1186336 - R8 SDMS

OPTION AGREEMENT

DATED: **April 1, 1994 ("Option Date")** #2

PARTIES: **A.** **RICO DEVELOPMENT CORPORATION, a Colorado Corporation (the "Optionor")**

Address: #7 Impala South
Athens, Texas 75781
Attention: Mr. Wayne Webster

B. **RICO PROPERTIES LIMITED LIABILITY COMPANY, a Colorado limited liability company (Optionee);**

Address: One Hinkley Drive
P.O. Box 220
Rico, Colorado 81332
Attention: Mr. Richard M. Theile

C. **TELLURIDE MOUNTAIN TITLE COMPANY ("Title Company");**

Address: 335 West Colorado Avenue
P.O. Box 1440
Telluride, Colorado 81435
Attention: Mr. Martin S. Bregman

D. **OPTION PROPERTY:** That certain real property located in Dolores County, Colorado and more particularly described on the attached Exhibit "A", together with all improvements and fixtures situated thereon and all improvements and appurtenances related thereto, including, but not limited to all mineral, timber and water rights related thereto and all rights of any nature whatsoever, including personal property (which shall be only that personal property owned by Optionor and located in the Burley Building, the Cafe and the Theatre as of the date hereof, which would include but shall not be limited to records, documents, copies of mining claims, historical memoranda and artifacts) ("Option Property").

1. **Grant of Option.**

In consideration of payment by Optionee of the sums hereafter set forth, Optionor hereby grants Optionee a series of exclusive option(s) ("Option") to purchase all or any portions of the Option Property described herein under the terms and conditions set forth in this Agreement. The consideration for this Option Agreement shall be ONE HUNDRED AND NO/100 DOLLARS ($100.00), the receipt of which is hereby acknowledged by Optionor, and a sum equal to interest-only payments at the rate of eight percent (8%) per year, payable quarterly ("Option Payments") on the principal amount of ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($1,500,000.00) ("Original Option Amount"). Interest shall begin to accrue as of the date of the closing of Title Company Escrow No. 94010047B ("Master Escrow") on the Original Option Amount. The principal of the Original Option Amount shall be reduced by the purchase price paid for each portion of the Option Property which is exercised and which closes Escrow as set forth in Section 5 below, provided however, that Optionee shall continue to make interest-only payments on the balance of the Original Option Amount in order to maintain this Option in full force and effect.

All Option Payments shall be payable to Title Company for the benefit of Optionor and shall be immediately released to Optionor. In the event that Optionee shall fail to make the Option Payments in a timely manner and upon the failure of Optionee to cure said non-payment within fifteen (15) days of written notice from Optionor to Optionee, this Option Agreement shall be deemed to be terminated and neither party shall have any further right or obligation to the other under this Option Agreement or under the options herein, including, without limitation, any further obligation whatsoever of Optionee to make payments of principal or interest under this Option Agreement or the Original Option Amount (except real estate taxes as set forth in Section 8) and the Optionor shall be entitled to retain any of the Option Payments as full and adequate consideration for the granting of this Option Agreement to the date of such termination. In no event shall Optionee be permitted to close an Escrow if Optionee is in default under any Option Payment referred to herein.

Notwithstanding anything contained in this Option Agreement to the contrary, at such time as Optionee has exercised Options and closed Escrow(s) in an amount equal to or in excess of the Original Option Amount, the purchase price for any additional Options exercised thereafter shall be TEN AND NO/100 DOLLARS ($10.00) per Option.

2. **Expiration Date.**

This Option shall expire at 4:00 p.m., Colorado time, on March 31, 1999.

3. **Notice of Exercise.**

Optionee may exercise the options granted by this Option to purchase all or various portions of the Option Property any time after the close of the Master Escrow. Any exercise of an Option to purchase all or a portion of the Option Property shall be by written notice signed by the Optionee and hand delivered or sent certified mail, postage

prepaid, return receipt requested, to the Title Company and Optionor at the address set forth herein.

Optionee may elect to exercise any Option herein with respect to fee title to any portion of the Option Agreement, or the surface estate of said Option Property, or any combination of the surface estate and interests in minerals together constituting less than fee title; and Optionor shall grant the surface estate of any portion of the Option Property and grant and reserve all or any portion of the mineral estate in the Option Property in the manner specified by Optionee in its exercise of any Option hereunder, provided Optionee pays the consideration specified in this Option Agreement and as set forth in Section 5.

4. **Title Insurance on Grant of Option**.

In consideration of the payment of the Option payments, Optionor has delivered to Optionee on even date herewith, and Optionee acknowledges receipt of, a standard coverage policy of title insurance or irrevocable commitment therefor issued by Title Company in the amount of the Original Option Amount insuring the vesting of Optionee's rights under this Option free of all matters except only the printed exceptions normally contained in such policies, taxes not due or payable, and any other matters presently set forth in the Title Commitment (as defined in Section 5).

5. **Exercise of Option and Payment of Purchase Price**.

In the event any of the Options referred to in this Option is timely exercised as herein provided, Optionor and Optionee shall perform the obligations set forth in this Agreement and as follows:

A. An escrow shall be immediately opened by Title Company ("Escrow");

B. Escrow shall close no later than sixty (60) days after Optionor's receipt of Optionee's notice of exercise ("Closing Date"). If an earlier Closing Date is requested by Optionee, each party agrees to use its efforts in good faith to close Escrow at or as soon as possible;

C. Optionor and Optionee shall enter into Title Company's standard Escrow Instructions, standard residential contract to buy and sell real estate, standard commercial contract to buy and sell real estate, or standard vacant land/farm and ranch contract to buy and sell real estate ("Contract") whatever the case may be, said Escrow Instructions and Contracts attached hereto as Exhibits B through E. Title Company is authorized as agent for Optionor and Optionee to insert such provisions, terms and conditions, as the Optionee shall direct consistent with the terms and provisions of this Option Agreement.

