

Louis Gibellini and Josephine  
Gibellini, his wife, First Parties,

to

Calument & Hecla, Inc, a Michigan  
Corporation, Second Parties.

LEASE AND OPTION

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THIS AGREEMENT, made this Third day of June, 1959, by and between Louis Gibellini and Josephine Gibellini, his wife, of Eureka, Nevada, First Parties, and CALUMET & HECLA, INC., a Michigan corporation, of 122 South Michigan Avenue, Chicago, Illinois, Second Party:

WHEREAS, First Parties are the owners of those certain lode mining claims located in Townships 15 North,

Range 52 East, 16 North Range 52 East; MDBM, Eureka County, Nevada more fully described in Appendix "A" initialed by the Parties and hereby made a part hereof, which said lode mining claims are hereinafter referred to as the "Optioned Premises;"

\*RWK  
LPG  
JG

WITNESSETH:

That for and in consideration of the sum of One Thousand Five Hundred Dollars (\$1,500.00) to them in hand paid, the receipt and sufficiency whereof is hereby acknowledged, and of the rents and royalties herein reserved and the covenants and agreements to be kept and performed, First Parties do hereby give and grant unto Second Party, the right, privilege, and option to purchase the Optioned Premises free and clear of all encumbrances, together with all right, title, and interest of the First Parties in and to all veins, lodes, and mineral deposits, together with all dips, spurs, and angles thereof in or upon said premises and all extralateral rights appertaining thereto, for the price and upon the terms and conditions hereinafter set forth.

1. The purchase price for said premises is the sum of Four Hundred Thousand Dollars (\$400,000.00), which sum is payable in installments as follows:

Five Thousand Dollars (\$5,000.00) on or before ninety (90) days from the date hereof  
 Ten Thousand Dollars (\$10,000.00) on or before the end of one (1) year after the date of said first payment  
 Ten Thousand Dollars (\$10,000.00) on or before the end of the second year after the date of said first payment  
 Thirty Thousand Dollars (\$30,000.00) on or before the end of each of the third to fourteenth years after the date of said first payment  
 Fifteen Thousand Dollars (\$15,000.00) on or before the end of the fifteenth year after the date of said first payment

Any of the aforesaid option payments may be made in advance by Second Party, and all of said option payments may be satisfied by the payment of royalties as hereinafter provided.

2. The option hereby granted shall subsist and run, unless sooner exercised in full or terminated as hereinafter provided, for a full term of sixteen (16) years and ninety (90) days from the date hereof.

3. Upon payment in full of said purchase price of Four Hundred Thousand Dollars (\$400,000.00), First Parties shall convey the Optioned Premises to Second Party, its successors or assigns, free and clear from any and all liens and incumbrances, except such as may have been caused or permitted to be attached by Second Party.

4. And the First Parties do hereby let and lease and Second Party does hereby hire and take all the right, title, and interest of First Parties in and to the Optioned Premises;

TOGETHER with all the right, title, and interest of First Parties in and to all veins, lodes, and mineral deposits in said mining claims, all dips, spurs and angles thereof, all extralateral rights appertaining thereto, and all the right, title, and interest of First Parties in and to any shafts, tunnels, or other mining workings now existing on the Optioned Premises;

TOGETHER with the right to enter upon the surface of said Optioned Premises and erect, construct, install, maintain and use any buildings, structures, and equipment necessary or desirable for the conduct of mining operations thereon, or the beneficiation of any ore therefrom, and the sole and exclusive right to explore and mine therein and thereon, and to remove, beneficiate, transport, and sell any and all ores, metals, and minerals therefrom at the royalty rate and on the terms and conditions hereinafter provided;

TO HAVE AND TO HOLD the same unto Second Party for a term beginning on the date hereof and terminating June 3, 1975, unless sooner terminated by the exercise of the option herein contained, or in any other manner provided herein.

5. As royalty on all ores, metals, and minerals removed and shipped from the premises to a mill or smelter not owned or controlled by Second Party, Second Party will pay to First Parties a royalty at the rate of ten per cent (10%) of the amount realized therefrom.

In the case of sale of the ore to the mill or smelter, the "amount realized" is understood to be the amount paid to Second Party by the mill or smelter after application of all penalties, deductions, and charges, less any transportation costs for such ores, metals, or minerals not covered by the mill or smelter settlement.

In the case of ore treated by a mill or smelter on a custom basis, the "amount realized" is understood to be the

proceeds from sale of the concentrates or metals returnable to Second Party, less all mill or smelter charges, whether stated as penalties, deductions, or otherwise, and less all transportation costs applicable to such ore, concentrates, or metals not covered by such mill or smelter charges.

Royalties provided for hereunder shall be payable on or before the 20th day of the month following the month of receipt of mill or smelter settlement, or the proceeds for sale of concentrates or metals, with respect to any lot of ore. Payment of royalties shall be accompanied by a copy of the mill or smelter sheet or equivalent documents evidencing the sale of metals or concentrates.

