

DECLARATION OF VALUE

Instrument #	168643
Full Value of Property Interest Conveyed	\$95,000.00 - 240,302.75
Less Assumed Liens & Encumbrances	\$
Taxable Value (NRS 375.010)	\$95,000.00 - 240,302.75
Real Property Transfer Tax Due	\$23.50 - 312.65

If exempt, state reason. NRS 375.090 Section \_\_\_\_\_ Explain:

INDIVIDUAL:

ESCROW HOLDER:

Under penalty of perjury, I hereby declare that the above statements are correct.

Under penalty of perjury, I hereby declare that the above statements are correct to the best of my knowledge based upon the information available to me in the documents contained in the escrow file.

Signature of Declarant

NAME: Darlene Spratt

Name (Please Print)

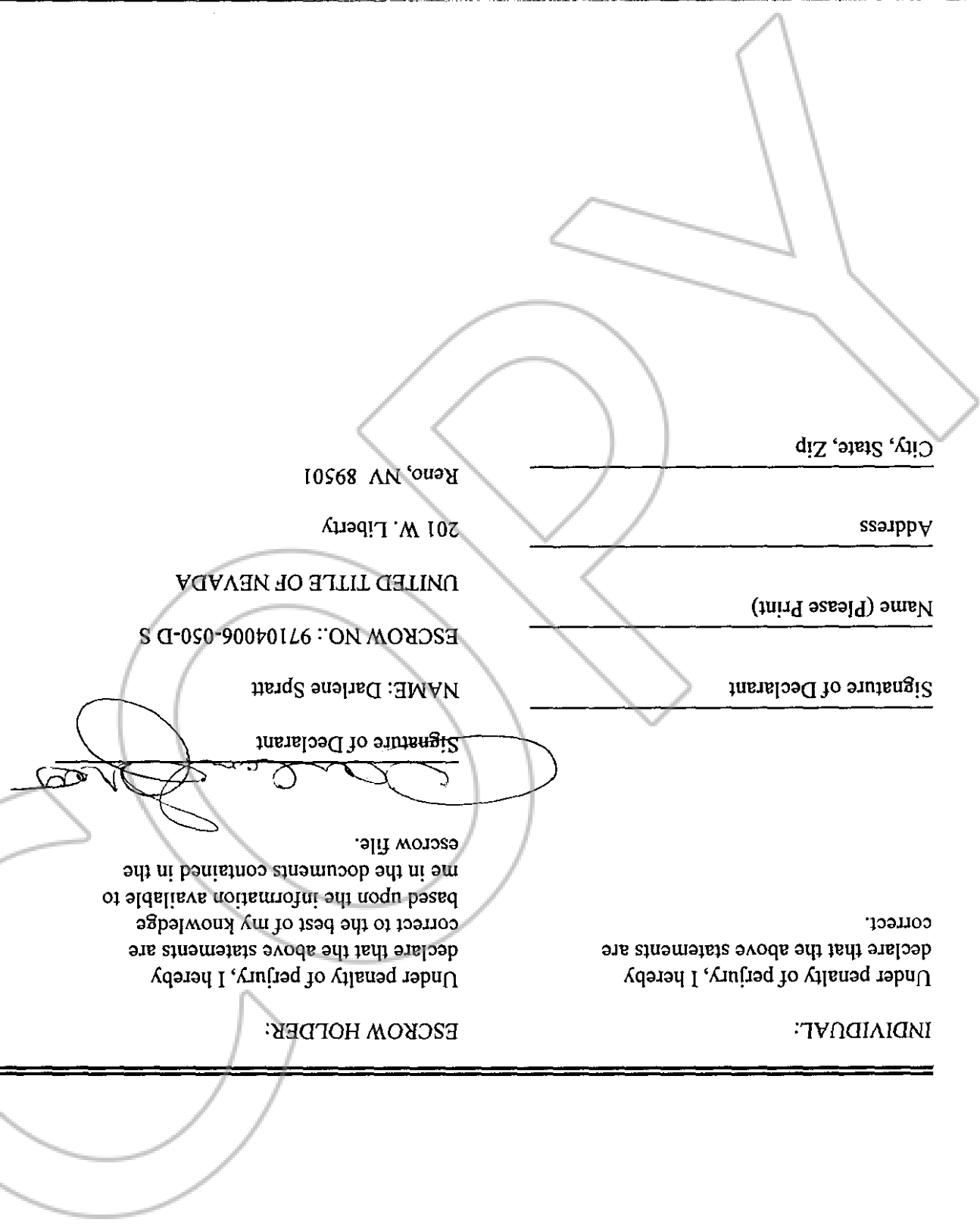
ESCROW NO.: 97104006-050-D S  
UNITED TITLE OF NEVADA

