

COMMERCIAL MINING LICENSE AGREEMENT

THIS AGREEMENT is between THE NEW 49'ers, Inc., (hereafter referred to as "The New 49'ers" or "New 49'er"), and _____ (hereafter referred to as "Commercial Operator"). The purpose of this Agreement is for The New 49'ers to issue a revocable Commercial Mining License to Commercial Operator.

I. COMMERCIAL MINING LICENSE TERMS

1. COMMERCIAL EQUIPMENT DEFINED

"Commercial Equipment" is defined as mechanized earth-moving equipment such as bulldozers and backhoes or suction dredges with hose-sizes larger than 6-inches in diameter.

2. COMMERCIAL OPERATOR DEFINED

A "Commercial Operator" is any New 49'er member in good standing who executes this Commercial Mining License Agreement with The New 49'ers to operate Commercial Equipment on properties which are being made available to members by The New 49'ers (hereinafter referred to as "New 49'er Properties").

3. SPECIALLY DESIGNATED COMMERCIAL CLAIM DEFINED

A "Specially Designated Commercial Claim" (hereinafter "Commercial Claim"), is a portion of New 49'er Properties which may be assigned to the commercial operator by New 49'er management. A Commercial Claim will usually be larger in size than the sixty (60) feet which is normally allowed to New 49'er members.

Under this Agreement, New 49'er management may assign a Commercial Claim to Commercial Operator when, based upon the weekly royalty and weekly royalty reports (outlined in Chapter III below), production results show that Commercial Operator is developing a commercial gold deposit. New 49'er management also retains the right to withdraw the assignment of a Commercial Claim in the event that, in New 49'er management's sole discretion, Commercial Operator's production results do not consistently show the existence or productive development of a commercial gold deposit.

In the event that a Commercial Claim has been withdrawn by New 49'er management, Commercial Operator will retain the right to claim the normal 60 feet which is allowed to all members in good standing through the Regular Membership Agreement (See Chapter II below).

4. MINING LICENSE TERM

The term of the Commercial Mining License issued by The New 49'ers to the Commercial Operator shall be for one mining season, which begins on the Effective Date of this Agreement (below) and ends on 31 December of the same year; provided however, that the

Commercial Mining License shall be revocable by The New 49'ers at an earlier time (prior to the expiration of the term) under conditions as specified below in Chapter V, Default and Mining License Revocation.

The Commercial Mining License issued by The New 49'ers to the Commercial Operator is also renewable for the next mining season at the option of The New 49'ers. Any renewal of this Agreement must be made in writing in order to be effective.

5. NEW 49'ER ACKNOWLEDGMENT

Commercial Operator is acknowledged by The New 49'ers as a legitimate small-scale gold miner under the federal 1872 General Mining Law and the applicable provisions of the California Public Resources Code, with permission to conduct mining operations, including but not limited to, locating and developing valuable gold deposits on New 49'er Properties. The New 49'ers further acknowledges that it issues a revocable Commercial Mining License to Commercial Operator for the conduct of mining operations on or off of specially designated Commercial Claims.

6. COMMERCIAL OPERATOR ACKNOWLEDGMENT

Commercial Operator acknowledges that his or her reason for executing this Agreement is to have the opportunity to enjoy a potential increased recovery of gold on mining properties being made available by The New 49'ers. Commercial Operator further acknowledges that this Commercial Mining License is revocable on the basis specified below in Chapter V, Default and Mining License Revocation.

By the execution of this Agreement, Commercial Operator acknowledges the prior-existing discoveries of gold deposits which have already created the foundation of the federal mining claims which are being made available to Commercial Operator. Commercial Operator acknowledges and agrees that any commercial gold deposits which are located and/or further developed as a result of this Agreement will be supplemental in nature to the original discovery, and will not be used in any attempt to supersede prior-existing discoveries made by the mining claim owners.

