

LEASE AND OPTION AGREEMENT

THIS LEASE AND OPTION AGREEMENT, made and entered into this 24th day of July, 1970, by and between BULLION MONARCH COMPANY, a Utah Corporation of 307 Henderson Bank Building, Elko, Nevada, herein referred to as first party and RONALD V. MURPHY and BEULAH K. MURPHY, his wife, as joint tenants, of 5212 Eileen Drive, San Jose, California 95129, hereafter referred to as second party;

WHEREAS, the second party is the owner of the following mining claims located in the Lynn Mining District, Eureka County, Nevada;

Hill Top: Hill Top No. 1 and
Hill Top No. 2, Hill Top Fraction
and Hill Top Fraction No. 1 thru No. 4

WHEREAS, the first party desires to enter upon the above named mining claims for the purpose of mining, sampling, mapping, drilling, etc.

THEREFORE, both parties do hereby covenant and agree to the following in consideration of ten dollars (\$10.00), in hand paid by the first party to the second party, receipt of which is hereby acknowledged and other valuable consideration as hereafter set forth.

(1) The second party hereby grants to the first party the sole and exclusive right to enter upon the above mining property for the purpose of mining, sampling, mapping, drilling and otherwise enjoying the full and complete possession thereof under the terms of this Agreement and any extension or renewal thereof.

(2) The first party agrees to pay to the second party a ten percent (10%) royalty on all mint, mill or smelter returns derived from the above claims, net royalty to be construed as the net amount that the first party shall receive from the sale of ore after transportation, smelting or milling charges have been paid or the net amount received from the mint from the sale of metal to them, such royalties to apply on the purchase price of twenty-five thousand dollars (\$25,000.00) for the above named claims.

(3) The first party shall do at least two thousand dollars

(\$2,000.00), in work upon the above named claims annually and will file proof of labor on ground for as long as this Agreement is in force.

(4) The first party agrees to keep the second party free from any liens or encumbrances of any nature whatsoever arising from the first party's operation of the above named claims and to comply with all mining laws, both State and Federal and to operate in a miner-like fashion with due regard for the safety of the workmen and the preservation of the property as a workable mine.

(5) The first party agrees to allow the second party access to the property for the purpose of inspecting the same at any reasonable time and to furnish them with a copy of all samples, maps, etc., prepared by the first party.

(6) The first party agrees that if they locate any ground adjoining the above claims that it shall become a part of this Agreement and subject to the covenants herein contained.

(7) It is mutually agreed and understood that the term of this Agreement shall be for five (5) years with the option to renew for an additional five (5) years granted to the first party provided all the covenants herein contained have been fulfilled. However, the first party shall have the right to terminate this Agreement at any time upon giving the second party 30 days written notice thereof, which notice shall be in writing and shall be served upon the second party by Certified Mail, addressed to the second party at the above address. Upon the termination of this Agreement, for any reason, whatsoever, the first party shall have 90 days from said termination to remove their personal property and mining equipment from said claims.

(8) It is agreed that if there is any default by the first party in carrying out the terms of this Agreement, the second party may give the first party 30 days notice, in writing, of said default

specifying said default, and shall allow the first party 30 days to correct the same. If the said default is not corrected within 30 days, the second party, at their option may terminate this Contract and repossess the said claims. Notice of default shall be deemed given when deposited in the United States Mail as Certified Mail, addressed to the first party at the above address.

(9) During the term of this Agreement or any extension or renewal hereof, the first party shall have the sole and exclusive option to purchase all of the above described mining claims and any other property which may become subject to this agreement for the total sum of twenty-five thousand dollars (\$25,000.00). All royalties paid by the first party to the second party in connection with this agreement shall apply toward said purchase price. Second party agrees to furnish the first party good and sufficient title to the above mining property when the total sum of twenty-five thousand dollars (\$25,000.00) has been paid by accumulating royalties or otherwise.

(10) This Agreement shall be binding upon and inure to the benefit of the heirs, assigns, successors, administrators and executors of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above written.

BULLION MONARCH COMPANY, a Utah Corporation,

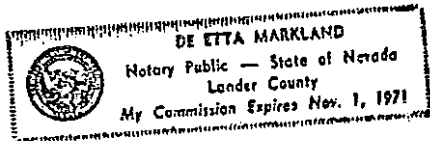
BY [Signature]
First Party

[Signature]
RONALD V. MURPHY

[Signature]
BEULAH K. MURPHY
-Second party-

STATE OF NEVADA,)
COUNTY OF Lander : SS

On this 8th day of July, 1979, personally appeared before me, Steeding & McKnight, officer of BULLION MONARCH COMPANY, who acknowledged that he executed the above instrument.



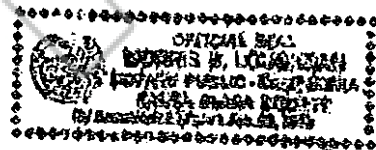
Sheila H. Hazzard
NOTARY PUBLIC

STATE OF CALIFORNIA,)
COUNTY OF San Bernardino : SS

On this 27th day of November, 1977, personally appeared before me, RONALD V. MURPHY and BEULAH K. MURPHY, who acknowledged that they executed the above instrument.

Harold S. Hazzard
NOTARY PUBLIC

68806



RECORDED AT THE REQUEST OF Bullion Monarch Company
on July 31, 1979, at 55 mins. post 8 A. M. In
Book 71 of OFFICIAL RECORDS, page 429-432, RECORDS OF
EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder
File No. 68806 Fee \$ 6.00

BOOK 71 PAGE 432