

File No. 25785.

Mary McNaughton, )  
 to ) Option Agreement.  
 Arthur DeMelik. )

OPTION AGREEMENT

THIS OPTION AGREEMENT, made and entered into this 13th day of December, 1944, by and between MARY McNAUGHTON, of the Town of Eureka, County of Eureka, State of Nevada, party of the first part and hereinafter referred to as "First Party", and ARTHUR DEMELIK, of the City of Ely, County of White Pine, State of Nevada, party of the second part and hereinafter referred to as "Second Party",

W I T N E S S E T H:

That said first party, for and in consideration of the sum of Ten Dollars (\$10.00), lawful money of the United States, in hand paid, the receipt whereof is hereby acknowledged, and other good and valuable considerations, does hereby give and grant unto said second party, his heirs and assigns, an exclusive option to purchase those certain patented and unpatented lode mining claims, all situate in the Eureka Mining District, County of Eureka, State of Nevada, and being named and described as follows:

Williams;  
 McNaughton;  
 A three-quarters' interest of Pioneer;  
 A one-half interest of Laurel;  
 A one-half interest of Silver Connor;  
 Kit Carson;  
 Young Mabel;  
 Daylesford;  
 Gore and Kit Carson Millsite

All of said claims being patented.  
 Also

Huckleberry;  
 Wabash Fraction;  
 Wabash;  
 Wabash No. 1;  
 Wabash No. 2;  
 Wabash No. 3;

All unpatented lode mining claims.

Also the right to use that certain tunnel commonly known as the "Prospect Mountain Tunnel" for twelve hours per day in conjunction with the Eureka-Croesus Mining Company, it being understood that the building and compressor standing at the mouth of the tunnel, and owned by the Eureka-Croesus Mining Company, may be removed by said mining company at any time, and that the same is not included within the scope of this agreement.

The agreed purchase price for the said above described patented and unpatented lode mining claims and the casement above referred to, is the sum of Fifty-five thousand Dollars (\$55,000.00), lawful money of the United States, payable as follows: Five thousand Dollars (\$5,000.00) on or before the 12th day of May, 1945, and Fifty thousand Dollars (\$50,000.00), or the balance of the said purchase price, payable on or before the 14th day of August, 1950.

In the event that the said second party desires to exercise his option, he shall do so by making the first payment of Five thousand Dollars (\$5,000.00) on or before May 12, 1945.

Subsequent to but not before the said second party has exercised his option under this agreement, he, or his assigns, is hereby given the right of possession of the above described

mining claims and all the workings thereon, and may mine and remove ores and materials therefrom, paying to said first party a royalty of ten percent (10%) of the net smelter returns, which royalty shall be applied upon the purchase price. Said second party agrees to instruct the smelter at which the ores of the above described premises are treated to pay the said royalty directly to said first party by forwarding a check made payable to her to the Farmers and Merchants National Bank, Eureka, Eureka County, Nevada.

IT IS AGREED BY THE PARTIES HERETO that in the event the said second party exercises the option given herein by said first party, he, the said second party shall begin operations on said property as soon as practicable after the removal of Federal regulations which now prohibit the operation of gold mines, and as soon as the necessary materials and man power become available.

In the event that the said second party makes the payment of Five thousand Dollars (\$5,000.00) on or before the 12th day of May, 1945, it is agreed that said second party shall pay to said first party the sum of One Hundred Dollars (\$100.00) per month during such time as he is prohibited from operating the property because of the Federal regulations or the inability to secure the necessary materials and supplies and obtain the necessary man power. It is understood and agreed by the parties hereto that the said monthly payment of One Hundred Dollars (\$100.00) shall be applied upon the balance of the unpaid portion of the purchase price.

In the event that said second party makes the said payment of Five thousand Dollars (\$5,000.00) as hereinabove provided, said first party agrees to place in escrow with the Farmers and Merchants National Bank, Eureka, Eureka County, Nevada, a good and sufficient deed running from said above named first party to said above named second party, or his heirs or assigns, which deed conveys the above described mining claims as well as the easement in and through the "Prospect Mountain Tunnel"; that such deed shall be delivered to said escrow agent, together with instructions to deliver the said deed to the said second party, or his heirs or assigns, upon full payment of the said purchase price.

It is agreed between the parties hereto that in the event the said second party abandons or forfeits the agreement, all machinery and equipment which is placed underground by him, shall be left in place, but that all machinery, equipment, buildings, and/or improvements which are placed upon the surface of said mining claims, may, at his option, be removed at any time after said forfeiture or abandonment.

