

MAIL TAX STATEMENT AND
WHEN RECORDED RETURN TO:
Nevada Land and Resource Company, LLC
3480 GS Richards Boulevard, Suite 101
Carson City, NV 89703

BOOK 444 PAGE 113-122
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Stewart Little
2006 OCT -6 PM 2:24
EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES 23⁰⁰

206334

APN: 05-120-05; 05-140-06; 04-360-01; 04-370-12; 04-370-15; 04-290-16; 04-390-08

0601214

Royalty Deed

This Royalty Deed ("Deed") is made and entered into by and between **RLF NEVADA PROPERTIES, LLC**, Colorado limited liability company whose address is 523 S. Cascade Avenue, Suite E, Colorado Springs, CO 80903 ("Grantor"), and **NEVADA LAND AND RESOURCE COMPANY, LLC**, a Nevada limited liability company ("Grantee"), collectively called "Parties."

Recitals

A. Grantor and Grantee are parties to that certain Grant, Bargain and Sale Deed ("GBS Deed") dated September 19, 2006, concerning the purchase and sale of certain real property situated in Lander County, Nevada, more particularly described on Exhibit "A", attached hereto ("Property").

B. Grantor and Grantee have agreed that Grantor shall grant to Grantee a Net Smelter Returns Production Royalty and a Geothermal Royalty on the Property subject to this Deed.

For and in consideration of the Parties' rights and obligations under the GBS Deed, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by Grantor and Grantee, and of the terms and conditions of this Deed, the Parties agree as described below:

1. **Definitions.** The following defined terms, wherever used in this Deed, shall have the meanings described below:

1.1 "Base Metals" means all Minerals, except gold, silver, platinum and all alloys thereof, regardless of the composition in which such Minerals are found or exist.

1.2 "Effective Date" means the date on which this Royalty Deed was executed by Grantor.

1.3 "Geothermal Resources" means the natural heat of the earth and the energy associated with that natural heat (including hot water and steam), pressure and all dissolved or entrained minerals that may be obtained from the medium used to transfer that heat, but excluding

hydrocarbons, helium, lithium and other metals, elements and compounds.

1.4 "Geothermal Royalty" shall have the meaning described in Section 2.7 of this Royalty Deed.

1.5 "Grantee" means Nevada Land and Resource Company, LLC, a Nevada limited liability company, and its successors and assigns.

1.6 "Grantor" means RLF Nevada Properties, LLC and its successors and assigns.

1.7 "Lean Ore" means materials mined from the Property at the time of mining which is not Ore or Waste, the nature and composition of which in Grantor's sole judgment, justifies mining or removing from place on the Property and stockpiling the same for possible shipping, sale or delivery to a processing facility or plant for physical or chemical treatment.

1.8 "Minerals" means gold, silver, platinum, antimony, mercury, copper, lead, zinc and all other mineral elements and mineral compounds, whether the same are known to exist on the Property or are after the Effective Date discovered on the Property and regardless of the method of extraction, mining, or processing the same, whether known to exist or invented or developed after the Effective Date.

1.9 "Net Smelter Returns" means for any period the amount of monies paid to and actually received by Grantor from any smelter or refinery ("Smelter") of Product as described in the net smelter return statement delivered by the Smelter as of the date of the statement, less all the following:

1.9.1 Custom smelting and retorting costs, treatment, charges and penalties, including, but without being limited to, metal losses, penalties for impurities and charges for refining and selling the Product, except in the case of leaching operations all processing and recovery costs incurred by Grantor beyond the point at which the metal being treated is in solution shall be considered as treatment costs; and

1.9.2 Costs of transportation of concentrates or dore metal (including insurance costs) from the Property to a smelter.

To the extent that Grantor sells any Ore or Product to a company controlled by it or retains any of the same for his own benefit, it shall give notice accordingly to the Owner and shall be deemed to have received the fair market value of the Ore or Product as of the date of the sale or retention, such market value to be calculated using the price described in this subsection. In determining the Royalty payable with respect to any such Product, Grantor shall make appropriate deductions as provided above. The price for purposes of this subsection shall be determined as follows:

(a) The price of gold shall be the average London Bullion Market Association Afternoon Gold Fix, calculated by dividing the total of such prices reported for the

calendar month by the number of days for which such prices were reported during that calendar month. If the London Bullion Market Association Afternoon Gold Fix ceases to be published, all such references to such price shall be replaced with references to prices of gold for immediate sale in another established market selected by Grantor, as such prices are published in Metals Week magazine, and if Metals Week magazine no longer publishes such prices, the prices of such other association or entity generally accepted and recognized in the mining industry.

