

minerals on the demised property, and to begin actual mining operations; but if said Lessee shall within six months from the date hereof fail to begin actual mining operations and sale of minerals, then this lease shall be null and void. However, it is further agreed that the Lessee shall pay to the Lessor the sum of \$10.00 per month to be applied as a minimum royalty during the entire term of this lease and it is further agreed that this lease shall continue in full force and effect for the entire term herein set forth, provided the Lessee pays to the Lessor the minimum royalty each and every month as herein above set forth. It is further agreed that the payment of the said minimum royalty each month shall entitle the Lessee to credit for that amount during the month of that payment against the royalty payments hereinafter set forth, provided however, that the credit for such minimum royalty payments shall not be cumulative and credit for said minimum royalty payments shall not extend to the benefit of the Lessee after the end of the month during which the payment was made.

3. Lessee shall yield and pay to the Lessor, as rental for the above demised property and the rights and privileges herein granted, royalties on all minerals as follows:

Seventy-five cents per ton of 2000 pounds of merchantable vermiculite, i. e., as it is not practical to process the ore on the property, it is agreed that the Lessee may remove the ore from the property, process it and pay royalty based on salable, dried and cleaned ore as it is sold; Fifty cents per ton of 2000 pounds for asbestos, barite, bauxite, feldspar, beryl, fuller earth, sillimanite, limestone, marble, ochre, titenite, miconium and titanium ores; Twenty-five cents per ton of 2000 pounds, shipping weight, for kaolin; and for mica, gems and other minerals, of whatsoever kind or character, ten percent of the gross sales price, less freight, cartage or transportation to the market where the same is sold.

4. Lessee shall pay Lessor, prior to the 10th of each month, all royalties on said minerals sold by Lessee during the preceding month.

5. It is also agreed by both parties that the Lessor will save harmless the Lessee from all claims or demands for damages incident to the mining of said minerals within the bounds of the described premises.

6. It is expressly agreed between the Lessor and the Lessee that in any instance where it is necessary for the Lessee to cut timber on the above described premises in order to conduct mining operations, the Lessee shall have the right to cut such timber and the decision of whether or not it is necessary in any instance to cut timber shall be left entirely to the Lessee, provided however, that after the timber has been cut, it shall remain the property of the Lessor. The Lessee shall have the right to remove said timber from the immediate scene of its mining operations but will not remove said timber beyond the boundaries of the premises of the Lessor.

7. It is further expressly agreed between the Lessor and the Lessee that in the event the Lessor desires to sell the premises herein above described, the Lessor agrees to first offer the premises to the Lessee at the designated price and the Lessee shall have the right of refusal on any sale of the premises during the term of this Lease.

8. It is further expressly agreed between the Lessor and the Lessee that at the expiration of the term of this lease, the Lessee shall have the right to renew this lease for an additional twenty years upon the same terms and conditions as herein above set forth, provided the Lessee gives to the Lessor a notice in writing of its desire to re-new this lease, such notice in writing to be given by the Lessee to the Lessor within sixty days of the termination of this lease.