

L E A S E

W I T N E S S E T H:

T 28 N. R 49 E. M.D.B. & M.
Section 1: All
3: All
9: All
11: All
13: All
15: All
21: N $\frac{1}{2}$
23: All

T 29 N. R 49 E. M.D.B. & M.

Section 11: All
13: All

T 29 N. R 49 E. M.D.B. & M. Cont.

Section 23: All
25: All
27: All
35: All

T 28 N. R 50 E. M.D.B. & M.

Section 1: All (Fractional)
3: All (Fractional)
5: All (Fractional)
7: All (Fractional)
9: All
11: All
13: All
15: All
17: All
19: All
21: All
23: All

T 28 N. R 51 E. M.D.B. & M.

Section 5: All (Fractional)
7: All (Fractional)
9: All
17: All

T 29 N. R 50 E. M.D.B. & M.

Section 3: All (Fractional)
5: All (Fractional)
7: All (Fractional)
9: All
11: All
13: E $\frac{1}{2}$; N $\frac{1}{2}$ of NW $\frac{1}{4}$; N $\frac{1}{2}$ of S $\frac{1}{2}$ of NW $\frac{1}{4}$; S $\frac{1}{2}$ of N $\frac{1}{2}$ of SW $\frac{1}{4}$; S $\frac{1}{2}$ of SW $\frac{1}{4}$
15: All
17: All
19: All (Fractional)
21: All
23: All
25: All
27: All
29: All
31: All (Fractional)
33: All
35: All

T 29 N. R 51 E. M.D.B. & M.

Section 31: All (Fractional)

Provided, however, the lessee specifically covenants that it will on or before one year from date designate in writing to the lessors those sections of land from the above described properties which shall be continued under this Lease and remain a part thereof. Each section so designated by the lessee shall be supported by opinion from a competent and qualified geologist that to his best knowledge and belief iron ore in commercial quantities exists upon each of said sections. Such written designation of said sections included in lease shall be attached to and become a part of said lease.

It is the contemplation of the parties hereto that the lessee shall have the right to explore all of the properties above leased for a period of one year from date and during such year make its choice of those sections of land giving indication of iron ore in commercial quantities per geologist's opinion to comprise the leasehold premises throughout the remainder of said leased period. Those sections not chosen by the lessee, as aforesaid to comprise the leasehold premises, shall be deemed dropped from this Lease after one year from date hereof.

Any and all agricultural land under fence owned or controlled by DAN FILIPPINI is hereby and will be specifically reserved from this said Lease. This Lease is limited to the mineral right to iron ore and the rights to mine the same only, and is in no way to deprive DAN FILIPPINI of his right to graze livestock over the leased area, except as necessary in developing and mining said property.

TO HAVE AND TO HOLD the same unto the said lessee for the term of thirty-five (35) years beginning with March 1, 1954, and ending on March 1, 1989, subject to the terms and conditions hereof, unless sooner forfeited or terminated through the violation of any condition, covenant or agreement herein set forth.

In consideration of such demise and lease the said lessee does hereby covenant and agree with the said lessors to pay rentals and royalties and to perform work in the manner following:

To pay the said lessors a royalty of 35% per ton on each ton of iron ore mined and shipped therefrom. For the purposes of computing this royalty, a dry long ton basis will be used with moisture content excluded therefrom and actual railway weights on ore shipped shall

be used as the wet basis on which to compute the dry weight. That complete statements of the tonnage shipped, computed on a dry basis shall be mailed to the lessors by the lessee on or before the end of the calendar month following the month in which any shipments shall have been made.

On or before March 1, 1955, the said lessee shall pay to the said lessors a minimum of \$5,000.00 in lawful money of the United States as advanced royalties and on or before March 1, 1956, the said lessee shall pay to the said lessors an additional minimum of \$10,000.00 as advanced royalties. A like additional amount of \$10,000.00 shall be paid by the said lessee to the lessors as advanced royalties on or before March 1 of each of the years, 1957, 1958, 1959 and 1960.

