



Initials: Jm

File Name: 37645

Commodity: —

Country: USA

State/Province: Nevada

County: Nye

Project: Smoky Project

Date: 4/27/1983

Title/Subject: Correspondence and Lease on the
Smoky Project

Notes: —

— Oversize Doc(s) — Assay Data — Log(s)

Map Scale: —

T: 012N

R: 044E

S: —



IN REPLY
REFER TO:

3833
(N-943.6)

Smoky Project - Nevada
United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Nevada State Office
300 Booth Street
P.O. Box 12000
Reno, Nevada 89520

*Copy to
P.D. file
4/27/83
f.s.*

CERTIFIED MAIL

76779

DECISION

APR 27 1983

USSRAM Exploration Co. :
136 East South Temple 19th Floor : Mining Claim Recordation
Salt Lake City, UT 84111 :

Mining Claims Declared Abandoned and Void

Your mining claims identified by serial numbers (see attachment) are hereby declared abandoned and void for the reason stated below.

Your Notice of Intent or Proof of Labor was not received in this office by December 30, 1982 or within the time period prescribed by regulation. The failure to file such instruments as are required by 43 CFR 3833.2 within the time limit prescribed therein shall be deemed conclusively to constitute an abandonment of the mining claim, mill site, or tunnel site and shall be void.

Subject to valid intervening rights of third parties or the United States, void or abandoned claims or sites may be relocated and, based on the new location date, the appropriate instruments may be refiled within the time periods prescribed by the regulations.

You have the right of appeal to the Board of Land Appeals, Office of the Secretary in accordance with the regulations in 43 CFR Part 4.400. If an appeal is taken, the notice of appeal must be filed in the Nevada State Office of BLM (not the Office of the Board) within thirty (30) days of receipt of the decision appealed from, so that the case file can be transmitted to the Board. The notice may contain a statement of reasons for the appeal, but if not, such a statement must be filed with the Board (Address: Board of Land Appeals, Office of the Secretary, Department of the Interior, 4015 Wilson Blvd., Arlington, Virginia 22203) within thirty (30) days after the notice was filed. Additionally, the appellant must serve a copy of the notice of appeal and of any reasons, written arguments, or briefs on the Regional Solicitor, Pacific Southwest Region (Address: U.S. Department of the Interior, 2800 Cottage Way, Room E-2753, Sacramento, CA 95825) and each adverse party named in the decision appealed from, in the manner prescribed in Sec. 4.401(c), not later than 15 days after filing the document. To avoid summary dismissal of the appeal there must be strict compliance with the regulations. The appellant has the burden of proof by positive and substantial evidence wherein the decision appealed from is in error.

Acting *William K. Stoumen*

Richard G. Morrison, Chief
Lands and Minerals Operations

Enclosure:
Appeals Procedure

DATE OF LOCATION

June 17, 1975
June 18, 1975
July 9, 1975
April 13, 1975
April 14, 1975

DATE OF FILING

February 26, 1979
February 26, 1979
February 26, 1979
February 26, 1979
February 26, 1979

NAME OF CLAIM

Mey #1 thru 7
Mey #8 thru 9
Mey #10
Molly #1 thru 4
Molly #5 thru 7

N MC NUMBER

N MC-51250 thru 51256
N MC-51257 thru 51258
N MC-51259
N MC-51260 thru 51263
N MC-51264 thru 51266

4085-4091
4092, 93
4094

Smoky Project

Zelon Geochemical Services, Inc.

Mr. John Hajek

201-367 Water street

Vancouver B.C. Canada

25 year lease ending 17 April 2000 with option to renew for 3 additional 25 year periods.

provide written notice of renewal 1 year prior to end of term.

Royalty - 5% of the lease profit - receipts less all operating costs (from date of this lease)

May carry forward loss into next year -

Report 2 months after end first half & 3 months after end of each calendar year -

1. character of work

2. cost

3. expenditures for equipment

4. Tonnage trad- ~~concentrate~~ sales - net receipts -

Profit or loss

Must do assessment for each year lease is in effect for 9 months

Each party must notify other of property acquired in the area and has option to include under lease. 45 days. 6 mile radius

May terminate at any time

USSRAM EXPLORATION COMPANY

19TH FLOOR UNIVERSITY CLUB BUILDING

136 EAST SOUTH TEMPLE

SALT LAKE CITY, UTAH 84111

TEL. 801 - 355-5301

February 22, 1982

Mr. John Hajak
Zelon Chemicals Ltd.
201-367 Water Street
Vancouver, British Columbia
Canada V6B 1C2

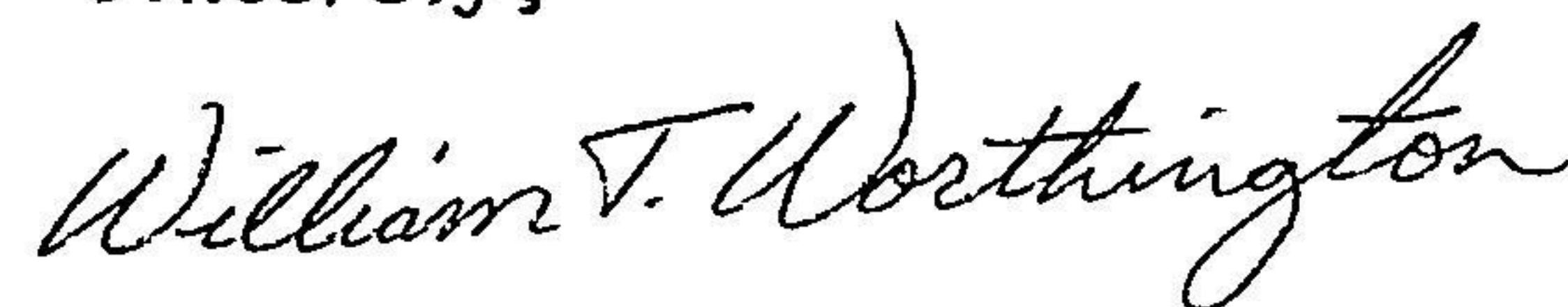
Dear Mr. Hajek:

Pursuant to the terms of our Agreement covering unpatented lode claims in the Big Smoky Valley, Nye County, Nevada, I submit the following report of operations and production:

Work on your claims consisted of the rebuilding and improvement of approximately 10 miles of access roads, the construction of 1½ miles of new access roads and the excavation of six cuts. The work was performed in June, 1981, by William C. Smith and Son of Yerington, Nevada. Cost of the work was in excess of \$2,400.00 and was sufficient to cover the annual assessment work obligation. No other work was conducted during the year.

Please feel free to contact me if you have any questions concerning the status of the property.

