

SPECIAL WARRANTY DEED
UNREADABLE DOCUMENT

THIS DEED, Made this 5th day of October, 2005 Between

Idarado Legacy, LLC, a Colorado limited liability company, grantor, and

P-7 Holdings, LLC, a Colorado limited liability company

whose legal address is 3426 Dover Road, Durham, NC 27707, grantee.

State Documentary Fee
Date OCT. 10, 2005
\$ 170.00 RJG

WITNESSETH, That the grantor for and in consideration of the sum of One Million Seven Hundred Thousand Dollars and no/100 (\$1,700,000.00) US DOLLARS, the receipt and sufficiency of which is hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm, unto the grantee, heirs and assigns forever, all the real property together with improvements, if any, situate, lying and being in the County of San Miguel and State of Colorado described as follows:

Lot P-7, Idarado Subdivision Exemption Plat and Plan for Cluster Development Lots, Subdivision Exemption Plat for Employee Housing Parcel and Subdivision Exemption Plat for Association Parcel recorded February 10, 2004 in Plat Book 1 at page 3238, as amended November 1, 2004 in Plat Book 1 at page 3368 and as amended August 18, 2005 in Plat Book 1 at page 3508, and in accordance with the Declaration recorded June 17, 2004 at Reception no. 367146, as amended September 17, 2004 at Reception no. 369132, November 1, 2004 at Reception no. 370144, November 1, 2004 at Reception no. 370145, January 27, 2005 at Reception no. 372009 and August 18, 2005 at Reception no. 377044,

LESS AND EXCEPT all mineral rights for Lot P-7, Idarado Subdivision, which are being reserved and retained by Grantor; and SUBJECT TO the reserved right of Idarado Mining Company, its successors, designees and assigns, for access to Lot P-7, as may be required for purposes of evaluating and/or remediating any environmental conditions that may be identified thereon in accordance with and as provided for in Section 3.29 of the Declaration of Covenants, Conditions and Restrictions for Idarado Legacy Subdivision recorded June 17, 2004 at Reception No. 367146, as amended September 17, 2004 at Reception no. 369132, November 1, 2004 at Reception no. 370144, November 1, 2004 at Reception no. 370145 and January 27, 2005 at Reception no. 372009 and August 18, 2005 at Reception no. 377044

as known by street and number as: Lot P-7, Idarado Subdivision

TOGETHER with all and singular hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, right, title, interest, claim and demand whatsoever of the grantor(s), either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances.

TO HAVE AND TO HOLD the said premises above bargained and described, with the appurtenances, unto the grantee(s), their heirs and assigns forever. And the grantor(s), for their heirs, and personal representatives, does covenant and agree that it shall and will WARRANT AND FOREVER DEFEND the above-bargained premises in the quiet and peaceable possession of the grantee(s), their heirs and assigns, against all and every person or persons claiming the whole or any part thereof, by, through or under the grantor(s). Title shall be free and clear of all taxes except the general taxes for the year of closing, a lien but not yet due and payable, and those specific Exceptions as reflected on attached Exception Exhibit A made a part hereof.

The singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF, the grantor has executed this deed on the date set forth above.

IDARADO LEGACY, LLC, a Colorado limited liability company
By C.J.H-Telluride Associates, LLC, a Colorado limited liability Company,
Member of Idarado Legacy, LLC
By: Wildcat Land Company, Its' Manager

By: William R. Hegberg
William R. Hegberg, President

STATE OF Colorado
County of San Miguel

The forgoing instrument was acknowledged before me this 5th day of October 2005, by Idarado Legacy, LLC, a Colorado Limited Liability Company, By C.J.H-Telluride Associates, LLC, a Colorado Limited Liability Company, Member of Idarado Legacy, LLC By Wildcat Land Company, Its' Manager By William R. Hegberg, President

My commission expires: _____

Witness my hand and official seal.

[Signature]
Notary Public

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16.00 / 170.

