

JOINT EXPLORATION AND DEVELOPMENT AGREEMENT

*See Book 71, Page 442
for Notice of Termination*

This AGREEMENT is made and entered into this 13TH day of July, 1979 at Albuquerque, New Mexico by and between LEONARD C. DOERR, Individually and on behalf of L. C. DOERR CORPORATION (hereinafter referred to jointly as "Doerr") and GARY L. BENNETT and BOB TINLEY (hereinafter referred to as "Bennett-Tinley")

WITNESSETH:

WHEREAS, Doerr is the owner of certain mineral leases and options for the purchase of certain mineral leases, and

WHEREAS, Bennett and Tinley possess the requisite knowledge, expertise, equipment and finances to carry out the lease acquisition, exploration, development and production of barite on behalf of Doerr, and

WHEREAS, the parties desire to join together in a program to explore for, develop and produce barite on the lands covered by this Agreement.

NOW, THEREFORE in consideration of the terms, conditions, promises and agreement as contained herein the parties hereto agree as follows:

CONSIDERATION

Doerr hereby agrees to assign any and all right, title and interest which it now owns pursuant to leases or options to purchase into the name of this joint venture and the parties thereto.

Bennett-Tinley hereby agree to pay and hereby deliver the sum of \$10,000.00 to Doerr, the receipt of which is hereby acknowledged by Doerr.

Bennett-Tinley further agree to loan additional sums of money to the joint venture as may be necessary to meet the expense of leasehold acquisition, exploration, completion, processing and marketing of the barite ore recovered from the lands covered by this Agreement.

It is specifically understood and agreed that the foregoing consideration by the parties hereto is subject to the terms and conditions as set forth in Stipulations hereunder.

EXHIBITS

Attached to this Agreement and made a part hereof by reference, is Exhibit A which are copies of the leases and options covered by this Agreement.

INTEREST OF PARTIES

The leasehold estates and options covered by this Agreement shall be owned by the joint venture or jointly by the parties to this Agreement.

All costs of leasehold acquisition, exploration, development and marketing shall be reimbursed to any party hereto who has advanced such costs prior to any division of the proceeds obtained from the sale of ore.

It is specifically understood that any amounts loaned to the joint venture by any party hereto shall be reimbursed in full to said party prior to the distribution of any proceeds in the form of net profits to any party hereto. Until such time as said party has been fully reimbursed, said party shall have full ownership rights and a lien upon all equipment, geologic data and proceeds which would otherwise belong to the joint venture pursuant to the terms of this Agreement.

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After payment of the foregoing, together with all exploration, operating and royalty expenses, Doerr shall be entitled to 50% of the net proceeds and Bennett-Tinley shall be entitled to 50% of the net proceeds.

RIGHTS AND OBLIGATIONS OF OPERATOR

It is hereby agreed and understood that Gary L. Bennett shall be designated as Operator to conduct the mining operations on the lands covered by this Agreement.

It is further understood and agreed that the Operator shall have full, complete and final authority on behalf of the joint venture to make any and all decisions regarding exploration, completion, production and marketing of ore from the lands covered by this Agreement and shall be under no liability to any other party hereto for decisions he makes in that regard.

The Operator shall be allowed to charge a reasonable fee for his services hereunder, which fee shall be included as an operating cost of the joint venture and shall be in addition to any other proceeds payable to Gary L. Bennett under the terms of this Agreement.

The Operator is specifically entitled to arrange for financing on behalf of the joint venture and is hereby empowered to pledge, assign, or otherwise encumber the lands covered by this Agreement in order that adequate financial arrangements can be obtained.

GEOLOGICAL DATA

All geological data obtained during the exploration and development of the lands covered by this Agreement shall

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belong to the joint venture from and after such time as any and all loans to the joint venture by Bennett-Tinley have been reimbursed.

EQUIPMENT

All equipment purchased on behalf of the joint venture shall become the property of the joint venture from and after such time as any loans to the joint venture by Bennett-Tinley have been fully reimbursed.

INSURANCE

The Operator shall carry insurance in amounts reasonably calculated to insure the joint venture. Said insurance shall include Comprehensive Public Liability Insurance or Public Liability Insurance, Comprehensive Public Liability Property Damage Insurance or Public Liability Property Damage Insurance, Automobile Public Liability Insurance, and Workman's Compensation Insurance.

BONDS

The Operator shall insure that any and all appropriate bonds are obtained and maintained of a type and in an amount sufficient to meet the requirements of applicable federal and state statutes and/or rules and regulations.

LIMITATION OF JOINT OPERATIONS

It is the purpose of this Agreement to limit the joint operations of all parties concerned to those operations specified herein. This Agreement has no relation to any operations conducted by any party as an individual or joint operations with others. Neither party shall be liable for

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the obligations of the other.

STIPULATIONS

It is hereby stipulated and acknowledged that this Agreement, including the considerations set forth hereinabove, are subject to the following terms and conditions:

1. Evidence of title satisfactory to Bennett-Tinley.
2. Evidence of geological formations and chemical content of a type and quantity satisfactory to Bennett-Tinley.
3. Evidence of satisfactory environmental clearances and considerations appropriate to this type of agreement satisfactory to Bennett-Tinley.
4. Evidence of the availability of water for the lands covered by this Agreement in a type and an amount satisfactory to Bennett-Tinley.
5. The execution by Doerr of all documents necessary to transfer title of the lands covered by this Agreement to the joint venture.
6. Evidence of the economic feasibility of mining barite upon the lands covered by this Agreement which is satisfactory to Bennett-Tinley.

TERMINATION

This Agreement shall remain in full force and effect so long as barite is capable of being produced by known technology in commercially payable quantities from any of the lands covered by this Agreement.

FORCE MAJEURE

Should either party be prevented from complying with

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any term or condition of this Agreement by reason of scarcity of or inability to obtain or use labor, water, equipment or material, strikes or differences with workmen, failure of carriers to transport or furnish facilities for transportation, compliance with or obedience to any federal or state law or any regulation, rule or order of any governmental authority, force majeure or any cause whatsoever reasonably beyond the control of the noncomplying party, whether similar to or dissimilar from those enumerated, then while such party is so prevented, its obligation to comply with such term or condition shall be suspended and such party shall not be liable for failure to comply therewith.

ASSIGNABILITY

This Agreement may be assigned, either in whole or in part, by any party hereto without the express written consent of any other party hereto and any such assignment shall be subject to all of the terms and conditions of this Agreement.

ADDITIONAL ACREAGE

The parties hereto may add additional acreage to be developed subject to the terms of this Agreement only upon the written approval and authorization of all of the other parties hereto.

BINDING EFFECT

This Agreement shall be binding upon and shall inure to the benefit of the successors, legal representatives and assigns of the parties hereto.

DEFINITIONS

"Barite" as used in this Agreement is to be construed to include silver, gold and all other hard rock minerals and metals.

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Leonard C. Doerr
LEONARD C. DOERR, Individually

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

The foregoing instrument was acknowledged before me
this 13th day of July, 1979 by LEONARD C. DOERR.



Frank D. Turner
NOTARY PUBLIC

My Commission Expires:

March 5, 1980

L. C. DOERR CORPORATION

BY Leonard C. Doerr
LEONARD C. DOERR, President

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

The foregoing instrument was acknowledged before me
this 13th day of JULY, 1979 by Leonard C. Doerr,
President of L. C. Doerr Corporation, a SOUTH DAKOTA corpora-
tion, on behalf of said corporation.



Frank D. Turner
NOTARY PUBLIC

My Commission Expires:

March 5, 1980

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Gary L. Bennett
GARY L. BENNETT, Individually

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss.

13th The foregoing instrument was acknowledged before me this
day of July, 1979, by GARY L. BENNETT.



[Signature]
NOTARY PUBLIC

My Commission Expires:

March 5, 1980

Bob Tinley
BOB TINLEY, Individually

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss.

13th The foregoing instrument was acknowledged before me this
day of July, 1979 by BOB TINLEY.



Penny L. Taylor
NOTARY PUBLIC

My Commission Expires:

6-28-82

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EXHIBIT "A"

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MINING LEASE

THIS MINING LEASE, made and entered into as of the
____ day of May, 1979, by and between HERBERT R. HAWKINS, EARL
J. ALLRED and JENNIE ALLRED, his wife, hereinafter referred to
as Lessors, and LEONARD C. DOERR, of 5821 Pagosa Court, Denver,
Colorado, hereinafter referred to as Lessee;

W I T N E S S E T H:

WHEREAS, Lessors are the owners of certain unpatented
mining claims located in the County of Eureka, State of Nevada,
more particularly described as the Hawkeye Claims Nos. 1 through
18, hereinafter referred to as "Mining Property", located in Township
19 North, Range 53 East, Section 18; and Township 19 North, Range
52 East, Section 13, M.D.B. & M.; and

WHEREAS, Lessee desires to secure the right to work and
mine such claims for barite and other minerals on the terms and
conditions stated herein, and Lessors are willing to grant such
Lease on such terms and conditions;

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS
(\$10.00) lawful money of the United States of America in hand paid
by Lessee to Lessors, receipt of which is hereby acknowledged,
and in consideration of the mutual promises, conditions, and covenants
herein contained, it is agreed as follows:

SECTION I

TERM OF LEASE

The term of this Lease shall commence on the date hereof,
and shall continue for a period of ninety-nine (99) years thereafter,
unless sooner terminated, forfeited, or surrendered in the manner
provided herein.

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GOICOECHEA AND DIGRAZIA
ATTORNEYS AT LAW
BLOHM BUILDING, SUITE 200
FIFTH & IDAHO STREETS - P. O. BOX 1330
ELKO, NEVADA 89801
(702) 738-8091

SECTION II

RIGHTS TO USE OF PROPERTIES AND OPERATIONS

Lessee shall have the following rights:

- A. The exclusive right during the term hereof to explore, prospect, develop, mine, and extract from the Mining Property any and all metals, ore, minerals, mineral substances and materials of all kinds, in, under, and upon, and that may be produced from the properties, and to store, stockpile, remove, ship, treat, process, sell, and dispose of the minerals.
- B. The exclusive right to carry on general mining and milling operations, and for any other purposes incident thereto, pertaining to the Mining Properties.

SECTION III

POSSESSION AND INSPECTION OF PROPERTIES

Lessor agree that Lessee and its employees and agents may enter upon and take immediate possession of the Lessors' interest in the Mining Properties, and have the exclusive and quiet possession thereof during the terms hereof; provided, however, that Lessors shall have the right to come upon the properties at all reasonable times and intervals for the purpose of inspecting the same, subject to the following conditions:

- A. Lessors and their agents and representatives shall not interfere with or obstruct the operations of Lessee on the properties;
- B. Lessee agrees to indemnify, defend and save Lessors harmless from any and all loss, costs, damage, or expense, including attorney fees, of any nature or kind whatsoever in any way arising in connection with the exercise by Lessee of its rights hereunder, including, without limitation, the entry of, the presence on, or the activities of Lessee and its agents, employees, or representatives while on the properties including, but not by way of limitation, bodily injury or death at any time resulting therefrom and damage to properties sustained by any person or persons, including Lessors,

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unless such loss or damage is caused by the negligent or intentional acts of Lessors.

