

LEASE AND PURCHASE AGREEMENT

DATED: This Lease and Purchase Agreement shall be deemed to be fully executed and effective from and after the 24th day of September, 1969.

PARTIES:

OF THE FIRST PART;

LOUIS P. GIBELLINI
P.O. Box 27
EUREKA, NEVADA

89316

referred to as Lessor and/or Seller

OF THE SECOND PART;

E. L. CLEVELAND
1201 SHADOW LANE
LAS VEGAS, NEVADA

89102

referred to as Lessee and/or Buyer

W I T N E S S E T H:

WHEREAS, The parties of the First part, represent and warrant that they are the owners of 35 unpatented mining claims known as the GIBELLINI VANADIUM PROPERTYS located in an unnamed mining district, in either or both Township 15 North, Range 52, East of Mt. Diablo base and meridan, and Township 16 North, Range 52, East of Mt. Diablo base and meridan, all in Eureka County, State of Nevada, and appearing on the Eureka County records as follows:

NAME OF CLAIM

BLACK HILL NO. 1
BLACK HILL NO. 2
BLACK HILL NO. 3
BLACK HILL NO. 4
BLACK HILL NO. 7
BLACK HILL NO. 8
BLACK HILL NO. 9
BLACK HILL NO. 10
BLACK IRON NO. 1
BLACK IRON NO. 3
BLACK IRON NO. 4
BLACK IRON NO. 5
BLACK IRON NO. 6
FLAT NO. 1
FLAT NO. 2
FLAT NO. 5
FLAT NO. 10
FLAT NO. 11
FLAT NO. 12
FLAT NO. 13
RIFT NO. 1
RIFT NO. 2

MANGANESE NO. 3
RATTLER NO. 1
RATTLER NO. 2
RATTLER NO. 3
RATTLER NO. 4
RIFT NO. 3
RIFT NO. 4
CLYDE NO. 1
CLYDE NO. 2
CLYDE NO. 3
CLYDE NO. 4
CLYDE NO. 5
CLYDE NO. 6
CLYDE NO. 7
CLYDE NO. 8

RIFT NO. 3
RIFT NO. 4

NOW, THEREFORE, it is mutually agreed between the Parties hereto as follows, to wit:

1. For and in consideration of the sum of ONE THOUSAND (\$1,000.00) DOLLARS receipt of which is hereby acknowledged and for other good and valuable considerations, the Lessee is to have immediate possession of the aforesaid claims to discover, mine, remove ore, or in any other way perform upon said claims as provided in the following provisions hereto.

2. The Lessee is hereby granted a TEN year lease with option to purchase said claims at any time during said Agreement, at a total purchase price of EIGHT HUNDRED THOUSAND (\$800,000.00) DOLLARS payable as follows:

\$11,000 on September 24th, 1969
12,000 on or before September 24, 1970
15,000 on or before September 24, 1971
15,000 on or before September 24, 1972
30,000 on or before September 24, 1973
30,000 on or before September 24, 1974
60,000 on or before September 24, 1975
60,000 on or before September 24, 1976
120,000 on or before September 24, 1977
120,000 on or before September 24, 1978
Balance of \$386,000 on or before September 24, 1979

It is further understood and agreed that Seller will accept the sum of FOUR HUNDRED THOUSAND (\$400,000.00) DOLLARS as purchase price in full if said sum is paid by Buyer to Seller on or before September 24, 1974.

The Lessor and Seller hereto agree that in the event such option is exercised that they will immediately convey said mining claims by good and sufficient deed. If such option is not exercised, Lessee agree to re-convey the property back to Lessors by Quit Claim Deed.

3. It is further agreed that should this Agreement be terminated for any reason that Lessee will furnish Lessor with copies of any engineering data, developed during their operations, such as maps, assays, drill hole data and/or geologic information.

4. The Lessee agrees to keep accurate books of account of the business, and of the tonnage shipped from said claims under this Agreement, and the Lessee agrees to permit an inspection of such account books to the Lessor or to anyone designated by him at all reasonable times or places. The Lessee further agrees that all work done hereunder shall be performed in a good and minerlike fashion with a view to preservation of the premises as a workable mine, timbering wherever the same shall be or become necessary, and maintaining all drifts, shafts, levels and other workings well drained, free from loose rock, waste and rubbish and in condition for continued mining, unless prevented from so doing by strikes, labor troubles, accidents, breakdowns or other causes beyond the reasonable control of the Lessee.

