

LEASE AND OPTION TO PURCHASE )  
between )  
FRANCES SEXTON, et al )  
and )  
ANTHONY PARONI. )

File No. 19398.

Lease and Option to Purchase.

DATED: January 5, 1933.

*See Pages 12-13 for  
Assignment  
P.M.*

LEASE AND OPTION TO PURCHASE

This lease and option made this 5th day of January, 1933, between Frances Sexton, now temporarily residing at San Francisco, California, and The Bank of California, National Association, Trustee under the will of John E. Sexton, deceased, of San Francisco, California, lessor, and Anthony Paroni of Eureka, Nevada, lessee;

W I T N E S S E T H:

That the said lessor, for and in consideration of the royalties hereinafter reserved and the covenants and agreements hereinafter expressed, and by the said lessee to be kept and performed, hath granted, demised and let by these presents, do grant, demise and let unto the said lessee all the following described mines and mining property, situated in Eureka Mining District, County of Eureka, State of Nevada, to-wit:

Jim Crow, Jim Crow Fraction, Southern Cross, Elmer, Elmer Fraction, Windfall, Windfall Fraction, 2G, May and May Fraction, lode mining claims, containing 128.532 acres, Survey No. 3705, together with the appurtenances, machinery and improvements thereon.

To have and to hold unto the said lessee, for the term of four years from date hereof, expiring at noon on the 5th day of January, 1937, unless sooner forfeited or determined through the violation of any covenant hereinafter against the said lessee reserved.

And in consideration of such lease, the said lessee doth covenant and agree with the said lessor as follows, to-wit:

To enter upon said mine, or premises, and work the same in miner-like fashion, in manner necessary to good and economical mining, so as to take out the greatest amount of ore possible, with due regard to the development and preservation of the same as a workable mine, and to the special covenants hereinafter reserved.

To work and mine said premises and to perform at least three hundred shifts each calendar year during the term of this lease.

To allow said lessor and his agents from time to time, to enter upon and into all parts of said mine for purposes of inspection.

To keep at all times the drifts, shafts, tunnels and other workings occupied, held or worked by lessee thoroughly drained and clear of loose rock and rubbish unless prevented by extraordinary mining casualty.

To pay to the said lessor as Royalty ten per cent (10%) of the net returns of all shipping ores, shipped or sold to regular ore buyers, mills or smelters.

The term "Net returns" within the meaning hereof as to shipping ores shall be the gross returns less all of the smelter, treatment, assaying, sampling and transportation charges, including haulage to railroad, or to the buyer.

To pay to said lessor as royalty five per cent (5%) of the net returns of all Bullion and other mill products derived from cyaniding or milling in its own plant by lessee ores or tailings from said property.

The term "net returns" within the meaning hereof as to Bullion and other mill products shall be the gross returns, received from the mint or ore buyer less all smelter, treatment, assaying, sampling and transportation charges, including haulage to railroad, or to the ore buyer.

It is further agreed between the parties hereto that the lessee shall have the exclusive right and option to purchase said mining property hereinabove described at any time during the term of this lease, but not in the event of forfeiture of said lease, for the sum of Ten Thousand (\$10,000.00), payable as follows, to-wit:

Five Hundred Dollars (\$500.00) on or before January 5, 1934;

Fifteen Hundred Dollars (\$1500.00) on or before January 5, 1935;

Three Thousand Dollars (\$3,000.00) on or before January 5, 1936; and the remaining Five Thousand Dollars (\$5,000.00) on or before January 5, 1937. All royalties paid under the terms of this lease shall apply on such purchase price.

It is further agreed that if the lessee shall exercise his right to purchase said mining property under the terms and conditions herein expressed and shall make the first payment, or any payment thereafter, if there shall be default in making the payment of any deferred payment, that the whole amount so paid under the terms of this option, including any royalties theretofore received by the lessor, shall be forfeited and become the property of the lessors as liquidated damages for such default. Whenever the lessor shall have received the full payment of Ten Thousand Dollars (\$10,000.00) as hereinabove provided the lessor shall make, execute, acknowledge and deliver at his own cost and charges a conveyance granting the said premises to the lessee or such person or company as he shall nominate.

It is mutually agreed that for the protection of both parties, and to avoid complications and misunderstandings, the lessor will upon failure of the lessee to comply with any of the terms and conditions hereunder give the lessee thirty (30) days notice in writing of such violation. It is distinctly understood and agreed that this thirty (30) day notice shall not apply to failure of making payments when due under the option.

And finally, that upon violation of any covenant or covenants hereinbefore reserved, (except when prevented by strikes, acts of God or other cause not including financial) beyond the control of the lessee and which the lessee could not reasonably have foreseen and provided against and upon failure of the lessee to correct any such violation within thirty (30) days after receiving written notice to correct such violation, the term of this lease shall, at the option of the said lessor, expire, and the same and said premises, with the appurtenances, shall become forfeit to said lessor; and said lessor or his agent may thereupon, after demand of possession in writing, enter upon said premises and dispossess all persons occupying the same, with or without force and with or without process of law; or at the option of the said lessor the said tenant and all persons found in occupation may be proceeded against as guilty of unlawful detainer.

