

APN # _____

Recording Requested By:

Name Thomas P. Erwin

Address One E. Liberty Street
Suite 424

City/State/Zip Reno, NV 89501

BOOK 437 PAGE 238-247
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Thomas P. Erwin
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EUREKA COUNTY, NEVADA
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FILE NO. _____ FEES 23.00

205184

Royalty Deed (Rock Creek-Lander Cty.)
(Title of Document)

This page added to provide additional information required by NRS 111.312 Sections 1-2. (Additional recording fees applies)

DOC # 0242693
06/07/2006 02:44 PM

OFFICIAL RECORD

Requested By:
ERWIN & THOMPSON

Assessor's Parcel Number: n/a - royalty only
Mail Tax Statements to and
Recorded at the request of
and when recorded return to:
Western States Royalty Corporation
c/o Thomas P. Erwin
Erwin & Thompson LLP
One E. Liberty Street, Suite 424
Reno, NV 89501

Lander County - NV
Idonna M. Trevino - Recorder
Page: 1 Of 9 Fee: 47.00
BK-557 PG- 001 RPTT: 0.00




The undersigned affirms that this document
contains no social security numbers.

**Royalty Deed
(Rock Creek - Lander County)**

Made by and between Western States Minerals Corporation, a Utah corporation, and
Western States Royalty Corporation, a Delaware corporation.

Dated April 9, 2006.

By 
Rick Fiddler, Project Manager

Recording Requested by:

Western States Royalty Corporation

WHEN RECORDED MAIL TO:

Erwin & Thompson LLP
One East Liberty, Suite 2424
Reno, NV 89504
Attention: Thomas P. Erwin, Esq.

Space Above This Line For Recorder's Use

**ROYALTY DEED
(ROCK CREEK – LANDER COUNTY)**

THIS ROYALTY DEED ("**Royalty Deed**") is made and entered into effective the 27th day of June, 2005, by and between WESTERN STATES MINERALS CORPORATION, a Utah corporation, whose address is 1658 Cole Boulevard, Building No. 6, Suite 210, Lakewood, Colorado 80401 ("**WSMC**") and WESTERN STATES ROYALTY CORPORATION, a Delaware corporation, whose address is 1658 Cole Boulevard, Building No. 6, Suite 210, Lakewood, Colorado 80401 ("**WSRC**").


For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, WSMC does hereby sell, assign and convey unto WSRC, its successors and assigns forever, a non-participating, non-executive production royalty (the "**Production Royalty**") as set forth in Exhibit B attached hereto and incorporated herein by reference, of three percent of the Net Smelter Returns from any and all metalliferous minerals (including without limitation gold, silver, copper, lead, zinc, nickel, molybdenum, mercury, platinum, palladium and other platinum-group minerals, uranium, vanadium, tin and tungsten), including by-products and co-products thereof (collectively, "**Valuable Minerals**"), produced and sold from those unpatented mining claims situated in Lander County, Nevada, as more particularly described in Part 1 of Exhibit A attached hereto and incorporated herein by reference (the "**Property**"). Net Smelter Returns are defined as set forth in Exhibit B, and the terms of payment of the Production Royalty and other agreements of the parties pertaining to the Production Royalty are also set forth in Exhibit B. To the extent there are (i) existing production royalties or (ii) production royalties or other fees based on production payable in the future to the United States Government burdening the production and sale of Valuable Minerals from the Property, the percentage of Net Smelter Returns to which WSRC is entitled shall be decreased by the amount of such net smelter returns or other production royalties or fees encumbering the production of Valuable Minerals from all or any portion of the Property (and where any such production royalties or fees are not based on a percentage of net smelter returns, WSMC may designate to WSRC the percentage of Net Smelter Returns such royalties or fees will be deemed equivalent to, such designation to be binding upon the parties so long as it is made by WSMC in

good faith), although WSRC's interest in Net Smelter Returns shall never be less than one percent (1%). By way of example (but not limitation), if there were an existing production royalty of 1.5% of net smelter returns on the production of Valuable Minerals from the Property, the Production Royalty would be reduced to 1.5% of Net Smelter Returns; if there were an existing production royalty of 4% of net smelter returns on the production of Valuable Minerals from the Property, the Production Royalty would be reduced to 1% of Net Smelter Returns. The parties intend that the Production Royalty granted to WSRC in this Royalty Deed shall be a covenant running with the Property, and the parties agree that any conveyance by WSMC, its successors and assigns, of all or any portion of the Property or their interest therein shall not be effective unless it includes an express covenant by the transferee to recognize and pay the Production Royalty.


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IN WITNESS WHEREOF, the parties have executed this Royalty Deed as of the date first set forth above.

**WESTERN STATES MINERALS
CORPORATION**, a Utah corporation

By: 
Stephen D. Alfors, President

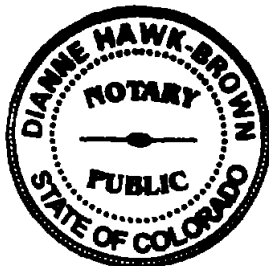
**WESTERN STATES ROYALTY
CORPORATION**, a Delaware corporation

By: 
Stephen D. Alfors, President

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me on this 27th day of June, 2005, by Stephen D. Alfes as President of Western States Minerals Corporation, a Utah corporation.

