

File No. 29288

Thomas W. Miller and Eleanor Miller,
husband and wife, lessors,

to

Simplot Iron Mines, Inc. lessee.

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) LEASE AND OPTION
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LEASE AND OPTION

THIS LEASE AND OPTION, entered into this 31st day of December, 1951, by and between THOMAS W. MILLER and ELEANOR MILLER, husband and wife, residing at Reno, County of Washoe, State of Nevada, parties of the first part, referred to herein as "lessors", and SIMPLOT IRON MINES, INC., a corporation organized under the laws of the State of Nevada, with its principal place of business in Elko, Nevada, party of the second part, referred to herein as "lessee", WITNESSETH:

(1) That for and in consideration of the premises, covenants and agreements of the lessee hereinafter contained, on its part to be performed, and in consideration of the sum of TEN DOLLARS AND NO/100(\$10.00), lawful money of the United States of America, to the lessors by the lessee in hand paid, receipt whereof is hereby acknowledged, and lessors do hereby lease, demise and let unto the lessee all of those certain patented lode mining claims situated in Safford Mining District, in the County of Eureka, State of Nevada, and particularly described as follows:

"Monterey" and Contra Costa." Patent Survey No. 3433.

Together with the lessors' interest in and to the rights, privileges and franchises thereunder incident, appurtenant or appendant, or therewith usually had and enjoyed.

Together with all dips, spurs and minerals therein contained and appertaining, and all water rights and hydro-power rights of any of the lessors, whether arising by use or otherwise, and used or intended to be used upon or in connection with the development or operation of the above described mining claims.

TO HAVE AND TO HOLD the same unto the lessee for a term beginning on the 31st day of December, 1951, and terminating on the 1st day of January, 1977, at noon of said date, unless sooner forfeited or terminated as herein provided.

(2) Rental Payments. As annual rental for said leased mining claims, lessee promises and agrees to pay to the lessors the following sums on the following dates:

<u>Amount</u>	<u>Date</u>
\$ 5,000.00	Jan. 1, 1952
10,000.00	July 1, 1952
5,000.00	Jan. 1, 1953
10,000.00	July 1, 1953
5,000.00	Jan. 1, 1954
5,000.00	Jan. 1, 1955
5,000.00	Jan. 1, 1956
5,000.00	Jan. 1, 1957
250.00	Jan. 1, 1958, and
250.00	On the 1st day of
	January of each year
	through the remaining
	period of this Lease
	and Option.

The payments of rental as provided in this paragraph shall be paid to the Security National Bank, at Reno, Nevada, hereby designated by the lessors as agent of the lessors for the receipt of those payments, and the receipt of said bank therefor shall have the same force and effect as though given by the lessors personally; and the lessee shall not be responsible for the distribution thereof by said bank to the lessors.

(3) Taxes. The lessee shall pay all State and County real estate taxes that may be levied or assessed against the property, and shall pay all taxes levied and assessed against the net proceeds of the products taken from said property.

In the event the lessee shall fail to pay the taxes on its part to be paid, as fore-said, either realty, personal or net proceeds, then the lessor shall have the right to pay the same, and all sums so paid shall be repaid by the party in default, together with interest thereon at the rate of 6% per annum from date of payment to the date of re-payment of the same.

(4) Mining. Said lessee is to enter upon said premises and shall conduct mining operations upon said mining claims at its sole and exclusive cost and expense, and without cost to the lessors.

The lessee further covenants and agrees well and sufficiently to timber all workings of said premises where proper, in accordance with safe mining practices, and to keep said property timbered at the sole cost of the lessee.

The lessee agrees to post and keep posted in a conspicuous place on said premises Notice of Non-Liability of the lessors, notifying all persons that the lessors will not be responsible or liable for any labor performed, materials furnished or improvements made upon said premises during the term of this agreement, and to place a copy of said Notice, together with an Affidavit that the same has been posted, on file in the Recorder's office of Eureka County, Nevada, in all respects as required by Section 3643, N.C.L. 1929, as amended, and in all respects as required by the laws of the State of Nevada to assure and guarantee the non-liability of the lessors in respect to any liens or claims that might be filed against said property.

Such non-liability of the lessors, and such notice of non-liability of the lessors, as referred to in the preceding paragraph, shall likewise apply to any injury or damage to third persons or property of any third persons. Neither the lessors nor the property itself, nor any part thereof, shall be liable for any such claims for labor, materials, damage or injury.

It is further agreed that with reference to any and all labor performed upon the said premises, and all materials furnished in connection with this lease, the lessee is and shall be in no respect whatsoever, the agent of the lessors and the lessee shall have no right, power or authority as the agent of the lessors, or at all, to bind the lessors, or the said property, or any part thereof, to the extent of any liability whatsoever for any labor or materials furnished in connection with the operations of the lessee hereunder.

