

OPTION TO PURCHASE MINING CLAIMS

This Agreement, made and entered into this 26th day of May, 1984, by and between JACK A. ESPOSITO and MURIEL ESPOSITO, husband and wife, of 239 S. Commercial, New Meadows, Idaho, hereinafter designated owners, and PAUL E. RIEBOLD, of 1101 E. Locust St., Emmett, Idaho, hereinafter designated Riebold, WITNESSETH:

WHEREAS, said Espositos are the owners of certain unpatented mining claims located in Eureka County, Nevada;

WHEREAS, said owners have agreed to grant said Riebold an exclusive option to purchase said unpatented mining claims, as hereinafter stated;

THEREFORE, in consideration of the mutual covenants herein contained, and \$1.00, the receipt of same hereby acknowledged by owners, it is agreed that owners do hereby grant Riebold an exclusive option to purchase the unpatented mining claims described in Exhibit A, attached hereto and incorporated herein by reference, during the term of this option, for a purchase price of \$250,000.00, lawful money of the United States of America, to be paid as follows, in the event the option is exercised: ^{PER J.E. - M.E.} \$7,000.00 shall be paid by Riebold to owners upon exercising the option; thereafter, ^{PER J.E. - M.E.} \$7,000.00 shall be paid at each consecutive annual date of anniversary of the exercise of the option thereafter until said sales price of \$250,000.00 has been paid in full. Said sales price shall accrue no interest. It is further agreed in the event the option is exercised, and in the further event 6% of the net smelter returns derived from the mining of said unpatented mining claims is greater ^{PER J.E. - M.E.} than \$7,000.00 per year, as above mentioned, then said Riebold shall pay the greater, that is, 6% of net smelter returns as an annual payment, or the ^{PER J.E. - M.E.} \$7,000.00 annual payment mentioned above. In no event, regardless of the manner and form of payment, shall the sales

price exceed the sum of \$250,000.00.

It is further agreed the term of said option is one (1) year, computed from the 1st day of June, 1984.

If Riebold decides to exercise his option, he must exercise the same, in writing, with delivery of the exercise by mailing of the written notice of exercise of said option, prior to the 1st day of June, 1985. Evidence of mailing, if necessary, shall be produced by Riebold.

It is agreed Riebold shall have possession of said unpatented mining claims no later than the 1st day of June, 1984, and shall be entitled to such possession as long as he complies with the terms and covenants herein contained. During this possession period, Riebold shall have the privilege and right to prospect, drill, test, sample, and assay all minerals, at his sole discretion, in order for Riebold to make his personal judgment as to whether he desires to exercise the option to purchase herein mentioned.

Riebold is acquainted with said mining claims, has examined the same, and is accepting possession as herein mentioned, "as is.

Eureka County taxes, if any, assessed during the term of this agreement, commencing June 1, 1984, shall be paid by Riebold.

Owners do hereby covenant they have good and marketable title to said unpatented mining claims, and have the right and power to enter into this agreement with Riebold; said owners further covenant that said claims are free and clear of liens, encumbrances, and claims of third parties thereto.

Riebold understands the nature and significance of unpatented mining claims, in the State of Nevada.

Riebold shall comply with all Federal, State and local laws in connection with claims pursuant to this agreement. This is true, during the term of this option, and also if the option is exercised and until the contract has been completely complied with.

Riebold agrees to permit owners, or their duly authorized agents or representatives, at all reasonable times, at owners' risk, to enter into and upon the said mining claims, for the purpose of examining, inspecting, surveying and taking such samples as owners or their agents may desire, and to permit owners and their agents or representatives who are authorized in writing, at all reasonable times, to have access to all records of production from the said claims, all costs, data, and such other records as will show compliance on the part of Riebold with the provisions of this agreement. Said mentioned rights of inspection of said claims and all records, books and documents, shall also be applicable, in the event said Riebold exercises his option to purchase said mining claims. In the event the option to purchase is exercised, said Riebold agrees to completely cooperate in producing and furnishing any returns, records and documents that might be reasonably required by owners in connection with compliance with the terms of this particular agreement.

