

87260

MINING LEASE

THIS MINING LEASE, made and entered into this 14th day of February, 1983, by and among BULLION MONARCH CO., a Utah corporation ("Owner"), GOLD STANDARD, INC., a Nevada corporation ("First Lessee"), and JOHN BROWN HOLDING CORP., a West Virginia corporation ("Second Lessee").

WHEREAS, the Owner and the First Lessee entered into a Mining Lease dated January 3, 1983, a copy of which is annexed hereto as Exhibit "A" (the "Mining Lease"); and

WHEREAS, the Second Lessee agreed on January 27, 1983, with the First Lessee to acquire the interest of the First Lessee in the said Mining Lease provided that certain modifications were made in said Mining Lease; and

WHEREAS, the parties desire that this document integrate in one instrument the terms of the January 3rd Mining Lease together with such modifications as heretofore agreed.

W I T N E S S E T H :

For and in consideration of the mutual covenants among each of them herein contained, First Lessee and Owner do hereby let, demise and lease unto Second Lessee the following

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described unpatented lode mining claims situate in the unknown mining district, Eureka, County, Nevada and Owner hereby consents to said transfer in accordance with the terms and conditions set forth below (hereinafter referred to as the "Property"):

For purposes of this Lease, the Property is divided into four groups according to public land section:

- (i) Township 33 North, Range 51 East, MDB&M
Section 12: IX Nos. 1-30
- (ii) Township 33 North, Range 51 East, MDB&M
Section 14: IX Nos. 31-60
- (iii) Township 33 North, Range 50 East, MDB&M
Section 12: IU Nos. 1-24
- (iv) Township 33 North, Range 50 East, MDB&M
Section 24: Pat. Nos. 1-30

I.

TERM

The term of this Lease shall be for one year from the date hereof, subject to the performance by the Second Lessee of all the conditions, covenants and agreements to be kept and performed by it; provided however, that this Lease may be

renewed from year to year as hereinafter provided and if so renewed, this Lease may not be terminated by Owner or First Lessee. However, in no event shall this Lease extend longer than allowed by law.

This Lease may be renewed by Second Lessee as to one or more of all of the above described surveyed sections ("sections") which comprise the Property, for one year at a time upon delivery of written notice of renewal to Owner or First Lessee on or before sixty (60) days prior to the expiration of the original or any renewal lease year which commences on the date hereof; provided however, that as a condition to renewal, Second Lessee must expend anywhere upon the Property an aggregate of at least \$100,000 during the first lease year and \$200,000 during the second lease year, for exploration, development, mining and/or production; thereafter Second Lessee may elect to pay to Owner and First Lessee per month, in lieu of \$200,000 aggregate annual expenditure upon the property, a monthly aggregate rental of \$5,000 per month payable in the proportions set forth in Article IV.

The expenditures required for renewal shall be reduced pro-rata on a section by section basis if Second Lessee elects not to renew this Lease with respect to one or more sections, and the expenditure of such a proportionately reduced

amount shall entitle the Second Lessee to renew with respect to a correspondingly reduced number of sections.

The amount of actual aggregate expenditure expended by Second Lessee in any year in excess of the minimum aggregate expenditure required for renewal pursuant to this section, shall be carried forward as a credit toward the amount of minimum aggregate expenditure required in subsequent years as a prerequisite for renewal, and shall reduce the amount required for such subsequent renewal on a dollar for dollar basis.

II.

OWNER'S AND FIRST LESSEE'S WARRANTY OF TITLE

Each of Owner and First Lessee, jointly and severally, hereby represent and warrant to Second Lessee that each of the four sections comprising the Property is contiguous to the sections known as Newmont Mining Company's Maggie Creek Gold Property (of which the Gold Quarry Mine is a part) and that the area covered by the Property, and each mining claim (except as provided in the next paragraph), has been and is properly and validly located under the mining laws of the United States of America and the State of Nevada; that assessment work on the mining claims, and each of them, has been

performed at the time, in the manner, and to the extent required by law; that the mining claims are all in good standing, subsisting and valid at the date hereof, and are free and clear of all liens, encumbrances, leases and claims of third parties, except only rights reserved to the United States in respect of unpatented mining claims generally.