Sincerely,



William T. Worthington
Chief Geologist

WTW:ms

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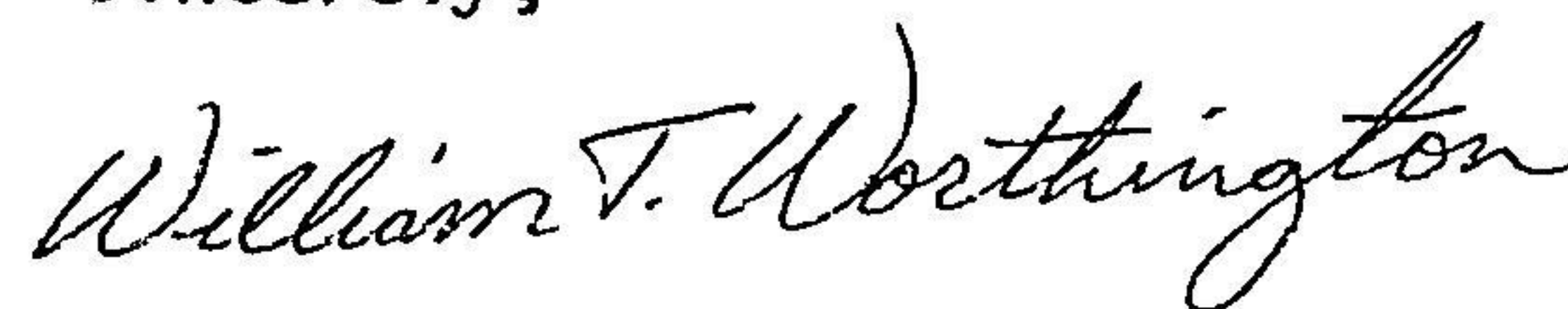
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Sincerely,



William T. Worthington
Chief Geologist

WTW:ms

SHARONSTEEL • Mining Division

AN **NVF** COMPANY

SHARON STEEL CORPORATION

19TH FLOOR UNIVERSITY CLUB BLDG.
SALT LAKE CITY, UTAH 84111

TELEPHONE (801) 355-5301

FOR INTER-OFFICE COMMUNICATION

March 31, 1982

To: Mr. E. Peter Matthies, Vice President
and General Manager

From: Christopher J. Eppler, Geologist

Exploration Proposal

Smoky Project

SHARONSTEEL • Mining Division

AN **NVF** COMPANY

SHARON STEEL CORPORATION

19TH FLOOR UNIVERSITY CLUB BLDG.
SALT LAKE CITY, UTAH 84111

TELEPHONE (801) 355-5301

FOR INTER-OFFICE COMMUNICATION

March 31, 1982

Smoky Project Proposed Exploration Program, 1982

Abstract

The Smoky Project is located 65 miles north of Tonopah, Nevada and consists of 17 unpatented mining claims. After 7 years of exploration no ore body has been developed, the one mineralized vein gives no evidence of being economic, and Noranda Exploration Company, which owns adjacent ground, has expressed no interest in Sharon's claims. Thus, the Smoky Project is recommended to be dropped.

If the Project is not terminated, then road repairs will be the most efficient method to fulfill our 1982 assessment obligations.

Pertinent maps relative to the Project are included herewith.

SHARONSTEEL • Mining Division

AN **NVF** COMPANY

SHARON STEEL CORPORATION

19TH FLOOR UNIVERSITY CLUB BLDG.
SALT LAKE CITY, UTAH 84111

TELEPHONE (801) 355-5301

FOR INTER-OFFICE COMMUNICATION

March 31, 1982

Smoky Project Proposed Exploration Program, 1982

Location

The property is located in Nye County, Nevada, approximately 65 miles north of Tonopah by way of Nevada State Highway 8A. The area is relatively barren with stunted vegetation consisting mainly of sage and salt brush. Much of the topography is gently rolling to nearly flat except for a few steep to precipitous slopes and ledges in the vicinity of Mt. Ziggurat, the most distinguishable feature in the reconnaissance area.

Property Status

Sharon holds 17 claims consisting of 11 contiguous (Molly 1-7 and Mey 1-4) and 6 individual claims nearby. The contiguous group is largely within the SE corner of Section 1 and extends into the NE corner of Section 12, T 12 N, R 44 E, of the Mount Diablo Meridian. We acquired 7 contiguous claims in 1975 from a Mr. Hajeks, Exploration Manager of Zelon Geochemicals Services, Inc., based upon his discovery of some anomalous geochem molybdenum ion values from a spring on the eastern edge of the Alkali Flats. This spring is just west of Sharon's claims. The remaining 4 contiguous and 6 individual claims were staked by us late in 1975.

Historical Background

A 150(?) foot shaft was dug in hopes of finding placer gold in an old stream wash. At a later unknown date, four shafts and several prospect pits were excavated along a small vein on Copper Hill, of which the deepest shaft may reach 100(?) feet. Unfortunately, there are no records available from these mine workings.

Exploration to Date

1975 - UV conducted a reconnaissance induced polarization survey (referred to as I.P. Survey), a ground magnetometer survey, drilled two rotary holes and staked ten additional claims. The rotary holes were drilled in two of the six anomalies found by the two surveys. The drilling results were negative.

1977 - A geochemical survey by Zelon Geochemical was taken, and a multispectra induced polarization survey by Zonge Engineering was run over an anomalous I.P. zone outlined in 1975. After analyzing the data, Sharon's Exploration Department felt that the I.P. anomalies were due to carbonaceous limestones and shales. Carbon found in limestones and sometimes in shales very often creates false anomalies, because like copper and iron sulfides, carbon is capable of holding an electric charge. The geochemical survey did outline the small mineralized vein, but the survey did not broaden Smoky's potential.

1978 - Five rotary holes were drilled. Only minimal amounts of gold were intercepted near the small, mineralized vein of Copper Hill.

1979 - Leon Hansen Assoc., Inc., geologic contractor, mapped took more geochem samples, and incorporated this new data into an updated geologic report on the Smoky Project. This report indicates that of the various surveys run on this property, only spotty geochemical assays appear to be favorable, and most of these can be explained by the presence of very small veins with readily apparent mineralization.

1980 - Grant Smith, contractor, repaired roads.

Geology

It is believed that this prospect is in the inner component of the Northumberland Caldera. The rock types that make up the area consist of Paleozoic limestones and shales that have been highly folded, tertiary tuffs which were deposited from the once active caldera, a rhyolite plug which intruded after the eruption, jasperoid which formed along an easterly fault due to the rhyolite intrusion, and a conglomerate and mud flow which formed from the erosion of the previously mentioned rocks.

The known mineralization is formed along the northerly Copper Hill fault and easterly Mt. Ziggurat fault. The Copper Hill fault is the most mineralized with quartz, barite, pyrite, and numerous oxides present. Along the Mt. Ziggurat fault, only siliceous quartz (jasperoid) is noticeable. There is no evidence that either fault will harbor an economic ore body.

Property Status and Proposed Exploration

Based on seven years of exploration, Sharon's Exploration Department feels that the future potential for Smoky is minimal. The cost involved in holding onto this property outweighs the chances for its success. Already to date, \$56,900 has been spent on exploration.

