

131078

CONSENT TO PARTIAL ASSIGNMENT,  
CERTIFICATE OF ESTOPPEL AND AGREEMENT

THIS CONSENT TO PARTIAL ASSIGNMENT, CERTIFICATE OF ESTOPPEL AND AGREEMENT (this "Consent Agreement") is made as of December 12, 1989, by and among VEK/ANDRUS ASSOCIATES, a general partnership, composed of VEK ASSOCIATES, a Nevada corporation, with an address of 4040 Lakeside Drive, Odessa, Texas 79762, and ANDRUS RESOURCES CORPORATION, a Texas corporation, with an address of 1990 Post Oak Boulevard, Suite 2400, Houston, Texas 77056, collectively referred to as "Lessor," REYNOLDS METALS EXPLORATION, INC., a Delaware corporation, with an address of 6601 West Broad Street, Richmond, VA 23230, herein referred to as "Reynolds," and ST. GEORGE METALS, INC., a Nevada corporation, with an address of P. O. Box 548, Battle Mountain, Nevada 89820, herein referred to as "St. George."

WITNESSETH:

WHEREAS, Lessor has entered into that certain Lease Agreement dated as of February 1, 1988, with St. George as "Lessee," a memorandum of which is recorded in the Official Records of Eureka County, Nevada, in Book 176, page 236 (the "Lease"); and

WHEREAS, the Lease has been amended by Amendment No. 1 dated December 24, 1989, recorded in the Official Records of Eureka County, Nevada; and

WHEREAS, the parties have executed a letter relative to their respective rights under the Lease addressed to Mr. Charles R. Robinson and Mr. Bill Andrus dated October 24, 1989 from Mr. Thomas L. Belaustequi; and

WHEREAS, the Lease, as amended, concerns the unpatented mining claims in Eureka County, Nevada more particularly described in Exhibit A attached hereto (the "Property"); and

WHEREAS, St. George intends to assign to Reynolds as "Assignee" an undivided 50% interest in the Lessee's right, title and interest in and to the Property (the "Partial Assignment"); and

WHEREAS, St. George and Reynolds have entered into a venture agreement (the "Venture Agreement") for the formation of a mining venture (the "Venture") pursuant to which St. George and Reynolds shall own the assets of the Venture as tenants in common; and

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WHEREAS, as a condition to Reynolds accepting the Partial Assignment from St. George, Reynolds has requested Lessor to make certain assurances and agreements.

NOW, THEREFORE, in consideration of the mutual promises, covenants, conditions and representations contained herein and in the Lease and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and as a material inducement for Reynolds to accept the Partial Assignment from St. George, the parties covenant and agree as follows:

1. Incorporation Of Recitals. The foregoing recitals are incorporated herein by reference.

2. Consent To Transfer. Lessor hereby consents to the Partial Assignment from St. George to Reynolds and the Venture as stated in the foregoing recitals. Lessor hereby further consents to the further transfer of rights, titles and interests in the Lease and the Property as between St. George and Reynolds pursuant to the Venture Agreement, including without limitation, transfers upon default and upon withdrawal from or termination of the Venture.

3. Representations. Lessor represents to the best of its knowledge and belief as follows:

(a) The Lease is in full force and effect and there are no amendments, modifications, supplements, arrangements, side letters or understandings, oral or written, of any sort, that modify, amend, alter, supplement or change the terms of the Lease, except Amendment No. 1 and the letter dated October 24, 1989 addressed to Mr. Charles R. Robinson and Mr. Bill Andrus from Mr. Thomas L. Belaustequi, and as herein expressly provided.

(b) At the present time, Lessor has no knowledge or information upon which Lessor could base a notice of default by Lessee under the Lease. Lessor has no knowledge or information that Lessee has failed to fulfill its obligations under the Lease, including the obligation to make payments of money. Lessor has no knowledge or information that a default or breach exists under the Lease or that an event has occurred or action taken which constitutes or with the passage of time or the giving of notice would give rise to a default or breach under the Lease.

