SUPPLEMENT TO

APPENDIX 1

GEOLOGIC REPORT

and

EXPLORATION PROPOSAL

on the

ICE LAKE PROJECT AREA

San Miguel and San Juan Cos., Colo.

VITRO MINERALS CORPORATION

After the preparation of Appendix 1, Vitro Corporation of America exercised its option from Western Exploration & Management Co. and thereafter Western assigned and conveyed to Vitro all of its interests in the claims and leases embracing the Ice Lake Project Area. Still later, Vitro Corporation of America assigned and conveyed to Vitro Minerals Corporation, a Delaware corporation, all of the interests in said leases and mining claims which Vitro Corporation of America acquired under said assignments and conveyances from Western. This supplement to Appendix 1 contains copies of all the deeds and assignments which were executed after the preparation of Appendix 1.*

Following is an index which describes the various instruments involved and shows the page numbers where they appear in this Supplement to Appendix 1.

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*The assignments and mining deeds from Vitro Corporation of America to Vitro Minerals Corporation appearing in this Supplement to Appendix 1 either recite or show the recording data as to the various leases (and supplements and modifications thereto), assignments of leases and mining deeds contained in either Appendix 1 or this Supplement to Appendix 1.

PATENTED CLAIMS

	Page Numbers of this Supplement Where The Indicated Instruments Appear
I. Utopia, (U. S. Mineral Survey No. 15457); Last Hope (No. 11695) (portion in San Miguel County); Iowa (No. 12298); Lake (No. 12298).	
(a) Appendix 1 shows these claims as being owned by Western, subject to the Vitro option.	
(b) By a mining deed dated July 17, 1967, Western conveyed its interest in these claims to Vitro Corporation of America.	1
(c) By a mining deed dated April 1, 1968, Vitro Corporation of America conveyed its interests in these claims to Vitro Minerals Corporation.	4
II. Columbus (No. 11693); Grand View (No. 11693); Webster (No. 11695); Last Hope (No. 11695) (portion in San Juan County); Golden Gate (No. 12817); Silver Dick (also known as Silver Pick) (No. 12817); Isabel (No. 11531).	
(a) Appendix 1 shows these claims as being owned jointly in various proportions by Western and John F. Schmelzer. The Schmelzer interests were covered by a lease granted to Western.	
(b) The mining deed dated July 17, 1967, described above in I(b) conveyed Western's interests in these claims to Vitro Corporation of America.	1
(c) The mining deed described in I(c) above conveyed Vitro Corporation of America's interest in these claims to Vitro Minerals Corporation.	4
(d) By an assignment dated July 17, 1967, Western assigned its interest in the Schmelzer lease to Vitro Corporation of America.	7
(e) By an assignment dated April 1, 1968, Vitro Corporation of America assigned its interests in the Schmelzer lease to Vitro Minerals Corporation.	9
III. Lucy; Lucy No. 2; May B; Lelia (all No. 13372)	

		Page Numbers of this Supplement Where The Indicated Instruments Appear
(a)	Appendix 1 recites these claims are owned in various proportions by Margaret T. Beazley, Earl P. Thomas, Douglas Crouch, Margorie S. Crouch, Manley S. Nolan, Lucia N. Standish, and Clark and Ellen Thomas, subject to separate leases granted by said persons to Western Exploration & Management Company.	
(b)	By an assignment dated July 17, 1967, Western assigned the Margaret T. Beazley lease to Vitro Corporation of America	12
(c)	By an assignment dated April 1, 1968, Vitro Corporation of America assigned the Margaret T. Beazley lease to Vitro Minerals Corporation.	14
(d)	By an assignment dated July 17, 1967, Western assigned the Earl P. Thomas lease to Vitro Corporation of America.	17
(e)	By an assignment dated April 1, 1968, Vitro Corporation of America assigned the Earl P. Thomas lease to Vitro Minerals Corporation.	19
(f)	By an assignment dated July 17, 1967, Western assigned the J. Douglas Crouch lease to Vitro Corporation of America.	22
(g)	By an assignment dated April 1, 1968, Vitro Corporation of America assigned the J. Douglas Crouch lease to Vitro Minerals Corporation.	24
(h)	By an assignment dated July 17, 1967, Western assigned the Margorie S. Crouch lease to Vitro Corporation of America.	27
(i)	By an assignment dated April 1, 1968, Vitro Corporation of America assigned the Margorie S. Crouch lease to Vitro Minerals Corporation.	29
(j)	By an assignment dated July 17, 1967, Western assigned the Manley S. Nolan lease to Vitro Corporation of America.	32
(k)	By an assignment dated April 1, 1968, Vitro Corporation of America assigned the Manley S. Nolan lease to Vitro Minerals Corporation.	34
(l)	By an assignment dated July 17, 1967, Western assigned the Lucia N. Standish lease to Vitro Corporation of America.	37

	Page Numbers of this Supplement Where The Indicated Instruments Appear
(m) By an assignment dated April 1, 1968, Vitro Corporation of America assigned the Lucia N. Standish lease to Vitro Minerals Corporation.	39
(n) By an assignment dated July 17, 1967, Western assigned the Clark and Ellen Thomas lease to Vitro Corporation of America.	42
(o) By an assignment dated April 1, 1968, Vitro Corporation of America assigned the Clark and Ellen Thomas lease to Vitro Minerals Corporation.	44

UNPATENTED CLAIMS

IV. Diamond, Palmyra, St. Anthony, Frederick, Joseph, Charlotte Mary.

(a) Appendix 1 shows these claims as being owned jointly by Western and John F. Schmelzer. The interests Schmelzer had in the claims were covered by a lease to Western.	
(b) By the mining deed described in I(b) Western conveyed its interest in said claims to Vitro Corporation of America.	1
(c) By the mining deed described in I(c) above, Vitro Corporation of America conveyed its interests in said claims to Vitro Minerals Corporation.	4
(d) By the assignment described in II(d) above, Western assigned its interests in the Schmelzer lease to Vitro Corporation of America.	7
(e) By the assignment described in II(e) above, Vitro Corporation of America assigned its interests in the Schmelzer lease to Vitro Minerals Corporation.	9

V. Vitro No. 1 through 11, Dover, Ben.

(a) Appendix 1 shows the above claims as being owned by Vitro Corporation of America.	
(b) By a mining deed dated April 1, 1968, Vitro Corporation of America conveyed its interests in said claims to Vitro Minerals Corporation.	47

COMPARED INDEXED

STATE OF COLORADO }
COUNTY OF SAN JUAN }ss.
I hereby certify that this instrument was filed for record in my office at 1:32 o'clock P. M. Feb. 20, 1968
Reception No. 106410
Justina L. Haufland
COUNTY CLERK AND RECORDER
By _____ Deputy
Book 193 Page 76

MINING DEED

This MINING DEED, made this 17th day of July, 1967, by WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, GRANTOR, to VITRO CORPORATION OF AMERICA, a Delaware corporation, GRANTEE,

W I T N E S S E T H:

GRANTOR, for and in consideration of TEN DOLLARS ($10.00) and other good and valuable consideration, the receipt whereof is hereby acknowledged, does hereby GRANT, BARGAIN, SELL and CONVEY unto GRANTEE all of GRANTOR'S right, title and interest in, to and under the following described patented and unpatented lode mining claims:

PATENTED CLAIMS:

Utopia, U. S. Mineral Survey No. 15457, situated in San Miguel County, Colorado

That portion of Last Hope, U. S. Mineral Survey No. 11695, situated in San Miguel County, Colorado

Iowa, U. S. Mineral Survey No. 12298
Lake, U. S. Mineral Survey No. 12298
situated in San Juan County, Colorado

Columbus, U. S. Mineral Survey No. 11693
Grand View, U. S. Mineral Survey No. 11693
Webster, U. S. Mineral Survey No. 11695
situated in San Juan County, Colorado

That portion of the Last Hope, U. S. Mineral Survey No. 11695, situated in San Juan County, Colorado

Golden Gate, U. S. Mineral Survey No. 12817
Silver Pick, U. S. Mineral Survey No. 12817
Isabel, U. S. Mineral Survey No. 11531
situated in San Juan County, Colorado

STATE DOCUMENTARY FEE
DATE 2/20/68
$2.25

Recording Data:
San Juan County
February 20, 1968
No. 106410
Book 193, Page 76
$2.00

Recording Data:
San Miguel County
February 28, 1968
No. 170101
Book 324, Pages 171-173
$4.50

UNPATENTED CLAIMS:

Name of Claim	Certificate of Location Recorded in San Juan County, Colorado in Book	Page
Diamond	92	564
Palmyra	147	18
St. Anthony	147	18-19
Frederick	147	20
Joseph	147	375
Charlotte Mary	165	33

All situated in San Juan County, Colorado

TOGETHER WITH all title, claim and interest hereafter acquired by GRANTOR in and to any and all of said mining claims.

ALSO TOGETHER WITH all of GRANTOR'S rights in and to all and singular the minerals, lodes, veins, dips and spurs and in and to all and whatsoever rights, privileges and appurtenances which appertain or otherwise belong to said mining claims or any of them.

IN WITNESS WHEREOF, these presents are executed the day and year first above written.

WESTERN EXPLORATION & MANAGEMENT CO.

By T. Board
President

Attest:

Olga E. Board
Secretary

STATE OF COLORADO)
) SS.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 17th day of July, 1967, by V. L. BOARD, as the President and OLGA E. BOARD as Secretary of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Notary Public

My Commission Expires: May 31, 1971.

MINING DEED

THIS MINING DEED, made this 1st day of April, 1968, by VITRO CORPORATION OF AMERICA, a Delaware corporation, GRANTOR, to VITRO MINERALS CORPORATION, a Delaware corporation, GRANTEE,

W I T N E S S E T H:

WHEREAS, by Mining Deed dated July 17, 1967, and recorded in the office of the County Recorder of San Miguel County, State of Colorado on February 28, 1968, in Book 324, at Pages 171-173, and also recorded in the office of the County Recorder of San Juan County, Colorado on February 20, 1968, in Book 193, at Page 76, WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, conveyed to VITRO CORPORATION OF AMERICA, a Delaware corporation, all its right, title and interest in, to and under the following described patented and unpatented lode mining claims:

PATENTED CLAIMS:

Utopia, U. S. Mineral Survey No. 15457, situated in San Miguel County, Colorado

That portion of Last Hope, U. S. Mineral Survey No. 11695, situated in San Miguel County, Colorado

Iowa, U. S. Mineral Survey No. 12298
Lake, U. S. Mineral Survey No. 12298
situated in San Juan County, Colorado

Columbus, U. S. Mineral Survey No. 11693
Grand View, U. S. Mineral Survey No. 11693
Webster, U. S. Mineral Survey No. 11695
situated in San Juan County, Colorado

That portion of the Last Hope U. S. Mineral Survey No. 11695, situated in San Juan County, Colorado

Recording Data:
San Juan County
May 8, 1968
No. 106547
Book 193, Page 119
$2.00

Recording Data:
San Miguel County
May 8, 1968
No. 171474
Book 324, Page 209
$4.50

Golden Gate, U. S. Mineral Survey No. 12817
Silver Pick, U. S. Mineral Survey No. 12817
Isabel, U. S. Mineral Survey No. 11531
situated in San Juan County, Colorado

UNPATENTED CLAIMS:

NAME OF CLAIM	ORIGINAL CERTIFICATE OF LOCATION RECORDED IN SAN JUAN COUNTY, COLORADO IN BOOK	PAGE	AMENDED CERTIFICATE OF LOCATION RECORDED IN SAN JUAN COUNTY, COLORADO IN BOOK	PAGE
Diamond	92	564	142	405
Palmyra	147	18	142	407
St. Anthony	147	18-19	142	406
Frederick	147	20	142	409
Joseph	147	375	142	408
Charlotte Mary	165	33	142	410

All situated in San Juan County, Colorado

NOW, THEREFORE, GRANTOR, for and in consideration of TEN DOLLARS ($10.00) and other good and valuable consideration, the receipt whereof is hereby acknowledged, does hereby GRANT, BARGAIN, SELL and CONVEY unto GRANTEE all of GRANTOR'S right, title and interest in, to and under the above-described patented and unpatented lode mining claims acquired and held under said deed from Western Exploration & Management Co. or otherwise.

TOGETHER WITH all title, claim and interest hereafter acquired by GRANTOR in and to any and all of said mining claims.

ALSO TOGETHER WITH all of GRANTOR'S rights in and to all and singular the minerals, lodes, veins, dips and spurs and in and to all and whatsoever rights, privileges and appurtenances which appertain or otherwise belong to said mining claims or any of them.

IN WITNESS WHEREOF, these presents are executed the

day and year first above written.

VITRO CORPORATION OF AMERICA

By _____
Vice President

ATTEST:

_____
Secretary

STATE OF NEW YORK)
COUNTY OF New York) : ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1968, by W. B. Hall as the Vice President of VITRO CORPORATION OF AMERICA.

WITNESS my hand and official seal.

_____
Notary Public
Residing at: 19 Four Corners Road
Staten Island, N.Y.

My Commission Expires:

JEAN DION
Notary Public, State of New York
No. [illegible]
Qualified in Richmond County
Cert. Filed in New York County
Comm. Expires March 30, 1969

Recording Data:
[redacted]
No. 106397
Book 193, Page 48
$2.50

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, under date of January 15, 1960 a certain mining lease captioned "Lease and Agreement" was entered into by and between John F. Schmelzer, as Lessor, and Western Exploration & Management Co., as Lessee, covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 45.5/100ths interest in the Columbus, U. S. Mineral Survey No. 11693; Grand View, U. S. Mineral Survey No. 11693; Last Hope (San Juan County), U. S. Mineral Survey No. 11695;
Webster, U. S. Mineral Survey No. 11695; all containing a total of approximately 35 acres;
and an undivided 1/2 interest in each of the following lode mining claims:
Golden Gate, U. S. Mineral Survey No. 12817; Isabel, U. S. Mineral Survey No. 11531; Silver Pick, U. S. Mineral Survey No. 12817; and an undivided 1/2 interest in each of the following unpatented lode mining claims situated in San Juan County, State of Colorado, as follows:

Name of Claim	Recorded in Book	Page
Diamond	92	564
Palmyra	147	18
St. Anthony	147	18-19
Frederick	147	20
Joseph	147	375
Charlotte Mary	165	33

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965 and by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated May 29, 1967

and

WHEREAS, it is the desire of Lessee to assign said Lease and Agreement as amended and modified to Vitro Corporation of America, a Delaware corporation.

Recording Data:
San Juan County
February 20, 1968
No. 106397
Book 193, Page 48
$2.50

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient cash consideration, WESTERN EXPLORATION & MANAGEMENT CO. does hereby transfer and set over to VITRO CORPORATION OF AMERICA said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of Western Exploration & Management Co. under said Lease and Agreement as so amended and modified.

Assignee, Vitro Corporation of America, by the acceptance hereof, assumes all obligations of Western Exploration & Management Co. under said Lease and Agreement as amended and modified, and agrees to save and hold Western Exploration & Management Co. harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 17th day of July, 1967.

WESTERN EXPLORATION & MANAGEMENT CO.

By V. L. Board
President

Attest:
Olga E. Board
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 17th day of July, 1967, by V. L. BOARD, as the President and OLGA E. BOARD as the Secretary, of WESTERN EXPLORATION & MANAGEMENT CO., a Colorado Corporation.

WITNESS my hand and official seal.

Bonnie L. Bell
Notary Public

My Commission Expires: May 31, 1971.

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, a certain mining lease captioned "Lease Agreement" dated January 15 , 1960, was entered into by and between JOHN F. SCHMELZER as LESSOR, and WESTERN EXPLORATION & MANAGEMENT CO., as LESSEE, which mining lease was recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968, in Book 193 at Page 39 covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 45.5/100ths interest in the Columbus, U. S. Mineral Survey No. 11693; Grand View, U. S. Mineral Survey No. 11693; Last Hope (San Juan County), U. S. Mineral Survey No. 11695; Webster, U. S. Mineral Survey No. 11695; all containing a total of approximately 35 acres; and an undivided 1/2 interest in each of the following lode mining claims: Golden Gate, U. S. Mineral Survey No. 12817; Isabel, U. S. Mineral Survey No. 11531; Silver Pick, U. S. Mineral Survey No. 12817; and an undivided 1/2 interest in each of the following unpatented lode mining claims situated in San Juan County, State of Colorado, as follows:

	Recorded in	
Name of Claim	Book	Page
Diamond	92	564
Palmyra	147	18
St. Anthony	147	18-19
Frederick	147	20
Joseph	147	375
Charlotte Mary	165	33

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965 and recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968 in Book 193 at Page 43 ;

Recording Data:
San Juan County
May 8, 1968
No. 106542
Book 193, Page 114
$2.00

and, by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated May 29, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 46 ; and

WHEREAS, said Lease and Agreement as amended and modified was assigned by WESTERN EXPLORATION & MANAGEMENT CO. to VITRO CORPORATION OF AMERICA under date of July 17, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 48 ; and

WHEREAS, it is the desire of VITRO CORPORATION OF AMERICA, a Delaware corporation, to assign said Lease and Agreement as amended and modified to VITRO MINERALS CORPORATION, a Delaware corporation.

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient consideration, VITRO CORPORATION OF AMERICA does hereby transfer and set over to VITRO MINERALS CORPORATION, a Delaware corporation, said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of VITRO CORPORATION OF AMERICA under said Lease and Agreement as so amended and modified.

Assignee, VITRO MINERALS CORPORATION by the acceptance hereof, assumes all obligations of VITRO CORPORATION OF AMERICA under said Lease and Agreement as amended and modified, and agrees to save and hold VITRO CORPORATION OF AMERICA harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 10th day of April, 1968.

VITRO CORPORATION OF AMERICA

By W B Hall
Vice President

ATTEST:

William Blume
Secretary

STATE OF NEW YORK)
COUNTY OF New York) : ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1968, by W. B. Hall, as Vice President of VITRO CORPORATION OF AMERICA.

WITNESS my hand and official seal.

Jean Dion
Notary Public
Residing at: 79 Four Corners Rd
Staten Island, N.Y.

My Commission Expires:
JEAN DION
Notary Public, State of New York
No. 43-0369125
Qualified in Westchester County
Cert. Filed in New York County
Comm. Expires March 30, 1969

Recording Data
February 20, 1968
106381
Book 193, Pages 9-10
$2.50

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, under date of June 1, 1964 a certain mining lease captioned "Lease and Agreement" was entered into by and between Margaret T. Beazley, as Lessor, and Western Exploration & Management Co., as Lessee, covering the following described land in San Juan County, State of Colorado, to-wit:

> An undivided 7.0625/160ths of the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising a total of 32.27 acres, more or less, and in addition, as a beneficiary of 1/2 interest in the estate of Charlotte P. Thomas, deceased, an additional 1/2 of an undivided 14.125/160ths in the same named claims,

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965 and by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated June 9, 1967

and

WHEREAS, it is the desire of Lessee to assign said Lease and Agreement as amended and modified to Vitro Corporation of America, a Delaware corporation.

Recording Data:
San Juan County
February 20, 1968
No. 106381
Book 193, Pages 9-10
$2.50

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient cash consideration, WESTERN EXPLORATION & MANAGEMENT CO. does hereby transfer and set over to VITRO CORPORATION OF AMERICA said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of Western Exploration & Management Co. under said Lease and Agreement as so amended and modified.

Assignee, Vitro Corporation of America, by the acceptance hereof, assumes all obligations of Western Exploration & Management Co. under said Lease and Agreement as amended and modified, and agrees to save and hold Western Exploration & Management Co. harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 17th day of July, 1967.

WESTERN EXPLORATION & MANAGEMENT CO.

By V. L. Board
President

Attest:
Olga E. Board
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 17th day of July, 1967, by V. L. BOARD, as the President and OLGA E. BOARD as the Secretary, of WESTERN EXPLORATION & MANAGEMENT CO., a Colorado Corporation.

WITNESS my hand and official seal.

Bonnie L. Bell
Notary Public

My Commission Expires: May 31, 1971

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, a certain mining lease captioned "Lease Agreement" dated June 1 , 1964, was entered into by and between MARGARET T. BEAZLEY as LESSOR, and WESTERN EXPLORATION & MANAGEMENT CO., as LESSEE, which mining lease was recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968 in Book 193 at Page 1 covering the following described land in San Juan County, State of Colorado, to-wit:

> An undivided 7.0625/160ths of the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising a total of 32.27 acres, more or less, and in addition, as a beneficiary of 1/2 interest in the estate of Charlotte P. Thomas, deceased, an additional 1/2 of an undivided 14.125/160ths in the same named claims.

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965 and recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968 in Book 193 at Page 5 ;

Recording Data:
San Juan County
May 8, 1968
No. 106538
Book 193, Page 110
$2.00

and, by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated June 9, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 8 ; and

WHEREAS, said Lease and Agreement as amended and modified was assigned by WESTERN EXPLORATION & MANAGEMENT CO. to VITRO CORPORATION OF AMERICA under date of July 17, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Pages 9-10 ; and

WHEREAS, it is the desire of VITRO CORPORATION OF AMERICA, a Delaware corporation, to assign said Lease and Agreement as amended and modified to VITRO MINERALS CORPORATION, a Delaware corporation.

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient consideration, VITRO CORPORATION OF AMERICA does hereby transfer and set over to VITRO MINERALS CORPORATION, a Delaware corporation, said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of VITRO CORPORATION OF AMERICA under said Lease and Agreement as so amended and modified.

Assignee, VITRO MINERALS CORPORATION by the acceptance hereof, assumes all obligations of VITRO CORPORATION OF AMERICA under said Lease and Agreement as amended and modified, and agrees to save and hold VITRO CORPORATION OF AMERICA harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 1st day of April, 1968.

VITRO CORPORATION OF AMERICA

By W. B. Hall
Vice President

ATTEST:

William N. Greene
Secretary

STATE OF NEW YORK)
COUNTY OF New York) : ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1968, by W. B. Hall, as Vice President of VITRO CORPORATION OF AMERICA.

WITNESS my hand and official seal.

Jean Dion
Notary Public
Residing at: 59 Four Corners Rd
Staten Island, N.Y.

My Commission Expires:

JEAN DION
Notary Public, State of New York
Qualified in Richmond County
Cert. Filed in New York County
Comm. Expires March 30, 1969

Recording Data
February 20, 1968
No. 106409
Book 193, Page 75
$2.50

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, under date of June 1, 1964 a certain mining lease captioned "Lease and Agreement" was entered into by and between Earl P. Thomas, as Lessor, and Western Exploration & Management Co., as Lessee, covering the following described land in San Juan County, State of Colorado, to-wit:

> An undivided 7.0625/160ths interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising a total of 32.27 acres, more or less, and in addition, as a beneficiary of 1/2 interest in the estate of Charlotte P. Thomas, deceased, an additional 1/2 of an undivided 14.125/160ths in the same named claims,

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965 and by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated June 9, 1967

and

WHEREAS, it is the desire of Lessee to assign said Lease and Agreement as amended and modified to Vitro Corporation of America, a Delaware corporation.

Recording Data:
San Juan County
February 20, 1968
No. 106409
Book 193, Page 75
$2.50

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient cash consideration, WESTERN EXPLORATION & MANAGEMENT CO. does hereby transfer and set over to VITRO CORPORATION OF AMERICA said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of Western Exploration & Management Co. under said Lease and Agreement as so amended and modified.

Assignee, Vitro Corporation of America, by the acceptance hereof, assumes all obligations of Western Exploration & Management Co. under said Lease and Agreement as amended and modified, and agrees to save and hold Western Exploration & Management Co. harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 17th day of July, 1967.

WESTERN EXPLORATION & MANAGEMENT CO.

By V. L. Board
President

Attest:
Olga E. Board
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 17th day of July, 1967, by V. L. BOARD, as the President and OLGA E. BOARD as the Secretary, of WESTERN EXPLORATION & MANAGEMENT CO., a Colorado Corporation.

WITNESS my hand and official seal.

Bernice L. Bell
Notary Public

My Commission Expires: May 31, 1971

and, by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated June 9, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 73 ; and

WHEREAS, said Lease and Agreement as amended and modified was assigned by WESTERN EXPLORATION & MANAGEMENT CO. to VITRO CORPORATION OF AMERICA under date of July 17, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968. in Book 193 at Page 75 ; and

WHEREAS, it is the desire of VITRO CORPORATION OF AMERICA, a Delaware corporation, to assign said Lease and Agreement as amended and modified to VITRO MINERALS CORPORATION, a Delaware corporation.

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient consideration, VITRO CORPORATION OF AMERICA does hereby transfer and set over to VITRO MINERALS CORPORATION, a Delaware corporation, said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of VITRO CORPORATION OF AMERICA under said Lease and Agreement as so amended and modified.

Assignee, VITRO MINERALS CORPORATION by the acceptance hereof, assumes all obligations of VITRO CORPORATION OF AMERICA under said Lease and Agreement as amended and modified, and agrees to save and hold VITRO CORPORATION OF AMERICA harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 1st day of April, 1968.

VITRO CORPORATION OF AMERICA

By W B Hall
Vice President

ATTEST:

William B Hume
Secretary

STATE OF NEW YORK)
COUNTY OF New York) : ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1968, by W. B. Hall, as Vice President of VITRO CORPORATION OF AMERICA.

WITNESS my hand and official seal.

Jean Dion
Notary Public
Residing at: 59 Tony Corners Rd
Staten Island, N.Y.

My Commission Expires:

JEAN DION
Notary Public, State of New York
No. 43-0965125
Qualified in Richmond County
Cert. Filed in New York County
Comm. Expires March 30, 1969

Re[redacted]ing[redacted]a: [redacted]
February 20, 1968
No. 106389
Book 193, Page 28
$2.50

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, under date of January 15, 1960 a certain mining lease captioned "Lease and Agreement" was entered into by and between J. Douglas Crouch, as Lessor, and Western Exploration & Management Co., as Lessee, covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 1/45th interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less,

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965 and by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated June 9, 1967

and

WHEREAS, it is the desire of Lessee to assign said Lease and Agreement as amended and modified to Vitro Corporation of America, a Delaware corporation.

Recording Data:
San Juan County
February 20, 1968
No. 106389
Book 193, Page 28
$2.50

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient cash consideration, WESTERN EXPLORATION & MANAGEMENT CO. does hereby transfer and set over to VITRO CORPORATION OF AMERICA said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of Western Exploration & Management Co. under said Lease and Agreement as so amended and modified.

Assignee, Vitro Corporation of America, by the acceptance hereof, assumes all obligations of Western Exploration & Management Co. under said Lease and Agreement as amended and modified, and agrees to save and hold Western Exploration & Management Co. harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 17th day of July, 1967.

WESTERN EXPLORATION & MANAGEMENT CO.

By V. L. Board
President

Attest:
Olga E. Board
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 17th day of July, 1967, by V. L. BOARD, as the President and OLGA E. BOARD as the Secretary, of WESTERN EXPLORATION & MANAGEMENT CO., a Colorado Corporation.

WITNESS my hand and official seal.

Francis S. Pell
Notary Public

My Commission Expires: May 31, 1971

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, a certain mining lease captioned "Lease Agreement" dated January 15 , 1960, was entered into by and between J. Douglas Crouch, as LESSOR, and WESTERN EXPLORATION & MANAGEMENT CO., as LESSEE, which mining lease was recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968, in Book 193 at Page 20, covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 1/45th interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less.

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965, and recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968, in Book 193, at Page 24 ;

Recording Data:
San Juan County
May 8, 1968
No. 106539
Book 193, Page 111
$2.00

and, by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated June 9, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 27 ; and

WHEREAS, said Lease and Agreement as amended and modified was assigned by WESTERN EXPLORATION & MANAGEMENT CO. to VITRO CORPORATION OF AMERICA under date of July 17, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 28 ; and

WHEREAS, it is the desire of VITRO CORPORATION OF AMERICA, a Delaware corporation, to assign said Lease and Agreement as amended and modified to VITRO MINERALS CORPORATION, a Delaware corporation.

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient consideration, VITRO CORPORATION OF AMERICA does hereby transfer and set over to VITRO MINERALS CORPORATION, a Delaware corporation, said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of VITRO CORPORATION OF AMERICA under said Lease and Agreement as so amended and modified.

Assignee, VITRO MINERALS CORPORATION by the acceptance hereof, assumes all obligations of VITRO CORPORATION OF AMERICA under said Lease and Agreement as amended and modified, and agrees to save and hold VITRO CORPORATION OF AMERICA harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 1st day of April, 1968.

VITRO CORPORATION OF AMERICA

By W. B. Hall
Vice President

ATTEST:

William B. Lane
Secretary

STATE OF NEW YORK)
COUNTY OF New York) : ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1968, by W. B. Hall, as Vice President of VITRO CORPORATION OF AMERICA.

WITNESS my hand and official seal.

Jean Dion
Notary Public
Residing at: 9 Four Corners Rd
Staten Island, N.Y.

My Commission Expires:

JEAN DION
Notary Public, State of New York
Qualified in Richmond County
Cert. Filed in New York County
Comm. Expires March 30, 1969

Recording Data
February 20, 1968
No. 106385
Book 193, Page 19
$2.50

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, under date of January 15, 1960 a certain mining lease captioned "Lease and Agreement" was entered into by and between Marjorie S. Crouch as Lessor, and Western Exploration & Management Co., as Lessee, covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 1/45th interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less,

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965 and by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated June 9, 1967

and

WHEREAS, it is the desire of Lessee to assign said Lease and Agreement as amended and modified to Vitro Corporation of America, a Delaware corporation.

Recording Data:
San Juan County
February 20, 1968
No. 106385
Book 193, Page 19
$2.50

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient cash consideration, WESTERN EXPLORATION & MANAGEMENT CO. does hereby transfer and set over to VITRO CORPORATION OF AMERICA said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of Western Exploration & Management Co. under said Lease and Agreement as so amended and modified.

Assignee, Vitro Corporation of America, by the acceptance hereof, assumes all obligations of Western Exploration & Management Co. under said Lease and Agreement as amended and modified, and agrees to save and hold Western Exploration & Management Co. harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 17th day of July, 1967.

WESTERN EXPLORATION & MANAGEMENT CO.

By V. L. Board
President

Attest:
Olga E. Board
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 17th day of July, 1967, by V. L. BOARD, as the President and OLGA E. BOARD as the Secretary, of WESTERN EXPLORATION & MANAGEMENT CO., a Colorado Corporation.

WITNESS my hand and official seal.

Bonnie S. Bell
Notary Public

My Commission Expires: May 31, 1971

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, a certain mining lease captioned "Lease Agreement" dated January 15 , 1960, was entered into by and between Margorie S. Crouch as LESSOR, and WESTERN EXPLORATION & MANAGEMENT CO., as LESSEE, which mining lease was recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968, in Book 193 at Page 10, covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 1/45th interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less.

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965, and recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968, in Book 193 at Page 14 ;

Recording Data:
San Juan County
May 8, 1968
Book 193, Page 112
No. 106540

and, by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated June 9, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 17 ; and

WHEREAS, said Lease and Agreement as amended and modified was assigned by WESTERN EXPLORATION & MANAGEMENT CO. to VITRO CORPORATION OF AMERICA under date of July 17, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 19 ; and

WHEREAS, it is the desire of VITRO CORPORATION OF AMERICA, a Delaware corporation, to assign said Lease and Agreement as amended and modified to VITRO MINERALS CORPORATION, a Delaware corporation.

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient consideration, VITRO CORPORATION OF AMERICA does hereby transfer and set over to VITRO MINERALS CORPORATION, a Delaware corporation, said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of VITRO CORPORATION OF AMERICA under said Lease and Agreement as so amended and modified.

Assignee, VITRO MINERALS CORPORATION by the acceptance hereof, assumes all obligations of VITRO CORPORATION OF AMERICA under said Lease and Agreement as amended and modified, and agrees to save and hold VITRO CORPORATION OF AMERICA harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 1st day of April, 1968.

VITRO CORPORATION OF AMERICA

By W B Hall
Vice President

ATTEST:

William Blume
Secretary

STATE OF NEW YORK)
COUNTY OF New York) : ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1968, by W. B. Hall, as Vice President of VITRO CORPORATION OF AMERICA.

WITNESS my hand and official seal.

Jean Dion
Notary Public
Residing at: 59 Tom Corners Rd
Staten Island, N.Y.

My Commission Expires:

JEAN DION
Notary Public, State of New York
No. [illegible]
Qualified in Richmond County
Cert. Filed in New York County
Comm. Expires March 30, 1969

Recording Data:
February 20, 1968
No. 106393
Book 193, Page 38
$2.50

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, under date of January 15, 1960 a certain mining lease captioned "Lease and Agreement" was entered into by and between Manley S. Nolen, as Lessor, and Western Exploration & Management Co., as Lessee, covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 1/30th interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less,

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965.

and

WHEREAS, it is the desire of Lessee to assign said Lease and Agreement as amended and modified to Vitro Corporation of America, a Delaware corporation.

Recording Data:
San Juan County
February 20, 1968
No. 106393
Book 193, Page 38
$2.50

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient cash consideration, WESTERN EXPLORATION & MANAGEMENT CO. does hereby transfer and set over to VITRO CORPORATION OF AMERICA said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of Western Exploration & Management Co. under said Lease and Agreement as so amended and modified.

Assignee, Vitro Corporation of America, by the acceptance hereof, assumes all obligations of Western Exploration & Management Co. under said Lease and Agreement as amended and modified, and agrees to save and hold Western Exploration & Management Co. harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 17th day of July, 1967.

WESTERN EXPLORATION & MANAGEMENT CO.

By V. L. Board
President

Attest:

Olga E. Board
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 17th day of July, 1967, by V. L. BOARD, as the President and OLGA E. BOARD as the Secretary, of WESTERN EXPLORATION & MANAGEMENT CO., a Colorado Corporation.

WITNESS my hand and official seal.

Bonnie S. Bell
Notary Public

My Commission Expires: May 31, 1971.

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, a certain mining lease captioned "Lease Agreement" dated January 15 , 1960, was entered into by and between Manley S. Nolen, as LESSOR, and WESTERN EXPLORATION & MANAGEMENT CO., as LESSEE, which mining lease was recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968, in Book 193 at Page 29, covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 1/30th interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less.

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965, and recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968, in Book 193 at Page 33 ;

Recording Data:
San Juan County
May 8, 1968
No. 106541
Book 193, Page 113

and, by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated June 9, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 36 ; and

WHEREAS, said Lease and Agreement as amended and modified was assigned by WESTERN EXPLORATION & MANAGEMENT CO. to VITRO CORPORATION OF AMERICA under date of July 17, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968. in Book 193 at Page 38 ; and

WHEREAS, it is the desire of VITRO CORPORATION OF AMERICA, a Delaware corporation, to assign said Lease and Agreement as amended and modified to VITRO MINERALS CORPORATION, a Delaware corporation.

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient consideration, VITRO CORPORATION OF AMERICA does hereby transfer and set over to VITRO MINERALS CORPORATION, a Delaware corporation, said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of VITRO CORPORATION OF AMERICA under said Lease and Agreement as so amended and modified.

Assignee, VITRO MINERALS CORPORATION by the acceptance hereof, assumes all obligations of VITRO CORPORATION OF AMERICA under said Lease and Agreement as amended and modified, and agrees to save and hold VITRO CORPORATION OF AMERICA harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 1st day of April, 1968.

VITRO CORPORATION OF AMERICA

By _____
Vice President

ATTEST:

_____
Secretary.

STATE OF NEW YORK)
COUNTY OF New York) : ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1968, by W. B. Hall, as Vice President of VITRO CORPORATION OF AMERICA.

