

98608

MINING LEASE

State of Nevada

County of Eureka

THIS AGREEMENT made this 30th day of August 1984 by and between Elwood Wright, P. O. Box 25, Crescent Valley, 89821, and Elmer Schroeder and/or wife Elma Ruth Schroeder, P. O. Box 6, Crescent Valley, Nevada 89821 (hereinafter called LESSOR, whether one or more) and ARISTA GOLD & SILVER, INC., a corporation duly organized and existing by virtue of the laws of the State of Colorado, with principal office in Denver, Colorado, and whose address is 5727 West 6th Avenue, Lakewood, Colorado, 80214 (hereinafter called LESSEE).

WITNESSETH:

1. That Lessor, for the considerations in obtaining valuable information in the geological and geo-chem survey conducted by Lessee, for the 1984-1985 assessment year on the "Black Sheep" group of unpatented lode mining claims, and of the covenants and agreements hereinafter contained on the part of the Lessee to be kept and performed, does hereby grant, demise and lease exclusively unto Lessee for the purpose of prospecting, exploring, mining by stripping or otherwise, producing, processing, treating, storing and removing therefrom, barite and all other non-metallic minerals including precious metals (except oil, gas and other hydrocarbons) and with the right of ingress and egress at all times, the following described tract of parcel land consisting of 60 unpatented lode mining claims of approximately 1200 acres and 2 mill sites situated in the County of Eureka, in the Roberts mining district, Township 23 North, Range 48 East, State of Nevada, more particularly known, named and described as follows:

CLAIM NAME	DATE LOCATED	BOOK	PAGE	BLM SERIAL NUMBER
Black Sheep #1	11-26-77	62	527	NMC-16488
Black Sheep #2	11-28-77	62	528	NMC-16489
Black Sheep #3	11-26-77	62	529	NMC-16490
Black Sheep #4	11-26-77	62	530	NMC-16491
Black Sheep #5	11-26-77	62	531	NMC-16492

CLAIM NAME	DATE LOCATED	BOOK	PAGE	BLM SERIAL NUMBER
Black Sheep #6	11-26-77	62	532	NMC-16493
Black Sheep #7	12-10-77	62	533	NMC-16494
Black Sheep #8	12-10-77	62	534	NMC-16495
Black Sheep #9	12-10-77	62	535	NMC-16496
Black Sheep #10	12-01-77	62	536	NMC-16497
Black Sheep #11	12-20-77	62	537	NMC-16498
Black Sheep #12	12-15-77	62	538	NMC-16499
Black Sheep #13	12-26-77	62	539	NMC-16500
Black Sheep #14	12-26-77	62	540	NMC-16501
Black Sheep #15	12-09-77	62	541	NMC-16502
Black Sheep #16	12-15-77	62	542	NMC-16503
Black Sheep #17	12-10-77	62	543	NMC-16504
Black Sheep #18	12-10-77	62	544	NMC-16505
Black Sheep #19	12-10-77	62	545	NMC-16506
Black Sheep #20	12-11-77	62	546	NMC-16507
Black Sheep #21	12-26-77	62	547	NMC-16508
Black Sheep #22	12-15-77	62	548	NMC-16509
Black Sheep #23	10-09-80	90	7	NMC-177389
Black Sheep #24	12-05-77	62	549	NMC-16510
Black Sheep #25	3-26-78	64	194	NMC-22290
Black Sheep #26	3-29-78	64	195	NMC-22291
Black Sheep #27	5-17-78	64	196	NMC-22292
Black Sheep #28	10-09-80	90	8	NMC-177390
Black Sheep #29	6-30-78	65	274	NMC-27480
Black Sheep #30	6-30-78	65	275	NMC-27481
Black Sheep #31	6-30-78	65	276	NMC-27482
Black Sheep #32	6-30-78	65	277	NMC-27483
Black Sheep #33	6-27-78	65	278	NMC-27484
Black Sheep #34	6-27-78	65	279	NMC-27485
Black Sheep #35	6-27-78	65	280	NMC-27486
Black Sheep #36	6-27-78	65	281	NMC-27487
Black Sheep #37	6-27-78	65	282	NMC-27488
Black Sheep #38	6-27-78	65	283	NMC-27489
Black Sheep #39	6-28-78	65	284	NMC-27490
Black Sheep #40	6-28-78	65	285	NMC-27491
Black Sheep #41	6-28-78	65	286	NMC-27492
Black Sheep #42	6-28-78	65	287	NMC-27493
Black Sheep #43	6-28-78	65	288	NMC-27494
Black Sheep #44	6-28-78	65	289	NMC-27495
Black Sheep #45	6-30-78	65	290	NMC-27496
Black Sheep #46	7-19-78	65	291	NMC-27497
Black Sheep #47	7-19-78	65	292	NMC-27498
Black Sheep #48	7-19-78	65	293	NMC-27499
Black Sheep #49	7-19-78	65	294	NMC-27500
Black Sheep #50	7-19-78	65	295	NMC-27501
Black Sheep #51	7-19-78	65	296	NMC-27502
Black Sheep #52	7-19-78	65	297	NMC-27503
Black Sheep #53	7-19-78	65	298	NMC-27504
Black Sheep #54	7-19-78	65	299	NMC-27505
Black Sheep #55	7-19-78	65	300	NMC-27506

