

File No.28069.

CYRIL DRUMM)

-and-)

) A G R E E M E N T

LOWELL THOMPSON) DATED 1st MAY, A.D. 1949.

T H I S A G R E E M E N T made and entered into this 1st day of May, A.D. 1949, BETWEEN CYRIL DRUMM, of the City of Hamilton, in the County of Wentworth, Province of Ontario, Canada, the successor to H.A. CULLODEN of the City of South Pasadena, California, hereinafter called the VENDOR, OF THE FIRST PART; -and LOWELL THOMPSON, of Eureka in the State of Nevada, U.S.A., hereinafter called the PURCHASER, OF THE SECOND PART;

W I T N E S S E T H:

1. The parties hereto hereby release each to the other every right or claim by them enjoyed under or by reason of a certain agreement made between H. A. Culloden and Richard Wilmot and Lowell Thompson dated the 12th day of December, 1946, and each agrees that this agreement wholly supplants said agreement.
2. Lowell Thompson acknowledges the ownership by the Vendor of the Lincoln and Harold Mining Claims, a one-half interest in Celia #7, a mill site and such water rights as may be owned or appurtenant thereto as recorded in the records of Eureka County, State of Nevada.
3. Lowell Thompson agrees that as part of the consideration for the giving of this agreement by the Vendor, he, the said Lowell Thompson, will locate, perform all work upon, transfer and record for the benefit and ownership of the Vendor, mining claims Lincoln Extension #1, Lincoln Extension #2, Hillside, Avalon, and the balance of interest in Celia #7 in said Diamond Mining District, Eureka County, Nevada.
4. In consideration of the performance by the Purchaser of the covenants and promises of the Purchaser in this document contained, together with other consideration, the Vendor by these presents doth hereby obligate and bind himself, his heirs, executors, administrators and assigns to lease with an option to purchase certain mining property situated in the Diamond Mining District, County of Eureka, State of Nevada, known as the Lincoln and Harold, Lincoln Extension #1, Lincoln Extension #2, Hillside, Avalon, and Celia #7, a mill-site, and such water rights as the Vendor may have or own as during the life of this agreement may be recorded in the records of Eureka County, State of Nevada.
5. The total purchase price to be paid to the Vendor for the whole interest and right of the Vendor in and to said mining properties and rights under this lease and option shall be the sum of Fifty-thousand dollars (\$50,000.00) legal currency of the United States of America, and when the whole of such amount has been paid to the Vendor as herein provided, the whole right, title and interest of the Vendor in said mining properties and rights shall vest in the Purchaser.
6. The purchase price may be paid by way of royalties or otherwise but the whole purchase price, however paid, shall be paid within ten (10) years from the date hereof or the Purchaser shall be deemed to be in default under the terms hereof.
7. All monies paid to the Vendor shall be deemed payment of royalties unless expressly defined as being capital payment apart from royalties, and all payment of royalties received by the Vendor shall be credited by the Vendor against the purchase price.
8. Royalties to be paid to the Vendor shall be ten percent (10%) of the net smelter returns (less trucking costs to the extent of Five dollars (\$5.00) per ton only) on all ores sent from the mine to smelters, and in such case the royalty shall be deducted by the smelter and paid by the smelter or its agents directly to the Vendor. On all ores disposed of by sale,

trade or otherwise, except shipping to a smelter, the royalty shall be ten percent (10%) of the value received in good faith for same and shall be remitted by the Purchaser hereunder as soon as received.

9. In no event are the royalties to be less than Two thousand dollars (\$2,000.00) per calendar year, which shall be a year running from May 1st in any year to April 30th in the next year, and the Purchaser agrees from time to time to increase royalty rates if necessary to ensure the minimum amount of royalties paid in any year being at least Two thousand dollars (\$2,000.00), and if the Purchaser should fail to observe this promise as to the minimum amount of royalties to be paid in any said calendar year, the Purchaser shall be deemed to be in default hereunder.

