

LEASE AND OPTION TO PURCHASE

THIS INDENTURE, made this _____ day of _____, _____, by and between _____ and _____ parties of the first part, Lessor, and _____ and _____ Lessees:

WITNESSETH: that the said lessor, for and in consideration of the promises and royalties hereinafter reserved, and the covenants and agreements hereinafter described, and by the said lessees to be paid, kept, and performed, do grant, demise, and lease unto said lessees those certain mining claims situated in _____ mining district, Section _____, Township _____, Range _____, M.P.M., _____ County, Montana, described as follows, to-wit;

The _____ quartz lode claim, duly located and recorded in the office of the Clerk and Recorder of _____ County, Montana, to which record of location notice, reference is made for a more particular description thereof.

The _____ quartz lode claim, patented and designated by United States survey No. _____.

Also all tramways, mining tools, and mining machinery upon said premises and used in mining and developing said property, together with all buildings and improvements thereon.

To have and to hold said mining claims unto the said lessees for the term beginning on the _____ day of _____, _____, and ending on the _____ day of _____, _____, unless sooner forfeited or terminated by breach of any of the terms and conditions of the within lease and agreement, or the failure to make any of the payments hereinafter mentioned when the same become due and payable.

And in consideration of such demise, the said lessees covenant and agree with the said lessor, to-wit;

1. On or before _____, to enter upon, and take possession of the above described premises, and hold the same under this lease and agreement, and work the same in a manner necessary to good and economical mining, so as to take out the greatest amount of ore possible, with due regard to the safety, development, and preservation of the same as a workable mine.
2. To work and mine said premises as aforesaid steadily and continuously beginning _____ at least _____ shifts per month unless prevented by winter snows, unusual weather conditions, floods, or other causes beyond the control of the said lessees.
3. To well and sufficiently timber said mine at all points where proper, and to repair all the old timbering wherever it may become necessary.

4. To allow said lessors and their agents from time to time enter upon and into all parts of said mine for the purposes of inspection.

5. To keep at all times the drifts, shafts, tunnels, and other workings clear of loose rock and rubbish, unless prevented by extraordinary mining casualty.

6. To save the lessors harmless for and on account of any accident which may happen in said mine, or about the same during the continuance of this lease, and to keep the said mine free and clear of laborers' liens, and not to incur any obligation which could or might be merged into laborers' liens upon said premises, or any interest thereon, nor to permit any attachments or levy of execution to be made upon said mine, of any interest therein.

7. To keep books of account showing the amount of ores extracted from said property; the amount of ore shipped, sold, or treated, and the amount of money received from the sale of said ores, or the values extracted therefrom; that from the sale of said ores, or the values extracted therefrom, the said lessees shall pay to the lessors or their agents, fifteen (15%) per cent of the net smelter or mill returns. By net smelter or mill returns shall be understood the gross returns on all ores so sold and treated, less the cost of hauling, railroad freight, smelter or mill treatment charges. That a duplicate of all smelter or mill returns shall be furnished by the owner of such smelter or mill to the lessor or his agent; that such books of account shall be open at all reasonable times to the said lessors or their agents.

8. To deliver to the said lessors the said mining claims with the appurtenances and all the improvements in good order and condition, with all drifts shafts, tunnels, and other passages used by the lessees, thoroughly clear of loose rock and rubbish, and the mine in all points so used by the lessees, ready for immediate continued working, accidents not arising from negligence alone excusing, without demand or further notice on the _____ day of _____, at twelve o'clock noon, or at any time previous upon demand of forfeiture.

And finally, upon violation by the said lessees, or any person under them, or any of the covenants hereinbefore reserved, or the failure by the said lessees to make any of the payments as hereinafter specified, the term of this lease shall, at the option of the said lessor, expire, and the same, and the said premises, with the appurtenances, shall become forfeited to the lessor, and said lessors or their agents, may thereupon, after demand of possession, enter upon said premises and dispossess all persons occupying same, with or without force, and with or without process of law, or at the option of the said lessors, or in any other manner.

It being expressly understood and agreed, however, that the said lessees shall have the right to remove at the end of the term, or the termination of this lease, any and all mining machinery, equipment, or supplies, of every kind and nature whatsoever, installed or placed by them upon said premises.

Forfeitures or suspension of the rights of the said lessees shall be the only remedy reserved for the lessor for a breach of any of the covenants of this lease.

The lessees may, at their option, transfer or assign this instrument, or any portion thereof, or any of the rights and privileges hereunder, and, in such event, the said lessees shall, at the time of such transfer or assignment, notify the lessor in writing thereof.

It is further understood and agreed that the parties of the first part, in consideration of the sum of one (\$1.00) dollar to them in hand paid, the receipt of which is hereby acknowledged, does hereby give to the parties of the second part the exclusive right and option to purchase all of above and foregoing mining claims with the appurtenances thereto, for the full purchase price of \$ _____ to be paid in the following installments, to-wit;

All royalties paid under the terms and conditions hereof shall likewise be credited and applied to the purchase price.

The parties of the first part agree to execute a good and sufficient deed to all of the within described mining property as grantor to the parties of the second part as grantee and deposit the same in escrow in the _____ of _____, subject to the terms and conditions prescribed in the within lease and agreement, which said deed shall be delivered over to the parties of the second part, or their assigns, upon payment by them, or their assigns, of the full purchase price of \$ _____.

Each and every clause and covenant in this indenture shall extend to and be binding upon the successor to the said lessor, or his assigns, and to the successors and assigns of the said lessees.

Time is the essence of this agreement.

In witness hereof, the parties hereto have hereunto set their hand the day and year in this instrument first above written.

Parties of the first part, Lessor

Parties of the second part, Lessees