CONTACT INFORMATION
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Arizona Geological Survey
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DMEA Ltd.
Mineral Exploration Advice

Ben F. Dickerson III
Registered & Certified Geologist
Carole A. O'Brien
Geologist & Associate

4203 N. Brown Avenue, Suite F
Scottsdale, AZ 85251
(602) 945-4630

July 9, 1984

Larry W. Beal
President
V.M.P.,Inc.
Wickenburg, AZ 85358

Re: Proposal for Vulture
Mine Property

Dear Mr. Beal:

This letter will confirm our proposal, authorized by Mr. Anthony F. Budge, for him to enter into an option to lease, explore and develop the Vulture Mine properties. Terms of this proposal are as follows:

a) term of agreement: one year minimum, with option to extend for a second year;

b) $5,000 (6,000) per month advance royalty, payable 3 months in advance; due ~~July 1; October 1; January 1; April 1;~~ starting June 1, 1984

c) production royalty of 6% ~~(straight)~~; 6 to 12, progressive

d) a $35,000 minimum work commitment during the option period.

under $400 6%
400-600 7%
601-800 9%
801-1000 9%
1001-1200 10%
1201-1400 11%
over 1401 12%

In addition, arrangements will be made to pay the Osborne brothers a one time voluntary payment of $3,000 each for the period February 1 to June 30, 1984; plus $750 per month each during the term of this agreement; plus $8.00 per hour for any exploration related work.

We will also arrange to supply them with appropriate amounts of fuel during this period, subject to an evaluation of their fuel requirements and possible rearrangement of the present generating facilities. Mr. Budge will also consider refurbishing the water well and pumping system.

cont'd...

Any arrangement will have to be wrapped up in a legal instrument containing the usual "boiler plate" clauses.

If you have any questions, please contact us at your early convenience.

Very truly yours,

Ben F. Dickerson III

BFD:ca
cc: A.F. Budge
J.C. Lacy

DECONCINI MCDONALD BRAMMER YETWIN & LACY, P.C.
ATTORNEYS AT LAW

EVO DECONCINI
J. WM. BRAMMER, JR.
JOHN C. LACY
WILLIAM B. HANSON
JOHN C. RICHARDSON
MICHAEL A. GRAHAM
SPENCER A. SMITH
DEBORAH OSERAN
DENISE M. BAINTON
DIANE M. MILLER

JOHN R. McDONALD
RICHARD M. YETWIN
ROBERT M. STRUSE
DOUGLAS G. ZIMMERMAN
DAVID C. ANSON
JAMES A. JUTRY
GARY L. LASSEN
MICHAEL R. URMAN
NANCY DARU YAELI
VIRGINIA BARKLOW

240 NORTH STONE AVENUE
TUCSON, ARIZONA 85701-1295
(602) 623-3411

PHOENIX OFFICE
4041 NORTH CENTRAL AVENUE
SUITE 640
PHOENIX, ARIZONA 85012-3398
(602) 248-0036

DINO DECONCINI
OF COUNSEL

January 4, 1985

RECEIVED JAN 5 1985

Mr. Ben F. Dickerson III
4203 North Brown Avenue
Scottsdale, AZ 85251

Dear Ben:

I have enclosed revised Consulting Agreements for your use in formalizing your arrangements with Mr. Budge as well as a form for your general use. The general form has been expanded to allow for the possibility of acquisition rights in other states.

Very truly yours,

John C. Lacy

crc
Enclosures

DeCONCINI McDONALD BRAMMER YETWIN & LACY, P. C.
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DAVID C. ANSON
MICHAEL A. GRAHAM *
NORMAN H. KOTLER *
JAMES A. JUTRY
SPENCER A. SMITH
GARY L. LASSEN *
DEBORAH OSERAN
MICHAEL R. URMAN

*PHOENIX OFFICE

DINO DeCONCINI
OF COUNSEL

August 8, 1984

RECEIVED AUG 10 1984

Ms. Carole O'Brien
DMEA, Ltd.
4203 North Brown Avenue
Suite F
Scottsdale, Arizona 85251

Re: Vulture Mine

Dear Carole:

I have enclosed a form of an Option and Lease Agreement between V.M.P., Inc. and A.F. Budge (Mining), Ltd. that has been revised pursuant to our discussion. Please call if you have any comments or requested changes.

Very truly yours,

John C. Lacy

JCL:jk

Enc.

