

W. E. EDGAR and E. L. SEGO,)
Lessors,)
)
to)
)
MAGNET COVE BARIUM CORPORATION,)
Lessee.)

LEASE

LEASE

THIS INDENTURE, made the 25th day of July, 1953, by and between W. E. Edgar and E. L. Sego, of the County of Elko, State of Nevada, the Parties of the First Part, hereinafter called the "Lessors", and Magnet Cove Barium Corporation, a corporation organized and existing under and by virtue of the laws of the State of Arkansas, the Party of the Second Part, hereinafter called the "Lessee", it being understood that any gender includes all other genders, the singular number includes the plural, and the plural the singular:

W I T N E S S E T H :

WHEREAS, Lessors represent that they are the locators and owners of the hereinafter described good, valid, and subsisting lode mining claims, known as the P & E Group, situate in the County of Eureka, State of Nevada, subject only to the paramount title of the United States, and that they have the exclusive right to lease said claims and to collect royalties by reason of mining minerals therefrom, and that they can and will keep and protect Lessee in its possession and mining operations thereof; and,

WHEREAS, Lessee, in reliance upon the foregoing, will engage in certain geological, geophysical, and other exploratory operations prior to December 25, 1953, for the purpose

of determining whether or not the ore deposits on said mining claims are commercially valuable, and if it determines that barite ores exist thereon in such grades and quantities that same can be mined and marketed at a profit, to thereafter conduct mining operations under the terms and conditions of the hereinafter granted lease;

NOW, THEREFORE, It is agreed between the parties hereto that Lessee shall have the exclusive right to and including the 25th day of December 1953, to conduct such exploration operations on the hereinafter described premises as it may deem necessary, with full right of ingress and egress for such purposes.

In the event Lessee fails to pay to Castle & Puccinelli, Attorneys at Law, in Elko, Nevada, for the credit of lessors, on or before December 25 1953, the sum of Three Thousand Dollars (\$3,000.00) in current, lawful money of the United States to be credited upon royalties that may hereafter accrue and become payable under the terms of the hereinafter set out lease/shall terminate, and all parties hereto shall be relieved of all obligations to the others hereunder. However, should Lessee pay said sum in accordance with the terms of the lease hereinafter set out, then the hereinafter set out provisions shall be binding upon the parties hereto.

Lessor, for and in consideration of the royalties hereinafter reserved, and the covenants and agreements hereinafter expressed, and by Lessee to be kept and performed, have GRANTED, DEMISED and LET, and by these presents do GRANT, DEMISE, and LET unto the Lessee, all of the following described mined and mining property situated in Eureka County, State of Nevada, together with the appurtenances, to-wit:

That certain group of three (3) lode mining claims, known as the P & E Group, situated in Eureka County, State of Nevada, together with the appurtenances: East Half (E $\frac{1}{2}$) of Section 4, Township 34 North, Range 50 East.

TO HAVE AND TO HOLD unto the said Lessee for the term of Ten (10) years from the date hereof, expiring at noon on the 24th day of December 1963, unless sooner forfeited or determined by Lessors as hereinafter provided, or unless sooner surrendered by Lessee as hereinafter set forth.

Lessor grant to Lessee the exclusive right to prospect, explore for, drill for, and mine by stripping or otherwise, produce, process, beneficiate and treat and remove from the above described properties, barite ore and barites (this lease being restricted to the mining of barite ores); and to excavate, store, or pile soil, over-burden and/or strippings and/or waste materials; and to build and use truck roads, treating, grinding and processing plants, pits, power houses, storage bins and tanks, stations and structures thereon; to mine, produce, process, take care of, beneficiate and remove barite ores and barites, together with rights of ways, easements, and servitudes for truck roads, telephone lines, power and pipe lines, and with the right for such purposes to free use of the water from said lands, if any, and with the right of removing either during or within ninety (90) days after the termination hereof, as hereinafter provided, all of its drills, machinery, tools, structures, and other improvements placed or erected on said premises by the Lessee, together with the rights of ingress and egress upon, to, and from said property at all times.

Prior to the termination or surrender hereof under the provisions herein set out, Lessee agrees to enter upon said premises and proceed to work the same in a good, miner-like fashion necessary to good and economical mining with due regard to the development and preservation of same as workable mining claims; provided, however, Lessee may at any time or from time to time discontinue and suspend any such mining, but, in any such event, Lessee shall not be relieved of its obligation to pay the advance minimum royalties hereinafter

provided to be paid while this lease is in force.

Lessee shall permit Lessors, or their duly authorized agents or representatives, at all reasonable times to enter upon any or all parts of said leased premises for the purpose of inspection.

