

File No. 33906

H. J. Buchenau and Elsie Buchenau, Grace C. Arnold,
Maxine Holms, John Patrick Arnold, Robert C. Arnold,

to

MINING LEASE AND OPTION TO PURCHASE

Herschel K. Mann and Charles J. Samples.

MINING LEASE
AND
OPTION TO PURCHASE

THIS LEASE made and entered into this 1st day of October, 1958, by and between H. J. BUCHENAU and ELSIE BUCHENAU, husband and wife, GRACE C. ARNOLD, MAXINE HOLMS, JOHN PATRICK ARNOLD, ROBERT C. ARNOLD, hereinafter designated as FIRST PARTIES, and HERSCHEL K. MANN and CHARLES J. SAMPLES, hereinafter designated as SECOND PARTIES,

W I T N E S S E T H:

First Parties hereby grant, demise and let, unto Second Parties, and Second Parties hereby hire and take for mining purposes, all that certain real property lying, being and situate in the County of Eureka, State of Nevada, and particularly described as follows:

Section 1 and Section 11 of Township 29 North, Range 48 East M.D.M.

This Lease hereby granted to Second Parties shall be on the following terms and conditions:

I.

The term of this Lease shall be fourteen (14) years from and after the date of execution of this Lease, subject, however, to the provisions hereof.

II.

Second Parties shall during the term of this lease mine and demised premises and shall abstract therefrom and market sulphur and all other ores in deposit on said premises.

III.

In consideration of this Lease and as and for the use and occupancy thereof Second Parties agree that they will, commencing on the 1st day of October, 1958, pay to First Parties a royalty of \$1.00 per long ton of sulphur ore extracted and removed from the premises, provided that the royalties due and owing First Parties in any one month shall not equal \$500.00; then and in the event Second Parties shall pay to First Parties the royalties provided herein plus a sum equal to \$500.00 as a minimum. It being understood that any payments made in any month in excess of the royalties herein provided shall be considered as the payment of advance royalties on sulphur ore to be mined.

As royalties become due hereunder they shall be paid on the 10th day of the month for the sulphur mined or delivered from said premises in the prior calendar month.

It is the intent of this contract that a minimum advance royalty of \$500.00 shall be paid each and every month during the term hereof.

IV.

Second Parties shall make all payments due hereunder to the First National Bank of Nevada, Elko Branch, Elko, Nevada, which Bank First Parties designate as their agent for the purpose of receiving said payments.

V.

Second Parties shall conduct their mining operations on the premises in a good minerlike fashion.

VI.

First Parties and their agents or representatives shall have the right to enter upon any part of the demised premises for the purpose of inspecting the work of Second Parties thereon at any and all reasonable times.

VII.

Second Parties shall at all times keep said demised premises free and clear of any and all liens, attachments or encumbrances, of any kind arising out of or in connection with the operation of Second Parties under this Lease. Second Parties shall at all times fully comply with any and all State and/or Federal laws

relating to workmen's compensation insurance, social security, unemployment compensation, and also with any and all valid laws or regulations relating or applying to the operations of Second Parties under this lease.

VIII.

Second Parties shall assume liability for any and all injuries or damages to the property of other Parties as a result of the operations of Second Parties under this Lease and shall protect First Parties against any and all claims arising out of such injuries or damages.

IX

First Parties may post Non-Responsibility Notices on said premises or such other notices as they may desire and Second Parties will protect any notices so posted by First Parties and will not allow them to be damaged, destroyed or defaced.

X

First Parties shall have free access to the records of Second Parties for the purpose of verifying weights of amounts of sulphur delivered from said premises.

XI.

Second Parties shall not assign this Lease and/or agreement or any interest therein without first having obtained written consent of First Parties thereto, provided, however, they may at any time assign to a corporation owned principally by Second Parties; and provided, further, they may assign to any person, firm or corporation which has the financial and mining experience necessary to fulfill the terms of this agreement.

XII.

Second Parties shall mine the property without committing waste thereon.

XIII.

If Second Parties are prevented by Acts of God, large scale catastrophies or any vis majors, from carrying out their mining operations on said property, Second Parties will not be held in default as long as such conditions prevent their performance of this lease, and Second Parties will be relieved of all payments required under Paragraph III hereof during said time.

XIV

XV.

In the case of any default on the part of Second Parties, and the giving of a thirty day notice of such default by First Parties to Second Parties by registered mail at the official address of Second Parties, and if said default is not corrected within said thirty (30) day period, this Lease shall terminate and Second Parties shall deliver up to said First Parties the said premises in good order and condition, with the appurtenances and all improvements made thereon, except Second Parties shall have a ninety (90) day period to remove all personal property, all movable machinery and other equipment that is not deemed permanently affixed to the property.

XVI.

