

AGREEMENT

WHEREAS Hennes-Westex Corporation, a Nevada Corporation, (HWC) is a party to a Mining Lease dated January 15, 1979, in which they have leased to Bar Resources, Inc., a Nevada Corporation, the whole of certain mining properties owned, possessed or leased in Eureka County, Nevada, a copy of said Mining Lease being attached;

AND WHEREAS HWC is entitled to a five percent royalty with Buckhorn Mines Co., a Nevada Corporation, of which HWC is entitled to 2½ percent and Buckhorn Mines Co. is entitled to 2½ percent plus certain other interests as may arise out of said Mining Lease;

AND WHEREAS HWC desires to sell and assign its entire interest in said Mining Lease and Herbert Kuglmeier, an individual, desires to purchase all of HWC's interest in said Mining Lease;

NOW THEREFORE HWC in consideration of the payment of one dollar, receipt of which is hereby acknowledged, hereby sells and assigns all of its right, title and interest in said Mining Lease to Herbert Kuglmeier.

Dated this 29 day of December, 1981.

HENNES-WESTEX CORPORATION

William Blodgett (1981)
By: *William Blodgett*
President
John J. Winger (1984)
Secretary

The interest of Hennes-Westex Corporation in and to the above described Mining Lease is hereby accepted in full.

Dated this 29 day of December, 1981

Herbert Kuglmeier (1984)
Herbert Kuglmeier
Herbert Kuglmeier

Subscribed and sworn to before me this 29 day of Dec, 1981.

Stephen L. Massey
Notary Public, State of New Mexico



My commission expires 2 May 1981

ACKNOWLEDGMENT

STATE OF WISCONSIN)
) ss.
OUTAGAMIE COUNTY)

On the 6th day of August, 1984, personally appeared before me, a notary public, William Bradway and Peter J. Wurzer, known to me to be the persons whose names are subscribed above, duly qualified and acting officers of Hennes-Westex Corporation who acknowledged to me that they executed the foregoing instrument in that capacity.

Thomas H. Sutter
Thomas H. Sutter, Notary Public,
Outagamie County, Wisconsin
My commission is permanent.



STATE OF NEW MEXICO)
) ss.
Bernalillo COUNTY)

On the 8 day of August, 1984, personally appeared before me, a notary public, Herbert Kuglmeier, known to me to be the person whose name is subscribed above, who acknowledged to me that he executed the foregoing instrument.

Gregory L. Massey
Gregory L. Massey, Notary Public
Bernalillo County, New Mexico
My commission 2 May 1985



MINING LEASE

THIS MINING LEASE made and entered into this 15th day of January, 1979, by and between BUCKHORN MINES CO., a Nevada corporation, and HENNES-WESTEX CORPORATION, a Nevada corporation (hereinafter collectively referred to as LESSOR), and BAR RESOURCES, INC., a Nevada corporation (hereinafter referred to as LESSEE):

W I T N E S S E T H :

The Lessor, for and in consideration of the royalties hereinafter reserved, and the covenants and agreements hereinafter expressed, and by the Lessee to be kept and performed, hereby leases, demises and lets to the Lessee the whole of the mining properties owned, possessed or leased by the Lessor or in which Lessor has an interest, situated in Eureka County, Nevada, more particularly described as follows:

a. All of the Lessor's right, title and interest in and to those certain lands, mining claims, and other interests set forth and described in, and all rights under, that certain lease between Royce A. Hardy and Alice H. Paulsen, as lessors, and William Golden, as lessee, dated the 4th day of January, 1972, a copy of which lease is attached hereto as Exhibit "A" the subject of which is hereinafter referred to as Property A; Lessor is the sublessee under Exhibit A from William Golden;

b. All of Lessor's right, title and interest in and to that certain Memorandum Of Agreement between William B. Golden, as Seller, and Ernest Dale Soule, Sr. and Ernest Dale Soule, Jr., as Buyers, dated June 21, 1973 and fully set forth in Exhibit "B" attached hereto and that certain Contract dated June 22, 1973 between the same parties and fully set forth in Exhibit "C" attached hereto, the subject of said Memorandum of Agreement and Contract is hereinafter referred to as Property B;

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c. All of the Lessor's or Lessee's right, title and interest in and to any and all mining claims, whether lode or placer, and other mineral interests which the Lessor or Lessee now has or will have during the term of this lease located within ten miles of the boundary of any of the claims comprising Property A and Property B, the subject of which is hereinafter referred to as Property C. Any such mining claims so located or held by Lessee shall be in the name of Lessor.

d. All of Lessor's right, title and interest in and to all materials, equipment, tools, machinery and facilities presently located on or about Properties A, B and C.

