

PHILIP PARONI

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) LEASE AND OPTION

EUREKA SECRET CANYON MINES, INC.) Duplicate Original.

LEASE AND OPTION.

THIS AGREEMENT, made this 30th day of January, 1926, by and between Philip Paroni, of the town of Eureka, County of Eureka, State of Nevada, hereinafter referred to as Lessor, and the Eureka-Secret Canyon Mines, Inc., a Delaware Corporation, hereinafter referred to as Lessee,

W I T N E S S E T H:

THAT THE LESSOR, in consideration of the sum of one Dollar, to him in hand paid, receipt whereof is hereby acknowledged, and of the covenants and agreements, and provisions for the payment of royalties hereinafter contained, and in further consideration of certain development work heretofore performed and now being performed by the Lessee on certain of the Mining Claims hereinafter leased, does hereby let and grant unto the Lessee, all of his interest in and to the following described Mining Claims, situate in or near Page and Secret Canyons, and in the Eureka Mining District, County of Eureka, State of Nevada, to wit: Auto Lode Mining Claim; Contention No.3 Lode Mining Claim; Pennie Lode Mining Claim; Penny Lode Mining Claim; Point Lode Mining Claim; and the MONROE Patented Lode Mining Claim;

TOGETHER with all lodes and veins, with their dips, spurs and angles, and workings, pumps,

machinery, tools materials, buildings, and all other improvements thereon, and all the appurtenances thereof or thereto belonging or appertaining;

AND IN FURTHER CONSIDERATION of said considerations, the Lessor also lets and grants to the Lessee all of the interest of the Lessor in and to a certain Water right in a spring known as the Paroni and Murray Spring, and sometime known as the Geddes and Bertrand Spring; said spring being situated in the Secret Canyon, County of Eureka, State of Nevada;

ALL OF SAID LODE MINING CLAIMS and said Water Right and Spring, being more specifically described in the Official Records of the County of Eureka, State of Nevada; and references to such records is hereby made for a more particular description thereof;

TO HAVE AND TO HOLD unto the said Lessee for the term of one year from the 14th day of November, 1925.

AND IN FURTHER CONSIDERATION of the said considerations the Lessor does hereby give, grant, sell and confirm unto the said Lessee the sole and exclusive right and option to purchase the said Water Right in said Spring, and all of Lessor's interest in all of the said Lode Mining Claims just named and leased hereinbefore, the MONROE Patented Lode Mining Claim excepted, together with all lodes and veins, with their dips, spurs and angles, and workings, pumps, machinery, tools, materials, buildings, and all other improvements thereon, and all the appurtenances thereof or thereto belonging or appertaining, for the total sum of FIVE THOUSAND FIVE HUNDRED DOLLARS (\$5500.), to be paid at any time on or before the 14th day of November, 1926.

AND AS AN ENTIRELY SEPARATE AND INDEPENDENT OPTION, in further consideration of the considerations hereinbefore stated, the Lessor does hereby give, grant, sell and confirm unto the said Lessee, the sole and exclusive right and option to purchase the said MONROE Patented Lode Mining Claim, hereinbefore named and leased, together with all lodes and veins, with their dips, spurs and angles, and workings, pumps, machinery, tools, materials, buildings, and all other improvements thereon, and all appurtenances thereof or thereto belonging or appertaining, for the total sum of FOUR THOUSAND DOLLARS (\$4000.), to be paid at any time on or before the 14th day of November, 1926.

THE TWO OPTIONS HEREINGRANTED shall be subject to the following terms and conditions, to wit:

- (1) The right to exercise each option shall be wholly independent of the right to exercise the other.
- (2) Immediately upon payment of the stipulated sum, during the stipulated term, the Lessor agrees to execute, acknowledge and deliver to the Lessee a good and sufficient deed and assignment of the property covered by the option so exercised, and under which payment is so made.
- (3) Every such deed is to be a grant deed with covenant against prior conveyances and incumbrances by Lessor and his grantors; and a covenant of further assurance.
- (4) Time of expiration of option shall be midnight of November 14th, 1926.
- (5) Lessee shall have the option of making payment to the Lessor, or to the Farmers and Merchants National Bank of Eureka, Eureka County, Nevada, as the Lessor's agent.

THE ABOVE LETTING AND GRANTING of the above Lode Mining Claims and of said Water Right, shall be subject to the following terms and conditions, to wit:

- (A) Lessee shall have the exclusive, irrevocable right to enter upon, work and develop the said mining claims, and every part thereof, and in accordance with the terms hereof, to extract, mine and/ or ship all ores now thereon or by them discovered thereon; Lessee shall have the right to begin new shafts, tunnels, drifts etc.

(B) All expense for labor and material incurred by Lessee in or about the operation of said mining claims, shall be borne by it; and Lessee agrees to protect Lessor against all liens placed against said Mining Claims, where such lien arises out of work done for, or materials furnished to Lessee;

(C) Lessee agrees to keep posted upon premises at all reasonable places designated by Lessor, notices furnished by Lessor to protect him against such liens;

(D) Lessee agrees to pay to Lessor a royalty of Twelve and one-half per cent (12½%) of the value of such ores as shall be shipped to smelter by lessee and smelted, which ores were mined and extracted by Lessee from the Mining Claims herein leased, Monroe Patented Mining claim excepted.

(E) Lessee agrees to pay to Lessor a royalty of Twenty Five (25%) of the value of such ores as shall be shipped to smelter by Lessee and smelted, which ores were mined and extracted by Lessee from the said MONROE Patented Lode Mining Claim.