Address

201 W. Liberty

City, State, Zip

Reno, NV 89501



168643

RPTT: \$123.50

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

United Title of Nevada  
201 W. Liberty Street  
Reno, NV 89501

Attention: Darlene  
Escrow No: 97104006-DS

APN No(s): Elko County APN: 005-030-116 & 005-020-001

GRANTEE'S ADDRESS FOR TAX BILLS:

Dominick J. Pieretti  
PO Box 667  
Carlisle, NV 89822  
Attention:

(Space above line for Recorder's use)

**GRANT BARGAIN AND SALE DEED**

NEVADA LAND & RESOURCE COMPANY, LLC, a Delaware limited liability company, as "Grantor," does hereby Grant, Bargain, Sell and Convey to Dominick J. Pieretti, an unmarried man, as "Grantee," the real property in the County of ELKO, State of Nevada (hereinafter referred to as the "Property") described on Attachment "A" attached hereto and incorporated herein by this reference.

**SUBJECT TO:**

1. General and special taxes and assessments for the current fiscal tax year and any and all unpaid bonds and/or assessments; and

2. All covenants, conditions, restrictions, reservations, rights, right-of-way and easements recorded against the Property and all other matters of record or apparent from a visual inspection of the Property and all matters which an accurate survey of the Property would disclose.

FURTHER EXCEPTING AND RESERVING unto Grantor, as a mineral interest and not as a royalty interest, all Minerals (as defined below) of every kind or character, in, under, or that may be extracted from, the real property (the "Property") hereby conveyed to Grantee, for the purposes of exploring for, developing, mining, recovering, processing, transporting, milling, storing, stockpiling and

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otherwise using, enjoying and exploiting Minerals (collectively the "Minerals Activities"), without limitation to any and all mining techniques, including open-pit, shaft and strip mining procedures. As used herein, "Minerals" shall include without limitation substances containing gold, silver, platinum and all other precious metals; iron, cobalt, copper, lead, zinc, nickel, chromium, aluminum, mercury, cadmium and all other base metals; oil, natural gas, casinghead gas, condensates and associated hydrocarbons; sulfur produced in association with hydrocarbons; geothermal brines, solutions, materials and other geothermal resources; helium; carbon dioxide; industrial-grade silicates, aluminates and carbonates; uranium, vanadium, thorium, and all other fissionable elements; coal, lignite, peat and similar organic minerals; all other minerals of every kind and character, metallic or nonmetallic, inorganic or organic or otherwise, regardless of whether presently known to science or industry, now known to exist or hereafter discovered upon, within or underlying the surface of the Property, regardless of depth. This reservation does not include building rock, sand, gravel, top soil, decorative stone or related materials.

**FURTHER RESERVING** unto Grantor the right to receive thirty cents (\$.30) per ton for all sand, gravel, aggregates, top soil, building rock, decorative stone or related materials (hereinafter "Materials") transported from the property whether for sale, trade or any other purpose. The Grantor's contractual right to receive the royalty of \$.30 per ton shall not apply to any Materials used by Grantee for any of Grantee's development purposes upon the property or upon other nearby property acquired by the Grantee from the Grantor. A royalty becomes due and payable to Grantor, its successors or assigns, under this provision no longer than thirty days from the date the materials are transported from the property. Payment shall be accompanied by weight or scale slips or certification by Grantee of the number of tons for which royalty is paid.

**FURTHER EXCEPTING AND RESERVING** to Grantor: (A) Grantor's existing applications to appropriate any of the public waters, existing certificates of appropriation and existing applications or permits to change the place of diversion, manner of use or place of use of water and any adjudicated or unadjudicated water rights, in each case owned, leased or licensed by Grantor; (B) the nonexclusive right to the use of all other water rights, if any, from the Property, to the extent permitted by law and subject to the rights of others, as Grantor deems necessary for the Minerals Activities; provided that Grantor's right to use water sources developed or acquired solely by Grantor shall be exclusive as to others for so long as Grantor reasonably deems necessary.

**FURTHER EXCEPTING AND RESERVING** to Grantor the right to use and consume so much of the surface of the Property as may be necessary, useful or convenient for the full enjoyment of all of the Minerals Activities and all of the rights herein reserved, including without limitation the right to construct and use structures, facilities, equipment, roads, railways, railroads and haulage ways, and all other appurtenances installed on the Property for the purpose of producing, removing, treating or transporting Minerals from the Property or from adjoining or nearby real property (the "Grantor's Adjacent Property") owned or controlled by Grantor, and the right to mine and remove Minerals from the Property through or by means of shafts, openings or pits which may be made in or upon the Grantor's Adjacent Property.