D. Optionor and Optionee hereby authorize Title Company to insert the purchase price in the Contract and Escrow Instructions of any portion of the Option

Property exercised by Optionee by referring to the Second Addendum to the Master Escrow for the applicable price which amounts are set forth on Exhibit "B" to said Addendum. Any purchase price directed by Optionee to be inserted in excess of the Purchase Price set forth in the Second Addendum shall inure to the benefit of Optionee.

E. The cost of standard owner's title policy shall be paid by Optionee;

F. All other escrow fees, recording expenses and all other closing expenses, if any, shall be payable by Optionee, except those expenses directly attributable to delivering record title of the Option Property to Optionee, which expenses shall be payable by Optionor;

G. Transfer of title to the portion of the Option Property exercised shall be evidenced by method of conveyance selected by Optionee which shall be either method of Warranty Deed attached hereto as Exhibits "F" and "G", or any other transfer deed ("Deed") reasonably requested by Optionee consistent with the terms of this Option Agreement, including Section 3. In addition, Optionor shall transfer by appropriate documentation the applicable personal property of Optionor relating to the portion of the Option Property subject to the Escrow.

H. The portion of the Option Property exercised shall be transferred subject only to current taxes and assessments (which payment Optionee is obligated to make pursuant to Section 8 herein) (which assessments shall be prorated through Closing Date), reservations and all easements, rights of way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as appear in the Updated Title Commitment, issued by the Title Company and dated March 29, 1994 as Order No. 94010047B (Title Commitment);

I. All parties agree to execute, acknowledge and deliver such other instruments and documents as may be reasonably necessary to consummate any Escrow in a timely manner.

6. **Inspection Rights and Operation of Option Property.**

Optionor hereby grants Optionee an exclusive license to enter the Option Property to allow evaluation of the Option Property for future development, such evaluation to occur at Optionee's sole expense, said exclusive license to remain valid until final and complete exercise or expiration of all of the Options set forth in this Option Agreement. During the term of said license, Optionee shall not develop the surface or mineral estate of the Option Property, but shall only enter and evaluate the Option Property. Optionee may conduct and may authorize and license others to conduct all manner of surface and subsurface investigations concerning physical and environmental condition of the Option Property provided Optionee shall remain responsible for the proper disposition of all wastes created in the course of such evaluation and surface or subsurface investigations.

Optionee hereby indemnifies Optionor and shall hold Optionor harmless from all claims, costs or liabilities arising out of a physical injury suffered by Optionee or its agents with regard to the inspection right of Optionee granted by Optionor hereunder.

During the period commencing upon the Option Date until the Expiration Date, the Optionor and Optionee agree as follows:

A. Optionor shall:

a. enter into no loans, leases, easements, or other agreements which affect the ownership, management, leasing, or operation of the Option Property, unless such agreements are cancellable upon not more than thirty (30) days written notice or unless such agrees have been approved in advance and in writing by Optionee;

b. send no less than quarterly to Optionee any non-confidential correspondence which Optionor receives from Governmental Authorities regarding the Option Property, unless said correspondence requires immediate action by Optionee to protect its rights hereunder or which failure to act properly would adversely affect the value of the Option Property, then in such an event Optionor agrees to forward such correspondence to Optionee promptly.

In addition, Optionor agrees that, during the Option Period, it shall not place or allow any voluntary or involuntary liens (other than involuntary liens arising through no fault of, and not caused by Optionee), encumbrances, or other matters to be placed of record on the Option Property, including, without limitation, any matter referred to in this Section ("Lien(s)") (other than those set forth as of the date hereof in the Title Commitment, including the Houston/Hancock Street issue and the Maxwell-Watkins lawsuit matter which Optionor represents and warrants will not adversely impact the value of the Option Property) which are not "Cured" (as defined below) on or before the applicable Closing Date of any particular portion of the Option Property affected by the Lien. Notwithstanding the foregoing, in the event any such Liens arise, Optionor shall on or before thirty (30) days prior to the applicable Closing Date of any particular portion of the Option Property affected by the Lien, eliminate or satisfy such Liens or obtain a commitment for title endorsement insuring Optionee and its lender against loss or damage from the Lien. Upon the elimination or satisfaction of such Liens or the obtaining of a commitment for title endorsement insuring against loss or damage from such Liens, then such Liens shall be deemed "Cured" and the result shall be called a "Cure Event". In the event Optionor is unable to perform a Cure Event by the applicable Closing Date of any portion of the Option Property affected by the Lien, Optionee shall be entitled, in its sole and absolute discretion to : (i) proceed to exercise the Option granted by this Option Agreement, in which case, Optionee shall be entitled to a credit against the Original Option Amount (and the escrow in question) in an amount equal to the amount

of the Liens and costs and expenses directly incurred by Optionee in attempting to remove said Liens; and/or (ii) exercise any other available remedy at law or in equity.

In addition to the inspection rights set forth herein, Optionee shall have the right of access and the right to inspect, inventory, photocopy and review all matters relating to the Burley Building and personal property located therein. In addition, Optionee shall have the right of access upon reasonable notice to Optionor to the remainder of the Burley Building not subject to the Lease set forth in Section 11 as well as the Cafe and the Theatre for the purpose of showing said Buildings to prospective purchasers.

