

EXTENSION OF MINING LEASE AND OPTION

WHEREAS, on the 14th day of February, 1978, a certain Mining Lease and Option Agreement was made and entered into by and between ANDESITE MINING COMPANY, a Nevada Corporation, as Lessor, and B F Minerals Corporation and HARTER & COMPANY, each organized and existing under the laws of the State of Texas, as Lessee, covering the following described patented mining claims and mining property located and situated in the Eagle Valley Mining District, Lincoln County, Nevada, and described as follows, to-wit:

Snowflake	- U. S. Patent Survey No. 4000
Snowflake No. 2	- U. S. Patent Survey No. 4000
Snowflake No. 3	- U. S. Patent Survey No. 4000
Snowflake No. 4	- U. S. Patent Survey No. 4000
Snowflake No. 5	- U. S. Patent Survey No. 4000
Snowflake No. 10	- U. S. Patent Survey No. 4000

all under Patent No. 369887, dated 12/9/13, United States of America to Mary F. Fowler and John Dern, said Patent being recorded in Book B-1, page 57 of the Mining Deed Records of Lincoln County, Nevada, and

Winner No. 2	- U. S. Patent Survey No. 4281, Patent No. 928962, dated 1/12/24, United States of America to Arch McNeill and Milton Damron, said Patent being recorded in Book C-1 page 218 of the Mining Records of Lincoln County, Nevada.
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Together with all appurtenances and water and water rights.

Said Mining Lease and Option Agreement being of record in Book 26, Page 489 of the Mining Deed Records of Lincoln County, Nevada, to which record reference is here made for all purposes, and a copy of said Mining Lease and Option Agreement is here attached and marked Exhibit "A" and made a part hereof for all purposes, and

WHEREAS, on the 5th day of January, 1979, the aforesaid Mining Lease and Option Agreement was assigned and quitclaimed by the said B F MINERALS CORPORATION and HARTER & COMPANY to one certain Joint Venture Agreement, known as the SNOWFLAKE JOINT VENTURE of Dallas, Dallas County, Texas, a copy of which assignment is here attached and marked Exhibit "B" and made a part hereof for all purposes, said Assignment and Quitclaim being of record in Book 28, Page 538 of the official records of Lincoln County, Nevada to which record reference is here made for all purposes, and

WHEREAS, pursuant to paragraph III of the Mining Lease and Option set forth above, the Assignees have, as of August 1, 1987, made all payments timely to ANDESITE MINING COMPANY in the total sum of \$100,000.00 Dollars, and have fully complied with all the terms and conditions of the said Mining Lease and Option Agreement, having expended some \$800,000.00 Dollars to date on the properties covered by the said Mining Lease and Option Agreement, and after crediting the payments heretofore made pursuant to paragraph III of said Mining Lease, would owe an additional \$200,000.00 payment in exercise of said Option Agreement as of the present date, and

WHEREAS, due to economic factors and varying conditions, the parties hereto are desirous of entering into an extension of the Mining Lease and Option Agreement due to expire under date January 31, 1988, for a period of five (5) years commencing February 1, 1988, and ending January 31, 1993, subject to the following terms and conditions as are hereinafter set forth:

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valueable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree, bind and obligate themselves to extend the subject Mining Lease and Option Agreement for a period of five (5) years from and after February 1, 1988 through January 31, 1993, subject to the following terms and conditions:

1. The term set out in Paragraph II of the subject Mining Lease and Option Agreement is hereby amended to read: "Said Lease is for a term of fifteen (15) years, commencing February 1, 1978 to and including January 31, 1993."

2. SNOWFLAKE JOINT VENTURE, as Lessee(assignee) agrees to pay Lessor as rent for the lease of said mining properties, payable at the office of Lessor, its successors or assigns, strictly within the following times, as follows:

\$5,000.00 or more on the 1st day of February, 1988;  
\$5,000.00 or more on the 1st day of August, 1988;  
\$5,000.00 or more on the 1st day of February, 1989;  
\$5,000.00 or more and similar semi-annual rental payments each year thereafter throughout the term of said lease, as extended herein.

