

LEASE AND OPTION AGREEMENT

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2 THIS AGREEMENT made and entered into as of the 1st day  
3 of March, 1975, by and between STANLEY FINE, RONALD V. HICKS,  
4 of Elko, Nevada, BESSIE HICKS, of Reno, Nevada, and PETE KELLEY,  
5 of Carson City, Nevada, et al., with any additions so indicated  
6 by the affixing of their signatures (printed and signed) hereto  
7 as LESSOR, and hereinafter collectively called for the purpose  
8 of this agreement "LESSOR", and RICHARD GERISH, 275 Bret Harte  
9 Avenue, Reno, Nevada, hereinafter called "LESSEE",

W I T N E S S E T H:

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11 WHEREAS, LESSOR is the owner of certain patented mining  
12 claims in the Eureka Mining District of the State of Nevada,  
13 listed and described in Exhibit "A", attached hereto, and is  
14 the holder by location of certain unpatented mining claims in  
15 the same mining District which are described in Exhibit "B"  
16 attached hereto; and

17 WHEREAS, LESSEE is desirous of securing a lease and  
18 option of all of the mining claims, patented and unpatented,  
19 listed in Exhibits "A" and "B" attached hereto, on the terms  
20 hereinafter set forth; and

21 WHEREAS, LESSOR is willing to grant to LESSEE such  
22 lease and option on the terms hereinafter set forth;

23 NOW, THEREFORE, in consideration of the sum of TEN  
24 DOLLARS (\$10.00) in hand paid by LESSEE to LESSOR, receipt  
25 whereof said LESSOR does hereby acknowledge, and in consideration  
26 of the covenants and agreements of LESSEE hereinafter set forth,  
27 LESSOR does grant to the LESSEE the right to conduct all normal  
28 exploration, development and production activities connected  
29 with mining, including shipment of ores, minerals, concentrates  
30 or metals from said property as listed on Exhibits "A" and "B"  
31 and to construct or place such equipment and buildings on the  
32 property as is deemed necessary by the LESSEE for a profitable

1 mining operation; together with the use of water and timber  
2 rights thereon, so long as all activities and uses shall be  
3 conducted in a safe and lawful manner that holds the LESSOR  
4 free and harmless of all liability and liens.

5 IT IS HEREBY MUTUALLY AGREED BY THE PARTIES HERETO AS  
6 FOLLOWS:

7 1. ADDITIONAL CLAIMS: Any additional claims acquired  
8 by either the LESSEE or the LESSOR in the adjoining area adjacent  
9 to these above mentioned claims and such claims as are acquired  
10 subsequent to but within one year of the date of this agreement,  
11 shall become a part of this agreement and in the event of termina-  
12 tion of this agreement, such claims shall be surrendered and de-  
13 livered to the LESSOR by quitclaim.

14 2. POSSESSION: LESSEE shall have exclusive and sole  
15 possession and control of said premises throughout the life of  
16 this agreement so long as those covenants and stipulations herein  
17 set forth are kept and performed by the LESSEE, provided however,  
18 that LESSOR or duly authorized agents shall have at all times  
19 access to all parts of said property during normal working hours  
20 for the purpose of inspection, surveying and sampling the same.

21 3. TRANSFER OR ASSIGNABILITY: This agreement is  
22 transferrable or assignable in whole or in part by the LESSEE,  
23 provided however, that all covenants, stipulations, terms and  
24 payments as required by or to the LESSOR remain in full effect  
25 and force upon any and all assignees.

26 4. ASSESSMENT WORK: LESSEE shall perform all necessary  
27 assessment work required by law, beginning with work required  
28 by law prior to September 1, 1975, and shall provide LESSOR with  
29 properly recorded "proof of labor forms" prior to 1 August 1975.

30 5. DEFECTS IN TITLE: LESSOR warrants to have good  
31 right and title to patented claims listed in Exhibit "A" and to  
32 unpatented claims listed in Exhibit "B". LESSOR further warrants

1 that in the event the LESSEE exercises the right to purchase said  
2 property as is provided for herein, the LESSOR can deliver a good  
3 and sufficient mining deed conveying all of LESSOR's rights,  
4 title and interest to LESSEE.

