



LAND PROPERTY SUMMARY

Corporation: CYPRUS BAGDAD COPPER CORPORATION

Report Date: 12/17/2002

Division:

Land Administrator: JAN LEAVELL

Region NONE

System ID#: 862

District: NONE

Legacy ID#: 100940

Project: BAGDAD MINE

BD-00

Physical ID#: BAG-002-0283-0000

PROPERTY NAME ARIZ. C.L. #03-1393	AGREEMENT DATE 11/21/1994	# TRACTS 1
TRANSACTION TYPE LEASED	EFFECTIVE DATE 11/21/1994	# PAYMENT OBLIGATIONS 1
DOCUMENT TYPE COMMERCIAL LEASE (SKUNK CANYON)	EXPIRATION DATE 11/20/2004	# SPECIAL OBLIGATIONS 5
PURCHASE CONSIDERATIONS \$1,000.00	CANCEL/TERM DATE	# US CLAIMS 0
OPERATOR CYPRUS BAGDAD COPPER CORP.	PERM STORAGE	# FOREIGN CLAIMS 0

INTEREST HOLDERS

<u>PARTY TYPE</u>	<u>PARTY NAME</u>
ACQUIRED FROM	STATE OF ARIZONA
LESSEE	CYPRUS BAGDAD COPPER CORPORATION
LESSEE	CYPRUS BAGDAD COPPER COMPANY
LESSOR	STATE OF ARIZONA, STATE LAND DEPARTMENT
LESSOR	STATE OF ARIZONA, STATE LAND DEPARTMENT

CROSS REFERENCES

RELATED CONTRACT/AGREEMENT NUMBERS

944	BAG-002-0341-WA00	101018	AZ. WA #21-102152
9171	BAG-002-0417-WA00	CMX-9171	REG. NO. 55-611613



TRACT LOCATION AND LEGAL DESCRIPTION

LOCATION INFORMATION

<u>TRACT#</u>	<u>COUNTRY</u>	<u>STATE/PROVINCE</u>	<u>COUNTY/PARISH</u>	<u>TOWNSHIP/DISTRICT</u>
1	USA	ARIZONA	YAVAPAI	NONE

LEGAL DESCRIPTION-TRACT NUMBER: 1

TRACT ACRES AND TITLE SUMMARY

	<u>GROSS ACRES</u>	<u>%INTEREST</u>	<u>NET ACRES</u>	<u>TITLE</u>	<u>CODE</u>	<u>SEAM NAME</u>
S	10.0000	100.0000	10.0000	LEASED	UNDEFINED	
M	0.0000	0.0000	0.0000	SURFACE		

TOWNSHIP 13 NORTH, RANGE 9 WEST, GSRB&M

SECTION 17: SW/4 SW/4 NW/4

CONTAINING 10.00 ACRES, MORE OR LESS, ALL LOCATED IN YAVAPAI COUNTY, ARIZONA.

ASSOCIATED WATER RIGHT(S):

PLEASE REFER TO THE TRACT INDEX ASSOCIATED WITH THIS PROPERTY NUMBER FOR DETAILS CONCERNING WATER RIGHT(S).

MAP REFERENCE

<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>	<u>MERIDIAN</u>
17	T13 N	R9 W	

SUMMARY OF PAYMENT OBLIGATIONS

#	FREQ	BEG DATE	END DATE	OBLIGATION TYPE	AMOUNT \$
1	012	11/21/1995	11/20/2004	RENTAL PAYMENT	\$1,500.00

ANNUAL BASE RENTAL OF \$1500.00 PAYABLE TO THE ARIZONA STATE LAND DEPARTMENT IS SUBJECT TO UPWARD ADJUSTMENT TO REFLECT CHANGES IN THE MINIMUM FOR WATER WELL SITES. CHARGES FOR WATER USAGE ARE OVER AND ABOVE THE LEASE RATE.

