

# FORESTHILL EXPLORATION AND MINING CORPORATION

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[www.foresthill-exploration.com](http://www.foresthill-exploration.com)

FAX: (206) 283-5740

October 22, 2012

State Water Resources Control Board  
Office of Chief Counsel  
Jeannette L. Bashaw, Legal Analyst  
P.O. Box 100  
Sacramento, CA 95812-0100

cc: Frederic Moss, Assistant Executive Officer  
Jeff Huggins  
Central Valley Regional Water Board  
11020 Sun Center Drive, #200  
Rancho Cordova, CA 95670

cc: Wayne Sowle  
P. O. Box 1042  
Foresthill, CA 95631

cc: Ted Rel, Engineering  
Placer County  
3091 County Center Dr, #280  
Auburn, CA 95603

Petition for Review with possible Stay: To Be Held in Abeyance.

Reference: Letter dated 24 September 2012 (attached) issued under California Water Code 13267 and 13260 referring to a mining operation located in Placer County. I am named in the document and I am an aggrieved party.

Dear Ms Bashaw:

Per our recent conversation, I am requesting that the California Water Board grant a stay in the actions requested by the Central Valley Regional Water Board (to be held in abeyance). I need sufficient time to sort out and resolve problems caused by Mr. Sowle which have damaged our company and the property we have leased. I will briefly layout the existing situation and why I believe this should be granted. First I will address the nine items requested on your web site:

1. Contact information on letter head above and in signature area. Please use P.O. Box 9910 in Seattle, above.
2. A copy of the Certified Letter dated 24 September 2012 is attached and it references an inspection of the property which took place 23 August 2012. The letter is not addressed to me and our company is not named, I am personally named in the letter which requests that certain

5001 Convair Drive, Carson City, NV 89706

(800) 588-6151

actions are taken. Our company has a valid permit to mine the property in question (MUP-2213, it expires January 2014) issued by Placer County. The U. S. Forest Service which asked for the inspection (August 21, 2012) and notified the various agencies but did not contact us so that we could have a representative on site.

3. Initial inspection date August 23, 2012, date of letter September 24, 2012.

4. As holder of a valid operating permit we should have been notified in advance so that we could have a representative on the property during the inspection. The letter to Mr. Sowle states the his actions (... may affect the quality of waters of the state. ...). I believe it is necessary to point out that we have not mined this property as we are waiting on the resolution of our Plan of Operation with the U. S. Forest Service.

5. I am an aggrieved party by having been named in the letter of September 24, 2012, there is the potential of a contingent liability to myself and our Company due to the damage caused by Mr. Sowle.

6. Although I would like a complete stay of the action requested by the Central Valley Regional Water Board, if the action can be held in abeyance while the issue is resolved between our Company and Mr. Sowle this may serve our needs. I have been informed that Mr. Sowle has alleged that our current lease on the property is not valid and we deny and affirm it is full force and effect and we may have to resolve this in a court of law. Mr. Sowle has admitted to the regional board and the forest service that he did indeed cause the damage to the property. It may need to be determined by court action who has the valid right to mine this property unless Mr. Sowle changes his stance.

7. I am named in the September 24, 2012 letter, we were not notified and therefore were not at the property inspection. The Department of Conservation, Office of Mine reclamation; Placer County, and the U. S. Forest Service all know that we have a valid permit for this property. Under the 1991 Memorandum of Understanding (MOU) that exists between the State of California, and the Department of the Interior (Bureau of Land Management), and the Department of Agriculture (U. S. Forest Service) when it comes to mining on Federal Lands, the Lead Agency is the party that we are to deal with in permitting mining operations. We submit to this one Lead Agency and they in turn distribute to all other interested parties. The questions and answers come back to us. This back and forth is between us and the Lead Agency and not to individual agencies or departments. It was specifically setup this way and time limits were established for all responses. We went through this process to obtain our permits. We have established that we follow the rules set forth and before we mine this property we will have any and all permits in hand.

8. Copies of this letter and attachments will be sent to Wayne Sowle, Central Valley Regional Water Board, U. S. Forest Service, Placer County and others. I have an email version of the inspection report which I have printed and attached. I will be sending an email of this petition, with attachments, and the inspection report to you, and others, I am told by Jeff Huggins in an email that Mr. Sowle does not have computer access.

9. I was notified after the fact and I have had several conversations with the Regional Board. I have talked with Jeff Huggins, Frederic Moss and bob Busby (spelling).

Please note that the damage caused to the property by Mr. Sowle seems to have happened after the annual mine inspection was completed in June of this year by Placer County.

The US Forest Service, on August 21, 2012, contacted the Central Valley Regional Water Board, and perhaps other agencies and arranged for an inspection of the Sowle Bros II mining Claim, located near the town of Foresthill in the Tahoe National Forest. We were not notified or contacted. The inspection revealed that approximately 2,000 cubic yards of material was mined on the property by Mr. Sowle, without him having or having applied for the necessary and required mining permits. Mr Sowle has been prospecting and mining in this forest for over 30 years, the U. S. Forest Service has had many dealings with Mr. Sowle and he is well aware that permits are required to mine. He knowingly violated existing laws and has admitted to the Central Valley Regional Water Board and the U. S. Forest Service that he brought equipment to the site and did the mining.

Mr. Sowle filed the claim in question in 1980 and later he, Mr. John Nemeth and others formed Hoffman Exploration and Mining, Inc., years prior to entering into our lease agreement. Our Company, Foresthill Exploration and Mining Corporation (FEAMC) entered into a long term lease with a California Company, Hoffman Exploration and Mining, Inc in 1996. At that time Sowle and Nemeth made verbal and written representation that all permits had been obtained and that we could begin mining the property. This proved to be false. We recorded a copy of the Memorandum of Lease with at the Placer County Recorders office. We later received notification from the California Department of Conservation, Office of Mine Reclamation (OMR) that this mine site/Claim was out of compliance and we would be fined \$10,000 per day. Needless to say we were taken aback and surprised. We contacted OMR, discussed the problem, and resolved it by agreeing to take this property through the permitting process working with Placer County as the Lead Agency. We successfully completed the permitting process which resulted in a Minor Use Permit being issued (MUP 2213). In 2002 the permit was extended to January 2014 and is still current. A copy is attached. As part of the original permitting process a Plan of Operations was developed with the U. S. Forest Service, typed by them, signed by me. A bond in the form of a certificate of deposit (CD), issued by Bank of America, in Auburn CA, this was delivered to Placer County, it was made payable to three agencies, California Department of Conservation, Office of Mine Reclamation, and the U. S. Forest Service, and Placer County. This bond was to cover the first phase of a multiple phase mining project.

The Ranger that was in-charge of mining for our area, Mr. Hamburger, retired and his place was taken by Mo Tebe. In the past when working with Ranger Hamburger we jointly developed a Plan of Operation (POO), posted an agreed upon bond and received a fully signed POO, allowing us to do further exploration and testing of our mining properties. We expected that the same would happen with the Hoffman mining project. The Lead Agency approved our mining proposal, a bond was put in-place, a POO was developed, agreed upon and signed by me. We have never seen or received a signed copy for our file.

