

QUITCLAIM DEED
106312

THIS INDENTURE, made this 30th day of September, 1986 between DECALTA INTERNATIONAL CORPORATION, successor to Pembina Minerals Inc., Party of the First Part, and EQUINOX RESOURCES INC., Party of the Second Part.

WITNESSETH:

That said Party of the First Part, for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration to him in hand paid by Party of the Second Part, the receipt whereof is hereby acknowledged, does by these presents remise, release and forever quitclaim unto said Party of the Second Part, his heirs and assigns forever, all that certain lot, piece or parcel of land situated, lying and being in the County of Eureka, State of Nevada, and more particularly described in Schedule "A" and "B" attached hereto.

Together with all and singular tenements, hereditaments and appurtenants thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof. To have and to hold, all and singular of said premises together with the appurtenances unto said Party of the Second Part, and to its heirs and assigns forever.

IN WITNESS WHEREOF, the Party of the First Part has hereunto set his hand and seal the day and year first above written.

Document Transfer Tax: \$129.06

X computed on full value of property paid,
less any liens, or encumbrances thereon
at the time of transfer

Richard Hanna
signature

Equinox Resources Inc.
c/o Hanna, Forth Scott
720-999 West Hastings
British Columbia Vancouver Canada V6C 2W2

DECALTA INTERNATIONAL CORPORATION

L.B. Gordon
L.B. Gordon, President

D.S. Watkinson
D.S. Watkinson, Secretary

EQUINOX RESOURCES INC.

Ross Beaty
Ross Beaty, President

SEAL
Affixed

SEAL
Affixed

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Attached to and forming a part of the Quitclaim Deed made as of the 30th day of September, 1986, between DECALTA INTERNATIONAL CORPORATION and EQUINOX RESOURCES INC.

1. Fourteen (14) patented lode mining claims situated in Eureka County, Nevada, and described as follows:

Buckhorn No. 1 - 9
E & P Fraction
Monarch
Narrow Gauge
Easter No. 1 and 2

2. Six (6) patented lode mining claims situated in Eureka County, Nevada, and described as follows:

Buckhorn No. 10
Humboldt No. 1 and 2
Lame Bull No. 1 and 2
Lame Bull Fraction

3. Thirteen (13) patented lode mining claims situated in Eureka County, Nevada, and described as follows:

D.P.M.
Eagle
Eva Lee
Huntingdon Mine
J. B. Rouig
Lone Star
M & M Fraction No. 1
Noon Day Fraction
North Side Mine
One Hundred Proof
Red Ant
Sunday Fraction
Sunset

4. Fifty-five (55) unpatented lode mining claims situated in Eureka County, Nevada, and described as follows:

Aspen No. 1 - 30
Oro
Oro No. 1 - 7
Oro Fino
U. P. 2 - 10
Tufa
Buckhorn Fraction
Citizen Fraction No. 1 (as amended)
Humboldt No. 3

4. (Continued)

Lane Bull Fraction
Santa Fe Fraction
Jughead Placer

5. One hundred seventy-seven (177) unpatented lode mining claims situated in Eureka County, Nevada, and described as follows:

Buckaroo No. 1 - 72
Buckaroo No. 81 - 118
Buckaroo No. 127
Buckaroo No. 129
Buckaroo No. 131
Buckaroo No. 133
Buckaroo No. 135
Buckaroo No. 137
Buckaroo No. 139
Buckaroo No. 141
Buckaroo No. 143
Buckaroo No. 145
Buckaroo No. 147
Buckaroo No. 149
Buckaroo No. 151
Buckaroo No. 153
Buckaroo No. 221 - 252
Buckaroo No. 353 - 357
Buckaroo No. 359 - 374

6. One hundred eighty-five (185) unpatented lode mining claims situated in Eureka County, Nevada, and described as follows:

Aspen No. 31 - 63
Fir No. 1 - 13
Fir No. 16 - 18
Fir No. 20 - 22
Fir No. 24 - 30
Fir No. 32 - 34
Fir No. 36
Fir No. 39 - 41
Fir No. 45
Fir No. 47
Fir No. 50 - 51
Fir No. 53
Fir No. 56 - 57
Pinon No. 1 - 13
Pinon No. 15 - 26
Pinon No. 33
Pinon No. 40
Pinon No. 54
Pinon No. 56 - 59
Pinon No. 71 - 74
Pinon No. 88 - 91
Cedar No. 1 - 13
Sage No. 100 - 130

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Attached to and forming a part of the Quitclaim Deed made as of the 30th day of September, 1986, between DECALTA INTERNATIONAL CORPORATION and EQUINOX RESOURCES INC.

