

98609

MINING LEASE

and

OPTION TO PURCHASE

THIS AGREEMENT made this 23<sup>rd</sup> day of August 1987

between Elmer F Schroeder, Fannie F. Kamp et al and Elwood Wright JSK  
hereinafter referred to as LESSOR, and ARISTA GOLD AND SILVER,  
INC., a Colorado Corporation, whose principal offices are located  
at 5727 West 6th Avenue, Lakewood, Colorado, 80214, hereinafter  
referred to as LESSEE.

WITNESSETH:

That for and in consideration of the royalties to be paid and  
the covenants and conditions to be kept and performed by Lessee  
as hereinafter provided Lessor hereby exclusively leases to Lessee  
with option to purchase land and claims situated in EUREKA  
County NEVADA as described on Exhibit "A" attached  
hereto, by which reference becomes a part of this Agreement as  
though contained herein, and identified by signatures of the  
parties hereto for a term of 6 years from and after the  
date hereof and so long thereafter as mining or mine feasibility  
operations are conducted on the premises unless at any time sooner  
terminated as hereinafter provided, for the purpose of exploring,  
mining, producing, recovery and removing therefrom by any mining  
or producing method, precious metals, base metals or industrial  
minerals hereinafter referred to as leased substances in or on or  
under said premises, together with the right to make all excava-  
tions, construct all buildings, openings, ditches, drains, roads,  
railroads and other improvements that are or may become suitable  
or necessary for the mining and removal of such products from the  
premises, cut and use timber, and use such water as may be found  
on the premises or may be necessary for such mining operations.

The parties hereto further agree each with the other as follows:

1. GRANT: Lessor grants to Lessee during the term of Lessee's  
possession hereunder the full and exclusive right to explore,  
develop, mine and produce metals and minerals from said claim  
and land.
2. MINIMUM ROYALTY: Lessee shall pay Lessor a minimum royalty  
while this lease is in effect, payable monthly as follows:

On signing of lease 300, months 1-12 0,  
months 13-36 200, months 37-60 400, months  
61-term 600, or a sum of money equal to five (5)  
percent of the net smelter returns of leased substances sold.

3. RECORDS ACCESSABILITY: Lessor or their duly appointed agent shall have the right to enter upon said premises for the purpose of examining Lessee's operations thereat and examining the books and records of Lessee pertaining to said operations provided that they do not interfere with the operations of the Lessee and shall be at no expense or liability to the Lessee.
4. 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 the sale of Leased Substances.
5. INSURANCE: Lessee agrees to hold Lessor harmless from any and all claims for damages to person or property resulting from its mining or 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.
6. ASSESSEMENT WORK: Lessee agrees to perform at its own cost and expense, the annual assessment work for all unpatented claims during the term of the lease and agrees to prepare and record all proper affidavits, notices, and other documents required by Federal, State, and County requirements to evidence the performance of said annual assessment work and to provide Lessor with evidence of same at least 30 days prior to the closing date for recordation.
7. ASSIGNMENT: Lessee shall have the right to assign this lease to any person, firm or corporation with the written consent of Lessor, which consent Lessor shall not unreasonably withhold.
8. LESSEE EQUIPMENT: Lessee shall retain title to all machinery, equipment, mining plants, buildings, power and pipe lines, and other structures and fixtures placed on the premises and shall have the right and privilege to remove all or any of the same at any time, and in the event of forfeiture, cancellation, or termination of this Agreement for any reason Lessee may have a period of 120 days from the date of termination to remove said buildings, plant and equipment from the premises.

