

132145
MINING DEED

EXHIBIT B
TO THAT CERTAIN
PURCHASE AND SALE AGREEMENT

DATED APRIL 18, 1990

AMONG

GENEVE BISONI

AND

MARY M. BISONI

AND

EFL GOLD MINE, INC.

MINING DEED

This MINING DEED is made and entered into this 16th day of April, 1990, by and between GENEVE BISONI, whose address for purposes hereof is 2475-7 Sycamore Glen Drive, Sparks, Nevada 89434, and MARY M. BISONI, whose address for the purposes hereof is P.O. Box 152, Eureka, Nevada 89316 (hereinafter collectively referred to as "Grantors"), and EFL GOLD MINE, INC., a Delaware corporation (hereinafter referred to as "Grantee"), whose address for purposes hereof is c/o Schlanger, Cook, Cohn, Mills & Grossberg, 5847 San Felipe Street, Suite 1700, Houston, Texas 77057, Attn: M.A. Mills.

RECITALS

A. Geneve Bisoni and her husband, Lester A. Bisoni, now deceased, and Mary M. Bisoni and her husband, Maynard E. Bisoni, now deceased, entered into that certain option agreement dated April 15, 1979 with Amselco Minerals, Inc. ("Amselco"), a memorandum of which agreement appears of record in the office of the Eureka County Recorder in Book 70, Page 543 (the "Amselco Agreement"). The Amselco Agreement covers certain unpatented mining claims referenced to below as the "Bisoni Staked Claims." Grantors entered into an amendment to the Amselco Agreement effective January 1, 1988 with Amselco and Eureka Ventures, a Texas joint venture (the "Amendment to Amselco Agreement").

B. On March 15, 1990, Grantors terminated the Amselco Agreement and Amendment to Amselco Agreement by that certain Notice of Termination dated March 15, 1990 from Gary E. Di Grazia, Esq. to Amselco, pursuant to Paragraph 8(a) of the Amselco Agreement, and thereby acquired the Bisoni Staked Claims by reversion as tenants in common.

C. Grantors now desire to sell and grant to Grantee and Grantee desires to purchase from Grantors the unpatented mining claims described below.

WITNESSETH

That the said Grantors, for good and valuable consideration, the receipt and sufficiency of which are hereby confirmed and acknowledged, hereby grant, bargain and sell unto Grantee, its successors and assigns forever, all of Grantors' right, title and interest in and to those certain unpatented lode mining claims situated in Eureka County, Nevada, which are more particularly described as the "Bisoni Staked Claims" on Schedule 1 attached hereto and by this reference incorporated herein, subject to the paramount title of the United States of America.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion or reversions, remainder or remainders, rents, issues and profits thereof; and all of the estate, right, title, interest, possession, claim and demand whatsoever of the Grantors, either in law or in equity, of, in and to the above bargained-for claims, with all hereditaments and appurtenances; together with all lodes, ledges, veins and mineral-bearing rock, both known and unknown, lying within the boundaries of the claims, together with all dips, spurs and angles, and all the ores, mineral-bearing quartz, rock and earth or other deposits therein or thereon, and all of the rights, privileges and franchises thereto incident.

And Grantors, for themselves, their successors and assigns, do hereby represent and warrant that, except for the defects listed in that certain Notice of Disapproval of Title from Lisa M. Bain, Esq. to Gary E. Di Grazia, Esq., dated March 9, 1990, attached hereto as Schedule 2 and by this reference incorporated herein, and subject to the paramount title of the United States, Grantors are the sole owners of the Bisoni

Staked Claims; that the Bisoni Staked Claims are free and clear of all claims, liens and encumbrances done, made or suffered by Grantors or any person claiming by, through or under Grantors; that Grantors have no knowledge of any liens, claims or encumbrances affecting the Bisoni Staked Claims; that the Amselco Agreement and Amendment to Amselco Agreement have been terminated by Grantors in accordance with their terms; and that Grantors have no notice of any claims against Grantors by Amselco, its successors, agents or assigns.

And furthermore, that the said Grantors, for good and valuable consideration, the receipt and sufficiency of which are hereby confirmed and acknowledged, by these presents do remise, release and forever quitclaim unto the Grantee, and to its successors and assigns forever, without any warranty of title whatsoever, all of their right, title and interest which they have or may hereafter acquire in and to those certain unpatented lode mining claims situate in Eureka County, Nevada, which are more particularly described as the "Amselco Staked Claims" and the "Windfall Claims" on Schedule 1 attached hereto and by this reference incorporated herein.