Owner agrees to locate and perfect mining claims Pat. Nos. 1-9 on Section 24 of Township 33 North, Range 50 East, MDB&M as soon as possible. Second Lessee may take any action reasonably necessary to cure any defect in the title to the Property, and the expense incurred in curing such defect may be deducted from any amounts payable hereunder to Owner and/or First Lessee. Owner and First Lessee covenant to cooperate with Second Lessee in any legal action or proceeding which Second Lessee deems necessary or desirable to acquire title or to cure title defects.

III.

WORK REQUIREMENT

Except as a condition to automatic renewal as provided in Article I, and as provided in Article XV, there is no work requirement.

IV.

CONSIDERATION

As and for consideration of this Lease, Second Lessee has paid in hand to each of Owner and First Lessee the sum of FIFTEEN THOUSAND DOLLARS (\$15,000.00) the receipt of which is hereby acknowledged by each of Owner and First Lessee and Second Lessee agrees to pay to each of Owner and First Lessee an additional FIFTEEN THOUSAND DOLLARS (\$15,000.00) on or before one hundred twenty (120) days from the date hereof unless Second Lessee terminates this Lease prior to such deferred payment date. If Second Lessee reaches production upon the Property in any section, it shall be entitled to first reimburse itself out of the net production profits for the aggregate consideration paid for this Lease and for 100% of its aggregate expenditures upon the Property for exploration, development, mining and production. Once all such expenditures are recouped, net production profits shall be allocated as follows: 25% to Owner, 11.25% to First Lessee and 63.75% to Second Lessee. In arriving at net production profits, only costs of operation related to the Property shall be deducted from production revenues.

V.

USE OF PROPERTIES

Second Lessee shall have the following rights with respect to the Property and Owner and First Lessee warrant that Second Lessee shall have the free and undisturbed enjoyment and exercise of such rights during the term of this Lease or any extension thereof:

(a) The exclusive right during the term hereof to explore, prospect, develop, mine and extract, whether by underground, surface or other methods, any and all metals, ores, minerals, mineral substances and materials of all kinds, in, under, upon and that may be produced from the Property, including all dump ores located on the Property ("Products"), and to store, stockpile, remove, ship, treat, process, sell and dispose of Products.

(b) The exclusive right to carry on general mining, milling and refining operations pertaining to the Property or other property on the surface of or through underground or surface workings on the Property.

(c) The exclusive right to use any part of the Property for tailings ponds and waste dumps and for any other purposes incident to underground or surface mining operations on the Property or other property.

(d) The exclusive right to construct, use and maintain upon the Property and the surface thereof such structures, mining machinery, equipment, tools, ore bins, roads, shafts, inclines, tunnels, drifts, open pits, pipelines, telephone lines, electric transmission lines, water storage and transmission facilities and pipelines, concentrating or other milling facilities, buildings, shops and other facilities as Second Lessee may deem advisable.

(e) The right to do all other things which are incidental to or which may be useful, desirable or convenient in Second Lessee's exercise of any or all of the rights granted to Second Lessee hereunder.

VI.

BOOKS AND RECORDS

Owner or Owner's authorized agents shall at all reasonable times be permitted to inspect any of Second Lessee's records pertaining to grades of ore and tonnages shipped, in order to ascertain the correct amounts due them, or to determine whether or not the provisions of the Lease are being complied with. Specifically, Second Lessee shall keep an accurate record of all weight slips which Owner may inspect to ascertain

the amount of material removed by Second Lessee from the property and Second Lessee shall instruct all of its employees, agents, and third party haulers to allow an inspection of the same by Owner.

VII.

OWNER'S RIGHT OF INSPECTION OF PROPERTY

Second Lessee shall allow Owner and Owner's agents to enter upon and into all parts of the Property at their own risk for purposes of inspection at such reasonable times as shall not interfere with the regular operation of the leased premises. Owner shall hold Second Lessee harmless from all injuries to Owner or Owner's agents incurred during any such inspections, except such injuries as are caused by the intentional acts of Second Lessee or its negligence.

VIII.