WITNESS my hand and official seal.

_____
Notary Public
Residing at: 19 Four Corners Rd
Staten Island, N.Y.

My Commission Expires:

JEAN DION
Notary Public, State of New York
No. 31-[illegible]
Qualified in Richmond County
Cert. Filed in New York County
Comm. Expires March 30, 1969

Recording Data:
February 20, 1968
No. 106401
Book 193, Page 57
$2.50

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, under date of January 15, 1960 a certain mining lease captioned "Lease and Agreement" was entered into by and between Lucia N. Standish, as Lessor, and Western Exploration & Management Co., as Lessee, covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 1/10th interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less,

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965 and by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated June 9, 1967

and

WHEREAS, it is the desire of Lessee to assign said Lease and Agreement as amended and modified to Vitro Corporation of America, a Delaware corporation.

Recording Data:
San Juan County
February 20, 1968
No. 106401
Book 193, Page 57
$2.50

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient cash consideration, WESTERN EXPLORATION & MANAGEMENT CO. does hereby transfer and set over to VITRO CORPORATION OF AMERICA said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of Western Exploration & Management Co. under said Lease and Agreement as so amended and modified.

Assignee, Vitro Corporation of America, by the acceptance hereof, assumes all obligations of Western Exploration & Management Co. under said Lease and Agreement as amended and modified, and agrees to save and hold Western Exploration & Management Co. harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 17th day of July, 1967.

WESTERN EXPLORATION & MANAGEMENT CO.

By V. L. Board
President

Attest:
Olga E. Board
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 17th day of July, 1967, by V. L. BOARD, as the President and OLGA E. BOARD as the Secretary, of WESTERN EXPLORATION & MANAGEMENT CO., a Colorado Corporation.

WITNESS my hand and official seal.

Bonnie S. Pelle
Notary Public

My Commission Expires: May 31, 1971.

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, a certain mining lease captioned "Lease Agreement" dated January 15 , 1960, was entered into by and between LUCIA N. STANDISH as LESSOR, and WESTERN EXPLORATION & MANAGEMENT CO., as LESSEE, which mining lease was recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968, in Book 193 at Page 49 covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 1/10th interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less.

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965 and recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968 in Book 193 at Page 53 ;

Recording Data:
San Juan County
May 8, 1968
No. 106543
Book 193, Page 115
$2.00

and, by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated June 9, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 56 ; and

WHEREAS, said Lease and Agreement as amended and modified was assigned by WESTERN EXPLORATION & MANAGEMENT CO. to VITRO CORPORATION OF AMERICA under date of July 17, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 57 ; and

WHEREAS, it is the desire of VITRO CORPORATION OF AMERICA, a Delaware corporation, to assign said Lease and Agreement as amended and modified to VITRO MINERALS CORPORATION, a Delaware corporation.

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient consideration, VITRO CORPORATION OF AMERICA does hereby transfer and set over to VITRO MINERALS CORPORATION, a Delaware corporation, said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of VITRO CORPORATION OF AMERICA under said Lease and Agreement as so amended and modified.

Assignee, VITRO MINERALS CORPORATION by the acceptance hereof, assumes all obligations of VITRO CORPORATION OF AMERICA under said Lease and Agreement as amended and modified, and agrees to save and hold VITRO CORPORATION OF AMERICA harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 1st day of April, 1968.

VITRO CORPORATION OF AMERICA

By W. B. Hall
Vice President

ATTEST:

William B. Blume
Secretary

STATE OF NEW YORK)
COUNTY OF New York) : ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1968, by W. B. Hall, as Vice President of VITRO CORPORATION OF AMERICA.

WITNESS my hand and official seal.

Jean Dion
Notary Public
Residing at:

My Commission Expires:

JEAN DION
Notary Public, State of New York
Qualified in Richmond County
Cert. Filed in New York County
Comm. Expires March 30, 1969

41

Recording Data:
February 20, 1968
No. 106405
Book 193, Page 65
$2.50

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, under date of January 15, 1960 a certain mining lease captioned "Lease and Agreement" was entered into by and between Clark and Ellen Thomas, as Lessor, and Western Exploration & Management Co., as Lessee, covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 99.75/160ths interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less,

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965 and by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated May 29, 1967

and

WHEREAS, it is the desire of Lessee to assign said Lease and Agreement as amended and modified to Vitro Corporation of America, a Delaware corporation.

Recording Data:
San Juan County
February 20, 1968
No. 106405
Book 193, Page 65
$2.50

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient cash consideration, WESTERN EXPLORATION & MANAGEMENT CO. does hereby transfer and set over to VITRO CORPORATION OF AMERICA said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of Western Exploration & Management Co. under said Lease and Agreement as so amended and modified.

Assignee, Vitro Corporation of America, by the acceptance hereof, assumes all obligations of Western Exploration & Management Co. under said Lease and Agreement as amended and modified, and agrees to save and hold Western Exploration & Management Co. harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 17th day of July, 1967.

WESTERN EXPLORATION & MANAGEMENT CO.

By V. L. Board
President

Attest:
Olga E. Board
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 17th day of July, 1967, by V. L. BOARD, as the President and OLGA E. BOARD as the Secretary, of WESTERN EXPLORATION & MANAGEMENT CO., a Colorado Corporation.

WITNESS my hand and official seal.

Bonnie S. Bell
Notary Public

My Commission Expires: May 31, 1971.

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, a certain mining lease captioned "Lease Agreement" dated January 15 , 1960, was entered into by and between Clark and Ellen Thomas, as LESSORS, and WESTERN EXPLORATION & MANAGEMENT CO., as LESSEE, which mining lease was recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968 in Book 193 at Page 58 covering the following described land in San Juan County, State of Colorado, to-wit:

An undivided 99.75/160ths interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less.

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965, and recorded in the office of the County Recorder of San Juan County, State of Colorado, on February 20, 1968, in Book 193 at Page 62 ;

Recording Data:
San Juan County
May 8, 1968
No. 106544
Book 193, Page 116
$2.00

and, by a second supplemental agreement captioned "Second Supplemental Agreement to Lease and Agreement," dated May 29, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 64 ; and

WHEREAS, said Lease and Agreement as amended and modified was assigned by WESTERN EXPLORATION & MANAGEMENT CO. to VITRO CORPORATION OF AMERICA under date of July 17, 1967 and recorded in the office of the County Recorder of San Juan County, State of Colorado on February 20, 1968 in Book 193 at Page 65 ; and

WHEREAS, it is the desire of VITRO CORPORATION OF AMERICA, a Delaware corporation, to assign said Lease and Agreement as amended and modified to VITRO MINERALS CORPORATION, a Delaware corporation.

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient consideration, VITRO CORPORATION OF AMERICA does hereby transfer and set over to VITRO MINERALS CORPORATION, a Delaware corporation, said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of VITRO CORPORATION OF AMERICA under said Lease and Agreement as so amended and modified.

Assignee, VITRO MINERALS CORPORATION by the acceptance hereof, assumes all obligations of VITRO CORPORATION OF AMERICA under said Lease and Agreement as amended and modified, and agrees to save and hold VITRO CORPORATION OF AMERICA harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement.

IN WITNESS WHEREOF, these presents are executed this 1st day of April, 1968.

VITRO CORPORATION OF AMERICA

By W. B. Hall
Vice President

ATTEST:

William B. Lemmer
Secretary

STATE OF NEW YORK)
COUNTY OF New York) : ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1968, by W. B. Hall, as Vice President of VITRO CORPORATION OF AMERICA.

WITNESS my hand and official seal.

Jean Dion
Notary Public
Residing at: 59 Four Corners Rd
Staten Island, N.Y.

My Commission Expires:

JEAN DION
Notary Public, State of New York
Qualified in Richmond County
Cert. Filed in New York County
Comm. Expires March 30, 1969

MINING DEED

This MINING DEED, made this 1st day of April, 1968, by VITRO CORPORATION OF AMERICA, a Delaware corporation, GRANTOR, to VITRO MINERALS CORPORATION, a Delaware corporation, GRANTEE.

W I T N E S S E T H:

GRANTOR, for and in consideration of TEN DOLLARS ($10.00) and other good and valuable consideration, the receipt whereof is hereby acknowledged, does hereby GRANT, BARGAIN, SELL and CONVEY unto GRANTEE all of GRANTOR'S right, title and interest in, to and under the following described unpatented lode mining claims:

Name of Claim	Certificate of Location Recorded in San Juan County, Colorado in Book	Page
Vitro No. 1	189	536
Vitro No. 2	189	537
Vitro No. 3	189	537
Vitro No. 4	189	538
Vitro No. 5	189	538
Vitro No. 6	189	539
Vitro No. 7	189	539
Vitro No. 8	189	540
Vitro No. 9	189	540
Vitro No. 10	189	541
Vitro No. 11	189	541
Ben	189	542
That portion of the Dover Claim situated in San Juan County, Colorado	189	542

Name of Claim	Certificate of Location Recorded in San Miguel County, Colorado in Book	Page
That portion of the Dover Claim situated in San Miguel County, Colorado	331	85-86

Recording Data:
San Juan County
May 8, 1968
No. 106546
Book 193, Page 118
$2.00

Recording Data:
San Miguel County
May 8, 1968
No. 171473
Book 324, Page 208
$3.00

TOGETHER with all title, claim and interest hereafter acquired by GRANTOR in and to any and all of said mining claims.

ALSO TOGETHER with all of GRANTOR'S rights in and to all and singular the minerals, lodes, veins, dips and spurs and in and to all and whatsoever rights, privileges and appurtenances which appertain or otherwise belong to said mining claims or any of them.

IN WITNESS WHEREOF, these presents are executed the day and year first above written.

VITRO CORPORATION OF AMERICA

By W. B. Hall
Vice President

ATTEST:
William B. [illegible]
Secretary

STATE OF NEW YORK)
COUNTY OF New York) : ss.

The foregoing instrument was acknowledged before me this 6th day of May, 1968, by W. B. Hall as the Vice President of VITRO CORPORATION OF AMERICA.

WITNESS my hand and official seal.

Jean Dion
Notary Public
Residing at: 19 Four Corners Rd
Staten Island, N.Y.

My Commission Expires:

JEAN DION
Notary Public, State of New York
No. [illegible]
Qualified in Richmond County
Cert. Filed in New York County
Comm. Expires March 30, 1969

OME-6689

APPENDIX I

containing

LEASE AND OPTION AGREEMENTS

and

RECORDING DATA

A separately bound part of

GEOLOGIC REPORT
and
EXPLORATION PROPOSAL
on the
ICE LAKE PROJECT AREA
San Juan and San Miguel Cos., Colorado

by
the geologic staff
Vitro Minerals and Chemical Company
a division of Vitro Corporation of America

January, 1968

The Ice Lake project area is covered by a group of patented and unpatented claims with various owners, but all owned or optioned to Vitro Corporation of America (See Plate II). The details of ownership and lease conditions will be found in copies of the several leases attached in this Appendix. Following is a brief summary of the project claims, ownership, and lease arrangements:

Patented Claims

Owned by Western Exploration & Management Company:

Utopia (U. S. Mineral Survey No. 15457)
Last Hope (No. 11695) (portion in San Miguel County)
Iowa (No. 12298)
Lake (No. 12298)

Owned jointly and in various proportions by Western Exploration & Management Company and John F. Schmelzer:

Sch Columbus (No. 11693)
Sch Grand View (No. 11693)
Sch Webster (No. 11695)
Sch Last Hope (No. 11695) (portion in San Juan County)
Sch Golden Gate (No. 12817)
Sch Silver Dick (also known as Silver Pick) (No. 12817)
Sch Isabel (No. 11531)

Owned jointly and in various proportions by Margaret T. Beazley, Earl P. Thomas, J. Douglas Crouch, Marjorie S. Crouch, Manley S. Nolan, Lucia N. Standish, and Clark and Ellen Thomas: and Anne S. Crouch,

OK Lucy)
Lucy No. 2)
May B) (No. 13372)
Lelia)

Unpatented Claims

Owned jointly by Western Exploration & Management Company and John F. Schmelzer:

Sch Diamond
Palmyra
St. Anthony
Frederick
Joseph
Charlotte Mary

Owned by Vitro Corporation of America

Vitro No. 1 through 11
Dover
Ben

The several owners of the Lucy, Lucy No. 2, May B, and Lelia lodes have leased their interest to Western Exploration & Management Company. John F. Schmelzer has leased his interests in the patented and unpatented claims listed to Western Exploration & Management Company. In turn, Western Exploration & Management Company has granted an option to Vitro Corporation of America to acquire all of Western's interest, either as owner or lessee, in the claims and leases noted. This option must be exercised by February 8, 1968.

RECORDING DATA ON UNPATENTED CLAIMS

ICE LAKE PROJECT

Claim	Date	Book	Page	County of Record
Diamond (amended)	Oct. 2, 1967	142	405	San Juan, Colo.
St. Anthony (amended)	"	"	406	"
Palmyra (amended)	"	"	407	"
Joseph (amended)	"	"	408	"
Frederick (amended)	"	"	409	"
Charlotte Mary (amended)	"	"	410	"
Vitro No. 1	"	189	536	"
Vitro No. 2	"	"	537	"
Vitro No. 3	"	"	"	"
Vitro No. 4	"	"	538	"
Vitro No. 5	"	"	"	"
Vitro No. 6	"	"	539	"
Vitro No. 7	"	"	"	"
Vitro No. 8	"	"	540	"
Vitro No. 9	"	"	"	"
Vitro No. 10	"	"	541	"
Vitro No. 11	"	"	"	"
Ben	"	"	542	"
Dover	"	"	"	"
Dover	"	331	85	San Miguel, Colo.

260.2

OPTION AGREEMENT

THIS AGREEMENT made and entered into this 29th day of May, 1967, by and between WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation (hereinafter called OPTIONOR), Party of the First Part, and VITRO CORPORATION OF AMERICA, a Delaware corporation (hereinafter called OPTIONEE), Party of the Second Part,

W I T N E S S E T H:

RECITALS:

Optionor claims ownership of the following:

1. 100% interest in and to each of the following patented lode mining claims:

   a. Utopia, U. S. Mineral Survey No. 15457 situated in San Miguel County, Colorado

   b. That portion of Last Hope, U. S. Mineral Survey No. 11695, situated in San Miguel County, Colorado

   c. Iowa, U. S. Mineral Survey No. 12298
      Lake, U. S. Mineral Survey No. 12298
      situated in San Juan County, Colorado

2. An undivided 109/200ths undivided interest in each of the following patented lode mining claims:

   a. Columbus, U. S. Mineral Survey No. 11693
      Grand View, U. S. Mineral Survey No. 11693
      Webster, U. S. Mineral Survey No. 11695
      situated in San Juan County, Colorado

   b. That portion of the Last Hope, U. S. Mineral Survey No. 11695, situated in San Juan County, Colorado

3. An undivided 1/2 interest in and to each of the following patented lode mining claims:

   Golden Gate, U. S. Mineral Survey No. 12817
   Silver Pick, U. S. Mineral Survey No. 12817
   Isabel, U. S. Mineral Survey No. 11531
   situated in San Juan County, Colorado

not covered by contract, not in close proximity to project.

4. An undivided 1/2 interest in and to each of the following unpatented lode mining claims situated in San Juan County, State of Colorado:

Name of Claim	Certificate of Location Recorded in San Juan County, Colorado in Book	Page
Diamond	92	564(?)
Palmyra	147	18
St. Anthony	147	18-19
Frederick	147	20
Joseph	147	375
Charlotte Mary	157	573

5. The full leasehold estate under each of the following described leases:

a. Lease and Agreement made and entered into June 1, 1964, by and between Margaret T. Beazley, Lessor, and Western Exploration and Management Co., Lessee, covering

> An undivided 7.0625/160ths of the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising a total of 32.27 acres, more or less, and in addition, as a beneficiary of 1/2 interest in the estate of Charlotte P. Thomas, deceased, an additional 1/2 of an undivided 14.125/160ths in the same named claims,

as amended and modified by Supplemental Agreement dated July 15, 1965.

b. Lease and Agreement made and entered into June 1, 1964, by and between Earl P. Thomas, Lessor, and Western Exploration and Management Co., Lessee, covering

> An undivided 7.0625/160ths interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising a total of 32.27 acres, more or less, and in addition, as a beneficiary of 1/2 interest in the estate of Charlotte P. Thomas, deceased, an additional 1/2 of an undivided 14.125/160ths in the same named claims,

as amended and modified by Supplemental Agreement dated July 15, 1965.

c. Lease and Agreement made and entered into January 15, 1960, by and between J. Douglas Crouch, Lessor, and Western Exploration & Management Co., Lessee, covering

> An undivided 1/45th interest in the Lucy, Lucy No. 2, May Band and Lelia, U. S. Survey No. 13372, comprising 32.27 acres, more or less,

as amended and modified by Supplemental Agreement, dated July 15, 1965.

d. Lease and Agreement made and entered into January 15, 1960, by and between Margorie S. Crouch, Lessor, and Western Exploration & Management Co., Lessee, covering

> An undivided 1/45th interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less,

as amended and modified by Supplemental Agreement, dated July 15, 1965.

e. Lease and Agreement made and entered into January 15, 1960, by and between Manley S. Nolen, Lessor, and Western Exploration & Management Co., Lessee, covering

> An undivided 1/30th interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less,

as amended and modified by Supplemental Agreement, dated July 15, 1965.

f. Lease and Agreement made and entered into January 15, 1960, by and between Lucia N. Standish, Lessor, and Western Exploration & Management Co., Lessee, covering

An undivided 1/10th interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less,

as amended and modified by Supplemental Agreement,

dated July 15, 1965.

g. Lease and Agreement made and entered into January 15, 1960, by and between Clark and Ellen Thomas, Lessor, and Western Exploration & Management Co., Lessee, covering

An undivided 99.75/160ths interest in the Lucy, Lucy No. 2, May Band and Lelia Lode Mining Claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less,

as amended and modified by Supplemental Agreement

dated July 15, 1965.

9a. → * See back of page

h. Lease and Agreement made and entered into January 15, 1960, by and between John F. Schmelzer, Lessor, and Western Exploration & Management Co., Lessee, covering

An undivided 45.5/100ths interest in the Columbus, U. S. Mineral Survey No. 11693;
Grand View, U. S. Mineral Survey No. 11693;
Last Hope (San Juan County), U. S. Mineral Survey No. 11695;
Webster, U. S. Mineral Survey No. 11695;
all containing a total of approximately 35 acres;
and an undivided 1/2 interest in each of the following lode mining claims:
Golden Gate, U. S. Mineral Survey No. 12817;
Isabel, U. S. Mineral Survey No. 11531;
Silver Pick, U. S. Mineral Survey No. 12817;
and an undivided 1/2 interest in each of the following unpatented lode mining claims situated in San Juan County, State of Colorado, as follows:

Name of Claim	Recorded in Book	Page
Diamond	92	564(?)
Palmyra	147	18
St. Anthony	147	18-19
Frederick	147	20
Joseph	147	375
Charlotte Mary	157	573

Vitro remaining 1/45 interest of Anne S. Crouch. Lease and Lease Agreements submitted 6-28-68. RWB

Lease entered into between Vitro Minerals and Anne Crouch June 19, 1968, and was inserted in this Appendix.

as amended and modified by Supplemental Agreement, dated July 15, 1965.

The parties hereto desire to enter into this Option Agreement upon the terms and conditions hereinafter set out.

NOW, THEREFORE, for and in consideration of the sum of ONE HUNDRED DOLLARS ($100.00) in cash and Optionee's promissory note of even date in the principal amount of SIX THOUSAND FIVE HUNDRED DOLLARS ($6,500.00) (a copy of which is attached hereto as Exhibit "C") paid and delivered by Optionee to Optionor, the receipt of which cash and promissory note is hereby acknowledged, and in further consideration of the mutual promises herein contained the parties agree as follows:

1. Optionor hereby grants to Optionee the exclusive right and option to acquire all of Optionor's interest in the mining claims and leases described above under RECITALS.

2. This option is an exclusive option and shall continue in full force and effect for a period extending from the date hereof to and including the 45th day from and after the date of this Option Agreement, and, if the payments required by the terms of the above-described promissory note are paid within the time required therein, or, if the conditions upon such obligation to pay as set forth in such note are not met prior to the due date thereof but Optionee nevertheless voluntarily makes such payments within 45 days after the date of this Option Agreement, the option herein granted shall be extended to and including the 8th day of February, 1968.

3. Optionee agrees that beginning from the date of this Agreement, it will commence preparations for conducting exploration and shall and may thereafter enter upon the optioned premises and conduct such exploration activities as ~~may be required for adequate~~ it may desire for evaluation of the optioned premises, and for planning of further exploration and development.

As used in this Agreement, the term "exploration" shall mean activities common to the mining industry conducted in an attempt to discover and delineate the existence and extent of mineral deposits, including without limitation, preparation of geographical and geological surveys and maps showing claim locations in relationship to geological, geophysical and geochemical work, sampling, assaying and trenching.

4. The mining claims above particularly described or referred to are located within the following area in Ice Lake and Iron Springs Mining Districts, San Juan and San Miguel Counties, Colorado, to-wit:

<u>Township 41 North, Range 8 West, 6th P.M.</u>

Section 18
Section 19
Section 30
Section 31

<u>Township 41 North, Range 9 West, 6th P.M.</u>

Section 13
Section 14
Section 15
Section 22
Section 23
Section 24
Section 25

which area is hereinafter called the "project area."

It is agreed that either party hereto shall have the right and privilege of locating in its own name additional mining claims in the project area subject, however, to the agreements and understandings hereinafter set out.

It is agreed that:

(a) any mining claim hereafter located by Optionor in the project area; or

(b) any mining claim or interest in any mining claim hereafter acquired by Optionor in the project area by purchase or otherwise; or

(c) any additional interest in any of the mining claims above particularly described hereafter acquired by Optionor,

shall, upon location or acquisition, become a part of the optioned property as fully and completely as though particularly described herein. In the event the option shall be exercised by Optionee, Optionee shall promptly reimburse Optionor for all reasonable costs and expenses incurred by Optionor in acquiring of such interests or the making or acquiring of such additional claims.

It is also agreed that:

(a) any mining claim hereafter located by Optionee in the project area; or

(b) any mining claim or interest in any mining claim hereafter acquired by Optionee in the project area by purchase or otherwise; or

(c) any interest directly acquired by Optionee in any of the mining claims above particularly described,

shall, in the event the option is not exercised, be quitclaimed by Optionee to Optionor (without cost to Optionor) in addition to quitclaiming the optioned property.

5. Optionee agrees that it will perform the annual assessment labor required under the mining laws as to the six unpatented mining claims above described in the Recitals hereof for the assessment years ending September 1, 1967, and September 1, 1968, respectively. Optionee shall prepare and file, in the names of Optionor and John F. Schmelzer, affidavits ~~in the form required by law~~ showing the performance of such work. Good faith performance by Optionee as to such assessment work shall relieve Optionee from any further obligation with respect to the doing of the annual assessment work for said assessment year. If the assessment work performed in good faith shall for any reason be deficient or

inapplicable in any respect and shall result in loss or damage to Optionor, Optionee shall not, in any way or to any extent, be liable to Optionor for such loss or damage.

6. Optionee in conducting any exploration activities on the optioned property shall be subject to all applicable Federal enactments, the laws of the State of Colorado and all Federal or State rules and regulations regarding Employers' Liability, Workmen's Compensation, Social Security and Unemployment Insurance, and shall perform all obligations of the lessee under the leases during the period of the option, and Optionee covenants and agrees to indemnify and hold harmless Optionor and its lessors from and against the payment of any and all damages, claims, costs and expenses arising out of the application of such enactments to such activities of Optionee hereunder, and of any and all claims, costs, and expenses in connection therewith under any claim of subrogation provided for by said enactments or otherwise; and Optionee shall further indemnify and hold harmless Optionor from and against any and all damages, claims, costs and expenses arising out of damage to property or any injuries to or death of the employees of Optionee, or any other person whomsoever other than those acting under Optionor, where such injury, death or damage occurs of or in connection with the use by Optionee in any manner of the optioned property whether such claims are based upon a right conferred by common law or by statute.

7. Optionee shall pay and satisfy all claims for materials, supplies and labor in connection with any exploration activities conducted by it on the optioned property, and shall keep the said property free of liens or encumbrances of any and every kind, except such as might result from State and County tax assessments,

or such as may result from the acts of others than Optionee, Optionee's employees or those in privity with Optionee.

8. The purchase price for the optioned property shall be THIRTY-FIVE THOUSAND DOLLARS ($35,000.00), less the sum of $6,500.00, the amount of the Promissory Note above referred to. ~~any sum paid for an extension or extensions of the option~~ .

Optionee may exercise the option herein granted by placing in the United States mail at any time during the option period or any extension thereof a registered or certified letter addressed to Optionor at the following address:

Western Exploration & Management Co.
Midland Saving Building
444 17th Street
Denver, Colorado 80202

advising Optionor of its desire to exercise the option. Within five (5) days after the mailing of the notice of the exercise of the option, Optionee shall deposit to the credit of Optionor with Escrow Agent the amount of the purchase price, less said sum of $6,500.00, the amount of said Promissory Note. ~~less credit for the sum or sums thereto for paid as consideration for the option or extension or extensions of the option~~ .

9. Payment of the purchase price shall be deposited to the credit of Optionor in the following bank, to-wit: The First National Bank of Denver, Denver, Colorado, which bank is hereby designated as Escrow Agent and is herein referred to as Escrow Agent.

10. Optionor agrees that provided the principal amount of the promissory note described on pages 5 and 6 hereof has been paid it will, within fifty (50) days from date hereof, execute and deliver to said Escrow Agent the following:

(a) Mining Deed in duplicate on the form hereto attached marked Exhibit "A" covering the patented and unpatented mining claims described or referred to in said Recitals.

(b) Assignment in triplicate on the form hereto attached marked Exhibit "B" transferring and assigning to Optionee each of the leases and agreements referred to in said Recitals. All moneys, documents and other items delivered to Escrow Agent under this Option Agreement shall be held and delivered by said Escrow Agent in accordance with Escrow Instructions in the form attached hereto as Exhibit "D". Such instructions may also include such typical and standard provisions relating to releases of liability, notices, etc. as the Escrow Agent may require as a condition for acting in such capacity. All escrow fees shall be paid by Optionee.

11. At any time or times during the life of this option, Optionee shall have the right, at its discretion, to amend, in the name of Optionor, any of said unpatented claims for title protection purposes, and any and all costs and expenses which may be incurred by Optionee in making such amendments shall be paid by Optionee.

12. In the event Optionee does not exercise this option, it will within thirty (30) days after its decision is reached with respect to the option furnish to Optionor copies of Optionee's mappings of the optioned property, factual, geologic, geophysical, sampling data, surveys, and any other engineering or geological information which it shall have acquired in the course of its exploration activities upon the property.

13. Optionee agrees that it will reimburse Optionor for taxes assessed against the optioned property for the year 1967 and paid by Optionor. ~~and if the option is exercised will assume and pay all taxes for the year 1968 and thereafter.~~

14. In addition to the deeds above referred to in paragraph numbered 10, Optionor agrees to execute and deliver any and all

such other instruments as may be requested by Optionee which are necessary or proper in order to carry out and effectuate the purposes hereof. Optionor agrees to use its best efforts to obtain Second Supplemental Agreements in the form attached to Exhibit "C" from all lessors described in paragraph 5 hereof.

15. This Option Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns.

IN WITNESS WHEREOF, the parties have caused this Option Agreement to be executed the day and year first above written.

OPTIONOR:

WESTERN EXPLORATION & MANAGEMENT CO.

Attest:

By _____
President

_____
Secretary

OPTIONEE:

VITRO CORPORATION OF AMERICA

Attest:

By _____
President

_____
Asst Secretary

STATE OF COLORADO)
)ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this 29th day of May, 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

My commission expires: My Commission expires Feb. 21, 1968.

_____
Notary Public

STATE OF New York
) ss.
COUNTY OF Queens)

The foregoing instrument was acknowledged before me this 9th day of June, 1967, by FRANK B JEWETT, JR as the _____ President of VITRO CORPORATION OF AMERICA.

Witness my hand and official seal.

My commission expires: _____.

Notary Public

WILLIAM J. KYNE, JR.
NOTARY PUBLIC, State of New York
No. 41-2156600
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1969

MINING DEED

This MINING DEED, made this day of , 19 , by WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, GRANTOR, to VITRO CORPORATION OF AMERICA, a Delaware corporation, GRANTEE,

W I T N E S S E T H:

GRANTOR, for and in consideration of TEN DOLLARS ($10.00) and other good and valuable consideration, the receipt whereof is hereby acknowledged, does hereby GRANT, BARGAIN, SELL and CONVEY unto GRANTEE all of GRANTOR'S right, title and interest in, to and under the following described patented and unpatented lode mining claims:

PATENTED CLAIMS:

Utopia, U. S. Mineral Survey No. 15457, situated in San Miguel County, Colorado

That portion of Last Hope, U. S. Mineral Survey No. 11695, situated in San Miguel County, Colorado

Iowa, U. S. Mineral Survey No. 12298
Lake, U. S. Mineral Survey No. 12298
situated in San Juan County, Colorado

Columbus, U. S. Mineral Survey No. 11693
Grand View, U. S. Mineral Survey No. 11693
Webster, U. S. Mineral Survey No. 11695
situated in San Juan County, Colorado

That portion of the Last Hope, U. S. Mineral Survey No. 11695, situated in San Juan County, Colorado

Golden Gate, U. S. Mineral Survey No. 12817
Silver Pick, U. S. Mineral Survey No. 12817
Isabel, U. S. Mineral Survey No. 11531
situated in San Juan County, Colorado

EXHIBIT "A"

UNPATENTED CLAIMS:

Name of Claim	Certificate of Location Recorded in San Juan County, Colorado in Book	Page
Diamond	92	
Palmyra	147	18
St. Anthony	147	18-19
Frederick	147	20
Joseph	147	375
Charlotte Mary	157	573

All situated in San Juan County, Colorado.

TOGETHER WITH all title, claim and interest hereafter acquired by GRANTOR in and to any and all of said mining claims.

ALSO TOGETHER WITH all of GRANTOR'S rights in and to all and singular the minerals, lodes, veins, dips and spurs and in and to all and whatsoever rights, privileges and appurtenances which appertain or otherwise belong to said mining claims or any of them.

IN WITNESS WHEREOF, these presents are executed the day and year first above written.

WESTERN EXPLORATION & MANAGEMENT CO.

By _____
President

Attest:

_____
Secretary

STATE OF COLORADO)
) SS.
COUNTY OF)

The foregoing instrument was acknowledged before me this day of , 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Notary Public

My Commission Expires:

SECOND SUPPLEMENTAL
AGREEMENT
TO
LEASE AND AGREEMENT

This SECOND SUPPLEMENTAL AGREEMENT made and entered into this day of , 1967, by and between JOHN F. SCHMELZER, first party, hereinafter sometimes referred to as "Lessor," and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter sometimes referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, under date of January 15, 1960, a Lease and Agreement was made and entered into by and between said John F. Schmelzer, as Lessor, and Western Exploration & Management Co., as Lessee, covering all Lessor's right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

An undivided 45.5/100 interest in the Columbus and Grand View lode mining claims, U. S. Survey No. 11693, and Last Hope (San Juan County) and Webster lode mining claims, U. S. Survey No. 11695, all containing a total of approximately 35 acres;

And a 50% undivided interest in each of the following lode mining claims: the Golden Gate, U. S. Survey No. 12817; the Isabel, U. S. Survey No. 11531; the Silver Pick, U. S. Survey No. 12817;

And a 50% undivided interest in each of the following unpatented mining claim locations named and recorded in the records of San Juan County at Silverton, Colorado, as follows:

	Book	Page
The Diamond	92	564
Palmyra	147	18
St. Anthony	147	18, 19
Frederick	147	20
Joseph	147	375
Charlotte Mary	165	33

EXHIBIT "A" TO PROMISSORY NOTE

and

WHEREAS, under date of July 15, 1965, a Supplemental Agreement to said Lease and Agreement was made and entered into by and between said John F. Schmelzer, as Lessor, and Western Exploration & Management Co., as Lessee; and

WHEREAS, the parties hereto desire to further amend and modify said Lease and Agreement and to amend and modify said Supplemental Agreement,

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS ($10.00) in hand paid by Lessee to Lessor, it is hereby agreed as follows:

1. The last sentence of the second paragraph of Section numbered (1) of the Lease and Agreement is hereby amended so that as amended said last sentence shall read as follows:

> "If Lessor has not received notice of 'date of entry' before November 30, 1969, Lessor may thereafter therminate this agreement pursuant to paragraph 8 hereof."

This amendment is in addition to the amendments of said Section (1) set out in paragraphs numbered 2 and 3 of the Supplemental Agreement dated July 15, 1965.

2. The first sentence of the first paragraph of Section numbered (3) of the Lease and Agreement is, for clarification purposes, amended to read as follows:

> "(3) That Lessee shall pay Lessor royalties on Lessor's interest in all ores extracted and removed from the demised property as follows:
>
> For ore of a net return value of $10.00 per ton or less, 2-1/2% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.

" Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.

The above royalties are based upon a full and complete ownership in the demised premises. As to ownership in the demised premises less than the entire interest, the royalties shall be paid only in the proportion which Lessor's interest bears to the full and entire interest in said premises."

3. It is understood and agreed that all of the other terms, provisions and conditions of said Lease and Agreement and said Supplemental Agreement of July 15, 1965, shall remain unchanged and in full force and effect, that no notice of default has been given thereunder, and that said Lease and Agreement and said Supplemental Agreement of July 15, 1965, as herein modified, be and the same are hereby confirmed and ratified as valid, subsisting and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the date first above written.

LESSOR:

_____
John F. Schmelzer

LESSEE:

WESTERN EXPLORATION & MANAGEMENT CO.

By _____
V. L. Board, President

Attest:

_____
Secretary

STATE OF)
)ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this day of , 1967, by JOHN F. SCHMELZER.

Witness my hand and official seal.

Notary Public

My Commission Expires:

STATE OF COLORADO)
)ss.
CITY & COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this day of , 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Notary Public

My Commission Expires:

SECOND SUPPLEMENTAL
AGREEMENT
TO
LEASE AND AGREEMENT

This SECOND SUPPLEMENTAL AGREEMENT made and entered into this day of , 1967, by and between CLARK THOMAS and ELLEN THOMAS, first parties, hereinafter sometimes referred to as "Lessor," and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter sometimes referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, under date of January 15, 1960, a Lease and Agreement was made and entered into by and between said Clark Thomas and Ellen Thomas, as Lessor, and Western Exploration & Management Co., as Lessee, covering an undivided 99.75/160ths interest in the Lucy, Lucy No. 2, May Band and Lelia lode mining claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less, situated in Ice ~~Making~~ Lake RB Mining District, San Juan County, Colorado; and

WHEREAS, under date of July 15, 1965, a Supplemental Agreement to said Lease and Agreement was made and entered into by and between said Clark Thomas and Ellen Thomas, as Lessor, and Western Exploration & Management Co., as Lessee; and

WHEREAS, the parties hereto desire to further amend and modify said Lease and Agreement and to amend and modify said Supplemental Agreement.

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS ($10.00) in hand paid by second party, Lessee, to first party, Lessor, it is hereby agreed as follows:

EXHIBIT "B" TO PROMISSORY NOTE

1. The last sentence of the second paragraph of Section numbered (1) of the Lease and Agreement is hereby amended so that as amended said last sentence shall read as follows:

> "If Lessor has not received notice of 'date of entry' before November 30, 1969, Lessor may thereafter, terminate this agreement pursuant to paragraph 8 hereof."