As additional rental, Lessee (assignee) agrees to pay Lessor a royalty of eight percent (8%) of the net mill or smelter returns of all ores mined and shipped from said mining properties.

3. Paragraph No's. IV, V, VI, VII, VIII, IX and XI of the subject Mining Lease and Option Agreement remain the same and are here incorporated by reference the same as if set out herein in verbatim.

4. Paragraph No. X of the subject Mining Lease and Option Agreement is hereby altered, amended and changed to read as follows:

OPTION

10.1 For value received, Lessor hereby gives and grants to Lessee (assignee) the exclusive right and option to purchase said leased premises for \$250,000.00 Dollars (Balance of \$200,000.00 on the initial \$300,000.00 as of August 1, 1988 plus the agreed upon additional and added \$50,000.00 Dollars as consideration for the extension of the term for a five (5) year period) at any time on or prior to January 31, 1993, provided, at the exercise of said Option, said lease is in full force and effect, and, provided further, all rental and royalty payments paid by Lessee pursuant to paragraph No. 2 hereinabove shall apply to and reduce the purchase price accordingly.

10.2 The Lessor, on receiving said sum of \$250,000.00 (a sum in addition to the \$100,000.00 heretofore received), agrees to execute and deliver to the Lessee or assigns, a good and sufficient mining deed conveying title to the above described premises free and clear of all encumbrances, except as may have accrued by or through the acts or neglect of the Lessee.

5. Paragraph No. XII of the subject Mining Lease and Option Agreement is hereby altered and changed to read as follows:

12.1 All notices required to be given herein shall be by United States Mail, certified and postage prepaid, if to the Lessor addressed to Willard F. Snyder, P. O. Box 303, Tabor, New Jersey 07878; and if to the Lessee (assignee) if addressed to C. C. Harter, Jr., 10830 N. Central Expressway, Suite 175, Dallas, Texas 75231.

6. The effective date of this Agreement shall be August 1, 1987.

IN WITNESS WHEREOF, the parties have caused this extension of Mining Lease and Option Agreement to be executed the day and year appearing by their respective signatures.

ATTEST:

Sylvia E. Johnson  
SECRETARY

DATED: 8-10-87

WITNESS:

Bonette Jones

DATED: 8-14-87

ANDESITE MINING COMPANY

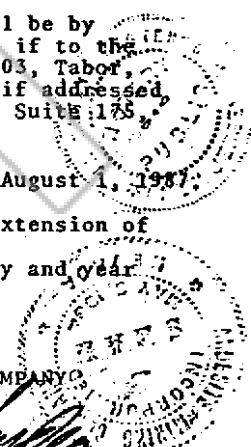
BY: Willard F. Snyder  
WILLARD F. SNYDER, PRESIDENT

"LESSOR"

SNOWFLAKE JOINT VENTURE

BY: Jim B. Waterfield  
JIM B. WATERFIELD, AUTHORIZED AGENT

"LESSEE"



*And*

STATE OF NEW JERSEY }  
COUNTY OF Morris }

On this 7<sup>th</sup> day of August, 1987, personally appeared before me, a notary public in and for said State and County, WILLARD F. SNYDER, known to me to be the President of ANDESITE MINING COMPANY, the corporation that executed the foregoing instrument, and upon oath did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation and the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instruments were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

VALENTINA KOSTENKO  
Notary Public in and for the State of New Jersey  
My Commission Expires Dec. 15, 1988

