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AMENDMENT NO. 3

TO

PURCHASE AND SALE OPTION AGREEMENT

This Amendment No. 3 to Purchase and Sale Option Agreement ("Amendment No. 3") is made and effective as of the 3rd day of October, 1990, by and between Windfall Venture, a Colorado general partnership, whose address is P.O. Box 2183, Grand Junction, Colordo 81502 ("Seller"), and Tenneco Minerals Company, a Delaware corporation, whose address is P. O. Box 281300, Lakewood, Colorado 80228, ("Buyer") who, by mesne assignments, is the successor in interest to the rights of Amselco Exploration, Inc., in the Option designated below:

RECITALS

A. Effective as of November 9, 1984, Seller and Amselco Exploration, Inc. entered into a Purchase and Sale Option Agreement (the "Amselco Option"), a copy of which is hereto attached as Exhibit A and incorporated herein by this reference. Amselco Exploration, Inc., by assignment recorded in Book 205 at Page 418 of the Official Records of Eureka County, Nevada, transferred its interest in the Amselco Option to Amselco Minerals, Inc. ("Amselco").

B. Effective as of July 1, 1986, Amselco Minerals Inc., a Delaware corporation, and Amselco Exploration Inc. entered into that certain Agreement with Eureka Ventures, a Texas joint venture (the "Eureka Option"). The Eureka Option granted to Eureka Ventures, among other things, the right to purchase 70% of Amselco's interest in the Amselco Option.

C. Effective as of November 15, 1986, Amselco Exploration Inc. conveyed and assigned to Amselco all of Amselco Exploration Inc.'s interest in the Amselco Option and the Eureka Option by an Assignment recorded in the official records of the Eureka County, Nevada Recorder's office in Book 205, Page 481 on November 3, 1989.

D. Effective as of January 9, 1987, Windfall and Amselco entered into Amendment No. 1 to the Amselco Option (attached as Exhibit B) and on January 9, 1989, Windfall, Amselco and Eureka Ventures entered into Amendment No. 2 to the Amselco Option (attached as Exhibit C). The Amselco Option, together with Amendments Nos. 1 and 2 thereto are hereinafter referred to as the "Windfall-Amselco Agreement".

E. By virtue of that certain Assignment of Agreement and Security Agreement dated effective August 27, 1986 (the "Security Agreement"), from Eureka Ventures as Borrower and Inspectorate International Finance, N.V., a Netherlands D'Antilles corporation ("Inspectorate"), as secured party, among other instruments, Inspectorate obtained a security interest in Eureka Ventures' interest in the property encompassed by the Amselco Option.

F. On August 11, 1989, by Assignment of Interest in Agreement by Secured Party upon Foreclosure of Security Agreement the rights and interests of Eureka in the property subject to the Amselco Option were assigned to Inspectorate, which document is recorded in the official records of the Eureka County, Nevada Recorder's office on August 11, 1989, in Book 200, Page 396.

G. On August 9, 1990, Inspectorate assigned to Summit Minerals, Inc., a Colorado coporation, ("Summit"), Inspectorate's rights and interests in the property subject to the Amselco Option, which Assignment is recorded in the official records of the Eureka County, Nevada Recorder's office in Book 213, Page 414, on September 7, 1990.

H. Effective as of September 27, 1990, Summit conveyed to Amselco all of its right, title and interest in the property subject to the Amselco Option by Quitclaim Deed recorded in Book _____ at Page _____ of the official records of Eureka County, Nevada.

I. Effective as of the 14th day of September, 1990, Seller, Buyer and Amselco entered into an Assignment Agreement, a copy of which, designated as Exhibit D, is hereto attached, under which all of the rights and interests of Amselco in the Windfall-Amselco Agreement were assigned to Buyer.

J. Seller and Buyer (the "Parties") have reached agreement for the further amendment of the Windfall-Amselco Agreement by replacing the terms therof with the provisions set forth in this Amendment No. 3.

THEREFORE, in view of the foregoing recitals of fact, in consideration of the mutual promises of the Parties set forth in this Amendment No. 3 and other valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

All provisions of the Windfall-Amselco Agreement are hereby modified, amended and replaced with the following provisions:

I.
GRANT OF LEASE AND OPTION

1.1 Seller hereby grants to Buyer, subject to the terms and conditions hereinafter expressed, an exclusive lease of, and exclusive option to purchase, the patented and unpatented lode mining claims situated in Eureka County, Nevada described in the Special Warranty Deed hereto attached as Exhibit E and in the Quit Claim Deed hereto attached as Exhibit F (which mining claims are hereinafter referred to, collectively, as the "Property" or as the "Amselco Group"). The lease granted hereby is hereinafter referred to as "Lease", the option granted hereby as "Option" and the Lease and the Option, together, as the "Lease and Option".

1.2 This Lease and Option is granted for the purpose of exploration, development, mining and mineral exploitation of the Property for any and all minerals, metals and ores and substances containing minerals or metals, in, upon or underlying the Property, including any areas to which the Property is entitled by extralateral rights, and for all purposes and activities reasonably incident thereto. Buyer is hereby granted the right to enter onto and to immediately exercise exclusive possession (subject to paramount title of the United States) and control of the Property, and during the term of the Lease, to remain in exclusive possession and control thereof, and to explore, develop, mine (whether by open pit, underground, solution mining or other means) operate and use the Property and any surface or underground water or water rights occurring therein or appurtenant thereto, if any, and to mine, extract and remove from the Property any ores or mineral bearing substances therein or appurtenant thereto, and to treat, leach, mill, ship, sell or otherwise dispose of the same and receive the full proceeds thereof (subject to the obligation of royalty payments as specified below); and to construct, use and operate thereon and therein structures, excavations, roads, equipment and other improvements or facilities which Buyer shall deem reasonably required for, or in connection with, the full enjoyment of the rights and interests granted to Buyer by the Lease. Buyer is further granted easements in all rights-of-way for ingress and egress to the Property to which Seller is entitled.

