

ROBERTS MINING AND MILLING CO.)

to)

Agreement.

W.A. STILLEY and C.M. HANSELMAN.)

THIS AGREEMENT, made and entered into this 6th day of September, A.D. 1935, by and between ROBERTS MINING AND MILLING CO., a corporation, duly organized, existing and operating under the laws of the State of Nevada, party of the first part, and W.A.STILLEY and C.M. HANSELMAN, both of Los Angeles County, California, parties of the second part,

W I T N E S S E T H:

THAT WHEREAS, the parties of the second part desire to acquire all the property of the Roberts Mining and Milling Co., situated in Mill Canyon, Cortez Mining District, Eureka County, Nevada; and

WHEREAS, the party of the first part is willing to accept the proposition of said parties of the second part for the purchase of its property, above referred to.

NOW, THEREFORE, it is agreed that on the specific performance of the parties of the second part, as outlined below, the party of the first part will, by proper conveyance, sell, transfer, assign and convey to the parties of the second part all its right, title and interest in and to all of its mining property, personal and real, together with its water rights, situated in Mill Canyon, Cortez Mining District, Eureka County, Nevada, described as follows, to-wit:

The Victory, Fraction, Homestead, Congress, and Bluebell lode mining claims (excepting from said Bluebell claim the dwelling, stable and garage thereon,) said claims having been conveyed to the Roberts Mining and Milling Co., a corporation, March 21, 1930, and recorded April 22, 1930, in Liber 20 of Deeds, page 440, in the office of the County Recorder of Eureka, Nevada;

The Aurora, Rhoda, Benjamin Harrison, Jumbo, Mayflower, Comstock, Illinois, White Horse, Highland Lassie, Valley View, Oneonton, Blistering Calore, Cavalier, London, Eagle, Mascot, and Bruno lode mining claims, said claims having been conveyed to the Roberts Mining and Milling Co., a corporation, March 21, 1930, and recorded April 22, 1930, in Liber 20 of Deeds, page 440, in the office of the County Recorder at Eureka, Nevada;

The Cortez, Cortez No.1, Cortez No.2, Cortez No.3, Cortez No.4, and Cortez No. 5, Shamrock Ester, and Erin lode mining claims, said claims having been conveyed to the Roberts Mining and Milling Co., a corporation, March 21, 1930, and recorded April 22, 1930, in Liber 20 of Deeds page 440, in the office of the County Recorder at Eureka, Nevada;

The Majestic, and Majestic No. 1, lode mining claims, said claims having been deeded to the Roberts Mining and Milling Co., a corporation, March 21, 1930, and recorded April 22, 1930 in Liber 20 of Deeds, page 440, the office of the County Recorder at Eureka, Nevada;

The Blue Jay lode mining claim, said claim having been deeded to the Roberts Mining and Milling Co., a corporation, March 21, 1930, and recorded April 22, 1930, in Liber 20 of Deeds, page 440, in the office of the County Recorder at Eureka, Nevada;

The Tom Gillam lode mining claim, said claim having been conveyed to the Roberts Mining and Milling Co., a corporation, March 21, 1930, and recorded April 22, 1930, in Liber 20 of Deeds page 440, in the office of the County Recorder at Eureka, Nevada;

Seven-eighths undivided interest in and to the Emma E Lode mining claim patented, Patent No. _____.

Also all of the first party's right, title and interest in and to the waters of Mill Creek, under Permit No. 7189, filed of record in the office of the State Engineer of Nevada;

Also all of the first party's right title and interest in and to Marufo Springs, under Permit No. 7422, filed of record in the office of the State Engineer of Nevada;

Also all of the first party's right, title and interest in and to Wilson Springs, under Permit No. 7188, filed of record in the office of the State Engineer of Nevada;

Also all of the first party's right, title and interest in and to all personal property of every nature and description now situated on or about the said mining claims.