Valentina Kostenko  
NOTARY PUBLIC IN AND FOR  
Morris COUNTY, NEW JERSEY



MY COMMISSION EXPIRES:  
\_\_\_\_\_

STATE OF TEXAS }  
COUNTY OF HEMPHILL }

BEFORE ME, the undersigned authority, a Notary Public, in and for said State and County, on this day personally appeared JIM B. WATERFIELD, known to me to be the person whose name is subscribed to the foregoing instrument as agent and attorney in fact of SNOWFLAKE JOINT VENTURE, the party thereto, and acknowledged to me that he executed the same as agent and attorney in fact for the said SNOWFLAKE JOINT VENTURE, a joint venture, and that the said SNOWFLAKE JOINT VENTURE executed the same by and through him, for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICER, this 19<sup>th</sup> day of August,

1987  
NOTARY PUBLIC  
MY COMMISSION EXPIRES:  
12-20-88  
OF TEXAS

Bonetta Dues  
NOTARY PUBLIC IN AND FOR  
THE STATE OF TEXAS

*And*

EXHIBIT "A"

MINING LEASE AND OPTION

THIS AGREEMENT, made and entered into in duplicate this 14th day of February, 1978, by and between ANDESITE MINING COMPANY, A Nevada Corporation, Party of the First Part (hereinafter designated as the "Lessor"), and B.F. MINERALS CORPORATION and HARTER & COMPANY, each organized and existing under the laws of Texas, Parties of the Second Part, (hereinafter designated as the "Lessee");

W I T N E S S E T H :

I

GRANT

1.1. Lessor, for and in consideration of the rents, royalties, covenants and agreements hereinafter mentioned and reserved to be paid, kept and performed by the Lessee, has demised, leased and let, and by these presents does hereby demise, lease and let unto Lessee all those certain patented mining claims named in 1.2.

1.2. The patented mining claims and mining property are situate in the Eagle Valley Mining District, Lincoln County, Nevada, and described as follows to wit:

Winner	No. 2	-	U.S. Patent Survey No. 4281
Snowflake	No. 1	-	U.S. Patent Survey No. 4000
Snowflake	No. 2	-	U.S. Patent Survey No. 4000
Snowflake	No. 3	-	U.S. Patent Survey No. 4000
Snowflake	No. 4	-	U.S. Patent Survey No. 4000
Snowflake	No. 5	-	U.S. Patent Survey No. 4000
Snowflake	No. 10	-	U.S. Patent Survey No. 4000

Together with all appurtenances and water and water rights.

II

TERM

2.1. Said lease is for a term of ten (10) years, commencing February 1, 1978 to and including January 31, 1988.

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III

RENTAL

3.1. Lessee agrees to pay Lessor as rent for the lease of said mining properties, payable at the office of Lessor, its successors or assigns, strictly within the following times, as follows:

\$7,500.00 upon the execution of this Lease;

\$2,500.00 or more on the 1st day of August, 1978;

\$5,000.00 or more on the 1st day of February, 1979;

\$5,000.00 or more on the 1st day of August, 1979;

\$5,000.00 or more and similar semi-annual rental payments each year thereafter throughout the term of said Lease.

3.2. As additional rental, Lessee agrees to pay Lessor a royalty of eight percent (8%) of the net mill or smelter returns of all ores mined and shipped from said mining properties.

IV

ANNUAL ASSESSMENT WORK

4.1. The Lessee agrees to take immediate possession of said mining claims and to perform the annual assessment work required by the laws of Nevada on the patented mining claims described here in 1.2 throughout the terms of this agreement.

V

ROYALTY

5.1. The net mill or smelter return described above in 3.2 is herein defined as the gross returns, less freight, trucking, treatment, assaying and sampling charges, payments to be made on the 15th day of each calendar month to cover the previous month's production, each payment to be accompanied by copies of return sheets, and payable directly to Seller by mill or smelter.

VI

OBLIGATIONS OF LESSEE

6.1. Throughout the life of this Agreement, Lessee hereby agrees with Lessor as follows:

6.01. Lessee shall be solely responsible for all labor, materials, supplies and equipment furnished for its mining operation, and shall keep the mining properties and claims free and clear of encumbrances and mechanics' liens.

