

108346

QUITCLAIM DEED

NL INDUSTRIES, INC., a New Jersey corporation acting by and through its NL Baroid Division (hereinafter called "NL") does hereby remise, release, quitclaim and transfer to PHELPS DODGE CORPORATION, a New York corporation (hereinafter called "PD"), all of NL's right, title and interest in and to those certain unpatented lode mining claims in Lander, Nye and Eureka Counties, Nevada more particularly described in Exhibit A attached hereto, which claims and any amendment or relocation thereof and the ground included therein are hereinafter collectively called the "Claims";

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, including all extralateral rights and water rights and all ores, waste and rock therein or thereon, and together with all right, title and interest therein which NL may hereafter acquire.

EXCEPTING AND RESERVING unto NL and its successors and assigns, a production royalty equal to 5% of the "Recovered Value" of all royalty minerals (hereinafter defined) which are mined or otherwise retrieved from the Claims by leaching, solution mining or any other process and sold to a smelter, refinery or other non-affiliated purchaser. As used throughout this deed, the term "royalty minerals" shall mean saleable gold and other mineral products of every kind and character (other than barite and barium minerals), whether base, precious, metallic, nonmetallic or otherwise, in the form of crude ores, concentrates, precipitates

for the royalty minerals recovered and sold, as published in the Engineering & Mining Journal or a mutually agreeable successor publication which publishes such prices on a monthly basis. A smelter, refinery or purchaser shall be deemed to be controlled by PD if PD owns a 50% or greater interest therein. Should PD or any of its successors or assigns either use or consume any royalty minerals for their own account in the absence of a sale, then NL's production royalty shall be determined in the manner provided in this paragraph, based upon 5% of the royalty minerals recovered

(whether in dry or slurry state), mine waters, leachates, pregnant slurries, concentrated slurries, or minerals beneficiated, upgraded or refined further than concentrates, including all by-products thereof and any minerals which are recovered as secondary values during mining, processing or treatment and sold.

In calculating NL's royalty, the term "Recovered Value" shall mean the recovered value of all royalty minerals sold by the Buyer as determined by the smelter, refinery or other non-affiliated purchaser thereof on the date of settlement; it being understood and agreed that in paying NL's royalty herein, no smelting, refining, assaying, penalties, taxes or any other costs or charges shall be deducted from the Recovered Value defined above (whether at the processing facility or at or from the mine, and regardless of whether charged to or incurred by PD in connection with any sale), all of which shall be for the account of or otherwise assumed by PD. Provided, however, nothing herein shall be construed or interpreted to include in Recovered Value the value or quantity of any royalty minerals for which PD is not paid. Provided further, however, nothing in this paragraph shall be construed or interpreted as to obligate PD to pay any taxes which are assessed directly against NL or measured on NL's receipt of income or royalties hereunder; in all other cases in which taxes are assessed against or paid by PD in the first instance, such payments shall be assumed by PD and shall not be deducted in determining the Recovered Value of royalty minerals.

If PD sells royalty minerals to any smelter, refinery or other purchaser which is owned or controlled by PD, then NL's production royalty shall be equal to 5% of the arithmetical average selling price (for the calendar quarter in which the sale occurs) for the royalty minerals recovered and sold, as quoted by Engineering & Mining Journal or a mutually agreeable successor publication which publishes such prices on a monthly basis. A smelter, refinery or purchaser shall be deemed to be controlled by PD if PD owns a 50% or greater interest therein. Should PD or any of its successors or assigns either use or consume any royalty minerals for their own account in the absence of a sale, then NL's production royalty shall be determined in the manner provided in this paragraph, based upon 5% of the royalty minerals recovered and used or consumed.

Royalty shall be calculated and paid quarterly. Each payment shall be due and payable no later than the 15th day of the month immediately following the end of each calendar quarter and shall be accompanied by a copy of the sales settlement sheets from which the royalty was computed. If the royalty is determined on the basis of a published average selling price and such published price is not available on the last day of the calendar quarter, the royalty shall be calculated and paid on a provisional basis, subject to adjustment and final settlement within 15 days after publication of the applicable price.