CLAIM NAME	DATE LOCATED	BOOK	PAGE	BLM SERIAL NUMBER
Black Sheep #56	7-19-78	65	301	NMC-27507
Black Sheep #57	7-19-78	65	302	NMC-27508
Black Sheep #58	7-19-78	65	303	NMC-27509
Black Sheep #59	7-19-78	65	304	NMC-27510
WALLY #7 (Relocation	5-8-83	111	9	NMC-269245
Black Sheep MS #1	4-29-82	102	272	NMC-239535
Black Sheep MS #2	4-29-82	102	273	NMC-239536

2. INTENT: It is the intent of the Lessor to include in this lease all of the claims owned by Lessor in or adjacent to the above described tract of land.
3. TERM: Subject to other provisions herein contained, this lease shall be for a term of ten (10) years from the date and day hereof, and as long thereafter as Lessee shall continue to pay Lessor the minimum advance royalties specified in Paragraph 4 hereof and the production royalties, if any, specified in Paragraph 5.
4. MINIMUM ADVANCE ROYALTY: Beginning on the first day of January 1986 and for each month thereafter during the term of this lease, Lessee agrees to pay to Lessor an advance minimum royalty of One Thousand Dollars (\$1,000.00). All advance royalties will be credited against production royalties, if any, and against the end price.
5. PRODUCTION ROYALTIES: When the production royalties accruing from mining operations, computed as hereinafter provided, exceed the amount of all advance royalties paid hereunder, Lessee shall pay to Lessor within thirty (30) days after the end of each three (3) month period, any additional royalties that have accrued and become payable during the preceding three (3) month period, said Royalties from barite (BaSO_4) mining operations to be as follows:
 - a. Two and one-half dollars (\$2.50) on each short ton (2,000 lbs.) of barite or barium minerals mined and shipped from the leased land. This royalty will be paid on beneficiated or concentrated barite ore shipped from the mill site at the same royalty rate.
 - b. A five percent (5%) net smelter return royalty shall be paid on all precious metals mined, and base metals leached, concentrated, treated and shipped from said land.
 - c. Five percent (5%) of the sales price F.O.B. mine on all minerals not specifically mentioned hereinabove. Lessee shall weigh, or cause to be weighed and keep two accurate records of account of each and every ton of barite and other industrial minerals mined and Lessor shall have the right to inspect said records and Black Sheep properties at all reasonable times. Royalties

may be paid by check(s) of the Lessee mailed to the Lessor at the address herein stated, and Lessor shall notify Lessee in writing of any change of address.