Exhibit A

Any burdens, terms, agreements, provisions, conditions or obligations which affect the subject property pursuant to Civil Action No. 83-C-2385, and any effect thereof.

Any rights, interest or easements in favor of the United States, the State of Colorado or the Public, which exists or are claimed to exist in and over the present and past bed, banks or waters of the San Miguel River as the same may affect the subject property.

Any water rights or claims or title to water, in, on or under the land together with any flume, pipeline, ditch or easement appertaining thereto as the same may exist on the property.

NOTE: This Exception can be amended upon completion of the removal of the pipe, but until the removal is accomplished the Company cannot insure over the fact that it exists.

Conditions and Stipulations set forth in United States Patent being substantially as follows: FIRST-that the grant hereby made is restricted in its exterior limits to the boundaries of the Patented Lot as herein described, and to any veins or lodes of quartz or other rock in place bearing gold, silver, cinnabar, lead, tin, copper, or other valuable deposits, which may have been discovered within said limits subsequent to the date of discovery, and which are not claimed or known to exist at the date hereof. SECOND-that should any vein or lode of quartz or other rock in place bearing gold, silver, cinnabar, lead, tin, copper, or other valuable deposits, be claimed or known to exist within the above described premises at said last named date, the same is expressly excepted and excluded from these presents. THIRD-That the premises hereby conveyed may be entered by the proprietor of any vein or lode of quartz or other rock in place bearing gold, silver, cinnabar, lead, tin, copper, or other valuable deposits, for the purpose of extracting and removing the ore from such vein or lode, should the same, or any part thereof, be found to penetrate, intersect, pass through or dip into the mining ground or premises hereby granted. FOURTH-that the premises hereby conveyed shall be held subject to any vested and accrued water rights for mining, agricultural, manufacturing or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local laws, customs and decisions of courts. FIFTH-that in the absence of necessary legislation by Congress, the Legislature of Colorado may provide rules for working the mining claim or premises hereby granted, involving easements, drainage, and other necessary means to the complete development thereof.

Right of Way granted to The Colorado Telephone Company in Deed recorded July 6, 1906 in Book 92 at page 362, and any right, title or interest appertaining thereto as set forth in instrument recorded November 2, 1955 in Book 251 at page 505.

Any easement, or right to an easement, created, asserted or perfected in favor of The Mountain States Telephone and Telegraph Company, its successors and/or assigns, by the findings in Civil Action No. 1879, District Court, County of San Miguel, as set forth in instrument recorded November 2, 1955 in Book 251 at page 505.

Pipeline Easement 20 feet in width granted to Rocky Mountain Natural Gas in instrument recorded June 11, 1997 in Book 582 at page 532.

Any portion of the subject property lying within or being used as Colorado State Highway 145, Colorado Avenue extended or any County Road.

Any right, title, claim, demand or interest created or claimed by virtue of Deed to Town of Telluride recorded November 7, 1994 in Book 537 at page 612.

Terms, agreements, provisions, conditions and obligations of Town of Telluride Revocable License for an Encroachment in a Public Right of Way recorded February 14, 2000 at Reception no. 332440.

Resolution of the Board of County Commissioners of San Miguel County, Colorado Authorizing the County Planning Department to Process Applications for a Subdivision Exemption/Cluster Development/Rural Land Use Process: 1041 Reviews and Development Permits for Property Owned by Idarado, Resolution #2003-23, recorded July 9, 2003 at Reception no. 358536.

Resolution of the Board of County Commissioners of San Miguel County, Colorado Approving a 1041 Environmental Hazard Review, Historic and Archaeological Resource Area Review, and Wetland Special Use Permit for Idarado Mining Company and Idarado Legacy, LLC, Resolution 2003-30C recorded September 22, 2003 at Reception no. 360442.

Resolution of the Board of County Commissioners of San Miguel County, Colorado, Approving Idarado Development Permits for Pandora Mill, Bridal Veil Cottages and Liberty Bell Cottages, Resolution 2003-30D recorded September 22, 2003 at Reception no. 360443.

