

56009

MINING LEASE AND PURCHASE AGREEMENT

THIS MINING LEASE AND PURCHASE AGREEMENT is entered into this 17th day of March, 1972, by and between RUSSELL TENVOORD, Box 144, Eureka, Nevada, and JACK L. BAY and GENEVA R. BAY, husband and wife, of P. O. Box 1179, Carson City, Nevada, hereinafter referred to as LESSORS, and WILLIAM E. GERGEN, 370 Parker Avenue, Ely, Nevada, hereinafter referred to as LESSEE,

WITNESSETH:

WHEREAS, Lessors represent and warrant that they own and hold certain unpatented mining claims situated in Union Mining District, and as recorded in Eureka County, State of Nevada, and more particularly described as follows, to-wit:

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WHEREAS, Lessors represent and warrant that all assessment work on said claims as required to date has been completed; and

WHEREAS, Lessee is desirous of leasing said mining claims for the purpose of exploring and developing said claims, and in the event said claims prove to contain minerals of commercial value, Lessee is desirous of operating said claims and purchasing the same.

THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND AGREEMENTS, as hereinafter set forth, Lessors do let, demise and lease the aforesaid mining claims to Lessee, and Lessors further covenant and agree to execute any and all necessary deeds and assignments so as to convey said mining claims to Lessee upon the performance of the agreements hereinafter contained and upon the payment to Lessors by Lessee of the sums hereinafter stated as follows, to-wit:

TOGETHER WITH: All and singular the appurtenances, improvements, reversion and reversions, remainder and remainders, and the rents, issues, rights, privileges, franchises, immunities and the profits thereof.

1. For the principal sum and purchase price of Fifty Thousand (\$50,000.00) Dollars, lawful, current money of the United States of America, payable as hereinafter agreed and not later than the end of

the term, or as set forth.

2. For the term of Five (5) years from and after date hereof, provided however, that at the option of Lessee this term may be extended for an additional and like five year period, said Lessee having fully complied with the terms and conditions hereof and made payment of all current bills, obligations and monthly payments to Lessors.

3. Lessee by itself, agents or assigns to have the right of immediate entry and possession of said property and the whole thereof, with a right reserved in Lessors, their agents or legal representatives of inspection and seeing that the terms hereof are being complied with.

4. Lessee to keep and maintain said property and appurtenances in a good state of repair, and to perform all work, labor, installation or removal of improvements, and operate said mining claims in a good miner-like manner as is customary in such cases, and in accordance with the mining laws, rules and regulations of the Union Mining District, Eureka County, State of Nevada and the United States of America.

5. A. Payment of the principal sum and purchase price herein shall be made on a royalty and payment basis. Lessee shall pay to Lessor Five (5%) percent payable on all smelter or mill returns received by Lessee. Said payments shall be made quarterly by Lessee, commencing at the end of the first quarter of the calendar year during which Lessee shall have received payment on smelter or mill returns. "Net smelter or mill returns" shall mean such sum or sums of money paid to Lessee for any ores delivered by Lessee from any of the above mining claims operated by Lessee to a mill or smelter for purposes of refinery or concentration and sale. All payments shall be deposited to the account of Lessor in FIRST AMERICAN TITLE COMPANY OF NEVADA, Carson City, Nevada.

B. A minimum monthly payment of One Hundred Dollars (\$100.00) per month commencing May 1, 1972, shall be paid to Lessor.

C. Commencing May 1, 1974, a minimum monthly payment of Two Hundred Dollars (\$200.00) per month shall be paid to Lessor.

D. Commencing May 1, 1976, a minimum monthly payment of Four Hundred Dollars (\$400.00) or a royalty of Five (5%) percent on net proceeds received by Lessee, whichever is the greater, shall be paid until the full purchase price has been paid in full.

6. All payments above referred to, made by Lessee to Lessors, shall be credited upon a total purchase price of Fifty Thousand Dollars, which shall be the full purchase price payable to Lessors, and upon receipt by Lessors of payment of full purchase price, Lessors shall forthwith execute and deliver any and all mining deeds, assignments or other conveyances necessary to convey to Lessee such mining claims as Lessee shall not have quitclaimed to Lessors. It is understood that full payment of any unpaid balance may be made at any time without any prepayment penalties and shall entitle Lessee to immediate delivery of title to said properties, provided Lessee is agreeable.

7. Lessee shall perform or cause to be performed all annual assessment work required on or for the benefit of aforesaid claims, and shall on or before August 1st of each year cause Proof of Labor to be filed according to law.

8. Lessee shall pay or cause to be paid and acquitted any and all bills and obligations when and as same become due in any manner incurred in the exploration, development or operation of said properties, and particularly as to labor, materials, industrial insurance and social security obligations, and shall hold Lessors harmless with reference to any and all of such obligations.

9. Lessee shall forthwith prepare, record, post and keep posted conspicuously in at least two working places in and upon said property a Notice of Owner's Non-Responsibility for any and all such obligations incurred by or for Lessee in the handling or preparation of said claims.

10. Lessee shall at all times keep complete books and records, subject to inspection of Lessors or their agents at reasonable times, reflecting all ores mined, marketed, or removed from claims covered by this Lease and Option.

11. Lessee shall have the right to transfer, sell or assign in whole or in part his rights in and to said mining claims as herein provided.