ORES NOT TO BE CO-MINGLED

Second Lessee shall not mix any ores, minerals or Products mined from the Property with the ores, minerals or Products derived from any other property prior to creating a written, permanent record by weight slips or otherwise of the amount of such material mined from the Property.

IX.
STATE AND FEDERAL ENACTMENTS--
INDEMNIFICATION OF LESSORS

Second Lessee, in the operation and development of the Property, shall fully comply with all applicable Federal enactments, laws of the State of Nevada, and all Federal and State rules and regulations including, without limitation, Employees' Liability, Nevada Industrial Insurance, Workmen's Compensation and Workmen's Old Age and Unemployment Insurance; and Second Lessee covenants and agrees to indemnify and hold harmless the Owner from and against the payment of any and all damages, claims, costs and expenses due to the existence of such enactments, and of any and all claims, costs and expenses in connection therewith under any claim or subrogation provided for by said enactments or otherwise; and the Second Lessee shall further indemnify and hold harmless the Owner from and against any and all damages, claims, costs and expenses arising out of damage to property or any injuries to or death of the employees of the Second Lessee, or any other person whomsoever other than the Owner and those acting under Owner, where such injury, death or damage occurs because of or in connection with the use, operation or development in any manner of the property hereby leased, whether such claims are based upon a right conferred by the common law or by statute.

X.

ENVIRONMENTAL LAWS

Second Lessee shall specifically comply with all laws now or hereafter pertaining to environmental protection and requiring reclamation of the area, and shall hold Owner harmless for any noncompliance with said laws.

This paragraph shall continue in effect upon the forfeiture, default, surrender, or other termination of this Lease until it shall be fully complied with by Second Lessee.

XI.

PROPERTY TO BE KEPT FREE OF LIENS

Second Lessee shall pay and satisfy all claims for materials, supplies and labor in connection with the working of the Property and shall keep the Property free of liens and encumbrances of any and every kind, except such as may result from the acts of Owner or First Lessee.

XII.

TAXES

Second Lessee shall pay all state and county tax assessments upon any and all structures and other improvements, machinery, equipment, tools, supplies and personal property whatsoever placed upon the Property by Second Lessee. The net proceeds of mine taxes shall be paid by Second Lessee, First Lessee and Owner proportionately as required by law. In the event of default by Owner or First Lessee, Second Lessee may pay Owner's and/or First Lessee's share of such taxes and deduct the same from payments due them hereunder.

XIII.

ASSESSMENT WORK

Second Lessee shall, within the time required by law, perform all annual assessment work and labor necessary to maintain and protect title to the unpatented claim hereby leased, and record proofs of such labor and work with the applicable County Recorder, and the BLM, as required by state and federal statute and regulations, commencing with the current assessment work year.

XIV.

OWNER'S RIGHT TO INFORMATION

In the event of termination of this agreement for any reason whatsoever, the Second Lessee agrees to furnish Owner with copies of all drilling and sampling data, reports of tests, a map accurately showing the exploration and development work performed by the Second Lessee upon the Property, and copies of any and all geological maps relating to the Property prepared by Second Lessee.

XV.

LESSEE'S RIGHT OF SURRENDER

It is mutually understood and agreed that Second Lessee may, at any time and for any reason whatsoever, terminate this lease or surrender one or more of the sections to Owner or First Lessee upon delivering sixty (60) days written notice and a Quitclaim Deed to Owner or First Lessee as to all or part of the Property as the case may be, paying to Owner and First Lessee all sums due and payable to Owner and First Lessee to the effective date of such surrender; provided that Second Lessee shall perform the annual assessment work prior to the time required by law with respect to such sections.

XVI.

DEFAULT AND FORFEITURE

If for any reason there shall be default on the part of Second Lessee, and Second Lessee shall fail or refuse to comply with any of the terms and provisions hereof, then at the option of Owner, Owner may give notice in writing to Second Lessee of such default, specifying the nature and character thereof, and unless the default shall be corrected within 60 days after the receipt by the Second Lessee of such notice, then at the option of Owner this Lease and all rights thereunder of Second Lessee shall be terminated and forfeited and Second Lessee shall quietly and peaceably surrender the Property unto Owner.

