

THIS AGREEMENT dated for reference this 1st day of January, 1974.

BETWEEN:

SATURN EXPLORATION AND DEVELOPMENT COMPANY INC., a Company duly incorporated under the laws of the State of Colorado, one of the States of the United States of America, and having its registered office at 1020 South Gilpin Street, in the City of Denver, in the State of Colorado 80209.

(hereinafter called "Saturn")

OF THE FIRST PART

AND:

VERNA WILSON, Business Executive, of 1982 Bellevue, in the Municipality of West Vancouver, in the Province of British Columbia;

(hereinafter called "the Purchaser")

OF THE SECOND PART

WHEREAS, Saturn covenants and warrants that it is the legal and beneficial owner of those mineral claims or mineral interests situate in the State of Nevada, United States of America, more particularly described in Schedule "A" to this Agreement, and all other rights, easements and benefits appertenant to or benefiting the said claims and properties, all of which said mineral claims, interests, properties and rights are herein collectively referred to as "the Claims".

AND WHEREAS Saturn has agreed to give an irrevocable option to the Purchaser to acquire the claims upon the terms set forth herein.

NOW THEREFORE, IN CONSIDERATION of the premises and the covenants and agreements hereinafter contained and the sum of Five Hundred (\$500.00) Dollars paid to Saturn upon the execution hereof (the receipt whereof is hereby by Saturn acknowledged), the parties agree as follows:

1. Saturn hereby gives and grants to the Purchaser the sole exclusive right and option, irrevocable during the term



hereof, to purchase the claims free and clear of encumbrances for and in consideration of the payment of the sums hereinafter set forth.

2. The Purchaser hereby agrees to pay the sum of One Thousand, Five Hundred (\$1,500.00) Dollars by July 1, 1974 or at the time that they commence drilling operations on the claims, whichever the sooner.

3. The Purchaser shall have six (6) months (from January 1, 1974 to July 1, 1974) after the date of this Agreement to conduct the drilling and exploration, as desired, on the claims. If the Purchaser wishes to proceed with the within option after the completion of the said drilling and exploration, it must give notice of its intention to do so to Saturn within thirty (30) days after the completion of the said drilling and exploration. With the notice, the Purchaser shall pay to Saturn a payment of Six Thousand (\$6,000.00) Dollars, which sum is the first year royalty.

The Purchaser may extend the within option from July 1, 1974 to October 1, 1974 thereafter by making payments to Saturn on or before the first day of the month of the payment in the amount of Six Hundred (\$600.00) Dollars per month for a maximum of three (3) such additional option periods.

Commencing one (1) year from the anniversary of the first Six Thousand (\$6,000.00) Dollars payment, the payments to be made by the Purchaser to Saturn shall be increased to Twelve Thousand (\$12,000.00) Dollars per year and such payments shall continue from year to year until a total of One Million, Five Hundred Thousand (\$1,500,000.00) Dollars shall have been paid to Saturn. The within option shall be considered fully executed upon completion of the payment of the said sum.

4. Forthwith after the commencement of production from the claims (as hereinafter defined), the Purchaser shall



begin paying to Saturn sums of money which shall be equal to five and one-half (5½%) percent of the proceeds received or realized from the sale of ore mined from the claims. Payments on account of the said percentage payments shall be made on the basis of calendar year periods commencing on the first days of January in each year. Payments equal to the said percentage figure, less the installment payments made for such year, shall be made within one hundred and twenty (120) days after the end of each calendar year on account of all of the monies received by or on behalf of the Purchaser as proceeds during the said year; PROVIDED THAT it is understood that if the percentage payment, as calculated for any year, is less than the installment payments made for such year, no further percentage payment for such year will be made. The said percentage payments apply on the said purchase price and shall cease when it has been paid in full; PROVIDED, HOWEVER, that after completion of the whole of the said purchase price, percentage payments shall continue to be paid to Saturn for the life of production from the claims equal to three (3%) percent of the proceeds received or realized as described.

5. "Commencement of production" shall, for the purpose of this agreement, be deemed to occur on the date that the Purchaser shall first ship from the claims for commercial sale purposes. Shipments for sampling or testing purposes only and mining for stockpiling, on or off the claims, shall not be deemed production.