II.
TERM OF LEASE

2.1 The term of the Lease shall extend until October 1, 1992, and for so long thereafter as Buyer shall,

(a) in each year as may be required by law, pay any taxes, including real property taxes, assessed against the Property, and

(b) perform required annual assessment work and pay, as due, the annual Advance Royalty-Option Payments as specified in Section 3.1 below,

unless sooner surrendered by Buyer or terminated by Seller as hereinafter provided.

III.
ADVANCE ROYALTY-OPTION PAYMENTS

3.1 Buyer agrees to pay to Seller the following advance royalty payments which, as provided in Article XVI, apply on the purchase price of the Option granted thereunder if the Option is exercised, (referred to as "Advance Royalty-Option Payments"):

(i) The sum of $10,000 to be paid upon execution of this Lease and Option.

(ii) The base amount of $20,000 as adjusted by the inflation-deflation adjustment provided in Section 3.2 below to be paid on or before October 1, 1991. Buyer shall be responsible for making the October 1, 1991 Advance Royalty-Option Payment regardless of whether this Lease and Option may have been surrendered or terminated prior to such date.

(iii) Subject to the continuing right of surrender hereinafter reserved to Buyer, if this Lease and Option remains in effect on the following dates, Buyer shall make the Advance Royalty-Option Payments as respectively stated:

(a) On or before October 1, 1992, the base amount of $40,000 as adjusted by the inflation-deflation adjustment provided in Section 3.2, below.

(b) On or before October 1, 1993, and on or before October 1 of each year thereafter the base amount of $50,000 as adjusted by the inflation-deflation adjustment provided in Section 3.2 below.

3.2 All Advance Royalty-Option Payments commencing with the payment due October 1, 1991, shall be subject to escalation and/or de-escalation as the case may require, in proportion to the increase or decrease in the Consumers Price Index (CPI) for all commodities, all urban consumers (1982-1984 = 100), as published by the United States Department of Labor, Bureau of Labor Statistics. In order to accomplish the aforementioned purpose, the amount of each Advance Royalty-Option Payment, commencing with the payment due October 1, 1991, which is required under Section 3.1, shall be determined by multiplying the specified amount of the payment in question by a fraction in which the numerator is the CPI published for April of the year in which such Advance Royalty-Option Payments is to be made and the denominator is the CPI published for the month of April 1990 (128.9). In like manner, the purchase price required to be paid if the option to purchase specified in Article XVI is exercised shall be adjusted by multiplying the base purchase price (stated in Section 16.3) by the fraction in which the denominator is the CPI for April 1990 (128.9) and the numerator is the CPI for the last month available at the time of the exercise of the Option.

3.3 If the CPI should cease to be compiled and published by the Bureau of Labor Statistics and if other indexes are published by U.S. governmental agencies for which tables are available to correlate the discontinued CPI with such other index, then such other index and correlation tables shall be employed to make the inflation-deflation adjustments required under this Lease and Option. If no such correlation tables are available, then the parties shall utilize such other indexes as may be available in such manner as may fairly and reasonably carry out and effectuate the purposes of this Section III to reflect the effects of inflation or deflation upon the payments required to be adjusted under this Lease and Option.

3.4 Any Advance Royalty-Option Payments paid to Seller by Buyer shall constitute a credit against any Production Royalty which may become due to Seller under this Lease pursuant to Article IV below, and Buyer shall be entitled to retain all of such Production Royalty which may become due Seller until the full aggregate amount of all such Advance Royalty-Option Payments made, cumulated from year to year, has been recouped in full from any earned Production Royalty payments which would otherwise have been payable to Seller hereunder.

IV.
PRODUCTION ROYALTY

4.1 Royalty Base. Buyer shall pay Seller a production royalty ("Production Royalty")of two percent (2%) of the Net Value (hereinafter "NV") for minerals produced from the Property during the term of this Lease until Buyer shall have mined and produced fifty thousand (50,000) troy ounces of gold from the Property pursuant to this Lease and paid or accounted to Seller for Production Royalty with respect thereto; thereafter, Seller's Production Royalty for minerals mined and produced from the Property shall be one percent (1%) NV.

For purposes herein, NV shall mean the value determination set forth below for value calculations minus the applicable charges set forth below:

4.2 Value Calculations. The value of minerals ("Mineral Value") shall be determined as follows:

(a) Gold. The Mineral Value of gold for a calendar quarter shall be the average of the daily London Bullion Brokers P.M. Gold Fixing during such calendar quarter ("Quarterly Gold Price").

(b) Silver. The Mineral Value of silver for a calendar quarter shall be the average of the daily Handy & Harmon Noon Silver Quotation during such calendar quarter ("Quarterly Silver Price").

(c) Other Precious Metals. "Other Precious Metals" shall mean platinum, palladium, rhodium, ruthenium, osmium, and iridium. In the event that there are Other Precious Metals, the Mineral Value thereof shall be calculated quarterly in the manner required for gold and silver, using, however, Englehard or such other quotational authority widely accepted in the worldwide market or agreed by Seller and Buyer.

(d) Other Minerals. The Mineral Value of minerals other than those named in paragraphs (a), (b), and (c), above, shall be determined on the basis of proceeds actually received therefor by Buyer for production attributable to each calendar quarter for the sale of such minerals in an arm's-length transaction with unrelated third parties less the charges set forth below, as applicable, if any.

(e) Average Prices. For purposes of paragraphs (a), (b), and (c), above, the average price for a calendar quarter shall be determined by dividing the sum of all daily prices posted during the calendar quarter by the number of days that prices were posted. The posted price shall be obtained from the Wall Street Journal, Reuters, E&MJ, or other industry-accepted source.

