

File No. 28815

Sofia Vaccaro and Charles A. Vaccaro)
to)
Combined Metals Reduction Company.)

LEASE AND OPTION AGREEMENT

LEASE AND OPTION AGREEMENT

THIS AGREEMENT made in duplicate this 31st day of March, 1951, between Sofia Vaccaro and Charles A. Vaccaro of Eureka, Nevada, first parties, and Combined Metals Reduction Company, a corporation under the laws of Utah, and qualified to do business in Nevada, second party,

WITNESSETH:

In consideration of the sum of \$2,500.00 paid by second party to first parties, receipt whereof is hereby acknowledged, and of the terms, conditions and covenants herein stated to be kept and performed by the parties respectively, it is agreed:

1. First parties hereby sell to second party the option to purchase upon the terms and conditions hereinafter set forth, the following named unpatented lode mining claims situated in unknown mining district on the northerly slope of Lone Mountain in Eureka County, Nevada, to-wit:

- Mountain View
- Mountain View No. 1
- Mountain View No. 2

Said claims are more particularly described in location notices and certificates of record in the office of the County Recorder for said Eureka County, Nevada, reference to which records is hereby made for particular descriptions. Together with all appurtenances, including water and water rights.

(a) The purchase price is \$50,000.00, of which \$2,500.00 has been paid, The balance of \$47,500.00 is to be paid as follows:

\$2,500.00	on or before	June	1, 1951
5,000.00	"	November	1, 1951
5,000.00	"	May	1, 1952
5,000.00	"	November	1, 1952
5,000.00	"	May	1, 1953
5,000.00	"	November	1, 1953
5,000.00	"	May	1, 1954
5,000.00	"	November	1, 1954
5,000.00	"	May	1, 1955
5,000.00	"	November	1, 1955

All payments except first payment of \$2,500.00 which has been made to first parties, are to be made to the escrow holder hereinafter named for the account of first parties. Said escrow holder shall forthwith pay to first parties all amounts received by it under this agreement.

(b) The purchase price shall be reduced by the amount of all royalties paid under the provisions of this agreement.

2. This agreement is expressly made subject to the following conditions -

(a) Existing rights of Charles A. Vaccaro and Glenn Burt under lease to them which will expire on November 1, 1951.

(b) Royalties paid to Sophia Vaccaro on shipments made from the property by Charles A. Vaccaro and Glenn Burt, Lessees, after April 1, 1951, and prior to the expiration of their lease on November 1, 1951, shall apply on the purchase price and reduce the payments listed above.

(c) After November 1, 1951, second party shall have and is hereby granted the exclusive right to enter upon and into said property for the purpose of exploring, developing, mining and shipping ores therefrom.

(d) Said Vaccaro and Burt as lessees shall be solely responsible for all costs of operation conducted by them under said lease, and second party herein shall be solely responsible for all costs of operation conducted by it.

(e) If prior to November 1, 1951, second party secures a satisfactory agreement for ten unpatented claims contiguous to the claims described in paragraph 1 of this agreement, known as the Mountain View Nos. 3, 4, 5, 6, 7, 8, 9, 10 and 11, second party shall then exercise its option to purchase hereunder and shall then be obligated to pay the purchase price above specified, at the times and in the amounts above stated.

(f) In the event second party is unable to secure an agreement satisfactory to it for said ten Mountain View claims prior to November 1, 1951, second party may relinquish to first parties all rights under this agreement without liability upon thirty days' written notice to first parties of its intention to relinquish; provided that second party shall pay to first parties all accrued royalties on shipments made prior to date of relinquishment.

(g) In the event second party shall on or before November 1, 1951, relinquish its rights hereunder prior to November 1, 1951, first parties shall retain as rental and liquidated damages all monies paid to them prior to such relinquishment.

3. During the time this agreement is in effect, but subject to the express conditions stated in paragraph 2 hereof, first parties hereby demise, lease and let to second party for the purpose of carrying on mining operations and of extracting and shipping ores and minerals therefrom, all of the property described in paragraph 1 hereof upon the following terms and conditions, to-wit:

(a) Second party will go into possession of said property, said possession and rights to be limited up to November 1, 1951, as hereinbefore provided, and after November 1, 1951, second party shall have full rights of possession. All work done by second party shall

be done in good miner-like fashion, properly securing the ground wherever necessary, with a view to the preservation of said property for future mining operations.

(b) All ores mined under this agreement by second party after November 1, 1951, shall be shipped and sold by second party on the best terms obtainable by either party, or may be purchased and treated by second party in its own reduction plant, provided that terms of purchase shall return an amount at least equal to the best competitive bid therefor obtainable by first parties.

(c) Until payment of the purchase price provided for herein, second party will pay to the escrow holder for the account of first parties a royalty of 15% of net mill or smelter returns from ores produced from the property. Net returns shall mean the amount paid by the purchaser of the ores less treatment, freight, trucking, assaying and sampling charges.

(d) Second party shall be solely responsible for all labor, materials, supplies and equipment furnished for its operations, and shall keep the demised free and clear of incumbrances and mechanic's liens.

(e) Second party will indemnify and save harmless first parties of and from all liability, cost and expense that may arise out of damage or injury to persons or property occurring in the operations of second party under this agreement, but second party shall be notified of the commencement of any suit and shall have the right to defend the same.

(f) Second party will comply with the laws of Nevada in regard to posting notices and recording affidavits of non-liability on the part of first parties and will also comply with all applicable laws of Nevada and of the United States affecting its operations.

(g) During the life of this agreement second party will pay all property taxes and all taxes based on production laid upon the property described in paragraph 1 hereof.

(h) First parties or their agents may at all reasonable times enter upon and into the demised premises for the purpose of inspection, surveying and sampling.

(i) Upon termination of this agreement in any manner second party shall have the right of removal of all equipment, machiner, tools and supplies placed on the demised premises by it, such right to removal to be exercised within ninety days after such termination, but no track or timbering shall be removed.

4. On or before May 1, 1951, first parties will execute and deposit in escrow with the Continental National Bank & Trust Company, Salt Lake City, Utah, a good and sufficient deed naming second party as grantee and describing the demised premises; said deed to be delivered to second party upon full payment of the purchase price and compliance otherwise with the provisions of this agreement.

5. Time is of the essence of this agreement and if second party fails to keep and perform the conditions herein stated to be by it kept and performed, then at the option of first parties this agreement may be terminated, provided that first parties shall first serve upon second party a thirty day written notice setting forth the default or omission complained of, and if such default or omission is not remedied within said period, then this agreement shall become null and void; and in such event first parties shall retain as liquidated damages all monies theretofore paid by second party, and the escrow holder shall return to first parties the deed herein provided for.

6. Second party may relinquish its rights under this agreement by serving upon first parties a thirty day written notice of its intention so to do and returning the demises premises to first parties and paying to first parties all accrued obligations for royalty.

7. This agreement shall in all things be binding upon and inure to the benefit of the

parties hereto and their respective successors, assigns and personal representatives.

IN WITNESS WHEREOF the said parties hereto have caused this instrument to be duly executed this the day and year first above written.

Charles A. Vaccaro

Sophia M. Vaccaro

First Parties

COMBINED METALS REDUCTION CO.

By

E. H. Snyder

President
Second Party

(Corporate Seal)

Attest:

M. Christensen
Secretary

Recorded at the Request of O. F. Burton Apr. 21 A.D. 1951 At 45 minutes past 11 A.M.

R. W. Gibson--Recorder