

PURCHASE OPTION AGREEMENT
(ELICO - NEWMONT)

THIS AGREEMENT, made as of the 31st day of May, 1995, by and between ELKO LAND AND LIVESTOCK COMPANY, a Nevada corporation, hereinafter called "ELCO" (or grantor); and NEWMONT GOLD COMPANY, a Delaware corporation, hereinafter called "NEWMONT" (or grantee).

R E C I T A S :

WHEREAS, ELCO is the owner of certain ranching properties in northern Eureka, northern Lander and southwestern Elko counties, Nevada, in the area of Boulder Valley, Little Boulder Valley, Maggie Creek Basin and the Tuscarora Mountains; and

WHEREAS, NEWMONT has extensive mining operations in and about Boulder Valley, Little Boulder Valley, Maggie Creek Basin and the Tuscarora Mountains that are constantly expanding and require surface uses over vast areas for mine waste disposal, tailings disposal facilities, leach pads, mill facilities, equipment areas, environmental mitigation areas, mine dewatering facilities and areas, as well as the exploration of the underlying mineral estates; and

WHEREAS, in the past ELCO and NEWMONT have cooperated on the use of ELCO lands for mining related purposes and have entered into agreements to provide NEWMONT with an option to acquire selected ELCO lands, namely:

Exploration License and Acquisition Option, dated May 7, 1986 (the "1986 Agreement"); and Purchase Option Agreement, dated December 3, 1991, recorded in the Official Records of Eureka County, Nevada, on December 17, 1991, in Book 229, at Page 132, and in the Official Records of Elko County, Nevada, on December 31, 1991, in Book 772, at Page 247 (the "1991 Agreement"); and

WHEREAS, even though ELCO and NEWMONT have in the past cooperated in providing mine use of ELCO lands for NEWMONT's mine and mining expansions in the area, NEWMONT is now desirous of obtaining an option to purchase the lands and appurtenant rights thereto on any and all of the lands of ELCO, to

be used for mines and mining related uses now and in the future as NEMMONT's anticipated uses have expanded greatly and are presently in preliminary stages of design; and

NOW, THEREFORE, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and

sufficiency of which are hereby acknowledged by EILCO, and for the covenants

and conditions hereinafter contained, the parties hereto agree as follows:

1. PROPERTY: Pursuant to the option contained herein NEMMONT agrees

to purchase, if it so elects, and EILCO agrees to sell the real property

("Subject Property") described below or any part thereof, including mineral

rights, together with all buildings, fences, corrals, growing crops, water

rights, water distribution systems (including ditches, ponds, windmills, pumps

and pipelines) and grazing rights associated with, and appurtenant to, the

Subject Property. Specifically not included are mobile equipment and

livestock which are to be retained upon closing of purchase by EILCO.

Subject Property:

All that real property now owned or hereinafter acquired by EILCO within Township 33 North, Ranges 46 - 51 East; Township 34 North, Ranges 47 - 52 East; Township 35 North, Ranges 48 - 52 East; Township 36 North, Ranges 49 - 52; and Township 37 North, Ranges 49 - 52 East, M.D.B.&M., Elko, Eureka and Lander counties, Nevada.

TOGETHER WITH all right, title, and interest in and to the improvements, rights, privileges, royalties, easements, reversions, remainders, rents, issues, and profits which are appurtenant to or obtained from such real property, including without limitation, all water, water rights, ditches, ditch rights, timber rights, and mineral rights appurtenant to such real property.

SUBJECT TO all duties and obligations, if any, imposed upon the Subject Property, or portions thereof, by previous agreements entered into by EILCO or its predecessors.

2. PURCHASE OPTION: EILCO hereby grants to NEMMONT the sole and

exclusive option to purchase the Subject Property, or any part thereof, at any time, in any amount, pursuant to the terms and conditions of this Agreement at

any time during the period commencing with the date of this Agreement and

ending at 11:59 p.m. on June 30, 2015. NEMMONT shall have the right during

such period to elect to purchase separate parcels at separate times during the

term of the option, and Closing(s) on any parcel(s) of the Subject Property

shall not extinguish the option on the remainder of the Subject Property.

Notice of such election shall be given in writing by the means set forth below

for notices. In consideration for such option to purchase, NEMMONT, upon

execution of this Agreement shall pay to EILCO the amount of FIFTY THOUSAND

DOLLARS (\$50,000.00). Should NEMMONT not timely elect to exercise the option

to purchase any parcel of the Subject Property during the term hereof, such

option consideration shall be retained by EILCO, however, should NEMMONT

timely elect to exercise the option to purchase such option consideration

shall be applied to the purchase price of any parcel or parcels.

