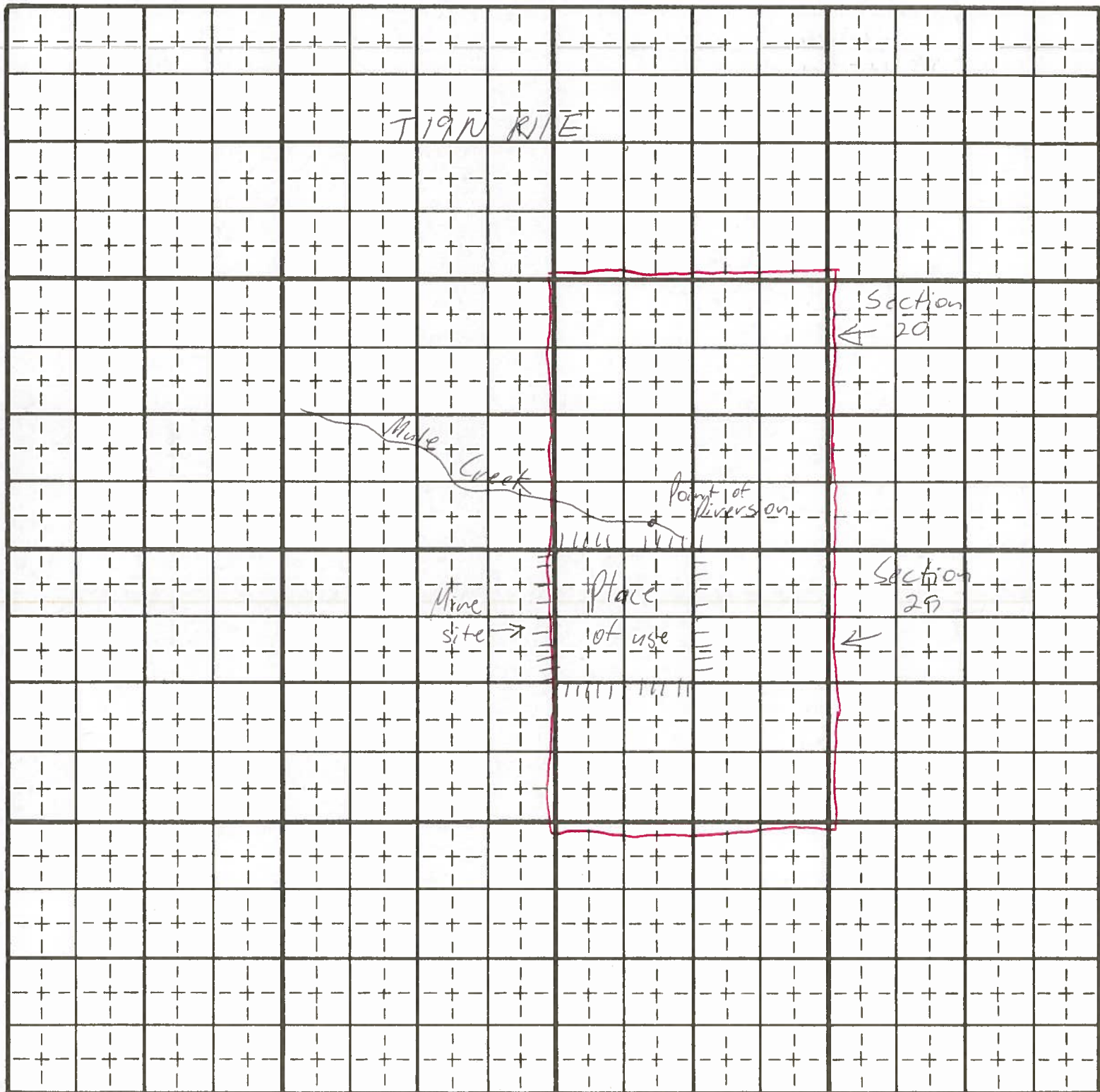
Last Name Golden Reef Joint Ident No. \_\_\_\_\_  
Venture

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OCT 05 1992  
Copies: (White - State, Yellow - Claimant)

Map of Project: show clearly the point of diversion, place of use, section number, township, and range number.

Scale: 2 inches equals 1 mile



Last Name Golden Reef Joint Ident No. \_\_\_\_\_  
Venture

**MICROFILMED**  
Copies: White-State, Yellow-Claimant  
**OCT 05 1992**

15. Basis of Claim (check one) Beneficial Use \_\_\_\_\_ Posted Notice \_\_\_\_\_ License x Permit \_\_\_\_\_  
Decree \_\_\_\_\_  
If applicable provide IDWR Water Right Number 77-2084  
Court \_\_\_\_\_ Case Number \_\_\_\_\_ Decree Date \_\_\_\_\_  
Plaintiff vs Defendant \_\_\_\_\_

16. Signature (s)

(a.) By signing below, I/We acknowledge that I/We have received, read, and understand the form entitled "How you will receive notice in the Snake River Basin Adjudication." (b.) I/We do X do not \_\_\_\_\_ wish to receive and pay a small annual fee for monthly copies of the docket sheet.

Number of attachments 0

For Individuals: I do solemnly swear or affirm that the statements contained in the foregoing document are true and correct.

Signature of Claimant (s) \_\_\_\_\_ Date \_\_\_\_\_  
\_\_\_\_\_ Date \_\_\_\_\_

For Organizations: I do solemnly swear or affirm that I am Acting Manager \_\_\_\_\_  
Title  
of Golden Reef Joint Venture \_\_\_\_\_, that I have signed the foregoing  
Organization  
document in the space below as Acting Manager \_\_\_\_\_ of Golden Reef Joint Venture \_\_\_\_\_  
Title Organization  
and that the statements contained in the foregoing document are true and correct.

Signature of Authorized Agent [Signature]  
Title and Organization Acting Manager, Golden Reef Joint Venture Date 11/23/88

State of Idaho for \_\_\_\_\_ )  
County of Ada \_\_\_\_\_ ) SS.

Subscribed and sworn (or affirmed) before me this 23rd day of November 19 88

SEAL

Notary Public [Signature] for the State of Idaho

Residing at Boise, Idaho

My Commission Expires 6/4/91

Please Print Name

17. Notice of Appearance:

Notice is hereby given that I, Bob E. Pangburn will be acting as attorney at law on behalf of the claimant signing above, and that all notices required by law to be mailed by the director to the claimant signing above should be mailed to me at the address listed below.

Signature [Signature]

Address Post Office Box 829, Boise, Idaho 83701

Date November 23, 1988

Last Name Golden Reef Joint Venture Ident. Number \_\_\_\_\_

MICROFILMED

OCT 05 1992

Copies White-State, Yellow-Claimant

Water Right Number - 77-02084      Adj. Flag Translation: Standard Water Right Number      Old (D) Number - 19278

+ - - - - Last Name - - - +      + - First Name - - +      + - - - - Address - - - - - +

+ - - - - Priority Date - - +      + - - - - Region - - - +      + - - - - Stage - - - +      + - - - - Status - - - +  
01/21/1942      14      L - LICENSE

+ - - - - Source - - - - - +      + - - - - Tributary - - - - - +      + - - - - Status - - - +  
MULE CREEK      MONUMENTAL CREEK

+ - - - - Rng      Sec      Tract      Lot      RFlg      County      Point of Diversion - - - - - +      + - - - - Status - - - +

+ - - - - Description      Period From      Period To      Diversion Rate      Diversion Volume

07 - INDUSTRIAL      0.500

+ - - - - Total Div. Rate - +      + - Total Div. Volume - +      + - Total Div. Capacity - +  
0.500

+ - - - - TwN      Rng      Sec      Tract      Lot      Acres      Code      Description      County

+ - - - - Diversion Means -

+ - - - - Non-Irrigation Use - I/MILLING.

+ - - - - Other Rights for Same Use -

+ - - - - P/D & P/U INCOMPLETE. SEE FILE.  
P/U AT DEWEY MINE.

+ - - - - Conditions of Approval - - - - - +      + - Decree Date - +  
No Conditions of Approval found.      00/00/0000

+ - - - - Decree Plaintiff - - - +      + - - - - Decree Defendant - - - +

+ - - - - Audit Fields -

+ - - - - Water Rights Dates and Flags Area - - - - - +

|                 |              |                 |              |                 |     |
|-----------------|--------------|-----------------|--------------|-----------------|-----|
| Proof Due Date  | - 00/00/0000 | Field Exam Made | - 00/00/0000 | Field Exam Fee  | -   |
| Approved/Denied | - 00/00/0000 | Protested Date  | - 00/00/0000 | Swan Falls      | -   |
| Proof Made Date | - 00/00/0000 | Hearing Date    | - 00/00/0000 | Temporary Right | - P |
| Start Work Date | - 00/00/0000 | Verified Date   | - 03/26/1985 | DLE/Carey Act   | -   |

MICROFILMED

OCT 05 1992

[illegible]

Water District  
Transfer/Amended

OCT 05 1992

10/27/1988

## SRBA CLAIMS RECEIVING CHECKLIST

CLAIMANT'S NAME Golden Reef Joint VentureCLAIM IDENT. NO. A77-02084DATE RECEIVED 11/23/88CK # 84282AMOUNT \$ 100.001. Is the name and address complete with zip code? ☒ YES ☐ NO2. Is a priority date entered? ☒ YES ☐ NO

Is the water use exempt from the Permit requirements, or if it is not exempt, has a Permit been approved or a License issued?

A Permit is required: (1) for groundwater developed after March 25, 1963 (except single family domestic and stockwater wells using less than 13,000 gpd), or (2) for surface water developed after May 20, 1971 (except for instream stockwater). USE CARE IF CLAIM IS RETURNED. REFER TO ADJUDICATION MEMOS # 1 (ADJ. CLAIMS/APPLICATIONS) AND # 9 (REJECTION OF CLAIMS). EXPLAIN IN COMMENTS.

3. (a) Is a source entered? ☒ YES ☐ NO(b) Is a tributary to entered? (if required) ☒ YES ☐ NO4. Is the legal description of the p.d. sufficient? ☒ YES ☐ NO5. Is there a description of the diverting works? ☒ YES ☐ NO6. Are the water uses appropriate for the form? The short form is limited to domestic and stockwater uses with direct diversion. All claims that include storage or instream stockwater must use long form. ☒ YES ☐ NOIs the period of use included? ☒ YES ☐ NOIs a quantity claimed for each use? ☒ YES ☐ NO7. Is a total quantity claimed entered? ☒ YES ☐ NO8. If required is a consumptive use entered? ☒ YES ☐ NOIs the consumptive use correct? ☒ YES ☐ NO9. Are the non-irrigation uses listed properly? If this claim is on the short form, and more than one domestic use is listed, single ownership must be stated. If not under single ownership, see Adjudication Memo # 4. ☒ YES ☐ NO10. Is (are) the place(s) of use and purpose(s) indicated? ☒ YES ☐ NO11. Is (are) the county(ies) entered? ☒ YES ☐ NO12. Is the ownership of p.u. checked? ☒ YES ☐ NO13. Are other water rights listed or "none" indicated? ☒ YES ☐ NO14. If required, are remarks correct? (If the claimant does not own the place of use, authority for filing the claim must be explained in the remarks.) ☒ YES ☐ NO15. Is the basis of the claim indicated? ☒ YES ☐ NO16. Is the claim signed by the claimant, and is the signature appropriate? (If an individual is the claimant, has that individual signed the claim, or if an organization is the claimant, is the organization signature block complete?) ☒ YES ☐ NOHas the claim been signed, sealed, and dated by a notary? ☒ YES ☐ NOWas this claim filed on time, or was an extension granted? ☒ YES ☐ NOIs the fee enclosed correct? ☒ YES ☐ NOIf this claim is based on an existing water right, has the identification number been entered? ☒ YES ☐ NOShould this claim be receipted and data entered? ☒ YES ☐ NOClaim checked by: RatComments: Field Exam frag; notice of app.

MICROFILMED

OCT 25 1988

## State of Idaho

Water District No.

Priority ~~January 21, 1942~~

THIS IS TO CERTIFY that GOLD BECK MINING COMPANY

CHARLES C. CHAPMAN, JR. IN BEHALF OF THE GOLD BEEF MINING COMPANY

The fight heavily confirmed dates from JANUARY 1942, 19 42

That the amount of water to which such right is entitled and hereby confirmed, for the purposes aforesaid

*Handwritten:* 4760

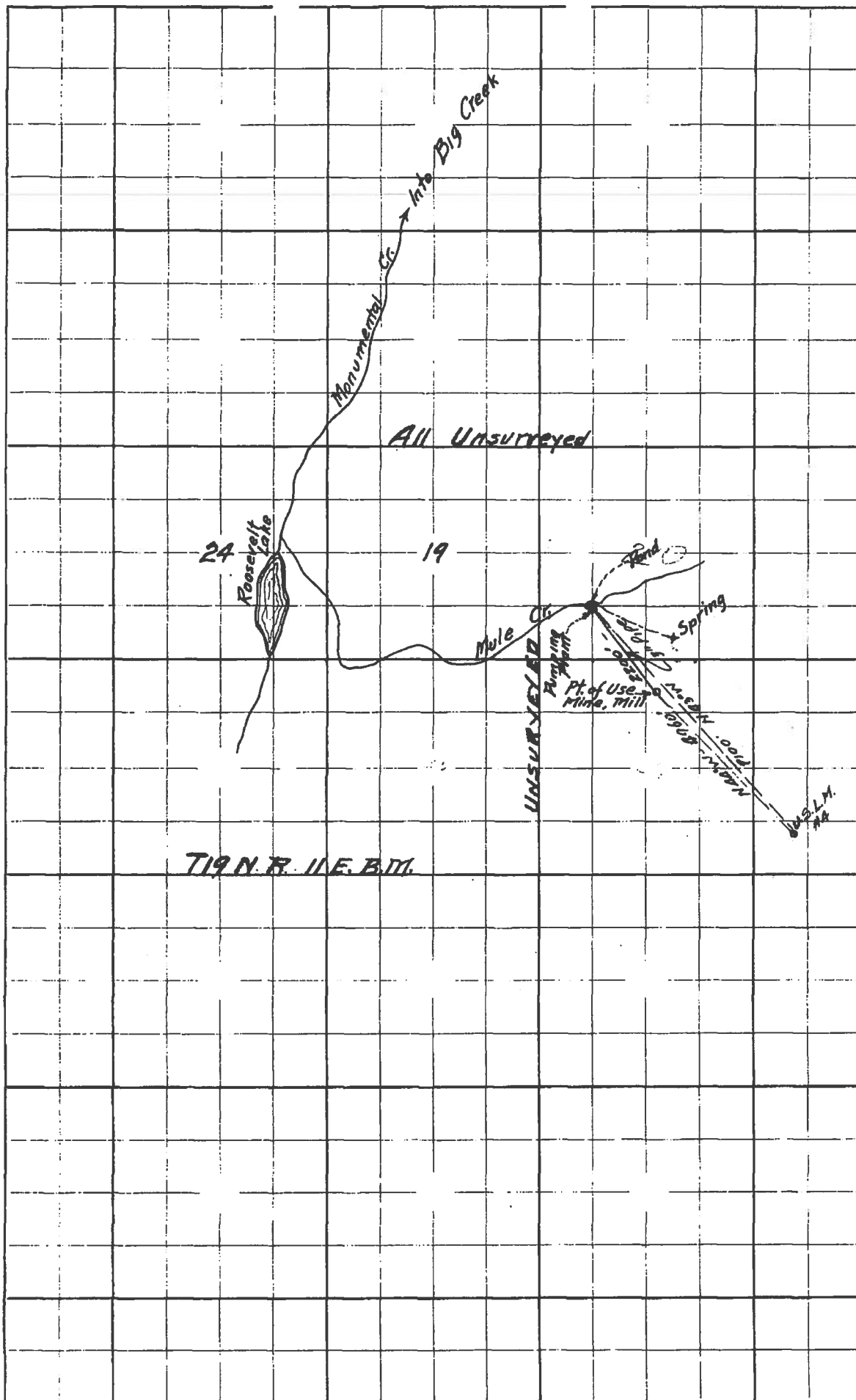
*Printed:* TRANSMISSION AND JOURNAL OF CASE: 65-80 H. 44-2. DISTRICT COURT V. A. L. N. NO. 4, TWP. 19 N. R. 11 E. S. 11

| Twp. | Range | Sec. | Forty-acre Tract | No. Acres<br>Described in Permit | No. Acres<br>Actually Irrigated |
|------|-------|------|------------------|----------------------------------|---------------------------------|
|      |       |      |                  |                                  |                                 |

The right to the use of the water aforesaid hereby confirmed is restricted to the lands or place of use

WITNESS: the seal and signature of the Commissioner of Reclamation, affixed at Boise, Idaho.

**E. E. HERR** *for*  
**Commissioner of Reclamation**



STATE OF IDAHO  
DEPARTMENT OF RECLAMATION  
BOISE, IDAHO

## REPORT OF ENGINEER

Permit No. 19278

This proof is for Beneficial Use

In Water District No. ....

1. Name of applicant..... Gold Reef Mining Company,
2. Source of water supply: Both Forks of Mule Creek, Tributary to Monumental Creek
3. Location of point of diversion: Is in the 7100' distant from ( N43° W ) From U.S.L.M. No. 4  
T. 19.N. R. 11.E. County of Valley of Section .....
4. Describe works as they exist, giving dimensions and capacities of same: A small earthen dam on  
Mule Creek about 3 feet in height and 35 feet in length. The small pond formed by  
the dam serves as a sump on which the pumping plant is located. Pumping plant  
consists of a 20 H.P. motor direct connected to 3" centrifugal pump. Water is pump-  
ed into a new 3" iron pipe, 2200 feet in length through a 300' lift into a storage  
tank. The capacity of the system is .5 cubic feet per second.
5. Water is used for:..... Milling
6. State whether or not water has been turned into works of diversion:..... Yes.
7. List legal subdivisions of lands to be irrigated. If proof is for beneficial use, give exact number of acres under cultivation in each forty-acre tract. (Describe manner and place of use if for other than irrigation): 4960' N 44° W distant from U.S.L.M. No. 4 Twp. 19.N. R. 11.E. B.M.  
Water is used for mining, milling and domestic purposes at the Dewey Mine in  
Valley County, Idaho.

(Submit map on attached plat, showing location and details of above description.

8. What large stream would the water here appropriated finally reach? Monumental Creek flows into  
Big Creek which is a tributary of the Middle Fork of the Salmon River.

Remarks

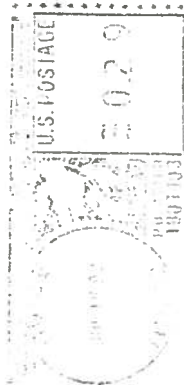
This examination was made on the 27<sup>th</sup> day of September, 1942

(Signed)

Examiner.

IDAHO DEPARTMENT OF WATER RESOURCES  
WESTERN REGION  
2735 Airport Way  
Boise, Idaho 83705-5082

BOI83708 07-16-93 1746



NOT DELIVERABLE  
AS ADDRESSED -  
UNABLE TO FORWARD

RECEIVED

AUG 21 1993

Department of Water Resources  
Western Regional Office

GOLDEN REEF VENTURE  
P.O. BOX 45308  
BOISE, ID. 83704

83711-5308



POOR ORIGINAL

RETURN ENVELOPE FOR CC MARKED  
TO GOLDEN REEF (OF LETTER DATED 7/9/93)

*JP*

MICROFILMED

AUG 08 1994

FILE IN A77-02084, A77-02085, A77-04085, A77-07087 & A77-07117.



State of Idaho  
DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 (208) 334-2190  
FAX (208) 334-2348

July 1, 1993

CECIL D. ANDRUS  
GOVERNOR

R. KEITH HIGGINSON  
DIRECTOR

Dewey Mining Co.  
P.O. Box 5411  
Boise, ID 83705

Dear Claimant(s):

Enclosed are computer generated copies of the above referenced claims reflecting the change of ownership from Golden Reef Venture to Dewey Mining Co.

Claim Nos. A77-02084 and A77-02085 were the claim numbers listed on your change of ownership. These claims have been changed to your name and copies are enclosed for your records. However, Claim No. A77-04055 was also listed in our records in the name of Golden Reef Venture for the same area. Therefore, Claim No. A77-04055 was also included in the change of ownership and a copy is enclosed for your records.

The Dewey Mining Co. has a claim previously filed under Claim No. A77-07087 of which a copy is enclosed. The Golden Reef Venture had also previously filed on this same right. Due to the court documents submitted it appears ownership of this right is the Dewey Mining Co. and this has been documented in our files for this claim.

A claim was also filed by Golden Reef Venture for Permit No. 77-07117 on October 30, 1988. Then on August 27, 1990, the Department voided the permit due to failure of the permit holder to complete construction of works and put the water to beneficial use. Therefore, since the right upon which the claim was based has been voided, this claim will be disallowed when the claims for this area are recommended to the court for decree. Enclosed is a copy of this claim for your review.

If you have any questions concerning this letter or the claims enclosed, please feel free to contact this office.

Sincerely,

Jan Shurte  
Water Rights Supervisor  
Adjudication Section

MICROFILMED

AUG 08 1994

JS:lh  
Enclosures

cc: Golden Reef Venture  
P.O. Box 8007  
Boise, ID 83707

---

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**MEMORANDUM**

June 23, 1993

To: Files for Claim Nos. A77-02084, 02085, 04055, 07087 & 07117

From: Jan Shurte

Subject: Duplicate claim filings, refunds, ownership change & status

This memo to the above files is to document the events that have occurred and how they were handled at this time.

Claim No. A77-02084 - Two claims were originally filed for this right by Golden Reef Joint Venture. Two separate individuals filed two separate claims for the same rights and the same companies. One claim was withdrawn and the fees refunded under Receipt No. C003812. The other claim remained valid under Receipt No. C003688. Then, on January 22, 1992, another claim was filed by the Dewey Mining Co. for this same right under Receipt No. W014045. A duplicate claim letter was sent to the Dewey Mining Co. and the claim returned. This prompted the Change of Ownership form submitted in June, 1993. It appears a court action revoked the Golden Reef Joint Venture's lease on Dewey Mining Company's mining claims and all reverted back to the Dewey Mining Company. Therefore, this claim is now only in the name of the Dewey Mining Company.

Claim No. A77-02085 - Two claims were also originally filed by Golden Reef Joint Venture for this right. One was withdrawn and the fees refunded under Receipt No. C003811. The other claim remained valid under Receipt No. C003687. This claim has now been changed to show the Dewey Mining Company as claimants pursuant to the Change of Ownership and court documents submitted supporting their ownership.

Claim No. A77-04055 - Two claims were also originally filed by Golden Reef Joint Venture for this right. One was withdrawn and the fees refunded under Receipt No. W001349. The other claim remained valid under Receipt No. C003727. This claim has now been changed to show the Dewey Mining Company as claimants pursuant to the court documents submitted with the Change of Ownership form for A77-02084 & A77-02085.

Claim No. A77-07087 - Two claims were also originally filed by Golden Reef Joint Venture for this right. One was withdrawn and the fees refunded under Receipt No. W001353. The other claim remained valid under Receipt No. C003689. Then, on January 22, 1992, another claim for this right was filed by the Dewey Mining Company under Receipt No. W014044. Because of an error on the database, the claim for Golden Reef Joint Venture was not updated, therefore, the claim for the Dewey Mining Company was accepted and updated as a completed claim. When the duplicate claim letter was sent for A77-02084 and the change of ownership returned, the duplicate filing on this claim was then discovered. Since the court documents submitted show that the Dewey Mining Company is the owner of this right and Golden Reef

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Joint Venture's claim for this same right should also show the Dewey Mining Company as the current owner, we are combining the two filings into the one claim file. The filing by Dewey Mining Co. shows some changes, therefore, it is being treated as an amended claim to the one originally filed by Golden Reef Joint Venture. This claim now reflects the Dewey Mining Company's filing and name as claimants.