4.3 Charges. For the purposes of calculating the NV, no deduction shall be made from Mineral Value of any cost or expense incurred by Buyer for or in connection with preproduction activities or preparation of the Property for mining, nor for mining and extraction of ores, milling, concentrating, upgrading, leaching, recovery of minerals from ores, deposits, concentrate or leach solutions, melting or other means of recovery of and production of dore, or any other intermediate or additional process utilized by Buyer to prepare the mine product for shipment to a smelter, refinery, or purchaser, as the case may require. Charges which shall qualify as a deduction from Mineral Value for calculation of NV shall be those incurred in the smelting and/or refining of mine product, subsequent to the processes stated in this Section 4.3 as specified below:

(a) Mine Product Shipped to Smelter. In respect to mine product shipped, or to be shipped to a smelter, smelting costs, treatment charges, penalties including but not limited to, metal losses and penalties for impurities;

(b) Mine Product Shipped to Refinery. In respect to precious metals, dore or other mine product not smelted by a third-party smelter, but shipped, or to be shipped to a refinery, the charges for refining, including penalties and surcharges, if any, and transportation from the refinery to market;

(c) Mine Product Sold to a Purchaser. In respect to mine product sold, or to be sold directly to a purchaser, the costs, if any, incurred by Buyer in transporting the mine product to the place of sale;

(d) Insurance on In-transit Shipments. In addition to the charges stated above, the costs incurred or to be incurred by Buyer for insurance (if any) on mine product in transit to the place of sale.

4.4 Initial and Final Payments for Gold, Silver and Other Precious Metals. For the gold, silver and Other Precious Metals produced from the Property, the Production Royalty payments due Seller shall be made by an initial payment no later than the 20th day of the month following a calendar quarter in which there was production of any minerals ("Production Quarter"), which shall be determined as follows:

(a) The weight of all dore made during the Production Quarter and the assayed gold, silver and, if present, Other Precious Metals, values thereof shall, for the purpose of initial quarterly payments to Seller, be established by Buyer according to industry-accepted procedures;

(b) The initial payment to Seller shall be calculated from the separate weights of contained gold, silver and Other Precious Metals in such dore determined pursuant to paragraph (a), above, multiplied by the respective applicable Quarterly Gold Price, the applicable Quarterly Silver Price or the applicable quarterly price for Other Precious Metals as hereinabove provided minus a reasonable estimate of the charges, as set forth above.

(c) Buyer, using a reputable contract refiner, shall make a final adjustment to the initial payments based upon final assays of outturned gold, silver and Other Precious

Metals accounting for same to Seller as soon as practicable after Buyer's final settlements with its refiner.

(d) Buyer shall timely furnish to Seller such information as will allow Seller to accurately determine both the initial and final amounts of Production Royalties hereunder.

4.5 Other Royalty - Related Matters.

(a) The minerals contained in ores mined but not processed by Buyer as a result of Buyer's reasonable determination that such ore is economically infeasible of recovery, including waste or low grade ore, shall not give rise to a Buyer royalty obligation until minerals are extracted from such ores, if ever.

(b) Seller and Buyer acknowledge that the purpose of Section 4.4, above ("Initial and Final Payments for Gold, Silver and Other Precious Metals") is to assure that Seller receives Production Royalty payments in a timely manner for gold, silver and Other Precious Metals produced during a Production Quarter regardless of whether a sale to a third party of gold, silver or Other Precious Metals is made by Buyer. The parties further acknowledge that Buyer shall have the right to market and sell to third parties the gold, silver and Other Precious Metals produced from the Property in any manner it chooses, including the sale of gold, silver or Other Precious Metals on the commodity market. In this regard, Seller shall have no right to participate in any gains and/or profits nor shall it suffer any losses accruing to Buyer as a result of forward sales, options trading, commodities futures trading or similar transactions.

(c) The Agreement dated July 1, 1990 between W. L. Wilson, et al. and Windfall Venture, recorded as specified in Paragraph "R" of Exhibits F and G attached hereto, is incorporated by this reference and hereinafter referred to as the "Overriding Royalty Agreement". The Production Royalty reserved by Seller under this Lease is in addition to the overriding royalty (the "Overriding Royalty") specified in the Overriding Royalty Agreement, and Buyer shall be responsible for the payment of that Overriding Royalty as well as the Production Royalty. Payments of Overriding Royalty under the Overriding Royalty Agreement for production from the Property, and Advance Royalty-Option Payments and Production Royalty Payments under this Lease, shall each specify that such payment pertains to the "Amselco Group". Payment of Overriding Royalty shall be made to the "Depository and Distribution Agent" with a designation of whether a particular payment is for "Idaho Royalty" or "Windfall Royalty", all as more fully defined and specified in the Overriding Royalty Agreement.

(d) If Seller owns a lesser mineral interest in the Property than the entire and undivided fee simple mineral estate therein (subject, however, to the overriding royalty burdens specified in Article X), then the Production Royalties herein provided for shall be paid Seller only in the proportion that Seller's mineral interest bears to the whole and undivided mineral fee, and Seller shall be entitled to retain only such proportion of any monies previously paid as royalty hereunder as said interest of Seller bears to the whole and undivided mineral fee. The provisions of this Section 4.5(c) shall not limit or diminish any remedies available to Buyer arising from a breach of the special warranty set forth in Section 11.3 below.

V.
ANNUAL ASSESSMENT WORK

5.1 During each assessment year during the term of this Lease, Buyer will perform upon or for the benefit of each of the Property, required assessment work of a value and character reasonably expected to satisfy the requirements of the mining laws of the United States and the State of Nevada and will file necessary affidavits and proof thereof with the Recorder of Eureka County as well as with the appropriate Land Office of the Bureau of Land Management of the U.S. Department of the Interior. Buyer shall not be required to perform such assessment work for any assessment year when such work is not required by the said mining laws.

5.2 The Work Requirements specified in Section 5.1 above, and payment of the Advance Royalty-Option Payments specified in Article III above shall be in full satisfaction of any covenant, express or implied, to explore, develop or mine the Property. Subject to the requirements as to the amount of such work, as set forth above, the nature, extent and scheduling of any work which Buyer may perform on or in connection with the Property shall be at Buyer's sole discretion.