In order to keep this lease in force from and after the 25th day of December 1953, on or before said date, Lessee shall pay to Castle & Puccinelli, Attorneys at Law, at Elko, Nevada, as agents of Lessors, the sum of Three Thousand (\$3,000.00) Dollars in current, lawful money of the United States of America, as an advance payment to be credited upon royalties that become due and payable to Lessors by Lessee by reason of the removal and shipping of ores and minerals under the provisions hereinafter set forth.

Unless Lessee surrenders this lease, as hereinafter provided, Lessee shall also pay to Castle & Puccinelli for the credit of Lessors, on or before December 25 1954, and on or before each anniversary date while this lease is kept in force, Five Hundred (\$500.00) Dollars as an advance to apply upon royalties that may accrue thereafter. The initial advance royalty payment and all additional advance royalty payments shall accumulate and be credited upon the royalties that subsequently accrue and become payable hereunder to Lessors by reason of mining operations and shipment of ores and minerals. However, should Lessors forfeit or terminate this lease as hereinafter provided, or should the Lessee surrender the same, Lessors shall not be obligated to refund to Lessee any part or portion of said payments made in advance for royalties to accrue. If Lessee has surrendered this lease, as hereinafter provided, before the 25th day of July of any year, Lessee shall not be obligated to pay further annual advance royalties.

When the royalties accruing from mining operations exceed the amount of the advance payment of royalties computed as hereinafter provided, Lessee shall pay to said attorneys for the credit of Lessors between the 20th and 28th day of each month following the month in which any shipment or sale of ores are made, all additional royalties that accrued and became payable during the preceding month.

Lessee agrees to pay to Lessors a royalty of Fifty (50¢) Cents per ton of 2,000 pounds for each ton of barite ore taken and shipped from said premises above described. The payment of royalties shall be based on railroad weights or public scale certificate of truck loads, which Lessee shall direct to be issued by the railway company or trucking company to Lessors. Complete statements of the barite ore taken and shipped from said mine and mining premises shall be rendered to Lessors or said attorneys as their agents on or before the 28th day of the month next following the month in which any shipments shall have been made.

Notwithstanding anything in this Lease to the contrary, if at any time Lessee should determine that it does not desire to proceed further under the terms of this lease to hold or to mine any one or more of said claims hereby leased, then Lessee may as to this entire lease or as to any of said claims, terminate this lease or modify the same by surrendering up to Lessors any one or more of said claims by giving said attorneys of Lessors above named, ninety (90) days written notice of its intention to terminate or surrender the same or to modify the same by releasing and surrendering to Lessors one or more of said mining claims above described. Upon giving of such notice of surrender of this lease as to one or more of said claims, Lessee shall be relieved of all of its obligations hereunder as to such claim or claims surrendered except those obligations that have theretofore accrued.

Lessors shall comply with the laws of the United States and the State of Nevada so as to keep said mining claims in force. Lessee agrees to furnish Lessors such information as they may request with reference to assessment work.

Provided Lessee is not in default in the payment of royalties hereunder, it may extend this lease for an additional term of Ten (10) years from and after the expiration of

said original term by mailing to Lessors or to parties to whom it is then paying royalties hereunder, at least ninety (90) days prior to the expiration of the original term, written notice of its election to extend the same. Upon such notice being mailed, should Lessee not be in default hereunder in the payment of royalties, this lease shall be extended for an additional Ten (10) years upon all of the terms, conditions, provisions, and covenants as herein set out.

In the event Lessee fails to perform any or all of the covenants, terms, or conditions herein contained and on its part to be kept, performed, and observed, Lessors may give to Lessee at its office in Houston, Texas, written notice by registered mail of its intention to declare a forfeiture because of the default specified in such notice. In the event Lessee shall not correct such default within sixty (60) days after receipt by Lessee of such notice, Lessors at their election, may declare this lease terminated and of no further force and effect except as to obligations theretofore incurred, and shall so notify Lessee, in which event Lessee shall vacate and surrender said mines and premises to the Lessors free and clear of all liens and encumbrances, and pay all unpaid royalties owing by Lessee to Lessors, and thereupon and thereafter Lessee shall be released from any and all liability under and by virtue of the terms and conditions of this agreement, and Lessors shall have no further remedy, action at law, or suit in equity for damages or other relief by reason of the breach of this agreement as aforesaid.

After payment of all sums owing by Lessee to Lessors hereunder, Lessee shall have the right to remove all of its machinery, equipment and facilities from said premises within a period of ninety (90) days after the termination of this lease.

The rights and estate of either party hereto may be assigned in whole or in part, but no change or division in ownership of said claims, minerals, lands, payments, or royalties, however accomplished, shall operate to enlarge the obligations, nor to diminish the rights, privileges, and estates of Lessee, nor to impair the effectiveness of any payment made by it. No change or division in the ownership of said claims, minerals, lands, rentals or royalties, however accomplished, shall ever be binding upon Lessee for any purpose until Lessee has been furnished by Lessors, or by their heirs or assigns, satisfactory written evidence thereof, including (if such change is effected by conveyance) the original recorded title papers or certified copies thereof. All covenants and agreements of Lessors herein contained shall run with the above described property.

