

STATE OF SOUTH CAROLINA

LEASE CONTRACT

COUNTY OF LANCASTER

THIS CONTRACT OR LEASE AGREEMENT made and entered into this 21st day of June, 1946, by and between JAMES P. BECKWITH, of the City of Warrenton, State of North Carolina, hereinafter designated as Lessor, and HAILE MINE, INC., a Delaware corporation with its principal place of business at 55 Liberty Street, New York City, hereinafter designated as Lessee,

W I T N E S S E T H :

That for and in consideration of the covenants and agreements to be performed by the Lessor and the Lessee to the further valuable consideration in hand paid by the Lessee to the Lessor, the receipt whereof is hereby acknowledged, and the Lessor has granted and leased, and by these presents does hereby grant and lease, unto the Lessee the mineral rights in and to the following described premises, to wit:

"All that piece, parcel or tract of land lying being and situate in Flat Creek Township, Lancaster County, South Carolina, on the waters of Little Lynch's Creek, bounded by lands now or formerly of Thomas L. Clyburn, Seaborn Jones, R. R. Terrell and lands of Haile Mines, Inc., containing 1517.07 acres, more or less, being a portion of the lands conveyed this day to James P. Beckwith by Haile Gold Mining Corporation, the remaining 287.93 acres covered by said conveyance having been conveyed this day by the Lessor to Haile Mines, Inc."

TO HAVE AND TO HOLD said premises unto the said Haile Mines, Inc., its successors and assigns, for the full term of fifty (50) years, beginning on the 21st day of June, 1946, and ending on the 20th day of June, 1996 subject, however, to the following covenants, agreements, conditions and limitations:

That during the period of said lease, unless breach of the conditions thereof shall be made, the Lessee shall have the exclusive right to search for, develop, mine, treat by chemical OR other process and to ship, sell or otherwise dispose of, subject to the conditions hereinafter stated, any and all ores, minerals and mineral substances or their derivatives or mineral residues now existing on or below the surface and included in the property hereinbefore described, and shall have free and uninterrupted right of ingress, egress and right of way from, through and upon said premises at all times as may be necessary for the proper and convenient mining, milling, treating and marketing of said ores, minerals and mineral substances or their derivatives or mineral residues.

The Lessee shall have the free and unrestricted right, unless otherwise provided herein, to construct, change, move, use, or otherwise occupy any water or debris dams, dumps, roads, streams, power lines, piping and water lines, and any and all necessary things now referred to herein, and to construct, erect and operate any and all kinds of mining machinery, equipment, appliances and tools and to dig pits, shafts, tunnels, cuts and trenches, and to do any and all kinds of mining operations at all times, on or below the surface of the described premises; provided, however, that no dwellings now located on said property shall be moved, except with the consent of the Lessor in writing. The Lessee shall have the right at its own expense to move to any location on the described premises, or to move on or off said premises, any and all things, of any kind or nature that are the lawful property of the Lessee at any time, unless otherwise hereinafter provided; provided that the Lessee shall not remove from the leased premises any of the property so long as it is indebted unto the Lessor for any sum of sums due under this rental agreement.

The Lessee shall be entitled to the free use of all the land included in said tract and shall have the right to construct, erect and maintain thereon buildings or other structures to be used by it in connection with its mining operation on any portion of the property not under cultivation at the time of such construction or not covered by merchantable timber suitable for lumber. That upon the abandonment by Lessee of this lease, or upon the termination of the same under its own terms, or otherwise, all buildings and constructions of all kind which have been constructed by the Lessee on the leased premises shall become the lawful property of the Lessor.

The Lessee shall not be entitled to the use and occupancy of any structures or tenant houses as are now situated on the leased premises and in use and occupied by the Lessor or his tenants, now shall the Lessee be entitled to the use of any lands under cultivation, or any other moveable or immoveable property used by the Lessor in connection with farming, operations, except that the Lessee may give the Lessor, prior to October 1 of any year, a written notice specifying such of said land as may be required by the Lessee and the Lessee may thereupon be entitled to the uses of such land, commencing with the first day of January, next, following the giving of said notice and continuing from that date to the date of termination of completion of this Agreement. Lessee agrees that if will not use any of such land under cultivation for any purposes except in connection with mining operations and will not give the Lessor any notice specifying that it requires the use of such farm land, except to the extent that it requires the same for mining operations, and if the Lessee shall require, for mining operations, the use of said farm lands, or such portion as to materially interfere with the farming operations being conducted by the Lessor or his tenants, and give notice thereof to the Lessor, the Lessee shall pay for such farm lands required the sum of Fifty (\$50.00) Dollars per acre, and in addition thereof the value of any merchantable timber growing on the lands so required by the Lessee and the market value of any buildings, or other structures that might be situated thereof, said sums to be payable on the date said lands are taken over by the Lessee for mining purposes. Provided however, that Lessee shall have the right at any time to enter upon the land under cultivation for the purpose of such exploration as may be necessary to determine the location and value of possible ore bodies thereunder, and the Lessee agrees to use all reasonable precaution against the damaging of any crops thereon, and in the event said crops are damaged by reason of said entry or exploration by the Lessee, then the Lessee agrees to reimburse the owner or owners therefor.

