



STATE OF IDAHO
MINERAL LEASE NO. EXXXX – SUMMARY PAGE

Lessor: STATE OF IDAHO, State Board of Land Commissioners
c/o State of Idaho, Department of Lands
300 N. 6th Street
Boise, ID 83720-0050
Phone No.: (208) 334-0200
Facsimile No.: (208) 334-5342 or (208) 334-3698
Email: MineralsLeasing@idl.idaho.gov

Lessee: Lessee of Record Full Legal Name
Attention or Contact Name
Address 1
City, State, Zip, Country if not USA
Phone No.:
Facsimile No.:
Email:

Leased Premises: See legal description and map attached as Attachments B and C, respectively.

Surface Owner: State of Idaho. OR Split Estate.

Existing Conditions: Lease is subject to no/all the existing conditions identified in Attachment G.

Lease Term: Twenty (20) years, beginning March 1, 2021, and terminating February 28, 2041.

Annual Rent: \$XXX.00, increased annually by 3.0%.

Minimum Annual Royalty: \$XXX.00 Years 1 through 5; \$XXX.00 Years 6 through 20.

Commodity: Metallic Minerals.

Production Royalty: See royalty schedule and terms attached as Attachment D.

Surface Damage Payment: One-time payment of \$XXX.00. OR Written waiver by surface owner. OR \$XXX.00 financial assurance held by the State of Idaho, Department of Lands.

Financial Assurance: \$5,000.00 OR \$2,500.00 [only if Lessee is the surface owner] at Lease commencement, with adjustment per I.C. § 47-703A(1) before beginning Exploration Operations, operations, and reclamation.

Liability Insurance: Combined single limit per occurrence, not less than \$1,000,000.00.
Each annual aggregate limit shall not be less than \$2,000,000.00.

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STATE OF IDAHO
MINERAL LEASE FOR METALLIC MINERALS
MINERAL LEASE No. EXXXX

This Mineral Lease No. EXXXX (“Lease”), is dated as of the XX day of Month, 2020 (“Effective Date”), and is made by and between the **IDAHO STATE BOARD OF LAND COMMISSIONERS**, whose administrative agency is the **IDAHO DEPARTMENT OF LANDS** (“Lessor”); and **INSERT Lessee(s) Full Legal Name(s)**, a Business Entity Type duly organized under the laws of State, and authorized to do business in the State of Idaho [if an out of state company] (“Lessee”). Lessor and Lessee are collectively referred to herein as the “Parties” and individually as a “Party”. Lessor, in consideration of the rentals, minimum annual royalties, and production royalties to be paid and the covenants, conditions, and restrictions to be observed by Lessee, as hereinafter set forth in the Lease, including all Attachments, does hereby lease and demise unto Lessee, the lands identified in the legal description at Attachment B (“Leased Premises”) for the uses specified herein.

1. DEFINITIONS. Definitions in Title 47, Chapter 7, Idaho Code; Title 47, Chapter 15, Idaho Code; or IDAPA 20.03.02, shall be applied to and govern words and phrases used in the Lease. Where words and phrases are specifically defined within the Lease and not in statute or rule, such words and phrases shall be given the identified and defined meaning throughout the Lease.

1.1 “Exploration Operations” means activities performed on the surface of lands to locate mineral bodies and to determine the mineability and merchantability thereof. These activities include motorized exploration, which includes drilling, trenching, other techniques that employ the use of non-hand tool earth moving equipment, or seismic operations using explosives.

1.2 “Metallic Minerals” means ore deposits containing metal ores to be extracted or processed into concentrate containing metals, transition metals, metalloids, or alloys including gold, silver, lead, zinc, copper, molybdenum, tungsten, iron, platinum, cobalt, manganese, tin, lithium, and antimony. Metallic Minerals specifically do not include Reserved Minerals.

1.3 “IDAPA” means the Idaho Administrative Procedures Act.

1.4 The terms “including” and “includes” mean including, but not limited to.

1.5 “Reserved Mineral(s)” means a mineral substance that can be extracted from the earth and that has a value in and of itself separate and apart from the earth and includes, coal, oil, oil shale, gas, natural gas plant liquids, other hydrocarbons, phosphate, sodium, asbestos, geothermal resources, barite, feldspar, any precious or semi-precious gemstone, gypsum, all micas, perlite, wollastonite, zeolite, rare earth elements, building stone, cinders, pumice, scoria, clay, diatomaceous earth, sand, gravel, quartz, limestone, marble, and any other mineral not identified as Metallic Minerals.

1.6 “Surface Mining Operations” means the activities performed on the surface of a surface or underground mine in the extraction of the Metallic Minerals from the ground, including the excavating of pits, removal of Metallic Minerals, disposal or removal of overburden, and the construction of haulage roads, exclusive of and not including Exploration Operations. Except, that any Exploration Operations which, exclusive of exploration roads: (a) result during a period of twelve (12) consecutive months in more than five (5) contiguous acres of newly affected land; or (b) result during a period of twelve (12) consecutive months in newly affected land consisting

of more than ten (10) noncontiguous acres, if such affected land constitutes more than fifteen percent (15%) of the total area of any tract which includes such affected land, shall be deemed to be Surface Mining Operations.

2. RIGHTS; GRANTED TO LESSEE, RESERVED BY LESSOR.

2.1 Use of Lessor's Estates. Lessor grants and leases to Lessee the right and privilege to explore for, drill for, mine, extract, remove, process, concentrate, refine, and market Metallic Minerals in, upon, or under Lessor's mineral estate on the Leased Premises identified on Attachments B and C, together with the right to use and occupy so much of the surface of said land as may be required for all purposes reasonably incident to the exploration for, development of, production, processing, refining, and marketing of Metallic Minerals from the Leased Premises. Such right and privilege includes, the construction and maintenance of works, buildings, plants, waterways, roads, pipelines, utility and communication lines, groundwater monitoring wells, reservoirs, tanks, and other structures and improvements necessary for Lessee's development of Metallic Minerals from the Leased Premises. These use and occupancy rights are not self-executing. Lessee must coordinate with Lessor prior to constructing any such improvements. Lessee shall condition and exercise its rights in such a manner that it shall not unreasonably interfere with the rights of Lessor.

2.2 Use Limited to Leased Premises Mineral Deposits. Lessee shall not use the Leased Premises for any activities related to or arising from the exploring, drilling, extracting, producing, processing, storing, marketing, or transporting of any mineral, salable mineral, or other chemical compound in any state or form from any property other than the Leased Premises. In the event Lessor agrees to authorize Lessee to use the Leased Premises for any such impermissible activity, Lessee and Lessor shall enter into a separate written contract that will govern any such additional use of the Leased Premises.

2.3 Non-Exclusive Use. Lessor retains and reserves to itself the concurrent right to lease, sell, or otherwise dispose of all, or part, of the Leased Premises; the right to continue existing uses; the right to authorize future uses, including issuing other leases for Reserved Minerals, which are not covered under the Lease; and the right to grant easements or rights-of-way through the surface boundaries of the Leased Premises. Lessor shall condition and exercise its rights in such a manner that shall not unreasonably interfere with the rights of Lessee. Lessor will provide Lessee written notice of any third-party uses, whether pre-existing or granted during the Lease Term.

2.4 Lease Limited to Metallic Minerals. This lease is limited to only the Metallic Minerals defined above, and does not include any other mineral, reserved or otherwise.

3. TERM OF LEASE.

3.1 The Lease shall be for a term of **twenty (20)** years, commencing on the **1st** day of **March 2021**, and ending on the **28th** day of **February 2041** ("**Lease Term**").

3.2 The Lease may be extended by Lessor beyond its **twenty (20)** year Lease Term according to applicable Idaho law, including Title 47, Chapter 7, Idaho Code ("**Term Extension**"). Lessor and Lessee must enter into a written lease extension agreement that will state any readjustment of terms and conditions of the Lease during the Term Extension. Upon failure or refusal of Lessee to accept the lease extension agreement, the Lease will terminate at the end of the Lease Term.

4. RATE OF RENTAL; NOTICE OF INCREASE.

4.1 Lessee shall pay to Lessor an annual rental of [Spell Out the Amount] dollars (\$XXX.00). Each annual rental shall be paid to Lessor, in advance, on or before each subsequent anniversary of the Effective Date for the balance of the Lease Term and any Term Extension.

4.2 Rental per acre per year will be increased for inflation, at three percent (3%) per year. Lessor will provide Lessee at least six (6) months' notice of the increase and rental amount due.

4.3 In the event Lessee relinquishes any portion of the Leased Premises and retains eighty-three and one-third (83 1/3) acres or less of the Leased Premises, each year's minimum annual rental shall be no less than Two Hundred Fifty Dollars (\$250.00) for any area up to eighty-three and one-third (83 1/3) acres. In the event of a partial surrender of any portion of the Leased Premises, the next annual rental due to Lessor shall be reduced proportionately, but not less than the minimum annual rental amount of Two Hundred Fifty Dollars (\$250.00).

