

SHORT FORM LEASE AGREEMENT

THIS SHORT FORM is to give notice of a Lease Agreement

effective as of the 20th day of August, 1984,

by which MONTANA ASSOCIATES, a general partnership, whose address is P. O. Box 646, Libby, Montana 59923 (as the "Lessor"),

granted certain rights to

ST. JOE AMERICAN CORPORATION, a Delaware corporation, whose address is 2002 North Forbes Boulevard, Tucson, Arizona 85745 ("St. Joe" herein),

under the following terms and conditions:

1. Grant

Lessor granted, demised, leased and let that certain real property, more particularly described in the attached Exhibit A (the "Property" herein), including, but without being limited to, all soil, sand and gravel, rock, ores, minerals and mineral rights in, upon and under the Property (the "Leased Substances"), exclusively unto St. Joe, its successors and assigns, with the exclusive rights and privileges:

-- to drill and excavate holes, pits, shafts and other excavations, to construct roads and to conduct surveys, explorations, sampling, investigations and other operations in such a manner and to the extent as St. Joe, in its sole judgment and discretion, may deem advisable for the purpose of ascertaining any and all facts relating to the occurrence of ores and minerals in and under the Property and the metallurgical and physical properties of any such ores;

-- to mine (by open pit, strip, underground, solution mining or any other method, including any method hereafter developed), extract, mill, store, process, remove and market Leased Substances from the Property;

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-- to place, construct, maintain, use, and remove such structures, facilities, equipment, roadways, haulageways and such other improvements on the surface or subsurface of the Property as St. Joe may deem necessary, useful or convenient for the full enjoyment of all of the rights herein granted;

-- to mix or commingle Leased Substances with any other ores produced off the Property, provided that St. Joe shall first weigh, sample, and assay the Leased Substances in accordance with recognized industry practice;

-- to conduct any mining upon the Property and St. Joe's mining of adjoining or nearby lands as a single mining operation as if the Property and all such other properties constituted a single tract of land, in which event St. Joe shall have the exclusive right to use structures, facilities, equipment, roadways, haulageways, and all other appurtenances installed on the Property for the purpose of producing, removing, treating or transporting metals, ores, minerals or materials from adjoining or nearby property owned or controlled by St. Joe and the right to mine and remove Leased Substances from the Property through or by means of shafts, openings or pits which may be made in or upon adjoining or nearby property;

-- to use other resources of the Property, including timber and water, in connection with the exploration, mining and processing rights granted hereunder;

-- to use the surface of the Property to deposit waste, overburden, surface stripping and other materials from mining operations on the Property and adjoining property being mined with the Property as a single mining operation; provided that such materials from other lands may not be deposited on the Property if it would interfere with mining operations on the Property.

## 2. Term

Unless sooner terminated under the termination provisions of the Agreement, the term of the Agreement is for five (5) years commencing on the effective date; provided, however, that St. Joe may extend such term by making payments as specified in the Agreement.

## 3. Payments to Lessor

St. Joe is required to pay Lessor rental, advance minimum royalty and a royalty on production if St. Joe mines

and markets Leased Substances from the Property, all as specifically set forth in the Agreement.

4. Obligations of St. Joe

By the terms of the Agreement, St. Joe is required to pay all expenses incurred by it in its operations on the Property and allow no liens arising from any act of St. Joe to remain on the Property, provided that St. Joe has the right to contest the validity or amount of liens. St. Joe is required to protect, defend and indemnify Lessor against all liability arising out of St. Joe's exercise of any of its rights pursuant to the Agreement, and pay all taxes levied against its improvement on the Property, including ad valorem taxes assessed against commercial development. St. Joe is also obligated to perform assessment work (unless excused, suspended or deferred) for the benefit of the Property for each assessment year during which the Agreement continues in force beyond July 1 of the applicable assessment year. All of the above obligations are set forth in detail in the Agreement.