DECONCINI MCDONALD BRAMMER YETWIN & LACY, P.C.
ATTORNEYS AT LAW

EVO DECONCINI
J. WM. BRAMMER, JR.
JOHN C. LACY
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NEIL J. KONIGSBERG

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(602) 248-0036

DINO DECONCINI
OF COUNSEL

March 18, 1985

RECEIVED MAR 19 1985

Mr. Ben F. Dickerson, III
DMEA Ltd.
7340 East Shoeman Lane
Suite 11 "B"(E)
Scottsdale, Arizona 85251

Dear Ben:

Pursuant to your letter of March 11, 1985, I have enclosed three copies each of two separate proposals for modifications of the agreement between Tony Budge and Larry Beal. For your convenience, I have coded the forms as JCL(1) as the first variation and JCL(2) as a variation that only deducts a percentage of the advance minimum royalties from production royalties.

The existing language does not allow for any deduction of the option payments from production royalties but only applies that provision to advance minimum royalties after exercise of the option.

Please note also that I did not change A.F. Budge (Mining) Ltd. to A.F. Budge (Overseas) Ltd. out of fear of confusing Mr. Beal. It strikes me that the lessor will be changed anyway after exercise of the option and a domestic corporate entity is established for Mr. Budge.

Please let me know if you want me to make any additional changes.

Very truly yours,

John C. Lacy

jk

Enc.

03-18-85
JCL(2)

FIRST AMENDMENT TO OPTION AND LEASE AGREEMENT

BY THIS FIRST AMENDMENT TO OPTION AND LEASE AGREEMENT

effective February 1, 1985,

by and between V. M. P., Inc., an Arizona corporation, whose address is Box 20202, Wickenburg, Arizona 85358 ("Lessor" herein),

and

A. F. BUDGE (MINING) LIMITED, a registered corporation under the laws of England, whose address is West Carr Road, Retford, Nottinghamshire, England DN22 7SW ("Budge"),

the Lessor and Budge, in consideration of mutual promises and obligations, have modified their Option and Lease Agreement entered into effective July 1, 1984 (the "Agreement"), as follows:

1. Term

The provisions of Section 3 of the Agreement are hereby deleted and the following substituted therefor:

Unless sooner terminated under the termination provisions hereinafter contained, the term of the option shall be for one year but may be further extended for an additional year by Budge. Thereafter, if the option is exercised, this Agreement shall be for a term that shall remain in force for so long as Budge makes the payments specified in subsections a or b of Section 4 and performs annual work as required by subsection f(1) of Section 6.

2. Payments to Lessor

The existing language of subsections a and b of Section 4 of the Agreement are hereby deleted and the following language substituted and a new subsection g is added as follows:

a. Option Payments - Budge shall pay Lessor Six Thousand Five Hundred Dollars ($6,500.00) per month in order to keep its option to lease in full force and effect. Such payment shall be payable monthly in advance on or before the first day of the month.

b. Advance Minimum Royalty - At such time as Budge exercises its option to lease the Property, Budge shall thereafter pay Lessor an Advance Minimum Royalty based on the average Handy and Harmon quoted buying price for industrial gold bullion for the three-month period preceding the due date of the applicable payment as published in Metals Week. The amount payable shall be calculated based on the following scale:

H&H Price/Ounce	Monthly Payment
Less than $266.99	$2,500.00
$267.00 to $299.99	$3,000.00
$300.00 to $333.99	$3,500.00
$334.00 to $366.99	$4,000.00
$367.00 to $399.99	$4,500.00
$400.00 to $433.99	$5,000.00
$434.00 to $466.99	$5,500.00
$467.00 and above	$6,000.00

Such Advance Minimum Royalty payments shall be payable monthly in advance on or before the first day of the month. _____ percent (____%) of all Advance Minimum Royalties paid under this provision shall be a credit insofar as they will go toward any monies due Lessor under the provisions of subsection c of this Section 4.

g. Production Bonus - If Budge elects to commence mineral production on the Property, Lessor shall be paid a bonus of Seventy-Five Thousand Dollars ($75,000.00). The decision to commence production shall occur when Budge commits to the expenditure of funds for a full-scale development of the Property based on the conclusions of a feasibility study and shall not include a pilot plant, bulk sampling or other large volume metallurgical or mine testing. The production bonus shall be paid on or before thirty (30) days after announcement of the decision to commence production to Budge's stockholders.

