

Charles A. Vaccaro and Sophia E. Vaccaro,
First Parties,
T.J. Frank, John A. Cardinalli, and Hilda
S. Cardinalli, his wife, Charles A. Vaccaro
and Sophia Vaccaro, his wife,
Second Parties,

Lease and Option

and

UNITED STATES SMELTING REFINING AND MINING EXPLORATION COMPANY

LEASE AND OPTION

THIS AGREEMENT, made and entered into at Salt Lake City, Utah, as of the 19th day of January, 1944, by and between CHARLES A. VACCARO and SOPHIA E. VACCARO, his wife, of Eureka, Nevada, First Parties, T. J. FRANK, unmarried, JOHN A. CARDENALLI and HILDA S. CARDENALLI, his wife, CHARLES A. VACCARO and SOPHIA E. VACCARO, his wife, all of Eureka, Nevada, Second Parties, and UNITED STATES SMELTING REFINING AND MINING EXPLORATION COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Maine and qualified to do and doing business within the State of Nevada, hereinafter called United States Company, Third Party;

W I T N E S S E T H :

First Parties own the following described unpatented lode mining claims situate in Eureka County, State of Nevada, hereinafter designated as Parcel No. 1, to wit:

Mountain View,
Mountain View No. 1 and
Mountain View No. 2.

Said Mountain View was located by Sophia E. Vaccaro and notice of location was filed for record in the office of the County Recorder of Eureka County, Nevada on July 1, 1941; certificate of location thereof was filed in such office on September 12, 1941 and in the notice of location said claim was described as being located one-half mile Northeast of the top of Lone Mountain.

Said Mountain View No. 1 and said Mountain View No. 2 were located by said Sophia E. Vaccaro on April 20, 1943 and notices of location thereof were filed in the aforesaid office on said date. Said last two named mining claims are contiguous to the aforesaid Mountain View Claim.

Second Parties own the following described unpatented lode mining claims situate in Eureka County, State of Nevada, hereinafter designated as Parcel No. 2, to wit:

Mountain View Extension,
Mountain View No. 3,
Mountain View No. 4,
Mountain View No. 5,
Mountain View No. 6,
Mountain View No. 7,
Mountain View No. 8,
Mountain View No. 9,
Mountain View No. 10, and
Mountain View No. 11.

Said claims were located by Charles A. Vaccaro, T. J. Frank and John A. Cardenalli on November 6, 1943, and notices of location thereof were filed in the office of the County Recorder of Eureka County, Nevada on November 9, 1943. Said Mountain View Extension and Mountain View Nos. 3 to 11, inclusive, are contiguous to the Mountain View Group comprising the Mountain View, Mountain View No. 1 and Mountain View No. 2, above described.

United States Company desires to secure options to purchase said Parcel No. 1 and said Parcel No. 2 with the right to work and mine said Parcels during the continuance of such options, and First and Second Parties are willing to grant such options and rights to United States Company upon the terms and conditions hereinafter set forth:

NOW THEREFORE, in consideration of the premises, of the sum of One (\$1) Dollar by United States Company to First Parties in hand paid and of a like sum to Second Parties in hand paid, and of the covenants and agreements hereinafter contained, it is AGREED by and between the parties hereto as follows, to wit:

1. First Parties do hereby give and grant unto United States Company the exclusive right and option to purchase Parcel No. 1 above described and Second Parties do hereby give and grant unto United States Company the exclusive right and option to purchase Parcel No. 2 above described, together with all the dips, spurs and angles thereof and all the metals, ores, mineral bearing quartz, rock and earth therein and all the rights, privileges and franchises thereto incident, appendant and appurtenant or therewith usually had and enjoyed, and all tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the rents, issues and profits thereof, including any water and the right to the use thereof on said claims upon the following terms and conditions:

(a). The purchase price for said Parcel No. 1 is hereby fixed at Twenty-five Thousand (\$25,000) Dollars, payable in installments as follows:

Twenty-five Hundred (\$2,500) Dollars on or before November 1, 1944;
Forty-five Hundred (\$4,500) Dollars on or before November 1, 1945;
Forty-five Hundred (\$4,500) Dollars on or before November 1, 1946;
Forty-five Hundred (\$4,500) Dollars on or before November 1, 1947;
Forty-five Hundred (\$4,500) Dollars on or before November 1, 1948; and
Forty-five Hundred (\$4,500) Dollars on or before November 1, 1949.

