

File No. 22951.

Gold Quarry Mines, Inc.)
to) Lease.
E.H. Seymour.)

THIS LEASE made the 1st day of February, A.D. 1939, by and between GOLD QUARRY MINES, INCORPORATED, a corporation of Ogden, Utah, hereinafter called the Lessor, and E. H. Seymour of the County of Elko, State of Nevada, hereinafter called the Lessee, -

W I T N E S S E T H:

That the said lessor, for and in consideration of the royalties herein reserved and the covenants and agreements hereinafter expressed and by the said lessee to be kept and performed, have granted, demised and let and by these presents do grant, demise and let unto the said lessee, and the said lessee does hereby hire and take from the said lessor the following described lode mining claims situated in the County of Eureka, State of Nevada, and particularly named and described as follows, to-wit:-

East Hqlr or Northwest Quarter of Southwest Quarter ($E\frac{1}{2}$ of $NW\frac{1}{4}$ of $SW\frac{1}{4}$), Northeast Quarter of Southwest Quarter ($NE\frac{1}{4}$ of $SW\frac{1}{4}$), Lots One (1), Two (2), Four (4), Five (5), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), Northwest Quarter of Northeast Quarter ($NW\frac{1}{4}$ of $NE\frac{1}{4}$), East Half of Southwest Quarter of Northeast Quarter ($E\frac{1}{2}$ of $SW\frac{1}{4}$ of $NE\frac{1}{4}$), East Half of Northeast Quarter of Northwest Quarter ($E\frac{1}{2}$ of $NE\frac{1}{4}$ of $NW\frac{1}{4}$) and Northwest Quarter of Southeast Quarter ($NW\frac{1}{4}$ of $SE\frac{1}{4}$) of Section Thirty-five (35), Township Thirty-four (34) North, Range Fifty-one (51) East, Mount Diablo Base and Meridian, containing Five Hundred Twenty-two and $36/100$ (522.36) Acres, more or less; together with all rights, privileges and appurtenances thereunto belonging or in any wise appertaining; subject, however, to any rights, liens or encumbrances created or permitted, by any other person than the said first party, since April 9, 1936, as to East Half of Northwest Quarter of Southwest Quarter ($E\frac{1}{2}$ of $NW\frac{1}{4}$ of $SW\frac{1}{4}$), Lot Eleven (11), Northeast Quarter of Southwest Quarter ($NE\frac{1}{4}$ of $SW\frac{1}{4}$) of said Section Thirty-five (35), and August 15, 1936, as to Lots One (1), Two (2), Four (4), Five (5), Seven (7), Eight (8), Nine (9), Ten (10), Northwest Quarter of Northeast Quarter ($NW\frac{1}{4}$ of $NE\frac{1}{4}$), East Half of Southwest Quarter of Northeast Quarter ($E\frac{1}{2}$ of $SW\frac{1}{4}$ of $NE\frac{1}{4}$), East Half of Northeast Quarter of Northwest Quarter ($E\frac{1}{2}$ of $NE\frac{1}{4}$ of $NW\frac{1}{4}$) and Northwest Quarter of Southeast Quarter ($NW\frac{1}{4}$ of $SE\frac{1}{4}$) of said Section Thirty-five (35).

TO HAVE AND TO HOLD the same unto the said lessee for the term of two (2) years beginning with February 1, 1939, and ending on February 1, 1941, subject to the terms and conditions hereof, unless sooner forfeited or terminated through the violation of any condition, covenant or agreement herein set forth.

In consideration of such demise and lease the said lessee does hereby covenant and agree with the said lessor as follows, to-wit:-

To enter into and upon the mining ground and premises and work the same in a miner-like fashion for at least eighty (80) shifts each and every month during the term of this lease, provided, however, that no shifts of work need be performed upon the said mining premises during the months of December, January, February, and March of each year if weather conditions will not permit, but in the event no work is performed during said months the lessee shall do enough work during the other months in each year to make up for the failure to do the work during the four months mentioned to the end that an average of eighty (80) shifts of work per month will be done and performed upon the said claims during each and every month of the term herein specified;

All equipment, tools and machinery placed upon the lands and premises by the said lessee may be removed by him at the termination of this lease for any cause whatsoever, save and except any timbering in any shaft or tunnel shall become a part of the property and shall not be removed.

To pay to the said lessor a royalty or royalties upon the net smelter returns of all ores shipped, sold or smelted as follows, to-wit,- A sum equivalent to ten per cent (10%) upon all ores having a net smelter return of less than \$20.00 per ton; a sum equivalent to fifteen per cent (15%) upon all ores having a net smelter return of over \$20.00 and under \$30.00 per ton; a sum of equivalent to twenty per cent (20%) upon all ores having a net smelter return of over \$30.00 and under \$40.00 per ton, and a sum equivalent to twenty-five per cent (25%) upon all ores having a net smelter return of \$40.00 or over.