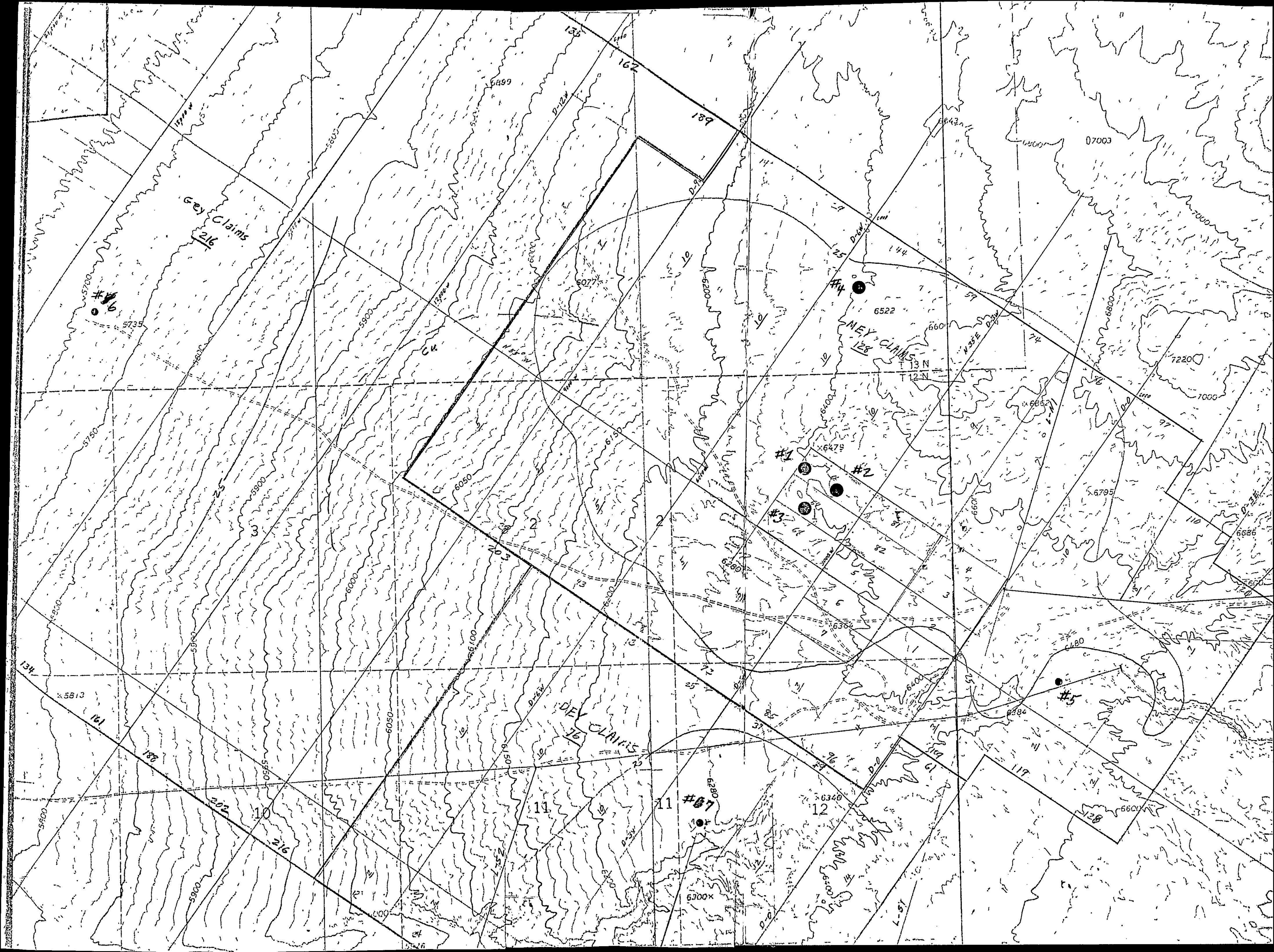
Even though the property was acquired for possible molybdenum potential, copper and gold indicators have been more abundant and, thus, the targets for our exploration program. We have found copper oxide mineralization with minor gold along the Copper Hill fault, but this mineralization has proven to be narrow, short, and shallow. All of the I.P. and magnetic anomalies tested have proven to be due to carbonaceous material. Also, Noranda Exploration Company, which owns adjacent ground, has indicated that they are not interested in Sharon's claims.

A decision on whether Sharon will be dropping or holding this property must be made by May 31, 1982, otherwise, Sharon will be required to do the 1982 assessment work based on the 1975 lease agreement with Zelon Geochemical Services, Inc. If Sharon decides to hold onto these claims, then road repairs are recommended to satisfy our assessment obligations for 1982.

This work could be completed by June 1, 1982 if it is warranted.

Christopher J. Eppler

CJE:ms



ZELON GEOCHEMICAL SERVICES

ANALYTICAL

BIOGEOCHEMICAL

METALLURGICAL

Gold Exploration

Gold Assay

Gold Cyanidation

Office: 353 W. Pierpont Ave, Salt Lake City, Utah 84104

Tel: (801) 532 2965

JOHN H. HAJEK
CONSULTANT
EXPLORATION GEOCHEMIST

Vancouver, B.C.
September 1974

EXPERIENCE RELATED TO GOLD EXPLORATION

Since 1966, I have been involved in exploration for gold with the purpose of finding ore bodies and of explaining, on a rational basis, the distribution of gold especially when occurring as non-visible particulates. My experience ranges from the analytical extraction techniques, as a chemist, to the field search for commercial mineralization, as a geochemist.

Most of my work was conducted in collaboration with my employers (Canex Placer, 1967-68, Rio Tinto 1969-72) and with the participation of Univ. of British Columbia, Dept., of Geology (Professor H.W. Warren, R.E. Delavault, K. Fletcher) and the U.S.G.S., Denver (Dr. R. Ericson, F.N. Ward, H.W. Lakin and others).

A brief resume of my experience with gold and its associated trace elements is listed below, geographically:

1) YUKON

Occurrences of gold mainly as veins or semi-disseminated with tellurides (calaverite, sylvanite, petzite, hessite); and with silver-lead mineralization. Gold associated with Sb, As, Bi, Pb as zoning around porphyritic intrusions. (Keno Hill, Mt. Nansen, Klondike).

2) BRITISH COLUMBIA

My initial gold search in this province was linked to use of Hg, as a tool to investigate areas of deep overburden (Barringer Research). I cover the occurrences of gold (1)

in volcanic rocks as related to exhalative processes; and
(2) in acid and basic rocks with the possibility of
dissemination through breccia zones or within a favourable
contact host rock (Bralorne-Bridge River, Taseko Lake,
Cariboo-Barkerville, Kootenay, Atlin Lake, McConnell Creek
and Omineca Regions). The occurrence of gold indicator
plants as the PHECELIA SERICEA and their use in Mineral
Exploration has been studied and applied by the author in
various circumstances.

3) WESTERN U.S.

- a) Gold associated with Pb, Ag, and Zn mineralization (Wash.,
Oregon - Cascade Mts.).
- b) Gold as semi-disseminated, colloidal, or as hot-springs
deposition. (NEVADA: at Getchell, Golconda^D, Virginia City,
Carlin, Gold Acres, Round Mountain, Cortez, Manhattan
Tonapah, Goldfield).
- c) Gold associated with porphyritic mineralization (UTAH:
Bingham Canyon, Tintic; ARIZONA: Bisbee, Ajo, Silver Bell,
Twin Buttes).