At the expiration of sooner termination of the lease and option the lessee shall be allowed ninety (90) days unless prevented by strikes, acts of God or other causes (not including financial) snow or snowslides or unusual weather or road conditions beyond the control of the lessee and which the lessee could not reasonably have foreseen, in which case he is to have a reasonable additional time to remove any improvements, equipment, machinery, appliances, piping, tracts, which may then consistently belong to him or such person or company as he shall designate, together with any ores or products which may have been mined or milled and stored by him or them subject, however, to the payment of any royalties as hereinabove provided.

The said Bank in executing and delivering this lease and option or any conveyance shall not be considered as giving any warranty as to the titles of the properties described herein other than those provided for in Section No. 1521 of Nevada Compiled Statutes and all covenants and agreements herein contained shall be binding upon the said Bank only to the extent of such rights, titles and interests, if any, as it may have as trustee as aforesaid. It is further understood and agreed that The Bank of California, National Association has executed this Agreement only in the capacity of Trustee of the trust declared by the last will and testament of John E. Sexton, deceased, and that its title to, or right to possession of, the properties covered by this Agreement as such trustee may terminate prior to the expiration of this lease and that said Bank, therefore, makes no warranty whatsoever, expressly or implied, with respect to the possession or enjoyment of said premises and that this lease and option are given subject to the confirmation of such other or further orders as shall be made by the District Court of the Third Judicial District of the State of Nevada, in and for the County of Eureka wherein the said will was probated.

All damage or injury done to the premises by the lessee or by any person who may be in or upon the same with his consent shall be paid for by the lessee and he will at the termination of this lease surrender the premises and all equipment therein in as good condition and repair as received subject to reasonable wear and tear and with due consideration for the purposes for which this lease is made. The lessors shall not be liable to the lessee or to the lessee's guests or other persons on said premises for any damage to person or property occasioned by the condition of the premises and said lessee does hereby covenant and agree to save the lessors harmless of and from all liability of any kind or nature either on account of or in connection with any accident or injuries to persons or property happening or occurring on or about said demised premises either to the lessee or any agent or servant employed by the lessee or to any other person who may be in or upon said demised premises or any part thereof during the term of this lease.

All rights and liabilities of the lessors and the lessee under the terms of the foregoing agreement shall be determined under the laws of the State of Nevada.

From and after the date of this lease the lessee agrees to pay all taxes assessed or levied by all taxing authorities upon the demised premises, real, personal or otherwise and all franchises and other taxes levied by reason of the operation of said mine during the term of this lease and option.

Anything in this agreement to the contrary notwithstanding, the lease and option herein given to the lessee shall cease and terminate on January 5, 1934, unless on or before that date the lessor shall receive the payment of Five Hundred Dollars (\$500.00) hereinabove provided or shall have received an equivalent sum in royalties on or before said date, and similarly this lease and option shall cease and terminate on January 5, 1935, unless the lessor shall have received the sum of One Thousand Five Hundred Dollars (\$1,500.00) or its equivalent in royalties on or before January 5, 1935, and similarly this lease and option shall cease and terminate unless the lessor shall have received the sum of Three Thousand Dollars (\$3,000.00) or its equivalent in royalties on or before January 5, 1936, and similarly this lease and option shall cease and terminate on January 5, 1937, unless the lessor shall have received Five Thousand Dollars (\$5,000.00) or its equivalent in royalties on or before January 5, 1937.

Whenever the lessor shall have received under the terms of this agreement the sum of Two Thousand Dollars (\$2,000.00) or its equivalent in royalties on or before the time provided for such payments in this agreement the lessor agrees to execute a conveyance granting the demised premises to the lessee or such person or company as he may nominate, and to keep the same in readiness for delivery to the grantee upon fulfillment of the terms of this agreement. At the time of the execution of such deed or deeds a copy thereof shall be given to the lessee or his nominee or assigns as the case may be upon his or their request.

Each and every clause and covenant of this Indenture shall extend to the heirs, executors, administrators, and lawful assigns of all parties hereto.

IN WITNESS WHEREOF the said parties have hereunto set their hands and seals.

Anthony Paroni

Lessee.

(Corporate Seal)

THE BANK OF CALIFORNIA, NATIONAL ASSOCIATION  
Trustee under the Will of John E. Sexton, deceased.

By Stuart F. Smith  
Vice-President

Frances Sexton  
Lessors.

Recorded at the request of W.F. Snyder & Sons Co. May 12, A.D. 1933 At 50 minutes past 11 A.M.

Peter Merialdo---Recorder.