3. PURCHASE PRICE: Upon NEMMONT's election to purchase any parcel or

parcels of the Subject Property, it agrees to pay to EILCO an appraised value

for said parcel or parcels subject of that Closing, as set forth in Section 7

below.

4. ROYALTY FROM MINING LANDS: Upon NEMMONT's election to purchase

any parcel or parcels of the Subject Property it agrees to simultaneously

grant and convey a royalty to EILCO, as set forth below, on all Mining Lands

that would contribute mine waste, production ores, facilities of any nature,

dewatering water, or other burdens to be placed on the Subject Property, or

portions thereof, that are purchased by NEMMONT. The term "Mining Lands" on

which the imposed royalty would apply is set forth with more specificity

below.

A. After due consideration by both EILCO and NEMMONT, it is agreed that

the purchase of parcels of the Subject Property used directly in mining

operations will not fully compensate EILCO for the impact of mining

operations and associated activities on the remaining parcels of the

Subject Property, and that additional compensation in the nature of the

royalty set forth in this section is appropriate.

B. For each nominal 40 acre parcel of the Subject Property that is

purchased by NEWMONT, NEWMONT agrees to grant and convey to EILCO a non-participating production royalty of .10% (one-tenth of one percent) of gross production, in perpetuity, on any and all Mining Lands which contribute to the burdens placed on the purchased parcels of the Subject Property, until a cumulative maximum of 5.0% is reached with the purchase of 2000 acres. It is understood and agreed that it may be necessary for NEWMONT to grant and convey to EILCO increasing royalties on Mining Lands as additional parcels of the Subject Property are selected and purchased. The requirement and covenant of NEWMONT to grant and convey the imposed cumulative royalty on Mining Lands to EILCO shall remain after the maximum royalty of 5.0% (purchase of 2000 acres) has been reached when additional Mining Lands begin to contribute to the burdens on the purchased land parcels of the Subject Property. See examples as set forth in Exhibit A attached hereto.

C. Mining Lands shall mean any and all mines, mineral extraction sites, mineral processing lands, mineral exploration lands, and any other lands that contribute to the burdens to be placed on the Subject Property, or any part thereof, even though such burdened parcels of the Subject Property are purchased pursuant to this Agreement. The terms mines, mineral extraction sites, mineral processing lands, mineral exploration lands and any other lands shall mean, in the broadest sense, the entire operation or operation and not a specific area of an operation. The burdens contributed shall be considered burdens no matter how small and no matter how short the duration of the burden. The Mining Lands on which the royalty is to be imposed shall be described in no less than nominal 40 acre parcels. See examples as set forth in Exhibit A attached hereto.

D. The royalty granted and conveyed to EILCO by NEWMONT shall be substantially in the form:

...grants and conveys to EILCO, its successors and assigns, in perpetuity, a non-participating royalty of ---% on the gross production, including extraction and removal from the lands

subject hereof, of all minerals, mineral products or ores, of every kind and nature ...

B. The royalty will not apply to Mining Lands presently burdening the Subject Property if there is an agreement between ELICO and NEWMONT for NEWMONT's present use of such Subject Property parcels.

5. TITLE: At the closing of any parcel or parcels of the Subject Property, ELICO shall, by grant, bargain and Sale Deed, approved as to content and form by NEWMONT's counsel, convey to NEWMONT fee title to the parcel or parcels of the Subject Property subject of that closing, which is marketable, free and clear of tenancies or leases granted by ELICO, liens and encumbrances, except those of record as of the date of this Agreement, insured with a standard form CLTA owner's policy in the amount of the purchase price in favor of NEWMONT.

6. TRANSFER OF WATER RIGHTS: ELICO shall have properly executed documents, in recordable form approved by counsel for NEWMONT, at the pertinent closing so that all water rights appurtenant to, and part of, the Subject Property subject of that closing shall be transferred to NEWMONT in accordance with Nevada law and the regulations of the Nevada State Engineer.

7. CLOSING - ESCROW: Immediately upon the notice of NEWMONT to ELICO that it has elected to purchase a parcel or parcels of the Subject Property, ELICO and NEWMONT shall cause an escrow to be opened at Stewart Title of Northeastern Nevada at its escrow office located at 810 Idaho Street, Elko, Nevada, to effectuate that closing. ELICO and NEWMONT shall agree on an appraiser to appraise the parcel or parcels subject to purchase, and NEWMONT agrees to pay ELICO as the purchase price the appraisal value of such parcel or parcels. ELICO and NEWMONT agree to execute escrow instructions which may be necessary to consummate the transactions contemplated hereby and to deposit into escrow all sums and documents which the escrow instructions shall call upon them to deposit periodically. Escrow fees shall be divided equally between the parties.