XVII.

DELIVERY OF QUITCLAIM DEED AND
REMOVAL OF EQUIPMENT AND BUILDINGS

It is mutually understood and agreed that in case of forfeiture, default, surrender or other termination of this Lease, Second Lessee shall execute, acknowledge and deliver to Owner a Quitclaim Deed to the Property and all buildings, underground timbering supports, shaft linings and other fixtures necessary for the preservation of any mines, all rails

and head frames upon or in the Property, and all water rights developed by Second Lessee, which shall be and remain a part of the realty and shall revert to the Owner without further consideration or compensation.

It is further understood and agreed that all personal property of Second Lessee located within the leased premises, and all buildings, machinery, equipment and tools (other than the fixtures to become the property of the Owner as above provided) shall be removed from the Property by Second Lessee within one hundred eighty (180) days after the forfeiture or termination of the Lease. All property remaining on the premises after such date shall become the property of the Owner.

XVIII.

ASSIGNMENT OR SUBLEASE BY SECOND LESSEE

Second Lessee may freely assign this agreement or sublease the Property. In the event of an assignment of this agreement, Second Lessee shall notify Owner of such assignment or sublease, which notice shall contain the name and address of any such assignee and sub-lessee or person or persons holding under or pursuant to assignment or sublease from Second Lessee.

XIX.

ASSIGNMENT BY OWNER

If Owner assigns or transfers any interest in the Property to others, Owner shall give written notice thereof to Second Lessee. All such assignments or transfers which Owner may grant shall be subject and subordinate to the rights and interests granted herein to Second Lessee under this Lease.

XX.

ADDRESS FOR NOTICES

Any notice contemplated herein to be served upon Second Lessee shall be in writing, and shall be deemed served when mailed by registered or certified mail, return receipt requested to the address of the party as set forth below.

The addresses of the parties for payments and mailing of notices hereunder shall be as follows:

Second Lessee: John Brown Holding Corp.
78 Moses Lane
Southampton, New York 11968

copy to:

Stroock & Stroock & Lavan
61 Broadway
New York, New York 10006
Attn: Franklin Feldman, Esq.

First Lessee:

Gold Standard, Inc.
c/o Monarch Mill
P.O. Box 176
Austin, Nevada 89310

Owner:

Bullion Monarch Co.
202 Henderson Bank Building
P.O. Box 712
Elko, Nevada 89801

Any party shall have the right upon previous notice to the other party to change its address for notices and payments; provided, however, that such notice shall not be effective until received by the party to be notified.

XXI.

FORCE MAJEURE

Neither of the parties hereto shall be liable to the other for failure to perform the obligations required to be performed hereunder for such period of time as failure of performance is caused by any reason beyond their control including, without limitation, strikes, acts of God, war, or national emergency, government restrictions or inclement weather.

XXII.

CONFIDENTIALITY

During the initial term and any extension of this Lease, all information or data obtained by Owner or First Lessee relating to the exploration, development or mining of the Property shall be promptly disclosed to Second Lessee and otherwise kept confidential by Owner and First Lessee and not disclosed to any third person without Second Lessee's written consent (except as may be required by applicable securities laws).

XXIII.

RECORDING .

Owner and First Lessee agree that Second Lessee is permitted to record its interest or that of its assigns or to take any other action which it deems necessary or proper to fully protect its interests. Owner and First Lessee hereby agree to execute any and all documents which Second Lessee deems, in its sole discretion, necessary or proper to so protect its interests.

XXIV.

PARTIES' RIGHTS AND LIABILITIES

Owner and First Lessee are not partners of Second Lessee. Owner and First Lessee shall under no circumstances be responsible for any of Second Lessee's costs or liabilities.

XXV.

PRIOR AGREEMENTS

Owner and First Lessee hereby waive with respect to Second Lessee any rights which they may have under any prior agreements or leases between them or any third party including, but not limited to, the Mining Lease between Owner and First Lessee, dated January 3, 1983, and as it may be subsequently amended. Owner and First Lessee agree that this Lease represents the entire agreement by and among the parties hereto and that Second Lessee is not subject to any obligations, limitations or restrictions not expressly contained herein.

