

## Appendix A: Lease and/or Agreement between Landowners and Operator

## MINING LEASE AGREEMENT

THIS MINING LEASE AGREEMENT (this "Lease"), dated as of this 7<sup>th</sup> day of October, 2014 (the "Effective Date"), between AuburnSandyHills, LLC, a Wisconsin limited liability company, located at 1615 5<sup>th</sup> Avenue, Bloomer, Wisconsin 54724, ("Lessor") and DRT Sands, Inc., a Wisconsin Corporation, located at 7140 State Highway 40, Bloomer, Wisconsin 54724,, a Wisconsin limited liability company ("Lessee").

### RECITALS

**WHEREAS** Lessor is the owner of certain land in Chippewa County, Wisconsin (the "Property"), which contains the parcels described in Exhibit A attached hereto.

**WHEREAS** Lessee is a company specializing in the mining, extraction, and processing of industrial sand and related pebbles, rocks, and other aggregate materials ("Sand").

**WHEREAS** Lessor owns the rights to extract any and all available Sand present on or below the surface of the Property and related ancillary rights necessary to fulfill Lessee's intended purpose.

**WHEREAS** Lessee desires the exclusive ability to investigate the type, quality, quantity and economic feasibility of extracting the available Sand located on the Property.

**WHEREAS** Lessee desires to pursue obtaining all Governmental Approvals necessary for it to conduct an industrial non-metallic sand mine on the Property.

**WHEREAS** if Lessee is satisfied with the type, quality, quantity and economic feasibility of extracting the available Sand located on the Property, and if Lessee obtains all necessary Governmental Approvals, then Lessee desires the exclusive ability to drill, mine, process, dry and sell the available Sand located on the Property.

**WHEREAS** Lessor desires to grant Lessee the exclusive right to investigate the Sand located on the Property and to drill, mine and process such Sand, in accordance with this Lease.

**WHEREAS** if Lessor is not satisfied with the type, quality, quantity or economic feasibility of extracting the available Sand located on the Property, or if Lessee fails to obtain all necessary Governmental Approvals during the term of the Due Diligence Period, then Lessee shall terminate this Lease and the obligations of the parties to one another shall thereby terminate.

**NOW THEREFORE**, for and in consideration of mutual promises and other valuable considerations, the receipt and sufficiency of which are acknowledged, and the covenants and agreements of Lessee herein contained, the parties agree as follows:

**1. DUE DILIGENCE PERIOD.**

a. For and in consideration of Lessor's potential development of Lessee's Property as an industrial sand mine (Lessee's "intended purpose"), Lessor grants Lessee the exclusive right to enter upon the Property to conduct testing and investigations on the Property to determine the feasibility of removing any and all Sand located thereon. Specifically, Lessor shall allow Lessee and/or its agents or contractors unrestricted access to the Property during the Due Diligence Period, for the following purposes:

i.

[REDACTED]

ii.

[REDACTED]

iii.

[REDACTED]

iv.

[REDACTED]

v.

[REDACTED]

b.

[REDACTED]

c.

[REDACTED]

[REDACTED]

i.

[REDACTED]

d.

[REDACTED]

2. SIGNING PAYMENT, PERMITTING PAYMENT AND COMMENCEMENT NOTICE.

a.

[REDACTED]

b.

[REDACTED]

c.

[REDACTED]

