

Mining Lease

THIS LEASE made and entered into this 28th day of May, 1963, by and between EDGAR L. STEPHENSON and HELEN C. STEPHENSON, husband and wife, EDMOND F. LAWRENCE and HELEN J. LAWRENCE, husband and wife, and H. EVAN ROBERTS

owner of certain mining properties hereinafter described, and hereinafter referred to as "Lessor", and ROBERTS-REDMOND CORP., a Nevada corporation,

hereinafter referred to as "Lessee"; WITNESSETH:

Lessor, for and in consideration of the payment of the rents and royalties and the performance of the covenants, terms, and conditions set forth by the Lessee to be paid, kept and performed, does by these presents grant and lease to said Lessee all of those certain mining properties belonging to Lessor situated in the Cortez Mining District, Eureka County, Nevada, to wit:

Falcon, Falcon No. 1, Falcon No. 2, Falcon No. 3, Falcon No. 4, Falcon No. 5, Falcon No. 6, Falcon No. 7, Falcon No. 8, Falcon No. 9, Falcon No. 10, Falcon No. 11, Falcon No. 12, Falcon No. 13, Falcon No. 16, Falcon No. 20, Falcon No. 21, Falcon No. 22, Falcon No. 23, Falcon No. 24, Falcon No. 25, Falcon No. 26, Falcon No. 27, Falcon No. 28, Falcon No. 29, Falcon No. 30, Falcon No. 31, Falcon No. 32, Falcon No. 33, Falcon No. 34, Falcon No. 35, Falcon No. 36, Falcon No. 37, Falcon No. 38, Falcon No. 39, Falcon No. 40, Falcon No. 41, Falcon No. 42, Falcon No. 43, Falcon No. 44, Falcon No. 45; location notices and descriptions of said claims being presently of record in the office of the Eureka County Recorder, Eureka, Nevada.

1. TITLE OF LESSOR. The Lessor is the owner of the above described mining properties and claims and has the right to lease the same and all other rights of the Lessor in and to the above described mining properties and claims.

In the event the Lessee is required to make any payment to any person or persons or to pay any reasonable legal fees in connection with perfection of title of Lessor to said mining claims, said sums shall be deducted from any amounts due Lessor under the terms of this agreement. If Lessor owns a less interest in the above described land or any part thereof than the entire and undivided fee simple estate, then the royalties and other consideration herein provided for shall be paid the Lessor only in the proportion which his interests bear to the whole and undivided fee of that portion of the leased premises from which the ore is extracted.

Lessor represents that he has not done or suffered anything whereby the said premises have been encumbered in any way whatsoever and that to the best of his knowledge the said mining properties are free and clear from any right or claim of any other person.

2. TERM. The term of this lease shall be for a period of five (5) years from the date hereof and for so long thereafter as any mining development, exploration or prospecting is conducted upon any of said mining properties.

3. RENTS AND ROYALTIES. As consideration for the granting of this lease to the Lessee, Lessee hereby agrees to pay to the Lessor in the manner as herein provided a royalty of 25% of the net proceeds, in accordance with the provisions of Paragraph 4 of this lease. The term "Net proceeds" as used herein is defined to be the gross amount received from all sources

from the sale of any ores mined from the aforesaid properties after deducting the actual cost of transporting the ore from the mining premises to the mill, plant, or dock of the mineral purchasers. In the event the ore is shipped to a mill for milling or smelting, then net proceeds shall mean net smelter returns of gross amounts received from the mill or smelter processor after deduction of costs of transportation from the mining premises to the mill or smelter. The said royalty payments shall be payable within fifteen (15) days after receipt by Lessee of the money from the sale of said ore.

4. **PROOF OF LABOR.** Lessor and Lessee shall be responsible for necessary annual assessment work, which necessary work shall be done by the Lessee not later than January 1 of each year; and should Lessee fail to do said assessment work within such time, Lessor may do said work at the expense of Lessee, and in such case Lessor shall be entitled to reimbursement from Lessee within thirty (30) days after such work is performed. In the event of failure of Lessee to reimburse Lessor for the cost of said work within thirty (30) days after such work is performed, Lessor shall be entitled to recover the cost of such work from Lessee with the interest thereon at the rate of six percent per annum from the date of completion of such work.

