

THIS AGREEMENT made the 14th day of May, A.D. 1976.

BETWEEN:

EAST UTAH MINING COMPANY, a corporation pursuant to the laws of the State of Utah, one of the United States of America (hereinafter referred to as "East Utah")

OF THE FIRST PART

- and -

SWISS OILS OF CANADA (1959) LTD., a body corporate incorporated under the laws of The Dominion of Canada (hereinafter referred to as "Swiss")

OF THE SECOND PART

- and -

PANCANA INDUSTRIES INC., a body corporate, pursuant to the laws of the State of Colorado, one of the United States of America (hereinafter referred to as "PanCana Industries Inc.")

OF THE THIRD PART

- and -

PANCANA INDUSTRIES LTD., a body corporate incorporated pursuant to the laws of the Province of Alberta (hereinafter referred to as "PanCana Industries Ltd.")

OF THE FOURTH PART

WHEREAS the parties hereto have entered into a series of agreements affecting their interests in certain unpatented lode mining claims situated in the Lynn Mining District, Eureka and Elko Counties, Nevada, which agreements extend from a Joint Venture Agreement between East Utah

and Swiss dated January 22, 1970 up to and including an Agreement and Assignment between Swiss and East Utah dated December 12, 1975;

WHEREAS the parties desire to enter into an agreement which shall supersede all previous agreements made between them relating to their interests in the subject mining claims;

AND WHEREAS Swiss and East Utah desire to enter into an agreement whereby East Utah and Swiss shall convey and assign all their right, title and interest in and to the subject claims to PanCana Industries Inc., a wholly owned subsidiary of the Canadian corporation, PanCana Industries Ltd.;

NOW THEREFORE, in consideration of the premises and the interests acquired by the respective parties hereunder, the parties hereto agree as follows:

1. Definitions

(a) Net Smelter Return shall mean, with respect to gold extracted from the subject claims, gross proceeds of the sale of all bullion, precipitate, or concentrates sold from the property less smelter, mint, or purchasing agency charges, transportation charges, of the bullion

or concentrate to the mint, purchasing agency, or other buyers, buyers sampling pit charges, and other charges as are customarily assessed by the buyer of bullion, precipitates or concentrates against the seller. With respect to all other minerals, net smelter return shall mean the gross proceeds of the sale of all ore concentrates sold from the subject claims less smelter or purchasing agency charges, buyers sampling charges and other charges as are customarily assessed by the buyers of ore or concentrates, against the seller.

(b) Net Income shall mean the entire proceeds received from the production and sale of ores, minerals, precipitates, concentrates, and other values from the subject mining claims, less only direct costs and labour and materials for mining and treating said ores, minerals and values, including the cost of transportation of products to the point of sale, all geological expenses, assaying expenses and local overhead expenses. For net income purposes, no PanCana Industries Inc., or PanCana Industries Ltd., headquarter costs, expenses or overhead shall be included as expenses to arrive at net income, with the exception of travel and subsistence of corporate officers or employees from PanCana Industries Inc., or PanCana Industries Ltd. headquarters and then only to the extent that said travel and subsistence relates

directly to the subject claims.

(c) For the purposes of determining net income and net smelter return in the event that PanCana Industries Inc. retains possession of any ores, minerals, precipitates, concentrates and other values produced from the subject mining claims for a period in excess of Ninety (90) days from the end of any calendar quarter when such ores, minerals, precipitates, concentrates and other values are in a marketable state, then the fair market value thereof at the end of the Ninety (90) day period shall be deemed to have been realized and the proceeds thereof shall be deemed to have been received.

(d) Payout shall mean recovery by PanCana Industries Ltd. and PanCana Industries Inc. out of net income, Three Hundred and Seventy-Five Thousand, Three Hundred and Sixty-Nine (\$375,369.00) Dollars, which amount has been expended on the Gold Strike Claims up to March 1, 1976, as well as the recovery by PanCana Industries Ltd. and PanCana Industries Inc of any additional investments or capital expenditures on the subject claims.

(e) Subject Claims shall mean the lode mining claims located in Eureka and Elko Counties, in the State of Nevada, more particularly described as:

(i) Gold Strike Numbers 1 - 36, inclusive, lode mining claims, located in Eureka County, Nevada, hereinafter referred to as "the Gold Strike Claims";

(ii) Gold Bug Numbers 1 - 27, inclusive, lode mining claims, located in Eureka and Elko Counties, Nevada, hereinafter referred to as "the Gold Bug Claims";

(iii) Post Group of Claims Numbers 1 - 8, inclusive, lode mining claims, located in Eureka County, Nevada, hereinafter referred to as "the Post Claims";

(iv) Extension Numbers 1 - 18, inclusive, lode mining claims, located in Elko County, Nevada, hereinafter referred to as "the Extension Claims".

2. The parties hereto covenant and agree that all contractual agreements previously entered into between and among Swiss Oils of Canada (1959) Ltd., East Utah Mining Company, PanCana Industries Inc., and PanCana Industries Ltd., relating to the subject claims are hereby cancelled and superseded by the terms and covenants contained in this Agreement. Each party hereto hereby released the other parties to this Agreement from any further liability or obligation of any kind or nature arising out of the previous contractual arrangements entered into between the parties

with respect to the subject claims. East Utah and Swiss hereby acknowledge and agree that any amounts due from one to the other up to the date of this Agreement are hereby forgiven and no further claim therefor shall be made.

3. East Utah and Swiss hereby convey and assign all their right, title and interest in and to the subject claims to PanCana Industries Inc.

4. In consideration for the conveyance and assignment by East Utah and Swiss to PanCana Industries Inc. of all their interests, right and title in the subject claims, East Utah and Swiss shall receive the following royalties, payments and interests:

(a) PanCana Industries Inc. shall, upon execution of this Agreement, pay to East Utah Fifteen Thousand (\$15,000.00) Dollars in cash in funds of the United States of America;

(b) East Utah shall receive a royalty equal to Four (4%) Per Cent of the net smelter return from the subject claims;

(c) PanCana Industries Inc. will pay to East Utah's optionors all option payments due with regard to the subject claims, which payments equal One Hundred and

Ninety-Two Dollars and Fifty Cents (\$192.50) per month, and PanCana Industries Inc. hereby assumes all responsibilities and obligations of East Utah under those certain lease and option agreements by which East Utah derives its interest, in the subject claims which lease and option agreements are attached hereto as Schedule "A" and form part of this Agreement. Within Ninety (90) days after the date of this Agreement, East Utah shall notify its optionors that the option payments will be made by PanCana Industries Inc., and thereafter, PanCana Industries Inc. will pay said option payments directly to East Utah's optionors;

(d) East Utah shall receive Ten (10%) Per Cent of the net income from the subject claims until such time as East Utah has been paid One Million (\$1,000,000.00) Dollars at which time East Utah's net income share shall be reduced to Five (5%) Per Cent of the net income from the subject claims and shall continue thereafter. Provided however East Utah shall not be entitled to any net income share until after payout as defined in Clause 1(d) of this Agreement;

(e) Swiss shall receive Ten (10%) Per Cent of the net income from the Gold Strike Claims, with the said income interest of Swiss being increased to Fifteen (15%) Per Cent, after payout as defined in Clause 1(d)

of this Agreement;

(f) Swiss shall receive a royalty equal to Four (4%) Per Cent of the net smelter return from the Gold Bug Claims and the Extension Claims.

5. Swiss and East Utah hereby represent and warrant unto PanCana Industries Inc. and PanCana Industries Ltd. that the right, title and interest in the subject claims being assigned and transferred to PanCana Industries Inc. pursuant to the terms of this Agreement, is their entire right, title and interest in the subject claims, and is at the time of this Agreement completely unencumbered. Swiss and East Utah further represent and warrant to PanCana that the assignment and transfer made herein will not result in a breach or default under any of the agreements pursuant to which Swiss and East Utah derive their interest in the subject claims.