To have and to hold the above-mentioned premises, improvements, appurtenances and personal property unto Lessee from the date hereof and for a term thereafter ending on August 1, 1999, unless sooner forfeited or terminated as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Lessee shall have the exclusive rights to enter upon Properties A, B and C and work the same in a good and minerlike manner so as to mine the greatest amount of ore possible with due regard to economic feasibility and the development and preservation of the demised premises as a workable mine.

2. Lessee may at any time hereafter make any and all changes as it deems necessary or desirable to its mining, refining or smelting operations.

3. Lessee agrees to pay to Lessor as royalty a sum equal to FIVE PERCENT (5%) of the total sums actually received by Lessee for the sale of mineral products actually mined from Properties A, B and C. Such payment shall be made by Lessee to Lessor within TEN (10) days of the date Lessee receives payment from the purchaser of said mineral products. At the option of Lessor, payment of royalties may be received

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either in currency of the United States of America valid at the time of payment or gold bullion. If payment is requested to be made in gold bullion, then the determination of the amount of bullion to be paid shall be made with reference to and by use of the open market price being paid by the last purchaser of gold from Lessee for an equal quality of gold bullion on the day next preceding the determination by Lessee of the royalty due Lessor for which Lessor has requested payment in gold bullion. Lessor shall give notice to Lessee prior to the end of the month for which royalties are or may be payable of Lessor's election to take payment in gold bullion. The gold bullion payable by Lessee to Lessor hereunder shall be paid in complete bar ingots only, with any balance payable in currency. If the royalty payment due in gold bullion is not sufficient to be made at least in part by delivery to Lessor of at least one (1) complete bar ingot, then payment shall be made in currency or by adding succeeding royalty payments together as they become due, at the election of Lessor; absent timely notice of election, payment shall be made in currency. Payment shall be made to Security National Bank of Nevada at Elko, Nevada to the account of Buckhorn/Hennes-Westex.

4. Each of the parties comprising Lessor, jointly and severally, represents and warrants to Lessee as follows:

a. As of April 1, 1978, the area covered by Properties A, B and C has been and was properly and validly located under the mining laws of the United States of America and the State of Nevada; that assessment work on the mining claims, and each of them, had been performed at the time, in the manner and to the extent required by law; that the mining claims were all in good standing, subsisting and valid at the date hereof, and were free and clear of all liens, encumbrances, leases and claims of third parties, except only rights reserved to the United States in respect to unpatented mining claims generally and the rights reserved and set forth in Exhibits A and B.

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b. Buckhorn Mines Co. is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada and has been duly authorized by all necessary corporate action and has full power and authority to enter into this lease and to perform the transactions required of it herein and to incur the obligations herein contained.

c. Hennes-Westex Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada and has been duly authorized by all necessary corporate action and has full power and authority to enter into this lease and to perform the transactions required of it herein and to incur the obligations herein contained.

d. Neither the execution and delivery of this mining lease nor the consumation of the transactions contemplated hereby nor the compliance by Lessor with any of the provisions hereof will conflict with or result in a breach of or default under any of the terms, conditions or provisions of any agreement to which Lessor is a party or by which it or any of the Properties A, B and C is bound or, to the best knowledge of Lessor, of any law or governmental or administrative regulation or restriction applicable to it or any of the Properties A, B and C, except as previously disclosed to Lessee.

e. As of April 1, 1978, there were no actions, suits, claims, proceedings, litigation or investigations pending or, to the best knowledge of Lessor, threatened against Lessor or Properties A, B or C, at law or in equity, or in arbitration or before any federal, state, municipal or government or governmental instrumentality which relate to this mining lease or to Properties A, B or C or which could, if continued, adversely affect Lessor's ability to lease Properties A, B and C to Lessee or Lessee's ability to fully use Properties A, B and C and exploit the mineral product contained therein.

