

L E A S E

1
2 THIS AGREEMENT entered into this 20th day of December 1966,
3 by and between HARRY STROUD, of Reno, Nevada, First Party, and
4 FRANK GOLDMAN, P.O. Box 644, Bakersfield, California, C.E. JONES
5 and F. G. FOSTER, of Reno, Nevada, Second Parties,

W I T N E S S E T H:

6
7 WHEREAS, First Party is now the holder of a valid Lease,
8 with option to purchase, dated September 1, 1966, between himself
9 as Lessee, and Stanley Fine, Ronald Hicks and Pete Kelley, as
10 Lessors, upon the following described mining properties located in
11 the Secret Canyon Mining District, T. 18 S., R. 53 North, Sections
12 ^{unsubmerged} ~~2, 3, 4, 5~~, Eureka County, Nevada, to-wit:

13 Three patented mining claims:

14 Hogden, Survey No. 290, Patent No. 12851,
15 Stockton, Survey No. 70, Patent No. 10229,
16 Geddes No. 4, Survey No. 69, Patent No. 17373;

17 and Three unpatented mining claims:

18 Stockton No. 1,
19 Badger,
20 Great Western,

21 the said unpatented mining claims having
22 been located May 6, 1963, and recorded
23 on pages 17, 18 and 19, Book "0" of Outside
24 District Mining Records, Eureka County,
25 Nevada,

26 and

27 WHEREAS, First Party warrants that the said Lessors in the
28 aforementioned lease with option are the owners of said mining
29 properties; and

30 WHEREAS, First Party warrants that said owners hold good
31 title to said properties; and that through the aforementioned lease
32 and option he, first party, can convey good title to Second Parties;
and

33 WHEREAS, this agreement is made with the understanding and
34 agreement that first party warrants he can deliver title to said
35 properties.

1 NOW, THEREFORE, IT IS MUTUALLY AGREED:

2 A. OPTION

3 1. Second parties agree to pay to first party the total sum
 4 of THREE THOUSAND DOLLARS (\$3,000.00) as follows: The sum of
 5 FIFTEEN HUNDRED DOLLARS (\$1,500.00), having been heretofore paid,
 6 the receipt thereof is hereby acknowledged by first party; the
 7 remainder, in the sum of FIFTEEN HUNDRED DOLLARS (\$1,500.00), is to
 8 be paid on or before March 20, 1967.

9 2. In consideration of the payment of the above total sum
 10 of \$3,000.00, first party hereby grants to second party a 180 day
 11 option to LEASE WITH OPTION TO PURCHASE the above described
 12 premises; second parties to have the right to enter upon, explore,
 13 extract and ship ore from the described premises for a period of
 14 180 days from date, second parties to commence mining operations,
 15 with at least two (2) men per day working, on or before February 20,
 16 1967; second parties allowed to mill or ship up to one thousand
 17 (1000) tons of ore during said 180 day period without paying royalty
 18 or other fee; for all tonnage above 1000 tons, shipped or milled
 19 during said 180 day period, second parties to pay ONE DOLLAR (\$1.00)
 20 per ton royalty to first party.

21 3. This option to be exercised on or before June 20, 1967,
 22 by notice in writing to first party and the payment to first party
 23 of the sum of SEVEN THOUSAND DOLLARS (\$7,000.00).

24 4. This option assignable without consent of first party.

25 5. Upon exercise of said option and the payment of said sum
 26 of \$7,000.00 by second parties, first party agrees to grant a lease
 27 with option to purchase the above described properties, said lease
 28 with option to purchase to be under the following terms and
 29 conditions set forth in Section B.

30 B. LEASE

31 1. Second parties to have and hold the said premises for
 32 the purpose of mining and milling for a period of five (5) years

H.S.
C.E.J.
H.S.

1 from date; with option for ^{Successive} an additional five (5) years ^{terms} thereafter
2 upon written notice given to first party at least thirty (30) days
3 prior to end of ^{each} five year period.

4 2. Second parties granted power to assign or sell the
5 lease-option without obtaining the consent of first party.