C. Lessee agrees further that he will allow no liens or encumbrances to attach to the mining properties arising out of Lessee's mining operation. In the event that such a lien or encumbrance should attach as a result of Lessee's operations, Lessee agrees to promptly discharge the same and to hold Lessors harmless from any effect thereof whatsoever.

The covenants of Paragraphs A, B, and C of this Section III shall survive the termination of this Lease.

D. It is additionally agreed that a Notice of Non-Responsibility of Lessors will be prepared and posted on the Mining Property in two (2) conspicuous places, and recorded with the Recorder of Eureka County, State of Nevada. Said Notice of Non-Responsibility of Lessors shall be for costs of labor, materials, and supplies extended or used on said Mining Property by Lessee.

SECTION IV

INSURANCE

Lessee, at its expense, shall obtain and keep in force during the term of this Mining Lease insurance issued by responsible insurance companies, and in form acceptable to Lessors for the protection of Lessors, their agents, and employees against all liabilities, judgments, costs, damages and expenses which may accrue against, be charged to or recovered from Lessors, or any of their agents or employees, by reason of damage to the property, injury to or death of any person or persons on account of any matter or thing which may occur pursuant to Lessee's activities, in a policy or policies in the amount of \$500,000.00 with respect to any one person, \$500,000.00 with respect to any one accident or occurrence, and \$100,000.00 with respect to property damage. A duplicate copy of the policy shall be provided Lessors and satisfactory proof of payment of premiums shall be furnished Lessors by Lessee. Such

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insurance must be effective upon signing this Mining Lease. If such insurance coverage is not provided by lessee, or if Lessee fails to pay any premium thereon when due, or if such coverage shall lapse or be terminated for any reason, Lessors may forthwith terminate this Mining Lease immediately upon notification to Lessee, and take possession of the premises, terminating said Mining Lease for non-performance.

SECTION V

ROYALTIES AND OTHER PAYMENTS

As consideration for Lessors' grant of this Lease, Lessee agrees to make the following payments:

A. Upon the execution hereof, Lessee shall pay to each respective Lessor (spouses shall be considered as one Lessor) the sum of FIVE HUNDRED DOLLARS (\$500.00).

B. On June 1, 1979 and July 1, 1979, Lessee shall pay an additional amount of ONE THOUSAND DOLLARS (\$1,000.00) each month in lawful money of the United States of America to the Lessors, c/o the Law Firm of GOICOECHEA & DI GRAZIA, Attn: John Marvel, P. O. Box 1358, Elko, Nevada.

These above-mentioned sums shall represent a bonus for signing the Lease and a reimbursement for costs incurred by Lessors in connection therewith. Said amounts shall not be offset by any royalties paid pursuant to the provisions of this Lease.

C. On August 1, 1979, Lessee shall pay the sum of FIVE THOUSAND DOLLARS (\$5,000.00) in lawful money of the United States of America to Lessors.

D. Beginning September 1, 1979, Lessee shall pay TWO THOUSAND DOLLARS (\$2,000.00) per month in lawful money of the United States of America as a minimum royalty to Lessors.

The above royalty payments beginning on August 1, 1979, shall be considered advance royalties to be credited against future production royalties. These amounts shall be recoverable in full

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solely by withholding production royalty payments attributable to the properties as they become due and payable.

E. Production royalties shall be determined as follows:

(1) During the period of production, beginning with the date of this Lease until May 15, 1980, Lessee shall pay to Lessors THREE DOLLARS (\$3.00) per ton of crude barite ore originating from the Mining Property, and which ore is weighed at the first point of weighing.

(2) From and after May 15, 1980, the production royalty on crude barite ore originating from the Mining Property shall be based on the following, whichever is the greater amount:

(a) Ten percent (10%) of the Lessee's selling price, per ton of crude barite ore, f.o.b., minehead; or

(b) \$3.00 per ton of such ore adjusted yearly as of May 15th, beginning May 15, 1980, by the Wholesale Price Index as published by the Department of Labor Statistics, U.S. Department of Labor, or such similar agency of the U.S. Government, the Index as of June 1, 1979, being considered the base, (100%).

(3) Production royalty payments for mineral products, other than barite, which originate from the Mining Property and removed and sold therefrom, shall be based on ten percent (10%) of the net smelter return. In the event minerals other than barite ore are mined by Lessee, the specific details of royalty payments and settlements shall be renegotiated in good faith by the parties hereto.

(4) Lessee shall furnish to Lessors with each payment of production royalty a written statement explaining the basis for calculating such royalty. Lessors and their agents and representatives shall have the right at all times to examine

and to copy all books, records, files, documents, and writings of Lessee relating to the properties, this Lease, and the performance of Lessee's obligations hereunder. Lessee further agrees to keep full, true, and accurate books, records, and accounts which show truck scale weights of crude barite ore, or other minerals, originating from the Mining Property and weighed at the first point of weighing, as well as all testing and sampling of such barite products.

(5) Commencing with the calendar month during which Lessee first weighs crude barite ore or other minerals originating from the Mining Property and weighed at the first point of weighing, Lessee agrees to prepare monthly reports, indicating among other pertinent matters, the balance of advance royalty and minimum royalty payments to Lessors which have not previously been used to offset production royalties otherwise payable hereunder, the quantity of any crude barite ore or other minerals originating from the Mining Property and weighed at the first point of weighing during such calendar month, and the amounts of production royalties paid to Lessors hereunder. A copy of such report and any and all production royalties determined to be due to Lessors thereunder shall be furnished to Lessors on or before the 20th day of the calendar month following the calendar month in which any such crude barite ore or other minerals originated from the Mining Property and weighed at the first point of weighing.

All royalty and other payments becoming due under this Lease shall be made to the Lessors, c/o the Law Firm of GOICOECHEA & DI GRAZIA; Attn: John E. marvel, P. O. Box 1358, Elko, NV 89801.

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SECTION VI

TAXES

Lessee shall pay all state and county tax assessments upon any and all structures and other improvements, machinery, equipment, tools, supplies, and personal property wheresoever placed upon the said premises by Lessee. Lessee shall also pay all state and county "net proceeds" or production taxes assessed against Lessee and other taxes assessed against Lessee on account of its operations hereunder. To the extent permitted or authorized by law, governmental rules or regulations, all mine depletion allowances which may be deductible from federal and/or state income tax returns shall be allocated to Lessors and Lessee on a basis or bases to be mutually determined by the parties in accordance with the respective royalties payable hereunder by Lessee to Lessors.

SECTION VII

ASSESSMENT WORK

Lessee shall be responsible for any and all necessary annual assessment work, which work shall be done by Lessee, and proof furnished by Lessee to Lessors not later than July 1 of each year; should Lessee fail to do any such assessment work within such time, this Lease shall be immediately terminated. Lessee shall further be required to record any and all necessary proofs of labor, and Lessee shall file any such proof of labor as Lessors' agent and Lessee shall also furnish a copy of any such proof of labor to Lessors in care of the Law Firm of GOICOECHEA & DI GRAZIA, Attn: John E. Marvel, P. O. Box 1358, Elko, NV 89801.

SECTION VIII

ASSIGNMENTS, SUBLEASES AND OTHER TRANSFERS

This Mining Lease may not be assigned, subleased, or otherwise transferred in whole or in part by Lessee without the prior written consent of Lessors, which consent shall not be unreasonably withheld.

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Any assignment or transfer of any or all interest in the Mining Property by Lessors, whether voluntary or involuntary, shall be subject to this Agreement, and shall not be effective until thirty (30) days after Lessee shall have received written notice thereof by the Lessors. *1/11/11 LCN GEP*

SECTION IX

COMPLIANCE WITH STATE AND FEDERAL MINING LAWS

Lessee agrees that it will operate the Mining Property in full compliance with all applicable state, county, and federal ordinances, laws, rules, and regulations during the term of this Lease. All work performed by Lessee and its employees and agents, with respect to the Mining Property shall be done in accordance with good mining practice.

SECTION X

FORCE MAJEURE

All obligations of Lessee, except royalty and other payments, shall be suspended while Lessee is prevented from performing this Agreement by fires, floods, explosions, riots, any extraordinary mining casualties, acts of God, government restrictions, or orders, unusually severe weather conditions, epidemics, unavailability or delays of equipment or supplies, or other extraordinary events beyond its control, and the time for performance under this Mining Lease by Lessee shall be suspended during the continuance of each such occurrence, and for a reasonable period thereafter.

SECTION XI

RECORDING

Lessors and Lessee agree that this Mining Lease shall not be recorded. However, a Memorandum of Lease shall be executed by the parties hereto and recorded with the Recorder of Eureka County, State of Nevada.

SECTION XII

RIGHTS ON REMOVAL OF PROPERTY

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(702) 738-8081

Lessors and Lessee agree that the title to all mining machinery, equipment, fixtures, and structures erected or placed upon said Mining Property and premises by Lessee shall be reserved to Lessee and remain the personal property of Lessee, subject to removal at Lessee's will and pleasure during the continuance of this agreement and within 180 days thereafter, regardless of how it has been attached to the property; provided, however, that any such right of removal shall not extend to foundations or mining timbers in place, nor to rails in place installed in a mine, nor to air and vent pipes installed beneath the surface, unless the Lessors shall have given written consent thereto. If Lessee is hindered by inclement weather or other climatic conditions from completing removal of the said items within the specified time, then Lessors agree to extend the time for a reasonable period as may be required by Lessee.

Any property of Lessee not removed prior to the expiration of the said period shall be deemed abandoned by Lessee and shall become and remain the property of Lessors, or their successors or assigns.

Notwithstanding the foregoing, Lessors may require that Lessee remove any and all property placed by Lessee on the mining properties, if they interfere with the present or prospective mining of Lessors' mineral interests. In the event Lessee elects not to remove such items within the 180 day removal period, Lessee shall nevertheless remove the same upon demand in writing of Lessors to do so, said removal to be effected within thirty (30) days after receipt by Lessee of the written demand, all such removal to be accomplished at Lessee's sole cost and expense.

SECTION XIII

DEFAULT AND TERMINATION

If Lessee fails, neglects, or refuses to make royalty or other payments as provided herein, or fails or neglects to

perform the other terms, covenants, or conditions, or any part thereof, or fails to diligently and continuously pursue mining activities as is usual and customary in the mining industry, and such default continues for sixty (60) days after notice by Lessors to Lessee in writing specifying the action determined by Lessors required of Lessee to cure the default, Lessors or its agents may re-enter and take possession of said mining properties and premises, and may remove all persons found thereon. This Mining Lease shall thereupon be terminated forthwith, and all payments of every kind theretofore made to Lessors shall be retained as rental for the use and occupation of the mining properties by Lessee, and thereafter Lessee shall have 180 days within which to remove its personal property and other property from the said premises.

Lessee shall have the right to terminate this Lease at any time on sixty (60) days notice in writing to lessors.

In the event this Lease is terminated prior to its natural expiration, Lessee shall cause a Quitclaim Deed to be recorded, and thereafter Lessee shall be under no further obligation or liability of any nature to Lessors, except that Lessee shall continue to be liable for any obligations or liabilities hereunder accrued and unpaid or unsatisfied on the date this Lease is terminated.

