Memorandum Agreement for Joint Venture

Development and Operating Agreement
MEMORANDUM OF AGREEMENT FOR:
JOINT VENTURE DEVELOPMENT AND OPERATING AGREEMENT

BY AND BETWEEN
T.W. ARMAN AND JOHN HUTCHENS

AMENDED MEMORANDUM OF DEVELOPMENT AND OPERATING AGREEMENT

This memorandum of agreement is made as of October 31, 2009 ("Effective Date"), and amends the Joint Venture Preliminary Development and Operating Agreement between T.W. Arman, owner of the Iron Mountain Mine in Shasta, California, and John F. Hutchens, as joint venturers.

This agreement amends the preliminary development and operating agreement recorded Jan. 28, 2009, by T.W. Arman and John F. Hutchens; individually & official capacities of the Hu/Mountain joint venture. APN: 011-160-042/046/048; 046-110-008; 046-140-005/006; 046-160-012; 046-170-016/017/018.

FACTS

T.W. Arman owns certain property in Shasta County, State of California, which is known as Iron Mountain Mine. John F. Hutchens is participating with T.W. Arman in the development of mineral resources and building materials from waste; Acid Rock Drainage (ARD) and High Density Sludge (HDS) derived from processing the ARD; other waste by-products, building materials, building stone, and such other permitted use or uses as required or authorized by T.W. Arman who has granted this association and participation. T.W. Arman plans for no hardrock mining of massive sulfide ore bodies. In consideration of the expanded scope of responsibilities and opportunities granted by these amendments to the agreement, and the changes in the nature of the challenges that must be overcome to complete a reclamation plan and proceed with solution mining, T.W. Arman and John F. Hutchens agree to a division of revenue from new commercial enterprises pursued on the property by the joint venture shall be divided according to a formula of 51% T.W. Arman, 49 % John F. Hutchens. These interests shall be transferable to each joint venturer’s respective businesses & organizations as needed.

. The original agreement only applied to the AMD and sludge, this agreement contemplates consideration of additional projects. Any other projects than the AMD and sludge will require a new agreement specifying any division of interest, and require feasibility studies as needed.

Other projects anticipated at this time include wind, solar, and hydropower, solution mining, fuel cells battery technologies, and catalysts. Any participation by John Hutchens in any new venture will be negotiated by a additional agreements and any division of interest after a feasibility study is complete.

SUMMARY OF AGREEMENT

Purpose: T.W. Arman and John F. Hutchens enter this amendment to the memorandum of agreement for the purpose of acknowledging changes to the HU/MOUNTAIN joint venture. The joint venture conveys rights and
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interests to reclamation and resource conservation and recovery of the HDS and ARD; the production of
building material from overburden and other sources of rock and stone; to manufacture and market products
from or in conjunction with the recovery of minerals or materials from the ARD and HDS; to develop products
from wastes and by-products; and to perform all of the duties of site operator to replace the EPA appointed site
operator for the remedial and removal actions according to proper mining permits issued from Shasta County, a
revised Statement of Work or amended consent decree, feasibility studies and work plans to develop solution
mining, and to complete and satisfy all environmental compliance obligations affecting the properties, to
oversee all remedial activities regarding ARD or HDS disposal or recovery, and any other conduct as may be
necessary to protect these interests. This agreement creates and delegates authorities for the office of the
"Warden of the Forest & Stannaries" and rights of assignment and successors thereto.

The Office of the Warden of the Forests and Stannaries is appointed by T.W. Arman, and T.W. Arman has
granted this office and duty annually to John F. Hutchens. The officer conducts activities permitted by the
Shasta County Mineral Resource District guidelines, including exploration work for minerals, developing
agricultural uses and forest management, low-intensity recreational uses requiring only minor improvements,
such as a camping and hiking (no hunting or fishing) and without food service or lodging. The officer shall
preserve and protect the vested and accrued existing private property rights and the guarantees of rights,
privileges and immunities of patent title to T.W. Arman.

The officer shall be delegated responsibility for developing special uses like wind and hydro-electric power as
defined by the code, or for non-conforming uses approved in writing by T.W. Arman.

The officer is bound by duty to protect and defend T.W. Arman’s property, to expel and prosecute trespassers,
and authorizes the Warden to swear in deputies of the Warden of the Forest and Stannaries, to uphold the T.W.
Arman code of conduct at all times while on Iron Mountain Mine properties, and to prosecute the vested and
accrued existing rights of T.W. Arman as grantee’s agent.

