

LEASE AND OPTION

THIS LEASE AND OPTION, made and entered into this 1st day of March 1974, by and between TEMPIUTE MINING COMPANY, a corporation, WESLEY KOYEN and EVA KOYEN, Lessors, and SILVER HAWK, INC., of Las Vegas, Nevada,

WITNESSETH:

In consideration of the royalties hereinafter reserved and the covenants and agreements hereinafter expressed by the Lessee to be Faithfully kept and performed the parties hereto mutually and severally covenant and agree as follows:

I.

RIGHTS GRANTED TO LESSEE

Lessor does hereby devise, let, sublet and grant to Lessee all of Lessor's right, title, claim and interest in and to the following described mines, patented and unpatented lode mining claims, placer claims and millsites, together with the improvements and equipment thereon and incident thereto, situate in the Tempiute Mining District in the County of Lincoln, State of Nevada, to-wit:

PARCEL I

All of the patented claims described in the Lease from A. L. Scott (hereinafter called "Scott Lease") to Tempiute Mining Company, dated February 22, 1961, copy of which is attached hereto as Exhibit A and expressly made a part hereof.

TOGETHER WITH unpatented mining claims:

VALERIE JO
VALERIE JO NO. 1.
CONNIE
MARCIE

Which said claims, although not described in the Scott Lease specifically are subject thereto.

(This is a sublease to the claims hereinabove described in Parcel I, since said claims are the subject of the above described Scott Lease.)

PARCEL II

EAST SIDE
EAST SIDE NO. 1.
EAST SIDE NO. 2.
(Unpatented lode mining claims.)

NEW ERA
EVA GULCH
VALERIE JOE MILLSITE
BIG GULCH CLAIM
BIG GULCH MILLSITE
STERLING MILLSITE

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining.

TOGETHER WITH all dips, spurs and minerals therein contained and appertaining, and together with any and all other property and all rights, real, personal and mixed, in, upon or appertaining to any of the claims or premises above-mentioned.

TOGETHER WITH all personal property set forth in inventory attached hereto and marked Exhibit B and made a part hereof.

TO HAVE AND TO HOLD unto the said Lessee for a term of ten (10) years from date hereof, subject to the performance by the Lessee of all of the covenants, conditions and agreements by him to be kept and performed, as set forth herein and as set forth in the Scott Lease, a copy of which is attached hereto and by reference made a part hereof. Lessee hereby agrees to abide by the terms and conditions of that certain silver contract number 2228-CME #6537, attached hereto as EXHIBIT C.

II.

PROPER OPERATION REQUIRED

Lessee shall enter upon said mine and premises and work the same in the manner necessary to good minerlike and economical mining, so as to develop and take out ore with due regard to the development and preservation of the same as a workable mine, and to the special covenants herein reserved, and in keeping with the laws of the State of Nevada, and of the United States, and rules and regulations thereunder which are applicable. Lessee shall comply with all of the terms of the Scott Lease relative to operation of the mine.

III.

MINIMUM ROYALTIES OR RENTALS

The Lessee shall pay the minimum advance on royalties and rentals of \$1,500.00 per year of which \$1,000.00 shall be paid to SCOTT as long as his interest exists.

All payments made upon the Scott Lease shall be applied according to the terms thereof and all payments made thereafter unto Lessor shall apply towards and shall be credited on all royalties as hereinafter set forth.

IV.

ACTUAL ROYALTIES

Lessee shall pay to Lessor on all ores and minerals extracted and shipped or sold from said premises, a royalty, as follows: 10%.

When properties in the Scott Lease have been purchased in full all royalties shall be paid directly to Lessor.

Said royalties shall be based on the net smelter returns or ore-buyer's return. Said net smelter returns being defined as follows:

The term "net smelter returns" wherever used in this agreement shall mean the gross value of ores, etc., mined, extracted, shipped, sold or treated, after the deduction therefrom of the usual smelter treatment and assay and transportation charges only, provided that any deduction for transportation charges only for trucking and rail transport shall not exceed the actual costs incurred therefore, and shall, in no event, be greater than a sum of Fifteen Dollars (\$15.00) per ton in the aggregate for all such transportation charges.

V.

STATEMENTS TO BE FURNISHED

Lessee shall, on or before the 15th day of each calendar month during the term hereof, furnish Lessor with a written report showing, as to the preceding calendar month, the tonnage of ore extracted and shipped or sold, the actual royalty payable thereon, any rental credits applied, the total tonnage of ore extracted, the total tonnage of ore milled, the total tonnage of ore shipped raw, the lots or amounts of concentrates or products derived, and the tonnage of concentrates or products shipped or sold.

VI.

BOOKS AND RECORDS

Lessor and Lessor's authorized agents shall at any and all reasonable times be permitted to inspect all books and records, including assay reports, of the Lessee relating to the leased property in order to ascertain the correct amount of royalty due Lessor, or to determine whether or not the provisions of the lease are being complied with.

