

**CONTRACT FOR LEASE AND PURCHASE AND SALE OF MINING RIGHTS**  
**OROPESA RESEARCH PROJECT No. 13,050**

Ponferrada (Leon), December 5, 2007

**THE PARTIES**

**Party of the first part:**

José Cereijo Soto, of legal age, a Spanish citizen, domiciled for the purposes of this instrument on calle Granja de las Piedras No. 13, 2<sup>nd</sup> [floor] of Ponferrada (Leon), Zip Code 24400, ID [redacted].

**And the party of the second part:**

Peter M. Miller, of legal age, a British citizen, domiciled for the purpose of this instrument on Ctra. A-488 Km. 20, 21330, Almonaster La Real, Huelva, valid passport number [redacted].

**THEY INTERVENE,**

José Cereijo Soto, in the name and representation of the Spanish commercial company, **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.**, domiciled at Polígono Industrial del Bierzo Alto, lots J3-15, 24318 San Román de Bembibre (Leon), Tax ID No. A-24439473, recorded with the Commercial Register of Leon, volume 430, General Section of Companies. The representation of Mr. José Cereijo Soto arises from his position as attorney in fact of the company, as appears from the instrument executed on September 12, 2006, before the Notary of Valladolid Bernardo Martínez López, No. 2006/1792/N/05/09/2006 of his protocol, duly recorded with the Commercial Register.

Mr. Peter Miller, in the name and representation of the Spanish company **IBERIAN MINERALS SPAIN, S.L.U.**, domiciled in Seville, Avenida de Américo Vespucio No. 5-4, floor 1, office 11, incorporated for an indefinite term under instrument certified by Notary José Luis Vivancos Escobar of Seville on November 29, 2006 under protocol No. 2547. The presentation of Mr. Peter Miller arises from the articles of incorporation of the company.

Recognizing the capacity in which they intervene, with the powers, representation and legitimacy necessary to execute this contract for purchase and sale of mining rights,

### **THEY DECLARE**

I.- That **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** is the owner of the mining rights listed below:

Application for Mining Search Permit named "OROPESA," lodged on October 11, 2006, for the following substances in section "C":

**Tin, wolfram, copper, lead, zinc, gold, silver and bismuth.**

**The situation and location of the search permit requested is defined by the following coordinates:**

<b>COORDINATE No.</b>	<b>LATITUDE N</b>	<b>LONGITUDE W</b>
1 (pp)	38°20'00"	5°31'00"
2	38°20'00"	5°27'00"
3	38°17'40"	5°27'00"
4	38°17'40"	5°29'00"
5	38°18'00"	5°29'00"
6	38°18'00"	5°31'00"

Said permit application consists of 78 mining grids, all located in the municipality of Fuente Obejuna, province of Cordoba, given the number **THIRTEEN THOUSAND FIFTY (13,050)** in the Registration Book of Permits and Concessions. A copy of said application is enclosed as an Annex.

Holder: The application for the aforementioned search permit was lodged by **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** A copy of the application is enclosed as **Annex 1**.

II.- **IBERIAN MINERALS SPAIN** declares that it knows the legal and administrative situation of each of the mining rights listed in Recital I above, as well as its location, area covered by each of them, mining search and/or exploitation work carried out therein, restoration works done, and in general, their physical location.

III.- **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** is interested in executing a lease agreement on all mining rights, **an initial sale agreement of 50% of the “Oropesa” search permit and its existing mining resources and the concession of a purchase option on the remaining 50% of the search permit and its existing mining resources to IBERIAN MINERALS SPAIN**, which is interested in leasing and purchasing the mining rights listed in Recital I, since the parties agreed for this purpose to sign this contract of lease purchase and sale of mining rights and purchase option, which will be governed by the following:

## CLAUSES

### ONE.- LEASE, PURCHASE AND SALE

**SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** leases to **IBERIAN MINERALS SPAIN, S.L.U.**, which in turn accepts the lease, for the term and with the stipulations contained in this contract, for the mining rights listed in recital One of this contract, fully assuming the rights and obligations deriving from them, including the payment of the annual fees to the Tax Agency.