XXVI.

BINDING EFFECT

This Lease shall inure to the benefit of and be binding upon the parties hereto and their representatives, heirs, personal representatives, successors and assigns.

XXVII.

GOVERNING LAW

This agreement shall be governed by the laws of the State of Nevada.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first hereinabove written.

OWNER:
BULLION MONARCH CO., a Utah corporation

By William B. McLaughlin

FIRST LESSEE:
GOLD STANDARD, INC., a Nevada corporation

By Jay Lott VICE-PRESIDENT

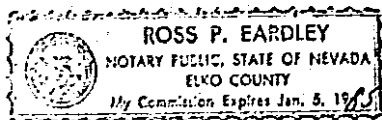
SECOND LESSEE:

JOHN BROWN HOLDING CORP.,
a West Virginia Corporation

By Tobias Berman
Tobias Berman, President

STATE OF NEVADA,)
) ss.:
COUNTY OF ELKO)

On this 18th day of February, 1983, personally appeared before me, a Notary Public, Stanley B. McFinn, to me known, who being duly sworn, did depose and say that he executed the foregoing instrument as Secretary of BULLION MONARCH CO., a Utah corporation.

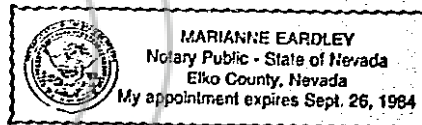


Ross P. Eardley
Notary Public

STATE OF NEVADA,)
) ss.:
COUNTY OF ELKO)

On this 27th day of February, 1983, personally appeared before me, a Notary Public, Jay Scott, to me known, who being duly sworn, did depose and say that he executed the foregoing instrument as Vice-Pres. of GOLD STANDARD, INC., a Nevada corporation.

Marianne Eardley
Notary Public



STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 15th day of February, 1983, personally appeared before me, a Notary Public, TOBIAS BERMAN, to me known, who being duly sworn, did depose and say that he executed the foregoing instrument as President of JOHN BROWN HOLDING CORP., a West Virginia corporation.

Augusta M. Tarter
Notary Public

AUGUSTA M. TARTER
NOTARY PUBLIC, State of New York
No. 41-4755729
Qualified in Queens County
Commission Expires March 30, 1984



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EXHIBIT A

COPY

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MINING LEASE

THIS MINING LEASE, made and entered into this
22 day of January, 1983, by and between BULLION MONARCH
CO., a Utah corporation, Owner, and GOLD STANDARD, INC., a
Nevada corporation, Lessee,

W I T N E S S E T H:

For and in consideration of the mutual covenants
between them herein contained, Owner does hereby let, demise
and lease unto Lessee the following described unpatented lode
mining claims situate in the unknown mining district, Eureka,
County, Nevada (hereinafter referred to as the "Property");

(See Exhibit A attached hereto and
made a part hereof.)

I.

TERM

The term of this Lease shall be one year from date
hereof, subject to the performance by the Lessee of all the
conditions, covenants and agreements by them to be kept and
performed; provided however, that the Lease may be renewed from
year to year as hereinafter provided; provided further however,
that in no event shall the Lease extend longer than allowed by law.

This Lease may be renewed as to one or more of all of
the surveyed sections which comprise the Property for one year at
a time upon delivery of written notice of renewal to Owner on or
before sixty (60) days prior to the expiration of the original or
any renewal lease year which commences on the date hereof; provided
however, that as a condition to renewal, Lessee must expend anywhere
upon the Property at least \$25,000.00 per surveyed section to be
renewed during the first lease year, and \$50,000.00 per surveyed
section to be renewed during any subsequent lease year, for explor-
ation, development, mining, and/or production.

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ELKO, NEVADA 89601

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II.

OWNER'S WARRANTY OF TITLE

Owner represents and warrants that the area covered by the Property, and each mining claim, has been and is properly and validly located under the mining laws of the United States of America and the State of Nevada; that assessment work on the mining claims, and each of them, has been performed at the time, in the manner, and to the extent required by law; that the mining claims are all in good standing, subsisting and valid at the date hereof, and are free and clear of all liens, encumbrances, leases and claims of third parties, except only rights reserved to the United States in respect of unpatented mining claims generally.