This amendment is in addition to the amendments of said Section (1) set out in paragraphs numbered 2 and 3 of the Supplemental Agreement dated July 15, 1965.

2. The first sentence of the first paragraph of Section numbered (3) of the Lease and Agreement is, for clarification purposes, amended to read as follows:

> "(3) That Lessee shall pay Lessor royalties, on Lessor's interest in all ores extracted and removed from the demised property as follows:
>
> For ore of a net return value of $10.00 per ton or less, 2½% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to ¼ of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of ¼ of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.
>
> The above royalties are based upon a full and complete ownership in the demised premises. As to ownership in the demised premises less than the entire interest, the royalties shall be paid only in the proportion which Lessor's interest bears to the full and entire interest in said premises."

3. It is understood and agreed that all of the other terms, provisions and conditions of said Lease and Agreement and said Supplemental Agreement of July 15, 1965, shall remain unchanged and in full force and effect, that no notice of default

has been given thereunder, and that said Lease and Agreement and said Supplemental Agreement of July 15, 1965, as herein modified, be and the same are hereby confirmed and ratified as valid, subsisting and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the date first above written.

LESSOR:

_____
Clark Thomas

_____
Ellen Thomas

LESSEE:

WESTERN EXPLORATION & MANAGEMENT CO.

Attest:

_____ By _____
Secretary V. L. Board, President

STATE OF)
) SS.
COUNTY OF)

The foregoing instrument was acknowledged before me this day of , 1967, by CLARK THOMAS and ELLEN THOMAS.

Witness my hand and official seal.

Notary Public

My Commission Expires:

STATE OF COLORADO)
) SS.
CITY & COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this day of , 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Notary Public

My Commission Expires:

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS, that:

WHEREAS, under date of a certain mining lease captioned "Lease and Agreement" was entered into by and between

as Lessor, and Western Exploration & Management Co., as Lessee, covering the following described land in County, State of Colorado, to-wit:

and

WHEREAS, said Lease and Agreement was amended and modified by a supplemental agreement captioned "Supplemental Agreement to Lease and Agreement," dated July 15, 1965. (Note: Also insert here if applicable: ". . . and by a second supplemental agreement captioned 'Second Supplemental Agreement to Lease and Agreement,' dated ";

and

WHEREAS, it is the desire of Lessee to assign said Lease and Agreement as amended and modified to Vitro Corporation of America, a Delaware corporation.

EXHIBIT "B"

NOW, THEREFORE, for TEN DOLLARS ($10.00) and other good and sufficient cash consideration, WESTERN EXPLORATION & MANAGEMENT CO. does hereby transfer and set over to VITRO CORPORATION OF AMERICA said Lease and Agreement, as amended and modified by said Supplemental Agreement and Second Supplemental Agreement, and all and whatsoever the rights of Western Exploration & Management Co. under said Lease and Agreement as so amended and modified.

Assignee, Vitro Corporation of America, by the acceptance hereof, assumes all obligations of Western Exploration & Management Co. under said Lease and Agreement as amended and modified, and agrees to save and hold Western Exploration & Management Co. harmless from any and all claims, debts, demands, liabilities, fees or expenses hereafter accruing or arising in connection with said Lease and Agreement. ~~or the property conveyed thereby or asserted by the Lessor or any person claiming any interest in said property.~~

IN WITNESS WHEREOF, these presents are executed this

____ day of _____, 1967.

WESTERN EXPLORATION & MANAGEMENT CO.

Attest:

By_____
President

_____
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____, 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

WITNESS my hand and official seal.

_____
Notary Public

My Commission Expires:

PROMISSORY NOTE

$6,500.00 Denver, Colorado (same date as Option Agreement) 1967

On the date hereinafter described the undersigned promises to pay to the order of Western Exploration & Management Co., a Colorado corporation, Six Thousand Five Hundred and No/100 Dollars ($6,500.00), at the offices of payee, with interest at 0 per cent, per annum if paid prior to due date and with interest at the rate of 6 per cent, per annum from due date until paid or collected.

The within specified principal sum shall be due and payable not later than 15 days after the date of delivery to the Escrow Agent described in paragraph No. 10 of that certain Option Agreement of even date between the parties hereto of "Second Supplemental Agreements" in the form attached hereto as Exhibits "A" and "B" executed and acknowledged by Clark and Ellen Thomas and John F. Schmelzer, provided that maker's liability hereunder shall terminate and this note shall be and become totally void and of no effect if such Second Supplemental Agreements have not been delivered to Escrow Agent on or before the 30th day after the date of this note. At the time of delivery to Escrow Agent, photocopies of such Second Supplemental Agreements shall be mailed to maker by certified mail, return receipt requested at the address shown below.

Presentment for payment, notice of nonpayment, protest, are each hereby expressly waived; and in case payment shall not be made at maturity and collection or attorney's fees are incurred in collecting the amount due, it is agreed that 15 per cent of the amount due will be paid in addition as attorney's or collection fees, and may be recovered as part hereof.

VITRO CORPORATION OF AMERICA, a Delaware corporation, 600 West 33rd South Street, Salt Lake City, Utah 84115 - P. O. Box 15437

By _____ President

Attest:

_____ Asst Secretary

EXHIBIT "C"

(Letterhead of Western Exploration & Management Co.
or Vitro Corporation of America)

(To be executed at time of execution of Option Agreement)

The First National Bank of Denver
First National Bank Building
Denver, Colorado 80202

Re: Escrow Instructions

Gentlemen:

This letter when accepted by you shall constitute Escrow Instructions for the performance by you, as Escrow Agent, of the within described duties, subject to the within specified conditions and limitations.

The undersigned Western Exploration & Management Co., a Colorado corporation, (hereinafter referred to as "Western") desires to sell and the undersigned Vitro Corporation of America, a Delaware corporation, (hereinafter referred to as "Vitro") desires to take an option to buy certain patented and unpatented mining claims and leasehold interests located in the Ice Lake and Iron Springs Mining District in San Juan and San Miguel Counties, Colorado. The parties have entered into an Option Agreement dated May 29, 1967, a copy of which is attached hereto.

By the terms of the aforementioned Option Agreement (paragraphs 8, 9 and 10) certain payments and documents are to be delivered to and held by an Escrow Agent. Specifically, if the option is exercised by the Optionee and certain conditions and requirements are met Vitro, as Optionee, will deposit with you the sum of $28,500.00 representing the purchase price less payments theretofore made which are to apply against the purchase price. Within 50 days after the date of the attached Option Agreement, Western is to deposit with you duplicate executed copies of a Mining Deed in the form of Exhibit "A" to the attached Option Agreement and three executed copies of an Assignments in the form of Exhibit "B" attached to the Option Agreement. Under Exhibit "C" to the Option Agreement certain "Second Supplemental Agreements" are also to be deposited by Western.

You are authorized and directed to accept the above

EXHIBIT "D"

described payment if tendered to you on or prior to February 8, 1968, to accept the above described Second Supplemental Agreements if tendered on or before the 30th day after the date of the attached Option Agreement (or after such 30th day if approved by Vitro), and to accept the above described Mining Deed and Assignments if tendered to you on or prior to the 50th day after the date of the attached Option Agreement.

Vitro agrees that at the time of the mailing of the notice of exercise of the option as provided by paragraph numbered 8 of the attached Option Agreement, it will mail in like manner a copy of such notice to you as Escrow Agent. Western agrees that at the time of depositing the Second Supplemental Agreements, Mining Deed and Assignments with the Escrow Agent it will obtain receipts from the Escrow Agent showing the deposit of such documents and will promptly mail a copy of said receipts to Vitro.

Unless consented to in writing by Vitro, the Escrow Agent shall not accept for deposit from Western the above Second Supplemental Agreements if tendered later than the 30th day after the date of the attached Option Agreement or the above described Mining Deed and Assignments if tendered later than the 50th day after the date of the attached Option Agreement; and unless approved in writing by Western, the Escrow Agent shall not accept for deposit the above described moneys from Vitro if tendered later than February 8, 1968 or if notice of exercise of option was not mailed to Western as provided in paragraph numbered 8 of the attached Option Agreement. The Escrow Agent shall accept the mailing of a copy of such notice to it, as above provided, as full and complete evidence that such notice has been given.

The Escrow Agent is instructed to hold and deliver the moneys and documents delivered to it hereunder as follows:

1. Upon receipt of the purchase price moneys the Escrow Agent shall proceed to deliver such moneys to Western and to deliver the copies of the Second Supplemental Agreements, Mining Deed and Assignments to Vitro and upon completion of such deliveries, the Escrow Agent's duties and obligations shall terminate.

2. In the event Western delivers to Escrow Agent the

copies of the Second Supplemental Agreements, Mining Deed and Assignments within the time provided herein and in the Option Agreement, but Vitro thereafter fails to exercise the option or, having exercised their option, thereafter fails to make payment as required, Escrow Agent shall return all documents in its possession to Western and the duties and obligations of the Escrow Agent shall thereupon terminate.

3. All fees and charges of the Escrow Agent shall be paid by Vitro.

Your standard printed "Escrow Instructions" in the form attached hereto are incorporated herein and made a part of this letter and these instructions by reference.

Very truly yours,

WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation

By _____ President

Attest:

Olga E. Board
____ Secretary

VITRO CORPORATION OF AMERICA, a Delaware corporation

By _____ President

Attest:

Charles O. Brannan
Asst Secretary

Accepted:

THE FIRST NATIONAL BANK OF DENVER

By _____
Trust Officer

Number _____

Escrow Instructions

Escrow Number _____

Denver, Colorado, _____

The items described in the letter to which these Instructions are attached shall be held by

~~The undersigned deposit~~ with *The First National Bank of Denver, as Escrow Agent,* ~~*the items set forth in Schedule A, to be held by said escrow Agent*~~ *subject to the terms hereof and the Special Instructions set forth in* ~~*Schedule B.*~~ the letter to which these Instructions are attached.

1. These Instructions may be altered, amended, modified or revoked by writing only, signed by all of the parties hereto, and approved by the Escrow Agent, upon payment of all fees, costs and expenses incident hereto.

2. No assignment, transfer, conveyance or hypothecation of any right, title or interest in and to the subject matter of this Escrow shall be binding upon the Escrow Agent unless written notice thereof shall be served upon the Escrow Agent and all fees, costs and expenses incident to such transfer of interest shall have been paid.

3. Any notice required or desired to be given by the Escrow Agent to any other party to this Escrow may be given by mailing the same to such party at the address noted below, and notice so mailed shall for all purposes hereof be as effectual as though served upon such party in person at the time of depositing such notice in the mail.

4. The Escrow Agent shall not be personally liable for any act it may do or omit to do hereunder as such agent, while acting in good faith and in the exercise of its own best judgment, and any act done or omitted by it pursuant to the advice of its own attorney shall be conclusive evidence of such good faith.

5. The Escrow Agent is hereby expressly authorized and directed to disregard any and all notices or warnings given by any of the parties hereto, or by any other person or corporation, excepting only orders or process of court, and is hereby expressly authorized to comply with and obey any and all orders, judgments or decrees of any court, and in case the said Agent obeys or complies with any such order, judgment or decree of any court it shall not be liable to any of the parties hereto or any other person, firm, or corporation by reason of such compliance, notwithstanding any such order, judgment or decree be subsequently reversed, modified, annulled, set aside or vacated, or found to have been entered without jurisdiction.

6. In consideration of the acceptance of this escrow by the Escrow Agent, the undersigned agree, jointly and severally, for themselves, their heirs, executors, administrators, successors and assigns, to pay the Escrow Agent its charges hereunder and to indemnify and hold it harmless as to any liability by it incurred to any other person or corporation by reason of its having accepted the same, or in connection herewith, and to reimburse it for all its expenses, including, among other things, counsel fees and court costs incurred in connection herewith; and that the Escrow Agent shall have a first and prior lien upon all deposits made hereunder to secure the performance of said agreement of indemnity and the payment of its charges and expenses. Escrow fees or charges, as distinguished from other expenses, hereunder shall be as written above the Escrow Agent's signature at the time of its acceptance hereof.

7. If the deposits hereunder are not withdrawn before _____

the Escrow Agent may mail the same as follows: _____
(State to whom each item deposited is to be returned in such event)

_____

_____

at the address stated below and thereupon be relieved of all liability hereunder.

IN WITNESS WHEREOF, the undersigned have hereunto affixed their signatures. ~~and hereby adopt as a part of this instrument Schedules A and B hereto attached.~~

Signature _____ Signature _____

Address _____ Address _____

Signature _____ Signature _____

Address _____ Address _____

Number of copies signed _____

Escrow fees to be as follows:

(a) Setting up fee $ _____

(b) Annual fee $ _____

(c) Miscellaneous _____

_____

_____

_____

Accepted:
THE FIRST NATIONAL BANK OF DENVER
Escrow Agent.

Date _____ By _____
Trust Officer.

F 11

C. F. HOECKEL CO., DENVER, COLO

LEASES COVERING

LUCY, LUCY NO. 2, MAY B, AND LELIA

PATENTED CLAIMS

Rec'd 2/16/60

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this 15th day of January, 1960 by and between Clark and Ellen Thomas, as joint tenants, first party, hereinafter referred to as Lessor and Western Exploration & Management Co., a Colorado corporation, second party, hereinafter referred to as Lessee.

WITNESSETH:

WHEREAS, the Lessor is the owner of a certain interest in mining claims, hereinafter described and desires to join in a program with the owners of the other interests in said claims and other owners of adjacent or contiguous mining property, in the same general area as Lessor's mining claim interests, in forming a consolidated group of mining properties, sufficient in magnitude and character for a practical economic program of exploration, development and mining, and --

WHEREAS, the Lessee is also the owner of adjacent or contiguous mining property interests and is engaged in the business of organizing the consolidation of groups of mining properties for the express purpose of making arrangements with mining operators, for economic development of such properties, and does such work at Lessee's sole expense.

NOW THEREFORE, Lessor in consideration of the royalties hereby reserved and the covenants and promises herein to be performed by Lessee, and in further consideration of ten ($10.00) dollars in hand paid Lessor by Lessee, receipt of which is hereby acknowledged, does, by these presents, lease, demise and let unto Lessee, for all mining purposes, all Lessor's right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

> An undivided 99.75/160 ths of the Lucy, Lucy No.2, May Band and Lelia. U.S. Mineral Survey No.13372, comprising 32.27 Acres more or less.

TO HAVE&TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice, in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as the consolidated properties are being operated and maintained as a producing mine - unless sooner terminated in the manner hereinafter provided - subject to the following terms and condition to wit:

(1) That Lessee shall undertake, at its sole expense, and with due diligence, to obtain Leases and Agreements on any other undivided interests in the claims above described and on other mining claims and property in the same general area as the demised premises.

When, and if, Lessee shall have obtained such Leases and Agreements, as Lessee, in Lessee's sole judgment, shall deem necessary to form a consolidated group of mining claims and properties, hereinafter called the "consolidated properties", for a practical and economic mining exploration and development program; and when Lessee shall have completed the necessary arrangements for such program, Lessee, shall forthwith, take possession of the demised premises and notify Lessor in writing of the date thereof, called herein "date of entry". If Lessor has not received notice of "date of entry" before Novembdr 30, 1962, Lessor may thereafternterminate this agreement pursuant to paragraph 8 hereof.

Prior to the "date of entry", Lessee may, and is hereby given the right, subject to the provision of paragraphs 6 and 7 hereof, and at its sole risk and option, to do geological engineering, exploration and examination work on the demised premises, including such work as opening old workings for examination and sampling and doing diamond

drilling.

Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25.000)thousand dollars in constructing access roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work(general office overhead expenses excepted), including work that may have been done as provided in the immediately preceding paragraph; and thereafter, shall expend in that behalf at least an average of five-thousand ($5,000) dollars per month until a total of one-hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five ($25,000) dollars to be spent within the first eighteen (18) months after"date of entry", and prior thereto in diamond drilling, etc., as above mentioned.

Subject to the provisions of paragraph 8 and 9 hereof, beginning with the next calendar month, eighteen (18) months after the "date of entry", Lessee agrees to pay Lessor a minimum advance royalty calculated as follows:

In any month that sufficient ore is not produced and removed from the property interest herein demised, to earn the Lessor the minimum sum, under the royalties provided in paragraph 3, hereof, equivalent to Lessor's pro rata undivided interest in a total sum of $32.00 per month, the Lessee agrees to pay Lessor in addition, for such month, the difference between the sum actually earned from royalties for ore produced and shipped from the demised property and said pro rata sum. Such additional payments in excess of the amount of actual earned royalty shall constitute a cumulative payment credit against that portion of the actual earned royalty payments,thereafter becoming due

in excess of said monthly minimum royalty sum and when any earned royalty payment exceeding the minimum is to be made, said credit shall be absorbed by applying it to amounts of such earned royalty payments in excess of the minimum amount.

2. That Lessee shall perform all mining operations on the demised property in a workmanlike manner and shall keep proper maps and records of all mining operations upon the demised property and shall make same available for Lessor's inspection upon request, but not more often than once each month, together with any records kept of diamond or churn drill holes, and all such other reasonable information concerning the operations of the demised property as Lessor may from time to time request; and shall also permit Lessor to enter into and upon any part of said demised property at reasonable times, for the purpose of inspecting, surveying, assaying and sampling the same, and shall facilitate such inspection and surveys in evey reasonable way, but Lessor shall enter upon said demised property at Lessor's own risk, and so as not to hinder unreasonably, operations of Lessee.

3. That Lessee shall pay Lessor royalties, on Lessor's interest in all ores extracted and removed from the demised property as follows:

> For ore of a net return value of $10.00 per ton or less, 2½% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.

If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter the net return value shall be determined by deducting

transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter the net return value shall be determined by deducting transportation costs and milling costs from the smelter returns but in no instance shall the Lessee's milling cost deducted be in excess of three dollars fifty cents($3.50) per wet ton of ore treated. For gold bullion and amalgam shipped and sold to the United States Mint, Denver, Colorado, net returns shall be determined by deducting the milling costs as provided above and the cost of shipping the bullion, or amalgam, from the net mint return. Milling costs shall be prorated between products if more than one concentrate product is made in accordance with usual metallurgixal procedures and in the case of amalgamation the costs of this procedure will be added to the actual milling costs.

All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee and settlement therefor shall be made by the smelter, mill, or other ore purchasing agency; duplicate settlement sheets shall be furnished to each party and instructions for apportioning payments shall be furnished the smelter, mill, or purchasing agency by Lessee so that the royalty thereon is paid direct to Lessor, and the remainder to Lessee.

4. That Lessee shall have the right to remove ores, waste, water and other materials from the demised premises, and to carry on general mining operations pertaining to the demised premises by means of shafts and workings on other properties of the consolidated group and to remove ores, waste, water and other materials from other properties and to carry on general mining operations pertaining to such other properties on the surface of, or through shafts and workings on, the demised premises, but until weighed and sampled, all ores, extracted and re-

moved from the demised premises, shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property.

5. That Lessee shall pay all general property taxes assessed as a non-producing mine against the Lessor's ownership in the demised premises beginning with the taxes for 1959, payable January 1, 1960, and prorated to the date of termination, but Lessor shall be charged with the Lessor's proportion, based on the royalty hereinabove reserved, of taxes based on an assessment as a producing mine and of any production, severance or other excise taxes, and Lessee shall advance the payment for such taxes to be reimbursed therefor from payments due Lessor from leases.

6. That during the performance of all work on the demised premises Lessee shall have complied in all respects with the Workman's Compensation Laws of the State of Colorado, shall continuously carry all necessary insurance to protect Lessee and Lessee's employees against liability for industrial accodents, and to save Lessor harmless from liability therefor; and Lessee shall, in Lessee's operations on the demised premises, comply with Social Security, Unemployment insurance, and all other State and Federal laws, relating to mining, the condition of said premises, employment, and taxes; and Lessee shall save Lessor harmless from any claim for damages or liability by reason of Lessee's operations on the demised premises; and this agreement shall not create, and in no event shall be construed as, a partnership between Lessee and Lessor, and Lessor shall in no event be held liable for any occurrence in, on, or about the demised premises developing out of Lessee's operations.

7. That after "date of entry", Lessee shall keep the demised property and every part thereof, free and clear of any and all labor and material liens and encumbrances during term of this lease, and at all times, that Lessee shall be working thereon, shall keep posted in a conspicu-

ous place on demised property, in the name of and on behalf of, Lessor, a written or printed notice setting forth the fact that said demised property is leased to, and is being operated by Lessee, and that the interest of Lessor therein shall not be subject to liens for services, labor, material or supplies rendered, furnished or used in connection with said demised property or the mining operations of Lessee hereunder.

8. That in case Lessee fails to perform any of the terms or conditions herein provided on Lessee's part to be performed, it shall be lawful for Lessor, at Lessor's option, to declare this lease terminated and of no effect thereafter, and with or without process of law, to enter upon, and take possession of, the demised property; provided, however, that Lessor shall first give Lessee notice in writing of Lessee's failure to perform, and Lessor's election to terminate this lease, and Lessee shall have sixty days (60) after said notice, to remedy said default, anduupon failure or refusal by Lessee within said sixty (60) day period to remedy said claimed default, then all Lessee's rights hereunder shall thereupon cease and terminate.

9. That Lessee may voluntarily surrender this lease at any time, by giving to Lessor not less than fifteen (15) days' written notice of surrender, and upon such voluntary surrender, all rights, liabilities and obligations of the parties hereto shall cease and terminate, except the obligation of Lessee to make any payments to Lessor that shall theretofore have accrued hereunder.

10. In the event of valid forfeiture, surrender or other termination of this lease and agreement, the Lessee will immediately surrender peaceable possession of said demised premises and the whole and every part thereof to the Lessor. The Lessor shall have, and is hereby given and granted a reasonable period of time, not less than three (3) months after a valid forfeiture, surrender or other termination of this lease,

to remove from said demised premises all machinery, tools and equipment placed in or upon the demised premises by Lessee. In the event of a termination of this lease by the Lessor, or its surrender by Lessee, all payments theretofore received by Lessor or made by Lessee, including those for taxes and work done by Lessee shall be considered as liquidated damages, and there shall be no further liability on the part of the Lessee.

11..That in consideration of the Lessee having fully complied with all the terms and conditions of this lease and agreement, the Lessor hereby gives Lessee the right and option to purchase the property interest herein demised at any time during the first ten (10) year period of the lease following the"date of entry", at a full purchase price of $20,000(twenty thousand dollars), with all the royalty or other payments paid to Lessor by Lessee, prior to date of purchase, applying as a credit against this purchase price, and Lessor agrees upon payment of the purchase price, they will deliver to Lessee a quit claim deed conveying all Lessor's right, title and interest in and to the property purchased, and upon request of Lessee to place said executed deed in escrow for delivery to Lessee if and when this purchase option is exercised, and purchase price as above provided, paid to Lessor.

A further condition of this option is that if the lease herein given is terminated by forfeiture under the terms hereof, then such termination shall operate to terminate and cancel this option and release the Lessor from any further obligation hereunder.

12. That each of the parties hereto is hereby given the right and privileges of selling, transferring, or assigning the respective rights, privileges and interests as set forth in this lease and agreement , and that Lessee shall have the right to sublease any part of said demised property, subject to the terms of this agreement, but in such event Lessee shall be liable for acts of any such sub-leases.

13. That if the Lessee shall be delayed at any time in performance of Lessee's Agreements hereunder by reason of labor disturbances, strikes, severe weather conditions, governmental orders or regulations, fires, casualties affecting the leased property, a mill operated by the Lessee or the mill or smelter to which ore or concentrates are shipped, or if such mill or smelter refuses to accept concentrates or ore, then in any of these events, such delay shall not be deemed a breach of this lease, and during any time Lessee is so delayed, Lessee shall be excused from the performance thereof until the cause of such delay is removed, and normal operations resumed.

14. That Lessor agrees that at time of execution of this agreement, Lessor holds title to, and is in possession of, the property herein demised, and the same shall be, upon "date of entry" free and clear from all former grants, bargains, sales, liens or encumbrances of any kind created by Lessor, and that there shall be no delinquent taxes, and Lessor agrees to furnish Lessee such abstracts, deeds, or other evidence of title as may be in Lessor's possession, and upon request of, under direction of, and at expense of Lessee, Lessor agrees to have abstracts brought down to date, and take such steps as may be necessary to perfect Lessor's title, including quieting same, if necessary.

15. That any written notice which either party herein may give the other party in accordance with the provisions hereof, may be given by serving such notice personally upon such other party, or by depositing such notice in the registered United States mail, with postage prepaid and addressed to such other party at the last address furnished by such party to the other and such notice shall be deemed to have been given at the time it shall be deposited.

16. This lease and the terms and provisions hereof shall insure to the benefit of and be binding upon, the parties hereto, their heirs, executors, administrators, successors, and assigns.

This agreement cancels and succeeds all previous agreements, and constitutes the only agreement between the parties.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement in duplicate as of the day and year first above written.

Clark Thomas

Clark Thomas Lessor

Ellen Thomas

Ellen Thomas Lessor

WESTERN EXPLORATION & MANAGEMENT CO.

V.L.Board, President Lessee

ATTEST:

H. Sherman Berge, Asst. Sec'y

SUPPLEMENTAL AGREEMENT

to

LEASE and AGREEMENT

This Supplemental Agreement made and entered into this 15th day of July 1965 by and between Clark & Ellen Thomas, first party, hereinafter referred to as Lessor, and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter referred to as Lessee.

W I T N E S S E T H :

WHEREAS, the Lessor (or Lessor's predecessor in interest) was the Lessor under a Lease and Agreement dated the 15th day of January 1960 by and between Clark & Ellen Thomas, first party and WESTERN EXPLORATION & MANAGEMENT CO., second party, a copy of which is attached hereto.

WHEREAS, the parties hereto desire to clarify and modify certain provisions in said Lease and Agreement.

NOW, THEREFORE, in consideration of $10 in hand paid by second party to first party, it is hereby agreed as follows:

1. The paragraph providing for the term of the lease, appearing as the first complete paragraph on page 2 of the Lease and Agreement, is hereby revised to read as follows:

> "TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice,

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in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as any one of the consolidated properties is being operated and maintained as a producing mine or is maintained in a standby status for such operation pending improvement in economic conditions - unless sooner terminated in the manner hereinafter provided - subject to the following terms and conditions to wit:"

2. The second paragraph of Section (1) of the Lease and Agreement is hereby amended to provide that any other properties or interests within the Project Area:

> Sections 18, 19 and 30, Township 41 North, Range 8 West and Sections 13, 14, 23, 24 and 25, Township 41 North, Range 9 West in San Juan and San Miguel Counties, Colorado

may be added to the "consolidated properties" by the Lessee or its successor in interest at any time or times following the date hereof, whether before or after the "date of entry".

3. The fourth paragraph of Section (1) of the Lease and Agreement is hereby revised to read as follows:

> "Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access

roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work theretofore or thereafter done of the character referred to in the immediately preceding paragraph on or for any of the "consolidated properties", and thereafter, shall expend in that behalf, at least an average of five thousand ($5000) dollars per month until a total of one hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five thousand ($25,000) dollars to be spent within the first eighteen (18) months after "date of entry", and prior thereto in diamond drilling, etc., as above mentioned."

4. The Lessor hereby confirms that no notice of default has been given under Section 8 of the Lease and Agreement to the date of this Supplemental Agreement. It is hereby further agreed that, with respect to the provisions of Section 1 of the Lease and Agreement regarding "date of entry" and the right of Lessee, prior to the "date of entry", to do geological, engineering, exploration and examination work on the demised premises - including diamond drilling, receipt by Lessor of notice of "date of entry" shall not be required from the date of the beginning of such work to the date of its completion, provided that the Lessor is given notice of the beginning of such work and notice when such work has been completed.

5. It is hereby confirmed that the surrender of the Lease pursuant to Sections 9 and 10 of the Lease and Agreement will terminate any obligation of the Lessee to continue the work obligations set out in the 4th paragraph of Section (1) of the Lease and Agreement.

6. The first sentence of the second paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

> "If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities before shipment to a smelter, the net return value shall be determined by deducting transportation costs (between mine mouth and mill and between mill and smelter) and milling costs from the smelter returns, but in no instance shall the Lessee's milling costs deducted be in excess of $3.50 per wet ton of ore treated. (For the purposes of this paragraph, milling costs shall include all costs that could be deducted in computing Federal income taxes [including reasonable depreciation and amortization of other capital and deferred costs], except state or local income taxes and except operating loss carry forwards or carrybacks.)

7. Section (4) of the Lease and Agreement is hereby revised to read as follows:

> "That Lessee shall have the right to remove ores, wastes, water and other materials from the demised premises and to carry on general mining operations pertaining to the

demised premises by means of shafts and workings on other properties in which the Lessee or any successor in interest has an interest; and to remove ores, wastes, water and other materials from such other properties and to carry on general mining and milling operations pertaining to such other properties on the surface of, or through shafts and workings, on the demised premises. Lessee shall have the right to commingle for milling purposes ore mined from the demised premises, but until weighed and sampled all ore extracted and removed from the demised premises shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property. The full metal content of ore derived from the demised premises shall be calculated as follows: The total pounds of metal contained in all ore fed to the mill during any calendar month, whether or not such ore is derived from the demised premises, shall be calculated from tonnage and grade measurements made between the crusher and the flotation sections of the mill. The total pounds of contained metal thus calculated shall be multiplied by a fraction, the numerator of which is the total pounds of metal contained in the ore derived from the demised premises and sent to the mill during the same calendar month, calculated from tonnage

and grade measurements made before commingling of said ore with the other ores, and the denominator of which is the total pounds of metal contained in all ore derived from all properties (including the demised premises) and sent to the mill during the same calendar month, calculated from tonnage and grade measurements before commingling. The percentage of recovery from ore mined from the demised premises shall be assumred to be the percentage of recovery for the entire mill operations for such month."

8. The last paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

"All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee, but duplicate settlement sheets shall be furnished to the Lessor. All royalties shall be paid to the Lessor by the Lessee and the purchaser of ores or concentrates shall have no responsibility therefor. Production royalties shall become due when payment for ores or concentrates is received by the Lessee from the purchaser. All computations and accountings with respect to the amount of production royalty due shall be made on a quarterly basis. Within thirty days after the end of each calendar month, the Lessee shall make a provisional payment to the Lessor based on estimates with respect to such month; and within sixty days after the end of each calendar quarter, the Lessee shall send to the Lessor a final statement for such quarter, accompanied by payment of any additional production royalty due for such quarter. In the event that such final statement indicates that the total provisional payments for such quarter have exceeded the amount actually due for such quarter, the Lessee may apply the amount of such overpayment against the amount of the provisional payment for any later month or months or may request that the amount of such overpayment be promptly refunded to the Lessee by the Lessor. The amount of each provisional payment shall not be less than the minimum royalty provided for in the last paragraph of Section 1 hereof, except as such amount may be reduced by offsetting overpayments appearing from a previous final quarterly accounting."

9. Section 16 of the Lease and Agreement is hereby revised to read as follows:

> "This Lease and Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their heirs, executors, administrators, successors and assigns; provided that in the event of any assignment or other transfer of the interest of the Lessor(by contract, the laws of descent and distribution or otherwise), the Lessee shall not be obligated to make payments, furnish statements, information or reports, or give notices to, or permit inspections by, or otherwise recognize as Lessor, more than one person acting as representative on behalf of all persons entitled to any part of the Lessor's interest hereunder. In the event that all such persons succeeding to any part of the Lessor's interest hereunder fail to designate one person to act as their representative as aforesaid, the Lessee may treat as such representative for all purposes the original Lessor (or the survivor of the original Lessors if more than one) or the personal representative of the last survivor of the original Lessors."

IN WITNESS WHEREOF, the parties hereto have executed

this Agreement in duplicate as of the date first above written.

Lessors: Clark Thomas

Ellen Thomas

Lessee:

Western Exploration & Management Co.

By V. L. Board
V. L. Board
President

ATTEST:

Secretary

STATE OF Oregon }
COUNTY OF Umatilla } ss:

The foregoing instrument was acknowledged before me this 20 day of July 1965 by Clark Thomas, Ella Thomas.

Witness my hand and official seal.

Notary Public

My commission expires

NOTARY PUBLIC IN AND FOR THE STATE OF OREGON
MY COMMISSION EXPIRES NOV. 22, 1965

STATE OF COLORADO }
COUNTY OF } ss:

The foregoing instrument was acknowledged before me this 16th day of July 1965 by V. L. Board, as the President of Western Exploration & Management Co.

Witness my hand and official seal.

Notary Public

My commission expires 2/1/68

SECOND SUPPLEMENTAL
AGREEMENT
TO
LEASE AND AGREEMENT

This SECOND SUPPLEMENTAL AGREEMENT made and entered into this 29th day of May, 1967, by and between CLARK THOMAS and ELLEN THOMAS, first parties, hereinafter sometimes referred to as "Lessor," and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter sometimes referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, under date of January 15, 1960, a Lease and Agreement was made and entered into by and between said Clark Thomas and Ellen Thomas, as Lessor, and Western Exploration & Management Co., as Lessee, covering an undivided 99.75/160ths interest in the Lucy, Lucy No. 2, May Band and Lelia lode mining claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less, situated in Ice ~~Making~~ Lake Mining District, San Juan County, Colorado; and

WHEREAS, under date of July 15, 1965, a Supplemental Agreement to said Lease and Agreement was made and entered into by and between said Clark Thomas and Ellen Thomas, as Lessor, and Western Exploration & Management Co., as Lessee; and

WHEREAS, the parties hereto desire to further amend and modify said Lease and Agreement and to amend and modify said Supplemental Agreement.

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS ($10.00) in hand paid by second party, Lessee, to first party, Lessor, it is hereby agreed as follows:

1. The last sentence of the second paragraph of Section numbered (1) of the Lease and Agreement is hereby amended so that as amended said last sentence shall read as follows:

> "If Lessor has not received notice of 'date of entry' before November 30, 1969, Lessor may thereafter, terminate this agreement pursuant to paragraph 8 hereof."

This amendment is in addition to the amendments of said Section (1) set out in paragraphs numbered 2 and 3 of the Supplemental Agreement dated July 15, 1965.

2. The first sentence of the first paragraph of Section numbered (3) of the Lease and Agreement is, for clarification purposes, amended to read as follows:

> "(3) That Lessee shall pay Lessor royalties, on Lessor's interest in all ores extracted and removed from the demised property as follows:
>
> For ore of a net return value of $10.00 per ton or less, 2½% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to ¼ of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of ¼ of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.
>
> The above royalties are based upon a full and complete ownership in the demised premises. As to ownership in the demised premises less than the entire interest, the royalties shall be paid only in the proportion which Lessor's interest bears to the full and entire interest in said premises."

3. It is understood and agreed that all of the other terms, provisions and conditions of said Lease and Agreement and said Supplemental Agreement of July 15, 1965, shall remain unchanged and in full force and effect, that no notice of default

has been given thereunder, and that said Lease and Agreement and said Supplemental Agreement of July 15, 1965, as herein modified, be and the same are hereby confirmed and ratified as valid, subsisting and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the date first above written.

LESSOR:

Clark Thomas

Ellen Thomas

LESSEE:

WESTERN EXPLORATION & MANAGEMENT CO.

Attest:

Secretary

By

V. L. Board, President

STATE OF)
) SS.
COUNTY OF)

The foregoing instrument was acknowledged before me this 1st day of June, 1967, by CLARK THOMAS and ELLEN THOMAS.

Witness my hand and official seal.

