

Gitl Bialer, Norman A. Samuels and
Marjorie Samuels, Alex Intrator and
Mira Intrator, Armand V. Carnevale
and Esther Shepard Carnevale, Arnbleich
Co., Kurt L. Maier and Lilo Ackerman,
William Levine and Mildred Levine, Julius
Maier, Margot Maier, Peter Alsberg and
Hilde Alsberg, Julius Maier & Co., Dr.
Vernon A. Weinstein, Marjorie Weinstein,
Jerome Winston, Jules L. Kamsley, Curtis M.
Oberlander and Fritzi Oberlander, Susan Komarow
Morris Rotkel and Michael Landy, Joseph J.
Dellaripa and Lucille Dellaripa, Henrik
Kauffmann, Cooper & Brase Co., M.M. & S.
Exploration Company, The Sierra Nevada
Company, a Utah Corporation, and Combined
Production Associates, Ltd., a Utah Cor-
poration.

Morris Rotkel and Michael Landy, for

OPERATING AGREEMENT

TO

Hal T. Hall and Sierra De Oro, called
Operator

OPERATING AGREEMENT

THIS AGREEMENT, made this 30 day of March, 1963, between GITL BIALER, NORMAN A. SAM-
UELS And MARJORIE SAMUELS, ALEX INTRATOR and MIRA INTRATOR, ARMAND V. CCARNEVALE and
ESTHER SHEPARD CARNEVALE, ARNBLEICH CO., KURT L. MAIER and LILO ACKERMAN, WILLIAM LEVINE
and MILDRED LEVINE, JULIUS MAIER, MARGOT MAIER, PETER ALSBERG and HILDE ALSBERG, JULIUS
MAIER & CO., DR. VERNON A. WEINSTEIN, MARJORIE WEINSTEIN, JEROME WINSTON, JULES L. KAMSLEY,
CURTIS M. OBERLANDER and FRITZI OBERLANDER, SUSAN KOMAROW, MORRIS ROTKEL and MICHAEL LANDY,
JOSEPH J. DELLARIPA and LUCILLE DELLARIPA, HENRIK KAUFFMANN, COOPER & BRASE CO., M.M. & S
EXPLORATION COMPANY, THE SIERRA NEVADA COMPANY, a Utah Corporation, /jointly and severally, atic
hereinafter sometimes called First Parties, and HAL T. HALL, hereinafter sometimes called
Second Party, and SIERRA DE ORO, INC., a Nevada Corporation, hereinafter sometimes called
Operator,

W I T N E S S E T H :

WHEREAS, First Parties and Second Party are each the owners of a undivided 50% inter-
est in and to those certain mining claims commonly known as the Blue Star Mine, Blue Star

Claims and the Copper Ridge Claims, situate in the Boulder Ridge Mining District, Eureka County, Nevada, subject to and as reflected in the following:

(a) A certain Lease Option Agreement between Willis L. Edgar et al, as First Parties, and M.M. & S. Exploration Company, as Second Party, which Agreement is dated June 23, 1959.

(b) A certain Lease and Option Agreement between Willis L. Edgar, T. E. Edgar et al, as First Parties, and the said M.M. & S. Exploration Company as Second Party, which agreement is dated October 7, 1959.

(c) A Certain Amendment to Lease and Options between Willis L. Edgar et al, as First Parties and Willis L. Edgar, Jessie Edgar et al, as Second Parties, and Julius maier et al, as third Parties, which Agreement is dated November 9, 1962; and

WHEREAS, the Parties hereto desire to enter into an Agreement for the exploration, development and production of the mining claims to which reference has hereinabove been made; NOW, THEREFORE, the Parties hereto agree as follows:

1. The term of this Agreement shall be from the date hereof to and including the 15th day of May, 1983, or as hereinafter provided.

2. Operator shall mine gold bearing ores from the subject claims by open pit mining, in a good and minerlike fashion and mill the ore so mined in a good and efficient manner and remove from said ore the gold content thereof in accordance with good and efficient milling procedures and practices as herein provided.

3. Operator shall supply such equipment as shall be reasonably necessary to mine sufficient gold bearing ore to supply the mill, hereinafter described, with gold bearing ore to operate at capacity 5 days per week during the period May 1 to December 1 of each year subsequent to 1963, during the term hereof.

4. Operator shall expand and develop the existing mill upon the premises to a minimum rated capacity of 200 tons per day on or before May 1, 1964. Upon completion of the expansion of said mill, Operator shall mine from the subject premises and operate the said mill to capacity on a 5 day per week basis during the period May 1, 1964, to December 1, 1964, and Operator shall mine and mill as aforesaid during a like period of each year subsequent thereto during the term hereof, except as herein provided.