6. USE: The Lessee shall have the right to excavate, store or pile barite and all minerals, soil and other overburden and waste material and other refuse from mining and milling operations, and shall not be required by Lessor to remove such material or to restore the surface or any part thereof with respect to any surface disturbed or removed in mining operations, except as required by existing Federal, State or Local statutes. Lessee shall have the right to the free use of water from the premises herein described, which shall include the first right to capture, impound, restrain, and use all waters naturally or artificially present, to the extent that these rights are conveyed to Lessors by Federal and State mining laws on unpatented mining claims. Lessee's operation on the premises shall be conducted in a workman-like manner, but at all times solely as determined and directed by Lessee. Lessee shall have the right to construct and maintain dams, ponds, ditches and any other excavation needed for mining and milling operations.
7. LESSEE EQUIPMENT: The Lessee shall have the right to erect and/or place buildings, machinery, structures, and other improvements and property on the premises herein described and same shall remain the personal property of Lessee, and not subject to any liens, claims, or demands made against Lessor, and Lessee shall have the right to remove the same at any time during the term of this lease or within the period of six (6) months following the termination hereof.
8. LEASE TERMINATION: The Lessee may terminate this lease at any time by mailing to Lessor a written notice of such termination together with a check in full settlement of any royalties that are due and unpaid. Upon giving such notice of termination, Lessee shall be released of all its obligations hereunder, except those obligations which have heretofore accrued.

If this lease is so terminated, the Lessor shall not be obligated to refund Lessee any advance royalty that has been paid.
9. DEFAULT: Should the minimum advance royalty or any additional royalties accruing from mining operations become payable by Lessee to Lessor and not paid when due, Lessor may give to Lessee at its aforementioned address notice of the intention to declare a forfeiture because of such default. If any such delinquent payment of advance or additional royalties is not made within thirty (30) days after the receipt by Lessee of such notice, at the option of Lessor, this lease may be declared null and void by written notice submitted to Lessee to

that effect. Upon lawful forfeiture of this lease, Lessee agrees to peaceably surrender said premises to Lessor, Notwithstanding anything to the contrary herein expressed or implied, if Lessee makes good its default by payment of all sums due Lessor before the expiration of said period of thirty (30) days, then this lease shall remain in full force and effect, subject to the terms of conditions hereof.

10. TITLE DEFENSE: Lessor warrants to defend the title to said land and the barite and other metallic and non-metallic minerals and agrees that Lessee, at its option, may discharge any judgment or other lien or encumbrance on said land and, in such event, without waiving any other remedy, apply royalties accruing hereunder toward satisfying same. In the event of a dispute as to ownership of said land, minerals, or royalties, payment of royalties may be deferred until twenty (20) days after Lessee is furnished satisfactory evidence that such dispute has been finally settled and all provisions as to keeping this lease in force shall relate to such extended time for payment.
11. ASSIGNMENT: The rights and estate of either party hereto may be assigned in whole or in part, and the provisions of this lease shall survive to the benefit of and be binding upon the parties hereto and their respective successors and assigns; provided, however that no sale, assignment, or transfer by Lessor shall be binding on Lessee for any purpose until Lessee has been furnished with the original written instruments evidencing the same, or certified copies thereof if the same are recorded. In the event Lessor owns less than the entire undivided mineral estate in and under the tracts or parcels of land herein described, excluding oil, gas, and other hydrocarbons, this lease shall nevertheless remain in full force and effect and Lessee shall have the right to make a proportionate reduction in any and all royalties payable to Lessor. In the event two or more persons become entitled to receive royalties under this lease, they shall, by written instrument, specify their respective proportionate parts in and to royalties and the address to which checks in payment hereof are to be mailed.
12. DISPUTE: In the event of a conflict between any papers or documents which may have been executed or passed between the parties hereto and the terms and conditions of this lease, the terms and conditions of this lease shall prevail.
13. RIGHT TO EXECUTE: Each of the persons executing this lease represents and warrants that he or she has the full right and authority to execute this instrument and to bind the respective party to the fulfillment of all the provisions hereof.
14. ASSESSMENT WORK: Lessee agrees to do annual assessment work

on all claims held, and to file PROOF OF LABOR with the County Recorder, Eureka County, Nevada and the Bureau of Land Management, Reno, Nevada by August 15th of each assessment year. Lessors are to receive a copy of these filings not later than the 20th day of August of each year that lease is held.

