

MINING LEASE AND OPTION TO PURCHASE

THIS INDENTURE is made and entered into by and between _____, hereinafter called "Lessor", whether one or more, of _____ and _____, hereinafter called "Lessee," of _____.

1. The said Lessor for and in consideration of the sum of _____ Dollars, (\$ _____) cash in hand paid, the receipt and adequacy of which is hereby acknowledged and of the covenants and agreements hereinafter contained has granted, demised, leased, optioned, and let, and by these presents does grant, demise, lease, option, and let exclusively unto the said Lessee, its successors and assigns, the hereinafter described lands, plants, fixtures and improvements, including all necessary rights, with the exclusive right and privilege to explore for, develop, mine (by open pit, underground, strip mining, solution mining or any other method), extract, mill, store, remove and market therefrom all minerals, metals, ores, lodes and veins, dips and spurs, all dumps, and materials of whatsoever nature or sort, hereinafter called "Leased Substances", (except only oil and gas), and of using so much of the surface of said lands as may be necessary, useful or convenient for the full enjoyment of all rights herein granted; all of said lands hereinafter referred to as "Leased Premises" with any reversionary rights therein being situated in the _____ Mining District, County of _____, State of _____, and described as follows:

and containing _____ acres, more or less.

2. This lease shall remain in force and effect for a primary term of _____ (_____) years from the effective date hereof and so long thereafter as Leased Substances are being mined or processed or marketed from said premises on a continuous basis. For this purpose, mining or processing or marketing operations shall be deemed continuous so long as any of said operations do not cease for a period of more than _____ (_____) consecutive calendar days. In the event Lessee is engaged in actual development of a mine but has not yet obtained actual production of Leased Substances at the end of said primary term, Lessee shall be allowed the necessary time within which to complete said mine development and obtain actual production of Leased Substances, provided Lessee diligently pursues said mine development and actual production. In the event Lessee is unable to obtain a satisfactory market for Leased Substances discovered or produced on said premises, and as a result Lessee delays commencement of mining and/or processing and/or marketing operations beyond the end of said primary term, or from time to time suspends such operations after end of the primary term hereof, then this lease shall not expire or terminate during such period of lack of market but may be extended by Lessee's continuing payment of rentals beyond the end of the primary term or by resuming such payments within _____ (_____) days after a suspension of such operations occurring subsequent to the end of the primary term, provided that Lessee notifies Lessor of discovery or production of Leased Substances before end of primary term. Lessee shall use diligence in searching for a satisfactory market for the Leased Substances during such lack of market periods, and when a satisfactory market becomes available Lessee shall have the necessary time thereafter within which to complete mine development and obtain actual production of Leased Substances. Necessary time is defined as that time a prudent operator needs to develop a mining operation to obtain actual production.

3. If mining and/or processing and/or marketing of the Leased Substances is not commenced on said leased premises on or before one year from the effective date hereof, this lease shall then terminate as to both parties, unless the Lessee shall, on or before one year from the effective date of this lease, pay or tender to the Lessor or for Lessor's credit in _____ Bank, at _____, or its successor or successors, which bank and its successors are Lessor's agents and which shall continue as the depository regardless of change in the ownership of the Leased Premises, the sum of _____ per acre for each acre of the Leased Premises in which Lessee desires to retain the leasehold interest, which shall grant Lessee the right to defer commencement of all operations contemplated hereby for a period of one year from such date. In like manner and upon like payments or tenders the commencement of all operations contemplated may be further deferred for like periods successively during the primary term of this lease; provided that during the primary term hereof and after commencement of operations contemplated, if Lessee suspends such operations for any reason for a continuous period of ninety (90) days or more, then this lease shall terminate on the anniversary of the effective date next occurring after the end of such ninety (90) day period of suspension unless Lessee tenders rentals as above provided on or before such lease anniversary date for the privilege of continuing such suspension for an additional one (1) year period. In like manner and upon like payments or tenders the suspension of all operations may be further continued for like periods successively during the primary term of this lease. And it is understood and agreed that the consideration first recited herein, the down payment covers not only the privileges granted to date when said rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid, and any and all other rights conferred. All payments or tenders may be made by check or draft of Lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering all or any portion or portions of the above described Leased Premises and thereby surrender this lease as to all or such portion or portions and be relieved of all obligation as to the acreage surrendered and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered herein is reduced by said release or releases. Notwithstanding the death of the Lessor or his successors in interest, the payment or tender of rentals in the manner provided herein shall be binding on the heirs, devisees, executors and administrators of the Lessor his successors in interest.