7. **Condemnation**

If any portion of the Option Property becomes the subject of a condemnation proceeding prior to the Expiration Date, Optionor agrees to immediately advise Optionee in writing of such proceeding. Optionee then shall have the option to: (i) authorize Optionor to negotiate with the condemning authority and receive the condemnation award, with a reduction in the purchase price of the portion of the Option Property affected, equal to the amount by which (A) the amount received by Optionor as gross proceeds of the condemnation proceeds, exceeds (B) the amount of any out-of-pocket expenses reasonably incurred by Optionor to third parties in connection with such negotiations; or (ii) exercise the Option in accordance with the terms and conditions of this Option Agreement and elect to negotiate directly with the condemning authority for the condemnation award, in which event (A) Optionee shall be entitled to the amount of any such award if Optionee exercises the Option and concludes the purchase of the Option Property to which the condemnation relates, (B) the amount of any such award shall be paid to the Title Company for further disbursement to Optionee if and when the respective purchase of the particular portion of the Option Property is closed; and (C) no reduction shall be made to the purchase price of the portion of the Option Property. Notice of the exercise of Optionee's election under subparagraph (i) or (ii) above shall be made within ten (10) days after Optionee receives notice of the proceeding from Optionor. Optionee's failure to timely make such an election shall be deemed to be an election under subparagraph 14(ii) above.

8. **Real Estate Taxes.**

During the period of this Option, Optionee shall be responsible for the payment of real estate property taxes on the Option Property; provided, however, that in the event Optionee executes a quit-claim deed to Optionor with regard to any portion of the Option Property, (or executes other similar documents indicating an irrevocable termination of its right to purchase the portion of the Option Property), then in such an event, the obligation of Optionee for the payment of any further taxes after that date will cease on that particular piece of Option Property.

9. **Failure to Exercise Option.**

If Optionee does not timely exercise the Option as herein provided, or is unable to exercise the Option due to a default of the Option Agreement by Optionee, the Option

Payments shall be retained by Optionor, free of all claims of Optionee, and neither party shall have any further right or claims against the other. Concurrent with the recording of the Memorandum of Option as set forth in Section 10, Optionee shall execute and deliver to the Title Company, a Quit-Claim deed in recordable for divesting Optionee of all rights under this Option Agreement and the Option Property, said deed attached hereto as Exhibit "H". The Quit-Claim deed shall be held by the Title Company and recorded by the Title Company immediately following any termination of this Option Agreement pursuant to the terms hereof.

10. **Further Assurances; Attorney-In-Fact.**

At any time, and from time to time, upon request of Title Company or Optionee, Optionor shall make, execute and deliver, or will cause to be made, executed or delivered, to Title Company or to Titles Company's designee, and when requested by Title Company, cause to be executed, filed, recorded, as the case may be, at such times Title Company may reasonably deem appropriate, any and all such documents, Escrow Instructions, Contracts, Deeds, agreements, statements, instruments of further assurance, and other documents as may, in the sole reasonable opinion of Title Company, be necessary or desirable in order to effectuate, complete, and perfect the real transactions contemplated by this Option Agreement in a timely manner.

If Optionor fails to timely perform any of the matters referred to in this Section and Section 5 within fourteen (14) days of the opening of an Escrow or within fourteen (14) days from the date of request by Optionee to Optionor and/or Title Company, Kent Williamson, Esq., may do so for and in the name of Optionor. Only for such purposes, Optionor hereby irrevocably appoints Kent Williamson, Esq., as its attorney-in-fact for the purpose of executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Kent Williamson, Esq.'s sole opinion, to accomplish the matters contemplated by this Option Agreement and in particular, Section 5. In the event that Kent Williamson, Esq., is unable to or unwilling to act as attorney-in-fact, Optionor agrees to select a substitute attorney-in-fact with the approval of Optionee, which approval will not be unreasonably withheld.

11. **Lease Agreement.**

Optionor hereby agrees to enter into a lease agreement ("Lease") with Optionee for a portion of the Burley Building located on the North side of said Building. The Lease shall be used for the purpose of conducting Optionee's real estate activities and ascertaining the personal property located in said Building as set forth in Paragraph 6 and shall be for a six (6) month period at the rate of ONE AND NO/100 DOLLARS ($1.00) per term.

12. **Right of Specific Performance.**

Optionor agrees that Optionee shall have, in addition to any other rights and remedies available at law or in equity, the right of specific performance to enforce the terms and provisions of this Option Agreement.

13. **Recordation.**

Concurrent with the execution of this Option Agreement, Optionor and Optionee shall execute and record a Memorandum of Option in the form attached hereto as Exhibit "I".

14. **Assignment.**

This Option and all rights hereunder may be assignable in whole or in part with regard to all or part of the Option Property by Optionee without the consent of Optionor.

15. **Notices.**

All notices, requests, demands or other communication required or permitted under this Agreement must be in writing and shall be effective on the earlier of either (i) the date received by such party if delivered via hand delivery; or (ii) forty eight (48) hours after the date if sent via registered or certified mail, return receipt requested, postage and fees prepaid and addressed to the parties herein as set forth on Page 1, with a copy addressed as follows:

Optionor Representative:

M. Jack Duskin, Esq.
c/o MIKE THEILE REALTY
213 West Colorado Avenue
Telluride, Colorado 81435

Optionee Representative:

Kent Williamson, Esq.
P.O. Box 1618
Cortez, Colorado 81321

and

Mr. David Sell
1580 Lincoln, Suite 900
Denver, Colorado 80203

16. **Time.**

Time is of the essence of this Option and each and every provision hereof. Any extension of time granted for the performance of any duty under this Option shall not be considered an extension of time for the performance of any other duty under this Option.

17. **Benefit and Burden.**

This Option Agreement and the terms, covenants and conditions hereof shall inure to the benefit of, and shall be binding upon, the parties hereto, their respective heirs, executors, administrators, successors and assigns.

18. **Attorneys' Fees.**

In the event of any proceeding or action to enforce the provisions of this Option Agreement, the court before which the same shall be held or tried shall award to the prevailing party all damages, costs and expenses thereof including, but not limited to, reasonable attorneys' fees.

