

MINING LEASE

THIS MINING LEASE made and entered into this 31 day of August, 1964, by and between ROYSTON COALITION MINES, LTD., a corporation, and SUN TIDE CORPORATION, a corporation, hereinafter designated as "Lessors", and VICTOR W. SWEET, DORSEY HAGER and DEBENNEVILLE K. SEELEY, JR., all of Salt Lake City, Utah, hereinafter designated as "Lessees",

W I T N E S S E T H :

WHEREAS, Lessors are owners of the following described unpatented lode and placer mining claims, located in the Lynn Mining District, Eureka and Elko Counties, State of Nevada:

Lode Claims

Extension, Nos. 1 to 18, inclusive  
Sun, Nos. 1 to 9, inclusive  
Gold Strike, Nos. 1 to 36, inclusive (1/3 interest)  
Gold Bug, Nos. 1 to 27, inclusive (1/3 interest)  
Sheep Creek, Nos. 1 and 2  
Triangular Fraction, Nos. 1 and 2  
Open Fraction  
Lookout (1/2 interest)  
Ruth (1/2 interest)  
Poor Man (1/2 interest)  
Lookout Fraction (1/2 interest)  
Sidney (1/2 interest)  
Gladys (1/2 interest)

Placer Claims

West Side, Nos. 1 and 2 (1/2 interest)

Certificates of Location are recorded in Eureka and Elko Counties, Nevada, as set forth in Exhibit "A" attached hereto; and

WHEREAS, Lessors are willing to grant to Lessees a mining lease covering said claims on the following terms and conditions herein contained,

NOW, THEREFORE, in consideration of the sum of Five Dollars (\$5.00) paid by Lessees to Lessors, the receipt whereof is hereby acknowledged by Lessors, and the promise of the Lessees to pay

Three Thousand Four Hundred Ninety Five Dollars (\$3,495.00) to Lessors within ten (10) days from the date hereof if they are satisfied with the validity of Lessors' title to the leased claims. If such payment is not made within said time, this agreement shall automatically terminate without notice. And in further consideration of the covenants and agreements herein set forth to be kept and performed by all the parties hereto, Lessors hereby demise, lease and let unto the Lessees the above described mining claims, together with all rights of way, easements and water rights of every kind and nature which are useful, convenient or necessary for the Lessees in the exploration, development and mining of the above described claims, or milling, processing, concentrating or refining of ores and minerals mined or extracted from said mining claims.

TO HAVE AND TO HOLD unto the Lessees, their successors and assigns, for a primary period of ten (10) years, and for such additional periods as said term may hereafter be extended as hereinafter provided.

In consideration of such leasing and the covenants and agreements hereinafter set forth, IT IS MUTUALLY AGREED by the parties as follows:

#### ARTICLE I

Lessees may take immediate possession of said mining claims and examine, investigate, survey, map, test, and sample said mining claims and carry on such geological and geophysical work with respect thereto as Lessees, in their sole judgment and discretion, may desire, and Lessees may prospect and search for minerals by means of drilling, trenching, drifting, sinking of shafts, and such other development or exploration methods either surface or underground as the Lessees deem advisable, and may mine, extract, mill, process and concentrate or otherwise treat any ores or minerals, and construct,

install, operate and maintain mills, processing plants, and take any and all other action in connection with the mining claims as Lessees in their judgment and discretion may desire.

#### ARTICLE II

Lessees agree 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 Lessees, their employees, and sub-contractors and their employees upon the mining claims.

Lessors or 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

Lessees agree to carry or cause to be carried such insurance covering all persons working in or on said mining claims for Lessees, 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, Lessees agree 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 Lessees' failure to comply with said laws.

#### ARTICLE IV

Lessees agree that they 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 (6½%) of the net smelter returns.

(b) The term "net smelter returns" when used herein shall mean the amount received by Lessees 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 Lessees 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.

(c) All payments and royalty payments payable to Lessors pursuant hereto shall be paid to Lessors at 404 Boston Building, Salt Lake City, Utah.

