

Dan Morrison, Executor, etc,

to

Lease and Option:

Eureka-Secret Canyon Mines, Inc.)

THIS AGREEMENT, made this 14" day of February, 1927, by and between DAN MORRISON, as executor of the Estate of James Murray, deceased, hereinafter referred to as Lessor, and EUREKA SECRET-CANYON MINES, Inc., a Delaware corporation, hereinafter referred to as Lessee, WITNESSETH:

That, pursuant to an order of the District Court for the Third Judicial District of the State of Nevada in and for the County of Eureka, made February 14th, 1927, in the matter of the Estate of James Murray, deceased, and in consideration of the sum of FIVE HUNDRED DOLLARS (\$500.) to the lessor in hand paid by said lessee, receipt whereof is hereby acknowledged, and of the royalties hereinafter reserved and the covenants and agreements hereinafter contained, and by said lessee to be kept and performed, the lessor has granted, demised and let, and by these presents does hereby grant, demise and let unto the said lessee, all the interest of said estate and said lessor, in and to that certain water right in a certain spring known as the Paroni and Murray Spring (sometimes referred to as the Geddes and Bertrand Spring); said spring being situated in Secret Canyon, County of Eureka, State of Nevada, together with the appurtenances thereof;

also all of the following described mines and mining claims, according to the interest of said lessor and estate therein, situate in the County of Eureka, State of Nevada, in or near the Secret Canyon Mining District, to wit: Auto lode mining claim; Auto No.1 lode mining claim; Auto No.2 lode mining claim; Contention No.2 lode mining claim; Contention No.3 lode mining claim; Peney lode mining claim (also referred to as Penny lode mining claim); Penny No.1 lode mining claim; Point lode mining claim; Harris lode mining claim; together with all lodes and veins, with their dips, spurs and angles, and all workings, pumps, machinery, tools, materials, buildings, and all other improvements of every nature whatsoever therein or thereon, and all of the appurtenances thereof; all of said claims and said water right being more specifically described in the official records of said county and Mining District and reference 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 two years from the 14th day of November, 1926, and expiring at twelve o'clock P.M. on the 14th day of November, 1928.

And in further consideration of the considerations hereinbefore expressed and pursuant to said order of said court in said matter, the said lessor does hereby give, grant, confirm and sell unto the said lessee the sole and exclusive right and option to purchase the said water right and the said lode mining claims hereinbefore described 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 in or upon the said mining claims for the total sum of Thirty thousand (\$30,000) Dollars, to be paid on or before the 15th day of November, 1928, time being of the essence of the contract as to such payment.

IT IS COVENANTED AND AGREED BY THE PARTIES HERETO AS FOLLOWS:-

1. A grant deed shall be executed, conveying the said mining claims hereinbefore named, and a deed and assignment conveying and transferring the said water right hereinbefore described, shall be executed by the lessor to the lessee and shall be deposited with the Farmers and Merchants National Bank of Eureka, Eureka County, Nevada. The terms of the escrow shall carry out the provisions of this instrument, and shall provide for the delivery of both said deed of said mining claims and said deed and assignment of said water right, at any time on or prior to November 14th, 1928, upon payment of the stipulated price, less royalties paid and less the said sum of Five Hundred (\$500) Dollars as hereinafter provided.

2.- Both of said instruments shall be grant deeds with covenants against prior conveyances and encumbrances by lessor or his grantors, and a covenant of further assurance.

3.- That the said sum of Five Hundred (\$500) Dollars shall be received as, and shall be deemed to be, rental of the said mining claims herein leased. That in the event the lessee purchases under the option herein granted, the said sum of Five Hundred (\$500) Dollars shall be applied as part payment upon said purchase price.

4.- Lessee shall have the option of making payment of said option to the said bank, as lessor's agent, or to the said lessor personally; and if payment under said option shall be made direct to lessor, lessor agrees to execute and deliver to lessee, deeds in accordance with the terms hereof or to cause delivery of said deeds deposited in escrow as aforesaid.