12. Lessee shall have the right to place in and upon said property such machinery, equipment, and improvements as may be reasonably necessary and convenient to the operation of the mining business herein contemplated, and in the event this agreement is forfeited or terminated for breach, or by voluntary surrender or ten(10) days written notice by Lessee mailed to Lessors, postage prepaid, at their last known address. In such event Lessee shall have ninety (90) days after such surrender or written notice of forfeiture mailed to Lessee, postage prepaid, at the last known address of said Lessee; in which to dismantle and remove any and all such machinery, mining and related equipment and improvements, including buildings, except for cement work which has become a part of the land.

13. Lessors represent and warrant that they are the owners of and have clear title to the claims mentioned above. They further represent and warrant that all claims have been validly and properly located and recorded and that all work required under the law has been performed. In case all this work has not been accomplished, the Lessors agree to complete the work as required by law as soon as weather and road conditions permit and at their expense. It is agreed that as of the date this lease is signed Lessors shall execute a good and sufficient Quitclaim Deed for unpatented mining claims to said properties and have same placed in escrow, together with the original of this agreement with instructions for the deed to be delivered together with the original contract and any other papers involved to Lessee upon the payment and performance of the

contract as herein stated. Upon demand by Lessee said escrow agent is to deliver said escrowed papers to Lessee or his successor in interest. In the event of voluntary surrender as hereinbefore provided or failure to pay and perform as herein provided, (or within thirty (30) days from the date for payment or performance), then upon demand to deliver said escrow papers and all of them to Lessors.

14. Lessee agrees to commence geological and mineralogical investigations within ten (10) days from the execution of this agreement, and to explore the properties by drilling or other methods.

A. During a period of eighteen months from the date of this agreement, at least Seven Thousand Five Hundred Dollars (\$7,500.00) shall be spent in the exploration of the properties.

B. Then during the following eighteen months period at least Fifteen Thousand Dollars (\$15,000.00) shall be spent in exploration of the property.

15. Time is of essence in this agreement.

16. In the event of voluntary surrender, or other breach or default in payment or performance as herein stated, (after the expiration of the said thirty (30) day grace period) Lessors shall have the right of immediate entry and possession of said premises. Such right of re-entry and possession of said premises and particularly as to machinery, equipment and improvements placed therein, or thereon by Lessee, shall be subject to the right of Lessee to remove the same as provided in Paragraph 12 above; and in the event of failure of the Lessee or his assigns to so remove said machinery, equipment and buildings and improvements shall be forfeited to and become the property of Lessors, to the extent of the title, interest, ownership or equity of said Lessee or his assigns as the same shall appear as of such date.

17. It is agreed that otherwise than above, in the event of surrender, or other breach or default, the exclusive remedy of Lessors,

shall be to retain all monies, advances, royalties and expenditures, in any manner theretofore made, and they shall become forfeited to Lessors.

18. Lessee agrees to complete and file the semi-annual net proceeds of mines return or other similar returns if required by applicable state or federal law.

19. Lessee shall have a thirty (30) day grace period for the performance of the obligations specified herein with the exception of the completion of the annual assessment work.

20. The terms of this agreement shall bind and inure to the benefit of the heirs, assigns, executors, administrators, legal representatives and successors in interest of the respective parties hereto.

IN WITNESS WHEREOF, the parties have hereunto set their hands on this the day first mentioned above in this agreement.

LESSORS: Russell TenVoord
Russell TenVoord

Jack L. Bay
JACK L. BAY

Geneva R. Bay
GENEVA R. BAY

LESSEE: William E. Gergen
WILLIAM E. GERGEN

ACKNOWLEDGEMENTS

STATE OF NEVADA)
COUNTY OF White Pine) ss.

On this 17th day of March, 1972, personally appeared before me, a Notary Public in and for the above county and state, RUSSELL TENVOORD, 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, voluntarily, and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above mentioned.

Effie M. Gergen
Notary Public



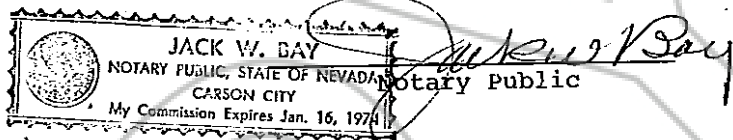
STATE OF NEVADA)

COUNTY OF Carson City)

ss.

On this 17th day of March, 1972, personally appeared before me, a Notary Public in and for the above county and state, JACK L. BAY and GENEVA R. BAY, husband and wife, each for himself and not for the other, the persons described in and who executed the foregoing instrument, and who acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 17th day of March, 1972.



STATE OF NEVADA)

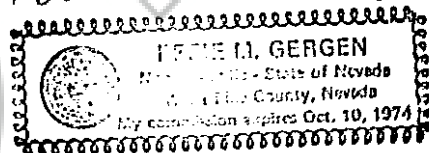
COUNTY OF WHITE PINE)

ss.

On this 17th day of March, 1972, personally appeared before me, a Notary Public in and for the above county and state, WILLIAM E. GERGEN, 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, voluntarily, and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above mentioned.

William E. Gergen
Notary Public



RECORDED AT THE REQUEST OF William Gergen
on June 7, 1972, at 55 mins. past 11 A. M. in
Book 42 of OFFICIAL RECORDS, page 336-342 RECORDS OF
LUREKA COUNTY, NEVADA. Alma A. McFaul Recorder.
File No. 56009 Fee 9.00