3. GRANT OF RIGHTS.

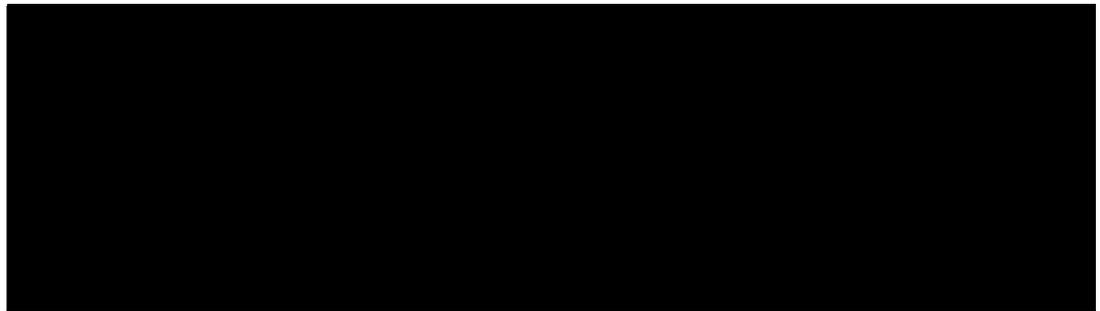
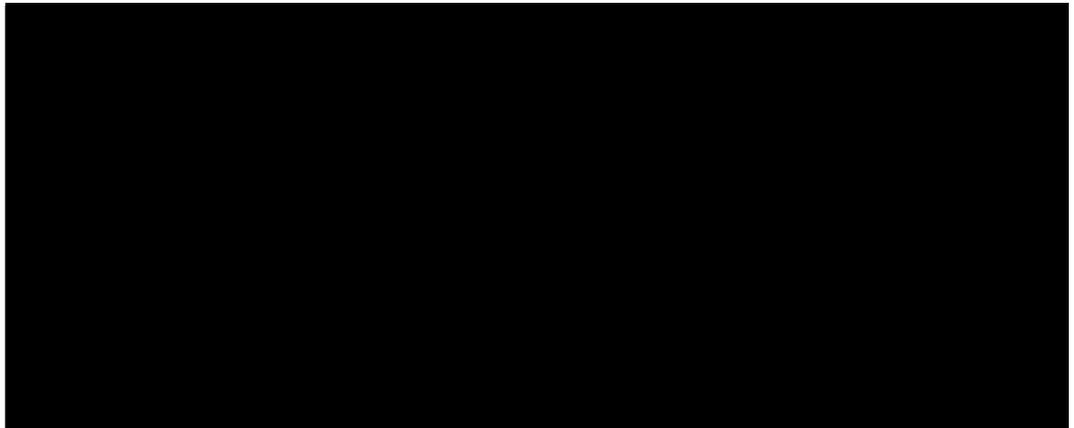
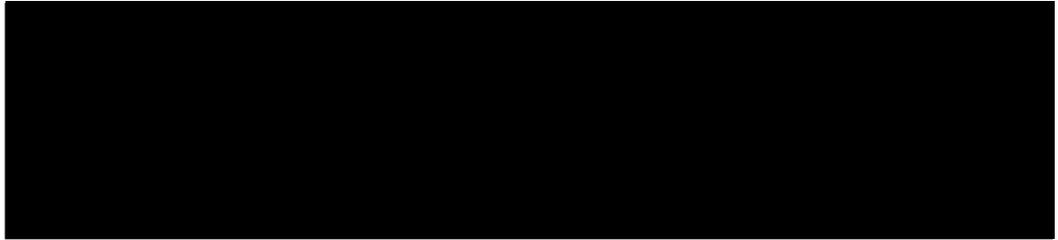
- a. Effective upon the Commencement Date, Lessor hereby leases to Lessee and Lessee leases from Lessor the Property, for the purpose of engaging in non-metallic industrial mining, including, without limitation, exploring for, developing, mining,

recovering, washing, screening, processing, storing, transporting, marketing and otherwise using, enjoying and exploiting from the Property nonmetallic minerals, including, but not limited to, Sand, and the right to use so much of the surface of the Land as may be reasonably necessary for conducting and managing Lessee's use of the Land (collectively, the "Sand Rights"). For the purpose of its operations upon the Property, Sand Rights shall include the following exclusive rights for Lessee:

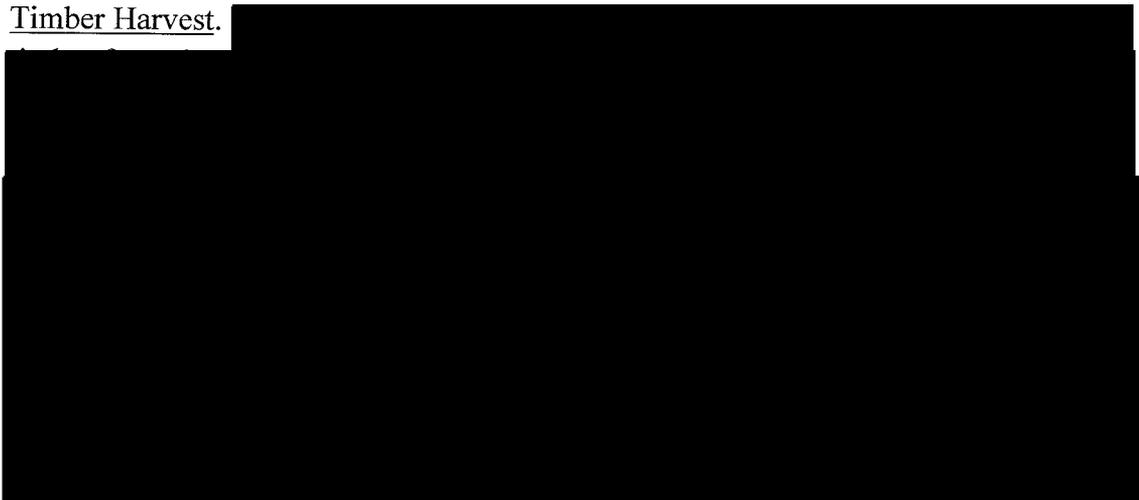
- i. Full and complete rights of ingress to and egress from and over the Property, and construct and maintain access roads, and other means to allow such ingress and egress to and from the Property and within the Property, and to rebuild or repair the same if damaged or destroyed;
- ii. To park, store, load and unload, any vehicle, drill rig, tractor, mobile equipment or other machinery;
- iii. To blast, excavate, remove, pile up and dispose of overburden and waste;
- iv. Construct and maintain utility lines and facilities necessary to connect to existing utility lines for water, electricity and natural gas, and to rebuild or repair the same if damaged or destroyed; and
- v. To erect, use and maintain on the Property such buildings, conveyors, plants, equipment, machinery, offices, storage bins shops, tracts, storerooms, tipples, scale houses, pump houses, drainage ditches, power and telephone lines, haul roads and any other improvement as may be necessary or desirable in performing the mining operations and removing Sand (all of the foregoing, "Improvements").

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b. Farming.



c. Timber Harvest.



d. Hunting.

[REDACTED]

e. Continued Occupancy.

[REDACTED]

4. TERM.

a. Subject to the other provisions herein contained, this Lease shall be for a term of twenty-five (25) years, beginning on the Commencement Date ("Term").

b. It is agreed that if any time, in the reasonable discretion of Lessee, Sand becomes depleted or the removal thereof becomes impossible or not economically feasible due to market conditions or due to the scarcity thereof or the nature of the Property, Lessee has the right and option to cancel this Lease

[REDACTED]

However, in such case, it is further agreed that Lessee shall thereupon reclaim all of Lessor's property which it may have disturbed as provided in Section 7 of this Lease and remove any Improvements as set forth in Section 3 above. If applicable, the Minimum Production Royalty shall be prorated as of the date of any such Early Termination and any actual Royalty owed shall be paid for all Sand removed from the Property or processed on the Property prior to the Early Termination date.

5. ROYALTIES.

a.

[REDACTED]

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[Redacted]

i.

[Redacted]

b.

[Redacted]

c.

[Redacted]

d.

[Redacted]

[REDACTED]

e. [REDACTED]

f. In the event Lessee constructs a Sand processing plant(s) (whether one or more, the “Plant”) on the Property, Lessee shall pay Lessor an annual lease payment in the amount of [REDACTED] per acre of land used for any such processing plant (the “Plant Fee”). The Plant Fee shall commence for the entire Plant as of the date when construction begins of any such processing plant. [REDACTED]

[REDACTED]

g. [REDACTED]



h.