VI.
MANNER OF PERFORMING WORK

6.1 All of the work which may be performed by Buyer hereunder shall be performed in a good and workmanlike manner and in accordance with sound mining and engineering practice. Buyer shall comply with all laws, rules and regulations pertaining to any operations or activities hereunder of Federal, State and local authorities, and on request of Seller shall furnish supporting evidence of such compliance. Without limiting the generality of the foregoing, Buyer or Buyer's agent shall (1) prior to commencing operations on the Property obtain and carry, at its own expense, Workmen's Compensation and Occupational Disease Disability Insurance covering all persons employed or engaged to work or perform services upon or with respect to the Property, and before commencing any work hereunder, upon request of Seller, shall furnish Seller a certificate of the insurance carrier of such coverage, and if obtainable, an agreement of such insurance carrier that such insurance will not be cancelled without first giving Seller at least ten (10) days' written notice of intention to cancel; and (2) pay any taxes or contributions and make any deductions from payrolls required by applicable Federal or State Income Tax, Social Security or Unemployment Benefit Laws.

6.2 Irrespective of any other provisions contained herein, upon the termination of this Lease, Buyer shall be responsible for and shall promptly perform any work or take any steps upon the abandonment of Buyer's mining operations upon the Property as required by laws (or regulations promulgated thereunder) including laws relating to safety, mined lands reclamation or environmental protection.

6.3 Buyer shall have cross-mining rights involving ores and minerals, waste materials, water, ventilation, mining machinery, mining equipment and mining supplies as may be necessary, useful or convenient from time to time in the conduct of mining operations in, upon or under the Property or in, upon or under other properties owned or controlled by Buyer in the area.

6.4 Ores from the Property may be mixed or commingled with ores or materials from other properties owned or controlled by Buyer if procedures consistent with prevailing practices in the mining industry are used by Buyer to determine the quantity and grade of such ores from the Property.

6.5 Seller and Buyer agree that vertical claim boundaries shall be applicable in determining ownership of ores or materials mined from the Property if such agreement is approved by owners of contiguous properties.

6.6 Buyer may use any legally permissible mining method, whether or not the method is in general use at the time of the execution of this Lease, including without limitation, underground mining (including methods, such as block caving, which result in the disturbance or subsidence of the surface), surface mining (including, without limitation, strip mining, open pit mining, and dredging), and in situ mining (including, without limitation, solution mining, leaching, gasification, and liquification).

VII.
RECORDS, REPORTS AND RIGHT OF INSPECTION

7.1 Annually in the month of November of each year following the Effective Date of this Lease, Buyer shall supply to Seller copies of drill hole maps, drill logs, assays, geochemical, geophysical and other data resulting from exploration, development and mining activities with respect to the lands embraced by the Property. Buyer makes no representation as to the accuracy of such data and shall have no liability on account of any such data relied or acted upon by Seller or any third party.

7.2 It is agreed that factual data furnished to Seller by Buyer shall be treated as confidential during the life of this Lease. Seller will not disclose confidential information to a third party without prior consent of Buyer except to holders of overriding royalty interests in the Property or to others as is reasonably required in connection with an offer of sale by Seller of all or part of its interest in the Property, the borrowing of funds, issuance or sale of securities, or where Seller's counsel deems such disclosure necessary in connection with required reports to governmental agencies or by virtue of applicable federal or state securities laws and regulations.

7.3 Seller or its agents duly authorized in writing shall have the right at reasonable times and under reasonable circumstances to enter upon any portion of the Property and all surface and subsurface installations and facilities used in connection therewith for the purpose of examining and inspecting any and all operations and work being performed by Buyer pursuant hereto, provided that such entry and inspection shall be at the sole risk of Seller or its agents.

7.4 At Buyer's request, Seller has supplied materials from Seller's files relating to the Property. Some of this material has been developed by others than Seller and some by employees or consultants of Seller. Seller has no actual undisclosed knowledge of any erroneous information in such materials. Seller makes no representation, however, as to the accuracy, adequacy or completeness of any of the materials or information supplied to Buyer.

VIII.
PROTECTION FROM LIENS AND INDEMNITY

8.1 Buyer shall promptly pay all bills and accounts for labor performed and supplies and materials furnished in and for operations under this Lease and shall not allow any valid claim or lien to be effectually made or asserted against the Property.

8.2 Buyer shall as soon as practicable post and thereafter keep posted in conspicuous places at entrances to the said Property such notices as may be necessary to adequately notify all persons who may come in or upon the Property, that the same are held by Buyer under lease from Seller and that Buyer is and shall be liable for all labor performed and supplies and materials utilized by it in and upon such premises, and that Buyer, and not Seller, will be solely responsible for all debts and expenses incurred in operations under this Lease, all as may be required by the Statutes of the State of Nevada.

8.3 Buyer shall hold Seller harmless, defend and fully indemnify it against all claims and demands of any kind or nature which arise out of Buyer's activities on the Property or any act or omission of Buyer, except as provided in Section 7.4, and except to the extent caused by the negligence of Seller, its agents and employees. Furthermore, Buyer shall hold Seller harmless and indemnify from liability for any debt or expense incurred by Buyer.

8.4 Buyer shall procure and maintain at its sole expense during the term of this Lease, insurance policies with respect to all activities of Buyer on or in connection with the Property, as follows (Buyer may self-insure as to such matters if it qualifies as a self-insurer under the appropriate laws and regulations):

(a) General public liability insurance with bodily injury liability of not less than Five Hundred Thousand Dollars ($500,000.00) for each occurrence and property damage liability of not less than One Hundred Thousand Dollars ($100,000.00) for each occurrence and Three Hundred Thousand Dollars ($300,000.00) in aggregate. Such liability insurance shall include coverage for explosion, collapse, and underground damage.

(b) Automobile liability insurance with bodily injury liability of not less than Two Hundred Fifty Thousand Dollars ($250,000.00) for each person, Five Hundred Thousand Dollars ($500,000.00) for each accident and a property damage liability of not less than One Hundred Thousand Dollars ($100,000.00) for each accident.

IX.
TAXES

9.1 So long as the within Lease shall remain in force and effect, Buyer shall pay when due all taxes assessed against its personal property and improvements placed upon the Property and all taxes levied against the Property, or any thereof, as non-producing properties. Sellers shall be responsible for the payment of that portion of any taxes levied and assessed against the Property during the term of this Lease which are based upon or measured by production by Buyer from the Property, including but not limited to any producing mine taxes, in proportion as the amount of royalty received by Seller pursuant to Section IV hereof bears to the total amount received by Buyer for such production; the balance of all such taxes shall be paid by Buyer. Any severance taxes now existing or which may be enacted in the future pertaining to production from the Property realized by Buyer under the provision of this Lease, shall be divided in the same manner as taxes levied upon the Property based upon or measured by production as set forth above.