Equally, and for the consideration indicated below, **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** sells, assigns and transmits to **IBERIAN MINERALS SPAIN, S.L.U.**, which purchases and acquires *50% of the Oropesa search permit with all mining rights* of this contract listed in **Recital I** hereof, which will enter into effect when the conditions stipulated below are met.

**SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** will deliver to **IBERIAN MINERALS SPAIN, S.L.U.** all information in its possession concerning said **Oropesa Search Permit No. 13,050**.

**IBERIAN MINERALS SPAIN, S.L.U.** will acquire the mining rights – “Oropesa” Search Permit – referred to in this contract with everything related and accessory to it, being subrogated in all rights and obligations arising in them for the seller, after the permit is granted.

## **TWO.- TERM**

The term of the lease is three years, which will start running from the concession of the mining search permit. **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** must notify **IBERIAN MINERALS SPAIN, S.L.U.** of said concession in writing, attaching a copy of the resolution.

After the lapse of this term of three years, the contract will be tacitly extended for annual terms, unless the lessee declares to lessor three months before the expiration date of the term or any of the annual terms its will not to renew it. Thus, the lessee may desist from the lease, provided it has lasted three years, and provided it gives the corresponding notice to lessor at least three months in advance.

The status established in this contract will continue applying to the extended contract.

## **THREE.- PRICE AND PAYMENT TERMS**

### **A) Lease.**

**IBERIAN MINERALS SPAIN, S.L.U.** will pay, as price of the lease, to **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** the amount of **18,000 Euros** annually.

During the term of the lease, in its first three years, **IBERIAN MINERALS SPAIN, S.L.U.** undertakes to invest a minimum of **500,000.00 Euros** and a maximum of **1,500,000.00 Euros** in conducting borehole programs and search work within the Search Permit, after it is granted.

In the event that the **lessee** desists before the lapse of the three years of the term of the lease, **lessor** will not have to pay any compensation to **lessee** but [the latter] is obligated to deliver to **lessor** all the information obtained by it in the search conducted.

**B) Purchase and sale.**

The parties agree that, at the time the investment in borehole programs and search works in the “Oropesa” Search Permit reaches the figure of 1,500,000.00 Euros, including the minimum amount of investment of 500,000 Euros referred to in section A) above, **IBERIAN MINERALS SPAIN, S.L.U.** will purchase, and **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** undertakes to sell and transmit to **IBERIAN MINERALS SPAIN, S.L.U.** 50% of the Oropesa Search Permit and all the mining rights listed in Recital I of this contract, provided it continues the works necessary to start up the mine or assigns them to a third party that will develop the mine at no cost for **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** For this purpose, at the request of **IBERIAN MINERALS SPAIN, S.L.U.**, including evidence that said investment and expense were made, **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** will grant the corresponding purchase and sale instrument of **50%** of the mining rights referred to in Recital 1.

For the acquisition of **50%** by **IBERIAN MINERALS SPAIN, S.L.U.**, it is obligated to continue with the search, viability study and startup of the mine, paying all expenses originated or performing such actions through a third-party company.

#### **FOUR.- PURCHASE OPTION.**

**SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** grants to **IBERIAN MINERALS SPAIN, S.L.U.** or the legal person designated by it, an option on the *remaining 50% of the Oropesa Search Permit with all mining rights* concerned by this contract – and in possession of **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** – which may exercise it by communicating to **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, SA** the payment terms of said balance of 50% of the “Oropesa” Search Permit with right for **IBERIAN MINERALS SPAIN, S.L.U.** to choose either: an annual Royalty or NSR equivalent to 1.35% of the value of the net annual shares of metal concentrate as it appears from the books of the mine during the life of the mining exploitation or a single payment equivalent to 0.9% of the value of the deposit in metal content.

**SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.** will acquire, at no cost, stocks or shares of the company exploiting the deposit, providing the following conditions are met:

- (i) After proof brought of the economic viability of the project by **IBERIAN MINERALS SPAIN, S.L.U.** or the third party replacing it in the rights, it will study the possibilities of implementing it in practice.
- (ii) If **IBERIAN MINERALS SPAIN, S.L.U.** or the third party replacing it decides to implement the exploitation project in practice, it will so notify **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.**
- (iii) The exploitation of the mining rights of the Oropesa Search Permit will take place through the incorporation of a commercial company with the following holding percentages:

- a. **IBERIAN MINERALS SPAIN, S.L.U.** (or the third party replacing it): **96%**.
  - b. **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.:** **4%**. This percentage is fixed during the life of the company and is exempt from any capital increase.
- (iv) In the event that, in order to start the exploitation of the mine or during the life of the operations, it is necessary to use financing outside the company to incorporate it, i.e. if it is necessary to request a loan, both parties to undertake to contribute their corporate holding as guarantee, be it in the event of pledge of shares or stocks or in any other form of guarantee.

**FIVE.- IBERIAN MINERALS SPAIN, S.L.U.** reserves the right of first refusal, in any case, on the total percentage of the “Oropesa” Search Permit still in possession of **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.**, if this company decides to sell any of the rights granted to it under this contract. This right of first refusal may be exercised by **IBERIAN MINERALS SPAIN, S.L.U.** or the third party replacing it for a term of ten years from its communication enclosed with a copy of the offer made by the third party.

**SIX.-** The parties agree that for exploration and boreholes, **IBERIAN MINERALS SPAIN, S.L.U.** will preferably contract **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.**, provided its prices are in line with market prices. All exploration and search work must be agreed upon and approved by both parties.

**SEVEN.-** The contracting parties expressly state, in order to comply with article 123 section 4 of the General Regulation for the Mining System, that they know that the violation of the



precepts of the Mining Law and the Regulation may constitute a reason for lapse of the transmitted mining rights .

**EIGHT.-** Lessee, or the buyer, if applicable, in order to comply with the provisions of articles 100 of the Mining Law and 126 of the Regulation, submits to the conditions established for the mining laws hereunder, which, along with the particular situation of each of them, it knows and accepts, while also submitting to the provisions of the Mining Law and its Regulation and also promising, as of the date the permit is granted, to comply with all obligations of the holder of the mining right.

The administrative enforceability of this contract is subject to the condition precedent of the granting of the prior authorization for the transmission of the mining rights by the General Department of Industry, Energy and Mines of the Council for Innovation, Science and Companies of the Board of Andalucía or the corresponding agency, compliance with the conditions imposed and presentation, if applicable, of the document proving the payment of the corresponding tax.

On the execution date of the instrument, the parties will request from the competent administrative Agency the authorization for the transfer of title concerning the mining right. The parties accept as an integral part of this contract the conditions that, according to the Law, are normal and customary consequences of the mining rights in question and imposed by the administrative resolution.

#### **NINE.- ASSIGNMENT.**

**Both parties** may assign to third parties their legal position (rights and obligations) contained in this contract, in full or in part.

The third party assignee will be **fully** subrogated in the legal position of the assignor.

If the assignment is made to a company that has a common parent company, immediately or remotely, with the assignor, the only requirements are communication to the other party in the acceptance of the contract by the assignee in a written notarized document.

If the assignment is made to a company other than those mentioned in the previous paragraph, it is necessary to attach information on the third party in order to prove that it meets the requisites established in the Mining Laws.

**TEN.-** This contract will be elevated to public instrument at the request of **either one of the parties.**

#### **ELEVEN.- NOTIFICATIONS.**

Any communication or notification to be made according to this contract will be made in any of the forms listed below:

- In writing, by private document signed by the communicating party with copy that the other party will sign and return to the communicating party in token of receipt.
- In writing, in a notarized document or in another due form.

**TWELVE.-** The buyer will pay all expenses and taxes arising from the formalization and execution of this contract.

**THIRTEEN.-** This contract will be governed by Spanish Law.

The parties agree to submit to the Judges and Courts of the City of Ponferrada (Leon), expressly waiving any venue to which they may be entitled.

In witness whereof, they sign this document in duplicate and for the same purpose in the place and date ut supra.

For **SONDEOS Y PERFORACIONES INDUSTRIALES DEL BIERZO, S.A.**

*[signature]*

Signed: José Cereijo Soto

For **IBERIAN MINERALS SPAIN, S.L.U.**

*[signature]*

Signed: Peter M. Miller