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UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF COLORADO

IN RE: NORTH LILY MINING COMPANY, INC., a Utah corporation, EIN: 87-0159350 Debtor.	)	Bankruptcy No. 01-23068-EEB Chapter 11 **M.C. No. KMK-3**
IN RE: XERES TINTIC, LLC, EIN: 84-1528808 Debtor.	)	Bankruptcy No. 01-23069-EEB Chapter 11 **Jointly Administered Under Bankruptcy No. 01-23068-EEB Chapter 11**

Limited Service List No. 2, Dated November 21, 2001

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1801 California #4800
Denver, CO 80202-2648

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Division of Water Quality
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Salt Lake City, UT 84114

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Malvern, PA 19355-0701

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Denver, CO 80244-0001

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Provo, UT 84606

Tom Gast
Environmental Management
1413 West 57th Street
Loveland, CO 80538

Van Cott, et al.
50 South Main Street
Suite 1600
Salt Lake City, UT 84144

Van Cott Bagley Cornwall & McCarthy
15 South Main Street, Suite 1600
Salt Lake City, UT 84145-0340

Metwest
OCWEN Federal Bank
ATTN: Research
12650 Ingenuity Drive
Orlando, FL 32826

Gemisys
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Englewood, CO 80112

Patricia M. Ingram
Juab County Treasurer
160 North Main
Nephi, UT 84648

Mark T. Young, Esq.
15910 Ventura Boulevard
Suite 1650
Encino, CA 91436-2802

CERTIFICATE OF SERVICE

It is hereby certified that service has been made by United States mail, postage prepaid, this 21st day of November, 2001, on all persons and entities appearing on Limited Service List No.2, dated November 21, 2001.

Lee M. Kutner (#10966)
Jeffrey D. Vanacore (#33282)

KUTNER MILLER KEARNS, P.C.
303 E. 17th Avenue, Suite 500
Denver, CO 80203
Telephone: (303) 832-2400
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E-Mail: lmk@kutnerlaw.com

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:	)	
	)	Bankruptcy No. 01-23068-EEB
NORTH LILY MINING COMPANY, INC.,	)	
a Utah corporation,	)	Chapter 11
EIN: 87-0159350	)	
	)	
Debtor.	)	M.C. No. KMK-4
	)	
	)	
IN RE:	)	
	)	Bankruptcy No. 01-23069-DEC
XERES TINTIC, LLC,	)	
EIN: 84-1528808	)	Chapter 11
	)	Jointly Administered Under
Debtor.	)	Case No. 01-23068-EEB

NOTICE PURSUANT TO LOCAL BANKRUPTCY RULE 202 AND BANKRUPTCY RULE 4001 OF MOTION FOR ORDER UNDER 11 U.S.C. § 365 AND FED. R. BANK. P. 6006 AUTHORIZING DEBTOR TO ASSUME EXECUTORY CONTRACT WITH JBR ENVIRONMENTAL CONSULTANTS, INC.

TO ALL PARTIES IN INTEREST:

NOTICE IS HEREBY GIVEN that the movant named below has applied to this Court or is intending to take action as follows: Debtor has filed its Motion for Assumption of Executory Contract with JBR Environmental Consultants. Once approved, the Agreement provides for JBR to continue to provide environmental consulting services to the Debtors with respect to reclamation of the Debtors' heap leach tailings facility near Silver City, Utah. A copy of the pleading is available for inspection in the Bankruptcy Court Clerk's Office, 721 -19th Street, First Floor, Denver, Colorado 80202, or upon request from the undersigned attorney.

Pursuant to Rule 202 of the Local Rules of Bankruptcy Procedure, if you desire to oppose this action you must file a written objection and request for a hearing with the Court on or before **DECEMBER 14, 2001**, and serve a copy thereof on the undersigned attorney. Objections and requests for hearing shall clearly specify the grounds upon which they are based, including the citation of supporting legal authority, if any. General objections will not be considered by the Court.

In the absence of a timely and substantiated objection and request for hearing by an interested party, the Court may approve or grant the aforementioned application without any further notice to creditors or other interested parties.