Grantor covenants and agrees, for the benefit of the Property and with the intention that such covenant run with the Property, to compensate the owner (the "Owner") of the surface estate of the Property for such portion thereof as may be taken, damaged, consumed, depleted or destroyed (collectively, a "Claim") by exercise of the rights reserved by Grantor, such compensation to be an

amount equal to the diminution of the fair market value of surface estate so taken, damaged, consumed, depleted or destroyed. In the event of any Claim, the Owner of the Property and the person or entity conducting the Minerals Activities (referred to herein as the "Responsible Party") shall attempt in good faith to reach an agreement as to the amount of compensation for such claim. If the parties are unable to reach an agreement within sixty (60) days after notice of the Claim from the Owner, the amount of compensation shall be determined by binding arbitration by a single arbitrator conducted in accordance with Nevada law and the Commercial Rules of the American Arbitration Association. Either party may commence the arbitration. Within ten (10) days after the selection of an arbitrator, the Responsible Party shall submit the amount it proposes to pay for the Claim, and the Owner shall submit the amount it requests for the Claim, to the arbitrator in a sealed envelope, which shall not be opened or examined by the arbitrator until the conclusion of the arbitration. The amounts submitted by the parties as provided in the preceding sentence are referred to herein as the "Settlement Amounts". In any such arbitration each party shall be entitled to discovery of the other party as provided by the Nevada Revised Statutes pertaining to civil procedure, provided, however, any such discovery shall be completed within four (4) months from the date of the response to the demand for arbitration filed with the American Arbitration Association, unless such period is extended by agreement of the parties. The arbitrator shall apply Nevada substantive and evidentiary law to the arbitration. Punitive or exemplary damages shall not be awarded. The arbitrator shall prepare in writing and provide to the parties an award including factual findings and reasons on which the decision is based. The decision of the arbitrator shall be final and binding on the parties and judgment thereon may be entered by any court having jurisdiction. Upon determination of the amount of compensation, the arbitrator shall examine the Settlement Amounts. If the arbitrator's award is closer to the Settlement Amount proposed by the Responsible Party, then the Owner shall pay all of the costs of the arbitration and if it is closer to the Settlement Amount proposed by the Owner, then the Responsible Party shall pay all of the costs of the arbitration. If the award of the arbitrator is equally between the two amounts, then the costs of arbitration shall be paid equally by the parties.

FURTHER EXCEPTING AND RESERVING unto Grantor an easement for ingress and egress over any and all roads, tracks and trails existing on the Property on the date (the "Recordation Date") this Deed is first recorded in a recorder's office for any county in the State of Nevada to gain access to any or all Minerals hereby reserved and/or all or any portion of Grantor's Adjacent Property (the Minerals and Grantor's Adjacent Property are sometimes hereinafter collectively referred to as the "Benefitted Property"); provided, however, that the easement reserved hereby is subject to the following terms and conditions:

1. Purpose of Easement. The easement reserved herein shall be for ingress and egress by Grantor, its partners, insiders, officers, directors, shareholders, principals, parent corporations, subsidiaries predecessors, successor-in-interest, employees, agents, representatives, attorneys, lessees, licensees, assignees, grantees, contractors, subcontractors and permittees of the Benefitted Property (collectively, "Grantor's Affiliates"), for the purpose of engaging in the Minerals Activities.

2. Expansion of Use Permitted. The use of the easement reserved herein may be expanded by Grantor to serve new or expanded improvements, facilities, equipment, structures and mills developed for to be developed by Grantor in conjunction with the Minerals Activities.

3. New Roads can Be Constructed. For purposes of engaging in the Minerals Activities, Grantor and Grantor's Affiliates may, at their option, construct new roads and trails for ingress and egress to the Benefited Property over the Property or expand and improve roads and trails in existence on the Recordation Date over the property.

4. Easement Runs with the Land. The burden of the easement granted hereby runs with the Property and is applicable to and binding on Grantee. The benefit of the easement granted hereby runs with the Benefited Property and can be used by and in favor of an is binding on Grantor.