3. Termination

The provisions of subsection b of Section 8 are hereby modified to eliminate the requirement of sixty days' notice for termination by Budge. The effective date of any termination shall be upon the giving of notice as provided by Section 9, subject specifically however, to the obligation to perform assessment work if the Agreement is terminated after July 1 of any year.

4. Notice

The address for duplicate notices to Budge is hereby changed to DMEA Ltd., 7340 E. Shoeman Lane, Suite 111 "B"(E), Scottsdale, Arizona 85251.

5. Ratification

Except as specifically modified herein, the Option and Lease Agreement remains in full force and effect.

SIGNED, effective as of the date recited above.

LESSOR:	BUDGE:
V. M. P., INC.	A. F. BUDGE (MINING) LIMITED
By_____	By_____
Larry W. Beal, President	A. F. Budge, Chairman

UNITED KINGDOM)
) ss.
)

Before me, the undersigned officer, personally appeared A. F. Budge, known to me to be the Chairman of A. F. Budge (Mining) Limited, a registered corporation under the laws of England, this _____ day of _____, 1985, and acknowledged that he executed the foregoing document for and on behalf of the corporation with full authority to do so.

_____
Title:

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this _____ day of March, 1985, by Larry W. Beal, the President of V. M. P., Inc., an Arizona corporation, for and on behalf of the corporation.

My commission expires: _____
_____ Notary Public

3,5-56

03-18-85
JCL(1)

FIRST AMENDMENT TO OPTION AND LEASE AGREEMENT

BY THIS FIRST AMENDMENT TO OPTION AND LEASE AGREEMENT

effective February 1, 1985,

by and between V. M. P., Inc., an Arizona corporation, whose address is Box 20202, Wickenburg, Arizona 85358 ("Lessor" herein),

and

A. F. BUDGE (MINING) LIMITED, a registered corporation under the laws of England, whose address is West Carr Road, Retford, Nottinghamshire, England DN22 7SW ("Budge"),

the Lessor and Budge, in consideration of mutual promises and obligations, have modified their Option and Lease Agreement entered into effective July 1, 1984 (the "Agreement"), as follows:

1. Term

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Unless sooner terminated under the termination provisions hereinafter contained, the term of the option shall be for one year but may be further extended for an additional year by Budge. Thereafter, if the option is exercised, this Agreement shall be for a term that shall remain in force for so long as Budge makes the payments specified in subsections a or b of Section 4 and performs annual work as required by subsection f(1) of Section 6.

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The existing language of subsections a and b of Section 4 of the Agreement are hereby deleted and the following language substituted and a new subsection g is added as follows:

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$400.00 to $433.99	$5,000.00
$434.00 to $466.99	$5,500.00
$467.00 and above	$6,000.00

Such Advance Minimum Royalty payments shall be payable monthly in advance on or before the first day of the month and shall be a credit insofar as they will go toward any monies due Lessor under the provisions of subsection c of this Section 4.

g. Production Bonus - If Budge elects to commence mineral production on the Property, Lessor shall be paid a bonus of Seventy-Five Thousand Dollars ($75,000.00). The decision to commence production shall occur when Budge commits to the expenditure of funds for a full-scale development of the Property based on the conclusions of a feasibility study and shall not include a pilot plant, bulk sampling or other large volume metallurgical or mine testing. The production bonus shall be paid on or before thirty (30) days after announcement of the decision to commence production to Budge's stockholders.

3. Termination

The provisions of subsection b of Section 8 are hereby modified to eliminate the requirement of sixty days' notice for termination by Budge. The effective date of any termination shall be upon the giving of notice as provided by Section 9, subject specifically however, to the obligation to perform assessment work if the Agreement is terminated after July 1 of any year.

4. Notice

The address for duplicate notices to Budge is hereby changed to DMEA Ltd., 7340 E. Shoeman Lane, Suite 111 "B"(E), Scottsdale, Arizona 85251.

5. Ratification

Except as specifically modified herein, the Option and Lease Agreement remains in full force and effect.

SIGNED, effective as of the date recited above.

LESSOR:	BUDGE:
V. M. P., INC.	A. F. BUDGE (MINING) LIMITED
By_____ Larry W. Beal, President	By_____ A. F. Budge, Chairman

UNITED KINGDOM)
) ss.
)

Before me, the undersigned officer, personally appeared A. F. Budge, known to me to be the Chairman of A. F. Budge (Mining) Limited, a registered corporation under the laws of England, this _____ day of _____, 1985, and acknowledged that he executed the foregoing document for and on behalf of the corporation with full authority to do so.