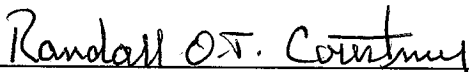
Mr. Sowle and his group had a POO on the property but our lease agreement is very specific that we have the exclusive right to mine the property. His POO is not valid by was of our lease agreement. In meetings with the U. S. Forest Service they stated that Mr. Sowle's POO is void and they agreed to give me a letter to that affect. That was in 2010 and I still have not received the promised letter.

The September 24, 2012 letter lists the mining claim owner as Elizabeth Carne of St. Petersburg, Florida. No contact information was provided for this person. Although our lease is assignable, we have the right of purchase the mining claim. If the claim has been sold by Hoffman Mining and Exploration, Inc., or Mr. Sowle it is in violation of our lease agreement and is just one more thing to add to the list of transgressions by Mr. Sowle.

I would like to end by restating that it is our intention to have all required permits prior to beginning any mining operation. I believe that our past actions demonstrate that we are willing to spend the time and money to do things in the proper manner. We are now in a position where we must have certainty that we have the absolute legal right to mine this claim.

Sincerely,

Foresthill Exploration and Mining Corporation

  
Randall O. T. Courtney  
President

Attachments:

Central Valley Regional Water Board, September 24, 2012 letter and inspection report.  
Permit MUP 2213  
1996 Memorandum of Lease, Sowle Bros II mining claim

cc: Central Valley Regional Water Board **CERTIFIED**  
Wayne Sowle **CERTIFIED**  
Placer County  
Ca Department of Conversation, OMR

Emails of the above and attachments will se sent to all parties for which we have email address.



Central Valley Regional Water Quality Control Board

24 September 2012

Wayne Sowle  
P.O. Box 1042  
Foresthill, CA 95631

**CERTIFIED MAIL NUMBER  
7012 0470 0000 9904 0078**

***CALIFORNIA WATER CODE 13267 ORDER FOR TECHNICAL AND MONITORING REPORTS, SOWLE BROS. II PLACER MINING CLAIMS, PLACER COUNTY***

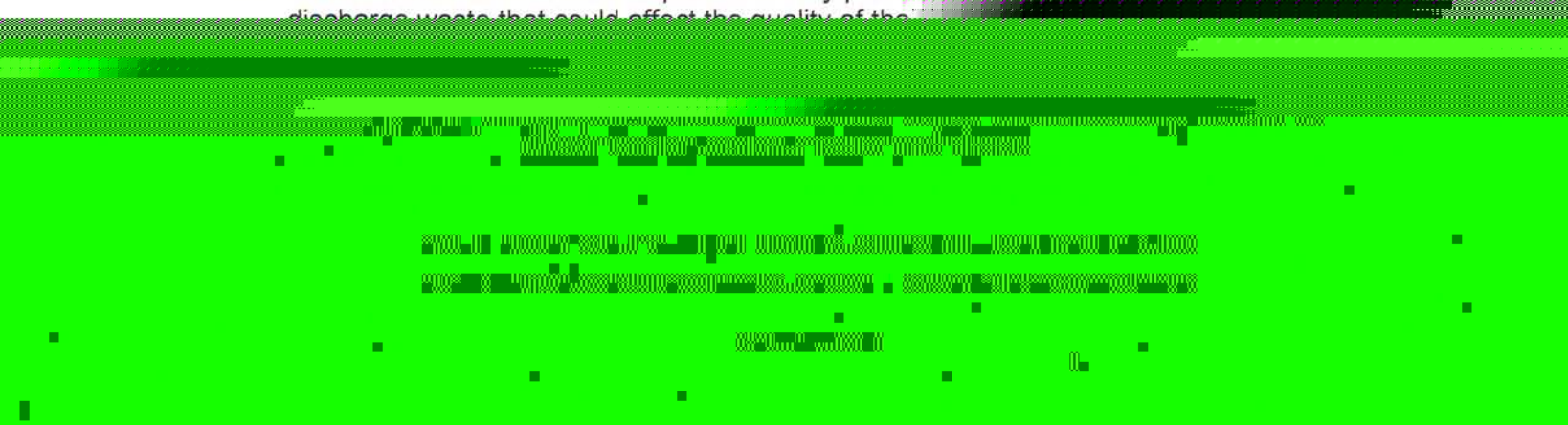
As requested by the U.S. Forest Service (the "Forest Service"), on 23 August 2012 Central Valley Water Board staff and the Forest Service conducted a joint inspection of the Sowle Bros. II Placer Mining Claim and Hoffman Pit (the "Site") located in Township 14N, Range 11E, Section 28 MDM, within the American River Ranger District of the Tahoe National Forest.

Based on our observations during the inspection and documented in the enclosed inspection report and photo log, Central Valley Water Board staff has determined that your mining and processing activities at the Site are resulting in the illegal discharge of mining waste that may affect the quality of waters of the state. Your activities have impacted drainage areas and will likely result in the discharge of storm water runoff and sediment to Skunk Canyon, a tributary to the North Fork of the Middle Fork of the American River. Irrespective of whether or not you have a valid mining claim, your mining and processing activities pose a significant and substantial threat to water quality, and these activities will result in violations of the California Water Code and the federal Clean Water Act.

The violations noted are described below:

**Violations:**

- A. Water Code section 13260 requires that any person discharging or proposing to discharge waste that could affect the quality of the



Water Code section 13267 states, in relevant part:

[T]he regional board may require that any person who has discharged, discharges, or is suspected of having discharged or discharging, or who proposes to discharge waste within its region ... shall furnish, under penalty of perjury, technical or monitoring program reports which the regional board requires. The burden, including costs, of these reports shall bear a reasonable relationship to the need for the report and the benefits to be obtained from the reports. In requiring those reports, the regional board shall provide the person with a written explanation with regard to the need for the reports, and shall identify the evidence that supports requiring that person to provide the reports.

The Central Valley Water Board is requesting these reports to ensure compliance with applicable laws and regulations, including the *Water Quality Control Plan for the Sacramento River and San Joaquin River Basins*, Fourth Edition, revised September 2009 (the "Basin Plan"). Discharges from mining activities such as those conducted at the Site threaten the beneficial uses of the receiving waters delineated in the Basin Plan, and pose a significant risk to aquatic life. You (Randall Courtney and Wayne Sowle) are being asked to provide these reports because you own, lease, or operate the mining claim(s) at the Site, and are responsible for the wastes generated at the Site.