(b) The price of silver shall be the average New York Silver Price, calculated by dividing the total of such prices reported for the calendar month by the number of days for which such prices were reported during that calendar month. If the New York Silver Price ceases to be published, all such references to such price shall be replaced with references to prices of silver for immediate sale in another established market selected by Grantor, as such prices are published in Metals Week magazine, and if Metals Week magazine no longer publishes such prices, the prices of such other association or entity generally accepted and recognized in the mining industry.

(c) If Grantor produces refined or processed metals or products from Minerals from the Property other than gold or silver, the unit price of such other metals or products shall be equal to the average amount of proceeds per unit received by Grantor during the calendar month from the sale of such other metals or products. Grantor shall have the right to sell such refined or processed metals to an affiliated party, provided that such sales shall be considered, solely for purposes of determining Net Smelter Returns, to have been sold at prices and on terms no less favorable than those that would be obtained from an unaffiliated third party in similar quantities and under similar circumstances.

1.10 "Ore" means materials mined from the Property which contain Minerals, the nature and composition of which justifies either (a) mining or removing from place and shipping and selling the same, or delivering the same to a processing plant for physical or chemical treatment; or (b) leaching in place. "Ore" also means any stockpiled Lean Ore which is shipped, sold or delivered for physical or chemical treatment or which is leached in place. Lean Ore which becomes Ore shall be deemed to have been mined during the calendar month in which such Lean Ore is shipped, sold, delivered for chemical or physical treatment or leached in place.

1.11 "Precious Metals" means gold, silver, platinum and all alloys thereof, regardless of the composition in which such Minerals are found to exist.

1.12 "Product" means the following:

1.12.1 All Ore mined or removed from the Property and shipped and sold by Grantor before treatment; and,

1.12.2 All concentrates, dore metal, precipitates and mill products produced by or for Grantor from Ore mined or removed from the Property or from Ore leached or treated on the Property and sold by Grantor.

1.13 "Property" means the real property described in Exhibit "A" attached to and by this reference incorporated in this Deed, including all minerals and mineral rights.

1.14 "Royalty" means the Net Smelter Returns production royalty granted to Grantee under this Deed.

1.15 "Waste" means earth, rock or material mined or removed from the Property, but which is not Lean Ore or Ore.

2. Description of Grant of Royalty and Geothermal Royalty. Grantor grants to Grantee, his successors and assigns, and Grantor agrees to pay to Grantee, and to instruct Grantor's lessee or the operator of any mine or facility for the production or use of Geothermal Resources on the Property to pay to Grantee, and Grantee's successors and assigns, a royalty of five percent (5%) of the net revenues from use or sale of Geothermal Resources, and a production royalty of three and one half percent (3.5%) of the Net Smelter Returns from Precious Metals and one percent (1%) from Base Metals to be determined and paid in accordance with the terms of this Deed, including the following provisions:

2.1 Payment of the Royalty and the Geothermal Royalty shall be determined at the end of each month after the Effective Date. The Royalty and the Geothermal Royalty shall be determined monthly on the basis that payments will be determined as of and payable within thirty (30) days after the last day of each month during which Grantor produces any Minerals, or Ore Product from the Property. Grantor's obligation to pay the Royalty and Geothermal Royalty shall accrue upon the sale of unrefined metals, dore, concentrates, ores or other Minerals, Geothermal Resources, products or, if refined metals are produced, upon the outturn of refined metals meeting the requirements of the specified published price to Grantor's account.

