

APN 005-410-18
Recorded at the request of
and when recorded return to:
Montezuma Mines Inc.
559 W. Silver St., Suite 301
Elko, NV 89801

BOOK 377 PAGE 258-262
OFFICIAL RECORDS
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Montezuma Mines
2004 APR -5 AM 8:34

EUREKA COUNTY, NEVADA
M.H. REBALEATI, RECORDER
FILE NO. FEES 19.00

186238

Notice of Mineral Lease and Option to Purchase Agreement

Notice is given that HARRY BLOOM and JOHN J. GARDINER ("GRUBSTAKE") entered into a Mineral Lease and Option to Purchase Agreement (the "Agreement") on August 10, 2000. A copy of the Mineral Lease and Option to Purchase Agreement is attached. Gardiner assigned the Agreement to MONTEZUMA MINES INC., a Nevada corporation.

Dated April 2, 2004

MONTEZUMA MINES INC.

Sharon L Hogg
By: Sharon L. Hogg, Secretary
559 W. Silver St., Suite 301
Elko, NV 89801
Phone 775-778-3693

STATE OF NEVADA)
)ss
County of Elko)

On this 2nd day of April, 2004, personally appeared before me SHARON L. HOGG, the signer of the foregoing instrument, who duly acknowledged to me that she executed the same.

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



Traci McClendon
Notary Public

Mineral Lease and Option to Purchase Agreement

This Mineral Lease and Option to Purchase Agreement ("Agreement") is made between:

John J. Gardiner,
acting for various Grubstake parties,
(hereafter "Grubstake")

and

Harry Bloom
(hereafter "Owner")

1. The Property

The property subject to this Agreement includes all right, title and interest of Owner in the lands described as the south 1/2 and south 1/2 of the northeast 1/4 of Section 23, T. 29 N., R. 48 E., MDB&M, located in Eureka County (the "Property"), which consists of 400 acres, including all appurtenances, easements, rights-of-way and water rights appurtenant to the Property. Grubstake acknowledges that it is leasing and acquiring the option to purchase only such right, title and interest as Owner owns, and that Owner makes no representations or warranties concerning title to the Property, except that Owner has not previously created or granted any claim, encumbrance or lien which affects Owner's title to the Property.

2. Term; Right to Explore Property and Expiration of Offer

For a period of five (5) years, from the date of signing of this Agreement, Owner irrevocably grants unto Grubstake the right to explore for minerals on the Property. Grubstake shall have the exclusive right to enter the Property at any and all times and to undertake any and all types of mineral exploration work (but not mining) and all activities necessary and convenient in connection therewith, including the right to take samples of minerals for testing, assaying, analysing and drilling by whatever exploration methods may be deemed appropriate by Grubstake.

Grubstake withdraws the terms of this offer on August 15, 2000. If this Agreement is notarized after August 15, 2000 the terms of this offer will have expired, unless Grubstake elects to extend the offer in writing to the Owner.

3. Annual Lease Payments for Right to Explore Property

Grubstake agrees to pay to Owner an annual lease payment of \$10.00 times the number of acres contained in the Property (the "Lease Rate") - (i.e. If landholder owns one hundred (100) acres then first lease payment is: $\$10.00 / \text{acre} \times 100 = \$1,000.00$).

Grubstake will have forty five (45) days to deliver the first payment, following the signing of this Agreement by Owner. During the remaining term of this Agreement, Grubstake will pay the amount of the Lease Rate to Owner on or before each anniversary date of this Agreement.

4. Option to Purchase Property

Owner agrees to grant to Grubstake an option to purchase the Property, including all surface and mineral rights, for an amount equal to \$1,000.00 times the number of acres contained in the Property (the "Purchase Price") - (i.e. If landholder owns 100 acres then Purchase Price is: \$1,000.00 / acre x 100 = \$100,000.00).

- a. Grubstake may exercise its option to Purchase the Property at any time during the term of this Agreement by paying to Owner the Purchase Price. Grubstake shall give written notice of its election to exercise the option or Grubstake may pay the entire purchase price which shall be deemed Grubstake's exercise of the option. On Owner's receipt of Grubstake's notice of its exercise of the option or on Grubstake's payment of the purchase price the parties shall make diligent efforts to close the conveyance of the Property to Grubstake within thirty (30) days after Owner's receipt of Grubstake's notice or as soon as the transaction can be closed.
- b. Owner shall cause a title insurance company acceptable to Grubstake to issue a CLTA title insurance policy insuring Grubstake's title free and clear of any adverse claims, encumbrances, liens or other interests in the amount of the purchase price. Owner shall pay the premium for the title insurance policy.
- c. Owner shall pay one-half (1/2) of the cost of escrow. Grubstake shall pay one-half (1/2) of the cost of escrow, the real Property transfer taxes and the costs of recording Owner's warranty deed to Grubstake. Payment of any and all state and local real and personal Property taxes levied on the Property and not otherwise provided for in this Agreement shall be prorated between the parties as of the closing on the basis of a thirty (30) day month.
- d. On the closing, Grubstake shall pay the balance of the purchase price, if it has not previously done so.
- e. On the closing, Owner will execute and deliver to Grubstake a warranty deed in form acceptable to Grubstake for the Property and shall take whatever steps are required to complete the sale in a timely manner.

