UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark one)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2008

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

GOLD CREST MINES, INC.

(Exact name of registrant as specified in its charter)

Nevada	**000-52392**	**82-0290112**
(State or other jurisdiction of incorporation or organization)	Commission file number	(IRS Employer Identification Number)

10807 E Montgomery Dr. Suite #1 Spokane Valley, WA	**99206**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(509) 893-0171**

Indicate by check mark whether the registrant (1) has filed all documents and reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filings for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer	☐		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date: At August 7, 2008, 82,752,995 shares of the registrant's common stock were outstanding.

GOLD CREST MINES, INC.
FORM 10-Q
For the Quarter Ended June 30, 2008

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GOLD CREST MINES, INC.
(AN EXPLORATION STAGE COMPANY)
Consolidated Balance Sheets

	June 30, 2008	December 31, 2007
ASSETS	**(Unaudited)**	
CURRENT ASSETS		
Cash and cash equivalents	$ 218,459	$ 778,696
Miscellaneous receivable	8,231	-
Interest receivable, current	398	893
Prepaid expenses	25,104	94,085
Deposits, current	3,682	4,104
Total Current Assets	255,874	877,778
Note receivable, non-current	-	120,000
Interest receivable, non-current	-	3,920
Deposits, non-current	-	50,000
Equipment, net of accumulated depreciation of $31,893 and $23,994, respectively	85,256	110,977
Royalty interest in mineral properties	400,000	-
Mineral properties	333,600	188,175
Investment in Golden Lynx LLC, at cost	54,575	-
TOTAL ASSETS	$ 1,129,305	$ 1,350,850
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 183,910	$ 341,930
Total Current Liabilities	183,910	341,930
Total Liabilities	183,910	341,930
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock; no par value; 10,000,000 shares authorized, none issued or outstanding	-	-
Common stock; $0.001 par value; 500,000,000 shares authorized; 82,882,995 and 77,416,328 shares issued and outstanding, respectively	82,883	77,417
Common stock subscribed	(26,000)	(132,500)
Additional paid-in capital	9,289,502	8,511,183
Accumulated deficit during exploration stage	(8,400,990)	(7,447,180)
Total Stockholders' Equity	945,395	1,008,920
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,129,305	$ 1,350,850

The accompanying notes are an integral part of these consolidated financial statements.

GOLD CREST MINES, INC.
(AN EXPLORATION STAGE COMPANY)
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended		Six Months Ended		From Inception January 11, 2005 to
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008
REVENUES	$ -	$ -	$ -	$ -	$ -
OPERATING EXPENSES:					
Exploration expenditures	62,733	662,102	139,171	982,810	4,284,261
Settlement of drilling contract	161,814	-	161,814	-	161,814
Legal and accounting expenses	58,408	59,378	104,585	111,610	422,456
Directors' fees	40,000	106,000	40,000	214,000	844,000
General and administrative	214,370	211,674	505,927	352,745	2,744,984
TOTAL OPERATING EXPENSES	537,325	1,039,154	951,497	1,661,165	8,457,515
LOSS FROM OPERATIONS	(537,325)	(1,039,154)	(951,497)	(1,661,165)	(8,457,515)
OTHER INCOME (EXPENSE):					
Interest income	2,027	23,204	5,474	42,035	79,085
Interest expense	-	-	(7,787)	-	(22,560)
TOTAL OTHER INCOME (EXPENSE)	2,027	23,204	(2,313)	42,035	56,525
LOSS BEFORE TAXES	(535,298)	(1,015,950)	(953,810)	(1,619,130)	(8,400,990)
INCOME TAXES	-	-	-	-	-
NET LOSS	$ (535,298)	$ (1,015,950)	$ (953,810)	$ (1,619,130)	$ (8,400,990)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED	(0.01)	$ (0.01)	$ (0.01)	$ (0.02)	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC	79,342,839	72,552,828	78,076,905	70,825,774	

The accompanying notes are an integral part of these consolidated financial statements.

GOLD CREST MINES, INC.
(AN EXPLORATION STAGE COMPANY)
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	From Inception January 11, 2005 to June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (953,810)	$ (1,619,130)	$ (8,400,990)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation	13,067	10,317	37,061
Common stock and options issued for services	10,000	-	1,368,976
Equity compensation for management and directors	133,786	214,000	1,173,583
Interest paid with common shares	-	-	12,500
Settlement of drilling contract (see Note 4)	161,814	-	161,814
Changes in operating assets and liabilities:			
Change in interest receivable	(2,745)	-	(6,665)
Change in miscellaneous receivable	(8,231)	-	(8,231)
Change in prepaid expenses and deposits	47,403	(241,760)	29,213
Change in accounts payable and accrued liabilities	(158,021)	82,733	183,910
Net cash used by operating activities	(756,737)	(1,553,840)	(5,448,829)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received in reverse merger	-	-	7,456
Note receivable issued	-	(200,000)	(200,000)
Purchase of royalty interest in mineral property	(400,000)	-	(400,000)
Purchase of mineral properties	(150,000)	(20,000)	(388,175)
Purchase of equipment	-	(95,730)	(134,971)
Net cash used by investing activities	(550,000)	(315,730)	(1,115,690)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings under line of credit	-	-	250,000
Payments of line of credit	-	-	(250,000)
Payments received on stock subscriptions	106,500	-	106,500
Proceeds from the issuance of stock on the exercise of warrants	90,000	-	90,000
Sale of common stock, net of issuance costs	550,000	2,181,664	6,586,478
Net cash provided by financing activities	746,500	2,181,664	6,782,978
Net change in cash and cash equivalents	(560,237)	312,094	218,459
Cash and cash equivalents, beginning of period	778,696	2,183,027	-
Cash and cash equivalents, end of period	$ 218,459	$ 2,495,121	$ 218,459
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Interest paid	$ -	$ -	$ 2,273
Taxes paid	$ -	$ -	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES			
Land contributed in exchange for interest in Golden Lynx LLC	$ 54,575	$ -	$ 54,575
Note receivable forgiven in connection with settlement agreement (see Note 3)	$ 120,000	$ -	$ 120,000
Equipment relinquished in connection with settlement agreement (see Note 3)	$ 12,654	$ -	$ 12,654

The accompanying notes are an integral part of these consolidated financial statements.

Gold Crest Mines, Inc.
(An Exploration Stage Company)
Notes to Unaudited Consolidated Financial Statements

NOTE 1. Basis of Presentation

Gold Crest Mines, Inc. and its subsidiaries ("Gold Crest" and "the Company") is a Nevada corporation originally incorporated on August 20, 1968, as Silver Crest Mines, Inc., an Idaho corporation.

On August 1, 2006, Gold Crest acquired 100% of the issued and outstanding shares of Niagara Mining and Development Co., ("Niagara"), an Idaho corporation formed on January 11, 2005, and its wholly-owned subsidiary, Kisa Gold Mining, Inc. ("Kisa"), an Alaskan corporation formed on July 28, 2006. On June 20, 2008, 100% of the issued and outstanding shares of Kisa was transferred from Niagara to the Company.

The interim Consolidated Financial Statements of the Company and its subsidiaries are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim statements have been included. All such adjustments are, in the opinion of management, of a normal recurring nature. The results reported in these interim Consolidated Financial Statements are not necessarily indicative of the results that may be reported for the entire year. These interim Consolidated Financial Statements should be read in conjunction with the Company's Consolidated Financial Statements included in its Annual Report on Form 10-KSB for the year ended December 31, 2007.

Certain amounts in prior period financial statements have been reclassified to conform to the 2008 presentation.

NOTE 2. Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting for Investments
The Company uses the cost method to account for its investments in companies that we do not control and for which the Company does not have the ability to exercise significant influence over operating and financial policies. Marketable equity securities are categorized as available for sale and carried at fair market value. Realized gains and losses on the sale of securities are recognized on a specific identification basis. Unrealized gains and losses are included as a component of accumulated other comprehensive income (loss), unless a permanent impairment in value has occurred, which would then be charged to current period net income (loss).

Adoption of New Accounting Principles
Effective January 1, 2008, we adopted the provisions of SFAS No. 157, "Fair Value Measurements", for our financial assets and financial liabilities without a material effect on our results of operations and financial position. The effective date of SFAS No. 157 for non-financial assets and non-financial liabilities has been deferred by FSP 157-2 to fiscal years beginning after November 15, 2008, and we do not anticipate the impact of adopting SFAS 157 for non-financial and non-financial liabilities to have a material impact on our results of operations and financial position.

SFAS No. 157 expands disclosure requirements to include the following information for each major category of assets and liabilities that are measured at fair value on a recurring basis:

a. The fair value measurement;
b. The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3);
c. For fair value measurements using significant unobservable inputs (Level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:
    1) Total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings (or changes in net assets), and a description of where those gains or losses included in earnings (or changes in net assets) are reported in the statement of income (or activities);
    2) The amount of these gains or losses attributable to the change in unrealized gains or losses relating to those assets or liabilities still held at the reporting period date and a description of where those unrealized gains or losses are reported;
    3) Purchases, sales, issuances, and settlements (net); and
    4) Transfers in and/or out of Level 3.

The Company's cash and cash equivalents are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

We also adopted the provisions of SFAS No. 159, "The Fair Value Option for Financial Liabilities", effective January 1, 2008. SFAS No. 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. The adoption of SFAS No. 159 has not had a material effect on our financial position or results of operations as of and for the six months ended June 30, 2008.

New Accounting Pronouncements

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles for non-governmental entities. SFAS 162 is effective 60 days following the Securities and Exchange Commission's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Presenting Fairly in Conformity with Generally Accepted Accounting Principles." The Company is assessing the impact of the adoption of SFAS 162 and believes there will be no material impact on its consolidated financial statements.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company does not expect the adoption of SFAS 161 to have a material effect on our financial position or results of operations.

In December 2007, FASB issued Statement of Financial Accounting Standards No. 160 "Non Controlling Interests in Consolidated Financial Statements - an amendment of ARB 51" ("SFAS 160") which is effective for fiscal years and interim periods within those years beginning on or after December 15, 2008. SFAS No. 160 amends ARB 51 to establish accounting and reporting standards for the non controlling ownership interest in a subsidiary and for the deconsolidation of a subsidiary. The Company does not expect the adoption of SFAS 160 to have a material effect on our financial position or results of operations.

In December 2007, FASB issued SFAS No. 141 (R) "Business Combinations". This standard is effective for transactions where the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS No. 141 (R) will change the accounting for assets acquired and liabilities assumed in a business combination. These changes include:

- Acquisition costs will generally be expensed as incurred;
- Non controlling interests will be valued at fair value at the acquisition date;
- Acquired contingent liabilities will be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non acquired contingencies;
- In-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date;
- Restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and
- Changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense.

The adoption of SFAS No. 141 (R) is not expected to have a material effect on the Company's financial statements. Any future business combination occurring on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 will be accounted for in accordance with this guidance.

Basic and Diluted Net Loss Per Share

Net loss per share was computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding. Diluted net loss per share for the Company is the same as basic net loss per share, as the inclusion of common stock equivalents would be antidilutive. At June 30, 2008 the common stock equivalents consisted of 6,250,000 options exercisable at prices ranging from $0.28 to $0.53 per share and 4,397,500 common stock warrants exercisable at $0.30 per share. At June 30, 2007 the common stock equivalents consisted of 5,540,000 options exercisable at prices ranging from $0.30 to $0.53 per share.

Use of Estimates
In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the amounts reported in those statements and accompanying notes. Actual results could differ from those estimates.

NOTE 3. Going Concern

As shown in the accompanying financial statements, the Company has had no revenues and incurred an accumulated deficit of $8,400,990 through June 30, 2008. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management intends to seek additional capital from new equity securities offerings and joint venture agreements that will provide funds needed to increase liquidity, fund internal growth and fully implement its business plan. See "Note 5. Mineral Properties - *Golden Lynx, LLC'*, "Note 5. Mineral Properties - *Letter of Intent with Cougar"*, "Note 7. Common Stock and Common Stock Warrants" and "Note 8. Common Stock Subscribed".

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Should the Company be unable to raise capital through future private placements and/or joint venture agreements, its business, and, as a result, its financial position, results of operations and cash flow will likely be materially adversely impacted. As such, substantial doubt as to the Company's ability to continue as a going concern remains as of the date of these financial statements.

An estimated $500,000 to $1,000,000 is believed necessary to continue operations and increase development through the next twelve months. The timing and amount of capital requirements will depend on a number of factors, including the Company's ability to successfully enter into a joint venture on our Golden Meadows project in Idaho and the Company's future personnel requirements.

NOTE 4. Note Receivable

On January 11, 2007, the Company advanced Diamond Drilling Consultants Con Ag., Inc. ("Diamond Drilling") $150,000 of a $200,000 secured promissory note to finance the construction of a drilling rig for use by the Company. The final $50,000 was advanced during May 2007, when the drilling rig construction was completed. Interest accrued at six percent (6%) per annum, from June 15, 2007, through June 12, 2008. This note, including principal and interest, was payable in full on or before January 15, 2009, or at the termination of the drilling contract between the parties, whichever occurred first. In consideration for the Company providing this note, the Company was to have exclusive use of the drilling rig for two calendar years, which also served as collateral for the note.

Upon successful completion of the contractual obligations of the note, the Company agreed to grant Diamond Drilling a forty percent (40%) reduction in the amount of principal and accrued interest payable. During the third quarter of 2007, the Company determined that the 40% reduction was probable and likely to occur. Therefore 40% of the note receivable, or $80,000, had been recorded as "Prepaid Exploration Costs" and was being amortized over the life of the note receivable. The amortized expense was being charged to exploration expenditures.

As part of the contract with Diamond Drilling for the 2008 drilling season, the Company had a 10,000 foot minimum drilling requirement at a cost of $23.00 per foot for a total potential liability of $230,000 for undrilled footage (the "Diamond Drilling Contract"). See "Note 9. Commitments and Contingencies - *Diamond Drilling Contract*".

During 2008, it became apparent that the Company would not satisfy its minimum drilling requirement under the Diamond Drilling Contract. On June 12, 2008, the Company entered into a settlement agreement with Diamond Drilling (the "Settlement Agreement"). The terms of the Settlement Agreement require Diamond Drilling to release Gold Crest from its obligation to pay the $230,000 drilling commitment in exchange for the following (recorded as $161,814 to settlement of drilling contract in the Company financial statements for the quarter ended June 30, 2008):

1. The forgiveness by the Company of a $120,000 note receivable from Diamond Drilling;
2. The forgiveness by the Company of $7,160 of accrued interest receivable related to the note receivable from Diamond Drilling;
3. The sale to Diamond Drilling for $1 a water line with a carrying value of $12,654 and miscellaneous tools with zero carrying value; and
4. The write off by the Company of the $22,000 remaining balance in the Prepaid Exploration Costs.

NOTE 5. Mineral Properties

The Company's mineral properties consist of various mining claims in Alaska and Idaho. The Company is in the business of exploration, development, and if warranted the mining of properties containing valuable mineral deposits. The focus of the Company's exploration programs is directed at precious metals, primarily gold. The Company currently controls approximately 92,160 acres of land under State of Alaska jurisdiction, after having transferred 15,320 acres into Golden Lynx, LLC as part of our joint venture with Cougar Gold LLC. See "*Golden Lynx, LLC"*. These claims are held under and are subject to the State's mining laws and regulations. In Idaho, the Company controls over 3,930 acres of unpatented mill site and load claims under Federal jurisdiction that are held under and are subject to the Federal mining laws and regulations.

Golden Lynx, LLC
On April 18, 2008, the Company, through its wholly-owned subsidiary, Kisa, entered into an agreement with Cougar Gold LLC, a Delaware limited liability company, ("Cougar") under which the two companies formed Golden Lynx, LLC, a Delaware limited liability company ("Golden Lynx"). Pursuant to this agreement, the Company transferred 15,320 acres under State of Alaska jurisdiction into Golden Lynx. The Company accounts for this investment under the cost method of accounting. Accordingly, the carrying value of the contributed property of $54,575 was reclassed from mineral properties to "Investment in Golden Lynx LLC".

Cougar has an initial 55% interest and Kisa has an initial 45% interest in Golden Lynx. Cougar is entitled to retain its 55% interest by making the following contributions to Golden Lynx, used to fund exploration expenditures, on the following timetable:

(a) $750,000 on or before the first anniversary of the effective date of the agreement;
(b) An additional $1,250,000 on or before the second anniversary of the effective date of the agreement; and
(c) An additional $1,500,000 on or before the third anniversary of the effective date of the agreement.

Within 30 days after completing the foregoing expenditures, Cougar may elect to purchase an additional ownership interest in Golden Lynx by making capital contributions in the aggregate amount of $2,500,000 which shall also be used to fund exploration expenditures during the two years that follow the third anniversary of the effective date of the agreement. Upon making such capital contributions, Cougar's ownership interest would increase to 80%, and Kisa's ownership interest would decrease to 20%.

Option and Real Property Sales Agreement with JJO, LLC.
On January 24, 2008, the Company entered into an Option and Real Property Sales Agreement with JJO, LLC, an Idaho limited liability company and personal representative of the Estate of J.J. Oberbillig. This option gives the Company the right to acquire approximately 255 acres of patented mining and mill site claims in the Stibnite area from the Oberbillig Estate. These lands have been the subject of several exploration programs over the years, but contain no resources calculated to modern standards. The Company has also acquired access to all the historical data for the district owned by the Oberbilligs. The property has a total purchase price of $435,620. As consideration for entering into the Option Agreement, the Company paid $125,000 which is presented in the caption "Mineral Properties" on the balance sheet.

If the Company decides to continue with the option on the land, the Company will be required to make the following payments. A payment of $100,000 will be required upon closing on or before August 15, 2008 (the "Closing Date"), then the remaining balance of the Purchase Price will be $210,620 and shall be in the form of promissory notes which will accrue interest at the rate of six percent (6%) per annum commencing on the Closing Date. Commencing one (1) year from the Closing Date, five (5) annual payments of principal plus accrued interest in the amount of $50,000 will be due on the same day and month as the Closing Date and will end in the year 2013.

Mining Lease and Option to Purchase Agreement with Bradley Mining Company
On March 31, 2008, the Company entered into a Mining Lease and Option to Purchase Agreement with the Bradley Mining Company (the "Bradley Option Agreement"). Pursuant to the terms of the Agreement, the Company has been granted an exclusive option through March 30, 2009 to purchase for $300,000 real property located in the Stibnite mining district, Valley County, Idaho ("the Bradley Property"). The Bradley Property consists of nine patented mining claims comprising approximately 175 acres. As consideration for entering into the Bradley Option Agreement, the Company paid $75,000 which is included in the caption "Mineral Properties" on the balance sheet. If the Company elects to exercise this option on or before March 30, 2009, then there will be another payment due upon closing in the amount of $225,000.

Newmont Venture Agreements

On May 8, 2008, the Company signed three separate joint venture agreements ("the Newmont Agreements") with Newmont North America Exploration Limited, a subsidiary of Newmont Mining Corporation ("Newmont"). The subject claims consist of the Company's AKO and Luna claim groups located in the Kuskokwim region of southwestern Alaska approximately 120 miles south of the Donlin Creek deposit and our Chilly claim group located approximately 50 miles southwest of the Donlin Creek deposit.

Under the terms of the Newmont Agreements, Newmont can earn a 51% interest in the subject claims by expending $3,000,000 in Qualifying Work Expenditures (as defined in the Newmont Agreements) and by completing a minimum of 3,000 meters of drilling on each property on or before December 31, 2011. In addition, Newmont must make cash payments to Gold Crest for each property of $25,000 on or before January 15, 2009, and $50,000 on or before January 15, 2010.

Newmont has the option to increase its interest in the subject claims to 70% by completing an additional $6,000,000 in Qualifying Work Expenditures (as defined in the Newmont Agreements) and by completing a minimum of 3,000 additional meters of drilling on each property on or before December 31, 2015. In the event a decision is made to build a mine on either property, either company may elect to have Newmont provide all the financing for the mine in return for Newmont receiving an additional 10% interest in that property. The Company would then repay Newmont for the Company's share of the financing from its share of future profits, if any.

Letter of Intent with Cougar

On June 10, 2008, the Company, through its wholly owned subsidiary Niagara, signed a non-binding letter-of-intent with Cougar to enter into a joint venture agreement covering all of the Company's properties in Idaho (the "Proposed JV Agreement"). The Proposed JV Agreement covers the Company's unpatented mining and millsite claims, as well as its patented claims held under mining leases and option agreements. Altogether the subject properties total approximately 4,360 acres known as our Golden Meadows Project located in the Stibnite-Yellow Pine Mining District, Valley County, Idaho. The 4,360 acres consists of:

1. the Company's 3,930 acres of unpatented mill site and load claims;
2. the 255 acres included in the Option and Real Property Sales Agreement with JJO, LLC; and
3. the 175 acres included in the Mining Lease and Option to Purchase Agreement with Bradley Mining Company.

The Proposed JV Agreement is subject to due diligence by Cougar and to negotiation and execution of a definitive joint venture agreement. Under the terms of the Proposed JV Agreement, Cougar can earn a 60% interest in the subject properties by expending a total of $4,500,000 (the "Initial Earn-In Amount") within four years of the signing of the definitive agreement. The initial earn-in amount will include exploration expenditures, land payments and the cost of the due diligence.

Cougar can earn up to an additional 25% interest in the subject properties, for a total of 85%, by expending an incremental $4,500,000 (the "Additional Earn-In Amount") on exploration expenditures within eight years of the signing of the definitive agreement.

The following is a summary of our mineral properties at June 30, 2008 and December 31, 2007.

	At June 30, 2008	At December 31, 2007
Alaska Properties		
Southwest Kuskokwim Project	$ 16,875	$ 71,450
Kelly Creek – Mineral Lease	83,600	83,600
Idaho Properties		
Golden Meadows Project	233,125	33,125
Total	$ 333,600	$ 188,175

The Company is required to perform certain work commitments and pay annual assessments to the States of Alaska and Idaho to hold these claims in good standing. See "Note 9. Commitments and Contingencies"

NOTE 6. Royalty Interest in Mineral Property

On January 24, 2008, the Company entered into an Option and Royalty Sales Agreement with the heirs of the Estate of J.J. Oberbillig (the "Oberbillig Agreement"). Pursuant to the terms of the Agreement, the Company has been granted an exclusive option through August 15, 2008 to purchase a 5% (five percent) net smelter royalty interest ("NSR") in real property located in Valley County, Idaho. This royalty applies to any metal produced from lands sold by the estate of J.J. Oberbillig to Bradley Mining Co. in 1941. The Yellow Pine gold property, now controlled by Vista Gold Corporation and the subject of a December 2006 Canadian National Instrument 43-101 report, is subject to the 5% NSR. The NSR has a total Purchase Price of $1,642,480. As consideration for entering into the Option Agreement, the Company paid $400,000 which is presented as royalty interest in mineral properties on the balance sheet.

If the Company elects to exercise this option on or before August 15, 2008 (the "Closing Date"), then there will be another payment due upon closing in the amount of $400,000. The remaining balance of the Purchase Price, $842,480 shall be in the form of a promissory note which will accrue interest at the rate of six percent (6%) per annum commencing on the Closing Date. Commencing one (1) year from the Closing Date, five (5) annual payments of principal plus accrued interest in the amount of $200,000 will be due on the same day and month as the Closing Date and will end in the year 2013. The Oberbillig Agreement is subject to the letter-of-intent discussed in "Note 5. Mineral Properties - *Letter of Intent with Cougar"*.

NOTE 7. Common Stock and Common Stock Warrants

During the first six months of 2008, the Company had the following issuances of common stock:

1. The Company issued 450,000 shares of restricted common stock upon the payment of promissory notes in the amount of $90,000 issued as part of the November 2007 private placement. See "Note 8. Common Stock Subscribed";
2. The Company issued 300,000 shares of restricted common stock upon the exercise of 300,000 warrants and received gross proceeds in the amount of $90,000;
3. The Company issued 100,000 shares of restricted common stock for $10,000 worth of services performed;
4. The Company issued 400,000 shares of common stock to two newly appointed directors valued at $40,000;
5. The Company issued 1,666,667 and 3,000,000 shares of restricted common stock for gross proceeds of $250,000 and $300,000, respectively. See "Note 5. Mineral Properties - *Golden Lynx, LLC" and* "Note 5. Mineral Properties - *Letter of Intent with Cougar"*.

NOTE 8. Common Stock Subscribed

In November 2007, the Company completed a private placement of 4,697,500 units at a price of $0.20 per unit. Each unit consisted of one share of common stock and one warrant. Each warrant is exercisable for a period of two years to purchase one share of common stock at a price of $0.30 per share.

Of the total units, 662,500 units were subscribed in exchange for promissory notes with a value of $132,500 and due dates extending through September 1, 2008. The $132,500 was recorded under the caption "Common Stock Subscribed" in the Company's 2007 financial statements.

During the 2008 first quarter, the Company received payments on the promissory notes in the amount of $86,500. However, the Company issued only 150,000 units because not all investors paid in full on their promissory notes.

During the 2008 second quarter, the Company received payments of $20,000 which constituted partial payment on certain promissory notes and issued a total of 300,000 units.

At June 30, 2008, the balance under the caption "Common Stock Subscribed" was $26,000. However, 212,500 units remain unissued because the Company has not received full payment on certain related promissory notes. See "Note 7. Common Stock and Common Stock Warrants".

NOTE 9. Commitments and Contingencies

Alaska Mineral Property Rent and Assessment Work Commitments
In Alaska, land holdings consist of state mining claims and prospecting sites totaling 107,480 acres of land. The holdings are in good standing until September 1, 2008, at which time the Company will need to have completed $173,200 of assessment work on the claims to the State of Alaska. As per the terms of our joint ventures with Newmont and Cougar, they will pay $20,000 of that assessment work. Of the remaining $153,200, if the Company is unsuccessful in placing any

of the remaining properties into joint ventures by the September 1, 2008 due date, then the Company may be forced to drop the claims and therefore will not be required to pay the $153,200 in assessment work. The carrying value of these claims that the Company may drop is $83,600. See "Note 5. Mineral Properties - *Newmont Venture Agreements"*, "Note 5. Mineral Properties - *Golden Lynx, LLC" and "Note 10. Subsequent Events"*.

The Company is also required to pay annual rent amounting to $64,375 to the State of Alaska. As per the terms of our joint ventures with Newmont and Cougar, they will pay $20,675 of that assessment work. Of the remaining $43,700, if the Company is unsuccessful in placing any of the remaining properties into joint ventures by the September 1, 2008 due date, then the Company may be forced to drop the claims and therefore will not be required to pay the $43,700 in rental fees. The carrying value of these claims that the Company may drop is $83,600. See "Note 5. Mineral Properties - *Newmont Venture Agreements"*, "Note 5. Mineral Properties - *Golden Lynx, LLC" and "Note 10. Subsequent Events"*.

Included in the 107,480 acres of land, the Company's wholly-owned subsidiary, Kisa Gold Mining, Inc., had a lease and option agreement dated January 30, 2007, with Greatland Exploration on 26,400 acres, known as the Kelly Creek claims, in the Cape Nome Recording District in Alaska. The Company was required to pay $45,000 to Greatland Exploration by September 1, 2008, to hold the claims for another year. Also, as part of the Greatland Exploration lease, the Company was required to perform $400,000 in work commitments on the property by December 31, 2008. The $400,000 work commitment could have been credited towards $44,400 worth of assessment work for the State of Alaska, or at the option of the Company, in lieu of the $400,000 work commitment with Greatland Exploration, the Company could have paid a one-time fee to Greatland Exploration of $200,000. This amounts to a total maximum commitment of $461,500, plus filing fees the Company would have been required to pay to hold the Kelly Creek claims for another year. However, on July 22, 2008 the Company notified Greatland Exploration, LTD that it was exercising its right to cancel the lease and option agreement dated January 30, 2007. "See Note 10. Subsequent Events".

Idaho Mineral Property Rent and Assessment Work Commitments

In central Idaho, the Company controls approximately 46 unpatented federal mill site claims and 185 unpatented federal lode claims in the Stibnite District covering approximately 3,930 acres on federally-owned public lands administered by the Payette and Boise National Forests. Mill site claims do not require annual assessment work, but do require annual maintenance payments to DOI Bureau of Land Management which will total $5,750. The 185 unpatented federal lode claims will require a total of $18,500 worth of assessment work to be performed by September 1, 2008 or in lieu of the work, a one-time payment of $23,125 would satisfy the annual maintenance fee in order to hold the Idaho properties for an additional year. See "Note 5. Mineral Properties - *Letter of Intent with Cougar"*.

Option and Royalty and Real Property Sales Agreements

On January 24, 2008, the Company entered into an Option and Royalty Sales Agreement with the heirs of the Estate of J.J. Oberbillig and an Option and Real Property Sales Agreement with JJO, LLC, an Idaho limited liability company and personal representative of the Estate of J.J. Oberbillig. If the Company decides to continue with the options on both the Royalty and the Land, the Company will be required to make the following payments. A combined payment of $500,000 will be required upon closing on or before August 15, 2008 (the "Closing Date"), then the remaining balance of the Purchase Price, for both agreements combined will be $1,053,100 and shall be in the form of promissory notes which will accrue interest at the rate of six percent (6%) per annum commencing on the Closing Date. Commencing one (1) year from the Closing Date, five (5) annual payments of principal plus accrued interest on both agreements in the amount of $250,000 will be due on the same day and month as the Closing Date and will end in the year 2013. See "Note 5. Mineral Properties - *Letter of Intent with Cougar"*.

Mining Lease and Option to Purchase Agreement with Bradley Mining Company

On March 31, 2008, the Company entered into a Mining Lease and Option to Purchase Agreement with the Bradley Mining Co., a California corporation. Pursuant to the terms of the Agreement, the Company has been granted an exclusive option through March 30, 2009 to purchase real property located in the Stibnite mining district, Valley County, Idaho consisting of nine patented mining claims comprising approximately 175 acres. The Property has a total Purchase Price of $300,000. As consideration for entering into the Option Agreement, the Company paid $75,000. If the Company elects to exercise this option on or before March 30, 2009, then there will be another payment upon closing in the amount of $225,000. See "Note 5. Mineral Properties - *Letter of Intent with Cougar"*.

Diamond Drilling Contract

As part of the contract with Diamond Drilling, the Company had a 10,000 foot minimum drilling requirement in 2007 of which the Company fulfilled only a 3,105 feet. At March 31, 2008, the Company had accrued a liability to Diamond Drilling for the undrilled footage in the amount of $108,372. This amount includes accrued interest and is net of a prepaid balance we carried with them. During 2008 second quarter, the Company paid $108,372 to Diamond Drilling in satisfaction of this liability.

As part of the contract with Diamond Drilling for the 2008 drilling season, the Company had a 10,000 foot minimum drilling requirement at a cost of $23.00 per foot for a total potential liability of $230,000 for undrilled footage (the "Diamond Drilling Contract"). During 2008, it became apparent that the Company would not satisfy its minimum drilling requirement under the Diamond Drilling Contract. See "Note 4. Note Receivable".

Environmental Matters

A predecessor entity to the Company owned mineral property interests on certain public and private lands in Idaho and Montana. Holdings included lands in mining districts designated as "Superfund" sites pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). The properties were, and are, subject to a variety of federal and state regulations governing land use and environmental matters. A consultant reviewed the potential environmental impact of the prior mineral exploration and development activities, and believes there was substantial compliance with all such regulations, and is unaware of any pending action or proceedings relating to regulatory matters that would affect the financial position of the Company. Management acknowledges, however, that the possibility exists that the Company may be subject to environmental liabilities associated with its prior activities in the unforeseeable future, although the likelihood of such is deemed remote and the amount and nature of the liabilities is impossible to estimate.

NOTE 10. Subsequent Events

On July 22, 2008 the Company notified Greatland Exploration, LTD that it was exercising its right to cancel the lease agreement with option to purchase entered into on January 30, 2007. As a result of cancelling this agreement, the Company will no longer be required to pay $45,000 to Greatland Exploration by September 1, 2008, to hold the claims for another year. Also, the Company will no longer need to perform $400,000 in work commitments on the property by December 31, 2008. The Kelly Creek mineral lease of $83,600 is classified under mineral properties on the balance sheet at June 30, 2008, and will be recognized as exploration expenditures in the third quarter of 2008. See "Note 9. Commitments and Contingencies - *Alaska Mineral Property Rent and Assessment Work Commitments"*.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Form 10-Q, including in "Management's Discussion and Analysis of Financial Condition and Results of Operations", includes forward-looking statements . Our forward-looking statements include our current expectations and projections about future results, performance, results of litigation, prospects and opportunities. We have tried to identify these forward-looking statements by using words such as "may," "will," "expect," "anticipate," "believe," "intend," "feel," "plan," "estimate," "project," "forecast" and similar expressions. These forward-looking statements are based on information currently available to us and are expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements. All subsequent written and oral forward-looking statements attributable to Gold Crest Mines, Inc. or to persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Except as required by federal securities laws, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The safe harbors of forward-looking statements provided by Section 21E of the Exchange Act are unavailable to issuers of penny stock. As we issued securities at a price below $5.00 per share, our shares are considered penny stock and such safe harbors set forth under Section 21E are unavailable to us.

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements included elsewhere in this report, as well as the audited consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-KSB for the year ended December 31, 2007.

Overview and Plan of Operation

As discussed in "Note 2: Summary of Significant Accounting Policies - *Going Concern*" to our consolidated financial statements, the Company has had no revenues and incurred an accumulated deficit of $8,400,990 through June 30, 2008. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management intends to seek additional capital from new equity securities offerings and joint venture agreements that will provide funds needed to increase liquidity, fund internal growth and fully implement its business plan.

We are in the business of exploration, development, and if warranted the mining of properties containing valuable mineral deposits. We are traded on the over the counter market in the United States and, as is typical with such companies, losses are incurred in the stages of exploration and development, which typically need to be funded through equity or debt financing.

We currently control approximately 92,160 acres of land under State of Alaska jurisdiction after having transferred 15,320 acres into Golden Lynx, LLC as part of our joint venture with Cougar Gold LLC. See "Note 5. Mineral Properties - *Golden Lynx, LLC"* to our consolidated financial statements for further details.

Additionally, we currently control approximately 46 unpatented federal mill site claims and 185 unpatented federal lode claims in the Stibnite District in Central Idaho covering approximately 3,930 acres. On June 10, 2008, the Company, through its wholly owned subsidiary Niagara, signed a non-binding letter-of-intent with Cougar Gold LLC to enter into a joint venture agreement covering all of the Company's properties in Idaho. See "Note 5. Mineral Properties - *Letter of Intent with Cougar"* to our consolidated financial statements for further details.

We have been successful in entering into agreements with various unrelated companies under which, we believe, we have the opportunity to implement our business plan. These agreements and the references to further details contained in our consolidated financial statements follow:

1. On January 24, 2008, we entered into an Option and Royalty Sales Agreement with the heirs of the Estate of J.J. Oberbillig. See "Note 6. Royalty Interest in Mineral Property" to our consolidated financial statements for further details.
2. On January 24, 2008, we entered into an Option and Real Property Sales Agreement with JJO, LLC, an Idaho limited liability company and personal representative of the Estate of J.J. Oberbillig. See "Note 5. Mineral

Properties - *Option and Real Property Sales Agreement with JJO, LLC*" to our consolidated financial statements for further details.

3. On March 31, 2008, we entered into a Mining Lease and Option to Purchase Agreement with the Bradley Mining Company. See "Note 5. Mineral Properties - *Mining Lease and Option to Purchase Agreement with Bradley Mining Company*" to our consolidated financial statements for further details.
4. On April 18, 2008, we, through our wholly-owned subsidiary, Kisa, entered into an agreement with Cougar Gold LLC under which the two companies will form the Golden Lynx, LLC. See "Note 5. Mineral Properties - *Golden Lynx, LLC"* to our consolidated financial statements for further details.
5. On May 8, 2008, we entered into three separate joint venture agreements with Newmont North America Exploration Limited. See "Note 5. Mineral Properties - *Newmont Venture Agreements"* to our consolidated financial statements for further details.
6. On June 10, 2008, we, through our wholly owned subsidiary Niagara, signed a non-binding letter-of-intent with Cougar Gold LLC to enter into a joint venture agreement covering all of our properties in Idaho. See "Note 5. Mineral Properties - *Letter of Intent with Cougar"* to our consolidated financial statements for further details.

Board of Directors

On April 22, 2008, Gold Crest received a letter of resignation from Gerald Booth as director effective immediately.

On April 24, 2008 Gold Crest received a letter of resignation from Thomas Loucks as director effective immediately. Mr. Loucks also served on the Audit Committee.

On April 28, 2008, the Board of Directors appointed Dan McKinney as a director by unanimous consent to replace Mr. Booth.

On May 30, 2008 Gold Crest received a letter of resignation from Howard Crosby as director and chairman of the board effective immediately.

On June 5, 2008, the Board of Directors reappointed Howard Crosby as a director and chairman of the board by unanimous consent. Also on June 5, 2008, the Board of Directors appointed John Ryan as a director by unanimous consent.

Comparison of the Three and Six Months Ended June 30, 2008 and June 30, 2007:

Results of Operations

The following tables set forth certain information regarding the components of our Consolidated Statements of Operations for the three- and six-months ended June 30, 2008 compared with the three- and six-months ended June 30, 2007. These tables are provided to assist in assessing differences in our overall performance:

	Three Months Ended			
	June 30, 2008	June 30, 2007	$ Change	% Change
REVENUES	$ -	$ -	$ -	$ 0.0%
OPERATING EXPENSES:				
Exploration expenditures	62,733	662,102	(599,369)	-90.5%
Settlement of drilling contract	161,814	-	161,814	100.0%
Legal and accounting expenses	58,408	59,378	(970)	-1.6%
Directors' fees	40,000	106,000	(66,000)	-62.3%
General and administrative	214,370	211,674	2,696	1.3%
TOTAL OPERATING EXPENSES	537,325	1,039,154	(501,829)	-48.3%
LOSS FROM OPERATIONS	(537,325)	(1,039,154)	501,829	-48.3%
Interest income	2,027	23,204	(21,177)	-91.3%
Interest expense	-	-	-	0.0%
TOTAL OTHER INCOME (EXPENSE)	2,027	23,204	(21,177)	-91.3%
LOSS BEFORE TAXES	$ (535,298)	$ (1,015,950)	$ 480,652	$ -47.3%

	Six Months Ended			
	June 30, 2008	June 30, 2007	$ Change	% Change
REVENUES	$ -	$ -	$ -	$ 0.0%
OPERATING EXPENSES:				
Exploration expenditures	139,171	982,810	(843,639)	-85.8%
Settlement of drilling contract	161,814	-	161,814	100.0%
Legal and accounting expenses	104,585	111,610	(7,025)	-6.3%
Directors' fees	40,000	214,000	(174,000)	-81.3%
General and administrative	505,927	352,745	153,182	43.4%
TOTAL OPERATING EXPENSES	951,497	1,661,165	(709,668)	-42.7%
LOSS FROM OPERATIONS	(951,497)	(1,661,165)	709,668	-42.7%
Interest income	5,474	42,035	(36,561)	-87.0%
Interest expense	(7,787)	-	(7,787)	100.0%
TOTAL OTHER INCOME (EXPENSE)	(2,313)	42,035	(44,348)	-105.5%
LOSS BEFORE TAXES	$ (953,810)	$ (1,619,130)	$ 665,320	$ -41.1%

Overview of Operating Results

Operating Expenses

The decrease in operating expenses during both the 2008 second quarter and first six months compared with the same periods in the prior year was primarily the result of our entrance into two separate joint venture agreements. Our partners in these joint venture agreements are conducting exploration activities on our behalf as part of the agreements' "earn-in" provisions.

Also contributing to the decrease in operating expenses during both the 2008 second quarter and first six months, although to a significantly lesser extent, was a decrease in directors' fees. During the 2008 second quarter we issued 400,000 shares of common stock to two new directors at a price of $0.10 per share. During the 2007 second quarter we issued 200,000 shares of common stock to one new director at a price of $0.53 per share. During the 2007 first quarter we issued an additional 200,000 to a new director at a price of $0.54 per share.

Partially offsetting these positive impacts during the first six months of 2008 compared with the same period last year was an increase in officer compensation related to amortization of options granted during 2008 and incremental compensation expense related to the hiring of three additional employees since the end of the 2007 first quarter.

Overview of Financial Position

At June 30, 2008, Gold Crest had cash of $218,459 and total liabilities of $183,910. During the first six months of 2008, we received proceeds of $106,500 from the pay off of promissory notes associated with the November 2007 private placement and net proceeds of $90,000 from the exercise of 300,000 warrants by three investors. The proceeds from the payoff of the promissory notes were primarily utilized to fund daily operations. The proceeds from the exercise of the warrants were used to complete the mining lease and option to purchase agreement with the Bradley Mining Company for $75,000 and the remainder was utilized to fund daily operations.

Also during the first six months ended June 30, 2008, the Company issued 1,666,667 and 3,000,000 shares of restricted common stock for gross proceeds of $250,000 and $300,000, respectively. See "Note 5. Mineral Properties - *Golden Lynx, LLC" and* "Note 5. Mineral Properties - *Letter of Intent with Cougar"* to our consolidated financial statements for further details.

Royalty interest in mineral property

During the six months ending June 30, 2008, the Company purchased an option and royalty sales agreement for $400,000 which accounts for the entire increase in Royalty Interest in mineral property from December 31, 2007. See "Note 6. Royalty Interest in Mineral Property" to our consolidated financial statements for further details.

Mineral Properties

The increase in mineral properties of $145,425 during the first six months of 2008 was due to the purchase of an option and real property sales agreement with the Oberbillig estate for $125,000. Also contributing to this increase was the purchase of a mining lease and option to purchase agreement with the Bradley Mining Company for $75,000. The increase was offset by $54,575 due to the agreement entered into with Cougar Gold. See "Note 5. Mineral Properties – *Option and Real Property Sales Agreement with JJO, LLC"*, "Note 5. Mineral Properties – *Mining Lease and Option to Purchase Agreement with Bradley Mining company" and* "Note 5. Mineral Properties - *Golden Lynx, LLC"* to our consolidated financial statements for further details.

Accounts Payable and Accrued Liabilities

The decrease in accounts payable and accrued liabilities of $158,020 during the first six months of 2008 was primarily due to our paying off $171,170 worth of invoices that related to the 2007 drilling season which we were unable to pay by the year ending 2007.

Prepaid Expenses

During the first six months of 2008, the balance in the "Prepaid Expenses" caption on the Company's financial statements decreased by $69,981. Of this decrease, $40,000 related to amortization of the "Prepaid Exploration Costs" associated with the note receivable from Diamond Drilling. The $40,000 consisted of $18,000 of amortization recorded in the normal course of business during the first six months of 2008. The remaining $22,000 was written off in connection with Diamond Drilling "Settlement Agreement". See "Note 4. Note Receivable".

The remaining decrease of $28,981 in "Prepaid Expenses" was composed of the following:

1. $10,187 decrease related to a refund of $6,000 and amortization of $4,187 in connection with prepaid transportation costs;
2. $13,279 related to the amortization of prepaid annual claim rentals; and
3. $5,515 related to the amortization of prepaid liability and director and officer insurance.

Common Stock Subscribed

The change in common stock subscribed during the first six months of 2008 was due to the receipt of installment payments of $106,500 owed on promissory notes by investors who participated in the November 2007 private placement. See "Note 8. Common Stock Subscribed" to our consolidated financial statements for further details.

Additional Paid-In Capital

The increase in additional paid-in capital during the six months ending June 30, 2008, was primarily due to the following:

1. stock based compensation of $93,786 related to the vesting of stock options;
2. the issuance of 300,000 shares of restricted common stock upon the exercise of 300,000 warrants and received gross proceeds in the amount of $90,000;
3. the issuance of 100,000 shares of restricted common stock for $10,000 worth of services performed;
4. the issuance of 400,000 shares of common stock to two newly appointed directors valued at $40,000; and
5. the issuance of 1,666,667 and 3,000,000 shares of restricted common stock for gross proceeds of $250,000 and $300,000, respectively. See "Note 5. Mineral Properties - *Golden Lynx, LLC" and* "Note 5. Mineral Properties - *Letter of Intent with Cougar" to our consolidated financial statements for further details.*

Liquidity and Capital Resources

We have limited capital resources and thus have had to rely upon the sale of equity securities for the cash required for exploration and development purposes, for acquisitions and to fund our administration. Since we do not expect to generate any revenues in the near future, we must continue to rely upon the sale of our equity securities to raise capital. There can be no assurance that financing, whether debt or equity, will always be available to us in the amount required at any particular time or for any period or, if available, that it can be obtained on terms satisfactory to us.

Based on our current financial position, we are currently in the process of conducting a private placement to generate up to $500,000. The securities sold in this offering will not be and have not been registered under the Securities Act and may

not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. If we are unable to raise enough money in this placement we may be forced to relinquish our Alaska properties that are not currently placed in a joint venture. We are currently evaluating our future personnel requirements and we currently intend to rely upon the use of outside consultants to provide certain services to the Company. These plans could change depending upon the timing and nature of any additional acquisitions of mineral exploration properties (none of which are under consideration at this time).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

Not Applicable

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

At the end of the period covered by this report, an evaluation was carried out under the supervision of, and with the participation of, the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a – 15(e) and Rule 15d – 15(e)) [and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f))].

Based on that evaluation, the Company's management concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were adequately designed and effective in ensuring that information required to be disclosed by the Company in its reports that it files or submits to the SEC under the Exchange Act, is recorded, processed, summarized and reported within the time period specified in applicable rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

As of the end of the period covered by this report, there have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended June 30, 2008, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In November 2007, we completed a private placement of units for gross proceeds of $939,500, of which $132,500 remained in the form of promissory notes dated November 20, 2007, with due dates extending through September 1, 2008. In the aggregate, we sold 4,697,500 units at a price of $0.20 per unit which included 662,500 units related to the promissory notes and which were issuable only upon payment of the promissory notes. Each unit consisted of one share of common stock and one full common stock purchase warrant. Each warrant is exercisable for a period of two (2) years from the closing to purchase one share of common stock at a price of $0.30 per share.

On April 11, 2008, we issued 175,000 shares of common stock and warrants for 175,000 shares to Ken Hrycenko for partial payment of $35,000 by him on his outstanding promissory note issued as part of his subscription agreement dated November 20, 2008, to purchase a total of 275,000 units related to the November 2007 private placement mentioned above. Upon receipt of the final payment, due by September 1, 2008, the remaining 100,000 shares and warrants will be issued. On May 21, 2008, we issued 125,000 shares of common stock and warrants for 125,000 shares to William Shane McCrorey for partial payment of $25,000 by him on his outstanding promissory note issued as part of his subscription agreement dated November 20, 2008, to purchase a total of 200,000 units as part of the November 2007 private placement mentioned above. Upon receipt of final payment due by September 1, 2008, the remaining 75,000 shares and warrants will be issued. The shares and warrants were issued without registration under the Securities Act by reason of the exemption from registration afforded by the provisions of Section 4(2) thereof, as a transaction by an issuer not involving any public offering. Messers Hrycenko and McCrorey were accredited investors at the time of the issuance. They delivered appropriate investment representations with respect to the issuance of the shares and warrants and consented to the imposition of a restrictive legend upon the certificates representing their shares and warrants. They represented that they had not entered into the transaction with us as a result of or subsequent to any advertisement, article, notice, or other communication published in any newspaper, magazine, or similar media or broadcast on television or radio, or presented at any seminar or meeting. They represented that they had been afforded the opportunity to ask questions of our management and to receive answers concerning the terms and conditions of the unit purchase. No underwriting discounts or commissions were paid in connection with these transactions.

On April 23, 2008, we sold 1,666,667 shares of common stock to Cougar Gold LLC for $250,000. These shares were issued without registration under the Securities Act by reason of the exemption from registration afforded by the provisions of Section 4(6) and/or Section 4(2) thereof, and Rule 506 promulgated thereunder, as a transaction by an issuer not involving any public offering. At the time of the purchase Cougar Gold was an accredited investor as defined in Regulation D. It delivered appropriate investment representations with respect to this stock sale and consented to the imposition of restrictive legends upon the stock certificate representing the shares. Cougar Gold did not enter into the transaction with us as a result of or subsequent to any advertisement, article, notice, or other communication published in any newspaper, magazine, or similar media or broadcast on television or radio, or presented at any seminar or meeting. Representatives of Cougar Gold were also afforded the opportunity to ask questions of our management and to receive answers concerning the terms and conditions of the transaction. No underwriting discounts or commissions were paid in connection with the stock sale.

On April 28, 2008, three investors who participated in the November 2007 private placement mentioned above exercised an aggregate of 50,000 warrants at an exercise price of $0.30 per share for total cash received of $15,000. Terrence Dunne exercised 23,333 warrants, Frank Duval exercised 16,667 warrants and Robert O'Brien exercised 10,000 warrants. The shares were issued without registration under the Securities Act by reason of the exemption from registration afforded by the provisions of Section 4(2) thereof, as a transaction by an issuer not involving any public offering. Messers Dunne, Duval and O'Brien were accredited investors at the time of the exercise. They delivered appropriate investment representations with respect to the stock issuance and consented to the imposition of a restrictive legend upon the certificates representing their shares. They represented that they had not entered into the transaction with us as a result of or subsequent to any advertisement, article, notice, or other communication published in any newspaper, magazine, or similar media or broadcast on television or radio, or presented at any seminar or meeting. They represented that they had been afforded the opportunity to ask questions of our management and to receive answers concerning the terms and conditions of the warrant exercisees. No underwriting discounts or commissions were paid in connection with these transactions.

On April 29, 2008, we issued 100,000 shares to Alaska Minerals, Inc. as part of a debt settlement agreement of an outstanding invoice for services valued at $10,000. These shares were issued without registration under the Securities Act by reason of the exemption from registration afforded by the provisions of Section 4(6) and/or Section 4(2) thereof, and Rule 506 promulgated thereunder, as a transaction by an issuer not involving any public offering. At the time of the

purchase Alaska Minerals, Inc. was an accredited investor as defined in Regulation D. It delivered appropriate investment representations with respect to this stock sale and consented to the imposition of restrictive legends upon the stock certificate representing the shares. Alaska Minerals, Inc. did not enter into the transaction with the us as a result of or subsequent to any advertisement, article, notice, or other communication published in any newspaper, magazine, or similar media or broadcast on television or radio, or presented at any seminar or meeting. Representatives of Alaska Minerals, Inc. were also afforded the opportunity to ask questions of our management and to receive answers concerning the terms and conditions of the transaction. No underwriting discounts or commissions were paid in connection with the stock sale.

ITEM 6. EXHIBITS

Exhibit Number	Description of Document
10.5	Mining Lease and Option to Purchase Agreement dated March 31, 2008, between Gold Crest Mines, Inc. and Bradley Mining Company, a California Corporation
10.6	Golden Lynx, LLC, Limited Liability Company Agreement dated April 18, 2008, between Kisa Gold Mining, Inc. and Cougar Gold LLC
10.7	AKO Venture Agreement dated May 5, 2008, between Kisa Gold Mining, Inc. and Newmont North America Exploration Limited, a Delaware Corporation
10.8	Luna Venture Agreement dated May 5, 2008, between Kisa Gold Mining, Inc. and Newmont North America Exploration Limited, a Delaware Corporation
10.9	Chilly Venture Agreement dated May 5, 2008, between Kisa Gold Mining, Inc. and Newmont North America Exploration Limited, a Delaware Corporation
31.1	Certification of CEO pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act
31.2	Certification of CFO pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act
32.1	Certification of CEO pursuant to 18 U.S.C. Section 1350
32.2	Certification of CFO pursuant to 18 U.S.C. Section 1350

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GOLD CREST MINES, INC.

Date: August 8, 2008

By: /s/ Thomas H. Parker
Thomas H. Parker
President and CEO
(Principal Executive Officer)

Date: August 8, 2008

By: /s/ Matt J. Colbert
Matt J. Colbert
CFO
(Principal Financial Officer)

Exhibit 10.5

Mining Lease and Option to Purchase Agreement

This Mining Lease and Option to Purchase Agreement ("Agreement") is made and entered into by and between BRADLEY MINING CO., a California corporation ("Owner") and GOLD CREST MINES, INC., a Nevada corporation ("Gold Crest").

Recitals

A. Owner owns nine patented mining claims situated in Valley County, Idaho more particularly described in Exhibit "A" attached to and by this reference incorporated in this Agreement (the "Property").

B. The parties desire for Owner to lease the Property to Gold Crest and for Owner to grant to Gold Crest the option to purchase the Property on the terms and conditions of this Agreement.

Now, therefore, in consideration of their mutual promises, the parties agree as follows:

1. Definitions. The following defined terms, wherever used in this Agreement, shall have the meanings describe below:

1.1 "Closing Date" means the date on which Gold Crest's purchase of the Property is closed in accordance with Section 5.

1.2 "Effective Date" means Mar. 31, 2008.

1.3 "Governmental Regulations" means all directives, laws, orders, ordinances, regulations and statutes of any federal, state or local agency, court or office.

1.4 "Lease Year" means the one (1) year period following the Effective Date.

1.5 "Minerals" means all minerals and mineral materials, including gold, silver, platinum and platinum group metals, base metals (including antimony, chromium, cobalt, copper, lead, manganese, mercury, nickel, molybdenum, titanium, tungsten, zinc), and other metals and mineral materials which are on, in or under the Property.

1.6 "Option" means the Option granted by Owner to Gold Crest to purchase the Property.

1.7 "Payments" means the payments payable by Gold Crest in accordance with Section 4.1.

1.8 "Purchase Price" means the purchase price for the Property described in Section 4.

2. Lease and Grant of Rights. Owner leases the Property to Gold Crest and grants Gold Crest the rights and privileges described in this Section.

2.1 Lease. Owner leases the Property to Gold Crest for the purposes of exploration for Minerals; provided, however, that Gold Crest shall have no right to construct, develop or operate a mine on the Property without first having exercised and closed the Option.

2.2 Water Rights. Subject to the regulations of the State of Idaho concerning the appropriation and taking of water, Gold Crest shall have the right to appropriate and use water, to drill wells for water on the Property and to lay and maintain all necessary water lines as may be required by Gold Crest in its operations on the Property. If Gold Crest acquires or files any application for appropriation or a permit, it shall cause each such application and permit to be taken jointly in the names of Owner and Gold Crest. On termination of this Agreement, except on Gold Crest's exercise and closing of the Option, Gold Crest shall assign and convey to Owner all permits and water rights appurtenant to the Property which are acquired by Gold Crest during the term of this Agreement. If Gold Crest exercises and closes the Option, Owner shall assign and convey to Gold Crest all permits and water rights appurtenant to the Property.

3. Term. The term of this Agreement shall commence on the Effective Date and shall expire one (1) year after the Effective Date, unless this Agreement is sooner terminated, canceled or extended.

4. Payments.

4.1 Payments. Gold Crest shall make the following payments to Owner:

4.1.1 Cash Payments: On the dates described below, Gold Crest shall pay to Owner the sums ("Payments") described below:

Date
On-signing, a payment of $75,000
At the Closing, the Purchase Price of $225,000

4.2 Method of Payment. Except as otherwise provided in this Agreement, all payments by Gold Crest to Owner shall be paid by check or wire transfer to an account designated by Owner.

4.3 Currency. All sums referred to in this Agreement are in United States currency.

5. Option. Owner grants to Gold Crest the exclusive right to acquire a 100% interest in the Property. Gold Crest may exercise the Option at any time after the Effective date and during the term of this Agreement by giving Owner at least 30 days prior written notice of the exercise and by making the Payments listed in Subsection 4.1.1.

5.1 Title Transfer. The parties shall make diligent efforts to close the conveyance of the Property, within thirty (30) days Gold Crest's delivery of the notice of exercise to Owner.

5.2 Real Property Transfer Taxes. Gold Crest shall pay the real property transfer taxes, if any, the costs of escrow and all recording costs incurred in closing of the Option.

5.3 Proration of Taxes. Payment of any and all state and local real property and personal property taxes levied on the Property and not otherwise provided for in this Agreement shall be prorated between the parties as of the closing of any transaction on the basis of a thirty (30) day month.

5.4 Conveyance on Closing. If Gold Crest exercises the Option, Owner shall execute and deliver to Gold Crest a warranty deed for the Property in the form of Exhibit "B" attached to and by this reference incorporated in this Agreement. Owner and Gold Crest shall execute and deliver such other written assurances and instruments as are reasonably necessary for the purpose of conveying title of the Property to Gold Crest.

6. Compliance with Law. Gold Crest shall, at Gold Crest's sole cost, promptly comply with all Governmental Regulations relating to the condition, use or occupancy of the Property by Gold Crest, including but not limited to all exploration and development work performed by Gold Crest during the term of this Agreement. Gold Crest shall, at its sole cost, promptly comply with all applicable Governmental Regulations regarding reclamation of the Property for operations carried on by Gold Crest on the Property during the term of this Agreement. Owner agrees to cooperate with Gold Crest in Gold Crest's application for governmental licenses, permits and approvals, the costs of which shall be borne by Gold Crest.

7. Gold Crest's Work Practices. Gold Crest shall conduct its operations on the Property in a miner-like fashion.

8. Liens and Notices of Non-Responsibility. Gold Crest agrees to keep the Property at all times free and clear of all liens, charges and encumbrances of any and every nature and description done made or caused by Gold Crest, and to pay, and defend, indemnify and hold harmless Owner from and against, all indebtedness and liabilities incurred by or for Gold Crest that may or might become a lien, charge or encumbrance on the Property; except that Gold Crest need not discharge or release any such lien, charge or encumbrance so long as Gold Crest disputes or contests the lien, charge or encumbrance and posts a bond sufficient to discharge the lien acceptable to Owner.

9. Taxes.

9.1 Real Property Taxes. Owner shall pay any and all taxes assessed and due against the Property before execution of this Agreement. All taxes levied or assessed on the Property for the year in which this Agreement is executed and for the year in which this Agreement terminates shall be prorated between Owner and Gold Crest except that neither Owner nor Gold Crest shall be responsible for the payment of any taxes which are based upon income, net proceeds, production or revenues from the Property assessed solely to the other party.

9.2 Personal Property Taxes. Each party shall promptly when due pay all taxes assessed against such party's personal property, improvements or structures placed or used on the Property.

9.3 Delivery of Tax Notices. If Owner receives tax bills or claims which are Gold Crest's responsibility, Owner shall promptly forward them to Gold Crest for payment.

10. Relationship of the Parties.

10.1 No Partnership. This Agreement shall not be deemed to constitute any party, in its capacity as such, the partner, agent or legal representative of any other party, or to create any joint venture, partnership, mining partnership or other partnership relationship between the parties.

10.2 Competition. Except as expressly provided in this Agreement, each party shall have the free and unrestricted right independently to engage in and receive the full benefits of any and all business endeavors of any sort outside the Property or outside the scope of this Agreement, whether or not competitive with the endeavors contemplated under this Agreement, without consultation with or participation of the other party. In particular, without limiting the foregoing, neither party to this Agreement shall have any obligation to the other as to any opportunity to acquire any interest, property or right offered to it outside the scope of this Agreement.

11. Title. Owner represents and warrants (a) that it has good and marketable title to the Property and that the Property is free and clear of all claims, liens and encumbrances; (b) that it has the right, legal and otherwise, to convey the Property to Gold Crest in accordance with the terms of this Agreement.

12. Covenants, Warranties and Representations. Each of the parties covenants, warrants and represents for itself as follows:

12.1 Compliance with Laws. That it has complied with all applicable laws and regulations of any governmental body, federal, state or local, regarding the terms of and performance of its obligations under this Agreement.

12.2 No Pending Proceedings. That there are no lawsuits or proceedings pending or threatened which affect its ability to perform the terms of this Agreement.

12.3 Costs. That it shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

12.4 Brokers. That it has had no dealings with any agent, broker or finder in connection with this Agreement, and shall indemnify, defend and hold the other party harmless from and against any claims that may be asserted through such party that any agent's broker's or finder's fee is due in connection with this Agreement.

12.5 Corporation Existence and Approvals. That it is a corporation validly incorporated and existing in its state of incorporation and qualified to do business in the State of

Idaho, and that it has obtained all necessary corporate and shareholders' approvals and consents to enter into this Agreement and to perform its obligations hereunder.

13. Termination by Gold Crest. Gold Crest may at any time terminate this Agreement by giving written thirty (30) days advance notice to Owner. If Gold Crest terminates this Agreement, Gold Crest shall perform all obligations which accrue or become due before the termination date. On Gold Crest's termination of this Agreement, within ten (10) days after termination Gold Crest shall execute and deliver to Owner a release and termination of this Agreement in a form acceptable for recording.

14. Surrender of Property. On expiration or termination of this Agreement, Gold Crest shall surrender the Property promptly to Owner and at Gold Crest's sole cost shall remove from the Property all of Gold Crest's buildings, equipment and structures.

15. Data. Within thirty (30) days following termination of this Agreement, Gold Crest shall deliver to Owner copies of all data regarding the Property in Gold Crest's possession at the time of termination and, at Owner's request, Gold Crest shall deliver to Owner all drilling core samples and sample splits taken from the Property.

16. Confidentiality. The data and information, including the terms of this Agreement, coming into either party's possession by virtue of this Agreement shall be deemed confidential and shall not be disclosed to third parties except as may be required to publicly record or protect title to the Property or to publicly announce and disclose information under Governmental Regulations or under the rules and regulations of any stock exchange on which the stock of any party, or the parent or affiliates of any party, is listed. If a party negotiates for a transfer of all or any portion of its interest in the Property or under this Agreement or negotiates to procure financing or loans relating to the Property, in order to facilitate any such negotiations such party shall have the right to furnish information to third parties, provided that each third party to whom the information is disclosed agrees to maintain its confidentiality in the manner provided in this Section.

17. Assignment.

17.1 Gold Crest's Assignment. Except as expressly provided in this Agreement, Gold Crest shall not assign, convey, encumber, sublease, grant any concession, or license or otherwise transfer (each a "Transfer") all or any part of its interest in this Agreement or the Property, without, in each case, Owner's prior written consent, which shall not be withheld unreasonably. Gold Crest may Transfer all or any part of its interest in this Agreement to a wholly-owned subsidiary, parent or to an affiliate wholly-owned directly or indirectly by Gold Crest or by an entity under common control with Gold Crest. Any Transfer of this Agreement which is prohibited under this Section shall be deemed void and shall constitute a material default under the terms of this Agreement.

17.2 Owner's Assignment. Subject to Gold Crest's rights under this Agreement, Owner shall have the right to assign and convey or sell all or any part of its interest in this Agreement or the Property. No change in ownership of Owner's interest in the Property shall

affect Gold Crest's obligations under this Agreement unless and until Owner delivers and Gold Crest receives copies of the documents which demonstrate the change in ownership of Owner's interest. No division of Owner's ownership as to all or any part of the Property shall enlarge Gold Crest's obligations or diminish Gold Crest's rights under this Agreement.

18. Memorandum Agreement. The parties shall execute and deliver at the closing a memorandum of this Agreement which may be recorded by Gold Crest. The execution of the memorandum shall not limit, increase or in any manner affect any of the terms of this Agreement or any rights, interests or obligations of the parties.

19. Notices. Any notices required or authorized to be given by this Agreement shall be in writing and shall be sent either by commercial courier, facsimile, or by certified U.S. mail, postage prepaid and return receipt requested, addressed to the proper party at the address stated below or such address as the party shall have designated to the other party in accordance with this Section. Such notice shall be effective on the date of receipt by the addressee party, except that any facsimiles received after 5:00 p.m. of the addressee's local time shall be deemed delivered the next day.

If to Owner:
Bradley Mining Co.
Attn: Frederick W. Bradley, President
1814 Springvale Lane
Lincoln, CA 95648
Fax_____

If to Gold Crest :
Gold Crest Mines, Inc.
Attn: Thomas H. Parker, President and CEO
10807 E. Montgomery Ave., Suite #1
Spokane, WA 99206
Fax_____

20. Binding Effect of Obligations. This Agreement shall be binding upon and inure to the benefit of the respective parties and their successors or assigns.

21. Entire Agreement. The parties agree that the entire agreement between them is written in this Agreement and in a memorandum of agreement of even date. There are no terms or conditions, express or implied, other than expressly stated in this Agreement. This Agreement may be amended or modified only by a written instrument signed by the parties with the same formality as this Agreement.

22. Governing Law and Forum Selection. This Agreement shall be construed and enforced in accordance with the laws of Idaho. Any action or proceeding concerning the construction, or interpretation of the terms of this Agreement or any claim or dispute between the parties shall be commenced and heard in a state court of competent jurisdiction in the State of Idaho.

23. Multiple Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which shall constitute the same Agreement.

24. Severability. If any part, term or provision of this Agreement is held by a court of competent jurisdiction to be illegal or in conflict with any Governmental Regulations, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term or provision held to be invalid.

25. Time of Essence. Time is of the essence in the performance of the parties' obligations under this Agreement.

The parties have executed this Agreement effective as of the Effective Date.

BRADLEY MINING CO.

By: _____
Frederick W. Bradley, President

GOLD CREST MINES, INC.

By: _____
Thomas H. Parker, President and CEO

15193572.1

EXHIBIT "A"

Nine Patented Mining Claim of Bradley Mining Company
in Valley County, Idaho

Survey No. 3039, Patent No. 974550:	Book of Patents	Page	Date Recorded
Meadow Creek No. 1	3	73	March 8, 1926
Meadow Creek No. 2	3	73	March 8, 1926
Meadow Creek No. 3	3	73	March 8, 1926
Meadow Creek No. 4	3	73	March 8, 1926
Meadow Creek No. 5	3	73	March 8, 1926

Survey No. 3397, Patent No. 1120542:	Book of Patents	Page	Date Recorded
Monday No. 2	3	195	February 14, 1946
Monday No. 3	3	195	February 14, 1946
Monday No. 6	3	195	February 14, 1946
Meadow Creek No. 8	3	195	February 14, 1946

EXHIBIT "B"

WARRANTY DEED

FOR VALUE RECEIVED, BRADLEY MINING CO., a California corporation, hereinafter referred to as the Grantor, hereby grants, bargains, sells and conveys unto GOLD CREST MINES, INC., a Nevada corporation, whose address is 10807 E. Montgomery Avenue, Suite 1, Spokane, WA 99201, hereinafter referred to as the Grantee, the following described premises situated in Valley County, State of Idaho, to-wit:

Nine Patented Mining Claims of Bradley Mining Co.
recorded in the Records of Valley County, Idaho

Survey No. 3039, Patent No. 974550:	Book of Patents	Page	Date Recorded
Meadow Creek No. 1	3	73	March 8, 1926
Meadow Creek No. 2	3	73	March 8, 1926
Meadow Creek No. 3	3	73	March 8, 1926
Meadow Creek No. 4	3	73	March 8, 1926
Meadow Creek No. 5	3	73	March 8, 1926

Survey No. 3397, Patent No. 1120542:	Book of Patents	Page	Date Recorded
Monday No. 2	3	195	February 14, 1946
Monday No. 3	3	195	February 14, 1946
Monday No. 6	3	195	February 14, 1946
Meadow Creek No. 8	3	195	February 14, 1946

SUBJECT TO easements, reservations and restrictions of record or apparent; royalties of record; and real property taxes and assessments for the year 2008 and thereafter.

TOGETHER with all and singular the tenements, hereditaments, and appurtenances thereunto belonging or in anyway appertaining, the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all estate, right, title and interest in and to the property, as well in law as in equity.

TO HAVE AND TO HOLD all and singular the property, together with the appurtenances, unto the Grantee, Grantee's successors and assigns forever.

AND Grantor shall and will warrant and by these presents forever defend the premises in the quiet and peaceable possession of Grantee, Grantee's successors and assigns against Grantor

and Grantor's successors and assigns and against all and every person and persons whomsoever lawfully claiming the same.

IN WITNESS WHEREOF, Grantor has hereunto executed this Warranty Deed the _____ day of _____, 200__.

BRADLEY MINING CO.

By_____
Fredrick W. Bradley, President

STATE OF _____)
:ss
COUNTY OF_____)

On this ___ day of _____200__, before me, the undersigned Notary Public in and for said State, personally appeared FREDRICK W. BRADLEY, know or identified to be the President of the corporation that executed the foregoing instrument on behalf of said corporation and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

_____
Notary Public to State of _____
Residing at _____
My Commission Expires_____

Exhibit 10.6

GOLDEN LYNX LLC

LIMITED LIABILITY COMPANY AGREEMENT

BETWEEN

KISA GOLD MINING, INC.

AND

COUGAR GOLD LLC

APRIL 18, 2008

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LIMITED LIABILITY COMPANY AGREEMENT
OF
GOLDEN LYNX LLC

This Limited Liability Company Agreement (this **"Agreement"**) is made as of April 18, 2008 (the **"Effective Date"**) between KISA GOLD MINING, INC., an Alaska corporation (**"Kisa"**), and COUGAR GOLD LLC, a Delaware limited liability company (**"Cougar"**).

RECITALS

A. Kisa owns certain Properties in southwest Kuskokwim region of Alaska more particularly described in **Exhibit A** and defined in **Article I**.

B. Cougar wishes to participate with Kisa in the exploration, evaluation, development and mining of mineral resources within the Properties or any other properties acquired pursuant to the terms of this Agreement.

C. Kisa and Cougar wish to form and operate a limited liability company to own the Properties and conduct the operations thereon contemplated by this Agreement.

In consideration of the covenants and agreements contained herein, Kisa and Cougar agree as follows:

ARTICLE I
DEFINITIONS

1.1 Defined Terms. In addition to terms otherwise defined herein, the following terms shall have the following meanings:

"Accounting Procedure" means the procedures set forth in **Exhibit B**.

"Act" means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, *et seq.*, as it may be amended.

"Affiliate" means any person, partnership, limited liability company, joint venture, corporation or other form of enterprise which directly or indirectly controls, is controlled by, or is under common control with, a Member. For purposes of the preceding sentence, "control'' means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise.

"Agreement" means this Limited Liability Company Agreement, including all amendments and modifications thereof, and all schedules and exhibits, which are incorporated herein by this reference.

"Area of Interest" means the one-mile area around the outside boundaries of each of the Properties as of the Effective Date, as depicted in Part 2 of **Exhibit A**.

"**Assets**" means the Properties, Products and all other real and personal property, tangible and intangible, held by the Company.

"**Budget**" means a detailed estimate of all costs to be incurred by the Company with respect to a Program and a schedule of cash advances to be made by the Members with respect to such Program.

"**Business Account**" means the account maintained in accordance with the Accounting Procedure.

"**Capital Account**" means the capital account maintained for each Member in accordance with Treas. Reg. § 1.704-1(b)(2)(iv).

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"**Company**" means GOLDEN LYNX LLC, the Delaware limited liability company governed by this Agreement.

"**Confidential Information**" means all information, data, knowledge and know-how (including, but not limited to, formulas, patterns, compilations, programs, devices, methods, techniques and processes) that derive independent economic value, actual or potential, as a result of not being generally known to, or readily ascertainable by, third parties and which are the subject of efforts that are reasonable under the circumstances to maintain their secrecy, including all analyses, interpretations, compilations, studies and evaluations of such information, data, knowledge and know-how generated or prepared by or on behalf of either Member, the Manager or the Company.

"**Continuing Obligations**" means obligations or responsibilities that are reasonably expected to continue or arise after Operations on a particular area of the Properties have ceased or are suspended, such as future monitoring, stabilization, or Environmental Compliance.

"**Development**" means all preparation for the removal and recovery of Products, including the construction or installation of a mill or any other improvements to be used for the mining, handling, milling, processing or other beneficiation of Products.

"**Environmental Compliance**" means action performed during or after Operations to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Properties or other compliance with Environmental Laws.

"**Environmental Laws**" means Laws aimed at reclamation or restoration of the Properties; abatement of pollution; protection of the environment; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials and substances; releases or threatened release of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances as wastes into the environment, including ambient air, surface water and groundwater; and all other laws relating to the manufacturing, processing, distribution,

use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.

"**Environmental Liabilities**" means any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements, or expenses (including, attorneys' fees and costs, experts' fees and costs, and consultants' fees and costs) of any kind or of any nature whatsoever that are asserted against the Company, either Member or the Manager, by any person or entity other than the other Member, alleging liability (including, liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from (i) the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above the Properties and/or emanating or migrating and/or threatening to emanate or migrate from the Properties to off-site properties; (ii) physical disturbance of the environment; or (iii) the violation or alleged violation of any Environmental Laws.

"**Exploration**" means all activities directed toward ascertaining the existence, location, quantity, quality or commercial value of deposits of Products.

"**Exploration Expenditures**" means funds applied toward Exploration activities, including, but not limited to the following:

(i) salaries, wages and costs of benefits, labor overhead expenses and travel and living expenses for Cougar's employees employed directly on or for the benefit of the Properties;

(ii) costs and expenses of equipment, machinery, materials and supplies on or for the benefit of the Properties;

(iii) all payments to contractors for work on or for the benefit of the Properties;

(iv) costs of sampling, assays, metallurgical testing and analyses and other costs incurred to determine the quantity and quality of minerals on the Properties;

(v) costs incurred to apply for and obtain approvals, consents, licenses, permits and rights-of-way and other similar rights in connection with activities on the Properties;

(vi) expenses and payments of rentals, bonuses, minimum advance royalties and other payments pursuant to Underlying Agreements, if any;

(vii) costs and expenses of performance of annual assessment work and the filing and recording of proof of performance of annual assessment work, if required to be performed;

(viii) costs and expenses of payment of federal, state or native annual mining claim maintenance fees and the filing and recording of proof of payment of federal, state or native annual mining claim maintenance fees;

(ix) all costs and expenses of performance of all obligations under Underlying Agreements, if any;

(x) all taxes and assessments levied against the Properties;

(xi) all costs related to the procurement and/or staking of mining claims within the Area of Interest;

(xii) costs incurred in the examination of and curative actions taken concerning title to the Properties; and

(xiii) the Management Fee.

"Initial Contribution" means those capital contributions that each Member has made or hereafter makes pursuant to **Section 5.1**.

"Management Committee" means the committee established under **Article VII**.

"Management Fee" means the Management Fee provided for in the Accounting Procedures.

"Manager" means the person or entity appointed under **Article VIII** from time to time as the manager of the Company.

"Member" and **"Members"** mean Kisa and Cougar and any other person or entity admitted as a substituted or additional Member of the Company under this Agreement.

"Membership Interest" means, with respect to any Member: (i) that Member's status as a Member; (ii) that Member's Capital Account and share of the profits, losses and other items of income, gain, loss, deduction and credits of, and the right to receive distributions (liquidating or otherwise) from the Company under the terms of this Agreement; (iii) all other rights, benefits and privileges enjoyed by that Member in its capacity as a Member, including that Member's rights to vote, consent and approve those matters described in this Agreement; and (iv) all obligations, duties and liabilities imposed on that Member under this Agreement in its capacity as a Member.

"Mining" means the mining, extracting, producing, handling, milling or other processing of Products.

"Net Profits" has the meaning set out in **Exhibit D**.

"Net Profits Interest" means 20% of Net Profits, as calculated in accordance with **Exhibit D**.

"Operations" means the activities carried out by the Company under this Agreement.

"Percentage Interest" means the percentage interest of a Member in certain allocations of profits and losses and other items of income, gain, loss or deduction and certain distributions of cash or property, representing the Membership Interest of a Member in the Company, as such interest may from time to time be adjusted hereunder. Percentage Interests shall be calculated to three decimal places and rounded to two (e.g., 1.519% rounded to 1.52%). Decimals of .005 or more shall be rounded up to .01, decimals of less than .005 shall be rounded down. The initial Percentage Interests of the Members are set forth in **Section 6.1**. The Percentage Interests of the Members may be adjusted as provided in **Section 6.2**.

"Prime Rate" means the interest rate quoted as "Prime" by Wells Fargo Bank, N.A., at its head office, as said rate may change from day to day (which quoted rate may not be the lowest rate at which such bank loans funds).

"Products" means all ores, minerals and mineral resources produced from, or sought to be produced from, the Properties under this Agreement.

"Program" means a description in reasonable detail of Operations to be conducted and objectives to be accomplished by the Manager for a year or any longer period.

"Properties" means those interests in real property described in Part 1 of **Exhibit A** and all other interests in real property within the Area of Interest which are acquired and held subject to this Agreement.

"Transfer" means to sell, grant, assign, encumber, pledge or otherwise commit or dispose of. With respect to a Membership Interest or any economic interest therein, a Transfer also shall include the transfer of a direct or indirect or beneficial equity interest in a Member if the transfer, either alone or in conjunction with other such transfers made after the transferor first became a Member, results in a change in control of such Member. For purposes hereof, "change in control" means, with respect to a Member: (i) a transfer, directly or indirectly (including by merger), of all or substantially all of the assets of such Member (including, but not limited to a transfer in liquidation of such Member); or (ii) the transfer, directly or indirectly, of at least 51% or more of the voting interests in such Member, whether by sale, merger, consolidation or contract.

"Treasury Regulations" or **"Treas. Regs."** means regulations issued by the United States Department of Treasury under the Code. Any reference herein to a specific section or sections of the Treasury Regulations shall be deemed to include a reference to any corresponding provision of future regulations under the Code.

"Underlying Agreement" means singly each of, and **"Underlying Agreements"** means collectively, any agreements, conveyances and instruments of mining claims, mineral leases, mineral rights or other property interests and rights entered into or acquired by the Company or any Member in accordance with or subject to the terms of this Agreement.

1.2 Interpretation. As used herein, except as otherwise indicated herein or as the context may otherwise require: (a) the words "include," "includes," and "including" are deemed

to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import, (b) the words "hereof," "herein," "hereunder," and comparable terms refer to the entirety of this Agreement, including the Exhibits hereto, and not to any particular article, section, or other subdivision hereof or Exhibit hereto, (c) any pronoun shall include the corresponding masculine, feminine, and neuter forms, (d) the singular includes the plural and vice versa, (e) references to any agreement or other document are to such agreement or document as amended, modified, supplemented, and restated now or hereafter from time to time, (f) references to any statute or regulation are to it as amended, modified, supplemented, and restated now or hereafter from time to time, and to any corresponding provisions of successor statutes or regulations, (g) except as otherwise expressly provided in this Agreement, references to "Article," "Section," "preamble," "recital," or another subdivision or to an "Exhibit" are to an article, section, preamble, recital or subdivision hereof or an "Exhibit" hereto, and (h) references to any Member, person or entity include the successors and permitted assigns of such Member, person or entity. Any reference herein to a "day" or number of "days" (without the explicit qualification of "business") shall be deemed to refer to a calendar day or number of calendar days. If interest is to be computed under this Agreement, such interest shall be computed on the basis of a 360-day year of twelve 30-day months. If any action or notice is to be taken or given on or by a particular calendar day, and such calendar day is not a business day, then such action or notice may be taken or given on the next succeeding business day. Any financial or accounting terms that are not otherwise defined herein shall have the meanings given thereto under generally accepted accounting principles.