5. Royalty Rights. In the event Grantor mines any Minerals from the Property pursuant to the reservation described in Section 1.01 above, Grantor shall pay to Grantee a production royalty (the "Royalty") of one-half percent (0.5%) of the NSR, as hereinafter defined, upon all minerals produced, sold and shipped from the Property, on the following terms and conditions:

(a) NSR Defined. As used herein, NSR shall mean the amount actually received from the mint, smelter or refinery by Grantor, after deducting seigniorage, treatment costs and/or penalties deducted by the mint, smelter or refinery, and as shown on the regular returns and, in addition, there shall also be deducted the cost of insurance, hauling and transportation from the Property to the smelter and/or refinery where shipped. If the minerals shall be finally treated, smelted or refined by or for Grantor, and not sold, NSR shall mean the amount which would have been received by Grantor from a bona fide purchaser of such Minerals without further treatment, smelting or refining, less penalties, assaying, sampling and smelting charges and less transportation from mill to refinery and insurance charges, in an amount no greater than those charged by custom mills, or smelter for comparable services. If Minerals are produced from the Property which do not require smelting or further processing, the Royalty will be based on the value of the Minerals shipped from the Property.

b) First Marketable Products. If the Minerals produced from the Property are not sold in an arms-length transaction or are consumed by Grantor, the royalty will be based on the value of the "First Marketable Product(s)". As used herein, "First Marketable Product(s)" shall mean the product or group of essentially the same products produced with non-mining processes in the form first marketed in significant quantities by Grantor or by other integrated miners in Grantor's marketing area. The value of the Minerals will be determined under the provisions of Treasury Regulations Section 1.613-4(c). If the information is not available to determine the value of the Minerals under this method, then the value will be determined under the applicable section of Treasury Regulations Section 1.613-4(d).

(c) Payment. Payment of the Royalty to Grantee shall be made by Grantor within sixty (60) days after the end of the calendar quarter in which mint, smelter or refinery returns are received by Grantor, and shall be accompanied by a copy of

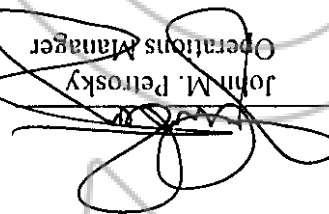
the mint, smelter or refinery returns pertaining to such shipment or when the Minerals are shipped from the Property.

IN WITNESS WHEREOF, Grantor has executed this document on the date set forth

below.

Dated as of ~~SEPTEMBER 16~~, 1997.

NEVADA LAND & RESOURCE  
COMPANY, LLC, a Delaware  
limited liability company

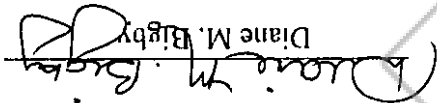
By:   
John M. Petrosky  
Operations Manager

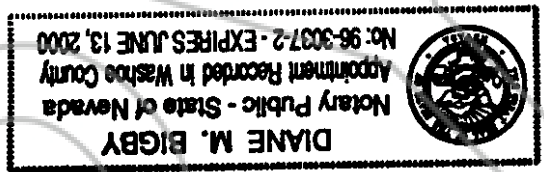
STATE OF NEVADA ))

COUNTY OF WASHOE ))

This instrument was acknowledged before me on ~~SEPTEMBER~~

~~16~~, 1997 by John M. Petrosky.

  
Diane M. Bigby



( Notary Seal )

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Exhibit A

PARCEL 1:

All of Section 35, Township 30 North, Range 52 East. Said parcel being further described as Assessor's Parcel Number 05-030-06.

PARCEL 2:

All of Section 3, Township 29 North, Range 52 East. Said parcel being further described as Assessor's Parcel Number 05-570-04 (Eureka) and Parcel Number 05-020-01 (Elko).

PARCEL 3:

The East Half (E 1/2) of Section 9, Township 29 North, Range 52 East. Said parcel being further described as Assessor's Parcel Number 05-570-07.

PARCEL 4:

The West Half (W 1/2) of Section 15, Township 29 North, Range 52 East. Said parcel being further described as Assessor's Parcel Number 05-570-12.

PARCEL 5:

All of Section 21, except the Northwest Quarter (NW 1/4) Township 29 North, Range 52 East. Said parcel being further described as Assessor's Parcel Number 05-580-05.

PARCEL 6:

All of Section 33, Township 29 North, Range 52 East. Said parcel being further described as Assessor's Parcel Number 05-580-17.

Excepting from the above described land:

All those portions lying within the boundaries of the Southern Pacific Railroad and the Union Pacific Railroad, and the Western Pacific Railroad, and the Oregon Short Line Railroad rights of way also excepting all those portions deeded to the State of Nevada and the United States of America for highway purposes.



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COPY

168643

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OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
*United Title Co*  
97 SEP 19 PM 1:50  
EUREKA COUNTY NEVADA  
M.N. REBALEATI, RECORDER  
FILE NO. FEES 13.00