6 3. Second parties agree:

7 (a) To enter upon said leased premises and to work the
8 same in mine fashion in manner necessary to good and economical
9 mining, so as to take out the greatest amount of ore possible, with
10 due regard to the development and preservation of said mine or
11 mining premises as a workable mining property, and to the special
12 covenants herein contained, with second parties having the right
13 to strip or open-pit mine if feasible.

H.S.
C.E.J.
H.S.

14 (b) To work and mine said premises as aforesaid,
15 steadily and continuously during the period of this Lease and in
16 doing said work to perform at least Sixty man day shifts of eight
17 hours each of mining labor per month each and every month, save
18 and except for any period of shutdown caused by weather, riot, war,
19 act of God, government order or strike; and no shutdown caused by
20 weather shall extend for more than a 90 day period.

21 (c) To repair all old timbering wherever it may become
22 necessary, and to well and sufficiently timber said mine and
23 mining premises at all points where proper and necessary in
24 accordance with good and safe mining; continuing the timbering now
25 upon said premises with timber of the same dimensions as hereto-
26 fore used, unless it becomes necessary for safety to use larger
27 timber, in which event timbers of sufficient size for safety and
28 permanent mining shall be used.

29 (d) To allow the first party or his agents from time to
30 time to enter upon and descend into all parts of said leased
31 premises, for the purpose of inspection, surveys or taking samples
32 therefrom and to render to said parties proper assistance in

1 making such inspection, surveys or examination; and second parties
2 shall furnish first party copies of all drill or exploration reports,
3 maps of property and of workings, work reports, assays, mint or
4 smelter reports, bills of sale and shipping reports, upon demand,
5 or within a reasonable time thereafter, at all times.

6 (e) To occupy and hold as the property of the then
7 owner of the demised premises all cross and parallel lodes, dips,
8 spurs, feeders and mineral deposits of every kind which may be
9 uncovered, disclosed or discovered within said leased ground by the
10 said second parties or any person or persons under or in privity
11 with them, with privilege to said second parties to work and mine
12 the same as part and parcel of said premises, and not to locate or
13 record the same, or allow the same to be located or recorded,
14 except in the name of the first party.

15 (f) To keep at all times, the drifts, shafts, tunnels,
16 open-pits, and other passages and workings, thoroughly drained and
17 clear of loose rock and rubbish, unless prevented by extraordinary
18 mining casualty.

19 (g) To make all working shafts at least four (4) feet by
20 eight (8) feet in the clear; all drifts and tunnels at least three
21 and one-half ($3\frac{1}{2}$) feet by six and one-half ($6\frac{1}{2}$) feet in the clear,
22 and all winzes and raises at least three and one-half ($3\frac{1}{2}$) feet by
23 seven (7) feet in the clear.

24 (h) Commencing thirty (30) days after the exercise of
25 the option to lease-purchase, second parties agree to pay a royalty
26 of \$1.00 per ton of ore extracted from the property (regardless of
27 whether said ore be milled, otherwise processed, shipped, or stock-
28 piled on the premises), or a minimum payment of ONE THOUSAND
29 DOLLARS (\$1,000.00) per month, whichever shall be the greater
30 amount, Said royalty payments to be made each month within a
31 reasonable time of the extraction of said ore from the ground. And
32 said royalty payments to be made each month until the purchase

1 option is exercised as hereinafter provided or until the total sum
2 of monies received by first party under this agreement, including
3 the initial payments prior to exercise of the initial option, equal
4 the purchase price hereinafter provided.

5 (i) The second parties shall and hereby do assume all
6 responsibility in case of accident to second parties or any of
7 their employees in or about the said property; and first party
8 shall not be liable for any injury to or death of second parties,
9 their property, any other person, or the property of any other
10 person, in, on, or about the demised premises, by reason of any
11 cause, except the wilfull misconduct of first party, and second
12 parties agree to indemnify and save harmless the first party from
13 any and all liability for such damage, injury or death.

14 (j) All bullion tax or other tax on ores mined shall be
15 paid by second parties.