Dated: November 21, 2001

Respectfully submitted,

By: _____

Lee M. Kutner, #10966

KUTNER MILLER KEARNS, P.C.
303 E. 17th Avenue
Suite 500
Denver, CO 80203
Telephone: (303) 832-2400
Facsimile: (303) 832-1510
email: lmk@kutnerlaw.com

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF COLORADO

IN RE:	)	
	)	Bankruptcy No. 01-23068-EEB
NORTH LILY MINING COMPANY, INC.,	)	
a Utah corporation,	)	Chapter 11
EIN: 87-0159350	)	
	)	M.C. No. KMK-4
Debtor.	)	
	)	
	)	
	)	
IN RE:	)	
	)	Bankruptcy No. 01-23069-DEC
XERES TINTIC, LLC,	)	
	)	
EIN: 84-1528808	)	Chapter 11
	)	Jointly Administered Under
Debtor.	)	Case No. 01-23068-EEB

MOTION FOR ORDER UNDER 11 U.S.C. § 365 AND FED. R. BANK. P. 6006 AUTHORIZING DEBTOR TO ASSUME EXECUTORY CONTRACT WITH JBR ENVIRONMENTAL CONSULTANTS, INC.

The Debtor ("North Lily"), by and through its attorneys, Kutner Miller Kearns, P.C., moves the Court for an order under 11 U.S.C. §365 and Fed. R. Bankr. P., Rule 6006 authorizing the Debtor to assume an executory contract with JBR Environmental Consultants, Inc. ("JBR"). In support of this Motion, the Debtor respectfully represents as follows:

1. The Debtor filed for relief under Chapter 11 of the Bankruptcy Code on September 6, 2001 and the Debtor remains a Debtor-in-Possession.

2. The Debtors' cases are being jointly administered pursuant to Order of this Court.

3. The Debtors primary asset consists of approximately 7,490 acres of real property in the State of Utah. The real property is held by deeded fee interest and through numerous patented mining claims (collectively "Property").

4. The Property is relatively undeveloped ground approximately 50 miles southwest of Provo, Utah. Portions of the Property have access problems and some of the Property is in mountainous terrain.

5. The Debtor has sold miscellaneous parcels of property over time to generate revenue for business operations and pay debt. However, the Debtor has not previously put into place an overall strategy for the marketing and sale of parcels of Property with rural land experienced professionals as is the current Plan.

6. In order to help realize the greatest possible recovery for the Property, the Debtor must also complete reclamation of the small heap leach tailings reprocessing facility located near Silver City, Utah ("Project") on a portion of the Property. In addition, the Debtor is required to comply with Federal, State and local environmental protection laws while the Debtor is a Debtor-in-Possession.

7. Completion of the Project reclamation is important to enable North Lily to be in compliance with State of Utah environmental laws and regulations. That compliance will also enhance the value of the overall property to potential purchasers.

8. The reclamation completion process involves the revegitation of land by November, 2001 and continued monitoring for five years. The reclamation work is necessarily time sensitive. Such work must be completed before the winter season begins and the ground freezes. If the ground freezes before completion of the revegitation work, the work will be delayed until the ground thaws in Spring, 2002. The delay caused by such an eventuality would be nearly six months and could cause significant economic harm to the Debtor.

9. Under a State of Utah Stipulation and Consent Order dated July 26, 2000, (as amended) Docket No. 2000-004/Cause No. M/023/007, State of Utah, North Lily is required to complete the revegitation work at the Project no later than this month. Additionally, North Lily is required to perform five years of weekly environmental monitoring at the Project.

10. Failure to perform the revegitation work exposes North Lily to forfeiture of a $32,500 bond posted by North Lily and held by the Utah State Division of Oil, Gas and Mining and also exposes North Lily to substantial fines to both the Utah State Departments of Oil, Gas and Mining and Water Quality.

11. North Lily retained JBR Environmental Consultants, Inc. ("JBR") approximately two years ago to begin the reclamation work required at the Project. To date, North Lily has expended approximately $400,000 on the shutdown of the Project and the reclamation work. The revegitation and monitoring work is the very last, and least expensive, part of the reclamation work.

12. On June 22, 2001, North Lily entered into an agreement ("Agreement") with JBR. The Agreement was supplemented on November 7, 2001. A copy of the Agreement is attached as Exhibit A.

13. The Agreement provides for JBR to continue and complete North Lily's necessary shut down, reclamation and monitoring work for the Project. This ongoing work will take up to five years. In exchange, North Lily agreed to immediately pay $85,000 to JBR from funds which then were being released from the Project's reclamation bond toward a then existing balance due JBR of $143,574.69 (the balance subsequently increased to $151,944 as of June 30, 2001 for work performed in the interim). North Lily further agreed to execute and provide JBR with a promissory note which obligated North Lily to pay the June 30 balance of $66,944.00 by December 31, 2001 at 8% interest. The promissory note reflecting said obligation is attached as Exhibit B. Further, North Lily executed a Deed of Trust to secure the promissory note with 800 acres of patented mining claims know as the Paymaster. The Deed of Trust is attached as Exhibit C.