OR, if lease acreage is 83 1/3 acres or less, use the Section 4.3 below and delete above

4.3 In the event Lessee relinquishes any portion of the Leased Premises, each year's minimum annual rental shall be no less than Two Hundred Fifty Dollars (\$250.00).

5. PRODUCTION ROYALTY RATE.

5.1 Lessee shall remit royalty payments to Lessor in money, United States currency, for the extraction from the Leased Premises of Metallic Minerals at the Net Smelter Return Royalty, as defined in Attachment D.

5.2 The royalty rate due to Lessor may be reviewed by Lessor on a yearly basis. If the prevailing market value is higher than the amount listed, Lessor may adjust the royalty rate, accordingly, upon a sixty (60) day written notification by certified mail to Lessee.

5.3 If other Metallic Minerals from the Leased Premises are incidentally refined into Concentrates or Metallic Mineral Commodities, Lessee shall remit royalty payment to Lessor at the Net Smelter Return Royalty, as defined in Attachment D.

6. ROYALTY PAYMENTS AND REPORTS.

6.1 Production Royalty Payments. Production royalty payments must be received by Lessor on or before the 30th day of the month following production. If the 30th day is a Saturday, Sunday, or holiday the royalty payment is due on or before the next business day. Each royalty payment must be accompanied by a check stub, schedule, summary, or other payment information showing the Lease number and the amount of royalty being paid under the Lease.

6.2 Monthly Production Royalty Report. A separate monthly production royalty report for each Metallic Mineral produced must be delivered to Lessor on or before the 30th day of the month following production. If the Lease is not in production, the monthly production report must still be submitted, identifying the lack of production for all Metallic Minerals. All royalty

payments for all Metallic Minerals shall be reported on the form included as Attachment E, which may be amended by Lessor.

6.3 Minimum Annual Royalty Payment. Lessee shall pay to Lessor the minimum annual royalty stated in the Summary of Lease Provisions, each year, on or before each subsequent anniversary of the Effective Date for the balance of the Lease Term. In each calendar year that Lessee actually achieves production in paying quantities, Lessor will credit each production royalty payment against that year's minimum annual royalty. After all of the minimum annual royalty has been credited toward production royalty, Lessee must begin tendering production royalty payments to Lessor for the remainder of that year. In no event will any amount of the minimum annual royalty be returned to Lessee.

7. IMPACTS TO SURFACE ESTATE. Lessee shall not occupy the surface of the Leased Premises for any purpose incident to mining until Lessee has provided written proof of one of the following securities to Lessor:

7.1 Written consent or waiver of the surface owner of surface impacts.

7.2 Negotiated payment of the surface impacts to the surface owner.

7.3 Financial assurance for the benefit of the surface owner, to be held by the State of Idaho, Department of lands.

8. BOOKS OF ACCOUNT. Lessee shall keep books of account that correctly record the quantity, quality, and type of all Metallic Minerals and any Reserved Minerals found in or extracted from the Leased Premises. Lessee shall keep books of account that correctly record the quantity, quality, and type of all such minerals that are shipped, sold, or processed. Lessee shall keep books of account that correctly record the amount of money and any other type of compensation received from the sale or other disposition of such minerals. Lessee shall make available to Lessor or Lessor's authorized agent, upon request, such books and any related documents necessary to verify any royalty due.

9. LATE PAYMENT CHARGES; NOTICE. In the event any rental payment or other financial obligation due by Lessee to Lessor under the terms of the Lease are not paid in full when due, Lessee shall also pay: 1) interest accruing thereon at the statutory rate of interest (12% per annum) as provided by law until payment is made in full; and 2) a late charge which shall accrue in full as of the first day of each and every calendar month of any such delinquency, until payment is made in full, in the amount of twenty-five dollars (\$25.00) or an amount equal to one percent (1%) of the unpaid principal obligation(s), whichever is greater. All payments shall be applied first to the payment of accrued interest and to accrued late charges, and then to the reduction of unpaid principal. There shall be no compounding of accrued interest or late charges. The Parties acknowledge and agree that the late charge described herein is a reasonable attempt to estimate and to compensate Lessor for higher administration costs associated with administering late payments and is not intended as a penalty. By assessing interest and late charges, Lessor does not waive any right to declare a breach, or to pursue any right or remedy available to Lessor by reason of such breach available at law or in equity, after the expiration of any applicable notice or cure period.

10. OPERATING PRACTICES. Lessee shall at all times conduct exploration, development, mining, drilling, production, concentrating, refining, reclamation, and all other activities and operations relative to the Lease as a reasonably prudent operator. Lessee shall conform to the

best practices and engineering principles currently in use in the mining industry. Lessee shall implement improvements to such best practices and engineering principles, as they may be modified during the Lease Term or any Term Extension. Lessor requires Lessee to fulfill the following operating practices:

10.1 Permitting. Before Lessee commences motorized exploration, drilling, or operations on the Leased Premises, Lessee shall have obtained all permits, posted all financial assurance, and remitted any surface damage payment as may be required under applicable federal and state laws and regulations. Lessee shall maintain all required permits and financial assurance for the duration of mining operations and reclamation. Upon request, Lessee shall provide Lessor with a copy of all documents relating to permitting or financial assurance.

10.2 Exploration Operations; Exploration Reclamation Plan; Financial Assurance. Prior to the commencement of any Exploration Operations on the Leased Premises, Lessee shall obtain Lessor's approval of the "exploration reclamation plan" for the Leased Premises in compliance with the applicable provisions of Title 47, Chapter 7, Idaho Code, as amended. Exploration Operations of Lessee shall be conducted in accordance with the applicable provisions of Title 47, Chapter 7, Idaho Code, as may be amended (Mineral Rights in State Lands); and Title 47, Chapter 15, Idaho Code, as may be amended (Mined Land Reclamation Act); if applicable, Title 47, Chapter 13, Idaho Code (Idaho Dredge and Placer Mining Protection Act), as amended; and IDAPA 20.03.02. Motorized exploration is expressly prohibited on the Leased Premises until the requisite financial assurance is received by Lessor and an "exploration reclamation plan" is submitted to, and approved by, Lessor. Prior to the end of the Lease Term or any Term Extension, Lessee shall properly and completely reclaim the Leased Premises. Lessee's obligation to complete exploration reclamation of the Leased Premises is a continuing obligation that will survive termination, for any reason, or assignment or subleasing of the Lease. The period of liability of any financial assurance shall not be terminated until this Lease provision and any applicable Special Terms and Conditions have been fulfilled and such financial assurance is released in writing by Lessor.

10.3 Plan of Operations. Prior to initiating Surface Mining Operations, Lessee shall submit a Plan of Operations, which is subject to written approval by Lessor. The Plan of Operations must include the following: descriptions and locations of support facilities that may be constructed on the Leased Premises in conjunction with mining operations; type of equipment to be utilized; outline of mine panels, if any, and the sequence in which each one will be mined; location for placement of topsoil, overburden, and stockpiles; location of all roads, utilities, and groundwater monitoring well locations on mine site, along with other topographic features such as streams which may be impacted by the mining operation.

10.4 Plan of Operations - Modification. After written approval by Lessor, Lessee may materially modify the Plan of Operations by submitting to Lessor an amended Plan of Operations as is needed to reasonably protect surface estate resources, or to ensure that there is no waste of economically recoverable Reserved Minerals. In this context "waste" shall mean the inefficient utilization of, or the excessive or improper loss of an otherwise economically recoverable mineral, which Lessor reserves ownership of and the right to produce separate from the Lease. Routine adjustments to the Plan of Operations based upon geologic circumstances encountered during day-to-day mining operations that do not result in increased surface disturbance do not require the submission of a plan modification. If a proposed change requires emergency action by Lessee, then Lessee shall so notify Lessor at the time of submission of the plan modification and the Parties shall use their best efforts to meet Lessee's time schedule regarding implementation of the change. Non-emergency modification will be reviewed promptly by Lessor.

10.5 Restoration and Reclamation Plan. Before Surface Mining Operations may begin, Lessee shall submit to Lessor the reclamation plan and the requisite financial assurance in compliance with Title 47, Chapter 15, Idaho Code; the Rules Governing Mined Land Reclamation at IDAPA 20.03.02; and any Special Terms and Conditions incorporated into the Lease. Prior to the end of either the Lease Term or any Term Extension, Lessee shall properly and completely reclaim the Leased Premises, as required by the Lease and Lessee's reclamation plan; including, properly decommissioning all boreholes and monitoring wells; filling all trenches; removing structures, equipment, and debris; recontouring the Leased Premises to the approximate original contour; and revegetating the surface of the Leased Premises. Lessee shall abate any hazardous condition on or associated with the Leased Premises. Lessee's obligation to complete all reclamation of the Leased Premises is a continuing obligation that will survive termination, for any reason, or assignment or subleasing of the Lease. The period of liability of any financial assurance shall not be terminated until this Lease provision and any applicable Special Terms and Conditions have been fulfilled and such financial assurance is released in writing by Lessor.

