

Merle Baldwin, Hugh M. Baldwin,
Karl G. Hanney and Miles P. Romney,
Lessors,

to

) MINING LEASE AND OPTION

American Smelting and Refining Company,
Lessee.

MINING LEASE AND OPTION

THIS MINING LEASE AND OPTION made and entered into this 24th day of November, 1951, by and among MERLE BALDWIN, HUGH M. BALDWIN, KARL G. HANNEY and MILES P. ROMNEY, hereinafter referred to as lessors, and AMERICAN SMELTING AND REFINING COMPANY, a New Jersey corporation, hereinafter referred to as lessee,

W I T N E S S E T H:

That the parties hereto enter upon this agreement in reliance upon the representations hereinafter set forth and agree to be bound by the terms and conditions hereinafter specified:

Article 1. Description of the Property. The property covered hereby and subject hereto is described as follows:

Those certain unpatented lode mining claims located at and within Eureka County, Nevada, and more particularly described as follows:

Belmont, location recorded March 31, 1913, Book F, Page 472, file 10146 of the records of Eureka County, Nevada,

Lead Bar No. 1, Lead Bar No. 2, Lead Bar No. 3, Lead Bar No. 4, Lead Bar No. 5, Lead Bar No. 6, Lead Bar No. 11, Lead Bar No. 17, Lead Bar No. 19, Lead Bar No. 20 and Lead Bar No. 21, all of said claims having been filed in the office of the County Recorder of Eureka County, Nevada, and having book and page and file numbers respectively,

Book	Outside Mining Locations,	page 155,	file 23120
Book I,	" "	page 496,	file 28126
Book I,	" "	page 496,	file 28127
Book I,	" "	page 496,	file 28128
Book J,	" "	page 143,	file 29172
Book J,	" "	page 144,	file 29173
Book J,	" "	page 144,	file 29174
Book J,	" "	page 144,	file 29175
Book J,	" "	page 145,	file 29176
Book J,	" "	page 145,	file 29177
Book J,	" "	page 145,	file 29178.

Article 2. Representation of Ownership. First parties jointly and severally represent that:

(a) Mrs. Merle Baldwin is the owner of a ninety per cent (90%) undivided interest in and to the Belmont claim; an undivided forty-five per cent (45%) interest in and to Lead Bar No. 1, Lead Bar No. 2, Lead Bar No. 3 and Lead Bar No. 4 claims; a fifty per cent (50%) interest in and to Lead Bar No. 5, Lead Bar No. 6, Lead Bar No. 11, Lead Bar No. 17, Lead Bar No. 19, Lead Bar No. 20, and Lead Bar No. 21 claims.

(b) Hugh M. Baldwin is the owner of an undivided forty-five per cent (45%) interest in the Lead Bar No. 1, Lead Bar No. 2, Lead Bar No. 3 and Lead Bar No. 4 claims; and a fifty per cent (50%) interest in the Lead Bar No. 5, Lead Bar No. 6, Lead Bar No. 11, Lead Bar No. 17, Lead Bar No. 19, Lead Bar No. 20 and Lead Bar No. 21 claims.

(c) Miles P. Romney is the owner of an undivided five per cent (5%) interest in the Belmont, Lead Bar No. 1, Lead Bar no. 2, Lead Bar No. 3 and Lead Bar No. 4 claims.

(d) Karl G. Hanney is the owner of an undivided five per cent (5%) interest in and to the Belmont, Lead Bar No. 1, Lead Bar No. 2, Lead Bar No. 3 and Lead Bar No. 4 claims.

(e) First parties further represent that their interest in the mining claims above referred to are the entire interests therein; that they are lawfully possessed of the said mining claims, and all and every part thereof; that there are no encumbrances upon the property, and that they are free to enter upon this agreement and to bind themselves and the property above described by all the terms and conditions of this agreement.