5. **RECORDS.** Lessee agrees to keep a full, true and accurate account showing the tonnage and all shipments and sales of all minerals, metals, and other production from the said mining properties and receipts therefrom in connection therewith, which books, records and accounts may be inspected by Lessor at any reasonable time.

6. **MINING OPERATIONS.** Lessee further agrees to perform all mining operations in a good and workmanlike manner, to properly and adequately timber where necessary all shafts, tunnels and all underground excavations for the safety of the workmen and the preservation of said premises as a mine in a manner commensurate with good and economical mining.

7. **RESERVATION OF TITLE TO EQUIPMENT.** It is agreed that the title to all mining machinery, equipment, fixtures and structures erected or placed upon said mining claims and premises by Lessee shall be reserved to said Lessee and remain the personal property of Lessee, subject to removal at his will and pleasure during the continuance of this Agreement and ninety (90) days thereafter, irrespective of the manner or method of attachment to said real property; provided, that such right of removal shall not extend to foundations or mined timbers in place, unless Lessor shall have given his written consent thereto. If Lessee is hampered by snowdrifts, washouts, inclement weather, or other climatic conditions from completing removal of said items within the specified time, then Lessor agrees to extend the time by a reasonable period if required by Lessee.

8. **INSURANCE.** Lessee hereby agrees to carry adequate workmen's compensation insurance for the protection of all workmen employed on said mining premises and claims or in the mining operations. Lessee further agrees at all times during the term of this lease to carry \$100,000 of public liability insurance for injury to persons and \$50,000 of property damage insurance for property damaged on the premises.

9. **TERMINATION.** Lessee may cancel or terminate this lease upon ten (10) days' notice in writing to that effect mailed to Lessor as provided under "Notice" at any time during the life of this lease. In the event of such termination, Lessee shall have the right to abandon his operation of the mining properties without the payment of any further sums, except rents and royalties required to be paid before expiration of said notice and without further penalty to the Lessee and sums of money paid to the Lessor prior to such termination shall be accepted by the Lessor and received by him in full and complete payment of all claims of every kind and nature which the Lessor may have against the Lessee.

10. **DEFAULT.** If Lessee fails, neglects or refuses to pay the rents and royalties each month as herein provided, or fails or neglects to perform the other terms, covenants, or conditions or any part thereof, as herein provided, and such default continues for thirty (30) days after notice to Lessee in writing to rectify such default, Lessor or his agents may re-enter and take possession of said mining claims and premises and may remove all persons found thereon and thereupon this agreement and lease shall be forthwith terminated and all payments of every kind theretofore made to Lessor shall be retained as rental for the use and occupation of said premises by Lessee, and thereupon within ninety (90) days Lessee shall remove his personal property and other property from said premises provided that any such notice of default sent by Lessor to Lessee must be signed by the Lessor or by the attorney for the Lessor.

11. **ASSIGNMENT.** This lease may be assigned in whole or in part by Lessee and upon such assignment the assignee shall be solely responsible to Lessor for such assignee's pro rata portion of any or all of the obligations or liabilities under this lease and agreement, and Lessee shall proportionately be relieved of any or all of said obligations or liabilities. Lessee shall give Lessor thirty (30) days' written notice of said assignment.

12. **NOTICE.** Any notice required to be given to Lessor hereunder shall be given to him by registered mail addressed to him at: Edgar L. & Helene C. Stephenson - 1701 Lander Street, Reno, Nevada; Edmond F. & Helen J. Lawrence - P.O. Box 8044, University Station, Reno, Nevada; H. E. Roberts - 5979 West Third Street, Los Angeles 36, California (Suite 200) or at such other address or addresses as he respectively may hereafter designate in writing from time to time.

Any notice required to be given to Lessee hereunder shall be given to him by registered mail addressed to him at:

Roberts-Redmond Corp., Suite 200,

5979 West Third Street, Los Angeles 36, California,

or at such other address or addresses as he may designate in writing from time to time.