f. Lessor is the owner of all right, title and interest in the lease set out in Exhibit A for a term expiring on August 1, 1999, subject to the payment of 5% or 7 1/2%, as the case may be, royalties on net smelter returns, being all sums paid to Lessee hereunder for the mineral product mined from Property A less all of Lessee's processing and treatment charges and costs; further subject to the payment of a minimum royalty of \$1,250 per month (the payment of which totals in excess of \$60,000 as of the date hereof and is fully paid to date).

g. Lessor is the owner of all of the right, title and interest in the lease set out in Exhibit B, subject to a royalty payable at the rate of \$5,000 per month or 25% of the gross revenue received from the sale of mineral product from Property B, up to a total purchase price of \$400,000 plus interest at 4%; payments made by Lessor under the lease set out in Exhibit B as of the date hereof amount to approximately \$355,000; further, upon payment of the said \$400,000 plus interest, no further royalties or payments of any kind shall be due and payable by Lessee hereunder with respect to Property B except as provided in Paragraph 3 herein.

5. Lessee shall pay and save Lessor harmless from the obligations set forth in Paragraph 4.f and 4.g as set forth above. Lessor warrants that it shall keep the agreements set out in Exhibits A, B and C in good standing with respect to payment of the royalty obligations set forth in Paragraphs 4e and 4f above. Payment shall be paid directly to Buckhorn Mines Co., 1289 Farkview Drive, Elko, Nevada 89801.

6. Lessee may install, maintain, replace and remove during the term of this Mining Lease any and all mining machinery, equipment, tools and facilities now or subsequently placed on Properties A, B and C and which it may desire for use on or in connection with its operations hereunder on Properties A, B and C; provided, however, that Lessee may not remove at any time any facilities or structures or items which are or become an improvement or an appurtenance to the real property described

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as Properties A, B or C, except to replace or improve facilities for the better mining or processing of ores. The Lessees shall have the right to effect the removal of such machinery, equipment, tools, supplies and facilities placed on or provided to Properties A, B or C by Lessee, except as provided herein, prior to the expiration of this lease, or within ONE HUNDRED EIGHTY (180) days thereafter. As to machinery, equipment, tools, supplies and facilities placed on or provided to Properties A, B and C by Lessor, and which Lessee replaces or repairs, Lessee shall have such right of removal upon payment to Lessor of the book, salvage or other agreed value of such machinery, equipment, tools, supplies and facilities. Any such machinery, equipment, tools, supplies and facilities not removed prior to the expiration of said period of ONE HUNDRED EIGHTY (180) days following termination of this mining lease shall be deemed affixed to Properties A, B or C and shall become and remain the property of Lessor.

7. Lessee shall pay in full for all labor performed upon or material furnished to Properties A, B and C at the instance or request of the Lessee, whether performed or furnished prior or subsequent to the date hereof, and shall keep the whole thereof free and clear from any and all liens of mechanics or material men.

8. Lessee shall at all times comply in all respects with all of the laws and regulations relating to the performance of work within or on Properties A, B and C. The Lessee shall provide Nevada Industrial Insurance and such other insurances to cover personnel and all of its operations upon the premises in the amount and form as may be required by law or by the requirements of Exhibits A, B and C. Lessee shall maintain personal liability insurance in the amount of \$1,000,000.00 and Lessor shall be named an additional insured. Lessee shall indemnify and hold the Lessor harmless of and from any and all claims, demands or liabilities arising out of or in connection with the operations or activities of the Lessee hereunder. Lessee assumes full and sole responsibility for the operation and direction of the work done under this

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Mining Lease on Properties A, B and C and no employee or agent furnished by Lessee shall under any circumstances be deemed an employee or agent of Lessor.

9. Lessee agrees to pay all taxes levied and assessed upon the leased premises or any part thereof, including taxes measured on production and also including taxes levied and assessed on improvements placed upon the premises by Lessee during the continuance of this mining lease, commencing with the taxes for the current year, and to make payment thereof, as required by the statutes of the State of Nevada so that no default in taxes upon the leased premises shall occur; provided, however, that Lessee shall have no obligation to pay those taxes attributable to the royalties paid hereunder except as provided for in Exhibits A, B and C. Lessee shall deliver to Lessor, upon request, the original or duplicate tax receipts for payment made. Should Lessee be in possession under this Mining Lease for only a portion of a year, the tax for that year shall be prorated between the Lessor and the Lessee on the basis of taxes for the preceeding year.