Residence:

John Henry Hajek
953 Westview Crescent
North Vancouver B.C.

(604) 985-4406

Office:

ZELON CHEMICALS LTD.,
Ste., 201-367 Water St.,
Vancouver, B.C.

(604) 687-8939

Laboratory:

ZELON GEOCHEMICAL SERVICES
353 West Pierpont Avenue
Salt Lake City,
Utah, 84104

(801) 532-2965

ZELON GEOCHEMICAL SERVICES

ANALYTICAL

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Gold Exploration

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ZELON GEOCHEMICAL SERVICES

LABORATORY BRANCH

<u>GEOCHEMICAL TRACE ELEMENTS (ppm)</u>	<u>ASSAY ANALYSIS</u>	<u>Set</u> <u>Each</u>	
GROUP A Cu (0.10), Zn (0.10)	Cu, Zn	\$3.50	\$2.00
Mo (0.5), Pb (1.0), Ag (0.10)	Mo, Pb, Ag	6.00	2.50
Ni (0.2), Co (0.1), Cd (0.1)	Ni, Co, Cd	7.00	3.00
Mn (5.0), Fe (5.0), Cr (1.0) acid sol.	Mn, Fe, Cr	7.00	3.00
\$4/set or \$1/1st element & 40¢ additional element			

Vegetation detection limits read 1/10 of above

Water detection limits read in parts per billion

GROUP B Sr (0.5), Ca (10), Ba (10)	Sr, Ca, Ba	10.50	4.50
\$2.50/set or \$1.25 each			

GROUP C Sn (0.5), Bi (0.5), Pb (1.0), Sb (1.0)	Sn, Bi, Sb	10.50	4.50
\$4.00/set or \$2.00 each			

GROUP D Au (3 ppb), Hg (20 ppb) As (1 ppm)	Au, Hg, As	10.00	4.00
\$2.00/element			

Sample preparations: Soil and stream sediments	\$0.60/sample
Lake sediment, vegetation, water, rocks	\$1.50/sample

Consult our chemists for the other elements.

We will be glad to serve you!

- Mineralogical services, Field kits and chemicals
- Biogeochemical analysis, water quality testing
- Field contract sampling, geochemical expertise, consultant services
- Cyanidation tests on potential ore (from 40 lb to 1,000 lb)
- Flotation tests to be arranged with 3 weeks notice

Z·G S is concerned with quality and true representation of each medium: soil, rock, water, salts, organic oozes and all types of vegetation.

I New biogeochemical tools are of the future; and we will advise you cautiously because we know the difficulties of its proper use. Vegetation, from lichens to tree sampling, has its place, and should with ground water, be used to provide semi-quantitative information on multi-elements movement.

II Our emphasis is on Gold, from its geochemistry to its extraction as a cyanide. A low level of geochemical detection (3 ppb) is achieved by a selective separation of gold from its matrix and from other elements. Distinction of origin is made by identifying its mode of occurrence; ionic, metallic, inorganic or semi-organic compounds and its abundance in various size fractions.

III The low cost cyanide tests are a very important feature of our operation, we serve you and will adjust to your needs.

The following leaches are proposed by time lapse.

a) One week leach test:

A 30 lb sample is to be:
leached for one week with cyanide solutions,
analysed every 12 hours for gold, silver and
copper extraction.

a final metallurgical report with tabulated
data is to be produced.

This constitutes our base price of \$290. per
sample which price increases with weight as
follows:

50 pounds for \$350.; 200 pounds for \$500.;
1,000 pounds for \$1,000.

b) Three weeks leach to 9 weeks leach:

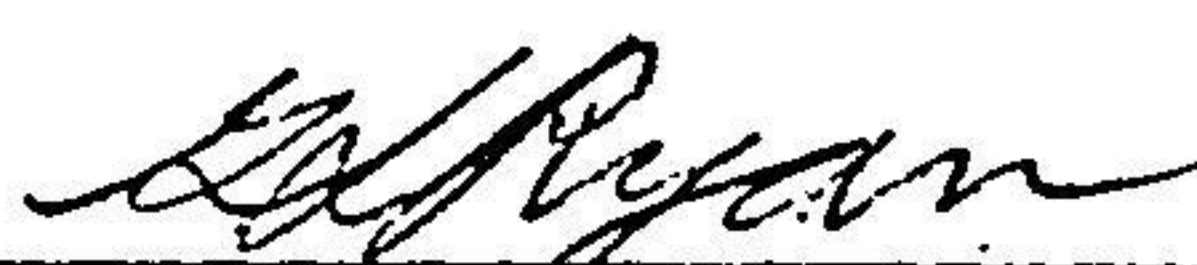
Costs are calculated from our weight/base price:

The time spent on your samples at \$15.00 per hour
with analytical costs being added to our base
price.