(f) First parties further represent that certain mining lease dated the 30th day of November, 1950, and the supplement thereto dated the _____ day of January, 1951, wherein Merle Baldwin is identified as Lessor and Hugh M. Baldwin, Karl G. Hanney and Miles P. Romney are identified as lessees, has been cancelled and terminated, and is no longer in force or effect.

Article 3. Additional Claims. Any claims located or acquired during the effective life of this agreement by either party hereto, any part of which falls within a circle whose center is the collar of the present shaft and whose radius is $1\frac{1}{2}$ miles shall automatically be included within and be subject to the terms and conditions of this agreement. Lessee, however, reserves the right to abandon any claims so located or acquired by it, but first it shall offer to convey such claims to lessors, and if lessors do not accept such offer within 60 days, lessee shall be free to abandon them.

Article 4. Grant of Lease and Option. The lessors, in consideration of the royalties herein reserved and the covenants herein to be performed by the lessee and the further consideration of Ten Dollars (\$10.00) paid by the lessee to the lessors, receipt of which is hereby acknowledged, do hereby lease, let and demise and give and grant unto the lessee, its successors and assigns, the sole and exclusive right, privilege and option to purchase for the price and upon the terms and conditions hereinafter set forth, free and clear of encumbrances, all the above described property.

Article 5. Term of Lease and Option. The term of this lease and option shall be fifteen (15) years from and after the date hereof unless sooner terminated in the manner hereinafter provided.

Article 6. Purchase Price. The price for which the lessors agree to sell the above described property is Two Hundred Fifty Thousand Dollars (\$250,000.00) payable as follows:

\$ 5,000.00	on or before	November 24,	1953
10,000.00	" "	" "	1954
10,000.00	" "	" "	1955
15,000.00	" "	" "	1956
20,000.00	" "	" "	1957
20,000.00	" "	" "	1958
20,000.00	" "	" "	1959
20,000.00	" "	" "	1960
20,000.00	" "	" "	1961
20,000.00	" "	" "	1962
20,000.00	" "	" "	1963
20,000.00	" "	" "	1964
20,000.00	" "	" "	1965
30,000.00	" "	" "	1966

All royalties or payments in lieu of work shall be applied upon and be credited against the next ensuing installment or installments of the purchase price. Lessee may, at its election, pay the remainder of the purchase at any time, and thereby be entitled to conveyance of the property. The payment of one or more installments shall in no way obligate lessee to

make payment of any subsequent installments, but the failure to make any payment shall constitute a default.

Article 7. Possession and Control of Property. The lessee shall have, and it is hereby given and granted, the right to enter into and take over immediately the sole and exclusive possession and control of said property and the whole and every part thereof, and, during the term of this agreement, to remain in the sole and exclusive possession and control thereof, and to investigate, measure, sample, examine, test, develop, work, mine, operate, use, manage and control the same and the water and water rights appurtenant thereto, and to mine, extract and remove from said property the ores and minerals therein and appurtenant and belonging thereto, and to treat, mill, ship, sell or otherwise dispose of the same and receive the full proceeds therefrom; and to erect, construct, maintain, use and operate thereon and therein buildings, structures, machinery and equipment.

Article 8. Manner of Work. The lessee agrees to cause all work, development and mining to be done in a careful and minerlike manner and to conform in all respects with the mining laws and regulations of the State of Nevada.

Article 9. Work Requirements. Beginning April 1, 1952, and continuing until December 31, 1953, lessee shall perform at least 150 shifts of work per calendar quarter in or upon the demised premises. If in any such calendar quarter lessee shall fail to perform at least 150 shifts of such work, the lessee shall pay to the escrow agent hereinafter specified within 30 days thereafter a sum equal to \$10.00 times the difference between 150 and the number of shifts actually worked. Shifts worked in any calendar quarter in excess of 150 may be credited against shifts required to be performed in any subsequent quarter.

In the event lessee shall give notice of its intention to surrender this lease and option as hereinafter provided, it shall cause such labor to be performed or pay the penalty for the failure to do so (proportionately for the then current quarterly period) but from and after the date of the notice it shall be relieved of all further work and penalties.