Claim No. A77-07117 - Two claims were also originally filed by Golden Reef Joint Venture for this right. One was withdrawn and the fees refunded under Receipt No. W001350. The other claim remained valid under Receipt No. C003690. However, on August 27, 1990, the permit upon which this claim filing was based was voided due to lack of completion of works and application of the water to beneficial use. Therefore, this claim will be recommended for disallowal in the report for Basin 77 due to the voiding of the permit. The name on this claim has been changed to the Dewey Mining Company in order to avoid complications on any research queries and based on the court documents submitted with the change of ownership form. In our letter acknowledging the change of ownerships on the other claims, we informed the Dewey Mining Company of the status of the voided permit and our future disallowal of this claim in case another filing is now needed.

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SETTLEMENT AGREEMENT, RELEASE AND INDEMNITY AGREEMENT

THIS SETTLEMENT AGREEMENT, RELEASE AND INDEMNITY AGREEMENT (hereinafter Settlement Agreement) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 1991, by and between the following persons and entities:

HOWARD HOLLINGSWORTH, WILEY HOLLINGSWORTH, SYDNEY HOLLINGSWORTH REISBICK, and CLAUDIA HOLLINGSWORTH TRIGVE (hereinafter Plaintiffs Hollingsworth); and

RONALD C. YANKE and DONALD J. NELSON, as Directors of Dewey Mining Company, and individually (hereinafter Yanke and Nelson); and

RUDOLPH O. NELSON and HARRY BETTIS, as former Directors of Dewey Mining Company, and individually (hereinafter R. Nelson and Bettis).

RECITALS

The above-named persons and entity are parties to litigation in the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Ada, entitled Howard Hollingsworth, Wiley Hollingsworth, Sydney Hollingsworth Reisbick, Claudia Hollingsworth Trigve and Dewey Mining Company, an Idaho corporation, Plaintiffs, vs. Golden Reef Mining Co., an Idaho corporation; Ronald C. Yanke, Donald J. Nelson and Wolfgang Rauball, as directors and individually as shareholders of Dewey Mining Company; Rudolph O. Nelson and Harry Bettis, as directors

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and individually as former shareholders of Dewey Mining Company; Copper Lake Exploration, Ltd., a British Columbia corporation; and Stanholm Resources, Ltd., a British Columbia corporation, Ord Silver Mines Inc., an Arizona corporation; and Copper Lake Idaho Inc., an Idaho corporation, Defendants, Case No. 74238 (hereinafter Case No. 74238). A partial judgment was entered in Case No. 74238 on March 18, 1991. A Notice of Appeal of said Judgment was filed in the Idaho Supreme Court on April 24, 1991 by Yanke and Nelson and R. Nelson and Bettis, and assigned Supreme Court No. 19280 (hereinafter Appeal No. 19280). A Notice of Cross-Appeal was filed by Plaintiffs Hollingsworth on May 1, 1991 in Appeal No. 19280 and an Amended Notice of Cross-Appeal was filed by Plaintiffs Hollingsworth in Appeal No. 19280 on May 10, 1991. The parties to this Agreement have agreed to compromise and settle the dispute that is the subject matter of Case No. 74238 and Appeal No. 19280.

NOW, THEREFORE, in consideration of the agreements and covenants contained in this Settlement Agreement, it is agreed as follows:

1. PAYMENT TO PLAINTIFFS HOLLINGSWORTH.

A. Yanke and Nelson promise and agree to pay to Plaintiffs Hollingsworth the total sum of Six Hundred Fifty-Five Thousand Dollars (\$655,000) in consideration for settlement of

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Case No. 74238 and Appeal No. 19280, which said sum shall be paid as follows:

(1) The sum of Five Hundred Thousand Dollars (\$500,000) shall be due and payable within ten (10) days following execution and delivery of (i) this Settlement Agreement (or executed counterparts of this Settlement Agreement) and (ii) the certificates of stock, assignment of interest and affidavit or affidavits transferring the capital stock of Dewey Mining Company and Sunnyside Consolidated Mining Company to Yanke and Nelson, by Plaintiffs Hollingsworth to the office of Cosho Humphrey Greener & Welsh. Cosho Humphrey Greener & Welsh will notify Merlyn W. Clark of Hawley Troxeil Ennis & Hawley or Bart W. Harwood of Harwood & McColl immediately upon receipt of the executed Settlement Agreement or executed counterparts of said Settlement Agreement and stock transfer documents. Said payment shall be made by cashier's check, certified check or wire transfer of funds paid to the order of Cosho Humphrey Greener & Welsh, as attorneys for Plaintiffs Hollingsworth, and shall be delivered to Cosho Humphrey Greener & Welsh, Boise, Idaho. Said funds shall be deposited by Cosho Humphrey Greener & Welsh in an interest bearing bank account and shall be held in trust for disbursement pursuant to this Settlement Agreement. If this

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Settlement Agreement is rendered null and void, the said funds and all interest accrued thereon shall be disbursed to Yanke and Nelson and the stock transfer documents shall be returned to Plaintiffs Hollingsworth. If this Settlement Agreement is approved by the District Court pursuant to Rule 23(f) of the Idaho Rules of Civil Procedure, said funds and all interest accrued thereon shall belong to Plaintiffs Hollingsworth and Sylvester Ruud Petrie & Cruzen and shall be disbursed pursuant to instructions approved in writing by both (i) Howard Hollingsworth, on behalf of the Hollingsworth family and (ii) Terry E. Thomson or Mark D. Deife, on behalf of Sylvester Ruud Petrie & Cruzen. Plaintiffs Hollingsworth agree not to execute on the judgment for attorney fees to collect the said sum of \$500,000 until Yanke and Nelson are in breach of this Settlement Agreement.

(2) The sum of One Hundred Fifty-Five Thousand Dollars (\$155,000) shall be paid on or before the three hundred and sixty-fifth day following entry and filing of the Order Approving this Compromise and Settlement Agreement by the District Court. Said payment shall be paid to the order of Cosho Humphrey Greener & Welsh, as attorneys for Plaintiffs Hollingsworth and shall be delivered to Cosho Humphrey Greener & Welsh, to be held in its trust account for disbursement pursuant to this

Settlement Agreement, and the instructions approved in writing by both (i) Howard Hollingsworth, on behalf of the Hollingsworth family and (ii) Terry E. Thomson or Mark D. Deife, on behalf of Sylvester Ruud Petrie & Cruzen. Plaintiffs Hollingsworth agree not to execute on the Judgment for attorney fees to collect the said sum of \$155,000 during the said 365-day period. The said sum of \$155,000 shall not bear interest if promptly paid on or before the due date. If not promptly paid on or before the due date, said sum of \$155,000 shall bear interest from the date of entry and filing of the District Court Order Approving Compromise and Settlement Agreement until said sum of \$155,000 is fully paid at the rate of eighteen percent (18%) per annum. So long as Yanke and Nelson are not in default under the terms of this Settlement Agreement, Plaintiffs Hollingsworth shall refrain from recording said Judgment with the Ada County Recorder.

B. The sum of Six Hundred Fifty-Five Thousand Dollars (\$655,000) to be paid by Yanke and Nelson under the terms of this Settlement Agreement is allocated by the parties to this Agreement as follows:

(1) The sum of Six Hundred Thousand Dollars (\$600,000) is being paid to reimburse Plaintiffs Hollingsworth for attorney fees and costs incurred by Plaintiffs Hollingsworth in Case No. 74238.

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(2) The sum of Fifty Thousand Dollars (\$50,000) is being paid by Yanke and Nelson to Plaintiffs Hollingsworth as consideration for all of Plaintiffs Hollingsworth's capital stock in Dewey Mining Company, an Idaho corporation, and all interest of Plaintiffs Hollingsworth in and to the assets of Dewey Mining Company.

(3) The sum of Five Thousand Dollars (\$5,000) is being paid by Yanke and Nelson to Plaintiffs Hollingsworth as consideration for all Plaintiffs Hollingsworth's capital stock in Sunnyside Consolidated Mining Company, an Idaho corporation, and all interest of Plaintiffs Hollingsworth in and to the assets of Sunnyside Consolidated Mining Company.

C. Security for Payment. Yanke and Nelson agree to provide security for performance of the payment of \$155,000 in the form of a pledge of all the capital stock of Dewey Mining Company and Sunnyside Consolidated Mining Company belonging to or under the control of Yanke and Nelson, including that acquired at the execution sale against Ord Silver Mines, Inc., conducted by the Sheriff of Valley County on June 28, 1990, and that acquired at the execution sale against Golden Reef Joint Venture conducted by the Sheriff of Valley County on May 15, 1991, and that to be received from Plaintiffs Hollingsworth pursuant to this Settlement Agreement. Upon receipt of said capital stock from Plaintiffs Hollingsworth, whether by endorsement or assignment as

set forth above, Yanke and Nelson shall apply to Dewey Mining Company and Sunnyside Consolidated Mining Company for reissuance of all of the capital stock to be pledged and upon reissuance of said capital stock shall deliver the certificates for all of the shares of said capital stock being pledged and stock transfer powers for Dewey Mining Company and Sunnyside Consolidated Mining Company executed in blank to Cosho Humphrey Greener & Welsh to be held by the said Cosho Humphrey Greener & Welsh as security for performance of payment of the \$155,000 as is hereinabove provided. Upon receipt of the said payment of \$155,000, as hereinabove provided, Cosho Humphrey Greener & Welsh shall release and deliver to Yanke and Nelson all the shares of capital stock being pledged pursuant to this Settlement Agreement. Yanke and Nelson agree to deliver all certificates representing all shares of capital stock to be pledged in accordance with this Settlement Agreement to Cosho Humphrey Greener & Welsh within forty-five (45) days from the date the Court approves this Settlement Agreement and, if unable to deliver said stock certificates to Cosho Humphrey Greener & Welsh within said 45 days, shall obtain and deliver to Cosho Humphrey Greener & Welsh a letter of credit in the amount of \$155,000 issued by a financial institution authorized to do business in Idaho as security for performance of payment of the sum of \$155,000 in accordance with the terms of this Settlement Agreement. At any time Cosho Humphrey Greener & Welsh are holding the certificates of stock as security for performance of the \$155,000 payment,

Yanke and Nelson shall have the right to substitute a letter of credit in the amount of \$155,000 as security for performance of said \$155,000 payment and obtain release and redelivery of the capital stock of Dewey Mining Company and Sunnyside Consolidated Mining Company. If a letter of credit acceptable to Plaintiffs Hollingsworth is substituted as security for the performance of the \$155,000 payment, Plaintiffs Hollingsworth shall execute and deliver a full satisfaction of judgment in the form attached hereto marked Exhibit 8 to Yanke and Nelson.

2. CONVEYANCE OF CAPITAL STOCK.

A. Plaintiffs Hollingsworth and each of them promise and agree to sell, assign, transfer and convey to Yanke and Nelson all of the capital stock of Dewey Mining Company and Sunnyside Consolidated Mining Company owned or held by Plaintiffs Hollingsworth and all right, title and interest of Plaintiffs Hollingsworth in and to said Dewey Mining Company and Sunnyside Consolidated Mining Company. Plaintiffs Hollingsworth shall endorse in blank and deliver to Cosho Humphrey Greener & Welsh, as attorneys for Plaintiffs Hollingsworth, all certificates of stock issued by Dewey Mining Company and Sunnyside Consolidated Mining Company to Plaintiffs Hollingsworth and each of them. In the event Plaintiffs Hollingsworth or any of them are unable to locate and deliver said certificates of stock or to obtain the endorsements required for transfer, Plaintiffs Hollingsworth and each of them promise and agree to

execute and deliver to Cosho Humphrey Greener & Welsh, an assignment and affidavit in the form attached hereto setting forth that such certificate or certificates of stock and the number of shares represented therein are lost or destroyed.

B. Plaintiffs Hollingsworth represent that they own or control the following shares of the capital stock of the Dewey Mining Company, an Idaho corporation, as indicated by the Certificate No. and number of shares set opposite their names and the name Edna E. Nichols.

| <u>Certificate No.</u> | <u>Name</u>                   | <u>Shares</u> |
|------------------------|-------------------------------|---------------|
| 38                     | Sydney Hollingsworth Reisbick | 100,000       |
| 39                     | Claudia Hollingsworth Trigve  | 100,000       |
| 40                     | Wiley Hollingsworth           | 100,000       |
| 41                     | Howard Hollingsworth          | 100,000       |
| 42                     | Howard Hollingsworth          | 100,000       |
| 43                     | Howard Hollingsworth          | 100,000       |
| 44                     | Edna E. Nichols               | 50,000        |
| 45                     | Edna E. Nichols               | 50,000        |
| 46                     | Edna E. Nichols               | 50,000        |
| 47                     | Edna E. Nichols               | 3,333         |

Yanke and Nelson represent that to the best of their knowledge and belief these certificate numbers and shareholder names are consistent with the stock register book of said company.

Plaintiffs Hollingsworth and each of them represent that they are the sole owners of said shares of capital stock in said Dewey Mining Company that said shares of stock are not pledged or encumbered and have not been transferred to others, and that they have the lawful right to sell, assign, transfer and convey said shares of capital stock in said Dewey Mining Company to Yanke and Nelson in accordance with the terms of this Settlement Agreement;

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provided that the shares of Howard Hollingsworth's stock have been pledged to Sylvester Ruud Petrie & Cruzen for its fees, and said pledge shall be released by Sylvester Ruud Petrie & Cruzen simultaneously with the wire transfer of \$200,000 from the trust account of Cosho Humphrey Greener & Welsh to the trust account of Sylvester Ruud Petrie & Cruzen in Seattle, Washington, in partial payment of its fees herein. Cosho Humphrey Greener & Welsh shall disburse \$200,000 from its trust account by wire transfer to Sylvester Ruud Petrie & Cruzen upon entry and filing of the order of the District Court approving this Settlement Agreement.

C. Plaintiffs Hollingsworth and each of them represent that they also own shares of the capital stock of Sunnyside Consolidated Mining Company, an Idaho corporation, as indicated by the Certificate No. and number of shares set opposite their names, as follows:

| <u>Certificate No.</u> | <u>Name</u>                   | <u>Shares</u> |
|------------------------|-------------------------------|---------------|
| 58                     | Edna Nichols                  | 10,000        |
| 59                     | Edna Nichols                  | 10,000        |
| 60                     | Edna Nichols                  | 10,000        |
| 61                     | Edna Nichols                  | 10,000        |
| 62                     | Edna Nichols                  | 10,000        |
| 63                     | Sydney Hollingsworth Reisbick | 50,000        |
| 64                     | Claudia Hollingsworth Trigve  | 50,000        |
| 65                     | Wiley Hollingsworth           | 50,000        |
| 66                     | Howard Hollingsworth          | 50,000        |
| 67                     | Edna Nichols                  | 25,000        |
| 68                     | Edna Nichols                  | 25,000        |

Yanke and Nelson represent that these certificate numbers and shareholder names are consistent with the stock register book of said company. Plaintiffs Hollingsworth and each of them represent that they are the sole owners of said shares of capital

stock in said Sunnyside Consolidated Mining Company that said shares of stock are not pledged or encumbered and have not been transferred to others, and that they have the lawful right to sell, assign, transfer and convey said shares of capital stock in said Sunnyside Consolidated Mining Company to Yanke and Nelson in accordance with the terms of this Settlement Agreement.

D. Yanke and Nelson have been informed by Plaintiffs Hollingsworth that Edna Nichols was a stockbroker for Howard Hollingsworth and held certain shares of the capital stock of Dewey Mining Company and Sunnyside Consolidated Mining Company in her name for the benefit of Howard Hollingsworth; that Edna Nichols is deceased; and there is no successor brokerage company or broker who can endorse the certificates of stock in the name of Edna Nichols. Plaintiffs Hollingsworth have also informed Yanke and Nelson that some certificates of the capital stock of Sunnyside Consolidated Mining Company may be lost. Yanke and Nelson agree that in lieu of the delivery of certificates of capital stock endorsed by Edna Nichols and in lieu of delivery of certificates of capital stock that cannot be located, Yanke and Nelson will accept an assignment from Plaintiffs Hollingsworth of all interest in the capital stock of Dewey Mining Company and Sunnyside Consolidated Mining Company in the name of Edna Nichols and Plaintiffs Hollingsworth, as described above, together with an affidavit executed by Howard Hollingsworth setting forth the fact that Edna Nichols was the stockbroker of Howard Hollingsworth and is now deceased, and that Edna Nichols held the

shares of stock described above in her name solely for the convenience of Howard Hollingsworth and for the benefit of Howard Hollingsworth; that Edna Nichols had no interest whatsoever in said shares of stock and no claim thereto; that there is no successor brokerage company or broker who can endorse said certificates of stock in the name of Edna Nichols; and, that Howard Hollingsworth has the lawful right and the intent to transfer all interest in the shares of stock in Dewey Mining Company and Sunnyside Consolidated Mining Company standing in the name of Edna Nichols to Yanke and Nelson. Howard Hollingsworth shall further execute an affidavit that a diligent effort has been made to locate any missing certificates of stock described above and that any missing certificates cannot be located. The forms of Assignment of Dewey Mining Company Stock to be executed by Plaintiffs Hollingsworth and the related Affidavit to be executed by Howard Hollingsworth are attached hereto marked Exhibit No. 9. The forms of Assignment of Sunnyside Consolidated Mining Company stock to be executed by Plaintiffs Hollingsworth and the related Affidavit to be executed by Howard Hollingsworth are attached hereto marked Exhibit No. 10.

E. Upon entry of the order of the District Court approving this Settlement Agreement, Cosho Humphrey Greener & Welsh shall deliver the stock certificates and said stock transfer assignments and affidavits of lost certificates to Hawley Troxell Ennis & Hawley as counsel for Yanke and Nelson.

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3. STIPULATED FINDINGS AND JUDGMENT.

The parties to this Settlement Agreement stipulate that the District Court enter Third Amended Findings of Fact and Conclusions of Law in the form attached hereto marked Exhibit 1, and Final Judgment in the form attached to this Settlement Agreement marked Exhibit 2; provided that Plaintiffs Hollingsworth are not required to support or approve all of the changes proposed by Yanke and Nelson in any court hearing regarding this Settlement Agreement, and may instead defer to Yanke and Nelson to substantiate the basis therefor.

4. DISMISSAL OF APPEAL AND CROSS-APPEAL.

A. Upon approval of the District Court and entry and filing of the Third Amended Findings and Conclusions and the Final Judgment, as stipulated, counsel for Yanke and Nelson and R. Nelson and Bettis will dismiss Appeal No. 19280.

B. Upon approval of the District Court and entry and filing of the Third Amended Findings and Conclusions and the Final Judgment, as stipulated, counsel for Plaintiffs Hollingsworth will dismiss the Cross-Appeal of Appeal No. 19280.

5. APPROVAL OF DISTRICT COURT.

A. The parties to this Settlement Agreement acknowledge and agree that the compromise and settlement of Case No. 74238 requires notice to shareholders and hearing before the District Court, and approval of the District Court in accordance

with Rule 23(f) of the Idaho Rules of Civil Procedure because Case No. 74238 is a derivative action on behalf of Dewey Mining Company. It is understood and agreed by and between the parties to this Settlement Agreement and each of them that approval of the District Court of this compromise and Settlement Agreement in accordance with Rule 23(f) of the Idaho Rules of Civil Procedure is a condition precedent to the requirement of performance of the parties to this Settlement Agreement, and in the event the District Court fails or refuses to approve this compromise and Settlement Agreement, then in that event this compromise and Settlement Agreement shall be null and void.

B. The parties agree to file a Joint Motion and Stipulation for Order Approving Compromise, Entry of Third Amended Findings of Fact and Conclusions of Law, and Final Judgment in the form attached hereto marked Exhibit 3.

C. The Notice of Compromise and Notice of Hearing to Shareholders, which must be sent to all shareholders of Dewey Mining Company in accordance with Rule 23(f) of the Idaho Rules of Civil Procedure shall be in the form attached hereto marked Exhibit 4.

D. The proposed Order Approving Notice of Compromise and Notice of Hearing to Shareholders shall be in the form attached hereto marked Exhibit 5.

E. The proposed Order Approving Compromise and Settlement Agreement shall be in the form attached hereto marked Exhibit 6.

6. PARTIAL SATISFACTION OF JUDGMENT.

A. Upon receipt of the sum of Five Hundred Thousand Dollars (\$500,000), as hereinabove provided, Plaintiffs Hollingsworth, by and through their counsel of record, shall execute and deliver to Hawley Troxell Ennis & Hawley, a Partial Satisfaction of Judgment, in the form attached hereto marked Exhibit 7, for attorney fees awarded by the Court in Case No. 74238 in the amount of Four Hundred Fifty Thousand Dollars (\$450,000). As hereinabove provided, the sum of Fifty Thousand Dollars (\$50,000) is allocated to the acquisition of the capital stock of Plaintiffs Hollingsworth in Dewey Mining Company and said sum shall be deemed paid in the first installment as hereinabove provided. The balance of One Hundred Fifty-Five Thousand Dollars (\$155,000) which shall be due and payable within 365 days from and after the date of entry and filing of the Order Approving Compromise and Settlement Agreement, shall be allocated to the balance of attorney fees and costs awarded to Plaintiffs Hollingsworth in the amount of \$150,000 and the sum of Five Thousand Dollars (\$5,000) is allocated to the acquisition of the capital stock of Plaintiffs Hollingsworth in Sunnyside Consolidated Mining Company. Upon receipt of the said balance of \$155,000, counsel for Plaintiffs Hollingsworth shall execute and deliver to Hawley Troxell Ennis & Hawley, a full satisfaction of the award of attorney fees to Plaintiffs Hollingsworth. The form

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of the Satisfaction of Judgment is attached hereto marked Exhibit 8.

7. THE RECEIVER.

Upon approval of this Settlement Agreement by the District Court, the receiver heretofore appointed by the Court in Case No. 74238, shall submit to the Court a final accounting for approval of the Court and request for discharge from his duties as receiver. Upon approval of the District Court of the accounting of the receiver and discharge of the receiver, the bond of the receiver shall be exonerated. Yanke and Nelson agree jointly and severally to defend and to hold Plaintiffs Hollingsworth harmless from any liability to the receiver for fees or expenses incurred by the receiver in the performance of his duties in Case No. 74238.

8. MUTUAL RELEASE OF CLAIMS AND DISPUTES.

All claims and disputes currently pending between and among the parties to this Settlement Agreement in Case No. 74238 and Appeal No. 19280 shall be and hereby are mutually released by the parties hereto, without cost or fees taxed against any party other than as set forth herein.

9. INDEMNIFICATION.

A. Yanke and Nelson agree, jointly and severally, to defend and to indemnify and hold harmless the other parties to

this Settlement Agreement against any liability to or claim of the Dewey Mining Company and/or and the Sunnyside Consolidated Mining Company.

B. Yanke and Nelson agree, jointly and severally, to defend and to indemnify and hold harmless the other parties to this Settlement Agreement against any liability to or claims of the (i) other minority shareholders of Dewey Mining Company, an Idaho corporation, and Sunnyside Consolidated Mining Company, an Idaho corporation, arising out of or in connection with Case No. 74238 or this Settlement Agreement and (ii) other parties to Case No. 74238 arising out of or relating to the acquisition of the capital stock of Dewey Mining Company and Sunnyside Consolidated Mining Co. at the execution sale conducted by the Sheriff of Valley County on May 15, 1991.

