

MINING LEASE

THIS MINING LEASE made and entered into this 16th day of June, 1964, by and between ROYSTON COALITION MINES, LTD., a Nevada corporation, SIDNEY K. SPENCER and GLADYS SPENCER, his wife, which corporation and two individuals are hereinafter collectively designated "Lessors," and ATLAS MINERALS CORPORATION, a Delaware corporation, hereinafter designated "Lessee,"

W I T N E S S E T H:

WHEREAS, Lessors represent that they are the owners of the following described unpatented lode mining claims (hereinafter designated the "Mining Claims") situated in Eureka County, State of Nevada:

CERTIFICATE OF LOCATION RECORDED
IN THE OFFICE OF THE COUNTY
RECORDER OF EUREKA COUNTY, NEVADA,
AT

NAME OF CLAIM

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and

WHEREAS, Lessors are willing to grant to Lessee a mining lease covering said Mining Claims upon the terms and conditions herein contained.

NOW THEREFORE, in consideration of the sum of Six

Hundred Dollars (\$600.00) paid by Lessee to Lessors and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged by Lessors, and in consideration of the covenants and agreements hereinafter set forth to be kept and performed by all of the parties hereto, Lessors hereby demise, lease and let and by these presents do demise, lease and let to Lessee the above described Mining Claims together with all rights of way, easements and water and water rights, of every kind and nature, which are useful, convenient or necessary for Lessee in the exploration, development and mining of all of the lands covered by this Mining Lease and the milling, processing, concentrating or refining of ores and minerals mined or extracted from the Mining Claims.

TO HAVE AND TO HOLD unto the Lessee and its successors and assigns for a primary term of ten years and for such additional periods as said term may hereafter be extended as hereinafter provided.

In consideration of such leasing and of the covenants and agreements hereinafter set forth, it is mutually agreed by and between the parties hereto as follows:

ARTICLE I

1.1 Lessee shall have and is hereby granted by Lessors the exclusive right:

- (a) To enter upon, explore, examine and investigate the Mining Claims and to survey, map, test and

sample the Mining Claims and to carry on such geological and geophysical work with respect thereto as Lessee, in its sole judgment and discretion, may desire;

(b) To prospect and search for minerals in and on the Mining Claims by means of drilling, trenching, drifting, cross cutting, raising and sinking of shafts or winzes or by such other development or exploration methods, either surface or underground, as Lessee, in its sole judgment and discretion, may desire;

(c) To delineate ores and ore occurrences and to secure cores and samples from the Mining Claims at such places and in such quantities as Lessee, in its sole judgment and discretion, may desire;

(d) To mine, extract, mill, process, concentrate or otherwise treat any ores or minerals from the Mining Claims in unlimited quantities and to ship, market, sell or otherwise dispose of the same, or concentrates produced therefrom, to such persons and at such prices as Lessee, in its sole judgment and discretion, may desire;

(e) To construct, install, operate and maintain upon the Mining Claims such mills, processing plants, roads, power and telephone lines, ditches, camps, hoists, buildings and other structures and facilities as Lessee, in its sole judgment and discretion, may desire; and

(f) To take any and all other action upon or in

connection with the Mining Claims, whether similar to actions described above or not, as Lessee, in its sole judgment and discretion, may desire.

ARTICLE II

2.1 Lessee agrees to conduct all mining operations on the Mining Claims in accordance with good mining practices and to save harmless and fully indemnify Lessors from any liability arising out of injuries to the person or property of third persons by reason of the operations of Lessee, its employees, and subcontractors and their employees upon the Mining Claims.

2.2 Lessors or their authorized representatives shall have the right at all times during the term of this Mining Lease, or any extension thereof, to enter upon the Mining Claims and any mine workings thereon for the purpose of inspecting the same, provided that such entry shall be at the sole risk of Lessors.

