

96236

Exhibit A

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A_S_S_I_G_N_M_E_N_T_ _O_F_ L_O_A_S_E

This Agreement is entered into by and between MILTON MITCHEK, Assignor, (hereafter "MITCHEK") and YOUNGQUIST MINE DEVELOPMENT AND CONSULTATION, a California Corporation, assignee, (hereafter "YMD") on this 4th day of February, 1983 at Placerville, California regarding the following facts and circumstances:

A. MITCHEK is the lessee and in lawful possession of certain unpatented mining claims situated in the Paradise Mining District, in the County of Skamania, State of Washington, hereinafter more particularly mentioned and described; and

B. YMD is willing and able to furnish the money and resources for the mining and development work on said claims; and,

C. MITCHEK desires to assign his interest in the subject mining claims but only under and in accordance with the terms and subject to the conditions hereinafter set forth.



NOW, THEREFORE, in consideration of the mutual promises, covenants, and obligations set forth herein, the parties hereto agree as follows:

1. ASSIGNOR hereby assigns and transfers to YMD all of his right, title, and interest in and to that certain Lease dated May

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22, 1982, and all subsequent Amendments and Addendums thereto, between Wind River Mining Co., a Washington Corporation, as Lessor, and MITCHEK, as Lessee, with respect to the mining properties described therein. A true copy of said Lease is attached hereto as Exhibit "A" and by this reference is incorporated herein.

2. Concurrent with the execution of this ASSIGNMENT OF LEASE, the parties have entered into an Agreement with Wind River Mining Co. entitled AMENDMENT TO LEASE AGREEMENT, a true copy of which is attached hereto as Exhibit "B", and by this reference is incorporated herein.

3. YMD hereby agrees to and does accept the assignment.

4. YMD agrees to perform the Exploration and Development Commitment set forth in Paragraph 1 of Exhibit "B" and expressly incorporates that obligation into this ASSIGNMENT.

5. YMD agrees that if it exercises its option to purchase Wind River Mining Company's interests in the Claims, all agreements between YMD and MITCHEK will not be affected for the term of this agreement by any mergers.

6. In the event YMD shall elect not to exercise its option to purchase Wind River Mining Company's interests in the Claims by the year 2000, YMD shall notify MITCHEK thereof in writing and

MITCHEK may purchase said Claims under the terms and conditions of Exhibit "B".

7. The consideration of entering this agreement is an advance royalty payment of \$25,000, paid receipt whereof is hereby acknowledged by MITCHEK.

8. The term of this Assignment shall be for a period of 99 years.

9. YMD shall pay MITCHEK the sum of One Hundred Thousand Dollars (\$100,000) as an Advanced Royalty Payment each year, said sum due and payable annually, first payment due on or before July 12, 1983 and every July 12th thereafter, for the royalty set forth in Paragraph 10 below, whichever is greater.

10. During the term of this Lease, YMD shall pay to MITCHEK a net smelter return royalty of five percent (5%) of the "net proceeds" received by YMD as lessee, from the sale of minerals mined from the Claims, and all other values, including timber, during the term of this Assignment. The definition of net smelter returns shall be the same as that set forth in paragraph 3(b) of the AMENDMENT TO LEASE AGREEMENT, Exhibit "B" herein.

11. During the term of this ASSIGNMENT, YMD shall pay all Royalty obligations and honor all obligations of MITCHEK pursuant to Exhibits "A" and "B", attached hereto.

12. All payments required to be made hereunder shall be in lawful money of the United States. Payments shall be by direct interbank transfer, certified check, bank draft, money order, or by such other method as may be mutually agreed.

13. MITCHEK shall be entitled to elect, at any time, and from time to time, to take in kind, any and all of his royalty, so long as MITCHEK notifies YMD in writing no less than thirty (30) days prior to the payment date set forth in paragraph 17 herein.

14. In the event MITCHEK elects to receive his 5% royalty "in kind", then YMD shall deliver said royalty to MITCHEK in the form of Dore Bars.

