

MINING LEASE

THIS MINING LEASE made and entered into this 24th day of May, 1968, by and between GREAT AMERICAN MINING CORPORATION, a Nevada corporation, c/o Milan A. Farr, President, 2646 Filmore Street, Salt Lake City, Utah 84106, LESSOR (hereinafter referred to as "Great American"), and Clyde Price, Route 1, Fernley, Nevada 89408, LESSEE (hereinafter referred to as "Price"), both of which are hereinafter collectively referred to as "the Parties hereto".

WITNESSETH:

That for and in consideration of the royalties hereinafter reserved, and the covenants and agreements hereinafter expressed, and by Price to be kept and performed, Great American hereby leases, demises, and lets to Price the following-described thirty-seven (37) unpatented mining claims covering lands situated in Township 22 North, Range 54 East, in the Diamond Mining District, Eureka District of Nevada (hereinafter referred to as "said mining claims"):

- 5 claims in the Francis group;
- 12 claims in the Juniper group;
- 4 claims in the North Star group;
- 7 claims in the Phillipsburg group; and
- 9 claims in the Valhalla-Ophir-Potosi group.

TO HAVE AND TO HOLD said mining claims unto Price for a term of five (5) years from and after the date hereof (hereinafter referred to as "said initial lease term"), and so long thereafter as ore and minerals are mined and produced from said mining claims (hereinafter referred to as "said extended lease term"), unless terminated earlier in accordance with the provisions of paragraph 2 below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties hereto hereby agree as follows:

1. Price shall have the right immediately upon the execution of this Agreement to enter upon and take possession of said mining claims; to conduct all manner of exploratory and developmental work thereon which may be necessary to determine their geological merit, and which shall include, but shall in no way be limited to, the following: sampling, drilling, coring, making of cuts, and analyzing the results of same; and to mine and extract all ores therefrom for the sole and exclusive benefit of Price, subject to the reservation to Great American of production payments as provided in paragraph 6. below. Price shall conduct all of such exploratory and developmental work in accordance with good mining practices and in a minerlike manner, so as to preserve said mining claims in good condition for future mining. Price shall similarly conduct such mining and extraction operations so as to exhibit due regard for the development and preservation of said mining claims as a workable mine.

2. If for any reason there shall be default on the part of Price hereunder, and Price shall fail or refuse to comply with any one or more of the terms or provisions hereof, then Great American, at its option, may give notice in writing to Price of such default, specifying the nature and character thereof. Unless the default shall be corrected, or a good and sufficient bond for the protection of Great American as to such default be provided, within thirty (30) days after the receipt by Price of such notice, then at the option of Great American this Lease and all of Price's rights hereunder shall be terminated and Price shall quietly and peaceably surrender said mining claims unto Great American.

3. Price shall:

(a) Completely perform by August 10 of each year, and bear the entire cost of, assessment work on said mining

claims having a value of at least \$3,700 for the year ending September 1, 1968, and for each assessment year thereafter during said initial lease term to and including the assessment year ending September 1, 1972, and during any said extended lease term (hereinafter referred to as "said assessment work");

(b) Timely file for record with the Eureka County Recorder, at Eureka, Nevada, Proofs of Labor certifying the completion of said assessment work; and

(c) Furnish Great American with duly recorded copies of said Proofs of Labor within ten (10) days after they have been returned to Price by said County Recorder.

4. If Price fails to perform said assessment work; or if he fails to file said Proof of Labor; or if he fails to furnish Great American with a copy thereof; or if it becomes apparent that Price will not be able to complete said assessment work by August 10 of any year during which he is required by paragraph 3. above to perform said assessment work, all in accordance with the terms of this Agreement, Great American may take whatever steps are necessary to preserve its title to said mining claims, including causing said assessment work to be performed by one other than Price, if necessary, and bill Price for the assessment work or other work so performed, whereupon Price agrees to reimburse Great American for such expenses.

5. Price shall furnish Great American, within a reasonable time after Price has concluded its performance of said assessment work for each year, with reports including the following information:

(a) The type and amount of any and all work, including said assessment work and any additional work including mining operations (both of which are hereinafter collectively

referred to as "said work"), performed on said mining claims for that year; and

(b) The results of said work, including the depths of coreholes, number of feet of core recovered, number of feet of mineralization, and results of any analyses thereof, including percentage and type of mineral content.

