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LEASE OF MINING PROPERTY

THIS AGREEMENT, made this 1st day of July, 1912, by and between ELY VALLEY MINES, INC., a Nevada corporation, hereinafter called "LESSOR," and ARABIAN SHIELD DEVELOPMENT COMPANY, a Texas corporation, hereinafter called "LESSEE,"

WITNESSETH:

WHEREAS, LESSOR owns certain mining property and equipment including an undivided one-half interest in certain real property on which there is a mill building containing various fixtures and equipment; and

WHEREAS, LESSEE desires to lease, to enter upon, explore, develop and produce minerals and mill the same;

NOW, THEREFORE, IT IS AGREED by and between the parties hereto that the said LESSOR, for the sum of TEN DOLLARS (\$10.00), receipt of which is hereby acknowledged, and for the further consideration of the mutual promises made herein, grants to the LESSEE a lease for a period of twenty-five (25) years from date hereof on all of its properties in the Pioche Area, Lincoln County, Nevada.

Said lease shall be upon the following terms and conditions:

1. LESSEE shall have the right to enter upon and take possession of said property, to explore for, develop and produce ores therefrom immediately upon the execution of this lease by each of the parties hereto.

2. LESSEE agrees to pay to LESSOR, on all ore extracted from the above properties:

Ten Percent (10%) of all ores or concentrates produced from said properties and shipped to a smelter, based on the net smelter returns after smelter charges and freight cost on concentrates have been deducted, or

Ten Percent (10%) on all metals produced from said properties and shipped to the United States Mint, based on Mint receipts.

Also ONE DOLLAR (\$1.00) per ton on all ores milled as "custom ores" defined as ores produced elsewhere if milled or benefited or treated in the Pioche Mill, except if such ores are from properties of Ely Valley Mines, Inc., Lessor is to be paid THIRTY-FIVE CENTS (\$.35) per ton.

3. Commencing on the execution of the Lease Agreement, LESSEE shall also pay to the LESSOR a payment per month of not less than \$1000,

and continuing thereafter on the 1st day of each month during the term of this lease.

4. LESSEE agrees that the minimum work on said properties to be done by him includes any assessment work necessary to be done, and such other work as presented to the Board of Directors in the Plan of Operations to be submitted each six months. Such work shall be carried out with due diligence. LESSEE further agrees to complete required assessment work on unpatented claims and to file proper notices regarding same no later than June 1 for each fiscal assessment year.

5. It is further understood and agreed between the parties hereto that this agreement is subject to the following limitations and conditions:

A. All payments made under this agreement shall be made to the place designated by the President or other authorized representative of LESSOR, such designation to be in writing.

B. The LESSEE shall keep good and sufficient books and records relative to material sales, and such books and records shall be available to inspection by LESSOR or its accredited agents upon any working day during the proper working hours. This right to inspect such records is for the purpose of proof of proper principal payments under this contract only. LESSEE is to provide LESSOR with copy of original Settlement Sheets on all ore or concentrates sent to the smelter or other purchasers.

C. LESSOR will provide LESSEE with all engineering and operational data available. LESSOR will be furnished with copies of all maps, reports and operational and engineering data from LESSEE'S operations in the event this lease is terminated and the properties should revert to LESSOR; and in any event LESSOR shall be entitled to such maps, reports and operational and engineering data at the expiration hereof.

D. LESSEE further agrees to pay all state and country taxes, including bullion taxes, if any, that may be levied or assessed against said property after the date of this agreement.

E. Effective as of the date of execution hereof, LESSEE agrees to refrain from creating, permitting or otherwise allowing any encumbrances of any nature whatsoever (except as herein provided) during the life of this Agreement, and to save the LESSOR harmless and free from any liability or responsibility for any damage or injuries to persons or property that might occur in the operation of said mine or

mill premises. LESSEE agrees to maintain general liability insurance in an amount acceptable to LESSOR. LESSEE also agrees to maintain fire insurance on surface building and installations in an amount sufficient to cover the replacement thereof.

F. LESSEE further agrees to at all times during the life of this Agreement, post and keep posted in a conspicuous place or places on said mining properties and mill, notices in writing, reading to the effect that the work of development and mining on said premises, and any improvements thereon, are being done wholly and solely at the expense of said LESSEE, and stating that said LESSOR will not be responsible for any indebtedness for labor, material, or other claims or obligations of whatever nature created or incurred by the said LESSEE in connection with the work and operation of said mining properties or mill; copy of said posted notice to be recorded if provided by law.

G. LESSEE agrees to comply with all federal, state, or local laws or regulations appertaining to mining and the employment of labor and industrial compensation thereof, and to do any necessary annual assessment work that may be required on the property during the life of this Agreement. A timely notice of the completion of said assessment work and the filing of notice of the same as required by law, shall be made by the LESSEE.

H. It is understood and agreed that all written notices provided for in this Agreement to be served upon the respective parties hereto shall be deposited in the United States Mail, postage prepaid, and addressed to the said parties at their respective addresses.