TOGETHER WITH all and singular the mines and minerals within the lines of said Amselco Staked Claims and Windfall Claims, their dips, spurs, apex and extralateral rights, and all dumps, severed ore, stockpiles, fixtures, improvements, rights and appurtenances thereunto in anywise appertaining.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances thereunto in anywise belonging or appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, together with all estate, right, title, interest, possession, claim and demand whatsoever, in law and in equity, of said Grantors of, in or to the Amselco Staked Claims and the Windfall Claims and every part and parcel thereof, including all after acquired title.

EXCEPTING AND RESERVING unto Grantors, as tenants in common, and to their successors and assigns, with respect only to the Bisoni Staked Claims and the Amselco Staked Claims (which claims are hereinafter collectively referred to as the "Property"), a production royalty in the amount of one and one-half percent (1.5%) of the Net Smelter Returns (as defined in Paragraph 1 below) from the sale of metals, ores or minerals which are or may be subject to location and purchase under the General Mining Law of 1872, 30 U.S.C. § 21 et seq., as amended, including by-products and co-products thereof ("Subject Minerals") mined, removed and sold from the Property, until Grantors shall have received a total amount of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) in payment of said production royalty as further provided in this Mining Deed.

1. Net Smelter Returns. Net Smelter Returns shall mean the actual proceeds, if any, received by Grantee from the sale of Subject Minerals which are mined and removed from the Property and sold and physically delivered to a smelter or other purchaser after deduction of (i) custom smelting costs, milling costs (which may be based on Grantee's costs as shown by customary accounting methods and procedures, not to exceed the usual and ordinary charges made by others performing similar operations on a custom basis), treatment charges and penalties for impurities and charges for refining and selling; (ii) costs of transportation from the mine to the point of sale (including, without limitation, packaging, freight, insurance, transportation, taxes, handling, port demurrage, delay, and forwarding expenses incurred by reason of or in the course of such transportation); (iii) production taxes, value-added taxes, severance taxes and sales, privilege and other taxes (excepting income taxes) or other assessments measured by or on the value of production; (iv) charges or costs of weighing, sampling, assaying and analysis; and (v) sales brokerage costs. Sales forward, proceeds of gold loans and futures sales shall not be considered sales under this Mining Deed and shall not accrue to Grantee's

account under Paragraph 2 below until there is an actual delivery of the Subject Minerals to the purchaser.

2. Manner of Payment. Net Smelter Returns payments shall be paid by Grantee to Grantors on a calendar quarterly basis on or before the twentieth (20th) day following the quarterly period during which each such payment is accrued to Grantee's account. The Net Smelter Returns shall accrue to Grantee's account upon final settlement and final payment by the smelter, refinery or other ore buyer to Grantee for the Subject Minerals sold and for which the Net Smelter Return is payable. All Net Smelter Returns payments shall be by Grantee's check. All Net Smelter Returns payments shall be accompanied by a statement and settlement sheet showing the quantities and grades of metals, ores, minerals or materials mined and sold from the Property, proceeds of sale, costs, assays and analyses, and other pertinent information in sufficient detail to explain the calculation of the Net Smelter Returns payment.

3. Commingling of Ores. Grantee shall have the right to mix or commingle, either underground, at the surface, or at processing plants or other treatment facilities, any metals, ores, minerals or materials mined from the Property with any similar substances derived from other lands or properties; provided that the mixing or commingling is accomplished only after the metals, ores, minerals or materials mined from the Property have been fairly and accurately weighed and sampled. Sellers' Net Smelter Return shall be based upon the weight and assay of the metals, ores, minerals or materials prior to commingling under this provision.

4. Sampling, Records, Inspection and Confidentiality. Any sampling and analysis by Grantors or Grantors' agents of ore fed to process from the Property must be made at reasonable times and in a reasonable manner. Such samples shall be split samples and shall be promptly returned to the Grantee upon completion of Grantors' sampling and analysis. Upon reasonable advance notice to Grantee, Grantors shall have the right to have representatives present at the time Grantee performs sampling and analysis of ore fed to process for the purpose of confirming that the sampling and analysis procedure performed by Grantee is standard and acceptable according to accepted engineering practices.

Grantors and Grantors' agents who are duly authorized in writing may enter upon the Property to inspect the workings thereon at such times and in such manner as shall not unreasonably hinder or interrupt the operations and activities of Grantee.