10. NOTICE OF PROPOSED LAND EXCHANGE.

Yanke and Nelson agree so long as they are either shareholders, officers or directors of Dewey Mining Company or Sunnyside Consolidated Mining Co. to notify Plaintiffs Hollingsworth of any proposed land exchange with the United States Forest Service consisting of any contacts or negotiations with the United States Forest Service or representatives thereof involving any properties of either Dewey Mining Company or Sunnyside Consolidated Mining Co. Nelson and Yanke further shall not object to any inclusion of the Venable claims in such an exchange if inclusion is deemed desirable by Wiley Hollingsworth

and the United States Forest Service. The parties are not required to include the Venable claim in such an exchange.

Notice of any such proposed exchanges shall be deemed complete upon the depositing of written notice of the same in the United States mail certified, return receipt requested, addressed to (i) Wiley Hollingsworth at N.W. 114 Stadium Way, Pullman, Washington 98163 and (ii) Howard Hollingsworth or Sydney Hollingsworth Reisbick at 3700 N.E. 53rd Street, Vancouver, Washington 98661, such addresses as shall in writing be provided to Nelson and Yanke.

**II. AUTHORITY TO ATTORNEYS.**

The parties to this Settlement Agreement give to their respective attorneys of record in Case No. 74238 and Appeal No. 19280 express authority to take such steps, to perform such acts, and to execute and deliver such documents, as shall be necessary to carry out the terms of this Settlement Agreement.

**12. DISCLAIMER OF AUTHORITY.**

It is understood and agreed that this Settlement Agreement is a compromise of disputed claims and that this Settlement Agreement is not to be construed as an admission of liability on the part of any of the parties hereto except for the executory provisions of this Settlement Agreement. By entering into this Settlement Agreement, the parties intend to avoid further litigation, expense and delay.

13. ATTORNEY FEES AND COSTS.

A. For the purpose of settling this disputed litigation, the parties to this Settlement Agreement have stipulated that the sum of Six Hundred Thousand Dollars (\$600,000) is a reasonable amount to be allowed to Plaintiffs Hollingsworth as an award for their attorney fees and costs incurred in Case No. 74238, and \$55,000 is a reasonable amount for the Plaintiffs Hollingsworth's stock interest in Dewey Mining Company and Sunnyside Consolidated Mining Company. Yanke and Nelson and R. Nelson and Bettis do not admit that said amount is a reasonable amount to be awarded against these parties if this Settlement Agreement is not given effect and Case No. 74238 is not settled with approval of the District Court; Plaintiffs Hollingsworth do not stipulate or admit that \$55,000 is a reasonable amount for their stock interest or that the accounting for the allegedly missing ore is acceptable if this Settlement Agreement is not consummated; provided that Plaintiffs Hollingsworth do not assert the accounting is improper at this point, but simply wish to reserve the right to request the receiver to conduct any additional site inspections or review he believes appropriate in the circumstances, if this Settlement Agreement is not consummated. Yanke and Nelson and R. Nelson and Bettis do not waive their objection to the award of attorney fees to Plaintiffs Hollingsworth or the amounts thereof which are claimed by Plaintiffs Hollingsworth, if this Settlement Agreement is not given effect with approval of the District Court.

B. Each of the parties to this Settlement Agreement shall bear all attorney fees and costs incurred by them which are not being paid in accordance with the terms of this Settlement Agreement, including all attorney fees and costs incurred to negotiate, prepare and put into effect this Settlement Agreement.

14. RAUBALL JUDGMENT.

The signatories hereto acknowledge that this Settlement Agreement does not affect the interests of Plaintiffs Hollingsworth in any award in their favor against defendant Wolfgang Rauball, and that after the consummation of this Settlement Agreement they will retain their interest in the punitive damage award against defendant Wolfgang Rauball, which pursuant to decretal paragraph 6 of the proposed findings and judgment herein, shall be in the amount of \$5,000,000 (Cdn).

15. INTEGRATED AGREEMENT.

Each of the parties to this Settlement Agreement further declare and represent that no promise, inducement or agreement not expressed by this Settlement Agreement has been made to any party and that this Settlement Agreement contains the entire agreement between and among the parties and that the terms of this Settlement Agreement are contractual and not merely recitals.

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16. WARRANTY OF CAPACITY TO EXECUTE.

Each of the parties to this Settlement Agreement represent and assure the other parties to this Settlement Agreement that there are no other persons or group or class of persons entitled to benefits or to claim benefits or damages which are being settled under the terms of this Settlement Agreement, except the minority shareholders of the Dewey Mining Company which may be affected by this Settlement Agreement and the compromise of the derivative shareholder claims in Case No. 74238. Each of the parties hereto represent and warrant that no other person or entity has or has had any interest in the claims, demands, obligations or causes of action referred to in this Settlement Agreement except as otherwise set forth herein and that each party hereto has the sole right and exclusive authority to execute this Settlement Agreement and all documents necessary to effectuate this Settlement Agreement.

17. APPLICABLE GOVERNING LAW.

This Settlement Agreement is entered into in the State of Idaho and shall be construed and interpreted in accordance with the laws of Idaho.

18. REPRESENTATION OF COMPREHENSION OF DOCUMENTS.

In entering into this Settlement Agreement, each of the parties hereto represent that they have relied upon the legal advice of their respective attorneys, who were the attorneys of

their choice, and that the terms of this Settlement Agreement have been completely read by each of the parties hereto and explained to them by their attorneys, and that the terms of this Settlement Agreement are fully understood and voluntarily accepted by each of them.

19. USE OF MASCULINE GENDER.

When used herein, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

20. USE OF SINGULAR OR PLURAL.

When used herein the use of singular form of expression shall be construed to include the plural.

21. MUTUAL COOPERATION AND ADDITIONAL DOCUMENTS.

Each of the parties to this Settlement Agreement agree to cooperate fully and execute any and all supplemental documents and to take any and all additional action which may be necessary or appropriate to give full force and effect to the terms and intent of this Settlement Agreement.

22. CAPTIONS TO PARAGRAPHS.

The captions to the paragraphs of this Settlement Agreement are for convenience only and shall not be deemed to

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enlarge, diminish, explain or in any manner affect the meaning of such paragraph.

23. PREPARATION OF THE SETTLEMENT AGREEMENT.

The parties to this Settlement Agreement agree that each of the parties to this Settlement Agreement was represented by legal counsel and that the language, terms, covenants and conditions contained in this Settlement Agreement are the product of the negotiations of the parties and the respective counsel.

24. SURVIVAL OF COVENANTS.

All covenants and conditions in this Settlement Agreement are intended to survive the delivery and acceptance of the certificates of stock by the parties herein.

25. SUCCESSORS IN INTEREST.

This Settlement Agreement shall be binding upon and inure to the benefit of each of the parties to this Settlement Agreement and their heirs, estates, executors, personal representatives, administrators, conservators, successors and assigns.

26. ENFORCEMENT OF CONTRACT.

Time of performance is of the essence of this Settlement Agreement. In the event of any suit or proceeding by any party herein against another party herein, in any way arising

out of this Settlement Agreement, or attempting to enforce any right herein granted, including but not limited to the collection of the balance of the \$155,000 settlement payment set forth herein, the losing party in such suit or proceeding shall pay to the prevailing party such claims as the court shall adjudge reasonable, in such suit or proceeding, for costs, including attorney fees, for such prevailing party.

27. TIME IS OF THE ESSENCE OF THIS AGREEMENT.

Time is of the essence in the performance of this Settlement Agreement. If the order approving this Settlement Agreement is not entered and filed by the District Court on or before July 29, 1991 (termination date), this Settlement Agreement is null and void, provided that, if the delay in entry of the order approving this Settlement Agreement is caused (i) by scheduling problems of the District Court or (ii) the failure of the District Court to render a decision whether to approve or disapprove this Settlement Agreement following a hearing and submission of the matter to the Court, then in either event either (i) Plaintiffs Hollingsworth or any one of them acting through their counsel of record or (ii) Yanke and Nelson, or either of them acting through their counsel of record, has the right and the unilateral power to extend the said termination date to August 29, 1991 by serving upon the other party or the counsel of record for the other party a Notice of Extension of Termination Date in the form attached hereto marked Exhibit 11

provided further that said Notice of Extension of Termination Date to be effective must be served on the opposite party or their counsel of record prior to July 29, 1991.

28. COUNTERPARTS.

This Settlement Agreement and all exhibits hereto may be executed and delivered in counterparts.

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement, Release and Indemnity Agreement the date and year first above written.

DATE: \_\_\_\_\_  
Howard Hollingsworth

DATE: \_\_\_\_\_  
Wiley Hollingsworth

DATE: \_\_\_\_\_  
Sydney Hollingsworth Reisbick

DATE: \_\_\_\_\_  
Claudia Hollingsworth Trigve

DATE: 7-16-91  
  
Ronald C. Yanke

DATE: 7-16-91  
  
Donald J. Nelson

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provided further that said Notice of Extension of Termination Date to be effective must be served on the opposite party or their counsel of record prior to July 29, 1991.

28. COUNTERPARTS.

This Settlement Agreement and all exhibits hereto may be executed and delivered in counterparts.

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement, Release and Indemnity Agreement the date and year first above written.

DATE: July 3, 1991

Howard Hollingsworth  
Howard Hollingsworth

DATE: \_\_\_\_\_

\_\_\_\_\_  
Wiley Hollingsworth

DATE: \_\_\_\_\_

\_\_\_\_\_  
Sydney Hollingsworth Reisbick

DATE: \_\_\_\_\_

\_\_\_\_\_  
Claudia Hollingsworth Trigve

DATE: \_\_\_\_\_

\_\_\_\_\_  
Ronald C. Yanke

DATE: \_\_\_\_\_

\_\_\_\_\_  
Donald J. Nelson

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provided further that said Notice of Extension of Termination Date to be effective must be served on the opposite party or their counsel of record prior to July 29, 1991.

28. COUNTERPARTS.

This Settlement Agreement and all exhibits hereto may be executed and delivered in counterparts.

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement, Release and Indemnity Agreement the date and year first above written.

DATE: \_\_\_\_\_

\_\_\_\_\_  
Howard Hollingsworth

DATE: July 11, 1991

*Wiley Hollingsworth*  
Wiley Hollingsworth

DATE: 7-11-91

*Sydney Hollingsworth Reisbick*  
Sydney Hollingsworth Reisbick

DATE: \_\_\_\_\_

\_\_\_\_\_  
Claudia Hollingsworth Trigve

DATE: \_\_\_\_\_

\_\_\_\_\_  
Ronald C. Yanke

DATE: \_\_\_\_\_

\_\_\_\_\_  
Donald J. Nelson

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provided further that said Notice of Extension of Termination Date to be effective must be served on the opposite party or their counsel of record prior to July 29, 1991.

28. COUNTERPARTS.

This Settlement Agreement and all exhibits hereto may be executed and delivered in counterparts.

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement, Release and Indemnity Agreement the date and year first above written.

DATE: \_\_\_\_\_  
Howard Hollingsworth

DATE: \_\_\_\_\_  
Wiley Hollingsworth

DATE: \_\_\_\_\_  
Sydney Hollingsworth Reisbick

DATE: 7/13/91 \_\_\_\_\_  
*Claudia Hollingsworth Trigue*  
DATE: 7/19/91 \_\_\_\_\_  
*Claudia Hollingsworth Trigue*  
Claudia Hollingsworth Trigue

DATE: \_\_\_\_\_  
Ronald C. Yanke

DATE: \_\_\_\_\_  
Donald J. Nelson

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DATE:

5/16/91

Rudolph O. Nelson  
Rudolph O. Nelson

DATE:

7/16/91

Harry Bettis  
Harry Bettis

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1991, before me,  
\_\_\_\_\_, the undersigned, a Notary  
Public in and for said State, personally appeared HOWARD  
HOLLINGSWORTH, known or identified to me to be the person whose  
name is subscribed to the foregoing instrument, and acknowledged  
to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.

Notary Public for \_\_\_\_\_  
Residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_, 19\_\_

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AUG 08 1994

DATE: \_\_\_\_\_

\_\_\_\_\_  
Rudolph O. Nelson

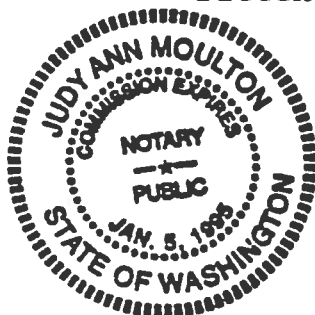
DATE: \_\_\_\_\_

\_\_\_\_\_  
Harry Bettis

STATE OF Washington )  
County of King ) ss.

Judy Ann Moulton On this 3rd day of July, 1991, before me, the undersigned, a Notary Public in and for said State, personally appeared HOWARD HOLLINGSWORTH, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Judy Ann Moulton  
Notary Public for Washington  
Residing at Mercer Island  
My commission expires 1-5, 1995

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AUG 08 1994

STATE OF Washington  
County of King ) ss.

On this 11<sup>th</sup> day of July, 1991, before me,  
JC Van Arrel-Lindquist, the undersigned, a Notary  
Public in and for said State, personally appeared WILEY  
HOLLINGSWORTH, known or identified to me to be the person whose  
name is subscribed to the foregoing instrument, and acknowledged  
to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.

JC Van Arrel-Lindquist  
Notary Public for Washington  
Residing at Burke  
My commission expires 12-6, 1991

STATE OF Washington  
County of King ) ss.

On this 11<sup>th</sup> day of July, 1991, before me,  
JC Van Arrel-Lindquist, the undersigned, a Notary  
Public in and for said State, personally appeared SYDNEY  
HOLLINGSWORTH REISBICK, known or identified to me to be the  
person whose name is subscribed to the foregoing instrument, and  
acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.

JC Van Arrel-Lindquist  
Notary Public for Washington  
Residing at Burke  
My commission expires 12-6, 1991

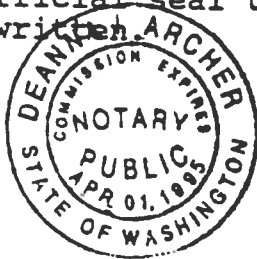
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AUG 08 1994

STATE OF WASHINGTON )  
 ) ss.  
County of SKAGIT )

On this 13th day of JULY, 1991, before me,  
Deanna I. Archer, the undersigned, a Notary  
Public in and for said State, personally appeared CLAUDIA  
HOLLINGSWORTH TRIGVE, known or identified to me to be the person  
whose name is subscribed to the foregoing instrument, and  
acknowledged to me that she executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.



Deanna I. Archer  
Notary Public for Washington  
Residing at Mount Vernon  
My commission expires 4-1-, 1995

STATE OF IDAHO )  
 ) ss.  
County of Ada )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1991, before me,  
\_\_\_\_\_, the undersigned, a Notary  
Public in and for said State, personally appeared RONALD C.  
YANKE, known or identified to me to be the person whose name is  
subscribed to the foregoing instrument, and acknowledged to me  
that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.

\_\_\_\_\_  
Notary Public for Idaho  
Residing at \_\_\_\_\_, Idaho  
My commission expires \_\_\_\_\_, 19\_\_

MICROFILMED

AUG 08 1994

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1991, before me,  
\_\_\_\_\_, the undersigned, a Notary  
Public in and for said State, personally appeared CLAUDIA  
HOLLINGSWORTH TRIGVE, known or identified to me to be the person  
whose name is subscribed to the foregoing instrument, and  
acknowledged to me that she executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.

Notary Public for \_\_\_\_\_  
Residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_, 19\_\_

STATE OF IDAHO )  
County of Ada ) ss.

On this 16<sup>th</sup> day of July, 1991, before me,  
VIRGINIA McDONALD, the undersigned, a Notary  
Public in and for said State, personally appeared RONALD C.  
YANKE, known or identified to me to be the person whose name is  
subscribed to the foregoing instrument, and acknowledged to me  
that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.

Virginia McDonald  
Notary Public for Idaho  
Residing at Boise, Idaho  
My commission expires 3-18, 1997

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STATE OF IDAHO           )  
                                  ) ss.  
County of Ada            )

On this 16<sup>th</sup> day of July, 1991, before me,  
Norothy H. Britton, the undersigned, a Notary  
Public in and for said State, personally appeared DONALD J.  
NELSON, known or identified to me to be the person whose name is  
subscribed to the foregoing instrument, and acknowledged to me  
that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.

Norothy H. Britton  
Notary Public for Idaho  
Residing at Nampa, Idaho  
My commission expires 2, 1994

STATE OF IDAHO           )  
                                  ) ss.  
County of Ada            )

On this 16<sup>th</sup> day of July, 1991, before me,  
Norothy H. Britton, the undersigned, a Notary  
Public in and for said State, personally appeared RUDOLPH O.  
NELSON, known or identified to me to be the person whose name is  
subscribed to the foregoing instrument, and acknowledged to me  
that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.

Norothy H. Britton  
Notary Public for Idaho  
Residing at Nampa, Idaho  
My commission expires 3, 1994

MICROFILMED

AUG 08 1994

STATE OF IDAHO

County of Ada

)  
) ss.  
)

On this 16<sup>th</sup> day of July, 1991, before me,  
Debbie H. Briggs, the undersigned, a Notary  
Public in and for said State, personally appeared HARRY BETTIS,  
known or identified to me to be the person whose name is  
subscribed to the foregoing instrument, and acknowledged to me  
that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.

Debbie H. Briggs  
Notary Public for Idaho  
Residing at Ames, Idaho  
My commission expires 1-22, 1997

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EXHIBITS TO SETTLEMENT AGREEMENT

|                |                                                                                                                               |
|----------------|-------------------------------------------------------------------------------------------------------------------------------|
| Exhibit No. 1  | Proposed Third Amended Findings of Fact and Conclusions of Law                                                                |
| Exhibit No. 2  | Proposed Final Judgment                                                                                                       |
| Exhibit No. 3  | Joint Motion for Order Approving Compromise Entry of Third Amended Findings of Fact and Conclusions of Law and Final Judgment |
| Exhibit No. 4  | Notice of Compromise to Shareholders                                                                                          |
| Exhibit No. 5  | Order Approving Notice of Compromise to Shareholders                                                                          |
| Exhibit No. 6  | Order Approving Compromise                                                                                                    |
| Exhibit No. 7  | Partial Satisfaction of Judgment                                                                                              |
| Exhibit No. 8  | Full Satisfaction of Judgment                                                                                                 |
| Exhibit No. 9  | Assignment of Dewey Mining Company stock and Affidavit                                                                        |
| Exhibit No. 10 | Assignment of Sunnyside Consolidated Mining Company stock and Affidavit                                                       |
| Exhibit No. 11 | Notice of Extension of Termination Date                                                                                       |

MICROFILMED

AUG 08 1994

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT  
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

HOWARD HOLLINGSWORTH, WILEY )  
HOLLINGSWORTH; SYDNEY )  
HOLLINGSWORTH REISBICK; )  
CLAUDIA HOLLINGSWORTH TRIGVE; )  
and DEWEY MINING COMPANY, an )  
Idaho corporation, )

Plaintiffs, )

vs. )

GOLDEN REEF MINING CO., an )  
Idaho corporation; RONALD C. )  
YANKE, DONALD J. NELSON, and )  
WOLFGANG RAUBALL, as directors )  
and individually as )  
shareholders of Dewey Mining )  
Company; RUDOLPH O. NELSON and )  
HARRY BETTIS, as directors and )  
individually as shareholders )  
of Dewey Mining Company; )  
COPPER LAKE EXPLORATIONS, )  
LTD., a British Columbia )  
corporation; STANHOLM )  
RESOURCES, LTD, a British )  
Columbia corporation, ORD )  
SILVER MINES, INC., an )  
Arizona corporation; and )  
COPPER LAKE IDAHO, INC., an )  
Idaho corporation, )

Defendants. )

Case No. 74238  
THIRD AMENDED  
FINDINGS OF FACT  
AND CONCLUSIONS OF LAW

This is a minority shareholders' derivative action. It was  
tried before the Court sitting without a jury beginning on

THIRD AMENDED FINDINGS OF FACT AND  
CONCLUSIONS OF LAW - Page 1

MICROFILMED

AUG 08 1994

EXHIBIT 1

April 19, 1988, and concluding on June 8, 1988. After the trial, the parties also designated deposition testimony which they desired the Court to review. The Court previously entered an order of default against the defendant, Wolfgang Rauball, for non-compliance with discovery orders on October 22, 1987. He has failed to serve any additional appearance in this action. Final closing arguments were heard on December 15, 1989. The parties had previously submitted their proposed Findings of Fact and Conclusions of Law. The plaintiffs were represented by their counsel, Terry Thomson and Mark Deife of Sylvester, Ruud, Petrie & Cruzen, of Seattle, Washington and Rory Jones and Stanley Welsh of Clemons, Cosho & Humphrey of Boise, Idaho and are now also represented by Merlyn W. Clark of Hawley Troxell Ennis & Hawley of Boise, Idaho. The defendants Donald J. Nelson, Rudolph Nelson, Harry Bettis and Ronald Yanke were represented by their counsel, Bart Harwood and John Adlard of Harwood & McColl, Boise, Idaho. Counsel for Defendants Copper Lake Explorations, Ltd., Stanholm Resources, Ltd., Copper Lake Idaho, Inc., and Ord Silver Mines have withdrawn and said Defendants have failed to serve any further appearance in this action. Golden Reef Mining Co. was dissolved as an Idaho corporation in 1981 and has not appeared in the action. The defendants Copper Lake Explorations Ltd., Stanholm Resources, Ltd. and Copper Lake Idaho, Inc. were represented by Mark S. Prusynski and J. Kevin West of Moffatt, Thomas, Barrett & Blanton Chtd., of Boise, Idaho. The defendant,

Ord Silver Mines, Inc., was represented by Charles Peterson of Orndorf & Peterson, Boise, Idaho. Because of the unusual complexity of the case and the voluminous testimony and exhibits, the Court determined that the case would be most thoroughly resolved by having counsel prepare their closing arguments from a draft of the Court's proposed Findings of Facts and Conclusions of Law. The difficulties of the Court's schedule and the need for focused closing arguments which would assist the Court in resolving this very lengthy trial appeared to be best served by this procedure which was previously used in Union Pacific Railroad v. Idaho State Tax Commission, Case No. 80103. The Court extends its appreciation to all counsel for their thoroughness in the preparation and trial of this case, for the professionalism with which each of them has conducted themselves, and their patience. I have rarely seen such uniformly excellent work performed over such a long period of time.

On October 1, 1990, a hearing was held on all final substantive motions including the plaintiff's Motion for Reconsideration, Motion to Amend and Clarify, the defendants' Motions to Amend, as well as the issues relating to the receivership order. Because certain aspects of the Motions to Amend were well-taken, the Findings of Fact and Conclusions of Law previously entered were amended and supplanted by the Amended Finding of Facts and Conclusions of Law, which were entered April 25, 1991. It also appeared to the Court that some additional

clarification of the Court's position on Findings and Conclusions of Law which are not amended will assist the parties and any reviewing court in understanding the rationale behind this Court's determinations. While I am cognizant of the fact that disclosure of the Court's reasoning in Findings of Facts and Conclusions of Law is not customary, because this case involves the application of equitable principles to a complex and somewhat unusual case, it appeared to be warranted in this case. It was further brought to the attention of the court by the receiver appointed herein that certain corrections in the Findings and Conclusions were advisable. Thus, the court entered its Second Amended Findings of Fact and Conclusions of Law on April 25, 1991. The Plaintiffs and the Defendants Nelson, Yanke, Nelson and Bettis has stipulated to entry of this Third Amended Findings of Fact and Conclusions of Law.

