

BOOK 375 PAGE 201-206
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Gerrit A. Book
2004 FEB 23 PH 2:04

EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES 43⁰¹

APN# 05-030-04, 05-030-05

Recording Requested by:

185461

Name Gerrit A. Book

Address 1675 Jensen Court

City/State/Zip Battle Mountain, NV 89820

REAL ESTATE OPTION AGREEMENT

(Title of Document)

This page added to provide additional information required by NRS 111.312 Sections 1-2.
(Additional recording fee applies)

This cover page must be typed or printed.

BOOK 375 PAGE 201

REAL ESTATE OPTION AGREEMENT

THIS REAL ESTATE OPTION AGREEMENT (hereinafter referred to as the "Agreement") is made and entered into this 23 day of February, 2004, by and between

Gerrit A. Book, 1675 Jensen Court, Battle Mountain, Nevada 89820 (hereinafter collectively referred to as the "Sellers"), and **ALPHA OIL, INC.**, a British Columbia Corporation, 2488 W. 49th Avenue, Vancouver, British Columbia, Canada, V6M 2V3 (hereinafter referred to as the "Buyer"). Sellers and Buyer are sometimes herein collectively referred to as the "Parties".

IN CONSIDERATION of TWO THOUSAND dollars delivered by Buyer to Sellers, and the mutual promises, covenants, and obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

I. Real Estate Option Agreement.

Section 1.1 Option to Purchase. Upon the terms and conditions hereinafter stated, Sellers hereby grant to Buyer or his assigns the sole, exclusive and irrevocable right and option (the "Option") to purchase and acquire all of Sellers' fee simple title interest now existing or hereafter acquired in real property located in Eureka County, Nevada, and more particularly described in the Warranty Deed at Exhibit "A", attached hereto and incorporated by this reference, together with all rights, hereditaments, and appurtenants thereto (hereinafter collectively referred to as the "Property").

Section 1.2 Duration of Option. The Option shall expire at 5:00 p.m., PST on December 31, 2004 or when exercised in full, if earlier. The Option may be extended for an additional year upon payment of an additional \$2,000 and for an additional three (3) years thereafter upon the payment of an additional \$3,000 per year from Buyer to Sellers on or before expiration. During the Option period, Buyer or his agents may enter the Property and perform such mineral exploration, bulk sampling, appraisals, inspections, inventories, surveys, due diligence investigations, environmental audits or assessments, surface and subsurface soil or water sampling (which may include drilling or excavations), historic or archeological surveys, or other property evaluations of any nature as Buyer may require, provided such activities shall be conducted at Buyer's sole expense, reclaimed as required by law, and conducted without cost or liability to Sellers.

Section 1.3 Purchase Price. The purchase price to be paid by Buyer to Sellers for the Property is THIRTY-FIVE THOUSAND and no/100 Dollars (\$35,000.00) (Purchase Price) for a full 100% undivided fee simple title interest in the Forty and 20/100ths (40.20) acres, more or less, comprising the Property, plus a Production Payment. The Production Payment shall be payable to Sellers and set at the greater of THREE PER CENT (3%) of net smelter returns received from ores mined and sold from the property or \$20,000 per year minimum Production Payment until a total of FIVE HUNDRED THOUSAND and no/100 DOLLARS (\$500,000.00) is paid to Sellers. The Purchase Price and first year Production Payment shall be payable in cash, cashier's check or wired funds transferred at closing. Subsequent Production Payments shall be due on the each anniversary date of this Agreement. Buyer may prepay the Production Payment at any time, and when a total of \$500,000 is received by Sellers the Production Payment shall terminate. In the event the Sellers'

interest in Property is less than a full 100% undivided interest or less than the acreage specified, the Purchase Price and the Production Payment payable shall be adjusted in proportion to the actual interest or acreage owned by Sellers in the Property.

Section 1.4 Exercise of the Option. Buyer may elect to exercise the Option by delivering a written notice of Buyer's intention to purchase the Property ("Option Notice"). The Option Notice shall identify a closing date no later than ninety (90) days after delivery of the Option Notice. Buyer shall bear the cost of any appraisals, title insurance, due diligence investigations, soil tests, surveys, closing costs, recording fees, escrow fees or environmental audits pertaining to the Property.

II. Representations, Covenants, and Agreements of Sellers.

Section 2.1 Representations of Sellers. Sellers represent to Buyer that as of the date this Agreement is executed and as of the date of closing, Sellers hold fee simple title to the Property free and clear of any lien or encumbrance whatsoever and the Property has not been used for the storage or use of hazardous substances.

Section 2.2 Covenants and Agreements of Sellers. Sellers covenant and agree with Buyer as follows:

- (a) That Sellers will promptly advise Buyer of any litigation, arbitration, or administrative hearing before any governmental agency concerning or affecting the Property which becomes pending or threatened after the date hereof.
- (b) That Sellers will not sell, assign, pledge or convey the Property so long as this Agreement is in full force and effect.
- (c) That Sellers will furnish to Buyer a bona fide copy of all contracts, agreements and other documents relating to the Property now held or acquired or discovered after the date hereof, including but not limited to, any document, report, map, grazing or other leases, or other information whatsoever, relating to the Property.

