

OPTION AND PURCHASE AGREEMENT

This option agreement made and effective this 31st day of January, 1987, by and between Kenneth Jeter and Kathy Jeter, husband and wife, of White Salmon, Washington, and Randy E. Williams and Connie Williams, husband and wife, of White Salmon, Washington, hereinafter collectively referred to as Optionors, and James A. McGlasson and Thomas R. Young, of Golden, Colorado, hereinafter collectively referred to as Optionees.

WITNESSETH

Whereas, the optionors own certain lode mining claims located in the McCoy Creek Mining District, also known as, either the Nigerhead or St. Helens Mining District, Skamania County, Washington, the claims more particularly described in Exhibit A attached hereto; and

Whereas, the optionors wish to grant to the optionees an option to acquire the mining claims; and

Whereas, the optionees desire to enter into this agreement so that the optionees may explore, sample, map, evaluate the claims to determine if the optionees shall elect to exercise the option granted, subject to the terms and conditions hereinafter set forth.

NOW THEREFORE, for and in consideration of the sum of Two Thousand Dollars (\$2,000.00), cash in hand paid by the optionees to the optionors, the receipt and adequacy of which is hereby acknowledged, and of the mutual promises of the parties to each other as hereinafter set forth, it is agreed as follows:

1) The optionors hereby grant to the optionees, the exclusive right and option to purchase the mining claims described in Exhibit A, attached hereto, hereinafter referred to as the "claims", pursuant to the terms and conditions hereinafter set forth.

2) The purchase price of the mining claims described in Exhibit A shall be One Million dollars (\$1,000,000.00), payable at the rate of One Hundred Thousand Dollars per year, payable on or before the anniversary date of exercise of option, until paid in full.

3) The term of this option shall be until midnight, March 1, 1990, unless terminated as provided in Section 5 hereof.

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4) Commencing on April 1, 1987 and the first day of each month thereafter for the next eleven (11) months, the optionees shall pay to the optionors the sum of Two Thousand Dollars (\$2000.00); commencing on April 1, 1988 and on the first day of each month thereafter for the next eleven months, the optionees shall pay to the optionors an additional Five Hundred Dollars (\$500.00) per month, for a total of Two Thousand Five Hundred Dollars (\$2500.00) per month; commencing on April 1, 1989 and on the first day of each month thereafter for the next eleven months, the optionees shall pay the optionors an additional Five Hundred Dollars (\$500.00) per month, for a total of Three Thousand Dollars (\$3000.00) per month. In the event the optionors exercise the option granted, all payments made pursuant to this Section 4 and the initial consideration paid, shall apply to the purchase price by crediting the same against the last occurring payments.

5) The optionees may terminate this agreement at anytime during the term of the option, by written notice to the optionors stating that the optionees are terminating this option agreement. This option agreement shall automatically terminate, without notice of any type to either party, in the event that any of the payments, set forth in Section 4 hereof, are not paid within ten days (10) after the due date for such payment. In the event that this option agreement shall terminate, for any reason, then the optionees shall be relieved and discharged of all obligations, including but not limited to the payments above described, arising out of this agreement, except the reclamation requirements, if any, due to the optionees activities on the claims subject hereto.

6) The optionees shall have the right, but not the obligation, during the term of this option to enter upon the claims and perform any type of exploration work, the optionees in their sole discretion shall choose, such as; mapping, sampling, trenching, drilling, geophysics, geochemistry, metallurgical testing and pilot plant studies, the forgoing given by way of illustration not limitation. In the event that the optionees conduct any pilot plant testing, such test operations shall be limited to twenty (20) tons per day. The optionors shall have the right to all materials produced from such pilot plant operations during the option period, less the costs of production and reclamation, if any. The cost of production shall include all costs related to the producing such materials, excluding the capital costs of the pilot plant.

7) The optionors, during the term of the option agreement only, shall have the right to continue the mining activity, similar in nature as to the activities they have been performing on the claims. This right to continue mining shall be limited to the personal efforts of the optionors,

no employees or other persons shall be permitted to assist in the mining operations. The optionors agree to allow the optionees to act as agent for the optionors, during the option period, in all sales of specimen gold or other specimen quality minerals produced from the claims. The right of access and other uses of or on the claims shall not be restricted, so long as, such use is in conformance with Federal, State and local law and does not create a safety hazard. The optionors shall indemnify and hold harmless the optionees from any and all claims, liabilities and damages arising out of optionors activities on the claims. The optionors shall be solely responsible for obtaining any permit, license, or other permission required from the entity having jurisdiction over the optionors activities, such as, the U.S. Forest Service, MSHA or state or local government. This right to continue mining activities and other uses on the claims shall automatically cease, without notice to the optionors or cost to the optionees, upon the optionees exercising the option herein granted.