The Court being fully advised in all the premises makes the following findings of fact and conclusions of law:

#### FINDINGS OF FACT

1. This case involves the Dewey Mine, a gold mine, which is located in Valley, County, Idaho in the Thunder Mountain Mining District. At present, the Dewey Mine is an enclave within the Frank Church River of No Return Wilderness Area. It is on the northwest slope of Thunder Mountain at the headwaters of Mule Creek. The Dewey Mine was discovered in 1896. It was placer mined for about four years. In 1900, Col. E. H. Dewey acting for

Theodore Barnswell of Pittsburgh, Pennsylvania, investigated the mine and purchased it. They began underground mining operations and moved a mill on the property. The mill operated for three years with ore produced which was reported to have an average of .25 oz. per ton of gold. The Dewey Mine passed through various hands. From 1921 to 1936, mining occurred only sporadically although the gold recovered averaged as much as .299 oz. per ton. It was operated in 1941-1942 until it was closed by the War Production Board. Report of Robert McCrae for the Thunder Mountain Mining Corporation in 1956, Exh. 7, Report of John Ruud, a geologist hired by Copper Lake Explorations, Ltd. and Arivaca Silver Mines, Ltd., Exh. 134, Report of Linda Thorstad, "Report on Visit To Dewey Mine, Valley County, Idaho, USA For Copper Lake Explorations, Ltd.", Exh. 2005.

2. On February 25, 1949, the Dewey Mining Co., an Idaho corporation, was formed by C. F. Phippen, E. M. Phippen and Charles Chaffee, Jr. for the purpose of carrying on the "business of mining, milling, concentrating...and otherwise producing and dealing in gold, silver, copper, lead, and all kinds of ores, metals and minerals...." Dewey Mining Co. Articles of Incorporation, Exh. 1.

The assets of the Dewey when it was incorporated consisted of 12 patented mining claims:

- a. Coal Pit Fraction
- b. Goldie

- c. Golden Reef
- d. Gravel Point
- e. Poorman's Treasure
- f. Golden Treasure
- g. Black Cat
- h. Fraction
- i. Equinox
- j. Gold Bug
- k. Roosevelt
- l. Parker

The Dewey also had one unpatented claim, the Dewey Camp Site claim, and a one-half interest in the Pay Boy unpatented claim.

3. An early lease and option to purchase was entered into between Dewey Mining Co. and Eureka Standard Consolidated Mining Co. in 1953. Among its terms, the lease obligated Eureka Standard to do annual assessment work and labor on the unpatented claims, work requirements were spelled out in dollar terms, a royalty was to be paid on a sliding scale, as was a minimum royalty, and an option to purchase the property for a price of \$500,000 was given. The lease also contained a "walk-away" provision which allowed Eureka to surrender the lease and option and redeliver the possession of the property on thirty days notice.

4. The minutes of the Dewey Mining Co. for July 15, 1956, reflect an offer to purchase the Dewey for an "aggregate sum of

\$150,000, with perpetual royalty reserved to Dewey Mining Co. of 7 1/2%".

5. On October 20, 1956, a mining engineer, Robert J. McRae, issued: "A Report on the Properties Held by Thunder Mountain Mining Corporation Located in the Thunder Mountain Mining District, Valley County, Idaho" (hereinafter the McRae Report). The McRae Report is the first comprehensive report of the Dewey Mine and figured heavily in the decisions of all those who subsequently became involved with the Dewey Mine. Because of its importance, it will be quoted from extensively. In his initial summary, he says:

"I. Two independent engineering estimates show between 1,428,000 and 1,448,097 tons of open cut free gold ore ready to mine and mill. The average grade is \$4.54 per ton in gold.

II. Prospects for additional tonnage are good and 3000 feet of sheer zone to the east is unprospected. This zone has a potential of over 20,000,000 tons of possible free gold ore.

III. The gold values are free and high recovery can be made by amalgamation on (-28) mesh product. Cyaniding the slime portion of the tailings brings total recovery to above 95%."

He estimated a yearly profit of \$1,247,400. Difficulties in mining the property were minimized.

6. On August 12, 1958, Charles Chaffee sold the Dewey a 1/2 undivided interest in the Pay Boy for 1.1 million shares of the Dewey.

7. On June 15, 1959, a special meeting of the board of directors was held in which a mining lease and option agreement between the Dewey, Sunnyside Consolidated Mining Co. and Yuba Consolidated was presented. All of the shareholders executed

"Authorization and Consent" forms approving the lease and option to purchase. On each form, was the following language: "The undersigned understands that said property is all or substantially all of the assets of the Dewey." Exh. 9. The past leases and corporate minutes provide a substantial contrast with the lack of formality which followed when the control of the Dewey changed in 1967 and with the terms of the lease entered into in 1968 which will be discussed in detail subsequently.

8. On May 23, 1967, Charles Chaffee and his wife, Anne, entered into an option to sell 2,355,832 shares of the Dewey Mining Co. with Laurence Bettis for \$30,000.

9. On August 22, 1967, placer location notices were filed for the Pete No. 1 and Pete No. 2 claims by R. O. Nelson, who was familiar with the area and had worked on the mine in the summers of 1940-1941 when it was a surface mining operation, and Laurence Bettis. R. O. Nelson was convinced that the Dewey contained a substantial body of ore which could be removed by open pit mining. He thought it was a valuable mining property. There is evidence that throughout the summer and early fall of 1967, R. O. Nelson, acting for himself and Laurence Bettis, located claims in the area of the Dewey Mines.

10. On August 24, 1967, 2,355,832 shares of the Dewey Mining Company were issued to Laurence Bettis. Minutes of the Special Board Meeting of the Board of Directors show the election of Laurence Bettis as a director and president of the Dewey Mining

Co. R. O. (Rudy) Nelson was elected a director and secretary-treasurer. W. H. Langroise was elected a director and vice-president. Exh. 13.

11. On September 29, 1967, Laurence Bettis, R. O. Nelson and W. H. Langroise filed the Articles of Incorporation of the Golden Reef Mining Co. with 100,000 authorized shares. Laurence Bettis contributed his controlling interest in the Dewey Mines. No capital was contributed by R. O. Nelson or W. H. Langroise. Laurence Bettis was elected president of the Golden Reef Mining Co., R. O. Nelson, secretary-treasurer, W. H. Langroise, vice-president. Exh. 15-18.

12. Location notices for claims which surrounded the Dewey were recorded on October 17, 1967 and quitclaimed to the Golden Reef Mining Company in January, 1968. Exh. 19.

13. On January 15, 1968, Laurence Bettis acquired an additional 638,668 shares of the Dewey from its former president, K. D. Ogden. On the same day, a special meeting of the Board of Directors of Golden Reef Mining Co. was held. According to the Minutes:

The Chairman announced that the first order of business was consideration of this company leasing from the Dewey Mining Co., an Idaho corporation, all of its mining claims being 12 patented mining claims and 1 unpatented mining claim situated in the Thunder Mountain Mining District in Valley County, State of Idaho, for a period of 20 years and thereafter until the agreement is terminated by Lessee failing to perform work on or mine said property for a continuous period of 12 months....

The Minutes reflect that a copy of the lease was reviewed by all of the directors. The resolution was adopted.

On February 5, 1968, 100,000 shares of Golden Reef stock were issued. Share ownership was as follows:

|                 |               |
|-----------------|---------------|
| Laurence Bettis | 40,500 shares |
| Rudolph Nelson  | 40,500 shares |
| W.H. Langroise  | 4,500 shares  |
| W.E. Sullivan   | 4,500 shares  |

14. On February 5, 1968 a notice was sent to the shareholders of the Dewey Mining Co. informing them that the Golden Reef Mining Co. had proposed to lease the Dewey Mine for 20 years and thereafter until terminated for a royalty of 4% net smelter return. The shareholders were advised that a copy of the lease could be reviewed at the office of Langroise, Clark and Sullivan. Laurence Bettis owned 2,994,500 shares of the Dewey, approximately 75% of all issued and outstanding shares of the Dewey Mining Co. At this time, the minority shareholders of record were:

| <u>Owner</u> | <u>Shares</u> | <u>% Ownership</u> |
|--------------|---------------|--------------------|
| Soule        | 753,333       | 19.06%             |
| Dilley       | 94,167        | 2.37%              |
| Anderson     | 83,000        | 2.06%              |
| Salmon       | 2,500         | 0.01%              |
| Bartlett     | 25,000        | 0.63%              |

The Golden Reef Mining Company had no capital, the sole cash contribution being a total of \$3.00 paid by Bettis, Nelson and Langroise for one share each. All claims, although contiguous to

the Dewey and necessary for its full productivity, were located in the name of the Golden Reef.

15. There was substantial activity in the area in 1968. In May, 1968, R. J. McRae wrote R. O. Nelson suggesting that additional claims be immediately located. "The sample results are very interesting and may indicate a substantial deposit when fully explored. At the present stage we know little of the geology of the deposit as to attitude, thickness, strike, etc. We must assume it will be multimillion ton open-pit type of deposit. This type of deposit requires plenty of area. It is therefore most important to locate adequate ground before any outsiders move in. ... As long as the road is closed by snow, there is little danger of any outsiders moving in to stake claims. In view of this, due consideration should be given to not opening the road until this ground can be staked...It is most important that about 16 more lode claims be staked around the present 10 claim block [Safety Creek in Thunder Mountain]." Exh. 27. The Golden Reef replied to the Bunker Hill letter giving it a first right of refusal to claims on Safety Creek stating that all of the claims located thereafter in the Safety Creek area should be located in the name of the Golden Reef Mining Company. While the Golden Reef insisted that there was no impropriety in it locating claims contiguous to the Dewey in its name, not that of the Dewey, in the same time period it insisted that others locate contiguous claims in the name of the Golden Reef.

16. The importance of developing the area as a whole, under single ownership, has been a consistent theme which has continued into the 1980's when, under different control, great effort was made to locate additional claims under single ownership. Even the defendant's own witnesses testified that adjacent claims were necessary if only to store waste from the mining operations on them. The more important reason, however, was that the full extent of the mineral richness of the area was not known although it was expected to be rich and that it was prudent not to leave land open for others to claim it. (e.g., Thorstad testimony).

The following claims should have been located in the name of the Dewey:

a. Claims located in 1967 in the vicinity of the Dewey by Rudolph Nelson:

|              |                  |
|--------------|------------------|
| Crater No. 1 | Idaho Rand No. 1 |
| Crater No. 2 | Idaho Rand No. 2 |
| Crater No. 3 | Idaho Rand No. 3 |
| Crater No. 4 | Idaho Rand No. 4 |
|              | Idaho Rand No. 5 |
|              | Idaho Rand No. 6 |

Pete 1 and Pete 2 (immediately adjacent to the Dewey)

b. Claims located in 1968 by Rudolph Nelson:

On April 18, 1969, Rudolph Nelson and Laurence Bettis transferred to Golden Reef, for the stated consideration of "\$10.00", 25 additional Safety Creek claims staked and located by Rudolph Nelson in 1968:

|                  |                    |
|------------------|--------------------|
| Bold Ruler No. 1 | Forward Pass No. 1 |
| Bold Ruler No. 2 | Forward Pass No. 2 |
| Bold Ruler No. 3 | Forward Pass No. 3 |

Bold Ruler No. 4  
Bold Ruler No. 5  
Bold Ruler No. 6  
Dancer's Image No. 1  
Dancer's Image No. 2  
Dancer's Image No. 3  
Dancer's Image No. 4  
Dancer's Image No. 5

Forward Pass No. 4  
Forward Pass No. 5  
Forward Pass No. 6  
Forward Pass No. 7  
Forward Pass No. 8

Black Pole Point No. 1  
Black Pole Point No. 2

Count Fleet No. 1  
Count Fleet No. 2  
Count Fleet No. 3  
Count Fleet No. 4

Plaintiffs' Exhibit 29

c. Additional claims adjacent to the Dewey quitclaimed to Rudolph Nelson adjacent to the Dewey and held for the Golden Reef:

|            |           |            |
|------------|-----------|------------|
| CD No. 78  | KW No. 63 | KW No. 72  |
| CD No. 117 | KW No. 64 | KW No. 103 |
| CD No. 118 | KW No. 66 | KW No. 104 |
| CD No. 119 | KW No. 68 | KW No. 105 |
| CD No. 120 | KW No. 70 | KW No. 106 |
|            | KW No. 71 | KW No. 107 |

d. Claims staked and located in 1981 by Ronald Yanke and Donald Nelson on behalf of the Golden Reef Joint Venture:

Gravel Point No.s 1 and 2

Campsite No.s 1, 2, and 3

Blackpine No.s 1-8

The Buffalo patented claim

e. Claims staked and located in 1983, including seven adjacent to the Dewey claims:

|             |            |
|-------------|------------|
| Linda No. 1 | Mike No. 1 |
| Linda No. 2 | Mike No. 2 |
| Linda No. 3 | Mike No. 3 |
| Linda No. 4 | Mike No. 4 |
| Linda No. 5 | Mike No. 5 |

Linda No. 6  
Linda No. 7  
Linda No. 8  
Linda No. 9  
Linda No. 10  
Linda No. 11  
Linda No. 12

Mike No. 6  
Mike No. 7  
Mike No. 8  
Mike No. 9  
Mike No. 10

Howard No. 1  
Howard No. 2  
Howard No. 3  
Howard No. 4  
Howard No. 5  
Howard No. 6  
Howard No. 7

17. The lease between the Dewey and the Golden Reef was for twenty years "and thereafter". Golden Reef agreed to pay a royalty of 4% of net smelter returns. "Smelter or mint returns or gross sale price" was defined as, "the gross payment as set forth in the custom mill or smelter or bullion return or bill of sale, less the actualy(sic) cost of transportation and treatment charges thereon." Lease, pg. 2. The Lessee agreed to pay all taxes and assessments. The lease was terminable if:

...the Lessee shall fail to perform exploration, development, mining, milling or improvement work on said above described property, or any part thereof, for a continuous period of 12 months...

Lease, pg. 4. There were no specific work requirements, there was no signature bonus, there was no area of interest clause requiring that after acquired claims be located in the lessor's name, and there was no provision for annual royalties.

18. At all times, including 1968-1980, the basic goal of lessors in mining leases is to get the property into production and realize the maximum benefits from it. Every lease, for the

lessor, has at least the minimum purpose of advancing the property towards meaningful production even if maximum benefits are not realized. The 1968 lease served no purpose for the Dewey. The property never went into production in that time period nor was the property advanced towards meaningful production.

19. In 1968 and before, signature bonuses were not uncommon. A signature bonus is an amount paid to the lessor upon the signing of the lease. It was common for there to be specific work requirements specifying the amount of work to be performed, usually measured in dollar amounts. If the work requirements were not performed, then the lessor had the option to terminate the lease. Work requirements measured in dollar expenditures on the property also have the benefit of being more easily monitored. Virtually all leases contained area of interest provisions that required that claims located adjacent to the leased property be located in the lessor's name and turned over to the lessor at the close of the lease if an option to purchase was not exercised. Net profits royalties, royalties figured after costs were subtracted out, were also common in the pre-1968 and post-1968 periods, however, they always suffer from the drawback that costs must be clearly defined and closely monitored to protect the lessor's interests since costs can be defined in such a way as to virtually eliminate royalty payments. Net smelter return leases were common throughout the time periods

involved in this case. Because the net smelter return figures are readily available and not affected by factors primarily in the lessee's control, they have the benefit of requiring less monitoring. It was uncommon in 1968 for royalties to be paid on a sliding scale basis although an early Dewey lease proposal does contain a sliding fee schedule. Longer term leases are seen throughout all relevant periods but are usually coupled with terms designed to get the property into meaningful production since otherwise the lessor is in the position of having tied up his or her property without any prospect of realizing any benefit. While the exact package of terms is individual and will vary from lease to lease, terms are generally designed to move the property forward into production. Some combination of these terms is seen in every lease.

20. Lessees obviously seek to minimize up-front costs and direct their capital to production although they are willing to put up with more demanding terms for properties which have proven reserves. Gold properties are classified based upon whether the reserves are proven, probable, possible or expected (or indicated). Proven reserves are particularly appealing to potential lessees. Lease terms generally reflect the level of attractiveness of an ore deposit. Publicly held corporations subject to public disclosure rules, regulation and laws only utilize the term "proven" when an ore body has been drilled out at certain minimum intervals between drill holes, however, the

gold mining industry in general uses the term "proven" to define ore bodies confirmed in three dimensions through somewhat less exacting methods even though the quantity and average grade of the ore body may not be as closely defined as those which are "drill proven." Normally, development efforts of gold mining properties focus initially on "proving up" the ore--that is exploration designed to confirm the extent and quality of the ore body. "Proven" and "possible" gold mining properties have the most appeal to investors. The consistent development of the Dewey has confirmed earlier expectations that the property is valuable.

21. External factors are also important in analyzing the package of terms which a lessor could demand. Chief among the external factors is the price of gold. During the period from 1968-1974, gold prices per troy ounce went from \$35.20 to \$183.85.

Thereafter it was:

Average Annual range

(London Prices)

|      |          |
|------|----------|
| 1975 | \$161.02 |
| 1976 | 124.84   |
| 1977 | 147.72   |
| 1978 | 193.23   |
| 1979 | 306.69   |
| 1980 | 612.56   |
| 1981 | 459.72   |

1982

375.79

(Source: Exh. 1005)

Gold hit record highs in 1980 after beginning to rise substantially in 1979. At one point in 1980, gold rose to \$800.00 per ounce.

22. Geographical and geological factors are also important in the development of mining properties and their attractiveness to potential lessees. The Dewey is located in Valley County, Idaho at an elevation of 7500 feet. It is 60 miles from McCall and about 12 miles north of Stibnite. Thorstad Report, Exh. 2005. The road is paved highway from Cascade to Warm Lake and then becomes a "good dirt and gravel road" which deteriorates to a poor dirt road for the last 15 miles. McRae report, Exh. 7, and Crowley Report, Exh. 54. The road is kept open about 5 months of year. Exh.7. A shorter route is available for two or three months of the year. Thorstad report, Exh. 2005. The area is fairly rugged and somewhat unstable. In 1909, a landslide covered the Dewey Mine leaving only a portion of the ridge exposed. Since it is in an area which is surrounded by a wilderness area, environmental considerations are also important to a potential lessee.

23. Howard Hollingsworth, his son, Wiley Hollingsworth, and daughters, Sydney Hollingsworth Reisbeck and Claudia Hollingsworth Trigve, became shareholders of record of the Dewey Mining Co. on or about December 6, 1968. While there was some testimony that Howard Hollingsworth acquired his stock earlier, I

do not find it convincing. The Hollingsworth family owns 19.06% of the Dewey. None of the Hollingsworth family have ever served as an officer or director of the Dewey Mining Co. Howard Hollingsworth is elderly and suffered throughout the time period involved in this case from serious health problems that interfered with his ability to become actively involved in the Dewey. His son and daughters are residents of the state of Washington. While I find that Hollingsworth was aware of the existence of a lease, there is no satisfactory proof whatsoever that the plaintiffs ever learned of the unity of management of the Dewey and the Golden Reef and the consistent and egregious pattern of corporate abuse engaged in by the defendants until the Fall of 1980. The plaintiffs did not find out the critical facts, particularly the common ownership of the Dewey and the Golden Reef, until shortly prior to the shareholder's meeting in December, 1980 when they read about the Dewey in commercial publications and then pursued what they had learned. When they learned the true state of affairs, they promptly objected. Thus, the facts in the record support that the long silence of the minority was due to ignorance not acquiescence.

24. By the late 1970's, the attractiveness of the Dewey to potential investors was quite high. The price of gold had gone up substantially. New techniques were available for extraction of gold. New theories about the deposit of gold in areas of volcanic activity altered the perception of geologists. While

the Dewey is somewhat remote, other sought after properties were more remote and, in any event, gold properties are rarely served by four lane highways. By 1979, the Dewey was attractive to investors and the market for gold properties was active. The Dewey had the distinct benefit of being property with identified and proven gold reserves, a property which had successfully been mined in the past and which was in a location where other gold mining companies were active. According to the report of Frank Crowley, a registered professional geologist, "Dewey Mine Thunder Mountain Mining District, Valley County, Idaho", August 15, 1980:

The Dewey Mine in Central Idaho contains ore reserves of about 1.5 million tons containing about 0.1 ounces of gold per ton. Metallurgical recovery of the free gold has been successful in the past with simple crushing and amalgamation. Present plans call for a relatively simple crushing, jigging and flotation circuit for gold recovery. The ore body at the Dewey is at surface and is also exposed as a small hill. It is ideally suited to open pit mining...Because all operations are planned on patented land, environmental problems should be minimal. However the entire Thunder Mountain Mining District is closely bounded (about 1 mile distant) by the River of No Return Wilderness. Proximity to the Wilderness and remote location will create high costs to any mining operation but simplicity of mining and milling should insure a satisfactory profit.

Exh. 54, p.1. He went on to conclude:

The Dewey Mine is the last major gold resource in the entire Stibnite Thunder Mountain area that is not controlled by Canadian Superior Mining(U.S.)Ltd. or by Ranchers Exploration. As such, it can be a very significant contribution to any mining operation in the area.

Together the Dewey Mine and the Sunnyside Mine have proven ore reserves that equal those of the West End deposit. In combination, or alone as the Dewey

combined with ground held by Ranchers Exploration at Stibnite these properties would contain proven ore reserves greatly in excess of ore reserves held by Canadian Superior." Exh. 54, p.8.

25. To summarize, as the 70's ended, gold prices were up, gold mining technology had improved and investors and mining companies were actively searching for new properties. The market was at a record high. Conditions were ideal for the leasing of the Dewey Mine and profitable production in spite of some of the limitations of the Mine.

26. Laurence Bettis died in 1976. His position was succeeded to by his son Harry Bettis.

27. There had been very little activity from 1968-1979 in the Dewey Mining Co. There had been some lease proposals and some development work done. Other than assessment work, there is no evidence that much was done by the officers and directors of the Dewey Mining Co. There were lease proposals. The property was known to some investors in the 1970's. Homestake Mining Co. proposed an agreement with the Thunder Mountain properties and discussed the need to acquire the Dewey. Exh. 30. On May 18, 1973, Homestake Mining Company proposed a lease to the Dewey with a 70-30 profit split and no buy-out option. In a memo from Tibor Klobusicky to Homestake Mining Co., the properties were discussed:

Originally Homestake proposed a Lease and Option to Buy type of agreement, with the right to ultimately acquire full ownership of the property. This would necessitate setting of an ultimate purchase price. Amounts of \$3-5 million were mentioned for that alternative. My

reaction was that as a rule a sales-type contract is not advantageous to Thunder Mtn. One reason is that if Bob McRae is correct in his assumption that there could be ore in excess of 100 million tons, the gross values could exceed the combined Sunnyside-Dewey properties. For such a possibility--no matter how remote it may be--it is advisable in my opinion to keep a perpetual interest in the properties. The second reason is that in case of an ultimate purchase of \$5 million, and with 5 million shares of Thunder Mtn. Co. issued, an ultimate ceiling price of \$1.00 per share would be established, which also is disadvantageous, because the stock loses its speculative attraction...Mr. Wargo told me that acquisition of the Dewey property, simultaneously with the Thunder Mts. Group, would be essential to Homestake's plans.

