

NOTICE OF BREACH AND ELECTION TO SELL  
UNDER DEED OF TRUST, SECURITY AGREEMENT  
AND ASSIGNMENT OF PROCEEDS

NOTICE IS HEREBY GIVEN AS FOLLOWS:

1. Eureka Ventures, a Texas joint venture, as Grantor, executed and delivered that certain Supplemental Deed of Trust, Security Agreement and Assignment of Proceeds (the "Deed of Trust") dated November 23, 1988, to First American Title Company of Nevada, as Trustee, to secure obligations in favor of Inspectorate International Finance N.V., a corporation, as Beneficiary, which Deed of Trust was recorded on January 26, 1989, in Book 193, Page 467 of the Official Records of Eureka County, Nevada, as File No. 126220 in the Office of the Eureka County Recorder, Eureka, Nevada;

2. Breaches of the obligations for which the Deed of Trust is security have occurred as follows:

- A. The failure to pay all amounts due under the \$3,300,000 note guaranteed by Beneficiary and under which Beneficiary is required to pay the principal sum of \$3,300,000 plus interest, together with costs and expenses incurred by Beneficiary for legal fees (approximately \$57,000 at this date) incurred in connection with the obligations, all as required by the Deed of Trust;
- B. Breach under Section 4.1(c) of the Deed of Trust for the failure of Grantor to promptly pay or cause to be paid when due and owing all sums payable with respect to the Collateral and all expenses incurred from the operation and development of the Collateral;
- C. Breach under Section 4.1(e) of the Deed of Trust for the failure to cause the Collateral to be kept free and clear of any liens, charges, encumbrances and adverse claims.

3. By specifying the above breaches, Beneficiary does not waive any and all other breaches and defaults now existing or which may exist in the future.

4. By reason of the above breaches and defaults, it is hereby declared that the Obligations secured by the Deed of Trust are immediately due and payable and notice is hereby given of the election of Beneficiary to cause the Trustee to sell the property described in the Deed of Trust to satisfy the Obligations secured thereby.

5. NRSA Section 107.080 permits certain defaults to be cured and reinstatement to occur upon the payment of the amounts required by that Section without requiring payment of that portion of principal and interest which would not be due had no default occurred. When reinstatement is possible, if the default is not cured within 35 days following recording and mailing of this Notice to Grantor or Grantor's successor in interest, the right of reinstatement will terminate and the property covered by the Deed of Trust may thereafter be sold.

NOTICE OF POSSESSION

Notice is further hereby given that pursuant to Section 3.1 and Section 7.1 of the Deed of Trust, upon an Event of Default, Beneficiary shall be entitled to receive all Metals, Minerals and Ores and the proceeds therefrom (as defined in the Deed of Trust) and Beneficiary may, without notice, exercise its rights and remedies including, but not limited to, the right to take possession of the Personalty Collateral (as defined in the Deed of

Trust) and enter on the premises and take possession of and operate the Personalty Collateral or remove it therefrom. Beneficiary hereby gives notice that it has exercised such rights, that it is entitled to receive all Metals, Minerals and Ores (and the proceeds therefrom) and that it has taken possession of the Personalty Collateral described in said Deed of Trust, all in accordance with the terms and provisions of the Deed of Trust.

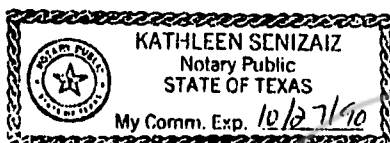
EXECUTED this 22<sup>nd</sup> day of May, 1989.

*M.A.*  
M.A. Mills, Attorney-In-Fact  
for Inspectorate International  
Finance N.V., Pursuant to  
Limited Power of Attorney dated  
February 6, 1989, a copy of  
which is attached hereto and  
made a part hereof

STATE OF TEXAS )

COUNTY OF HARRIS )

This instrument was acknowledged to before me this 22<sup>nd</sup> day  
of May, 1989, by M.A. Mills, Attorney-In-Fact for  
Inspectorate International Finance N.V., a Netherland Antilles  
corporation, on behalf of said corporation



*Kathleen Senizaiz*  
Notary Public, State of Texas

Printed Name of Notary

My Commission Expires: \_\_\_\_\_

11/5/28,29

RECORDED AT THE REQUEST OF

BOOK 197 PAGE 060

*Horse Windfall Mines*  
'89 MAY 24 AB:00

OFFICIAL RECORDS  
EUREKA COUNTY, CALIFORNIA  
M.N. RECORDING RECORDS

FILE NO. FILE \$6.00

127274

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