5. Exploration and Reclamation Activities

Grubstake shall have sole discretion as to the extent of its work on the Property and the time or times for beginning, continuing or resuming its operations thereon. Grubstake shall have no implied covenants or obligations to explore for, develop or mine minerals on the Property, Owner expressly acknowledging that the Lease Rate payments shall be complete and satisfactory payment for Grubstake's rights in the Property. All activities carried out by Grubstake under this Agreement shall conform in all respects with applicable laws and regulations. Any surface disturbed by Grubstake shall be reclaimed in accordance with applicable laws and regulations.

6. Access

Owner may enter the Property at all reasonable times for inspection, but Owner shall so enter at his own risk and shall hold Grubstake harmless against and from any damage, loss or liability by reason of injury to Owner or his agents or representatives while on the Property during the term of this Agreement.

7. Taxes

Owner shall pay all Property taxes assessable against the Property, including all taxes assessed or payable at the time of this Agreement. Grubstake shall pay for any increase in taxes assessed against the Property as a result of any operations it may undertake on the Property.

8. No Liens, Encumbrances or Adverse Claims

Owner agrees that he will not cause or allow any liens, encumbrances or adverse claims to accrue against the Property. Grubstake may if it elects discharge any liens or encumbrances which may have arisen and deduct such cost from any future payments to Owner.

Grubstake agrees that it will not cause or allow any liens for labor or materials to accrue against the Property as a result of its operations thereon. Grubstake may contest the validity of such liens and shall not be deemed a default unless such liens are finally determined to be valid and remain unpaid by Grubstake.

9. Termination of this Agreement

Grubstake may terminate this Agreement at any time after payment of the amount due on execution by written notice to owner to that effect. Otherwise this Agreement will terminate either following the exercise of the option by Grubstake to purchase the Property or the five (5) year term of the Agreement has expired.

Following the termination of this Agreement, Grubstake shall have no further liability or obligation hereunder, except as to such reclamation obligations as noted above. Upon termination Grubstake shall provide to Owner a written instrument acknowledging such termination in appropriate form for recording.

10. Transfer of Ownership and Rights Under This Agreement

Owner may transfer or assign their rights under this Agreement, in whole or in part, and this Agreement shall be binding upon and enure to the benefit of the parties hereto, their heirs, executors, administrators successors and assigns, and shall provide written notice to Grubstake. Grubstake may assign this Agreement at any time upon written notice to owner.

11. Property Title and Ownership

The Property is not burdened with any royalties or payments on production or any prior Agreement, encumbrance, burden or restriction created by any act or instrument by Owner.

On request, Owner will make available to Grubstake all abstracts of title and other Property, exploration data or other title records for any title search Grubstake may wish to undertake. Grubstake, at Owner's expense, may remedy any defects to title which Owner fails to remedy at the request of Grubstake.

If Owner acquires any additional interests within a distance of one (1) mile from the Property, after the execution of this Agreement, at the option of Grubstake, all such additional interests shall also become subject to this Agreement.

12. Notice and Payment

All notice under this Agreement shall be in writing and shall be delivered by certified mail and such mailing shall be deemed to be sufficient notice. Notice to Owner shall be:

Notice to Grubstake shall be:

John J. Gardiner
c/o Grubstake
14247 West Iliiff Avenue
Lakewood, Colorado
80228-5421

Notice to Owner shall be:

Harry Bloom
10206 Deerfield Lane
Northridge, California
91324

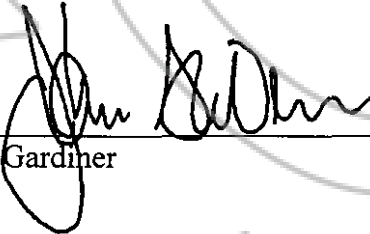
All payments under this Agreement may be made by Grubstake check made payable to the party or parties identified as Owner in this Agreement, and delivery thereof shall be deemed completed on mailing to Owner. Grubstake shall not have any obligation for further distribution to any persons entitled to portions thereof.

13. Miscellaneous

- a. "Grubstake" as used herein includes the plural and may be substituted in documents by John J. Gardiner personally or such other entity as may be formed to hold such rights or Property under this Agreement as Grubstake, or its principals, may determine.
- b. The laws governing this Agreement shall be the laws of the State of Nevada.
- c. Upon execution of this Agreement, the parties shall execute and deliver a short form of this Agreement which Grubstake may record in the office of the recorder of each County in which all or any part of the Property is located.


In Witness hereof, the parties have executed this Mineral Lease and Option to Purchase Agreement as of the dates noted below and agree to be bound by its terms:

GRUBSTAKE



John J. Gardiner

HARRY BLOOM



Harry Bloom

Date: 8/10/2000

for Harry Bloom