Based upon the determination that the properties might fit with their interests, Homestake proposed a lease to the Dewey with a 70-30 profits split, advance royalty, work requirements measured in dollar amounts and assessments. Langroise proposed a net smelter return royalty. Negotiations continued over production royalties and minimum royalties. Negotiations did not end successfully but the negotiations give some idea of the terms that the Dewey directors considered fair in leases involving the property. Bunker Hill proposed an "exploration and operation agreement" which involved annual work commitments measured in dollar terms, assessments, 60-40 profits split, a walk-away provision and indicated its willingness to consider other terms, including a net smelter return royalty lease agreement and leases with options to purchase. Exh. 31. In August, 1974, Langroise wrote Bettis and Nelson and Sullivan advising them that Homestakes had called to see if they would consider a proposal on "our properties". He advised them that he told the Homestake

representatives that they wanted a sliding scale gross royalty, a signature bonus, and minimum annual royalties. Exh. 30. The Cyprus mines representatives also expressed interest with terms which would cover a signature bonus, and annual royalties. One of the Golden Reef's counter-proposals specifically involved a condition for locating all claims within a mile of the property in the name of the lessor. Exh. 32. An option to purchase agreement was reached between the Golden Reef and J. Stewart Lyons, (Exh. 33) to purchase the property for \$4,000,000 with \$25,000 to be paid upon the execution of the agreement, and \$25,000 more due on October 1, 1975 with annual payments increasing to the sum of \$100,000 on October 1, 1978. Bank statements of the Golden Reef show that \$50,000 was deposited with it, the first \$25,000 was deposited on October 31, 1974. The moneys were not deposited in an interest bearing account. The bank statements show the full \$50,000 remaining on deposit through 1975 and 1976. One check was written at the end of 1976 in the amount of \$920.64 for a cashier's check made payable to the Golden Reef. Another cashier's check was issued to Langroise and Sullivan for the Golden Reef Mining Co. on March 8, 1977. The entire balance, \$48,840.33 was removed by November 9, 1977. A check in 1980 (the exact date has been partially obliterated) was made to Ronald Yanke and Donald Nelson for \$19,578.50 with the legend "for return of investment." Over and over, the Golden Reef/Dewey directors insisted on signature bonuses, work

requirements measured in dollar amounts, annual royalty payments and sliding scale royalties and area of interest clauses when they were acting on behalf of the Golden Reef.

The two \$25,000 payments received under the Lyons Agreement were received principally for exploratory work to be conducted on the Dewey claims where the reserves were substantial and were proven or probable and where exploration was the most beneficial. A fair allocation of the proceeds under the agreement would be 80% to the Dewey and 20% for all other claims.

28. The Dewey Mine was drilled by Placer Amex, Inc. in 1975 pursuant to its agreement. Placer Amex confirmed the presence of at least 1.45 million tons of ore with a grade of .098 ounces of gold per ton. Placer Amex's drilling program further indicated the potential for additional reserves on the Dewey property.

29. With the exception of the Placer Amex work, the activity on the Dewey throughout the 70's was negligible. No action was ever taken to terminate the 1968 lease. On the other hand, while there was evidence of some interest in the Dewey as referred to above prior to 1979, the major point which can be gleaned from the conduct of Dewey management during that time is an idea of what management actually thought were fair terms when they were dealing with outsiders rather than themselves and demonstrated conduct which was a clear conflict of interest. Other than the Lyons lease, the evidence is not persuasive that the Dewey would have or could have been leased on any specific better terms if

the management had acted in a reasonable and prudent fashion because market conditions were not as favorable to the development of gold properties as they later became.

30. By the spring of 1980, Harry Bettis and R. O. Nelson had decided to sell their interests in the Golden Reef to R. O. Nelson's son, Donald Jim Nelson, and Ronald Yanke. R. O. Nelson and Harry Bettis had their legal counsel review a proposed lease from the Golden Reef and Dewey to Nelson and Yanke. Counsel advised that the lease be rejected because the ten year term with a five year option to renew was, in their counsel's view, too long to tie up the property and because the lease appeared to be too much to the lessee's advantage. Legal counsel also suggested a definition of "operation" since failure to operate the mine for three successive years would trigger the right of the lessor to terminate. Counsel suggested a definition which would tie "operation" to money spent, ore produced, hours worked. The lease was not signed.

31. An agreement was reached between Harry Bettis and R. O. Nelson to sell their interests in the Golden Reef for \$100,000 and 1% gross royalty each. Exhibit 44, a promissory note signed by Donald J. Nelson and Ronald Yanke, was stated as effective July 1, 1980, although on June 9, 1980 a letter was sent from Golden Reef to the Board of Land Commissioners notifying them that the Golden Reef was conducting a "pilot plant surface mining operation" on the Dewey Mine which was signed by Donald J. Nelson

and which directed that all correspondence be sent to him.

Exh. 43.

32. Prior to the extension of the 1968 lease, Nelson and Yanke agreed to engage in a joint venture with Wolfgang Rauball for development of the Dewey Mine. The agreement was that Nelson and Yanke would sell 50% of their interest in the Golden Reef in exchange for a \$1,000,000 investment by Wolfgang Rauball.

Rauball had commissioned the Crowley Report, Exh. 54. He had hired Crowley to locate gold investment properties for him. On July 16, 1980, Wolfgang Rauball wrote to Ronald Yanke of the Golden Reef in which he enclosed a preliminary agreement for a joint venture between W. R. Financial. The agreement, Exh. 46, recites that \$15,000 will be paid for test of mining ore. If the tests were satisfactory, W. R. Financial agreed to invest \$1,000,000 in a joint venture with the Golden Reef to crush 100,000 tons of mining ore and construct a portable test mill of about 200 tons per day capacity as a pilot plant. Golden Reef would act as the managing partner, royalties of 2.8% would be paid to R. O. Nelson, Harry Bettis and "other minority shareholders related to Golden Reef." Exh. 46. Eventually, each major joint venturer, Golden Reef and W. R. Financial would receive 45% of the net income of the venture. The Agreement was signed July 26, 1980.

33. As part of this arrangement, Nelson and Yanke extended the 1968 lease to July 31, 2000 without any prior notice to the

minority shareholders of the Dewey Mining Co. At a Board of Directors Meeting of the Dewey Mining Co., July 29, 1980, Harry Bettis and R. O. Nelson resigned and Ronald Yanke and Donald J. Nelson became directors and officers in Dewey Mining Co. Donald J. Nelson was elected president of the Dewey Mining Co. and Ronald Yanke was elected secretary-treasurer. A consent and waiver of notice of the meeting was signed by Ronald Yanke.

34. The Dewey lease did not contain the minimal terms insisted upon by lessor's in 1979-1980. There were no minimum work requirements, there was no annual royalty payment, there was no signature bonus, the property was tied up for an additional 12 years, there was no area of interest requirement. The terms lessors were demanding and receiving will be discussed further below. Nothing was gained by the Dewey in the extension of the 1968 lease. Moreover, the only asset of the Dewey was the mining property. There was no economic justification or rationale for the Dewey to enter into a mining lease with Golden Reef. There were no protections for the Dewey in the lease extension.

35. Both Ronald Yanke and Donald J. Nelson were experienced and successful businessmen who had experience with other corporations. Ronald Yanke was the owner of Yanke Machine Shop and active in other businesses. Donald J. Nelson owned Nelson Sand and Gravel, a one-half interest in Treasure Valley Concrete and d'Alessandros among other business ventures.

36. The plaintiffs produced the testimony of Arthur Zierold and Milton Zink on lease terms and market conditions during the lease term. Their testimony was largely supported by the testimony of the defendants' witnesses and was extremely persuasive. Both testified to the surge in investor interest in gold properties beginning in 1979 when gold was hitting record highs. Both were unusually experienced and knowledgeable in mining leases, the relevant technology and were familiar with the market. They were also familiar with investor demand for Thunder Mountain area properties. It is and was customary for a lessor to get a signature bonus and annual royalties, often a purchase price is set out, there is a production royalty, the obligations to pay taxes and protect against liens is usually placed on a lessee, there is a termination clause for the lessee, an "after-acquired property interest" clause which requires the lessee to place newly located claims in the lessor's name to be returned to the lessor at the end of the lease term, the lessee assumes the obligation to do assessment work, there are often limitations on assignments and a warranty of title. The exact package of terms always varies and the ability of the lessor to obtain them depends upon market conditions, the value and characteristics of the mining property, the costs involved in conducting operations. Long lease terms are not particularly favored although, if coupled with firm requirements which move the property towards meaningful production, they are sometimes acceptable. By 1979,

sliding scale royalties were more common. By 1980, the Dewey had probable ore reserves, past production from the 1900's, the benefit of Placer Amex's drilling reports and, although it was somewhat remote and there were access problems and environmental considerations, the problems could be surmounted and there were outweighing positive considerations. The Dewey was a highly desirable property in 1980. By 1980, signature bonuses were common, production royalty leases without signature bonuses were found only in leases with short lease periods, moreover other Idaho properties, including properties located in other wilderness areas which were even more remote and at higher elevation were commanding signature bonuses, minimum annual royalties, production royalties, production was specifically defined, and other protections were present. At no point would any reasonable lessor have wanted to tie up property with a lessee who was incapable of developing the property.

Environmental considerations which were now important also had to be weighed in evaluating the suitability of a lessee. While operating costs had increased, the price of gold had outdistanced the cost increase substantially by 1980. As Mr. Zierold noted, it is cheaper to acquire a proven or probable ore reserve area than to explore. The time was ripe for the Dewey to become profitable. The 1980 lease was grossly unfair. The one million dollar investment by Wolfgang Rauball was not adequate consideration. None of it went to the Dewey and it was not

sufficient to bring the Dewey into meaningful production. The agreement between Rauball and Yanke and Nelson placed Yanke and Nelson as the managing partners of the Dewey. There was substantial investor interest in Thunder Mountain in 1980.

Virtually every Valley County lease contains terms more beneficial to the lessor than the lease between the Dewey and the Golden Reef. The evidence leads me to believe that Yanke and Nelson thought that they had the expertise to develop the mine because of their successful work in other businesses and that they hoped to bring the mine into meaningful production and realize a benefit from their investment and the property's clear profit potential. The analysis of Wolfgang Rauball's reason for his involvement does not appear to warrant a charitable analysis. His motive seems to have been to pump enough money into the project to create enough apparent activity to interest investors which would allow him to pull out with an immense profit. The consequences for the investors appears to have been misled repeatedly by Rauball and Copper Lakes. Mr. Rauball appears to have realized his goals and is the only person who has profited from the Dewey to date as will be discussed later.

37. The Dewey was and is valuable property which can be developed, depending on the level of gold prices, and could have been developed in 1980.

38. Yanke and Nelson began a work program. A mill was constructed. 100,000 tons of ore were crushed.

39. Yanke and Nelson had advised the Department of Lands in June that they would be conducting a "pilot mill". A pilot mill does not require extensive approvals or the posting of a bond.

40. News releases issued from Stanholm Resources, Ltd., a wholly owned subsidiary of Copper Lake, and a company in which Wolfgang Rauball held a substantial interest in and served as a director, present an interesting picture and bore slim connection to the truth. In a News Release from Stanholm Resources on September 9, 1980, the general public was told that Wolfgang Rauball had spent \$200,000 to date and that 2,000 tons a day were being crushed and stockpiled. Exh. 63. The public was also advised that Wolfgang Rauball had transferred his half-interest in the Golden Reef Joint Venture to Stanholm Resources, Inc. The record reflects that on August 31, 1980, Wolfgang Rauball transferred his interest in the Golden Reef to Stanholm Resources, Inc. Reports from them refer to crushing and stockpiling of 2,000 tons of ore per day. See Exh. 67.

41. The first indication that the Hollingsworths had that there was activity at the Dewey Mine came from an article in Petroleum and Mining Review in October, 1980. By this time, Copper Lake had taken over the Stanholm interest in the Joint Venture Agreement. The article talks about a production level of 400 tons per day (a consistent figure with the testimony received in this case), a stockpile of ore of 80,000 tons, a potential for a 2,000 ton a day operation, a proposal for a 300 day per year

operating schedule, and annual pre-tax earnings of \$6,673,200 increasing to over \$33 million dollars. Exh. 68.

42. At the same time, the Idaho Attorney General's office was sending "cease and desist" letters to Donald Jim Nelson ordering the Golden Reef to stop surface mining until they complied with state law. Exh. 74.

43. After years of silence to its shareholders, the Dewey Mining Co. sent a Notice of Shareholder's Meeting for December 22, 1980, listing as one item "Approval of Golden Reef Mining Company's assignment of Mining Lease (dated February 5, 1968) pursuant to liquidation of Golden Reef Mining Company." It also proposed three directors: Yanke, Nelson and Rauball. The Notice was mailed on November 24, 1980. Exh. 77.

44. In December, 1980, Larry Jones gave the Golden Reef a list of eight items which needed to be fixed before operations could begin again. The letter criticized the improper work done on the tailings ponds. Exh. 78.

45. In the same month, Ernest Oberbillig, a mining engineer employed by the Golden Reef, wrote Wolfgang Rauball stating that the mining campaign was successful and efficient and: "As a final word, I think the participants of the Dewey Venture should consider themselves extremely fortunate to be in the endeavor. The Dewey mine a year ago could be compared to a ripe, luscious, juicy peach ready for picking. It was, in mining parlance, a 'sleeper.'" Exh. 79.

46. On December 22, 1980, the annual shareholders meeting of the Dewey, the first in over a decade, was held. It was also the last. The Hollingsworth family was represented by their lawyer, Howard Humphrey, who cast the family's votes for the Hollingsworths as directors. Yanke, Nelson and Rauball were elected. The meeting was adjourned for a week so that members of the Hollingsworth family could be present. The Hollingsworth's objected to the lease. The minutes of the meeting appear to be seriously erroneous and cannot be relied upon. On December 29, 1980, the plaintiffs objected to the extension of the 1968 lease, to its royalty provisions, to the conflicts of interest of the Dewey directors and the Golden Reef. Their objections have been clear and never waived. Exhs. 81 and 83.

47. Copper Lakes Explorations Ltd. Annual Report of 1980 talked about the expansion of the Dewey operation to 1,000 tons per day. To its shareholders, it said that the mine was operating 24 hours a day and could work year round. "Recovery is simple and costs for open-pit mining and milling are an estimated \$10.50 to \$12.50 per ton." Exh. 82.

48. In a Mine Operation Agreement dated July 15, 1981, Golden Reef Joint Venture and Copper Lake Explorations, Ltd. and Yanke and Nelson hired themselves to operate the mine during the calendar year of 1981 for annual fees of \$172,500, with Yanke and Nelson to receive a management fee of \$137,500. Exh. 98. Yanke and Nelson were actually paid \$25,000 each. The Mine Operation

Agreement was terminated by Copper Lakes on December 17, 1981.  
Exh. 107.

49. Environmental calamities continued to occur as a result of the operation of the Dewey by the Golden Reef Joint Venture.

50. On September 22, 1982, Yanke and Nelson sold their half interest in the Golden Reef Joint Venture to Ord Silver Mines, Inc. for \$3 million. The agreement contained substantial limitations on the activity of the Dewey Mining Co. Yanke and Nelson were also given the right to name two of the five directors of the Dewey. Exh. 116.

51. Arivaca Silver Mines Ltd., the parent company of Ord Silver Mines, in a news release it issued on October 7, 1982, was enthusiastic about the quality and potential of the Dewey, referring to it as a "low cost mine" with potential for multi million dollar gross revenues. Exh. 117.

52. There has been no activity on the Dewey since the 1984 season.

53. After the time that Ord Silver Mines became involved, the development of the mine proceeded in a more orderly and reasonable fashion. Additional reserves were proved up. There was extensive analysis of the methods to be used in the mining and milling operations. The gold and silver value of the Dewey hill was estimated at \$180 million dollars. "Therefore, it is highly recommended that the Dewey Mine be developed and placed in

production in the immediate future. Recent mining and milling operations indicate that the deposit can be mined by open pit methods and processed by a gravity mill. This type of mining and milling operation is not considered complex and expensive, and can be operational during the 1983 summer season and designed for the year-around operation." Report of John Ruud, "An Evaluation of the Dewey Mine Thunder Mountain Mining District, Valley County, Idaho for Copper Lake Explorations, Ltd. and Arivaca Silver Mines, Ltd.", dated March 3, 1983. Exh. 134. While at the trial, the defendants have heavily emphasized the problems of the Dewey, their prior statements to all interested parties and among themselves indicates that the Dewey can be feasibly and economically mined by an efficient and prudent operator although feasibility always depends on the market price. It is a valuable and desirable property although this dispute and its environmental problems are negative factors.

54. On December 29, 1982, in a feasibility study from Cimetta Engineering for Arivaca, Exh. 2048, the report noted:

At the present time the open pit mine is in a sad state of affairs. Previous operators basically mined with a bulldozer and made little or no attempt to develop a systematic method of extraction.

This particular report is one of the most valuable and objective reports and contains a thorough analysis of the steps needed to place the Dewey into productive operation. It observed:

The previous operators have had some serious problems with the various governmental agencies...Permits for almost everything are required, including county

Building Permits. The State of Idaho will require reclamation permits and bonds, mine plan approval, dam construction permits, water usage permits, health permits, waste disposal permits, and a host of other minor items including exploration permits for any drilling to be done this winter...To facilitate this permit process and the inspection process, the agencies have agreed to form a task force and allow us to request all permits, inspections, etc. through the Chairman of the task force. This will cut our paperwork substantially and eliminate any interagency problems that might arise out of conflicting rules and regulations...Many tales were told concerning the weather at the Dewey Mine. These turned out to be quite unfounded upon close examination. Snowfall in the area amounts to 5 to 10 feet per year. Temperatures drop to 50 F below zero. None of these are serious. Mines like the White Pine Mine operate under much more severe conditions year round. The weather will have to be considered and plans made, but no delays should be encountered. Mud slides and small avalanches are the only real considerations.

The report recommended additional effort in defining the Dewey ore reserves and efforts to deal with the soils problems at the Dewey. The report serves as a good indication of the defendants' real beliefs on the difficulties of operating the mine prior to this litigation. In this litigation, their posture has been to complain that the mine is considerably less desirable because of the difficulties of climate, terrain, location.

55. On October 20, 1983, another spill occurred and tons of sludge were spilled into Mule Creek.

56. In a February, 1984 report, Exh. 2078, proven reserves were listed at 2 million tons graded at 0.073 ounces of gold per ton with an additional 2,100,000 tons of probable reserves of similar grade and potential for more. Additional reports throughout 1984

address the problems with the tailings disposal and recovery methods. Exh. 2079-2081.

57. Ord Silver Mines has basically conducted operations in a reasonable and prudent fashion. It was aware of the legal conflict at the time of acquiring its interest. Its efforts in proving up additional reserves and identifying methods to deal with the property more effectively have benefited the Dewey.

However, the credible testimony is that when a lessor like the Dewey enters into a mining lease neither it nor the lessee would expect that there would be any obligation whatsoever for the lessor to reimburse a lessee for unsuccessful efforts to explore, drill, or operate a mine. It is the usual and customary practice in the mining industry that a lessor will have no obligation at all to the lessee to reimburse it for its effort upon the termination of the lease.

58. The exact profits made by Wolfgang Rauball on the promotion of stock in Stanholm and Copper Lake Explorations are not known due to his refusal to comply with discovery in this action. Pursuant to court order entered in 1987, a default was entered against Wolfgang Rauball. However, reasonable and adequate evidence is before the Court on this matter, and it shows that Rauball resigned as a director of Stanholm on November 20, 1980, and that he sold his stock interests at that time or shortly thereafter. Furthermore, insider trading reports and other public disclosures of defendants Stanholm and Copper Lake

(Plaintiffs' Exhibits 57 and 218) evidence that, by the end of December, 1980, Rauball had sold all of his Copper Lake stock at prices ranging from approximately \$5.75-\$8.40 per share (Can.). Using the lower indicated sales price of \$5.75, we can reasonably calculate that in November and December, 1980 Rauball received \$4,600,000 (Can.) for 800,000 shares of Stanholm stock purchased earlier in 1980 for only \$70,000 (Plaintiffs' Exhs. 218 and 57, pp. 4 and 9), for a profit of \$4,530,000 (Can.).

59. The Court finds that defendants have failed properly to account for approximately 95,000 tons of crushed ore that remained on the Dewey mine site at the time defendants Donald Nelson and Ronald Yanke turned control and possession of the mine over to defendants Copper Lake, Stanholm, Copper Lake Idaho, and Ord; that defendants should be given 90 days from the date of entry of judgment to fully account to the Court for the location of said ore, and the continuing exclusive rights of Dewey to control, possess, mine, and extract gold from that ore. This Court finds that should said defendants fail properly to account for said ore, Dewey has been further damaged and a supplemental judgment should be entered for its loss.

60. All of the defendants have neglected corporate formalities in their conduct of the Dewey. Directors and officers have been elected although the only minutes of such elections were in 1968 and 1980.

Based upon the foregoing Findings of Fact, the Court makes the following conclusions of law:

#### CONCLUSIONS OF LAW

1. Officers and directors of corporations stand in a fiduciary relationship to both their corporation and its shareholders, and are bound to exercise the utmost good faith in managing the corporation. Steelman v. Mallory, 110 Idaho 510, 513, 716 P.2d 1282 (1986), Weatherby v. Weatherby Lumber Co., 94 Idaho 504, 506, 492 P.2d 43(1972), Melgard v. Moscow Idaho Seed Co., 73 Idaho 265, 251 P.2d 546 (1952). A fiduciary such as a director or officer has the duty to devote his or her time, skill, knowledge and judgment to the welfare of the corporation and to avoid any activities or dealings which would render their personal interests antagonistic to those of the corporation. While they are not precluded from transacting personal business, they must do so in good faith and not interfere with the business enjoyed by their corporation.
2. Contracts and transactions between a corporation and one or more of its directors or any corporation in which its directors have a financial interest are void or voidable because of the relationship unless the fact is disclosed to the shareholders or is known by the shareholders and they authorize, approve or ratify the contract or transaction or the contract or transaction is fair and reasonable to the corporation and the relationship is fully and fairly disclosed to the corporation. I.C. 30-1-41.

The statute specifies the procedure which must be followed. It never was. Neither the 1968 lease nor the 1980 extension were fair and reasonable to the corporation. Moreover, based upon the evidence referred to in the Court's Findings, the plaintiffs never knowingly "slumbered" on their rights nor did they ever knowingly acquiesce in the defendants' conduct since they were unaware of the conflict of interest until approximately October, 1980 and thereafter promptly acted to protect their rights. Thus, the defenses of laches or estoppel are not available to the defendants. This Court has never intended to imply that it was addressing only the statute of limitations when discussing the lack of knowledge of the relevant facts of the plaintiffs. Their lack of knowledge of the true state of the Dewey has been discussed also because of the requirement that directors disclose conflicts of interest and to address any laches or estoppel arguments.

3. I.C. 30-1-41 is consistent with prior Idaho law which held that a lease of property to the officers or directors is open to suspicion and will be studiously scrutinized by the courts although such leases are not necessarily void or constructively fraudulent. However, where there is unfair advantage taken or an unconscionable bargain struck, the courts will set aside the lease. Heylman v. Idaho Continental Mining Co., 43 Idaho 129, 250 P. 1081 (1926). In this case, the court concludes, based upon the facts, that the relationship between the Dewey directors

and officers and the Golden Reef was never disclosed to the minority shareholders and they never authorized, ratified or in any manner approved of the transactions. Moreover, the leases were not fair and reasonable to the Dewey. The lease extension is void.

4. The 1980 lease extension was submitted to the shareholders of the Dewey in December, 1980 without proper prior notice and without full disclosure by the directors of the terms and conditions of the lease.

5. Shareholders may only challenge actions taken at the time that they owned the shares. Kerner v. Johnson, 99 Idaho 433, 583 P.2d 360 (1978). Since the plaintiffs were not shareholders at the time that the 1968 lease was entered, they lack standing to challenge it. However, the situation with the Golden Reef and the failure to disclose was a continuing harm against the Dewey. The reason that this is best viewed as a continuing harm is that, at any time the situation could have been corrected by the defendants had they decided to perform their legal obligations. There is no question that the extension may be challenged by the plaintiffs as well as other actions which were taken by the applicable defendants from 1977 thereafter since, with the exception of the lease itself, the other actions, such as the location of claims in the name of the lessee were continuing injuries against the Dewey and could have been corrected at any time by its officers and directors. See, generally, Cruzen v.

