

LEASE AND OPTION

THIS LEASE AND OPTION made and entered into this 2nd day of March, 1964 by and between Samuel A. Walsh, Moylan E. Walsh, E. D. Eastman, William V. Fessler, William W. Bleazard, Alex Fife and V. C. Frazier, hereinafter called "Lessors," and Clarence E. Felix, hereinafter called "Lessee,"

WITNESSETH:

FOR AND IN CONSIDERATION of One Dollar (\$1.00), the receipt of which is hereby acknowledged by Lessors, and the royalties to be paid and the mutual covenants herein contained which Lessee hereby agrees to pay and keep, Lessors do hereby lease to Lessee with option to purchase, upon the terms and conditions and for the purposes hereinafter set forth, the following patented lode mining claims embracing a portion of Sections 1, 2, 11, and 12, Township 35 North, Range 50 East, M.D.M., situated in the Lynn Mining District, Eureka County, Nevada and more completely described in the following-listed United States Government patents:

Big Six No. 3	Patent No. 783757	Survey No. 4332
Holt	Patent No. 881735	Survey No. 4422
July	Patent No. 935874	Survey No. 4528
Great Divide	Patent No. 945439	Survey No. 4393
Bald Eagle	Patent No. 946758	Survey No. 4527

hereinafter called "said property."

TO HAVE AND TO HOLD said property unto Lessee for the term beginning upon the date hereof and ending August 1, 1966 unless this lease and option shall be sooner terminated by forfeiture for the violation of any covenant herein contained, or by right of surrender, or by exercise of option to purchase as hereinafter provided.

IN CONSIDERATION WHEREOF, the parties hereto agree as follows, to-wit:

1. Lessors hereby grant unto Lessee:

a. The right at his sole expense to explore, mine, investigate, survey, and develop the land within the boundaries of said property and continuations thereof allowed by extra-lateral rights as provided in the mining laws under right of apex, by geological, geophysical, core drilling, sampling, and any and all methods which he may deem advisable to employ; and

b. The right to build, maintain, and operate thereon such roads, buildings and structures as he may deem it necessary or convenient for the mining and beneficiation of such minerals or ores which may be mined or extracted from said property and for the exploration of said property; and

c. The right of ingress and egress over and across said property for the purpose of reaching or exploring any other land in the vicinity thereof; and

d. The right to remove from said property all ores, cores and samples obtained from said property as well as all machinery, equipment and structures that may be placed or used thereon by or for Lessee.

2. Lessors warrant that they are the owners of all rights in, to, and under said property, and that their said rights thereunder are not subject to any prior agreement, encumbrance, burden or restriction created by any act or instrument of Lessors.

3. Lessee shall conduct all mining operations on said property in a good and minerlike manner.

4. Lessee will at all times during the life of this Lease and Option, at his cost, comply in all respects with the Workmen's Compensation Law of Nevada, and effect and carry all insurance required under and by virtue of said law for the protection and compensation of Lessee's employees engaged in working on or in connection with said property, and will, at his cost, fully comply with the applicable provisions of the laws of the State of Nevada and the United States relating to Lessee's occupancy and operations hereunder.

5. Lessee shall pay all bullion and all Federal, State, County and Local taxes accruing upon said property by virtue of the operation of Lessee which shall so accrue from and after the date of this Lease and Option.

6. Lessee shall promptly pay for all labor, materials and supplies used and employed in connection with such operations for which Lessee is responsible hereunder, and keep said property free and clear from any and all liens and claims made, done or suffered thereon by Lessee.

7. Authorized representatives of the Lessors shall have the right, at any reasonable time during ordinary working hours and at their sole risk and expense, to have access to any and all workings upon said property for the purpose of inspection and of sampling ores exposed in any of the workings thereof.

8. Lessee shall drill or cause to be drilled by coring and other types of drilling four (4) or more exploratory holes for the purpose of testing subsurface formations for the presence of valuable minerals. Lessee shall attempt to drill such holes to a depth of six hundred (600) feet but shall not be restricted from drilling to greater or lesser depths if, in the opinion of Lessee, it is reasonable to do so, inasmuch as the drillability of untested rock formations is unpredictable because of the possible existence of underlying fault zones, igneous intrusions or other materials which may make drilling impractical or geologically unsound. In any event, Lessee shall continue the investigation and exploration of said property with reasonable diligence until either: (a) a minimum of Ten Thousand Dollars (\$10,000) in drilling has been done, (b) this Lease and Option is terminated or surrendered, or (c) Lessee exercises his option to purchase said property as hereinafter provided. In the event that Lessee shall use his own drilling equipment, the value of such drilling shall be computed at the rate of Four Dollars (\$4) per foot drilled. Lessee shall prepare a map showing the location of the holes drilled and a log of each hole showing the results of assays which may be made from cores or cuttings therefrom. A copy of said map and logs shall be available to Lessors.