**Required Reports:**

1. By **19 October 2012**, you must submit a Notice of Intent to comply with the State Water Board's *NPDES General Permit for Discharges of Storm Water Associated with Industrial Facilities* (Order 97-03-DWQ) for discharges of storm water from the facility. Permit information can be downloaded from the internet at:  
[http://www.waterboards.ca.gov/centralvalley/available\\_documents/index.html#StormWaterPermits](http://www.waterboards.ca.gov/centralvalley/available_documents/index.html#StormWaterPermits).
2. By **1 November 2012**, you shall submit a ROWD for the Sowle Bros II Placer Mining Claim activities. The ROWD must contain the information required by the Mining Waste Management Regulations in Title 27 California Code of Regulations section 22470. **No further mining activities are allowed until this report is submitted.** Consistent with Water Code section 13264, you are required to submit a complete ROWD at least 140 days prior to discharging any additional mining waste. Discharging waste without first securing WDRs or a wavier is a violation of the Water Code and exposes you to enforcement action(s), including administrative civil liability. Permit information can be downloaded from the internet at:  
[http://www.waterboards.ca.gov/publications\\_forms/forms/docs/form200.pdf](http://www.waterboards.ca.gov/publications_forms/forms/docs/form200.pdf)

**Reports:** Any technical report required herein that involves planning, investigation, evaluation, engineering design, or other work requiring interpretation and proper application of engineering or geologic sciences shall be prepared by or under the direction of persons registered to practice in California pursuant to California Business and Professions Code sections 6735, 7835, and 7835.1. As required by these laws, completed technical reports must bear the signature(s) and seal(s) of the registered professional(s) in a manner such that all work can be clearly attributed to the professional responsible for the work.

If, in the opinion of the Executive Officer, the Discharger fails to comply with the provisions of this Order, the Executive Officer may refer this matter to the Attorney General for judicial enforcement, may issue a complaint for administrative civil liability, or may take other

enforcement actions. Failure to comply with this Order may result in the assessment of Administrative Civil Liability of up to \$10,000 per violation, per day, depending on the violation, pursuant to the Water Code, including sections 13268, 13350 and 13385. The Central Valley Water Board reserves its right to take any enforcement actions authorized by law.

Any person aggrieved by this action of the Central Valley Water Board may petition the State Water Board to review the action in accordance with Water Code section 13320 and California Code of Regulations, title 23, sections 2050 and following. The State Water Board must receive the petition by 5:00 p.m., 30 days after the date of this Order, except that if the thirtieth day following the date of this Order falls on a Saturday, Sunday, or state holiday, the petition must be received by the State Water Board by 5:00 p.m. on the next business day. Copies of the law and regulations applicable to filing petitions may be found on the Internet at:

[http://www.waterboards.ca.gov/public\\_notices/petitions/water\\_quality](http://www.waterboards.ca.gov/public_notices/petitions/water_quality)

or will be provided upon request.

If you have questions regarding the contents of this letter, please contact Jeff Huggins of my staff at (916) 464-4639 or [jhuggins@waterboards.ca.gov](mailto:jhuggins@waterboards.ca.gov)



FREDERICK MOSS  
Assistant Executive Officer

Enc: 23 August 2012 Central Valley Water Board Inspection Report and Photo-log

cc: Chris Fischer, District Ranger-American River Ranger District, U.S. Department of Agriculture, Tahoe National Forest, Foresthill, CA  
Rick Weaver, U.S. Department of Agriculture, Tahoe National Forest, Nevada City  
Tom Ferrero, CA Department of Conservation - Office of Mine Reclamation, Sacramento  
Ted Rel, Placer County Community Development Resource Agency, Auburn  
Patrick Pulupa, Staff Counsel, Office of Chief Counsel, SWRCB, Sacramento  
Elizabeth Carne, mining claim owner, St Petersburg FL

18 September 2012

**DISCHARGER:** Randall Courtney, Wayne Sowle

**LOCATION & COUNTY:** Hoffman Pit, 1.5 miles south west of Michigan Bluff, Placer County

**CONTACT(S):** Randall Courtney and Wayne Sowle

**INSPECTION DATE:** 23 August 2012

**INSPECTED BY:** Jeff Huggins Regional Board and Rick Weaver Forest Service

**ACCOMPANIED BY:** N/A

**OBSERVATIONS AND COMMENTS:** On 21 August 2012, Regional Board staff was contacted by Rick Weaver of the Tahoe National Forest (Forest Service) and notified of mining activity taking place at the Hoffman Pit near Michigan Bluff, Placer County. Mr. Weaver suggested that a joint agency inspection of the site with Regional Board staff would be beneficial for assessing impacts to water quality and the potential requirement for the operator/claimant to submit a report of waste discharge for the mining activities. For the purposes of this inspection report, Hoffman Pit and Sowle Bros II placer mining claim are the same.

On 23 August 2012 Regional Board staff met Mr. Weaver at the American River Ranger District office in Foresthill and proceeded to the Hoffman Pit mine site (Photo #1). At the entrance to the mine site we, encountered a locked gate (Photo #2) and observed posted signs identifying that the property was a mining claim. From that point, we walked down the access road towards the mine site (Photo #3). After about 300 yards we came to a small flat landing area and observed a recently excavated mine pit with dimensions of approximately 75-foot wide, 100-foot long, and 15-foot deep. The pit walls were vertical and the bottom of the pit contained an excavated hole with dimensions of approximately 10-foot square and 10-foot deep (Photos #4-7).

After inspecting the recently excavated pit we proceeded further south along a recently constructed road to the old Hoffman Pit area. The road was filled through a small drainage area and there were signs of what appeared to be a mine waste disposal area (Photos #8-9).

Arriving at the old Hoffman Pit area we saw signs of recent excavation and mining waste piles (Photos #11-12). We also encountered a partially dismantled wash plant. However, we did not see signs of typical waste material from a wash plant such as washed cobbles and gravels, or saturated sands, silts, and clays from the discharge of process water from a wash plant (Photos #13-14).



Just to the east of the wash plant was what appeared to be a bedrock drain tunnel inlet (Photo #15). A cursory inspection of this feature did not show that it had been utilized recently and we did not have time to search for the outlet should it exist downgradient of the site in a tributary drainage to Skunk Canyon. We also observed a small water storage pond (Photo #16) east of the bedrock tunnel and signs of very recent excavation of the bedrock just west of the water storage pond (Photo #17).

We next walked west along a small access road towards the Britt Mine. Occasional pieces of a 2-inch pvc water line were visible. Along this road we encountered a small underground mine working, a water storage tank, and a small sluice box operation, all on the hillside to the north of the access road between Hoffman and the Britt Mine (Photos #18-20).

At the Britt Mine, we observed a small stream of water being discharged from the Britt Mine adit and a small gasoline powered pump (Photos #21-22). Apparently, this water was pumped from the Britt Mine to the small sluicing operation described in photos 19-20 and to the wash plant described in photos 13-14.

We then returned to the Hoffman Pit area and walked to the recently excavated pit where we collected GPS data around the perimeter of the pit. From there we walked back up the access road to the locked gate, where Mr. Weaver posted the notice of unauthorized mining activities on public lands with the red-tag notice shown in photo #23. The notice contained information for the mining claimant to contact the District Ranger at the American River Ranger District office in Foresthill before performing any additional unauthorized mining activities. No one associated with the mining activities was encountered during the inspection.