4. The Lessee shall pay Lessor the following amounts for all Leased Substances sold from above described leased premises:

A royalty of _____ percent of the net mill or net smelter, or net mint returns, as herein-after defined, received by Lessee. "Net Mill or Net Smelter returns" shall mean the amount of payments received by Lessee from the mill or smelter, or other purchaser to which any Leased Substances or concentrates derived from such Leased Substances are delivered for treatment and/or sale after deduction has been made for all mill or smelter penalties and charges, freight, costs of transportation and haulage from the Leased Premises to the mill or smelter or other purchaser. "Net mint returns" shall mean the amount of payments received by Lessee from the United States Mint or authorized bullion purchaser after deduction has been made for all postage, express insurance, and other handling charges incurred in connection with the shipment of such bullion from the Leased Premises to the purchaser. Should Lessee build and/or operate its own processing or milling facilities for processing or milling the Leased Substances from said Leased Premises, no costs of such facility shall be chargeable against Lessor's royalty. Lessee guarantees that the recovery from any processing or milling facility owned or operated by Lessee shall at least equal _____ percent of the feed material as to the following Leased Substances: _____

_____ ; all royalty payments shall be based on the above recovery rate if the actual recovery rate is lower and at the actual recovery rate if said rate is higher. Any royalty payable for the sale of any Leased Substance other than those previously enumerated shall be based on the actual recovery rate. Leased substances derived from said Leased Premises may be commingled with other ores derived from other lands and the Lessor's royalty interest in the Leased Substances so commingled shall be determined in accordance with prevailing sound engineering and accounting practices. All dumps, tailings or any other waste material produced by any mining, milling, processing or other method shall be the sole property of Lessee so long as this

agreement remains in effect. At Lessor's option all royalty payments shall be made by purchaser of the Leased Substances provided Lessor notifies, in writing, Lessee and purchaser prior to payment date.

5. The Lessor hereby grants to Lessee the exclusive and irrevocable right and option, during the term of this lease, to purchase all of Lessor's right, title, and interest in the above described Leased Premises for a total purchase price of _____.

All payments, rentals, royalties, and payments for signing this instrument, 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 at the time Lessor delivers to Lessee a duly executed Special Warranty Deed conveying all Lessor's right, title and interest in above described Leased Premises; provided, however that Lessor shall deliver such Deed to Lessee within ten (10) days after the date of exercise. Lessor shall execute and deliver to Lessee such other documents and perform such other acts as may be necessary or may be required by Lessee in order to complete the transfer of ownership to the Leased Premises.

6. Lessor hereby warrants and agrees to defend the title to said land, and agrees that Lessee, at its option, may discharge any tax, mortgage, or other lien upon said Leased Premises, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same.