Upon written request of Grantors, Grantee shall make available to Grantors all records of assay reports, weight tickets or other factual data pertaining to the calculation of Net Smelter Returns under this Mining Deed. Grantee shall not be obligated to furnish Grantors with access to any interpretative data that deals with geologic concepts or other internal proprietary data, information or analysis. Grantors may enter upon the Property only at Grantors' own risk and expense and Grantors hereby indemnify and hold Grantee harmless from any loss, damage, claim or demand by reason of injury to or the presence of Grantors, Grantors' agents, representatives, licensees, guests or any of them, on the Property or approaches thereto.

Grantors agree to treat all information acquired hereunder as confidential and agree that Grantors shall not use the name of Grantee, its parent, subsidiaries or affiliates in any document or press release or disclose any information Grantors may obtain hereunder to third parties, or to the public without first having obtained the written approval of Grantee.

5. Release. Upon payment of a total production royalty of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) to Grantors, their successors or assigns, pursuant to this Mining

Deed, Grantors, their successors or assigns shall execute and deliver to Grantee, its successors or assigns, a good and sufficient quitclaim deed and release to the Property, in a form sufficient to be recorded under the laws of the State of Nevada, in full satisfaction of Grantee's obligations under this Mining Deed.

6. Lesser Interest. Grantee's obligation to pay Net Smelter Returns as provided herein is based upon Grantors' ownership of the full undivided interest in the Property. In the event it appears that Grantors own less than the full undivided interest therein, Grantors' total right to receive payments hereunder shall bear the same proportion to 100% as Grantors' total interest bears to the full undivided whole. Nothing in this lesser interest provision shall be interpreted as reducing the total production royalty of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) to be paid to Grantors pursuant to this Mining Deed.

7. Audit Rights. Grantors, at their sole election and expense, shall have the right to procure, not more frequently than once annually following the close of each calendar year, an audit of Grantee's accounts relating to payment of the Net Smelter Return by any authorized representative of Grantors. Any such inspection shall be for a reasonable length of time during regular business hours, at a mutually convenient time, upon reasonable notice by Grantors. All royalty payments made in any calendar year shall be considered final and in full accord and satisfaction of all obligations of Grantee with respect thereto, unless Grantors give written notice describing and setting forth a specific objection to the calculation thereof within six (6) months following the close of that calendar year. Grantee shall account for any agreed upon deficit or excess in the payment made to Grantors by adjusting the next quarterly statement and payment following completion of such audit to account for such deficit or excess.

8. Right to Relocate, Amend and Patent. Grantors hereby grant unto Grantee the full, exclusive right but not the obligation, to abandon, relocate, amend, apply for mineral patents, defend contests or adverse suits and to negotiate settlement thereof with respect to any and all of the mining claims included in the Property, and Grantors shall cooperate with Grantee and shall execute any and all documents necessary or desirable in the opinion of Grantee to effect such abandonments, amendments, relocations, patent applications, contests, adverse suits or settlement of such contests or adverse suits. Grantee shall not be liable in any manner whatsoever to Grantors for the loss of any unpatented mining claim as a result of such abandonments, amendments, relocations, contests or adverse suits.

9. No Implied Covenants. Grantors understand and expressly acknowledge and agree that no implied covenants or conditions whatsoever shall be read into this Mining Deed relating to exploration, development, prospecting, mining, production or marketing of Subject Minerals, or the time therefor, or to any obligation of Grantee hereunder, or to the measure of diligence thereof.

10. Assignability. Grantors and Grantee shall have the right to assign freely this Mining Deed, in whole or in part at any time, provided, however, that any such assignment shall expressly be made subject to the terms, conditions and express covenants of this Mining Deed and that the assigning party shall notify the non-assigning party in writing within ten (10) days of any such assignment.

TO HAVE AND TO HOLD the said Bisoni Staked Claims, Amselco Staked Claims and Windfall Claims with all and singular the rights, title, privileges and appurtenances thereto or anywise belonging, unto the Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, the Grantors have hereunto set
their hands and seals as of the day and year first above written.

GRANTORS:

Geneve Bisoni
Geneve Bisoni

Mary M. Bisoni
Mary M. Bisoni

GRANTEE:

EFL Gold Mine, Inc.