9. Lessee shall pay to Lessors, at their address hereinafter specified, a royalty of six percent (6%) of the gross value of all gold mined and sold and ten percent (10%) of the net smelter returns received from all other metals and minerals mined and sold. "Net smelter returns" as used herein means the amount received per ton of raw ore upon the sale of such ore to a mill, smelter or refinery after deducting from the gross value thereof the cost of milling or smelting, and transportation charges to such mill, smelter or refinery.

10. All payments of royalties shall be made within ten (10) days of the settlement for each lot or shipment of ore sold to a mill, smelter or refinery, by payment to Samuel A. Walsh, as agent for Lessors, at his address as hereinafter specified. Samuel A. Walsh shall be responsible for the division of royalties among the Lessors and Lessee shall have no responsibility therefor. A copy of the mill or smelter settlement sheet shall accompany each royalty payment.

11. Lessee shall pay to Lessors, at their address hereinafter specified, on or before the tenth (10th) day of each month during the continuance of this Lease and Option beginning with August 1, 1964, the difference between the sum of the royalty payments received by Lessors during the preceding month, as provided in paragraph 9 hereof, and Two Hundred Dollars (\$200), or Two Hundred Dollars (\$200) if no royalty payments were received by Lessors during such preceding month. All such payments to Lessors which are not "actual royalty" payments for ores and minerals mined and sold from said property shall be "advance royalties" and shall be deductible from "actual royalties" at such times as "actual royalties" exceed Two Hundred Dollars (\$200) in any one month.

12. If this lease is terminated or surrendered for any cause whatsoever, all royalties paid to Lessors by Lessee shall be forfeited to and become the property of Lessors as rental or liquidated damages.

13. Failure of Lessee to abide by and perform each and all of the covenants and conditions on the part of Lessee to be kept and performed, unless excused by some provision of this lease or by Acts of God, strikes, lock-outs, storms, public enemy, or casualty beyond the control of Lessee, shall constitute a default by Lessee and shall, at the option of Lessors, be cause for termination as follows:

a. Lessors, in the event of any such default and exercise of the option to terminate this lease, shall mail a notice to Lessee specifying the nature of such default and stating that the lease shall be terminated thirty (30) days from and after the receipt by Lessee of said notice unless the default be fully cured within said thirty-day period.

b. If, within said thirty-day period, the default is not corrected, the Lease and Option shall be at an end and all rights of Lessee upon said property shall cease and said Lease and Option shall be thereupon terminated. In such event, Lessee shall deliver immediate, peaceable possession of said property to Lessors, but shall have three (3) months in which to remove tools, machinery and equipment belonging to Lessee. A waiver by Lessors of a particular default shall not be deemed or held to be a waiver of or to affect any other default or to impair Lessors' rights resulting therefrom.

14. The parties hereto agree, that provided Lessee is not in any way obligated on account of debts or damages incurred during his operations on said property, Lessee may surrender and terminate this lease at any time by notifying Lessors in writing of his intention to do so and thereafter all obligations of Lessee hereunder shall cease, save as to the payment of royalties already due or subsequently payable from ore in process of treatment, or products for which settlements have not been received by Lessors. In the event of termination of this Lease and Option, by surrender or for any cause whatever, either by Lessee or Lessors, Lessee may, within three (3) months from and after date of such surrender, termination or cancellation of this Lease and Option, remove from said property all machinery, equipment, tools, implements and improvements (excepting mine timbering, or any other improvement needed to protect the mine workings and keep them from caving) which Lessee may have delivered to, erected on, or used or placed upon said property.