(b) The purchase price for said Parcel No. 2 is hereby fixed at Eighty-five Thousand (\$85,000) Dollars, payable in installments as follows:

Eighty-five Hundred (\$8,500) Dollars on or before November 1, 1944;

Fifteen Thousand Three Hundred (\$15,300) Dollars on or before November 1, 1945;

Fifteen Thousand Three Hundred (\$15,300) Dollars on or before November 1, 1946;

Fifteen Thousand Three Hundred (\$15,300) Dollars on or before November 1, 1947;

Fifteen Thousand Three Hundred (\$15,300) Dollars on or before November 1, 1948;

Fifteen Thousand Three Hundred (\$15,300) Dollars on or before November 1, 1949.

(c) All payments under the aforesaid options shall be made by depositing the same in the Farmers & Merchants National Bank of Eureka, Nevada; payments under the option on Parcel No. 1 to be so deposited to the order and credit of First Parties and payments under the option on Parcel No. 2 to be so deposited to the order and credit of Second Parties.

2. First Parties and Second Parties severally covenant and agree with United States Company, upon request by it, to make, execute, acknowledge and place in escrow in said Farmers & Merchants National Bank of Eureka, Nevada, their respective deeds conveying to United States Company said Parcel No. 1 and said Parcel No. 2, with instructions to said Bank that if United States Company shall make full payment of the purchase price upon each of said Parcels as herein provided, and shall keep and perform all of the other terms and conditions hereof upon it made incumbent, then said Bank shall deliver said deeds to United States Company or its order, otherwise said Bank shall hold said deeds, subject only to the orders of First Parties and Second Parties respectively, it being understood that United States Company shall not be entitled to exercise the option herein granted it to purchase one of said Parcels unless it likewise exercises the option so granted it to purchase the other of said Parcels.

3. First Parties covenant and agree with United States Company that they have a good and marketable possessory title to said Parcel No. 1, free and clear from liens and encumbrances and Second Parties covenant and agree to and with United States Company that they have a good and marketable possessory title to said Parcel No. 2, free and clear from liens and encumbrances. United States Company may, at its option, at any time procure abstracts of title to either or both of said Parcels, and cause the same to be examined by its attorneys. If, upon such examination there be disclosed a defect or defects in the title to any claim or claims in either said Parcel No. 1 or said Parcel No. 2, which make it unmarketable, and the owners of such claim or claims (First Parties or Second Parties as the case may be) are apprised in writing of the same and after sixty (60) days have not cured the same or taken all steps necessary in the judgment of United States Company's attorneys to do so, United States Company may attempt to cure such defects and deduct the cost from any payments due hereunder to the owners of such claim or claims. The cost to United States Company of procuring such abstract or abstracts may be deducted by it from the purchase price of the group of claims covered thereby.

4. From the date hereof United States Company shall have the exclusive right to carry on exploration, development and mining work and operations in and on Parcel No. 2 and to remove, treat, ship, sell and dispose of ores, metals and minerals taken therefrom and subject to the rights of the lessees under an existing lease entered into under date of September 1, 1943 between Mrs. Sophia E. Vaccaro as lessor and Second Parties as lessees, which lease is to be terminated as hereinafter provided, Said United States Company shall have the same rights as to Parcel No. 1.

5. First Parties and Second Parties hereby represent to United States Company that they are the only persons party to or interested in the aforesaid lease in Paragraph 4

referred to and covering Parcel No. 1 above described, and do hereby covenant and agree with United States Company that during the continuance of this agreement they will not dispose of any interest therein to any third person or permit any third person to become a party thereto or interested in said lease, and they do further represent to United States Company that they have full right to cancel and terminate said lease and they do further hereby covenant and agree with United States Company that so soon as United States Company shall have made the first payment hereinabove provided to be made by it on each of the Parcels hereinabove described, they will cancel and terminate said lease, and further that from the date hereof and until such cancellation, United States Company shall be entitled to enter upon and do such work in said Parcel No. 1 as it may desire to do, provided that such work does not unduly interfere with the operations of Second Parties under the said lease.

6. United States Company covenants and agrees with First Parties and with Second Parties respectively, as follows:

(a) That it will enter upon the optioned properties on or as soon after the first day of May, 1944 as may be practicable and during such month will perform on or for the benefit of the said Parcel No. 1 or Parcel No. 2, or both, at least seventy-five (75) man shifts of work during said month and that it will thereafter and until the first day of November, 1944 likewise do and perform an average of seventy-five (75) man shifts of work per month, it being understood that all shifts worked in one month in excess of seventy-five (75) shall be credited to United States Company on account of work to be performed in succeeding months, so that United States Company shall be required only to perform a total of four hundred fifty (450) man shifts of work by November 1, 1944. All work done in sampling, mapping, surveying, diamond drilling, trenching and pitting shall apply in performance of this agreement.