ARTICLE II
REPRESENTATIONS AND WARRANTIES; TITLE TO ASSETS

2.1 Capacity of Members. As of the Effective Date, each of the Members represents and warrants as follows:

(a) it is a company duly organized and in good standing in its state of organization and is qualified to do business and is in good standing in those states where necessary in order to carry out the purposes of this Agreement;

(b) it has the capacity to enter into and perform this Agreement and all transactions contemplated herein and that all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken;

(c) it will not breach any other agreement or arrangement by entering into or performing this Agreement; and

(d) this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms.

2.2 Representations and Warranties of Kisa. As of the Effective Date, Kisa makes the following representations and warranties to Cougar:

(a) With respect to those Properties Kisa owns in fee simple, if any, Kisa is in exclusive possession of and owns such Properties free and clear of all defects, liens and encumbrances except those specifically identified on Part 1 of **Exhibit A**.

(b) There are no Underlying Agreements affecting the Properties.

(c) With respect to State of Alaska mining claims either located by Kisa or acquired by Kisa that are included within the Properties, except as provided in Part 1 of **Exhibit A** and subject to the paramount title of the State of Alaska: (i) the State of Alaska mining claims were properly laid out and monumented; (ii) all required location and validation work was properly performed; (iii) location notices and certificates were properly recorded and filed with appropriate governmental agencies; (iv) all annual labor required to hold the State of Alaska mining claims pursuant to Alaska law has been performed in a manner consistent with that required of the Manager pursuant to **Section 8.2(k)** of this Agreement through the annual labor year ending September 1, 2008; (v) all affidavits of annual labor or payment in lieu of annual labor and other filings or payments required to maintain the claims in good standing have been properly and timely recorded, filed or paid with appropriate governmental agencies; (vi) the claims are free and clear of defects, liens and encumbrances arising by, through or under Kisa; and (vii) Kisa has no knowledge of conflicting claims. Nothing in this **Section 2.2(c)**, however, shall be deemed to be a representation or a warranty that any of the State of Alaska mining claims contains a discovery of minerals

(d) There are no federal unpatented mining claims included within the Properties.

(e) Kisa has delivered to Cougar all information concerning title to the Properties in Kisa's possession or control, and Kisa has made available for inspection by Cougar all geologic, engineering and other data in its possession pertaining to the Properties and to the best of Kisa's knowledge, such data is accurate and complete in all material respects.

(f) There are no pending or threatened actions, suits, claims or proceedings with respect to the Properties.

The representations and warranties set forth above shall survive the execution and delivery of any documents of Transfer provided under this Agreement.

2.3 Disclosures. Each of the Members represents and warrants that it is unaware of any material facts or circumstances which have not been disclosed in this Agreement, which should be disclosed to the other Member in order to prevent the representations in this **Article II** from being materially misleading.

2.4 Record Title. Title to the Assets shall be held by the Company.

2.5 Loss of Title. Any failure or loss of title to the Assets, and all costs of defending title, shall be charged to the Business Account, except that in the event of costs and losses arising out of or resulting from any breach of the representations and warranties of Kisa, Kisa shall immediately make an additional capital contribution to the Company of the amount of such costs and losses incurred by the Company, and shall indemnify the Company, Cougar and its Affiliates for any such costs and losses incurred by the Company, Cougar or its Affiliates. Any such capital contributions shall be considered as part of Kisa's contribution of the Properties under **Section 5.1**, and for that reason shall not increase the Percentage Interest of Kisa or be credited to Kisa's Capital Account.

ARTICLE III
NAME, PURPOSES AND TERM

3.1 General. The Company has been duly organized pursuant to the Act by the filing of its certificate of formation in the Office of the Delaware Secretary of State by an authorized person. The Members agree that all of their rights with respect to the Company and all of the Operations shall be subject to and governed by this Agreement. To the fullest extent permitted by the Act, this Agreement shall control as to any conflict between this Agreement and the Act or as to any matter provided for in this Agreement that is also provided for in the Act.

3.2 Name. The name of the Company shall be "Golden Lynx LLC." The Manager shall accomplish any filings or registration required by applicable statutes where the Company conducts any Operations.

3.3 Purposes. This Company is formed for the following purposes and for no others, and shall serve as the exclusive means by which the Members, or either of them, accomplish such purposes:

(a) to conduct Exploration within the Properties and the Area of Interest,

(b) to acquire additional Properties within the Area of Interest,

(c) to evaluate the possible Development of the Properties,

(d) to engage in Development and Mining Operations on the Properties,

(e) to engage in marketing Products, to the extent permitted by **Article XI**,

(f) to complete and satisfy all Environmental Compliance obligations and Continuing Obligations affecting the Properties, and

(g) to perform any other activity necessary, appropriate, or incidental to any of the foregoing.

3.4 Limitation. Unless the Members otherwise agree in writing, the Operations shall be limited to the purposes described in **Section 3.3**, and nothing in this Agreement shall be construed to enlarge such purposes.

3.5 Term. The term of the Company shall be perpetual, unless earlier terminated pursuant to **Section 12.1**.

3.6 Registered Agent; Offices. The initial registered office and registered agent of the Company shall be as set forth in the Company's certificate of formation. The Manager may from time to time designate a successor registered office and registered agent and may amend the certificate of formation of the Company to reflect any such change. The location of the principal place of business of the Company shall be at such location as the Manager shall from time to time select.

ARTICLE IV
RELATIONSHIP OF THE MEMBERS

4.1 **No State-Law Partnership**. Nothing contained in this Agreement shall be deemed to constitute either Member the partner of the other, or to create any mining, commercial or other partnership (other than a partnership for federal and state tax purposes). Except pursuant to the authority expressly granted herein or as otherwise agreed in writing between the Members, neither Member shall have any authority to act for the Company or another Member or to assume any obligation or responsibility on behalf of the Company or the other Members, solely by virtue of being a Member.

4.2 **Federal Tax Elections and Allocations**. The Company shall be treated as a partnership for federal income tax purposes. Tax elections and allocations shall be made as set forth in **Exhibit C**.

4.3 **State Income Tax**. The Members also agree that, to the extent permissible under applicable law, their relationship shall be treated for state income tax purposes in the same manner as it is for federal income tax purposes.

4.4 **Tax Returns**. The Tax Matters Partner, as defined in **Exhibit C**, shall prepare and shall file, after approval of the Management Committee, any tax returns or other tax forms required.

4.5 **Other Business Opportunities**. Except as expressly provided in this Agreement, each Member and the Manager shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with the Operations, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture, or operation of either Member or the Manager, and, except as otherwise provided in **Section 12.4**, neither Member nor the Manager shall have any obligation to any Member with respect to any opportunity to acquire any property outside the Area of Interest at any time, or within the Area of Interest after the termination of the Company. Unless otherwise agreed in writing, no Member or the Manager shall have any obligation to mill, beneficiate or otherwise treat any Products in any facility owned or controlled by the Manager or any Member.

4.6 **Waiver of Right to Partition**. The Members hereby waive and release all rights of partition, or of sale in lieu thereof, or other division of Assets, including any such rights provided by statute.

4.7 **Implied Covenants; No Additional Duties**. There are no implied covenants contained in this Agreement other than those of the covenant of good faith and fair dealing. No Manager shall have any fiduciary or other duties to the Company except as specifically provided by this Agreement, and the Manager's and Members' duties and liabilities otherwise existing at law or in equity are restricted and eliminated by the provisions of this Agreement to those duties and liabilities specifically set forth in this Agreement. Notwithstanding any contrary provision of this Agreement, in carrying out any duties hereunder, the Manager and Members shall not be liable to the Company nor to any Member for breach of any duty for the Manager's or any such

Member's good faith reliance on the provisions of this Agreement, the records of the Company, or such information, opinions, reports or statements presented by any other Member, Manager, officer or employee of the Company, or the Management Committee or other committee of the Company, or by any other person as to matters such Member or the Manager reasonably believes are within such other person's professional or expert competence. The preceding sentence shall in no way limit any person's right to rely on information to the extent provided in Section 18-406 of the Act.

4.8 Liabilities; Indemnification.

(a) No Member or Manager of the Company, or any combination of the foregoing, shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation or liability of the Company, whether such liability or obligation arises in contract, tort or otherwise, solely by reason of being a Member or Manager of the Company or any combination of the foregoing.

(b) The Company shall indemnify, defend and hold harmless each Member and Manager, and their respective directors, officers, employees, agents and attorneys from and against any and all third party losses, claims, damages and liabilities arising out of or relating to (i) the Company or the Operations, including Environmental Liabilities and Continuing Obligations, (ii) any Properties assigned to a Member as an objecting Member pursuant to **Section 14.1**, but only to the extent arising out of or relating to Operations, including Environmental Liabilities and Continuing Obligations, conducted prior to the date of such assignment, and (iii) any reimbursements by one Member to the other Member or Manager of any of the foregoing pursuant to **Section 6.3**, except in any case of clauses (i) through (iii) above to the extent such losses, claims, damages or liabilities arise out of or result from such Member's willful misconduct or gross negligence. In all cases of this **Section 4.8(b)** and without limiting **Section 6.3**, indemnification shall be provided only out of and to the extent of the net assets of the Company and no Member shall have any personal liability whatsoever on account thereof. Notwithstanding the foregoing, the Company's indemnification pursuant to this **Section 4.8(b)** as to third party claims shall be only with respect to such loss, liability or damage that is not otherwise compensated by insurance carried for the benefit of the Company.

(c) NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NO PERSON OR ENTITY OTHER THAN A MEMBER SHALL HAVE THE RIGHT TO ENFORCE ANY REPRESENTATION OR WARRANTY OF A MEMBER HEREUNDER, OR ANY OBLIGATION OF A MEMBER TO CONTRIBUTE CAPITAL HEREUNDER, TO FUND CONTINUING OBLIGATIONS, TO REIMBURSE OR INDEMNIFY ANY OTHER MEMBER HEREUNDER, AND SPECIFICALLY NEITHER THE COMPANY NOR ANY LENDER OR OTHER THIRD PARTY SHALL HAVE ANY SUCH RIGHTS, IT BEING EXPRESSLY UNDERSTOOD THAT THE REPRESENTATIONS AND WARRANTIES, AND THE CONTRIBUTION, REIMBURSEMENT AND INDEMNIFICATION OBLIGATIONS SET FORTH IN **ARTICLES II, V** AND **XIII** AND **SECTIONS 6.3, 9.7, 9.8, 10.2, 10.3** AND **12.5** SHALL BE ENFORCEABLE ONLY BY A MEMBER AGAINST ANOTHER MEMBER (WHICH, NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, ARE IN ALL SUCH CASES FOR THE BENEFIT OF THE MEMBERS). FOR THE AVOIDANCE OF DOUBT, THE COMPANY

SHALL BE BOUND BY **ARTICLES II, V** AND **XIII** AND **SECTIONS 6.3, 9.7, 9.8, 10.2, 10.3** AND **12.5**, BUT SHALL HAVE NO RIGHT TO ENFORCE THOSE PROVISIONS AGAINST A MEMBER, SUCH RIGHTS BEING EXCLUSIVELY VESTED IN THE MEMBERS. ANY MEMBER MAY BRING A DIRECT ACTION AGAINST ANY OTHER MEMBER WITH RESPECT TO ANY OF **ARTICLES II, V** OR **XIII** OR **SECTIONS 6.3, 9.7, 9.8, 10.2, 10.3** OR **12.5** WITHOUT THE REQUIREMENT TO BRING A DERIVATIVE ACTION OR OTHERWISE SATISFY THE REQUIREMENTS OF SECTIONS 18-1001 THROUGH 18-1004 OF THE ACT OR OTHER SIMILAR REQUIREMENTS.

ARTICLE V
CONTRIBUTIONS BY MEMBERS

5.1 Members' Initial Contributions.

(a) As its Initial Contribution, Kisa shall contribute the Properties, together with all geologic, engineering and title data and information relating to the Properties in Kisa's possession or control, to the capital of the Company on the Effective Date pursuant to instruments of conveyance reasonably satisfactory to Cougar. The agreed value of Kisa's Initial Contribution is $2,863,636.

(b) Subject to the other provisions of this Agreement, as its Initial Contribution, Cougar shall contribute up to an aggregate of $3,500,000 to the capital of the Company on the terms and at the times set forth in this **Section 5.1(b)**, which capital contributions shall be used to fund Exploration Expenditures set forth in Programs and Budgets approved pursuant to **Article IX**:

(i) $750,000 on or before the first anniversary of the Effective Date, as such date may be extended pursuant to **Section 5.1(c)** (the "**First Contribution Date**");

(ii) An additional $1,250,000 on or before the second anniversary of the Effective Date, as such date may be extended pursuant to **Section 5.1(c)** (the "**Second Contribution Date**"); and

(iii) An additional $1,500,000 on or before the third anniversary of the Effective Date, as such date may be extended pursuant to **Section 5.1(c)** (the "**Third Contribution Date**").

(c) The First Contribution Date, the Second Contribution Date and the Third Contribution Date (each, a "**Contribution Date**") may be deferred or extended, at the sole discretion of Cougar, for any period that a Contribution Extension Event occurs and continues, provided that Cougar has made all commercially reasonable efforts to avoid a Contribution Extension Event. As used herein, a "**Contribution Extension Event**" means any of the following: (i) the inability of Cougar, on behalf of the Company, to obtain or maintain all necessary governmental approvals, consents, licenses and permits for any Exploration or other Operations to be conducted by the Company hereunder, or (ii) the inability of Cougar, on behalf of the Company, to obtain or retain on commercially reasonable terms exploration drilling equipment and competent crews for the operation of any drilling equipment that may be

necessary or useful for any Exploration or other Operations to be conducted by the Company hereunder; provided, that Cougar provides Kisa written notice of the reason for any such deferral or extension on or before 30 days prior to the applicable Contribution Date, or (iii) a force majeure event. If any Contribution Date is deferred or extended pursuant to this **Section 5.1(c)**, any subsequent Contribution Date shall be deferred or extended by any such deferral or extension. The date upon which Cougar has made its entire Initial Contribution is referred to herein as the **"First Option Completion Date."**

5.2 Failure to Make Initial Contribution.

(a) Notwithstanding **Section 5.1**, Cougar may elect to resign from the Company at any time prior to the First Option Completion Date by providing written notice to Kisa of such resignation. Such resignation shall be effective upon the delivery of such notice.

(b) In addition, if Cougar fails to contribute any portion of its Initial Contribution on or before the applicable Contribution Date set forth in **Section 5.1** but does not give notice of resignation, and does not cure such failure within 30 days after notice by Kisa of such failure, Cougar shall be deemed to have resigned from the Company upon the expiration of such 30 day period.

(c) If Cougar resigns or is deemed to resign pursuant to this **Section 5.2**, Cougar shall be responsible for making all payments due within 180 days after such resignation that are required to maintain the Company's ownership of the Properties, up to an aggregate of $100,000. Except for the foregoing, and except for Cougar's obligation to reimburse Kisa as provided in **Section 6.3**, from and after the date of such actual or deemed resignation, Cougar shall have no liability or obligation to contribute any remaining portion of its Initial Contribution or to make any other capital contributions to the Company, and shall be deemed to have been released from all liabilities and obligations to the Company and Kisa hereunder or with respect to the Operations. Upon the effective date of any such actual or deemed resignation, Cougar shall be deemed to have relinquished its entire Membership Interest, and shall have no further rights to receive distributions or any other payments from the Company or Kisa hereunder, except for Kisa's obligation to reimburse Cougar as provided in **Section 6.3**, which obligation shall survive such resignation.

(d) The Members acknowledge and agree that the provisions of this **Section 5.2** shall be the sole and exclusive remedy for the failure by Cougar to make its Initial Contribution hereunder.

5.3 Second Optional Contribution.

(a) Cougar may elect, by written notice to Kisa delivered within 30 days after the First Option Completion Date, to purchase an additional Membership Interest in the Company (the "**Second Option**") by making additional capital contributions to the Company in an aggregate amount of $2,500,000 (the "**Second Optional Contribution**"), which shall be used to fund Exploration Expenditures set forth in Programs and Budgets approved pursuant to **Article IX**. The Second Optional Contribution shall be contributed to the Company on or before the second anniversary of the First Option Completion Date (the "**Second Option Contribution**

Date"); *provided*, that the Second Option Contribution Date may be extended or deferred by any Contribution Extension Event. The date upon which Cougar has made its entire Second Optional Contribution is referred to herein as the **"Second Option Completion Date."** Effective immediately upon the Second Option Completion Date, Cougar's Percentage Interest shall be increased to 80%, and Kisa's Percentage Interest shall be diluted to 20%. Cougar shall provide written notice (the "**Second Option Completion Notice**") to Kisa promptly after the Second Option Completion Date.

(b) Notwithstanding the foregoing, unless Kisa shall have previously caused redemption of its interest and retention of a Net Profits Interest pursuant to **Section 5.8**, Kisa shall elect, by written notice to Cougar delivered within 10 days after receipt of the Second Option Completion Notice, to retain its 20% Percentage Interest or to cause the Company to redeem from Kisa its entire Membership Interest in exchange for a Net Profits Interest. Failure to deliver such notice within such time period shall be deemed to be an election to cause the Company to redeem its entire Membership Interest. Upon such election, Kisa shall execute and deliver such instruments as Cougar may request to evidence the assignment and transfer to the Company by Kisa of its Membership Interest, and the Company shall execute and deliver such instruments as Kisa may request to evidence the Net Profits Interest.

(c) Each Member hereby authorizes the Company to do all acts and things as may be necessary to make the adjustments in its books and records contemplated by this **Section 5.3**. Each Member hereby covenants and agrees, at any time upon the reasonable request of the other Member or the Company, to execute and deliver such instruments as may be necessary or desirable to cause or evidence such adjustments. Notwithstanding the foregoing, failure by the Company to adjust its books and records will not affect the respective Percentage Interests of the Members as determined pursuant to this **Section 5.3**. Cougar may, at its sole discretion, make the balance of its Second Optional Contribution prior to the Second Option Contribution Date in order to accelerate the Second Option Completion Date.

5.4 Failure to Make Second Optional Contribution. Cougar may, at any time prior to the Second Option Contribution Date, by written notice to Kisa, elect to cease making any remaining portion of the Second Optional Contribution. If Cougar makes such an election or does not contribute the entire Second Optional Contribution by the Second Option Contribution Date, the Percentage Interest of Cougar shall remain at 55%, and the Percentage Interest of Kisa shall remain at 45%. The Members acknowledge and agree that the loss by Cougar of the Second Option pursuant to this **Section 5.4** shall be the sole and exclusive remedy for the failure by Cougar to contribute the entire Second Optional Contribution.

5.5 Additional Capital Contributions. From and after the earlier of the date (the "**Proportionate Contribution Commencement Date**") that (a) Cougar has contributed its entire Initial Contribution, and, if the Second Option is elected by Cougar, its entire Second Optional Contribution, or (b) the loss by Cougar of its Second Option pursuant to **Section 5.4**, the Members, subject to any election permitted by **Section 5.8**, shall make capital contributions to the Company to fund adopted Programs and Budgets in proportion to their respective Percentage Interests.

5.6 Default in Making Additional Capital Contributions.

(a) Subject to an election properly made under **Section 5.8**, if a Member defaults in making a contribution or cash call required by an approved Program and Budget, the non-defaulting Member may elect any applicable remedy under **Section 5.6(b)** or any other rights and remedies available to such Member at law or in equity. All such remedies shall be cumulative. The election of one or more remedies shall not waive the election of any other remedies.

(b) The Members acknowledge that if a Member defaults in making a contribution, or a cash call, or in repaying a loan, as required hereunder, it will be difficult to measure the damages resulting from such default. In the event of such default, as reasonable liquidated damages, the non-defaulting Member may, with respect to any such default not cured within 30 days after notice from the non-defaulting Member to the defaulting Member of such default, elect one of the following remedies by giving notice to the defaulting Member:

(i) The non-defaulting Member may advance the entire amount of the defaulted capital contribution on behalf of the defaulting Member and treat the same, together with any accrued interest, as a demand loan to the defaulting Member bearing interest from the date of the advance at the rate provided in **Section 10.3**. Any such advance shall be treated as a loan from the non-defaulting Member to the defaulting Member and a subsequent capital contribution of that amount by the defaulting Member to the Company. The failure to repay such loan on demand shall entitle the non-defaulting Member to elect the remedies set forth in **Section 5.6(b)(ii)** and **(iii)**. All payments of such loan shall be applied first to interest, then to principal. During the time that any such loan is outstanding, all distributions from the Company that would otherwise be made to the defaulting Member shall instead by made to the non-defaulting Member, and shall be treated as a distribution to the defaulting Member and a subsequent payment of the amount or value of the distribution to the non-defaulting Member.

(ii) For a default relating exclusively to an Exploration Program and Budget, the non-defaulting Member may elect to have the defaulting Member's Percentage Interest permanently reduced by a fraction, expressed as a percentage, equal to the quotient of (A) the product of (i) three (3); *multiplied by* (ii) the amount of the capital contribution that such Member failed to contribute; *divided by* (B) the agreed value or amount of all capital contributions previously made by all of the Members since the inception of the Company. The Percentage Interest of the non-defaulting Member shall be increased by the decrease in the Percentage Interest of the defaulting Member. The adjustments to the Percentage Interests of the Members pursuant to this **Section 5.6(b)(ii)** shall be effective as of the date of the default.

(iii) For a default relating to a Program and Budget covering in whole or in part Development or Mining, at the non-defaulting Member's election, the defaulting Member shall be deemed to have resigned from the Company in breach of **Sections 10.2** and **10.3** of this Agreement within the meaning of Section 18-306(2) and 18-502(c) of the Act and, as a consequence, shall have its entire

Membership Interest cancelled for no consideration as provided in **Section 12.2** of this Agreement.

(iv) At the non-defaulting Member's election, the non-defaulting Member may exercise its rights as a secured party under **Section 5.7**.

5.7 Grant of Security Interest. Each Member hereby grants to the other a security interest in its Membership Interest, and any accessions thereto and any proceeds and products therefrom, to secure each and every obligation of such Member hereunder. Each Member hereby authorizes the other to file and record all financing statements, continuation statements or other instruments necessary or desirable to perfect or effectuate the provisions hereof. In connection with any foreclosure, transfer in lieu, or other enforcement of rights in the security interest granted in this **Section 5.7**, notwithstanding any contrary provision in **Article XV**, the acquiring person or entity shall, at the election of the remaining Member, automatically be admitted as a Member in the Company without any further action of the defaulting Member; provided, that the defaulting Member shall take all action that the non-defaulting Member may reasonably request to effectuate the admission of the transferee as a Member of the Company.

5.8 Voluntary Reduction in Percentage Interest. After the Proportionate Contribution Commencement Date, either Member may elect by written notice to the other Member to cause the Company to redeem from the electing Member its entire Membership Interest in exchange for a Net Profits Interest, in which event the electing Member shall execute and deliver such instruments as the other Member may request to evidence the assignment and transfer to the Company of such Membership Interest, and the Company shall execute and deliver such instruments as the electing Member may request to evidence the Net Profits Interest. Further, after the Proportionate Contribution Commencement Date, either Member may elect, as provided in **Section 9.5**, to limit its contributions to an adopted Program and Budget as follows:

(a) To some lesser amount than its respective Percentage Interest; or

(b) By not contributing any amount to the adopted Program and Budget.

If a Member elects to contribute to an adopted Program and Budget some lesser amount than its proportionate share of such Program and Budget based on its Percentage Interest, or not to contribute any amount, the Percentage Interest of such Member shall be permanently reduced effective as of the time of the election, by a fraction, expressed as a percentage, equal to the quotient of (i) the difference of (A) the amount that such Member would have been required to contribute under such adopted Program and Budget in accordance with such Member's Percentage Interest, *minus* (B) the amount, if any, that such Member has agreed to contribute to such Program and Budget; *divided by* (ii) the sum of (A) the aggregate amount and agreed value of all capital contributions previously made by all Members to the Company since the inception of the Company, *plus* (B) the aggregate amount of the adopted Program and Budget. The Percentage Interest of the other Member shall be increased by the amount of such decrease.

5.9 Elimination of Minority Interest.

(a) Upon the reduction of the Percentage Interest of a Member (a "**Minority Member**") to less than 20%, the Company shall redeem the entire Membership Interest of the

Minority Member in exchange for a Net Profits Interest. In such event, the Minority Member shall execute and deliver such instruments as the other Member may request to evidence the assignment and transfer to the Company by the Minority Member of its Membership Interest, and the Company shall execute and deliver such instruments as the Minority Member may request to evidence the Net Profits Interest.

(b) Upon the reduction of the Percentage Interest of a Member to less than 20% pursuant to **Section 5.6** in connection with a default by a Member in making additional capital contributions under **Section 5.5**, the defaulting Member shall be deemed to have resigned from the Company in breach of **Section 9.5** of this Agreement within the meaning of Sections 18-306(2) and 18-502(c) of the Act and, as a consequence, shall have its entire Membership Interest cancelled for no consideration as provided in **Section 12.2** of this Agreement.

5.10 Return of Contributions. No Member shall be entitled to the return of any part of its capital contributions or to be paid interest in respect of either its Capital Account or its capital contributions. No unrepaid capital contribution shall constitute a liability of the Company, the Manager or any Member. A Member is not required to contribute or to lend cash or property to the Company to enable the Company to return any Member's capital contributions. The provisions of this **Section 5.10** shall not limit a Member's rights or obligations under **Article XII**.

ARTICLE VI
PERCENTAGE INTERESTS

6.1 Initial Percentage Interests. The Members shall have the following initial Percentage Interests:

Kisa - 45%
Cougar - 55%

6.2 Changes in Percentage Interests. A Member's Percentage Interest shall be adjusted as follows:

(a) As provided in **Section 5.2, 5.3, 5.4, 5.6, 5.8** or **5.9**; or

(b) Upon the Transfer by a Member of all or less than all of its Membership Interest in accordance with **Article XV**; or

(c) Upon the issuance of additional Membership Interests in the Company with the unanimous consent of the Members.

6.3 Continuing Obligations and Liabilities. Each Member shall be liable to the other Member (including in its capacity as a Manager) to reimburse and pay to such other Member its respective share, based on Percentage Interests, of any and all third party losses, claims, damages and liabilities arising out of or relating to (a) the Company or the Operations, including Environmental Liabilities and Continuing Obligations, incurred by such other Member,

and (b) any Properties assigned to the other Member as an objecting Member pursuant to **Section 14.1**, but only to the extent in the case of this clause (b) arising out of or relating to Operations, including Environmental Liabilities and Continuing Obligations, conducted prior to the date of such assignment. The reimbursement obligation of a Member under this **Section 6.3** shall apply whether or not any such losses, claims, damages or liabilities accrue before or after the resignation or deemed resignation of such Member, the Transfer by such Member of all or any portion of its Membership Interest, the dissolution or liquidation of the Company, or any reduction of such Member's Percentage Interest, but in each case only to the extent not indemnified by the Company pursuant to **Section 4.8(b)**, and not to the extent such losses, claims, damages and liabilities arise out of or result from such Member's willful misconduct or gross negligence. For purposes of this **Section 6.6**, such Member's share of such liability shall be equal to its Percentage Interest at the time such liability was incurred (or as to any such liabilities arising or existing prior to the Effective Date, such Member's initial Percentage Interest); *provided*, that in no event shall Cougar have any liability for any Environmental Liabilities existing on or prior to the Effective Date. Any resignation or deemed resignation of a Member, any Transfer by such Member or all or any portion of its Membership Interest, or any reduction of a Member's Percentage Interest under this **Article VI** shall not relieve such Member of its share of any such liability accruing before such resignation, Transfer or reduction. Notwithstanding the foregoing, the provisions of this **Sections 6.3** shall apply only in the case that the Member requesting reimbursement is finally determined to be personally liable for such losses, claims, damages or liabilities, and shall not be construed as a waiver or reduction of the limitations under the Act or other applicable law of the liability of a Member or the Manager for Company obligations.

ARTICLE VII
MANAGEMENT COMMITTEE

7.1 **Organization and Composition**. The Members hereby establish a Management Committee to determine overall policies, objectives, procedures, methods and actions under this Agreement. The Management Committee shall consist of one member appointed by Kisa and two members appointed by Cougar. Each Member may appoint one or more alternates to act in the absence of a regular member. Any alternate so acting shall be deemed a member of the Management Committee. Appointments shall be made or changed by notice to the other Member. Members of the Management Committee shall not be considered managers under the Act in such capacity, but derive all of their right, power and authority from the Members. No Member or member of the Management Committee shall have the power to bind the Company. All documents and instruments executed on behalf of the Company shall be signed by the Manager or by an officer or employee to whom the Manager has delegated the general or specific authority. If a Member's Percentage Interest is reduced below 20% for any reason, such Member shall no longer have any representation on the Management Committee.

7.2 **Decisions**. Each Member, acting through its appointed member(s), shall have a voting interest on the Management Committee equal to such Member's Percentage Interest. Unless otherwise provided in this Agreement, the vote of the Member with a Percentage Interest over 50% shall determine the decisions of the Management Committee. All members on the Management Committee appointed by the same Member shall vote as a group.

7.3 Meetings. The Management Committee shall hold regular meetings at least annually in Denver, Colorado, or at other mutually agreed places. The Manager shall give fourteen (14) days' notice to the Members of such regular meetings. Additionally, either Member may call a special meeting upon fourteen (14) days' notice to the Manager and the other Member. In case of emergency, reasonable notice of a special meeting shall suffice. There shall be a quorum if at least one member representing each Member is present. Each notice of a meeting shall include an itemized agenda prepared by the Manager in the case of a regular meeting, or by the Member calling the meeting in the case of a special meeting, but any matters may be considered with the consent of all members of the Management Committee. Meetings of the Management Committee may be held by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such communications equipment shall constitute presence in person at the meeting. The Manager shall prepare minutes of all meetings and shall distribute copies of such minutes to the Members within 30 days after the meeting. The minutes, when signed by all Members, shall be the official record of the decisions made by the Management Committee and shall be binding on the Manager and the Members. If personnel employed in operations are required to attend a Management Committee meeting, reasonable costs incurred in connection with such attendance shall be a Company cost. All other costs shall be paid by the Members individually.

7.4 Action Without Meeting. Any action required or permitted to be taken at a meeting of the Management Committee may be taken without a meeting and without prior notice if the action is evidenced by a written consent describing the action taken, signed by the member or members of the Management Committee having the requisite Percentage Interest to take such action at a meeting at which a quorum of the Management Committee was present; provided that notice of all actions taken by less than unanimous written consent shall be provided to all members of the Management Committee (other than members of the Management Committee executing such consent) not later than 10 days after the taking of such action. Action taken under this Section shall be effective when members of the Management Committee holding the requisite Percentage Interest have signed the consent, unless the consent specifies a different effective date.

7.5 Matters Requiring Approval. Except as otherwise delegated to the Manager in **Section 8.2**, the Management Committee shall have exclusive authority to determine all management matters related to the Company.

ARTICLE VIII
MANAGER

8.1 Appointment. The Members hereby appoint Cougar as the Manager with overall management responsibility for Operations. Cougar hereby agrees to serve until it resigns as provided in **Section 8.4**.

8.2 Powers and Duties of Manager. Subject to the terms and provisions of this Agreement, the Manager shall have the following powers and duties which shall be discharged in accordance with adopted Programs and Budgets:

(a) The Manager shall manage, direct and control Operations, and shall prepare and present to the Management Committee proposed Programs and Budgets as provided in **Article IX.**

(b) The Manager shall implement the decisions of the Management Committee, shall make from Company funds all expenditures necessary to carry out adopted Programs, and shall promptly advise the Management Committee if the Company lacks sufficient funds for the Manager to carry out its responsibilities under this Agreement.

(c) The Manager shall use reasonable efforts to: (i) purchase or otherwise acquire all material, supplies, equipment, water, utility and transportation services required for Operations, such purchases and acquisitions to be made on the best terms available, taking into account all of the circumstances; (ii) obtain such customary warranties and guarantees as are available in connection with such purchases and acquisitions; and (iii) keep the Assets free and clear of all liens and encumbrances, except for those existing at the time of, or created concurrent with, the acquisition of such Assets, or mechanic's or materialmen's liens which shall be released or discharged in a diligent manner, or liens and encumbrances specifically approved by the Management Committee.

(d) The Manager shall conduct such title examinations and cure such title defects as may be advisable in the reasonable judgment of the Manager.

(e) The Manager shall: (i) make or arrange for all payments required by leases, licenses, permits, contracts and other agreements related to the Assets and the Underlying Agreements; (ii) pay all taxes, assessments and like charges on Operations and Assets except taxes determined or measured by a Member's sales revenue or net income; provided, however, that if authorized by the Management Committee, the Manager shall have the right to contest in the courts or otherwise, the validity or amount of any taxes, assessments or charges if the Manager deems them to be unlawful, unjust, unequal or excessive, or to undertake such other steps or proceedings as the Manager may deem reasonably necessary to secure a cancellation, reduction, readjustment or equalization thereof before the Manager shall be required to pay them, but in no event shall the Manager permit or allow title to the Assets to be lost as the result of the nonpayment of any taxes, assessments or like charges; and (iii) shall do all other acts reasonably necessary to maintain the Assets.

(f) The Manager shall: (i) apply for all necessary permits, licenses and approvals; (ii) comply with applicable federal, state and local laws and regulations; (iii) notify promptly the Management Committee of any allegations of substantial violation thereof; and (iv) prepare and file all reports or notices required for Operations. The Manager shall not be in breach of this provision if a violation has occurred in spite of the Manager's good faith efforts to comply, and the Manager has timely cured or disposed of such violation through performance, or payment of fines and penalties.

(g) The Manager shall prosecute and defend, but shall not initiate without consent of the Management Committee, all litigation or administrative proceedings arising out of Operations. The non-managing Member shall have the right to participate, at its own expense, in such litigation or administrative proceedings. The non-managing Member shall approve in

advance any settlement involving payments, commitments or obligations in excess of $100,000 in cash or value.

(h) The Manager shall obtain insurance for the benefit of the Company as provided in **Exhibit E** or as may otherwise be determined from time to time by the Management Committee.

(i) The Manager may dispose of Assets, whether by abandonment, surrender or Transfer in the ordinary course of business, except that Properties may be abandoned or surrendered only as provided in **Article XIV**. However, without prior authorization from the Management Committee, the Manager shall not: (i) dispose of Assets in any one transaction having a value in excess of $100,000; (ii) enter into any sales contracts or commitments for Product, except as permitted in **Section 11.3**; (iii) dissolve or begin a liquidation of the Company; or (iv) dispose of all or a substantial part of the Assets necessary to achieve the purposes of the Company.

(j) The Manager shall have the right to carry out its responsibilities hereunder through agents, Affiliates or independent contractors.

(k) The Manager shall perform or cause to be performed during the term of this Agreement all assessment, annual labor and other work by law in order to maintain the State of Alaska mining claims and the unpatented mining claims included within the Properties. As an alternative, the Manager may make a payment of cash in lieu of annual labor or assessment work, for some or all of the State of Alaska mining claims and/or unpatented mining claims, if such payment is authorized by the adopted Program and Budget. The Manager shall have the right to perform the annual labor or assessment work required hereunder pursuant to a common plan of exploration and continued actual occupancy of such claims and sites shall not be required. The Manager shall not be liable on account of any determination by any court or governmental agency that the work performed by the Manager does not constitute the required annual labor or assessment work or occupancy for the purposes of preserving or maintaining ownership of the claims, provided that the work done is in accordance with the adopted Program and Budget. The Manager shall timely record with the appropriate county and file with the appropriate State of Alaska or United States agency, affidavits in proper form attesting to the performance of annual labor or assessment work, or payment of cash in lieu thereof, and/or notices of intent to hold in proper form, and allocating therein, to or for the benefit of each claim, at least the minimum amount of annual labor or assessment work, or payment of cash in lieu thereof, required by law to maintain such claim or site.

(l) If authorized by the Management Committee, the Manager may: (i) locate or amend any State of Alaska mining claim or locate, amend or relocate any unpatented mining claim or mill site or tunnel site, (ii) locate any fractions resulting from such amendment or relocation, (iii) apply for patents or mining leases or other forms of mineral tenure for any such claims or sites, (iv) abandon any unpatented mining claims for the purpose of locating mill sites or otherwise acquiring from the United States rights to the ground covered thereby, (v) abandon any unpatented mill sites for the purpose of locating mining claims or otherwise acquiring from the United States rights to the ground covered thereby, (vi) exchange with or convey to the United States or the State of Alaska any of the Properties for the purpose of acquiring rights to

the ground covered thereby or other adjacent ground, and (vii) convert any mining claims or mill sites into one or more leases or other forms of mineral tenure pursuant to any Federal or state law now in existence or hereafter enacted.

(m) The Manager shall keep and maintain all required accounting and financial records pursuant to the Accounting Procedure and in accordance with customary cost accounting practices in the mining industry.

(n) The Manager shall keep the Management Committee advised of all Operations by submitting in writing to the Management Committee: (i) quarterly progress reports which include statements of expenditures and comparisons of such expenditures to the adopted Budget; (ii) periodic summaries of data acquired; (iii) copies of reports concerning Operations; (iv) a detailed final report within 60 days after completion of each Program and Budget, which shall include comparisons between actual and budgeted expenditures and comparisons between the objectives and results of Programs; and (v) such other reports as the Management Committee may reasonably request. The Manager shall convene an annual meeting of the Members at which the Manager shall discuss the work performed in the prior year and present an annual report. At all reasonable times the Manager shall provide the Management Committee or the representative of any Member, upon the request of any member of the Management Committee, access to, and the right to inspect and copy all maps, drill logs, core tests, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records, and other information acquired in Operations. In addition, the Manager shall allow the non-managing Member, at the latter's sole risk and expense, and subject to reasonable safety regulations, to inspect the Assets and Operations at all reasonable times, so long as the inspecting Member does not unreasonably interfere with Operations.

(o) The Manager shall maintain Capital Accounts of the Members in accordance with **Exhibit C**.

(p) The Manager shall prepare an Environmental Compliance plan for all Operations consistent with the requirements of any applicable laws or contractual obligations and shall include in each Program and Budget sufficient funding to implement the Environmental Compliance plan and to satisfy the financial assurance requirements of any applicable law or contractual obligation pertaining to Environmental Compliance. To the extent practical, the Environmental Compliance plan shall incorporate concurrent reclamation of Properties disturbed by Operations.

(q) The Manager shall undertake to perform Continuing Obligations when and as economic and appropriate, whether before or after termination of the Company. The Manager shall have the right to delegate performance of Continuing Obligations to persons having demonstrated skill and experience in relevant disciplines. As part of each Program and Budget submittal, the Manager shall specify in such Program and Budget the measures to be taken for performance of Continuing Obligations and the cost of such measures. The Manager shall keep the other Member reasonably informed about the Manager's efforts to discharge Continuing Obligations. Authorized representatives of each Member shall have the right from time to time to enter the Properties to inspect work directed toward satisfaction of Continuing Obligations and audit books, records, and accounts related thereto.

(r) In connection with the fund established after the First Option Completion Date for Environmental Compliance pursuant to **Exhibit B**, the Manager shall cause the funds that are to be deposited into the Environmental Compliance Fund, which shall only be deposited after the First Option Completion Date, to be maintained in a separate, interest bearing cash management account, which may include, but is not limited to, money market investments and money market funds, or in longer term investments if approved by the Management Committee. Such funds shall be used solely for Environmental Compliance and Continuing Obligations, including the committing of such funds, interests in property, insurance or bond policies, or other security to satisfy laws, rules or regulations regarding financial assurance for the reclamation or restoration of the Properties, and for other Environmental Compliance requirements.

(s) The Manager shall undertake all other activities reasonably necessary to fulfill the foregoing.

The Manager shall not be in default of any duty under this **Section 8.2** if its failure to perform results from the failure of the non-managing Member to perform acts or to contribute amounts required of it by this Agreement.

8.3 Standard of Care. The Manager shall conduct all Operations in a good, workmanlike and efficient manner, in accordance with sound mining and other applicable industry standards and practices, and in accordance with the terms and provisions of leases, licenses, permits, contracts and other agreements pertaining to Assets. Notwithstanding anything in this Agreement to the contrary, the Manager shall not be liable to the nonmanaging Member or the Company for any breach of this Agreement or other act or omission resulting in damage or loss except to the extent caused by or attributable to the Manager's willful misconduct or gross negligence.

8.4 Resignation; Deemed Offer to Resign. The Manager may resign upon not less than three (3) months' prior notice to the other Member, in which case the other Member may elect to become the new Manager by notice to the resigning Member within 30 days after the notice of resignation. If any of the following shall occur, the Manager shall be deemed to have offered to resign, which offer shall be accepted by the other Member, if at all, within 90 days following such deemed offer:

(a) The Percentage Interest of the Manager becomes less than 50%; or

(b) The Manager fails to perform a material obligation imposed upon it under this Agreement and such failure continues for a period of 60 days after written notice from the other Member demanding performance; or

(c) A receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official is appointed for a substantial part of the Manager's assets and such appointment is neither made ineffective nor discharged within 60 days after the making thereof, or such appointment is consented to, requested by, or acquiesced in by the Manager; or

(d) The Manager commences a voluntary case against the Manager under any applicable bankruptcy, insolvency or similar law now or hereafter in effect; consents to the entry of an order for relief in an involuntary case under any such law or to the appointment of or taking

possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of any substantial part of its assets; makes a general assignment for the benefit of creditors; fails generally to pay its debts as such debts become due; or takes corporate or other action in furtherance of any of the foregoing; or

(e) Entry is made against the Manager of a judgment, decree or order for relief affecting a substantial part of its assets by a court of competent jurisdiction in an involuntary case commenced under any applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect.

8.5 Payments To Manager. The Manager shall be compensated for its services and reimbursed for its costs hereunder in accordance with the Accounting Procedure.

8.6 Transactions With Affiliates. If the Manager engages Affiliates to provide services hereunder, it shall do so on terms no less favorable than would be the case with unrelated persons in arm's-length transactions or on terms that have been approved by the non-managing Member.

8.7 Kisa Personnel. If and for so long as Cougar is the Manager, Cougar will have the right, but not the obligation, to contract with Kisa to engage the services of certain employees of Kisa as may be reasonably requested by Cougar to assist Cougar in the performance of the activities of the Manger from time to time. Cougar will reimburse Kisa for its actual out-of-pocket cost of furnishing the services of any such employees based on the proportion of such employees' working time spent on services contracted by Cougar. Cougar will notify Kisa at the start of each Program and Budget of the Kisa employees whose services Cougar would like to use.

8.8 Activities During Deadlock. If the Management Committee for any reason fails to adopt a Program and Budget, subject to the contrary direction of the Management Committee and to the receipt of necessary funds, the Manager shall continue Operations at levels comparable with the last adopted Program and Budget. For purposes of determining the required contributions of the Members and their respective Percentage Interests, the last adopted Program and Budget shall be deemed extended.

ARTICLE IX
PROGRAMS AND BUDGETS

9.1 Initial Program and Budget. Within 60 days after the Effective Date, the Manager shall furnish the initial Program and Budget to the Management Committee for comment and approval, with voting to occur as set forth in **Section 7.2**.

9.2 Operations Pursuant to Programs and Budgets. Except as otherwise provided in **Section 9.8** and **Article XIII**, Operations shall be conducted, expenses shall be incurred, and Assets shall be acquired only pursuant to approved Programs and Budgets. Each Program and Budget adopted pursuant to this Agreement shall after the First Option Completion Date provide for accrual of reasonably anticipated Environmental Compliance expenses for all Operations contemplated under the Program and Budget.

9.3 Presentation of Programs and Budgets. Proposed Programs and Budgets shall be prepared by the Manager for a period of one year or any longer period. Each adopted Program and Budget, regardless of length, shall be reviewed at least once a year at the annual meeting of the Management Committee. During the period encompassed by any Program and Budget, and at least two (2) months prior to its expiration, a proposed Program and Budget for the succeeding period shall be prepared by the Manager and submitted to the Members. From the Effective Date until the Proportionate Contribution Commencement Date, Programs and Budgets shall be prepared by the Manager to the effect that expenditures under the Programs and Budgets are solely funded by Cougar contributing funds in accordance with **Section 5.1** and, if applicable, **Section 5.3**. After the Proportionate Contribution Commencement Date, successive Programs and Budgets shall be prepared by the Manager to the effect that expenditures under the Programs and Budgets are funded by the Members pro rata in proportion to their Percentage Interests.

9.4 Review and Approval of Proposed Programs and Budgets. Within 30 days after submission of a proposed Program and Budget, each Member shall submit to the Management Committee:

(a) Notice that the Member approves the proposed Program and Budget: or

(b) Proposed modifications of the proposed Program and Budget; or

(c) Notice that the Member rejects the proposed Program and Budget.

If a Member fails to give any of the foregoing responses within the allotted time, the failure shall be deemed to be an approval by the Member of the Manager's proposed Program and Budget. If a Member makes a timely submission to the Management Committee pursuant to **Section 9.4(b)** or **(c)**, then the Management Committee shall seek, for a period of 30 days after the date of each Member's submission or the expiration of the foregoing 30 day period, to develop a Program and Budget acceptable to the Members. If the Management Committee has not developed a Program and Budget acceptable to all Members by the end of such 30 day period, the Program and Budget shall be approved in accordance with **Section 7.2**, subject to a Member's rights under **Section 9.5**.

9.5 Election to Participate. By notice to the Management Committee within 10 days after the final vote adopting a Program and Budget, a Member may elect to contribute to such Program and Budget in some lesser amount than its respective Percentage Interest, or may elect not to contribute any amount, in which cases its Percentage Interest shall be recalculated as provided in **Article VI**. If a Member fails to so notify the Management Committee, the Member shall be deemed to have elected to contribute to such Program and Budget in proportion to its respective Percentage Interest as of the beginning of the period covered by the Program and Budget. Except as provided in **Sections 5.1** and **5.3**, a Member shall be obligated to contribute to any Program and Budget in at least the amount required to maintain its Percentage Interest at 20%, failing which it shall suffer the consequence provided in **Section 5.9**.

9.6 Deadlock on Proposed Programs and Budgets. If the Members, acting through the Management Committee, fail to approve a Program and Budget by the beginning of

the period to which the proposed Program and Budget applies, the provisions of **Sections 8.8** and **12.1(c)** shall apply.

9.7 Budget Overruns; Program Changes. The Manager shall immediately notify the Management Committee of any material departure from an adopted Program and Budget. If the Manager exceeds an adopted Budget by more than 10%, then the excess over 10%, unless directly caused by an emergency or unexpected expenditure made pursuant to **Section 9.8** or unless otherwise authorized by the Management Committee, shall be at the sole cost and expense of the Manager and shall not be included in the calculations of the Percentage Interests. Budget overruns of 10% or less shall be borne by the Members in proportion to their respective Percentage Interests as of the time the overrun occurs.

9.8 Emergency or Unexpected Expenditures. In case of emergency, the Manager may take any reasonable action it deems necessary to protect life, limb or property, to protect the Assets or to comply with law or government regulation. The Manager may also make reasonable expenditures for unexpected events which are beyond its reasonable control and which do not result from a breach by it of its standard of care. The Manager shall promptly notify the Members of the emergency or unexpected expenditure, and the Manager shall be reimbursed for all resulting costs by the Company, which cost shall be funded by the Members making additional capital contributions to the Company in proportion to their respective Percentage Interests at the time the emergency or unexpected expenditures are incurred.

ARTICLE X
ACCOUNTS AND SETTLEMENTS

10.1 Monthly Statements. The Manager shall promptly submit to the Management Committee monthly statements of account reflecting in reasonable detail the charges and credits to the Business Account during the preceding month.

10.2 Cash Calls. From and after the Proportionate Contribution Commencement Date, on the basis of the adopted Program and Budget, the Manager shall submit to each Member prior to the last day of each month, a billing for estimated cash requirements for the next month. Within 10 days after receipt of each billing, each Member shall advance to the Manager as a capital contribution to the Company its proportionate share of the estimated amount. Time is of the essence of payment of such billings. The Manager shall have the right to maintain a cash balance approximately equal to the rate of disbursement for up to 30 days, provided, however, that solely for the first 30 days after the First Option Completion Date, the Manager shall have the right to maintain a cash balance approximately equal to the rate of disbursement for up to 60 days. All funds in excess of immediate cash requirements shall be invested by the Manager for the benefit of the business of the Company in cash management accounts and investments selected at the discretion of the Manager, which accounts may include, but are not limited to, money market investments and money market funds. No cash calls shall be made of Kisa pursuant to this **Section 10.2** until after the Proportionate Contribution Commencement Date.

10.3 Failure to Meet Cash Calls. Except as provided in **Section 9.5**, a Member that fails to meet cash calls in the amount and at the times specified in **Section 10.2** shall be in default, and the amounts of the defaulted cash call shall bear interest from the date due at an

annual rate equal to five (5) percentage points over the Prime Rate, but in no event shall said rate of interest exceed the maximum permitted by law. The non-defaulting Member shall have those rights, remedies and elections specified in **Section 5.6**.

ARTICLE XI
DISTRIBUTIONS; DISPOSITION OF PRODUCTION

11.1 **Distributions**. The aggregate amount of all distributions to the Members of cash and the timing of such distributions shall be determined by the Management Committee. Cash distributions shall be made to the Members in accordance with their respective Percentage Interests; *provided*, that (a) all cash resulting from the sale of Products to Kisa pursuant to **Section 11.2** shall be distributed to Kisa, and (b) all cash resulting from the sale of Products to Cougar pursuant to **Section 11.2** shall be distributed to Cougar.

11.2 Disposition of Products.

(a) Disposition by the Company of Products shall be governed by this **Section 11.2**, and except as provided in this **Section 11.2** or as otherwise approved by the Management Committee, the Company shall not dispose of any Products.

(b) Except as provided in **Section 11.3(d)**, each Member shall be sold its share of all Products. The Members' respective shares of Products shall be determined on a monthly basis as of the last day of each month, and each Member's share of Products shall equal the Member's Percentage Interest multiplied by the aggregate amount of Products produced during the month. If a Member's Percentage Interest has changed during the month, the Percentage Interest for purposes of this **Section 11.2** shall equal the average daily Percentage Interest for the month. Products sold to a Member under this **Section 11.2** shall be deemed sold on the last day of the month, and Products distributed in kind to a Member shall be deemed distributed on the last day of the month. Products shall be sold to the Members at a representative market price determined by the Manager taking into consideration the competitive market conditions, along with normal volume discounts, commissions, and transportation differentials. The Manager may offset the distribution to be made to a Member pursuant to **Section 11.1** against the sales price to be paid by a Member for the Product sold to such Member. Each Member may thereafter separately dispose of the Products it has purchased from the Company. Each Member shall bear directly all costs and expenses incurred in connection with such separate disposition.

(c) Any costs of the Company for severance taxes, net proceeds taxes, ad valorem taxes and other taxes or royalties imposed (including any potential federal royalties that may be imposed in the future) in connection with the production of Products shall be an expense of the Company subject to Monthly Capital Calls. Any additional expenditures incurred by the Company in the selling and separate disposition thereafter by any Member of its proportionate share of Products, including any storage, freight to final destination, insurance, and premiums, shall be an expense of such Member, and shall be reimbursed by such Member to the Company within thirty (30) days of receipt of an invoice for the same from the Manager. Any such reimbursement shall not be considered a capital contribution and shall not increase the Capital Account of the reimbursing Member.

(d) A Member may, in lieu of purchasing its share of Products, by written instruction to the Company, elect to receive its share of Products in kind, or to take actions as appropriate to cause the sale of its share of Products by the Company to a third party purchaser on the terms determined by the Member; *provided* that the Member shall bear directly all additional costs, expenses, losses, claims, damages and liabilities incurred as a result of any election under this **Section 11.2(d)**.

11.3 Failure of Member to Purchase or Accept Product. If a Member fails to purchase or otherwise accept Product pursuant to **Section 11.2** (the "**Non-Accepting Member**"), the Manager shall have the right, but not the obligation, to purchase the Non-Accepting Member's share for its own account or to sell such share as agent for the Non-Accepting Member at not less than the prevailing market price in the area; provided that the proceeds of such sale shall be distributed to the Non-Accepting Member pursuant to **Section 11.1**. Subject to the terms of any such contracts of sale then outstanding, during any period that the Manager is purchasing or selling a Non-Accepting Member's share of production, the Non-Accepting Member may elect by notice to the Manager to purchase or take its share of Product. The Manager shall be entitled to deduct from proceeds of any sale by it for the account of a Member reasonable expenses incurred in such a sale.

ARTICLE XII
RESIGNATION AND DISSOLUTION

12.1 Dissolution. The Company shall be dissolved upon the occurrence of any of the following:

(a) on the later of (i) the date that is 20 years from the Effective Date, and (ii) the date that Products are no longer being produced from the Properties;

(b) upon the unanimous agreement of the Members; or

(c) at the election of either Member by written notice to the other Member, if the Management Committee fails to adopt a Program and Budget for six (6) months after the expiration of the latest adopted Program and Budget.

12.2 Resignation. A Member may elect to resign as a Member of the Company by giving written notice to the other Member of the effective date of the resignation, which shall be the later of the end of the then current Program and Budget or at least 30 days after the date of the notice. Upon such resignation, the Company shall acquire the resigning Member's entire Membership Interest, free and clear of security interests or other encumbrances arising by, through or under such resigning Member, except those to which both Members have given their written consent after the Effective Date, and such Membership Interest shall be cancelled. The resigning Member is entitled to receive no distribution upon such resignation or any further consideration from the Company. Any such resignation under this **Section 12.2** shall not relieve the resigning Member of its obligations under **Section 6.3** (whether any liability with respect thereto accrues before or after such resignation) arising out of Operations conducted prior to such resignation.

12.3 Liquidation and Termination After Dissolution. Upon the dissolution of the Company under **Section 12.1**, the Manager shall appoint in writing one or more liquidators (who may be a Member or Manager) who shall have the authority set forth in **Section 12.6**. The liquidator shall take all action necessary to wind up the activities of the Company, and all costs and expenses incurred in connection with the liquidation and termination of the Company shall be expenses chargeable to the Company. The liquidator may determine which assets, if any, are to be distributed in kind, and shall sell or otherwise dispose of all other assets of the Company. All gain or loss with respect to the assets (including assets distributed in kind) shall be allocated among the Members in accordance with the applicable provisions of **Exhibit C**. Should a Member have a deficit balance in its Capital Account (after giving effect to such allocations of gain or loss), the Member shall not be obligated to make a contribution to the Company to restore all or any part of such Capital Account deficit. The assets of the Company shall first be paid, applied, or distributed in satisfaction of all liabilities of the Company to third parties (or to making reasonable provision for the satisfaction thereof) and then to satisfy any debts, obligations, or liabilities owed to the Members. Thereafter, any remaining cash and all other Assets shall be distributed to the Members in accordance with **Section 4.2** of **Exhibit C**. Each Member shall have the right to designate another Person to receive any property that otherwise would be distributed in kind to that Member pursuant to this **Section 12.3**. Upon the completion of the winding up of the Company, the liquidator shall cancel the certificate of formation of the Company and take such other actions as may be reasonably necessary to terminate the continued existence of the Company.

12.4 Non-Compete Covenants. A Member that resigns from the Company pursuant to **Section 12.2** or is deemed to have resigned pursuant to **Section 5.2, 5.6, 5.9** or **9.5**, or a Member that transfers or forfeits its entire Membership Interest, shall not directly or indirectly acquire any interest in property within the Area of Interest for 12 months after the effective date of the resignation, forfeiture or transfer. If a resigning, forfeiting or transferring Member, or any Affiliate of the foregoing, breaches this **Section 12.4**, such Member or Affiliate shall be obligated to offer to convey to the other Member, without cost, any such property or interest so acquired. Such offer shall be made in writing and can be accepted by such other Member at any time within 45 days after it is received by such other Member.

12.5 Right to Data After Termination. After the termination of the continued existence of the Company pursuant to **Section 12.3**, each Member shall be entitled to copies of all information acquired hereunder before the effective date of termination not previously furnished to it, but a resigning Member, or a Member that forfeits or transfers its entire Membership Interest, shall not be entitled to any such copies after any such resignation.

12.6 Continuing Authority. From and after the dissolution of the Company under **Section 12.1**, the liquidator shall have the power and authority of the Members, Manager and the Management Committee to do all things on behalf of the Company which are reasonably necessary or convenient to: (a) wind up the Operations and the Company, (b) continue to operate the Properties and other Assets of the Company during the winding up of the Operations and the Company and (b) complete any transaction and satisfy any obligation, unfinished or unsatisfied, at the time of such dissolution, if the transaction or obligation arises out of Operations prior to such dissolution. The liquidator shall have the power and authority to grant or receive extensions of time or change the method of payment of an already existing liability or obligation, prosecute

and defend actions on behalf of the Company, mortgage Assets, and take any other reasonable action in any matter with respect to the Company or the Operations.

ARTICLE XIII
ACQUISITIONS WITHIN AREA OF INTEREST

13.1 General. Any interest or right to acquire any interest in real property within the Area of Interest acquired during the term of this Agreement by or on behalf of a Member or any Affiliate shall be subject to the terms and provisions of this Agreement.

13.2 Notice to Nonacquiring Member. Within 10 days after the acquisition of any interest or the right to acquire any interest in real property wholly or partially, including any State of Alaska mining claim or lease, within the Area of Interest (except real property acquired by or on behalf of the Company pursuant to a Program), the acquiring Member shall notify the other Member of such acquisition. The acquiring Member's notice shall describe in detail the acquisition, the lands and minerals covered thereby, the cost thereof, and the reasons why the acquiring Member believes that the acquisition of the interest is in the best interests of the Members under this Agreement. In addition to such notice, the acquiring Member shall make any and all information concerning the acquired interest available for inspection by the other Member.

13.3 Option Exercised. If, within 20 days after receiving the acquiring Member's notice, the other Member notifies the acquiring Member of its election to participate in the acquired interest, the acquiring Member or its Affiliate shall convey to the Company (or to the other Member or another entity as mutually agreed by the Members), by special warranty deed, its entire acquired interest (or if to the other Member, a proportionate undivided interest therein based on the Percentage Interests of the Members). If conveyed to the Company, the acquired interest shall become a part of the Properties for all purposes of this Agreement immediately upon the notice of such other Member's election to participate therein. Such other Member shall promptly pay to the acquiring Member its proportionate share based on Percentage Interests of the latter's actual out-of-pocket acquisition costs.

13.4 Option Not Exercised. If the other Member does not give such notice within the 20-day period set forth in **Section 13.3**, neither such Member nor the Company shall have any interest in the acquired interest, and the acquired interest shall not be a part of the Properties or otherwise be subject to this Agreement.

ARTICLE XIV
ABANDONMENT AND SURRENDER OF PROPERTIES

14.1 **Surrender or Abandonment of Property**. The Management Committee may authorize the Manager to surrender or abandon part or all of the Properties. If the Management Committee authorizes any such surrender or abandonment over the objection of a Member, the Company shall assign to the objecting Member, by special warranty deed and without cost to the surrendering Member, all of the Company's interest in the property to be abandoned or surrendered, and the abandoned or surrendered property shall cease to be part of the Properties and the Company shall have no further right, title or interest therein.

14.2 **Reacquisition**. If any Properties are abandoned or surrendered under the provisions of this **Article XIV**, then, unless this Agreement is earlier terminated, neither Member nor any Affiliate thereof shall acquire any interest in such Properties or a right to acquire such Properties for a period of two (2) years following the date of such abandonment or surrender. If a Member reacquires any Properties in violation of this **Section 14.2**, the other Member may elect by notice to the reacquiring Member within 45 days after it has actual notice of such reacquisition, to have such properties contributed to the Company. In the event such an election is made, the reacquired properties shall thereafter be treated as Properties, and the costs of reacquisition shall be borne solely by the Member required to contribute such Properties to the Company, but shall not be credited to the Capital Account of the contributing member or taken into account for purposes of calculating the Members' respective Percentage Interests.

ARTICLE XV
TRANSFER OF INTEREST

15.1 **General**. A Member shall have the right to Transfer to any third party all or any part of its Membership Interest or any economic interest therein (including its right to receive distributions of cash or property from the Company), solely as provided in this **Article XV**.

15.2 **Limitations on Free Transferability**. The Transfer right of a Member in **Section 15.1** shall be subject to the following terms and conditions:

(a) No Transfer of a Membership Interest or any economic interest therein shall be valid or recognized by the Company unless and until at least 30 days' prior written notice thereof has been given to the other Member and such Member shall have consented thereto, which consent shall not be unreasonably withheld;

(b) No Transfer of a Membership Interest or any economic interest therein shall be valid or recognized by the Company unless the transferee, as of the effective date of the Transfer, has committed in writing to be bound by this Agreement to the same extent as the transferring Member;

(c) No Transfer permitted by this **Article XV** shall relieve the transferring Member of its share of any liability, whether accruing before or after such Transfer, which arises out of Operations conducted prior to such Transfer, including as provided in **Section 6.6**;

(d) As provided in **Exhibit C**, the transferring Member and the transferee shall bear all tax consequences of the Transfer;

(e) In the event of a Transfer of less than all of a Member's Membership Interest, the transferring Member and its transferee shall thereafter act and be treated as one Member, with the Member with the greater Percentage Interest hereby appointed the agent and attorney-in-fact of the Member with the lesser Percentage Interest with respect to the exercise of all rights to vote, consent, approve or otherwise make any decisions with respect to the management or Operations or the Company;

(f) If the Transfer is the grant of a security interest or other encumbrance on a Membership Interest to secure a loan or other indebtedness of a Member, such security interest or encumbrance shall be subordinate to the terms of any pledge securing any obligation of the Company or any obligation of the granting Member to the Company or the other Member to the extent arising out or relating to the Company. In connection with any foreclosure, transfer in lieu, or other enforcement of rights in the security interest, the acquiring third party shall be bound by the terms of this Agreement, including **Section 15.3**, and shall acquire only the rights of an assignee of the Membership Interest, and shall not, without the unanimous approval of the remaining Members, be admitted to the Company as a Member; and

(g) No Member shall enter into any sale or other commitment or agree to dispose of Products or proceeds from the sale of Products by such Member upon distribution to it pursuant to **Article XI** if such sale or other commitment will create in a third party a security interest in Products or proceeds therefrom prior to any such distribution.

15.3 Exceptions to Consent Requirement. **Section 15.2(a)** shall not apply to the following:

(a) Transfer by a Member of all or any part of its Membership Interest to an Affiliate;

(b) Incorporation of a Member, or corporate merger, consolidation, amalgamation or reorganization of a Member by which the surviving entity shall possess substantially all of the stock, or all of the property rights and interests, and be subject to substantially all of the liabilities and obligations of that Member;

(c) The grant by a Member of a pledge, security interest or other encumbrance in such Membership Interest; or

(d) A sale or other commitment or disposition of Products or proceeds from sale of Products by a Member upon distribution to it pursuant to **Article XI**.

ARTICLE XVI
[INTENTIONALLY DELETED]

ARTICLE XVII
CONFIDENTIALITY

17.1 **General**. Each Member and Manager will keep confidential and not use, reveal, provide or transfer to any third party any Confidential Information it obtains or has obtained concerning the Company or the other Member without the prior written consent of the other Member, which consent shall not be unreasonably withheld.

17.2 **Exceptions**. The consent required by **Section 17.1** shall not apply to a disclosure:

(a) To a consultant, contractor, subcontractor, officer, director or employee of the Company, the Manager or any Member or any of their respective Affiliates that has a bona fide need to be informed;

(b) To any third party to whom the disclosing Member or Manager contemplates a Transfer of all or any part of its Membership Interest or the Assets;

(c) To any actual or potential lender, underwriter or investors for the sole purpose of evaluating whether to make a loan to or investment in the disclosing Member or the Company; or

(d) To a governmental agency or to the public which the disclosing Member or Manager believes in good faith is required by pertinent law or regulation or the rules of any stock exchange;

In any case to which this **Section 17.2** is applicable, the disclosing Member or Manager shall give notice to the other Member concurrently with the making of such disclosure. As to any disclosure pursuant to **Section 17.2(a), (b)** or **(c)**, only such Confidential Information as such third party shall have a legitimate business need to know shall be disclosed and such third party shall first agree in writing to protect the Confidential Information from further disclosure to the same extent as the Members are obligated under this **Article XVII**, and the disclosing Member or Manager shall be responsible and liable for any use or disclosure of the Confidential Information by such parties in violation of this Agreement and such other writing.

17.3 **Duration of Confidentiality**. The provisions of this **Article XVII** shall apply to a Member or Manager until the earlier of (a) the date that is two years after the cancellation of the certificate of formation of the Company (notwithstanding the resignation of such Member or Manager or the Transfer by such Member of its entire Membership Interest), and (b) the date that is two years after the resignation of such Member or Manager or, in the case of a Member, the Transfer by such Member of its entire Membership Interest; provided that if a Member retains a Net Profits Interest, the provisions of this **Article XVII** shall survive with respect to such Member for two years after the termination of such Net Profits Interest; provided further that with respect to any Confidential Information that constitutes "trade secrets" of a Member (or of the Company, to the extent distributed or otherwise assigned to a Member pursuant to this Agreement) under the Uniform Trade Secrets Act or similar applicable laws, the provisions of this **Article XVII** shall survive indefinitely.

ARTICLE XVIII
GENERAL PROVISIONS

18.1 Notices. All notices, payments and other required communications ("**Notices**") to the Members or Manager shall be in writing, and shall be given (i) by personal delivery to the applicable Member or Manager, or (ii) by electronic communication, with a confirmation sent by registered or certified mail return receipt requested, or (iii) by registered or certified mail return receipt requested. All Notices shall be effective and shall be deemed delivered (a) if by personal delivery on the date of delivery if delivered during normal business hours, and, if not delivered during normal business hours, on the next business day following delivery, (b) if by electronic communication on the next business day following receipt of the electronic communication, and (c) if solely by mail on the next business day after actual receipt. A Member or Manager may change its address by Notice to the other Member.

18.2 Currency. All references to "dollars" or "$" herein shall mean lawful currency of the United States of America.

18.3 Headings. The subject headings of the Sections and Subsections of this Agreement and the Paragraphs and Subparagraphs of the Exhibits to this Agreement are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions.

18.4 Waiver. The failure of a Member or Manager to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit the Member's or Manager's right thereafter to enforce any provision or exercise any right.

18.5 Modification. No modification of this Agreement shall be valid unless made in writing and duly executed by all of the Members.

18.6 Force Majeure. Except for any obligation to make payments when due hereunder, the obligations of a Member or the Manager shall be suspended to the extent and for the period that performance is prevented by any cause, whether foreseeable or unforeseeable, beyond its reasonable control, including, labor disputes (however arising and whether or not employee demands are reasonable or within the power of the Member or Manager to grant); acts of God; laws, regulations, orders, proclamations, instructions or requests of any government or governmental entity; judgments or orders of any court; inability to obtain on reasonably acceptable terms any public or private license, permit or other authorization; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of federal, state or local environmental standards; acts of war or terrorism or conditions arising out of or attributable to war or terrorism, whether declared or undeclared; riot, civil strife, insurrection, insurgency or rebellion; fire, explosion, earthquake, storm, flood, sink holes, drought, hurricane, tsunami or other adverse weather condition; delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors' or subcontractors' shortage of, or inability to obtain, labor, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities; or any other cause whether similar or dissimilar to the foregoing. The affected

Member or Manager shall promptly give notice to the other Member of the suspension of performance, stating therein the nature of the suspension, the reasons therefor, and the expected duration thereof. The affected Member or Manager shall resume performance as soon as reasonably possible. During the period of suspension the obligations of the Members to advance funds pursuant to **Section 10.2** shall be reduced to levels consistent with Operations.

18.7 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, except for its rules pertaining to conflicts of laws.

18.8 Rule Against Perpetuities. Any right or option to acquire any interest in real or personal property under this Agreement must be exercised, if at all, so as to vest such interest in the acquirer within 21 years after the Effective Date.

18.9 Further Assurances. Each Member and the Manager agrees to take from time to time such actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement.

18.10 Survival of Terms and Conditions. The following Sections shall survive the dissolution, liquidation and termination of the Company, any Transfer of a Membership Interest or other interest in the Company to the full extent necessary for their enforcement and the protection of the Member, Manager or other person in whose favor they run: **Sections 2.1, 2.2, 2.3, 2.5, 4.6, 4.7, 4.8, 5.6, 5.7, 5.10, 6.3, 10.3, 12.2, 12.3, 12.4, 12.5** and **12.6**, the second sentence of **Section 8.3,** and **Articles XVI, XVII** and **XVIII**.

18.11 No Third Party Beneficiaries. Except as specifically provided in **Sections 4.8**, this Agreement is for the sole benefit of the Members and the Manager, and no other Person, including any creditor of any Member, is intended to be a beneficiary of this Agreement or shall have any rights hereunder.

18.12 Entire Agreement; Successors and Assigns. This Agreement, together with the Exhibits hereto, contains the entire understanding of the Members and the Manager with respect to the Company and supersedes all prior agreements and understandings relating to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Members and the Manager. In the event of any conflict between this Agreement and any Exhibit attached hereto, the terms of this Agreement shall be controlling.

18.13 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

KISA GOLD MINING, INC.

