

Louis L. Rossie, Tony A.
 Rossi and Birdie Hickerson
 Rossi

OPTION

to

Uranium Reduction Company

OPTION

THIS OPTION, made and executed and delivered by LOUIS L. ROSSI, a single man, and TONY A. ROSSI and BIRDIE HICKERSON ROSSI, husband and wife, hereinafter called "ROSSI" of Winnemucca, Nevada, to URANIUM REDUCTION COMPANY, a Nevada Corporation, hereinafter called "Reduction".

WHEREAS, Rossi is the owner and in possession of certain unpatented lode mining claims situated in Section 3, Townhsip 26 North, Range 48 East, Mount Diablo Principle Meridian, Eureka County, Nevada and more particularly mentioned and described as follows, towit:

NAME OF CLAIM

RECORDED IN EUREKA COUNTY,
 NEVADA, AT Book - Page

Deer
 Coyote
 Wildcat
 Red Robin
 Yellow Squirrel

I 244
 I 243
 I 244
 I 209
 I 209

Blue Mountain	I	210
Sage Hen	I	243
Porcupine	I	210
Owl	I	211
Bull Snake	I	242
Weasel	I	451

W I T N E S S E T H

NOW THEREFORE, in consideration of the sum of One Dollar and other good, valuable, and sufficient consideration, the sufficiency and receipt of which is hereby acknowledged, Rossi does hereby agree that they will execute and deliver to Reduction, a Lease, a copy of which is attached hereto marked "Exhibit A" and by reference made a part hereof, at any time within one year from date hereof upon demand of Reduction.

Rossi grants to Reduction a right of entry and the exclusive possession of the unpatented lode mining claims above and in said Lease described for a period of one year from date hereof for the purpose of examining and exploring the same. Rossi further grants to Reduction the right and privilege of extracting and removing sample quantities of ore from said property during said one year period.

In the event Reduction does not demand of Rossi to execute and deliver the said Lease within one year from date hereof, as above provided, the rights herein granted by Rossi to Reduction shall wholly cease and terminate and be of no further force and effect.

All machinery and improvements placed upon said mining claims by Reduction, may be removed by it at any time within sixty (60) days after the termination of this Option.

WITNESS our hands and seals this 16th day of September, 1959.

Louis L. Rossi
Louis L. Rossi
Tony A. Rossi
Tony A. Rossi
Birdie Hickerson Rossi
Birdie Hickerson Rossi

STATE OF NEVADA)
: ss.
COUNTY OF HUMBOLDT

On this 16th day of September, A.D., 1959, personally appeared before me Louis L. Rossi, a single man, Tony A. Rossi and Birdie Hickerson Rossi, husband and wife, the signers of the above and foregoing instrument who duly acknowledged to me that they executed the same.

(Notarial Seal)

My Commission expires: February 28, 1963

James A. Callahan
Notary Public
Residing At: Winnemucca, Nevada

"EXHIBIT A"
MINING LEASE

THIS AGREEMENT, made and entered into this day of , 1959, (Insert date that Option is exercised), by and between LOUIS L. ROSSI, a single man, and TONY A. ROSSI and BIRDIE HICKERSON ROSSI, husband and wife, of Winnemucca, Nevada, hereinafter referred to as Lessor, (whether one or more), and URANIUM REDUCTION COMPANY, a corporation, hereinafter referred to as Lessee.

W I T N E S S E T H :

In consideration of the mutual covenants and agreements herein set forth to be kept and performed by the parties and in consideration of the sum of Ten Thousand Dollars (\$10,000.00) advance royalty, paid by the Lessee to the Lessor, receipt of which is hereby acknowledged, the parties hereto mutually covenant and agree as follows:

I.
RIGHTS GRANTED TO LESSEE

Lessor does hereby demise and lease to Lessee all of the right, title and interest of Lessor, in and to the following described unpatented lode mining claims and mining properties situated in Section 3, Township 26 North, Range 48 East, Mount Diablo Principle Meridian, Eureka County, Nevada, to-wit:

NAME OF CLAIM	RECORDED IN EUREKA COUNTY, NEVADA AT BOOK - PAGE	
Deer	I	244
Coyote	I	243
Wildcat	I	244
Red Robin	I	209
Yellow Squirrel	I	209
Blue Mountain	I	210
Sage Hen	I	243
Porcupine	I	210

Owl	I	210
Bull Snake	I	242
Weasel	I	451

Together with all and singular the minerals, lodes and veins within the lines of said mining claims and all dips and spurs and all rights and privileges and appurtenances thereto appertaining or in any wise belonging. Also together with any and all right, title, and interest, hereafter acquired by Lessor, or by anyone for the benefit of Lessor, in and to said mining claims, or the lands covered thereby, whether under and by virtue of said Notices of Location or any other Notice of Location or Amended Notices of Location or otherwise.

TO HAVE AND TO HOLD the same unto Lessee for a term commencing on date hereof and continuing until January 1, 1980, and continuing then for so long as minerals or ores are produced from said property or Lessee shall continue prospecting or mining operations on said lands.