VII.

LESSOR'S RIGHT OF INSPECTION

Lessee shall allow Lessor and Lessor's agents, from time to time, to enter upon and into all parts of said leased premises for purposes of inspection at such reasonable times as shall interfere with the regular operation of the leased

premises. It is understood and agreed that Lessee shall assume no responsibility for the safety of Lessor or Lessor's agents when and while upon the leased premises for such purposes, save and except this shall not excuse Lessee from liability for negligent acts of Lessee resulting in injury to Lessor or its agents.

VIII.

SCOTT LEASE

Lessee agrees to perform each and every covenant of the Scott Lease, which the Lessee therein named was to perform; provided, however, final payment upon the purchase price of the properties therein described shall be made within at least two (2) years, unless Lessee is able to extend said Scott Lease for a period of and under terms agreeable to Lessor, it being understood that said agreement must be acknowledged by Lessor in writing. The purpose of the early payment is to allow Lessor a period of time to protect itself if Lessee does not make such payment.

Should Lessee default in any of the terms of the Scott Lease on his part to be performed, the same shall be deemed a default of this Lease and Option.

If and when Lessee shall pay in full the purchase price of the claims described in the Scott Lease, the Deed therein provided shall name Lessor as Grantee and same shall be delivered to it.

Lessee acknowledges that he has read the Scott Lease marked Exhibit "A".

It is further understood and agreed by and between the parties that in the event said Scott Lease is not paid off within two (2) years, or said Scott Lease extended as hereinabove set forth, then, in that event, said failure on the part of Lessee shall be deemed a major breach on the part of said Lessee.

IX.

WORK TO BE PERFORMED

Lessee agrees to cause to be worked on the above properties at least twenty-five (25) eight-hour shifts per month. The work done on mill shall apply to the above-required shifts as well as work done on and in the mine. Lessee must begin to take ore from the mine to the mill within sixty (60) days after the signing of this lease and must continue to do so as long as ore is available.

This paragraph is subject always to weather conditions, and to inability on the part of Lessee to perform the same by reason of fire, strikes, lock-outs, war, acts of God, equipment breakdown, insurrections, and acts or intervention by the Government of the United States, the State of Nevada, or Lincoln County. This paragraph is also subject to collapse of the metals market.

X.

ORES NOT TO BE CO-MINGLED

Lessee shall not mix any ores, minerals or products from the demised premises with the ores, minerals or products therefrom derived from any other property.

XI.

STATE AND FEDERAL ENACTMENTS -
INDEMNIFICATION OF LESSOR

Lessee, in the operation and development of the property hereby leased, shall be subject to all applicable Federal enactments, laws of the State of Nevada, and all Federal or State rules and regulations regarding Employees' liability, Industrial Insurance and Workmen's Old Age and Unemployment Insurance; and said Lessee covenants and agrees to indemnify and hold harmless the Lessor from and against the payment of any and all damages, claims, costs and expenses in connection therewith under any claim of subrogation provided for by said enactments or otherwise; and the Lessee shall further indemnify and hold harmless the Lessor from and against any and all damages, claims, costs and expenses arising out of damage to property or any injury to or death of the employees of the Lessee, or any other person whomsoever, where such injury, death or damage occurs because of or in connection with the use, operation or development in any manner of the property hereby leased, whether such claims are based upon a right conferred by the common law or by statute.

XII.

PROPERTY TO BE KEPT FREE OF LIENS

Lessee shall pay and satisfy all claims for material, supplies, and labor in connection with the working of said mine and mining property, and shall keep the said mine and mining property free of liens and encumbrances of any and every kind, except such as might result from State and County tax assessments not required to be paid by Lessee, or such as may result from the acts of other than the Lessee, Lessee's employees or those in privity with them.

XIII.

NON-LIABILITY NOTICES

Lessee shall duly record in accordance with the Statutes of Nevada, such notices as will inform whom it may concern that said mine and mining property is operated under lease, and that the Lessor shall not be liable for any of the expenses

or charges of operation.

XIV.

TAXES

Lessee shall pay all State and County tax assessments based upon said leased premises.

Lessee shall pay all state and County tax assessments upon any and all structures and other improvements, machinery, equipment, tools, supplies and personal property whatsoever placed upon the leased premises by the Lessee.

Lessee shall likewise pay the net proceeds tax on all ores, etc. produced from the above claims during the life hereof, including the net proceeds tax on Lessor's royalty.

The Lessee may take advantage of the State exemption from taxation of patented mining claims by complying with the statutory requirements when a sufficient amount of labor has been done on said claims to qualify for the exemption.

XV.