Lessors warrant to defend the title to said premises and minerals therein, and agree that Lessee at its option may discharge any judgment for foreclosure of any tax or other lien on said claims, minerals and land; and in the event it does so, it shall be subrogated to such lien and the rights to enforce same, and may, without waiving any other remedy Lessee may have, apply royalties accruing hereunder towards satisfying same. In the event Lessors own an interest in the minerals hereby leased less than the entire estate, subject to the rights of the United States, then the royalties and payments to be paid Lessors shall be reduced proportionately. In the event of a dispute as to the ownership of said minerals or royalties, Lessee may withhold any payments due hereunder until indemnity satisfactory to it is furnished. In the event Lessee pays to Lessors any royalties hereunder to which they are not entitled, they agree to reimburse Lessee therefor.

The Lessee shall be solely responsible for all work and labor done upon or about said mining property, and for all materials and supplies furnished and to be used in the working of said property, or in the construction of any improvement or improvements thereon, and shall not, by any act, cause, permit, or suffer any lien of any kind to attach to the said property or any part thereof, and agrees to save, defend, keep harmless, and indemnify the said Lessors and said property of and from any and all such lien or liens. It is un-

derstood and agreed that no person employed in or about said property shall be deemed to be the employee of the said Lessors within the contemplation of an act of the Legislature of the State of Nevada, known as the "Workmen's Compensation Act", or of any act or acts amendatory thereof or analogous or supplementary thereto; and that said Lessee shall conduct or cause to be conducted all mining operations in and upon said mine and mining property in strict accordance with the provisions of an Act of the Legislature of the State of Nevada entitled "An Act creating office of Inspector of Mines, etc." approved March 24, 1909, and all Acts supplementary thereto or amendatory thereof. Lessee shall carry industrial insurance upon all parties employed by it working in and about said premises and in accordance with the terms and conditions of what is known as and called the "Nevada Industrial Insurance Act."

Lessee agrees to post and keep posted in a conspicuous place on said premises "NOTICE OF THE NON-LIABILITY OF THE SAID LESSORS", notifying all persons that the said Lessors are not responsible nor 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 3743, 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 said Lessors in respect to any lien or claims that might be filed against said property. Such non-liability of the said Lessors, as referred to in the preceding statement, 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 claim for labor, materials, damage, or injury.

Should Castle & Puccinelli discontinue to act as agents of Lessors for the collection of their royalties hereunder, unless Lessors appoint agents to receive and collect and distribute their royalties in the proportions they are to receive them, they shall by written instrument specify their respective proportionate parts in and to the royalties from time to time, and advise Lessee of any changes of address, and changes in interest, and keep Lessors at all times advised of the addresses of the persons to whom said royalties are payable. In the event more than six parties become entitled to receive royalties hereunder, they shall appoint a trustee to act as their agent for the purpose of collecting, receiving, and distributing their royalties.

The provisions of this lease and agreement shall inure to, and be binding upon the administrators, executors, successors, and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above written.

W. E. Edgar

W. E. Edgar

E. L. Sego

E. L. Sego

LESSORS

MAGNET COVE BARIUM CORPORATION

By Willard M. Johnson
President

LESSEE

(Corporate Seal)

ATTEST:

A. J. Eastham
Assistant Secretary

THE STATE OF TEXAS)

) SS:
COUNTY OF HARRIS)

On this 7th day of October 1953, personally appeared before me, a Notary Public in and for the said County and State, Willard M. Johnson and A. J. Eastham, known to me to be the President and Assistant Secretary, respectively, of the corporation that executed the foregoing instrument; and upon oath did depose and say that they are the officers of the said corpora-

tion as above designated; that they are 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 who 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 said County and State, the day and year in this certificate last above written.

(Notarial Seal)

Roberta K. Davis
Roberta K. Davis
 Notary Public in and for Harris County,
 Texas.

My Commission expires: June 1, 1955

THE STATE OF NEVADA)
) SS:
 COUNTY OF ELKO)

On this 24th day of September 1953 personally appeared before me, a Notary Public in and for said County and State, W. E. Edgar and E. L. Sego, known to me to be the persons described in the who executed the foregoing instrument, and 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 seal the day and year in this certificate last above written.

(Notarial Seal)

Leo J. Puccinelli
 Notary Public

My Commission expires: 7/25/54

Recorded at the Request of Floyd A. Enz February 24 A.D. 1954 At 15 minutes past 11 A.M.

R. W. Gibson - Recorder