

AGREEMENT FOR THE SALE OF MINING CLAIMS

This Agreement for the Sale of Mining Claims ("Agreement") is entered into by and between Steven W. Klomp, DMD, and Torrie O. Klomp, husband and wife ("Assignors") and Robert L. Laird and Edmund P. Rams as agents for a Nevada corporation to be formed ("Assignees"), on September 21, 2001 ("Effective Date").

Recitals

- A. Assignors have obtained from the appropriate regulatory authorities certain placer mining claims known as WAYKLO 1, 2, 3, 4, 5, 6 and 7, located in the Ely Mining District, Lincoln County, Nevada, comprising, in the aggregate, approximately 270 acres ("Claims"). True and correct copies of the Claims are attached as exhibit 1 to this Agreement.
- B. Assignors desire to sell, assign and transfer all of Assignors' rights, title and interests in and to the Claims together with any and all other rights appurtenant thereto to the Assignees.
- C. Assignees desire to accept the assignment of the Claims together with any and all other rights appurtenant thereto.
- D. From now on, "Claim" and "Claims" means the Claims, the land subject to the Claims ("Land") and the appurtenant rights described in Recital B, above, unless otherwise indicated.

Agreement

In consideration of the premises set forth in this Agreement and in exchange for other valuable consideration, the receipt of which is acknowledged, the parties agree as follows:

1. Sale of Claims. Assignors agree to sell, assign, transfer and convey all of their rights, title and interests in and to the Claims to Assignees or, at the request of Assignees to Assignees' assigns, in accordance with this Agreement. With the execution of this Agreement, Assignors shall sign and deliver the Assignment, attach hereto as exhibit 2, to Assignees.
2. Royalties. It is contemplated that royalties will be payable to Assignors from Assignees' sale of ore, metal, minerals or any other material (collectively defined as "Mineral Substance") mined or extracted from the Land. Royalties will be earned at the rate of ~~\$4.50~~ ^{CL 4.50} per ton of the Mineral Substance sold and shipped by Assignees. Assignees have no obligation to accrue or pay any royalties under either Section 2 or 3 or to make any advances under Section 4 unless the Claims are effectively transferred and Assignees are able to initiate mining activities as set forth in Section 5, below.
3. Minimum Annual Royalty. Beginning January 1, 2002, if the sum of the royalties payable under Section 2, above, are less than \$30,000 in such calendar year or in any calendar year thereafter, Assignees will pay the difference to Assignors up to but no more than \$30,000. If the Claims are not transferred as provided in Section 5 below,

upon written demand by Assignees. Assignors shall promptly reimburse the full amount of the advances made under Section 4(a).

4. Advances; Schedule of Royalty Payments.

(a) Advances. Upon execution of this Agreement and provided the Claims have been effectively transferred, Assignees will advance \$15,000 to Assignors. A second \$15,000 advance will be made 60 days after Assignees have closed sale orders and begun shipments of the Mineral Substance. Advances shall be credited against royalties, if any, earned and payable in calendar 2001 under Section 2. If no royalties have been earned in 2001, the advances will be credited against Assignees' calendar 2002 minimum royalty payment obligation if any or, if the minimum royalty is not triggered, then to royalties earned and payable in calendar 2002 under Section 2.

Beginning in calendar 2003 and each year thereafter, Assignees will advance \$15,000 on January 1 and July 1. Such advances shall first be applied to the minimum annual royalty payment guarantee and then to royalties earned and payable under Section 2 if no minimum annual royalty payment is triggered.

(b) Royalty Payments; Statement of Calculation; Interest on Late Payments. Royalties earned under Section 2 during any calendar quarter will accrue and will be paid within 30 days after the end of the quarter in which they (royalties) were earned. With each payment, Assignees will furnish a statement signed by the chief financial officer that provides the tonnage of Mineral Substance shipped in that quarter and the method used in calculating the royalties paid to Assignors. Interest at the annual rate of 10% will be applied against any royalties that are due and remain unpaid.

5. Mining Activities. Prior to and after the Effective Date of this Agreement, Assignees, and their agents, shall have access to the Land for surveying, assessment of natural resources and similar purposes. If the transfer of the Claims is not effected on the date the Agreement is signed, unless Assignees elect to do so at their own expense, Assignees may not commence mining activities until and unless the Claims have been effectively transferred to and perfected in the name of the Assignees in the books and records of the governmental or other authorities that have regulatory responsibility or oversight over the Claims, the Land or the natural resources on such Land.

6. Termination. Assignees may terminate this Agreement at any time after the third anniversary date of the Agreement. If the Agreement is so terminated, the Claims will be reconveyed to Assignors. The parties' respective rights and obligations under Sections 6, 7, 8, 9, 10, 17 and Assignors' right to be paid accrued, unpaid royalties through the date of the Agreement's termination shall survive the termination.