19. **Captions.**

Captions and paragraph headings used herein are for convenience only and are not part of this Option and shall not be deemed to limit or alter any provision hereof and shall not be deemed relevant in construing this Option.

20. **Facsimile Copy.**

The parties hereto agree to accept a facsimile copy of this Option Agreement with signatures thereon as a fully-executed counterpart of Agreement.

21. **Severability.**

In case any one or more of the provisions contained in this Option Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Option Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

22. **Counterparts.**

This Option Agreement may be executed in any number of counterparts; all such counterparts shall be deemed to constitute one and the same instrument, and each of said counterparts shall be deemed an original hereof.

23. **Governing Law.**

This Option shall be deemed to be made under, and shall be construed in accordance with and governed by, the laws of the State of Colorado, and suit to enforce any provision of this Option or to obtain any remedy with respect hereto shall be brought in Dolores County, Colorado, and for this purpose each party hereto expressly and irrevocably consent to the jurisdiction of said Court.

ADDITIONAL PROVISION TO OPTION AGREEMENT BETWEEN RICO DEVELOPMENT CORPORATION AND RICO PROPERTIES LIMITED LIABILITY COMPANY

Disputes Between Optionor and Optionee and Indemnification

Notwithstanding any termination of this agreement, Optionor and Optionee agree that in the event of any controversy regarding Option Payments, Contracts, deeds, or any other documents funds or other things of value held by Title Company, unless mutual written instructions are received by Title Company, Title Company shall not be required to take any action but may await any proceeding or, at Title Company's option and sole discretion, may interplead all parties and deposit all monies and things of value into a court of competent jurisdiction, and shall recover court costs and reasonable attorneys' fees. Optionor and Optionee hereby agree to indemnify and defend Title Company, its agents, affiliates, officers, directors, servants and employees of and from any and all liability, claims, demands, actions, and causes of action whatsoever including, without limitation, reasonable attorneys' fees, expenses, and costs reasonably incurred in investigating, preparing, or defending against any litigation or claim, action, suit, proceeding, or demand of any kind or character arising out of or related to any loss, damage, or injury that may be sustained by Title Company, its agents, servants, employees, or any other person in connection therewith arising out of, or by reason of, Title Company's activities, actions, or carrying on of its obligations or enforcement of its rights under this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

OPTIONOR:

RICO DEVELOPMENT CORPORATION,
a Colorado corporation

By _____
Its President

OPTIONEE:

RICO PROPERTIES LIMITED LIABILITY COMPANY, a Colorado limited liability company

By _____
Its Manager

TITLE COMPANY:

TELLURIDE MOUNTAIN TITLE COMPANY,
a Colorado corporation

By _____
Its _____

STATE OF COLORADO)
)s.s.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me this 1st day of APRIL, 1994 by WAYNE E. WEBSTER AS PRESIDENT OF RICO DEVELOPMENT CORPORATION, A COLORADO CORPORATION

Witness my hand and official seal.
My Commission expires:
2/13/95

Notary Public

MARTIN S. BREGMAN
Notary Public
State of Colorado

STATE OF COLORADO)
)s.s.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me this 1st day of APRIL, 1994 by RICHARD M. THEILE AS MANAGER OF RICO PROPERTIES LIMITED LIABILITY COMPANY, A COLORADO LIMITED LIABILITY COMPANY

Witness my hand and official seal.
My Commission expires:
2/13/95

Notary Public

MARTIN S. BREGMAN
Notary Public
State of Colorado

STATE OF COLORADO)
)s.s.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me this 1st day of APRIL, 1994 by MARTIN S. BREGMAN AS PRESIDENT OF TELLURIDE MOUNTAIN TITLE COMPANY, A COLORADO CORPORATION

Witness my hand and official seal.
My Commission expires:
5/30/94

Notary Public

SHARON HELWIG-MILLER
NOTARY PUBLIC
STATE OF COLORADO

EXHIBIT "A"

OPTION PROPERTY

That certain real property located in Dolores County, Colorado and more particularly described as follows, together with all improvements and fixtures situated thereon and all improvements and appurtenances related thereto, including, but not limited to all mineral, timber and water rights related thereto and all rights of any nature whatsoever, including personal property (which shall be only that personal property owned by Optionor and located in the Burley Building, the Cafe and the Theatre as of the date hereof, which would include but shall not be limited to records, documents, copies of mining claims, historical memoranda and artifacts) ("Option Property"):

EXHIBIT A

OPTION II:

The following described property, all located within the Rico Townsite, County of Dolores, State of Colorado, according to the plat and other documents of record in the Office of the Clerk and Recorder of Dolores County:

Block 9	Lots 19, 20, 21, 22 and 23
Block 11	Part of Lots 2, 3 and 4 Lots 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29 Part of Lots 32, 33 and 34
Block 12	Lots 23, 24, 25, 26, 31, 32, 33, 34, 35 and 36
Block 15	Lots 33 and 34
Block 25	Lots 1, 2, 3, 4, 7, 8, 9, 10, 11, 12, 13, 14 15, 16, 17, 18, 19, 20, 35, 36, 37, 38 39 and 40
Block 28	Lots 1, 2, 3, 4 and the West 80' of Lots 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19 and 20
Block 29	Lots 1, 2, 3, 4 and 5
Block 30	Lots 3, 4, 5 and 6
Block A, Piedmont Addition, Town of Rico	Lot 38

Tracts B, C and D as described in United States Patent for the Townsite of Rico, recorded December 15, 1891 in Book 17 at page 394 in the office of the Clerk and Recorder, EXCEPT all that part of Tract C Conveyed in Book 57 at page 374.