**SUMMARY:** The mining, processing, and waste disposal activities observed at the Hoffman Pit mine site constitutes a waste discharge to land. California Water Code section 13260 requires that any person discharging waste, or proposing to discharge waste, that could affect the quality of the waters of the state file a report of waste discharge. The ROWD should contain the information required by the Mining Waste Management Regulations in Title 27 California Code of Regulations section 22470.

Furthermore, the Water Code and the federal Clean Water Act require that mining facilities obtain coverage under the General Industrial Storm Water Permit, State Water Resources Control Board Water Quality Order No. 97-03-DWQ.

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JEFF HUGGINS  
Water Resources Control Engineer



Photo 1. Site Map



Photo 4. Newly excavated mining pit, dimensions are approximately 75-feet wide 100-feet long and 15-feet deep.



Photo 2. Access road and locked gate 1.5 miles SW of Michigan Bluff on USFS road 3002.



Photo 5. Showing pit face of about 15-feet in height.



Photo 3. Access road leading to Hoffman Pit.



Photo 6. Showing pit floor and lower level of the pit.



Photo 7. Showing access road into the pit.



Photo 10. Looking west at the old Hoffman Pit area and the remains of a small processing plant.



Photo 8. Showing mining waste placed as unconsolidated fill across a ravine.



Photo 11. Showing areas of mining activity on the south side of the old Hoffman Pit.



Photo 9. Showing mining waste disposal area.



Photo 12. Showing mine waste piles on the south side of the old Hoffman Pit.



Photo 13. Shows a small wash plant used for screening and washing of mined material.



Photo 16. Small water storage pond on the south east side of the old Hoffman Pit area.



Photo 14. Close-up view of the previous photo.



Photo 17. Very recent excavation of the bedrock, south east side of the old Hoffman Pit area.



Photo 15. Showing what appears to be a bedrock drain tunnel inlet for discharging mining waste. Further investigation is needed to determine if it's open and if it discharges.



Photo 18. Backhoe trench leading to a small underground mine working between Hoffman Pit and the Britt Mine.



Photo 19. Tank used for water storage for small scale sluicing project between Hoffman Pit and Britt Mine.



Photo 22. Water pump at the Britt Mine presumably used to pump water to the Hoffman Pit mining operation.



Photo 20. Small scale sluicing project described in previous photo.



Photo 23. Forest Service official posting notice of unauthorized mining activities on public lands near the gate shown in photo # 2.



Photo 21. Britt Mine adit. Water discharged from the Britt Mine appears to be used as a source of water for Hoffman Pit processing activities.

**HOFFMAN PITS  
MINOR USE PERMIT**

**MUP-2213**

**EXTENDED TO JANUARY 10, 2014**

**ALL CONDITIONS HAVE BEEN MET.**



**PLACER COUNTY PLANNING DEPARTMENT**  
 AUBURN OFFICE 11414 B Avenue Auburn, CA 95603 530-886-3000/FAX 530-886-3080 Website: [www.placer.ca.gov/planning](http://www.placer.ca.gov/planning)  
 TAHOE OFFICE 565 W. Lake Blvd./P. O. Box 1909 Tahoe City CA 96145 530-581-6280/FAX 530-581-6282 E-Mail: [planning@placer.ca.gov](mailto:planning@placer.ca.gov)

**RECEIVED**  
 JAN 06 2004

**CONDITIONAL USE PERMIT/MINOR USE PERMIT - MODIFICATION** PLANNING DEPT.

Filing fee: \$ 1,000 Type: A Receipt # 27204 File # CUP- \_\_\_\_\_ MUP- 2213  
 Hearing Date \_\_\_\_\_

—TO BE COMPLETED BY THE APPLICANT—

1. Project Name HOFFMAN PITS
2. Applicant FORESTHILL EXPLORATION AND MINING CORPORATION
3. Project Description EXTEND TIME FOR UNDERGROUND AND SURFACE MINING AT THE HOFFMAN PITS. THIS REQUEST IS FOR TEN ADDITIONAL YEARS.

PLEASE SUBMIT A WELL-DETAILED SITE PLAN (see instructions for requirements)

4. Assessor's Parcel Number(s) 254-060-001-000

SIGNATURE OF APPLICANT: Randall O.T. Courtney

**INDEMNIFICATION AGREEMENT:** I, the Applicant, will defend, indemnify, and hold harmless the County from any defense costs, including attorneys' fees or other loss connected with any legal challenge brought as a result of an approval concerning this Entitlement. I also agree to execute a formal agreement to this effect on a form provided by the County and available for my inspection.

SIGNATURE OF APPLICANT: Randall O.T. Courtney

PERMITS GRANTED FOR AN INDEFINITE PERIOD AUTOMATICALLY EXPIRE 24 MONTHS AFTER DATE OF ISSUANCE IF NOT EXERCISED BY THAT TIME, AS PROVIDED BY SECTION 17.58.160(B)(1) OF THE PLACER COUNTY ZONING ORDINANCE.

—OFFICE USE ONLY—

DECISION OF HEARING BODY: On 2-5-04, the Planning Commission/Zoning Administrator approved ~~denied~~ this application subject to the attached list of 10 findings/conditions.  
Melie Str. Edwards, Clerk for  
Co. Dean Prigmore, ZA

—FOR USE AFTER PUBLIC HEARING—

I have read the above/attached conditions and will comply:  
 SIGNATURE OF APPLICANT: Randall O.T. Courtney

**PLEASE RETURN ONE SIGNED COPY**

**HOFFMAN PITS MODIFICATION (MUP-2213) Foresthill Exploration and Mining Company**

**FINDINGS:**

CEQA-The project is categorically exempt from environmental review per class 1 of the Placer County Environmental Review Ordinance.

**MODIFICATION-**

The proposed modifications are consistent with the original project approval.

**CONDITIONS OF APPROVAL:**

1. The reclamation Plan for the Hoffman Pits is approved for a period not to exceed 6 years from the date of approval and shall expire January 10, 2004. On February 5, 2004, the Zoning Administrator modified the expiration date to add an additional 10 years for a new expiration date of January 10, 2014.
2. At least 30 days prior to any new mining activity on the site, the applicant shall submit an Operations Plan to the U.S. Forest Service.
3. Financial assurances as required by the Surface Mining and Reclamation Act (SMARA) shall be in place prior to commencing operation in any of the designated pit areas.
4. Financial assurances for reclamation shall be made payable to Placer County, the California Department of Conservation, and the United States Forest Service.
5. The Reclamation Plan(s) submitted with this Minor Use Permit application shall comply with the requirements of SMARA and be reviewed and approved by the Department of Public Works (DPW) for the following:

The proposed mining pit areas will be contoured to slopes of 2:1 or gentler, thereby, minimizing any substantial change to topography or ground surface relief features. The applicant shall include erosion/sedimentation control measures as part of the site reclamation plans. These measures will incorporate the use of Best Management Practices to mitigate any possible impacts. The applicant will minimize potentially significant disruptions of the soil by keeping the surrounding terrain around the mining operations as natural as possible by using standard engineering practices to minimize the disturbed area. In addition, the applicant will be providing financial assurances with the reclamation plans for the DPW to review and approve.