ARTICLE III

3.1 Lessee agrees to carry such insurance, covering all persons working in or on said Mining Claims for Lessee, as will fully comply with such provisions of the statutes of the State of Nevada covering workmen's compensation and occupational disease and disabilities as are now in force or as the same may be hereafter amended or enacted. Further, Lessee agrees to comply with all of the terms and provisions of all applicable

laws of the State of Nevada and of the United States of America now existing or as hereinafter amended or enacted, pertaining to social security, unemployment compensation, wages, hours and conditions of labor, and to indemnify and hold the Lessors harmless from payment of any damages occasioned by Lessee's failure to comply with said laws.

ARTICLE IV

4.1 Lessee agrees that it will pay to Lessors royalties determined as follows with relation to all ores and minerals mined from the Mining Claims, or concentrates produced therefrom, and sold:

(a) A royalty of six and one-half per cent ($6\frac{1}{2}\%$) of the net smelter returns (as that term is hereinafter defined) received by Lessee during any one calendar month in which the average net smelter returns per ton (as that term is hereinafter defined) are \$30 or less.

(b) A royalty of twelve and one-half per cent ($12\frac{1}{2}\%$) of the net smelter returns (as that term is hereinafter defined) received by Lessee during any one calendar month in which the average net smelter returns per ton (as that term is hereinafter defined) exceeds \$30.

(c) The term "net smelter returns" when used herein shall mean the amount received by Lessee from the smelter or mint which purchases ores or minerals

mined from the Mining Claims or concentrates produced therefrom, including all subsidies or bonuses paid to the Lessee by the smelter or mint with relation to such ores and minerals and based upon the quality or quantity thereof, after deducting therefrom all charges and amounts deducted by the smelter or mint and all treatment charges, sampling and assaying charges, umpire assay charges and all railroad, truck or other haulage charges incurred for transportation from the mine to the smelter or mint of the ores, minerals or concentrates so produced and not otherwise deducted by the smelter or mint.

(d) The term "average net smelter returns per ton" when used herein shall mean an amount determined on a calendar monthly basis by dividing the net smelter returns (as that term is hereinabove defined) received by Lessee during a calendar month by:

(i) If such net smelter returns are received from the sale of unprocessed ore, the number of tons of such ore sold, or

(ii) If such net smelter returns are received from the sale of concentrate or ore which has been processed or refined in any manner, the number of tons of unprocessed ore from which the concentrate or processed or refined ore which was sold was derived, or

(iii) If such net smelter returns are received from the sale of both unprocessed ore and concentrates or processed or refined ore, the sum of (i) and (ii) above.

4.2 Lessee agrees that commencing with the month of August, 1964, the minimum royalties payable to Lessors pursuant hereto with relation to the Mining Claims shall be not less than \$300.00 per month. Lessee agrees that in the event that royalties payable to Lessors pursuant to Section 4.1 hereof with relation to any month beginning with the month of August, 1964, shall be less than \$300.00, Lessee will pay to Lessors a minimum royalty equal to the difference between \$300.00 and the royalties paid with relation to said month pursuant to Section 4.1.

4.3 Royalties payable pursuant to Section 4.1 hereof shall be paid within thirty days after the close of the calendar month in which Lessee receives payment from the purchaser for the ores, minerals or concentrates to which such royalty payment is applicable. Minimum royalties payable pursuant to Section 4.2 hereof shall, until Lessee or its successors or assigns commences commercial production of ore from the Mining Claims, be paid before the first day of the month with relation to which such minimum royalties are applicable and after Lessee commences commercial production of ore from the Mining Claims shall be paid within thirty days after the close of the calendar month with relation to which such minimum royalties are applicable.