Upon termination of this Lease, Lessee shall provide Lessors within ninety (90) days after the date of termination with a copy of all pertinent information which it has gathered on the Mining Property, and/or other mining property subject to this Mining Lease, including a copy of drill logs, and all sampling, assay, geophysical, geochemical, and geological information of a factual nature, and Lessors shall have the right to examine cores obtained by drilling on the mining properties within that ninety (90) day period.

SECTION XIV

NOTICE

Any notice required to be given to Lessors hereunder shall be made by registered or certified mail, addressed as follows:

Mr. Herbert R. Hawkins & Mr. Earl J. Allred
c/o Goicoechea & Di Grazia
Attn: John E. Marvel
P. O. Box 1358
Elko, Nevada 89801

or at such other address or addresses as may be hereafter designated in writing from time to time.

Any notice required to be given to Lessee hereunder shall be made by registered or certified mail, addressed as follows:

Leonard C. Doerr
5821 Pagosa Court
Denver, Colorado 80239

and to

L. C. Doerr Corporation
109 Summit Drive
Chamberlain, South Dakota 57325

or at such other address or addresses as Lessee may designate in writing from time to time.

Any such notice shall be effective upon receipt by the addressee.

SECTION XV

OTHER MINING CLAIMS OR INTERESTS

If either Lessors or Lessee, by exploratory operations, ownership, subsequent location, or otherwise, acquires any other mining claims or interests within one mile's distance from a boundary line of any of the subject mining properties, all such claims shall be subject to this Mining Lease.

SECTION XVI

SURVEY OF CLAIMS

Any necessary survey of the Mining Property shall be obtained and paid for by the Lessee.

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SECTION XVII

TITLE

Lessors have no knowledge of title defects, and Lessee is satisfied that Lessors have sufficient color of title to warrant exploration and potential mining of the subject Mining Property. In the event title defects or conflicts arise during the term of this Lease, Lessors agree to cooperate with Lessee in any action taken by Lessee, at Lessee's sole cost and expense, to cure any such defects. In the event the defect is not curable, Lessee may, at its option, promptly terminate this Lease.

If it shall appear that any claim monuments for any of the mining claims covered by this Mining Lease have been obliterated or destroyed, Lessee shall reestablish such obliterations or destroyed claim monuments at his cost using usual survey methods, during the first year of this Mining Lease, and each year thereafter, if necessary, and shall notify Lessors in writing when this has been accomplished.

SECTION XVIII

ENTIRE AGREEMENT

This Mining Lease sets forth the entire understanding between the parties, and may be modified or amended only in writing by an instrument signed by all of the parties hereto.

SECTION XIX

BINDING EFFECT

Subject to the provisions contained in Section VIII, ASSIGNMENTS, SUBLEASES AND OTHER TRANSFERS, this Mining Lease shall be binding upon and inure to the benefit of the parties hereto, their respective successors, heirs, executors, personal representatives and assigns.

SECTION XX

GOVERNING LAW

This Lease shall be governed by and interpreted in accordance with the laws of the State of Nevada, and the laws of the United States of America applicable to unpatented mining claims.

GOICOCHEA AND DIGRAZIA
ATTORNEYS AT LAW
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(702) 738-8091

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IN WITNESS WHEREOF, the parties hereto have executed
this Mining Lease as of the day and year first written above.

LESSORS:

Herbert R. Hawkins
HERBERT R. HAWKINS

Earl J. Allred
EARL J. ALLRED

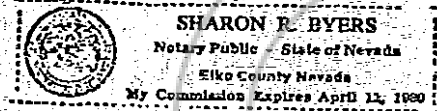
Jennie Allred
JENNIE ALLRED

LESSEE:

Leonard C. Doerr
LEONARD C. DOERR

STATE OF NEVADA)
) ss.
COUNTY OF ELKO)

On this 14th day of May, 1979, personally appeared
before me, a Notary Public, HERBERT R. HAWKINS, EARL J. ALLRED and
JENNIE ALLRED, who acknowledged to me that they executed the fore-
going instrument.

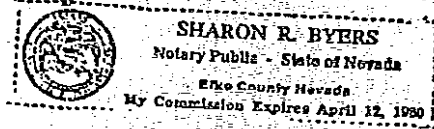


Sharon R. Byers
NOTARY PUBLIC

STATE OF Nevada)
) ss.
COUNTY OF Elko)

On this 24th day of May, 1979, personally appeared
before me, a Notary Public, LEONARD C. DOERR, who acknowledged to
me that he executed the foregoing instrument.

Sharon R. Byers
NOTARY PUBLIC



GOICOECHEA AND DIGRAZIA
ATTORNEYS AT LAW
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AGREEMENT FOR QUIT CLAIM

For and in consideration of \$10.00, paid by Leonard Doerr to TGM Corp. on this 6th day of July, 1979, receipt of which is hereby acknowledged and for the additional consideration of \$8,000 to be paid on or before July 15, 1979, by L. C. Doerr Corporation to TGM Corp. which amount represents expenditures made by TGM Corp. on behalf of Leonard Doerr and the L.C. Doerr Corporation, to stake the TGM Cat Claims and the Cat Claims in Eureka County Nevada and for additional money advanced by TGM Corp. for legal and other expenses pursuant to TGM's efforts to commence mining operation at the Bear Claims for Leonard Doerr and the L. C. Doerr Corporation pursuant to an option agreement dated March 7, 1978, by and between Lee Britton, Richard Garish and Ron Naillon, First Parties, and Leonard Doerr, Second Party, which operation by TGM Corp. could not and did not occur because of unresolved title problems. TGM Corp. agrees to quit claim said mining claims to First Parties of said option agreement pursuant to the terms of said agreement.

Agreed to:

L. C. DOERR CORPORATION

Leonard Doerr, Pres.
Leonard Doerr

Leonard Doerr
Leonard Doerr, Individually

TGM CORP.
Robert Estu
President

QUIT CLAIM DEED

THIS INDENTURE, made and entered into this 6 day of July, 1979
by and between TGM Corp., a Colorado Corporation hereinafter referred to as
Party of the First Part, and Richard Garish and Lee Britton, hereinafter
referred to as Party of the Second Part.

W I T N E S S E T H:

THAT, the said Party of the First Part, in consideration of the sum of
Ten (\$10.00) Dollars, lawful money of the United States of America, to him in
hand paid by the Party of the Second Part, the receipt whereof is hereby acknow-
ledged does by these presents, sell and Quit Claim all of its interest in all
of those certain pieces or parcels of land situate in the county of Eureka,
State of Nevada and bounded and described as follows:


Cat Claims 1 and 2
TGM Cat Claims 3 thru 5 inclusive
Cat Claims 6 thru 14 inclusive
All located in
Section 20 Township 26N
Range 53E MDB & M

TOGETHER, with all the tenements, hereditments and appurtenances there-
unto belonging or appertaining, and the reversion and reversions, remainder
and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD the conveyed interest in the said premises, together
with appurtenances, unto the Party of the Second Part forever.

IN WITNESS WHEREOF, the Party of the First Part has executed this convey-
ance the day and year first written above.

TGM CORP.


Vernon Estes, President

STATE OF COLORADO)
) ss
COUNTY OF FREMONT)

On the 6th day of July, 1979, before me personally came

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Vernon Carter to me known, who, being by me duly sworn, did
depose and say that he resides at 1511 Park Ave, Carson City, NV¹⁰;
that he is President of TGM Corp, the corporation described
in and which executed the foregoing instrument; that he knows the seal of
said corporation; that the seal affixed to said instrument is such corporate
seal; that it was so affixed by order of the board of directors of said
corporation, and that he signed his name thereto by like order

Richard R. Robinson
Notary Public

My Commission Expires: 10-6-80

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ROYALTY AGREEMENT

For \$10.00 and other valuable consideration paid by Leonard Doerr to Vernon Estes this 6th day of July 1979, and for the additional consideration of \$31,500 to be paid Estes on or before July 15, 1979, which sum is for monies paid pursuant to obtaining the rights to the Bear Claims 1 through 21. Leonard Doerr does hereby agree to assign to Vernon Estes a royalty interest of 50¢ per ton for each ton of ore mined and shipped from the property or one per cent of the gross proceeds of sales, F.O.B. mine site. Said royalty shall be due Estes on all claims of mutual interest (whole project).

L. C. DOERR CORPORATION

Leonard Doerr, Inc. Dated 6 July 1979
Leonard Doerr

Leonard Doerr
Leonard Doerr, Individually

Agreed to this 6th day of July.

Vernon Estes
Vernon Estes

LEASE AGREEMENT

THIS AGREEMENT made and entered into this 8th day of June, 1979, by and between RICHARD L. GERISH and LEE BRITTON (OWNERS) and L.C. DOERR CORPORATION, (LESSEE).

For and in consideration of the sum of TEN DOLLARS (\$10.00) lawful money of the United States of America paid by Lessee to Owners, receipt whereof hereby is acknowledged, and other good and valuable consideration, the parties hereto promise and agree as follows:

1. GRANT OF LEASE. Owners hereby lease and let unto Lessee for the purposes and upon the terms and conditions hereinafter specified, the following described unpatented lode mining claims (mining property) situate in the Union Mining District, Eureka County, Nevada, and recorded in the records of the County Recorder of Eureka County, Nevada:

<u>NAME OF CLAIM</u>	<u>BOOK</u>	<u>PAGE</u>	<u>DOCUMENT NO.</u>
Bear # 1	70	19	68110
Bear # 2	70	20	68111
Bear # 3	70	21	68112
Bear # 4	70	22	68113
Bear # 5	70	23	68114
Bear # 6	70	24	68115
Bear # 7	70	25	68116
Bear # 8	70	26	68117
Bear # 9	70	27	68118
Bear # 10	70	28	68119
Bear # 11	70	29	68120
Bear # 12	70	30	68121
Bear # 13	70	31	68122
Bear # 14	70	32	68123
Bear # 15	70	33	68124
Bear # 16	70	34	68125

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Bear # 17	70	35	68126
Bear # 18	70	36	68127
Bear # 19	70	37	68128
Bear # 20	70	38	68129
Bear # 21	70	39	68130
L & R # 3	70	144	68189
L & R # 4	70	145	68190
L & R # 5	70	146	68191
L & R # 6	70	147	68192
L & R # 7	70	148	68193
L & R # 8	70	149	68194

together with all rights of ingress, egress and access to and across said mining claims.

The parties hereto understand and agree that any mining claims, mining or milling properties, or any interest therein, hereinafter located or otherwise acquired by either party hereto within one mile from the exterior boundaries of the above described mining claims, or the Bear Lode claims owned by Reinhold Sadler et al, or the Cat mining claims, or the Blue Tuesday mining claims located by Chromalloy American Corporation, shall be subject to and made part of the applicable provisions of this Lease Agreement. Said hereinafter acquired mining claims or interests including ingress, egress and access, shall be included in the term "mining property".