By: _____
President

COUGAR GOLD LLC

By: _____
President

EXHIBIT A

PROPERTY DESCRIPTION AND AREA OF INTEREST

PART 1 - Property Description

PART 2 - Area of Interest

Exhibit A – Part 1
Property Description

				EXHIBIT A: PROPERTY LISTING				
Claim_Name	ADL_No	Claim_Type1	Acres2	PLS_Description3	Rec_District4	Locate_Date5	Recording_Filing_Doc_No	Record_Date
Kisa 1	654902	C	40	SW¼, NW¼, S1, T3N, R58W	B	7/12/2006	2006-001209-0	8/8/2006
Kisa 2	654903	C	40	SE¼, NW¼, S1, T3N, R58W	B/KK	7/12/2006	2006-001210-0/2006-000207-0	8/8/2006/8/8/2006
Kisa 3	654904	MTRS	160	SW¼, S1, T3N, R58W	B	7/12/2006	2006-001211-0	8/8/2006
Kisa 4	654905	MTRS	160	NE¼, S11, T3N, R58W	B	7/12/2006	2006-001212-0	8/8/2006
Kisa 5	654906	MTRS	160	NW¼, S11, T3N, R58W	B	7/12/2006	2006-001213-0	8/8/2006
Kisa 6	654907	MTRS	160	NW¼, S12, T3N, R58W	B	7/12/2006	2006-001214-0	8/8/2006
Kisa 7	654908	MTRS	160	SW¼, S11, T3N, R58W	B	7/12/2006	2006-001215-0	8/8/2006
Kisa 8	654909	MTRS	160	SE¼, S11, T3N, R58W	B	7/12/2006	2006-001216-0	8/8/2006
Kisa 9	654910	MTRS	160	SW¼, S12, T3N, R58W	B	7/12/2006	2006-001217-0	8/8/2006
Kisa 10	654911	MTRS	160	NW¼, S14, T3N, R58W	B	7/12/2006	2006-001218-0	8/8/2006
Kisa 11	654912	MTRS	160	SW¼, S14, T3N, R58W	B	7/12/2006	2006-001219-0	8/8/2006
Kisa 12	654913	MTRS	160	SE¼, S14, T3N, R58W	B	7/12/2006	2006-001220-0	8/8/2006
Kisa 13	654914	MTRS	160	NE¼, S14, T3N, R58W	B	7/12/2006	2006-001221-0	8/8/2006
Kisa 14	654915	C	40	NW¼, NW¼, S13, T3N, R58W	B	7/12/2006	2006-001222-0	8/8/2006
Kisa 15	654916	C	40	SW¼, NW¼, S13, T3N, R58W	B	7/12/2006	2006-001223-0	8/8/2006
Kisa 16	654917	C	40	NW¼, SW¼, S13, T3N, R58W	B	7/12/2006	2006-001224-0	8/8/2006
Kisa 17	655186	MTRS	160	SW¼, S2, T3N, R58W	B	8/16/2006	2006-001406-0	9/11/2006
Kisa 18	655187	MTRS	160	SE¼, S2, T3N, R58W	B	8/16/2006	2006-001407-0	9/11/2006
Kisa 19	655188	MTRS	160	NE¼, S10, T3N, R58W	B	8/16/2006	2006-001408-0	9/11/2006
Kisa 20	655189	MTRS	160	SE¼, S10, T3N, R58W	B	8/16/2006	2006-001409-0	9/11/2006
Kisa 21	655190	MTRS	160	NE¼, S15, T3N, R58W	B	8/16/2006	2006-001410-0	9/11/2006
Kisa 22	655191	MTRS	160	SW¼, S15, T3N, R58W	B	8/16/2006	2006-001411-0	9/11/2006
Kisa 23	655192	MTRS	160	SE¼, S15, T3N, R58W	B	8/16/2006	2006-001412-0	9/11/2006
Kisa 24	655193	MTRS	160	NW¼, S22, T3N, R58W	B	8/16/2006	2006-001413-0	9/11/2006
Kisa 25	655194	MTRS	160	NE¼, S22, T3N, R58W	B	8/16/2006	2006-001414-0	9/11/2006
Kisa 26	655195	MTRS	160	NW¼, S23, T3N, R58W	B	8/16/2006	2006-001415-0	9/11/2006
Kisa 27	655196	MTRS	160	NE¼, S23, T3N, R58W	B	8/16/2006	2006-001416-0	9/11/2006
Kisa 28	655197	MTRS	160	SE¼, S22, T3N, R58W	B	8/16/2006	2006-001417-0	9/11/2006
Kisa 29	655198	MTRS	160	SW¼, S23, T3N, R58W	B	8/16/2006	2006-001418-0	9/11/2006
Kisa 30	655199	MTRS	160	SE¼, S23, T3N, R58W	B	8/16/2006	2006-001419-0	9/11/2006
Kisa 31	655200	MTRS	160	SE¼, S1, T3N, R58W	B/KK	8/16/2006	2006-001420-0/2006-000239-0	9/11/2006/9/11/2006
Kisa 32	655201	MTRS	160	NE¼, S12, T3N, R58W	B/KK	8/16/2006	2006-001421-0/2006-000256-0	9/11/2006/9/29/2006
GL 1	654815	MTRS	160	SE¼, S18, T2N, R58W	B/BB	7/12/2006	2006-001202-0/2006-000373-0	8/8/2006/7/25/2006
GL 2	654816	MTRS	160	NE¼, S20, T2N, R58W	BB	7/12/2006	2006-000374-0	7/25/2006
GL 3	654817	MTRS	160	SW¼, S17, T2N, R58W	B/BB	7/12/2006	2006-001203-0/2006-000375-0	8/8/2006/7/25/2006
GL 4	654818	MTRS	160	SE¼, S20, T2N, R58W	BB	7/12/2006	2006-000376-0	7/25/2006
GL 5	654819	C	40	NE¼, NE¼, S19, T2N, R58W	BB	7/12/2006	2006-000377-0	7/25/2006
GL 6	654820	C	40	NW¼, NW¼, S20, T2N, R58W	BB	7/12/2006	2006-000378-0	7/25/2006
GL 7	654821	C	40	NE¼, NW¼, S20, T2N, R58W	BB	7/12/2006	2006-000379-0	7/25/2006
GL 8	654822	C	40	SE¼, NW¼, S20, T2N, R58W	BB	7/12/2006	2006-000380-0	7/25/2006
GL 9	654823	C	40	NE¼, SW¼, S20, T2N, R58W	BB	7/12/2006	2006-000381-0	7/25/2006
GL 10	654824	C	40	SE¼, SW¼, S20, T2N, R58W	BB	7/12/2006	2006-000382-0	7/25/2006
GL 11	654825	MTRS	160	NE¼, S30, T2N, R58W	B/BB	7/12/2006	2006-001204-0/2006-000383-0	8/8/2006/7/25/2006
GL 12	654826	MTRS	160	NW¼, S29, T2N, R58W	BB	7/12/2006	2006-000384-0	7/25/2006
GL 13	654827	MTRS	160	NE¼, S29, T2N, R58W	BB	7/12/2006	2006-000385-0	7/25/2006
GL 14	654828	MTRS	160	SE¼, S30, T2N, R58W	B/BB	7/12/2006	2006-001205-0/2006-000386-0	8/8/2006/7/25/2006
GL 15	654829	MTRS	160	SW¼, S29, T2N, R58W	BB	7/12/2006	2006-000387-0	7/25/2006
GL 16	654830	MTRS	160	SE¼, S29, T2N, R58W	BB	7/12/2006	2006-000388-0	7/25/2006
GL 17	654831	MTRS	160	NE¼, S31, T2N, R58W	B/BB	7/12/2006	2006-001206-0/2006-000389-0	8/8/2006/7/25/2006
GL 18	654832	MTRS	160	NW¼, S32, T2N, R58W	B/BB	7/12/2006	2006-001207-0/2006-000390-0	8/8/2006/7/25/2006
GL 19	654833	MTRS	160	NE¼, S32, T2N, R58W	BB	7/12/2006	2006-000391-0	7/25/2006
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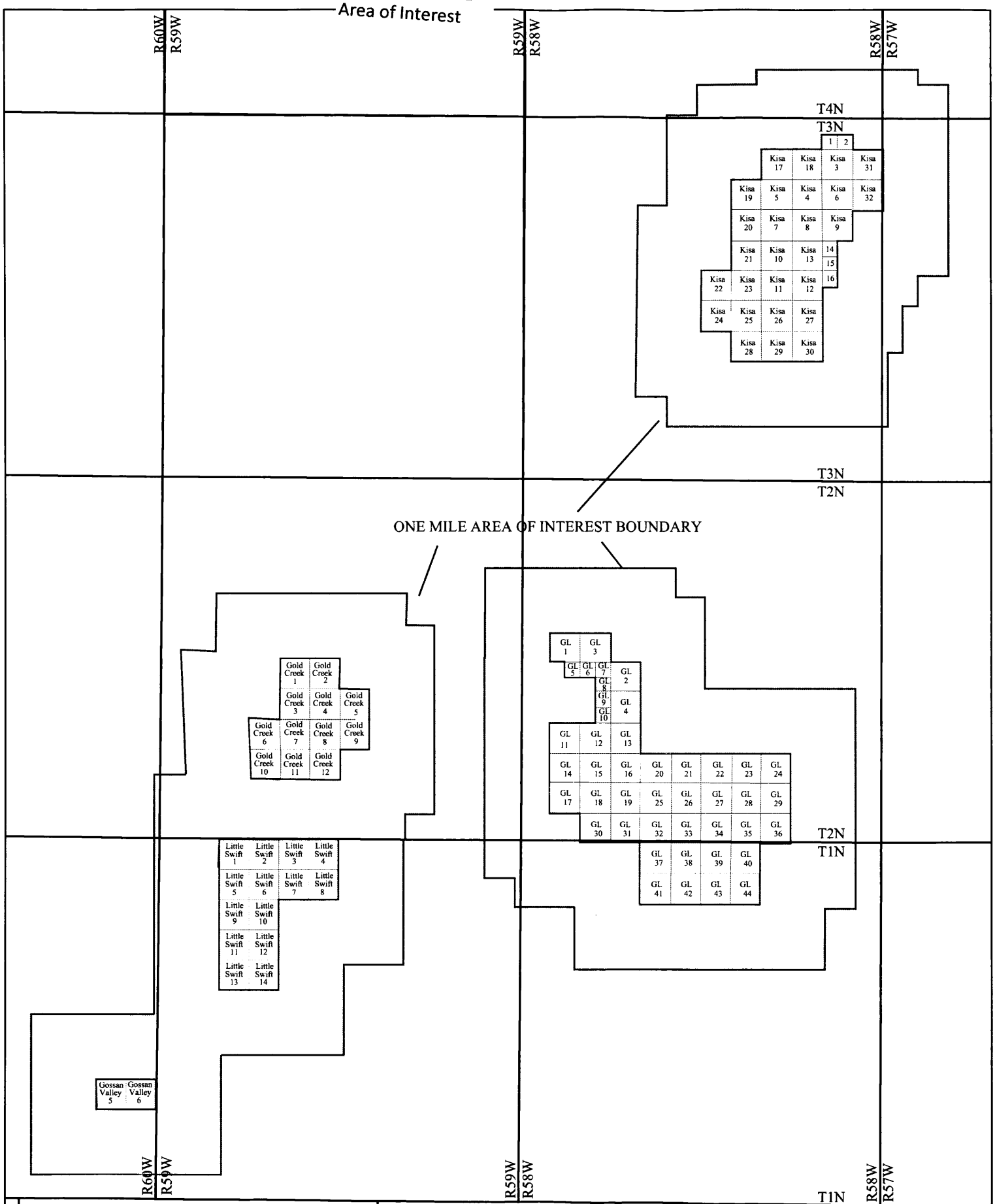
GL 21	655098	MTRS	160	SE¼, S28, T2N, R58W	BB	8/16/2006	2006-000448-0	8/29/2006
GL 22	655099	MTRS	160	SW¼, S27, T2N, R58W	BB	8/16/2006	2006-000449-0	8/29/2006
GL 23	655100	MTRS	160	SE¼, S27, T2N, R58W	BB	8/16/2006	2006-000450-0	8/29/2006
GL 24	655101	MTRS	160	SW¼, S26, T2N, R58W	BB	8/16/2006	2006-000451-0	8/29/2006
GL 25	655102	MTRS	160	NW¼, S33, T2N, R58W	BB	8/16/2006	2006-000452-0	8/29/2006
GL 26	655103	MTRS	160	NE¼, S33, T2N, R58W	BB	8/16/2006	2006-000453-0	8/29/2006
GL 27	655104	MTRS	160	NW¼, S34, T2N, R58W	BB	8/16/2006	2006-000454-0	8/29/2006
GL 28	655105	MTRS	160	NE¼, S34, T2N, R58W	BB	8/16/2006	2006-000455-0	8/29/2006
GL 29	655106	MTRS	160	NW¼, S35, T2N, R58W	BB	8/16/2006	2006-000456-0	8/29/2006
GL 30	655107	MTRS	160	SW¼, S32, T2N, R58W	B/BB	8/16/2006	2006-001393-0/2006-000457-0	9/11/2006/8/29/2006
GL 31	655108	MTRS	160	SE¼, S32, T2N, R58W	B/BB	8/16/2006	2006-001394-0/2006-000458-0	9/11/2006/8/29/2006
GL 32	655109	MTRS	160	SW¼, S33, T2N, R58W	BB	8/16/2006	2006-000459-0	8/29/2006
GL 33	655110	MTRS	160	SE¼, S33, T2N, R58W	BB	8/16/2006	2006-000460-0	8/29/2006
GL 34	655111	MTRS	160	SW¼, S34, T2N, R58W	BB	8/16/2006	2006-000461-0	8/29/2006
GL 35	655112	MTRS	160	SE¼, S34, T2N, R58W	BB	8/16/2006	2006-000462-0	8/29/2006
GL 36	655113	MTRS	160	SW¼, S35, T2N, R58W	BB	8/16/2006	2006-000463-0	8/29/2006
GL 37	655114	MTRS	160	NW¼, S4, T1N, R58W	B/BB	8/16/2006	2006-001395-0/2006-000464-0	9/11/2006/8/29/2006
GL 38	655115	MTRS	160	NE¼, S4, T1N, R58W	BB	8/16/2006	2006-000465-0	8/29/2006
GL 39	655116	MTRS	160	NW¼, S3, T1N, R58W	BB	8/16/2006	2006-000466-0	8/29/2006
GL 40	655117	MTRS	160	NE¼, S3, T1N, R58W	BB	8/16/2006	2006-000467-0	8/29/2006
GL 41	655118	MTRS	160	SW¼, S4, T1N, R58W	B/BB	8/16/2006	2006-001396-0/2006-000468-0	9/11/2006/8/29/2006
GL 42	655119	MTRS	160	SE¼, S4, T1N, R58W	BB	8/16/2006	2006-000469-0	8/29/2006
GL 43	655120	MTRS	160	SW¼, S3, T1N, R58W	BB	8/16/2006	2006-000470-0	8/29/2006
GL 44	655121	MTRS	160	SE¼, S3, T1N, R58W	BB	8/16/2006	2006-000471-0	8/29/2006
Gossan Valley 5	655972	PS	160	NW¼, S25, T1N, R60W	B	9/17/2006	2006-001659-0	10/11/2006
Gossan Valley 6	655973	PS	160	NE¼, S25, T1N, R60W	B	9/17/2006	2006-001660-0	10/11/2006
Little Swift 1	655958	PS	160	NW¼, S5, T1N, R59W	B	9/17/2006	2006-001661-0	10/11/2006
Little Swift 2	655959	PS	160	NE¼, S5, T1N, R59W	B	9/17/2006	2006-001662-0	10/11/2006
Little Swift 3	655960	PS	160	NW¼, S4, T1N, R59W	B	9/17/2006	2006-001663-0	10/11/2006
Little Swift 4	655961	PS	160	NE¼, S4, T1N, R59W	B	9/17/2006	2006-001664-0	10/11/2006
Little Swift 5	655962	PS	160	SW¼, S5, T1N, R59W	B	9/17/2006	2006-001665-0	10/11/2006
Little Swift 6	655963	PS	160	SE¼, S5, T1N, R59W	B	9/17/2006	2006-001666-0	10/11/2006

Little Swift 7	655964	PS	160	SW¼, S4, T1N, R59W	B	9/17/2006	2006-001667-0	10/11/2006
Little Swift 8	655965	PS	160	SE¼, S4, T1N, R59W	B	9/17/2006	2006-001668-0	10/11/2006
Little Swift 9	655966	PS	160	NW¼, S8, T1N, R59W	B	9/17/2006	2006-001669-0	10/11/2006
Little Swift 10	655967	PS	160	NE¼, S8, T1N, R59W	B	9/17/2006	2006-001670-0	10/11/2006
Little Swift 11	655968	PS	160	SW¼, S8, T1N, R59W	B	9/17/2006	2006-001671-0	10/11/2006
Little Swift 12	655969	PS	160	SE¼, S8, T1N, R59W	B	9/17/2006	2006-001672-0	10/11/2006
Little Swift 13	655970	PS	160	NW¼, S17, T1N, R59W	B	9/17/2006	2006-001673-0	10/11/2006
Little Swift 14	655971	PS	160	NE¼, S17, T1N, R59W	B	9/17/2006	2006-001674-0	10/11/2006
Gold Creek 1	655946	PS	160	NW¼, S21, T2N, R59W	B	9/17/2006	2006-001675-0	10/11/2006
Gold Creek 2	655947	PS	160	NE¼, S21, T2N, R59W	B	9/17/2006	2006-001676-0	10/11/2006
Gold Creek 3	655948	PS	160	SW¼, S21, T2N, R59W	B	9/17/2006	2006-001677-0	10/11/2006
Gold Creek 4	655949	PS	160	SE¼, S21, T2N, R59W	B	9/17/2006	2006-001678-0	10/11/2006
Gold Creek 5	655950	PS	160	SW¼, S22, T2N, R59W	B	9/17/2006	2006-001679-0	10/11/2006
Gold Creek 6	655951	PS	160	NE¼, S29, T2N, R59W	B	9/17/2006	2006-001680-0	10/11/2006
Gold Creek 7	655952	PS	160	NW¼, S28, T2N, R59W	B	9/17/2006	2006-001681-0	10/11/2006
Gold Creek 8	655953	PS	160	NE¼, S28, T2N, R59W	B	9/17/2006	2006-001682-0	10/11/2006
Gold Creek 9	655954	PS	160	NW¼, S27, T2N, R59W	B	9/17/2006	2006-001683-0	10/11/2006
Gold Creek 10	655955	PS	160	SE¼, S29, T2N, R59W	B	9/17/2006	2006-001684-0	10/11/2006
Gold Creek 11	655956	PS	160	SW¼, S28, T2N, R59W	B	9/17/2006	2006-001685-0	10/11/2006
Gold Creek 12	655957	PS	160	SE¼, S28, T2N, R59W	B	9/17/2006	2006-001686-0	10/11/2006
Note 1: C=conventional 40 acre claim, MTRS = 160 acre claim, PS = prospect site								
Note 2: Estimated acreage from AK Automated Land System Records								
Note 3: All in Seward Meridian								
Note 4: B= Bethel, BB=Bristol Bay, KK=Kuskokwim								
Note 5: Claims originally staked by Minex, quit-claimed to Niagara, acquired by Kisa Gold Mines, Inc.								
Note 6: Claims originally staked/Quit Claimed to Kisa Gold Mines, Inc., amended Quit Claims to Kisa Gold Mining, Inc.								

Exhibit A – Part 2
Area of Interest



Approximate Scale in Miles
0 1 2

MAP DISCLAIMER
Claim locations on this map are approximate. In any instances where there is a descrepancy between the map location and the actual posted location on-the-ground, the on-the-ground location will take precedence.

CLAIMS AND AOI BOUNDARY MAP
Bethel A-1, A-2, A-3, B-1, B-2, B-3 quadrangles

KISA GOLD MINING, INC.
KISA PROJECT BLOCK
Claim Status: April 2008
DATE 04/15/2008
FIGURE NUMBER 1

EXHIBIT B

ACCOUNTING PROCEDURE

The financial and accounting procedures to be followed by the Manager and the Members under the Agreement are set forth below. References in this Accounting Procedure to Sections and Articles are to those located in this Accounting Procedure unless it is expressly stated that they are references to the Agreement.

ARTICLE I
GENERAL PROVISIONS

1.1 General Accounting Records. The Manager shall maintain detailed and comprehensive cost accounting records in accordance with this Accounting Procedure, including general ledgers, supporting and subsidiary journals, invoices, checks and other customary documentation, sufficient to provide a record of revenues and expenditures and periodic statements of financial position and the results of operations for managerial, tax, regulatory or other financial reporting purposes. Such records shall be retained for the duration of the period allowed the Members for audit or the period necessary to comply with tax or other regulatory requirements. The records shall reflect all obligations, advances and credits of the Members.

1.2 Bank Accounts. The Manager shall maintain one or more separate bank accounts for the payment of all expenses and the deposit of all cash receipts for the Company.

1.3 Statements and Billings. The Manager shall prepare statements and bill the Members as provided in Article X of the Agreement. Payment of any such billings by any Member, including the Manager, shall not prejudice such Member's right to protest or question the correctness thereof for a period not to exceed 24 months following the calendar year during which such billings were received by the Member. All written exceptions to and claims upon the Manager for incorrect charges, billings or statements shall be made upon the Manager within such 24 month period. The time period permitted for adjustments hereunder shall not apply to adjustments resulting from periodic inventories as provided in Article V.

ARTICLE II
CHARGES TO BUSINESS ACCOUNT

Subject to the limitations hereinafter set forth, the Manager shall charge the Business Account with the following:

2.1 Rentals, Royalties and Other Payments. All property acquisition and holding costs, including filing fees, license fees, costs of permits, assessment work and annual labor work or payments in lieu thereof, delay rentals, production royalties, including any required advances, and all other payments made by the Manager which are necessary to acquire or maintain title to the Assets.

2.2 Labor and Employee Benefits.

(a) Salaries and wages of the Company's or the Manager's employees directly engaged in Operations, including salaries or wages of employees who are temporarily assigned to and directly employed by same.

(b) The Manager's or the Company's, as applicable, cost of holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under **Sections 2.2(a)** and **2.12**. Such costs may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages. If percentage assessment is used, the rate shall be applied to wages or salaries excluding overtime and bonuses. Such rate shall be based on the Manager's or the Company's, as applicable, cost experience and it shall be periodically adjusted at least annually to ensure that the total of such charges does not exceed the actual cost thereof to the Manager or the Company, as applicable.

(c) The Manager's or the Company's, as applicable, actual cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus (except production or incentive bonus plans under a union contract based on actual rates of production, cost savings and other production factors, and similar non-union bonus plans customary in the industry or necessary to attract competent employees, which bonus payments shall be considered salaries and wages under **Sections 2.2(a)** or **2.12**; rather than employees' benefit plans) and other benefit plans of a like nature applicable to salaries and wages chargeable under **Sections 2.2(a)** or **2.12**, provided that the plans are limited to the extent feasible to those customary in the industry.

(d) Cost of assessments imposed by governmental authority which are applicable to salaries and wages chargeable under **Sections 2.2(a)** and **2.12**, including all penalties except those resulting from the willful misconduct or gross negligence of the Manager.

2.3 Materials, Equipment and Supplies. The cost of materials, equipment and supplies (herein called "**Material**") purchased from unaffiliated third parties or furnished by the Manager or any Member as provided in **Article III**. The Manager shall purchase or furnish only so much Material as may be required for immediate use in efficient and economical Operations. The Manager shall also maintain inventory levels of Material at reasonable levels to avoid unnecessary accumulation of surplus stock.

2.4 Equipment and Facilities Furnished by Manager. The cost of machinery, equipment and facilities owned by the Manager and used in Operations or used to provide support or utility services to Operations charged at rates commensurate with the actual costs of ownership and operation of such machinery, equipment and facilities. Such rates shall include costs of maintenance, repairs, other operating expenses, insurance, taxes, depreciation and interest at a rate not to exceed the Prime Rate plus two (2) percentage points per annum. Such rates shall not exceed the average commercial rates currently prevailing in the vicinity of the Operations.

2.5 Transportation. Reasonable transportation costs incurred in connection with the transportation of employees and material necessary for the Operations.

2.6 Contract Services and Utilities. The cost of contract services and utilities procured from outside sources, other than services described in **Sections 2.9** and **2.13**. If contract services are performed by the Manager or an Affiliate thereof, the cost charged to the Business Account shall not be greater than that for which comparable services and utilities are available in the open market to be supplied to the Company. The cost of professional consultant services procured from outside sources in excess of $50,000 per annum shall not be charged to the Business Account unless approved by the Management Committee.

2.7 Insurance Premiums. Net premiums paid for insurance required to be carried for Operations for the protection of the Manager and the Members. When the Operations are conducted in an area where the Manager or the Company, as applicable, may self-insure for Workmen's Compensation and/or Employer's Liability under state law, the Manager may elect to include such risks in its self-insurance program and shall charge its costs or the Company's costs, as applicable, of self-insuring such risks to the Business Account provided that such charges shall not exceed published manual rates.

2.8 Damages and Losses. All costs in excess of insurance proceeds necessary to repair or replace damage or losses to any Assets resulting from any cause other than the willful misconduct or gross negligence of the Manager. The Manager shall furnish the Management Committee with written notice of damages or losses as soon as practicable after a report thereof has been received by the Manager.

2.9 Legal and Regulatory Expense. Except as otherwise provided in **Section 2.13**, all legal and regulatory costs and expenses incurred in or resulting from the Operations or necessary to protect or recover the Assets of the Company, including costs of title investigation and title curative services. All attorney's fees and other legal costs to handle, investigate and settle litigation or claims, and amounts paid in settlement of such litigation or claims in excess of $50,000 per annum shall not be charged to the Business Account unless approved by the Management Committee.

2.10 Audit. Cost of annual audits if conducted.

2.11 Taxes. All taxes of every kind and nature assessed or levied upon or in connection with the Assets, the production of Products or Operations, which have been paid by the Manager for the benefit of the Members. Each Member is separately responsible for taxes determined or measured by its sales revenue or net income.

2.12 District and Camp Expense (Field Supervision and Camp Expenses). A pro rata portion of (i) the salaries and expenses of the Manager's superintendent and other employees serving Operations whose time is not allocated directly to such Operations, and (ii) the costs of maintaining and operating an office (herein called the "**Manager's Project Office**") and any necessary suboffice and (iii) all necessary camps, including housing facilities for employees, used for Operations. The expense of those facilities, less any revenue therefrom, shall include depreciation or a fair monthly rental in lieu of depreciation of the investment. The total of such charges for all properties served by the Manager's employees and facilities shall be apportioned to the Business Account on the basis of a ratio, the numerator of which is the direct

labor costs of the Operations and the denominator of which is the total direct labor costs incurred for all activities served by the Manager.

2.13 Management Fee.

(a) Each month, the Manager shall charge the Business Account 5% of Allowable Costs, which shall be a liquidated amount to compensate the Manager for its services hereunder and to reimburse the Manager for its home office overhead and general and administrative expenses to conduct the Operations (the "**Management Fee**").

(b) The term "**Allowable Costs**" as used in this **Section 2.13** shall mean all charges to the Business Account excluding (i) the Management Fee referred to herein; (ii) depreciation, depletion or amortization of tangible or intangible assets; (iii) amounts charged in accordance with **Sections 2.1** and **2.9**.

(c) The following is a representative list of items comprising the Manager's principal business office expenses that are expressly covered by the Management Fee provided in this **Section 2.13**:

(i) Administrative supervision, which includes services rendered by managers, department supervisors, officers and directors of the Manager for Operations, except to the extent that such services represent a direct charge to the Business Account, as provided for in **Section 2.2**;

(ii) Accounting, data processing, personnel administration, billing and record keeping in accordance with governmental regulations and the provisions of the Agreement, and preparation of reports;

(iii) The services of tax counsel and tax administration employees for all tax matters, including any protests, except any outside professional fees which the Management Committee may approve as a direct charge to the Business Account;

(iv) Routine legal services rendered by the Manager's legal staff not otherwise charged to the Business Account under **Section 2.9**, including property acquisition, lawyer management and oversight, and support services provided by Manager's legal staff concerning any litigation; and

(v) Rentals and other charges for office and records storage space, telephone service, office equipment and supplies.

(d) The Management Committee shall annually review the Management Fee and shall amend the methodology or rates used to determine such charges if they are found to be insufficient or excessive.

2.14 Environmental Compliance Fund. After the First Option Completion Date, costs of reasonably anticipated Environmental Compliance which, on a Program basis, shall be determined by the Management Committee and shall be based on proportionate contributions in an amount sufficient to establish a fund, which through successive proportionate contributions

during the life of the Company, will pay for ongoing Environmental Compliance conducted during Operations and which will aggregate the reasonably anticipated costs of mine closure, post-Operations Environmental Compliance and Continuing Obligations. The Manager shall invest such amounts on behalf of the Members as provided in Subsection 8.2(r) of the Agreement.

2.15 Other Expenditures. Any reasonable direct expenditure, other than expenditures which are covered by the foregoing provisions, incurred by the Manager for the necessary and proper conduct of Operations.

ARTICLE III
BASIS OF CHARGES TO BUSINESS ACCOUNT

3.1 Purchases. Material purchased and services procured from third parties shall be charged to the Business Account by the Manager at invoiced cost, including applicable transfer taxes, less all discounts taken. If any Material is determined to be defective or is returned to a vendor for any other reason, the Manager shall credit the Business Account when an adjustment is received from the vendor.

3.2 Material Furnished by the Manager or a Member. Any Material furnished by the Manager or any Member from its stocks or distributed to either Member by the Company shall be priced on the following basis:

(a) New Material: New Material transferred from the Manager or Member shall be priced F.O.B. the nearest reputable supply store or railway receiving point, where like Material is available, at the current replacement cost of the same kind of Material, exclusive of any available cash discounts, at the time of the transfer (herein called, "**New Price**").

(b) Used Material.

(1) Used Material in sound and serviceable condition and suitable for reuse without reconditioning shall be priced as follows:

a) Used Material transferred by the Manager or a Member shall be priced at 75% of the New Price;

b) Used Material distributed to either Member shall be priced (i) at 75% of the New Price if such Material was originally charged to the Business Account as new Material, or (ii) at 65% of the New Price if such Material was originally charged to the Business Account as good used Material at 75% of the New Price.

(2) Other used Material which, after reconditioning will be further serviceable for original function as good secondhand Material, or which is serviceable for original function but not substantially suitable for reconditioning shall be priced at 50% of the New Price. The cost of any reconditioning shall be borne by the transferee.

(3) All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original

purpose but usable for some other purpose shall be priced on a basis comparable with items normally used for such other purposes.

(c) Obsolete Material. Any Material which is serviceable and usable for its original function, but its condition is not equivalent to that which would justify a price as provided above shall be priced by the Management Committee. Such price shall be set at a level which will result in a charge to the Business Account equal to the value of the service to be rendered by such Material.

3.3 Premium Prices. It is understood that published or list prices of materials and equipment delivered in Alaska are higher than those in other parts of the United States, and the Manager has the right hereunder to purchase materials and equipment at such higher prices for use in the Operations. In addition, whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual circumstances over which the Manager has no control, the Manager may charge the Business Account for the required Material on the basis of the Manager's direct cost and expenses incurred in procuring such Material and making it suitable for use. The Manager shall give written notice of the proposed charge to the Company prior to the time when such charge is to be billed to the Members, whereupon any Member shall have the right, by notifying the Manager within ten days of the delivery of the notice from the Manager, to furnish at the usual receiving point all or part of its proportionate share, based on Percentage Interests, of Material suitable for use and acceptable to the Manager.

3.4 Warranty of Material Furnished by the Manager or Members. Neither the Manager nor any Member warrants the Material furnished beyond any dealer's or manufacturer's warranty and no credits shall be made to the Business Account for defective Material until adjustments are received by the Manager from the dealer, manufacturer or their respective agents.

ARTICLE IV
DISPOSAL OF MATERIAL

4.1 Disposition Generally. The Manager shall have no obligation to purchase any surplus Material from the Company. The Management Committee shall determine the disposition of major items of surplus Material, provided the Manager shall have the right to dispose of normal accumulations of junk and scrap Material either by sale or by distributing such Material to the Members as provided in **Section 4.2**.

4.2 Distribution to Members. Any Material to be distributed to the Members shall be made in proportion to their respective Percentage Interests, and corresponding credits shall be made to the Business Account on the basis provided in **Section 3.2**.

4.3 Sales. Sales of Material to third parties shall be credited to the Business Account at the net amount received. Any damages or claims by the Purchaser shall be charged back to the Business Account if and when paid.

ARTICLE V
ADJUSTMENT OF INVENTORIES

Inventory adjustments shall be made by the Manager to the Business Account for overages and shortages, but the Manager shall be held accountable to the Company only for shortages due to lack of reasonable diligence.

EXHIBIT C

TAX MATTERS

ARTICLE I
EFFECT OF THIS EXHIBIT

This Exhibit shall govern the relationship of the Members and the Company with respect to tax matters and the other matters addressed herein. Except as otherwise indicated, capitalized terms used in this Exhibit shall have the meanings given to them in the Agreement. In the event of a conflict between this Exhibit and the other provisions of the Agreement, the terms of this Exhibit shall control.

ARTICLE II
TAX MATTERS PARTNER

2.1 Designation of Tax Matters Partner. The Manager is hereby designated the tax matters partner (the **"TMP"**) as defined in Section 6231(a)(7) of the Code and shall be responsible for, make elections for, and prepare and file any federal and state tax returns or other required tax forms following approval of the Management Committee. In the event of any change in Manager, the Member serving as Manager at the end of a taxable year shall continue as TMP with respect to all matters concerning such year unless the TMP for that year is required to be changed pursuant to applicable Treasury Regulations. The TMP and the other Member shall use reasonable best efforts to comply with the responsibilities outlined in this **Article II** and in Sections 6221 through 6233 of the Code (including any Treasury Regulations promulgated thereunder) and in doing so shall incur no liability to any other party.

2.2 Notice. Each Member shall furnish the TMP with such information (including information specified in Section 6230(e) of the Code) as the TMP may reasonably request to permit the TMP to file tax returns on behalf of the Company and to provide the Internal Revenue Service with sufficient information to allow proper notice to the Members in accordance with Section 6223 of the Code. The TMP shall keep each Member informed of all administrative and judicial proceedings for the adjustment at the partnership level of partnership items in accordance with Section 6223(g) of the Code.

2.3 Inconsistent Treatment of Tax Item. If an administrative proceeding contemplated under Section 6223 of the Code has begun, and the TMP so requests, each Member shall notify the TMP of its treatment of any partnership item on its federal income tax return that is inconsistent with the treatment of that item on the partnership return.

2.4 Extensions of Limitation Periods. The TMP shall not enter into any extension of the period of limitations as provided under Section 6229 of the Code without first giving reasonable advance notice to the other Member of such intended action.

2.5 Requests for Administrative Adjustments. Neither Member shall file, pursuant to Section 6227 of the Code, a request for an administrative adjustment of partnership items for any taxable year of the Company without first notifying the other Member. If the other

Member agrees with the requested adjustment, the TMP shall file the request for administrative adjustment on behalf of the Company. If consent is not obtained within thirty (30) days after notice from the proposing Member, or within the period required to timely file the request for administrative adjustment, if shorter, either Member, including the TMP, may file that request for administrative adjustment on its own behalf.

2.6 Judicial Proceedings. Either Member intending to file a petition under Section 6226, 6228 or other sections of the Code with respect to any partnership item, or other tax matters involving the Company, shall notify the other Member of such intention and the nature of the contemplated proceeding. If the TMP is the Member intending to file such petition, such notice shall be given within a reasonable time to allow the other Member to participate in the choosing of the forum in which such petition will be filed. If both Members do not agree on the appropriate forum, then the appropriate forum shall be decided in accordance with **Section 7.2** of the Agreement. If a deadlock results, the TMP shall choose the forum. If either Member intends to seek review of any court decision rendered as a result of a proceeding instituted under the preceding part of this Paragraph, such Member shall notify the other Member of such intended action.

2.7 Settlements. The TMP shall not bind the other Member to a settlement agreement without first obtaining the written consent of any such Member. Either Member who enters into a settlement agreement for its own account with respect to any partnership items, as defined by Section 6231(a)(3) of the Code, shall notify the other Member of such settlement agreement and its terms within ninety (90) days from the date of settlement.

2.8 Fees and Expenses. The TMP shall not engage legal counsel, certified public accountants, or others on behalf of the Company without the prior consent of the Management Committee. Either Member may engage legal counsel, certified public accountants, or others in its own behalf and at its sole cost and expense. Any reasonable item of expense, including but not limited to fees and expenses for legal counsel, certified public accountants, and others which the TMP incurs (after proper consent by the Management Committee as provided above) in connection with any audit, assessment, litigation, or other proceeding regarding any partnership item, shall constitute proper charges to the Business Account and shall be borne by the Company and funded by capital contributions by the Members as any other item which constitutes a direct charge to the Business Account pursuant to the Agreement.

2.9 Survival. The provisions of the foregoing paragraphs, including but not limited to the obligation to fund fees and expenses contained in **Paragraph 2.8**, shall survive the termination of the Company or the termination of either Member's interest in the Company and shall remain binding on the Members for a period of time necessary to resolve with the Internal Revenue Service or the Department of the Treasury any and all matters regarding the federal income taxation of the Company for the applicable tax year(s).

ARTICLE III
TAX ELECTIONS AND ALLOCATIONS

3.1 Company Election. It is understood and agreed that the Members intend to create a partnership for United States federal and state income tax purposes, and, unless otherwise agreed to hereafter by both Members, no Member shall take any action to change the status of the Company as a partnership under Treas. Reg. § 1.7701-3 or similar provision of state law. It is understood and agreed that the Members intend to create a partnership for federal and state income tax purposes only. The Manager shall file with the appropriate office of the Internal Revenue Service a partnership income tax return for the Company. The Members recognize that the Agreement may be subject to state income tax statutes. The Manager shall file with the appropriate offices of the state agencies any required partnership state income tax returns. Each Member agrees to furnish to the Manager any information it may have relating to Operations as shall be required for proper preparation of such returns.

3.2 Tax Elections. The Company shall make the following elections for purposes of all partnership income tax returns:

(a) To use the accrual method of accounting.

(b) Pursuant to the provisions at Section 706(b)(1) of the Code, to use as its taxable year the year ended December 31. In this connection, Kisa represents that its taxable year is the year ending December 31 and Cougar represents that its taxable year is the year ending December 31.

(c) To deduct currently all development expenses to the extent possible under Section 616 of the Code.

(d) Unless the Members unanimously agree otherwise, to compute the allowance for depreciation in respect of all depreciable Assets using the maximum accelerated tax depreciation method and the shortest life permissible or, at the election of the Manager, using the units of production method of depreciation.

(e) To treat advance royalties as deductions from gross income for the year paid or accrued to the extent permitted by law.

(f) To adjust the basis of property of the Company with respect to a Member under Section 754 of the Code at the request of either Member;

(g) To amortize over the shortest permissible period all organizational expenditures and business start-up expenses under Sections 195 and 709 of the Code;

Any other election required or permitted to be made by the Company under the Code or any state tax law shall be made as determined by the Management Committee.

Each Member shall elect under Section 617(a) of the Code to deduct currently all exploration expenses. Each Member reserves the right to capitalize its share of development and/or exploration expenses of the Company in accordance with Section 59(e) of the Code,

provided that a Member's election to capitalize all or any portion of such expenses shall not affect the Member's Capital Account.

3.3 Allocations to Members. Allocations for Capital Account purposes shall be in accordance with the following:

(a) Exploration expenses and development cost deductions shall be allocated among the Members in accordance with their respective contributions to such expenses and costs.

(b) Depreciation and amortization deductions with respect to a depreciable Asset shall be allocated among the Members in accordance with their respective contributions to the adjusted basis of the Asset which gives rise to the depreciation, amortization or loss deduction.

(c) Production and operating cost deductions shall be allocated among the Members in accordance with their respective contributions to such costs.

(d) Deductions for depletion (to the extent of the amount of such deductions that would have been determined for Capital Account purposes if only cost depletion were allowable for federal income tax purposes) shall be allocated to the Members in accordance with their respective contributions to the adjusted basis of the depletable property. Any remaining depletion deductions shall be allocated to the Members so that, to the extent possible, the Members receive the same total amounts of percentage depletion as they would have received if percentage depletion were allocated to the Members in proportion to their respective shares of the gross income used as the basis for calculating the federal income tax deduction for percentage depletion.

(e) Subject to **Subparagraph 3.3(g)** below, gross income on the sale of production shall be allocated in accordance with the Members' rights to share in the proceeds of such sale.

(f) Except as provided in **Subparagraph 3.3(g)**, below, gain or loss on the sale of a depreciable or depletable asset shall be allocated so that, to the extent possible, the net amount reflected in the Members' Capital Account with respect to such property (taking into account the cost of such property, depreciation, amortization, depletion or other cost recovery deductions and gain or loss) most closely reflects the Members' Percentage Interests.

(g) Gains and losses on the sale of all or substantially all the Assets of the Company shall be allocated so that, to the extent possible, the Members' resulting Capital Account balances are in the same ratio as their relative Percentage Interests ("**Balance Capital Accounts**") after taking into account such sale. In making the allocations under this **Subparagraph 3.3(g)**, to the extent necessary to Balance Capital Accounts, gain and loss shall be calculated on an asset-by-asset basis, and any property contributed by a Member shall be treated as a separate asset from the property contributed by or created with funds contributed by the other Member. If the Company does not have sufficient items of gain and loss to Balance Capital Accounts, the liquidator may take other actions, as it determines are reasonably appropriate, to Balance Capital Accounts, including reallocating items among the Members or

creating notional items of income, gain, deduction and loss and allocating those items in accordance with this **Subparagraph 3.3(g)**.

(h) The Members acknowledge that expenses and deductions allocable under the preceding provisions of this **Paragraph 3.3** may be required to be capitalized into production under Section 263A of the Code. With respect to such capitalized expenses or deductions, the allocation of gross income on the sale of production shall be adjusted, in any reasonable manner consistently applied by the Manager, so that the same net amount (subject possibly to timing differences) is reflected in the Capital Accounts as if such expenses or deductions were instead deductible and allocated pursuant to the preceding provisions of this **Paragraph 3.3**.

(i) All deductions and losses that are not otherwise allocated in this **Paragraph 3.3** shall be allocated among the Members in accordance with their respective contributions to the costs producing each such deduction or to the adjusted basis of the Asset producing each such loss.

(j) Any recapture of exploration expenses under Section 617(b)(1)(A) of the Code, and any disallowance of depletion under Section 617(b)(1)(B) of the Code, shall be borne by the Members in the same manner as the related exploration expenses were allocated to, or claimed by, them.

(k) All other items of income and gain shall be allocated to the Members in accordance with their Percentage Interests.

(l) If the Members' Percentage Interests change during any taxable year of the Company, the distributive share of items of income, gain, loss and deduction of each Member shall be determined in any manner (1) permitted by Section 706 of the Code, and (2) agreed by both Members. If the Members cannot agree on a method, the method shall be determined by the Manager in consultation with the Company's tax advisers, with preference given to the interim closing-of-the-books method except where application of that method would result in undue administrative expense in relationship to the amount of the items to be allocated.

(m) For purposes of this **Paragraph 3.3**, items financed through indebtedness of, or from revenues of, the Company shall be treated as funded from contributions made by the Members to the Company in accordance with their Percentage Interests. "Nonrecourse deductions," as defined by Treas. Reg. § 1.704-2(b)(1) shall be allocated between the Members in proportion to their Percentage Interests.

(n) On the distribution by the Company of any property other than money, (i) the distributed property shall be deemed to have been sold on the date of the distribution at its fair market value as determined by the Manager on that date, (ii) gain or loss from the deemed sale shall be allocated to the Members' Capital Accounts as if the distributed property had actually been sold at such fair market value, and (iii) Members' Capital Accounts shall be reduced by an amount equal to the fair market value of the property so distributed.

3.4 Regulatory Allocations. Notwithstanding the provisions of **Paragraph 3.3** to the contrary, the following special allocations shall be given effect for purposes of maintaining the Members' Capital Accounts.

(a) If either Member unexpectedly receives any adjustments, allocations, or distributions described in Treas. Reg. § 1.704-1(b)(2)(ii)(d)(4), § 1.704-1(b)(2)(ii)(d)(5) or § 1.704-1(b)(2)(ii)(d)(6), which result in a deficit Capital Account balance, items of income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Capital Account deficit of such Member as quickly as possible. For the purposes of this **Subparagraph 3.4(a)**, each Member's Capital Account balance shall be increased by the sum of (i) the amount such Member is obligated to restore pursuant to any provision of the Agreement, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treas. Reg. §§ 1.704-2(g)(1) and 1.704-2(i)(5).

(b) If there is a net decrease in partnership minimum gain for a taxable year of the Company, each Member shall be allocated items of income and gain for that year equal to that Member's share of the net decrease in partnership minimum gain, all in accordance with Treas. Reg. § 1.704-2(f). If, during a taxable year of the Company, there is a net decrease in partner nonrecourse debt minimum gain, any Member with a share of that partner nonrecourse debt minimum gain as of the beginning of the year shall be allocated items of income and gain for the year (and, if necessary, for succeeding years) equal to that partner's share of the net decrease in partner nonrecourse debt minimum gain, all in accordance with Treas. Reg. § 1.704-2(i)(4). Pursuant to Treas. Reg. § 1.704-2(i)(1), deductions attributable to "partner nonrecourse liability" shall be allocated to the Member that bears the economic risk of loss for such liability (or is treated as bearing such risk).

(c) If the allocation of deductions to either Member would cause such Member to have a deficit Capital Account balance at the end of any taxable year of the Company (after all other allocations provided for in this **Article III** have been made and after giving effect to the adjustments described in **Subparagraph 3.4(a)**), such deductions shall instead be allocated to the other Member.

3.5 Curative Allocations. The allocations set forth in **Paragraph 3.4** (the "**Regulatory Allocations**") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of income, gain, loss or deduction pursuant to this Paragraph. Therefore, notwithstanding any other provisions of this **Article III** (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all items were allocated pursuant to **Paragraph 3.3** without regard to **Paragraph 3.4**.

3.6 Tax Allocations. Except as otherwise provided in this **Paragraph 3.6**, items of taxable income, deduction, gain and loss shall be allocated in the same manner as the corresponding item is allocated for book purposes under **Paragraphs 3.3**, **3.4** and **3.5** of the corresponding item determined for Capital Account purposes.

(a) Recapture of tax deductions arising out of a disposition of property shall, to the extent consistent with the allocations for tax purposes of the gain or amount realized giving rise to such recapture, be allocated to the Members in the same proportions as the recaptured deductions were originally allocated or claimed.

(b) To the extent required by Section 704(c) of the Code, income, gain, loss, and deduction (including depreciation, depletion and amortization) with respect to property contributed to the Company by a Member and with respect to property revalued in accordance with Treas. Reg. § 1.704-1(b)(2)(iv)(*f*) (collectively referred to as "**Adjusted Properties**") shall be allocated between the Members so as to take account of the variation between the adjusted tax basis of the Adjusted Property to the Company and its fair market value at the time of contribution or revaluation in accordance with the provisions of Sections 704(b) and 704(c) of the Code and Treas. Reg. § 1.704-3(b)(1). Any income, gain, loss or deduction attributable to an Adjusted Property (exclusive of such items allocated to eliminate the difference between the adjusted tax basis and the fair market value in accordance with the preceding sentence) shall be allocated in the same manner as such gain or loss would be allocated under **Paragraph 3.3**. To the extent that allocations of tax items are required pursuant to Section 704(c) of the Code to be made other than in accordance with the allocations under **Paragraphs 3.3, 3.4** and **3.5** of the corresponding items for Capital Account purposes, this **Paragraph 3.6(b)** shall be made in accordance with the method available under Treas. Reg. § 1.704-3 which most closely approximates the allocations set forth in **Paragraphs 3.3, 3.4** and **3.5**.

(c) Depletion deductions with respect to contributed property shall be determined without regard to any portion of the property's basis that is attributable to precontribution expenditures by Kisa that were capitalized under Code Sections 616(b), 59(e) and 291(b). Deductions attributable to precontribution expenditures by Kisa shall be calculated under such Code Sections as if Kisa continued to own the depletable property to which such deductions are attributable, and such deductions shall be reported by the Company and shall be allocated solely to Kisa.

(d) The Members understand the allocations of tax items set forth in this **Paragraph 3.6**, and agree to report consistently with such allocations for federal and state tax purposes.

ARTICLE IV
CAPITAL ACCOUNTS; LIQUIDATION

4.1 Capital Accounts.

(a) A separate Capital Account shall be established and maintained by the TMP for each Member. Such Capital Account shall be increased by (i) the amount of money

contributed by the Member to the Company, (ii) the fair market value of property contributed by the Member to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code Section 752) and (iii) allocations to the Member under **Paragraphs 3.3, 3.4** and **3.5** of Company income and gain (or items thereof), including income and gain exempt from tax; and shall be decreased by (iv) the amount of money distributed to the Member by the Company, (v) the fair market value of property distributed to the Member by the Company (net of liabilities secured by such distributed property and that the Member is considered to assume or take subject to under Code Section 752), (vi) allocations to the Member under **Paragraphs 3.3, 3.4** and **3.5** of expenditures of the Company not deductible in computing its taxable income and not properly chargeable to a Capital Account, and (vii) allocations of Company loss and deduction (or items thereof), excluding items described in (vi) above and percentage depletion to the extent it exceeds the adjusted tax basis of the depletable property to which it is attributable. The Members agree that the net fair market value of the property contributed by Kisa to the Company pursuant to **Section 3.1(a)** of the Agreement is $2,863,636.

(b) In the event that the Capital Accounts of the Members are computed with reference to the book value of any Asset which differs from the adjusted tax basis of such Asset, then the Capital Accounts shall be adjusted for depreciation, depletion, amortization and gain or loss as computed for book purposes with respect to such Asset in accordance with Treas. Reg. § 1.704-1(b) (2)(iv)(g).

(c) In the event any interest in the Company is transferred in accordance with the terms of the Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest, except as provided in Treas. Reg. § 1.704-1(b)(2)(iv)(1).

(d) In the event property, other than money, is distributed to a Member, the Capital Accounts of the Members shall be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in such property (that has not been reflected in the Capital Accounts previously) would be allocated among the Members if there was a taxable disposition of such property for the fair market value of such property (taking Section 7701(g) of the Code into account) on the date of distribution. For this purpose the fair market value of the property shall be determined as set forth in **Paragraph 4.2(a)** below.

(e) Kisa is contributing to the Agreement certain depletable properties with respect to which Kisa currently has an adjusted tax basis which may consist in part of depletable expenditures and in part of expenditures capitalized under Code Sections 616(b), 291(b) and/or 59(e). For purposes of maintaining the Capital Accounts, the Company's deductions with respect to contributed property in each year for (i) depletion, (ii) deferred development expenditures under Code Section 616(b) attributable to pre-contribution expenditures, (iii) amortization under Code Section 291(b) attributable to pre-contribution expenditures, and (iv) amortization under Code Section 59(e) attributable to pre-contribution expenditures shall be the amount of the corresponding item determined for tax purposes pursuant to **Subparagraph 3.6(c)** multiplied by the ratio of (A) the book value at which the contributed property is recorded in the Capital Accounts to (B) the adjusted tax basis of the contributed

property (including basis resulting from capitalization of pre-contribution development expenditures under Code Sections 616(b), 291(b), and 59(e)).

(f) The foregoing provisions, and the other provisions of the Agreement relating to the maintenance of Capital Accounts and the allocations of income, gain, loss, deduction and credit, are intended to comply with Treas. Reg. § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Treasury Regulation. In the event the Management Committee shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such Treasury Regulation, the Management Committee may make such modification, provided that it is not likely to have a material effect on the amount distributable to either Member upon liquidation of the Company pursuant to **Paragraph 4.2**.

(g) Upon the occurrence of an event described in Treas. Reg. § 1.704-1(b)(2)(iv)(*f*)(5) (including an adjustment to the Member's Percentage Interest as described in **Section 6.2**), the Capital Accounts shall, as determined by the Manager, be restated in accordance with Treas. Reg. § 1.704-1(b)(2)(iv)(f) to reflect the manner in which unrealized income, gain, loss or deduction inherent in the assets of the Company (that has not been reflected in the Capital Accounts previously) would be allocated among the Members if there were a taxable disposition of such assets for their fair market values, as determined in accordance with **Subparagraph 4.2(a)**. For purposes of **Paragraph 3.3**, a Member shall be treated as contributing the portion of the book value of any property that is credited to the Member's Capital Account pursuant to the preceding sentence. Following a revaluation pursuant to this **Subparagraph 4.1(h)**, the Members' shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to property that has been revalued pursuant to this **Subparagraph 4.1(h)** shall be determined in accordance with the principles of Code Section 704(c) as applied pursuant to **Subparagraph 3.6(b)**.

4.2 Liquidation. In the event the Company is dissolved pursuant to **Section 12.3** of the Agreement then, notwithstanding any other provision of the Agreement to the contrary, the following steps shall be taken (after taking into account any transfers of Capital Accounts pursuant to **Sections 5.2, 6.4**, or **6.5** of the Agreement):

(a) The Capital Accounts of the Members shall be adjusted to reflect any gain or loss which would be realized by the Company and allocated to the Members pursuant to the provisions of **Article III** of this **Exhibit C** if the Assets had been sold at their fair market value at the time of liquidation. The fair market value of the Assets shall be determined by agreement of both Members *provided, however,* that in the event that the Members fail to agree on the fair market value of any Asset, its fair market value shall be determined by a nationally recognized independent engineering firm or other qualified independent party approved by both Members.

(b) After making the foregoing adjustments and/or contributions, and after taking into account all allocations under **Article III**, including **Subparagraph 3.3(g)** and giving effect to all sales or distributions of production through the date of the final distribution, all remaining Assets shall be distributed to the Members in accordance with the balances in their Capital Accounts. Unless otherwise expressly agreed by both Members, with respect to any

asset distributed in kind, each Member shall receive an undivided interest in such Asset in equal to the Member's Percentage Interest at the time of distribution. Assets distributed to the Members shall be deemed to have a fair market value equal to the value assigned to them pursuant to **Subparagraph 4.2(a)** above.

(c) All distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements of Treas. Reg. §§ 1.704-1(b)(2)(ii)(b)(2) and (3).

4.3 Deemed Terminations. Notwithstanding the provisions of **Paragraph 4.2**, if the "liquidation" of the Company results from a deemed termination under Section 708(b)(1)(B) of the Code, then (i) **Subparagraphs 4.2(a)** and **(b)** shall not apply, (ii) the Company shall be deemed to have contributed its assets to a new partnership in exchange for an interest therein, and immediately thereafter, distributing interests therein to the purchasing party and the non-transferring Members in proportion to their interests in the Company in liquidation thereof, (iii) the new partnership shall continue pursuant to the terms of the Agreement and this Exhibit.

ARTICLE V
SALE OR ASSIGNMENT

The Members agree that if either one of them makes a sale or assignment of its Membership Interest under the Agreement, and such sale or assignment causes a termination under Section 708(b)(1)(B) of the Code, the terminating Member shall indemnify the non-terminating Member and save it harmless on an after-tax basis for any increase in taxes to the non-terminating Member caused by the termination of the Company.

ARTICLE VI
WITHHOLDING

To the extent the Company is required by applicable law or any tax treaty to withhold or to make tax payments on behalf of or with respect to any Member (including, by way of example and not limitation, any withholding required by Section 1446 of the Code), the Manager may withhold amounts from distributions to the Members and make such tax payments as so required. To the extent such distributions are not sufficient for that purpose, such Member shall pay to the Company the amount of such insufficiency.

EXHIBIT D

NET PROFITS CALCULATION

All terms denoted with initial capital letters used but not defined herein shall have the meanings ascribed to them in the Golden Lynx Limited Liability Company Agreement to which this Exhibit D is attached (the "Agreement").

1. Net Profits. "Net Profits" means the amounts resulting, from time to time, after deducting Allowed Expenditures (hereafter defined) from the Gross Revenues (hereafter defined) realized.

(a) "Gross Revenues" shall mean for purposes of calculating Net Profits, the gross receipts received by the Company from sale of Products, less any charges for transportation and insurance, sampling, assaying, or penalties; allocated gross receipts from the sale or other disposition of Assets; insurance proceeds received by or for the account of the Company; compensation for expropriation of assets received by the Company and judgment proceeds received by the Company.

(b) "Allowed Expenditures" shall mean all costs, expenses, obligations and liabilities of whatever kind or nature spent or incurred in connection with Exploration, Development, Mining and the marketing of Products, including all capital and operating costs, including, costs of insurance. Allowed Expenditures include:

(i) All costs and expenses for installation, maintenance, replacement, expansion or modification, alteration or change from time to time of any Mining facilities and all costs of project finance, debt fees, closing costs and interest. Costs and expenses of improvements (such as haulage ways or mill facilities) that are also used in connection with workings other than the Assets shall be charged to the Assets only in the proportion that their use in connection with the Assets bears to their total use.

(ii) Ad valorem real property taxes, and all taxes applicable to the acquisition, Exploration, Development, and Mining of the Properties, including all mining taxes, sales taxes, value added taxes, import duties, severance taxes, federal annual mining claim rental fees, royalties, license fees and governmental levies of a similar nature.

(iii) All expenses incurred relative to the marketing and sale of Products, including an allowance for commissions at rates which are normal and customary in the industry and including losses under Hedging Arrangements (defined in Section 5 below).

(iv) All amounts payable by the Company pursuant to Article II of **Exhibit B** – Accounting Procedures.

(v) Reclamation costs and/or the costs of establishment of the Environmental Compliance Fund or acquisition of a surety bond to secure Environmental Compliance.

(vi) All expenditures for Exploration, Development, or Mining of the Properties, to the extent not otherwise described, including:

(A) Costs and expenses for the use of machinery, equipment and supplies, including inventory, required for acquisition, Exploration, Development, Mining and marketing activities; provided, however, that if the Manager uses its own equipment, the charges shall be no greater than on terms available from third parties in the vicinity of the Properties;

(B) Travel expenses and expenses of transportation of employees, material, equipment and supplies necessary or convenient for the conduct of acquisition, exploration, development, mining and marketing activities;

(C) All payments by the Company to contractors, including payments for work on acquisition, Exploration, Development, Mining and marketing activities;

(D) Costs of testing and analyses and any other costs incurred to determine the quality and quantity of minerals;

(E) Costs incurred in preparation and acquisition of environmental permits necessary to commence or complete the acquisition, Exploration, Development, Mining and marketing activities;

(F) Costs and expenses of maintenance of the Properties;

(G) Costs and expenses of preparation of a feasibility study;

(H) The costs of any insurance premium or performance bonds required by law; and

(I) All costs incurred by the Company for title curative work on, or for the benefit of, the Properties.

(vii) Interest on monies borrowed or advanced by the Members (other than monies borrowed or advanced by the Member whose Percentage Interest was converted to this Net Profits Interest) for the foregoing costs and expenses, at the Prime Rate plus two (2) percentage points.

(c) It is intended that the Company shall recoup all contributions for Exploration, Development, Mining, and marketing minerals before any Net Profits are distributed to any person holding a Net Profits Interest. No deduction shall be made for income taxes. Depreciation, amortization or depletion shall not be charged or deducted, inasmuch as the cost of assets which would generally give rise to such charges is directly recoverable to the full extent of their cost pursuant to this Exhibit. If in any period any negative net cash flow is incurred, then the amount of the negative net cash flow shall be considered as and be included with outstanding

costs and expenses and carried forward in determining Net Profits for subsequent periods. If Products other than gold or silver are processed by the Company or any Member, or are sold to an Affiliate of the Company or any such Member, then, for purposes of calculating Net Profits, such Products shall be deemed to have been sold at a price equal to the greater of fair market value to arm's length purchasers FOB the concentrator for the Properties or actual price of sale to the Affiliate, and Net Profits relative thereto shall be calculated without reference to any profits or losses attributable to smelting or refining. Payment of Net Profits to others is not an Allowed Expenditure for purposes of calculating Net Profits.

2. Payment of Net Profits. Payments of Net Profits shall commence in the calendar quarter next following the calendar quarter in which Net Profits are first realized under Section 1(c), and shall be made 45 days following the end of each calendar quarter during which Net Profits are realized. Each payment will be accompanied by a statement prepared by the Manager showing, in reasonable detail, the calculation of Net Profits and will be subject to adjustment based upon the Annual Report (defined below) for the applicable year.

3. Annual Report.

(a) "Annual Report" means a report prepared by the Manager's chief accounting or financial officer showing, in respect of the calendar year to which the report relates, all Gross Revenues, Allowable Expenses, Net Profits Interest payments, year-end adjustments affecting the Net Profits Interest paid or to be paid and all other matters taken into account in the calculation of the Net Profits Interest.

(b) Within 120 days after the end of each calendar year the Manager will calculate cumulative Net Profits in respect of the entire calendar year and will deliver to the holder of the Net Profits Interest an Annual Report in respect of such year. Any adjustments to the amounts paid or payable to the holder of the Net Profits Interest on account of the Net Profits Interest in respect of the calendar year then ended will be credited to or deducted from the amount payable in respect of the first calendar quarter of the following calendar year.

(c) The holder of the Net Profits Interest will have 60 days from the date it receives the Annual Report to question the accuracy thereof by written notice to the Manager, failing which the Annual Report will be deemed to be final and correct.

4. Credits for Recoupment. The Company shall deduct from any payments of Net Profits any and all amounts, costs or expenditures which the Company is entitled to credit or recoup from the holder of a Net Profits Interest pursuant to the Agreement.

5. No Obligation to Hedge Prices. The Company shall have the right but not the obligation to complete or perform any futures contracts, forward sales, hedging or any other marketing agreement (collectively, "Hedging Arrangements") that the Company or any of its Affiliates may hold concerning minerals or Products. Gains or losses resulting from Hedging Arrangements, if any, will be included in the calculation of Net Profits.

6. Commingling. The determination of Net Profits hereunder will take into account all Products and is based on the premise that such Products will be developed solely on the Properties. If other mining properties are incorporated with the Properties, or any part thereof, into a single mining project and the metals, ores or concentrates pertaining to each are blended at the time of mining or at any time thereafter, the respective mining properties (including the Properties) shall bear and have allocated to them their proportionate part of Allowed Expenditures relating to bringing such single mining project into commercial production and thereafter operating the same and shall have allocated to them their proportionate part of Gross Revenues realized from such single mining project, all as determined in accordance with generally accepted accounting principles and from records maintained by the Manager.

7. Audits.

(a) If the Annual Report is questioned by the holder of the Net Profits Interest, and if such questions cannot be resolved between the holder of the Net Profits Interest and the Manager, the holder of the Net Profits Interest will have six months from the date it receives the Annual Report to have the Annual Report audited by an auditor that is independent of both parties and that is qualified with demonstrated appropriate expertise in matters set forth herein.

(b) The audited Annual Report will be final and determinative of the calculation of the Net Profits Interest for the period covered by such Annual Report and will be binding on the holder of the Net Profits Interest, the Manager and each Member. Any overpayment of the Net Profits Interest will be deducted from future payments and any underpayment will be paid to the holder of the Net Profits Interest forthwith.

(c) The costs of the audit will be borne by the holder of the Net Profits Interest if the Annual Report overstated the Net Profits Interest payable or understated the Net Profits Interest payable by not more than 2 percentage points and will be borne by the Manager if the Annual Report understated the Net Profits Interest payable by greater than 2 percentage points.

(d) The holder of the Net Profits Interest will be entitled annually to examine, on reasonable notice and during normal business hours, such books and records as are reasonably necessary to verify the payments of the Net Profits Interest, provided however that such examination shall not unreasonably interfere with or hinder the Manager's operations.

8. Disputes. Any dispute arising out of or related to any report, payment, calculation or audit shall be resolved solely by arbitration in the same manner as provided in the Agreement. No error in accounting or in interpreting the Agreement shall be the basis for a claim of breach of fiduciary duty or give rise to a claim for exemplary or punitive damages or for termination or rescission of the Agreement or the estate and rights acquired and held by the Manager or any Member pursuant to the Agreement.

EXHIBIT E

INSURANCE

The Manager shall, at all times while conducting Operations, comply fully with the applicable worker's compensation laws and purchase, or provide through self-insurance, protection for the Members comparable to that provided under standard form insurance policies for (i) comprehensive public liability and property damage; and (ii) adequate and reasonable insurance against risk of fire and other risks ordinarily insured against in similar operations.

Exhibit 10.7

VENTURE AGREEMENT

THIS VENTURE AGREEMENT ("Agreement") is made and entered into effective as of **_____-2008** (the "Effective Date")

BETWEEN:

Newmont North America Exploration Limited
a corporation incorporated under the laws of Delaware
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Facsimile:303.837.5851
(hereinafter "**NEWMONT**")

and

Kisa Gold Mining, Inc.
a corporation incorporated under the laws of Alaska
10807 E. Montgomery Dr., Suite #1
Spokane, WA 99206
Facsimile: 509.893.0170
(hereinafter "**KISA"**)

RECITALS

A. KISA holds an interest in certain "Properties" situated in Alaska, which are described in **Exhibit A** and defined in **Section 1** below.

B. NEWMONT wishes to participate with KISA in the further exploration, evaluation, and if justified, the development and mining of mineral resources within the Properties, and KISA desires to grant such rights to NEWMONT.

NOW THEREFORE, in consideration of the covenants and terms contained herein, NEWMONT and KISA agree as follows:

1. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings specified in this Section. Cross-references in this Agreement to Articles, Sections, Subsections and Exhibits refer to Articles, Sections, Subsections and Exhibits of this Agreement, unless specified otherwise.

"Accounting Procedure" means the procedure set forth in **Exhibit C**.

"Affiliate" of a Participant means an entity or person that Controls, is Controlled by, or is under common Control with the Participant.

"Agreement" means this Venture Agreement, including any amendments and modifications hereof, and all appendices, schedules and exhibits which are incorporated herein by this reference.

"Area of Interest" means the area described in **Exhibit B**.

"Assets" means the Properties, Products, and all other real and personal property, tangible and intangible, held for the benefit of the Participants hereunder.

"Budget" means a detailed estimate of all costs to be incurred by the Participants with respect to a Program and a schedule of cash advances to be made.

"Chargee" has the meaning as a holder of an Encumbrance as described in **Section 13.5**.

"Claims" means the mining claims identified in **Exhibit A**.

"Confidential Information" has the meaning described in **Section 15.6**.

"Continuing Obligations" means obligations or responsibilities that are reasonably expected to continue or arise after Operations on a particular area of the Properties have ceased or are suspended, including, but not limited to, Environmental Compliance.

"Control" used as a verb means, when used with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity through **(i)** the legal or beneficial ownership of voting securities or membership interests; **(ii)** the right to appoint managers, directors or corporate management; **(iii)** contract; **(iv)** operating agreement; **(v)** voting trust; or otherwise; and, when used with respect to a person, means the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and "Control" used as a noun means an interest which gives the holder the ability to exercise any of the foregoing powers.

"Development" means all preparation (other than Exploration) for the removal and recovery of Products, including the construction or installation of leach pads, a mill or any other improvements to be used for the mining, handling, milling, beneficiation or other processing of Products.

"Earn-In" has the meaning described in **Section 5.2**.

"Effective Date" means the date set forth on the top of page one of this Agreement.

"Encumbrance" or "Encumbrances" means mortgages, deeds of trust, security interests, pledges, liens, net profits interests, royalties or overriding royalty interests, other payments out of production, or other burdens of any nature applicable to the Properties.

"Environmental Compliance" means actions performed during or after Operations to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Properties or other compliance with Environmental Laws.

"Environmental Laws" means Laws aimed at reclamation or restoration of the Properties; abatement of pollution; protection of the environment; monitoring environmental conditions; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances into the environment, and all other Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.

"Environmental Liabilities" means any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements, or expenses (including, without limitation, legal fees and costs, experts' fees and costs, and consultants' fees and costs) of any kind or of any nature whatsoever that are asserted against either Participant or the Venture, by any person or entity other than the other Participant, alleging liability (including, without limitation, liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from **(i)** the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above the Properties and/or emanating or migrating and/or threatening to emanate or migrate from the Properties to off-site properties; **(ii)** physical disturbance of the environment caused by or relating to Operations; or **(iii)** the violation or alleged violation of any Environmental Laws arising from or relating to Operations.

"Existing Data" means maps, drill logs and other drilling data, core tests, pulps, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records, and any other

material or information relating to the Properties, which is owned or controlled by KISA.

"Exploration" means activities directed toward ascertaining the existence, location, quantity, quality, or commercial value of deposits of Products.

"Exploration Expenditures" means all costs, expenses, obligations and liabilities of whatever kind or nature spent or incurred in connection with Exploration and which were expended on or for the benefit of the Properties, but excluding work performed on property not part of the Properties, computed in accordance with U.S. generally accepted accounting principles consistently applied, including, without limiting the generality of the foregoing, the following: **(i)** actual salaries, benefit and fringe costs and wages (whether or not required by Law) of employees or contractors of NEWMONT directly assigned to and actually performing Exploration and related activities within or benefiting the Properties. Employees and contractors may include geologists, geophysicists, engineers, surveyors, engineering assistants, technicians, draftsmen, engineering clerks and other personnel performing technical services connected with Exploration of the Properties; **(ii)** monies expended associated with aerial flights; **(iii)** monies expended associated with drilling, site preparation and road construction; **(iv)** monies expended for the use of machinery, vehicles, equipment and supplies required for Exploration; provided, however, if NEWMONT uses equipment owned by it, charges shall be no greater than on terms available from independent third parties in the vicinity of the Properties; **(v)** monies expended for reasonable travel expenses and transportation of employees and contractors, materials, equipment and supplies necessary for the conduct of Exploration; **(vi)** any other payments to contractors for work on Exploration; **(vii)** monies expended for metallurgical and engineering work; geophysical, geochemical and geological surveys and assays and other costs incurred to determine the quality and quantity of Products within the Properties; **(viii)** monies expended to obtain permits, rights-of-ways and other similar rights as may be required or necessary in connection with Operations regarding the Properties; **(ix)** monies expended in preparation and acquisition of environmental permits necessary to commence, carry out or complete Exploration, and otherwise spent on or accrued for activities required for Environmental Compliance; **(x)** monies expended in performing pre-feasibility and feasibility studies to evaluate the economic feasibility of Mining on the Properties, including expenditures for metallurgical test work, preliminary design work and hydrology studies; **(xi)** monies expended for taxes levied against the Properties and paid by NEWMONT and the cost of any insurance premiums, performance bonds or other forms of sureties required by the terms of this Agreement or any Law; **(xii)** monies expended for and including land holding costs, lease payments, assessment work, claim location, amendment and relocation costs, Government Fees, and other necessary expenditures incurred or made to preserve in good standing the status and title of the Properties; **(xiii)** monies expended for curing any title defects or Encumbrances pertaining to the Properties; and **(xiv)** the administrative charge specified in **Section 2.14 of Exhibit C** in respect of Exploration Expenditures, said charge to be credited toward the Initial Contribution by NEWMONT.

"Financing Option" has the meaning described in **Subsection 5.2.3.5**.

"Force Majeure" shall mean any cause, whether foreseeable or unforeseeable, beyond a Participant's reasonable control, including, without limitation, labor disputes (however arising and whether or not employee demands are reasonable or within the power of the Participant to grant); acts of God; Laws, or requests of any government or governmental entity; judgments or orders of any court; inability to obtain on reasonably acceptable terms any public or private license, permit or other authorization; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of Environmental Laws; action or inaction by any governmental entity that delays or prevents the issuance or granting of any approval or authorization required to conduct Operations; acts of terrorism or war or conditions arising out of or attributable to terrorism or war, whether declared or undeclared; riot, civil strife, insurrection or rebellion; fire, explosion, earthquake, storm, flood, sink holes, drought or other adverse weather condition; delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors' or subcontractors' shortage of, or inability to obtain, labor, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities; actions by citizen groups, including but not limited to environmental organizations or native rights groups; or any other cause whether similar or dissimilar to the foregoing.

"Government Fees" means all rentals, holding fees, location fees, maintenance payments or other

payments required by any law, rule or regulation to be paid to a federal, state, provincial, territorial or other governmental authority, in order to locate or maintain any licenses, permits, concessions, fee lands, mining leases, surface leases, Claims or other tenures included in the Properties.

"Initial Contribution" means that contribution each Participant agrees to make, or is deemed to have made, pursuant to **Section 5.1** and **Subsections 5.2.1 and 5.2.3**.

"Indemnified Participant" has the meaning described in **Subsection 2.5.1**

"Indemnifying Participant" has the meaning described in **Subsection 2.5.1**.

"Joint Account" means the account maintained in accordance with the Accounting Procedure showing the charges and credits accruing to the Participants.

"Law" or "Laws" means all federal, state, provincial, territorial and local laws (statutory or common), rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees, and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature, including Environmental Laws, which are applicable to the Properties, the Area of Interest, or Operations, regardless of whether or not in existence or enacted or adopted hereafter; provided, however, nothing in this definition is intended to make laws applicable to the parties during periods when the laws are not applicable by their terms or the timing of their enactment.

"LIBOR" means an annual rate equal to the offered rate that appears on the page of the Reuters screen (or any successor thereto) that displays an average British Bankers Association Interest Rate Settlement Rate for deposits in dollars with a term of 6 months

"Management Committee" means the committee established under **Article 7**.

"Manager" means the person or entity appointed under **Article 8** to manage Operations, or any successor Manager.

"Memorandum of Agreement" means the document attached as **Exhibit E**.

"Mining" means the mining, extracting, producing, handling, milling, or other processing of Products.

"Net Smelter Returns" has the meaning specified in **Exhibit D**.

"Notice" or "Notices" has the meaning described in **Section 15.1**.

"Operations" means the activities carried out under this Agreement.

"Participant" and "Participants" mean the persons or entities that from time to time have Participating Interests.

"Participating Interest" means the percentage interest representing the ownership interest of a Participant in the Assets, and in all other rights and obligations arising under this Agreement, as such interest may from time to time be adjusted hereunder. Participating Interests shall be calculated to three decimal places and rounded to two (e.g., 1.519% rounded to 1.52%). Decimals of .005 or more shall be rounded up to .01; decimals of less than .005 shall be rounded down. The initial Participating Interests of the Participants are set forth in **Subsection 6.1.1**.

"Phase-I Earn-In" means that portion of NEWMONT's Initial Contributions set forth in **Subsection 5.2.1**.

"Phase-II Earn-In" means that portion of NEWMONT's Initial Contributions set forth in **Subsection 5.2.3**.

"Prime Rate" has the meaning described in **Section 9.10**.

"Products" means all metals, ores, concentrates, minerals, and mineral resources, including materials derived from the foregoing, produced from the Properties under this Agreement.

"Program" means a description in reasonable detail of Operations to be conducted by the Manager, as described in **Article 9**.

"Properties" means the licenses, permits, Claims, concessions, fee lands, mining leases, surface leases or other rights or interests (as applicable) described in **Exhibit A** or acquired by the Venture within the Area of Interest.

"Transferring Entity" has the meaning described in **Subsection 13.3.1**.

"Venture" means the contractual relationship of the Participants under this Agreement.

2. REPRESENTATIONS AND WARRANTIES; RECORD TITLE; INDEMNITIES

2.1 Representations and Warranties.

2.1.1 Capacity of Participants. Each Participant represents and warrants to the other Participant as follows: **(i)** it is a corporation duly incorporated, qualified to transact business, and in good standing under the Laws of its jurisdiction and in Alaska; **(ii)** it has the full right, power and capacity to enter into and perform this Agreement and all transactions contemplated herein, and all corporate, board of directors and other actions required to authorize it to enter into and perform this Agreement have been properly taken; **(iii)** it will not breach any other agreement or arrangement by entering into or performing this Agreement, and this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms; and **(iv)** it has relied solely on its own appraisals and estimates as to the mineral potential of the Properties, and upon its own geologic, engineering and other interpretations related thereto.

2.1.2 Representations and Warranties by KISA. KISA represents and warrants the following:

2.1.2.1 With respect to the Claims, **(i)** the Claims were properly laid out and monumented; **(ii)** all required location and validation work was properly performed; **(iii)** all Notices/certificates (as applicable) were properly recorded/filed with appropriate governmental agencies; **(iv)** all Government Fees required to hold or maintain the Claims have been paid through **September 1, 2008**; and **(v)** all affidavits or other recordings/filings required to maintain the Claims in good standing have been properly and timely recorded with appropriate governmental agencies.

2.1.2.3 KISA has not entered into any other agreement with respect to its interest in and to the Properties that is currently valid and outstanding, and, to the best of KISA's knowledge, there are no leases or subleases or Encumbrances on the Properties, nor any defects in title.

2.1.2.3 To the best of KISA's knowledge, except as to matters of record, no other person or entity is claiming an interest in, or in conflict with, the Properties.

2.1.2.4 To the best of KISA's knowledge, there are no actions, suits, claims, proceedings, litigation or investigations pending or threatened against it that relate to the Properties, or that could, if continued, adversely affect the ability of KISA or NEWMONT to fulfill its obligations under this Agreement or NEWMONT's ability to exercise its rights under this Agreement.

2.1.2.5 KISA has complied with all existing Laws in conducting its operations on the Properties.

2.1.2.6 To the best of KISA's knowledge, there is no condition on the Properties that could result in any Environmental Liabilities or other type of enforcement proceeding, or

any recovery by any governmental agency or private party of remedial or removal costs, natural resources damages, property damages, damages for personal injuries or other costs, expenses, damages or injunctive relief arising from any alleged injury or threat of injury to health, safety or the environment.

2.1.2.7 KISA has delivered to NEWMONT all Existing Data in its possession or control, and true and correct copies of all leases or other agreements relating to the Assets.

2.2 Disclosures. Each of the Participants represents and warrants that it is not aware of any material facts or circumstances that have not been disclosed in this Agreement, which should be disclosed to the other Participant in order to prevent the representations and warranties in this Agreement from being materially misleading.

2.3 Record Title. Title to real and personal property included in the Assets shall be held in the name of the Manager for the benefit of the Participants. Each Participant agrees to execute appropriate documents to reflect changes resulting from changes in Participating Interests in accordance with **Section 6.6** below.

2.4 Loss of Title.

2.4.1 Except as otherwise provided in **Subsection 2.4.2**, prior to the time that NEWMONT has completed its Initial Contribution under this Agreement, any failure or loss of title to the Assets and all costs of defending title thereto shall be charged to the Joint Account, provided that NEWMONT shall pay all such costs until completing Phase-I Earn-In or Phase-II Earn-In, as applicable, and all such paid costs shall be credited against the applicable Earn-In. After NEWMONT has completed its Initial Contribution, any failure or loss of title to the Assets, and all costs of defending title thereto, shall be charged to the Joint Account and paid by the Participants in proportion to their respective Participating interests, except as otherwise provided in **Subsection 2.4.2**.

2.4.2 All losses and costs referenced under **Subsection 2.4.1** that arise out of or result from a breach of the representations and warranties or KISA under **Subsection 2.1.2** shall be charged to and paid by KISA. All losses and costs referenced under **Subsection 2.4.1** arising out of or resulting from a breach of the Manager's obligations under **Subsection 8.2.14** shall be charged to and paid by the Participant that was Manager at the time of the breach.

2.5 Indemnities.

2.5.1 Each Participant shall indemnify the other Participant, its directors, officers, employees, agents and attorneys or Affiliates (collectively "Indemnified Participant") against any loss, cost, expense, damage or liability (including legal fees and other expenses) arising out of or based on a breach by the Participant ("Indemnifying Participant") of any representation, warranty or covenant contained in this Agreement.

2.5.2 If any claim or demand is asserted against an Indemnified Participant in respect of which such Indemnified Participant may be entitled to indemnification under this Agreement, written Notice of such claim or demand shall promptly be given to the Indemnifying Participant. The Indemnifying Participant shall have the right, but not the obligation, by notifying the Indemnified Participant within thirty (30) days after its receipt of the Notice of the claim or demand, to assume the entire Control of (subject to the right of the Indemnified Participant to participate, at the Indemnified Participant's expense and with counsel of the Indemnified Participant's choice), the defense, compromise, or settlement of the matter. Any damages to the Assets or business of the Indemnified Participant caused by a failure by the Indemnifying Participant to defend, compromise, or settle a claim or demand in a reasonable and expeditious manner requested by the Indemnified Participant, after the Indemnifying Participant has given Notice that it will assume control of the defense, compromise, or settlement of the matter, shall be included in the damages

for which the Indemnifying Participant shall be obligated to indemnify the Indemnified Participant. Any settlement or compromise of a matter by the Indemnifying Participant shall include a full release of claims against the Indemnified Participant which has arisen out of the indemnified claim or demand.

2.6 Existing Disturbance. KISA shall be solely responsible for complying with all Laws, relating to all disturbance existing on the Properties relating to KISA's activities or for which KISA is responsible pursuant to applicable Law as of the Effective Date. Without limiting the foregoing, KISA shall diligently reclaim all such existing disturbance in accordance with applicable Laws, and shall satisfy all applicable permit and closure requirements. KISA shall indemnify and hold harmless NEWMONT , its directors, officers, employees, agents, attorneys and Affiliates against any loss, cost, expense, damage or liability (including legal fees and expenses) relating to or arising from any existing disturbance or prior activities on the Properties relating to KISA's activities or for which KISA is responsible pursuant to applicable Law.

3. **NAME, PURPOSES, AND TERM**

3.1 General. NEWMONT and KISA hereby enter into this Agreement for the purposes hereinafter stated. All of the Participants' rights and obligations in connection with the Assets, the Area of Interest and all Operations shall be subject to and governed by this Agreement.

3.2 Name. The Manager shall conduct the business of the Venture in the name of the Venture, doing business as the "**Ako Venture**". The Manager shall accomplish any registration required by applicable, assumed or fictitious name statutes and similar statutes.

3.3 Purposes. This Agreement is entered into for the following purposes and for no others, and shall serve as the exclusive means by which the Participants, or either of them, accomplish such purposes: **(i)** to conduct Exploration within the Properties; **(ii)** to acquire additional real property and other interests within the Area of Interest; **(iii)** to evaluate the possible Development and Mining of the Properties, and if justified, to engage in Development and Mining; **(iv)** to engage in Operations within the Properties; **(v)** to engage in disposition of Products, only to the limited extent permitted in **Article 10**; **(vi)** to complete and satisfy all Environmental Compliance obligations and other Continuing Obligations relating to the Properties; and **(vii)** to perform any other operation or activity necessary, appropriate, or incidental to any of the foregoing.

3.4 Limitation. Unless the Participants otherwise agree in writing, Operations shall be limited to the purposes described in **Section 3.3**, and nothing in this Agreement shall be construed to enlarge such purposes.

3.5 Term. Unless the Venture is earlier terminated or otherwise terminates as provided in this Agreement, the term of this Agreement is for so long as any of the Properties are jointly owned by the Participants and thereafter until all materials, supplies, and equipment have been salvaged and disposed of, a final accounting has been made between the Participants, and any required Environmental Compliance has been completed and accepted by the appropriate governmental agencies.

4. **RELATIONSHIP OF THE PARTICIPANTS**

4.1 No Partnership. Nothing contained in this Agreement shall be deemed to constitute either Participant the partner of the other, nor, except as otherwise herein expressly provided, to constitute either Participant the agent or legal representative of the other, nor to create any fiduciary relationship between them. The Participants do not intend to create, and this Agreement shall not be construed to create, any mining, commercial, tax or other partnership. Neither Participant shall have any authority to act for or to assume any obligation or responsibility on behalf of the other Participant, except as otherwise expressly provided herein. The rights, duties, obligations and liabilities of the Participants shall be several and not joint or collective. Each Participant shall be responsible only for its obligations as herein set out and shall be liable only for its share of the costs and expenses as provided herein. It is the Participants' intent that their ownership of Assets and the rights acquired hereunder shall be as tenants in common. However, the Participants understand that the arrangement and undertakings evidenced by this Agreement may result in a partnership for purposes of United States Federal income taxation and certain State income

tax laws which incorporate or follow United States Federal income tax principles as to tax partnerships. Accordingly, the Participants shall make an election pursuant to United States Treasury Regulations §1.761-2 to be excluded from Subchapter K of the Internal Revenue Code of 1986, as amended.

4.2 Taxes. Each Participant shall be directly responsible for and shall directly pay all taxes applicable to revenues received by the Participant through Operations under this Agreement. In particular, each Participant shall individually file its tax returns with the proper authorities and independently file claims for and recover any income tax credits. A Participant's decisions with respect to such tax matters shall not have any binding effect on the course of actions taken by the other Participant.

4.3 Other Business Opportunities. Except as expressly provided in this Agreement, each Participant shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with Operations, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture, or operation of either Participant, and, neither Participant shall have any obligation to the other with respect to any opportunity to acquire any property outside the Area of Interest at any time, or within the Area of Interest after the termination of this Agreement, except as provided in **Section 11.8**. Unless otherwise agreed in writing, no Participant shall have any obligation to mill, beneficiate, or otherwise treat any Participant's share of Products in any facility owned or controlled by such Participant.

4.4 Termination or Transfer of Rights to Properties. Except as otherwise provided in this Agreement, neither Participant shall permit or cause all or any part of its interest in the Assets or this Agreement to be sold, exchanged, encumbered, surrendered, abandoned, partitioned, divided, or otherwise terminated, by judicial means or otherwise. The Participants hereby waive and release all rights of partition, or of sale in lieu thereof, or other division of Assets, including any such rights provided by any Law.

4.5 Implied Covenants. The implied covenants of good faith and fair dealing are the only implied covenants in this Agreement. No other implied covenants recognized under applicable Law shall be valid or enforceable with respect to this Agreement.

4.6 No Royalty or Other Interests. Except as provided in **Subsection 5.2.3.2** or **Section 6.4**, no Participant shall be entitled or permitted to create any royalty or similar carried interest in all or any part of the Assets.

4.7 No Third Party Beneficiary Rights. This Agreement shall be construed to benefit the Participants and their respective successors and permitted assigns only, and shall not be construed to create third party beneficiary rights in any other party, governmental agency or organization, except as provided in **Subsection 2.5.1**.

5. CONTRIBUTIONS BY PARTICIPANTS

5.1 KISA's Initial Contribution. KISA hereby contributes to the Venture all of its right, title and interest in and to the Properties, together with all of its respective right, title and interest in and to any licenses and permits relating to the Properties and all Existing Data, free and clear of any Encumbrances.

5.2 NEWMONT's Initial Contribution.

5.2.1 Phase-I Earn-In. As its Initial Contribution and subject to NEWMONT's right of withdrawal as set forth in **Section 11.3**, NEWMONT shall complete Exploration Expenditures totaling US$3,000,000 and make cash payments totaling US$75,000 to KISA ("Phase-I Earn-In") in accordance with the following schedules:

Exploration Expenditures Due Dates	Amount
On or before December 31, 2011	US$3,000,000

Cash Payment Due Dates	Amount
On or before January 15, 2009	US$25,000

On or before January 15, 2010	US$50,000

Exploration Expenditures during Phase-I Earn-In shall include a minimum of 3,000 meters of drilling on the Properties (subject to **Subsection 5.2.2**).

