

ROYALTY DEED

In consideration of the agreement contained herein, HOMESTAKE MINING COMPANY OF CALIFORNIA, a California corporation having its principal place of business at 650 California Street, San Francisco, California 94108 ("Homestake") hereby grants to ASARCO INCORPORATED, a New Jersey corporation having an office at 180 Maiden Lane, New York 10038 ("ASARCO") a production royalty of four percent of Net Returns for all ores and minerals mined or otherwise recovered from those certain unpatented mining claims more particularly described on Exhibit A attached hereto and made a part hereof ("Mining Claims") and thereafter sold by or for the account of Homestake before or after processing, smelting, or refining ("Ores and Minerals").

1. **Royalty.** (a) "Net Returns" means amounts actually received by Homestake from sale of Ores and Minerals less, but only to the extent actually incurred and borne by Homestake:

(i) sales, use, gross receipts, severance, ad valorem and other taxes, if any, however denominated, payable with respect to existence, severance, production, removal, sale or disposition of Ores and Minerals, but excluding any taxes on net income;

(ii) charges and costs, if any, for transportation to places where Ores and Minerals are milled, treated, processed or otherwise beneficiated, smelted, refined and sold;

(iii) charges and costs, if any, for crushing, screening, milling, treatment, processing, or other beneficiation, but excluding all mining costs; and

(iv) charges, costs and penalties, if any, for smelting, refining and marketing.

(b) In the event crushing, screening, milling, treatment, processing or other beneficiation or smelting or refining are carried out in facilities owned or controlled, in whole or in part, by Homestake, charges, costs and penalties with respect to such operations, including transportation, shall mean reasonable charges, costs and penalties for such operations but not in excess of the amounts that Homestake would have incurred if such operations were carried out at facilities not owned or controlled by Homestake then offering comparable custom services.

(c) Royalties shall be paid on or before the forty-fifth day after the last day of the calendar quarter in which payment for sale or other disposition of ores and minerals is received. Within ninety days after the end of each calendar year, Homestake shall deliver to ASARCO an audited statement showing in detail the

calculation of royalties paid to ASARCO by Homestake. Within one hundred and eighty days after ASARCO has received the audited statement, ASARCO shall be entitled to an annual independent audit of the statement. If it should be determined that ASARCO received two and one-half percent or more less than the production royalty to which it is entitled, Homestake shall reimburse ASARCO for the cost of the related audit and all fees, costs and expenses incurred by ASARCO in establishing the discrepancy. Should ASARCO not exercise its right to audit within the timeframe specified, ASARCO shall have deemed Homestake's statement to be true and correct.

2. **Commingling.** Homestake may commingle ores, minerals and products from the Mining Claims with other ores, minerals or products. Before commingling, Homestake shall weigh (or calculate by volume), sample, and assay such ores and minerals in accordance with sound mining and metallurgical practices for payable content and for factors that may affect the cost or the efficiency of treatment, smelting, refining or other recovery. Homestake shall keep records of such determinations for two years after the end of the calendar year in which such determinations are made.

3. **Method of Payment.** All payments due ASARCO shall be deemed received by ASARCO if paid to ASARCO in accordance with the Section entitled Notices. Homestake shall not be liable for the ultimate distribution to ASARCO or ASARCO's successors or assigns of payments so made by Homestake. ASARCO's taxpayer identification number is 13-492-4440.

4. **Assignment; Transfer.** Homestake covenants to not assign, convey or transfer or to suffer or allow any such assignment, conveyance or transfer, whether by operation of law or otherwise, any of the Mining Claims unless the assignee or transferee first agrees in writing to assume, be bound by, and perform all of Homestake's covenants, duties and obligations under this Royalty Deed. Homestake shall promptly provide ASARCO with executed copies of all such agreements.