Royalty minerals mined or retrieved from the Claims may be commingled with ores, concentrates, or derivatives of

similar composition mined or retrieved from other properties, without duty, obligation or liability to identify or segregate except to the extent necessary for a reasonably accurate determination of royalties payable to NL. All determinations required for calculation of royalty or the amount of the metals contained in ores, concentrates, or derivatives mined or retrieved from the Claims and commingled with other ores, concentrates, or derivatives, and the amount of the metals contained in the commingled ores, concentrates, and derivatives shall be made by PD in accordance with engineering, metallurgical and cost accounting practices generally accepted in the industry, and all matters relative thereto shall be subject to audit or review at NL's expense at reasonable times during business hours.

If the interest conveyed hereby is less than the entire and undivided 100% ownership in the royalty minerals then any royalties payable with respect to any part of the royalty minerals as to which NL's interest is less than such full interest shall be paid only in the proportion which the interest therein, if any, transferred hereby bears to the whole and undivided interest therein.

FURTHER EXCEPTING AND RESERVING unto NL and its successors and assigns all rights to barite and barium minerals which may be mined from the Claims and segregated or stockpiled. PD shall have no duty or obligation to mine, segregate or stockpile any barite or barium minerals for the benefit of NL. If PD does segregate or stockpile such minerals, NL shall have the right

to enter upon the Claims for the purpose of removing such minerals from the Claims at NL's sole cost and expense.

PD shall have the exclusive and irrevocable right and option to purchase from NL the royalty rights reserved by NL above by giving notice of the exercise of such option at any time on or before the fifth anniversary of the date hereof and otherwise complying with the requirements of Section 5 of that certain Agreement For The Purchase And Sale Of Mining Claims dated as of May 1, 1987, by and between NL and PD (the "Purchase Agreement").

NL represents and warrants to PD only that NL has full power and authority to execute this deed and to transfer the Claims. In all other respects PD takes the Claims "as is".

PD may in its sole and exclusive discretion from time to time abandon all or any of the Claims, subject to the right of NL to request and receive a transfer of such Claim(s) in the manner herein described and without payment of consideration. PD shall give NL written notice of its intention to abandon any of the Claims. If, within forty-five (45) days after such notice is given, NL gives PD written notice of NL's election to receive a transfer of such Claim(s), PD shall promptly thereafter execute and deliver to NL, PD's quitclaim deed of the Claim(s) described in NL's notice. If NL fails to give the notice provided for in this paragraph, PD shall thereafter have the right to abandon such Claim(s) in its sole discretion.

This quitclaim deed is made and delivered upon and subject to the terms and conditions of the Purchase Agreement, which is incorporated herein by this reference. All provisions and covenants in this quitclaim deed, as well as those in the Purchase Agreement referenced above, shall run with the Claims and shall be binding upon and inure to the benefit of the signatories hereto and their respective successors and assigns.

IN WITNESS WHEREOF, this quitclaim deed has been executed as of the 28th day of May, 1987.

NL INDUSTRIES, INC., a
corporation acting by and
through its NL Baroid
Division

By William H. Welch
William H. Welch
Senior Vice President

PHELPS DODGE CORPORATION

By Patrick J. Ryan
Patrick J. Ryan
Senior Vice President

STATE OF TEXAS)
County of Harris) ss.

The foregoing instrument was acknowledged before me
this 29th day of May, 1987, by William H. Welch, Senior
Vice President of NL INDUSTRIES, INC., a New Jersey corporation,
for and on behalf of the corporation.

Andrea M. Baynham
Notary Public

My Commission Expires:

3-27-89

STATE OF ARIZONA)
County of Maricopa) ss.

The foregoing instrument was acknowledged before me
this 28th day of May, 1987, by Patrick J. Ryan, Senior
Vice President of PHELPS DODGE CORPORATION, a New York corporation,
for and on behalf of the corporation.