Boise City, 58 Idaho 406, 74 P.2d 1037 (1937), Olympia Mining & Milling Co. v. Kerns, 24 Idaho 481, 135 P. 255 (1913).

6. Any usurpation or appropriation of a corporate business opportunity is a breach of the director or officer's fiduciary duty to their corporation and its shareholders. Knutsen v. Frushour, 92 Idaho 37, 41-42, 436 P.2d 521 (1968). Directors and officers may not for personal gain divert unto themselves the opportunities which in equity and fairness belong to their corporation. Guth v. Loft, Inc., 23 Del. Ch. 255,, 5 A.2d 503 (Sup. Ct., 1939) quoted in Melgard, supra. A director or officer who acquires land which he knows that his corporation will need or intends to acquire, or would be to the corporation's future advantage to acquire, breaches his fiduciary relationship to the corporation and its shareholders. Id. Directors or officers may breach their fiduciary obligations by locating mineral claims adjacent to the claims of their corporation. Golden Rod Mining Co. v. Bukvich, 108 Mont. 569, 92 P.2d 316(1939). In this case, for years and years, the officers and directors of the Dewey located claims in the name of the Golden Reef adjacent to the Dewey's claim. The testimony has consistently been that the land is needed to run an efficient mining operation for the Dewey and to develop the area fully. In any customary lease, whether in 1968 or in 1980, lessors imposed area of interest requirements on their lessees which required that the lessee locate claims in the name of the lessor. It is not relevant that the Dewey was not

sufficiently capitalized to locate the claims itself, since in a normal lease the lessee would have been obligated to locate the claims in the Dewey's name or turn them over to the Dewey at the expiration of the lease and the Dewey would have received the benefit of the lessee's activity without cost to itself.

7. A constructive trust will be imposed on all mining claims and mill claims which were located by or at some time came into the possession of the Golden Reef, its directors, promoters, officers and their successors for the benefit of the Dewey. At a minimum, this trust includes all of the unpatented claims listed in Finding No. 2 and all patented and unpatented claims listed in Finding No. 16. An objection has been raised that this requirement unfairly affects the Sunnyside Consolidated Mining Company. The defendants controlled the Sunnyside. To fail to impose a trust on the claim allows them to do indirectly what they cannot do directly and to profit from their deliberate breach of corporate fiduciary duties. In any event, no interest of the Sunnyside Consolidated Mining Company has been asserted by it and there is no evidence that it is in good standing.

8. In this case, because of its complexity, the parties have expended substantial sums for attorney's fees. The defendants are liable for the plaintiff's attorney's fees. Appointment of a receiver to negotiate a new lease for the Dewey and to manage and preserve the assets of the Dewey is warranted. The receiver is appointed to act on behalf of the Dewey as a lessor, not as a

lessee, thus, the receiver is not in the position of managing or operating a mining operation but is to insure that the Dewey is leased under a lease which contains reasonable terms which a prudent lessor with property of this type would expect. While it is not reasonable to expect that the plaintiffs and defendants are capable of working together harmoniously, they share a common interest in obtaining the best possible return on the investment. Presumably, they each have an interest in providing information and assistance to a receiver which would enable him to act in their behalf. If the receiver can negotiate an acceptable lease with or without an option to purchase, then the interests of the minority and the majority will be preserved. The liquidation of the Dewey would not benefit anyone and would be considerably more involved. Because it would be done under legal compulsion, this would likely affect the purchase price and further damage the shareholders' interests. Pursuant to this court's equitable powers and I.C. 8-605 (which specifically authorizes a receiver to receive rents and take other authorized acts), Arthur Zeiroid is appointed as a receiver. The defendants' objection to his nomination is not well-taken. Mr. Zeiroid was not a party to the action nor was he counsel. He is licensed to practice in Idaho and is therefore doubly subject to this court's power. In order for him to benefit the minority, he will also have to benefit the majority who stand to benefit the most from a favorable lease. He is knowledgeable about mining and mining leases and should be

able to negotiate a sound lease which will benefit all concerned. Presumably, Mr. Zeiroid was paid for the time he spent in preparing for his testimony and in testifying. Payment for testimony actually given in litigation does not constitute an interest in an action unless the compensation is somehow tied to the outcome of the action and the damages awarded. Compensation on a lump sum or hourly basis does not amount to an interest in an action. There has been no proof that Mr. Zeiroid is in any manner "interested" in this action in such a manner as would render his appointment improper under I.C. 8-603. See, generally, 65 Am Jur. 2d. Receivers 133. It seems to me that his knowledge of mining leases, familiarity with the property, and susceptibility to the power of this court both as a receiver and as an attorney, warrant his appointment. Moreover, the interest of the majority in watching over the proposed leases is likely also to protect everyone.

9. The defendants are directed to cooperate with all reasonable diligence with the receiver to locate the missing and unaccounted for 95,000 tons of ore. If the ore cannot be located, damages will be assessed accordingly and the court will retain jurisdiction to assess them.

10. Judgment is entered against Wolfgang Rauball in favor of the Dewey in the amount of \$4,530,000 compensatory damages and \$4,937,700 prejudgment interest, and in favor of Plaintiffs

Hollingsworth in the amount of \$5,000,000 punitive damages.

(Canadian)

11. The plaintiffs shall recover from the defendants, jointly and severally, their reasonable attorneys' fees and costs of suit herein for their successful prosecution of this action on behalf of Dewey, in such amount to be fixed upon further application to the Court which shall be filed and served as provided by the Idaho Rules of Civil Procedure. The defendants have acted in concert, they have tried the case in a unified manner. No other method appears reasonable or feasible. Prejudgment interest is awarded on the compensatory items of damages, but not the punitive damages.

12. This court shall retain continuing jurisdiction over the parties, and Dewey, in order to ensure the proper management of Dewey's affairs and in order to review and adjudicate any disputes relating to the proper interpretation, application and enforcement of the judgment.

13. This Court has subject matter jurisdiction over all the parties and claims herein.

14. This Court will enter a certificate pursuant to I.R.C.P. 54(b) at the request of any party.

15. Judgment shall further be entered decreeing that (i) defendants, or any of them with proper authority, immediately deed, transfer and convey all right, title and interest they, or any of them may have to all unpatented claims and mill site

claims identified in Finding of Fact 16, and the Dewey campsite and the undivided one half interest in the property to Dewey, free and clear of all liens or encumbrances, and (ii) defendants submit proof that said claims are free and clear of all encumbrances, are valid and in good standing with all applicable state or federal regulatory agencies. This Court (after notice and hearing) shall render such supplemental findings, conclusions and orders as may be necessary to effect said transfer and quiet title in the name of Dewey, or to render such additional damages as may be appropriate for defendants' failure to comply herewith.

16. This is an action in which the Court has made broad use of its equitable powers. The primary goal of the Court, after determining those damages which could be proven without speculation and the amount of punitive damages appropriate for the case, has been to place the Dewey where it should have been if the defendants had performed properly. Idaho law does not permit the award of damages which cannot be proven with reasonable certainty contrary to some of the authorities submitted by the plaintiffs. E.g. Anderson & Nafsizer v. G. T. Newcomb, 100 Idaho 175, 595 P.2d 709 (1979). The Court's goal has been primarily restorative. More drastic remedies than the appointment of a receiver to protect the property and negotiate the lease may possibly be necessary, however, less drastic remedies which can address the problems which exist in this case deserve to be tried first. Equitable powers are not as limited

as the defendants suggest nor are they confined to draconian solutions which cause more harm to the minority than the defendants have already done. Equity is traditionally more flexible since it is designed to afford full relief in situations where monetary damages alone cannot adequately address the wrongs done and in areas of its traditional concern. Simply because a solution may involve more work and some greater complexity, the law does not require that it be rejected. The goal of the law has always been, in the end, to do justice, to justly, fully, fairly, address wrongs brought to a court for redress. See, Riley v. Callahan Mining Co., 28 Idaho 525, 155 P. 665 (1926), Baker v. Commercial Body-Builders, Inc., 264 Or. 614, 507 P.2d 387 (1973). 2 O'Neal's Oppression of Minority Shareholders, Section 7:23 (1985).

Counsel for the plaintiffs may submit an appropriate form of judgment.

DATED This \_\_\_\_ day of April, 1991.

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DEBORAH A. BAIL  
District Judge

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF  
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

HOWARD HOLLINGSWORTH; WILEY )  
HOLLINGSWORTH; SYDNEY )  
HOLLINGSWORTH REISBICK; )  
CLAUDIA HOLLINGSWORTH TRIGVE; )  
and DEWEY MINING COMPANY, an )  
Idaho corporation, )

Plaintiffs, )

vs. )

GOLDEN REEF MINING CO., an )  
Idaho corporation; RONALD C. )  
YANKE, DONALD J. NELSON, and )  
WOLFGANG RAUBALL, )  
Individually as former )  
shareholders of Dewey Mining )  
Company; RUDOLPH O. NELSON )  
and HARRY BETTIS, )  
individually as former )  
shareholders of Dewey Mining )  
Company; COPPER LAKE )  
EXPLORATIONS, LTD., a British )  
Columbia corporation; )  
STANHOLM RESOURCES, LTD., a )  
British Columbia corporation, )  
ORD SILVER MINES, INC., an )  
Arizona corporation; and )  
COPPER LAKE IDAHO, INC., an )  
Idaho corporation, )

Defendants. )

Case No. 74238

FINAL JUDGMENT

The above-entitled cause come on for trial before the  
Court, sitting without a jury, commencing April 19, 1988, and  
concluding June 8, 1988. Final arguments were heard December 15,

FINAL JUDGMENT - 1

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EXHIBIT 2

1989; Findings of Fact and Conclusions of Law were entered June 7, 1990; Amended Findings of Fact and Conclusions of Law were entered December 18, 1990; and Second Amended Findings of Facts and Conclusions of Law were entered April 25, 1991. On March 18, 1991, the above-entitled Court entered its partial Judgment. Subsequent thereto, Plaintiffs filed an Application for Fees and Costs and Defendants Yanke, D. J. Nelson, Bettis and R. Nelson filed objections thereto.

Defendants Yanke, D. J. Nelson, Bettis and R. Nelson filed a Notice of Appeal and Plaintiffs filed a Notice of Cross-Appeal, however, the Judgment entered March 18, 1991, is not a final appealable order because certain issues remained unresolved when it was issued and this Court retains jurisdiction to enter this Final Judgment.

The Plaintiffs are represented by Terry E. Thomson and Mark D. Deife of Sylvester Ruud Petrie and Cruzen of Seattle, Washington, and Stanley W. Welsh and Rory R. Jones of Clemons Cosho & Humphrey of Boise, Idaho. Defendants Yanke, D. J. Nelson, R. Nelson and Bettis are represented by Bart W. Harwood of Harwood & McColl of Boise, Idaho, and by Merlyn W. Clark of Hawley Troxell Ennis & Hawley of Boise, Idaho. Counsel for Defendants Copper Lake Exploration, Ltd., Stanholm Resources, Ltd., Copper Lake Idaho, Inc., and Ord Silver Mines have previously withdrawn and said Defendants have failed to serve any

additional appearance in the action. Golden Reef Mining Co. was dissolved as an Idaho corporation in 1981 and has not appeared in the action. On October 22, 1987, this Court entered an order of default against Defendant Wolfgang Rauball and said Defendant has failed to serve any additional appearance in the action.

Plaintiffs Hollingsworth and Defendants Yanke, D. J. Nelson, Bettis and R. Nelson have filed a Joint Motion and Stipulation for Order Approving Compromise, entry of Third Amended Findings of Fact and Conclusions of Law and entry of this Final Judgment. A Notice of Hearing in a form and manner approved by the Court has been given to the shareholders of derivative Plaintiff, Dewey Mining Company, pursuant to Rule 23(f), I.R.C.P.

A hearing was held on the \_\_\_\_ day of \_\_\_\_\_, 1991, in accordance with the Notice of Hearing to Shareholders and Rule 23(f), 3I.R.C.P. The Court has determined and finds that the compromise and settlement of this action is in the best interests of Dewey Mining Company and should be and is hereby approved in accordance with Rule 23(f), I.R.C.P. The Court has entered the Third Amended Findings of Fact and Conclusions of Law and directed entry of judgment as hereinafter stated.

NOW, THEREFORE, IT IS HEREBY ORDERED ADJUDGED AND DECREED THAT:

1. The February 5, 1968 Lease between Dewey Mining Company as lessor, and Golden Reef Mining Company as lessee, expired by its terms on February 4, 1988. The July 29, 1980, agreement to extend said Lease between Dewey Mining Company and Golden Reef Mining Company and its assigns and successors in interest, is hereby declared null and void as to all persons and entities claiming any right, title or interest therein, including, but not limited to the above-named Defendants and all of them.

2. A constructive trust for the benefit of Dewey Mining Company is imposed upon the following patented and unpatented mining claims; and each of the Defendants is ordered to cause the discharge and release, within thirty (30) days following entry of this Judgment, of all encumbrances made or suffered by him against said claims. The Defendants and each of them shall within seven (7) days following entry of this Judgment execute and deliver to Dewey Mining Company a Quitclaim Deed conveying to Dewey Mining Company the following mining claims; and in default of the execution and delivery of said Deed, this Judgment shall have the effect and operation, at law and in equity, of such conveyance, so as to quiet title and vest Dewey Mining Company with fee simple absolute title to the following-described mining claims:

| <u>Name of Claim</u>   | <u>Valley<br/>County No.</u> | <u>BLM IMC<br/>Serial Number</u> |
|------------------------|------------------------------|----------------------------------|
| Black Pole Point No. 1 | 69014                        | 17916                            |
| Black Pole Point No. 2 | 69015                        | 17917                            |
| Blackpine No. 1        | 117054                       | 68379                            |
| Blackpine No. 2        | 117055                       | 68380                            |
| Blackpine No. 3        | 117056                       | 68381                            |
| Blackpine No. 4        | 117057                       | 68382                            |
| Blackpine No. 5        | 117058                       | 68383                            |
| Blackpine No. 6        | 117059                       | 68384                            |
| Blackpine No. 7        | 117060                       | 68385                            |
| Blackpine No. 8        | 117061                       | 68386                            |
| Bold Ruler No. 1       | 68995                        | 17898                            |
| Bold Ruler No. 2       | 68996                        | 17899                            |
| Bold Ruler No. 3       | 68997                        | 17900                            |
| Bold Ruler No. 4       | 68998                        | 17901                            |
| Bold Ruler No. 5       | 68999                        | 17902                            |
| Bold Ruler No. 6       | 69000                        | 17903                            |
| Campsite No. 1         | 117051                       | 68376                            |
| Campsite No. 2         | 117052                       | 68377                            |
| Campsite No. 3         | 117053                       | 68378                            |
| CD No. 78              |                              | 17862                            |
| CD No. 117             | 73898                        | 17863                            |
| CD No. 118             | 79899                        | 17864                            |
| CD No. 119             |                              | 17865                            |
| CD No. 120             | 80150                        | 17866                            |
| Count Fleet No. 1      | 69122                        | 17912                            |
| Count Fleet No. 2      | 69123                        | 17913                            |
| Count Fleet No. 3      | 69124                        | 17914                            |
| Count Fleet No. 4      | 69125                        | 17915                            |
| Crater No. 1           | 14-312                       | 17894                            |
|                        | 69127                        |                                  |
| Crater No. 2           | 14-313                       | 17895                            |
|                        | 69128                        |                                  |
| Crater No. 3           | 14-314                       | 17896                            |
|                        | 69129                        |                                  |
| Crater No. 4           | 14-315                       | 17897                            |
|                        | 69126                        |                                  |
| Dancer's Image No. 1   | 69009                        | 17918                            |
| Dancer's Image No. 2   | 69010                        | 17919                            |
| Dancer's Image No. 3   | 69011                        | 17920                            |
| Dancer's Image No. 4   | 69012                        | 17921                            |
| Dancer's Image No. 5   | 69013                        | 17922                            |
| Dewey Campsite         | 11-557                       | 17887                            |
| Forward Pass No. 1     | 69001                        | 17904                            |

| <u>Name of Claim</u> | <u>Valley<br/>County No.</u> | <u>BLM IMC<br/>Serial Number</u> |
|----------------------|------------------------------|----------------------------------|
| Forward Pass No. 2   | 69002                        | 17905                            |
| Forward Pass No. 3   | 69003                        | 17906                            |
| Forward Pass No. 4   | 69004                        | 17907                            |
| Forward Pass No. 5   | 69005                        | 17908                            |
| Forward Pass No. 6   | 69006                        | 17909                            |
| Forward Pass No. 7   | 69007                        | 17910                            |
| Forward Pass No. 8   | 69008                        | 17911                            |
| Gravel Point No. 1   | 117049                       | 68374                            |
| Gravel Point No. 2   | 117050                       | 68375                            |
| Howard No. 1         |                              | 89125                            |
| Howard No. 2         | 131539                       | 89124                            |
| Howard No. 3         | 131538                       | 89123                            |
| Howard No. 4         | 131537                       | 89122                            |
| Howard No. 5         | 131536                       | 89121                            |
| Howard No. 6         | 131535                       | 89120                            |
| Howard No. 7         | 131534                       | 89119                            |
| Idaho Rand No. 1     | 14-306<br>69130              | 17888                            |
| Idaho Rand No. 2     | 14-307<br>69131              | 17889                            |
| Idaho Rand No. 3     | 14-308<br>69132              | 17890                            |
| Idaho Rand No. 4     | 14-309<br>69133              | 17891                            |
| Idaho Rand No. 5     | 14-310<br>69134              | 17892                            |
| Idaho Rand No. 6     | 14-311<br>69135              | 17893                            |
| KW No. 63            | 79213                        | 17850                            |
| KW No. 64            | 79217                        | 17851                            |
| KW No. 66            | 79219                        | 17852                            |
| KW No. 68            | 79221                        | 17853                            |
| KW No. 70            | 79223                        | 17854                            |
| KW No. 71            | 79224                        | 17855                            |
| KW No. 72            | 79225                        | 17856                            |
| KW No. 103           |                              | 17857                            |
| KW No. 104           |                              | 17858                            |
| KW No. 105           |                              | 17859                            |
| KW No. 106           |                              | 17860                            |
| KW No. 107           |                              | 17861                            |
| Linda No. 1          | 131552                       | 89107                            |
| Linda No. 2          | 131551                       | 89108                            |
| Linda No. 3          | 131550                       | 89109                            |

| <u>Name of Claim</u>             | <u>Valley<br/>County No.</u> | <u>BLM IMC<br/>Serial Number</u> |
|----------------------------------|------------------------------|----------------------------------|
| Linda No. 4                      | 131549                       | 89110                            |
| Linda No. 5                      | 131548                       | 89111                            |
| Linda No. 6                      | 131547                       | 89112                            |
| Linda No. 7                      | 131546                       | 89113                            |
| Linda No. 8                      | 131545                       | 89114                            |
| Linda No. 9                      | 131544                       | 89115                            |
| Linda No. 10                     | 131543                       | 89116                            |
| Linda No. 11                     | 131542                       | 89117                            |
| Linda No. 12                     | 131541                       | 89118                            |
| Mike No. 1                       | 133212                       | 91338                            |
| Mike No. 2                       | 133213                       | 91339                            |
| Mike No. 3                       | 133214                       | 91340                            |
| Mike No. 4                       | 133217                       | 91341                            |
| Mike No. 5                       | 133215                       | 91342                            |
| Mike No. 6                       | 133216                       | 91343                            |
| Mike No. 7                       | 133220                       | 91344                            |
| Mike No. 8                       | 133219                       | 91345                            |
| Mike No. 9                       | 133218                       | 91346                            |
| Mike No. 10                      |                              | 91347                            |
| Pay Boy (undivided 1/2 interest) | 13-593                       | 17867                            |
| Pete No. 1                       | 7-23                         | 17885                            |
| Pete No. 2                       | 7-24                         | 17886                            |
| Buffalo (patented)               |                              |                                  |

3. The Accounting For Ore Required by Judgment heretofore filed by Defendants Yanke, D. J. Nelson, Bettis and R. Nelson is hereby approved and accepted and no further relief is warranted with respect thereto.

4. The receiver, Arthur D. Zierold, shall submit to the Court and counsel a final accounting and request for discharge.

5. The individual Plaintiff shareholders, Howard Hollingsworth, Wiley Hollingsworth, Sydney Hollingsworth Reisbick and Claudia Hollingsworth Trigve, are hereby awarded judgment for

punitive damages in the amount of \$5,000,000 against Defendant Wolfgang Rauball.

Unless they agree otherwise, said individual Plaintiff shareholders shall own said award as tenants-in-common in proportion to their ownership of Dewey Mining Company shares as of the date of this Judgment, and any of them may seek collection thereof, and any sums recovered thereon shall be paid into the registry of this Court for distribution among them by supplemental order.

6. Dewey Mining Company is hereby awarded judgment for compensatory damages against Defendant Wolfgang Rauball in the amount of \$9,467,700, consisting of \$4,530,000 in principal and \$4,937,700 in interest accrued to the date of this Judgment.

7. Plaintiffs Howard Hollingsworth, Wiley Hollingsworth, Sydney Reisbick and Claudia Trigve are hereby awarded their attorney fees and costs incurred herein in the amount of \$600,000. Said judgment shall be joint and several (with the right of contribution) against the following Defendants: Ronald J. Yanke, Donald J. Nelson, Copper Lake Exploration, Ltd., Stanholm Resources Ltd., and Copper Lake Idaho, Inc.

8. All counterclaims of Defendants are dismissed with prejudice and without costs.

9. This Judgment is a final and complete disposition of all issues and claims between all parties and shall be entered as such forthwith.

DATED this \_\_\_\_ day of \_\_\_\_\_, 1991.

---

Deborah A. Bail  
District Judge

BART W. HARWOOD  
HARWOOD & McCOLL  
Suite 1100, West One Plaza  
101 South Capitol Blvd.  
Boise, Idaho 83702  
(208) 344-6500

MERLYN W. CLARK  
ALBERT P. BARKER  
HAWLEY TROXELL ENNIS & HAWLEY  
P.O. Box 1617  
Boise, Idaho 83701  
(208) 344-6000

Attorneys for Ronald C. Yanke, Donald J. Nelson,  
Rudolph D. Nelson & Harry Bettis

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF  
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

HOWARD HOLLINGSWORTH; WILEY )  
HOLLINGSWORTH; SYDNEY )  
HOLLINGSWORTH REISBICK; )  
CLAUDIA HOLLINGSWORTH TRIGVE; )  
and DEWEY MINING COMPANY, an )  
Idaho corporation, )

Plaintiffs, )

vs. )

GOLDEN REEF MINING CO., an )  
Idaho corporation; RONALD C. )  
YANKE, DONALD J. NELSON, and )  
WOLFGANG RAUBALL, )  
Individually as former )  
shareholders of Dewey Mining )  
Company; RUDOLPH O. NELSON )

Case No. 74238

JOINT MOTION AND STIPULATION  
FOR ORDER APPROVING COMPROMISE,  
ENTRY OF THIRD AMENDED FINDINGS  
OF FACT AND CONCLUSIONS OF LAW,  
AND FINAL JUDGMENT

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AUG 08 1994

JOINT MOTION AND STIPULATION FOR ORDER APPROVING COMPROMISE,  
THIRD AMENDED FINDINGS OF FACT AND CONCLUSIONS OF LAW, AND  
FINAL JUDGMENT- 1

EXHIBIT 3

and HARRY BETTIS, )  
individually as former )  
shareholders of Dewey Mining )  
Company; COPPER LAKE )  
EXPLORATIONS, LTD., a British )  
Columbia corporation; )  
STANHOLM RESOURCES, LTD., a )  
British Columbia corporation, )  
ORD SILVER MINES, INC., an )  
Arizona corporation; and )  
COPPER LAKE IDAHO, INC., an )  
Idaho corporation, )  
 )  
Defendants. )  
\_\_\_\_\_ )

The above-named Plaintiffs and Defendants Ronald C. Yanke, Donald J. Nelson, Rudolph O. Nelson and Harry Bettis hereby move the Court for entry of an order approving compromise and settlement of this derivative action for and on behalf of Plaintiff Dewey Mining Company upon the terms and conditions provided in the Settlement Agreement, Release and Indemnity Agreement, a copy of which is attached hereto, for entry of Third Amended Findings of Fact and Conclusions of Law, and for entry of a Final Judgment in the form attached to said Settlement Agreement.