In case said Lessor owns a less interest in the above described Leased Premises than the entire and undivided fee simple estate therein, then the rentals, royalties, and payments for signing this instrument herein provided for shall be due the said Lessor only in the proportion that his interest bears to the whole and undivided fee; however, such rental shall be increased at the next succeeding rental anniversary after the acquisition of any reversionary interest or after acquired title to cover the interest so acquired, and Lessor agrees to notify Lessee in writing upon acquisition of any additional interest in the above described Leased Premises, whether it be by reversion or after acquired title, or if such additional acquisition occurs after production be obtained then the royalty shall be increased to cover the interest so acquired. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

7. Lessee shall indemnify and hold harmless the Lessor for and account of claims, demands or liabilities arising out of Lessee's contemplated operations on the Leased Premises; assume full and sole responsibility for the contemplated operations conducted on the Leased Premises, and no employee or agent of Lessee shall, under any circumstances, be deemed an employee or agent of the Lessor; perform the contemplated operations on the Leased Premises in accordance with good mining practices, good mining practices shall be determined at the sole discretion of Lessee, shall comply with the applicable laws and regulations relating to performance of mining operations on the Leased Premises and shall comply with the applicable workmen's compensation laws, and pay in full for all labor performed upon or materials furnished to the Leased Premises ordered or requested by Lessee and shall keep the Leased Premises free and clear from any and all mechanics or laborers liens except those which Lessee, in good faith, desires to contest. Lessee shall post, and keep posted, upon said Leased Premises notice to the effect that same are leased and/or optioned and that Lessor shall not, nor will said Leased Premises, be liable for any labor performed upon or material furnished to said Leased Premises as ordered or requested by Lessee. These notices shall be kept and maintained posted, at all times, in conspicuous places near each and every entrance to said Leased Premises and on the principal building and shall be printed in clear and legible characters.

8. During the term of this lease, Lessee does hereby agree to perform all assessment work required to be performed upon the mining claims by law, and does further agree to furnish Lessor with a statement of all such work in order that Lessor may prepare and record all proper affidavits, notices and other documents required by law to evidence the performance of said annual assessment work. Said affidavits, notices and other documents required by law to evidence the performance of annual assessment work may at Lessee's option be recorder by Lessee, provided Lessee notifies Lessor of its intention to so record at least thirty (30) days prior to date for recording as determined by law and furnish copies of said documents to Lessor. Lessee may locate additional new mining claims in the vicinity of the Leased Premises and Lessor agrees that any and all claims so located by Lessee during and after the term of this agreement shall not be and the same are not hereby made subject to any and all of the terms, conditions and covenants of this agreement contained herein. Lessor to have no interest in new locations made by Lessee in vicinity of Leased Premises.

9. In case of suit, adverse claim, dispute or question as to the ownership of the Leased Premises or of the rentals and royalties (or any interest therein) payable under this lease, Lessee shall not be in default in payment or rentals

and/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 instruments disposing of such suit, claim or dispute (or a certified copy of copies thereof), or after being furnished with proof sufficient, in Lessee's opinion, to settle such question, within which to make payment. 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.

10. For the same consideration stated herein, Lessee is hereby granted the exclusive right to use, including but not limited to, all structures, facilities, equipment, roadways, easements, licenses and all other appurtenances now existing or installed on, in or under the Leased Premises hereunder for the purpose of producing metals, ores, minerals or materials from any lands which are owned, operated or controlled adjacent to or nearby the Leased Premises, and such right to use above said facilities will continue after the expiration of this agreement for so long as the use of such facilities is required by Lessee in connection with operations on said adjacent or nearby lands; provided that, in the event such right is so continued then Lessee may extend this lease, as to the portion of the Leased Premises necessary or convenient to the enjoyment of such right by notifying Lessor and making payment of annual rental of _____ per acre of the land so used in the same manner as set out in Paragraph three (3) of this agreement.

11. Lessee agrees to keep accurate records showing Leased Substances mined and/or processed and/or sold from Leased Premises and furnish annual reports to Lessor pertaining to production of Leased Substances. Lessor may have access to the Leased Premises during regular business hours, solely for the purpose of inspecting, surveying, sampling and examining Lessee's mine workings on Leased Premises, so long as such inspection, surveying, sampling and examination shall not interfere with Lessee's operation and is at Lessor's sole cost and risk; exploration workings; drill holes or other like operations of Lessee shall only be examined by Lessor with written consent of Lessee. Upon termination of this agreement under any of its provisions, Lessee will, at the written request of Lessor, furnish Lessor copies of maps showing location of drill holes and mine workings, and any analysis of samples obtained on the Leased Premises which Lessee then has in its possession, together with other geological data concerning the Leased Premises developed from Lessee's operations hereunder.