5. The product of the milling operation shall be marketed at least monthly by Operator at the best price obtainable upon such market as is lawfully available to Operator within the United States. The proceeds of the marketed product shall be received by Operator and disbursed within 10 days of receipt as follows:

(a) To Pay Production or bullion taxes.

(b) To pay royalty due Lessors.

(c) To pay all direct and indirect expenses and disbursements of Operator incurred in mining and milling as aforesaid, including without limitation of the foregoing, general and administrative expenses, development and exploration expenses, depreciation, rental payments on the existing mill, and other costs, plus the sum of \$.50 per ton of ore milled to produce the said product so marketed.

(d) The remainder of the proceeds shall be paid 50% to the First Parties and 50% to Second Party.

6. Payment of the amounts due to First Parties shall be made to Combined Production Associates, Ltd., a Utah corporation, as Trustee for First Parties. Operator shall not be responsible for allocation of the said funds. Payment to Second Party shall be made as per instructions in writing by Second Party delivered to Operator.

7. The mining equipment and mill equipment supplied hereunder shall be in a good state of repair at the commencement of the operations described herein and said equipment shall be of a type and design suited to the task to be performed.

8. Operator shall bear the relationship of independent contractor to First Parties and Second Party. It is specifically understood that this Agreement shall not be a joint venture, partnership or agency contract. In the event a court of competent jurisdiction shall finally construe this Agreement contrary to the foregoing, then in that event this Agreement may be cancelled forthwith at the option of any Party.

9. In the event that Operator, in its sole descretion, shall determine that the exploration, development and mining of the subject premises and the milling of the ore therefrom, will not produce satisfactory returns to Operator and/or First Parties and Second Party, then in that event Operator may cease performance hereunder and cancel this Agreement by giving First Parties and Second Party notice in writing delivered at the address herein-after designated. Upon such cancellation, no liability on account hereof shall exist on the part of Operator.

10. Operator shall keep the premises and every part thereof free and clear of all judgment liens of every kind, nature and description which may be imposed on account of the

operation of Operator. In order to decrease the possibility of liability of First Parties and/or Second Party hereunder, Operator agrees to keep posted at all times on the premises, which are the subject matter of this Agreement, such notices of non-responsibility as shall be supplied to Operator by First Parties and/or Second Party and Operator shall do no act which would tend to make the subject notices ineffective.

11. Operator agrees to hold First Parties and Second Party harmless from any claims, causes of action or demands of any kind, nature or description arising out of the operation of Operator upon the subject premises. To further insure that said First Parties and Second Party will be held harmless as aforesaid, Operator agrees to maintain Public Liability and Property Damage insurance as follows:

(a) Property Damage - \$10,000.00

(b) Public Liability - \$50,000.00 per person, \$100,000.00 per occurrence, and said insurance shall be maintained with a first line company with coverage written upon their standard form policy with reference to the above risks.

12. Operator shall maintain books and records showing all disbursements and expenses and income from the mining operations conducted hereunder, together with the basic data from which said books and records are compiled. The said books and records and supporting data shall be open for inspection by First Parties and Second Party at all reasonable times. Inspection of said books and records shall not, however, interfere with the operations of Operator hereunder.

13. Operator agrees to keep full and complete records of exploratory and development work including such surveys and maps as are necessary to the efficient application of the said exploratory and development work. The said records, including surveys and maps, shall be available for inspection by First Parties and Second Party at all reasonable times. Copies of the said records, surveys and maps shall be delivered unto First Parties and Second Party upon termination of this Agreement.

14. Operator shall comply with all applicable Federal, State and County statutes, laws, ordinances, rules and regulations in the operation herein contemplated.

15. Operator agrees to secure for its employees the benefits of industrial insurance available under the laws of the State of Nevada and Operator agrees to keep said benefits in full force and effect during the term hereof.

16. Operator agrees to do the assessment work necessary to keep the subject mining claims in full force and effect. It shall be the responsibility of First Parties and Second Party to file the Proof of Labor therefor as required by law.

17. In the event that litigation shall ensue concerning the rights of the Parties hereunder, the court in which such litigation is brought shall award reasonable attorney's fees to the prevailing Party to be taxed as a portion of the costs of the action.

18. Upon the expiration or other termination of this Agreement, Operator may and shall remove all equipment supplied under the terms hereof. Removal of said equipment shall be accomplished within 90 days of said expiration or termination.

19. Operator shall diligently pursue mining and milling as described herein, however, failure to mine and mill hereunder shall not be required during any period that Operator shall be prevented from mining or milling because of Act of God, adverse weather conditions, strike, civil disturbance, equipment breakdown, or other stoppage beyond the reasonable control of Operator.

20. Should conditions require a re-arrangement of mill facilities after the commencement of operations hereunder, Operator shall be excused from mining and milling operations hereunder during the time required to make necessary changes.

