

Mail Tax Statement To Grantee:

J. Prochnau & Co.  
6576 Sills Rd.  
Clinton WA 98236

BOOK 409 PAGE 31-36  
OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
*Asarco Inc*  
2005 APR 20 PM 2:11

EUREKA COUNTY, NEVADA  
H.N. REBALEATI, RECORDER  
FILE NO. 196720  
FEES 44.00

### NET SMELTER RETURNS ROYALTY DEED

THIS NET SMELTER RETURNS ROYALTY DEED ("Royalty Deed"), is made and entered into as of this 22 day of FEBRUARY, 2005, by and between the following parties:

**J. Prochnau & Co. (JPC)**, a sole proprietorship owned 100 percent by John Prochnau ~~company; and~~ *JP*

**ASARCO INC.** a New Jersey corporation ("ASARCO")

JPC, in consideration of One Dollar (\$1.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, assign and convey to ASARCO a royalty payable on any production the terms and subject to the conditions herein specified.

1. JPC and its successors, assigns, partners, joint venture partners, and lessees shall pay to ASARCO a royalty equal to three percent (3%) of net smelter returns (the "Net Smelter Returns Royalty") through payment of \$500,000; one percent (1%) thereafter; on any production of metals, minerals, ores or mineral substances from the real property more particularly described in Exhibit "A" attached hereto and made a part hereof ("Property"). The term "net smelter returns" means the amount paid by any smelter or other purchaser for metals, ores, minerals or mineral substances, or concentrates extracted from the Real Property, less any smelter charges and penalties, costs of transportation from the Real Property to the smelter, and any taxes imposed on production. In the event ores and concentrates extracted from the Real Property are treated or smelted by Buyer, the term "net smelter returns" shall mean the amount which would have been payable to Buyer from a bona fide smelter or other purchaser of metals, ores, minerals or mineral substances, or concentrates extracted from the Real Property, less any smelter charges and penalties, costs of transportation from the Real Property to the smelter and any taxes imposed on production.
2. All minerals for which a Net Smelter Returns Royalty is payable shall be weighed or measured, sampled and analyzed in accordance with sound mining and metallurgical practices.
3. Net Smelter Returns Royalties shall become due and payable quarterly on the last day of each month following the last day of the calendar quarter in which the same accrued. Net Smelter Royalty payments shall be accompanied by a statement showing in reasonable detail the quantities and grades of the refined metals, dore, concentrates, or other mineral

products produced and sold or deemed sold by JPC in the preceding calendar quarter; the average monthly price determined as herein provided for refined metals on which the Net Smelter Returns Royalty is due; the proceeds of sale for other mineral products on which the royalty is due; costs, and other deductions, and other pertinent information in sufficient detail to explain the calculation of the Royalty payment. ASARCO shall have the right at its expense to conduct annual audits of JPC's books and records to verify the accuracy of payments hereunder and JPC shall cooperate with ASARCO to resolve any audit exceptions that may be raised.

4. NOTHING SET FORTH HEREIN SHALL OBLIGATE JPC TO DEVELOP, EXTRACT, PRODUCE OR OTHERWISE MINE FROM THE PROPERTY ANY UNREFINED METALS, DORE, CONCENTRATES, ORES OR OTHER MINERAL PRODUCTS IF, IN JPC'S SOLE AND EXCLUSIVE JUDGMENT, IT IS NOT APPROPRIATE OR FEASIBLE TO DO SO.

5. Miscellaneous Provisions:

a. No Third-Party Beneficiaries. This Royalty Deed shall not confer any rights or remedies upon any person or entity other than the Parties and their respective successors and permitted assigns.

b. Entire Agreement. This Royalty Deed (including the documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

c. Succession and Assignment. This Royalty Deed shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and assigns.

d. Counterparts. This Royalty Deed may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

e. Headings. The section headings contained in this Royalty Deed are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Royalty Deed.

f. Notices. Any notices, demands or other communications required or permitted to be given hereunder shall be given in writing and shall be delivered (i) in person, (ii) by certified mail, postage prepaid, return receipt requested, or (iii) by U.S. Express Mail or a commercial overnight courier that guarantees delivery within the next two (2) business days. Notices given hereunder shall be effective (i) when hand delivered, against written receipt, (ii) when sent by certified mail, the earlier of the actual date of delivery as evidenced by the return receipt or five (5) business days after the same is sent, or (iii) when sent by overnight courier, the earlier of the actual date of delivery or two (2) business days after the same is sent. Notwithstanding anything herein to the contrary, in the event delivery is refused, such notice shall be deemed effective as of the

date the same was sent, as evidenced by written receipt therefore. Notices delivered pursuant to this Paragraph shall be deemed properly addressed if addressed as follows:

If to JPC:

J. Prochnau & Co.  
6576 Sills Road  
Clinton, WA 98236

If to ASARCO:

ASARCO Incorporated  
2575 E. Camelback Rd., Ste. 500  
Phoenix, AZ 85016  
Attn: Exploration Dept.  
Phone: (602) 977-6500  
Facsimile: (602) 977-6706

Notice of a change of address for any party shall be effective only when given in accordance with this Paragraph.

g. Governing Law. This Royalty Deed shall be governed by and construed in accordance with the domestic laws of the State of Arizona without giving effect to any choice or conflict of law provision or rule (whether of the State of Arizona or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Arizona.

h. Severability. Any term or provision of this Royalty Deed that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

*Handwritten signature*

i. Incorporation of Exhibits. The Exhibits identified in this Royalty Deed are incorporated herein by reference and made a part hereof.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Royalty Deed as of the date first set out above.

J. Prochnau & Co. a sole proprietorship  
company owned 100 percent by John Prochnau

By: [Signature]

Printed  
Name: John Prochnau

Title: Owner

ASARCO INC., a New Jersey corporation

By: [Signature]

Printed  
Name: Daniel Tellechea

Title: President

STATE OF Washington )  
COUNTY OF Island ) ss.

The foregoing instrument was acknowledged before me, a notary public, this  
15<sup>th</sup> day of February, 2005, by John Prochnau, as Owner  
of J. Prochnau & Co., a sole proprietorship company, on behalf of said corporation.

[Signature]  
Notary

My commission expires:

11-01-05



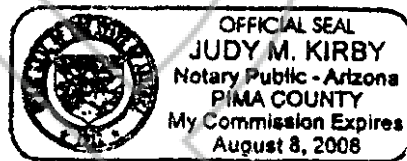
STATE OF Arizona )  
 )  
COUNTY OF Pima ) SS.

The foregoing instrument was acknowledged before me, a notary public, this 24<sup>th</sup> day of February, 2005, by Daniel Tellechea, as President of ASARCO INC., a New Jersey corporation, on behalf of said corporation.

Judy M Kirby  
Notary

My commission expires:

Aug 8, 2008



**EXHIBIT A**

**Mining Claims located in the County of Eureka, the State of Nevada**

Claim Name

BLM NMC Number

Joy 11, 13, 15, 17, 6, 76, 78  
76, 78

319677, 319679, 319681, 319683, 325760,  
325766, 325767

**196720**