By *[Signature]*
M. A. MILLIS, Vice-President

STATE OF NEVADA

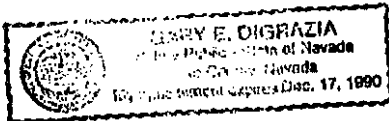
COUNTY OF ELKO

) ss.

On the 16 day of APRIL 1990, personally appeared before me, a notary public, Mary M. Bisoni, proved to me to be the person whose name is subscribed to the above instrument, who acknowledged that she executed the instrument.

Witness my hand and official seal.

My commission expires: DEC. 17, 1990



Jerry E. DiGrazia
Notary Public

STATE OF NEVADA

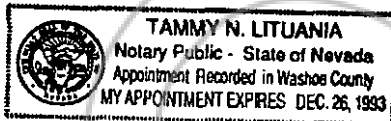
COUNTY OF Washoe

) ss.

On the 14 day of April 1990, personally appeared before me, a notary public, Geneve Bisoni, proved to me to be the person whose name is subscribed to the above instrument, who acknowledged that she executed the instrument.

Witness my hand and official seal.

My commission expires: Dec. 26, 1993



Tammy N. Lituania
Notary Public

STATE OF TEXAS

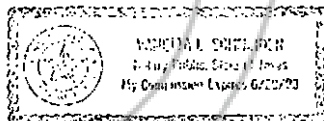
COUNTY OF HARRIS

) ss.

On the 20th day of April, 1990, personally appeared before me, a notary public, M. A. MILLS, proved to me on the basis of satisfactory evidence to be the Vice- President of EFL GOLD MINE, INC., a Delaware corporation, who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

Witness my hand and official seal.

My commission expires: 6-29-93



Amanda L. Schriener
Notary Public

Residing at:

Houston, Harris County, Texas

SCHEDULE 1

TO THAT
MINING DEED
DATED APRIL 18, 1990

1. BISONI STAKED CLAIMS.

Claim Name	Book	Page	BLM N.M.C. Number
Rat Nos. 1-16 (amended)	50	209-224	113195-113210
Rat Nos. 17-19 (amended)	50	225-227	113211-113213
(abandoned)			
Rat Nos. 17-19 (relocated)	144	236-238	366355-366357
(abandoned)			
Rat Nos. 17-19	208	183-188	588522-588524
Rat Nos. 20-27 (amended)	50	228-235	113214-113221
Rat Nos. 30-31	65	115-116	26569-26570
Rat No. 32	65	191	26571
(abandoned)			
Rat No. 32 (relocated)	144	239	366358
(abandoned)			
Rat No. 32	208	189-190	588525
Rat No. 33	65	192	26572
Rat No. 38 (amended)	116	316	26573
Rat No. 39 (amended)	116	317	26574
Rat Nos. 40-43	65	119-122	26575-26578
Rat Nos. 44	116	318	26579
Rat Nos. 45-48	65	124	26580-26583
Rat Nos. 50-56	65	128-134	26584-26590
Rat Nos. 17A, 18A, 32A	208	191-196	588526-588528

2. AMSELCO STAKED CLAIMS. All of the herein described Selrat unpatented Lode claims, or portions thereof, all of which by virtue of a 3,000 foot "Boundary Protection" Area, are subject to that certain Agreement, dated April 15, 1979, between Mary Bisoni, Maynard Bisoni, Lester Bisoni and Geneva Bisoni and Amselco Minerals Inc., a Memorandum of which is filed of record in the office of the Eureka County, Nevada Recorder, in Book 70 at Page 543.

Claim Name	Book	Page	BLM N.M.C. Number
Selrat Nos. 1-4 (amended)	116	286-289	70755-70758
Selrat Nos. 5-13	70	482-490	70759-70767
Selrat No. 14	107	499	261574
Selrat Nos. 15-24	70	492-501	70769-70778
Selrat Nos. 25-54 (amended)	116	437-466	70779-70808
Selrat Nos. 55-59	70	502-506	70809-70813
Selrat Nos. 60-61 (amended)	116	290-291	104570-104571
Selrat Nos. 62-92	74	541-571	104572-104602
Selrat No. 93 (amended)	118	3	104603
Selrat Nos. 94-101	74	573-580	104604-104611
Selrat No. 102	118	4	104612
Selrat Nos. 103-111	74	582-590	104613-104621
Selrat Nos. 112 (amended)	118	5	104622
Selrat Nos. 113-132	74	592-611	104623-104642
Selrat No. 133 (amended)	118	6	104643
Selrat Nos. 134-138	74	613-617	104644-104648
Selrat No. 139 (amended)	118	7	203222
Selrat No. 139A	79	164	141787
Selrat Nos. 140-148	79	165-173	141788-141796
Selrat Nos. 149-168 (amended)	116	292-311	141797-141816
Selrat Nos. 169-184	79	194-209	141817-141832
Selrat Nos. 185-188 (amended)	116	312-315	141833-141836
Selrat Nos. 189-234	107	500-545	261467-261512
Selrat Nos. 236-241	107	546-551	261513-261518
Selrat Nos. 246-251	107	552-557	261519-261524