6. East Utah and Swiss hereby represent and warrant unto PanCana Industries Inc. and PanCana Industries Ltd. that they are not aware of any royalty payments affecting the Gold Strike Claims, the Extension Claims and the Gold Bug Claims except the royalty payments listed in Schedules "B", "C" and "D" attached and forming part of this Agreement.

7. East Utah hereby represents and warrants



unto to PanCana Industries Inc. and PanCana Industries Ltd. that it is not aware of any royalty payments affecting the Post Claims except those royalties listed in Schedule "E" attached to and forming part of this Agreement.

8. Swiss covenants and agrees with PanCana Industries Inc. and PanCana Industries Ltd. that Swiss will pay to PanCana Industries Inc. a total of One-Half (1/2) of the Four (4%) Per Cent royalty payable to East Utah on the Gold Strike Claims. Swiss further covenants with PanCana Industries Inc. that PanCana Industries Inc. may from time to time deduct from monies otherwise payable to Swiss in accordance with Swiss' interest in the subject claims any amounts which Swiss is obligated to pay to PanCana as herein provided.

9. PanCana Industries Inc. shall furnish to East Utah and Swiss within Sixty (60) days of the end of each calendar quarter all particulars of the work performed on the subject claims, including production reports, a list of all expenses incurred and expenditures made, income statements, all information concerning transportation of ore, bullion, precipitates or concentrates from the subject claims to any mill, smelter, or other treating facility of any kind, and also to the point of sale.

In addition thereto, PanCana Industries Inc. will advise East Utah and Swiss of the identity of any purchasing agency,

mint, or other buyers of ores, bullion, precipitates or concentrates from the property and shall arrange for said purchasing agency, mint, or other buyers to send, within Thirty (30) days, of the receipt of any ores, bullion, precipitates or concentrates, a full and complete report showing the amount of ores, bullion, precipitates or concentrates received by said buyer and the amount paid therefor. PanCana Industries Inc. agrees to pay to East Utah, East Utah's net smelter return share within Fifteen (15) days of the receipt by PanCana Industries Inc. of any payment from its purchasing agency, mint, or other buyers of ores, bullion, precipitates, or concentrates.

10. PanCana Industries Inc. will give East Utah and Swiss Ninety (90) days notice before abandoning all or any portion of the subject claims. Upon the giving of notice of abandonment of the Gold Bug and Extension Claims, East Utah and Swiss may elect within Thirty (30) days from the date of such notice to have conveyed to them undivided interests in the Gold Bug and Extension Claims in the proportion of One-Third (1/3) to Swiss and Two-Thirds (2/3) to East Utah. In the event such election is not made by either Swiss or East Utah, PanCana Industries Inc. will notify the other party who shall thereupon have the right to have the remaining interest conveyed to them. Upon abandoning any of the other subject claims, PanCana Industries Inc. shall convey said claims to East Utah at their option and if they so request

and shall remove all property of any kind or nature whatsoever placed thereon by PanCana Industries Inc. If PanCana Industries Inc. abandons any of the subject claims after March 1st of any year, it agrees to perform the assessment work on said claims for that year. PanCana Industries Inc. agrees that at such time as it abandons all or any portion of the subject claims, it will indemnify and hold East Utah and Swiss harmless from any claims or liabilities for injury or damage sustained by anyone, which injury or damage occurred incident to any property left on the subject claims by PanCana Industries Inc. after abandonment.

11. PanCana Industries Ltd. agrees to indemnify and hold East Utah harmless from and against any and all claims or liabilities arising from any operations on the said properties by Polar Resources Inc., and also from any and all claims or liabilities arising from any operation on the subject claims subsequent to this Agreement, up to abandonment or other disposition by PanCana Industries Inc.

12. PanCana Industries Inc. agrees to indemnify and save East Utah harmless from any claim or liability in connection with any and all royalties payable in respect to minerals removed from the subject claims by PanCana Industries Inc. or its assigns subsequent to the date of this Agreement, which royalties may be due and owing to East Utah's optionors or other parties.

13. In consideration of East Utah's and Swiss' transfer of their interest in the subject claims to PanCana Industries Inc., a wholly owned subsidiary of PanCana Industries Ltd. of Canada, said PanCana Industries Ltd. of Canada agrees to indemnify and hold East Utah and Swiss harmless from any and all claims or liabilities arising out of the operations of the subject claims, and further to save East Utah and Swiss harmless and to pay East Utah and Swiss for any loss, damage, or injury they sustain as a result of PanCana Industries Inc.'s failure to make any payment due under this Agreement, or as a result of PanCana Industries Inc.'s breach of any of its obligations hereunder.

14. Any notice required or desired to be served upon the parties hereto shall be in writing and shall be deemed sufficiently given if deposited in the government mail, postage prepaid, and certified or registered, "return receipt requested", and addressed as follows:

East Utah Mining Company  
721 First Security Building  
Salt Lake City, Utah 84111  
U.S.A.

Swiss Oils of Canada (1959) Ltd.  
c/o Hugh Scott Douglas  
205, 527 - 7th Avenue S.W.  
Calgary, Alberta, Canada

PanCana Industries Ltd.  
400, 736 - 8th Avenue S.W.  
Calgary, Alberta, Canada

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PanCana Industries Inc.  
400, 736 - 8th Avenue S.W.  
Calgary, Alberta, Canada

15. The interpretation of this Agreement shall be determined in accordance with the laws of the Province of Alberta, and for that purpose, East Utah Mining Company, and PanCana Industries Inc. hereby attorn to the laws of the Province of Alberta.

16. The parties hereto further covenant and agree that they shall cause to be executed and will deliver all quit claims, deeds of transfer, assignments as well as any other documents and agreements required for the purposes of carrying out the provisions of this Agreement.

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

IN WITNESS WHEREOF the parties hereto have caused these presents to be executed by their proper officers, they being duly authorized thereto all on the day, month and year first above written.

The signatures of David H. Clegg and Frank G. Noel are acknowledged before me:

EAST UTAH MINING COMPANY



Barbra Condie  
Barbra Condie  
Notary Public  
Residing in Salt Lake City, Utah  
My Commission Expires: 8-30-78

Per: [Signature]  
[Signature]



The signatures of Arnold E. Manz and Ivan P. Bishko are acknowledged before me:

SWISS OILS OF CANADA (1959) Ltd.



[Signature]  
Hugh Scott Douglas  
Notary Public

Per: [Signature]  
Per: [Signature]



THE signatures of David B. Nicholson and Del Zingle are acknowledged before me:

PANCANA INDUSTRIES INC.



[Signature]  
E. Keith Conrad  
Notary Public

Per: [Signature]  
Executive Vice President  
Per: [Signature]  
Treasurer



THE signatures of David B. Nicholson and Del Zingle are acknowledged before me:

PANCANA INDUSTRIES LTD.



[Signature]  
E. Keith Conrad  
Notary Public

Per: [Signature]  
Executive Vice President  
Per: [Signature]  
Treasurer

THIS LEASE AND PURCHASE OPTION, made and entered into this 5th  
day of July 19 67, by and between M.M.S. Exploration  
Company, a Nevada corporation, hereinafter designated as Lessor,  
whether one or several, and Arthur Blake Thomas  
hereinafter designated as Lessee, whether one or several:

W I T N E S S E T H

That the said Lessee, for and in consideration of the sum of Ten Dollars in hand paid by Lessee to Lessor, and other mutual considerations, the receipt and sufficiency of which are hereby acknowledged, and of the royalties, rentals, covenants and agreements hereinafter reserved and by said Lessee to be paid, kept and performed, has granted, demised and let to the said Lessee all of its interest unto the following described property and mining claims situated and lying in the Lynn Mining Area of Eureka County of Nevada, to wit:

GOLD STRIKE Numbers 1 thru 36 inclusive, and:

GOLD BUG Numbers 1 thru 27 inclusive,

Certificates of location recorded at the office of the County Recorder of Eureka County, Eureka, Nevada as of February of 1963 in Book M of Outside Mining on pages 345 through page 397: Said ownership being a twelve and one half undivided ownership and -----

all of which claims are more particularly described under the Certificates of Location recorded at the office of the County Recorder of Eureka County State of Nevada:

