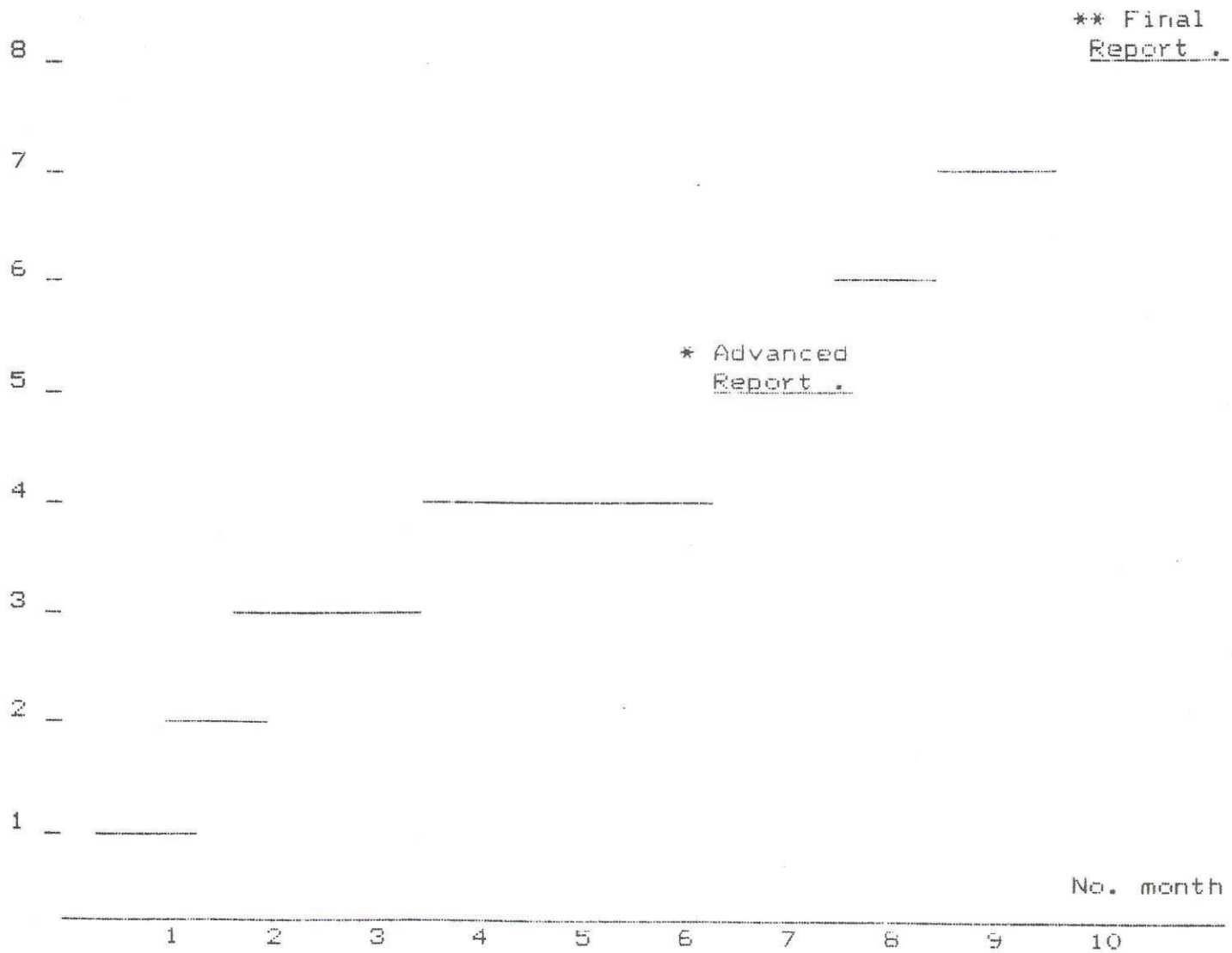


Annex No. 1

Sworn Statement and Letters.