9.2 In the event of the termination of this Lease and Option for any reason, irrespective of any provisions contained above, if any taxes as specified above have accrued but are not then payable, Buyer shall remain responsible for the payment of its portion thereof, calculated in the manner as set forth above.

9.3 All taxes shall be paid by Buyer when due and before delinquent, but Buyer shall be under no obligation to pay any tax so long as the tax is being contested in good faith and by appropriate legal proceedings.

X.
TITLE

10.1 The parties hereby acknowledge that the Property is subject to two overriding royalties comprising the Overriding Royalty: (i) an overriding royalty of two percent (2%) as held by W.L. Wilson, Joan Wilson, and JoAnn K. Wilson, and (ii) an overriding royalty of two percent (2%) until 50,000 ounces of gold have been produced from the Property and thereafter three percent (3%), as held by the grantees of the individual partners of Seller. The Overriding Royalty was created and modified by the instruments identified in the Deed appearing as Exhibit A hereto.

10.2 Some of the mining claims comprising the Property may overlap other of the mining claims comprising such Property, and some of such claims may be smaller or larger than the maximum dimensions prescribed by the mining laws. Accordingly, Seller does not represent or warrant that all of such claims are full size claims. In addition, some of the mining claims described in Exhibits E and F comprising the Property may overlap, in whole or in part, patented claims or the senior unpatented mining claims owned by third parties, or by Buyer or Seller which are not subject to this Agreement to the extent specified in the following subparagraphs (i) through (iv):

(i) Some of the claims described in Exhibits E and F may overlap in whole or in part portions of the Water Jacket patented lode mining claim, U.S. Mineral Survey No. 285; the Mildred patented lode mining claim, U.S. Mineral Survey No. 289 and the Monroe patented lode mining claim, U.S. Mineral

Survey No. 39, and the Rambler patented lode mining claim, U.S. Survey No. 239. Any portions of the mining claims described on Exhibits E & F which overlap said patented mining claims or other patented mining claims are subject to the prior rights appurtenant to such patented mining claims.

(ii) A portion of the H-1 unpatented mining claim, as more fully described on Exhibit F, may overlap the W-33 and/or the W-34 unpatented mining claims owned by Seller which two last named claims are not subject to this Lease and Option. The said W-33 and W-34 claims are senior to the H-1 claim and any portion of the H-1 claim which overlaps said senior claims is subject to the prior rights appurtenant to the said senior claims.

(iii) Portions of the Sadie Nos. 1, 3, 4, 9 through 12 and 18 and 19 unpatented mining claims, as more fully described in Exhibit F, may overlap unpatented mining claims known as the Silverado group which are owned by third persons. If the Silverado group of claims which are overlapped by the said Sadie claims were valid subsisiting senior mining claims at the time of the location of the said Sadie claims, then the title of Seller to such Sadie claims, described above, are subject to the prior rights appurtenant to said senior claims comprising the Silverado group.

(iv) Some of the unpatented mining claims described in Exhibit F may overlap portions of mining claims located or controlled by Amselco. To the extent that the claims of Amselco were valid subsisiting unpatented mining claims at the time of the location of any conflicting claims of the Seller, then Seller's title is subject to the prior rights appurtenant to said prior claims.

10.3 Buyer has made its independent investigation of the title to the Property, and no general warranty of title is made nor shall any be implied from this Lease. However, Seller warrants its title to the Property described on Exhibit E as against, but only as against, any persons claiming the whole or any part thereof by, through or under Seller, and no other warranty of title shall be implied from this Lease.

10.4 In case of the filing of a suit contesting Seller's ownership of the Property or Production Royalties, or any interest therein, Buyer may, in its sole discretion, deposit the payment (or the portion of the payment in dispute, if less than the whole payment is in dispute) into an escrow account and Buyer shall not be held in default in payment thereof until such suit has been finally disposed of. The instructions for said escrow agent shall specifically include directions to invest the deposited funds for maximum economic return consistent with the escrow agent's investment policy including, but not limited to, debt obligations of the United States Government, mutual investment trust funds invested primarily in obligations of the United States Government or its agencies (i.e., so-called "Money Market" Funds such as the Capital Preservation Funds), and certificates of deposit or savings accounts of any bank or savings and loan association to the extent insured by an instrumentality of the United States Government. In the event payments are deposited in an escrow account, Buyer shall be entitled to recover all escrow fees and other costs incurred by Buyer in establishing and maintaining an escrow account. Any payments so withheld shall be paid within thirty (30) days after Buyer has been furnished with the original instruments disposing of the suit (or certified copies thereof) or after Buyer has been furnished with proof sufficient, in Buyer's sole opinion, to settle that question.

10.5 Seller agrees in all instances of title question or dispute to cooperate in defense of title to the Property, by providing documentary and personal evidence and any other means reasonably within its control.

10.6 Buyer may, but need not, defend or contest any and all title claims to the Property and may, but need not, avail itself of the procedural provision above. If Buyer does not so defend or contest adverse claims, it shall not impair or hinder Seller from so doing at Seller's own expense.

10.7 Seller represents and warrants that:

(a) It has not encumbered or alienated its title to, or conveyed any interest in, the Property, except in respect to the Overriding Royalty interests disclosed by Seller herein;

(b) It has the right, power and authority to enter into this Agreement;

(c) It knows of no other person claiming (through a lawsuit or otherwise) any interest in the Property or the ground covered thereby that is inconsistent with the interest of Seller, other than as specified in Sections 10.1 and 10.2 above;

(d) The Property is free and clear of all liens and encumbrances, except for property taxes not yet due and payable and except as herein expressed;

(e) To the best of Seller's knowledge, there are no toxic wastes or hazardous substances present on or in the Property except those that may naturally occur in geologic material thereon or thereunder;

(f) Seller has received no notices indicating that there are toxic wastes or hazardous substances on or in the Property or that a related investigation is underway or is imminent;

(g) The location notices or location certificates for unpatented mining claims have been properly recorded in the proper county (or recording district) office and filed in the proper office of the Bureau of Land Management pursuant to 314(b) of the Federal Land Policy and Management Act of 1976, 43 U.S.C. 1744(b); and

(h) Evidence of assessment work or notices of intention to hold have been properly recorded in the proper county (or recording district) office and filed in the proper office of the Bureau of Land Management pursuant to 314(a) of the Federal Land Policy and Management Act of 1976, 43 U.S.C. 1744(a), as required, for each assessment year to and including the assessment year ending September 1, 1989.