12. Failure by Lessee to perform or comply with any of the terms, provisions or conditions of this lease, expressed or implied, shall not automatically terminate this lease nor render it null and void; but in the case of such default Lessor may notify Lessee in writing of each specific breach and Lessee shall have a period of ninety (90) days after receipt of such notice within which to cure such default provided further that the period of time for remedying such matters of default shall be extended when Lessee is prevented from acting by causes beyond the control of Lessee, such as labor strikes, fires, floods, explosions, riots, unusual mining casualties, acts of God, government restrictions or orders, suspension of buying by the government where no commercial market is available, severe weather, or shortage of labor, said examples being given by way of illustration and not by way of limitation. The ninety (90) day period specified above shall be thirty (30) days if the violation or breach is of a provision or covenant by Lessee to make payments to Lessor.

13. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors, and assigns, but no change or division in ownership of the Leased Premises, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of this agreement. No such change or division in the ownership of the Leased Premises, rentals or royalties shall be binding upon Lessee for any purpose until such person acquiring any interest has further furnished Lessee with the instrument or instruments, or certified copies thereof, constituting his claim of title from the original Lessor. In the event of an assignment of this agreement as to a segregated portion of said Leased Premises, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this agreement, in whole or in part, shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder, and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such Lessee or assignee or fail to comply with any other provision of the agreement, such default shall not affect this lease insofar as it covers a part of said Leased Premises upon which Lessee or any assignee thereof shall make payment of said rentals.

14. Lessee shall have the right at any time during or within six (6) months after the termination or expiration of this lease to remove all property, fixtures or structures erected or placed by Lessee on or in the Lease Premises, but shall not remove or impair any supports placed in the underground mines or any timbers or support framework

necessary to the use and support of the shafts or other entryways to the mines, or any haulageways within the mines. The compensation herein provided shall be deemed to be full payment to Lessor for any damages which may be caused to the Leased Premises by Lessee's operations hereunder so long as Lessee conducts such operation in a reasonable and prudent manner without negligence on the part of Lessee.

15. Lessor agrees to pay promptly when due all property taxes levied and assessed upon the property except as hereinafter provided, and during the term of the agreement Lessee agrees to pay promptly when due all taxes levied and assessed upon any improvements placed by Lessee upon the premises. As to severance tax, and all other taxes that are now or may be hereafter levied and computed on the amount or value of ores produced, Lessor and Lessee shall bear their pro rata share, provided the pro rata share of Lessor shall be determined by multiplying the gross amount of royalties paid unto Lessor during the taxing period by the applicable tax rate, the balance of the tax being Lessee's pro rata share. If Lessor fails to pay taxes chargeable solely to Lessor or its pro rata share of taxes when due, Lessee may, at its option pay Lessor's taxes or Lessor's pro rata share of taxes as herein defined and deduct said payment or payments from royalties or rentals due or to become due unto Lessor hereunder.

16. Lessee shall have the right to unitize, pool, or combine all or any part of the above Leased Premises with other lands, whether owned, leased or controlled by Lessee or others in the same general area by entering into a cooperative or unit plan of development or operation and, from time to time, change, modify or terminate any such plan or agreement. In the event Lessee enters into such cooperative or unit plan of development or operation there shall not be any modification of the royalty provisions of this agreement, the commencement of production on any portion of such a cooperative or unit plan created hereunder shall have the same effect upon the terms of this agreement as if production were commenced on the Leased Premises embraced by this agreement, and this lease and option shall not terminate or expire during the life of such plan or agreement. Lessor shall only receive royalty payments from his leased premises, Lessor has no right to any royalty payment from other lands in such a unit or pool. If actual production is not obtained from Leased Premises during any lease year, then Lessee shall make rental payments as stated in Paragraph three (3). In case of dispute or question of ownership of any lode, vein, spur or other deposit of Leased Substances, Lessee will pay into a court of competent jurisdiction all royalties payable from such lode, vein, spur or other deposit until ownership is determined by the court of competent jurisdiction. Lessee shall file a written cooperative or unit plan for record in the county in which such cooperative or unit plan is located.