14. North Lily also agreed to assign to JBR the proceeds from North Lily's remaining reclamation bond in the amount of $32,500. Attached as Exhibit D is the assignment as executed (subject to the approval of the Bankruptcy Court) on November 6, 2001. JBR will look to the bond solely to pay the remaining costs and expenses for its work.

15. The Promissory Note of $66,944 is secured by the Deed of Trust recorded August 24, 2001 against the Paymaster patented mining claims. JBR required the Note, Deed of Trust and $85,000 in released bond payments in order for JBR to continue providing services. JBR has continued to provide service since the payment was made and Note was secured.

16. North Lily has recently received a U.S. Environmental Protection Agency request for information pursuant to CERCLA, Section 104 with respect to the Project and historic activity in the District. In order to adequately respond to the EPA request, North Lily will require additional services from JBR. The parties have entered into a further Supplement to the Agreement under which JBR has agreed to provide the needed services. The currently estimated cost and retainer for

this supplemental work is $3,500. A copy of the Supplement to the Agreement is attached hereto as Exhibit E.

17. Approval of the Debtor's assumption of the Agreement as amended and supplemented is in the best interest of creditors and the estate since it will allow the Debtors to remain in compliance with environmental laws and enhance and preserve the value of the real property assets and bond.

WHEREFORE, the Debtor prays that the Court make and enter an Order as follows:

a. Approving the Agreement as described herein, and authorizing the Debtor to assume the Agreement as amended and supplemented under 11 U.S.C. § 365(a); and

b. For such further and additional relief as to the Court may appear proper.

DATED: November 21, 2001

Respectfully submitted,

By: _____

Lee M. Kutner #10966
KUTNER MILLER KEARNS, P.C.
303 East 17th Avenue, Suite 500
Denver, CO 80203
Telephone: (303) 832-2400
Telecopy: (303) 832-1510
E-Mail: lmk@kutnerlaw.com

NORTH LILY MINING COMPANY (NLMC)
1800 Glenarm Place-Suite 210
Denver, Colorado 80202

22 June, 2001

Mr.Robert Bayer
JBR ENVIRONMENTAL CONSULTANTS INC.(JBR)
8160 S. Highland Drive, Suite A-4
Sandy, Utah 84093

Dear Mr. Bayer:

As discussed, JBR and NLMC agree as follows:

1-NLMC owes JBR $143,574.69* as of 31 May, 2001 for Professional Services and Reimburseables performed, paid or to be paid by JBR for reclamation work on NLMC's Silver City Project (the 'Project"). *As of June 30, NLMC owes JBR $151,944.

2-Upon our mutual execution hereof, NLMC will wire transfer to you $85,000 from the funds recently released from the Project's reclamation bond.

3-Within ~~five~~ TEN(10) business days after mutual execution hereof, NLMC will also:

(a) Execute and provide to you its Promissory Note or Convertible Debenture (CD) obligating NLMC to pay the balance of $58,575.00** owing to you by December 31, 2001 with 8% interest. The CD is effectively the equivalent of a Promissory Note debt instrument with the added feature of allowing you at your option to convert the debt or portions thereof into stock of NLMC at a predetermined price if that becomes economically attractive for you. **$66,944

(b) Execute and provide to you the attached recordable Deed of Trust (subject to Karen Prior approval) securing the above debt instrument with 800 acres of NLMC's patented mining claims (the Paymaster). In the event of non-payment by NLMC, you and Denver accountant, Karen Prior, would be entitled to share equally in proceeds from sale of the property until each has received $37,000 plus interest; thereafter, you would receive all such proceeds until repayment of the *** $21,575 (or such lesser or greater amount as may then still be owed to you by NLMC) plus interest. ***$29,944

(c) Execute and deliver to you an assignment of NLMC's rights and interests in the remainder of NLMC's Project reclamation bond ($32,500 plus accruing interest) referenced in the attached letter from Utah State dated 12 June 2001. Said assignment would attach letters to the State and to the Bank holding the bond (like the attached letter of 12 June to the Bank from NLMC), instructing them to release the reclamation funds to JBR as soon as possible.

