

MEMORANDUM OF AGREEMENT

This Memorandum is executed as of the 1st day of January, 1982, by and between PanCana Industries, Inc. ("PanCana"), a Colorado corporation, whose address for purposes hereof is 4975 Van Gordon Street, Wheat Ridge, Colorado 80033, and Western States Minerals Corporation ("Western"), a Utah corporation, whose address for purposes hereof is 4975 Van Gordon Street, Wheat Ridge, Colorado 80033.

The parties have made and entered into an Amended and Restated Agreement (the "Agreement"), dated as of January 1, 1982, pursuant to which the parties have amended and restated their original joint venture agreement dated as of January 1, 1980. The joint venture is to be known as "Western States Minerals - JVI" and is referred to herein and in the Agreement as the "Joint Venture."

The purposes of the Joint Venture include the carrying out, each party in cooperation with the other, of all operations necessary or proper for the maintenance, exploration, development, mining, processing, and disposition of production from certain mineral properties which were committed to the Joint Venture pursuant to the original joint venture agreement, which properties are more particularly described in Schedule I hereto, and such other properties as have been acquired by the parties on behalf of the Joint Venture, all of which are located in the Lynn Mining District, Elko and Eureka Counties, Nevada (collectively, the "Property"). The term of the Agreement shall continue until December 31, 2002, and for so long thereafter as the operations of the Joint Venture result in the production of minerals, unless sooner terminated in accordance with the provisions of the Agreement.

Each party has conveyed to the Joint Venture, by separate deeds recorded in the public records of Elko and Eureka Counties, Nevada, all of its right, title and interest in and to the Property. The parties agree that the assets of the Joint Venture shall be held by the parties as tenants in common according to their respective Proportionate Interests (as defined in the Agreement). The Agreement defines the rights of the parties in the Property upon and after termination of the Agreement.

The Joint Venture also has as its purpose the exploration and evaluation of other mineral interests which

may be acquired within an Area of Common Interest, comprised of all lands within a five (5) mile radius of the exterior boundaries of the area referred to as the Contract Area on the map attached hereto as Schedule II. The parties have agreed that, so long as the Agreement remains in effect, if either party acquires, directly or indirectly, any interest of any nature or kind, beneficial or otherwise, in any mining claims, leases or options pertaining to the extraction of minerals covering any lands within the Area of Common Interest, that party shall provide the other party an opportunity to acquire a portion of such interest equal to its Proportionate Interest. In the event such party elects to acquire a portion of such interest, the interest shall thereafter be included within the Property for purposes of the Agreement.

Neither Party may transfer, sell, assign, pledge, encumber, or otherwise dispose of its Proportionate Interest, or any other interest in or under the Agreement, or any assets contributed to or held by the Joint Venture, without the consent of the other party, which consent shall not be unreasonably withheld. Either party desiring to dispose of its Proportionate Interest shall first give the other party an opportunity to acquire its interest as provided in the Agreement. Notwithstanding the foregoing, the consent of the other party shall not be required nor shall such party be entitled to a right of first refusal with respect to the specific types of transfers, dispositions or encumbrances set forth in the Agreement. Any transferee of the Proportionate Interest of either party shall give its written commitment to be bound by the terms, covenants and conditions of the Agreement.

Western has been appointed the operator for the operations of the Joint Venture.

This Memorandum of Agreement does not contain the entire agreement of the parties. The terms and conditions of the Agreement are by reference made a part hereof. Information regarding the Agreement can be obtained from either PanCana or Western at the addresses set forth above. Nothing in this Memorandum of Agreement shall limit, affect or modify the rights and duties of the parties as provided under the terms and provisions of the Agreement.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Agreement effective as of the date first in this instrument mentioned above.

SEAL
Affixed

PANCANA INDUSTRIES, INC.

ATTEST:

[Signature]
~~Secretary~~ Vice - President & General Counsel

By *[Signature]*
President

WESTERN STATES MINERALS
CORPORATION

ATTEST:

Allan R. Worley
Secretary

By *Arden B. Morrow*
President

ACKNOWLEDGMENTS

PROVINCE OF ALBERTA)
) ss.
)

This certifies that on this 1st day of SEPTEMBER, 1983 before me, the undersigned, a Notary Public in and for the PROVINCE OF ALBERTA, personally appeared J.A. DABBS, to me known and known to me to be the person named as President in the foregoing instrument and acknowledged that he executed the same on behalf of PanCana Industries, Inc., a Colorado corporation.

