

between
WESTERN-KNAPP ENGINEERING CO.,)
Contractor,)

and)

PARDNERS MINES CORP.,)
Owner.)

SUPPLEMENTAL AGREEMENT ON CONDITIONAL SALE.

) Dated: March 27th, 1936.

SUPPLEMENTAL AGREEMENT ON CONDITIONAL SALE

THIS AGREEMENT, made and entered into this 27th day of March, 1936, by and between PARDNERS MINES CORP., a Delaware corporation, hereinafter called "Owner," and WESTERN-KNAPP ENGINEERING CO., a California corporation, hereinafter called "Contractor,"

WITNESSETH:

THAT WHEREAS, the parties hereto respectively denominated therein as Buyer and Seller have heretofore, and co-incidentally with the execution of these presents, entered into a certain Contract of Conditional Sale, of even date herewith, covering a certain complete flotation plant, camp and water supply system, which said Owner desires to have constructed and installed by said Contractor at the premises belonging to Owner, located at the Buckhorn Mines, Eureka County, State of Nevada,

NOW, THEREFORE, by way of supplement to said Contract of Conditional Sale, and in consideration of the mutual covenants and promises therein and hereinafter contained, it is hereby expressly agreed by and between the parties hereto as follows:

1. WORK TO BE DONE: Contractor agrees to furnish all of the labor, materials (not including lumber) and equipment necessary for the construction and installation of, and to construct and install on the above-described property belonging to Owner, a complete flotation plant, camp and water supply system, complete with buildings, machinery, and equipment. Said work is to be done and said materials and equipment furnished by Contractor, in accordance with the plans and specifications hereto attached and duly initialed and identified by the respective parties and to the satisfaction of Charles Mayotte, engineer for the Owner, hereinafter referred to as the "Engineer," subject only to the provisions of paragraph 13 hereof.

2. PLANS AND SPECIFICATIONS: Said plans and specifications consist of a schedule of _____ pages hereto attached, and of _____ maps, numbered from _____ to _____, both inclusive, together with working drawings, which will be prepared from time to time and approved in writing by the Engineers, and which shall be considered as part of the plans herein referred to. Any eliminations from, additions to, or changes in said plans and specifications shall be approved in writing by the Engineer for the Owner and by the Contractor before the same shall be effective.

3. TIME OF COMPLETION: Said plant and equipment shall be constructed and installed, complete in every detail, by Contractor, as per said plans and specifications, and shall be turned over to the Owner ready for operation, within a period of four (4) months from and after the date hereof. Said completion shall be evidenced by a Certificate of Completion, to be issued by the Engineer and delivered to the Contractor.

4a. PAYMENTS: As consideration for the performance by the Contractor of the terms of this Agreement, Owner agrees to pay to Contractor the total sum of Fifty-four Thousand Four Hundred and Seventeen Dollars (\$54,417.00) at the times and in the manner specified in that certain Contract of Conditional Sale between the respective parties hereto, of even date herewith, and more particularly in the preamble hereof above referred to, and the payment of said purchase price is to be secured to Contractor by the terms of said Contract of Conditional Sale.

b. Of the said total purchase price of Fifty-four Thousand Four Hundred and Seventeen (\$54,417.00), the sum of _____ (\$) shall be for furnishing the labor and material necessary for grading, construction and foundations and buildings called for under the specifications accompanying this Supplemental Agreement, and the balance thereof, or the sum of _____ (\$) shall be for the furnishing by the Contractor and its installation of the machinery, equipment, and supplies called for hereunder.

5. WARRANTIES: Contractor warrants:

a. That all materials and equipment furnished and all work done on this job shall be according to Standard Engineering practice, and shall be free from defects of material or workmanship that may appear within thirty (30) days after such flotation plant and equipment is completed and turned over to Owner for operation.

b. That all bills for labor, material or equipment furnished or installed under this Agreement will be promptly paid, and the Owner's property and all improvement and machinery installed thereon shall be kept free of laborer's, materialmen's and vendors' liens, other than those of the Contractors themselves for any unpaid balance of the contract price hereunder.

It is expressly understood by the parties hereto that Contractor does not warrant or assume any responsibility for capacity or metallurgical results, or any other operating results of such flotation plant.

