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MEMORANDUM OF SPECIAL WARRANTY DEED AND AGREEMENT WITH RESERVED NONPARTICIPATING ROYALTY INTEREST

(See attached document)

MEMORANDUM OF SPECIAL WARRANTY DEED AND AGREED WITH RESERVED NONPARTICIPATING ROYALTY INTEREST

THIS MEMORANDUM OF SPECIAL WARRANTY DEED AND AGREEMENT WITH RESERVED NONPARTICIPATING ROYALTY INTEREST ("Memorandum") is made effective as of July 10, 2004, by and between QUICKSILVER PHENOMENON, LLC, a Nevada limited liability Company ("Ouicksilver"); and ROYAL GOLD, INC., a Delaware corporation ("Royal Gold").

individually as a "Party".

RECITALS

Quicksilver and Royal Gold hereafter are described collectively as the "Parties" and

- A. Quicksilver owns certain unpatented lode mining claims situated in Eureka County, Nevada, as described more specifically in Exhibit A hereto (the "Claims").
- B. Quicksilver wishes to convey to Royal Gold, and Royal Gold wishes to receive from Quicksilver, all of Quicksilver's right, title and interest in and to the Claims, subject to Quicksilver's reservation of a perpetual nonparticipating, non-executive royalty interest, all subject to the covenants and agreements between the Parties set forth in a Special Warranty Deed and Agreement with Reserved Nonparticipating Royalty Interest (the "Deed") of even date.
- C. The Parties intend by this Memorandum to provide constructive and actual notice of the Deed to third parties.

NOW, THEREFORE, in consideration of the mutual covenants and agreements between the Parties, the receipt and adequacy of which hereby are acknowledged by the Parties, the Parties hereby agree as follows:

Conveyance of Claims; Reservation of Royalty. Subject to the terms and conditions contained in the Deed, Quicksilver does hereby convey, grant, deed, bargain and sell to Royal Gold, and Royal Gold hereby accepts, all of Quicksilver's right, title and interest in and to the Claims, reserving, however, unto Quicksilver a perpetual nonparticipating, non-executive royalty interest, as provided in the Deed, in the Claims and in any other properties or interests presently owned by Quicksilver, or which may hereafter be acquired by Quicksilver or Royal Gold within the Area of Interest, as described in Section 3.2 below. The Claims and other properties and interests within the Area of Interest that are or become subject to the royalty reserved by the Deed are referred to herein collectively as the "Subject Property".

2. Royalty. Royal Gold shall pay to Quicksilver a royalty (the "Royalty") on all ores, metals, minerals and materials of every kind or character found in, on or under the Subject Property that are extracted, produced and sold or deemed to have been sold in any manner (the "Production") by Royal Gold, its successors or assigns. Royal Gold also shall pay to Quicksilver an advance royalty (the "Advance Minimum Royalty") upon execution of the Deed, which will credit against Royalty payments that otherwise would be payable pursuant to the Deed until fully recouped.

3. Additional Rights, Obligations and Covenants of Parties.

- 3.1. Special Warranty; After-Acquired Title: Quicksilver hereby warrants title to the rights, titles and interests in and to the Claims granted and conveyed to Royal Gold by the Deed against, but only against, any person or party claiming the whole or any part thereof by, through or under Quicksilver. The Deed shall apply and extend to any further or additional right, title, interest or estate heretofore or hereafter acquired by Quicksilver in or to the Claims, or in or to the lands covered by the Claims as of the date of the Deed. In the event that Quicksilver acquires any such right, title, interest or estate, Quicksilver shall, within ninety (90) days after such acquisition, convey same to Royal Gold by means of a conveyance document substantially in the form of the Deed, without the payment of additional consideration by Royal Gold.
- Area of Interest: As further consideration for the Deed, if, after the 3.2. date hereof, Royal Gold acquires any mining claims, lands, leases or mineral interests within one-half (1/2) mile of any boundary of any of the Claims (the "Area of Interest"), such property shall be deemed to be part of the Subject Property and subject to all of the terms and conditions of the Deed, including the obligation to pay Ouicksilver the Royalty. If Ouicksilver should acquire any mining claims, lands, leases or mineral interests within the Area of Interest, it shall offer to sell and convey, or assign in the case of a lease or other contract right, such mining claims or mineral interests to Royal Gold by giving written notice of such acquisition to Royal Gold specifying the mining claims, lands, leases or mineral interests to Royal Gold by giving written notice of such acquisition to Royal Gold specifying the mining claims, lands, leases or mineral interests acquired, the nature of the interests acquired, and Quicksilver's acquisition costs related to such interests. Royal Gold shall have a period of thirty (30) days from receipt of such notice to notify Quicksilver of its election to receive a conveyance from Quicksilver of the interests so acquired. If Royal Gold fails within such thirty (30) day period to notify Quicksilver of Royal Gold's election to receive a conveyance of the interests acquired by Quicksilver, then Royal Gold shall be deemed to have waived its right to acquire such interests. If Royal Gold timely elects to acquire any interests so offered to it hereunder, it shall reimburse Quicksilver for its costs of acquisition of such interests, and simultaneously