6. The applicant shall maintain the existing drainage ponds on Pit #1 to trap silt and sedimentation on the site to preclude said material from leaving the site and thereby, mitigating any potential erosion/water quality impacts.
7. A monitoring report shall be submitted by the applicant, or applicant's representative, prior to October 1<sup>st</sup> of each year of operation of the pit(s). The report shall discuss ongoing mitigation for erosion control, drainage, revegetation and slope stability and



specify any additional measures that need to be implemented prior to the onset of the rainy season.

8. All materials associated with this operation shall be removed from the site(s) and reclamation of the site(s) completed prior to the expiration of this permit. Equipment associated with this operation shall be removed no later than two (2) years following removal of the material or expiration of this Minor Use Permit whichever comes first.
  9. Prior to the construction of a shower facility or any structure with plumbing, contact Environmental Health Services, pay required fees, and obtain an approved Site Evaluation Report and Construction Permit, and as approved, install on-site sewage disposal system. NOTE: Sewage, including gray water, must be discharged to an approved on-site sewage disposal system. However, limited chemical portable toilet use for active working construction areas of the mine is acceptable. Portable toilets must be properly maintained and serviced by a licensed septic tank pumper.
  10. ADVISORY COMMENT: Road cuts, grading, or new structure construction must not conflict with the approved sewage disposal area and replacement area and maintain required setback distances specified in Placer Code, Section 4.45 (Table 1).
  11. ADVISORY COMMENT: The approved on-site sewage disposal system area and the 100% replacement area must remain unaltered and available, free of vehicular traffic, parking structures of any type, or soil modification.
  12. Prior to construction of a shower facility or any structure with plumbing, contact Environmental Health Services, pay required fees and obtain required permits and approvals and drill a water well that meets acceptable construction and water quality/quantity standards.
  13. The project shall conform to the Noise Element of the General Plan and the environmental document.
  14. "Hazardous" or "Extremely Hazardous" materials listed in the California Code of Regulations, Title 22, Sections 66680 and 66685, shall not be allowed on any premises in quantities of 55 gallons, 500 pounds, 200 cubic feet compressed gas, or more, whichever is the lesser, without notification to Environmental Health Services.
- Prior to project operation, the property owner/occupant shall submit payment of required fees and a business plan to Environmental Health Services Hazardous Materials Section, for review and approval.
15. Prior to project operation, submit to Environmental Health Services a usage statement detailing the number of employees, vehicles, the extent of public use, days and hours of operation, quantity and quality of wastewater generated, and any other information relating to wastewater flow or domestic water demands.

16. The discharge of fuels, oils, or other petroleum products, chemicals, detergents, cleaners, or similar chemicals to the surface of the ground or to drainage ways on, or adjacent to, the site is prohibited.

**MEMORANDUM  
OF LEASE OF  
MINING PROPERTY**

A LEASE was made at Seattle and Foresthill on the 9th day of July, 1996, by and between,

Hoffmann Mining and Exploration, Inc.  
P. O. Box 1213  
Foresthill, CA. 95631

hereinafter called "Lessor" and

Foresthill Exploration and Mining Corporation  
2533 North Carson Street  
Carson City, Nevada 89706

hereinafter called "Lessee",

**WITNESSETH**

Lessor is the owner of certain unpatented mining claims situated in Placer County, California and more particularly described as follows:

Sowle Bros. II Placer Mine, CAMC# 121739

this is a 160 acre placer claim, located in Section 28, Township 14 North, Range 11 East, MDB&M, and hereinafter referred to as the PROPERTY.

This lease sets forth all the terms and conditions under which the Lessor grants Lessee a lease of the Property for the purpose and term hereinafter provided.

In consideration of the covenants and agreements hereinafter set forth, the parties agree as follows:

**I. GRANT**

Lessor hereby grants, leases and demises the Property, including such personal property as may be located thereon, together with all privileges and appurtenances, all right, title and interest owned, available or granted to the Lessor and pertaining to the Property.

**II. TERM**

This Lease is granted for a term commencing from and after the date hereof for a period of Fifteen (15) years and shall extend until this Lease is terminated, or renewed, as hereinafter provided. At the end of this fifteen (15) year period, Lessee shall have the right to renew this Lease under the same terms and conditions as set forth herein.

### III. PURPOSES

The purposes of this Lease are to grant to the Lessee the exclusive right to enter into and upon the Property, and each and every part thereof so long as this Lease remains in effect, and to explore for, develop, mine, leach in place, treat, produce, mill, ship, and sell, all for its own account, such ores, material (metallic and nonmetallic), and minerals as may be found therein or thereon, and all of which shall hereinafter be referred to as PRODUCTION.

### IV. ROYALTIES

4.1 Lessee shall pay to Lessor a Minimum Monthly Royalty which shall be applied to offset a like amount of production royalty which may be earned from time to time pursuant to the provisions of the lease agreement.

### V. OPERATIONS OF LESSEE

5.1 Lessee shall conduct all mining and other operations under this Lease in accordance with GOOD MINING PRACTICES and SOUND PRINCIPLES OF CONSERVATION and in accordance with all APPLICABLE LAWS and rules and regulations promulgated by Federal, State and Local authorities.

### VI. INSURANCE / INDEMNITY

6.1 It is specifically agreed by the parties hereto that the Lessor shall not be liable to third parties, or employees, or agents of the Lessee, for the activities and obligations of the Lessee during the term hereof, and that sufficient notice to such effect shall be posted on the Property.

6.2 Prior to commencement of operations hereunder, Lessee shall obtain all workmen's compensation insurance, liability insurance, and policies of insurance against other risks for which Lessor may reasonably be considered to have exposure as a result of Lessee's operations or tenancy of the Property. All insurance shall be maintained by Lessee at its own expense throughout the duration of this Lease, and whenever Lessor reasonably requests, Lessee shall furnish to Lessor evidence that such insurance is being maintained.

6.3 Lessee agrees to indemnify and save Lessor harmless from and against any and all liability, claims and causes of action for personal injury or death, and damage to, or loss or destruction of property, resulting from its tenancy of the Property and from its operations hereunder.

### VII. WORK COMMITMENT AND ASSESSMENT WORK

7.1 During the first year of this Agreement, Lessee shall commence an improvement program on the Property.

7.2 Lessee shall perform such ASSESSMENT WORK as may be required by Federal, State and local law and shall prepare and record, for and on behalf of the Lessor, an affidavit(s) of labor and improvements during each assessment year in order to maintain all claims in good standing in the name of the Lessor, including payment of Annual Rental Fees and associated recording fees.

