

Official Record

Recording requested By
RUTHERFORD DAY

Lincoln County - NV
Leslie Boucher - Recorder

Fee: \$57.00

Page 1 of 19

RPTT:

Recorded By: AE

Book- 264 Page- 0255



0138489

APN _____

APN _____

APN _____

PURCHASE AGREEMENT - PROPERTY - ROYALTY DEED
Title of Document

Affirmation Statement

RD I, the undersigned hereby affirm that the attached document, including any exhibits, hereby submitted for recording does not contain the social security number, driver's license or identification card number, or any "Personal Information" (as defined by NRS 603A.040) of any person or persons. (Per NRS 239B.030)

____ I, the undersigned hereby affirm that the attached document, including any exhibits, hereby submitted for recording does contain the social security number, driver's license or identification card number, or any "Personal Information" (as defined by NRS 603A.040) of a person or persons as required by law: _____
(State specific law)

Rutherford Day
Signature Title

RUTHERFORD DAY
Print

5/26/2011
Date

Grantees address and mail tax statement:

109 SHADOW LANE
LAS VEGAS, NV
89106-4301



**ATLANTA – RUTHERFORD DAY – BOBCAT PROPERTIES INC.
PURCHASE AGREEMENT**

This Agreement made as of the 8th day of December, 2010 between Bobcat Properties Inc., a Nevada Corporation, Rutherford Day, Principal "Owner", and Desert Hawk Resources Inc. ("DHRI") a Delaware Corporation (Purchaser). Both parties will be bound to the following terms of this agreement by signature on the above date. This agreement can be amended in writing, signed by both parties.

1. The Property

For the purpose of this Agreement, the term "Property" shall mean the following;

- (a) 12 patented and 49 unpatented lode mining claims located in Lincoln County, Nevada held by the Owner and described in Exhibit A attached. The claim names are the ATL 122 through Flo No. 3.
- (b) Bobcat Properties Inc. an S Corporation with business license in Nevada.
- (c) All facilities and the mill on the claims and all water rights, water lines and power lines off the claims that are owned by Bobcat Properties Inc., (attached Exhibit A)
- (d) All digital and paper records of past production, resource reports, drill logs and drill records, core, drill chips, assays, geological reports, maps and claim records.
- (e) Claims ATL122, ATL124, ATL126 and ATL156 on the tailings pond location were quit claimed to Bobcat Properties and reserve a 3% net smelter return (NSR) royalty to Exxon Minerals Corporation.

2. Representations and Warranties

The Owner represents and warrants to DHRI that:

- (a) it is the recorded holder of the Property;
- (b) it has the sole and exclusive right to deal with all right, title and interest in the Property in the manner set out in this agreement;
- (c) it has good and marketable title to the Property and there is nothing in the nature of a right or claim by any third party which may in any way adversely affect the ability of the Owner to perform its obligations under this Agreement;

Tom RA



- (d) the unpatented mining claims included in the Property were validly and properly located, have been maintained to date in force and effect by timely performance of any required annual assessment work and payment of any and all required annual maintenance fees, and all filings and recordings for them required by private agreement or county, state, federal or other governmental or regulatory laws for preservation of them have been timely and properly made to date and the Owner is not aware of any actual or potential adverse claim or challenge to the validity, maintenance or preservation of such claims;
- (e) under any and all applicable laws and regulations the Owner is legally entitled to hold its interests directly or indirectly in the Property and is the recorded holder and beneficial owner of all of its interests, as identified herein, in the mineral rights comprising or contained in the Property, free and clear of all mortgages, liens, charges, encumbrances, third party interests or other claims of any nature whatsoever;
- (f) in respect to any environmental matters (that is, matters relating to any contamination of or adverse effect upon the environment or any individuals or injury to the public health and safety), the Owner is not aware of any adverse environmental liability pending from past operations and states that environmental reclamation was completed to the satisfaction of the Bureau of Land Management in year 1997.
- (g) it has not done, made, committed, executed or suffered any act, deed, matter or thing whatsoever whereby its interest in the Property is or may be affected or encumbered or otherwise;
- (h) the Property is in good standing under applicable federal and state laws governing unpatented lode mining claims; and
- (i) it has delivered to DHRI all information, data, records and other documents in its possession that it considers to be material for the purposes of this Agreement.