6. The Purchaser agrees to perform on the claims during each year that it maintains this option in good standing such exploration work as shall be necessary to satisfy the assessment work requirements to keep the claims in good standing.

7. If the Purchaser shall treat or mill ore removed from any other claims in its concentrating or furnace equipment used with respect to the claims, it shall adopt such procedures

as are reasonably necessary to assure that ore or concentrate removed from the claims shall not be comingled with ore or concentrates from any other source.

8. It is understood and agreed that pending the completion of the exercise of the within option, transfers, deeds and assignments of all of Saturn's interests in the various groups of claims shall be held in escrow by Continental Bank & Trust, 200 South Main, Salt Lake City, Utah. Saturn agrees to execute such transfers, deeds and Bills of Sale as are deemed necessary for this purpose by the Purchaser's attorneys from time to time and prepared by them, and shall deliver the said executed documents to the Escrow Agent as required by the Purchaser. If notice of any dispute of an allegation of completion or termination is given the Escrow Agent pursuant to Clause 9 (b) or 10 (b), the Escrow Agent shall continue to hold the escrowed documents until the dispute is settled or finally adjudicated upon to the reasonable satisfaction of the Escrow Agent.

9. Saturn and the Purchaser agree to join in giving to the Escrow Agent irrevocable instructions to deliver the aforementioned escrowed documents relating to specified group of claims to the Purchaser upon receipt of either:

- (a) A letter from Saturn notifying the Escrow Agent that the Purchaser has exercised the within option on the specified group of claims; or
- (b) An Affidavit or Deposition sworn by the Purchaser deposing to the fact that it has exercised the within option on the specified group of claims and completed all the requirements herein set forth; PROVIDED, HOWEVER, that in such case notices shall be given to Saturn of the receipt by the Escrow Agent of the said Affidavit or Deposition and Saturn shall have thirty (30) days within which to dispute such



allegations of completion, PROVIDED FURTHER that the Affidavit or Deposition shall contain an explanation of why less than the full purchase price has been paid at such time to the Escrow Agent, if such shall be the case.

10. Saturn and the Purchaser agree to join in giving to the Escrow Agent irrevocable instructions to deliver the aforementioned escrowed documents relating to any specified group of claims to Saturn upon receipt of either:

- (a) A letter from the Purchaser signed by the Purchaser notifying the Escrow Agent of the abandonment or termination of the within option by the Purchaser on the specified group of claims; or
- (b) An Affidavit or Deposition sworn by a director of Saturn deposing to the fact that the Purchaser has failed to exercise the option granted herein on the specified group of claims within the time limit or has abandoned this Agreement or failed to fulfill the obligations set forth herein within the time required; PROVIDED, HOWEVER, that in such case notices shall be given to Saturn of the receipt by the Escrow Agent of the said Affidavit or Deposition and the Purchaser shall have thirty (30) days from the date of the giving of the notice to dispute the allegations of abandonment or default, PROVIDED FURTHER, that such Affidavit or Deposition shall contain information as to the alleged reason for termination or cancellation of this agreement.

In the event of termination of the option by the Purchaser in any of the manners provided for herein, the Escrow Agent shall also deliver to Saturn the Release of Option document deposited with it by the Purchaser, in order that Saturn may clear their title of the previously recorded Abstract of Option Agreement.

11. The Purchaser shall be responsible for all of the charges of the Escrow Agent for acting as herein required.

12. It is agreed that if the attorneys for the Purchaser shall at any time determine that a merchantable title to any of the claims is in question or uncertain and deem it necessary that such title be clarified, then they may initiate such proceedings as they consider necessary for such clarification and, in particular, may initiate proceedings under the appropriate Quieting Titles legislation, and in the name of Saturn if such should be necessary, at the cost of the Purchaser.

13. The Purchaser may at any time that it shall consider the same desirable initiate proceedings to have any of the claims patented, at its own costs, but in the name of Saturn to the extent that the same is necessary and for such purpose Saturn creates the Purchaser its attorney.

14. Notwithstanding anything in this agreement contained, it is understood and agreed that this is an option agreement only and the making of any payment or the doing of any act by the Purchaser shall not obligate the Purchaser to do any other act or make any further payments.