13. **COMPLIANCE WITH STATE LAWS.** Lessee agrees that he will operate said mine in full compliance with all State mining laws.

14. **CHANGES IN LEASE.** None of the covenants, terms or conditions of this lease shall in any manner be altered, waived, changed, or abandoned, except by a written instrument signed by the parties hereto.

15. **LIABILITY AND NON-RESPONSIBILITY.** Lessee shall pay, as due, all valid claims for work done, services rendered, or material furnished to the leased premises and shall hold Lessor harmless from any liability arising out of any operations under the lease. Lessee shall defend all suits or claims arising out of such operations at his own expense. Lessee agrees to post notice of non-responsibility signs upon the property for the protection of the Lessor.

16. **FORCE MAJEURE.** In the event Lessee is prevented from performing this agreement by labor strikes, fires, floods, explosions, riots, any unusual mining casualties, acts of God, government restrictions of orders, suspension of buying by the government where no commercial market is available, severe weather conditions or other extraordinary events beyond his control, then the time of performance of this agreement by Lessee shall be suspended during the continuance of such acts which prevent performance.

17. **TRANSFERABILITY.** This agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, assigns and successors in interest of either Lessor or Lessee.

18. **TAXES.** Lessee shall pay all state and county tax assessments upon any and all structures and other improvements, machinery, equipment, tools, supplies, and personal property whatsoever placed upon the leased premises by the Lessee. Lessee shall also pay all state and county "net proceeds" or production taxes assessed against Lessee and other taxes assessed against Lessee on account of his operations hereunder. Lessor shall pay all state and county net proceeds or production taxes assessed against Lessor on account of his receipt of rents and royalties of whatever nature provided herein to be paid to Lessor by the Lessee.

19. **CREDIT AGAINST FUTURE PRODUCTION.** It is understood and agreed that any advance or minimum royalties paid to Lessor by Lessee may be credited by Lessee against future royalties payable to the Lessor based upon production and sale of ore.

20. **INSPECTION OF PREMISES.** Lessor or his agents may at all reasonable times and at Lessor's risk enter upon and into the leased premises for inspection and to conduct survey or sampling operations; provided, that such activities shall not unreasonably interfere with the operations of the Lessee.

21. **NUMEROUS LESSORS.** If at any time five parties or more are entitled to receive royalties under this lease, Lessee may withhold payment until all parties designate in writing a trustee to receive all royalty payments and to execute division and transfer orders for those entitled to royalties. The writing must be recordable, binding upon heirs and successors in title, and filed with the Lessee.

22. **PARTIES.** Whenever in this agreement the masculine gender is used, it shall include the feminine gender, and the singular shall include the plural.

23. Lessee shall pay to Lessor the following percentages of the "net proceeds" (as defined in Paragraph 3 of this lease) received by Lessee from the sale of mineral production of every kind and nature mined and shipped from Lode or Vein deposits located on the aforescribed mining properties:

<u>Lessee's Net Proceeds Per Ton</u>	<u>Lessor's Royalty Percentage</u>
\$40.00 or less	10%
Over \$40.00 - \$60.00	12-1/2%
Over \$60.00	15%

Lessee shall also pay to Lessor, in accordance with the schedule hereinafter set forth, a royalty based upon the percentage of metal content per tone of ore mined, sold and shipped by Lessee from pyrometamorphic or disseminated deposits located on the aforescribed mining properties and loaded aboard railroad cars at the nearest railroad. Railroad weights will prevail. If any ore is processed at plant prior to being shipped and loaded aboard railroad cars, Lessee shall only pay a royalty on the material actually shipped from the processing plant and loaded aboard railroad cars. The royalty to be paid by Lessee shall be based on the following schedule:

<u>Percentage of Metal Content Per Ton</u>	<u>Royalty Per Ton</u>
Up to 0.90%	3¢
0.91 to 1.10%	4¢
1.11% and above	5¢

