

WTC 1396-10954

2012-011091

Klamath County, Oregon



00125338201200110910090095

10/05/2012 11:34:27 AM

Fee: \$77.00

RECORDING COVER SHEET

ORS 205.234

This cover sheet has been prepared by the person presenting the attached instrument for recording. Any error in this cover sheet DOES NOT affect the transaction(s) contained in the instrument itself.

1. AFTER RECORDING RETURN TO -

Required by ORS 205.180(4) & 205.238:

KLAMATH BASIN GEOPOWER, INC
200 S. VIRGINIA STREET, SUITE 560
RENO, NV 89501

2. TITLE(S) OF THE TRANSACTION(S) - Required by ORS 205.234(1)(a)

Note: "Transaction" means any action required or permitted by law to be recorded, including, but not limited to, any transfer, encumbrance or release affecting title to or an interest in real property. Enter descriptive title for the instrument:

GEOTHERMAL LEASE AND AGREEMENT

3. DIRECT PARTY / GRANTOR and Address - Required by ORS 234(1)(b)

JEFFREY E. BROWN LIVING TRUST
16140 HIGHWAY 140 E.
KLAMATH FALLS, OR 97603

4. INDIRECT PARTY / GRANTEE and Address - Required by ORS 234(1)(b)

KLAMATH BASIN GEOPOWER, INC
200 S. VIRGINIA STREET, SUITE 560
RENO, NV 89501

5. For an instrument conveying or contracting to convey fee title, the information required by ORS 93.260:

**UNTIL A CHANGE IS REQUESTED,
ALL TAX STATEMENTS SHALL BE
SENT TO THE FOLLOWING
ADDRESS:**

6. TRUE AND ACTUAL

CONSIDERATION - Required by ORS 93.030 for an instrument conveying or contracting to convey fee title or any memorandum of such instrument:

\$

7. TAX ACCOUNT NUMBER OF THE PROPERTY, IF THE INSTRUMENT CREATES A LIEN OR OTHER INTEREST THAT COULD BE SUBJECT TO TAX FORECLOSURE -

Required by ORS 312.125(4)(b)(B):

SEE EXHIBIT "A" PAGES 1-3 (ATTACHED)

T7Amc

EXHIBIT D

MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

RECORDING REQUESTED BY, AND
WHEN RECORDED, RETURN TO:

Klamath Basin Geopower, Inc.
c/o Bill Honjas
200 S. 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 September 18, 2012, by and between the Jeffrey E. Brown Living Trust dated April 20, 2010, 16140 Highway 140 East, Klamath Falls, OR 97603, hereafter referred to individually or in total as "Lessor", and Klamath Basin Geopower, Inc., a Nevada Corporation ("Lessee").

RECITALS

WHEREAS, Lessor and Lessee have executed that certain Geothermal Lease and Agreement ("Lease") dated as of September 18, 2012 ("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, 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 September 18, 2012 ("Effective Date") by and between the Jeffrey E. Brown Living Trust, 16140 Highway 140 East, Klamath Falls, OR 97603, hereafter referred to individually or in total as "Lessor", and Klamath Basin Geopower, 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:

Klamath County, Oregon

APN Nos. 3810-03600-00500-000, 3810-03600-00501-000, 3810-03600-00502-000, 3910-00000-00100-000, 3910-00000-00700-000, 3910-01200-00300-000, 3910-01200-00400-000 and 3910-01200-00700-000.

Parcel A:

Parcels 1, 2 and 3 of Land Partition 47-04 situated in S1/2, S1/2N1/2 and NW1/4NW1/4 of Section 36, Township 38 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon. Note: AmeriTitle noted the description incorrectly and stated "situated in S1/2S1/2N1/2, NW1/4NW1/4 of Section 36, Township 38 South, Range 10 East" versus the correct Township 39 South.

Parcel B:

Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Section 1: ALL, SAVING AND EXCEPTING that portion of Lot 4 of Section 1 which lies Westerly from the Westerly boundary of the right of way of The Klamath Falls-Lakeview Highway, and more particularly described as follows:

Beginning at the Northwesterly corner of said Section 1 and running thence South 1°28' East along the Westerly boundary of said Section 1, 304.5 feet, more or less, to its intersection with the Westerly boundary of the right of way of the Klamath Falls-Lakeview Highway; thence North 8°08' east along said right of way boundary 307.7 feet to its intersection with the Northerly boundary of said Section 1, thence West along said Section boundary 51.3 feet, more or less, to the point of beginning.

Section 2 & Section 11:

Beginning at the Northeast corner of the SE¹/₄SE¹/₄ of Section 2, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, and running West to the Easterly right of way line of the Oregon California & Eastern Railroad; thence Southwesterly along the right of way to a point in the NE¹/₄NE¹/₄ of Section 11, which lies due North 375 feet from the centerline of Oregon Highway 66, which said point is 200 feet from, when measured at right angles to, the centerline of said highway; thence parallel to and 200 feet at right angles from said centerline to the Easterly boundary line of the NE¹/₄NE¹/₄ of Section 11: thence due North to point of beginning.

