

WHEN RECORDED, RETURN TO: **142110**
Blake T. Heiner
Associated Title Company
349 South 200 East, Suite 200
Salt Lake City, UT 84111

**NET RETURNS
ROYALTY DEED AND AGREEMENT**

THIS NET RETURNS ROYALTY DEED AND AGREEMENT is made and entered into as of this 31st day of August, 1992 between High Desert Mineral Resources of Nevada, Inc., a Nevada corporation and Newmont Gold Company, a Delaware corporation (hereinafter collectively the "Grantors"), and William W. Bleazard and Beverly L. Bleazard (also known as Beverly Bleazard), husband and wife, whose address is 329 Vincent Court, Salt Lake City, Utah 84102 (hereinafter "Grantees").

Recitals

By Special Warranty Deeds of even date herewith, Grantees conveyed to Grantors (in the proportion of 60% to Newmont Gold Company and 40% to High Desert Mineral Resources of Nevada, Inc.) an undivided 22.5% interest in the following patented mining claims, situated in Township 35 North, Range 50 East of the Mt. Diablo Base and Meridian, Eureka County, Nevada (hereinafter the "Claims"):

<u>Claim</u>	<u>United States Patent No.</u>	<u>United States Survey No.</u>
Big Six No. 3	783757	4332
Holt	881735	4422
July	935874	4528
Great Divide	945439	4393
Bald Eagle	946758	4527

Eureka County Assessor information: Parcel No. 410-00-71,
Roll No. 03178, District 4.0.

Grantors desire to grant and convey to Grantees a limited, nonparticipating royalty with respect to the Claims ("Net Returns Royalty"), on the terms and subject to the conditions herein specified.

Conveyance and Agreement

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantors and Grantees agree as follows:

1. Grantors hereby grant, assign and convey to Grantees, as joint tenants with full rights of survivorship and not as tenants in common, a limited, nonparticipating

royalty interest equal to 5% of 22.5% of the Net Returns received from the sale of minerals produced from the Claims and sold by or for Grantors, on the terms and subject to the conditions and limitations herein specified.

2. As used herein, "Net Returns" means the amount actually received by Grantors from the sale of ores mined from within the boundaries of the Claims extended downward by vertical planes or products produced from such ores (hereinafter "Actual Proceeds") less, to the extent paid or incurred by Grantors, Deductible Costs. Actual Proceeds shall not include any profit made or loss incurred by Grantors in any commodity futures or options transactions, hedging, price protection or forward sales activities. Notwithstanding any other provision of this Net Returns Royalty Deed and Agreement, no royalty shall be due on ores or minerals removed for testing, bulk sampling or pilot plant operations so long as less than 2000 cumulative ounces of gold are so removed for such purposes; otherwise, the royalty shall become payable after the first 2000 cumulative ounces are removed from the Claims.

3. As used herein "Deductible Costs" means all of the following:

- (i) Smelting costs, treatment charges and penalties including, but without being limited to, metal losses, penalties for impurities and charges for deductions for refining, selling, and transportation from the mill or processing plant to the refinery and from the refinery to the market; provided, however, in the case of leaching operations, all processing and recovery costs incurred beyond the point at which the metal being treated is in solution shall be considered as treatment charges (it being agreed and understood, however, that such processing and recovery costs shall not include the cost of mining, crushing, dump preparation, distribution of leach solutions or other mining and preparation costs up to the point at which the metal goes into solution);
- (ii) Cost of transporting mineral product from the mill or processing plant to a refinery or other place of treatment;

(iii) Production taxes, severance taxes and sales, privilege and other taxes (other than income taxes) measured by production or the value of production; and

(iv) actual sales and brokerage costs.

In the event that any Deductible Costs are payments to an Affiliate of Grantors, those costs shall not exceed those that would have been charged by an independent third party in an arms length transaction. In the event that ores or any product produced therefrom are sold to an Affiliate of Grantors, the proceeds thereof shall not be less than would have been received by Grantors in an arms length transaction with an independent third party. The term "Affiliate" as used herein means a corporation or other business entity which, directly or indirectly, is controlled by, controls, or is under common control with Grantors. For the purposes of the preceding sentence, the meaning of the word "control" shall include, but not be limited to, the possession directly or indirectly of the power to direct or to cause the direction of the management and policies of the corporation or business entity in question, whether through the ownership of voting securities, by contract, or otherwise.