On or before March 1, 1961, said lessee shall pay to the said lessors a minimum of \$15,000.00 as advanced royalties and on or before March 1 of each of the years 1962, 1963, 1964 and 1965, a like amount of \$15,000.00 shall be paid as advanced royalties. Commencing with March 1, 1966, and on March 1 of each and every year thereafter for the life of this lease, said lessee shall pay to the said lessors as advanced annual royalties a minimum of \$20,000.00.

All advanced royalty payments as herein provided shall be applied at the rate of 17½¢ per ton on the royalties due to the lessors of 35¢ per long dry ton until all advanced royalties paid hereunder have been fully applied and credited against iron ore actually mined and shipped from the leased premises. The remaining 17½¢ per ton (or 35¢ per ton when no advanced royalties remain to be applied) on ore actually mined and shipped shall be paid by the lessee to the said lessors at the time that statements of tonnage mined and shipped are mailed to the lessors in the manner as provided above.

The purpose of the minimum advanced royalty payments outlined above is to provide said lessors with a minimum annual guaranteed royalty and are to be paid only in the event and to the extent that royalty payments at the rate of 35¢ per ton on ore actually mined and shipped as provided herein have not during the term of this lease compensated the said lessors in the amounts as provided by said minimum advanced royalties.

The said lessee shall keep all drifts, shafts, tunnels and other passages wherein the said lessee is working clear of loose rock and rubbish, and also to well and sufficiently timber said mine and mining premises at all points where the said lessee performs any work under the terms hereof.

The said lessee shall allow said lessors and their agent, or agents to enter into and upon all parts of the mine and mining property from time to time for purposes of inspection.

The lessee shall be solely responsible for all work and labor done upon or about said mining premises and property under the terms hereof, 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 by the said lessee, and the said lessee will not by any act cause, permit or suffer any lien of any kind to attach to the said property or any part thereof, and will save, defend, and keep harmless and indemnify the said lessors and said property of and from any and all such lien or liens; 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 "Workman's Compensation Act", or of any Act or Acts amendatory thereof, or analogous or supplementary thereto; that said lessee conduct 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. That the said lessee shall carry industrial

insurance upon all employees 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."

That upon the violation of any covenant or agreement herein reserved, the term of this lease shall, at the option of the said lessors, expire and terminate and the said lessors shall have immediate possession of the premises and property hereby demised and leased to the said lessee. The Waiver of said lessors of any breach or violation of this agreement shall not be deemed to be a waiver of any subsequent violation thereof. Provided, however that the lessee shall not be deemed in default of any violation of any of the terms of this agreement, including payments of moneys as herein provided, unless and until they shall receive thirty (30) days' written notice from the lessors, or one of them, setting forth such violation and the same is not corrected or performed within thirty (30) days after such written notice. Written notice shall be deemed to have been given the lessee by the lessors, or one of them, when the same shall have been deposited in the United States Post Office at Elko, Nevada, and addressed to lessee at Continental Bank Building, Boise, Idaho.

All payments of moneys as provided herein payable by the lessee to the lessors shall be made payable to the First National Bank of Nevada, Elko Branch, at Elko, Nevada, 50% of said payment shall be deposited by such Bank to the account of DAN FILIPPINI and the remaining 50% of such payment shall be deposited to the account of ROY L. and FRANCES L. PRIMEAUX. Payment to said First National Bank of Nevada, shall be deemed payment to all of said lessors. In the event said payments are made to the First National Bank of Nevada, Elko Branch, in accordance with this paragraph, the lessee shall be under no liability to any of the said lessors for his or her respective share of such payments.

Said 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 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 3743, N.D.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 liens or claims that might be filed against said property. Such non-liability of the said lessors and such Notice of 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 said lessors nor the property itself, nor any part thereof, shall be liable for any such claim for labor, materials, damage or injury.

That the said lessee shall not mix any ores or products from the leased premises with the ores or products derived from any other property, unless the ore from these premises shall have been previously weighed.

In the event of forfeiture or termination of this agreement for any cause as herein specified, all sums of money paid to the said lessors by the said lessee shall be retained by the said lessors as liquidated damages and any further obligations under this agreement by either the said lessee or said lessors shall cease and terminate.

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 said lessors. All personal property of the said lessee located within the leased premises, including buildings, machinery, equipment and tools, shall in the case of forfeiture or other termination of this lease remain the property of the said lessee and the said lessee shall have thirty

(30) days after the termination of this lease as aforesaid to remove such personal property from the leased premises.