5.- Lessee shall have the exclusive, irrevocable right to enter upon, work, mine and develop said mining claims, and the mines thereon, and every part thereof, and in accordance with the terms hereof, to extract, mine, remove, reduce and or refine all ores and minerals now in or upon said mining claims, or any of them; also the right to open and operate new mines and workings on said claims.

6.- All expenses for labor and materials incurred by the lessee in or about the operation of said mines and mining claims, shall be borne by it; and lessee agrees to protect lessor against liens placed against said mining claims, where such arise out of work done for, or materials furnished to, the said lessee.

7.- Lessee agrees to keep posted upon premises at all reasonable places designated by lessor, notice furnished by lessor to protect him against such liens.

8. Lessee agrees to pay to lessor royalty of twenty-five percent (25%) of the value of ores removed, mined, or extracted by lessee from Auto No.1 lode mining claim; Harris lode mining claim; Auto No.2 lode mining claim; Peney lode mining claim, and Contention No.2 lode mining claim, which thereafter are smelted or otherwise reduced or refined by said lessee.

9.- Lessee agrees to pay lessor royalty of twelve and one half per cent (12 1/2%) of the value of ores removed, mined or extracted by lessee from Contention No.3 lode mining claim; Auto lode mining claim; Penny No.1 lode mining claim and Point lode mining claim, which are thereafter smelted or otherwise reduced or refined by said lessee.

10.- For the purpose of computing royalties the Net Return shall be conclusive evidence of the value of all ores removed, mined or extracted, which thereafter are smelted, or otherwise reduced or refined. The term Net Return as herein used, shall include within its meaning Smelter Return, Mill Return, and the settlement or return of any similar plant where basic metals are recovered from ores by smelting, reduction, concentration, or by any chemical or other treatment or process. The term Net Return as used herein, for the purpose of this lease, is defined as the Gross Return of any such plant where basic metals are so recovered, minus the cost of smelting, refining, reducing, concentrating, or otherwise treating, or refining said ores, penalized and the cost of handling and shipping the ore from the mouth of the mine from which it was removed, mined or extracted to such plant, and all other expenses incurred in handling, treating, or marketing any of the products of said mines, or any of them, from the mouth of the mine from which it was mined, removed or extracted as aforesaid.

11.- In case the lessee shall smelt, reduce, refine or concentrate, or chemically or otherwise treat, any of said ores at its own plant, the term Net Return (for the purpose of computing royalties of such ores) is defined as the value of the ores so smelted, reduced or treated, minus the handling and shipping charges, from the mouth of the mine from which it was removed, mined, or extracted, and the cost of smelting, reducing, concentrating, or treating said ores. It shall in all cases be optional with the lessee whether to smelt, reduce or treat the ores at its own or any other plant.

12.- All royalties shall become due upon receipt by lessee of the smelter, or reducing plant returns, and shall be deposited to the lessor's credit at the Farmers and Merchants National bank of Eureka, Nevada, within a reasonable time after lessee shall receive settlement from such plant, or smelter. A copy of such return or settlement shall be furnished the bank 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 the amount so paid, shall thereupon cease. Unless Lessor notify lessee to the contrary in writing within TEN days after each such deposit, it shall be deemed correct and accepted by lessor.

13.- Lessee agrees to duly perform the assessment work required by statute to be done on all of the mining claims herein leased for the years ending the 30th day of June, 1927, and the 30th day of June, 1928, but no provision of this lease shall be construed to impose upon the lessee any obligation to do or perform any mining or development work, on any of said claims, excepting to the extent of fully performing the assessment work required to be done on all of said mining claims as aforesaid. Failure of the lessee to perform the assessment work as herein agreed shall be ground for forfeiture of this lease.

14.- If the lessee shall purchase under the option herein granted, this lease and all the obligations of lessee thereunder shall thereupon terminate.

15.- 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 on premises, but at the risk of person so inspecting said properties.