GANTT LETTER

NO. ACTIVITY



Distribution of Contribution money

*	CORFO	:	\$ 4 170 000
	SPONSOR	:	\$ 2 780 000
	TOTAL FIRST STAGE	:	\$ 6 950 000
**	CORFO	:	\$ 630 000
	SPONSOR	:	\$ 420 000
	TOTAL SECOND STAGE	:	\$ 1 050 000
	TOTAL CORFO	:	\$ 4 800 000
	TOTAL SPONSOR	:	\$ 3 200 000
	TOTAL	:	\$ 8 000 000

4.- COST OF THE PROJECT

The total value of the study is \$ 9 300 000, taking into account financing of 51.6 percent on the part of fund for productive development.

The breakdown of projects fund is in table 4.1

The summary of the cost in personal services and other operational expenses of the project, is in table 4.2 and 4.3 respectively.

5.- WORK EQUIPMENT

The work equipment will be composed of the following investigations of the area, Mr. Luis Virgilio, Industrial mining Engineer from the Technical University of the state; Mrs. Wilda Gomez and Miss. Carla Thumm, both Civil Mining Engineeris of the University of Chile and Mr. Hernan Rodriguez, Civil Metallurgics Engineer of the University of Chile in Santiago. Mr. Luis Virgilio will work as chief of the project.

The project supervision will be under the charge of Mr. Carlos Molina V., Civil Metallurgic Engineer of the University of Chile in the area of Industrial Chemistry and extrative metallurgy of INTEC-CHILE.

Mr. Harold W. Gardner will be technical coordinator of the project on the part of sponsor.

6.- FORMAT FOR THE PRESENTATION OF THE ADVANCED AND FINAL REPORT.

The advanced and final report is arranged in accordance with the schedule of activities stipulated, by CORFO.

Advanced Report.

The advanced report will have the following elements:

- 1.- Objectives: The objectives will describe the first stage of the study.
- 2.- Summary: The different aspects considered in the advanced report will be summarized showing the principle results and conclusions.
- 3.- Methodology: The work methodology applied in the corresponding stage will be described as well as the accomplishment of the programs and

the activities developed.

- 4.- Results: The results obtained in the experiments will be displayed with their respective analysis.
- 5.- Conclusions and recommendations.
- 6.- Refence Bibliographics.

Final Report

The following point will be considered:

- 1.- Objectives: The global objectives of the study will be described.
- 2.- Summary: The distinct aspects considered in the advanced report will be summarized, highlighting the main results and conclusions.
- 3.- General Background: This stage will have a general description of the study and the theoretical bases of the study with a bibliographic revision.
- 4.- Design and experimental procedure: it will include the description of the main equipment used and the applied methodology in the development of the research.
- 5.- Results:
 - 5.1 Metallurgic results: The presentation of the results will be by means of graphics, tables, etc.
 - 5.2 Preliminary economical valuation: in this stage the results of a preliminary economical valuation of a design based on the results of the research.
- 6.- Discussion of results: The discussion of results will include an analysis of sensitivity with regard to parameteis considered to be relevant.
- 7.- Conclusions and recomendations.
- 8.- References Bibliographics.
- 9.- Annex: Eventually, annex graphics and calculation tables will be added as well as any other, background that will complete the final report.

The document of diffusion solicited to display the results of the project in a broad form, will follow the following:

- 1.- Summary: Brief description of the project, the main result conclusions and recomendations.
- 2.- Background: Description of the problem, objectives background and theoretical basis of the study.
- 3.- Results.
- 4.- Conclusions and recomendations.
- 5.- Reference Bibliographics.

The final report and the difusion document will be delivered in triplicate.

AGREEMENT FOR THE EXECUTION OF AN INVESTIGATIVE PROJECT WITH RESOURCES FROM THE F.D.P. OF CORFO.