II. RIGHT TO POSSESSION

Lessee shall have the exclusive right and privilege of entering upon said leased premises and taking immediate possession thereof for the purpose of exploring, prospecting, developing, mining, removing, shipping, treating, selling, and disposing of mercury, quicksilver, and all other elements and compounds whatsoever, upon or under said leased premises and the right and privilege to construct all drilling rigs, works, buildings, dwellings, plants, ditches, reservoirs, roads, railways, structures, machinery, mills and appliances as may be necessary or convenient for the mining preparation and marketing of the minerals, and to use so much of the surface of the leased premises as reasonably may be required for the exercise of the rights and privileges herein granted.

All work performed by Lessee upon and within the leased premises shall be done in accordance with good mining practices.

III. LESSORS RIGHT OF INSPECTION

Lessee shall allow duly authorized agents or representatives of Lessor, from time to time, to enter upon and into all parts of said leased premises for the purpose of inspection at such reasonable times as shall not interfere with the regular operation of the leased premises, including any and all reduction works, furnaces or facilities for reducing or treating ores which Lessee may have in connection with this Lease. It is understood and agreed that Lessee shall assume no responsibility for the safety of the agents or representatives of Lessor when and while upon the leased premises for such purposes.

IV. STATE AND FEDERAL ENACTMENTS INDEMNIFICATION OF LESSOR

Lessee, in the operation and development of the property hereby leased, shall be subject to all applicable Federal enactments, laws of the State of Nevada, and all Federal or State rules and regulations regarding Employees' Liability, Workmen's Compensation and Workmen's Old Age and Unemployment Insurance, and said Lessee covenants and agrees to indemnify and hold harmless the Lessor from and against the payment of any and all damages, claims, costs, and expenses due to the existence of such enactments, and of any and all claims, costs, and expenses in connection therewith under any claim of subrogation provided for by said enactments or otherwise arising out of any operation conducted under this Lease by Lessee; and the Lessee shall further indemnify and hold harmless the Lessor from and against any and all damages, claims, costs and expenses arising out of damage to property or any injuries to or death of the employees of the Lessee, or any other person whomsoever other than the Lessor and those acting under them, where such injury, death or damage occurs because of or in connection with the use, operation, or development in any manner of the property hereby leased by Lessee, whether such claims are based upon a right conferred by the common law or by statute.

V. PROPERTY TO BE KEPT FREE OF LIENS

Lessee shall pay and satisfy all claims for materials, supplies and labor in connection with the working of said premises and shall keep said leased premises free of liens or encumbrances of any and every kind, except such as might result from the acts of others than the Lessee, their employees or those in privity with it.

VI. PROTECTION AGAINST LIENS ARISING THROUGH LESSOR'S DEFAULT

In the event there are any liens or encumbrances against said leased premises, or in the event any liens or encumbrances shall hereafter accrue against the same by acts or neglect of Lessor, then Lessee may, at Lessee's option, pay and discharge same, and if Lessee elects so to do then Lessor agrees to repay Lessee upon demand all such sums so paid by Lessee, together with interest thereon from the date of payment of said sums at the rate of eight per cent (8%) per annum until paid.

VII. ANNUAL ASSESSMENT LABOR

Lessee agrees that prior to September 1, 1960, it will perform work or make improvements upon said mining claims which Lessee reasonably believes will satisfy the assessment work requirement for the protection of said mining claims for the assessment year ending at 12 o'clock noon on September 1, 1960, and each year thereafter during the term of this agreement. PROVIDED, HOWEVER, that Lessee shall not be required to make any expenditure with respect to annual assessment labor in the event Lessee shall surrender its rights and privileges hereunder prior to July 1 of any year during the term of this Lease.

VIII. TAXES

Lessor shall pay ten per cent (10%) and Lessee ninety per cent (90%) of all taxes with respect to, or computed by reference to the mining of ore from the leased premises, or the severance thereof from the ground. The parties hereto, however, shall pay their own taxes which are imposed upon or measured by their respective incomes received from the leased premises. Any taxes imposed upon personal property placed upon the leased premises by Lessee shall be paid by the Lessee.

IX. TERMINATION

This Lease is made upon the condition that Lessee shall perform all of the covenants and agreements herein set forth to be performed by it, and if at any time Lessee shall fail for a period of thirty (30) days to make

any payment due hereunder, or if there shall be any other default on the part of the Lessee, and if such other default shall continue for a period of thirty (30) days after written notice to such other default being given to Lessee then, and in either of said events, this Lease shall terminate and the leased premises shall revert to Lessor and Lessee shall deliver to the Lessor the said leased premises.

Lessee shall not be liable or deemed in default under the terms of this Mining Lease for any delay, failure or omissions due to fire, flood, explosion, cave-ins, earthquake or other catastrophe, unusually severe weather, lockouts, strikes, acts of God, or of the public enemy, shortage of labor, materials or transportation or other facilities, or directions, requests or other acts of government, or any other like or unlike cause beyond the reasonable control of the Lessee. In the event of the happening of any of such events, which happening prevents Lessee from complying with the terms of this Mining Lease, the Lessee may promptly notify the Lessor, and the giving of such notice in writing shall be a condition precedent to claiming excuse for such cause.