4. If Grantees have not received payments of Net Returns Royalty equal to One Million Five Hundred Thousand Dollars (\$1,500,000) on or before the date five years after Grantors place any portion of the Claims into Commercial Production, and regardless of whether said production continues for more or less than five years, Grantors promise to and shall promptly pay to Grantees the difference between the amount which Grantees have actually received as Net Returns Royalty hereunder and One Million Five Hundred Thousand Dollars (\$1,500,000). Grantors agree that they will, at Grantees' request, cooperate with Grantees, if such cooperation involves no additional costs or tax exposure to Grantors, in structuring said payment so as to minimize Grantees' income tax obligations. As used herein, "Commercial Production" shall mean the first day of the month in which Net Returns Royalty is payable to Grantees hereunder. In addition, Grantors shall have the right to terminate Grantees' royalty interest in the Claims at any time by paying to Grantees the difference between the amount which Grantees have received as of such date as payment of Net Returns Royalty and One Million Five Hundred Thousand Dollars (\$1,500,000); provided, however, that Grantors will, at Grantees' request, cooperate with Grantees, if such cooperation involves no additional costs or tax exposure to Grantors, in structuring said payment so as to minimize Grantees' income tax obligations.

5. Notwithstanding any other provision of this Net Returns Royalty Deed and Agreement, the royalty interest herein granted to Grantors shall terminate when Grantees have received payments equal to One Million Five Hundred Thousand Dollars (\$1,500,000) in any combination of payments of Net Returns Royalty on production and any payment made pursuant to paragraph 4 hereof. Promptly upon termination of Grantees' royalty interest, Grantees shall execute and deliver to Grantors a quitclaim and release in form and substance satisfactory to Grantors releasing and conveying to Grantors, in proportion to their then-current ownership of the Claims, all of Grantees' right, title and interest in and to the Claims.

6. Grantors may, but shall not be obligated to, beneficiate, mill, sort, concentrate, refine, smelt, or otherwise process or upgrade the ores mined from the Claims and mineral products produced therefrom prior to sale, transfer, or conveyance to a purchaser, user, or consumer other than Grantors. Grantors shall not be liable for mineral values lost in such processing except for losses resulting from the bad faith or gross negligence of Grantors.

7. All ores mined from the Claims and products produced therefrom on which a royalty is payable hereunder shall be weighed or measured, sampled and analyzed in accordance with sound mining and metallurgical practices, after which Grantors may mix or commingle such ores and products with ores and products from other properties; provided, however, that before the commencement of Commercial Production from the Claims that would involve commingling, Grantors shall present and explain commingling procedures that will be used to Grantees. Accurate records of tonnage, volume of products, analyses of products, weight, assays of metal content, sales, and other records necessary for the computation of the royalty hereunder shall be kept by Grantors, and such shall be available for inspection by Grantees, at Grantees' sole expense, at all reasonable times.

8. Royalties shall be paid on the fifteenth business day following the last day of the calendar quarter in which the same accrued. At the time of payment of royalties, Grantors shall deliver to Grantees a statement summarizing the computation of the Net Returns Royalty payment. Payment to Grantees shall be made by a single check. No Net Returns Royalty shall be due with respect to stockpiles of ores, concentrates or dore unless and until such ores, concentrates or dore are actually sold; provided, however, that if Grantors stockpile any dore produced from the Claims for a period exceeding six months, then Grantors shall pay Grantees the Net

Returns Royalty on the contained recoverable metal in the stockpiled dore based on the average daily closing New York COMEX price for the monthly period during which the royalty is determined to be payable, less those Deductible Costs that would have been incurred had the dore been sold to a smelter, refinery or other purchaser. Grantees shall receive no additional royalty payment when such stockpiled dore is thereafter actually sold. At the time of making each such payment for stockpiled dore, Grantors shall deliver to Grantees a statement showing the amount of such royalty and the manner in which it was determined, and shall submit to Grantees data reasonably necessary to enable them to verify the determination of such payment.

9. All Net Returns Royalty payments shall be considered final and in full satisfaction of all obligations of Grantors with respect thereto, unless Grantees give Grantors written notice describing and setting forth a specific objection to the calculation thereof within one year after receipt by Grantees of the quarterly statement provided for in paragraph 8. Grantors' records, books and accounts related to the computation and payment of the royalty due hereunder shall be open to the inspection of and copying by Grantees or their designated representatives once during each calendar quarter during normal business hours. Grantees will honor and comply with any reasonable confidentiality restrictions placed upon such information by Grantors.

10. Grantees may transfer, pledge, mortgage, charge or otherwise encumber all or any part of their right, title and interest in and to the Net Returns Royalty, subject to the terms and provisions of this document; provided, however, that Grantors shall be under no obligation to make payments hereunder to such assignee, transferee, pledgee or other third party until Grantors receive written notice of such assignment or transfer, and provided further that in no event shall Grantors be obligated to deliver payment or notices pursuant to this Agreement to more than two persons or locations.

11. Grantors shall have the sole and exclusive right to determine the timing and the manner of any production from the Claims and all related exploration, development and mining activities. Nothing in this Net Returns Royalty Deed and Agreement shall require Grantors to explore, develop or mine or continue operations on the Claims or to process ores from the Claims.

12. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Nevada without regard to the conflict of laws provisions thereof.

13. The failure of either Grantees or Grantors to insist on the strict performance of any provision hereof or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision hereof or limit Grantees' or Grantors' right thereafter to enforce any provision or exercise any right hereunder. No modification, amendment or waiver of any provision of this Net Returns Royalty Deed and Agreement shall be effective unless in writing and signed by the party against whom it is to be enforced.