<u>PAYEE 1</u>	<u>OF</u>	<u>1</u>	<u>DEPOSITORY - PAY TO</u>
ARIZONA STATE LAND DEPARTMENT 1616 W. ADAMS, 4TH FLOOR			ARIZONA STATE LAND DEPARTMENT 1616 W. ADAMS, 4TH FLOOR
PHOENIX	ARIZONA	85007	PHOENIX ARIZONA 85007
VENDOR #	10020	07083A	10020
TAX ID #			
PERCENT INTEREST	100		
BANK ACCOUNT #			ACCT CHARGED

SUMMARY OF SPECIAL OBLIGATIONS

#	FREQ	BEG DATE	END DATE	OBLIGATION TYPE
1	001	06/01/2004	12/01/2004	APPLY FOR EXTENSION

LEASE EXPIRES NOVEMBER 20, 2004. PLEASE PROVIDE PROPERTY RECORDS - DENVER WITH COPIES OF ALL EXTENSION DOCUMENTS.



SUMMARY OF SPECIAL OBLIGATIONS

#	FREQ	BEG DATE	END DATE	OBLIGATION TYPE
2	012	11/01/1995	11/20/2004	ADJUST RENTAL AMOUNT CHARGES FOR WATER USAGE ARE OVER AND ABOVE THE LEASE RATE.
3	012	07/01/1995	11/20/2004	SUBMIT PLAN OR REPORT CERTIFICATE OF INSURANCE MUST BE SUBMITTED ANNUALLY TO THE ARIZONA STATE LAND DEPARTMENT WHILE LEASE IS IN EFFECT. ONE CERTIFICATE HAS BEEN SUBMITTED FOR CYPRUS BAGDAD AND CYPRUS MIAMI.
4	012	11/01/1995	11/20/2004	ADJUST RENTAL AMOUNT ANNUAL BASE RENT IS SUBJECT TO UPWARD ADJUSTMENT TO REFLECT CHANGES IN THE MINIMUM FOR WATER WELL SITES.
5	012	11/01/1995	11/20/2004	SUBMIT PLAN OR REPORT ON OR BEFORE NOVEMBER 21 EACH YEAR, BAGDAD MUST FILE A SWORN STATEMENT DOCUMENTING IMPROVEMENTS INSTALLED AND CASH VALUE OF IMPROVEMENTS. ANY IMPROVEMENTS MUST BE APPROVED BY STATE PRIOR TO INSTALLATION.



PROVISION AND ROYALTY (TEXT)

****PURPOSE:** TO BE USED SOLELY FOR WATER WELL WITH ARIZONA STATE LAND DEPARTMENT WATER AGREEMENT; WELL SITE. NO WATER MAY BE EXTRACTED FROM LEASED PREMISES UNLESS FIRST PURCHASED AT PUBLIC AUCTION OR UNLESS THE FOLLOWING CONDITIONS APPLY:

1. IF 15 ACRES FEET OR MORE ARE PUMPED OFF THE LEASE, OR USED FOR PURPOSES OTHER THAN STATED IN CONTRACT, FROM ANY WELL ON PREMISES, BAGDAD MUST NOTIFY DEPARTMENT TO HOLD A PUBLIC AUCTION SALE OF THE WATER.
2. A MINIMUM CHARGE FOR USE OF WATER WILL BE ADDED EACH YEAR TO COMMERCIAL LEASE AND THIS CHARGE WILL BE SUBJECT TO ANNUAL REAPPRAISAL.
3. BAGDAD AGREES TO PAY STATE FOR ALL WATER WITHDRAWN OVER MINIMUM AMOUNT.
4. EACH WELL MUST BE METERED AT THE WELLHEAD.
5. MONTHLY REPORTS OF WATER USED MUST BE SUBMITTED TO THE STATE.
6. DEPARTMENT PERSONNEL MUST HAVE ACCESS TO WELL AND METER DURING REASONABLE HOURS.

****ANNUAL BASE RENTAL:** \$1500 FOR 2ND THROUGH 10TH LEASE YEARS. (ARTICLE 3)

****RENTAL ADJUSTMENT:** ANNUAL BASE RENT IS SUBJECT TO UPWARD ADJUSTMENT TO REFLECT CHANGES IN THE DEPARTMENTAL MINIMUM FOR WATER WELL SITES.

