

M I N I N G   L E A S E

This Mining Lease entered into this 4 day of  
June 1980, by and between Freeman E Churchfield  
 and \_\_\_\_\_, and \_\_\_\_\_  
~~Partners~~, herein referred to as Lessor(s) and GERALD E. Fontes  
 and DEAN HORN, hereinafter known as Lessee.

W I T N E S S E T H

Whereas the Lessor is the owner of the following  
 described unpatented mining claims in ~~Elko~~ <sup>Elko</sup> County, Nevada  
 to wit:

| Name of Claims      | Date Recorded | Book               | Page |
|---------------------|---------------|--------------------|------|
| Lucky Jack - (1-29) |               |                    |      |
|                     |               | <u>file number</u> |      |
| 1-8                 | 1978          | 66261              |      |
|                     |               | 68396              |      |
| 9-23                | 1979          | 68552              |      |
|                     |               | 68544              |      |
| 24-29               | 1979          | 68805              |      |

Whereas the parties are mutually desirous of entering into a mining lease in accordance with the terms and conditions hereinafter expressed.

Now, therefore in consideration of the mutual premises, covenants, and conditions herein set forth, and other adequate consideration, the receipt and sufficiency of which is hereby acknowledged, the parties have and do agree as follows:

1. Grant of Lease. Subject to the terms, provisions, and conditions herein contained the Lessor hereby leases to the Lessee all of the right, title, and interest of the Lessor in and to the above subject claims, together with the right to immediately enter into and take sole possession of the mineral interests in said claims for the purpose of mining development and exploration of the said mining claims, and any and all barite values therein contained, and for all purposes and activities reasonably incident thereto.

2. Term of Lease. This Lease shall be for a primary term of one (1) year, subject to yearly renewal, upon negotiations relevant to market value of product (s). Lessee shall notify Lessor in writing thirty (30) days prior to expiration date of his intentions to release above said property.

3. Royalty. Lessors have reserved, and Lessee shall pay to Lessors, a royalty of Three and 00/100 Dollars (\$3.00) per ton of Jig ore extracted from above claims and Five and 00/100

Dollars (\$5.00) per ton direct ship ore, or ten percent (10%) of ore sale price, whichever is greater.

Any sum payable to Lessors as royalties on any shipment, lot of ores, concentrates, or other mineral products extracted, shipped and sold hereunder shall be paid by the Lessee to Lessor on or before the 15th day of the month next succeeding the close of the calendar month during which Lessee shall have received full payment for such shipment.

4. Manner of performing Work. All of the work which may be performed by the Lessee hereunder shall be performed in a manner so as to obtain the maximum economic return from the mining claims and in such manner required to maintain such property.

Lessee shall comply with all laws, rules, and regulations pertaining to any and all operations and activities hereunder of Federal, State, and Local authorities and on request of Lessor furnish supporting evidence of such compliance.

Lessor and its agents, authorized in writing, shall at their own risks have the right at all reasonable times when accompanied by a representative of the Lessee to enter onto and upon the mining claims and the workings thereon for the purpose of inspecting the same and for ascertaining whether the terms and conditions hereof are being carried out and performed by Lessee.

Lessee will keep accurate records of his operations hereunder including the amount of ore taken from the mining claims and the assay thereof; said record shall be accessible for inspection by the Lessor at all reasonable times.



5. Protection from Liens and Indemnity. Lessee shall promptly pay all bills and accounts for labor performed and supply materials furnished in and for operations under this Lease, and shall not allow any claim or lien to be effectually made or asserted against the mining claims.

Lessee shall hold Lessor harmless and fully indemnify them against all claims and demands of any kind or nature which may be made upon them or against the mining claims, for or on account of any debt or expenses incurred by Lessee, as well as from and against any and all acts, transactions or omissions of Lessee, his agent, or employees, Lessee shall defend and save Lessor harmless and fully indemnify them against all liability for or on account of injury to, or death, of any person or persons, or damage to any property sustained during the continuance of this lease alleged to have resulted from any act or omission of Lessee, his agents, or employees, or the unsafe condition of the mining claims.

