

4. To, during the term of this agreement and in periods when men are employed by Lessee, at his own risk and expense, carry adequate workmen's compensation insurance, and to at all times keep said Lessor free and harmless from any and all damages for accidents to or injuries incurred by any person or persons upon, in or about the premises, excepting Lessor and those working under Lessor, and to comply with all governmental laws, regulations and ordinances of said District, as applicable, with respect to matters to be done and performed.

5. To keep all bills and accounts for labor performed and supplies and materials furnished, in or for operations under this lease, paid in such manner as not to allow any claim or lien to be effectually made or asserted against the Lessor or its property.

6. Said Lessor and/or its agent may from time to time, in company with the Lessee or his agent, enter upon said premises, and the whole thereof, for the purpose of general inspection of the same and for the purpose of posting upon said premises notice of non-responsibility and other notices necessary, proper or convenient for the protection of said Lessor.

7. Lessee shall keep and preserve reasonable records and maps to reflect the progress and results of work undertaken, and shall allow Lessor to inspect such records at reasonable times, and, upon termination of this agreement, deliver duplicate copies of such records to said Lessor.

8. Said Lessee shall pay any and all taxes assessed by reason of the mining operations upon said premises, excepting bullion tax upon the reserved royalty of the Lessor.

9. In the event Lessee shall fail to make any payment of royalty or rental or any other payment herein provided for, at the time and in the manner stipulated, or shall fail to keep or perform any of the conditions, covenants, or agreements herein contained on his part to be kept and/or performed, said Lessor may give to said Lessee a notice in writing of such default, and if such default is not corrected within thirty (30) days after the giving of such notice, the lease shall terminate and become forfeited.

10. To pay to said Lessor, at its place of business at _____, Nevada, the following payments or royalties during the life of this agreement, until the sum of Two Thousand Dollars (\$2,000.00) has been paid, to wit: Two Hundred Fifty Dollars (\$250.00) paid upon the execution of this agreement, and the balance in the sum of \$1,750.00, payable at the rate of Seventy Five Dollars (\$75.00) per month or more, beginning with October 1, 1963. Five per cent (5%) of the net proceeds shall be paid Lessor of any ore extracted from said premises, which proceeds shall apply to the purchase of the said claims. Net proceeds are defined as the gross proceeds of the ore, bullion, precipitate or concentrate sold, less smelter, mint or other purchasing agency charges, transportation charges, sampling charges and other charges as are customarily assessed by the buyer of ores against the seller.

11. Any ore payments from the sale of mineral products shall be made to the Lessor directly by the buyer of ores, bullion, precipitate or concentrate, where and when such arrangements are in accord with the buyer's established custom, and such payments shall be credited to the purchase price.

12. Upon payment by Lessee, said Lessor agrees to execute a deed of its interest in the above described mining claims and deliver same to Lessee or his assigns.

13. Lessee shall have the right and option to terminate this agreement at any time upon thirty (30) days' written notice to the Lessor.

14. All covenants and conditions contained herein, expressly or impliedly, shall extend to the successors, heirs, executors and assigns of the parties hereto.

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

ATTEST:

M M & S EXPLORATION COMPANY

(CORPORATE SEAL)

Velma McKnight
Secretary

By: Sterling G. McKnight
President

" L E S S O R "

H. G. Metos
H. G. Metos

" L E S S E E "

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On this 12th day of August, 1963, personally appeared before me a Notary Public in and for Salt Lake County, State of Utah, H. G. Metos, known to me to be the person who executed the foregoing instrument, who duly acknowledged to me that he executed the same freely and voluntarily and for the purposes and uses therein mentioned.

(NOTARIAL SEALL)

Millie A. Goodsell
 NOTARY PUBLIC
 Residing at: Salt Lake City, Utah

STATE OF NEVADA)
 : ss.
 COUNTY OF Ormsby)

On the 20 day of August, 1963, personally appeared before me Sterling G. McKnight and Velma McKnight, who being by me duly sworn, did say, each for himself, that he, the said Sterling G. McKnight is the president, and he, the said Velma McKnight is secretary of M M & S Exploration Company, and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors and said Sterling G. McKnight and Velma McKnight each duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

(NOTARIAL SEAL)

Jeanne M. Smith
 NOTARY PUBLIC
 Residing at: Carson City
 Ormsby Co. Nevada

My Commission Expires Oct. 5, 1964.

Recorded at the request of H. G. Metos September 9, A.D., 1963 At 03 minutes past 8 A. M.

Willis A. DePaoli - Recorder.