21. The rights of the Parties hereto shall be determined by the law of the State of Nevada.

22. In the event that Operator shall fail to perform under the terms hereof, no default hereunder shall be or exist unless and until a Party hereto shall notify Operator of such default in writing and 45 days shall have elapsed thereafter without the claimed default being corrected or performed. The said notice shall be given by registered mail, postage prepaid, addressed to Operator as hereinafter set forth. Said notice shall be deemed given upon mailing within the continental United States.

23. All notices permitted or allowed, may be given to the Parties at the following addresses:

To Operator:	c/o Ralph M. Tucker 150 North Center Street Reno, Nevada
To First Parties	c/o A. B. Thomas 39 Exchange Place Salt Lake City, Utah
To Second Party	c/o Ralph M. Tucker 150 North Center Street Reno, Nevada

STATE OF New Jersey)
) SS.
COUNTY OF Hudson)

CHANGES NOTED BY MY INITIALS MC
Michael A. Cocca

On this 17th day of ~~March~~ ^{April}, 1963, before me, the undersigned, a Notary Public in and for the County of Hudson, State of New Jersey, personally appeared JULIUS MAIER, known to me to be ~~the~~ ^{MC} A PARTNER of the ~~corporation~~ ^{partnership MC} that executed the foregoing instrument, and upon oath did depose that he is the ~~partner~~ ^{MC} officer of said ~~corporation~~ ^{partnership MC} as above designated; ~~that he is acquainted with the seal of said corporation and that the seal affixed to said instrument is the corporate seal of said corporation~~ ^{MC}, that the signatures to said instrument were made by ~~officers~~ ^{MC} of said ~~corporation~~ ^{partnership MC} as indicated under said signatures; and that the said ~~corporation~~ ^{partnership MC} executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office the day and year in this certificate first above written.

(NOTARIAL SEAL)

Michael A. Cocca
Notary Public in and for the
County of Hudson
State of
My Commission Expires:
MICHAEL A. COCCA
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May 28, 1964

STATE OF New York)
) SS.
County of New York)

On this 17th day of ~~March~~ ^{April}, 1963, before me, the undersigned, a Notary Public in and for the County of New York, State of New York, personally appeared FREDERICK H. BRUNNER, known to me to be ~~the~~ ^{MC} A PARTNER of the ~~corporation~~ ^{partnership MC} that executed the foregoing instrument and upon oath did depose that he is the ~~partner~~ ^{MC} officer of said ~~corporation~~ ^{partnership MC} as above designated; ~~that he is acquainted with the seal of said corporation and that the seal affixed to said instrument is the corporate seal of said corporation~~ ^{MC}, that the signatures to said instrument were made by ~~partners~~ ^{MC} of said ~~corporation~~ ^{partnership MC} as indicated under said signatures; and that the said ~~corporation~~ ^{partnership MC} executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

Page 3 of Signatures of Operating Agreement, dated March _____, 1963.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office the day and year in this certificate first above written.

(NOTARIAL SEAL)

Alvin Marvin Zubasky
Notary Public in and for the
County of New York (NOTARIAL SEAL)
State of New York
My Commission Expires:
ALVIN MARVIN ZUBASKY
NOTARY PUBLIC, STATE OF NEW YORK
No. 24-9811670
Qualified in Kings County
Cert. filed in N.Y. County
Commission Expires March 30, 1964

STATE OF Utah)
) SS.
COUNTY OF Salt Lake)

On this 25th day of ~~March~~ ^{April}, 1963, before me, the undersigned, a Notary Public in and for the County of Salt Lake, State of Utah, personally appeared Arthur Blake Thomas, known to me to be the President of The Sierra Nevada Company & Combined Production Associates Ltd., the corporations that executed the foregoing instrument, and upon oath did depose that he is acquainted with the seal of said corporations and that the seals affixed to said instrument ~~is~~ ^{are} the corporate seals of said corporations; that the signatures to said instrument were made by officers of said corporations as indicated under said signatures; and that the said corporations executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office the day and year in this certificate first above written.

(NOTARIAL SEAL)

Rodney B. Tunks
Notary Public in and for the
County of Salt Lake
State of Utah
My Commission Expires: March 25, 1967

STATE OF NEVADA)
) SS.
COUNTY OF WASHOE)

On this _____ day of March, 1963, before me, the undersigned, a Notary Public in and for the County of Washoe, State of Nevada, personally appeared _____, known to me to be the President of the corporation that executed the foregoing instrument, and upon oath did depose that he is the officer of said corporation as above designated; that

he is acquainted with the seal of said corporation and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated under said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

RECORDED AT THE REQUEST OF Ralph M. Tucker May 31, A.D. 1963 At 02 minutes past 8 A.M.

Willis A. DePaoli - Recorder
By Helen E. Halstead - Deputy