10. During the term of this mining lease, Lessee does hereby agree to perform all assessment work required to be performed upon the mining claims by law, and does further agree to prepare and record all proper affidavits, notices and other documents required by law to evidence the performance of said annual assessment work and to provide copies of such affidavits, notices and other documents to Lessor.

11. In the event of termination of this Mining Lease by expiration of the term hereof, or for any reason whatsoever, the Lessee agrees to surrender the leased premises to the Lessor in good condition, depletion and reasonable wear and tear excepted, and in compliance with all applicable laws and regulations, including reclamation of Properties A, B and C.

12. If for any reason there shall be default on the part of Lessee, and Lessee shall fail or refuse to comply with any of the terms or provisions hereof, then at the option of Lessor, Lessor may give notice in writing to Lessee of such default, specifying the nature and character

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thereof, and unless the default shall be corrected within forty-five (45) days after the receipt by the Lessee of such notice, then at the option of Lessor this lease and all rights thereunder of Lessee shall be terminated and Lessee shall quietly and peaceably surrender Properties A, B and C unto Lessor.

13. At any time during the term of this lease, Lessee may terminate this lease by delivering possession of Properties A, B and C to Lessor, paying to Lessor any unpaid royalties due it or the parties entitled to royalties or other payments under Exhibits A, B and C, and by delivering to Lessor a recordable instrument of surrender.

14. Lessee agrees to keep accurate books of account showing the operations, and particularly showing ores mined, concentrated, refined, smelted, or mined and shipped by the Lessee, and to permit a representative of Lessor to examine such books of account. Lessee shall furnish Lessor with full, true and accurate information in response to any responsible request in regard to the condition of underground workings of said premises, or any part thereof, or as to the general quality of ore exposed therein, and allow representatives of Lessor to enter upon and into all parts of said premises from time to time, and at all reasonable times and hours, for the purpose of inspecting or surveying the same, or taking samples of ore therefrom.

15. From and after the date hereof and for so long as this Mining Lease shall be in effect, Lessee shall use all reasonable efforts to develop the mineral product located in Properties A, B and C. The foregoing sentence notwithstanding, Lessee, in its sole and absolute discretion, may conclude that it no longer has any present or prospective need for any part or parts of Properties A, B or C and it may relinquish any rights therein to Lessor. Lessee may retain such easements or rights of way within or through the relinquished areas for electric transmission lines, including substations, communication lines, railroad tracks, pipelines, roads and such other purposes as Lessee may deem necessary or desirable to facilitate the exercise of the rights granted

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to Lessee hereunder to exploit the mineral product of Properties A, B and C; in such event, Lessee shall deliver to Lessor an instrument in recordable form evidencing any such relinquishment; the property so relinquished shall be in full compliance with all governmental requirements then appertaining, including the payment of all current and past taxes. The respective part or parts of Properties A, B and C so relinquished shall, for all purposes of this Mining Lease, cease to form a part of Properties A, B or C from the date of delivery of such instrument of relinquishment, except as otherwise provided herein.

16. During the term of this Mining Lease, Lessee shall have the exclusive right to (1) explore for all mineral product which may be located in, on or under Properties A, B and C, (2) mine, remove or otherwise extract such mineral product and beneficiate or otherwise prepare the same for sale, and (3) to sell or otherwise market such mineral product or upgrade or otherwise treat the same beyond the beneficiation stage or its equivalent, except as provided herein. These rights shall include all rights usual or necessary in connection with mining activities, including, without limitation, the right to (1) injure the surface and subsurface of Properties A, B and C, (2) damage, destroy or dismantle any improvements, any crops or any timber now or hereafter situated on Properties A, B or C (subject to Paragraph 6 hereof), (3) build, erect, maintain, use and operate such improvements as Lessee shall consider desirable or convenient in connection with the exploitation of the mineral product, (4) to make consumptive or other use of both surface or subsurface water and to drill and use water wells, and (5) use Properties A, B and C for the disposal of waste rock and dirt, sands, clays, tailings, slimes and wastes resulting from, and for any other purpose related to, the exploitation of the mineral product. Exercise of the foregoing rights shall be subject to Paragraph 11 hereof.

17. As used herein, "mineral product" means all valuable rock, minerals, metals, ores and similar substances which may be extracted

from Properties A, B and C and beneficiated or otherwise prepared for sale; provided, however, that such term shall not include any substance, element or other product solely obtained by or produced in connection with the upgrading or other treatment of any such rock, minerals, metals or ores or similar substances beyond the beneficiation stage or its equivalent.