In the event counsel for the lessee determines that legal title to any or all of the mineral rights to the leased property or any interest therein or thereto is not merchantable, then the lessee may at its option take any and all steps at its sole expense, of any nature including any legal action to perfect said title, and the lessors covenant that any steps to perfect said title or titles, shall be taken in the name of said lessors, and they further covenant to cooperate with the lessee fully in perfecting said titles.

The said lessee agrees to pay all personal property taxes assessed on any and all improvements located upon the leased premises, including buildings, machinery, equipment and tools.

The said lessors agree to pay all taxes upon the real property leased herein and if at any time said lessors fail to pay said taxes, the lessee shall have the right to pay said delinquent taxes and withhold any amounts so paid from the next payment or payments due to the said lessors under this agreement.

In the event the lessors shall desire to sell all or any portion of the mineral rights comprising this leasehold interest, the lessee shall have the first right, option and refusal to purchase the mineral rights so offered for sale at as good a price and terms as that offered by any bona fide third person.

The lessee shall have the right to terminate this agreement at any time during the life hereof on thirty days written notice served upon the lessors at the following addresses:

DAN FILIPPINI
Beowawe, Nevada

ROY L. PRIMEAUX & FRANCES L. PRIMEAUX
Winnemucca, Nevada

The lessors or either of them may designate change of address in writing mailed to the lessee.

In consideration of the performance of the covenants herein on the part of the lessee to be performed and in the event the lessee is not in default in the performance of said covenants, said lessee is hereby granted an option to enter a new lease with the lessors on said above described property for a period of 35 years from date of expiration of this said lease. The second lease shall be upon the identical terms hereof, provided, however, that the annual advanced royalty payment shall be in the amount of \$20,000.00 a year annually throughout the life of said lease.

The said lessee agrees to spend a minimum of \$15,000.00 within one year from date on geological exploration and/or development on the premises leased herein or on properties controlled by said lessee in Eureka County, Nevada, in the area known as the Cortez Range and to make the information obtained thereby available to the said lessors. The lessee agrees to expend from the above sum of \$15,000.00, a sufficient amount upon the geological examination of the properties comprising this lease, all within a year from date and to the end that geological opinions may be developed as to the mineral content within the leased lands.

The said lessors do hereby covenant and agree, that the said lessee paying the said royalties and observing the covenants and agreements herein contained, shall and may peaceably and quietly have, hold and enjoy the said premises and property during the full term hereof without let or hindrance by lessors.

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

Time is of the essence in this agreement.

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

Dan Filippini
DAN FILIPPINI

Roy L. Primeaux
ROY L. PRIMEAUX

Frances L. Primeaux
FRANCES L. PRIMEAUX

J. R. SIMPLOT COMPANY

(Corporate Seal)

BY: J. R. Simplot
President

Attest:

John M. Dahl
Secretary

STATE OF NEVADA,)
COUNTY OF ELKO.) SS.

On this 26th day of February, 1954, personally appeared before me, a Notary Public in and for said County and State, DAN FILIPPINI, known to me to be the person described in and who executed the foregoing instrument, and 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 the day and year in this Certificate last above written.

(Notarial Seal)

Milton J. Reinhart
NOTARY PUBLIC

STATE OF NEVADA,)
COUNTY OF ELKO.) SS.

On this 26th day of February, 1954, personally appeared before me, a Notary Public in and for said County and State, ROY L. PRIMEAUX and FRANCES L. PRIMEAUX, his 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 last above written.

(Notarial Seal)

Milton J. Reinhart
NOTARY PUBLIC

STATE OF NEVADA)
COUNTY OF ELKO) SS.

On this 26th day of February, 1954, personally appeared before me, a Notary Public in and for said County and State, J. R. SIMPLOT, known to me to be the President of the corporation that executed the foregoing instrument, and upon oath did depose 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 same 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 the day and year in this Certificate last above written.

(Notarial Seal)

Milton J. Reinhart
NOTARY PUBLIC

Recorded at the Request of J. R. Simplot Co. March 3 A.D. 1954 At 15 minutes past 11 A.M.

R. W. Gibson - Recorder