

178879

Recorded at the request of
and return to:

Richard W. Harris, Esq.
Harris & Thompson
6121 Lakeside Drive, Suite 260
Reno, Nevada 89511

QUITCLAIM DEED WITH RESERVED ROYALTY

THIS QUITCLAIM DEED WITH RESERVED ROYALTY is made effective the 1st day of July, 2002 by and among DAVID C. MATHEWSON, a single man; DAVID C. KNIGHT and DEBBY KNIGHT, husband and wife; KM EXPLORATION, a Nevada general partnership; and KM EXPLORATION LTD., a Nevada limited liability company (referred to collectively as "Grantors"); and TONÉ RESOURCES (U.S.) INC., a Nevada corporation, whose address is 2244 - 32nd Ave. W., Vancouver, British Columbia, Canada V6L 2B2 ("Grantee").

RECITALS

1. Transfer of Unpatented Mining Claims. Grantors, in consideration of the sum of TEN DOLLARS (\$10.00) and other valuable consideration paid to them by Grantee, do hereby remise, release, and forever quitclaim unto Grantee all of Grantors' right, title, and interest in and to fifty-eight (58) unpatented lode mining claims situated in the unknown Mining District in the Roberts Mountains, Eureka County, Nevada, which are more particularly described on Exhibit A attached hereto (the "Claims").

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TOGETHER with all minerals and all veins and lodes of mineral-bearing rock therein and all dips, spurs and angles thereof.

TO HAVE AND TO HOLD all of the right, title and interest of Grantors in and to said premises, together with the appurtenances, unto Grantee its successors and assigns forever.

2. Reserved Royalty Interest. Grantors reserve to themselves a royalty on production equal to one percent (1%) of net smelter returns. The term "net smelter returns" as used herein shall mean the net proceeds received by Grantee from the sale of minerals from the Property after deductions for all of the following:

a. Custom smelting costs, treatment charges and penalties including, but without being limited to, metal losses, penalties for impurities and charges or deductions for refining, selling, and transportation from smelter to refinery and from refinery to market; provided, however, in the case of leaching operations, all processing and recovery costs incurred by (the producer) beyond the point at which the metal being treated is in solution shall be considered as treatment charges (it being agreed and understood, however, that such processing and recovery costs shall not include the cost of mining, crushing, dump preparation, distribution of leach solutions or other mining and preparation costs up to the point at which the metal goes into solution).

b. Costs of transporting mineral product from the concentrator to a smelter or other place of treatment.

c. Production taxes, severance taxes and sales, privilege and other taxes measured by production or the value of production.

In the event smelting or refining are carried out in facilities owned or controlled, in whole or in part, by Grantee, charges, costs and penalties for such operations shall mean the amount Grantee would have incurred if such operations were carried out at facilities not owned or controlled by Grantee then offering comparable services for comparable products on prevailing terms.

Payment of production royalties shall be made not later than thirty (30) days after the end of each calendar quarter. All payments shall be accompanied by a statement explaining the manner in which the payment was calculated.

3. Rights of Inspection. Grantee agrees to keep accurate books of account reflecting the mining and processing operations with respect to the Claims and the computation of Grantors' royalty interest. Grantors shall have the right, either personally or through a qualified accountant of their choice, and at their cost, to examine and inspect the books and records of Grantee pertaining to the mining, milling and shipping operations of Grantee as they relate to the Claims.

IN WITNESS WHEREOF, Grantors have hereunto set their hands the day and year first above written.


DAVID C. MATHEWSON, individually

David C. Knight
DAVID C. KNIGHT, individually

Debra Jane Knight
DEBBY KNIGHT, individually

KM EXPLORATION, a Nevada general
partnership

By: David C. Mathewson
DAVID C. MATHEWSON

By: David C. Knight
DAVID C. KNIGHT

KM EXPLORATION, a Nevada limited
liability company

By: David C. Mathewson
DAVID C. MATHEWSON

By: David C. Knight
DAVID C. KNIGHT

STATE OF Nevada)
) ss
COUNTY OF ELKO)

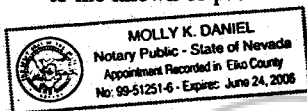
On the 18th day of September, 2002, personally appeared before me, a Notary Public within and for said County and State, DAVID C. MATHEWSON, who acknowledged that he executed the foregoing QUITCLAIM DEED WITH RESERVED ROYALTY, and to me known or proved to be the person described in and who executed the same.



Molly K. Daniel
NOTARY PUBLIC

STATE OF Nevada)
) ss
COUNTY OF ELKO)

On the 8th day of October, 2002, personally appeared before me, a Notary Public within and for said County and State, DAVID C. KNIGHT, who acknowledged that he executed the foregoing QUITCLAIM DEED WITH RESERVED ROYALTY, and to me known or proved to be the person described in and who executed the same.



Molly K. Daniel
NOTARY PUBLIC

STATE OF Nevada)
) ss
COUNTY OF ELKO)

On the 8th day of October, 2002, personally appeared before me, a Notary Public within and for said County and State, DEBBY KNIGHT, who acknowledged that she executed the foregoing QUITCLAIM DEED WITH RESERVED ROYALTY, and to me known or proved to be the person described in and who executed the same.