Witness my hand and official seal.



[SEAL]

Dianne Hawk-Brown
Notary Public

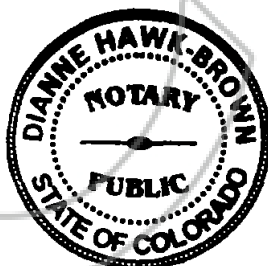
My Commission expires:

6-1-07

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me on this 27th day of June, 2005, by Stephen D. Alfes as President of Western States Royalty Corporation, a Delaware corporation.

Witness my hand and official seal.



[SEAL]

Dianne Hawk-Brown
Notary Public

My Commission expires:

6-1-07

Exhibit A

The Unpatented Claims

The following unpatented lode mining claims in Township 34 North, Range 48 East, and Township 35 North, Range 48 East, Lander County, Nevada, the location certificates for which are recorded in the Lander County Recorder's Office and the Nevada State Office of the Bureau of Land Management as follows:

<u>LANDER COUNTY</u>			
<u>Claim Name</u>	<u>Book</u>	<u>Page</u>	<u>BLM Serial #</u>
ROGER #1	259	356	352213
ROGER #3	259	357	352214
ROGER #9	259	358	352215
ROGER #11	259	359	352216
ROGER #13	259	360	352217
ROGER #15	259	361	352218
ROGER #17	259	362	352219
ROGER G 19	341	88	584173
ROGER G 20	341	89	584174
ROGER G 21	341	90	584175
ROGER G 22	341	91	584176
ROGER G 23	341	92	584177
ROGER G 24	341	93	584178
ROGER 43	341	94	584179
ROGER 44	341	95	584180
ROGER 45	341	96	584181
ROGER 46	341	97	584182
ROGER 47	341	98	584183
ROGER 48	341	99	584184

Total: 19

Exhibit B

NET SMELTER RETURNS ROYALTY

1. "Net Smelter Returns" shall mean the actual proceeds of sale received by WSMC from the sale of ore, ore concentrates, bullion or other products mined, produced, and sold from the Property from a smelter, refinery or other ore buyer, after the deduction of smelter and/or refining charges, ore or bullion treatment charges, penalties and any and all charges made by the purchaser of ore, bullion, or concentrates, less (i) any and all transportation, insurance and security costs which may be incurred in connection with the transportation of gold and/or silver ore, ore concentrates, bullion or other ore products from the point of last processing by WSMC, and costs of weighing, sampling, determining moisture content and packaging such material; (ii) all umpire charges and any taxes, except income taxes and Nevada net proceeds of mines taxes, imposed on production or severance of ore or ore concentrates; and (iii) any production royalties or other fees (whether now payable or enacted or adopted in the future) based on production and payable to any governmental agency. For purposes of calculating Net Smelter Returns in the event WSMC elects not to sell any portion of any gold or silver derived from the Property as set forth in the preceding sentence, but instead elects to have the final product of any such gold or silver credited to or held for its account with any smelter, refiner or broker for marketing and hedging purposes, such gold or silver shall be deemed to have been sold at the Quoted Price (as defined below) on the day such gold or silver is actually credited to or placed in WSMC's account. For gold, the term "Quoted Price" shall mean the price per ounce of gold as quoted on the London P.M. gold fixing (or A.M. fixing if there is no P.M. fixing on that day) as published in the Financial Times (or any mutually agreeable substitute source if the information is not available from the Financial Times), on the date of final settlement from the smelter, refinery or other buyer of the gold on which the Production Royalty is to be paid. For silver, the term "Quoted Price" shall mean the price per ounce of silver as quoted on the London fixing for silver as published in the Financial Times (or any mutually agreeable substitute source if the information is not available from the Financial Times on the date of final settlement from the smelter, refinery or other buyer of silver on which the Production Royalty is to be paid.

2. Production Royalty payments shall be paid by WSMC to WSRC on a calendar quarterly basis on or before the thirtieth (30th) day following the quarterly period during which each such payment is accrued to WSRC's account. Reserved Royalties shall accrue to WSRC's account upon final settlement and final payment by the smelter, refinery or other ore buyer to WSMC for the Valuable Minerals sold and for which the Production Royalty is payable. All Production Royalty payments shall be by WSMC's check. All Production Royalty payments shall be accompanied by a statement and settlement sheet showing the quantities and grades of metals, ores, minerals, or materials mined and sold from the Property, proceeds of sale, costs, assays and analyses, and other pertinent information in sufficient detail to explain the calculation of the Production Royalty payment. Payments by WSMC to WSRC in accordance herewith shall discharge fully WSMC's obligation with respect to such payments and WSMC shall have no duty to apportion or allocate any payment due to WSRC, its successors or assigns.