16.- Lessee shall have the right to remove all the machinery, equipment, buildings and other property of every nature placed by it, either before or during the term of that certain lease and option dated, January 16th, 1926, by and between the parties hereto, or during the term of this lease and option, upon any of the mining claims herein leased and shall have the right to enter upon any and all of the said mining claims within a reasonable time after the termination of this lease and option for that purpose.

17.- All ore removed or extracted by the said lessee under said prior lease of January 16th, 1926, shall be deemed to have been mined and extracted under the lease herein granted and the lessor shall be entitled to royalties thereon as herein provided.

18.- 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 agreement herein contained, as well as the leasing agreement.

19.- The lessee shall have the right to used water from the said Spring, by virtue of the lease of and / or grant of the option to purchase said Water Right, to the extent of the half-interest of lessor therein.

20.- If the lessee shall purchase under the option herein granted, all royalties on ores mines, removed or extracted from said claims previously paid or accrued to lessor under this lease, or the said antecedent lease of January 16th, 1926, shall be applied and credited to the option price thereof and said price shall be reduced to the extent of the royalties so paid.

21.- That for all purposes, the lease and option herein granted shall be deemed to be an extension of that certain lease and option, dated January 16th, 1926, by and between the parties hereto, and filed in the District Court for the Third Judicial District, State of Nevada, in and for the County of Eureka, in the Matter of the Estate of James Murray, deceased; provided that the terms hereof shall supersede the terms of said lease and option, dated January 16th, 1926.

22.- The provisions of this entire instrument shall bind and extend to the heirs, executors, administrators, successors and assigns of the parties hereto in every respect.

23.- Lessee hereby agrees to make actual and beneficial used, during the term of this lease, of the waters covered by the water right hereinbefore mentioned and described for agricultural or mining purposes or both; and thereby prevent any legal cause for forfeiture of the interest of the lessor in said water right upon the ground of non use or abandonment during the term of this lease.

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, the day and year first above written.

Dan Morrison (SEAL)  
 Dan Morrison, as Executor of the last will  
 and testament of James Murray, deceased. Lessor.

EUREKA SECRET- CANYON MINES, Inc.

By Raymond H. Kinnear

(Eureka-Secret Canyon Mines Co. Seal)  
 (Corporate Seal)

ATTEST:

G. H. Van Emon  
 Secretary.

Due cause appearing therefor: the foregoing agreement is hereby approved by the court; and is hereby made the binding lease and option, executed pursuant to order of court this day made and entered in the matter of the Estate of James Murray, deceased.

Dated: February 14th, 1927.

E.P. Carville  
 District Judge. Presiding.

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

On this 14th day of February, 1927, personally appeared before me, Edgar Eather, Notary Public, in and for the County of Eureka, State of Nevada, DAN MORRISON, known to me to be the person described in and who executed the foregoing instrument as executor of the estate of James Murray, deceased, who acknowledged to me that he executed the same as such executor, 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 11th day of November, 1926.

(Notarial Seal)

Edgar Eather  
 NOTARY PUBLIC.  
 In and for Eureka County, Nevada.

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

On this 12th day of January, 1927, before me G.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 party of the second part 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 G.H. 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 12th day of January, 1927.

(Notarial Seal)

Henry W. Offutt  
 NOTARY PUBLIC.  
 In and for the District of Columbia  
 City of Washington.

Endorsed: NO 400 IN THE DISTRICT COURT FOR THE THIRD JUDICIAL DISTRICT OF THE STATE OF NEVADA, IN AND FOR THE COUNTY OF EUREKA. In the Matter of the Estate of - JAMES MURRAY, deceased. Lease and Option: Dan Morrison, Executor etc. -to- Eureka Secret Canyon Mines, Inc. Dated. February 1927.

Recorded at the Request of Francis C. Brown Feb. 14, A.D. 1927 At 55 minutes past 4 P.M.

Peter Merialdo---Recorder.