All ore, minerals and values mined and removed by the lessee from said leased mining claims during the period of this agreement shall be and remain the property of the lessee without any claim thereto by the lessors, providing rental payable by the lessee to the lessors under the terms hereof, and theretofore accrued, has been paid at the time and in the manner herein required.

(5) Insurance. That the lessee agrees to carry Workmen's Compensation or Industrial Accident Insurance with the State of Nevada, and the lessee shall, must and will at its own expense cause all workers, miners or other employees in and about said premises to be insured by the Nevada Industrial Commission, and that the lessee further covenants and agrees to operate said mining property in accordance with the rules and practices prescribed by the State of Nevada, and the Nevada State Mine Inspector. That the lessee agrees to pay all fees and costs in connection with the carrying the handling of said industrial insurance.

(6). Records. In the event this lease shall be terminated for any reason, and the lessee shall not exercise its option to purchase as hereinafter provided, the engineering reports prepared for the lessee shall become the property of the lessors, and the same shall be delivered to the lessors as of the date of termination.

(7). Inspection. The lessee shall allow the lessors and their agent, from time to time, to enter upon and into all parts of leased premises for purposes of inspection at such reasonable times as shall not interfere with the regular operation of the leased premises. The lessors shall have the right to examine all cores taken from the property described herein resulting from diamond drilling on or off the said premises. It is understood that the lessee shall assume no responsibility for the safety of the lessors, or their agent, when and while upon the leased premises for the purposes hereindescribed.

(8) Liens. Said lessee promises and agrees promptly and punctually to pay all bills

for labor and materials furnished to the said property during the life of this agreement, and particularly not to permit any liens to accrue or to be filed against said property, and in the event of the filing of any such liens and the failure of the lessee to discharge the same within twenty days thereafter, or in the event the lessee become insolvent or suffers its properties to be attached or otherwise assessed by process, then the lessors may, at their option, declare a forfeiture of this Lease by the lessee in the manner provided in paragraph (1) hereof.

(9) Removal of Property on Termination. It is mutually understood and agreed that in case of forfeiture, surrender or other termination of this lease, all underground timbering, shaft linings and other fixtures necessary for the preservation of any mines and all rails and head frames upon or in the said leased premises shall be and remain a part of the realty and shall revert to the lessors. All personal property of the lessee located within the leased premises, including machinery, equipment and tools shall, in the case of forfeiture, or other termination of this lease, remain the property of the lessee, and the lessee shall have ninety days after the termination of this lease to remove such personal property from the leased premises.

All houses and buildings of any name, nature and description, constructed upon the premises by the lessee, shall become a part of the realty and revert to the lessors in the event of forfeiture or termination.

(10) Option to Purchase. In consideration of the premises, the lessors do hereby grant to the lessee the exclusive right, privilege and option to purchase the above described patented mining claims, together with the appurtenances, at any time during the term of this agreement, namely until and including January 1, 1977, providing that the lessee has not theretofore defaulted in payment of any rental to the lessors as required by the terms of this agreement. In such event, the purchase price shall be the sum of FIFTY-FIVE THOUSAND DOLLARS (\$55,000.00) which shall be paid in the following manner:

IT IS AGREED that said purchase price shall be reduced by an amount equivalent to all payments of rental by the lessee to the lessors in accordance with the provisions of paragraph (2) hereof.

The balance of said purchase price (after reduction by an amount equivalent to the rental theretofore paid by the lessee) shall be paid by the lessee to the lessors simultaneously with delivery to the lessee of the mining deed hereinafter contemplated.

Said Option shall be deemed exercised by notice in writing when mailed through United States registered mail, postage prepaid, return receipt requested, addressed to the lessors at P. O. Box 363, Reno, Nevada, and by mailing a copy of that notice through United States registered mail, postage prepaid, return receipt requested, to the Security National Bank, Reno, Nevada.

The Security National Bank at Reno, Nevada is hereby designated escrow holder to receive payment of said purchase price and to hold a good and sufficient mining deed from the lessors to the lessee. The lessors agree to execute any and all additional escrow instruments required by said Bank and agrees to deposit at said bank a good and sufficient mining deed, designating the lessee as grantee; and further, a triplicate original copy of this agreement shall be delivered to said Bank.

Within a reasonable time following execution of this lease and option, the lessors agree to provide and deliver to the lessee a certificate of title, extended to that date, which certificate of title shall show a good and merchantable title to the above described patented

mining claims in the lessors, free and clear of all liens and encumbrances excepting only those herein assumed by the lessee, and those made, suffered or done by the lessee. The lessee shall have a period of 60^{days}/from receipt of said Certificate of Title within which to have it examined. In the event said Certificate of Title discloses title defects which may be cured in any manner, including an action to quiet title, the lessors agree to cause the same to be cured at their own cost and expense within a period of one year from the date of receipt of advice that the title was not good and merchantable. If those defects are not cured within that period of time by the lessors, the lessee, at its option, may take any and all necessary steps to cure those defects in the name of and at the cost and expense of the lessors. In the event the Certificate of Title discloses title defects which the lessee determines cannot possibly be cured by any means, then, at the option of the lessee, this lease and option shall forthwith terminate without liability on the part of either of the parties hereto.