_____
Title:

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this _____ day of March, 1985, by Larry W. Beal, the President of V. M. P., Inc., an Arizona corporation, for and on behalf of the corporation.

_____
Notary Public

My commission expires:

_____

3,5-26

V.M.P., Inc.
Wickenburg, Arizona 85358

July 31, 1984

Ben Dickerson
DMEA Limited
4203 N. Brown Ave
Scottsdale, AZ 85251

RECEIVED AUG 3 1984

RE: Contract Proposal

Dear Mr. Dickerson,

Please find enclosed the copy of the contract which I received in your office. I, have marked and made notations on the copy and these changes will be necessary in order to finalize this agreement.

All of this could of been avoided if you had taken my suggestion in using the Pegasus' Lease as a guideline, However, you elected to completely ignore my suggestion. In reviewing this lease, I find that it is very onesided and very little consideration given to the Lessor. Perhaps this is the way of doing business in England, However, I find it quite offensive. I'm quite sure that absolutely no thought was given to the preparation of the document that was handed to me. It must have been copied verbatim out of some text book...Not even the terms and amounts were correct.

You had informed me that Mr. Budge was a man of Personal Conviction and Involvement. This agreement certainly does not indicate this to be the case. The personal attitude , and arrangements that we discussed and agreed upon in your office, were certainly not expressed anywhere in the document.

It is hoped that some arrangement can be reached, however, if this document represents the attitude of Mr. Budge and yourselves then I am very doubtful about reaching any satisfactory agreement. The following parts of the Document have been marked and notes made:

(1) Page 2 2-b-4

(2) Page 3 2-b-5

(3) Page 3 Term

(4) Page 3 4-a

(5) Page 3 (b) Option Payment not to be considered Royalty Payment. Advance Minimum Royalty starts when Production starts.

(6) Page 4 (c) Net Smelter Returns.

V.M.P., Inc.
Wickenburg, Arizona 85358

(7)	Page 4	c-1 & c-2	Net Smelter Return shall mean the gross amount received from the smelter/refiner from all sales of minerals and metals from the Property (including penalties, if any) less insurance, transportation, Arizona State Use and Sales Tax and REal Property Taxation applicable to the ore reserves and such future taxes that replace or supplement these taxes.
(8)	Page 6	e	
(9)	Page 7	6-f	
(10)	Page 7	6-g	Area of Interest: All claims and mineral rights, however acquired, by either party continuing within a radius of one half mile from the exterior boundaries of the current Property claims shall be included within the definition of the word "Property" for all purposes of this lease and shall be recorded in the name of Lessor.
(11)	Page 8	7-c & d	
(12)	Page 8	7-e	
(13)	Page 9	7-f	
(14)	Page 10	8-b	
(15)	Page 10	8-c	
(16)	Page 11	10	
(17)	Page 11		Force Majeure: A parties obligation hereunder shall be suspended and the time for performance of any of its obligations shall be extended in the event and to the extent that a party is prevented from carrying out its obligation under this agreement by Acts of God or the elements or by orders of governmental bodies. The party affected shall take all reasonable steps to eliminate the intervening event and shall resume performance as promptly as is practicable;, but nothing herein shall require any party to settle or adjust any labour dispute or to question or to test the validity of any State or Federal Law, regulation or order.

V.M.P., Inc.
Wickenburg, Arizona 85358

It will also be neseccary to execute a Letter of Agreement with regards to the $30,000.00 payment when and if the 2nd year option is exercised.

The Vulture is not just "another property", and the agreement should be written in this manner...not just a standard form. It is hoped that we can arrive at a "Mutual Agreement".

Sincerely,

Larry W. Beal

PEGASUS GOLD LTD.

Suite 200–1055 West Hastings Street, Vancouver, B.C., Canada V6E 2E9 ■ Telephone: (604) 689-4335

January 18, 1982

Vultures Mine Properties Co.,
P.O. Box 1853,
52202 North Ocotillo Drive,
Wickenburg, Arizona 85358

Attention: Mr. Lawrence W. Beal, President

Dear Sirs:

Further to discussions held between your President, Lawrence W. Beal, and our Messrs. Crowhurst, Watts, Duval and Zink and George Hennessey (as agent), we confirm the agreement entered into between yourself (as Lessor herein) and Zortman, whereby Zortman (as Lessee herein) will explore and develop any or all your claims (patented and unpatented) and Placer claims (hereafter collectively called the "Property") held by you and located in the Vulture Mining District in accordance with the terms and conditions set forth below.