2.2 All payments made by Grantor shall be paid by check delivered to Grantee's address for notice purposes or by wire transfer to an account designated by Grantee. At the time of making each such payment, and within thirty (30) days after the end of each month if no such payment is due, Grantor shall deliver to Grantee a statement showing the amount of production of Geothermal Resources, Lean Ore, Product and Waste mined from the Property and the amount of the Royalty or Geothermal Royalty due, if any, and the manner in which it was determined. Grantor shall submit to Grantee information reasonably necessary to enable Grantee to verify the determination.

2.3 Grantee or its authorized agent shall have a right to audit and inspect Grantor's accounts and records used in calculating Royalty or Geothermal Royalty payments, which right may be exercised as to each payment at any reasonable time. If such audit determines that there has been a deficiency or an excess in the payment made to Grantee, such deficiency or excess shall be resolved by adjusting the next monthly Royalty payment due Grantee. Grantee shall pay all costs of such audit unless a deficiency of two percent (2%) or more of the Royalty due for the calendar month in question is determined to exist. Grantor shall pay the costs of such audit if a deficiency of two percent (2%) or more of the amount due for the calendar month in question is determined to exist. All books and records used by Grantor to calculate the Royalty or Geothermal Royalty

payments shall be kept in accordance with generally accepted accounting principles applicable to the mining industry.

2.4 Grantor shall keep accurate records of the production of Geothermal Resources, Lean Ore, Minerals, Ore, Product and Waste and the sale or shipment of Lean Ore, Minerals, Ore, Product and Waste from the Property, and these records shall be available for inspection by Grantee at all reasonable times.

2.5 Grantor shall have the right to commingle Lean Ore, Minerals, Ore and Product from the Property and materials from other properties, provided, that Grantor first informs Grantee, in writing, of Grantor's intention to commingle and delivers to Grantee a detailed written description of Grantor's commingling plan. Grantee shall have ninety (90) days during which to review, comment on and approve Grantor's proposed commingling plan. In any and all events, all Lean Ore, Minerals, Ore and Product shall be measured and sampled by Grantor in accordance with sound mining and metallurgical practices for metal and mineral content before commingling of any such Lean Ore, Minerals, Ore or Product with materials from any other property. Representative samples of materials from the Property intended to be commingled shall be retained by Grantor, and assays of these samples shall be made before commingling to determine the metal content of each ore. Detailed records shall be kept by Grantee showing measurements, assays of metal content and gross metal content of the materials from the Property are commingled.

2.6 Grantor shall not deduct from Net Smelter Returns any costs, expenses or payments incurred by Grantor in mining, processing or transportation of any Ore, Lean Ore or Product, except as expressly provided in this Royalty Deed.

[THIS SECTION INTENTIONALLY LEFT BLANK]

[THIS SECTION INTENTIONALLY LEFT BLANK]

3. **Inspection.** Grantee or Grantee's duly authorized representatives shall be permitted to enter on the Property and Grantor's facilities and workings on the Property at all reasonable times for the purpose of inspection, but they shall enter on the Property at their own risk and in such a manner as not to unreasonably hinder, delay or interfere with the operations of Grantor. Grantee shall indemnify and hold Grantor harmless from any and all damages, claims or demands arising out of injury to Grantee, Grantee's agents or representatives, or any of them, on the Property or on the approaches to the Property.

4. **Notices.** Any notices required or authorized to be given by this Royalty Deed shall be in written form. Any notices required or authorized to be given by this Royalty Deed may be personally served, sent by registered or certified mail delivery, postage prepaid and return receipt requested, or delivered via electronic transmission (email, facsimile, telegraph, telex or other wire service) addressed to the proper Party at the following address or such address as the Party shall have designated to the other Parties in accordance with this Section. Any notice required or authorized to be given by this Royalty Deed shall be deemed to have been sufficiently given or served in written form if delivered in accordance with this Section and actually received by such Party.

