

**179385**

**SHORT FORM OF OPTION AGREEMENT**

This SHORT FORM OF OPTION AGREEMENT is made as of the 16th day of October, 2002 (the "Effective Date"), by and among Tom and Volina Connolly, husband and wife, whose address is HC66 Box , Crescent Valley, Nevada 89821 (collectively, "Connolly") and Placer Dome U.S. Inc, a California corporation, whose address for purposes hereof is HC 66 Box 1250 Crescent Valley, Nevada 89821 ("PDUS").

**RECITALS**

A. Connolly owns the entire and undivided interest in and to the surface estate within certain fee lands located in Eureka County, Nevada, as more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Property").

B. Connolly and PDUS have entered into an Option Agreement covering the Property dated effective October 16, 2002 (the "Agreement").

C. Connolly and PDUS desire to enter into this Short Form of Option Agreement (the "Short Form") for the purpose of placing of record a notice of the Agreement.

**AGREEMENT**

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby confessed and acknowledged, Connolly and PDUS have agreed and do hereby agree as follows:

1. Grant option to Purchase the Property. Connolly has granted and hereby grants and leases exclusively unto PDUS an option to purchase the Property together with all of the rights, privileges, easements thereto incident or appurtenant (including, without limitation, any water, watering and reservoir rights associated with the Property and all easements and rights-of-way appurtenant thereto) (the "Option"). PDUS may exercise the Option at any time during the period between the effective date of the Agreement and 5:00 p.m. Pacific time on October 6, 2007 (the "Option Period").

2. Activation the Property During the Option Period. The Property is subject to a Mining Lease among Jeanette L. Baumann Trust, the Connollys and PDUS of even date with the Option Agreement and pursuant to that Mining Lease PDUS has certain rights to use the Property. In addition, pursuant to the Agreement, the Connollys have retained certain limited rights to use the Property for grazing purposes.

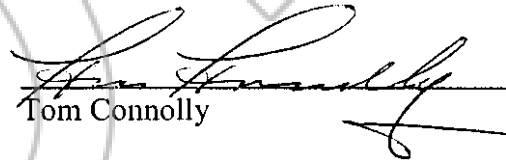
3. Success and Assigns. The Agreement and this Short Form are, and shall be, binding upon and inure to the benefit of the heirs, representatives, successors and assigns of the


parties thereto and any third party acquiring any interest in the Property. No assignment by PDUS of any interest under the Agreement or this Short Form shall be made without the prior written consent of the Connollys, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, however, PDUS will not be required to obtain the Connollys' consent to any assignments of its interest in the Agreement to its affiliates or subsidiaries, or to certain third parties pursuant to existing contractual arrangements. In addition, no such consent shall be required in connection with a corporate reorganization, merger or other consolidation involving PDUS, or a sale of all or substantially all of PDUS's assets, or in connection with the granting of a security interest in PDUS's interest in the Agreement.

4. Right of First Refusal. Pursuant to the Agreement, for a period of time set forth in the Agreement, the Connollys have granted and hereby grant to PDUS a right of first refusal to purchase the production royalty payable to the Connollys under the Agreement (the "Production Royalty"), if the Connollys desire to sell all or any portion of their interest in the Production Royalty (subject to the rights of the Connollys to make certain assignments and conveyances for bona fide estate planning purposes without triggering that right of first refusal).

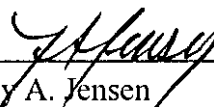
5. Additional Terms. The Agreement contains clauses pertaining to the Production Royalty, the Connollys' grazing rights, and various other provisions, and reference is made to the Agreement for such other terms and conditions as govern the Agreement, which terms and conditions are by reference made a part hereof. Nothing in this Short Form shall limit or affect the rights and duties of the parties under the Agreement. Information regarding the Agreement can be obtained from FJS at the address set forth above.

**IN WITNESS WHEREOF**, the parties have executed this Short Form of Option Agreement effective as of the date first above written.

  
\_\_\_\_\_  
Tom Connolly

  
\_\_\_\_\_  
Volina Connolly

PLACER DOME U.S. INC., a California corporation

By:   
\_\_\_\_\_  
Name: Tony A. Jensen  
Title: Cortez Joint Venture  
Mine General Manager

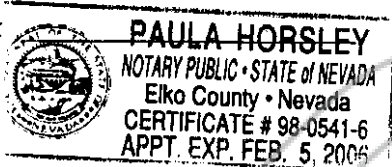
ACKNOWLEDGMENTS

STATE OF NEVADA )  
 ) ss.  
COUNTY OF Elko )

This instrument was acknowledged before me on October 16, 2002, by Tom Connolly.

Witness my hand and official seal.

My Commission expires



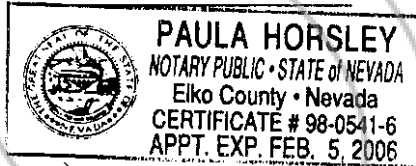
Paula Horsley  
Notary Public

STATE OF NEVADA )  
 ) ss.  
COUNTY OF Elko )

This instrument was acknowledged before me on October 16, 2002, by Volina Connolly.

Witness my hand and official seal.

