

DEED OF TRUST

THIS DEED OF TRUST, made as of this 1st day of September, 1994, by and between **HIGH DESERT MINERAL RESOURCES OF NEVADA, INC.**, a Nevada corporation, hereinafter called "Grantor", and **STEWART TITLE OF NORTHEASTERN NEVADA, dba FRONTIER TITLE COMPANY**, Trustee, and **ROY G. ANDERSEN**, hereinafter called "Beneficiary", it being specifically understood that any and all references to the words "Grantor" and "Beneficiary" shall include the masculine, feminine, and neuter genders, and singular and plural, as indicated by the context and number of parties hereto:

W I T N E S S E T H:

The Grantor hereby grants, transfers, and assigns to the Trustee in trust, with power of sale, all of the following described real property situate in the County of Eureka, State of Nevada, more particularly described on Exhibit "A" attached hereto and made a part hereof by this reference.

TO HAVE AND TO HOLD the same unto said Trustee and its successors, in trust, to secure the performance of the following obligations, and payment of the following debts:

ONE: Payment of an indebtedness evidenced by the below-described Promissory Note of even date hereof with interest thereon, expenses, attorney fees and other payments therein provided, executed and delivered by the Grantor payable to the Beneficiary on order, and any and all extensions or renewals thereof:

A Promissory Note in the principal amount of **FIFTEEN MILLION and no/100 DOLLARS (\$15,000,000.00)** dated September 1, 1994.

TWO: Payment of such additional amounts as may be hereafter loaned by the Beneficiary to the Grantor, or any successor in interest of the Grantor, with interest thereon, expenses and attorney fees, and other indebtedness or obligation of the Grantor to the Beneficiary.

THREE: Payment of all other sums with interest thereon becoming due or payable under the provisions hereof to either Trustee or Beneficiary.

FOUR: Payment, performance and discharge of each and every obligation, covenant, promise and agreement of Grantor herein or in said Note contained, any renewals, extensions, revisions or amendments of the above-described Note and any other indebtedness or obligation secured hereby.

To protect the security of this Deed of Trust, it is agreed as follows:

1. The Grantor shall neither do nor permit to be done anything which shall materially impair, lessen, diminish or deplete the security hereby given. It is expressly understood and agreed that mining or extraction of minerals shall not constitute an impairment, lessening,

diminution or depletion of the asset.

2. The following covenants, № 1, 3, 4 (10%), 5, 6, 7 (reasonable), 8, and 9 of N.R.S. 107.030 are hereby adopted and made a part of this Deed of Trust. In connection with Covenant № 6, it shall be deemed to include and apply to all conditions, covenants and agreement contained herein in addition to those adopted by reference, and to any and all defaults or deficiencies in the performance of this Deed of Trust.

3. All payments secured hereby shall be paid in lawful money of the United States of America.

4. The Beneficiary and any person authorized by the Beneficiary shall have the right to enter upon and inspect the premises at all reasonable times upon not less than ninety-six (96) hours prior notice to Grantor and subject to any approval rights by Grantor's Venture Partner, as described in the Newmont Gold and High Desert Venture Agreement as amended by the First Amendment thereto (the "Venture Agreement").

5. If default be made in the performance or payment of the obligation, note or debt secured hereby, or in the performance of any of the terms, conditions and covenants of the Deed of Trust, or the payment of any sum or obligation to be paid hereunder, or upon the occurrence of any act or event of default hereunder, and such default is not cured within thirty-five (35) days after written notice of default and of election to sell said property given in the manner provided by N.R.S. 107.080 as in effect on the date of this Deed of Trust, the Beneficiary may declare all notes, debts and sums secured hereby or payable hereunder immediately due and payable although the date of maturity has not yet arrived.

