

File No. 24817.

Majestic Mines Corporation,  
Roberts Mining & Milling Company,

to

) Lease and Option  
)  
)

Joe F. McCarthy.

MINING LEASE AND OPTION

THIS INDENTURE OF LEASE made and entered into this 23rd day of September, 1943 between MAJESTIC MINES CORPORATION, a Nevada corporation, and ROBERTS MINING & MILLING COMPANY, a Nevada corporation, Lessors, and JOE F. McCARTHY, Lessee,

W I T N E S S E T H:

That the Lessors, for and in consideration of the rents, royalties, covenants and agreements hereinafter reserved and contained, and by the said Lessee to be paid, kept and performed, do hereby lease, demise and let unto the said Lessee, all that certain mining property situate, lying and being in Mill Canyon, Cortez Mining District, Eureka County, Nevada, and particularly described as follows, to-wit:

The Victory, Fraction, Homestead, Congress, and Bluebell lode mining claim (excepting from said Bluebell Claim the 5-room dwelling with bath, stable and/or school house thereon, together with surface rights and lateral support, and also full rights of ingress and egress).

The Aurora, Rhoda, Benjamin Harrison, Jumbo, Mayflower, Comstock, Illinois, White Horse, Highland Lassie, Valley View, Oneonton, Glittering Galore, Cavalier, London, Eagle, Mascot, and Bruno lode claims;

The Cortez, Cortez No.1, Cortez No.2, Cortez No.3, Cortez No.4, Cortez No.5, Shamrock, Esther and Erwin lode mining claims;

The Majestic and Mejestic No.1 lode claims;

The Blue Jay lode claim;

The Tom Gillam lode claim;

Including all water and water rights appurtenant to the above property, together with all improvements, appurtenances, equipment and other rights situate upon or used in connection with said mining claims, owned by the Lessors;

Also all the right, title and interest, if any, of the Roberts Mining & Milling Company in and to the above described property; also all right title and interest of said Roberts Mining & Milling Company in and to the following lode claims situate in said Mining District, to-wit: Emma E, Buddy, Whitey, Sheila, Norman, Nora, and Esther B.

TO HAVE AND TO HOLD the said property unto the said Lessee for the period of five (5) years, commencing ten days from and after the approval of this Lease, as to said Roberts Mining & Milling Company by the United States District Court for the District of Nevada, until the expiration of said term, unless sooner forfeited or terminated through the violation by said Lessee of the covenants, or any of them, hereinafter contained.

And the said Lessee does hereby covenant and agree as follows:

1. To enter upon the said premises and work the same in a proper, skillful and minerlike fashion, and in a manner necessary to good and economical mining so as to take out ore with due regard to the safety, preservation and development of said premises as a workable mine. So far as practicable, the properties of each of the Lessors shall be worked as one mining operation.

2. To work said mine with at least 120 shifts of eight hours each during each and every calendar month of the said term, unless prevented by labor strikes or extraordinary casualty; and to pay all miners or other laborers employed in or about the said premises at least twice during each month.

3. As agent of Lessors, to cause to be posted in a conspicuous place upon said premises notices of the non-responsibility of the Lessors, notifying all persons that the said Lessors will not be responsible or liable for any labor performed, materials furnished or improvements made upon said premises during the term of this Lease, and to cause a copy of such notice, together with an affidavit of posting the same, to be filed in the office of the County Recorder of Eureka County, Nevada, in all respects as required by the Nevada laws.

4. To well and sufficiently timber all of the workings on said premises at all points where proper in accordance with safe mining, and to promptly repair and replace all timbering which may be rendered insufficient by shock, blasting, pressure of water, wear and tear or other causes, and to keep the timber in said workings at all times in a good, safe and serviceable condition, and not to remove any timber from any portion of said premises, except insofar as may be necessary for repairs, enlargements, or more speedy and economical working of said property.

5. To make all shafts at least seven feet long by at least four feet wide in the clear, and all drifts at least six feet high and four feet in the clear.

6. Any new levels constructed upon said premises shall be at least fifty feet apart and underhand stoping shall not be permitted without the consent of the Lessors. At least ten feet of rock in place shall be left upon all sides of any shafts, winzes, upraises or ore chutes.

7. To keep and hold as the agent and representative of the Lessors any and all cross or parallel lodes, spurs, veins or mining deposits of any kind or nature whatsoever which may be discovered by the Lessee or any person in his employ by working within and upon the said premises; provided, the said Lessee shall have the privilege to mine and work the same or any part

thereof subject to the terms and conditions of this lease.

8. To permit the agent, attorney or employees of the Lessors at all reasonable times to have access to any of the workings upon said premises for the purpose of inspection, sampling or testing any ores that may be exposed in said workings or upon any dumps upon the said premises.

