

2011-000468

Klamath County, Oregon



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WTC 1396-10328

## MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

RECORDING REQUESTED BY, AND  
WHEN RECORDED, RETURN TO:

Optim  
c/o William Honjas  
200 South Virginia Street, Suite 560  
Reno, NV 89501

## MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

THIS MEMORANDUM OF LEASE AND GEOTHERMAL AGREEMENT  
("Memorandum of Lease") is executed as of the date all geothermal rights, legal property  
descriptions and legal title has been confirmed ("Lease Effective Date"), by and between  
Ann S Fairclough Trust - Ann S Fairclough Trustee hereafter  
referred to individually or in total as "Lessor", and Optim Inc., a Nevada Corporation  
("Lessee").

### RECITALS

WHEREAS, Lessor and Lessee have executed that certain Geothermal Lease and  
Agreement ("Lease") dated the date all geothermal rights, legal property descriptions and  
legal title has been confirmed ("Lease Effective Date"), conveying a leasehold interest in  
certain geothermal steam, geothermal fluids, geothermal energy, heat, hot water,  
extractable minerals, and all byproducts and gases associated therewith ("Leased  
Substances") located on and within the real property located in Klamath County, Oregon,  
as more particularly described in Section 2, of this Memorandum of Lease ("Premises");  
and

WHEREAS, Lessor and Lessee desire to record notice of the Lease in the real  
estate records of Klamath County, Oregon.

NOW, THEREFORE, in consideration of the foregoing, Lessor and Lessee hereby  
declare as follows:

1. Demise. Lessor has leased and hereby does lease the Premises for the  
purpose of exploring, prospecting, drilling, mining and operating for and producing, treating,  
converting, extracting, processing and utilizing Leased Substances, as well as storing,  
taking, removing, transporting, and disposing of such Leased Substances in order to  
generate electric power and other commercial products and byproducts for use or sale,

AMERITITLE, has recorded this  
Instrument by request as an accommodation only,  
and has not examined it for regularity and sufficiency  
or as to its effect upon the title to any real property  
that may be described therein.

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along with a right-of-way to transit upon and across the surface of the Premises and through the strata of the Premises and the right to store equipment and materials, and to construct, use, maintain, operate and remove any and all facilities thereon and therein, all as may be necessary, useful or convenient in connection with and to accomplish the foregoing.

2. Premises. The Premises is described as follows:

Legal Description of Premises, is attached to and made a part of Geothermal Lease and Agreement ("Lease") dated the date all geothermal rights, legal property descriptions and legal title has been confirmed ("Effective Date") Oct. 8, 2009 hereafter referred to individually or in total as "Lessor", and Optim Inc. as "Lessee." Unless otherwise specified, capitalized terms contained herein shall have the meanings assigned to them in the Lease.

The "Premises" that is the subject of the Lease includes the real property, situated in the State of Oregon, County of Klamath, in an unincorporated area, described as follows:

\_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_ section

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Klamath County, Oregon

**See attached title report**

3. Term. The Lease is for a term ("Initial Term") of ten (10) years beginning on the Lease Effective Date and continues thereafter indefinitely ("Extended Term" and together with the Initial Term, the "Term") provided that certain conditions are satisfied by the Lessee. If Lessee is not producing Leased Substances in "Commercial Quantities" (as defined in the Lease) within fifteen (15) years from the Lease Effective Date, then Lessor has the option of declaring the Lessee in default.

4. Restrictions on Encumbrances. Throughout the Term of the Lease, Lessor is prohibited from recording against the Premises liens, encumbrances, water rights, geothermal rights and other matters that would constitute exceptions to title and has the duty to defend the title and to indemnify the Lessee from and against any liens or encumbrances.

5. Restrictions on Transfer. Subject to certain exceptions, Lessor may transfer its interest in the Premises to a third party subject to the restrictions which are set forth with more particularity in the Lease.

