

ALEXANDER H. WALKER III

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Fireproof
6/27/2005
cc: Pam G.

June 30, 2005

Ms. Pamela Grubaugh-Littig
Permit Supervisor
UTAH DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
Mined Land Reclamation Program
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

VIA HAND-DELIVERY

Re: Amended Deed of Trust

Dear Ms. Grubaugh-Littig:

Attached you will find the amended Deed of Trust which you have requested. It is Hidden Splendor's understanding that the attached document is intended to replace the Deed of Trust given in connection with Hidden Splendor's reclamation bonding requirements. The only difference between the two documents is the inclusion of the Office of Surface Mining as a beneficiary in the second Deed of Trust.

Please let me know if you have any questions or comments. I appreciate your help.

Sincerely,

Alexander H. Walker III / m

Alexander H. Walker III

AHWIII:rr
Encl.

RECEIVED
JUN 30 2005
DIV. OF OIL, GAS & MINING

MNT: 03036268

WHEN RECORDED MAIL TO:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS & MINING
1594 West South Temple, Suite 1210
Salt Lake City, Utah 84114-5802

Parcel Number: 15-01-283-325

DEED OF TRUST
With Assignment of Rents

This Deed of Trust with Assignment of Rents, made this ___ day of June, 2005, between ALEXANDER H. WALKER, JR. and CECIL ANN WALKER, husband and wife, as TRUSTORS, whose address is 48 West 300 South, #2404N, Salt Lake City, Utah 84101, METRO NATIONAL TITLE, as TRUSTEE, and STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES, DIVISION OF OIL, GAS & MINING, whose address is 1594 West South Temple, #1210, Salt Lake City, Utah 84114-5802, and THE OFFICE OF SURFACE MINING, whose address is 1999 Broadway, Suite 3320, Denver, Colorado 80202, as BENEFICIARIES.

WITNESSETH: That Trustors CONVEY AND WARRANT TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property, situated in Salt Lake County, State of Utah:

LEGAL DESCRIPTION IS ATTACHED HERETO AS EXHIBIT "A"
AND BY THIS REFERENCE IS MADE A PART HEREOF

Together with all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, now or hereafter used or enjoyed with said property, or any part thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiaries to collect and apply such rents, issues and profits;

FOR THE PURPOSE OF SECURING (1) timely completion of the reclamation obligations for the Horizon Mine in Carbon County, Utah; Permit No. C/007/020, as evidenced

by the Reclamation Contract dated June 11, 2003, which obligates the Trustors to perform reclamation as set forth therein or to forfeit and pay to the Beneficiaries the cost of said reclamations in an amount of \$342,000.00, together with any additional amount required pursuant to any extensions and/or renewals or modifications thereof; (2) the performance of each agreement of Trustor herein contained; (3) and the payment of such additional sums as may be required as a result of mining I operations and the consequent reclamation obligations for the Horizon mine hereafter.

TO PROTECT THE SECURITY OF THIS TRUST DEED, TRUSTOR AGREES:

1. To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting said property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to do all other acts which from the character or use of said property may be reasonably necessary, specific enumerations herein not excluding the general

2. To provide and maintain insurance, of such type or types and amounts as Beneficiaries may require, on the improvements now existing or hereafter erected or placed on said property. Such insurance shall be carried in companies approved by Beneficiaries with loss payable clauses in favor of and in form acceptable to Beneficiaries. In the event of loss, Trustor shall give immediate notice to Beneficiaries, who may make proof of loss, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to thereof, may be applied by Beneficiaries, at their option, to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event that the Trustor shall fail to provide satisfactory hazard insurance the Beneficiaries may procure, on the Trustor's behalf, insurance in favor of the Beneficiaries alone. If insurance cannot be secured by the Trustor to provide the required coverage, this will constitute an act of default under the terms of this Deed of Trust.

3. To deliver to, pay for and maintain with Beneficiaries until the indebtedness secured hereby is paid in full, such evidence of title as Beneficiaries may require, including abstracts of title or policies of title insurance and any extensions or renewals thereof or supplements thereto.

4. To appear in and defend any action or proceeding purporting to affect the security hereof, the title to said property, or the rights or powers of Beneficiaries or Trustee; and should Beneficiaries or Trustee elect to appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiaries or Trustee.

5. To pay at least 10 days before delinquency all taxes and assessments affecting said property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or used in connection with said property; to pay, when due,

all encumbrances, charges, and liens with interest, on said property or any part thereof, which at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this Trust.

6. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiaries or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiaries or Trustee being authorized to enter upon said property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiaries or Trustee; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel, and pay his reasonable fees.

