

2013-013324

Klamath County, Oregon



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12/03/2013 11:53:50 AM

Fee: \$67.00



MEMORANDUM OF  
GEOTHERMAL LEASE AND AGREEMENT

RECORDING REQUESTED BY, AND WHEN  
RECORDED RETURN TO:

Klamath Basin Geopower, Inc.  
c/o Paul Vatisas  
200 South Virginia Street  
Suite 560  
Reno, Nevada 89501

MEMORANDUM OF  
GEOTHERMAL LEASE AND AGREEMENT

This Memorandum of Geothermal Lease and Agreement ("Memorandum of Lease") is executed this 25<sup>th</sup> day of November 2013 by and between Edgewood Ranch, Inc., an Oregon corporation, Jespersen Swan Lake, Inc., an Oregon corporation and LJ2, LLC, an Oregon limited liability company, collectively referred to as "Lessors", and Klamath Basin Geopower, Inc. a Nevada corporation ("Lessee").

RECITALS

WHEREAS, Lessor and Optim, Inc. a Nevada corporation executed a Geothermal Lease and Agreement ("Lease") dated March 4, 2010 and November 22, 2010 respectively conveying a leasehold interest in certain geothermal steam, geothermal fluids, geothermal energy, heat, hot water, extractable minerals, and all by products and gases associated therewith ("Leased Substances") located on and within the real property described on the attached Exhibit E ("Leased Property").

WHEREAS, Optim, Inc. assigned its lessor interest in the Lease to Edgewood Ranch, Inc., Jespersen Swan Lake, Inc. and LJ2, LLC.

WHEREAS Lessee assigned its lessee interest in the Lease to Klamath Basin Geopower, Inc.

WHEREAS, Lessors Edgewood Ranch, Inc., Jespersen Swan Lake, Inc. and LJ2, LLC and Lessee Klamath Basin Geopower, Inc. desire to record notice of the Lease as it now exists with substituted parties in the real estate records of Klamath County, Oregon.

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MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

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W. J. Vatisas

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

1. Demise. Lessor has leased and hereby does lease the Leased Property 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 Leased Property and through the strata of the Leased Property and the right to store equipment and materials, and to construct, use, maintain, operate facilities thereon and therein, all as may be necessary, useful or convenient in connection with and to accomplish the foregoing.

2. Premises. A legal description of the Leased Property is stated on the attached Exhibit E and is made a part of the Geothermal Lease and Agreement ("Lease") executed by original Lessor on March 4, 2010 and original Lessee on November 22, 2010.

3. Term. The Lease is for a term ("Initial Term") of ten (10) years beginning on December 9, 2010 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 to 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, the Lessors and Lessee have caused this Memorandum of Lease to be duly executed as of the date written below:

MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

LESSORS:

Edgewood Ranch, Inc.,  
an Oregon corporation

By: \_\_\_\_\_

Date: 11/26/13

Jespersen Swan Lake, Inc.,  
an Oregon corporation

By: \_\_\_\_\_

Date: 11/25/13

LJ2, LLC  
an Oregon limited liability company

By: \_\_\_\_\_

Date: 11/25/13  
11/26/13

LESSEE:

Klamath Basin Geopower, Inc.  
an Nevada corporation

By: \_\_\_\_\_

Date: \_\_\_\_\_

State of Oregon     )  
County of Klamath    )

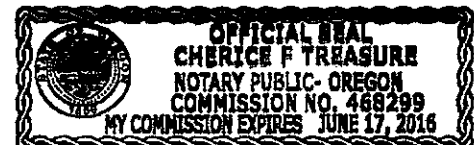
On 11/26/2013 before me, Cherice F. Treasure, Notary Public, personally appeared Lawrence C. Jespersen, Jr \*, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same 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.

\* President for Edgewood Ranch, Inc., an Oregon corporation

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 Cherice F. Treasure



MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

LESSORS:

Edgewood Ranch, Inc.,  
an Oregon corporation

By: [Signature]

Date: 11/26/13

Jespersen Swan Lake, Inc.,  
an Oregon corporation

By: [Signature]

Date: 11/25/13

LJ2, LLC  
an Oregon limited liability company

By: [Signature]

Date: 11/25/13

LESSEE:

Klamath Basin Geopower, Inc.  
an Nevada corporation

By: [Signature]

Date: 11/29/13

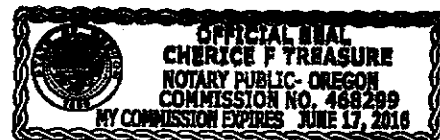
State of Oregon     )  
County of Klamath    )

On 11/26/2013 before me, Cherice F. Treasure, Notary Public, personally appeared Lawrence C. Jespersen, Jr \*, 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.  
\* President for Edgewood Ranch, Inc., an Oregon corporation

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 Cherice F. Treasure



MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

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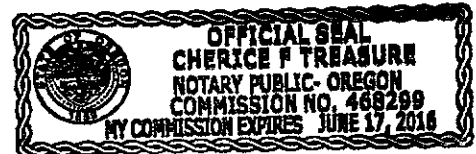
State of Oregon )  
County of Klamath )

On 11/25/2013 before me, Cherice F. Treasure, Notary Public, personally appeared Leonard Jespersen, President for \*, 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.  
\* Jespersen Swan Lake, Inc., an Oregon corporation

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 Cherice F. Treasure



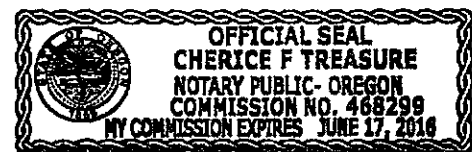
State of Oregon )  
County of Klamath )

On 11/25/2013 before me, Cherice F. Treasure, Notary Public, personally appeared Leonard Jespersen, Manager \*, 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.  
\* for L2, LLC an Oregon limited liability company

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 Cherice F. Treasure



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MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

State of Oregon       )  
County of Klamath    )

On 11/24/2013 before me, Cherice F. Treasure, Notary Public, personally appeared Lawrence C. Jespersen Jr &, 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.

Manager for LJ2, LLC an Oregon limited liability company

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 Cherice F. Treasure



On November 29 2013 before me, Sarah K. Rowe, Notary Public, personally appeared William Hoggis, 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 Nevada that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature S.K. Rowe

State of Nevada     )  
County of Washoe    )