18. Notices and copies hereunder shall be deemed sufficiently given when delivered in the United States Mail, postage prepaid, certified, return receipt requested, and addressed as follows: to Lessor: Buckhorn Mines Co. _____

_____ ; Hennes-Westex Corporation, 1600 West Haskell Street, Appleton, Wisconsin 54911 _____ ; to Lessee:

Bar Resources, Inc., c/o M. Craig Haase, P. O. Box 750, Reno, Nevada 89504, with a copy to Evan Koblanski, President, 2602-1055 West Georgia, The Royal Centre, P. O. Box 11122, Vancouver, British Columbia, Canada V6E 3P3; or to such other address or addresses as any party hereto may designate by proper written notice under this Paragraph 18.

19. Whenever the time for performance of any act hereunder is limited and the performance thereof is hindered, prevented or delayed by any fact or circumstance beyond the reasonable control of the party obligated to perform and which said party could not have avoided by the use of due diligence, such as acts of God, fire, floods, strike or labor troubles, breakage of machinery, inability to obtain necessary materials, supplies or labor interruptions in delivery or transportation, shortage of railroad cars, insurrections or mob violence, regulations, orders or requirements of federal, state or local governments, embargoes, war or other disabling causes, whether similar or different, then the time for the performance of any such act or obligation shall be extended for a period to equal to the extent of such delay.

20. Lessee may sell, transfer or otherwise dispose of all or any part of its interests in Properties A, B or C and under this Mining Lease to any person, provided that the purchaser, transferee or assignee is

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financially able and responsible to assume all of Lessees duties and obligations hereunder and shall first agree in writing to be bound and perform the terms of this Mining Lease.

21. This Mining Lease shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors, and assigns.

22. The following miscellaneous provisions shall apply to this Mining Lease:

a. This Mining Lease constitutes the sole understanding of Lessee and Lessor with respect to Properties A, B and C and supercedes any and all other agreements or understandings, including, but not limited to, that certain agreement between the parties hereto dated April 1, 1978 (with respect to which said agreement Lessee has expended approximately \$1,000,000 on development of the subject properties). No modification, alteration or waiver of the terms of this Mining Lease shall be binding unless the same shall be in writing, dated subsequent to the date of this Mining Lease, and duly executed by all of the parties hereto.

b. The representations and warranties contained herein shall survive the execution of this Mining Lease and the various transactions contemplated hereby.

c. Nothing in this Mining Lease shall be deemed to create or constitute a partnership, joint venture or similar relationship between Lessor and Lessee with respect to Properties A, B or C or this Mining Lease.

d. This Mining Lease shall be governed and interpreted in accordance with the laws of the State of Nevada and shall for all purposes be deemed to have been made in the State of Nevada.

e. In this Mining Lease, time is of the essence.

f. The waiver by either party of any breach of any of the terms, covenants, representations, warranties or conditions hereof

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shall not be deemed a waiver of any other or subsequent breach of such term, covenant, representation, warranty or condition.

g. In the event the parties hereto become involved in litigation against each other with respect to the subject matter of this Mining Lease, the prevailing party shall be entitled to an award of all costs and reasonable attorneys fees incurred in such litigation, including trial, appellate and other court costs and attorneys fees.

h. Within sixty (60) days after the date of termination of this mineral lease, Lessee shall provide to Lessor copies of all then known and existing written material (other than correspondence) relating to the development of, mineral product and operations on, and the exploration data concerning Properties A, B and C which are within Lessee's possession and control. Lessee disclaims any and all responsibility for accuracy or completeness of the content of the material and data so delivered to Lessor, and it is understood that any use of such material or data by Lessor shall be in a manner which will not create any liability for Lessee and Lessor shall hold Lessee harmless from any such liability.

IN WITNESS WHEREOF, this mining lease has been executed on the date first above set forth.

BUCKHORN MINES CO.

By [Signature]
Title:

ATTEST:

[Signature]
Secretary

HEARNES-WESTEX CORPORATION

By [Signature]
Title

12.

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ATTEST:

x Lawrence Happle
Secretary

BAR RESOURCES, INC.

By [Signature]
Title

ATTEST:

[Signature]
Secretary

RECORDED AT REQUEST OF
Herbert Kuglmeyer
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OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO: 94877
FEE \$ 19.00

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