9. EXISTING STRUCTURES: Lessee shall have and is hereby granted the right to use any and all structures of any kind now existing on the premises but the same shall remain the property of Lessor.
10. DEFAULT: In the event that Lessee fails to make any of the payments herein provided, or fails to perform any of the covenants or agreements herein contained, then and in such event Lessor shall have the option of declaring this Agreement in default by giving written notice to Lessee by certified mail, postage prepaid, return receipt requested, which notice shall specify the particulars wherein this Agreement is not being carried out, and unless such delinquent payment is made within 30 days or other failure to perform is corrected within 90 days from the date of such notice, this Agreement shall be immediately terminated provided further that the period of time for remedying such matters in default shall be extended when Lessee is prevented from correcting said default by causes beyond the control of the Lessee.
11. LESSEE TERMINATION: Lessee may terminate this lease as to any and/or all of the claims covered hereby upon giving 30 days written notice of intention to terminate this Agreement as to such claim or claims; after which 30 day period this lease shall cease as to such claim or claims and Lessee shall have no further liability or responsibility to perform. *All Lessors shall participate equally in whatever claims remain in this agreement*
12. 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 as required by Lessor.
13. TITLE DEFENSE: The Lessor warrants that they are the owners of all of the land/claims described in Exhibit 'A' attached hereto and all mineral rights thereto and agrees to defend the title to said land, and further agrees that Lessee, at its option, may discharge any tax, mortgage, or other lien upon said premises and in the event Lessee does so it may apply rentals and royalties accruing hereunder toward satisfying same. In case of suit, adverse claim, dispute or question as to the ownership of the Leased Premises, or of the royalties or rentals (or any interest therein) payable under this lease, Lessee shall not be in default in payment of rentals or royalties until such suit, claim, dispute or question has been finally disposed of, and Lessee shall have sixty (60) days after being furnished with the original instrument or document (or certified copies) disposing said suit, claim, dispute, or offer being furnished with proof

sufficient in Lessee's opinion, to settle such question, within which to resume making payments. Should the rights or interest granted Lessee hereunder be disputed, it shall not be counted against Lessee either as affecting the term of the lease (which shall be extended by the period of dispute) or for any other purpose and the Lessee may withhold the making of all payments due Lessor hereunder without interest until there is a final adjudication or other determination of such dispute.

14. **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 of the Lessors right, title, and interest in the above described Leased Premises for a total price of \$ 1,000,000. All payments, rentals, royalties, paid to Lessor pursuant to this Agreement shall apply as a credit against the purchase price. The Lessee may exercise its option at any time during the term of this lease by giving Lessor written notice of such exercise. The remaining balance, if any, on the purchase price shall be paid in cash, certified check or cashier's check at the time Lessor delivers to Lessee a duly executed Special Warranty Deed conveying all Lessor's right, title, interest in the above described Leased Premises.
15. **NOTICES:** All notices to be given hereunder to either party by the other party shall be sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

(1) Notices to Lessor:

*Elmer F. Schroeder* Box 6, Crescent Valley, Nev. 89821  
*Elmer F. Schroeder* P.O. Box 25 Crescent Valley, Nev. 89821  
*FANNIE F. KEMP, et al* P.O. Box 69 Crescent Valley, Nev. 89821

(2) Notices to Lessee:

RA-468-0334

Either party may change such place of notice at any time by giving written notice thereof to the other party in the manner provided.

Executed on the date first above written in the county of Esmeralda State of Nevada.

*Elmer F. Schroeder*  
LESSOR

*Fannie F. Kemp*  
ET AL.

*[Signature]*  
LESSEE

*[Signature]*  
President  
Anita Gold Silver Inc.

BOOK 134 PAGE 62



Arista Gold & Silver Inc.  
5727 W 6th Ave  
Lakewood CO 80214

January 23, 1985

Dear Gentlemen,

RE: Mining Lease and Option to Purchase dated  
August 23, 1984, between E.F. Schroeder,  
F.F. Komp et al., and E. Wright, Lessors,  
and Arista Gold & Silver Inc., Lessee.

With reference to the above referenced agreement, because I  
was unable to deliver clear title to the Hardcount claims as  
contemplated by the above referenced agreement, I hereby waive any  
and all interests I may have in that agreement, and such agreement  
should be considered null and void as it relates to me.

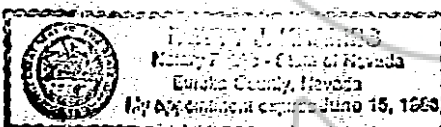
Signed,

*Elwood Wright*  
Elwood Wright

Notary:

County of Eureka)  
State of Nevada )

Elwood Wright appeared personally before me, Betty Krambs,  
Notary Public and acknowledged that he had executed the  
within document.