5 6. TAXES AND ASSESSMENTS: LESSEE agrees to pay within  
6 the time required by law all taxes levied or assessed upon the  
7 property, improvements of the property as made by the LESSEE  
8 and bullion production tax during the term of this lease agree-  
9 ment, commencing with taxes for the year 1975 and shall deliver  
10 to the LESSOR the original or duplicate tax receipt for payments  
11 made.

12 7. CASUALTIES, INSURANCE AND APPLICABLE LAWS: LESSEE  
13 agrees to assume all responsibility for personal injuries or  
14 death of any person upon said property as may be occasioned by  
15 negligence and actionable fault of the LESSEE and to indemnify  
16 and save the LESSOR harmless from any and all claims or judgments  
17 for such damage except as caused by wilfull misconduct or gross  
18 negligence of the LESSOR.

19 8. REMOVAL OF EQUIPMENT: In the event of termination  
20 of this agreement through forfeiture or otherwise, the LESSEE  
21 shall have the right to peaceful removal of all installed equip-  
22 ment, tools, machinery or facilities owned or furnished by the  
23 LESSEE. Such removal shall be at LESSEE's expense and must be  
24 completed within six months of termination.

25 9. FREEDOM FROM LIEN: LESSEE agrees to save and  
26 protect LESSOR and said property harmless from any and all liens  
27 or claims on account of labor or material furnished at the  
28 insistence of the LESSEE.

29 10. TERMINATION BY LESSEE: This agreement can be  
30 terminated at any time at option of LESSEE by furnishing LESSOR  
31 with thirty (30) days' written notice of intent to terminate.  
32 Such notice of termination will relieve LESSEE of any further

1 obligation under this agreement except as to holding LESSOR and  
2 property free and harmless of liens and liabilities through the  
3 period of removing equipment. It does not, however, relieve the  
4 LESSEE of the obligation of paying for any ore in process whereby  
5 the LESSOR is entitled to payment as specified herein, right up  
6 to and including actual date of termination.

7 11. TERMINATION BY LESSOR: For any breach of this  
8 contract by the LESSEE, the LESSOR shall so notify the LESSEE in  
9 writing. If the LESSEE is in fact in default and the LESSEE has  
10 not corrected same within a sixty (60) day period from receipt of  
11 notice, this agreement shall be termed void and forfeited by the  
12 LESSEE; whereupon the LESSEE shall return peaceful possession  
13 of the property to the LESSOR. LESSEE will, however, still have  
14 the right to remove his equipment and etc., as provided for here-  
15 in.

16 12. WEATHER OR UNCONTROLLABLE DELAYS: In the event  
17 of adverse weather conditions or for any reason beyond the con-  
18 trol of the LESSEE, the minimum monthly payments may be deferred  
19 up to ninety (90) days by the LESSEE; provided, however, that  
20 production is in fact shut down. Written notification shall be  
21 made of intent to defer by LESSEE to LESSOR.

22 13. ROYALTIES TERMS AND PURCHASE PRICE: For the purpose  
23 of this agreement ore shall be defined as all material that can  
24 be mined and processed or mined and shipped at a profit.

25 All ore mined, removed or processed that averages a  
26 recoverable ten (10) ounces of silver or less for a monthly  
27 average, will be paid for at the rate of seventy-five cents (75¢)  
28 per ton. Ore that averages more than ten (10) ounces but less  
29 than thirty (30) recoverable ounces of silver per ton for a  
30 monthly average will be paid for at the rate of one and one-half  
31 dollars (\$1.50) per ton. Ore averaging thirty (30) ounces of  
32 recoverable silver per ton and above will be paid for at straight

1 five per cent (5%) royalty.

2 Any ore shipped or processed prior to 1 September 1975  
3 shall be paid for at the above specified tonnage rate; however,  
4 beginning 1 September 1974, a minimum of FIVE HUNDRED DOLLARS  
5 (\$500.00) monthly shall be paid to the LESSOR, or the above de-  
6 fined tonnage royalty will be paid to the LESSOR, whichever is  
7 the greater.