TO HAVE AND TO HOLD unto the said Lessee for a period of time as may be necessary to pay the purchase price in the manner hereinafter provided for, unless sooner forfeited or terminated as hereinafter provided:

AND IN CONSIDERATION of said demise, the said Lessee does covenant and agree with the Lessor as follows:

I. To pay to said Lessor at its place of business at 222 Park St. Carson City, Nevada, royalties and rentals, as hereinafter specified, during any effective term of this agreement until the option price of the property, as set forth in Section 12 of this agreement shall have been paid. All rentals, royalties and payments of any nature whatsoever, made by Lessee to Lessor, shall apply and be credited to the option price herein set forth:

(1)

2. To take possession of said mining claims and perform the annual assessment work required by law on the unpatented claims described herein:

3. To keep proper books of account showing the amounts of gold, or other minerals or metals produced and sold from the said mining property and, if possible, to deliver duplicate reports and statements of said sales to the Lessor at his place of business within reasonable time after consummation of sale. If products sold are comingled with ores or bullion or concentrate from other sources, Lessee shall, from time to time, provide Lessor with such proper assay reports and weight certificates as will establish the value of the mineral products extracted, processed and sold from the leased premises:

4. To, during the term of this agreement and in periods when men are employed by Lessee, at its own risk and expense, carry adequate workmen's compensation insurance, and to at all times keep Lessor free and harmless from any and all damages for accidents to or injuries incurred by any person or persons upon, in or about the premises, excepting Lessor and those working under Lessor, and to comply with all governmental laws, regulations and ordinances of said District, as applicable, with respect to matters to be done and performed:

5. To keep all bills and accounts for labor performed and supplies and materials furnished, in or for operations under this lease, paid in such manner as not to allow any claim or lien to be effectually made or asserted against the Lessor or its property:

6. Said Lessor and/or its agent may from time to time, in company with Lessee or its agent, enter upon the said premises, and the whole thereof, for the purpose of general inspection of the same and for the purpose of posting upon said premises notice of nonliability responsibility and other notices necessary, proper or convenient for the protection of said Lessor:

7. Lessee shall keep and preserve reasonable records and maps to reflect the progress and results of work undertaken, and shall allow Lessor to inspect such records at reasonable times, and, upon termination of this agreement and the request of Lessor, deliver duplicate copies of such records to said Lessor. However, Lessee shall not be obligated to interpret such records:

8. Said Lessee shall pay any and all taxes assessed by reason of the mining operations upon said premises, excepting so called bullion tax upon the reserved royalty of the Lessor:



or rental or any other payment herein provided for, at the time and in the manner stipulated, or shall fail to keep or perform any of the conditions, covenants, or agreements herein contained on his part to be kept and/or performed, said Lessor may give to said Lessee a notice in writing, of such default, and if such default is not corrected within thirty (30) days after the giving of such notice, this lease shall terminate and become forfeited. It is specifically understood and agreed that, subject to the obligation of the Lessee to pay rents and royalties with relation to the sale of ores and minerals extracted from the mining claims or concentrates produced therefrom to the date of such termination, the sole liability of Lessee for any default under the terms of this mining lease shall be the loss of the rights granted to them hereby in and to the mining claims with relation to which the default occurred and Lessee shall, under no circumstance, have any liability to Lessor by way of damages or otherwise:

10. To pay to said Lessor at its place of business at 222 Park St. Carson City, Nevada the following royalties on all mineral products extracted and sold from the premises, during the life of this lease, until the option price for the property, as defined in paragraph 12 below, shall have been paid, to wit:

1% (One percent) of the net proceeds of the sale of bullion, precipitate, concentrate, and ore, mined produced and sold from the premises.

Net proceeds are defined as the gross proceeds of the ore, bullion, precipitate or concentrate sold, less smelter, mint or other purchasing agency charges, transportation charges, sampling charges and other charges as are customarily assessed by the buyer of ores against the seller:

11. Lessee agrees to pay to the Lessor a rental of \$37.50 per month which shall be applied on the option price. Rentals shall be considered as advanced royalty payments and can be applied as a credit towards royalty payments which thereafter might be due. And royalty payments in excess of \$37.50 monthly shall apply as a credit against future rental payments. Royalty payments from the sale of mineral products shall be made directly to the Lessor directly by the buyer of ores, precipitates or concentrate or bullion, where and when such arrangements are in accord with the buyer's established custom, provided such payment is conveniently possible for Lessee:

12. Upon demand of said Lessee, said Lessor agrees to execute a deed to its interest in the above described mining claims and deposit same with a bank, trust company or escrow service, mutually satisfactory to both Lessor and Lessee, accompanied with escrow instructions to deliver said deed to Lessee upon satisfactory proof of the payment of \$37,500.00 (Thirty Seven Thousand Five Hundred Dollars

in rental, royalty or in any other manner, as the agreed option price of the above described property of the Lessor, and with further

instructions to return said deed to the Lessor upon satisfactory evidence of failure of Lessee to comply with the terms of this agreement. Cost of said escrow shall be borne equally by the Lessor and Lessee:

13. Upon any termination of this agreement, by default or otherwise, said Lessee shall surrender to said Lessor the said property, but any machinery, tools, equipment or buildings placed thereon by the Lessee, whether attached to the realty or not, shall belong to the Lessee and it or its agent shall be allowed to remove same within a reasonable time after date of termination, not to exceed twelve months:

14. Lessee shall have the right and option to terminate this agreement at any time upon fifteen (15) days' written notice to the Lessor:

15. All covenants and conditions contained herein, expressly or impliedly, shall extend to the successors, personal representatives, heirs, executors and assigns of the parties hereto:

IN WITNESS WHEREOF, the parties hereto have set their hands this 5th day of July 19 67.

LESSOR - N.M. AND S. EXPLORATION COMPANY.

LESSEE

*Sterling Mcknight*  
Pres.  
*William M. ...*  
Secy.

*Arthur Blake Thomas*

STATE OF Utah )  
COUNTY OF Salt Lake ) ss

On this 5th day of July 1967 personally appeared before me a Notary Public in and for Salt Lake County, State of Utah, Arthur Blake Thomas, known to me to be the person who executed the foregoing instrument, who duly acknowledged to me that he executed the same freely and voluntarily for the uses and the purpose therein mentioned.

My commission expires March 15, 1967

*Robert B. ...*  
Notary Public

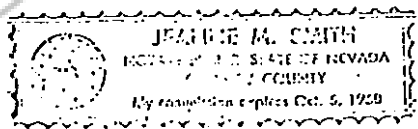


STATE OF Nevada )  
COUNTY OF Ormsby ) ss

On this 13 day of July 1967 personally appeared before me a Notary Public in and for Ormsby County, State of Nevada, STERLING MCKNIGHT, known to me to be the person who executed the foregoing instrument, who duly acknowledged to me that he executed the same freely and voluntarily for the uses and the purpose therein mentioned.