15. Saturn covenants and warrants that the claims are all in good standing and free and clear of encumbrances and that they are under no restrictions on their rights to enter into this agreement with the Purchaser. Saturn covenants and warrants that they have not done and will not do



any act which will encumber the claims or the rights which may be acquired to them by the Purchaser hereunder, and that upon completion of the payments of the purchase price, the Purchaser shall receive title to the claims free of all encumbrances save those inherent in located and patented mining claims.

16. Saturn shall not be liable or responsible for amounts paid by the Purchaser on account of Apex rights claimed by any adjoining claim owners against the claim, and the Purchaser shall indemnify and save Saturn harmless from any claims or actions against them relating to Apex rights and arising out of mining operations on the claims pursuant to this agreement; PROVIDED THAT payments are to be made to Saturn on ore mined from within the vertical projection of the boundaries of the claims.

17. Forthwith after the execution of this agreement, the Purchaser shall be entitled to the sole and exclusive possession of the claims during the currency hereof, and shall be entitled to enter upon the claims to erect buildings, install machinery and to explore and develop the claims and to mine, take and turn the ores thereof to account.

While the Purchaser is in possession of the said property under this agreement, it will:

- (a) Conduct all its mining, exploration and other operations according to good mining practice, reasonably planned to obtain the largest development and recovery of marketable ores in an economical manner, and so as to avoid unnecessary hindrance or inconvenience in subsequent mining upon the property;
- (b) Comply with all applicable laws, rules, regulations, pollution control regulations and safety requirements in the operation of the

mining work and the use and condition of the mining property;

- (c) Dispose of waste materials in such a manner as not to interfere with reasonable development of the property;
- (d) Comply at least thirty (30) days before delinquency with all laws applicable to the preservation and protection of the mining claims, including the performance and filing of proof of annual assessment work where appropriate;
- (e) Pay before delinquency all taxes and assessments levied upon the property, or upon the operations being conducted thereon;
- (f) Keep and preserve good, complete and accurate records of its mining and exploration work, and the production and sale of ore therefrom, including original records and maps of drilling, mining, assays, testing and other work useful in the full development of the mining operations;
- (g) Make available to Saturn or their representatives at any reasonable time its said records of its operations, in order that they may examine and verify the performance of its obligations hereunder by the Purchaser ; and allow Saturn or their representatives to enter upon the mining and milling premises to survey, examine and inspect the same and work being conducted thereon;
- (h) Keep the property free and clear of any liens or encumbrances arising from the operations conducted thereon, and indemnify and save harmless Saturn from any expense, liability or obligation resulting from or in any way arising out of or connected with the possession and operations of the Purchaser under this agreement and shall post such notice as may be required



by statute to prevent the claims becoming liened or encumbered and acquire and maintain reasonable Workman's Compensation and liability insurance to adequately protect Saturn from any such expense, liability or obligation.

18. The Purchaser may abandon the option herein granted on any one or more groups of mineral claims without abandoning or losing its option on the remaining groups of mineral claims, provided that no mineral claims may be dropped from the within option within ninety (90) days of the due date of the filing of proof of assessment work for the year in which the notice is given, unless that year's proof of assessment work has been or is filed for the claims being so dropped or abandoned.

19. It is agreed that the Purchaser may drop the within option agreement at any time by delivering to Saturn a notice in writing of the fact thereof, but may not give such notice within ninety (90) days of the due date of the filing of proof of assessment work for the year in which the notice is given, unless that year's proof of assessment work has been filed.

20. It is agreed that if the Purchaser shall drop, abandon or lose the within agreement by default, then all of the rights and obligations of parties to each other with respect to this agreement, except those which have already arisen or been incurred, shall cease. Saturn shall retain all monies paid to them prior to that date as real and actual liquidated damages.

21. If this agreement shall be abandoned or lost by the Purchaser at any time, the Purchaser shall nevertheless be entitled, so far as the applicable laws apply, to go upon the claims and remove therefrom all buildings, equipment, machinery, supplies, owned or placed thereon by it, any time up to nine (9) months after the date of the abandonment or

cancellation of the agreement.

The Purchaser agrees, however, that it will restore the premises to a safe and practicable condition of further use, removing waste and debris resulting from its dismantling and removal operations, and doing those things reasonably required to prevent permanent caving or damage to the properties.

