

The following is a summary of the requirements imposed on the Knoll Quarry by The Aleut Corporation:

Right to approve operator (30 days to disapprove)

Operator must be licensed by State

Operator must post performance and payment bond

Operator must have adequate insurance

Right to approve defense and indemnification provisions of contract with Shumagin

Right to approve management plan

Right to approve Intent Letters and Reclamation Plan

Prior to work in the quarry, Operator shall prepare and submit a Quarry Management Plan to Shumagin, and after approval by Shumagin, submit to TAC

TAC has 30 days to disapprove

Prior to work in the quarry, Operator shall prepare and submit a written Quarry Letter of Intent that meets the requirements of AS 27.19.050 or other law; or a Reclamation Plan that meets the requirements of AS 27.19.030 or other law, to Shumagin, and after approval by Shumagin, submit to TAC.

TAC has 30 days to disapprove.

Operator shall prepare and deliver to Shumagin and TAC not later than one month in arrears a monthly written report for the Quarry which includes, as a minimum, the volume and type of materials removed from the site during the period; the volume and type of unprocessed materials extracted from and stockpiled on, but not removed from, the site during the period, and the volume and type of processed materials extracted from and stockpiled on, but not removed from, the site during the subject period.

Operator shall measure and report in writing monthly not later than one month in arrears, the volume of materials removed from the Quarry during each calendar month on a truckload measurement basis, or if truckload measurement basis is not a reasonably suitable basis of measurement under the circumstances, by any other generally accepted means of measurement for materials management purposes. Such measurements shall be appropriately adjusted in accordance with standard materials management practices based upon appropriate haul volume, volume/weight, blend and swell conversion factors.

TAC shall provide a list of at least 6 qualified surveyors. Shumagin shall cause one from that list to conduct a baseline cross-sectional survey of the quarry, and before any operations in each subsequent calendar year, to perform a cross-sectional survey of the quarry to determine the adjusted volume of materials based upon the conversion factors determined pursuant to Section 7.1.1.

Within 30 days after the quantity is finally determined by survey, the difference between the amount paid and the total amount due shall be adjusted.

Prior to commencement of work at the Quarry, Shumagin shall inspect the subject quarry, and prepare and submit to TAC a written report which states whether and to what extent, in Shumagin's opinion, such site then requires reclamation under the Alaska Mining Reclamation Act (AS 27.19), and which also identifies any known release, discharge, or spill of any hazardous substance that may have occurred at such site prior to the Inspection Date.

Shumagin shall maintain accurate and complete records and books of account documenting materials operations at the quarries based upon reports forwarded to it by the Operator; subsurface royalties due and payable to Shumagin by the Operator, and TAC royalties due and payable to TAC by Shumagin, and the amount actually paid to TAC by Shumagin.

Shumagin and the Operator shall comply with all local, state, and federal laws applicable to management of the Quarry.

Insurance

Name Operator as named insured, and Shumagin and TAC as additional insured
Single limits coverage of not less than \$5,000,000.00 per occurrence and in the aggregate for those sums that the named insured and/or additional insured become legally obligated to pay because of bodily injury, death, or property damage occurring in the Quarry or its operations.

Employers Liability – Workers Compensation

General Insurance Requirements

All insurance by a company licensed or authorized to do business in Alaska

Has a general policy holder rating of at least B+ in the Best Insurance Report

Shall continue in effect for the life of the contract

Shall provide by endorsement that policy will not be cancelled or materially changed as to TAC or Shumagin on less than 30 days written notice to each.

Operator shall provide both TAC and Shumagin with complete copies of the policies, or with certificates evidencing that the required coverage is in full force and effect.

TAC has right to inspect quarry upon 4 hours advance notice to Shumagin.

Operator must employ shareholders of TAC and/or Shumagin to the maximum extent possible.