1.1 The Lessor, for and in consideration of the royalty cash payments, Royalty interest, covenants, conditions and agreements hereinafter set forth, does hereby lease, let and demise exclusively unto the Lessee, its successors and assigns, all of the Property, including all necessary rights, with the exclusive right and privilege to explore for, develop, mine (by open pit, underground, strip-mining, solution mining or any other method), extract, mill, leach, store, remove and market therefrom all minerals and metals and of using so much of the surface and water rights appurtenant to the Property as may be necessary, useful or convenient for the full enjoyment of all rights herein granted (hereafter the rights set forth in this paragraph are collectively called the "Leasehold Rights"). This Lease shall remain in force and effect for a primary term of twenty (20) years from the date hereof unless terminated sooner as herein expressly provided for. Further, the primary term shall be extended for a continuing term as long thereafter as minerals and metals are being mined, processed or marketed from the Property on a continuous basis. For this purpose, mining, processing or marketing operations shall be deemed continuous as long as all such operations do not cease for a period of more than 1 year.

2.1 In order to maintain the Leasehold Rights in good standing, Zortman must make the following Quarterly Royalty Instalments:

(a) An initial $30,000.00 payment shall be made on execution of this lease. Zortman commits to a second $30,000.00 Quarterly Royalty Instalment payable on May 15, 1982 subject to Zortman obtaining a satisfactory title search by such date;

(b) Commencing on August 15, 1982 and on every 3 month interval thereafter until and including November 15, 1983, pay $30,000.00 Quarterly Royalty Instalments, PROVIDED HOWEVER, if the time required to process the operating permits applications exceeds 90 days, the period during which the $30,000.00 Quarterly Royalty Instalments apply shall be extended for a corresponding period or until the end of the quarterly period in which such corresponding period expires. FURTHER, PROVIDED, the Quarterly Royalty Instalments shall cease on receipt of operating permits for the Property.

(c) On the earlier of,
(i) receipt of operating permits for the Property, or
(ii) 25 months including an extension thereof, if any, as provided for in sub-paragraph 2.1(b) $60,000.00 Quarterly Royalty Instalments shall commence and continue for the duration of the mining operations until the payback of all costs incurred for purposes of exploring, developing and equipping the Property for production, as contemplated in this lease.

2.2 On termination of the Quarterly Royalty Instalments referred to in sub-paragraph 2.1(c)(ii), Zortman shall commence making similar $60,000.00 quarterly instalments for the remaining term of the lease (hereafter called "Advance Quarterly Instalments").

3.1 In order to maintain the Leasehold Rights referred to in paragraph 1.1 in good standing, Zortman shall commence commerical operations within one year from receipt of an operating (leaching) permit or 2 years from receipt of an operating (conventional plant) permit, as the case may be.

3.2 Subject to the commitment referred to in paragraph 2.1(a) hereof, Zortman has the right to terminate this lease at any time on written notice delivered to your address whereupon the rights and obligations of Zortman to you pursuant to this lease and in respect of the Property shall cease.

3.3 If the time required to develop and equip the Property for production (as provided for in paragraph 3.1) exceeds the said limit and additional time is considered reasonable by an independent (internationally recognized) mining consultant, the time required to commence commercial production shall be extended accordingly, FURTHER, it is understood that the $60,000.00 Quarterly Royalty Instalments shall continue during this extended period.

3.3 On termination of this agreement you shall be entitled to 35% of the proceeds of disposition from all fixed and moveable assets.

3.4 If Zortman defaults in maintaining the Quarterly Royalty Instalments as required under sub-paragraphs 2.1(a), (b) and (c), or fails to commence commercial production as provided for in paragraphs 3.1 and 3.3, this Lease shall terminate subject to the Lessor giving to the Lessee written notice of such default and Zortman fails to cure such default within 30 days of receipt of such default notice.

4.1 On commencement of commercial production, Operating Cash Flow shall be distributed as follows:

(a) 80% to repay all exploration, development and equipping costs to place the Property into production, and such costs shall include interest thereon which accrue up to commencement of commercial production and the Quarterly Royalty Instalments;

(b) 20% thereof shall be paid to you and the Lessee (Zortman) on a 50:50 basis.