6.02. Lessee will at all times herein secure adequate workman's compensation insurance and will indemnify and save harmless Lessor of and from all liability, cost and expense that may arise out of damage or injury to persons or property occurring in the operations of Lessee under this Agreement, and will notify Lessor promptly of the commencement of any suit or hearing involving the mining claims or properties.

6.03. Lessee will keep posted in conspicuous places on said premises notices to inform all parties having interest therein of the obligation of Lessee under 6.01 and 6.02 herein, and will comply with the laws of Nevada with respect to posting and recording said notices.

6.04. During the life of this Agreement, Lessee will pay the general taxes on the patented mining claims described in 1.2 above, and will pay promptly when due all other taxes which may attach or accrue in the operations of said mining premises.

6.05. Lessee will permit Lessor or its agents at all reasonable times to enter upon and into the mining premises for the purpose of inspection.

6.06. All work done by Lessee during the life of this Agreement shall be in a good miner-like fashion so as to develop and mine as much ore as practicable, properly securing the ground wherever necessary and with a view to the preservation of said mining premises for future mining operations.

*Ind*

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VII

DEFAULT

7.1. In the event of a failure to comply with the terms hereof by the Lessee, or upon failure of the Lessee to make any rent payment when the same shall become due, or within thirty (30) days thereafter, Lessor at its option, shall have the right, upon failure of the Lessee to remedy the default within five (5) days after written notice, to terminate this lease and re-enter the leased premises, all rights of Lessee hereunder shall cease and terminate, and Lessor may retain all rental payments and royalty payments as and for reasonable rental for the use of the mining properties by Lessee, and for liquidated damages.

VIII

BANKRUPTCY OF LESSEE

8.1. In the event that Lessee shall become insolvent during the term of this lease, or in the event of the appointment of a receiver of Lessee's effects, or in the event that Lessee shall be adjudicated bankrupt, Lessor reserve the privilege to forthwith cancel and terminate this lease and may enter upon and take possession of said leased premises and every part thereof, in which event all rights of Lessee herein shall cease and terminate.

IX

COSTS AND ATTORNEY FEES

9.1. The Lessee and Lessor each agree that should they default in any of the covenants or agreements contained herein, that the defaulting party shall pay all costs and expenses, including a reasonable attorney's fee, which may arise or accrue from enforcing this Agreement, or in obtaining possession of the mining premises covered hereby, or in pursuing any remedy provided hereunder or by the statutes of the State of Nevada, whether such remedy is pursued by filing a suit or otherwise.



X

OPTION

10.1. For value received, Lessor hereby gives and grants to Lessee the exclusive right and option to purchase said leased premises for \$300,000.00 at any time on or prior to January 31, 1988, provided, at the exercise of said option, said lease is in full force and effect, and, provided further, all rental and royalty payments paid by Lessee pursuant to 3.1 and 3.2 shall apply to and reduce the purchase price accordingly.

10.2. The Lessor, on receiving said sum of Three Hundred Thousand Dollars (\$300,000.00), agrees to execute and deliver to the Lessee or assigns, a good and sufficient mining deed conveying title to the above described premises free and clear of all encumbrances, except as may have accrued by or through the acts or neglect of the Lessee.

XI

RATIFICATION AND APPROVAL OF AGREEMENT

11.1. This Agreement, and all its terms and conditions, has been authorized, ratified, and approved by the Board of Directors, at a special meeting called for that purpose, at which a quorum was present and acted throughout, and by more than 75% of the outstanding stock of the company.

XII

NOTICES

12.1. All notices required to be given herein shall be by United States Mail, certified and postage prepaid, if to the Lessor addressed to Apt. 102, 135 South 3rd East, Salt Lake City, Utah, 84111; and if to the Lessee, addressed to 900 Mercantile Commerce Building, Dallas, Texas, 75201.

IN WITNESS WHEREOF, the parties have caused this Lease Agreement to be executed the day and year first above written by their duly authorized officers.