(F) For the purpose of computing royalties the Net Smelter Return shall be conclusive evidence of the value of all ores shipped and smelted, and all Royalties shall be based on such Net Smelter Returns. The Net Smelter Return is here defined as the Smelter Return after smelting charges, penalties, the cost of shipping and handling the ore from the mouth of the mine from which it was mined and extracted to the smelter, and all such similar expenses, shall have been deducted.

(G) If ores from the said Mining Claims herein leased are reduced or refined by Lessee by processes other than Smelting, that is, by milling, leaching, etc., Royalties shall be payable in the percentages provided for in sections (D) and (E) hereof, and shall in all cases be computed on the net cost of such treatment, or net settlement of such Mill etc., according to the intention of the parties hereto, as expressed in section (F) hereof;

(H) All Royalties which shall become due to the Lessor hereunder, shall be deposited to the Lessor's credit at the Farmers and Merchants National Bank of Eureka, Nevada, within a reasonable time after Lessee receives settlement from the Smelter, Mill etc. A copy of such return or settlement shall be furnished Lessor with each payment of Royalties thereon, together with a statement of deductions made to compute Net Return. The bank shall be deemed the agent of the Lessor, and after making deposits of Royalties in the manner herein provided, the Lessee's obligation with respect to such payment, shall thereupon cease. Unless Lessor notifies Lessee to the contrary in writing within TEN days after each such deposit, it shall be deemed correct and accepted by the Lessor.

(I) Provision herein made for payment of Royalties shall apply only to ores mined during the terms of this Lease and option. If the Lessee purchases under either of the Options herein granted, as to the mining claims so purchased, this lease and all of the obligations of Lessee thereunder, shall thereupon terminate.

(K) If the Lessee shall commence work on any of the said Mining Claims, it shall do all work in a good and minerlike manner; it shall not pile or dump waste rock or other rubbish in any of the workings, except with Lessor's written prior permission; no provision of this instrument shall be construed to impose any obligation upon the Lessee to enter upon any of the Mining Claims, herein leased and/ or work them; except that Lessee shall perform the assessment work required by statute to be done on the Auto Lode Mining Claim, and those Lode Mining Claims herein leased which are contiguous thereto, for the year ending on or about the 30th day of June, 1926.

(M) Lessor or his agent shall have the right to inspect all of the Mining Claims herein leased, and workings, at reasonable times upon notice and request to Lessee's agent or premises, but at the risk of person so inspecting said properties;



(H) Lessee shall have the right to remove all machinery, equipment, buildings, etc, placed by it upon all of the Mining Claims herein leased, either before or during the term of this Lease and Option, and shall have the right to enter upon any and all of the said Mining Claims within one month after the termination of this Lease and Option, for that purpose.

AS GENERAL PROVISIONS of this Lease and Option, it is agreed by the parties hereto as follows, to-wit:-

(AA) If the Lessee purchases under either or both of the options herein contained, Royalties previously paid, and due and payable at the time of such purchase, shall be applied as part payment on such option purchase price, and in order to be entitled to a conveyance of the Mining Claims so purchased, Lessee shall be compelled to pay the balance, if any, remaining after such deductions are made. If neither of said options are taken up, upon the expiration of this Lease and Option such Royalties as have been paid, and as are then due and payable shall become the property of Lessor.

(BB) The Lessee shall have the right to enter upon all of the said Lode Mining Claims herein leased, and to work and develop same, by virtue of the option agreements herein contained, as well as the leasing agreements.

(CC) The Lessee shall have the right to use water from the said Spring, by virtue of said Water Right, to the extent of the interest of Lessor therein.

(DD) The provisions of this instrument shall bind and extend to the heirs, executors, administrators, successors and assigns of the parties hereto, in every respect.

IN WITNESS WHEREOF the Lessor has hereunto set his hand and the Lessee has caused its official seal to be affixed by its Secretary, and its name to be signed by its President, hereunto, in duplicate, the day and year first above written,

(Corporate Seal)  
Attest:  
George H. Van Emon  
Secretary.

(E.S.C.M. Seal)

Phil Paroni  
Philip Paroni, Lessor.  
Eureka Secret Canyon Mines Inc.  
By Raymond H. Kinnear  
President, Lessee.

State of Nevada, )  
                          ) ss.  
County of Eureka)

On this 30<sup>th</sup> day of January, 1926, personally appeared before me, Edgar Eather, Notary Public, in and for the County of Eureka, State of Nevada, Philip Paroni, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in office this 30<sup>th</sup> day of January, 1926.

(Notarial Seal)

Edgar Eather  
Notary Public in and for the  
County of Eureka, State of Nevada.

City of Washington, )  
District of Columbia.) ss.

On this 9<sup>th</sup> day of February, 1926, before me appeared George H. Van Emon, to me personally known, who being by me duly sworn, did say that he is the Secretary of the Eureka-Secret Canyon Mines, Inc., the Lessee named in the foregoing instrument, a Delaware Corporation, and that the Seal affixed to said instrument is the Corporate Seal of said Corporation, and that said instrument was signed and sealed in behalf of the said Corporation by authority of its board of Directors, and said George Van Emon acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in office this 9<sup>th</sup> day of February, 1926.

(Notarial Seal)

B.A. Bowles  
Notary Public in and for the City of  
Washington, District of Columbia.

Recorded at the request of Francis C. Brown March 2, A.D. 1926 At 10 minutes past 4 P.M.

Peter Merialdo---Recorder.