

Lease.

W. F. James

WITNESSETH:

TO HAVE AND TO HOLD for the period or term of twenty-five (25) years from the date hereof, expiring at noon on the 30th day of June, 1962, unless sooner terminated in the manner and upon the conditions hereinafter set forth.

YIELDING AND PAYING therefor, as rental and royalty, a sum equal to fifteen percent (15%) of the net mill, smelter or reduction plant returns before deduction of freight and/or transportation charges from the mine to the mill, smelter or reduction plant; and in the event the Lessee should construct or acquire a mill, smelter or reduction plant and treat therein ores mined under this lease, the net mill, smelter or reduction plant returns as specified herein shall be equal to the best price obtainable if such ores were shipped to mills, smelters or reduction plants in the Salt Lake Valley, Utah; and the Lessee agrees that in case of all shipments of ore, concentrates and mill products, the Lessee will advise the mill, smelter or reduction plant in writing that fifteen percent (15%) of the net payment therefor before deduction of freight and/or transportation charges is to be paid direct by said mill, smelter or reduction plant, to the Lessor, at Room 1019, Newhouse Building, Salt Lake City, Utah; such payment to be accompanied by smelter, mill or reduction plant settlement sheets covering the shipments; a copy of the Lessee's letter directing the smelter, mill or reduction plant to make settlement as aforesaid, to be promptly furnished to the Lessor; also a copy of the contract or contracts, and schedule or schedules under which treatment or reduction of the ore concentrates or mill products are

shipped to be furnished to the Lessor. Books and records shall be properly kept by the Lessee, open at all reasonable times to the inspection of the Lessor, its officers and appointees.

In addition to the rental and royalty aforesaid, a primary consideration and object of this lease is to provide for and to secure the performance of certain exploration and development work calculated to discover, locate, develop and make possible the mining of a faulted segment of ore which it is believed may exist at considerable depth; consequently the continuance of this lease is made dependent upon the continuous prosecution of the work calculated to attain this object; and while the Lessee takes over, under lease, the entire property, with the right to work and mine any part thereof, it is expressly understood that work done in the old mines or upper workings, or elsewhere on the property, for the purpose of finding and mining ore therefrom, shall not in any degree relieve the Lessee from his obligation to do continuous work and make continuous progress, in the manner and to the extent herein set forth, in the search for the above-mentioned faulted segment of ore, which is, as aforesaid, a primary object of this lease.

With this understanding of the objects of the lease, the Lessee covenants and agrees as follows:

1. To enter into possession of the demised premises forthwith, and within sixty (60) days from the date hereof to begin the actual work of prospecting the demised premises by diamond, rotary or churn drilling, such work to be continuous and to amount to at least fifty (50) daily drill shifts of eight hours each in each calendar month, beginning with the month next following the date of starting such drilling, and to continue until June 1, 1938, except as hereinafter provided. This drilling may be carried on either on the demised premises or on other property owned or controlled by Lessee and within one-half ($\frac{1}{2}$) mile of the demised premises, if in the opinion of the Lessee drill prospecting of the demised premises can best be carried on by drilling from points outside of but adjacent to the demised premises.

The Lessee may at any time notify the Lessor in writing that he has completed the amount of drilling he desires to do prior to starting the shaft work hereinafter provided for, in which event he shall be released from the obligation of doing any further drilling. The Lessee may nevertheless, if he so desires, do additional drilling.

2. On or before June 1, 1938, or within thirty (30) days after Lessee has given written notice to the Lessor that he has completed the amount of drilling he desires to do before starting shaft work as herein provided, whichever of those dates shall be the earlier, the Lessee shall begin the actual work of sinking a deep shaft upon the leased property at such place as he may select, which shaft shall have three (3) compartments of the following dimensions, to wit:

Two (2) hoisting compartments, each not less than 4 ft. x 5 ft. inside dimensions in the clear;

Also One (1) pump and man-way compartment not less than 5 ft. x 5 ft. inside dimensions in the clear.