My commission expires October 5, 1968

*James M. Smith*  
Notary Public



THIS LEASE AND PURCHASE OPTION, made and entered into this 15<sup>th</sup>  
day of November 19 67, by and between  
Eugene Morgan, hereinafter designated as Lessor,  
whether one or several, and Arthur Blake Thomas  
hereinafter designated as Lessee, whether one or several:

**W I T N E S S E T H**

That the said Lessee, for and in consideration of the sum of Ten Dollars in hand paid by Lessee to Lessor, and other mutual considerations, the receipt and sufficiency of which are hereby acknowledged, and of the royalties, rentals, covenants and agreements hereinafter reserved and by said Lessee to be paid, kept and performed, has granted, demised and let to the said Lessee all of its interest unto the following described property and mining claims situated and lying in the Lynn Mining Area of Eureka County, of Nevada, to wit:

Gold Strike - Numbers 1 thru 36 inclusive, and;  
Gold Bug - Numbers 1 thru 27 inclusive,  
Certificates of Location recorded at the office  
of the County Recorder of Eureka County, Eureka,  
Nevada as of February 1963 in Book N of Outside  
Mining on pages 345 thru page 397;  
Said ownership being a (5%) five percent  
undivided ownership

all of which claims are more particularly described under the Certificates of Location recorded at the office of the County Recorder of Eureka County, State of Nevada:

TO HAVE AND TO HOLD unto the said Lessee for a period of time as may be necessary to pay the purchase price in the manner hereinafter provided for, unless sooner forfeited or terminated as hereinafter provided:

AND IN CONSIDERATION of said demise, the said Lessee does covenant and agree with the Lessor as follows:

- I. To pay to said Lessor at its place of business at 43 West 3<sup>rd</sup> South Salt Lake City, UT royalties and rentals, as hereinafter specified, during any effective term of this agreement until the option price of the property, as set forth in Section 12 of this agreement shall have been paid. All rentals, royalties and payments of any nature whatsoever, made by Lessee to Lessor, shall apply and be credited to the option price herein set forth:

(1)

2. To take possession of said mining claims and perform the annual assessment work required by law on the unpatented claims described herein:

3. To keep proper books of account showing the amounts of gold, or other minerals or metals produced and sold from the said mining property and, if possible, to deliver duplicate reports and statements of said sales to the Lessor at his place of business within reasonable time after consummation of sale. If products sold are commingled with ores or bullion or concentrate from other sources, Lessee shall, from time to time, provide Lessor with such proper assay reports and weight certificates as will establish the value of the mineral products extracted, processed and sold from the leased premises:

4. To, during the term of this agreement and in periods when men are employed by Lessee, at its own risk and expense, carry adequate workmen's compensation insurance, and to at all times keep Lessor free and harmless from any and all damages for accidents to or injuries incurred by any person or persons upon, in or about the premises, excepting Lessor and those working under Lessor, and to comply with all governmental laws, regulations and ordinances of said District, as applicable, with respect to matters to be done and performed:

5. To keep all bills and accounts for labor performed and supplies and materials furnished, in or for operations under this lease, paid in such manner as not to allow any claim or lien to be effectually made or asserted against the Lessor or its property:

6. Said Lessor and/or its agent may from time to time, in company with Lessee or its agent, enter upon the said premises, and the whole thereof, for the purpose of general inspection of the same and for the purpose of posting upon said premises notice of non-responsibility and other notices necessary, proper or convenient for the protection of said Lessor:

7. Lessee shall keep and preserve reasonable records and maps to reflect the progress and results of work undertaken, and shall allow Lessor to inspect such records at reasonable times, and, upon termination of this agreement and the request of Lessor, deliver duplicate copies of such records to said Lessor. However, Lessee shall not be obligated to interpret such records:

8. Said Lessee shall pay any and all taxes assessed by reason of the mining operations upon said premises, excepting so called bullion tax upon the reserved royalty of the Lessor:

or rental or any other payment herein provided for, at the time and in the manner stipulated, or shall fail to keep or perform any of the conditions, covenants, or agreements herein contained on his part to be kept and/or performed, said Lessor may give to said Lessee a notice in writing, of such default, and if such default is not corrected within thirty (30) days after the giving of such notice, this lease shall terminate and become forfeited. It is specifically understood and agreed that, subject to the obligation of the Lessee to pay rents and royalties with relation to the sale of ores and minerals extracted from the mining claims or concentrates produced therefrom to the date of such termination, the sole liability of Lessee for any default under the terms of this mining lease shall be the loss of the rights granted to them hereby in and to the mining claims with relation to which the default occurred and Lessee shall, under no circumstance, have any liability to Lessor by way of damages or otherwise:

10. To pay to said Lessor at its place of business at 43 W. 3<sup>rd</sup> St.  
Salt Lake City, Utah, the following royalties on all mineral products extracted and sold from the premises, during the life of this lease, until the option price for the property, as defined in paragraph 12 below, shall have been paid, to wit:

1/2% (One half of one percent) of the net proceeds of the sale of bullion, concentrate, precipitate and ore mined, produced and sold from the premises

Net proceeds are defined as the gross proceeds of the ore, bullion, precipitate or concentrate sold, less smelter, mint or other purchasing agency charges, transportation charges, sampling charges and other charges as are customarily assessed by the buyer of ores against the seller:

11. Lessee agrees to pay to the Lessor a rental of \$20.00 per month which shall be applied on the option price. Rentals shall be considered as advanced royalty payments and can be applied as a credit towards royalty payments which thereafter might be due. And royalty payments in excess of \$20.00 monthly shall apply as a credit against future rental payments. Royalty payments from the sale of mineral products shall be made directly to the Lessor directly by the buyer of ores, precipitates or concentrate or bullion, where and when such arrangements are in accord with the buyer's established custom, provided such payment is conveniently possible for Lessee:

12. Upon demand of said Lessee, said Lessor agrees to execute a deed to its interest in the above described mining claims and deposit same with a Bank, trust company or escrow service, mutually satisfactory to both Lessor and Lessee, accompanied with escrow instructions to deliver said deed to Lessee upon satisfactory proof of the payment of Twenty Thousand Dollars Hundred Dollars  
(\$20,000.00).

in rental, royalty or in any other manner, as the agreed option price of the above described property of the Lessor, and with further

instructions to return said deed to the lessor upon satisfactory evidence of failure of Lessee to comply with the terms of this agreement. Cost of said escrow shall be borne equally by the Lessor and Lessee:

13. Upon any termination of this agreement, by default or otherwise, said Lessee shall surrender to said lessor the said property, but any machinery, tools, equipment or buildings placed thereon by the Lessee, whether attached to the realty or not, shall belong to the Lessee and it or its agent shall be allowed to remove same within a reasonable time after date of termination, not to exceed twelve months:

14. Lessee shall have the right and option to terminate this agreement at any time upon fifteen (15) days' written notice to the Lessor:

15. All covenants and conditions contained herein, expressly or impliedly, shall extend to the successors, personal representatives, heirs, executors and assigns of the parties hereto:

IN WITNESS WHEREOF, the parties hereto have set their hands this 15th day of November 19 67

LESSOR

Eugene M. March

LESSEE

Arthur Blake Thomas

STATE OF UTAH ) ss  
COUNTY OF SALT LAKE )

On this 16th day of November 1967 personally appeared before me a Notary Public in and for Salt Lake County, State of Utah, Arthur Blake Thomas, known to me to be the person who executed the foregoing instrument, who duly acknowledged to me that he executed the same freely and voluntarily for the uses and the purpose therein mentioned.

My commission expires April 25, 1971

Richard B. Tucker  
Notary Public

STATE OF Utah ) ss  
COUNTY OF Salt Lake )

On this 16th day of Nov. 1967 personally appeared before me a Notary Public in and for Salt Lake County, State of Utah, Eugene M. March, known to me to be the person who executed the foregoing instrument, who duly acknowledged to me that he executed the same freely and voluntarily for the uses and the purpose therein mentioned.