If Second Party shall wish to ship ore from the premises to a mill or smelter owned or controlled by it, the Parties shall negotiate and agree upon a method of computing royalties which shall result in the payment to First Parties of substantially the same royalties as would be payable if the ore were shipped to a mill or smelter not controlled by Second Party. If the Parties are unable to agree upon such method, either Party may request the matter to be submitted to arbitration. In such case the arbitrators shall be selected and the arbitration shall be conducted under the rules of the American Arbitration Association. The decision of the arbitrators shall be final and binding upon both Parties. Such decision, however, shall not compel Second Party to construct a mill or smelter or to ship ore to it.

6. Second Party agrees that the minimum amount of royalty to be paid to First Parties in any any year during the term of this agreement shall be in accordance with the following schedule:

Five Thousand Dollars (\$5,000.00) on or before  
ninety (90) days from the date hereof  
Ten Thousand Dollars (\$10,000.00) on or before  
the end of one (1) year after the date of said  
first payment  
Ten Thousand Dollars (\$10,000.00) on or before  
the end of the second year after the date of  
said first payment  
Thirty Thousand Dollars (\$30,000.00) on or before  
the end of each of the third to fourteenth years  
after the date of said first payment  
Fifteen Thousand Dollars (\$15,000.00) on or before  
the end of the fifteenth year after the date of  
said first payment

Second Party agrees that it will pay at the time specified such amount as may be required to make the total royalties payable in the year in question the amount of the minimum royalties specified.

First Parties agree that any amounts thus paid to bring the amount of royalties paid in any year up to the minimum specified in said schedule shall be advance royalties against any future earned royalties in excess of the amount shown in said schedule and may be credited on an accumulative basis against any such excess in any future year.

7. Second Party shall keep accurate books of accounting covering all operations under this lease including mining, milling, and selling and disposal of ores or other products from the Optioned Premises, and at the expiration of each quarter, submit a full report to First Parties.

8. Second Party agrees that when the facts warrant such action, it will make the necessary affidavit on behalf of First Parties stating the facts necessary to relieve the premises from taxation, and will furnish such affidavit to First Parties sixty (60) days prior to the last date upon which such affidavit may be filed and be effective.

Second Party agrees that with respect to the original group of claims (such claims being indicated in Appendix "A"), it will perform the work and labor required for assessment work during each year in which this lease and option is in effect. Second Party will make and deliver to First Parties an affidavit with respect to said original group of claims, and if the facts warrant, other claims covered hereby, setting forth the amount of work and labor employed and the amount expended therefor during the period for assessment work.

Both the foregoing affidavits shall be prepared in such manner as to be applicable to taxes or assessment work on claims contiguous to those covered by this agreement, if the facts so warrant.

9. Second Party agrees to pay, when due, any and all taxes levied or assessed, upon or against, the Optioned Premises or arising out of Second Party's operations thereon, including sales taxes, if any, but excluding any income tax due and payable by First Parties on account of royalties received by them hereunder, and excluding any tax on the net proceeds of mines payable with respect to royalties paid hereunder.

10. Second Party shall keep the Optioned Premises free and clear of all liens of mechanics, laborers,

miners, materialmen or others furnishing work, labor or materials for or in connection with the operation hereunder.

11. Second Party agrees to indemnify and hold harmless First Parties from any and all liability, claims or demands for personal liability or property damage arising out of or through Second Party's operations on or possession of the Optioned Premises.

12. Second Party shall carry Industrial Compensation Insurance required by the laws and mining regulations of the State of Nevada for all employees engaged in its operation, and shall comply with all State or Federal laws, rules, or regulations applicable thereto.

13. Second Party shall post and keep posted in a conspicuous place on said Optioned Premises, a notice relieving the First Parties from all liability for work and services performed, or for materials and supplies, and shall furnish First Parties proof by affidavit of such posting and shall record such notice and proof of posting thereof with the County Recorder of Eureka County, Nevada.

14. First Parties expressly reserve the right through their duly authorized agent or representative to enter upon the property at all reasonable times for the purpose of inspection, at First Parties' own risk. First Parties agree that they will exercise the right herein reserved in such manner as not to cause any substantial interference with the operations of Second Party.

15. In the event of default of the Second Party in the payment to First Parties of the installment of Five Thousand Dollars (\$5,000.00) due ninety (90) days from the date hereof, this agreement and all rights hereunder shall terminate forthwith without any notice from First Parties to Second Party.

In the event of default of Second Party in the payment to First Parties of any other moneys accruing hereunder and any installment of the option price, subsequent to the first installment, as and when due, as herein provided, and the continuance of such default for thirty (30) days after written notice given to Second Party by First Parties specifying the nature of such default, or in the event of the default of Second Party in the performance of any other obligation hereunder and the continuance of such default in respect to such obligation for thirty (30) days after written notice given to it by First Parties, First Parties shall be entitled at their option forthwith to terminate this lease and option and upon such termination, all rights and obligations hereunder which have not already accrued at the date of such termination, shall cease and terminate, and the First Parties without due process of law may enter upon said premises and may immediately take possession of all of said property hereby leased.

Second Party may at any time notify First Parties in writing of its desire to terminate this lease and option and the same shall thereupon terminate and all rights and obligations of the Parties hereunder shall cease except for those which have accrued prior to the date of said termination.

