

MINING LEASE

This Mining Lease made and entered into by and between George M. Hadraba and Bessie Hadraba, husband and wife, hereinafter called "Lessors" of Berwyn, Illinois and A. B. Thomas, hereinafter called "Lessee" of Salt Lake City, Utah.

## WITNESSETH:

1. That the said Lessors for and in consideration of the sum of

Ten Dollars (\$ 10.00 )

cash in hand paid, the receipt and adequacy of which is hereby acknowledged and of the covenants and agreements hereinafter contained have granted, demised, leased and let and by these presents do grant, demise, lease and let exclusively unto the said Lessee, his successors and assigns, the hereinafter described unpatented lode mining claims and the lands covered thereby, including all necessary rights, with the right to immediate possession and with the exclusive right to explore for, develop, mine by any method, extract, mill, remove and market therefrom any and all minerals, metals, ores or materials found thereon or thereunder, and with the right to possession and use of the surface of said land, and possession of all structures, fixtures and appurtenances thereon; all of said claims hereinafter referred to as "said claims" being situated in the County of Eureka, State of Nevada, and described as follows:

NAME OF CLAIM	RECORDING DATA				
	LOCATION NOTICES				
	BOOK	PAGES	SECTION	TOWNSHIP	RANGE
Chicago 1-9 Inclusive	4 Official Records	398-406	4	35 N.	50 E.

2. This lease shall remain in force and effect for a primary term of ninety-nine (99) years from the date hereof, and as long thereafter as minerals, ore, metals or substances are being mined, processed or marketed on a continuous basis, unless sooner forfeited or surrendered, pursuant to the provisions hereof. For this purpose mining, processing, or marketing operations shall be deemed continuous as long as all such operations do not cease for a period of more than ninety (90) consecutive days.

3. Lessee agrees to pay to Lessors a rental of \$75.00 per month, which rental payment shall be considered as advance royalty payments and can be applied as a credit toward royalty payments which might thereafter be due. Royalty payments in excess of \$75.00 monthly shall apply as a credit against future rental payments. All rentals and royalties due under this lease shall be paid or tendered to Lessor or to the credit of Lessor in the FIRST NATIONAL Bank at OF CICERO, CICERO, ILLINOIS

4. Lessee hereby agrees to pay Lessors a royalty of one and one-half per cent (1-1/2%) of the net proceeds of the sale of all ore, bullion, concentrates and precipitates mined, removed or extracted from said claims during the term of this lease. "Net Proceeds" is defined as the gross proceeds from the sale of ore, bullion, concentrates or precipitates, less smelter, mint or purchasing agency charges, transportation charges, assaying or sampling charges, and any taxes paid thereon or in connection therewith, and such other charges as are customarily charged by the buyer of such ore, bullion, concentrates or precipitates to the seller thereof. Lessee shall furnish Lessors data relevant to the determination of the net proceeds from any sale of ore, bullion, concentrates or precipitates attributable to Lessors' interests in said claims, such data to be furnished within a reasonable time after such sale. Without impairment of the warranty contained in paragraph numbered 14 below, if Lessors, or any of them, own a lesser interest in said claims than the entire and undivided mineral estate in the above described claims then the rentals and royalties herein provided shall be proportionately reduced and paid to Lessor only in the proportion which Lessor's interest bears to the entire undivided mineral estate.

5. Lessee agrees to perform annual assessment work at his expense for the benefit of said claims, such work to be of a value which shall total not less than One Hundred Dollars (\$100.00) per claim for all of said claims, it being understood that such assessment work may be performed on one or more of said claims or on one or more adjacent claims owned or controlled by Lessee and that all such

assessment work may be applied to satisfy Lessee's assessment work obligations under this agreement.

6. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns, but no change or division in ownership of the Leased Premises or rentals and/or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the Leased Premises or rentals and/or royalties shall be binding upon Lessee for any purpose until forty-five (45) days after such person acquiring any interest shall furnish Lessee at Lessee's principal place of business, with the instrument or instruments, or certified copies thereof, evidencing such change, transfer or division of ownership.

7. Lessors agree to pay promptly when due all property taxes levied and assessed upon the property except as hereinafter provided, and during the term of the lease Lessee agrees to pay promptly when due all taxes levied and assessed upon any improvements placed by Lessee upon the premises. As to severance tax, and all other taxes that are now or may be hereafter levied and computed on the amount or value of ores produced, Lessors and Lessee shall bear their pro rata share, provided the pro rata share of Lessors shall be determined by multiplying the gross amount of royalties paid unto Lessors during the taxing period by the applicable tax rate, the balance of the tax being Lessee's pro rata share. If Lessors fail to pay taxes chargeable solely to Lessors or their pro rata share of taxes when due, Lessee may, at its option pay Lessors' taxes or Lessors' pro rata share of taxes as herein defined and deduct said payment or payments from royalties or rentals due or to become due unto Lessors hereunder. Lessee shall not permit or suffer any liens or encumbrances against said claims.