I. Lease Agreement, between Royce A. Hardy and Alice Hardy Paulsen (Lessors) and William B. Golden (Lessee), dated January 4, 1972.

A. Property: 14 patented mining claims (Hardy Patented Claims).

B. Royalty: Lessee is to pay to the Lessor the greater of:

- (1) A minimum advance royalty equal to \$1,250 per month, or
- (2) A production royalty equal to 5% of the net smelter returns if the gross value of ore is equal to \$20.00 or less per dry short ton, or 7.5% net smelter return if the gross value of ore is equal to \$20.01 or more per dry short ton. "Gross values" are based on the average value of ore mined per calendar month.

"Net smelter returns" are defined as all sums paid to Lessee for ores, concentrates or other products mined after deducting all charges for transportation from the mine to the smelter/refinery and all processing and treatment charges made by the smelter/refinery.

The amount by which the minimum advance royalty for any month exceeds the production royalty for such month may be recovered by Lessee out of and credited against the production royalty due for any month or months thereafter during the term of the lease.

All production royalty or minimum advance royalties paid shall be credited towards a purchase price of \$1,500,000 for the property.

The above summary describes the current Hardy Lease Agreement. However, some royalty provisions are currently being renegotiated which may result in the modification of these terms.

II. Mining Lease, between Buckhorn Mines Company and Hennes-Westex Corporation (Lessors) and Bar Resources, Inc. (Lessee) dated January 15, 1979.

A. Royalty: Lessee is obligated to pay to Lessor 5% of the sums actually received by Lessee for the sale of mineral products actually mined from the Hardy Patented Claims, the Golden Unpatented Claims, and the Buckhorn Patented and Unpatented Mining Claims.

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Payments are due within 10 days of the date Lessee receives payment. At Lessor's option, payments may be received in gold bullion.

III. Lease Agreement between Bar Resources, Inc. and Bar Resources, Ltd. (Lessors) and Bethlehem Copper Corporation and Exploram Minerals, Ltd. (Lessees). (See Letter Agreement, dated December 6, 1979, as amended by Memorandum of Agreement, dated June 30, 1980, and Agreement dated April 19, 1982.)

- A. Royalty: 100% of the first Net Proceeds of production shall be applied to reimburse Lessees all expenditures and costs whatsoever incurred by them and all liabilities discharged in respect of the underlying lease agreements, whether or not they constitute "expenditures," together with a management fee of 5% of such expenditures and costs, both before and after the date of the Agreement, on or in respect of the Property up to the day, thirty days after commencement of commercial production, together with simple interest thereon from the date of advance or payment at the prime rate of the Bank of Montreal in Vancouver, B.C., plus 2% per annum. Thereafter Bar is entitled to receive a payment equal to 20% of the Net Proceeds derived from the Property.

Payback assumes that Lessees receive payment credited against the sums due net of combined income taxes.

- B. Proviso: Notwithstanding the above royalty provision, if, at any time, the weighted average price at which gold mined and recovered from the Property is sold and the sales taken into revenue in any month ("Recovered Price in the Month") exceeds the Base Price (as defined below) in that month, then Net Proceeds shall be calculated and 20% of that portion of the Net Proceeds accruing during that month which is attributable to the amount by which the Recovered Price in the Month exceeds the Base Price shall be paid to Bar until the amounts so paid aggregate no more than \$US 2 million at which time the payments under this proviso will cease and all the Net Proceeds shall thereafter be distributed in accordance with the above royalty provision. (See Schedule A which is also attached to the Agreement as an example of how the above formula is intended to operate.)