15. MITCHEK shall be allowed to remain on the property until residency becomes an interference with either the development, exploration, or production of the property. If at that time MITCHEK has received the \$100,000 Advanced Royalty payment, MITCHEK agrees to vacate the property upon 30 days written notice. If at that time MITCHEK has not received the \$100,000 Advanced Royalty Payment, YMD will pay to MITCHEK a \$5000 advance on the \$100,000 Advanced Royalty payment due July 12, 1983, and MITCHEK agrees to vacate the property within 30 days upon payment and written notice thereof.

16. YMD agrees to keep a full, true and accurate account

showing the tonnage of all shipments and sales of all minerals, metals and other production from the claims and receipts therefrom in connection therewith along with sample records, drill hole logs, drill cores and maps of all surveys and engineering studies. These documents or copies will be kept on the premises and may be inspected by MITCHEK at any reasonable time. In addition, YMD shall furnish MITCHEK with all quarterly tax or production reports or returns and an annual report of production and sales shall be furnished to MITCHEK on or before the 15th day of April following the end of such reporting year.

Upon termination of this lease, copies of all books, records, drill logs, drill cores, accounts and maps of every kind and nature relating to the premises shall be turned over to MITCHEK. Similar records shall be kept of all ores milled or otherwise processed, which ores have been produced from the Claims and mill sites.

17. All sums required to be paid by YMD to MITCHEK from the proceeds of the products of the claims shall be paid by YMD to MITCHEK on the 25th day of each calendar month succeeding the calendar month in which the cleanup shall be made from which such proceeds shall accrue, and YMD at such time shall furnish to MITCHEK by first class mail, postage prepaid, to the address set forth in Paragraph 39 below, a true account of all values extracted from the Claims, and all values received therefrom after the last cleanup for which such an accounting was previously made.

18. YMD shall keep proper books of account showing all disbursements of every kind and character made in connection with its development and/or operation of the Claims, and the books of account shall at all proper business hours be open to the examination of MITCHEK at his own cost or his duly authorized agent, and MITCHEK is hereby given full and free right to make a copy of said books of account or any portion thereof.

19. MITCHEK shall have the right, at all times, to inspect the Claims and all mining operations and work thereon so long as appropriate safety precautions are observed during such inspections.

20. MITCHEK represents that he has sufficient possessory title and right to enter into this Assignment of the claims subject to the paramount title and any rights or title of the United States Government, and Wind River Mining Company and any adverse rights which may exist by reason of any encroachment of other mining claims onto the said Claims or of any overlapping of the boundaries of the said Claims onto other claims.

21. MITCHEK represents that the unpatented mining claims have been located in accordance with the applicable provisions of federal and state law and have been maintained against relocation by the requisite amount of upkeep and annual assessment work.

22. MITCHEK warrants that the Claims covered by this Assignment, and each of them, are free from all liens and adverse claims of every kind and character, and MITCHEK will warrant and defend the Claims to YMD against all such claims and demands of all persons.

23. MITCHEK, at his own expense, shall defend any claim or action or suit arising out of its own respective acts, committed prior to the execution of this agreement, and will indemnify and hold harmless YMD from and against any and all litigation expenses, to include attorney's fees. In addition, MITCHEK agrees to hold YMD harmless as a result of any claims, costs or expenses incurred or suffered by YMD resulting from the breach of MITCHEK's warranties contained in this paragraph. In the event MITCHEK shall fail to conduct his defense adequately, YMD may, in its own behalf, or in the name of MITCHEK, undertake such defense. YMD may at its option, without prejudice to any other right or remedies YMD may have, treat any expenses or costs incurred by it by reason of any such dispute, controversy, litigation, as advance royalties to MITCHEK hereunder, provided such dispute, litigation or controversy is necessitated in order to produce from the claim and mill sites but in no event shall MITCHEK's obligations exceed actual royalties.