Upon NEWMONT's completion of Phase-I Earn-In NEWMONT's Initial Contribution shall have been met and NEWMONT shall give Notice to KISA.

5.2.1.1 No Vesting Until Completion of Phase-I Earn-In. If NEWMONT fails to timely complete all of the Exploration Expenditures described above it shall not have earned any Participating Interest in the Venture or in the Assets or the Properties.

5.2.1.2 Deemed Value of Initial Contributions. Subject to **Subsection 5.2.3.2**, at such time as NEWMONT has completed Phase-I Earn-In, the value of NEWMONT's Initial Contribution shall be deemed to be US$3,000,000 and the value of KISA's Initial Contribution shall be deemed to be US$2,882,353.

5.2.1.3 Operations During Earn-In. During Phase-I Earn-In or Phase-II Earn-In (Phase-I Earn-In and/or Phase-II Earn-In may hereinafter be collectively referred to as "Earn-In"), NEWMONT shall have the sole right to determine the nature, scope, timing and extent of Operations that are conducted to satisfy the applicable Earn-In Exploration Expenditures, without any obligation to hold meetings or to prepare Programs and Budgets, provided, however, (i) in the reports it provides pursuant to **Section 8.2.12**, NEWMONT shall advise KISA of its planned program and budget for each calendar year and any anticipated changes in the program during the course of such year; and (ii) NEWMONT shall conduct all Operations during Earn-In in a manner consistent with the standards set forth in the first sentence of **Section 8.3**.

5.2.2 Excess Credited and Cash in Lieu. In the event Exploration Expenditures during Phase-I Earn-In exceed the minimum amounts set forth in **Subsection 5.2.1**, the excess shall be credited toward Phase-II Earn-In if elected. If NEWMONT fails to complete any of the Exploration Expenditures during Phase-I or Phase-II Earn-In, NEWMONT may elect to satisfy the minimum amount for a period by paying the amount of the shortfall, in cash, to KISA; provided however, the maximum amount of Earn-In that Newmont can satisfy by cash payment is US$500,000 for Phase-I Earn-In and US$500,000 for Phase-II Earn-In, including any payment for drilling shortfalls as provided below**.** If NEWMONT fails to perform the 3,000 meters of drilling on the Properties during either Phase-I Earn-In or Phase-II Earn-In, then NEWMONT may elect to satisfy such obligation by paying, in cash, to KISA at the rate of $100 per meter of the shortfall; provided however, the maximum amount of drilling that Newmont can satisfy by cash payment is 500 meters during Phase-I Earn-In and 500 meters during Phase-II Earn-In. NEWMONT's failure to timely complete the applicable Exploration Expenditures in accordance with this Article, if not cured within thirty (30) days after written Notice by KISA of such default, unless NEWMONT in good faith disputes such Notice, in which case within thirty (30) days after a final judicial decision finding a default, shall be deemed to be a withdrawal of NEWMONT from the Venture. Upon, such withdrawal, the Venture shall terminate and NEWMONT shall be solely responsible for reclaiming all disturbance caused by its Exploration Expenditures.

5.2.3 Phase-II Earn-In.

5.2.3.1 NEWMONT's Election to Earn an Additional Participating Interest. Upon completion of Phase-I Earn-In, NEWMONT may elect, in its sole discretion, to earn an additional nineteen percent (19%) Participating Interest, for a total of a seventy percent (70%) Participating Interest, by completing an additional US$6,000,000 in Exploration Expenditures on or before December 31, 2015 ("Phase-II Earn-In"). Exploration Expenditures during Phase-II Earn-In shall include a minimum of 3,000 meters of drilling on the Properties (subject to **Subsection 5.2.2**).. NEWMONT shall, within ninety (90) days following the date that NEWMONT provides Notice to KISA that NEWMONT has

completed Phase-I Earn-In, notify KISA whether it elects to continue to Phase-II Earn-In. If NEWMONT fails to provide such Notice to KISA within said ninety (90) days, NEWMONT shall be deemed to have elected to continue to Phase-II Earn-In. Following NEWMONT's election or deemed election to continue to Phase-II Earn-In, NEWMONT may then elect not to complete Phase-II Earn-In, but in such event, NEWMONT shall not have earned any additional Participating Interest. Subject to **Subsection 5.2.3.2**, at such time as NEWMONT has completed Phase-II Earn-In, the value of NEWMONT's Initial Contribution shall be deemed to be US$9,000,000 and the value of KISA's Initial Contribution shall be deemed to be US$3,857,143.

5.2.3.2 Notice to Commence Joint Funding. Upon completion of the Exploration Expenditures under the applicable Phase-I Earn-In or Phase-II Earn-In, as determined above, NEWMONT shall provide written Notice to KISA of each such completion at least sixty (60) days before the commencement of the period in which it proposes to commence joint funding. Such Notice shall include a proposed Program and Budget for the following Program and Budget period. KISA shall, within sixty (60) days after delivery of such Notice, notify NEWMONT in writing that it will: **(i)** participate in joint funding at its then Participating Interest, **(ii)** dilute its Participating Interest pursuant to **Section 6.2**, **(iii)** convert all of its Participating Interest into a one percent (1%) Net Smelter Returns royalty interest, as defined in **Exhibit D**, or **(iv)** provided NEWMONT has completed Phase-II Earn-In, elect the Financing Option, as described in **Subsection 5.2.3.5**. If KISA elects pursuant to **Subsection 5.2.3.2(iii)**, it shall be deemed to have withdrawn from this Agreement and shall relinquish its entire Participating Interest. Such relinquished Participating Interest shall be deemed to have accrued automatically to NEWMONT.

5.2.3.3 Interim Funding. The Participants recognize that there will be a delay between the time when Exploration Expenditures are actually incurred or paid and when monthly accounting reports become available for such period. Accordingly, all Exploration Expenditures or other expenditures incurred by NEWMONT subsequent to the applicable Phase-I Earn-In or Phase-II Earn-In and before an election by KISA pursuant to **Subsection 5.2.3.2** shall be credited to NEWMONT in the first joint funding Program and Budget if KISA elects pursuant to **Subsections 5.2.3.2(i) or 5.2.3.2(ii)**.

5.2.3.4 Filing Obligations. Subject to **Section 12.1**, prior to the commencement of joint funding, NEWMONT shall be responsible for making all governmental recordings/filings and paying all Government Fees due during the periods that it is completing Exploration Expenditures. Any such payments shall be credited toward the Exploration Expenditures specified in **Subsections 5.2.1 and 5.2.3**.

5.2.3.5 Financing Option. If NEWMONT completes Phase-II Earn-In, either Participant may elect, by giving Notice to the other Participant within sixty (60) days after delivery of Notice by NEWMONT under **Subsection 5.2.3.2** that it has completed Phase-II Earn-In, for NEWMONT to solely fund all Venture expenditures until commencement of Mining on the Property (the "Financing Option"). If either Participant elects the Financing Option, then (i) KISA's Participating Interest shall immediately be reduced ten percentage points (from 30% to 20% Participating Interest) and NEWMONT's Participating Interest shall immediately be increased by ten percentage points (from 70% to 80% Participating interest), (ii) upon commencement of Mining on the Properties, KISA shall, subject to Sections 6.2, 6.3 and 9.4.2, contribute funds for adopted Programs and Budgets in proportion to its Participating Interest, and (iii) NEWMONT shall receive 90% of that portion of KISA's distribution of earnings or dividends from the Venture to which KISA otherwise is entitled until such time as the amounts so received equal the aggregate amount of expenditures incurred by NEWMONT that, but for the Financing Option, would have been payable by KISA, plus interest thereon from the dates such expenditures were incurred at a rate per annum equal to LIBOR plus three percent (3%). If either Participant elects the Financing Option, the value of NEWMONT's Initial Contribution

shall be deemed to be US$20,000,000 and the value of KISA's Initial Contribution shall be deemed to be US$5,000,000.

5.3. Cash Contributions. After completion of NEWMONT's Initial Contribution under the applicable Earn-In election by NEWMONT, the Participants shall contribute funds for adopted Programs and Budgets in proportion to their respective Participating Interests, subject to elections permitted in **Subsection 5.2.3.2**, **Subsection 5.2.3.5** and **Section 9.4**.

6. **PARTICIPATING INTERESTS**

6.1 Participating Interests

6.1.1 Initial Participating Interest. The Participants shall have the following initial Participating Interests in the Venture upon completion of Phase-I Earn-In:

NEWMONT	51% (or 70% if NEWMONT completes Phase-II Earn-In; or 80% if either Participant elects the Financing Option)
KISA	49% (or 30% if NEWMONT completes Phase II Earn-In; or 20% if either Participant elects the Financing Option)

6.1.2 Changes in Participating Interests. A Participant's Participating Interest shall only be changed as follows:

6.1.2.1 as provided in **Subsection 5.2.3**;

6.1.2.2 upon an election or deemed election by a Participant pursuant to **Section 9.4** not to contribute to an adopted Program and Budget in accordance with the percentage reflected by its Participating Interest;

6.1.2.3 as provided in **Section 6.4**;

6.1.2.4 in the event of default by a Participant in making its agreed upon contribution to an adopted Program and Budget, followed by an election by the other Participant to invoke **Subsection 6.3.2**;

6.1.2.5 upon withdrawal, pursuant to **Article 11**;

6.1.2.6 pursuant to a transfer by a Participant of all or a portion of its Participating Interest in accordance with **Article 13**; or

6.1.2.7 upon acquisition by either Participant of part or all of the Participating Interest of the other Participant, however arising.

6.2 Voluntary Reduction in Participation – Dilution. After NEWMONT has completed its Initial Contribution, a Participant may elect, as provided in **Subsection 5.2.3.2** and **Section 9.4**, to limit its contributions to an adopted Program and Budget (without regard to its vote on adoption of the Program and Budget) by not contributing at all to an adopted Program and Budget. For clarity, a Participant may not elect to partially contribute, but must elect to either fully contribute or not contribute at all to an adopted Program and Budget.

In such event, the other, non-diluting Participant shall then have the option to either fully fund the remaining portion of the adopted Program and Budget; or, within fifteen (15) days following the election of the diluting Participant under **Subsection 5.2.3.2(ii), Subsection 5.2.3.2(iii) or Subsection 9.4.2**, to propose a reduced alternative Program and Budget to which the Participants shall, within seven (7) days, make a re-election under **Subsection 5.2.3.2, Subsection 9.4.1** or **Subsection 9.4.2**. If the non-diluting

Participant elects to continue with the initially adopted Program and Budget, the Participating Interest of the Participant electing not to participate shall be recalculated at the time of election by dividing the sum of **(a)** the value of that Participant's Initial Contribution as defined in **Sections 5.1 or 5.2**, plus **(b)** the total of all that Participant's contributions to previous Programs and Budgets, by the sum of **(a)** and **(b)** above for all Participants, plus (c) the amount the non-diluting Participant elects to contribute to the approved Program, and multiplying the result by 100. That is:

$$\frac{\text{(a)+(b) diluting Participant}}{\text{(a)+(b) all Participants +(c)}} \times 100 = \text{Recalculated Participating Interest}$$

The Participating Interest of the other, non-diluting Participant shall thereupon become the difference between 100% and the recalculated Participating Interest.

As soon as practicable after the necessary information is available at the end of each period covered by an adopted Program and Budget, a recalculation of each Participant's Participating Interest shall be made in accordance with the preceding formula to adjust, as necessary, the recalculations made at the beginning of such period to reflect actual contributions made by the Participants during the period. Except as otherwise provided in this Agreement, a diluting Participant shall retain all of its rights and obligations under this Agreement, including the right to participate in future Programs and Budgets at its recalculated Participating Interest.

6.3 Default in Making Contributions

6.3.1 If a Participant elects to contribute to an approved Program and Budget and then defaults in making a contribution or cash call under an approved Program and Budget the non-defaulting Participant may, but is not obligated to, advance the defaulted contribution on behalf of the defaulting Participant and treat the same, together with any accrued interest, as a demand loan bearing interest from the date of the advance at the rate provided in **Section 9.10**. The failure to repay said loan within ten (10) days following demand shall be a default.

6.3.2 The Participants acknowledge that if a Participant defaults in making a contribution to an approved Program and Budget or a cash call under **Section 9.9**, or in repaying a loan under **Subsection 6.3.1**, as required hereunder, it will be difficult to measure the damages resulting from such default and the damage to the non-defaulting Participant could be significant. In the event of such default, as reasonable liquidated damages, the non-defaulting Participant may, with respect to any such default not cured within thirty (30) days after Notice to the defaulting Participant of such default, declare the defaulting Participant in default, in which case the defaulting Participant's Participating Interest shall be shall be reduced by two times the amount that would otherwise be calculated pursuant to **Section 6.2**.

6.4 Elimination of Minority Participating Interest.

6.4.1 Conversion Trigger. Upon the reduction of its Participating Interest to Fifteen Percent (15%) or less, by other than default under **Subsection 6.3.2,** or by KISA making its election under **Subsection 5.2.3.2(iii)**, a Participant shall be deemed to have withdrawn from the Venture and shall relinquish its entire Participating Interest, free and clear of any Encumbrances arising by, through or under that Participant. Such relinquished Participating Interest shall be deemed to have accrued automatically to the other Participant, and the Participating Interest of the diluted Participant shall be converted to a One Percent (1%) Net Smelter Returns royalty, as defined in **Exhibit D**.

If a Participant forfeits its Participating Interest then any decision to place the Properties into production shall be at the sole discretion of the other Participant and if the Properties is in or is placed into production, the non-forfeiting Participant shall have the unfettered right to suspend, curtail or terminate any such operation as it in its sole discretion may determine.

6.5 Continuing Liabilities Upon Adjustments of the Participating Interests. Any actual or deemed

withdrawal of a Participant or any reduction of a Participant's Participating Interest under this Agreement shall not relieve such Participant of its share of any liability, whether it accrues before or after such withdrawal or reduction, arising out of Operations conducted prior to such withdrawal or reduction, including, without limitation, Environmental Compliance and other Continuing Obligations. For purposes of this **Article 6**, such Participant's share of such liability shall be equal to its Participating Interest at the time that the events or omissions giving rise to such liability occurred. The increased Participating Interest accruing to a Participant as a result of the reduction of the other Participant's Participating Interest shall be free from royalties, liens or other Encumbrances arising by, through or under such other Participant, other than those to which both Participants have given their written consent.

6.6 Documentation of Adjustments to Participating Interests. An adjustment to a Participating Interest need not be evidenced during the term of this Agreement by the execution and recording of appropriate instruments, but each Participant's Participating Interest shall be shown in the books of the Manager. However, either Participant, at any time upon the request of the other Participant, shall execute and acknowledge instruments necessary to evidence or effectuate such adjustment in a form sufficient for recording in the jurisdiction where the Properties are located.

6.7 Grant of Lien or Security Interest

6.7.1 Subject to **Section 6.8**, each Participant grants to the other Participant a lien upon and a security interest in its Participating Interest, including all of its right, title and interest in the Assets and the Participant's share of Products, whenever acquired or arising, and the proceeds from and accessions to the foregoing.

6.7.2 The liens and security interests granted by **Subsection 6.7.1** shall secure every obligation or liability of the Participant granting such lien or security interest created under this Agreement, including the obligation to repay a loan granted under **Subsection 6.3.1**. Each Participant hereby agrees to take all action necessary to perfect such lien and security interests and hereby appoints the other Participant, its attorney-in-fact, to execute, file and record all security documents necessary to perfect or maintain such lien and security interests.

6.8 Subordination of Interests. Each Participant shall, from time to time, take all necessary actions, including execution of appropriate agreements, to pledge and subordinate its Participating Interest, any liens it may hold which are created under this Agreement, other than those created pursuant to **Section 6.7** hereof, and any other right or interest it holds with respect to the Assets (other than any statutory lien of the Manager) to any secured borrowings for Operations approved by the Management Committee.

6.9 Effect of Conversion to a Royalty. Upon a Participant's conversion to a Net Smelter Returns royalty pursuant to **Subsections 5.2.3.2(iii), 6.4.1, 6.4.2, 6.4.3,** this Agreement shall terminate, except for the rights and obligations under **Sections 2.5, 6.5, 11.3 through 11.10, 15.6** and this **Section 6.9**. Upon either Participant's conversion to a Net Smelter Returns royalty, the Participants shall promptly execute appropriate conveyance instruments conveying the converting Participant's interest in the Assets to the non-converting Participant, and the Participants shall execute a Royalty Deed in the form of **Exhibit D**.

7. **MANAGEMENT COMMITTEE**

7.1 Organization and Composition. Upon execution of this Agreement, the Participants shall establish a Management Committee to determine overall policies, objectives, procedures, methods and actions under this Agreement. The Management Committee shall consist of two (2) members appointed by NEWMONT and two (2) members appointed by KISA. Each Participant may appoint one or more alternates to act and vote in the absence of a regular member. Any alternate so acting shall be deemed a member. Appointments shall be made or changed by prior written Notice to the other Participant.

7.2 Decisions. Each Participant, acting through its appointed members, shall have votes on the Management Committee, in proportion to its Participating Interest. Unless otherwise provided in this Agreement, the vote of a Participant with a Participating Interest greater than fifty percent (50%) shall determine the decisions of the Management Committee. In the event of a tie vote, the Participant designated as Manager shall have the deciding vote of the Management Committee, after considering the

legitimate concerns of the other Participant. Prior to NEWMONT's completion of Phase-I Earn-In, NEWMONT shall be deemed to have a fifty-one percent (51%) Participating Interest and KISA shall be deemed to have a forty-nine (49%) Participating Interest for purposes of voting on the Management Committee, and for determining NEWMONT's right to be the Manager.

7.3 Meetings. Upon the commencement of joint funding, the Management Committee shall hold regular meetings at least annually in Denver, Colorado, U.S.A. or at other mutually agreed places on the following terms. The Manager shall give thirty (30) days Notice to the Participants of such regular meetings (unless such Notice is waived by the Participants). Additionally, any Participant may call a special meeting upon seven (7) days Notice to the Manager and the other Participant (unless such Notice is waived by the Participants). In case of emergency, reasonable Notice of a special meeting shall suffice. With respect to a regular or special meeting of the Management Committee, there shall be a quorum if at least one member representing each Participant having greater than a twenty percent (20%) Participating Interest is present; but if a quorum does not exist at any such meeting, any Participant may reschedule the meeting, at a time at least two (2) days following the originally scheduled meeting but no later than seven (7) days following the originally scheduled meeting, and, at such rescheduled meeting, there shall be a quorum if at least one member representing any Participant having greater than a twenty percent (20%) Participating Interest is present. Each Notice of a meeting shall include an itemized agenda prepared by the Manager in the case of a regular meeting, or by the Participant calling the meeting in the case of a special meeting, but any matter may be considered with the consent of all Participants. The Manager shall prepare minutes of all meetings and shall distribute copies of such minutes to the Participants within thirty (30) days after the meeting. The Participants shall have thirty (30) days after receipt to sign and return such copies or to provide any written comments on such minutes to the Manager. If a Participant timely submits written comments on such minutes, the Management Committee shall seek, for a period not to exceed thirty (30) days, to agree upon minutes of such meeting acceptable to the Participants. At the end of such period, failing agreement by the Participants on revised minutes, the minutes of the meeting shall be the original minutes as prepared by the Manager, together with the comments on the minutes made by the other Participant. These documents shall be placed in the minute book maintained by the Manager. If personnel employed in Operations are required to attend a Management Committee meeting, reasonable costs incurred in connection with such attendance shall be a Venture cost. All other costs associated with Management Committee meetings shall be paid for by the Participants individually.

7.4 Action Without Meeting. Subject to the Notice and quorum requirements under **Section 7.3**, the Management Committee may hold meetings by telephone conferences in lieu of meetings in person, so long as minutes are prepared in accordance with **Section 7.3**. The Management Committee may also take actions in writing signed by all members.

7.5 Matters Requiring Approval. Except as otherwise delegated to the Manager in **Section 8.2** or as otherwise provided in this Agreement the Management Committee shall have exclusive authority to determine all management matters related to this Agreement.

8. MANAGER

8.1 Appointment. The Participants hereby appoint NEWMONT as the Manager with overall management responsibility for Operations and to remain as Manager until it resigns pursuant to **Section 8.4**.

8.2 Powers and Duties of Manager. Subject to the terms and provisions of this Agreement, including but not limited to **Subsection 5.2.1.3**, the Manager shall have the following powers and duties:

> 8.2.1 the Manager shall manage, direct, and control Operations, and shall prepare and present to the Management Committee proposed Programs and Budgets;
>
> 8.2.2 the Manager shall implement the decisions of the Management Committee, shall make all expenditures necessary to carry out adopted Programs, and shall promptly advise the Management Committee if it lacks sufficient funds to carry out its responsibilities under this Agreement;

8.2.3 the Manager shall use reasonable efforts to: **(i)** purchase or otherwise acquire all material, supplies, equipment, water, utility and transportation services required for Operations, such purchases and acquisitions to be made on the best terms available, taking into account all of the circumstances; **(ii)** obtain such customary warranties and guarantees as are available in connection with such purchases and acquisitions; and **(iii)** keep the Assets free and clear of all Encumbrances, except for those existing at the time of, or created concurrent with, the acquisition of such Assets, or mechanic's or materialmen's liens which shall be released or discharged in a diligent manner, or Encumbrances specifically approved by the Management Committee;

8.2.4 the Manager shall conduct such title examinations and cure such title defects relating to the Properties as may be advisable in the reasonable judgment of the Manager;

8.2.5 the Manager shall: **(i)** make or arrange for all payments required by concessions, leases, licenses, permits, contracts, and other agreements related to the Assets; **(ii)** pay all taxes, assessments and like charges on Operations and Assets except taxes determined or measured by a Participant's sales revenue or net income. If authorized by the Management Committee, the Manager shall have the right to contest, in the courts or otherwise, the validity or amount of any taxes, assessments, or charges if the Manager deems them to be unlawful, unjust, unequal, or excessive, or to undertake such other steps or proceedings as the Manager may deem reasonably necessary to secure a cancellation, reduction, readjustment, or equalization thereof before the Manager shall be required to pay them, but in no event shall the Manager permit or allow title to the Assets to be lost as the result of the non-payment of any taxes, assessments, or like charges; and **(iii)** do all other acts reasonably necessary to maintain the Assets;

8.2.6 the Manager shall: **(i)** apply for all necessary permits, licenses and approvals; **(ii)** comply with the Laws; **(iii)** notify promptly the Management Committee of any allegations of substantial violation thereof; and **(iv)** prepare and file all reports or notices required for Operations. In the event of any violation of permits, licenses, Laws or approvals, the Manager shall timely cure or dispose of such violation through performance, payment of fines and penalties, or both, and the cost thereof shall be charged to the Joint Account;

8.2.7 the Manager shall notify the other Participant promptly of any litigation, arbitration, or administrative proceeding commenced against the Venture. The Manager shall prosecute and defend, but shall not initiate without consent of the Management Committee, all litigation or administrative proceedings arising out of Operations. The non-managing Participant shall have the right to participate, at its own expense, in such litigation or administrative proceedings. The Management Committee shall approve in advance any settlement involving payments, commitments or obligations in excess of US$100,000 in cash or value;

8.2.8 the Manager may dispose of Assets, whether by sale, assignment, abandonment or other transfer, in the ordinary course of business, except that Properties may be abandoned or surrendered only as provided in **Article 12**. However, without prior authorization from the Management Committee, the Manager shall not: **(i)** dispose of Assets in any one transaction having a value in excess of US$100,000, **(ii)** enter into any sales contracts or commitments for Products, except as permitted in **Section 10.2**; **(iii)** begin a liquidation of the Venture; or **(iv)** dispose of all or a substantial part of the Assets necessary to achieve the purposes of the Venture;

8.2.9 the Manager shall have the right to carry out its responsibilities hereunder through agents, Affiliates or independent contractors;

8.2.10 the Manager shall keep and maintain all required accounting and financial records pursuant to the Accounting Procedure and in accordance with generally accepted U.S. GAAP accounting procedures;

8.2.11 the Manager shall select and employ at competitive rates all supervision and labor necessary or appropriate to all Operations hereunder. All persons employed hereunder, the

number thereof, their hours of labor and their compensation shall be determined by the Manager, and they shall be employees of the Manager;

8.2.12 the Manager shall keep the Management Committee advised of all Operations by submitting in writing to the Management Committee: **(i)** prior to the commencement of joint funding, monthly progress summaries with applicable data and an annual report by each January 31, and after joint funding commences, monthly progress reports, which include statements of expenditures and comparisons of such expenditures to the adopted Budget; **(ii)** periodic summaries of data acquired; **(iii)** copies of reports concerning Operations; **(iv)** a detailed final report within sixty (60) days after completion of each Program and Budget, which shall include comparisons between actual and budgeted expenditures; and **(v)** such other reports as the Management Committee may reasonably request. At all reasonable times, the Manager shall provide the Management Committee or the representative of any Participant, upon the request of any member of the Management Committee, access to, and the right to inspect and copy, all information acquired in Operations, including but not limited to, maps, drill logs, core tests, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records. In addition, the Manager shall allow the non-managing Participant, at its sole risk and expense, and subject to reasonable safety regulations, to inspect the Assets and Operations at all reasonable times, so long as the inspecting Participant does not unreasonably interfere with Operations;

8.2.13 the Manager shall arrange insurance for the benefit of the Participants, in such amounts and of such nature as the Manager deems necessary to protect the Assets and Operations of the Venture;

8.2.14 subject to **Subsection 5.2.3.4**, the Manager shall perform or cause to be performed all assessment and other work, and shall pay all Government Fees required by Law in order to maintain in good standing all licenses, permits, claims, concessions, fee lands, mining leases, surface leases mining leases, surface leases, Claims and other tenures included within the Properties. The Manager shall have the right to perform the assessment work required hereunder pursuant to a common plan of exploration on other properties. The Manager shall timely record and file with the appropriate governmental office any required affidavits, notices of intent to hold and other documents in proper form attesting to the payment of Government Fees and the performance of assessment work, in each case in sufficient detail to reflect compliance with the applicable requirements;

8.2.15 if authorized by the Management Committee, the Manager may: **(i)** locate, amend or relocate any unpatented mining claim or mill site or tunnel site, **(ii)** locate any fractions resulting from such amendment or relocation, **(iii)** apply for patents or mining leases or other forms of mineral tenure for any such unpatented claims or sites, **(iv)** abandon any unpatented mining claims for the purpose of locating mill sites or otherwise acquiring from the United States or State of Alaska rights to the ground covered thereby, **(v)** abandon any unpatented mill sites for the purpose of locating mining claims or otherwise acquiring from the United States or State of Alaska rights to the ground covered thereby, **(vi)** exchange with or convey to the United States or State of Alaska any of the Properties for the purpose of acquiring rights to the ground covered thereby or other adjacent ground, and **(vii)** convert any unpatented claims or mill sites into one or more leases or other forms of mineral tenure pursuant to any federal law hereafter enacted.

8.2.16 the Manager shall prepare an Environmental Compliance plan for all Operations consistent with the requirements of any applicable Laws or contractual obligations and shall include in each Program and Budget sufficient funding to implement the Environmental Compliance plan and to satisfy the financial assurance requirements of any applicable Law or contractual obligation pertaining to Environmental Compliance. To the extent practical, the Environmental Compliance plan shall incorporate concurrent reclamation of Properties disturbed by Operations;

8.2.17 the funds that are to be deposited into the Environmental Compliance fund shall be maintained by the Manager in a separate, interest bearing cash management account, which

may include, but is not limited to, money market investments and money market funds, and/or in longer term investments if approved by the Management Committee. Such funds shall be used solely for Environmental Compliance, including the committing of such funds, interests in property, insurance or bond policies, or other security to satisfy Laws regarding financial assurance for the reclamation or restoration of the Properties, and for other Environmental Compliance requirements;

8.2.18 the Manager shall undertake to perform Continuing Obligations when and as economic and appropriate, whether before or after termination of the Venture. The Manager shall have the right to delegate performance of Continuing Obligations to persons having demonstrated skill and experience in relevant disciplines. As part of each Program and Budget submittal, the Manager shall specify in such Program and Budget the measures to be taken for performance of Continuing Obligations and the cost of such measures. The Manager shall keep the other Participant reasonably informed about the Manager's efforts to discharge Continuing Obligations. Authorized representatives of each Participant shall have the right from time to time to enter the Properties to inspect work directed toward satisfaction of Continuing Obligations and audit books, records, and accounts related thereto;

8.2.19 if Participating Interests are adjusted in accordance with this Agreement the Manager shall propose from time to time one or more methods for fairly allocating costs for Continuing Obligations in a manner consistent with **Section 6.5**;

8.2.20 the Manager shall undertake all other activities reasonably necessary to fulfill the foregoing.

8.3 Standard of Care. The Manager shall discharge its duties under **Section 8.2** and conduct all Operations in a good, workmanlike and efficient manner, in accordance with sound mining, environmental and other applicable industry standards and practices, and in material compliance with the terms and provisions of concessions, leases, licenses, permits, contracts and other agreements pertaining to Assets. The Manager shall not be liable to the non-managing Participant for any act or omission resulting in damage, loss cost, penalty or fine to the Venture or non-managing Participant, except to the extent caused by or attributable to the Manager's willful misconduct or gross negligence. The Manager shall not be in default of its duties under this Agreement, if its inability to perform results from the failure of the non-managing Participant to perform acts or to contribute amounts required of it by this Agreement.

8.4 Resignation; Deemed Offer to Resign. The Manager may offer to resign upon not less than thirty (30) days prior Notice to the Management Committee, in which case the other Participant may select the successor Manager by Notice to the Management Committee within thirty (30) days after the Notice of resignation, and may appoint itself or a third party as the successor Manager. If any of the following shall occur, the Manager shall be deemed to have offered to resign, which offer shall be accepted by the other Participant (along with the appointment of a successor Manager), if at all, within ninety (90) days following such deemed offer:

8.4.1 subject to **Section 8.1**, the Participating Interest of the Manager (inclusive of any entity claiming through the Manager as provided in **Subsection 13.2.7**) ceases to be greater than or equal to the highest between the Participants, provided; however, that in the event the Manager transfers its Participating Interest to an Affiliate, such Affiliate shall automatically become the Manager; or

8.4.2 the Manager fails to perform a material obligation imposed upon it under this Agreement, and such failure continues for a period of sixty (60) days after Notice from the other Participant demanding performance; or

8.4.3 the Manager fails to pay the Venture's bills within ninety (90) days after they are due, unless the Manager contests such bills in good faith; or

8.4.4 the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official is appointed for a substantial part of the Manager's assets, and such appointment

is neither made ineffective nor discharged within thirty (30) days after the making thereof, or such appointment is consented to, requested by, or acquiesced in by the Manager; or

8.4.5 the Manager commences a voluntary case under any applicable bankruptcy, insolvency or similar law now or hereafter in effect; or consents to the entry of an order for relief in an involuntary case under any such law or to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of any substantial part of its assets; or makes a general assignment for the benefit of creditors; or takes corporate or other action in furtherance of any of the foregoing; or

8.4.6 entry is made against the Manager of a judgment, decree or order for relief affecting its ability to serve as Manager, or a substantial part of its Participating Interest or other assets by a court of competent jurisdiction in an involuntary case commenced under any applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect.

Under **Subsections 8.4.4, 8.4.5 or 8.4.6** above, any appointment of a successor Manager shall be deemed to pre-date the event causing a deemed offer of resignation.

8.5 Payments to Manager. The Manager shall be compensated for its services and reimbursed for its costs hereunder in accordance with the Accounting Procedure set forth in **Exhibit C**.

8.6 Transactions With Affiliates. If the Manager engages Affiliates to provide services hereunder, it shall do so on terms no less favorable than would be the case with unrelated persons in arm's-length transactions.

8.7 Independent Contractor. The Manager is and shall act as an independent contractor and not as the agent of the other Participant. The Manager shall maintain complete control over its employees and all of its subcontractors with respect to performance of the Operations. Nothing contained in this Agreement or any subcontract awarded by the Manager shall create any contractual relationship between any subcontractor and the other Participant. The Manager shall have complete control over and supervision of Operations and shall direct and supervise the same so as to ensure their conformity with this Agreement.

9. **PROGRAMS AND BUDGETS**

9.1 Operations Pursuant to Programs and Budgets. After Notice of commencement of joint funding pursuant to **Subsection 5.2.3.2**, Operations shall be conducted, expenses shall be incurred, and Assets shall be acquired only pursuant to an initial Program and Budget under **Subsection 5.2.3.2**, or subsequently, to a Program and Budget approved pursuant to **Section 9.2**. Every Program and Budget adopted pursuant to this Agreement shall provide for accrual of reasonably anticipated Environmental Compliance expenses for all operations contemplated under the Program and Budget.

9.2 Presentation of Programs and Budgets. Proposed Programs and Budgets shall be prepared by the Manager and shall be for six (6) month periods or any longer periods not to exceed one (1) year. Each adopted Program and Budget, regardless of length, shall be reviewed at least once per year at the annual meeting of the Management Committee. Notwithstanding whether a portion of a previous period's Program and Budget is being carried forward to fund activities continuing beyond the current year, at least thirty (30) days prior to the annual meeting of the Management Committee, a proposed Program and Budget for the succeeding period shall be prepared by the Manager and submitted to the Participants. Within ten (10) days of receipt of the proposed Program and Budget, the Participants may submit written comments to the Manager detailing revisions or modifications that they would like to have made to the proposed Program and Budget. If such written comments are received, the Manager, working with the other Participant, shall seek for a period of time not to exceed fifteen (15) days to develop a revised Program and Budget acceptable to both Participants. The Manager shall submit any revised proposed Program and Budget to the Participants at least five (5) days prior to the annual meeting of the Management Committee.

9.3 Adoption of Proposed Programs and Budgets. At the annual meeting, the Management Committee

shall consider and vote on the proposed Program and Budget.

9.4 Election to Participate. By Notice to the Management Committee within twenty (20) days after the final vote adopting a Program and Budget, a Participant may elect to contribute to such Program and Budget as follows:

9.4.1 in proportion to its respective Participating Interest as of the beginning of the period covered thereby; or

9.4.2 not at all, in which case its Participating Interest shall be recalculated as provided in **Section 6.2**, and such recalculated Participating Interest shall be effective the first day of the period covered by the adopted Program and Budget.

If a Participant fails to provide Notice to the Management Committee under this **Section 9.4**, the Participant will be deemed to have elected to contribute to such Program and Budget in proportion to its Participating Interest at the beginning of such Program and Budget period.

9.5 Budget Overruns; Program Changes. The Manager shall immediately notify the Management Committee of any material departure from an adopted Program and Budget. If the Manager exceeds the total of an adopted Budget by more than ten percent (10%), then the excess over ten percent (10%), unless directly caused by an emergency or unexpected expenditure made pursuant to **Section 9.7**, or authorized or ratified by a unanimous decision of the Management Committee, shall be for the sole account of the Manager and such excess shall not be included in the calculations of the Participating Interests. Budget overruns of ten percent (10%) or less shall be borne by the Participants in proportion to their respective Participating Interests as of the time the overrun occurs.

9.6 Re-Election to Participate. If the Manager expended or incurred obligations of less than eighty percent (80%) of the adopted Budget, within thirty (30) days of receiving the Manager's report on expenditures, a diluted Participant may notify the other Participant of its election to reimburse the other Participant for the difference between any amount contributed by the diluted Participant to such adopted Program and Budget and the diluted Participant's proportionate share (at the diluted Participant's former Participating Interest) of the actual amount expended or incurred for the Program, plus interest on the difference accruing at the rate described in **Section 9.10**. The diluted Participant shall deliver the appropriate amount (including interest) to the other Participant with such Notice. Failure of the diluted Participant to so notify and tender such amount shall result in dilution occurring in accordance with **Section 6.2** and shall bar the diluted Participant from its rights under this **Section 9.6** concerning the relevant adopted Program and Budget.

9.7 Emergency Expenditures. In case of emergency, the Manager may take any action it deems necessary to protect life, limb or property, to protect the Assets or to comply with Law. The Manager may also make reasonable expenditures on behalf of the Participants for unexpected events that are beyond its reasonable control. In the case of an emergency or unexpected expenditure, the Manager shall promptly notify the Participants of the expenditure, and the Manager shall be reimbursed therefor by the Participants in proportion to their respective Participating Interests at the time the emergency or unexpected expenditure is incurred.

9.8 Monthly Statements. After Notice to commence joint funding, the Manager shall submit to the Management Committee monthly statements of account reflecting in reasonable detail the charges and credits to the Joint Account.

9.9 Cash Calls. On the basis of adopted Programs and Budgets, the Manager shall submit to each Participant, prior to the fifteenth (15^{th}) day of each month, a billing for estimated cash and Environmental Compliance fund requirements for the next month. Within fifteen (15) days after receipt of each billing, or a billing made pursuant to **Sections 9.7 or 11.4**, each Participant shall advance to the Manager its proportionate share of the estimated amount. Time is of the essence of payment of such billings. The Manager shall at all times maintain a cash balance approximately equal to the rate of disbursement for up to two (2) months. After a decision has been made to begin Development, all funds in excess of immediate cash requirements shall be invested in interest-bearing accounts for the benefit of the Joint

Account.

9.10 Failure to Meet Cash Calls. A Participant that fails to meet cash calls in the amount and at the times specified in **Section 9.9** shall be in default, and the amounts of the defaulted cash call shall bear interest from the date due at an annual rate equal to five (5) percentage points over the Prime Rate or the maximum interest rate permitted by law, if less than this. "Prime Rate" means the annual percentage rate in effect from time to time for demand, commercial loans quoted by CITIBANK, N.A. at its main branch in New York City, New York, U.S.A. to its most credit-worthy customers. Such interest shall accrue to the benefit of and be payable to the non-defaulting Participant, but shall not be deemed as amounts contributed by the non-defaulting Participant in the event dilution occurs in accordance with **Article 6**. The non-defaulting Participant shall have those rights, remedies and elections specified in **Section 6.3**, as well as any other rights and remedies available to it by Law.

9.11 Audits. Upon request of any Participant made within twenty-four (24) months following the end of any calendar year (or, if the Management Committee has adopted an accounting period other than the calendar year, within twenty-four (24) months after the end of such period), the Manager shall order an audit of the accounting and financial records for such calendar year (or other accounting period). All exceptions to the audit and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing not later than three (3) months after receipt of the audit report by the Participant that requested the audit. A Participant's failure to make such exceptions or claims within the three (3) month period shall **(i)** mean that the audit is correct and binding upon the Participants and **(ii)** result in a waiver of any right to make claims upon the Manager for discrepancies disclosed by the audit. The audits shall be conducted by an international firm of certified public/chartered accountants selected by the Manager, unless otherwise agreed by the Management Committee. In addition each Participant shall have the right to conduct an independent audit of all books, records and accounts, at the expense of the requesting Participant, and which audit right will be limited to the period not more than twenty-four (24) months prior to the calendar year in which the audit is conducted. All exceptions to and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing within three (3) months after completion or delivery of such audit, or they shall be deemed waived.

10. **DISPOSITION OF PRODUCTION**

10.1 Taking In Kind. Each Participant shall take in kind or separately dispose of its share of all Products in accordance with its Participating Interest. Any extra expenditure incurred in the taking in kind or separate disposition by any Participant of its proportionate share of Products shall be borne by such Participant. Nothing in this Agreement shall be construed as providing, directly or indirectly, for any joint or cooperative marketing or selling of Products or permitting the processing of Products of anyone other than the Participants at any processing facilities constructed by the Participants pursuant to this Agreement. The Manager shall give the Participants Notice at least ten (10) days in advance of the delivery location and date upon which their respective shares of Products will be available.

10.2 Failure of Participant to Take in Kind. If a Participant fails to take its share of Products in kind, the Manager may, but is not obligated, to sell such share on behalf of that Participant at not less than the prevailing market price in the area for a period of time consistent with the minimum needs of the industry, but not to exceed one (1) year from the date of Notice under **Section 10.1**. Subject to the terms of any such contracts of sale then outstanding, during any period that the Manager is selling a Participant's share of production, the Participant may elect by Notice to the Manager to take in kind. The Manager shall be entitled to deduct from proceeds of any sale by it for the account of a Participant reasonable expenses incurred in such a sale.

10.3 Hedging. Neither Participant shall have any obligation to account to the other Participant for, nor have any interest or right of participation in any profits or proceeds, nor have any obligation to share in any losses from, future contracts, forward sales, trading inputs, calls, options or any similar hedging, price protection or marketing mechanism employed by a Participant with respect to its proportionate share of any Products produced or to be produced from the Properties.

11. **WITHDRAWAL AND TERMINATION**

11.1 Termination by Agreement. The Participants may terminate the Venture at any time by written agreement.

11.2 Termination Where No Program Proposed. If neither Participant proposes a Program and Budget for a period of two (2) consecutive years, then the Venture shall terminate.

11.3 Withdrawal and Termination by Newmont Prior to Completion of its Initial Contribution. Prior to the commencement of joint funding, NEWMONT may withdraw from the Venture for any reason, upon not less than thirty (30) days prior written Notice to the other Participant, provided that Newmont shall pay all Government Fees that will become due in the calendar year of the delivery of such Notice. Upon such withdrawal, the Venture shall terminate and NEWMONT's Participating Interest shall be deemed to be transferred to the other Participant. In the event NEWMONT withdraws from the Venture prior to commencement of joint funding, it shall solely be responsible for reclaiming all surface disturbance on the Properties caused by NEWMONT during the Earn-In period, to the extent required by Law, unless the other Participant, with fifteen (15) days following such Notice, **(i)** agrees in writing with NEWMONT to assume such responsibility, and **(ii)** posts any financial surety or bonding required with respect to the reclamation of such disturbance. NEWMONT shall retain a reasonable right of access across the Properties for that purpose.

11.4 Withdrawal and Termination Following Completion of NEWMONT's Initial Contribution. After Earn-In, either Participant may elect to withdraw as a Participant from the Venture upon the later of not less than sixty (60) days Notice to the other Participant, or the end of the then current Program and Budget. Upon such withdrawal, the Venture shall terminate, and the withdrawing Participant shall be deemed to have transferred to the remaining Participant, without cost and free and clear of royalties, liens or other Encumbrances arising by, through or under such withdrawing Participant, except those which all Participants have given their written consent after the Effective Date of this Agreement, all of its Participating Interest. Any withdrawal under this **Section 11.4** shall not relieve the withdrawing Participant of its share of liabilities to third parties (whether such accrues before or after such withdrawal) arising out of Operations conducted prior to such withdrawal. For purposes of this **Section 11.4**, the withdrawing Participant's share of such liabilities shall be equal to its Participating Interest at the time that the act or omission giving rise to such liability occurred.

11.5 Continuing Obligations. On termination of the Venture the Participants shall remain liable for Continuing Obligations, including Environmental Liabilities, until final settlement of all accounts and for any liability, whether it accrues before or after termination, if it arises out of Operations during the term of the Agreement. For purposes of this **Section 11.5**, a Participant's share of such liabilities shall be equal to its Participating Interest at the time that the act or omission giving rise to such liability occurred.

11.6 Disposition of Assets on Termination. Promptly after termination under **Sections 11.1 or 11.2**, the Manager shall take all action necessary to wind up the activities of the Venture and to dispose of or distribute the Assets, and all costs and expenses incurred in connection with the termination of the Venture shall be expenses chargeable to the Venture.

11.7 Right to Data After Termination. After termination of the Venture under **Section 11.1**, each Participant shall be entitled to copies of all information acquired hereunder as of the date of termination and not previously furnished to it, but a terminating or withdrawing Participant shall not be entitled to any such copies after any other termination or withdrawal.

11.8 Non-Compete Covenants. A Participant that is deemed to have withdrawn pursuant to **Subsection 5.2.3.2(iii), Sections 6.3, 6.4** or has withdrawn pursuant to **Sections 11.3** or **11.4**, shall not directly or indirectly acquire any interest in property within the Area of Interest for two (2) years after the effective date of withdrawal. If the withdrawing Participant, or the Affiliate of a withdrawing Participant, breaches this **Section 11.8**, such Participant or Affiliate shall be obligated to offer to convey to the non-withdrawing Participant, without cost, any such property or interest so acquired. Such offer shall be made in writing and can be accepted by the non-withdrawing Participant at any time within forty-five (45) days after it is received by such non-withdrawing Participant.

11.9 Continuing Authority. On termination of the Venture under **Sections 6.9, 11.1, 11.2, 11.3 or 11.4,**

the Participant which was the Manager prior to such termination or withdrawal (or the other Participant in the event of a withdrawal by the Manager) shall have the power and authority to do all things on behalf of both Participants which are reasonably necessary or convenient to:

11.9.1 wind-up Operations; and

11.9.2 complete any transaction and satisfy any obligation, unfinished or unsatisfied, at the time of such termination or withdrawal, if the transaction or obligation arises out of Operations prior to such termination or withdrawal. The Manager shall have the power and authority to grant or receive extensions of time or change the method of payment of an already existing liability or obligation, prosecute and defend actions on behalf of both Participants and the Venture, encumber Assets, and take any other reasonable action in any matter with respect to which the former Participants continue to have, or appear or are alleged to have, a common interest or a common liability.

11.10 Survival of Ingress and Egress After Termination. After termination of the Venture, the Participants shall continue to have rights of ingress and egress to the Properties for purposes of ensuring Environmental Compliance.

12. **ABANDONMENT AND SURRENDER OF PROPERTIES**

12.1 The Management Committee may authorize the Manager to surrender or abandon some or all of the Properties. If the Management Committee authorizes any such surrender or abandonment over the objection of a Participant, the Participant that desires to abandon or surrender shall assign to the objecting Participant, by deed, assignment, or appropriate document, and without cost to the objecting Participant, all of the surrendering Participant's interest in the Properties to be abandoned or surrendered, and the abandoned or surrendered Properties shall cease to be part of the Properties. Provided, however, the objecting Participant shall assume all responsibility and liabilities, including but not limited to Environmental Liabilities, with regard to the surrendered or abandoned Properties.

13. **TRANSFER OF INTEREST**

13.1 General. A Participant shall have the right to transfer to any third party all or any part of its interest in or to this Agreement, its Participating Interest, or the Assets solely as provided in this **Article 13**. For the purposes of this **Article 13** the word transfer shall mean to convey, sell, assign, grant an option, create an Encumbrance or in any manner transfer or alienate, but excluding and excepting alienation done for the purposes of obtaining financing pursuant to **Section 13.5**.

13.2 Limitations on Free Transferability. The transfer right of a Participant in **Section 13.1** shall be subject to the following terms and conditions:

13.2.1 no Participant shall transfer any interest in this Agreement or the Assets (including but not limited to any royalty, profits or other interest in the Products) except by transfer of part or all of a Participating Interest or deemed Participating Interest;

13.2.2 no transferee of all or part of any Participating Interest shall have the rights of a Participant unless and until the transferring Participant has provided to the other Participant Notice of the transfer, and the transferee, as of the effective date of the transfer, has committed in writing to be bound by this Agreement to the same extent and nature as the transferring Participant;

13.2.3 no transfer permitted by this **Article 13** shall relieve the transferring Participant of its share of any liability, to the extent the transferee fails to satisfy such liability, whether accruing before or after such transfer, which arises out of Operations conducted prior to such transfer;

13.2.4 neither Participant, without the consent of the other, shall make a transfer that would violate any Law, or result in the cancellation of any permits, licenses, or other similar authorizations;

13.2.5 the transferring Participant and the transferee shall bear all tax consequences of the transfer;

13.2.6 such transfer shall be subject to a preemptive right in the other Participant as provided in **Section 13.3**;

13.2.7 in the event of a transfer of less than all of a Participating Interest, the transferring Participant and its transferee shall act and be treated as one Participant, and in such event in order for the transfer to be effective, the transferring Participant and its transferee shall provide written Notice to the non-transferring Participant designating a sole authorized agent to act on behalf of their collective Participating Interest. Such Notice shall provide that **(i)** the agent has the sole authority to act on behalf of, and to bind the transferring Participant and its transferee on all matters pertaining to this Agreement or the Venture, **(ii)** the notified Participant may rely on all decisions of, Notices and other communications from, and failures to respond by, the agent, as if given (or not given) by the transferring Participant and its transferee; and **(iii)** all decisions of, Notices and other communications from, and failures to respond by, the notified Participant to the agent shall be deemed to have been given (or not given) to the transferring Participant and its transferee.

13.3 Encumbrances. Neither Participant shall pledge, mortgage, or otherwise create an Encumbrance on its interest in this Agreement or the Assets except for the purpose of securing project financing relating to the Properties, including its share of funds for Development or Mining costs and in such event both Participants, acting reasonably, shall agree to the terms and conditions of such Encumbrance. The right of a Participant to grant such Encumbrance shall be subject to the condition that the holder of the Encumbrance ("Chargee") first enter into a written agreement with the other Participant, in a form acceptable to that Participant, acting reasonably, which provides:

13.3.1 the Chargee shall not enter into possession or institute any proceedings for foreclosure or partition of the encumbering Participant's Participating Interest except as provided in **Section 13.3.2** and that such Encumbrance shall be subject to the provisions of this Agreement;

13.3.2 the Chargee's remedies under the Encumbrance shall be limited to the sale of the whole (but only of the whole) of the encumbering Participant's Participating Interest to the other Participant, or, failing such a sale, at a public auction to be held at least forty-five (45) days after prior Notice to the other Participant, such sale to be subject to the purchaser entering into a written agreement with the other Participant whereby such purchaser assumes all obligations of the encumbering Participant under the terms of this Agreement. The price of any preemptive sale to the other Participant shall be the remaining principal amount of the loan plus accrued interest and related expenses, and such preemptive sale shall occur within sixty (60) days of the Chargee's Notice to the other Participant of its intent to sell the encumbering Participant's Participating Interest. Failure of a sale to the other Participant to close by the end of such period, unless failure is caused by the encumbering Participant or by the Chargee, shall permit the Chargee to sell the encumbering Participant's Participating Interest at a public sale; and

13.3.3 the charge shall be subordinate to any then-existing debt, including project financing previously approved by the Management Committee, encumbering the transferring Participant's Participating Interest.

14. **ACQUISITION WITHIN AREA OF INTEREST**

14.1 General**.** Any interest or right to acquire any interest in real property, mining rights, mineral tenure or water rights within the Area of Interest, including any royalty interest, acquired while this Agreement is in effect by or on behalf of a Participant or any Affiliate shall be subject to the terms and provisions of this **Article 14**. This Section shall apply to any Properties previously abandoned under **Article 12**.

14.2 Notice to Non-Acquiring Participant. Within ten (10) days after the acquisition of any interest or the

right to acquire any interest in real property, mining rights, mineral tenure or water rights wholly or partially within the Area of Interest (except real property, mining rights, mineral tenure or water rights acquired by the Manager pursuant to a Program), the acquiring Participant shall notify the other Participant of such acquisition by it or its Affiliate. If the acquisition of any interest pertains to real property, mining rights, mineral tenure or water rights partially within the Area of Interest, then all property subject to the acquisition shall be subject to **Article 14**. The acquiring Participant's Notice shall describe in detail the acquisition, the lands and minerals covered thereby, the costs thereof, and the reasons why the acquiring Participant believes that the acquisition is in the best interests of the Participants under this Agreement. In addition to such Notice, the acquiring Participant shall make any and all information concerning the acquired interest available for inspection by the other Participant.

14.3 Option Exercise. If, within thirty (30) days after receiving the acquiring Participant's Notice, the other Participant notifies the acquiring Participant of its election to accept a proportionate interest in the acquired interest equal to its Participating Interest, then title to such acquired interest shall be conveyed as specified in **Section 2.3**, free and clear of all Encumbrances arising by, through or under the acquiring Participant or its Affiliate. The acquired interest shall become a part of the Properties for all purposes of this Agreement immediately upon the Notice of such other Participant's election to accept the proportionate interest therein. Such other Participant shall promptly pay to the acquiring Participant a proportionate share of the latter's actual out-of-pocket acquisition costs equal to such other Participant's Participating Interest. Provided, however, in the event of any acquisition by NEWMONT within the Area of Interest prior to the commencement of joint funding, all out-of-pocket acquisition costs shall be borne by NEWMONT and credited toward NEWMONT's Initial Contribution.

14.4 Option Not Exercised. If the other Participant does not give Notice within the thirty (30) day period set forth in **Section 14.3**, it shall have no interest in the acquired interest, and the acquired interest shall not be a part of the Properties or be subject to this Agreement.

15. **GENERAL PROVISIONS**

15.1 Notices. All Notices, payments and other required communications ("Notice" or "Notices") to the Participants shall be in writing, and shall be given **(i)** by personal delivery to the Participant, or **(ii)** by electronic communication, with a confirmation sent by registered or certified mail, return receipt requested, or **(iii)** by registered or certified mail, return receipt requested. All Notices shall be effective and shall be deemed delivered **(i)** if by personal delivery on the date of delivery, **(ii)** if by electronic communication on the date of receipt of the electronic communication or the next business day if the date of receipt is not a business day, and **(iii)** if solely by mail on the day delivered as shown on the actual receipt. A Participant may change its address from time-to-time by Notice to the other Participant.

Notice to NEWMONT shall be sent to:

Newmont North America Exploration Limited
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Facsimile: 303.837.5851

with a copy to:

Newmont Mining Corporation
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Attn: Land Department
Fax: 303.837.5851

Notice to KISA shall be sent to:
Kisa Gold Mining, Inc.
10807 E. Montgomery Dr., Suite #1
Spokane, WA 99206
Facsimile: 509.893.0170

15.2 Waiver. The failure of a Participant to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit the Participant's right thereafter to enforce any provision or exercise any right.

15.3 Modification. No modification of this Agreement shall be valid unless made in writing and duly executed by the Participants.

15.4 Force Majeure. The obligations of a Participant, other than the payment of money provided hereunder, shall be suspended to the extent and for the period that performance is prevented or delayed by Force Majeure. Notwithstanding NEWMONT's right to satisfy any Exploration Expenditure obligation by cash payment in accordance with **Subsection 5.2.2**, NEWMONT's Exploration Expenditure obligations during Phase-I Earn-in and, if applicable Phase-II Earn-In, shall be subject to this **Section 15.4.** The affected Participant shall promptly give Notice to the other Participant of the suspension of performance, stating therein the nature of the suspension, the reasons therefore, and the expected duration thereof. Immediately upon the cessation of Force Majeure the affected Participant shall notify the other Participant in writing and shall take steps to recommence and or continue the performance that was suspended as soon as reasonably possible. During the period of suspension, the obligations of the Participants to advance funds pursuant to **Section 9.9** shall be reduced to levels consistent with Operations.

15.5 Survival of Terms and Conditions. The provisions of this Agreement shall survive the transfer of any interests in the Assets under this Agreement or the termination of the Venture to the full extent necessary for their enforcement and the protection of the Participant in whose favor they run.

15.6 Confidentiality and Public Statements.

15.6.1 Except for recording the Memorandum of Agreement pursuant to **Section 15.18** and as otherwise provided in this **Section 15.6**, the terms and conditions of this Agreement, and all data, reports, records, and other information of any kind whatsoever developed or acquired by any Participant in connection with this Venture shall be treated by the Participants as confidential (hereinafter called "Confidential Information") and no Participant shall reveal or otherwise disclose such Confidential Information to third parties without the prior written consent of the other Participant. Confidential Information that is available or that becomes available in the public domain, other than through a breach of this provision by a Participant, shall no longer be treated as Confidential Information.

15.6.2 The foregoing restrictions shall not apply to the disclosure of Confidential Information to any Affiliate, to any public or private financing agency or institution, to any contractors or subcontractors which the Participants may engage and to employees and consultants of the Participants or to any third party to which a Participant contemplates the transfer, sale, assignment, Encumbrance or other disposition of all or part of its Participating Interest pursuant to **Article 13**; provided, however, that in any such case only such Confidential Information as such third party shall have a legitimate business need to know shall be disclosed and the person or company to whom disclosure is made shall first undertake in writing to protect the confidential nature of such information at least to the same extent as the parties are obligated under this **Section 15.6**.

15.6.3 In the event that a Participant or an Affiliate thereof is required to disclose Confidential Information to any government, any court, agency or department thereof, or any stock exchange, to the extent required by applicable law, rule or regulation, or in response to a legitimate request for such Confidential Information, the Participant so required shall immediately notify the other Participants hereto of such requirement and the terms thereof, and the proposed form and content of the disclosure prior to such submission. The other Participant shall have the right to review and comment upon the form and content of the disclosure and to object to such disclosure to the court, agency, exchange or department concerned, and to seek confidential treatment of any Confidential Information to be disclosed on such terms as such Participant shall, in its sole discretion, determine.

15.6.4 The provisions of **Section 15.6** shall apply during the term of this Agreement and shall continue to apply to any Participant who withdraws, who is deemed to have withdrawn, or which forfeits, surrenders, assigns, transfers or otherwise disposes of its Participating Interest for a

period of five (5) years following the occurrence of such event or two (2) years from the effective date of any termination of this Agreement, whichever is sooner**.**

15.6.5 A Participant shall not issue any press release relating to the Properties or this Agreement except upon giving the other Participant not less than three (3) business days advance written Notice of the contents thereof, and the Participant proposing such press release shall make any reasonable changes to such proposed press release as such changes may be timely requested by the non-issuing Participant, provided, however, the Participant proposing such press release may include in any press release without Notice any information previously reported by the Participant proposing such press release. A Participant shall not, without the consent of the other Participant, issue any press release that implies or infers that the non-issuing Participant endorses or joins the issuing Participant in statements or representations contained in any press release.

15.7 Entire Agreement; Successors and Assigns. This Agreement contains the entire understanding of the Participants and supersedes all prior agreements and understandings, whether written or oral, between the Participants relating to the subject matter hereof, with respect to the Assets subject hereto, and any and all other prior negotiations, representations, offers or understandings between KISA and NEWMONT relating to the Properties, whether written or oral. This Agreement and the obligations and rights created herein shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Participants.

15.8 Dispute Resolution. Disputes resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof may be resolved by a court of competent jurisdiction. In any litigation between the Participants or any person claiming under them, resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof, the substantially prevailing party shall be entitled to recover all reasonable costs, expenses, legal and expert witness fees and other costs of suit incurred by it in connection with such litigation, including such costs, expenses and fees incurred prior to the commencement of the litigation, in connection with any appeals, and in collecting or otherwise enforcing any final judgment entered therein. If a party substantially prevails on some aspects of such action, but not on others, the court may apportion any award of costs and legal fees in such manner as it deems equitable.

15.9 Remedies. Each of the Participants agrees that its failure to comply with the covenants and restrictions set out in **Article 13** would constitute an injury and damage to the other Participant impossible to measure monetarily and, in the event of any such failure, the other Participant shall, in addition and without prejudice to any other rights and remedies at law or in equity, be entitled to injunctive relief restraining, enjoining or specifically enforcing any acquisition, sale, transfer, charge or Encumbrance save in accordance with or as required by the provisions of **Article 13**. Any Participant intending to breach the provisions of **Article 13** hereby waives any defense it might have in law or in equity to such injunctive or other equitable relief. A Participant shall be entitled to seek injunctive relief in any court of competent jurisdiction in the event of a Participant's failure or threat of a failure to comply with the covenants and restrictions set out in **Article 13**.

15.10. Further Assurances.

15.10.1 Each Participant shall take, from time to time and without additional consideration, such further actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement and minimize adverse tax consequences on the Participants.

15.10.2 Separate Joint Stock Company. The Participants specifically recognize that it may be necessary or desirable to create a joint stock company under the laws of the country where the Properties are located to hold title to the Properties, which company shall have a separate shareholders agreement. Such shareholders agreement shall reflect the terms and intent of this Agreement in such a way so as to approximate most closely the intent of the Participants in compliance with the Laws of the State of Alaska. The shareholders agreement and articles and by-

laws of the joint stock company shall reflect the terms and intent of this Agreement to the extent deemed necessary and practical by the Participants. Shares in the joint stock company shall be held, and all payments from the joint stock company to the shareholders or their Affiliates shall be made, in accordance with the Participant's respective Participating Interests. Membership on the board of directors of the joint stock company shall be the same as the membership on the Management Committee and all of the provisions of this Agreement relating to the Management Committee shall be applicable to the board of directors. The voting rights of the shareholders and the board of directors of the joint stock company shall be the same as the voting rights of the Participants under this Agreement.

15.11 Headings. The headings to the Sections of this Agreement and the Exhibits are inserted for convenience only and shall not affect the construction hereof.

15.12 Currency. All dollar amounts expressed herein refer to lawful currency of the United States of America, unless otherwise specified.

15.13 Severability. If any provision of this Agreement is or shall become illegal, invalid, or unenforceable, in whole or in part, the remaining provisions shall nevertheless be and remain valid and enforceable and the said remaining provisions shall be construed as if this Agreement had been executed without the illegal, invalid, or unenforceable portion.

15.14 Taxes. Each Participant shall be directly responsible for and shall directly pay all taxes applicable to revenues received by the Participant through Operations under this Agreement. In particular, each Participant shall individually file its tax returns with the proper authorities and independently file claims for and recover any income tax credits. A Participant's decisions with respect to such tax matters shall not have any binding effect on the course of actions taken by the other Participant. All costs of Operations incurred hereunder shall be for the account of the Participant or Participants making or incurring the same, if more than one then in proportion to their respective Participating Interests, and each Participant on whose behalf any costs have been so incurred shall be entitled to claim all tax benefits, write-offs and deductions with respect thereto. To the extent this Agreement is characterized as a partnership for U.S. tax purposes, Newmont shall be designated as Tax Partner Manager; and Newmont shall be allocated any and all amortization or depreciation deductions attributable to those expenditures Newmont contributes one hundred percent (100%).

15.15 Rule Against Perpetuities. The Participants do not intend that there be any violation of the rule of perpetuities, the rule against unreasonable restraints or the alienation of property, or any similar rule. Accordingly, if any right or option to acquire any interest in the Properties, in a Participating Interest, in the Assets, or in any real property exists under this Agreement, such right or option must be exercised, if at all, so as to vest such interest within time periods permitted by applicable rules. If, however, such violation should inadvertently occur, the Participants hereby agree that a court shall reform that provision in such a way as to approximate most closely the intent of the Participants within the limits permissible under such rules.

15.16 Partition. Each of the parties waives, during the term of this Agreement, any right to partition of the Assets or any part thereof and no party shall seek or be entitled to partition of the Properties or other Assets whether by way of physical partition, judicial sale or otherwise during the term of this Agreement.

15.17 Governing Law. This Agreement shall be construed and governed by the laws of Colorado, U.S.A., without reference to the choice of law or conflicts of law principles thereof.

15.18 Memorandum of Agreement. After execution of this Agreement, the Manager shall record in the records of the applicable jurisdiction where the Properties are located, a Memorandum of Agreement, in the form of **Exhibit F**. Unless both Participants otherwise agree in writing, this Agreement shall not be recorded.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

NEWMONT: NEWMONT NORTH AMERICA EXPLORATION LIMITED

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

KISA: Kisa Gold Mining, Inc.

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

EXHIBIT A
(to Venture Agreement)
PROPERTIES

Claim Name	ADL_No	Claim Type[1]	Acres[2]	PLS_Description[3]	Rec District[4]	Locate Date[5]	Recording Filing Doc No	Record Date
Ako 1	655974	MTRS	160	NW¼, S10, T2N, R60W	B	9/17/2006	2006-001614-0	10/11/2006
Ako 2	655975	MTRS	160	NE¼, S10, T2N, R60W	B	9/17/2006	2006-001615-0	10/11/2006
Ako 3	655976	MTRS	160	SW¼, S10, T2N, R60W	B	9/17/2006	2006-001616-0	10/11/2006
Ako 4	655977	MTRS	160	SE¼, S10, T2N, R60W	B	9/17/2006	2006-001617-0	10/11/2006
Ako 5	655978	MTRS	160	SW¼, S11, T2N, R60W	B	9/17/2006	2006-001618-0	10/11/2006
Ako 6	655979	MTRS	160	SE¼, S11, T2N, R60W	B	9/17/2006	2006-001619-0	10/11/2006
Ako 7	655980	MTRS	160	NW¼, S16, T2N, R60W	B	9/17/2006	2006-001620-0	10/11/2006
Ako 8	655981	MTRS	160	NE¼, S16, T2N, R60W	B	9/17/2006	2006-001621-0	10/11/2006
Ako 9	655982	MTRS	160	NW¼, S15, T2N, R60W	B	9/17/2006	2006-001622-0	10/11/2006
Ako 10	655983	MTRS	160	NE¼, S15, T2N, R60W	B	9/17/2006	2006-001623-0	10/11/2006
Ako 11	655984	MTRS	160	NW¼, S14, T2N, R60W	B	9/17/2006	2006-001624-0	10/11/2006
Ako 12	655985	MTRS	160	NE¼, S14, T2N, R60W	B	9/17/2006	2006-001625-0	10/11/2006
Ako 13	655986	MTRS	160	NW¼, S13, T2N, R60W	B	9/17/2006	2006-001626-0	10/11/2006
Ako 14	655987	MTRS	160	SW¼, S16, T2N, R60W	B	9/17/2006	2006-001627-0	10/11/2006
Ako 15	655988	MTRS	160	SE¼, S16, T2N, R60W	B	9/17/2006	2006-001628-0	10/11/2006
Ako 16	655989	MTRS	160	SW¼, S15, T2N, R60W	B	9/17/2006	2006-001629-0	10/11/2006
Ako 17	655990	MTRS	160	SE¼, S15, T2N, R60W	B	9/17/2006	2006-001630-0	10/11/2006
Ako 18	655991	MTRS	160	SW¼, S14, T2N, R60W	B	9/17/2006	2006-001631-0	10/11/2006
Ako 19	655992	MTRS	160	SE¼, S14, T2N, R60W	B	9/17/2006	2006-001632-0	10/11/2006
Ako 20	655993	MTRS	160	SW¼, S13, T2N, R60W	B	9/17/2006	2006-001633-0	10/11/2006
Ako 21	655994	MTRS	160	SE¼, S13, T2N, R60W	B	9/17/2006	2006-001634-0	10/11/2006
Ako 22	655995	MTRS	160	SW¼, S18, T2N, R59W	B	9/17/2006	2006-001635-0	10/11/2006
Ako 23	655996	MTRS	160	NW¼, S24, T2N, R60W	B	9/17/2006	2006-001636-0	10/11/2006

EXHIBIT A
(to Venture Agreement)
PROPERTIES

Claim Name	ADL_No	Claim Type[1]	Acres[2]	PLS_Description[3]	Rec District[4]	Locate Date[5]	Recording Filing Doc No	Record Date
Ako 24	655997	MTRS	160	NE¼, S24, T2N, R60W	B	9/17/2006	2006-001637-0	10/11/2006
Ako 25	655998	MTRS	160	NW¼, S19, T2N, R59W	B	9/17/2006	2006-001638-0	10/11/2006
Ako 26	655999	MTRS	160	NE¼, S19, T2N, R59W	B	9/17/2006	2006-001639-0	10/11/2006
Ako 27	656000	MTRS	160	SW¼, S24, T2N, R60W	B	9/17/2006	2006-001640-0	10/11/2006
Ako 28	656001	MTRS	160	SE¼, S24, T2N, R60W	B	9/17/2006	2006-001641-0	10/11/2006
Ako 29	656002	MTRS	160	SW¼, S19, T2N, R59W	B	9/17/2006	2006-001642-0	10/11/2006
Ako 30	656003	MTRS	160	SE¼, S19, T2N, R59W	B	9/17/2006	2006-001643-0	10/11/2006
Ako 31	656004	MTRS	160	NE¼, S26, T2N, R60W	B	9/17/2006	2006-001644-0	10/11/2006
Ako 32	656005	MTRS	160	NW¼, S25, T2N, R60W	B	9/17/2006	2006-001645-0	10/11/2006
Ako 33	656006	MTRS	160	NE¼, S25, T2N, R60W	B	9/17/2006	2006-001646-0	10/11/2006
Ako 34	656007	MTRS	160	NW¼, S30, T2N, R59W	B	9/17/2006	2006-001647-0	10/11/2006
Ako 35	656008	MTRS	160	NE¼, S30, T2N, R59W	B	9/17/2006	2006-001648-0	10/11/2006
Ako 36	656009	MTRS	160	NW¼, S29, T2N, R59W	B	9/17/2006	2006-001649-0	10/11/2006
Ako 37	656010	MTRS	160	SE¼, S26, T2N, R60W	B	9/17/2006	2006-001650-0	10/11/2006
Ako 38	656011	MTRS	160	SW¼, S25, T2N, R60W	B	9/17/2006	2006-001651-0	10/11/2006
Ako 39	656012	MTRS	160	SE¼, S25, T2N, R60W	B	9/17/2006	2006-001652-0	10/11/2006
Ako 40	656013	MTRS	160	SW¼, S30, T2N, R59W	B	9/17/2006	2006-001653-0	10/11/2006
Ako 41	656014	MTRS	160	SE¼, S30, T2N, R59W	B	9/17/2006	2006-001654-0	10/11/2006
Ako 42	656015	MTRS	160	SW¼, S29, T2N, R59W	B	9/17/2006	2006-001655-0	10/11/2006
Ako 43	656016	MTRS	160	NE¼, S35, T2N, R60W	B	9/17/2006	2006-001656-0	10/11/2006
Ako 44	656017	MTRS	160	NW¼, S36, T2N, R60W	B	9/17/2006	2006-001657-0	10/11/2006
Ako 45	656018	MTRS	160	NE¼, S36, T2N, R60W	B	9/17/2006	2006-001658-0	10/11/2006

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End of Exhibit A

EXHIBIT B
(to Venture Agreement)
AREA OF INTEREST

The area covered by the Claims described in Exhibit A.

EXHIBIT C
(to Venture Agreement)
ACCOUNTING PROCEDURE

The financial and accounting procedures to be followed by the Manager and the Participants under the Agreement are set forth below. Reference in this Accounting Procedure to Articles, Sections and Subsections are to those located in this Accounting Procedure unless it is expressly stated that they are references to the Agreement.

The purpose of this Accounting Procedure is to establish equitable methods for determining charges and credits applicable to operations under the Agreement. It is the intent of the Participants that none of them shall lose or profit by reason of their duties and responsibilities as the Manager. The Participants shall meet and in good faith endeavor to agree upon changes deemed necessary to correct any unfairness or inequity. In the event of a conflict between the provisions of this Accounting Procedure and those of the Agreement, the provisions of the Agreement shall control.

1. **GENERAL PROVISIONS**

1.1 General Accounting Records. The Manager shall maintain detailed and comprehensive accounting records in accordance with this Accounting Procedure, sufficient to provide a record of revenues and expenditures and periodic statements of financial position and the results of operations for managerial, tax, regulatory or other financial reporting purposes. Such records shall be retained for the duration of the period allowed the Participants for audit or the period necessary to comply with tax or other regulatory requirements. The records shall reflect all obligations, advances and credits of the Participants.

1.2 Bank Accounts. After the decision is made to begin Development, the Manager shall maintain one or more separate bank accounts for the payment of all expenses and the deposit of all receipts.

2. **CHARGES TO JOINT ACCOUNT**

Subject to the limitations hereinafter set forth, the Manager shall charge the Joint Account with the following:

2.1 Rentals, Royalties and Other Payments. Maintenance costs and other payments in respect of the Properties, including government rentals, necessary to maintain title to the Assets.

2.2 Labor and Employee Benefits

2.2.1 Salaries and wages of the Manager's employees directly engaged in Operations, including salaries or wages of employees who are temporarily assigned to and directly employed by the Manager.

2.2.2 The Manager's cost of holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under **Subsection 2.2.1 and Section 2.13**.

2.2.3 The Manager's actual cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus (except production or incentive bonus plans under a union contract based on actual rates of production, cost savings and other production factors, and similar non-union bonus plans customary in the industry or necessary to attract competent employees, which bonus payments shall be considered salaries and wages under **Subsection 2.2.1 or Section 2.13**, rather than employees' benefit plans) and other benefit plans of a like nature applicable to salaries and wages chargeable under **Subsection 2.2.1 or Section 2.13**, provided that the plans are limited to the extent feasible to those customary in the industry.

2.2.4 Cost of assessments imposed by governmental authority which are applicable to salaries

and wages chargeable under **Subsection 2.2.1 and Section 2.13**, including all penalties except those resulting from the willful misconduct or gross negligence of the Manager.

2.2.5 Those costs in **Subsections 2.2.2, 2.2.3 and 2.2.4** may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages. If percentage assessment is used, the rate shall be applied to wages or salaries excluding overtime and bonuses. Such rate shall be based on the Manager's cost experience and it shall be periodically adjusted to ensure that the total of such charges does not exceed the actual cost thereof to the Manager.

2.3 Assets. Cost of all Assets purchased or furnished for the Venture.

2.4 Transportation. Reasonable transportation costs incurred in connection with the transportation of employees, equipment, material and supplies necessary for exploration, maintenance and operation of Assets.

2.5 Services

2.5.1 The cost of contract services and utilities procured from outside sources, other than services described in **Sections 2.10 and 2.14**. If contract services are performed by an Affiliate of the Manager, the cost charged to the Joint Account shall not be greater than that for which comparable services and utilities are available in the open market.

2.5.2 The costs of using the Manager's exclusively-owned facilities in support of Operations provided that the charges may not exceed those currently prevailing in the vicinity. Such costs shall include costs of maintenance, repairs, other operating expenses, insurance, taxes, depreciation and interest at a rate not to exceed Prime Rate plus three percent (3%) per annum.

2.6 Materials, Equipment and Supplies. The cost of materials, equipment and supplies (herein called "Material") purchased from unaffiliated third parties or furnished by either Participant as provided in **Section 3**. The Manager shall purchase or furnish only so much Material as may be required for use in efficient and economical Operations. The Manager shall also maintain inventory levels of Materials at reasonable levels to avoid unnecessary accumulation of surplus stock.

2.7 Environmental Compliance Fund. Costs of reasonably anticipated Environmental Compliance which, on a Program basis, shall be determined by the Management Committee and shall be based on proportionate contributions in an amount sufficient to establish a fund, which through successive proportionate contributions during the duration of the Agreement, will pay for ongoing Environmental Compliance conducted during Operations and which will cover the reasonably anticipated costs of mine closure, post-Operations Environmental Compliance and other Continuing Obligations.

2.8 Insurance Premiums. Premiums paid or accrued for insurance required for the protection of the Participants.

2.9 Damages and Losses. All costs in excess of insurance proceeds necessary to repair or replace damage or losses to any Assets resulting from any cause other than the willful misconduct or gross negligence of the Manager.

2.10 Legal Expense. All legal costs and expenses incurred in or resulting from the Operations or necessary to protect or recover the Assets. Routine legal expenses are included under **Section 2.14**.

2.11 Audit. Cost of annual audits under **Section 9.11** of the Agreement.

2.12 Taxes. All taxes (except income taxes) of every kind and nature assessed or levied upon or in connection with the Assets, the production of Products or Operations, which have been paid by the Manager for the benefit of the Participants. Each Participant is separately responsible for income taxes which are attributable to its respective Participating Interest.

2.13 District and Camp Expense (Field Supervision and Camp Expenses). A pro rata portion of **(i)** the salaries and expenses of the Manager's superintendent and other employees serving Operations whose time is not allocated directly to such Operations, and **(ii)** the costs of maintaining and operating the Manager's project office and any suboffice (as necessary) and **(iii)** all necessary camps, including housing facilities for employees, used for Operations. The expense of those facilities, less any revenue therefrom, shall include depreciation or a fair monthly rental in lieu of depreciation of the investment. Such charges shall be apportioned for all Properties served by the employees and facilities on an equitable basis consistent with the Manager's general accounting practice and generally accepted accounting principles.

2.14 Administrative Charge. The Manager shall charge the Joint Account each month a sum as provided below, which shall be a liquidated amount to reimburse the Manager for its home office overhead and general and administrative expenses for its conduct of Operations, which shall be in lieu of any management fee:

> 2.14.1 with respect to Operations before the commencement of Development, the Manager's fee shall be **ten percent (10%)** of the Allowable Costs other than funds expended pursuant to any individual contract for materials for services which exceed in the aggregate **US$100,000** (i) during Phase-I Earn-In, (ii) during Phase-II Earn-In (if elected), or (iii) thereafter in any Program period, for which the Manager's fee shall be **five percent (5%)** of Allowable Costs.
>
> 2.14.2 with respect to Operations after the commencement of Development but before commencement of Mining, the Manager's fee shall be **three percent (3%)** of Allowable Costs;
>
> 2.14.3 with respect to Operations after the commencement of Mining, the Manager's fee shall be **US$7.00** per troy ounce of gold produced.

These fee rates are based upon the principle that the Manager shall not make a profit or loss from this administrative charge but should be fairly and adequately compensated for the pro rata share of its costs and expenses. The specific rates provided for in this **Section 2.14** shall be established and may be amended from time to time by mutual agreement among the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

Allowable Costs as used in this **Section 2.14** shall include all amounts distributed from the Environmental Compliance fund, and all charges to the Joint Account except **(i)** the administrative charge defined herein; **(ii)** depreciation, depletion or amortization of tangible or intangible assets; **(iii)** amounts expended for acquisition, construction or installation of tangible or intangible assets after mining operations have commenced; and **(iv)** land payments, taxes and assessments.

The following representative list of items comprising the Manager's principal business office expenses are expressly covered by the administrative charge provided in this **Section 2.14**: **(a)** administrative supervision, which includes services rendered by officers and directors of the Manager for Operations, except to the extent that such services represent a direct charge to the Joint Account, as provided for in **Section 2.2**; **(b)** accounting, billing and record keeping in accordance with governmental regulations and the provisions of the Agreement; **(c)** handling of all tax matters, including any protests, except any outside professional fees which the Management Committee may approve as a direct charge to the Joint Account; **(d)** Routine legal services by the Manager's legal staff; and **(e)** Records and storage space, telephone service and office supplies.

2.15 Other Expenditures. Any reasonable direct expenditure, other than expenditures which are covered by the foregoing provisions, incurred by the Manager for the necessary and proper conduct of Operations.

3. **BASIS OF CHARGES TO JOINT ACCOUNT**

3.1 Purchases. Material purchased and services procured shall be charged at prices paid by the Manager after deduction of all discounts actually received.

3.2 Material Furnished by the Manager. At its discretion, the Manager may furnish Material from the Manager's stocks under the following conditions:

3.2.1 New Material (Condition "A"): New Material transferred from the Manager's properties shall be priced f.o.b. the nearest reputable supply store or railway receiving point, where like Material is available, at current replacement cost of the same kind of Material (hereafter, "New Price").

