

Recorded at the request  
and return to:

**181529**

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 this 31 day of March, 2003 between KM EXPLORATION LTD., a Nevada limited liability company, doing business as NEVADA GOLD VENTURES ("Grantor"); 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 Unpatented Mining Claims. Grantor, in consideration of the sum of TEN DOLLARS (9.00) and other valuable consideration paid to it by Grantee, does hereby remise, release and forever quitclaim unto Grantee all of Grantor's right, title, and interest in and to the patented lode mining claims situated in the unnamed Mining District, 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, in anywise appertaining, and the reversion and reversions, remainder and remains, rents, issues and profits thereof.

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

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

2. Reserve Royalty Interest. Grantor reserves to itself 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 Claims after deduction for all of the following:

a. Cost of 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 product) 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. Cost of transporting mineral product from the concentrator to a smelter or other place of treatment; and

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

In the event mining 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 Inspection. Grantee agrees to keep accurate books of account reflecting the mining and processing operations with respect to the Claims and the computation of Grantee's royalty interest. Grantor shall have the right, either personally or through a qualified accountant of its choice, and at its 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, Grantor has hereunto set its hand the day and year first above written.

KM EXPLORATION LTD,  
a Nevada limited liability company

By: David C. Mathewson  
DAVID C. MATHEWSON, Manager

By: David C. Knight  
DAVE KNIGHT, Manager

STATE OF NEVADA )  
 )ss  
COUNT OF ELKO )

On the 31 <sup>March</sup> ~~of January~~, 2003, before me, a Notary Public within and for said County and State, personally appeared DAVID C. MATHEWSON, Manager of KM EXPLORATION LT, a Nevada limited liability company, personally known (or proved) to me to be the person who executed the above instrument, and acknowledged to me that he executed the foregoing QUITCLAIM DEED WITH RESERVED ROYALTY for purposes stated therein.

Kari L. Sena  
NOTARY PUBLIC

STATE OF NEVADA )  
 )ss  
COUNT OF ELK )

KARI L. SENA  
NOTARY PUBLIC STATE OF NEVADA  
COMMISSION NO. 99-55122-6  
Comm. Expires June 4, 2003

On the 31<sup>st</sup> <sup>MARCH</sup> ~~of January~~, 2003, before me, a Notary Public within and for said County and State, personally appeared DAVE KNIGHT, Manager of KM EXPLORATION LT, a Nevada limited liability company, ~~personally known~~ (or proved) to me to be the person who executed the above instrument, and acknowledged to me that he executed the foregoing QUITCLAIM DEED WITH RESERVED ROYALTY for purposes stated therein.

Molly K. Daniel  
NOTARY PUBLIC

tone resources/7482  
quitclaim deed w-reserved rty (3-02)

MOLLY K. DANIEL  
Notary Public - State of Nevada  
Appointment Recorded in Elko County  
No: 99-51251-6 - Expires June 24, 2006

**EXHIBIT A**  
**Description of Claims**

The following patented mining claims situated in an unknown mining district,  
Eureka County, Nevada:

<u>Claim Name</u>	<u>County Book/Page</u>	<u>BLM Serial No.</u>
NK 1-2, 21-27, and 435	354/46-70	833102-833126
SW 1-3	356/222-251	838777-838806
NH 1-2	359/164-183	844417-844436

toné resources/7482  
exhibit A to quitclaim deed (3) (description of claims)

BOOK 360 PAGE 112  
OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
*Jarus & Thompson*  
2003 APR -7 PM 3: 33

EUREKA COUNTY NEVADA  
M.N. REBALEATI, RECORDER  
FILE NO. FEES \$18.00

**181529**

BOOK 360 PAGE 116

# STATE OF NEVADA DECLARATION OF VALUE

FOR RECORDERS OPTIONAL USE ONLY	
Document/Instrument#:	181529
Book:	360 Page: 112
Date of Recording:	4-7-03
Notes:	

**1. Assessor Parcel Numb(s)**

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

**2. Type of Property:**

- |  |               |                             |                 |
|--|---------------|-----------------------------|-----------------|
| a) <input type="checkbox"/>            | Vacant Land   | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/>            | Condo/Twnhse  | d) <input type="checkbox"/> | 2-4 Plex        |
| e) <input type="checkbox"/>            | Apt. Bldg.    | f) <input type="checkbox"/> | Comm'l/Ind'l    |
| g) <input type="checkbox"/>            | Agricultural  | h) <input type="checkbox"/> | Mobile Home     |
| i) <input checked="" type="checkbox"/> | Other Unpattd | Mining Claims               |                 |

**3. Total Value/Sales Pri 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 Exempt, 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, Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature Richard W Harris Capacity Agent for Grantor  
 Signature \_\_\_\_\_ Capacity Grantee

**SELLER (GRANTOR) FORMATION**

(REQUIRED)  
 Print Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_  
 State: \_\_\_\_\_ Z \_\_\_\_\_

**BUYER (GRANTEE) INFORMATION**

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

**COMPANY/PERSON REQUESTING RECORDING**

(REQUIRED IF NOT THE SELLER/GUYER)  
 Print Name: Richard Harris, Esq. Escrow # N/A  
 Address: 6121 Lakde Drive, Suite 260  
 City: Reno State: Nevada Zip: 89511