4.4 All royalty payments and minimum royalty payments payable to Lessors pursuant hereto shall be paid to H. G. Metos and Sidney K. Spencer and mailed to said persons at 404 Boston Building, Salt Lake City, Utah, as agents for Lessors. Lessors

and each of them hereby nominate and appoint H. G. Metos and Sidney K. Spencer as their agents to receive payment of all royalties and minimum royalties payable to Lessors pursuant hereto and agree that payment by Lessee to said agents shall be deemed the legal acquittance of Lessee to the extent of the amounts so paid, and Lessee shall have no obligation to determine the distribution or disposition made by such agents of amounts paid to them. The appointment of said agents by Lessors may be revoked or changed only by a recordable instrument in writing executed by all of the then owners of all of the rights of Lessors hereunder designating a new agent or agents to whom such royalty payments and minimum royalty payments shall be made. Such designation of a new agent or agents to receive royalty payments and minimum royalty payments on behalf of Lessors shall not be effective or binding upon Lessee until forty-five days following the date of delivery of a fully executed copy of said instrument designating a new agent to Lessee. Under no circumstances shall Lessee be obligated to make payment to the Lessors individually or to more than two persons acting as agents for Lessors.

4.5 Lessee agrees to keep an accurate account of all sales of ores and minerals extracted by Lessee from the Mining Claims and concentrates produced therefrom, showing sales, prices, dates, purchasers, the Mining Claim from which removed, the gross receipts derived therefrom, charges deducted by the smelter with relation thereto, all smelter treatment charges not deducted by the smelter, all costs of umpire

assaying paid by Lessee in connection therewith and all railroad, truck or other haulage charges incurred for transportation thereof from mine to smelter. The records, books and accounts of Lessee relating to such sales shall be open at reasonable times to inspection by Lessors, or by their agents authorized in writing.

ARTICLE V

5.1 Lessors covenant and agree that this Mining Lease shall cover and extend to any further or additional right, title, interest or estate acquired by Lessors, or any of them, in or to minerals or rights therein in the lands covered by the Mining Claims or in or to the lands themselves. Lessors covenant and warrant that they have not sold, assigned, conveyed or otherwise encumbered the Mining Claims and that Lessors are the sole owners and holders of title to each of said Mining Claims.

5.2 Lessors covenant and warrant that with the exception of the royalties and minimum royalties reserved by Lessors pursuant hereto, there are no outstanding royalty obligations or other payment obligations with relation to the Mining Claims or any of them. In the event that it is hereafter determined that any of the Mining Claims are subject to royalty obligations or other obligations to make payment of any type other than the royalty interests herein reserved to Lessors, Lessors shall assume and pay any and all such outstanding royalty payments or other obligations to make payment and

Lessors shall indemnify and hold Lessee harmless from any claims by third parties arising out of such royalty or payment obligations.

5.3 In the event that Lessee should become compelled by court order to make any royalty payments or any other payments with relation to the Mining Claims, other than royalty payments and minimum royalty payments which become due and payable to Lessors pursuant hereto, Lessee shall have the right to retain all royalty payments and minimum royalty payments which thereafter become due and payable to Lessors hereunder until such time as Lessee has recovered the total amount so paid by Lessee pursuant to such court order, together with interest on the unpaid balance thereof at the rate of six per cent (6%) per annum. Retention by Lessee of royalty payments or minimum royalty payments pursuant to this Section 5.3 shall not, under any circumstances, be deemed to constitute a default by Lessee hereunder, and the amount so retained by Lessee shall, for all purposes of determining compliance by Lessee with the provisions of this Mining Lease, be deemed to have been paid to Lessors.

5.4 The provisions of Section 5.3 hereof shall not be deemed to limit or restrict in any manner the rights of Lessee pursuant to Sections 5.1 and 5.2 hereof. It is intended that the rights granted by Section 5.3 hereof are granted as additional protection to Lessee. Lessee shall have the right at any time to enforce, by appropriate action, all rights granted

to Lessee pursuant to Sections 5.1 and 5.2 irrespective of the provisions of Section 5.3.