3.2.2 Used Material (Conditions "B" and "C"):

3.2.2.1 material in sound and serviceable condition and suitable for reuse without reconditioning shall be classified as Condition "B" and priced at seventy-five percent (75%) of New Price.

3.2.2.2 other used Material as defined hereafter shall be classified as Condition "C" and priced at fifty percent (50%) of New Price:

3.2.2.2.1 used Material which after reconditioning will be further serviceable for original function as good secondhand Material (Condition "B"),

3.2.2.2.2 used Material which is serviceable for original function but not substantially suitable for reconditioning,

3.2.2.2.3 Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use,

3.2.2.2.4 Material no longer suitable for its original purpose but usable for some other purpose shall be priced on a basis comparable with items normally used for such other purpose.

3.3 Premium Prices. Whenever Material is not readily obtainable at prices specified in **Sections 3.1 and 3.2**, the Manager may charge the Joint Account for the required Material on the basis of the Manager's direct cost and expenses incurred in procuring such material; provided, however, that prior Notice of the proposed charge is given to the Participants, whereupon any Participant shall have the right, by notifying the Manager within ten (10) days of the delivery of the Notice from the Manager, to furnish at the usual receiving point all or part of its share of Material suitable for use and acceptable to the Manager. If a Participant so furnishes Material in kind, the Manager shall make appropriate credits to its account.

3.4 Warranty of Material Furnished by the Manager or Participants. Neither the Manager nor any Participant warrants the Material furnished beyond any dealer's or manufacturer's warranty.

4. **DISPOSAL OF MATERIAL**

4.1 Disposition Generally. The Manager shall have no obligation to purchase a Participant's interest in Material. The Management Committee shall determine the disposition of major items of surplus Material, provided the Manager shall have the right to dispose of normal accumulations of junk and scrap Material either by transfer to the Participants as provided in **Section 4.2** or by sale. The Manager shall credit the Participants in proportion to their Participating Interest for all Material sold hereunder.

4.2 Division in Kind. Division of Material in kind between the Participants shall be in proportion to their respective Participating Interests, and corresponding credits shall be made to the Joint Account.

4.3 Sales. Sales of material to third parties shall be credited to the Joint Account at the net amount received. Any damages or claims by the Purchaser shall be charged back to the Joint Account if and when paid.

5. **INVENTORIES**

5.1 Periodic Inventories, Notice and Representations. At reasonable intervals, inventories shall be taken

by the Manager, which shall include all such Material as is ordinarily considered controllable by operators of mining properties. The expense of conducting such periodic inventories shall be charged to the Joint Account.

5.2 Reconciliation and Adjustment of Inventories. Reconciliation of inventory with charges to the Joint Account shall be made, and a list of overages and shortages shall be determined by the Manager. Inventory adjustments shall be made by the Manager to the Joint Account for overages and shortages, but the Manager shall be held accountable to the Venture only for shortages due to lack of reasonable diligence.

EXHIBIT D
(to Venture Agreement)
NET SMELTER RETURNS

ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT ("Agreement") is effective _____ (the "Effective Date")

BETWEEN:

_____***[NAME AS APPROPRIATE]***
a corporation incorporated under the laws _____
_____
_____
Attn: _____
Facsimile: _____

(hereinafter "**GRANTOR**")

and

_____***[NAME AS APPROPRIATE]***
a corporation incorporated under the laws of _____
_____
_____
Attn: _____
Facsimile: _____

(hereinafter "**GRANTEE**")

RECITALS

A. Pursuant to the terms and conditions of that certain Venture Agreement dated effective _____**200** (the "Venture Agreement") between GRANTOR and GRANTEE with respect to those certain properties more particularly described in attached **Schedule A** (the "Properties"), GRANTEE has conveyed to GRANTOR all of its right, title, interest and obligations in and to the Properties and GRANTOR has agreed to grant GRANTEE a Royalty with respect to the Properties.

NOW, THEREFORE, in consideration of Ten Dollars (US$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

AGREEMENT

1. Royalty

1.1 GRANTOR shall pay to GRANTEE a perpetual production royalty in the amount of a One Percent (1%) Net Smelter Returns (as hereinafter described) from the sale or other disposition of all Minerals produced from the Properties, determined in accordance with the provisions of this Agreement (the "Royalty"). For purposes of this Agreement, the term "Minerals" shall mean any and all metals, minerals and mineral rights of whatever kind and nature in, under or upon the surface or subsurface of the Properties (including, without limitation metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth, hydrocarbons, and oil and gas, and other minerals which are mined, excavated, extracted or otherwise recovered). The Royalty shall apply to 100% of the Properties.

1.2 For Precious Metals. "Net Smelter Returns", in the case of gold, silver, and platinum group metals ("Precious Metals"), shall be determined by multiplying **(a)** the gross number of troy ounces of Precious Metals recovered from production from the Properties during the preceding calendar month ("Monthly Production") delivered to the smelter, refiner, processor, purchaser or other recipient of such production (collectively, "Payor"), by **(b)** for gold, the average of the London Bullion Market, Afternoon Fix, spot prices reported for the preceding calendar month (the "Applicable Spot Price"), and for all other Precious Metals, the average of the New York Commodities Exchange final spot prices reported for the preceding calendar month for the particular Mineral for which the price is being determined, and subtracting from the product of **Subsections 1.2(a) and 1.2(b)** only the following if actually incurred: **(i)** charges imposed by the Payor for refining bullion from doré or concentrates of Precious Metals ("Beneficiated Precious Metals") produced by GRANTOR's final mill or other final processing plant; however, charges imposed by the Payor for smelting or refining of raw or crushed ore containing Precious Metals or other preliminarily processed Precious Metals shall not be subtracted in determining Net Smelter Returns; **(ii)** penalty substance, assaying, and sampling charges imposed by the Payor for refining Beneficiated Precious Metals contained in such production; and **(iii)** charges and costs, if any, for transportation and insurance of Beneficiated Precious Metals from GRANTOR's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of.

1.3 In the event the refining of bullion from the Beneficiated Precious Metals contained in such production is carried out in custom toll facilities owned or controlled, in whole or in part, by GRANTOR, which facilities were not constructed solely for the purpose of refining Beneficiated Precious Metals or Other Minerals from the Properties, then charges, costs and penalties for such refining shall mean the amount GRANTOR would have incurred if such refining were carried out at facilities not owned or controlled by GRANTOR then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by GRANTOR with respect to such refining. In the event GRANTOR receives insurance proceeds for loss of production of Precious Metals, GRANTOR shall pay to GRANTEE the Royalty percentage of any such insurance proceeds which are received by GRANTOR for such loss of production.

1.4 For Other Minerals. "Net Smelter Returns", in the case of all Minerals other than Precious Metals and the beneficiated products thereof ("Other Minerals"), shall be determined by multiplying **(a)** the gross amount of the particular Other Mineral contained in the Monthly Production delivered to the Payor during the preceding calendar month by **(b)** the average of the New York Commodities Exchange final daily spot prices reported for the preceding calendar month of the appropriate Other Mineral, and subtracting from the product of **Subsections 1.4(a) and 1.4(b)** only the following if actually incurred: **(i)** charges imposed by the Payor for smelting, refining or processing Other Minerals contained in such production, but excluding any and all charges and costs related to GRANTOR's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; **(ii)** penalty substance, assaying, and sampling charges imposed by the Payor for smelting, refining, or processing Other Minerals contained in such production, but excluding any and all charges and costs of or related to GRANTOR's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; and **(iii)** charges and costs, if any, for transportation and insurance of Other Minerals and the beneficiated products thereof from GRANTOR's final mill or other final processing plant to places where such Other Minerals are smelted, refined and/or sold or otherwise disposed of. If for any reason the New York Commodities Exchange does not report spot pricing for a particular Other Mineral, then the Parties shall mutually agree upon an appropriate pricing entity or mechanism that accurately reflects the market value of any such Other Mineral.

1.5 In the event smelting, refining, or processing of Other Minerals are carried out in custom toll facilities owned or controlled, in whole or in part, by GRANTOR, which facilities were not constructed solely for the purpose of milling or processing Other Minerals from the Properties, then charges, costs and penalties for such smelting, refining or processing shall mean the amount GRANTOR would have incurred if such smelting, refining or processing were carried out at facilities not owned or controlled by GRANTOR then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by GRANTOR with respect to such smelting and refining. In the event GRANTOR receives insurance proceeds for loss of production of Other Minerals, GRANTOR shall pay to GRANTEE the Royalty percentage of any such insurance proceeds which are received by GRANTOR for such loss of production.

1.6 Payments of Royalty In Cash or In Kind. Royalty payments shall be made to GRANTEE as follows:

(a) Royalty In Kind. GRANTEE may elect to receive its Royalty on Precious Metals from the Properties "in cash" or "in kind" as refined bullion. The elections may be exercised once per year on a calendar year basis during the life of production from the Properties. Notice of election to receive the following year's Royalty for Precious Metals “in cash” or “in kind” shall be made in writing by GRANTEE and delivered to GRANTOR on or before November 1 of each year. In the event no written election is made, the Royalty for Precious Metals will continue to be paid to GRANTEE as it is then being paid. As of the Effective Date of this Agreement, GRANTEE elects to receive its Royalty on Precious Metals “in cash”. Royalties on Other Minerals shall not be payable "in kind". **(i)** If GRANTEE elects to receive its Royalty for Precious Metals "in kind", GRANTEE shall open a bullion storage account at each refinery or mint designated by GRANTOR as a possible recipient of refined bullion in which GRANTEE owns an interest. GRANTEE shall be solely responsible for all costs and liabilities associated with maintenance of such account or accounts, and GRANTOR shall not be required to bear any additional expense with respect to such "in-kind" payments. **(ii)** Royalty will be paid by the deposit of refined bullion into GRANTEE’s account. On or before the 25th day of each calendar month following a calendar month during which production and sale or other disposition occurred, GRANTOR shall deliver written instructions to the mint or refinery, with a copy to GRANTEE directing the mint or refinery to deliver refined bullion due to GRANTEE in respect of the Royalty, by crediting to GRANTEE's account the number of ounces of refined bullion for which Royalty is due; provided, however, that the words "other disposition" as used in this Agreement shall not include processing, milling, beneficiation or refining losses of Precious Metals. The number of ounces of refined bullion to be credited will be based upon GRANTEE’s share of the previous month's production and sale or other disposition as calculated pursuant to the commingling provisions of **Section 1.9**. **(iii)** Royalty payable “in kind” on silver or platinum group metals shall be converted to the gold equivalent of such silver or platinum group metals by using the average monthly spot prices for Precious Metals described in **Section 1.2**. **(iv)** Title to refined bullion delivered to GRANTEE under this Agreement shall pass to GRANTEE at the time such bullion is credited to GRANTEE at the mint or refinery. **(v)** GRANTEE agrees to hold harmless GRANTOR from any liability imposed as a result of the election of GRANTEE to receive Royalty “in kind” and from any losses incurred as a result of GRANTEE’s trading and hedging activities. GRANTEE assumes all responsibility for any shortages which occur as a result of GRANTEE’s anticipation of credits to its account in advance of an actual deposit or credit to its account by a refiner or mint. **(vi)** When royalties are paid "in kind", they will not reflect the costs deductible in calculating Net Smelter Returns under this Agreement. Within thirty (30) days of the receipt of a statement showing charges incurred by GRANTOR for transportation, smelting or other deductible costs, GRANTEE shall remit to GRANTOR full payment for such charges. If GRANTEE does not pay such charges when due, GRANTOR shall have the right, at its election, provided GRANTEE does not dispute such charges, to deduct the gold equivalent of such charges from the ounces of gold bullion to be credited to GRANTEE in the following month.

(b) In Cash. If GRANTEE elects to receive its Royalty for Precious Metals in cash, and as to Royalty payable on Other Minerals, payments shall be payable on or before the later of ten (10) days after GRANTOR receives payment from the Payor or the twenty-fifth (25th) day of the month following the calendar month in which the minerals subject to the Royalty were shipped to the Payor by GRANTOR. For purposes of calculating the cash amount due to GRANTEE, Precious Metals and Other Minerals will be deemed to have been sold or otherwise disposed of at the time refined production from the Properties is delivered, made available, or credited to GRANTOR by a mint or refiner. The price used for calculating the cash amount due for Royalty on Precious Metals or Other Minerals shall be determined in accordance with **Section 1.2** and **Section 1.4** as applicable. GRANTOR shall make each Royalty payment to be paid in cash by delivery of a check payable to GRANTEE and delivering such check to GRANTEE at the address listed in this Agreement, or to such other address as GRANTEE may direct or by direct bank deposit to GRANTEE’s account as GRANTEE shall designate. Should default be made in any cash payment when due for Royalty and such default exists ten (10) days following Notice of non-payment, then all unpaid amounts then due shall bear interest at the rate of LIBOR plus three percent (3%) per annum commencing from and after such payment due date until paid.

(c) Detailed Statement. All Royalty payments or credits shall be accompanied by a detailed statement explaining the calculation thereof together with any available settlement sheets from the Payor.

1.7 Monthly Reconciliation. **(a)** On or before the later of ten (10) days after GRANTOR receives payment from the Payor or the twenty-fifth (25^{th}) day of such month, GRANTOR shall make an interim settlement based on the information then available of such Royalty then due, either “in cash” or “in kind”, whichever is applicable, by paying **(i)** not less than one hundred percent (100%) of the anticipated final settlement of Precious Metals ”in kind” Royalty payments and **(ii)** not less than ninety-five percent (95%) of the anticipated final settlement of cash Royalty payments. **(b)** The Parties recognize that a period of time exists between the production of ore, the production of doré or concentrates from ore, the production of refined or finished product from doré or concentrates, and the receipt of Payor's statements for refined or finished product. As a result, the payment of Royalty will not coincide exactly with the actual amount of refined or finished product produced from the Properties for the previous month. GRANTOR will provide final reconciliation promptly after settlement is reached with the Payor for all lots sold or subject to other disposition in any particular month. **(c)** In the event that GRANTEE has been underpaid for any provisional payment (whether “in cash” or “in kind”), GRANTOR shall pay the difference “in cash” by check and not “in kind” with such payment being made at the time of the final reconciliation. If GRANTEE has been overpaid in the previous calendar month, GRANTEE shall make a payment to GRANTOR of the difference by check. Reconciliation payments shall be made on the same basis as used for the payment in cash pursuant to **Subsection 1.6(b)** hereof.

1.8 Hedging Transactions. All profits and losses resulting from GRANTOR's sales of Precious Metals or Other Minerals, or GRANTOR's engaging in any commodity futures trading, option trading, or metals trading, or any combination thereof, and any other hedging transactions including trading transactions designed to avoid losses and obtain possible gains due to metal price fluctuations (collectively, "Hedging Transactions") are specifically excluded from Royalty calculations pursuant to this Agreement. All Hedging Transactions by GRANTOR and all profits or losses associated therewith, if any, shall be solely for GRANTOR's account. The Royalty payable on Precious Metals or Other Minerals subject to Hedging Transactions shall be determined as follows: **(a)** Affecting Precious Metals. The amount of Royalty to be paid on all Precious Metals subject to Hedging Transactions by GRANTOR shall be determined in the same manner as provided in **Section 1.2,** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Precious Metals subject to Hedging Transactions are shipped by GRANTOR to the Payor. **(b)** Affecting Other Minerals. The amount of Royalty to be paid on all Other Minerals subject to Hedging Transactions by GRANTOR shall be determined in the same manner as provided in **Section 1.4,** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Other Minerals subject to Hedging Transactions are shipped by GRANTOR to the Payor.

1.9 Commingling. GRANTOR shall have the right to commingle Precious Metals and Other Minerals from the Properties with minerals from other properties. Before any Precious Metals or Other Minerals produced from the Properties are commingled with minerals from other properties, the Precious Metals or Other Minerals produced from the Properties shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, commercial minerals and other appropriate content, applied on a consistent basis. Representative samples of the Precious Metals or Other Minerals shall be retained by GRANTOR and assays (including moisture and penalty substances) and other appropriate analyses of these samples shall be made before commingling to determine gross metal content of Precious Metals or gross metal or mineral content of Other Minerals. GRANTOR shall retain such analyses for a reasonable amount of time, but not less than twenty four (24) months, after receipt by GRANTEE of the Royalty paid with respect to such commingled Minerals from the Properties, and shall retain such samples taken from the Properties for not less than thirty (30) days after collection.

2. Stockpilings and Tailings. All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively "Materials") resulting from GRANTOR's operations and activities on the Properties shall be the sole property of GRANTOR, but shall remain subject to the Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and sale or other disposition of Precious Metals or Other Minerals. Notwithstanding the foregoing, GRANTOR shall have the right to dispose of Materials from the Properties on or off of the Properties and to commingle the same (as provided herein) with materials from other properties. In the event Materials from the Properties are processed or reprocessed, as the case may be, and regardless of where such processing

or reprocessing occurs, the Royalty payable thereon shall be determined on a pro rata basis as determined by using the best engineering and technical practices then available.

3. Term. The Royalty created hereby shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Properties and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as GRANTOR or any successor or assign of GRANTOR holds any rights or interests in the Properties.

4. Real Property Interest and Relinquishment of Properties. The Royalty shall attach to any amendments, relocations or conversions of any mining claim, license, or lease, concession, permit, patent or other tenure comprising the Properties, or to any renewals or extensions thereof. The Royalty shall, if allowed by law, be a real property interest that runs with the Properties and shall be applicable to GRANTOR and its successors and assigns of the Properties. If GRANTOR or any Affiliate or successor or assign of GRANTOR surrenders, allows to lapse or otherwise relinquishes or terminates its interest in any of the Properties and within a period of two (2) years after the effective date of relinquishment or abandonment reacquires a direct or indirect interest in the land covered by the former Properties, then from and after the date of such reacquisition such reacquired properties shall be included in the Properties and the Royalty shall apply to such interest so acquired. GRANTOR shall give written Notice to GRANTEE within ten (10) days of any acquisition or reacquisition of the Properties.

5. No Obligation to Mine. GRANTOR shall have sole discretion to determine the extent of its mining of the Properties and the time or the times for beginning, continuing or resuming mining operations with respect thereto. GRANTOR shall have no obligation to GRANTEE or otherwise to mine any of the Properties.

6. Registration on Title. The Parties agree that following the Effective Date GRANTOR shall immediately undertake all acts required to register title to the Properties in GRANTOR's name by filing an appropriate statutory form of transfer document(s) executed by GRANTEE. The Parties hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same. GRANTEE may register or record against title to the Properties in this Agreement to secure payment from time to time and protect GRANTEE's right to receive the Royalty.

7. Reporting, Records and Audits, Inspections, New Resources or Reserves, Confidentiality and Press Releases.

7.1 Reporting**.** No later than March 1 of each year, GRANTOR shall provide to GRANTEE with an annual report of activities and operations conducted with respect to the Properties during the preceding calendar year, and from time to time shall provide such additional information as GRANTEE may reasonably request. Such annual report shall include details of: **(a)** the preceding year's activities with respect to the Properties; **(b)** ore reserve data for the calendar year just ended; and **(c)** estimates of anticipated production and estimated remaining ore reserves with respect to proposed activities for the Properties for the current calendar year.

7.2 Records and Audits. GRANTEE shall have the right, upon reasonable Notice to GRANTOR, to inspect and copy all books, records, technical data, information and materials (the "Data") pertaining to GRANTOR's activities with respect to the Properties; provided that such inspections shall not unreasonably interfere with GRANTOR's activities with respect to the Properties. GRANTOR makes no representations or warranties to GRANTEE concerning any of the Data or any information contained in the annual reports, and GRANTEE agrees that if it elects to rely on any such Data or information, it does so at its sole risk. GRANTEE shall be entitled to enter the mine workings and structures on the Properties at reasonable times upon reasonable advance Notice for inspection thereof, but GRANTEE shall so enter at its own risk and shall indemnify and hold GRANTOR and its Affiliates harmless against and from any and all loss, costs, damage, liability and expense (including but not limited to reasonable attorneys' fees and costs) by reason of injury to GRANTEE or its agents or representatives or damage to or destruction of any property of GRANTEE or its agents or representatives while on the Properties on or in such mine workings and structures, unless such injury, damage, or destruction is a result, in whole or in part, of the negligence of GRANTOR.

7.3 New Resources or Reserves. If GRANTOR establishes a mineral resource or mineral reserve on any of the Properties, GRANTOR shall provide to GRANTEE the amount of such resource or reserve as soon as practicable after GRANTOR makes a public declaration with respect to the establishment thereof.

7.4 Confidentiality. Except for recording this Agreement, GRANTEE shall not, without the prior written consent of GRANTOR, which shall not be unreasonably delayed or withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, GRANTEE may disclose data or information so obtained without the consent of GRANTOR: **(a)** if required for compliance with laws, rules, regulations or orders of a governmental agency or stock exchange; **(b)** to any of GRANTEE's consultants or advisors; **(c)** to any third party to whom GRANTEE, in good faith, anticipates selling or assigning GRANTEE's interest in the Properties; **(d)** to a prospective lender, provided that such consultants, third parties or lenders first sign a confidentiality agreement with GRANTEE; or **(e)** to a third party to which a Party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with, provided however, that any such third party to whom disclosure is made has a legitimate business need to know the disclosed information, and shall first agree in writing to protect the confidential nature of such information to the same extent GRANTEE is obligated under this section.

7.5 Press Releases. Subject to its rights and obligations regarding confidentiality under **Section 7.4**, GRANTEE shall not issue any press release relating to the Properties or this Agreement except upon giving GRANTOR two (2) days advance written Notice of the contents thereof, and GRANTEE shall make any reasonable changes to such proposed press release as such changes may be timely requested by GRANTOR, provided, however, GRANTEE may include in any press release without Notice any information previously reported by GRANTOR. A Party shall not, without the consent of the other Party, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

8. General Provisions.

8.1 Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

8.2 Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

8.3 Governing Law. This Agreement shall be construed and governed by the laws of Colorado, U.S.A., without reference to the choice of law or conflicts of law principles thereof.

8.4 Dispute Resolution. Disputes resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof may be resolved by a court of competent jurisdiction. In any litigation between the Parties or any person claiming under them, resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof, the substantially prevailing party shall be entitled to recover all reasonable costs, expenses, legal and expert witness fees and other costs of suit incurred by it in connection with such litigation, including such costs, expenses and fees incurred prior to the commencement of the litigation, in connection with any appeals, and in collecting or otherwise enforcing any final judgment entered therein. If a party substantially prevails on some aspects of such action, but not on others, the court may apportion any award of costs and legal fees in such manner as it deems equitable.

8.5 GRANTOR to Bear Solely All Costs and Obligations. Commencing from and after the Effective Date GRANTOR has agreed to be solely responsible for all costs and obligations pertaining to or associated with the Properties.

8.6 Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

8.7 No Joint Venture, Mining Partnership, Commercial Partnership. This Agreement shall not be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship between or among GRANTOR and GRANTEE.

8.8 Time. Time is of the essence of each provision of this Agreement.

8.9 Definitions. In this Agreement and the Schedule(s) attached to this Agreement the following terms shall have the following meanings:

"Affiliate" of a Party means an entity or person that Controls, is Controlled by, or is under common Control with the Party through direct or indirect ownership of greater than fifty percent (50%) of equity or voting interest.

"Agreement" (or "Royalty Agreement") means this Royalty Agreement and all amendments, modifications and supplements thereto.

"Applicable Spot Price" has the meaning described in **Section 1.2**.

"Beneficiated Precious Metals" has the meaning described in **Section 1.2.**

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the USA.

"Control" used as a verb means, when used with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity through **(i)** the legal or beneficial ownership of voting securities or membership interests; **(ii)** the right to appoint managers, directors or corporate management; **(iii)** contract; **(iv)** operating agreement; **(v)** voting trust; or otherwise; and, when used with respect to a person, means the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and "Control" used as a noun means an interest which gives the holder the ability to exercise any of the foregoing powers.

"Data" has the meaning described in **Section 7.2.**

"Effective Date" means the date specified on the top of page one of this Agreement.

"GRANTEE" shall include, to the extent applicable in the circumstances, all of GRANTEE's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Properties.

"GRANTOR" shall include, to the extent applicable in the circumstances, all of GRANTOR's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Properties.

"Hedging Transactions" has the meaning described in **Section 1.8**.

"LIBOR" means an annual rate equal to the offered rate that appears on the page of the Reuters screen (or any successor thereto) that displays an average British Bankers Association Interest Rate Settlement Rate for deposits in dollars with a term of 6 months.

"Materials" has the meaning described in **Article 2**.

"Minerals" has the meaning described in **Section 1.1**.

"Monthly Production" has the meaning described in **Section 1.2**.

"Net Smelter Returns" has the meaning described in **Section 1.2** and **Section 1.4**, as applicable.

"Notice" has the meaning described in **Section 8.10.**

"Other Mineral(s)" has the meaning described in **Section 1.4**.

"Parties" means GRANTEE and GRANTOR collectively.

"Party" means either of the Parties individually.

"Payor" has the meaning described in **Section 1.2.**

"Precious Metals" has the meaning described in **Section 1.2**.

"Properties" means the properties described in attached Schedule A including without limitation any amendments, supplements, renewals and replacements thereof.

"Purchase Price" means the consideration referenced in the Recital(s) and stipulated in the Venture Agreement.

"Royalty" means the Net Smelter Returns royalty stipulated in **Section 1.1**.

"Transmission" has the meaning described in **Section 8.10.**

"Venture Agreement" means that certain agreement described in **Recital A**.

8.10 Notices. **(a)** Any Notice, demand or other communication (in this section, a "Notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(i)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(ii)** sent by facsimile transmission (a "Transmission") during normal business hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(b)** each Notice sent in accordance with this section shall be deemed to have been received: **(i)** on the day it was delivered; or on the same day that it was sent by fax transmission, or **(ii)** on the first Business Day thereafter if the day on which it was sent by fax transmission was not a Business Day. The Notice addresses for the Parties are set out on page one of this Agreement. A Party may change its address for Notice by giving Notice to the other Party in accordance with this section. Notice to _____ **[GRANTOR or GRANTEE, whatever Newmont is**] shall additionally be sent to Newmont Mining Corporation, 1700 Lincoln Street, 36th Floor, Denver, Colorado 80203 U.S.A., Attention: Land Dept., Facsimile: 303.837.5851.

8.11 Assignment. Except as otherwise provided in this Agreement, either party shall have the unrestricted right to assign, transfer or convey any of its rights, interests, and obligations with respect to the Properties, effective upon written Notice thereof to the other Party.

8.12 Maintenance of the Properties. At any time and from time to time, GRANTOR may elect to abandon any part or parts of the Properties that it no longer desires to maintain.

8.13 Further Assurances. The Parties promptly shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Agreement.

8.14 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof.

8.15 Rule Against Perpetuities. The Parties do not intend that there be any violation of the rule of perpetuities, the rule against unreasonable restraints or the alienation of property, or any similar rule. Accordingly, if any right or option to acquire any interest in the Properties, in a Participating Interest, in

the Assets, or in any real property under this Agreement, such right or option must be exercised, if at all, so as to vest such interest within time periods permitted by applicable rules. If, however, such violation should inadvertently occur, the Parties hereby agree that a court shall reform that provision in such a way as to approximate most closely the intent of the Parties within the limits permissible under such rules.

8.16 Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of the Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

GRANTOR: _____

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

GRANTEE: _____

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

SCHEDULE A
(to Royalty Agreement)
PROPERTIES

EXHIBIT E
(to Venture Agreement)
MEMORANDUM OF AGREEMENT

MEMORANDUM OF AGREEMENT

NOTICE IS HEREBY GIVEN that under that certain Venture Agreement ("Agreement") made and entered into effective _____ (the "Effective Date") by and between

Newmont North America Exploration Limited
a corporation incorporated under the laws of Delaware
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Facsimile:303.837.5851

(hereinafter "**NEWMONT**")

and

Kisa Gold Mining, Inc.
a corporation incorporated under the laws of Alaska
10807 E. Montgomery Dr., Suite #1
Spokane, WA 99206
Facsimile: 509.893.0170

(hereinafter "**KISA"**)

NEWMONT and KISA have entered into a Venture Agreement, dated _____ pursuant to which the Participants have agreed to terms for undertaking Mineral Exploration, Development and, if warranted, Mining within the exterior boundaries of the area described in **Exhibit B** hereto (the "Area of Interest"). The Agreement shall be the exclusive means by which the Participants, or either of them or any Affiliate, engage in any activity within the Area of Interest; acquire interests in real property within the Area of Interest; or engage in any other lawful purposes related or incidental to the foregoing. The Agreement pertains to the real property and interests described in **Exhibit A** hereto (the "Properties"), and shall continue for so long as any of the Properties are jointly owned by the Participants hereto and thereafter until all materials, supplies, and equipment have been salvaged and disposed of, a final accounting has been made between the Participants, and reclamation has been completed and accepted by the appropriate governmental agencies, unless the Agreement is earlier terminated according to its terms.

IN WITNESS WHEREOF the parties hereto have duly executed this Memorandum of Agreement effective as of the date first written above.

NEWMONT: NEWMONT NORTH AMERCA EXPLORATION LIMITED

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

KISA: Kisa Gold Mining, Inc.

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

Exhibit A
(to Memorandum of Agreement)
PROPERTIES

Claim Name	ADL_No	Claim Type[1]	Acres[2]	PLS_Description[3]	Rec District[4]	Locate Date[5]	Recording Filing Doc No	Record Date
Ako 1	655974	MTRS	160	NW¼, S10, T2N, R60W	B	9/17/2006	2006-001614-0	10/11/2006
Ako 2	655975	MTRS	160	NE¼, S10, T2N, R60W	B	9/17/2006	2006-001615-0	10/11/2006
Ako 3	655976	MTRS	160	SW¼, S10, T2N, R60W	B	9/17/2006	2006-001616-0	10/11/2006
Ako 4	655977	MTRS	160	SE¼, S10, T2N, R60W	B	9/17/2006	2006-001617-0	10/11/2006
Ako 5	655978	MTRS	160	SW¼, S11, T2N, R60W	B	9/17/2006	2006-001618-0	10/11/2006
Ako 6	655979	MTRS	160	SE¼, S11, T2N, R60W	B	9/17/2006	2006-001619-0	10/11/2006
Ako 7	655980	MTRS	160	NW¼, S16, T2N, R60W	B	9/17/2006	2006-001620-0	10/11/2006
Ako 8	655981	MTRS	160	NE¼, S16, T2N, R60W	B	9/17/2006	2006-001621-0	10/11/2006
Ako 9	655982	MTRS	160	NW¼, S15, T2N, R60W	B	9/17/2006	2006-001622-0	10/11/2006
Ako 10	655983	MTRS	160	NE¼, S15, T2N, R60W	B	9/17/2006	2006-001623-0	10/11/2006
Ako 11	655984	MTRS	160	NW¼, S14, T2N, R60W	B	9/17/2006	2006-001624-0	10/11/2006
Ako 12	655985	MTRS	160	NE¼, S14, T2N, R60W	B	9/17/2006	2006-001625-0	10/11/2006
Ako 13	655986	MTRS	160	NW¼, S13, T2N, R60W	B	9/17/2006	2006-001626-0	10/11/2006
Ako 14	655987	MTRS	160	SW¼, S16, T2N, R60W	B	9/17/2006	2006-001627-0	10/11/2006
Ako 15	655988	MTRS	160	SE¼, S16, T2N, R60W	B	9/17/2006	2006-001628-0	10/11/2006
Ako 16	655989	MTRS	160	SW¼, S15, T2N, R60W	B	9/17/2006	2006-001629-0	10/11/2006
Ako 17	655990	MTRS	160	SE¼, S15, T2N, R60W	B	9/17/2006	2006-001630-0	10/11/2006
Ako 18	655991	MTRS	160	SW¼, S14, T2N, R60W	B	9/17/2006	2006-001631-0	10/11/2006
Ako 19	655992	MTRS	160	SE¼, S14, T2N, R60W	B	9/17/2006	2006-001632-0	10/11/2006
Ako 20	655993	MTRS	160	SW¼, S13, T2N, R60W	B	9/17/2006	2006-001633-0	10/11/2006
Ako 21	655994	MTRS	160	SE¼, S13, T2N, R60W	B	9/17/2006	2006-001634-0	10/11/2006
Ako 22	655995	MTRS	160	SW¼, S18, T2N, R59W	B	9/17/2006	2006-001635-0	10/11/2006
Ako 23	655996	MTRS	160	NW¼, S24, T2N, R60W	B	9/17/2006	2006-001636-0	10/11/2006

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Exhibit A

(to Memorandum of Agreement)

PROPERTIES

Claim Name	ADL_No	Claim Type[1]	Acres[2]	PLS_Description[3]	Rec District[4]	Locate Date[5]	Recording Filing Doc No	Record Date
Ako 24	655997	MTRS	160	NE¼, S24, T2N, R60W	B	9/17/2006	2006-001637-0	10/11/2006
Ako 25	655998	MTRS	160	NW¼, S19, T2N, R59W	B	9/17/2006	2006-001638-0	10/11/2006
Ako 26	655999	MTRS	160	NE¼, S19, T2N, R59W	B	9/17/2006	2006-001639-0	10/11/2006
Ako 27	656000	MTRS	160	SW¼, S24, T2N, R60W	B	9/17/2006	2006-001640-0	10/11/2006
Ako 28	656001	MTRS	160	SE¼, S24, T2N, R60W	B	9/17/2006	2006-001641-0	10/11/2006
Ako 29	656002	MTRS	160	SW¼, S19, T2N, R59W	B	9/17/2006	2006-001642-0	10/11/2006
Ako 30	656003	MTRS	160	SE¼, S19, T2N, R59W	B	9/17/2006	2006-001643-0	10/11/2006
Ako 31	656004	MTRS	160	NE¼, S26, T2N, R60W	B	9/17/2006	2006-001644-0	10/11/2006
Ako 32	656005	MTRS	160	NW¼, S25, T2N, R60W	B	9/17/2006	2006-001645-0	10/11/2006
Ako 33	656006	MTRS	160	NE¼, S25, T2N, R60W	B	9/17/2006	2006-001646-0	10/11/2006
Ako 34	656007	MTRS	160	NW¼, S30, T2N, R59W	B	9/17/2006	2006-001647-0	10/11/2006
Ako 35	656008	MTRS	160	NE¼, S30, T2N, R59W	B	9/17/2006	2006-001648-0	10/11/2006
Ako 36	656009	MTRS	160	NW¼, S29, T2N, R59W	B	9/17/2006	2006-001649-0	10/11/2006
Ako 37	656010	MTRS	160	SE¼, S26, T2N, R60W	B	9/17/2006	2006-001650-0	10/11/2006
Ako 38	656011	MTRS	160	SW¼, S25, T2N, R60W	B	9/17/2006	2006-001651-0	10/11/2006
Ako 39	656012	MTRS	160	SE¼, S25, T2N, R60W	B	9/17/2006	2006-001652-0	10/11/2006
Ako 40	656013	MTRS	160	SW¼, S30, T2N, R59W	B	9/17/2006	2006-001653-0	10/11/2006
Ako 41	656014	MTRS	160	SE¼, S30, T2N, R59W	B	9/17/2006	2006-001654-0	10/11/2006
Ako 42	656015	MTRS	160	SW¼, S29, T2N, R59W	B	9/17/2006	2006-001655-0	10/11/2006
Ako 43	656016	MTRS	160	NE¼, S35, T2N, R60W	B	9/17/2006	2006-001656-0	10/11/2006
Ako 44	656017	MTRS	160	NW¼, S36, T2N, R60W	B	9/17/2006	2006-001657-0	10/11/2006
Ako 45	656018	MTRS	160	NE¼, S36, T2N, R60W	B	9/17/2006	2006-001658-0	10/11/2006

Page 2 of Exhibit A

End of Exhibit A

Exhibit B
(to Memorandum of Agreement)
AREA OF INTEREST

The area covered by the Properties described in Exhibit A.

Exhibit 10.8

VENTURE AGREEMENT

THIS VENTURE AGREEMENT ("Agreement") is made and entered into effective as of **_____-2008** (the "Effective Date")

BETWEEN:

Newmont North America Exploration Limited
a corporation incorporated under the laws of Delaware
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Facsimile:303.837.5851
(hereinafter "**NEWMONT**")

and

Kisa Gold Mining, Inc.
a corporation incorporated under the laws of Alaska
10807 E. Montgomery Dr., Suite #1
Spokane, WA 99206
Facsimile: 509.893.0170
(hereinafter "**KISA"**)

RECITALS

A. KISA holds an interest in certain "Properties" situated in Alaska, which are described in **Exhibit A** and defined in **Section 1** below.

B. NEWMONT wishes to participate with KISA in the further exploration, evaluation, and if justified, the development and mining of mineral resources within the Properties, and KISA desires to grant such rights to NEWMONT.

NOW THEREFORE, in consideration of the covenants and terms contained herein, NEWMONT and KISA agree as follows:

1. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings specified in this Section. Cross-references in this Agreement to Articles, Sections, Subsections and Exhibits refer to Articles, Sections, Subsections and Exhibits of this Agreement, unless specified otherwise.

"Accounting Procedure" means the procedure set forth in **Exhibit C**.

"Affiliate" of a Participant means an entity or person that Controls, is Controlled by, or is under common Control with the Participant.

"Agreement" means this Venture Agreement, including any amendments and modifications hereof, and all appendices, schedules and exhibits which are incorporated herein by this reference.

"Area of Interest" means the area described in **Exhibit B**.

"Assets" means the Properties, Products, and all other real and personal property, tangible and intangible, held for the benefit of the Participants hereunder.

"Budget" means a detailed estimate of all costs to be incurred by the Participants with respect to a Program and a schedule of cash advances to be made.

"Chargee" has the meaning as a holder of an Encumbrance as described in **Section 13.5**.

"Claims" means the mining claims identified in **Exhibit A**.

"Confidential Information" has the meaning described in **Section 15.6**.

"Continuing Obligations" means obligations or responsibilities that are reasonably expected to continue or arise after Operations on a particular area of the Properties have ceased or are suspended, including, but not limited to, Environmental Compliance.

"Control" used as a verb means, when used with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity through **(i)** the legal or beneficial ownership of voting securities or membership interests; **(ii)** the right to appoint managers, directors or corporate management; **(iii)** contract; **(iv)** operating agreement; **(v)** voting trust; or otherwise; and, when used with respect to a person, means the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and "Control" used as a noun means an interest which gives the holder the ability to exercise any of the foregoing powers.

"Development" means all preparation (other than Exploration) for the removal and recovery of Products, including the construction or installation of leach pads, a mill or any other improvements to be used for the mining, handling, milling, beneficiation or other processing of Products.

"Earn-In" has the meaning described in **Section 5.2**.

"Effective Date" means the date set forth on the top of page one of this Agreement.

"Encumbrance" or "Encumbrances" means mortgages, deeds of trust, security interests, pledges, liens, net profits interests, royalties or overriding royalty interests, other payments out of production, or other burdens of any nature applicable to the Properties.

"Environmental Compliance" means actions performed during or after Operations to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Properties or other compliance with Environmental Laws.

"Environmental Laws" means Laws aimed at reclamation or restoration of the Properties; abatement of pollution; protection of the environment; monitoring environmental conditions; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances into the environment, and all other Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.

"Environmental Liabilities" means any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements, or expenses (including, without limitation, legal fees and costs, experts' fees and costs, and consultants' fees and costs) of any kind or of any nature whatsoever that are asserted against either Participant or the Venture, by any person or entity other than the other Participant, alleging liability (including, without limitation, liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from **(i)** the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above the Properties and/or emanating or migrating and/or threatening to emanate or migrate from the Properties to off-site properties; **(ii)** physical disturbance of the environment caused by or relating to Operations; or **(iii)** the violation or alleged violation of any Environmental Laws arising from or relating to Operations.

"Existing Data" means maps, drill logs and other drilling data, core tests, pulps, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records, and any other

material or information relating to the Properties, which is owned or controlled by KISA.

"Exploration" means activities directed toward ascertaining the existence, location, quantity, quality, or commercial value of deposits of Products.

"Exploration Expenditures" means all costs, expenses, obligations and liabilities of whatever kind or nature spent or incurred in connection with Exploration and which were expended on or for the benefit of the Properties, but excluding work performed on property not part of the Properties, computed in accordance with U.S. generally accepted accounting principles consistently applied, including, without limiting the generality of the foregoing, the following: **(i)** actual salaries, benefit and fringe costs and wages (whether or not required by Law) of employees or contractors of NEWMONT directly assigned to and actually performing Exploration and related activities within or benefiting the Properties. Employees and contractors may include geologists, geophysicists, engineers, surveyors, engineering assistants, technicians, draftsmen, engineering clerks and other personnel performing technical services connected with Exploration of the Properties; **(ii)** monies expended associated with aerial flights; **(iii)** monies expended associated with drilling, site preparation and road construction; **(iv)** monies expended for the use of machinery, vehicles, equipment and supplies required for Exploration; provided, however, if NEWMONT uses equipment owned by it, charges shall be no greater than on terms available from independent third parties in the vicinity of the Properties; **(v)** monies expended for reasonable travel expenses and transportation of employees and contractors, materials, equipment and supplies necessary for the conduct of Exploration; **(vi)** any other payments to contractors for work on Exploration; **(vii)** monies expended for metallurgical and engineering work; geophysical, geochemical and geological surveys and assays and other costs incurred to determine the quality and quantity of Products within the Properties; **(viii)** monies expended to obtain permits, rights-of-ways and other similar rights as may be required or necessary in connection with Operations regarding the Properties; **(ix)** monies expended in preparation and acquisition of environmental permits necessary to commence, carry out or complete Exploration, and otherwise spent on or accrued for activities required for Environmental Compliance; **(x)** monies expended in performing pre-feasibility and feasibility studies to evaluate the economic feasibility of Mining on the Properties, including expenditures for metallurgical test work, preliminary design work and hydrology studies; **(xi)** monies expended for taxes levied against the Properties and paid by NEWMONT and the cost of any insurance premiums, performance bonds or other forms of sureties required by the terms of this Agreement or any Law; **(xii)** monies expended for and including land holding costs, lease payments, assessment work, claim location, amendment and relocation costs, Government Fees, and other necessary expenditures incurred or made to preserve in good standing the status and title of the Properties; **(xiii)** monies expended for curing any title defects or Encumbrances pertaining to the Properties; and **(xiv)** the administrative charge specified in **Section 2.14 of Exhibit C** in respect of Exploration Expenditures, said charge to be credited toward the Initial Contribution by NEWMONT.

"Financing Option" has the meaning described in **Subsection 5.2.3.5**.

"Force Majeure" shall mean any cause, whether foreseeable or unforeseeable, beyond a Participant's reasonable control, including, without limitation, labor disputes (however arising and whether or not employee demands are reasonable or within the power of the Participant to grant); acts of God; Laws, or requests of any government or governmental entity; judgments or orders of any court; inability to obtain on reasonably acceptable terms any public or private license, permit or other authorization; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of Environmental Laws; action or inaction by any governmental entity that delays or prevents the issuance or granting of any approval or authorization required to conduct Operations; acts of terrorism or war or conditions arising out of or attributable to terrorism or war, whether declared or undeclared; riot, civil strife, insurrection or rebellion; fire, explosion, earthquake, storm, flood, sink holes, drought or other adverse weather condition; delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors' or subcontractors' shortage of, or inability to obtain, labor, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities; actions by citizen groups, including but not limited to environmental organizations or native rights groups; or any other cause whether similar or dissimilar to the foregoing.

"Government Fees" means all rentals, holding fees, location fees, maintenance payments or other

payments required by any law, rule or regulation to be paid to a federal, state, provincial, territorial or other governmental authority, in order to locate or maintain any licenses, permits, concessions, fee lands, mining leases, surface leases, Claims or other tenures included in the Properties.

"Initial Contribution" means that contribution each Participant agrees to make, or is deemed to have made, pursuant to **Section 5.1** and **Subsections 5.2.1 and 5.2.3**.

"Indemnified Participant" has the meaning described in **Subsection 2.5.1**

"Indemnifying Participant" has the meaning described in **Subsection 2.5.1**.

"Joint Account" means the account maintained in accordance with the Accounting Procedure showing the charges and credits accruing to the Participants.

"Law" or "Laws" means all federal, state, provincial, territorial and local laws (statutory or common), rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees, and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature, including Environmental Laws, which are applicable to the Properties, the Area of Interest, or Operations, regardless of whether or not in existence or enacted or adopted hereafter; provided, however, nothing in this definition is intended to make laws applicable to the parties during periods when the laws are not applicable by their terms or the timing of their enactment.

"LIBOR" means an annual rate equal to the offered rate that appears on the page of the Reuters screen (or any successor thereto) that displays an average British Bankers Association Interest Rate Settlement Rate for deposits in dollars with a term of 6 months

"Management Committee" means the committee established under **Article 7**.

"Manager" means the person or entity appointed under **Article 8** to manage Operations, or any successor Manager.

"Memorandum of Agreement" means the document attached as **Exhibit E**.

"Mining" means the mining, extracting, producing, handling, milling, or other processing of Products.

"Net Smelter Returns" has the meaning specified in **Exhibit D**.

"Notice" or "Notices" has the meaning described in **Section 15.1**.

"Operations" means the activities carried out under this Agreement.

"Participant" and "Participants" mean the persons or entities that from time to time have Participating Interests.

"Participating Interest" means the percentage interest representing the ownership interest of a Participant in the Assets, and in all other rights and obligations arising under this Agreement, as such interest may from time to time be adjusted hereunder. Participating Interests shall be calculated to three decimal places and rounded to two (e.g., 1.519% rounded to 1.52%). Decimals of .005 or more shall be rounded up to .01; decimals of less than .005 shall be rounded down. The initial Participating Interests of the Participants are set forth in **Subsection 6.1.1**.

"Phase-I Earn-In" means that portion of NEWMONT's Initial Contributions set forth in **Subsection 5.2.1**.

"Phase-II Earn-In" means that portion of NEWMONT's Initial Contributions set forth in **Subsection 5.2.3**.

"Prime Rate" has the meaning described in **Section 9.10**.

"Products" means all metals, ores, concentrates, minerals, and mineral resources, including materials derived from the foregoing, produced from the Properties under this Agreement.

"Program" means a description in reasonable detail of Operations to be conducted by the Manager, as described in **Article 9**.

"Properties" means the licenses, permits, Claims, concessions, fee lands, mining leases, surface leases or other rights or interests (as applicable) described in **Exhibit A** or acquired by the Venture within the Area of Interest.

"Transferring Entity" has the meaning described in **Subsection 13.3.1**.

"Venture" means the contractual relationship of the Participants under this Agreement.

2. REPRESENTATIONS AND WARRANTIES; RECORD TITLE; INDEMNITIES

2.1 Representations and Warranties.

2.1.1 Capacity of Participants. Each Participant represents and warrants to the other Participant as follows: **(i)** it is a corporation duly incorporated, qualified to transact business, and in good standing under the Laws of its jurisdiction and in Alaska; **(ii)** it has the full right, power and capacity to enter into and perform this Agreement and all transactions contemplated herein, and all corporate, board of directors and other actions required to authorize it to enter into and perform this Agreement have been properly taken; **(iii)** it will not breach any other agreement or arrangement by entering into or performing this Agreement, and this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms; and **(iv)** it has relied solely on its own appraisals and estimates as to the mineral potential of the Properties, and upon its own geologic, engineering and other interpretations related thereto.

2.1.2 Representations and Warranties by KISA. KISA represents and warrants the following:

2.1.2.1 With respect to the Claims, **(i)** the Claims were properly laid out and monumented; **(ii)** all required location and validation work was properly performed; **(iii)** all Notices/certificates (as applicable) were properly recorded/filed with appropriate governmental agencies; **(iv)** all Government Fees required to hold or maintain the Claims have been paid through **September 1, 2008**; and **(v)** all affidavits or other recordings/filings required to maintain the Claims in good standing have been properly and timely recorded with appropriate governmental agencies.

2.1.2.3 KISA has not entered into any other agreement with respect to its interest in and to the Properties that is currently valid and outstanding, and, to the best of KISA's knowledge, there are no leases or subleases or Encumbrances on the Properties, nor any defects in title.

2.1.2.3 To the best of KISA's knowledge, except as to matters of record, no other person or entity is claiming an interest in, or in conflict with, the Properties.

2.1.2.4 To the best of KISA's knowledge, there are no actions, suits, claims, proceedings, litigation or investigations pending or threatened against it that relate to the Properties, or that could, if continued, adversely affect the ability of KISA or NEWMONT to fulfill its obligations under this Agreement or NEWMONT's ability to exercise its rights under this Agreement.

2.1.2.5 KISA has complied with all existing Laws in conducting its operations on the Properties.

2.1.2.6 To the best of KISA's knowledge, there is no condition on the Properties that could result in any Environmental Liabilities or other type of enforcement proceeding, or

any recovery by any governmental agency or private party of remedial or removal costs, natural resources damages, property damages, damages for personal injuries or other costs, expenses, damages or injunctive relief arising from any alleged injury or threat of injury to health, safety or the environment.

2.1.2.7 KISA has delivered to NEWMONT all Existing Data in its possession or control, and true and correct copies of all leases or other agreements relating to the Assets.

2.2 Disclosures. Each of the Participants represents and warrants that it is not aware of any material facts or circumstances that have not been disclosed in this Agreement, which should be disclosed to the other Participant in order to prevent the representations and warranties in this Agreement from being materially misleading.

2.3 Record Title. Title to real and personal property included in the Assets shall be held in the name of the Manager for the benefit of the Participants. Each Participant agrees to execute appropriate documents to reflect changes resulting from changes in Participating Interests in accordance with **Section 6.6** below.

2.4 Loss of Title.

2.4.1 Except as otherwise provided in **Subsection 2.4.2**, prior to the time that NEWMONT has completed its Initial Contribution under this Agreement, any failure or loss of title to the Assets and all costs of defending title thereto shall be charged to the Joint Account, provided that NEWMONT shall pay all such costs until completing Phase-I Earn-In or Phase-II Earn-In, as applicable, and all such paid costs shall be credited against the applicable Earn-In. After NEWMONT has completed its Initial Contribution, any failure or loss of title to the Assets, and all costs of defending title thereto, shall be charged to the Joint Account and paid by the Participants in proportion to their respective Participating interests, except as otherwise provided in **Subsection 2.4.2**.

2.4.2 All losses and costs referenced under **Subsection 2.4.1** that arise out of or result from a breach of the representations and warranties or KISA under **Subsection 2.1.2** shall be charged to and paid by KISA. All losses and costs referenced under **Subsection 2.4.1** arising out of or resulting from a breach of the Manager's obligations under **Subsection 8.2.14** shall be charged to and paid by the Participant that was Manager at the time of the breach.

2.5 Indemnities.

2.5.1 Each Participant shall indemnify the other Participant, its directors, officers, employees, agents and attorneys or Affiliates (collectively "Indemnified Participant") against any loss, cost, expense, damage or liability (including legal fees and other expenses) arising out of or based on a breach by the Participant ("Indemnifying Participant") of any representation, warranty or covenant contained in this Agreement.

2.5.2 If any claim or demand is asserted against an Indemnified Participant in respect of which such Indemnified Participant may be entitled to indemnification under this Agreement, written Notice of such claim or demand shall promptly be given to the Indemnifying Participant. The Indemnifying Participant shall have the right, but not the obligation, by notifying the Indemnified Participant within thirty (30) days after its receipt of the Notice of the claim or demand, to assume the entire Control of (subject to the right of the Indemnified Participant to participate, at the Indemnified Participant's expense and with counsel of the Indemnified Participant's choice), the defense, compromise, or settlement of the matter. Any damages to the Assets or business of the Indemnified Participant caused by a failure by the Indemnifying Participant to defend, compromise, or settle a claim or demand in a reasonable and expeditious manner requested by the Indemnified Participant, after the Indemnifying Participant has given Notice that it will assume control of the defense, compromise, or settlement of the matter, shall be included in the damages

for which the Indemnifying Participant shall be obligated to indemnify the Indemnified Participant. Any settlement or compromise of a matter by the Indemnifying Participant shall include a full release of claims against the Indemnified Participant which has arisen out of the indemnified claim or demand.

2.6 Existing Disturbance. KISA shall be solely responsible for complying with all Laws, relating to all disturbance existing on the Properties relating to KISA's activities or for which KISA is responsible pursuant to applicable Law as of the Effective Date. Without limiting the foregoing, KISA shall diligently reclaim all such existing disturbance in accordance with applicable Laws, and shall satisfy all applicable permit and closure requirements. KISA shall indemnify and hold harmless NEWMONT , its directors, officers, employees, agents, attorneys and Affiliates against any loss, cost, expense, damage or liability (including legal fees and expenses) relating to or arising from any existing disturbance or prior activities on the Properties relating to KISA's activities or for which KISA is responsible pursuant to applicable Law.

3. **NAME, PURPOSES, AND TERM**

3.1 General. NEWMONT and KISA hereby enter into this Agreement for the purposes hereinafter stated. All of the Participants' rights and obligations in connection with the Assets, the Area of Interest and all Operations shall be subject to and governed by this Agreement.

3.2 Name. The Manager shall conduct the business of the Venture in the name of the Venture, doing business as the "**Luna Venture**". The Manager shall accomplish any registration required by applicable, assumed or fictitious name statutes and similar statutes.

3.3 Purposes. This Agreement is entered into for the following purposes and for no others, and shall serve as the exclusive means by which the Participants, or either of them, accomplish such purposes: **(i)** to conduct Exploration within the Properties; **(ii)** to acquire additional real property and other interests within the Area of Interest; **(iii)** to evaluate the possible Development and Mining of the Properties, and if justified, to engage in Development and Mining; **(iv)** to engage in Operations within the Properties; **(v)** to engage in disposition of Products, only to the limited extent permitted in **Article 10**; **(vi)** to complete and satisfy all Environmental Compliance obligations and other Continuing Obligations relating to the Properties; and **(vii)** to perform any other operation or activity necessary, appropriate, or incidental to any of the foregoing.

3.4 Limitation. Unless the Participants otherwise agree in writing, Operations shall be limited to the purposes described in **Section 3.3**, and nothing in this Agreement shall be construed to enlarge such purposes.

3.5 Term. Unless the Venture is earlier terminated or otherwise terminates as provided in this Agreement, the term of this Agreement is for so long as any of the Properties are jointly owned by the Participants and thereafter until all materials, supplies, and equipment have been salvaged and disposed of, a final accounting has been made between the Participants, and any required Environmental Compliance has been completed and accepted by the appropriate governmental agencies.

4. **RELATIONSHIP OF THE PARTICIPANTS**

4.1 No Partnership. Nothing contained in this Agreement shall be deemed to constitute either Participant the partner of the other, nor, except as otherwise herein expressly provided, to constitute either Participant the agent or legal representative of the other, nor to create any fiduciary relationship between them. The Participants do not intend to create, and this Agreement shall not be construed to create, any mining, commercial, tax or other partnership. Neither Participant shall have any authority to act for or to assume any obligation or responsibility on behalf of the other Participant, except as otherwise expressly provided herein. The rights, duties, obligations and liabilities of the Participants shall be several and not joint or collective. Each Participant shall be responsible only for its obligations as herein set out and shall be liable only for its share of the costs and expenses as provided herein. It is the Participants' intent that their ownership of Assets and the rights acquired hereunder shall be as tenants in common. However, the Participants understand that the arrangement and undertakings evidenced by this Agreement may result in a partnership for purposes of United States Federal income taxation and certain State income

tax laws which incorporate or follow United States Federal income tax principles as to tax partnerships. Accordingly, the Participants shall make an election pursuant to United States Treasury Regulations §1.761-2 to be excluded from Subchapter K of the Internal Revenue Code of 1986, as amended.

4.2 Taxes. Each Participant shall be directly responsible for and shall directly pay all taxes applicable to revenues received by the Participant through Operations under this Agreement. In particular, each Participant shall individually file its tax returns with the proper authorities and independently file claims for and recover any income tax credits. A Participant's decisions with respect to such tax matters shall not have any binding effect on the course of actions taken by the other Participant.

4.3 Other Business Opportunities. Except as expressly provided in this Agreement, each Participant shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with Operations, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture, or operation of either Participant, and, neither Participant shall have any obligation to the other with respect to any opportunity to acquire any property outside the Area of Interest at any time, or within the Area of Interest after the termination of this Agreement, except as provided in **Section 11.8**. Unless otherwise agreed in writing, no Participant shall have any obligation to mill, beneficiate, or otherwise treat any Participant's share of Products in any facility owned or controlled by such Participant.

4.4 Termination or Transfer of Rights to Properties. Except as otherwise provided in this Agreement, neither Participant shall permit or cause all or any part of its interest in the Assets or this Agreement to be sold, exchanged, encumbered, surrendered, abandoned, partitioned, divided, or otherwise terminated, by judicial means or otherwise. The Participants hereby waive and release all rights of partition, or of sale in lieu thereof, or other division of Assets, including any such rights provided by any Law.

4.5 Implied Covenants. The implied covenants of good faith and fair dealing are the only implied covenants in this Agreement. No other implied covenants recognized under applicable Law shall be valid or enforceable with respect to this Agreement.

4.6 No Royalty or Other Interests. Except as provided in **Subsection 5.2.3.2** or **Section 6.4**, no Participant shall be entitled or permitted to create any royalty or similar carried interest in all or any part of the Assets.

4.7 No Third Party Beneficiary Rights. This Agreement shall be construed to benefit the Participants and their respective successors and permitted assigns only, and shall not be construed to create third party beneficiary rights in any other party, governmental agency or organization, except as provided in **Subsection 2.5.1**.

5. CONTRIBUTIONS BY PARTICIPANTS

5.1 KISA's Initial Contribution. KISA hereby contributes to the Venture all of its right, title and interest in and to the Properties, together with all of its respective right, title and interest in and to any licenses and permits relating to the Properties and all Existing Data, free and clear of any Encumbrances.

5.2 NEWMONT's Initial Contribution.

5.2.1 Phase-I Earn-In. As its Initial Contribution and subject to NEWMONT's right of withdrawal as set forth in **Section 11.3**, NEWMONT shall complete Exploration Expenditures totaling US$3,000,000 and make cash payments totaling US$75,000 to KISA ("Phase-I Earn-In") in accordance with the following schedules:

Exploration Expenditures Due Dates	Amount
On or before December 31, 2011	US$3,000,000

Cash Payment Due Dates	Amount
On or before January 15, 2009	US$25,000

On or before January 15, 2010	US$50,000

Exploration Expenditures during Phase-I Earn-In shall include a minimum of 3,000 meters of drilling on the Properties (subject to **Subsection 5.2.2**).

Upon NEWMONT's completion of Phase-I Earn-In NEWMONT's Initial Contribution shall have been met and NEWMONT shall give Notice to KISA.

5.2.1.1 No Vesting Until Completion of Phase-I Earn-In. If NEWMONT fails to timely complete all of the Exploration Expenditures described above it shall not have earned any Participating Interest in the Venture or in the Assets or the Properties.

5.2.1.2 Deemed Value of Initial Contributions. Subject to **Subsection 5.2.3.2**, at such time as NEWMONT has completed Phase-I Earn-In, the value of NEWMONT's Initial Contribution shall be deemed to be US$3,000,000 and the value of KISA's Initial Contribution shall be deemed to be US$2,882,353.

5.2.1.3 Operations During Earn-In. During Phase-I Earn-In or Phase-II Earn-In (Phase-I Earn-In and/or Phase-II Earn-In may hereinafter be collectively referred to as "Earn-In"), NEWMONT shall have the sole right to determine the nature, scope, timing and extent of Operations that are conducted to satisfy the applicable Earn-In Exploration Expenditures, without any obligation to hold meetings or to prepare Programs and Budgets, provided, however, (i) in the reports it provides pursuant to **Section 8.2.12**, NEWMONT shall advise KISA of its planned program and budget for each calendar year and any anticipated changes in the program during the course of such year; and (ii) NEWMONT shall conduct all Operations during Earn-In in a manner consistent with the standards set forth in the first sentence of **Section 8.3**.

5.2.2 Excess Credited and Cash in Lieu. In the event Exploration Expenditures during Phase-I Earn-In exceed the minimum amounts set forth in **Subsection 5.2.1**, the excess shall be credited toward Phase-II Earn-In if elected. If NEWMONT fails to complete any of the Exploration Expenditures during Phase-I or Phase-II Earn-In, NEWMONT may elect to satisfy the minimum amount for a period by paying the amount of the shortfall, in cash, to KISA; provided however, the maximum amount of Earn-In that Newmont can satisfy by cash payment is US$500,000 for Phase-I Earn-In and US$500,000 for Phase-II Earn-In, including any payment for drilling shortfalls as provided below**.** If NEWMONT fails to perform the 3,000 meters of drilling on the Properties during either Phase-I Earn-In or Phase-II Earn-In, then NEWMONT may elect to satisfy such obligation by paying, in cash, to KISA at the rate of $100 per meter of the shortfall; provided however, the maximum amount of drilling that Newmont can satisfy by cash payment is 500 meters during Phase-I Earn-In and 500 meters during Phase-II Earn-In. NEWMONT's failure to timely complete the applicable Exploration Expenditures in accordance with this Article, if not cured within thirty (30) days after written Notice by KISA of such default, unless NEWMONT in good faith disputes such Notice, in which case within thirty (30) days after a final judicial decision finding a default, shall be deemed to be a withdrawal of NEWMONT from the Venture. Upon, such withdrawal, the Venture shall terminate and NEWMONT shall be solely responsible for reclaiming all disturbance caused by its Exploration Expenditures.

5.2.3 Phase-II Earn-In.

5.2.3.1 NEWMONT's Election to Earn an Additional Participating Interest. Upon completion of Phase-I Earn-In, NEWMONT may elect, in its sole discretion, to earn an additional nineteen percent (19%) Participating Interest, for a total of a seventy percent (70%) Participating Interest, by completing an additional US$6,000,000 in Exploration Expenditures on or before December 31, 2015 ("Phase-II Earn-In"). Exploration Expenditures during Phase-II Earn-In shall include a minimum of 3,000 meters of drilling on the Properties (subject to **Subsection 5.2.2**).. NEWMONT shall, within ninety (90) days following the date that NEWMONT provides Notice to KISA that NEWMONT has

completed Phase-I Earn-In, notify KISA whether it elects to continue to Phase-II Earn-In. If NEWMONT fails to provide such Notice to KISA within said ninety (90) days, NEWMONT shall be deemed to have elected to continue to Phase-II Earn-In. Following NEWMONT's election or deemed election to continue to Phase-II Earn-In, NEWMONT may then elect not to complete Phase-II Earn-In, but in such event, NEWMONT shall not have earned any additional Participating Interest. Subject to **Subsection 5.2.3.2**, at such time as NEWMONT has completed Phase-II Earn-In, the value of NEWMONT's Initial Contribution shall be deemed to be US$9,000,000 and the value of KISA's Initial Contribution shall be deemed to be US$3,857,143.

5.2.3.2 Notice to Commence Joint Funding. Upon completion of the Exploration Expenditures under the applicable Phase-I Earn-In or Phase-II Earn-In, as determined above, NEWMONT shall provide written Notice to KISA of each such completion at least sixty (60) days before the commencement of the period in which it proposes to commence joint funding. Such Notice shall include a proposed Program and Budget for the following Program and Budget period. KISA shall, within sixty (60) days after delivery of such Notice, notify NEWMONT in writing that it will: **(i)** participate in joint funding at its then Participating Interest, **(ii)** dilute its Participating Interest pursuant to **Section 6.2**, **(iii)** convert all of its Participating Interest into a one percent (1%) Net Smelter Returns royalty interest, as defined in **Exhibit D**, or **(iv)** provided NEWMONT has completed Phase-II Earn-In, elect the Financing Option, as described in **Subsection 5.2.3.5**. If KISA elects pursuant to **Subsection 5.2.3.2(iii)**, it shall be deemed to have withdrawn from this Agreement and shall relinquish its entire Participating Interest. Such relinquished Participating Interest shall be deemed to have accrued automatically to NEWMONT.

5.2.3.3 Interim Funding. The Participants recognize that there will be a delay between the time when Exploration Expenditures are actually incurred or paid and when monthly accounting reports become available for such period. Accordingly, all Exploration Expenditures or other expenditures incurred by NEWMONT subsequent to the applicable Phase-I Earn-In or Phase-II Earn-In and before an election by KISA pursuant to **Subsection 5.2.3.2** shall be credited to NEWMONT in the first joint funding Program and Budget if KISA elects pursuant to **Subsections 5.2.3.2(i) or 5.2.3.2(ii)**.

5.2.3.4 Filing Obligations. Subject to **Section 12.1**, prior to the commencement of joint funding, NEWMONT shall be responsible for making all governmental recordings/filings and paying all Government Fees due during the periods that it is completing Exploration Expenditures. Any such payments shall be credited toward the Exploration Expenditures specified in **Subsections 5.2.1 and 5.2.3**.

5.2.3.5 Financing Option. If NEWMONT completes Phase-II Earn-In, either Participant may elect, by giving Notice to the other Participant within sixty (60) days after delivery of Notice by NEWMONT under **Subsection 5.2.3.2** that it has completed Phase-II Earn-In, for NEWMONT to solely fund all Venture expenditures until commencement of Mining on the Property (the "Financing Option"). If either Participant elects the Financing Option, then (i) KISA's Participating Interest shall immediately be reduced ten percentage points (from 30% to 20% Participating Interest) and NEWMONT's Participating Interest shall immediately be increased by ten percentage points (from 70% to 80% Participating interest), (ii) upon commencement of Mining on the Properties, KISA shall, subject to Sections 6.2, 6.3 and 9.4.2, contribute funds for adopted Programs and Budgets in proportion to its Participating Interest, and (iii) NEWMONT shall receive 90% of that portion of KISA's distribution of earnings or dividends from the Venture to which KISA otherwise is entitled until such time as the amounts so received equal the aggregate amount of expenditures incurred by NEWMONT that, but for the Financing Option, would have been payable by KISA, plus interest thereon from the dates such expenditures were incurred at a rate per annum equal to LIBOR plus three percent (3%). If either Participant elects the Financing Option, the value of NEWMONT's Initial Contribution

shall be deemed to be US$20,000,000 and the value of KISA's Initial Contribution shall be deemed to be US$5,000,000.

5.3. Cash Contributions. After completion of NEWMONT's Initial Contribution under the applicable Earn-In election by NEWMONT, the Participants shall contribute funds for adopted Programs and Budgets in proportion to their respective Participating Interests, subject to elections permitted in **Subsection 5.2.3.2**, **Subsection 5.2.3.5** and **Section 9.4**.

6. **PARTICIPATING INTERESTS**

6.1 Participating Interests

6.1.1 Initial Participating Interest. The Participants shall have the following initial Participating Interests in the Venture upon completion of Phase-I Earn-In:

NEWMONT	51% (or 70% if NEWMONT completes Phase-II Earn-In; or 80% if either Participant elects the Financing Option)
KISA	49% (or 30% if NEWMONT completes Phase II Earn-In; or 20% if either Participant elects the Financing Option)

6.1.2 Changes in Participating Interests. A Participant's Participating Interest shall only be changed as follows:

6.1.2.1 as provided in **Subsection 5.2.3**;

6.1.2.2 upon an election or deemed election by a Participant pursuant to **Section 9.4** not to contribute to an adopted Program and Budget in accordance with the percentage reflected by its Participating Interest;

6.1.2.3 as provided in **Section 6.4**;

6.1.2.4 in the event of default by a Participant in making its agreed upon contribution to an adopted Program and Budget, followed by an election by the other Participant to invoke **Subsection 6.3.2**;

6.1.2.5 upon withdrawal, pursuant to **Article 11**;

6.1.2.6 pursuant to a transfer by a Participant of all or a portion of its Participating Interest in accordance with **Article 13**; or

6.1.2.7 upon acquisition by either Participant of part or all of the Participating Interest of the other Participant, however arising.

6.2 Voluntary Reduction in Participation – Dilution. After NEWMONT has completed its Initial Contribution, a Participant may elect, as provided in **Subsection 5.2.3.2** and **Section 9.4**, to limit its contributions to an adopted Program and Budget (without regard to its vote on adoption of the Program and Budget) by not contributing at all to an adopted Program and Budget. For clarity, a Participant may not elect to partially contribute, but must elect to either fully contribute or not contribute at all to an adopted Program and Budget.

In such event, the other, non-diluting Participant shall then have the option to either fully fund the remaining portion of the adopted Program and Budget; or, within fifteen (15) days following the election of the diluting Participant under **Subsection 5.2.3.2(ii), Subsection 5.2.3.2(iii) or Subsection 9.4.2**, to propose a reduced alternative Program and Budget to which the Participants shall, within seven (7) days, make a re-election under **Subsection 5.2.3.2, Subsection 9.4.1** or **Subsection 9.4.2**. If the non-diluting

Participant elects to continue with the initially adopted Program and Budget, the Participating Interest of the Participant electing not to participate shall be recalculated at the time of election by dividing the sum of **(a)** the value of that Participant's Initial Contribution as defined in **Sections 5.1 or 5.2**, plus **(b)** the total of all that Participant's contributions to previous Programs and Budgets, by the sum of **(a)** and **(b)** above for all Participants, plus (c) the amount the non-diluting Participant elects to contribute to the approved Program, and multiplying the result by 100. That is:

$$\frac{\text{(a)+(b) diluting Participant}}{\text{(a)+(b) all Participants +(c)}} \times 100 = \text{Recalculated Participating Interest}$$

The Participating Interest of the other, non-diluting Participant shall thereupon become the difference between 100% and the recalculated Participating Interest.

As soon as practicable after the necessary information is available at the end of each period covered by an adopted Program and Budget, a recalculation of each Participant's Participating Interest shall be made in accordance with the preceding formula to adjust, as necessary, the recalculations made at the beginning of such period to reflect actual contributions made by the Participants during the period. Except as otherwise provided in this Agreement, a diluting Participant shall retain all of its rights and obligations under this Agreement, including the right to participate in future Programs and Budgets at its recalculated Participating Interest.

6.3 Default in Making Contributions

6.3.1 If a Participant elects to contribute to an approved Program and Budget and then defaults in making a contribution or cash call under an approved Program and Budget the non-defaulting Participant may, but is not obligated to, advance the defaulted contribution on behalf of the defaulting Participant and treat the same, together with any accrued interest, as a demand loan bearing interest from the date of the advance at the rate provided in **Section 9.10**. The failure to repay said loan within ten (10) days following demand shall be a default.

6.3.2 The Participants acknowledge that if a Participant defaults in making a contribution to an approved Program and Budget or a cash call under **Section 9.9**, or in repaying a loan under **Subsection 6.3.1**, as required hereunder, it will be difficult to measure the damages resulting from such default and the damage to the non-defaulting Participant could be significant. In the event of such default, as reasonable liquidated damages, the non-defaulting Participant may, with respect to any such default not cured within thirty (30) days after Notice to the defaulting Participant of such default, declare the defaulting Participant in default, in which case the defaulting Participant's Participating Interest shall be shall be reduced by two times the amount that would otherwise be calculated pursuant to **Section 6.2**.

6.4 Elimination of Minority Participating Interest.

6.4.1 Conversion Trigger. Upon the reduction of its Participating Interest to Fifteen Percent (15%) or less, by other than default under **Subsection 6.3.2,** or by KISA making its election under **Subsection 5.2.3.2(iii)**, a Participant shall be deemed to have withdrawn from the Venture and shall relinquish its entire Participating Interest, free and clear of any Encumbrances arising by, through or under that Participant. Such relinquished Participating Interest shall be deemed to have accrued automatically to the other Participant, and the Participating Interest of the diluted Participant shall be converted to a One Percent (1%) Net Smelter Returns royalty, as defined in **Exhibit D**.

If a Participant forfeits its Participating Interest then any decision to place the Properties into production shall be at the sole discretion of the other Participant and if the Properties is in or is placed into production, the non-forfeiting Participant shall have the unfettered right to suspend, curtail or terminate any such operation as it in its sole discretion may determine.

6.5 Continuing Liabilities Upon Adjustments of the Participating Interests. Any actual or deemed

withdrawal of a Participant or any reduction of a Participant's Participating Interest under this Agreement shall not relieve such Participant of its share of any liability, whether it accrues before or after such withdrawal or reduction, arising out of Operations conducted prior to such withdrawal or reduction, including, without limitation, Environmental Compliance and other Continuing Obligations. For purposes of this **Article 6**, such Participant's share of such liability shall be equal to its Participating Interest at the time that the events or omissions giving rise to such liability occurred. The increased Participating Interest accruing to a Participant as a result of the reduction of the other Participant's Participating Interest shall be free from royalties, liens or other Encumbrances arising by, through or under such other Participant, other than those to which both Participants have given their written consent.

6.6 Documentation of Adjustments to Participating Interests. An adjustment to a Participating Interest need not be evidenced during the term of this Agreement by the execution and recording of appropriate instruments, but each Participant's Participating Interest shall be shown in the books of the Manager. However, either Participant, at any time upon the request of the other Participant, shall execute and acknowledge instruments necessary to evidence or effectuate such adjustment in a form sufficient for recording in the jurisdiction where the Properties are located.

6.7 Grant of Lien or Security Interest

6.7.1 Subject to **Section 6.8**, each Participant grants to the other Participant a lien upon and a security interest in its Participating Interest, including all of its right, title and interest in the Assets and the Participant's share of Products, whenever acquired or arising, and the proceeds from and accessions to the foregoing.

6.7.2 The liens and security interests granted by **Subsection 6.7.1** shall secure every obligation or liability of the Participant granting such lien or security interest created under this Agreement, including the obligation to repay a loan granted under **Subsection 6.3.1**. Each Participant hereby agrees to take all action necessary to perfect such lien and security interests and hereby appoints the other Participant, its attorney-in-fact, to execute, file and record all security documents necessary to perfect or maintain such lien and security interests.

6.8 Subordination of Interests. Each Participant shall, from time to time, take all necessary actions, including execution of appropriate agreements, to pledge and subordinate its Participating Interest, any liens it may hold which are created under this Agreement, other than those created pursuant to **Section 6.7** hereof, and any other right or interest it holds with respect to the Assets (other than any statutory lien of the Manager) to any secured borrowings for Operations approved by the Management Committee.

6.9 Effect of Conversion to a Royalty. Upon a Participant's conversion to a Net Smelter Returns royalty pursuant to **Subsections 5.2.3.2(iii), 6.4.1, 6.4.2, 6.4.3,** this Agreement shall terminate, except for the rights and obligations under **Sections 2.5, 6.5, 11.3 through 11.10, 15.6** and this **Section 6.9**. Upon either Participant's conversion to a Net Smelter Returns royalty, the Participants shall promptly execute appropriate conveyance instruments conveying the converting Participant's interest in the Assets to the non-converting Participant, and the Participants shall execute a Royalty Deed in the form of **Exhibit D**.

7. **MANAGEMENT COMMITTEE**

7.1 Organization and Composition. Upon execution of this Agreement, the Participants shall establish a Management Committee to determine overall policies, objectives, procedures, methods and actions under this Agreement. The Management Committee shall consist of two (2) members appointed by NEWMONT and two (2) members appointed by KISA. Each Participant may appoint one or more alternates to act and vote in the absence of a regular member. Any alternate so acting shall be deemed a member. Appointments shall be made or changed by prior written Notice to the other Participant.

7.2 Decisions. Each Participant, acting through its appointed members, shall have votes on the Management Committee, in proportion to its Participating Interest. Unless otherwise provided in this Agreement, the vote of a Participant with a Participating Interest greater than fifty percent (50%) shall determine the decisions of the Management Committee. In the event of a tie vote, the Participant designated as Manager shall have the deciding vote of the Management Committee, after considering the

legitimate concerns of the other Participant. Prior to NEWMONT's completion of Phase-I Earn-In, NEWMONT shall be deemed to have a fifty-one percent (51%) Participating Interest and KISA shall be deemed to have a forty-nine (49%) Participating Interest for purposes of voting on the Management Committee, and for determining NEWMONT's right to be the Manager.

7.3 Meetings. Upon the commencement of joint funding, the Management Committee shall hold regular meetings at least annually in Denver, Colorado, U.S.A. or at other mutually agreed places on the following terms. The Manager shall give thirty (30) days Notice to the Participants of such regular meetings (unless such Notice is waived by the Participants). Additionally, any Participant may call a special meeting upon seven (7) days Notice to the Manager and the other Participant (unless such Notice is waived by the Participants). In case of emergency, reasonable Notice of a special meeting shall suffice. With respect to a regular or special meeting of the Management Committee, there shall be a quorum if at least one member representing each Participant having greater than a twenty percent (20%) Participating Interest is present; but if a quorum does not exist at any such meeting, any Participant may reschedule the meeting, at a time at least two (2) days following the originally scheduled meeting but no later than seven (7) days following the originally scheduled meeting, and, at such rescheduled meeting, there shall be a quorum if at least one member representing any Participant having greater than a twenty percent (20%) Participating Interest is present. Each Notice of a meeting shall include an itemized agenda prepared by the Manager in the case of a regular meeting, or by the Participant calling the meeting in the case of a special meeting, but any matter may be considered with the consent of all Participants. The Manager shall prepare minutes of all meetings and shall distribute copies of such minutes to the Participants within thirty (30) days after the meeting. The Participants shall have thirty (30) days after receipt to sign and return such copies or to provide any written comments on such minutes to the Manager. If a Participant timely submits written comments on such minutes, the Management Committee shall seek, for a period not to exceed thirty (30) days, to agree upon minutes of such meeting acceptable to the Participants. At the end of such period, failing agreement by the Participants on revised minutes, the minutes of the meeting shall be the original minutes as prepared by the Manager, together with the comments on the minutes made by the other Participant. These documents shall be placed in the minute book maintained by the Manager. If personnel employed in Operations are required to attend a Management Committee meeting, reasonable costs incurred in connection with such attendance shall be a Venture cost. All other costs associated with Management Committee meetings shall be paid for by the Participants individually.

7.4 Action Without Meeting. Subject to the Notice and quorum requirements under **Section 7.3**, the Management Committee may hold meetings by telephone conferences in lieu of meetings in person, so long as minutes are prepared in accordance with **Section 7.3**. The Management Committee may also take actions in writing signed by all members.

7.5 Matters Requiring Approval. Except as otherwise delegated to the Manager in **Section 8.2** or as otherwise provided in this Agreement the Management Committee shall have exclusive authority to determine all management matters related to this Agreement.

8. MANAGER

8.1 Appointment. The Participants hereby appoint NEWMONT as the Manager with overall management responsibility for Operations and to remain as Manager until it resigns pursuant to **Section 8.4**.