Section 2.3 Items to be Delivered at The Closing.

- (a) Sellers. At the Closing, Sellers shall deliver to Buyer a Warranty Deed in the form attached hereto as Exhibit "A", duly executed and acknowledged by Sellers, and in form for recording, conveying fee simple title to the Property, to Buyer, subject to the Permitted Exceptions, if any, listed in Exhibit "A".
- (b) Buyer. At the Closing, Buyer shall deliver, or cause to be delivered, to Sellers cash or cashier's check or wired funds in the amount of the Purchase Price, subject to adjustments, if any, plus Buyer's share of closing costs, and pro-rations of property taxes, less all costs, expenses and property tax pro-rations or satisfaction of outstanding encumbrances, if any, to be paid by Sellers.

III. Defaults and Remedies.

Section 3.1 Buyer's Remedy. In the event Sellers shall be deemed to be in default hereunder, Buyer may, at Buyer's sole option, exercise any one or more of the following remedies:

- (a) Terminate this Agreement, in which event the consideration paid for the Option or any extensions shall be returned to Buyer by Sellers, and the Parties shall have no further duties, obligations or liabilities to each other hereunder; or
- (b) Obtain specific performance of such duties, plus enforcement costs, attorney's fees and court costs.

Section 3.2 Sellers' Right to Retain Option Consideration. If Sellers are not in default and Buyer has not exercised the Option on or before the expiration thereof, Sellers may retain the Option consideration and all of the Option extension payments, if any, paid to Sellers as consideration for an extension of the Option.

IV. Miscellaneous.

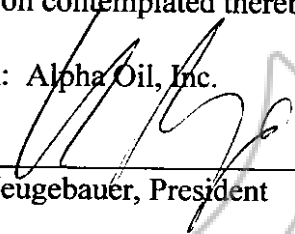
Section 4.1 Governing Law. This Agreement is being executed and delivered, and is intended to be performed, in the State of Nevada and the laws of such State shall govern the validity, construction, enforcement, and interpretation of this Agreement, unless otherwise specified herein.

Section 4.2 Taxes. Alpha Oil agrees to pay the Property taxes in the event the Property is reclassified by the county assessor to any classification other than the current classification.

Section 4.3 Parties Bound. This Agreement shall be binding upon and inure to the benefit of Sellers and Buyer, and their respective heirs, personal representatives, successors, and assigns.

Section 4.4 Further Acts. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by Sellers and Buyer, Sellers and Buyer agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered at the Closing or after the Closing any and all such further acts, deeds and assurances as may be necessary to consummate the transaction contemplated thereby.

BUYER: Alpha Oil, Inc.

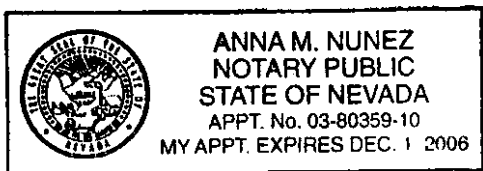
By: 
Henry Neugebauer, President

SELLERS: Gerrit A. Book

By: 
Gerrit A. Book

STATE OF Nevada)
) ss.
COUNTY OF Lander)

On the 23 day of February, 2004, before me, a Notary Public in and for said state, personally appeared Gerrit A. Book, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that he executed the same.



Anna M. Nunez
NOTARY PUBLIC

Province: BRITISH COLUMBIA)
State of BRITISH COLUMBIA)
) :SS
County of VANCOUVER)

On the 13 day of FEB, 2004, personally appeared before me Henry Neugebauer who verified to me his authority to act on behalf of the Company and that said instrument was signed on behalf of said Company by the authority vested in the President pursuant to the Articles and Bylaws of the Company and that said Officer acknowledged to me that said Company executed the same.

Peter N. Crawford
NOTARY PUBLIC

Residing at: VANCOUVER

does not
My Commission Expires:

PETER N. CRAWFORD
BARRISTER & SOLICITOR
5670 Yew Street
Vancouver, B.C. V6M 3Y3
266-7174

A Notary Public in and for
the Province of British Columbia

(eb)DTT/Book/OptionAgreement

EXHIBIT A

(Assessor's Parcel No. 05-030-04 and 05-030-05)
When Recorded Return To:
Robert G. Pruitt, III
PRUITT, GUSHEE & BACHTELL
1850 Beneficial Life Tower
Salt Lake City, Utah 84111

WARRANTY DEED

Gerrit A. Book, 1675 Jensen Court, Battle Mountain, Nevada 89820, (hereinafter referred to as the "Grantor") for valuable consideration received, hereby warrants and conveys fee simple title to **ALPHA OIL, INC.**, a British Columbia Corporation, 2488 W. 49th Avenue, Vancouver, British Columbia, Canada (hereinafter referred to as the "Grantee"), all of the right, title and interest in and to the following real property in Eureka County, Nevada, to wit:

Township 31 North, Range 48 East, Mount Diablo Base and Meridian

Section 9: W½ of Lot 1 (20.055 Acres)
E½ of Lot 2 (20.145 acres)

(containing 40.20 acres, more or less)

together with all rights, hereditaments, and appurtenances thereto, to have and to hold forever.