8. CLOSINGS: Closings under this Agreement, if the purchase option is exercised as to any parcel or parcels of the Subject Property, shall take

place at Stewart Title of Northeastern Nevada as soon after NEWMONT gives notice of its election to exercise the purchase option as is reasonably practical, with the parties hereto seeking to accomplish such within 90 days of such notice, subject to the parties obtaining an appraisal to determine the purchase price. Any closing or closings, on any parcel or parcels of the subject Property, shall not extinguish the purchase option during the term hereof (unless such is a closing on the remainder of the Subject Property).

9. APPOINTMENTS: At any closing, the escrow officer of Stewart Title of Northeastern Nevada will prorate, as of closing date, all ad valorem real estate taxes and assessments affecting the parcel or parcels subject to the closing for the tax and assessment years in which the closing takes place.

10. TRANSFER TAXES/RECORDING COSTS: All realty transfer and other similar taxes payable with respect to the deeds of conveyance shall be paid by the party executing and delivering the same. Each party shall cause the documents which are to be executed and delivered by such party to be prepared at its own expense. The party to whom the deed of conveyance is delivered shall bear the expense of recording the same.

11. TRANSFER OF POSSESSION: EILCO shall transfer possession and control of the purchased parcel or parcels of the Subject Property to NEWMONT immediately upon the closing pertinent thereto. However, EILCO shall be allowed an additional 60 days to remove all livestock and equipment.

12. DEFAULT: If, for any reason, a party fails, neglects or refuses to perform such party's obligations under this Agreement, the other party shall have remedies for breach of contract as may be available under applicable law, including, without limitations, the remedy of specific performance.

13. CHOICE OF LAW: All terms and conditions of this Agreement shall be governed and controlled by the applicable laws of the State of Nevada.

14. ASSIGNMENT: This Agreement, and any right or obligation hereunder, shall not be assigned by either party without the prior written consent of the other. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and

assigns.

15. REPRESENTATION BY PARTIES: This is the entire and complete agreement of the parties and there are no representations or warranties by the parties except as expressly set forth in this Agreement and any instrument required to be delivered pursuant to this Agreement.

16. FURTHER ASSURANCES: In addition to executing any documents required at any closing, as approved by counsel for NEWMONT, ELLCO will execute any additional documents and take any additional actions which may be required to carry out the intent of this Agreement. This provision will survive any closing.

17. BROKERS: NEWMONT and ELLCO each acknowledges and represents to the other that it has not entered into any brokerage, listing or sales agency agreement with any real estate broker or agent with respect to the Subject Property. If any real estate broker or agent subsequently claims any fee or commission with respect to the sale of the Subject Property by ELLCO to NEWMONT, the party through whom the broker claims the fee will indemnify the other party and hold that party harmless against all claims by the broker or agent.

18. REPRESENTATIONS AND WARRANTIES:

A. NEWMONT hereby represents and warrants to ELLCO that all parties who are obligated to execute this Agreement have been duly authorized to do so, and that all documents delivered at closing will be executed by a duly authorized person.

B. ELLCO hereby represents and warrants to NEWMONT that all parties who are obligated to execute this Agreement have been duly authorized to do so, and that all documents delivered at closing will be executed by a duly authorized person.

C. ELLCO represents and covenants to NEWMONT that ELLCO has no knowledge of any suit, action, arbitration, claim, administrative proceeding, governmental investigation or other proceeding pending or threatened, affecting the property (Subject Property) to be conveyed by the party, except as disclosed in writing to NEWMONT prior to the execution of this Agreement.

BOOK 283 PAGE 420

D. ELLCO, and ELLCO's agents and representatives, neither make

nor have made any express or implied warranties or representations concerning the agricultural productivity, livestock carrying capacity, or the condition or fitness of the subject property or the improvements and fixtures sold.

NEWMONT shall rely upon NEWMONT's own inspection and investigation and shall accept the subject property and rights appurtenant thereto "AS IS", including the physical and environmental condition thereof, exact acreage and boundary lines, location of easements and rights of way, access, water supply, drainage and extent of needed repairs, if any, and shall approve and waive any and all objections to the subject property's physical, environmental and economic condition.

19. TIME OF ESSENCE: Time is of the essence of this Agreement and each and every provision hereof.

20. PRIOR AGREEMENTS: All prior agreements, if any, between only the parties hereto concerning the subject property are rescinded and superseded by this Agreement. In particular, the 1986 Agreement and the 1991 Agreement are hereby rescinded and no longer of any force and effect.