And the Lessee agrees to prosecute and carry on the actual physical work of sinking said shaft continuously by causing to be done or performed therein or thereon, and for the purpose of accomplishing the actual sinking thereof, a minimum of six hundred and thirty (630) 8-hour shifts of mining labor per month; a shift of mining labor for the purposes hereof being defined as the labor of one (1) employee within and for the benefit of said shaft for the period of eight (8) hours of each twenty-four (24) hours.

3. It is further agreed that during the period of this lease, the shaft and workings herein provided for shall be solely for the use and benefit of the property leased, included within the exterior boundaries of the leased premises or controlled by any extralateral rights pertaining thereto, and that during the period of this lease, except with the consent in

writing of the Lessor first had and obtained, no ore, waste, or other material shall be hoisted through this shaft, or transported through workings connected therewith, except such as may have originated within the boundaries of the leased property or be controlled by the aforesaid extralateral rights.

4. The Lessee further agrees, this lease continuing in force, that the work of sinking and constructing the shaft above-described shall be carried on continuously until a depth of at least twenty-five hundred (2500) feet vertically below the collar of said shaft shall have been attained, or until the faulted segment of ore for which search is being made shall have been located and made available for mining before the shaft has reached the depth of twenty-five hundred (2500) feet above-mentioned; and the Lessee agrees that upon reaching the depth of twenty-five hundred (2500) feet above-mentioned, or upon locating the ore sought for at a lesser depth, he will continue to use at least the number of shifts of mining labor above-mentioned for the continuous prosecution of development work according to such plans as he may in good faith adopt and until commercial ore is developed and ready for shipment which both the Lessor and the Lessee agree is the ore sought for, to wit: the faulted segment of the Richmond-Eureka ore body; and thereafter the development, mining and shipment of products shall be carried on with regularity and in the continuous and reasonable course of business.

Failure or interruption in the continuous performance of drilling, shaft sinking and development, mining and shipment of products as hereinbefore provided, unless excused by force majeure reasons hereinafter stated, shall give the Lessor the right to cancel and terminate this lease. In such case the Lessor shall give to the Lessee written notice of cancellation, to take effect within thirty (30) days from the date of said notice; and if within the thirty (30) days the Lessee shall not resume the work called for under the lease, and continue the same in good faith as herein provided, the lease shall, upon expiration of the thirty (30) days' notice, be terminated, and the leased property shall be thereupon surrendered to the Lessor.

In case of any other violation or breach of the terms of this lease, the Lessor may give the Lessee written notice of such violation or breach, and if the violation or breach is not cured or corrected within thirty (30) days after giving said notice, the Lessor may declare the lease terminated, and the lease shall thereupon be terminated and the property surrendered to the Lessor. Any failure to give notice in case of violation or breach shall not be considered a waiver of any such violation or breach, or of any violation or breach of like character. It is also agreed that the Lessee may at any time, upon thirty (30) days written notice, surrender the lease and thereupon the lease shall become terminated.

5. If the Lessee shall be delayed, interrupted or prevented from carrying on the work continuously, as herein provided, by acts of God, strikes, fire, breakage of machinery, interruption of, or delays in, transportation, injunction, governmental demands, regulations or requirements, destruction by the elements, or other matters or things beyond his reasonable control, then the Lessee for the time being shall be excused for failure of continuous performance during the time he was so prevented and delayed, and this lease shall be extended for a period equal to the period or periods of delay above-mentioned; and if after commercial ore is developed and ready for shipment, regular shipments and sale of products in the continuous and reasonable course of business shall be interfered with, interrupted or prevented by any of the above-mentioned causes, or if by reason of financial crises, or market conditions, regular shipments in the continuous and reasonable course of business and sale of products cannot be made without financial loss or serious hardship, then likewise the Lessee shall for the time

being be excused for failure to make regular shipments as aforesaid for the period of prevention and delay, and the lease shall be extended for a like period; PROVIDED, HOWEVER, that if there shall be, in any of the cases hereinbefore stated, interruption of continuous performance of work or of shipments and sale at any time for a period of six (6) months, then the Lessor may at its option by written notice to the Lessee, terminate the lease, anything herein to the contrary notwithstanding.