Notary Public

My Commission Expires:
NOTARY PUBLIC IN AND FOR THE STATE OF ORE.
MY COMMISSION EXPIRES NOV. 30, 1969

STATE OF COLORADO)
) SS.
CITY & COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 29th day of May, 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Notary Public

My Commission Expires:

My Commission expires Feb. 21, 1968

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this 15th day of January, 1960 by and between Lucia N. Standish, first party, hereinafter referred to as Lessor and Western Exploration & Management Co., a Colorado corporation, second party, hereinafter referred to as Lessee.

WITNESSETH:

WHEREAS, the Lessor is the owner of a certain interest in mining claims, hereinafter described and desires to join in a program with the owners of the other interests in said claims and other owners of adjacent or contiguous mining property, in the same general area as Lessor's mining claim interests, in forming a consolidated group of mining properties, sufficient in magnitude and character for a practical economic program of exploration, development and mining, and --

WHEREAS, the Lessee is also the Owner of adjacent or contiguous mining property interests and is engaged in the business of organizing the consolidation of groups of mining properties for the express purpose of making arrangements with mining operations, for economic development of such properties, and does such work at Lessee's sole expense.

NOW THEREFORE, Lessor in consideration of the royalties hereby reserved and the covenants and promises herein to be performed by Lessee, and in further consideration of One ($1.00) dollar in hand paid Lessor by Lessee, receipt of which is hereby acknowledged, does, by these presents, lease, demise and let unto Lessee, for all mining purposes, all Lessor's right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

An undivided 1/10 (one-tenth) of the Lucy, Lucy No.2 May Bond and Lelia. U.S.Mineral Survey No.13372, comprising 32.27 Acres more or less.

TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry, as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice, in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as the consolidated properties are being operated and maintained as a producing mine - unless sooner terminated in the manner hereinafter provided - subject to the following terms and condition to-wit:

(1) That Lessee shall undertake, at its sole expense, and with due diligence, to obtain Leases and Agreements on any other undivided interests in the claims above described and on other mining claims and property' in the same general area as the demised premises.

When, and if, Lessee shall have obtained such Leases and Agreements, as Lessee, in Lessee's sole judgment, shall deem necessary to form a consolidated group of mining claims and properties, hereinafter called the "consolidated properties", for a practical and economic mining exploration and development program; and when Lessee shall have completed the necessary arrangements for such program, Lessee, shall forthwith, take possession of the demised premises and notify Lessor in writing of the date thereof, called herein "date of entry". If Lessor has not received notice of "date of entry" before November 30, 1962, Lessor may thereafter, terminate this agreement pursuant to paragraph 8 hereof.

Prior to the "date of entry", Lessee may, and is hereby given the right, subject to the provision of paragraphs 6 and 7 hereof, and at its sole risk and option, to do geological engineering, exploration and examination work on the demised premises, including such work as opening old workings for examination and sampling and doing diamond drilling.

Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work that may have been done as provided in the immediately preceding paragraph; and thereafter, shall expend in that behalf, at least an average of five-thousand ($5000)dollars per month until a total of one-hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five ($25,000) dollars to be spent within the first eighteen (18) months after "date aof entry", and prior thereto in diamond drilling, etc., as above mentioned.

Subject to the provisions of paragraph 8 and 9 hereof, beginning with the next calendar month, eighteen (18) months after the "date of entry", Lessee agrees to pay Lessor a minimum advance royalty calculated as follows:

In any month that sufficient ore is not produced and removed from the property interest herein demised, to earn the Lessor the minimum sum, under the royalties provided in paragraph 3, hereof, equivalent to Lessor's pro rata undivided interest in a total sum of $32.00 per month, the Lessee agrees to pay Lessor in addition, for such month, the difference between the sum actually earned from royalties for ore produced and shipped from the demised property and said pro rata sum. Such additional payments in excess of the amount of actual earned royalty shall constitute a cumulative payment credit against that portion of the actual earned royalty payments, thereafter becoming due in excess of said monthly minimum royalty sum and when any earned royalty payment exceeding the minimum is to be made, said credit shall be absorbed by applying it to amounts of such earned royalty payments in excess of the minimum amount.

(2) That Lessee shall perform all mining operations on the demised property in a workmanlike manner and shall keep proper maps and records of all mining operations upon the demised property and shall make same available for Lessor's inspection upon request, but not more often than once each month, together with any records kept of diamond or churn drill holes, and all such other reasonable information concerning the operations of the demised property as Lessor may from time to time request; and shall also permit Lessor to enter into and upon any part of said demised property at reasonable times, for the purpose of inspecting, surveying, assaying and sampling the same, and shall facilitate such inspection and surveys in every reasonable way, but Lessor shall enter upon said demised property at Lessor's own risk, and so as not to hinder unreasonably, operations of Lessee.

(3) That Lessee shall pay Lessor royalties, on Lessor's interest in all ores extracted and removed from the demised property as follows:

> For ore of a net return value of $10.00 per ton or less, 2-1/2% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.

If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter the net return value shall be determined by deducting transportation costs and milling costs from the smelter returns

but in no instance shall the Lessee's milling cost deducted be in excess of three dollars fifty cents ($3.50) per wet ton of ore treated. For gold bullion and amalgam shipped and sold to the United States Mint, Denver, Colorado, net returns shall be determined by deducting the milling costs as provided above and the cost of shipping the bullion, or amalgam, from the net mint return. Milling costs shall be prorated between products if more than one concentrate product is made in accordance with usual metallurgical procedures and in the case of amalgamation the costs of this procedure will be added to the actual milling costs.

All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee and settlement therefor shall be made by the smelter, mill or other ore purchasing agency; duplicate settlement sheets shall be furnished to each party and instructions for apportioning payments shall be furnished the smelter, mill, or purchasing agency by Lessee so that the royalty thereon is paid direct to Lessor, and the remainder to Lessee.

(4) That Lessee shall have the right to remove ores, waste, water and other materials from the demised premises, and to carry on general mining operations pertaining to the demised premises by means of shafts and workings on other properties of the consolidated group and to remove ores, waste, water and other materials from other properties and to carry on general mining operations pertaining to such other properties on the surface of, or through shafts and workings on, the demised premises, but until weighed and sampled, all ores, extracted and removed from the demised premises, shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property.

(5) That Lessee shall pay all general property taxes assessed as a non-producing mine against the Lessor's ownership in the demised premises beginning with the taxes for 1959, payable January 1, 1960, and prorated

to the date of termination, but Lessor shall be charged with the Lessor's proportion, based on the royalty hereinabove reserved, of taxes based on an assessment as a producing mine and of any production, severance or other excise taxes, and Lessee shall advance the payment for such taxes to be reimbursed therefor from payments due Lessor from Lessee.

(6) That during the performance of all work on the demised premises Lessee shall have complied in all respects with the Workmens Compensation Laws of the State of Colorado, shall continuously carry all necessary insurance to protect Lessee and Lessee's employees against liability for industrial accidents, and to save Lessor harmless from liability therefor; and Lessee shall, in Lessee's operations on the demised premises, comply with Social Security, Unemployment insurance, and all other State and Federal laws, relating to mining, the condition of said premises, employment, and taxes; and Lessee shall save Lessor harmless from any claim for damages or liability by reason of Lessee's operations on the demised premises; and this agreement shall not create, and in no event shall be construed as, a partnership between Lessee and Lessor, and Lessor shall in no event be held liable for any occurrence in, on, or about the demised premises developing out of Lessee's operations.

(7) That after "date of entry", Lessee shall keep the demised property and every part thereof, free and clear and any and all labor and material liens and encumbrances during term of this lease, and at all times, that Lessee shall be working thereon, shall keep posted in a conspicuous place on demised property, in the name of and on behalf of, Lessor, a written or printed notice setting forth the fact that said demised property is leased to, and is being operated by Lessee, and that the interest of Lessor therein shall not be subject to liens for services, labor, material or supplies rendered, furnished or used in connection with said demised property or the mining operations of Lessee hereunder.

(8) That in case Lessee fails to perform any of the terms or con-

ditions herein provided on Lessee's part to be performed, it shall be lawful for Lessor, at Lessor's option, to declare this lease terminated and of no effect thereafter, and with or without process of law, to enter upon, and take possession of, the demised property; provided, however, that Lessor shall first give Lessee notice in writing of Lessee's failure to perform, and Lessor's election to terminate this lease, and Lessee shall have sixty (60) days after said notice, to remedy said default, and upon failure or refusal by Lessee within said sixty (60) days period to remedy said claimed default, then all Lessee's rights hereunder shall thereupon cease and terminate.

(9) That Lessee may voluntarily surrender this lease at any time, by giving to Lessor not less than fifteen (15) days' written notice of surrender, and upon such voluntary surrender, all rights, liabilities and obligations of the parties hereto shall cease and terminate, except the obligation of Lessee to make any payments to Lessor that shall theretofore have accrued hereunder.

(10) In the event of valid forfeiture, surrender or other termination of this lease and agreement, the Lessee will immediately surrender peaceable possession of said demised premises and the whole and every part thereof to the Lessor. The Lessor shall have, and is hereby given and granted a reasonable period of time, not less than three (3) months after a valid forfeiture, surrender or other termination of this lease, to remove from said demised premises all machinery, tools and equipment placed in or upon the demised premises by Lessee. In the event of a termination of this lease by the Lessor, or its surrender by Lessee, all payments theretofore received by Lessor or made by Lessee including those for taxes and work done by Lessee shall be considered as liquidated damages, and there shall be no further liability on the part of the Lessee.

(11) That in consideration of the Lessee having fully complied with all the terms and conditions of this lease and agreement, the Lessor

hereby gives Lessee the right and option to purchase the property interest herein demised at any time during the first ten (10) year period of the lease following the "date of entry", at a full purchase price of Three thousand two hundred ($3,200.00) dollars - - - -, with all the royalty or other payments paid to Lessor by Lessee, prior to date of purchase, applying as a credit against this purchase price, and Lessor agrees upon payment of the purchase price, they will deliver to Lessee a quit claim deed conveying all Lessor's right, title and interest in and to the property purchased, and upon request of Lessee to place said executed deed in escrow for delivery to Lessee if and when this purchase option is exercised, and purchase price as above provided, paid to Lessor.

A further condition of this option is that if the lease herein given is terminated by forfeiture under the terms hereof, then such termination shall operate to terminate and cancel this option and release the Lessor from any further obligation hereunder.

(12) That each of the parties hereto is hereby given the right and privileges of selling, transferring, or assigning the respective rights, privileges and interests as set forth in this lease and agreement, and that Lessee shall have the right to sublease any part of said demised property, subject to the terms of this agreement, but in such event Lessee shall be liable for acts of any such sub-leases.

(13) That if the Lessee shall be delayed at any time in performance of Lessee's agreements hereunder by reason of labor disturbances, strikes, severe weather conditions, governmental orders or regulations, fires, casualties affecting the leased property, a mill operated by the Lessee or the mill or smelter to which ore or concentrates are shipped, or if such mill or smelter refuses to accept concentrates or ore, then in any of these events, such delay shall not be deemed a breach of this lease, and during any time Lessee is so delayed, Lessee shall be excused from the performance thereof until the cause of such delay is removed, and

Western Exploration & Management Co.

normal operations resumed.

(14) That Lessor agrees that at time of execution of this agreement, Lessor holds title to, and is in possession of, the property herein demised, and the same shall be, upon " date of entry", free and clear from all former grants, bargains, sales, liens or encumbrances of any kind created by Lessor, and that there shall be no delinquent taxes, and Lessor agrees to furnish Lessee such abstracts, deeds, or other evidence of title as may be in Lessor's possession, and upon request of, under direction of, and at expense of Lessee, Lessor agrees to have abstracts brought down to date, and take such steps as may be necessary to perfect Lessor's title, including quieting same, if necessary.

(15) That any written notice which either party herein may give the other party in accordance with the provisions hereof, may be given by serving such notice personally upon such other party, or by depositing such notice in the registered United States mail, with postage prepaid and addressed to such other party at the last address furnished by such party to the other and such notice shall be deemed to have been given at the time it shall be deposited.

(16) This lease and the terms and provisions hereof shall insure to the benefit of and be binding upon, the parties hereto, their heirs, executors, administrators, successors, and assigns.

This agreement cancels and supersedes all previous agreements, and constitutes the only agreement between the parties.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement in duplicate as of the day and year first above written.

Lucia N. Standish

Lucia N. Standish Lessor

WESTERN EXPLORATION & MANAGEMENT CO.

V.L. Board

V.L. Board, President Lessee.

H. Sherman Perry

H. Sherman Perry, Asst. Secy.

SUPPLEMENTAL AGREEMENT

to

LEASE and AGREEMENT

This Supplemental Agreement made and entered into this 15th day of July 1965 by and between Lucia N. Standish, first party, hereinafter referred to as Lessor, and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter referred to as Lessee.

W I T N E S S E T H :

WHEREAS, the Lessor (or Lessor's predecessor in interest) was the Lessor under a Lease and Agreement dated the 15th day of January 1960 by and between Lucia N. Standish, first party and WESTERN EXPLORATION & MANAGEMENT CO., second party, a copy of which is attached hereto.

WHEREAS, the parties hereto desire to clarify and modify certain provisions in said Lease and Agreement.

NOW, THEREFORE, in consideration of $10 in hand paid by second party to first party, it is hereby agreed as follows:

1. The paragraph providing for the term of the lease, appearing as the first complete paragraph on page 2 of the Lease and Agreement, is hereby revised to read as follows:

> "TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice,

in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as any one of the consolidated properties is being operated and maintained as a producing mine or is maintained in a standby status for such operation pending improvement in economic conditions - unless sooner terminated in the manner hereinafter provided - subject to the following terms and conditions to wit:"

2. The second paragraph of Section (1) of the Lease and Agreement is hereby amended to provide that any other properties or interests within the Project Area:

> Sections 18, 19 and 30, Township 41 North, Range 8 West and Sections 13, 14, 23, 24 and 25, Township 41 North, Range 9 West in San Juan and San Miguel Counties, Colorado

may be added to the "consolidated properties" by the Lessee or its successor in interest at any time or times following the date hereof, whether before or after the "date of entry".

3. The fourth paragraph of Section (1) of the Lease and Agreement is hereby revised to read as follows:

> "Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access

roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work theretofore or thereafter done of the character referred to in the immediately preceding paragraph on or for any of the "consolidated properties", and thereafter, shall expend in that behalf, at least an average of five thousand ($5000) dollars per month until a total of one hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five thousand ($25,000) dollars to be spent within the first eighteen (18) months after "date of entry", and prior thereto in diamond drilling, etc., as above mentioned."

4. The Lessor hereby confirms that no notice of default has been given under Section 8 of the Lease and Agreement to the date of this Supplemental Agreement. It is hereby further agreed that, with respect to the provisions of Section 1 of the Lease and Agreement regarding "date of entry" and the right of Lessee, prior to the "date of entry", to do geological, engineering, exploration and examination work on the demised premises - including diamond drilling, receipt by Lessor of notice of "date of entry" shall not be required from the date of the beginning of such work to the date of its completion, provided that the Lessor is given notice of the beginning of such work and notice when such work has been completed.

5. It is hereby confirmed that the surrender of the Lease pursuant to Sections 9 and 10 of the Lease and Agreement will terminate any obligation of the Lessee to continue the work obligations set out in the 4th paragraph of Section (1) of the Lease and Agreement.

6. The first sentence of the second paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

> "If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities before shipment to a smelter, the net return value shall be determined by deducting transportation costs (between mine mouth and mill and between mill and smelter) and milling costs from the smelter returns, but in no instance shall the Lessee's milling costs deducted be in excess of $3.50 per wet ton of ore treated. (For the purposes of this paragraph, milling costs shall include all costs that could be deducted in computing Federal income taxes [including reasonable depreciation and amortization of other capital and deferred costs], except state or local income taxes and except operating loss carry forwards or carrybacks.)

7. Section (4) of the Lease and Agreement is hereby revised to read as follows:

> "That Lessee shall have the right to remove ores, wastes, water and other materials from the demised premises and to carry on general mining operations pertaining to the

demised premises by means of shafts and workings on other properties in which the Lessee or any successor in interest has an interest; and to remove ores, wastes, water and other materials from such other properties and to carry on general mining and milling operations pertaining to such other properties on the surface of, or through shafts and workings, on the demised premises. Lessee shall have the right to commingle for milling purposes ore mined from the demised premises, but until weighed and sampled all ore extracted and removed from the demised premises shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property. The full metal content of ore derived from the demised premises shall be calculated as follows: The total pounds of metal contained in all ore fed to the mill during any calendar month, whether or not such ore is derived from the demised premises, shall be calculated from tonnage and grade measurements made between the crusher and the flotation sections of the mill. The total pounds of contained metal thus calculated shall be multiplied by a fraction, the numerator of which is the total pounds of metal contained in the ore derived from the demised premises and sent to the mill during the same calendar month, calculated from tonnage

and grade measurements made before commingling of said ore with the other ores, and the denominator of which is the total pounds of metal contained in all ore derived from all properties (including the demised premises) and sent to the mill during the same calendar month, calculated from tonnage and grade measurements before commingling. The percentage of recovery from ore mined from the demised premises shall be assumred to be the percentage of recovery for the entire mill operations for such month."

8. The last paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

"All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee, but duplicate settlement sheets shall be furnished to the Lessor. All royalties shall be paid to the Lessor by the Lessee and the purchaser of ores or concentrates shall have no responsibility therefor. Production royalties shall become due when payment for ores or concentrates is received by the Lessee from the purchaser. All computations and accountings with respect to the amount of production royalty due shall be made on a quarterly basis. Within thirty days after the end of each calendar month, the Lessee shall make a provisional payment to the Lessor based on estimates with respect to such month; and within sixty days after the end of each calendar quarter, the Lessee shall send to the Lessor a final statement for such quarter, accompanied by payment of any additional production royalty due for such quarter. In the event that such final statement indicates that the total provisional payments for such quarter have exceeded the amount actually due for such quarter, the Lessee may apply the amount of such overpayment against the amount of the provisional payment for any later month or months or may request that the amount of such overpayment be promptly refunded to the Lessee by the Lessor. The amount of each provisional payment shall not be less than the minimum royalty provided for in the last paragraph of Section 1 hereof, except as such amount may be reduced by offsetting overpayments appearing from a previous final quarterly accounting."

9. Section 16 of the Lease and Agreement is hereby revised to read as follows:

> "This Lease and Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their heirs, executors, administrators, successors and assigns; provided that in the event of any assignment or other transfer of the interest of the Lessor(by contract, the laws of descent and distribution or otherwise), the Lessee shall not be obligated to make payments, furnish statements, information or reports, or give notices to, or permit inspections by, or otherwise recognize as Lessor, more than one person acting as representative on behalf of all persons entitled to any part of the Lessor's interest hereunder. In the event that all such persons succeeding to any part of the Lessor's interest hereunder fail to designate one person to act as their representative as aforesaid, the Lessee may treat as such representative for all purposes the original Lessor (or the survivor of the original Lessors if more than one) or the personal representative of the last survivor of the original Lessors."

IN WITNESS WHEREOF, the parties hereto have executed

this Agreement in duplicate as of the date first above written.

Lessors: Lucia N. Standish

Lessee:
Western Exploration & Management Co.

By V. L. Board
V. L. Board
President

ATTEST:
Wm. E. Board
Secretary

STATE OF CALIFORNIA
COUNTY OF ORANGE } ss:

The foregoing instrument was acknowledged before me this 20th day of July 1965 by LUCIA N. STANDISH

Witness my hand and official seal.

Robert R. Lucio
Notary Public

My commission expires MARCH 19TH 1967

STATE OF COLORADO
COUNTY OF } ss:

The foregoing instrument was acknowledged before me this 16th day of July 1965 by V. L. Board, as the President of Western Exploration & Management Co.

Witness my hand and official seal.

Olive V. Crawford
Notary Public

My commission expires 2/1/68

SECOND SUPPLEMENTAL
AGREEMENT
TO
LEASE AND AGREEMENT

This SECOND SUPPLEMENTAL AGREEMENT made and entered into this 9th day of June, 1967, by and between LUCIA N. STANDISH, first party, hereinafter sometimes referred to as "Lessor," and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter sometimes referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, under date of January 15, 1960, a Lease and Agreement was made and entered into by and between said Lucia N. Standish, as Lessor, and Western Exploration & Management Co., as Lessee, covering an undivided one-tenth (1/10th) interest in the Lucy, Lucy No. 2, May Band and Lelia lode mining claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less, situated in Ice Lake Mining District, San Juan County, Colorado; and

WHEREAS, under date of July 15, 1965, a Supplemental Agreement to said Lease and Agreement was made and entered into by and between said Lucia N. Standish, as Lessor, and Western Exploration & Management Co., as Lessee; and

WHEREAS, the parties hereto desire to further amend and modify said Lease and Agreement and to amend and modify said Supplemental Agreement,

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS ($10.00) in hand paid by Lessee to Lessor, it is hereby agreed as follows:

1. The last sentence of the second paragraph of Section numbered (1) of the Lease and Agreement is hereby amended so that as amended said last sentence shall read as follows:

> "If Lessor has not received notice of 'date of entry' before November 30, 1969, Lessor may thereafter terminate this agreement pursuant to paragraph 8 hereof."

This amendment is in addition to the amendments of said Section (1) set out in paragraphs numbered 2 and 3 of the Supplemental Agreement dated July 15, 1965.

2. The first sentence of the first paragraph of Section numbered (3) of the Lease and Agreement is, for clarification purposes, amended to read as follows:

> "(3) That Lessee shall pay Lessor royalties, on Lessor's interest in all ores extracted and removed from the demised property as follows:
>
> For ore of a net return value of $10.00 per ton or less, 2½% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.
>
> The above royalties are based upon a full and complete ownership in the demised premises. As to ownership in the demised premises less than the entire interest, the royalties shall be paid only in the proportion which Lessor's interest bears to the full and entire interest in said premises."

3. It is understood and agreed that all of the other terms, provisions and conditions of said Lease and Agreement and said Supplemental Agreement of July 15, 1965, shall remain unchanged and in full force and effect, that no notice of default

has been given thereunder, and that said Lease and Agreement and said Supplemental Agreement of July 15, 1965, as herein modified, be and the same are hereby confirmed and ratified as valid, subsisting and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the date first above written.

LESSOR:

Lucia N. Standish

LESSEE:

WESTERN EXPLORATION & MANAGEMENT CO.

By V. L. Board, President

Attest:

Olga E. Board
Secretary

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

The foregoing instrument was acknowledged before me this 13th day of June, 1967, by LUCIA N. STANDISH.

Witness my hand and official seal.

Marie Fitzmeuer
Notary Public

My Commission Expires: Oct. 8, 1967

STATE OF COLORADO)
) SS.
CITY & COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 9th day of June, 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Gloria G. Pottoff
Notary Public

My Commission Expires:

My Commission expires Feb. 21, 1968

LEASE COVERING

SCHMELZER CLAIM INTERESTS

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this 15th day of January, 1960 by and between John F. Schmelzer, first party, and hereinafter referred to as Lessor and the Western Exploration & Management Co., a Colorado corporation, second party, hereinafter referred to as Lessee.

WITNESSETH:

WHEREAS, the Lessor is the owner of a certain interest in mining claims, hereinafter described, and desires to join in a program with the owners of the other interests in said claims and other owners of adjacent or contiguous mining property in the same general area as the Lessor's mining claim interests, in forming a consolidated group of mining properties, sufficient in magnitude and character for a practical economic program of exploration, development and mining, and --

WHEREAS, the Lessee is also the owner of interests in the claims herein described and of adjacent or contiguous mining property interests and is in the business of organizing the consolidation of groups of mining properties for the express purpose of making arrangements with mining operators for the economic development of such properties and does such work at Lessee's sole expense.

NOW THEREFORE, Lessor, in consideration of the royalties hereby reserved and the covenants and promises herein to be performed by Lessee, and in further consideration of the sum of ten ($10.00) dollars, in hand paid Lessor by Lessee, receipt of which is hereby acknowledged, does by these presents lease, demise and let unto Lessee, for all mining purposes, all of Lessor's right, title, and interest to, and in certain lode mining claims and property all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

An undivided 45.5/100 interest in the Columbus, and Grand View lode mining claims U.S.Survey No.11693 and Last Hope(San Juan County) and Webster lode mining claims U.S.Survey No.11695, all containing a total of approximately 35 acres.

And a 50% undivided interest in each of the following lode mining claims, the Golden Gate, U.S.Survey #12817; the Isabel, U.S.Survey #11531; the Silver Pick, U.S.Survey #12817; and 50% undivided interest in each of the following unpatented mining claim locations named and recorded in the records of San Juan County at Silverton, Colorado as follows:

The Diamond	Book 92,	Page	564
Palmyra	" 147,	"	18
St. Anthony	" 147,	"	18 and 19
Frederick	" 147,	"	20
Joseph	" 147,	"	375
Charlotte Mary.	" 165,	"	33

TO HAVE AND TO HOLD said premises and property for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew this Lease and Agreement for two (2) additional succeeding ten (10) year periods, upon sixty (60) days' notice in writing prior to the date of expiration of any such period, and if it is in effect at the end of thirty(30) years, to automatic extension thereafter, so long as the "consolidated properties" are being operated and maintained as a producing mine - unless sooner terminated, in the manner hereinafter provided - subject to the following terms and conditions to-wit:

(1) That Lessee shall undertake at its sole expense, and with due diligence, to obtain Leases and Agreements on any other undivided interests in the claims above described and on other mining claims and property in the same general area as the demised premises.

When, and if, Lessee shall have obtained such Leases and Agreements, as Lessee, in Lessee's sole judgment, shall deem necessary to form a consolidated group of mining claims and properties, hereinafter called the "consolidated properties", for a practical and economic mining exploration and development program; and when Lessee shall have

completed the necessary arrangements for such a program, Lessee shall forthwith take possession of the demised premises and notify Lessor in writing of the date thereof, called herein, "date of entry". If Lessor has not received notice of the "date of entry" before November 30, 1962, Lessor may thereafter terminate this agreement pursuant to paragraph 8 hereof.

Prior to the "date of entry" Lessee may, and is hereby given the right, subject to the provisions of paragraphs 6 and 7 hereof and at its sole risk and option to do geological engineering, exploration and examination work on the demised premises, including such work as opening old workings for examination and sampling and doing diamond drilling.

Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months' period after "date of entry", Lessee shall have expended at any place, or places, Lessee may choose to select upon, or for, the consolidated properties, the sum of not less than Twenty-five thousand ($25,000) dollars, in constructing access roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted) including work that may have been done as provided in the immediately preceding paragraph; and thereafter, shall expend in that behalf, at least an average of Five thousand ($5,000) dollars per month until a total of One-hundred thousand ($100,000) dollars shall have been spent, including the previously mentioned Twenty-five thousand ($25,000) dollars, to be spent within the first eighteen (18) months after "date of entry" and, prior thereto, in diamond drilling, etc., as above provided.

Of the foregoing expenditures made by Lessee during any assessment year, after the "date of entry", Lessee shall allocate a sufficient

amount thereof to cover Lessor's portion of the annual assessment work on the interests in unpatented mining claim locations included and demised herein and shall record affidavits of performance thereof.

Subject to the provisions of paragraphs 8 and 9 hereof, beginning with the next calendar month, eighteen (18) months after "date of entry". Lessee agrees to pay Lessor a minimum advance royalty, calculated as follows:

In any month that sufficient ore is not produced and removed from the property interests herein demised to earn Lessor the minimum sum of $45.50 under the royalties provided in paragraph 3, hereof, Lessee agrees to pay Lessor (in addition) for such month, the difference between the sum actually earned from royalties for ore produced and shipped from the demised property, and Forty-five dollars and fifty cents ($45.50). Such additional monthly payments, in excess of the amounts of actual earned royalty shall constitute a cumulative payment credit against that portion of the actual earned royalty payments, thereafter, becoming due in excess of said monthly minimum royalty sum and when any earned royalty payment exceeding the minimum is to be made, said credit shall be absorbed by applying it to amounts of such earned royalty payments in excess of the minimum amount.

(2) That Lessee shall perform all mining operations on the demised properties in a workmanlike manner and shall keep proper maps and records of all mining operations upon the demised property and shall make available at all times these records and maps for Lessor's inspection. Lessee shall permit Lessor, or his duly appointed representative, to enter upon any part of the said demised property for the purpose of inspection, surveying, assaying, and sampling the same and shall facilitate such inspections, surveys, etc., in every reasonable way, but Lessor, or his representative as the case may be, shall enter upon said demised property at Lessor's own risk, and so as not to interfere, or hinder,

unreasonably the Lessee's operations.

(3) That Lessee shall pay Lessor royalties, on Lessor's interest in all ores extracted and removed from the demised property as follows:

> For ore of a net return value of $10.00 per ton or less, 2-1/2% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%. For example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%; if $20.75, royalty would be 5-1/4%.

If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter, the net return value shall be determined by deducting transportation costs and milling costs from the smelter returns, but in no instance shall the Lessee's milling cost deducted be in excess of Three dollars fifty cents ($3.50) per wet ton of ore treated. For gold bullion and amalgan shipped and sold to the United States Mint, Denver, Colorado, net returns shall be determined by deducting the milling costs as provided above and the cost of shipping the bullion, or amalgan, from the net mint return. Milling costs shall be prorated between products if more than one concentrate product is made in accordance with usual metallurgical procedures and in the case of amalgamation the costs of this procedure will be added to the actual milling costs.

All ores, or concentrates, shall be sold to the person, or corporation, who will return in settlement the highest price thereof. All ores, concentrates, amalgam or bullion shall be shipped or transported in the name of Lessee and settlement thereafter shall be made

by the mill, smelter or mint, or other ore purchasing agency with duplicate settlement sheets being furnished all parties hereto and instructions for apportioning payments shall be furnished the mill, smelter or mint, or purchasing agency by Lessee so that the royalty thereon is paid direct to Lessor, and the remainder to Lessee.

(4) That Lessee shall have the right to remove ores, waste, water and other materials from the demised property, and to carry on general mining operations pertaining to the demised premises by means of shafts and workings on other properties of the consolidated group and to remove ores, waste, water and other materials from other properties and to carry on general mining operations pertaining to such other properties on the surface of, or through the shafts and workings on the demised premises, but until weighed and sampled, all ores extracted from the demised property shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property.

(5) That Lessee shall pay all general property taxes that are assessed as a non-producing mine against Lessor's ownership in the demised property beginning with taxes for 1959, payable January 1, 1960, and prorated to date of termination. But Lessor shall be charged with Lessor's proportion based on the royalty hereinabove reserved, of taxes based on an assessment as a producing mine and of any production, severance or other excise taxes; and Lessee shall advance the payment for such taxes, to be reimbursed therefor from payments due Lessor from Lessee.

(6) That during the performance of all work on the demised premises Lessee shall comply in all respects with the Workmen's Compensation Laws of the State of Colorado, shall continuously carry all necessary insurance to protect Lessee and Lessee's employees against liability for industrial accidents, and to save the Lessor harmless

from liability therefrom; and Lessee shall in Lessee's operations on the demised premises, comply with Social Security, unemployment insurance, and all other State and Federal Laws, relating to mining, the condition of said premises, employment and taxes; and Lessee shall save Lessor harmless from any claim for damages or liability by reason of Lessee's operations on the demised premises; and this agreement shall not create, and in no event be construed as a partnership between Lessee and Lessor, and Lessor in no event shall be held liable for any occurence in, on, or about the demised premises developing out of Lessee's operations.

(7) That after "date of entry" Lessee shall keep the demised premises, and every part thereof, free and clear of any and all labor and material liens and encumbrances during the term of this lease, and that at all times, the Lessee shall be working thereon, Lessee shall keep posted in conspicuous places on the demised property, in the name of, and on behalf of Lessor, a written, or printed notice setting forth the fact that the said demised property is leased to, and is being operated by Lessee, and that the interest of Lessor therein shall not be subject to liens for services, labor, materials or supplies rendered, furnished or used in connection with said demised property or the mining operations of the Lessee hereunder.

(8) That in case Lessee fails to perform any of the terms or conditions provided on Lessee's part to be performed, it shall be lawful for Lessor, at Lessor's option, to declare this lease and agreement terminated and of no effect thereafter, and with, or without, process of law, to enter upon, and take possession of the demised property; provided, however, that Lessor shall first give Lessee notice in writing of Lessee's failure to perform, and Lessor's election to terminate the lease and agreement, and Lessee shall have sixty (60) days after receipt of said notice to remedy said default, or defaults, and upon failure to remedy said fault, or defaults, or refusal to do the same within the

aforesaid sixty (60) day period then all Lessee's rights hereunto shall therefor cease and terminate.

(9) That Lessee may voluntarily surrender the lease and agreement by giving to the Lessor not less than fifteen (15) days' notice in writing of surrender, and upon such voluntary surrender all rights, liabilities,and obligations of the parties hereto shall cease and terminate, except the obligation of Lessee to make any payments to Lessor that shall theretofore have accrued hereunder.

(10) In the event of valid forfeiture, surrender or other termination of this lease and agreement, the Lessee shall immediately submit peaceable possession of the said premises and the whole and every part thereof to Lessor. The Lessee shall have and is hereby granted a reasonable period of time, not less than three (3) months, after valid forfeiture, surrender, or other termination of this lease and agreement to remove from said demised premises all machinery, tools and equipment placed in, or upon, the demised premises by Lessee. In the event of termination of this lease and agreement by Lessor, or its surrender by Lessee, all payments theretofore received by Lessor, or may by Lessee, including those for taxes and work done by Lessee, shall be considered as liquidated damages, and there shall be no further liability on the part of Lessee.

(11) That each of the parties hereto is hereby given the right and privilege of selling, transferring, or assigning the respective rights, privileges and interests as set forth in this lease and agreement, and Lessee shall have the right to sublet any part of the said demised property, subject to the terms of this agreement, but in such event Lessee shall be liable for any and all acts of any such subleases.

(12) That if the Lessee shall be delayed at any time in the performance of Lessee's agreements hereunder by reason of labor disturbances, strikes, severe weather conditions, governmental orders or regulations,

fires; casualties affecting the leased property, a mill operated by the Lessee or the mill, or smelter to which ore or concentrates are shipped, or if such mill, or smelter, refuses to accept concentrates or ore, then, inasmuch as these conditions are beyond the control of Lessee, such delay, or delays, shall not be deemed a breach of this lease and agreement, and during any time Lessee is so delayed, Lessee shall be excused from the performance thereof, except the payment of taxes, until the cause of such delay is removed and normal operations resumed.

(13) The Lessor agrees, that at the time of execution of this agreement, Lessor holds title to, and is in the possession of, the property herein demised, and that the same shall be, upon "date of entry", free and clear from all former grants, bargains, sales, liens or encumbrances of any kind created by Lessor, and that there shall be no delinquent taxes, and Lessor agrees to furnish Lessee such abstracts of title, deeds, or other evidences of title as may be in Lessor's possession and upon request of, under direction of, and at expense of, Lessee, Lessor agrees to have title abstracts brought down to date and take such steps as may be necessary to perfect Lessor's title, including the quieting of the same, if necessary.

(14) That any written notice which either party hereto may give to the other party in accordance with the provisions hereof, may be given by serving such notice personally upon such other party, or by depositing such notice in the registered United States mail, with postage prepaid and addressed to such other party at the last address furnished by such party to the other and such notice shall have been deemed to have been given at the time that it shall have been deposited.

(15) This lease and agreement and the terms and provisions hereof shall inure to the benefit of, and be binding upon, the parties hereto, their heirs, executors, administrators, successors and assigns.

This agreement cancels and succeeds all previous agreements, and constitutes the only agreement between the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this lease and agreement in duplicate as of the day and year first above written.