8) The optionors represent and warrant that they have the right and authority to enter into this agreement and that they can convey the claims, in the event that the option granted is exercised, by special warranty deed, warranting that the claims are free and clear of all liens claims and encumbrances, of all types, except the rights of the United States as to unpatented lode mining claims. The optionors further warrant that the claims have been located and maintained pursuant to the laws of the United States and the State of Washington and the claims are valid, existing and in good standing on the date hereof.

9) The optionors will furnish, within 30 days from the effective date of this agreement, a title report or title certificate certified by a reputable abstract company, showing good and merchantable title in the optionors as of the date of this agreement. The optionees shall have sixty (60) days in which to examine the title by its counsel and if there are any defects, which render the title non-merchantable, except the rights of the United States as to unpatented lode mining claims, the optionees shall have the right (1) to terminate this agreement in its entirety and have all moneys returned immediately or, (2) to continue this agreement and notify the optionors, in writing, setting forth all such title defects. If the optionees elect to continue this agreement, the optionors shall have ninety (90) days in which, in good faith, cure the defects set forth in the written notice to the optionors. In the event the optionors are unable or fail to cure the defects, as set forth in the written notice, then and in that event, the optionees may elect to terminate this agreement and have all moneys returned immediately or continue the agreement and cure the defects at the optionees' costs, deducting these

costs from next occurring payments due pursuant to Section 4 hereof.

10) During the term of this option, the optionors agree to assist the optionees in obtaining any permits or permission as may be required for the performance of the exploration and evaluation work on the claims by the optionees from any entity having jurisdiction over the claims. The cost of all such permits or permission shall be borne by the optionees. The optionees agree to indemnify and hold the optionors harmless from any and all liabilities arising out of the optionees direct activities on the claims.

11) In the event the optionees elect to exercise the option herein granted, they shall do so by written notice of exercise to the optionors during the term of the option. Closing shall be within thirty (30) days of the notice of exercise, at a location in the State of Washington selected by the parties. At closing, the optionees shall pay to the optionors, One Hundred Thousand dollars (\$100,000.00) and the optionors shall execute and acknowledge a good and sufficient Special Warranty Deed, conveying the claims to the optionees free and clear of all liens, claims and encumbrances, except the rights of the United States as to unpatented mining claims. The deed shall be placed in escrow at the Primer Natl Bank at White Salmon Washington together with a copy of this agreement, and instructions to the escrow agent to deliver the deed to the optionees, upon payment of the balance of the purchase price and compliance with all the terms and conditions of this agreement.

12) Upon exercise of this option and closing as described, in Paragraph 11 above, the optionees shall have the exclusive right to develop, explore, mine (by open pit, underground, strip, solution or any other method, the forgoing given by the way of illustration not by limitation), extract, mill, store, remove and market any materials of any type or kind from the claims subject hereto. This right shall continue for so long as the optionees timely make payments as set forth in Paragraph 13 hereof.

13) All payments made subsequent to the exercise of the option, shall be made to the account of the optionors at the Bank named in Section 11, or its successor or successors, which bank and its successors are the optionors' agents and which shall continue as the depository regardless of the change in the ownership of the claims. All payments shall be made on the dates set forth in Section 4 hereof. A failure by the optionees to timely make such payment shall not automatically terminate this agreement, the optionors

shall give the optionees written notice of the default and the optionees shall have thirty (30) days from receipt of the default notice to cure the default, make said payment. In the event the optionees shall fail to cure the default within the thirty days (30) after notice by the optionors, this agreement shall then terminate without further notice to the optionees and the escrow agent shall then deliver the deed back to the optionors. The optionors shall retain all payments made by the optionees as liquidated damages. Upon termination pursuant to this Section 12, the optionees shall be relieved and discharged of all obligations and liabilities hereunder, except any reclamation liability due to the optionees action or activities on the claims.

14) This agreement is fully assignable by either party hereto, upon assignment the assignor shall be discharged and relieved of all obligations and liabilities hereunder, the assignee shall be substituted in its place.

15) During the term of this agreement the optionees shall use its best efforts to fulfill the requirements for the performance and recordation of the assessment work required to be performed on unpatented mining claims by law. The optionees shall furnish a copy of all documents recorded to the optionors. If this agreement is terminated prior to June 1 of any year the optionees shall be relieved and discharged of the obligation to perform the assessment work.