X.

LESSEES RIGHT OF SURRENDER

It is mutually understood and agreed that Lessee may, at any time, surrender and terminate this Lease upon giving to Lessor ten (10) days notice in writing and paying to Lessor all royalties and other sums due and payable to Lessor to the effective date of such surrender. PROVIDED, HOWEVER, that in order to be relieved of the performance of the assessment labor for any year during the term of this Lease, the effective date of surrender must be on or before July 1st of said year.

XI.

ROYALTIES

Lessee shall pay Lessor a sum equal to ten per cent (10%) of the gross proceeds realized by Lessee from the sale of mercury and ten per cent (10%) of the gross proceeds realized by Lessee from the sale of all other metals, minerals, and ores extracted, shipped, and sold by Lessee from the leased premises. Gross proceeds shall be construed to be the sum paid to Lessee for the ores after first deducting hauling and transportation charges, brokerage fees, insurance charges and other marketing costs and in the event that concentrates or crude ore is shipped to a custom mill or smelter, all treatment charges shall also be first deducted in determining gross proceeds as herein defined.

Any amount due and payable to Lessor as royalty on any shipment of ore extracted and shipped or sold hereunder shall be paid by Lessee to Lessor on or before the 15th day of the month next succeeding the calendar month during which Lessee shall have received payment for such shipment.

All payments of royalty hereunder by Lessee to Lessor, or any assignee or assignees of any party or parties of Lessor, shall be made to the credit of Lessor, or any assignee or assignees of any party or parties of Lessor, in the following bank, to-wit:

First National Bank of Winnemucca
Winnemucca,
Nevada

or such other single depository bank as the party or parties of Lessor may designate from time to time by written notice to Lessee.

Lessee shall, on or before the 15th day of each and every month hereof, during which royalties are payable to Lessor hereunder, furnish Lessor with a written report showing as to the shipments with respect to which royalties are so then payable, the value of mercury sold, and the actual royalties payable thereon.

It is expressly understood and agreed that the Ten Thousand Dollars (\$10,000.00) advance royalty paid as hereinabove set forth, shall apply toward and shall be credited on any royalties payable on production and that no royalties herein provided to be paid shall be made until such time as said Ten Thousand Dollars (\$10,000.00) advance royalty credit has been used in full.

XII.

REMOVAL OF EQUIPMENT

It is mutually understood and agreed that in case of forfeiture, surrender or other termination of this Lease, all underground timbering supports, shaft linings, tracks and other fixtures necessary for the preservation of any mine head frames upon or in the said leased premises shall be, and remain, a part of the realty and shall revert to the Lessor without further consideration or compensation. All other property of Lessee shall be deemed by the parties hereto to be the personal property of the Lessee, whether attached to the real estate or not and may be removed by Lessee at any time within ninety (90) days after the termination of this Lease or such additional time as may be agreed upon.

XIII.

MANNER OF GIVING NOTICE

Any notice contemplated herein to be served upon the Lessee shall be in writing, and shall be sufficiently given if deposited in the U. S. Mail, postage prepaid, and registered or certified, and addressed to Lessee as follows, or at such other address as the Lessee may from time to time in writing designate:

Uranium Reduction Company
P. O. Box 488
Moab, Utah

Any notice contemplated herein to be served upon the Lessor shall be in writing, and shall be sufficiently given if deposited in the U. S. Mail, postage prepaid, and registered or certified, and addressed to Lessor as follows, or at such other address as the Lessor may from time to time in writing designate:

Louis L. Rossi
P. O. Box 164
Winnemucca, Nevada

XIV.

ASSIGNMENT

The provisions hereof shall inure to the benefit of and shall be binding upon the successors in interest, legal representatives and assigns of the respective parties hereto, but no party hereto shall be chargeable with notice of any assignment or conveyance until such party shall have been furnished with written notice thereto and with a duplicate, certified, or photostat copy of the instrument of assignment or conveyance.

IN WITNESS WHEREOF, the parties hereto have executed this indenture the day and year first above written.

Louis L. Rossi

Tony A. Rossi

Birdie Hickerson Rossi

"LESSOR"

URANIUM REDUCTION COMPANY

By _____
"LESSEE"

ATTEST:

JSecretary

STATE OF NEVADA)
 : ss.
COUNTY OF HUMBOLDT)

On the day of , A.D., 19 , personally appeared before me, Louis L. Rossi, a single man, Tony A. Rossi and Birdie Hickerson, husband and wife, the signers of the above and foregoing instrument, who duly acknowledged to me that they executed the same.

My commission expires:

Notary Public
RESIDING _____

STATE OF UTAH)
 : ss.
COUNTY OF GRAND)

On the day of , A.D., 19 , personally appeared before me and , who being by me duly sworn did say, each for himself, that he, the said is the President, and he, the said is the Secretary of Uranium Reduction Company, a corporation, and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors and each duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

My commission expires:

Notary Public
Residing at Moab, Utah

Recorded at the request of Uranium Reduction Company October 7, A.D., 1959 At 10 minutes past 11 A. M.

Willis A. DePaoli- Recorder.