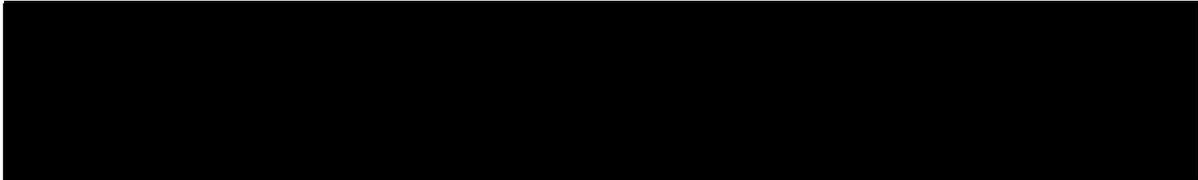
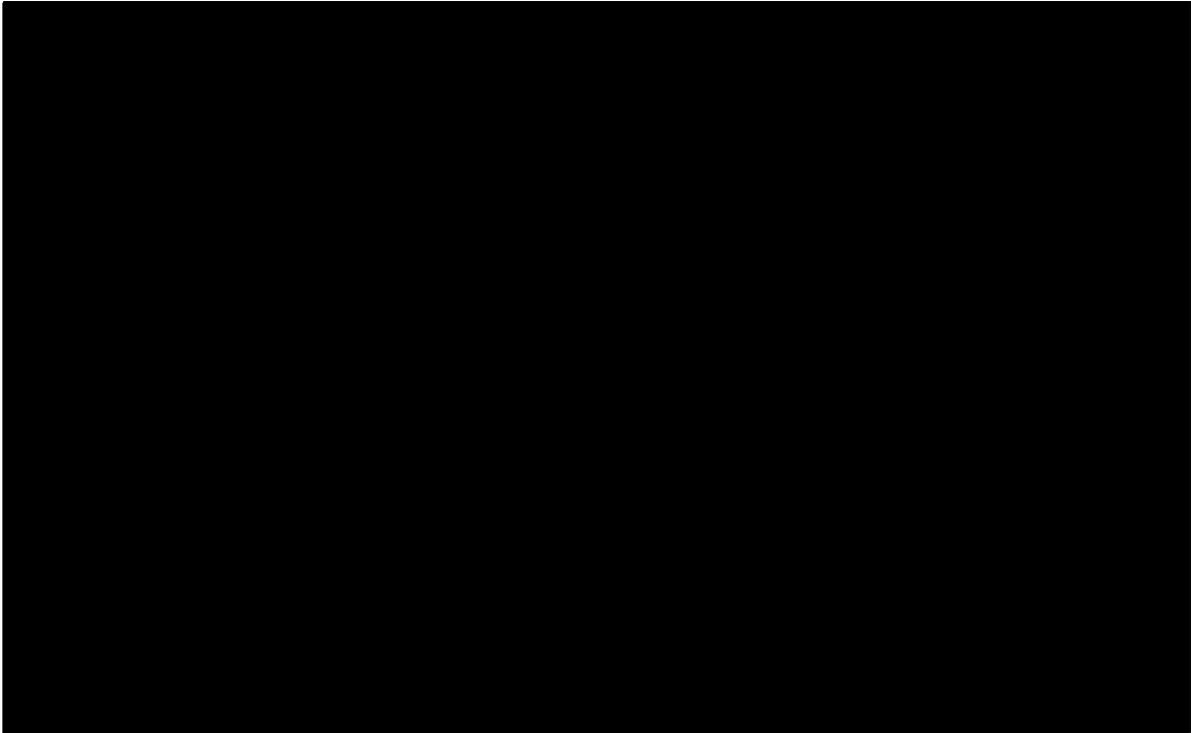


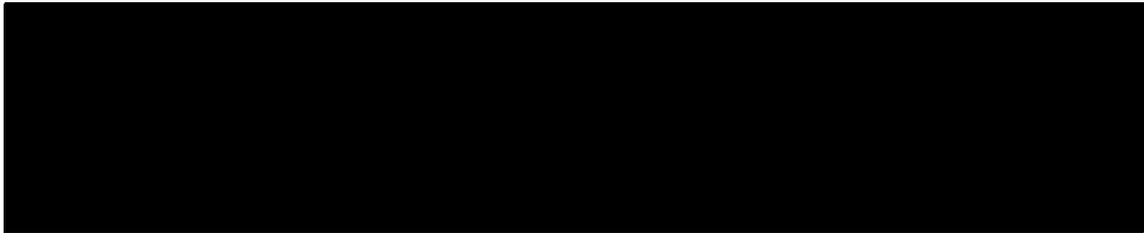
6. **USE OF WATER**. Lessee shall have the right to obtain any necessary permits and use, without charge, for any purpose in connection with Lessee's operations, all water and water rights owned by Lessor in or appurtenant to the Property, of whatsoever nature and kind. Lessee shall bear all costs related to installing and maintaining any pumps, pipes, ponds, or other improvements relating to such water usage, together with all costs incurred in piping in water or purchasing water from any municipality or third party. Lessor makes no representation as to the adequacy of water on site for Lessee's operations. Lessor will not permit anyone to use any current wells, increase the capacity of the current wells, or construct any additional wells, without Lessee's prior written consent, which such consent may not be unreasonably.

7. **RECLAMATION**. Lessee shall prepare and file a reclamation plan pursuant to applicable local, state and federal law (the "Reclamation Plan").



8. **DEFAULT**.