Quicksilver shall convey to Royal Gold by assignment (in the case of a lease or contract right) or by special warranty deed (in the case of mining claims or mineral interests), subject to all the terms and conditions of the Deed, including the reservation by Quicksilver of the Royalty with respect to the acquired property.

- Abandonment of Claims: Royal Gold may elect at any time to terminate or abandon its interests in any or all of the Claims at any time as it may in its sole discretion deem appropriate, subject only to the provisions of this Section 3.3. In the event that Royal Gold wishes to abandon any or all of the Claims which it owns, it shall provide Quicksilver with not less than forty-five (45) days prior notice of its intention to do so and offer to transfer such Claims to Quicksilver. At any time during the forty-five (45) day period, Quicksilver may notify Royal Gold that it elects to accept transfer of such Claims. In that event, Royal Gold shall transfer the Claims to Quicksilver, (a) by special warranty deed, (b) upon the express agreement of Quicksilver to accept any and all liabilities whatsoever associated with such Claims, whether accrued or unaccrued, actual or contingent, past, present or future, and (c) upon the express agreement of Quicksilver to hold harmless and indemnify Royal Gold for any and all Claims, damages, costs and expenses associated with any such liabilities. If Royal Gold fails to pay any real estate taxes on the Claims and such failure results in a tax delinquency notice, it shall, within thirty (30) days after receipt of that notice, either cure such delinquency or transfer the Claims to Quicksilver, in the manner provided above in this Section 3.3.
- Royal Gold Right of First Refusal: If Quicksilver at any time should 3.4. elect to sell or transfer all or any part of the Royalty to a party who has made an offer for same, then Quicksilver shall first offer the interest to be sold or transferred to Royal Gold by written notice specifying: (i) the name of the prospective purchaser or transferee; (ii) the portion of the Royalty to be sold or transferred; (iii) the consideration therefor, which consideration must be expressed in United States dollars; and (iv) the payment terms for that consideration. Royal Gold shall have thirty (30) days from its receipt of that notice in which to notify Quicksilver of its election to purchase the offered portion of the Royalty at the same price and on the same terms as those offered by the offering party. If Royal Gold does not notify Quicksilver in writing within that thirty (30) day period of its election to purchase the offered portion of the Royalty, Quicksilver thereafter shall have the right to proceed with the sale or transfer to the offering party at the price and under the terms set forth in the notice to Royal Gold; provided, however, that the closing of the sale or transfer to the offering party shall be completed within sixty (60) days after the end of Royal Gold's thirty (30) day period, failing which the sale or transfer shall be void and Royal Gold's first refusal right shall be reinstated. If Royal Gold elects to purchase the offered interest, the closing of that sale shall be held within thirty (30) days after Royal Gold's notice of election to purchase. Royal Gold's first refusal right under this

Section 3.4 is personal to Royal Gold and shall terminate and be of no further force or effect if and after Royal Gold conveys all of its right, title and interest to any third party that is not a parent or subsidiary of Royal Gold.