Lessee may take any action reasonably necessary to cure any defect in the title to the Property, and the expense incurred in curing such defect may be deducted from any royalties payable hereunder to Owner. Owner covenants to cooperate with Lessee in any legal action or proceeding Lessee deems necessary or desirable to acquire title or to cure title defects.

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III.

WORK REQUIREMENT

Except as a condition to automatic renewal above described, there is no work requirement.

IV.

CONSIDERATION

As and for consideration of this Lease, Lessee shall pay to Owner: (a) The sum of FIFTEEN THOUSAND DOLLARS (\$15,000.00) on the date hereof; and (b) FIFTEEN THOUSAND DOLLARS (\$15,000.00) on or before one hundred twenty (120) days from the date hereof unless this Lease is terminated prior to such deferred payment date. If Lessee reaches production upon the Property in any section, it shall be entitled to first reimburse itself out of the production profits for 100% of its expenditures upon the Property for exploration and development. Once all such expenditures are recouped, all production profits shall be split 25% to Owner and 75% to Lessee. In arriving at production profits, only costs of operation related to the Property shall be deducted.

V.

USE OF PROPERTIES

Lessee shall have the following rights with respect to the Property during the term of this Lease or any extension thereof:

(a) The exclusive right during the term hereof to explore, prospect, develop, mine and extract, whether by underground, surface or other methods, any and all metals, ores, minerals, mineral substances and materials of all kinds, in, under, upon and that may be produced from the Property, including all dump ores located on the Property, and to store, stockpile, remove, ship, treat, process, sell and dispose of products.

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(b) The exclusive right to carry on general mining, milling and refining operations pertaining to the Property or other property on the surface of or through underground or surface workings on the Property.

(c) The exclusive right to use any part of the Property for tailings ponds and waste dumps and for any other purposes incident to underground or surface mining operations on the Property or other property.

(d) The exclusive right to construct, use and maintain upon the Property and the surface thereof such structures, mining machinery, equipment, tools, ore bins, roads, shafts, inclines, tunnels, drifts, open pits, pipelines, telephone lines, electric transmission lines, water storage and transmission facilities and pipelines, concentrating or other milling facilities, buildings, shops and other facilities as they may deem advisable.

(e) The right to do all other things which are incidental to or which may be useful, desirable or convenient in Lessee's exercise of any or all of the rights granted to Lessee hereunder.

VI.

BOOKS AND RECORDS

Owner and Owner's authorized agents shall at any and all reasonable times be permitted to inspect any of Lessee's records pertaining to grades of ore and tonnages shipped, in order to ascertain the correct amount of royalties due Owner, or to determine whether or not the provisions of the Lease are being complied with. Specifically, Lessee shall keep an accurate record of all weight slips which Owner may inspect to ascertain the amount of material removed by Lessee from the property and Lessee shall instruct all of its employees, agents, and third party haulers to allow an inspection of the same by Owner.

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VII.

OWNER'S RIGHT OF INSPECTION OF PROPERTY

Lessee shall allow Owner and Owner's agents to enter upon and into all parts of the Property at their own risk for purposes of inspection at such reasonable times as shall not interfere with the regular operation of the leased premises. Owner shall hold Lessee harmless from all injuries to Owner or Owner's agents incurred during any such inspections, except such injuries as are caused by the intentional acts of Lessee or its negligence.

VIII.

ORES NOT TO BE CO-MINGLED

Lessee shall not mix any ores, minerals or products mined from the Property with the ores, minerals or products derived from any other property prior to creating a written, permanent record by weight slips or otherwise of the amount of such material mined from the Property.

IX.