Said Bank is hereby instructed and authorized to receive for the lessors all rental payments, and in the event the option to purchase is exercised the balance of the purchase price and to pay the same to the lessors in accordance with the letter of instructions given said Bank by the lessors. In the event the option to purchase is exercised and upon complete and final payment of said purchase price said Bank is instructed to deliver to the purchaser the mining deed held by it in escrow and to affix thereto all necessary Internal Revenue Documentary Stamps, the amount of which shall be deducted by said Bank in remitting said purchase price to the lessors.

(11) Forfeiture. In the event the lessee shall default in any of the covenants herein contained on its part to be performed, including the payment of rental, the lessors may declare a forfeiture and termination of this agreement, effective thirty days following notice in writing to the lessee, delivered through United States Registered mail, postage prepaid, return receipt requested, addressed to the lessee at the Continental State Bank in Boise, Idaho; provided, however, that no forfeiture shall become effective if the matter or matters in default as stated in such notice are corrected or brought current or shown not to exist within such thirty days period. In the event the forfeiture shall become effective in the manner provided in the preceding paragraph, then said Bank, as escrow holder, shall return and re-deliver to the lessors, or the person designated by the lessors, the mining deed and any and all other instruments held by it in escrow under the provisions of this agreement.

Said Bank as escrow holder shall be under no duty to determine the existence of a default and should be held harmless in all respects by the parties hereto in the performance of its duties as escrow holder. The lessors covenant that they will not serve notice of default upon the escrow holder herein named without, as of the same date, serving notice of default as herein provided upon the lessee.

In the event of declaration of forfeiture of this agreement as herein provided, all sums of money theretofore paid by the lessee to the lessors as rental shall be retained by the lessor as liquidated and stipulated damages hereunder.

(12) Possession. It is agreed that the lessee shall go into possession of the above described leased premises as of the date of the execution of this agreement, and any and all improvements, including construction of roadways, necessary to make the premises available

and suitable for occupation, from the date hereof shall be constructed and paid for by the lessee.

(13) Voluntary Termination. It is agreed that the lessee shall have the right to terminate this agreement at any time during the term or life hereof following the expiration of ninety days after written notice, delivered through United States registered mail, postage prepaid, return receipt requested, addressed to the lessors at P.O. Box 363, Reno, Nevada, with a copy similarly mailed to the Security National Bank at Reno, Nevada, provided, however, that as of the date of giving such notice the lessee shall not be in default in any of the covenants of this agreement, including payment of rental. In the event of voluntary termination of this agreement by the lessee in the manner herein provided and following written notice of such termination, the lessee shall be under no obligation to do or perform any covenant or provisions of this lease and option incumbent upon it to be kept and performed.

(14) Water Rights. In the event the lessee shall choose to apply for water rights on or off the above described property, but used in connection therewith, during the life of this agreement, such applications and final certificate shall be made and taken in the name of the lessors; it being understood that the above-recited deeds to be placed in escrow shall convey all of the water rights of the lessors. Any and all costs of perfecting water rights as above described during the life hereof shall be paid by the lessee.

(15) Assignment. It is agreed that this lease and option may be assigned by the lessee without restriction, excepting only that notice of such assignment shall be delivered to the lessors and to the Security National Bank by registered mail at the addresses hereinbefore set out.

(16) Succession. This lease and option shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF this Lease and Option has been duly executed the day and year herein first above written.

Thomas W. Miller
Thomas W. Miller

Eleanor Miller
Eleanor Miller
Lessors

SIMPLOT IRON MINES, INC.

by J. R. Simplot
President
Lessee

(CORPORATE SEAL)

ATTEST:

Robert L. Quall
Secretary

STATE OF NEVADA)
: ss:
County of Washoe)

On this 31st day of December, 1951, personally appeared before me, a Notary Public in and for said County and State, THOMAS W. MILLER and ELEANOR MILLER, husband and wife, known to me to be the persons described in and who executed the foregoing instrument, and 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 the day and year in this certificate above written.

(Notarial Seal)

I. A. Lougaris
Notary Public for Nevada
Residence: Reno, Nevada

STATE OF IDAHO)
 : ss:
County of Ada)

On this 3 day of January, 1952, there personally appeared before me, Mary Freeland, a Notary Public in and for said Ada County, J. R. SIMPLOT, known to me to be the President of the corporation that executed the foregoing instrument, and upon oath, did depose and state 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 Ada, the day and year in this certificate first above written.

(Notarial Seal)

Mary Freeland
Notary Public for Idaho
Residence: Boise, Idaho

Recorded at the Request of Orville Wilson Jan. 18 A.D. 1952 At 20 minutes past 1 P.M.

R. W. Gibson--Recorder.