4. General Provisions.

- 4.1. <u>Assignment:</u> Either Party may assign its interests under the Deed freely, in whole or in part; provided, however, that any transfer or conveyance by either Party of any interest in the Royalty or in the Claims shall be expressly made subject to, and the assignee or transferee shall commit in writing to be bound by, all of the terms and conditions and covenants of the Deed.
- 4.2. <u>Notices:</u> Any notice, election, report or other correspondence required or permitted hereunder shall be in writing and (i) delivered personally; or (ii) sent by registered or certified United States mail, postage prepaid, return receipt requested; or (iii) sent by reputable overnight courier; or (iv) sent by facsimile, with confirmation of delivery requested. All such notices shall be addressed to the Party to whom directed as follows:

If to Quicksilver:

Quicksilver Phenomenon, LLC 2017 E. 3/4 Road Grand Junction, CO 81503 Facsimile: (970) 243-8090 Telephone: (970) 250-6486

If to Royal Gold:

Royal Gold, Inc. 1660 Wynkoop St., Suite 1000 Denver, CO 80202-1132 Attn: Chief Executive Officer Facsimile: (303) 595-9384

Telephone: (303) 573-1660

Either Party may, from time-to-time, change its address for future notices hereunder by notice in accordance with this Section 4.2. Notices, all other documents, and payments shall be complete and deemed to have been given or made when mailed or deposited with a reputable overnight courier service, upon personal delivery when delivered personally, or when sent by telegram, facsimile or cablegram (on the condition that confirmation of receipt is received).

- 4.3. Covenants Run With the Land: The Royalty granted to Quicksilver by the Deed shall be in the nature of an interest in real property which is perpetual and shall run with the land. The contractual provisions of the Deed shall continue for so long as Royal Gold its successors or assigns retain any interest in the Claims or in any of the lands covered by the Claims as of the date of the Deed, or in any lands made subject to the Deed within the Area of Interest pursuant to Section 3.2, and, except as provided in Section 3.4, shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties.
- 4.4. Governing Law: The Deed is made under and shall be interpreted and enforced in accordance with the laws of the State of Nevada, without giving effect to those principles of conflicts of law that otherwise might require the application of the laws of another jurisdiction.
- 4.5. <u>Deed Governs over Memorandum</u>: In the event of any inconsistency between any of the provisions of this Memorandum and the provisions of the Deed, the provisions of the Deed shall govern.

WHEREFORE, the Parties have executed this Memorandum to be effective as of the date first above written.

QUICKSILVER PHENOMENON, LLC, a Nevada limited liability company

Print Name: Brent Wic son
Title: MANAGER

ROYAL GOLD, INC., a Delaware corporation

Print Name: STANLEY DEMASEY

Title: CHAIRMAN & CEC

STATE OF MERICAL)
COUNTY OF
The foregoing instrument was acknowledged before me this 6 day of Quicksilver Phenomenon, LLC, a Nevada limited liability company
Witness my hand and official seal.
Thurdy Putnan Notary Public
My Commission expires:
BRANDY J. PUTMAN Notary Public, State of Nevada Appointment No. 01676726
STATE OF COLOA ADO) My Appt. Expires April 16, 2005
COUNTY OF DENVER)ss.
The foregoing instrument was acknowledged before me this 13th day of July, 2004, by Stanley Dembier as CHAIAMAN & CEO of
Royal Gold, Inc., a Delaware corporation
Witness my hand and official seal.
Notary Public
My Commission expires: April 24, 2008
SEAL

EXHIBIT A

to

MEMORANDUM OF SPECIAL WARRANTY DEED AND AGREEMENT with

RESERVED NON-PARTICIPATING ROYALTY INTEREST Dated July 10, 2004

from

Quicksilver Phenomenon, LLC to Royal Gold, Inc.

CLAIMS

The following unpatented lode mining claims, located in Sections 35 and 36, T. 26 N., R. 50 E., and Sections 1 and 2, T. 25 N., R. 50 E., Eureka County, Nevada:

	Nevada BLM	Eureka County Recordation		
Claim Names	Serial Numbers	<u>File Nos.</u>	<u>Book</u>	<u>Pages</u>
Sparrow Hawk	NMC 854978-	183194-183208	369	227-241
1-15	854992			
Sparrow Hawk	NCM 863111-	1185755-185770	376	107-122
16-31	863126			

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