Santiago, November 20 of 1989, the Technological research committee of the Corporation of Fomentation of Production; INTEC-CHILE represented by the executive secretary Mr. Bartolome W. Dezerega Salgado, both with the address at 6400 Santa Maria Ave., and the Commercial Mining Society MINEXCO LTDA; "the sponsor" represented by Mr. Fernando Zavala Araya, both with the address at 0157 Rancagua 508 office in Santiago, Chile; have both agreed to the following.

FIRST: THE SPONSOR, with the assistance of INTEC-CHILE presented to the F.D.P. of CORFO a study named "Technologies for sulphur production in large scale" henceforth known as "the STUDY with the object of obtaining partial financing for its execution.

The committee in charge of the administration of said fund approves the execution of the STUDY; financing \$ 4 800 000 (four millions eight hundred thousand pesos); over total of \$ 9 300 000 (nine million three hundred thousand pesos) that corresponds to the cost of its complete development.

SECOND : THE SPONSOR charges the development of the STUDY to INTEC-CHILE, the work will be regularized under the stipulations that further on will be established and, by the reference terms of the project "Technologies for sulphur production in large scale". This document is an integral part of the contract.

If any discrepancy exists between both documents, the terms of this contract will prevail over those in the reference terms.

THIRD: INTEC-CHILE will execute the work, in accordance with the reference terms, presenting the coordinator as per the tenth clause; an advance report on June 22 of 1990.

THE COORDINATOR of the STUDY will approve, refuse, or modify the advance report in a period of five days, if there are no observations, it will be understood as approved.

If the report is refused because of not fitting in with reference terms, INTEC-CHILE must complete it or modify it in the suitable form, in a period of common agreement.

FOURTH: The STUDY must be finished by October 3 of 1990. Fifteen working days before that date, INTEC-CHILE will present the sponsor the final

report of the STUDY, it will contain all background, documents, results and conclusions.

THE SPONSOR will approve, refuse or modify the final report in a period of ten working days, if there are no observations, it will be approved automatically. If the final report were to be refused for not being in accordance with the reference terms, INTEC-CHILE must modify or complete it in a period that is of common agreement.

The modified reports presented by INTEC-CHILE at the request of the sponsor, must be approved or refused in the same period selected for the advanced and final report, respectively.

In the event that the Corporation of Fomentation make observations in the advance and final report already approved by the sponsor, INTEC-CHILE will advise him in the preparation of the background documents required.

FIFTH: For the realization of the STUDY, the SPONSOR will give a contribution to INTEC-CHILE in the quantity of \$ 9 300 000 (nine million three hundred thousand pesos) which is separated from the following:

a).- The quantity of \$ 4 800 000 that is to come from the Productive Development Fund of CORFO, which the sponsor will deliver to INTEC-CHILE, in cash in two payments of \$ 2 400 000 each with a maturity on the approval by CORFO of the advanced and final report of the STUDY, respectively, originally set for August 3 of 1990 and November 18 of 1990.

b).- Time of the research personal and support for the execution of work relative to the STUDY, which had been conventionally valued at \$ 400 000 the personal services of the dependent of the sponsor or professionals hired especially for these acts, will be developed as are required by the study.

c).- Service contribution materials and capital goods use valued in the amount of \$ 900 000, which will be delivered when the advanced STUDY requires it.

d).- The amount of \$ 3 200 000 that the sponsor will deliver to INTEC-CHILE in cash, in four payments of \$ 800 000 each, on March first, June first, August third and November 30 of 1989.

SIXTH: The quotas referred to in the step a) and d) will be reajusted in the same percentage of variation that the consumer index of prices (IPC) between November 30 of 1989 and the last day of the month previous to the payment.

SEVENTH: Any delay of the SPONSOR in payment of any portion mentioned in the previous clause, will force INTEC-CHILE to cancel the debt amount with interest penalty. To the maximum by allowed law for operations readjustable or not adjustable. Said interest will be applied daily from the first day of the delay to the same day of the payment and it will to add 16 percent for tax. If the cancellation were partial, the total cancellation XXX would be calculated on the remaining payment.