17. It is recognized that the United States of America reserved the mineral and mineral rights from its patent of certain tracts of land (hereinafter referred to as "Surface Tracts"), therefore, the Lessor owns no right, title or interest in and to the minerals and mineral rights in such Surface Tracts. In the event that any or all of the Leased Premises be such Surface Tracts it is further recognized said Surface Tracts shall be subject to this agreement except Lessee is under no obligation and Lessor has no right to rentals with respect to said Surface Tracts nor to royalties with respect to Leased Substances mined from said Surface Tracts. If Lessee validly locates one or more mining claims, or obtains mineral lease or leases to any or all minerals from the United States of America, at any time while such Surface Tract is subject to the terms and provisions of this agreement, Lessee agrees to pay Lessor a sum (hereinafter referred to as Surface Payment) equal to one percent (1%) of the net mill or net smelter or net mint returns as defined in Paragraph four (4) of this agreement. It is specifically understood that the Lessee shall in no way be obligated to locate any mining claim or claims or lease any mineral or minerals upon, in or under any portion of said Surface Tract or having located a mining claim or claims or leased any mineral or minerals thereon, to maintain the same in force and effect.

18. All notices shall be deemed to have been properly given when made in writing and sent by mail or telegraph with all necessary postage or charges fully prepaid and addressed to the parties hereto as follows:

LESSOR:

LESSEE:

All notices shall be deemed to be given when deposited in the United States mail or Western Union Telegraph office and the time given the party receiving such notice shall run from the date the notice is deposited as aforesaid.

19. This agreement shall be binding upon all who execute it, whether or not named in the body hereof as Lessor, and without regard to whether this instrument or any copy thereof, shall be executed by any other Lessor named above. All who execute this agreement shall be Lessors the same as if named in the body hereof.

20. With respect to and for the purposes of this agreement Lessor, and each of them if there be more than one, hereby release and waive the right of homestead, any and all dower and similar rights conferred upon or reserved to such spouse by the laws of the state in which the Leased Premises above described are located.

IN WITNESS WHEREOF, this mining agreement is executed this _____ day of _____, 20_____.

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF _____

(For use in Arizona, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington and Wyoming)

COUNTY OF _____

I, the undersigned Notary Public, do hereby certify that on the _____ day of _____, 20_____, personally and in person appeared _____ and _____ his/her wife/husband, the signer(s) of the above instrument, and personally known to me to be the person(s) described in and who executed the foregoing instrument and whose name(s) is/are subscribed thereto and duly acknowledged to me that _____ freely and voluntarily signed, sealed, executed and delivered the same as _____ free and voluntary act and deed for the uses and purposes therein specified and set forth.

Given under my hand and official Notarial seal this _____ day of _____, 20_____.

My commission expires: _____

Notary Public, whose place of residence is

CORPORATION ACKNOWLEDGMENT

STATE OF COLORADO

_____ County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____, by _____ as _____ President and _____ as _____ Secretary of _____ a corporation.

My notarial commission expires _____

Witness my hand and official seal.

Notary Public

COLORADO ACKNOWLEDGMENT

STATE OF COLORADO

_____ County of _____

The foregoing instrument was acknowledged before me this _____ day of _____,
20____, by _____.

WITNESS my hand and official seal.

Notary Public

My commission expires _____