5. Title

By the terms of the Agreement, St. Joe has been authorized to take whatever action is necessary to cure alleged defects in title if the Lessor is unable or unwilling to do so. St. Joe has the further right to amend or relocate any of the mining claims included within the Property and to undertake to obtain patent to any of the mining claims that constitute the Property.

6. Assignment

The rights of either party under the Agreement may be assigned in whole or in part, and the provisions shall inure to the benefit of and be binding upon the heirs, personal representatives, beneficiaries, successors and assigns, but no change or division in ownership of the Property or payments under the Agreement however accomplished can operate to enlarge the obligations or diminish the rights of St. Joe. No change or division in the ownership of the Property is binding on St. Joe for any purpose until the first day of the month next succeeding the month in which evidence of such change, transfer or division of ownership is furnished to St. Joe.

7. Copies of the Agreement

Copies of the Agreement are in the possession of the parties at the addresses indicated in the recitals.

SIGNED, effective as of the date recited above.

LESSOR:

ST. JOE:

MONTANA ASSOCIATES

ST. JOE AMERICAN CORPORATION

By Mark Schoknecht  
Mark Schoknecht  
General Partner  
SSAN: [REDACTED] 3562

By John W. Horton  
John W. Horton, President

COPY

STATE OF Montana )  
County of Groveland ) ss.

The foregoing instrument was acknowledged before me this 17th day of August, 1984, by Mark Schoknecht, the authorized partner of Montana Associates, a general partnership, for and on behalf of the partnership.

Diana G. Fields  
Notary Public

My commission expires:  
12/31/86

STATE OF ARIZONA )  
County of Pima ) ss.

The foregoing instrument was acknowledged before me this 20th day of August, 1984, by John W. Horton, the President of St. Joe American Corporation, a Delaware corporation, for an on behalf of the corporation.