22. If the Purchaser shall make default in the completion or due performance of any of the obligations set forth herein, other than with respect to the payment of monies required under Clauses 2, 3 and 4, but with respect to each payment, a grace period of fifteen (15) days shall be allowed to the Purchasers. TIME IS OF THE ESSENCE with respect to payments, and this option shall lapse without further notice as aforesaid if they are not paid within the grace period. If the Purchaser shall be prevented, by reason of any Act of God, war, internal insurrection or government regulation or control from selling the ore mined from the claims or from fulfilling its obligations hereunder, its obligations shall be suspended for such period that it is so prevented, but during the period of such suspension it shall nevertheless keep the claims in good standing.

23. All payments of money required to be made hereunder shall be made to the Escrow Agent for the account and credit of Saturn. Any payment forwarded by mail shall be deemed to have been made on the date of the posting of the envelope containing the payment, addressed, postage prepaid, to the intended recipient of the cheque.

24. Any notices desired or required to be given hereunder shall be given in writing, and delivered to Saturn, either personally or by mail, and to the Purchaser by mail only. A notice delivered by mail shall be posted in a prepaid registered envelope which shall be deemed to be delivered on the



day it would reach the party to whom it is addressed in the ordinary course of post. Notices sent by post shall be addressed to the parties at the addresses contained on the first page of this agreement or such other addresses as the parties shall from time to time supply for the purposes of this clause.

25. If at any time this agreement is terminated for any reason before completion, the Purchaser will turn over to Saturn copies of all drill records and technical data on its work on the claims and all drill cores from the claims.

26. All references to money in this agreement are to United States dollars.

27. For the purposes of interpreting this agreement, references to "Purchaser " in the plural shall, in the case of a sole purchaser, refer to such sole purchaser, and the use of the masculine gender shall include the feminine, and the personal references to "Purchaser " shall include references to corporate purchaser .

28. Any party may assign the whole or part of its interests herein to any other person or company, but shall give notice thereof to the other party.

29. This agreement shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, successors, administrators and assigns.

30. The parties agree to execute such further and other documents and perform such further acts as may be necessary to carry out the true intent and meaning of this agreement.

31. A notice to the Purchaser shall be in writing and shall be given by registered letter or prepaid telegram addressed as follows:

Verna Wilson  
1982 Bellevue  
West Vancouver, B. C.

32. A notice to Saturn shall be in writing and shall be given either by registered letter or prepaid telegram addressed as follows:

Saturn Exploration and Development Company Inc.  
8734 Mount Majestic Road  
Sandy, Utah 84070

33. In the event that either party hereto acquires additional interests of whatever kind or sort in mineral claims or lands within one mile of any of the claims set out in Schedule "A" hereto or lands included by this paragraph, these interests shall be considered as part of the interests which the Purchaser acquires by this agreement and shall be treated by the parties hereto in the same manner.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed as and from the day and year first above written.

THE CORPORATE SEAL OF SATURN  
EXPLORATION AND DEVELOPMENT  
COMPANY INC. was hereunto  
affixed in the presence of:



[Signature]

President

SIGNED, SEALED AND DELIVERED by  
VERNA WILSON in the presence  
of:

[Signature]

Verna Wilson  
VERNA WILSON



SCHEDULE "A"

DIAMOND DISTRICT - EUREKA COUNTY, NEVADA

Francis 1 - 5  
Avalon  
Hillside  
Harold  
Lincoln  
Celia 7  
Lincoln Ext. 1 & 2  
North Star  
North Star 1 - 3  
Pinion  
Pinion 1  
Juniper  
Juniper 1  
Solomon  
Sheba  
Claudia  
Kathie  
Sally  
Jean  
Ophir Fraction 1 & 2  
Ophir  
Lucky Pine  
Potosi 1 - 6  
Argentum  
Argentum 1  
Otto  
Erwin

RECORDED AT THE REQUEST OF Hemsworth, Schmidt & Kotula  
on Oct. 25 19 74, at 31 min. past 2 P. M. b  
Book 50 of OFFICIAL RECORDS, page 177-189 RECORDS OF  
EUREKA COUNTY, NEVADA William A. DeLoach Recorder  
File No. 59414 Fee \$ 15.00  
FILE NO. 59414