2. TERM. The term of this Agreement shall be for a period of Ten (10) years unless sooner terminated pursuant to provisions hereinafter set forth, said term to commence on the 8th day of June, 1979. Lessee, not then being in default of any terms or conditions of this Agreement, shall have the right to renew this Agreement for an additional term of Ten (10) years upon written notice to Owners not more than Six (6) months or

less than Thirty (30) days prior to the expiration of said original term. Upon satisfactory performance of this Lease during the prior term, Lessee shall have the right to renew for additional Ten (10) year periods, in the manner herein provided, said right to continue during such time as substantial exploration, development, mining and/or milling operations are being conducted on said claims.

3. WARRANTIES OF OWNERS. Owners warrant and represent that said claims were properly located and in good standing. If it is necessary to cure any defect in the possessory title to said mining claims or any of them not caused by Lessee, Lessee shall notify Owners in writing of said defect and Owners, at their sole cost and expense, shall forthwith undertake such action as is necessary to cure same. In the event said defect materially affects the purposes of this Agreement and Owners shall fail to commence action necessary to cure same within thirty (30) days after service of said written notice, Lessee, may at its option, cure said defect and deduct the costs incurred thereby, including reasonable attorney's fees, from any royalties payable to Owners.

4. CONFLICTING CLAIMS. The parties hereto acknowledge that the Bear Lode, Bear Lode No. 2 and Bear Lode No. 3 mining claims located by Lloyd and Reinhold Sadler in 1946, are situated in the area embraced by the Bear # 1 through # 21. Without admitting or denying the respective rights of Owners and the locators of said Bear Lode claims, the parties hereto agree that for the purposes of this Agreement, the existence of said Bear Lode claims shall not constitute or be considered as constituting a defect in Owners' possessory title to the Bear # 1 through # 21 mining claims or either of them and the existence of said Bear Lode claims shall have no effect on this Agreement or any part thereof, in any manner except as hereinafter provided.

The parties hereto further acknowledge that the Blue Tuesday, Blue Tuesday # 2 and Blue Tuesday # 3 mining claims located by Chromalloy American Corporation are situate, in whole or in part, in the area embraced by the Bear # 1 through # 21 and the L & R # 3 through # 8. Without admitting or denying the respective rights of Owners and the locator of said Blue Tuesday claims, the parties hereto agree that for the purposes of this Agreement, the existence of said Blue Tuesday claims shall not constitute or be considered as constituting a defect in Owners' possessory title to the Bear # 1 through # 21 mining claims or the L & R # 3 through # 8 mining claims and the existence of said Blue Tuesday mining claims shall have no effect on this Agreement, or any part thereof, in any manner whatsoever, except as hereinafter provided.

Lessee hereby represents that he has acquired from Chromalloy American Corporation (Chromalloy) said Blue Tuesday mining claims and an assignment of a lease agreement whereby the Owners of said Bear Lode mining claims leased said Bear Lode claims to Chromalloy. Lessee shall furnish to Owners a copy of any and all documents and instruments relating to said acquisition and assignment.

5. INTERESTS ALLEGED BY RON NALLION. The parties hereto acknowledge that Ron Nallion alleges or may allege, that he owns an interest in said Bear # 1 through Bear # 21 and said L & R # 3 through # 8 mining claims and that said Owners deny that Ron Nallion has any interest whatsoever in said mining claims or either of them. Lessee hereby promises and agrees, at its sole expense, to settle with said Ron Nallion any claim of interest he may have or allege to have in and to said Bear and L & R mining claims and to furnish to Owners an appropriate quitclaim deed, in recordable form, whereby said Ron Naillon quitclaims to Owners any and all right, title and interest he may have or claim to have in said Bear and L & R mining claims.

6. PAYMENTS. Upon execution of this Agreement, Lessee shall pay to Owners the sum of TEN THOUSAND DOLLARS (\$10,000.00) lawful money of the United States of America. Owners hereby acknowledge receipt of said sum. On or before July 15, 1979, Lessee shall pay to Owners the further sum of FIFTY THOUSAND DOLLARS (\$50,000.00) lawful money of the United States of America. Said sum shall be paid one-half (1/2) to Richard L. Gerish and one-half (1/2) to Lee Britton and shall be delivered by mail or personally to said parties at their respective addresses as hereinafter set forth in Paragraph 25.

7. POSSESSION. Lessee shall have the right of immediate possession of said mining property.

8. PURPOSES. The purposes of this Agreement are to grant to Lessee the exclusive right and privilege during the term hereof to enter in and upon said mining property for the purpose of conducting exploration, development, mining and milling operations and performing any and all activities reasonably related thereto and, subject to the royalty provisions hereinafter provided, sell in a commercially reasonable and prudent manner, any and all minerals, mineral materials, metals, concentrates and precipitates mined or produced from said mining property.

9. ROYALTIES - BARITE. In addition to all other payments set forth herein, Lessee shall pay to Owners the sum of Two and 50/100 Dollars (\$2.50) per ton for each ton of barite ore or jig concentrate mined, produced and shipped from said mining property or any part thereof. By way of clarification, the parties hereto understand and agree that the term, "mining property", shall include the Bear # 1 through # 21, inclusive; the L & R # 3 through # 8, inclusive; the Bear Lode, Bear Lode No. 2 and Bear Lode No. 3; and the Blue Tuesday, Blue Tuesday # 2 and Blue Tuesday # 3 unpatented mining claims together with

any hereinafter acquired mining claims or interests therein, as provided in Paragraph 1. of this Agreement.

Commencing August 1, 1979, and on the first day of each following month that this Agreement is in full force and effect, Lessee shall pay to Owners the sum of FOUR THOUSAND DOLLARS (\$4,000.00) as and for an advance royalty, said sum to be applied toward payment of production royalties, if any, earned the previous month. Lessee shall mail or personally deliver said advance royalty one-half (1/2) to Richard L. Gerish and one-half (1/2) to Lee Britton at their respective addresses set forth below in Paragraph 25.

All production royalties shall be paid on the 15th day of the month following the month that barite ore, and/or concentrates were shipped from said mining property. Lessee shall mail or personally deliver said production royalty one-half (1/2) to Richard L. Gerish and one-half (1/2) to Lee Britton at their respective addresses as set forth below. All royalty payments shall be accompanied by such certified weigh slips and/or such other records as are reasonably necessary and required to compute the royalties paid.

The parties hereto understand and agree that in the event Lessee shall construct a concentrating plant for processing barite ore mined from said mining property and said plant, of necessity, is not constructed on said mining property or a mill-site adjacent or contiguous thereto, production royalties for barite ore mined from said mining property and hauled to said plant, for further processing shall not be considered as being earned until shipped from the site of said plant.

10. ROYALTIES - OTHER MINERALS. For minerals other than barite, Lessee shall pay to Owners a production royalty of Ten percent (10%) net smelter return for all said other

ore, minerals, mineral material, metals, concentrates and precipitates (products) mined, processed and sold from said mining property. For the purposes of this Agreement, "net smelter return" shall be defined as the proceeds received by Lessee from the sale of said products after the deductions of smelter costs, fees and penalties, and the cost of transporting said products from the mining property to the place of sale. Said royalties shall be paid to Owners in the same manner as provided in Paragraph 9. of this Agreement.

11. BOOKS AND RECORDS. Lessee shall keep accurate records and books of account of its operations under this Agreement in accordance with generally accepted operating and accounting principals and covering all matters relating to and concerning operations conducted pursuant to this Agreement. The records and books of account shall be kept in the vicinity of the claims, or elsewhere upon written concurrence of Owners, and shall be open to inspection by Owners, or their authorized agent at any reasonable time during normal business hours, provided such inspections do not unduly interfere with or hamper the operational, managerial or accounting staffs of Lessee. Owners shall also have the right to inspect the claims, drill cores and logs and all assays obtained with respect thereto and the operations, and records thereof, being carried on under this Agreement provided that any inspection on or in the vicinity of the claims for such purpose shall be at Owners' risk of injury. Within sixty days after the end of each of Lessee's fiscal years during the term of this Agreement, Lessee shall furnish Owners with an annual report of the operations conducted by Lessee pursuant to this Agreement, said report to include, but not by way of limitation a year-end financial statement. In the event Owners shall have reason to believe that Lessee's annual report is inaccurate in any material respect, Owners shall have the right, at their expense, to conduct an independent audit of said books and rec-

ords.

12. FORCE MAJEURE. If Lessee, despite due diligence, shall be prevented by any cause reasonably beyond its control (including, by way of example but not of limitation, causes such as any governmental law, regulation, or action, severe weather, explosion, unusual mining casualty, unavoidable mill shutdown, damage to or destruction of mine or plant facility, fire, flood, civil or military authority, insurrection, riots, strikes, labor disputes, inability after diligent efforts to obtain competent workmen or material, or acts of God) from timely performing any of its obligations hereunder, except payment of rentals or royalties, the failure of such performance shall be excused and shall not be a ground for breach, default, cancellation, termination or forfeiture hereof, and the period for performance of such obligation shall be extended for an additional period equal to the period during which it is unable to perform its obligation by reason of said cause. In the event that it shall be impossible or patently impractical for anyone to conduct mining operations on said mining property or any part thereof for a period of time in excess of twelve (12) consecutive months, the parties hereto shall renegotiate the aforesaid monthly advance royalty.

13. ASSESSMENT WORK. Lessee shall perform all annual assessment work required or defined by statute, during the entire term of this Lease or any renewals thereof, and shall record in the office of the County Recorder of Eureka County and the Bureau of Land Management, 300 Booth Street, Reno, Nevada, proper proof, in affidavit form, of the completion of the same, both the performance of work and the recording to be completed by Lessee at its sole expense on or before August 1, of each assessment year. If this Agreement is terminated or abandoned after the 1st day of June in any assessment year, Lessee shall have the duty and obligation to perform and record said assessment work for the then

current assessment year.

14. CONDUCT OF MINING OPERATIONS. Lessee shall work said mining claims in a good and workmanlike manner consistent with acceptable mining and milling practices and procedures for like properties in the area with the objective of mining and milling the greatest amount of ore possible, with due regard to safety, environmental factors and the development and preservation of said claims as a workable mine.

Lessee, in its operation and at its sole expense, shall timely comply with all local, state and federal laws, rules, regulations and ordinances presently in force or hereinafter enacted or promulgated, applicable thereto; shall promptly pay, when due, all wages for work done; shall apply for and maintain insurance coverage as provided by the Nevada Industrial Commission for all employees engaged in operations conducted on said mining claims or in relation thereto; shall post and keep posted on the claims in conspicuous places notices of Owners' non-responsibilities for liens; and shall indemnify and hold the Owners and their property at all times harmless against any claims of any nature whatsoever or liens for any labor, materials or equipment and shall carry adequate public liability insurance protecting Owners against any claim or loss from damage to persons or property resulting from Lessee's operations. Prior to commencing operations Lessee shall notify the State Inspector of Mines of its intended operations and shall comply with the provisions of NRS 512.160 relating to the filing of annual reports of operations with the State Inspector of Mines.