If to Grantor: RLF Nevada Properties, LLC
523 S. Cascade Avenue, Suite E
Colorado Springs, CO 80903

If to Grantee: Nevada Land and Resource Company, LLC
3480 GS Richards Boulevard, Suite 101
Carson City, NV 89703

5. **Governing Law.** This Royalty Deed shall be construed and enforced in accordance with the laws of the State of Nevada. Any and all actions or other legal proceedings concerning the construction or enforcement of the terms of this Royalty Deed and the Parties' obligations under this

Royalty Deed shall be commenced and maintained in the First Judicial District Court of the State of Nevada, Carson City, Nevada.

6. Nonliability of Grantee. Grantee shall neither be responsible for payment of any costs or expenses or any liabilities arising from or relating to Grantor's activities on, under or pertaining to the Property. Grantor shall defend, indemnify and hold harmless Grantee and Grantee's successors and assigns, of and from any and all liability whatsoever from actions, claims or damages, including court costs and attorney's fees, in any way arising from or relating to Grantor's occupation, ownership and use of the Property or his operations on or in the Property, and such obligations shall extend to and include any and all actions, claims or damages arising from or relating to Federal, State or local laws, regulations or ordinances, including those concerning the preservation or protection of the environment or reclamation of the Property.

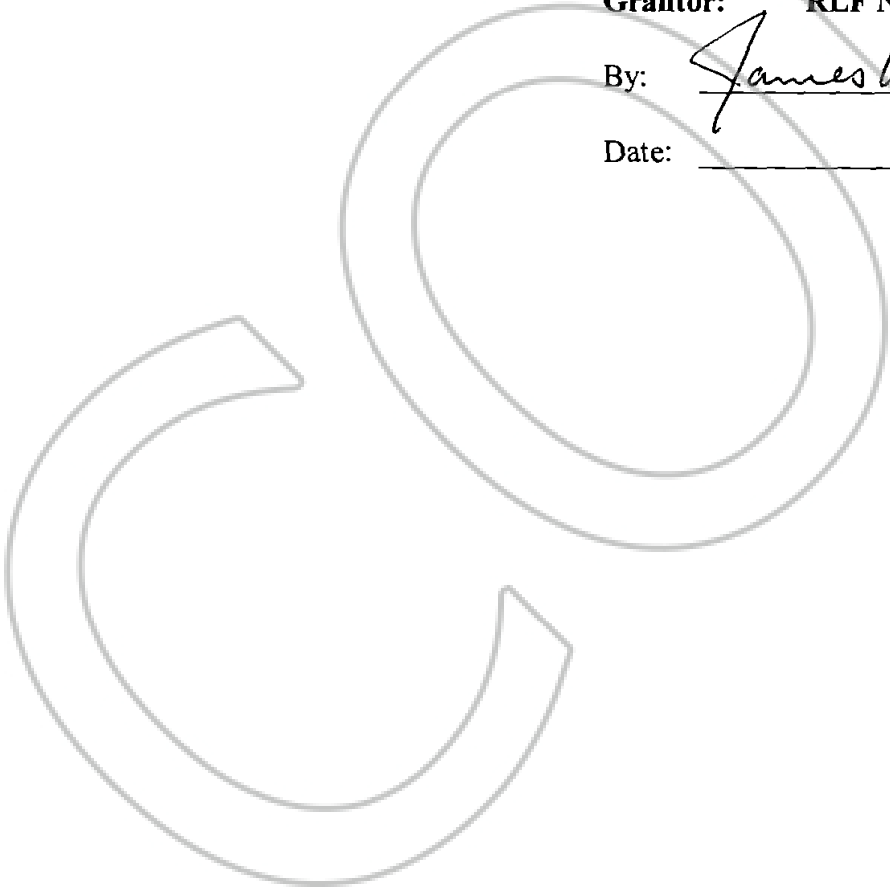
7. Inurement; Royalty to Run With the Land. The Royalty and the Geothermal Royalty granted by and the covenants imposed on Grantor in and under this Royalty Deed shall burden and run with the Property, and shall be binding upon and inure to the benefit of the Parties' respective assigns and successors.

Grantor has executed this Royalty Deed effective the Effective Date.

