

172323

Royalty Deed

This Royalty Deed (this "Royalty Deed") is made as of the 30th day of June, 1999, from Windfall Venture, a Colorado general partnership, the address of which is P.O. Box 2183, Grand Junction, Colorado, 81502 ("Grantor") to SUZANNE K. WILSON, WILLIAM BRENT WILSON, JULIET R. WILSON and HOLLIS C. WILSON, the address of each of whom is P.O. Box 2183, Grand Junction, CO 81502; ROBERT G. WILSON, whose address is P.O. Box 604, Grand Junction, CO 81502; M.E. FOSTER, whose address is 915 Lakeside Court, Grand Junction, CO 81506; CHAN EDMONDS, whose address is P.O. Box 604, Grand Junction, CO 81502; and ROBERT G. WILSON, Trustee whose address is P.O. Box 604, Grand Junction, CO 81502, W.L. Wilson and Joan Wilson, the address of each of whom is P.O. Box 2183; and JoANN W. CURTIS (formerly JoAnn K. Wilson), whose address is 1365 Dartmouth Drive, Reno NV 89509. The foregoing eleven parties are hereinafter referred to as "Grantees."

1.1 The Grantor, for and in consideration of Ten Dollars (\$10) and other valuable consideration received from Grantees, the receipt and sufficiency of which is acknowledged, hereby bargains, sells, deeds and conveys to Grantees, their successors, personal representatives, heirs and assigns, a perpetual overriding royalty interest (the "Royalty") in the amount (the "Total Royalty") as specified below, in and to all minerals and mine products produced from those certain unpatented lode mining claims (the "Mining Claims"), situated in the Eureka Mining District in Eureka County, Nevada, the names of which, together with the book and page of the recording information of the location certificates thereof are shown on Exhibit A hereto attached. Mining Claims shall include any amendments or relocations and other mining claims located

within the peripheral boundaries of the Mining Claims, which locations, amendments or relocations are made by Grantor or its successors and assigns. Grantees previously held royalties in certain unpatented lode mining claims which were abandoned (the "Abandoned Claims"), some of which bore the same names as certain of the mining claims listed on Exhibit A, hereto. Those claims listed on Exhibit A which bear the same names as certain of the Abandoned Claims are referred to herein as the "Relocated Claims". The royalties granted hereunder which pertain to the Relocated Claims are granted in lieu of, and not in addition to, the royalties which the Grantees previously held on the Abandoned Claims.

1.2 The Total Royalty conveyed under this Royalty Deed is hereby conveyed in the respective undivided percentages to the individual Grantees, their successors, personal representatives, heirs and assigns, as set forth in the following tabulation:

<u>Grantees</u>	<u>Royalty Percentage</u>
Suzanne K. Wilson	3.409
William Brent Wilson	3.409
Juliet R. Wilson	3.409
Hollis C. Wilson	3.409
Robert G. Wilson	6.667
M.E. Foster	9.697
Chan Edmonds	6.667
Robert G. Wilson, Trustee	13.333
W.L. Wilson	12.500
Joan Wilson	12.500
JoAnn W. Curtis	<u>25.000</u>
Total	100.000 %

The royalties to be paid to the Grantees shall be calculated and paid as follows:

Percentage, Royalty Bases, and Method of
Calculation of Royalty

2.1 Percentage of Royalty. Under and by virtue of the Royalty hereby conveyed to Grantees, Grantor shall pay to the Depository Agent, for the individual accounts of Grantees, as provided in Section 2.6 below, the Royalty. The Grantees shall own the Royalty in the amounts of the undivided ownership of each as set forth in paragraph 1.2, above. The Total Royalty herein conveyed consists of an overriding royalty equal to a total of four percent (4%), subject, however, to adjustment as provided in Section 2.2 below, with respect to all gold, silver, and other saleable ores metals, minerals, materials and other mine or mill product (referred to, collectively, as "Production") produced from the Mining Claims in accordance with the provisions hereinafter set forth. Calculation of the Royalty shall be accomplished by multiplication of the Total Royalty percentage of four percent (4%), subject to possible adjustments under Section 2.2, below, by the sum of the applicable Royalty bases, for a particular Quarter (the "Royalty Base(s)") all in the manner and in accordance with the provisions set forth in this Article II.