15. DEFAULT. If Lessee shall fail to perform its obligations under this Agreement, and in particular shall fail to make any payments which may be payable to Owners hereunder, Owners may declare Lessee in default by giving Lessee FIFTEEN

(15) days written notice of default for any payment due and unpaid and SIXTY (60) days for any other failure or performance, which notice shall specify and demand the performance of such obligations under this Agreement, and if Lessee within the period of FIFTEEN (15) days for default in payment and SIXTY (60) days for any other default, and after the service of such written notice fails to remedy the default, or if the default is one other than failure to pay royalties, fails to be diligently engaged in curing such default, at Owners' option all further rights and privileges granted Lessee hereunder may be terminated and Lessee shall peaceably surrender possession of the premises to Owners. In the event of termination for any reason, all tools, equipment, pipelines, apparatus, buildings, structures and property of every nature and description, whether or not affixed to the soil, placed upon the subject property by Lessee, shall be deemed to be and shall remain the personal property of Lessee and Lessee shall have ONE HUNDRED TWENTY (120) days from date of such termination to remove said personal property from the mining property. In the event said personal property is not removed prior to the end of said 120 day period, it shall be considered as abandoned by Lessee and shall become the property of Owners.

16. ARBITRATION. Any dispute concerning this Agreement including alleged breaches hereof and defaults hereunder, shall be resolved by arbitration in substantial accordance with the Commercial Arbitration Rules of the American Arbitration Association. Arbitration proceedings shall be held in a mutually acceptable location, and arbitration awards may be enforced in any court of competent jurisdiction where either of the parties may validly be served, the parties hereto consenting to the jurisdiction of such courts for this purpose. Arbitration shall be conducted by a panel of three arbitrators who shall be qualified by training and experience to pass upon the matter in dis-

pute. Each party shall have the right to appoint one arbitrator, and the two arbitrators so appointed shall then select a third. The arbitration decision shall be in writing and set forth findings of fact and conclusions of law, as appropriate, supported by a reasoned opinion. The costs of such arbitration shall be allocated between the parties as determined by the arbitration panel; provided, however, each party shall bear the costs of preparing and presenting its own case. If the arbitration panel shall find that Lessee is in default under this Lease, Lessee shall have a reasonable time, as determined by the arbitration panel within which to cure or commence actions which if diligently pursued will cure such default, and in such event, Owners shall have no right to terminate this Lease by reason of such default if Lessee complies with the requirements of the decision.

17. TERMINATION BY LESSEE. Lessee, not then being in default of any material provision herein, may terminate this Agreement and its rights and obligations hereunder at any time upon giving Owners thirty (30) days previous written notice of such intended termination, PROVIDED HOWEVER, that any duty or obligation accrued or unperformed by Lessee pursuant to the terms of this Agreement at the time said notice is given shall be performed by Lessee prior to termination. In the event said notice shall be given after the month of June of any assessment year, Lessee shall be responsible for the performance of assessment work for that assessment year. At the time of delivery of said notice of termination Lessee shall deliver to Owners a quitclaim deed executed and acknowledged by Lessee, naming Owners as Grantees, releasing all right, title and interest of Lessee in and to said mining property. In the event Owners intend to retain Lessee's rights, title and interests in and to the aforesaid Blue Tuesday and Bear Lode mining claims, Owners shall

pay to Lessee the value of said interest, Provided However, that said value shall not exceed the acquisition price paid by Lessee for said interests. Upon termination for any reason, Lessee shall transfer and convey to Owners any water rights which Lessee shall have acquired during the term of this Agreement for use in operations conducted upon or in connection with said mining property.

18. TAXES. Each party shall pay their respective share of the Net Proceeds of Mines tax.

To the extent that a state or federal depletion allowance is available with respect to production from said mining property, the parties shall have the right to share said "allowance" according to their respective interests. In the event said "allowance" cannot, by law, be divided among the parties, Lessee shall be entitled to said allowance.

Lessee shall pay all other taxes or assessments levied against said mining property or the personal property placed thereon by Lessee. Each party shall pay their respective personal or corporate income taxes.

19. INSPECTION OF MINING PROPERTY. Owners or their duly appointed agents shall have the right at their risk of injury at all reasonable times to enter upon said mining property, or any part thereof, for the purpose of examine same, testing and sampling. In the event Owners shall determine that such conditions exist on said mining property which, if allowed to continue, would materially and adversely affect Owners' rights and interests in and to said mining property, or any part thereof, Owners shall have the right, but not the duty, to enter upon said mining property and perform, at Lessee's expense, any acts reasonably necessary and required to correct or remedy said condition, Provided However, that prior to entering upon said mining property, Owners shall give Lessee notice of the condition complained of and in the event Lessee shall not have commenced a course of action to correct or remedy said condition within Five (5) days after ser-

vice of said notice, Owners shall have the right to enter and perform such curative work. Nothing contained in this Paragraph 19. shall affect Owners' rights under the Default provision of this Agreement as set forth in Paragraph 15.

20. BANKRUPTCY; INSOLVENCY. It is agreed that upon the filing of a petition in bankruptcy by Lessee, or the adjudication that Lessee is bankrupt, or an assignment for the benefit of creditors, Lessee shall forfeit all its rights to the possession of the mining claims, and that neither this Agreement, nor any of Lessee's rights hereunder shall ever be an asset of the estate of the Lessee in the event that it is declared a bankrupt or files a petition in bankruptcy under the bankruptcy laws of the United States, or makes an assignment for the benefit of the creditors, or is placed in receivership.

21. RELATIONSHIP OF PARTIES. The relationship of the parties hereto is that of landlord and tenant and this Agreement shall not be construed to constitute a partnership, joint venture, mining partnership or other joint association. Except as otherwise herein provided, Lessee shall have full control of all mining and milling operations and related activities conducted on or in connection with said mining property.

22. AMENDMENTS AND RELOCATION OF CLAIMS. Lessee shall not amend, relocate or patent the above named mining claims or any of them without the written consent of Owners first had and received, said consent shall not, however, be withheld unreasonably. In the event Owners shall consent to such amendment, relocation or patent, Owners shall cooperate with and assist Lessee with such amendment relocation or patenting, Provided However, that the cost of such work shall be shared equally by the parties.

23. CONSTRUCTION. This Agreement shall be interpreted, construed and governed by the laws of Nevada.

24. ASSIGNMENT. This Agreement shall not be assigned in whole or in part without the written consent of Owners first had and received. Said consent shall not be withheld unreasonably. Upon assignment, Lessee shall furnish to Owners in writing the name and address of the assignee or assignees. Notwithstanding any such assignment, Lessee shall remain primarily liable for the performance of all the terms and conditions of this Agreement on its part to be performed.

25. NOTICE. Any notice required or permitted to be given under this Agreement, or in connection with matters related thereto, shall be given by delivering the notice personally to the party to be notified or by depositing it in the United States Mail, certified mail, return receipt requested, in a sealed envelope, postage prepaid, addressed as follows:

If to Owners:

Mr. Lee Britton
P.O. BOX 868
Elko, Nevada 89801

Mr. Richard L. Gerish
412 E. Taylor St.
Reno, Nevada 89502

with a copy thereof to:

E.A. Hollingsworth
Attorney at Law
604 Lander Street
Reno, Nevada 89509

If to Lessee:

Mr. Leonard C. Doerr, President
The L.C. Doerr Corporation
5821 Pagosa Ct.
Denver, Colorado 80239

or to such other address as the party to be notified from time to time may be designated by written notice to the other party. Monthly payments and all accounts and reports required hereunder, or upon which the parties may subsequently agree, may be sent

by regular mail at the above addresses. Notice is effective when personally delivered, or Forty Eight (48) hours after being deposited in the United States Mail.

26. RECORDING MEMORANDUM OF AGREEMENT. The parties hereto agree to execute a memorandum of this Agreement (short-form) for the sole purpose of recording same in the records of Eureka County, Nevada, so as to give public notice, pursuant to the laws of the State of Nevada, of the existence of this Lease Agreement.

27. VOID OR INVALID PROVISIONS. If any term, provision, covenant or condition of this Agreement, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, all provisions, covenants and conditions of this Agreement, and all applications thereof not held invalid, void or unenforceable, shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

28. ENTIRE AGREEMENT. This writing contains the entire agreement of the parties in connection with said mining property and supercedes all prior agreements between Owners and Lessee. The parties hereto understand and agree that no amendment, modification or alteration of this Agreement or any of the provisions thereof shall be effective unless made in writing dated, and executed by all the parties.

29. INUREMENT. This Agreement shall inure to the benefit of and be binding upon the parties hereto and to their respective heirs, legal representatives, executors, administrators, trustees, successors and permitted assigns.

30. TIME OF THE ESSENCE. Time is of the essence of

this Agreement and each and every part thereof.

31. LIQUIDATED DAMAGES. The parties hereto fully understand and agree that in the event this Agreement is terminated for any reason whatsoever, any and all payments received by Owners shall be retained by Owners as liquidated damages, and not as a penalty, it being the mutual understanding of the parties that true damages would be impossible to determine under the circumstances.

32. COMPROMISE STATEMENT. The parties hereto acknowledge, understand and agree that the provisions of this Agreement concerning initial payments, royalty payments, the interests of Ron Nallion, the inclusion of the L & R, Blue Tuesday and Bear Lode unpatented mining claims, in addition to the Bear # 1 through # 21, inclusive, mining claims, constitutes a compromise of conflicting interests and alleged conflicting interests for the purpose of facilitating the commencement of mining operations on said mining property to the mutual benefit of both parties. By entering into this agreement, neither party is releasing, waiving or abandoning any rights in regard to the validity of their respective interests or recognizing or accepting the existence or validity of any conflicting interest whether real or without substance. The parties hereto mutually agree that after Lessee delivers to Owners said quitclaim deed from Ron Nallion as aforesaid, and acquires all the right title and interest of Chromalloy in and to said Blue Tuesday and Bear Lode mining claims, that said conflicts or alleged conflicts, whether real or without substance, shall not be used as grounds in any manner whatsoever to defeat, diminish or otherwise adversely affect the rights of either party hereto.

IN WITNESS WHEREOF, the parties hereto have executed

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this Lease Agreement as of the day and year first above appearing.

OWNERS:

Lee Britton
LEE BRITTON
P.O. BOX 868
Elko, Nevada 89802

Richard L. Gerish
RICHARD L. GERISH
870 Rice Road
Fallon, Nevada 89406

LESSEE:

THE L.C. DOERR CORPORATION
109 Summit Drive
Chamberlain, S.Dak. 57325

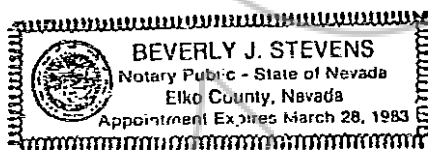
by
LEONARD C. DOERR, President

ATTEST:

Secretary

STATE OF Nevada
COUNTY OF Elko

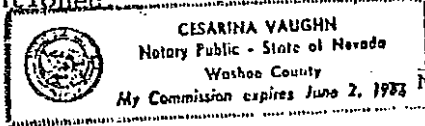
On this 13th day of June, 1979,
the undersigned, a Notary Public in and for the County of
Elko, State of Nevada, duly commissioned
and sworn, personally appeared LEE BRITTON, known to me to be
the person whose name is subscribed to the within instrument,
and who acknowledged to me that he executed the same freely
and voluntarily and for the uses and purposes therein mentioned.