John F. Schmelzer, Lessor

WESTERN EXPLORATION & MANAGEMENT CO.

V. L. Board, President, Lessee

ATTEST:

H. Sherman Berge, Asst. Secretary

STATE OF Georgia)
)ss.
COUNTY OF Lamar)

The foregoing instrument was acknowledged before me this 31st day of May, 1967, by JOHN F. SCHMELZER.

Witness my hand and official seal.

(Mrs.) Ruth D. Cain
Notary Public

My Commission Expires:
My comm. expires Feb. 17, 1968

STATE OF COLORADO)
)ss.
CITY & COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 29th day of May, 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Notary Public

My Commission Expires:

My Commission expires Feb. 21, 1968

SUPPLEMENTAL AGREEMENT

to

LEASE and AGREEMENT

This Supplemental Agreement made and entered into this 15th day of July 1965 by and between Col. John F. Schmelzer, first party, hereinafter referred to as Lessor, and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter referred to as Lessee.

W I T N E S S E T H :

WHEREAS, the Lessor (or Lessor's predecessor in interest) was the Lessor under a Lease and Agreement dated the 15th day of January 1960 by and between Col. John F. Schmelzer, first party and WESTERN EXPLORATION & MANAGEMENT CO., second party, a copy of which is attached hereto.

WHEREAS, the parties hereto desire to clarify and modify certain provisions in said Lease and Agreement.

NOW, THEREFORE, in consideration of $10 in hand paid by second party to first party, it is hereby agreed as follows:

1. The paragraph providing for the term of the lease, appearing as the first complete paragraph on page 2 of the Lease and Agreement, is hereby revised to read as follows:

> "TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice,

in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as any one of the consolidated properties is being operated and maintained as a producing mine or is maintained in a standby status for such operation pending improvement in economic conditions - unless sooner terminated in the manner hereinafter provided - subject to the following terms and conditions to wit:"

2. The second paragraph of Section (1) of the Lease and Agreement is hereby amended to provide that any other properties or interests within the Project Area:

> Sections 18, 19 and 30, Township 41 North, Range 8 West and Sections 13, 14, 23, 24 and 25, Township 41 North, Range 9 West in San Juan and San Miguel Counties, Colorado

may be added to the "consolidated properties" by the Lessee or its successor in interest at any time or times following the date hereof, whether before or after the "date of entry".

3. The fourth paragraph of Section (1) of the Lease and Agreement is hereby revised to read as follows:

> "Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access

roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work theretofore or thereafter done of the character referred to in the immediately preceding paragraph on or for any of the "consolidated properties", and thereafter, shall expend in that behalf, at least an average of five thousand ($5000) dollars per month until a total of one hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five thousand ($25,000) dollars to be spent within the first eighteen (18) months after "date of entry", and prior thereto in diamond drilling, etc., as above mentioned."

4. The Lessor hereby confirms that no notice of default has been given under Section 8 of the Lease and Agreement to the date of this Supplemental Agreement. It is hereby further agreed that, with respect to the provisions of Section 1 of the Lease and Agreement regarding "date of entry" and the right of Lessee, prior to the "date of entry", to do geological, engineering, exploration and examination work on the demised premises - including diamond drilling, receipt by Lessor of notice of "date of entry" shall not be required from the date of the beginning of such work to the date of its completion, provided that the Lessor is given notice of the beginning of such work and notice when such work has been completed.

5. It is hereby confirmed that the surrender of the Lease pursuant to Sections 9 and 10 of the Lease and Agreement will terminate any obligation of the Lessee to continue the work obligations set out in the 4th paragraph of Section (1) of the Lease and Agreement.

6. The first sentence of the second paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

> "If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities before shipment to a smelter, the net return value shall be determined by deducting transportation costs (between mine mouth and mill and between mill and smelter) and milling costs from the smelter returns, but in no instance shall the Lessee's milling costs deducted be in excess of $3.50 per wet ton of ore treated. (For the purposes of this paragraph, milling costs shall include all costs that could be deducted in computing Federal income taxes [including reasonable depreciation and amortization of other capital and deferred costs], except state or local income taxes and except operating loss carry forwards or carrybacks.)

7. Section (4) of the Lease and Agreement is hereby revised to read as follows:

> "That Lessee shall have the right to remove ores, wastes, water and other materials from the demised premises and to carry on general mining operations pertaining to the

demised premises by means of shafts and workings on other properties in which the Lessee or any successor in interest has an interest; and to remove ores, wastes, water and other materials from such other properties and to carry on general mining and milling operations pertaining to such other properties on the surface of, or through shafts and workings, on the demised premises. Lessee shall have the right to commingle for milling purposes ore mined from the demised premises, but until weighed and sampled all ore extracted and removed from the demised premises shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property. The full metal content of ore derived from the demised premises shall be calculated as follows: The total pounds of metal contained in all ore fed to the mill during any calendar month, whether or not such ore is derived from the demised premises, shall be calculated from tonnage and grade measurements made between the crusher and the flotation sections of the mill. The total pounds of contained metal thus calculated shall be multiplied by a fraction, the numerator of which is the total pounds of metal contained in the ore derived from the demised premises and sent to the mill during the same calendar month, calculated from tonnage

and grade measurements made before commingling of said ore with the other ores, and the denominator of which is the total pounds of metal contained in all ore derived from all properties (including the demised premises) and sent to the mill during the same calendar month, calculated from tonnage and grade measurements before commingling. The percentage of recovery from ore mined from the demised premises shall be assumred to be the percentage of recovery for the entire mill operations for such month."

8. The last paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

"All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee, but duplicate settlement sheets shall be furnished to the Lessor. All royalties shall be paid to the Lessor by the Lessee and the purchaser of ores or concentrates shall have no responsibility therefor. Production royalties shall become due when payment for ores or concentrates is received by the Lessee from the purchaser. All computations and accountings with respect to the amount of production royalty due shall be made on a quarterly basis. Within thirty days after the end of each calendar month, the Lessee shall make a provisional payment to the Lessor based on estimates with respect to such month; and within sixty days after the end of each calendar quarter, the Lessee shall send to the Lessor a final statement for such quarter, accompanied by payment of any additional production royalty due for such quarter. In the event that such final statement indicates that the total provisional payments for such quarter have exceeded the amount actually due for such quarter, the Lessee may apply the amount of such overpayment against the amount of the provisional payment for any later month or months or may request that the amount of such overpayment be promptly refunded to the Lessee by the Lessor. The amount of each provisional payment shall not be less than the minimum royalty provided for in the last paragraph of Section 1 hereof, except as such amount may be reduced by offsetting overpayments appearing from a previous final quarterly accounting."

9. Section 15 of the Lease and Agreement is hereby revised to read as follows:

> "This Lease and Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their heirs, executors, administrators, successors and assigns; provided that in the event of any assignment or other transfer of the interest of the Lessor(by contract, the laws of descent and distribution or otherwise), the Lessee shall not be obligated to make payments, furnish statements, information or reports, or give notices to, or permit inspections by, or otherwise recognize as Lessor, more than one person acting as representative on behalf of all persons entitled to any part of the Lessor's interest hereunder. In the event that all such persons succeeding to any part of the Lessor's interest hereunder fail to designate one person to act as their representative as aforesaid, the Lessee may treat as such representative for all purposes the original Lessor (or the survivor of the original Lessors if more than one) or the personal representative of the last survivor of the original Lessors."

IN WITNESS WHEREOF, the parties hereto have executed

this Agreement in duplicate as of the date first above written.

Lessors: John F. Schmelzer X

Lessee:
Western Exploration & Management Co.

By V. L. Board
V. L. Board
President

ATTEST:
Jane E. Board
Secretary

STATE OF Georgia
COUNTY OF Bacon } ss:

The foregoing instrument was acknowledged before me this 14th day of July 1965 by John F. Schmelzer X

Witness my hand and official seal.

(Mrs.) Ruth D. Cain
Notary Public
My commission expires My comm. expires Feb. 17, 1968

STATE OF COLORADO
COUNTY OF } ss:

The foregoing instrument was acknowledged before me this 16th day of July 1965 by V. L. Board, as the President of Western Exploration & Management Co.

Witness my hand and official seal.

Alice V. Crossland
Notary Public
My commission expires 2/1/68

SECOND SUPPLEMENTAL AGREEMENT TO LEASE AND AGREEMENT

This SECOND SUPPLEMENTAL AGREEMENT made and entered into this 29th day of May, 1967, by and between JOHN F. SCHMELZER, first party, hereinafter sometimes referred to as "Lessor," and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter sometimes referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, under date of January 15, 1960, a Lease and Agreement was made and entered into by and between said John F. Schmelzer, as Lessor, and Western Exploration & Management Co., as Lessee, covering all Lessor's right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

> An undivided 45.5/100 interest in the Columbus and Grand View lode mining claims, U. S. Survey No. 11693, and Last Hope (San Juan County) and Webster lode mining claims, U. S. Survey No. 11695, all containing a total of approximately 35 acres;
>
> And a 50% undivided interest in each of the following lode mining claims: the Golden Gate, U. S. Survey No. 12817; the Isabel, U. S. Survey No. 11531; the Silver Pick, U. S. Survey No. 12817;
>
> And a 50% undivided interest in each of the following unpatented mining claim locations named and recorded in the records of San Juan County at Silverton, Colorado, as follows:

	Book	Page
The Diamond	92	564
Palmyra	147	18
St. Anthony	147	18, 19
Frederick	147	20
Joseph	147	375
Charlotte Mary	165	33

and

WHEREAS, under date of July 15, 1965, a Supplemental Agreement to said Lease and Agreement was made and entered into by and between said John F. Schmelzer, as Lessor, and Western Exploration & Management Co., as Lessee; and

WHEREAS, the parties hereto desire to further amend and modify said Lease and Agreement and to amend and modify said Supplemental Agreement,

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS ($10.00) in hand paid by Lessee to Lessor, it is hereby agreed as follows:

1. The last sentence of the second paragraph of Section numbered (1) of the Lease and Agreement is hereby amended so that as amended said last sentence shall read as follows:

> "If Lessor has not received notice of 'date of entry' before November 30, 1969, Lessor may thereafter terminate this agreement pursuant to paragraph 8 hereof."

This amendment is in addition to the amendments of said Section (1) set out in paragraphs numbered 2 and 3 of the Supplemental Agreement dated July 15, 1965.

2. The first sentence of the first paragraph of Section numbered (3) of the Lease and Agreement is, for clarification purposes, amended to read as follows:

> "(3) That Lessee shall pay Lessor royalties on Lessor's interest in all ores extracted and removed from the demised property as follows:
>
> > For ore of a net return value of $10.00 per ton or less, 2-1/2% of the net return value.
> >
> > For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.

" Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.

The above royalties are based upon a full and complete ownership in the demised premises. As to ownership in the demised premises less than the entire interest, the royalties shall be paid only in the proportion which Lessor's interest bears to the full and entire interest in said premises."

3. It is understood and agreed that all of the other terms, provisions and conditions of said Lease and Agreement and said Supplemental Agreement of July 15, 1965, shall remain unchanged and in full force and effect, that no notice of default has been given thereunder, and that said Lease and Agreement and said Supplemental Agreement of July 15, 1965, as herein modified, be and the same are hereby confirmed and ratified as valid, subsisting and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the date first above written.

LESSOR:

John F. Schmelzer

LESSEE:

WESTERN EXPLORATION & MANAGEMENT CO.

By

V. L. Board, President

Attest:

Secretary

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this first day of June, 1964, by and between Earl P. Thomas, first party, hereinafter referred to as Lessor and WESTERN EXPLORATION AND MANAGEMENT CO., a Colorado corporation, second party, hereinafter referred to as Lessee.

WITNESSETH:

WHEREAS, the Lessor is the owner of a certain interest in mining claims, hereinafter described and desires to join in a program with the owners of the other interests in said claims and other owners of adjacent or contiguous mining property, in the same general area as Lessor's mining claim interests, in forming a consolidated group of mining properties, sufficient in magnitude and character for a practical economic program of exploration, development and mining, and --

WHEREAS, the Lessee is also the owner of adjacent or contiguous mining property interests and is engaged in the business or organizing the consolidation of groups of mining properties for the express purpose of making arrangements with mining operators, for economic development of such properties, and does such work at Lessee's sole expense.

NOW THEREFORE, Lessor in consideration of the royalties hereby reserved and the covenants and promises herein to be performed by Lessee, and in further consideration of One Dollar ($1.00) in hand paid Lessor by Lessee, receipt of which is hereby acknowledged, does, by these presents, lease, demise and let unto Lessee, for all mining purposes, all Lessor's right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

> An undivided 7.0625/160ths of the Lucy, Lucy No. 2, May Band and Lelia. U.S. Mineral Survey No. 13372, comprising a total of 32.27 acres, more or less, and in addition, as a beneficiary of 1/2 interest in the estate of Charlotte P. Thomas, deceased, an additional 1/2 of an undivided 14.125/160ths in the same named claims.

TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice, in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as the consolidated properties are being operated and maintained as a producing mine - unless sooner terminated in the manner hereinafter provided - subject to the following terms and conditions to-wit:

(1) That Lessee shall undertake, at its sole expense, and with due diligence, to obtain Leases and Agreements on any other undivided interests in the claims above described and on other mining claims and property in the same general area as the demised premises.

When, and if, Lessee shall have obtained such Leases and Agreements, as Lessee, in Lessee's sole judgment, shall deem necessary to form a consolidated group of mining claims and properties, hereinafter called the "consolidated properties", for a practical and economic mining exploration and development program; and when Lessee shall have completed the necessary arrangements for such program, Lessee, shall forthwith, take possession of the demised premises and notify Lessor in writing of the date thereof, called herein "date of entry".

Prior to the "date of entry", Lessee may, and is hereby given the right, subject to the provision of paragraphs 6 and 7 hereof, and at its sole risk and option, to do geological, engineering, exploration and examination work on the demised premises, including such work as opening old workings for examination and sampling and doing diamond drilling.

Subject to the provisions of Paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than Twenty-Five Thousand Dollars ($25,000.00) in constructing access roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work that may have been done as provided in the immediately preceding paragraph; and thereafter, shall expend in that behalf, at least an average of Five Thousand Dollars ($5,000.00) per month until a total of One Hundred Thousand Dollars ($100,000.00), SHALL have been spent, including the previously mentioned Twenty-Five Thousand Dollars ($25,000.00) to be spent within the first eighteen (18) months after "date of entry", and prior thereto in diamond drilling, etc., as above mentioned.

Subject to the provisions of Paragraph 8 and 9 hereof, beginning with the next calendar month, eighteen (18) months after the "date of entry", Lessee agrees to pay Lessor a minimum advance royalty calculated as follows:

In any month that sufficient ore is not produced and removed from the property interest herein demised, to earn the Lessor the minimum sum, under the royalties provided in Paragraph 3, hereof, equivalent to Lessor's pro rata undivided interest in a total sum of $32.00 per month, the Lessee agrees to pay Lessor in addition, for such month, the difference between the sum actually earned from royalties for ore produced and shipped from the demised property and said pro rata sum. Such additional payments in excess of the amount of actual earned royalty shall constitute a cumulative payment credit against that portion of the actual earned royalty payments, thereafter becoming due in excess of said monthly minimum

royalty sum and when any earned royalty payment exceeding the minimum is to be made, said credit shall be absorbed by applying it to amounts of such earned royalty payments in excess of the minimum amount.

(2) That Lessee shall perform all mining operations on the demised property in a workmanlike manner and shall keep proper maps and records of all mining operations upon the demised property and shall make the same available for Lessor's inspection upon request, but not more often than once each month, with any records kept of diamond or churn drill holes, and all such other reasonable information concerning the operations of the demised property as Lessor may from time to time request; and shall also permit Lessor to enter into and upon any part of said demised property at reasonable times, for the purpose of inspecting, surveying, assaying and sampling the same, and shall facilitate such inspection and surveys in every reasonable way, but Lessor shall enter upon said demised property at Lessor's own risk, and so as not to hinder unreasonably, operations of the Lessee.

(3) That Lessee shall pay Lessor royalties on Lessor's interest in all ores extracted and removed from the demised property as follows:

> For ore of a net return value of $10.00 per ton or less, 2-1/2% of the net return values.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.

If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine

by Lessee's facilities, before shipment to a smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter, the net return value shall be determined by deducting transportation costs and milling costs from the smelter returns but in no instance shall the Lessee's milling cost deducted be in excess of Three Dollars and Fifty Cents ($3.50) per wet ton or ore treated. For gold bullion and amalgam shipped and sold to the United States Mint, Denver, Colorado, net returns shall be determined by deducting the milling costs as provided above and the cost of shipping the bullion, or amalgam, from the net mint return. Milling costs shall be prorated between products if more than one concentrate product is made in accordance with usual metallurgical procedures and in the case of amalgamation, the costs of this procedure will be added to the actual milling costs.

All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee and settlement therefor shall be made by the smelter, mill, or other ore purchasing agency; duplicate settlement sheets shall be furnished to each party and instructions for apportioning payments shall be furnished the smelter, mill, or purchasing agency by Lessee so that the royalty thereon is paid direct to Lessor, and the remainder to Lessee.

(4) That Lessee shall have the right to remove ores, waste, water and other materials from the demised premises, and to carry on general mining

operations pertaining to the demised premises by means of shafts and workings on other properties of the consolidated group and to remove ores, waste, water and other materials from other properties and to carry on general mining operations pertaining to such other properties on the surface of, or through shafts and workings on, the demised premises, but until weighed and sampled, all ores, extracted and removed from the demised premises, shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property.

(5) That Lessee has paid and will continue to pay all general property taxes assessed as a non-producing mine against the Lessor's ownership in the demised premises beginning with the taxes for 1959, payable January 1, 1960, and prorated to the date of termination, but Lessor shall be charged with the Lessor's proportion, based on the royalty hereinabove reserved, of taxes on an assessment as a producing mine and of any production, severance or other excise taxes, and Lessee shall advance the payment for such taxes to be reimbursed therefor from payments due Lessor from Lessee.

(6) That during the performance of all work on the demised premises, Lessee shall have complied in all respects with the Workmen's Compensation Laws of the State of Colorado, shall continuously carry all necessary insurance to protect Lessee, and Lessee's employees against liability for industrial accidents, and to save Lessor harmless from liability therefor; and Lessee shall, in Lessee's operations on the demised premises, comply with Social Security, Unemployment Insurance, and all other State and Federal laws, relating to mining, the condition of said premises, employment, and taxes; and Lessee shall save Lessor harmless from any claim for damages or liability by reason of

Lessee's operations on the demised premises; and this agreement shall not create, and in no event shall be construed as, a partnership between Lessee and Lessor, and Lessor shall in no event be held liable for any occurrence in, on, or about the demised premises developing out of Lessee's operations.

(7) That after "date of entry", Lessee shall keep the demised property and every part thereof, free and clear of any and all labor and material liens and encumbrances during term of this lease, and at all times, that Lessee shall be working thereon, shall keep posted in a conspicuous place on demised property, in the name of and on behalf of, Lessor, a written or printed notice setting forth the fact that said demised property is leased to, and is being operated by Lessee, and that the interest of Lessor therein shall not be subject to liens for services, labor, material or supplies rendered, furnished or used in connection with said demised property or the mining operations of Lessee hereunder.

(8) That in case Lessee fails to perform any of the terms or conditions herein provided on Lessee's part to be performed, it shall be lawful for Lessor, at Lessor's option, to declare this lease terminated and of no effect thereafter, and with or without process of law, to enter upon, and take possession of, the demised property; provided, however, that Lessor shall first give Lessee notice in writing of Lessee's failure to perform, and Lessor's election to terminate this lease, and Lessee shall have sixty days(60) after said notice, to remedy said default, and upon failure or refusal by Lessee within said sixty (60) days period to remedy said claimed default, then all Lessee's rights hereunder shall thereupon cease and terminate.

(9) That Lessee may voluntarily surrender this lease at any time, by giving to Lessor not less than fifteen (15) days written notice of surrender and upon such voluntary surrender, all rights, liabilities and obligations of the parties hereto shall cease and terminate, except the obligation of Lessee to make any payments to Lessor that shall theretofore have accrued hereunder.

(10) In the event of valid forfeiture, surrender or other termination of this lease and agreement, the Lessee will immediately surrender peaceable possession of said demised premises and the whole and every part thereof to the Lessor. The Lessor shall have, and is hereby given and granted a reasonable period of time, not less than three (3) months after a valid forfeiture, surrender or other termination of this lease, to remove from said demised premises all machinery, tools and equipment placed in or upon the demised premises by Lessee. In the event of a termination of this lease by the Lessor, or its surrender by Lessee, all payments theretofore received by Lessor or made by Lessee including those for taxes and work done by Lessee shall be considered as liquidated damages, and there shall be no further liability on the part of the Lessee.

(11) That each of the parties hereto is hereby given the right and privileges of selling, transferring, or assigning the respective rights, privileges and interests as set forth in this lease and agreement, and that Lessee shall have the right to sublease any part of said demised property, subject to the terms of this agreement, but in such event Lessee shall be liable for acts of any such sub-lessee.

(12) That if the Lessee shall be delayed at any time in performance of Lessee's Agreements hereunder by reason of labor disturbances, strikes, severe weather conditions, governmental orders or regulations, fires, casualties affecting the leased property, a mill operated by the Lessee or the mill or smelter to which ore or concentrates are shipped, or if such mill or smelter refuses to accept concentrates or ore, then in any of these events, such delay shall not be deemed a breach of this lease, and during any time Lessee is so delayed, Lessee shall be excused from the performance thereof until the cause of such delay is removed, and normal operations resumed.

(13) That Lessor agrees that at time of execution of this agreement, Lessor holds title to, and is in possession of, the property herein demised, and the same shall be, upon "date of entry", free and clear from all former grants, bargains, sales, liens, or encumbrances of any kind created by Lessor, and that there shall be no delinquent taxes, and Lessor agrees to furnish Lessee such abstracts, deed, or other evidence of title as may be in Lessor's possession, and upon request of, under direction of, and at expense of Lessee, Lessor agrees to have abstracts brought down to date, and take such steps as may be necessary to perfect Lessor's title, including quieting same, if necessary.

(14) That any written notice which either party herein may give the other party in accordance with the provisions hereof, may be given by serving such notice personally upon such other party, or by depositing such notice in the registered United States mail, with postage prepaid and addressed to such other party at the last address furnished by such party to the other and such notice shall be deemed to have been given at the time it shall be deposited.

(15) This lease and the terms and provisions hereof shall inure to the benefit of and be binding upon, the parties hereto, their heirs, executors, administrators, successors, and assigns.

This agreement cancels and supersedes all previous agreements, and constitutes the only agreement between the parties.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement in duplicate as of the day and year first above written.

X Earl P. Thomas
Earl P. Thomas, Lessor

WESTERN EXPLORATION & MANAGEMENT CO.

Olga E. Board
Olga E. Board, Secretary.

V. L. Board
V. L. Board, President, Lessee.

SUPPLEMENTAL AGREEMENT

to

LEASE and AGREEMENT

This Supplemental Agreement made and entered into this 15th day of July 1965 by and between E. P. Thomas, first party, hereinafter referred to as Lessor, and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter referred to as Lessee.

W I T N E S S E T H :

WHEREAS, the Lessor (or Lessor's predecessor in interest) was the Lessor under a Lease and Agreement dated the 1st day of June 1964 by and between E. P. Thomas, first party and WESTERN EXPLORATION & MANAGEMENT CO., second party, a copy of which is attached hereto.

WHEREAS, the parties hereto desire to clarify and modify certain provisions in said Lease and Agreement.

NOW, THEREFORE, in consideration of $10 in hand paid by second party to first party, it is hereby agreed as follows:

1. The paragraph providing for the term of the lease, appearing as the first complete paragraph on page 2 of the Lease and Agreement, is hereby revised to read as follows:

> "TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice,

in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as any one of the consolidated properties is being operated and maintained as a producing mine or is maintained in a standby status for such operation pending improvement in economic conditions - unless sooner terminated in the manner hereinafter provided - subject to the following terms and conditions to wit:"

2. The second paragraph of Section (1) of the Lease and Agreement is hereby amended to provide that any other properties or interests within the Project Area:

> Sections 18, 19 and 30, Township 41 North, Range 8 West and Sections 13, 14, 23, 24 and 25, Township 41 North, Range 9 West in San Juan and San Miguel Counties, Colorado

may be added to the "consolidated properties" by the Lessee or its successor in interest at any time or times following the date hereof, whether before or after the "date of entry".

3. The fourth paragraph of Section (1) of the Lease and Agreement is hereby revised to read as follows:

> "Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access

roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work theretofore or thereafter done of the character referred to in the immediately preceding paragraph on or for any of the "consolidated properties", and thereafter, shall expend in that behalf, at least an average of five thousand ($5000) dollars per month until a total of one hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five thousand ($25,000) dollars to be spent within the first eighteen (18) months after "date of entry", and prior thereto in diamond drilling, etc., as above mentioned."

4. The Lessor hereby confirms that no notice of default has been given under Section 8 of the Lease and Agreement to the date of this Supplemental Agreement. It is hereby further agreed that, with respect to the provisions of Section 1 of the Lease and Agreement regarding "date of entry" and the right of Lessee, prior to the "date of entry", to do geological, engineering, exploration and examination work on the demised premises - including diamond drilling, receipt by Lessor of notice of "date of entry" shall not be required from the date of the beginning of such work to the date of its completion, provided that the Lessor is given notice of the beginning of such work and notice when such work has been completed.

5. It is hereby confirmed that the surrender of the Lease pursuant to Sections 9 and 10 of the Lease and Agreement will terminate any obligation of the Lessee to continue the work obligations set out in the 4th paragraph of Section (1) of the Lease and Agreement.

6. The first sentence of the second paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

> "If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities before shipment to a smelter, the net return value shall be determined by deducting transportation costs (between mine mouth and mill and between mill and smelter) and milling costs from the smelter returns, but in no instance shall the Lessee's milling costs deducted be in excess of $3.50 per wet ton of ore treated. (For the purposes of this paragraph, milling costs shall include all costs that could be deducted in computing Federal income taxes [including reasonable depreciation and amortization of other capital and deferred costs], except state or local income taxes and except operating loss carry forwards or carrybacks.)

7. Section (4) of the Lease and Agreement is hereby revised to read as follows:

> "That Lessee shall have the right to remove ores, wastes, water and other materials from the demised premises and to carry on general mining operations pertaining to the

demised premises by means of shafts and workings on other properties in which the Lessee or any successor in interest has an interest; and to remove ores, wastes, water and other materials from such other properties and to carry on general mining and milling operations pertaining to such other properties on the surface of, or through shafts and workings, on the demised premises. Lessee shall have the right to commingle for milling purposes ore mined from the demised premises, but until weighed and sampled all ore extracted and removed from the demised premises shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property. The full metal content of ore derived from the demised premises shall be calculated as follows: The total pounds of metal contained in all ore fed to the mill during any calendar month, whether or not such ore is derived from the demised premises, shall be calculated from tonnage and grade measurements made between the crusher and the flotation sections of the mill. The total pounds of contained metal thus calculated shall be multiplied by a fraction, the numerator of which is the total pounds of metal contained in the ore derived from the demised premises and sent to the mill during the same calendar month, calculated from tonnage

and grade measurements made before commingling of said ore with the other ores, and the denominator of which is the total pounds of metal contained in all ore derived from all properties (including the demised premises) and sent to the mill during the same calendar month, calculated from tonnage and grade measurements before commingling. The percentage of recovery from ore mined from the demised premises shall be assumred to be the percentage of recovery for the entire mill operations for such month."

8. The last paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

"All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee, but duplicate settlement sheets shall be furnished to the Lessor. All royalties shall be paid to the Lessor by the Lessee and the purchaser of ores or concentrates shall have no responsibility therefor. Production royalties shall become due when payment for ores or concentrates is received by the Lessee from the purchaser. All computations and accountings with respect to the amount of production royalty due shall be made on a quarterly basis. Within thirty days after the end of each calendar month, the Lessee shall make a provisional payment to the Lessor based on estimates with respect to such month; and within sixty days after the end of each calendar quarter, the Lessee shall send to the Lessor a final statement for such quarter, accompanied by payment of any additional production royalty due for such quarter. In the event that such final statement indicates that the total provisional payments for such quarter have exceeded the amount actually due for such quarter, the Lessee may apply the amount of such overpayment against the amount of the provisional payment for any later month or months or may request that the amount of such overpayment be promptly refunded to the Lessee by the Lessor. The amount of each provisional payment shall not be less than the minimum royalty provided for in the last paragraph of Section 1 hereof, except as such amount may be reduced by offsetting overpayments appearing from a previous final quarterly accounting."

9. Section 15 of the Lease and Agreement is hereby revised to read as follows:

> "This Lease and Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their heirs, executors, administrators, successors and assigns; provided that in the event of any assignment or other transfer of the interest of the Lessor(by contract, the laws of descent and distribution or otherwise), the Lessee shall not be obligated to make payments, furnish statements, information or reports, or give notices to, or permit inspections by, or otherwise recognize as Lessor, more than one person acting as representative on behalf of all persons entitled to any part of the Lessor's interest hereunder. In the event that all such persons succeeding to any part of the Lessor's interest hereunder fail to designate one person to act as their representative as aforesaid, the Lessee may treat as such representative for all purposes the original Lessor (or the survivor of the original Lessors if more than one) or the personal representative of the last survivor of the original Lessors."

IN WITNESS WHEREOF, the parties hereto have executed

this Agreement in duplicate as of the date first above written.

Lessors: Earl P. Thomas

Lessee:
Western Exploration & Management Co.

By V. L. Board
V. L. Board
President

ATTEST:
Alice E. Board
Secretary

STATE OF Utah
COUNTY OF Juniata } ss:

The foregoing instrument was acknowledged before me this 2d day of August 1965 by Earl P. Thomas

Witness my hand and official seal.

Lisbet L Karlson
Notary Public

My commission expires 6-1-67

STATE OF COLORADO
COUNTY OF } ss:

The foregoing instrument was acknowledged before me this 16th day of July 1965 by V. L. Board, as the President of Western Exploration & Management Co.

Witness my hand and official seal.

Alice V. Crossland
Notary Public

My commission expires 9/1/68

SECOND SUPPLEMENTAL
AGREEMENT
TO
LEASE AND AGREEMENT

This SECOND SUPPLEMENTAL AGREEMENT made and entered into this 9th day of June, 1967, by and between TIM L. THOMAS, JOHN R. THOMAS and MRS. MONROE STAPLES, as ~~sole heirs at law and~~ devisees of Earl P. Thomas, sometimes known as E. P. Thomas, deceased, first parties, hereinafter collectively sometimes referred to as "Lessor," and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter sometimes referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, under date of June 1, 1964, a Lease and Agreement was made and entered into by and between said Earl P. Thomas, as Lessor, and Western Exploration & Management Co., as Lessee, covering all his right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

> An undivided 7.0625/160ths of the Lucy, Lucy No. 2, May Band and Lelia, U. S. Mineral Survey No. 13372, comprising a total of 32.27 acres, more or less, and in addition, as a beneficiary of 1/2 interest in the estate of Charlotte P. Thomas, deceased, an additional 1/2 of an undivided 14.125/160ths in the same named claims;

and

WHEREAS, under date of July 15, 1965, a Supplemental Agreement to said Lease and Agreement was made and entered into by and between said Earl P. Thomas, as Lessor, and Western Exploration & Management Co., as Lessee; and

WHEREAS, said Tim L. Thomas, John R. Thomas and Mrs. Monroe Staples have, as such ~~heirs-at-law~~ and devisees of said Earl P. Thomas, deceased, succeeded to all his rights and interests in and to said property and in, to and under said Lease and Agreement as heretofore amended and modified; and

WHEREAS, the parties hereto desire to further amend and modify said Lease and Agreement and to amend and modify said Supplemental Agreement,

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS ($10.00) in hand paid by Lessee to Lessor, it is hereby agreed as follows:

1. The second paragraph of Section numbered (1) of the Lease and Agreement is hereby amended by adding thereto the following sentence:

> "If Lessor has not received notice of 'date of entry' before November 30, 1969, Lessor may thereafter terminate this agreement pursuant to paragraph 8 hereof."

This amendment is in addition to the amendments of said Section (1) set out in paragraphs numbered 2 and 3 of the Supplemental Agreement dated July 15, 1965.

2. The first sentence of the first paragraph of Section numbered (3) of the Lease and Agreement is, for clarification purposes, amended to read as follows:

> "(3) That Lessee shall pay Lessor royalties, on Lessor's interest, in all ores extracted and removed from the demised property as follows:
>
> For ore of a net return value of $10.00 per ton or less, 2 1/2% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.

"

Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.

The above royalties are based upon a full and complete ownership in the demised premises. As to ownership in the demised premises less than the entire interest, the royalties shall be paid only in the proportion which Lessor's interest bears to the full and entire interest in said premises."

3. It is understood and agreed that all of the other terms, provisions and conditions of said Lease and Agreement and said Supplemental Agreement of July 15, 1965, shall remain unchanged and in full force and effect, that no notice of default has been given thereunder, and that said Lease and Agreement and said Supplemental Agreement of July 15, 1965, as herein modified, be and the same are hereby confirmed and ratified as valid, subsisting and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the date first above written.

LESSOR:

Tim L. Thomas

John R. Thomas

Mrs. Monroe Staples

LESSEE:

WESTERN EXPLORATION & MANAGEMENT CO.

By V. L. Board, President

Attest:

Secretary

STATE OF TEXAS)
)ss.
COUNTY OF TARRANT)

The foregoing instrument was acknowledged before me this 26th day of June, 1967, by TIM L. THOMAS.

Witness my hand and official seal.

Notary Public

My Commission Expires: 6-1-69

STATE OF Texas)
)ss.
COUNTY OF Tarrant)

The foregoing instrument was acknowledged before me this 23rd day of June, 1967 by JOHN R. THOMAS.

Witness my hand and official seal.

JO-ANN HILL, Notary Public
Tarrant County, Texas

Notary Public

My Commission Expires: 6-1-69

STATE OF Texas)
)ss.
COUNTY OF Tarrant)

The foregoing instrument was acknowledged before me this 27th day of June, 1967, by MRS. MONROE STAPLES.

Witness my hand and official seal.

Notary Public

My Commission Expires: 6-1-69

STATE OF COLORADO)
)ss.
CITY & COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 9th day of June, 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Gloria G. Tonkoff
Notary Public

My Commission Expires:

My Commission expires Feb. 21, 1968

SUPPLEMENTAL AGREEMENT

to

LEASE and AGREEMENT

This Supplemental Agreement made and entered into this 15th day of July 1965 by and between J. Douglas Crouch, first party, hereinafter referred to as Lessor, and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter referred to as Lessee.

W I T N E S S E T H :

WHEREAS, the Lessor (or Lessor's predecessor in interest) was the Lessor under a Lease and Agreement dated the 15th day of January 1960 by and between J. Douglas Crouch, first party and WESTERN EXPLORATION & MANAGEMENT CO., second party, a copy of which is attached hereto.

WHEREAS, the parties hereto desire to clarify and modify certain provisions in said Lease and Agreement.

NOW, THEREFORE, in consideration of $10 in hand paid by second party to first party, it is hereby agreed as follows:

1. The paragraph providing for the term of the lease, appearing as the first complete paragraph on page 2 of the Lease and Agreement, is hereby revised to read as follows:

> "TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice,

in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as any one of the consolidated properties is being operated and maintained as a producing mine or is maintained in a standby status for such operation pending improvement in economic conditions - unless sooner terminated in the manner hereinafter provided - subject to the following terms and conditions to wit:"

2. The second paragraph of Section (1) of the Lease and Agreement is hereby amended to provide that any other properties or interests within the Project Area:

Sections 18, 19 and 30, Township 41 North, Range 8 West and Sections 13, 14, 23, 24 and 25, Township 41 North, Range 9 West in San Juan and San Miguel Counties, Colorado

may be added to the "consolidated properties" by the Lessee or its successor in interest at any time or times following the date hereof, whether before or after the "date of entry".