****LATE RENT PENALTY:** BAGDAD SHALL PAY 5% PLUS INTEREST ON ANY DELINQUENT RENT.

****WATER USAGE CHARGES:** WATER USAGE CHARGES ARE OVER AND ABOVE THE LEASE RATE.

****RESERVATION:** THE DEPARTMENT RESERVES THE RIGHT TO USE, AND PERMIT USE, OF SAID PREMISES CONSISTANT WITH THIS LEASE.

****ASSIGNMENT:** BAGDAD WILL NOT SUBLET OR ASSIGN THE PREMISES WITHOUT THE STATE'S PRIOR WRITTEN CONSENT.

****RECORDS:** BAGDAD SHALL MAKE AND KEEP BOOKS AND RECORDS, INCLUDING TAX STATEMENTS AND RECEIPTS FOR AT LEAST FIVE (5) YEARS AFTER THE TERM OF THE LEASE. THE STATE MAY DURING THE LEASE AND ONE (1) YEAR AFTER THE LEASE, EXAMINE RECORDS NECESSARY TO ADMINISTER THIS LEASE.

****IMPROVEMENTS:** BAGDAD MUST OBTAIN THE STATE'S PRIOR WRITTEN APPROVAL FOR ANY IMPROVEMENTS ON SAID PREMISES. WITHIN THREE (3) MONTHS OF ANY CONSTRUCTION COMPLETION, BAGDAD MUST SUBMIT LOCATION, PLANS AND OTHER INFORMATION REQUIRED BY THE DEPARTMENT. (ARTICLE 6.1)

****REMOVAL OF IMPROVEMENTS:** BAGDAD MAY REMOVE ITS IMPROVEMENTS FROM SAID PREMISES 60 DAYS PRIOR, TO 90 DAYS FOLLOWING, THE END OF THIS LEASE. WITH THE STATE'S PRIOR WRITTEN APPROVAL, BAGDAD MAY SELL ITS IMPROVEMENTS TO THE SUCCEEDING LESSOR.

****MECHANICS' LIENS:** (ARTICLE 8)

****REPAIRS AND MAINTENANCE:** BAGDAD IS RESPONSIBLE FOR REPAIRS AND MAINTENANCE.

****UTILITIES:** ANY UTILITY LINES MUST BE KEPT UNDERGROUND UNLESS APPROVED BY THE DEPARTMENT. BAGDAD IS RESPONSIBLE FOR UTILITIES.

****TAXES:** BAGDAD IS RESPONSIBLE FOR TAXES ON THE PREMISES, IMPROVEMENTS OR PERSONAL PROPERTY THEREON, INTEREST OR PROCEEDS OF THIS LEASE AND THE RENT PAID ON THIS LEASE.

****INSURANCE:** BAGDAD SHALL CARRY COMPREHENSIVE LIABILITY INSURANCE OF AT LEAST



\$1,000,000 NAMING THE DEPARTMENT AS AN ADDITIONAL INSURED. (ARTICLE 11)

**BANKRUPTCY: LEASE SHALL NOT BECOME AN ASSET OF BANKRUPTCY PROCEEDING OR ASSIGNMENT.

**DEFAULT PROVISIONS: (ARTICLE 17.3 AND 20.4D)

**AMENDMENTS: ONLY WRITTEN AMENDMENTS AGREED UPON BY ALL PARTIES.

**NOTICES: NOTICES SHALL BE WRITTEN AND DELIVERED BY U.S. MAIL, WITH PREPAID POSTAGE TO:

ARIZONA STATE LAND DEPARTMENT	CYPRUS BAGDAD COPPER CORPORATION
1616 WEST ADAMS STREET, FIRST FLOOR	P.O. BOX 245
PHOENIX, AZ 85007	BAGDAD, AZ 86321

WRITTEN NOTICE OF ADDRESS CHANGES MAY BE DESIGNATED.

**RIGHT TO MORTGAGE: BAGDAD MAY MORTGAGE AND PLEDGE THIS LEASE SUBJECT AND SUBORDINATE TO THE DEPARTMENT'S RIGHTS AS SPECIFIED IN ARTICLE 20.

