

OPTION AGREEMENT
AND
MINING LEASE AGREEMENT
AND OPTION TO PURCHASE

KNOW ALL MEN BY THESE PRESENTS:

THAT Willis A. DePaoli and Arlene M. DePaoli received from CORDILLERAN EXPLORATION, INC. the sum of Two Hundred Fifty (\$250.00) Dollars as part payment for the property described hereafter, provided, however, that the sum of Two Thousand (\$2,000.00) Dollars is paid by September 10, 1970; but if said sum is not paid on or before September 10, 1970, then this Mining Lease Agreement and Option to Purchase is to be of no effect and in that event, the said sum of Two Hundred Fifty (\$250.00) Dollars is to be retained by said sellers as full liquidated damages.

Upon compliance with the above Option Agreement, the hereinafter described Mining Lease Agreement and Option to Purchase, by and between Willis A. DePaoli and Arlene M. DePaoli, husband and wife, of the County of Eureka, State of Nevada, LESSORS, and CORDILLERAN EXPLORATION, INC., of the County of White Pine, State of Nevada, LESSEES, shall be in full force and effect.

WITNESSETH:

That the Lessors, for and in consideration of the payment of the royalties and the performance of the agreements and covenants hereinafter specified, to be by the Lessees truly kept and performed, do hereby warrant, grant, convey, and lease unto the Lessees that certain mining property situate in the Eureka Mining District, located in the County of Eureka, State of Nevada, and more particularly described as follows:

All those certain lode patented mining claims consisting of eighteen (18) claims and a one-half interest in one (1) claim, located in Sections 27, 34 and 35 of Township 19 North, Range 53 East, MDB&M, as follows:

<u>Name of Claim</u>	<u>Sur.No.</u>	<u>Name of Claim</u>	<u>Surv.No.</u>
Alexandria	1745	Dunderberge	67
Atlas	81	Elise	61
Bald Eagle	99	Eagle's Nest	124
Belle	253	Grey Eagle	125
Black Eagle	126	Home Ticket	207
Blossom	155	London	247
California	180	Malcolm	315
Chattanooga, Pioneer		Silver King	172
and Kitty Price	252	Tacoma	55
Connelly	256	Sunset (1/2 interest only)	205

Together with all the dips, spurs and angles and also all the metals, ores, rock and earth therein, and all rights, privileges and franchises thereto incident, appendent, and appurtenant or therewith usually had and enjoyed; and also all and singular the tenements, herecitatments and appurtenances thereto belonging or in anywise appertaining, and the rents, issues and profits thereof.

TO HAVE AND TO HOLD for a term of twenty (20) years from and after the 10th day of September, 1970, to and including the 10th day of September, 1990, provided, however, that the Lessors may terminate the Lessees' rights herein at any time for a failure to pay royalties or for a breach of this Agreement as hereinafter provided.

The Lessees, for and in consideration of this Lease agrees as follows:

1. To enter upon and take possession of said mining claims and to mine, excavate and ship the ores therefrom for treatment.
2. To operate the mining claims in a minerlike manner and in accordance with good and economical mining; to sufficiently timber the workings on said mining claims at all the old timbers where necessary and to keep at all times the drifts, shafts, tunnels and other workings drained and clear of all loose rock and rubbish, unless prevented by extraordinary casualty.
3. To deliver to the mill or smelter treating the ores, a copy of this Lease and to cause said smelter to make regular returns for all shipments in accordance with the custom of such mill or smelter; to pay to the Lessors' account at the First National Bank of Nevada, Eureka Branch, Eureka, Nevada, FIVE (5) PERCENT of the net mill or smelter returns. Said bank is hereby instructed to deposit all monies received by it equally to the separate accounts of the Lessors herein, share and share alike. The Lessee shall pay all hauling charges and this charge shall not be deducted in computing the net smelter or mill returns.
4. The Lessees hereby agree to pay to the Lessors a sum of not less than Five Hundred (\$500.00) Dollars per month commencing on October 15, 1971, which said sum may be paid either through royalties as hereinabove provided or by direct money payments or both.
5. To accept the benefits of Nevada Industrial Insurance Act

as amended with respect to the Lessee and all his employees who may

be engaged in any operations under the terms of this Agreement, and pay all premiums required to be paid under the terms of said Act, including those necessary to provide accident benefits.

6. To keep all mining claims free from all liens and encumbrances and keep notices posted in conspicuous places on said mining claims to the effect that the Lessors will not be responsible for any labor employed or materials furnished to said mining claims, that all claimants for the value of such labor and materials furnished must look to Lessee for payment; and to file for record within ten (10) days after posting, with the County Recorder of Eureka County, State of Nevada, a copy of such notice.

7. To pay Nevada State Employment Security Taxes on taxable wages paid to employees at the rate prescribed by law.

8. To pay all of the bullion taxes assessed upon the returns from the said ores.

9. To pay all property taxes assessed to said mining claims and improvement thereon.

10. To save and hold the Lessors harmless from any damage, cost or expense, including attorney fees, from that which may be incurred or sustained by the Lessors by reason of any act of negligence of the Lessee, his agents or employees while operating under the terms of this Lease.