#### ARTICLE V

Lessees agree that they shall perform the annual assessment work required by law on the claims above described on or before July 1, 1965, and on or before July 1st of each year thereafter of the term of this lease.

#### ARTICLE VI

Lessees agree to expend upon said claims from the date hereof and until December 31, 1965, the sum of Twenty Thousand Dollars (\$20,000.00) in drilling, excavation work, geological and geophysical work, trenching or mining of every kind or nature. It is the intention of the parties hereto that in calculating such

sum that is to be expended in the development of said claims, only the sums actually expended towards the prospecting and developing of said claims shall be included in the said expenditure of \$20,000.00. In the event that such expenditure has not been made and the Lessees desire to keep this lease on said claims, they shall do so by paying an additional sum of Three Thousand Five Hundred Dollars (\$3,500.00) to the Lessors on January 1, 1966. Lessees further agree that annually thereafter they shall expend additional sums of Twenty Thousand Dollars (\$20,000.00) on said claims, and if they fail to do so and desire to hold this lease, they may pay on the first of each year to the Lessors the sum of Three Thousand Five Hundred Dollars (\$3,500.00). However, if in any year Lessees expend in the development of the claims an amount in excess of Twenty Thousand Dollars (\$20,000.00), such excess may be carried over and credited to any succeeding year in the primary or extended term of this lease in which development expenditures actually incurred in such succeeding year are less than Twenty Thousand Dollars (\$20,000.00). If such expenditures actually incurred in a succeeding year, and carried over expenditure credits exceed Twenty Thousand Dollars (\$20,000.00), no Three Thousand Five Hundred Dollars (\$3,500.00) payment to Lessors shall be required on the first of the following year to hold this lease. It is understood that payments to the Lessors do not relieve the Lessees from performing the annual assessment work required by law on said unpatented mining claims.

#### ARTICLE VII

##### Lessees Agree:

(a) To keep proper books of account showing the amounts of gold, minerals or metals produced and sold from said mining claims and to deliver duplicate reports and statements of said sales to the Lessors at its place of business within reasonable time after consummation of sale.

(b) That during the term of this agreement and in periods when men are employed by Lessees, at their own risk and expense, carry adequate workmen's compensation insurance, and to at all times keep said Lessors free and harmless from any and all damages for accidents to or injuries incurred by any person or persons upon, in or about the premises, excepting Lessors or those working under Lessors, and to comply with all governmental laws, regulations and ordinances as applicable, with respect to matters to be done and performed.

(c) To keep all bills and accounts for labor performed and supplies and materials furnished, in or for operations under this lease, paid in such manner as not to allow any claim or lien to be effectually made or asserted against the Lessors' property.

(d) Said Lessors and/or its agent may from time to time, in company with Lessees or their agent, enter upon said premises, and the whole thereof, for the purpose of general inspection of the same and for the purpose of posting upon said premises notice of non-responsibility and other notices necessary, proper or convenient for the protection of said Lessors.

(e) Lessees shall keep and preserve reasonable assay records and maps to reflect the progress and results of work undertaken, and shall allow Lessors to inspect such records at reasonable times, and on request of Lessors, deliver duplicate copies of such records to said Lessors.

(f) Said Lessees shall pay any and all taxes assessed by reason of the mining operations upon said premises, excepting bullion tax upon the reserved royalty of the Lessors.

#### ARTICLE VIII

Should any default in any of the terms hereof occur, Lessors shall give notice to Lessees in writing as hereinafter provided, designating such asserted default. Lessees shall

thereafter have a period of ten (10) days from the date of receipt of such notice within which to correct any defaults in payment of royalties, and thirty (30) days from the date of receipt of such notice within which to correct or commence action to correct any other defaults of which they have received notice. Should Lessees fail to correct said defaults in payment of royalties within said ten day period or to commence action to correct said other defaults within said thirty (30) day period, Lessors may, at its election, cancel and terminate this mining lease. It is specifically understood and agreed that, subject to the obligation of Lessees 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 Lessees for any default under the terms of this mining lease shall be the loss of the rights granted to them hereby in and to the mining claim or mining claims with relation to which the default occurred and Lessees shall, under no circumstances, have any liability to Lessors or others by way of damages or otherwise.

