

MAX B. ARNOLD and
 GRACE C. ARNOLD, husband and wife
 And H. J. BUCHENAU and
 ELSIE BUCHENAU, husband and wife,

to

CONVEYANCE

SULPHIDE MINING COMPANY.

CONVEYANCE

KNOW ALL MEN BY THESE PRESENTS: That we, MAX B. ARNOLD and GRACE C. ARNOLD, husband and wife, and H. J. BUCHENAU and ELSIE BUCHENAU, husband and wife, hereinafter referred to as "Grantors", for and in consideration of the sum of Two Thousand Dollars (\$2,000.00) to us in hand paid by SULPHIDE MINING COMPANY, a Delaware corporation, receipt of which is hereby acknowledged, and subject only to the exceptions, reservations, terms and provisions hereinafter set out, have granted, sold, assigned and conveyed, and by these presents do, subject only to said exceptions, reservations, terms and provisions, grant, sell, assigns and convey unto the said SULPHIDE MINING COMPANY, hereinafter referred to as "Grantee", all of the following described land, property, mining claims, estates and rights located in the Bullion mining district, Eureka County, Nevada:

- (a) All of Section 1, containing 638.8 acres, Township 29 North, Range 48 East, conveyed by Southern Pacific Land Company to H. J. Buchenau, by deed dated August 28, 1951, recorded in Vol. 24, page 168 of the Deed Records of Eureka County, Nevada.
- (b) All of Section 11, containing 640 acres, Township 29 North, Range 48 East, conveyed by Southern Pacific Land Company to H. J. Buchenau, by deed dated August 28, 1951, recorded in Vol. 24, page 168 of the Deed Records of Eureka County, Nevada.
- (c) Fractional Section 31, containing the West 226.40 acres, Township 30 North, Range 49 East, conveyed by Southern Pacific Land Company to H. J. Buchenau, by deed dated August 28, 1951, recorded in Vol. 24, page 168 of the Deed Records of Eureka County, Nevada.
- (d) All rights, titles, claims and estates of said Grantors in and to that certain Escrow Agreement dated February 24, 1953, to Security Title Insurance & Guarantee Company, of Madera, California, from O. J. Streeter, Jessie D. Streeter, W. S. Peterson and Gwen Peterson, and also that certain Agreement between

O. J. Streeter, Jessie D. Streeter, W. S. Peterson and Gwen Peterson, First Parties, and Max B. Arnold and Grace C. Arnold, H. J. Buchenau and Elsie Buchenau, Second Parties, dated February 24, 1953, relating to and covering the following described lands:

1. That certain Lease dated November 29, 1951, originally granted O. J. Streeter and W. S. Peterson by H. J. Buchenau and Max B. Arnold, to the East half (E/2) of Section 11, Township 29 North, Range 48 East, comprising 320 acres, more or less, Eureka County, Nevada, and subsequently reassigned to H. J. Buchenau and Max B. Arnold by O. J. Streeter, et ux, and W. S. Peterson, et ux, subject to the foregoing described Escrow Agreement.
2. That certain Brimstone Placer Claim comprising the Northwest quarter (NW/4) of Section 12, Township 29 North, Range 48 East, Eureka County, Nevada, subject to the terms of the foregoing described Escrow Agreement, the Certificate of Location of said claim being duly recorded in the Office of the County Recorder of Eureka County in Book J of Mining Locations, at page 196, which record is hereby referred to for all particulars therein shown.

(e) Those certain unpatented placer mining locations named and described as follows, viz:

1. Bellows No. 1, consisting of the SW $\frac{1}{4}$ of Section 12, Township 29 North, Range 48 East, M.D.B.&M., the Location Notice of which is recorded in the Office of the County Recorder of Eureka County in Book J of Mining Locations at Page 211, which record is hereby referred to and by reference made a part hereof for all particulars therein shown.
2. Bellows No. 2, consisting of the NE $\frac{1}{4}$ of Section 12, Township 29 North, Range 48 East, M.D.B.&M., the Location Notice of which is recorded in the Office of the County Recorder of Eureka County in Book J of Mining Locations at Page 212, which record is hereby referred to and by reference made a part hereof for all particulars therein shown.
3. Bellows No. 3, consisting of the SE $\frac{1}{4}$ of Section 12, Township 29 North, Range 48 East, M.D.B.&M., the Location Notice of which is recorded in the Office of the County Recorder of Eureka County in Book J of Mining Locations at Page 212, which record is hereby referred to and by reference made a part hereof for all particulars therein shown.
4. Bellows No. 4, consisting of the SW $\frac{1}{4}$ of Section 6, Township 29 North, Range 49 East, M.D.B.&M., the Location Notice of which is recorded in the Office of the County Recorder of Eureka County in Book J of Mining Locations at Page 213, which record is hereby referred to and by reference made a part hereof for all particulars therein shown.
5. Bellows No. 5, consisting of Lots 5, 6, 11 and 12 of Section 6, Township 29 North, Range 49 East, M.D.B.&M., the Location Notice of which is recorded in the Office of the County Recorder of Eureka County in Book J of Mining Locations at Page 213, which record is hereby referred to and by reference made a part hereof for all particulars therein shown.
6. Bellows No. 6, consisting of the SE $\frac{1}{4}$ of Section 2, Township 29 North, Range 48 East, M.D.B.&M., the Location Notice of which is recorded in the Office of the County Recorder of Eureka County in Book J of Mining Locations at Page 214, which record is hereby referred to and by reference made a part hereof for all particulars therein shown.
7. Bellows No. 7, consisting of Lots 3 and 4 of Section 6, Township 29 North, Range 49 East, M.D.B.&M., the Location Notice of which is recorded in the Office of the County Recorder of Eureka County in Book J of Mining Locations at Page 214, which record is hereby referred to and by reference made a part hereof for all particulars therein shown.
8. Bellows No. 8, consisting of the SE $\frac{1}{4}$ of Section 36, Township 30 North, Range 48 East, M.D.B.&M., the Amended Location Notice of which is recorded in the Office of the County Recorder of Eureka County in Book J of Mining Locations at Page 215, which record is hereby referred to and by reference made a part hereof for all particulars therein shown.

There is expressly reserved unto the Grantors, their heirs, executors, administrators successors and assigns, a royalty of one-tenth (1/10) of the average market price per long ton (2,240 pounds) for crude sulphur in bulk f.o.b. cars at domestic mines which may hereafter be produced and saved from the land and properties above described until such time as the Grantors herein shall have received not more than the aggregate sum of Two Hundred Fifty Thousand Dollars (\$250,000.00), subject to the deduction of sums as hereinafter provided, including the initial Two Thousand Dollars (\$2,000.00) hereby receipted for and all royalty and minimum royalty payments which may be made under the terms of this conveyance, which Two Hundred Fifty Thousand Dollars (\$250,000.00) is the maximum total consideration which may be paid for this conveyance. For the purpose of determining royalty payments, the average market price of sulphur shall be the average market price per long ton (2,240 pounds) of crude sulphur in bulk f.o.b. cars as quoted in the weekly trade journal Oil, Paint and Drug Reporter (published by Schnell Publishing Company, New York City), or, in the absence of such source of information, as quoted by another reliable and mutually agreeable trade journal, and such average current market price is to be the average market price per long ton (2,240 pounds) for crude sulphur in bulk f.o.b. cars at domestic mines as quoted in said Reporter during the calendar month in which sulphur is produced; said average being arrived at by taking such quoted market prices published in said Reporter each week during said month and dividing the total of such weekly quoted prices by the number of issues of said Reporter published during said month; and when more than one market price is quoted for such sulphur in any one weekly issue of said Reporter, the average of such market prices quoted in such issue is to be the quoted price of such sulphur for said week. Said royalty accruing hereunder shall be paid to Grantors quarterly on the twentieth day of the month for sulphur produced and saved during the preceding three (3) calendar months, ending November

30, last day of February, May 31, or August 31.

This conveyance shall become null and void as to both parties on December 1, 1953, unless Grantee on or before such date pays Grantors herein Ten Thousand Dollars (\$10,000.00) (subject to the deductions hereinafter provided for) as minimum advance royalty, which said payment shall continue this grant for an additional period of six (6) months from December 1, 1953. Likewise on each succeeding June 1 and December 1, this conveyance shall become null and void to both parties unless Grantee on or before each such succeeding June 1 or December 1 pays Grantors herein Ten Thousand Dollars (\$10,000.00) (subject to the deductions hereinafter provided for) as minimum advance royalty until such time as the total of such payments, plus the initial Two Thousand Dollars (\$2,000.00), all deductions herein-after provided for, and all earned royalty payments made under the terms of this agreement, shall equal the aggregate sum of Two Hundred Fifty Thousand Dollars (\$250,000.00), which is the maximum consideration for this conveyance. It is expressly understood and agreed that Grantee shall incur no liability or obligation to Grantors, however, for failure to make semi-annual minimum advance royalty payments as above specified, excepting only the obligation to promptly vacate said properties.

