

File No. 25818.

Harry Morris,

to

R.C.Peterson, R.A.McDonald and B.E.O'Malia.)

Option Agreement.

OPTION AGREEMENT

THIS AGREEMENT, made this 4th day of September, 1945, by and between HARRY MORRIS, first party, and R.C. PETERSON, R.A.McDONALD and B. E. O'MALIA, second parties,-

W I T N E S S E T H:

That for and in consideration of the sum of Ten Dollars (\$10.00), lawful money of the United States, to him in hand paid by second parties, receipt whereof is hereby acknowledged, and in further consideration of the covenants, agreements and conditions hereinafter reserved, to be paid, kept and performed by Second Parties, First Party has granted, and by these presents, does give and grant unto Second Parties, their heirs and assigns, the sole and exclusive option and right, under the particular terms and conditions hereinafter set forth, to purchase all of the following described quartz lode mining claims, situate in the Eureka Mining District, County of Eureka, State of Nevada, namely:

All and singular those certain quartz lode mining claims commonly known and described as GORDON NO. 1, GORDON NO.2, CORLISS NO.1, CORLISS NO.2, CORLISS No.3, CORLISS NO.4, ANTELOPE NO. 1, ANTELOPE NO.2, ANTELOPE, RUBY NO.1, RUBY NO.2 and OREGONIAN;

All of said claims appearing of record in the Office of the Recorder of said Eureka County, Nevada, to which records reference is hereby made for a more particular description thereof; and

Together with all of the buildings, equipment and improvement whatsoever placed or installed therein or thereon, or appurtenant thereto.

1.- Second Parties shall have until September 15, 1945, within which to make an examination of said mining properties for the purpose of determining their value as mineral bearing ground and said Second Parties' willingness to further proceed under the terms hereof. In the event of such election to proceed Second Parties shall thereupon notify First Party thereof, and on or before December 15, 1945, Second Parties shall pay to the account of First Party in Farmers and Merchants National Bank, at Eureka, Nevada, the sum of Twelve Hundred Dollars (\$1200.00) for the purpose of reimbursing First Party for moneys heretofore expended by him in performing statutory labor upon said mining claims for the current assessment year.

2. - The agreed purchase price for said mining properties shall be and is the sum of Fifty Thousand Dollars (\$50,000.00) (inclusive of the sum of \$1200.00 mentioned in the next preceding paragraph), to be paid to the account of First Party in Farmers and Merchants National Bank in manner following, that is to say:

The sum of One Hundred Dollars (\$100.00) on or before May 20th, 1946, and a like installment payment of One Hundred Dollars (\$100.00) on or before the 20th day of each and every month thereafter to and including the 20th day of September, 1947; and

The entire deferred balance of said agreed purchase price, in the sum of Forty-Seven Thousand One Hundred Dollars (\$47,100.00) to be paid on or before October 20th, 1947.

3. - Upon payment by Second Parties of the aforementioned sum of \$1200.00 on or before December 15th, 1945, First Party shall make and execute a good and sufficient Deed conveying to Second Parties all of First Party's right, title, estate and interest in and to the afore-described mining premises and properties, free and clear of liens or other encumbrances, which said conveyance shall be thereupon deposited in the aforementioned Banking House accompanied by an appropriate letter of escrow instructions, together with a true copy of this Agreement, for the delivery of said instrument to Second Parties upon full payment of the purchase price of said properties in accordance with the terms hereinabove recited.

4. - First Party warrants that all of the aforementioned mining claims are free and clear from any and all conflicts of any prior or senior mining locations.

5. - First Party shall have the right to enter into immediate possession and occupancy of said mining properties and premises, for a term contemporaneous with the period of the option privilege herein granted, for the purpose of conducting such development and mining operations therein and thereon as may be deemed advisable in the judgment of Second Parties, with the right to extract, mill, ship or otherwise treat the ores derived from said operations; provided, however, that all of Second Parties' operations shall be performed in proper, skillful and minerlike fashion and in manner necessary to good and economical mining. In that behalf it is further expressly agreed between the parties that a flat royalty of Ten Per Cent (10%) (after first deducting all transportation and treatment charges) is hereby reserved to be paid to the First Party upon the net mill or smelter returns of all ores extracted and shipped or sold from said mining premises by virtue of this agreement; that all such shipments shall be made in the name of First Party and returns thereon made to and distributed by said Farmers and Merchants National Bank, Ninety Per Cent (90%) thereof to Second Parties and Ten Per Cent (10%) thereof to First Party, and that any and all such payments on account of royalties so reserved to be paid to First Party shall apply on and be in part payment of the aforementioned balance of purchase price to be paid by Second Parties on or before October 20th, 1947.