2.1(a) Gold and/or Silver: The Royalty Base applicable to gold or silver produced from the Mining Claims, other than gold or silver contained in ores or concentrate which are subject to 2.1 (b) or (c), below, shall be the "Gross Value", calculated as herein below specified, whether produced by in situ or solution mining, by mining ores and the extraction of gold or silver by means of heap or vat leaching, by milling or other extraction method and by refining to produce Bullion. The term "Bullion", as used herein, means refined gold or silver meeting the generally

accepted commercial standards for refined gold or refined silver, as the case may be, recovered from Production by refining by an independent third-party refinery or refineries. The number of ounces (wherever used herein "ounces" refers to Troy ounces) of gold or silver contained in Bullion recovered in each calendar quarter ("Quarter" or "Quarterly," as the case may require) from Production shall be determined by the records pertaining thereto of the said refinery or refineries.

2.1 (a) (1) Calculation of "Gross Value". "Gross Value" as used in this section 2.1(a) shall be determined by multiplying the ounces of gold and of silver contained in Bullion recovered during any calendar Quarter by the respective average price for gold and silver Bullion for that Quarter, as follows:

(i) The average Quarterly price of gold for the Quarter of production shall be calculated by dividing the sum of all of the prices for gold reported for the Quarter by the London Bullion Market Association in its P.M. Gold Fixes divided by the number of days for which such prices were reported.

(ii) The average Quarterly price for silver for the Quarter of production shall be determined by the average New York Silver Price as published daily by Handy and Harman, calculated by dividing the sum of all such prices reported for the Quarter by the number of days for which such prices were reported.

(iii) The quotational source for gold and silver referred to in (i) and (ii) above shall be the Wall Street Journal, a Dow Jones and Company, Inc., publication.

(iv) If either the London Bullion Market Association P.M. Gold Fix or the Handy & Harman silver quotations cease to be published, all such references shall be replaced with references to prices of gold or silver for immediate delivery in the most nearly comparable established market selected by Grantor as published in "Metals Week" or a similar publication.

2.1 (a) (2) Precious Metals Royalty Base. The product obtained by multiplying the number of ounces of gold contained in Bullion recovered during any Quarter by the average Quarterly price for gold for such Quarter (as such average Quarterly price is determined as above

provided), shall be added to the product obtained by multiplying the number of ounces of silver contained in Bullion recovered during that Quarter by the average Quarterly price for silver for such Quarter, (as such average Quarterly price is determined as above provided), and the sum of those amounts shall constitute the Royalty Base for calculation of gold/silver Royalty applicable to this section 2.1(a) due for that Quarter.

2.1 (b) Royalty Base for Ore or Concentrate Sold to Smelter: The Royalty Base for calculation of Royalty in respect to ore produced from the Mining Claims and/or concentrate derived from ores produced from the Mining Claims which are sold in an arms-length sale to a third-party smelter by Grantor in a particular Quarter shall be the Net Smelter Returns received therefrom. The term "Net Smelter Returns" means the amount actually received by Grantor from the Smelter less, (I) the costs of surface transportation, inclusive of insurance, of the ores from the Mining Claims (in the case of ores sold in the crude state) or of the concentrates from the mill (in the case of the sale of concentrate derived from such ores) to the smelter, to the extent that such costs are paid by Grantor, (ii) the costs of smelting such ores or concentrates if paid by Grantor and (iii) any metallurgical penalties, surcharges or other charges made or imposed by the smelter to the extent the same are paid by Grantor.

2.1(c) Royalty Base for Other Minerals, Substances and Ores: If Grantor should produce and sell any minerals, substances or ores from the Mining Claims, in a Quarter, other than those encompassed within the provisions of subparagraphs (a) and (b) , above, the Royalty Base for calculation of the Royalty applicable thereto shall be the net proceeds received for such substances during any Quarter after deducting the cost of the transportation thereof from the Mining Claims to the point of sale.