8. Lessee shall be entitled to any easements, rights of way or rights of access to and from said claims as Lessors have or may acquire during the term hereof. Lessee may also install, maintain and remove during the term of

this Agreement any and all mining or other machinery, equipment, tools, facilities, parts and materials Lessee desires to use on the premises in connection with its operations hereunder, and, at the termination of this lease, shall have a reasonable time to remove same. Lessee may not, however, remove at the termination of this lease any materials or fixtures installed in any mine or excavation and which are necessary to maintain same in good condition.

9. The compensation paid by Lessee to Lessors hereunder shall constitute full compensation for any wear and tear on, damages to or waste of the premises or any structures or fixtures on the premises, so long as Lessee conducts operations in a reasonable and prudent manner, and shall also constitute full compensation for any mineral or ore mined, removed or used from the said claims and any water or other substance from the premises used in connection with operations hereunder.

10. The failure to perform or to comply with any of the covenants or conditions hereof on the part of the Lessee shall not be a ground for cancellation or termination or forfeiture hereof, during such time as such failure to perform is caused, or compliance is prevented, by severe weather, explosion, unusual mining casualty, mill shutdown, damage to or destruction of mill or mill plant facility, fire, flood, civil or military authority, insurrection, riots, strikes, inability after diligent effort to obtain competent workmen or material, acts of God or any circumstances or conditions beyond the control of Lessee, and Lessee, shall be excused from, and not held liable for such failure to perform or to comply.

11. Failure by Lessee to perform or comply with any of the terms, provisions or conditions of this lease, expressed or implied, shall not automatically terminate this lease nor render it null and void; but in case of such default Lessors may notify Lessee in writing of such breach and Lessee shall have a period of sixty (60) days after receipt of such notice within which to cure such default and except as otherwise provided in Paragraph 10 hereof, if such default shall not have been cured within such time Lessor may terminate this lease.



12. At any time during the term of this lease, Lessee may terminate by delivering possession of the premises to Lessors, paying to Lessors any unpaid royalty due them, and by delivering to Lessors or placing of record an executed release of this lease, thereby relieving Lessee of any further obligations hereunder.

13. Lessee agrees to exercise reasonable diligence to prevent any person from entering upon the mining claims hereinabove described for the purpose of over-staking such claims or any part thereof, or otherwise injuring or impinging upon Lessors' possessory title; provided, however, Lessee shall not be required to maintain guards or other persons physically on the premises, nor shall Lessee be liable for the loss of all or a part of any of said claims as the result of over-staking or other impingement by third persons, so long as Lessee exercises such reasonable diligence.

14. Lessors hereby warrant and agree to defend the title to said claims herein described, and agree that the Lessee at its option shall have the right to redeem for Lessors, by payment, any mortgage, taxes or other liens on the above described claims, in the event of default of payment by Lessors, and be subrogated to the rights of the holder thereof. In case of payment of any such mortgage, taxes or other liens by Lessee, in addition to the right of subrogation herein granted, Lessee shall also have the right to retain any royalties or rentals which may become due Lessors hereunder, and to repay Lessee therefrom and the retention of such royalties or rentals by Lessee shall have the same effect as if paid to the Lessors in whose behalf payment of any mortgage, taxes or other liens were made.

15. All notices shall be deemed to have been properly given when made in writing and sent by mail or telegraph with all necessary postage or charges fully prepaid and addressed to the parties hereto as follows:

LESSOR: George M. Hadraba  
6847 Cermac Road  
Berwyn, Illinois

LESSEE: A. B. Thomas  
39 Exchange Place  
Salt Lake City, Utah

All notices shall be deemed to be given when deposited in the United States mail or Western Union Telegraph office and the time given the party receiving such notice shall run from the date the notice is deposited as aforesaid.

16. This lease shall be binding upon all who execute it, whether or not named in the body hereof as Lessor, and without regard to whether this instrument or any copy thereof, shall be executed by any other Lessor named above. All who execute this lease shall be Lessors the same as if named in the body hereof.

IN WITNESS WHEREOF, this Mining Lease is executed effective as of the first day of September, 1964.

George M. Hadraba  
George M. Hadraba

Bessie Hadraba  
Bessie Hadraba

LESSORS;

A. B. Thomas  
A. B. Thomas

LESSEE.

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

On this 21<sup>st</sup> day of September, 1964, personally appeared before me, a Notary Public in and for said County, A. B. Thomas, known to me to be the person described in and who executed the foregoing instrument and who acknowledged to me that he executed the same freely and voluntarily for the uses and purposes therein mentioned.