6. - All buildings, equipment and other improvements upon, in or about said mining properties shall be kept and maintained by Second Parties in good and workable condition, and in the event of forfeiture or other determination of the rights and privileges hereby granted, shall be surrendered in at least as good condition as when received by Second Parties, damage by the elements or from other like extraordinary casualty alone excusing.

7. - Second Parties shall carry Nevada Industrial Insurance for any and all persons employed in and about the mining or other operations on said premises, and all of the operations of second parties shall be so conducted as to fully comply with the laws of the State of Nevada in every respect.

8. - Second Parties shall immediately post, and thereafter keep posted conspicuously upon said premises, notices to the effect that First Party shall not be held liable for any of the operations of Second Parties, or for labor performed or supplies furnished, and shall file proof of such posting in the Office of the Recorder of Eureka County, Nevada, as required by the Statutes of Nevada for the protection of said premises from liens or other encumbrances.

9. - Second Parties shall fully comply with all such rules, regulations and requirements as may now or hereafter be promulgated by the Wage and Hour Division of the United States Department of Labor relative to the observance of minimum wages and maximum hours prescribed by the Standard Labor Practices Act (Fair Labor Standards Act).

10. - First Party or his delegated agent shall have free access at any time to any and all workings upon, in or about said mining premises for the purpose of sampling, investigation and inspection, and shall have the right to examine any and all books, records, assay returns, smelter returns, maps, mine reports and other mining data pertaining to Second Parties' operations of said premises.

11. - Time and punctuality are of the essence of this Agreement as to each and every installment or payment, and if any installment or payment be not made within the time hereinabove limited, all previous installments or payments theretofore made, including payments on account of royalty, shall be deemed as and be forfeited to and remain the property of First Party as liquidated damages, and all of the aforescribed premises and property shall be thereupon surrendered to and remain the property of First Party, unaffected and unencumbered by this Agreement; provided, however, that no forfeiture shall be declared against Second Parties as to any mining or milling machinery, mining tools, appliances, equipment or other improvements (excepting buildings, pipe, rails and timbers) placed or installed upon said mining premises by Second Parties, and all of said first designated improvements shall be and remain the personal property of said Second Parties, with the right to remove the same from said premises, together with any mill grade or shipping grade ore theretofore extracted by Second Parties and lying on the dumps or broken down in said premises awaiting shipment, at any time within ninety (90) days from and after the termination of this agreement, without purchase, it being expressly understood and agreed that none of said first designated improvements shall be deemed fixed to the realty or become fixtures thereof.

12. - This Agreement shall be construed only as an option to purchase and not as an Agreement to purchase, and Second Parties shall have the right to relinquish the same, and to be thereupon released from any further obligation arising hereunder, at any time upon Ten (10) days' written notice to First Party, delivered personally or forwarded by registered mail to First Party Harry Morris, at Eureka, Nevada, conditioned that any and all installment payment or payments on account of royalties which may have accrued and be past due prior to such notice, shall be paid to First Party contemporaneously with the giving of said notice, and Second Parties shall have no right to remove any of the personal property or ores mentioned and referred to in Paragraph II hereof until all of such delinquent payments shall have been made to First Party.

13. - Second Parties shall not assign this Agreement or any of the rights and privileges arising hereunder, without the consent in writing of First Party first had and obtained.

14. - This Agreement, and each and every clause and covenant thereof, shall extend to and be binding upon the heirs, executors, administrators and assigns of the parties hereto.

IN WITNESS WHEREOF, the Parties hereto have hereunto signed their names, the day and year in this agreement first above written.

Harry Morris

Harry Morris

First Party

R.C. Peterson

R.C. Peterson

R. A. McDonald

R. A. McDonald

B. E. O'Malia

Second Parties

STATE OF NEVADA,)
COUNTY OF MINERAL.) ss.

On this 24th day of January, One Thousand Nine Hundred and Forty six, A.D., personally appeared before me, Wm. F. Merchant, a Notary Public in and for the County of Mineral, State of Nevada, Harry Morris, R.C. Peterson, R.A. McDonald and B.E. O'Malia, 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 the day and year in this certificate first above written..

(Notarial Seal)

My commission expires April 4, 1949.

Wm. F. Merchant

Notary Public in and for the County of Mineral, State of Nevada, residing at Hawthorne, Nevada.

Recorded at the request of B. E. O'Malia Jan. 29 A.D. 1946 At 15 minutes past 4 P.M.

Peter Merialdo ---- Recorder.