2.2 Effect of Imposition of Federal Royalty; Net Proceeds of Mines Taxes: If, in the future, a royalty is imposed by the United States of America ("Federal Royalty") on, and required to be paid upon mineral production from the Mining Claims, then one-half (½) of the amount of such Federal Royalty paid in respect to a particular Quarter may be deducted from the Total Royalty payable to Grantees hereunder for that Quarter, provided, however, that in no event shall the amount received by Grantees for that Quarter from the Royalty be less than three percent (3%) of the sum of the Royalty Bases (as provided in Sections 2.1 (a) through 2.1(c) hereof) for that quarter. If the time period (the "Federal Time Period") for calculation and payment of Federal Royalty should be less than a quarter of a year, then calculation and payment of the Royalty conveyed hereunder shall be made on the same time period basis as the Federal Time Period. If the Federal Time Period should be longer than a quarter year, then the Royalty conveyed hereunder shall be paid at the end of each Quarter and/or portion of a Quarter within a particular Federal Time Period, and the Total Royalty applicable to each of such quarters or portions thereof shall be three percent (3%) of the Royalty Bases for each of such periods, and, in addition, if one-half of the amount of Federal Royalty paid for that Federal Time Period is less than one percent of the Royalty Bases for that period, then, at the time of payment of the Federal Royalty for that Federal Time Period, Grantor shall pay Grantees, as an additional part of the Royalty, an amount equal to one percent (1%) of the sum of the Royalty Bases applicable to that period less one-half of the amount of Federal Royalty which Grantor paid for that period. In any case when a Federal Royalty is paid, Grantor shall furnish to Grantees sufficient information to allow Grantees to verify the accuracy of the calculation of the amount of the Federal Royalty paid.

2.2 (b) Grantees shall be responsible for payment of any Net Proceeds of Mines taxes imposed by the State of Nevada in respect to Royalty paid under this Royalty Deed.

2.3 Commingling of Ores. At no time shall ores, minerals or materials produced from the Mining Claims be commingled with production derived from other properties, except and unless all such commingled ores, minerals and materials comprising Production from each source have first been weighed or measured, sampled, assayed and metallurgically analyzed in accordance with sound mining and metallurgical practice in order that the Royalty due Grantees hereunder can be reasonably and accurately determined. Upon request to Grantor, Grantees shall have the right to have a representative present at the time all such samples and measurements are taken. Grantees shall have the right to obtain sample splits for separate assaying in order to determine the accuracy of the assays of Grantor. Grantor shall make available to Grantees pertinent technical data and records within its possession reasonably required to determine the accuracy of calculation made by Grantor of Royalty payable upon commingled ores, minerals or materials.

2.4 Furnishing Marketing Information. Grantor shall supply to W.L. Wilson, agent for Grantees ("Grantees Agent"), on a Quarterly basis, duplicate settlement sheets from any refinery, mill, smelter or other purchaser of Production derived from the Mining Claims, whether or not the mine products have been sold, and shall also supply to Grantees Agent Quarterly reports of mining, milling and leaching activities and sufficient information as to the amounts of the gold and silver contained in dore and Bullion or other mineral products recovered during the Quarter so that Grantees will be able to determine the amount of Production on which Royalty is due Grantees.

2.5 Payment of Royalty. Payments of Royalty shall be made by check or wire transfer, at the election of Grantees Agent. Payments of Royalty attributable to the Grantees shall be made to the Depository and Agent for Receipt of Payment designated in paragraph 2.6, below. Royalty subject to Sections 2.1 (a), above, shall be payable Quarterly by the last day of the month following the calendar Quarter in which Bullion was recovered, and Royalty subject to any other sections hereof shall be payable Quarterly by the last day of the month following the close of the calendar Quarter in which settlement was made for Production subject to such other sections. Grantor shall accompany each such payment with sufficient detailed data showing quantities of Production produced and refined, in respect to gold or silver, or sold in respect to other types of Production, in order that Grantees may verify the accuracy of each payment.

2.6 Depository Agent. The Grand Valley National Bank, P.O. Box 4090, Grand Junction, CO 81502, (the "Depository Agent") is hereby designated by Grantees as their agent to receive and distribute Royalty payments which become due Grantees. Payments of Royalty by Grantor to the Depository Agent shall constitute full payment to Grantees and Grantor shall have no responsibility for the subsequent distribution from the Depository Agent to the individual Grantees. The Depository Agent may be changed, from time to time, by written notice from Grantees to Grantor.

2.7 Other Royalty - Related Matters.

(a) The minerals contained in ores mined but not processed by Grantor as a result of Grantor's reasonable determination that such ore is economically infeasible of recovery, including waste or low grade ore, shall not give rise to a Grantor royalty obligation until minerals are extracted from such ores, if ever.