Article 10. Royalties.

(a) Lessee shall pay to the escrow agent a royalty of ten per cent (10%) of the net return as hereinafter defined on all ores and concentrates extracted and sold from the demised premises.

(b) Net returns shall be determined by deducting surface transportation costs from net mill returns on all ore sold to a mill or from net smelter returns on all ore or concentrates sold to a smelter.

(c) All ores shall be sold in the name of the lessee, with duplicate settlement sheets furnished to lessors and escrow agent, and royalty settlements shall be made by the lessee on or before the 25th day of each and every calendar month during the term of this lease for all ores milled by lessee and for all mill and smelter returns received during the preceding calendar month. Each settlement shall be accompanied by a duplicate liquidation or settlement sheet for each lot of ore milled and by a duplicate of the smelter returns for each lot of ore sold to a smelter.

Article 11. Marketing. Products shall be marketed at the best terms obtainable from any responsible mill or smelter, with due regard to freight differentials and any other charges involved, and if such products shall be treated at a mill or smelter of the lessee, the mill or smelter schedules used for determining the net returns as defined herein shall

not be less favorable to said property than the schedules under which ore or concentrates of like character and in similar quantity are purchased at the time from other shippers to the mill or smelter involved.

Article 12. Assessment Work. Lessee Shall do and perform, within the time required by law, the annual labor or assessment work on or for the benefit of the unpatented mining claims hereinbefore described necessary to comply with the laws of the United States and the State of Nevada, and upon the completion of the annual labor for any particular year the lessee shall record, within the requisite statutory period, an affidavit showing said work to have been performed; provided that if this agreement is terminated, forfeited or cancelled at any time during the first six months of any annual labor year, that is, at any time between July 1st at noon and the following January 1st at noon, the lessee shall be relieved from doing the assessment work for the annual labor year. So long as the exemption of annual labor or assessment work is authorized by law, lessee may, at its option, file such notice of claim and exemption as may be required by law for all or any part of said mining claims for and in behalf of and in the name of lessors, and lessors do hereby nominate and appoint lessee their agent for that purpose.

Article 13. Records and Inspection. Lessee's maps and records of all mining operations upon the demised premises pertinent to the computation of royalties, shall be available for lessors' inspection upon request, but not more often than once each month; and the lessors may enter said property at all reasonable times for the purpose of inspecting the same, and lessee shall facilitate such inspection in every reasonable way, but lessors shall enter upon said demised property at lessors' own risk and so as not to hinder unreasonably the operations of lessee; and the lessors shall indemnify and hold harmless the lessee from any damage, claim or demand by reason of injury to or the presence of the lessors or the lessors' agents, representatives or guests or any of them on the demised premises or approaches thereto.

If this agreement is terminated for any reason except the payment of the purchase price, lessee shall, within 60 days of such termination, furnish lessors with copies of all its factual engineering and geological maps, assay plans, and drill hole logs, pertaining to the demised premises.

Article 14. Taxes. The lessee shall pay when due and before delinquent all general property taxes assessed as a non-producing mine against the lessors' ownership in the demised premises during the term of this lease, beginning with and prorated from this date; but the lessors shall be charged with the lessors' proportion, based on the royalties hereinabove reserved, of taxes based on assessment as a producing mine and of any production, severance or similar or other excise taxes, and lessee shall advance such proportion and be reimbursed therefor. The lessee shall also pay when due and before delinquent all taxes levied or assessed against any and all personal property, machinery and equipment placed upon said demised premises by the lessee during the term of this lease.

Article 15. State and Federal Laws. Lessee shall comply with the Workman's Compensation Laws of Nevada and with Social Security, Unemployment Insurance and all other state and federal laws relating to lessee's operations and shall save lessors harmless from any claim for damages or liability by reason thereof.