It is further agreed that Riebold shall perform and record necessary annual assessment work in connection with said mining claims, during the term of this agreement.

In the event of the failure of Riebold to comply with the terms and covenants hereof, owners may thereupon give sixty (60) days' written notice to said Riebold, served personally or by certified mail upon Riebold, addressed to Riebold at the following mailing address: 1101 E. Locust St., Emmett, Idaho 83617, calling attention of Riebold to the default. This mailing address shall be binding upon all parties unless owners are duly notified in writing of any change of address of Riebold prior to mailing of any notice or notices of any default. In the event of default by Riebold and not remedied within the notice period hereinabove provided for, owners shall have the sole and exclusive remedy of declaring a forfeiture and repossessing the said mining claims, free and clear of any claims of Riebold thereto. It being specifically agreed and

understood in the event of default, forfeiture and repossession as above stated, there shall be no further claims by owners upon Riebold, arising out of this agreement and the option to purchase or exercise of the option to purchase herein mentioned. In the event it is necessary to mail notice of default, evidence of the register as herein agreed, at the post office at EMMETT, Idaho, shall be deemed as conclusive evidence that the notices were mailed, and shall be deemed as conclusive evidence of giving notice as herein agreed. The said notice period shall commence as of the date of mailing or personal delivery of the notice, as the case may be. If Riebold shall commit any act of bankruptcy or be adjudged bankrupt or insolvent as defined by the Federal bankruptcy laws, owners, at their option, may declare such event a breach and default, and give notice as herein stipulated.

It being further specifically agreed and understood that the above provisions for default and providing the sole and exclusive remedy of forfeiture and repossession, apply both to the agreement herein contained, and also to the purchase, in the event Riebold exercises his option to purchase as herein mentioned.

If there is any bona fide dispute between said owners and Riebold about payment of net smelter returns, or any other covenant herein contained, in the event the option to purchase is exercised as herein agreed, or records and computations of same, as hereby agreed, owners may select a qualified arbitrator, Riebold may select a qualified arbitrator, and these two arbitrators shall select a third arbitrator, and the three qualified arbitrators shall make a decision, final and binding upon the parties hereto, concerning the matter in dispute. Each party shall pay the costs of the selected arbitrator, and both owners and Riebold shall equally share the costs of the third arbitrator.

It is further agreed and understood that Riebold reserves and keeps the right and privilege to terminate this agreement option to purchase, at his sole discretion, when Riebold determines,

according to his sole judgment, that he cannot find, mine and process sufficient minerals from said mining claims as to justify further testing, development or operation of the said mining claims, pursuant to this agreement. The intent being that said Riebold shall explore, test, and attempt to develop said mining claims, in good faith, for the purpose of making a profit and purchasing said claims as above agreed, but that said Riebold shall not be required to explore, test, drill and mine said mining claims when he determines, in good faith, that any further exploration, mining or development, is not economically feasible, in Riebold's sole judgment. If such determination is made by Riebold, after he has exercised his option to purchase, or at any time, then the sole and exclusive remedy of owners shall be a declaration of forfeiture and repossession, as above stipulated, free and clear of any further claims against Riebold, of whatsoever kind or nature.

It is further agreed any personal property that may be placed on said mining claims during the term of this agreement or during the exercise of the option, may, upon termination of, or termination of this agreement, be removed by Riebold, free and clear of any claims of owners thereto. This paragraph refers to personal property, and does not refer to permanent fixtures, such as buildings that may be constructed by Riebold during the period of this agreement or during the period of his exercise of option to purchase, unless said parties have agreed, in writing, that Riebold may remove such permanent fixtures upon termination of this agreement and option.