6. The Lessee agrees that in the event of the cancellation of this lease through violation of any of its provisions, or upon voluntary surrender of the same by the Lessee, the Lessee will for thirty (30) days thereafter, at his sole expense, continue pumping waters flowing into said shaft or workings therefrom, to the extent that said shaft and workings therefrom shall be kept free from all water, except under conditions beyond Lessee's reasonable control.

7. The Lessee covenants and agrees that all work of exploration, development and mining, shall be carried on in a high-class, systematic and minerlike manner, consistent in all respects with good mining; that all shafts, levels, drifts, raises and other openings used by the Lessee within the demised premises, shall be maintained in at least as good condition as they are at present, and that the new shaft hereinbefore provided for, and all drifts, crosscuts, raises, and all workings connected therewith, or having to do with the new development work at depth, shall be constructed and done in a minerlike manner, in accordance with the usual requirements of good and permanent mining development, and shall be left, at the termination of the lease, in such shape that they are accessible and available for further work.

8. The Lessee agrees, upon taking possession, to post, and to keep so posted thereafter as long as he may be in possession, in conspicuous places on the demised premises, such notices as may be necessary and adequate under the laws of Nevada to quickly notify all persons who may come within or upon the demised premises, that said mining property is held by the Lessee under lease from the Lessor, and that the Lessee, and not the Lessor, is liable for all labor performed and supplies and materials of any and all character used by the Lessee in and upon the demised premises, and that the Lessee is, and will be, solely responsible for all debts and expenses incurred in the mining operations within or upon said demised premises.

9. The Lessee agrees that he will hold the Lessor harmless and fully indemnified against all claims and demands of any kind or nature which may be made upon the Lessor or against the demised premises for or on account of any debts or expenses contracted or incurred by the Lessee, or for personal injury or property damage, or for or on account of any acts or omissions by the Lessee, his agents and servants; and he will assume and discharge all liability, claims, demands, causes of action, cost and expenses of whatsoever nature arising out of the use or operation of said demised premises by himself, his servants or agents, or other persons having business with them or any of them, and that he will comply in all respects with the laws of the State of Nevada with reference to the Workmen's Compensation Insurance or Employers' Liability, and all other laws or statutes of any Governmental authority, whether Federal, State or County, affecting his operations of said demised premises.

10. The Lessee shall, during the continuance of this lease, do all assessment work upon said property necessary to maintain the title thereto, and shall carry such insurance against fire and other risks as is customary under similar circumstances; the insurance to be payable, in case of loss, to the Lessor and/or the Lessee, as their interests may appear.

11. The Lessee agrees that he will pay any and all general taxes that may be assessed and levied upon said leased premises and upon any personal property thereon or therein, and upon any personal property that the Lessee may later place thereon or therein incidental to his operations, for each year or fraction thereof that this lease remains in effect. The Lessee also

agrees to pay all social security, unemployment insurance or other pay-roll taxes, imposts and charges levied by the Federal, State or other taxing authority, and all income, net proceeds and profit taxes that may be assessed against the Lessee's operation or shipments resulting therefrom by the United States, the State of Nevada, or other taxing authority; and if this lease should be terminated by forfeiture, surrender, cancellation or otherwise during any taxable period, then the Lessee will pay such proportion of the taxes that may be levied covering such period as may be equal to the proportionate period during which the Lessee holds and occupies the leased premises.

12. The Lessee shall at all times keep accurate maps, records and plans of all drilling, exploration, development and mining work, and full and complete records of assays, recoveries, returns, and other matters pertaining to the operation of the property, all of which maps, plans and records shall be open at all reasonable times to the inspection of the Lessor, its officers and appointees; and at the expiration or earlier termination of the lease, all such maps, plans, records, etc., or full, true and complete copies thereof, shall be delivered to the Lessor, and shall be the property of the Lessor.