6. In case of condemnation of the property subject hereto, or any part thereof, by paramount authority, all of any condemnation award to which the Grantor shall be entitled, less costs and expenses of litigation, is hereby assigned by the Grantor to the Beneficiary, to the extent the Beneficiary is entitled thereto, who is hereby authorized to receive and receipt for the same, and apply such proceeds as received toward the payment of the indebtedness hereby secured, whether due or not.

7. The Promissory Note secured by this Deed of Trust is made a part hereof as if described fully herein.

8. There exists an Agreement, of even date hereof, "The Agreement" between ROY G. ANDERSEN and VERNON PETERSON, as the Trustee of The Andersen Minerals Trust, as "First Parties" and HIGH DESERT MINERAL RESOURCES OF NEVADA, INC., a Nevada corporation, and R. SEAN HALAVAIS and P. LEE HALAVAIS, as "Second Parties" and VIRGINIA G. ANDERSEN, the Wife of Roy G. Andersen as a Third Party, the terms of which are incorporated by reference in this document.

9. The rights and remedies herein granted shall not exclude any other rights or remedies granted by law, and all rights or remedies granted hereunder or permitted by law shall be concurrent and cumulative.

10. All the provisions of this instrument shall inure to and bind the heirs, legal representatives, successors and assigns of each party hereto respectively as the context permits. Beneficiary may assign this Deed of Trust, except that no such assignment shall be effective as to Grantor until and unless the Beneficiary has provided written notice of such assignment to Grantor and Grantor shall have received such prior written notice. Upon such assignment and notice to Debtor by any such Assignee, the Assignee shall be entitled to all of the rights, remedies and shall assume all of the obligations of Secured Party contained in this deed of trust and all other agreements and documents referenced herein.

11. Any notice given to Grantor under Section 107.080 of N.R.S. in connection with this Deed of Trust shall be given by registered or certified letter, postage prepaid, return receipt requested, addressed to:

High Desert Mineral Resources of Nevada, Inc.
c/o Byron L. Bilyeu, Resident Agent
P. O. Box 101
Reno, Nevada 89504

and

High Desert Mineral Resources of Nevada, Inc.
c/o R. Sean Halavais or P. Lee Halavais
P. O. Box 2008
Elko, Nevada 89801

Any party may change their address by giving written notice of change to the other party.

12. It is expressly agreed that the trust created hereby is irrevocable by the Grantor.

13. In the event there is a cash call under the Venture Agreement as amended, in a Project Area as defined by the Venture Agreement, and Grantor is unable or unwilling to meet such a cash call, the Secured Party may elect to meet such a cash call, and the Secured Party will then be entitled to receive that portion of the ownership interest in the particular joint venture Project Area that Grantor would have forfeited by Grantor's failure to make the cash call requirement. Failure to meet a cash call of the Joint Venture shall not constitute a default by Grantor under this Agreement. Secured Party will be provided notice of such cash call and Grantor's inability or unwillingness to meet such a cash call and will be afforded full inspection of all data on the affected joint venture Project Area. Any cash calls met by Secured Party shall not be an additional debt between the Parties and Secured Party shall be entitled only to receive that portion of the ownership interest in the particular joint venture Project Area that Grantor

would have forfeited by Grantor's failure to meet the cash call.

14. The property the subject of this Deed of Trust as set forth in Exhibit A consists of patented and unpatented mining claims which form part of the **Newmont Gold and High Desert Venture**. The Deed of Trust given by Grantor affects only Grantor's interest in such real property and is subordinate to the terms of the **Newmont Gold and High Desert Venture Agreement** and the **First Amendment** thereto, and the rights of **Newmont Gold** therein. The **Venture Agreement** is dated as of December 23, 1991, and a Memorandum of the Agreement is recorded in Book 230, Page 487 - 500, File No 139274, filed January 9, 1992, and the Memorandum of the **First Amendment** to the **Venture Agreement**, is recorded in Book 275, Page 210 - 226, filed September 16, 1994, File No 1555151, in the Eureka County Recorder's Office, Eureka, Nevada.