My commission expires \_\_\_\_\_

Eugene M. March  
Notary Public

Affixed

RECORDED AT THE REGISTRY OF Arthur Blake Thomas  
June 18, 1968 at 58 min. part 10 A. M. P.  
Foot 24 of OFFICIAL RECORDS page 403-291 DEPT. OF  
UTAH COUNTY, REGISTRY Jillies G. Westlake Recorder.  
File No. 17097 Fee \$ 7.00

(4) BOOK 56 PAGE 525

MINING LEASE AND OPTION

THIS LEASE AND PURCHASE OPTION, made and entered into this 28th  
day of February 19 76, by and between  
George H. Madson, hereinafter designated as Lessor,  
whether one or several, and Arthur Blake Thomas  
hereinafter designated as Lessee, whether one or several:

W I T N E S S E T H

That the said Lessee, for and in consideration of the sum of Ten Dollars in hand paid by Lessee to Lessor, and other mutual considerations, the receipt and sufficiency of which are hereby acknowledged, and of the royalties, rentals, covenants and agreements hereinafter reserved and by said Lessee to be paid, kept and performed, has granted, demised and let to the said Lessee all of its interest unto the following described property and mining claims situated and lying in Sec. 30T. 33N. R. 50E. & Sec. 13 T. 36N. R. 49 E. Mt. Diablo E.H., to wit:

LESSOR'S FIFTEEN AND FIVE SIXTHS PERCENT (15 5/6%) undivided interest in and to the following unpatented mining claims:

GOLD SPIKE Nos. 1 to 30 inclusive located 2/12/33 and 2/14/33 and recorded at the office of the Eureka County recorder in Book H Pages 345 thru 350 of Outside Mining records:

GOLD LUG Nos. 1 to 27 inclusive located 2/14/33 and 2/18/33 and 2/22/33 and 2/23/33 and recorded at the office of the Eureka County Recorder in Book H. Pages 333 thru 343 and 321 thru 327 and 324 thru 327 of Outside Mining records:

all of which claims are more particularly described under the Certificates of Location recorded at the office of the County Recorder of Eureka County State of Nevada

TO HAVE AND TO HOLD unto the said Lessee for a period of time as may be necessary to pay the purchase price in the manner hereinafter provided for, unless sooner forfeited or terminated as hereinafter provided:

AND IN CONSIDERATION of said demise, the said Lessee does covenant and agree with the Lessor as follows:

I. To pay to said Lessor at its place of business at 6947 Carrack Rd. Forney, Illinois, royalties and rentals, as hereinafter specified, during any effective term of this agreement until the option price of the property, as set forth in Section 12 of this agreement shall have been paid. All rentals, royalties and payments of any nature whatsoever, made by Lessee to Lessor, shall apply and be credited to the option price herein set forth:

(1)

2. To take possession of said mining claims and perform the annual assessment work required by law on the unpatented claims described herein:

3. To keep proper books of account showing the amounts of gold, or other minerals or metals produced and sold from the said mining property and, if possible, to deliver duplicate reports and statements of said sales to the Lessor at his place of business within reasonable time after consumation of sale. If products sold are commingled with ores or bullion or concentrate from other sources, Lessee shall, from time to time, provide Lessor with such proper assay reports and weight certificates as will establish the value of the mineral products extracted, processed and sold from the leased premises:

4. To, during the term of this agreement and in periods when men are employed by Lessee, at its own risk and expense, carry adequate workmen's compensation insurance, and to at all times keep Lessor free and harmless from any and all damages for accidents to or injuries incurred by any person or persons upon, in or about the premises, excepting Lessor and those working under Lessor, and to comply with all governmental laws, regulations and ordinances of said District, as applicable, with respect to matters to be done and performed:

5. To keep all bills and accounts for labor performed and supplies and materials furnished, in or for operations under this lease, paid in such manner as not to allow any claim or lien to be effectually made or asserted against the Lessor or its property:

6. Said Lessor and/or its agent may from time to time, in company with Lessee or its agent, enter upon the said premises, and the whole thereof, for the purpose of general inspection of the same and for the purpose of posting upon said premises notice of non-responsibility and other notices necessary, proper or convenient for the protection of said Lessor:

7. Lessee shall keep and preserve reasonable records and maps to reflect the progress and results of work undertaken, and shall allow Lessor to inspect such records at reasonable times, and, upon termination of this agreement and the request of Lessor, deliver duplicate copies of such records to said Lessor. However, Lessee shall not be obligated to interpret such records:

8. Said Lessee shall pay any and all taxes assessed by reason of the mining operations upon said premises, excepting so called bullion tax upon the reserved royalty of the Lessor:



9. In the event Lessee shall fail to make any payment of royalty or rental or any other payment herein provided for, at the time and in the manner stipulated, or shall fail to keep or perform any of the conditions, covenants, or agreements herein contained on his part to be kept and/or performed, said Lessor may give to said Lessee a notice in writing of such default, and if such default is not corrected within thirty (30) days after the giving of such notice, this lease shall terminate and become forfeited. It is specifically understood and agreed that, subject to the obligation of the Lessee to pay rents and royalties with relation to the sale of ores and minerals extracted from the mining claims or concentrates produced therefrom to the date of such termination, the sole liability of Lessee for any default under the terms of this mining lease shall be the loss of the rights granted to them hereby in and to the mining claims with relation to which the default occurred and Lessee shall, under no circumstance, have any liability to Lessor by way of damages or otherwise:

10. To pay to said Lessor at its place of business at 6847 Corzak B  
Berwyn, Illinois the following royalties on all mineral products extracted and sold from the premises, during the life of this lease, until the option price for the property, as defined in paragraph 12 below, shall have been paid, to wit:  
Eight Tenths of one percent of the "net proceeds" achieved thru  
sale of ores, precipitates, concentrates, bullion or other mineral  
substances extracted and sold from the premises:

Net proceeds are defined as the gross proceeds of the ore, bullion, precipitate or concentrate sold, less smelter, mint or other purchasing agency charges, transportation charges, sampling charges and other charges as are customarily assessed by the buyer of ores against the seller:

11. Lessee agrees to pay to the Lessor a rental of thirty five dollars per month which shall be applied on the option price. Rentals shall be considered as advanced royalty payments and can be applied as a credit towards royalty payments which thereafter might be due. And royalty payments in excess of \$35.00 monthly shall apply as a credit against future rental payments. Royalty payments from the sale of mineral products shall be made directly to the Lessor directly by the buyer of ores, precipitates or concentrate or bullion, when and when such arrangements are in accord with the buyer's established custom, provided such payment is conveniently possible for Lessee:

12. Upon demand of said Lessee, said Lessor agrees to execute a deed to its interest in the above described mining claims and deposit same with a bank, trust company or escrow service, mutually satisfactory to both Lessor and Lessee, accompanied with escrow instructions to deliver said deed to Lessee upon satisfactory proof of the payment of fifteen thousand eight hundred dollars within eighteen months after date of execution of this contract or Twenty Five thousand dollars upon any subsequent date

in rental, royalty or in any other manner, as the agreed option price of the above described property of the Lessor, and with further

instructions to return said deed to the Lessor upon satisfactory evidence of failure of Lessee to comply with the terms of this agreement. Cost of said survey shall be borne equally by the Lessor and Lessee:

13. Upon any termination of this agreement, by default or otherwise, said Lessee shall surrender to said Lessor the said property, but any machinery, tools, equipment or buildings placed thereon by the Lessee, whether attached to the realty or not, shall belong to the Lessee and it or its agent shall be allowed to remove same within a reasonable time after date of termination, not to exceed twelve months:

14. Lessee shall have the right and option to terminate this agreement at any time upon fifteen (15) days' written notice to the Lessor:

15. All covenants and conditions contained herein, expressly or impliedly, shall extend to the successors, personal representatives, heirs, executors and assigns of the parties hereto:

IN WITNESS WHEREOF, the parties hereto have set their hands this  
5th day of February 19 66

LESSOR

George M. Hauerba  
6847 Cornak Rd.  
Daroga, Illinois.

LESSEE

Arthur Black Thomas  
30 Exchange Place  
Salt Lake City, Utah.

STATE OF Utah )  
COUNTY OF Salt Lake )

On this 3 day of March 1966 personally appeared before me a Notary Public in and for Salt Lake County, State of Utah, Arthur Black Thomas, known to me as the person who executed the foregoing instrument, who duly acknowledged to me that he executed the same freely and voluntarily for the uses and the purpose therein mentioned.

My commission expires \_\_\_\_\_

Arthur Black Thomas  
Notary Public

STATE OF Illinois )  
COUNTY OF Cook )

On this 7th day of March 1966 personally appeared before me a Notary Public in and for Cook County, State of Illinois, George M. Hauerba, known to me as the person who executed the foregoing instrument, who duly acknowledged to me that he executed the same freely and voluntarily for the uses and the purpose therein mentioned.