ATTEST:

Lyle B. Kester  
Secretary

ANDESITE MINING COMPANY

By: Guy J. Juedel  
President  
LESSOR

*And*

B.F. MINERALS CORPORATION

ATTEST:

Dorothy R. Fatta  
Secretary

By: William D. Fatta  
President

HARTER & COMPANY

ATTEST:

Mark P. Harter  
Secretary

By: [Signature]  
President

LESSEE

STATE OF UTAH )  
                  ) ss.  
COUNTY OF SALT LAKE)

On this 14th day of February, 1978, personally appeared before me, a notary public in and for Salt Lake County, GUY SNYDER, known to me to be the President of ANDESITE MINING COMPANY, the corporation that executed the foregoing instrument, and upon oath did depose that he is the officer of said corporation as as above designated; that he is acquainted with the seal of said corporation and the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instruments were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

Judy Bell  
Notary Public  
Residing at Salt Lake City, Utah

My Commission Expires:  
12/4/79

EXHIBIT "B"

ASSIGNMENT AND QUITCLAIM

WHEREAS, on the 14th day of February, 1978, a certain Mining Lease and Option Agreement was made and entered into by and between ANDESITE MINING COMPANY, a Nevada corporation, as Lessor, and B F Minerals Corporation and HARTER & COMPANY, each organized and existing under the laws of the State of Texas, as Lessee covering the following described patented mining claims and mining property located and situated in the Eagle Valley Mining District, Lincoln County, Nevada, and described as follows, to-wit:

- Snowflake - U. S. Patent Survey No. 4000
- Snowflake No. 2 - U. S. Patent Survey No. 4000
- Snowflake No. 3 - U. S. Patent Survey No. 4000
- Snowflake No. 4 - U. S. Patent Survey No. 4000
- Snowflake No. 5 - U. S. Patent Survey No. 4000
- Snowflake No. 10 - U. S. Patent Survey No. 4000

all under Patent No. 369887, dated 12-9-13, United States of America to Mary F. Fowler and John Dern, said Patent being recorded in Book B-1, page 57 of the Mining Deed Records of Lincoln County, Nevada, and

- Winner No. 2 - U. S. Patent Survey No. 4281, Patent No. 928962, dated 1-12-24, United States of America to Arch McNeill and Milton Damron, said Patent being recorded in Book C-1, page 118 of the Mining Records of Lincoln County, Nevada.

Together with all appurtenances and water and water rights.

Said Mining Lease and Option Agreement being of record in Book 26, Page 489 of the Mining Deed Records of Lincoln County, Nevada, to which record reference is here made for all purposes.

WHEREAS, the said Mining Lease and Option Agreement and all rights thereunder or incident thereto are now owned by B. F MINERALS CORPORATION and HARTER & COMPANY, both Texas corporations.

NOW, THEREFORE, in consideration of Ten Dollars ( \$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in conformity to one certain Joint Venture Agreement, known as the SNOWFLAKE JOINT VENTURE, with its effective date being January 1, 1979, the undersigned, the present owners and holders of said Mining Lease and Option Agreement and all rights thereunder or incident thereto, do hereby bargain, sell, transfer, assign, convey and quitclaim all their rights, titles and interests that they had, have or might have as original Lessee and present owner in and to said Mining Lease and Option Agreement and rights thereunder, insofar as it covers all of the above described patented mining claims and mining property, together with all dips, spurs, and angles, and also all of the

X DOCUMENTARY TRANSFER TAX \$ 3.85  
X *[Signature]*

BOOK 91 PAGE 443

*[Handwritten mark]*

Lincoln County

metals, ores, gold and silver-bearing quartz, all other minerals, precious or otherwise, rock and earth therein, all rights, privileges and franchises thereto incident, appendant or appurtenant, or therewith usually had and enjoyed, and also all and singular, the tenements, hereditaments and appurtenances thereu to belonging, or in anywise appertaining, and the rents, issues and profits thereof and therefrom unto

B F MINERALS CORPORATION, HARTER & COMPANY, PRE-FEEDERS INC, and F. H. MCQUIDDY, comprising the Members of the Joint Venture known as the SNOWFLAKE JOINT VENTURE, said Assignment and Quitclaim being in favor of the said Joint Venture.