On the other hand, the SPONSOR will provide INTEC-CHILE all the services and consumptions and personal services previously mentioned; in the period that is required in the reference terms.

EIGHTH: The SPONSOR agrees as stipulated in this contract, the contribution in the imprevius two clauses it's will to inform INTEC-CHILE in the amount, time and form accorded; when it recognizes such circustances are essential for the execution of the STUDY. If the SPONSOR isn't carrying out its obligations INTEC-CHILE will suspend inmediately the execution of the work and the delivery of any report, until the situation had been corrected.

NINETH: If the Corporation of Fomentation of the Production will end settlement with the SPONSOR in relation to the STUDY or eise delays the delivery of the entire amount in the fifth and sixth clauses of this contract for more than 30 days INTEC-CHILE will determine the suspension and notify its decision to the SPONSOR by certified letter least five days before suspension.

In such a case, the SPONSOR must pay to INTEC-CHILE the amount corresponding to all costs for the execution of the STUDY iuntil the moment of the notification, according to the effect, and whose amount must to be paid for by the SPONSOR in a period of ten days after billing.

The SPONSOR in any time can terminate this contract proceeding as explained previously.

INTEC-CHILE will give the SPONSOR a summarized report of the developments until the moment of the termination of this contract.

TENTH: With the objective of easing the fulfilment of the obligations and rights of this contract it is proclaimed that Mr. Fernando Zavala Araya will act as coordinator of the STUDY, he has the power to :

- 1).- Approve and disapprove the advanced and final reports.
- 2).- Demand the modifications of said reports.
- 3).- Inspect the development of the STUDY.

ELEVENTH: The eventual rights of the industrial property derived from the stipulated conditions in the covenant between the SPONSOR and Corporation of Fomentation of the Production.

AGREEMENT FOR THE EXECUTION OF AN INVESTIGATIVE PROJECT WITH RESOURCES FROM THE F.D.P. OF CORFO.

Santiago, January 11 of 1990, the Technological research committee of the Corporation of Fomentation of Production; INTEC-CHILE represented by the executive secretary Mr. Bartolome W. Dezerega Salgado, both with the address at 6400 Santa Maria Ave., and the Commercial Mining Society MINEXCO LTDA; "the sponsor" represented by Mr. Fernando Zavala Araya, both with the address at 0157 Rancagua 508 office in Santiago, Chile; have both agreed to the following.

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SECOND : THE SPONSOR charges the development of the STUDY to INTEC-CHILE, the work will be regularized under the stipulations that further on will be established and, by the reference terms of the project "Technologies for sulphur production in large scale". This document is an integral part of the contract.

If any discrepancy exists between both documents, the terms of this contract will prevail over those in the reference terms.

THIRD: INTEC-CHILE will execute the work, in accordance with the reference terms, presenting the coordinator as per the tenth clause; an advance report on August 22 of 1990.

THE COORDINATOR of the STUDY will approve, refuse, or modify the advance report in a period of five days, if there are no observations, it will be understood as approved.

If the report is refused because of not fitting in with reference terms, INTEC-CHILE must complete it or modify it in the suitable form, in a period of common agreement.

FOURTH: The STUDY must be finished by December 3 of 1990. Fifteen working days before that date, INTEC-CHILE will present the sponsor the

final report of the STUDY, it will contain all background, documents, results and conclusions.

THE SPONSOR will approve, refuse or modify the final report in a period of ten working days, if there are no observations, it will be approved automatically. If the final report were to be refused for not being in accordance with the reference terms, INTEC-CHILE must modify or complete it in a period that is of common agreement.

The modified reports presented by INTEC-CHILE at the request of the sponsor, must be approved or refused in the same period selected for the advanced and final report, respectively.

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March 01, 1991.
La Jolla, Ca.