C. Definitions:

(1) "Net Proceeds":

"Net Proceeds" will be estimated for each calendar quarter after commencement of commercial production and for any period means the amount, if any, by which the net cash proceeds received during such period from the

sale of products of the Mine exceeds the Cash Operating Expenses for such period plus working capital sufficient to discharge liabilities with respect to estimated Cash Operating Expenses for a period of not more than six (6) months. Within 90 days after the end of each calendar year during which there is production from the Property, Lessees shall arrange for an audit of Net Proceeds for last year. Any discrepancy in division or calculation of Net Proceeds disclosed by such audit will be adjusted when payment of Bar's share of Net Proceeds falls due in respect of the following calendar quarter.

Any excess of Cash Operating Expenses over net cash proceeds received from the sale of products of the Mine during any period for which Net Proceeds have been calculated shall be carried forward and charged as Cash Operating Expenses in calculating Net Proceeds for the next period.

(2) "Cash Operating Expenses":

"Cash Operating Expenses" for any period means all cash expenditures during such period which are attributable to the operation of the Mine and the sale of the products thereon and, without limiting the generality of the foregoing, shall include:

- (a) All royalties or other payments made or costs incurred after commencement of commercial production in discharging the obligations set forth in Schedule "B";
- (b) All expenditures directly attributable to operations of the Mine and the transportation, handling and sale of production therefrom, together with a management fee of 5% of all costs defined in this paragraph 7 except (a) and (f), notwithstanding that the same may not involve a cash outlay;
- (c) All expenditures on exploration and development work carried out on the Property after commencement of production from the Mine;
- (d) The expense of additions to or the replacement of equipment;
- (e) The expense of financing after commencement of production, including financing expansions from time to time;
- (f) All royalties, taxes, rates or levies imposed on the Mine, or production therefrom, under any applicable local, municipal, state or federal bylaw, regulation or statute except income taxes of the parties;

- (g) All costs of securing regulatory approvals and all compensation paid to land owners or others in connection with or in anticipation of finding operations as well as all reclamation expenses and reserves therefor;

but shall exclude any depletion, depreciation or amortization of the costs of the Property or of equipping the Property for production.

It is understood that, for purposes of the parties calculating their respective income taxes and allowances or credits in that regard, any plant or equipment brought upon the Property or improvements made thereto by Lessees shall be and remain their Property; similarly, any plant, equipment and improvements (existing as of the date of the Bar/Bethlehem Agreement) shall be and remain the property of Bar. The intention (subject to the advice counsel) is that the arrangement between the parties will be such as to ensure that each of the parties is entitled to claim its share of depletion allowances.

(3) "Commercial Production":

"Commercial Production" shall be deemed to have commenced on the earlier of 30 days after the mill and concentrator commences operation or the same achieves 90% of its related capacity.


(4) "Base Price":

"Base Price" means the U.S. dollar price of gold at January 2 of the year following the year in which the decision was made to place the Property in production, multiplied by the United States Consumer Price Index (USCPI) (all items, all urban consumers, 1967 equals 100) as published by the United States Department of Labor, Bureau of Labor Statistics for the month preceding the month of calculation of Net Proceeds and divided by the USCPI as at January of the year in which the production decision is made plus \$US 200.

PROVINCE OF ALBERTA)
 : \$\$
CITY OF CALGARY)

On this 27th day of September, 1986 before me personally appeared L.B. Gordon and D.J. Watkinson to me known to be the President and Secretary respectively of Decalta International Corporation, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.


Notary Public in and for the Province
of Alberta, residing at the City of
Calgary.

PROVINCE OF BRITISH COLUMBIA)
 : \$\$
CITY OF VANCOUVER)

On this 30 day of September, 1986 before me personally appeared Ross Beaty and to me known to be the President and respectively of Equinox Resources Inc., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

RECORDED AT REQUEST OF
Haase & Harris
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86 DEC 1 P 1:21

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
PLN. REBALANCE RECORDER
FILE NO. 106312
FEE \$ 12.00

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Notary Public in and for the Province
of BC, residing at the City of
Vancouver.
GRAHAM H. SCOTT
BARRISTER & SOLICITOR
720-999 West Hastings Street,
Vancouver, B.C. V6C 2W2

SEAL Affixed