13. The Lessee agrees that the Lessor, its representatives or agents, may have access at any and all times that will not seriously interfere with the work of the Lessee, to the premises, to all exploration or mine workings existant therein, and to all workings that may be prosecuted by the Lessee during his occupancy of the leased premises.

The Lessor further expressly reserves unto itself the right and privilege at any time to enter any of the workings of the Lessee, and at any point therein or thereon prosecute such development, drive such drifts, raises, crosscuts, winzes, sub-levels, shafts and other workings which the Lessor may deem necessary or advisable to prove ownership in and to any veins, ores, ore-bodies, fault veins, and mineralized areas that may originate within the property at any time included under this lease; any work prosecuted by the Lessor as aforesaid to be performed in such manner as to offer the least possible inconvenience to the Lessee; but the Lessee agrees to afford the Lessor every reasonable use of workings and equipment to aid the Lessor in the accomplishment of the aforesaid work; and it is agreed by the parties hereto that the Lessor, as well as the Lessee, shall have the right to assert, prosecute and defend any and all extra-lateral rights to dips, spurs, angles and any ore-bodies, veins or broad loads that may apex within the property at any time included in the leased property under this lease.

14. The Lessor is putting under this lease all of its claims, patented and unpatented, some of them not connected with the main body of the property. It is also including under the lease town lots, mill sites, and all other property and equipment. It is expressly understood, however, that the Lessor makes no warranty of title to said property.

15. The Lessee agrees at the termination of this lease, whether through expiration of the term thereof, cancellation, forfeiture or surrender, that he will deliver up to the Lessor the leased premises, with all appurtenances, shafts, tunnels, levels and other workings, and all improvements thereon and therein, in good order and condition, and also will deliver up and surrender as part of the leased property, all works, structures and material attached to the realty which constitute part of said mines and mining property, including pipes, rails, conduits and their fastenings, together with all shaft appurtenances and equipment, including head frames complete, and like structures, and all ore developed and in place, or broken ore in or upon the property. For a period of ninety (90) days after the termination date of the lease the Lessor shall have the privilege of purchasing from the Lessee, at a price to be mutually agreed upon, any personal property owned by the Lessee in the nature of equipment, machinery, tools and appliances that have been placed upon the premises by the Lessee during the period of the lease and not attached so as to be part of the realty. If the Lessor fails to purchase the equipment and personal property above-mentioned within the ninety (90) days specified, then the Lessee

shall have an additional period of six (6) months from the date of notification that the Lessor will not purchase, to remove such personal property and equipment as the Lessee may be entitled to remove, as hereinbefore provided, and in the event the Lessee fails to remove said personal property from said leased premises within the period of six (6) months afore-said, title thereto shall be vested in the Lessor.

16. If this lease shall continue in effect throughout the term thereof, as hereinbefore stated, and shall be in effect up to the date fixed for termination thereof, then the Lessee, upon giving notice in writing to the Lessor at least six (6) months before the date hereinbefore fixed for termination of the lease, shall be entitled to an extension of the lease for a further period of fifteen (15) years, upon the same terms and conditions as are herein contained.

17. The Lessee agrees that he will not assign this lease or any part thereof, or sublet the leased premises or any part thereof, without first obtaining the written consent of the Lessor.

18. All notices called for to be given under this agreement shall be in writing, and until otherwise designated by the respective parties, notice to Richmond-Eureka Mining Company shall be delivered to that company care of C. A. Hight, President, No. 75 Federal Street, Boston, Massachusetts, and notice to James shall be delivered addressed to him at the office of Ventures, Ltd., Bank of Commerce Building, King Street, City of Toronto, Province of Ontario, Canada.

IN WITNESS WHEREOF, RICHMOND-EUREKA MINING COMPANY has hereunto set its corporate name and seal by its President thereunto duly authorized, and said James has hereunto set his name and seal on the day and year first herein-above written.

