

File No. 22681.

R.W.Gergen, Alpha J. Collins, William B. Codling,)
 to)
 Sidney B. Harman.)

LEASE AND OPTION

THIS AGREEMENT, made and entered into this 30th day of June, 1938, by and between R.W.Gergen, Alpha J. Collins, of Eureka, Nevada, and William B. Codling of Northport, Long Island, New York, Parties of the First Part and Sidney B. Harmon of Salt Lake City, Utah, Party of the Second part.

W I T N E S S E T H:

That for and in consideration of the covenants hereinafter to be kept and performed by the Party of the Second Part and the sum of \$1.00 unto the Parties of the First Part by the Party of the Second Part in hand paid, the receipt of which is hereby acknowledged, said Parties of the First Part do hereby lease, let, and demise unto the Party of the Second Part all of those certain unpatented Lode Mining Claims situated in the Diamond Mining District, Eureka County, State of Nevada, to-wit:

Wynonas No. 1
 Wynonas No. 2

Road Way No. 1
 Road Way No. 2

together with all improvements and all ores, minerals and dumps thereon situated and all rights, easements, and appurtenances thereunto belonging.

TO HAVE AND TO HOLD THE SAME, unless sooner cancelled by the Parties of the First Part or terminated by the Party of the Second Part as hereinafter provided, from the date hereof until the 1st day of July, 1943, hereby giving and granting unto the Party of the Second Part the right to enter into and upon certain leased premises and extract and remove ores therefrom.

The Parties of the First Part hereby represent to the Party of the Second Part that they have good right to lease and convey the premises hereinabove described and that they are the owners thereof.

In consideration of said lease the Party of the Second Part hereby covenants and agrees with the Parties of the First Part as follows, to-wit:

I

That he will carry on all mining operations to be conducted by him hereunder in a proper, skillful and minerlike manner; that he will cause to be performed not less than fifty (50) shifts of work per month beginning the 1st day of August, 1938, and continuing during the life hereof.

II

To permit the Parties of the First Part, their agents or attorneys to have free access to said premises for the purpose of inspecting the property.

III

To comply at all times during the life of this agreement with the provisions of the Workmen's Compensation Act of the State of Nevada and to procure insurance thereunder and to keep the same in full force and effect during the term hereof.

IV

To keep posted upon said premises at all times during the term hereof a notice to the effect that such premises are being operated under lease and that the Parties of the First Part will not be responsible for any work done or materials furnished in the operation of said premises.

V

To keep the said premises free from liens arising from work done by the lessee. That he will also pay all taxes when due upon this property during the term of this agreement.

VI

To deliver up to the parties of the first part the said premises with the appurtenances unto the expiration or termination of this lease, provided however, that the lessee shall have the right at any time within ninety days from and after termination of this agreement to remove any supplies and/or equipment thereon placed by him or his assigns and any property not so removed shall be deemed abandoned by the lessee and shall become the property of the Party of the First Part.

VIII

Second Party agrees to pay First Parties royalties based on net smelter returns as follows, to-wit:

10% on all ores up to \$50.00 per ton
20% on all ores over \$50.01 per ton

provided that there shall be first paid or reserved all monies to be paid to the United States Government and/or the State of Nevada or any subdivision thereof for taxes on account of the extraction, marketing, or sale of ores and property tax. "Net Smelter Returns" as used herein means the gross values of ore extracted and shipped less necessary smelter and milling, transportation, sampling and assay charges.

VIII

All royalties payable hereunder shall be paid direct by the smelter, under instructions from Second Party, to the credit of First Parties at the First Security Trust Company, Salt Lake City, Utah.

OPTION TO PURCHASE

In consideration of the full performance from time to time by the Party of the Second Part, or his assigns, of all the covenants and conditions of the foregoing lease to be by him kept and performed, the Parties of the First Part hereby give and grant unto the said Party of the Second Part, or his assigns, the right, option and privilege to purchase the said mining property, together with all improvements thereon, and all of their right, title, and interest in and to the same, upon the following terms and conditions, to-wit:

I.

The total purchase price of said property shall be the sum of Ten Thousand (\$10,000) payable as follows, to-wit:

\$250 when quit-claim deeds have been placed in escrow signed by the parties in interest.

II

All royalties paid pursuant to the terms of this lease shall be applied upon the purchase price of said property and shall be paid to the Parties of the First Part by delivery by the Smelting Company to the credit of the First Parties at the First Security Trust Company, Salt Lake City, Utah.

III

It is understood and agreed that time is the essence of this agreement.

IV

It is expressly understood and agreed that the lease and option hereby granted are mutually dependent; that upon termination of the lease as herein granted, the said option shall likewise terminate.

V

Each and every clause, covenant and condition of this lease and option shall extend to the heirs, executors, administrators and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their signatures the day and year first above written.

R.W. Gergen
Alpha J. Collins
William B. Codling
Parties of the First Part.
Signey B. Harman
Party of the second Part.

Recorded at the request of J.L. Bay Sept. 28 A.D. 1938 At 30 minutes past 2 P.M.

Peter Merialdo---Recorder.