<u>Claim Name</u>	<u>Book</u>	<u>Page</u>	<u>BLM N.M.C. Number</u>
Selrat Nos. 253-266	107	558-569	261525-261536
Selrat No. 267	107	570	261579
Selrat Nos. 268-274	107	571-577	261537-261543
Selrat Nos. 283-286	107	578-581	261544-261547
Selrat No. 351	107	582	261548
Selrat No. 359	107	583	261549
Selrat No. 368	107	584	261550
Selrat Nos. 374-396	107	585-607	261551-261573
Selrat Nos. 397-404	110	138-145	265000-265007
Selrat No. 405	118	163	290890
Selrat No. 406	118	2	290598
Selrat Nos. 407-417	118	164-174	290891-290901
Selrat No. 418	118	285	292486

3. WINDFALL CLAIMS. All of the herein described unpatented Lode claims, or portions thereof, which are subject to that certain Purchase and Sale Option Agreement, dated November 9, 1984, between Windfall Venture and Amselco Exploration Inc.

<u>Claim Name</u>	<u>Book</u>	<u>Page</u>	<u>BLM N.M.C. Number</u>
F 1	34	528	123071
F 2	34	508-509	123072
F 3	34	529	123073
F 4	34	510-511	123074
F 5	34	530	123075
F 6	34	512-513	123076
F 7	34	531	123077
F 8	34	514-515	123078
F 9	34	532	123079
F 10	34	516-517	123080
F 11	34	533	123081
F 12	34	518-519	123082
F 13	34	534	123083
F 14	34	520-521	123084
F 15	34	535	123085
F 16	34	522-523	123086
F 17	34	536	123087
F 18	34	524-525	123088
F 19	34	537	123089
F 20	34	526-527	123090
F 21	34	491	123091
F 22	34	501	123092
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F 24	34	502	123094
F 25	34	493	123095
F 26	34	503	123096
F 27	34	494	123097
F 28	34	504	123098
F 29	34	495	123099
F 30	34	496	123100
F 31	34	497	123101
F 32	34	498	123102
F 33	34	499	123103
F 34	34	500	123104
F 55	81	276	155744
F 56	81	277	155745
F 57	81	278	155746
F 58	81	279	155747
F 59	81	280	155748
F 60	81	281	155749
F 61	81	282	155750
F 62	81	283	155751
F 63	81	284	155752
F 64	81	285	155753
F 65	81	286	155754
F 66	81	287	153755
F 67	81	288	153756
F 68	81	289	153757
F 69	81	290	153758
F 70	81	291	153759

<u>Claim Name</u>	<u>Book</u>	<u>Page</u>	<u>BLM N.M.G. Number</u>
F 71	81	292	153760
F 72	81	293	153761
F 73	81	294	153762
F 74	81	295	153763
F 75	81	296	153764
F 76	81	297	153765
F 77	81	298	153766
F 78	81	299	153767
F 79	81	300	153768
F 80	81	301	153769
F 81	81	302	153770
F 82	81	303	153771
F 83	81	304	153772
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F 93	71	407	80985
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F 95	71	409	80987
F 96	71	410	80988
F 97	35	306	123105
F 98	35	307	123106
F 102	35	308	123107
F 104	35	309	123108
F 106	35	310	123109
F 108	35	311	123110
F 110	35	312	123111
F 112	35	313	123112
F 118	35	315	123113
F 120	35	316	123114
F 122	35	317	123115
F 124	35	318	123116
F 126	35	319	123117
F 128	35	320	123118
F 130	35	507	123119
F 198	35	314	123120
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DOE RUN 2	35	323	123122
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H 4	71	401	80979
H 5	71	402	80980
H 6	71	403	80981
SADIE 1	47	78	123156
SADIE 3	47	80	123158
SADIE 4	47	81	123159
SADIE 5	47	82	123160
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SADIE 7	47	84	123162
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SADIE 11	117	019	288381
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SADIE 18	117	021	288383
SADIE 19	117	022	288384
J 1	81	312	153823
J 2	81	313	153824