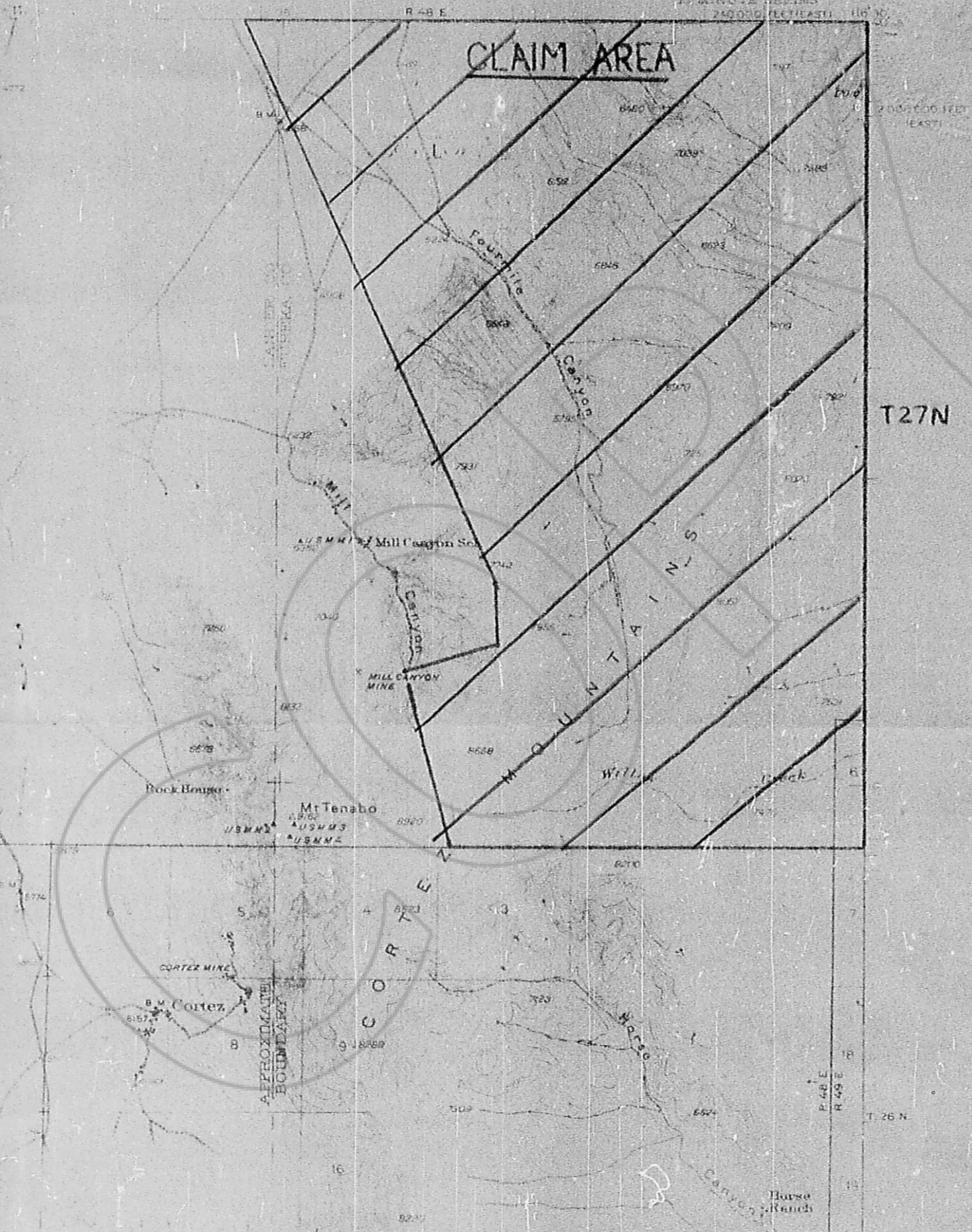
24. Beginning three (3) years from the date of this lease, and during the period this lease thereafter remains in effect, Lessee shall, at its option, either pay to Lessor a minimum royalty of \$1,000.00 per month or expend a minimum of \$1,000.00 per month for exploration, development or mining of the aforescribed mining properties. Provided that when any minimum royalty payments made by Lessee during any calendar year and all sums expended by Lessee for exploration, development or mining of the aforescribed mining properties during the same calendar year, added together, total \$12,000.00, Lessee, for the balance of said calendar year, shall not have to make any further minimum royalty payments or expend any further sums for exploration, development or mining.

