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Item 17

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THIS MEMORANDUM OF AGREEMENT, Made and entered into this 25th day of May, 1931, by and between P. R. Prunty, of Charleston, Elko County, Nevada, and the party of the first part, and George L. McCracken, of Tooele, Utah, and Dan Zuccone, of the City and County of Elko, State of Nevada, the parties of the Second part.

WITNESSETH:

That for and in consideration of the sum of ONE HUNDRED (\$100.00) DOLLARS, in hand paid, the receipt whereof is hereby acknowledged, and of the payments hereafter to be made and the covenants and agreements hereafter contained to be kept and performed by the said parties of the second part, the said party of the first part demises, rents and leases unto the said parties of the second part, and the said parties of the second part do hereby lease from said party of the first part, and covenant to make the payments therefor, hereinafter set out, the following described mining claims, situated in the Mardis Mining District, in the County of Elko, State of Nevada:

"BLACK WARRIOR", "SEMINOLE", "COMMANCH", "WAR EAGLE", "LITTLE CEDAR", "RATTLER", "SUN".
"CHAMPION", and "LAST CHANCE".

Said lease to be for a term of two years, beginning with the 25th day of May, 1932, and to be fully completed and ended on the 24th day of May, 1933.

It is understood and agreed by and between the parties hereto that during the term of this lease that the parties of the second part or their employees shall have the right to enter upon said premises and do mining and milling work in and upon said premises and to extract ores, minerals and bullion therefrom, and have the same reduced, yielding and paying to the said party of the first part a royalty of ten per cent of the net smelter or mint returns from such ores, minerals or bullion so extracted and reduced. It being hereby agreed that net smelter or mint returns are the returns from smelter or mint, less the charges only of said mint or smelter.

It is understood and agreed by and between the parties hereto that the said parties of the second part shall pay at their sole cost and expense all costs of mining and extracting and reducing said ores, minerals and bullion from the said premises.

It is further agreed and understood that all ores, minerals or bullion shipped under and by virtue of this agreement, shall be shipped through and in the name of the Henderson Banking Company, a corporation, of the City and County of Elko, State of Nevada, and all returns shall be made to said Henderson Banking Company, and said Henderson Banking Company is hereby authorized,

and directed to make a division of said returns under and by virtue of this agreement, and are hereby specifically released of all liability under and by virtue of handling said returns.

It is further agreed and understood by and between the parties hereto that the said parties of the second part must do and perform or cause to be done and performed not less than 500 shifts of work of eight hours each per year upon the premises herein demised and let.

It is further agreed and understood by and between the parties hereto that these premises shall not be sub-let or in any manner transferred by the said parties of the second part, without the consent of the said party of the first part in writing being first had and obtained, except party of first part consents to transfer to responsible party.

It is further agreed and understood by and between the parties hereto that said parties of the second part are to pay all or any bullion taxes that may be levied on the product of said mining property.

It is further agreed and understood by and between the parties hereto that said parties of the second part promise and agree that they will allow no liens or encumbrances of any name, nature, kind or description to attach to said premises, and that said parties of the second part shall keep continuously posted upon said premises the notices provided by the Statutes showing the non-liability of the said party of the first part, and the premises herein demised and let for any labor performed or materials furnished in connection with said premises. Said parties of the second part further agreeing to have all employees insured with the Nevada Industrial Commission under the Workmen's Compensation Laws of the State of Nevada.

It is further agreed and understood by and between the parties hereto that said party of the first part has certain tanks ordered which will cost \$387.88; said parties of the second part agree to purchase said tanks from the said party of the first part for the said sum, payable by deducting ten per cent of the net smelter or mint returns on the ores or bullion reduced; said ten per cent to be in addition to the ten per cent hereinbefore mentioned, and to be paid from each return, until the full sum of \$387.88 is paid to the said party of the first part.

It is further agreed and understood by and between the parties hereto that there is certain mining machinery on said premises, and to be placed thereon within 60 days belonging to said first party, that is hereby specifically included in this lease, save and except the mining machinery belonging to the said party of the first part on Copper Creek, and it is further agreed and understood that said machinery is to be returned to said party of the first part at the completion of this lease in the same condition that the same now is, reasonable use and normal wear and tear thereon alone excepted.

