

104682

DEED OF TRUST

THIS DEED OF TRUST, made and entered into as of the 27th day of August, 1986, by and between NORSE MINERALS, INC., a Texas corporation, whose address is 550 Westlake Park Blvd., Suite 220, Houston, Texas 77079, hereinafter called the Grantor; Frontier Title Company, Inc., a Nevada corporation, hereinafter called the Trustee; and WINDFALL VENTURE, a general partnership composed of William L. Wilson, Kenneth E. Johnson, Robert G. Wilson, Chan Edmonds and Terrance Farina, as Personal Representative of the Estate of William E. Foster, deceased, whose address is P. O. Box 2183, Grand Junction, Colorado, 81502, hereinafter called the Beneficiary.

W I T N E S S E T H

WHEREAS, the Grantor is indebted to the Beneficiary, WINDFALL VENTURE, in the sum of EIGHT HUNDRED TWENTY THOUSAND DOLLARS (\$820,000.00), lawful money of the United States, and has agreed to pay the same according to the terms and tenor of that certain Promissory Note (the "Note") of even date herewith, and made, executed and delivered by Grantor to the Beneficiary.

WHEREAS, the Note is payable as follows:

The said total balance of \$820,000.00, together with interest thereon at the "Prime Rate" (defined in the Note) from the date of the Note is required to be paid in 16 equal quarterly principal

BOOK 148 PAGE 353

payments of \$51,250.00 plus accrued interest commencing three months after the date of the Note and continuing until fully paid.

NOW, THEREFORE, Grantor, for the purpose of securing the payment of the Note, and also the payment of all monies herein agreed or provided to be paid by Grantor, or which may be paid out or advanced by the Beneficiary or Trustee under the provisions of this instrument, with interest in each case, does hereby grant, bargain, sell, convey and confirm unto the Trustee all of the right, title and interest, claim and demand, as well in law as in equity, which the Grantor may now have or may hereafter acquire of, in or to the unpatented and patented lode mining claims, unpatented millsite claims and water rights, situate in the County of Eureka, State of Nevada, and being more particularly described in Schedule I hereto: TOGETHER WITH all improvements and fixtures situate thereon, or which are placed thereon during the term of this Deed of Trust; and TOGETHER WITH the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof. The mining claims and water rights identified in Schedules I and III and the improvements and fixtures thereon are sometimes hereinafter referred to collectively as the "Property."

TO HAVE AND TO HOLD the Property, together with the appurtenances, unto the Trustee, and to its successors and assigns, for the uses and purposes herein mentioned.

As provided by Nevada statute, the following covenants, Nos. 2 (80% of the replacement cost), 5, 6, 7 (reasonable rate), 8 and 9 of NRS 107.030, are hereby adopted by reference and made a part of this Deed of Trust.

Grantor agrees to pay and discharge at maturity all taxes and assessments and all other charges and encumbrances which accrue and become due after the date hereof and are or shall become a lien upon the Property, or any part thereof; and Grantor will pay all interest or installments due on any such encumbrance, and in the event of the default thereof by Grantor and the failure of Grantor to cure such default as hereinafter provided, Beneficiary may, without demand or notice, pay the same.

If, during the existence of this Deed of Trust, there is commenced or pending any suit or action affecting the conveyed Property, or any part thereof, or the title thereto, or if any adverse claim for or against the Property, or any part thereof, be made or asserted, the Trustee or Beneficiary may appear or intervene in the suit or action and retain counsel therein and defend the same.

Should the Grantor fail to pay any taxes or assessments against the Property or maintain in effect the insurance herein provided above, all as required under this Deed of Trust, then the Trustee or the Beneficiary may make any of such payments on behalf of Grantor or procure such insurance and all amounts so paid or expended with interest thereon at the rate of 15% per annum shall be added to and become a part of the indebtedness secured by this

BOOK 148 PAGE 355

Deed of Trust and may be paid out of the sale of the Property if not paid by Grantor. In addition, and at its option, the Beneficiary may declare a default of the Note, or of this Deed of Trust after notice to Grantor and an opportunity by Grantor to cure in the manner set forth in the Note and hereinbelow.

Grantor, in consideration of the premises, agrees that neither the acceptance nor existence, now or hereafter, of other security for the indebtedness secured hereby, nor the release thereof, shall operate as a waiver of the security of this Deed of Trust, nor shall this Deed of Trust nor its satisfaction nor a reconveyance made hereunder operate as a waiver of any such other security now held or hereafter acquired.

