

MINING LEASE AND OPTION

THIS LEASE AND PURCHASE OPTION , made and entered into this 5th day of February 19 66 , by and between George M. Hadraba , hereinafter designated as Lessor, whether one or several, and Arthur Blake Thomas hereinafter designated as Lessee, whether one or several :

W I T N E S S E T H

That the said Lessee, for and in consideration of the sum of Ten Dollars in hand paid by Lessee to Lessor, and other mutual considerations, the receipt and sufficiency of which are hereby acknowledged, and of the royalties, rentals, covenants and agreements hereinafter reserved and by said Lessee to be paid, kept and performed, has granted, demised and let to the said Lessee all of its interest unto the following described property and mining claims situated and lying in Sec. 30T. 36N. R. 50E. & Sec. 13 T. 36N. R. 49 E. Mt. Diablo B.M. , to wit:

LESSOR'S FIFTEEN AND FIVE SIXTHS PERCENT (15 5/6%) undivided interest in and to the following unpatented mining claims:

GOLD STRIKE Nos. 1 to 36 inclusive located 2/12/63 and 2/14/63 and recorded at the office of the Eureka County recorder in Book M Pages 345 thru 380 of Outside Mining records:

GOLD BUG Nos. 1 to 27 inclusive located 2/14/63 and 2/15/63 and 2/22/63 and 2/26/63 and recorded at the office of the Eureka County Recorder in Book M. Pages 335 thru 345 and 381 thru 387 and 394 thru 397 of Outside Mining records:

all of which claims are more particularly described under the Certificates of Location recorded at the office of the County Recorder of Eureka County State of Nevada :

TO HAVE AND TO HOLD unto the said Lessee for a period of time as may be necessary to pay the purchase price in the manner hereinafter provided for, unless sooner forfeited or terminated as hereinafter provided:

AND IN CONSIDERATION of said demise, the said Lessee does covenant and agree with the Lessor as follows:

- I. To pay to said Lessor at its place of business at 6847 Cermak Rd. Berwyn, Illinois , royalties and rentals , as hereinafter specified, during any effective term of this agreement until the option price of the property, as set forth in Section 12 of this agreement shall have been paid. All rentals, royalties and payments of any nature whatsoever, made by Lessee to Lessor, shall apply and be credited to the option price herein set forth:

2. To take possession of said mining claims and perform the annual assessment work required by law on the 'unpatented claims described herein:
3. To keep proper books of account showing the amounts of gold, or other minerals or metals produced and sold from the said mining property and , if possible, to deliver duplicate reports and statements of said sales to the Lessor at his place of business within reasonable time after consumation of sale. If products sold are comingled with ores or bullion or concentrate from other sources, Lessee shall , from time to time, provide Lessor with such proper assay reports and weight certificates as will establish the value of the mineral products extracted ,processed and sold from the leased premises:
4. To, during the term of this agreement and in periods when men are employed by Lessee, at its own risk and expense, carry adequate workmen's compensation insurance, and to at all times keep 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 Lessee or its agent, enter upon the 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 and the request of Lessor, deliver duplicate copies of such records to said Lessor. However, Lessee shall not be obligated to interpret such records:
8. Said Lessee shall pay any and all taxes assessed by reason of the mining operations upon said premises, excepting so called 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, this lease shall terminate and become forfeited. It is specifically understood and agreed that, subject to the obligation of the Lessee to pay rents and royalties with relation to the sale of ores and minerals extracted from the mining claims or concentrates produced therefrom to the date of such termination, the sole liability of Lessee for any default under the terms of this mining lease shall be the loss of the rights granted to them hereby in and to the mining claims with relation to which the default occurred and Lessee shall, under no circumstance, have any liability to Lessor by way of damages or otherwise:

10. To pay to said Lessor at its place of business at 6847 Cermak Rd. Berwyn, Illinois the following royalties on all mineral products extracted and sold from the premises, during the life of this lease, until the option price for the property, as defined in paragraph 12 below, shall have been paid, to wit:
Eight Tenths of one percent of the "net proceeds" achieved thru sale of ores, precipitates, concentrates, bullion or other mineral substances extracted and sold from the premises:

Not 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. Lessee agrees to pay to the Lessor a rental of Thirty Five Dollars per month which shall be applied on the option price. Rentals shall be considered as advanced royalty payments and can be applied as a credit towards royalty payments which thereafter might be due. And royalty payments in excess of \$35.00 monthly shall apply as a credit against future rental payments. Royalty payments from the sale of mineral products shall be made directly to the Lessor directly by the buyer of ores, precipitates or concentrate or bullion, where and when such arrangements are in accord with the buyer's established custom, provided such payment is conveniently possible for Lessee:

12. Upon demand of said Lessee, said Lessor agrees to execute a deed to its interest in the above described mining claims and deposit same with a bank, trust company or escrow service, mutually satisfactory to both Lessor and Lessee, accompanied with escrow instructions to deliver said deed to Lessee upon satisfactory proof of the payment of Sixteen Thousand Eight Hundred Dollars within eighteen months after date of execution of this contract or Twenty Five Thousand Dollars upon any subsequent date

in rental, royalty or in any other manner, as the agreed option price of the above described property of the Lessor, and with further

instructions to return said deed to the Lessor upon satisfactory evidence of failure of Lessee to comply with the terms of this agreement. Cost of said escrow shall be borne equally by the Lessor and Lessee:

13. Upon any termination of this agreement, by default or otherwise, said Lessee shall surrender to said Lessor the said property, but any machinery, tools, equipment or buildings placed thereon by the Lessee, whether attached to the realty or not, shall belong to the Lessee and it or its agent shall be allowed to remove same within a reasonable time after date of termination, not to exceed twelve months:

14. Lessee shall have the right and option to terminate this agreement at any time upon fifteen (15) days' written notice to the Lessor:

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

IN WITNESS WHEREOF, the parties hereto have set their hands this
5th day of February 19 66

LESSOR

George M. Hadraba
6847 Cermak Rd.
Berwyn, Illinois.

LESSEE

Arthur Blake Thomas
39 Exchange Place
Salt Lake City, Utah.

STATE OF Utah)
COUNTY OF Salt Lake) ss

On this 3 day of March 1966 personally appeared before me a Notary Public in and for Salt Lake County, State of Utah, Arthur Blake Thomas, 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 for the uses and the purpose therein mentioned.

My commission expires _____

[Signature]
Notary Public

STATE OF Illinois)
COUNTY OF Cook) ss

On this 7th day of March 1966 personally appeared before me a Notary Public in and for Cook County, State of Illinois, George M. Hadraba, 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 for the uses and the purpose therein mentioned.

My commission expires 1/1/68

[Signature]
Notary Public

File No. 42127
RECORDED AT THE REQUEST OF
East Utah Mining Co.
June 13 A. D. 1966
at 01 minutes past 8 A. M.
in Book 11 of OFFICIAL RECORDS
Page 6-9 Records of
EVERETT COUNTY, NEVADA
[Signature]
Recorder
Fee \$ 6.35