Article 16. Protection from Liens and Damages. The lessee shall keep the demised premises and the whole and every part thereof free and clear of liens for labor done or work performed upon the demised premises or materials furnished to it for the development or

operation thereof under this lease and while the same is in force and effect, and will save and keep harmless the lessors from all costs, loss or damage which may arise by reason of injury to any persons employed by the lessee in or upon the demised premises or any part thereof, or, except as provided in Article 13 hereof, which may arise by reason of injury to any persons or damage to any property as the result of any work or operations of the lessee or of its possession and occupancy of the demised premises.

Article 17. Unavoidable Delays. If the lessee is unable to perform any of the terms or covenants of this lease except the payment of royalties, installments on the purchase price and taxes, by reason of damage or delay resulting from disaster, labor disturbances, shortage of labor, strikes, lockouts, force majeure or Act of God, or from governmental or legal regulations or restrictions, or on account of any eventuality beyond the reasonable control of lessee, the lessee shall be excused from performance during the period of such prevention, and shall also be excused from payments in lieu of work during such period.

Article 18. Forfeiture Clause. The failure of the lessee to make or cause to be made any of the payments herein provided for or to keep or perform any agreement on its part to be kept or performed according to the terms and provisions of this agreement, shall, at the election of the lessors, work a forfeiture hereof; provided, however, that in the event of a default on the part of the lessee, and the election of the lessors to terminate this agreement on account thereof, the lessors shall give to the lessee a written notice of their intention to declare a forfeiture of this agreement and to terminate the same on account thereof, specifying the particular default or defaults relied upon by them, and the lessee shall have sixty (60) days after receipt of such notice in which to make good such default or defaults, in which event, there shall be no forfeiture therefor. Waiver or failure to give notice of a particular default or defaults shall not be construed as condoning any subsequent default.

Article 19. Cancellation. Notwithstanding any provision herein to the contrary, the lessee may at any time upon 30 days' written notice to the lessors, cancel and terminate this lease. Upon such cancellation and termination of this lease, the lessee shall be under no further obligation of whatsoever kind or nature to the lessors, except for the making of payments which have already accrued at the date of such cancellation and termination. Work requirements or payments in lieu thereof, specified in Article 9 hereof, shall cease upon the date such notice is given.

Article 20. Surrender of the Property. In the event of a valid forfeiture, cancellation of other termination of this lease and option, except by payment of the purchase price, lessee will surrender to the lessors peaceable possession of the demised premises and, unless prevented by any of the causes listed in Article 17 hereof, all main workings shall be left clear of loose rock, rubbish or obstruction, and ready for continued operation. Lessee shall also, if it has located or acquired any claims within $1\frac{1}{2}$ miles of the present shaft, convey such claims which are in good standing at the time to lessors in such proportion as lessors may instruct lessee in writing.

Article 21. Removal of Equipment. The lessee shall have and is hereby given and granted six months after a valid forfeiture, cancellation or other termination of this agreement to remove from said property, all warehouse stocks, merchandise, materials, tools, hoists, compressors, engines, motors, pumps, transformers, electrical accessories, metal or wooden tanks, pipes and connections, mine cars and any and all machinery, trade fixtures, and equip-

ment erected or placed in or upon said property by it, provided that such right of removal shall not extend to buildings, machinery foundations, and underground pipes, tracks, and mine timbers in place unless lessors shall have given their previous written consent thereto. If lessee is hampered by snowdrifts, washouts, inclement weather, or other climatic conditions, from completing the removal of said equipment within the time specified, then the lessors agree to extend the time by a reasonable period if requested by the lessee.

Article 22. Title. Lessors covenant that lessors now hold title and possession of the demised premises free and clear from all former grants, sales, liens, or encumbrances of any kind, and that there are no delinquent taxes, and agree to furnish lessee such abstracts, deeds, or other evidences of title as may be in lessors' possession and control, and to allow and cooperate with the lessee, at lessee's option and initial expense, to have abstracts brought to date and to take such steps and proceedings to perfect title as lessee shall deem advisable. All reasonable expense incurred by lessee shall apply as a credit against royalties.