14. If any term or other provision of this Net Returns Royalty Deed and Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions hereof shall nevertheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Net Returns Royalty Deed and Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

15. All notices and other required communications to the parties to this Net Returns Royalty Deed and Agreement shall be in writing, shall be effective upon receipt, and shall be addressed respectively as follows:

Grantees:

William W. Bleazard
Beverly L. Bleazard
329 Vincent Court
Salt Lake City, Utah 84102

Grantors:

High Desert Mineral Resources
of Nevada, Inc.
Attention: Sean and Lee Halavais
P. O. Box 2008
Elko, Nevada 89801

Newmont Gold Company
Attention: Director, Land
1700 Lincoln Street
Denver, Colorado 80203

A party may change its address by notice to the other parties.

16. This Net Returns Royalty Deed and Agreement contains the entire understanding of Grantees and Grantors and supersedes all prior agreements and understandings between Grantees and Grantors relating to the subject matter hereof. This Net Returns Royalty Deed and Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, heirs and representatives of Grantees and Grantors. The royalty created herein and the terms hereof shall be a burden upon and shall run with the land until such time as the royalty is terminated in accordance with paragraph 5 above, but, unless Grantees provide written consent which decision to provide consent shall be in Grantees' sole discretion, no assignment or transfer by Grantors of this Net Returns Royalty Deed and Agreement or of the Claims shall relieve Grantors from the payment obligation set forth in paragraph 4 above.

17. In the event either party brings any action or proceeding for damages or equitable relief against the other party for an alleged breach or default of any provision of this Net Returns Royalty Deed and Agreement to recover monies due or to enforce, protect or establish any right or remedy of either party hereunder, the prevailing party shall be entitled to recover as a part of such action or proceeding reasonable attorney fees and court costs.

IN WITNESS WHEREOF, the parties hereto have executed this Net Returns Royalty Deed and Agreement as of the 31st day of August, 1992.

GRANTORS:

HIGH DESERT MINERAL RESOURCES
OF NEVADA, INC., a Nevada
corporation

By: R. Sean Halavais
R. Sean Halavais
Chief Operating Officer

By: P. Lee Halavais
P. Lee Halavais
Executive Vice President

NEWMONT GOLD COMPANY, a Delaware corporation

By: *Robert F. Boyce*
Robert F. Boyce
Vice President

GRANTEES:

William W. Bleazard
William W. Bleazard

Beverly L. Bleazard
Beverly L. Bleazard (also known
as Beverly Bleazard)

STATE OF UTAH)
CITY AND COUNTY OF SALT LAKE) ss.

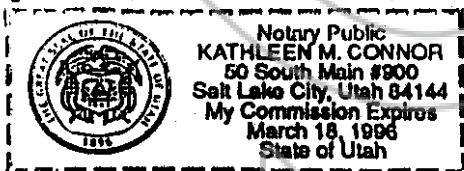
On August 31, 1992, personally appeared before me, a notary public, R. Sean Halavais and P. Lee Halavais, the Chief Operating Officer and Executive Vice President, respectively, of High Desert Mineral Resources of Nevada, Inc., a Nevada corporation, proved to me to be the persons whose names are subscribed to the above instrument and who acknowledged that they executed the instrument on behalf of High Desert Mineral Resources of Nevada, Inc.

Witness my hand and official seal.

My commission expires: 3-18-96

Kathleen M. Connor
Notary Public

[SEAL]



STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On August 31, 1992, personally appeared before me, a notary public, Robert F. Boyce, a Vice President of Newmont Gold Company, a Delaware corporation, proved to me to be the person whose name is subscribed to the above instrument and who acknowledged that he executed the instrument on behalf of Newmont Gold Company.

Witness my hand and official seal.

My commission expires: *June 13, 1993*

**SEAL
Affixed**

Lynne R. Ruck
Notary Public

[SEAL]

STATE OF UTAH)
) ss.
CITY AND COUNTY OF SALT LAKE)

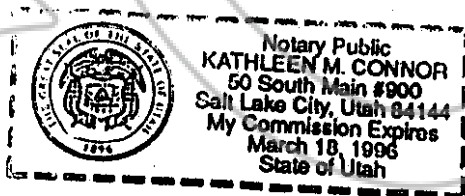
On August 31, 1992, personally appeared before me, a notary public, William W. Bleazard and Beverly L. Bleazard (also known as Beverly Bleazard), husband and wife, known or proved to me to be the persons whose names are subscribed to the above instrument and who acknowledged that they executed the instrument.

Witness my hand and official seal.

My commission expires: *3-18-96*

Harvey M. Conn
Notary Public
BOOK 238 PAGE 182
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Holme Roberts & Owen
'92 SEP -2 A9:25

[SEAL]



EUREKA COUNTY, NEVADA
M.H. REBALEATI, RECORDER
FILE NO. FEES \$13.00

142110