4-JBR undertakes, subject to ongoing consultation and reasonable approval by NLMC, to continue and complete NLMC's necessary reclamation, shutdown and monitoring work

A

for the Project effective June 1, 2001(including payment of $1800 per month for three months to Elwin Ewell as a contract worker on the Project). NLMC undertakes to timely reimburse JBR for the costs thereof as soon as feasible from corporate financing and sales of NLMC lands, until the parties mutually agree in good faith that it is reasonable to expect the then remaining costs to be offset by the remainder of the reclamation bond. In the event of non-payment by NLMC, then JBR's rights to proceeds under the Deed of Trust would be increased by such unreimbursed sums, as provided by subpart (4) of paragraph 14 of the attached Deed. ****

AGREED BY:

NORTH LILY MINING COMPANY

PER: _____
S. E. Flechner, President

XERES TINTIC LLC

PER: _____
W. G. Webb, Manager

JBR ENVIRONMENTAL CONSULTANTS INC

PER: _____
Robert Bayer, President

**** Effective July 20, 2001, the parties agree that it is reasonable to expect the remaining costs (in excess of the $66,944, secured by the Deed of Trust) to be offset by the remaining reclamation bond; and JBR will rely upon the bond for its further reimbursement, provided the NLMC timely performs the assignment and instruction letters in #3 (c) above.

PROMISSORY NOTE
July20, 2001

Principal Amount $66,944.00 Maturity Date: December 31, 2001

FOR VALUE received, NORTH LILY MINING COMPANY and XERES TINTIC, LLC (Maker) hereby jointly and severally promise to pay JBR Environmental Consultants, Inc. (Payee) on December 31, 2001 or such earlier date, the Principal Amount of $66,944.00 invoiced by Payee as of June 30, 2001 for professional services and reimburseables performed, paid or to be paid by Payee for reclamation work on Maker's Silver City Project in Utah (Project).

Interest will accrue on the Principal Amount outstanding from the date hereof at a rate of eight percent per annum until repaid in full. All payments shall be made and be delivered to Payee at its headquarters in Sandy, Utah or by wire transfer to its Utah bank account. Upon written request by Payee prior to repayment hereunder, Maker shall provide Payee with Maker's convertible-debenture to replace this Note with such one year debt instrument convertible at the option of Payee into common shares of Payee at an exercise price of $0.25 per share, with warrants for a like number of shares exercisable for one year at $0.50 and for a second year at $1.00 per share, but in no event at less than twenty percent below the 30 day average closing price of the public trading shares of the Maker. This Note shall be released when and if the Payee so elects by executing and returning said convertible-debenture and warrant documents to Payee.

If any payment required under this Note is note made when due, or if an event of default occurs under the Trust Deed (as defined below), the entire unpaid Principal balance of this Note, together with all accrued but unpaid interest, shall, become due and payable without presentment, demand, protest or notice. Any forbearance, failure or delay by the holder in exercising any right or remedy under this Note or otherwise available to the holder shall not be deemed to be a waiver of such right of remedy, nor shall any single or partial exercise of any right or remedy preclude the further exercise of such right or remedy. The undersigned shall pay all costs and expense reasonably incurred by the holder in connection with the enforcement of this Note, including court costs and attorney's fees and costs.

This Note is secured by a trust deed (the "Trust Deed") executed by the undersigned as trustor, in favor of the Payee of this Note, as Beneficiary, creating a lien on certain real and personal property located in Utah County, Utah (the Property"), as the Trust Deed may be modified or amended from time to time. Payee/Beneficiary agrees (and will amend or sign deeds of trust to confirm) that its rights in the Property shall be shared with Karen J. Prior/KRP Consulting so that proceeds of sale from the Property shall be shared equally until each party has collected $37,000 plus interest, and thereafter Payee hereunder shall be entitled to collect $29,944 plus interest (and any other amount owed Payee by Maker) from the remaining proceeds.

EXHIBIT B

This Note and the Trust Deed shall be governed and enforced under Utah law. This Note, the Trust Deed and any other written agreement entered into in connection with this Notc are a final expression of the agreement between the holder and undersigned and may not be contradicted by evidence of any other alleged agreement unless signed by the parties hereto.

The undersigned hereby waives notice of dishonor and presentment. Holder will execute appropriate documents to release the Deed of Trust when this Note has been satisfied according to its terms.

SIGNED AND DELIVERED:
By NORTH LILY MINING COMPANY

Per _____
Stephen E. Flechner, President

By XERES TINTIC, LLC

Per: _____
W. Gene Webb, Manager

AGREED BY:

JBR Environmental Consultants Inc.