4.2 If repayment of certain costs incurred, as provided for in paragraph 4.1(a) does not occur within 36 months from commencement of production, your share of Operating Cash Flow shall increase by 5 percentage points per year until your share of the Operating Cash Flow equals the prevailing Royalty, including any adjustment thereto, if any, as provided for in paragraph 6.1 hereof, whereupon such Royalty, or adjusted Royalty, as the case may be, shall apply.

5.1 ROYALTY

The Royalty referred to in paragraph 4.2 above shall range from 7% of Net Smelter Return to 12% of Net Smelter Return. The lower rate (7%) applies when the Gross Value per ton of ore processed in any quarterly (3 month) period equals $16.00 or lower and the upper rate (12%) shall correspond to an $80.00 per ton Gross Value or higher. FURTHER, the Gross Value which determines the Royalty, shall be adjusted in direct proportion to a factor equal to the average of the C.P.I. and Cost of Living Index. The first adjustment shall be made in the year of commencement of production and the applied factor shall be based on the C.P.I. and Cost of Living Index for the previous year end and thereafter the current year end C.P.I. and Cost of Living Index figures shall be used in computing the next succeeding year factor.

5.2 Gross Value shall be the product of the average grade of ore processed in a quarter period and the average L.M.E. price (closing) for the period expressed on a per ton basis.

6.1 The Royalty at 7% or the royalty instalments from commencement of commercial production as provided for in paragraphs 2.1(c) and 2.2 hereof shall not exceed 20% of the Operating Cash Flow and the percent of Operating Cash Flow limitation shall increase proportionately to 35% as the Royalty increases to a maximum of 12% of Net Smelter Return.

7.1 Net Smelter Return shall mean the gross amount received from the smelter/refiner from all sales of minerals and metals from the Property (including penalties, if any) less insurance, transportation, Arizona State Use and Sales Tax and Real Property Taxation applicable to the ore reserves and such future taxes that replace or supplement these taxes.

7.2 Operating Cash Flow shall mean Net Smelter Return (N.S.R.) received less:

(a) All reasonable costs directly involved and connected with the operation of the Property including such costs as legal, audit, consulting, etc.;

(b) Interest incurred after commencement of production and related financing costs applicable to raising the funds required to explore, develop and equip the Property for production;

(c) The depreciation based on maximum allowable rates on fixed assets acquired after commencement of production.

7.3 In the case of accrued interest referred to in paragraphs 4.1(a) and 7.2(B) in respect of funds advanced by the Lessee, such interest shall be computed quarterly at the prime rate quoted by the Bank of American plus 2%.

8.1 AREA OF INTEREST:
All claims and mineral rights, however acquired, by either party within a radius of one half mile from the exterior boundaries of the current Property claims shall be included within the definition of the word "Property" for all purposes of this lease and shall be recorded in the name of the Lessor. The Lessee shall have the right to overstake or perfect the mineral rights in the area within the Property and you shall assist us to the extent required to carry out such endeavours.

8.2 If any question shall at any time or times arise between the parties hereto with respect to any matter or thing whatsoever covered by or pertaining to this Lease, such question or questions shall be settled by a submission to the American Arbitration Association for arbitration under the rules of said Association. The decision shall be final unless a party who shall not be satisfied with such decision shall within 30 days resort to Court action.

8.3 FORCE MAJEURE

A party's obligation hereunder shall be suspended and the time for performance of any of its obligations shall be extended in the event and to the extent that a party is prevented from carrying out

its obligations under this Agreement by acts of God or the elements or by orders of governmental bodies or shortgages of material or labour, labour disputes or any other conditions beyond a party's reasonable control, other than lack of funds. The party affected shall take all reasonable steps to eliminate the intervening event and shall resume performance as promptly as is practicable;, but nothing herein shall require any party to settle or adjust any labour dispute or to question or to test the validity of any State or Federal Law, regulation or order. This clause shall not apply to the Quarterly Royalty Instalments.

8.4 Zortman agrees to carry out the work contemplated in this lease, including maintaining the claims comprising the Property, in a prudent and minerlike manner and in compliance with all applicable Federal, State and local laws and regulations. Further, Zortman shall maintain true and correct books, accounts and records of operations hereunder and permit at reasonable times inspection, examination and audit thereof by you at your expense.

