

174336

NOTICE OF TERMINATION OF AGREEMENT AND OPTION

TO: ALTA GOLD COMPANY
601 Whitney Ranch Road, Ste. 10
Henderson, NV 89014

PLEASE TAKE NOTICE that pursuant to Section I(f) of that certain Agreement and Option dated as of August 27, 1993 between Rocky Canyon Mining Company and Echo Bay Exploration Inc., which was subsequently assigned to Alta Gold Co. by Assignment and Agreement dated as of December 20, 1997 between Echo Bay Exploration Inc. and Alta Gold Co., Rocky Canyon Mining Company hereby terminates Alta Gold's interest in and to the Agreement and Option.

A copy of the Agreement and Option is attached hereto as **Attachment A**. A certified copy of the Order Granting Relief from Automatic Stay of the United States Bankruptcy Court for the District of Nevada, entered on February 17, 2000, granting Rocky Canyon Mining Company the right to terminate the Agreement and Option is attached hereto as **Attachment B**.

DATED this 10 day of March, 2000.

BEESLEY & PECK, LTD.

By

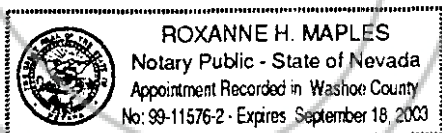
Bridget Robb Peck
BRIDGET ROBB PECK #3143
5011 Meadowood Mall Way #300
Reno, NV 89502

HOLME ROBERTS & OWEN LLP
Elizabeth E. Brown (Colo Bar #15921)
1700 Lincoln, Ste. 4100
Denver, CO 80203

Attorneys for Rocky Canyon Mining
Company

STATE OF NEVADA)
)
COUNTY OF WASHOE)

On this 10 day of March, 2000, personally appeared before me, a Notary Public, Bridget Robb Peck, personally known to me, who acknowledged to me that she executed the above instrument as attorney for Rocky Canyon Mining Company.



Roxanne H. Maples
NOTARY PUBLIC

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AGREEMENT AND OPTION

This Agreement and Option (this "Agreement") effective August 27, 1993 between Rocky Canyon Mining Company ("RCMC") and Echo Bay Exploration Inc. ("Echo Bay"), each a corporation.

Recitations, Representations and Warranties.

A. RCMC is the owner and holder of 371 unpatented mining claims ("the Claims") located in Eureka County, Nevada and described in Exhibit A attached hereto. RCMC represents that it is the exclusive owner and is in exclusive possession of the Claims, which are free of interest of third parties, defects of title, conflicts, liens and encumbrances, except a 1½% net smelter return royalty (known as, the "Bisonis royalty") owned by a third party. RCMC further represents that to the best of RCMC's knowledge and belief, (i) the Claims have been properly laid out, monumented and maintained; (ii) all required location work was properly performed; (iii) location notices and certificates were properly recorded and filed with appropriate county and federal agencies; (iv) all assessment work required to hold the Claims has been performed in a manner consistent with good industry practices in Nevada, through the assessment year ending September 1, 1992; (v) all affidavits of assessment work and other filings required to maintain the Claims in good standing have been properly and timely recorded or filed with appropriate county and federal agencies; (vi) there are no claim conflicts or contests to the validity or priority of the Claims; (vii) the Claims are held and maintained in compliance with all applicable environmental laws and regulations; and (viii) with respect to the Claims, there are no pending or threatened actions, suits, claims or proceedings of which it has knowledge.

B. The parties have agreed upon the general terms of a lease of the Claims with the option to purchase them ("the Lease"), from RCMC to Echo Bay. However, because of the immediate need to use the funds from the initial consideration to pay holding fees to the United States Bureau of Land Management to preserve the Claims, there is insufficient time to negotiate all details of the Lease, and to prepare and execute it before such payment. Therefore, the parties enter into this preliminary Agreement, intending to be bound hereby, pending the completion of the Lease.

AGREEMENT

I. RCMC grants to Echo Bay an exclusive, irrevocable option to lease the Claims with option to purchase them, the option to lease to be exercised, if at all, by written notice to RCMC on or before October 1, 1993. The principal terms of the Lease are the following:

- a. Term. Twenty years from the effective date of the Lease, which shall be the same as the effective date of this Agreement, and so long thereafter as exploration,

ATTACHMENT A

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development or mining operations are conducted on the Claims on a reasonably continuous basis.

