

James L. Dalton and)
 William D. Dalton)
 to)
 M M & S EXPLORATION CO.)

LEASE AND OPTION AGREEMENT

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This lease and option agreement entered into this 23rd day of July, 1958, between James L. Dalton and William D. Dalton, Carlin, Nevada hereinafter referred to as party of the First Part, and the M M & S Exploration Co., a Nevada Corporation, of 222 Park Street Carson City, Nevada, hereinafter referred to as Party of the Second Part.

WHEREAS, Party of the First Part is the owner of the following mining claims located in the Lynn mining district, Eureka County, Nevada: C. B. Smith lode mining claim.

WHEREAS, the party of the Second Part desires to enter upon the above named claims for the purpose of mining, sampling, mapping, drilling, etc.

THEREFORE, both parties do hereby covenant and agree to the following, in consideration of Ten (\$10.00) in hand paid, receipt of which is hereby acknowledged and other valuable consideration as hereinafter set forth.

(1) Party of the Second Part agrees to pay to Party of the First Part a ten (10%) royalty on all mint, mill, or smelter returns derived from the above claims, net royalty to be construed as the net amount that the Party of the Second Part shall receive from the sale of ore after transportation and smelting charges have been paid or the net amount received from the mint from the sale of metal to them, such royalties to apply on the purchase price of twenty five thousand (\$25,000) dollars for the above named claims.

(2) Party of the Second Part shall commence work immediately upon the above named claims and to continue a sampling program, also to mine and ship, or mill any ore on the above named claims which is found to be commercial. After a period of ninety (90) days of sampling, mapping, etc., Party of the Second Part agrees to begin operations on the above named claim or return the property to the owners without resistance.

(3) Party of the Second Part agrees to keep Party of the First Part free of any liens or encumbrances of any nature whatsoever arising from Party of the Second Parts operation of the above named claims and to comply with all mining laws, both state and federal. To operate in a miner-like fashion with due regard for the safety of the workmen and the preservation of the property as a workable mine.

(4) Party of the Second Part agrees to allow Party of the First Part access to the property for the purpose of inspecting the same at any reasonable time and to furnish them with a copy of all samples maps, etc., prepared by Part of the Second Part.

(5) Party of the Second Part agrees that should they locate any ground adjoining the above claims that it shall become a part of this agreement and subject to the covenants herein contained.

(6) It is mutally agreed and understood that the term of this agreement shall be for five (5) years with the option to renew for an additional five (5) years granted to Party of the Second Part provided all the covenants herein contained have been fulfilled.

(7) It is mutally agreed and understood that written notice to the above address, return receipt requested,

shall constitute notice of default and that Party of the Second Part shall have thirty (30) days in which to cure any breach of contract existing at the time of such notification.

(8) Party of the First Part agrees to furnish Party of the Second Part good and sufficient title to the above claims when a total of twenty five thousand (\$25,000) dollars have been paid by accumulative royalties or otherwise.

(9) It is mutually agreed and understood that this agreement shall be binding to the heirs and assigns of either party hereto.

Stirling G. McKnight
Sterling G. McKnight
Pres. M M & S Exploration Co.

(Corporate Seal)
Velma McKnight

James L. Dalton
James L. Dalton

Wm. D. Dalton
Wm. J. Dalton

Recorded at the request of R. D. Morris April 13, A.D. 1959, at 17 minutes past 9 A. M.

Willis A. DePaoli - Recorder