25. All claims located and acquired by any Lessor or Lessee within the "Claim Area" marked in red on the map attached hereto as Exhibit "A" and made a part hereof are to be added to and shall be subject to the terms and conditions of this lease.

26. All payments required to be made by Lessee hereunder shall be paid one-third (1/3) to Edgar L. and Helen C. Stephenson; one-third (1/3) to Edmond F. and Helen J. Lawrence; and one-third (1/3) to H. Evan Roberts.

EXHIBIT "A"

NEVADA
CORTIZ QUADRANGLE
15 MINUTE SERIES
240000 FEET EAST 116 30



IN WITNESS WHEREOF, the parties hereto have executed this Mining Lease the day and year first hereinabove written.

LESSEE:

ROBERTS-REDMOND CORP.,
a Nevada corporation

By: H. Evan Roberts, President

By: Robert C. Marston, Secretary

LESSOR:

Edgar L. Stephenson
Edgar L. Stephenson
Helen C. Stephenson
Helen C. Stephenson
Edmond F. Lawrence
Edmond F. Lawrence
Helen D. Lawrence
Helen D. Lawrence
H. Evan Roberts
H. Evan Roberts

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

On the 28th day of May, 1963, before me, a Notary Public, personally appeared

H. Evan Roberts

known to me to be the person
whose name is subscribed to the within instrument, and acknowledged that he executed the same.



STATE OF
COUNTY OF

On the day of 19, before me, a Notary Public, personally appeared

known to me to be the person
whose name subscribed to the within instrument, and acknowledged that he executed the same.

Notary Public in and for said County and State

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

On May 28, 1963, before me, a Notary Public, personally appeared: H. Evan Roberts

and Robert C. Marston known to me to be the president and secretary, respectively, of Roberts-Redmond Corp.
the corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the
corporation therein named and acknowledged to me that such corporation executed the same.



STATE OF Nevada
County of Pershing

On this 5th day of July, A. D. one thousand nine hundred and Sixty Three
before me Joy Bianchini, a Notary Public in and for the
County of Pershing, State of Nevada, personally
appeared Edgar L. Stephenson and Edmond F. Lawrence

known (or proved) to me to be the persons described in and who executed the annexed
instrument, who acknowledged to me that they executed the same, 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 in the County of Pershing, the day and year in this Certificate
first above written.

Notary Public in and for the County of Pershing, State of Nevada.

My commission expires April 17, 1964



STATE OF NEVADA

County of WASHOE

} ss.

On this 13 day of August A. D. one thousand nine hundred and sixty-three

personally appeared before me CLARA J. DUNN, a Notary Public in and for said

County of WASHOE ----- HELEN C. STEPHENSON -----

~~known~~ (approved) to me to be the person described in and who executed the annexed instrument, who acknowledged to me that She executed the same, 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 in the County of Washoe, the day and year in this Certificate first above written.



Clara J. Dunn
Notary Public in and for the County of Washoe, State of Nevada.

My commission expires October 22, 1966

STATE OF NEVADA,

County of

Washoe

ss.

On this

6th

day of

July

A. D.

one thousand nine hundred and

sixty - three

personally appeared before me

Helene C. Fiedel

a Notary Public in and for said

County of

Washoe

Helene Lawrence

known (or proved) to me to be the person..... described in and who executed the annexed instrument, who acknowledged to me that ~~she~~ he..... executed the same, 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 in the County of..... Washoe....., the day and year in this Certificate first above written.

Helene C. Fiedel

Notary Public in and for the County of

Washoe

State of Nevada.

My commission expires

November 2, 1968

File No. 39317

RECORDED AT THE REQUEST OF

Zerner & Sims

December 4 A.D. 1963

At 50 minutes past 10 A. M.

In Liber 2 of OFFICIAL Reco-1s

Page 50-61 Records of

EUREKA COUNTY, NEVADA

Willis A. DePaul Recorder

By _____ Deputy

Fee \$ 11.65