XI.
AREA OF INTEREST

11.1 If Seller or Buyer should locate any additional claim within the exterior (peripheral) boundaries of the claims forming the Property during the term of this Lease, any such newly located claim shall be considered, for all purposes, to be a part of the Property subject to all of the terms and conditions of this Lease including the obligation to pay the Overriding Royalty and, while this Lease remains in effect, to pay the Production Royalty upon production therefrom, except, however, that if such additional claims are located by Seller, Buyer shall have the privilege to exclude such new claims from this Lease for a period of sixty (60) days following Seller's written notice to Buyer of the staking of such new claims. Upon termination of this Lease, for any reason, Buyer shall quit claim any interest it may have in any of such relocated or newly located claims to Seller. If Buyer or Seller should acquire from third parties interests in any patented mining claims lying within the exterior boundaries of the Property, the patented claims or interests so acquired shall be considered, for all purposes, to be a part of the Property, and Lessee shall have the obligation of payment of Overriding Royalty, and, while this Lease remains in effect, to pay Production Royalty upon production derived from the acquired patented claims.

11.2 In addition to claims coming within the purview of Section 11.1, above, if Seller or Buyer should locate any mining claims within the following described area, the provisions of Section 11.3 below, shall apply to such claims (hereinafter referred to as the "External Area of Interest Claims"):

> A tract of land adjacent to the easterly external boundary of the Amselco Group, described as follows:
>
> Commencing at the northeast corner of the F-130 unpatented mining claim (the location certificate for which is recorded in the office of the Recorder

of Eureka County, Nevada in Book 34 O.R., at Page 507) which point is the northeast corner of the Amselco Group; thence in an easterly direction to the southwest corner of Section 18, T.18N., R.54E., MDB&M; thence southerly along the west boundary of said T.18N., R.54E. and along the west boundary of T.17N., R.54E. to the southwest corner of Section 7, T.17N., R.54E.; thence northwesterly to the southeast corner of the F-56 unpatented mining claim (the location certificate for which is recorded in said office of the Recorder of Eureka County, Nevada in Book 81 O.R. at Page 277) which point is the southeast corner of the Amselco Group; thence along the adjacent external boundary of the Amselco Group to the point of beginning.

In addition to the unsurveyed land described by metes and bounds above, the following surveyed land will form a portion of the area of interest of the Amselco Group:

<u>Township 18 North, Range 54 East, MDB&M, Eureka County, Nevada:</u>

Section 19: All
Section 30: All
Section 31: All

<u>Township 17 North, Range 54 East, MDB&M, Eureka County, Nevada:</u>

Section 6: All
Section 7: All

11.3 The following provisions shall apply to External Area of Interest Claims:

(a) If External Area of Interest Claims are located by Seller while this Lease is in effect, such claims shall become a part of the Property subject to this Lease, unless, within sixty (60) days following Seller's written notice to Buyer of the location of External Area of Interest Claims, Buyer notifies Seller that it elects to exclude those claims.

(b) If External Area of Interest Claims are located by Buyer, such claims shall become a part of the Property subject to this Lease.

(c) Any External Area of Interest Claims not excluded pursuant to Section 11.3(a) above, shall be subject to the burden of the Production Royalty and the Overriding Royalty while this Lease and Option remains in effect, and if the Option to Purchase is exercised by Buyer, then External Area of Interest Claims shall continue to be subject to the Overriding Royalty thereafter.

(d) The obligation to pay the Overriding Royalty shall survive the termination of this Lease and Option by reason of exercise of the Option and shall attach to any External Area of Interest Claims located by Buyer after such exercise, subject to the provisions of the Overriding Royalty Instruments.

XII.
FORCE MAJEURE

12.1 If and so long as governmental restrictions, war or the results thereof, labor disturbances, acts of God or the elements, or any cause, whether or not like those enumerated, beyond the control of Buyer, shall substantially interfere with or prevent Buyer's exploration, development or mining of the Property or the sale of ores therefrom, or while litigation contesting the rights and title of Seller or Buyer shall be pending and undetermined, Buyer, without impairment of its rights hereunder, shall be excused from performance hereunder except the performance of annual assessment work, payment of taxes, payment of Production Royalties as specified in Paragraph 4.1 above, payment of Advance Royalties-Option Payments as specified in Paragraph 3.1 above, payment of taxes as specified in Paragraph 9.1 above, performance of any reclamation, remedial or restoration work which may be then required pursuant to applicable laws and regulations, and with those exceptions, Buyer's obligations hereunder shall be suspended and tolled and the time for performance thereof and the term of this Lease shall be extended for a period of time equal to each such period during which performance by Buyer is so excused. Buyer shall use reasonable diligence to attempt to remove any preventing cause constituting a Force Majeure (as specified above) and promptly upon the removal thereof, shall resume performance of the obligations tolled and excused by said preventing cause. The prevention or settlement of any strike or labor dispute shall not, within the meaning of this paragraph, be considered a matter within the control of Buyer.

XIII.
DEFAULT AND FORFEITURE

13.1 Except as excused by Force Majeure as set forth above, in the event of the failure of Buyer to make any payment or to perform any other substantial obligation required of it under this Lease, Seller shall have the privilege of serving a written notice on Buyer specifying in detail such default in performance. In the event Buyer should fail to dispute or to make such payment or dispute or perform such other substantial obligation within sixty (60) days after service of said notice (or, if such obligation cannot be performed within said sixty (60) day period, shall fail to promptly commence and thereafter diligently complete performance of such obligation), then at the election of Seller, by written notice to Buyer, all of Buyer's rights and interests under this Lease shall become terminated and forfeited to Seller, except as hereinafter provided.