Notice of Geohazard Conditions recorded February 10, 2004 at Reception no. 364052.

Subdivision Improvements Agreement (Idarado Subdivision) recorded February 10, 2004 at Reception no. 364051 and the First Amendment thereto recorded June 18, 2004 at Reception no. 367170 and the Second Amendment thereto recorded August 26, 2004 at Reception no. 368616 and the Third Amendment thereto recorded August 18, 2005 at Reception no. 377043.

Easement reserved in Deed recorded February 10, 2004 at Reception no. 364044.

Easement reserved in Deed recorded November 1, 2004 at Reception no. 370142.

Resolution of the Board of County Commissioners of San Miguel County, Colorado Amending and Restating Resolution #2003-30B Approving a Subdivision Exemption for and Employee Housing Parcel for Idarado Mining Company and Idarado Legacy, LLC, Resolution #2004-5, recorded February 10, 2004 at Reception no. 364048.

Resolution of the Board of County Commissioners of San Miguel County, Colorado Amending and Restating Resolution #2003-30A Approving an Application for a Subdivision Exemption Plat and Cluster Development Plan Submitted by the Idarado Mining Company and Idarado Legacy, LLC, Resolution #2004-4, recorded February 10, 2004 at Reception no. 364047.

Easements, notes and other matters shown or disclosed on Idarado Subdivision Exemption Plat and Plan for Cluster Development Lots, Subdivision Exemption Plat for Employee Housing Parcel and Subdivision Exemption Plat for Association Parcel recorded February 10, 2004 in Plat Book 1 at page 3238 and the First Amendment thereto recorded November 1, 2004 in Plat Book 1 at page 3368 and the Second Amendment thereto recorded August 18, 2005 in Plat Book 1 at page 3508.

Easements, notes and other matters shown or disclosed on Site Constraints Map for the Idarado Subdivision recorded February 10, 2004 in Plat Book 1 at page 3247 and the First Amendment thereto recorded November 1, 2004 in Plat Book 1 at page 3378 and the Second Amendment thereto recorded August 18, 2005 in Plat Book 1 at page 3519.

Declaration of Covenants, Conditions and Restrictions for Idarado Legacy Subdivision recorded June 17, 2004 at Reception no. 367146, the First Amendment thereto recorded September 17, 2004 at Reception no. 369132, the Second Amendment thereto recorded November 1, 2004 at Reception no. 370144, the Third Amendment thereto recorded November 1, 2004 at Reception no. 370145, the Fourth Amendment thereto recorded January 27, 2005 at Reception no. 372009, and the Fifth Amendment thereto recorded August 18, 2005 at Reception no. 377044.

Resolution of the Board of Commissioners of San Miguel County, Colorado, Approving a First Amendment to the Final Subdivision Exemption Plat and Plan for Cluster Development Lots, the "Association" Parcel and an Amended Sites Constraints Map for the Idarado Cluster Development Plan, Resolution 2004-35, recorded November 1, 2004 at Reception no. 370138 and Resolution Approving a Second Amendment, Resolution 2005-11, recorded August 18, 2005 at Reception no. 377040.

Declaration of River Access Easement (Idarado Legacy Subdivision) recorded November 1, 2004 at Reception no. 370146.

Declaration of Use Easement - II (Outlot C-General Usage) recorded August 18, 2005 at Reception no. 377052, and Declaration of Use Easement-I (Outlot C-Liberty Bell Infrastructure) recorded August 18, 2005 at Reception no. 377051 and Declaration of Use Easement-I (Access to Outlot C and to Liberty Bell Rockfall Fence) recorded August 18, 2005 at Reception no. 377054.

An undivided 100% interest in all oil, gas and other minerals as reserved by Idarado Legacy, LLC, a Colorado limited liability company in Deed recorded 378559, and any and all assignments thereof or interests therein.

Reserved rights for access made by Idarado Legacy, LLC, a Colorado limited liability company in Deed recorded 378559.