15. Lessors grant to Lessee the exclusive option to purchase said property during the continuance and prior to the termination of this Lease and Option, all of the rights, titles, and interests of Lessors, their heirs, successors or assigns in and to said property for the price of Forty Thousand Dollars (\$40,000), which option shall be exercised and the purchase price paid as follows:

a. Written notice of election to exercise said option and a certified or cashiers check in the amount of Five Thousand Dollars (\$5,000) shall be sent to Lessors on or before August 1, 1966 at the address specified for giving notices as provided herein.

b. Upon receiving said exercise of option notice and payment, Lessors shall promptly deposit in escrow with the Continental Bank and Trust Company, 200 South Main Street, Salt Lake City, Utah, as Escrow Agent, a warranty deed sufficient in all respects to be entitled to recordation, conveying to Lessee said property, with instructions to said bank to deliver said deed to Lessee upon receipt of the following at said bank: (1) Thirty-five Thousand Dollars (\$35,000) less all actual- and advance-royalties received by Lessors prior to receiving notice of the exercise of said option in accordance with the terms hereof, and (2) a notice of acceptance of title by Lessee. Lessors shall compensate said Escrow Agent for its services therewith performed.

c. Lessee shall pay to said Escrow Agent the balance of Thirty-five Thousand Dollars (\$35,000) less all actual- and advance-royalties received by Lessors prior to the exercise of said purchase option, within thirty (30) days after giving notice of election to exercise said option.

d. Lessors shall also promptly have prepared and delivered to Lessee an abstract of title covering said property certified by a licensed abstracter and continued as of a date later than the date of exercise of said option, and/or a legal title opinion specifying the validity of title of said property as vested in Lessors.

e. Lessee shall have said abstract and/or title opinion examined at his own expense within sixty (60) days after delivery of said abstract or title opinion to Lessee. If, within sixty (60) days of receipt by Lessee of said abstract and/or title opinion, Lessee accepts title of said property, he shall give notice to said Escrow Agent that title has been accepted. Said Escrow Agent shall then deliver said warranty deed to Lessee and said balance of purchase payment to Lessors.

f. If, within sixty (60) days of receipt by Lessee of said abstract and/or title opinion, Lessee shall deliver to Lessors a legal opinion specifying any defects affecting the merchantability of Lessors' title to said property, Lessors shall have one (1) year from the receipt of said legal opinion in which to have such defects cured at their own expense. Lessors shall have no obligation to cure any defect not specifically pointed out by Lessee within said sixty-day period. In the event any defect so specified shall not be cured and the necessary record thereof incorporated in said abstract within one (1) year from the date of notice thereof, Lessee shall have the right to rescind said option and shall be entitled to a refund of all purchase price monies theretofore paid to Lessors and Escrow Agent except royalties, together with interest at the rate of six per cent (6%) per annum from date of payment until date of refund, or Lessee may, at his election, have said defects cured at Lessee's own expense and deduct the cost thereof from the purchase price.

g. Upon the election to exercise said option, as herein provided, no royalties on ore thereafter mined shall be paid to Lessors. However, until full payment of the purchase price, Lessee shall do all mining in a minerlike manner and shall maintain said property in the condition required heretofore by the terms of this Lease and Option, and shall permit inspection of said property by Lessors as if said Lease and Option were continuing.

h. Time is of the essence of this option and in the event the payments of purchase price are not made at the times and in the manner herein specified, Lessors shall be entitled to immediate, peaceable possession of said property and to redelivery of said deed on deposit with said Escrow Agent, and all payments theretofore made by Lessee shall be retained by Lessors as agreed liquidated damages for breach of contract.

16. Lessee shall from time to time, but at least once every three (3) months, beginning with August, 1964 send or deliver to Lessors, in the manner provided herein for giving notices, a letter summarizing the status and progression of mining and exploration activities on said property.

17. All notices given or required to be given under the terms of this Lease and Option shall be in writing, sent by United States Mail, postage prepaid, registered, with return receipt requested, or delivered in person, with a written acknowledgment of receipt thereof. Lessee may deal exclusively with Samuel A. Walsh as representing all of the Lessors. Notices to Lessors shall be addressed as follows:

Samuel A. Walsh
1794 Wasatch Drive 1849 Bosham Lane
Salt Lake City, Utah

Notices to Lessee shall be addressed to:

Clarence E. Felix
3468 Plaza Way
Salt Lake City, Utah

Notices so mailed and addressed shall be deemed given and received at the time of deposit in the United States Post Office except for the notice of default which shall be deemed given and received at the time of receipt by Lessee as provided in Paragraph 13 hereof. Notices personally served shall be deemed given and received at the date of written acceptance of said notice.