Grantor: RLF NEVADA PROPERTIES, LLC

By: James W. Geisy

Date: _____



STATE OF Colorado)
)ss.
COUNTY OF El Paso)

This Royalty Deed was acknowledged before me on this 25th day of September,
2006 by James W. Geisz.

Patricia Beiner, Notary Public
State of Colorado
My Commission Expires 3/4/2009

Patricia Beiner
Notary Public

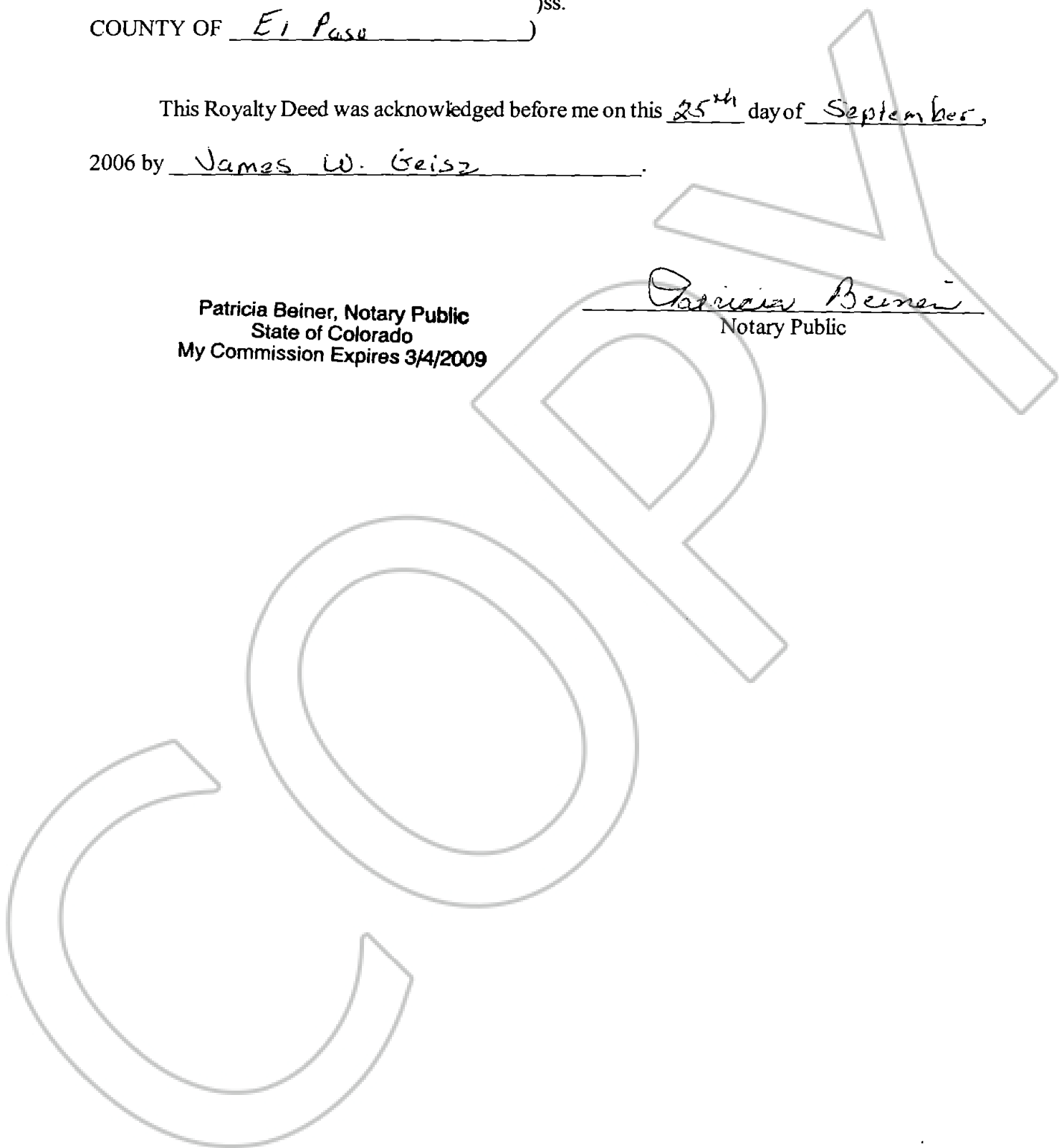


Exhibit "A"

LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada,
County of EUREKA, described as follows:

PARCEL 1:

TOWNSHIP 31 NORTH, RANGE 50 EAST, M.D.B.&M.