Per _____
Robert J. Bayer, Vice President

When Recorded Mail To:
ROBERT BAYER
JBR ENVIRONMENTAL CONSULTANT, INC
8160 S. HIGHLAND DRIVE, SUITE A-4
SANDY, UTAH 84093
BENEFICIARY

RECORDING & FILING INFORMATION

ENT 85214:2001 PG 1 of 7
RANDALL A. COVINGTO
UTAH COUNTY RECORDE
2001 Aug 24 1:33 pm FEE 73.00 BY AB
RECORDED FOR JBR ENVIRONMENTAL CONSULT

TRUST DEED

With Assignments of Rents

THIS TRUST DEED, made this 23rd day of July, 2001 between XERES TINTIC, LLC AND NORTH LILY MINING COMPANY, as Trustors, and JBR ENVIRONMENTAL CONSULTANTS, INC, as Beneficiary.

WITNESSETH: The Trustor conveys and warrants in trust with power of sale, the following described property, situated in Utah County, State of Utah:

SEE ATTACHED MAP & LEGAL
DESCRIPTION OF
PATENTED MINING CLAIMS

Together with all building, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, now or hereafter used or enjoyed with said property, or any party thereof, **SUBJECT, HOWEVER**, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits;

FOR THE PURPOSE OF SECURING: (1) payment of the indebtedness evidenced by a promissory note or convertible debenture (the "promissory note") of even date herewith in the principal sum of $66,944.00, made by Trustor, payable to the order of Beneficiary at the times, in the manner to the extent and with interest as therein set forth, and any extensions and/or renewals or modifications thereof; (2) the performance of each agreement of Trustor herein contained; (3) the payment of such additional loans or advances as hereafter may be made to Trustor; or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Trust Deed; and (4) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms hereof, together with interest thereon as herein provided.

TO PROTECT THE SECURITY OF THIS TRUST DEED, TRUSTOR AGREES:

1. To keep said property in good condition and repair, not remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting said property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law.

2. To provide and maintain insurance, of such type and amounts as Beneficiary may require, on any improvements now existing or hereafter erected or placed on said property. In event of loss, Trustor shall give immediate notice to Beneficiary, who may make proof of loss, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Beneficiary instead of to Trustor and Beneficiary jointly, and the insurance proceeds, or any part thereof, may be applied by Beneficiary, at its option, to reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged.

3. That it has not and will not encumber the property, except for $37,000 to Karen Prior/KRP Consulting, and will deliver to, pay for and maintain with Beneficiary until the indebtedness secured hereby is paid in full, such evidence of title as Beneficiary may reasonably require.

EXHIBIT C

4. To appear in and defend any action or proceeding purporting to affect the security hereof, the title to said property or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.

5. To pay all taxes and assessments affecting said property.

6. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefore, including cost of evidence of title, employ counsel, and pay his reasonable fees.

7. To pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate of eight percent (8%) per annum until paid, and the repayment thereof shall be secured hereby.

IT IS MUTUALLY AGREED THAT:

8. Should said property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefore, and may after deducting therefrom all its expenses, including attorney's fees, apply the same on any indebtedness secured hereby.

9. As additional security, Trustor hereby assigns Beneficiary, during the continuance of these trusts, all rents, issues, royalties, and profits of the property affected by this Trust Deed and of any personal property located thereon.

10. Upon any default by Trustor hereunder, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by the court (Trustor hereby consenting to the appointment of Beneficiary as such receiver), and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby and in such order as Beneficiary may determine.

11. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking or damage of said property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

12. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent default.

13. Time is of the essence hereof. Upon default by Trustor in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of Beneficiary. In the event of such default, Beneficiary may execute or cause Trustee to execute a written notice of default and of election to cause said property to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property or some part or parcel thereof is situated.

14. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of default and notice of sale having been given as then required by law, Beneficiary, shall sell said property on the date and at the time and place designated in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. Beneficiary, shall execute and deliver to the purchaser its Deed conveying said property so sold, but without any covenant or warranty, express

or implied. The recitals in the Deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Beneficiary, shall apply the proceeds of the sale to payment of (1) the costs and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and attorney's fees; (2) cost of any evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at 8% per annum from date of expenditures; (4) all other sums then secured hereby, with proceeds being shared equally by Beneficiary and Karen Prior/KRP Consulting until each party has received $37,000 plus interest, and Beneficiary then receiving all proceeds until its remaining ~~$21,575~~ $29,994 (and any other sums secured hereunder) are repaid with interest, and (5) the remainder, if any, to Trustor.

15. Upon the occurrence of any default hereunder, Beneficiary shall have the option to declare all sums secured hereby immediately due and payable and foreclose this Trust Deed in the manner provided by law for the foreclosure of mortgages on real property and Beneficiary shall be entitled to recover in such proceeding all costs and expenses incident thereto, including a reasonable attorney's fee.