6. Price shall pay to Great American production payments from Price's mining operations on said mining claims, in accordance with the following provisions:

(a) During said initial and any said extended lease term, a production payment shall be paid by Price to Great American in an amount not to exceed Four Hundred Thousand Dollars (\$400,000) payable by paying to Great American Five and Six-tenths Per Cent (5.6%) of the net smelter returns on all ores, minerals, and concentrates mined, saved, and sold by Price from said mining claims until said sum of Four Hundred Thousand Dollars (\$400,000) has been paid. "Net smelter returns" is defined as the amount paid by any smelter or other purchaser for such ores, minerals, and concentrates, after deducting the costs of milling, smelting, and transportation from the mine to the mill and from the mill to the smelter. All production payments shall be computed and paid on a monthly basis. Price shall furnish Great American with true and correct copies of all smelter returns, and Great American is hereby given the right to examine the books of Price at any and all reasonable times to determine said net smelter returns.

(b) When and if the sums paid to Great American pursuant to subparagraph (a) of this paragraph 6. amount to Four Hundred Thousand Dollars (\$400,000), Price's obligation to pay any further production payments to Great American

shall cease and Great American shall execute and deliver to Price, immediately thereafter, a Quitclaim Deed covering said mining claims.

7. Price shall observe and comply with all applicable laws, rules, and regulations pertaining to said mining claims which have been adopted by the United States of America, the State of Nevada, and/or the mining district within which said mining claims are situate.

8. If this Mining Lease is terminated pursuant to the provisions of paragraph 2. above, Price shall furnish Great American with copies of all maps, books, and records pertaining to said work which are prepared by or under the direction of Price during the term of this Lease, and also with samples and cores of the ores which Price has recovered from said mining claims during the performance of said work, and any analyses or descriptions thereof.

9. Price may install, maintain, alter, replace, and remove at his own expense during the term of this Lease any and all machinery, equipment, tools, implements, improvements, and facilities now or subsequently placed on said mining claims and which he may desire for use in connection with his operations thereon. In the event of termination of this Lease in accordance with the provisions of paragraph 2. above, or for any other reason whatever, Price may within six (6) months from and after the date of such termination remove from said mining claims any or all of said machinery, equipment, tools, implements, improvements, and facilities, including track, pipe, receivers, and cables, which he has delivered thereto, or erected or placed thereon at his own expense during the term of this Lease, except those mine timberings, chutes, ladders, track, pipe, head-frames, over shafts, and any other improvements in place thereon which are needed to protect the mine workings and prevent them from caving. Said machinery

equipment, tools, implements, improvements, and facilities shall remain the personal property of Price during said six-month period, but, to the extent not removed by the end of said period, shall become and remain thereafter the property of Great American.

10. Price shall pay all Federal, State, County, and local taxes and assessments which may accrue or be levied during the term of this Lease upon said mining claims and/or any of the machinery, equipment, other materials, and/or improvements now located or to be brought or erected thereon. Should this Lease be terminated before the end of any year in which any of such taxes or assessments accrue or are levied, the taxes or assessments for that year shall be prorated between Great American and Price on the basis of such taxes or assessments for the last preceding year.

11. Price shall at all times during the term of this Lease keep said mining claims and any and all of said machinery, equipment, other materials, and/or improvements now located or to be brought or erected thereon free and clear of any mechanics' and other liens, and shall defend Great American in any resulting suit thereon.

12. Immediately upon the commencement of said work, Price shall record, post, keep posted in conspicuous places on said mining claims, and mail copies thereof to Great American, notices of Great American's non-liability for any part of said work in the manner required by law; i. e., notices stating that said work, including the erection of any improvements on said mining claims, the purchase and use of any machinery, equipment, or other materials thereon, and the incurrence of any labor costs in connection therewith, is being done entirely at Price's expense, and that Great American shall not be responsible for any indebtedness incurred by Price in connection with said work.

13. Price shall assume all liability for, and thereby

save Great American harmless from any liability incurred in connection with, any damage occurring to the property of, and any accident, injury, or death suffered by, Price, any of his agents, employees, or workmen, any other of his representatives, or any other person, at any time as a result of the performance of said work. Price shall obtain and maintain in force at all times during the performance of said work, Workmen's Compensation and such other insurance policies as may be necessary to cover all of said damage which may occur to the property of, and all of said accidents, injuries, and deaths which may be suffered by Price, said agents, employees, workmen, or representatives of Price. Price shall also obtain from duly licensed insurance companies and maintain in force at all times during the performance of said work, Public Liability insurance policies covering all of said damage up to an amount of \$50,000 per occurrence which may occur to the property of any other person, and covering all of said accidents, injuries, and deaths up to amounts of \$100,000 per person per occurrence which may be suffered by any other person. Great American shall be named as an additional insured in all such insurance policies, with the exception of Workmen's Compensation policies, and Price shall furnish Great American with a certificate of each policy in force, showing Great American as an additional insured thereon.