This conveyance is made subject to the following reservation, to-wit; the dwelling house stable and garage, together with all the furnishings and personal property therein situated, and water for domestic purposes, the property being known as "Miss Roberts' house", situated in said Mill Canyon, Cortez Mining District, Eureka County, Nevada, on some of the mining claims hereinabove mentioned, same is not conveyed or intended to be conveyed, but same is to be reserved, kept and owned as the individual property of Belle McCord Roberts, and she shall have and has the right of ingress to and egress from said houses over the lands and property conveyed.

The parties of the second part agree, within thirty days from date hereof, to incorporate a corporation under the laws of the State of Nevada, with a capital stock of two million shares of the par value of One Dollar each, fully paid and non-assessable; that they will deliver to the party of the first part twenty-five (25%) per cent of the full capitalization of that company, less its proportion of 500,000 shares that shall be put back into the treasury of that corporation, and if and when any portion of the 500,000 shares of treasury stock shall be issued 25% of such issue shall be issued to the party of the first part.

The parties of the second part agree that at all times the party of the first part shall

have the following representation on the board of directors of the new corporation: That, if the board of directors of the new corporation shall consist of five members, the party of the first part shall have one director, and, if it shall consist of seven directors, the party of the first part shall have two directors.

The parties of the second part further agree, within forty-five days from the date hereof, to begin and diligently prosecute the proper development of the mining property referred to herein; that they will, at their own expense, drive the Mays tunnel to the quartzite contact and that they will also, at their own expense, make such improvements and repairs to the camp, equipment and other buildings as is necessary at this time. It is also understood and agreed that the so-called Berlin tunnel shall be completed to a point where it contacts the fissure veins; and that if the ore recovered from this operation, after deducting 10% royalty to be paid to the party of the first part, shall not pay the cost of driving said Berlin tunnel, then and in that event, the parties of the second part shall pay the difference between the amount recovered and the cost of completing said tunnel.

The consideration to the party of the first part for conveying its property to the parties of the second part is the following: That the parties of the second part shall, on or before the first day of October, 1935, pay to the party of the first part Fifteen Thousand Dollars (\$15,000), and that on or before October 15, 1935, they shall deposit in the escrow Ten Thousand Dollars (\$10,000), less the credits that will be arranged in the escrow instructions; said Ten thousand Dollars (\$10,000) so deposited in the escrow shall complete a Twenty-five Thousand Dollar (\$25,000) payment therein, and the escrow instructions shall provide that the Ten Thousand Dollars being deposited in it will be used for the purpose of paying the expense and attorneys fees owing to Hawkins, Mayotte & Hawkins and such other items of indebtedness that the first party may have to take care of, and the balance of said Ten Thousand Dollars (\$10,000) shall be paid to the party of the first part. It is agreed that receipt of Two Thousand Dollars (\$2,000) paid by Mr. W. A. Stilley shall be a part of the Ten Thousand Dollars (\$10,000) the second parties agree to put in the escrow by October 15, 1935; and that the note given by the party of the first part to the parties of the second part for Two Thousand Dollars (\$2,000) shall be used in lieu of cash.

The parties of the second part shall incorporate the corporation above referred to, and shall assign this agreement and all the right, title and interest that they have therein and by virtue thereof to the new corporation, and deliver to the party of the first part the stock above referred to when the new company is incorporated. And the parties of the second part hereby bind themselves, their heirs and assigns, that the executive expenses of said corporation shall be fair and reasonable at all times, and not exceed the sum of Twenty-five thousand Dollars (\$25,000) annually, unless otherwise agreed by 85% of the voting stock. That the parties of the second part shall, within one hundred twenty days from date, install a cyanide plant with a minimum daily capacity of thirty-five tons, unless a different process for the reduction of ore is mutually agreed upon by the parties hereto. In that case, the parties of the second part will not be compelled to build the cyanide plant.

That parties of the second part further agree that they will convey to the new corporation such property as they may acquire in and around Mill Canyon, Cortez Mining District, Eureka County, Nevada, and, in case of their failure to meet the requirements of this agreement, said property will revert to the party of the first part to this agreement.