AND

A tract of land referred to as "Max Boehmer Tract" located within Townsite of Rico, more particularly described as follows: Beginning at Corner No. 1, identical with Corner 31 of the Townsite of Rico, whence an Aspen tree blazed and marked B.T. Corner 31 T.R. bears North 43 degrees 58 minutes East 45.6 feet distant; thence South 10 degrees West along West line of the Townsite of Rico 625 feet to Corner No. 2; thence North 51 degrees 20 minutes East 511 feet to Corner No. 3 on the West bank of Dolores River, general course, North 10 degrees 20

SCHEDULE A
PROPERTY DESCRIPTION CONTINUED
ORDER NO. 94010047C

minutes East, 629 3/10 feet to Corner No. 4, being the same as Corner No. 32 of the Townsite of Rico, also Corner No. 4 of the Burchard Lode, whence a Cottonwood tree 18" in diameter blazed and marked B.T. Corner No. 32 T.R. bears South 82 degrees 45 minutes West 5 feet distant; thence South 51 degrees 20 minutes West 516.7 feet to Corner No. 1, the place of beginning,

AND

A tract of land referred to as "Rico Smelting Co. Tract" located within Townsite of Rico more particularly described as follows: Commencing at the Southeast Corner of tract conveyed to J.M. Acker by Mayor of Rico in Deed recorded in Book 10 at page 293; thence South 10 degrees West 270 feet; thence North 80 degrees West 400 feet; thence North 10 degrees East 270 feet; thence South 80 degrees East 400 feet to place of beginning,

AND

A tract of land located within Townsite of Rico bounded by the Winkfield Tract on the North, the Pasadena Reduction Company Tract and Rio Grande Southern Railroad Company right-of-way on the East, the A.E. Arms Tract on the South and the West boundary Second Amended Survey of Rico Townsite and Max Boehmer Tract on the West more particularly described as follows:
Beginning at a point on the West Boundary of Second Amended Survey Rico Townsite, which is also the Northwest Corner of Tract deeded to A.E. Arms March 13, 1902; thence North 10 degrees East 265 feet to a point on West line Second Amended Survey Rico Townsite which is also the Southwest Corner of Tract deeded to Max Boehmer October 10, 1892; thence North 51 degrees 20 minutes East 511 feet to a point which is also the Southeast Corner Max Boehmer tract; thence North 10 degrees 20 minutes East 629.3 feet to a point which is also Corner No. 32 Amended Survey Rico Townsite; thence North 18 degrees 40 minutes West 178.3 feet to a point on line 32-33 Second Amended Survey Rico Townsite which is also on the South boundary of Winkfield Tract (west of the Dolores River); thence South 80 degrees East 399.5 feet to a point which is also the Northwest corner of Tract deeded to Pasadena Reduction Company, July 15, 1884; thence South 40 degrees 04 minutes West 401.7 feet to a point which is also the West corner of Pasadena Reduction Company Tract; thence South 24 degrees 30 minutes East 350 feet to a point which is also the Southwest Corner Pasadena Reduction Co. tract; thence South 5 degrees 18 minutes West 801 feet to a point which is also the Northeast Corner A.E. Arms Tract; thence North 80 degrees West 717.8 feet to the place of beginning. Also described as "Pasadena Mill Property" and "North A.E. Arms Tract"

SCHEDULE A
PROPERTY DESCRIPTION CONTINUED

ORDER NO. 94010047C

AND

A tract of land located in Southwest corner of Townsite of Rico bounded by F.G. Day Tract, West and South boundaries of Rico Townsite and Rio Grande Southern Railroad right-of-way more particularly described as follows:
Beginning at a point on line 30-31 of the Second Amended Survey of the Rico Townsite which bears South 10 degrees West 1370 feet from Corner No. 31 identical with Southwest corner of Tract deeded to F.G. Day et al as recorded in Book 33 at page 10 of the records of the Office of the County Clerk and Recorder of Dolores County, Colorado; thence South 10 degrees West 318.4 feet to a point which is also Corner No. 30 of said Survey of Rico Townsite; thence South 80 degrees East 724 feet to a point on line 29-30 of said survey of Rico Townsite; thence North 10 degrees East 318.4 feet; thence North 80 degrees West 717.8 feet (called 724 feet in Deed) to the place of beginning. Also described as "South A.E. Arms Tract".

AND

A tract of land referred to as "Graveyard Tract" located within the Townsite of Rico more particularly described as follows:
Beginning at Corner No. 1 whence the corner common to Sections 35 and 36, Township 40 North, Range 11 West, and Sections 1 and 2, Township 39 North, Range 11 West, N.M.P.M., bears South 80 degrees 50 minutes East 225 feet distant and Corner No. 21 of Rico Townsite bears North 68 degrees 20 minutes East 1123.7 feet distant and Northeast Corner of Rico Graveyard bears South 20 degrees 57 minutes East 341.37 feet distant and Corner No. 3 of Little Ada Claim bears South 68 degrees 20 minutes West 59.54 feet distant; thence North 68 degrees 20 minutes West 608.56 feet along the southerly side line of the Little Ada Mining Claim to Corner No. 2, a point 668.1 feet North 68 degrees 20 minutes East from Corner No. 3 of Little Ada Claim whence Corner No. 2 of N. & M. Mining Claim and Corner No. 28 of Rico Townsite bears South 2 degrees 10 minutes West 99.50 feet distant and Northeast Corner of Rico Graveyard bears South 39 degrees 58 minutes West 716.22 feet distant; thence South 2 degrees 10 minutes West 99.50 feet to Corner No. 2 of the N. & M. Mining claim and Corner No. 28 of Rico Townsite; thence 793.86 feet to Corner No. 3 identical with Corner No. 29 of Rico Townsite; thence North 80 degrees West 466.10 feet to Corner No. 4 at intersection of south end line of Rico Townsite and East Side line of Rico Graveyard; thence North 10 degrees East 165.8 feet to Corner No. 5 identical with Northeast Corner of Rico Graveyard; thence North 80 degrees West 160 feet to Corner No. 6 identical with Northwest Corner of Rico Graveyard, whence Corner No. 3 of Little Ada Claim bears North 0 degrees 36

SCHEDULE A
PROPERTY DESCRIPTION CONTINUED
ORDER NO. 94010047C

minutes West 275.02 feet distant; thence North 10 degrees East 301.53 feet to Corner No. 1, the place of beginning.