It is specifically provided herein, however, that the assignment and Quitclaim is made subject to all of the terms, provisions and conditions of the hereinabove referred to Mining Lease and Option Agreement, dated February 14, 1978, entered into by and between ANDESITE MINING COMPANY, as Lessor and Optionor to B F MINERALS CORPORATION and HARTER & COMPANY, as Lessee and Optionee, and this assignment and quitclaim is further made subject to all of the terms, conditions, and provisions, obligations, duties and liabilities set forth in the Articles of Agreement of the Assignee herein, SNOWFLAKE JOINT VENTURE of Dallas, Dallas County, Texas, and both of said instruments are here incorporated herein by reference for all purposes, the same as if set out herein in verbatim.

And for the same considerations, the undersigned for themselves, their heirs, successors and assigns, do covenant with the ASSIGNEE, its heirs, successors or assigns that B F MINERALS CORPORATION, a Texas corporation and HARTER & COMPANY, a Texas corporation, as ASSIGNOR herein, are the lawful owners of said Mining Lease and Option Agreement and rights and interest thereunder; that the undersigned have good right and authority to sell and convey the same, and that said rights, privileges, interests and property are free and clear from all liens and encumbrances, and that all rentals and royalties due and payable thereunder have been duly paid.

IN WITNESS WHEREOF, the undersigned owners and Assignors have signed and sealed this instrument of Assignment and Quitclaim this the 5th day of January, 1979.

ATTEST:

Beverly R. Folta  
SECRETARY

B F MINERALS CORPORATION

BY: William D. Folta  
WILLIAM D. FOLTA, PRESIDENT

ATTEST:

Maef Harter  
SECRETARY

HARTER & COMPANY

BY: C.C. Harter, Jr.  
C.C. HARTER, JR., PRESIDENT

Und

STATE OF TEXAS |

COUNTY OF DALLAS |

BEFORE ME, the undersigned authority, a Notary Public in and for said county and State, on this day personally appeared C. C. HARTER, JR., known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said HARTER & COMPANY, a Texas corporation, and that he executed the same as the act of such corporation, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 5th day of January, 1979.

*Mary Brachmidge*  
NOTARY PUBLIC IN AND FOR  
DALLAS COUNTY, TEXAS

MY COMMISSION EXPIRES:

6-30-80

STATE OF TEXAS |

COUNTY OF DALLAS |

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared WILLIAM D. FOLTA, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said B F MINERALS CORPORATION, a Texas corporation, and that he executed the same as the act of such corporation, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 5th day of January, 1979.

*Mary Brachmidge*  
NOTARY PUBLIC IN AND FOR  
DALLAS COUNTY, TEXAS.

MY COMMISSION EXPIRES:

6-30-80

No. 094621  
FILED AND RECORDED AT REQUEST OF  
Harry M. Revenger  
20 July 1979  
AT 40 MINUTES PAST 1 O'CLOCK  
P. M. IN BOOK 91 OF OFFICIAL  
RECORDS, PAGE 433 LINCOLN  
COUNTY, NEVADA.  
*Frank C. Hulse*  
FRANK C. HULSE COUNTY RECORDER

PAGE THREE

No. 63582  
FILED AND RECORDED AT REQUEST OF  
H. M. Revenger  
January 22, 1979  
AT 1 MINUTES PAST 9 O'CLOCK  
A. M. IN BOOK 28 OF OFFICIAL  
RECORDS, PAGE 538 LINCOLN  
COUNTY, NEVADA.  
*Charles L. Lee*  
COUNTY RECORDER

BOOK 91 PAGE 445

*Jud*