My Commission expires



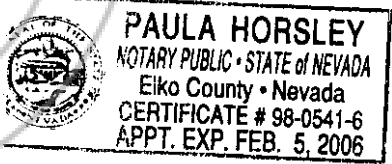
Paula Horsley  
Notary Public

STATE OF NEVADA )  
 ) ss.  
COUNTY OF Elko )

This instrument was acknowledged before me on October 16, 2002, by TERRY A. JENSEN as CHIEF JOINT WORKER of Placer Dome U.S. Inc., a California corporation.  
MINNE CONVERSE

Witness my hand and official seal.

My Commission expires



Paula Horsley  
Notary Public

**EXHIBIT A**

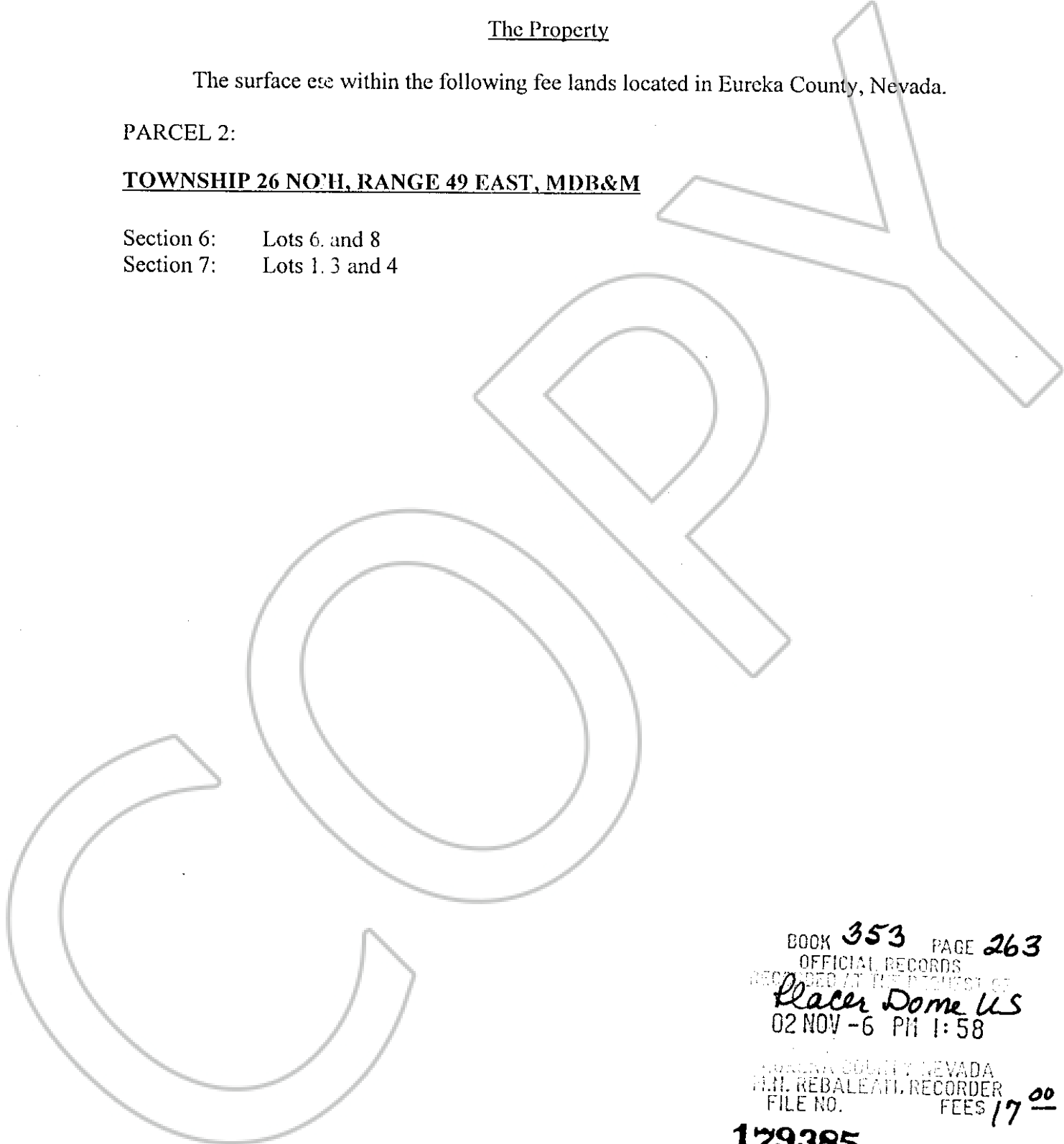
The Property

The surface etc within the following fee lands located in Eureka County, Nevada.

PARCEL 2:

**TOWNSHIP 26 NO'H, RANGE 49 EAST, MDB&M**

Section 6: Lots 6. and 8  
Section 7: Lots 1. 3 and 4



BOOK **353** PAGE **263**  
OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
*Racer Dome US*  
02 NOV -6 PM 1:58  
EUREKA COUNTY, NEVADA  
W.H. REBALEATI, RECORDER  
FILE NO. FEES **17<sup>00</sup>**  
**179385**