16. This Trust Deed shall apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administers, executors, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary" shall mean the owner and holder, including any pledgee, of the note secured hereby. In this Trust Deed, whenever the context requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. This Trust Deed shall be construed according to the laws of the State of Utah. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at 1800 Glenarm Place, Suite 210, Denver Colorado 80202 or any address change of which notice shall be given by Trustor to Beneficiary.

SIGNATURE OF TRUSTOR(S)

XERES TINTIC, LLC

BY: GENE WEBB
ITS: MANAGER

NORTH LILY MINING COMPANY

BY: STEPHEN FLECHNER
ITS: PRESIDENT

AGREED AS TO PARAGRAPH 14:
KAREN R. PRIOR-KRPCONSULTING INC

BY: _____
KAREN R. PRIOR

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

On the 3rd day of August, 2001, personally appeared before me Gene Webb, who being duly sworn, says that he is the Manager of Xeres Tintic, LLC the corporation that executed the above and foregoing instrument and that said instrument was signed on behalf of said corporation by authority of its by-laws (or by authority of a resolution of its board of directors) and said he acknowledged to me that said corporation executed the same.

Notary Public

Residing at 1801 Broadway Suite 100

My Commission Expires 5/12/2003

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

On the 3rd day of August, 2001, personally appeared before me Stephen Flechner, who being duly sworn, says that he is the President of North Lily Mining company, the corporation that executed the above and foregoing instrument and that said instrument was signed on behalf of said corporation by authority of its by-laws (or by authority of a resolution of its board of directors) and said he acknowledged to me that said corporation executed the same.

Notary Public

Residing at 1801 Broadway Suite 100

My Commission Expires 5/12/2003

STATE OF COLORADO

COUNTY OF COLORADO

On the day of July, 2001, personally appeared before me KAREN PRIOR, who being duly sworn, says that she is the principal of KRP CONSULTING, the company that executed the above , and that said execution was duly authorized on behalf of said company, and said she acknowledged to me that said company executed the same.

Notary Public_____

Residing at_____

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

On the ____ day of _JULY, 2001, personally appeared before me Gene Webb, who being duly sworn, says that he is the Manager of Xeres Tintic, LLC the corporation that executed the above and foregoing instrument and that said instrument was signed on behalf of said corporation by authority of its by-laws (or by authority of a resolution of its board of directors) and said he acknowledged to me that said corporation executed the same.

_____
Notary Public

Residing at_____

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

On the ____ day of JULY, 2001, personally appeared before me Gene Webb, who being duly sworn, says that he is the Manager of Xeres Tintic, LLC the corporation that executed the above and foregoing instrument and that said instrument was signed on behalf of said corporation by authority of its by-laws (or by authority of a resolution of its board of directors) and said he acknowledged to me that said corporation executed the same.

_____
Notary Public

Residing at_____

STATE OF COLORADO

COUNTY OF COLORADO

On the 23 day of July, 2001, personally appeared before me KAREN PRIOR, who being duly sworn, says that she is the principal of KRP CONSULTING, the company that executed the above , and that said execution was duly authorized on behalf of said company, and said she acknowledged to me that said company executed the same.

LAURA MORRIS EDWARDS
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 09/24/2001

Notary Public Laura Morris Edwards
Residing at Denver, Colorado

THIS ASSIGNMENT AGREEMENT IS ENTERED INTO BY NORTH LILY MINING COMPANY (NLMC) AND JBR ENVIRONMENTAL CONSULTANTS, INC (JBR), EFFECTIVE NOVEMBER 6, 2001, IN PERFORMANCE OF THE SERVICES AGREEMENT OF JUNE 22, 2001 BETWEEN THE PARTIES (THE AGREEMENT).

WHEREAS, WELLS FARGO BANK (FORMERLY FIRST SECURITY BANK) IN PAYSON, UTAH (THE BANK) IS PRESENTLY HOLDING CERTIFICATE OF DEPOSIT # 0485711979 (THE CD) FOR THE BENEFIT OF THE STATE OF UTAH, DIVISION OF OIL, GAS AND MINING (DOGM) AS A FORM OF RECLAMATION SURETY BOND FOR NLMC'S TINTIC PROJECT M/023/007 (NEAR SILVER CITY) IN JUAB COUNTY, UTAH (THE PROJECT); AND WHEREAS THE CD WAS REDUCED IN JUNE 2001 BY DOGM'S PARTIAL RELEASE OF FUNDS FOR RECLAMATION WORK PERFORMED TO NOT LESS THAN $32,500;