3. WSRC, at its sole election and expense, shall have the right to procure, not more frequently than once annually following the close of each calendar year, an audit of WSMC's



accounts relating to payment of the Production Royalty hereunder, conducted by WSRC or by any certified public accountant or other consultant selected by WSRC. All Production Royalty payments made in any calendar year shall be considered final and in full satisfaction of all obligations of WSMC with respect thereto, unless WSRC gives written notice describing and setting forth a specific objection to the calculation thereof within six (6) months following the close of that calendar year. WSMC shall account for any agreed upon deficit or excess in the payment made to WSRC by adjusting the next quarterly statement following completion of such audit to account for such deficit or excess.

4. The parties acknowledge and agree that WSMC shall have the exclusive right to market and sell to third parties Valuable Minerals produced from the Property in any manner it chooses, including without limitation the forward sale of Valuable Minerals on the commodity market and the repayment of gold loans. WSRC shall have absolutely no right to participate or obligation to share whatsoever in any price protection or hedging activities of WSMC, including any sales of Valuable Minerals derived from the Property by WSMC on the commodity market or otherwise, or in any profits received or losses suffered by WSMC as a result of such marketing or hedging activities.

5. WSMC shall have the right of mixing or commingling, either underground, at the surface, or at processing plants or other treatment facilities, any material containing Valuable Minerals mined or extracted from the Property with any similar substances derived from other lands or properties, provided that the commingling is accomplished only after the material has been fairly and accurately weighed and sampled.

6. Any determination of weight, volume, moisture content, amenability, or pay metal or mineral content, and any sampling and analysis by WSMC, shall be binding upon WSRC if made in accordance with sound mining and metallurgical practices and standard sampling and analysis procedures prevailing in the mining and milling industry.

7. All determinations with respect to: (a) whether ore will be beneficiated, processed or milled by WSMC or sold in a raw state, (b) the methods of beneficiating, processing or milling any such ore, (c) the constituents to be recovered therefrom, and (d) the purchasers to whom any ore, minerals or mineral substances may be sold, shall be made by WSMC in its sole and absolute discretion.

8. The ore, mine waters, leachates, pregnant liquors, pregnant slurries, and other products or compounds of metals or minerals derived from the Property shall be the property of WSMC burdened by the obligation to pay the Production Royalty. WSMC shall not be liable for mineral values lost in mining or processing if such mining or processing is consistent with sound mining and metallurgical engineering practices. The Production Royalty shall be payable only on metals, ores, or minerals recovered prior to the time waste rock, spoil, tailings, or other mine waste and residue are first disposed of as such, and such waste and residue shall be the sole property of WSMC. WSMC shall have the sole right to dump, deposit, sell, dispose of, or reprocess such waste rock, spoil, tailings, or other mine wastes and residues, and WSRC shall have no claim or interest therein or in or to proceeds or mineral values recovered therefrom, provided that any actual sales of such materials shall be burdened by the obligation to pay the Production Royalty.

9. WSMC shall have the sole and exclusive control of all operations on or for the benefit of the Property, and of any and all equipment, supplies, machinery, and other assets purchased or otherwise acquired or under its control in connection with such operations. WSMC may carry out such operations on the Property as it may, in its sole discretion, determine to be warranted, so long as such operations are conducted in accordance with procedures acceptable in the mining and metallurgical industry. The timing, nature, manner and extent of any exploration, development, mining or processing operations carried out or in connection with the Property shall be within the sole discretion of WSMC, and there shall be no implied covenant whatsoever to begin or continue any such operations. If WSMC at any time, and from time to time after commencing operations, desires to shut down, suspend or cease operations for any reason, it shall have the right to do so. WSMC may use and employ such methods of mining as it may desire or find most profitable. WSMC shall not be required to mine, preserve, or protect in its mining operations any ores, leachates, precipitates, concentrates or other products containing Valuable Minerals which cannot be mined or shipped at a reasonable profit to WSMC. Any decision as to the time, manner and form, if any, in which ores or other products containing Valuable Minerals are to be sold shall be made by WSMC in its sole discretion.

10. The parties agree that in no event shall WSMC have any duty or obligation, express or implied, to explore for, develop, mine or produce ores, minerals or mineral substances from the Property, and the timing, manner, method and amounts of such exploration, development, mining or production, if any, shall be in the sole discretion of WSMC. WSRC acknowledges that any expenditures made by WSMC to advance activities on the Property and the right to the Production Royalty are sufficient consideration for the conveyance of the Valuable Minerals. None of the provisions of this paragraph 10 or any other provision of this Exhibit B shall be deemed to limit or restrict WSMC's ability to sell or otherwise convey or transfer to any third party all or any portion of WSMC's interest in the Property.

11. WSRC shall have only a royalty interest in the Property (but no other properties adjacent to or in the vicinity of the Property) and rights and incidents of ownership of a non-executive royalty owner. WSRC shall not have any possessory or working interest in the Property nor any of the incidents of such interest. By way of example but not by way of limitation, WSRC shall not have (a) the right to participate in the execution of applications for authorities, permits or licenses, mining leases, option, farm-outs or other conveyances, (b) the right to share in bonus payments or rental payments received as the consideration for the execution of such leases, options, farm-outs, or other conveyances, or (c) the right to enter upon the Property and prospect for, mine, drill for, or remove Valuable Minerals therefrom.

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