#### ARTICLE IX

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 Lessees, shall be deemed to be and shall remain the personal property of Lessees and title thereto shall at all times remain and be in Lessees. Lessees shall have the right at all times during the term of this mining lease and for a period of six (6) months after the termination of this mining lease to remove such property from the mining claims.

#### ARTICLE X

If, at the end of the initial ten (10) year term of this mining lease, Lessees desire to continue the term hereof, they shall

be entitled to extend the term hereof for as many successive periods of ten (10) years each as Lessees shall elect upon the same terms and conditions as are herein contained. Should Lessees elect to extend the term hereof as hereinabove provided, notice of such election shall be given in writing to Lessors not later than sixty (60) days prior to the expiration of the initial term of this mining lease or of any extension thereof. Upon delivery of such notice to Lessors, the term of this mining lease shall be deemed to have been extended.

#### ARTICLE XI

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. Lessees shall have the right, without the consent of Lessors, to sell or assign all or any portion of their rights in, to and arising under the terms of this mining lease.

#### ARTICLE XII

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 XIII

Lessees shall have the right and option to terminate this lease at any time upon thirty (30) days' written notice to Lessors, at which time the Lessees shall settle and pay for any obligations that may be due to Lessors under the terms of this lease. Lessees may surrender any of the above described claims to the Lessors during the term of this lease and thereby be released of the obligation of the assessment work thereon, provided that such release is made on or before July 1st of any year during this term.

ARTICLE XIV

Any notice herein contemplated to be given to Lessors shall be sufficient if given in writing and transmitted by certified mail, or if delivered personally and a signed receipt therefor is obtained, and in any such case, addressed to:

H. G. Metos  
Attorney at Law  
404 Boston Building  
Salt Lake City, Utah

or to such other address as Lessors may designate.

Any notice herein contemplated to be given to Lessees shall be sufficient if given in writing and transmitted by certified mail, or if delivered personally and a signed receipt therefor is obtained, and in any such case, addressed to:

deBenneville K. Seeley, Jr.  
1423 East 9th South  
Salt Lake City, Utah

or to such other address as Lessees may designate.

Service of notice shall be deemed effective and complete on the date of delivery thereof to the address indicated.

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

ATTEST:

Sid Spencer  
Sid Spencer, Secretary

ROYSTON COALITION MINES, LTD.,  
a Corporation

By: H. G. Metos  
H. G. Metos, President

ATTEST:

Sid Spencer  
Sid Spencer, Secretary

SUN TIDE CORPORATION,  
a Corporation

By: H. G. Metos  
H. G. Metos, President

"Lessors"

Victor W. Sweet  
Victor W. Sweet

Dorsey Hager  
Dorsey Hager

deBenneville K. Seeley, Jr.  
deBenneville K. Seeley, Jr.

"Lessees"

