

MINING LEASE AND PURCHASE AGREEMENT

THIS MINING LEASE AND PURCHASE AGREEMENT, made and entered into this 15th day of January, 1982, by and between MARGARET G. BAY, FRED A LOUISE KAY and VENLA JEFFERS of P. O. Box 138, Genoa, Nevada, 89411, and hereinafter referred to as Lessors, and WILLIAM E. GERGEN of 370 Parker Avenue, Ely, Nevada, 89301, hereinafter referred to as Lessee.

W I T N E S S E T H:

WHEREAS, Lessors wish to lease certain unpatented mining claims situated in the Diamond Mining District, County of Eureka, State of Nevada, and more particularly described as follows, to-wit:

EDITH OHLIN #1, EDITH OHLIN #2, EDITH OHLIN #3,
EDITH OHLIN #4, SHARER, SHARER #1, BLACK POINT
SILVER, BLACK POINT SILVER #1.

WHEREAS, Lessors represent and warrant that all assessment work on said claims as required to date has been completed; and

WHEREAS, Lessee is desirous of leasing said mining claims for the purpose of exploring and developing said claims, and in the event said claims prove to contain minerals of commercial value, Lessee is desirous of operating said claims and of purchasing same.

THEREFORE, in consideration of the mutual promises and agreements as hereinafter set forth, Lessors do let, demise and lease the aforesaid mining claims to Lessee, and Lessors further covenant and agree to execute any and all necessary deeds and assignments so as to convey said mining claims to Lessee upon the performance of the agreements hereinafter contained and upon the payment to Lessors by Lessee of the sums hereinafter stated, as follows, to-wit:

TOGETHER WITH, all and singular the appurtenances, improvements, reversion and reversions, remainder and remainders,

1 and the rents, issues, rights, privileges, franchises, immunities
2 and the profits thereof:

3 1. For the principal sum and purchase price of One
4 Hundred Thousand Dollars (\$100,000.00), lawful money of the United
5 States of America, payable as hereinafter agreed and not later
6 than the end of the term or as set forth.

7 2. This agreement shall run for the term of 10
8 years from the date of the signing of this agreement by the parties
9 hereto.

10 3. Lessee by itself, agents or assigns to have the
11 right of immediate entry and possession of said property and the
12 whole thereof, with a right reserved in Lessor, their agents or
13 legal representatives to enter in and upon said premises at all
14 reasonable times for the purpose of inspection and seeing that
15 the terms hereof are being complied with.

16 4. Lessee to keep and maintain said property and appur-
17 tenances in a good state of repair, and to perform all work, labor,
18 installation or removal of improvements, and operate said mining
19 claims in a good miner-like manner as is customary in such cases,
20 and in accordance with the mining laws, rules and regulations of
21 the Diamond Mining District, Eureka County, State of Nevada, and
22 the United States of America.

23 5. Payment of the principal sum and purchase price
24 herein shall be made on a royalty basis. Lessee shall pay to
25 Lessor Five Percent (5%) of all smelter or mill returns received
26 by Lessee. Copies of the weight tickets and receipts of monies
27 received shall be sent along with said royalty payments to the
28 collection account of Lessors at Charter Title. Said royalty
29 payments shall be made quarterly by Lessee, commencing at the end
30 of the first quarter of the calendar year during which Lessee shall
31 have received payment on smelter or mill returns. "Net Smelter or
32 Mill Returns" shall mean such sums of money paid to Lessee for any

1 ores delivered by Lessee from any of the above mining claims
2 operated by Lessee to a mill, smelter or refinery for purposes
3 of refinery, concentration and sale.

4 6. All payments above referred to, made by Lessee to
5 Lessors, shall be credited upon the total purchase price of One
6 Hundred Thousand Dollars (\$100,000.00). It is understood that
7 full payment of any unpaid balance may be made at any time without
8 any prepayment penalty.

9 7. Lessee shall perform or cause to be performed, all
10 annual assessment work required on or for the benefit of the
11 aforesaid mining claims, and shall on or before August 1st of
12 each year, cause Proof of Labor to be filed according to law.

13 8. Lessee shall pay or cause to be paid and acquitted,
14 any and all bills and obligations when and as same become due in
15 any manner incurred in the exploration, development or operation of
16 said properties, and particularly as to labor, materials, indus-
17 trial insurance and social security obligations, and shall hold
18 Lessors harmless with reference to any and all of such obligations.