### VIII. ASSIGNMENT

Either the Lessor or the Lessee may assign all or any portion of their right, title and interest in this Lease and/or in the Property at any time and from time to time upon the giving of written notice of

the identity and address of the assignee, providing however that notwithstanding said assignment (s) in whatever form, both the Lessee and the Lessor shall remain primarily and unconditionally liable, respectively, for the performance of all terms and conditions hereof prior to the date of assignment, as such terms and conditions are applicable to each.

#### IX. TAXES

Lessee shall pay before delinquency all taxes and assessments that may be levied or assessed against the Property, or against Production therefrom, except those taxes which Lessee is contesting in good faith, and except those taxes against the Property for the first and last year, which taxes shall be prorated between Lessee and Lessor.

#### X. WARRANTIES AND TITLE

10.1 Lessor makes no warranties, expressed or implied, as to the value or condition of the Property, or existence or adequacy of any facilities or equipment which are the subject of this lease. However, Lessor will at all times during the term of this Lease furnish Lessee with any and all geological, production, and metallurgical data which may be available to Lessor. Lessor takes no responsibility for the interpretation of such data.

10.2 Lessor does warrant that it has good and valid title to the Property, that there are presently no adverse claims that will affect the Property or this Lease, and that it will upon demand promptly furnish to the Lessee copies of all documents and other evidence relating to Lessor's claim of title, including, but not limited to, copies of all Patents, location notices and affidavits relating to assessment work.

#### XI. DISPUTES

It is specifically agreed that should there arise any dispute between the parties hereto, such dispute shall not interrupt performance of this Lease by either Lessee or Lessor, nor will Lessee's operations hereunder be interrupted, delayed, or impaired during the pendency of and until the final settlement of such dispute. In the event of litigation between the parties hereto, the prevailing party will be entitled to all costs of the litigation, including but not limited to, reasonable attorney's fees.

#### XII. FORCE MAJEURE

In the event that Lessee shall be prevented from operating upon the Property or from performing its obligations hereunder by reason of Acts of God, Government, or of the common enemy, insurrection, riot, labor disputes, fire, explosion, flood, earthquake, interruption of transportation, or the inability to obtain permits, such circumstances shall relieve Lessee of its obligations hereunder, but only for the duration of such disruption.

#### XIII. TERMINATION

13.1 Lessee may at any time after the date hereof, surrender this Lease, provided written notice of termination is given Lessor not less than thirty (30) days prior to the effective date of such termination, after which all right and obligations of Lessee hereunder shall cease. Lessee does agree to rehabilitate any areas on the Property which Lessee disturbs, to the satisfaction of the Bureau of Land Management, U.S. Forest Services, and or any local or state regulating bodies, upon the termination of the Lease.

#### XIV. PURCHASE OPTION

14.1 By the additional option payment made at any time during the term of this Lease, together with notice of Lessee's intention to purchase the Property, it is agreed that this Lease shall thereafter be considered a CONTRACT TO PURCHASE and that all rental and royalty payments made, both before and after such exercise of this option, including the above mentioned option payment, will be credited toward purchase of the Property for an aggregate price to be determined by pre agreed formula.

#### XV. PAYMENTS

All payments made by the Lessee to the Lessor pursuant to provisions of this Lease shall be made promptly and will be remitted to Lessor at the address herein designated for receipt of notices by Lessor, except as Lessor may from time to time otherwise designate in writing, and except as provided in paragraph XIV above.

#### XVI. MISCELLANEOUS PROVISIONS

16.1 This Lease shall be construed in accordance with the Laws of the State of Nevada.

16.2 The failure of either party to enforce any provision hereof at any time shall not be construed to be a waiver of such provision or of any other provision.

16.3 This Lease supersedes all prior agreements between Lessee and Lessor relating to the subject Property and constitutes the entire agreement thereof. No amendment or modification of this Lease shall be binding on either Lessee or Lessor unless made in writing and duly executed by both.

16.4 Titles and boldface type used in this Agreement are provided for convenience only and shall not be construed to alter the meaning of the text.

16.5 This Lease has been executed in two (2) counterpart(s) each of which shall be deemed to be an original but all of which together shall constitute one and the same Lease.

16.6 If any term, provision, covenant or condition of this Lease, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, all provisions, covenants and conditions of this Lease, and all applications thereof not held invalid, void or unenforceable, shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

16.7 Wherever used herein, Lessor and Lessee shall include the singular and the plural and in the event that either Lessor or Lessee, or both, is/are more than one person, natural or otherwise; the obligations and liabilities created by this Lease are the joint and several obligations and liabilities of all such persons, respectively constituting either the Lessor or the Lessee.

#### XVII. OTHER PROVISIONS

17.1 This Agreement incorporates the rights and responsibilities as defined in the Confidentiality Agreement presented to the Lessor on June 3, 1996 and incorporated to this Agreement.

IN WITNESS WHEREOF THE PARTIES hereto have executed the Lease as of the 9th day of July, 1996.

LESSOR:  
HOFFMANN MINING AND EXPLORATION, INC.

Wayne W. Sowle  
Wayne W. Sowle, President  
John J. Nemeth  
John J. Nemeth, V.P., Treasurer

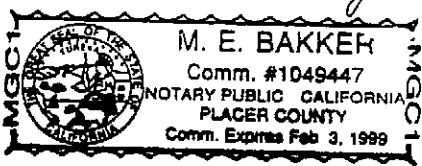
STATE OF CALIFORNIA )  
 ) ss.  
County of Placer )

BEFORE ME, the undersigned notary public, on this day personally appeared Wayne W. Sowle and John J. Nemeth, of HOFFMANN MINING AND EXPLORATION, INC., a California corporation, known to me to be the President and Vice President of the before mentioned corporation and the person(s) whose name(s) are subscribed to the foregoing instrument and acknowledged to me that the same was executed for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL IN OFFICE this 5 day of <sup>Sept. 28</sup> ~~July~~, 1996.

M. E. Bakker  
Notary Public in and for the State  
of California

My Commission Expires: February 3, 1999



LESSEE:  
FORESTHILL EXPLORATION AND  
MINING CORPORATION  
Randall O.T. Courtney  
Randall O.T. Courtney, President & Secretary

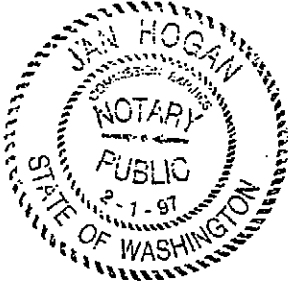
THE STATE OF WASHINGTON )  
 ) ss.  
County of King )

BEFORE ME, the undersigned notary public, on this day personally appeared Randall O.T. Courtney of FORESTHILL EXPLORATION AND MINING CORPORATION, a Nevada corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was executed for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL IN OFFICE this 8 day of <sup>Oct</sup> ~~July~~, 1996.