WHEREAS, PURSUANT TO THE AGREEMENT, JBR HAS ADVANCED SERVICES AND FUNDING AND IS CONTINUING TO PROVIDE CRITICAL COMPLIANCE SERVICES IN RELATION TO THE PROJECT, IN EXCHANGE FOR A CASH PAYMENT MADE FROM THE JUNE 2001 CD RELEASE, A PROMISSORY NOTE SECURED BY A LIEN FOR $66,944 RECORDED ON NLMC LAND, AN UNPAID AND UNSECURED CLAIM FOR $11,715 TO BE ASSERTED IN NLMC'S CHAPTER 11 BANKRUPTCY NO. 01-23068-EEB, AND IN CONSIDERATION OF THIS ASSIGNMENT;

NOW, THEREFORE, NLMC DOES HEREBY ASSIGN AND TRANSFER TO JBR THE RIGHTS, INTEREST AND ENTITLEMENT OF NLMC IN AND TO THE PROCEEDS OF THE CD, IN EXCHANGE FOR JBR'S UNDERTAKING TO CONTINUE ONGOING PERFORMANCE AND COMPLETION OF NLMC'S CURRENTLY ANTICIPATED REQUIRED RECLAMATION REVEGETATION, SHUTDOWN AND MONITORING FOR 5 YEARS (INCLUDING MONITORING REQUIREMENTS UNDER AMENDED GROUND WATER DISCHARGE PERMIT UGW230001) FOR THE PROJECT (THE WORK). NLMC DOES HEREBY WARRANT AND AGREE THAT IT HAS NOT AND WILL NOT OTHERWISE ENCUMBER THE RIGHTS TO THE HEREIN ASSIGNED PROCEEDS OF THE CD.

NOTWITHSTANDING THE ABOVE, IT IS UNDERSTOOD AND AGREED THAT IN THE EVENT THAT PROJECT SITE CONDITIONS OR EVENTS RESULT IN ADDITIONAL CLOSURE OR RECLAMATION ACTIVITIES NOT CURRENTLY CONTEMPLATED OR DESCRIBED IN THE RECLAMATION BOND ESTIMATES OR IN THE GROUND WATER DISCHARGE PERMIT MONITORING REQUIREMENTS, THEN SUCH ADDITIONAL WORK SHALL NOT BE PART OF JBR'S UNDERTAKING HEREUNDER. IF IN THE EVENT OF SUCH ADDITIONAL WORK BEING REQUIRED, DOGM DETERMINES TO DEFER ANTICIPATED BOND (CD) RELEASES, THEN JBR SHALL BE ENTITLED TO GIVE NOTICE TO NLMC THAT JBR ELECTS TO SUSPEND PERFORMANCE HEREUNDER AND TO SEEK RELEASE OF FUNDS FROM THE CD (OR AT NLMC'S OPTION, FROM NLMC) FOR UNREIMBURSED WORK AS OF THAT DATE (BASED UPON THE

EXHIBIT D

CD'S ANNUAL COST ALLOCATION). IN THE EVENT OF SUCH SUSPENSION BY JBR, IT WOULD BE DEEMED TO HAVE REASSIGNED (AND UPON NLMC'S REQUEST, JBR FORMALLY WOULD REASSIGN) THE BALANCE OF UNEARNED CD PROCEEDS TO NLMC. IN ANY OF THE ABOVE EVENTS IN THIS PARAGRAPH, JBR WOULD COOPERATE IN GOOD FAITH UPON NLMC'S REQUEST TO RESUME THE INTENDED WORKING ARRANGEMENTS AS SOON AS THE ADDITIONAL ACTIVITIES AND DELAY IN CD RELEASES WERE REASONABLY RESOLVED.

ATTACHED HERETO ARE NLMC'S LETTERS TO THE BANK AND DOGM INSTRUCTING THEM TO RELEASE THE CD FUNDS TO JBR AS SOON AS POSSIBLE UPON COMPLETION OF PROJECT WORK. NLMC WILL MAKE, EXECUTE, AND DELIVER TO JBR WHATEVER ADDITIONAL DOCUMENTS JBR MAY REASONABLY REQUEST TO CONFIRM OR EFFECTUATE THE BENEFIT TO JBR OF THIS ASSIGNMENT. NLMC WILL EXPEDITIOUSLY SEEK (AND UPON RECEIPT IMMEDIATELY PROVIDE) THE REQUISITE APPROVALS HEREOF AND OF THE AGREEMENT FROM THE U.S. BANKRUPTCY COURT FOR THE DISTRICT OF COLORADO IN NLMC'S CHAPTER 11 BANKRUPTCY NO. 01-23068-EEB.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED THIS ASSIGNMENT AGREEMENT EFFECTIVE NOVEMBER 6, 2001, WHICH AGREEMENT SHALL BE BINDING UPON EACH PARTY'S SUCCESSORS AND ASSIGNS.