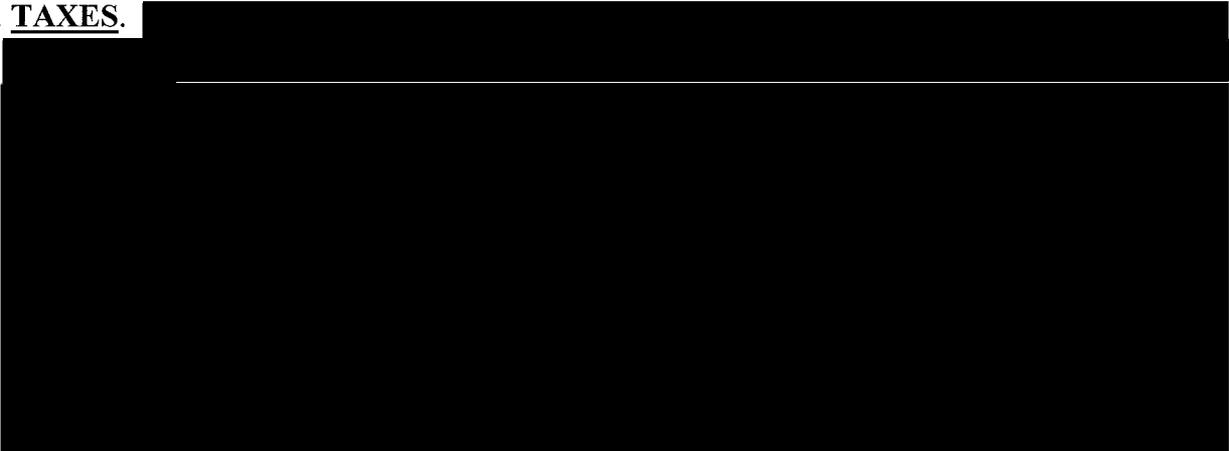




9. **FORCE MAJEURE.**



10. **TAXES.**



11. **LESSOR'S REPRESENTATIONS AND WARRANTIES.**

Lessor represents and warrants to Lessee that all of the following are true and accurate:

- a. Lessor is the owner in fee simple of, and has good a merchantable title to the Property, including surface and mineral estate rights, free and clear of al liens and encumbrances;

- b. Lessor has all necessary rights of ownership to convey to Lessee all Sand Rights on and under the Property, free and clear of any liens or encumbrances;
- c. Lessee will have peaceable possession of the Property for the full term of the Lease, and Lessor will forever defend title to the Property and the Sand Rights.
- d. Lessor represents and warrants to Lessee the title to all Sand which Lessee may remove from the Property, against the claims of all persons or entities, including those claiming by, through, or under Lessor.

e. **Proceedings.**

[REDACTED]

f. **No Violations, Litigation.**

[REDACTED]

g. **Bankruptcy.**

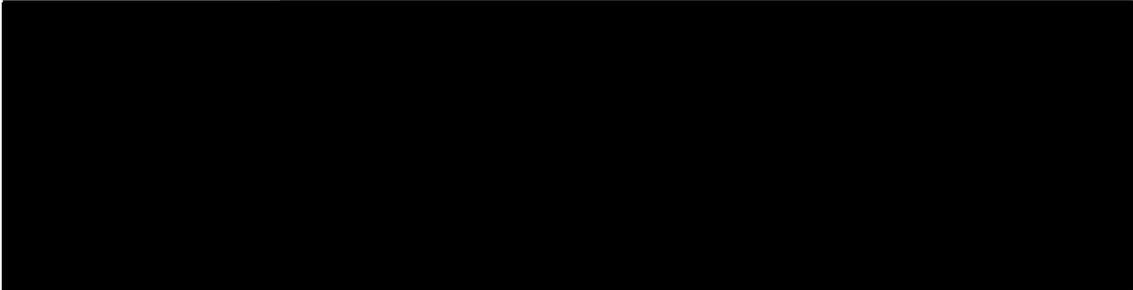
[REDACTED]

h. **Accuracy of Representations.**

[REDACTED]

12. **Title.**

- a. To the best of Lessor's actual knowledge, there are no liens or encumbrances against Lessor, the Sand Rights, or the Property which will constitute liens and encumbrances against the Sand. 

