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MINING LEASE AND OPTION

THIS LEASE AND PURCHASE OPTION, made and entered into this 24th day of May, 1963, by and between the M. M. & S. Exploration Co., a corporation of Nevada, of Carson City, Nevada, hereinafter designated as Lessor, and Arthur Blake Thomas, of Salt Lake City, Utah, hereinafter designated as Lessee:

W I N E S S E T H

That the said Lessor, for and in consideration of the sum of \$400.00 (four hundred dollars) advanced royalty for the period from May 15th to June 15th 1963, receipt of which is hereby acknowledged, and of the royalties, covenants and agreements hereinafter reserved and by the said Lessee to be paid, kept and performed, have granted, devised and let to the said Lessee all of its one half undivided interest unto the following described property and mining claims situated and lying in the Lynn Mining District in Eureka County of Nevada, to wit:

Yellow Rose Numbers : 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 and 21, and the Cracker Jack and the Cracker Jack Numbers: 1,2,3,4, and 5 and the Big Jim and Big Jim Numbers: 1,2,3,4,5,6,7,8,9,10,11,12, 13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30 and 31, all of which claims are more particularly described under the Certificates of Location recorded at the office of the County Recorder of Eureka County, Eureka, Nevada on May 7th, 1963:

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 devise, the said Lessee does covenant and agree with the Lessor as follows:

1. To pay to said Lessor, at his place of business at Carson City, Nevada, royalties and rentals, as hereinafter specified, during the term of this agreement, until the sum of \$500,000.00 shall have been paid:

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2. To take possession of said mining claims and perform the annual assessment work required by law on the unpatented mining claims described herein:
3. To keep proper books of account showing the amounts of gold, minerals or metals produced and sold from said mining property and to deliver duplicate reports and statements of said sales to the Lessor at his place of business within reasonable time after consumation of sale:
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 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 his property:
6. Said Lessor and/or its agent may from time to time, in company with the Lessee or its 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.

*2 copies of
to keep maps
to New York*

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 his place of business in Carson City, Nevada the following rentals and/or royalties on all mineral products extracted and sold from the premises, during the life of this lease, until the sum of \$500,000.00 (Five hundred thousand dollars) has been paid to wit:

3 $\frac{1}{4}$ % (three and one quarter percent) of the net proceeds of the sale of bullion, precipitate or concentrate, produced from ores of a grade of \$5 per ton or less. 3 $\frac{3}{4}$ % (three and three quarters percent) of the net proceeds of the sale of bullion, precipitate or concentrate produced from ores of above \$5 per ton and up to and including \$9 per ton. 4 $\frac{1}{4}$ % (four and one quarter percent) of the net proceeds of the sale of bullion, precipitate or concentrate produced from ore of a grade of above \$9 per ton and up to and including \$12 per ton. 4 $\frac{3}{4}$ % (four and three quarters percent) of the net proceeds of the sale of bullion, precipitate or concentrate, produced from ores of a grade of above \$12 per ton. The same percentages of the net proceeds of sales price shall apply on crude ores shipped from the property for processing at points outside of the Lynn Mining District, up to and including ores of a net proceeds sales price of \$30 per ton. On ores above this grade royalty shall be 7% of the net proceeds received from the purchasing agency. Net proceeds are defined as the gross proceeds of the ore, bullion, precipitate or concentrate sold, less smelter, mint or 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 \$400.00 per month (Four Hundred Dollars) which shall be applied on the purchase price. Rental payments shall be considered as advanced royalty payments and can be applied as a credit towards royalty payments which might thereafter be due. And royalty payments in excess of \$400.00 monthly shall apply as a credit against future rental payments: Royalty 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:

12. Upon demand of Lessee, said Lessor agrees to execute a deed to its undivided half interest in the above described mining claims and deposit same with a bank in Elko, Nevada, accompanied with escrow instructions providing for the delivery to Lessee upon satisfactory proof of payment of \$500,000.00 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 Lessor upon satisfactory evidence of

55-203

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. 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 have set their hands and seals this 24th day of May, 1963.



Edna McKnight Attest
Secretary

M. M. & S. Exploration Co.
Stirling McKnight Pres.
Lessor

Arthur Blake Thomas
Arthur Blake Thomas

STATE OF Nevada)
COUNTY OF Washoe)

On this 24th day of May 1963, personally appeared before me

Stirling McKnight who acknowledged to me that he is the President of the M. M. & S. Exploration Company and that he executed the foregoing instrument for and in behalf of the said corporation,



Robert M. Tucker
Notary Public
Residing at Reno, Nev.

STATE OF Nevada)
COUNTY OF Washoe)

On this 24th day of May 1963, personally appeared before me a Notary Public in and for Washoe County Nevada State of Nevada 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 purposes and uses therein mentioned.

Robert M. Tucker
Notary Public, Washoe Public
County, Nevada



RECORDED AT THE REQUEST OF R. D. MORRIS
ON JUNE 14 1963 AT 30 MIN. PER 9 A.M. IN
BOOK 55 OF OFFICIAL RECORDS PAGE 201-204 RECORDS OF
CLERK OF COUNTY, NEVADA. WALTER A. BREWSTER
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55 204