

Entry No. <b>161734</b>	M 146
RECORDED 11-28-79	12:16
INDEXED	829-38
WESTERN STATES TITLE	
21.00	<i>Wanda L. [unclear]</i>
ABSTRACT	

AGREEMENT

THIS AGREEMENT, made and entered into this 19th day of November, 1979, by and between SAN DIEGO MINING COMPANY, a Delaware corporation (hereinafter designated "SD") and ROYAL STREET LAND COMPANY, a Utah corporation (hereinafter designated "Royal Street").

W I T N E S S E T H:

WHEREAS, SD, as "Lessor," and Lon Investment Company, a Utah corporation (hereinafter designated "Lon"), as "Lessee", mutually executed and delivered a certain Surface Lease (hereinafter designated the "SD Lease"), dated January 1, 1974, which SD Lease was recorded as Entry No. 109985, in Book 111, Page 621, in the office of the County Recorder of Wasatch County, Utah; and

WHEREAS, the real property which is the subject of the SD Lease consists of certain patented lode mining claims situated in the Blue Ledge Mining District in Wasatch County, Utah, which real property (hereinafter designated the "SD Property") is more particularly described in Exhibit A, attached hereto and incorporated herein by reference; and

WHEREAS, the SD Lease was amended by a certain Addendum No. 1 to Surface Lease (hereinafter designated the "Addendum") dated January 24, 1977, between SD, Lon and Park City Utah Mines Company, a Delaware corporation (hereinafter designated "PCU"), which Addendum was recorded as Entry No. 137849, in Book M93, Page 840, in the office of the County Recorder of Summit County, Utah, and as Entry No. 109986, in Book 111, Page 642, in the office of the County Recorder of Wasatch County, Utah; and

Entry No. 118219 Recorded at request of WESTERN STATES  
 Date 11-26-1979 at 11:54 AM by JOE DEAN HUBER  
 Wasatch County Recorder by LINDA KRAMER  
 Deputy Book 129 Page 573582 FEE \$26.00

BOOK 145 PAGE 829

WHEREAS, Lon, as "Assignor," executed and delivered to Ross-Lare Realty N.V., a corporation organized and existing under the laws of Curacao, Netherlands Antilles (hereinafter designated "RLR"), as "Assignee," a certain Assignment and Quitclaim of Leasehold Interest (hereinafter designated the "RLR Assignment") dated August 17, 1977, which RLR Assignment related to the SD Lease and the SD Property, and which RLR Assignment was recorded as Entry No. 110867, in Book 113, Pages 550 to 556, in the office of the County Recorder of Wasatch County, Utah; and

WHEREAS, RLR executed and delivered to Stichting Mayflower Recreational Fonds (hereinafter designated "Stichting") and Mayflower Recreational Fund (hereinafter designated "Mayflower") a certain Assignment (hereinafter designated the "Stichting-Mayflower Assignment") dated December 31, 1977, which Stichting-Mayflower Assignment related to the SD Lease and the SD Property, and which Stichting-Mayflower Assignment was recorded as Entry No. 112072 in Book 116, Pages 213 to 220, in the office of the County Recorder of Wasatch County, Utah, and as Entry No. 144086 in Book M108, Pages 421 to 428, in the office of the County Recorder of Summit County, Utah; and

WHEREAS, Stichting and Mayflower, as "Lessor," and Royal Street, as "RS," have mutually executed and delivered a certain Sublease (hereinafter designated the "Royal Street Sublease"), dated as of February 11, 1978, which Royal Street Sublease related to the SD Lease and the SD Property, and which Royal Street Sublease was recorded as Entry No. 112235 in Book 116, Pages 509 to 604, in the office of the County Recorder of Wasatch County, Utah, and as Entry No. 144495 in Book M109,

Pages 329 to 424, in the office of the County Recorder of Summit County, Utah; and

WHEREAS, it is the desire of the parties hereto to clarify the intent of certain provisions of the SD Lease and the Addendum, and to grant to Royal Street certain rights in the event of termination of the SD Lease, as hereinafter provided.

