

1917 AND THEREAFTER DURING THE LIFE OF THIS OPTION FOR AND ON BEHALF OF THE VENDOR, ALL SUCH WORK TO BE AT THE SOLE CHARGE AND EXPENSE OF THE PURCHASER; PROVIDED, HOWEVER, THAT IF THE PURCHASER SHALL, ON OR BEFORE AUGUST 1ST, 1917, GIVE NOTICE IN WRITING TO THE VENDOR AT 811 CHAMBER OF COMMERCE BUILDING, PORTLAND, OF HIS INTENTION TO ABANDON THE SAID OPTION, THEN AND THEREUPON HE SHALL NOT BE OBLIGATED TO DO THE ASSESSMENT WORK FOR THE YEAR 1917 OR THEREAFTER, AND UPON THE GIVING OF SUCH NOTICE THE VENDOR WILL NO LONGER BE BOUND BY THE TERMS OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT IF THE PURCHASER FAILS TO GIVE SUCH NOTICE, HE SHALL BE OBLIG^{ATED} TO DO ASSESSMENT WORK FOR THE YEAR 1917 IN ANY CASE WHETHER OR NOT HE ACCEPTS OR ABANDONS THIS OPTION.

THE PURCHASER IS HEREBY GIVEN SIX MONTHS FROM THE DATE OF THIS AGREEMENT IN WHICH TO START ACTIVE OPERATIONS IN DEVELOPING SAID MINING PROPERTY, AND IF HE COMMENCES THE DEVELOPMENT OF THE SAID MINE WITHIN THAT TIME HE SHALL BE ENTITLED TO REMAIN IN POSSESSION OF SAID PROPERTY FOR SUCH LENGTH OF TIME, NOT EXCEEDING THREE YEARS, AS HE SHALL CONTINUE WITH REASONABLE DILIGENCE TO PROSPECT AND DEVELOP THE PROPERTY. AT ANY TIME WITHIN THREE YEARS FROM THE DATE HEREOF, THE PURCHASER MAY PURCHASE AN UNDIVIDED FOUR-FIFTHS INTEREST IN SAID PROPERTY FOR THE SUM OF TEN THOUSAND (\$10,000) DOLLARS. IF THE PURCHASER SHALL NOT ELECT TO MAKE THE PURCHASE WITHIN THAT TIME, HE SHALL SURRENDER POSSESSION OF THE PROPERTY AT THE END OF THREE YEARS, AND MAY SURRENDER POSSESSION AND TERMINATE THIS AGREEMENT AT ANY TIME PRIOR TO THE EXPIRATION OF THAT PERIOD. SO LONG AS THE PURCHASER SHALL REMAIN IN POSSESSION OF AND OPERATE THE PROPERTY, AND SO LONG AS THE VENDOR SHALL RETAIN A ONE-FIFTH INTEREST THEREIN, THE VENDOR SHALL RECEIVE ONE-FIFTH OF THE NET SMELTER RETURNS FROM THE ORES TAKEN FROM THE PROPERTY, WHICH NET SMELTER RETURNS SHALL BE CALCULATED AS FOLLOWS:

THERE SHALL BE DEDUCTED FROM THE GROSS RETURNS THE EXPENSE OF HAULING THE ORE TO THE RAILROAD, FREIGHT TO THE SMELTER, AND THE SMELTER CHARGES, AND FROM THE NET RETURNS THEN REMAINING, THE VENDOR SHALL RECEIVE ONE-FIFTH THEREOF. UNDER NO CIRCUMSTANCES SHALL SHE BE HELD LIABLE FOR EXPENSES OR LOSSES. IN THE EVENT THAT THE PURCHASER ELECTS TO EXERCISE THE OPTION TO PURCHASE THE REMAINING ONE-FIFTH OF THE PROPERTY WHICH IS HERINAFTER GRANTED, THEN THE RIGHT OF THE VENDOR TO RECEIVE ONE-FIFTH OF THE NET SMELTER RETURNS AFORESAID SHALL CEASE.

THE VENDOR FURTHER GRANTS TO THE PURCHASER AN OPTION TO PURCHASE THE REMAINING ONE-FIFTH INTEREST IN THE PROPERTY FOR THE SUM OF THIRTY THOUSAND (\$30,000) DOLLARS IN CASH, SUCH OPTION TO BE EXERCISED ON OR BEFORE FIVE YEARS FROM THE DATE HEREOF; PROVIDED, HOWEVER, THAT ANY SUMS PAID TO THE VENDOR FROM THE OPERATION OF THE MINE, EXCLUSIVE OF THE PAYMENT OF TEN THOUSAND (\$10,000) DOLLARS MENTIONED IN THE PRECEDING PARAGRAPH, SHALL BE CREDITED UPON THE SAID PAYMENT OF THIRTY THOUSAND (\$30,000) DOLLARS IN THE EVENT THAT THE PURCHASER ELECTS TO EXERCISE THIS LATTER OPTION.

UPON A COMPLIANCE WITH THE CONDITIONS OF THIS AGREEMENT WITHIN THE TIME PROVIDED, THE VENDOR COVENANTS AND AGREES TO CONVEY AN UNDIVIDED FOUR-FIFTHS INTEREST IN AND TO THE SAID PROPERTY BY GOOD SUFFICIENT DEED TO THE PURCHASER UPON THE PAYMENT OF THE SUM OF TEN THOUSAND (\$10,000) DOLLARS, AND TO CONVEY THE REMAINING ONE-FIFTH INTEREST IN AND TO THE SAID PROPERTY TO THE PURCHASER BY A GOOD AND SUFFICIENT DEED UPON THE PAYMENT OF THIRTY THOUSAND (\$30,000) DOLLARS,