10.6 Project Maps. Lessee shall maintain clear, accurate, and detailed maps of all actual and planned operations. The maps must show the location of all drill holes, exploratory pits, soil or rock sample locations, and other exploratory, development, mining, drilling, production, concentrating, refining, and other operations locations, and all structures and improvements. Lessor may require that such maps be certified by an engineer or geologist who is professionally licensed by the State of Idaho or by a state having a reciprocal licensing agreement with the State of Idaho. Lessee shall provide copies of such maps to Lessor upon request.

10.7 Annual Operations Report. Lessee shall furnish to Lessor annually and at such other times as Lessor shall request, an Annual Operations Report, attached to this Lease as Attachment F and incorporated herein by reference. Lessee must report on the character and extent of all exploratory, development, mining, drilling, production work, and all other operations performed. Lessee shall identify all structures and improvements placed upon the Leased Premises during the reporting year, and any planned for the next year. Lessee shall include a copy of all test results and analyses indicating the type and quality of minerals found, mined, or removed from the Leased Premises, including a detailed lithologic log of each borehole, exploratory pit, or surface exposure on the Leased Premises. Reports provided by Lessee shall include Project Maps sufficient so as to make such data meaningful.

10.8 Good Operations Practices. Lessee shall conduct exploration and operations on the Leased Premises in accordance with standard industry operating practices. Lessee shall avoid waste of economically recoverable Metallic Minerals and Reserved Minerals. Lessee's incidental removal of Metallic Minerals or Reserved Minerals to any overburden disposal area, as a result of Lessee's extraction of Metallic Minerals, shall not be deemed waste of economically recoverable Reserved Minerals. Lessee shall comply with all regulations and directives of the US Departments of Labor, Mine Safety, and Health Administration or applicable state agencies for the health and safety of employees and workers.

10.9 Equipment and Improvements. Upon termination of the Lease, for any reason, Lessee shall remove, and shall have a limited right of access to remove, all equipment and improvements from the Leased Premises within one (1) year. All equipment and improvements remaining on the Leased Premises longer than one (1) year after termination shall be considered abandoned.

10.10 Disposal of Wastes. Suitable containers shall be provided for trash, garbage, and human excreta, so that such materials are disposed of off the Lease Premises at approved disposal sites. Waste petroleum products shall not be drained or poured onto the Leased Premises, but shall be disposed of in suitable containers at approved disposal sites.

10.11 Protection of Other Leases. Lessee shall fully protect the rights of all agricultural and grazing leases that have been, or may be, granted by Lessor, by erecting and keeping closed gates in all fences which may be opened, and enclosing or keeping covered all shafts, holes, or open cuts.

11. INSPECTION.

11.1 Leased Premises. At all times Lessee shall allow any person duly authorized by Lessor access to the Leased Premises and to any and all of Lessee's operations thereon or connected therewith, including any and all exploration, development, mining, drilling, production, concentrating, refining, and other operations or activities.

11.2 Lessee's Records. Lessee shall provide Lessor access to all books and records of Lessee's that may be relevant to the determination of the amount of any rental or royalty paid, or to be paid, in accordance with the terms of the Lease. Lessee must maintain copies of all documents, records, or reports confirming the gross disposition from the Leased Premises of Metallic Minerals and Reserved Minerals, along with any other checks or memoranda of the gross disposition and any other reports or records which Lessor may require to verify the gross disposition of all such minerals. Lessee shall save all such books and records and allow Lessor access thereto for a period of five (5) years following termination of the Lease.

12. DWELLING RIGHTS. Lessee shall not establish any residence, dwelling, or place of abode of any type, temporary or permanent, on the Leased Premises without the express prior permission from Lessor in a separate written contract that will govern any such additional use of the Leased Premises.

13. ASSIGNMENT. The Lease is personal to Lessee and may not be assigned without Lessor's express prior written consent. Application for assignment must be made upon and in such form as required or provided by Lessor. Each obligation under the Lease shall extend to and be binding upon any assignee or all assignees. Every obligation or liability incurred or created, as provided for in the Lease that is specific to Lessee, shall survive assignment of the Lease.

14. SUBLEASE. The Lease is personal to Lessee, and no part of Lessee's interest may be sublet without Lessor's express prior written consent. Any sublease must be expressly subject to all terms and conditions of the Lease, and shall provide no greater interest in the Leased Premises than Lessee has through the Lease. A correct and complete executed copy of the sublease agreement must be provided to Lessor. If Lessor allows the sublease of the Lease, the following continuing obligations shall apply: (i) Lessee shall remain liable to Lessor for the full performance of all obligations under the Lease; (ii) the sublessee of Lessee, by accepting the sublease of the Lease, shall and does agree to abide by all terms of the Lease; and (iii) such sublease shall be subject to all terms and conditions of the Lease, and to such other terms and conditions as Lessor may reasonably require.

15. TAXES. Lessee shall pay when due any and all taxes lawfully assessed and levied under the laws of the State of Idaho upon Lessee's interest in the Leased Premises, including Metallic

Minerals produced under the Lease, and upon structures and improvements constructed, used, or maintained by Lessee on the Leased Premises.

16. COMPLIANCE WITH STATUTES AND RULES. Lessee's use, activities, and operation upon the Leased Premises shall be conducted in accordance with all applicable state, federal, and local laws, rules, and regulations which may apply to any of Lessee's activities upon the Leased Premises, including the Rules of the Department of Environmental Quality, Water Quality Standards at IDAPA 58.01.02, and Ground Water Quality Rule at IDAPA 58.01.11; Rules of the Department of Lands, Rules Governing Mined Land Reclamation at IDAPA 20.03.02; and Title 47, Chapters 7, 9, 12, 13, 15, and 18, Idaho Code, as may be amended.

17. PROMOTION. Except as allowed by Lessor's prior written approval, Lessee shall not use the name of Lessor, including the State Board of Land Commissioners, Idaho Department of Lands, State of Idaho, or any agency thereof; or the fact that any of Lessee's operations are conducted in whole, or in part, on State Endowment Trust Lands, in any advertisement or prospectus promoting the sale of stock. The reflection of the Lease as an asset of Lessee on the accountings, financial records and statements of Lessee shall not constitute a breach of this paragraph.

18. TERMINATION. Unless otherwise provided herein, Lessor may terminate the Lease and all rights of Lessee hereunder for any uncured default, breach, or violation of any applicable law, rule, or regulation applicable to the Lease. Except as otherwise provided, below, upon Lessee's violation of any Lease provision, Lessor may, after a thirty (30) days' written notice of default by certified mail, and Lessee's failure to cure any such default, terminate the Lease.

18.1 The Lease is conditioned upon payment of the rental and the minimum annual royalty in advance annually, and upon the payment of production royalty when Surface Mining Operations are producing Metallic Minerals in any paying quantity, and upon all such other obligations and provisions set forth in the Lease.

18.2 If Lessee either corrects the violation or initiates correction in a timely manner and determines that thirty (30) calendar days is insufficient time, Lessee will immediately notify Lessor. Lessor will, in conjunction with Lessee, determine a time period in which additional corrective action, if needed, will occur.

18.3 In the event Lessee procured the Lease through fraud, misrepresentation, or deceit, then, and in that event, the Lease, at Lessor's option, shall cease and terminate and shall be, *ipso facto*, null and void, and all improvements upon Leased Premises under the terms of the Lease may be forfeited to, vest in, and become property of Lessor, at Lessor's option. Lessor may require the removal of any improvements, or may remove the same and recover any costs of removal from Lessee.

19. RELINQUISHMENT. Lessee may relinquish the Lease or any portion of the Leased Premises by delivering a written statement of relinquishment to Lessor. In the event of a partial relinquishment of any portion of the Leased Premises, the next annual advance rental due to Lessor shall be reduced proportionately, but not less than the minimum annual rental of Two Hundred Fifty Dollars (\$250.00). No proportionate refund will be given by Lessor regardless of when a partial relinquishment occurs. A relinquishment shall take effect thirty (30) calendar days after it is received by Lessor. Lessee shall be relieved of future liability to pay rental for the relinquished portion of the Leased Premises. However, the period of liability of any financial assurance shall not be terminated until all Lease provisions and any Special Terms and

Conditions, as they apply to the relinquished area, have been fulfilled, and such financial assurance is released in writing by Lessor. Lessee and its surety(ies) shall not be relieved of any liability for, or continued obligation to do the following:

19.1 Make payments of all accrued rentals, minimum annual royalties, production royalties due, late charges, and interest.