- b. Scope. The Lease shall cover all mineral substances and all methods of mining and processing of produced substances; with inclusion of all rights-of-way, water rights and other appurtenant rights. All operational decisions shall be in the absolute discretion of Echo Bay, which shall be solely responsible for them.
- c. Royalties. Upon commencement of commercial production and continuing thereafter, Echo Bay shall pay to RCMC a 2% net returns royalty on 220 core Claims to be agreed upon by the parties, and a 1½% net returns royalty on the remaining 151 Claims. The net returns royalty shall be computed in accordance with the provisions of Exhibit B attached hereto. These royalties are in addition to the Bisonis royalty. Echo Bay also shall pay to RCMC an annual advance royalty as follows:

Upon execution of this Agreement:	\$130,200.00
First anniversary of the effective date:	\$ 75,000.00
Second anniversary of the effective date:	\$ 75,000.00
Third anniversary of the effective date:	\$100,000.00
Fourth anniversary of the effective date:	\$125,000.00
Fifth anniversary of the effective date and each anniversary thereafter:	\$150,000.00

All paid advance royalties shall be credited to subsequently accruing production royalties and recoupable in full prior to payment of production royalty.

- d. Purchase Option. Echo Bay shall have the exclusive, irrevocable option to purchase the Claims, and all appurtenant rights, subject to the Bisonis royalty, but free of all interests or claims arising by, through or under RCMC, for a total cash purchase price of \$6,000,000.00. All advance royalties and production royalties paid pursuant to the Lease shall be credited against the purchase price. The purchase option shall be exercised, if at all, by written notice to RCMC prior to expiration or other termination of the Lease.

- e. Reclamation. RCMC shall indemnify Echo Bay for costs of reclamation or liability for environmental degradation of the property encompassed by the Claims attributable to activities thereon prior to the effective date of the Lease. Echo Bay shall indemnify RCMC for all such costs and all other obligations and liabilities attributable to activities by or on behalf of Echo Bay thereafter. All existing surface disturbances on the Claims shall be identified by the parties prior to execution of the Lease.
- f. Termination. Echo Bay may terminate the Lease in its entirety or as to some of the Claims, at any time and from time to time, upon 60 days advance notice, and thereby be relieved of all obligations and duties thereunder as to the Claims to which the termination applies, except those obligation and duties which shall have accrued before the effective termination date, including reclamation. However, if the effective date of termination is subsequent to June 30 of any year, any federal holding fee due the following August 31 shall be paid by Echo Bay.
- g. Assignability. RCMC may assign the Claims to any third party, subject to the Lease and all rights of Echo Bay thereunder. However, the right to receive the production and advance royalties may not be severed from ownership of the Claims. Echo Bay may assign the Lease to any responsible mining company, which shall assume all obligations thereunder, and Echo Bay shall be relieved thereof.
- h. Miscellaneous.
- (i) So long as the Lease is in effect, Echo Bay shall pay all federal holding fees for the Claims covered by the Lease, commencing August 31, 1994, subject to f. above.
- (ii) Echo Bay shall provide a comprehensive annual report of its activities on the Claims during the term of the Lease.

II. The exercise of the purchase option under the Lease shall terminate the Lease and extinguish all obligations thereunder, including payment of advance and production royalties.

III. Of the \$130,200.00 consideration to be paid upon execution of this Agreement, \$74,200.00 shall be paid by Echo Bay directly to the United States Bureau of Land Management, on or before August 31, 1993, for holding fees for the Claims for fiscal

years 1993 and 1994. The balance of \$56,000.00 shall be paid directly to RCMC.

IV. Utilizing a Mining Lease With Option to Purchase dated February 21, 1992 between RCMC and Barrick Gold Exploration Inc. as a format, and adhering to its form and content as closely as reasonably possible, the parties shall immediately begin and continue to conclusion good faith negotiations of the formal Lease in accordance with the terms of this Agreement. Terms which are customary among experienced, responsible mining companies operating in Nevada shall be adopted to resolve disagreements which arise in negotiations. If the parties are unable to agree upon all terms, those in dispute shall be submitted to binding arbitration under the administration, rules and procedures of the American Arbitration Association with three independent arbitrators selected by the American Arbitration Association, who are knowledgeable about hard-rock mining leases in use in the western United States.

V. RCMC anticipates negotiation with the owner of the Bisoni royalty to acquire it. Echo Bay agrees not to interfere with such negotiations or to attempt to acquire that royalty during negotiations by RCMC. If at any time thereafter while the Lease remains in effect Echo Bay acquires the Bisoni royalty, Echo Bay shall promptly notify RCMC, which shall have a period of 90 days in which to purchase it from Echo Bay for the amount of Echo Bay's cost of acquisition.

