

AGREEMENT

THIS AGREEMENT entered into this 4th day of January, 1983, by and between COASTAL MINING COMPANY (hereinafter called "Coastal"), and NEVADA KING COMPANY (hereinafter called "Nevada King");

WITNESSETH:

WHEREAS, Coastal is the holder of an option to lease by virtue of that certain letter agreement effective February 1, 1982, wherein Nevada King granted Coastal the exclusive right to explore, together with the option to lease, eight (8) patented mining claims located in Eureka County, Nevada, as more fully described on Exhibit "A" attached hereto (the "Property"), a memorandum of which option is recorded in Book 101, Pages 460-461 of the records of the Eureka County Recorder; and

WHEREAS, Nevada King has requested Coastal to surrender, relinquish and terminate said option in partial consideration of the assignment to Coastal of a two and one-half percent (2.5%) royalty on the net smelter returns from all ore produced from the Property; and

WHEREAS, Coastal is willing to surrender, relinquish and terminate said option, all upon the terms and conditions set forth hereinbelow.

NOW, THEREFORE, the parties hereto, in consideration of the sum of One Dollar (\$1.00) and other valuable considerations to each in hand paid by the other, the receipt and sufficiency of which is hereby acknowledged and in further consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties hereby agree as follows:

1. Coastal hereby surrenders, relinquishes and terminates any interest it has in that certain letter agreement by and between Nevada King, as optionor, and Coastal, as optionee, a memorandum of which agreement is recorded in Book 101, Pages 460-461 of the records of the Eureka County Recorder.

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2. Coastal shall deliver to Nevada King all the factual information developed under said agreement within sixty (60) days of the date hereof.

3. Nevada King does hereby grant, bargain, sell, assign, transfer and set over unto Coastal, its successors and assigns, a two and one-half percent (2.5%) royalty on the net smelter returns from all ore produced from the Property.

4. The term "net smelter return" as used herein shall mean the net amount paid by a smelter or other entity (such as a mint) for the precipitates and ore (or concentrates or bullion derived therefrom), after deductions for smelting costs, charges and penalties, including, but not limited to, metal losses, penalties for impurities, refining, selling and transportation from smelter to refinery and from refinery to market, and after deduction of all costs paid by or charged to Nevada King or its assignees or designees for transporting the precipitates and ore (or concentrates or bullion derived therefrom) from the Property (or concentrator) to the smelter or other entity.

If ores or mineral bearing materials are processed on the Property by Nevada King, or its assignees or designees, the royalty shall be the percent previously noted of the net proceeds received F.O.B. the nearest shipping point for the product less all costs paid by Nevada King or its assignees or designees for the transportation from the Property to the shipping point, including brokerage, insurance, taxes or any direct cost necessary for such transportation and less all smelting and refining costs that would ordinarily be deducted as listed in the preceding paragraph.

5. This agreement and all of the terms and provisions hereof shall extend to, inure to the benefit of, and be binding upon the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed on their respective behalves as of the day and year first above written.

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COASTAL MINING COMPANY

BY W E Welsh  
W. E. Welsh, Vice President

NEVADA KING COMPANY

BY C. E. Nickels, Jr.  
C. E. Nickels, Jr., Vice President

STATE OF OHIO )  
 ) SS:  
COUNTY OF CUYAHOGA )

The foregoing instrument was acknowledged before me this 4th day of January, 1983 by W. E. Welsh, a Vice President of Coastal Mining Company, a Delaware Corporation, on behalf of the corporation.



Marcine F. McCarthy  
Notary Public

MARCINE F. MCCARTHY, Notary Public  
State of Ohio, Cuyahoga County  
My commission expires May 18, 1986

STATE OF OHIO )  
 ) SS:  
COUNTY OF CUYAHOGA )

The foregoing instrument was acknowledged before me this 4th day of January, 1983 by C. E. Nickels, Jr., a Vice President of Nevada King Company, a Delaware Corporation, on behalf of the corporation.



Marcine F. McCarthy  
Notary Public

MARCINE F. MCCARTHY, Notary Public  
State of Ohio, Cuyahoga County  
My commission expires May 18, 1986

This instrument was drafted  
by Robert J. Riss, Jr.  
36th Floor, 100 Erieview Plaza  
Cleveland, Ohio 44114

RECORDED AT REQUEST OF  
Coastal Mining Company  
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OFFICIAL RECORDS  
EUREKA COUNTY, NEVADA  
M.R. REBALEATI, RECORDER  
FILE NO. 86150  
FFE 66.00

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