19.2 Perform reclamation in accordance with the Lease.

19.3 Comply with all applicable laws, rules, and regulations.

20. LIABILITY INSURANCE; SPECIAL ENDORSEMENTS.

20.1 Commercial General Liability. Prior to entry upon the Leased Premises for any reason other than casual, non-motorized exploration or inspection, as allowed by law, Lessee must secure, and provide Lessor a complete copy of, commercial general liability insurance on an occurrence coverage form. Lessee must maintain said insurance during the Lease Term and any Term Extension. The limits of liability must not be less than:

(A) \$1,000,000 per occurrence; and

(B) \$2,000,000 general aggregate; and

(C) Must not contain exclusions for explosion, fire, blowout, oil spill, collapse, or underground property damage hazards.

20.2 Additional Insured Endorsement.

(A) All insurance, except for Workers Compensation, shall be endorsed to the name of the State of Idaho, the State Board of Land Commissioners, and the Idaho Department of Lands.

(B) If the land surface and improvements thereon covered by the Lease are not owned by the State of Idaho, or have been sold or leased by the State of Idaho, the owner or lessee of the surface rights and improvements must be an additional named insured.

(C) None of the foregoing additional insureds or endorsed parties will be liable for the payment of premiums or assessments of the policy(ies).

20.3 Subject to Approval. The required insurance is subject to the approval by Lessor, but any acceptance of insurance by Lessor will in no way limit or relieve Lessee of the duties and responsibilities stipulated in the Lease.

20.4 Primary Basis. Lessee's insurance must be issued on a primary basis, non-contributory with any other insurance coverages or self-insurance carried by the State of Idaho.

20.5 Lessee's Expense; Insurer's Qualifications. Lessee will maintain at its sole expense the required insurance, purchased from an insurer licensed and authorized to transact business in the State of Idaho. All insurance shall be with insurers rated a- and AMB-1, or better,

in the latest AM Bests Rating Guide.

20.6 Advance Notice. Lessee must provide a minimum of thirty (30) calendar days' advance written notice of cancellation, material change, or nonrenewal of policies required under the Lease. If the insurance carrier refuses to provide notice to Lessor, Lessee must notify Lessor in writing of any cancellation or reduction in coverage or limits of any insurance within seven (7) calendar days of receipt of insurer's notification to that effect.

20.7 State's Insurance. If Lessee is a department of the State of Idaho, Lessor and Lessee are both agencies of the State of Idaho and are provided a comprehensive liability plan through the Risk Management Program established under Idaho Code §§ 67-5773 *et seq.*, funded and in effect subject to limitation on liability of the Tort Claims Act, Idaho Code § 6-901 *et seq.* [Delete ¶ 20.7 and ¶20.8 if Lessee is not another state agency.]

20.8 State's Apportionment of Liability. If Lessee is a department of the State of Idaho: [Delete ¶ 20.7 and ¶20.8 if Lessee is not another state agency.]

(A) Lessor and Lessee shall be responsible only for the acts, omissions or negligence of such agency's own employees. The term "employee" is defined for the purposes of this section as set forth in Idaho Code § 6-902. The parties acknowledge that both Lessor and Lessee participate in the State of Idaho Risk Management Program comprehensive liability plan utilizing the Retained Risk Account ("Risk Program"). Each of the parties is obligated to notify the Division of Risk Management and the other agency upon receipt of notice or in the event it has knowledge of any claim or damage arising out of the Lease.

(B) Nothing in this Agreement shall extend the tort responsibility or liability of either Lessor or Lessee beyond that required by the Idaho Tort Claims Act, Idaho Code §§ 6-901 *et seq.* Any covered third-party tort liability claim, suit or loss arising from this Agreement shall be allocated to one or both agencies by the Division of Risk Management for purposes of the respective loss experiences and subsequent allocation of self-insurance assessments.

(C) Each agency shall be responsible for damage to property of the other agency caused by its employees in the performance of the Lease. If property damage arises in the performance of the Lease and is covered by the Risk Program, the Division of Risk Management shall charge the damage or loss to the responsible agency's loss history, and the responsible agency shall pay the deductible, if any.

(D) If a claim or damage is not covered by the Risk Program, the responsible agency shall pay the costs arising from such claim or damage. If a claim or damage arises from both agencies' performance of the Lease, or is not allocable to either agency, each agency shall pay the costs to such agency arising from the claim or damage.

21. INDEMNIFICATION.

21.1 Lessee shall indemnify, defend, and save harmless Lessor, the State of Idaho, its officers, agents, employees, and volunteers from and against any and all liability, claims, damages, losses, expenses, actions, settlements, attorneys' fees, and suits whatsoever caused by, arising out of, or in connection with Lessee's acts or omissions under the Lease or Lessee's

failure to comply with any applicable state, local, or federal statute, law, regulation, rule or ordinance.

21.2 Upon the receipt by Lessee of Lessor's or the State of Idaho's tender of indemnity and defense, Lessee shall immediately take all reasonable actions necessary, including, but not limited to providing a legal defense for Lessor and the State of Idaho, and to begin fulfilling its obligation to indemnify, defend, and save harmless Lessor and the State of Idaho. Lessee's indemnification and defense liabilities described herein shall apply regardless of any allegations that a claim or suit is attributable in whole or in part to any act or omission of Lessor, the State of Idaho under the Lease. However, if it is determined by a final judgment that Lessor, the State of Idaho's negligent act or omission is the sole proximate cause of a suit or claim, neither Lessor nor the State of Idaho shall be entitled to indemnification from Lessee with respect to such suit or claim, and Lessor and the State of Idaho in its discretion, may reimburse Lessee for reasonable defense costs attributable to the defense provided by any Special Deputy Attorney General appointed pursuant to subsection 21.3.

21.3 Any legal defense provided by Lessee to Lessor and the State of Idaho under this section must be free of any conflicts of interest, even if retention of separate legal counsel for Lessee and, Lessor and the State of Idaho, is necessary. Any attorney appointed to represent Lessee, the State of Idaho must first qualify as and be appointed by the Attorney General of the State of Idaho as a Special Deputy Attorney General pursuant to Idaho Code §§ 67-1401(13) and 67-1409(1).

22. EASEMENTS. Lessor reserves the right to permit for joint or several use such easements or rights-of-way over, upon, across, through, or in the Leased Premises as Lessor may deem necessary or appropriate in Lessor's discretion, but upon the condition that such use shall not unreasonably interfere with the exercise by Lessee of the rights and privileges granted under the Lease.

23. SURFACE ESTATE RIGHTS RESERVED BY LESSOR. In the event Lessor owns the surface estate over the Leased Premises, there is reserved in and to Lessor the right to lease, sell, or otherwise dispose of, all or any portion of surface estate for any purpose, including grazing, other mining, timber, agricultural, or as otherwise allowed by law. Any use of the surface estate so disposed of shall not unreasonably interfere with the mining activities conducted pursuant to the Lease, except as otherwise provided for in the Lease. All tailings, overburden and other such mine refuse produced from the Leased Premises during the term of this lease shall remain the property of Lessor and may not be removed from the Leased Premises.

24. TIMBER REMOVAL. Lessee will not interfere with the removal of timber purchased by a third party prior to or subsequent to the issuance of the Lease. In the event Lessor owns the surface estate over the Leased Premises, prior to Lessee cutting or removing timber for exploration or development of the Leased Premises, Lessor must be given written notice at least six (6) months in advance of the intended cutting or clearing operation. Lessee shall reimburse the surface owner for the value of any merchantable timber and pre-merchantable timber cut or cleared from Leased Premises. The cutting or removal of timber growth, other than that expressly permitted and authorized by Lessor during Exploration Operations or Surface Mining Operations, including development of access roads, drill pads, or construction of improvements and facilities is prohibited under the Lease. The value for any affected timber shall be established by Lessor using accepted fair market value appraisal techniques.

25. FINANCIAL ASSURANCE.

25.1 The period of liability of any financial assurance shall not be terminated until all Lease provisions and any Special Terms and Conditions have been fulfilled and such financial assurance is released in writing by Lessor.

25.2 At or before signing the Lease, Lessee will provide financial assurance in the amount of \$5,000.00 OR \$2,500.00 [only if Lessee is the surface owner] to ensure reclamation arising from Lessee's Exploration Operations. Upon receipt and evaluation of Lessee's "exploration reclamation plan" for Exploration Operations, the financial assurance for Exploration Operations will be recalculated by Lessor as the estimated reasonable reclamation costs plus ten percent (10%) of such costs for the total disturbed acres of affected land to be worked during the upcoming twelve (12) month period.

25.3 If Lessee does not conduct Exploration Operations, or moves from Exploration Operations into operations, Lessee must be in compliance with the financial assurance required under Title 47, Chapter 15, Idaho Code (Mined Land Reclamation Act), and have a corresponding approved reclamation plan.

25.4 Concurrently with the execution of the Lease by Lessor, Lessee shall furnish to Lessor good and sufficient financial assurance in the amount of XX Thousand Dollars (\$X,000.00) in favor of State of Idaho, Department of Lands, which, shall be designated for road repairs necessitated by Lessee's operations on the Leased Premises. [Delete ¶ if inapplicable.]