AND

A tract of land referred to as "Warner K. Patrick Tract" located within Townsite of Rico more particularly described as follows: Beginning at a point in line 1-2 of said Rico Townsite whence Corner No. 1 of said townsite bears North 10 degrees East 151.4 feet; thence South 10 degrees West 374.3 feet along said line 1-2 to a point; thence South 63 degrees 16 minutes West 404.1 feet to Corner No. 1 of Eighty-Eight (88) Lode; thence North 10 degrees East 374.3 feet to Corner No. 6 of Eighty-Eight (88) Lode; thence North 63 degrees 16 minutes East 404.1 feet to place of beginning.

AND

A tract of land referred to as "Group Tract" located within Townsite of Rico more particularly described as follows: Beginning at the Northeast Corner on line 16-17 in the Townsite of Rico; thence South 10 degrees West 676 feet to the Southeast corner which is also Corner No. 17 of Rico Townsite; thence West 1021.8 feet to the Southwest corner, a post in line 1-2 of the Pasadena Reduction Company Tract; thence North 1 degrees 52 minutes West 1052.6 feet to Northeast Corner of J.M. Acker or Winkfield Claim; thence North 4 degrees 3 minutes West 100 feet to the Northwest corner, a post, thence North 87 degrees 54 minutes East 153.8 feet to a post in the center of River Street; thence South 2 degrees 6 minutes East 350 feet along the center line of River Street to a post; thence South 87 degrees 54 minutes West 30 feet to a post on the west line of River Street; thence South 2 degrees 6 minutes East 600 feet along the West line of River Street to a post; thence North 87 degrees 54 minutes East 476 feet to the Southeast Corner of Block 38; thence North 2 degrees 6 minutes West 560 feet to the Southeast Corner of Lot 21, Block 10; thence North 87 degrees 54 minutes East 116 feet to the Southeast Corner of Block 10; thence North 2 degrees 6 minutes West 54 feet to a post; thence South 68 degrees 42 minutes East 486.1 feet to the place of beginning.

AND

A tract of land referred to as "Roys Tract" located within Townsite of Rico more particularly described as follows: Beginning at the Southeast corner of tract being conveyed whence the Southeast Corner of Block 27 is North 33 degrees 31 minutes 46 seconds East 213.8 feet and Northeast Corner of Tremble Tract is North 81 degrees 11 minutes West 18.4 feet; thence

SCHEDULE A
PROPERTY DESCRIPTION CONTINUED
ORDER NO. 94010047C

North 1 degrees 52 minutes West 918.7 feet to Northeast Corner (var. 12 degrees 42 minutes East); thence South 88 degrees 8 minutes West 628.6 feet to Northwest Corner (var. 13 degrees 55 minutes East); thence South 1 degrees 52 minutes East 222.5 feet to West angle corner (var. 13 degrees 15 minutes East); thence South 27 degrees 39 minutes East 705.8 feet to Southwest Corner; thence South 81 degrees 11 minutes East 327.3 feet to Southeast Corner, the place of beginning.

AND

A tract of land located within Townsite of Rico bounded as follows:
On the North by the South line of Blocks 12 and 25 and the same line produced to a point 300 feet from, and on the West side of centerline of Rio Grande Southern Railroad as constructed; on the East by Mantz Avenue and Lots 1 to 14, inclusive, of Block 28; on the South by a parcel of land known as Roys Tract; and on the West by a line drawn on the West side 300 feet from and parallel to the centerline of the Rio Grande Southern Railroad as constructed, EXCEPT all that portion conveyed in Deed recorded in Book 197 at page 351. Also described as R.G.S. North Tract. Tract A is included in this description.

AND

A tract of land located within Townsite of Rico bounded as follows:
On the North by a tract of land known as Roys Tract; on the East by a tract of land known as Tremble Tract; on the South by a tract of land known as Winkfield Tract; and on the West by a line drawn on the West side 100 feet from and parallel to centerline of Rio Grande Southern Railroad as constructed. Also described as R.G.S. Tract South.

AND

A tract of land located within Townsite of Rico described as follows:
A strip of land 50 feet wide on each side of center of wye of Rio Grande Southern Railroad as constructed and all land between the legs of said wye as constructed and extended through that part of Winkfield Tract West of a line 100 feet West of and parallel to the main tract of the Rio Grande Southern Railroad as constructed.

AND

The abandoned Rio Grande Southern Railroad Right-of-way

SCHEDULE A
PROPERTY DESCRIPTION CONTINUED
ORDER NO. 94010047C

extending through the Townsite of Rico.

AND

A tract of land in Rico Townsite, also being within the NW/4 of Section 36, Township 40 North, Range 11 West, N.M.P.M., being more particularly described as follows:
Beginning at the Northeast Corner of Block 28, Rico Townsite, also being within the NW/4 of Section 36, Township 40 North, Range 11 West, N.M.P.M.; thence North 02 degrees 06 minutes 34 seconds West a distance of 80 feet to the Southeast Corner of Block 12; thence South 87 degrees 53 minutes 26 seconds West a distance of 100.00 feet to the Southwest Corner of Lot 20, Block 12; thence South 02 degrees 06 minutes 34 seconds East a distance of 80.00 feet to the Northwest Corner of Lot 1, Block 28; thence North 87 degrees 53 minutes 26 seconds East a distance of 100.00 feet to the point of beginning.