13.2 If Buyer shall in good faith dispute any failure of performance alleged by Seller, then no forfeiture shall occur if Buyer shall, within said sixty (60) day period (specified in Section 13.1 above), commence an appropriate civil action in a court of competent jurisdiction situated within the State of Nevada seeking to have said dispute judicially determined, provided, that Buyer shall nevertheless continue, while said action is pending (unless Buyer shall sooner surrender its rights hereunder), to make payments of royalty which may become due to Seller while said action is pending and to perform any other obligations which become performable during such period. If the said litigation should determine that Buyer was in default, then it shall have thirty (30) days after such final decision is rendered within which, as the case may be, to pay any defaulted payment or to commence correction of any other default and if it shall pay any such defaulted payment within such thirty day period, or, as the case may be, commence within such period and thereafter diligently complete correction or any other such default, no termination of this Lease or forfeiture of Buyer's rights hereunder shall occur because of such default. If the court should determine that the notice of default was given by Seller other than in good faith and upon reasonable cause therefor, the court shall award judgment to Buyer against Seller for costs of litigation expended by Buyer inclusive of reasonable attorney's fees. Similarly, if the court should determine that Buyer had disputed the default alleged in the notice of Seller other than in good faith and upon reasonable cause, the court shall award Seller judgment against Buyer for Seller's cost of litigation inclusive of reasonable attorney's fees.

13.3 In the event of a forfeiture of the rights of Buyer hereunder, Buyer shall upon demand execute and deliver to Seller a legally sufficient quit claim deed, quit claiming to Seller all of its rights, titles and interest in and to the Property.

13.4 Irrespective of anything to the contrary contained in this Lease and Option, no termination of this Lease and Option, whether by forfeiture or otherwise shall relieve Buyer from the continuing obligation to timely perform all reclamation, restoration and/or remedial work required by applicable laws or regulations resulting from any work or activities performed by Buyer on or in respect to the Property or under this Lease and Option.

XIV.
RIGHT OF SURRENDER

14.1 Buyer may terminate this Lease and Option by surrender of the Property to Seller at any time subsequent to completion of the work requirement for the assessment year ending September 1, 1991. Such surrender shall be accomplished by delivering or mailing to Seller a special warranty deed describing the Property and warranting against any persons claiming any interest in the Property by, through or under Buyer. Such surrender shall terminate Buyer's leasehold and option rights in the Property and shall relieve Buyer of all obligations provided herein which have not accrued prior to the date of surrender; provided that no surrender shall relieve Buyer of any of the following obligations:

(i) making the Advance Royalty-Option Payment due August 1, 1991;

(ii) filing of required affidavits attesting to the performance of annual labor for the fiscal assessment year 1989-90 and performance of assessment work and filing of required affidavits attesting thereto for the fiscal assessment year 1990-91.

(iii) performance of assessment work and filing of required affidavits attesting thereto for the then current assessment year if the surrender occurs after July 1 of such year, with respect to the Property and any newly located unpatented claims which may become a part of the Property pursuant to Section 12.1;

(iv) performance of all reclamation, remedial and/or restoration work specified in Sections 6.2 and 13.4 above; and

(v) to the extent not previously furnished, the furnishing to Seller of copies of all factual data in Buyer's possession pertaining to the work conducted by it on the Property including assays, ore tests, surveys, exploration, development, mining and milling records.

Upon surrender pursuant to this Article XIV, this Lease shall terminate subject to the provisions stated above.

XV.
REMOVAL OF PERSONAL PROPERTY

15.1 Buyer shall have a period of one hundred and twenty days (120) after a valid forfeiture, cancellation or other termination of this Lease to remove from the Property all warehouse stocks, merchandise, materials, tools, equipment, supplies and all machinery, and personal property erected or placed in or upon the Property by Buyer, provided, however, that Buyer shall not remove any timbering or other underground structures required for support of any underground drifts, tunnels or other workings. Buyer shall have the right to remove any mill or milling equipment, track, rails, water or air pipelines, ore bins, electrical lines and cable, transformers and ventilation fans from the Property, provided, however, that prior to the removal of such items Buyer shall afford Seller the opportunity to purchase the same at the fair salvage value thereof.

15.2 Upon termination of this Lease and removal of personal property as above provided, Buyer will promptly deliver to Seller the Property with all broken ores of whatever description, whether above or below ground and upon such termination Seller shall have the right to enter upon and into the Property, repossess and enjoy the same.

XVI.
OPTION

16.1 Seller hereby grants to Buyer an exclusive and irrevocable option (the "Option") to purchase the Property in accordance with the terms, conditions and requirements set forth in this Article XVI.

16.2 The Option shall have a term and shall continue in force and effect for a period while the term of this Lease shall remain in full force and effect but in no event for a greater period of time than 21 years from and after the Effective Date of this Lease. If the Option should not be exercised in the manner set forth below within the term specified in this Section 16.2, the Option shall terminate and Buyer shall have no further rights under such Option.

16.3 The Option may be exercised by Buyer at any time while the term of the Option remains in force and effect by written notice thereof from Buyer to Seller transmitted in the manner and to Seller's address as hereinafter set forth. The base Option price adjusted pursuant to Section 3.2 shall be determined by subtracting from the base amount of $1,650,000, as adjusted to the date of exercise of the option as provided in Section 3.2, the sum of all Advance Royalty-Option Payments made pursuant to Section 3.2 above and all Production Royalties which may have been paid to Seller by Buyer pursuant to Section 4.1 of this Lease and all costs incurred by Buyer to defend or cure title to the Property. The remainder after such subtraction, if greater than zero, shall constitute the balance of the purchase price to be paid to the Seller at the Closing following the exercise of the Option, as set forth below. The Option price specified in this Section 16.3 is in addition to, and over and above, any payments made previously under the Windfall-Amselco Agreement.