24. In the event there should be filed in any court of competent jurisdiction a conflict pertaining to the unpatented claims in the mining property leases hereunder, the royalty due

on the claims and mill sites or portion of said claims and mill sites found to be in controversy may be placed in escrow at the sole discretion of YMD to be disposed of by agreement between the controveing parties or by court order.

25. Neither party shall encumber the Claims nor any part thereof during the term of this lease. YMD shall keep claims and mill sites free of liens for labor performed or materials furnished and shall hold MITCHEK harmless from all costs, loss or expense arising by reason of injury to or death of any person or livestock or damage to any personal property or crops or liability for violatuiion of any federal, state or local laws or regulations.

26. In the event of the termination of this lease, for any cause whatsoever, then and in that event, YMD shall and will peaceably surrender and yield up the Claims to MITCHEK, free and clear of any and all liens and/or encumbrances in good order and condition, and shall execute and deliver to MITCHEK an assignment of YMD's interest in the Claims, patented and unpatented, and shall pay and discharge all debts, liabilities, and obligations incurred during its occupation of the Claims, the operation and development thereof, and all royalties due MITCHEK at the time of such termination; or in the event that the mineral deposits included in the Claims covered by this Assignment, shall, at any time become exhausted so that it will no longer be commercially practical to operate the same, YMD shall have and is hereby given

the right or privilege to discontinue operations upon the Claims and terminate the lease by giving MITCHEK thirty (30) days notice thereof in writing.

27. Upon the termination of this lease or discontinuance of its operations by YMD, the personal property, tools, equipment and machinery located upon the Claims shall belong to and be and remain the property of YMD. YMD shall have 120 days to remove such property.

28. Any additional interest of any nature whatsoever, including option rights and land acquired by any a party to this lease within the Area of interest", shall be covered by land subject to all the terms of this Assignment. The area of interest shall be defined as an area within five (5) miles from the outside perimeter of the Wind River Claims described in Exhibit "A", land within the outside perimeter of the existing property upon which claims have not been locatd, or any other land specifically acquired by either party for the purpose of developing the property. The cost and expense of acquiring such additional interest shall be borne by the party acquiring such interest.

29. YMD, in its sole discretion, may patent any or all of the Claims at its sole expense in the name and title of Wind River Mining Company.

30. Within thirty (30) days after contracting for or otherwise obtaining any such additional interest, the party acquiring such interest shall notify the other party in writing of such acquisition and shall provide copies of all documents transferring such interest.

31. In the event YMD is prevented from performing this Assignment or from conducting mining operations by labor strikes, fires, floods, explosions, riots, any unusual mining casualties, acts of god, or other extraordinary events beyond its control, then the time for performance of this ASSIGNMENT by YMD shall be suspended during the continuance of such acts which prevent performance and any royalty payment shall be abated, but this suspension shall not suspend the performance of annual assessment work.

32. During the term of this Assignment, YMD shall have quiet enjoyment and exclusive possession of the Claims for development, mining, extraction, recovery and removal, processing, storage and shipping of ores or minerals. YMD agrees to perform work each year as may be necessary to satisfy and fulfill the legal requirements with respect to the annual assessment work upon unpatented mining claims and will file annually with the appropriate recording office or regulatory authority the necessary proofs of labor, 30 days in advance, in MITCHEK's name, evidencing the performance of the annual assessment work, and will furnish promptly to MITCHEK copies of said proofs of labor.

shortly thereafter.

33. YMD hereby agrees to obtain public liability insurance for injury to persons, protecting both YMD and MITCHEK with minimum limits of at the prevailing rate accepted within the mining industry at the time and from time to time, and property damage insurance for the property of others which may be damaged on the property, with minimum limits of at the prevailing rate accepted within the mining industry at the time, and from time to time. MITCHEK shall be named as an additional insured under said policy or policies.