COVENANT AS TO ADVERSE CLAIMS -
ABSTRACT OF TITLE

Lessor represents and covenants that Lessor is the sole owner of the mining claims covered by this lease, and each of them, except as to those claims in the Scott Lease, and subject to paramount title of the United States.

XVI.

ASSESSMENT WORK

Lessee agrees to do and perform, within the time required bylaw, all annual assessment work and labor necessary to maintain and protect title to any unpatented mining claims and locations covered hereby, and to record proofs of such labor and work as prescribed by Statute. This work must be completed by August 1, of each year.

XVII.

LESSOR'S RIGHT TO INFORMATION

Lessee agrees that Lessor or Lessor's authorized agents shall have access to, and the right to copy any information from geological, metallurgical, drilling, sampling and other data relating to said leased premises, secured by and in the possession of Lessee in connection with his prospecting and development of said premises.

In the event of termination of this agreement for any reason whatsoever, the Lessee agrees to furnish Lessor with copies of all drilling and sampling data,

reports of metallurgical tests, a map accurately showing the development work performed by the Lessee upon the leased premises, and copies of any and all geological maps relating to said leased premises prepared by Lessee.

XVIII.

MAINTENANCE OF PERSONAL PROPERTY

The Lessee shall maintain in good repair, reasonable wear and tear excepted, all of the personal property herein leased, and, upon any termination of this agreement, will return the same or any replacements thereof to Lessor in good working condition. If any leased personal property shall require replacement, such items shall be so replaced at the expense of Lessee. It is understood, however, that Lessee accepts the mill "as is".

XIX.

LESSEE'S RIGHT OF SURRENDER

It is mutually understood and agreed that Lessee may, at any time, surrender and terminate this lease upon giving thirty (30) days notice in writing, paying to Lessor all rents and royalties and other sums due and payable to Lessor to the effective date of such surrender, and complying with the terms of this lease with respect to the preservation and protection of workings upon the leased premises. It being fully understood that any minimum payment made shall not be subject to refund but shall vest and be the property of Lessor.

XX.

FORFEITURE OR TERMINATION

This lease is made upon the condition that Lessee shall perform all of the covenants and agreements herein set forth to be performed by him, and if at any time Lessee shall fail for a period of thirty (30) days to make any monthly payment due hereunder when payable, or if there shall be any other default on the part of the Lessee, and if such other default shall continue for a period of thirty (30) days after written notice of such other default being given to the Lessee, then and in either of said events this lease shall terminate and the leased premises shall revert to the Lessor, and the Lessee shall deliver to the Lessor the said premises. It being understood that time is of the essence as to these terms and as to all terms, conditions, covenants and promises under the terms of this lease. It is understood between the parties hereto, that if any breach is not corrected as above recited this lease and option is automatically terminated and concluded.

XXI.

REMOVAL OF EQUIPMENT AND BUILDINGS

It is mutually understood and agreed that in case of forfeiture, surrender or other termination of this lease, all buildings, underground timbering supports, shaft linings, pipe and other fixtures necessary for the preservation of any mines, and all rails and head frames upon or in the said leased premises shall be and remain a part of the realty and shall revert to the Lessor without further consideration or compensation.

It is further understood and agreed that all personal properties of the Lessee located within the leased premises, and machinery (except that replacing Lessor's machinery) equipment and tools of Lessee (other than the fixtures to become the property of the Lessor as above provided) shall, in case of forfeiture, surrender or other termination of this lease, remain upon the leased premises and be held as a guarantee in lieu of bond until all terms of this lease with respect to payment of royalties and the preservation of the property shall have been complied with. Upon such compliance with and performance of such conditions and obligations, the Lessee shall be entitled to, and may, within ninety (90) days after such termination of this lease, or within such extension of time as may be granted by the Lessor, remove from the leased premises such personal property and improvements, other than those items which are to remain the property of the Lessor as above provided.

XXII.

MANNER OF GIVING NOTICE

Any notice or payment contemplated herein to be served upon the Lessee shall be in writing, and shall be sufficiently given if mailed in the United States Post Office, postage prepaid and certified or registered, addressed to the Lessee at _____, Las Vegas, Nevada, 89101, or such other address as the Lessee may from time to time in writing designate.

Any notice contemplated herein to be served upon the Lessor shall be in writing and shall be sufficiently given if mailed in the United States Post Office, postage prepaid and registered or certified, addressed to the Lessor at Tampiute, Nevada, or such other address as the Lessor may from time to time in writing designate.

Service of notice by mail shall be deemed effective and complete upon date of posting and mailing in accordance herewith.

It is understood and agreed that personal service of notice upon either party shall be deemed sufficient service of notice, and no mailing of notice in the case of personal service shall be necessary.

XXIII.