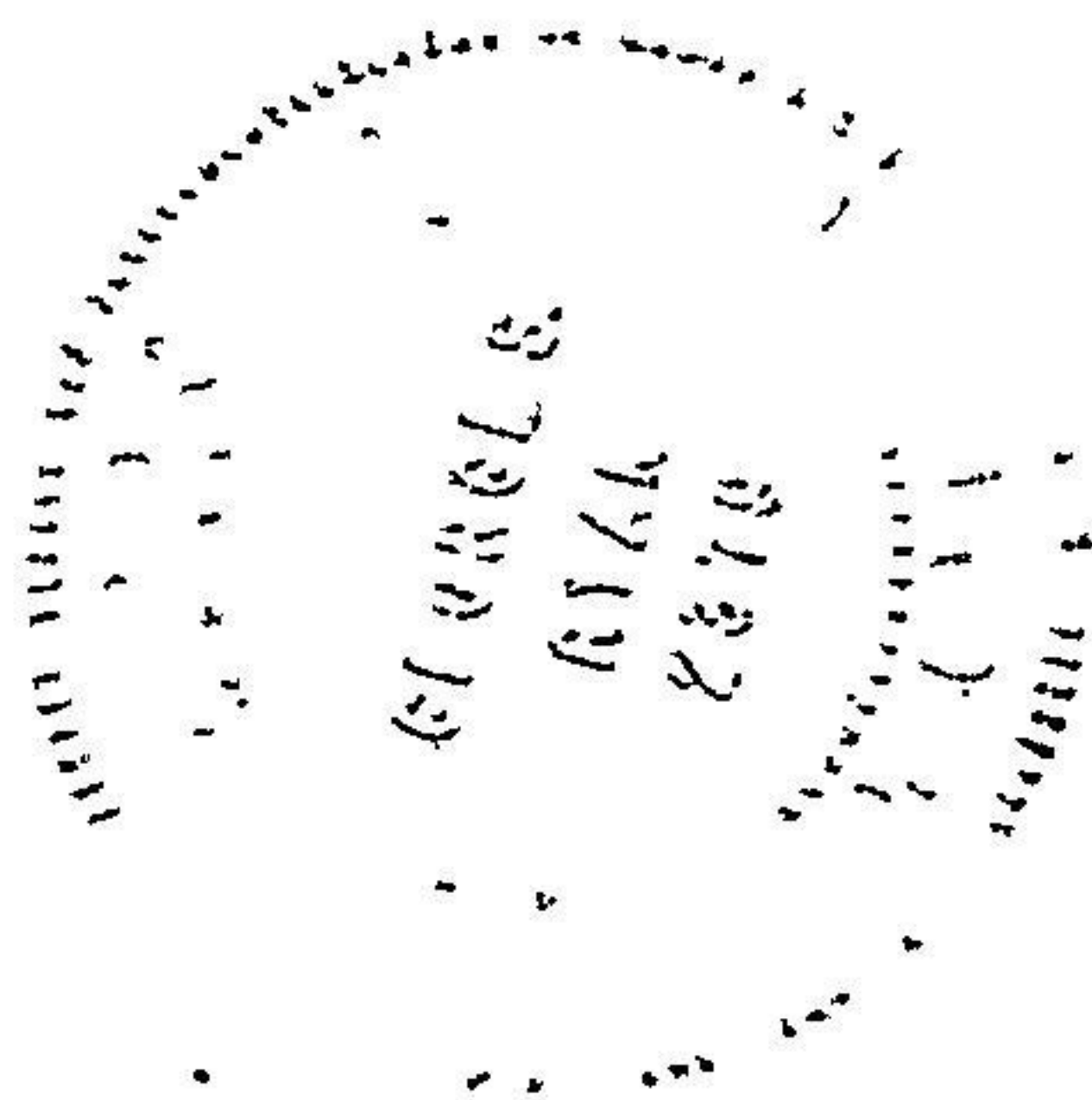
RECOMMENDATIONS FOR THE PRIMARY
DEVELOPMENT OF THE
SMOKY PROJECT

- I. For short term protection five claims should be staked in the immediate area of the anticipated test drill sites. These sites are located on the primary IP target, Anomaly "A". The anticipated target depth is between 600 and 800 feet. No site preparation is needed.
- II. The drill has been arranged for and will probably be available within ten days. The program for the drill will be on a 24 hour basis and will drill one to three holes in the primary area depending on conditions and results. These test holes should be drilled to a minimum depth of 750 feet.
- III. If significant economic mineralization is encountered that particular hole should be completed to the limit of the drills capability. A commercial claim surveying company, already alerted, will be called in and staking commenced as soon as feasible. No further drilling in the "A" area would be started at this time; however, if the staking program is underway before the drill is ready to leave the drill rig would be moved to a brecciated area on Anomaly "Z" at or near station 260 + 00W on line X. Again a claim would be staked and no site preparation would be needed.
- IV. Drilling at the Anomaly "Z" site would serve several purposes. 1) Determine the depth and character of the breccia and if it is indeed in place. 2) Establish the existence, or non-existence of the pediment at this point. From the IP results the existence of the pediment, at this point, is questionable. 3) Determine if any mineralization can be recognized. 4) Determine the need of staking 216 additional claims on the pediment area.
- V. When the staking commences it is planned to bring in an IP crew, currently working on another contract near Tonopah, to hurriedly do additional recon work to the NE, E, and S to determine the need of claims to be staked in those directions. After this recon work and subject to the IP crews schedule it would prove advantageous to retain their services to commence the detailed survey of, at least, the Anomaly "A" or primary target area.
- VI. If the drill at Anomaly "A" successfully completes three holes without encountering any economic type mineralization, the unit will be moved north to Anomaly "B" where one hole is proposed. No site preparation should be required. If the results from this hole prove to be of interest then the procedure outlined above would apply; however, if nothing is found at Anomaly "B" then the unit could be easily moved to Anomaly "C" for a quick test. A 400 foot hole would be adequate to test Anomaly "C".
- VII. Anomaly "C" is a localized feature about which nothing but the IP results is known. However, being shallow and with the drilling unit in the area the anomaly could, if necessary, be cheaply tested.
- VIII. Unless or until one of the test areas showed some encouragement, the claim

staking crew would not be called into the area. The IP crew, regardless of the results of this proposed drilling, could be effectively utilized to extend line α to the south with recon IP to locate the best location for a test hole on the south mineralized zone. Hopefully, this work could be accomplished before the drill left the area. If the better drill location should prove to be south of the drainage, where the present line α ends, some road work might be required. A hole could be located on the basis of what is now known at station 9 + 00N line α but it would have to be drilled to a depth of 1200 to 1500 feet to be sure of establishing the IP causative.



G. S. Ryan
May 9, 1975



ABSTRACT
IP RECON REPORT
SMOKY PROJECT
NYE COUNTY, NEVADA

Initial interest in the Smoky Project was developed by geochem results obtained by John Hajek from springs at the edge of a presumed pediment area in the Big Smoky Valley, Nevada. The distance between the sample area and recognizable outcrop was three miles with a possible width of two miles.

To determine if a mineralized body existed within the projected area, a recon IP survey was designed to cover a large area in a short time. A contract IP crew was put on the job on April 21 under the supervision of UV personnel on the job. A total of 17 line miles were run with search depths of 800, 1600, and 2400 feet with 800 foot moves. In addition some depth tests and detail work was done. This work was completed in six days.

The IP results indicated that most of the pediment area could be dropped from consideration but four very real anomalies and possible orebody locations were located. This conclusion is based on a study of the resistivity results as well as the chargeability responses.

A gross soil sampling program, using the 800 foot spaced IP stations, was made to see if any coincidence of anomalous geochem concentrations could be associated with the IP anomalies. This program was also successful and augmented the overall results.

What with the incomplete picture of two of the anomalous IP zones and the considerable area of potential mineralization yet to be surveyed, the decision was made to hold up the staking program until a coordinated effort could be made to run additional IP recon and stake a large area, if needed, simultaneously or immediately following a quick drilling program in the most favorable area.

Proposed
2/11/75

LEASE

THIS LEASE, made and entered into as of the 18th day of April, 1975, by and between ZELON GEOCHEMICAL SERVICES, INC., a Utah corporation, hereinafter referred to as "Zelon", and USSRAM EXPLORATION COMPANY, a Maine corporation, authorized to do business in the State of Nevada, hereinafter referred to as "Ussram";

W I T N E S S E T H :

Zelon owns mining claims hereinafter described which the parties desire to subject to this Lease.

ARTICLE I

NOW THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration, paid by Ussram to Zelon, receipt whereof is hereby acknowledged, and for and in consideration of Ussram's covenants and agreements hereinafter set forth, Zelon does hereby:

1. LEASE

Lease, let and demise unto Ussram, its successors and assigns, those certain unpatented lode mining claims situate in the Big Smokey Valley Area, Nye County, State of Nevada, particularly described in Exhibit "A" attached hereto and made a part hereof, together with all and singular the mines, minerals, lodes and veins within the lines of said mining claims and their dips and spurs, and all water and water rights, dumps, plant, fixtures, structures, improvements, and other rights, privileges and appurtenances in anywise belonging..