II. IN EXCHANGE FOR THE COVENANTS TO BE KEPT BY COMMERCIAL OPERATOR SET FORTH IN CHAPTER IV BELOW, AND PAYMENT OF THE ROYALTY AS SET FORTH IN CHAPTER III BELOW, THE NEW 49'ERS SHALL PROVIDE THE FOLLOWING PRIVILEGES TO COMMERCIAL OPERATOR:

1. REGULAR MEMBER PRIVILEGES

The Commercial Operator has already executed an agreement entitled MINING LICENSE AGREEMENT BETWEEN THE NEW 49'ERS, INC. AND MEMBERS (hereinafter the "Regular Membership Agreement") prior to execution of this Commercial Mining License Agreement; and all of the privileges set forth in the Regular Membership Agreement, Chapter II, Paragraphs 1 through 6, inclusive, will be afforded to the Commercial Operator.

2. ADDITIONAL PRIVILEGE

In addition to the Regular Membership Agreement privileges afforded to all New 49'ers members, the Commercial Operator will be afforded the privilege of a Commercial Mining License allowing him or her to operate Commercial Equipment on mining properties being made available by The New 49'ers; and therefore, to enjoy a potential of increased recovery of gold, subject to the payment of a weekly royalty and the making of a weekly report, as set forth in Chapter III, Paragraphs 1 and 2, below.

III. ROYALTY

1. WEEKLY ROYALTY PAYMENT

Commercial Operator shall pay The New 49'ers a ten percent (10% by weight) gross royalty on all gold he or she recovers by use of any Commercial Equipment, or by use of any smaller dredge or other equipment operating in conjunction with Commercial Equipment anywhere on New 49'er Properties, or by the use of any equipment being operated on a Specially Designated Commercial Claim, regardless of how much or how little gold the Commercial Operator is producing. This ten percent (10%) royalty shall be paid by Commercial Operator to The New 49'ers on a weekly basis, on or before Wednesday, for all gold which he or she recovers on or before the preceding Sunday. The weekly ten percent (10%) royalty payment shall be paid to The New 49'ers at the Pro-Mack Mining Supply Store at 27 Davis Road in Happy Camp, California.

2. WEEKLY REPORT

At any time which Commercial Operator has Commercial Equipment present on New 49'er Properties, or has any mining equipment present on a Commercial Claim, Commercial Operator shall make a weekly royalty payment report (hereinafter "report") to The New 49'ers at the time designated for the weekly royalty payment as set forth in paragraph 1, above. The report shall state the gross amount of gold recovered during the previous week, along with the amount of the 10% royalty. In the event that the Commercial Operator has not operated during the preceding week, that shall be reported, as well. If the Commercial Operator is going to depart the area, so that making the report is not possible, the Commercial Operator shall make a report of his or her departure to The New 49'ers before his or her departure – and then resume making weekly reports upon his or her return.

The New 49'ers shall issue a receipt for each and every weekly royalty payment and/or report received. Commercial Operator shall keep the receipts with his or her copies of the reports as proof of each weekly royalty payment and/or report made, and make the receipts and reports available for inspection by The New 49'ers at any time.

IV. COMMERCIAL OPERATOR'S RULES AND RESPONSIBILITIES

1. RESPONSIBLE MINING OPERATION BY COMMERCIAL OPERATOR

Commercial Operator has already executed the Regular Membership Agreement prior to execution of this Commercial Mining License Agreement, and the Commercial Operator shall abide by all of the rules and responsibilities set forth in Chapter IV, Paragraphs 1 through 7, inclusive, of the Regular Membership Agreement. In addition, Commercial Operator shall take full responsibility for the actions of each of his or her crew members and/or guests, and acknowledges that if any crew member or guest fails to abide by member rules and responsibilities, that the Commercial Operator and his crew members and/or guests will be answerable to The New 49'ers' Director of Internal Affairs or other New 49'er management.

Moreover, Commercial Operator shall conduct all mining operations on New 49'er Properties in a good and workmanlike manner, in accordance with accepted mining practices, shall maintain healthy and sanitary mining conditions and provide a proper camp site if camping is being done in the forest.

2. LOCAL, STATE & FEDERAL LAWS, NO GUARANTEES

Nothing in this Agreement allows Commercial Operator to conduct any mining or prospecting program on New 49'er Properties in any manor which violates local, State or federal laws or regulations. Commercial Operator understands and agrees that responsibility to operate within the laws rests completely with the Commercial Operator, and that The New 49'ers has made no representations concerning what may or may not be done in accordance with the laws and regulations which govern mining or prospecting operations.

Furthermore, nothing in this Agreement makes any production guarantees to the Commercial Operator. Commercial Operator understands and agrees that his or her production results will depend entirely upon the prospecting and other choices which Commercial Operator makes in the field.

3. GUESTS

Commercial Operator shall not allow any person to actively participate in his or her mining operation unless the person is a member of The New 49'ers in good standing with membership dues current, or unless the person is the Commercial Operator's guest, who has been registered with the New 49'er office in Happy Camp. Moreover, no guest may participate in the Commercial Operator's mining operation for more than one week during the term of this Commercial Mining License.

4. INSPECTION

The New 49'ers management and/or staff shall be permitted to inspect and observe any and all phases of Commercial Operator's mining operation, both above and below the water, including cleanup procedures and recording of production results, at any time during the term of this Commercial Mining License.

V. DEFAULT AND MINING LICENSE REVOCATION

Should Commercial Operator fail to comply with the provisions of this Agreement, including failure to pay to The New 49'ers the weekly royalty payments specified in Chapter III, Paragraph 1, above, or failure to provide the weekly royalty reports as specified in Chapter III, Paragraph 2, above, Commercial Operator shall be in default under this Agreement; and upon service of notice by The New 49'ers to the Commercial Operator as specified in Chapter VI, Paragraph 1, below, The New 49'ers may revoke the Commercial Mining License issued to the Commercial Operator after ten (10) days from service of written notice. If the default subject of the written notice from The New 49'ers to the Commercial Operator is not cured within ten (10) days of service of the written notice, then the Commercial Operator shall cease and desist from any further use of Commercial Equipment and shall remove his or her Commercial Equipment from New 49'er Properties within ten (10) days of service of the written notice.

VI. FURTHER TERMS:

1. NOTICES:

Any notice or other communication ("Notice") required to be given under the terms of this Agreement shall be in writing and shall become effective when personally served upon the party to be given such Notice, when posted by certified or registered mail, or when delivered by facsimile (fax) or email.

The addresses for such Notices shall be:

COMMERCIAL OPERATOR: _____

THE NEW 49'ERS: P. O. Box 47, 27 Davis Road, Happy Camp, California 96039;
Fax: (530) 493-2095; Email: dcmccra@attglobal.net

2. GOVERNING LAW AND VENUE:

This Agreement is to be governed by and construed under the laws of the State of California and the federal 1872 General Mining Law. The New 49'ers and Commercial Operator consent to litigate any dispute under this Agreement in the Siskiyou County Superior Court, unless the dispute concerns a specific New 49'er Property in another county, in which case either The New 49'ers or the Commercial Operator may elect to litigate that dispute in the superior court of the county in which the New 49'er Property is situated.

3. SEVERABILITY:

Any provision of this Agreement prohibited by the laws of the United States or the State of California shall be ineffective to the extent of such prohibition without invalidating the remaining provisions of this Agreement.

4. ATTORNEYS FEES TO PREVAILING PARTY:

In any litigation over this Agreement, the prevailing party (either The New 49'ers or the Commercial Operator) shall be entitled to reimbursement of reasonable attorney's fees and costs incurred from the other party.

5. ENTIRE AGREEMENT:

This Agreement sets forth the entire agreement of the parties and supersedes all previous and contemporaneous agreements, representations, warranties, and undertakings, written or oral, except for those specifically incorporated provisions of the MINING LICENSE AGREEMENT BETWEEN THE NEW 49'ERS, INC. AND MEMBERS which the Commercial Operator has already executed with The New 49'ers. (Please note, that the foregoing exception is necessary, because this Agreement has specifically incorporated portions of a previous Agreement.)

6. MODIFICATION

No modification, variation, or amendment of this Agreement shall be effective unless it is in writing and is signed by all parties to this Agreement.

7. WAIVER:

No waiver of any provision of this Agreement, or waiver of any breach of this Agreement, shall be effective unless the waiver is in writing and is signed by the party against whom the waiver is claimed. No waiver of any breach shall be deemed to be a waiver of any other or subsequent breach.

8. EFFECTIVE DATE:

The effective date of this Agreement shall be _____.

The parties hereto have executed this Agreement on the date set forth hereafter.

COMMERCIAL OPERATOR:

Name

Date

THE NEW 49'ERS:

Name

Date

Title: _____