

William S. Boyle, Trustee)
to) Lease and Option.
JOE F. McCARTHY.)

MINING LEASE AND OPTION

THIS INDENTURE OF LEASE made and entered into this 11th day of September, A. D. One Thousand Nine Hundred and forty-five, between WILLIAM S. BOYLE, the duly appointed, qualified and acting Trustee of ROBERTS MINING AND MILLING COMPANY, a corporation, Debtor in Bankruptcy No. 561, United States District Court in and for the District of Nevada, and MAJESTIC MINES CORPORATION, a corporation organized and existing under the laws of the State of Nevada, Lessors, and JOE F. McCARTHY, of Elko, Nevada, Lessee,

W I T N E S S E T H:

That the Lessors, in consideration of the royalties, rents, covenants and agreements hereinafter reserved and contained, and by the said Lessee to be paid, kept and performed, hereby lease and let unto the said Lessee all that certain mining property situated, lying and being in

Mill Canyon, Cortez Mining District, Eureka County, State of Nevada, and particularly described as follows, to-wit:

The Victory, Fraction, Homestead, Congress, and Bluebell lode mining claims, (excepting from said Bluebell claim the dwelling known as the "Roberts house," stable and garage thereon, 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 mining claims;

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

The Majestic and Majestic No. 1 lode mining claims;

The Blue Jay lode mining claim;

The Tom Gilliam lode mining claim;

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

Also all the right, title and interest, if any, of the said 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., (patented), 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 and option, as to said Roberts Mining and 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 said premises and work the same in a proper, skilful 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 property 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 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 persons 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 and Option.

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.

To permit the Lessors, or either of them, at their own expense, to keep and maintain a watchman on said premises during the life of this lease and option with right of access to the said mining property or equipment.

9. That the Lessee will not assign or transfer this Lease and Option nor any interest therein, and will not sublet the said premises or any part thereof, without the written consent of the Lessors first had and obtained: Provided, that the Lessors will not withhold such consent except for good and sufficient reasons.

10. The Lessee agrees to notify the Lessors or their agents of all shipments and furnish to the Lessors duplicates 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. Net returns shall be construed to mean the returns made by any smelter or reduction plant to which said ores may be shipped after deducting therefrom all expenses paid or incurred by Lessee for hauling said ores from the mining property to the smelter or reduction works installed by the Lessee on or near the leased premises, as well as expense of hauling the matte or other form of metals or ores from said Lessee's smelter or reduction works to the railroad, as well as freight charges paid or incurred by Lessee for transportation to such smelter or reduction works to which Lessee shall ship said ores, mattes, or metals for final reduction.

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.

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 calendar 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 and option, 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 agrees to perform the annual assessment work upon 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 on the 120 shifts per month hereinbefore referred to.

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 Lease terminates otherwise than by purchase of the above described property, for a sum representing the actual cost to the Lessee for the acquisition and/or location thereof and/or improvements made thereon or therein.

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 lease and option shall automatically terminate, provided such default on the part of Lessee shall not be caused by any defect in the title to said dwelling house on the part of the Lessor in said agreement.

17. The Lessee to pay all State and County taxes levied against any of the property herein demised from and after January 1, 1945, such payments to be credited on the royalties and/or purchase price thereof.

18. That if the Lessee shall fail to comply with any of the conditions or covenants of this Lease and Option, this Lease and Option, unless corrected within 30 days after written notice from the Lessors to the Lessee, will terminate and become void, as well as all sub-leases thereunder, if any, at the option of the Lessors, and the Lessors may thereupon re-enter and take possession of the premises, which shall be delivered to them.

It is agreed that any ore loosened and not taken out of the mining property at the termination of this lease, or any sublease thereof, shall belong to the Lessors unless the Lessee shall remove same within 120 days after the said termination of said Lease and Option other than by forfeiture for failure to comply with the terms of this Lease and Option.

19. That Lessee will maintain and protect the water rights appurtenant to said mining property.

20. That in the event the Lessee shall desire to terminate and abandon this Lease and Option at any time before the expiration of the term thereof, he agrees to give Lessors thirty days notice thereof in writing.

21. It is agreed that upon the abandonment or expiration of this lease without default on the part of Lessee, the said Lessee may within 90 days remove from the premises all machinery, equipment, tools, supplies, materials, etc., placed on or used in connection with said premises by said Lessee.

22. It is 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 Option and before any default, for the sum of Two Hundred Thousand Dollars (\$200,000.00).

After as much as \$5,000 shall have been received by Lessors on account of 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, good and sufficient deed or deeds conveying the said premises to the Lessee, free and clear of encumbrances, with instructions to said depository to deliver said deed or deeds to the Lessee upon payment of the whole purchase price. Deposit of the whole purchase price, or such balance thereof as may be due the Lessors,

in the depository to be agreed upon for the credit of the Lessors shall constitute payment of such purchase price. All royalties and taxes paid to the Lessors or on their account shall be applied and credited upon said purchase price and deducted therefrom.

23. That until the further order of the said United States District Court or of the Judge thereof, all payments of royalties and/or cash payments on account of the purchase price, except taxes, shall be paid by the Lessee to William S. Boyle, Trustee of said Roberts Mining and Milling Company in Bankruptcy, or to his duly appointed, qualified and acting successor, who shall deposit same in a Reno bank in the name of "William S. Boyle, Trustee of Roberts Mining and Milling Company, Bankrupt, Special." Said funds not to be paid out except on order of said United States District Court or the Judge thereof, after notice being first given to H. R. Cooke, attorney for said Majestic Mines Corporation.

IN WITNESS WHEREOF, the said Lessors have caused this Lease and Option to be executed, the Majestic Mines Corporation by its President thereunto duly authorized by its Board of Directors, and the said William S. Boyle as Trustee of said Roberts Mining and Milling Company, Bankrupt, and said Lessee has hereunto set his hand, the day and year first hereinabove written.

(CORPORATE SEAL)

William S. Boyle
Trustee of Roberts Mining & Milling Co.,
bankrupt

MAJESTIC MINES CORPORATION

By Belle McCord Roberts
Its President

Joe F. McCarthy
JOE F. MCCARTHY, Lessee.

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

On this 11th day of Sept., A. D. 1945, personally appeared before me, the undersigned Notary Public, William S. Boyle, 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 at my office in said County of Washoe the day and year in this certificate first above written.

(Notarial Seal)

My Commission expires June 28, 1949

Anthony M. Turano
Notary Public, Washoe County, Nevada

STATE OF CALIFORNIA)
County of Los Angeles) ss.

On this 6th day of August, A. D. 1945, before me, a Notary Public, personally appeared BELLE MCCORD ROBERTS, known to me to be the President of Majestic Mines Corporation, the corporation that executed the foregoing instrument, and upon oath did depose that she is the officer of said corporation as above designated; that she is acquainted with the seal of said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation; that the signature to said instrument was made by the officer of said corporation as indicated after said signature, and that the said corporation 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 at my office in said County of L. A. the day and year in this certificate first above written.

(Notarial Seal)

My Commission expires Feb. 25, 1948

G. F. Peck
Notary Public, County of Los Angeles
State of California.

STATE OF NEVADA,)
) ss.
County of Elko)

On this 17th day of September, A. D. 1945, personally appeared before me, the undersigned Notary Public, 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 at my office in said County of Elko the day and year in this certificate first above written.

(Notarial Seal)

My Commission expires May 17, 1947.

James M. Olin
Notary Public, County of Elko
State of Nevada.

Recorded at the request of William S. Boyle July 31 A.D. 1946 At 0 minutes past 3 P.M.

Peter Merialdo----Recorder.