TO HAVE AND TO HOLD the said mining claims unto Ussram for the term of this Lease, together with the right to use them and the workings therein for all uses and purposes incident to Ussram's exploration, development, mining and ore processing operations therein and in other premises owned or controlled by Ussram at any time while this Lease is in effect, including the right to prospect for, develop, mine, remove from the leased premises and ship, beneficiate, sell and dispose of all ores, minerals and materials taken therefrom.

2. COVENANT

Covenants and agrees with Ussram that:

(a) TERM OF LEASE - OPTION TO RENEW

The land covered by the mining claims described in said Exhibit "A", hereinafter referred to as "leased premises", shall be subject to this Lease for a term of twenty-five (25) years, commencing on the date hereof and ending at midnight on the 17th day of April, 2000, and Ussram shall have the right and option to extend such term for three additional periods of twenty-five (25) years each upon giving Zelon written notice of renewal at least one (1) year prior to the end of the primary term, the secondary term and the tertiary term, respectively.

(b) ADDITIONAL INSTRUMENTS

In the event it is advisable to amend the descriptions of said mining claims, as set forth in Exhibit "A", it will authorize the substitution of an amended Exhibit "A".

(c) MAKE INFORMATION AVAILABLE

It will promptly make available to Ussram any information Zelon may not have already made available which will facilitate operations under this Lease.

(d) TITLE WARRANTY

The mining claims described in Exhibit "A" are valid subsisting unpatented lode mining claims under the laws of the United States and the State of Nevada, and said mining claims are free from liens and encumbrances and Zelon has good right, full power and lawful authority to lease the same.

ARTICLE II

In consideration of said demise by Zelon and its covenants, Ussram covenants and agrees that:

1. POSTING NOTICES

It will, upon undertaking work in or upon the leased premises, post forthwith and thereafter keep posted in conspicuous places at entrances to the premises, such notices as may be necessary adequately to notify all

persons who may come in or upon the leased premises that they are held by Ussram under lease from Zelon and that Ussram is liable for all labor performed and supplies and materials used by it in and upon said premises and that Ussram, and not Zelon, will be responsible for any and all debts and expenses incurred in operations under this Lease, all as may be required by the Statutes of the State of Nevada.

2. PERFORMANCE OF WORK

All work done by it in the leased premises will be performed in a good and minerlike manner, with due regard to the safety, development and preservation of the leased premises and workings and operations therein; and it will remove, insofar as is practicable and consistent with good mining practice, all commercial ores encountered in exploration, development and mining operations in the leased premises. All work shall at all times be under the sole control of and done in accordance with the exercise of the discretion and judgment of Ussram as to its place, method and manner of performance.

3. ROYALTIES, OPERATING COSTS, NET RECEIPTS

(a) ROYALTIES

It will pay to Zelon, as royalty, five per cent (5%) of the lease profit from operations under this Lease. "Lease profit" shall be the net receipts less all operating costs incurred from the date of this Lease. No royalty shall be paid until Ussram has been reimbursed for all operating costs theretofore incurred.

The royalty due for any calendar year in which there is a lease profit shall be deposited in Walker Bank & Trust Company, Salt Lake City, Utah, for credit to the account of Zelon, within three (3) months after the end of such year.

(b) OPERATING COSTS

The term "operating costs" means all expenditures made directly or indirectly by Ussram for the benefit of this Lease, whether in preparation for or in operations under this Lease, including: abstracts of title, examination of title and curing title; assessment work; any and all prospecting, investigating and exploring for, and developing, mining, extracting, removing, processing, transporting,, selling of ores and other

materials recovered from the leased premises; the amount of settlements made with third parties owning undivided interests in mining claims subject to this Lease, if any, and all rentals, royalties and other payments made under or for leases, agreements or grants held subject to this Lease.

Royalties paid to Zelon, income and franchise taxes, home office overhead expenses and supervisory salaries not directly related to operations under this Lease, acquisition cost of depreciable items, and allowance for depletion shall not be operating costs.

Without limiting the generality of the foregoing, "operating costs" shall include: depreciation on depreciable items, acquired or constructed solely for use under this Lease, at a rate which will fully depreciate them over a period of eight (8) years; Salt Lake City office overhead expenses and supervisory salaries directly related to operations under this Lease, including allocation of insurance, rent, clerical salaries, supplies, telephone, telegram and legal services; the acquisition cost of items used in operations under this Lease expensed at the time of acquisition; reasonable rental charges for equipment owned and used by Ussram in and for such operations, but not acquired solely for such use; reasonable transportation expenses of employees, professional staff, materials and equipment to and from the site of the work; all taxes which Ussram is required to pay under the provisions of section 1 of Article III, and all costs incurred in environmental compliance with county, state and federal rules, laws and regulations.

The term "depreciable items" as used in this subsection, means items the acquisition cost of which is recovered on a depreciation basis.

(c) NET RECEIPTS

The term "net receipts" means all sums received by Ussram for ores mined or concentrates produced from such ores in operations under this Lease, and such additional amounts, if any, as are received by or accrue to Ussram from governmental subsidies, governmental purchase contracts, or other like sources on account of the production, sale and/or disposal of such ores or concentrates in the event and to the extent that Government regulations permit the payment of royalties thereon, less any freight, truck, treatment or other charges not deducted by the purchaser.

If ores mined and/or concentrates produced are not sold and Ussram elects to utilize them for its own purposes, then the ores and/or concentrates shall be sampled and assayed and the value thereof determined on the basis of the fair market value for such materials in the area, less any freight, truck, treatment or other reasonable charges, which value shall be included as part of net receipts.

4. SAFETY AND MAINTENANCE

It will perform all exploration, development, mining and other operations in the leased premises in a safe and minerlike manner in accordance with the requirements of proper and customary engineering practice, except when prevented from so doing by mine casualty or other causes beyond Ussram's reasonable control.

5. PAYMENT OF LABOR AND MATERIAL CLAIMS

It will pay for all labor, power, tools, equipment, powder, timber and other materials and supplies which may be employed or used by Ussram in operations under this Lease and will not allow any claim or lien for any such thing to be effectually made or asserted against the leased premises or against Zelon.

6. INDEMNITY OF ZELON

It will hold Zelon harmless and fully indemnify it against all claims and demands of any kind or nature which may be made upon it or against the leased premises for or on account of any debt or expense contracted or incurred by Ussram, and Ussram will defend and save Zelon harmless and fully indemnify it as to any liability or asserted liability for or on account of injury to or death of any person (except representatives of Zelon when upon the leased premises under permission granted pursuant to section 8 of this Article) or for damage to any property sustained during the continuance of this Lease resulting from the negligence of Ussram or the unsafe condition of the leased premises due to Ussram's negligence or default; it being understood, however, that the leased premises are mining property and will be operated as such, accompanied by the hazards attendant such operations, and that in the absence of demonstrable negligence or breach of duty owing by Ussram, it guarantees the safety of neither person nor property of any kind or character wherever situated.

7. STATUTORY COMPLIANCE

It will carry Workmen's Compensation Insurance and Occupational Disease Disability Compensation Insurance covering Ussram's employees; it will pay any taxes and/or make any deductions under the Federal Insurance Contributions Act and the State and Federal Unemployment Tax Act, and for which Ussram may become obligated, and will comply with all other laws, rules and regulations of any duly constituted governmental authority affecting Ussram's operations in the leased premises and, on request of Zelon, will furnish it supporting evidence of compliance with the requirements of this section.