19 9. Lessee shall forthwith prepare, record, post and
20 keep posted in a conspicuous place, two Notices of Owner's Non-
21 responsibility for any and all obligations incurred by or for
22 Lessee in the handling or in operations on said properties.

23 10. Lessee shall at all times keep complete books,
24 records, and records of all drilling logs and assays, subject to
25 inspection by Lessors or their agents at any reasonable times,
26 reflecting all ores blocked out, mined, marketed or removed from
27 claims covered by this lease and option.

28 11. Lessee shall have the right to transfer, sell or
29 assign, in whole or in part, his rights in and to said mining
30 claims as herein provided.

31 12. Lessee shall have the right to place in and upon
32 said property such machinery, equipment and improvements as may

1 be reasonably necessary and convenient to the operation of the
2 mining business herein contemplated, and in the event this agree-
3 ment is forfeited or terminated for breach, or by voluntary sur-
4 render or on ten (10) days written notice by Lessee mailed to
5 Lessors, postage prepaid, at their last known address. In such
6 event Lessee shall have ninety (90) days after such surrender or
7 written notice of forfeiture mailed to Lessee, postage prepaid,
8 at the last known address of said Lessee, in which to dismantle
9 and remove any and all such machinery, mining and related equip-
10 ment and improvements, including buildings, except for the cement
11 work which has become a part of the land.

12 13. Lessors do not represent and warrant that they are
13 the owners and have clear title to the claims mentioned above.
14 Lessee is familiar with the aforementioned claims and the various
15 documents on file respecting said claims and therefore is know-
16 ledgeable of said ownership and the state of the title of the
17 aforementioned claims.

18 14. It is agreed that as of the date this lease is
19 signed, Lessors shall execute a Quitclaim Deed transferring said
20 claims to Lessee, and Lessee shall execute a Quitclaim Deed
21 transferring said claims back to Lessors. Both deeds along with
22 the original of this agreement, shall be placed in escrow with
23 Charter Title, Inc., with instructions for the Deeds to be
24 delivered together with the original contract, and any other papers
25 involved, to Lessee upon the payment and performance of the contract
26 as herein stated. In the event of voluntary surrender as herein-
27 before provided, or failure to pay and perform as herein provided,
28 or within thirty (30) days from the date for payment or performance,
29 then said escrow company, upon demand by Lessor deliver all of
30 said escrow papers to Lessor.

31 15. Time is of the essence in this agreement.

32 16. In the event of voluntary surrender, or other breach

1 or default in payment or performance as herein stated, (after the
2 expiration of the said thirty (30) day grace period, Lessor shall
3 have the right of immediate entry and possession of said premises.
4 Such right of re-entry and possession of said premises and parti-
5 cularly as to machinery, equipment and improvements placed therein,
6 or thereon by Lessee, shall be subject to the right of Lessee
7 to remove the same as provided in Paragraph 12 above; and in the
8 event of failure of the Lessee or his assigns to so remove said
9 machinery, equipment, buildings and improvements, shall be for-
10 feited to and become the property of Lessor, to the extent of the
11 title, interest, ownership or equity of said Lessee or his assigns
12 as the same shall appear as of such date.

13 17. It is agreed that otherwise than above set forth,
14 in the event of surrender, or other breach or default, the exclusive
15 remedy of the Lessors shall be to retain all monies, advances,
16 royalties and expenditures, in any manner theretofore made, and
17 they shall become forfeited to Lessor.

18 18. Lessee agrees to complete and file the semi-annual
19 net proceeds of mines return or other similar returns, if any, re-
20 quired by applicable State or Federal laws.

21 19. Lessee shall have a thirty (30) day grace period
22 for the performance of the obligations specified herein with the
23 exception of the completion of the annual assessment work.

24 20. The terms of this agreement shall bind and inure to
25 the benefit of the heirs and assigns, executors, administrators,
26 legal representatives and successors in interest of the respective
27 parties hereto.