The Grantor expressly agrees at all times during the term hereof, and with respect to the Property:

- A. To properly care for and maintain and not to remove or destroy, without the prior written consent of the Beneficiary, the improvements comprising a portion of the Property, ordinary and reasonable wear and tear excepted;
- B. Not to commit or permit any waste of the Property, provided, however, that the mining, extraction, removal and sale of ores, minerals and mineral products from the Property shall not be deemed to constitute waste;
- C. To perform during each assessment year, so long as any portion of the indebtedness evidenced by the Note remains unpaid, on or for the benefit of any unpatented mining claims forming a portion of the Property, and remaining subject to this Deed of Trust, assessment work of a value and character reasonably expected to satisfy the requirements of the mining laws of the United States and State of Nevada and will record and file the necessary affidavits and proof thereof; provided, however, that (i) Grantor shall not be required to perform such assessment work for any assessment year when such work is not required by the said mining laws and (ii) Grantor shall have the privilege, prior to June

1 of any year, to quitclaim any of said unpatented mining claims to Beneficiary and thereby be relieved of further obligation for performance of assessment work with respect to such quitclaimed claims.

In the event of default in the payment of the indebtedness hereby secured and the failure of Grantor to cure the same in the manner provided in the Note, or in the event of the default in the performance of any obligation contained herein, inclusive of those adopted hereby by reference, and the failure of Grantor to cure the default within 35 days following notice thereof from Beneficiary, the Beneficiary shall be entitled, in addition to any other rights and remedies to which the Beneficiary shall be entitled, to the following rights:

- A. To receive all rents, issues and profits (inclusive of minerals or mineral products and/or the proceeds therefrom) derived from the Property, which rents, issues and profits are hereby assigned to the Beneficiary so long as such default shall continue; and
- B. To the immediate possession, use and enjoyment of the Property and all appurtenances, fixtures and improvements thereon and, at any time after the filing of a notice of breach and election to sell the Property, to the appointment of a Receiver by the District Court of Eureka County for the Property and of the rents, issues and profits thereof and shall be entitled thereto as a matter of right without regard to the solvency or insolvency of the Grantor and without regard to the value thereof or the adequacy of any security for the debt; and such Receiver may be appointed by any Court of competent jurisdiction upon ex parte application, and without notice--notice being expressly waived--and all rents, issues and profits therefrom shall be applied by such receiver subject to the orders of the Court, to the payment of the indebtedness hereby secured.

Notwithstanding any provisions to the contrary herein contained, if default should occur under the Note under this Deed of Trust or under the Security Agreement which also secures the

Note, and if Grantor should, at such time, pay to the Beneficiary an amount equal to fifty percent (50%) of the unpaid principal and accrued interest then remaining on the Note, Beneficiary shall not have the right to pursue any remedy as a result of such default other than foreclosure of this Deed of Trust and/or the Security Agreement. Upon the payment specified above, Grantor shall have no further personal liability for the payment of any remaining unpaid amounts on the Note and Beneficiary shall look only to the real property encumbered by this Deed of Trust and/or the personal property encumbered by the Security Agreement without any recourse available against Grantor for any deficiency in the Note or costs incurred in connection with such foreclosure, the sole remedies of Beneficiary being limited to the in rem remedies of foreclosure and sale of the encumbered property as provided under the laws of the State of Nevada.

No sale or transfer by Grantor of any interest in the Property shall relieve the Grantor, or any guarantor of the Note, from continuing responsibility for payment of all amounts of principal or interest which may become due under such Note.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand as of the day and year first hereinabove written.

NORSE MINERALS, INC.

BY: [Signature], President

ATTEST:

[Signature]
Secretary

STATE OF Texas)
COUNTY OF Harris) ss.

The foregoing instrument was acknowledged before me this 27th day of August, 1986, by R. L. Duncan and Robert H. Steelhammer as President and as Secretary of Norse Minerals, Inc.

Witness my hand and official seal.

My commission expires: 1/2/90
V. Anne Bostick
NOTARY PUBLIC



COPY

SCHEDULE I
TO
DEED OF TRUST

The following patented lode mining claims, and unpatented lode mining claims, situate in Township 17 North, Range 53 East; Township 18 North, Range 53 East; MDB&M; County of Eureka, State of Nevada:

1. Patented Lode Mining Claim: That certain patented lode mining claim, the name of which together with the U. S. Mineral Survey Number is as follows:

<u>CLAIM NAME</u>	<u>U. S. MINERAL SURVEY NUMBER</u>	<u>PATENT NUMBER</u>
JIM CROW	3705	242462
JIM CROW FRACTION	3705	242462
SOUTHERN CROSS	3705	242462
ELMER	3705	242462
ELMER FRACTION	3705	242462
WINDFALL	3705	242462
WINDFALL FRACTION	3705	242462
"2G"	3705	242462
MAY	3705	242462
MAY FRACTION	3705	242462
WINDFALL EXTENSION FRACTION	4537	916505
RUSTLER NO. 1	4537	916505
RUSTLER NO. 2	4537	916505

2. Unpatented Lode Mining Claims: Those certain unpatented lode mining claims, the names of which together with the book and page of the location certificates thereof, are, respectively, as follows: (The abbreviation "O.R." used below means "Official Records;" the abbreviation "O.D.M.L." used below means "Outside District Mining Locations" and the abbreviation "M.L." used below means "Mining Locations.")