5. The Lessee hereby agree to do and perform upon said unpatented mining claims the annual labor and improvements required by law of the United States and the State of Nevada to keep and maintain said claims in good standing as unpatented lode mining claims beginning with the assessment year of 1970. Such work shall be done and the annual affidavits of work done shall be filed in the proper office by July 15th of each year and Lessor so notified.

6. The Lessee shall comply with the provisions of the Workmen's Compensation Act of the State of Nevada and Federal Regulations pertaining to mining operations and shall make all payments, returns and reports required by such acts and shall at all times protect and save harmless said premises and Lessor of any and all claims, actions, suits, liabilities for damages or compensation for any matter or thing arising out of the work and operation conducted in or upon said premises.

7. The Lessee shall promptly pay all labor, services and material costs done, performed, or furnished to or for said premises or for the work done therein and shall not allow any claim or lien for any such thing to be effectually made or asserted against said premises or the Lessor, and shall keep said premises at all times posted with notices against liens in accordance with the statutes of the State of Nevada in that behalf.

8. The Lessor, or his agent authorized in writing, shall have the right at all reasonable times to enter into and upon said premises and the workings therein for the purpose of examining and inspecting the same.

9. It is mutually agreed between the parties hereto that any and all machinery, equipment, and implements placed upon the premises by the Lessee during the life of this agreement, shall be and remain the property of the Lessee and that in case of termination of this agreement for any cause, the Lessee may, within NINETY (90) days thereafter, remove the same, but this shall in no event apply to any rails, ties, ladders, timbers and pipes in place beneath the surface.

10. If the Lessee shall at any time be in default in the performance of any of the terms and conditions hereof upon him made incumbent, including the ~~monthly~~ ^{YEARLY} minimum payment, such default shall not operate to or give the Lessor the right to cancel, forfeit or terminate this agreement, unless the Lessor shall notify the Lessee at his address, in writing specifying the exact nature of such default and allowing him THIRTY (30) days thereafter to cure such default, and if such is not done within that period, this agreement shall terminate automatically and all proceeds paid to the Lessor shall remain his property as liquidated damages and not as a penalty. E26 R.V. 2.

11. The Lessee may terminate this agreement at any time upon thirty days written notice, served upon the Lessor or an agent designated by said Lessor or such notice of termination may be given in writing to the Lessee at the address above or by delivering such notice in person. It is mutually agreed that all notices will be sent and all payments will be paid to the Lessor.

12. This agreement and all the provisions thereof shall be binding upon the heirs, assigns, and representatives of the parties hereto.

IN WITNESS HERETO, we have placed our signatures hereon this 26 day of September, 1969.

LESSOR:

Louis P. Gibellini
LOUIS P. GIBELLINI

LESSEE:

E. L. Cleveland
E. L. CLEVELAND

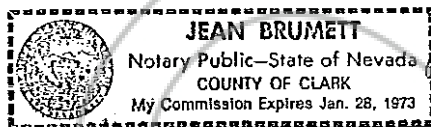
STATE OF NEVADA)

ss.

COUNTY OF CLARK)

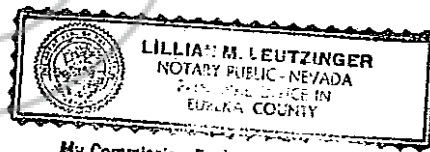
On the 10th day of September, 1969, personally appeared before me the undersigned E. L. Cleveland known to me to be the same person whose name is subscribed to the within instrument and acknowledged that they executed the same for the purposes therein contained.

In Witness Whereof, I have hereunto set my hand and official seal.



Jean Brumett
Jean Brumett, Notary Public

Sept - 26/69
Lillian M. Leutzinger



RECORDED AT THE REQUEST OF
E. L. Cleveland
on September 26, 1969
at 11 mins. past 3 P. M.
in Book 32 of OFFICIAL
RECORDS, page 568-572, RECORDS
OF EUREKA COUNTY, NEVADA.
Recorder Lillian M. Leutzinger
File No. 51390 Fee \$ 6.00

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