28 21. Any and all notices pursuant to this agreement shall
29 be sent to the Lessors at each of the following addresses: Margaret
30 Bay, P. O. Box 138, Genoa, Nevada, 89411; Venla B. Jeffers, P. O.
31 Box 683, Minden, Nevada, 89423; Freda B. Kay, 1568 Lynnwood, Logan,
32 Utah, 84321. Any and all notices pursuant to this agreement shall

1 be sent to the Lessee at the following address: William E. Gergen,
2 370 Parker Avenue, Ely, Nevada, 89301.

3 IN WITNESS WHEREOF, the parties have hereunto set their
4 hands on this 15th day of January, 1982.

5 LESSORS:

6
7 Margaret G. Bay
8 MARGARET G. BAY

9 Freda Louise Kay
10 FREDA LOUISE KAY

11 Venla Jeffers
12 VENLA JEFFERS

13 LESSEE:

14 William E. Gergen
15 WILLIAM E. GERGEN

16
17 STATE OF NEVADA)
18 COUNTY OF Carson) SS.

19 On this 15th day of January, 1982, before me, the
20 undersigned, a Notary Public in and for the County of Carson
21 State of Nevada, duly commissioned and sworn, personally appeared
22 MARGARET G. BAY, known to me to be the person whose name is
23 subscribed to the within instrument, and who acknowledged to me
24 that she executed the same freely and voluntarily and for the uses
25 and purposes therein mentioned.

26
27  NELLIE S. HASS
NOTARY PUBLIC-NEVADA
CARSON CITY
My Appointment Expires Aug. 14, 1985

28 Nellie S. Hass
29 NOTARY PUBLIC

30
31 STATE OF NEVADA)
32 COUNTY OF Carson) SS.

33 On this 16th day of January, 1982, before me, the
34 undersigned, a Notary Public in and for the County of Carson,
35 State of Nevada, duly commissioned and sworn, personally appeared
36 VENLA JEFFERS, known to me to be the person whose name is
37 subscribed to the within instrument, and who acknowledged to me
38 that she executed the same freely and voluntarily and for the
39 uses and purposes therein mentioned.

40
41  NELLIE S. HASS
NOTARY PUBLIC-NEVADA
CARSON CITY
My Appointment Expires Aug. 14, 1985

42 Nellie S. Hass
43 NOTARY PUBLIC

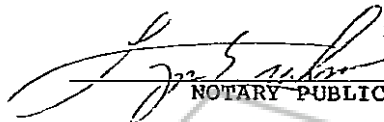
LAW OFFICES
DANIEL R. WALSH
A PROFESSIONAL
CORPORATION
1411 N. CARSON STREET
CARSON CITY,
NEVADA 89701

6.

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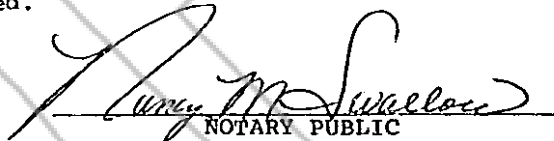
1 STATE OF Nevada)
2 COUNTY OF Clark) SS.

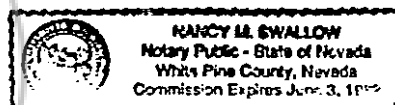
3 On this 20th day of January, 1982, before me, the
4 undersigned, a Notary Public in and for the County of Clark
5 State of Nevada, duly commissioned and sworn, personally
6 appeared FRED A. KAY, known to me to be the person whose name
7 is subscribed to the within instrument, and who acknowledged to
8 me that she executed the same freely and voluntarily and for the
9 uses and purposes therein mentioned.

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NOTARY PUBLIC

13 STATE OF NEVADA)
14 COUNTY OF White Pine) SS.

15 On this 22 day of March, 1982, before me, the
16 undersigned, a Notary Public in and for the County of White Pine,
17 State of Nevada, duly commissioned and sworn, personally appeared
18 WILLIAM E. GERGEN, known to me to be the person whose name is
19 subscribed to the within instrument, and who acknowledged to me
20 that he executed the same freely and voluntarily and for the uses
21 and purposes therein mentioned.

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NOTARY PUBLIC



RECORDED AT REQUEST OF
Charter Title
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83 MAR 25 10:16

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
H.H. REDALEATI, RECORDER
FILE NO. 87300
FFS \$ 10.00

LAW OFFICE OF
DANIEL R. WALSH
A PROFESSIONAL
CORPORATION
1411 N. CARSON STREET
CARSON CITY,
NEVADA 89701

7.

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