16.4 The Closing of the sale occasioned by exercise of the Option shall be held at such time as the parties shall mutually agree but in no event later than 30 days after the date of such exercise. At the Closing the balance of the purchase price calculated in the manner set forth above shall be paid to Seller by wire transfer, bank cashier's check or other certified funds. The Seller shall execute and deliver to Buyer, at the Closing, a special warranty deed in the form attached as Exhibit F hereto, and a Quit Claim Deed in the form attached as Exhibit G, conveying all of the rights and interests of Seller in the Property and under this Lease, including, without limitation, Seller's right to receive Production Royalty, to Buyer and warranting Seller's title as to the mining claims listed on Exhibit F, against any persons claiming the whole or any part of the Property by, through or under Seller except as specified in Article X.

16.5 Seller agrees that while the Option shall remain in force and effect it will not encumber or alienate its title in the Property except by conveyance or encumbrance which is specifically made subject to the rights of Buyer under this Lease and Option.

XVII.
ASSIGNABILITY

17.1 Buyer shall have the right to assign this Lease, in whole or in part, or to sublease all or any portion of the Property, at any time during the term hereof, or any renewals or extensions thereof, provided, however, that no such assignment or sublease shall relieve Buyer from continuing responsibilities for the performance of the duties and obligations required of the Buyer under this Lease unless Seller shall enter into a written novation with the parties to such assignment or sublease. Buyer shall supply Seller promptly following any such assignments or subleases with a copy of the instrument under which such assignment or sublease is made.

17.2 Any conveyance of an interest in the Property or assignment of interests under this Lease by Seller shall be subject to this Lease and Option and and shall not be binding upon Buyer until Buyer has been furnished with the original or a certified copy of the instrument affecting such conveyance or assignment. If the interests of Seller to this Lease should become held by three (3) or more parties, Buyer may, at its discretion, require such parties to appoint a single trustee with full authority to receive notices, royalty and other payments or refunds which may become due such parties hereunder.

XVIII.
NOTICES

18.1 Any notice herein provided to be given to Seller shall be sufficient if given in writing, properly addressed, by certified or registered mail addressed to:

Windfall Venture
P.O. Box 2183
Grand Junction, CO 81502

or to such other agent for notice and at such address as Seller may from time to time designate to Buyer in writing.

18.2 Any notice provided to be given to Buyer shall be sufficient if given in writing, properly addressed, by certified or registered mail addressed to:

Tenneco Minerals Company
P.O. Box 281300
12136 W. Bayaud Avenue - #200
Lakewood, CO 80228

Attention: Land Department

or to such other agent for notice and at such address as Buyer may from time to time designate to Seller in writing.

18.3 Service of notice shall be deemed effective and complete five (5) days after the date of posting thereof.

XIX.
MISCELLANEOUS

19.1 This Lease and Option shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors, heirs and assigns.

19.2 The headings or captions used in this Lease are inserted for convenience only and shall be disregarded in construing this Lease and Option. The parties to this Lease and Option are referred to as "it" or together "they", whether the parties be corporate bodies, partnerships, associations or persons real. The use of the words "Seller" or "Buyer" in the singular form shall be deemed to be the plural form whenever applicable in this instrument, and the use of the neuter gender shall mean the masculine or feminine, whenever the construction of this instrument so requires.

19.3 This Lease and Option contains the entire agreement by and between the parties and specifically merges and supersedes all formal negotiations, leases, subleases and agreements between the parties concerning the subject matter of this Lease. No amendment or modification of this Lease and Option shall become effective until and unless the same shall have been reduced to writing and duly executed by the parties hereto.

19.4 If requested by Buyer, Seller agrees to execute a Memorandum of this Lease and Option, in recordable form, which may then be recorded by Buyer.

19.5 This Lease and Option may be executed in any number of counterparts, not one of which needs to be executed by all parties hereto, and shall be binding upon all parties who have executed such a counterpart with the same force and effect as if all parties had executed the same single instrument.

19.6 Seller shall provide Buyer with such additional documents as may be necessary to carry out the purposes of this Lease and Option. If conditions change by reason of conveyances, assignments, or other matters relating to the title to or description of the Property, Seller and Buyer shall execute amendments to this Lease and Option, and any other documents which may be necessary or convenient to reflect such changed conditions.

19.7 During the term of this Lease, Buyer shall have the right (but not the obligation) to amend or relocate, in the name of Seller, any or all of the Property, to locate placer claims on ground theretofore covered by lode claims and vice versa, to locate mill sites on ground theretofore covered by mining claims and vice versa, and to locate any fractions resulting from the location, amendment, or relocation of mining claims or mill sites. At the request of Buyer, Seller shall apply for a patent for any or all of the unpatented mining claims. All expenses authorized by Buyer in connection with locating, amending, or relocating mining claims or mill sites, or prosecuting patent proceedings shall be borne by Buyer. The rights of Buyer under this Lease shall extend to all such locations, amended locations, relocations, and patented mining claims and mill sites.

This Lease and Option and the interpretation thereof and performance thereunder shall be governed by the laws of the State of Nevada.

Executed as of the day and year first above written.

Seller:

WINDFALL VENTURE

By W L Wilson
W.L. Wilson, General Partner

SEAL Affixed

Buyer:

TENNECO MINERALS COMPANY

By [signature] mk
President

By John M Badger
Asst Secretary

STATE OF COLORADO)
) ss:
COUNTY OF MESA)

The foregoing instrument was duly acknowledged before me this 2nd day of October, 1990 by W.L. Wilson as a General Partner of Windfall Venture, a Colorado partnership, on behalf of said partnership.

My Commission Expires: 9/26/93

Karen L. Smith
Notary Public

SEAL Affixed

STATE OF Colorado)
) ss:
COUNTY OF Jefferson)

The foregoing instrument was duly acknowledged before me this 3rd day of October, 1990 by David R. Delling as President of Tenneco Minerals Company, a Delaware corporation, on behalf of said corporation.

My Commission Expires: 8-17-93

Sarah McFeeters
Notary Public

SEAL
Affixe

BOOK 240 PAGE 90
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Wind Fall Venture

'92 OCT -7 P4:13

EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEE $44.00

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