Section 1: All;

EXCEPTING THEREFROM all that portion of said land as conveyed to Western Pacific Railway Company in deed recorded February 20, 1909 in Book 16, Page 108, and in deed recorded April 26, 1909 in Book 16, Page 269, Deed Records, Eureka County, Nevada.

PARCEL 2:

TOWNSHIP 31 NORTH, RANGE 51 EAST, M.D.B.&M.

Section 7: All;

EXCEPTING THEREFROM all that portion of said land as conveyed to Western Pacific Railway Company in deed recorded February 20, 1909 in Book 16, Page 108, and in deed recorded April 26, 1909 in Book 16, Page 269, Deed Records, Eureka County, Nevada.

PARCEL 3:

TOWNSHIP 32 NORTH, RANGE 51 EAST, M.D.B.&M.

Section 5: All;

Section 25: N1/2; SW1/4; W1/2SE1/4; SE1/4SE1/4;

Continued on next page

Exhibit "A" (cont.)

EXCEPTING THEREFROM all that portion of said land as conveyed to Western Pacific Railway Company in deed recorded February 20, 1909 in Book 16, Page 108, and in deed recorded April 26, 1909 in Book 16, Page 269, Deed Records, Eureka County, Nevada.

Section 33: All;

PARCEL 4:

TOWNSHIP 33 NORTH, RANGE 51 EAST, M.D.B.&M.

Section 33: All;

PARCEL 5:

TOWNSHIP 32 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 19: All that portion lying northwesterly of Highway 278.

EXCEPTING THEREFROM all that portion of said land as conveyed to Western Pacific Railway Company in deed recorded February 20, 1909 in Book 16, Page 108, and in deed recorded April 26, 1909 in Book 16, Page 269, Deed Records, Eureka County, Nevada.

206334

BOOK 444 PAGE 122

**STATE OF NEVADA
DECLARATION OF VALUE**

1. Assessor Parcel Number(s) 05-120-05, 05-140-06, 04-360-01, 04-370-12, 04-370-15, 04-290-16 and 04-390-08

FOR RECORDERS OPTIONAL USE ONLY	
Document Instrument No.:	206334
Book:	444 Page: 113-122
Date of Recording:	10-6-06
Notes:	

2. Type of Property:

- a) Vacant Land
- b) Single Fam Res
- c) Condo/Twnhse
- d) 2-4 Plex
- e) Apt. Bldg
- f) Comm'/Ind'l
- g) Agricultural
- h) Mobile Home
- i) Other _____

3. Total Value/Sales Price of Property: \$ 0

Deed in Lieu of Foreclosure Only (value of property) \$ _____

Transfer Tax Value: \$ 0

Real Property Transfer Tax Due: \$ 0

4. **If Exemption Claimed**

- a. Transfer Tax Exemption, per NRS 375.090, Section _____
- b. Explain Reason for Exemption: _____

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, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature [Signature]
Capacity Seller

Signature [Signature]
Capacity Buyer

SELLER (GRANTOR) INFORMATION
(Required)

Print Name: Nevada Land and Resource Company LLC
Danielle Bettridge
3480 GS Richards Blvd. #101
Carson City, NV 89703

BUYER (GRANTEE) INFORMATION
(Required)

Print Name: Hart Baitis
130 Solana Road
Portola Valley, CA 94028

COMPANY REQUESTING RECORDING

Co. Name: Ticor Title of Nevada, Inc.
5441 Kietzke Lane, Suite 100,
Reno, NV 89511

Esc #: 6003278-SH

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)