6. Taxes. So long as the within Lease shall remain in force and effect, Lessee shall pay when due all taxes assessed against his personal property and improvements placed upon the mining claims. All taxes measured or calculated on the basis of production from the mining claims shall be paid by the Lessee. In the event of termination of this Mining Lease for any reason, irrespective of any provisions elsewhere contained herein if any such taxes have accrued but are not then payable, Lessee shall remain responsible for payment at the time the same become due and payable.

7. Location of Adjacent Claims. Should the Lessee locate any unpatented mining claims while this lease shall remain in effect which are adjacent to the mining claims described herein, such newly located claims shall be located in the name and for the benefit of the Lessor.

8. Annual Assessment Work. Lessee agrees that during each assessment year during the term of this Lease, Lessee will perform upon each of the mining claims, assessment work of a character and value reasonably expected to satisfy the requirements of the mining laws of the State of Nevada and the United States of America, and will record necessary proofs on or before September 1 of each assessment year with county recorder and the Bureau of Land Management.

9. Forfeiture. The failure of Lessee to make or to cause default of the payments herein provided for, or to fail to keep or perform any obligation of agreement required of him by the terms and provisions of this Lease shall constitute an event of default of this Lease. However, in the event of a default on the part of the Lessee and the election of the Lessor to terminate this lease on account thereof, Lessor shall give Lessee a written notice of its intention to declare a forfeiture of this Lease and to terminate the same on account thereof specifying the particular default of defaults of Lessee. Lessee shall have thirty (30) days after receipt of such notice in writing by certified mail to correct or cure such default or defaults, in which event there shall be no forfeiture thereof; provided further that in case of default of the payment of royalties, Lessee shall have only five (5) days after receipt of such notice in which to make good such default

or defaults. Waiver or failure to give notice of a particular default or defaults shall not be construed as condoning any subsequent default.

10. Lessee's Right of Surrender. Notwithstanding any provision herein to the contrary, Lessee may at any time upon thirty (30) days prior written notice to Lessor, surrender his right under this Lease and thereby cancel and terminate this Lease. In order to exercise such right of surrender Lessee shall supply Lessor with a recordable instrument in proper form terminating and surrendering to Lessor any right and interest which Lessee may have obtained under this Lease. Upon such cancellation and termination Lessee shall be under no further obligation whatsoever to Lessor except for the making of payments which have already accrued as of the date of such cancellation and termination.

11. Force Majeure. The breach of failure to perform any of the covenants or conditions hereof on the part of Lessee shall not be grounds for cancellation, termination, or foreclosure when such breach or failure to perform is caused or compliance is prevented by; severe weather conditions, explosions, unusual mining casualty, fire, flood, any civil or military authority, insurrections, riots, strikes, acts of God, insufficient ore market for profitable mining, or on account of any eventuality beyond the reasonable control of Lessee while such circumstances or conditions shall continue to exist. Provided however that Lessee shall notify Lessor in writing specifying the conditions so existing, and Lessee shall in such event use all reasonable diligence to remove such preventing cause and upon its removal



shall thereafter promptly resume work. In no event, however, will Lessee be relieved of the obligation to pay royalties and taxes required hereunder.

12. Removal of Personal Property. Lessee shall have a period of ninty (90) days after a valid forfeiture, cancellation, or other termination of this Lease to remove from the mining claims all warehouse stocks, merchandise, materials, tools, equipment, supplies, all machinery trade fixtures and personal property erected or placed in or upon the mining claims by Lessee, provided however that Lessee shall not remove any timbering or other underground structures required for support of any underground drifts, tunnels or other workings. Lessee shall be entitled to remove any underground track rails, water or air pipelines, or electrical lines installed by him.

LESSEE:

Herald E. Fontes  
Dean Horn

LESSORS:

Frederic E. Shufeld  
\_\_\_\_\_  
\_\_\_\_\_



BETTY J. TOMPOROWSKI  
Notary Public - State of Nevada  
Eureka County, Nevada  
Commission expires Oct. 21, 1980

RECORDED AT REQUEST OF  
Diane Kincaid  
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80 SEP 25 AB: 19

OFFICIAL RECORDS  
EUREKA COUNTY, NEVADA  
WILLIS A. DEPAULI-RECORDER  
FILE NO. 76843  
FEE \$ 9.00

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