The term "net smelter return" shall be deemed to be the amount received from the smelter after there has been deducted all hauling, not to exceed \$2.00 per ton, railroad and other transportation charges, together with the treatment charges of the smelter. The term "shift" shall be deemed to be the work of one man for eight hours.

The lessee is hereby given the option to purchase the property hereinbefore described for a price of Fifty Thousand Dollars (\$50,000.00), payable as follows:- \$5,000.00 on or before February 1, 1941; \$5,000.00 on or before February 1, 1942; \$40,000.00 on or before February 1, 1943, providing said option is exercised at any time by the lessee before the expiration of this lease, and in the event of exercise of this option to buy by the lessee, all royalties received by the lessor prior to the exercise of said option shall be credited upon the aforesaid purchase price. Said option may be exercised by the lessee by giving the lessor notice of his intention in writing, mailed to the office of the lessor at Ogden, Utah.

The smelter to which any ores are shipped from the said premises by the said lessee shall be authorized and directed to deduct from the said net returns any and all sums due the lessor as and for royalties as hereinabove specified, and make return directly to GOLD QUARRY MINES, INCORPORATED as and for the said lessor, and the balance of the returns shall be paid to the lessee. A duplicate copy of this agreement shall be deposited with the said smelter to which the ores are shipped to the end that it may be fully advised in the premises.

To render to the lessor complete statements of milling or smelter returns between the 20th and 25th days of the month following the month in which any shipments, sales or reductions of ore are made, together with the number of shifts performed during that period.

To keep all drifts, shafts, tunnels and other passages wherein the said lessee is working clear of loose rock and rubbish, and also to well and sufficiently timber said mines and mining premises at all points where the said lessee performs any work under the terms hereof.

To allow said lessor and it's agents to enter into and upon all parts of the mines and mining property from time to time for purposes of inspection.

The lessee shall be solely responsible for all work and labor done upon or about said mining premises and property under the terms hereof, and for all materials and supplies furnished and to be used in the working of said property or in the construction of any improvement or improvements thereon by the said lessee, and the said lessee will not by any act cause, permit or suffer any lien of any kind to attach to the said property or any part thereof, and will save, defend, keep harmless and indemnify the said lessor and said property of and from any and all such lien or liens; that no person employed in or about said property shall be deemed to be the employee of the said lessor within the contemplation of an Act of the Legislature of the State of Nevada, known as the "Workman's Compensation Act," or of any act or acts amendatory thereof, or analogous or supplementary thereto; that said lessee will conduct all mining operations in and upon said mines and mining property in strict accordance with the provisions of an Act of the Legislature of the State of Nevada, entitled "An Act creating Office of Inspector of Mines," etc., approved March 24, 1909, and all acts supplementary thereto or amendatory thereof. That the said lessee shall carry industrial insurance upon all employees working in and about said premises and in accordance with the terms and conditions of what is known as and called

the "Nevada Industrial Insurance Act".

That upon the violation of any covenant or agreement herein reserved, the term of this lease shall, at the option of the said lessor, expire and terminate, and the said lessor shall have immediate possession of the premises and property hereby demised and leased to the said lessee. The waiver by said lessor of any breach or violation of this agreement shall not be deemed to be a waiver of any subsequent violation thereof. The lessor shall have the right to terminate this agreement by giving written notice of cancellation to the lessee, in the event the lessee exercises his option to purchase and fails to make the payments on the purchase price as and when the same fall due, or fails to carry out the terms of this agreement with respect to the purchase of the property herein described, after exercising his option to purchase. And in the event this contract is cancelled and terminated by the lessor for or on account of any breach thereof by the lessee, or by mutual consent of the parties hereto, all payments theretofore made upon the purchase price by the lessee shall be retained by the lessor as and for liquidated damages as for breach of contract.

The said lessor does hereby covenant and agree, that the said lessee paying the said royalties and observing the covenants and agreements herein contained, shall and may peaceably and quietly have, hold and enjoy the said premises and property during the full term hereof.

The provisions of this agreement shall inure to and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

Time is of the essence of this agreement.

IN WITNESS WHEREOF, the said parties hereto have hereunto set their hands the day and years first above written.

(Corporate Seal)

GOLD QUARRY MINES, INCORPORATED

Thomas S. Wilson
LESSOR

E. H. Seymour
LESSEE

Francis Platt
Asst. Secretary.

STATE OF NEVADA)
COUNTY OF ELKO) ss.

On this 3rd day of March, 1939, personally appeared before me, a Notary Public in and for said County and State, E.H. SEYMOUR, known to me to be the person described in and who executed the foregoing instrument and 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 last above written.

(Notarial Seal)

Orville R. Wilson
Notary Public.

Recorded at the request of Mrs. Irene Seymour June 2, A.D. 1939 At 0 minutes past 4 P.M.

Peter Merialdo---Recorder.