

RESOLUTION OF THE PAPAGO TRIBAL COUNCIL

Authorizing deferment in payments of  
advanced royalty by Noranda

RES. NO. 144-82

1  
2 WHEREAS, the Papago Tribe did enter into a mining Lease  
3 ("Lease") on April 1, 1979, with Noranda Exploration,  
4 Inc., Contract No. H50C14201257, subsequently assigned  
5 to Noranda Lakeshore Mines, Inc. ("Noranda"), for the  
6 exploration, developing, mining, producing and marketing  
7 of all minerals (excluding oil, gas and other hydro-  
8 carbons) at the Lakeshore Mine ; and

9 WHEREAS, the Lease provides for the payment to the Tribe of  
10 advance royalties of \$160,000 each month, which advance  
11 royalty may eventually be recouped from production  
12 royalties produced from the sale of mined minerals; and

13 WHEREAS, Noranda has been developing and operating the Lakeshore  
14 Mine since April 1, 1979, and has paid the Tribe in  
15 excess of six million five hundred thousand dollars  
16 (\$6,500,000) in advance royalties, which are being  
17 allocated pursuant to Ordinance No. 13-82 fifty-five  
18 percent (55%), or \$88,000 monthly, to the Papago Tribe  
19 and the balance of forty-five percent (45%) to the  
20 various Districts; and

21 WHEREAS, the copper market is and continues in depressed con-  
22 dition, and Noranda has incurred operating losses at the  
23 Lakeshore Mine in excess of fifty million dollars  
24 (\$50,000,000) since the start of its mining operations;  
25 and

26 WHEREAS, Noranda has asked the Tribe for some relief from its  
27 obligation to make advance royalty payments in order to  
28 permit it to continue its operation at the Lakeshore  
29 Mine ; and

30 WHEREAS, the Lease provides that Noranda may terminate the Lease  
31 at any time by giving the Tribe 120 days' notice, upon  
32 the payment of all rentals, royalties and other

1 obligations due under the Lease; and

2 WHEREAS, the Papago Council has determined that it is in the  
3 best interest of the Papago Tribe that Noranda continue  
4 its mining operations at the Lakeshore Mine, even if  
5 it requires a partial deferment in the payments of  
6 advance royalties to the Tribe, provided the Tribe has  
7 or receives sufficient funds to cover its budgeted  
8 expenditures; and

9 WHEREAS, the Papago Council has approved a plan for the dis-  
10 tribution of judgment funds awarded the Tribe in  
11 dockets numbered 345 and 102 of the Indian Claims  
12 Commission which plan has, by amendment, been added  
13 to Senate Bill 1986 and provides that the accrued  
14 interest or investment income from a portion of such  
15 funds shall be available quarterly for use by the  
16 Papago Council on an annual budgetary basis for  
17 expenditures of the tribal government and for certain  
18 programs of the Tribe, Districts and communities; and

19 WHEREAS, the Papago Council is advised that Senate Bill 1986  
20 awaits action by the 97th Congress before its final  
21 recess; that the Bill should be enacted into law before  
22 the end of this calendar year; and that the interest  
23 and income accrued thereunder for use by the Papago  
24 Council should become available in the first quarter  
25 of 1983.

26 NOW, THEREFORE, BE IT RESOLVED by the Papago Council that it  
27 does hereby approve of a deferment of \$60,000 in the  
28 monthly payments of advance royalties due the Papago  
29 Tribe under the terms of Noranda's Lease, and does  
30 hereby authorize execution of amendments or addenda  
31 thereto reflecting such deferment, upon the following  
32 terms and conditions: