

Official Record

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Lincoln County - NV

Leslie Boucher - Recorder

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APN: 9-012-47

WHEN RECORDED MAIL TO:

R. Christopher Reade, Esq.  
READE & ASSOCIATES  
4560 S. Decatur Boulevard, Suite 201  
Las Vegas, Nevada 89103

DEED OF TRUST

THIS DEED OF TRUST, made this 25 day of January, 2008, between, JOHN EDGAR DHONAU and NEVADA MINERALS, LLC, herein called "Trustor", FIRST AMERICAN TRUST COMPANY OF NEVADA, herein called "Trustee", and PHILIP COURTNEY SMITH, herein called "Beneficiary"

WITNESSETH:

That Trustor irrevocably grants to Trustee in trust, with power of sale, all interest of Trustor in that certain property situated in Clark County, State of Nevada, more particularly described as follows:

Patented Lode Mining Claims Patented Lode Mining claims contained in Mineral Entry Patent 1118478 dated May 12, 1944, Mineral Survey 4760, covering portions of Sections 25 and 36, Township 3 South, Range 56 East, M.D.M., and of Section 31, Township 3 South, Range 57 East, M.D.M., as follows:

- Scheelite
- Scheelite No. 1
- Scheelite No. 2
- Townsite
- Townsite No. 1
- Townsite No. 2
- Townsite No. 5
- Lime Cap
- Dome
- Grubstake No. 2

Excepting therefrom all that real property as conveyed by Quitclaim Deed to the Lincoln County Telephone System, Inc., Dated November 23, 1993 and Recorded December 17, 1993 in Book 108, page 151 as Document No. 101249 Official Records, also known as Assessors' Parcel No 9-012-47.

FOR THE PURPOSE OF SECURING: (1) payment of the sum of ONE MILLION FOUR HUNDRED FIFTY THOUSAND FIVE HUNDRED AND 00/100 DOLLARS (\$1,450,500.00), as set forth in the Promissory Note Secured by Deed of Trust of even date.

*JB*



AND THIS INDENTURE FURTHER WITNESSETH:

1. Trustor agrees to properly care for and keep said property in good condition and repair, not to remove or demolish any building thereon; to complete in good and workmanlike manner any building which may be constructed thereon, and to pay when due all claims for labor performed and materials furnished therefore; to comply with all laws, ordinances and regulations relating to any alterations or improvements made thereon; not to commit or permit any waste thereof, not to commit, suffer or permit any act to be done in or upon said property in violation of any law, covenant, condition, or restriction affecting said property, to cultivate, irrigate, fertilize, fumigate, prune and/or do any other act or acts, all in a timely and property manner, which, from the character or use of said property, may be reasonably necessary, the specific enumerations herein not excluding the general.

2. Trustor agrees to pay and discharge all costs, fees, and expenses of this trust incurred in connection with any default by Trustor.

3. During the continuance of this trust, Trustor covenants to keep all buildings that may now or at any time be on said property in good repair and insured against loss by fire, with extended coverage endorsement, in a company or companies authorized to issue such insurance in the State of Nevada. Said insurance be at least in the sum of all obligations having priority over this deed of trust, or the maximum full insurable value of such buildings, whichever is less. Said insurance shall be payable to Beneficiary to the amount of any monetary loss suffered by Beneficiary as a result of the breach by Trustor of a provision of this deed of trust or of the Agreement hereby secured. The policy or policies of said insurance shall be delivered to Beneficiary or to the collection agency of Beneficiary, as further security thereof, Beneficiary may procure such insurance and/or make such repairs, and expend for wither of such purposes such sums Beneficiary shall deem necessary. The amount collected by Beneficiary under any fire or other insurance policy may be applied by Beneficiary upon monetary loss suffered by Beneficiary as a result of the breach by Trustor of a provision of this Deed of Trust or of the Agreement secured hereby, or, at the option of the Beneficiary, the entire amount so collected, or any part thereof, may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

4. Trustor promises and agrees that if, during the existence of this trust, there be commenced or pending any suit or action affecting said property, or any part thereof, or the title thereto, or if any adverse claim for or against said property, or any part thereof, be made or asserted, he will appear in and defend any such matter purporting to affect the security and will pay all costs and damages arising because of this action.

5. Trustor covenants, contracts and agrees that Trustor shall pay all taxes, improvement district fees, common interest community and Homeowners Association dues and charges assessed as against said property.

6. Any award of damages in connection with any condemnation for



public use of, or injury to said property, or any part thereof, is hereby assigned and shall be paid to Beneficiary, who may apply or release such moneys received by him in the same manner and with the same affect as herein provided for disposition of proceeds to insurance.

7. Trustee shall be under no obligation to notify any party hereto of any pending sale of said property, whether such sale is by foreclosure or otherwise or of any action or proceeding in which Trustor or Beneficiary or Trustee shall be a party, unless brought by Trustee.

8. At any time, and from time to time, without liability and without notice to Trustor, upon written request of Beneficiary and presentation of this Deed of Trust and the Agreement secured hereby for endorsement, and without affecting the personal liability of any person for performance of the Agreement secured hereby or in the effect of this deed of trust upon the remainder of the property, Trustee may re-convey any part of said property; consent in writing to the making of any map or plat thereof, join in granting any easement thereon, or join in any extension agreement or subordination agreement in connection herewith.