It is further agreed in the event the option to purchase is exercised, the following covenants shall be binding upon said parties:

1. Riebold shall pay all Eureka County taxes, if any, against said claims.
2. No escrow shall be required unless said parties mutually agree, at a later date, to the same in writing.
3. Riebold shall be entitled to possession of

said premises as long as he complies with the terms and covenants herein mentioned.

4. Upon full payment of said \$250,000.00, owners shall transfer title to the said unpatented mining claims to Riebold by a standard "Deed to Mining Claims" but subject to the covenants herein contained that owners have good title, free and clear of liens, encumbrances and claims of third parties thereto.

5. During the term of this agreement, Riebold shall not commit or permit waste to the mining claims, but shall operate the same or test the same, in a reasonable manner, according to reasonable mining practices.

6. During the term of this agreement, Riebold shall not suffer or allow any liens to be placed on said premises during the term of this contract, without the written permission of owners first had.

7. It is agreed that owners retain and reserve title to the said unpatented mining claims until Riebold complies with all covenants herein contained.

It is further specifically agreed that no waiver of any breach of any term of this contract shall be construed as a waiver of any subsequent breach of that term or any other term of the same or different nature. This contract embodies the whole agreement of the parties relative to the said property and premises.

It being further agreed and understood said Riebold is not prohibited from making any assignment, transfer or sale of said unpatented mining claims, or any of them, or this agreement or option to purchase, as long as said sale, transfer or assignment is made subject to the terms and conditions herein contained, and with the further understanding that Riebold is not released from any covenants herein contained in the event of such transfer, sale or assignment, unless there is a specific written release to that effect issued by owners to Riebold.

This document was prepared by L. Gorrano, Attorney, in behalf of Paul E. Riebold.

It is further agreed a certain party by the name of Van Cooper, of Fruitland, ^{Idaho PER JOI-ME} Colorado, is to receive 5 per cent of any purchase price paid pursuant to this agreement. Said sellers shall be responsible for and pay 2 1/2 per cent of Van Cooper's

Commission, and Riebold shall pay the remaining 2 1/2 per cent of Cooper's commission. It being specifically agreed and understood that Van Cooper shall only be entitled to a commission in the event Riebold exercises the option and makes payments upon the purchase price as herein stated.

Time shall be the essence of this agreement, and the covenants hereof shall be binding upon the parties hereto, their heirs, agents, representatives, successors and assigns.

IN WITNESS WHEREOF, the said parties have hereunto set their hands and seals, the day and year in this agreement first above written.

Jack H. Esposito
Jack A. Esposito

Muriel Esposito
Muriel Esposito

Paul E. Riebold
Paul E. Riebold



STATE OF IDAHO,)
County of Payette) SS.

On this 26th day of May, 1984, before me, the undersigned, a Notary Public in and for said State, personally appeared JACK A. ESPOSITO andd MURIEL ESPOSITO, husband and wife, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Mary M. Staples
Notary Public for Idaho,
Residing at Fruitland Idaho.

STATE OF IDAHO,)
County of Payette) SS.
County of Gen.)

On this 26th day of May, 1984, before me, the undersigned, a Notary Public in and for said state, personally appeared PAUL E. RIEBOLD, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Mary M. Staples
Notary Public for Idaho,
Residing at Fruitland, Idaho.

Being situate in Section 6, Twp. 29 N., R. 49 E., and in Section 12, Twp. 29 N., R. 48 E., and in Sections 21 and 36, Twp. 30 N., R. 48 E., all in Eureka County, Nevada: *See 31 to in Twp 30 R 49E*

J.E. - ME.
PER J.E. - ME.

- Delores 1 through 11
- Delores # 12 through 41
- Bob 1 through 89
- Bob # 90 through 98
- Jack's # 1
- Jack's 2 through 6
- Red Sulphur 1 through 7
- Gem 1 and 2

EXHIBIT A

RECORDED AT REQUEST OF
James Mining Company
BOOK *123* PAGE *442*

84 JUN 21 AM 11:30

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
M.M. REBALEATI, RECORDER
FILE NO. *93680*
FEE *12.00*

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