7. To pay immediately and without demand all sums expended hereunder by Beneficiaries or Trustee, with interest from date of expenditure at the rate of TEN PERCENT (10.0%) per annum on the unpaid balance, and the repayment thereof shall be secured hereby.

IT IS MUTUALLY AGREED THAT:

8. Should said property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiaries shall be entitled to all compensation, awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiaries, who may, after deducting therefrom all its expenses, including attorney's fees, apply the same on any indebtedness secured hereby. Trustor agrees to execute such further assignments of any compensation, award, damages, and rights of action and proceeds as Beneficiaries or Trustee may require.

9. At any time and from time to time upon written request of Beneficiaries, payment of its fees and presentation of this Deed of Trust and the note for endorsement (in case of full reconveyance, for cancellation and retention) without affecting the liability of any person for the payment of the indebtedness secured hereby, and without releasing the interest of any party joining in this Deed of Trust, Trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Deed of Trust or the lien or charge thereof; (d) grant any extension or modification of the terms of this loan; (e) reconvey, without warranty, all or any part of said property. The grantee in any reconveyance may be described as "the person or persons entitled thereto", and the recitals therein of any matters of facts shall be conclusive proof of the truthfulness thereof. Trustor agrees to pay reasonable trustee's fees for any of the services mentioned in this paragraph.

10. As additional security, Trustor hereby assigns to Beneficiaries, during the continuance of these trusts, all rents, issues, royalties, and profits of the property affected by this Deed of Trust and of any personal property located hereon. Until Trustor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Trustor shall have the right to collect all such rents, issues, royalties, and profits earned prior to default as they become due and payable. If Trustor shall default as aforesaid, Trustor's right to collect any of such moneys shall cease and Beneficiaries shall have the right, with or without taking possession of the property affected hereby, to collect all rents, royalties, issues, and profits. Failure or discontinuance of Beneficiaries at any time or from time to time to collect any such moneys shall not in any manner affect the subsequent enforcement by Beneficiaries of the right, power, and authority to collect the same. Nothing contained herein, nor the exercise of the right by Beneficiaries to collect, shall be, or be construed to be, an affirmation by Beneficiaries of any tenancy, lease or option, nor an assumption of liability under, nor a subordination of the lien or charge of this Deed of Trust to any such tenancy, lease or option.

11. Upon any default by Trustor hereunder, Beneficiaries may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court (Trustor hereby consenting to the appointment of Beneficiaries as such receiver), and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect said rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiaries may determine.

12. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking or damage of said property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice or default hereunder or invalidate any act done pursuant to such notice.

13. The failure on the part of Beneficiaries to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiaries of any default shall not constitute a waiver of any other or subsequent default.

14. Time is of the essence hereof. Upon default by Trustor in the performance of any obligation of the Reclamation Contract, or any agreement hereunder, the Beneficiaries may after notice and opportunity for hearing before the Board of Oil, Gas and Mining, and a finding by the Board that the Trustors have failed to cure the default within 30 days, find the trustors to be in default. In the event of such default, Beneficiaries may execute or cause Trustee to execute a written notice of default and of election to cause said property to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property or some part or parcel thereof is situated. Beneficiaries also shall deposit with Trustee, the note and all documents evidencing expenditures secured hereby.

15. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property on the date and at the time and place designated in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the sale from time to time until it shall be completed and, in every such case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; provided, if the sale is postponed for longer than one day beyond the day designated in the notice of sale, notice thereof shall be given in the same manner as the original notice of sale. Trustee shall execute and deliver to the purchaser its Deed conveying said property so sold, but without any covenant of warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiaries, may bid at the sale. Trustee shall apply the proceeds of the sale to payment of (1) the cost and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and attorney's fees; (2) cost of any evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at twelve percent (12.00%) per annum from date of expenditure; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

16. Upon the occurrence of any default hereunder, Beneficiaries shall have the option to declare all sums secured hereby immediately due and payable and foreclose this Deed of Trust in the manner provided by law for the foreclosure of mortgages on real property and Beneficiaries shall be entitled to recover in such proceedings all costs and expenses incident thereto, including a reasonable attorney's fee in such amount as shall be fixed by the court.

17. Beneficiaries may appoint a successor trustee at any time by filing for record in the office of the County Recorder of each county in which said property or some part thereof is situated, a substitution of trustee. From the time the substitution is filed for record, the new trustee shall succeed to all the powers, duties, authority and title of the trustee named herein or of any successor trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made, in the manner provided by law.

18. This Deed of Trust shall apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary(ies)" shall mean the owner and holder, including any pledgee, of the note secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