3. The fourth paragraph of Section (1) of the Lease and Agreement is hereby revised to read as follows:

"Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access

roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work theretofore or thereafter done of the character referred to in the immediately preceding paragraph on or for any of the "consolidated properties", and thereafter, shall expend in that behalf, at least an average of five thousand ($5000) dollars per month until a total of one hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five thousand ($25,000) dollars to be spent within the first eighteen (18) months after "date of entry", and prior thereto in diamond drilling, etc., as above mentioned."

4. The Lessor hereby confirms that no notice of default has been given under Section 8 of the Lease and Agreement to the date of this Supplemental Agreement. It is hereby further agreed that, with respect to the provisions of Section 1 of the Lease and Agreement regarding "date of entry" and the right of Lessee, prior to the "date of entry", to do geological, engineering, exploration and examination work on the demised premises - including diamond drilling, receipt by Lessor of notice of "date of entry" shall not be required from the date of the beginning of such work to the date of its completion, provided that the Lessor is given notice of the beginning of such work and notice when such work has been completed.

5. It is hereby confirmed that the surrender of the Lease pursuant to Sections 9 and 10 of the Lease and Agreement will terminate any obligation of the Lessee to continue the work obligations set out in the 4th paragraph of Section (1) of the Lease and Agreement.

6. The first sentence of the second paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

> "If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities before shipment to a smelter, the net return value shall be determined by deducting transportation costs (between mine mouth and mill and between mill and smelter) and milling costs from the smelter returns, but in no instance shall the Lessee's milling costs deducted be in excess of $3.50 per wet ton of ore treated. (For the purposes of this paragraph, milling costs shall include all costs that could be deducted in computing Federal income taxes [including reasonable depreciation and amortization of other capital and deferred costs], except state or local income taxes and except operating loss carry forwards or carrybacks.)

7. Section (4) of the Lease and Agreement is hereby revised to read as follows:

> "That Lessee shall have the right to remove ores, wastes, water and other materials from the demised premises and to carry on general mining operations pertaining to the

demised premises by means of shafts and workings on other properties in which the Lessee or any successor in interest has an interest; and to remove ores, wastes, water and other materials from such other properties and to carry on general mining and milling operations pertaining to such other properties on the surface of, or through shafts and workings, on the demised premises. Lessee shall have the right to commingle for milling purposes ore mined from the demised premises, but until weighed and sampled all ore extracted and removed from the demised premises shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property. The full metal content of ore derived from the demised premises shall be calculated as follows: The total pounds of metal contained in all ore fed to the mill during any calendar month, whether or not such ore is derived from the demised premises, shall be calculated from tonnage and grade measurements made between the crusher and the flotation sections of the mill. The total pounds of contained metal thus calculated shall be multiplied by a fraction, the numerator of which is the total pounds of metal contained in the ore derived from the demised premises and sent to the mill during the same calendar month, calculated from tonnage

and grade measurements made before commingling of said ore with the other ores, and the denominator of which is the total pounds of metal contained in all ore derived from all properties (including the demised premises) and sent to the mill during the same calendar month, calculated from tonnage and grade measurements before commingling. The percentage of recovery from ore mined from the demised premises shall be assumred to be the percentage of recovery for the entire mill operations for such month."

8. The last paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

"All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee, but duplicate settlement sheets shall be furnished to the Lessor. All royalties shall be paid to the Lessor by the Lessee and the purchaser of ores or concentrates shall have no responsibility therefor. Production royalties shall become due when payment for ores or concentrates is received by the Lessee from the purchaser. All computations and accountings with respect to the amount of production royalty due shall be made on a quarterly basis. Within thirty days after the end of each calendar month, the Lessee shall make a provisional payment to the Lessor based on estimates with respect to such month; and within sixty days after the end of each calendar quarter, the Lessee shall send to the Lessor a final statement for such quarter, accompanied by payment of any additional production royalty due for such quarter. In the event that such final statement indicates that the total provisional payments for such quarter have exceeded the amount actually due for such quarter, the Lessee may apply the amount of such overpayment against the amount of the provisional payment for any later month or months or may request that the amount of such overpayment be promptly refunded to the Lessee by the Lessor. The amount of each provisional payment shall not be less than the minimum royalty provided for in the last paragraph of Section 1 hereof, except as such amount may be reduced by offsetting overpayments appearing from a previous final quarterly accounting."

9. Section 16 of the Lease and Agreement is hereby revised to read as follows:

> "This Lease and Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their heirs, executors, administrators, successors and assigns; provided that in the event of any assignment or other transfer of the interest of the Lessor(by contract, the laws of descent and distribution or otherwise), the Lessee shall not be obligated to make payments, furnish statements, information or reports, or give notices to, or permit inspections by, or otherwise recognize as Lessor, more than one person acting as representative on behalf of all persons entitled to any part of the Lessor's interest hereunder. In the event that all such persons succeeding to any part of the Lessor's interest hereunder fail to designate one person to act as their representative as aforesaid, the Lessee may treat as such representative for all purposes the original Lessor (or the survivor of the original Lessors if more than one) or the personal representative of the last survivor of the original Lessors."

IN WITNESS WHEREOF, the parties hereto have executed

this Agreement in duplicate as of the date first above written.

Lessors: _____

_____

Lessee:
Western Exploration & Management Co.

By _____
V. L. Board
President

ATTEST:

_____
Secretary

STATE OF)
COUNTY OF) ss:

The foregoing instrument was acknowledged before me this 20th day of July 1965 by _____

Witness my hand and official seal.

_____
Notary Public

My commission expires _____

STATE OF COLORADO)
COUNTY OF) ss:

The foregoing instrument was acknowledged before me this 16th day of July 1965 by V. L. Board, as the President of Western Exploration & Management Co.

Witness my hand and official seal.

_____
Notary Public

My commission expires 9/1/65

SECOND SUPPLEMENTAL
AGREEMENT
TO
LEASE AND AGREEMENT

This SECOND SUPPLEMENTAL AGREEMENT made and entered into this 9th day of June, 1967, by and between J. DOUGLAS CROUCH, first party, hereinafter sometimes referred to as "Lessor," and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter sometimes referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, under date of January 15, 1960, a Lease and Agreement was made and entered into by and between said J. Douglas Crouch, as Lessor, and Western Exploration & Management Co., as Lessee, covering an undivided one-forty-fifth (1/45th) interest in the Lucy, Lucy No. 2, May Band and Lelia lode mining claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less, situated in Ice Lake Mining District, San Juan County, Colorado; and

WHEREAS, under date of July 15, 1965, a Supplemental Agreement to said Lease and Agreement was made and entered into by and between said J. Douglas Crouch, as Lessor, and Western Exploration & Management Co., as Lessee; and

WHEREAS, the parties hereto desire to further amend and modify said Lease and Agreement and to amend and modify said Supplemental Agreement,

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS ($10.00) in hand paid by Lessee to Lessor, it is hereby agreed as follows:

1. The last sentence of the second paragraph of Section numbered (1) of the Lease and Agreement is hereby amended so that as amended said last sentence shall read as follows:

> "If Lessor has not received notice of 'date of entry' before November 30, 1969, Lessor may thereafter terminate this agreement pursuant to paragraph 8 hereof."

This amendment is in addition to the amendments of said Section (1) set out in paragraphs numbered 2 and 3 of the Supplemental Agreement dated July 15, 1965.

2. The first sentence of the first paragraph of Section numbered (3) of the Lease and Agreement is, for clarification purposes, amended to read as follows:

> "(3) That Lessee shall pay Lessor royalties on Lessor's interest in all ores extracted and removed from the demised property as follows:
>
> For ore of a net return value of $10.00 per ton or less, 2½% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.
>
> The above royalties are based upon a full and complete ownership in the demised premises. As to ownership in the demised premises less than the entire interest, the royalties shall be paid only in the proportion which Lessor's interest bears to the full and entire interest in said premises."

3. It is understood and agreed that all of the other terms, provisions and conditions of said Lease and Agreement and said Supplemental Agreement of July 15, 1965, shall remain unchanged and in full force and effect, that no notice of default

has been given thereunder, and that said Lease and Agreement and said Supplemental Agreement of July 15, 1965, as herein modified, be and the same are hereby confirmed and ratified as valid, subsisting and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the date first above written.

LESSOR:

J. Douglas Crouch

LESSEE:

WESTERN EXPLORATION & MANAGEMENT CO.

By

V. L. Board, President

Attest:

Secretary

STATE OF Colo)
COUNTY OF El Paso) SS.

The foregoing instrument was acknowledged before me this 20th day of June, 1967, by J. DOUGLAS CROUCH.

Witness my hand and official seal.

Bernadine Dreelo
Notary Public

My Commission Expires:
1-6-71

STATE OF COLORADO)
CITY & COUNTY OF DENVER) SS.

The foregoing instrument was acknowledged before me this 9th day of June, 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Gloria G. Proebsf
Notary Public

My Commission Expires:

My Commission expires Feb. 21, 1968

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this first day of June, 1964, by and between Margaret T. Beazley, first party, hereinafter referred to as Lessor and WESTERN EXPLORATION AND MANAGEMENT CO., a Colorado corporation, second party, hereinafter referred to as Lessee.

WITNESSETH:

WHEREAS, the Lessor is the owner of a certain interest in mining claims, hereinafter described and desires to join in a program with the owners of the other interests in said claims and other owners of adjacent or contiguous mining property, in the same general area as Lessor's mining claim interests, in forming a consolidated group of mining properties, sufficient in magnitude and character for a practical economic program of exploration, development and mining, and --

WHEREAS, the Lessee is also the owner of adjacent or contiguous mining property interests and is engaged in the business or organizing the consolidation of groups of mining properties for the express purpose of making arrangements with mining operators, for economic development of such properties, and does such work at Lessee's sole expense.

NOW THEREFORE, Lessor in consideration of the royalties hereby reserved and the covenants and promises herein to be performed by Lessee, and in further consideration of One Dollar ($1.00) in hand paid Lessor by Lessee, receipt of which is hereby acknowledged, does, by these presents, lease, demise and let unto Lessee, for all mining purposes, all Lessor's right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

> An undivided 7.0625/160ths of the Lucy, Lucy No. 2, May Rand and Lolie. U.S. Mineral Survey No. 13372, comprising a total of 32.27 acres, more or less, and in addition, as a beneficiary of 1/2 interest in the estate of Charlotte P. Thomas, deceased, an additional 1/2 of an undivided 14.125/160ths in the same named claims.

TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice, in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as the consolidated properties are being operated and maintained as a producing mine - unless sooner terminated in the manner hereinafter provided - subject to the following terms and conditions to-wit:

(1) That Lessee shall undertake, at its sole expense, and with due diligence, to obtain Leases and Agreements on any other undivided interests in the claims above described and on other mining claims and property in the same general area as the demised premises.

When, and if, Lessee shall have obtained such Leases and Agreements, as Lessee, in Lessee's sole judgment, shall deem necessary to form a consolidated group of mining claims and properties, hereinafter called the "consolidated properties", for a practical and economic mining exploration and development program; and when Lessee shall have completed the necessary arrangements for such program, Lessee, shall forthwith, take possession of the demised premises and notify Lessor in writing of the date thereof, called herein "date of entry".

Prior to the "date of entry", Lessee may, and is hereby given the right, subject to the provision of paragraphs 6 and 7 hereof, and at its sole risk and option, to do geological, engineering, exploration and examination work on the demised premises, including such work as opening old workings for examination and sampling and doing diamond drilling.

Subject to the provisions of Paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than Twenty-five Thousand Dollars ($25,000.00) in constructing access roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work that may have been done as provided in the immediately preceding paragraph; and thereafter, shall expend in that behalf, at least an average of Five Thousand Dollars ($5,000.00) per month until a total of One Hundred Thousand Dollars ($100,000.00), SHALL have been spent, including the previously mentioned Twenty-Five Thousand Dollars ($25,000.00) to be spent within the first eighteen (18) months after "date of entry", and prior thereto in diamond drilling, etc., as above mentioned.

Subject to the provisions of Paragraph 8 and 9 hereof, beginning with the next calendar month, eighteen (18) months after the "date of entry", Lessee agrees to pay Lessor a minimum advance royalty calculated as follows:

In any month that sufficient ore is not produced and removed from the property interest herein demised, to earn the Lessor the minimum sum, under the royalties provided in Paragraph 3, hereof, equivalent to Lessor's pro rata undivided interest in a total sum of $32.00 per month, the Lessee agrees to pay Lessor in addition, for such month, the difference between the sum actually earned from royalties for ore produced and shipped from the demised property and said pro rata sum. Such additional payments in excess of the amount of actual earned royalty shall constitute a cumulative payment credit against that portion of the actual earned royalty payments, thereafter becoming due in excess of said monthly minimum

royalty sum and when any earned royalty payment exceeding the minimum is to be made, said credit shall be absorbed by applying it to amounts of such earned royalty payments in excess of the minimum amount.

(2) That Lessee shall perform all mining operations on the demised property in a workmanlike manner and shall keep proper maps and records of all mining operations upon the demised property and shall make the same available for Lessor's inspection upon request, but not more often than once each month, with any records kept of diamond or churn drill holes, and all such other reasonable information concerning the operations of the demised property as Lessor may from time to time request; and shall also permit Lessor to enter into and upon any part of said demised property at reasonable times, for the purpose of inspecting, surveying, assaying and sampling the same, and shall facilitate such inspection and surveys in every reasonable way, but Lessor shall enter upon said demised property at Lessor's own risk, and so as not to hinder unreasonably, operations of the Lessee.

(3) That Lessee shall pay Lessor royalties on Lessor's interest in all ores extracted and removed from the demised property as follows:

> For ore of a net return value of $10.00 per ton or less, 2-1/2% of the net return values.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.

If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine

by Lessee's facilities, before shipment to a smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter, the net return value shall be determined by deducting transportation costs and milling costs from the smelter returns but in no instance shall the Lessee's milling cost deducted be in excess of Three Dollars and Fifty Cents ($3.50) per wet ton or ore treated. For gold bullion and amalgam shipped and sold to the United States Mint, Denver, Colorado, net returns shall be determined by deducting the milling costs as provided above and the cost of shipping the bullion, or amalgam, from the net mint return. Milling costs shall be prorated between products if more than one concentrate product is made in accordance with usual metallurgical procedures and in the case of amalgamation, the costs of this procedure will be added to the actual milling costs.

All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee and settlement therefor shall be made by the smelter, mill, or other ore purchasing agency; duplicate settlement sheets shall be furnished to each party and instructions for apportioning payments shall be furnished the smelter, mill, or purchasing agency by Lessee so that the royalty thereon is paid direct to Lessor, and the remainder to Lessee.

(4) That Lessee shall have the right to remove ores, waste, water and other materials from the demised premises, and to carry on general mining

operations pertaining to the demised premises by means of shafts and workings on other properties of the consolidated group and to remove ores, waste, water and other materials from other properties and to carry on general mining operations pertaining to such other properties on the surface of, or through shafts and workings on, the demised premises, but until weighed and sampled, all ores, extracted and removed from the demised premises, shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property.

(5) That Lessee has paid and will continue to pay all general property taxes assessed as a non-producing mine against the Lessor's ownership in the demised premises beginning with the taxes for 1959, payable January 1, 1960, and prorated to the date of termination, but Lessor shall be charged with the Lessor's proportion, based on the royalty hereinabove reserved, of taxes on an assessment as a producing mine and of any production, severance or other excise taxes, and Lessee shall advance the payment for such taxes to be reimbursed therefor from payments due Lessor from Lessee.

(6) That during the performance of all work on the demised premises, Lessee shall have complied in all respects with the Workmen's Compensation Laws of the State of Colorado, shall continuously carry all necessary insurance to protect Lessee, and Lessee's employees against liability for industrial accidents, and to save Lessor harmless from liability therefor; and Lessee shall, in Lessee's operations on the demised premises, comply with Social Security, Unemployment Insurance, and all other State and Federal laws, relating to mining, the condition of said premises, employment, and taxes; and Lessee shall save Lessor harmless from any claim for damages or liability by reason of

Lessee's operations on the demised premises; and this agreement shall not create, and in no event shall be construed as, a partnership between Lessee and Lessor, and Lessor shall in no event be held liable for any occurrence in, on, or about the demised premises developing out of Lessee's operations.

(7) That after "date of entry", Lessee shall keep the demised property and every part thereof, free and clear of any and all labor and material liens and encumbrances during term of this lease, and at all times, that Lessee shall be working thereon, shall keep posted in a conspicuous place on demised property, in the name of and on behalf of, Lessor, a written or printed notice setting forth the fact that said demised property is leased to, and is being operated by Lessee, and that the interest of Lessor therein shall not be subject to liens for services, labor, material or supplies rendered, furnished or used in connection with said demised property or the mining operations of Lessee hereunder.

(8) That in case Lessee fails to perform any of the terms or conditions herein provided on Lessee's part to be performed, it shall be lawful for Lessor, at Lessor's option, to declare this lease terminated and of no effect thereafter, and with or without process of law, to enter upon, and take possession of, the demised property; provided, however, that Lessor shall first give Lessee notice in writing of Lessee's failure to perform, and Lessor's election to terminate this lease, and Lessee shall have sixty days(60) after said notice, to remedy said default, and upon failure or refusal by Lessee within said sixty (60) days period to remedy said claimed default, then all Lessee's rights hereunder shall thereupon cease and terminate.

(9) That Lessee may voluntarily surrender this lease at any time, by giving to Lessor not less than fifteen (15) days written notice of surrender and upon such voluntary surrender, all rights, liabilities and obligations of the parties hereto shall cease and terminate, except the obligation of Lessee to make any payments to Lessor that shall theretofore have accrued hereunder.

(10) In the event of valid forfeiture, surrender or other termination of this lease and agreement, the Lessee will immediately surrender peaceable possession of said demised premises and the whole and every part thereof to the Lessor. The Lessor shall have, and is hereby given and granted a reasonable period of time, not less than three (3) months after a valid forfeiture, surrender or other termination of this lease, to remove from said demised premises all machinery, tools and equipment placed in or upon the demised premises by Lessee. In the event of a termination of this lease by the Lessor, or its surrender by Lessee, all payments theretofore received by Lessor or made by Lessee including those for taxes and work done by Lessee shall be considered as liquidated damages, and there shall be no further liability on the part of the Lessee.

(11) That each of the parties hereto is hereby given the right and privileges of selling, transferring, or assigning the respective rights, privileges and interests as set forth in this lease and agreement, and that Lessee shall have the right to sublease any part of said demised property, subject to the terms of this agreement, but in such event Lessee shall be liable for acts of any such sub-lessee.

(12) That if the Lessee shall be delayed at any time in performance of Lessee's Agreements hereunder by reason of labor disturbances, strikes, severe weather conditions, governmental orders or regulations, fires, casualties affecting the leased property, a mill operated by the Lessee or the mill or smelter to which ore or concentrates are shipped, or if such mill or smelter refuses to accept concentrates or ore, then in any of these events, such delay shall not be deemed a breach of this lease, and during any time Lessee is so delayed, Lessee shall be excused from the performance thereof until the cause of such delay is removed, and normal operations resumed.

(13) That Lessor agrees that at time of execution of this agreement, Lessor holds title to, and is in possession of, the property herein demised, and the same shall be, upon "date of entry", free and clear from all former grants, bargains, sales, liens, or encumbrances of any kind created by Lessor, and that there shall be no delinquent taxes, and Lessor agrees to furnish Lessee such abstracts, deed, or other evidence of title as may be in Lessor's possession, and upon request of, under direction of, and at expense of Lessee, Lessor agrees to have abstracts brought down to date, and take such steps as may be necessary to perfect Lessor's title, including quieting same, if necessary.

(14) That any written notice which either party herein may give the other party in accordance with the provisions hereof, may be given by serving such notice personally upon such other party, or by depositing such notice in the registered United States mail, with postage propaid and addressed to such other party at the last address furnished by such party to the other and such notice shall be deemed to have been given at the time it shall be deposited.

(15) This lease and the terms and provisions hereof shall inure to the benefit of and be binding upon, the parties hereto, their heirs, executors, administrators, successors, and assigns.

This agreement cancels and succeeds all previous agreements, and constitutes the only agreement between the parties.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement in duplicate as of the day and year first above written.

Margaret T. Beazley

Margaret T. Beazley, Lessor

WESTERN EXPLORATION & MANAGEMENT CO.

Olga E. Board

Olga E. Board, Secretary.

V. L. Board

V. L. Board, President, Lessee.

SUPPLEMENTAL AGREEMENT

to

LEASE and AGREEMENT

This Supplemental Agreement made and entered into this 15th day of July 1965 by and between Margaret T. Beazley, first party, hereinafter referred to as Lessor, and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter referred to as Lessee.

W I T N E S S E T H :

WHEREAS, the Lessor (or Lessor's predecessor in interest) was the Lessor under a Lease and Agreement dated the 1st day of June 1964 by and between Margaret T. Beazley, first party and WESTERN EXPLORATION & MANAGEMENT CO., second party, a copy of which is attached hereto.

WHEREAS, the parties hereto desire to clarify and modify certain provisions in said Lease and Agreement.

NOW, THEREFORE, in consideration of $10 in hand paid by second party to first party, it is hereby agreed as follows:

1. The paragraph providing for the term of the lease, appearing as the first complete paragraph on page 2 of the Lease and Agreement, is hereby revised to read as follows:

> "TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice,

in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as any one of the consolidated properties is being operated and maintained as a producing mine or is maintained in a standby status for such operation pending improvement in economic conditions - unless sooner terminated in the manner hereinafter provided - subject to the following terms and conditions to wit:"

2. The second paragraph of Section (1) of the Lease and Agreement is hereby amended to provide that any other properties or interests within the Project Area:

> Sections 18, 19 and 30, Township 41 North, Range 8 West and Sections 13, 14, 23, 24 and 25, Township 41 North, Range 9 West in San Juan and San Miguel Counties, Colorado

may be added to the "consolidated properties" by the Lessee or its successor in interest at any time or times following the date hereof, whether before or after the "date of entry".

3. The fourth paragraph of Section (1) of the Lease and Agreement is hereby revised to read as follows:

> "Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access

roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work theretofore or thereafter done of the character referred to in the immediately preceding paragraph on or for any of the "consolidated properties", and thereafter, shall expend in that behalf, at least an average of five thousand ($5000) dollars per month until a total of one hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five thousand ($25,000) dollars to be spent within the first eighteen (18) months after "date of entry", and prior thereto in diamond drilling, etc., as above mentioned."

4. The Lessor hereby confirms that no notice of default has been given under Section 8 of the Lease and Agreement to the date of this Supplemental Agreement. It is hereby further agreed that, with respect to the provisions of Section 1 of the Lease and Agreement regarding "date of entry" and the right of Lessee, prior to the "date of entry", to do geological, engineering, exploration and examination work on the demised premises - including diamond drilling, receipt by Lessor of notice of "date of entry" shall not be required from the date of the beginning of such work to the date of its completion, provided that the Lessor is given notice of the beginning of such work and notice when such work has been completed.

5. It is hereby confirmed that the surrender of the Lease pursuant to Sections 9 and 10 of the Lease and Agreement will terminate any obligation of the Lessee to continue the work obligations set out in the 4th paragraph of Section (1) of the Lease and Agreement.

6. The first sentence of the second paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

> "If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities before shipment to a smelter, the net return value shall be determined by deducting transportation costs (between mine mouth and mill and between mill and smelter) and milling costs from the smelter returns, but in no instance shall the Lessee's milling costs deducted be in excess of $3.50 per wet ton of ore treated. (For the purposes of this paragraph, milling costs shall include all costs that could be deducted in computing Federal income taxes [including reasonable depreciation and amortization of other capital and deferred costs], except state or local income taxes and except operating loss carry forwards or carrybacks.)

7. Section (4) of the Lease and Agreement is hereby revised to read as follows:

> "That Lessee shall have the right to remove ores, wastes, water and other materials from the demised premises and to carry on general mining operations pertaining to the

demised premises by means of shafts and workings on other properties in which the Lessee or any successor in interest has an interest; and to remove ores, wastes, water and other materials from such other properties and to carry on general mining and milling operations pertaining to such other properties on the surface of, or through shafts and workings, on the demised premises. Lessee shall have the right to commingle for milling purposes ore mined from the demised premises, but until weighed and sampled all ore extracted and removed from the demised premises shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property. The full metal content of ore derived from the demised premises shall be calculated as follows: The total pounds of metal contained in all ore fed to the mill during any calendar month, whether or not such ore is derived from the demised premises, shall be calculated from tonnage and grade measurements made between the crusher and the flotation sections of the mill. The total pounds of contained metal thus calculated shall be multiplied by a fraction, the numerator of which is the total pounds of metal contained in the ore derived from the demised premises and sent to the mill during the same calendar month, calculated from tonnage

and grade measurements made before commingling of said ore with the other ores, and the denominator of which is the total pounds of metal contained in all ore derived from all properties (including the demised premises) and sent to the mill during the same calendar month, calculated from tonnage and grade measurements before commingling. The percentage of recovery from ore mined from the demised premises shall be assumred to be the percentage of recovery for the entire mill operations for such month."

8. The last paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

"All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee, but duplicate settlement sheets shall be furnished to the Lessor. All royalties shall be paid to the Lessor by the Lessee and the purchaser of ores or concentrates shall have no responsibility therefor. Production royalties shall become due when payment for ores or concentrates is received by the Lessee from the purchaser. All computations and accountings with respect to the amount of production royalty due shall be made on a quarterly basis. Within thirty days after the end of each calendar month, the Lessee shall make a provisional payment to the Lessor based on estimates with respect to such month; and within sixty days after the end of each calendar quarter, the Lessee shall send to the Lessor a final statement for such quarter, accompanied by payment of any additional production royalty due for such quarter. In the event that such final statement indicates that the total provisional payments for such quarter have exceeded the amount actually due for such quarter, the Lessee may apply the amount of such overpayment against the amount of the provisional payment for any later month or months or may request that the amount of such overpayment be promptly refunded to the Lessee by the Lessor. The amount of each provisional payment shall not be less than the minimum royalty provided for in the last paragraph of Section 1 hereof, except as such amount may be reduced by offsetting overpayments appearing from a previous final quarterly accounting."

9. Section 15 of the Lease and Agreement is hereby revised to read as follows:

> "This Lease and Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their heirs, executors, administrators, successors and assigns; provided that in the event of any assignment or other transfer of the interest of the Lessor(by contract, the laws of descent and distribution or otherwise). the Lessee shall not be obligated to make payments, furnish statements, information or reports, or give notices to, or permit inspections by, or otherwise recognize as Lessor, more than one person acting as representative on behalf of all persons entitled to any part of the Lessor's interest hereunder. In the event that all such persons succeeding to any part of the Lessor's interest hereunder fail to designate one person to act as their representative as aforesaid, the Lessee may treat as such representative for all purposes the original Lessor (or the survivor of the original Lessors if more than one) or the personal representative of the last survivor of the original Lessors."

IN WITNESS WHEREOF, the parties hereto have executed

this Agreement in duplicate as of the date first above written.

Lessors: Margret T. Beagley

Lessee:
Western Exploration & Management Co.

By _____
V. L. Board
President

ATTEST:
_____
Secretary

STATE OF Missouri
COUNTY OF Greene } ss:

The foregoing instrument was acknowledged before me this 3rd day of August 1965 by Margret T. Beagley

Witness my hand and official seal.

_____
Notary Public

My commission expires 12-5-68

STATE OF COLORADO
COUNTY OF } ss:

The foregoing instrument was acknowledged before me this 16th day of July 1965 by V. L. Board, as the President of Western Exploration & Management Co.

Witness my hand and official seal.

_____
Notary Public

My commission expires 2/1/68

SECOND SUPPLEMENTAL
AGREEMENT
TO
LEASE AND AGREEMENT

This SECOND SUPPLEMENTAL AGREEMENT made and entered into this 9th day of June , 1967, by and between MARGARET T. BEAZLEY, first party, hereinafter sometimes referred to as "Lessor," and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter sometimes referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, under date of June 1, 1964, a Lease and Agreement was made and entered into by and between said Margaret T. Beazley, as Lessor, and Western Exploration & Management Co., as Lessee, covering all Lessor's right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

> An undivided 7.0625/160ths of the Lucy, Lucy No. 2, May Band and Lelia, U. S. Mineral Survey No. 13372, comprising a total of 32.27 acres, more or less, and in addition, as a beneficiary of 1/2 interest in the estate of Charlotte P. Thomas, deceased, an additional 1/2 of an undivided 14.125/160ths in the same named claims,

and

WHEREAS, under date of July 15, 1965, a Supplemental Agreement to said Lease and Agreement was made and entered into by and between said Margaret T. Beazley, as Lessor, and Western Exploration & Management Co., as Lessee; and

WHEREAS, the parties hereto desire to further amend and modify said Lease and Agreement and to amend and modify said Supplemental Agreement.

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS ($10.00) in hand paid by Lessee to Lessor, it is hereby agreed as follows:

1. The second paragraph of Section numbered (1) of the Lease and Agreement is hereby amended by adding thereto the following sentence:

> "If Lessor has not received notice of 'date of entry' before November 30, 1969, Lessor may thereafter, terminate this agreement pursuant to paragraph 8 hereof."

This amendment is in addition to the amendments of said Section (1) set out in paragraphs numbered 2 and 3 of the Supplemental Agreement dated July 15, 1965.

2. The first sentence of the first paragraph of Section numbered (3) of the Lease and Agreement is, for clarification purposes, amended to read as follows:

> "(3) That Lessee shall pay Lessor royalties, on Lessor's interest in all ores extracted and removed from the demised property as follows:
>
> For ore of a net return value of $10.00 per ton or less, 2½% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to ¼ of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of ¼ of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.
>
> The above royalties are based upon a full and complete ownership in the demised premises. As to ownership in the demised premises less than the entire interest, the royalties shall be paid only in the proportion which Lessor's interest bears to the full and entire interest in said premises."

3. It is understood and agreed that all of the other terms, provisions and conditions of said Lease and Agreement

and said Supplemental Agreement of July 15, 1965, shall remain unchanged and in full force and effect, that no notice of default has been given thereunder, and that said Lease and Agreement and said Supplemental Agreement of July 15, 1965, as herein modified, be and the same are hereby confirmed and ratified as valid, subsisting and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the date first above written.

LESSOR:

x Margaret T. Beazley

Margaret T. Beazley

LESSEE:

WESTERN EXPLORATION & MANAGEMENT CO.

Attest:

Secretary

By

V. L. Board, President

STATE OF Missouri)
) SS.
COUNTY OF Greene)

The foregoing instrument was acknowledged before me this 11th day of July, 1967, by MARGARET T. BEAZLEY.

Witness my hand and official seal.

Notary Public

My Commission Expires: Sept. 30, 1967.

STATE OF COLORADO)
) SS.
CITY & COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 9th day of June, 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Notary Public

My Commission Expires:

My Commission expires Feb. 21, 1968

10.00

WESTERN EXPLORATION & MANAGEMENT CO.
509 17th ST. DENVER 2, COLO.

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this 15th day of January, 1960 by and betweeen Manley S. Nolen, first party, hereinafter referred to as Lessor and Western Exploration & Management Co., a Colorado corporation, second party, hereinafter referred to as Lessee.

WITNESSETH:

WHEREAS, the Lessor is the owner of a certain interest in mining claims, hereinafter described and desires to join in a program with the owners of the other interests in said claims and other owners of adjacent or contiguous mining property, in the same general area as Lessor's mining claim interests, in forming a consolidated group of mining properties, sufficient in magnitude and character for a practical economic program of exploration, development and mining, and --

WHEREAS, the Lessee is also the Owner of adjacent or contiguous mining property interests and is engaged in the business of organizing the consolidation of groups of mining properties for the express purpose of making arrangements with mining operations, for economic development of such properties, and does such work at Lessee's sole expense.

NOW THEREFORE, Lessor in consideration of the royalties hereby reserved and the covenants and promises herein to be performed by Lessee, amd in further consideration of One ($1.00) dollar in hand paid Lessor by Lessee, receipt of which is hereby acknowledged, does, by these presents, lease, demise and let unto Lessee, for all mining purposes, all Lessor's right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

An undivided 1/30(one-thirtieth) of the Lucy, Lucy No.2 May Band and Lelia. U.S.Mineral Survey No.13372, comprising 32.27 Acres more or less.

TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry, as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice, in writing, prior to the date of expiration of any such period, ~~and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as the consolidated properties are being operated and maintained as a producing mine~~ - unless sooner terminated in the manner hereinafter provided - subject to the following terms and condition to-wit:

Western Exploration & Management Co.

(1) That Lessee shall undertake, at its sole expense, and with due diligence, to obtain Leases and Agreements on any other undivided interests in the claims above described and on other mining claims and property in the same general area as the demised premises.

When, and if, Lessee shall have obtained such Leases and Agreements, as Lessee, in Lessee's sole judgment, shall deem necessary to form a consolidated group of mining claims and properties, hereinafter called the "consolidated properties", for a practical and economic mining exploration and development program; and when Lessee shall have completed the necessary arrangements for such program, Lessee, shall forthwith, take possession of the demised premises and notify Lessor in writing of the date thereof, called herein "date of entry". If Lessor has not received notice of "date of entry" before November 30, 1962, Lessor may thereafter, terminate this agreement pursuant to paragraph 8 hereof.

Prior to the "date of entry", Lessee may, and is hereby given the right, subject to the provision of paragraphs 6 and 7 hereof, and at its sole risk and option, to do geological engineering, exploration and examination work on the demised premises, including such work as opening old workings for examination and sampling and doing diamond drilling.

Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work that may have been done as provided in the immediately preceding paragraph; and thereafter, shall expend in that behalf, at least an average of five-thousand ($5000)dollars per month until a total of one-hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five ($25,000) dollars to be spent within the first eighteen (18) months after "date aof entry", and prior thereto in diamond drilling, etc., as above mentioned.

Subject to the provisions of paragraph 8 and 9 hereof, beginning with the next calendar month, eighteen (18) months after the "date of entry", Lessee agrees to pay Lessor a minimum advance royalty calculated as follows

In any month that sufficient ore is not produced and removed from the property interest herein demised, to earn the Lessor the minimum sum, under the royalties provided in paragraph 3, hereof, equivalent to Lessor's pro rata undivided interest in a total sum of $32.00 per month, the Lessee agrees to pay Lessor in addition, for such month, the difference between the sum actually earned from royalties for ore produced and shipped from the demised property and said pro rata sum. Such additional payments in excess of the amount of actual earned royalty shall constitute a cumulative payment credit against that portion of the actual earned royalty payments, thereafter becoming due in excess of said monthly minimum royalty sum and when any earned royalty payment exceeding the minimum is to be made, said credit shall be absorbed by applying it to amounts of such earned royalty payments in excess of the minimum amount.

(2) That Lessee shall perform all mining operations on the demised property in a workmanlike manner and shall keep proper maps and records of all mining operations upon the demised property and shall make same available for Lessor's inspection upon request, but not more often than once each month, together with any records kept of diamond or churn drill holes, and all such other reasonable information concerning the operations of the demised property as Lessor may from time to time request; and shall also permit Lessor to enter into and upon any part of said demised property at reasonable times, for the purpose of inspecting, surveying, assaying and sampling the same, and shall facilitate such inspection and surveys in every reasonable way, but Lessor shall enter upon said demised property at Lessor's own risk, and so as not to hinder unreasonably, operations of Lessee.