Section 12: NW¹/₄NW¹/₄, SAVING AND EXCEPTING therefrom all that portion lying South of a line 200 feet due North of the centerline of Oregon Highway 66 and running parallel to said Highway to a point on the South boundary of said NW¹/₄NW¹/₄, which is 200 feet due North of said centerline, less all present existing rights of way.

That portion of the SW¹/₄NW¹/₄ lying North of the Klamath Irrigation District "E" Canal.

Beginning at the Northwest corner of the NE¹/₄NW¹/₄ of Section 12, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, and running thence due South to the Northern right of way line of Klamath Irrigation District "E" Canal, thence Northeasterly along said right of way line 500 feet; thence Northeasterly to a point on the Northern boundary line of the NE¹/₄NW¹/₄ which point lies due East 990 feet from the point of beginning, thence due West 990 feet to the point of beginning.

Parcel C:

That portion of the following described property in Klamath County, Oregon, lying East of State Highway 140 (Klamath Falls Lakeview Highway: The S¹/₂N¹/₂ and the N¹/₂S¹/₂ of Section 2, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, EXCEPT that portion thereof lying within the boundaries of the Oregon California and Eastern Railway right of way.

All that certain real property situated in the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

APN No. 3910-015D0-00800-000, containing 2.06 assessed acres, Twp. 39 S., Rge. 10 E., Sec. 15, cTracts in the SW¹/₄SE¹/₄.

Parcel 1:

Beginning at a point on the South line of the Klamath Falls-Lakeview Highway at a point from which the Northwest corner of the SW¹/₄ of the SE¹/₄ of Section 15, Township 39 South, Range 10 East of the Willamette Meridian, Klamath county, Oregon, bears North 38°50' West 1,076.0 feet, said point of beginning being also known as the Northeast corner of what is known as the Sweeney tract, thence East along the South

line of the Highway to a point of intersection with the line running South 4°10' East and parallel to the East line of the Sweeney tract, and distant therefrom 138 feet measured at right angles to said line of the Sweeney tract, thence along said parallel line to the North line of the Government Canal, thence Southwest along said line of canal to the Southeast corner of the Sweeney tract, thence North 4°10' West along said line of Sweeney tract to the place of beginning.

Parcel 2:

Beginning at a point on the South side of Highway at Olene, from which the Northwest corner of the SW1/4 of the SE1/4 of Section 15, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, bears North 38°50" West 1,076 feet distant; thence South 84°05' West 208.5 feet; thence South 4°10' East 300 feet; thence North and East along North bank of U.S.R.S. Canal 227 feet; thence North 4°10' West 220 feet to the place of beginning.

3. Term. The Lease is for a term ("Initial Term") of twenty (20) 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 five (5) 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.

[Signature page follows]

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

LESSOR [Jeffrey E. Brown Living Trust
dated April 20, 2010]

KLAMATH BASIN GEOPOWER, INC.

By: Jeffrey E. Brown

Name: JEFFREY E. BROWN

Title: TRUSTEE OF LIVING TRUST

Date: 9-27-12

By: Bill Honjas

Name: William Honjas
President and CEO

Title: _____

Date: 10/1/12

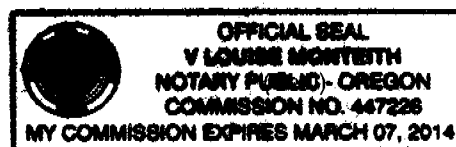
State of Oregon
County of Klamath

On Sept 27, 2012 before me, V Louise Monteith, Notary Public, personally appeared Jeffrey E. Brown, 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 V Louise Monteith



State of Nevada
County of Washoe

On Oct. 01, 2012 before me, Sarah Kathleen Rowe, Notary Public, personally appeared William Honjas, 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 S.K. Rowe

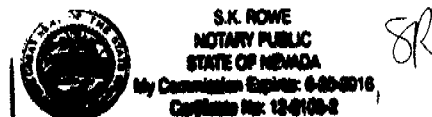
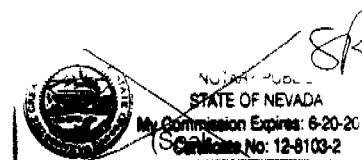


EXHIBIT A
LEGAL DESCRIPTION OF PREMISES

This Exhibit A, Legal Description of Premises, is attached to and made a part of Geothermal Lease and Agreement ("Lease") dated September 18, 2012 ("Effective Date") by and between the Jeffrey E. Brown Living Trust dated April 20, 2010, 16140 Highway 140 East, Klamath Falls, OR 97603, hereafter referred to individually or in total as "Lessor", and Klamath Basin Geopower, Inc., as "Lessee." Unless otherwise specified, capitalized terms contained herein shall have the meanings assigned to them in the Lease.

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