Notwithstanding any other provision of this agreement, it is agreed that Grantors shall not receive an aggregate sum in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00) (less deductions hereinafter provided for) from all sources under the terms of this agreement.

It is furthermore expressly agreed that all royalty resulting from sulphur production from these properties may be retained by Grantee to the extent necessary to reimburse Grantee for all minimum advance royalties paid to Grantors under the terms of this agreement and to reimburse Grantee for any sums paid to the Streeters and Petersons in accordance with the provisions of the paragraph appearing next herein below.

Notwithstanding any other provisions in this agreement, it is expressly understood and agreed that should Grantee elect to maintain this agreement in effect by the payment of advance royalty, as elsewhere herein provided, or by the production of sulphur, that, beginning December 1, 1953, and each six (6) months thereafter, as long as this agreement is maintained in effect, Grantee may deduct Two Thousand Dollars (\$2,000.00) from royalty accrued from production, or from the semi-annual Ten Thousand Dollars (\$10,000.00) advance royalty payable to Grantors, until a sum of Thirty-eight Thousand Dollars (\$38,000.00) has been deducted, and deliver said first deduction of Two Thousand Dollars (\$2,000.00) to the Security Title Insurance & Guarantee Company, at Madera, California, to the account of O. J. Streeter and Jessie D. Streeter, husband and wife, and W. S. Peterson and Gwen Peterson, husband and wife, on or before December 15, 1953, and to likewise deduct and deliver a like sum of Two Thousand Dollars (\$2,000.00) from advance or earned royalty due on each subsequent semi-annual anniversary date hereof until a total of Thirty-eight Thousand Dollars (\$38,000.00) has been so paid to said Security Title Insurance & Guarantee Company, at Madera, California, to the account of O. J. Streeter and Jessie D. Streeter, husband and wife, and W. S. Peterson and Gwen Peterson, husband and wife, or until such time as Grantee may elect to terminate this agreement and said payments. The purpose of these deductions and payments is to assure Grantee of compliance with the terms of the escrow agreement between Grantors and Oscar J. Streeter, Jessie D. Streeter, W. S. Peterson and Gwen Peterson, dated February 24, 1953, whereby said Streeters and Petersons placed in escrow a lease reassignment described as item (d) 1, hereinabove, and a quitclaim deed described as item (d) 2, hereinabove, on condition of payment by the Grantors to said Streeters and Petersons of a sum of Thirty-eight Thousand dollars (\$38,000.00) in semi-annual payments of Two Thousand Dollars (\$2,000.00), beginning December 15, 1953.

If, subsequent to this conveyance, there is any change of ownership of the royalty or minimum advance royalty herein reserved, or any part thereof, then, until such change of ownership is clearly evidenced by delivery to Grantee of a recordable instrument or a certified copy of a recorded instrument, Grantee shall, without liability, continue to pay all royalty and advance royalty which may accrue to the Grantors designated in this deed as the owners thereof.

All payments or tenders of royalty or advance royalty herein provided for, other than the semi-annual payments of Two Thousand Dollars (\$2,000.00) to the Security Title Insurance & Guarantee Company, escrow agent, are to be made to the Grantors personally, or by mailing to the Bank of America N.T. & S. Ass'n., Madera, California. Said payments or tenders may be mailed on or before the due date of the payment or tender, transmitting Grantee's check with instructions to said Bank to deposit the same to Grantor's credit. Grantors hereby constitute said Bank (or any successor bank) Grantors' agent to receive and receipt for any payments which may be made hereunder and agree with Grantee that said Bank (or any successor bank) shall continue as Grantors' agent and depository for royalty and advance royalty payments hereunder regardless of changes of ownership of said royalty or of the advance royalty. All exchange, collection or other service charges made by said Bank on the Grantee's checks are to be borne by Grantors. Notwithstanding the death of the Grantors, the payment or tender of advance royalty within the time and in the manner herein provided shall be binding on the heirs, devisees, legal representatives and assigns of Grantors. If said Bank (or any successor bank) should fail, be liquidated, or be succeeded by another bank, or if for any reason said Bank should fail or refuse to accept said royalty or advance royalty, Grantee shall not be held in default for failure to make such payment of royalty or advance royalty until thirty (30) days after Grantor shall deliver to Grantee a proper recordable instrument naming another bank as agent to receive and receipt for such payments or tenders.

