

LETTER OF UNDERSTANDING

Attached hereto as Exhibit "A" and incorporated herein is a document entitled "*Water Agreement Framework Between Newmont USA Limited and West Wendover/Wendover (January 7, 2013).*"

This Letter of Understanding and attachment hereto does not constitute a binding agreement but represents the intent of the parties with respect to the water and related matters described in the attachment. The parties intend to reasonably proceed to draft, agree upon and execute a written agreement substantially consistent with the terms and conditions set forth in the attachment hereto. Nothing herein contained shall be binding upon the parties until a formal agreement is properly approved and executed in accordance with the requirements for approving such matters by each of the parties.

NEWMONT USA LIMITED

By Richard J. Matthews
Title Vice President

Dated: 30 January 2013

CITY OF WEST WENDOVER

By _____
Title _____

Dated: _____

CITY OF WENDOVER, UTAH

By _____
Title _____

Dated: _____

**WATER AGREEMENT FRAMEWORK BETWEEN
NEWMONT USA LIMITED AND WEST WENDOVER/WENDOVER
January 7, 2013**

1. Water

Newmont USA Limited (Newmont) proposes to construct two new wells

- Each well to produce a minimum of 1 cubic foot per second (CFS), allowing a total peak diversion of at least 2 CFS along with associated infrastructure.
- Growth potential expansion capability up to 4 CFS. Associated infrastructure including pipelines and power lines must have similar capability for up to 4 CFS.
- New wells to be located in a mutually agreeable location and sited to not hydrologically impact the Shafter well field.
- The reasonable and necessary costs for the two new wells and associated infrastructure along with related sites shall be funded by Newmont with design input from Cities and well ownership transferred to Cities upon completion.
- Newmont will provide cost differential for power and road maintenance related to the proposed two new wells for ten years.
- Newmont will share with the Cities its understanding of the hydrology of the Goshute Valley from its extensive local and regional groundwater studies.

2. Revenue

- The Cities hold 0.8 CFS of surplus water in the Victoria Mine water right (Victoria Surplus Water).
- Newmont shall pay for the use of 0.8 CFS (approximately 360 gallons per minute (GPM)) Victoria Surplus Water for ten years. The payment shall be made annually in the amount of \$310,000. The payment shall be adjusted every 5 years in proportion to the average increase or decrease in the Consumer Price Index (CPI) for such 5 year period.
- Newmont agrees to accept Victoria Surplus Water "as is, where is." The Cities make no representations or warranty as to quantity or quality. Newmont shall be responsible to divert, transport, store and treat Victoria Surplus Water for its use.

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- Newmont may divert and use the Victoria Surplus Water only as authorized by the Nevada Division of Water Resources. Newmont shall bear the cost for the Cities to obtain administrative approvals necessary for Newmont's use.
- Should Nevada Division of Water Resources deny applications for Victoria Surplus Water, Cities will make available for lease other Cities owned Surplus Water Right(s) equal to 0.8 CFS, the same amount of the Victoria Surplus Water.
- "Surplus water" for purposes of this agreement is water not likely to be needed for the Cities for the next 20 years.

3. Johnson Spring\USDA-RD Loan

- The Cities hold 1.0 CFS of surplus water supply in the Johnson Spring water right (Johnson Surplus Water).
- Newmont agrees to accept all Johnson Surplus Water as owned by the Cities "as is, where is." The Cities make no representations or warranty as to quantity or quality. Newmont shall be responsible to divert, transport, store, and treat Johnson Surplus Water for its use.
- Newmont shall have the right to use up to 1.0 CFS (approximately 449 GPM) of Johnson Surplus Water for ten years.
- Newmont may divert and use the Johnson Surplus Water only as authorized by the Nevada Division of Water Resources. Newmont agrees to pay for the reasonable and necessary costs associated with obtaining the required administrative approvals for use of the Johnson Surplus Water.
- As compensation for use of the Johnson Surplus Water, Newmont agrees to pay Cities a one-time payment of \$2,177,000.00. Such payment is for the use of Johnson Surplus Water for 10 years along with associated infrastructure. The Cities shall use the \$2,177,000.00 payment to pay off USDA-RD Loan obligation.
- Newmont will pay all costs to physically disconnect Johnson Surplus Water from the Cities' other drinking water sources and shall pay all reasonable and necessary costs to maintain and operate Johnson Surplus Water infrastructure.
- While this Agreement is in effect, the Cities agree to discontinue use of all Johnson Surplus Water.

4. Insurance

City of West Wendover, NV _____ City of Wendover, UT _____ Newmont RSW

- Upon termination of this Agreement, Newmont will take the following actions:
 - a. Pay all reasonable and necessary costs to physically reconnect Johnson Surplus Water to the Cities' other drinking water sources;

Return and make available to the Cities all water from Johnson Surplus Water (1CFS); and

- b. Transfer ownership of one "Newmont Production Well" designed and built to municipal standards and capable of producing up to 4.5 CFS.
- Within one year of termination of this Agreement, Newmont will take the following actions if Johnson Surplus Water does not recover or fails to meet all drinking water standards:
 - a. Newmont will complete the necessary conveyance of ownership to transfer 1 CFS or 724 Acre Feet/Year (AFY) of Newmont's ground water rights, at least equal in priority and permitted use to the Johnson Surplus Water to the Cities;
 - b. Newmont will complete the necessary change application to transfer the point of diversion of the 1 CFS or 724 AFY ground water right to the new Newmont 4.5 CFS production well; and
 - c. Newmont will pay to physically connect the Newmont Production Well to the Cities' Johnson Springs transmission pipeline.

5. Community Investment

- Newmont Legacy Fund (employee driven/Newmont matched)
- Newmont Endowment Fund (employee driven/Newmont matched)
- Newmont Community Investment Program (Newmont fully funded)

6. Agreement Term

- The initial term of this Agreement is for a 10 year period. In the event Long Canyon life of mine extends past the initial term, Newmont shall have the option to extend this Agreement on substantially the same terms for both Victoria Mine and Johnson\ Big Spring water rights for a subsequent 10 year period or until mine closure, whichever occurs first.
 - The Agreement will be signed as soon as a formal Agreement is drafted. Key dates for the commencement of the lease term,

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construction of wells and payments will be set forth in the formal Agreement. Events such as Newmont Board of Director Approval, receipt of all regulatory agency permits and BLM Record of Decision will trigger the lease commencement date and other Newmont obligations such as payments, funding, and construction of wells.

7. Appeals

- So long as Newmont is not in default of this Agreement, for the duration of this agreement, the Cities agree not to appeal any BLM or State regulatory agencies' decisions regarding Long Canyon project permits, water right applications or Environmental Impact Statements.

City of West Wendover, NV _____ City of Wendover, UT _____ Newmont RJM