VI. The addresses of the parties for purposes of notices are the following:

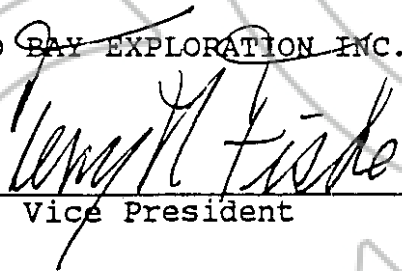
Rocky Canyon Mining Company
1806 Arapahoe
Golden, Colorado 80401
Attention: Gary L. Hutchinson
President

Echo Bay Exploration Inc.
370 17th Street, Suite 4050
Denver, Colorado 80202
Attention: Law Department

This Agreement is executed as of the effective date.

ECHO BAY EXPLORATION INC.

By:


Vice President

ROCKY CANYON MINING COMPANY

By:

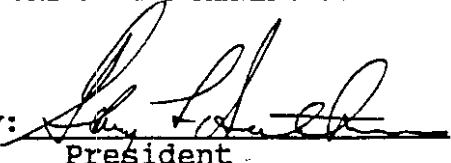

President

Exhibit A
to
Agreement and Option
between Echo Bay Exploration Inc. ("Echo Bay")
and
Rocky Canyon Mining Company ("RCMC")

The following described unpatented lode mining claims,
which claims are situated substantially on the following
described land in the Eureka Mining District, Eureka County,
Nevada:

T. 18 N., R. 53 E., M.D.B.&M.
Sections 8-10, 15-17, 20-22,
26-28 and 33-35.

T. 17 N., R. 53 E., M.D.B.&M.
Sections 2-4, 9 and 10.

<u>Claim Name</u>	<u>Recorded Book/Page</u>	<u>BLM Serial No.</u>
Rat Nos. 1-16 (amended)	50/209-224	113195-113210
Rat Nos. 17-19	208/183-188	588522-588524
Rat Nos. 20-27 (amended)	50/228-235	113214-113221
Rat Nos. 30-31	65/115-116	26569-26570
Rat No. 32	208/189-190	588525
Rat No. 33	65/192	26572
Rat No. 38 (amended)	116/316	26573
Rat No. 39 (amended)	116/317	26574
Rat Nos. 40-43	65/119-122	26575-26578
Rat No. 44 (amended)	116/318	26579
Rat Nos. 45-48	65/124-127	26580-26583
Rat Nos. 50-56	65/128-134	26584-26590
Rat Nos. 17A, 18A, 32A	208/191-196	588526-588528
Selrat Nos. 1-4 (amended)	116/286-289	70755-70758
Selrat Nos. 5-13	70/482-490	70759-70767
Selrat No. 14	107/499	261574
Selrat Nos. 15-24	70/492-501	70769-70778
Selrat Nos. 25-54 (amended)	116/437-456	70779-70808
Selrat Nos. 55-59	70/502-506	70809-70813
Selrat Nos. 60-61 (amended)	116/290-291	104570-104571
Selrat Nos. 62-92	74/541-571	104572-104602
Selrat No. 93 (amended)	118/3	104603
Selrat Nos. 94-101	74/573-580	104604-104611
Selrat No. 102 (amended)	118/4	104612
Selrat Nos. 103-111	74/582-590	104613-104621

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Selrat No. 112 (amended)	118/5	104622
Selrat Nos. 113-132	74/592-611	104623-104642
Selrat No. 133 (amended)	118/6	104643
Selrat Nos. 134-138	74/613-617	104644-104648
Selrat No. 139 (amended)	118/7	203222
Selrat No. 139A	79/164	141787
Selrat Nos. 140-148	79/165-173	141788-141796
Selrat Nos. 149-168 (amended)	116/292-311	141797-141816
Selrat Nos. 169-184	79/194-209	141817-141832
Selrat Nos. 185-188 (amended)	116/312-315	141833-141836
Selrat Nos. 189-234	107/500-545	261467-261512
Selrat Nos. 236-241	107/546-551	261513-261518
Selrat Nos. 246-251	107/552-557	261519-261524
Selrat Nos. 255-266	107/558-569	261525-261536
Selrat No. 267	107/570	261579
Selrat Nos. 268-274	107/571-577	261537-261543
Selrat Nos. 283-286	107/578-581	261544-261547
Selrat No. 351	107/582	261548
Selrat No. 359	107/583	261549
Selrat No. 368	107/584	261550
Selrat Nos. 374-396	107/585-607	261551-261573
Selrat Nos. 397-404	110/138-145	265000-265007
Selrat No. 405	118/163	290890
Selrat No. 406	118/2	290598
Selrat Nos. 407-417	118/164-174	290891-290901
Selrat No. 418	118/285	292486

sjh/010392B

Exhibit B
to
Agreement and Option
between Echo Bay Exploration Inc. ("Echo Bay")
and
Rocky Canyon Mining Company ("RCMC")