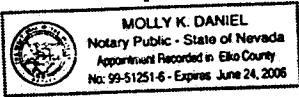


Molly K. Daniel
NOTARY PUBLIC

quit claim deed

STATE OF NV)
) ss
COUNTY OF ELKO)

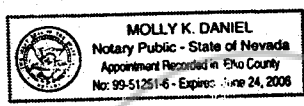
On the 18th day of September, 2002, personally appeared before me, a Notary Public within and for said County and State, DAVID C. MATHEWSON, partner of KM EXPLORATION, a Nevada general partnership, who acknowledged that he executed the foregoing QUITCLAIM DEED WITH RESERVED ROYALTY, and to me known or proved to be the person described in and who executed the same.



Molly K. Daniel
NOTARY PUBLIC

STATE OF Nevada)
) ss
COUNTY OF ELKO)

On the 8th day of October, 2002, personally appeared before me, a Notary Public within and for said County and State, DAVID C. KNIGHT, partner of KM EXPLORATION, a Nevada general partnership, who acknowledged that he executed the foregoing QUITCLAIM DEED WITH RESERVED ROYALTY, and to me known or proved to be the person described in and who executed the same.



Molly K. Daniel
NOTARY PUBLIC

STATE OF NV)
) ss
COUNTY OF ELKO)

quit claim deed

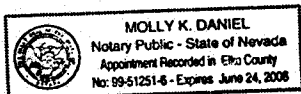
On the 18th day of September, 2002, personally appeared before me, a Notary Public within and for said County and State, DAVID C. MATHEWSON, Manager of KM EXPLORATION, a Nevada limited liability company, who acknowledged that he executed the foregoing QUITCLAIM DEED WITH RESERVED ROYALTY, and to me known or proved to be the person described in and who executed the same.



Molly K. Daniel
NOTARY PUBLIC

STATE OF Nevada
COUNTY OF Elko) ss

On the 8th day of October, 2002, personally appeared before me, a Notary Public within and for said County and State, DAVID C. KNIGHT, Manager of KM EXPLORATION, a Nevada limited liability company, who acknowledged that he executed the foregoing QUITCLAIM DEED WITH RESERVED ROYALTY, and to me known or proved to be the person described in and who executed the same.



Molly K. Daniel
NOTARY PUBLIC

tone resources/7482
quitclaim deed w-reserved royalty 9-02

EXHIBIT A
Description of Claims

The following unpatented lode mining claims are subject to the "Quitclaim Deed with Reserved Royalty" between David C. Mathewson et al. and Toné Resources (U.S.) Inc:

<u>Claim Name</u>	<u>BLM Numbers</u>
CC 1-10	825791-825800
CCS 1-18	827491-827508
NK 3	826485
NK 5-20	826486-826501
NK 28-40	826502-826514

NOTE: This "Quitclaim Deed with Reserved Royalty" supplements the prior "Quitclaim Deed with Reserved Royalty" recorded in Eureka County on August 8, 2002 in Book 348, Pages 456-460 (File No. 178430). The two Quitclaim Deeds, taken together, effect a complete conveyance of all interests in the mining claims described therein to Toné Resources (U.S.) Inc., a Nevada corporation. However, the two Quitclaim Deeds, taken together, create a single reserved royalty on production equal to one percent (1%) of Net Smelter Returns with respect to all of the claims. It is not the intent of the Quitclaim Deeds, nor shall they be construed together, to create a duplicate or "stacked" royalty with respect to the mining claims, even though some of the mining claims are described in both of the Quitclaim Deeds.

toné resources/7482

exhibit A to quitclaim deed (description of claims) (mathewson & tone)

BOOK 351 PAGE 035
OFFICIAL RECORDS
RECORDED IN EUREKA COUNTY, NEVADA
Richard W. Harris, Esq.
02 OCT 10 PM 4:14
EUREKA COUNTY, NEVADA
J.H. REBALEATI, RECORDER
FILE NO. 178879
FEES 21.00

BOOK 351 PAGE 042

STATE OF NEVADA
DECLARATION OF VALUE

1. Assessor Parcel Number (s)

a) _____
b) _____
c) _____
d) _____

FOR RECORDERS OPTIONAL USE ONLY	
Document/Instrument#:	178879
Book: 351	Page: 035
Date of Recording:	Oct 10, 2002
Notes:	

2. Type of Property:

a) ☐ Vacant Land b) ☐ Single Fam Res.
c) ☐ Condo/Twnhse d) ☐ 2-4 Plex
e) ☐ Apt. Bldg. f) ☐ Comm/Vindl
g) ☐ Agricultural h) ☐ Mobile Home
i) ☒ Other Transfer of unpatented mining claims

3. Total Value/Sales Price of Property:

Deed in Lieu of Foreclosure Only (value of property) \$ 0
Transfer Tax Value: \$
Real Property Transfer Tax Due: \$ 0

4. If Exemption Claimed:

a. Transfer Tax Exemption, per NRS 375.090, Section: 9
b. Explain Reason for Exemption: Transfer of unpatented mining claims.

5. Partial Interest: Percentage being transferred: %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature Richard Thompson Capacity Agent
Signature Richard Thompson Capacity Agent

SELLER (GRANTOR) INFORMATION

(REQUIRED)
Print Name: KM Exploration Ltd.
Address: P.O. Box 900
City: Elko
State: Nevada Zip: 89803

BUYER (GRANTEE) INFORMATION

(REQUIRED)
Print Name: Tone Resources (U.S.) Inc.
Address: 2244 - 32nd Ave. W.
City: Vancouver, B.C.
State: Canada Zip: V6L 2B2

COMPANY/PERSON REQUESTING RECORDING

(REQUIRED IF NOT THE SELLER OR BUYER)
Print Name: Richard K. Thompson, Esq. Escrow # N/A
Address: 6121 Lakeside Drive, Suite 260
City: Reno State: Nevada Zip: 89511

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)