Robert K. Smith  
Notary Public

My commission expires:  
My Commission Expires August 25, 1986

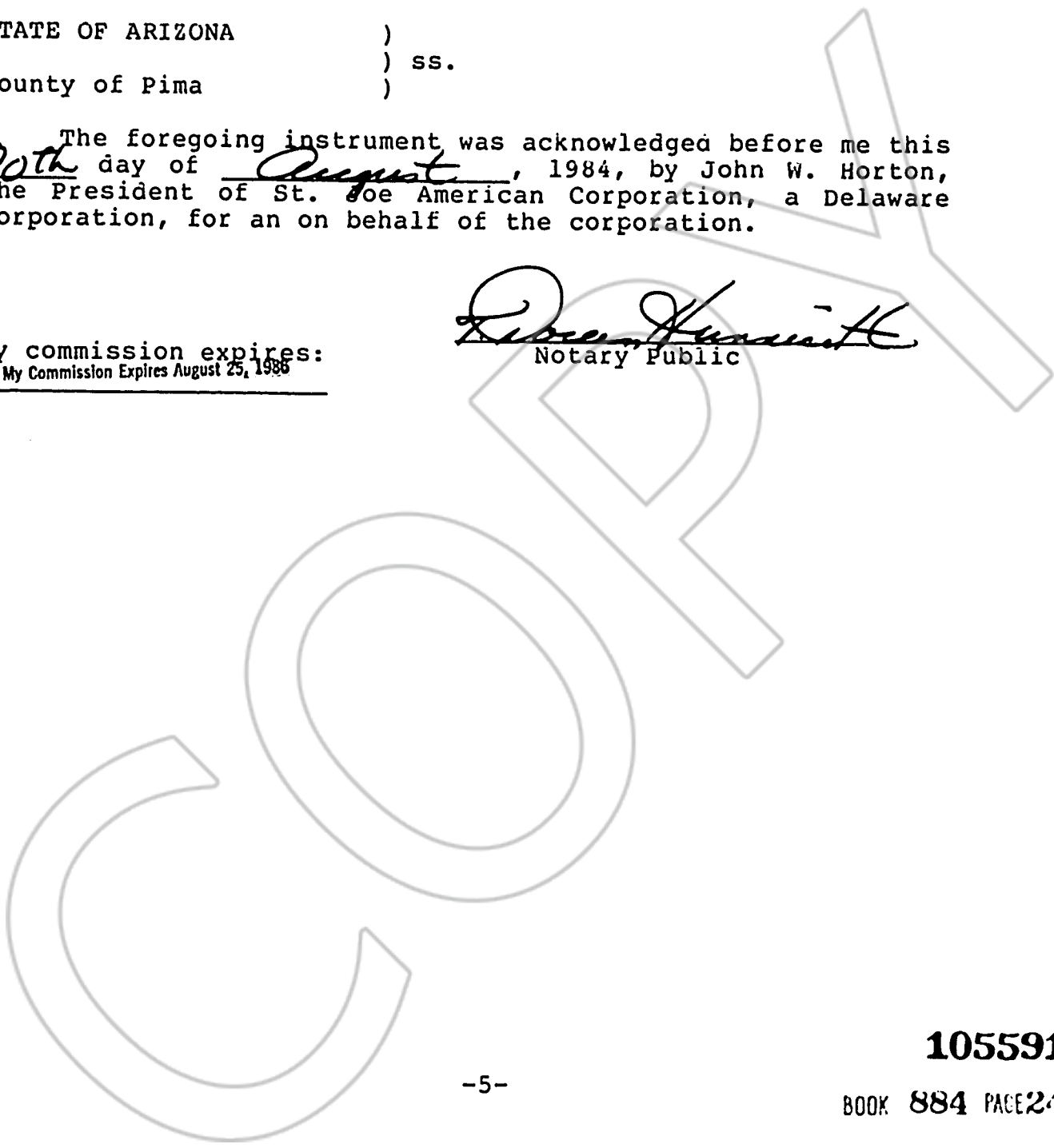


EXHIBIT A

The "Property" that is the subject of a Lease Agreement to which this Exhibit is attached consists of the following unpatented mining claims situated in the Buckskin (Gardnerville) Mining District, Douglas and Lyon Counties, Nevada, the location notices of which are of record in the official records of such counties and at the Nevada State Office of the Bureau of Land Management as follows:

<u>Name of Claim</u>	<u>Official Records Lyon County Instrument No.</u>		<u>BLM Serial #</u>
			<u>N MC</u>
Mark 1	50131		131903
Mark 2	50132		131904
Mark 3	50133		131905
Mark 4	50134		131906
Mark 5	50135		131907
Mark 6	50136		131908
Mark 8	50137		131909
Mark 9	50138		131910
Mark 10	50139		131911
Mark 11	50140		131912
Mark 12	50141		131913
Mark 13	50142		131914
Mark 29	50143		131915
Mark 30	50144		131916

	<u>Official Records Douglas County</u>		
	<u>Book</u>	<u>Page</u>	
Mark 7	1179	1288	131917
Mark 14	1179	1289	131918
Mark 15	1179	1290	131919
Mark 16	1179	1291	131920
Mark 17	1179	1292	131921
Mark 18	1179	1293	131922
Mark 19	1179	1294	131923
Mark 20	1179	1295	131924

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Mark 21	1179	1296	131925
Mark 22	1179	1297	131926
Mark 23	1179	1298	131927
Mark 24	1179	1299	131928
Mark 25	1179	1300	131929
Mark 26	1179	1301	131930
Mark 27	1179	1302	131931
Mark 28	1179	1303	131932

3,5-17

COPY

REQUESTED BY  
*Sh. Joe Green (Corp)*  
 IN OFFICIAL RECORDS OF  
 DOUGLAS COUNTY, NEVADA

'84 AUG 23 AM 1:00

SUZANNE BEAUDREAU  
 RECORDER

\$ 11<sup>00</sup> PAID *Sp* DEPUTY

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