Beverly J. Stevens
NOTARY PUBLIC

STATE OF Nevada
COUNTY OF Washoe

On this 8th day of June, 1979,
the undersigned, a Notary Public in and for the County of
Washoe, State of NEVADA, duly
commissioned and sworn, personally appeared RICHARD L. GERISH,
known to me to be the person whose name is subscribed to the
within instrument, and who acknowledged to me that he executed
the same freely and voluntarily and for the uses and purposes
therein mentioned.



Cesarina Vaughn
NOTARY PUBLIC

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 1979,
the undersigned, a Notary Public in and for the County of _____,
State of _____, duly
commissioned and sworn, personally appeared LEONARD C. DOERR,
known to me to be the President of THE L.C. DOERR CORPORATION,
that executed the within instrument and known to me to be the
person who affixed his name thereto as such President and who
acknowledged to me that he executed the same freely and volun-
tarily and for the uses and purposes therein mentioned.

NOTARY PUBLIC

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CHROMALLOY

A Corporate Family of Creative Companies

MINING & MILLING DIVISION
P.O. BOX 1003
ROOM 303 HENDERSON BANK BLDG.
ELKO, NEVADA 89801
702 - 738-3495
702 - 738-5123

July 10, 1979

L.C. Doerr Corporation
109 Summit Drive
Chamberlain, S.D. 57325

Dear Mr. Doerr:

At your verbal request this morning, for your convenience, and to accommodate the urgency on your part, to have some document in writing for financing purposes, I am writing this letter to grant you a three months prospecting option to purchase our Sadler's Lease.

Bill Devitt, my immediate supervisor, and a Vice-President of Chromalloy gave me verbal permission by telephone to give you this letter.

Attached is a recorded copy of our Notice of Mineral Lease, as well as a copy of the Lease itself. Also attached is a copy of Map No. 78069, prepared by Boyack Surveying, which shows the three Bear Claims, we have under lease from the Sadlers, and the Three Blue Tuesday Claims, which we subsequently staked, and which under the terms of our Lease with the Sadlers, come under all provisions of our lease with them. In other words, you must pay royalty to the Sadlers for any barite extracted from them, and comply with all the other provisions of the Lease as well.

The general terms of this option are as follows:

- 1) The option from Chromalloy to you, is for the purchase of our Lease Assignment, for (\$95,000) Ninety Five Thousand Dollars, payable in full by October 1, 1979.

A Lease Assignment will be drawn up by our corporate Attorneys, upon notice from you that you intend to purchase the Assignment, during the above mentioned period, and will be delivered to you upon receipt of a check from you for the purchase amount, less any monthly option fees paid.

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*Pd. \$ 5,000
Check # B2
D.B.D.*

- 2) You will pay Chromalloy Five Thousand Dollars(\$5,000)per month for three months as as option payment consideration; receipt of your first check of Five Thousand(\$5,000) for July, is hereby acknowledged. Checks for August and September are due no later than the 1st day of each month, and failure by you to make payment by these dates will void any rights you have to continue to prospect the property and to purchase an Assignment. You may pay off the balance of the purchase price any time within the ninety (90) days.
- 3) You may not ship any product from the property during this period, excepting small samples for testing etc.
- 4) If this option is terminated for any reason, you will surrender the property to Chromalloy, free of any liens or incumbrances.
- 5) During your occupancy of the property, you will indemnify and hold Chromalloy harmless from any liabilities that may result from your occupancy of the property. In addition, you shall provide Chromalloy with certificates of Insurance, demonstrating that you have proper liability coverage, within 20 days of execution of this letter.
- 6) I believe this fairly well covers our intent regarding granting you an Option for the purchase of An Assignment of this Lease from us, however, if we have missed any points, we will very shortly have our Attorneys draft up a Lease Assignment that will cover the matter fully.

Very truly yours,

Dennis B. Duewel

Dennis B. Duewel
Chief Geologist and
Manager, Nevada Operations

Accepted by:

Leonard Doerr, Pres.
Leonard Doerr
L.C. Doerr Corporation

cc: B. Devitt
A.W. Arnold Jr.
J. Miller

Enc.

DBD/rw

P.S. It is further agreed that Doerr will pay the \$400 per month Advance royalty due Saddleus, each month to CHROMALLOY until this option is exercised; and thereafter directly to the Saddleus. DBAD.

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JCB

9 June 1979

For the sum of \$500⁰⁰ and other valuable
Consideration of, Ron Maillon hereby grant
an option to The L.C. Durr Corporation to
Acquire all my right, title and interest
in all 21 Bear Claims situated in Union
Mining District, Eureka County, Nevada for
the sum of \$25,000⁰⁰. Said grant claim
deeds shall be delivered by the L.C. Durr
Corporation to Lee Britton and Richard Grish.
This option shall become effective immediately
and shall remain in force until 1 August
1979.

Ron Maillon
Box 32
Eureka, Nevada

The L.C. Durr Corp.
By Leonard C. Durr, Pres.

MINERAL LEASE

THIS AGREEMENT is made and entered into by and between ARNOLD & CLARKE CHEMICAL COMPANY, a division of CHROMALLOY AMERICAN CORPORATION, a Delaware corporation having its principal office at 120 South Central Avenue, Clayton, Missouri, 63105 ("CHROMALLOY"; and REINHOLD SADLER and VERNA SADLER, husband and wife; RUTH SADLER, a widow; KATHLEEN COMPTON, as her sole and separate property; JEANNE BROWN, as her sole and separate property; PAUL SADLER, as his sole and separate property; JON SADLER, as his sole and separate property; and GAIL PESMARK, as her sole and separate property ("LESSORS");

W I T N E S S E T H:

WHEREAS, LESSORS are the owners of certain unpatented lode mining claims located in Eureka and Elko Counties, Nevada. Said claims being described as Jeanne Marie, Gail, Bear Lode, Bear Lode No. 2 and Bear Lode No. 3 which are more particularly described in Exhibit A attached hereto and incorporated by reference herein and hereafter collectively referred to as the "Leased Premises; and

WHEREAS CHROMALLOY believes but does not have sufficient basis upon which to rely that there are deposits of barite on the Leased Premises in commercial concentrations of sufficient quality and quantity to warrant further exploration and possible mining operations on the Leased Premises; and

WHEREAS LESSORS desire to let unto CHROMALLOY and CHROMALLOY desires to accept from LESSORS a lease of the Leased Premises in order that CHROMALLOY may conduct mining operations thereon;

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. LEASE: LESSORS do hereby demise, let and grant to CHROMALLOY the exclusive right and privilege to explore for, develop, mine and dispose of all ores and other minerals (herein-

after sometimes referred to as the "Leased Deposits") in, upon, under or belonging to the Leased Premises, together with the right to construct all such works, buildings, plants, structures and appliances as may be necessary or convenient to the mining preparation and marketing of the Leased Deposits, and the exclusive right to the use of the surface of the Leased Premises for the exercise of the rights and privileges herein granted; and the right, at any time while this Lease shall remain in force and effect, to use the surface of and underground working within the Leased Premises for purposes incident to the Mining, developing, handling and processing of ores and minerals from other properties then owned or controlled by CHROMALLOY; provided, however, that CHROMALLOY shall not, without the written consent of LESSORS, mix any ores or products derived from the Leased Premises with the ores or products derived from any other property.

2. LEASE TERM: By agreement of the parties the Lease granted above has commenced on June 1, 1978 and shall continue in full force and effect up to and including May 31, 1983. LESSOR grant CHROMALLOY an option to renew this Lease for TWO (2) additional FIVE (5)-year terms. This Lease shall automatically renew itself for each succeeding FIVE (5)-year term without further act or deed of the parties unless this Lease is otherwise terminated by CHROMALLOY.

3. LEASE PAYMENTS: During the term of this Lease CHROMALLOY agrees to pay LESSOR the following amounts:

A. Monthly Production Payment: During the term of this Lease Agreement, or any extensions thereof, a Lease payment shall be made by CHROMALLOY each month based upon the tonnage (short tons) of barite mined, processed and shipped by CHROMALLOY during the preceding month. At CHROMALLOY's option, payment shall be determined either upon the amount of beneficiated barite product shipped to the Gulf Coast derived from ores originating on the

Leased Premises, or upon the crude tonnage of ores leaving the Leased Premises weighed in at a beneficiation plant or rail siding chosen by CHROMALLOY. CHROMALLOY is to pay LESSOR the amount of \$2.00 per ton of beneficiated barite product shipped to the Gulf Coast if CHROMALLOY elects that alternative; otherwise, \$1.00 per ton for each ton of crude barite ores leaving the property. Monthly production payments shall be due and payable on the FIFTEENTH (15th) day of the month following the date which the barite ore is shipped by CHROMALLOY.

B. Minimum Monthly Advance Payments: While this Lease is in effect, CHROMALLOY agrees to pay LESSORS the following amounts:

- i) During the first year, \$200.00 in advance each month;
- ii) During the second year, \$400.00 in advance each month;
- iii) During the third year, \$600.00 in advance each month; and
- iv) During the fourth and fifth years and any extensions thereof, \$1,000.00 in advance each month.

All minimum monthly advance payments made by CHROMALLOY shall be considered advance royalties and shall be credited by LESSORS for CHROMALLOY's account under this Lease and CHROMALLOY shall have the right to first reduce its monthly Lease payments described in Section 3A above by an amount equal to all minimum advance payments theretofore paid by CHROMALLOY to LESSORS. In the event the monthly production Lease payments described in Section 3A above exceed the monthly minimum advance Lease payment set out in this section for any month, then, in that event, the excess may be carried forward by CHROMALLOY and credited against minimum advance Lease payments due in subsequent months.

On minerals other than barite produced from the Leased Premises, CHROMALLOY shall pay to LESSORS SIX PERCENT (6%) of the net mint, smelter or custom mill returns. Net mint, smelter or custom mill returns, as used herein, shall mean the gross values

as figured by the mint, smelter or custom mill less mint, smelter or custom mill treatment charges and transportation and freight charges.

4. WARRANTIES OF PROSPECTORS: LESSORS do hereby make the following representations and warranties unto CHROMALLOY:

A. That all titles to the Leased Premises have been fully and validly vested in LESSORS in full compliance with and not in opposition to the applicable laws of the United States of America and the State of Nevada;

B. That all titles to the Leased Premises have been properly recorded and recognized by the appropriate federal and state governmental offices and divisions;

C. That the Leased Premises are free from all liens, judgments, mortgages and encumbrances of whatsoever kind or nature and that there are no present agreements or leases regarding the Leased Premises in existence, all prior agreements or leases, if any, having been terminated and released; and

D. That as of the date of execution of this Lease and thereafter LESSORS have delivered and shall continue to deliver to CHROMALLOY copies of all geological reports, plats, data, surveys and the like. At CHROMALLOY's request, LESSORS shall furnish CHROMALLOY such operational, fiscal and legal information reports, requirements and notices which relate to the Leased Premises and are not of a confidential nature to LESSORS.