10. The Purchaser shall enter onto the premises and work the same in a minerlike fashion, keeping the openings well and properly timbered. He shall perform at least fifty (50) man shifts of eight (8) hours each per month in connection with operation of said mining properties. Non-observance of this proviso shall constitute default hereunder.

11. The Vendor, or his duly authorized agent, shall have free right of ingress and egress at any time for the purposes of inspection.

12. The aforesaid Purchaser shall have the right to mine all cross or parallel lodes, dips, spurs, dumps or mineral deposits of any kind which may be known or discovered in the working of these properties.

13. The Purchaser agrees to keep said premises and every part thereof at all times free and clear of all mechanic's, miners' and/or other labor liens and incumbrances of every other nature and description, and to pay all indebtedness and liabilities incurred by the Purchaser which may or might become a lien on said premises before said indebtedness and/or liabilities shall become such lien, and to post and at all times keep posted in some conspicuous place upon the demised premises a notice that the interest of the Vendor therein shall not be subject to any lien for service, labor or material furnished upon or used in connection with this agreement or said properties, said notice to be on behalf of and in the name of the Vendor.

14. The Purchaser agrees to protect the property hereby demised against trespassers or other wrongful intruders thereon.

15. The Purchaser agrees to assume all responsibility for and to save the Vendor harmless from any and all accidents to himself or any of his employees, sub-lessees, licensees, agents, associates or visitors upon the demised premises, and to post and at all times keep posted at the main working upon the properties, a conspicuous notice in the name of and on behalf of the Vendor, stating in substance that the Vendor will not be liable for damages on account of any such accident or accidents.

16. Time is of the essence of this agreement. In the event of failure by the Purchaser to perform any of the covenants or comply with any of the conditions in this agreement provided to be performed and/or kept by the Purchaser, the Vendor shall be entitled to give written notice of such default to the Purchaser and in the event the Purchaser shall not proceed with reasonable diligence to remedy such default within Thirty (30) days after receipt of such notice the Vendor at his option shall be entitled to terminate this lease and declare the same forfeited, whereupon all rights at any time enjoyed by the Purchaser hereunder shall and be lost to the Purchaser.

17. Upon termination of this lease and option to purchase, for violation of contract or for any other reason, the Purchaser shall have Thirty- (30) days to remove all machinery, equipment or buildings installed by him on the properties. Failure to remove them within thirty days will constitute forfeiture of title to said equipment or buildings.

18. It is further understood and agreed that any time lost by reason of strikes, riots, acts of God or unavoidable delays is not to run against the time herein specified.

19. If the aforesaid Purchaser fails to provide and pay the aforesaid royalties, he shall forfeit that which has been paid to the Vendor. In such event, the Vendor shall not have the right to further performance or the right to recover the remainder of the purchase price of this agreement.

20. This agreement shall be binding upon and run in favor of the successors and assigns of each of the parties hereto, except as herein specifically provided. Provided that neither this lease nor any interest of the Purchaser therein or thereunder shall be transferred or granted, whether in the form of a sub-lease or otherwise during the term hereof, without the consent in writing of the Vendor or his duly authorized agent first thereto had and obtained.

IN WITNESS WHEREOF the parties hereto have affixed their hands and seals this 14th day of April, A.D. 1949.

L. M. Trayner
Witness.

N. Warriner Byrne
Witness.

J. F. Murphy
Witness.
Jeff Thompson
Witness.

Cyril Drumm
Cyril Drumm

Lowell Thompson
Lowell Thompson

On this 14th day of April, 1949, before me personally appeared Cyril Drumm, to me known, and known to me to be the person described in and who executed the foregoing document, and he acknowledged that he executed the same.

(Notarial Seal)

N. Warriner Byrne
Notary Public.

Recorded at the request of Lowell Thompson Sept. 1, A.D. 1949 At 30 minutes past 10 A.M.

Peter Merialdo --- Recorder.