26. EXISTING CONDITIONS. Lessee agrees to take the Leased Premises as is, and subject to all valid existing conditions or rights affecting the Leased Premises, including any easements, leases, permits, licenses, and any properly filed outstanding prior encumbrance, agreement, and contract of sale from Lessor, of any kind whatsoever; and subject to the rights reserved by Lessor set forth herein in Attachment G – delete if none.

27. SUCCESSORS IN INTEREST. It is further agreed that each and every obligation in the Lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, personal representatives, administrators, successors or assignees of the Parties.

28. TITLE; NO WARRANTY. Lessor does not warrant title to the Leased Premises for the Metallic Minerals that may be discovered in the Leased Premises. The Lease is issued only under such title as the State of Idaho may have as of the Effective Date or as may be subsequently acquired. Lessee shall be solely responsible for satisfying itself with respect to the ownership of the Leased Premises. If Lessor is subsequently divested of said title, no liability shall be incurred by Lessor by virtue of the Lease for any loss or damage to Lessee. Nor shall any claim for refund of any bonus bid, rentals, or royalties paid to Lessor be made by Lessee, its successors or assigns.

Lessee acknowledges that neither Lessor, nor any agent or representative of Lessor or of State of Idaho, has made any representation or warranty whatsoever, express or implied, with respect to the title, merchantability or fitness of the Leased Premises for any particular purpose or use, including specifically the use for which the Lease is granted. Lessee accepts the Leased Premises in "as is" condition. In entering the Lease, Lessee relies solely upon Lessee's own inspection of the Leased Premises.

29. PUBLIC RECORDS. Pursuant to Idaho Code §§ 74-101 *et seq.*, information or documents

received from Lessee may be open to public inspection and copying unless specifically exempt from disclosure. Lessee shall clearly designate individual documents as "exempt" on each page of such documents and shall indicate the basis for such exemption. Lessor will not accept the marking of an entire document as exempt. In addition, Lessor will not accept a legend or statement on one (1) page that all, or substantially all, of the document is exempt from disclosure. Lessee shall indemnify and defend Lessor against all liability, claims, damages, losses, expenses, actions, attorney fees, and suits whatsoever for honoring any designation by Lessee, or for Lessee's failure to designate individual documents as exempt. Lessee's failure to designate as exempt any document or portion of a document that is released by Lessor shall constitute a complete waiver of any and all claims for damages caused by any such release.

30. NOXIOUS WEED CONTROL.

30.1 Cooperation and Costs. Lessee shall cooperate with Lessor or any other agency authorized to undertake programs for control or eradication of noxious weeds. Lessee shall take measures to control noxious weeds on the Leased Premises in accordance with Title 22, Chapter 24, Idaho Code, except those resulting from activities beyond Lessee's control. Costs for control of noxious weeds on the Leased Premises shall be the responsibility of Lessee.

30.2 Weed Free. Prior to moving equipment onto the Leased Premises, Lessee shall use reasonable efforts to ensure that all equipment is free of noxious weeds and their seeds as defined by the Idaho Department of Agriculture and any local Coordinated Weed Management Area. Cleaning of contaminated equipment and vehicles shall not take place on any state endowment land, including the Leased Premises.

31. SALE OR EXCHANGE OF LEASED PREMISES.

31.1 Sale. Lessor may sell all or any portion of the Leased Premises during the Lease Term, as allowed by Idaho law, including pursuant to Title 47, Chapter 7, Idaho Code; Title 58, Chapter 3, Idaho Code; and other applicable Idaho laws, rules, or regulations, as amended.

31.2 Land Exchange. Lessor may exchange title in all or any portion of the Leased Premises for other lands, public or private, as allowed by Idaho law, including pursuant to Title 47, Chapter 7, Idaho Code; Title 58, Chapter 1, Idaho Code; and other applicable Idaho laws, rules, or regulations, as amended.

31.3 Change in Use. The Lease may be terminated in whole or in part upon one hundred eighty (180) calendar days' written notice by Lessor if the use of the Leased Premises is to be changed to any other use that is incompatible with the use authorized by the Lease, as designated by Lessor.

32. LEGAL FEES. In the event either Party initiates a legal proceeding under the Lease, the prevailing party in that legal proceeding shall be entitled to such additional sums as the court may award for reasonable attorneys' fees (including fees from the Office of the Attorney General of the State of Idaho) and costs (including appraisal fees and expert fees) incurred in such proceeding, including any appeal.

33. CUMULATIVE REMEDIES. Lessor shall have all rights and remedies available under the provisions of the Lease and as otherwise provided by the laws of the State of Idaho, in law or in equity. All rights and remedies accruing to Lessor shall be cumulative; that is, Lessor may pursue all rights that the law and the Lease afford to it, in whatever order Lessor desires and the law

permits, without being compelled to resort to any one remedy in advance of any other.

34. FORCE MAJEURE. If Lessor or Lessee is delayed, hindered, or prevented from performing any act required hereunder by reason of any act of God; strike; lockout; labor trouble; inability to procure materials; failure of power; restrictive government laws or regulations enacted after the Effective Date, which preclude activities that are the subject of the Lease; riot; insurrection; war; escalation of hostilities; or other reason beyond the Party's control making performance impossible, then performance of that act, and that act only, shall be excused for the reasonable period of the delay upon proper and satisfactory proof presented to Lessor. Lessor must be notified within fifteen (15) calendar days of any force majeure event. In that event, the period for the performance of the act shall be extended for a reasonable period equivalent to the period of the delay. Lessee shall work diligently to eliminate the delay and immediately notify Lessor when the reason for the force majeure has ceased. Neither Lessee's financial condition nor the failure of any of Lessee's contractors or subcontractors or any other party with whom Lessee contracts shall be an event of force majeure excusing the performance of any act.

35. RELATIONSHIP OF PARTIES. Nothing contained in the Lease shall be construed as creating any relationship between the Parties other than that of landlord and tenant; and nothing contained in the Lease shall be construed to create any other relationship between the Parties, including any relationship of principal-agent, master-servant, employer-employee, partnership or joint venture.

36. NO WAIVER. A waiver by Lessor of any breach of any term, covenant, or condition of the Lease shall not be deemed to be a waiver of any past, present, or future breach of the same or any other term, covenant, or condition of the Lease. The acceptance of rental by Lessor hereunder shall not be construed to be a waiver of any violation of any terms or conditions of the Lease. No payment by Lessee of a lesser amount than is due according to the terms of the Lease shall be deemed or construed to be anything other than a partial payment on account of the most recent rental payment due, nor shall any endorsement or statement on any check or letter accompanying any payment be deemed to create an accord and satisfaction.

37. WRITTEN MODIFICATIONS. No modification, extension, assignment, release, discharge, change, or waiver of any provision hereof shall be of any force, effect, or value unless signed in writing by Lessor, or its duly authorized agent.

38. NOTICES. All notices between the Parties in connection with the Lease shall be in accordance with terms of the Lease. All notices allowed or required herein shall be given by registered or certified mail, deposited in the United States mails with postage prepaid; or by depositing the same with FedEx, UPS, or similar shipping service with shipping fees prepaid. If such service is used, tracking information shall be provided to the other Party. The notices shall be sent to the addresses stated on the Summary. Either Party may change the place for giving notice by written notice to the other Party.

39. JOINT LIABILITY. If Lessee consists of more than one person or entity, such persons and entities shall be jointly and severally liable for each term, condition, covenant, duty and obligation of the Lease.

40. SEVERABILITY. In the event any provision of the Lease shall be held invalid or unenforceable according to the Idaho Constitution or applicable Idaho law, the validity, legality, or enforceability of the remaining provisions, and the application thereof, shall not in any way be affected or impaired. In such event, the remaining provisions of the Lease shall be interpreted as

closely as possible to provisions held invalid or unenforceable.

41. HEADINGS. Headings in the Lease are for convenience and reference only and shall not be used to interpret or construe any term of the Lease.

42. SURVIVAL. Any provision of the Lease that expressly or by implication comes into or remains in force following the termination of the Lease shall survive the termination of the Lease for the period set forth in such provision, or if no period is set forth in such provision, for the period that is coextensive with the applicable statute of limitations. Notwithstanding anything to the contrary in the Lease, any indemnification obligations shall survive the termination of the Lease.

43. ENTIRE AGREEMENT. The Lease (comprised of the Summary, the Lease provisions, Signature Page, and all Attachments, including any Special Terms and Conditions, as amended) contains the entire agreement between the Parties concerning the subject matter hereof and supersedes any and all prior agreements. The execution of the Lease has not been induced by either Party, or any agent of either Party, by representations, promises, or undertakings not expressed herein and, further, there are no collateral agreements, stipulations, covenants, promises, inducements, or undertakings whatsoever between the respective parties concerning the Lease except those which are expressly contained herein.

44. GOVERNING LAW AND FORUM. The Lease shall be construed in accordance with and governed by the Idaho Constitution and laws of the State of Idaho, and the parties consent to the jurisdiction and venue of the Idaho State District Court located in Ada County in the event of any dispute with respect to the Lease or the Leased Premises.