8.2 Powers and Duties of Manager. Subject to the terms and provisions of this Agreement, including but not limited to **Subsection 5.2.1.3**, the Manager shall have the following powers and duties:

> 8.2.1 the Manager shall manage, direct, and control Operations, and shall prepare and present to the Management Committee proposed Programs and Budgets;
>
> 8.2.2 the Manager shall implement the decisions of the Management Committee, shall make all expenditures necessary to carry out adopted Programs, and shall promptly advise the Management Committee if it lacks sufficient funds to carry out its responsibilities under this Agreement;

8.2.3 the Manager shall use reasonable efforts to: **(i)** purchase or otherwise acquire all material, supplies, equipment, water, utility and transportation services required for Operations, such purchases and acquisitions to be made on the best terms available, taking into account all of the circumstances; **(ii)** obtain such customary warranties and guarantees as are available in connection with such purchases and acquisitions; and **(iii)** keep the Assets free and clear of all Encumbrances, except for those existing at the time of, or created concurrent with, the acquisition of such Assets, or mechanic's or materialmen's liens which shall be released or discharged in a diligent manner, or Encumbrances specifically approved by the Management Committee;

8.2.4 the Manager shall conduct such title examinations and cure such title defects relating to the Properties as may be advisable in the reasonable judgment of the Manager;

8.2.5 the Manager shall: **(i)** make or arrange for all payments required by concessions, leases, licenses, permits, contracts, and other agreements related to the Assets; **(ii)** pay all taxes, assessments and like charges on Operations and Assets except taxes determined or measured by a Participant's sales revenue or net income. If authorized by the Management Committee, the Manager shall have the right to contest, in the courts or otherwise, the validity or amount of any taxes, assessments, or charges if the Manager deems them to be unlawful, unjust, unequal, or excessive, or to undertake such other steps or proceedings as the Manager may deem reasonably necessary to secure a cancellation, reduction, readjustment, or equalization thereof before the Manager shall be required to pay them, but in no event shall the Manager permit or allow title to the Assets to be lost as the result of the non-payment of any taxes, assessments, or like charges; and **(iii)** do all other acts reasonably necessary to maintain the Assets;

8.2.6 the Manager shall: **(i)** apply for all necessary permits, licenses and approvals; **(ii)** comply with the Laws; **(iii)** notify promptly the Management Committee of any allegations of substantial violation thereof; and **(iv)** prepare and file all reports or notices required for Operations. In the event of any violation of permits, licenses, Laws or approvals, the Manager shall timely cure or dispose of such violation through performance, payment of fines and penalties, or both, and the cost thereof shall be charged to the Joint Account;

8.2.7 the Manager shall notify the other Participant promptly of any litigation, arbitration, or administrative proceeding commenced against the Venture. The Manager shall prosecute and defend, but shall not initiate without consent of the Management Committee, all litigation or administrative proceedings arising out of Operations. The non-managing Participant shall have the right to participate, at its own expense, in such litigation or administrative proceedings. The Management Committee shall approve in advance any settlement involving payments, commitments or obligations in excess of US$100,000 in cash or value;

8.2.8 the Manager may dispose of Assets, whether by sale, assignment, abandonment or other transfer, in the ordinary course of business, except that Properties may be abandoned or surrendered only as provided in **Article 12**. However, without prior authorization from the Management Committee, the Manager shall not: **(i)** dispose of Assets in any one transaction having a value in excess of US$100,000, **(ii)** enter into any sales contracts or commitments for Products, except as permitted in **Section 10.2**; **(iii)** begin a liquidation of the Venture; or **(iv)** dispose of all or a substantial part of the Assets necessary to achieve the purposes of the Venture;

8.2.9 the Manager shall have the right to carry out its responsibilities hereunder through agents, Affiliates or independent contractors;

8.2.10 the Manager shall keep and maintain all required accounting and financial records pursuant to the Accounting Procedure and in accordance with generally accepted U.S. GAAP accounting procedures;

8.2.11 the Manager shall select and employ at competitive rates all supervision and labor necessary or appropriate to all Operations hereunder. All persons employed hereunder, the

number thereof, their hours of labor and their compensation shall be determined by the Manager, and they shall be employees of the Manager;

8.2.12 the Manager shall keep the Management Committee advised of all Operations by submitting in writing to the Management Committee: **(i)** prior to the commencement of joint funding, monthly progress summaries with applicable data and an annual report by each January 31, and after joint funding commences, monthly progress reports, which include statements of expenditures and comparisons of such expenditures to the adopted Budget; **(ii)** periodic summaries of data acquired; **(iii)** copies of reports concerning Operations; **(iv)** a detailed final report within sixty (60) days after completion of each Program and Budget, which shall include comparisons between actual and budgeted expenditures; and **(v)** such other reports as the Management Committee may reasonably request. At all reasonable times, the Manager shall provide the Management Committee or the representative of any Participant, upon the request of any member of the Management Committee, access to, and the right to inspect and copy, all information acquired in Operations, including but not limited to, maps, drill logs, core tests, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records. In addition, the Manager shall allow the non-managing Participant, at its sole risk and expense, and subject to reasonable safety regulations, to inspect the Assets and Operations at all reasonable times, so long as the inspecting Participant does not unreasonably interfere with Operations;

8.2.13 the Manager shall arrange insurance for the benefit of the Participants, in such amounts and of such nature as the Manager deems necessary to protect the Assets and Operations of the Venture;

8.2.14 subject to **Subsection 5.2.3.4**, the Manager shall perform or cause to be performed all assessment and other work, and shall pay all Government Fees required by Law in order to maintain in good standing all licenses, permits, claims, concessions, fee lands, mining leases, surface leases mining leases, surface leases, Claims and other tenures included within the Properties. The Manager shall have the right to perform the assessment work required hereunder pursuant to a common plan of exploration on other properties. The Manager shall timely record and file with the appropriate governmental office any required affidavits, notices of intent to hold and other documents in proper form attesting to the payment of Government Fees and the performance of assessment work, in each case in sufficient detail to reflect compliance with the applicable requirements;

8.2.15 if authorized by the Management Committee, the Manager may: **(i)** locate, amend or relocate any unpatented mining claim or mill site or tunnel site, **(ii)** locate any fractions resulting from such amendment or relocation, **(iii)** apply for patents or mining leases or other forms of mineral tenure for any such unpatented claims or sites, **(iv)** abandon any unpatented mining claims for the purpose of locating mill sites or otherwise acquiring from the United States or State of Alaska rights to the ground covered thereby, **(v)** abandon any unpatented mill sites for the purpose of locating mining claims or otherwise acquiring from the United States or State of Alaska rights to the ground covered thereby, **(vi)** exchange with or convey to the United States or State of Alaska any of the Properties for the purpose of acquiring rights to the ground covered thereby or other adjacent ground, and **(vii)** convert any unpatented claims or mill sites into one or more leases or other forms of mineral tenure pursuant to any federal law hereafter enacted.

8.2.16 the Manager shall prepare an Environmental Compliance plan for all Operations consistent with the requirements of any applicable Laws or contractual obligations and shall include in each Program and Budget sufficient funding to implement the Environmental Compliance plan and to satisfy the financial assurance requirements of any applicable Law or contractual obligation pertaining to Environmental Compliance. To the extent practical, the Environmental Compliance plan shall incorporate concurrent reclamation of Properties disturbed by Operations;

8.2.17 the funds that are to be deposited into the Environmental Compliance fund shall be maintained by the Manager in a separate, interest bearing cash management account, which

may include, but is not limited to, money market investments and money market funds, and/or in longer term investments if approved by the Management Committee. Such funds shall be used solely for Environmental Compliance, including the committing of such funds, interests in property, insurance or bond policies, or other security to satisfy Laws regarding financial assurance for the reclamation or restoration of the Properties, and for other Environmental Compliance requirements;

8.2.18 the Manager shall undertake to perform Continuing Obligations when and as economic and appropriate, whether before or after termination of the Venture. The Manager shall have the right to delegate performance of Continuing Obligations to persons having demonstrated skill and experience in relevant disciplines. As part of each Program and Budget submittal, the Manager shall specify in such Program and Budget the measures to be taken for performance of Continuing Obligations and the cost of such measures. The Manager shall keep the other Participant reasonably informed about the Manager's efforts to discharge Continuing Obligations. Authorized representatives of each Participant shall have the right from time to time to enter the Properties to inspect work directed toward satisfaction of Continuing Obligations and audit books, records, and accounts related thereto;

8.2.19 if Participating Interests are adjusted in accordance with this Agreement the Manager shall propose from time to time one or more methods for fairly allocating costs for Continuing Obligations in a manner consistent with **Section 6.5**;

8.2.20 the Manager shall undertake all other activities reasonably necessary to fulfill the foregoing.

8.3 Standard of Care. The Manager shall discharge its duties under **Section 8.2** and conduct all Operations in a good, workmanlike and efficient manner, in accordance with sound mining, environmental and other applicable industry standards and practices, and in material compliance with the terms and provisions of concessions, leases, licenses, permits, contracts and other agreements pertaining to Assets. The Manager shall not be liable to the non-managing Participant for any act or omission resulting in damage, loss cost, penalty or fine to the Venture or non-managing Participant, except to the extent caused by or attributable to the Manager's willful misconduct or gross negligence. The Manager shall not be in default of its duties under this Agreement, if its inability to perform results from the failure of the non-managing Participant to perform acts or to contribute amounts required of it by this Agreement.

8.4 Resignation; Deemed Offer to Resign. The Manager may offer to resign upon not less than thirty (30) days prior Notice to the Management Committee, in which case the other Participant may select the successor Manager by Notice to the Management Committee within thirty (30) days after the Notice of resignation, and may appoint itself or a third party as the successor Manager. If any of the following shall occur, the Manager shall be deemed to have offered to resign, which offer shall be accepted by the other Participant (along with the appointment of a successor Manager), if at all, within ninety (90) days following such deemed offer:

8.4.1 subject to **Section 8.1**, the Participating Interest of the Manager (inclusive of any entity claiming through the Manager as provided in **Subsection 13.2.7**) ceases to be greater than or equal to the highest between the Participants, provided; however, that in the event the Manager transfers its Participating Interest to an Affiliate, such Affiliate shall automatically become the Manager; or

8.4.2 the Manager fails to perform a material obligation imposed upon it under this Agreement, and such failure continues for a period of sixty (60) days after Notice from the other Participant demanding performance; or

8.4.3 the Manager fails to pay the Venture's bills within ninety (90) days after they are due, unless the Manager contests such bills in good faith; or

8.4.4 the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official is appointed for a substantial part of the Manager's assets, and such appointment

is neither made ineffective nor discharged within thirty (30) days after the making thereof, or such appointment is consented to, requested by, or acquiesced in by the Manager; or

8.4.5 the Manager commences a voluntary case under any applicable bankruptcy, insolvency or similar law now or hereafter in effect; or consents to the entry of an order for relief in an involuntary case under any such law or to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of any substantial part of its assets; or makes a general assignment for the benefit of creditors; or takes corporate or other action in furtherance of any of the foregoing; or

8.4.6 entry is made against the Manager of a judgment, decree or order for relief affecting its ability to serve as Manager, or a substantial part of its Participating Interest or other assets by a court of competent jurisdiction in an involuntary case commenced under any applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect.

Under **Subsections 8.4.4, 8.4.5 or 8.4.6** above, any appointment of a successor Manager shall be deemed to pre-date the event causing a deemed offer of resignation.

8.5 Payments to Manager. The Manager shall be compensated for its services and reimbursed for its costs hereunder in accordance with the Accounting Procedure set forth in **Exhibit C**.

8.6 Transactions With Affiliates. If the Manager engages Affiliates to provide services hereunder, it shall do so on terms no less favorable than would be the case with unrelated persons in arm's-length transactions.

8.7 Independent Contractor. The Manager is and shall act as an independent contractor and not as the agent of the other Participant. The Manager shall maintain complete control over its employees and all of its subcontractors with respect to performance of the Operations. Nothing contained in this Agreement or any subcontract awarded by the Manager shall create any contractual relationship between any subcontractor and the other Participant. The Manager shall have complete control over and supervision of Operations and shall direct and supervise the same so as to ensure their conformity with this Agreement.

9. **PROGRAMS AND BUDGETS**

9.1 Operations Pursuant to Programs and Budgets. After Notice of commencement of joint funding pursuant to **Subsection 5.2.3.2**, Operations shall be conducted, expenses shall be incurred, and Assets shall be acquired only pursuant to an initial Program and Budget under **Subsection 5.2.3.2**, or subsequently, to a Program and Budget approved pursuant to **Section 9.2**. Every Program and Budget adopted pursuant to this Agreement shall provide for accrual of reasonably anticipated Environmental Compliance expenses for all operations contemplated under the Program and Budget.

9.2 Presentation of Programs and Budgets. Proposed Programs and Budgets shall be prepared by the Manager and shall be for six (6) month periods or any longer periods not to exceed one (1) year. Each adopted Program and Budget, regardless of length, shall be reviewed at least once per year at the annual meeting of the Management Committee. Notwithstanding whether a portion of a previous period's Program and Budget is being carried forward to fund activities continuing beyond the current year, at least thirty (30) days prior to the annual meeting of the Management Committee, a proposed Program and Budget for the succeeding period shall be prepared by the Manager and submitted to the Participants. Within ten (10) days of receipt of the proposed Program and Budget, the Participants may submit written comments to the Manager detailing revisions or modifications that they would like to have made to the proposed Program and Budget. If such written comments are received, the Manager, working with the other Participant, shall seek for a period of time not to exceed fifteen (15) days to develop a revised Program and Budget acceptable to both Participants. The Manager shall submit any revised proposed Program and Budget to the Participants at least five (5) days prior to the annual meeting of the Management Committee.

9.3 Adoption of Proposed Programs and Budgets. At the annual meeting, the Management Committee

shall consider and vote on the proposed Program and Budget.

9.4 Election to Participate. By Notice to the Management Committee within twenty (20) days after the final vote adopting a Program and Budget, a Participant may elect to contribute to such Program and Budget as follows:

9.4.1 in proportion to its respective Participating Interest as of the beginning of the period covered thereby; or

9.4.2 not at all, in which case its Participating Interest shall be recalculated as provided in **Section 6.2**, and such recalculated Participating Interest shall be effective the first day of the period covered by the adopted Program and Budget.

If a Participant fails to provide Notice to the Management Committee under this **Section 9.4**, the Participant will be deemed to have elected to contribute to such Program and Budget in proportion to its Participating Interest at the beginning of such Program and Budget period.

9.5 Budget Overruns; Program Changes. The Manager shall immediately notify the Management Committee of any material departure from an adopted Program and Budget. If the Manager exceeds the total of an adopted Budget by more than ten percent (10%), then the excess over ten percent (10%), unless directly caused by an emergency or unexpected expenditure made pursuant to **Section 9.7**, or authorized or ratified by a unanimous decision of the Management Committee, shall be for the sole account of the Manager and such excess shall not be included in the calculations of the Participating Interests. Budget overruns of ten percent (10%) or less shall be borne by the Participants in proportion to their respective Participating Interests as of the time the overrun occurs.

9.6 Re-Election to Participate. If the Manager expended or incurred obligations of less than eighty percent (80%) of the adopted Budget, within thirty (30) days of receiving the Manager's report on expenditures, a diluted Participant may notify the other Participant of its election to reimburse the other Participant for the difference between any amount contributed by the diluted Participant to such adopted Program and Budget and the diluted Participant's proportionate share (at the diluted Participant's former Participating Interest) of the actual amount expended or incurred for the Program, plus interest on the difference accruing at the rate described in **Section 9.10**. The diluted Participant shall deliver the appropriate amount (including interest) to the other Participant with such Notice. Failure of the diluted Participant to so notify and tender such amount shall result in dilution occurring in accordance with **Section 6.2** and shall bar the diluted Participant from its rights under this **Section 9.6** concerning the relevant adopted Program and Budget.

9.7 Emergency Expenditures. In case of emergency, the Manager may take any action it deems necessary to protect life, limb or property, to protect the Assets or to comply with Law. The Manager may also make reasonable expenditures on behalf of the Participants for unexpected events that are beyond its reasonable control. In the case of an emergency or unexpected expenditure, the Manager shall promptly notify the Participants of the expenditure, and the Manager shall be reimbursed therefor by the Participants in proportion to their respective Participating Interests at the time the emergency or unexpected expenditure is incurred.

9.8 Monthly Statements. After Notice to commence joint funding, the Manager shall submit to the Management Committee monthly statements of account reflecting in reasonable detail the charges and credits to the Joint Account.

9.9 Cash Calls. On the basis of adopted Programs and Budgets, the Manager shall submit to each Participant, prior to the fifteenth (15^{th}) day of each month, a billing for estimated cash and Environmental Compliance fund requirements for the next month. Within fifteen (15) days after receipt of each billing, or a billing made pursuant to **Sections 9.7 or 11.4**, each Participant shall advance to the Manager its proportionate share of the estimated amount. Time is of the essence of payment of such billings. The Manager shall at all times maintain a cash balance approximately equal to the rate of disbursement for up to two (2) months. After a decision has been made to begin Development, all funds in excess of immediate cash requirements shall be invested in interest-bearing accounts for the benefit of the Joint

Account.

9.10 Failure to Meet Cash Calls. A Participant that fails to meet cash calls in the amount and at the times specified in **Section 9.9** shall be in default, and the amounts of the defaulted cash call shall bear interest from the date due at an annual rate equal to five (5) percentage points over the Prime Rate or the maximum interest rate permitted by law, if less than this. "Prime Rate" means the annual percentage rate in effect from time to time for demand, commercial loans quoted by CITIBANK, N.A. at its main branch in New York City, New York, U.S.A. to its most credit-worthy customers. Such interest shall accrue to the benefit of and be payable to the non-defaulting Participant, but shall not be deemed as amounts contributed by the non-defaulting Participant in the event dilution occurs in accordance with **Article 6**. The non-defaulting Participant shall have those rights, remedies and elections specified in **Section 6.3**, as well as any other rights and remedies available to it by Law.

9.11 Audits. Upon request of any Participant made within twenty-four (24) months following the end of any calendar year (or, if the Management Committee has adopted an accounting period other than the calendar year, within twenty-four (24) months after the end of such period), the Manager shall order an audit of the accounting and financial records for such calendar year (or other accounting period). All exceptions to the audit and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing not later than three (3) months after receipt of the audit report by the Participant that requested the audit. A Participant's failure to make such exceptions or claims within the three (3) month period shall **(i)** mean that the audit is correct and binding upon the Participants and **(ii)** result in a waiver of any right to make claims upon the Manager for discrepancies disclosed by the audit. The audits shall be conducted by an international firm of certified public/chartered accountants selected by the Manager, unless otherwise agreed by the Management Committee. In addition each Participant shall have the right to conduct an independent audit of all books, records and accounts, at the expense of the requesting Participant, and which audit right will be limited to the period not more than twenty-four (24) months prior to the calendar year in which the audit is conducted. All exceptions to and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing within three (3) months after completion or delivery of such audit, or they shall be deemed waived.

10. **DISPOSITION OF PRODUCTION**

10.1 Taking In Kind. Each Participant shall take in kind or separately dispose of its share of all Products in accordance with its Participating Interest. Any extra expenditure incurred in the taking in kind or separate disposition by any Participant of its proportionate share of Products shall be borne by such Participant. Nothing in this Agreement shall be construed as providing, directly or indirectly, for any joint or cooperative marketing or selling of Products or permitting the processing of Products of anyone other than the Participants at any processing facilities constructed by the Participants pursuant to this Agreement. The Manager shall give the Participants Notice at least ten (10) days in advance of the delivery location and date upon which their respective shares of Products will be available.

10.2 Failure of Participant to Take in Kind. If a Participant fails to take its share of Products in kind, the Manager may, but is not obligated, to sell such share on behalf of that Participant at not less than the prevailing market price in the area for a period of time consistent with the minimum needs of the industry, but not to exceed one (1) year from the date of Notice under **Section 10.1**. Subject to the terms of any such contracts of sale then outstanding, during any period that the Manager is selling a Participant's share of production, the Participant may elect by Notice to the Manager to take in kind. The Manager shall be entitled to deduct from proceeds of any sale by it for the account of a Participant reasonable expenses incurred in such a sale.

10.3 Hedging. Neither Participant shall have any obligation to account to the other Participant for, nor have any interest or right of participation in any profits or proceeds, nor have any obligation to share in any losses from, future contracts, forward sales, trading inputs, calls, options or any similar hedging, price protection or marketing mechanism employed by a Participant with respect to its proportionate share of any Products produced or to be produced from the Properties.

11. **WITHDRAWAL AND TERMINATION**

11.1 Termination by Agreement. The Participants may terminate the Venture at any time by written agreement.

11.2 Termination Where No Program Proposed. If neither Participant proposes a Program and Budget for a period of two (2) consecutive years, then the Venture shall terminate.

11.3 Withdrawal and Termination by Newmont Prior to Completion of its Initial Contribution. Prior to the commencement of joint funding, NEWMONT may withdraw from the Venture for any reason, upon not less than thirty (30) days prior written Notice to the other Participant, provided that Newmont shall pay all Government Fees that will become due in the calendar year of the delivery of such Notice. Upon such withdrawal, the Venture shall terminate and NEWMONT's Participating Interest shall be deemed to be transferred to the other Participant. In the event NEWMONT withdraws from the Venture prior to commencement of joint funding, it shall solely be responsible for reclaiming all surface disturbance on the Properties caused by NEWMONT during the Earn-In period, to the extent required by Law, unless the other Participant, with fifteen (15) days following such Notice, **(i)** agrees in writing with NEWMONT to assume such responsibility, and **(ii)** posts any financial surety or bonding required with respect to the reclamation of such disturbance. NEWMONT shall retain a reasonable right of access across the Properties for that purpose.

11.4 Withdrawal and Termination Following Completion of NEWMONT's Initial Contribution. After Earn-In, either Participant may elect to withdraw as a Participant from the Venture upon the later of not less than sixty (60) days Notice to the other Participant, or the end of the then current Program and Budget. Upon such withdrawal, the Venture shall terminate, and the withdrawing Participant shall be deemed to have transferred to the remaining Participant, without cost and free and clear of royalties, liens or other Encumbrances arising by, through or under such withdrawing Participant, except those which all Participants have given their written consent after the Effective Date of this Agreement, all of its Participating Interest. Any withdrawal under this **Section 11.4** shall not relieve the withdrawing Participant of its share of liabilities to third parties (whether such accrues before or after such withdrawal) arising out of Operations conducted prior to such withdrawal. For purposes of this **Section 11.4**, the withdrawing Participant's share of such liabilities shall be equal to its Participating Interest at the time that the act or omission giving rise to such liability occurred.

11.5 Continuing Obligations. On termination of the Venture the Participants shall remain liable for Continuing Obligations, including Environmental Liabilities, until final settlement of all accounts and for any liability, whether it accrues before or after termination, if it arises out of Operations during the term of the Agreement. For purposes of this **Section 11.5**, a Participant's share of such liabilities shall be equal to its Participating Interest at the time that the act or omission giving rise to such liability occurred.

11.6 Disposition of Assets on Termination. Promptly after termination under **Sections 11.1 or 11.2**, the Manager shall take all action necessary to wind up the activities of the Venture and to dispose of or distribute the Assets, and all costs and expenses incurred in connection with the termination of the Venture shall be expenses chargeable to the Venture.

11.7 Right to Data After Termination. After termination of the Venture under **Section 11.1**, each Participant shall be entitled to copies of all information acquired hereunder as of the date of termination and not previously furnished to it, but a terminating or withdrawing Participant shall not be entitled to any such copies after any other termination or withdrawal.

11.8 Non-Compete Covenants. A Participant that is deemed to have withdrawn pursuant to **Subsection 5.2.3.2(iii), Sections 6.3, 6.4** or has withdrawn pursuant to **Sections 11.3** or **11.4**, shall not directly or indirectly acquire any interest in property within the Area of Interest for two (2) years after the effective date of withdrawal. If the withdrawing Participant, or the Affiliate of a withdrawing Participant, breaches this **Section 11.8**, such Participant or Affiliate shall be obligated to offer to convey to the non-withdrawing Participant, without cost, any such property or interest so acquired. Such offer shall be made in writing and can be accepted by the non-withdrawing Participant at any time within forty-five (45) days after it is received by such non-withdrawing Participant.

11.9 Continuing Authority. On termination of the Venture under **Sections 6.9, 11.1, 11.2, 11.3 or 11.4,**

the Participant which was the Manager prior to such termination or withdrawal (or the other Participant in the event of a withdrawal by the Manager) shall have the power and authority to do all things on behalf of both Participants which are reasonably necessary or convenient to:

11.9.1 wind-up Operations; and

11.9.2 complete any transaction and satisfy any obligation, unfinished or unsatisfied, at the time of such termination or withdrawal, if the transaction or obligation arises out of Operations prior to such termination or withdrawal. The Manager shall have the power and authority to grant or receive extensions of time or change the method of payment of an already existing liability or obligation, prosecute and defend actions on behalf of both Participants and the Venture, encumber Assets, and take any other reasonable action in any matter with respect to which the former Participants continue to have, or appear or are alleged to have, a common interest or a common liability.

11.10 Survival of Ingress and Egress After Termination. After termination of the Venture, the Participants shall continue to have rights of ingress and egress to the Properties for purposes of ensuring Environmental Compliance.

12. **ABANDONMENT AND SURRENDER OF PROPERTIES**

12.1 The Management Committee may authorize the Manager to surrender or abandon some or all of the Properties. If the Management Committee authorizes any such surrender or abandonment over the objection of a Participant, the Participant that desires to abandon or surrender shall assign to the objecting Participant, by deed, assignment, or appropriate document, and without cost to the objecting Participant, all of the surrendering Participant's interest in the Properties to be abandoned or surrendered, and the abandoned or surrendered Properties shall cease to be part of the Properties. Provided, however, the objecting Participant shall assume all responsibility and liabilities, including but not limited to Environmental Liabilities, with regard to the surrendered or abandoned Properties.

13. **TRANSFER OF INTEREST**

13.1 General. A Participant shall have the right to transfer to any third party all or any part of its interest in or to this Agreement, its Participating Interest, or the Assets solely as provided in this **Article 13**. For the purposes of this **Article 13** the word transfer shall mean to convey, sell, assign, grant an option, create an Encumbrance or in any manner transfer or alienate, but excluding and excepting alienation done for the purposes of obtaining financing pursuant to **Section 13.5**.

13.2 Limitations on Free Transferability. The transfer right of a Participant in **Section 13.1** shall be subject to the following terms and conditions:

13.2.1 no Participant shall transfer any interest in this Agreement or the Assets (including but not limited to any royalty, profits or other interest in the Products) except by transfer of part or all of a Participating Interest or deemed Participating Interest;

13.2.2 no transferee of all or part of any Participating Interest shall have the rights of a Participant unless and until the transferring Participant has provided to the other Participant Notice of the transfer, and the transferee, as of the effective date of the transfer, has committed in writing to be bound by this Agreement to the same extent and nature as the transferring Participant;

13.2.3 no transfer permitted by this **Article 13** shall relieve the transferring Participant of its share of any liability, to the extent the transferee fails to satisfy such liability, whether accruing before or after such transfer, which arises out of Operations conducted prior to such transfer;

13.2.4 neither Participant, without the consent of the other, shall make a transfer that would violate any Law, or result in the cancellation of any permits, licenses, or other similar authorizations;

13.2.5 the transferring Participant and the transferee shall bear all tax consequences of the transfer;

13.2.6 such transfer shall be subject to a preemptive right in the other Participant as provided in **Section 13.3**;

13.2.7 in the event of a transfer of less than all of a Participating Interest, the transferring Participant and its transferee shall act and be treated as one Participant, and in such event in order for the transfer to be effective, the transferring Participant and its transferee shall provide written Notice to the non-transferring Participant designating a sole authorized agent to act on behalf of their collective Participating Interest. Such Notice shall provide that **(i)** the agent has the sole authority to act on behalf of, and to bind the transferring Participant and its transferee on all matters pertaining to this Agreement or the Venture, **(ii)** the notified Participant may rely on all decisions of, Notices and other communications from, and failures to respond by, the agent, as if given (or not given) by the transferring Participant and its transferee; and **(iii)** all decisions of, Notices and other communications from, and failures to respond by, the notified Participant to the agent shall be deemed to have been given (or not given) to the transferring Participant and its transferee.

13.3 Encumbrances. Neither Participant shall pledge, mortgage, or otherwise create an Encumbrance on its interest in this Agreement or the Assets except for the purpose of securing project financing relating to the Properties, including its share of funds for Development or Mining costs and in such event both Participants, acting reasonably, shall agree to the terms and conditions of such Encumbrance. The right of a Participant to grant such Encumbrance shall be subject to the condition that the holder of the Encumbrance ("Chargee") first enter into a written agreement with the other Participant, in a form acceptable to that Participant, acting reasonably, which provides:

13.3.1 the Chargee shall not enter into possession or institute any proceedings for foreclosure or partition of the encumbering Participant's Participating Interest except as provided in **Section 13.3.2** and that such Encumbrance shall be subject to the provisions of this Agreement;

13.3.2 the Chargee's remedies under the Encumbrance shall be limited to the sale of the whole (but only of the whole) of the encumbering Participant's Participating Interest to the other Participant, or, failing such a sale, at a public auction to be held at least forty-five (45) days after prior Notice to the other Participant, such sale to be subject to the purchaser entering into a written agreement with the other Participant whereby such purchaser assumes all obligations of the encumbering Participant under the terms of this Agreement. The price of any preemptive sale to the other Participant shall be the remaining principal amount of the loan plus accrued interest and related expenses, and such preemptive sale shall occur within sixty (60) days of the Chargee's Notice to the other Participant of its intent to sell the encumbering Participant's Participating Interest. Failure of a sale to the other Participant to close by the end of such period, unless failure is caused by the encumbering Participant or by the Chargee, shall permit the Chargee to sell the encumbering Participant's Participating Interest at a public sale; and

13.3.3 the charge shall be subordinate to any then-existing debt, including project financing previously approved by the Management Committee, encumbering the transferring Participant's Participating Interest.

14. **ACQUISITION WITHIN AREA OF INTEREST**

14.1 General**.** Any interest or right to acquire any interest in real property, mining rights, mineral tenure or water rights within the Area of Interest, including any royalty interest, acquired while this Agreement is in effect by or on behalf of a Participant or any Affiliate shall be subject to the terms and provisions of this **Article 14**. This Section shall apply to any Properties previously abandoned under **Article 12**.

14.2 Notice to Non-Acquiring Participant. Within ten (10) days after the acquisition of any interest or the

right to acquire any interest in real property, mining rights, mineral tenure or water rights wholly or partially within the Area of Interest (except real property, mining rights, mineral tenure or water rights acquired by the Manager pursuant to a Program), the acquiring Participant shall notify the other Participant of such acquisition by it or its Affiliate. If the acquisition of any interest pertains to real property, mining rights, mineral tenure or water rights partially within the Area of Interest, then all property subject to the acquisition shall be subject to **Article 14**. The acquiring Participant's Notice shall describe in detail the acquisition, the lands and minerals covered thereby, the costs thereof, and the reasons why the acquiring Participant believes that the acquisition is in the best interests of the Participants under this Agreement. In addition to such Notice, the acquiring Participant shall make any and all information concerning the acquired interest available for inspection by the other Participant.

14.3 Option Exercise. If, within thirty (30) days after receiving the acquiring Participant's Notice, the other Participant notifies the acquiring Participant of its election to accept a proportionate interest in the acquired interest equal to its Participating Interest, then title to such acquired interest shall be conveyed as specified in **Section 2.3**, free and clear of all Encumbrances arising by, through or under the acquiring Participant or its Affiliate. The acquired interest shall become a part of the Properties for all purposes of this Agreement immediately upon the Notice of such other Participant's election to accept the proportionate interest therein. Such other Participant shall promptly pay to the acquiring Participant a proportionate share of the latter's actual out-of-pocket acquisition costs equal to such other Participant's Participating Interest. Provided, however, in the event of any acquisition by NEWMONT within the Area of Interest prior to the commencement of joint funding, all out-of-pocket acquisition costs shall be borne by NEWMONT and credited toward NEWMONT's Initial Contribution.

14.4 Option Not Exercised. If the other Participant does not give Notice within the thirty (30) day period set forth in **Section 14.3**, it shall have no interest in the acquired interest, and the acquired interest shall not be a part of the Properties or be subject to this Agreement.

15. **GENERAL PROVISIONS**

15.1 Notices. All Notices, payments and other required communications ("Notice" or "Notices") to the Participants shall be in writing, and shall be given **(i)** by personal delivery to the Participant, or **(ii)** by electronic communication, with a confirmation sent by registered or certified mail, return receipt requested, or **(iii)** by registered or certified mail, return receipt requested. All Notices shall be effective and shall be deemed delivered **(i)** if by personal delivery on the date of delivery, **(ii)** if by electronic communication on the date of receipt of the electronic communication or the next business day if the date of receipt is not a business day, and **(iii)** if solely by mail on the day delivered as shown on the actual receipt. A Participant may change its address from time-to-time by Notice to the other Participant.

Notice to NEWMONT shall be sent to:

Newmont North America Exploration Limited
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Facsimile: 303.837.5851

with a copy to:

Newmont Mining Corporation
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Attn: Land Department
Fax: 303.837.5851

Notice to KISA shall be sent to:
Kisa Gold Mining, Inc.
10807 E. Montgomery Dr., Suite #1
Spokane, WA 99206
Facsimile: 509.893.0170

15.2 Waiver. The failure of a Participant to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit the Participant's right thereafter to enforce any provision or exercise any right.

15.3 Modification. No modification of this Agreement shall be valid unless made in writing and duly executed by the Participants.

15.4 Force Majeure. The obligations of a Participant, other than the payment of money provided hereunder, shall be suspended to the extent and for the period that performance is prevented or delayed by Force Majeure. Notwithstanding NEWMONT's right to satisfy any Exploration Expenditure obligation by cash payment in accordance with **Subsection 5.2.2**, NEWMONT's Exploration Expenditure obligations during Phase-I Earn-in and, if applicable Phase-II Earn-In, shall be subject to this **Section 15.4.** The affected Participant shall promptly give Notice to the other Participant of the suspension of performance, stating therein the nature of the suspension, the reasons therefore, and the expected duration thereof. Immediately upon the cessation of Force Majeure the affected Participant shall notify the other Participant in writing and shall take steps to recommence and or continue the performance that was suspended as soon as reasonably possible. During the period of suspension, the obligations of the Participants to advance funds pursuant to **Section 9.9** shall be reduced to levels consistent with Operations.

15.5 Survival of Terms and Conditions. The provisions of this Agreement shall survive the transfer of any interests in the Assets under this Agreement or the termination of the Venture to the full extent necessary for their enforcement and the protection of the Participant in whose favor they run.

15.6 Confidentiality and Public Statements.

15.6.1 Except for recording the Memorandum of Agreement pursuant to **Section 15.18** and as otherwise provided in this **Section 15.6**, the terms and conditions of this Agreement, and all data, reports, records, and other information of any kind whatsoever developed or acquired by any Participant in connection with this Venture shall be treated by the Participants as confidential (hereinafter called "Confidential Information") and no Participant shall reveal or otherwise disclose such Confidential Information to third parties without the prior written consent of the other Participant. Confidential Information that is available or that becomes available in the public domain, other than through a breach of this provision by a Participant, shall no longer be treated as Confidential Information.

15.6.2 The foregoing restrictions shall not apply to the disclosure of Confidential Information to any Affiliate, to any public or private financing agency or institution, to any contractors or subcontractors which the Participants may engage and to employees and consultants of the Participants or to any third party to which a Participant contemplates the transfer, sale, assignment, Encumbrance or other disposition of all or part of its Participating Interest pursuant to **Article 13**; provided, however, that in any such case only such Confidential Information as such third party shall have a legitimate business need to know shall be disclosed and the person or company to whom disclosure is made shall first undertake in writing to protect the confidential nature of such information at least to the same extent as the parties are obligated under this **Section 15.6**.

15.6.3 In the event that a Participant or an Affiliate thereof is required to disclose Confidential Information to any government, any court, agency or department thereof, or any stock exchange, to the extent required by applicable law, rule or regulation, or in response to a legitimate request for such Confidential Information, the Participant so required shall immediately notify the other Participants hereto of such requirement and the terms thereof, and the proposed form and content of the disclosure prior to such submission. The other Participant shall have the right to review and comment upon the form and content of the disclosure and to object to such disclosure to the court, agency, exchange or department concerned, and to seek confidential treatment of any Confidential Information to be disclosed on such terms as such Participant shall, in its sole discretion, determine.

15.6.4 The provisions of **Section 15.6** shall apply during the term of this Agreement and shall continue to apply to any Participant who withdraws, who is deemed to have withdrawn, or which forfeits, surrenders, assigns, transfers or otherwise disposes of its Participating Interest for a

period of five (5) years following the occurrence of such event or two (2) years from the effective date of any termination of this Agreement, whichever is sooner**.**

15.6.5 A Participant shall not issue any press release relating to the Properties or this Agreement except upon giving the other Participant not less than three (3) business days advance written Notice of the contents thereof, and the Participant proposing such press release shall make any reasonable changes to such proposed press release as such changes may be timely requested by the non-issuing Participant, provided, however, the Participant proposing such press release may include in any press release without Notice any information previously reported by the Participant proposing such press release. A Participant shall not, without the consent of the other Participant, issue any press release that implies or infers that the non-issuing Participant endorses or joins the issuing Participant in statements or representations contained in any press release.

15.7 Entire Agreement; Successors and Assigns. This Agreement contains the entire understanding of the Participants and supersedes all prior agreements and understandings, whether written or oral, between the Participants relating to the subject matter hereof, with respect to the Assets subject hereto, and any and all other prior negotiations, representations, offers or understandings between KISA and NEWMONT relating to the Properties, whether written or oral. This Agreement and the obligations and rights created herein shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Participants.

15.8 Dispute Resolution. Disputes resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof may be resolved by a court of competent jurisdiction. In any litigation between the Participants or any person claiming under them, resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof, the substantially prevailing party shall be entitled to recover all reasonable costs, expenses, legal and expert witness fees and other costs of suit incurred by it in connection with such litigation, including such costs, expenses and fees incurred prior to the commencement of the litigation, in connection with any appeals, and in collecting or otherwise enforcing any final judgment entered therein. If a party substantially prevails on some aspects of such action, but not on others, the court may apportion any award of costs and legal fees in such manner as it deems equitable.

15.9 Remedies. Each of the Participants agrees that its failure to comply with the covenants and restrictions set out in **Article 13** would constitute an injury and damage to the other Participant impossible to measure monetarily and, in the event of any such failure, the other Participant shall, in addition and without prejudice to any other rights and remedies at law or in equity, be entitled to injunctive relief restraining, enjoining or specifically enforcing any acquisition, sale, transfer, charge or Encumbrance save in accordance with or as required by the provisions of **Article 13**. Any Participant intending to breach the provisions of **Article 13** hereby waives any defense it might have in law or in equity to such injunctive or other equitable relief. A Participant shall be entitled to seek injunctive relief in any court of competent jurisdiction in the event of a Participant's failure or threat of a failure to comply with the covenants and restrictions set out in **Article 13**.

15.10. Further Assurances.

15.10.1 Each Participant shall take, from time to time and without additional consideration, such further actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement and minimize adverse tax consequences on the Participants.

15.10.2 Separate Joint Stock Company. The Participants specifically recognize that it may be necessary or desirable to create a joint stock company under the laws of the country where the Properties are located to hold title to the Properties, which company shall have a separate shareholders agreement. Such shareholders agreement shall reflect the terms and intent of this Agreement in such a way so as to approximate most closely the intent of the Participants in compliance with the Laws of the State of Alaska. The shareholders agreement and articles and by-

laws of the joint stock company shall reflect the terms and intent of this Agreement to the extent deemed necessary and practical by the Participants. Shares in the joint stock company shall be held, and all payments from the joint stock company to the shareholders or their Affiliates shall be made, in accordance with the Participant's respective Participating Interests. Membership on the board of directors of the joint stock company shall be the same as the membership on the Management Committee and all of the provisions of this Agreement relating to the Management Committee shall be applicable to the board of directors. The voting rights of the shareholders and the board of directors of the joint stock company shall be the same as the voting rights of the Participants under this Agreement.

15.11 Headings. The headings to the Sections of this Agreement and the Exhibits are inserted for convenience only and shall not affect the construction hereof.

15.12 Currency. All dollar amounts expressed herein refer to lawful currency of the United States of America, unless otherwise specified.

15.13 Severability. If any provision of this Agreement is or shall become illegal, invalid, or unenforceable, in whole or in part, the remaining provisions shall nevertheless be and remain valid and enforceable and the said remaining provisions shall be construed as if this Agreement had been executed without the illegal, invalid, or unenforceable portion.

15.14 Taxes. Each Participant shall be directly responsible for and shall directly pay all taxes applicable to revenues received by the Participant through Operations under this Agreement. In particular, each Participant shall individually file its tax returns with the proper authorities and independently file claims for and recover any income tax credits. A Participant's decisions with respect to such tax matters shall not have any binding effect on the course of actions taken by the other Participant. All costs of Operations incurred hereunder shall be for the account of the Participant or Participants making or incurring the same, if more than one then in proportion to their respective Participating Interests, and each Participant on whose behalf any costs have been so incurred shall be entitled to claim all tax benefits, write-offs and deductions with respect thereto. To the extent this Agreement is characterized as a partnership for U.S. tax purposes, Newmont shall be designated as Tax Partner Manager; and Newmont shall be allocated any and all amortization or depreciation deductions attributable to those expenditures Newmont contributes one hundred percent (100%).

15.15 Rule Against Perpetuities. The Participants do not intend that there be any violation of the rule of perpetuities, the rule against unreasonable restraints or the alienation of property, or any similar rule. Accordingly, if any right or option to acquire any interest in the Properties, in a Participating Interest, in the Assets, or in any real property exists under this Agreement, such right or option must be exercised, if at all, so as to vest such interest within time periods permitted by applicable rules. If, however, such violation should inadvertently occur, the Participants hereby agree that a court shall reform that provision in such a way as to approximate most closely the intent of the Participants within the limits permissible under such rules.

15.16 Partition. Each of the parties waives, during the term of this Agreement, any right to partition of the Assets or any part thereof and no party shall seek or be entitled to partition of the Properties or other Assets whether by way of physical partition, judicial sale or otherwise during the term of this Agreement.

15.17 Governing Law. This Agreement shall be construed and governed by the laws of Colorado, U.S.A., without reference to the choice of law or conflicts of law principles thereof.

15.18 Memorandum of Agreement. After execution of this Agreement, the Manager shall record in the records of the applicable jurisdiction where the Properties are located, a Memorandum of Agreement, in the form of **Exhibit F**. Unless both Participants otherwise agree in writing, this Agreement shall not be recorded.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

NEWMONT: NEWMONT NORTH AMERICA EXPLORATION LIMITED

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

KISA: Kisa Gold Mining, Inc.

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

Exhibit A
(to Venture Agreement)
PROPERTIES

Claim Name	ADL_No	Claim Type[1]	Acres[2]	PLS_Description[3]	Rec District[4]	Locate Date[5]	Recording Filing Doc No	Record Date
LUNA1	661006	MTRS	160	NE¼, S15, T4N, R59W	B	7/29/2007	2007-001156-0	8/30/2007
LUNA2	661007	MTRS	160	NW¼, S14,T4N, R59W	B	7/29/2007	2007-001157-0	8/30/2007
LUNA3	661008	MTRS	160	NE¼, S14,T4N, R59W	B	7/29/2007	2007-001158-0	8/30/2007
LUNA4	661009	MTRS	160	NW¼, S13,T4N, R59W	B	7/29/2007	2007-001159-0	8/30/2007
LUNA5	661010	MTRS	160	NE¼, S13,T4N, R59W	B	7/29/2007	2007-001160-0	8/30/2007
LUNA6	661011	MTRS	160	NW¼,,S18,T4N, R58W	B	7/29/2007	2007-001161-0	8/30/2007
LUNA7	661012	MTRS	160	NE¼, S18,T4N, R58W	B	7/29/2007	2007-001162-0	8/30/2007
LUNA8	661013	MTRS	160	NW¼, S17, T4N, R58W	B	7/29/2007	2007-001163-0	8/30/2007
LUNA9	661014	MTRS	160	SE¼, S15, T4N, R59W	B	7/29/2007	2007-001164-0	8/30/2007
LUNA10	661015	MTRS	160	SW¼,S14,T4N, R59W	B	7/29/2007	2007-001165-0	8/30/2007
LUNA11	661016	MTRS	160	SE¼, S14,T4N, R59W	B	7/29/2007	2007-001166-0	8/30/2007
LUNA12	661017	MTRS	160	SW¼, S13,T4N, R59W	B	7/29/2007	2007-001167-0	8/30/2007
LUNA13	661018	MTRS	160	SE¼, S13,T4N, R59W	B	7/29/2007	2007-001168-0	8/30/2007
LUNA14	661019	MTRS	160	SW¼, S18,T4N, R58W	B	7/29/2007	2007-001169-0	8/30/2007
LUNA15	661020	MTRS	160	SE¼, S18,T4N, R58W	B	7/29/2007	2007-001170-0	8/30/2007

LUNA16	661021	MTRS	160	NE¼, S22, T4N, R59W	B	7/29/2007	2007-001171-0	8/30/2007
LUNA17	661022	MTRS	160	NW¼,S23, T4N, R59W	B	7/29/2007	2007-001172-0	8/30/2007
LUNA18	661023	MTRS	160	NE¼, S23, T4N, R59W	B	7/29/2007	2007-001173-0	8/30/2007
LUNA19	661024	MTRS	160	NW¼, S24, T4N, R59W	B	7/29/2007	2007-001174-0	8/30/2007
LUNA20	661025	MTRS	160	NE¼, S24, T4N, R59W	B	7/29/2007	2007-001175-0	8/30/2007
LUNA21	661026	MTRS	160	NW¼, S19, T4N, R58W	B	7/29/2007	2007-001176-0	8/30/2007
LUNA22	661027	MTRS	160	SW¼, S24, T4N, R59W	B	7/29/2007	2007-001177-0	8/30/2007
LUNA23	661028	MTRS	160	SE¼, S24, T4N, R59W	B	7/29/2007	2007-001178-0	8/30/2007

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(to Venture Agreement)
PROPERTIES

Claim Name	ADL_No	Claim Type[1]	Acres[2]	PLS_Description[3]	Rec District[4]	Locate Date[5]	Recording Filing Doc No	Record Date
LUNA24	661029	MTRS	160	SW¼, S19, T4N, R58W	B	7/29/2007	2007-001179-0	8/30/2007
LUNA25	661030	MTRS	160	SW¼, S18,T4N, R59W	B	8/4/2007	2007-001180-0	8/30/2007
LUNA26	661031	MTRS	160	SE¼, S18,T4N, R59W	B	8/4/2007	2007-001181-0	8/30/2007
LUNA27	661032	MTRS	160	SW¼,S17, T4N, R59W	B	8/4/2007	2007-001182-0	8/30/2007
LUNA28	661033	MTRS	160	SE¼, S17, T4N, R59W	B	8/4/2007	2007-001183-0	8/30/2007
LUNA29	661034	MTRS	160	SW¼, S16, T4N, R59W	B	8/4/2007	2007-001184-0	8/30/2007
LUNA30	661035	MTRS	160	SE¼, S16, T4N, R59W	B	8/4/2007	2007-001185-0	8/30/2007
LUNA31	661036	MTRS	160	SW¼, S15, T4N, R59W	B	8/4/2007	2007-001186-0	8/30/2007

LUNA32	661037	MTRS	160	NW¼, S19, T4N, R59W	B	8/4/2007	2007-001187-0	8/30/2007
LUNA33	661038	MTRS	160	NE¼, S19, T4N, R59W	B	8/4/2007	2007-001188-0	8/30/2007
LUNA34	661039	MTRS	160	NW¼, S20, T4N, R59W	B	8/4/2007	2007-001189-0	8/30/2007
LUNA35	661040	MTRS	160	NE¼, S20, T4N, R59W	B	8/4/2007	2007-001190-0	8/30/2007
LUNA36	661041	MTRS	160	NW¼, S21, T4N, R59W	B	8/4/2007	2007-001191-0	8/30/2007
LUNA37	661042	MTRS	160	NE¼, S21, T4N, R59W	B	8/4/2007	2007-001192-0	8/30/2007
LUNA38	661043	MTRS	160	NW¼, S22, T4N, R59W	B	8/4/2007	2007-001193-0	8/30/2007
LUNA39	661044	MTRS	160	SW¼, S19, T4N, R59W	B	8/4/2007	2007-001194-0	8/30/2007
LUNA40	661045	MTRS	160	SE¼, S19, T4N, R59W	B	8/4/2007	2007-001195-0	8/30/2007
LUNA41	661046	MTRS	160	SW¼, S20, T4N, R59W	B	8/4/2007	2007-001196-0	8/30/2007
LUNA42	661047	MTRS	160	SE¼, S20, T4N, R59W	B	8/4/2007	2007-001197-0	8/30/2007
LUNA43	661048	MTRS	160	SW¼, S21, T4N, R59W	B	8/4/2007	2007-001198-0	8/30/2007
LUNA44	661049	MTRS	160	SE¼, S21, T4N, R59W	B	8/4/2007	2007-001199-0	8/30/2007
LUNA45	661050	MTRS	160	SW¼, S22, T4N, R59W	B	8/4/2007	2007-111200-0	8/30/2007
LUNA46	661051	MTRS	160	SE¼, S10, T4N, R59W	B	8/4/2007	2007-111201-0	8/30/2007
LUNA47	661052	MTRS	160	SW¼, S11, T4N, R59W	B	8/4/2007	2007-111202-0	8/30/2007
				Exhibit A (Page 3) **(to Venture Agreement)** **PROPERTIES**				
LUNA48	661053	MTRS	160	SE¼, S11, T4N, R59W	B	8/4/2007	2007-111203-0	8/30/2007

LUNA49	661054	MTRS	160	SW¼, S12, T4N, R59W	B	8/4/2007	2007-111204-0	8/30/2007
LUNA50	661055	MTRS	160	SE¼, S12, T4N, R59W	B	8/4/2007	2007-001205-0	8/30/2007

End of Exhibit A

EXHIBIT B
(to Venture Agreement)
AREA OF INTEREST

The area covered by the Claims described in Exhibit A.

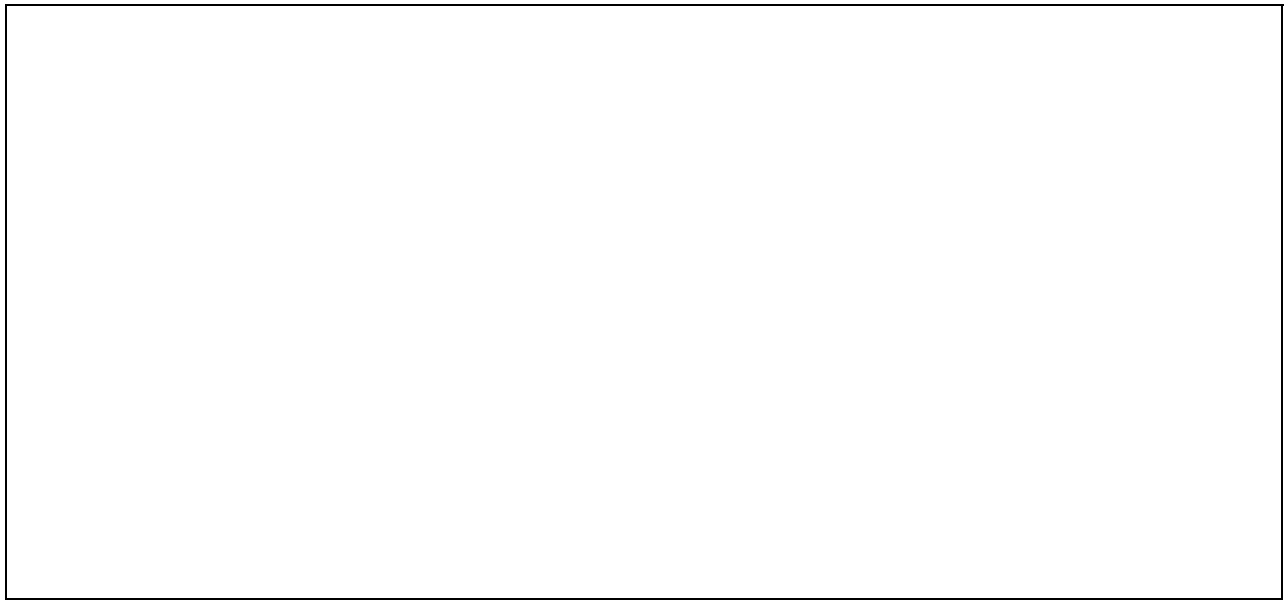

EXHIBIT C
(to Venture Agreement)
ACCOUNTING PROCEDURE

The financial and accounting procedures to be followed by the Manager and the Participants under the Agreement are set forth below. Reference in this Accounting Procedure to Articles, Sections and Subsections are to those located in this Accounting Procedure unless it is expressly stated that they are references to the Agreement.

The purpose of this Accounting Procedure is to establish equitable methods for determining charges and credits applicable to operations under the Agreement. It is the intent of the Participants that none of them shall lose or profit by reason of their duties and responsibilities as the Manager. The Participants shall meet and in good faith endeavor to agree upon changes deemed necessary to correct any unfairness or inequity. In the event of a conflict between the provisions of this Accounting Procedure and those of the Agreement, the provisions of the Agreement shall control.

1. **GENERAL PROVISIONS**

1.1 General Accounting Records. The Manager shall maintain detailed and comprehensive accounting records in accordance with this Accounting Procedure, sufficient to provide a record of revenues and expenditures and periodic statements of financial position and the results of operations for managerial, tax, regulatory or other financial reporting purposes. Such records shall be retained for the duration of the period allowed the Participants for audit or the period necessary to comply with tax or other regulatory requirements. The records shall reflect all obligations, advances and credits of the Participants.

1.2 Bank Accounts. After the decision is made to begin Development, the Manager shall maintain one or more separate bank accounts for the payment of all expenses and the deposit of all receipts.

2. **CHARGES TO JOINT ACCOUNT**

Subject to the limitations hereinafter set forth, the Manager shall charge the Joint Account with the following:

2.1 Rentals, Royalties and Other Payments. Maintenance costs and other payments in respect of the Properties, including government rentals, necessary to maintain title to the Assets.

2.2 Labor and Employee Benefits

2.2.1 Salaries and wages of the Manager's employees directly engaged in Operations, including salaries or wages of employees who are temporarily assigned to and directly employed by the Manager.

2.2.2 The Manager's cost of holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under **Subsection 2.2.1 and Section 2.13**.

2.2.3 The Manager's actual cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus (except production or incentive bonus plans under a union contract based on actual rates of production, cost savings and other production factors, and similar non-union bonus plans customary in the industry or necessary to attract competent employees, which bonus payments shall be considered salaries and wages under **Subsection 2.2.1 or Section 2.13**, rather than employees' benefit plans) and other benefit plans of a like nature applicable to salaries and wages chargeable under **Subsection 2.2.1 or Section 2.13**, provided that the plans are limited to the extent feasible to those customary in the industry.

2.2.4 Cost of assessments imposed by governmental authority which are applicable to salaries

and wages chargeable under **Subsection 2.2.1 and Section 2.13**, including all penalties except those resulting from the willful misconduct or gross negligence of the Manager.

2.2.5 Those costs in **Subsections 2.2.2, 2.2.3 and 2.2.4** may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages. If percentage assessment is used, the rate shall be applied to wages or salaries excluding overtime and bonuses. Such rate shall be based on the Manager's cost experience and it shall be periodically adjusted to ensure that the total of such charges does not exceed the actual cost thereof to the Manager.

2.3 Assets. Cost of all Assets purchased or furnished for the Venture.

2.4 Transportation. Reasonable transportation costs incurred in connection with the transportation of employees, equipment, material and supplies necessary for exploration, maintenance and operation of Assets.

2.5 Services

2.5.1 The cost of contract services and utilities procured from outside sources, other than services described in **Sections 2.10 and 2.14**. If contract services are performed by an Affiliate of the Manager, the cost charged to the Joint Account shall not be greater than that for which comparable services and utilities are available in the open market.

2.5.2 The costs of using the Manager's exclusively-owned facilities in support of Operations provided that the charges may not exceed those currently prevailing in the vicinity. Such costs shall include costs of maintenance, repairs, other operating expenses, insurance, taxes, depreciation and interest at a rate not to exceed Prime Rate plus three percent (3%) per annum.

2.6 Materials, Equipment and Supplies. The cost of materials, equipment and supplies (herein called "Material") purchased from unaffiliated third parties or furnished by either Participant as provided in **Section 3**. The Manager shall purchase or furnish only so much Material as may be required for use in efficient and economical Operations. The Manager shall also maintain inventory levels of Materials at reasonable levels to avoid unnecessary accumulation of surplus stock.

2.7 Environmental Compliance Fund. Costs of reasonably anticipated Environmental Compliance which, on a Program basis, shall be determined by the Management Committee and shall be based on proportionate contributions in an amount sufficient to establish a fund, which through successive proportionate contributions during the duration of the Agreement, will pay for ongoing Environmental Compliance conducted during Operations and which will cover the reasonably anticipated costs of mine closure, post-Operations Environmental Compliance and other Continuing Obligations.

2.8 Insurance Premiums. Premiums paid or accrued for insurance required for the protection of the Participants.

2.9 Damages and Losses. All costs in excess of insurance proceeds necessary to repair or replace damage or losses to any Assets resulting from any cause other than the willful misconduct or gross negligence of the Manager.

2.10 Legal Expense. All legal costs and expenses incurred in or resulting from the Operations or necessary to protect or recover the Assets. Routine legal expenses are included under **Section 2.14**.

2.11 Audit. Cost of annual audits under **Section 9.11** of the Agreement.

2.12 Taxes. All taxes (except income taxes) of every kind and nature assessed or levied upon or in connection with the Assets, the production of Products or Operations, which have been paid by the Manager for the benefit of the Participants. Each Participant is separately responsible for income taxes which are attributable to its respective Participating Interest.

2.13 District and Camp Expense (Field Supervision and Camp Expenses). A pro rata portion of **(i)** the salaries and expenses of the Manager's superintendent and other employees serving Operations whose time is not allocated directly to such Operations, and **(ii)** the costs of maintaining and operating the Manager's project office and any suboffice (as necessary) and **(iii)** all necessary camps, including housing facilities for employees, used for Operations. The expense of those facilities, less any revenue therefrom, shall include depreciation or a fair monthly rental in lieu of depreciation of the investment. Such charges shall be apportioned for all Properties served by the employees and facilities on an equitable basis consistent with the Manager's general accounting practice and generally accepted accounting principles.

2.14 Administrative Charge. The Manager shall charge the Joint Account each month a sum as provided below, which shall be a liquidated amount to reimburse the Manager for its home office overhead and general and administrative expenses for its conduct of Operations, which shall be in lieu of any management fee:

> 2.14.1 with respect to Operations before the commencement of Development, the Manager's fee shall be **ten percent (10%)** of the Allowable Costs other than funds expended pursuant to any individual contract for materials for services which exceed in the aggregate **US$100,000** (i) during Phase-I Earn-In, (ii) during Phase-II Earn-In (if elected), or (iii) thereafter in any Program period, for which the Manager's fee shall be **five percent (5%)** of Allowable Costs.
>
> 2.14.2 with respect to Operations after the commencement of Development but before commencement of Mining, the Manager's fee shall be **three percent (3%)** of Allowable Costs;
>
> 2.14.3 with respect to Operations after the commencement of Mining, the Manager's fee shall be **US$7.00** per troy ounce of gold produced.

These fee rates are based upon the principle that the Manager shall not make a profit or loss from this administrative charge but should be fairly and adequately compensated for the pro rata share of its costs and expenses. The specific rates provided for in this **Section 2.14** shall be established and may be amended from time to time by mutual agreement among the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

Allowable Costs as used in this **Section 2.14** shall include all amounts distributed from the Environmental Compliance fund, and all charges to the Joint Account except **(i)** the administrative charge defined herein; **(ii)** depreciation, depletion or amortization of tangible or intangible assets; **(iii)** amounts expended for acquisition, construction or installation of tangible or intangible assets after mining operations have commenced; and **(iv)** land payments, taxes and assessments.

The following representative list of items comprising the Manager's principal business office expenses are expressly covered by the administrative charge provided in this **Section 2.14**: **(a)** administrative supervision, which includes services rendered by officers and directors of the Manager for Operations, except to the extent that such services represent a direct charge to the Joint Account, as provided for in **Section 2.2**; **(b)** accounting, billing and record keeping in accordance with governmental regulations and the provisions of the Agreement; **(c)** handling of all tax matters, including any protests, except any outside professional fees which the Management Committee may approve as a direct charge to the Joint Account; **(d)** Routine legal services by the Manager's legal staff; and **(e)** Records and storage space, telephone service and office supplies.

2.15 Other Expenditures. Any reasonable direct expenditure, other than expenditures which are covered by the foregoing provisions, incurred by the Manager for the necessary and proper conduct of Operations.

3. **BASIS OF CHARGES TO JOINT ACCOUNT**

3.1 Purchases. Material purchased and services procured shall be charged at prices paid by the Manager after deduction of all discounts actually received.

3.2 Material Furnished by the Manager. At its discretion, the Manager may furnish Material from the Manager's stocks under the following conditions:

3.2.1 New Material (Condition "A"): New Material transferred from the Manager's properties shall be priced f.o.b. the nearest reputable supply store or railway receiving point, where like Material is available, at current replacement cost of the same kind of Material (hereafter, "New Price").

3.2.2 Used Material (Conditions "B" and "C"):

3.2.2.1 material in sound and serviceable condition and suitable for reuse without reconditioning shall be classified as Condition "B" and priced at seventy-five percent (75%) of New Price.

3.2.2.2 other used Material as defined hereafter shall be classified as Condition "C" and priced at fifty percent (50%) of New Price:

3.2.2.2.1 used Material which after reconditioning will be further serviceable for original function as good secondhand Material (Condition "B"),

3.2.2.2.2 used Material which is serviceable for original function but not substantially suitable for reconditioning,

3.2.2.2.3 Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use,

3.2.2.2.4 Material no longer suitable for its original purpose but usable for some other purpose shall be priced on a basis comparable with items normally used for such other purpose.

3.3 Premium Prices. Whenever Material is not readily obtainable at prices specified in **Sections 3.1 and 3.2**, the Manager may charge the Joint Account for the required Material on the basis of the Manager's direct cost and expenses incurred in procuring such material; provided, however, that prior Notice of the proposed charge is given to the Participants, whereupon any Participant shall have the right, by notifying the Manager within ten (10) days of the delivery of the Notice from the Manager, to furnish at the usual receiving point all or part of its share of Material suitable for use and acceptable to the Manager. If a Participant so furnishes Material in kind, the Manager shall make appropriate credits to its account.

3.4 Warranty of Material Furnished by the Manager or Participants. Neither the Manager nor any Participant warrants the Material furnished beyond any dealer's or manufacturer's warranty.

4. **DISPOSAL OF MATERIAL**

4.1 Disposition Generally. The Manager shall have no obligation to purchase a Participant's interest in Material. The Management Committee shall determine the disposition of major items of surplus Material, provided the Manager shall have the right to dispose of normal accumulations of junk and scrap Material either by transfer to the Participants as provided in **Section 4.2** or by sale. The Manager shall credit the Participants in proportion to their Participating Interest for all Material sold hereunder.

4.2 Division in Kind. Division of Material in kind between the Participants shall be in proportion to their respective Participating Interests, and corresponding credits shall be made to the Joint Account.

4.3 Sales. Sales of material to third parties shall be credited to the Joint Account at the net amount received. Any damages or claims by the Purchaser shall be charged back to the Joint Account if and when paid.

5. **INVENTORIES**

5.1 Periodic Inventories, Notice and Representations. At reasonable intervals, inventories shall be taken

by the Manager, which shall include all such Material as is ordinarily considered controllable by operators of mining properties. The expense of conducting such periodic inventories shall be charged to the Joint Account.

5.2 Reconciliation and Adjustment of Inventories. Reconciliation of inventory with charges to the Joint Account shall be made, and a list of overages and shortages shall be determined by the Manager. Inventory adjustments shall be made by the Manager to the Joint Account for overages and shortages, but the Manager shall be held accountable to the Venture only for shortages due to lack of reasonable diligence.

EXHIBIT D
(to Venture Agreement)
NET SMELTER RETURNS

ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT ("Agreement") is effective _____ (the "Effective Date")

BETWEEN:

_____***[NAME AS APPROPRIATE]***
a corporation incorporated under the laws _____
_____
_____
Attn: _____
Facsimile: _____

(hereinafter "**GRANTOR**")

and

_____***[NAME AS APPROPRIATE]***
a corporation incorporated under the laws of _____
_____
_____
Attn: _____
Facsimile: _____

(hereinafter "**GRANTEE**")

RECITALS

A. Pursuant to the terms and conditions of that certain Venture Agreement dated effective _____**200** (the "Venture Agreement") between GRANTOR and GRANTEE with respect to those certain properties more particularly described in attached **Schedule A** (the "Properties"), GRANTEE has conveyed to GRANTOR all of its right, title, interest and obligations in and to the Properties and GRANTOR has agreed to grant GRANTEE a Royalty with respect to the Properties.

NOW, THEREFORE, in consideration of Ten Dollars (US$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

AGREEMENT

1. Royalty

1.1 GRANTOR shall pay to GRANTEE a perpetual production royalty in the amount of a One Percent (1%) Net Smelter Returns (as hereinafter described) from the sale or other disposition of all Minerals produced from the Properties, determined in accordance with the provisions of this Agreement (the "Royalty"). For purposes of this Agreement, the term "Minerals" shall mean any and all metals, minerals and mineral rights of whatever kind and nature in, under or upon the surface or subsurface of the Properties (including, without limitation metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth, hydrocarbons, and oil and gas, and other minerals which are mined, excavated, extracted or otherwise recovered). The Royalty shall apply to 100% of the Properties.

1.2 For Precious Metals. "Net Smelter Returns", in the case of gold, silver, and platinum group metals ("Precious Metals"), shall be determined by multiplying **(a)** the gross number of troy ounces of Precious Metals recovered from production from the Properties during the preceding calendar month ("Monthly Production") delivered to the smelter, refiner, processor, purchaser or other recipient of such production (collectively, "Payor"), by **(b)** for gold, the average of the London Bullion Market, Afternoon Fix, spot prices reported for the preceding calendar month (the "Applicable Spot Price"), and for all other Precious Metals, the average of the New York Commodities Exchange final spot prices reported for the preceding calendar month for the particular Mineral for which the price is being determined, and subtracting from the product of **Subsections 1.2(a) and 1.2(b)** only the following if actually incurred: **(i)** charges imposed by the Payor for refining bullion from doré or concentrates of Precious Metals ("Beneficiated Precious Metals") produced by GRANTOR's final mill or other final processing plant; however, charges imposed by the Payor for smelting or refining of raw or crushed ore containing Precious Metals or other preliminarily processed Precious Metals shall not be subtracted in determining Net Smelter Returns; **(ii)** penalty substance, assaying, and sampling charges imposed by the Payor for refining Beneficiated Precious Metals contained in such production; and **(iii)** charges and costs, if any, for transportation and insurance of Beneficiated Precious Metals from GRANTOR's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of.

1.3 In the event the refining of bullion from the Beneficiated Precious Metals contained in such production is carried out in custom toll facilities owned or controlled, in whole or in part, by GRANTOR, which facilities were not constructed solely for the purpose of refining Beneficiated Precious Metals or Other Minerals from the Properties, then charges, costs and penalties for such refining shall mean the amount GRANTOR would have incurred if such refining were carried out at facilities not owned or controlled by GRANTOR then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by GRANTOR with respect to such refining. In the event GRANTOR receives insurance proceeds for loss of production of Precious Metals, GRANTOR shall pay to GRANTEE the Royalty percentage of any such insurance proceeds which are received by GRANTOR for such loss of production.

1.4 For Other Minerals. "Net Smelter Returns", in the case of all Minerals other than Precious Metals and the beneficiated products thereof ("Other Minerals"), shall be determined by multiplying **(a)** the gross amount of the particular Other Mineral contained in the Monthly Production delivered to the Payor during the preceding calendar month by **(b)** the average of the New York Commodities Exchange final daily spot prices reported for the preceding calendar month of the appropriate Other Mineral, and subtracting from the product of **Subsections 1.4(a) and 1.4(b)** only the following if actually incurred: **(i)** charges imposed by the Payor for smelting, refining or processing Other Minerals contained in such production, but excluding any and all charges and costs related to GRANTOR's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; **(ii)** penalty substance, assaying, and sampling charges imposed by the Payor for smelting, refining, or processing Other Minerals contained in such production, but excluding any and all charges and costs of or related to GRANTOR's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; and **(iii)** charges and costs, if any, for transportation and insurance of Other Minerals and the beneficiated products thereof from GRANTOR's final mill or other final processing plant to places where such Other Minerals are smelted, refined and/or sold or otherwise disposed of. If for any reason the New York Commodities Exchange does not report spot pricing for a particular Other Mineral, then the Parties shall mutually agree upon an appropriate pricing entity or mechanism that accurately reflects the market value of any such Other Mineral.

1.5 In the event smelting, refining, or processing of Other Minerals are carried out in custom toll facilities owned or controlled, in whole or in part, by GRANTOR, which facilities were not constructed solely for the purpose of milling or processing Other Minerals from the Properties, then charges, costs and penalties for such smelting, refining or processing shall mean the amount GRANTOR would have incurred if such smelting, refining or processing were carried out at facilities not owned or controlled by GRANTOR then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by GRANTOR with respect to such smelting and refining. In the event GRANTOR receives insurance proceeds for loss of production of Other Minerals, GRANTOR shall pay to GRANTEE the Royalty percentage of any such insurance proceeds which are received by GRANTOR for such loss of production.

1.6 Payments of Royalty In Cash or In Kind. Royalty payments shall be made to GRANTEE as follows:

(a) Royalty In Kind. GRANTEE may elect to receive its Royalty on Precious Metals from the Properties "in cash" or "in kind" as refined bullion. The elections may be exercised once per year on a calendar year basis during the life of production from the Properties. Notice of election to receive the following year's Royalty for Precious Metals “in cash” or “in kind” shall be made in writing by GRANTEE and delivered to GRANTOR on or before November 1 of each year. In the event no written election is made, the Royalty for Precious Metals will continue to be paid to GRANTEE as it is then being paid. As of the Effective Date of this Agreement, GRANTEE elects to receive its Royalty on Precious Metals “in cash”. Royalties on Other Minerals shall not be payable "in kind". **(i)** If GRANTEE elects to receive its Royalty for Precious Metals "in kind", GRANTEE shall open a bullion storage account at each refinery or mint designated by GRANTOR as a possible recipient of refined bullion in which GRANTEE owns an interest. GRANTEE shall be solely responsible for all costs and liabilities associated with maintenance of such account or accounts, and GRANTOR shall not be required to bear any additional expense with respect to such "in-kind" payments. **(ii)** Royalty will be paid by the deposit of refined bullion into GRANTEE’s account. On or before the 25th day of each calendar month following a calendar month during which production and sale or other disposition occurred, GRANTOR shall deliver written instructions to the mint or refinery, with a copy to GRANTEE directing the mint or refinery to deliver refined bullion due to GRANTEE in respect of the Royalty, by crediting to GRANTEE's account the number of ounces of refined bullion for which Royalty is due; provided, however, that the words "other disposition" as used in this Agreement shall not include processing, milling, beneficiation or refining losses of Precious Metals. The number of ounces of refined bullion to be credited will be based upon GRANTEE’s share of the previous month's production and sale or other disposition as calculated pursuant to the commingling provisions of **Section 1.9**. **(iii)** Royalty payable “in kind” on silver or platinum group metals shall be converted to the gold equivalent of such silver or platinum group metals by using the average monthly spot prices for Precious Metals described in **Section 1.2**. **(iv)** Title to refined bullion delivered to GRANTEE under this Agreement shall pass to GRANTEE at the time such bullion is credited to GRANTEE at the mint or refinery. **(v)** GRANTEE agrees to hold harmless GRANTOR from any liability imposed as a result of the election of GRANTEE to receive Royalty “in kind” and from any losses incurred as a result of GRANTEE’s trading and hedging activities. GRANTEE assumes all responsibility for any shortages which occur as a result of GRANTEE’s anticipation of credits to its account in advance of an actual deposit or credit to its account by a refiner or mint. **(vi)** When royalties are paid "in kind", they will not reflect the costs deductible in calculating Net Smelter Returns under this Agreement. Within thirty (30) days of the receipt of a statement showing charges incurred by GRANTOR for transportation, smelting or other deductible costs, GRANTEE shall remit to GRANTOR full payment for such charges. If GRANTEE does not pay such charges when due, GRANTOR shall have the right, at its election, provided GRANTEE does not dispute such charges, to deduct the gold equivalent of such charges from the ounces of gold bullion to be credited to GRANTEE in the following month.

(b) In Cash. If GRANTEE elects to receive its Royalty for Precious Metals in cash, and as to Royalty payable on Other Minerals, payments shall be payable on or before the later of ten (10) days after GRANTOR receives payment from the Payor or the twenty-fifth (25th) day of the month following the calendar month in which the minerals subject to the Royalty were shipped to the Payor by GRANTOR. For purposes of calculating the cash amount due to GRANTEE, Precious Metals and Other Minerals will be deemed to have been sold or otherwise disposed of at the time refined production from the Properties is delivered, made available, or credited to GRANTOR by a mint or refiner. The price used for calculating the cash amount due for Royalty on Precious Metals or Other Minerals shall be determined in accordance with **Section 1.2** and **Section 1.4** as applicable. GRANTOR shall make each Royalty payment to be paid in cash by delivery of a check payable to GRANTEE and delivering such check to GRANTEE at the address listed in this Agreement, or to such other address as GRANTEE may direct or by direct bank deposit to GRANTEE’s account as GRANTEE shall designate. Should default be made in any cash payment when due for Royalty and such default exists ten (10) days following Notice of non-payment, then all unpaid amounts then due shall bear interest at the rate of LIBOR plus three percent (3%) per annum commencing from and after such payment due date until paid.

(c) Detailed Statement. All Royalty payments or credits shall be accompanied by a detailed statement explaining the calculation thereof together with any available settlement sheets from the Payor.

1.7 Monthly Reconciliation. **(a)** On or before the later of ten (10) days after GRANTOR receives payment from the Payor or the twenty-fifth (25^{th}) day of such month, GRANTOR shall make an interim settlement based on the information then available of such Royalty then due, either “in cash” or “in kind”, whichever is applicable, by paying **(i)** not less than one hundred percent (100%) of the anticipated final settlement of Precious Metals ”in kind” Royalty payments and **(ii)** not less than ninety-five percent (95%) of the anticipated final settlement of cash Royalty payments. **(b)** The Parties recognize that a period of time exists between the production of ore, the production of doré or concentrates from ore, the production of refined or finished product from doré or concentrates, and the receipt of Payor's statements for refined or finished product. As a result, the payment of Royalty will not coincide exactly with the actual amount of refined or finished product produced from the Properties for the previous month. GRANTOR will provide final reconciliation promptly after settlement is reached with the Payor for all lots sold or subject to other disposition in any particular month. **(c)** In the event that GRANTEE has been underpaid for any provisional payment (whether “in cash” or “in kind”), GRANTOR shall pay the difference “in cash” by check and not “in kind” with such payment being made at the time of the final reconciliation. If GRANTEE has been overpaid in the previous calendar month, GRANTEE shall make a payment to GRANTOR of the difference by check. Reconciliation payments shall be made on the same basis as used for the payment in cash pursuant to **Subsection 1.6(b)** hereof.

1.8 Hedging Transactions. All profits and losses resulting from GRANTOR's sales of Precious Metals or Other Minerals, or GRANTOR's engaging in any commodity futures trading, option trading, or metals trading, or any combination thereof, and any other hedging transactions including trading transactions designed to avoid losses and obtain possible gains due to metal price fluctuations (collectively, "Hedging Transactions") are specifically excluded from Royalty calculations pursuant to this Agreement. All Hedging Transactions by GRANTOR and all profits or losses associated therewith, if any, shall be solely for GRANTOR's account. The Royalty payable on Precious Metals or Other Minerals subject to Hedging Transactions shall be determined as follows: **(a)** Affecting Precious Metals. The amount of Royalty to be paid on all Precious Metals subject to Hedging Transactions by GRANTOR shall be determined in the same manner as provided in **Section 1.2,** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Precious Metals subject to Hedging Transactions are shipped by GRANTOR to the Payor. **(b)** Affecting Other Minerals. The amount of Royalty to be paid on all Other Minerals subject to Hedging Transactions by GRANTOR shall be determined in the same manner as provided in **Section 1.4,** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Other Minerals subject to Hedging Transactions are shipped by GRANTOR to the Payor.

1.9 Commingling. GRANTOR shall have the right to commingle Precious Metals and Other Minerals from the Properties with minerals from other properties. Before any Precious Metals or Other Minerals produced from the Properties are commingled with minerals from other properties, the Precious Metals or Other Minerals produced from the Properties shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, commercial minerals and other appropriate content, applied on a consistent basis. Representative samples of the Precious Metals or Other Minerals shall be retained by GRANTOR and assays (including moisture and penalty substances) and other appropriate analyses of these samples shall be made before commingling to determine gross metal content of Precious Metals or gross metal or mineral content of Other Minerals. GRANTOR shall retain such analyses for a reasonable amount of time, but not less than twenty four (24) months, after receipt by GRANTEE of the Royalty paid with respect to such commingled Minerals from the Properties, and shall retain such samples taken from the Properties for not less than thirty (30) days after collection.

2. Stockpilings and Tailings. All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively "Materials") resulting from GRANTOR's operations and activities on the Properties shall be the sole property of GRANTOR, but shall remain subject to the Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and sale or other disposition of Precious Metals or Other Minerals. Notwithstanding the foregoing, GRANTOR shall have the right to dispose of Materials from the Properties on or off of the Properties and to commingle the same (as provided herein) with materials from other properties. In the event Materials from the Properties are processed or reprocessed, as the case may be, and regardless of where such processing

or reprocessing occurs, the Royalty payable thereon shall be determined on a pro rata basis as determined by using the best engineering and technical practices then available.