STATE AND FEDERAL ENACTMENTS--
INDEMNIFICATION OF LESSORS

Lessee, in the operation and development of the Property, shall fully comply with all applicable Federal enactments, laws of the State of Nevada, and all Federal and State rules and regulations including, without limitation, Employees' Liability, Nevada Industrial Insurance, Workmen's Compensation and Workmen's Old Age and Unemployment Insurance; and said Lessee covenants and agrees to indemnify and hold harmless the Owner from and against the payment of any and all damages, claims, costs and expenses due to the existence of such enactments, and of any and all claims, costs and expenses in connection therewith under any claim of subrogation provided for by said enactments or otherwise; and the Lessees shall further indemnify and hold harmless

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the Lessor from and against any and all damages, claims, costs and expenses arising out of damage to property or any injuries to or death of the employees of the Lessee, or any other person whomsoever other than the Owner and those acting under Owner, where such injury, death or damage occurs because of or in connection with the use, operation or development in any manner of the property hereby leased, whether such claims are based upon a right conferred by the common law or by statute.

X.

ENVIRONMENTAL LAWS

Lessee shall specifically comply with all laws now or hereafter pertaining to environmental protection and requiring reclamation of the area, and shall hold Owner harmless for any noncompliance with said laws.

This paragraph shall continue in effect upon the forfeiture, default, surrender, or other termination of this Lease until it shall be fully complied with by Lessee.

XI.

PROPERTY TO BE KEPT FREE OF LIENS

Lessee shall pay and satisfy all claims for materials, supplies and labor in connection with the working of the Property and shall keep the Property free of liens and encumbrances of any and every kind, except such as may result from the acts of Owner.

XII.

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 whatsoever placed upon the Property by the Lessee. The net proceeds of mine taxes shall be paid by Lessee and Owner proportionately as

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required by law. Lessee may pay Owner's share of such taxes and deduct the same from royalty payments due hereunder.

XIII.

ASSESSMENT WORK

Lessee shall, within the time required by law, perform all annual assessment work and labor necessary to maintain and protect title to the unpatented claim hereby leased, and record proofs of such labor and work with the applicable County Recorder, and the BLM, as required by state and federal statute and regulations, commencing with the current assessment work year.

XIV.

OWNER'S RIGHT TO INFORMATION

In the event of termination of this agreement for any reason whatsoever, the Lessee agrees to furnish Owner with copies of all drilling and sampling data, reports of tests, a map accurately showing the exploration and development work performed by the Lessee upon the Property, and copies of any and all geological maps relating to the Property prepared by Lessee.

XV.

LESSEE'S RIGHT OF SURRENDER

It is mutually understood and agreed that Lessee may, at any time and for any reason whatsoever, terminate this lease or surrender one or more of the sections to Owner upon delivering sixty (60) days written notice and a Quitclaim Deed to Owner as to all or part of the Property as the case may be, paying to Owner all royalties and other sums due and payable to Owner to the effective date of such surrender.

XVI.

DEFAULT AND FORFEITURE

If for any reason there shall be default on the part of Lessee, and Lessee shall fail or refuse to comply with any of the terms and provisions hereof, then at the option of Owner,

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Owner may give notice in writing to Lessee of such default, specifying the nature and character thereof, and unless the default shall be corrected within 60 days after the receipt by the Lessee of such notice, then at the option of Owner this Lease and all rights thereunder of Lessee shall be terminated and forfeited and Lessee shall quietly and peaceably surrender the Property unto Owner.

XVII.

DELIVERY OF QUITCLAIM DEED AND
REMOVAL OF EQUIPMENT AND BUILDINGS

It is mutually understood and agreed that in case of forfeiture, default, surrender or other termination of this lease, Lessee shall execute, acknowledge and deliver to Owner a Quitclaim Deed to the Property and all buildings, underground timbering supports, shaft linings and other fixtures necessary for the preservation of any mines, all rails and head frames upon or in the Property, and all water rights developed by Lessee, which shall be and remain a part of the realty and shall revert to the Owner without further consideration or compensation.

It is further understood and agreed that all personal property of the Lessee located within the leased premises, and all buildings, machinery, equipment and tools (other than the fixtures to become the property of the Owner as above provided) shall be removed from the Property by Lessee within one hundred eighty (180) days after the forfeiture or termination of the Lease. All property remaining on the premises after such date shall become the property of the Owner.

XVIII.