J. Stuart Winder
Notary Public

My Commission Expires:

03 Feb. 1, 1991

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EXHIBIT "A"

<u>Claim Group</u>	<u>NMC BLM Serial No.</u>	<u>County</u>	<u>Book</u>	<u>Page</u>
<u>Mount Airy Group</u>				
Mount Airy 1-8	303863-303870	Lander	235	585-592
Mount Airy 9-16	303871-303878	Lander	235	594-601
Mount Airy 17-47	311195-311225	Lander	240	15-45
<u>Red Mountain Group</u>				
Red Mountain 1-29	307255-307283	Lander	237	506-534
Red Mountain 30	307284	Lander	237	535
Amended	307284	Lander	246	189
Red Mountain 31-52	307285-307306	Lander	237	536-557
Red Mountain 53	307307	Lander	237	558
Amended	307307	Lander	246	190
Red Mountain 54-61	307308-307315	Lander	237	559-566
<u>Rum Dreams Group</u>				
Rum Dreams 1-9	342583-342591	Lander	252	582-590
Rum Dreams 10-16	342592-342598	Lander	252	591-597
Rum Dreams 17	342599	Lander	252	598
Amended	342599	Lander	256	128
Rum Dreams 18-34	347579-347595	Lander	256	129-145
<u>Roberts Mountain Group</u>				
R 1-14	164123-164136	Eureka	85	041-54
R 15-24	290772-290781	Eureka	117	597-606
R 25-29	328746-328750	Eureka	131	251-255
R 30-42	326073-326085	Eureka	128	581-593
R 43-49	343982-343988	Eureka	137	197-203
R 50-57	361636-361643	Eureka	142	154-161
Red Canyon 1	162063	Eureka	84	453
Amended	162063	Eureka	128	596
Red Canyon 2	162064	Eureka	84	454
Amended	162064	Eureka	128	597
Red Canyon 3	162065	Eureka	84	455
Amended	162065	Eureka	128	598
Red Canyon 4	162066	Eureka	84	456
Amended	162066	Eureka	128	599
Red Canyon 23	326106	Eureka	129	014
Red Canyon 26	326107	Eureka	129	17
Amended	326107	Eureka	129	168
Red Canyon 27-31	326108-326112	Eureka	129	018-022
RC 5	326086	Eureka	128	600
RC 6-8	331928-331930	Eureka	132	247-249
RC 9	331931	Eureka	132	250
Amended	331931	Eureka	134	169
RC 10	326087	Eureka	129	001
RC 11	326088	Eureka	129	002

<u>Claim Group</u>	NMC <u>BLM Serial No.</u>	<u>County</u>	<u>Book</u>	<u>Page</u>
RC 13-22	326089-326098	Eureka	129	004-013
RC 24	326099	Eureka	129	015
RC 25	326100	Eureka	129	016
RC 32-36	326101-326105	Eureka	129	023-027
CC 1	164119	Eureka	85	37
Amended	164119	Eureka	128	594
CC 2	164120	Eureka	85	38
Amended	164120	Eureka	128	595
RM 1	164118	Eureka	85	036
Amended	164118	Eureka	128	575
<u>WC Group</u>				
WC 1-8	164102-164109	Nye	279	319-326
WC 9-16	220513-220520	Nye	323	036-043
WC 18-23	220522-220527	Nye	323	045-50
WC 33-40	225010-225017	Nye	324	298-305
<u>Orocopter Group</u>				
Orocopter 1-20	306005-306024	Nye	440	606-625
Orocopter 21-29	306025-306033	Nye	441	001-009
Orocopter 30-34	340549-340553	Nye	489	501-505

RECORDED AT REQUEST OF
Evaos, Mitchell, & Jenkins, P.C.
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OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
PLN. REBALANCE RECORDS
FILE NO. 108346
FEE \$ 13.00