(b) That it will furnish and pay for all labor, power, tools and equipment used in the prosecution of any work performed by Third Party on said premises and will hold First and Second Parties harmless and fully indemnify them against all claims and demands which may be made upon them or against said premises on account of any debt or expense contracted or incurred by United States Company and on account of any liability or asserted liability for any injury to any person or property sustained during the continuance of this agreement and alleged to have resulted from the unsafe condition of said premises, excluding only acts of Second Parties as lessees of Parcel No. 1 during the continuance of their lease upon said Parcel.

(c) That it will comply with all legislation, Federal and State, applicable to its operations upon said premises.

(d) That it will do and perform all assessment work required to be performed upon or for the benefit of the unpatented mining claims covered by said options in each assessment year during nine months or more of which said options remain in effect, and will furnish the necessary information for filing proof of such work; provided, however, that First and Second Parties, respectively, shall file such proofs upon being furnished with such information and provided further that for any year or years in which assessment work on unpatented mining claims shall be suspended by Act of Congress, First Parties and Second Parties shall file notices of intention to hold said unpatented mining claims or other proper papers under any such law and shall cooperate in the matter in whatever way may be helpful to United States Company and First Parties and Second Parties do hereby authorize United States Company in the event of their absence or unavailability during the last month of any assessment year, through its officers or agents, to file in their behalf proof of annual labor or such notices of intention to hold said unpatented mining claims or other proper papers as may be required under any such law suspending the requirement for the performance of annual assessment work.

(e) That it will pay to First Parties upon all ores mined and milled or shipped by it from Parcel No. 1, and will pay to Second Parties upon all ores mined and milled or shipped by it from Parcel No. 2 as royalties, the following percentages of the Net Return Value of any lot of ore:

On ores having a Net Return Value of Five (\$5) Dollars or less per ton Four (4%) per cent;

On ores having a Net Return Value in excess of Five (\$5) Dollars but not in excess of Ten (\$10) Dollars per ton Four (4%) per cent, plus One (1%) per cent for each dollar of Net Return Value in excess of Five (\$5) Dollars, with fractions in proportion;

On ores having a Net Return Value in excess of Ten (\$10) Dollars per ton Ten (10%) per cent.

Additional Sums:

To the extent permitted by Government Regulations United States Company shall pay to First Parties and to Second Parties, respectively, in addition to the royalty percentage of Net Return Value provided above, an amount equal to a like percentage of any premium accruing on over-quota production of copper, lead and zinc in ores mined from their respective Parcels.

Net Return Value:

By "Net Return Value" is meant the net smelter or net mill returns to the mine on any Lot of Ore, after deducting all transportation, marketing expense, truck haulage, railroad freight, air express or freight, treatment charges and sales, severance or other taxes upon production.

Lot of Ore:

By "Lot of Ore" is meant a quantity of ore represented by a millhead sample, or a quantity of ore covered by a settlement sheet from a mill or smelter, or several quantities of ore, each separately sampled but combined by weight, treated or sold during any month or other settlement period.

Any crude ore or concentrates produced may be treated at a smelter, mill or plant operated by United States Smelting Refining and Mining Company, or any subsidiary thereof, and shall be accounted for on the terms of a schedule equal to or better than any known to be obtainable elsewhere, freight and transportation and marketing expense being taken into consideration.

Settlement shall be made on or before the last day of each calendar month or as soon thereafter as the necessary data is available, covering all ores shipped or treated during the preceding month, and United States Company with each settlement, shall furnish to the parties from whose ground such ore was mined or shipped, a copy or copies of smelter or mill settlement sheet covering same.

All royalties so payable shall be deposited to the order and credit of First Parties or Second Parties as above in Paragraph 1 (c) provided in the Farmers & Merchants National Bank of Eureka, Nevada and shall be credited to United States Company upon succeeding installments of the purchase price of the Parcel to which applicable.

(f) That in the event it surrenders the aforesaid options, it will make available to First Parties and to Second Parties, respectively, all existing drill cores and assays thereof.

Further agreements of the parties:

1. This agreement is subject to and governed by the provisions of Maximum Price Regulation No. 356 and any amendment or revision thereof respecting payment of royalties.

2. First and Second Parties agree that they will, upon request, assign and convey to United States Company any mining locations they may have or may hereafter make during the continuance of this option within an area described by a circle with a radius of one mile

and the center of which is the shaft on the Mountain View Claim, and United States Company agrees in the event it surrenders such options, to assign and convey to First and Second Parties upon request by them, any and all locations made by it within the same area during the continuance of such leases.