9. That the said Lessee will not assign or transfer this Lease or any interest therein, and will not sublet the said premises or any part thereof without the written consent of the owners and lessors first had and obtained; provided, that the Lessors will not withhold such consent except for a good and substantial reason.

10. The Lessee agrees to notify the Lessors or their agents of all shipments and furnish to the Lessors a duplicate of the mill, smelter, sampler or reduction works returns.

11. The Lessee to pay as royalty fifteen per cent of the net returns of all ores, whether the same be treated on the ground by smelter or shipped for reduction or treatment, according to the best judgment of the Lessee for their mutual benefit. All payments of royalties shall apply on the purchase price of the property, if the lessee shall avail himself of his option to purchase said property as hereinafter provided. As between the Lessors, said royalties and all payments on purchase price shall be divided two-thirds thereof to said Majestic Mines Corporation, and one-third thereof to said Roberts Mining & Milling Company.

12. The Lessee will deliver to the Lessors, on or before the tenth day of each month, a full, true and correct statement, in writing, showing all shipments of ores, ores smelted on the ground, or milled thereon, and all shipments of ores, and the net returns therefor, as well as the number of shifts of work performed on said mining property during the previous month. A cessation of work by the Lessee for the period of thirty days, unless with the written consent of the Lessors, shall immediately terminate this Lease, at the option of the Lessors.

13. The Lessee shall cause all workmen, miners or laborers to be insured by the Nevada Industrial Commission and shall pay the said Commission all charges in connection with the protection of such workmen.

14. The Lessee agree to perform the annual assessment work or to file notices of desire to hold any of the claims covered by this Lease which may be necessary to hold same for the Lessors under the mining laws, but shall be credited with the number of shifts required to do said annual work at the time said work is performed.

15. In the event the lessee shall acquire any mining locations nearby or contiguous to the above described property, or water rights, the lessors shall have the option of purchasing same, in the event this agreement terminates otherwise than by purchase of the above described mining property, for a sum representing the actual cost to the lessee for the acquisition thereof.

16. In the event the Lessee shall default in respect of a certain Lease and Option Agreement pertaining to a certain dwelling situate on one of the mining claims above described, then it is agreed that all rights of the Lessee under this agreement shall automatically terminate.

IT IS UNDERSTOOD AND AGREED that the Lessee shall have and is hereby given and granted an option to purchase said property at any time during the term of this Lease and before any default, for the sum of Two Hundred Thousand Dollars (\$200,000.).

After as much as \$5000.00 shall have been received by Lessors on account the purchase price, the Lessors agree, upon written demand by the Lessee, to make, execute and deposit in escrow with some depository to be later agreed upon, a good and sufficient deed conveying the said premises to the Lessee, free and clear of encumbrances, with instructions to said depository to deliver said deed to the Lessee upon payment of the whole purchase price. Deposit of such payment in the depository to be agreed upon for the credit of the Lessors shall constitute payment of such purchase price, and all royalties paid to the Lessors shall be applied and credited upon said purchase price and deducted therefrom.

IN WITNESS WHEREOF, the said Lessors have caused this Lease to be executed by their officers thereunto duly authorized by their Boards of Directors, and their respective corporate seals to be hereunto affixed, and said Lessee has hereunto set his hand, the day and year first above written.

(Corporate Seal)

MAJESTIC MINES CORPORATION

BY Belle McCord Roberts  
President  
James D. Finch  
Secretary.

(Corporate Seal)

ROBERTS MINING & MILLING COMPANY

BY Belle McCord Roberts  
President  
Reta W. Carter  
Secretary.

LESSORS

Joe F. McCarthy  
LESSEE

STATE OF NEVADA, )  
                          ) SS  
County of Washoe.)

On this 23rd day of September, 1943, before me, a Notary Public, personally appeared BELLE McCORD ROBERTS, known to me to be the President of Majestic Mines Corporation and Roberts Mining & Milling Company, the corporations that executed the foregoing instrument, and upon oath did depose that she is the officer of said corporations as above designated; that she is acquainted with the seals of said corporations, and that the seals affixed to said instrument is the corporate seals of said corporations; that the signatures to said instrument were made by the officers of said corporations as indicated after said signatures, and that the said corporations 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 Official Seal, the day and year in this Certificate first above written.

(Notarial Seal)

B. C. Yparraguirre  
Notary Public

STATE OF NEVADA, )  
                          ) SS.  
County of Washoe.)

On this 23rd day of September, 1943, before me, a Notary Public, personally appeared JOE F. McCARTHY, known to me to be the person described in and who executed the foregoing instrument, who 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)

B.C. Yparraguirre  
Notary Public.

Recorded at the request of Joe F. McCarthy Nov. 13, A.D. 1943 At 05 minutes past 9 A.M.

Peter Merialdo---Recorder.