<u>Claim Name</u>	<u>Book</u>	<u>Page</u>	<u>BLM N.M.C. Number</u>
J 3	81	314	153825
J 4	81	315	153826
J 5	81	316	153827
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J 53	84	387	160219
J 54	84	388	160220
J 71	84	389	160221
J 72	84	390	160222
J 73	84	391	160223
J 74	84	392	160224
J 75	84	393	160225
J 76	84	394	160226
J 81	84	395	160227
J 82	84	396	160228
J 83	84	397	160229
J 84	84	398	160230
J 85	117	23	288385
J 86	117	24	288386
J 87	117	25	288387
J 88	117	26	288388
J 103	117	27	288389
J 104	117	28	288390
J 105	117	29	288391
J 106	117	30	288392
J 107	117	31	288393
J 108	117	32	288394

<u>Claim Name</u>	<u>Book</u>	<u>Page</u>	<u>BLM N.M.C. Number</u>
J 109	117	33	288395
J 110	117	34	288396
J 111	117	35	288397
J 112	117	36	288398
J 113	117	37	288399
J 114	117	38	288400
J 115	117	39	288401
J 116	117	40	288402
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J 118	117	42	288404
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J 120	117	44	288406
J 121	117	45	288407
J 122	117	46	288408
J 123	117	47	288409
J 124	117	48	288410
J 125	117	49	288411
J 126	117	50	288412
J 127	117	51	288413
J 128	117	52	288414
J 129	117	53	288415
J 130	117	54	288416
J 145	117	55	288417
J 146	117	56	288418
J 147	117	57	288419
J 148	117	58	288420
J 149	117	59	288421
J 150	117	60	288422
J 151	117	61	288423
J 152	117	62	288424
J 161	117	63	288425
J 162	117	64	288426
J 163	117	65	288427
J 164	117	66	288428
J 165	117	67	288429
J 166	117	68	288430
J 167	117	69	288431
J 168	117	70	288432
J 169	117	71	288433
J 170	117	72	288434
J 171	117	73	288435
J 172	117	74	288436
J 173	117	75	288437
J 174	117	76	288438
J 175	117	77	288439
J 176	117	78	288440
J 177	117	79	288441
J 178	117	80	288442

NOTICE OF DISAPPROVAL OF TITLE

SCHEDULE 2

TO THAT
MINING DEED
DATED APRIL 18, 1990

March 9, 1990

BY TELECOPY - HARD COPY TO FOLLOW

Gary E. Di Grazia, Esq.
Goicoechea & Di Grazia, Ltd.
Blohm Building, Suite 200
Fifth & Idaho Streets
P.O. Box 1358
Elko, Nevada 89801

Re: Notice of Disapproval of Title to Unpatented Rat
Claims #1-27, 30-33, 38-48 and 50-56 Pursuant to
that Certain Purchase and Sale Agreement Dated
Effective December 20, 1989

Dear Gary:

As indicated by Mickey Mills to you this morning by telephone, EFL Gold Mine, Inc. ("Buyer") hereby gives notice of disapproval of title to the unpatented Rat Claims #1-27, 30-33, 38-48, and 50-56. Pursuant to Section 3 of the Purchase and Sale Agreement among Buyer and Geneve Bisoni and Mary M. Bisoni (collectively, "Sellers"), dated effective December 20, 1989 (the "Purchase and Sale Agreement"), Buyer was given 60 days after execution of the Purchase and Sale Agreement to approve or disapprove title to the Bisoni Staked Claims, as defined therein. By letter dated February 20, 1990 from Gary E. Di Grazia, Esq. to Ellen S. Lain, Esq., Sellers agreed through their attorney to extend the time for Buyer's approval or disapproval of title to the Bisoni Staked Claims up to and including March 2, 1990. By a separate letter dated March 5, 1990 but effective March 2, 1990 from Gary E. Di Grazia, Esq. to Lisa M. Bain, Esq., Sellers agreed through their attorney to extend the time for Buyer's approval or disapproval of title to the Bisoni Staked Claims up to and including March 9, 1990. That extension expires today.