3. In the event of termination of the aforesaid options United States Company shall have the right within a reasonable time to remove all personal property, buildings, machinery, rails and pipe in place, placed by it upon or in the optioned premises.

4. If United States Company shall at any time be in default in the performance of any of the terms and conditions hereof upon it made incumbent, including payments of installments of purchase price and royalties, such default shall not operate to or give First Parties or Second Parties the right to cancel, forfeit or terminate this agreement, unless they shall notify United States Company in writing specifying the exact nature of such default, and unless United States Company shall within thirty (30) days from the date of the receipt of such notification by it at Salt Lake City fail to proceed diligently to cure such default.

5. It is expressly understood between the parties hereto, anything herein contained to the contrary notwithstanding, that this agreement is an option or options given by First Parties and Second Parties to United States Company and no penalty shall accrue or be assessed against United States Company for failure to perform any of the conditions, terms and agreements hereof and that United States Company may terminate this agreement at any time and thereupon any liabilities of United States Company hereunder shall immediately cease and terminate, except liability on account of any obligation arising out of its mining operations on said premises incurred and owing at the time of such termination.

6. All notices required to be given to the Third Party under any provision of this agreement may be given by registered mail addressed to United States Smelting Refining and Mining Exploration Company, 1019 Newhouse Building, Salt Lake City, Utah. All notices to be given to the First Parties or to the Second Parties shall be addressed to the persons named above as First Parties or Second Parties, as the case may be, "care of Farmers & Merchants National Bank, Eureka, Nevada"; said notices to be filed with said Bank or sent by registered mail addressed as aforesaid.

7. If United States Company is delayed or interrupted in or prevented from performing its obligations as herein provided by Act of God, fires, floods, strikes or labor troubles, breakage of machinery, inability to obtain necessary material, supplies or labor, interruptions in delivery or transportation, insurrection or mob violence, injunction, regulations, or order or requirements of government, or other disabling cause beyond the reasonable control of United States Company, then and in all such cases United States Company shall, for the time being, and without liability, be excused from performance of its obligations as herein provided for the period of such prevention, delay or disability and this agreement and all provisions thereof shall again come into full force and effect immediately upon the termination of the period of prevention, delay or disability resulting from any of the causes aforesaid. Any installment of purchase price falling due during said period shall become due and payable upon the termination of said period.

8. All the terms, covenants, agreements and conditions embodied in, and all the rights and liabilities arising by virtue of any and all agreements whether oral or written, covering the demised premises heretofore entered into between the parties hereto, are superseded by this agreement and each and every clause, condition and covenant hereof shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

IN WITNESS WHEREOF, First and Second Parties have hereunto set their hands in duplicate and United States Company has caused these presents to be signed in duplicate by its proper officer thereunto duly authorized and its corporate seal to be hereunto affixed the day and year first hereinabove written.

Charles A. Vaccaro

Sophia E. Vaccaro

FIRST PARTIES

Witness as to First
and Second Parties:

T. J. Frank

John A. Cardinalli

Hilda S. Cardinalli

Charles A. Vaccaro

Sophia E. Vaccaro

SECOND PARTIES

(CORPORATE SEAL)

UNITED STATES SMELTING REFINING
AND MINING EXPLORATION COMPANY

By C. A. Hight
President

Attest:-

George Mixten
Secretary

STATE OF NEVADA)
COUNTY OF EUREKA) SS.

On this 19 day of January, A.D. 1944, personally appeared before me Rose M. Morrison, a Notary Public, in and for Eureka County, CHARLES A. VACCARO and SOPHIA E. VACCARO, his wife, T. J. FRANK, unmarried, JOHN A. CARDENALLI and HILDA S. CARDENALLI, his wife, known to me to be the persons described in and who executed the foregoing instrument, who acknowledged to me that they 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 at my office in the County of Eureka, the day and year in this certificate first above written.

(NOTARIAL SEAL)

Rose M. Morrison
NOTARY PUBLIC

In and for the County of Eureka,
State of Nevada.

My Commission Expires: May 12, 1947

COMMONWEALTH OF MASSACHUSETTS)
County of Suffolk) SS.

On this 21st day of February, A.D. 1944, before me appeared C. A. Hight to me personally known, who being by me duly sworn, did say: that he is the President of United States Smelting Refining and Mining Exploration Company, a corporation described in and a party to the foregoing instrument; that the seal affixed to said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and the said C. A. Hight acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal, the day and year in this certificate first written.

My Commission Expires: May 21st 1948 (Notarial Seal) George W. White
Notary Public

Recorded at the request of W.F. Walthall June 5, A.D. 1944 At 0 minutes past 9 A.M.

Peter Merialdo---- Recorder.