

between
WESTERN-KNAPP ENGINEERING CO.,)
"Seller,")
and)
PARDNERS MINES CORP.)
"Buyer,")

CONTRACT OF CONDITIONAL SALE

Dated: March 27th, 1936.

CONTRACT OF CONDITIONAL SALE

THIS AGREEMENT, made this 27th day of March, 1936, by and between WESTERN-KNAPP ENGINEERING CO., a corporation, hereinafter designated as "Seller," and PARDNERS MINES CORP., a Delaware corporation, hereinafter designated as "Buyer,"

WITNESSETH:

That Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller each and all of the personal property consisting of that certain complete flotation plant, camp and water supply system, complete with buildings, machinery and equipment as per, and all as more specifically described in those certain plans, drawing and specifications described in and by reference made a part of that certain "Supplemental Agreement on Conditional Sale" of even date herewith, and to which this Seller and this Buyer are parties, and which said personal property is to be constructed and installed by Seller (pursuant to the terms and conditions of said "Supplemental Agreement on Conditional Sale," and subject to each and all of the terms and conditions of this Contract of Conditional Sale) at the Buckhorn Mines, Eureka County, State of Nevada, upon the property owned by the Buyer.

That in consideration thereof, and as the purchase price for said personal property, said Buyer agrees to pay to Seller the total sum of Fifty-four Thousand Four Hundred and Seventeen Dollars (\$54,417.00) lawful money of the United States, in the manner following, viz: Thirteen Thousand Six Hundred and Four and 25/100 (\$13,604.25) upon the execution of these presents, the receipt whereof is hereby acknowledged; the sum of Thirteen Thousand Six Hundred and Four and 25/100 (\$13,604.25) sixty (60) days from and after the date hereof; the sum of Thirteen Thousand Six Hundred and Four and 25/100 (\$13,604.25) upon the completion by Seller and the acceptance by Buyer of the construction and installation of the aforesaid plant and equipment, and the sum of Thirteen Thousand Six Hundred and Four and 25/100 (\$13,604.25) thirty (30) days from and after the date of such completion and acceptance of said plant and equipment. Said unpaid balance to bear no interest to the maturity of each and all of the installments thereof, as hereinabove provided, but in the event that any such installment of said purchase price shall be not so paid when due, each of said installments shall bear interest at the rate of six per cent (6%) per annum from and after the maturity of each thereof, until paid, such interest to be payable, together with said installments of principal, at the office of Seller at Balboa Building in the City and County of San Francisco, State of California.

In consideration of the premises, it is further agreed by and between the respective parties hereto that the aforesaid conditional sale and purchase of said personal property shall be subject to each and all of the following terms, conditions, covenants and agreements, that is to say:

(1) Buyer will pay all costs of collecting any amount or enforcing any of Seller's rights hereunder, including, without limiting the generality of the foregoing, any expenses incurred by Seller, all its cost and the time and services of any of its employees in making collection. If this contract is placed in the hands of an attorney for collection or to enforce any of the Buyer's obligations hereunder, or any of the rights of said Seller or its assigns hereunder, if then allowed by law, Buyer agrees to pay, in addition to the foregoing purchase price and interest, a reasonable sum as and for Seller's attorney's fees thereby incurred.

(2) That the title to, and ownership in each and all of the aforesaid personal property are and shall continue to be vested in Seller, its successors or assigns, whatever may be its mode of attachment to realty or otherwise, until payment in full of the foregoing purchase price and interest shall have been made to Seller in money, and each and all of the covenants and conditions of this agreement, on the part of Buyer to be performed, shall have been so performed by it, at which time ownership therein shall pass to Buyer, and Seller hereby agrees to execute and deliver to Buyer at such time a good and sufficient Bill of Sale to each and all of the personal property.

(3) That said personal property shall at all times, while in Buyer's possession, or under his control, be so kept in its possession, at the exclusive risk and loss of said Buyer, and that the loss or destruction of, or injury to, any or all of said personal property shall not operate in any manner to release Buyer from any or all of the terms and conditions of this agreement, nor shall the acceptance by Seller of any overdue payment hereunder, nor shall Seller's waiver of any breach by Buyer of any of the terms and conditions hereof operate as a waiver of any such other, prior or subsequent breach.

(4) That if any of Buyer's indebtedness hereunder, including any of the installments of said purchase price, or of any interest due thereon, or of any insurance premium, or of any other indebtedness of any nature, which, pursuant to the terms hereof, may be payable from Buyer to Seller, shall, pursuant to the terms hereof, become due and remain unpaid in whole or in part, or if there should be any default by Buyer in the performance of any term or condition hereof, or if any or all of said personal property shall be removed from the property of Buyer at the Buckhorn Mines, Eureka County, State of Nevada, or disposed of, contrary to the provisions hereof, or if Buyer shall sell or attempt to sell or encumber or attempt to encumber said personal