(3) That Lessee shall pay Lessor royalties, on Lessor's interest in all ores extracted and removed from the demised property as follows:

> For ore of a net return value of $10.00 per ton or less, 2-1/2% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.

If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter the net return value shall be determined by deducting transportation costs and milling costs from the smelter returns

but in no instance shall the Lessee's milling cost deducted be in excess of three dollars fifty cents ($3.50) per wet ton of ore treated. For gold bullion and amalgam shipped and sold to the United States Mint, Denver, Colorado, net returns shall be determined by deducting the milling costs as provided above and the cost of shipping the bullion, or amalgam, from the net mint return. Milling costs shall be prorated between products if more than one concentrate product is made in accordance with usual metallurgical procedures and in the case of amalgamation the costs of this procedure will be added to the actual milling costs.

All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee and settlement therefor shall be made by the smelter, mill or other ore purchasing agency; duplicate settlement sheets shall be furnished to each party and instructions for apportioning payments shall be furnished the smelter, mill, or purchasing agency by Lessee so that the royalty thereon is paid direct to Lessor, and the remainder to Lessee.

(4) That Lessee shall have the right to remove ores, waste, water and other materials from the demised premises, and to carry on general mining operations pertaining to the demised premises by means of shafts and workings on other properties of the consolidated group and to remove ores, waste, water and other materials from other properties and to carry on general mining operations pertaining to such other properties on the surface of, or through shafts and workings on, the demised premises, but until weighed and sampled, all ores, extracted and removed from the demised premises, shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property.

(5) That Lessee shall pay all general property taxes assessed as a non-producing mine against the Lessor's ownership in the demised premises beginning with the taxes for 1959, payable January 1, 1960, and prorated

to the date of termination, but Lessor shall be charged with the Lessor's proportion, based on the royalty hereinabove reserved, of taxes based on an assessment as a producing mine and of any production, severance or other excise taxes, and Lessee shall advance the payment for such taxes to be reimbursed therefor from payments due Lessor from Lessee.

(6) That during the performance of all work on the demised premises Lessee shall have complied in all respects with the Workmens Compensation Laws of the State of Colorado, shall continuously carry all necessary insurance to protect Lessee and Lessee's employees against liability for industrial accidents, and to save Lessor harmless from liability therefor; and Lessee shall, in Lessee's operations on the demised premises, comply with Social Security, Unemployment insurance, and all other State and Federal laws, relating to mining, the condition of said premises, employment, and taxes; and Lessee shall save Lessor harmless from any claim for damages or liability by reason of Lessee's operations on the demised premises; and this agreement shall not create, and in no event shall be construed as, a partnership between Lessee and Lessor, and Lessor shall in no event be held liable for any occurrence in, on, or about the demised premises developing out of Lessee's operations.

(7) That after "date of entry", Lessee shall keep the demised property and every part thereof, free and clear and any and all labor and material liens and encumbrances during term of this lease, and at all times, that Lessee shall be working thereon, shall keep posted in a conspicuous place on demised property, in the name of and on behalf of, Lessor, a written or printed notice setting forth the fact that said demised property is leased to, and is being operated by Lessee, and that the interest of Lessor therein shall not be subject to liens for services, labor, material or supplies rendered, furnished or used in connection with said demised property or the mining operations of Lessee hereunder.

(8) That in case Lessee fails to perform any of the terms or con-

ditions herein provided on Lessee's part to be performed, it shall be lawful for Lessor, at Lessor's option, to declare this lease terminated and of no effect thereafter, and with or without process of law, to enter upon, and take possession of, the demised property; provided, however, that Lessor shall first give Lessee notice in writing of Lessee's failure to perform, and Lessor's election to terminate this lease, and Lessee shall have sixty (60) days after said notice, to remedy said default, and upon failure or refusal by Lessee within said sixty (60) days period to remedy said claimed default, then all Lessee's rights hereunder shall thereupon cease and terminate.

(9) That Lessee may voluntarily surrender this lease at any time, by giving to Lessor not less than fifteen (15) days' written notice of surrender, and upon such voluntary surrender, all rights, liabilities and obligations of the parties hereto shall cease and terminate, except the obligation of Lessee to make any payments to Lessor that shall theretofore have accrued hereunder.

(10) In the event of valid forfeiture, surrender or other termination of this lease and agreement, the Lessee will immediately surrender peaceable possession of said demised premises and the whole and every part thereof to the Lessor. The Lessor shall have, and is hereby given and granted a reasonable period of time, not less than three (3) months after a valid forfeiture, surrender or other termination of this lease, to remove from said demised premises all machinery, tools and equipment placed in or upon the demised premises by Lessee. In the event of a termination of this lease by the Lessor, or its surrender by Lessee, all payments theretofore received by Lessor or made by Lessee including those for taxes and work done by Lessee shall be considered as liquidated damages, and there shall be no further liability on the part of the Lessee.

(11) ~~That in consideration of the Lessee having fully complied with all the terms and conditions of this lease and agreement, the Lessor~~

hereby gives Lessee the right and option to purchase the property interest herein demised at any time during the first ten (10) year period of the lease following the "date of entry", at a full purchase price of One thousand seventy ($1,070.00) dollars, with all the royalty or other payments paid to Lessor by Lessee, prior to date of purchase, applying as a credit against this purchase price, and Lessor agrees upon payment of the purchase price, they will deliver to Lessee a quit claim deed conveying all Lessor's right, title and interest in and to the property purchased, and upon request of Lessee to place said executed deed in escrow for delivery to Lessee if and when this purchase option is exercised, and purchase price as above provided, paid to Lessor.

A further condition of this option is that if the lease herein given is terminated by forfeiture under the terms hereof, then such termination shall operate to terminate and cancel this option and release the Lessor from any further obligation hereunder.

(12) That each of the parties hereto is hereby given the right and privileges of selling, transferring, or assigning the respective rights, privileges and interests as set forth in this lease and agreement, and that Lessee shall have the right to sublease any part of said demised property, subject to the terms of this agreement, but in such event Lessee shall be liable for acts of any such sub-leases.

(13) That is the Lessee shall be delayed at any time in performance of Lessee's agreements hereunder by reason of labor distrubances, strikes, severe weather conditions, governmental orders or regulations, fires, casualties affecting the leased property, a mill operated by the Lessee or the mill or smelter to which ore or concentrates are shipped, of if such mill or smelter refuses to accept concentrates or ore, then in any of these events, such delay shall not be deemed a breech of this lease, and during any time Lessee is so delayed, Lessee shall be execused from the performance thereof untilthe cause of such delay is removed, and

normal operations resumed.

(14) That Lessor agrees that at time of execution of this agreement, Lessor holds title to, and is in possession of, the property herein demised, and the same shall be, upon "date of entry", free and clear from all former grants, bargains, sales, liens or encumbrances of any kind created by Lessor, and that there shall be no delinquent taxes, and Lessor agrees to furnish Lessee such abstracts, deeds, or other evidence of title as may be in Lessor's possession, and upon request of, under direction of, and at expense of Lessee, Lessor agrees to have abstracts brought down to date, and take such steps as may be necessary to perfect Lessor's title, including quieting same, if necessary.

(15) That any written notice which either party herein may give the other party in accordance with the provisions hereof, may be given by serving such notice personally upon such other party, or by depositing such notice in the registered United States mail, with postage prepaid and addressed to such other party at the last address furnished by such party to the other and such notice shall be deemed to have been given at the time it shall be deposited.

(16) This lease and the terms and provisions hereof shall insure to the benefit of and be binding upon, the parties hereto, their heirs, executors, administrators, successors, and assigns.

This agreement cancels and succeeds all previous agreements, and constitutes the only agreement between the parties.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement in duplicate as of the day and year first above written.

Manley S. Nolen

Manley S. Nolen Lessor

WESTERN EXPLORATION & MANAGEMENT CO.

V. L. Board

V.L.Board, President Lessee.

ATTEST:

H. Sherman Berge

H. Sherman Berge, Asst. Sec'y.

SUPPLEMENTAL AGREEMENT

to

LEASE and AGREEMENT

This Supplemental Agreement made and entered into this 15th day of July 1965 by and between Manley S. Nolen, first party, hereinafter referred to as Lessor, and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter referred to as Lessee.

W I T N E S S E T H :

WHEREAS, the Lessor (or Lessor's predecessor in interest) was the Lessor under a Lease and Agreement dated the 15th day of January 1960 by and between Manley S. Nolen, first party and WESTERN EXPLORATION & MANAGEMENT CO., second party, a copy of which is attached hereto.

WHEREAS, the parties hereto desire to clarify and modify certain provisions in said Lease and Agreement.

NOW, THEREFORE, in consideration of $10 in hand paid by second party to first party, it is hereby agreed as follows:

1. The paragraph providing for the term of the lease, appearing as the first complete paragraph on page 2 of the Lease and Agreement, is hereby revised to read as follows:

> "TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice,

in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as any one of the consolidated properties is being operated and maintained as a producing mine or is maintained in a standby status for such operation pending improvement in economic conditions - unless sooner terminated in the manner hereinafter provided - subject to the following terms and conditions to wit:"

2. The second paragraph of Section (1) of the Lease and Agreement is hereby amended to provide that any other properties or interests within the Project Area:

> Sections 18, 19 and 30, Township 41 North, Range 8 West and Sections 13, 14, 23, 24 and 25, Township 41 North, Range 9 West in San Juan and San Miguel Counties, Colorado

may be added to the "consolidated properties" by the Lessee or its successor in interest at any time or times following the date hereof, whether before or after the "date of entry".

3. The fourth paragraph of Section (1) of the Lease and Agreement is hereby revised to read as follows:

> "Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access

roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work theretofore or thereafter done of the character referred to in the immediately preceding paragraph on or for any of the "consolidated properties", and thereafter, shall expend in that behalf, at least an average of five thousand ($5000) dollars per month until a total of one hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five thousand ($25,000) dollars to be spent within the first eighteen (18) months after "date of entry", and prior thereto in diamond drilling, etc., as above mentioned."

4. The Lessor hereby confirms that no notice of default has been given under Section 8 of the Lease and Agreement to the date of this Supplemental Agreement. It is hereby further agreed that, with respect to the provisions of Section 1 of the Lease and Agreement regarding "date of entry" and the right of Lessee, prior to the "date of entry", to do geological, engineering, exploration and examination work on the demised premises - including diamond drilling, receipt by Lessor of notice of "date of entry" shall not be required from the date of the beginning of such work to the date of its completion, provided that the Lessor is given notice of the beginning of such work and notice when such work has been completed.

5. It is hereby confirmed that the surrender of the Lease pursuant to Sections 9 and 10 of the Lease and Agreement will terminate any obligation of the Lessee to continue the work obligations set out in the 4th paragraph of Section (1) of the Lease and Agreement.

6. The first sentence of the second paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

> "If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities before shipment to a smelter, the net return value shall be determined by deducting transportation costs (between mine mouth and mill and between mill and smelter) and milling costs from the smelter returns, but in no instance shall the Lessee's milling costs deducted be in excess of $3.50 per wet ton of ore treated. (For the purposes of this paragraph, milling costs shall include all costs that could be deducted in computing Federal income taxes [including reasonable depreciation and amortization of other capital and deferred costs], except state or local income taxes and except operating loss carry forwards or carrybacks.)

7. Section (4) of the Lease and Agreement is hereby revised to read as follows:

> "That Lessee shall have the right to remove ores, wastes, water and other materials from the demised premises and to carry on general mining operations pertaining to the

demised premises by means of shafts and workings on other properties in which the Lessee or any successor in interest has an interest; and to remove ores, wastes, water and other materials from such other properties and to carry on general mining and milling operations pertaining to such other properties on the surface of, or through shafts and workings, on the demised premises. Lessee shall have the right to commingle for milling purposes ore mined from the demised premises, but until weighed and sampled all ore extracted and removed from the demised premises shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property. The full metal content of ore derived from the demised premises shall be calculated as follows: The total pounds of metal contained in all ore fed to the mill during any calendar month, whether or not such ore is derived from the demised premises, shall be calculated from tonnage and grade measurements made between the crusher and the flotation sections of the mill. The total pounds of contained metal thus calculated shall be multiplied by a fraction, the numerator of which is the total pounds of metal contained in the ore derived from the demised premises and sent to the mill during the same calendar month, calculated from tonnage

and grade measurements made before commingling of said ore with the other ores, and the denominator of which is the total pounds of metal contained in all ore derived from all properties (including the demised premises) and sent to the mill during the same calendar month, calculated from tonnage and grade measurements before commingling. The percentage of recovery from ore mined from the demised premises shall be assumred to be the percentage of recovery for the entire mill operations for such month."

8. The last paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

"All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee, but duplicate settlement sheets shall be furnished to the Lessor. All royalties shall be paid to the Lessor by the Lessee and the purchaser of ores or concentrates shall have no responsibility therefor. Production royalties shall become due when payment for ores or concentrates is received by the Lessee from the purchaser. All computations and accountings with respect to the amount of production royalty due shall be made on a quarterly basis. Within thirty days after the end of each calendar month, the Lessee shall make a provisional payment to the Lessor based on estimates with respect to such month; and within sixty days after the end of each calendar quarter, the Lessee shall send to the Lessor a final statement for such quarter, accompanied by payment of any additional production royalty due for such quarter. In the event that such final statement indicates that the total provisional payments for such quarter have exceeded the amount actually due for such quarter, the Lessee may apply the amount of such overpayment against the amount of the provisional payment for any later month or months or may request that the amount of such overpayment be promptly refunded to the Lessee by the Lessor. The amount of each provisional payment shall not be less than the minimum royalty provided for in the last paragraph of Section 1 hereof, except as such amount may be reduced by offsetting overpayments appearing from a previous final quarterly accounting."

9. Section 16 of the Lease and Agreement is hereby revised to read as follows:

> "This Lease and Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their heirs, executors, administrators, successors and assigns; provided that in the event of any assignment or other transfer of the interest of the Lessor(by contract, the laws of descent and distribution or otherwise), the Lessee shall not be obligated to make payments, furnish statements, information or reports, or give notices to, or permit inspections by, or otherwise recognize as Lessor, more than one person acting as representative on behalf of all persons entitled to any part of the Lessor's interest hereunder. In the event that all such persons succeeding to any part of the Lessor's interest hereunder fail to designate one person to act as their representative as aforesaid, the Lessee may treat as such representative for all purposes the original Lessor (or the survivor of the original Lessors if more than one) or the personal representative of the last survivor of the original Lessors."

IN WITNESS WHEREOF, the parties hereto have executed

this Agreement in duplicate as of the date first above written.

Lessors: Manley S. McCue

Lessee:
Western Exploration & Management Co.

By V. L. Board
V. L. Board
President

ATTEST:

V. L. Board
Secretary

STATE OF Pennsylvania
COUNTY OF Allegheny ss:

The foregoing instrument was acknowledged before me this 17th day of August 1965 by Manley S. McCue

Witness my hand and official seal.

Notary Public

My commission expires

MY COMMISSION EXPIRES MAY 10, 1968

STATE OF COLORADO
COUNTY OF } ss:

The foregoing instrument was acknowledged before me this 16th day of July 1965 by V. L. Board, as the President of Western Exploration & Management Co.

Witness my hand and official seal.

Alice V. Board
Notary Public

My commission expires 3/1/68

SECOND SUPPLEMENTAL
AGREEMENT
TO
LEASE AND AGREEMENT

This SECOND SUPPLEMENTAL AGREEMENT made and entered into this 9th day of June, 1967, by and between MANLEY S. NOLEN, first party, hereinafter sometimes referred to as "Lessor," and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter sometimes referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, under date of January 15, 1960, a Lease and Agreement was made and entered into by and between said Manley S. Nolen, as Lessor, and Western Exploration & Management Co., as Lessee, covering an undivided one-thirtieth (1/30) interest in the Lucy, Lucy No. 2, May Band and Lelia lode mining claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less, situated in Ice Lake Mining District, San Juan County, Colorado; and

WHEREAS, under date of July 15, 1965, a Supplemental Agreement to said Lease and Agreement was made and entered into by and between said Manley S. Nolen as Lessor and Western Exploration & Management Co. as Lessee; and

WHEREAS, the parties hereto desire to further amend and modify said Lease and Agreement and to amend and modify said Supplemental Agreement.

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS ($10.00) in hand paid by second party, Lessee, to first party, Lessor, it is hereby agreed as follows:

1. The last sentence of the second paragraph of Section numbered (1) of the Lease and Agreement is hereby amended so that as amended said last sentence shall read as follows:

> "If Lessor has not received notice of 'date of entry' before November 30, 1969, Lessor may thereafter, terminate this agreement pursuant to paragraph 8 hereof."

This amendment is in addition to the amendments of said Section (1) set out in paragraphs numbered 2 and 3 of the Supplemental Agreement dated July 15, 1965.

2. The first sentence of the first paragraph of Section numbered (3) of the Lease and Agreement is, for clarification purposes, amended to read as follows:

> "(3) That Lessee shall pay Lessor royalties, on Lessor's interest in all ores extracted and removed from the demised property as follows:
>
> For ore of a net return value of $10.00 per ton or less, 2½% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to ¼ of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of ¼ of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.
>
> The above royalties are based upon a full and complete ownership in the demised premises. As to ownership in the demised premises less than the entire interest, the royalties shall be paid only in the proportion which Lessor's interest bears to the full and entire interest in said premises."

3. It is understood and agreed that all of the other terms, provisions and conditions of said Lease and Agreement and said Supplemental Agreement of July 15, 1965, shall remain unchanged and in full force and effect, that no notice of default

has been given thereunder, and that said Lease and Agreement and said Supplemental Agreement of July 15, 1965, as herein modified, be and the same are hereby confirmed and ratified as valid, subsisting and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the date first above written.

LESSOR:

Manley S. Nolen

LESSEE:

WESTERN EXPLORATION & MANAGEMENT CO.

Attest:

Secretary

By

V. L. Board, President

STATE OF Penna)
) SS.
COUNTY OF Allegheny)

The foregoing instrument was acknowledged before me this 2nd day of August, 1967, by MANLEY S. NOLEN.

Witness my hand and official seal.

Shirley J. Fletcher
Notary Public

My Commission Expires:

SHIRLEY J. FLETCHER, NOTARY PUBLIC
CASTLE SHANNON BOROUGH, ALLEGHENY COUNTY
MY COMMISSION EXPIRES MARCH 15, 1971

STATE OF COLORADO)
) SS.
CITY & COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 9th day of June, 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Gloria G. Lordoff
Notary Public

My Commission Expires:

My Commission expires Feb. 21, 1968

Mrs. Anne Crouch

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this 19th day of June, 1968, by and between Anne S. Crouch as guardian of the estates of Laurie Anne Crouch and Charles Douglas Crouch, her minor children, First Party, hereinafter referred to as LESSOR, and VITRO MINERALS CORPORATION, a Delaware corporation, Second Party, hereinafter referred to as LESSEE.

W I T N E S S E T H:

WHEREAS, the Lessor is the owner of a certain interest in mining claims, hereinafter described, and desires to join in a program with the owners of the other interests in said claims and other owners of adjacent or contiguous mining property, in the same general area as Lessor's mining claim interests, in forming a consolidated group of mining properties, sufficient in magnitude and character for a practical economic program of exploration, development and mining, and

WHEREAS, the Lessee is also the owner of adjacent or contiguous mining property interests and is engaged in the business of organizing the consolidation of groups of mining properties for the express purpose of making arrangements with mining operations, for economic development of such properties, and does such work at Lessee's sole expense.

NOW, THEREFORE, Lessor in consideration of the royalties hereby reserved and the covenants and promises herein to be performed by Lessee, and in further consideration of TEN DOLLARS ($10.00) in hand paid Lessor by Lessee, receipt of which is hereby acknowledged, does, by these presents, lease, demise and let unto

Lessee, for all mining purposes, all Lessor's right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

> An undivided one-ninetieth (1/90) of the Lucy, Lucy No. 2, May Band and Lelia, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less.

TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice, in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as any one of the consolidated properties is being operated and maintained as a producing mine or is maintained in a standby status for such operation pending improvements in economic conditions - unless sooner terminated in the manner hereinafter provided - subject to the following terms and conditions, to-wit:

(1) That Lessee shall undertake, at its sole expense, and with due diligence, to obtain leases and agreements on any other undivided interests in the claims above described and on other mining claims and property in the same general area as the demised premises.

When, and if, Lessee shall have obtained such leases and agreements, as Lessee, in Lessee's sole judgment, shall deem necessary to form a consolidated group of mining claims and properties, hereinafter called the "Consolidated Properties", for a practical

and economic mining exploration and development program; and when Lessee shall have completed the necessary arrangements for such program, Lessee, shall forthwith, take possession of the demised premises and notify Lessors in writing of the date thereof, called herein "date of entry". Any other properties or interests within the Project Area:

> Sections 18, 19 and 30, Township 41 North, Range 8 West, and Sections 13, 14, 23, 24 and 25, Township 41 North, Range 9 West, in San Juan and San Miguel Counties, Colorado

may be added to the "Consolidated Properties" by the Lessee or its successor in interest at any time or times following the date hereof, whether before or after the "date of entry". If Lessor has not received notice of "date of entry" before November 30, 1969, Lessor may thereafter terminate this Agreement pursuant to Paragraph 8 hereof.

Prior to the "date of entry", Lessee may, and is hereby given the right, subject to the provisions of Paragraphs 6 and 7 hereof, and at its sole risk and option, to do geological, engineering, exploration and examination work on the demised premises, including such work as opening old workings for examination and sampling and doing diamond drilling. Receipt by Lessor of notice of "date of entry" shall not be required from the date of the beginning of such work to the date of its completion, provided that Lessor is given notice of the beginning of such work and notice when such work has been completed.

Subject to the provisions of Paragraphs 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose

or select, upon, or for, the "consolidated properties", the sum of not less than TWENTY-FIVE THOUSAND DOLLARS ($25,000.00) in constructing access roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work theretofore or thereafter done of the character referred to in the immediately preceding paragraph on or for any of the "consolidated properties", and thereafter, shall expend in that behalf, at least an average of FIVE THOUSAND DOLLARS ($5,000.00) per month until a total of ONE HUNDRED THOUSAND DOLLARS ($100,000.00), shall have been spent, including the previously mentioned TWENTY-FIVE THOUSAND DOLLARS ($25,000.00) to be spent within the first eighteen (18) months after "date of entry", and prior thereto in diamond drilling, etc., as above mentioned.

Subject to the provisions of Paragraphs 8 and 9 hereof, beginning with the next calendar month, eighteen (18) months after the "date of entry", Lessee agrees to pay Lessor a minimum advance royalty calculated as follows:

In any month that sufficient ore is not produced and removed from the property interest herein demised, to earn the Lessor the minimum sum, under the royalties provided in Paragraph 3, hereof, equivalent to Lessor's pro rata undivided interest in a total sum of THIRTY-TWO DOLLARS ($32.00) per month, the Lessee agrees to pay Lessor in addition, for such month, the difference between the sum actually earned from royalties for ore produced and shipped from the demised property in said pro rata sum. Such additional payments in excess of the amount of actual earned royalty shall constitute a cumulative payment credit against that portion of the actual earned royalty payments, thereafter becoming due in excess of said

monthly minimum royalty sum and when any earned royalty payment exceeding the minimum is to be made, said credit shall be absorbed by applying it to amounts of such earned royalty payments in excess of the minimum amount.

(2) That Lessee shall perform all mining operations on the demised property in a workmanlike manner and shall keep proper maps and records of all mining operations upon the demised property and shall make same available for Lessor's inspection upon request, but not more often than once each month, together with any records kept of diamond or churn drill holes, and all such other reasonable information concerning the operations of the demised property as Lessors may from time to time request; and shall also permit Lessor to enter into and upon any part of said demised property at reasonable times, for the purpose of inspecting, surveying, assaying and sampling the same, and shall facilitate such inspection and surveys in every reasonable way, but Lessor shall enter upon said demised property at Lessor's own risk, and so as not to hinder unreasonably, operations of Lessee.

(3) That Lessee shall pay Lessor royalties on Lessor's interest, in all ores extracted and removed from the demised property as follows:

> For ore of net return value of $10.00 per ton or less, two and one-half per cent (2½%) of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to one-fourth (1/4) of the net return value up to a maximum of ten per cent (10%); for example, ore of $20.00 net return value would carry a royalty of one-fourth (1/4) of $20.00 or five per cent (5%).
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be four and three-fourths per cent (4-3/4%), if $20.75, royalty would be five and one-quarter per cent (5-1/4%).

The above royalties are based upon a full and complete ownership in the demised premises. As to ownership in the demised premises less than the entire interest, the royalty shall be paid only in the proportion which Lessor's interest bears to the full and entire interest in said premises.

If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter, the net return value shall be determined by deducting transportation costs (between mine mouth and mill and between mill and smelter) and milling costs from the smelter returns, but in no instance shall the Lessee's milling costs deducted be in excess of $3.50 per wet ton of ore treated. (For the purposes of this paragraph, milling costs shall include all costs that could be deducted in computing federal income taxes [including reasonable depreciation and amortization of other capital and deferred costs], except state or local income taxes and except operating loss carry forwards or carry backs.) For gold bullion and amalgam shipped and sold to the United States Mint, Denver, Colorado, net returns shall be determined by deducting the milling costs as provided above and the cost of shipping the bullion, or amalgam, from the net mint return. Milling costs shall be prorated between products if more than one concentrate product is made in accordance with mutual metallurgical procedures and in the case of amalgamation, the costs of this procedure will be added to the actual milling costs.

All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor.

All ores or concentrates shall be shipped or transported in the name of the Lessee, but duplicate settlement sheets shall be furnished to the Lessor. All royalties shall be paid to the Lessor by the Lessee and the purchaser of ores or concentrates shall have no responsibility therefor. Production royalties shall become due when payment for ores or concentrates is received by the Lessee from the purchaser. All computations and accountings with respect to the amount of production royalty due shall be made on a quarterly basis. Within thirty days after the end of each calendar month, the Lessee shall make a provisional payment to the Lessor based on estimates with respect to such month; and within sixty days after the end of each calendar quarter, the Lessee shall send to the Lessor a final statement for such quarter, accompanied by payment of any additional production royalty due for such quarter. In the event that such final statement indicates that the total provisional payments for such quarter have exceeded the amount actually due for such quarter, the Lessee may apply the amount of such overpayment against the amount of the provisional payment for any later month or months or may request that the amount of such overpayment be promptly refunded to the Lessee by the Lessor. The amount of each provisional payment shall not be less than the minimum royalty provided for in the last paragraph of Section 1 hereof, except as such amount may be reduced by offsetting overpayments appearing from a previous final quarterly accounting.

(4) That Lessee shall have the right to remove ores, wastes, water and other materials from the demised premises and to carry on general mining operations pertaining to the demised premises by means of shafts and workings on other properties in which

the Lessee or any successor in interest has an interest; and to remove ores, wastes, water and other materials from such other properties and to carry on general mining and milling operations pertaining to such other properties on the surface of, or through shafts and workings, on the demised premises. Lessee shall have the right to commingle for milling purposes ore mined from the demised premises, but until weighed and sampled all ore extracted and removed from the demised premises shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property. The full metal content of ore derived from the demised premises shall be calculated as follows: The total pounds of metal contained in all ore fed to the mill during any calendar month, whether or not such ore is derived from the demised premises, shall be calculated from tonnage and grade measurements made between the crusher and the flotation sections of the mill. The total pounds of contained metal thus calculated shall be multiplied by a fraction, the numerator of which is the total pounds of metal contained in the ore derived from the demised premises and sent to the mill during the same calendar month, calculated from tonnage and grade measurements made before commingling of said ore with the other ores, and the denominator of which is the total pounds of metal contained in all ore derived from all properties (including the demised premises) and sent to the mill during the same calendar month, calculated from tonnage and grade measurements before commingling. The percentage of recovery from ore mined from the demised premises shall be assumed to be the percentage of recovery for the entire mill operations for such month.

(5) That Lessee shall pay all general property taxes assessed as a non-producing mine against the Lessor's ownership in the demised premises beginning with the taxes for 1968, payable January 1, 1969, and prorated to the date of termination, but Lessor shall be charged with the Lessor's proportion, based on the royalty hereinabove reserved, of taxes based on an assessment as a producing mine and of any production, severance or other excise taxes, and Lessee shall advance the payment for such taxes to be reimbursed therefor from payments due Lessor from Lessee.

(6) That during the performance of all work on the demised premises Lessee shall have complied in all respects with the Workmens Compensation Laws of the State of Colorado, shall continuously carry all necessary insurance to protect Lessee and Lessee's employees against liability for industrial accidents, and to save Lessor harmless from liability therefor; and Lessee shall, in Lessee's operations on the demised premises, comply with Social Security Unemployment insurance, and all other State and Federal laws, relating to mining, the condition of said premises, employment, and taxes; and Lessee shall save Lessor harmless from any claim for damages or liability by reason of Lessee's operations on the demised premises; and this agreement shall not create, and in no event shall be construed as, a partnership between Lessee and Lessor, and Lessor shall in no event be held liable for any occurrence in, on, or about the demised premises developing out of Lessee's operations.

(7) That after "date of entry", Lessee shall keep the demised property and every part thereof, free and clear and any and all labor and material liens and encumbrances during term of this lease, and at all times, that Lessee shall be working thereon, shall keep posted in a conspicuous place on demised property, in

the name of and on behalf of, Lessor, a written or printed notice setting forth the fact that said demised property is leased to, and is being operated by Lessee, and that the interest of Lessor therein shall not be subject to liens for services, labor, material or supplies rendered, furnished or used in connection with said demised property or the mining operations of Lessee hereunder.

(8) That in case Lessee fails to perform any of the terms or conditions herein provided on Lessee's part to be performed, it shall be lawful for Lessor, at Lessor's option, to declare this lease terminated and of no effect thereafter, and with or without process of law, to enter upon, and take possession of, the demised property; provided, however, that Lessor shall first give Lessee notice in writing of Lessee's failure to perform, and Lessor's election to terminate this lease, and Lessee shall have sixty (60) days after said notice, to remedy said default, and upon failure or refusal by Lessee within said sixty (60) days period to remedy said claimed default, then all Lessee's rights hereunder shall thereupon cease and terminate.

(9) That Lessee may voluntarily surrender this lease at any time, by giving to Lessor not less than fifteen (15) days' written notice of surrender, and upon such voluntary surrender, all rights, liabilities and obligations of the parties hereto including the work obligations set out in the 4th paragraph of Section (1) hereof shall cease and terminate, except the obligation of Lessee to make any payments to Lessor that shall theretofore have accrued hereunder.

(10) In the event of valid forfeiture, surrender or other termination of this lease and agreement, the Lessee will immediately

surrender peaceable possession of said demised premises and the whole and every part thereof to the Lessor. The Lessor shall have, and is hereby given and granted a reasonable period of time, not less than three (3) months after a valid forfeiture, surrender or other termination of this lease, to remove from said demised premises all machinery, tools and equipment placed in or upon the demised premises by Lessee. In the event of a termination of this lease by the Lessor, or its surrender by Lessee, all payments theretofore received by Lessor or made by Lessee including those for taxes and work done by Lessee shall be considered as liquidated damages, and there shall be no further liability on the part of the Lessee.

(11) That each of the parties hereto is hereby given the right and privileges of selling, transferring, or assigning the respective rights, privileges and interests as set forth in this lease and agreement, and that Lessee shall have the right to sub-lease any part of said demised property, subject to the terms of this agreement, but in such event Lessee shall be liable for acts of any such sub-leases.

(12) That is the Lessee shall be delayed at any time in performance of Lessee's agreements hereunder by reason of labor disturbances, strikes, severe weather conditions, governmental orders or regulations, fires, casualties affecting the leased property, a mill operated by the Lessee or the mill or smelter to which ore or concentrates are shipped, or if such mill or smelter refuses to accept concentrates or ore, then in any of these events, such delay shall not be deemed a breach of this lease, and during any time Lessee is so delayed, Lessee shall be excused from the performance thereof until the cause of such delay is removed, and normal operations resumed.

(13) That Lessor agrees that at time of execution of this agreement, Lessor has not previously conveyed or granted the subject property, ~~Lessor holds unto, and is in possession of, the property hereinbefore described, and the same shall be upon date of entry, free and clear from all forms of grants, bargains, sales, liens, encumbrances of any kind created by Lessor~~ and that there shall be no delinquent taxes, and Lessor agrees to furnish Lessee such abstracts, deeds, or other evidence of title as may be in Lessor's possession, and upon request of, under direction of, and at expense of Lessee, Lessor agrees to have abstracts brought down to date, and take such steps as may be necessary to perfect Lessor's title, including quieting same, if necessary.

(14) That any written notice which either party herein may give the other party in accordance with the provisions hereof, may be given by serving such notice personally upon such other party, or by depositing such notice in the registered United States mail, with postage prepaid and addressed to such other party at the last address furnished by such party to the other and such notice shall be deemed to have been given at the time it shall be deposited.

(15) This Lease and Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their heirs, executors, administrators, successors and assigns; provided that in the event of any assignment or other transfer of the interest of the Lessor (by contract, the laws of descent and distribution or otherwise) the Lessee shall not be obligated to make payments, furnish statements, information or reports, or give notices to, or permit inspections by, or otherwise recognize as Lessor, more than one person acting as representative on behalf of all persons entitled to any part of the Lessor's interest hereunder. In the event that all such persons succeeding to any part

of the Lessor's interest hereunder fail to designate one person to act as their representative as aforesaid, the Lessee may treat as such representative for all purposes the original Lessor (or the survivor of the original Lessors if more than one) or the personal representative of the last survivor of the original Lessors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the day and year first above written.

LESSOR:

Anne S. Crouch

Anne S. Crouch as guardian of the estates of Laurie Anne Crouch and Charles Douglas Crouch, her minor children.

LESSEE:

VITRO MINERALS CORPORATION

By W B Hall

~~Vice~~ President

ATTEST:

Secretary

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this 15th day of January, 1960 by and betweeen Margorie S. Crouch, first party, hereinafter referred to as Lessor and Western Exploration & Management Co., a Colorado corporation, second party, hereinafter referred to as Lessee.

WITNESSETH:

WHEREAS, the Lessor is the owner of a certain interest in mining claims, hereinafter described and desires to join in a program with the owners of the other interests in said claims and other owners of adjacent or contiguous mining property, in the same general area as Lessor's mining claim interests, in forming a consolidated group of mining properties, sufficient in magnitude and character for a practical economic program of exploration, development and mining, and --

WHEREAS, the Lessee is also the Owner of adjacent or contiguous mining property interests and is engaged in the business of organizing the consolidation of groups of mining properties for the express purpose of making arrangements with mining operations, for economic development of such properties, and does such work at Lessee's sole expense.

NOW THEREFORE, Lessor in consideration of the royalties hereby reserved and the covenants and promises herein to be performed by Lessee, amd in further consideration of One ($1.00) dollar in hand paid Lessor by Lessee, receipt of which is hereby acknowledged, does, by these presents, lease, demise and let unto Lessee, for all mining purposes, all Lessor's right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

An undivided 1/45(one-forty-fifth)of the Lucy, Lucy No.2 May Band and Lelia. U.S.Mineral Survey No.13372, comprising 32.27 Acres more or less.

TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry, as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice, in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as the consolidated properties are being operated and maintained as a producing mine - unless sooner terminated in the manner hereinafter provided - subject to the following terms and condition to-wit:

(1) That Lessee shall undertake, at its sole expense, and with due diligence, to obtain Leases and Agreements on any other undivided interests in the claims above described and on other mining claims and property' in the same general area as the demised premises.

