ACKNOWLEDGEMENT OF LOAN AND PLEDGING OF ASSETS
AND TERMS OF REPAYMENT.

Combined Production Associates, Ltd. , a corporation of Utah, in association with other entities, is the owner of certain lease and purchase option contracts covering fifty three located lode mining claims covering Section 4, Township 35 North, Range 50 East in northern Eureka Co. of Nevada. All personal property herein menti ned is in the possession of Combined Production Associates, Ltd. at this defined point and ownership is undivided except for reservations to owners in instances where title is being acquired on installment purchase contracts. Combined Production Associates is in possession of the realty as appointed Operator for all ownerships with full power to enter into essential contracts necessary to achieve production of mineral from the lands in question:

Under date of July 12th,1960 Combined Production Associates, Ltd. entered into a contract to purchase cyanide mill equipment from Reed and Sons for a total price of $50,000.00. Copy of this contract is attached hereto for reference purposes. As of this date Combined Production Associates, Ltd. owes $17,316.32 as a balance due under the terms of this agreement. Subsequently Combined Production Associates, Ltd. purchased a roller bearing jaw crusher and owes a balance of $1,597.75 to the C.I.T. Corporation thereon. Combined Production Associates,Ltd. has also purchased classification and agitation equipment from the Nevada Massachusetts Mag. Co. and owes a balance of $1,521.00 thereon. Upon payment of the above sums title to these chattles will be vested in Combined Production Associates, Ltd. Substantial additions have been made to the above basic items of equipment and many accessory installations have been provided such as, but not by way of limitation: thickner, ore bin storage plus automatic ore withdrawl mechanism, equipment of a water well, provision of pipe line and power line facility, erection and equipment of an assay office, the purchase of standby motors and pumps and chemicals consumed in the cyanide mill process plus a warehouse facility for storage. Said installations are known as The Blue Star mill and/or surface plant. Said personal property is carried on the books of Combined Production Associates,Ltd. as of

Jan 1st,1962 at an installed cost of $178,402.72 . Combined Production Associates, Ltd. states that there are no liens or encumberances against this personal property other than as set forth above. All labor costs and mechanics charges are paid as are personal property taxes and income tax with-holding items and governmental social security and unemployment and insurance levies:

NOW THEN: Whereas Dr. Henrik Kauffmann of Copenhagen, Denmark has loaned Combined Production Associates, Ltd. the sum of $24,000.00, receipt of which is hereby acknowledged, Combined Production Associates, Ltd. , by these presents, does hereby mortgage, pledge and furthermore vest in Dr. Henrik Kauffmann all such title, and equity as is owned by it in said Blue Star mill and/or surface plant, subject, however, to the paramount ownerships and interests of Reed and Sons, C.I.T. Corporation and Nevada Massachusetts Mng. Co. and to reservations and covenants and restrictions contained in contracts with these entities, until the sum of $24,000.00 plus interest at the rate of 8% per year has been paid as hereinafter set forth. All rights, equities and/or titles hereby vested in Dr. Kauffmann are subject to the following reservations by Combined Production Associates, Ltd. : All right, equity and/or title hereby vested in Dr. Kauffmann shall upon the payment of $24,000.00 plus 8% per year of interest revert to Combined Production Associates, Ltd. without further contract or acknowledgement.The personal property hereby defined shall remain in the possession of Combined Production Associates, Ltd. with full and exclusive use privileges and, furthermore, if equipment in hand can be advantageously traded or used as a partial payment for more useful articles then Combined Production Associates, Ltd. reserves the right to make such substitution and such articles and/or any equity therein acquired is hereby added to this agreement to further secure Dr. Kauffmann and in similar manner all other new personal property items, purchased for milling purposes, by Combined Production Associates, Ltd. , during the term of this contract, are in addition added hereto:

Combined Production Associates Ltd. hereby state that in the month following the completion and starting of the milling plant that they will pay to Dr. Kauffmann, from production receipts or any other available source, the sum of 25¢ per ton for each ton of ore processed through the mill or the sum of $2000, whichever is the larger, and on subsequent months make similar payments, to apply upon reduction of said $24,000.00 loan. Interest payments are to be made quarterly upon unpaid balance owed. In the event Combined Production Associates,Ltd. does not completely retire said $24,000.00 loan plus 8% annual interest within thirteen months from the date hereof then Dr. Kauffmann may take such legal action as might be necessary to further secure rights, titles and/ or equities hereby vested in him and to enable sale of the specified personal property to recoup the sum of $24,000.00 plus 8% per year of interest , less principal and interest sums paid, and costs attached to such legal process and expense of any sale. Any surplus realised from such procedure above return of owed capital and interest and costs is reserved to Combined Production Associates,Ltd. And Combined Production Associates,Ltd. warrants that in such necessity it will cooperate to the fullest extent with Dr. Kauffmann!