16 (k) All bills and expenses incurred by the second
17 parties or those in privity with them shall be promptly paid by
18 the second parties, and by such prompt payment said second parties
19 shall prevent the filing of any and all liens of miners, mechanics
20 or materialmen, against said demised premises; second parties
21 agree to record notices of non-responsibility in favor of first
22 party before incurring any bills or expenses that would or could
23 subject first party to a lien of any kind; and the second parties
24 shall indemnify first party and save first party harmless from all
25 liens and claims of lien, and any and all other liabilities, claims
26 and demands, arising out of any work done or material supplied to
27 the demised premises at the instance of the second parties, and
28 from all actions, suits, and costs of suit (including any attorney
29 fees paid by first party in relation thereto) by any person to
30 enforce any such lien, claim, liability or demand; and, if by
31 reason of the failure of second parties to pay such bills or
32 expenses, or record such notice, any lien or liens shall be filed

1 against said premises the first party may forthwith pay off and
2 discharge the same, and the second parties hold themselves bound to
3 pay to first party all sums so advanced or paid to clear said
4 premises from liens which may be filed as aforesaid; and such failure
5 to pay resulting in filing of liens shall constitute a default under
6 this agreement.

7 (l) Second parties will deliver to first party quiet and
8 peaceable possession of said demised premises, with the
9 appurtenances and all improvements, in good order and condition,
10 with all shafts, drifts, tunnels and other passages and workings
11 thoroughly drained and cleared of loose rock and rubbish, and with
12 said premises ready for immediate continued working, without demand
13 or further notice, on the expiration of this Lease, and it is
14 mutually understood that all machinery and tools which may be placed
15 upon said premises by second parties may be removed therefrom
16 within thirty (30) days after the termination of this Lease.

17 (m) Upon the violation of any covenant or condition
18 herein contained, this Lease shall at the option of first party
19 expire, and terminate, and the said premises with the appurtenances
20 and all buildings and other improvements shall become forfeited to
21 the first party; and the first party or his agent may thereupon,
22 after demand in writing for possession, notice of default as
23 hereinafter provided, and after expiration of time as hereinafter,
24 in sub-paragraph (n) provided, enter upon said premises and
25 dispossess all persons occupying the same, with or without force,
26 and with or without process of law, or at the option of the first
27 party the second parties and all persons found occupying said
28 premises or any part thereof may be proceeded against as guilty of
29 unlawful detainer.

30 (n) Second parties shall have sixty (60) days after
31 notice in writing to correct any default or violation, and making
32 such correction shall maintain this Lease, with option, in force

1 and effect.

2 (o) Second parties agree to provide Nevada Industrial
3 Insurance on all persons employed or working on the leased premises,
4 and to comply with all laws, rules and regulations of the State of
5 Nevada, particularly those pertaining to mining.

6 (p) Second parties agree to do all annual assessment
7 work, presenting proof thereof to the first party no later than
8 August 1st of each year.

9 4. First Party agrees:

10 (a) To provide clear unencumbered title to the
11 properties;

12 (b) Second parties are guaranteed all rights of
13 ingress and egress to said properties necessary for
14 mining operations;

15 (c) Second parties shall have sole control over
16 selection, erection and operation of mill and milling
17 or mining equipment.

18 (d) In further consideration of the sums of money
19 heretofore paid by second parties, second parties are
20 hereby granted an option to purchase the above-
21 described properties, exercisable at any time during
22 the term of this lease, or its extension, by written
23 notice to first party, for the total purchase price
24 of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS
25 (\$1,500,000.00), on the following terms:

26 i) The initial option payments, in the
27 sum of \$1,500.00, \$1,500.00, and \$7,000.00,
28 for a total of \$10,000.00, to be credited
29 to the purchase price;

30 ii) All royalty and/or minimum payments
31 made prior to exercise of the option to
32 purchase shall be credited to the purchase

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price;
iii) The balance to be paid at the rate of \$1.00 per ton on all ore extracted (whether milled, processed, shipped or stockpiled) or \$1,000.00 per month, whichever sum shall be the greater;

iv) When the purchase price is paid in full, deeds to the above-described properties will be delivered out of escrow described herein-after, to second parties, conveying clear and unencumbered title to second parties.

v) Said deeds to be placed in escrow by first party upon receipt of notice of exercise of option to purchase by second parties.

5. Both parties agree that all payments after the execution of this agreement are to be made to Escrow Number 3559, presently established in the FIRST NATIONAL BANK OF NEVADA; or such other escrow as shall be set up by mutual agreement of the parties; and to be disbursed from said escrow pursuant to instructions to be prepared by the parties hereto and the owners of the property.