This Royalty Deed is made without warranty of title either express or implied, and shall be binding upon Grantor, its successors and assigns and shall inure to the benefit of Grantees, and their successors and assigns.

Effective as of June 30, 1999.

Windfall Venture

by: W.L. Wilson
W.L. Wilson, General Partner

COPY

State of Colorado)
) ss:
County of Mesa)

The foregoing instrument was duly acknowledged before me this 30th day of June, 1999 by W.L. Wilson as General Partner of Windfall Venture, a Colorado Partnership, on behalf of said partnership.

My Commission Expires: April 5, 2001

Joy L. Pitts
Notary Public

COOPY

EXHIBIT A TO ROYALTY DEED

Those certain unpatented lode mining claims situated in Townships 17, 18 and 19 North, Range 53 East, MDB&M, in the Eureka (unorganized) Mining District, Eureka County, Nevada, the names of which, together with the book and page of the recording information of the location certificates there in the official records of the Recorder of said Eureka County, and the Serial Numbers assigned by the Bureau of Land Management to each claim are, respectively, as follows:

<u>CLAIM NAME</u>	<u>BLM SERIAL #</u>	<u>BOOK</u>	<u>PAGE</u>	<u>CLAIM GROUP</u>
H 83	NMC 711237	279	O. R. 358	HOOSAC
H 84	NMC 711238	279	O. R. 339	HOOSAC
EJ 1	NMC 713033	280	O. R. 565	HOOSAC
EJ 2	NMC 713034	280	O. R. 566	HOOSAC
EJ 3	NMC 713035	280	O. R. 567	HOOSAC
EJ 4	NMC 713036	280	O. R. 568	HOOSAC
EJ 5	NMC 713037	280	O. R. 569	HOOSAC
EJ 6	NMC 713038	280	O. R. 570	HOOSAC
EJ 7	NMC 713039	280	O. R. 571	HOOSAC
EJ 8	NMC 713040	280	O. R. 572	HOOSAC
EJ 9	NMC 713041	280	O. R. 573	HOOSAC
EJ 10	NMC 713042	280	O. R. 574	HOOSAC
EJ 12	NMC 713044	280	O. R. 576	HOOSAC
EJ 13	NMC 713045	280	O. R. 577	HOOSAC
EJ 14	NMC 713046	280	O. R. 578	HOOSAC
EJ 15	NMC 713047	280	O. R. 579	HOOSAC
EJ 16	NMC 716048	280	O. R. 580	HOOSAC
EJ 17	NMC 713049	280	O. R. 581	HOOSAC
EJ 18	NMC 713050	280	O. R. 582	HOOSAC
EJ 19	NMC 713051	280	O. R. 583	HOOSAC
EJ 20	NMC 713052	280	O. R. 584	HOOSAC
EJ 21	NMC 713053	280	O. R. 585	HOOSAC
EJ 22	NMC 713054	280	O. R. 586	HOOSAC
EJ 23	NMC 713055	280	O. R. 587	HOOSAC
EJ 24	NMC 713056	280	O. R. 588	HOOSAC
EJ 25	NMC 713057	280	O. R. 589	HOOSAC
EJ 26	NMC 713058	280	O. R. 590	HOOSAC
EJ 27	NMC 713059	280	O. R. 591	HOOSAC
EJ 28	NMC 713060	280	O. R. 592	HOOSAC
EJ 29	NMC 713061	280	O. R. 593	HOOSAC
EJ 30	NMC 713062	280	O. R. 594	HOOSAC
HC 3	NMC 733247	293	O. R. 588	NY CANYON
HC 4	NMC 733248	293	O. R. 589	NY CANYON
HC 5	NMC 733249	293	O. R. 590	NY CANYON
HC 6	NMC 733250	293	O. R. 591	NY CANYON
HC 11	NMC 733251	293	O. R. 592	NY CANYON
HC 12	NMC 733252	293	O. R. 593	NY CANYON
IM 1	NMC 685026	255	O. R. 464	NY CANYON