45. COUNTERPARTS. The Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this contract to be duly executed on the day and year written below.

[Insert Correct Signature Blocks]

ATTACHMENT A

SPECIAL TERMS AND CONDITIONS

1. If any excavation occurs, the operator must comply with the provisions of the Underground Facilities Damage Prevention Law (Title 55, Chapter 22, Idaho Code). The one-call locator service number is 1-800-342-1585.
2. Lessee will adhere to current and imposed fire restrictions. All vehicles and motorized equipment must be equipped with a functional spark arrestor and baffled muffler. Fire suppression tools, including a bucket, shovel, and fire extinguisher must be stored and easily accessible in all vehicles and motorized equipment on the Leased Premises.

ATTACHMENT B

LEGAL DESCRIPTION OF LEASED PREMISES

The following described parcels located in Section 2, Township 61 North, Range 4 West, Boise Meridian, in Bonner County, Idaho:

That portion of the *GET full legal description from Renee Bettis/GIS*.

Contains ### acres, more or less.

OR

The entire Section 36, Township 12 North, Range 4 West, Boise Meridian, in Washington County, Idaho.

Contains #### acres, more or less.

The following tables are for Idaho Department of Lands' internal purposes only and are not intended to be part of the legal description:

Instrument Number	Township	Range	Section	Legal Description	County	Endowment	Acres

Mineral Owner	Surface Owner	Sage Grouse IMHA	Sage Grouse PMHA

ATTACHMENT C

SITE MAP(S)

Insert Map(s)

ATTACHMENT D

ROYALTY SCHEDULE NET SMELTER RETURN ROYALTY PERCENTAGE FOR METALLIC MINERAL COMMODITIES

DEFINITIONS:

“Concentrate(s)” means the primary treatment product created from an Ore Deposit by any processing that separates minerals into metals, metalloids, and alloys without a change in mineral chemical composition, structure, or state of aggregation. Concentrate is then suitable for subsequent chemical or metallurgical processing or use. Concentrate is typically further refined into Metallic Mineral Commodities.

“Metallic Mineral Commodities” means solid materials containing an appropriate composition of metal ores to be extracted and used as a metal precursor or as a direct raw material for manufacturing. They typically are categorized as either ferrous, light, precious, or base metals. Metallic Mineral Commodities are sold or traded worldwide in diverse futures and spot exchange markets, such as the New York Mercantile Exchange and the London Metal Exchange.

“Net Smelter Return Royalty” means the percentage value owed to Lessor of any and all Metallic Mineral Commodities and metals, metalloids, and alloys in Concentrate, less allowed deductions, and without deductions for capital costs, mining operations, and processing of Ore Deposits into Concentrates. Lessee’s Net Smelter Return Royalty must be calculated by taking the monthly average¹ of the daily reported commodity value in U.S. dollars:

- From the published daily price in troy ounces listed by the London Bullion Market Association for gold, silver, platinum, and palladium; and
- From the published daily price in metric tonnes listed by the London Metal Exchange for all other Metallic Mineral Commodities.

From the applicable monthly average, Lessee is allowed to deduct only the following costs paid or incurred by Lessee with respect to such Metallic Mineral Commodities:

- The actual charges for treatment of Concentrate in the smelting and refining processes, including and limited to treatment losses, penalties for deleterious elements, handling, processing, interest, sampling, assaying, representation costs, and other processor deductions.
- The actual costs of transportation of Concentrate to the place of smelting, refining, or beneficiation, and then to the place of sale, including and limited to freight charges, insurance, security, handling, port demurrage, and delay and forwarding expenses incurred by reason of, or in the course of, such transportation.

If any Concentrates are treated at a smelter, refinery, or other facility owned or controlled, in whole or in part, by Lessee, the smelter or refinery schedules used for determining allowable deductions shall not be less favorable to Lessee, thereby resulting in increased deductions, than the terms and conditions either being offered to others or being contracted with others at the time for products of like character and in similar quantities for delivery to Lessee’s smelters or refineries.

¹ The monthly average is calculated by dividing the sum of all such prices reported for the month in question by the number of days in such month for which such prices were reported.

Lessee shall market all Metallic Mineral Commodities and Concentrates from the Leased Premises at the best terms reasonably obtainable.

“Ore Deposit(s)” means a geographically-limited, scientifically-defined accumulation of a mineral resource of ore that may be, is hoped to be, will be, is, or has been mined, and from which something of value may be, or has been extracted.

The terms **“processed”** and **“processing”** mean any combination of operations that produce Concentrate from an Ore Deposit. Processing commences with the extraction of an Ore Deposit from the Leased Premises and includes all concentration operations completed onsite, adjacent or non-adjacent to the Lease Premises. Processing continues through all operations to load and transport Concentrates, either wet or dry, or solutions of metallic minerals to the final smelter or refinery facilities. Processing ends at the smelter or refinery, which will subsequently refine Concentrates into Metallic Mineral Commodities.

ROYALTY PERCENTAGE:

The following Net Smelter Return Royalty percentage will apply to Metallic Mineral Commodities mined from any Ore Deposit on the Leased Premises and processed into a Concentrate containing any metals, metalloids, and alloys:

Lessor reserves and Lessee agrees to pay to Lessor a five percent (5%) Net Smelter Return Royalty.

ATTACHMENT E

MONTHLY PRODUCTION AND ROYALTY REPORT

GENERAL INFORMATION:

Reporting Lease Year: This time period will be March 1 to February 28 of each year.

Timing of reporting and payments: The deadline for submittal of the Monthly Production and Royalty Reports and associated Royalty payments is subject to the terms and conditions of the Lease.

Methods for submitting reports and payments: Mail or electronically deliver completed and signed Monthly Production and Royalty Reports to the corresponding IDL Area office. Royalty payments paid by check (made payable to the "State of Idaho") should be mailed or delivered to the same IDL Area office. Royalty payments may also be made by credit card online at www.idl.idaho.gov.

Late payments: Payments received after the due date will be subject to late fees and interest as defined in the Lease.

Obligations: Please note that completion of this form is mandatory under the terms of the Lease and failure to meet this requirement is cause for default and possible termination of the Lease. Submitted Monthly Production and Royalty Reports will be subject to verification through examination of the Lessee's records at IDL's discretion. **If the Lease is not in production, this form must still be completed and submitted for each month of the Reporting Lease Year.**

REPORT FORM INSTRUCTIONS:

MONTH/YEAR OF PRODUCTION: Enter the dates identifying the production period involved. (e.g., March 1, 2021, to March 31, 2021). Complete a different form for **each** month of the Reporting Lease Year. **DO NOT COMBINE** more than one month into a form.

LINE (A) – The total production reported for the month. **Attaching documentation of production to this form is required.**

LINE (B) – The gross price received by the Lessee for the total production for the month. **Attaching documentation of the gross price received to this form is required.**

LINE (C) – This is the pre-populated Royalty percentage from the Lease.

LINE (D) – Line (B) multiplied by Line (C). Pay the amount on LINE (D) if you have no remaining Minimum Annual Royalty Credit or Annual Rent Credit available for the Reporting Lease Year, or if you choose to not take any credit. You are still required to sign the form (on the last page). If you do have available Minimum Annual Royalty Credit, continue to the next page and complete the Minimum Annual Royalty Credit Calculation section of the form. If you have already applied all of the available Minimum Annual Royalty Credit during the Reporting Lease Year, skip to the Annual Rent Credit Calculation section of the form.

LINE (E) – Re-enter the amount from LINE (D). This is the Royalty due prior to applying any available credits.

LINE (F) – This is the pre-populated Minimum Annual Royalty from the Lease.

LINE (G) – This amount is the total Minimum Annual Royalty Credit (if any) you have taken so far during the current Reporting Lease Year. Add up the total Minimum Annual Royalty Credit taken as reported on previous Monthly Mineral Lease Production and Royalty Report forms submitted for the current Reporting Lease Year.

LINE (H) – This amount will be the total Minimum Annual Royalty Credit still available for use during the current Reporting Lease Year.

LINE (I) – This amount will be the total Minimum Annual Royalty Credit still available for future reporting months within the Reporting Lease Year.

LINE (J) – This is the Royalty due once you have subtracted any available Minimum Annual Royalty Credit.

LINE (K) – Re-enter Line (D) if you had no available Minimum Annual Royalty Credit available and you did not complete the Minimum Annual Royalty Credit Calculation section of the form. Or re-enter the amount from LINE (I) if you did complete the Minimum Annual Royalty Calculation section and still owed a Royalty payment. This is the amount due prior to applying any available Annual Rent Credit.

LINE (L) – This is the pre-populated Annual Rent amount from the Lease.

LINE (M) – This amount is the total Annual Rent Credit (if any) you have taken so far during the current Reporting Lease Year. Add up the total Annual Rent Credit taken as reported on previous Monthly Mineral Lease Production and Royalty Report forms submitted for the current Reporting Lease Year.