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- b. So long as this Lease is in effect, Lessor shall not interfere with or impede Lessee's operations as contemplated under this Lease, nor shall Lessor, or their respective successors, agents, employees or contractors engage in any activities that would interfere with or impede Lessee's operations on the Property.
- c. If there is any defect in Lessor's title, Lessor shall cooperate with Lessee to remove the defect.
- d. At any time during the Due Diligence Period and the Term, Lessee shall have the right to examine title to the Property and the Sand Rights, at Lessee's expense but with the full cooperation of Lessor, including delivery to Lessee of available abstracts, owner's policies or other relevant title instruments pertaining to ownership of the Property. Lessee may obtain title insurance on its interest in the Property. If defects to Lessor's title are found, Lessee shall notify Lessor in writing and such notice shall specify such objections to title. Lessor shall cure or otherwise correct to Lessee's satisfaction all objections so specified by Lessee as soon as reasonably possible after delivery of said notice. Objections to title sufficient to make title unmerchantable or unsuitable for Lessee's purposes shall give Lessee the following options:
- i. Cure such defects in title at Lessor's expense, including by offset against Production Royalties hereunder,
  - ii. Waive the objections, or

- iii. Terminate this Lease as to such portion of the Property impacted by the defects and continuing this Lease as to the portion of the Property to which there is good title vested in Lessor.

In any event, Lessor shall repay to Lessee (or Lessee may offset the amount thereof against Production Royalties) any amount received by Lessor for Sand to which adverse claims are established.

13. **NOTICES**. All notices and/or communications hereunder shall be deemed to have been properly given when delivered personally, sent by reputable nationwide overnight courier, or deposited in the United States Mail, postage prepaid, certified or registered mail, return receipt requested, and addressed to the parties at their respective addresses as follows:

As to Lessor: AuburnSandyHills, LLC  
c/o Lisa M. Melberg  
1615 5<sup>th</sup> Street  
Bloomer, Wisconsin 54724

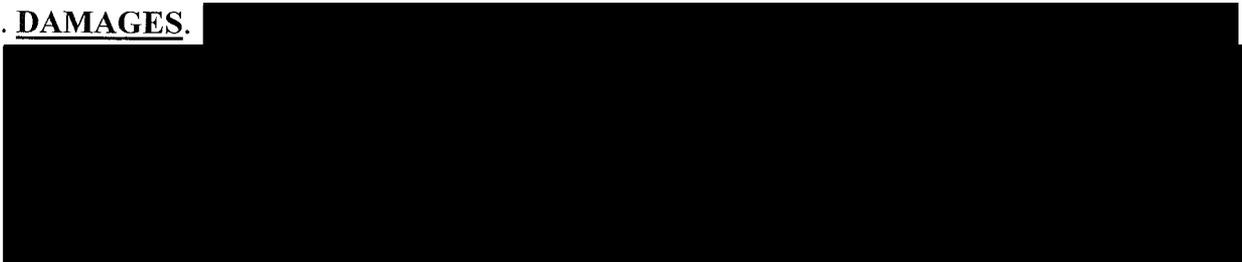
with copy to: Weld, Riley, Prenn & Ricci, S.C.  
c/o Atty. Garrett W. Nix  
3624 Oakwood Hills Parkway  
PO Box 1030  
Eau Claire, WI 54702-1030

As to Lessee: DRT Sands, LLC  
7140 State Highway 40  
Bloomer, Wisconsin 54724

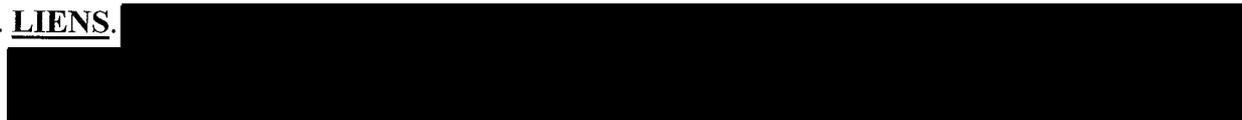
with copy to: Kostner-Kostner & Summerfield, S.C.  
c/o Atty. Rich J. Summerfield  
1102 17<sup>th</sup> Avenue  
Bloomer, WI 54724

or at such other addressee as shall be designated by parties by prior written notice thereof.

14. **DAMAGES**.



15. **LIENS**.



16. ASSIGNMENT.

[REDACTED]

17. BINDING EFFECT.

[REDACTED]

18. INDEMNITY.

a.

[REDACTED]

b.

[REDACTED]

c.