7. Warranties and Representations of Assignors. Assignors warrant and represent to Assignees as follows as of the Effective Date: (a) Assignors are the sole beneficial and record owners of the Claims; (b) The Claims shall be conveyed to Assignees free and clear of any and all third party or governmental liens, claims, taxes and any other encumbrance ("Liens"); (c) Assignors are not parties to any agreement or any other arrangement and Assignors are not subject to any governmental or court order that prohibits (i) the activities contemplated by Assignees on the Land or (ii) the transfer of the Claims to Assignees; and (d) Assignors will indemnify and hold Assignees harmless against any liability, claim, damage, or expense arising from Assignors' or their agents' (i) activities, on or around

the Land prior to the conveyance of the Claims to Assignees and (ii) breach of Assignors' warranties or representations made in this Agreement.

8. Warranties and Representations of Assignees. Assignees will indemnify and hold Assignors harmless against any liability, claim, damage, or expense arising from Assignees activities on or around the Land. This indemnity begins on the date the Claims have been conveyed to Assignees in accordance with this Agreement and expires on the date the Claims are reconveyed to Assignors pursuant to this Agreement or otherwise.

9. Arbitration. Except for injunctive relief and specific performance to effect the conveyance of the Claims as contemplated in this Agreement, all controversies or disputes arising out of this Agreement will be submitted to binding arbitration but only after the parties have failed during a period of 60 days to resolve such controversy or dispute in good faith.

The number of arbitrators shall be one to be selected by mutual agreement of the parties but if the parties fail to reach agreement, then the number will be three, each side selecting one arbitrator and the arbitrators selected by the parties will have the power to select the third by mutual agreement. Except as provided in this Agreement, the arbitration proceeding shall be conducted in accordance with the commercial arbitration rules and procedures of the American Arbitration Association.

The arbitration shall take place in Las Vegas, Nevada, unless the Assignees object to such location in writing within 20 days of their receipt of the Assignors' notice of arbitration. If Assignees object to the Las Vegas location, the arbitration will be conducted in a neutral location. The parties waive their rights to raise any defenses based on inconvenience in appearing at the location at which the arbitration proceedings will take place.

10. Fees and Expense of Arbitrator(s). The fees and expenses of the arbitrator(s) shall be apportioned between the parties by the arbitrator(s) in accordance with the findings and results of the arbitration.

11. Maintenance of Books and Records; Audit Rights. Assignees will maintain accurate books and records of account on the mining operations contemplated in this Agreement and sales of the Mineral Substances. Assignors shall have access to, and the right to audit in accordance with generally accepted auditing standards, such books and records. No period of less than twelve months may be audited. Audit rights may not be exercised more than once annually and apply only for periods not previously audited by Assignors.

Assignor will provide Assignees a true and correct duplicate of the audit report, and Assignees shall have 60 days from its receipt to conduct their own audit of the period in question in accordance with generally accepted auditing standards. Assignees will provide a true and correct duplicate of the audit report to Assignors, and the parties will in good faith attempt to reach a fair compromise between the two audits if the reports provide different amounts that have been overpaid or are due to the Assignors.

If the amount in Assignors' audit report, or if the compromised amount, is an underpayment of royalties for the period covered by the audit, Assignees will pay such underpayment within 60 days of receipt of the audit report. If the amount is an overpayment, such amount will be offset against royalties that become due and payable to Assignor. If the underpayment is in excess of 5% of the

royalties due in the period covered by the audit, Assignees will reimburse 1/2 of Assignors' reasonable audit expense but if the underpayment is in excess of 15% of the royalties due in the period audited, Assignees will reimburse Assignors the full audit amount.

12. No Partnership or Agency Relationship. This Agreement will not be interpreted in any way to create any partnership, joint venture, agency or employment relationship between the Assignors and Assignees. Neither party has the authority to represent, enter into any contractual commitment or other relationship or create any obligation or liability on behalf of, the other party.

13. Assignments. Assignees may (a) assign their rights and obligations to an affiliate or related person (individual, corporation, limited liability company or other entity that is controlled by or through either of the Assignees) and (b) conduct operations in connection with the Claims directly or through related or unrelated third party arrangements. Assignors may not assign their obligations under this Agreement to any other person (individual, corporation, limited liability company or other entity) unless such person is owned or controlled by Assignors, and Assignees are reasonably notified in writing prior to the effective date of such assignment.

14. Cooperation. The parties will cooperate with each other and take the action reasonably necessary to give effect to the provisions of this Agreement including but not limited to the prompt execution, delivery and filing of any documents that may be necessary to accomplish the transfer of the Claims to Assignees.