When, and if, Lessee shall have obtained such Leases and Agreements, as Lessee, in Lessee's sole judgment, shall deem necessary to form a consolidated group of mining claims and properties, hereinafter called the "consolidated properties", for a practical and economic mining exploration and development program; and when Lessee shall have completed the necessary arrangements for such program, Lessee, shall forthwith, take possession of the demised premises and notify Lessor in writing of the date thereof, called herein "date of entry". If Lessor has not received notice of "date of entry" before November 30, 1962, Lessor may thereafter, terminate this agreement pursuant to paragraph 8 hereof.

Prior to the "date of entry", Lessee may, and is hereby given the right, subject to the provision of paragraphs 6 and 7 hereof, and at its sole risk and option, to do geological engineering, exploration and examination work on the demised premises, including such work as opening old workings for examination and sampling and doing diamond drilling.

Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work that may have been done as provided in the immediately preceding paragraph; and thereafter, shall expend in that behalf, at least an average of five-thousand ($5000)dollars per month until a total of one-hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five ($25,000) dollars to be spent within the first eighteen (18) months after "date aof entry", and prior thereto in diamond drilling, etc., as above mentioned.

Subject to the provisions of paragraph 8 and 9 hereof, beginning with the next calendar month, eighteen (18) months after the "date of entry", Lessee agrees to pay Lessor a minimum advance royalty calculated as follows:

In any month that sufficient ore is not produced and removed from the property interest herein demised, to earn the Lessor the minimum sum, under the royalties provided in paragraph 3, hereof, equivalent to Lessor's pro rata undivided interest in a total sum of $32.00 per month, the Lessee agrees to pay Lessor in addition, for such month, the difference between the sum actually earned from royalties for ore produced and shipped from the demised property and said pro rata sum. Such additional payments in excess of the amount of actual earned royalty shall constitute a cumulative payment credit against that portion of the actual earned royalty payments, thereafter becoming due in excess of said monthly minimum royalty sum and when any earned royalty payment exceeding the minimum is to be made, said credit shall be absorbed by applying it to amounts of such earned royalty payments in excess of the minimum amount.

(2) That Lessee shall perform all mining operations on the demised property in a workmanlike manner and shall keep proper maps and records of all mining operations upon the demised property and shall make same available for Lessor's inspection upon request, but not more often than once each month, together with any records kept of diamond or churn drill holes, and all such other reasonable information concerning the operations of the demised property as Lessor may from time to time request; and shall also permit Lessor to enter into and upon any part of said demised property at reasonable times, for the purpose of inspecting, surveying, assaying and sampling the same, and shall facilitate such inspection and surveys in every reasonable way, but Lessor shall enter upon said demised property at Lessor's own risk, and so as not to hinder unreasonably, operations of Lessee.

(3) That Lessee shall pay Lessor royalties, on Lessor's interest in all ores extracted and removed from the demised property as follows:

> For ore of a net return value of $10.00 per ton or less, 2-1/2% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.

If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter the net return value shall be determined by deducting transportation costs and milling costs from the smelter returns

but in no instance shall the Lessee's milling cost deducted be in excess of three dollars fifty cents ($3.50) per wet ton of ore treated. For gold bullion and amalgam shipped and sold to the United States Mint, Denver, Colorado, net returns shall be determined by deducting the milling costs as provided above and the cost of shipping the bullion, or amalgam, from the net mint return. Milling costs shall be prorated between products if more than one concentrate product is made in accordance with usual metallurgical procedures and in the case of amalgamation the costs of this procedure will be added to the actual milling costs.

All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee and settlement therefor shall be made by the smelter, mill or other ore purchasing agency; duplicate settlement sheets shall be furnished to each party and instructions for apportioning payments shall be furnished the smelter, mill, or purchasing agency by Lessee so that the royalty thereon is paid direct to Lessor, and the remainder to Lessee.

(4) That Lessee shall have the right to remove ores, waste, water and other materials from the demised premises, and to carry on general mining operations pertaining to the demised premises by means of shafts and workings on other properties of the consolidated group and to remove ores, waste, water and other materials from other properties and to carry on general mining operations pertaining to such other properties on the surface of, or through shafts and workings on, the demised premises, but until weighed and sampled, all ores, extracted and removed from the demised premises, shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property.

(5) That Lessee shall pay all general property taxes assessed as a non-producing mine against the Lessor's ownership in the demised premises beginning with the taxes for 1959, payable January 1, 1960, and prorated

to the date of termination, but Lessor shall be charged with the Lessor's proportion, based on the royalty hereinabove reserved, of taxes based on an assessment as a producing mine and of any production, severance or other excise taxes, and Lessee shall advance the payment for such taxes to be reimbursed therefor from payments due Lessor from Lessee.

(6) That during the performance of all work on the demised premises Lessee shall have complied in all respects with the Workmens Compensation Laws of the State of Colorado, shall continuously carry all necessary insurance to protect Lessee and Lessee's employees against liability for industrial accidents, and to save Lessor harmless from liability therefor; and Lessee shall, in Lessee's operations on the demised premises, comply with Social Security, Unemployment insurance, and all other State and Federal laws, relating to mining, the condition of said premises, employment, and taxes; and Lessee shall save Lessor harmless from any claim for damages or liability by reason of Lessee's operations on the demised premises; and this agreement shall not create, and in no event shall be construed as, a partnership between Lessee and Lessor, and Lessor shall in no event be held liable for any occurrence in, on, or about the demised premises developing out of Lessee's operations.

(7) That after "date of entry", Lessee shall keep the demised property and every part thereof, free and clear and any and all labor and material liens and encumbrances during term of this lease, and at all times, that Lessee shall be working thereon, shall keep posted in a conspicuous place on demised property, in the name of and on behalf of, Lessor, a written or printed notice setting forth the fact that said demised property is leased to, and is being operated by Lessee, and that the interest of Lessor therein shall not be subject to liens for services, labor, material or supplies rendered, furnished or used in connection with said demised property or the mining operations of Lessee hereunder.

(8) That in case Lessee fails to perform any of the terms or con-

ditions herein provided on Lessee's part to be performed, it shall be lawful for Lessor, at Lessor's option, to declare this lease terminated and of no effect thereafter, and with or without process of law, to enter upon, and take possession of, the demised property; provided, however, that Lessor shall first give Lessee notice in writing of Lessee's failure to perform, and Lessor's election to terminate this lease, and Lessee shall have sixty (60) days after said notice, to remedy said default, and upon failure or refusal by Lessee within said sixty (60) days period to remedy said claimed default, then all Lessee's rights hereunder shall thereupon cease and terminate.

(9) That Lessee may voluntarily surrender this lease at any time, by giving to Lessor not less than fifteen (15) days' written notice of surrender, and upon such voluntary surrender, all rights, liabilities and obligations of the parties hereto shall cease and terminate, except the obligation of Lessee to make any payments to Lessor that shall theretofore have accrued hereunder.

(10) In the event of valid forfeiture, surrender or other termination of this lease and agreement, the Lessee will immediately surrender peaceable possession of said demised premises and the whole and every part thereof to the Lessor. The Lessor shall have, and is hereby given and granted a reasonable period of time, not less than three (3) months after a valid forfeiture, surrender or other termination of this lease, to remove from said demised premises all machinery, tools and equipment placed in or upon the demised premises by Lessee. In the event of a termination of this lease by the Lessor, or its surrender by Lessee, all payments theretofore received by Lessor or made by Lessee including those for taxes and work doen by Lessee shall be considered as liquidated damages, and there shall be no further liability on the part of the Lessee.

(11) ~~That in consideration of the Lessee having fully complied with all the terms and conditions of this lease and agreement, the Lessor~~

~~hereby gives Lessee the right and option to purchase the property interest herein demised at any time during the first ten (10) year period of the lease following the "date of entry", at a full purchase price of Seven hundred ten ($710.00) dollars - - - - - - - - - - ; with all the royalty or other payments paid to Lessor by Lessee, prior to date of purchase, applying as a credit against this purchase price, and Lessor agrees upon payment of the purchase price, they will deliver to Lessee a quit-claim deed conveying all Lessor's right, title and interest in and to the property purchased, and upon request of Lessee to place said executed deed in escrow for delivery to Lessee if and when this purchase option is exercised, and purchase price as above provided, paid to Lessor.~~

~~A further condition of this option is that if the lease herein given is terminated by forfeiture under the terms hereof, then such termination shall operate to terminate and cancel this option and release the Lessor from any further obligation hereunder.~~

(12) That each of the parties hereto is hereby given the right and privileges of selling, transferring, or assigning the respective rights, privileges and interests as set forth in this lease and agreement, and that Lessee shall have the right to sublease any part of said demised property, subject to the terms of this agreement, but in such event Lessee shall be liable for acts of any such sub-leases.

(13) That is the Lessee shall be delayed at any time in performance of Lessee's agreements hereunder by reason of labor disturbances, strikes, severe weather conditions, governmental orders or regulations, fires, casualties affecting the leased property, a mill operated by the Lessee or the mill or smelter to which ore or concentrates are shipped, or if such mill or smelter refuses to accept concentrates or ore, then in any of these events, such delay shall not be deemed a breech of this lease, and during any time Lessee is so delayed, Lessee shall be executed from the performance thereof until the cause of such delay is removed, and

normal operations resumed.

(14) That Lessor agrees that at time of execution of this agreement, Lessor holds title to, and is in possession of, the property herein demised, and the same shall be, upon " date of entry", free and clear from all former grants, bargains, sales, liens or encumbrances of any kind created by Lessor, and that there shall be no delinquent taxes, and Lessor agrees to furnish Lessee such abstracts, deeds, or other evidence of title as may be in Lessor's possession, and upon request of, under direction of, and at expense of Lessee, Lessor agrees to have abstracts brought down to date, and take such steps as may be necessary to perfect Lessor's title, including quieting same, if necessary.

(15) That any written notice which either party herein may give the other party in accordance with the provisions hereof, may be given by serving such notice personally upon such other party, or by depositing such notice in the registered United States mail, with postage prepaid and addressed to such other party at the last address furnished by such party to the other and such notice shall be deemed to have been given at the time it shall be deposited.

(16) This lease and the terms and provisions hereof shall insure to the benefit of and be binding upon, the parties hereto, their heirs, executors, administrators, successors, and assigns.

This agreement cancels and succeeds all previous agreements, and constitutes the only agreement between the parties.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement in duplicate as of the day and year first above written.

Margorie S. Crouch

Margorie S.Crouch Lessor

WESTERN EXPLORATION & MANAGEMENT CO.

V.L.Board, President Lessee.

ATTEST:

H. Sherman Berge

H. Sherman Berge, Asst.Sec'y.

SUPPLEMENTAL AGREEMENT

to

LEASE and AGREEMENT

This Supplemental Agreement made and entered into this 15th day of July 1965 by and between Marjorie S. Crouch, first party, hereinafter referred to as Lessor, and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter referred to as Lessee.

W I T N E S S E T H :

WHEREAS, the Lessor (or Lessor's predecessor in interest) was the Lessor under a Lease and Agreement dated the 15th day of January 1960 by and between Marjorie S. Crouch, first party and WESTERN EXPLORATION & MANAGEMENT CO., second party, a copy of which is attached hereto.

WHEREAS, the parties hereto desire to clarify and modify certain provisions in said Lease and Agreement.

NOW, THEREFORE, in consideration of $10 in hand paid by second party to first party, it is hereby agreed as follows:

1. The paragraph providing for the term of the lease, appearing as the first complete paragraph on page 2 of the Lease and Agreement, is hereby revised to read as follows:

> "TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry", as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice,

in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as any one of the consolidated properties is being operated and maintained as a producing mine or is maintained in a standby status for such operation pending improvement in economic conditions - unless sooner terminated in the manner hereinafter provided - subject to the following terms and conditions to wit:"

2. The second paragraph of Section (1) of the Lease and Agreement is hereby amended to provide that any other properties or interests within the Project Area:

> Sections 18, 19 and 30, Township 41 North, Range 8 West and Sections 13, 14, 23, 24 and 25, Township 41 North, Range 9 West in San Juan and San Miguel Counties, Colorado

may be added to the "consolidated properties" by the Lessee or its successor in interest at any time or times following the date hereof, whether before or after the "date of entry".

3. The fourth paragraph of Section (1) of the Lease and Agreement is hereby revised to read as follows:

> "Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access

roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work theretofore or thereafter done of the character referred to in the immediately preceding paragraph on or for any of the "consolidated properties", and thereafter, shall expend in that behalf, at least an average of five thousand ($5000) dollars per month until a total of one hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five thousand ($25,000) dollars to be spent within the first eighteen (18) months after "date of entry", and prior thereto in diamond drilling, etc., as above mentioned."

4. The Lessor hereby confirms that no notice of default has been given under Section 8 of the Lease and Agreement to the date of this Supplemental Agreement. It is hereby further agreed that, with respect to the provisions of Section 1 of the Lease and Agreement regarding "date of entry" and the right of Lessee, prior to the "date of entry", to do geological, engineering, exploration and examination work on the demised premises - including diamond drilling, receipt by Lessor of notice of "date of entry" shall not be required from the date of the beginning of such work to the date of its completion, provided that the Lessor is given notice of the beginning of such work and notice when such work has been completed.

5. It is hereby confirmed that the surrender of the Lease pursuant to Sections 9 and 10 of the Lease and Agreement will terminate any obligation of the Lessee to continue the work obligations set out in the 4th paragraph of Section (1) of the Lease and Agreement.

6. The first sentence of the second paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

> "If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities before shipment to a smelter, the net return value shall be determined by deducting transportation costs (between mine mouth and mill and between mill and smelter) and milling costs from the smelter returns, but in no instance shall the Lessee's milling costs deducted be in excess of $3.50 per wet ton of ore treated. (For the purposes of this paragraph, milling costs shall include all costs that could be deducted in computing Federal income taxes [including reasonable depreciation and amortization of other capital and deferred costs], except state or local income taxes and except operating loss carry forwards or carrybacks.)

7. Section (4) of the Lease and Agreement is hereby revised to read as follows:

> "That Lessee shall have the right to remove ores, wastes, water and other materials from the demised premises and to carry on general mining operations pertaining to the

demised premises by means of shafts and workings on other properties in which the Lessee or any successor in interest has an interest; and to remove ores, wastes, water and other materials from such other properties and to carry on general mining and milling operations pertaining to such other properties on the surface of, or through shafts and workings, on the demised premises. Lessee shall have the right to commingle for milling purposes ore mined from the demised premises, but until weighed and sampled all ore extracted and removed from the demised premises shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property. The full metal content of ore derived from the demised premises shall be calculated as follows: The total pounds of metal contained in all ore fed to the mill during any calendar month, whether or not such ore is derived from the demised premises, shall be calculated from tonnage and grade measurements made between the crusher and the flotation sections of the mill. The total pounds of contained metal thus calculated shall be multiplied by a fraction, the numerator of which is the total pounds of metal contained in the ore derived from the demised premises and sent to the mill during the same calendar month, calculated from tonnage

and grade measurements made before commingling of said ore with the other ores, and the denominator of which is the total pounds of metal contained in all ore derived from all properties (including the demised premises) and sent to the mill during the same calendar month, calculated from tonnage and grade measurements before commingling. The percentage of recovery from ore mined from the demised premises shall be assumred to be the percentage of recovery for the entire mill operations for such month."

8. The last paragraph of Section (3) of the Lease and Agreement is hereby revised to read as follows:

"All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee, but duplicate settlement sheets shall be furnished to the Lessor. All royalties shall be paid to the Lessor by the Lessee and the purchaser of ores or concentrates shall have no responsibility therefor. Production royalties shall become due when payment for ores or concentrates is received by the Lessee from the purchaser. All computations and accountings with respect to the amount of production royalty due shall be made on a quarterly basis. Within thirty days after the end of each calendar month, the Lessee shall make a provisional payment to the Lessor based on estimates with respect to such month; and within sixty days after the end of each calendar quarter, the Lessee shall send to the Lessor a final statement for such quarter, accompanied by payment of any additional production royalty due for such quarter. In the event that such final statement indicates that the total provisional payments for such quarter have exceeded the amount actually due for such quarter, the Lessee may apply the amount of such overpayment against the amount of the provisional payment for any later month or months or may request that the amount of such overpayment be promptly refunded to the Lessee by the Lessor. The amount of each provisional payment shall not be less than the minimum royalty provided for in the last paragraph of Section 1 hereof, except as such amount may be reduced by offsetting overpayments appearing from a previous final quarterly accounting."

9. Section 16 of the Lease and Agreement is hereby revised to read as follows:

> "This Lease and Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their heirs, executors, administrators, successors and assigns; provided that in the event of any assignment or other transfer of the interest of the Lessor(by contract, the laws of descent and distribution or otherwise), the Lessee shall not be obligated to make payments, furnish statements, information or reports, or give notices to, or permit inspections by, or otherwise recognize as Lessor, more than one person acting as representative on behalf of all persons entitled to any part of the Lessor's interest hereunder. In the event that all such persons succeeding to any part of the Lessor's interest hereunder fail to designate one person to act as their representative as aforesaid, the Lessee may treat as such representative for all purposes the original Lessor (or the survivor of the original Lessors if more than one) or the personal representative of the last survivor of the original Lessors."

IN WITNESS WHEREOF, the parties hereto have executed

this Agreement in duplicate as of the date first above written.

Lessors: Marjorie S. Arnold

Lessee:
Western Exploration & Management Co.

By V. L. Board
V. L. Board
President

ATTEST:
V. L. Board
Secretary

STATE OF California
COUNTY OF Los Angeles } ss:

The foregoing instrument was acknowledged before me this 30th day of July 1965 by Marjorie S. Arnold

Witness my hand and official seal.

Christine E. Fendell
Notary Public

My commission expires _____

STATE OF COLORADO
COUNTY OF } ss:

The foregoing instrument was acknowledged before me this 16th day of July 1965 by V. L. Board, as the President of Western Exploration & Management Co.

Witness my hand and official seal.

Alice V. Crawford
Notary Public

My commission expires 2/1/65

SECOND SUPPLEMENTAL
AGREEMENT
TO
LEASE AND AGREEMENT

This SECOND SUPPLEMENTAL AGREEMENT made and entered into this 9th day of June, 1967, by and between MARJORIE S. CROUCH, first party, hereinafter sometimes referred to as "Lessor," and WESTERN EXPLORATION & MANAGEMENT CO., a Colorado corporation, second party, hereinafter sometimes referred to as "Lessee,"

W I T N E S S E T H:

WHEREAS, under date of January 15, 1960, a Lease and Agreement was made and entered into by and between said Marjorie S. Crouch, as Lessor, and Western Exploration & Management Co., as Lessee, covering an undivided one-forty-fifth (1/45th) interest in the Lucy, Lucy No. 2, May Band and Lelia lode mining claims, U. S. Mineral Survey No. 13372, comprising 32.27 acres, more or less, situated in Ice Lake Mining District, San Juan County, Colorado; and

WHEREAS, under date of July 15, 1965, a Supplemental Agreement to said Lease and Agreement was made and entered into by and between said Marjorie S. Crouch, as Lessor, and Western Exploration & Management Co., as Lessee; and

WHEREAS, the parties hereto desire to further amend and modify said Lease and Agreement and to amend and modify said Supplemental Agreement,

NOW, THEREFORE, in consideration of the sum of TEN DOLLARS ($10.00) in hand paid by Lessee to Lessor, it is hereby agreed as follows:

1. The last sentence of the second paragraph of Section numbered (1) of the Lease and Agreement is hereby amended so that as amended said last sentence shall read as follows:

> "If Lessor has not received notice of 'date of entry' before November 30, 1969, Lessor may thereafter terminate this agreement pursuant to paragraph 8 hereof."

This amendment is in addition to the amendments of said Section (1) set out in paragraphs numbered 2 and 3 of the Supplemental Agreement dated July 15, 1965.

2. The first sentence of the first paragraph of Section numbered (3) of the Lease and Agreement is, for clarification purposes, amended to read as follows:

> "(3) That lessee shall pay Lessor royalties, on Lessor's interest, in all ores extracted and removed from the demised property as follows:
>
> For ore of a net return value of $10.00 per ton or less, 2½% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-14/%.
>
> The above royalties are based upon a full and complete ownership in the demised premises. As to ownership in the demised premises less than the entire interest, the royalties shall be paid only in the proportion which Lessor's interest bears to the full and entire interest in said premises."

3. It is understood and agreed that all of the other terms, provisions and conditions of said Lease and Agreement and said Supplemental Agreement of July 15, 1965, shall remain unchanged and in full force and effect, that no notice of default

has been given thereunder, and that said Lease and Agreement and said Supplemental Agreement of July 15, 1965, as herein modified, be and the same are hereby confirmed and ratified as valid, subsisting and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the date first above written.

LESSOR:

Marjorie S. Crouch

Marjorie S. Crouch

LESSEE:

WESTERN EXPLORATION & MANAGEMENT CO.

By

V. L. Board, President

Attest:

Secretary

STATE OF California)
) SS.
COUNTY OF Los Angeles)

The foregoing instrument was acknowledged before me this 22nd day of June, 1967, by MARJORIE S. CROUCH.

Witness my hand and official seal.

CHRISTINE E. KINDELL
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY

Christine E. Kindell
Notary Public

My Commission Expires:

CHRISTINE E. KINDELL, Notary Public
in and for the State of California
My Commission Expires February 17, 1970

STATE OF COLORADO)
) SS.
CITY & COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 9th day of June, 1967, by V. L. BOARD, as the President of WESTERN EXPLORATION & MANAGEMENT CO.

Witness my hand and official seal.

Gloria G. Potthoff
Notary Public

My Commission Expires:

My Commission expires Feb. 21, 1968

WESTERN EXPLORATION & MANAGEMENT CO.
500 17th ST. DENVER 2, COLO.

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this 15th day of January, 1960 by and between J. Douglas Crouch, first party, hereinafter referred to as Lessor and Western Exploration & Management Co., a Colorado corporation, second party, hereinafter referred to as Lessee.

WITNESSETH:

WHEREAS, the Lessor is the owner of a certain interest in mining claims, hereinafter described and desires to join in a program with the owners of the other interests in said claims and other owners of adjacent or contiguous mining property, in the same general area as Lessor's mining claim interests, in forming a consolidated group of mining properties, sufficient in magnitude and character for a practical economic program of exploration, development and mining, and --

WHEREAS, the Lessee is also the Owner of adjacent or contiguous mining property interests and is engaged in the business of organizing the consolidation of groups of mining properties for the express purpose of making arrangements with mining operations, for economic development of such properties, and does such work at Lessee's sole expense.

NOW THEREFORE, Lessor in consideration of the royalties hereby reserved and the covenants and promises herein to be performed by Lessee, and in further consideration of One ($1.00) dollar in hand paid Lessor by Lessee, receipt of which is hereby acknowledged, does, by these presents, lease, demise and let unto Lessee, for all mining purposes, all Lessor's right, title and interest in and to certain lode mining claims and property, all situate in the Ice Lake Mining District, San Juan County, Colorado, named and described as follows:

> An undivided 1/45 (one forty-fifth) of the Lucy, Lucy No.2 May Bend and Lolla. U.S.Mineral Survey No.13372, comprising 32.27 Acres more or less.

TO HAVE AND TO HOLD said premises and property, for a period of ten (10) years from and after the "date of entry, as hereinafter referred to, with right of Lessee to extend and renew said Lease and Agreement, for two (2) additional succeeding ten (10) year periods, upon sixty (60) days notice, in writing, prior to the date of expiration of any such period, and if it is in effect at the end of the thirty (30) years, to automatic extension thereafter, so long as the consolidated properties are being operated and maintained as a producing mine - unless sooner terminated in the manner hereinafter provided - subject to the following terms and condition to-wit:

(1) That Lessee shall undertake, at its sole expense, and with due diligence, to obtain Leases and Agreements on any other undivided interests in the claims above described and on other mining claims and property' in the same general area as the demised premises.

When, and if, Lessee shall have obtained such Leases and Agreements, as Lessee, in Lessee's sole judgment, shall deem necessary to form a consolidated group of mining claims and properties, hereinafter called the "consolidated properties", for a practical and economic mining exploration and development program; and when Lessee shall have completed the necessary arrangements for such program, Lessee, shall forthwith, take possession of the demised premises and notify Lessor in writing of the date thereof, called herein "date of entry". If Lessor has not received notice of "date of entry" before November 30, 1962, Lessor may thereafter, terminate this agreement pursuant to paragraph 8 hereof.

Prior to the "date of entry", Lessee may, and is hereby given the right, subject to the provision of paragraphs 6 and 7 hereof, and at its sole risk and option, to do geological engineering, exploration and examination work on the demised premises, including such work as opening old workings for examination and sampling and doing diamond drilling.

Subject to the provisions of paragraph 8 and 9 hereof, within the eighteen (18) months period after "date of entry", the Lessee shall have expended at any place or places Lessee may choose or select, upon, or for, the "consolidated properties", the sum of not less than twenty-five ($25,000) thousand dollars in constructing access roads, mine buildings, purchasing and installing machinery and equipment, exploration, development and other mining work (general office overhead expenses excepted), including work that may have been done as provided in the immediately preceding paragraph; and thereafter, shall expend in that behalf, at least an average of five-thousand ($5000)dollars per month until a total of one-hundred thousand ($100,000) dollars, shall have been spent, including the previously mentioned twenty-five ($25,000) dollars to be spent within the first eighteen (18) months after "date aof entry", and prior thereto in diamond drilling, etc., as above mentioned.

Subject to the provisions of paragraph 8 and 9 hereof, beginning with the next calendar month, eighteen (18) months after the "date of entry", Lessee agrees to pay Lessor a minimum advance royalty calculated as follows:

In any month that sufficient ore is not produced and removed from the property interest herein demised, to earn the Lessor the minimum sum, under the royalties provided in paragraph 3, hereof, equivalent to Lessor's pro rata undivided interest in a total sum of $32.00 per month, the Lessee agrees to pay Lessor in addition, for such month, the difference between the sum actually earned from royalties for ore produced and shipped from the demised property and said pro rata sum. Such additional payments in excess of the amount of actual earned royalty shall constitute a cumulative payment credit against that portion of the actual earned royalty payments, thereafter becoming due in excess of said monthly minimum royalty sum and when any earned royalty payment exceeding the minimum is to be made, said credit shall be absorbed by applying it to amounts of such earned royalty payments in excess of the minimum amount.

(2) That Lessee shall perform all mining operations on the demised property in a workmanlike manner and shall keep proper maps and records of all mining operations upon the demised property and shall make same available for Lessor's inspection upon request, but not more often than once each month, together with any records kept of diamond or churn drill holes, and all such other reasonable information concerning the operations of the demised property as Lessor may from time to time request; and shall also permit Lessor to enter into and upon any part of said demised property at reasonable times, for the purpose of inspecting, surveying, assaying and sampling the same, and shall facilitate such inspection and surveys in every reasonable way, but Lessor shall enter upon said demised property at Lessor's own risk, and so as not to hinder unreasonably, operations of Lessee.

(3) That Lessee shall pay Lessor royalties, on Lessor's interest in all ores extracted and removed from the demised property as follows:

> For ore of a net return value of $10.00 per ton or less, 2-1/2% of the net return value.
>
> For ore of a net return value in excess of $10.00 per ton, a percentage equivalent to 1/4 of the net return value up to a maximum of 10%; for example, ore of $20.00 net return value would carry a royalty of 1/4 of $20.00 or 5%.
>
> Royalties to apply to nearest whole dollar amount. If net return value is $19.25, royalty would be 4-3/4%, if $20.75, royalty would be 5-1/4%.

If the ore is sold to a mill, or smelter, the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter the net return value shall be determined by deducting transportation costs to the mill, or smelter, from the net mill, or smelter, returns as the case may be; if the ore is milled at the mine by Lessee's facilities, before shipment to a smelter the net return value shall be determined by deducting transportation costs and milling costs from the smelter returns

but in no instance shall the Lessee's milling cost deducted be in excess of three dollars fifty cents ($3.50) per wet ton of ore treated. For gold bullion and amalgam shipped and sold to the United States Mint, Denver, Colorado, net returns shall be determined by deducting the milling costs as provided above and the cost of shipping the bullion, or amalgam, from the net mint return. Milling costs shall be prorated between products if more than one concentrate product is made in accordance with usual metallurgical procedures and in the case of amalgamation the costs of this procedure will be added to the actual milling costs.

All ores or concentrates shall be sold to the person or corporation who will return in settlement the highest price therefor. All ores or concentrates shall be shipped or transported in the name of the Lessee and settlement therefor shall be made by the smelter, mill or other ore purchasing agency; duplicate settlement sheets shall be furnished to each party and instructions for apportioning payments shall be furnished the smelter, mill, or purchasing agency by Lessee so that the royalty thereon is paid direct to Lessor, and the remainder to Lessee.

(4) That Lessee shall have the right to remove ores, waste, water and other materials from the demised premises, and to carry on general mining operations pertaining to the demised premises by means of shafts and workings on other properties of the consolidated group and to remove ores, waste, water and other materials from other properties and to carry on general mining operations pertaining to such other properties on the surface of, or through shafts and workings on, the demised premises, but until weighed and sampled, all ores, extracted and removed from the demised premises, shall be distinctly marked and shall be kept separate from ores extracted or removed from any other property.

(5) That Lessee shall pay all general property taxes assessed in a non-producing mine against the Lessor's ownership in the demised premises beginning with the taxes for 1959, payable January 1, 1960, and prorated

to the date of termination, but Lessor shall be charged with the Lessor's proportion, based on the royalty hereinabove reserved, of taxes based on an assessment as a producing mine and of any production, severance or other excise taxes, and Lessee shall advance the payment for such taxes to be reimbursed therefor from payments due Lessor from Lessee.

(6) That during the performance of all work on the demised premises Lessee shall have complied in all respects with the Workmens Compensation Laws of the State of Colorado, shall continuously carry all necessary insurance to protect Lessee and Lessee's employees against liability for industrial accidents, and to save Lessor harmless from liability therefor; and Lessee shall, in Lessee's operations on the demised premises, comply with Social Security, Unemployment insurance, and all other State and Federal laws, relating to mining, the condition of said premises, employment, and taxes; and Lessee shall save Lessor harmless from any claim for damages or liability by reason of Lessee's operations on the demised premises; and this agreement shall not create, and in no event shall be construed as, a partnership between Lessee and Lessor, and Lessor shall in no event be held liable for any occurrence in, on, or about the demised premises developing out of Lessee's operations.

(7) That after "date of entry", Lessee shall keep the demised property and every part thereof, free and clear and any and all labor and material liens and encumbrances during term of this lease, and at all times, that Lessee shall be working thereon, shall keep posted in a conspicuous place on demised property, in the name of and on behalf of, Lessor, a written or printed notice setting forth the fact that said demised property is leased to, and is being operated by Lessee, and that the interest of Lessor therein shall not be subject to liens for services, labor, material or supplies rendered, furnished or used in connection with said demised property or the mining operations of Lessee hereunder.

(8) That in case Lessee fails to perform any of the terms or con-

ditions herein provided on Lessee's part to be performed, it shall be lawful for Lessor, at Lessor's option, to declare this lease terminated and of no effect thereafter, and with or without process of law, to enter upon, and take possession of, the demised property; provided, however, that Lessor shall first give Lessee notice in writing of Lessee's failure to perform, and Lessor's election to terminate this lease, and Lessee shall have sixty (60) days after said notice, to remedy said default, and upon failure or refusal by Lessee within said sixty (60) days period to remedy said claimed default, then all Lessee's rights hereunder shall thereupon cease and terminate.

(9) That Lessee may voluntarily surrender this lease at any time, by giving to Lessor not less than fifteen (15) days' written notice of surrender, and upon such voluntary surrender, all rights, liabilities and obligations of the parties hereto shall cease and terminate, except the obligation of Lessee to make any payments to Lessor that shall theretofore have accrued hereunder.

(10) In the event of valid forfeiture, surrender or other termination of this lease and agreement, the Lessee will immediately surrender peaceable possession of said demised premises and the whole and every part thereof to the Lessor. The Lessor shall have, and is hereby given and granted a reasonable period of time, not less than three (3) months after a valid forfeiture, surrender or other termination of this lease, to remove from said demised premises all machinery, tools and equipment placed in or upon the demised premises by Lessee. In the event of a termination of this lease by the Lessor, or its surrender by Lessee, all payments theretofore received by Lessor or made by Lessee including those for taxes and work done by Lessee shall be considered as liquidated damages, and there shall be no further liability on the part of the Lessee.

(11) That in consideration of the Lessee having fully complied with all the terms and conditions of this lease and agreement, the Lessor

hereby gives Lessee the right and option to purchase the property interest herein demised at any time during the first ten (10) year period of the lease following the "date of entry", at a full purchase price of ___ Seven hundred ten ($710.00) dollars - - - - - - - - - - -, with all the royalty or other payments paid to Lessor by Lessee, prior to date of purchase, applying as a credit against this purchase price, and Lessor agrees upon payment of the purchase price, they will deliver to Lessee a quit claim deed conveying all Lessor's right, title and interest in and to the property purchased, and upon request of Lessee to place said executed deed in escrow for delivery to Lessee if and when this purchase option is exercised, and purchase price as above provided, paid to Lessor.

A further condition of this option is that if the lease herein given is terminated by forfeiture under the terms hereof, then such termination shall operate to terminate and cancel this option and release the Lessor from any further obligation hereunder.

(12) That each of the parties hereto is hereby given the right and privileges of selling, transferring, or assigning the respective rights, privileges and interests as set forth in this lease and agreement, and that Lessee shall have the right to sublease any part of said demised property, subject to the terms of this agreement, but in such event Lessee shall be liable for acts of any such sub-lessee.

(13) That is the Lessee shall be delayed at any time in performance of Lessee's agreements hereunder by reason of labor disturbances, strikes, severe weather conditions, governmental orders or regulations, fires, casualties affecting the leased property, a mill operated by the Lessee or the mill or smelter to which ore or concentrates are shipped, or if such mill or smelter refuses to accept concentrates or ore, then in any of these events, such delay shall not be deemed a breach of this lease, and during any time Lessee is so delayed, Lessee shall be excused from the performance thereof until the cause of such delay is removed, and

normal operations resumed.

(14) That Lessor agrees that at time of execution of this agreement, Lessor holds title to, and is in possession of, the property herein demised, and the same shall be, upon " date of entry", free and clear from all former grants, bargains, sales, liens or encumbrances of any kind created by Lessor, and that there shall be no delinquent taxes, and Lessor agrees to furnish Lessee such abstracts, deeds, or other evidence of title as may be in Lessor's possession, and upon request of, under direction of, and at expense of Lessee, Lessor agrees to have abstracts brought down to date, and take such steps as may be necessary to perfect Lessor's title, including quieting same, if necessary.

(15) That any written notice which either party herein may give the other party in accordance with the provisions hereof, may be given by serving such notice personally upon such other party, or by depositing such notice in the registered United States mail, with postage prepaid and addressed to such other party at the last address furnished by such party to the other and such notice shall be deemed to have been given at the time it shall be deposited.

(16) This lease and the terms and provisions hereof shall insure to the benefit of and be binding upon, the parties hereto, their heirs, executors, administrators, successors, and assigns.

This agreement cancels and succeeds all previous agreements, and constitutes the only agreement between the parties.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement in duplicate as of the day and year first above written.

J. Douglas Crouch Lessor

ATTEST:

H. Sherman Berge, Asst. Sec'y.

WESTERN EXPLORATION & MANAGEMENT CO.

V.L.Board, President Lessee.