

WTC 13916-10328

2011-000473

Klamath County, Oregon



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01/13/2011 11:30:46 AM

Fee: \$62.00

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  
Lynda Baker hereafter  
referred to individually or in total as "Lessor", and Optim, 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,

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AMERITITLE has recorded this  
instrument by request as an accomodation 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") 7/29/09 hereafter referred to individually or in total as "Lessor", and ~~Optim Geothermal, LLC~~ <sup>Optim</sup> 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:

Klamath County, Oregon

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.

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

**PARCEL 1:**

All those portions of SE1/4 NW1/4 and N1/2 SW1/4 in Section 30, Township 39 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, lying Southeasterly of the U.S.R.S. "C" Canal and Southwesterly of the U.S.R.S. "C-G" Cutoff Channel.

**PARCEL 2:**

All of SE1/4 of Section 30, Township 39 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, lying Southwesterly of the U.S.R.S. "C-G" Cutoff Channel and North of the Northerly right of way boundary of the Lost River Diversion Canal as presently enlarged.

**PARCEL 3:**

All of S1/2 SW1/4 lying Easterly of the Great Northern Railroad right of way and North of the Northerly right of way boundary of the Lost River Diversion Canal as presently enlarged, in Section 30, Township 39 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

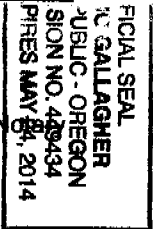
Unofficial Copy

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

LESSOR  
Lynda Baker  
Signature  
Lynda Baker  
Name  
owner  
Title

LESSEE  
[Signature]  
Signature  
William Horjas  
Name  
President 10/22/10  
Title

State of Oregon  
County of Klamath  
On Sept. 29, 2009 before me, Kay McCarty



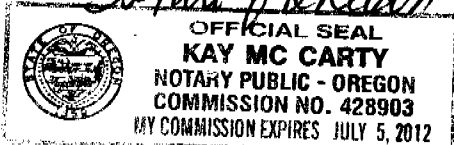
Public, personally appeared  
Lynda Baker, who proved to

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.

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 Kay McCarty  
State of Oregon



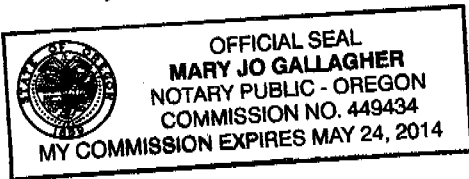
County of Klamath

NOTARY ACKNOWLEDGEMENT ATTACHMENT FOR William Gonzas

State of Oregon Klamath  
County of Klamath

On this 27 day of October, 2010, personally appeared before me the above named William Gonzas, and acknowledged the foregoing instrument to be his/her/their voluntary act and deed.

WITNESS My hand and official seal.



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



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