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency whereof are hereby acknowledged, it is agreed by and between the parties hereto as follows:

1. SD acknowledges and agrees that, in the event that Royal Street should within the time limits therein provided have fulfilled the requirements of Article IX of the Sublease, which Article IX provides as follows:

"ARTICLE IX

COVENANT TO IMPROVE PROPERTY

RS covenants and agrees that, prior to December 31, 1981, RS will expend or cause to be expended, not less than Two Million Dollars (\$2,000,000.00) for the planning, design, fabrication, construction and installation upon the Total Ski Area of ski lifts, ski runs and other buildings, structures or improvements related or incident thereto. RS covenants and agrees that, on or before each of the following dates it will have expended or caused to be expended for the planning, design, fabrication, construction and installation upon the portion of the Total Ski Area situated in Wasatch County, Utah, ski lifts, ski runs and other buildings, structures, or improvements related or incident thereto, not less than the following amounts:

<u>Date</u>	<u>Amount</u>
December 31, 1981	\$ 250,000.00
December 31, 1982	500,000.00
December 31, 1986	1,000,000.00

Said amounts are intended as aggregate amounts such that the amount of \$500,000.00 required to be expended by December 31, 1982, shall include the \$250,000.00 required to be expended by December 31, 1981, and shall not be in addition thereto, and the \$1,000,000.00 required to be

expended prior to December 31, 1986, shall include the amount of \$250,000.00 required to be expended by December 31, 1981, and the amount of \$500,000.00 required to be expended by December 31, 1982, and shall not be in addition thereto. Amounts expended to meet the requirements of the preceding two sentences shall be included in amounts required to be expended pursuant to the first sentence of this Article IX and shall not be in addition thereto.

The parties acknowledge and agree that the sole risk, loss, obligation or liability of RS for failure to comply with the requirements of this Article IX shall be the termination of this Sublease, and the loss by RS of its rights hereunder in, to and arising under the PCU Lease and the SD Lease and in and to the PCU Property and the SD Property. Under no circumstances shall RS have any liability to Lessor, or others, in damages or otherwise, by reason of, or as a result of, the failure of RS to comply with the requirements of this Article IX. The parties hereby declare their intention that the construction of the improvements on the Property as contemplated and required by this Article IX shall not be considered as a substitute for the rent provided for in this Sublease."

Such compliance shall be deemed compliance by Lon, RLR, Stichting, Mayflower, and Royal Street with the requirements of Subparagraph C of Article IX of the SD Lease, as modified by Paragraph 2 of the Addendum. SD further acknowledges and agrees that in the event of compliance by Royal Street with the requirements of Article IX of the Sublease, as quoted above, within the times therein provided, SD shall not have the right to terminate the SD Lease, pursuant to said Subparagraph C of Article IX of the SD Lease, as amended by Paragraph 2 of the Addendum.

2. SD agrees that, in the event of termination of the SD Lease for any reason whatsoever, including, but not limited to, a termination resulting from the default by the owners of the rights of the Lessee thereunder, SD will, within ten <sup>30</sup> (10) days following the effective date of said termination, give notice of such termination to Royal Street. In the event of such termination, Royal Street shall have the right, exercisable at

any time within thirty (30) days following the effective date of such notice from SD to Royal Street, to require SD to grant to Royal Street a surface lease covering the SD Property, which Surface Lease shall be upon the same terms and conditions as the SD Lease, as modified by the Addendum, with the following exceptions:

(a) Subparagraph C of Article IX of said Surface Lease, as modified by Paragraph No. 2 of the Addendum, shall be amended to provide as follows:

"Lessor shall have the right to terminate this Surface Lease unless:

1. Prior to December 31, 1981, Lessee shall have expended or caused to be expended not less than Two Million Dollars (\$2,000,000.00) for the planning, design, fabrication, construction, and installation upon the following described real property (hereinafter designated the "Total Ski Area") situated in Summit County, Utah, and Wasatch County, Utah:

All of Section 22, Township 2 South, Range 4 East, SLB&M; The South 1500 feet of Section 23, Township 2 South, Range 4 East SLB&M; S.W. 1/4 of Section 24, Township 2 South, Range 4 East, SLB&M; West 1000 feet of Section 25, Township 2 South, Range 4 East, SLB&M; All of Section 26, Township 2 South, Range 4 East, SLB&M; All of Section 27, Township 2 South, Range 4 East, SLB&M; All of Section 28, Township 2 South, Range 4 East, SLB&M; All of Section 33, Township 2 South, Range 4 East, SLB&M; All of Section 34, Township 2 South, Range 4 East, SLB&M; All of Section 35, Township 2 South, Range 4 East, SLB&M; The North 1000 feet of Section 36, Township 2 South, Range 4 East, SLB&M; All of Section 2, Township 3 South, Range 4 East, SLB&M; All of Section 3, Township 3 South, Range 4 East, SLB&M; All of Section 4, Township 3 South, Range 4 East, SLB&M; A portion of Section 29, Township 2 South, Range 4 East, SLB&M, more particularly described as follows:

Beginning at the Southeast corner of said Section 29, and running thence West 5280 feet more or less to the Southwest corner of said Section 29, thence Northeasterly to a point West 1700 feet from the Northeast corner of

said Section 29, thence East 1700 feet to said Northeast corner of Section 29, thence South 5280 feet, more or less, to the point of beginning.

of ski lifts, ski runs, and other buildings, structures or improvements related or incident thereto; and

2. Lessee shall on or before each of the following dates have expended or caused to be expended for the planning, design, fabrication, construction, and installation upon the portion of the Total Ski Area situated in Wasatch County, Utah, of ski lifts, ski runs, and other buildings, structures or improvements related or incident thereto, not less than the following amounts:

<u>Date</u>	<u>Amount</u>
December 31, 1981	\$ 250,000.00
December 31, 1982	500,000.00
December 31, 1986	1,000,000.00

Said amounts are intended as aggregate amounts such that the amount of \$500,000.00 required to be expended by December 31, 1982, shall include the \$250,000.00 required to be expended by December 31, 1981, and shall not be in addition thereto, and the \$1,000,000.00 required to be expended prior to December 31, 1986, shall include the amount of \$250,000.00 required to be expended by December 31, 1981, and the amount of \$500,000.00 required to be expended by December 31, 1982, and shall not be in addition thereto. Amounts expended to meet the requirements of this Section IX.C(2) shall be included in amounts required to be expended to meet the requirements of Section IX.C(1) and shall not be in addition thereto.

The parties acknowledge and agree that the sole risk, loss, obligation or liability of Lessee for failure to comply with the requirements of this Subparagraph C of this Article IX shall be the termination of this Surface Lease and the loss by Lessee of its rights hereunder. Under no circumstances shall Lessee have any liability to Lessor, or others, in damages or otherwise, by reason of, or as a result of, the failure of Lessee to comply with the requirements of this Subparagraph C of this Article IX."

(b) The term of said Surface Lease shall extend from the date thereof through and shall terminate at 12:00 midnight, Mountain Standard Time, December 31, 1998, provided that Royal Street shall have the right and option to extend said term for two successive periods of twenty-five (25) years each.

3. Royal Street agrees that, concurrently with the payment of the rental payment which becomes payable January 1, 1980 pursuant to the SD Lease, it will make payment to SD and to PCU jointly of the sum of \$5,000.00, which payment shall be deemed consideration for execution of this Agreement and a similar Agreement being executed by PCU and Royal Street. It is agreed that the allocation of said payment between PCU and SD shall be in the sole discretion of PCU and SD and Royal Street shall have no right or responsibility in connection therewith.