[REDACTED]

19. **LIABILITY INSURANCE.**

- a. Lessee shall obtain and shall continue to carry, at Lessee's expense, commercial general liability insurance with a responsible company in the amounts set forth below for personal injury, death or property damage and shall comply with all applicable workers' compensation and safety laws, regulations and orders.
  - i. Commercial general liability insurance against claims for bodily injury, death or property damage, occurring on or about the Property in the amount of not less than [REDACTED] in respect of bodily injury or death to anyone person arising out of one occurrence, or not less than [REDACTED] in respect to bodily injury or death to more than one person arising out of one occurrence, or not less than [REDACTED] for property damage arising out of one occurrence. The commercial general public liability policy shall provide coverage against losses arising out of the legal liability of Lessee including, but not limited, to: (i) premises and operations, (ii) contractual, (iii) contingent, (iv) products, (v) hired cars, (vi) non-ownership, (vii) liability arising out of employees' use of personal cars for company business, and, (viii) if available at reasonable cost, as determined by Lessee in its sole discretion, pollution and other environmental matters.
  - ii. Insurance adequate to fully satisfy Lessee's legal obligations under any state or federal workers' compensation statute.
- b. Lessor shall obtain and shall continue to carry, at Lessor's expense, general liability insurance with a responsible company in a reasonable amount for personal injury, death or property damage Consistent with existing land use.
- c. All required commercial general liability (Lessee) or general liability (Lessor) insurance shall name the other party as an additional insured, and shall contain a provision for notice to the other party of any overdue or unpaid premium and thirty (30) days advance notice to the other party of any proposed cancellation. Each policy of insurance shall be written as an "occurrence" contract and shall continue until the latest of (i) termination hereunder, (ii) completing all reclamation activities required under Section 7, and (iii) Lessee's removing all Improvements required under Section 3.

21. **PERMITS; GOVERNMENT PROGRAMS.** Lessee shall, at its expense, obtain any mining permit or other permits necessary to conduct its operations on the Property, except that Lessor shall cooperate to secure the Property's release from any Farmland Preservation

Agreements, Forest Cropland Programs, Non-Point Source Water Pollution Abatement, or any other such subsidized program prior to the expiration of such program that may apply to allow Lessee to exercise the Sand Rights. [REDACTED]

22. CONFIDENTIALITY. [REDACTED]

23. SUBORDINATION. [REDACTED]

24. COOPERATION. [REDACTED]

[REDACTED]

25. ENTIRE AGREEMENT. [REDACTED]  
[REDACTED]

26. HEADINGS. [REDACTED]  
[REDACTED]

27. CHOICE OF LAW. [REDACTED]

28. RECORDING. [REDACTED]  
[REDACTED]

29. COUNTERPARTS. [REDACTED]  
[REDACTED]

30. PREVAILING PARTY. [REDACTED]  
[REDACTED]

31. RELATIONSHIP OF PARTIES. [REDACTED]  
[REDACTED]

32. THIRD PARTIES. [REDACTED]  
[REDACTED]

33. AUTHORITY. Both parties have full capacity, right, power and authority to execute, deliver and perform this Lease and all documents to be executed pursuant hereto, and any required action and approvals therefor have been duly taken and obtained. This Lease and all documents to be executed pursuant hereto by the Parties are and shall be binding upon and enforceable against the Parties in accordance with their respective terms. Neither the execution, delivery and performance of this Lease by the Parties, nor the consummation of the transactions contemplated hereby, will violate any order, judgment, injunction, award or

decree of any court or arbitration body, by or to which Lessor or the Property are or may be bound or subject.

34. **ATTORNEY FEES.**



IN WITNESS WHEREOF, this Lease has been executed as of the date first above written.

**AuburnSandyHills, LLC**, Lessor

BY: Lisa M. Melberg  
Lisa M. Melberg, Managing Member

Subscribed and sworn to before me this  
7<sup>th</sup> day of October, 2014.

[Signature]  
Notary Public  
My commission is permanent

**DRT Sands, Inc.**, Lessee

BY: [Signature]  
Donald P. Rihn

ITS: President

Subscribed and sworn to before me this  
7<sup>th</sup> day of October, 2014.