**ENVIRONMENTAL INDEMNITY: ARTICLE 21.

**WATER USAGE AGREEMENT: CYPRUS BAGDAD COPPER CORPORATION ENTERED INTO A WATER USAGE AGREEMENT FOR THE SKUNK CANYON WATER WELL WITH J. L. FANN CONTRACTING COMPANY EFFECTIVE JANUARY, 1988. THE WATER WELL IS TO BE USED BY J.L. FANN FOR THE SOLE PURPOSE OF OBTAINING WATER FOR ITS ROAD CONSTRUCTION. EXPIRED DECEMBER 31, 1989.

**NOTE: ASSOCIATED WATER FILE SET UP (4/97) CMX-9171.

ADVANCED ROYALTY TERM

NOT APPLICABLE

OVERRIDING ROYALTY

NOT APPLICABLE

OVERRIDING ROYALTY = 0

PRODUCTION ROYALTY

NOT APPLICABLE

OWNERS ROYALTY% = 0.00

OWNERS ROYALTY RATE = 0.00

RECOUPMENT

NOT APPLICABLE



WATER

_PARCID_WA01_ARIZ. C.L. #03-1393_ WATER RIGHT ARIZ. C.L. #03-1393 BAGDAD WELL NO. : SKUNK
CANYON WELL

LOCATION OF WELL : TOWNSHIP 13 NORTH, RANGE 9 WEST, G&SRBM

SECTION 17: SW/4 SW/4 NW/4

CURRENT WELL REGISTRATION : 611613

PREVIOUS WELL REGISTRATION NO.: 36-66375

WELL REGISTERED BY : M. D. MARTIN

DATE WELL COMPLETED : 12/14/1972

DEPTH OF WELL : 473'

DIAMETER OF CASING : 16"

DEPTH OF CASING : 432'

TYPE OF CASING : STEEL

WELL PUMPING CAPACITY : 448 G.P.M.

DEPTH TO WATER : 56' BELOW LAND SURFACE

SOURCE OF WELL : UNDERGROUND PERCOLATE

TYPE OF WELL : SUB-FLOW

NAME OF WATERSHED : BILL WILLIAMS RIVER

PRINCIPAL USE(S) OF WATER : MUNICIPAL, DOMESTIC, MINING

ANNUAL USE : 645.20 AFA

11/21/1972 - COMMERCIAL LEASE #1393 ISSUED TO BAGDAD COPPER CORPORATION BY THE STATE OF ARIZONA. LEASE EXPIRED ON 11/20/1974.

11/21/1974 - COMMERCIAL LEASE #1393 ISSUED TO CYPRUS BAGDAD COPPER COMPANY BY THE STATE OF ARIZONA. LEASE EXPIRED 11/20/1984.

11/21/1984 - COMMERCIAL LEASE #1393 ISSUED TO CYPRUS BAGDAD COPPER COMPANY BY THE STATE OF ARIZONA. LEASE EXPIRED 11/20/1994.

08/01/1989 - WATER USAGE AGREEMENT - SKUNK CANYON WATER WELL BETWEEN CYPRUS BAGDAD COPPER CORPORATION AND J.L. FANN CONTRACTING COMPANY.
EXPIRED 12/31/1989.

06/01/1988 - LETTER TO THE STATE LAND DEPARTMENT, STATE OF ARIZONA REQUESTING ALL RIGHT, TITLE AND INTEREST IN AND TO THE AGREEMENTS LISTED THEREIN BE TRANSFERRED TO CYPRUS BAGDAD COPPER CORPORATION.



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100940
12/17/2002

06/06/1988 - CHANGE OF WELL INFORMATION FILED FOR 55-611613 FROM CYPRUS MINES CORPORATION TO CYPRUS BAGDAD COPPER CORPORATION.

11/21/1994 - COMMERCIAL LEASE #1393 ISSUED TO BAGDAD COPPER CORPORATION BY THE STATE OF ARIZONA. LEASE EXPIRES 11/20/2004.

PDC001272