Grantee expressly agrees that on or before June 1, 1953, weather permitting, it shall actively begin examination, surveying, locating holes, testing, and exploration of the hereinabove described property for sulphur deposits by the use of bulldozers, drilling rigs, or other suitable equipment. Adverse weather shall be such a condition as to permit the delay of commencement of such examination and exploration until favorable weather is assured. Said exploration shall be prosecuted with due diligence until such time as Grantee determines the sulphur deposit justifies continuing this agreement in force as herein provided or elects to reconvey said property to Grantors, it being expressly understood that such exploration shall be completed and such determination and election shall be made on or before December 1, 1953.

Grantee, its successors and assigns, except as immediately hereinabove provided, shall never be under any obligation either express or implied to drill for, produce, continue to produce, or attempt to produce sulphur from said property aforescribed, or any part thereof, and all operations and development for the production of sulphur shall be solely at the election of Grantee, its successors and assigns.

So long as Grantee retains the properties hereby granted, Grantee agrees to comply with the requirements of the law of the State of Nevada and the federal statutes with respect to minimum assessment work on or for the benefit of the unpatented mining claims hereby granted or to be acquired and conveyed, beginning with the assessment year 1953-54. Nothing herein, however, shall compel the Grantee to do more than the annual assessment work required by this conveyance.

Grantee further agrees to assume responsibility for all taxes that may arise from mining operations on the hereinabove described property. Grantee shall conduct any mining operations in compliance with the labor laws and workmen's compensation laws of the State of Nevada, and shall hold Grantors safe and harmless from any liens or legal actions against the hereinabove described property arising as the result of Grantee's mining operations.

It is stipulated, anything herein to the contrary notwithstanding, that Grantee, its successors and assigns, shall have the right at any time to reconvey to Grantors, their heirs, administrators, executors, successors and assigns, the estate herein conveyed, or any interest therein, or any part thereof, and in such event Grantee, its successors and assigns, shall forthwith stand released from any and all obligations hereunder, express or implied, insofar as relating to or affecting such interest so reconveyed, except only as to royalty accrued from production and unpaid. The reconveyance of less than the whole of said lands and properties shall not, however, operate to reduce any advance royalty stipulated herein as being payable with respect to the lands and properties herein conveyed.

Grantee, its successors and assigns, shall have the right at any time at its election to redeem for Grantors in satisfaction of any deeds of trust, escrow agreements, taxes, judgments, or any other liens on the hereinabove described land, in the event of default of payment by Grantors, their heirs, executors, administrators, successors and assigns, and be subrogated to the rights of the owner or owners thereof.

TO HAVE AND TO HOLD the above described property, unto the said Grantee, its successors and assigns, subject only to the exceptions, reservations, terms and provisions hereinabove set out, together with all and singular the rights, privileges and appurtenances thereto in anywise belonging, unto the said Grantee, its successors and assigns, forever, and, subject only to the exceptions, reservations, terms and provisions herein contained, Grantors hereby bind themselves, their heirs, executors, administrators, successors and assigns, to WARRANT AND FOREVER DEFEND all and singular said property unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

IN TESTIMONY WHEREOF, this instrument is executed this 29th day of May, 1953.

Max B. Arnold
Grace C. Arnold
H. J. Buchenau
Elsie Buchenau

State of California)
) ss.
 County of Madera)

On this 29 day of May, 1953, personally appeared before me, a Notary Public in and for said County and State, MAX B. ARNOLD and GRACE C. ARNOLD, husband and wife, known to me to be the persons described in and who executed the foregoing instrument, who 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 last above written.

(Notarial Seal)

Beryl DeWitt
 Notary Public.

My Commission Expires: 11/18/54

State of California)
) ss.
 County of Madera)

On this 29 day of May, 1953, personally appeared before me, a Notary Public in and for said County and State, H. J. BUCHENAU and ELSIE BUCHENAU, husband and wife, known to me to be the persons described in and who executed the foregoing instrument, who 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 last above written.

(Notarial Seal)

Beryl DeWitt
 Notary Public

My Commission Expires: 11/18/54

Recorded at the Request of W. Howard Gray Aug. 21, A.D. 1953 At 46 minutes past 11 A.M.

R. W. Gibson--Recorder.