18. Lessors agree that if any sale of said property shall be negotiated during the life of this Lease and Option, such sale shall be subject to this Lease and Option and the terms herein contained shall be binding until terminated as herein designated unless otherwise mutually agreed.

19. This Lease and Option shall inure to the benefit of and be binding upon the heirs, administrators, executors, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Lease and Option as of the day and year first above written.

<u>LESSORS</u>	<u>Address</u>	<u>Percent ownership in said property</u>
<u>Samuel A. Walsh</u> Samuel A. Walsh	1794 S. Wasatch Dr. Salt Lake City, Ut.	25%
<u>Moylan E. Walsh</u> Moylan E. Walsh	#3656 S. 27th E. Salt Lake City, Ut.	25%
<u>E. D. Eastman</u> E. D. Eastman	2289 S. 20th E. Salt Lake City, Ut.	10%
<u>William V. Fessler</u> William V. Fessler	2296 S. 18th E. Salt Lake City, Ut.	10%

William W. Blegzard 325 Vincent Ct. 10%
Salt Lake City, Ut.

Alex Fife 86 2nd Ave. 10%
Evanston, Wyoming

V. G. Frazier Box 306 10%
Battle Mountain, Nevada

LESSOR

Address

Clarence E. Felix 3468 Plaza Way
Salt Lake City, Utah

STATE OF UTAH)
COUNTY OF SALT LAKE) ss.

On this 3rd day of March, 1964, personally appeared before me, a Notary Public, in and for said County, Samuel A. Walsh, known to me to be the person described in, and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

My Commission Expires
June 3, 1967

Richard G. Walsh
Notary Public
Residing at Salt Lake City, Utah

STATE OF UTAH)
COUNTY OF SALT LAKE) ss.

On this 4th day of March, 1964, personally appeared before me, a Notary Public, in and for said County, Moylan E. Walsh, known to me to be the person described in, and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

My Commission Expires
April 11, 1966

Richard G. Walsh
Notary Public
Residing at Salt Lake City, Utah



STATE OF UTAH)
COUNTY OF SALT LAKE) ss.

April

On this 3rd day of March, 1964, personally appeared before me, a Notary Public, in and for said County, E. D. Eastman, known to me to be the person described in, and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

My Commission Expires
10-1-67

Judith H. Bleazard
Notary Public
Residing at Salt Lake City, Utah



STATE OF Wyo.)
COUNTY OF Uinta) ss.

April

On this 2 day of March, 1964, personally appeared before me, a Notary Public, in and for said County, William V. Fessler, known to me to be the person described in, and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

My Commission Expires
June 29, 1968

Walter R. Barber
Notary Public
Residing at Evansville, Wyoming



STATE OF UTAH)
COUNTY OF SALT LAKE) ss.

May

On this 29 day of May, 1964, personally appeared before me, a Notary Public, in and for said County, William W. Bleazard, known to me to be the person described in, and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

My Commission Expires
1-10-67

John M. Whiteley
Notary Public
Residing at Salt Lake City, Utah



STATE OF Wyoming }
COUNTY OF Uinta } ss.

On this 9 day of ~~March~~ April, 1964, personally appeared before me, a Notary Public, in and for said County, Alex Fife, known to me to be the person described in, and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.



My Commission Expires
June 29, 1968

Watson R. Parker
Notary Public
Residing at Evansville, Wyo

STATE OF Nevada }
COUNTY OF Lander } ss.

On this 30 day of March, 1964, personally appeared before me, a Notary Public, in and for said County, V. C. Frazier, known to me to be the person described in, and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

My Commission Expires
May 10, 1965

Elizabeth M. Rieck
Notary Public
Residing at Basile Mountain - Nev.

STATE OF UTAH }
COUNTY OF SALT LAKE } ss.

On this 2nd day of March, 1964, personally appeared before me, a Notary Public, in and for said County, Clarence E. Felix, known to me to be the person described in, and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.



My Commission Expires
4/1/64

George L.R. Benton
Notary Public
Residing at Salt Lake City, Utah



FILE NO. 40245
Filed for record at the request of Clarence E. Felix
September 4, at 34 minutes past 11 A. M. Recorded in
Book 5 of Official Records, page 464-471, Records of EUREKA
COUNTY, NEVADA.
Fee: \$14.45

Shelby A. McPaul, Recorder.