NET RETURNS ROYALTY

As used in the Agreement to which this Exhibit B is attached, "Net Returns" means Gross Sales Proceeds, less the Allowable Deductions. As used in this Exhibit, "Owner" means the party or parties owning the Claims constituting the Properties and obligated to pay the Net Returns Royalty pursuant to the Agreement.

1. Gold, Silver, Platinum and Palladium. The Gross Sales Proceeds for gold, silver, platinum and palladium shall be the proceeds from the deemed sales of such Products determined as herein provided.

a. For purposes of calculating the net Returns Royalty, such Products shall be deemed to have been sold, without regard to when or to whom such Products were actually sold, upon the earliest of the following:

- (1) When Products (other than refined bullion, dore, or concentrates) are shipped from the Properties by Owner to an independent refinery, smelter or other unaffiliated third-party purchaser; or
- (2) With respect to refined bullion produced by Owner, the day the final, refined bullion was produced; or
- (3) With respect to dore produced by Owner, three business days after the dore was produced; or
- (4) With respect to concentrates produced by Owner, 30 days after those concentrates were produced.

b. The total Gross Sales Proceeds of all such deemed sales occurring within a single calendar quarter shall be determined by multiplying the total number of troy ounces of the particular Product deemed sold within that quarter by the following:

- (1) For gold, platinum or palladium, the arithmetic mean of the daily London P.M. fixing for the quarter per ounce of the respective Product.
- (2) For silver, the arithmetic mean of the weekly Handy

& Harmon base price per troy ounce as quoted in Metals Week for the weeks which conclude within that quarter, but in the event Metals Week is not published or if for any other reason such quotation is not available, the arithmetic mean of the daily Handy & Harmon base price quote as published in the Wall Street Journal for the quarter will be utilized.

c. To determine Net Returns for such Products, there shall be deducted from the Gross Sales Proceeds the following actual costs incurred within that quarter which are attributable to the handling, treatment and sale of gold, silver, platinum and palladium within that quarter (Allowable Deductions):

- (1) All smelting, refining, treatment, assay, sampling, selling and other costs, charges and penalties charged by any refinery, smelter or other purchaser of such substances
- (2) All costs of loading, securing, transporting and insuring such substances from the Properties to the refinery, smelter or other purchaser; and
- (3) All taxes paid on production of such substances, except income taxes, including, but not limited to, production, severance, excise, sales and privilege taxes.

2. Other Products.

a. The Gross Sales Proceeds for all Products other than gold, silver, platinum or palladium shall be the actual proceeds of sale to an independent refinery, smelter or other unaffiliated third-party purchaser.

b. The Allowable Deductions shall be the following total actual costs incurred in the relevant quarter attributable to such sales:

- (1) All smelting, refining, treatment, assay, sampling, selling and other costs, charges and penalties charged by the independent refinery, smelter or other unaffiliated purchaser of such substances;
- (2) All costs of loading, securing, transporting and insuring such substances from the Properties to the independent refinery, smelter or other unaffiliated purchaser; and

- (3) All taxes paid on production of such substances, except income taxes, including, but not limited to, production, severance, excise, sales and privilege taxes.

3. General Provisions.

a. If smelting, refining, treatment, assay or sampling of Products is performed by facilities owned or controlled by the Owner, all charges, costs and penalties therefor to be deducted pursuant to items 1.c.(1) and 2.b. (1) shall not exceed such amounts which the Owner would have incurred if such operations were conducted at facilities not owned or controlled by the Owner, and which were then offering comparable services for comparable substances.

b. Net Returns upon gold, silver, platinum and palladium shall be calculated exclusively as provided herein, and the royalty computed thereon shall be determined without regard to any hedging, forward sales, futures or commodity trading, price protection programs or comparable sales of such Products by or on behalf of the Owner ("Trading Activities"). The holder of the Net Returns Royalty Interest shall not be entitled to any benefit of or be subject to any loss attributable to such Trading Activities.

c. Royalties shall accrue at the time of sale or deemed sale, as applicable, and they shall become due and payable on a calendar quarter basis, on the 20th day of the month next following the end of calendar quarter in which they accrue.

d. The Owner shall have the right to commingle Products from the Properties with ores and minerals from other properties. Before commingling, Products from the Properties shall be weighed, sampled, assayed, measured or gauged in accordance with sound mining and metallurgical practices sufficient to provide for the determination of the Net Returns Royalty payable hereunder. Owner shall keep records of such tests and measurements for at least six months after the payment of the Net Returns Royalty on the Products to which such tests and measurements related.