SEAL
Affixed

E. Lloyd Jones
 Notary Public E. LLOYD JONES

My commission expires: DECEMBER 31-1983

Residing at: 1609-1200 SIXTH ST. S.W. CALGARY-ALTA.
TERMIN

[SEAL]

STATE OF COLORADO)
) ss.
)
 COUNTY OF Jefferson

This certifies that on this 23rd day of August, 1983 before me, the undersigned, a Notary Public in and for the State of Colorado, personally appeared Robert B. Murrell, to me known and known to me to be the person named as President in the foregoing instrument and acknowledged that he executed the same on behalf of Western States Minerals Corporation, a Utah corporation.

SEAL
Affixed

Don A. Lohrke
 Notary Public

My commission expires:

My Commission Expires on 8-13-87
 878 A. Wright
 5876 Urban St., Arvada, CO 80004

Residing at:

[SEAL]

SCHEDULE I
TO
MEMORANDUM OF AGREEMENT
BETWEEN
PANCANA INDUSTRIES, INC.
AND
WESTERN STATES MINERALS CORPORATION

A. The following unpatented lode mining claims located in the Lynn Mining District, Eureka and/or Elko Counties, Nevada; which have been recorded in the office of the Recorder of Eureka and/or Elko Counties; and filed in the Nevada State Office of the Bureau of Land Management as follows:

Name of Claim	Recorded Eureka County			Recorded Elko County			BLM N MC NUMBER
	Date	Book	Page	Date	Book	Page	
Bazza No. 1 thru Bazza No. 10	05/03/66	10	219-228				57136 - 57145
	07/25/66	11	420-439				
Pandora No. 1 thru Pandora No. 10	07/25/66	11	209-218				57122 - 57131
Corbett No. 1 thru Corbett No. 4	05/05/67	18	513-516				57132 - 57135
Weimer No. 1 thru Weimer No. 24	08/15/66	11	450-473				57098 - 57121
Golden Boy No 6 thru Golden Boy No. 12	12/12/63	2	125-131				56980 - 56986
Barr No. 1 thru Barr No. 4	03/29/66	10	218-224				56971 - 56974
Micron No. 1 thru Micron No. 36	10/08/69	33	12-47				56993 - 57028

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Name of Claim	Recorded Eureka County			Recorded Elko County			BLM
	Date	Book	Page	Date	Book	Page	N MC NUMBER
Medford No. 1 thru Medford No. 6	04/22/68 08/26/68	23 25	344-349 427-432	06/30/78	269	682-687	57029 - 57034
Gold Strike No. 1 thru Gold Strike No. 36	02/19/63 04/19/63 02/24/70 09/12/78 09/12/78	M N 34 65 66	345-380 132-167 359-394 551-586 587-600 1-22				57154 - 57189
Gold Bug No. 1 thru Gold Bug No. 27	02/19/63 04/19/63 02/24/70	M N 34	381-397 195-221 332-358	06/28/78	269	183-209	57053 - 57079
Gold Bug No. 1 thru Gold Bug No. 4	05/11/82	102	337-340				233669-239672
Royal No. 1 thru Royal No. 18	02/10/66	10	1-18				57080 - 57097
Extension No. 1 thru Extension No. 18	07/24/63	P	85-94	11/15/63 02/24/70 06/29/78	41 120 269	43-60 476-493 627-644	57035 - 57052
Post No. 1 thru Post No. 6, Post Extension, Post Fraction	11/17/66 08/26/68	13 25	415-425 425-426				57146 - 57153
Post 3, Post 4 Post Fraction, Post Extension	05/11/82	102	337-340				239665-239668
Golden April 1 thru Golden April 21, Golden April F	01/14/80	78	172-193	01/14/80	312	364-370	136772-136793

Name of Claim	Recorded Eureka County			Recorded Elko County			BLM
	Date	Book	Page	Date	Book	Page	N MC NUMBER
SJ No. 1 thru SJ No. 16	09/22/75	52	327-342				73188 - 73203
Stewart, Stewart #1 thru Stewart #5	10/25/78	66	518-523				39429 - 39434

