

James L. Dalton and
William D. Dalton,)
Lessors,)
to) Lease
V. C. Frazier,)
Lessee.)

AGREEMENT AND OPTION

THIS AGREEMENT AND OPTION made and entered into this 22nd day of January, A. D. 1954, by and between JAMES L. DALTON and WILLIAM D. DALTON, doing business as DALTON BROTHERS, both of the Town of Carlin, County of Elko, State of Nevada, the parties of the first part, and V. C. FRAZIER, of the Town of Carlin, County of Elko, State of Nevada, the party of the second part,-

W I T N E S S E T H:

WHEREAS, the said parties of the first part are the owners of those certain lode mining claims situate in the County of Eureka, State of Nevada, and described as follows, to-wit:-

Bull Dog, Bull Dog No. 1 and the
Legal Fraction claims all situate
on Lynn Creek Eureka County, Nevada,
and being in Section 12, Township 35
North, Range 50 East;

and,

WHEREAS, it is the desire of the party of the second part to purchase said mining claims and to enter into and upon them, do the necessary exploration work and to work said claims if they contain sufficient valuable gold ore.

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto and the sum of ONE DOLLAR (\$1.00) in hand paid by the party of the second part to the parties of the first part, the receipt whereof is hereby acknowledged, the parties to this agreement and option do agree as follows:-

The parties of the first part do hereby give to the party of the second part an unrestricted option to purchase all of the above-described claims for the full purchase price of FIFTEEN THOUSAND AND NO/100 (\$15,000.00) DOLLARS and that said option shall continue for the full term of five (5) years from the date hereof. Should the party of the second part agree to purchase said mining claims he shall enter into and upon said claims as soon as a dredge can be placed upon the property and put into operation.

The party of the second part shall pay the said purchase price in the manner following:-

He shall pay ten (10%) per cent of the gross clean-up of all free gold and ten (10%) per cent of the net cash price of all by-products derived from the dredging operation, all of which shall be applied on the purchase price of \$15,000.00. It is understood that the purchase price must be paid in full within a five (5) year period from the date hereof, and it being further understood that in no event will the minimum annual payments be less than THREE THOUSAND AND NO/100 (\$3,000.00) DOLLARS per year. The party of the second part agrees to pay a minimum of THREE HUNDRED AND NO/100 (\$300.00) DOLLARS monthly during the months of May, June, July, August, September, October, November and December of each year, and the minimum of ONE HUNDRED FIFTY AND NO/100 (\$150.00) during the months of January, February, March and April, of each year with the payments in these amounts to be made by the 20th day of the month following the month in which payment was due. It being understood that if the percentages as herein above set forth do not amount to the minimums as herein described that the balance shall be paid by the 20th of each month as aforesaid. It is specifically understood and agreed that these conditions do not and will not apply until the dredge is placed upon the property and put into operation.

It is specifically understood and agreed by and between the parties hereto that this agreement and option will be assigned by the party of the second part to the GOLD OF OPHIR PLACERS, INC., a corporation organized and existing under and by virtue of the laws of the State of Nevada, which said corporation will do the actual dredging work.

It is further specifically understood and agreed by and between the parties hereto that the party of the second part or his assignee reserve the right to pay the full purchase price at any time during the existence of this agreement.

The party of the second part 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 party of the second part, and the said party of the second part 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 parties of the first part 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 parties of the first part 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 party of the second part shall 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 party of the second part 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".

Said party of the second part agrees to post and keep posted in a conspicuous place on said premises NOTICE OF THE NON-LIABILITY OF THE FIRST PARTIES, notifying all persons that the said parties of the first part 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. 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 parties of the first part in respect to any liens or claims that might be filed against said property. Such non-liability of the said parties of the first part and such Notice of Non-liability of the said parties of the first part 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 parties of the first part nor the property itself, nor any part thereof, shall be liable for any such claim for labor, materials, damage or injury.

That in the event the party of the second part shall fail to perform any of the covenants, conditions and agreements herein contained or upon mutual consent of the parties hereto, this agreement shall be terminated and each party shall relinquish all rights and privileges under this agreement and said party of the second part shall remove therefrom all equipment and mining machinery placed upon said mining property.

The parties of the first part herewith promise to execute the quit claim deed for delivery to the party of the second part or his assignee immediately upon receiving full payment of the purchase price as hereinabove set forth. The parties of the first part further covenant and agree that they will not place any encumbrance or allow any encumbrance or lien to be placed upon the above described claims or any of them during the term of this agreement and option and they further covenant and agree to convey full and complete title of the above described premises to the party of the second part or his assignee subject only to the Paramount Title of the United States of America.

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

IN WITNESS WHEREOF, said parties have hereunto set their hands this 23, day of Jan'y, A.D. 1954.

James L. Dalton
William D. Dalton
 First Parties

V. C. Frazier
 Second Party

STATE OF NEVADA)
) SS.
 COUNTY OF ELKO)

On this 23, day of Jan'y, A. D. 1954, personally appeared before me, a Notary Public in and for the said County and State, -JAMES L. DALTON, WILLIAM D. DALTON and V. C. FRAZIER, - known to me to be the persons described in and 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 official seal at my office in the said County and State, the day and year in this certificate last above written.

(Notarial Seal)

John W. Puett

NOTARY PUBLIC

My Commission expires; Sept. 26, 1956.

Recorded at the Request of V. C. Frazier June 21 A.D. 1954 At 13 minutes past 1 P.M.

R. W. Gibson--Recorder.