6. This Lease, and option to purchase, shall be binding upon and enure to the benefit of the heirs, executors, administrators and assigns of the respective parties.

C. Time is of the essence of this agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names the day and year first above written.

Frank Goldman
FRANK GOLDMAN

Harry Stroud
HARRY STROUD - First Party

C. E. Jones
C. E. JONES

F. G. Foster
F. G. FOSTER

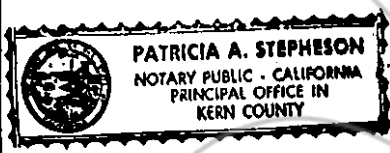
Second Parties

ROBERT E. BERRY
ATTORNEY AT LAW
320 FLINT STREET
RENO, NEVADA

1 STATE OF California)
2 COUNTY OF Kern) ss.

3 On this 28th day of December, 1966, personally
4 appeared before me, the undersigned, a Notary Public in and for
5 the County of Kern, State of California
6 ~~SECOND~~, C. E. JONES and F. G. FOSTER, known to me to be the persons
7 described in and whose names are subscribed to the foregoing
8 instrument, who acknowledged to me that they executed the same
9 freely and voluntarily and for the uses and purposes therein
10 mentioned.

11 IN WITNESS WHEREOF, I have hereunto set my hand and affixed
12 my official seal at my office in the said County and State, the day
13 and year in this certificate first above written.

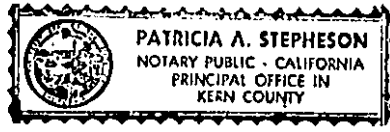


14 Patricia A. Stepheson
15 Notary Public
16 Commission expires 8/16/68

19 STATE OF California)
20 COUNTY OF Kern) ss.

21 On this 28th day of December, 1966, personally
22 appeared before me, the undersigned, a Notary Public in and for the
23 County of Kern, State of California, FRANK GOLDMAN,
24 known to me to be the person described in and whose name is
25 subscribed to the foregoing instrument, who acknowledged to me that
26 he executed the same freely and voluntarily and for the uses and
27 purposes therein mentioned.

28 IN WITNESS WHEREOF, I have hereunto set my hand and affixed
29 my official seal at my office in the said County and State, the day
30 and year in this certificate first above written.



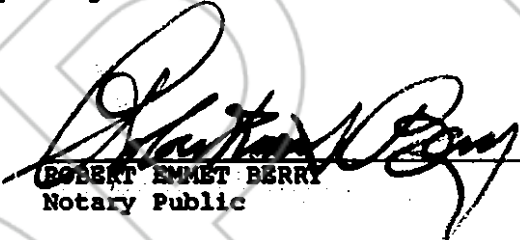
31 Patricia A. Stepheson
32 Notary Public
Commission expires 1/16/68

ROBERT E. BERRY
ATTORNEY AT LAW
320 FLINT STREET
RENO, NEVADA

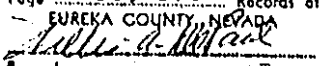
1 STATE OF NEVADA)
2 COUNTY OF WASHOE) SS.

3 On this ___ day of January 1967, personally appeared
4 before me, the undersigned, a Notary Public in and for the County
5 of Storey, State of Nevada, HARRY STROUD, known to me to be the
6 person described in and whose name is subscribed to the foregoing
7 instrument, who acknowledged to me that he executed the same
8 freely and voluntarily and for the uses and purposes therein
9 mentioned.

10 IN WITNESS WHEREOF, I have hereunto set my hand and
11 affixed my official seal at my office in the County of Washoe,
12 State of Nevada, the day and year in this Certificate first above
13 written.

14 
15 ROBERT EMMET BERRY
16 Notary Public



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24 File No. 43771
25 RECORDED AT THE REQUEST OF
26 F. G. Foster
27 January 23 A. D. 1967
28 at 16 minutes past 10 A. M.
29 in Book 15 of OFFICIAL RECORDS
30 Page 567-576 Records of
31 EUREKA COUNTY, NEVADA
32 
Recorder Fee \$10.05