LINE (N) – This amount will be the total Annual Rent Credit still available for use during the current Reporting Lease Year.

LINE (O) – This amount will be the total Annual Rent Credit still available for future reporting months within the Reporting Lease Year.

LINE (P) – This is the Royalty due once you have subtracted any available Annual Rent Credit. Sign the form. Submit the form, the required documentation, and the Royalty payment due.

ATTACHMENT E

MONTHLY PRODUCTION AND ROYALTY REPORT

Lease Number: **EXXXX**

Lessee of Record: **XXXXX**

Month/Year of Production: _____ (e.g., March 1, 2020, to March 31, 2020)

Commodity: _____ (Complete a Separate Form for each Commodity)

Name and Position of Person Completing this Form: _____

Mailing Address: _____

City, State, Zip Code: _____

Telephone No.: _____

Email Address: _____

PRODUCTION INFORMATION

Units of Production: Ounces ☐ Other ☐ _____

Total Production in Units (during this reporting month): _____ (A)

Required: Attach documentation of the reported production to this form

ROYALTY CALCULATION

Gross Price Received for Total Production: \$ _____ (B)

Required: Attach documentation of the gross price received to this form

Royalty Percentage: _____ 5% _____ (C)

Royalty Due: \$ _____ (D)

Enter Line (B) multiplied by Line (C)

Line (D) is the Royalty due prior to applying any available Minimum Annual Royalty or Annual Rent Credit.

- IF NO MINIMUM ANNUAL ROYALTY CREDIT AND NO ANNUAL RENT CREDIT REMAIN AVAILABLE FOR THE REPORTING LEASE YEAR, OR IF YOU CHOOSE TO NOT TAKE A CREDIT, SKIP THE MINIMUM ANNUAL ROYALTY CREDIT AND ANNUAL RENT CREDIT CALCULATIONS; SIGN THE FORM; AND SUBMIT THE FORM, THE REQUIRED DOCUMENTATION, AND THE PAYMENT FOR THE ROYALTY DUE ON LINE (D).
- IF MINIMUM ANNUAL ROYALTY CREDIT REMAINS FOR THE REPORTING LEASE YEAR, PROCEED TO THE MINIMUM ANNUAL ROYALTY CREDIT CALCULATION.
- IF NO MINIMUM ANNUAL ROYALTY CREDIT REMAINS FOR THE REPORTING LEASE YEAR, PROCEED TO THE ANNUAL RENT CREDIT CALCULATION.

MINIMUM ANNUAL ROYALTY CREDIT CALCULATION

Skip this section of the form and continue to Annual Rent Credit Calculation if no Minimum Annual Royalty credit remains available for this Reporting Lease Year, or if you choose to not take the credit.

Royalty Due: \$ _____ (E)
Re-Enter Line (D)

Minimum Annual Royalty Paid: \$ _____ (F)

**Total of All Previous Minimum Annual Royalty Credit
Taken During this Reporting Lease Year:** \$ _____ (G)
Enter \$0.00 if none previously taken

Minimum Annual Royalty Credit Available: \$ _____ (H)
Enter Line (F) minus Line (G)

Compare Line (E) with Line (H).

If Line (E) is **the same as or less than** Line (H),
Enter Line (H) minus Line (E) \$ _____ (I)

Line (I) is the amount remaining for future Minimal Annual Royalty Credit during this Reporting Lease Year and no Royalty Payment is due at this time. Skip the Annual Rent Credit Calculation and sign the form at the bottom of the next page. Submit the form and the required documentation.

OR

If Line (E) is **greater than** Line (H),
Enter Line (E) minus Line (H) \$ _____ (J)

Line (J) is the Royalty due prior to applying any available Annual Rent Credit. Proceed to Annual Rent Credit Calculation.

ANNUAL RENT CREDIT CALCULATION

Royalty Due: \$_____ (K)
Re-Enter Line (D) if **no** Minimum Annual Royalty Credit was applied
for this month's report.

Or Re-Enter Line (J)

Annual Rent Paid: \$_____ (L)

**Total of All Previous Rent Credits
Taken During this Reporting Lease Year:** \$_____ (M)
Enter \$0.00 if none previously taken

Annual Rent Credit Available: \$_____ (N)
Enter Line (L) minus Line (M)

Compare Line (K) with Line (N).

If Line (K) is **the same or less than** Line (N),
Enter Line (N) minus Line (K) \$_____ (O)

**Line (O) is the amount remaining for future Annual Rent Credit during this
Reporting Lease Year and no Royalty Payment Is due at this time. Sign and submit
the form and the required documentation.**

OR

If Line (K) is **greater than** Line (N),
Enter Line (N) minus Line (K) \$_____ (P)

**Line (P) is the Royalty due. Please sign the form and submit the form, the required
documentation, and the Royalty Payment.**

By signing below: "I declare under penalty of perjury pursuant to the law of the State of Idaho that the
information submitted is true, correct, and complete."

DATE: _____

Signature of Lessee of Record or Authorized Representative

Print Name of Lessee of Record or Authorized Representative

**IF PAYMENT IS SUBMITTED AFTER THE REQUIRED DUE DATE, YOU WILL BE INVOICED FOR
LATE FEES AND INTEREST DUE FOR EACH LATE MONTH IN ACCORDANCE WITH THE LEASE
TERMS.**

FOR IDL STAFF ONLY **REVIEWED/APPROVED** _____ **Date** _____

ATTACHMENT F ANNUAL OPERATIONS REPORT

GENERAL INFORMATION:

Reporting Lease Year: This time period will be March 1 to February 28 of each year of the lease term.

Deadline to report: The Annual Operations Report is due March 31 of each year (e.g., For the reporting year March 1, 2021, to February 28, 2022, the deadline to report is March 31, 2022).

Method for submitting reports: Mail or hand-deliver each completed Annual Operations Report to the corresponding IDL Area Office.

Obligations: Please note that completion of this form is mandatory under the terms of the Lease and failure to meet this requirement is cause for default and possible termination of the Lease. Submitted Annual Operations Reports will be subject to verification through examination of the Lessee's records at IDL's discretion. **If the Lease is not in production, this form must still be completed and submitted for each year.**

REPORT FORM INSTRUCTIONS:

REPORTING LEASE YEAR: Enter the dates identifying the reporting year (e.g., March 1, 2021, to February 28, 2022). Complete a different form for **each** year. DO NOT COMBINE.

LINE (1) – Identify the commodities produced only during this Reporting Lease Year identified on this form. Also, identify any commodities which are anticipated to be added to production or removed from production in the forthcoming year.

LINE (2) – Identify the mining operations completed during this Reporting Lease Year. Also, identify any mining operations changes planned for the forthcoming year.

LINE (3) – Identify the stage(s) of mining conducted during this Reporting Lease Year. Also, identify any changes anticipated for the forthcoming year.

LINE (4) – Identify the mining equipment used during this Reporting Lease Year. Also, identify any changes anticipated for the forthcoming year.

LINE (5) – Identify the total production (in units) and the total royalties paid during the Reporting Lease Year. Attach supporting documents to this form. Also, provide the estimated production (in units) for the forthcoming year and the anticipated royalty payments based on that estimate on the form or as an attachment.

LINE (6) – Identify the mineral stockpiles, including any mineral commodity and ore, and the overburden or waste rock which have been moved and stockpiled on the Leased Premises during this Reporting Lease Year. Also, identify any changes anticipated for the forthcoming year.

LINE (7) – Identify any new improvements or work performed in the development of the leased premises during this Lease Reporting Year. Also, identify any improvement or work that is anticipated to be constructed, completed, demolished, or removed in the forthcoming year.

LINE (8) – Identify whether water was used in the mining operations during this Lease Reporting Year and the source(s) of the water. Also, identify any changes in water use and water sources anticipated for the forthcoming year.

LINE (9) – Provide a brief summary of the planned mining operations for the forthcoming year, identifying significant changes in the scale of operations and production, and any changes in exploration or mining methods.

ATTACHMENT F

ANNUAL OPERATIONS REPORT

REPORTING LEASE YEAR: March 1, 20____ to February 28, 20____

Lease Number: EXXXX

Lessee: XXXX

Filer's Name and Position: _____

Lessee's Mailing Address: _____

City, State, Zip Code: _____

Telephone No.: _____

Filer's Email Address: _____

1. Commodity(ies) produced during reporting year: _____

Expected commodities for next reporting year: _____

2. Mining operations during this reporting year included:

☐ Underground

☐ Surface (open-pit)

☐ River, Lake, Streambed

Changes for next reporting year: _____

3. Stage(s) of mining during this reporting year included:

☐ Exploration

☐ Development

☐ Production

☐ Reclamation

Changes for next reporting year: _____

4. Mining equipment used during this reporting year: _____

Mining equipment to be used next reporting year: _____

5. Total production and royalty paid for this reporting year (attach supporting documents):

Estimated production and royalty payments for next reporting year: _____

6. Describe mineral stockpiles and waste piles at the end of this reporting year: _____

Changes for next reporting year: _____

7. Describe any improvements constructed or development work completed during this reporting year: _____

Describe any planned construction, demolition, or removal for the next year: _____

8. Was water used in the mining operation during this Reporting Lease Year? ☐ Yes
☐ No

Describe the water source(s): _____

Changes in water use or source for the next year: _____

9. Describe the planned mining operations and development activities for the next year: _____

The Annual Operations Report must be submitted by Lessee on or before **March 31st** for each Reporting Lease Year to the following address:

Idaho Department of Lands
Southwest Area Office
8355 W. State St.
Boise, ID 83714

By signing below: "I declare under penalty of perjury pursuant to the law of the State of Idaho that the information submitted is true, correct, and complete."