That parties of the second part agree that 10% of the gross returns from the mining, milling or sale of ores or metals from the Mill Canyon property shall be the sole property of the party of the first part until the party of the first part shall have received \$175,000 in

royalties; said \$175,000 in royalties to be paid in full to the party of the first part on or before three years from the date hereof. Gross returns shall be construed as follows: That the remittance from smelter or mint or other persons or corporations for the said above referred to ores or minerals shall be less smelter or mint treatment charges, but shall in no way be construed to include mining operations or transportation of the ores or minerals or any other expense whatever; that payment of moneys coming to the party of the first part for royalties shall be made on the 20th day of each month for the ores mined, milled or sold during the previous calendar month.

It is agreed as one of the essential features of this agreement that within sixty days from September 6th, 1935, the parties of the second part shall begin mining and milling operations in a good and workmanlike manner, consistent with good mining practices, and that they will, after said sixty days from September 6th, 1935, commence milling a minimum of forty tons per day, and continue to do so during the life of this contract, unless prevented by strikes, lock outs, accidents not arising from negligence alone excusing, or legal process prohibiting said parties of the second part from performing any of the work herein provided to be done by them, or acts of God.

The parties of the second part further agree that during the life of this contract they will do, or cause to be done, any and all things required by law to protect the company's property, including the payment of taxes, and to allow said party of the first part, and its agents, from time to time to enter upon and into all parts of said mining properties for all purposes; and to occupy and hold all cross or parallel lodes, spurs or mineral deposits of any kind which may be discovered by the parties of the second part, or any person or corporation under them, in any manner, by working within or from the demised ground, as the property of said party of the first part, with the privilege to said parties of the second part, or their assigns, of working the same as parcel of said demised premises; and

To promptly pay for all labor and supplies to be done for, or furnished to, said parties of the second part, or any person or persons or corporations under or in privity with them upon said premises; and

To file for record with the County Recorder of Eureka County, Nevada, and to at all times keep and maintain posted on said premises a notice in substance - "Notice is hereby given to all persons performing labor or furnishing skill, materials, machinery or other fixtures or supplies of any kind, to or on the said property and premises, that the Roberts Mining and Milling Co., a corporation, the owner of said mines, premises and property, will not be responsible for any labor performed on, or any skill, materials, machinery, fixtures or supplies of any kind furnished to, said mine or premises, nor shall the interest of said owner be subject to any lien for the same; and to take such other legal steps as may be necessary to protect said property from any such lien or liens."

It is expressly understood and agreed between the parties hereto that "Miss Roberts' house" and garage and located in said Mill Canyon, and all furnishings therein, shall continue to remain her sole and individual property, with all rights of egress and ingress and use of water.

It is further agreed between the parties hereto that any changes or modifications mutually agreed upon shall not affect this contract as a whole.

The party of the first part agrees that any royalties that may have to be paid to the Majestic Mines Corporation will have to be paid by the party of the first part to said Majestic Mines Corporation out of the funds of said party of the first part, and are not to be taken out of the funds or interest of the parties of the second part. In other words, the party of the first part agrees to hold harmless the parties of the second part from any obligation it may

have to pay royalties to the Majestic Mines Corporation.

It is agreed by the parties of the second part that all expenses, including legal, in connection with the organization of the proposed new corporation, and all expenses, including legal, to be incurred in the case of G.A. Smith v. E.J. Schrader, et al, in the U.S. District Court, District of Nevada, and all expenses, including legal, in connection with this transaction, shall be borne by the parties of the second part.