My commission expires 1/1/68

Michael Kravitz  
Notary Public

BOOK 56 PAGE 529

LEASE AND PURCHASE OPTION.

THIS LEASE AND PURCHASE OPTION, made and entered into this  
5th day of July, 1967, by and between MAE T. HALL and MILDRED  
HANCOCK, hereafter designated as Lessors and ARTHUR BLAKE THOMAS,  
hereafter designated as Lessee:

WITNESSETH

That the said Lessors, for and in consideration of the sum of  
\$100.00 (one hundred dollars) advanced royalty for the period from  
July 15th, 1967 to Aug. 15th, 1967 receipt of which is hereby  
acknowledged, and of the royalties, covenants and agreements here-  
inafter reserved, have granted, demised and let to the said Lessee  
all of their one third (33 1/3%) undivided interest unto the  
following described property and mining claims situated and lying in  
the Lynn Mining District in Eureka County of Nevada, to wit:

Gold Strike Numbers 1 through 36 inclusive, and:

Gold Bug Numbers 1 through 27 inclusive,

which mining claims are more particularly described under the  
Certificates of Location recorded at the office of the County  
Recorder of Eureka County, Eureka, Nevada, in February of 1963 in  
Book M of Outside Mining on pages 345 through pages 397:

TO HAVE AND TO HOLD unto the said Lessee for a period of time  
as may be necessary to pay the purchase price in the manner herein-  
after provided for, unless sooner forfeited or terminated as here-  
inafter provided:

AND IN CONSIDERATION of said demise, the said Lessee does  
covenant and agree with the Lessors as follows:

1. To pay to said Lessors, at a place of business to be  
designated by Lessors, royalties and rentals, as hereinafter  
specified, during the term of this agreement, until the sum of  
\$100,000.00 shall have been paid:

2. To take possession of said mining claims and perform the

STOW AND  
RIDINGEN  
ATTORNEYS AT LAW  
1047 D STREET  
LAS VEGAS, CALIFORNIA  
76 674-2625

1 annual assessment work required by law on the unpatented mining  
2 claims described herein, and to do any and all things which may be  
3 reasonably necessary or proper to preserve and protect the right,  
4 title and interest of Lessors in and to said property and claims:

5 3. To keep proper books of account showing the amounts of  
6 gold, minerals or metals produced and sold from said mining property  
7 and to deliver duplicate reports and statements of said sales to  
8 Lessors at their place of business within reasonable time after  
9 consummation of sale:

10 4. Lessee agrees to take out and keep in force during the  
11 term hereof, at Lessee's expense, public liability insurance in  
12 companies and through brokers approved by Lessors, to protect  
13 against any liability to the public incident to the use of or  
14 resulting from any event occurring in or about said premises, the  
15 liability under such insurance to be not less than \$100,000 on  
16 account of injury to one person, or \$300,000 on account of any one  
17 occurrence, and \$50,000 for property damage. The foregoing  
18 liability policies shall insure the contingent liability of Lessors,  
19 and evidence of the issuance of all of the policies referred to  
20 herein shall be delivered to Lessors within ten (10) days after  
21 execution of this lease in the form of a certificate, or certificates  
22 of insurance directed to the Lessors, and Lessee shall obtain  
23 written obligation on the part of the insurance carrier to notify  
24 Lessors in writing ten (10) days prior to any cancellation thereof,  
25 and Lessee agrees, if Lessee does not keep such insurance in full  
26 force and effect, that Lessors may take out the necessary insurance  
27 and pay the premium, and the repayment thereof shall be deemed to  
28 be part of the rental and payable as such on the next day upon which  
29 rent becomes due.

30 5. Lessee agrees that he will at all times during the term  
31 of this lease keep the leased premises free and clear of any and all  
32 liens and/or encumbrances and to hold Lessors harmless therefrom and

HARTOW AND  
CHRISTIANSEN  
ATTORNEYS AT LAW  
17 NORTH D STREET  
OAKLAND, CALIFORNIA  
4044 674-2536

1 Indemnify Lessors for any and all loss, damage or detriment incurred,  
2 suffered or sustained by Lessors as a proximate result of any such  
3 liens and/or encumbrances:

4 6. It is agreed that Lessee has inspected the herein  
5 demised premises and is leasing the same as a result of his own  
6 knowledge thereof and not by reason of, or in reliance upon, any  
7 acts, statements, warranties or promises made by Lessors, other than  
8 those contained herein:

9 7. Lessee agrees that he will at all times during the term  
10 of this lease comply with any and all laws, rules, orders and  
11 regulations, whether federal, state or local, which are made by  
12 duly constituted authorities and are applicable to the herein  
13 demised premises, or to the business or activities of the Lessee  
14 conducted thereon, or to Lessee or his agents, servants, repre-  
15 sentatives and employees:

16 8. Lessee agrees to keep duly posted on the demised premises  
17 while making any permitted alterations or improvements thereon or  
18 thereto, a notice of Lessors' non-responsibility for the cost of  
19 either labor or materials therefor, and Lessee agrees to hold  
20 Lessors harmless from the cost and/or expense of any and all labor  
21 or materials furnished for such alterations or improvements and to  
22 indemnify Lessors for any loss, damage or detriment suffered by  
23 them by reason thereof:

24 9. To keep all bills and accounts for labor performed and  
25 supplies and materials furnished, in or for operations under this  
26 lease, and all governmental tax items and withholding items, paid  
27 or deposited in such manner as not to allow any claim or lien to be  
28 effectually made or asserted against the Lessors or their property:

29 10. Lessors shall have the right by themselves, or through  
30 their agents, servants and representatives, at any and all reason-  
31 able times, to enter upon the demised premises:

32 11. Lessee shall keep and preserve reasonable records and

HOWARD  
REICHARDEN  
ATTORNEY AT LAW  
414 D STREET  
LOS ANGELES  
CALIFORNIA  
674-5500

1 maps to reflect the progress and results of work undertaken, and  
2 shall allow Lessors, to inspect such records at reasonable times,  
3 and, upon termination of this agreement, deliver duplicate copies of  
4 such records to Lessors:

5 12. Said Lessee shall pay any and all taxes and assessments  
6 levied against the herein demised premises and mining operations  
7 conducted thereon during the term of this lease:

8 13. All notices to be given to Lessee may be given in  
9 writing personally or by depositing the same in the United States  
10 Mail, postage prepaid, and addressed to Lessee at the said premises,  
11 to wit: 39 Exchange Place, Salt Lake City, Utah, whether or not  
12 Lessee has departed from, abandoned, or vacated the premises:

13 14. The waiver by Lessors of any breach of any term,  
14 covenant, or condition herein contained shall not be deemed to be a  
15 waiver of such term, covenant, or condition or any subsequent  
16 breach of the same or any other term, covenant, or condition herein  
17 contained. The subsequent acceptance of rent hereunder by Lessors  
18 shall not be deemed to be a waiver of any preceding breach by Lessee  
19 of any term, covenant, or condition of this lease, other than the  
20 failure of Lessee to pay the particular rental so accepted, regard-  
21 less of Lessors' knowledge of such preceding breach at the time of  
22 acceptance of such rent:

23 15. In case suit shall be brought for an unlawful detainer  
24 of the said premises, for the recovery of any rent due under the  
25 provisions of this lease, or because of the breach of any other  
26 covenant herein contained, on the part of Lessee to be kept or  
27 performed, Lessee shall pay to Lessors reasonable attorneys' fees  
28 which shall be fixed by the Court:

29 16. Time is of the essence of this Lease and Option and in  
30 the performance of each and every term, covenant, provision and  
31 condition herein contained:

32 17. In the event Lessee shall fail to make any payment of

1 royalty or rental or any other payment herein provided for, at  
2 the time and in the manner stipulated, or shall fail to keep or  
3 perform any of the conditions, covenants, or agreements herein  
4 contained, on his part to be kept and/or performed, said Lessors  
5 may give to said Lessee a notice in writing of such default, and  
6 if such default is not corrected within fifteen (15) days after  
7 the giving of such notice, this lease and option shall at the option  
8 of Lessors terminate and be of no force or effect whatsoever.

