

## LEASE AND OPTION

THIS LEASE AND OPTION, made and entered into as of the 13<sup>th</sup> day of August, 1962, by and between R. D. RUBRIGHT and MARY JO RUBRIGHT of Salt Lake City, Utah, and FRED KURTZ, a single man, of \_\_\_\_\_, Illinois, hereinafter called "lessors" and BULLION MONARCH COMPANY, a Utah Corporation, Room 307 Henderson Bank Building, Elko, Nevada, hereinafter called "Bullion",

## W I T N E S S E T H:

## ARTICLE I

For and in consideration of the mutual promises and agreements herein made and agreed to be kept by the parties hereto, Lessors do hereby:

1. Lease let and demise unto Bullion its successors and assigns, the unpatented lode mining claims situate in the Lynn Mining District, County of Eureka, State of Nevada, known and recorded as:

Name of Claim	Certificate or Amended Certificate or Notice of Location recorded in the Records of said County of Eureka, State of Nevada	
	Book	Page
The Sunday	H	126
Badger	H	259
Badger #1	H	260
Unity #1	H	247
Unity #2	H	247
Junction	H	330
Compromise #4	H	261
Compromise #5	H	262
Compromise #6	H	262
Compromise #7	H	263
Lanira	H	259

together with all and singular the mines, minerals, lodes and veins within the lines of said claims and their dips and spurs and all dumps, plant, fixtures, improvements, rights, privileges and appurtenances thereunto belonging.

TO HAVE AND TO HOLD said mining claims and rights, hereinafter referred to as "leased premises," unless otherwise designated, unto Bullion for a term of twenty-five (25) years, commencing on the date hereof and ending at midnight on the 13<sup>th</sup> day of August, 1994,

unless terminated as hereinafter provided, together with the right to use the same and the workings therein for all uses and purposes incident to its mining operations in the leased premises and for any and all other lawful uses and purposes, including the right to prospect for, develop, mine, remove, ship, treat, sell and dispose of all ores, materials and minerals taken therefrom.

2. LESSORS ACKNOWLEDGE AND AGREE:

(a) Acknowledge that the consideration paid for this Lease and Option is in lieu of any requirement to perform work in the leased premises, except the annual labor required to maintain them as unpatented lode mining claims.

(b) That Lessors are the successors to all of the right title, and interest of John Robert Popovich and Ora Popovich in and to the above described unpatented lode mining claims; that no heirs, distributees, legatees or persons other than Lessors have any interest in said mining claims through John Robert Popovich or Ora Popovich and that Lessors have not encumbered said mining claims. Except as in this paragraph provided, Lessors make no representation or warranty with respect to said mining claims or their title thereto.

(c) That Bullion may, at its option, cause the estates of John Robert Popovich and Ora Popovich to be probated in the State of Nevada for the purpose of perfecting the record title in Lessors and may deduct the costs incurred in an amount not exceeding One Thousand Dollars (\$1,000.00) from any sums hereafter payable by Bullion under this Lease and Option.

ARTICLE II

In consideration of said demise, Bullion covenants and agrees:

1. That it will, upon undertaking any work in or upon the leased premises, forthwith post and thereafter keep posted in conspicuous places at entrances to the premises, such notices as may be necessary adequately to notify all persons who may come in or upon the leased

premises that they are held by Bullion under Lease from Lessors and that Bullion is liable for all labor performed and supplies and materials used by it in and upon said premises and that Bullion and not Lessors will be responsible for any and all debts expenses incurred in operations under this Lease all as may be required by the statutes of the State of Nevada.

2. That any work done by it in the leased premises will be performed in a good and minerlike manner with due regard to the safety, development and preservation of the leased premises and workings and operations therein; and it will remove, insofar as is practicable and consistent with good mining practice, all commercial ore encountered in exploration, development and mining operations in the leased premises to the end that such ore shall be removed or preserved and shall not be wasted or left in an inaccessible condition, it being understood, however, that there shall be no dumping of material removed from adjacent or any other premises without the written consent of the Lessors. All work in the leased premises shall at all times be under the sole control of and done in accordance with the exercise of the discretion and judgment of Bullion as to time, place, method and manner of operation.

3. That it will perform upon or for the benefit of said unpatented mining claims the assessment work required by the laws of the United States and the State of Nevada to keep and maintain them in good standing as unpatented lode mining claims for the assessment year ending September 1, 1969, and for each assessment year thereafter in which this Lease is in effect for six (6) months of the assessment year; provided, however, that for any year or years in which assessment work on unpatented mining claims shall be suspended by act of Congress, notice of intention to hold said unpatented mining claims or other instruments under any such law may be filed in lieu of performance or assessment work.