16. Second Party may stake additional claims contiguous or adjoining the Optioned Premises. In the event that this lease and option shall terminate in any other manner other than payment of the option price and conveyance of the Optioned Premises to Second Party, Second Party will upon such termination quitclaim any and all of such contiguous and adjoining claims to First Parties.

17. Upon termination of this lease in any manner except by conveyance of the Optioned Premises to Second Party, Second Party shall have the right and privilege to enter upon said premises and to remove therefrom all buildings, structures, installments and equipment whether affixed to the realty or not, and all personal property, for a period of nine (9) months after such termination.

It is understood that the foregoing right to remove property from the premises does not cover any head frames, nor shall it be construed as permitting the removal of any underground supports, timbering, or shaft rails.

18. Any and all notices, payments, or reports required to be given, paid or made hereunder shall be in writing addressed to the respective Parties and sent by pre-paid, registered or certified mail as follows:

Calument & Hecla, Inc.  
122 South Michigan Avenue  
Chicago 3, Illinois

Mr. and Mrs. Louis Gibellini  
Eureka, Nevada

Either Party may change the place of address to which notices, reports, or payments are to be sent by written notice in accordance with this paragraph.

IN WITNESS WHEREOF, First Parties have hereunto set their hands and seals and Calumet & Hecla, Inc. has caused this instrument to be executed by its duly authorized officers on the day and year first above written.

Louis Gibellini  
Louis Gibellini

Josephine Gibellini  
Josephine Gibellini

CALUMET & HECLA, INC.

By A. E. Petermann  
A. E. Petermann, Vice President

(Corporate Seal)

By W. E. Haines  
W. E. Haines, Assistant Secretary

STATE OF NEVADA )  
                          ) SS  
COUNTY OF EUREKA )

On the 3rd day of June, 1959, personally appeared before me, a Notary Public in and for the State of Nevada, County of Eureka, Louis Gibellini and Josephine Gibellini, known to me to be the persons described in and who executed the foregoing instrument, who each severally acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

(Notarial Seal) Willis A. DePaoli  
Notary Public  
My Commission Expires Oct. 14, 1961

APPENDIX "A"

ORIGINAL CLAIMS LOCATED BY LOUIS GIBELLINI

<u>Claims</u>	<u>Mining Location Records Book</u>	<u>Page</u>
Black Hill No. 1	I	258
Black Hill No. 2	I	352
Black Hill No. 3	K	12
Black Hill No. 4	K	15
Black Hill No. 7	K	16
Black Hill No. 8	K	17
Black Hill No. 9	K	18
Black Hill No. 10	K	19
Black Iron No. 1	I	252
Black Iron No. 3	I	252
Black Iron No. 4	I	269
Black Iron No. 5	I	270
Black Iron No. 6	K	34
Flat No. 1	I	259
Flat No. 2	I	259
Flat No. 5	J	272
Flat No. 10	K	13
Flat No. 11	K	13
Flat No. 12	K	10
Flat No. 13	K	14
Manganese No. 3	I	353
Rattler No. 1	J	270
Rattler No. 2	J	271
Rattler No. 3	J	271
Rattler No. 4	J	272
Rift No. 1	J	269
Rift No. 2	J	270
Rift No. 3	K	140
Rift No. 4	K	140

ADDITIONAL CLAIMS RECORDED IN THE NAMES  
OF A. SCHILLINGER AND LOUIS GIBELLINI

<u>C Claim</u>	<u>Mining Location Records Book</u>	<u>Page</u>
Clyde No. 1	K	140
Clyde No. 2	K	140
Clyde No. 3	K	141
Clyde No. 4	K	141
Clyde No. 5	K	141
Clyde No. 6	K	142
Clyde No. 7	K	142
Clyde No. 8	K	142
Clyde No. 9	K	142

APPENDIX "A"ADDITIONAL CLAIMS RECORDED IN THE NAME  
OF LOUIS GIBELLINI

<u>Claim</u>	<u>Mining Location Record Book</u>	<u>Page</u>
Clyde No. 10	K	143
Clyde No. 11	K	143
Clyde No. 12	K	143
Clyde No. 13	K	144
Clyde No. 14	K	144
Clyde No. 15	K	144
Clyde No. 16	K	144
Clyde No. 17	K	145
Clyde No. 18	K	145
Clyde No. 19	K	145
Clyde No. 20	K	145
Clyde No. 21	K	146
Clyde No. 22	K	146
Clyde No. 23	K	146
Clyde No. 24	K	147
Clyde No. 25	K	147
Clyde No. 26	K	147
Clyde No. 27	K	147
Clyde No. 29	K	148
Clyde No. 30	K	148
Clyde No. 31	K	148
Clyde No. 32	K	148
Clyde No. 33	K	149
Clyde No. 34	K	149
Clyde No. 36	K	149
Clyde No. 37	K	150
Clyde No. 38	K	150

Recorded at the request of A. E. Petermann June 3, A.D., 1959 at 30 minutes past 10 A. M.

Willis A. DePaoli - Recorder