The moving parties further move the Court to set the matter for hearing and to approve the form of the Notice of Compromise and Notice of Hearing required to be given to shareholders of Dewey Mining Company in accordance with Rule

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JOINT MOTION AND STIPULATION FOR ORDER APPROVING COMPROMISE,  
THIRD AMENDED FINDINGS OF FACT AND CONCLUSIONS OF LAW, AND  
FINAL JUDGMENT- 2

AUG 08 1994

23(f), I.R.C.P. and approve the manner of serving such notice on said shareholders.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Attorney for Plaintiffs

DATED: \_\_\_\_\_

\_\_\_\_\_  
Attorney for Defendants  
Yanke, D. J. Nelson,  
R. Nelson and Bettis

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AUG 08 1994

JOINT MOTION AND STIPULATION FOR ORDER APPROVING COMPROMISE,  
THIRD AMENDED FINDINGS OF FACT AND CONCLUSIONS OF LAW, AND  
FINAL JUDGMENT- 3

BART W. HARWOOD  
HARWOOD & McCOLL  
Suite 1100, West One Plaza  
101 South Capitol Blvd.  
Boise, Idaho 83702  
(208) 344-6500

MERLYN W. CLARK  
ALBERT P. BARKER  
HAWLEY TROXELL ENNIS & HAWLEY  
P.O. Box 1617  
Boise, Idaho 83701  
(208) 344-6000

Attorneys for Ronald C. Yanke, Donald J. Nelson,  
Rudolph D. Nelson & Harry Bettis

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF  
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

HOWARD HOLLINGSWORTH; WILEY )  
HOLLINGSWORTH; SYDNEY )  
HOLLINGSWORTH REISBICK; )  
CLAUDIA HOLLINGSWORTH TRIGVE; )  
and DEWEY MINING COMPANY, an )  
Idaho corporation, )

Plaintiffs, )

vs. )

GOLDEN REEF MINING CO., an )  
Idaho corporation; RONALD C. )  
YANKE, DONALD J. NELSON, and )  
WOLFGANG RAUBALL, )  
Individually as former )  
shareholders of Dewey Mining )  
Company; RUDOLPH O. NELSON )  
and HARRY BETTIS, )  
individually as former )  
shareholders of Dewey Mining )  
Company; COPPER LAKE )

Case No. 74238

NOTICE OF COMPROMISE OF  
ACTION AND NOTICE OF  
HEARING

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AUG 08 1994

EXPLORATIONS, LTD., a British )  
Columbia corporation; )  
STANHOLM RESOURCES, LTD., a )  
British Columbia corporation, )  
ORD SILVER MINES, INC., an )  
Arizona corporation; and )  
COPPER LAKE IDAHO, INC., an )  
Idaho corporation, )  
 )  
Defendants. )  
\_\_\_\_\_ )

TO: THE SHAREHOLDERS OF DEWEY MINING COMPANY, an Idaho corporation.

The Dewey Mining Company is a Plaintiff in the above-entitled derivative action, which was brought on behalf of the Dewey Mining Company by Plaintiffs Hollingsworths. In a partial judgment entered March 18, 1991, the Court determined to grant the Plaintiffs, including Dewey Mining Company, certain relief as sought in the action. Defendants Yanke, D. J. Nelson, R. Nelson and Bettis filed a Notice of Appeal from said judgment to the Idaho Supreme Court. Plaintiffs filed a cross-appeal to the Idaho Supreme Court.

The Plaintiffs Hollingsworths and the Defendants, Yanke, D. J. Nelson, R. Nelson and Bettis have agreed to compromise and settle the litigation and dismiss the appeal and the cross-appeal to the Idaho Supreme Court. The Settlement Agreement Release and Indemnity Agreement compromises the claims of Dewey Mining Company. A copy of the Settlement Agreement, Release and Indemnity Agreement may be obtained from Merlyn W. Clark, Hawley Troxell Ennis & Hawley, Boise, Idaho; Bart Harwood,

Harwood and McCall, Boise, Idaho; Stanley W. Welsh, Cosho,  
Humphrey, Greener & Welsh, Boise, Idaho; or a copy may be viewed  
at the office of the Clerk of the District Court, Boise, Idaho.

A hearing will be held before the above-entitled Court  
at the Ada County Courthouse in Boise, Idaho on the \_\_\_\_ day of  
\_\_\_\_\_, 1991, at the hour of \_\_\_\_\_ o'clock \_\_.m., for  
the purpose of determining whether the compromise and settlement  
is in the best interests of Dewey Mining Company and whether the  
Court should approve or reject the compromise of claims of Dewey  
Mining Company. All shareholders of Dewey Mining Company are  
entitled to appear at said hearing and be heard.

Under the proposed settlement, Defendants Yanke and D.  
J. Nelson will pay attorney fees incurred by Plaintiffs  
Hollingsworths in this action. Plaintiffs Hollingsworths also  
agree to sell and convey their capital stock in the Dewey Mining  
Company and Sunnyside Consolidated Mining Company to Defendants  
Yanke and D. J. Nelson. The February 5, 1968 lease and the July  
29, 1980 agreement to extend the lease of the Dewey Mine to  
Golden Reef Mining Co. and Golden Reef Joint Venture, as lessee,  
will be terminated and all rights of third persons in the lease  
and extension of lease will be declared null and void. All  
patented claims and unpatented claims located by R. Nelson,  
Yanke, D. J. Nelson, and the Golden Reef Joint Venture adjacent  
to Dewey Mine will be conveyed to the Dewey Mining Company and  
title thereto will be quieted in Dewey Mining Company. A default

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judgment will be entered against Wolfgang Rauball (whose assets and whereabouts are unknown) for compensatory damages and prejudgment interest in the amount of \$9,467,700 in favor of Dewey Mining Company and for punitive damages in the amount of \$5,000,000 in favor of Plaintiffs Hollingsworths.

All other claims of the Dewey Mining Company against Defendants and all counterclaims of Defendants will be dismissed. The appeal and cross-appeal to the Idaho Supreme Court will be dismissed and the litigation will be terminated. The receiver of the Dewey Mining Company will be discharged and his bond will be exonerated, if the compromise and settlement is approved by the Court.

DATED this \_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Attorney for Plaintiffs

\_\_\_\_\_  
Attorney for Defendants  
Yanke, D. J. Nelson,  
R. Nelson and Bettis

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AUG 08 1994

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF  
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

HOWARD HOLLINGSWORTH; WILEY )  
HOLLINGSWORTH; SYDNEY )  
HOLLINGSWORTH REISBICK; )  
CLAUDIA HOLLINGSWORTH TRIGVE; )  
and DEWEY MINING COMPANY, an )  
Idaho corporation, )

Plaintiffs, )

vs. )

GOLDEN REEF MINING CO., an )  
Idaho corporation; RONALD C. )  
YANKE, DONALD J. NELSON, and )  
WOLFGANG RAUBALL, )  
Individually as former )  
shareholders of Dewey Mining )  
Company; RUDOLPH O. NELSON )  
and HARRY BETTIS, )  
individually as former )  
shareholders of Dewey Mining )  
Company; COPPER LAKE )  
EXPLORATIONS, LTD., a British )  
Columbia corporation; )  
STANHOLM RESOURCES, LTD., a )  
British Columbia corporation, )  
ORD SILVER MINES, INC., an )  
Arizona corporation; and )  
COPPER LAKE IDAHO, INC., an )  
Idaho corporation, )

Defendants. )

Case No. 74238

ORDER APPROVING FORM OF  
NOTICE OF COMPROMISE TO  
SHAREHOLDERS

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AUG 08 1994

The Court has reviewed the proposed form of Notice of  
Compromise and Notice of Hearing to Shareholders of Dewey Mining  
Company, a copy of which is attached to this Order, and being

informed in the premises, the Court finds the notice complies with the requirements of Rule 23(f), I.R.C.P. and it is hereby approved as to form. Notice shall be given to shareholders by United States mail, postage prepaid, addressed to the last known address of each shareholder of Dewey Mining Company.

DATED this \_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Deborah A. Bail  
District Judge

MICROFILMED

AUG 08 1994

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF  
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

HOWARD HOLLINGSWORTH; WILEY )  
HOLLINGSWORTH; SYDNEY )  
HOLLINGSWORTH REISBICK; )  
CLAUDIA HOLLINGSWORTH TRIGVE; )  
and DEWEY MINING COMPANY, an )  
Idaho corporation, )

Plaintiffs, )

vs. )

GOLDEN REEF MINING CO., an )  
Idaho corporation; RONALD C. )  
YANKE, DONALD J. NELSON, and )  
WOLFGANG RAUBALL, as directors )  
and individually as )  
shareholders of Dewey Mining )  
Company; RUDOLPH O. NELSON )  
and HARRY BETTIS, as directors )  
and individually as share- )  
holders of Dewey Mining )  
Company; COPPER LAKE )  
EXPLORATIONS, LTD., a British )  
Columbia corporation; )  
STANHOLM RESOURCES, LTD., a )  
British Columbia corporation, )  
ORD SILVER MINES, INC., an )  
Arizona corporation; and )  
COPPER LAKE IDAHO, INC., an )  
Idaho corporation, )

Defendants. )

Case No. 74238

ORDER APPROVING COMPROMISE  
AND SETTLEMENT OF LITIGATION

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AUG 08 1994

This matter came on for hearing before the Court on the \_\_\_\_\_ day of \_\_\_\_\_, 1991 upon the Joint Motion and Stipulation for Order Approving Compromise filed by Plaintiffs and Defendants Yanke, D. J. Nelson, R. Nelson and Bettis. The Court having heard and considered all comments and remarks of counsel and having determined and found that it is in the best interest of Dewey Mining Company to approve the compromise and settlement of this litigation and being informed in the premises,

NOW THEREFORE, the Court does hereby approve the compromise and settlement of this litigation for and on behalf of Dewey Mining Company and in accordance with Rule 23(f), I.R.C.P., and orders that: Dewey Mining Company be and is bound by the terms and conditions of the Settlement Agreement, Release and Indemnity Agreement entered into between Plaintiffs Hollingsworth and Defendants Yanke, D. J. Nelson, R. Nelson and Bettis.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Judge Deborah H. Bail

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AUG 08 1994

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF  
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

HOWARD HOLLINGSWORTH; WILEY )  
HOLLINGSWORTH; SYDNEY )  
HOLLINGSWORTH REISBICK; )  
CLAUDIA HOLLINGSWORTH TRIGVE; )  
and DEWEY MINING COMPANY, an )  
Idaho corporation, )

Plaintiffs, )

vs. )

GOLDEN REEF MINING CO., an )  
Idaho corporation; RONALD C. )  
YANKE, DONALD J. NELSON, and )  
WOLFGANG RAUBALL, as directors )  
and individually as )  
shareholders of Dewey Mining )  
Company; RUDOLPH O. NELSON )  
and HARRY BETTIS, as directors )  
and individually as share- )  
holders of Dewey Mining )  
Company; COPPER LAKE )  
EXPLORATIONS, LTD., a British )  
Columbia corporation; )  
STANHOLM RESOURCES, LTD., a )  
British Columbia corporation, )  
ORD SILVER MINES, INC., an )  
Arizona corporation; and )  
COPPER LAKE IDAHO, INC., an )  
Idaho corporation, )

Defendants. )

Case No. 74238

PARTIAL SATISFACTION  
OF JUDGMENT

MICROFILMED

AUG 08 1994

Plaintiffs, through their counsel of record, hereby acknowledge partial satisfaction in the amount of \$450,000.00 received from Defendants Ronald C. Yanke and Donald J. Nelson upon that certain Judgment for attorneys fees entered in the above-entitled matter on the \_\_\_\_ day of \_\_\_\_\_, 1991.

There remains unpaid upon the Judgment for attorneys fees the principal amount of \$150,000.00 which shall not bear interest if promptly paid on or before the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_. If said balance of \$150,000.00 is not promptly paid on or before the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, it shall bear interest at the rate of 18% per annum from and after the \_\_\_\_ day of \_\_\_\_\_, 1991, until paid.

DATED this \_\_\_\_ day of \_\_\_\_\_, 1991.

COSHO HUMPHREY GREENER & WELSH

By \_\_\_\_\_  
Attorney for Plaintiffs

STATE OF IDAHO            )  
                                  ) ss.  
County of Ada            )

On this \_\_\_\_ day of \_\_\_\_\_, 1991, before me, \_\_\_\_\_, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.

\_\_\_\_\_  
Notary Public for Idaho  
Residing at \_\_\_\_\_, Idaho  
My commission expires \_\_\_\_\_, 19\_\_

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF  
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

HOWARD HOLLINGSWORTH; WILEY )  
HOLLINGSWORTH; SYDNEY )  
HOLLINGSWORTH REISBICK; )  
CLAUDIA HOLLINGSWORTH TRIGVE; )  
and DEWEY MINING COMPANY, an )  
Idaho corporation, )

Plaintiffs, )

vs. )

GOLDEN REEF MINING CO., an )  
Idaho corporation; RONALD C. )  
YANKE, DONALD J. NELSON, and )  
WOLFGANG RAUBALL, as directors )  
and individually as )  
shareholders of Dewey Mining )  
Company; RUDOLPH O. NELSON )  
and HARRY BETTIS, as directors )  
and individually as share- )  
holders of Dewey Mining )  
Company; COPPER LAKE )  
EXPLORATIONS, LTD., a British )  
Columbia corporation; )  
STANHOLM RESOURCES, LTD., a )  
British Columbia corporation, )  
ORD SILVER MINES, INC., an )  
Arizona corporation; and )  
COPPER LAKE IDAHO, INC., an )  
Idaho corporation, )

Defendants. )

Case No. 74238

FULL SATISFACTION  
OF JUDGMENT

MICROFILMED

AUG 08 1994

Plaintiffs, through their counsel of record, hereby  
acknowledge receipt of the sum of \$150,000.00 received from  
Defendants Ronald C. Yanke and Donald J. Nelson as full and  
complete satisfaction of the balance of the Judgment for  
attorneys fees entered herein on the \_\_\_\_ day of  
\_\_\_\_\_, 1991.

DATED this \_\_\_\_ day of \_\_\_\_\_, 1991.

COSHO HUMPHREY GREENER & WELSH

By \_\_\_\_\_  
Attorney for Plaintiffs

STATE OF IDAHO            )  
                              ) ss.  
County of Ada            )

On this \_\_\_\_ day of \_\_\_\_\_, 1991, before me,  
\_\_\_\_\_, the undersigned, a Notary  
Public in and for said State, personally appeared  
\_\_\_\_\_, known or identified to me to be  
the person whose name is subscribed to the foregoing instrument,  
and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal the day and year in this certificate  
first above written.

\_\_\_\_\_  
Notary Public for Idaho  
Residing at \_\_\_\_\_, Idaho  
My commission expires \_\_\_\_\_, 19\_\_

MICROFILMED

AUG 08 1994

ASSIGNMENT OF DEWEY MINING COMPANY STOCK

For valuable consideration, the undersigned hereby transfer and assign to \_\_\_\_\_ 753,333 shares of the stock of Dewey Mining Company, an Idaho corporation represented by certificate numbers 38-47, inclusive, and the undersigned further transfer and assign herewith any and all other right, title and interest they may have in and to the stock and/or assets of said corporation.

The undersigned authorize the officers of said corporation, upon receipt of this assignment to cancel all such shares and reissue the same in accordance herewith.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Howard Hollingsworth

\_\_\_\_\_  
Wiley Hollingsworth

\_\_\_\_\_  
Sydney Hollingsworth Reisbick

\_\_\_\_\_  
Claudia Hollingsworth Trigve

EXHIBIT 9  
MICROFILMED

AUG 08 1994

AFFIDAVIT

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

Howard Hollingsworth, being first duly sworn, deposes and says:

During her lifetime, Edna Nichols, deceased, acted as my agent and stockbroker from time to time.

For my convenience and sole benefit, certain of the stock certificates referred to in the foregoing Assignment were issued in the name of Edna Nichols.

I am the sole and lawful owner of the shares represented by said certificates. Edna Nichols and her successors have no claim thereto, nor any interest therein.

I agree to indemnify and save harmless Dewey Mining Company and Ronald C. Yanke and Donald J. Nelson against all loss or damage to them arising by reason of reliance upon the representations contained herein.

\_\_\_\_\_  
Howard Hollingsworth

SUBSCRIBED and SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Notary Public for \_\_\_\_\_  
Residing at \_\_\_\_\_,  
My commission expires \_\_\_\_\_, 19\_\_

MICROFILMED

AUG 08 1994

ASSIGNMENT OF SUNNYSIDE CONSOLIDATED MINING CO. STOCK

For valuable consideration, the undersigned hereby transfer and assign to \_\_\_\_\_ 300,000 shares of the stock of Sunnyside Consolidated Mining Co., an Idaho corporation represented by certificate numbers 58-68, inclusive and the undersigned further transfer and assign herewith any and all other right, title and interest they may have in and to the stock and/or assets of said corporation.

All said certificates have been lost and after diligent search cannot now be found or produced; and none of the shares represented thereby have been pledged or transferred. The undersigned, jointly and severally agree to indemnify and save harmless the Sunnyside Consolidated Mining Company and Ronald C. Yanke and Donald J. Nelson, against all loss or damage to them arising by reason of reliance upon the representations contained herein.

The undersigned authorize the officers of said corporation, upon receipt of this Assignment to cancel all such shares and reissue the same in accordance herewith.

DATED this \_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Howard Hollingsworth

\_\_\_\_\_  
Wiley Hollingsworth

MICROFILMED

AUG 08 1994

EXHIBIT 10

Sydney Hollingsworth Reisbick

Claudia Hollingsworth Trigve

AFFIDAVIT

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ )

Howard Hollingsworth, being first duly sworn, deposes and says:

During her lifetime, Edna Nichols, deceased, acted as my agent and stockbroker from time to time.

For my convenience and sole benefit, certain of the stock certificates referred to in the foregoing Assignment were issued in the name of Edna Nichols.

I am the sole and lawful owner of the shares represented by said certificates. Edna Nichols and her successors have no claim thereto, nor any interest therein.

All said certificates have been lost and after diligent search cannot now be found or produced; and none of the shares represented thereby have been pledged or transferred.

SUBSCRIBED and SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Notary Public for \_\_\_\_\_  
Residing at \_\_\_\_\_,  
My commission expires \_\_\_\_\_, 19\_\_

MICROFILMED

AUG 08 1994

NOTICE OF EXTENSION OF TERMINATION DATE

TO: \_\_\_\_\_  
\_\_\_\_\_

Notice is hereby given that the undersigned party to that certain Settlement Agreement between the Plaintiffs Hollingsworth and Yanke and Nelson hereby elects to extend the termination date of said Settlement Agreement to August 29, 1991 in accordance with the terms of said Settlement Agreement.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Name of Party

By \_\_\_\_\_

MICROFILMED

AUG 08 1994

EXHIBIT 11

TELEPHONE & VISITOR LOG

Date: 5-27-93

Time: 11:00

Agent: Roxanne McCarthy

Call ☐

Visit ☒

Name:

Keith Stokes

Dewey Mining Co.

Address:

Phone No.:

Claim No(s):

A77-02084 & A77-02085

Re:

duplicate filings

Conversation:

Golden Key Joint Venture  
is defunct and these lands are  
owned by Dewey Mining Co.

Action Required:

Mr. Stokes will complete  
and return c-o form. He kept the  
duplicate claim!

MICROFILMED

AUG 08 1994



State of Idaho  
DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Statehouse Mail, Boise, Idaho 83720-9000  
Phone: (208) 327-7900 FAX: (208) 327-7866

CECIL D. ANDRUS  
GOVERNOR

R. KEITH HIGGINSON  
DIRECTOR

May 12, 1993

Donald J. Nelson  
Dewey Mining Co.  
P.O. Box 5411  
Boise, ID 83705

Re: Snake River Basin Adjudication (SRBA)  
Valley County - Claim No. A77-02084

Dear Mr. Nelson,

Processing of the Notice of Claim to a Water Right, enclosed, has revealed duplicate filings for this water right. This appears to be an inadvertent error that we would like to clarify at this time.

The following information will allow us to correct this error:

1. Please mark the appropriate item regarding the described property and water right. Is the Company: Current Owner \_\_\_\_\_  
Previous Owner \_\_\_\_\_  
Other \_\_\_\_\_

If "Other", please explain:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

2. If they are the previous owner, please give the name of the new owner (as far as you know):

New Owner: \_\_\_\_\_

Address: \_\_\_\_\_

3. Do you believe that the Company owns a portion of this water right?

Yes \_\_\_\_\_

No \_\_\_\_\_

If yes, please explain and enclose proof of ownership:

\_\_\_\_\_  
\_\_\_\_\_.

Note: Proof of ownership must describe either the property conveyed (as in a sales contract or deed) or include the claim number, if no legal description is listed.

If they are the previous owner, and did not withhold the water rights in the sale, the new owner should be making the filing. If you filed in error, you may use the enclosed Request for Withdrawal form to correct this duplicate filing.

MICROFILMED

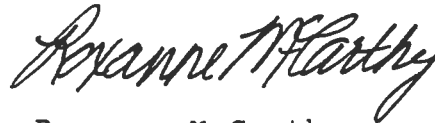
AUG 08 1994

Donald J. Nelson  
May 12, 1993  
Page 2 - Valley County

I apologize for any inconvenience; in order to protect your water right the Notice of Claim must be accurate. If you would return this letter, and the claim or withdrawal form, by June 12, 1993 we will proceed with the necessary corrections. If you do not return the documents, we will assume that you no longer wish to file and will proceed with a refund of the filing fees, if any.

Please do not hesitate to contact this office if you have any questions.