It is mutually agreed by and between the parties hereto that in the event the said second party makes the payment of Five thousand Dollars (\$5,000.00) upon the purchase price as hereinabove provided, that he will pay all taxes levied by the County of Eureka or the State of Nevada or any political subdivision thereof, upon said above described patented lode mining claims and the improvements thereon for the year 1945 and all subsequent years during the life of this agreement. It being understood that the said first party shall pay the taxes upon the above referred to property for the year 1944.

Said second party shall also perform the annual labor required to hold the unpatented lode mining claims hereinabove described for the years 1945 and subsequent years during the life of this agreement, provided, however, that the agreement to perform the annual assessment work shall apply only if the said second party makes the initial payment of Five thousand Dollars (\$5,000.00) on the purchase price; and provided further that he shall not be required to do such work in the event that there is any law which exempts the owners of unpatented lode mining claims from performing annual assessment work.

This agreement may be assigned by said second party without the consent of said first party.

It is mutually agreed by and between the parties hereto that in the event the said second party exercises his option as given to him by said first party in this agreement, and that the patented and unpatented lode mining claims above named and described are surveyed, and that such survey discloses the fact that there are any fractions or portions of claims which lay without the exterior boundary lines of the above named patented and unpatented lode mining claims, such fractions shall, by said second party, be located in the name of said first party, and said fraction shall be subject to the terms and conditions of this agreement as fully as though the same were now located and included within the above description; in the event that the said fractions are discovered after the deeds have been placed in escrow as provided for herein, then additional deeds shall be made by said first party covering said fractions, which deeds shall be placed in escrow subject to the terms and conditions of this Option Agreement.

It is understood and agreed that while said second party has the right to the possession of the above described patented and unpatented lode mining claims for the purpose of sampling the said properties, and for the purpose of re-timbering the shafts and tunnels, that said first party has the right and privilege to mine said property and take therefrom ores, provided, however, that such right and privilege shall terminate upon the date that the said second party shall exercise his option by the payment of the said sum of Five Thousand Dollars (\$5,000.00), and provided further, that the said first party, while in possession of said premises and mining ore therefrom, shall do so at his own expense and responsibility and shall protect the property from liens and encumbrances of any nature whatsoever so as not to cloud the title of the above described property.

It is mutually agreed by the parties hereto that in the event the said second party exercises the option herein given and granted to him by said first party, he will thereafter post and keep posted upon the above described premises in a conspicuous place and cause a copy thereof to be duly recorded in the office of the County Recorder or Eureka County, State of Nevada, a Notice of Non-Liability and Responsibility which shall declare that all of the work upon the said premises is being done by said second party and that the said first party nor the property hereinabove described shall be liable or responsible in any manner for the debts and obligations incurred by the said second party for labor, material, and/or supplies. Said second party further covenants and agrees to do no acts which will cause any lien or encumbrance to be created against or upon the above described property.

It is mutually agreed by and between the parties hereto that time is the essence of this agreement, and that no extension of time within which to make any payment upon the purchase price will be allowed said second party unless such extension is granted by another agreement.

It is further understood and agreed that should the said second party, or his assigns, fail, neglect, or refuse to carry out any of the terms, and conditions, of this agreement hereinabove stated and set forth (save and except the payments upon the purchase price) for a period of fifteen (15) days after written notice of default, this contract shall become null and void and of no further force and effect, and all the payments made thereunder on the said purchase price shall be retained by said first party as liquidated damages for the use and occupancy of said premises, and as the consideration for which this agreement is executed, and the said party of the second part shall forthwith deliver up to said first party the peaceful possession of the said premises and every part thereof.

This agreement shall extend to, bind, and be enforceable against the heirs, executors,

administrators, and assigns of the respective parties hereto.

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

Mary McNaughton  
First Party

Arthur DeMelik  
Second Party

State of Nevada            )  
County of White Pine.    ) ss.

On this 13th day of December, 1944, personally appeared before me, a Notary Public in and for said County and State, ARTHUR DeMELIK, known to me to be the person described in and who executed the foregoing instrument; who duly 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 last above written.

(Notarial Seal)

W. Howard Gray  
Notary Public

My Commission Expires: April 8, 1946

State of Nevada,         )  
County of                 ) ss.

On this 19th day of December, 1944, personally appeared before me, a Notary Public in and for said County and State, MARY McNAUGHTON, known to me to be the person described in and who executed the foregoing instrument; who duly acknowledged to me that she 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 last above written.

(Notarial Seal)

E. Corecco  
Notary Public

My Commission Expires: June 21, 1948.

Recorded at the request of Arthur DeMelik Dec. 20 A.D. 1945 At 45 minutes past 1 P.M.

Peter Merialdo----Recorder.