Jan Hogan  
Notary Public in and for the State  
of Washington JAN HOGAN

My Commission Expires: 2-1-97



**ORIGINAL**

AMENDMENT TO AGREEMENT TO LEASE MINING PROPERTY

THIS AMENDMENT TO AGREEMENT TO LEASE MINING PROPERTY is an amendment to that certain Lease Agreement entered into between Hoffman Mining and Exploration, Inc, ("Lessor") and Foresthill Exploration and Mining Corporation ("Lessee") dated July 8, 1996, and revises and amends and incorporates the following provisions.

The mining claim Sowle Bros. II Placer Mine has been amended and a new claim has been filed. The above mentioned lease is hereby amended to include the Skunk Creek Main claim. As a result of this action the property being leased now includes two unpatented mining claims:

Sowle Bros. II Placer Mine, CAMC# 121739 148.67 Acres  
Skunk Creek Main, CAMC # 277736 80 Acres

XVI. MISCELLANEOUS PROVISIONS

16.3.1 This Amendment to Agreement to Lease Mining Property does not modify or alter any other provisions provided for in the Agreement to Lease Mining Property dated July 8, 1996.

IN WITNESS WHEREOF THE PARTIES hereto have executed this Amendment to Agreement to Lease Mining Property as of the 15<sup>th</sup> day of July, 2002

LESSOR:  
HOFFMAN MINING AND EXPLORATION, INC.

*Wayne W. Sowle*  
Wayne W. Sowle, President

*John J. Nemeth*  
John J. Nemeth, VP/Treasurer

STATE OF CALIFORNIA )  
County of Placer ) ss.

BEFORE ME, the undersigned notary public, on this day personally appeared Wayne W. Sowle and John J. Nemeth of Hoffman Mining and Exploration, Inc., a California corporation, known to me to be the President and Vice President of the before mentioned corporation and the person(s) whose name(s) are subscribed to the foregoing instrument and acknowledged to me that the same was executed for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL IN OFFICE this 15<sup>th</sup> day of July, 2002.

*M. E. Bakker*  
Notary Public in and for the State  
of California

My Commission Expires: Feb. 3, 2003





Amendment of Lease

AMEND LEASE

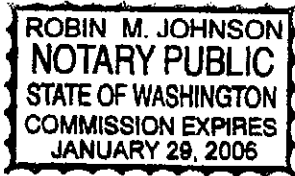
LESSEE:  
FORESTHILL EXPLORATION AND MINING CORPORATION

Randall O.T. Courtney  
Randall O.T. Courtney, President

THE STATE OF WASHINGTON )  
County of King )ss.

BEFORE ME, the undersigned notary public, on this day personally appeared Randall O.T. Courtney of FORESTHILL EXPLORATION AND MINING CORPORATION, a Nevada corporation, known to me to be the President of the before mentioned corporation and the person(s) whose name(s) are subscribed to the foregoing instrument and acknowledged to me that the same was executed for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL IN OFFICE this 16<sup>th</sup> day of July, 2002.



Robin M. Johnson  
Notary Public in and for the State  
of Washington

My Commission Expires: Jan 29, 2006

**MEMORANDUM  
OF LEASE OF  
MINING PROPERTY**

A LEASE was made at Seattle and Foresthill on the 9th day of July, 1996, by and between,

Hoffmann Mining and Exploration, Inc.  
P. O. Box 1213  
Foresthill, CA. 95631

hereinafter called "Lessor" and

Foresthill Exploration and Mining Corporation  
2533 North Carson Street  
Carson City, Nevada 89706

hereinafter called "Lessee",

**WITNESSETH**

Lessor is the owner of certain unpatented mining claims situated in Placer County, California and more particularly described as follows:

Sowle Bros. II Placer Mine, CAMC# 121739 148.67 Acres  
Skunk Creek Main, CAMC# 277736 80 Acres

these 228.67 acres of placer claims are located in Section 28, Township 14 North, Range 11 East, MDB&M, and hereinafter referred to as the PROPERTY.

This lease and its amendments set forth all the terms and conditions under which the Lessor grants Lessee a lease of the Property for the purpose and term hereinafter provided.

In consideration of the covenants and agreements hereinafter set forth, the parties agree as follows:

**I. GRANT**

Lessor hereby grants, leases and demises the Property, including such personal property as may be located thereon, together with all privileges and appurtenances, all right, title and interest owned, available or granted to the Lessor and pertaining to the Property.

**II. TERM**

This Lease is granted for a term commencing from and after the date hereof for a period of Fifteen (15) years and shall extend until this Lease is terminated, or renewed, as hereinafter provided. At the end of this fifteen (15) year period, Lessee shall have the right to renew this Lease under the same terms and conditions as set forth herein.

### III. PURPOSES

The purposes of this Lease are to grant to the Lessee the exclusive right to enter into and upon the Property, and each and every part thereof so long as this Lease remains in effect, and to explore for, develop, mine, leach in place, treat, produce, mill, ship, and sell, all for its own account, such ores, material (metallic and nonmetallic), and minerals as may be found therein or thereon, and all of which shall hereinafter be referred to as PRODUCTION.

### IV. ROYALTIES

4.1 Lessee shall pay to Lessor a Minimum Monthly Royalty which shall be applied to offset a like amount of production royalty which may be earned from time to time pursuant to the provisions of the lease agreement.

### V. OPERATIONS OF LESSEE

5.1 Lessee shall conduct all mining and other operations under this Lease in accordance with GOOD MINING PRACTICES and SOUND PRINCIPLES OF CONSERVATION and in accordance with all APPLICABLE LAWS and rules and regulations promulgated by Federal, State and Local authorities.

### VI. INSURANCE / INDEMNITY

6.1 It is specifically agreed by the parties hereto that the Lessor shall not be liable to third parties, or employees, or agents of the Lessee, for the activities and obligations of the Lessee during the term hereof, and that sufficient notice to such effect shall be posted on the Property.

6.2 Prior to commencement of operations hereunder, Lessee shall obtain all workmen's compensation insurance, liability insurance, and policies of insurance against other risks for which Lessor may reasonably be considered to have exposure as a result of Lessee's operations or tenancy of the Property. All insurance shall be maintained by Lessee at its own expense throughout the duration of this Lease, and whenever Lessor reasonably requests, Lessee shall furnish to Lessor evidence that such insurance is being maintained.

6.3 Lessee agrees to indemnify and save Lessor harmless from and against any and all liability, claims and causes of action for personal injury or death, and damage to, or loss or destruction of property, resulting from its tenancy of the Property and from its operations hereunder.

### VII. WORK COMMITMENT AND ASSESSMENT WORK

7.1 During the first year of this Agreement, Lessee shall commence an improvement program on the Property.

7.2 Lessee shall perform such ASSESSMENT WORK as may be required by Federal, State and local law and shall prepare and record, for and on behalf of the Lessor, an affidavit(s) of labor and improvements during each assessment year in order to maintain all claims in good standing in the name of the Lessor, including payment of Annual Rental Fees and associated recording fees.