3. Term. The Royalty created hereby shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Properties and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as GRANTOR or any successor or assign of GRANTOR holds any rights or interests in the Properties.

4. Real Property Interest and Relinquishment of Properties. The Royalty shall attach to any amendments, relocations or conversions of any mining claim, license, or lease, concession, permit, patent or other tenure comprising the Properties, or to any renewals or extensions thereof. The Royalty shall, if allowed by law, be a real property interest that runs with the Properties and shall be applicable to GRANTOR and its successors and assigns of the Properties. If GRANTOR or any Affiliate or successor or assign of GRANTOR surrenders, allows to lapse or otherwise relinquishes or terminates its interest in any of the Properties and within a period of two (2) years after the effective date of relinquishment or abandonment reacquires a direct or indirect interest in the land covered by the former Properties, then from and after the date of such reacquisition such reacquired properties shall be included in the Properties and the Royalty shall apply to such interest so acquired. GRANTOR shall give written Notice to GRANTEE within ten (10) days of any acquisition or reacquisition of the Properties.

5. No Obligation to Mine. GRANTOR shall have sole discretion to determine the extent of its mining of the Properties and the time or the times for beginning, continuing or resuming mining operations with respect thereto. GRANTOR shall have no obligation to GRANTEE or otherwise to mine any of the Properties.

6. Registration on Title. The Parties agree that following the Effective Date GRANTOR shall immediately undertake all acts required to register title to the Properties in GRANTOR's name by filing an appropriate statutory form of transfer document(s) executed by GRANTEE. The Parties hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same. GRANTEE may register or record against title to the Properties in this Agreement to secure payment from time to time and protect GRANTEE's right to receive the Royalty.

7. Reporting, Records and Audits, Inspections, New Resources or Reserves, Confidentiality and Press Releases.

7.1 Reporting**.** No later than March 1 of each year, GRANTOR shall provide to GRANTEE with an annual report of activities and operations conducted with respect to the Properties during the preceding calendar year, and from time to time shall provide such additional information as GRANTEE may reasonably request. Such annual report shall include details of: **(a)** the preceding year's activities with respect to the Properties; **(b)** ore reserve data for the calendar year just ended; and **(c)** estimates of anticipated production and estimated remaining ore reserves with respect to proposed activities for the Properties for the current calendar year.

7.2 Records and Audits. GRANTEE shall have the right, upon reasonable Notice to GRANTOR, to inspect and copy all books, records, technical data, information and materials (the "Data") pertaining to GRANTOR's activities with respect to the Properties; provided that such inspections shall not unreasonably interfere with GRANTOR's activities with respect to the Properties. GRANTOR makes no representations or warranties to GRANTEE concerning any of the Data or any information contained in the annual reports, and GRANTEE agrees that if it elects to rely on any such Data or information, it does so at its sole risk. GRANTEE shall be entitled to enter the mine workings and structures on the Properties at reasonable times upon reasonable advance Notice for inspection thereof, but GRANTEE shall so enter at its own risk and shall indemnify and hold GRANTOR and its Affiliates harmless against and from any and all loss, costs, damage, liability and expense (including but not limited to reasonable attorneys' fees and costs) by reason of injury to GRANTEE or its agents or representatives or damage to or destruction of any property of GRANTEE or its agents or representatives while on the Properties on or in such mine workings and structures, unless such injury, damage, or destruction is a result, in whole or in part, of the negligence of GRANTOR.

7.3 New Resources or Reserves. If GRANTOR establishes a mineral resource or mineral reserve on any of the Properties, GRANTOR shall provide to GRANTEE the amount of such resource or reserve as soon as practicable after GRANTOR makes a public declaration with respect to the establishment thereof.

7.4 Confidentiality. Except for recording this Agreement, GRANTEE shall not, without the prior written consent of GRANTOR, which shall not be unreasonably delayed or withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, GRANTEE may disclose data or information so obtained without the consent of GRANTOR: **(a)** if required for compliance with laws, rules, regulations or orders of a governmental agency or stock exchange; **(b)** to any of GRANTEE's consultants or advisors; **(c)** to any third party to whom GRANTEE, in good faith, anticipates selling or assigning GRANTEE's interest in the Properties; **(d)** to a prospective lender, provided that such consultants, third parties or lenders first sign a confidentiality agreement with GRANTEE; or **(e)** to a third party to which a Party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with, provided however, that any such third party to whom disclosure is made has a legitimate business need to know the disclosed information, and shall first agree in writing to protect the confidential nature of such information to the same extent GRANTEE is obligated under this section.

7.5 Press Releases. Subject to its rights and obligations regarding confidentiality under **Section 7.4**, GRANTEE shall not issue any press release relating to the Properties or this Agreement except upon giving GRANTOR two (2) days advance written Notice of the contents thereof, and GRANTEE shall make any reasonable changes to such proposed press release as such changes may be timely requested by GRANTOR, provided, however, GRANTEE may include in any press release without Notice any information previously reported by GRANTOR. A Party shall not, without the consent of the other Party, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

8. General Provisions.

8.1 Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

8.2 Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

8.3 Governing Law. This Agreement shall be construed and governed by the laws of Colorado, U.S.A., without reference to the choice of law or conflicts of law principles thereof.

8.4 Dispute Resolution. Disputes resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof may be resolved by a court of competent jurisdiction. In any litigation between the Parties or any person claiming under them, resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof, the substantially prevailing party shall be entitled to recover all reasonable costs, expenses, legal and expert witness fees and other costs of suit incurred by it in connection with such litigation, including such costs, expenses and fees incurred prior to the commencement of the litigation, in connection with any appeals, and in collecting or otherwise enforcing any final judgment entered therein. If a party substantially prevails on some aspects of such action, but not on others, the court may apportion any award of costs and legal fees in such manner as it deems equitable.

8.5 GRANTOR to Bear Solely All Costs and Obligations. Commencing from and after the Effective Date GRANTOR has agreed to be solely responsible for all costs and obligations pertaining to or associated with the Properties.

8.6 Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

8.7 No Joint Venture, Mining Partnership, Commercial Partnership. This Agreement shall not be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship between or among GRANTOR and GRANTEE.

8.8 Time. Time is of the essence of each provision of this Agreement.

8.9 Definitions. In this Agreement and the Schedule(s) attached to this Agreement the following terms shall have the following meanings:

"Affiliate" of a Party means an entity or person that Controls, is Controlled by, or is under common Control with the Party through direct or indirect ownership of greater than fifty percent (50%) of equity or voting interest.

"Agreement" (or "Royalty Agreement") means this Royalty Agreement and all amendments, modifications and supplements thereto.

"Applicable Spot Price" has the meaning described in **Section 1.2**.

"Beneficiated Precious Metals" has the meaning described in **Section 1.2.**

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the USA.

"Control" used as a verb means, when used with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity through **(i)** the legal or beneficial ownership of voting securities or membership interests; **(ii)** the right to appoint managers, directors or corporate management; **(iii)** contract; **(iv)** operating agreement; **(v)** voting trust; or otherwise; and, when used with respect to a person, means the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and "Control" used as a noun means an interest which gives the holder the ability to exercise any of the foregoing powers.

"Data" has the meaning described in **Section 7.2.**

"Effective Date" means the date specified on the top of page one of this Agreement.

"GRANTEE" shall include, to the extent applicable in the circumstances, all of GRANTEE's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Properties.

"GRANTOR" shall include, to the extent applicable in the circumstances, all of GRANTOR's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Properties.

"Hedging Transactions" has the meaning described in **Section 1.8**.

"LIBOR" means an annual rate equal to the offered rate that appears on the page of the Reuters screen (or any successor thereto) that displays an average British Bankers Association Interest Rate Settlement Rate for deposits in dollars with a term of 6 months.

"Materials" has the meaning described in **Article 2**.

"Minerals" has the meaning described in **Section 1.1**.

"Monthly Production" has the meaning described in **Section 1.2**.

"Net Smelter Returns" has the meaning described in **Section 1.2** and **Section 1.4**, as applicable.

"Notice" has the meaning described in **Section 8.10.**

"Other Mineral(s)" has the meaning described in **Section 1.4**.

"Parties" means GRANTEE and GRANTOR collectively.

"Party" means either of the Parties individually.

"Payor" has the meaning described in **Section 1.2.**

"Precious Metals" has the meaning described in **Section 1.2**.

"Properties" means the properties described in attached Schedule A including without limitation any amendments, supplements, renewals and replacements thereof.

"Purchase Price" means the consideration referenced in the Recital(s) and stipulated in the Venture Agreement.

"Royalty" means the Net Smelter Returns royalty stipulated in **Section 1.1**.

"Transmission" has the meaning described in **Section 8.10.**

"Venture Agreement" means that certain agreement described in **Recital A**.

8.10 Notices. **(a)** Any Notice, demand or other communication (in this section, a "Notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(i)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(ii)** sent by facsimile transmission (a "Transmission") during normal business hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(b)** each Notice sent in accordance with this section shall be deemed to have been received: **(i)** on the day it was delivered; or on the same day that it was sent by fax transmission, or **(ii)** on the first Business Day thereafter if the day on which it was sent by fax transmission was not a Business Day. The Notice addresses for the Parties are set out on page one of this Agreement. A Party may change its address for Notice by giving Notice to the other Party in accordance with this section. Notice to _____ **[GRANTOR or GRANTEE, whatever Newmont is**] shall additionally be sent to Newmont Mining Corporation, 1700 Lincoln Street, 36th Floor, Denver, Colorado 80203 U.S.A., Attention: Land Dept., Facsimile: 303.837.5851.

8.11 Assignment. Except as otherwise provided in this Agreement, either party shall have the unrestricted right to assign, transfer or convey any of its rights, interests, and obligations with respect to the Properties, effective upon written Notice thereof to the other Party.

8.12 Maintenance of the Properties. At any time and from time to time, GRANTOR may elect to abandon any part or parts of the Properties that it no longer desires to maintain.

8.13 Further Assurances. The Parties promptly shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Agreement.

8.14 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof.

8.15 Rule Against Perpetuities. The Parties do not intend that there be any violation of the rule of perpetuities, the rule against unreasonable restraints or the alienation of property, or any similar rule. Accordingly, if any right or option to acquire any interest in the Properties, in a Participating Interest, in

the Assets, or in any real property under this Agreement, such right or option must be exercised, if at all, so as to vest such interest within time periods permitted by applicable rules. If, however, such violation should inadvertently occur, the Parties hereby agree that a court shall reform that provision in such a way as to approximate most closely the intent of the Parties within the limits permissible under such rules.

8.16 Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of the Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

GRANTOR: _____

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

GRANTEE: _____

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

SCHEDULE A
(to Royalty Agreement)
PROPERTIES

EXHIBIT E
(to Venture Agreement)
MEMORANDUM OF AGREEMENT

MEMORANDUM OF AGREEMENT

NOTICE IS HEREBY GIVEN that under that certain Venture Agreement ("Agreement") made and entered into effective _____ (the "Effective Date") by and between

Newmont North America Exploration Limited
a corporation incorporated under the laws of Delaware
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Facsimile:303.837.5851

(hereinafter "**NEWMONT**")

and

Kisa Gold Mining, Inc.
a corporation incorporated under the laws of Alaska
10807 E. Montgomery Dr., Suite #1
Spokane, WA 99206
Facsimile: 509.893.0170

(hereinafter "**KISA"**)

NEWMONT and KISA have entered into a Venture Agreement, dated _____ pursuant to which the Participants have agreed to terms for undertaking Mineral Exploration, Development and, if warranted, Mining within the exterior boundaries of the area described in **Exhibit B** hereto (the "Area of Interest"). The Agreement shall be the exclusive means by which the Participants, or either of them or any Affiliate, engage in any activity within the Area of Interest; acquire interests in real property within the Area of Interest; or engage in any other lawful purposes related or incidental to the foregoing. The Agreement pertains to the real property and interests described in **Exhibit A** hereto (the "Properties"), and shall continue for so long as any of the Properties are jointly owned by the Participants hereto and thereafter until all materials, supplies, and equipment have been salvaged and disposed of, a final accounting has been made between the Participants, and reclamation has been completed and accepted by the appropriate governmental agencies, unless the Agreement is earlier terminated according to its terms.

IN WITNESS WHEREOF the parties hereto have duly executed this Memorandum of Agreement effective as of the date first written above.

NEWMONT: NEWMONT NORTH AMERCA EXPLORATION LIMITED

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

KISA: Kisa Gold Mining, Inc.

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

Exhibit A
(to Memorandum of Agreement)
PROPERTIES

Claim Name	ADL_No	Claim Type[1]	Acres[2]	PLS_Description[3]	Rec District[4]	Locate Date[5]	Recording Filing Doc No	Record Date
LUNA1	661006	MTRS	160	NE¼, S15, T4N, R59W	B	7/29/2007	2007-001156-0	8/30/2007
LUNA2	661007	MTRS	160	NW¼, S14,T4N, R59W	B	7/29/2007	2007-001157-0	8/30/2007
LUNA3	661008	MTRS	160	NE¼, S14,T4N, R59W	B	7/29/2007	2007-001158-0	8/30/2007
LUNA4	661009	MTRS	160	NW¼, S13,T4N, R59W	B	7/29/2007	2007-001159-0	8/30/2007
LUNA5	661010	MTRS	160	NE¼, S13,T4N, R59W	B	7/29/2007	2007-001160-0	8/30/2007
LUNA6	661011	MTRS	160	NW¼,,S18,T4N, R58W	B	7/29/2007	2007-001161-0	8/30/2007
LUNA7	661012	MTRS	160	NE¼, S18,T4N, R58W	B	7/29/2007	2007-001162-0	8/30/2007
LUNA8	661013	MTRS	160	NW¼, S17, T4N, R58W	B	7/29/2007	2007-001163-0	8/30/2007
LUNA9	661014	MTRS	160	SE¼, S15, T4N, R59W	B	7/29/2007	2007-001164-0	8/30/2007
LUNA10	661015	MTRS	160	SW¼,S14,T4N, R59W	B	7/29/2007	2007-001165-0	8/30/2007
LUNA11	661016	MTRS	160	SE¼, S14,T4N, R59W	B	7/29/2007	2007-001166-0	8/30/2007
LUNA12	661017	MTRS	160	SW¼, S13,T4N, R59W	B	7/29/2007	2007-001167-0	8/30/2007
LUNA13	661018	MTRS	160	SE¼, S13,T4N, R59W	B	7/29/2007	2007-001168-0	8/30/2007
LUNA14	661019	MTRS	160	SW¼, S18,T4N, R58W	B	7/29/2007	2007-001169-0	8/30/2007
LUNA15	661020	MTRS	160	SE¼, S18,T4N, R58W	B	7/29/2007	2007-001170-0	8/30/2007
LUNA16	661021	MTRS	160	NE¼, S22, T4N, R59W	B	7/29/2007	2007-001171-0	8/30/2007

Exhibit A (Page 2)
(to Memorandum of Agreement)
PROPERTIES

LUNA17	661022	MTRS	160	NW¼,S23, T4N, R59W	B	7/29/2007	2007-001172-0	8/30/2007
LUNA18	661023	MTRS	160	NE¼, S23, T4N, R59W	B	7/29/2007	2007-001173-0	8/30/2007
LUNA19	661024	MTRS	160	NW¼, S24, T4N, R59W	B	7/29/2007	2007-001174-0	8/30/2007
LUNA20	661025	MTRS	160	NE¼, S24, T4N, R59W	B	7/29/2007	2007-001175-0	8/30/2007
LUNA21	661026	MTRS	160	NW¼, S19, T4N, R58W	B	7/29/2007	2007-001176-0	8/30/2007
LUNA22	661027	MTRS	160	SW¼, S24, T4N, R59W	B	7/29/2007	2007-001177-0	8/30/2007
LUNA23	661028	MTRS	160	SE¼, S24, T4N, R59W	B	7/29/2007	2007-001178-0	8/30/2007

Claim Name	ADL_No	Claim Type[1]	Acres[2]	PLS_Description[3]	Rec District[4]	Locate Date[5]	Recording Filing Doc No	Record Date
LUNA24	661029	MTRS	160	SW¼, S19, T4N, R58W	B	7/29/2007	2007-001179-0	8/30/2007
LUNA25	661030	MTRS	160	SW¼, S18,T4N, R59W	B	8/4/2007	2007-001180-0	8/30/2007
LUNA26	661031	MTRS	160	SE¼, S18,T4N, R59W	B	8/4/2007	2007-001181-0	8/30/2007
LUNA27	661032	MTRS	160	SW¼,S17, T4N, R59W	B	8/4/2007	2007-001182-0	8/30/2007
LUNA28	661033	MTRS	160	SE¼, S17, T4N, R59W	B	8/4/2007	2007-001183-0	8/30/2007
LUNA29	661034	MTRS	160	SW¼, S16, T4N, R59W	B	8/4/2007	2007-001184-0	8/30/2007
LUNA30	661035	MTRS	160	SE¼, S16, T4N, R59W	B	8/4/2007	2007-001185-0	8/30/2007
LUNA31	661036	MTRS	160	SW¼, S15, T4N, R59W	B	8/4/2007	2007-001186-0	8/30/2007

LUNA32	661037	MTRS	160	NW¼, S19, T4N, R59W	B	8/4/2007	2007-001187-0	8/30/2007
LUNA33	661038	MTRS	160	NE¼, S19, T4N, R59W	B	8/4/2007	2007-001188-0	8/30/2007
LUNA34	661039	MTRS	160	NW¼, S20, T4N, R59W	B	8/4/2007	2007-001189-0	8/30/2007
LUNA35	661040	MTRS	160	NE¼, S20, T4N, R59W	B	8/4/2007	2007-001190-0	8/30/2007
LUNA36	661041	MTRS	160	NW¼, S21, T4N, R59W	B	8/4/2007	2007-001191-0	8/30/2007
LUNA37	661042	MTRS	160	NE¼, S21, T4N, R59W	B	8/4/2007	2007-001192-0	8/30/2007
LUNA38	661043	MTRS	160	NW¼, S22, T4N, R59W	B	8/4/2007	2007-001193-0	8/30/2007
LUNA39	661044	MTRS	160	SW¼, S19, T4N, R59W	B	8/4/2007	2007-001194-0	8/30/2007
LUNA40	661045	MTRS	160	SE¼, S19, T4N, R59W	B	8/4/2007	2007-001195-0	8/30/2007
LUNA41	661046	MTRS	160	SW¼, S20, T4N, R59W	B	8/4/2007	2007-001196-0	8/30/2007
LUNA42	661047	MTRS	160	SE¼, S20, T4N, R59W	B	8/4/2007	2007-001197-0	8/30/2007
LUNA43	661048	MTRS	160	SW¼, S21, T4N, R59W	B	8/4/2007	2007-001198-0	8/30/2007
LUNA44	661049	MTRS	160	SE¼, S21, T4N, R59W	B	8/4/2007	2007-001199-0	8/30/2007
LUNA45	661050	MTRS	160	SW¼, S22, T4N, R59W	B	8/4/2007	2007-111200-0	8/30/2007
				Exhibit A (Page 3) **(to Memorandum of Agreement)** **PROPERTIES**				
LUNA46	661051	MTRS	160	SE¼, S10, T4N, R59W	B	8/4/2007	2007-111201-0	8/30/2007
LUNA47	661052	MTRS	160	SW¼, S11, T4N, R59W	B	8/4/2007	2007-111202-0	8/30/2007
LUNA48	661053	MTRS	160	SE¼, S11, T4N, R59W	B	8/4/2007	2007-111203-0	8/30/2007

LUNA49	661054	MTRS	160	SW¼, S12, T4N, R59W	B	8/4/2007	2007-111204-0	8/30/2007
LUNA50	661055	MTRS	160	SE¼, S12, T4N, R59W	B	8/4/2007	2007-001205-0	8/30/2007

End of Exhibit A

Exhibit B
(to Memorandum of Agreement)
AREA OF INTEREST

The area covered by the Properties described in Exhibit A.

Exhibit 10.9

VENTURE AGREEMENT

THIS VENTURE AGREEMENT ("Agreement") is made and entered into effective as of **_____-2008** (the "Effective Date")

BETWEEN:

Newmont North America Exploration Limited
a corporation incorporated under the laws of Delaware
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Facsimile:303.837.5851
(hereinafter "**NEWMONT**")

and

Kisa Gold Mining, Inc.
a corporation incorporated under the laws of Alaska
10807 E. Montgomery Dr., Suite #1
Spokane, WA 99206
Facsimile: 509.893.0170
(hereinafter "**KISA"**)

RECITALS

A. KISA holds an interest in certain "Properties" situated in Alaska, which are described in **Exhibit A** and defined in **Section 1** below.

B. NEWMONT wishes to participate with KISA in the further exploration, evaluation, and if justified, the development and mining of mineral resources within the Properties, and KISA desires to grant such rights to NEWMONT.

NOW THEREFORE, in consideration of the covenants and terms contained herein, NEWMONT and KISA agree as follows:

1. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings specified in this Section. Cross-references in this Agreement to Articles, Sections, Subsections and Exhibits refer to Articles, Sections, Subsections and Exhibits of this Agreement, unless specified otherwise.

"Accounting Procedure" means the procedure set forth in **Exhibit C**.

"Affiliate" of a Participant means an entity or person that Controls, is Controlled by, or is under common Control with the Participant.

"Agreement" means this Venture Agreement, including any amendments and modifications hereof, and all appendices, schedules and exhibits which are incorporated herein by this reference.

"Area of Interest" means the area described in **Exhibit B**.

"Assets" means the Properties, Products, and all other real and personal property, tangible and intangible, held for the benefit of the Participants hereunder.

"Budget" means a detailed estimate of all costs to be incurred by the Participants with respect to a Program and a schedule of cash advances to be made.

"Chargee" has the meaning as a holder of an Encumbrance as described in **Section 13.5**.

"Claims" means the mining claims identified in **Exhibit A**.

"Confidential Information" has the meaning described in **Section 15.6**.

"Continuing Obligations" means obligations or responsibilities that are reasonably expected to continue or arise after Operations on a particular area of the Properties have ceased or are suspended, including, but not limited to, Environmental Compliance.

"Control" used as a verb means, when used with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity through **(i)** the legal or beneficial ownership of voting securities or membership interests; **(ii)** the right to appoint managers, directors or corporate management; **(iii)** contract; **(iv)** operating agreement; **(v)** voting trust; or otherwise; and, when used with respect to a person, means the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and "Control" used as a noun means an interest which gives the holder the ability to exercise any of the foregoing powers.

"Development" means all preparation (other than Exploration) for the removal and recovery of Products, including the construction or installation of leach pads, a mill or any other improvements to be used for the mining, handling, milling, beneficiation or other processing of Products.

"Earn-In" has the meaning described in **Section 5.2**.

"Effective Date" means the date set forth on the top of page one of this Agreement.

"Encumbrance" or "Encumbrances" means mortgages, deeds of trust, security interests, pledges, liens, net profits interests, royalties or overriding royalty interests, other payments out of production, or other burdens of any nature applicable to the Properties.

"Environmental Compliance" means actions performed during or after Operations to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Properties or other compliance with Environmental Laws.

"Environmental Laws" means Laws aimed at reclamation or restoration of the Properties; abatement of pollution; protection of the environment; monitoring environmental conditions; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances into the environment, and all other Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.

"Environmental Liabilities" means any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements, or expenses (including, without limitation, legal fees and costs, experts' fees and costs, and consultants' fees and costs) of any kind or of any nature whatsoever that are asserted against either Participant or the Venture, by any person or entity other than the other Participant, alleging liability (including, without limitation, liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from **(i)** the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above the Properties and/or emanating or migrating and/or threatening to emanate or migrate from the Properties to off-site properties; **(ii)** physical disturbance of the environment caused by or relating to Operations; or **(iii)** the violation or alleged violation of any Environmental Laws arising from or relating to Operations.

"Existing Data" means maps, drill logs and other drilling data, core tests, pulps, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records, and any other

material or information relating to the Properties, which is owned or controlled by KISA.

"Exploration" means activities directed toward ascertaining the existence, location, quantity, quality, or commercial value of deposits of Products.

"Exploration Expenditures" means all costs, expenses, obligations and liabilities of whatever kind or nature spent or incurred in connection with Exploration and which were expended on or for the benefit of the Properties, but excluding work performed on property not part of the Properties, computed in accordance with U.S. generally accepted accounting principles consistently applied, including, without limiting the generality of the foregoing, the following: **(i)** actual salaries, benefit and fringe costs and wages (whether or not required by Law) of employees or contractors of NEWMONT directly assigned to and actually performing Exploration and related activities within or benefiting the Properties. Employees and contractors may include geologists, geophysicists, engineers, surveyors, engineering assistants, technicians, draftsmen, engineering clerks and other personnel performing technical services connected with Exploration of the Properties; **(ii)** monies expended associated with aerial flights; **(iii)** monies expended associated with drilling, site preparation and road construction; **(iv)** monies expended for the use of machinery, vehicles, equipment and supplies required for Exploration; provided, however, if NEWMONT uses equipment owned by it, charges shall be no greater than on terms available from independent third parties in the vicinity of the Properties; **(v)** monies expended for reasonable travel expenses and transportation of employees and contractors, materials, equipment and supplies necessary for the conduct of Exploration; **(vi)** any other payments to contractors for work on Exploration; **(vii)** monies expended for metallurgical and engineering work; geophysical, geochemical and geological surveys and assays and other costs incurred to determine the quality and quantity of Products within the Properties; **(viii)** monies expended to obtain permits, rights-of-ways and other similar rights as may be required or necessary in connection with Operations regarding the Properties; **(ix)** monies expended in preparation and acquisition of environmental permits necessary to commence, carry out or complete Exploration, and otherwise spent on or accrued for activities required for Environmental Compliance; **(x)** monies expended in performing pre-feasibility and feasibility studies to evaluate the economic feasibility of Mining on the Properties, including expenditures for metallurgical test work, preliminary design work and hydrology studies; **(xi)** monies expended for taxes levied against the Properties and paid by NEWMONT and the cost of any insurance premiums, performance bonds or other forms of sureties required by the terms of this Agreement or any Law; **(xii)** monies expended for and including land holding costs, lease payments, assessment work, claim location, amendment and relocation costs, Government Fees, and other necessary expenditures incurred or made to preserve in good standing the status and title of the Properties; **(xiii)** monies expended for curing any title defects or Encumbrances pertaining to the Properties; and **(xiv)** the administrative charge specified in **Section 2.14 of Exhibit C** in respect of Exploration Expenditures, said charge to be credited toward the Initial Contribution by NEWMONT.

"Financing Option" has the meaning described in **Subsection 5.2.3.5**.

"Force Majeure" shall mean any cause, whether foreseeable or unforeseeable, beyond a Participant's reasonable control, including, without limitation, labor disputes (however arising and whether or not employee demands are reasonable or within the power of the Participant to grant); acts of God; Laws, or requests of any government or governmental entity; judgments or orders of any court; inability to obtain on reasonably acceptable terms any public or private license, permit or other authorization; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of Environmental Laws; action or inaction by any governmental entity that delays or prevents the issuance or granting of any approval or authorization required to conduct Operations; acts of terrorism or war or conditions arising out of or attributable to terrorism or war, whether declared or undeclared; riot, civil strife, insurrection or rebellion; fire, explosion, earthquake, storm, flood, sink holes, drought or other adverse weather condition; delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors' or subcontractors' shortage of, or inability to obtain, labor, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities; actions by citizen groups, including but not limited to environmental organizations or native rights groups; or any other cause whether similar or dissimilar to the foregoing.

"Government Fees" means all rentals, holding fees, location fees, maintenance payments or other

payments required by any law, rule or regulation to be paid to a federal, state, provincial, territorial or other governmental authority, in order to locate or maintain any licenses, permits, concessions, fee lands, mining leases, surface leases, Claims or other tenures included in the Properties.

"Initial Contribution" means that contribution each Participant agrees to make, or is deemed to have made, pursuant to **Section 5.1** and **Subsections 5.2.1 and 5.2.3**.

"Indemnified Participant" has the meaning described in **Subsection 2.5.1**

"Indemnifying Participant" has the meaning described in **Subsection 2.5.1**.

"Joint Account" means the account maintained in accordance with the Accounting Procedure showing the charges and credits accruing to the Participants.

"Law" or "Laws" means all federal, state, provincial, territorial and local laws (statutory or common), rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees, and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature, including Environmental Laws, which are applicable to the Properties, the Area of Interest, or Operations, regardless of whether or not in existence or enacted or adopted hereafter; provided, however, nothing in this definition is intended to make laws applicable to the parties during periods when the laws are not applicable by their terms or the timing of their enactment.

"LIBOR" means an annual rate equal to the offered rate that appears on the page of the Reuters screen (or any successor thereto) that displays an average British Bankers Association Interest Rate Settlement Rate for deposits in dollars with a term of 6 months

"Management Committee" means the committee established under **Article 7**.

"Manager" means the person or entity appointed under **Article 8** to manage Operations, or any successor Manager.

"Memorandum of Agreement" means the document attached as **Exhibit E**.

"Mining" means the mining, extracting, producing, handling, milling, or other processing of Products.

"Net Smelter Returns" has the meaning specified in **Exhibit D**.

"Notice" or "Notices" has the meaning described in **Section 15.1**.

"Operations" means the activities carried out under this Agreement.

"Participant" and "Participants" mean the persons or entities that from time to time have Participating Interests.

"Participating Interest" means the percentage interest representing the ownership interest of a Participant in the Assets, and in all other rights and obligations arising under this Agreement, as such interest may from time to time be adjusted hereunder. Participating Interests shall be calculated to three decimal places and rounded to two (e.g., 1.519% rounded to 1.52%). Decimals of .005 or more shall be rounded up to .01; decimals of less than .005 shall be rounded down. The initial Participating Interests of the Participants are set forth in **Subsection 6.1.1**.

"Phase-I Earn-In" means that portion of NEWMONT's Initial Contributions set forth in **Subsection 5.2.1**.

"Phase-II Earn-In" means that portion of NEWMONT's Initial Contributions set forth in **Subsection 5.2.3**.

"Prime Rate" has the meaning described in **Section 9.10**.

"Products" means all metals, ores, concentrates, minerals, and mineral resources, including materials derived from the foregoing, produced from the Properties under this Agreement.

"Program" means a description in reasonable detail of Operations to be conducted by the Manager, as described in **Article 9**.

"Properties" means the licenses, permits, Claims, concessions, fee lands, mining leases, surface leases or other rights or interests (as applicable) described in **Exhibit A** or acquired by the Venture within the Area of Interest.

"Transferring Entity" has the meaning described in **Subsection 13.3.1**.

"Venture" means the contractual relationship of the Participants under this Agreement.

2. REPRESENTATIONS AND WARRANTIES; RECORD TITLE; INDEMNITIES

2.1 Representations and Warranties.

2.1.1 Capacity of Participants. Each Participant represents and warrants to the other Participant as follows: **(i)** it is a corporation duly incorporated, qualified to transact business, and in good standing under the Laws of its jurisdiction and in Alaska; **(ii)** it has the full right, power and capacity to enter into and perform this Agreement and all transactions contemplated herein, and all corporate, board of directors and other actions required to authorize it to enter into and perform this Agreement have been properly taken; **(iii)** it will not breach any other agreement or arrangement by entering into or performing this Agreement, and this Agreement has been duly executed and delivered by it and is valid and binding upon it in accordance with its terms; and **(iv)** it has relied solely on its own appraisals and estimates as to the mineral potential of the Properties, and upon its own geologic, engineering and other interpretations related thereto.

2.1.2 Representations and Warranties by KISA. KISA represents and warrants the following:

2.1.2.1 With respect to the Claims, **(i)** the Claims were properly laid out and monumented; **(ii)** all required location and validation work was properly performed; **(iii)** all Notices/certificates (as applicable) were properly recorded/filed with appropriate governmental agencies; **(iv)** all Government Fees required to hold or maintain the Claims have been paid through **September 1, 2008**; and **(v)** all affidavits or other recordings/filings required to maintain the Claims in good standing have been properly and timely recorded with appropriate governmental agencies.

2.1.2.3 KISA has not entered into any other agreement with respect to its interest in and to the Properties that is currently valid and outstanding, and, to the best of KISA's knowledge, there are no leases or subleases or Encumbrances on the Properties, nor any defects in title.

2.1.2.3 To the best of KISA's knowledge, except as to matters of record, no other person or entity is claiming an interest in, or in conflict with, the Properties.

2.1.2.4 To the best of KISA's knowledge, there are no actions, suits, claims, proceedings, litigation or investigations pending or threatened against it that relate to the Properties, or that could, if continued, adversely affect the ability of KISA or NEWMONT to fulfill its obligations under this Agreement or NEWMONT's ability to exercise its rights under this Agreement.

2.1.2.5 KISA has complied with all existing Laws in conducting its operations on the Properties.

2.1.2.6 To the best of KISA's knowledge, there is no condition on the Properties that could result in any Environmental Liabilities or other type of enforcement proceeding, or

any recovery by any governmental agency or private party of remedial or removal costs, natural resources damages, property damages, damages for personal injuries or other costs, expenses, damages or injunctive relief arising from any alleged injury or threat of injury to health, safety or the environment.

2.1.2.7 KISA has delivered to NEWMONT all Existing Data in its possession or control, and true and correct copies of all leases or other agreements relating to the Assets.

2.2 Disclosures. Each of the Participants represents and warrants that it is not aware of any material facts or circumstances that have not been disclosed in this Agreement, which should be disclosed to the other Participant in order to prevent the representations and warranties in this Agreement from being materially misleading.

2.3 Record Title. Title to real and personal property included in the Assets shall be held in the name of the Manager for the benefit of the Participants. Each Participant agrees to execute appropriate documents to reflect changes resulting from changes in Participating Interests in accordance with **Section 6.6** below.

2.4 Loss of Title.

2.4.1 Except as otherwise provided in **Subsection 2.4.2**, prior to the time that NEWMONT has completed its Initial Contribution under this Agreement, any failure or loss of title to the Assets and all costs of defending title thereto shall be charged to the Joint Account, provided that NEWMONT shall pay all such costs until completing Phase-I Earn-In or Phase-II Earn-In, as applicable, and all such paid costs shall be credited against the applicable Earn-In. After NEWMONT has completed its Initial Contribution, any failure or loss of title to the Assets, and all costs of defending title thereto, shall be charged to the Joint Account and paid by the Participants in proportion to their respective Participating interests, except as otherwise provided in **Subsection 2.4.2**.

2.4.2 All losses and costs referenced under **Subsection 2.4.1** that arise out of or result from a breach of the representations and warranties or KISA under **Subsection 2.1.2** shall be charged to and paid by KISA. All losses and costs referenced under **Subsection 2.4.1** arising out of or resulting from a breach of the Manager's obligations under **Subsection 8.2.14** shall be charged to and paid by the Participant that was Manager at the time of the breach.

2.5 Indemnities.

2.5.1 Each Participant shall indemnify the other Participant, its directors, officers, employees, agents and attorneys or Affiliates (collectively "Indemnified Participant") against any loss, cost, expense, damage or liability (including legal fees and other expenses) arising out of or based on a breach by the Participant ("Indemnifying Participant") of any representation, warranty or covenant contained in this Agreement.

2.5.2 If any claim or demand is asserted against an Indemnified Participant in respect of which such Indemnified Participant may be entitled to indemnification under this Agreement, written Notice of such claim or demand shall promptly be given to the Indemnifying Participant. The Indemnifying Participant shall have the right, but not the obligation, by notifying the Indemnified Participant within thirty (30) days after its receipt of the Notice of the claim or demand, to assume the entire Control of (subject to the right of the Indemnified Participant to participate, at the Indemnified Participant's expense and with counsel of the Indemnified Participant's choice), the defense, compromise, or settlement of the matter. Any damages to the Assets or business of the Indemnified Participant caused by a failure by the Indemnifying Participant to defend, compromise, or settle a claim or demand in a reasonable and expeditious manner requested by the Indemnified Participant, after the Indemnifying Participant has given Notice that it will assume control of the defense, compromise, or settlement of the matter, shall be included in the damages

for which the Indemnifying Participant shall be obligated to indemnify the Indemnified Participant. Any settlement or compromise of a matter by the Indemnifying Participant shall include a full release of claims against the Indemnified Participant which has arisen out of the indemnified claim or demand.

2.6 Existing Disturbance. KISA shall be solely responsible for complying with all Laws, relating to all disturbance existing on the Properties relating to KISA's activities or for which KISA is responsible pursuant to applicable Law as of the Effective Date. Without limiting the foregoing, KISA shall diligently reclaim all such existing disturbance in accordance with applicable Laws, and shall satisfy all applicable permit and closure requirements. KISA shall indemnify and hold harmless NEWMONT , its directors, officers, employees, agents, attorneys and Affiliates against any loss, cost, expense, damage or liability (including legal fees and expenses) relating to or arising from any existing disturbance or prior activities on the Properties relating to KISA's activities or for which KISA is responsible pursuant to applicable Law.

3. **NAME, PURPOSES, AND TERM**

3.1 General. NEWMONT and KISA hereby enter into this Agreement for the purposes hereinafter stated. All of the Participants' rights and obligations in connection with the Assets, the Area of Interest and all Operations shall be subject to and governed by this Agreement.

3.2 Name. The Manager shall conduct the business of the Venture in the name of the Venture, doing business as the "**Chilly Venture**". The Manager shall accomplish any registration required by applicable, assumed or fictitious name statutes and similar statutes.

3.3 Purposes. This Agreement is entered into for the following purposes and for no others, and shall serve as the exclusive means by which the Participants, or either of them, accomplish such purposes: **(i)** to conduct Exploration within the Properties; **(ii)** to acquire additional real property and other interests within the Area of Interest; **(iii)** to evaluate the possible Development and Mining of the Properties, and if justified, to engage in Development and Mining; **(iv)** to engage in Operations within the Properties; **(v)** to engage in disposition of Products, only to the limited extent permitted in **Article 10**; **(vi)** to complete and satisfy all Environmental Compliance obligations and other Continuing Obligations relating to the Properties; and **(vii)** to perform any other operation or activity necessary, appropriate, or incidental to any of the foregoing.

3.4 Limitation. Unless the Participants otherwise agree in writing, Operations shall be limited to the purposes described in **Section 3.3**, and nothing in this Agreement shall be construed to enlarge such purposes.

3.5 Term. Unless the Venture is earlier terminated or otherwise terminates as provided in this Agreement, the term of this Agreement is for so long as any of the Properties are jointly owned by the Participants and thereafter until all materials, supplies, and equipment have been salvaged and disposed of, a final accounting has been made between the Participants, and any required Environmental Compliance has been completed and accepted by the appropriate governmental agencies.

4. **RELATIONSHIP OF THE PARTICIPANTS**

4.1 No Partnership. Nothing contained in this Agreement shall be deemed to constitute either Participant the partner of the other, nor, except as otherwise herein expressly provided, to constitute either Participant the agent or legal representative of the other, nor to create any fiduciary relationship between them. The Participants do not intend to create, and this Agreement shall not be construed to create, any mining, commercial, tax or other partnership. Neither Participant shall have any authority to act for or to assume any obligation or responsibility on behalf of the other Participant, except as otherwise expressly provided herein. The rights, duties, obligations and liabilities of the Participants shall be several and not joint or collective. Each Participant shall be responsible only for its obligations as herein set out and shall be liable only for its share of the costs and expenses as provided herein. It is the Participants' intent that their ownership of Assets and the rights acquired hereunder shall be as tenants in common. However, the Participants understand that the arrangement and undertakings evidenced by this Agreement may result in a partnership for purposes of United States Federal income taxation and certain State income

tax laws which incorporate or follow United States Federal income tax principles as to tax partnerships. Accordingly, the Participants shall make an election pursuant to United States Treasury Regulations §1.761-2 to be excluded from Subchapter K of the Internal Revenue Code of 1986, as amended.

4.2 Taxes. Each Participant shall be directly responsible for and shall directly pay all taxes applicable to revenues received by the Participant through Operations under this Agreement. In particular, each Participant shall individually file its tax returns with the proper authorities and independently file claims for and recover any income tax credits. A Participant's decisions with respect to such tax matters shall not have any binding effect on the course of actions taken by the other Participant.

4.3 Other Business Opportunities. Except as expressly provided in this Agreement, each Participant shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with Operations, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity, venture, or operation of either Participant, and, neither Participant shall have any obligation to the other with respect to any opportunity to acquire any property outside the Area of Interest at any time, or within the Area of Interest after the termination of this Agreement, except as provided in **Section 11.8**. Unless otherwise agreed in writing, no Participant shall have any obligation to mill, beneficiate, or otherwise treat any Participant's share of Products in any facility owned or controlled by such Participant.

4.4 Termination or Transfer of Rights to Properties. Except as otherwise provided in this Agreement, neither Participant shall permit or cause all or any part of its interest in the Assets or this Agreement to be sold, exchanged, encumbered, surrendered, abandoned, partitioned, divided, or otherwise terminated, by judicial means or otherwise. The Participants hereby waive and release all rights of partition, or of sale in lieu thereof, or other division of Assets, including any such rights provided by any Law.

4.5 Implied Covenants. The implied covenants of good faith and fair dealing are the only implied covenants in this Agreement. No other implied covenants recognized under applicable Law shall be valid or enforceable with respect to this Agreement.

4.6 No Royalty or Other Interests. Except as provided in **Subsection 5.2.3.2** or **Section 6.4**, no Participant shall be entitled or permitted to create any royalty or similar carried interest in all or any part of the Assets.

4.7 No Third Party Beneficiary Rights. This Agreement shall be construed to benefit the Participants and their respective successors and permitted assigns only, and shall not be construed to create third party beneficiary rights in any other party, governmental agency or organization, except as provided in **Subsection 2.5.1**.

5. CONTRIBUTIONS BY PARTICIPANTS

5.1 KISA's Initial Contribution. KISA hereby contributes to the Venture all of its right, title and interest in and to the Properties, together with all of its respective right, title and interest in and to any licenses and permits relating to the Properties and all Existing Data, free and clear of any Encumbrances.

5.2 NEWMONT's Initial Contribution.

5.2.1 Phase-I Earn-In. As its Initial Contribution and subject to NEWMONT's right of withdrawal as set forth in **Section 11.3**, NEWMONT shall complete Exploration Expenditures totaling US$3,000,000 and make cash payments totaling US$75,000 to KISA ("Phase-I Earn-In") in accordance with the following schedules:

Exploration Expenditures Due Dates	Amount
On or before December 31, 2011	US$3,000,000

Cash Payment Due Dates	Amount
On or before January 15, 2009	US$25,000

On or before January 15, 2010	US$50,000

Exploration Expenditures during Phase-I Earn-In shall include a minimum of 3,000 meters of drilling on the Properties (subject to **Subsection 5.2.2**).

Upon NEWMONT's completion of Phase-I Earn-In NEWMONT's Initial Contribution shall have been met and NEWMONT shall give Notice to KISA.

5.2.1.1 No Vesting Until Completion of Phase-I Earn-In. If NEWMONT fails to timely complete all of the Exploration Expenditures described above it shall not have earned any Participating Interest in the Venture or in the Assets or the Properties.

5.2.1.2 Deemed Value of Initial Contributions. Subject to **Subsection 5.2.3.2**, at such time as NEWMONT has completed Phase-I Earn-In, the value of NEWMONT's Initial Contribution shall be deemed to be US$3,000,000 and the value of KISA's Initial Contribution shall be deemed to be US$2,882,353.

5.2.1.3 Operations During Earn-In. During Phase-I Earn-In or Phase-II Earn-In (Phase-I Earn-In and/or Phase-II Earn-In may hereinafter be collectively referred to as "Earn-In"), NEWMONT shall have the sole right to determine the nature, scope, timing and extent of Operations that are conducted to satisfy the applicable Earn-In Exploration Expenditures, without any obligation to hold meetings or to prepare Programs and Budgets, provided, however, (i) in the reports it provides pursuant to **Section 8.2.12**, NEWMONT shall advise KISA of its planned program and budget for each calendar year and any anticipated changes in the program during the course of such year; and (ii) NEWMONT shall conduct all Operations during Earn-In in a manner consistent with the standards set forth in the first sentence of **Section 8.3**.

5.2.2 Excess Credited and Cash in Lieu. In the event Exploration Expenditures during Phase-I Earn-In exceed the minimum amounts set forth in **Subsection 5.2.1**, the excess shall be credited toward Phase-II Earn-In if elected. If NEWMONT fails to complete any of the Exploration Expenditures during Phase-I or Phase-II Earn-In, NEWMONT may elect to satisfy the minimum amount for a period by paying the amount of the shortfall, in cash, to KISA; provided however, the maximum amount of Earn-In that Newmont can satisfy by cash payment is US$500,000 for Phase-I Earn-In and US$500,000 for Phase-II Earn-In, including any payment for drilling shortfalls as provided below**.** If NEWMONT fails to perform the 3,000 meters of drilling on the Properties during either Phase-I Earn-In or Phase-II Earn-In, then NEWMONT may elect to satisfy such obligation by paying, in cash, to KISA at the rate of $100 per meter of the shortfall; provided however, the maximum amount of drilling that Newmont can satisfy by cash payment is 500 meters during Phase-I Earn-In and 500 meters during Phase-II Earn-In. NEWMONT's failure to timely complete the applicable Exploration Expenditures in accordance with this Article, if not cured within thirty (30) days after written Notice by KISA of such default, unless NEWMONT in good faith disputes such Notice, in which case within thirty (30) days after a final judicial decision finding a default, shall be deemed to be a withdrawal of NEWMONT from the Venture. Upon, such withdrawal, the Venture shall terminate and NEWMONT shall be solely responsible for reclaiming all disturbance caused by its Exploration Expenditures.

5.2.3 Phase-II Earn-In.

5.2.3.1 NEWMONT's Election to Earn an Additional Participating Interest. Upon completion of Phase-I Earn-In, NEWMONT may elect, in its sole discretion, to earn an additional nineteen percent (19%) Participating Interest, for a total of a seventy percent (70%) Participating Interest, by completing an additional US$6,000,000 in Exploration Expenditures on or before December 31, 2015 ("Phase-II Earn-In"). Exploration Expenditures during Phase-II Earn-In shall include a minimum of 3,000 meters of drilling on the Properties (subject to **Subsection 5.2.2**).. NEWMONT shall, within ninety (90) days following the date that NEWMONT provides Notice to KISA that NEWMONT has

completed Phase-I Earn-In, notify KISA whether it elects to continue to Phase-II Earn-In. If NEWMONT fails to provide such Notice to KISA within said ninety (90) days, NEWMONT shall be deemed to have elected to continue to Phase-II Earn-In. Following NEWMONT's election or deemed election to continue to Phase-II Earn-In, NEWMONT may then elect not to complete Phase-II Earn-In, but in such event, NEWMONT shall not have earned any additional Participating Interest. Subject to **Subsection 5.2.3.2**, at such time as NEWMONT has completed Phase-II Earn-In, the value of NEWMONT's Initial Contribution shall be deemed to be US$9,000,000 and the value of KISA's Initial Contribution shall be deemed to be US$3,857,143.

5.2.3.2 Notice to Commence Joint Funding. Upon completion of the Exploration Expenditures under the applicable Phase-I Earn-In or Phase-II Earn-In, as determined above, NEWMONT shall provide written Notice to KISA of each such completion at least sixty (60) days before the commencement of the period in which it proposes to commence joint funding. Such Notice shall include a proposed Program and Budget for the following Program and Budget period. KISA shall, within sixty (60) days after delivery of such Notice, notify NEWMONT in writing that it will: **(i)** participate in joint funding at its then Participating Interest, **(ii)** dilute its Participating Interest pursuant to **Section 6.2**, **(iii)** convert all of its Participating Interest into a one percent (1%) Net Smelter Returns royalty interest, as defined in **Exhibit D**, or **(iv)** provided NEWMONT has completed Phase-II Earn-In, elect the Financing Option, as described in **Subsection 5.2.3.5**. If KISA elects pursuant to **Subsection 5.2.3.2(iii)**, it shall be deemed to have withdrawn from this Agreement and shall relinquish its entire Participating Interest. Such relinquished Participating Interest shall be deemed to have accrued automatically to NEWMONT.

5.2.3.3 Interim Funding. The Participants recognize that there will be a delay between the time when Exploration Expenditures are actually incurred or paid and when monthly accounting reports become available for such period. Accordingly, all Exploration Expenditures or other expenditures incurred by NEWMONT subsequent to the applicable Phase-I Earn-In or Phase-II Earn-In and before an election by KISA pursuant to **Subsection 5.2.3.2** shall be credited to NEWMONT in the first joint funding Program and Budget if KISA elects pursuant to **Subsections 5.2.3.2(i) or 5.2.3.2(ii)**.

5.2.3.4 Filing Obligations. Subject to **Section 12.1**, prior to the commencement of joint funding, NEWMONT shall be responsible for making all governmental recordings/filings and paying all Government Fees due during the periods that it is completing Exploration Expenditures. Any such payments shall be credited toward the Exploration Expenditures specified in **Subsections 5.2.1 and 5.2.3**.

5.2.3.5 Financing Option. If NEWMONT completes Phase-II Earn-In, either Participant may elect, by giving Notice to the other Participant within sixty (60) days after delivery of Notice by NEWMONT under **Subsection 5.2.3.2** that it has completed Phase-II Earn-In, for NEWMONT to solely fund all Venture expenditures until commencement of Mining on the Property (the "Financing Option"). If either Participant elects the Financing Option, then (i) KISA's Participating Interest shall immediately be reduced ten percentage points (from 30% to 20% Participating Interest) and NEWMONT's Participating Interest shall immediately be increased by ten percentage points (from 70% to 80% Participating interest), (ii) upon commencement of Mining on the Properties, KISA shall, subject to Sections 6.2, 6.3 and 9.4.2, contribute funds for adopted Programs and Budgets in proportion to its Participating Interest, and (iii) NEWMONT shall receive 90% of that portion of KISA's distribution of earnings or dividends from the Venture to which KISA otherwise is entitled until such time as the amounts so received equal the aggregate amount of expenditures incurred by NEWMONT that, but for the Financing Option, would have been payable by KISA, plus interest thereon from the dates such expenditures were incurred at a rate per annum equal to LIBOR plus three percent (3%). If either Participant elects the Financing Option, the value of NEWMONT's Initial Contribution

shall be deemed to be US$20,000,000 and the value of KISA's Initial Contribution shall be deemed to be US$5,000,000.

5.3. Cash Contributions. After completion of NEWMONT's Initial Contribution under the applicable Earn-In election by NEWMONT, the Participants shall contribute funds for adopted Programs and Budgets in proportion to their respective Participating Interests, subject to elections permitted in **Subsection 5.2.3.2**, **Subsection 5.2.3.5** and **Section 9.4**.

6. **PARTICIPATING INTERESTS**

6.1 Participating Interests

6.1.1 Initial Participating Interest. The Participants shall have the following initial Participating Interests in the Venture upon completion of Phase-I Earn-In:

NEWMONT	51% (or 70% if NEWMONT completes Phase-II Earn-In; or 80% if either Participant elects the Financing Option)
KISA	49% (or 30% if NEWMONT completes Phase II Earn-In; or 20% if either Participant elects the Financing Option)

6.1.2 Changes in Participating Interests. A Participant's Participating Interest shall only be changed as follows:

6.1.2.1 as provided in **Subsection 5.2.3**;

6.1.2.2 upon an election or deemed election by a Participant pursuant to **Section 9.4** not to contribute to an adopted Program and Budget in accordance with the percentage reflected by its Participating Interest;

6.1.2.3 as provided in **Section 6.4**;

6.1.2.4 in the event of default by a Participant in making its agreed upon contribution to an adopted Program and Budget, followed by an election by the other Participant to invoke **Subsection 6.3.2**;

6.1.2.5 upon withdrawal, pursuant to **Article 11**;

6.1.2.6 pursuant to a transfer by a Participant of all or a portion of its Participating Interest in accordance with **Article 13**; or

6.1.2.7 upon acquisition by either Participant of part or all of the Participating Interest of the other Participant, however arising.

6.2 Voluntary Reduction in Participation – Dilution. After NEWMONT has completed its Initial Contribution, a Participant may elect, as provided in **Subsection 5.2.3.2** and **Section 9.4**, to limit its contributions to an adopted Program and Budget (without regard to its vote on adoption of the Program and Budget) by not contributing at all to an adopted Program and Budget. For clarity, a Participant may not elect to partially contribute, but must elect to either fully contribute or not contribute at all to an adopted Program and Budget.

In such event, the other, non-diluting Participant shall then have the option to either fully fund the remaining portion of the adopted Program and Budget; or, within fifteen (15) days following the election of the diluting Participant under **Subsection 5.2.3.2(ii), Subsection 5.2.3.2(iii) or Subsection 9.4.2**, to propose a reduced alternative Program and Budget to which the Participants shall, within seven (7) days, make a re-election under **Subsection 5.2.3.2, Subsection 9.4.1** or **Subsection 9.4.2**. If the non-diluting

Participant elects to continue with the initially adopted Program and Budget, the Participating Interest of the Participant electing not to participate shall be recalculated at the time of election by dividing the sum of **(a)** the value of that Participant's Initial Contribution as defined in **Sections 5.1 or 5.2**, plus **(b)** the total of all that Participant's contributions to previous Programs and Budgets, by the sum of **(a)** and **(b)** above for all Participants, plus (c) the amount the non-diluting Participant elects to contribute to the approved Program, and multiplying the result by 100. That is:

$$\frac{\text{(a)+(b) diluting Participant}}{\text{(a)+(b) all Participants +(c)}} \times 100 = \text{Recalculated Participating Interest}$$

The Participating Interest of the other, non-diluting Participant shall thereupon become the difference between 100% and the recalculated Participating Interest.

As soon as practicable after the necessary information is available at the end of each period covered by an adopted Program and Budget, a recalculation of each Participant's Participating Interest shall be made in accordance with the preceding formula to adjust, as necessary, the recalculations made at the beginning of such period to reflect actual contributions made by the Participants during the period. Except as otherwise provided in this Agreement, a diluting Participant shall retain all of its rights and obligations under this Agreement, including the right to participate in future Programs and Budgets at its recalculated Participating Interest.

6.3 Default in Making Contributions

6.3.1 If a Participant elects to contribute to an approved Program and Budget and then defaults in making a contribution or cash call under an approved Program and Budget the non-defaulting Participant may, but is not obligated to, advance the defaulted contribution on behalf of the defaulting Participant and treat the same, together with any accrued interest, as a demand loan bearing interest from the date of the advance at the rate provided in **Section 9.10**. The failure to repay said loan within ten (10) days following demand shall be a default.

6.3.2 The Participants acknowledge that if a Participant defaults in making a contribution to an approved Program and Budget or a cash call under **Section 9.9**, or in repaying a loan under **Subsection 6.3.1**, as required hereunder, it will be difficult to measure the damages resulting from such default and the damage to the non-defaulting Participant could be significant. In the event of such default, as reasonable liquidated damages, the non-defaulting Participant may, with respect to any such default not cured within thirty (30) days after Notice to the defaulting Participant of such default, declare the defaulting Participant in default, in which case the defaulting Participant's Participating Interest shall be shall be reduced by two times the amount that would otherwise be calculated pursuant to **Section 6.2**.

6.4 Elimination of Minority Participating Interest.

6.4.1 Conversion Trigger. Upon the reduction of its Participating Interest to Fifteen Percent (15%) or less, by other than default under **Subsection 6.3.2,** or by KISA making its election under **Subsection 5.2.3.2(iii)**, a Participant shall be deemed to have withdrawn from the Venture and shall relinquish its entire Participating Interest, free and clear of any Encumbrances arising by, through or under that Participant. Such relinquished Participating Interest shall be deemed to have accrued automatically to the other Participant, and the Participating Interest of the diluted Participant shall be converted to a One Percent (1%) Net Smelter Returns royalty, as defined in **Exhibit D**.

If a Participant forfeits its Participating Interest then any decision to place the Properties into production shall be at the sole discretion of the other Participant and if the Properties is in or is placed into production, the non-forfeiting Participant shall have the unfettered right to suspend, curtail or terminate any such operation as it in its sole discretion may determine.

6.5 Continuing Liabilities Upon Adjustments of the Participating Interests. Any actual or deemed

withdrawal of a Participant or any reduction of a Participant's Participating Interest under this Agreement shall not relieve such Participant of its share of any liability, whether it accrues before or after such withdrawal or reduction, arising out of Operations conducted prior to such withdrawal or reduction, including, without limitation, Environmental Compliance and other Continuing Obligations. For purposes of this **Article 6**, such Participant's share of such liability shall be equal to its Participating Interest at the time that the events or omissions giving rise to such liability occurred. The increased Participating Interest accruing to a Participant as a result of the reduction of the other Participant's Participating Interest shall be free from royalties, liens or other Encumbrances arising by, through or under such other Participant, other than those to which both Participants have given their written consent.

6.6 Documentation of Adjustments to Participating Interests. An adjustment to a Participating Interest need not be evidenced during the term of this Agreement by the execution and recording of appropriate instruments, but each Participant's Participating Interest shall be shown in the books of the Manager. However, either Participant, at any time upon the request of the other Participant, shall execute and acknowledge instruments necessary to evidence or effectuate such adjustment in a form sufficient for recording in the jurisdiction where the Properties are located.

6.7 Grant of Lien or Security Interest

6.7.1 Subject to **Section 6.8**, each Participant grants to the other Participant a lien upon and a security interest in its Participating Interest, including all of its right, title and interest in the Assets and the Participant's share of Products, whenever acquired or arising, and the proceeds from and accessions to the foregoing.

6.7.2 The liens and security interests granted by **Subsection 6.7.1** shall secure every obligation or liability of the Participant granting such lien or security interest created under this Agreement, including the obligation to repay a loan granted under **Subsection 6.3.1**. Each Participant hereby agrees to take all action necessary to perfect such lien and security interests and hereby appoints the other Participant, its attorney-in-fact, to execute, file and record all security documents necessary to perfect or maintain such lien and security interests.

6.8 Subordination of Interests. Each Participant shall, from time to time, take all necessary actions, including execution of appropriate agreements, to pledge and subordinate its Participating Interest, any liens it may hold which are created under this Agreement, other than those created pursuant to **Section 6.7** hereof, and any other right or interest it holds with respect to the Assets (other than any statutory lien of the Manager) to any secured borrowings for Operations approved by the Management Committee.

6.9 Effect of Conversion to a Royalty. Upon a Participant's conversion to a Net Smelter Returns royalty pursuant to **Subsections 5.2.3.2(iii), 6.4.1, 6.4.2, 6.4.3,** this Agreement shall terminate, except for the rights and obligations under **Sections 2.5, 6.5, 11.3 through 11.10, 15.6** and this **Section 6.9***.* Upon either Participant's conversion to a Net Smelter Returns royalty, the Participants shall promptly execute appropriate conveyance instruments conveying the converting Participant's interest in the Assets to the non-converting Participant, and the Participants shall execute a Royalty Deed in the form of **Exhibit D**.

7. **MANAGEMENT COMMITTEE**

7.1 Organization and Composition. Upon execution of this Agreement, the Participants shall establish a Management Committee to determine overall policies, objectives, procedures, methods and actions under this Agreement. The Management Committee shall consist of two (2) members appointed by NEWMONT and two (2) members appointed by KISA. Each Participant may appoint one or more alternates to act and vote in the absence of a regular member. Any alternate so acting shall be deemed a member. Appointments shall be made or changed by prior written Notice to the other Participant.

7.2 Decisions. Each Participant, acting through its appointed members, shall have votes on the Management Committee, in proportion to its Participating Interest. Unless otherwise provided in this Agreement, the vote of a Participant with a Participating Interest greater than fifty percent (50%) shall determine the decisions of the Management Committee. In the event of a tie vote, the Participant designated as Manager shall have the deciding vote of the Management Committee, after considering the

legitimate concerns of the other Participant. Prior to NEWMONT's completion of Phase-I Earn-In, NEWMONT shall be deemed to have a fifty-one percent (51%) Participating Interest and KISA shall be deemed to have a forty-nine (49%) Participating Interest for purposes of voting on the Management Committee, and for determining NEWMONT's right to be the Manager.

7.3 Meetings. Upon the commencement of joint funding, the Management Committee shall hold regular meetings at least annually in Denver, Colorado, U.S.A. or at other mutually agreed places on the following terms. The Manager shall give thirty (30) days Notice to the Participants of such regular meetings (unless such Notice is waived by the Participants). Additionally, any Participant may call a special meeting upon seven (7) days Notice to the Manager and the other Participant (unless such Notice is waived by the Participants). In case of emergency, reasonable Notice of a special meeting shall suffice. With respect to a regular or special meeting of the Management Committee, there shall be a quorum if at least one member representing each Participant having greater than a twenty percent (20%) Participating Interest is present; but if a quorum does not exist at any such meeting, any Participant may reschedule the meeting, at a time at least two (2) days following the originally scheduled meeting but no later than seven (7) days following the originally scheduled meeting, and, at such rescheduled meeting, there shall be a quorum if at least one member representing any Participant having greater than a twenty percent (20%) Participating Interest is present. Each Notice of a meeting shall include an itemized agenda prepared by the Manager in the case of a regular meeting, or by the Participant calling the meeting in the case of a special meeting, but any matter may be considered with the consent of all Participants. The Manager shall prepare minutes of all meetings and shall distribute copies of such minutes to the Participants within thirty (30) days after the meeting. The Participants shall have thirty (30) days after receipt to sign and return such copies or to provide any written comments on such minutes to the Manager. If a Participant timely submits written comments on such minutes, the Management Committee shall seek, for a period not to exceed thirty (30) days, to agree upon minutes of such meeting acceptable to the Participants. At the end of such period, failing agreement by the Participants on revised minutes, the minutes of the meeting shall be the original minutes as prepared by the Manager, together with the comments on the minutes made by the other Participant. These documents shall be placed in the minute book maintained by the Manager. If personnel employed in Operations are required to attend a Management Committee meeting, reasonable costs incurred in connection with such attendance shall be a Venture cost. All other costs associated with Management Committee meetings shall be paid for by the Participants individually.

7.4 Action Without Meeting. Subject to the Notice and quorum requirements under **Section 7.3**, the Management Committee may hold meetings by telephone conferences in lieu of meetings in person, so long as minutes are prepared in accordance with **Section 7.3**. The Management Committee may also take actions in writing signed by all members.

7.5 Matters Requiring Approval. Except as otherwise delegated to the Manager in **Section 8.2** or as otherwise provided in this Agreement the Management Committee shall have exclusive authority to determine all management matters related to this Agreement.

8. MANAGER

8.1 Appointment. The Participants hereby appoint NEWMONT as the Manager with overall management responsibility for Operations and to remain as Manager until it resigns pursuant to **Section 8.4**.

8.2 Powers and Duties of Manager. Subject to the terms and provisions of this Agreement, including but not limited to **Subsection 5.2.1.3**, the Manager shall have the following powers and duties:

> 8.2.1 the Manager shall manage, direct, and control Operations, and shall prepare and present to the Management Committee proposed Programs and Budgets;
>
> 8.2.2 the Manager shall implement the decisions of the Management Committee, shall make all expenditures necessary to carry out adopted Programs, and shall promptly advise the Management Committee if it lacks sufficient funds to carry out its responsibilities under this Agreement;

8.2.3 the Manager shall use reasonable efforts to: **(i)** purchase or otherwise acquire all material, supplies, equipment, water, utility and transportation services required for Operations, such purchases and acquisitions to be made on the best terms available, taking into account all of the circumstances; **(ii)** obtain such customary warranties and guarantees as are available in connection with such purchases and acquisitions; and **(iii)** keep the Assets free and clear of all Encumbrances, except for those existing at the time of, or created concurrent with, the acquisition of such Assets, or mechanic's or materialmen's liens which shall be released or discharged in a diligent manner, or Encumbrances specifically approved by the Management Committee;

8.2.4 the Manager shall conduct such title examinations and cure such title defects relating to the Properties as may be advisable in the reasonable judgment of the Manager;

8.2.5 the Manager shall: **(i)** make or arrange for all payments required by concessions, leases, licenses, permits, contracts, and other agreements related to the Assets; **(ii)** pay all taxes, assessments and like charges on Operations and Assets except taxes determined or measured by a Participant's sales revenue or net income. If authorized by the Management Committee, the Manager shall have the right to contest, in the courts or otherwise, the validity or amount of any taxes, assessments, or charges if the Manager deems them to be unlawful, unjust, unequal, or excessive, or to undertake such other steps or proceedings as the Manager may deem reasonably necessary to secure a cancellation, reduction, readjustment, or equalization thereof before the Manager shall be required to pay them, but in no event shall the Manager permit or allow title to the Assets to be lost as the result of the non-payment of any taxes, assessments, or like charges; and **(iii)** do all other acts reasonably necessary to maintain the Assets;

8.2.6 the Manager shall: **(i)** apply for all necessary permits, licenses and approvals; **(ii)** comply with the Laws; **(iii)** notify promptly the Management Committee of any allegations of substantial violation thereof; and **(iv)** prepare and file all reports or notices required for Operations. In the event of any violation of permits, licenses, Laws or approvals, the Manager shall timely cure or dispose of such violation through performance, payment of fines and penalties, or both, and the cost thereof shall be charged to the Joint Account;

8.2.7 the Manager shall notify the other Participant promptly of any litigation, arbitration, or administrative proceeding commenced against the Venture. The Manager shall prosecute and defend, but shall not initiate without consent of the Management Committee, all litigation or administrative proceedings arising out of Operations. The non-managing Participant shall have the right to participate, at its own expense, in such litigation or administrative proceedings. The Management Committee shall approve in advance any settlement involving payments, commitments or obligations in excess of US$100,000 in cash or value;

8.2.8 the Manager may dispose of Assets, whether by sale, assignment, abandonment or other transfer, in the ordinary course of business, except that Properties may be abandoned or surrendered only as provided in **Article 12**. However, without prior authorization from the Management Committee, the Manager shall not: **(i)** dispose of Assets in any one transaction having a value in excess of US$100,000, **(ii)** enter into any sales contracts or commitments for Products, except as permitted in **Section 10.2**; **(iii)** begin a liquidation of the Venture; or **(iv)** dispose of all or a substantial part of the Assets necessary to achieve the purposes of the Venture;

8.2.9 the Manager shall have the right to carry out its responsibilities hereunder through agents, Affiliates or independent contractors;

8.2.10 the Manager shall keep and maintain all required accounting and financial records pursuant to the Accounting Procedure and in accordance with generally accepted U.S. GAAP accounting procedures;

8.2.11 the Manager shall select and employ at competitive rates all supervision and labor necessary or appropriate to all Operations hereunder. All persons employed hereunder, the

number thereof, their hours of labor and their compensation shall be determined by the Manager, and they shall be employees of the Manager;

8.2.12 the Manager shall keep the Management Committee advised of all Operations by submitting in writing to the Management Committee: **(i)** prior to the commencement of joint funding, monthly progress summaries with applicable data and an annual report by each January 31, and after joint funding commences, monthly progress reports, which include statements of expenditures and comparisons of such expenditures to the adopted Budget; **(ii)** periodic summaries of data acquired; **(iii)** copies of reports concerning Operations; **(iv)** a detailed final report within sixty (60) days after completion of each Program and Budget, which shall include comparisons between actual and budgeted expenditures; and **(v)** such other reports as the Management Committee may reasonably request. At all reasonable times, the Manager shall provide the Management Committee or the representative of any Participant, upon the request of any member of the Management Committee, access to, and the right to inspect and copy, all information acquired in Operations, including but not limited to, maps, drill logs, core tests, reports, surveys, assays, analyses, production reports, operations, technical, accounting and financial records. In addition, the Manager shall allow the non-managing Participant, at its sole risk and expense, and subject to reasonable safety regulations, to inspect the Assets and Operations at all reasonable times, so long as the inspecting Participant does not unreasonably interfere with Operations;

8.2.13 the Manager shall arrange insurance for the benefit of the Participants, in such amounts and of such nature as the Manager deems necessary to protect the Assets and Operations of the Venture;

8.2.14 subject to **Subsection 5.2.3.4**, the Manager shall perform or cause to be performed all assessment and other work, and shall pay all Government Fees required by Law in order to maintain in good standing all licenses, permits, claims, concessions, fee lands, mining leases, surface leases mining leases, surface leases, Claims and other tenures included within the Properties. The Manager shall have the right to perform the assessment work required hereunder pursuant to a common plan of exploration on other properties. The Manager shall timely record and file with the appropriate governmental office any required affidavits, notices of intent to hold and other documents in proper form attesting to the payment of Government Fees and the performance of assessment work, in each case in sufficient detail to reflect compliance with the applicable requirements;

8.2.15 if authorized by the Management Committee, the Manager may: **(i)** locate, amend or relocate any unpatented mining claim or mill site or tunnel site, **(ii)** locate any fractions resulting from such amendment or relocation, **(iii)** apply for patents or mining leases or other forms of mineral tenure for any such unpatented claims or sites, **(iv)** abandon any unpatented mining claims for the purpose of locating mill sites or otherwise acquiring from the United States or State of Alaska rights to the ground covered thereby, **(v)** abandon any unpatented mill sites for the purpose of locating mining claims or otherwise acquiring from the United States or State of Alaska rights to the ground covered thereby, **(vi)** exchange with or convey to the United States or State of Alaska any of the Properties for the purpose of acquiring rights to the ground covered thereby or other adjacent ground, and **(vii)** convert any unpatented claims or mill sites into one or more leases or other forms of mineral tenure pursuant to any federal law hereafter enacted.

8.2.16 the Manager shall prepare an Environmental Compliance plan for all Operations consistent with the requirements of any applicable Laws or contractual obligations and shall include in each Program and Budget sufficient funding to implement the Environmental Compliance plan and to satisfy the financial assurance requirements of any applicable Law or contractual obligation pertaining to Environmental Compliance. To the extent practical, the Environmental Compliance plan shall incorporate concurrent reclamation of Properties disturbed by Operations;

8.2.17 the funds that are to be deposited into the Environmental Compliance fund shall be maintained by the Manager in a separate, interest bearing cash management account, which

may include, but is not limited to, money market investments and money market funds, and/or in longer term investments if approved by the Management Committee. Such funds shall be used solely for Environmental Compliance, including the committing of such funds, interests in property, insurance or bond policies, or other security to satisfy Laws regarding financial assurance for the reclamation or restoration of the Properties, and for other Environmental Compliance requirements;

8.2.18 the Manager shall undertake to perform Continuing Obligations when and as economic and appropriate, whether before or after termination of the Venture. The Manager shall have the right to delegate performance of Continuing Obligations to persons having demonstrated skill and experience in relevant disciplines. As part of each Program and Budget submittal, the Manager shall specify in such Program and Budget the measures to be taken for performance of Continuing Obligations and the cost of such measures. The Manager shall keep the other Participant reasonably informed about the Manager's efforts to discharge Continuing Obligations. Authorized representatives of each Participant shall have the right from time to time to enter the Properties to inspect work directed toward satisfaction of Continuing Obligations and audit books, records, and accounts related thereto;

8.2.19 if Participating Interests are adjusted in accordance with this Agreement the Manager shall propose from time to time one or more methods for fairly allocating costs for Continuing Obligations in a manner consistent with **Section 6.5**;

8.2.20 the Manager shall undertake all other activities reasonably necessary to fulfill the foregoing.

8.3 Standard of Care. The Manager shall discharge its duties under **Section 8.2** and conduct all Operations in a good, workmanlike and efficient manner, in accordance with sound mining, environmental and other applicable industry standards and practices, and in material compliance with the terms and provisions of concessions, leases, licenses, permits, contracts and other agreements pertaining to Assets. The Manager shall not be liable to the non-managing Participant for any act or omission resulting in damage, loss cost, penalty or fine to the Venture or non-managing Participant, except to the extent caused by or attributable to the Manager's willful misconduct or gross negligence. The Manager shall not be in default of its duties under this Agreement, if its inability to perform results from the failure of the non-managing Participant to perform acts or to contribute amounts required of it by this Agreement.

8.4 Resignation; Deemed Offer to Resign. The Manager may offer to resign upon not less than thirty (30) days prior Notice to the Management Committee, in which case the other Participant may select the successor Manager by Notice to the Management Committee within thirty (30) days after the Notice of resignation, and may appoint itself or a third party as the successor Manager. If any of the following shall occur, the Manager shall be deemed to have offered to resign, which offer shall be accepted by the other Participant (along with the appointment of a successor Manager), if at all, within ninety (90) days following such deemed offer:

8.4.1 subject to **Section 8.1**, the Participating Interest of the Manager (inclusive of any entity claiming through the Manager as provided in **Subsection 13.2.7**) ceases to be greater than or equal to the highest between the Participants, provided; however, that in the event the Manager transfers its Participating Interest to an Affiliate, such Affiliate shall automatically become the Manager; or

8.4.2 the Manager fails to perform a material obligation imposed upon it under this Agreement, and such failure continues for a period of sixty (60) days after Notice from the other Participant demanding performance; or

8.4.3 the Manager fails to pay the Venture's bills within ninety (90) days after they are due, unless the Manager contests such bills in good faith; or

8.4.4 the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official is appointed for a substantial part of the Manager's assets, and such appointment

is neither made ineffective nor discharged within thirty (30) days after the making thereof, or such appointment is consented to, requested by, or acquiesced in by the Manager; or

8.4.5 the Manager commences a voluntary case under any applicable bankruptcy, insolvency or similar law now or hereafter in effect; or consents to the entry of an order for relief in an involuntary case under any such law or to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of any substantial part of its assets; or makes a general assignment for the benefit of creditors; or takes corporate or other action in furtherance of any of the foregoing; or

8.4.6 entry is made against the Manager of a judgment, decree or order for relief affecting its ability to serve as Manager, or a substantial part of its Participating Interest or other assets by a court of competent jurisdiction in an involuntary case commenced under any applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect.

Under **Subsections 8.4.4, 8.4.5 or 8.4.6** above, any appointment of a successor Manager shall be deemed to pre-date the event causing a deemed offer of resignation.

8.5 Payments to Manager. The Manager shall be compensated for its services and reimbursed for its costs hereunder in accordance with the Accounting Procedure set forth in **Exhibit C**.

8.6 Transactions With Affiliates. If the Manager engages Affiliates to provide services hereunder, it shall do so on terms no less favorable than would be the case with unrelated persons in arm's-length transactions.

8.7 Independent Contractor. The Manager is and shall act as an independent contractor and not as the agent of the other Participant. The Manager shall maintain complete control over its employees and all of its subcontractors with respect to performance of the Operations. Nothing contained in this Agreement or any subcontract awarded by the Manager shall create any contractual relationship between any subcontractor and the other Participant. The Manager shall have complete control over and supervision of Operations and shall direct and supervise the same so as to ensure their conformity with this Agreement.

9. **PROGRAMS AND BUDGETS**

9.1 Operations Pursuant to Programs and Budgets. After Notice of commencement of joint funding pursuant to **Subsection 5.2.3.2**, Operations shall be conducted, expenses shall be incurred, and Assets shall be acquired only pursuant to an initial Program and Budget under **Subsection 5.2.3.2**, or subsequently, to a Program and Budget approved pursuant to **Section 9.2**. Every Program and Budget adopted pursuant to this Agreement shall provide for accrual of reasonably anticipated Environmental Compliance expenses for all operations contemplated under the Program and Budget.

9.2 Presentation of Programs and Budgets. Proposed Programs and Budgets shall be prepared by the Manager and shall be for six (6) month periods or any longer periods not to exceed one (1) year. Each adopted Program and Budget, regardless of length, shall be reviewed at least once per year at the annual meeting of the Management Committee. Notwithstanding whether a portion of a previous period's Program and Budget is being carried forward to fund activities continuing beyond the current year, at least thirty (30) days prior to the annual meeting of the Management Committee, a proposed Program and Budget for the succeeding period shall be prepared by the Manager and submitted to the Participants. Within ten (10) days of receipt of the proposed Program and Budget, the Participants may submit written comments to the Manager detailing revisions or modifications that they would like to have made to the proposed Program and Budget. If such written comments are received, the Manager, working with the other Participant, shall seek for a period of time not to exceed fifteen (15) days to develop a revised Program and Budget acceptable to both Participants. The Manager shall submit any revised proposed Program and Budget to the Participants at least five (5) days prior to the annual meeting of the Management Committee.

9.3 Adoption of Proposed Programs and Budgets. At the annual meeting, the Management Committee

shall consider and vote on the proposed Program and Budget.

9.4 Election to Participate. By Notice to the Management Committee within twenty (20) days after the final vote adopting a Program and Budget, a Participant may elect to contribute to such Program and Budget as follows:

9.4.1 in proportion to its respective Participating Interest as of the beginning of the period covered thereby; or

9.4.2 not at all, in which case its Participating Interest shall be recalculated as provided in **Section 6.2**, and such recalculated Participating Interest shall be effective the first day of the period covered by the adopted Program and Budget.

If a Participant fails to provide Notice to the Management Committee under this **Section 9.4**, the Participant will be deemed to have elected to contribute to such Program and Budget in proportion to its Participating Interest at the beginning of such Program and Budget period.

9.5 Budget Overruns; Program Changes. The Manager shall immediately notify the Management Committee of any material departure from an adopted Program and Budget. If the Manager exceeds the total of an adopted Budget by more than ten percent (10%), then the excess over ten percent (10%), unless directly caused by an emergency or unexpected expenditure made pursuant to **Section 9.7**, or authorized or ratified by a unanimous decision of the Management Committee, shall be for the sole account of the Manager and such excess shall not be included in the calculations of the Participating Interests. Budget overruns of ten percent (10%) or less shall be borne by the Participants in proportion to their respective Participating Interests as of the time the overrun occurs.

9.6 Re-Election to Participate. If the Manager expended or incurred obligations of less than eighty percent (80%) of the adopted Budget, within thirty (30) days of receiving the Manager's report on expenditures, a diluted Participant may notify the other Participant of its election to reimburse the other Participant for the difference between any amount contributed by the diluted Participant to such adopted Program and Budget and the diluted Participant's proportionate share (at the diluted Participant's former Participating Interest) of the actual amount expended or incurred for the Program, plus interest on the difference accruing at the rate described in **Section 9.10**. The diluted Participant shall deliver the appropriate amount (including interest) to the other Participant with such Notice. Failure of the diluted Participant to so notify and tender such amount shall result in dilution occurring in accordance with **Section 6.2** and shall bar the diluted Participant from its rights under this **Section 9.6** concerning the relevant adopted Program and Budget.