5. PROPER OPERATION: During the term of the Lease, CHROMALLOY shall conduct all its operations upon the Leased Premises in a manner consistent with good, miner-like and economical mining practices and with regard to the safety, development and preservation of the Leased Premises and shall remove all ore, so far as is practical, consistent with good economical mining practice; provided, however, that all mining operations upon the Leased Premises shall be under the exclusive and sole control and

direction of CHROMALLOY. CHROMALLOY shall also comply with all laws and regulations in effect from time to time affecting its mining operations, including, but not limited to, all applicable environmental laws, strip mining reclamation laws and workmen's compensation laws.

6. RIGHT OF INSPECTION: LESSORS shall have the right at any time during the term of the Lease, at their own cost and risk, to enter upon the Leased Premises at all reasonable times and intervals to observe the mining operations and to inspect the geological records for the purpose of determining whether the provisions of this Lease are being observed; provided, however, such observation and inspection shall be conducted in such a manner so as to not unreasonably interfere with CHROMALLOY's mining operation. CHROMALLOY agrees to keep full, true and accurate accounts showing the tonnage and all shipments and sales of all minerals, metals and other production from the property, receipts therefrom and in connection therewith, which books, records and accounts may be inspected by LESSORS at any reasonable time upon giving CHROMALLOY FORTY-EIGHT (48) hours' notice.

7. REMOVAL OF PERSONAL PROPERTY: LESSORS hereby agree that the title to all mining machinery, equipment, fixtures or structures erected or placed upon property by CHROMALLOY shall be reserved to CHROMALLOY and remain the personal property of CHROMALLOY, subject to removal during the continuance of this Agreement and NINETY (90) days thereafter, irrespective of the manner or method of attachment to the property; provided that such removal shall not extend to foundations or mine timbers in place unless LESSORS shall give their consent thereof. If CHROMALLOY is hampered by climatic conditions from completing the removal of said items within the specified time, then LESSORS agree to extend the time by a reasonable period required by CHROMALLOY.

8. TERMINATION: CHROMALLOY shall have the express right to terminate this Lease without penalty or further obligation or liability at any time during the term hereof upon THIRTY (30) days' notice to LESSORS. In the event of such termination, CHROMALLOY shall have the right to abandon all operations on the Leased Premises without payment of any further sums, except the monthly production payments and minimum advance Lease payments required to be paid before expiration of said Notice of Termination. CHROMALLOY agrees that upon such termination it shall deliver to LESSORS copies of such geological reports and records concerning the Leased Premises as may be made or prepared by CHROMALLOY, its agents or employees, during the term of this Lease.

9. INDEMNIFICATION: LESSORS hereby agree to indemnify, defend and save CHROMALLOY harmless from and against all manner of claims, demands, actions, suits, costs and expenses which may occur pursuant to LESSORS' activities on the Leased Premises or which may arise due to LESSORS' breach of any warranty or covenant to this Lease.

CHROMALLOY hereby agrees to indemnify, defend and save LESSORS harmless from and against all manner of claims, demands, actions, suits, costs and expenses which may occur pursuant to CHROMALLOY's activities on the Leased Premises or which may arise due to CHROMALLOY's breach of any warranty or covenant in this Lease.

The indemnity duty of both LESSORS and CHROMALLOY described above will not arise if the injury, cost, expense, etc. was caused or contributed to by the fault or negligence of the party seeking indemnification; provided, however, that the duty to indemnify for breach of any warranty or covenant shall be absolute and not subject to the defense of contributory fault or negligence.

10. TAXES AND ASSESSMENTS: CHROMALLOY or LESSORS will pay its pro-rata share of state and county tax assessments on the property or any improvements thereon due to any machinery, equipment, tools, supplies and personal property whatsoever placed upon the property and owned respectively by either CHROMALLOY or LESSORS at least TEN (10) days prior to the delinquency thereof. CHROMALLOY also agrees to pay all state and county net proceeds of production tax assessed against CHROMALLOY and other taxes assessed against CHROMALLOY on account of their operations thereunder. LESSORS shall pay all state and county net proceeds or production taxes assessed against LESSORS on account of their receipt of payments of whatever nature provided herein to be paid to LESSORS by CHROMALLOY.

11. DEFAULT: If CHROMALLOY fails, neglects or refuses to pay the payments each month as herein provided or fails or neglects to perform the other terms, covenants or conditions, or any part thereof, as herein provided, and such default continues for FORTY-FIVE (45) days after notice to CHROMALLOY in writing to cure such default, LESSORS, or their agents may enter and take possession of the property and may remove all persons found thereon and thereupon this Agreement shall forthwith be terminated. Upon said termination CHROMALLOY will only be obligated to the extent described in Section 8 hereof. Thereafter, within NINETY (90) days (except as extended by the provisions of Section 7 hereof), CHROMALLOY shall remove its personal property and other property from the Leased Premises; provided that any such notice of default sent by LESSORS to CHROMALLOY must be signed by LESSORS or by the attorney for LESSORS.

12. ASSIGNMENT; SUBLEASE: LESSORS agree that CHROMALLOY has the unrestricted right to assign or sublease its interest herein.

13. NON-PARTNERSHIP: This Agreement shall not constitute or be construed to constitute a partnership, mining partnership, joint venture or joint operation. The full control and determination as to manner, extent and character of mining operations shall be determined by CHROMALLOY without interference from LESSOR.

14. PATENT PROCEEDINGS: Upon the request of CHROMALLOY at any time or times during the term hereof, LESSORS forthwith shall begin and complete, in LESSORS' names but at the sole expense of CHROMALLOY, proceedings to patent any or all of the mining claims. LESSORS shall execute any and all documents required for this purpose. If LESSORS begin patent proceedings and CHROMALLOY thereafter requests LESSORS discontinue them, or if this Agreement is terminated while patent proceedings are pending, CHROMALLOY shall have no further obligation with respect thereto, except to pay any unpaid expenses accrued in such proceedings prior to its request to discontinue, or prior to termination, whichever first occurs.

15. COUNTERPARTS: This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall be construed as one and the same instrument. Any party hereto shall only be bound hereto upon its execution hereof and delivery of such executed counterpart to a party seeking the enforcement hereof.

16. PARTIAL LEASED PROPERTIES, ADDITIONAL CLAIMS: At the option of CHROMALLOY, any of the above-entitled claims, or any additions thereto, may be dropped by CHROMALLOY upon TEN (10) days' written notice to the LESSORS. Such election to drop claims subject of this lease shall be made only between the periods of October 1st and June 15th of each assessment year.

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HOY & MILLER, CHARTERED
ATTORNEYS AT LAW
RENO AND ELKO, NEVADA

Additional.unpatented lode claims located by CHROMALLOY within ONE-FOURTH (1/4th) of a mile from the boundary of any of the claims listed herein shall be located in the name of the LESSORS and shall become subject to the terms of this Lease Agreement.

17. ANNUAL ASSESSMENT WORK: CHROMALLOY shall be responsible for necessary annual assessment work, which necessary work shall be done by CHROMALLOY not later than June 15th of each year. Should CHROMALLOY fail to do said assessment work within such time, LESSORS may do said work at the expense of CHROMALLOY, and failure of CHROMALLOY to reimburse LESSORS for the cost of said work within SIXTY (60) days after such work is performed shall constitute a default which may be declared in accordance with the terms of this Agreement.

18. FORCE MAJEURE: In the event CHROMALLOY is prevented from performing this Lease or from conducting mining operations by labor strikes, fires, floods, explosions, riots, any unusual mining casualties, Acts of God, government restrictions or orders, severe weather conditions or other extraordinary events not reasonably within its control, then the time for performance of this Agreement by CHROMALLOY shall be suspended during the continuance of such acts which prevent performance, excepting any payments due and owing, or to be advanced to the LESSORS.

19. NOTICE: Any notice required or permitted to be given under this Agreement or in connection with matters related thereto, may be given by delivering the notice personally to the party to be notified or by depositing it in the United States registered or certified mail, return receipt requested, in a sealed envelope, postage prepaid, addressed as follows:

If the notice is to CHROMALLOY:

Chromalloy American Corporation
P. O. Box 10660
Houston, TX 77018

With copies to:

Chromalloy American Corporation
Attention: W. B. Roberts
120 South Central Avenue
Clayton, MO 63105

Chromalloy American Corporation
Attention: D. B. Duwel
P. O. Box 1003
459 4th Street
Elko, NV 89801

If the notice is to LESSORS:

Reinhold Sadler
1661 5th Street
Building C, Apt. 24
Elko, NV 89801

or to such other address as the party to be notified from time to time may designate by written notice to the other parties.

20. ENTIRE AGREEMENT: This Lease contains the entire agreement between CHROMALLOY and LESSORS and no oral agreement, promise, statement or representation which is not herein contained shall be binding upon CHROMALLOY or LESSORS. All amendments of this Lease shall be in writing and executed by the parties.

21. MULTIPLE PARTIES: Whenever there is more than ONE (1) person or entity involved as the LESSOR, CHROMALLOY will require that a single trustee be named to whom all payments due hereunder are to be made. Such election shall be in writing and be made by all persons or entities making up the LESSOR and such writing shall be duly acknowledged and recordable. CHROMALLOY may withhold all payments due hereunder until served with proof of such election and shall not be liable for any other distribution of payments until such direction is changed by all of the persons party to the LESSOR. Initially, such trustee is to be REINHOLD SADLER and payments made to the Sadler Ranch Account, First National Bank of Nevada, Eureka, Nevada.

22. CONTINUING EFFECT: This Lease shall be binding upon and inure to the benefit of LESSORS and CHROMALLOY and their respective successors, representatives and assigns. The term successor shall mean any person, firm, corporation or other busi-

ness entity which at any time by merger, purchase or otherwise shall acquire all or substantially all of the assets or business of either party.

23. SEVERABILITY: If any provision of this Agreement is or becomes void or unenforceable by Force of Law, the other provisions shall remain valid and enforceable.

24. WAIVER: The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by any party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to effect either the validity of this Agreement, or any party hereof, or the right of each party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of this 15th day of June, 1978.

CHROMALLOY:

ARNOLD & CLARKE CHEMICAL COMPANY,
a division of CHROMALLOY AMERICA
CORPORATION

BY

TITLE:

LESSORS:

Reinhold Sadler
REINHOLD SADLER

Verna Sadler
VERNA SADLER

Ruth Sadler
RUTH SADLER

Kathleen Compton
KATHLEEN COMPTON

-11-

HOY & MILLER, CHARTERED
ATTORNEYS AT LAW
RENO AND ELKO, NEVADA

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Paul Sadler
PAUL SADLER


Gail Pesmark
GAIL PESMARK

Jeanne Brown
JEANNE BROWN

Jon Sadler
JON SADLER

STATE OF Nevada)
COUNTY OF Elko) SS.

On September 11, 1978, personally appeared before me, a Notary Public, John Sadler, the duly qualified and acting officer of ARNOLD & CLARKE CHEMICAL COMPANY, a division of CHROMALLOY AMERICAN CORPORATION, who acknowledged to me that he executed the above instrument in that capacity.


Kayleen J. Beach
NOTARY PUBLIC
 KAYLEEN J. BEACH
Notary Public - State of Nevada
Elko County, Nevada
Commission Expires Aug. 1, 1982

STATE OF Nevada)
COUNTY OF Elko) SS.