Bullion shall make and file affidavits of performance of such assessment work or notice of intention to hold said unpatented mining claims and promptly furnish Lessors copies of the Affidavits.

4. That it will pay to the Lessors, as royalty on all ores shipped from the leased premises four per cent (4%) of the net value per dry ton of such ores.

"Net value per dry ton" shall be the net mill or smelter schedule value of the ores, less the cost of railroad freight, treatment, assaying or special sampling charges incident to the settlement, and less the cost of truck haulage from mine to railroad siding or mill or smelter, plus any subsidy, or equivalent thereof, payable by the Federal Government or agency thereof, or from any other source as a result of the production, sale and/or disposal of the lot of ore or of the metal content thereof, if and to the extent that Government regulations permit.

Settlement for royalty on production, after having first applied and credited any costs which Bullion may deduct, as provided in Article I, Section 2 (c), shall be made on or before the last day of each calendar month or as soon thereafter as necessary data are available for all lots of ore shipped and sampled during the preceeding calendar month by depositing the same in Walker Bank and Trust Company, Salt Lake City, Utah, to the order and credit of Lessors as follows:

50% to R. D. Rubright  
50% to Fred Kurtz

accompanied by a statement showing the factors used in determining the amount of the royalty and any deductions therefrom.

5. That it will furnish and pay for all labor, power, tools, equipment, explosive, timber and other materials and supplies that may be used by it in work under this Lease; and will not allow any claim or lien for any such thing to be effectively made or asserted against the leased premises or against the Lessors.

6. That it will make available for inspection by Lessors maps showing all workings made in the leased premises by Bullion and assays of samples taken by Bullion in the leased premises, and it will permit Lessors to have access to logs of and cores and cuttings from drill holes made by Bullion in the leased premises.

7. That it will comply with the provisions of the Nevada

Unemployment Compensation Law, the Federal Unemployment Tax Act and the Federal Insurance Contribution Act; and it will make all payments, returns and reports required of it by such acts and will comply with and conform to the requirements, laws, ordinances and regulations of any governmental authority having jurisdiction over the leased premises.

8. That it will hold Lessors harmless and fully indemnify them against all claims or demands of any kind or nature which may be made upon them or against the leased premises for or on account of any debt or expense contracted or incurred by Bullion as well as against any and all acts, transactions or omissions of Bullion, its agents or servants, or the unsafe condition of the leased premises, except when Lessors have assumed the risk as provided in Section 10 of this Article.

9. That it will pay before they become delinquent all taxes on improvements and personal property placed by Bullion upon the leased premises and all taxes on the leased premises and productions therefrom for any period of this lease is in effect and will send to the Lessors a copy of receipts for all taxes paid.

10. That it will permit Lessors or their representatives, authorized in writing, at all reasonable times to enter, at Lessors risk, into the leased premises into any workings therein for the purpose of examining and inspecting the same and for surveying and sampling and ascertaining whether the terms and conditions of this Lease are being performed and carried out by Bullion, but representatives of Bullion may accompany Lessors or their representatives and Lessors or their representative, authorized in writing, at all reasonable times shall have access to the records of production from the leased premises and such other records as will show compliance on the part of Bullion with the provisions of this Lease and Option.

### ARTICLE III

#### THE PARTIES MUTUALLY AGREE THAT:

1. If Bullion shall at any time be in default in the performance of any of the terms and conditions hereof upon it made incumbent,

including payment of royalties, such default shall not operate to or give Lessors the right to cancel, forfeit or terminate this Lease, unless Lessors shall notify Bullion, in writing, specifying the exact nature of such default and unless Bullion shall within sixty (60) days from the date of receipt of such notification by Bullion fail to make any payment due hereunder or to proceed diligently to cure any other default.

2. Notwithstanding anything herein contained to the contrary, continuance of this Lease is optional with Bullion and no penalty, as distinguished from contractual obligations, shall accrue or be asserted against Bullion for failure to perform any undertaking of this Lease at any time and thereupon all its obligations and liabilities hereunder shall immediately cease and terminate, except liability on account of any obligation incurred or owing at the time of such termination.

3. In case of the expiration or termination of this Lease for any cause, Bullion shall have the right, within one hundred and twenty days (120) days from the date thereof, to remove from the leased premises all tools, equipment, machinery, buildings and other property placed therein or thereon by it, excepting ties and timber in place below the surface, and if, during such one hundred twenty (120) day period, inclement weather, storms, difficult roads or other causes beyond the reasonable control of Bullion makes it impossible even with reasonable diligence, to remove all such property from the leased premises, Bullion may, upon request have for that purpose an additional sixty (60) days.

#### ARTICLE IV

In consideration of the covenants made by Bullion in this lease, Lessors do hereby give and grant to Bullion, its successors and assigns the exclusive right and option, to be exercised at any time during the continuance of the term of this Lease, to purchase the mining claims and rights hereinabove particularly described as they then are for the sum of FIFTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$57,500.00).