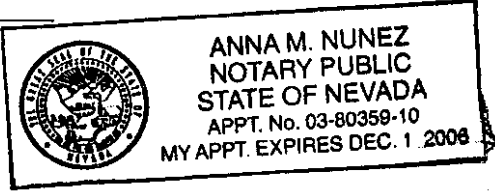
RESERVING UNTO GRANTOR a **production payment** commencing upon mineral production on the property above set at the greater of Three Per Cent (3%) of net smelter returns received from ores mined and sold from the property above or Twenty-Thousand Dollars and no/100 (\$20,000.00) per year minimum, until a total of Five Hundred Thousand Dollars and no/100 (\$500,000.00) is paid by Grantee to Grantor, at which time the **production payment** obligation shall terminate.

Dated this 23 day of February 2004.

Gerrit A. Book
Gerrit A. Book

State of Nevada County of Lander
Subscribed and sworn before me on 2-23-04
(Date)

Anna M. Nunez
(Notary Signature)



State of Nevada)

County of Lander)

:SS

(APN 05-030-04 and 05-030-05)
When Recorded Return To:
Robert G. Pruitt, III
PRUITT, GUSHEE & BACHTELL
1850 Beneficial Life Tower
Salt Lake City, Utah 84111

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Gerritt A Book
2004 FEB 23 PM 2:05
EUREKA COUNTY, NEVADA
M.M. REBALEATI, RECORDER
FILE NO. **185462**
FEES 16⁰⁰

MEMORANDUM
of
REAL ESTATE
OPTION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

That **Gerritt A. Book**, 1675 Jensen Court, Battle Mountain, Nevada, 89820, as seller, does hereby grant to **ALPHA OIL, INC.**, a British Columbia Corporation, 2488 W. 49th Avenue, Vancouver, British Columbia, Canada, as buyer, pursuant to all of the terms and conditions of that certain Real Estate Option Agreement, between the parties hereto, bearing the date hereof the sole, exclusive and irrevocable right and option to Buyer to purchase and acquire all of Seller's fee simple title interest now existing or hereafter acquired in real property located in Eureka County, State of Nevada, and more particularly described in Exhibit "A", attached hereto and incorporated by this reference, together with all rights, hereditaments, and appurtenants thereto (hereinafter collectively referred to as the "Property").

The term of this Real Estate Option and Agreement is for a period of five (5) years commencing on the date hereof, unless sooner terminated or extended.

Said Real Estate Option Agreement is incorporated herein and made a part thereof in all respects as though fully set forth herein. Reference is made hereby to executed copies of said Real Estate Option Agreement in possession of Seller and Buyer, respectively.

Dated this 23rd day of February, 2004.

Gerritt A. Book
Gerritt A. Book,

ALPHA OIL, INC.
By [Signature]
Henry Neugebauer, President

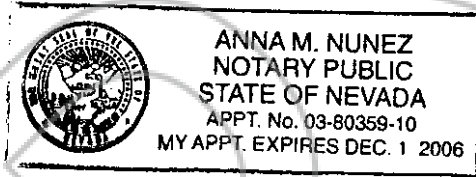
State of Nevada)
Lander :SS
County of Eureka)

On the 23 day of February, 2004, personally appeared before me **Gerrit A. Book**, who verified to me his authority to act on behalf of the Company and that said instrument was signed on behalf of said Company by the authority vested in the President pursuant to the Articles and Bylaws of the Company and that said Officer acknowledged to me that said Company executed the same.

Anna M. Nunez
NOTARY PUBLIC
Residing at: Battle Vets. Dr.

My Commission Expires:

December 1, 2006



Victoria
State of British Columbia)
:SS
County of Vancouver)

On the 13 day of Feb, 2004, personally appeared before me **Henry Neugebauer** who verified to me his authority to act on behalf of the Company and that said instrument was signed on behalf of said Company by the authority vested in the President pursuant to the Articles and Bylaws of the Company and that said Officer acknowledged to me that said Company executed the same.

Peter N. Crawford
NOTARY PUBLIC
Residing at: Vancouver

does not
My Commission Expires:

PETER N. CRAWFORD
BARRISTER & SOLICITOR
5670 Yew Street
Vancouver, B.C. V6M 3Y3
266-7174



A Notary Public in and for
the Province of British Columbia

EXHIBIT A

Attached to and made a part of a Memorandum of Real Estate
Option Agreement between Gerrit A. Book and Alpha Oil, Inc.

Township 31 North, Range 48 East, Mount Diablo Base and Meridian

Section 9: W½ of Lot 1 (20.055 Acres)
E½ of Lot 2 (20.145 Acres)

(containing 40.20 acres, more or less)

Signed for identification:

Gerrit A. Book
Gerrit A. Book

ALPHA OIL, INC.

By Henry Neugebauer
Henry Neugebauer, President