It is further agreed and understood that the party of the first part hereto shall have the right and option, at any and all reasonable times, to go to and upon said property and inspect the same, and shall have access to all necessary papers to determine the amount of ore mined and milled and shipped from said mining claims, and shall have access at any and all reasonable times to all drawings that will assist the said party of the first part in determining the amounts of ore mined and milled and shipped from said mining property, and to allow said party of the first part to determine whether or not the terms and covenants of this agreement are being fulfilled.

Said party of the second part agrees to sufficiently timber all main underground working which are used or constructed by the said parties of the second part for operating said mines and mining claims and to repair and keep repaired all timbering where necessary for the proper operation of said mines and mining property; to keep all main drifts, shafts, tunnels used in the operation of said mines properly drained and clear of rock and rubbish, and to make all main shafts and main drifts of usual and standard size and to conduct all mining operations in strict accordance with the provisions of the Act of Legislature of the State of Nevada, entitled "An Act creating office of Inspector of Mines," etc., approved March 24th, 1909, and all acts supplementary thereto or amendatory thereof.

It is further agreed and understood by and between the parties hereto that all work done in or upon said premises herein demised and let shall be done in a good and minerlike fashion, with proper timbering and looking toward the preservation of said premises as workable mines. It being understood that all work and mining done on said premises shall be done in a good and workmanlike manner, considering the size of the operations. It being further agreed and understood by and between the parties that any question that may arise as to the proper methods used in said mines shall be submitted to the Inspector of Mines or the State of Nevada, whose decision shall be final on the minerlike character of the work.

It is further covenanted and agreed by and between the parties hereto that immediately upon the breach of any of the covenants and agreements herein contained that the said party of the first part may go to and upon said premises and wholly re-occupy the same without hindrance from the parties of the second part and the said parties of the second part hereby covenant and agree to deliver up the peaceful possession of said premises upon any breach or breaches of any covenant or agreement herein contained, provided, however, it is especially agreed and understood that no clause in this agreement contained shall permit the said party of the first part to declare a breach of any covenant or agreement or any default without first giving said parties of the second part ten days written notice addressed to them at Elko, Nevada, specifying the conditions or covenant to be performed and notifying said parties of the second part the breach or act of commission or omission claimed, and it is agreed that said parties of the second part shall have ten days from the date of placing said notice in the United States Post Office, postage prepaid, in which to rectify said breach or act of commission or omission.

Said parties of the second part hereby agree to do all assessment work necessary on said mining claims and record the same in the Recorder's Office in Elko, Nevada, on or before May 1st, of each year.

It is further agreed that any machinery or tools purchased and owned by the said second parties and used upon said premises and not purchased as re-placements to be renewed by said second parties at the expiration or sooner termination of this lease.

It is further agreed and understood by and between the parties hereto and for and in consideration of the sum of ONE (\$1.00) in hand paid, the receipt whereof is hereby acknowledged, and the covenants and agreements herein contained to be performed, said party of the first part hereby grants unto the said parties of the second part an option to purchase ~~and~~ the above described mining claims at the expiration of the lease herein contained; that is to say, that said parties of the second part are to have the option to purchase said premises, after the expiration of the lease herein; said option to be exercised by notifying said party of the first part thereof, at least 30 days before the expiration of the lease herein contained; that the terms of said option are as follows: The price of \$75,000.00 for said property to be paid as follows: Said property to be worked and paid for at the rate of 20% of the net mint or smelter returns as hereinbefore described; said parties of the second part do agree to do a minimum of 2000 shifts of eight hours each, per year, during the term of the contract hereinafter to be entered into. Said parties of the second part to do all work in a minerlike manner and all assessment work. It being hereby agreed and understood that if said parties of the second part exercise their option at the termination of the lease agreement herein, that a new agreement of sale will be drawn for the purchase of said property.

This agreement to be binding upon and shall inure to the benefit of the heirs, executors, administrators and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year in this instrument first above written.

(SIGNED) P. R. PRUNTY (SEAL)
Party of the First Part.

(SIGNED) GEORGE L. McCracken (SEAL)
(SIGNED) DAN ZUCCONE (SEAL)
Parties of the Second Part.