6. Counterparts. This Memorandum of Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

7. Purpose. The purpose of this Memorandum of Lease is to give public notice of the ~~existence~~ of the Lease and is not intended to limit or augment any of the rights granted in the Lease, the terms of which are incorporated herein by reference. In the event of any inconsistency between this Memorandum of Lease and the terms and conditions of the Lease, the Lease shall prevail.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Memorandum of Lease as of the date and year first written above.

LESSOR

Ann S. Fairclo, Trustee  
Signature

Ann S. FAIRCLO, Trust  
Name

Trustee  
Title

LESSEE

[Signature]  
Signature

William Honjas  
Name

President 10/22/10  
Title

State of Oregon  
County of Klamath  
On October 15, 2010

before me, MARY JO GALLAGHER, Notary

Public, personally appeared

Ann S. Fairclo

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

OFFICIAL SEAL  
MARY JO GALLAGHER  
NOTARY PUBLIC - OREGON  
COMMISSION NO. 449434  
EXPIRES MAY 24, 2014

I certify under PENALTY OF PERJURY under the laws of the State of Oregon that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

[Signature]

OFFICIAL SEAL  
MARY JO GALLAGHER  
NOTARY PUBLIC - OREGON  
COMMISSION NO. 449434  
MY COMMISSION EXPIRES MAY 24, 2014

NOTARY ACKNOWLEDGEMENT ATTACHMENT FOR

William  
Bell Nonjas

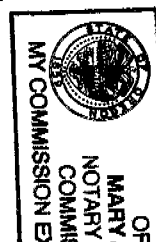
State of Oregon

County of Klamath

On this 22 day of October, 20 10, personally appeared before me the above named  
Mr William Nonjas, and acknowledged the foregoing instrument to be  
his/her/their voluntary act and deed.

WITNESS My hand and official seal.

Mary Jo Salley  
Notary Public for Oregon  
My Commission expires: 5-24-2014



**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

A tract of land in the SE1/4 of Section 30, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, which lies Northeasterly from the Northeasterly right of way boundary of the C-G Cutoff and Northerly from the Northerly right of way boundary of the Lost River Diversion Canal, both of the U.S. Reclamation Service, Klamath Project, and that portion of the SW1/4 of Section 30, said Township and Range, lying Northeasterly from the Northeast right of way line of C-G Canal. Excepting therefrom the right of way of No. 17 Drain of the U.S. Reclamation Service, Klamath Project, where the same passes through said tract.

Also Excepting therefrom the following described property:

Beginning at the one-quarter corner common to Sections 29 and 30, Township 39 South, Range 10 East of the Willamette Meridian; thence running West along the South line of the Northeast 1/4 of Section 30, Township 39 South, Range 10 East of the Willamette Meridian, 1595.2 feet; thence South 30 feet; thence East and parallel to the South line of said Northeast 1/4, 1343.2 feet; thence South 182 feet; thence East 252 feet; thence North 212 feet, more or less, to the point of beginning.

Also Excepting therefrom the following described property:

Commencing at the one-quarter corner common to Sections 29 and 30 of said Township; thence South 0°18'51" West along the East boundary of said Section 30, 883.90 feet; thence South 89°22'40" West 30.00 feet to a point on the West boundary of Reeder Road for the true point of beginning; thence South 88°52'20" West 2,152.85 feet to a point on the East boundary of the C-G Cutoff; thence South 36°18' East along the East boundary of the C-G Cutoff 952.10 feet to a 5/8 inch iron pin; thence North 47°50' East 510.67 feet to a 5/8 inch iron pin; thence North 82°28'30" East 1,072.00 feet to a 5/8 inch iron pin; thence South 34°30' East 37.23 feet to a 5/8 inch iron pin; thence North 89°42' East 124.45 feet to a 5/8 inch iron pin on the West boundary of Reeder Road; thence North 0°18'51" East along said road boundary 356.52 feet to the true point of beginning.

Also Excepting therefrom the following described property:

All that portion of the SE1/4 SE1/4 of Section 30, Township 39 South, Range 10 East of the Willamette Meridian, lying Southerly of the centerline of the U.S.R.S. No. 17 Drain, Northerly of the Lost River Diversion Canal and Easterly of the U.S.R.S. C-G Canal.