21. NOTICES: All notices and other communications given hereunder shall be in writing and either hand delivered or sent by certified mail, postage prepaid, return receipt requested, addressed as follows:

To NEWMONT:
Newmont Gold Company
Attention: Legal Department
1700 Lincoln Street, Suite 2800
Denver, Colorado 80203

With a copy to:

Newmont Gold Company
Land Department
555 Fifth Street
Elko, Nevada 89801

To ELLCO:

Elko Land and Livestock Company
Attention: President
555 Fifth Street
Elko, Nevada 89801

or at such other address or addresses or to such other persons as the parties may indicate by notice. Notices and communications shall be effective on the date received, or five (5) days after mailing, whichever occurs first.

22. ATTORNEY FEES: Each party shall bear the attorney fees incurred

through their respective attorneys.

23. CONSTRUCTION: Each party and counsel for each party has

reviewed, or has had the opportunity to review, this Agreement and,

accordingly, the normal rule of construction to the effect that any

ambiguities are to be resolved against the drafting party shall not be

employed in the interpretation of the Agreement.

24. SURVIVAL: The provisions of this Agreement shall survive close of

sale and shall not merge in the Deed and other transfer documents.

25. CAPTIONS: The captions or headings of the sections hereof are for

convenience only and shall not control or affect the meaning or construction

of any of the terms or provisions of this Agreement.

IN WITNESS WHEREOF, this Agreement is executed on the day and year

first hereinabove written.

ELTCO:

ELKO LAND AND LIVESTOCK COMPANY

By: *[Signature]*

Title: Timothy J. Schmitt

Print Name: Vice President

NEMMONT:

NEMMONT GOLD COMPANY

By: *[Signature]*

Title: Graham M. Clark, Jr.

Print Name: Senior Vice President

STATE OF Colorado)
City and)
County of Denver)
ss.)

on June 9th

Notary Public, Timothy J. Schmitt, personally known (or proved) to me to be the person whose name is subscribed to the above instrument, a duly qualified and authorized officer of Elko Land and Livestock Company, who acknowledged to me that he executed the above agreement.



NOTARY PUBLIC

Jean A. Chavez

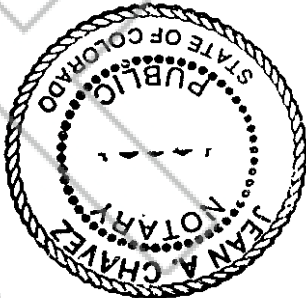
My commission expires 8/22/95

STATE OF Colorado)

City and)
County of Denver)
ss.)

on June 9th

Notary Public, Graham M. Clark, Jr., personally known (or proved) to me to be the person whose name is subscribed to the above instrument, a duly qualified and authorized officer of Newmont Gold Company, who acknowledged to me that he executed the above agreement.



NOTARY PUBLIC

Jean A. Chavez

My commission expires 8/22/95

EXHIBIT A

Example 1: Suppose NEWMONT has a mining operation that covers 1823 acres and exercises the option to purchase several parcels of the Subject Property to dump mine waste from the western portion of the mining pit, i.e. the western most 235 acres of the mining pit.

Result: NEWMONT owes EILCO a royalty on at least 1840 acres of the mining operation (based upon nominal 40 acre parcels). Such royalty will be due even if only one ton of waste materials is to be deposited on the purchased Subject Property parcels.

Example 2: Suppose NEWMONT has a mining operation that covers 641 acres, another mining operation one mile to the north that covers 246 acres, and a third mining operation three miles to the south that covers 335 acres. NEWMONT needs to implement a dewatering program to dewater all three operations, but concentrates on the middle operation. Dewatering of the middle operation benefits the dewatering of the smaller north and south operations.

Result: NEWMONT owes EILCO a royalty on at least 680 acres, 280 acres and 360 acres (depending on how the nominal 40 acre parcel pattern covers the operations). Such royalty will be due even if only one gallon of dewatering water is to be deposited on, or directed over or through, the purchased Subject Property parcels.

Example 3: Suppose NEWMONT as a first election to purchase parcels of the Subject Property chooses 320 acres (8 - 40 acre parcels). One year later it elects to purchase another 1240 acres (31 - 40 acre parcels). What is the royalty?

Result: At first NEWMONT would owe to EILCO a royalty of 8x.10%, or .80%. Later NEWMONT would owe to EILCO an additional royalty of 31x.10%, or 3.10%, which when added to the existing royalty of .80% would bring the total royalty to 3.90%. NEWMONT would have to execute and deliver to EILCO new and additional royalty deeds to bring the royalty to 3.90% on all applicable Mining Lands affecting the then purchased Subject Property parcels or parcels previously purchased under this Agreement.

Example 1:

Example 2:

Example 3:

BOOK 283 PAGE 424

BOOK 283 PAGE 414

OFFICIAL RECORDS

RECORDED AT THE REQUEST OF

Newmont Gold Company

95 JUN 12 PM 4:49

EUREKA COUNTY NEVADA
M.N. REBAL EATL. RECORDER
FILE NO.

FEES 17.00

158129