9. Upon receipt of written request from Beneficiary that the Agreement secured hereby has been performed and upon the surrender of this Deed of Trust and the Agreement secured hereby to Trustee for cancellation and retention, or such other disposition as Trustee, in its sole discretion, may choose, and upon payment of fees, the Trustee shall re-convey, without warranty, the property then held hereunder. The recitals in such re-conveyance of any matters of fact shall be conclusive proof of the truth thereof. The Grantee in such re-conveyance may be described in general terms as "the person or persons legally entitled hereto".

10. Should Trustor default in any term, covenant or condition secured hereby, or in the performance of any of the covenants and agreements herein contained or incorporated herein by reference, Beneficiary may proceed to exercise the remedies herein provided.

a. Should Trustor default in payment of any indebtedness secured hereby, or in the performance of any agreement herein, then Beneficiary may declare all sums secured hereby immediately due by delivery to Trustee of a written declaration of default and demand for sale, and of written notice of default and election to cause said property to be sold (which Trustee shall cause to be filed for record) and shall surrender to Trustee this Deed, the notes and all documentation evidencing any expenditure secured hereby.

b. After three (3) months elapse following recordation of such notice of default without any cure by Trustor, and upon written notification from Beneficiary that it is not exercising its rights pursuant to subsection (b) herein, Trustee shall sell said property at such time and such place in the State of Nevada as the Trustee, in its sole discretion, shall deem best to accomplish the objects of these Trusts, having first given notice of such sale as then required by law to any and all persons entitled to notice and/or cure pursuant to Chapter 107 of the Nevada Revised Statutes. Place of sale may be either in the county in which the property is to be sold, or any part thereof, or at the office of the Trustee located in the State of Nevada.

JW

c. The Grantor, Pledgor and Mortgagor of any personal property pledged and/or mortgaged as part of the underlying obligation waives any and all other demands or notices as condition precedent to sale of such property.

d. Trustee may postpone sale of all, or any portion, of said property by public announcement at the time fixed by said notice of sale, and may thereafter postpone said sale from time to time by public announcement at the time previously appointed.

e. At the time of sale so fixed, Trustee may sell the property so advertised or any part thereof, either as a whole or in separate at its sole discretion, at public auction, to the highest bidder for cash in lawful money of the United States, payable at time of sale, and shall deliver to purchaser, a deed conveying the property so sold, but without covenant or warranty, express or implied, Trustor hereby agrees to surrender, immediately and with demand, possession of said property to such purchaser.

11. Trustee shall apply all proceeds of any such sale to payment of, expenses of sale and all charges and expenses of Trustee and of these Trusts, including cost of evidence of title and Trustee's fee in connection with sale; all sums expended under the terms hereof, not then repaid, with accrued interest at the rate of seven percent (7%) per annum, and all other sums then secured hereby or otherwise remaining to Beneficiary. Trustor understands and acknowledges that the remedy provided to Beneficiary in this section is contrary to the rights and remedies provided to Trustor under Chapter 107 of the Nevada Revised Statutes and that Trustor is knowingly and completely waiving his rights to redemption and/or credit for payments made and/or equity in said property pursuant to Chapter 107 of the Nevada Revised Statutes.

12. The following covenants of Nevada Revised Statues 107.030, are hereby adopted and made by reference pursuant to NRS 107.040: Covenant No. 1, Covenant No. 3, Covenant No. 4 (at an interest rate of Twelve Percent [12.0%] per annum as set forth therein), Covenant No. 5, Covenant No. 6, Covenant No. 7 (counsel fees at a percentage rate of six [6%] percent), Covenant No. 8 and Covenant No. 9.

13. Trustor agrees to pay any deficiency arising from any cause after application of the proceeds of the sale held in accordance with the provisions of the covenants hereinabove adopted by reference.

14. The parties agree that nothing contained in this Deed of Trust shall impose any additional obligations upon Trustor other than those identified herein and in the Settlement Agreement and Mutual Release dated November 9, 2006 (attached hereto as Exhibit "A") whose terms and conditions are incorporated herein and made a part of this Deed of Trust.

15. Should Trustor sell, convey or transfer any interest in said Property during the pendency of this Deed, then Beneficiary may declare all sums secured hereby immediately due and that Beneficiary shall be entitled to all other sums collected or received by Trustor as a result of said sale, conveyance or transfer to satisfy any encumbrance or obligation secured hereby or otherwise remaining.

16. The Deed of Trust applies to, inures to the benefit of, and binds



all parties hereto, there heirs, legatees, devisees, administrators, executors, successors and assigns. It is agreed that the Trust created hereby is irrevocable by Trustor.

17. Trustee accepts this trust when this Deed of Trust, duly extended and acknowledged is made a public record as provided by law, reserving, however, unto the Trustee, the right to resign from duties and obligations and imposed herein whenever Trustee, in its sole discretion, deems such resignation to be in the best interest of the Trustee. Written notice of such resignation shall be given to Trustor and Beneficiary.

18. In this Deed of Trust, whenever the context so required, the masculine gender includes the feminine and/or neuter, and the singular number includes plural. The term "Beneficiary" includes any future holder of the note secured hereby. The term "Trustor" includes the term "Grantor".

EXECUTED this \_\_\_\_\_ day of January, 2008.

JOHN EDGAR DHONAU, TRUSTOR

NEVADA MINERALS, INC., TRUSTOR

STATE OF NEVADA,        )  
                                  ) ss.  
COUNTY OF CLARK.     )

On this \_\_\_\_\_ day of January, 2008, appeared before me, a Notary Public in and for the County and State described above and known to me to be JOHN EDGAR DHONAU, individually and on behalf of Nevada Minerals, who signed the above and foregoing Deed of Trust.

Subscribed and sworn to before me  
this 26 day of January, 2008.

  
Notary Public in and for  
Said County and State