15. Notices. All notices required, permitted or given under this Agreement shall be sent to the following addresses or such other address as either party may indicate to the other party in writing:

If to Assignors:
Steven W. Klomp, DMD
or Torrie O. Klomp
450 East Main Street
Panaca, NV 89402

If to Assignees:
Robert L. Laird
14 Mansion Court
Menlo Park, CA 94025

Notices will be deemed duly given on the date personally delivered by courier or facsimile or on the date of receipt if duly deposited in the US mail postage prepaid provided such notice is duly addressed to the party to whom notice is given.

16. Entire Agreement; Amendments. This Agreement, including attachments (exhibits and Recitals, which are hereby incorporated into the Agreement) constitutes the entire agreement of the parties concerning the Claims. All prior agreements, conditions, representations and promises (whether oral or in writing) and discussions are superseded in their entirety by this Agreement. The parties may amend any provision of this Agreement in a writing signed by all parties. Any term or provision that is found to be unlawful by a court of competent jurisdiction or arbitration shall be unenforceable and the remainder of the Agreement shall remain in full force and effect. A waiver of any provision or remedy shall be in a writing signed by all parties. Such waiver shall not be deemed to be a waiver of any other provision, right or remedy.

17. Attorneys Fees. The party that does not prevail will reimburse the prevailing party its reasonable attorney's fees and other costs of enforcing its rights under this Agreement in arbitration or in a court of competent jurisdiction.

18. Binding. This Agreement is binding upon and inure to the benefit of the parties, and their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date indicated on the first page:

ASSIGNORS:

ASSIGNEES, as Agents for a Nevada corporation to be formed:


STEVEN W. KLOMP, DMD


ROBERT L. LAIRD


TORRIE O. KLOMP


EDMUND P. RAMS

Bill of Sale, Assignment and Assumption of Mining Claims ("Assignment")

Steven W. Klomp, DMD, and Torrie O. Klomp, husband and wife ("Assignors"), have entered into an Agreement for the Sale of Mining Claims dated September 21, 2001 ("Agreement") with Robert L. Laird and Edward P. Rams in their capacity as agents for a Nevada corporation to be formed ("Assignees").


Pursuant to the Agreement, and in exchange for valuable and adequate consideration, the receipt of which is hereby acknowledged, Assignors hereby sell, assign, convey and otherwise transfer all of Assignors' rights, title and interests in and to the Claims (as defined in the Agreement) together with any and all other rights appurtenant thereto.

This Assignment has been made, signed and delivered on the date written below:

Assignors:

September __, 2001


Steven W. Klomp, DMD


Torrie O. Klomp

Assignees hereby accept Assignors' assignment of the Claims together with any and all other rights appurtenant thereto.


Robert L. Laird



Edmund P. Rams

Exhibit 1

RECEIVED
BUR. OF LAND MANAGEMENT
NEVADA STATE OFFICE

01 OCT 22 AM 7:30

**AFFIDAVIT AND NOTICE OF INTENT TO HOLD
MINING CLAIM(S) AND SITE(S)**

STATE OF NEVADA }
COUNTY OF LINCOLN } SS

TO ALL WHOM IT MAY CONCERN:

The undersigned certifies that the owner or claimant intended or intends to hold the mining claim(s), mill site(s), and/or tunnel site(s) listed below from 12:00 p.m. on September 1 of the year before this affidavit was made and recorded, until 11:59 a.m. on September 1 of the year that this affidavit was made and recorded.

Name of claim(s) or site(s): WAYKO #1 - #7 BLM Serial No(s): 824922 to 824928 (inclusive)

The claim map showing said claim(s) is filed as Document Number 11692-872 in the Lincoln County records.

Name and mailing address of owner or claimant:
STEVEN W. KLUMP
450 E. MAIN ST, BOX 308
PANOLA, NV 89042


Dated this 18th day of October, 2001.

By [Signature]
Owner, Claimant, Agent or Lessee

Subscribed and sworn to before me this 18th day of October, 2001.

[Signature]
NOTARY PUBLIC

Suggested Form - Nevada Division of Mines (REV. 7/2000) 13)
Nevada Affidavit/Notice of Intent to Hold, NRS 217.226

 CAROL J. MILLER
NOTARY PUBLIC - STATE OF NEVADA
Lincoln County - Nevada
CERTIFICATE # 01-68924-11
APPT. EXP. JAN. 12, 2005

RECORDER'S STAMP

NO. 117151
FILED AND RECORDED AT REQUEST OF
Wayne Klump
October 18, 2001
AT 50 MINUTES PAST 2 O'CLOCK
PM IN BOOK 159 OF OFFICIAL
RECORDS PAGE 217 LINCOLN
COUNTY, NEVADA
[Signature]
COUNTY RECORDER

BOOK 159 PAGE 217
BOOK 173 PAGE 151

COPY

120156

FILED FOR RECORDING
AT THE REQUEST OF
Steven W. Klump

2003 MAY 9 PM 4 26

LINCOLN COUNTY RECORDER
FEE \$1.00
DEP
LESLIE BOUCHIER