## EXHIBIT "A"

CERTIFICATE OF LOCATION  
RECORDED IN THE OFFICE  
OF THE COUNTY RECORDER  
OF ELKO COUNTY, NEVADA,  
AT \_\_\_\_\_

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

NAME OF CLAIMBookPageBookPageLode Claims

Extension #1	41	43	P	114
Extension #2	41	44	P	114
Extension #3	41	45	P	115
Extension #4	41	46	P	115
Extension #5	41	47	P	116
Extension #6	41	48	P	116
Extension #7	41	49	P	117
Extension #8	41	50	P	117
Extension #9	41	51	P	118
Extension #10	41	52	P	118
Extension #11	41	53	P	119
Extension #12	41	54	P	119
Extension #13	41	55	P	120
Extension #14	41	56	P	120
Extension #15	41	57	P	121
Extension #16	41	58	P	121
Extension #17	41	59	P	122
Extension #18	41	60	P	123
Sun #1			P	79
Sun #2			P	80
Sun #3			P	80
Sun #4			P	81
Sun #5			P	82
Sun #6			P	82
Sun #7			P	83
Sun #8			P	83
Sun #9			P	84
Gold Strike #1			N	132
Gold Strike #2			N	133
Gold Strike #3			N	134
Gold Strike #4			N	135
Gold Strike #5			N	136
Gold Strike #6			N	137
Gold Strike #7			N	138
Gold Strike #8			N	139
Gold Strike #9			N	140
Gold Strike #10			N	141
Gold Strike #11			N	142
Gold Strike #12			N	143
Gold Strike #13			N	144
Gold Strike #14			N	145
Gold Strike #15			N	146
Gold Strike #16			N	147
Gold Strike #17			N	148
Gold Strike #18			N	149
Gold Strike #19			N	150
Gold Strike #20			N	151
Gold Strike #21			N	152
Gold Strike #22			N	153
Gold Strike #23			N	154
Gold Strike #24			N	155
Gold Strike #25			N	156

EXHIBIT "A"

CERTIFICATE OF LOCATION  
RECORDED IN THE OFFICE  
OF THE COUNTY RECORDER  
OF ELKO COUNTY, NEVADA,  
AT \_\_\_\_\_

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

NAME OF CLAIMBookPageBookPageLode Claims (Continued)

Gold Strike #26	N	157
Gold Strike #27	N	158
Gold Strike #28	N	159
Gold Strike #29	N	160
Gold Strike #30	N	161
Gold Strike #31	N	162
Gold Strike #32	N	163
Gold Strike #33	N	164
Gold Strike #34	N	165
Gold Strike #35	N	166
Gold Strike #36	N	167
Gold Bug #1	N	195
Gold Bug #2	N	196
Gold Bug #3	N	197
Gold Bug #4	N	198
Gold Bug #5	N	199
Gold Bug #6	N	200
Gold Bug #7	N	201
Gold Bug #8	N	202
Gold Bug #9	N	203
Gold Bug #10	N	204
Gold Bug #11	N	205
Gold Bug #12	N	206
Gold Bug #13	N	207
Gold Bug #14	N	208
Gold Bug #15	N	209
Gold Bug #16	N	210
Gold Bug #17	N	211
Gold Bug #18	N	212
Gold Bug #19	N	213
Gold Bug #20	N	214
Gold Bug #21	N	215
Gold Bug #22	N	216
Gold Bug #23	N	217
Gold Bug #24	N	218
Gold Bug #25	N	219
Gold Bug #26	N	220
Gold Bug #27	N	221
Sheep Creek #1	J	467
Sheep Creek #2	J	467
Triangular #1	P	156
Triangular #2	P	116
Open Fraction	4	549
Gladys	4	180
Sidney	4	181
Ruth	K	323
Lookout	K	323
Poor Man	K	323
Lookout Fraction	P	79


Placer Claims

West Side #1	2	44
West Side #2	2	45

ACKNOWLEDGEMENT

STATE OF UTAH            )  
                                  : ss  
COUNTY OF SALT LAKE )

On this ✓ day of September, 1964, personally appeared before me, a notary public in and for Salt Lake County, H. G. METOS, known to me to be the president of each of the corporations that executed the foregoing instrument, and upon oath did depose that he is the officer of the corporations as above designated; that he is acquainted with the seals of the corporations and that the seals affixed to the instrument are the corporate seals of the corporations; that the signatures to the instrument were made by officers of the corporations as indicated after the signatures; and that the corporations executed the instrument freely and voluntarily and for the uses and purposes therein mentioned.

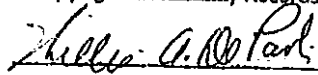
  
Notary Public  
Residing in Salt Lake County, Utah

My commission expires:



**40312**

FILE NO. \_\_\_\_\_  
Filed for record at the request of D. K. Seeley, Jr.,  
Sept. 23, 1964, at 35 minutes past 11 A. M. Recorded in  
Book 5 of Official Records, page 588-599, Records of EUREKA  
COUNTY, NEVADA.  
Fee: \$ \$13.00

, Recorder.