(c) Lessor is a general partnership which is duly and properly organized under the laws of the State of Nevada; the officers who executed the Lease on behalf of the

Corporate partners were duly authorized and empowered to execute the same; and the Lease was duly executed on behalf of Lessor and is the valid and binding agreement of Lessor in accordance with the terms thereof.

(d) Lessor is the record owner of the Property, subject only to the paramount title of the United States.

(e) The partners executing this Consent Agreement on behalf of Lessor are duly authorized and empowered to act on behalf of Lessor and to bind the partnership and its property; the officers executing this Consent Agreement on behalf of the corporate partners are duly authorized and empowered to execute the same; and this Consent Agreement is the valid and binding agreement of Lessor.

(f) Lessor has heretofore received advance royalties pursuant to paragraph 4 of the Lease in the amount of \$125,000.00.

(g) Lessor has received and read the Partial Assignment between St. George and Reynolds.

4. Liability Upon Withdrawal. Upon the withdrawal of Reynolds or St. George from the Venture pursuant to Section 13.2 of the Venture Agreement, the withdrawing venturer shall have no duties, liabilities or obligations to Lessor for the performance of any covenant or condition becoming due, nor any obligation or liability accruing or arising, after the date of such withdrawal; provided that nothing herein shall relieve or release either St. George or Reynolds from any obligation or liability either may have to Lessor which arises or accrues prior to the date of such withdrawal.

5. Notice. Any notice given pursuant to paragraph 20 of the Lease, including any notice of default, shall be given concurrently to Reynolds and to St. George at the address of each set forth above or at such other address as either may specify by written notice to Lessor.

6. Further Assurances. The parties agree to execute, acknowledge and deliver such further instruments as may be reasonably requested by a party hereto to effectuate the transactions contemplated by this Consent Agreement.

7. St. George Not Released By This Consent. Pursuant to paragraph 24 of the Lease, in the event the Lessor consents to an assignment or transfer, the Lessee has no further obligations under the Lease. This Consent Agreement is given in connection with an assignment of a one-half interest in the Lease to Reynolds as a participant under the Venture

Agreement. It is neither the intent nor the desire of St. George to be released from its obligations under the Lease as a result of this Consent Agreement. St. George hereby acknowledges and agrees that the execution of this document by Lessor will not release St. George from any of its obligations under the Lease.

8. Successors And Assigns. This Consent Agreement shall inure to the benefit of and shall be binding upon the parties hereto, their respective successors and assigns, and shall be governed by and construed in accordance with the laws of the State of Nevada.

9. Reservation of Rights. The parties acknowledge that disagreement exists between Lessor and St. George as to the interpretation of paragraph 2.C of the Lease, and the right of the Lessee thereunder to offset certain costs heretofore or hereafter incurred by the Lessee. This Consent Agreement is executed without prejudice to the position of any party regarding the interpretation of said paragraph 2.C.

IN WITNESS WHEREOF, Lessor has executed this Consent Agreement as of the date first above written.

VEK/ANDRUS ASSOCIATES, a general partnership

By VEK ASSOCIATES, a Nevada corporation

By: John E. Funch, Vice Pres.

By ANDRUS RESOURCES CORPORATION, a Texas corporation

By: Charles R. Johnson, Pres.

ACCEPTED AND AGREED TO AS OF THE DATE SET FORTH BELOW:

ST. GEORGE METALS, INC.

By: J. A. Witham

Dated: December 24, 1989

REYNOLDS METALS EXPLORATION, INC.

By: [Signature]  
Vice President

Dated: January 5, 1990

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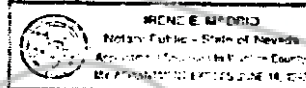
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STATE OF NEVADA )  
County of Washoe ) ss.