ARTICLE VI

6.1 Should any default in any of the terms hereof occur, Lessors shall give notice to Lessee in writing as hereinafter provided, designating such asserted default. Lessee shall thereafter have a period of ten days from the date of receipt of such notice within which to correct any defaults in payment of royalties or minimum royalties and thirty days from the date of receipt of such notice within which to correct or commence action to correct any other defaults of which it has received notice. Should Lessee fail to correct said defaults in payment of royalties or minimum royalties within said ten-day period or to commence action to correct said other defaults within said thirty-day period, Lessors may, at their election, cancel and terminate this Mining Lease. It is specifically understood and agreed that, subject to the obligation of Lessee to pay royalties with relation to the sale of ores and minerals extracted from the Mining Claims or concentrates produced therefrom to the date of such termination, the sole liability of Lessee for any default under the terms of this Mining Lease, shall be the loss of the rights granted to it hereby in and to the Mining Claim or Mining Claims with relation to which the default occurred and Lessee shall under no circumstances have any liability to Lessors or others by way of damages or otherwise.

ARTICLE VII

7.1 Any notice or delivery of information herein contemplated to be given to Lessors shall be sufficient if given in writing, transmitted by certified mail or by Western Union telegraph or if delivered in person and a signed receipt therefor is obtained, and in any case, addressed to:

H. G. Metos and Sidney K. Spencer
404 Boston Building
Salt Lake City, Utah

or to such other address as all of the Lessors may from time to time designate to Lessee in writing, and if contemplated to be given to Lessee, shall be sufficient if given in writing, transmitted by certified mail or by Western Union telegraph or if delivered personally and a signed receipt therefor is obtained, and in any case, addressed to:

Atlas Minerals Corporation
304 First Security Building
Salt Lake City, Utah

or to such other address as Lessee may from time to time designate to Lessors in writing.

Service of notice, whether by mail or telegraph, shall be deemed effective and complete upon delivery thereof to the address indicated.

ARTICLE VIII

8.1 Lessee shall have the right at any time and from time to time, to terminate this Mining Lease as to either

or both of the Mining Claims by furnishing a written release to Lessors and paying to Lessors all sums due and payable to Lessors as royalty payments which have accrued for ores or minerals extracted from the Mining Claims or concentrates produced therefrom and sold before the date of such release. Upon delivery of said release and payment of such sums, this Mining Lease shall be deemed terminated with relation to the Mining Claim or Mining Claims covered by said release, and Lessee shall have no further obligation hereunder with relation to the Mining Claim or Mining Claims covered by said release, except that if said release is delivered after July 1 of any year, Lessee shall not be relieved of such obligation as Lessee may have with relation to performance of assessment work pursuant to Article XII hereof for the then current assessment year.

8.2 In the event of termination of this Mining Lease pursuant to Section 8.1, Lessee agrees that it will make available for examination and copying by Lessors any maps prepared by Lessee showing the location of drilling by Lessee upon the Mining Claims and any assay reports obtained by Lessee with relation to ore samples removed by Lessee from the Mining Claims with relation to which this Mining Lease is so terminated.

ARTICLE IX

9.1 All tools, equipment, pipelines, apparatus, buildings, structures, and property of every nature and description, whether or not affixed to the soil, placed on the

said Mining Claims by Lessee, shall be deemed to be and shall remain the personal property of Lessee and title thereto shall at all times remain and be in Lessee. Lessee shall have the right at all times during the term of this Mining Lease and for a period of six months after the termination of this Mining Lease to remove such property from the Mining Claims.

ARTICLE X

10.1 All obligations of Lessee under this Mining Lease except the obligation to pay minimum royalties pursuant to Section 4.2 shall be suspended while, but only so long as and to the extent that Lessee is prevented from complying with such obligations, in whole or in part, by strikes, lockouts, acts of God, unavoidable accidents, uncontrollable delays by transportation, inability to obtain necessary materials in open market, lack of a suitable available market for sale at a profit to Lessee of ores and minerals produced or of concentrates produced therefrom, and any state, federal or local laws, regulations or orders, or other matters beyond the reasonable control of Lessee, whether similar to the matters herein specifically enumerated, or otherwise. Lessee shall not be required against its will to adjust any labor dispute or to question the validity of or to refrain from judicially testing any federal, state or local law, order, regulation or rule.