OPTION TO PURCHASE AND DOWNPAYMENT
ON LEASE AND OPTION

In consideration of the foregoing lease and the expenditures to be made under said lease by Lessee, Lessor hereby grants and extends to Lessee the exclusive right and option to purchase all of the right, title and interest of the Lessor in and to said leased premises for the sum of THREE HUNDRED THOUSAND DOLLARS (\$300,000.00) which includes the purchase price paid by lessee upon the Scott Property, it being understood that if any discount can be obtained from Scott by lessee this will be a credit accruing to the advantage of Lessee. Any discount obtained by Lessor shall accrue to Lessor's advantage. If Lessee can obtain a reduction in purchase price from the Scott Lease to the Templute Mining Company, said reduction will be credited and deducted from the three hundred thousand dollars (\$300,000.00) purchase price of Templute Mining Company. ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500.00) will be paid to the Lessor with the signing of this agreement.

It being fully understood that time is of the essence. The balance to be paid from royalties. Said option must be exercised within ten (10) years of date. All rents and royalties paid on the first ten (10) years of this lease, including those paid on the Scott Lease shall be applied upon the purchase price.

The Lessee may assign this Lease and Option, subject to the written approval of Lessor.

This Lease and Option shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto. Koyen does hereby reserve the house, garage and the right to use water from the water system.

XXIV.

METHOD OF PAYMENT

Payments to be made as hereinabove outlined must be made with certified checks, cashiers checks, or currency of the United States of America.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the day and year first hereinabove writte.

STATE OF NEVADA }
COUNTY OF Clark } ss.
1st of March 1974

On this 1st of March 1974 personally appeared before me, a Notary Public, in and for said County and State Wesley Koyen - President of Templute Mining Company a Nevada Corp.

known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

EDGALEE ANN KISLING
Notary Public—State of Nevada
COUNTY OF CLARK
My Commission Expires March 29, 1978

Edgalee Ann Kisling
Notary Public

L-41 INDIVIDUAL ACKNOWLEDGEMENT

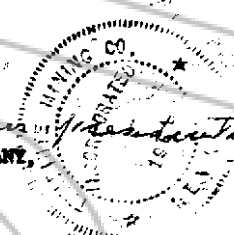
LESSORS:

Wesley Koyen
WESLEY KOYEN, President
TEMPLUTE MINING COMPANY,
Nevada Corp.

A corporation

BY *Wesley Koyen*
WESLEY KOYEN, as an individual

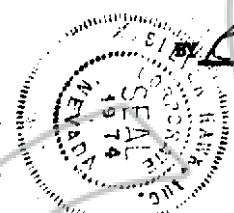
BY *Eva Koyen*
EVA KOYEN, as an individual



ATTES:

BY *Ralph Kisling*
SECRETARY

BY *D. C. Day*
PRESIDENT



STATE OF NEVADA }
COUNTY OF Clark } ss.
1st March 1974

On this 1st March 1974 personally appeared before me, a Notary Public, in and for said County and State D. C. Day - Pres. Ralph Kisling - Sec. of Silver Hawk Inc. a Nevada Corp.

known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

EDGALEE ANN KISLING
Notary Public—State of Nevada
COUNTY OF CLARK
My Commission Expires March 29, 1978

Edgalee Ann Kisling
Notary Public

L-41 INDIVIDUAL ACKNOWLEDGEMENT

STATE OF NEVADA }
COUNTY OF Clark } ss.
11th of March 1974

On this 11th of March 1974 personally appeared before me, a Notary Public, in and for said County and State Eva Koyen

known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that she executed the same freely and voluntarily and for the uses and purposes therein mentioned.

EDGALEE ANN KISLING
Notary Public—State of Nevada
COUNTY OF CLARK
My Commission Expires March 29, 1978

Edgalee Ann Kisling
Notary Public

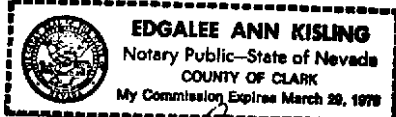
L-41 INDIVIDUAL ACKNOWLEDGEMENT

Lincoln County

STATE OF NEVADA
COUNTY OF Clark

On this 1st of March 1974
personally appeared before me, a Notary Public, in and for said County
and State Wesley Koyan

known to me to be the person described in and who executed the
foregoing instrument, who acknowledged to me that -he- executed
the same freely and voluntarily and for the uses and purposes therein
mentioned.



Edgalee Ann Kising
Notary Public

L-41 INDIVIDUAL ACKNOWLEDGEMENT

Ret. to :

P. C. DAY
P.O. Box 192
ALAMO, NEV. 89001

No. 54162
FILED AND RECORDED AT REQUEST OF
P. C. DAY
APRIL 2, 1974
AT 50 MINUTES PAST 9 O'CLOCK
A.M. IN BOOK 9 OF OFFICIAL
RECORDS, PAGE 546-556 LINCOLN
COUNTY, NEVADA.

Brian R. ...
COUNTY RECORDER