34. The failure of YMD to keep or perform any obligations on its part to be kept or performed according to the terms and provisions hereof shall, at the election of MITCHEK and upon giving notice thereof to YMD, constitute a breach of this Assignment, unless such default shall be cured as hereinafter provided. In the event of any such default on the part of YMD and the election of YMD to terminate this lease on account thereof, MITCHEK shall first give to YMD a written notice of its intention to declare a breach of this lease and to terminate the lease on account thereof, specifying the particular default or defaults relied upon by MITCHEK. YMD shall have a period of ten (10) days after receipt of such notice to cure any specified default in payment of monies to MITCHEK and shall have a reasonable time (which in any case shall not be less than thirty (30) days after receipt of such notice) in which to cure any other specified

default or defaults, and, if such default or defaults are cured, there shall be no breach hereunder with respect to such claimed default or defaults.

35. In the event MITCHEK shall terminate this lease on account of breach by YMD, YMD shall be under no further liability hereunder to MITCHEK from and after the date of such termination except for liabilities and obligations to MITCHEK accrued prior to the date of such termination. In that regard, MITCHEK may retain any monies previously paid to him as liquidated damages.

36. YMD shall perform all work on the Claims in a good, workmanlike manner conforming to good mining and engineering practices, to commit no waste, to properly land adequately timber, where necessary, all shafts, tunnels and all underground excavations for the safety of the workmen and the preservation of the Claims and mill sites as a mine in a manner commensurate with good and economical mining, to comply with all Washington State and federal laws and regulations governing such operations, including environmental and ecological requirements, and to not injure or damage livestock on said property or on contiguous or adjoining lands of a third party (provided that the livestock do not interfere with the proper development of the Claims and extraction of ore therefrom).

37. YMD shall conduct all of its operations under this ASSIGNMENT so as to comply fully with the laws of the County of

Skamania, the State of Washington, and of the United States now in force or those which may be hereafter enacted regulating the conduct of mining operations, safety, and employment.

38. YMD shall pay all State, County, or special taxes or assessments levied against the Claims or improvements thereon during its operation hereunder.

39. Any notice to be given hereunder by either party to the other may be effected by registered or certified mail, postage prepaid, return receipt requested, and shall be addressed as set forth below, but each party may change his address by written notice in accordance with this paragraph:

YOUNGQUIST MINING DEVELOPMENT CONSULTANTS
PO Box 1450
Georgetown, California 95634

MILTON MITCHEK
PO box 741
Carson, Washington 98610

40. Either party shall have the right to sell, assign, or transfer this ASSIGNMENT with all its right, title, and interest therein to any person, firm, or corporation at any time during the term of this ASSIGNMENT upon 30 days notice in writing to the other party, and any such assignee shall acquire all of the right and assume all of the obligations of either party under this ASSIGNMENT. Each party shall have the first right of refusal to purchase the Claims at the same price and under the same terms

and conditions as offered to a third party.

41. Nothing contained in this Assignment is to be construed as creating a partnership or joint venture between YMD and MITCHEK.

42. This instrument contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this instrument shall be of no force and effect excepting a subsequent modification in writing, signed by the party to be charged.

43. Any controversy or claim arising out of or relating to this agreement, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

44. This agreement shall inure to the benefit of and bind the successors and assigns of both parties.

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

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Milton Mitchek
MILTON MITCHEK

YOUNGQUSIT MINE DEVELOPMENT AND CONSULTATION

Theodore Youngquist
THEODORE YOUNGQUSIT
President

STATE OF CALIFORNIA

County of Placer

} ss.

On February 4, 1983, before me,
Joy M. Metcalf, a Notary Public,
in and for said State, personally appeared Milton Mitchek and
Theodore Youngquist, proved to me on the basis of satisfactory
evidence to be the persons whose names are subscribed to the within instrument,
and acknowledged to me that they executed the same.



OFFICIAL SEAL
JOY M. METCALF
NOTARY PUBLIC-CALIFORNIA
Principal Office in PLACER County
My Commission Expires Nov. 22, 1985

Joy M. Metcalf
NOTARY PUBLIC