15. Upon default and failure to cure such default within the time specified, the Beneficiary may at any time, with notice, either in person, by agent, or by a receiver to be appointed by a court, succeed to the status of a Participant under the **Newmont Gold and High Desert Venture Agreement**, and in his own name sue for or otherwise collect such rents, issues and profits, (including those past due and unpaid), and apply the same less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. The rents assigned are any and all of the following: rents, sub-rents, earnings, income, receipts, revenues, royalties, issues and profits and any and all proceeds and accruals whatsoever that arise out of the hiring, sub-hiring, letting, sub-letting, or otherwise, of or from the whole or any part of the property.

16. So long as the Note secured hereby is not in default, Grantor shall be entitled to full management and control of the **Venture Agreement** as a participating **Venturer**, without direction, control or interference from Beneficiary and Grantor shall be entitled to collect and receive any payments made, to collect the rents, issues and profits of the property as they become due and payable.

17. Beneficiary and Trustee agree that this Deed of Trust is subject and subordinate to the **Newmont Gold and High Desert Venture Agreement**, as amended by the **First Amendment** thereto, and to the rights of the other Participant therein. Beneficiary and Trustee agree to be bound by the terms of the **Newmont Gold and High Desert Venture Agreement**, as amended. Upon default in payment of any debt secured hereby or in the performance of this Deed of Trust, upon any foreclosure of Grantor's interest, the **Beneficiary** and the **Trustee** shall be bound by the terms of **Article 15** thereof which provide that no secured party shall have any rights as a Participant as defined in the **Venture Agreement**, unless and until they have provided to **Newmont Gold** (i) notice of any such foreclosure, (ii) the effective date of any such foreclosure, and (iii) the Beneficiary has committed in writing to be bound by the **Venture Agreement** to the

same extent as the Grantor.

18. Grantor shall maintain and timely file all documents and pay all fees required to keep all unpatented mining claims used as security herein in good standing.

19. Grantor shall have full rights to amend, relocate, abandon and relocate any and or all of the unpatented mining claims which may be subject to this Deed of Trust in its sole and absolute discretion and without the need for any further authorization from Beneficiary. Grantor may take further action to release such claims from this Deed of Trust, provided, however, all such amended or relocated claims shall be substituted as collateral under this Deed of Trust for the claim which was abandoned.

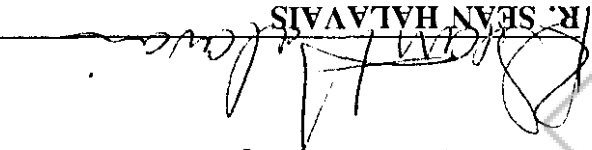
20. Grantor may apply for and prosecute applications for patent for any or all of the unpatented mining claims subject to this Deed of Trust and Beneficiary shall execute any necessary documents and take all other actions reasonably necessary to cooperate in such application. All such patented claims shall be substituted as collateral under this Deed of Trust for the unpatented claim on which the application for patent was made.

21. If any law or regulation hereafter enacted or promulgated requires or permits the conversion of the unpatented mining claims subject to this Deed of Trust to another form of mineral tenure, alters the rights of holders of mining claims, or otherwise alters the manner in which rights to locatable minerals may be acquired on federal lands, Grantor shall have the right and authority to make, in its sole discretion, on behalf of itself and Beneficiary, any and all elections concerning the continuance of the unpatented mining claims subject to this Deed of Trust or the conversion of such claims to other rights or interests with respect to tenure available under the new law or regulation. Beneficiary hereby irrevocably appoints Grantor as its agent and attorney-in-fact to take all actions necessary to effect the powers granted to Grantor by this paragraph. This paragraph shall not be construed to permit Grantor to voluntarily abandon a patented or unpatented mining claim which presently forms part of the venture property unless there shall be a substituted form of ownership or tenure. All rights obtained by any such conversion or election shall be substituted as collateral under this Deed of Trust for the patented or unpatented claim which was the basis for such election or conversion.