And all machinery, equipment, appliances, tools, supplies and materials and all other things except buildings and constructions of like kind that the Lessee shall place on the property shall always remain the property of the Lessee, and in case Lessee, for any reason, shall abandon the lease, or after its expiration date, Lessee shall have the right to remove said property within ninety (90) days after the date of said abandonment or expiration, provided that no property of the Lessee shall be removed from the leased premises at any time the Lessee is indebted to the Lessor for any sum due under this rental agreement.

The Lessee shall have the right to cut, and or remove, but not take away from the demised premises, all timber which is in and along stream beds and banks that may be inundated by water due to the erection of dams, or by reason of changing of stream channels and timber which in any other way interferes with any actual mining operations carried on by the Lessee.

The Lessee agrees to keep a true and accurate record of the results of its examinations and prospecting of said property, and in the event Lessee chooses to abandon its right under this agreement, it agrees to give to the Lessor a duly authenticated copy of all records, drawings or maps made by the Lessee which would in any way inform the Lessor of the location and value of ores, minerals or mineral substances located upon said property, and the cost of mining, extracting or treating such ores, minerals or mineral substances.

The Lessee agrees to prevent, under normal conditions any deleterious matter injurious to man, beast or fish, from being wilfully or carelessly put into any stream, or streams, flowing through and situated on the premises herein.

The Lessor shall not be liable for any damages to any person or property arising out of the occupancy by the Lessee of the above described premises or out of the use thereof by the Lessee, or out of the operations of the Lessee thereon; and the Lessee expressly agrees to save the Lessor harmless against any and all such liability; and the Lessee agrees that, upon notice to it by the Lessor, to procure and maintain, during the life of this lease, and at its own cost, public and employer's liability insurance with some reputable insurance company, the limits of which are to be determined or agreed upon by the parties hereto.

The Lessee agrees as the consideration of this lease to pay the following payments during its duration, said payments to be herein elsewhere referred to as royalty payments, on all gold, silver and other metals recovered from ores mined on the leased premises four (4) per cent. of the recovered value based on the net smelter or mint returns; on all cyanide precipitates, clay, talc, ochre or other earthly minerals; sulphuric acid and other mineral assets, mineral salts and alkalies and all other mineral substances as herein specifically provided for which may be sold and shipped, four (4) per cent. of the net value of the product, f.o.b. Kershaw, South Carolina.

All the royalty payments shall be due and payable on the 20th day of each month on all proceeds or monies received during the preceding month from sales of gold, other metals or other minerals, and said royalty payments are to be in cash, based upon the weights and analyses, as shown by settlement sheets of consignees or purchasers from the Lessee. Said settlement sheets shall be furnished to the Lessor by the Lessee, should the Lessors so require, and at all times the records, weights, and prices of the Lessee shall be open during all business hours to the Lessor for examination.

The Lessee shall have the right to remove and carry off of said premises any and all ores for the purpose of treating, milling and extracting the values from the same in any of its plants not situated on the premises herein, provided, that all ore mined from said premises shall be sampled as to its mineral assay value per ton independent of any ore that may be mined from places other than the premises herein, said sampling to be done according to approved mining standards. Lessor shall have the right to be present in person or by agent at any time said samples are being taken, and shall have the right to make independent samples as to the mineral assay value of said ores; and in the event that Lessee and Lessor cannot agree as to the said mineral assay value per ton on any ore mined from the premises herein, they shall agree upon a competent mining engineer or expert not connected with either of the parties hereto and said expert or engineer shall be called in to take samples of said ore and his decision as to the mineral assay value per ton of said ore shall be final. Provided, that the fee and expenses of the said engineer or expert shall be borne jointly by the Lessee and the Lessor.