property, or any thereof, or if same, or any thereof, be seized on attachment, or any other Writ, or if Buyer shall hire out said personal property, or any thereof, or misuse or abuse or otherwise deface, demolish or materially injure the said personal property, or any thereof, or fail at any time to keep same in proper state of repair, or should said personal property be used in any way contrary to the provisions of law, or upon the filing of any petition in bankruptcy, voluntary or involuntary, by or against Buyer, or should any surety company or any bond guarantying performance of any of Buyer's obligations hereunder, or indemnifying the holder of this contract against loss through conversion of said personal property, or otherwise, terminate its liability on said bond, then and in such event, the full amount unpaid of all indebtedness hereunder shall become due and payable by Buyer, unless Buyer shall, within thirty (30) days after notice in writing shall be served upon it by the depositing of a registered letter addressed to the office of the Buyer at the Buckhorn Mines, Eureka County, State of Nevada,, specifying the nature of such default, cure such default, and Seller, or its assigns, may, without any further notice or demand of performance, and without legal process, enter the premises where said personal property, or any thereof, may be found, and take possession thereof, and the Seller may, at its option, make such disposition of said personal property, or any thereof, as Seller shall set fit, and all payments theretofore made by Buyer shall be retained by Seller in consideration of the use of said personal property while in Buyer's possession and not as a penalty; or said personal property, or any thereof, may, at the option of Seller be sold with or without notice either at public or private sale, at which Seller may, at its option, purchase same, and the proceeds, less the expense of taking, removing, holding and selling said personal property, shall be credited upon the amount unpaid hereunder, or, without such sale, there may be credited upon the amount unpaid, the fair market value of said personal property at the time same may be repossessed by Seller, pursuant to the terms hereof, and in either event, in consideration of the use and depreciation of said personal property, Buyer hereby agrees to pay forthwith any balance thereafter remaining unpaid hereunder.

(5) That Buyer will pay promptly, when due, all licenses, taxes, and assessments which may be levied upon said personal property, or any thereof, and will keep same at all times free and clear of liens and encumbrances of all kinds and descriptions, and Buyer hereby expressly waives, as against this agreement, all claims for damages of whatever nature, also any and all provisions of law, wherein and whereby it is required that any sum of money shall be repaid to Buyer, or that said personal property, or any thereof, shall be sold at public or private sale, and any part of the proceeds accounted for or paid over to Buyer.

(6) That Buyer will insure said personal property, and at all times keep same insured, in any insurance company satisfactory to Seller, loss, if any, payable to Seller and/or Buyer, as their respective interests may appear, against loss by fire, or any other hazard, which Seller may deem necessary, at the expense of Buyer, and for an amount not less, than the unpaid balance due hereunder, failing which Seller may secure such insurance and keep same in effect and pay all premiums therefor and add the same to the balance due hereunder, which premium or premiums the Buyer hereby agrees to pay on the next installment date; said policy of insurance shall be held by Seller until this agreement shall be fully performed by Buyer.

(7) That all equipment or accessories or any other thing whatsoever which shall be placed upon any or all of the personal property hereinabove described shall at once become a component part thereof, and shall belong to Seller and shall be subject, in all respects, to the terms of this agreement.

(8) That Seller may inspect said personal property, or any thereof, at any reasonable time.

9. That Seller shall not be liable to the Buyer for damages of any kind whatsoever, arising out of the use of the personal property covered by this agreement subsequent to the expiration of thirty days after the same is completed and turned over to the Buyer for operation, pursuant to said supplemental agreement on conditional sale. The Buyer agrees to indemnify and hold the Seller harmless against all claims for personal injury, property damage, loss of time or any other loss arising from the use of said personal property subsequent to the expiration of said thirty day period, provided however, that the Buyer shall not be obligated to indemnify and save the Seller harmless against any claim based upon the negligence of the Seller or any subcontractor of the Seller in the performance of the work covered by said supplemental agreement on conditional sale, or in the manufacture of equipment or machinery installed.

(10) That time is, and shall at all times be the essence of this agreement, and of each and every part thereof, and that same shall inure to the benefit of and bind the respective successors or assigns of said Buyer and of said Seller.

IN WITNESS WHEREOF, the said parties have hereunto caused these presents to be executed by their respective residents and Secretaries thereunto duly authorized, and have caused their respective corporate seals to be affixed hereto, on the day and year in this agreement first above written.

(CORPORATE SEAL)

WESTERN-KNAPP ENGINEERING CO.,
By J.E. Knapp
Its President

By Irvin S. Thyle
Its Secretary

SELLER

(CORPORATE SEAL)

PARDNERS MINES CORP.
By J.G. Baragwanath
Its President.

BUYER

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

On this 27th day of March, 1936, before me Jennie Daggett, a Notary Public in and for the said City and County and State, residing therein, 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.

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS

On this 31 day of March, 1936, before me, Irene Howard Schanche, a Notary Public in and for the said County and State, residing therein, duly commissioned and sworn, personally appeared J.G. Baragwanath, 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)

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
Commission Expires March 30,1937.

Recorded at the request of Irvin S. Thyle April 15, A.D. 1936 At 11 minutes past 4 P.M.

Peter Merialdo ----Recorder.