8.5 The Lessor warrants and represents to Zortman that the Lessor holds title to the mineral rights comprising the Property and has no knowledge that it, or its predecessors in interest, have taken any action which in any way clouds its rights to the Property; that the Property is in good standing and that the Lessor has the full right and authority to enter into this Lease on the terms and conditions herein set forth.

8.6 If Zortman commences a leaching operation on the Property and thereafter decides to place into operation a conventional plant, the payback and Royalty arrangements (excluding the Quarterly Royalty Instalments and Advanced Quarterly Royalty Instalments) as provided for above shall apply except the 3 year time period starts on commencement of operation of such a plant and costs common to both operation shall be pro-rated in direct proportion to the Gross Value production from each operation.

The parties agree to:
(a) formalize the terms of agreement as set forth above as soon as reasonably possible. Lessee may file an abstract of this agreement with the appropriate authorities, agencies, etc.;
(b) execute such other documents as required to carry out the intent of this agreement.

The lease shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

If you concur with the terms and conditions set forth above please sign as provided for below.

Yours truly,

ZORTMAN MINING, INC.
Per:

John J. Crowhurst

The undersigned agrees to the terms and conditions set forth above on this 12th day of January, 1982.

VULTURES MINE PROPERTIES CO.
Per:

Lawrence W. Beal,
President & Director.

DMEA Ltd.
Mineral Exploration Advice

Ben F. Dickerson III
Registered & Certified Geologist
Carole A. O'Brien
Geologist & Associate

4203 N. Brown Avenue, Suite F
Scottsdale, AZ 85251
(602) 945-4630

July 9, 1984

Larry W. Beal
President
V.M.P.,Inc.
Wickenburg, AZ 85358

Re: Proposal for Vulture
Mine Property

Dear Mr. Beal:

This letter will confirm our proposal, authorized by Mr. Anthony F. Budge, for him to enter into an option to lease, explore and develop the Vulture Mine properties. Terms of this proposal are as follows:

a) term of agreement: one year minimum, with option to extend for a second year;

b) $5,000 per month advance royalty, payable 3 months in advance; due July 1; October 1; January 1; April 1;

c) production royalty of 6% (straight);

d) a $35,000 minimum work commitment during the option period.

In addition, arrangements will be made to pay the Osborne brothers a one time voluntary payment of $3,000 each for the period February 1 to June 30, 1984; plus $750 per month each during the term of this agreement; plus $8.00 per hour for any exploration related work.

We will also arrange to supply them with appropriate amounts of fuel during this period, subject to an evaluation of their fuel requirements and possible rearrangement of the present generating facilities. Mr. Budge will also consider refurbishing the water well and pumping system.

cont'd...

Any arrangement will have to be wrapped up in a legal instrument containing the usual "boiler plate" clauses.

If you have any questions, please contact us at your early convenience.

Very truly yours,

Ben F. Dickerson III

BFD:ca
cc: A.F. Budge
J.C. Lacy

McMURRY BROS. CO., INC.

NEIL A. McMURRY 1850 W. Broadway • Suite 102 ★ Phone (602) 243-0395 VICTOR L. McMURRY

PHOENIX, ARIZONA 85041

called 7-07-87

JOE

File

12 December 1986

DMEA LTD.
DEC 14 1986
RECEIVED

Mr. Ben F. Dickerson, III
A.F. Budge (Mining) Limited
7340 E. Shoeman Lane
Suite 111 "B" (E)
Scottsdale, AZ 85251

re: Introductory Meeting, December 9, 1986
Selective Gold Mining Project, Wickenburg

Dear Ben:

It was certainly my pleasure to meet with you and your staff to discuss the selective gold mining project at Wickenburg.

I am currently compiling a packet of information on McMurry Bros. Co., Inc. for your review. I will include pertinent equipment inventory and previous work experience, staff members and their expertise, financial information, and anything else necessary for your evaluation in the selection of a contractor to assist with this project.

I thank you for the opportunity to make this presentation. I look forward to further discussion, and am available to answer any questions or furnish additional information you may need.

Sincerely,

Vic

Victor L. McMurry
McMurry Bros. Co., Inc.

VLM:rlm
xc: Mr. Harvey Smith,
Del Tierra Engineering & Mining Corp.