Article 23. Escrow. It is agreed that the parties hereto shall establish with the First Security Bank of Utah, Main at First South Branch, an escrow deposit. Upon the execution of this agreement lessors shall make and execute a good and sufficient warranty deed conveying all of the property covered hereby to American Smelting and Refining Company. Said deed shall be deposited with the escrow depository. There shall also be deposited with the escrow depository a copy of this agreement, and a letter of instructions signed by all of lessors and addressed to said depository designating the persons to whom payments received by it from second party shall be made.

It is understood that all payments of royalties or sums due in lieu of work, and all payments on account of the purchase price hereunder, shall be paid by lessee to the escrow depository. Such sums shall thereafter be paid out by the escrow depository to lessors, or their nominees, in accordance with letter of instructions to be left with said bank by lessors.

It is understood and agreed that any payment or payments made by lessee to said escrow depository shall be a complete satisfaction and discharge of lessee's obligation to make such payment or payments under the terms and provisions hereof.

Article 24. Notice. Any notices required or permitted to be given hereunder shall be considered as delivered forty-eight (48) hours after the same shall have been deposited in the United States mail, duly registered, with postage thereon prepaid, addressed to the respective addresses given below:

If to lessors,

Mrs. Merle Baldwin
P. O. Box 1003
Eureka, Nevada

and if to lessee,

Attention Mining Department
120 Broadway
New York 5, New York

and

600 Pacific National Life Building
Salt Lake City 1, Utah

Said addresses for receiving notices may be changed by either party upon two (2) days previous written notice to the other party.

Article 25. Assignment. Lessee shall not assign this agreement or sublease the property without first obtaining the written consent of Mrs. Merle Baldwin.

Article 26. Inurement. These presents shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

Article 27. Construction. Titles to the respective articles hereto shall not be deemed a part of this lease but shall be regarded as having been used for convenience only.

IN WITNESS WHEREOF, this agreement is executed on the day and year first above written.

Merle Baldwin
Merle Baldwin
Hugh M. Baldwin
Hugh M. Baldwin
Karl G. Hanney
Karl G. Hanney
Miles P. Romney
Miles P. Romney

Lessors

AMERICAN SMELTING AND REFINING COMPANY

Attest: S/----- (Corporate Seal) By R. F. Goodwin
Secretary Note: Co. Recorder Vice-President
Signature not legible.

STATE OF UTAH)
COUNTY OF SALT LAKE) SS.

On this 17 day of November, 1951, before me, the undersigned Notary Public in and for the County and State aforesaid, personally appeared Merle Baldwin, Hugh M. Baldwin and Miles P. Romney known to me to be the persons named in and who executed the within and foregoing instrument and they 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 at my office on the day and year in this Certificate first above written.

(Notarial Seal) L. I. Sneddon
My commission expires: NOTARY PUBLIC
Sept. 16, 1953.

STATE OF UTAH)
COUNTY OF SALT LAKE) SS.

On this 17 day of November, 195k, before me, the undersigned Notary Public in and for the County and State aforesaid, personally appeared Karl G. Hanney, known to me to be the person named in and who executed the within and foregoing instrument and he 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 on the day and year in this Certificate first above written.

(Notarial Seal) L. I. Sneddon
My commission expires: Sept. 16, 1953. Notary Public

STATE OF NEW YORK)
CITY AND COUNTY OF NEW YORK) SS.

On the 7th day of December, 1951, before me personally came R. F. Goodwin, known to me, who being by me duly sworn did depose and say that he resides in Great Neck, L. I., New York, that he is Vice President of American Smelting and Refining Company, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

(Notarial Seal) John E. Dempsey
Notary Public State of New York
No. 41-5890600
Certified in Queens County
Commission expires Mar. 30, 1952.

Recorded at the Request of S. I. Bowditch Dec. 17 A.D. 1951 At 31 minutes past 11 A.M.

R. W. Gibson--Recorder.