AND

Pasadena Reduction Company Tract, as described in documents recorded in Book 66 at page 109, Book 57 at page 333, Book 193 at page 342, Book 233 at page 496 and 497 and in Book 238 at page 339.

Little Ada Tract North, as described in documents recorded in Book 66 at page 113, Book 193 at page 342, Book 233 at page 496 and 497 and in Book 238 at page 339.

Little Ada Tract South, as described in documents recorded in Book 66 at page 113, Book 193 at page 342, Book 233 at page 496 and 497 and in Book 238 at page 339.

THE FOLLOWING NAMED PATENTED LODE, PLACER AND MILLSITE MINING CLAIMS LOCATED IN THE RICO MINING DISTRICT (ALSO KNOWN AS THE PIONEER MINING DISTRICT), DOLORES COUNTY, STATE OF COLORADO, THE UNITED STATES PATENT NUMBERS AND THE UNITED STATES MINERAL SURVEY NUMBERS OF WHICH ARE, AND THE PATENT OF WHICH IS FILED IN THE REAL PROPERTY RECORDS OF THE CLERK AND COUNTY RECORDER OF DOLORES COUNTY, COLORADO, AS FOLLOWS:

CLAIM NAME	PATENT NO.	MINERAL SURVEY NO.
BED ROCK	28253	8030
CHESTNUT	6588	435
COLUMBIA MILLSITE	10202	365B
ELLIOTT MILLSITE	9764	1536B
EVENING CALL	29041	8029
FRANKLIN	7366	564
GOLDEN FLEECE	14294	2261
HILLSIDE	23559	7994
HILLSIDE NO 2	23559	7994
ISABELLE	12321	2039
LUCY	12933	1456
NEW YEAR	15070	1538
TELEGRAPH	7457	780
W. L. STEPHENS	22919	7017
A.B.G.	20385	6726
AETNA	21734	6796
IMP	21734	6796
SAW TOOTH	21734	6796
UTE	21734	6796
ALTA (75% INTEREST)	19105	6191
APEX	29042	11583A
CASHIER	37834	15233
WORLDS FAIR	37834	15233
ASPEN	26020	6512
LAST CHANCE	26020	6512
ATLANTIC CABLE	8072	1136
EXCEPT all that part platted into Atlantic Cable Subdivision and a portion of Lots 9, 28, 31 and 32, Block 20, Town of Rico, and that portion conveyed in Book 57 at page 325.		
AVALANCHE	10488	1682
AZTEC MILL SITE	10201	367B

BALD EAGLE	28874	10122
CALEDONIA	28874	10122
LITTLE JOHNNY	28874	10122
BELL	28159	5911
BIG BLUE	23558	7365
BARNUM	23558	7365
BIG STRIKE	23428	7601
DENVER	23428	7601
INDEPENDENT	23428	7601
BLACK CHIEF	10485	1649
BLACK CLOUD	24538	8098
PEWTER DOLLAR	24538	8098
BLACK GEORGE	14477	2485
BLACK NIGHT	26510	8135
BRITTLE SILVER	36682	7458
BUCKEYE & MAC	24156	7894

Described as: Beginning at Corner No. 1 of the Buckeye Lode, which corner is common with Corner No. 1 of the Mac Lode, whence the West Quarter Corner of Section 23, Township 40 North, Range 11 West, N.M.P.M., bears North 54 degrees 48 minutes West 1784.2 feet; thence North 45 degrees East 300.0 feet to Corner No. 2 of the Buckeye Lode; thence South 45 degrees East 248.58 feet to the 1/6 Southeast corner of the Buckeye Lode; thence South 45 degrees West 300.00 feet to the Southwest Corner of the Buckeye Lode, which corner is common with the 1/6 Southeast Corner of the Mac Lode; thence South 45 degrees West 300.0 feet to the 1/6 Southwest Corner of the Mac Lode; thence North 45 degrees West 248.58 feet to Corner No. 4 of the Mac Lode; thence North 45 degrees East 300.0 feet to Corner No. 1 of the Mac Lode, the point of beginning.

BUEHLER	1178832	20738
BULLION	23279	7599
BURCHARD	27326	8070
HARDSCRABBLE	27326	8070
LITTLE MAGGIE	27326	8070
C.H.C. (15/16 INTEREST)	9213	1040
C.S.H.H.	19757	6286
C.V.G.	20386	6725
CASELTON	1179249	20740
C.H.R.	1179249	20740
SLIDE	1179249	20740
LITTLE JACK HORNER	1179249	20740
SLIDE TOP	1179249	20740
TIMBERLINE	1179249	20740
TOM THUMB	1179249	20740
CATALPA (1/2 INTEREST)	8071	918
CATSKILL	21923	7062
CEREBUS	646888	19665
X-RAY	646888	19665
LITTLE CASPER	646888	19665
GOLIATH	646888	19665
CLAN CAMPBELL	16318	1807
COBBLER	17663	5274
CONFIDENCE	9722	1447
CONNECTING LINK	22442	7310
CONTACT	20780	6895
CONFIDENCE	20780	6895