15. AREA OF INFLUENCE: In the event that either Lessor or Lessee should stake any claims within one half ($\frac{1}{2}$) mile of the existing outside boundaries of the Black Sheep group of claims, those claims are to be a part of this lease and to be recorded in Lessor's name.
16. DATA ACCESSIBILITY: Lessor's to receive copies of all drill data, maps, geo-chem and geological information upon termination of this lease. While lease is in effect Lessee will provide Lessor annually with a summary report of work completed during the year.
17. OPTION TO PURCHASE: The Lessor hereby grants to Lessee the exclusive and irrevocable right and option during the term of this lease to purchase all the Lessors right, title and interest in the above described lease premises for a total price of One Million Dollars (\$1,000,000). All advance minimum royalty payments and all other payments paid to Lessor pursuant to this Agreement shall apply as a credit against the purchase price.
18. INSURANCE: Lessee agrees to hold Lessor harmless from any and all claims for damages to person or property resulting from its mining and producing operations on the land and claims hereby leased and shall carry such liability and property damage insurance as Lessee shall deem adequate to protect both Lessee and Lessor from such claims during the term of this lease.
19. LAWS AND TAXES: Lessee agrees to comply with all Federal, State and Local laws and regulations and agrees to pay all taxes that may be assessed or become due during the term of this Agreement, either against the leased lands or claims or improvements thereon or on sale of mineral/metal products.
20. QUIT CLAIM DEED: Upon termination of the lease whether by forfeiture or otherwise, Lessee shall execute and deliver to Lessor a quit claim deed in proper form or a release of lease whichever is required by Lessor.

IN WITNESS whereof, the parties have executed this instrument in duplicate originals, each with equal dignity, as of the day and date first above written.

ARISTA GOLD & SILVER, INC., Lessee

By: *[Signature]*

Title: *President*

LESSOR(S):

Elmer Schroeder
Chas. A. Schroeder
Frank Meyer

Signature page to accompany Mining Lease between Elwood Wright,
Elmer and/or Elna Ruth Schroeder and Arista Gold & Silver Inc. dated
August 30th, 1984

Elmer Schroeder
Elmer Schroeder

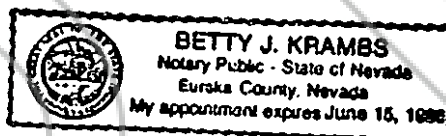
Elwood Wright
Elwood Wright

Elna R. Schroeder
Elna R. Schroeder

Notary: On 22 February 1985 Elmer Schroeder, Elna P. Schroeder
and Elwood Wright appeared personally before me, a Notary
Public for the State of Nevada, County of Eureka, and
executed the foregoing document.

Betty J. Krambs

My commission expires 15 June 1986

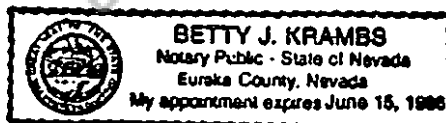


J. K. Zerwick
J. K. Zerwick, President
Arista Gold & Silver Inc.

Notary: On 22 February J. K. Zerwick appeared personally before
me, a Notary Public for the State of Nevada, County of
Eureka, and executed the foregoing document.

Betty J. Krambs

My commission expires 15 June 1986



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RECORDED AT REQUEST OF
Arista Gold + Silver, Inc.
BOOK 134 PAGE 451

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OFFICIAL RECORDS
CLERK COUNTY, NEVADA
MIN. REBATE RECORDS
FILE NO. 98608
FEE \$12.00

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