On June 20, 1978, personally appeared before me, a Notary Public, REINHOLD SADLER, who acknowledged to me that he executed the above instrument.

Stewart R. Wilson
NOTARY PUBLIC


STATE OF Nevada)
COUNTY OF Elko) SS.

 STEWART R. WILSON
Notary Public - State of Nevada
Elko County, Nevada
Commission Expires Dec. 21, 1979

On June 20, 1978, personally appeared before me, a Notary Public, VERNA SADLER, who acknowledged to me that she executed the above instrument.

Stewart R. Wilson
NOTARY PUBLIC


STATE OF Nevada)
COUNTY OF Elko) SS.

 STEWART R. WILSON
Notary Public - State of Nevada
Elko County, Nevada
Commission Expires Dec. 21, 1979

On June 20, 1978, personally appeared before me, a Notary Public, RUTH SADLER, who acknowledged to me that she executed the above instrument.

Stewart R. Wilson
NOTARY PUBLIC


STATE OF Nevada)
COUNTY OF Elko) SS.

 STEWART R. WILSON
Notary Public - State of Nevada
Elko County, Nevada
Commission Expires Dec. 21, 1979

On June 20, 1978, personally appeared before me, a Notary Public, KATHLEEN COMPTON, who acknowledged to me that she executed the above instrument.

Stewart R. Wilson
NOTARY PUBLIC

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HOY & MILLER, CHARTERED
ATTORNEYS AT LAW
TEND AND ELKO, NEVADA

 STEWART R. WILSON
Notary Public - State of Nevada
Elko County, Nevada
Commission Expires Dec. 21, 1979

STATE OF Nebraska)
COUNTY OF Elk) SS.

On July 10, 1978, personally appeared before me, a Notary Public, PAUL SADLER, who acknowledged to me that he executed the above instrument.

Stewart R. W. Sadler
NOTARY PUBLIC
STEWART R. W. SADLER
Notary Public - State of Nebraska
Elk County, Nebraska
Commission Expires Dec. 31, 1979

STATE OF Kansas)
COUNTY OF Jefferson) SS.

On July 5th 1978, 1978, personally appeared before me, a Notary Public, GAIL PESMARK, who acknowledged to me that she executed the above instrument.



Stephanie R. Abbott
NOTARY PUBLIC, Stephanie R. Abbott

STATE OF Nebraska)
COUNTY OF Cheyenne) SS.

On June 17, 1978, 1978, personally appeared before me, a Notary Public, JEANNE BROWN, who acknowledged to me that she executed the above instrument.

Robert L. Miller
NOTARY PUBLIC

STATE OF Kansas)
COUNTY OF Jefferson) SS.

On July 5th 1978, 1978, personally appeared before me, a Notary Public, JON SADLER, who acknowledged to me that he executed the above instrument.



Stephanie R. Abbott
NOTARY PUBLIC, Stephanie R. Abbott

EXHIBIT A

Those certain unpatented lode mining claims located in the Union Mining District, Eureka and Elko Counties, Nevada, more particularly described as follows:

<u>Name</u>	<u>County</u>	<u>Recorded</u>	
		<u>Book</u>	<u>Page</u>
Bear	Eureka	I	366
Bear #2	Eureka	I	367
Bear #3	Eureka	I	368
Jeanne Marie	Elko	27	593
Gail	Elko	27	593

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HOY & MILLER, CHARTERED
ATTORNEYS AT LAW
RENO AND ELKO, NEVADA

NOTICE OF MINERAL LEASE

TO WHOM IT MAY CONCERN:

NOTICE IS HEREBY GIVEN that on the 1st day of June, 1978, REINHOLD SADLER and VERNA SADLER, husband and wife; RUTH SADLER, a widow; KATHLEEN COMPTON, as her sole and separate property; JEANNE BROWN, as her sole and separate property; PAUL SADLER, as his sole and separate property; JON SADLER, as his sole and separate property; and GAIL PESMARK, as her sole and separate property, entered into a Mineral Lease with ARNOLD & CLARKE CHEMICAL COMPANY, a division of CHROMALLOY AMERICAN CORPORATION, a Delaware corporation, for the lease of certain unpatented mining claims situate in the Union Mining District of Elko and Eureka Counties, State of Nevada, more particularly described as follows:

<u>Name</u>	<u>County</u>	<u>Recorded</u>	
		<u>Book</u>	<u>Page</u>
Bear	Eureka	I	366
Bear #2	Eureka	I	367
Bear #3	Eureka	I	368
Jeanne Marie	Elko	27	593
Gail	Elko	27	593

Such Mineral Lease is to have a term of FIVE (5) years with options to renew for TWO (2) FIVE (5)-year periods.

A complete copy of such Mineral Lease can be reviewed at the offices of CHROMALLOY AMERICAN CORPORATION, 3rd Floor, Henderson Bank Building, Elko, Nevada.

DATED this 1st day of June, 1978.

Reinhold Sadler
REINHOLD SADLER

Verna Sadler
VERNA SADLER

Ruth Sadler
RUTH SADLER

Kathleen Compton
KATHLEEN COMPTON

Jeanne Brown
JEANNE BROWN

Paul Sadler
PAUL SADLER

-1-

HOY & MILLER, CHARTERED
ATTORNEYS AT LAW
HENDON AND ELKO, NEVADA

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Verna Sadler
VERNA SADLER

Gail Pesmark
GAIL PESMARK

ARNOLD & CLARKE CHEMICAL COMPANY
a division of CHROMALLOY AMERICAN
CORPORATION

John R. Drachert
BY Dennis B. Duval

TITLE: Mgr. Nevada Office

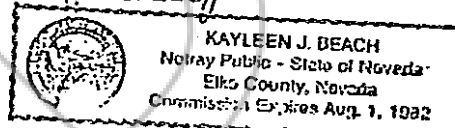
STATE OF Nevada)
COUNTY OF Elko) SS.

On September 20, 1978, personally appeared before
me, a Notary Public, Dennis B. Duval, the duly qualified
and acting officer of ARNOLD & CLARKE CHEMICAL COMPANY, a division
of CHROMALLOY AMERICAN CORPORATION, who acknowledged to me that he
executed the above instrument in that capacity.

STATE OF Nevada)
COUNTY OF Elko) SS.

On June 20, 1978, personally appeared before
me, a Notary Public, REINHOLD SADLER, who acknowledged to me that he
executed the above instrument.

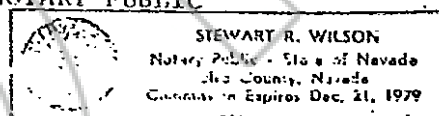
Kayleen J. Beach
NOTARY PUBLIC



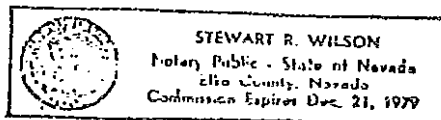
STATE OF Nevada)
COUNTY OF Elko) SS.

On June 20, 1978, personally appeared before
me, a Notary Public, VERNA SADLER, who acknowledged to me that she
executed the above instrument.

Stewart R. Wilson
NOTARY PUBLIC



Stewart R. Wilson
NOTARY PUBLIC



-2-

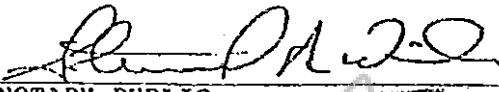
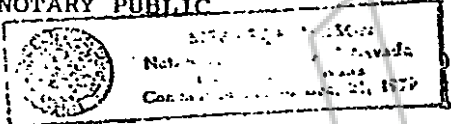
HOY & MILLER, CHARTERED
ATTORNEYS AT LAW
ELKO AND ELKO, NEVADA

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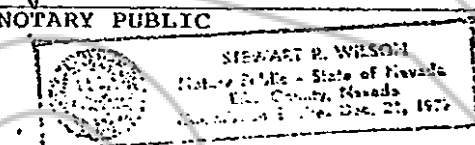
STATE OF Nevada)
COUNTY OF Elko) SS.

On June 20, 1978, personally appeared before me, a Notary Public, RUTH SADLER, who acknowledged to me that she executed the above instrument.


NOTARY PUBLIC


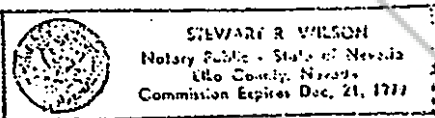
STATE OF Nevada)
COUNTY OF Elko) SS.

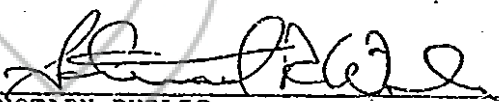
On June 20, 1978, personally appeared before me, a Notary Public, KATHLEEN COMPTON, who acknowledged to me that she executed the above instrument.


NOTARY PUBLIC


STATE OF Nev)
COUNTY OF Elko) SS.

On July 10, 1978, personally appeared before me, a Notary Public, PAUL SADLER, who acknowledged to me that he executed the above instrument.

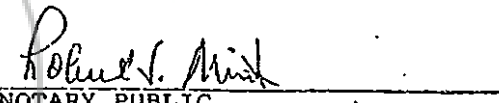



NOTARY PUBLIC

STATE OF Nev)
COUNTY OF Cooshop) SS.


On June 17, 1978, personally appeared before me, a Notary Public, JEANNE BROWN, who acknowledged to me that she executed the above instrument.

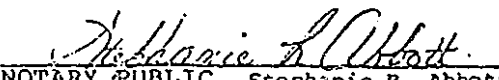



NOTARY PUBLIC

STATE OF Kansas)
COUNTY OF Jefferson) SS.

On July 5th, 1978, 1978, personally appeared before me, a Notary Public, JON SADLER, who acknowledged to me that he executed the above instrument.




NOTARY PUBLIC, Stephanie R. Abbott

STATE OF Kansas)
) SS.
COUNTY OF Jefferson)

On July 5th, 1978
me, a Notary Public, GAIL PESMARK, who acknowledged to me that she executed the above instrument.



Stephanie R. Abbott
NOTARY PUBLIC, Stephanie R. Abbott

FILED 6.00 116269
FOR RECORD
AT REQUEST OF

Chromalloy American Corp
78 SEP 25 A 9: 53

RECORDED 276 678
JERRY D. REYNOLDS
ELKO CO. RECORDER

68768

CERTIFICATION OF COPY
STATE OF ELKO) SS.
COUNTY OF ELKO)
I, JERRY D. REYNOLDS, Recorder of
Elko County, Nevada, do hereby
certify that the foregoing is a
true and correct copy of the
original as the same appears in
this office. IN WITNESS WHEREOF
I have set my hand and official
seal, in Elko, Nevada this
SEP 25 1978
JERRY D. REYNOLDS, Recorder
By [Signature]
SEAL

RECORDED AT THE REQUEST OF Pat Chowning
on July 26, 19 79, at 10 mins. past 3 P.M. in
Book 71 of OFFICIAL RECORDS, page 330-395, RECORDS OF
EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder
File No. 68768 Fee \$ 68.00

116269 -4-

HOY & MILLER, CHARTERED
ATTORNEYS AT LAW
RENO AND ELKO, NEVADA

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BOOK 71 PAGE 395