### VIII. ASSIGNMENT

Either the Lessor or the Lessee may assign all or any portion of their right, title and interest in this Lease and/or in the Property at any time and from time to time upon the giving of written

notice of the identity and address of the assignee, providing however that notwithstanding said assignment (s) in whatever form, both the Lessee and the Lessor shall remain primarily and unconditionally liable, respectively, for the performance of all terms and conditions hereof prior to the date of assignment, as such terms and conditions are applicable to each.

#### **IX. TAXES**

Lessee shall pay before delinquency all taxes and assessments that may be levied or assessed against the Property, or against Production therefrom, except those taxes which Lessee is contesting in good faith, and except those taxes against the Property for the first and last year, which taxes shall be prorated between Lessee and Lessor.

#### **X. WARRANTIES AND TITLE**

10.1 Lessor makes no warranties, expressed or implied, as to the value or condition of the Property, or existence or adequacy of any facilities or equipment which are the subject of this lease. However, Lessor will at all times during the term of this Lease furnish Lessee with any and all geological, production, and metallurgical data which may be available to Lessor. Lessor takes no responsibility for the interpretation of such data.

10.2 Lessor does warrant that it has good and valid title to the Property, that there are presently no adverse claims that will affect the Property or this Lease, and that it will upon demand promptly furnish to the Lessee copies of all documents and other evidence relating to Lessor's claim of title, including, but not limited to, copies of all Patents, location notices and affidavits relating to assessment work.

#### **XI. DISPUTES**

It is specifically agreed that should there arise any dispute between the parties hereto, such dispute shall not interrupt performance of this Lease by either Lessee or Lessor, nor will Lessee's operations hereunder be interrupted, delayed, or impaired during the pendency of and until the final settlement of such dispute. In the event of litigation between the parties hereto, the prevailing party will be entitled to all costs of the litigation, including but not limited to, reasonable attorney's fees.

#### **XII. FORCE MAJEURE**

In the event that Lessee shall be prevented from operating upon the Property or from performing its obligations hereunder by reason of Acts of God, Government, or of the common enemy, insurrection, riot, labor disputes, fire, explosion, flood, earthquake, interruption of transportation, or the inability to obtain permits, such circumstances shall relieve Lessee of its obligations hereunder, but only for the duration of such disruption.

#### **XIII. TERMINATION**

13.1 Lessee may at any time after the date hereof, surrender this Lease, provided written notice of termination is given Lessor not less than thirty (30) days prior to the effective date of such termination, after which all right and obligations of Lessee hereunder shall cease. Lessee does agree to rehabilitate any areas on the Property which Lessee disturbs, to the satisfaction of the Bureau of Land Management, U.S. Forest Services, and or any local or state regulating bodies, upon the termination of the Lease.

#### XIV. PURCHASE OPTION

14.1 By the additional option payment made at any time during the term of this Lease, together with notice of Lessee's intention to purchase the Property, it is agreed that this Lease shall thereafter be considered a CONTRACT TO PURCHASE and that all rental and royalty payments made, both before and after such exercise of this option, including the above mentioned option payment, will be credited toward purchase of the Property for an aggregate price to be determined by pre agreed formula.

#### XV. PAYMENTS

All payments made by the Lessee to the Lessor pursuant to provisions of this Lease shall be made promptly and will be remitted to Lessor at the address herein designated for receipt of notices by Lessor, except as Lessor may from time to time otherwise designate in writing, and except as provided in paragraph XIV above.

#### XVI. MISCELLANEOUS PROVISIONS

16.1 This Lease shall be construed in accordance with the Laws of the State of Nevada.

16.2 The failure of either party to enforce any provision hereof at any time shall not be construed to be a waiver of such provision or of any other provision.

16.3 This Lease supersedes all prior agreements between Lessee and Lessor relating to the subject Property and constitutes the entire agreement thereof. No amendment or modification of this Lease shall be binding on either Lessee or Lessor unless made in writing and duly executed by both.

16.4 Titles and boldface type used in this Agreement are provided for convenience only and shall not be construed to alter the meaning of the text.

16.5 This Lease has been executed in two (2) counterpart(s) each of which shall be deemed to be an original but all of which together shall constitute one and the same Lease.

16.6 If any term, provision, covenant or condition of this Lease, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, all provisions, covenants and conditions of this Lease, and all applications thereof not held invalid, void or unenforceable, shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

16.7 Wherever used herein, Lessor and Lessee shall include the singular and the plural and in the event that either Lessor or Lessee, or both, is/are more than one person, natural or otherwise, the obligations and liabilities created by this Lease are the joint and several obligations and liabilities of all such persons, respectively constituting either the Lessor or the Lessee.

#### XVII. OTHER PROVISIONS

17.1 This Agreement incorporates the rights and responsibilities as defined in the Confidentiality Agreement presented to the Lessor on June 3, 1996 and incorporated to this Agreement.

IN WITNESS WHEREOF THE PARTIES hereto executed the Lease as of the 9th day of July, 1996 and have executed this amended Memorandum of Lease effective July 15, 2002.

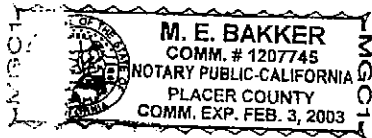
LESSOR:  
HOFFMANN MINING AND EXPLORATION, INC.

Wayne W. Sowle  
Wayne W. Sowle, President  
John J. Nemethy  
John J. Nemethy, V.P., Treasurer

STATE OF CALIFORNIA )  
                                  ) ss.  
County of Placer )

BEFORE ME, the undersigned notary public, on this day personally appeared Wayne W. Sowle and John J. Nemeth, of HOFFMANN MINING AND EXPLORATION, INC., a California corporation, known to me to be the President and Vice President of the before mentioned corporation and the person(s) whose name(s) are subscribed to the foregoing instrument and acknowledged to me that the same was executed for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL IN OFFICE this 19<sup>th</sup> day of August, 2002.



M. E. Bakker  
Notary Public in and for the State  
of California

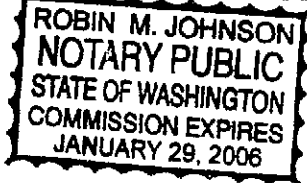
My Commission Expires: Feb. 3, 2003

LESSEE:  
FORESTHILL EXPLORATION AND  
MINING CORPORATION  
Randall O.T. Courtney  
Randall O.T. Courtney, President & Secretary

THE STATE OF WASHINGTON )  
                                  ) ss.  
County of King )

BEFORE ME, the undersigned notary public, on this day personally appeared Randall O.T. Courtney of FORESTHILL EXPLORATION AND MINING CORPORATION, a Nevada corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was executed for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL IN OFFICE this 15<sup>th</sup> day of August, 2002.



Robin M. Johnson  
Notary Public in and for the State  
of Washington

My Commission Expires: 1-29-2006