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Ten Thousand Dollars (\$10,000.00) to AMC by PAYNE, and of the conditions and agreements hereinafter set forth, it is hereby agreed as follows:

1. Exploration Lease. AMC does hereby lease exclusively to PAYNE (a) the Premises; (b) all minerals and mineral rights in the Premises; (c) the exclusive right and privilege to mine and sell all minerals from the Premises and to collect and account for the proceeds of such sale; and (d) so much of the use of the surface, surface rights, structures, improvements, machinery and equipment on the Premises, water rights, rights-of-way, easements, and appurtenances in, on or in any way now or hereafter pertaining to the Premises as may be necessary or convenient to mine the Premises, for a term of one year from December 17, 1964, to December 17, 1965. During the term of this Lease, PAYNE will enter upon the Premises, will conduct examinations and investigations, including such drilling, shafting, tunnelling, trenching, sampling, milling and assaying as it shall deem necessary or convenient to determine whether the Premises can be operated commercially, in a value of work and labor of not less than Six Thousand Dollars (\$6,000.00) to be performed in the summer of 1965 in time to comply with the law on annual assessment work on mining claims, and will commence mining operations if the prospects appear economically sound in the judgment of PAYNE. All work shall be carried out in a minerlike manner, and PAYNE shall file an affidavit of having done such assessment work in due time.

PAYNE shall pay to AMC, on a monthly basis, as and when used, the rental value of any equipment of AMC located on the Premises and used by PAYNE. Rental rates shall be the going rates for like equipment prevailing in Salt Lake City.

PAYNE shall have the right to extend the term of this Exploration Lease for an additional year by payment of the sum of Twenty-Five Thousand Dollars (\$25,000.00) to AMC, on or before December 17, 1965 for the year to follow, provided that the additional time is reasonably needed in order to explore, evaluate and develop the Premises. During such additional year of exploration, PAYNE shall perform additional work and labor in a value of not less than Six Thousand Dollars (\$6,000.00) to be performed in the summer of 1966 in time to comply with the law on annual assessment work on mining claims, and shall file an affidavit of having done such assessment work in due time.