16) The optionees agree to offer to hire the optionors, at prevailing wage scales in the area, during the option period, whenever the need for persons of their qualification shall arise. All equipment of the optionors, situate on the claims, is excluded from this option agreement and shall be removed from the claims upon exercise of the option by the optionees. The optionees shall, on an annual basis, furnish to optionors, at no cost, one copy of all sample data generated from the claims. Upon termination of this agreement, optionees furnish one copy of all sample or production data not previously furnished.

17) All notices to either party and all payments pursuant to Section 4 shall be deemed to have been properly made or given when made in writing and sent by mail with all charges fully paid, certified return receipt requested and addressed to the parties hereto as follows:

Optionors: Randy Williams
Rt. 3 Box 100
White Salmon, Washington 98672

Optionees: Thomas R. Young
1265 Meadow Sweet Rd.
Golden, Colorado 80401

All notices shall be deemed given when received by the party to whom addressed and the time given such a party receiving such notice shall run from the date the notice is received.

18) This agreement shall be binding upon the parties hereto, their heirs, personal representatives, successors and assigns. The foregoing contains the entire agreement between the parties, cannot be amended except in writing and supersedes all previous agreements, whether written or oral.

In witness whereof, the parties have executed this agreement effective the day and year first above written.

Optionors:

Kenneth Jeter
Kenneth Jeter

Randy E. Williams
Randy E. Williams

Kathy Jeter
Kathy Jeter

Connie L. Williams
Connie L. Williams

Optionees:

James A. McGlasson
James A. McGlasson

Thomas R. Young
Thomas R. Young

State of Washington)
County of Klichitat) ss.

On this 2nd day of March, 1987, before me personally appeared Randy E. Williams, Connie L. Williams, Kenneth Jeter and Kathy Jeter, known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

Given under my hand & official seal this 2nd day of March, 1987

Connie L. Williams
Notary Public and for
the State of Washington

My Commission expires: 2/22/90

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State of Colorado)
County of Jefferson) ss.

The foregoing instrument was acknowledged before me
this 14th day of March, 1987, by James A McGlasson
and Thomas R. Young.

Witness my hand and official seal

Helen M. Wagner
Notary Public

My Commission expires: 9-9-89

Address 14357 N. Ellsworth Pl
Holden, CO 80401



FILED FOR RECORD
SKAMARU CO. WASH
BY THOMAS R. YOUNG
ATTORNEY AT LAW
1265 MENARD STREET 20
APR 7 11 23 AM '87
GOLDEN, COLORADO 80401
AUDITOR
GARY H. OLSON

EXHIBIT A

Attached to and part of Option and Purchase Agreement dated January 31, 1987, between Randy E. Williams and Ken Jeter, Optionors, James A. McGlasson and Thomas R. Young, Optionees.

Claim Name	Recorded Book Page	Bureau Land ORMC Number Mangement
Lucky Break	N 17	9493
Lucky Break #2	N 599	39660
Lucky Break #3	N 600	39661
Lucky Break #4	N 601	39662
Lucky Break #5	N 602	39663
Lucky Break #6	N 603	39664
Lucky Break #7	N 604	39665
Lucky Break #8	N 605	39666
Lucky Break #9	N 606	39667
Lucky Break #10	N 607	39668
Lucky Break #11	N 608	39669
Lucky Break #12	N 609	39670
Lucky Break #13	N 616	39671
Lucky Break #14	N 617	39672
Lucky Break #15	N 618	39673
Lucky Break #16	N 619	39674
Lucky Break #17	N 620	39675
Lucky Break #18	N 621	39676
Lucky Break #19	N 622	39677
Lucky Break #20	N 623	39678
Lucky Break #21	N 624	39679
Lucky Break #22	N 625	39680
Lucky Break #23	N 626	39681
Lucky Break #24	O 756	73497
Lucky Break #25	O 757	73498
Lucky Break #26	O 758	73499
Lucky Break #27	O 759	73500
Lucky Break #28	O 760	73501
Lucky Break #29	O 761	73502
Lucky Break #30	O 762	73503
Lucky Break #31	O 763	73504
Lucky Break #32	O 764	73505
Lucky Break #33	O 765	73506
Lucky Break #34	O 766	73507
Lucky Break #35	O 767	73508
Lucky Break #36	O 768	73509
Lucky Break #37	O 769	73510
Lucky Break #38	O 770	73511
Lucky Break #39	O 771	73512
Lucky Break #40	O 772	73513
Lucky Break #41	O 773	73514
Lucky Break #42	O 774	73515
Lucky Break #43	O 775	73516

Together with all real property rights, of any type, within the exterior boundaries of the above described claims, owned or controlled by the Optionors.