

File No. 31402

John Gibellini and
Charles Halstead,)
)
 to) LEASE AND OPTION
)
 Combined Metals Reduction)
 Company.)

LEASE AND OPTION

THIS AGREEMENT made in duplicate this first day of June, 1954, between John Gibellini and Charles P. Halstead of Eureka, Nevada, first parties, and Combined Metals Reduction Company, a corporation under the laws of Utah, qualified to do business in Nevada, second party,

WITNESSETH:

In consideration of the sum of \$600.00 paid by second party to first parties, receipt whereof is hereby acknowledged, and of the terms, conditions and covenants herein stated to be kept and performed by the parties respectively, it is agreed:

1. First parties hereby sell to second party the option to purchase, upon the terms and conditions hereinafter set forth, the following named unpatented lode mining claims situated in unknown mining district, on the North slope of Lone Mountain in Eureka County, Nevada, to-wit:

		<u>Record Reference - O. Mng. Loc.</u>	
Helen	1-4-51	Liber "J"	P. 36
Helen No. 1	1-4-51	Liber "J"	P. 37
Helen No. 2	1-4-51	Liber "J"	P. 37
Helen No. 3	1-4-51	Liber "J"	P. 38
Helen No. 4	1-3-51	Liber "J"	P. 51

Together with all appurtenances, including water and water rights

For the particular description of each said claim reference is made to location certificate thereof of record in the office of the County Recorder for Eureka County, Nevada.

(a) The purchase price is \$23,800.00, of which \$600.00 has been paid; the balance of \$23,200.00 is to be paid on or before three years from the date of this agreement, to the escrow holder hereinafter named, for the account of first parties. Said escrow holder shall forthwith pay to first parties all amounts received by it under this agreement.

(b) All royalties paid under the lease provisions of this agreement, up to the time the option is exercised, shall apply upon and reduce the purchase price.

(c) This is a continuing option to be kept in force and effect by compliance on the part of second party with all the terms and conditions of lease provisions included herein.

2. During the time this agreement is in effect first parties hereby demise, lease and let to second party for the purpose of carrying on mining operations and of extracting and shipping ores and minerals therefrom, all of the property described in paragraph 1 hereof, upon the following terms and conditions, to-wit:

(a) Second party will go into possession of said property and during each year of the lease term will do all assessment work required by Federal law to prevent forfeiture of said claims; at second party's sole discretion it may do other development and mining work in said property; all work to be done by second party shall be done in good miner-like fashion, properly securing the ground wherever necessary and with a view to the preservation of said property for future mining operations.

(b) All ores mined under this agreement shall be shipped and sold by second party on the best terms obtainable by either party. All ores may be purchased and treated by second party in its own reduction plant, provided that terms of purchase by second party of such ores shall return an amount at least equal to the best competitive bid therefor obtainable by first parties.

(c) Until payment of the purchase price provided for herein second party will pay to the escrow holder for the account of first parties a royalty of 10% of net mill or smelter returns from ores produced from the property. Net returns shall mean the amount paid by the purchaser of the ores less treatment, freight, trucking, assaying and sampling charges.

(d) Second party shall be solely responsible for all labor, materials, supplies and equipment furnished for its operations, and shall keep the demised premises free and clear of incumbrances and mechanic's liens.

(e) Second party will indemnify and save harmless first parties of and from all liability, cost and expense that may arise out of damage or injury to persons or property occurring in the operations of second party under this agreement, but second party shall be notified of the commencement of any suit and shall have the right to defend the same.

(f) Second party will comply with the laws of Nevada in regard to posting notices and recording affidavits as to non-liability on the part of first parties and will also comply with the laws of Nevada as to industrial compensation insurance, and with all applicable laws of Nevada, and of the United States affecting its operations.

(g) During the life of this agreement second party will pay all property taxes and all taxes based on production laid upon the property described in paragraph 1 hereof.

(h) First parties or their agents may at all reasonable times enter upon and into the demised premises for the purpose of inspection, surveying and sampling.

(i) Upon termination of this agreement in any manner second party shall have the right of removal of all equipment, machinery, tools and supplies placed on the demised premises by it, such right of removal to be exercised within ninety days after such termination, but no track or timbering shall be removed.

3. On or before August 1, 1954, first parties will execute and deposit in escrow with the Continental National Bank & Trust Company, Salt Lake City, Utah, a good and sufficient deed naming second party as grantee and describing the demised premises; said deed to be delivered to second party upon full payment of the purchase price and compliance otherwise with the provisions of this agreement.

4. Time is of the essence of this agreement and if second party fails to keep and perform the conditions herein stated to be by it kept and performed, then at the option of first parties this agreement may be terminated, provided that first parties shall first serve upon second party a thirty day written notice setting forth the default or omission complained of, and if such default or omission is not remedied within said period, then this agreement shall become null and void; and in such event first parties shall retain as liquidated damages all monies theretofore paid by second party, and the escrow holder shall return to first parties the deed herein provided for.

5. Second party may relinquish its rights under this agreement by serving upon first parties a thirty day written notice of its intention so to do and returning the demised premises to first parties and paying to first parties all accrued obligations for royalty.

6. Nonperformance of this contract by second party is excused so far as caused by acts of God, war, accident, fire, unavailability of labor or materials, failure of water supply or transportation, shut down of treatment and refining plants, low price or metals, or acts of the public authorities.

7. This agreement shall in all things be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and personal representatives.

IN WITNESS WHEREOF the said parties hereto have caused this instrument to be duly executed this the day and year first above written.

John Gibellini

Charles P Halstead

First Parties

COMBINED METALS REDUCTION COMPANY
By

E H Snyder

President
Second party

STATE OF NEVADA: :
) ss
County of White Pine:

On this 31st day of July, 1954, before me a Notary Public in and for the said County and State, personally appeared John Gibellini and Charles P. Hallstead, known to me to be two of the persons whose names are subscribed to the foregoing instrument, and duly acknowledged to me that they executed the same.

(Notarial Seal)

My Commission Expires:
9/28/54

Jon R. Collins

Notary Public
Residing at Ely, Nevada

Recorded at the Request of Combined Metals Reduction Co. Aug. 14 A.D. 1954 At 55 minutes past 11 A.M.

R. W. Gibson--Recorder.