*Betty J. Krambs*

*My Commission expires 15 June 1986*

BOOK 134 PAGE 463

Signature page to accompany Mining Lease and Option to Purchase Agreement between E.F. Schroeder, F.F. Komp ~~et al.~~, and Arista Gold and Silver Inc. dated 23 August, 1984

33K

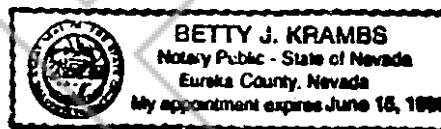
*Elmer F. Schroeder*  
Elmer F. Schroeder

*F.F. Komp*  
F. F. Komp ~~et al.~~  
33K

Notary: On 22 February 1985, J. K. Zervick appeared personally before me, a Notary Public for the State of Nevada and County of Esmeralda, and executed the within document.

*Betty J. Krambs*

*J.K. Zervick*  
J.K. Zervick, President  
Arista Gold & Silver Inc.



Notary:

On 22 February 1985, Elmer F. Schroeder, and F.F. Komp appeared personally before me, a Notary Public, for the State of Nevada, County of Esmeralda, and executed the foregoing document.



*Betty J. Krambs*

*My Commission expires 15 June 1986*

Exhibit A.

original  
page 1 of 3

| Claim Name | Book | Page | BLM Serial No |
|------------|------|------|---------------|
|------------|------|------|---------------|

|        |    |     |            |
|--------|----|-----|------------|
| West 1 | 79 | 315 | NMC 144234 |
| 2      | 79 | 316 | 235        |
| 3      | 79 | 317 | 236        |
| 4      | 79 | 318 | 237        |
| 5      | 79 | 319 | 238        |
| 6      | 79 | 320 | 239        |
| 7      | 18 | 145 | 520        |
| 8      | 18 | 147 | 521        |
| 9      | 18 | 149 | 522        |
| 10     | 18 | 151 | 523        |
| 11     | 18 | 153 | 524        |
| 12     | 34 | 150 | 525        |
| 14     | 39 | 420 | 526        |

|          |    |    |           |
|----------|----|----|-----------|
| Key R.U. | 11 | 92 | NMC 87527 |
|----------|----|----|-----------|

|          |    |     |            |
|----------|----|-----|------------|
| O'Dair 1 | 79 | 326 | NMC 144240 |
| 2        | 79 | 321 | 241        |
| 3        | 79 | 322 | 242        |
| 4        | 79 | 323 | 243        |

|          |    |     |            |
|----------|----|-----|------------|
| R & E #1 | 79 | 324 | NMC 144244 |
| 2        | 11 | 90  | 87531      |
| 3        | 79 | 325 | 144245     |

|               |    |     |           |
|---------------|----|-----|-----------|
| Keystone Ext. | 33 | 144 | NMC 87530 |
| North Key     | 11 | 88  | 87529     |
| Key #2        | 25 | 257 | 87528     |

Lessors Elmer Schroeder & Jennie Schrock BOOK 134 PAGE 65  
 Lessors. Herbert Resident Alaska Sold to William

| Claim Name | Book | Page | BLM Serial No |
|------------|------|------|---------------|
| Hope # 1   | 42   | 465  |               |
| 2          | 42   | 466  |               |
| 3          | 42   | 467  |               |
| 4          | 47   | 192  |               |
| 5          | 47   | 193  |               |
| 6          | 47   | 194  |               |
| 7          | 47   | 195  |               |
| 8          | 47   | 196  |               |
| 9          | 47   | 197  |               |
| 10         | 47   | 198  |               |
| 11         | 47   | 199  |               |
| 12         | 47   | 200  |               |

Hordcount #3

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Lessons  
Series.

Elmer Schroeder x Fannie J. Komp  
John J. Seaver President  
 BOOK 134 PAGE 66  
 Trustee Gold & Silver



Claim Name Book Page BLM Serial No

Hardecourt #19

20

21

22

23

24

| Claim Name    | U.S. Patent No | Mineral Survey | Book | Page |
|---------------|----------------|----------------|------|------|
| Keystone Lode | 3816           | MS 340         | 10   | 483  |
| O'Dair Lode   | 3896           | MS 306         | 10   | 483  |

Lessor.

Elmer F. Schrader

X Fannie J. Komp

Lessee

Bennett president  
Trust Gold & Silver

RECORDED AT REQUEST OF  
*Arista Gold & Silver Inc.*  
BOOK 134. PAGE 459.

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OFFICIAL RECORDS  
EUREKA COUNTY, NEVADA  
M.N. RESALE ATTL. RECORDER  
FILE NO. 98609  
FEE \$ 14.00

BOOK 134 PAGE 468