3. The Purchase

The Owner grants to DHRI the exclusive and irrevocable right to purchase the Property (the "Purchase") for \$6,000,000.00 US and a production royalty of 3% net smelter return (the "Royalty") of "refined gold-silver calculated as gold equivalent in-kind and capped at 4,000 ounces". "Refined" means purified metal produced from a refinery such as Engelhard Rand, Johnson Matthey or Handy and Harman. "Gold equivalent" means silver value converted to gold amount at the spot price when the gold-silver mixture is poured from

Tom RD



the smelter at the plant site and then included as a part of the 3% gold equivalent royalty. "In kind" means owner takes delivery of the refined gold and silver equal to 3% of the total gold equivalent poured. "Capped" means when 3% of the gold equivalent delivered to the owner reaches 4,000 ounces, then the owner is paid in full.

The Royalty of 3% will be paid at anytime that production begins on gold and silver. The parties will execute the royalty deed described in Exhibit B by signing and will be in affect at the start of production, with production anticipated to begin in year 2012.

4. Payment Schedule

DHRI agrees to purchase the property on the terms and conditions expressed in this Agreement on or before December 31, 2010 for a purchase price of \$6,000,000.00 US. (the "Payment"). A 5% deposit of \$300,000 will be non refundable after December 8, 2010 if the final agreement has been signed and notarized by both parties. The deposit will be refundable up to the time that both parties sign the final agreement. The final agreement must be signed prior to December 31, 2010 when the Payment is made at Closing.

At the Closing, the Payment shall be made by DHRI against delivery by the Owner of a deed or such other instruments (the, "Transfer of Documents") as are necessary to vest an undivided 100 percent in the property to DHRI, free and clear of all mortgages, liens, charges, encumbrances, third party interests or other claims of any nature whatsoever except the 3% retained royalty to the Owner described in section 3.

5. Exploration and Development of Property

Following the Purchase, DHRI shall have the sole and exclusive right to conduct exploration and development work on the Property in the manner outlined in this Agreement. All such work shall be conducted in a good and miner-like manner. The exploration may consist of and is not limited to drilling, sampling, mapping, trenching, geophysical surveys and test mining with ore and waste rock possibly stockpiled on the property. In anticipation of the project advancing to production, mining methods may be surface, underground or a combination of both and the construction of facilities to support the mining.

6. Further Assurances

The parties will execute such further documents and do all such things as may be necessary or advisable in order to give full effect to this Agreement.

7. Governing Law

This Agreement shall be interpreted in accordance with and shall be subject to the laws of the Federal, Nevada State and County Governments.

TD RP



Any notice or other writing required or permitted to be given under or for the purposes of this Agreement (a "notice") shall be sufficiently given if delivered to the party to whom it is given or sent by facsimile, addressed to such party as follows:

(a) the Owner:

Rutherford Day
Bobcat Properties, Inc.
1015 N.E. 38th Street
Ft. Lauderdale, Florida 33334
(954) 564-3893
Fax (954) 566-2301

DHRI

Desert Hawk Resources Inc.
546 Fifth Avenue
New York, NY 10036
Attn: Richard Sands
Office (212) 798-1300
Attn: Timothy Master, (first contact)
Cell (775) 233 0073

Or such other address as the party to whom a notice is to be given shall have last notified the party giving it in the manner provided in this paragraph. Any notice delivered to the party to whom it is addressed or sent by facsimile shall be deemed to have been given and received on the day it is delivered or sent, provided that if such a day is not a business day then the notice shall be deemed to have been given and received on the business day next following such day and provided further that in the case of facsimile communication, the date and time of transmission must be established by the party who claims to have given notice.

8. Entire Agreement

This Agreement constitutes the entire agreement between its signatories and supersedes all prior agreements and understandings, oral or written, by and between them with respect to the Property and the subject matter of this Agreement. There are no conditions, covenants, agreements or understandings between the parties except by those expressly contained herein. No change, modification or alteration of this Agreement shall be valid unless made in writing, signed by the parties.

9. Currency

All references to money amounts are to U.S. currency.



10. Headings

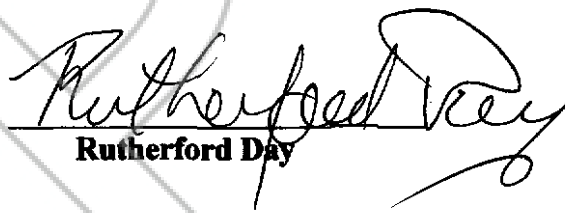
The headings in this Agreement are inserted for convenience of reference only and shall not be used in the construction of this Agreement or of any of its provisions.

11. Effect of Agreement

This Agreement and the rights and obligations of the parties shall remain in force to the benefit of and be binding upon such parties and their respective successors and permitted assigns.

IN WITNESS, the parties have duly executed this Agreement as of the date first hereinabove written.