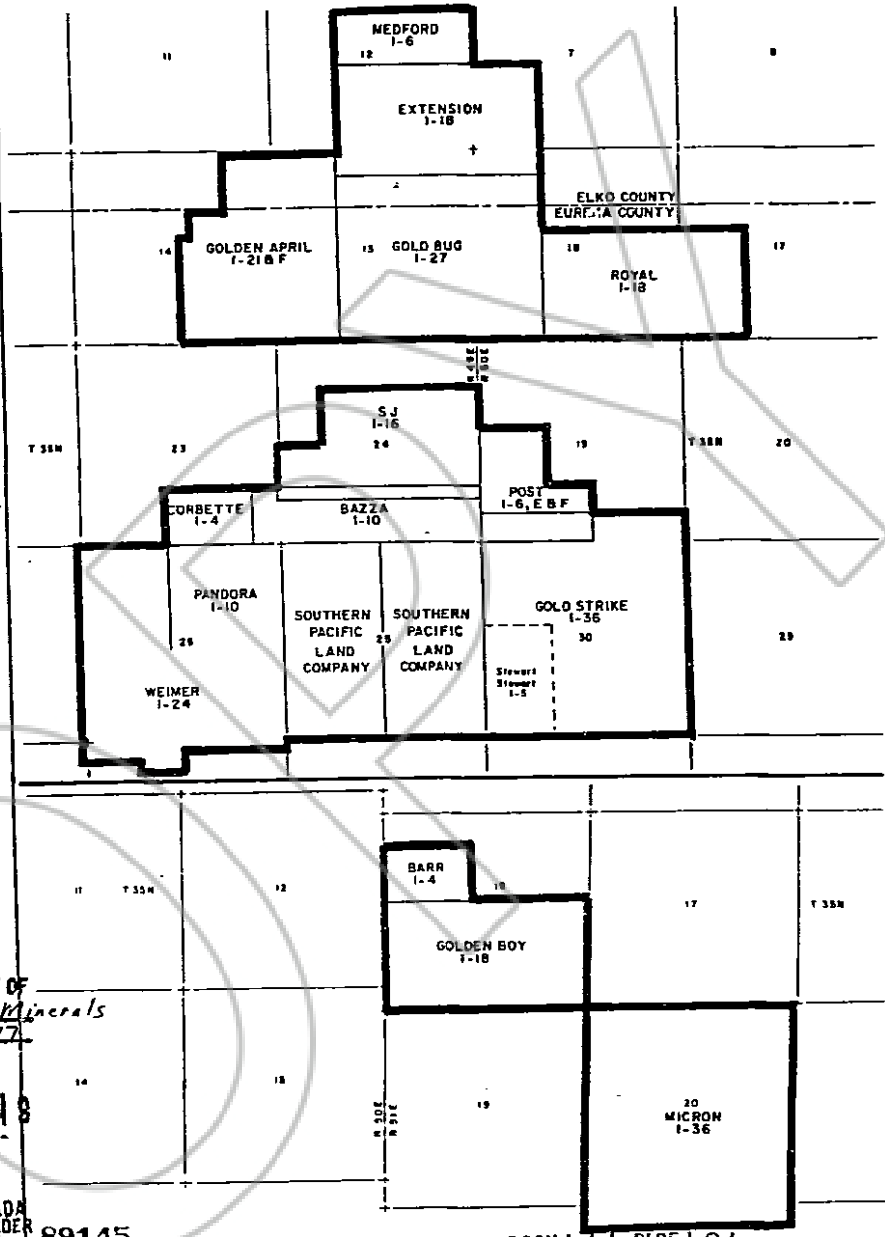
B. Leasehold interest in the East 1/2 of Section 25, T36N, R49E, MDB & M, Eureka County, Nevada: Mining Lease No. SPL-643 between Southern Pacific Land Company and Western States Minerals Corporation (by assignment), a Memorandum of which is recorded in the Office of the Recorder, Eureka County, Nevada, in Book 75 at Pages 427-429.

SCHEDULE II

TO WESTERN STATES MINERALS- JVI, A MINING JOINT VENTURE
MEMORANDUM OF AGREEMENT
JANUARY 1, 1982

CONTRACT AREA (HEAVY OUTLINE)
Elko & Eureka Counties, Nevada

SCALE: 1" = 3000'



RECORDED AT REQUEST OF
Western States Minerals
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83 SEP 20 AIO: 18

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
H.N. REDALE, RECORDER
FILE NO. 89145
FEE \$ 12.00

89145

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