8 Such minimum or royalty payments shall continue until  
9 such time as this agreement is terminated by either the LESSEE  
10 or the LESSOR, or until such time as the LESSEE has paid to the  
11 LESSOR a total of SIXTY THOUSAND DOLLARS (\$60,000.00). Said  
12 SIXTY THOUSAND DOLLARS (\$60,000.00) shall constitute an end  
13 price for said property and at this time LESSOR shall deliver  
14 to LESSEE a good and sufficient mining deed conveying all rights,  
15 title and interest held by the LESSOR to the LESSEE.

16 14. TERM: The term of this lease shall be for a period  
17 of twenty-five (25) years commencing on the day and year first  
18 above appearing and for so long thereafter as ore is being mined,  
19 processed and/or sold from the mining claims, or any part thereof,  
20 made subject to this agreement.

21 15. OFFICIAL ADDRESS AND LOCATION FOR PAYMENT: All  
22 payments made by LESSEE to LESSOR shall be made at or to STANLEY  
23 FINE. For the purpose of this agreement, the official address of  
24 the LESSOR shall be 725 Juniper Street, Elko, Nevada 89801. For  
25 the purpose of this agreement, the official address of the LESSOR  
26 shall be RICHARD GERISH, 275 Bret Harte Avenue, Reno, Nevada  
27 89502.

28 16. This Lease and Option Agreement and all the pro-  
29 visions hereof, shall be binding upon the respective parties here-  
30 to, their heirs, administrators, executors, successors and assigns.

31 IN WITNESS WHEREOF, LESSOR and LESSEE have signed and  
32 duly executed this Lease and Option Agreement the day and year

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first above written.

Stanley Fine  
STANLEY FINE

Ronald D Hicks  
RONALD D HICKS

Bessie Hicks  
BESSIE HICKS

Pete Kelley  
PETE KELLEY

LESSORS

Richard Gerish  
RICHARD GERISH

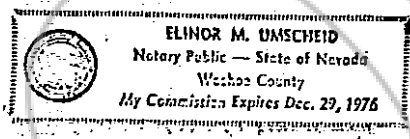
LESSEE

STATE OF NEVADA )  
COUNTY OF WASHOE ) SS

On this 1st day of March, 1975, before me the undersigned, a Notary Public in and for the County of Washoe, appeared the above signatories, known to me to be the persons described in and who executed the above and foregoing Lease, and who each and severally acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

Elinor M. Umscheid  
Notary Public

My Commission expires December 29, 1976.



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EXHIBIT "A"

<u>Claim</u>	<u>Survey No.</u>	<u>Patent No.</u>	<u>Recorded In</u>
HOGDEN	290	12851	Eureka Mining Dist.
STOCKTON	70	10229	Eureka Mining Dist.
GEDDES	69	17373	Eureka Mining Dist.

EXHIBIT "B"

<u>Claim</u>	<u>Date Located</u>	<u>Recorded In</u>
STOCKTON #1	May 6, 1963, by Fine & Hicks	Eureka Mining Dist.
BADGER	May 6, 1963, by Fine & Hicks	Eureka Mining Dist.
GREAT WESTERN	May 6, 1963, by Fine & Hicks	Eureka Mining Dist.

Together with those certain unpatented claims surrounding the above described claims and more specifically known as Stockton #2 through Stockton #13, inclusive, excepting, however, from said claims any part thereof which may overlap or conflict with certain patented mining claims not owned by Lessors and described as the Geddes #2, Betrand #1, Hudson, Black Cat, Mineral Bluff, Oswago, Bricktop, Killington, Bromide, East Mill Site and West Mill Site.

63319

RECORDED AT THE REQUEST OF Richard Garrish  
 on August 10, 1977, at 55 mins. past 1 P.M. in  
 Book 60 of OFFICIAL RECORDS, page 216-222, RECORDS OF  
 EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder  
 File No. 63319 Fee \$ 9.00