ASSIGNMENT OR SUBLEASE BY LESSEE

Lessee may freely assign this agreement or sublease the Property. In the event of an assignment of this agreement, Lessee shall notify Owner of such assignment or sublease, which notice shall contain the name and address of any such assignee and sub-

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lessee or person or persons holding under or pursuant to assignment or sublease from Lessee.

XIX.

ASSIGNMENT BY OWNER

If Owner assigns or transfers any interest in the Property to others, Owner shall give written notice thereof to Lessee. All such assignments or transfers which Owner may grant shall be subject and subordinate to the rights and interests granted herein to Lessee under this Lease.

XX.

ADDRESS FOR NOTICES

Any notice contemplated herein to be served upon the Lessee shall be in writing, and shall be deemed served if mailed registered or certified mail, return receipt requested.

The addresses of the parties for the payment of royalties and delivery of notices hereunder shall be as follows:

Lessee: Gold Standard, Inc.
c/o Monarch Mill
P. O. Box 176
Austin, Nevada 89310

Owner: Bullion Monarch Co.
202 Henderson Bank Building
P. O. Box 712
Elko, Nevada 89801

Any party shall have the right upon previous notice to the other party to change its address for notices and royalty payments; provided however, that such notice shall not be effective until received by the party to be notified.

XXI.

FORCE MAJEURE

Neither of the parties hereto shall be liable to the other for failure to perform the obligations required to be performed hereunder for such period of time as failure of performance is caused by any reason beyond their control including, without limitation, strikes, acts of God, war, or national emergency, government restrictions or inclement weather.

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XXII.

CONFIDENTIALITY

During the initial term and any extension of this Lease, all information or data obtained by Owner relating to the exploration, development or mining of the Property by Lessee shall be kept confidential by Owner and not disclosed to any third person without Lessee's written consent.

XXIII.

RECORDING

Owner and Lessee agree that this Lease shall not without their prior written consent be recorded in any county, but a notice of lease may be recorded by either Owner or Lessee.

XXIV.

PARTIES' RIGHTS AND LIABILITIES

Owner is not a partner of Lessee. Owner shall under no circumstances be responsible for any of Lessee's costs or liabilities.

XXV.

BINDING EFFECT

This Lease shall inure to the benefit of and be binding upon the parties hereto and their representatives, heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first hereinabove written.

OWNER:

BULLION MONARCH CO., a Utah corporation

By

Stirling G. McKnight
Stirling G. McKnight,
Secretary

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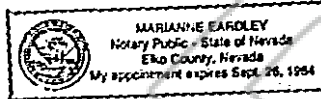
LESSEE:

GOLD STANDARD, INC., a Nevada corporation

By Robert D. Morris, Jr.
Robert D. Morris, Jr.
President

STATE OF NEVADA,)
COUNTY OF ELKO.) SS.

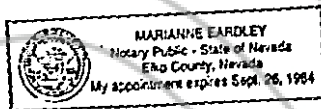
On this 14th day of JANUARY, 1983, personally appeared before me, a Notary Public, STIRLING G. HCKNIGHT, who acknowledged that he executed the foregoing instrument as Secretary of BULLION MONARCH CO., a Utah corporation.



Marianne Eardley
Notary Public

STATE OF NEVADA,)
COUNTY OF ELKO.) SS.

On this 14th day of JANUARY, 1983, personally appeared before me, a Notary Public, ROBERT D. MORRIS, who acknowledged that he executed the foregoing instrument as President of GOLD STANDARD, INC., a Nevada corporation.



Marianne Eardley
Notary Public

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EXHIBIT A

For purposes of this Lease, the Property is divided
into four groups according to public land sections:

Township 33 North, Range 51 East, MDB&M

Section 12: IX Nos. 1-30

Township 33 North, Range 51 East, MDB&M

Section 14: IX Nos. 31-60

Township 33 North, Range 50 East, MDB&M

Section 12: IU Nos. 1-24

Township 33 North, Range 50 East, MDB&M

Section 24: Pat. Nos. 1-30

RECORDED AT REQUEST OF
Ray, Quinney & Necker
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83 MAR 11 A10:18

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
H.M. REDELEATH, RECORDER
FILE NO. 87260
FFE \$ 38.00

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ELKO, NEVADA 89801

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