6. INSPECTION: Owner agrees that an inspection of work in progress shall be made at least once during each thirty (30) day period following the commencement of construction by the Engineer, and the Contractor notified in writing of any defect in material or workmanship that may be observed by the Engineer at that time. Contractor agrees to promptly remedy such defect upon being so notified. Final inspection of said work will be made upon completion, and if the work has been completed to Engineer's satisfaction, he will issue a certificate of completion at that time and deliver same to Contractor. Following the conclusion of the thirty (30) day operating test, the Engineer will make a further inspection, and if he finds that any of the Contractor's warranties made herein shall not have been complied with, he will so notify Contractor in writing specifying the things remaining to be done or defects to be remedied in order to comply with said warranties and Contractor shall forthwith comply with this specification as a part of its obligations hereunder.

7. EXTRA WORK: Any work which Owner may desire to have done in connection with this contract which is not covered by the plans, specifications and working drawings made pursuant thereto will be performed by the Contractor, or as extra work and paid for by Owner upon completion of the same at cost of materials and labor plus ten per cent (10%). No such work will be classed as Extra Work, however, unless ordered by the Engineer in writing and specified in such order as an "Extra," prior to its being undertaken. Receipted bills for the same, when completed, will be exhibited to, and filed with the Engineer, who will thereupon issue a certificate showing the amount due the Contractor and Owner will thereupon pay such amount shown by said Certificate to be due; and if the value of all such extra work exceeds One Thousand Dollars (\$1,000.00), Owner shall pay for all of such extra work within thirty (30) days after the completion of the construction and installation by Seller and the acceptance by Buyer of the construction and installation of the aforesaid plant and equipment.

8. ELIMINATIONS: Any eliminations made from the work required by this Contract in conformity with the provisions of Paragraph 2 hereof, which shall result in a saving in cost, shall entitle the Owner to a credit for the full amount of said saving. Such credit shall be credited upon the final installment of such purchase price payable under the terms of the said Contract of Conditional Sale.

9. ENGINEER'S AUTHORITY: Subject to the right of appealing to the arbitration board hereinafter provided for, both parties agree to accept and be bound by the decision of the Engineer as to the sufficiency of the performance of any of the work herein required, as to the allowance and value of any extra work hereunder, and as to the sufficiency of Contractor's compliance with any warranties herein contained. Such decisions shall in all cases be made in writing and a copy delivered to each party hereto.

10. FORCE MAJEURE: Performance of each and all of Contractor's covenants herein shall be subject to such delays as may occur without Contractor's fault from acts of God, fire, strikes, riots, lightning, or extraordinary storms or freshets, or from other cause wholly beyond Contractor's control.

11. INSURANCE AND LIABILITY: Owner/at its own expense and risk insure and keep all construction work and equipment (other than Contractor's own equipment) insured in an insurance company or companies, satisfactory to Contractor, for the full value thereof, during the construction period, and until all obligations hereunder to the Contractor shall have been paid, against loss or damage by fire (policies or cover-notes for such insurance to be forthwith delivered to Contractor, and to provide for payment of any loss thereunder to Owner and/or Contractor as their respective interests may appear). The Contractor agrees to procure and maintain or cause to be procured and maintained throughout the period of construction, Workmen's Compensation Insurance to cover all persons in its employ and in the employ of its subcontractors engaged upon any part of the work covered by this agreement, and agrees to indemnify and hold the Owner harmless against all claims of any such employee for personal injury or loss of wages from whatever cause arising. The Contractor also agrees to indemnify and hold the Owner harmless against the claim of any person, firm or corporation for property damage or personal injury occurring prior to the time the work is completed and turned over to the Owner. The Contractor also agrees to indemnify and hold the Owner harmless against any claim for such damage or injury resulting from defects of materials or workmanship that may appear within thirty days after the work is completed and turned over to the Owner. The Contractor agrees at its own expense to defend all actions based upon any such claims and to pay any judgment which may be obtained against the Owner based thereon.

b. Proceeds of any fire insurance policy shall be applied to replacement of the property destroyed, and in the event any loss or damage shall be suffered by Owner as a result of the carelessness or negligence of the Contractor, which such loss shall not be covered by insurance, as aforesaid, Contractor shall be liable to Owner to make good such loss or damage not so covered by such insurance, it being the intent and purpose of this provision that Contractor shall at all times take all possible precautions against loss by fire or other damage and shall at no time permit refuse, waste material or debris to be collected at or near the plant in question, thereby increasing the fire hazard on said job.

12. TAXES: Owner will pay all taxes and assessments levied against work in progress or completed under this agreement, but not any personal, occupational or income taxes of Contractor.