<u>CLAIM NAME</u>	<u>BLM SERIAL NO.</u>	<u>EUREKA COUNTY RECORDATION DATA</u>	
		<u>BOOK</u>	<u>PAGE</u>
W 1	NMC 123123	26 O.R.	101-102
W 2	NMC 123124	26 O.R.	103-104
W 3	NMC 123125	26 O.R.	105-106
W 4	NMC 123126	26 O.R.	107-108
W 5	NMC 123127	26 O.R.	109-110
W 7	NMC 123128	26 O.R.	111-112
W 8	NMC 123129	26 O.R.	113-114
W 11	NMC 123130	43	077
W 12	NMC 123131	26	115-116
W 13	NMC 123132	26	117-118

BOOK 148 PAGE 360

W 17	NMC 123133	26 O.R.	119-120
W 19	NMC 123134	43 O.R.	078
W 20	NMC 123135	33 O.R.	105
W 30	NMC 123143	43 O.R.	079
W 31	NMC 123144	43 O.R.	080
W 32	NMC 123145	43 O.R.	081
W 33	NMC 123146	43 O.R.	082
W 34	NMC 123147	43 O.R.	083
W 101	NMC 169094	88 O.R.	149
W 103	NMC 169096	88 O.R.	151
GOLD	NMC 123148	K-O.D.M.L.	100
GOLD #1	NMC 123149	K-O.D.M.L.	101
SUMMIT	NMC 123150	25 O.R.	300
RED IRCN	NMC 123151	25 O.R.	302
JOHNNIE	NMC 123152	25 O.R.	301
PEARL	NMC 99261	H-M.L.	261
NELLIE	NMC 99262	H-M.L.	262
W W #4	NMC 258400	107 O.R.	183
RAMBLER #1	NMC 123153	H-O.D.M.L.	328
RAMBLER #2	NMC 123154	H-O.D.M.L.	329
SADIE 2	NMC 123157	47 O.R.	79
IM 1	NMC 153805	81 O.R.	258
IM 2	NMC 153806	81 O.R.	259
IM 3	NMC 153807	81 O.R.	260
IM 4	NMC 153808	81 O.R.	261
IM 5	NMC 153809	81 O.R.	262
IM 13	NMC 153817	81 O.R.	270
IM 14	NMC 153818	81 O.R.	271
IM 15	NMC 153819	81 O.R.	272
IM 16	NMC 153820	81 O.R.	273
IM 17	NMC 153821	81 O.R.	274

W-200	NMC 326946	131 O. R.	462
W-201	NMC 326947	131 O. R.	463
W-202	NMC 326948	131 O. R.	464
W-203	NMC 326949	131 O. R.	465
W-204	NMC 326950	131 O. R.	466
W-205	NMC 326951	131 O. R.	467
W-206	NMC 326952	131 O. R.	468
W-207	NMC 326953	131 O. R.	469
W-208	NMC 326954	131 O. R.	470

3. Millsite Claims: Those certain unpatented millsite claims, the names of which, together with the pertinent recording data, are as follows:

Eureka County Recordation Data

<u>Claim Name</u>	<u>Book</u>	<u>Page</u>	<u>BLM No.</u>
MS-1-5	47 O. R.	580-584	NMC 123164-123168
MS-6	50 O. R.	580-584	NMC 123169
MS-7, 8	47 O. R.	580-584	NMC 123170-123171
MS-9, 12	50 O. R.	005-008	NMC 123172-123175
MS-13	51 O. R.	572	NMC 123176
MS-13A	56 O. R.	399	NMC 123177
MS-14-21	56 O. R.	400 - 407	NMC 123178-123185
MS-22-27	Not yet recorded		

SCHEDULE III
To
DEED OF TRUST

WATER RIGHTS

Water rights situated in Eureka County, Nevada, described by Nevada Permint Number and description of source of water.

<u>Permit No.</u>	<u>Certificate No.</u>	<u>Description</u>
27621	10082	Murray Springs
28690	10084	Mitchell Springs
29525	10088	Hoosac Springs
29526	10089	Gibellini Springs
29570	9693	Beveridge Springs No. 1

RECORDED AT REQUEST OF
W. L. Wilson
BOOK 148 PAGE 363

86 SEP 8 11:37

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
RECORDING DEPARTMENT
FILE NO. 104682
FEE \$ 15.00

BOOK 148 PAGE 363