The Officers who sign this instrument certify that this contract has been duly recognised and authorised under a resolution accepted by its Board of Directors!

In Witness Whereof, the Grantor has caused its corporate name and seal to be affixed by its duly authorised officers this 16th day of May 1962:

Combined Production Associates, Ltd.
39 Exchange Place, Salt Lake City,Ut.
Arthur Blake Thomas President.

Attest:
E. P. Emery Secy.

SEAL Affixed

State of Utah)
Co.ofSalt Lake) ss

On this 16th day of May 1962 personally appeared before me Arthur Blake Thomas and E.P.Emery and who being duly sworn did say, each of himself that he, the said Arthur Blake Thomas is the President of Combined Production Associates, Ltd. and E.P.Emery that he is the Secretary of the same corporation and that the foregoing instrument was signed in behalf of the corporation by authority and resolution of its Board of Directors and each person duly acknowledged to me the execution by them of this contract by and for said corporation and that the seal affixed is the seal of said corporation!

My commission expires:
March 19, 1966

Jeanette C. Day
Notary Public residing at
Salt Lake City, Utah

SEAL Affixed

STATEMENT AND NOTE

39703

FILE NO.
Filed for record at the request of
Nov 25 1964 at 11 A. M. Recorded in
Book 3 of Official Records, page 470-474, Records of EUREKA
COUNTY, NEVADA.
Recorder
Fee: $ 5

Combined Production Associates, Ltd., a Utah corporation, acknowledges receipt of cash loans from Henrik Kauffmann on the following dates and in the amount specified:

July 17th, 1962	$3,500.00
Sept. 20th, 1962	25,000.00
Oct. 1st, 1962	5,000.00
Total	$33,500.00

Combined Production Associates, Ltd. admits and agrees and covenants that the total principal sum of Thirty Three Thousand Five Hundred Dollars ($33,500.00) plus interest at eight percent (8%) per annum is now overdue and payable. And in evidence thereof Combined Production Associates, Ltd. does, after date, promise to pay, upon demand, to Henrik Kauffmann the sum of Thirty Three Thousand Five Hundred Dollars ($33,500.00) plus accumulated and accumulating interest at eight percent (8%) per annum;

A former contract of indebtedness by Combined Production Associates, Ltd. extending to Henrik Kauffmann, titled "Acknowledgement of Loan and Pledging of Assets and Terms of Repayment", executed on May 16th, 1962 is attached hereto and made a part hereof. Combined Production Associates, Ltd. now mortgages, pledges and sets over unto Henrik Kauffmann any residual right, title and interest it might still possess in the Blue Star mill and/or surface plant until the sum of Thirty Three Thousand Five Hundred Dollars ($33,500.00) plus due interest at eight percent (8%) per annum has been paid to Henrik Kauffmann, reserving however, prior to any foreclosure the use rights and privileges established under the May 16th, 1962 contract;

In Witness Whereof: Combined Production Associates, Ltd. has caused its corporate name and seal to be affixed by its duly authorized officers this 20th day of December, 1962.

SEAL Affixed

Attest:

Augustus Reeves
Secretary.

Combined Production Associates, Ltd.

Crittenden Bly Thomas
President.

(seal)

State of Utah) ss
Co. of Salt Lake)

Subscribed and sworn to before me this 20th day of December, 1962

SEAL Affixed

Jeanette C. Day
Notary Public residing at
Salt Lake City, Utah.

My commission expires:
March 19, 1966

FILE NO. 39705

Filed for record at the request of Arthur B. Thomas

March 23, 1964 at 11 minutes past 11 A. M. Recorded in

Book 3 of Official Records, page 470-474, Records of EUREKA

COUNTY, NEVADA.

Willis A. Ulrich, Recorder.

Fee: $5.15