

MINING LEASE

This Mining Lease entered into this 15th day of
September 1980, by and between
 and Eremon E. Churchfield, and Jane Churchfield
 Partners, herein referred to as Lessor(s) and
James S. McCool, hereinafter known as the Lessee.

WITNESSETH

Whereas the Lessor is the owner of the following
 described unpatented mining claims in Eureka County, Nevada
 to wit:

<u>Name of Claims</u>	<u>Date Recorded</u>	<u>Book</u>	<u>Page</u>
Lucky Jack #1	9/14/78	66	73
Lucky Jack #2	9/14/78	66	74
Lucky Jack #3	9/14/78	66	75
Lucky Jack #4	9/14/78	66	76
Lucky Jack #5	6/5/79	70	398
Lucky Jack #6	6/5/79	70	399
Lucky Jack #7	6/5/79	70	400
Lucky Jack #8	6/5/79	70	401
Lucky Jack #9	6/20/79	70	581
Lucky Jack #10	6/20/79	70	582
Lucky Jack #11	6/20/79	70	583
Lucky Jack #12	6/20/79	70	584
Lucky Jack #13	6/25/79	71	8
Lucky Jack #14	6/20/79	70	586
Lucky Jack #15	6/20/79	70	587
Lucky Jack #16	6/20/79	70	588
Lucky Jack #17	6/20/79	70	589
Lucky Jack #18	6/20/79	70	590
Lucky Jack #19	6/20/79	70	591
Lucky Jack #20	6/20/79	70	592
Lucky Jack #21	6/20/79	70	593
Lucky Jack #22	6/20/79	70	594
Lucky Jack #23	6/20/79	70	595

<u>Name of Claims</u>	<u>Date Recorded</u>	<u>Book</u>	<u>page</u>
Lucky Jack # 24	7/30/79	71	423
Lucky Jack # 25	7/30/79	71	424
Lucky Jack # 26	7/30/79	71	425
Lucky Jack # 27	7/30/79	71	426
Lucky Jack # 28	7/30/79	71	427
Lucky Jack # 29	7/30/79	71	428

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 and thereafter so long as there is continuous production of ores except when Lessee is prevented from continuing production due to conditions set forth in that paragraph relating to Force Majeure.

3. Royalty. Lessors have reserved and Lessee shall pay to Lessors, a royalty of ONE-FORTH (1/4) OF THE GROSS INCOME OF ALL BARITE ore extracted from the above claims. ~~_____~~
~~_____~~
~~_____~~
~~_____~~

Any sum payable to Lessors as royalties on any shipment, or 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 risk 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 expense incurred by Lessee as well as from and against any and all acts transactions or omissions of Lessee his agent or employees and 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 and 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 or for the benefit of 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 closely record necessary proofs on or before September 1 of each assessment year.

9. Forfeiture. The failure of Lessee to make or to cause to be made any of the payments herein provided for or to keep or perform any obligation or agreement required of him by the terms and provisions of this Lease shall constitute an event of default of this Lease at the election of Lessor provided, however that 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 or defaults relied upon. Lessee shall have thirty (30) days after receipt of such notice in which 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 only have 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 or termination or forfeiture when such breach or failure to perform is caused or compliance is prevented by severe weather conditions, explosions, unusual mining casualty, fire, flood or 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 ninety (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 and 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 tract rails water or air pipelines or electrical lines installed by him.

13. Minimum Work Requirements. Lessee agrees to ship a minimum of ~~one~~ one Hundred & Fifty (150) tons of ore per month, or pay an equivalent royalty each month in the event such amount is not shipped. The Lessors agree to allow Lessee sixty (60) days from the date of this Lease in which to begin shipping ore, thereafter payments shall be made on a monthly basis.

LESSEE: James S. McCool

LESSORS: Thomas E. Sturdivant
Jane Churchfield

9-24-80
Betty J. Tomporowski



BETTY J. TOMPOROWSKI
Notary Public - State of Nevada.
Eureka County, Nevada
Commission expires Oct. 21, 1990.

RECORDED AT REQUEST OF
James S. McCool
BOOK 89 PAGE 142

80 NOV 3 11:19

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
WILLIS A. DEPAUL, RECORDER
FILE NO. 77658
FEE \$ 9.00

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