[Signature]  
Notary Public  
My commission expires/is: perm

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**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

**Parcel #s**

1. **23110-2823-00020000**
2. **23110-2822-00000000**
3. **23110-2821-00000000**
4. **23110-2824-00020000**
5. **23110-2812-00000000**
6. **23110-2811-00000000**
7. **That part of 23110-2722-00020000 West of County Highway DD**

Appendix B: Proof of Paid Property Taxes



Chippewa County Tax Application

# PAYMENTS 2013

[Quick Links](#)

[New Search](#)

[Search Results](#)

[Current Assessment](#)

[Tax Detail](#)

**Parcel Number:** 23110-2722-00020000

**Address:** 20839 COUNTY HWY  
DD

**Computer Number:** 006-505

SECT 27 TWN 31N RNG  
10

**Municipality:** TOWN OF AUBURN

**Tax Payer :** RIHN ROSELLA

<b>Date Received</b>	<b>Receipt #</b>	<b>Principle</b>	<b>Specials</b>	<b>Interest</b>
04/02/2014	1416.0	2,815.59		56.31



Chippewa County Tax Application

# PAYMENTS 2013

[Quick Links](#)

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[Search Results](#)

[Current Assessment](#)

[Tax Detail](#)

**Parcel Number:** 23110-2811-00000000  
**Computer Number:** 006-518  
**Municipality:** TOWN OF AUBURN  
**Tax Payer :** RIHN TONY J

**Address:**  
 SECT 28 TWN 31N RNG  
 10

<b>Date Received</b>	<b>Receipt #</b>	<b>Principle</b>	<b>Specials</b>	<b>Interest</b>
07/31/2014	14109.0	1,585.86		95.15



Chippewa County Tax Application

# PAYMENTS 2013

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[Search Results](#)

[Current Assessment](#)

[Tax Detail](#)

**Parcel Number:** 23110-2812-00000000  
**Computer Number:** 006-519  
**Municipality:** TOWN OF AUBURN  
**Tax Payer :** RIHN TONY J

**Address:**  
 SECT 28 TWN 31N RNG  
 10

<b>Date Received</b>	<b>Receipt #</b>	<b>Principle</b>	<b>Specials</b>	<b>Interest</b>
07/31/2014	14110.0	1,585.86		95.15



Chippewa County Tax Application

# PAYMENTS 2013

[Quick Links](#)

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[Search Results](#)

[Current Assessment](#)

[Tax Detail](#)

**Parcel Number:** 23110-2821-00000000  
**Computer Number:** 006-523

**Address:** SECT 28 TWN 31N RNG  
10

**Municipality:** TOWN OF AUBURN

**Tax Payer :** CLARK, LORI A %JOHN & MARIE CLARK

<b>Date Received</b>	<b>Receipt #</b>	<b>Principle</b>	<b>Specials</b>	<b>Interest</b>
01/31/2014	794.0	319.16		
08/04/2014	15728.0	319.15		



Chippewa County Tax Application

# PAYMENTS 2013

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[Search Results](#)

[Current Assessment](#)

[Tax Detail](#)

**Parcel Number:** 23110-2822-00000000  
**Computer Number:** 006-524

**Address:** SECT 28 TWN 31N RNG  
10

**Municipality:** TOWN OF AUBURN

**Tax Payer :** CLARK, LORI A %JOHN & MARIE CLARK

<b>Date Received</b>	<b>Receipt #</b>	<b>Principle</b>	<b>Specials</b>	<b>Interest</b>
01/31/2014	793.0	43.61		



Chippewa County Tax Application

# PAYMENTS 2013

[Quick Links](#)

[New Search](#)

[Search Results](#)

[Current Assessment](#)

[Tax Detail](#)

**Parcel Number:** 23110-2823-00020000  
**Computer Number:** 006-525

**Address:** 3266 STATE HWY 64  
SECT 28 TWN 31N RNG  
10

**Municipality:** TOWN OF AUBURN

**Tax Payer :** CLARK, LORI A %JOHN & MARIE CLARK

<b>Date Received</b>	<b>Receipt #</b>	<b>Principle</b>	<b>Specials</b>	<b>Interest</b>
01/31/2014	798.0	1,209.04		
08/04/2014	15729.0	1,169.06		



Chippewa County Tax Application

# PAYMENTS 2013

[Quick Links](#)

[New Search](#)

[Search Results](#)

[Current Assessment](#)

[Tax Detail](#)

**Parcel Number:** 23110-2824-00020000  
**Computer Number:** 006-526

**Address:** SECT 28 TWN 31N RNG  
10

**Municipality:** TOWN OF AUBURN

**Tax Payer :** CLARK, LORI A %JOHN & MARIE CLARK

Date Received	Receipt #	Principle	Specials	Interest
01/31/2014	792.0	52.53		
08/04/2014	15730.0	52.53		