CORNUCOPIA	32435	11667
CREBEC	18911	6130
CROSS	7927	940
D. AND B. B.	25142	8539
DAYTON	23427	2540
DAYTON NO. 2	33881	11636
DUDE	22064	7049
DUDESS	22064	7049
DURANGO	9254	1441
EIGHTY-EIGHT (88)	22232	7348
EXCEPT all that part included in the tract known as Warren K. Patrick Tract lying within the Townsite of Rico.		
ELLA D.	19106	5659
ELLIOTT	9764	1536A
ENTERPRISE	28422	5916
ETHELENA (245/256 INT)	18765	6136
EUREKA	11817	1880
EUREKA	28924	6285
EVENING STAR	26956	7565
CONTENTION NO. 2	26956	7565
EXCELSIOR	26905	8141
EXCELSIOR NO. 2	26905	8141
EXCELSIOR	9668	1451A
EXCELSIOR MILLSITE	9668	1451B
EXCHEQUER	17909	5132
PREMIER	17909	5132
BOURBON	17909	5132
FALCON	12270	2151
FLORENCE	9667	1452A
FLORENCE MILLSITE	9667	1452B
FRACTION	30807	11814
GEM OF BEAUTY	9663	1164
GEN. O. O. HOWARD	16680	2478
GENERAL LOGAN	16416	2476
GENERAL SHERIDAN	14426	2479
GENERAL SHERMAN	16417	2477
GERTIE	9508	781
GIPSY	14476	2499
GOLDEN AGE	34279	5956
GRAND VIEW	6761	383
GROUP MILLSITE	29042	11583B
H.B. (2/3 INTEREST)	22008	7013
E.R.G. (2/3 INTEREST)	22008	7013
H.C.P.	23635	7548
HALF LOAF	28486	8017
HIGHLAND CHIEF	28486	8017
LOWLAND CHIEF	28486	8017
LITTLE LULU	28486	8017
LITTLE GEORGE	28486	8017
SHEHOCTON	28486	8017
NANCY HANKS	28486	8017
LITTLE GEORGE EXTENSION	28486	8017
G.L.P.	28486	8017
HAL POINTER	28486	8017
HARVEY	9129	914
HELEN C.	29929	7977

HIAWATHA	28323	6393
HOMESTAKE & LITTLE CORA		
CONSOLIDATED PLACER	14903	410
~~West of Dolores River~~	NO	
HONDURAS	24157	7843
HOPE	7929	939
INGERSOLL	11224	413
IRON CAP	14897	1428
IRON ROD	26509	8140
KEARNEY	17744	5133
KITCHEN	28322	5917
LAST CHANCE	1060874	20388
LAST CHANCE	27745	8622
LAURA	21317	5913
LEAP YEAR	18985	6105
LELIA DAVIS	9765	1256
LITTLE BERNARD	20177	6406
LITTLE CARRIE	35680	6960
LONE TREE	29858	12303
LOOKOUT	10462	1683
LOTA	19252	6154
LOTTIE	26323	8223
MAID OF AUSTRALIA	14553	1587
MAJOR	6494	384
MAMMOTH	1107369	20500
MARIQUITA	9666	1450
MARY	19532	6205
MATCHLESS	21733	6739
MC INTIRE	29857	12302
MELVINA	3551	620
MERRIMAC	8170	926
MERVIN	1115034	20619
MARTHA	1115034	20619
MILAN	9665	1449
MILLIE	36498	7988
MOUNTAIN BOY	1062424	20387
MONARCH	1062424	20387
MOUNTAIN MONARCH	10013	1454
N.A. COWDREY	20180	6317
NEW DISCOVERY	10483	1461A
NEW DISCOVERY MILLSITE	10483	1461B
NEWMAN	14757	436A
NIGHT WATCH	23277	5976
NORA LILLEY	12559	1010
ONTARIO	19246	5923
PAYMASTER	8253	997
PELICAN	6702	363
PERU	9664	1455
PHOENIX	6701	362
PIGEON	7541	665
PITTSBURGH	7928	941
PLUTO	21101	6985
PRINCETON (63/64 INT)	19530	2258
REDEEMER	30264	12304
RICHMOND	19395	6338
ROBBER STATE	10126	1464

ROGER TICHBORNE	23828	7784
S.M.G.	29831	7986
SAM PATCH	25545	8031
HOME	25545	8031
SANTA CLARA	7519	664
SANTA CRUZ ~~(WEST 1/2)~~	25864 KO	6132
SELENIDE	36681	7459
SHAMROCK	20389	5832
SILVER AGE	40574	5831
SILVER BELT	27914	8020
ROYAL TURK	27914	8020
SILVER CACHE	11225	1655
SILVER GLANCE	29519	6201
SILVER GLANCE NO. 2	29519	6201
SILVER GLANCE NO. 4	28485	7976
SKEPTICAL NO. 1	14292	1900
SMUGGLER	18913	5912

EXCEPT all that portion described as Lots 10 to 24 inclusive, and Lots 26 to 28, inclusive, of Block 18; Lots 11 to 12, inclusive, and Lots 30 to 31, inclusive, of Block 19; Lots 21 to 22, inclusive, and a portion of Lots 28, 31 and 32 of Block 20, Town of Rico.

SNOW FLAKE	19248	6216
SNOWFLAKE	25700	5909
SONG BIRD	28294	6392
SOUTH PARK (1/12 INT)	23203	1563
STANLEY NO. 1 (2/3 INT)	19393	6095
STANLEY NO. 3 (2/3 INT)	19393	6095
STANLEY NO. 2 (5/6 INT)	19393	6095
STAR	19756	6199
STAR ROUTE	19104	5970
STEPHANITE	37553	7980
STONY POINT	16727	1489
SUN UP	18912	5910
SWANSEA	6580	434
SYNDICATE	17739	2185A
THOMPSON	29115	6394
TIP TOP	9424	1248
TRAILS END	1111727	20568
DEVIDE	1111727	20568
TRIANGLE	1111575	20347
TRIANGLE	1178833	20739
UNCLE NED	7747	915
UNDINE	8132	1090
VESTAL	19531	6252
WABASH	7492	617
WEIMAR	20178	6513
YANKY BOY	21107	6969
YELLOW JACKET	6703	364
ZONA K.	26370	8228
ZULU	9723	1457