The foregoing instrument was acknowledged before me on December 14, 1989, 1989, by Victor E. Galt, Vice President of VEK ASSOCIATES, a Nevada corporation, for and on behalf of the corporation as a general partner of VEK/ANDRUS ASSOCIATES, a general partnership, for and on behalf of the partnership.

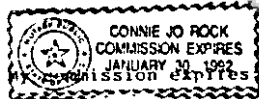
Renée E. Madrid  
Notary Public

My commission expires:



STATE OF Texas )  
County of Harris ) ss.

The foregoing instrument was acknowledged before me on December 12, 1989, by Charles R. Robinson, President of ANDRUS RESOURCES CORPORATION, a Texas corporation, for and on behalf of the corporation as a general partner of VEK/ANDRUS ASSOCIATES, a general partnership, for and on behalf of the partnership.



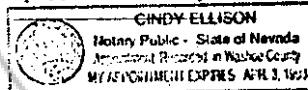
Connie Jo Rock  
Notary Public

STATE OF NEVADA )  
County of Washoe ) ss.

The foregoing instrument was acknowledged before me on December 29, 1989, by Mike H. McEllison, Vice President of ST. GEORGE METALS, INC., a Nevada corporation, for and on behalf of the corporation.

Cindy Ellison  
Notary Public

My commission expires:



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STATE OF Virginia )  
County of Norfolk ) ss.

The foregoing instrument was acknowledged before me  
on January 5, 1984, by Douglas S. Jenkins,  
Vice President of REYNOLDS METALS EXPLORATION, INC.,  
Delaware corporation, for and on behalf of the corporation.

Cecile L. Johnson  
Notary Public

My commission expires:

2-28-93

SEAL  
Affix

Exhibit A

All of the Lessee's right, title and interest in and to that certain Lease Agreement dated as of February 1, 1988, wherein VEK/Andrus Associates, a general partnership composed of VEK Associates, a Nevada corporation, and Andrus Resources Corporation, a Texas corporation, is Lessor and St. George Metals, Inc., a Nevada corporation, is Lessee, a Memorandum of which is recorded in the Official Records of Eureka County, Nevada in Book 176, page 236, as amended by Amendment No. 1 dated \_\_\_\_\_, 1989, concerning the unpatented mining claims in Eureka County, Nevada, more particularly described as follows:

Unpatented mining claims in Eureka County, Nevada, more particularly described as follows:

CLAIM	RECORDED BOOK/PAGE	BLM NMC #	SECTION	TOWNSHIP	RANGE
ROD 1-5	111/259-263	273079-273083	20	35N	50E
ROD 79-81, 83-84	111/264-268	273138-273142	20	35N	50E
ROD 200-217	111/465-482	273384-273401	28	35N	50E
RCD 25-60	111/287-322	273102-273137	2	35N	49E
ROD 61-78	111/350-367	273214-273231	10	35N	49E
ROD 7-24	111/269-286	273084-273101	12	35N	49E
WELS 45-70	118/56-81	292004-292029	2	33N	51E
WELS 71-97	118/82-108	292030-292056	4	33N	50E
WELS 107-126	118/109-128	292057-292076	6	34N	50E
BEO 1,3,5,7, 9,11, 13, 15, 17, 19, 21-40	119/550 - 579	297135 297164	30 30	33N 33N	50E 50E
BEO 2, 4, 6, 8, 10, 12, 14, 16, 18, 20	123/456-465	308691 308700	30 30	33N 33N	50E 50E
BEO 41-72	123/466 - 497	308701 308732	20 20	33N 33N	50E 50E
BEO 77-112	123/498 - 533	308733 308768	32 32	33N 33N	50E 50E
RC 1- 14	146/579-592	371773-371786	20, 21	35N	50E

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RECORDED AT THE REQUEST OF  
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*Rabison, Belauslegui*  
90 JUN 16 P4:48  
*Robbie and Sharp*  
OFFICIAL RECORD  
EUREKA COUNTY, CALIF.  
P.M. HALL & CO. RECORDERS  
FILE NO. FEE \$12.00

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