In Section 5(b) of the Purchase and Sale Agreement Sellers represented and warranted their title to the Bisoni Staked Claims as follows:

b. Sellers. Sellers represent and warrant that, subject to the paramount title of the United States, Sellers are the sole owners of the Bisoni Staked Claims and that such claims are free and clear of all claims, liens or encumbrances incurred by or on behalf of Sellers, except those liens, claims or encumbrances incurred by or on behalf of Amselco or Eureka Ventures, or their respective successors, transferees, agents and assigns.

Pursuant to Section 3 of the Purchase and Sale Agreement Buyer has conducted an investigation of Sellers' title

to the Bisoni Staked Claims. As a result of Buyer's title examination, Buyer has obtained sufficient information to determine that there are substantial defects in Sellers' title and serious questions as to the enforceability of Sellers' warranty.

This Notice of Disapproval of Title to Unpatented Rat Claims #1-27, 30-33, 38-48 and 50-56 shall constitute notice to Sellers that Buyer hereby disapproves of Sellers' title to the Bisoni Staked Claims pursuant to Section 3 of the Purchase and Sale Agreement and hereby terminates the Purchase and Sale Agreement pursuant to Section 3.

During the title examination period, Buyer discovered the following defects in Sellers' title:

11. Defective Claim Locations. Upon locating new Rat Claims #17-19, 32, 17A, 18A and 32 in Sellers' names at Buyer's expense, Buyer discovered that the original Rat Claims #17-19 and 32 had been improperly staked. Buyer has been informed by the mining engineering firm which located the seven new Rat Claims that similar inaccuracies in location are likely to be discovered upon a survey of the remainder of the Bisoni Staked Claims.

12. Amselco Exploration, Inc. Locations. Buyer has requested but not yet received a Notice of Abandonment from Amselco Minerals, Inc., as successor in interest to Amselco Exploration, Inc., abandoning Amselco Minerals, Inc. and Amselco Exploration, Inc.'s right, title and interest in Rat claims #17-19 and 32.

13. Inadequate Proof of 1975 Assessment Work. Buyer has been unable to obtain from Sellers or from other sources sufficient information to evidence qualifying assessment work for the 1975 assessment year, or evidence of the resumption of adequate annual assessment work in subsequent years.

14. Inadequate Proof of 1978 Assessment Work. Buyer has been unable to obtain from Sellers or from other sources sufficient information to evidence qualifying assessment work for the 1978 assessment year, or evidence of the resumption of adequate annual assessment work in subsequent years.

15. ASARCO Interest in Rat Claims #1-27. Sellers have been unable to confirm that ASARCO, Inc. performed assessment work on Rat claims #1-27 for the 1975 assessment year under a written agreement with the owner(s) of Rat claims #1-27.

16. Conflicts with Other Unpatented Claims. Buyer has determined that conflicts may exist between the Bisoni Staked Claims and other unpatented claims.

17. Conflicts with Federal Oil and Gas Leases. Buyer has determined that there are five valid oil and gas leases which completely overlap the Bisoni Staked Claims and which have not been subordinated to the Sellers.

18. Conflicts with Rights-of-Way. Buyer has determined that many of the Bisoni Staked Claims were located over valid, existing rights-of-way issued by the Bureau of Land Management in 1969 and 1971 which rights-of-way may unreasonably interfere with Sellers' ownership of the Bisoni Staked Claims.

19. Conflicts with Unpatented Millsite Claims. Buyer has determined that conflicts may exist between the Bisoni Staked Claims and unpatented millsite claims.

20. New Claim Conflicts. Buyer is not satisfied that no new claims have been located in conflict with the Bisoni Staked Claims.

21. W.E. Vining Co. Lawsuit. Buyer is aware that some or all of the Bisoni Staked Claims are the subject of a lawsuit to foreclose upon a mechanic's lien which has been filed against

Sellers, among other defendants, by W.E. Vining Co. pursuant to that certain First Amended Complaint, filed in the Seventh Judicial District Court of the State of Nevada.

Sincerely,

Lisa M. Bain
for
DAVIS, GRAHAM & STUBBS
Attorneys for
EFL Gold Mine, Inc.

cc: Mickey A. Mills, Esq.
Ellen S. Lain, Esq.
Mary M. Bisoni
Geneve Bisoni

OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
BOOK 209 PAGE 486

Davis, Graham & Stubbs

'90 APR 23 4:58

EUREKA COUNTY, NEVADA
M.M. REGALEATI, RECORDER
FILE NO. FEE \$19.00

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