IN WITNESS WHEREOF, the Grantor has executed these presents the day and year first hereinabove written.

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

By:


R. SEAN HALAVAIS

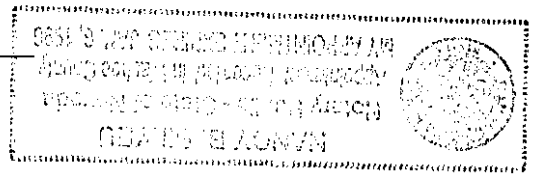
Chief Executive Officer

ATTEST:

P. Lee Halavais
P. LEE HALAVAIS, Secretary

State of Nevada)
County of Clark)
:ss.

On this 14th day of October, 1994, before me, a Notary Public, personally appeared R. Sean Halavais and P. Lee Halavais, Officers of High Desert Mineral Resources of Nevada, Inc. a Nevada corporation who acknowledged that they executed the above instrument.



Nancy B. Berger
Notary Public

Beneficiary's Mailing Address:

Roy G. Andersen
1409 S. E. 95th Avenue
Vancouver, Washington 98664

Assessor's Parcel Number: 410-00-71

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COPY

The real property interest subject to this deed or trust is the undivided 40% interest in and to the following patented and unpatented mining claims owned by High Desert Mineral Resources of Nevada, Inc., which interest is subject and subordinate to the Newmont gold and High Desert Venture Agreement, dated as of December 23, 1991, a memorandum of which is recorded in Book 230 at Pages 487-500 of the Official Records of Kureka County, Nevada, as amended by a first Amendment to Newmont gold and High Desert Venture Agreement, effective as of August 17, 1994, a memorandum of which is recorded in Book 275 at Pages 210-226 of the Official Records of Kureka County, Nevada.

1. UNPATENTED MINING CLAIMS AND INTERESTS:

BLN Serial Number(s)	Location Certificate According Data	Book	Page
N-MC-11231	104	10	104
N-MC-11232	106	10	106
N-MC-11233	108	10	108
N-MC-11234	110	10	110
N-MC-11235	112	10	112
N-MC-11236	484	8	484
N-MC-11239	486	8	486
N-MC-11230	488	9	488
N-MC-92823	367	73	367
N-MC-92824	368	73	368
N-MC-11196	45	0	45
N-MC-11197	46	0	46
N-MC-11198	47	0	47
N-MC-11199	48	0	48
N-MC-11200	49	0	49
N-MC-11201	50	0	50
N-MC-11202	51	0	51
N-MC-11203	52	0	52
N-MC-11204	53	0	53
N-MC-11205	54	0	54
N-MC-11206	55	0	55
N-MC-11207	56	0	56
N-MC-11208	57	0	57
N-MC-11209	58	0	58
N-MC-11210	59	0	59
N-MC-11211	60	0	60
N-MC-11212	61	0	61
N-MC-11213	62	0	62
N-MC-11214	63	0	63
N-MC-11215	64	0	64
N-MC-11216	65	0	65
N-MC-11217	66	0	66
N-MC-11218	67	0	67
N-MC-11219	68	0	68
N-MC-11220	69	0	69
N-MC-11221	70	0	70
N-MC-11222	71	0	71
N-MC-11223	72	0	72
N-MC-11224	73	0	73
N-MC-11225	74	0	74
N-MC-72757	111	71	111
N-MC-72758	112	71	112
N-MC-11174	23	0	23
N-MC-11175	24	0	24
N-MC-11176	25	0	25
N-MC-11177	26	0	26
N-MC-11178	27	0	27
N-MC-11179	28	0	28

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Bullion Monarch Project

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Claim

Location Certificate
Recording Date

BLM Serial
Number(s)

Yellow Rose #8
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Yellow Rose #21
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Potar #20
RJV
Paragon #1
Paragon #2
Paragon #3
Paragon Fraction
Bullion #1
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Bullion #18
Bullion #19
Bullion #20
Discovery #1
Amended
Discovery #2