It is further agreed by the parties hereto that the law firm of Hawkins, Mayotte & Hawkins, of Reno, Nevada, shall be the escrow agents, through which this transaction is consummated, and who shall be the holder of the funds and papers and deeds involved in this transaction; that proper escrow instructions, mutually agreed upon by and between the parties hereto, including the above referred to law firm, shall be made immediately, and that proper conveyances of the property of the party of the first part shall be deposited in said escrow for the beneficial interest of the parties of the second part, their heirs or assigns; and said escrow instructions shall provide, among other things, and principally, that when the parties of the second part, their heirs or assigns, shall have complied with the conditions set out in this contract, then and at that time all of the instruments of conveyance deposited by the party of the first part in escrow shall be delivered to the parties of the second part, their heirs or assigns, and that if the contract be forfeited or canceled, all things, papers and documents put into escrow by the party of the first part shall be returned to the party of the first part by the escrow agent.

It is expressly agreed, covenanted and provided that time is of the essence of this contract, and of all the conditions and covenants thereof; and it is further distinctly agreed and understood that upon the failure of the parties of the second part to make the payments herein provided, at the time, in the amount, and in the manner provided, or upon their failure to perform any term, covenant, or condition of this contract, all moneys theretofore paid hereunder shall, at the option of the party of the first part, be deemed forfeited as liquidated damages, and be and remain the property of said party of the first part, and said parties of the second part, in said event, hereby distinctly waive any claim or interest in or to said moneys, or any right or cause of action, either at law or in equity, to recover same, it being distinctly agreed between the parties hereto that each term, covenant and condition of this contract is of the same importance as the other; provided, however, always, that should said party of the first part exercise the option given it herein to declare this contract and all rights thereunder forfeited on account of the failure of the parties of the second part to comply with any term, covenant or condition thereof, or to make any payment at the time, in the amount, or in the manner as herein provided, said parties of the second part may, within sixty days after service of a written notice sent by registered mail by said party of the first part to the last known address of the parties of the second part, their heirs or assigns, of its election to consider this contract forfeited, perform the term, condition or covenant on account of the non-performance of which the party of the first part has elected to consider the contract forfeited, but this provided clause does not apply to or authorize said parties of the second part to make the payment for the non payment of which said party of the first part has elected to consider the contract forfeited. In the event that the parties of the second part perform the term, covenant or condition of said contract within said sixty days hereinbefore provided for, said election on the part of the party of the first part to declare said contract forfeited is deemed waived and withdrawn, and this contract shall then remain and be valid and binding upon the parties as though said election to forfeit had never been declared by said party of the first part.

Each and every clause, covenant and condition in this contract shall extend to and be binding upon the parties hereto, the successors of the party of the first part, and the heirs, administrators and assigns of the parties of the second part.

IN WITNESS WHEREOF, the said party of the first part has caused its corporate name and seal to be hereunto affixed by its President and Secretary thereunto duly authorized, and the parties of the second part have hereunto set their hands and seals, the day and year first above written.

ROBERTS MINING AND MILLING CO., a corporation

(Corporate Seal)

By Belle McCord Roberts
President
By G. A. Smith
Secretary.

W. A. Stilley
C.M. Hanselman

STATE OF NEVADA,
ss.
County of Washoe.

On this 6th day of September, A.D. 1935, personally appeared before me, a Notary Public in and for the county and State aforesaid, BELLE McCORD ROBERTS and G.A. SMITH, President and Secretary, respectively, of the corporation that executed the foregoing instrument, and upon oath, did depose that they are the officers of said corporation; that they are acquainted with the seal of said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year in this certificate first above written.

(Notarial Seal)

Theresa Zunino
Notary Public in and for the County of Washoe,
State of Nevada. Commission expires November
13, 1937.

STATE OF NEVADA,
ss.
County of Washoe.

On this 6th day of September, A.D. 1935, personally appeared before me, a Notary Public in and for the county and state aforesaid, W.A. STILLEY and C.M. HANSELMAN, known to me to be the persons described in and who executed the foregoing instrument; who, each for himself, 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 the day and year in this certificate first above written.

(Notarial Seal)

Theresa Zunino
Notary Public in and for the County of
Washoe, State of Nevada. Commission
Expires November 13, 1937.

Recorded at the request of W. A. Stilley Oct. 28, A.D. 1935 At 05 minutes past 10 A.M.

Peter Meriardo----Recorder.