FEB 17 2000
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U.S. BANKRUPTCY COURT
PATRICIA GRAZ, CLERK

EOD 17 FEB 2000

BRIDGET ROBB PECK #3143
BEESLEY & PECK, LTD.
5011 Meadowood Mall Way, Suite 300
Reno, NV 89502
(775) 827-8666

Elizabeth E. Brown (Colo Bar # 15921)
Holme Roberts & Owen LLP
1700 Lincoln, Ste. 4100
Denver, Co 80203
(303) 861-7000

Attorneys for Rocky Canyon Mining Co.

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

IN RE:

Case No.: BK-N-99-31080-GWZ
Chapter 11
Motion No. 42387

ALTA GOLD CO.,

Debtor,

ORDER GRANTING RELIEF
FROM AUTOMATIC STAY

Hearing Date: N/A
Hearing Time: N/A

Based upon the Order entered in this matter on February 1, 2000 entitled
"Stipulated Order For Relief From The Automatic Stay", and upon the Affidavit of Non-
Compliance filed herein on February 16, 2000 by Rocky Canyon Mining Co.

BEESLEY & PECK, LTD.

LAW OFFICES OF
BEESLEY & PECK, LTD.
SUITE 300
5011 MEADOWOOD MALL WAY
RENO, NV 89502
(775) 827-8666
FAX (775) 827-8722

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ATTACHMENT B

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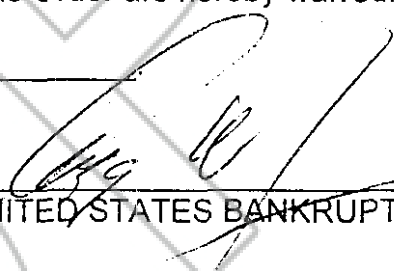
1 demonstrating that the Debtor failed to make the required payment of \$150,000.00 on
2 or before February 15, 2000, and for good cause shown,

3
4 IT IS HEREBY ORDERED that the automatic stay imposed by 11 U.S.C. § 362
5 shall be terminated as to Rocky Canyon and Rocky Canyon shall be free to exercise its
6 rights under the Mining Lease and Option to Purchase and under the applicable law,
7 including, but not limited to termination of the lease.

8 IT IS HEREBY FURTHER ORDERED that the Debtor shall be required to turn
9 over to Rocky Canyon all data of a physical and/or title nature, including but not limited
10 to geological data, in Debtor's possession, custody or control regarding both the north
11 and south portions of the leased property on or before 5:00 p.m. PDT, February 22,
12 2000.

13
14 IT IS HEREBY FURTHER ORDERED that the provisions of Bankruptcy Rule
15 4001(a)(3) providing for a ten-day stay of this Order are hereby waived.

16 DATED this 1 day of FEB 2000

17
18 
19 UNITED STATES BANKRUPTCY JUDGE

20 SUBMITTED BY:
21 ELIZABETH BROWN
22 HOLME ROBERTS & OWEN LLP

23 BRIDGET ROBB PECK
24 BEESLEY & PECK, LTD.

25 By Bridget Robb Peck
Bridget Robb Peck
Attorneys for Rocky
Canyon Mining Co.

I certify that this is a true copy:

Attest: Lee Kimett
Deputy Clerk, Bankruptcy Court

BEESLEY & PECK, LTD.

LAW OFFICES OF
BEESLEY & PECK, LTD.
SUITE 300
5011 MEADOWWOOD MALL WAY
RENO, NV 89502
(775) 827-8666
FAX (775) 827-8722

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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Beesley & Peck, Ltd.
00 MAR 15 PM 1:17

CLERK OF COUNTY, NEVADA
M.M. REBALEATI, RECORDER
FILE NO. FEES 19⁰⁰

174336

COPY

Return To:
BEESLEY & PECK, LTD.
5011 Meadowood Mall Way, #300
Reno, Nevada 89502

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