2

Bullion Monarch Project

BLM Serial Number(s)	Recording Date	Page	Book
N-MC-11182	31	0	0
N-MC-11183	32	0	0
N-MC-11184	33	0	0
N-MC-11185	34	0	0
N-MC-11186	35	0	0
N-MC-11187	36	0	0
N-MC-11188	37	0	0
N-MC-11189	38	0	0
N-MC-11190	39	0	0
N-MC-11191	40	0	0
N-MC-11192	41	0	0
N-MC-11193	42	0	0
N-MC-11194	43	0	0
N-MC-11195	44	0	0
N-MC-11154	385	54	54
N-MC-11155	386	54	54
N-MC-11156	387	54	54
N-MC-11157	388	54	54
N-MC-11158	389	54	54
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N-MC-11160	391	54	54
N-MC-11161	392	54	54
N-MC-11162	393	54	54
N-MC-11163	394	54	54
N-MC-11164	395	54	54
N-MC-11165	396	54	54
N-MC-11166	397	54	54
N-MC-11167	398	54	54
N-MC-11168	399	54	54
N-MC-11169	400	54	54
N-MC-11170	401	54	54
N-MC-11171	402	54	54
N-MC-11172	403	54	54
N-MC-11173	404	54	54
N-MC-13741	318	62	62
N-MC-11237	216	H	H
N-MC-11238	217	H	H
N-MC-11239	218	H	H
N-MC-11236	215	H	H
N-MC-72752	563	70	70
N-MC-72753	564	70	70
N-MC-72754	565	70	70
N-MC-72755	566	70	70
N-MC-72756	567	70	70
N-MC-333061	241	132	132
N-MC-333052	242	132	132
N-MC-333053	243	132	132
N-MC-333054	244	132	132
N-MC-333055	245	132	132
N-MC-372458	79	147	147
N-MC-372459	80	147	147
N-MC-372460	81	147	147
N-MC-565082	175	200	200
N-MC-565083	176	200	200
N-MC-565084	177	200	200
N-MC-565085	178	200	200
N-MC-565086	179	200	200
N-MC-565087	180	200	200
N-MC-565088	181	200	200
N-MC-565089	182	200	200
N-MC-565090	183	200	200
N-MC-565091	184	200	200
N-MC-565092	185	200	200
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N-MC-574084	458	205	205
N-MC-588702	490	208	208