ARTICLE XI

11.1 Notwithstanding anything herein to the contrary,

if a genuine title dispute arises or develops, with respect to all or any portion of the Mining Claims and the lands covered thereby, the following agreements and conditions shall be operative and govern:

(a) Lessee shall have the right, at its sole option, to relinquish to the Lessors the disputed portions or areas of the Mining Claims which are affected by said adverse claims. In the event that Lessee has already mined ores or minerals from the disputed areas and has paid to Lessors the royalty interests applicable to said ores or minerals, or concentrates produced therefrom, but is later required by court order to pay damages to or otherwise reimburse third party claimants for or with relation to such ores or minerals, Lessors shall be obligated to reimburse Lessee for all royalties which were paid to Lessors for ores or minerals mined from the disputed areas, or concentrates produced therefrom.

In the event that Lessors shall fail to reimburse Lessee as hereinabove in this Section 11.1(a) provided within thirty days following delivery to Lessors of written notice that Lessee has been required by court order to make any such payment, Lessee shall have the right to retain all royalty payments and minimum royalty payments which thereafter become due hereunder until such time as it has recovered from said retained royalty

payments and minimum royalty payments an amount equal to the amount for which Lessors are obligated to reimburse Lessee as aforesaid, together with interest on the unpaid balance thereof at the rate of six per cent (6%) per annum. The provisions of the immediately foregoing sentence shall not be deemed to limit or restrict in any manner the rights of Lessee to bring legal action against Lessors to recover the amounts for which Lessors are obligated to reimburse Lessee as hereinabove in this Section 11.1(a) provided, it being understood that the rights of Lessee pursuant to this Section 11.1(a) shall be cumulative and not alternative or restrictive.

Retention by Lessee of royalty payments or minimum royalty payments pursuant to this Section 11.1(a) shall not, under any circumstances, be deemed to constitute a default by Lessee hereunder, and the amount so retained by Lessee shall, for all purposes of determining compliance by Lessee with the provisions of this Mining Lease, be deemed to have been paid to Lessors.

(b) Lessee shall have the right if it so elects to retain all royalty payments which become due and payable hereunder with relation to ores and minerals removed from the disputed portions or areas of said Mining Claims, or concentrates produced therefrom, until such time as Lessee has received from Lessors written evidence

satisfactory to Lessee that said title dispute has been resolved and that Lessors are legally entitled to receive such royalty payments. Retention of royalty payments or minimum royalty payments pursuant to this Section 11.1(b) shall not, under any circumstances, be deemed to constitute a default by Lessee hereunder, nor shall Lessee be obligated to pay any interest with relation to amounts so retained by Lessee. For purposes of determining minimum royalties payable pursuant to Section 4.2, royalty payments retained pursuant to this Section 11.1(b) shall be deemed to have been paid in the month during which they would, but for such retention, have been payable.

(c) Lessee shall not be required to pay any royalty payments to Lessors concerning any ores or minerals, or concentrates produced therefrom, mined from disputed areas which Lessee relinquishes pursuant to Section 11.1(a) hereof, nor shall Lessee be required to pay royalty payments with relation to ores or minerals, or concentrates produced therefrom, mined from disputed areas which are ultimately determined to be the properties of others.

(d) The foregoing procedure shall govern as to each title dispute and the disposition of one title dispute shall not affect subsequent title disputes or adjustments.

ARTICLE XII

12.1 Lessee agrees that at all times during the term hereof, it will during each assessment year beginning with the assessment year ending September 1, 1965, perform upon or for the benefit of all unpatented Mining Claims which are then subject to the terms of this Mining Lease, assessment work of a character and value reasonably expected to satisfy the requirements of the mining laws of the United States and of the State of Nevada.