9.7 Emergency Expenditures. In case of emergency, the Manager may take any action it deems necessary to protect life, limb or property, to protect the Assets or to comply with Law. The Manager may also make reasonable expenditures on behalf of the Participants for unexpected events that are beyond its reasonable control. In the case of an emergency or unexpected expenditure, the Manager shall promptly notify the Participants of the expenditure, and the Manager shall be reimbursed therefor by the Participants in proportion to their respective Participating Interests at the time the emergency or unexpected expenditure is incurred.

9.8 Monthly Statements. After Notice to commence joint funding, the Manager shall submit to the Management Committee monthly statements of account reflecting in reasonable detail the charges and credits to the Joint Account.

9.9 Cash Calls. On the basis of adopted Programs and Budgets, the Manager shall submit to each Participant, prior to the fifteenth (15^{th}) day of each month, a billing for estimated cash and Environmental Compliance fund requirements for the next month. Within fifteen (15) days after receipt of each billing, or a billing made pursuant to **Sections 9.7 or 11.4**, each Participant shall advance to the Manager its proportionate share of the estimated amount. Time is of the essence of payment of such billings. The Manager shall at all times maintain a cash balance approximately equal to the rate of disbursement for up to two (2) months. After a decision has been made to begin Development, all funds in excess of immediate cash requirements shall be invested in interest-bearing accounts for the benefit of the Joint

Account.

9.10 Failure to Meet Cash Calls. A Participant that fails to meet cash calls in the amount and at the times specified in **Section 9.9** shall be in default, and the amounts of the defaulted cash call shall bear interest from the date due at an annual rate equal to five (5) percentage points over the Prime Rate or the maximum interest rate permitted by law, if less than this. "Prime Rate" means the annual percentage rate in effect from time to time for demand, commercial loans quoted by CITIBANK, N.A. at its main branch in New York City, New York, U.S.A. to its most credit-worthy customers. Such interest shall accrue to the benefit of and be payable to the non-defaulting Participant, but shall not be deemed as amounts contributed by the non-defaulting Participant in the event dilution occurs in accordance with **Article 6**. The non-defaulting Participant shall have those rights, remedies and elections specified in **Section 6.3**, as well as any other rights and remedies available to it by Law.

9.11 Audits. Upon request of any Participant made within twenty-four (24) months following the end of any calendar year (or, if the Management Committee has adopted an accounting period other than the calendar year, within twenty-four (24) months after the end of such period), the Manager shall order an audit of the accounting and financial records for such calendar year (or other accounting period). All exceptions to the audit and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing not later than three (3) months after receipt of the audit report by the Participant that requested the audit. A Participant's failure to make such exceptions or claims within the three (3) month period shall **(i)** mean that the audit is correct and binding upon the Participants and **(ii)** result in a waiver of any right to make claims upon the Manager for discrepancies disclosed by the audit. The audits shall be conducted by an international firm of certified public/chartered accountants selected by the Manager, unless otherwise agreed by the Management Committee. In addition each Participant shall have the right to conduct an independent audit of all books, records and accounts, at the expense of the requesting Participant, and which audit right will be limited to the period not more than twenty-four (24) months prior to the calendar year in which the audit is conducted. All exceptions to and claims upon the Manager for discrepancies disclosed by such audit shall be made in writing within three (3) months after completion or delivery of such audit, or they shall be deemed waived.

10. **DISPOSITION OF PRODUCTION**

10.1 Taking In Kind. Each Participant shall take in kind or separately dispose of its share of all Products in accordance with its Participating Interest. Any extra expenditure incurred in the taking in kind or separate disposition by any Participant of its proportionate share of Products shall be borne by such Participant. Nothing in this Agreement shall be construed as providing, directly or indirectly, for any joint or cooperative marketing or selling of Products or permitting the processing of Products of anyone other than the Participants at any processing facilities constructed by the Participants pursuant to this Agreement. The Manager shall give the Participants Notice at least ten (10) days in advance of the delivery location and date upon which their respective shares of Products will be available.

10.2 Failure of Participant to Take in Kind. If a Participant fails to take its share of Products in kind, the Manager may, but is not obligated, to sell such share on behalf of that Participant at not less than the prevailing market price in the area for a period of time consistent with the minimum needs of the industry, but not to exceed one (1) year from the date of Notice under **Section 10.1**. Subject to the terms of any such contracts of sale then outstanding, during any period that the Manager is selling a Participant's share of production, the Participant may elect by Notice to the Manager to take in kind. The Manager shall be entitled to deduct from proceeds of any sale by it for the account of a Participant reasonable expenses incurred in such a sale.

10.3 Hedging. Neither Participant shall have any obligation to account to the other Participant for, nor have any interest or right of participation in any profits or proceeds, nor have any obligation to share in any losses from, future contracts, forward sales, trading inputs, calls, options or any similar hedging, price protection or marketing mechanism employed by a Participant with respect to its proportionate share of any Products produced or to be produced from the Properties.

11. **WITHDRAWAL AND TERMINATION**

11.1 Termination by Agreement. The Participants may terminate the Venture at any time by written agreement.

11.2 Termination Where No Program Proposed. If neither Participant proposes a Program and Budget for a period of two (2) consecutive years, then the Venture shall terminate.

11.3 Withdrawal and Termination by Newmont Prior to Completion of its Initial Contribution. Prior to the commencement of joint funding, NEWMONT may withdraw from the Venture for any reason, upon not less than thirty (30) days prior written Notice to the other Participant, provided that Newmont shall pay all Government Fees that will become due in the calendar year of the delivery of such Notice. Upon such withdrawal, the Venture shall terminate and NEWMONT's Participating Interest shall be deemed to be transferred to the other Participant. In the event NEWMONT withdraws from the Venture prior to commencement of joint funding, it shall solely be responsible for reclaiming all surface disturbance on the Properties caused by NEWMONT during the Earn-In period, to the extent required by Law, unless the other Participant, with fifteen (15) days following such Notice, **(i)** agrees in writing with NEWMONT to assume such responsibility, and **(ii)** posts any financial surety or bonding required with respect to the reclamation of such disturbance. NEWMONT shall retain a reasonable right of access across the Properties for that purpose.

11.4 Withdrawal and Termination Following Completion of NEWMONT's Initial Contribution. After Earn-In, either Participant may elect to withdraw as a Participant from the Venture upon the later of not less than sixty (60) days Notice to the other Participant, or the end of the then current Program and Budget. Upon such withdrawal, the Venture shall terminate, and the withdrawing Participant shall be deemed to have transferred to the remaining Participant, without cost and free and clear of royalties, liens or other Encumbrances arising by, through or under such withdrawing Participant, except those which all Participants have given their written consent after the Effective Date of this Agreement, all of its Participating Interest. Any withdrawal under this **Section 11.4** shall not relieve the withdrawing Participant of its share of liabilities to third parties (whether such accrues before or after such withdrawal) arising out of Operations conducted prior to such withdrawal. For purposes of this **Section 11.4**, the withdrawing Participant's share of such liabilities shall be equal to its Participating Interest at the time that the act or omission giving rise to such liability occurred.

11.5 Continuing Obligations. On termination of the Venture the Participants shall remain liable for Continuing Obligations, including Environmental Liabilities, until final settlement of all accounts and for any liability, whether it accrues before or after termination, if it arises out of Operations during the term of the Agreement. For purposes of this **Section 11.5**, a Participant's share of such liabilities shall be equal to its Participating Interest at the time that the act or omission giving rise to such liability occurred.

11.6 Disposition of Assets on Termination. Promptly after termination under **Sections 11.1 or 11.2**, the Manager shall take all action necessary to wind up the activities of the Venture and to dispose of or distribute the Assets, and all costs and expenses incurred in connection with the termination of the Venture shall be expenses chargeable to the Venture.

11.7 Right to Data After Termination. After termination of the Venture under **Section 11.1**, each Participant shall be entitled to copies of all information acquired hereunder as of the date of termination and not previously furnished to it, but a terminating or withdrawing Participant shall not be entitled to any such copies after any other termination or withdrawal.

11.8 Non-Compete Covenants. A Participant that is deemed to have withdrawn pursuant to **Subsection 5.2.3.2(iii), Sections 6.3, 6.4** or has withdrawn pursuant to **Sections 11.3** or **11.4**, shall not directly or indirectly acquire any interest in property within the Area of Interest for two (2) years after the effective date of withdrawal. If the withdrawing Participant, or the Affiliate of a withdrawing Participant, breaches this **Section 11.8**, such Participant or Affiliate shall be obligated to offer to convey to the non-withdrawing Participant, without cost, any such property or interest so acquired. Such offer shall be made in writing and can be accepted by the non-withdrawing Participant at any time within forty-five (45) days after it is received by such non-withdrawing Participant.

11.9 Continuing Authority. On termination of the Venture under **Sections 6.9, 11.1, 11.2, 11.3 or 11.4,**

the Participant which was the Manager prior to such termination or withdrawal (or the other Participant in the event of a withdrawal by the Manager) shall have the power and authority to do all things on behalf of both Participants which are reasonably necessary or convenient to:

11.9.1 wind-up Operations; and

11.9.2 complete any transaction and satisfy any obligation, unfinished or unsatisfied, at the time of such termination or withdrawal, if the transaction or obligation arises out of Operations prior to such termination or withdrawal. The Manager shall have the power and authority to grant or receive extensions of time or change the method of payment of an already existing liability or obligation, prosecute and defend actions on behalf of both Participants and the Venture, encumber Assets, and take any other reasonable action in any matter with respect to which the former Participants continue to have, or appear or are alleged to have, a common interest or a common liability.

11.10 Survival of Ingress and Egress After Termination. After termination of the Venture, the Participants shall continue to have rights of ingress and egress to the Properties for purposes of ensuring Environmental Compliance.

12. **ABANDONMENT AND SURRENDER OF PROPERTIES**

12.1 The Management Committee may authorize the Manager to surrender or abandon some or all of the Properties. If the Management Committee authorizes any such surrender or abandonment over the objection of a Participant, the Participant that desires to abandon or surrender shall assign to the objecting Participant, by deed, assignment, or appropriate document, and without cost to the objecting Participant, all of the surrendering Participant's interest in the Properties to be abandoned or surrendered, and the abandoned or surrendered Properties shall cease to be part of the Properties. Provided, however, the objecting Participant shall assume all responsibility and liabilities, including but not limited to Environmental Liabilities, with regard to the surrendered or abandoned Properties.

13. **TRANSFER OF INTEREST**

13.1 General. A Participant shall have the right to transfer to any third party all or any part of its interest in or to this Agreement, its Participating Interest, or the Assets solely as provided in this **Article 13**. For the purposes of this **Article 13** the word transfer shall mean to convey, sell, assign, grant an option, create an Encumbrance or in any manner transfer or alienate, but excluding and excepting alienation done for the purposes of obtaining financing pursuant to **Section 13.5**.

13.2 Limitations on Free Transferability. The transfer right of a Participant in **Section 13.1** shall be subject to the following terms and conditions:

13.2.1 no Participant shall transfer any interest in this Agreement or the Assets (including but not limited to any royalty, profits or other interest in the Products) except by transfer of part or all of a Participating Interest or deemed Participating Interest;

13.2.2 no transferee of all or part of any Participating Interest shall have the rights of a Participant unless and until the transferring Participant has provided to the other Participant Notice of the transfer, and the transferee, as of the effective date of the transfer, has committed in writing to be bound by this Agreement to the same extent and nature as the transferring Participant;

13.2.3 no transfer permitted by this **Article 13** shall relieve the transferring Participant of its share of any liability, to the extent the transferee fails to satisfy such liability, whether accruing before or after such transfer, which arises out of Operations conducted prior to such transfer;

13.2.4 neither Participant, without the consent of the other, shall make a transfer that would violate any Law, or result in the cancellation of any permits, licenses, or other similar authorizations;

13.2.5 the transferring Participant and the transferee shall bear all tax consequences of the transfer;

13.2.6 such transfer shall be subject to a preemptive right in the other Participant as provided in **Section 13.3**;

13.2.7 in the event of a transfer of less than all of a Participating Interest, the transferring Participant and its transferee shall act and be treated as one Participant, and in such event in order for the transfer to be effective, the transferring Participant and its transferee shall provide written Notice to the non-transferring Participant designating a sole authorized agent to act on behalf of their collective Participating Interest. Such Notice shall provide that **(i)** the agent has the sole authority to act on behalf of, and to bind the transferring Participant and its transferee on all matters pertaining to this Agreement or the Venture, **(ii)** the notified Participant may rely on all decisions of, Notices and other communications from, and failures to respond by, the agent, as if given (or not given) by the transferring Participant and its transferee; and **(iii)** all decisions of, Notices and other communications from, and failures to respond by, the notified Participant to the agent shall be deemed to have been given (or not given) to the transferring Participant and its transferee.

13.3 Encumbrances. Neither Participant shall pledge, mortgage, or otherwise create an Encumbrance on its interest in this Agreement or the Assets except for the purpose of securing project financing relating to the Properties, including its share of funds for Development or Mining costs and in such event both Participants, acting reasonably, shall agree to the terms and conditions of such Encumbrance. The right of a Participant to grant such Encumbrance shall be subject to the condition that the holder of the Encumbrance ("Chargee") first enter into a written agreement with the other Participant, in a form acceptable to that Participant, acting reasonably, which provides:

13.3.1 the Chargee shall not enter into possession or institute any proceedings for foreclosure or partition of the encumbering Participant's Participating Interest except as provided in **Section 13.3.2** and that such Encumbrance shall be subject to the provisions of this Agreement;

13.3.2 the Chargee's remedies under the Encumbrance shall be limited to the sale of the whole (but only of the whole) of the encumbering Participant's Participating Interest to the other Participant, or, failing such a sale, at a public auction to be held at least forty-five (45) days after prior Notice to the other Participant, such sale to be subject to the purchaser entering into a written agreement with the other Participant whereby such purchaser assumes all obligations of the encumbering Participant under the terms of this Agreement. The price of any preemptive sale to the other Participant shall be the remaining principal amount of the loan plus accrued interest and related expenses, and such preemptive sale shall occur within sixty (60) days of the Chargee's Notice to the other Participant of its intent to sell the encumbering Participant's Participating Interest. Failure of a sale to the other Participant to close by the end of such period, unless failure is caused by the encumbering Participant or by the Chargee, shall permit the Chargee to sell the encumbering Participant's Participating Interest at a public sale; and

13.3.3 the charge shall be subordinate to any then-existing debt, including project financing previously approved by the Management Committee, encumbering the transferring Participant's Participating Interest.

14. **ACQUISITION WITHIN AREA OF INTEREST**

14.1 General**.** Any interest or right to acquire any interest in real property, mining rights, mineral tenure or water rights within the Area of Interest, including any royalty interest, acquired while this Agreement is in effect by or on behalf of a Participant or any Affiliate shall be subject to the terms and provisions of this **Article 14**. This Section shall apply to any Properties previously abandoned under **Article 12**.

14.2 Notice to Non-Acquiring Participant. Within ten (10) days after the acquisition of any interest or the

right to acquire any interest in real property, mining rights, mineral tenure or water rights wholly or partially within the Area of Interest (except real property, mining rights, mineral tenure or water rights acquired by the Manager pursuant to a Program), the acquiring Participant shall notify the other Participant of such acquisition by it or its Affiliate. If the acquisition of any interest pertains to real property, mining rights, mineral tenure or water rights partially within the Area of Interest, then all property subject to the acquisition shall be subject to **Article 14**. The acquiring Participant's Notice shall describe in detail the acquisition, the lands and minerals covered thereby, the costs thereof, and the reasons why the acquiring Participant believes that the acquisition is in the best interests of the Participants under this Agreement. In addition to such Notice, the acquiring Participant shall make any and all information concerning the acquired interest available for inspection by the other Participant.

14.3 Option Exercise. If, within thirty (30) days after receiving the acquiring Participant's Notice, the other Participant notifies the acquiring Participant of its election to accept a proportionate interest in the acquired interest equal to its Participating Interest, then title to such acquired interest shall be conveyed as specified in **Section 2.3**, free and clear of all Encumbrances arising by, through or under the acquiring Participant or its Affiliate. The acquired interest shall become a part of the Properties for all purposes of this Agreement immediately upon the Notice of such other Participant's election to accept the proportionate interest therein. Such other Participant shall promptly pay to the acquiring Participant a proportionate share of the latter's actual out-of-pocket acquisition costs equal to such other Participant's Participating Interest. Provided, however, in the event of any acquisition by NEWMONT within the Area of Interest prior to the commencement of joint funding, all out-of-pocket acquisition costs shall be borne by NEWMONT and credited toward NEWMONT's Initial Contribution.

14.4 Option Not Exercised. If the other Participant does not give Notice within the thirty (30) day period set forth in **Section 14.3**, it shall have no interest in the acquired interest, and the acquired interest shall not be a part of the Properties or be subject to this Agreement.

15. **GENERAL PROVISIONS**

15.1 Notices. All Notices, payments and other required communications ("Notice" or "Notices") to the Participants shall be in writing, and shall be given **(i)** by personal delivery to the Participant, or **(ii)** by electronic communication, with a confirmation sent by registered or certified mail, return receipt requested, or **(iii)** by registered or certified mail, return receipt requested. All Notices shall be effective and shall be deemed delivered **(i)** if by personal delivery on the date of delivery, **(ii)** if by electronic communication on the date of receipt of the electronic communication or the next business day if the date of receipt is not a business day, and **(iii)** if solely by mail on the day delivered as shown on the actual receipt. A Participant may change its address from time-to-time by Notice to the other Participant.

Notice to NEWMONT shall be sent to:

Newmont North America Exploration Limited
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Facsimile: 303.837.5851

with a copy to:

Newmont Mining Corporation
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Attn: Land Department
Fax: 303.837.5851

Notice to KISA shall be sent to:
Kisa Gold Mining, Inc.
10807 E. Montgomery Dr., Suite #1
Spokane, WA 99206
Facsimile: 509.893.0170

15.2 Waiver. The failure of a Participant to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit the Participant's right thereafter to enforce any provision or exercise any right.

15.3 Modification. No modification of this Agreement shall be valid unless made in writing and duly executed by the Participants.

15.4 Force Majeure. The obligations of a Participant, other than the payment of money provided hereunder, shall be suspended to the extent and for the period that performance is prevented or delayed by Force Majeure. Notwithstanding NEWMONT's right to satisfy any Exploration Expenditure obligation by cash payment in accordance with **Subsection 5.2.2**, NEWMONT's Exploration Expenditure obligations during Phase-I Earn-in and, if applicable Phase-II Earn-In, shall be subject to this **Section 15.4.** The affected Participant shall promptly give Notice to the other Participant of the suspension of performance, stating therein the nature of the suspension, the reasons therefore, and the expected duration thereof. Immediately upon the cessation of Force Majeure the affected Participant shall notify the other Participant in writing and shall take steps to recommence and or continue the performance that was suspended as soon as reasonably possible. During the period of suspension, the obligations of the Participants to advance funds pursuant to **Section 9.9** shall be reduced to levels consistent with Operations.

15.5 Survival of Terms and Conditions. The provisions of this Agreement shall survive the transfer of any interests in the Assets under this Agreement or the termination of the Venture to the full extent necessary for their enforcement and the protection of the Participant in whose favor they run.

15.6 Confidentiality and Public Statements.

15.6.1 Except for recording the Memorandum of Agreement pursuant to **Section 15.18** and as otherwise provided in this **Section 15.6**, the terms and conditions of this Agreement, and all data, reports, records, and other information of any kind whatsoever developed or acquired by any Participant in connection with this Venture shall be treated by the Participants as confidential (hereinafter called "Confidential Information") and no Participant shall reveal or otherwise disclose such Confidential Information to third parties without the prior written consent of the other Participant. Confidential Information that is available or that becomes available in the public domain, other than through a breach of this provision by a Participant, shall no longer be treated as Confidential Information.

15.6.2 The foregoing restrictions shall not apply to the disclosure of Confidential Information to any Affiliate, to any public or private financing agency or institution, to any contractors or subcontractors which the Participants may engage and to employees and consultants of the Participants or to any third party to which a Participant contemplates the transfer, sale, assignment, Encumbrance or other disposition of all or part of its Participating Interest pursuant to **Article 13**; provided, however, that in any such case only such Confidential Information as such third party shall have a legitimate business need to know shall be disclosed and the person or company to whom disclosure is made shall first undertake in writing to protect the confidential nature of such information at least to the same extent as the parties are obligated under this **Section 15.6**.

15.6.3 In the event that a Participant or an Affiliate thereof is required to disclose Confidential Information to any government, any court, agency or department thereof, or any stock exchange, to the extent required by applicable law, rule or regulation, or in response to a legitimate request for such Confidential Information, the Participant so required shall immediately notify the other Participants hereto of such requirement and the terms thereof, and the proposed form and content of the disclosure prior to such submission. The other Participant shall have the right to review and comment upon the form and content of the disclosure and to object to such disclosure to the court, agency, exchange or department concerned, and to seek confidential treatment of any Confidential Information to be disclosed on such terms as such Participant shall, in its sole discretion, determine.

15.6.4 The provisions of **Section 15.6** shall apply during the term of this Agreement and shall continue to apply to any Participant who withdraws, who is deemed to have withdrawn, or which forfeits, surrenders, assigns, transfers or otherwise disposes of its Participating Interest for a

period of five (5) years following the occurrence of such event or two (2) years from the effective date of any termination of this Agreement, whichever is sooner**.**

15.6.5 A Participant shall not issue any press release relating to the Properties or this Agreement except upon giving the other Participant not less than three (3) business days advance written Notice of the contents thereof, and the Participant proposing such press release shall make any reasonable changes to such proposed press release as such changes may be timely requested by the non-issuing Participant, provided, however, the Participant proposing such press release may include in any press release without Notice any information previously reported by the Participant proposing such press release. A Participant shall not, without the consent of the other Participant, issue any press release that implies or infers that the non-issuing Participant endorses or joins the issuing Participant in statements or representations contained in any press release.

15.7 Entire Agreement; Successors and Assigns. This Agreement contains the entire understanding of the Participants and supersedes all prior agreements and understandings, whether written or oral, between the Participants relating to the subject matter hereof, with respect to the Assets subject hereto, and any and all other prior negotiations, representations, offers or understandings between KISA and NEWMONT relating to the Properties, whether written or oral. This Agreement and the obligations and rights created herein shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Participants.

15.8 Dispute Resolution. Disputes resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof may be resolved by a court of competent jurisdiction. In any litigation between the Participants or any person claiming under them, resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof, the substantially prevailing party shall be entitled to recover all reasonable costs, expenses, legal and expert witness fees and other costs of suit incurred by it in connection with such litigation, including such costs, expenses and fees incurred prior to the commencement of the litigation, in connection with any appeals, and in collecting or otherwise enforcing any final judgment entered therein. If a party substantially prevails on some aspects of such action, but not on others, the court may apportion any award of costs and legal fees in such manner as it deems equitable.

15.9 Remedies. Each of the Participants agrees that its failure to comply with the covenants and restrictions set out in **Article 13** would constitute an injury and damage to the other Participant impossible to measure monetarily and, in the event of any such failure, the other Participant shall, in addition and without prejudice to any other rights and remedies at law or in equity, be entitled to injunctive relief restraining, enjoining or specifically enforcing any acquisition, sale, transfer, charge or Encumbrance save in accordance with or as required by the provisions of **Article 13**. Any Participant intending to breach the provisions of **Article 13** hereby waives any defense it might have in law or in equity to such injunctive or other equitable relief. A Participant shall be entitled to seek injunctive relief in any court of competent jurisdiction in the event of a Participant's failure or threat of a failure to comply with the covenants and restrictions set out in **Article 13**.

15.10. Further Assurances.

15.10.1 Each Participant shall take, from time to time and without additional consideration, such further actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement and minimize adverse tax consequences on the Participants.

15.10.2 Separate Joint Stock Company. The Participants specifically recognize that it may be necessary or desirable to create a joint stock company under the laws of the country where the Properties are located to hold title to the Properties, which company shall have a separate shareholders agreement. Such shareholders agreement shall reflect the terms and intent of this Agreement in such a way so as to approximate most closely the intent of the Participants in compliance with the Laws of the State of Alaska. The shareholders agreement and articles and by-

laws of the joint stock company shall reflect the terms and intent of this Agreement to the extent deemed necessary and practical by the Participants. Shares in the joint stock company shall be held, and all payments from the joint stock company to the shareholders or their Affiliates shall be made, in accordance with the Participant's respective Participating Interests. Membership on the board of directors of the joint stock company shall be the same as the membership on the Management Committee and all of the provisions of this Agreement relating to the Management Committee shall be applicable to the board of directors. The voting rights of the shareholders and the board of directors of the joint stock company shall be the same as the voting rights of the Participants under this Agreement.

15.11 Headings. The headings to the Sections of this Agreement and the Exhibits are inserted for convenience only and shall not affect the construction hereof.

15.12 Currency. All dollar amounts expressed herein refer to lawful currency of the United States of America, unless otherwise specified.

15.13 Severability. If any provision of this Agreement is or shall become illegal, invalid, or unenforceable, in whole or in part, the remaining provisions shall nevertheless be and remain valid and enforceable and the said remaining provisions shall be construed as if this Agreement had been executed without the illegal, invalid, or unenforceable portion.

15.14 Taxes. Each Participant shall be directly responsible for and shall directly pay all taxes applicable to revenues received by the Participant through Operations under this Agreement. In particular, each Participant shall individually file its tax returns with the proper authorities and independently file claims for and recover any income tax credits. A Participant's decisions with respect to such tax matters shall not have any binding effect on the course of actions taken by the other Participant. All costs of Operations incurred hereunder shall be for the account of the Participant or Participants making or incurring the same, if more than one then in proportion to their respective Participating Interests, and each Participant on whose behalf any costs have been so incurred shall be entitled to claim all tax benefits, write-offs and deductions with respect thereto. To the extent this Agreement is characterized as a partnership for U.S. tax purposes, Newmont shall be designated as Tax Partner Manager; and Newmont shall be allocated any and all amortization or depreciation deductions attributable to those expenditures Newmont contributes one hundred percent (100%).

15.15 Rule Against Perpetuities. The Participants do not intend that there be any violation of the rule of perpetuities, the rule against unreasonable restraints or the alienation of property, or any similar rule. Accordingly, if any right or option to acquire any interest in the Properties, in a Participating Interest, in the Assets, or in any real property exists under this Agreement, such right or option must be exercised, if at all, so as to vest such interest within time periods permitted by applicable rules. If, however, such violation should inadvertently occur, the Participants hereby agree that a court shall reform that provision in such a way as to approximate most closely the intent of the Participants within the limits permissible under such rules.

15.16 Partition. Each of the parties waives, during the term of this Agreement, any right to partition of the Assets or any part thereof and no party shall seek or be entitled to partition of the Properties or other Assets whether by way of physical partition, judicial sale or otherwise during the term of this Agreement.

15.17 Governing Law. This Agreement shall be construed and governed by the laws of Colorado, U.S.A., without reference to the choice of law or conflicts of law principles thereof.

15.18 Memorandum of Agreement. After execution of this Agreement, the Manager shall record in the records of the applicable jurisdiction where the Properties are located, a Memorandum of Agreement, in the form of **Exhibit F**. Unless both Participants otherwise agree in writing, this Agreement shall not be recorded.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

NEWMONT: NEWMONT NORTH AMERICA EXPLORATION LIMITED

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

KISA: Kisa Gold Mining, Inc.

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

Exhibit A
(to Venture Agreement)
PROPERTIES

The following State of Alaska Mining Claims:

Claim Name	ADL File Number	Acres	PLS Description (Seward Meridian)	Recording Date	Document Number
CHILLY 1	660624	160	SE 1/4, S16, T14N, R47W	8/23/2007	2007-001066-0
CHILLY 2	660625	160	SW 1/4, S16, T14N, R47W	8/23/2007	2007-001067-0
CHILLY 3	660626	160	SE 1/4, S17, T14N, R47W	8/23/2007	2007-001068-0
CHILLY 4	660627	160	SW 1/4, S17, T14N, R47W	8/23/2007	2007-001069-0
CHILLY 5	660628	160	NE 1/4, S16, T14N, R47W	8/23/2007	2007-001070-0
CHILLY 6	660629	160	NW 1/4, S16, T14N, R47W	8/23/2007	2007-001071-0
CHILLY 7	660630	160	NE 1/4, S17, T14N, R47W	8/23/2007	2007-001072-0
CHILLY 8	660631	160	NW 1/4, S17, T14N, R47W	8/23/2007	2007-001073-0
CHILLY 9	660632	160	SE 1/4, S10, T14N, R47W	8/23/2007	2007-001074-0
CHILLY 10	660633	160	SW 1/4, S10, T14N, R47W	8/23/2007	2007-001075-0
CHILLY 11	660634	160	SE 1/4, S9, T14N, R47W	8/23/2007	2007-001076-0
CHILLY 12	660635	160	SW 1/4, S9, T14N, R47W	8/23/2007	2007-001077-0
CHILLY 13	660636	160	SE 1/4, S8, T14N, R47W	8/23/2007	2007-001078-0
CHILLY 14	660637	160	SW 1/4, S8, T14N, R47W	8/23/2007	2007-001079-0
CHILLY 15	660638	160	NE 1/4, S10, T14N, R47W	8/23/2007	2007-001080-0
CHILLY 16	660639	160	NW 1/4, S10, T14N, R47W	8/23/2007	2007-001081-0
CHILLY 17	660640	160	NE 1/4, S9, T14N, R47W	8/23/2007	2007-001082-0
CHILLY 18	660641	160	NW 1/4, S9, T14N, R47W	8/23/2007	2007-001083-0
CHILLY 19	660642	160	NE 1/4, S8, T14N, R47W	8/23/2007	2007-001084-0
CHILLY 20	660643	160	NW 1/4, S8, T14N, R47W	8/23/2007	2007-001085-0
CHILLY 21	660644	160	SE 1/4, S3, T14N, R47W	8/23/2007	2007-001086-0
CHILLY 22	660645	160	SW 1/4, S3, T14N, R47W	8/23/2007	2007-001087-0
CHILLY 23	660646	160	SE 1/4, S4, T14N, R47W	8/23/2007	2007-001088-0
CHILLY 24	660647	160	SW 1/4, S4, T14N, R47W	8/23/2007	2007-001089-0
CHILLY 25	660648	160	SE 1/4, S5, T14N, R47W	8/23/2007	2007-001090-0
CHILLY 26	660649	160	SW 1/4, S5, T14N, R47W	8/23/2007	2007-001091-0
CHILLY 27	660650	160	NE 1/4, S3, T14N, R47W	8/23/2007	2007-001092-0
CHILLY 28	660651	160	NW 1/4, S3, T14N, R47W	8/23/2007	2007-001093-0
CHILLY 29	660652	160	NE 1/4, S4, T14N, R47W	8/23/2007	2007-001094-0
CHILLY 30	660653	160	NW 1/4, S4, T14N, R47W	8/23/2007	2007-001095-0
CHILLY 31	660654	160	NE 1/4, S5, T14N, R47W	8/23/2007	2007-001096-0
CHILLY 32	660655	160	NW 1/4, S5, T14N, R47W	8/23/2007	2007-001097-0
CHILLY 33	660656	160	SE 1/4, S35, T15N, R47W	8/23/2007	2007-001098-0
CHILLY 34	660657	160	SW 1/4, S35, T15N, R47W	8/23/2007	2007-001099-0
CHILLY 35	660658	160	SE 1/4, S34, T15N, R47W	8/23/2007	2007-001100-0
CHILLY 36	660659	160	SW 1/4, S34, T15N, R47W	8/23/2007	2007-001101-0
CHILLY 37	660660	160	SE 1/4, S33, T15N, R47W	8/23/2007	2007-001102-0
CHILLY 38	660661	160	SW 1/4, S33, T15N, R47W	8/23/2007	2007-001103-0
CHILLY 39	660662	160	NE 1/4, S35, T15N, R47W	8/23/2007	2007-001104-0
CHILLY 40	660663	160	NW 1/4, S35, T15N, R47W	8/23/2007	2007-001105-0
CHILLY 41	660664	160	NE 1/4, S34, T15N, R47W	8/23/2007	2007-001106-0
CHILLY 42	660665	160	NW 1/4, S34, T15N, R47W	8/23/2007	2007-001107-0
CHILLY 43	660666	160	NE 1/4, S33, T15N, R47W	8/23/2007	2007-001108-0
CHILLY 44	660667	160	NW 1/4, S33, T15N, R47W	8/23/2007	2007-001109-0

End of Exhibit A

EXHIBIT B

(to Venture Agreement)
AREA OF INTEREST

The area covered by the Claims described in Exhibit A.

EXHIBIT C
(to Venture Agreement)
ACCOUNTING PROCEDURE

The financial and accounting procedures to be followed by the Manager and the Participants under the Agreement are set forth below. Reference in this Accounting Procedure to Articles, Sections and Subsections are to those located in this Accounting Procedure unless it is expressly stated that they are references to the Agreement.

The purpose of this Accounting Procedure is to establish equitable methods for determining charges and credits applicable to operations under the Agreement. It is the intent of the Participants that none of them shall lose or profit by reason of their duties and responsibilities as the Manager. The Participants shall meet and in good faith endeavor to agree upon changes deemed necessary to correct any unfairness or inequity. In the event of a conflict between the provisions of this Accounting Procedure and those of the Agreement, the provisions of the Agreement shall control.

1. **GENERAL PROVISIONS**

1.1 General Accounting Records. The Manager shall maintain detailed and comprehensive accounting records in accordance with this Accounting Procedure, sufficient to provide a record of revenues and expenditures and periodic statements of financial position and the results of operations for managerial, tax, regulatory or other financial reporting purposes. Such records shall be retained for the duration of the period allowed the Participants for audit or the period necessary to comply with tax or other regulatory requirements. The records shall reflect all obligations, advances and credits of the Participants.

1.2 Bank Accounts. After the decision is made to begin Development, the Manager shall maintain one or more separate bank accounts for the payment of all expenses and the deposit of all receipts.

2. **CHARGES TO JOINT ACCOUNT**

Subject to the limitations hereinafter set forth, the Manager shall charge the Joint Account with the following:

2.1 Rentals, Royalties and Other Payments. Maintenance costs and other payments in respect of the Properties, including government rentals, necessary to maintain title to the Assets.

2.2 Labor and Employee Benefits

2.2.1 Salaries and wages of the Manager's employees directly engaged in Operations, including salaries or wages of employees who are temporarily assigned to and directly employed by the Manager.

2.2.2 The Manager's cost of holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under **Subsection 2.2.1 and Section 2.13**.

2.2.3 The Manager's actual cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus (except production or incentive bonus plans under a union contract based on actual rates of production, cost savings and other production factors, and similar non-union bonus plans customary in the industry or necessary to attract competent employees, which bonus payments shall be considered salaries and wages under **Subsection 2.2.1 or Section 2.13**, rather than employees' benefit plans) and other benefit plans of a like nature applicable to salaries and wages chargeable under **Subsection 2.2.1 or Section 2.13**, provided that the plans are limited to the extent feasible to those customary in the industry.

2.2.4 Cost of assessments imposed by governmental authority which are applicable to salaries

and wages chargeable under **Subsection 2.2.1 and Section 2.13**, including all penalties except those resulting from the willful misconduct or gross negligence of the Manager.

2.2.5 Those costs in **Subsections 2.2.2, 2.2.3 and 2.2.4** may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages. If percentage assessment is used, the rate shall be applied to wages or salaries excluding overtime and bonuses. Such rate shall be based on the Manager's cost experience and it shall be periodically adjusted to ensure that the total of such charges does not exceed the actual cost thereof to the Manager.

2.3 Assets. Cost of all Assets purchased or furnished for the Venture.

2.4 Transportation. Reasonable transportation costs incurred in connection with the transportation of employees, equipment, material and supplies necessary for exploration, maintenance and operation of Assets.

2.5 Services

2.5.1 The cost of contract services and utilities procured from outside sources, other than services described in **Sections 2.10 and 2.14**. If contract services are performed by an Affiliate of the Manager, the cost charged to the Joint Account shall not be greater than that for which comparable services and utilities are available in the open market.

2.5.2 The costs of using the Manager's exclusively-owned facilities in support of Operations provided that the charges may not exceed those currently prevailing in the vicinity. Such costs shall include costs of maintenance, repairs, other operating expenses, insurance, taxes, depreciation and interest at a rate not to exceed Prime Rate plus three percent (3%) per annum.

2.6 Materials, Equipment and Supplies. The cost of materials, equipment and supplies (herein called "Material") purchased from unaffiliated third parties or furnished by either Participant as provided in **Section 3**. The Manager shall purchase or furnish only so much Material as may be required for use in efficient and economical Operations. The Manager shall also maintain inventory levels of Materials at reasonable levels to avoid unnecessary accumulation of surplus stock.

2.7 Environmental Compliance Fund. Costs of reasonably anticipated Environmental Compliance which, on a Program basis, shall be determined by the Management Committee and shall be based on proportionate contributions in an amount sufficient to establish a fund, which through successive proportionate contributions during the duration of the Agreement, will pay for ongoing Environmental Compliance conducted during Operations and which will cover the reasonably anticipated costs of mine closure, post-Operations Environmental Compliance and other Continuing Obligations.

2.8 Insurance Premiums. Premiums paid or accrued for insurance required for the protection of the Participants.

2.9 Damages and Losses. All costs in excess of insurance proceeds necessary to repair or replace damage or losses to any Assets resulting from any cause other than the willful misconduct or gross negligence of the Manager.

2.10 Legal Expense. All legal costs and expenses incurred in or resulting from the Operations or necessary to protect or recover the Assets. Routine legal expenses are included under **Section 2.14**.

2.11 Audit. Cost of annual audits under **Section 9.11** of the Agreement.

2.12 Taxes. All taxes (except income taxes) of every kind and nature assessed or levied upon or in connection with the Assets, the production of Products or Operations, which have been paid by the Manager for the benefit of the Participants. Each Participant is separately responsible for income taxes which are attributable to its respective Participating Interest.

2.13 District and Camp Expense (Field Supervision and Camp Expenses). A pro rata portion of **(i)** the salaries and expenses of the Manager's superintendent and other employees serving Operations whose time is not allocated directly to such Operations, and **(ii)** the costs of maintaining and operating the Manager's project office and any suboffice (as necessary) and **(iii)** all necessary camps, including housing facilities for employees, used for Operations. The expense of those facilities, less any revenue therefrom, shall include depreciation or a fair monthly rental in lieu of depreciation of the investment. Such charges shall be apportioned for all Properties served by the employees and facilities on an equitable basis consistent with the Manager's general accounting practice and generally accepted accounting principles.

2.14 Administrative Charge. The Manager shall charge the Joint Account each month a sum as provided below, which shall be a liquidated amount to reimburse the Manager for its home office overhead and general and administrative expenses for its conduct of Operations, which shall be in lieu of any management fee:

> 2.14.1 with respect to Operations before the commencement of Development, the Manager's fee shall be **ten percent (10%)** of the Allowable Costs other than funds expended pursuant to any individual contract for materials for services which exceed in the aggregate **US$100,000** (i) during Phase-I Earn-In, (ii) during Phase-II Earn-In (if elected), or (iii) thereafter in any Program period, for which the Manager's fee shall be **five percent (5%)** of Allowable Costs.
>
> 2.14.2 with respect to Operations after the commencement of Development but before commencement of Mining, the Manager's fee shall be **three percent (3%)** of Allowable Costs;
>
> 2.14.3 with respect to Operations after the commencement of Mining, the Manager's fee shall be **US$7.00** per troy ounce of gold produced.

These fee rates are based upon the principle that the Manager shall not make a profit or loss from this administrative charge but should be fairly and adequately compensated for the pro rata share of its costs and expenses. The specific rates provided for in this **Section 2.14** shall be established and may be amended from time to time by mutual agreement among the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

Allowable Costs as used in this **Section 2.14** shall include all amounts distributed from the Environmental Compliance fund, and all charges to the Joint Account except **(i)** the administrative charge defined herein; **(ii)** depreciation, depletion or amortization of tangible or intangible assets; **(iii)** amounts expended for acquisition, construction or installation of tangible or intangible assets after mining operations have commenced; and **(iv)** land payments, taxes and assessments.

The following representative list of items comprising the Manager's principal business office expenses are expressly covered by the administrative charge provided in this **Section 2.14**: **(a)** administrative supervision, which includes services rendered by officers and directors of the Manager for Operations, except to the extent that such services represent a direct charge to the Joint Account, as provided for in **Section 2.2**; **(b)** accounting, billing and record keeping in accordance with governmental regulations and the provisions of the Agreement; **(c)** handling of all tax matters, including any protests, except any outside professional fees which the Management Committee may approve as a direct charge to the Joint Account; **(d)** Routine legal services by the Manager's legal staff; and **(e)** Records and storage space, telephone service and office supplies.

2.15 Other Expenditures. Any reasonable direct expenditure, other than expenditures which are covered by the foregoing provisions, incurred by the Manager for the necessary and proper conduct of Operations.

3. **BASIS OF CHARGES TO JOINT ACCOUNT**

3.1 Purchases. Material purchased and services procured shall be charged at prices paid by the Manager after deduction of all discounts actually received.

3.2 Material Furnished by the Manager. At its discretion, the Manager may furnish Material from the Manager's stocks under the following conditions:

3.2.1 New Material (Condition "A"): New Material transferred from the Manager's properties shall be priced f.o.b. the nearest reputable supply store or railway receiving point, where like Material is available, at current replacement cost of the same kind of Material (hereafter, "New Price").

3.2.2 Used Material (Conditions "B" and "C"):

3.2.2.1 material in sound and serviceable condition and suitable for reuse without reconditioning shall be classified as Condition "B" and priced at seventy-five percent (75%) of New Price.

3.2.2.2 other used Material as defined hereafter shall be classified as Condition "C" and priced at fifty percent (50%) of New Price:

3.2.2.2.1 used Material which after reconditioning will be further serviceable for original function as good secondhand Material (Condition "B"),

3.2.2.2.2 used Material which is serviceable for original function but not substantially suitable for reconditioning,

3.2.2.2.3 Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use,

3.2.2.2.4 Material no longer suitable for its original purpose but usable for some other purpose shall be priced on a basis comparable with items normally used for such other purpose.

3.3 Premium Prices. Whenever Material is not readily obtainable at prices specified in **Sections 3.1 and 3.2**, the Manager may charge the Joint Account for the required Material on the basis of the Manager's direct cost and expenses incurred in procuring such material; provided, however, that prior Notice of the proposed charge is given to the Participants, whereupon any Participant shall have the right, by notifying the Manager within ten (10) days of the delivery of the Notice from the Manager, to furnish at the usual receiving point all or part of its share of Material suitable for use and acceptable to the Manager. If a Participant so furnishes Material in kind, the Manager shall make appropriate credits to its account.

3.4 Warranty of Material Furnished by the Manager or Participants. Neither the Manager nor any Participant warrants the Material furnished beyond any dealer's or manufacturer's warranty.

4. **DISPOSAL OF MATERIAL**

4.1 Disposition Generally. The Manager shall have no obligation to purchase a Participant's interest in Material. The Management Committee shall determine the disposition of major items of surplus Material, provided the Manager shall have the right to dispose of normal accumulations of junk and scrap Material either by transfer to the Participants as provided in **Section 4.2** or by sale. The Manager shall credit the Participants in proportion to their Participating Interest for all Material sold hereunder.

4.2 Division in Kind. Division of Material in kind between the Participants shall be in proportion to their respective Participating Interests, and corresponding credits shall be made to the Joint Account.

4.3 Sales. Sales of material to third parties shall be credited to the Joint Account at the net amount received. Any damages or claims by the Purchaser shall be charged back to the Joint Account if and when paid.

5. **INVENTORIES**

5.1 Periodic Inventories, Notice and Representations. At reasonable intervals, inventories shall be taken

by the Manager, which shall include all such Material as is ordinarily considered controllable by operators of mining properties. The expense of conducting such periodic inventories shall be charged to the Joint Account.

5.2 Reconciliation and Adjustment of Inventories. Reconciliation of inventory with charges to the Joint Account shall be made, and a list of overages and shortages shall be determined by the Manager. Inventory adjustments shall be made by the Manager to the Joint Account for overages and shortages, but the Manager shall be held accountable to the Venture only for shortages due to lack of reasonable diligence.

EXHIBIT D
(to Venture Agreement)
NET SMELTER RETURNS

ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT ("Agreement") is effective _____ (the "Effective Date")

BETWEEN:

_____***[NAME AS APPROPRIATE]***
a corporation incorporated under the laws _____
_____
_____
Attn: _____
Facsimile: _____

(hereinafter "**GRANTOR**")

and

_____***[NAME AS APPROPRIATE]***
a corporation incorporated under the laws of _____
_____
_____
Attn: _____
Facsimile: _____

(hereinafter "**GRANTEE**")

RECITALS

A. Pursuant to the terms and conditions of that certain Venture Agreement dated effective _____**200** (the "Venture Agreement") between GRANTOR and GRANTEE with respect to those certain properties more particularly described in attached **Schedule A** (the "Properties"), GRANTEE has conveyed to GRANTOR all of its right, title, interest and obligations in and to the Properties and GRANTOR has agreed to grant GRANTEE a Royalty with respect to the Properties.

NOW, THEREFORE, in consideration of Ten Dollars (US$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

AGREEMENT

1. Royalty

1.1 GRANTOR shall pay to GRANTEE a perpetual production royalty in the amount of a One Percent (1%) Net Smelter Returns (as hereinafter described) from the sale or other disposition of all Minerals produced from the Properties, determined in accordance with the provisions of this Agreement (the "Royalty"). For purposes of this Agreement, the term "Minerals" shall mean any and all metals, minerals and mineral rights of whatever kind and nature in, under or upon the surface or subsurface of the Properties (including, without limitation metals, precious metals, base metals, industrial minerals, gems, diamonds, commercially valuable rock, aggregate, clays and diatomaceous earth, hydrocarbons, and oil and gas, and other minerals which are mined, excavated, extracted or otherwise recovered). The Royalty shall apply to 100% of the Properties.

1.2 For Precious Metals. "Net Smelter Returns", in the case of gold, silver, and platinum group metals ("Precious Metals"), shall be determined by multiplying **(a)** the gross number of troy ounces of Precious Metals recovered from production from the Properties during the preceding calendar month ("Monthly Production") delivered to the smelter, refiner, processor, purchaser or other recipient of such production (collectively, "Payor"), by **(b)** for gold, the average of the London Bullion Market, Afternoon Fix, spot prices reported for the preceding calendar month (the "Applicable Spot Price"), and for all other Precious Metals, the average of the New York Commodities Exchange final spot prices reported for the preceding calendar month for the particular Mineral for which the price is being determined, and subtracting from the product of **Subsections 1.2(a) and 1.2(b)** only the following if actually incurred: **(i)** charges imposed by the Payor for refining bullion from doré or concentrates of Precious Metals ("Beneficiated Precious Metals") produced by GRANTOR's final mill or other final processing plant; however, charges imposed by the Payor for smelting or refining of raw or crushed ore containing Precious Metals or other preliminarily processed Precious Metals shall not be subtracted in determining Net Smelter Returns; **(ii)** penalty substance, assaying, and sampling charges imposed by the Payor for refining Beneficiated Precious Metals contained in such production; and **(iii)** charges and costs, if any, for transportation and insurance of Beneficiated Precious Metals from GRANTOR's final mill or other final processing plant to places where such Beneficiated Precious Metals are smelted, refined and/or sold or otherwise disposed of.

1.3 In the event the refining of bullion from the Beneficiated Precious Metals contained in such production is carried out in custom toll facilities owned or controlled, in whole or in part, by GRANTOR, which facilities were not constructed solely for the purpose of refining Beneficiated Precious Metals or Other Minerals from the Properties, then charges, costs and penalties for such refining shall mean the amount GRANTOR would have incurred if such refining were carried out at facilities not owned or controlled by GRANTOR then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by GRANTOR with respect to such refining. In the event GRANTOR receives insurance proceeds for loss of production of Precious Metals, GRANTOR shall pay to GRANTEE the Royalty percentage of any such insurance proceeds which are received by GRANTOR for such loss of production.

1.4 For Other Minerals. "Net Smelter Returns", in the case of all Minerals other than Precious Metals and the beneficiated products thereof ("Other Minerals"), shall be determined by multiplying **(a)** the gross amount of the particular Other Mineral contained in the Monthly Production delivered to the Payor during the preceding calendar month by **(b)** the average of the New York Commodities Exchange final daily spot prices reported for the preceding calendar month of the appropriate Other Mineral, and subtracting from the product of **Subsections 1.4(a) and 1.4(b)** only the following if actually incurred: **(i)** charges imposed by the Payor for smelting, refining or processing Other Minerals contained in such production, but excluding any and all charges and costs related to GRANTOR's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; **(ii)** penalty substance, assaying, and sampling charges imposed by the Payor for smelting, refining, or processing Other Minerals contained in such production, but excluding any and all charges and costs of or related to GRANTOR's mills or other processing plants constructed for the purpose of milling or processing Other Minerals, in whole or in part; and **(iii)** charges and costs, if any, for transportation and insurance of Other Minerals and the beneficiated products thereof from GRANTOR's final mill or other final processing plant to places where such Other Minerals are smelted, refined and/or sold or otherwise disposed of. If for any reason the New York Commodities Exchange does not report spot pricing for a particular Other Mineral, then the Parties shall mutually agree upon an appropriate pricing entity or mechanism that accurately reflects the market value of any such Other Mineral.

1.5 In the event smelting, refining, or processing of Other Minerals are carried out in custom toll facilities owned or controlled, in whole or in part, by GRANTOR, which facilities were not constructed solely for the purpose of milling or processing Other Minerals from the Properties, then charges, costs and penalties for such smelting, refining or processing shall mean the amount GRANTOR would have incurred if such smelting, refining or processing were carried out at facilities not owned or controlled by GRANTOR then offering comparable services for comparable products on prevailing terms, but in no event greater than actual costs incurred by GRANTOR with respect to such smelting and refining. In the event GRANTOR receives insurance proceeds for loss of production of Other Minerals, GRANTOR shall pay to GRANTEE the Royalty percentage of any such insurance proceeds which are received by GRANTOR for such loss of production.

1.6 Payments of Royalty In Cash or In Kind. Royalty payments shall be made to GRANTEE as follows:

(a) Royalty In Kind. GRANTEE may elect to receive its Royalty on Precious Metals from the Properties "in cash" or "in kind" as refined bullion. The elections may be exercised once per year on a calendar year basis during the life of production from the Properties. Notice of election to receive the following year's Royalty for Precious Metals “in cash” or “in kind” shall be made in writing by GRANTEE and delivered to GRANTOR on or before November 1 of each year. In the event no written election is made, the Royalty for Precious Metals will continue to be paid to GRANTEE as it is then being paid. As of the Effective Date of this Agreement, GRANTEE elects to receive its Royalty on Precious Metals “in cash”. Royalties on Other Minerals shall not be payable "in kind". **(i)** If GRANTEE elects to receive its Royalty for Precious Metals "in kind", GRANTEE shall open a bullion storage account at each refinery or mint designated by GRANTOR as a possible recipient of refined bullion in which GRANTEE owns an interest. GRANTEE shall be solely responsible for all costs and liabilities associated with maintenance of such account or accounts, and GRANTOR shall not be required to bear any additional expense with respect to such "in-kind" payments. **(ii)** Royalty will be paid by the deposit of refined bullion into GRANTEE’s account. On or before the 25th day of each calendar month following a calendar month during which production and sale or other disposition occurred, GRANTOR shall deliver written instructions to the mint or refinery, with a copy to GRANTEE directing the mint or refinery to deliver refined bullion due to GRANTEE in respect of the Royalty, by crediting to GRANTEE's account the number of ounces of refined bullion for which Royalty is due; provided, however, that the words "other disposition" as used in this Agreement shall not include processing, milling, beneficiation or refining losses of Precious Metals. The number of ounces of refined bullion to be credited will be based upon GRANTEE’s share of the previous month's production and sale or other disposition as calculated pursuant to the commingling provisions of **Section 1.9**. **(iii)** Royalty payable “in kind” on silver or platinum group metals shall be converted to the gold equivalent of such silver or platinum group metals by using the average monthly spot prices for Precious Metals described in **Section 1.2**. **(iv)** Title to refined bullion delivered to GRANTEE under this Agreement shall pass to GRANTEE at the time such bullion is credited to GRANTEE at the mint or refinery. **(v)** GRANTEE agrees to hold harmless GRANTOR from any liability imposed as a result of the election of GRANTEE to receive Royalty “in kind” and from any losses incurred as a result of GRANTEE’s trading and hedging activities. GRANTEE assumes all responsibility for any shortages which occur as a result of GRANTEE’s anticipation of credits to its account in advance of an actual deposit or credit to its account by a refiner or mint. **(vi)** When royalties are paid "in kind", they will not reflect the costs deductible in calculating Net Smelter Returns under this Agreement. Within thirty (30) days of the receipt of a statement showing charges incurred by GRANTOR for transportation, smelting or other deductible costs, GRANTEE shall remit to GRANTOR full payment for such charges. If GRANTEE does not pay such charges when due, GRANTOR shall have the right, at its election, provided GRANTEE does not dispute such charges, to deduct the gold equivalent of such charges from the ounces of gold bullion to be credited to GRANTEE in the following month.

(b) In Cash. If GRANTEE elects to receive its Royalty for Precious Metals in cash, and as to Royalty payable on Other Minerals, payments shall be payable on or before the later of ten (10) days after GRANTOR receives payment from the Payor or the twenty-fifth (25th) day of the month following the calendar month in which the minerals subject to the Royalty were shipped to the Payor by GRANTOR. For purposes of calculating the cash amount due to GRANTEE, Precious Metals and Other Minerals will be deemed to have been sold or otherwise disposed of at the time refined production from the Properties is delivered, made available, or credited to GRANTOR by a mint or refiner. The price used for calculating the cash amount due for Royalty on Precious Metals or Other Minerals shall be determined in accordance with **Section 1.2** and **Section 1.4** as applicable. GRANTOR shall make each Royalty payment to be paid in cash by delivery of a check payable to GRANTEE and delivering such check to GRANTEE at the address listed in this Agreement, or to such other address as GRANTEE may direct or by direct bank deposit to GRANTEE’s account as GRANTEE shall designate. Should default be made in any cash payment when due for Royalty and such default exists ten (10) days following Notice of non-payment, then all unpaid amounts then due shall bear interest at the rate of LIBOR plus three percent (3%) per annum commencing from and after such payment due date until paid.

(c) Detailed Statement. All Royalty payments or credits shall be accompanied by a detailed statement explaining the calculation thereof together with any available settlement sheets from the Payor.

1.7 Monthly Reconciliation. **(a)** On or before the later of ten (10) days after GRANTOR receives payment from the Payor or the twenty-fifth (25^{th}) day of such month, GRANTOR shall make an interim settlement based on the information then available of such Royalty then due, either “in cash” or “in kind”, whichever is applicable, by paying **(i)** not less than one hundred percent (100%) of the anticipated final settlement of Precious Metals ”in kind” Royalty payments and **(ii)** not less than ninety-five percent (95%) of the anticipated final settlement of cash Royalty payments. **(b)** The Parties recognize that a period of time exists between the production of ore, the production of doré or concentrates from ore, the production of refined or finished product from doré or concentrates, and the receipt of Payor's statements for refined or finished product. As a result, the payment of Royalty will not coincide exactly with the actual amount of refined or finished product produced from the Properties for the previous month. GRANTOR will provide final reconciliation promptly after settlement is reached with the Payor for all lots sold or subject to other disposition in any particular month. **(c)** In the event that GRANTEE has been underpaid for any provisional payment (whether “in cash” or “in kind”), GRANTOR shall pay the difference “in cash” by check and not “in kind” with such payment being made at the time of the final reconciliation. If GRANTEE has been overpaid in the previous calendar month, GRANTEE shall make a payment to GRANTOR of the difference by check. Reconciliation payments shall be made on the same basis as used for the payment in cash pursuant to **Subsection 1.6(b)** hereof.

1.8 Hedging Transactions. All profits and losses resulting from GRANTOR's sales of Precious Metals or Other Minerals, or GRANTOR's engaging in any commodity futures trading, option trading, or metals trading, or any combination thereof, and any other hedging transactions including trading transactions designed to avoid losses and obtain possible gains due to metal price fluctuations (collectively, "Hedging Transactions") are specifically excluded from Royalty calculations pursuant to this Agreement. All Hedging Transactions by GRANTOR and all profits or losses associated therewith, if any, shall be solely for GRANTOR's account. The Royalty payable on Precious Metals or Other Minerals subject to Hedging Transactions shall be determined as follows: **(a)** Affecting Precious Metals. The amount of Royalty to be paid on all Precious Metals subject to Hedging Transactions by GRANTOR shall be determined in the same manner as provided in **Section 1.2,** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Precious Metals subject to Hedging Transactions are shipped by GRANTOR to the Payor. **(b)** Affecting Other Minerals. The amount of Royalty to be paid on all Other Minerals subject to Hedging Transactions by GRANTOR shall be determined in the same manner as provided in **Section 1.4,** with the understanding and agreement that the average monthly spot price shall be for the calendar month preceding the calendar month during which Other Minerals subject to Hedging Transactions are shipped by GRANTOR to the Payor.

1.9 Commingling. GRANTOR shall have the right to commingle Precious Metals and Other Minerals from the Properties with minerals from other properties. Before any Precious Metals or Other Minerals produced from the Properties are commingled with minerals from other properties, the Precious Metals or Other Minerals produced from the Properties shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, commercial minerals and other appropriate content, applied on a consistent basis. Representative samples of the Precious Metals or Other Minerals shall be retained by GRANTOR and assays (including moisture and penalty substances) and other appropriate analyses of these samples shall be made before commingling to determine gross metal content of Precious Metals or gross metal or mineral content of Other Minerals. GRANTOR shall retain such analyses for a reasonable amount of time, but not less than twenty four (24) months, after receipt by GRANTEE of the Royalty paid with respect to such commingled Minerals from the Properties, and shall retain such samples taken from the Properties for not less than thirty (30) days after collection.

2. Stockpilings and Tailings. All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively "Materials") resulting from GRANTOR's operations and activities on the Properties shall be the sole property of GRANTOR, but shall remain subject to the Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and sale or other disposition of Precious Metals or Other Minerals. Notwithstanding the foregoing, GRANTOR shall have the right to dispose of Materials from the Properties on or off of the Properties and to commingle the same (as provided herein) with materials from other properties. In the event Materials from the Properties are processed or reprocessed, as the case may be, and regardless of where such processing

or reprocessing occurs, the Royalty payable thereon shall be determined on a pro rata basis as determined by using the best engineering and technical practices then available.

3. Term. The Royalty created hereby shall be perpetual, it being the intent of the Parties hereto that, to the extent allowed by law, the Royalty shall constitute a vested interest in and a covenant running with the land affecting the Properties and all successions thereof whether created privately or through governmental action and shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns so long as GRANTOR or any successor or assign of GRANTOR holds any rights or interests in the Properties.

4. Real Property Interest and Relinquishment of Properties. The Royalty shall attach to any amendments, relocations or conversions of any mining claim, license, or lease, concession, permit, patent or other tenure comprising the Properties, or to any renewals or extensions thereof. The Royalty shall, if allowed by law, be a real property interest that runs with the Properties and shall be applicable to GRANTOR and its successors and assigns of the Properties. If GRANTOR or any Affiliate or successor or assign of GRANTOR surrenders, allows to lapse or otherwise relinquishes or terminates its interest in any of the Properties and within a period of two (2) years after the effective date of relinquishment or abandonment reacquires a direct or indirect interest in the land covered by the former Properties, then from and after the date of such reacquisition such reacquired properties shall be included in the Properties and the Royalty shall apply to such interest so acquired. GRANTOR shall give written Notice to GRANTEE within ten (10) days of any acquisition or reacquisition of the Properties.

5. No Obligation to Mine. GRANTOR shall have sole discretion to determine the extent of its mining of the Properties and the time or the times for beginning, continuing or resuming mining operations with respect thereto. GRANTOR shall have no obligation to GRANTEE or otherwise to mine any of the Properties.

6. Registration on Title. The Parties agree that following the Effective Date GRANTOR shall immediately undertake all acts required to register title to the Properties in GRANTOR's name by filing an appropriate statutory form of transfer document(s) executed by GRANTEE. The Parties hereby consent to such registering or recording and agree to co-operate with such Party to accomplish the same. GRANTEE may register or record against title to the Properties in this Agreement to secure payment from time to time and protect GRANTEE's right to receive the Royalty.

7. Reporting, Records and Audits, Inspections, New Resources or Reserves, Confidentiality and Press Releases.

7.1 Reporting**.** No later than March 1 of each year, GRANTOR shall provide to GRANTEE with an annual report of activities and operations conducted with respect to the Properties during the preceding calendar year, and from time to time shall provide such additional information as GRANTEE may reasonably request. Such annual report shall include details of: **(a)** the preceding year's activities with respect to the Properties; **(b)** ore reserve data for the calendar year just ended; and **(c)** estimates of anticipated production and estimated remaining ore reserves with respect to proposed activities for the Properties for the current calendar year.

7.2 Records and Audits. GRANTEE shall have the right, upon reasonable Notice to GRANTOR, to inspect and copy all books, records, technical data, information and materials (the "Data") pertaining to GRANTOR's activities with respect to the Properties; provided that such inspections shall not unreasonably interfere with GRANTOR's activities with respect to the Properties. GRANTOR makes no representations or warranties to GRANTEE concerning any of the Data or any information contained in the annual reports, and GRANTEE agrees that if it elects to rely on any such Data or information, it does so at its sole risk. GRANTEE shall be entitled to enter the mine workings and structures on the Properties at reasonable times upon reasonable advance Notice for inspection thereof, but GRANTEE shall so enter at its own risk and shall indemnify and hold GRANTOR and its Affiliates harmless against and from any and all loss, costs, damage, liability and expense (including but not limited to reasonable attorneys' fees and costs) by reason of injury to GRANTEE or its agents or representatives or damage to or destruction of any property of GRANTEE or its agents or representatives while on the Properties on or in such mine workings and structures, unless such injury, damage, or destruction is a result, in whole or in part, of the negligence of GRANTOR.

7.3 New Resources or Reserves. If GRANTOR establishes a mineral resource or mineral reserve on any of the Properties, GRANTOR shall provide to GRANTEE the amount of such resource or reserve as soon as practicable after GRANTOR makes a public declaration with respect to the establishment thereof.

7.4 Confidentiality. Except for recording this Agreement, GRANTEE shall not, without the prior written consent of GRANTOR, which shall not be unreasonably delayed or withheld, knowingly disclose to any third party data or information obtained pursuant to this Agreement which is not generally available to the public; provided, however, GRANTEE may disclose data or information so obtained without the consent of GRANTOR: **(a)** if required for compliance with laws, rules, regulations or orders of a governmental agency or stock exchange; **(b)** to any of GRANTEE's consultants or advisors; **(c)** to any third party to whom GRANTEE, in good faith, anticipates selling or assigning GRANTEE's interest in the Properties; **(d)** to a prospective lender, provided that such consultants, third parties or lenders first sign a confidentiality agreement with GRANTEE; or **(e)** to a third party to which a Party or its parent company contemplates a transfer to, or a merger, amalgamation or other corporate reorganization with, provided however, that any such third party to whom disclosure is made has a legitimate business need to know the disclosed information, and shall first agree in writing to protect the confidential nature of such information to the same extent GRANTEE is obligated under this section.

7.5 Press Releases. Subject to its rights and obligations regarding confidentiality under **Section 7.4**, GRANTEE shall not issue any press release relating to the Properties or this Agreement except upon giving GRANTOR two (2) days advance written Notice of the contents thereof, and GRANTEE shall make any reasonable changes to such proposed press release as such changes may be timely requested by GRANTOR, provided, however, GRANTEE may include in any press release without Notice any information previously reported by GRANTOR. A Party shall not, without the consent of the other Party, issue any press release that implies or infers that the non-issuing Party endorses or joins the issuing Party in statements or representations contained in any press release.

8. General Provisions.

8.1 Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by each Party.

8.2 Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

8.3 Governing Law. This Agreement shall be construed and governed by the laws of Colorado, U.S.A., without reference to the choice of law or conflicts of law principles thereof.

8.4 Dispute Resolution. Disputes resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof may be resolved by a court of competent jurisdiction. In any litigation between the Parties or any person claiming under them, resulting from, arising out of, or in connection with this Agreement or the construction or enforcement thereof, the substantially prevailing party shall be entitled to recover all reasonable costs, expenses, legal and expert witness fees and other costs of suit incurred by it in connection with such litigation, including such costs, expenses and fees incurred prior to the commencement of the litigation, in connection with any appeals, and in collecting or otherwise enforcing any final judgment entered therein. If a party substantially prevails on some aspects of such action, but not on others, the court may apportion any award of costs and legal fees in such manner as it deems equitable.

8.5 GRANTOR to Bear Solely All Costs and Obligations. Commencing from and after the Effective Date GRANTOR has agreed to be solely responsible for all costs and obligations pertaining to or associated with the Properties.

8.6 Currency. Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to lawful money of the United States of America.

8.7 No Joint Venture, Mining Partnership, Commercial Partnership. This Agreement shall not be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship between or among GRANTOR and GRANTEE.

8.8 Time. Time is of the essence of each provision of this Agreement.

8.9 Definitions. In this Agreement and the Schedule(s) attached to this Agreement the following terms shall have the following meanings:

"Affiliate" of a Party means an entity or person that Controls, is Controlled by, or is under common Control with the Party through direct or indirect ownership of greater than fifty percent (50%) of equity or voting interest.

"Agreement" (or "Royalty Agreement") means this Royalty Agreement and all amendments, modifications and supplements thereto.

"Applicable Spot Price" has the meaning described in **Section 1.2**.

"Beneficiated Precious Metals" has the meaning described in **Section 1.2.**

"Business Day" means any calendar day other than a Saturday or Sunday or any statutory holiday or civic holiday in the USA.

"Control" used as a verb means, when used with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity through **(i)** the legal or beneficial ownership of voting securities or membership interests; **(ii)** the right to appoint managers, directors or corporate management; **(iii)** contract; **(iv)** operating agreement; **(v)** voting trust; or otherwise; and, when used with respect to a person, means the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and "Control" used as a noun means an interest which gives the holder the ability to exercise any of the foregoing powers.

"Data" has the meaning described in **Section 7.2.**

"Effective Date" means the date specified on the top of page one of this Agreement.

"GRANTEE" shall include, to the extent applicable in the circumstances, all of GRANTEE's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Properties.

"GRANTOR" shall include, to the extent applicable in the circumstances, all of GRANTOR's successors-in-interest, including without limitation assignees, partners, joint venture partners, lessees, and when applicable mortgagees and Affiliates having or claiming an interest in the Properties.

"Hedging Transactions" has the meaning described in **Section 1.8**.

"LIBOR" means an annual rate equal to the offered rate that appears on the page of the Reuters screen (or any successor thereto) that displays an average British Bankers Association Interest Rate Settlement Rate for deposits in dollars with a term of 6 months.

"Materials" has the meaning described in **Article 2**.

"Minerals" has the meaning described in **Section 1.1**.

"Monthly Production" has the meaning described in **Section 1.2**.

"Net Smelter Returns" has the meaning described in **Section 1.2** and **Section 1.4**, as applicable.

"Notice" has the meaning described in **Section 8.10.**

"Other Mineral(s)" has the meaning described in **Section 1.4**.

"Parties" means GRANTEE and GRANTOR collectively.

"Party" means either of the Parties individually.

"Payor" has the meaning described in **Section 1.2.**

"Precious Metals" has the meaning described in **Section 1.2**.

"Properties" means the properties described in attached Schedule A including without limitation any amendments, supplements, renewals and replacements thereof.

"Purchase Price" means the consideration referenced in the Recital(s) and stipulated in the Venture Agreement.

"Royalty" means the Net Smelter Returns royalty stipulated in **Section 1.1**.

"Transmission" has the meaning described in **Section 8.10.**

"Venture Agreement" means that certain agreement described in **Recital A**.

8.10 Notices. **(a)** Any Notice, demand or other communication (in this section, a "Notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if: **(i)** delivered in person during normal business hours of the recipient on a Business Day and left with a receptionist or other responsible employee of the recipient at the applicable address first set forth in this Agreement; or **(ii)** sent by facsimile transmission (a "Transmission") during normal business hours on a Business Day charges prepaid and confirmed by regular mail at the address first set forth in this Agreement; and **(b)** each Notice sent in accordance with this section shall be deemed to have been received: **(i)** on the day it was delivered; or on the same day that it was sent by fax transmission, or **(ii)** on the first Business Day thereafter if the day on which it was sent by fax transmission was not a Business Day. The Notice addresses for the Parties are set out on page one of this Agreement. A Party may change its address for Notice by giving Notice to the other Party in accordance with this section. Notice to _____ **[GRANTOR or GRANTEE, whatever Newmont is**] shall additionally be sent to Newmont Mining Corporation, 1700 Lincoln Street, 36th Floor, Denver, Colorado 80203 U.S.A., Attention: Land Dept., Facsimile: 303.837.5851.

8.11 Assignment. Except as otherwise provided in this Agreement, either party shall have the unrestricted right to assign, transfer or convey any of its rights, interests, and obligations with respect to the Properties, effective upon written Notice thereof to the other Party.

8.12 Maintenance of the Properties. At any time and from time to time, GRANTOR may elect to abandon any part or parts of the Properties that it no longer desires to maintain.

8.13 Further Assurances. The Parties promptly shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the purposes of this Agreement.

8.14 Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof.

8.15 Rule Against Perpetuities. The Parties do not intend that there be any violation of the rule of perpetuities, the rule against unreasonable restraints or the alienation of property, or any similar rule. Accordingly, if any right or option to acquire any interest in the Properties, in a Participating Interest, in

the Assets, or in any real property under this Agreement, such right or option must be exercised, if at all, so as to vest such interest within time periods permitted by applicable rules. If, however, such violation should inadvertently occur, the Parties hereby agree that a court shall reform that provision in such a way as to approximate most closely the intent of the Parties within the limits permissible under such rules.

8.16 Counterparts. This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of the Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement effective as of the date first written above.

GRANTOR: _____

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

GRANTEE: _____

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

SCHEDULE A
(to Royalty Agreement)
PROPERTIES

EXHIBIT E
(to Venture Agreement)
MEMORANDUM OF AGREEMENT

MEMORANDUM OF AGREEMENT

NOTICE IS HEREBY GIVEN that under that certain Venture Agreement ("Agreement") made and entered into effective _____ (the "Effective Date") by and between

Newmont North America Exploration Limited
a corporation incorporated under the laws of Delaware
1700 Lincoln Street, 36th Floor
Denver, Colorado 80203 USA
Facsimile:303.837.5851

(hereinafter "**NEWMONT**")

and

Kisa Gold Mining, Inc.
a corporation incorporated under the laws of Alaska
10807 E. Montgomery Dr., Suite #1
Spokane, WA 99206
Facsimile: 509.893.0170

(hereinafter "**KISA"**)

NEWMONT and KISA have entered into a Venture Agreement, dated _____ pursuant to which the Participants have agreed to terms for undertaking Mineral Exploration, Development and, if warranted, Mining within the exterior boundaries of the area described in **Exhibit B** hereto (the "Area of Interest"). The Agreement shall be the exclusive means by which the Participants, or either of them or any Affiliate, engage in any activity within the Area of Interest; acquire interests in real property within the Area of Interest; or engage in any other lawful purposes related or incidental to the foregoing. The Agreement pertains to the real property and interests in **Kuskokwim Recording District, Alaska** described in **Exhibit A** hereto (the "Properties"), and shall continue for so long as any of the Properties are jointly owned by the Participants hereto and thereafter until all materials, supplies, and equipment have been salvaged and disposed of, a final accounting has been made between the Participants, and reclamation has been completed and accepted by the appropriate governmental agencies, unless the Agreement is earlier terminated according to its terms.

IN WITNESS WHEREOF the parties hereto have duly executed this Memorandum of Agreement effective as of the date first written above.

NEWMONT: NEWMONT NORTH AMERCA EXPLORATION LIMITED

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

KISA: Kisa Gold Mining, Inc.

By: _____
Name: _____
Title: _____

Its Authorized Representative

[SEAL]

Exhibit A
(to Memorandum of Agreement)
PROPERTIES

The following State of Alaska Mining Claims:

Claim Name	ADL File Number	Acres	PLS Description (Seward Meridian)	Recording Date	Document Number
CHILLY 1	660624	160	SE 1/4, S16, T14N, R47W	8/23/2007	2007-001066-0
CHILLY 2	660625	160	SW 1/4, S16, T14N, R47W	8/23/2007	2007-001067-0
CHILLY 3	660626	160	SE 1/4, S17, T14N, R47W	8/23/2007	2007-001068-0
CHILLY 4	660627	160	SW 1/4, S17, T14N, R47W	8/23/2007	2007-001069-0
CHILLY 5	660628	160	NE 1/4, S16, T14N, R47W	8/23/2007	2007-001070-0
CHILLY 6	660629	160	NW 1/4, S16, T14N, R47W	8/23/2007	2007-001071-0
CHILLY 7	660630	160	NE 1/4, S17, T14N, R47W	8/23/2007	2007-001072-0
CHILLY 8	660631	160	NW 1/4, S17, T14N, R47W	8/23/2007	2007-001073-0
CHILLY 9	660632	160	SE 1/4, S10, T14N, R47W	8/23/2007	2007-001074-0
CHILLY 10	660633	160	SW 1/4, S10, T14N, R47W	8/23/2007	2007-001075-0
CHILLY 11	660634	160	SE 1/4, S9, T14N, R47W	8/23/2007	2007-001076-0
CHILLY 12	660635	160	SW 1/4, S9, T14N, R47W	8/23/2007	2007-001077-0
CHILLY 13	660636	160	SE 1/4, S8, T14N, R47W	8/23/2007	2007-001078-0
CHILLY 14	660637	160	SW 1/4, S8, T14N, R47W	8/23/2007	2007-001079-0
CHILLY 15	660638	160	NE 1/4, S10, T14N, R47W	8/23/2007	2007-001080-0
CHILLY 16	660639	160	NW 1/4, S10, T14N, R47W	8/23/2007	2007-001081-0
CHILLY 17	660640	160	NE 1/4, S9, T14N, R47W	8/23/2007	2007-001082-0
CHILLY 18	660641	160	NW 1/4, S9, T14N, R47W	8/23/2007	2007-001083-0
CHILLY 19	660642	160	NE 1/4, S8, T14N, R47W	8/23/2007	2007-001084-0
CHILLY 20	660643	160	NW 1/4, S8, T14N, R47W	8/23/2007	2007-001085-0
CHILLY 21	660644	160	SE 1/4, S3, T14N, R47W	8/23/2007	2007-001086-0
CHILLY 22	660645	160	SW 1/4, S3, T14N, R47W	8/23/2007	2007-001087-0
CHILLY 23	660646	160	SE 1/4, S4, T14N, R47W	8/23/2007	2007-001088-0
CHILLY 24	660647	160	SW 1/4, S4, T14N, R47W	8/23/2007	2007-001089-0
CHILLY 25	660648	160	SE 1/4, S5, T14N, R47W	8/23/2007	2007-001090-0
CHILLY 26	660649	160	SW 1/4, S5, T14N, R47W	8/23/2007	2007-001091-0
CHILLY 27	660650	160	NE 1/4, S3, T14N, R47W	8/23/2007	2007-001092-0
CHILLY 28	660651	160	NW 1/4, S3, T14N, R47W	8/23/2007	2007-001093-0
CHILLY 29	660652	160	NE 1/4, S4, T14N, R47W	8/23/2007	2007-001094-0
CHILLY 30	660653	160	NW 1/4, S4, T14N, R47W	8/23/2007	2007-001095-0
CHILLY 31	660654	160	NE 1/4, S5, T14N, R47W	8/23/2007	2007-001096-0
CHILLY 32	660655	160	NW 1/4, S5, T14N, R47W	8/23/2007	2007-001097-0
CHILLY 33	660656	160	SE 1/4, S35, T15N, R47W	8/23/2007	2007-001098-0
CHILLY 34	660657	160	SW 1/4, S35, T15N, R47W	8/23/2007	2007-001099-0
CHILLY 35	660658	160	SE 1/4, S34, T15N, R47W	8/23/2007	2007-001100-0
CHILLY 36	660659	160	SW 1/4, S34, T15N, R47W	8/23/2007	2007-001101-0
CHILLY 37	660660	160	SE 1/4, S33, T15N, R47W	8/23/2007	2007-001102-0
CHILLY 38	660661	160	SW 1/4, S33, T15N, R47W	8/23/2007	2007-001103-0
CHILLY 39	660662	160	NE 1/4, S35, T15N, R47W	8/23/2007	2007-001104-0
CHILLY 40	660663	160	NW 1/4, S35, T15N, R47W	8/23/2007	2007-001105-0
CHILLY 41	660664	160	NE 1/4, S34, T15N, R47W	8/23/2007	2007-001106-0
CHILLY 42	660665	160	NW 1/4, S34, T15N, R47W	8/23/2007	2007-001107-0
CHILLY 43	660666	160	NE 1/4, S33, T15N, R47W	8/23/2007	2007-001108-0
CHILLY 44	660667	160	NW 1/4, S33, T15N, R47W	8/23/2007	2007-001109-0

End of Exhibit A

Exhibit B
(to Memorandum of Agreement)
AREA OF INTEREST

The area covered by the Properties described in Exhibit A.

Exhibit 31.1

Certification pursuant to rules 13a-14(a) and 15d-14(a), as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002

Principal Executive Officer

I, Thomas H. Parker, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Gold Crest Mines, Inc.

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 8, 2008

/s/ Thomas H. Parker
Thomas H. Parker
President and CEO

Exhibit 31.2

Certification pursuant to rules 13a-14(a) and 15d-14(a), as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002

Principal Financial Officer

I, Matt J. Colbert, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Gold Crest Mines, Inc.

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 8, 2008

/s/ Matt J. Colbert

Matt J. Colbert

Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas H. Parker, President and CEO of Gold Crest Mines, Inc. ("the "Registrant") do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. This quarterly report on Form 10-Q of the Registrant for the period ended June 30, 2008, as filed with the Securities and Exchange Commission (the "report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 8, 2008

/s/ Thomas H. Parker
Thomas H. Parker
President and CEO

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Matt J. Colbert, Chief Financial Officer of Gold Crest Mines, Inc. ("the "Registrant") do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. This quarterly report on Form 10-Q of the Registrant for the period ended June 30, 2008, as filed with the Securities and Exchange Commission (the "report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 8, 2008

/s/ Matt J. Colbert
Matt J. Colbert
Chief Financial Officer