8. INSPECTION BY ZELON

It will permit the representatives of Zelon, authorized in writing, at all reasonable times, to enter, at their own risk and the risk of Zelon, into the leased premises and any workings therein to ascertain whether Ussram is complying with the terms and conditions of this Lease. Ussram's representatives may accompany the representatives of Zelon whenever they are in the leased premises.

9. EXPLORATION DATA

That, during the term of this Lease and for a period of thirty (30) days following termination, if requested by Zelon, it will provide Zelon with copies of raw data of exploration in the leased premises and will make available to Zelon for inspection:

(a) Maps showing workings made in the leased premises by Ussram and assays of samples, if any, taken by Ussram in the leased premises.

(b) Logs of and cores from any diamond drill holes made by Ussram in the leased premises.

10. ACCOUNTING - STATEMENTS

(a) It will keep records of work done and expenditures made under this Lease, the ores and/or concentrates shipped and sold, the receipts from the sale of such ores, and/or concentrates and of any other receipts from operations under this Lease, all in accordance with good and customary accounting procedure.

(b) It will furnish Zelon within two (2) months after the end of the first half of each calendar year a preliminary report of operations and production under this Lease during that half year and within three (3) months after the end of each calendar year, a final report of operations during the calendar year. Each such report shall include general character

of work done, cost of the work, expenditures for equipment, tonnage and grade of ores and/or concentrates sold and net receipts. Annual reports shall state the lease profit or loss for the year.

(c) For a period of six (6) months following receipt of the Annual Report for the preceding year, and, upon thirty (30) days advance written notice given by Zelon to Ussram, Zelon shall have the right to examine the books, records and accounts of Ussram relating to the determination of Lease profit or loss for the year.

ARTICLE III

MUTUAL COVENANTS OF THE PARTIES

The parties mutually covenant and agree that:

1. TAX PAYMENTS

Ussram shall prepare and file in a timely manner net proceeds, occupation and any other tax returns related to its operations under this Lease and shall pay all such taxes.

2. ASSESSMENT WORK

(a) Ussram shall perform upon or for the benefit of the unpatented mining claims described in said Exhibit "A" the assessment work required by the laws of the United States and the State of Nevada to keep and maintain them in good standing as unpatented lode mining claims for each assessment year in which this Lease is in effect for nine (9) months; provided, however, that for any year or years in which assessment work on unpatented mining claims shall be suspended by Act of Congress, notice of intention to hold said unpatented mining claims or other instruments under any such law may be filed in lieu of performance of the assessment work. Ussram shall make and file affidavits of performance of such assessment work or notice of intention to hold said unpatented mining claims and its officers and agents are hereby authorized to make and file such instruments.

(b) Notwithstanding anything in the preceding subsection (a) of this section 2 to the contrary, Ussram may give Zelon written notice of the nature and place of the assessment work it will perform on or for the benefit of said unpatented mining claims, and if, within thirty (30) days after

Zelon's receipt of such notice, Ussram does not receive written notice from Zelon objecting to said assessment work, in whole or in part, and clearly stating to which and why it objects, Zelon shall be deemed to have accepted the performance of such work as fully satisfying the obligation for assessment work in the year involved.

3. ACQUISITIONS

Zelon and Ussram shall keep each other informed of any negotiations by it, or a subsidiary of it, for leasing, purchasing or obtaining rights or interests in or over any properties and of any mining claims located within a six (6) mile radius of Exhibit "A" property, hereinafter referred to as "Area of Mutual Interest".

If Zelon or Ussram, or a subsidiary of either, shall acquire rights or interests in or over such properties, or locate mining claims within said Area of Mutual Interest, it shall promptly notify the other party, in writing, of such acquisitions or locations, the cost incurred in acquiring or locating them, and the terms of the lease, agreement or grant. Either party may elect to have such rights or interests acquired or claims located by the other party included under this Lease by notifying the other party in writing of such election within forty-five (45) days from the date of receiving said notice of such acquisitions or locations and the costs and terms. Upon such election, the party acquiring the rights or interests, or locating the claims, shall promptly execute such instruments as may be necessary to include such rights or interests or claims under this Lease, and Ussram shall promptly reimburse Zelon for payments made by it in acquiring such rights or interests or locating such claims so included under this Lease. No payment shall be made by Ussram to Zelon for shares of common stock of Zelon delivered to the parties granting such rights or interests.

All costs incurred by Ussram in acquiring rights or interests or locating claims included under this Lease, all payments made by Ussram to reimburse Zelon for costs incurred in acquiring rights or interests or locating claims, included under this Lease, all rents, royalties and other payments made under the terms of leases or agreements assigned to Ussram and held subject to the terms of this Lease, and all costs incurred in

operations in properties so included under this Lease shall be operating costs under this Lease.

All sums received for ores and concentrates produced and sold from properties subject to this Lease shall be net receipts under this Lease.

4. INSURANCE

Ussram shall include under its excess fire insurance policy all structures and equipment on or in the leased premises used in operations under this Lease, and any losses not covered by such policy shall be an operating cost. The benefits under such insurance policies shall be payable to Ussram.

5. CONTRACTING WORK AND SUBLETTING

Ussram shall have the right at any time to enter into agreements with corporatins, partnerships or individuals for the performance of any work in the leased premises.

6. ACCEPTANCE OF STATEMENTS AND SETTLEMENTS

Any statement required to be rendered by Ussram, and any settlement made by it shall be deemed to have been fully accepted as an adequate statement and final settlement, and shall be conclusive between the parties unless exception thereto, in writing, be taken within sixty (60) days after such statement or settlement shall have been rendered or made.

7. TERMINATION BY ZELON FOR CAUSE

If Ussram shall at any time be in default in the performance of any of the terms and conditions of this Lease, including payment of royalties or other sums payable hereunder, such default shall not operate to or give Zelon the right to cancel, forfeit or terminate this Lease unless Zelon shall notify Ussram, in writing, specifying the nature of such default and unless Ussram shall fail to make any such payment or to proceed diligently to cure any other default within sixty (60) days from the date of receipt of such notification. If, at the expiration of said sixty (60) days after the date of receipt of such notice, Ussram has not made such payment or proceeded diligently to cure any other default, Zelon may terminate this Lease by giving Ussram written notice of termination,

and without further demand or notice, Zelon, by its agents or attorneys, may enter upon and into the leased premises and dispossess all persons occupying them, with or without force, and with or without process of law, or at Zelon's option, Ussram and all persons found in occupation of any of the leased premises may be proceeded against as guilty of unlawful detainer. Failure of Zelon to exercise for any length of time any right of forfeiture for such cause shall, in no event, operate as a waiver of such right of forfeiture for such cause still continuing or for any recurrence thereof or for any different cause.