In the event that the performance of work intended by Lessee in good faith to satisfy the requirements under the mining laws with respect to assessment work shall be deficient in one respect or another and in the event that such failure shall, through relocation by a third party or otherwise, result in the forfeiture or loss of such claim or claims as to which there is a deficiency in the work, Lessee shall not be liable to Lessors or others in damages or otherwise on account of such failure to meet the requirements of the mining laws.

ARTICLE XIII

13.1 If, at the end of the initial ten-year term of this Mining Lease, Lessee desires to continue the term hereof, it shall be entitled to extend the term hereof for as many successive periods of ten years each as Lessee shall elect upon the same terms and conditions as are herein contained. Should Lessee elect to extend the term hereof as hereinabove provided, notice

of such election shall be given in writing to Lessors not later than sixty days prior to the expiration of the initial term of this Mining Lease or of any extension hereof. Upon delivery of such notice to Lessors, the term of this Mining Lease shall be deemed to have been extended.

ARTICLE XIV

14.1 This Mining Lease is and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns. Lessee shall have the right, without the consent of Lessors, to sell or assign all or any portion of its rights in, to and arising under the terms of this Mining Lease.

ARTICLE XV

15.1 This Mining Lease shall be construed and enforced in accordance with the laws of the State of Nevada, except insofar as it may become necessary to comply with federal statutes, rules or regulations.

ARTICLE XVI

16.1 Lessors jointly and severally agree to indemnify and hold Lessee harmless from and against any liability, claims or demands which may be made against Lessee by any person, firm or corporation claiming any right to receive a commission,

bonus, payment or other consideration as a result of the execution or performance of this Mining Lease.

EXECUTED this day and year first above written.

ROYSTON COALITION MINES, LTD.

By [Signature]
President

ATTEST:

[Signature]
Secretary



[Signature]
Sidney K. Spencer

[Signature]
Gladys Spencer



ATLAS MINERALS CORPORATION

By [Signature]
President

ATTEST:

[Signature]
Assistant Secretary

STATE OF UTAH)
): ss.
COUNTY OF SALT LAKE)

On this 16 day of June, 1964, personally appeared before me H. G. METOS, who, being by me duly sworn, did say: That he is President of ROYSTON COALITION MINES, LTD., a Nevada corporation, and that the within and foregoing Mining Lease was signed in behalf of said corporation by authority of a resolution of its Board of Directors, and said H. G. Metos acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

My Commission Expires: _____

[Signature]
Notary Public
Residing at Salt Lake City, Utah



STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On the 16 day of June, 1964, personally appeared before me SIDNEY K. SPENCER and GLADYS SPENCER, his wife, the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.



[Handwritten Signature]

Notary Public

Residing at Salt Lake City, Utah

My Commission Expires:

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On this 22nd day of June, 1964, personally appeared before me A. P. KIBBE, who, being by me duly sworn, did say: That he is the President of ATLAS MINERALS CORPORATION, a Delaware corporation, and that the within and foregoing Mining Lease was signed in behalf of said corporation by authority of a resolution of its Board of Directors, and said A. P. Kibbe duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

[Handwritten Signature: Ethel O. Berry]
Notary Public

Residing at Salt Lake City, Utah

ETHEL O. BERRY, Notary Public
Commission Expires Feb. 13, 1965
Salt Lake City, Utah



39918

FILE NO. _____
Filed for record at the request of Van Cott, Bagley, Cornwall & McCarthy
June 23, 1964, at 55 minutes past 11 A.M. Recorded in
Book 4 of Official Records, page 280-300, Records of EUREKA
COUNTY, NEVADA.
Fee: \$ 15.75

[Handwritten Signature: Helen A. DePaul], Recorder.