This lease shall be deemed to be surrendered in case the Lessee defaults in making payment when due of any acreage payment, property payment and/or royalty payment, and such default continues for a period of thirty (30) days from the date when such payment is due. In case the lease is deemed to be surrendered under the provision of the above two clauses, no lawful property of the lessee shall be removed from the leased premises so long as said payments remain delinquent unless by the consent of the Lessor in writing. The Lessee may terminate this agreement at any time by giving thirty (30) days written notice of its intention to so terminate to the Lessor. If such notice is given, and the Lessee has paid in full all payments due to the Lessor under the terms of this agreement up to the date of the giving of such notice, this agreement shall terminate on the date set in such notice, and the Lessee may remove any property placed by it upon the premises described herein (other than buildings and like constructions) and the Lessee shall not be liable for any further payments hereunder, nor for any damages for failure to comply further with the terms hereof.

If the Lessor considers that the Lessee is in default at any time, under any provision of this agreement, or has breached any provision thereof, the Lessor shall promptly notify the Lessee thereof in writing, and notwithstanding any provisions of this Agreement to the contrary, the Lessee shall be allowed a period of ten (10) days from the receipt of such notice within which to correct such default or breach or make reasonable compensation therefor. If the Lessee disputes the fact of such default, or breach, or if the parties hereto cannot agree within ten (10) days from the receipt by the Lessee of the aforesaid notice as to the means of correcting such default or breach, the matter shall be settled by arbitration. The Lessee shall select one arbitrator; the Lessor shall select one arbitrator, and the two arbitrators shall select a third, and the decision of a majority of these arbitrators shall be final and binding upon the parties hereto and the cost of such shall be borne by the party against whom the award of the arbitrators is rendered. If the award of the arbitrators finds the Lessee to be in default, or to have breached some condition of this agreement, the Lessee shall be allowed (10) days following the service upon him of a copy of the award of the arbitrators in which, at Lessee's election, he may cure or compensate for, such default or breach. If such default or breach be cured or compensated for within said period, such default or breach shall not be deemed a default of any of the conditions of this agreement.

In the event of the nonpayment of any sums required, or any part thereof, by the Lessee promptly at the time as herein provided, then the Lessor may treat the Lessee as a tenant holding over after the termination or contrary to the terms of the lease; provided, however, that this provision shall not be subject to the right of arbitration as herein provided.

This contract and all the terms, conditions, covenants, limitations and stipulations as herein set forth are to be equally binding upon the Lessor and Lessee and their respective heirs, executors, administrators, successors and assigns. The Lessee shall at any time have the right without the consent of the Lessor to assign its entire interest in this agreement subject to the obligations hereof, to any individual, partnership or corporation, and in the absence of a fraud, the Lessee shall thereafter be forever relieved and discharged from any obligations hereunder not accrued at the time of such assignment.

The Lessee with the consent of the Lessor shall also have a similar right to sublet or assigns a portion or portions of the leased premises, subject only to the obligations hereof.

This contract is hereby designated and made a South Carolina contract and is subject to, and to be construed under, the laws of the said State governing the same.

WITNESS THE HAND AND SEAL OF THE PARTIES HERETO THIS 21st day of June, 1946.

Signed, sealed executed and delivered (in duplicate) in the presence of:

James P. Beckwith (L.S.)
Lessor

As to James P. Beckwith, Lessor:

HAILE MINES, INC.

R. S. Stewart
D. Reece Williams, Jr.

By: W. L. Long (L.S.)
Vice-President

As to Haile Mines, Inc.:

George V. Boyd (L.S.)
Ass't. Secretary

James I. Moore, Jr.
Ed. A. Sawitzke

Lessee . (SEAL)

STATE OF SOUTH CAROLINA

COUNTY OF LANCASTER

PERSONALLY comes R. S. Stewart who on oath says that he was present and saw the within named James P. Beckwith, Lessor, sign, seal and as his Act and Deed deliver the within written Lease Contract, and that he, with D. Reece Williams, Jr. witnessed the execution thereof.

R. S. Stewart

Sworn to before me this 21st day of June, 1946.

D. Reece Williams, Jr. (L.S.)
Notary Public for South Carolina.

STATE OF NORTH CAROLINA

COUNTY OF VANCE

PERSONALLY comes James I. Moore, Jr., who on oath says that he was present and saw the within named Haile Mines, Inc., by its duly authorized Vice-President, W. L. Long, and Assistant Secretary, G. V. Boyd, Lessee, sign, seal and as its Act and Deed deliver the within written Lease Contract, and that he, with Ed. A. Sawitzke witnessed the execution thereof.

James I. Moore, Jr.

Sworn to before me this 21st day of June, 1946.

Virginia B. Wincent (L.S.)
Notary Public for Vance County, N. C.

My Com. expires: 10-14-46.

RECORDED JULY 3RD, 1946.