8. SURRENDER OF PREMISES ON TERMINATION

Ussram shall deliver to Zelon the leased premises, without demand or further notice, on the last day of the term hereof, unless extended, and then on the last day of the extended term, or at any time previous upon termination hereof; provided, however:

(i) Broken Ores

All broken ores on surface or underground not shipped prior to such expiration or earlier termination may be removed by Ussram within ninety (90) days after termination and accounted for, as herein provided, as if shipped prior to termination, but if not so removed within said ninety (90) days, such ores shall become the property of Zelon.

(ii) Track, Pipe and Vent Pipe

All track, pipe and vent pipe in place at the termination of this Lease shall remain and become the property of Zelon.

(iii) Removal of Equipment

On termination of this Lease, Ussram shall, as soon as convenient and practicable, remove from the leased premises and sell all fixtures and equipment (other than track, pipe and vent pipe) placed by it, either on the surface or underground, and from the proceeds reimburse itself for any unreimbursed operating cost and for any undepreciated portion of the cost of such fixtures and equipment. Either Ussram or Zelon shall have the right to purchase any such fixtures or equipment at its fair appraised value. Any proceeds from the sale of such fixtures and equipment,

after Ussram has been reimbursed for all operating costs and undepreciated cost of such fixtures and equipment, shall be divided five per cent (5%) to Zelon and ninety-five per cent (95%) to Ussram.

9. DELAY DUE TO CAUSES BEYOND CONTROL OF USSRAM

If Ussram shall be delayed or interrupted in, or prevented from performance of its obligations as herein provided, by acts of God, fires, floods, strikes or labor troubles, breakage of machinery, inability to obtain necessary materials, supplies, power or labor, interruptions in delivery or transportation, insurrection or mob violence, injunction, regulations or orders or requirements of Government or other disabling cause beyond its reasonable control, then and in all such cases, Ussram shall, for the time being, and without liability, be excused from performance of its obligations as herein provided for the period of such prevention, delay, interruption, disability, and all provisions of this Lease shall again come into full force and effect immediately upon the termination of the period of prevention, delay or disability resulting from any of the causes aforesaid. The term of this Lease shall be extended for a period equal to the number of days in any such period of prevention, delay or disability.

10. INTEGRATION OF LEASE - AMENDMENTS

This Lease constitutes the whole agreement between the parties. There are no terms, obligations, covenants or conditions other than those contained herein. No variation thereof shall be deemed valid unless signed by the parties with the same formality as this Lease.

11. TERMINATION, PARTIAL SURRENDER AND ASSIGNMENT BY USSRAM

It is expressly understood between the parties hereto, anything herein contained to the contrary notwithstanding, that continuance of this Lease is optional with Ussram. Ussram may terminate this Lease at any time and may assign this Lease, or any part of it, at any time. Thereupon all its obligations and liabilities hereunder shall immediately cease and terminate, except liability on account of any obligation incurred and owing at the time of such termination or assignment. Ussram may surrender and yield up to Zelon any part of the leased premises at any time and thereupon its obligations under this Lease with respect to the premises surrendered

and yielded up shall cease, except liability on account of any obligations incurred and owing at the time of such surrender.

12. If Zelon desires to sell its "Lease Profits Interest" held under this Lease, or if Zelon shall have received an offer from a third party to purchase the Lease Profits Interest, Zelon shall notify Ussram accordingly and Ussram shall have an exclusive and preferential right for a period of thirty (30) days after receipt of such notice to purchase the interest on the same terms offered by a third party or if no such offer exists, on terms that may be negotiated between Zelon and Ussram. If this optional right is not exercised by Ussram then Zelon shall have a period of sixty (60) days from such rejection by Ussram to consummate a sale to a third party free and clear of Ussram's preferential right, but not thereafter. Any third party acquiring such Lease profits interest shall do so subject to all terms and provisions of this Lease.

13. NOTICE

Either party may give notice under this Lease by United States registered or certified mail, addressed to the party to whom the notice is being given at the address hereinafter stated or by actual delivery of such notice to such party and, except as may be otherwise provided in this Lease, the notice shall be deemed given when so deposited in the mail.

The address of Ussram is:

Nineteenth Floor, University Club Building
136 East South Temple Street
Salt Lake City, Utah 84111

The address of Zelon is:

353 West Pierpont Avenue
Salt Lake City, Utah 84104

Either party may from time to time change the address which it desires used and upon written notice to the other party, such changed address shall be deemed inserted herein in place of the address above stated.

14. AGREEMENT BINDING ON ASSIGNS

Each and every clause and covenant of this Agreement shall extend to, benefit and bind the successors and assigns of the parties hereto respectively.

15. MISCELLANEOUS

(a) In the event any provision of this Lease shall be declared by a court of competent jurisdiction to be invalid, or rendered invalid or inoperative by any ruling of the Federal Government or agency thereof, such holding shall not prejudice the intent and spirit of this Lease and the other provisions hereof shall continue in full force and effect.

(b) The parties hereto shall execute a Memorandum of Lease for recording so that there will be constructive notice of this Lease. Should this Lease be surrendered or terminated under any provision hereof prior to the end of the term, Ussram shall execute and deliver to Zelon an instrument of surrender and release capable of being recorded.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective corporate officers thereunto duly authorized and their corporate seals to be hereunto affixed, duly attested, all as of the day and year first hereinabove written.

ATTEST:

ZELON GEOCHEMICAL SERVICES, INC.

By _____

USSRAM EXPLORATION COMPANY

By _____
W. R. KASTELIC, Vice President

STATE OF)
 : ss
COUNTY)

On this _____ day of _____, 1975, personally
appeared before me _____, a notary public in and for
_____ County, _____,
known to me to be the _____ of ZELON GEOCHEMICAL
SERVICES, INC., The corporation that executed the foregoing instrument
and upon oath did depose that he is the officer of said corporation
as above designated; and that the said corporation executed the
said instrument freely and voluntarily and for the uses and purposes
therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
my official seal at my office in the County of _____,
the day and year in this certificate first above written.

My Commission Expires:

Notary Public, In and For the
County of _____
State of _____

STATE OF UTAH)
 : ss
COUNTY OF SALT LAKE)

On this _____ day of _____, 1975, personally
appeared before me _____, a notary public in and for
_____ County, W. R. KASTELIC
known to me to be the Vice President of USSRAM EXPLORATION
COMPANY, the corporation that executed the foregoing instrument, and
upon oath did depose that he is the officer of said corporation as
above designated; and that the said corporation executed the said
instrument freely and voluntarily and for the uses and purposes therein
mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
official seal at my office in the County of Salt Lake the day and year
in this certificate first above written.

My Commission Expires:

Notary Public, In and For the
County of _____
State of _____

E X H I B I T "A"

Big Smokey Valley Area, Nye County, Nevada

Attached to and made a part of Lease between Zelon
Geochemical Services, Inc., Lessor, and Ussram Exploration
Company, Lessee, dated as of April 18, 1975.

<u>Name of Claim</u>	<u>Date of Location</u>	<u>Location Notice Recording Data</u>	
		<u>Book</u>	<u>Page</u>
Molly #1	4/13/75		
Molly #2	4/13/75		
Molly #3	4/13/75		
Molly #4	4/13/75		
Molly #5	4/14/75		
Molly #6	4/14/75		
Molly #7	4/14/75		