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CLAIM NAME	BLM SERIAL #	BOOK	PAGE	CLAIM GROUP
IM 2	NMC 685027	255	O. R. 465	NY CANYON
IM 3	NMC 685028	255	O. R. 466	NY CANYON
IM 13	NMC 685029	255	O. R. 467	NY CANYON
IM 14	NMC 685030	255	O. R. 468	NY CANYON
IM 15	NMC 685031	255	O. R. 469	NY CANYON
IM 19	NMC 603667	213	O. R. 94	NY CANYON
MAY NO. 1	NMC 722791	288	O. R. 41	NY CANYON
MAY NO. 2	NMC 722792	288	O. R. 42	NY CANYON
MAY NO. 3	NMC 722793	288	O. R. 43	NY CANYON
MAY NO. 4	NMC 722794	288	O. R. 44	NY CANYON
JA-1	NMC 711217	280	O. R. 114	RATTO
J-30	NMC 705454	277	O. R. 309	RATTO
J-33	NMC 758671	304	O. R. 422	RATTO
J-34	NMC 758672	304	O. R. 423	RATTO
J-35	NMC 758673	304	O. R. 424	RATTO
J-36	NMC 758674	304	O. R. 425	RATTO
J-37	NMC 758675	304	O. R. 426	RATTO
J-38	NMC 758676	304	O. R. 427	RATTO
J-85	NMC 758677	304	O. R. 428	RATTO
J-86	NMC 758678	304	O. R. 429	RATTO
J-87	NMC 714831	281	O. R. 560	RATTO
B 187	NMC 677969	247	O. R. 159	RATTO
B 189	NMC 677970	247	O. R. 160	RATTO
B 191	NMC 677971	247	O. R. 161	RATTO
B 193	NMC 677972	247	O. R. 162	RATTO
B 195	NMC 677973	247	O. R. 163	RATTO
B 197	NMC 677974	247	O. R. 164	RATTO
B 199	NMC 677975	247	O. R. 165	RATTO
B 201	NMC 677976	247	O. R. 166	RATTO
F-61	NMC 722354	286	O. R. 362	RATTO
F-63	NMC 722355	286	O. R. 363	RATTO
F-65	NMC 722356	286	O. R. 364	RATTO
F-67	NMC 722357	286	O. R. 365	RATTO
F-69	NMC 722358	286	O. R. 366	RATTO
F-71	NMC 722359	286	O. R. 367	RATTO
F-73	NMC 722360	286	O. R. 368	RATTO
F-75	NMC 722361	286	O. R. 369	RATTO
F-77	NMC 722362	286	O. R. 370	RATTO
F-79	NMC 722363	286	O. R. 371	RATTO
F-81	NMC 722364	286	O. R. 372	RATTO
F-83	NMC 722365	286	O. R. 373	RATTO
F-85	NMC 722366	286	O. R. 374	RATTO
F-132	NMC 711218	279	O. R. 338	NORTH
F-198	NMC 711219	279	O. R. 340	NORTH
F-199	NMC 711220	279	O. R. 341	NORTH
F-200	NMC 711221	279	O. R. 342	NORTH

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CLAIM NAME	BLM SERIAL #	BOOK	PAGE	CLAIM GROUP
F-201	NMC 711222	279	O. R. 343	NORTH
F-202	NMC 711223	279	O. R. 344	NORTH
F-203	NMC 711224	279	O. R. 345	NORTH
F-204	NMC 711225	279	O. R. 346	NORTH
F-205	NMC 711226	279	O. R. 347	NORTH
F-206	NMC 711227	279	O. R. 348	NORTH
F-207	NMC 711228	279	O. R. 349	NORTH
F-208	NMC 711229	279	O. R. 350	NORTH
F-209	NMC 711230	279	O. R. 351	NORTH
F-210	NMC 711231	279	O. R. 352	NORTH
F-211	NMC 711232	279	O. R. 353	NORTH
F-212	NMC 711233	279	O. R. 354	NORTH
F-213	NMC 711234	279	O. R. 355	NORTH
F-214	NMC 711235	279	O. R. 356	NORTH
F-215	NMC 711236	279	O. R. 357	NORTH

COPY

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 OFFICIAL RECORDS
 RECORDED AT THE REQUEST OF
Windfall Venture
 99 JUL -6 PM 4: 52

EUREKA COUNTY NEVADA
 M.N. REBALEATI, RECORDER
 FILE NO. FEES 19.00

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