4. Any notice herein contemplated to be given to SD shall be sufficient if given in writing by registered or certified mail, and in either case addressed to:

San Diego Mining Company  
1772 Countryside Drive  
Salt Lake City, Utah 84106

or to such other address or addresses as SD shall hereafter designate to Royal Street in writing. Any notice herein contemplated to be given to Royal Street shall be sufficient if given in writing by registered or certified mail, and in either case addressed to:

Royal Street Land Company  
P.O. Box 889  
Park City, Utah 84060

Attention: Mr. Merle H. Huseth  
President

or to such other address or addresses as Royal Street shall hereafter designate to SD in writing.

Notices given by registered or certified mail pursuant hereto shall be deemed effective and complete 48 hours following the posting and mailing thereof, addressed as aforesaid.

5. Except as provided by Paragraph 1 hereof, this Agreement shall not be deemed to amend or modify the SD Lease as heretofore amended by the Addendum. Said SD Lease, as amended by the

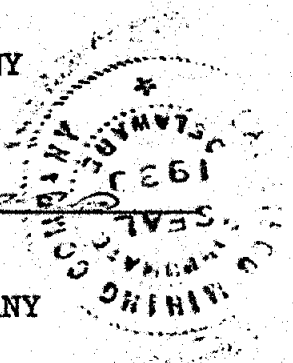
Addendum, and subject to the provisions of Paragraph 1 hereof, shall be and remain in full force and effect and enforceable in accordance with their terms.

6. This Agreement is and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

DATED the day and year first above written.

SAN DIEGO MINING COMPANY

By [Signature]  
President



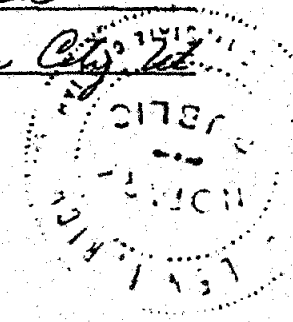
ROYAL STREET LAND COMPANY

By [Signature]  
President

STATE OF UTAH )  
                          :  
COUNTY OF SALT LAKE )

On this 19 day of December, 1979, personally appeared before me J. P. Gibbons, who, being by me duly sworn, did say that he is the President of San Diego Mining Company, a Delaware corporation, and that the within and foregoing Agreement was signed on behalf of said corporation by authority of a resolution of its Board of Directors, and said J. P. Gibbons duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

Helen J. Rich  
NOTARY PUBLIC  
Residing at: Salt Lake City, Utah



My Commission Expires:  
2-24-80

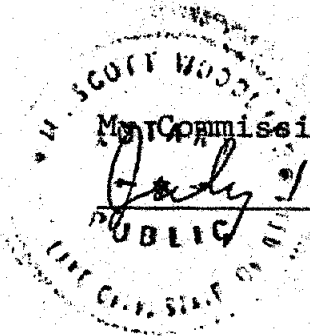
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STATE OF UTAH )  
                  *Salthele* : ss.  
COUNTY OF SUMMIT )

On this 22nd day of November, 1979, personally appeared before me Merle H. Huseth, who, being by me duly sworn, did say that he is the President of Royal Street Land Company, a Utah corporation, and that the within and foregoing Agreement was signed on behalf of said corporation by authority of a resolution of its Board of Directors, and said Merle H. Huseth duly acknowledged to me that said corporation executed the same, and that the seal affixed is the seal of said corporation.

*M. Scott Woodcock*  
NOTARY PUBLIC  
Residing at: *Salthele, Utah*



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EXHIBIT A

Description of SD Property

The following described patented lode mining claims situated in Summit County, Utah and Wasatch County, Utah:

<u>Name of Claim</u>	<u>Mineral Survey or Lot No.</u>
Fraction	MS 5027
Morning Star	MS 5027
Oom Paul	MS 5027
San Diego	Lot 207
Viking	MS 7041

Together with any and all other mining claims owned by San Diego Mining Company and adjoining or overlapping the claims described above.