Attest:
George Mixten
(Corporate Seal) Secretary

RICHMOND-EUREKA MINING COMPANY
By C. A. Hight President.
W. F. James Seal

Commonwealth of Massachusetts, county of Suffolk - ss.

On this 30th day of June, A.D. 1937, personally appeared before me, Philip E. Coyle, a notary public in and for said Commonwealth of Massachusetts, C. A. HIGHT, known to me to be the president of the RICHMOND-EUREKA MINING COMPANY, the corporation that executed the foregoing instrument, and upon oath did depose that he is the officer of said corporation as above designated; that he 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 signatures to said instrument were made by officers of said corporation as indicated after said signatures; 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 the county of Suffolk, the day and year in this certificate first above written.

(Notarial Seal)

Philip E. Coyle
Notary Public in and for the
Commonwealth of Massachusetts.

Commonwealth of Massachusetts
County of Suffolk

ss

On this 14th day of July, A.D. 1937, personally appeared before me, Philip E. Coyle, a notary public in and for said Commonwealth of Massachusetts, W. F. JAMES, 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 the County of Suffolk the day and year in this certificate first above written.

(Notarial Seal)

Philip E. Coyle
Notary Public in and for the
Commonwealth of Massachusetts.

SCHEDULE A.

RICHMOND EUREKA PROPERTY

EUREKA MINING DISTRICT, EUREKA COUNTY, NEVADA

PATENTED CLAIMS

<u>Name of Claim</u>	<u>Survey or Lot No.</u>
At Last	47
Atlantic	2854
Ant Arctic	2855
Arctic	2857
Albion No. 1	2860
Albion No. 2	2861
Albion No. 3	2862
Albion Consolidated	2863
Apex	2865
Acouchment	2866
Buckeye	37
Brown	87
Buckeye Mill Site	113
Brown Mill Site	139
Big T. R.	2871
Champion	38
Calloway	57
Carson	68
Champion Millsite	114
Carson Mill Site	137
Cliff Mine	2856
Diagonal	200
Davies	230
Davies #2	231
Fries	308
Frank	309
Fad	3223
Great Eastern	165
Grand Central	174
Gulch	2872
Honeymoon Am'd.	2868
Hoosac	60
Lookout	43
Lupita	49A
Lucky Man	2852
La Veta	2873
Mammoth	41
Marcelina East	119
Main Shaft	2864
Marriage Am'd.	2867
Nugget	46
Porter	86
Porter Mill Site	138
Price	228
Price No. 2	229
Peach	2869
Richmond	64
Richmond Rancho	211
Rearguard	225A
Rearguard M. S.	225B
Ravine	2858
Remnants	3252
Sentinel	40
Savage	42
Skylark	56
St. George	66
Surplus	85
Surplus Mill Site	141
Silver Region	160
Skylark Mill Site	214
Sea King	240
St. Patrick	241A
St. Patrick Mill Site	241B
St. Andrew	242A
St. Andrew Mill Site	242B
St. David	2859
Tip Top	65
T. R.	2870
Victoria	161
Williamsburg	117

UNPATENTED CLAIMS

Richmond Eureka Number 2
 Richmond Eureka Number 3 Amended
 Richmond Eureka Number 4
 Richmond Eureka Numbers 6 to 25 both inclusive

In Eureka Town Site

Lot 90	Block 108
" 91	" 109
" 92	" 110
" 93	" 111
" 96	" 112
" 48B	" 114
" 49B	" 116
All of City Block	115
Lot 5	" 9
" 6	" 9
" 7	" 9
" 8	" 9
" 9	" 9
" 11	" 17
" 12	" 17
" 42	" 7
" 43	" 7
All of	" 8
Lot 6	" 29
" 9	" 28

Recorded at the request of Geo. W. Mitchell Aug. 29 A.D. 1947 At 21 minutes past 10 A. M.

Peter Merialdo----Recorder.