13. ARBITRATION CLAUSE: If any dispute shall arise between the parties as to the sufficiency of performance by Contractor herein, or as to whether or not Contractor is entitled to receive a certificate of completion as required by paragraph 3 hereof, or as to whether the Contractor has complied with the warranties provided in paragraph 5 hereof, or as to whether the Contractor is obligated under paragraph 6 hereof to remedy certain defects which may be claimed by the Owner to exist or as to whether Contractor is entitled to compensation for extra work, pursuant to paragraph 7, or shall be required to give Owner credit for items eliminated and the amounts of such compensation for extras or credits, and if upon any one or more of such disputes arising the Engineer shall have exercised his authority under paragraph 9 hereof and the decision of Engineer shall be unsatisfactory to either of the parties hereto, upon the demand of such party, in writing, addressed to the other party, the matter shall be submitted to decision by a board of three arbitrators, to consist of one arbitrator appointed by the Owner, one arbitrator appointed by the Contractor, and the third arbitrator to be appointed by the two so chosen. The decision of any two of said three arbitrators as to the points in dispute submitted to them for arbitration shall be binding and conclusive, upon both parties. Such submission to arbitration shall be a condition precedent to either party hereto commencing any action in court for the enforcement of the provisions of this contract, subject to such arbitration.

14. BONDS: Contractor concurrently with execution of this contract agrees to deliver to the Owner a bond, or separate bonds, as Contractor may elect, underwritten by a corporate surety company satisfactory to the Owner, guaranteeing (a) faithful and complete performance of this contract in conformity with the terms hereof; and (b) a statutory bond securing Owner against liens for labor and materials furnished in connection with this agreement.

15. ASSIGNMENT: Contractor may sub-let, but shall not assign, the whole or any part of their obligations hereunder without Owner's prior written consent.

15. NOTICES: Any notice which may be given to the Owner under the terms of this contract shall be considered as delivered twenty-four (24) hours after the same shall have been deposited in the United States mail, with postage thereon, duly prepaid, in a sealed envelope, addressed to Owner c/o Buckhorn Mines, via Palisade P.O., Nevada.

Any notice which may be given to the Contractor under the terms of this contract shall be considered as delivered twenty-four (24) hours after the same shall have been deposited in the United States mail, with postage thereon duly prepaid, in a sealed envelope, addressed to Western-Knapp Engineering Co., Balboa Building, San Francisco, California.

IN WITNESS WHEREOF, the said Contractor has caused these presents to be executed by its President and Secretary thereunto duly authorized, and has caused its corporate seal to be affixed hereto, and said Owner has caused these presents to be executed by its President and Secretary thereunto duly authorized, and has caused its corporate seal to be affixed hereto on the said day and year in this Agreement first above written.

WESTERN-KNAPP ENGINEERING CO.

By J.E. Knapp

Its President

By Irvin S. Thyle

Its Secretary

(Corporate Seal)

PARDNERS MINES CORR.

By J.G. Baragwanath

Its President

By

Its Secretary.

(CORPORATE SEAL)

STATE OF NEVADA)
) SS
COUNTY OF NEW YORK)

On this 31st day of March, 1936, before me Irene Howard Schanche, a Notary Public in and for the said County and State, duly commissioned and sworn, personally appeared J.G.Paragwanath, known to me to be the President of PARDNERS MINES CORP., the corporation described in and that executed the within instrument, and also known to me to be the person who executed it on behalf of the corporation therein named, and he acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said County and State, the day and year in this certificate first above written.

(Notarial Seal)
Commission Expires March 30, 1937.

Irene Howard Schanche
Notary Public in and for the County of New York,
State of New York.
IRENE HOWARD SCHANCHE
NOTARY PUBLIC
Queens County Clerk's No.1428
N.Y.Co.Clk's No.583, Reg.No.7-S-347

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On this 27th day of March, 1936, before me, Jennie Daggett, a Notary Public in and for the said City and County and State, duly commissioned and sworn, personally appeared J.E.KNAPP and IRVIN S. THYLE known to me to be the President and Secretary respectively of WESTERN-KNAPP ENGINEERING CO., the corporation described in and that executed the within instrument, and also known to me to be the persons who executed it on behalf of the corporation therein named, and they acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at my office, in said City and County and State, the day and year in this certificate first above written.

(Notarial Seal)
My Commission expires March 4, 1940.

Jennie Daggett
Notary Public in and for the City and
County of San Francisco, State of
California.

Recorded at the request of Irvin S. Thyle Apr. 15, A.D. 1936 At 10 minutes past 4 P.M.

Peter Merialdo---Recorder.