Date

Signature of Lessee or Authorized Representative

Print Name and Position

FOR IDL STAFF ONLY

REVIEWED/APPROVED _____ DATE _____

ATTACHMENT G

EXISTING CONDITIONS

The following Lessor-authorized instrument(s) affecting all or any portion of the Leased Premises, include but are not limited to, the following:

Insert OR Delete

ATTACHMENT H

Special Terms and Conditions

SAGE GROUSE CONSERVATION MEASURES

In accordance with Executive Order No. 2015-04 and the Idaho State Board of Land Commissioners Greater Sage-Grouse Conservation Plan (LB SG Plan), the following conservation measures (CMs) will apply to all lands within this Lease which are within sage-grouse Priority Habitat Management Areas (PHMAs) or Important Habitat Management Areas (IHMAs) as identified in the LB SG Plan, as amended from time to time. In the event of a conflict between the location of the PHMAs and IHMAs identified in the LB SG Plan and Exhibit C hereto, the LB SG Plan shall control. The most recent version of the LB SG Plan can be found at Idaho Department of Lands (IDL) website.

For proposed activities by third parties on state endowment trust lands in PHMA and IHMA, IDL will implement CMs as enforceable stipulations in authorizing documents such as leases. With the high diversity of terrain and vegetation types within the sage-grouse region of Idaho, it is difficult to design a “one size fits all” set of CMs. Science and technology also change over time and new options or alternatives may be proposed as part of a site-specific management plan. Site-specific management plans submitted by applicants or lessees should provide equal or better results than the CMs described below. IDL and lessee agree to cooperate in the development of site-specific management plans, including but not limited to vegetative fuels control, range improvement construction, and sage-grouse conservation projects. Site-specific management plans will be reviewed and approved by the appropriate IDL staff. When anticipated results are uncertain, IDL will confer with the Idaho Department of Fish and Game (IDFG) prior to approving any site-specific management plan.

I. Improvement, Construction, and Conservation Projects

- A. Consistent with this Lease, all improvement and construction projects will require written authorization from IDL prior to installation. Project proposals must be submitted to IDL for consideration and may be subject to a habitat analysis by the IDFG. Upon written authorization by IDL, project installation and construction will require full compliance with conservation measures identified in the LB SG Plan.
- B. Existing Improvements: If improvements in existence at the time this Lease is executed are identified by IDL, IDFG, or the Lessee within PHMAs and IHMAs that are not in compliance with the LB SG Plan, IDL will assess the impact of the improvements on a case-by-case basis. When needed IDL will consult with IDFG to determine what, if any, mitigation is necessary based on the specific circumstances of the site.
- C. Conservation Projects within PHMAs: Because PHMAs include characteristics such as existing high-quality sagebrush habitat; highest sage-grouse breeding densities; have been identified as essential to conservation and persistence of the species; and are of importance to the conservation of the species range-wide, these lands will be prioritized by IDL for management and conservation actions. Such actions could include, but are not limited to, a review and subsequent amendment of the existing management plan that is part of this Lease; analysis and mitigation of existing improvements; and priority consideration for conservation projects that provide landscape-level enhancements to habitat.

II. Fuels Management

- A. IDL and Lessee agree to communicate and work together to develop written fuels management plans, implement fuels reduction projects, and use sound treatment(s) to reduce vegetative fire fuels, reduce annual grass densities, and to enhance and protect PHMAs and IHMAs, when appropriate.

III. Invasive Plant Species

- A. Vehicles and equipment operated by Lessees that will travel off approved/designated transportation routes will be inspected and cleaned of seeds and propagules by Lessee or Lessee-directed personnel to prevent the spread of invasive and noxious plant species.
- B. Lessee and Lessee-directed personnel will inventory and monitor invasive and noxious plant species throughout the term of the Lease and report such activities to IDL.
- C. Reclamation activities conducted by or directed by Lessee will include the use of certified weed-free seed mixes approved by IDL. All materials used for reclamation (mulch, straw, etc.) will be certified weed free by the appropriate federal or State of Idaho agency.
- D. Lessee will use best management practices and appropriate treatments including chemical, mechanical and biological to treat invasive and state listed noxious plant species, in accordance with this Lease.

IV. Minerals Leases

- A. Surface Use and Timing.
 - I. No surface occupancy is allowed within 1 km (0.62 mi.) of an occupied lek within PHMAs and IHMAs.
 - II. Lessee will use construction methods that will minimize surface disturbance. This could include utility placement through borings instead of trenches.
 - III. Lessee will place infrastructure in already-disturbed locations, as feasible, where habitat has not been established. Surface disturbances will be clustered by Lessee in order to limit surface occupancy. Lessee will use maps, lek routes, and other relevant local information to identify leks and avoid project activities or related activities near active leks (within 1km/.62 miles) so as not to disturb displaying birds. Dates of concern are from March 15 through May 1 in lower elevation habitats and March 25 through May 15 in higher elevation habitats.
 - IV. Unless approved by IDL, major construction and maintenance activities by Lessee shall be avoided in sage-grouse winter range (winter concentration areas) from December 1 to February 15.
 - V. Lessee will limit noise levels from discretionary activities within PHMAs and IHMAs to not more than 10 decibels above ambient sound levels (typically 20-24 dBA) at occupied leks from two hours before sunset to two hours after sunrise during breeding season. Ambient noise levels shall be determined by measurements taken at the perimeter of an occupied lek at sunrise.
- B. Placement of fences and other structures.
 - I. All fencing and other infrastructure placement and construction and any movement of existing fencing or other infrastructure within PHMAs and IHMAs requires IDL written approval and may be subject to IDFG analysis prior to such written approval.
 - II. Lessee shall use USDA-NRCS Fence Collision Risk Tool data, as amended from time to time and local knowledge to determine low, medium, or high-risk levels around occupied leks. Lessee shall flag new and existing wire fence segments in high-risk areas, at a minimum, with collision diverter markers as defined by USDA-NRCS design practice specifications. Examples of high-risk areas include fencing with characteristics such as evidence of grouse fence strikes, gentle topography near a lek or fences that bisect winter concentration area. Lessee shall flag fences in riparian areas, near lek locations and other sensitive areas specifically identified by either IDL or IDFG.
 - III. In addition to the requirements of this Lease, IDL will consider the impacts on sage-grouse when determining whether to authorize the placement of new fences and structures. Notwithstanding the foregoing, IDL will not approve construction of fencing and other structures with a height over 5 feet within 1 km (0.62 mi) of occupied leks, as determined by IDFG, unless authorized in writing by IDFG, Lessee shall place tall structures including but not limited to corrals, loading facilities, water storage tanks,

windmills etc., as far as possible from occupied leks to reduce opportunities for perching raptors. Careful consideration, based on local conditions, will also be given by IDL when authorizing the placement of new fences or structures near other important seasonal habitats (winter-use areas, movement corridors etc.). In order to reduce potential impacts, fence markers will be used to mitigate mortality within areas identified by IDL, IDFG or Lessee.

C. Design and placement of water developments.

- I. In addition to the requirements of this Lease, spring developments (including pipelines) authorized by IDL will be designed to maintain or enhance the free-flowing characteristics of springs and wet meadows by the use of float valves on troughs or other features where feasible. Lessee will be required to retrofit all water developments during normal maintenance activities to maintain or enhance lentic, riparian properties and minimize annual maintenance.
- II. For projects requiring water to be pumped, floated tanks may be approved by IDL to conserve water resources. Efforts will be made by the lessee to treat these tanks for mosquito species that carry West Nile Virus.
- III. The construction of new ponds or reservoirs by authorized parties will be minimized, except as needed to meet important resource management or restoration objectives, to reduce the potential impact from West Nile Virus on sage-grouse and only when approved by IDL.
- IV. Wildlife escape ramps in new and existing water troughs and open-water storage tanks shall be installed and maintained to facilitate the use of and escape by wildlife.

D. Site Reclamation

- I. Lessee will complete any required site reclamation as soon as phases of operation or construction are completed. Site reclamation will stabilize the site with plant species that are suitable to the site and include sage brush and native forb species; provide the opportunity for sage-grouse habitat to develop over time; and prevent non-native invasive species from occupying the site. Lessee will irrigate or mulch the site, as necessary, to establish seedlings more quickly.