Subject at all times to the will and pleasure of T.W. Arman, the rights and responsibilities of the joint venturer
and the office of the Warden of the Forests and Stannaries include vesting of locator’s rights to exclusive
possession and enjoyment of T.W. Arman’s Iron Mountain Mine private property

Governing Law: The Operating Agreement will be governed by the laws of the state of California.

Consideration: For valuable consideration, including financing the venture and of time, effort and expense in
performing a complete analysis, including the design of facilities, Remedial Investigation and Feasibility
Studies (RI/FS), Modifications to Remedial Design/ Remedial Action (RD/RA), Proposal for new Statement of
Work (SOW) schedules and budgets (CERCLIS), provisions of SOW according to the Trustees, CERCLA, and
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the EPA, any final Record of Decision (ROD6), and determinations according to the December 8, 2000 Consent Decree, and State and Federal bonding and insurance requirements, to prosecute the work to completion, T.W. Arman hereby pledges and conveys to John F. Hutchens a 49% interest in products, facilities building materials or other production from mine wastes, and any right of agency or factor as may be required to protect or enforce such interests.

Additional Terms and Conditions: John F. Hutchens agrees to perform and provide: (i) keep T.W. Arman informed of operations and provide lab samples of resources produced; $250,000 per year deposit on revenues, (ii) all employees, deputies, visitors and guests shall comply with the T.W. Arman “code of conduct”; (iv) provide an annual income projection based upon venture operations; (v) cooperate and coordinate all operations with EPA or other oversight agencies at the site; (vi) not to interfere with any government operations and maintenance as long as they exist; (vii) facilities maintenance; (viii) post operations performance and payment bond ($5 million) and liability insurance listing T.W. Arman as additionally insured; (ix) production, marketing and related services; (x) equitable distribution of revenue after expenses according to the percentage of ownership and subject to the provisions of the operating agreement. The expense of additional terms and conditions will commence on the return to profitable production.

Term: Unless the business is earlier terminated or the agreement renewed or extended, the term of this agreement shall be for the duration of the ARD treatment and HDS recycling or any joint developments, and thereafter as terms provided by any lease or rental agreements, (i) to dispose of all materials, supplies, equipment and infrastructure, (ii) to complete and obtain acceptance of any required environmental compliance, and (iii) to agree to a final accounting. This agreement may be cancelled if not profitable within the first year of operation.

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the Effective Date.

By: 
(name of declarant) T.W. Arman

By: 
(name of declarant) John F. Hutchens

EXECUTED THIS Nov. 2nd 2009,
STATE OF CALIFORNIA, COUNTY OF SHASTA

On Nov. 8th 2009, T.W. Arman and John F. Hutchens known to me to be the persons described in and who executed the foregoing instrument, personally appeared before me and acknowledged that they executed the same as a free act and deed.

My Commission Expires Jan. 26, 2010

Notary Public

Notary Seal

* Please see attached notary acknowledgment for correct wording and seal.

T.W. ARMAN and JOHN F. HUTCHENS AMENDED MEMORANDUM AGREEMENT of JOINT VENTURE 3 of 3
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of SHASTA

On Nov. 3rd 2009 before me, Kendra Whitney, Notary Public

personally appeared T.W. Arman and John E. Hutchens

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Kendra Whitney

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Memorandum of Agreement for: Joint Venture Dev.

Document Date: Oct. 31st 2009 Number of Pages: 3

Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer(s)

Signer's Name:  

☐ Individual  
☐ Corporate Officer — Title(s):  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney in Fact  
☐ Trustee  
☐ Guardian or Conservator  
☐ Other:

Signer Is Representing:

_________________________  

RIGHT THUMPRINT
OF SIGNER

Top of thumb here

Signer's Name:  

☐ Individual  
☐ Corporate Officer — Title(s):  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney in Fact  
☐ Trustee  
☐ Guardian or Conservator  
☐ Other:

Signer Is Representing:

_________________________  

RIGHT THUMPRINT
OF SIGNER

Top of thumb here
Exhibit A.

T.W. Arman, Parcels 1 through 36 inclusive; Book 1441, Page 285; Book 1385, Page 527; Book 1385, Page 539; Book 1385, Page 540; Book 1385, Page 541; Book 1385, Page 542; Book 1385, Page 543; Book 1385, Page 544; Book 1385, Page 545. All Mines and Mining Claims contained Therein.

APN: 011160042000; APN: 011160046000; APN: 011160048000; APN: 045110098000; APN: 046140005000;

APN: 046140006000; APN: 046160012000; APN: 046170016000; APN: 046170017000; APN: 046170018000

Reference number for Original Memorandum of Joint Development and Operation Agreement 2009-0002640

Recording coversheet attached