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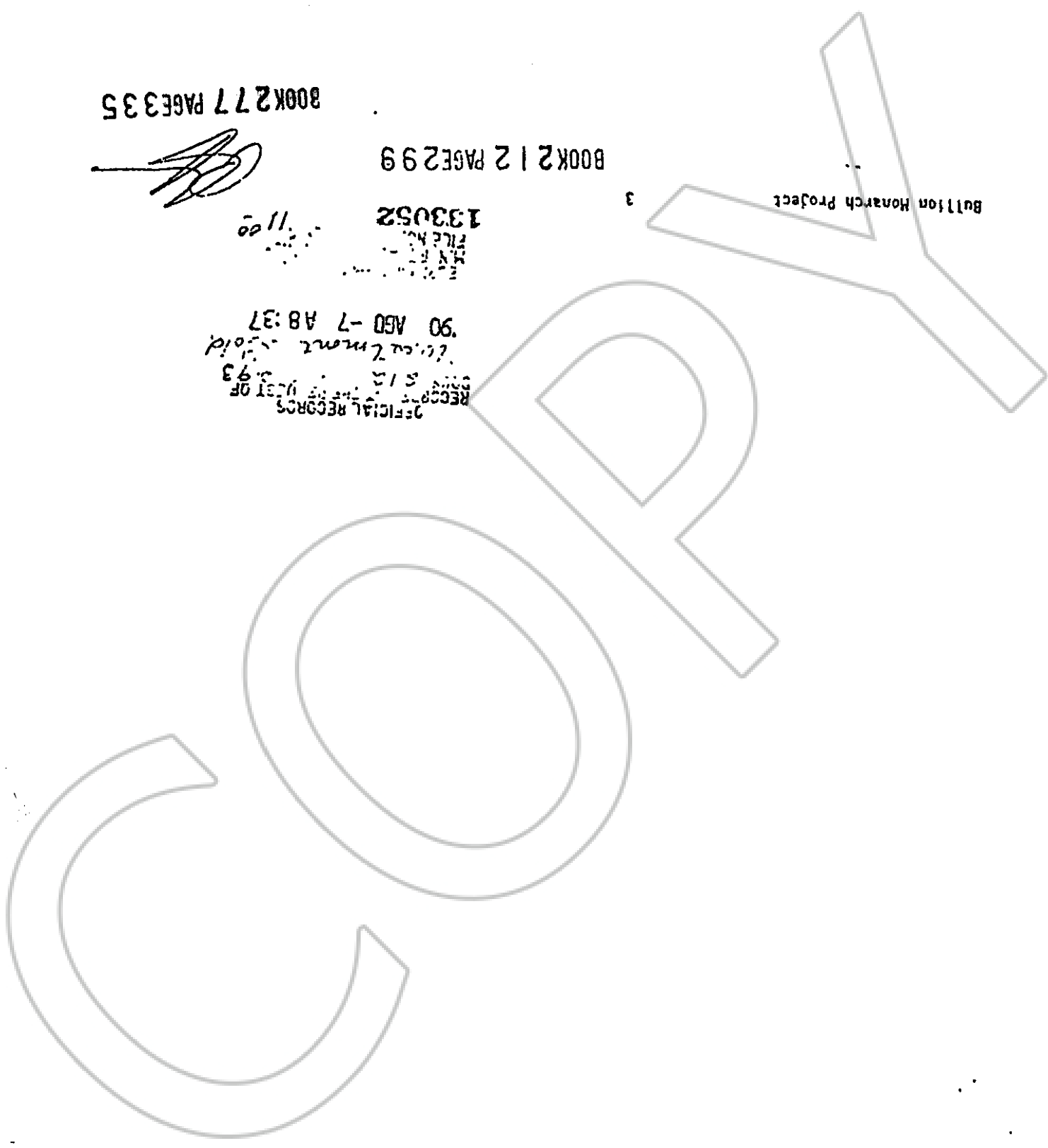
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Claim
Big Six #3
Hole
July
Great Divide
Bald Eagle

United States
Patent No.
783757
881735
935874
945439
946758

United States
Survey No.
4332
4422
4528
4393
4527

Eureka County
Assessor Information
Parcel No.
410-00-71
Roll No. 03178
District 4.0



OFFICIAL RECORDS
RECORDED IN THE OFFICE OF
COUNTY CLERK
JULY 12 1993
District Court
90 ASD - 7 AB 37

FILE NO. 133052
EUREKA COUNTY

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3

Bullion Honarch Project

BOOK 277 PAGE 336

BOOK 212 PAGE 309

Buttton Monarch Project

155502

EUREKA COUNTY NEVADA
M.N. REBALVATI, RECORDER
FILE NO. FEES 17⁰⁰

BOOK 277 PAGE 326
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
GARY E. DI GRAZIA
94 OCT 19 AM 11:46

Badger #1
Badger #2
Unity #1
Unity #2
Junction
Comprise #4
Comprise #5
Comprise #6
Comprise #7
Lamira

Claim

Location Certificate
Recording Data
Book Page

BLM Serial
Number(s)

259	H	N-HC-11243
260	H	N-HC-11244
247	H	N-HC-11240
248	H	N-HC-11241
330	H	N-HC-11445
261	H	N-HC-11245
262	H	N-HC-11442
262	H	N-HC-11443
263	H	N-HC-11444
259	H	N-HC-11242