A. F. Budge (Mining) Limited
7340 E. Shoeman Lane, Suite 111 "B" (E)
Scottsdale, AZ 85251-3335
(Business Office)
Telephone: (602) 945-4630
Telex: 751739

June 1, 1987

Neal A. Degerstrom, President
N. A. Degerstrom, Inc.
N. 3303 Sulivan Rd.
Spokane, Wa. 99216

Dear Sir:

A. F. Budge (Mining) Limited is currently in the engineering and feasibility stages of a heap leach gold mine in central Arizona near Wickenburg. The operation will entail the re-processing of 225,000 tons of amalgamated tailings and mining approximately 500,000 tons of ore and 1,250,000 tons of waste.

Your company was referred to us as a possible candidate to mine this material on a contract basis. Should this be of interest to your company, please send us a letter to that effect and information on your company and its qualifications.

Please feel free to contact me at the number above for any further information you may require.

Sincerly,

A. J. Fernandez

Senior Mining Engineer

DIRECTORS: A.F. Budge, O.B.E., C.Eng., F.I.C.E., F.I.H.T.; Mrs. J. Budge; 7602 Clearwater Parkway, Paradise Valley, AZ 85253

Sept. 29, 1986

Don White
521 East Willis St.
Prescott, AZ 86301
778-3140

Bob Crook
Iron King Assay, Inc.
Prescott Valley, AZ

Hello Bob,

The sample for gold assay using one assay ton are: (all 5-foot intervals)

	H-36	0	100	Assay every other sample only eg., 10-15, 20-25, 30-35.
*	H-37	10	100	
	H-38	40	100	
	H-39	20	80	
*	H-40	0	75	
	H-41	0	90	
	H-42	0	80	
	H-43	0	90	
*	H-44	0	170	
*	H-45	0	120	
*	H-46	25	175	

Total of 217 samples.

* = holes to do first, or priority, over others

Please save the pulps and rejects for my pickup next week. I hope also to have more samples, ~120, for you by Wednesday. I should be able to deliver those myself.

Billing + copy of results to Ben F. Dickerson, please. Any bulk discounts this year like last?

Regards,
Don White
Geologist, C.P.G.

cc. B.F.D. III

Don White
521 East Willis St.
Prescott, AZ 86301
778-3440

Oct. 1, 1986

Bob Crook
Iron King Assay, Inc
Prescott Valley, AZ

Hello Bob,

More samples as follows for gold assay only; please use one assay ton Fire/AA

Hole	Footage	# samples
H-47	5-150	27
H-48	5-190	33
H-49	10-140	26
H-50	0-60	12
H-51	25-150	25
H-52	20-80	12
S-1	50-60	2
S-2	73-78	1
S-3	75-80	1
TOTALS	9 holes	139 samples

Only every other sample please

Save pulps and rejects; results + billing to myself + R.F. Dickerson, III.

Thanks,
Don White
Geologist, P.G.

cc: R.F.D. III

Don White
Prescott

October 8, 1986

Bob Crook
Iron King Assay Inc.

Hello Bob,

This note accompanies the 3rd + final batch of Vulture drilling samples. They are all for gold fire assay, AA followup, using one assay ton. Their numbers are:

Hole	5-foot intervals	# samples	
H-53	0-60	12	Total of 77 reverse circulation samples
H-54	0-60	12	
H-55	25-60	7	
H-56	0-60	12	
H-57	0-60	12	
H-58	60-160 (less 130-135)	19	
S-4	45-50	1	
S-5	30-35	1	
S-6	45-50	1	
M-1	25-85	19	Total of 35 rock chip samples from cores.
M-2	11-68	11	
M-3	14-41	5	

For a grand total of 112 gold assay samples.

Save pulps + rejects; results to BFD, III and myself; billing to BFD, III.

Regards,
Don White
Geologist, C.P.G.

c.c. B.F.D. III

MINING CLAIMS
of
V.M.P., INC.

Wickenburg, AZ 85358

known as

Vulture 1-20, 25-89, 81A, 90A, & 91-174
A lan 1, 8, 15, 22, 29 & 36; B lan 1-23 and
Desert 1-A & 2-4 lodes

situate in

Secs. 16, 17, 19, 20, 21, 28, 29, 30, 31 & 32
T. 6 N., R. 5 W.
Secs. 5, 6, 7 & 8
T. 5 N., R. 5 W.
Secs. 1 & 2
T. 5 N., R. 6 W.
Secs. 25, 26, 27, 34, 35, & 36
T. 6 N., R. 6 W.

Maricopa County Arizona

scale 1"=1000' Nov. 8, 1985

Surveyed by

Harvey W. Smith, E.M.

Scanned copy
in Map drawer
-mc 7/19/11