OWNER


Rutherford Day

PURCHASER



Name Timothy Master Title President, COO

DESERT HAWK RESOURCES INC.

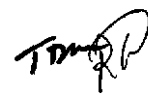




EXHIBIT A PROPERTY

All those patented and unpatented lode mining claims located in Township 7 North, Range 68 East, Sections 10, 11, 14, 15, 22, 23 and 27 and T6N, R67E, Section 5, Lincoln County, Nevada more particularly described as follows:

FROM: R DAY, BOBCAT PROPERTIES, INC. PHONE NO.: 954 566 2381 P84

CLAIM FOR TAX EXEMPTION PATENTED MINING CLAIMS

State of FLORIDA
 County of BROWARD }
 Rutherford Day, being duly sworn deposes and says that at least one hundred dollars' worth of development work was performed upon the following listed 13 patented mines, situated in the ARIZONA mining district, county of Lincoln, State of Nevada, during the federal mining assessment work period ending within the year 2009. Said work was done at the expense of Bobcat Properties, Inc., the owner (or one of the owners) of said patented mine, for the purpose of relieving the same from the tax assessment. It was performed by Bobcat Properties, Inc. at about 100 feet in a southerly direction from the location monument, and was done between the 1st day of September, 2008, and the 1st day of September, 2009 and consisted of the following work: ROADWORK AND MAINTENANCE

BOBCAT PROPERTIES, INC., By: RUTHERFORD DAY, PRESIDENT
 Subscribed and sworn to before me this _____ day of _____ A. D.

 PREPARED BY:
 Rutherford Day
 President
 Bobcat Properties, Inc.
 1015 W 38th Street
 Ft. Lauderdale, FL 33334
 954/564-2003

- Atlanta Home
- Atlanta Strip #1
- Atlanta Strip #2
- Atlanta #1
- Atlanta #2
- Atlanta #1
- Belle
- Comney and Bradshaw Lode
- Hillside
- MIG #2
- Nimmett and Noye #1 Lode
- Pantolian Fraction
- Sparrow Hawk

2010-11-26 02:24 DAY RUTHERFORD 954 566 2381 Page 4

TOP



0138489

Book 264
Page: 252

05/31/2011
Page 8 of 16



FROM : R DAY, BOBCAT PROPERTIES, INC PHONE NO. : 954 566 2301

P81

BOBCAT PROPERTIES - LODE CLAIM LIST

Updated July 21, 2009

County: Lincoln

State: Nevada

#	NAME	SECT/WP/RGE	BK	BQ	MMC
1	ATL 122	15/7N/68E	34	376	139872
2	ATL 124	15/7N/68E	34	378	139874
3	ATL 126	15/7N/68E	34	380	139876
4	ATI. 136	15/7N/68E	34	354	139904
5	Atlanta Star #1	15/7N/68E	R-1	351	16593
6	Atlanta Star #2	15/7N/68E	R-1	351	16594
7	Atlanta Star No. 3	15/7N/68E	W-1	234	16595
8	Blue Bird No. 2	22/7N/68E	R-1	407	16643
9	Blue Bird No. 3	15 & 22/7N/68E	R-1	407	16644
10	Blue Bird No. 15	15/7N/68E	R-1	129	16656
11	Blue Bird Fraction	15/7N/68E	W-1	233	16678
12	BOBCAT #1	11 & 14/7N/68E	33	51	126537
13	BOBCAT #2	14/7N/68E	33	52	126538
14	BOBCAT #3	14/7N/68E	33	53	126539
15	BOBCAT #4	11 & 14/7N/68E	33	54	126540
16	BOBCAT #5 (Fraction)	11 & 14/7N/68E	33	55	126541
17	Eastline #1	11 & 14/7N/68E	R-1	65	16586
18	GEM #1	14 & 15/7N/68E	R-1	330	16581
19	GEM #2	14, 15, 22 & 23/7N/68E	R-1	331	16582
20	GEM #3	22 & 23/7N/68E	R-1	331	16583
21	GEM #4	22 & 23/7N/68E	R-1	332	16584
22	HOGAN	15/7N/68E	W-1	268	16689
23	Mid	15/7N/68E	Q-1	52	16596
24	Mid #1	14 & 15/7N/68E	Q-1	52	16597
25	Mid No. 2	14 & 15/7N/68E	W-1	297	16598
26	Millate	15/7N/68E	Q-1	53	16599
27	MWhite #1	10 & 15/7N/68E	Q-1	53	16600

1

2010-11-27 09:37

DAY RUTHERFORD

954 566 2301

Page 1

TD
20



0138489

Book: 264

05/31/2011

Page: 263

Page 9 of 10



FROM : R DAY, BOBOAT PROPERTIES, INC PHONE NO. : 954 566 2301

P22

28	Millsite No. 8	13/7N/68E	R-1	97	16604
29	Minnetta & Hayes #2	14&23/7N/68E	R-1	369	16633
30	MINNETT & HAYES No. 3	23/7N/68E	R-1	465	16634
31	MINNETT & HAYES No. 4	14 & 23/7N/68E	R-1	466	16635
32	Minnetta & Hayes #5	14/7N/68E	R-1	368	16636
33	MINNETT & HAYES No. 6	14/7N/68E	R-1	466	16637
34	Moab	14 & 15/7N/68E	Q-1	51	16605
35	Moab #1	14/7N/68E	Q-1	51	16606
36	Moab #2	14 & 15/7N/68E	U-1	15	16607
37	Ridge No 1	15/7N/68E	R-1	130	16683
38	Ridge No 2	15/7N/68E	R-1	130	16686
39	Ridge No 3	15/7N/68E	R-1	130	16687
40	Ridge No 4	15/7N/68E	R-1	132	16688
41	Lake Valley Millsite	27/7N/67E	137	109	792474
42	Lake Valley Millsite #2	3/6N/67E	137	111	792475
43	Bluebird No. 4	22/7N/68E	198	143	893561
44	Bluebird No. 5	22/7N/68E	198	146	893562
45	Bluebird No. 6	NE 1/4 22/7N/68E SE 1/4 15/7N/68E	198	147	893563
46	Gen No. 5	NE 1/4 22/7N/68E NW 1/4 23/7N/68E	198	148	893564
47	Flo No. 1	NW 1/4 15/7N/68E	231	167	955048
48	Flo No. 2	NW 1/4 15/7N/68E	231	168	955049
49	Flo No. 3	NW 1/4 15/7N/68E	231	169	955050

Prepared by: Boboat Properties, Inc.
 1015 NE 38th Street
 Ft. Lauderdale, FL 33334
 Telephone: 954-564-3893

2

2010-11-27 00:38

DAY RUTHERFORD

954 566 2301

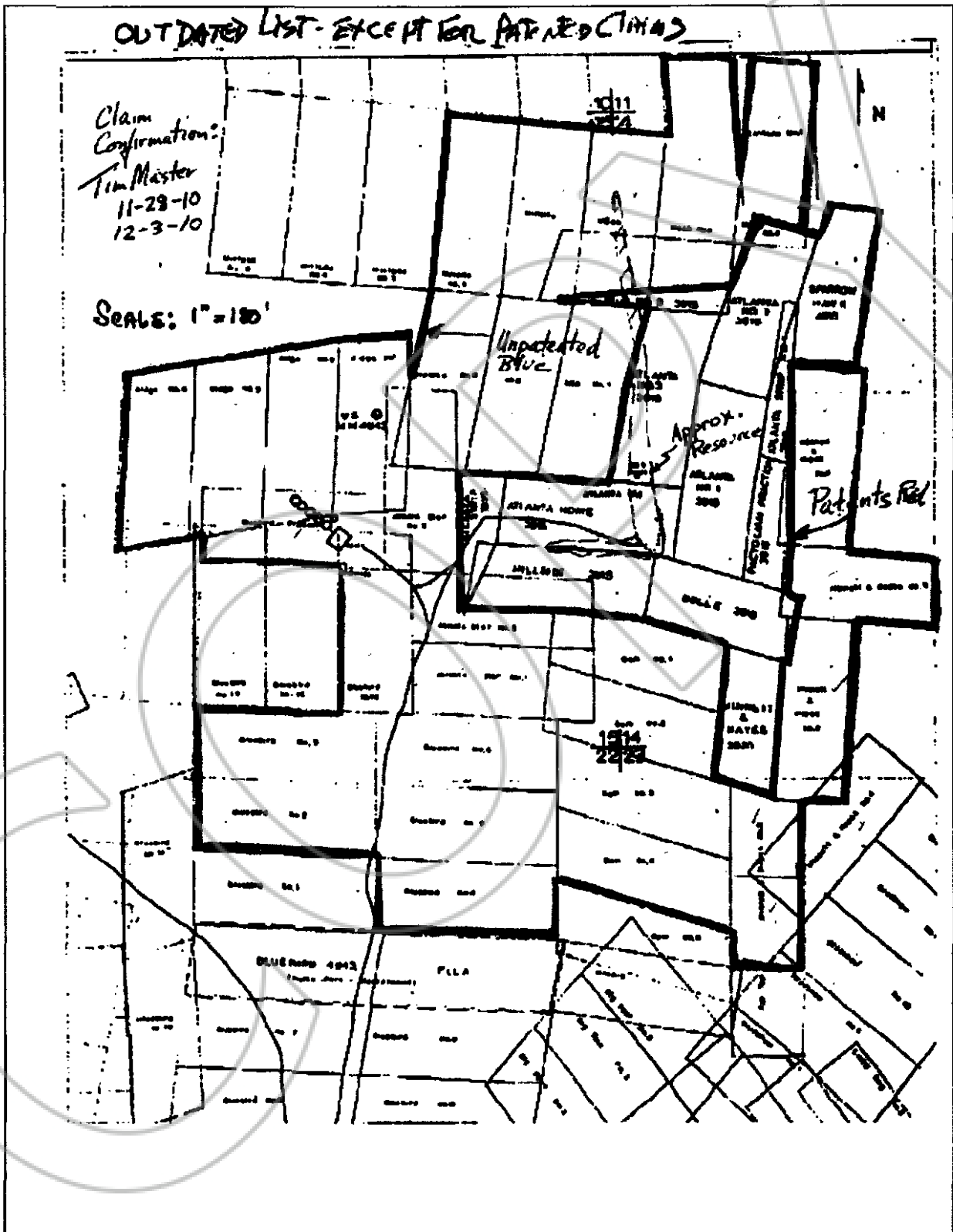
Page 2



OUTDATED LIST - EXCEPT FOR PATENT CLAIMS

Claim Confirmation:
Tim Master
11-28-10
12-3-10

SCALE: 1" = 100'



Tim PD



FORM NO. 100, REV. 01/01/00, INC. (FORM NO. 100) 100-100

BOBCAT PROPERTIES - LOSS CLAIM LIST
Standard Form 100

Group Name Date Month

#	NAME	REV. YEAR	RS	RS	AMT
1	ATL 122	10/7/00	34	376	12872
2	ATL 124	10/7/00	34	776	14826
3	ATL 128	10/7/00	36	300	17886
4	ATL 126	10/7/00	34	744	17984
5	Adm. Exp. #1	10/7/00	11	101	1691
6	Adm. Exp. #2	10/7/00	14	741	16795
7	Adm. Exp. No. 3	10/7/00	10	554	16001
8	Star Mail No. 2	10/7/00	11	607	16641
9	Star Mail No. 1	10/7/00	11	607	16641
10	Star Mail No. 15	10/7/00	11	139	16196
11	Star Mail Postage	10/7/00	10	233	16079
12	BUNLAJ #1	11 & 10/7/00	33	81	12657
13	BUNLAJ #2	10/7/00	33	80	12619
14	BUNLAJ #3	10/7/00	33	58	12039
15	BUNLAJ #4	11 & 10/7/00	33	34	12009
16	BUNLAJ #5 (Postage)	11 & 10/7/00	33	73	12047
17	Endless	11 & 10/7/00	11	86	16786
18	SPN #1	11 & 10/7/00	11	116	16111
19	SPN #2	11, 12 & 10/7/00	11	331	16542
20	SPN #3	11 & 10/7/00	11	331	16542
21	SPN #4	11 & 10/7/00	11	132	16584
22	BOCAT	10/7/00	11	260	16689
23	MS	10/7/00	11	52	12108
24	MS #1	11 & 10/7/00	11	62	16697
25	MS #2	11 & 10/7/00	11	707	16798

RECEIVED
MAY 10 2011

Page 1 of 1

United States Department of the Interior
Bureau of Land Management
DIV OF SUPPORT SERVICES
P.O. BOX 1200
DENVER, CO 80202
Phone (303) 837-6000

Requester's Agency
Name of Recipient Agency
CIVILIAN BOBCAT PROPERTIES INC
ADDRESS WITH CITY
1000 PARK PL, DENVER CO 80202

LINE #	DATE	DESCRIPTION	REMARKS	TRNS	TOTAL
1	10/7/00	BOBCAT PROPERTIES / BOBCAT CLAIMS - NEW DENVER/CLARK/ALLEN	PT: MAIL 1	11	16689
		1000 PARK PL, DENVER CO 80202	BOCAT 11 122		
			PT #1		
TOTAL					16689

PAYMENT INFORMATION

AGENT'S NAME
TYPE OF CHECK
CHECK NO.
NAME OF BANK
RTE NO WITH RT
RTV ADDRESS P. 110408

REMARKS

This report will be available to the public under the provisions of the Freedom of Information Act. If you have any questions, please contact the Bureau of Land Management.

http://blm.blm.gov/pubs/foia/foia.htm

TOR
RD



0138489

Book: 264
Page: 266

05/31/2011
Page: 12 of 19



Page	Section	Acres	Category	Value	Value
26	Millsite	15/7N68E	Q-1	53	16599
27	Millsite #1	10 & 15/7N68E	Q-1	53	16600
28	Millsite No. 8	15/7N68E	R-1	97	16604
29	Minnetta & Hayes #2	14 & 23/7N68E	R-1	369	16633
30	MINNETT & HAYES No. 3	23/7N68E	R-1	465	16634
31	MINNETT & HAYES No. 4	14 & 23/7N68E	R-1	466	16635
32	Minnet & Hayes #5	14/7N68E	R-1	368	16636
33	MINNETT & HAYES No. 6	14/7N68E	R-1	466	16637
34	Moab	14 & 15/7N68E	Q-1	51	16605
35	Moab #1	14/7N68E	Q-1	51	16606
36	Moab #2	14 & 15/7N68E	Q-1	15	16607
37	Ridge No 1	15/7N68E	R-1	130	16685
38	Ridge No 2	15/7N68E	R-1	130	16686
39	Ridge No 3	15/7N68E	R-1	130	16687
40	Ridge No 4	15/7N68E	R-1	132	16688
41	Lake Valley Millsite	27/7N67E	137	109	792474
42	Lake Valley Millsite #2	5/6N67E	137	111	792475
43	Bluebird No. 4	22/7N68E	198	145	893561
44	Bluebird No. 5	22/7N68E	198	146	893562
45	Bluebird No. 6	NE 1/4 22/7N68E SE 1/4 15/7N68E	198	147	893563
46	Gum No. 5	NE 1/4 22/7N68E NW 1/4 23/7N68E	198	148	893564
47	Flo No. 1	NW 1/4 15/7N68E	231	167	955048
48	Flo No. 2	NW 1/4 15/7N68E	231	168	955049
49	Flo No. 3	NW 1/4 15/7N68E	231	169	955050

Prepared by: Robert Properties, Inc.
1015 NE 38th Street
Ft. Lauderdale, FL 33334
Telephone: 954-564-3893

RECEIVED
JUL 30 2011
BLM NVSO IAC

Tom ED



0138489

Book 264
Page: 267

05/31/2011
Page 13 of 2



MINING EQUIPMENT **Oct 1985**

Atlanta Mill, Lincoln County, Nevada

Quantity	Age	Item	Original		Net	
			1969 Purchase Price	Inv Cost	Replacement Cost, 8/30/85	
3		Agitators w/spare tank	35,000.00			
2		Ball Mills - SkyOver	170,000.00			
2		Blowers & Exhausters	385.00			
7		Building & Shade	70,000.00			
1		Clarification & Precipitation Areas	13,100.00			
3		Compressors	3,200.00			
2		Cyclones	6,750.00			
10		Electric Equipment	37,010.00			
		Elect. Power Line	160,000.00			
10		Feeders & Component Parts	25,500.00			
3		Fluoresces	2,200.00			
3		Generators, etc.	10,500.00			
3		Hoists	2,000.00			
10		Laboratory Items	2,200.00			
1		Line Storage & Elevator	5,337.00			
1		Metal Detector	500.00			
8		Miscellaneous Items	3,100.00			
1		Motor Portable	225.00			
19		Pumps	9,600.50			
4		Supplies & Dry Materials	2,500.00			
2		Screens	2,150.00			
8		Shop Equipment & Tools	1,640.00			
14		Tanks	67,000.00			
3		Valves	1,000.00			
3		Vacuum pumps	1,000.00			
7		Water System	4,015.17			
		ST--	8175,921.87			
		Less Depreciation Cost	220,000.00			
		TOTAL	5955,921.87			

1985 - Delivered Cost of Equipment with building and miscellaneous items included in original purchase price. Includes original cost for building, equipment, and miscellaneous items. Record books of construction.

Tom



EXHIBIT B

DEED RESERVING NET SMELTER RETURN ROYALTY
dated and effective as of ("Effective Date") between

Grantor; DESERT HAWK RESOURCES INC. ('DHRI')

- and -

Grantee; RUTHERFORD DAY ("OWNER")

DHRI the Grantor shall include all of Grantor's successors-in-interest, including without limitation, assignees, partners, joint venture partners, lessees and when applicable mortgagees and affiliated companies having or claiming an interest in the royalty.

Rutherford Day the Grantee shall include all of Grantee's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees and when applicable mortgagees and affiliated companies having or claiming an interest in the royalty or the Participating interest of the Grantee.

Term. The term of this Deed shall be perpetual, it being the intent of the Parties hereto that the Royalty constitutes a covenant running with the land and affecting each of the Properties and all successions thereof whether created privately or through governmental action. In the event a court of competent jurisdiction determines that the term of this Deed violates the Rule Against Perpetuities, then the term of this Deed shall automatically be revised and reformed to coincide with the maximum term permitted by the Rule Against Perpetuities, and this Deed shall not be terminated solely as a result of a violation of the Rule Against Perpetuities.

The OWNER of the Property listed in the attached Lease/Purchase Agreement hereto (all collectively the "Property"), to have and hold forever **RESERVING TO THE OWNER, ITS SUCCESSORS AND ASSIGNS FOREVER**, a net smelter return royalty (the "royalty") payable in gold equivalent in-kind and calculated from the refined metal poured from the smelter of gold and silver produced from the property and shipped to the refinery by or for the account of DHRI as follows:

- 1. (a) The royalty for gold shall be determined by multiplying the number of ounces of gold derived from the Property and thereafter actually sold to a purchaser or credited to the account of DHRI by a smelter, refiner or other processor during a quarter, by the Average London Final Fix, and deducting from the resulting amount all Deductible Amounts for such shipments, and then multiplying the resulting amount by a single royalty percentage for such quarter of 3.0 percent.



- (b) The royalty for silver shall be determined by multiplying the number of ounces of silver derived from the Property and thereafter actually sold to a purchaser or credited to the account of DHRI by a smelter, refiner or other processor during a quarter, by the Average London Final Fix and deducting from the resulting amount all Deductible Amounts for such shipments, and then multiplying the resulting amount by a single royalty percentage for such quarter of 3.0 percent.

The silver ounces are then multiplied by the spot price of silver and then divided by the spot price of gold to determine the gold equivalent ounces of the silver.

- (c) The gold ounces and the equivalent gold ounces derived from the silver are added together to determine the total equivalent gold ounces to be delivered in-kind to the Owner. A maximum of 4,000 gold equivalent ounces at a royalty rate of 3% will be delivered to the OWNER.
- (d) As used in this Deed:
- (i) The term "Average London Final Fix" means the arithmetic mean of the London Final Fix per ounce of gold for each trading day in a quarter calculated to the nearest thousandth of a dollar and rounded to hundredths of a dollar.
 - (ii) The term "Average Silver Price" means the arithmetic mean of the London Final Fix per ounce of silver for each trading day in a quarter calculated to the nearest thousandth of a dollar and rounded to hundredths of a dollar.
 - (iii) The term "Deductible Amounts" means all costs paid or incurred by or for the account of DHRI during each gold-silver pour for which the royalty is determined in connection with production from the Property for (a) weighing, sampling and assaying in preparation for shipment to a smelter, refinery or purchaser; (b) shipment and transportation from the Property to the place or places of recovery, smelting, refining and sale, including insurance and in-transit security costs; (c) smelting, refining and other beneficiation and sale, including all charges, penalties and deductions; and (d) umpire charges
 - (iv) The terms "gold" or "silver" mean 100 percent of each ounce of gold or silver, respectively, by weight-contained in any gold or silver bullion, derived from the Property. Where gold or silver is sold as a product other than bullion, the terms shall mean the number of ounces paid for by the purchaser or the number of ounces credited to the account of DHRI (after taking into account percentage recovery) by the smelter or refiner, as the case may be.
 - (v) The term "ounce" means, for gold or silver, a fine troy ounce.



- (vi) The provision in this Deed caps the royalty at 4,000 equivalent gold ounces delivered to the OWNER by DHRI.
2. DHRI does not have the right to commingle ores and minerals from the Property with ores and mineral from other properties without written approval signed by both parties. Before commingling, if agreed, ores and minerals from the Property shall be weighed, sampled and assayed, measured or gauged, by DHRI in accordance with sound mining and metallurgical practices for moisture, penalty substances and payable content. Records shall be kept by DHRI for a reasonable time showing weights, moisture and assays of payable content. Prior to commingling, DHRI shall give 30 days' notice to the OWNER specifying its decision to commingle and outlining the procedures it proposes to
3. OWNER acknowledge that DHRI shall have sole discretion whether to continue, suspend, resume or terminate operations on the Property, and sole discretion as to the manner and rate of any operations on the Property.
- (a) Each gold-silver delivery shall be accompanied by an unaudited statement in reasonable detail showing the calculations for the gold and silver.
- (b) Within 60 days after the end of each calendar year, DHRI shall deliver to the OWNER a final report for the year certified as accurate by its chief accounting or financial officer, showing in reasonable detail the calculation of the royalty for each quarter of that year and gold-silver shipments for the year. With such report, DHRI shall (if applicable) make any adjustments to the following shipment if such report indicates that the OWNER has received more or less than should have been shipped to him in respect of the royalty, then the excess shall be deducted from the next shipment or added for prior under shipment obligation owed to the OWNER pursuant to this Deed.
- (c) The final report for each calendar year shall not be subject to adjustment or challenged by the OWNER unless the OWNER delivers to DHRI written exceptions in reasonable detail within 90 days after the OWNER receive such report. The OWNER, at its expense, shall have the right to audit books and records of DHRI related to the Property as necessary to determine the accuracy of the report. The audit shall be conducted by a certified public accountant of recognized standing acceptable to DHRI. DHRI shall reimburse the OWNER for the reasonable costs of audit if it should be finally determined by arbitration as provided in this Deed that the amount of the royalty for each delivery or year in respect of which the OWNER was paid materially less than the royalty to which the OWNER was entitled. A four percent or greater change in such amount shall be deemed to be material for the purposes hereof.



- (d) DHRI undertakes that the accounting procedures it may from time to time implement in respect of operations on the Property will be designed fairly and in a way which will provide a calculation of the royalty or payment thereof consistent with generally accepted accounting principles.
4. Upon reasonable notice to DHRI, the OWNER shall have the right, at its risks and expense, to have representatives of the OWNER acceptable to DHRI inspect operations conducted on the Property by or for the benefit of DHRI for the purpose of determining DHRI's compliance with this Deed.
5. DHRI shall have the right to require that access to the Property and its books and records be conditioned on execution by the auditor and the representatives designated by the OWNER of a written agreement that all information disclosed or made available to such persons shall be held in confidence and used solely for purposes of assuring compliance with the obligations of DHRI under this Deed and resolution of any disputes related to this Deed. Such agreement may also contain (a) an undertaking to comply with all health and safety laws, regulations and procedures from time to time in effect with respect to the Property, (b) acknowledgments of the existence of hazards and risks arising out of operations on the Property, and (c) such other terms as are from time to time contained in releases and agreements required to be executed by other visitors to the Property.
6. Any dispute arising out of or related to this Deed or any report, payment, audit or performance required or contemplated by this Deed shall be resolved solely by binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association then in effect. If the OWNER or DHRI wishes, in order to permit them or it to present their case in respect of a dispute, to discover information or documents in the possession of the other party, they shall have a reasonable opportunity to do so. The exclusive place of arbitration shall be Elko, Nevada. The reward of the arbitrators may be entered as a judgment in any court having jurisdiction over the person or property of the person against whom it is made. Miscalculation of amounts due the OWNER or misinterpretation of this Deed shall not be the basis for a claim of breach of fiduciary duty, or the like, nor give rise to a claim for termination or rescission of this Deed of the estate and rights acquired or held by the parties hereto.
7. Nothing in this Deed shall be construed to create between the OWNER and DHRI expressly or by implication, any fiduciary or other relationship of trust and confidence or other special relationship.
8. All royalties payable by DHRI to the OWNER shall be paid in-kind gold and silver delivered to the owner from production on the Property to such place and in such manner as may reasonably be directed by the OWNER.
9. The existence, interpretation, performance and breach of this Deed shall be governed by the domestic law of the State of Nevada.

Tom FD



10. This Deed constitutes the entire agreement between the OWNER and DHRI related to the matters referred to in this Deed and supersedes all prior discussions and negotiations. There are no conditions, covenants, agreements or understandings between OWNER and DHRI except those expressly contained in this Deed.

11. **Signature Page**

IN WITNESS WHEREOF, OWNER has executed this Agreement effective as of the date first above written

Rutherford Day
Rutherford Day

Timothy Master
Timothy Master, President, COO
DESERT HAWK RESOURCES INC.

State of FLORIDA)
County of Broward) :ss.

This instrument was acknowledged before me on 12/7/10, 2010, by Rutherford Day

Eva Waters
NOTARY PUBLIC, residing in
Oakland Park, FL

My commission expires:
8/18/12

NOTARY PUBLIC-STATE OF FLORIDA
Eva Waters
Commission # DD815562
Expires: AUG. 18, 2012
BONDED THRU ATLANTIC BONDING CO., INC.

TD