Sincerely,



Roxanne McCarthy  
Sr. Water Resource Agent  
Adjudication Bureau

RM:sf:state:tf  
Enclosures:

Notice of Claim  
Withdrawal Form

*Receipt 0014045*

MICROFILMED

AUG 08 1994

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE  
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLSIN RE THE GENERAL ADJUDICATION  
OF RIGHTS TO THE USE OF WATER FROM  
THE SNAKE RIVER BASIN WATER SYSTEM

CIVIL CASE NUMBER: 39576

Ident. Number 77-02084Date Received 1-22-92Receipt Number W014045

RECEIVED

JAN 22 1992

Department of Water Resources  
Western Regional OfficeNOTICE OF CLAIM  
TO A  
WATER RIGHT  
ACQUIRED UNDER STATE LAW

Please type or print clearly

1. Name of Claimant (s) DEWEY MINING CO. AN Phone (208) 8901  
IDAHO CORPORATIONMailing Address P.O. Box 5411 Boise, Idaho Zip 837052. Date of Priority (Only one (1) per claim) JANUARY 21 19423. Source of water supply (a) BOTH Forks of MULE CREEK  
which is tributary to (b) MIDDLEMOUNTAIN CREEK4. a. Location of existing point of diversion is: Township 19N Range 11E Section 19.SE 5 UNSURVEYED  
1/4 of \_\_\_\_\_ 1/4 of \_\_\_\_\_ 1/4, Govt. Lot, \_\_\_\_\_ B.M., County of VALLEY

Additional points of diversion if any: \_\_\_\_\_

b. If instream flow, beginning point of claimed instream flow is:

Township \_\_\_\_\_ Range \_\_\_\_\_ Section \_\_\_\_\_, \_\_\_\_\_ 1/4 of \_\_\_\_\_ 1/4 of \_\_\_\_\_ 1/4,

Govt. Lot \_\_\_\_\_ B.M., County of \_\_\_\_\_

ending point is: Township \_\_\_\_\_ Range \_\_\_\_\_ Section \_\_\_\_\_, \_\_\_\_\_ 1/4 of \_\_\_\_\_ 1/4 of \_\_\_\_\_

\_\_\_\_\_ 1/4, Govt. Lot \_\_\_\_\_ B.M., County of \_\_\_\_\_

5. Description of existing diversion works (Dams, Reservoirs, Ditches, Wells, Pumps, Pipelines, Headgates, Etc),  
including the dates of any changes or enlargements in use, the dimensions of the diversion works as  
constructed and as enlarged and the depth of each well.DAMS, PUMPS, PIPELINE  
improved during 1980's

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6. Water is claimed for the following purposes:

(both dates are inclusive)

(cfs)

(acre feet)

For MINING & MILLING purposes from JAN 1 to DEC 31 amount 0.5 or —

For \_\_\_\_\_ purposes from \_\_\_\_\_ to \_\_\_\_\_ amount \_\_\_\_\_ or \_\_\_\_\_

For \_\_\_\_\_ purposes from \_\_\_\_\_ to \_\_\_\_\_ amount \_\_\_\_\_ or \_\_\_\_\_

For \_\_\_\_\_ purposes from \_\_\_\_\_ to \_\_\_\_\_ amount \_\_\_\_\_ or \_\_\_\_\_

7. Total quantity claimed (a) 0.5 (cfs) and/or (b) \_\_\_\_\_ (acre feet)

8. Total consumptive use claimed is \_\_\_\_\_ acre feet per annum.

9. Non-irrigation uses; describe fully (eg. Domestic: Give number of households served; Stockwater: Type and number of livestock Etc.) MINING & MILLING

10. Description of place of use:

a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.

b. If water is used for other purposes, place a symbol of use (example: D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

| TWP | RNG | SEC | NE 1/4 |       |       |       | NW 1/4 |       |       |       | SW 1/4 |       |       |       | SE 1/4 |       |       |       | Totals |
|-----|-----|-----|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|
|     |     |     | NE1/4  | NW1/4 | SW1/4 | SE1/4 | NE1/4  | NW1/4 | SW1/4 | SE1/4 | NE1/4  | NW1/4 | SW1/4 | SE1/4 | NE1/4  | NW1/4 | SW1/4 | SE1/4 |        |
| 19N | 11E | 29  |        |       |       |       |        | X     | X     |       |        |       |       |       |        |       |       |       |        |
| 19N | 11E | 30  | X      |       |       | X     |        |       |       |       |        |       |       |       |        |       |       |       |        |
|     |     |     |        |       |       |       |        |       |       |       |        |       |       |       |        |       |       |       |        |
|     |     |     |        |       |       |       |        |       |       |       |        |       |       |       |        |       |       |       |        |
|     |     |     |        |       |       |       |        |       |       |       |        |       |       |       |        |       |       |       |        |
|     |     |     |        |       |       |       |        |       |       |       |        |       |       |       |        |       |       |       |        |
|     |     |     |        |       |       |       |        |       |       |       |        |       |       |       |        |       |       |       |        |
|     |     |     |        |       |       |       |        |       |       |       |        |       |       |       |        |       |       |       |        |

Total number of acres irrigated 0

11. In which county (ies) are lands listed above as place of use located? VALLEY

12. Do you own the property listed above as place of use? Yes X No \_\_\_\_\_  
If your answer is No, describe in Remarks below the authority you have to claim this water right.

13. Describe any other water rights used at the same place and for the same purposes as described above.  
77-7087 or None ( )

14. Remarks:

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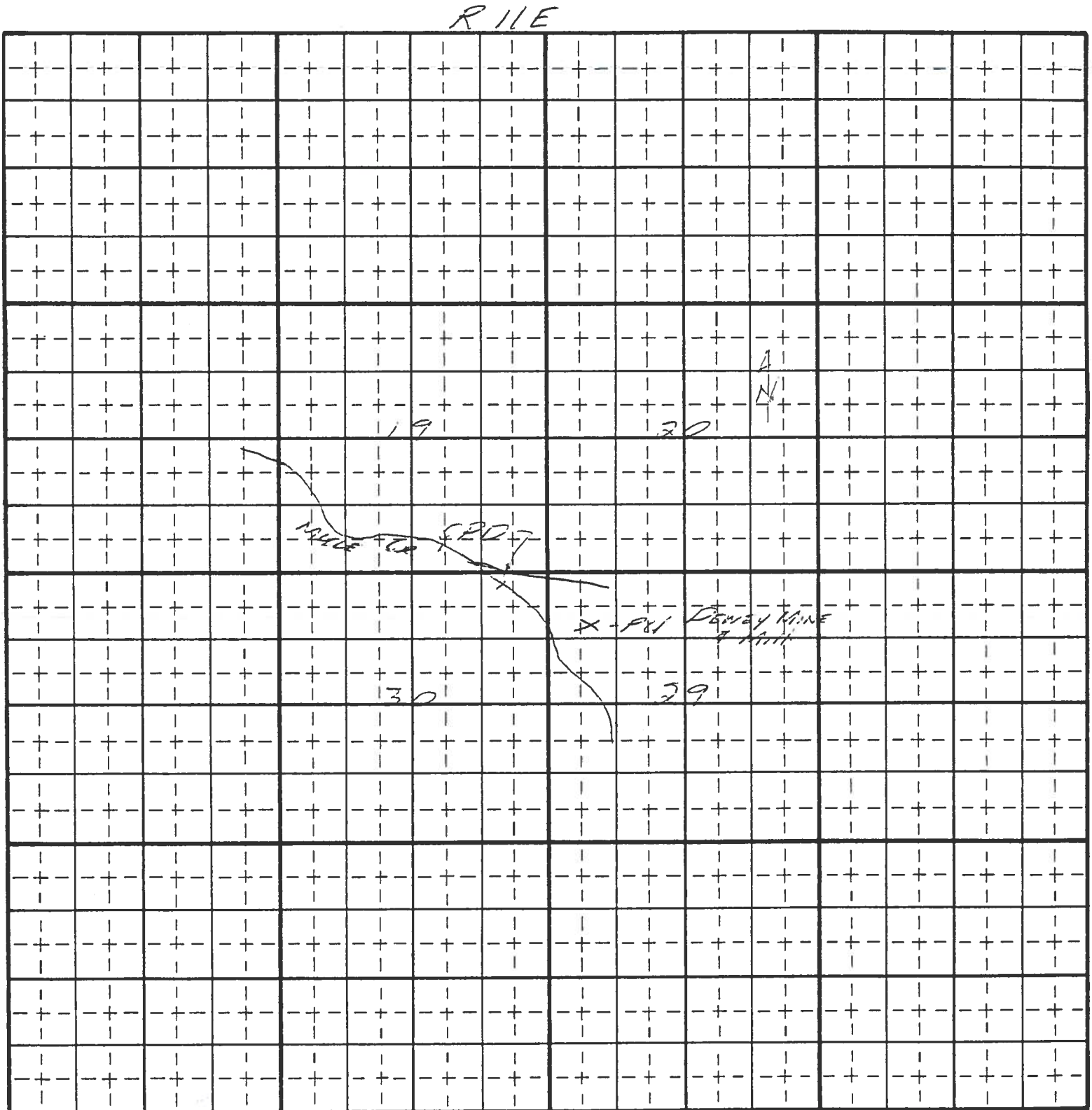
AUG 08 1994

Last Name DEWEY Ident No. \_\_\_\_\_

Copies: White -State, Yellow-Claimant

Map of Project: show clearly the point of diversion, place of use, section number, township, and range number.

Scale: 2 inches equals 1 mile



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Last Name DENY Ident No. \_\_\_\_\_

Copies: White-State, Yellow-Claimant

15. Basis of Claim (check one) Beneficial Use \_\_\_\_\_ Posted Notice \_\_\_\_\_ License X Permit \_\_\_\_\_  
Decree \_\_\_\_\_  
If applicable provide IDWR Water Right Number 77-2084  
Court \_\_\_\_\_ Case Number \_\_\_\_\_ Decree Date \_\_\_\_\_  
Plaintiff vs Defendant \_\_\_\_\_

16. Signature (s)  
(a.) By signing below, I/We acknowledge that I/We have received, read, and understand the form entitled  
"How you will receive notice in the Snake River Basin Adjudication." (b.) I/We do \_\_\_\_\_ do not X  
wish to receive and pay a small annual fee for monthly copies of the docket sheet.

Number of attachments NONE

**For Individuals:** I do solemnly swear or affirm that the statements contained in the foregoing document are true and correct.

Signature of Claimant (s) \_\_\_\_\_ Date \_\_\_\_\_  
\_\_\_\_\_ Date \_\_\_\_\_

**For Organizations:** I do solemnly swear or affirm that I am PRESIDENT  
Title  
of DEWEY MINING CO. AN IDAHO CORPORATION, that I have signed the foregoing  
Organization  
document in the space below as PRESIDENT of DEWEY MINING CO.  
Title Organization  
and that the statements contained in the foregoing document are true and correct.

Signature of Authorized Agent [Signature]  
Title and Organization DONALD J NELSON  
PRESIDENT, DEWEY MINING CO. Date \_\_\_\_\_

State of Idaho/or \_\_\_\_\_ )  
County of ADA ) SS.

Subscribed and sworn (or affirmed) before me this 16<sup>th</sup> day of January 19 92

SEAL

Notary Public Virginia McDonald

Residing at Boise, Idaho

My Commission Expires 3-18-97

Please Print Name VIRGINIA McDONALD

17. Notice of Appearance:

Notice is hereby given that I, \_\_\_\_\_ will be acting as attorney at law on behalf of the claimant signing above, and that all notices required by law to be mailed by the director to the claimant signing above should be mailed to me at the address listed below.

Signature \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_

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AUG 08 1994

Last Name DEWEY Ident. Number \_\_\_\_\_

Copies White-State, Yellow-Claimant

NOTE: THE CLAIM BEHIND  
THIS NOTICE WAS WITHDRAWN  
BECAUSE TWO CLAIMS WERE FILED  
BY GOLDEN REEF JOINT VENTURE  
IN ERROR FOR THE SAME RIGHT.  
THIS CLAIM WAS WITHDRAWN,  
HOWEVER, THE CLAIM NOT MARKED  
WITHDRAWN IS STILL IN GOOD STANDING  
JS

**DUPLICATE CLAIM  
WITHDRAWN**

THIS CLAIM IS A  
DUPLICATE FILING BY  
SAME CO., OFF.  
EMPLOYEE. FEES WILL  
BE REFUNDED ON THIS ONE & OTHER  
CLAIM IN FILE IS OK.

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO,  
IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION  
OF RIGHTS TO THE USE OF WATER FROM  
THE SNAKE RIVER BASIN WATER SYSTEM.

CIVIL CASE NUMBER: 39576

Ident. Number: A77-02084

Date Received: 11/09/88

Receipt No: W001352 replaced C003812

Received By: \_\_\_\_\_

**NOTICE OF CLAIM TO A WATER RIGHT  
ACQUIRED UNDER STATE LAW**

**RECEIVED**  
NOV 9 1988

1. Name: GOLD REEF Joint Venture

Address: P.O. Box 8007  
BOISE, ID 83707

376-9802

work 343-8051

Department of Water Resources  
Western Regional Office

2. Date of Priority: JAN 21, 1942

3. Source: MULE CREEK

Trib. to: MONUMENTAL CREEK

4. Point of Diversion:

| Township | Range | Section | 1/4 of | 1/4 of | 1/4 | Lot | County |
|----------|-------|---------|--------|--------|-----|-----|--------|
| 19N      | 11E   | 20      | SE     | SW     |     |     | VALLEY |

5. Description of diverting works: Diversion Structure, pumps and piping

6. Water is used for the following purposes:

| Purpose    | From   | To      | C.F.S. | (or) | A.F.A. |
|------------|--------|---------|--------|------|--------|
| INDUSTRIAL | Jan. 1 | Dec. 31 | 0.500  |      |        |

7. Total Quantity Appropriated is:  
0.500 C.F.S. (and/or)

A.F.A.

8. Total consumptive use is

Acre Feet Per Annum.

9. Non-irrigation uses:  
I/MILLING.

10. Place of Use:

| Township | Range | Section | 1/4 of | 1/4 | Lot | Use    | Acres |
|----------|-------|---------|--------|-----|-----|--------|-------|
| 19N      | 11E   | 29      | NE     | NW  |     | INDUST |       |
|          |       |         | NW     | NW  |     | INDUST |       |
|          |       |         | SW     | NW  |     | INDUST |       |

A77-02084

Page 1

Date: 11/08/88

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10. Place of Use: Continued

| Township | Range | Section | 1/4 of 1/4 | Lot | Use    | Acres |
|----------|-------|---------|------------|-----|--------|-------|
| 19N      | 11E   | 29      | SE NW      |     | INDUST |       |

11. Place of use in counties: VALLEY

12. Do you own the property listed above as place of use? YES

13. Other Water Rights Used:

14. Remarks:

P/D & P/U INCOMPLETE. SEE FILE.  
P/U AT DEWEY MINE.

15. Basis of Claim: LICENSE  
Water Right Number: 19278

16. Signature(s)

(a.) By signing below, I/We acknowledge that I/We have received, read and understand the form entitled "How you will receive notice in the Snake River Basin Adjudication." (b.) I/We do \_\_\_\_\_ do not X wish to receive and pay a small annual fee for monthly copies of the docket sheet.

Number of attachments: None

For Individuals:

I/We do solemnly swear or affirm that the statements contained in the foregoing document are true and correct.

Signature of Claimant(s): [Signature] Date: 11/9/88  
Donald J. Nelson, Partner  
Golden Reef Joint Venture Date: \_\_\_\_\_

State of Idaho )  
County of Ada ) SS.

Subscribed and sworn (or affirmed) before me this 9th day  
of November 19 88 [Signature]  
Notary Public

Seal

Residing at Boise Id

My Commission Expires Apr 9, 1992

C003812

replaces 0001352

Refunded  
these fees

12/08/88

11:32:47

TREASURE VALLEY CONCRETE

ADJUDICATION FEE  
OVERPAYMENT

0410162 9337 6490

\$100.00

0410162 9337 6490

\$50.00

\$150.00

CHECK 1559

WR/NO: A77-02084

Idaho Department of Water Resources

Region: STATE

Signature: \_\_\_\_\_

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W001352

12/08/88  
10:43:16

TREASURE VALLEY CONCRETE

*Replaced by  
Receipt # 0003812  
since this receipt di  
not show correc  
amount of chee  
submitted.*

ADJUDICATION FEE

0410162 9337 6490 - \$100.00

- \$100.00

WR/NO: A77-02084

Idaho Department of Water Resources

Region: WESTERN

Signature: \_\_\_\_\_

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OCT 05 1992



State of Idaho  
DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Statehouse Mail, Boise, Idaho 83720 - (208) 327-7900

CECIL D. ANDRUS

GOVERNOR

R. KEITH HIGGINSON

DIRECTOR

May 3, 1989

Mr. Bob Pangburn, Attorney  
Golden Reef Joint Venture  
P. O. Box 829  
Boise, Idaho 83701

*4-8-91  
Bokumelo complete  
to Yanke + Nelson  
Dannin Smith*

Re: Snake River Basin Adjudication SRBA  
Yanke & Nelson - Valley County  
Claims #A77-02084/#A77-02085/#A77-04055/  
#A77-07087/#A77-07117

Dear Mr. Pangburn:

As requested by you, enclosed is a copy of the letter from Mr. Donald Nelson withdrawing the above-referenced Claims.

Please do not hesitate to contact this office if you have any questions or concerns.

Regards,

*Celia Clemens*

Celia Clemens  
Secretary, Adjudications

mcc:

Enclosure:

Copy Withdrawal Request (3/6/89)

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NOT 05 1992

CONVERSATION MEMORANDUM

DATE May 3, 1989 (2:45 p.m.)

FILE Yanke & Nelson - Valley County

NAME OF PARTY Bob Pangburn/Golden Reef Joint Venture

EMPLOYEE Celia Clemens

RE: Yanke & Nelson withdrawing #77-2084/#77-2085/#77-4055/#77-7087/#77-7117

Mr. Bob Pangburn is an attorney representing GOLDEN REEF JOINT VENTURE

He was checking to see if Yanke & Nelson withdrew their water right claims

on property his client purchased in Valley County. I phoned Mr. Pangburn back

and told him we had the letter of withdrawal, but it had not been processed yet.

He asked for a copy of the letter from Mr. Nelson. After checking with Don Shaff,

I sent him a copy of the letter of withdrawal.

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OCT 05 1992

RECEIVED  
MAR 9 1989

Department of Water Resources  
Western Regional Office

RECEIVED  
MAR 16 1989

Department of Water Resources

03/06/1989

DEPARTMENT OF WATER RESOURCES  
WESTERN REGION  
2735 AIRPORT WAY  
BOISE, ID. 83705

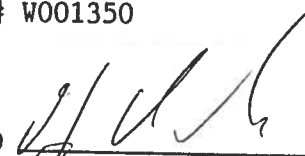
TO WHOM IT MAY CONCERN:

I, DONALD NELSON, DO HEREBY REQUEST A REFUND FOR THE FOLLOWING  
CLAIMS WITHDRAWN FROM THE SNAKE RIVER BASIN ADJUDICATION ON  
03/06/1989 AT THE WESTERN REGION:

|           |                |                    |
|-----------|----------------|--------------------|
| A77-02084 | RCPT # C003812 | (REPLACES W001352) |
| A77-02085 | RCPT # C003811 | (REPLACES W001351) |
| A77-04055 | RCPT # W001349 |                    |
| A77-07087 | RCPT # W001353 |                    |
| A77-07117 | RCPT # W001350 |                    |

SIGNED

DATE

  
3-8-89

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OCT 05 1992



CECIL D. ANDRUS  
Governor

State of Idaho  
**DEPARTMENT OF WATER RESOURCES**  
WESTERN REGION, 2735 Airport Way, Boise, Idaho 83705 • (208) 334-2190

R. KEITH HIGGINSON  
Director

03/06/1989

DONALD NELSON  
P.O. BOX 15929  
BOISE, ID. 83715

DEAR MR. NELSON:

SINCE YOUR VISIT TO THIS OFFICE FOR SIGNING OF THE WITHDRAWALS OF NOTICE OF CLAIMS TO A WATER RIGHT WITHIN THE SNAKE RIVER BASIN ADJUDICATION, I HAVE BEEN INFORMED THAT A LETTER REQUESTING A REFUND FOR THESE CLAIMS IS NECESSARY. ENCLOSED IS THE LETTER FOR YOUR SIGNATURE.

I APOLOGIZE FOR ANY INCONVENIENCE THIS MAY HAVE CAUSED.

SINCERELY,

ELDON L. ROUSH  
SENIOR WATER RESOURCE AGENT

**MICROFILMED**

**OCT 05 1992**

From: DWR80::ROUSH 6-MAR-1989 08:37  
To: ROUSH, DWR03::SHAFF  
Subj: CLAIM #'S A77-02084, 02085, 04055, 07087, 07117.

ON 11/09/1988, WESTERN REGION RECEIVED CLAIM #'S A77-02084, 02085, 04055, 07087, AND 07117 SIGNED BY DONALD NELSON ; ORIGINAL OWNER/PARTNER OF GOLD REEF MINING CO. OF WHICH GOLDEN REEF JOINT VENTURE IS THE SUCCESSOR IN INTEREST.

THESE CLAIMS WERE RECEIPTED UNDER THE NAME OF TREASURE VALLEY CONCRETE AS FOLLOWS:

A77-02084.....RCPT # W001352..... THIS RECEIPT WAS ENTERED WRONG AT THE REGION AND SUSEQUENTLY CORRECTED AT THE STATE OFFICE AND REPLACED WITH RECEIPT # C003812.

A77-02085.....RCPT # W001351..... THIS RECEIPT WAS ALSO ENTERED WRONG AT THE REGION, CORRECTED AT THE STATE OFFICE, AND REPLACED WITH C003811.

A77-04055.....RCPT # W001349..... AN OVERPAYMENT WAS MADE AND A REFUND OF \$125.00 WAS REQUESTED.

A77-07087.....RCPT # W001353..... THERE IS NO APPARENT PROBLEM WITH THIS RECEIPTING.

A77-07117.....RCPT # W001350..... NO APPARENT PROBLEM WITH THIS RCPT.#.

ON 11/30/1988, MOFFATT, THOMAS, BARRETT; ATTORNEYS' AT LAW, ALSO FILED FOR THE SAME CLAIM #'S AS FOLLOWS:

A77-02084.....RCPT # C003688.....  
A77-02085.....RCPT # C003687.....  
A77-04055.....RCPT # C003727.....  
A77-07087.....RCPT # C003689.....  
A77-07117.....RCPT # C003690.....

*all good receipts  
for good claims*

ON 03/03/1989, DONALD NELSON SIGNED WITHDRAWAL OF CLAIMS TO A WATER RIGHT WITHIN THE SRBA AT THE WESTERN REGION OFFICE FOR THE FOLLOWING CLAIMS:

A77-02084, A77-02085, A77-04055, A77-07087, A77-07117.

BEFORE THESE WITHDRAWALS ARE EXECUTED, THE WESTERN REGION WILL NEED THE CLAIMS FILED BY MOFFATT, THOMAS, AND BARRETT; WHICH I PRESUME ARE STILL AT THE STATE OFFICE. WESTERN REGION IS NOT IN POSSESSION OF THESE FILINGS.

ONCE THE FILINGS BY MOFFATT, THOMAS, AND BARRETT ARE IN THIS REGIONS POSSESSION, A REFUND WILL BE REQUESTED FOR FILINGS BY DONALD NELSON.

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OCT 05 1992

WITHDRAWN

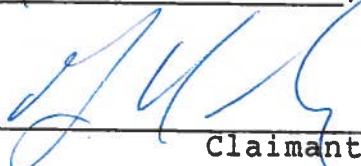
WITHDRAWAL OF CLAIM IN SRBA

TO WHOM IT MAY CONCERN:

I/We hereby withdraw the Notice of Claim to  
Water Right number A77-02089.

Signed at Boise

this 3 day of March, 19 89.

  
\_\_\_\_\_  
Claimant  
D.J. Nelson

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OCT 05 1992

From: DWR03: = SHAFF 16-DEC-1988 12:35  
To: DWR80: = ROUSH, SHAFF  
Subj: PUZZLE

Hi Eldon,

You have dogged this kind of problem in the past. If Jan or you would like another staffer to dig into this problem, please pass it on to them.

Claims: A77-02084, A77-02085

We have two receipts for these rights and may be two claims. Treasure Valley Concrete paid for these with first on W001351 and W001352 that had to be replaced for \$ errors with C003811 and C003812. Moffatt, Thomas, Barrett paid for these claims on C003687 and C003688.

I just dug out the claims here. Would you check on these there? I'll bring "mine" out this p.m. and we can figure out what gives.

Thanx

C003687

A77-02085-90<sup>00</sup>

C003688

A77-02084-100<sup>00</sup>

C003727 - A77-04055  
59<sup>00</sup>

1003689 - 77-07087-250<sup>00</sup>  
1003690 - 07117-150<sup>00</sup>

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