9 18. To pay to said Lessors, at a place of business to be  
10 designated in writing, the following rentals and/or royalties on  
11 all mineral products extracted and sold from the premises, during  
12 the life of this lease, until the sum of \$100,000.00 (One hundred  
13 thousand dollars) has been paid, to wit:

14 1 2/3% (One and two-thirds per cent) of the net proceeds  
15 of the sale of bullion, precipitate, concentrate, and ore,  
16 mined, produced and sold from the premises. Net proceeds  
17 are defined as the gross proceeds from the sale of ore,  
18 bullion, precipitate or concentrate, less smelter, mine  
19 or purchasing agency charges, transportation charges,  
20 sampling charges and other charges as are customarily  
21 assessed by the buyer of ores against the seller:

22 19. Lessee agrees to pay to the Lessors a rental of  
23 \$100.00 per month (One hundred dollars) which shall be applied on  
24 the purchase price. Rental payments shall be considered as  
25 advanced royalty payments and can be applied as a credit towards  
26 royalty payments which might thereafter be due. Any royalty  
27 payments in excess of \$100.00 monthly shall apply as a credit  
28 against future rental payments. Royalty payments from the sale of  
29 mineral products shall be made to the Lessors directly by the buyer  
30 of ores, bullion, precipitate or concentrate, where and when such  
31 arrangements are in accord with the buyer's established custom.  
32 Rental payments shall commence July 15th, 1967, and shall be payable  
on that date for the forthcoming month and shall be payable on the  
15th day of each following month:

20. Upon demand of Lessee, said Lessors agree to execute a  
deed to their one third (33 1/3%) undivided interest in the above

EASTON AND  
CHRISTIANSON  
ATTORNEYS AT LAW  
117 NORTH STREET  
FIDELIA, CALIFORNIA  
708-674-3000

described mining claims and to deposit said deed in a bank mutually acceptable to both Lessee and Lessors accompanied with escrow instructions providing for the delivery of said deed to Lessee, upon satisfactory proof of payment of \$100,000.00 in rental, royalty, or in any other manner, as the agreed option price of the above described property of the Lessors, and with further instructions to return said deed to the Lessors upon satisfactory evidence of failure of the Lessee to comply with the terms of this agreement. Cost of said escrow shall be borne equally by the Lessors and Lessee:

20. In the event that Lessee is declared bankrupt, this agreement shall immediately and automatically terminate and shall not be an asset in said bankrupt's estate nor shall any referee or trustee in bankruptcy have any claim, right, title or interest in this Lease and Option or in the herein demised premises:

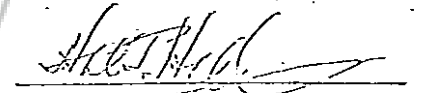
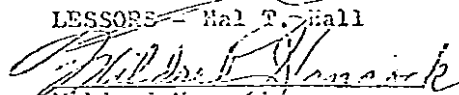
21. All notices to be given to Lessors may be given in writing personally or by depositing the same in the United States Mail, postage prepaid, and addressed to Lessors, at the following addresses, to wit: Mr. Hal T. Hall, Post Office Box 151, Grass Valley, California and Mrs. Mildred Hancock, 2301 Lakeside Drive, Reno, Nevada:

22. Lessee shall have the right and option to terminate this agreement at any time upon thirty (30) days' prior written notice to the Lessors:

23. All covenants and conditions contained herein, expressly or impliedly, shall extend to the successors, heirs, executors and assigns of the parties hereto:

IN WITNESS WHEREOF, the parties hereto have executed this contract this 5th day of July, 1967.

  
LESSEE- Arthur Blake Thomas

  
LESSORS- Hal T. Hall  
  
Mildred Hancock



State of Utah )  
County of Salt Lake ) ss

On this 5th day of July, 1967, personally appeared before me, Arthur Blake Thomas, whose name is subscribed to the annexed instrument as part thereof, personally known to me to be the same person described in and who executed the said annexed instrument; and duly acknowledged to me that he executed the same freely and voluntarily and for the use and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and the year in this Certificate first above written.

*Arthur Blake Thomas*  
Notary Public in and for the  
County of Salt Lake, State of Utah.

SEAL  
Affixe

State of California )  
County of ) ss

On this 5th day of July 1967, personally appeared before me, Hal T. Hall, whose name is subscribed to the annexed instrument as part thereof, personally known to me to be the same person described in and who executed the said annexed instrument; and duly acknowledged to me that he executed the same freely and voluntarily and for the use and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and the year in this Certificate first above written.

*A. H. Enmark*  
Notary Public in and for the  
County of Nevada State of California.  
A. H. ENMARK

My Commission Expires May 19, 1969

State of Nevada )  
County of Washoe ) ss

On this 14 day of July 1967, personally appeared before me a Notary Public in and for the said county and state, Mildred Hancock, known to me to be the same person described in and who executed the foregoing instrument, and she acknowledged to me that she executed the same freely and voluntarily and for the uses and purposes therein mentioned.

Witness my hand and official seal the day and year in this certificate first above written.

*Jack E. Egner*  
Notary Public in and for the County  
of Washoe, State of Nevada.

RECORDED AT THE REQUEST OF  
Arthur Blake Thomas  
on June 18, 1968  
at 57 mins. past 10 A. M.  
in Book 24 of OFFICIAL  
RECORDS, page 395-402 RECORDS  
OF WASHOE COUNTY, NEVADA  
*William G. McCool*  
Recorder  
File No. 10090 Fee \$ 10.00

JACK E. EGNER  
Notary Public - State of Nevada  
Washoe County  
My Commission Expires April 13, 1970

SCHEDULE "B" TO AN AGREEMENT DATED MAY 14, 1976, MADE BETWEEN  
 EAST UTAH MINING COMPANY, SWISS OILS OF CANADA (1959) LTD.,  
 PANCANA INDUSTRIES INC., AND PANCANA INDUSTRIES LTD.

ROYALTIES OF WHICH SWISS AND EAST UTAH ARE AWARE OF  
 AFFECTING THE GOLD STRIKE CLAIMS

<u>CREDIT TO</u>	<u>ADDRESS</u>	<u>DIVISION OF INTEREST</u>
T. Hall	P.O. Box 958 Oakhurst, Calif. 96644	$1\frac{2}{3}\% \times \frac{1}{3}$ or 0.555% (up to a total option price of \$100,000.00 as set forth in a mining lease and option agreement covering the Gold Strike Claims).
Mildred Hancock	2301 Lakeside Drive Reno, Nevada 89502	as set forth in a mining lease and option agreement covering the Gold Strike Claims).
Bullion Monarch	P.O. Box 712	$1\% \times \frac{1}{8}$ or 0.125% (up to a total purchase price of \$37,500.00 as set forth in a mining lease and option agreement covering the Gold Strike Claims).
Mrs. G.M. Hadraba	316 Randolph Street Maywood, Ill. 60153	$0.8\% \times 1\frac{5}{6}$ or 0.1267% (up to a total purchase price of \$25,000.00 as set forth in a mining lease and option agreement covering the Gold Strike Claims).
Eugene Moench	255 West 8th South Sale Lake City, Utah 84101	$0.5\% \times \frac{1}{20}$ or 0.025% (up to a total option price of \$12,000.00 as set forth in a mining lease and option agreement covering the Gold Strike Claims).
Total of Divisions of Interest:		0.8322%

SCHEDULE "C" TO AN AGREEMENT DATED MAY 14, 1976, MADE BETWEEN  
EAST UTAH MINING COMPANY, SWISS OILS OF CANADA (1959) LTD.,  
PANCANA INDUSTRIES INC., AND PANCANA INDUSTRIES LTD.