11. To yield and deliver to the Lessors at the expiration of the term of this Lease or any extension thereof, or promptly in case of forfeiture of this Lease, said mining claims in as good condition as the same now are, or in which it may be put, and in workable condition, reasonable wear, use and depletion of ore excepted.

12. To allow Lessors, their duly appointed attorney or agent, at all times to enter in or upon the mine workings for the purpose of inspection and to furnish Lessors with all mining and milling data.

13. To furnish Lessors with copies of any engineering data, developed during their operations, such as maps, assays, drill hole data and/or geologic information.

14. To ship all ores or concentrates in the names of both the Lessors and Lessees.

15. Any additional property acquired by Lessees, or anyone under their control, during the term hereof in above described sections, townships and ranges shall be deemed covered by this Lease and shall be acquired and held in the name of the Lessor subject hereto.

16. There are numerous unresolved conflicts and overlaps of the claims herein leased. Only the properties which are actually owned by Willis A. DePaoli and Arlene M. DePaoli shall be deemed included with this Lease.

17. Assessment work shall be performed and filed prior to August 1st of each year on all unpatented claims and notification of filing with reference to the book and page number shall be conveyed by Registered Mail as herein provided to Lessor by August 15th of the same year.

18. Under no circumstances shall any sums paid hereunder to Lessors be refundable. All payments due Lessors shall be made as above provided.

19. The Lessees are not obligated to anyone for anything beyond the terms of this Agreement and in the event they do not perform as agreed upon, the only remedy Lessors will have is termination of the contract unless there is extra-ordinary waste or fraud.

20. Lessees agree to be in full production milling, processing and shipping ore by September 10, 1975.

IT IS FURTHER MUTUALLY AGREED that:

1. Before the Lessors shall default the Lessees for breach of this Agreement, said Lessors shall notify the Lessees of default by registered mail addressed to: CORDILLERAN EXPLORATION, INC., P.O. Box 537, ELY, NEVADA, from which date said registered letter is received said Lessees shall have fifteen (15) days thereafter to correct the breach of contract warranting default.

2. In the event of default or voluntary termination of said Agreement, the Lessees may have sixty (60) days thereafter or after the termination of this Lease within which to remove his machinery, equipment and tools placed by him upon said mining claims, however,

no track or air lines are to be removed and all underground improvements become the property of the Lessors and all ore which has been broken down during said term of this Agreement and remains ready for shipment is not to be removed.

OPTION

The Lessors hereby give Lessees the option to purchase the above described property at any time within the 20 year period of this Agreement for the sum of THREE HUNDRED FIFTY THOUSAND (\$350,000.00) DOLLARS, and in the event that the Lessees forfeit or violate this said Lease Agreement, this option shall be null and void.

Upon the execution of this Option To Purchase the above-described property, the Lessees are to pay the Lessors the sum of ONE HUNDRED THOUSAND (\$100,000.00) DOLLARS, and the balance due shall be paid in Five (5) equal annual installments within five (5) years after deducting the amount of monies already paid on net mill or smelter returns up until the date the Option to Purchase is exercised. There will be no interest charged.

ME
This Mining Lease Agreement and Option to Purchase is binding upon the heirs, executors, administrators and assigns of the parties hereto.

IN WITNESS WHEREOF, the Lessors have caused their names to be hereunto subscribed and the Lessees have hereunto subscribed their name the day and year hereinabove written.

DATED: July 29, 1970.



Willis A. DePaoli
Willis A. DePaoli- Lessor

Arlene M. DePaoli
Arlene M. DePaoli- Lessor

Cordilleran Exploration, Inc.-
Lessee

By *Gregory J. Chochan*

By *Mary P. Chochan*

State of Nevada)
County of *Elko*) ss.

On July 29, 1970, personally appeared before me, a *Clerk of Court* Notary Public, Willis A. DePaoli and Arlene M. DePaoli, who acknowledged to me that

they executed the foregoing instrument.

Gregory J. Chachas
Notary Public

COUNTY CLERK
CLERK OF THE THIRD JUDICIAL COURT

SEAL
Affixed

State of Nevada, } ss.
County of White Pine.

On this 9 day of

*Option Agreement + Mining Lease Agreement
and Option to Purchase* 53190

September 1970,

personally appeared before me, a Notary Public in and for said County and State, *Gregory J. Chachas* known to me to be the *the* President and *Mary P. Chachas* the Secretary of the Corporation that executed the foregoing instrument, and upon oath did each depose that he is the officer of said Corporation as above designated; that he is acquainted with the seal of said Corporation and that the seal affixed to said instrument is the Corporate seal of said Corporation; that the signatures to said instrument were made by officers of said Corporation as indicated after said signatures; and that the said Corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.



CLARA O. FONDI

Notary Public—State of Nevada
White Pine County

My Commission Expires Feb. 5, 1973

Clara O. Fondi

RECORDED AT THE REQUEST OF Gregory J. Chachas
on Sept. 9 1970 at 45 min. past 8 A. M. in
Book 36 of OFFICIAL RECORDS, page 442-447 RECORDS OF
WHITE PINE COUNTY, NEVADA. *Mulla A. All Park* Recorder.
File No. 53190 Fee \$ 8.00