Anything in this Lease to the contrary notwithstanding, Second Parties shall have the right to terminate and cancel this Lease by giving thirty (30) days written notice by registered mail to First Parties at their official address. Second Parties shall deliver the property in good order and condition less normal wear and tear, and the development, roads and improvements deemed to be affixed to the real property shall be deemed liquidated damages, provided that Second Parties shall not be in default under any of the terms and Provisions hereof.

XVII.

When Second Parties shall have paid EIGHTY THOUSAND DOLLARS (\$80,000.00) to First Parties under the Provisions of Paragraph III hereof or shall have, in addition to the sums paid under Paragraph III hereof, paid such sums as are necessary to total EIGHTY THOUSAND DOLLARS (\$80,000.00), Second Parties shall be entitled to an option to purchase the premises from First Parties for the sum of TWENTY THOUSAND DOLLARS (\$20,000.00) cash.

XVIII.

Second Parties shall exercise said option by notifying First Parties in writing to such effect and by depositing with the First National Bank of Nevada, Elko Branch, Elko, Nevada, the sum of TWENTY THOUSAND DOLLARS (\$20,000.00) to be delivered to First Parties when First Parties execute and deliver to Second Parties a good and sufficient deed conveying merchantable title to said premises to Second Parties, save for reservations in favor of Southern Pacific Company as to oil, gas and other hydrocarbon substances, and subject to rights of way and reservations for power sites.

XIX

This option provision will be effective only in the event Second Parties have well and truly performed this contract and shall have paid to First Parties the sum of EIGHTY THOUSAND DOLLARS (\$80,000.00).

XX.

From and after the 1st day of January, 1959, Second Parties will pay all taxes of every sort and nature levied and assessed on said real property in connection with their mining operation and including the taxes on any improvements and personal property which Second Parties may place on said premises.

XXI.

The provision hereof shall extend to and bind the heirs, personal representatives, assigns and successors in interest of First Parties, and the heirs, personal representatives and permitted assigns and successors in interest of Second Parties.

XXII.

The official address for all notices provided herein of First Parties shall be P. O. Box 299, Madera, California.

XXIII.

The official address for all notices provided herein of Second Parties shall be 610 South Broadway, Los Angeles 14, California; ATTENTION Charles J. Samples.

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

STATE OF CALIFORNIA)
) SS.
Said County of Madera)

On this 25th day of August in the year one thousand nine hundred and fifty-eight before me, Anne Holfeltz, a Notary Public in and for the said County of Madera, State of California, residing therein, duly commissioned and sworn, personally appeared H. J. Buchenau, Elsie Buchenau, Grace C. Arnold, Maxine Holmes, John Patrick Arnold, Robert C. Arnold, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the said County of Madera the day and year in this certificate first above written.

(Notarial Seal) Anna V. Holfeltz
Notary Public in and for said County of Madera, State of California.
My commission Expires 7/9/59.

STATE OF CALIFORNIA,)
) SS.
SAID County of Madera.)

On this 25th day of August in the year one thousand nine hundred and fifty eight before me, Anna V. Holfeltz, a Notary Public in and for the said County of Madera, State of California, residing therein, duly commissioned and sworn, personally appeared Herschel K. Mann, Charles J. Samples known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF I HAVE hereunto set my hand and affixed my official seal in the said County of Madera the day and year in this certificate first above written.

(Notarial Seal) Anna V. Holfeltz
Notary Public in and for the said County of Madera, State of California
My commission expires 7/9/59.

H. J. Buchenau
H. J. Buchenau

Elsie Buchenau
Elsie Buchenau

Grace C. Arnold
Grace C. Arnold
(Maxine Holms)
Maxine A. Holmes
Maxine Holmes

John Patrick Arnold
John Patrick Arnold

Robert C. Arnold
Robert C. Arnold
FIRST PARTIES

Herschel K. Mann
Herschel K. Mann

Charles J. Samples
Charles J. Samples

STATE OF CALIFORNIA)

) SS.

COUNTY OF MADERA)

On this 25th day of August, 1958, before me Anna V. Holfeltz, a Notary Public in and for said County, personally appeared H. J. BUCHENAU, ELSIE BUCHENAU, GRACE C. ARNOLD, MAXINE HOLMS, JOHN PATRICK ARNOLD, ROBERT C. ARNOLD, HERSCHEL K. MANN and CHARLES J. SIMPES, to me known to be the persons who executed the within instrument and acknowledged to me that they executed the same.

WITNESS my hand and official seal.

(Notarial Seal)

Anna V. Holfeltz

Notary Public in and for said
County and State

My commission expires: 7/9/1959.

Recorded at the request of Herschel K. Mann, Oct. 2, A.D. 1958 At 30 minutes past 10 A.M.

Marian Herrera - Recorder.