ROYALTIES OF WHICH SWISS AND EAST UTAH ARE AWARE OF  
AFFECTING THE GOLD BUG CLAIMS

<u>CREDIT TO</u>	<u>ADDRESS</u>	<u>DIVISION OF INTEREST</u>
T. Hall	P.O. Box 958 Oakhurst, Calif. 96644	$1\frac{2}{3}\% \times \frac{1}{3}$ or 0.555% (up to a total option price of \$100,000.00 as set forth in a mining lease and option agreement covering the Gold Strike Claims).
Mildred Hancock	2301 Lakeside Drive Reno, Nevada 89502	$1\% \times \frac{1}{8}$ or 0.125% (up to a total purchase price of \$37,500.00 as set forth in a mining lease and option agreement covering the Gold Strike Claims).
Bullion Monarch	P.O. Box 712	$0.8\% \times \frac{1}{6}$ or 0.1267% (up to a total purchase price of \$25,000.00 as set forth in a mining lease and option agreement covering the Gold Strike Claims).
Mrs. G.M. Hadraba	316 Randolph Street Maywood, Ill. 60153	$0.5\% \times \frac{1}{20}$ or 0.025% (up to a total option price of \$12,000.00 as set forth in a mining lease and option agreement covering the Gold Strike Claims).
Eugene Moench	255 West 8th South Sale Lake City, Utah 84101	
Total of Divisions of Interest:		0.8322%

SCHEDULE "D" TO AN AGREEMENT DATED MAY 14, 1976, MADE BETWEEN  
EAST UTAH MINING COMPANY, SWISS OILS OF CANADA (1959) LTD.,  
PANCANA INDUSTRIES INC., AND PANCANA INDUSTRIES LTD.,

ROYALTIES OF WHICH SWISS AND EAST UTAH ARE AWARE OF  
AFFECTING THE EXTENSION CLAIMS

6 1/2% Royalty payable to Sun Tide Corporation or Three  
Flags Corporation

BOOK 56 PAGE 539

SCHEDULE "E" TO AN AGREEMENT DATED MAY 14, 1976, MADE BETWEEN  
EAST UTAH MINING COMPANY, SEISS OILS OF CANADA (1959) LTD.,  
PANCANA INDUSTRIES INC., AND PANCANA INDUSTRIES LTD.

ROYALTIES OF WHICH EAST UTAH IS AWARE OF  
AFFECTING THE POST CLAIMS

COPY

BOOK 56 PAGE 540

May 19, 1976

LETTER OF AMENDMENT AND CLARIFICATION

PanCana Industries, Ltd. and  
PanCana Industries, Inc.  
400, 4736 - 8th Avenue S.W.  
Calgary, Alberta, Canada

Gentlemen:

As per our understanding, the following items serve to amend and clarify certain provisions of that agreement by and between East Utah Mining Company, Swiss Oils of Canada (1959) Ltd., PanCana Industries, Inc., and PanCana Industries, Ltd., dated the 14th day of May, 1976.

1. The word "released" in the second sentence of Paragraph 2 on Page 5 of said agreement shall be changed to read "releases."
2. The ten percent (10%) income that Swiss is entitled to receive under Paragraph 4(e), Page 7, shall not be paid in addition to the amount recovered by PanCana Industries, Ltd., and PanCana Industries, Inc., under the payout provisions of Paragraph 1(d), but rather shall constitute a part of that amount. More specifically, any amounts paid to Swiss under Paragraph 4(e) while Swiss is entitled to ten percent (10%) of net income, shall reduce, to the extent of said payment, the amount that PanCana Industries, Ltd. and PanCana Industries, Inc., may thereafter recover before East Utah begins to receive its ten percent (10%) net income share.
3. As to the representations and warranties made by East Utah in Paragraphs 5 and 6, and as to any other warranties or representations in the agreement, it is understood that said representations and warranties are made only as to East Utah and that East Utah makes no representations or warranties as to the quality of Swiss's title or as to the extent of Swiss's interest in the subject properties. It is understood that East Utah and Swiss have acquired their interests in the subject properties independently and from different sources, and East Utah's representations and warranties wherever they may appear in the agreement are made only with respect to East Utah's interest in the subject properties. We assume the same to be true with respect to Swiss's representations and warranties as to their own interest.

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4. It is understood that the phrase ". . . and is at the time of this agreement completely unencumbered," in the first sentence of Paragraph 5, Page 8, of the agreement shall be deleted.

5. As to Schedule "D" of the agreement, it is understood that East Utah shall be deleted from the caption of said schedule, which reads "Royalties of which Swiss and East Utah are aware of effecting the extension claims," so that it shall read, "Royalties of which Swiss is aware of effecting the extension claims." East Utah has no knowledge of the royalty referred to therein, and has only indirect and general knowledge of any claim of interest by Sun Tide Corporation or Three Flags Corporation to the subject properties. East Utah does not know the extent or nature of said claim of interest and is not aware of any claim of interest being made by said firms through East Utah. Again, East Utah makes no representations or warranties regarding any claim of interest by said corporations or any other persons or firms or corporations through Swiss, with respect to any of the subject properties.

6. As regards Paragraph 8, it is understood that East Utah has no obligations thereunder, but rather East Utah looks only to PanCana Industries, Ltd. and PanCana Industries, Inc. for its four percent (4%) royalty payable to East Utah on the Gold Strike claims.

7. As regards Paragraph 10 of the agreement, it is understood that any reconveyance made thereunder to East Utah will be a reconveyance of the identical interest that is being conveyed by East Utah to PanCana, Inc. pursuant to this agreement, with respect to either the Gold Bug and Extension claims or the Gold Strike and Post claims as the case may be.

8. It is understood that both PanCana Industries, Ltd. and PanCana Industries, Inc. shall jointly and severally indemnify East Utah according to the terms of indemnification in Paragraphs 10, 11, 12 and 13.

9. As regards Paragraph 14 East Utah Mining Company's address shall be changed as follows:

East Utah Mining Company  
555 First Security Building  
405 South Main Street  
Salt Lake City, Utah 84111  
U.S.A.

10. Paragraph 15 of the agreement shall be changed to read as follows:

The interpretation of this Agreement shall be determined in accordance with the laws of the State of Nevada, U.S.A., and for that purpose East Utah Mining Company, PanCana Industries, Ltd., PanCana Industries, Inc., hereby attorn to the laws of the State of Nevada, one of the states of the United States of America.

11. It is understood that the agreement dated May 14, 1976, together with this letter of amendment and clarification attached thereto constitutes and encompasses the entire agreement between the parties and that all other agreements by or between any of the parties, of any kind or nature whatsoever, whether they are now known or unknown to any of the parties, are hereby superseded and cancelled.

12. It is understood that the payment of Fifteen Thousand Dollars (\$15,000.00) to be paid to East Utah Mining Company pursuant to Paragraph 4(a), shall be deemed to be a capital expenditure for purposes of the payout provisions under Paragraph 1(d), and further that said payment, together with the first month's rental payments of One Hundred Ninety Two and 50/100 Dollars (\$192.50) shall be paid on or before June 1, 1976.

If you agree with the above items of amendment and clarification and agree that they reflect the understanding arrived at, would you please so acknowledge by signing below.

EAST UTAH MINING COMPANY

By David H. Clegg, President

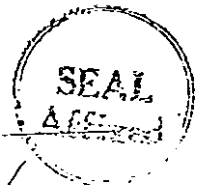
By Frank G. Noel, Secretary



PANCANAS INDUSTRIES, INC.

By Del Nicholson  
Executive Vice President

By [Signature]  
Treasurer



THE signatures of David B. Nicholson and Del Zingle are acknowledged before me:

E. Keith Conrad  
E. Keith Conrad - Notary Public



PanCana Industries, Ltd. and  
PanCana Industries, Inc.

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May 19, 1976

PANCANA INDUSTRIES, LTD.



The signatures of David B. Nicholson  
and Del Zingle are acknowledged  
before me:

By David B. Nicholson  
Executive Vice President

E. Keith Conrad  
Notary Public

By Del Zingle  
Treasurer



RECORDED AT THE REQUEST OF Woodburn, Wedge, Blakey, Folsom & Hug  
on September 27, 19 76, at 01 mins. past 8 A. M. In  
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