I. LESSOR agrees to include within the terms and conditions of this Agreement, any and all water rights they may possess that are required for the proper operation of the mines and mill.

J. This Agreement shall extend to, bind and be enforceable against the heirs, executors, administrators, and assigns of the respective parties hereto; provided, however, that this paragraph shall not be construed to be a consent to the assignment of this Agreement.

K. LESSEE agrees to maintain the property in as good a condition as taken at the date of the execution hereof, reasonable wear and tear excepted. Mining and milling operations will be carried on by competent engineers, mechanics, and millmen. The LESSEE shall operate the demised properties and equipment in a customary and proper manner, and keep all machinery and equipment in first class working condition.

L. LESSEE understands that LESSOR'S properties may be involved in litigation at the time of the execution hereof; nevertheless, LESSOR shall, at its expense, defend its titles and its right to enter into this Lease Agreement should the validity or legality of either be assailed. Upon its failure or refusal to do so, however, for whatever reason, LESSEE shall have the right to undertake any necessary defense in support of LESSOR'S titles and/or right to enter into this lease; provided, however, that as a condition precedent to LESSEE'S action hereunder, it shall provide a minimum of ten (10) days prior written notice of its intention so to do, and LESSOR shall have the right, during said notice period, to undertake the action or defense in lieu of the LESSEE. The cost of any defense or action assumed by LESSEE pursuant to the terms of this paragraph shall be charged against and deducted from any royalties or payments due LESSOR hereunder.

M. Time is of the essence of this Agreement, and should said LESSEE fail, neglect or refuse to fulfill or comply with any of the terms, covenants or conditions in this Agreement provided for, and for a period of thirty (30) days after written notice of said default has been given to LESSEE by LESSOR as herein provided for, and LESSEE shall continue said failure of performance, this contract shall become null and void and of no further force and effect, and all payments made hereunder shall be retained by the LESSOR as liquidated damages for the use and occupancy of said premises, and as full consideration for which this Agreement is executed, and the LESSEE shall forthwith deliver up to the LESSOR the peaceable possession of said premises and every part thereof.

N. It is further understood and agreed that in the event of the forfeiture, cancellation or surrender of this Agreement as hereinafter mentioned, or upon its natural expiration, all improvements made in or about the said property by the LESSEE and affixed to the realty of the same, shall remain the property of the LESSOR; but all personal property such as machinery, tools, automobiles, trucks or portable equipment purchased by LESSEE, shall be removed therefrom by the LESSEE within sixty (60) days from the date of such forfeiture, cancellation, surrender or expiration.

O. Anything in this Agreement to the contrary notwithstanding, it is hereby understood and agreed that LESSEE may cancel or surrender this lease at any time; provided, however, that as a condition precedent to such cancellation or surrender, LESSEE shall pay the cost of taxes and assessment work for the year in

which such cancellation or surrender shall occur; and further provided that LESSOR'S properties shall be returned in as good a condition as existed on the date of the execution hereof, reasonable wear and tear excepted.

P. Should LESSEE be prevented from complying with any express or implied covenant of this lease by reason of scarcity of or inability to obtain or use labor, water, equipment or material, strikes or differences with workmen, failure of carriers to transport or furnish facilities for transportation, compliance with or obedience to any federal or state law or any regulation, rule or order of any governmental authority, force majeure, weather, act of God, civil strife, riots, war, or circumstances as a result of war or action against the enemy, or any cause whatsoever (other than financial) beyond the control of LESSEE, whether similar to or dissimilar from those enumerated, then while LESSEE is so prevented its obligation to comply with such covenant shall be suspended and LESSEE shall not be liable in damages for failure to comply therewith. If LESSEE is prevented by any of said causes from its operations in exploring, operating, or producing, this lease shall continue in force as if operations were carried on during the time of such prevention.

Q. LESSEE acknowledges having been advised by LESSOR that some of the unpatented designated claims may have to be relocated. Upon demand by LESSEE, LESSOR agrees to properly locate said claims and thereafter promptly make them subject to this lease.

R. This Lease shall be non-assignable in whole or in part, including the rights or obligations contained herein or any part thereof, without the express written consent of both parties hereto.

IN WITNESS WHEREOF, LESSOR has executed this agreement by its officers, thereunto duly authorized and LESSEE has executed this Contract by its officers, thereunto duly authorized, as of the 15th day of July, 1972

LESSOR:

ELY VALLEY MINES, INC

56835

FILED AND RECORDED AT REQUEST OF By

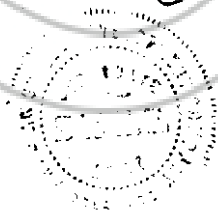
RAYMOND FREE

JUNE 13, 1975

AT 30 MINUTES PAST 2 O'CLOCK
LINCOLN COUNTY, NEVADA RECORDS

Lee A. Laurén
Vice President

Attest: Sam R. Parker
Asst. Secretary



LESSEE:
COUNTY RECORDER

ARABIAN SHIELD DEVELOPMENT COMPANY

By J. A. Coulton
President

Attest: Sam R. Parker
Secretary