14. Price shall have the right to transfer, assign, or delegate any or all of his rights, interests, and obligations under this Agreement, in whole or in part, to any responsible individual or corporation at any time, and from time to time, without the consent of Great American. The execution of any such assignment, however, shall in no way relieve Price of any of the obligations imposed upon him by the terms of this Agreement, and in fact shall impose upon Price the further obligation to notify Great American

of the execution of any such assignment by mailing to Great American a duly executed and recordable copy of such assignment within ten (10) days after the making thereof. Any such assignment shall accordingly be binding upon Great American with respect to its obligations to the assignee thereunder only upon receipt by Great American of a copy of such assignment.

15. Subject to the provisions of paragraph 14. above, the terms, provisions, and conditions of this Agreement shall inure to the benefit of and be binding upon the Parties hereto, their heirs, executors, administrators, legal representatives, successors, and assigns.

16. Great American hereby makes no express or implied warranties of any kind or character as to its title with respect to said mining claims. Great American, however, shall furnish Price at his request, at any time or times during the term of this Lease, any or all evidence concerning the title to said mining claims which Great American may have in its possession.

17. Each party hereto agrees to elect, and does hereby elect, that all operations under this Agreement, and that both parties hereto with respect to such operations, be excluded from the application of all of the provisions of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954 and all amendments thereto. If the income tax laws of the State of Nevada contain, or hereafter contain, provisions similar to those in the aforementioned Subchapter under which a similar election is permitted, each party hereto hereby makes the same election. Great American shall furnish such necessary information and shall execute such documents to evidence or effectuate the election made in this paragraph as may be requested, by Price, and authorizes and directs Price to execute and file with the proper officer or agency whatever documents are required to

evidence or effectuate such election.

18. Whenever the time for performance of any act hereunder is limited and the performance thereof is hindered, prevented, or delayed by any factor or circumstance beyond the reasonable control of the party obliged to perform and which said party could not have avoided by the use of due diligence, such as acts of God, fire floods, strikes or labor troubles, breakage of machinery, inability to obtain necessary materials, supplies, or labor, interruptions in delivery or transportation, shortage of railroad cars, insurrections or mob violence, regulations, orders, or requirements of the Government, embargoes, war, or other disabling causes, whether similar or different, then the time for the performance of any such act or obligation shall be extended for a period equal to the extent of such delay.

19. If legal action is instituted to enforce any rights arising under this Agreement, the prevailing party shall be entitled to recover the sum adjudged by the Court to be a reasonable attorney's fee plus costs incurred in the action.

20. Notices, correspondence, or payments hereunder between the Parties hereto shall be deemed sufficiently given, mailed, or made when deposited in the United States Mail, postage prepaid, registered, return receipt requested, and addressed as follows:

To GREAT AMERICAN:

Great American Mining Corporation
c/o Mr. Milan A. Farr, President
2646 Filmore Street
Salt Lake City, Utah 84106

To PRICE:

Clyde Price
Route 1
Fernley, Nevada 89408

or to such other address or addresses as either party may designate by proper written notice.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

LESSOR:

GREAT AMERICAN MINING COMPANY

ATTEST:

Ewin O Mehr
Secretary

By Milan A Farr
President



LESSEE:

Clyde Price
Clyde Price

ACKNOWLEDGMENTS

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

On this 24th day of May, 1968, personally appeared before me, a notary public in and for Salt Lake County, Utah, Milan A. Farr, known to me to be the President of Great American Mining Corporation, the corporation that executed the foregoing instrument, and upon oath did depose that he is the officer of the corporation as above designated; that he is acquainted with the seal of the corporation, and that the seal affixed to the instrument is the corporate seal of the corporation; that the signatures to the instrument were made by officers of the corporation as indicated after the signatures; and that the corporation executed the instrument freely and voluntarily and for the uses and purposes therein mentioned.

My Commission expires:

My Commission expires November 4, 1968

Jennette Apeduto
Notary Public
Residing at Salt Lake City, Utah



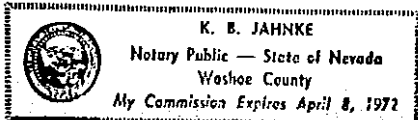
STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

On this 28 day of MAY, 1968, personally appeared before me, a notary public in and for WASHOE County, Nevada, Clyde Price, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

My Commission expires:

APRIL 8, 1972

K. B. Jahnke
Notary Public
Residing at Salt Lake City, Utah



RECORDED AT THE REQUEST OF Clyde D. Price
on Aug. 6, 1968, at 48 mins. past 10 A. M. In
Book 25 of OFFICIAL RECORDS, page 230-239, RECORDS OF
-10- EUREKA COUNTY, NEVADA, Jelle O. McFaul Recorder.
File No. 47477 Fee \$ 12.00