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

My Commission Expires:

(Seal)

[Signature]  
Notary Public in and for the County of  
Salt Lake, State of Utah

STATE OF ILLINOIS )  
 ) SS.  
 COUNTY OF COOK )

On this 24 day of SEPTEMBER, 1964, personally appeared before me, a Notary Public in and for said County, GEORGE M. HADABA BESSIE HADABA known to me to be the person described in and who executed the foregoing instrument and who acknowledged to me that \_\_\_\_\_ executed the same freely and voluntarily for the uses and purposes therein mentioned.

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

My Commission Expires:

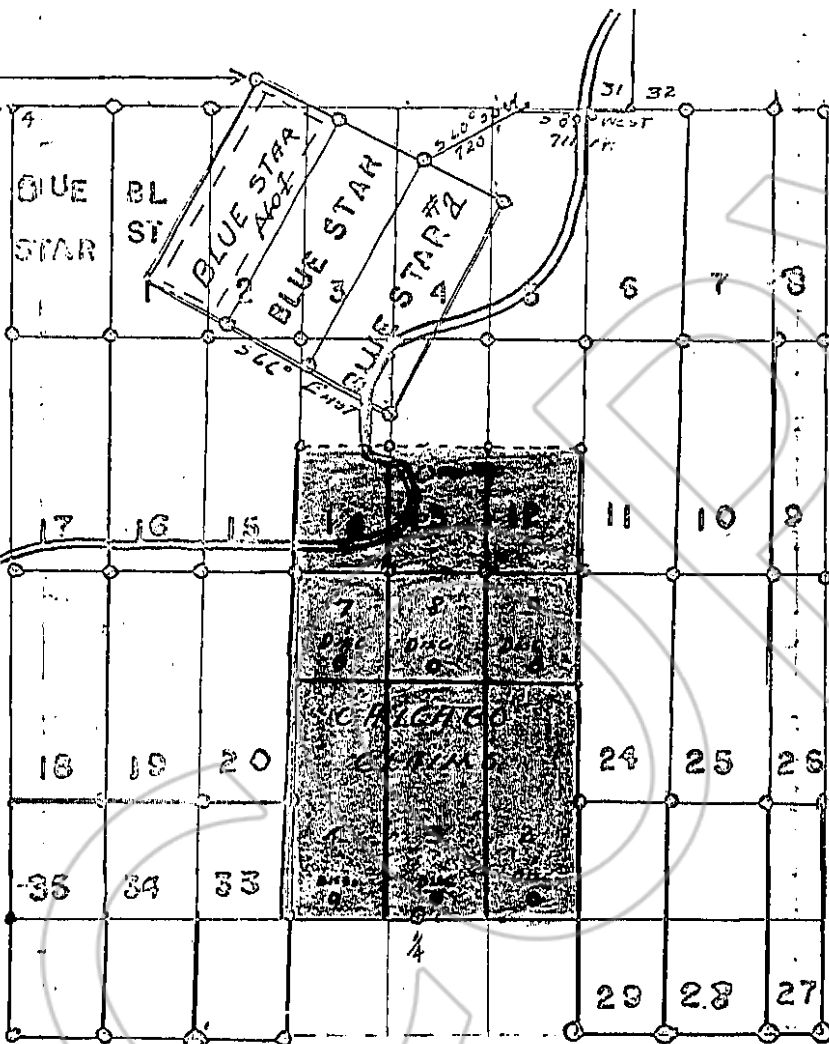
1-11-68

(Seal)

Michael Krump  
 Notary Public in and for the County of

COOK, state of ILLINOIS

BLUE STAR,  
BLUE STAR No 1  
LOCATED 1943-44  
AS NOW AMENDED



BLUE STAR, BLUE STAR No 1 thru 20  
& No 24 thru 29 & No 33 thru 35

LOCATED JUNE 1959

CHICAGO CLAIMS  
LOCATED ~ July 1964  
NO. 2, 3, 4, 7, 8, 9.

SEC. LINE S 89° 59' West

S.W. Corner  
Section 4  
Township 35N.  
Range 50 E.  
M. T. B. M.  
Eureka Co.  
Nevada.

12442

File No.  
RECORDED AT THE REQUEST OF  
Robert G. Puff

August 17 A.D. 1966

at 45 minutes past 8 A.M.

in Book 11 of OFFICIAL RECORDS

Page 488-495

EUREKA COUNTY, NEVADA

Julia C. McLeod

Fee \$ 7.75

BLUE STAR, BLUE STAR No. 2,

OF 1943-44 Surveyed October 1962

and Blue Star No. 1 called by