All royalty paid under the lease including deductions made thereupon in accordance with the provisions of said Article I Section 2 (c) shall apply on said purchase price. In the event Bullion shall elect to purchase the leased premises, it shall deposit the amount owing on the purchase price in Walker Bank and Trust Company, Salt Lake City, Utah, to the order and credit of Lessors, as follows:

50% to R.D. Rubright  
50% to Fred Kurtz

Lessors simultaneously with the execution hereof have made, executed and acknowledged and placed in escrow with said Walker Bank and Trust Company a good and sufficient deed, conveying to Bullion the mining claims and rights hereinabove particularly described; and said Bank is instructed to deliver said deed to Bullion or its successor, at any time while this Lease is in effect upon the request of Bullion or its successors, and upon payment by Bullion or its successors of the balance owing on said purchase price; otherwise, said Bank shall hold said deed subject only to the order of Lessors. In determining for the purpose of this Article whether Bullion has paid the full purchase price, said Bank shall be fully protected in relying on any evidence satisfactory to it of expenditures made by Bullion and claimed to be applicable on account of the sums payable hereunder in accordance with the provisions of said Article I Section 2(c). Lessors and Bullion shall each pay one-half ( $\frac{1}{2}$ ) of the costs of the escrow.

#### ARTICLE V

##### THE PARTIES FURTHER MUTUALLY AGREE THAT:

1. All notices under this Lease and Option may be given by United States registered or certified mail and notice by such mail shall be deemed given when deposited in the mail with postage pre-paid and addressed as herein provided.

Notice by Lessors to Lessee shall be addressed to:

Bullion Monarch Company  
Room 307  
Henderson Bank Building  
Elko, Nevada 89801

Notice by Bullion to Lessors shall be addressed to:

R. D. Rubright  
Lark, Utah 84040

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Either party may from time to time change the address which it desires used and upon written notice to the other party, such changed address shall be deemed inserted herein in place of the address above stated.

2. In the event any provision of this Lease and Option should be declared by a court of competent jurisdiction to be invalid or counter to the laws of the State of Nevada or rendered invalid or inoperative by any ruling of the Federal Government or agency thereof, such holding shall not prejudice the intent and spirit of this Lease and Option and the other provisions hereof shall continue in full force and effect.

3. All the terms, covenants, agreements, and conditions embodied in and all rights and liabilities arising by virtue of any and all agreements, whether oral or written, covering the leased premises, heretofore entered into between the parties hereto, are superseded by this Lease and Option.

Each and every clause, covenant and condition of this Lease and Option shall inure to the benefit of and be binding upon the parties hereto, their heirs, administrators, executors, successors and assigns.

IN WITNESS WHEREOF, Lessors have hereunto set their hands and Bullion Monarch Company has caused this Lease and Option to be executed by its proper officers thereunto duly authorized and its corporate seal affixed, in quadruplicate originals, as of the day and year of this Lease first above written, one of which shall be lodged with said Bank as its escrow instructions for the holding and delivery of the documents herein mentioned.

BULLION MONARCH COMPANY

By William B. McNight  
President

-Lessee-

R. D. Rubright  
R. D. Rubright

Mary Jo Rubright  
Mary Jo Rubright

Fred Kurtz  
Fred Kurtz

-Lessors-

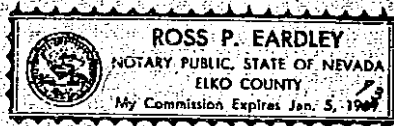
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STATE OF Nevada )  
COUNTY OF Elko ) ss

On this 13<sup>th</sup> day of August, 1969, personally appeared before me, Stanley G. McKnight, the President of Bullion Monarch Company who acknowledged that he executed the above instrument.



Ross P. Eardley  
Notary Public

STATE OF UTAH )  
COUNTY OF SALT LAKE ) ss

On this 1 day of August, 1969, personally appeared before me R. D. Rubright and Mary Jo Rubright, his wife, who acknowledged that they executed the above instrument.

SEAL  
Affixed

W. J. Emery  
Notary Public

STATE OF Illinois )  
COUNTY OF Tazewell ) ss

On this 7th day of August, 1969, personally appeared before me Fred Kurtz, who acknowledged that he executed the above instrument.

SEAL  
Affixed

68807

Robert M. Culbertson  
Notary Public

RECORDED AT THE REQUEST OF Bullion Monarch Company  
on July 31, 1979, at 56 mins. past 8 A. M. in  
Book 71 of OFFICIAL RECORDS, page 433-441, RECORDS OF  
SUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder  
File No. 68807 Fee \$ 11.00

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