5. **Notices.** All payments, notices and other communications to either party shall be in writing and delivered personally or sent by prepaid mail, Telex, telecopier or other means providing for receipt of the communication in written form. All notices of default or arbitration and demands for performance or assurance, if delivered personally to Homestake, shall be delivered to Homestake's Land Administrator and, if mailed to either party, shall be sent by certified or registered mail, return receipt requested. Until a change of address is so given, notices shall be addressed to Homestake and ASARCO, respectively:

Homestake Mining Company
of California
650 California Street
San Francisco, CA 94108
Attn: Land Administrator

ASARCO Incorporated
180 Maiden Lane
New York, NY 10038
Attn: Vice President
Exploration Division

with a copy to:

ASARCO Incorporated
510 East Plumb Lane
Reno, NV 89502
Attn: Manager,
Exploration Division

6. **Effect.** (a) All covenants, conditions and terms of this Royalty Deed shall be of benefit to and run with the land constituting the Mining Claims and shall bind and inure to the benefit of the parties hereto, their respective successors and assigns.

(b) Nothing herein shall be construed to create, expressly or by implication, a partnership, joint enterprise, the relationship of master and servant or principal and agent, or the like, between the parties.

This Royalty Deed is made effective as of September 15, 1993 but dated June 24 1999.

HOMESTAKE MINING COMPANY
OF CALIFORNIA

By
Its

[Signature]
Senior operations

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

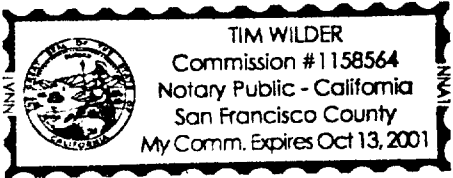
State of California

County of San Francisco

On 24 June 1999 before me, Tim Wilder, Notary Public

personally appeared G. Leathley

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Tim Wilder
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Royalty Deed

Document Date: 24 June 99 Number of Pages: 3

Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer(s)

Signer's Name: G. Leathley

- Individual
Corporate Officer
Title(s): Sr. Vice President - operations
Partner - Limited General
Attorney-in-Fact
Trustee
Guardian or Conservator
Other:

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing:
Homestake Mining Co.
of California

Signer's Name:

- Individual
Corporate Officer
Title(s):
Partner - Limited General
Attorney-in-Fact
Trustee
Guardian or Conservator
Other:

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing:

EXHIBIT A

HOMESTAKE MINING COMPANY
UNPATENTED CLAIMS
PROJECT REPORT

Project: RUBY HILL/93310

Property: LH CLAIMS (ASARCO)/F102

Owner: IMC OF CA - SF -

Claim Name	BLM Mbr	Location Date	TWP	RGE	SEC	County, State	Bk/Pg/Doc
LH 70 A	603520	15-SEP-1993	19N	53	4, 32, 33	Eureka, NV	255/117
LH 79 A	603529	15-SEP-1993	20N	53	32, 33	Eureka, NV	255/119
LH 80 A	603530	15-SEP-1993	19N	53	4, 32	Eureka, NV	255/121
LH 81 A	603531	15-SEP-1993	20N	53	32	Eureka, NV	255/123
LH 82 A	603532	15-SEP-1993	19N	53	4, 5, 32, 33	Eureka, NV	255/125
LH 83 A	603533	15-SEP-1993	20N	53	32	Eureka, NV	255/127
LH 84 A	603534	15-SEP-1993	19N	53	5, 32	Eureka, NV	255/129
LH 85 A	603535	15-SEP-1993	20N	53	32	Eureka, NV	255/131
LH 86 A	603536	15-SEP-1993	19N	53	5, 32	Eureka, NV	255/133
LH 87 A	603537	15-SEP-1993	20N	53	32	Eureka, NV	255/135

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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Homestake Mining Company
99 JUL -6 PM 4: 50

EUREKA-COUNTY NEVADA
M.H. REBALEATI, RECORDER
FILE NO. FEES \$11.00

172322

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