NORTH LILY MINING COMPANY

BY _____
S. E. FLECHNER, PRESIDENT

_____
W. GENE WEBB, EXEC. VICE PRES.

ACCEPTED AND AGREED BY JBR ENVIRONMENTAL CONSULTANTS INC

BY: _____
ROBERT J. BAYER, VICE PRES.

THIS IS A SUPPLEMENT TO THE AGREEMENT OF JUNE 22, 2001 BETWEEN NORTH LILY MINING COMPANY (NLMC) AND JBR ENVIRONMENTAL CONSULTANTS INC (JBR).

WHEREAS, JBR HAS BEEN MANAGING PERFORMANCE OF NLMC'S RECLAMATION AND SHUTDOWN OBLIGATIONS AT NLMC'S SILVER CITY (FORMER TAILINGS REPROCESSING) PROJECT IN JUAB COUNTY, UTAH (PROJECT);

AND WHEREAS, JBR IS UNDERTAKING TO CONTINUE ONGOING PERFORMANCE AND COMPLETION OF NLMC'S CURRENTLY ANTICIPATED BONDED PROJECT RECLAMATION, SHUTDOWN AND FIVE YEAR MONITORING REQUIREMENTS;

AND WHEREAS, NLMC HAS NOW RECEIVED A U.S. ENVIRONMENTAL PROTECTION AGENCY REQUEST (REQUEST) FOR INFORMATION PURSUANT TO SECTION 104 OF CERCLA REGARDING (A) POSSIBILITY OF WINDS HAVING IN THE PAST BLOWN POSSIBLY HAZARDOUS MATERIALS FROM THE PROJECT OR FROM A NEARBY SO-CALLED "RED PILE" TO EUREKA, AND (B) POSSIBILITY THAT PRIOR (SMELTING AND PROCESSING) OPERATIONS, IF ANY, OF NLMC OR RELATED ENTITIES MIGHT HAVE CONTRIBUTED POSSIBLY HAZARDOUS MATERIALS TO EUREKA OR ELSEWHERE WITHIN JUAB COUNTY;

AND WHEREAS, NLMC MANAGEMENT ARE OF THE UNDERSTANDING (a) THAT NLMC WAS 100% OWNED AND OPERATED BY THE ANACONDA (LATER ATLANTIC RICHFIELD) COMPANY AND SUCCESSORS FOR MOST OF NLMC'S HISTORY, AND (b) THAT NLMC WAS STILL OPERATED AND AS LEAST 68% OWNED BY ANACONDA AND SUCCESSORS IN 1983, AND (c) THAT NLMC HAD NOT ENGAGED IN OPERATIONS IN JUAB COUNTY, UTAH FROM 1949 TO 1983, AND (d) THAT SINCE 1983, NLMC'S ONLY OPERATION IN JUAB COUNTY WAS THE SILVER CITY PROJECT (WHICH HAD ITSELF BEEN STARTED BY OR UNDER ANACONDA OR ITS SUCCESSORS) AND NOT THE SO-CALLED "RED PILE";

AND WHEREAS, JBR IS HEADQUARTERED NEAR SALT LAKE CITY, UTAH, HAS GENERAL FAMILIARITY WITH MINERAL INDUSTRY OPERATIONS IN JUAB COUNTY, UTAH, HAS DEVELOPED PARTICULAR FAMILIARITY WITH THE SILVER CITY PROJECT, HAS BRIEFLY REVIEWED THE INFORMATION REQUEST, IS EXPERIENCED IN RESEARCHING RELEVANT PUBLIC RECORDS AND RESPONDING TO SUCH REGULATORY REQUESTS, AND IS WELL SITUATED TO ACCESS OR ASSIST IN ACCESS AND/OR UTILIZATION OF THE NLMC RECORDS RECENTLY REMOVED FROM THE FORMER SILVER CITY PROJECT FACILITY TO NEARBY STORAGE;

NOW, THEREFORE, IT IS AGREED THAT JBR SHALL ASSIST NLMC IN REQUESTING TIME EXTENSION(S) TO RESPOND TO THE REQUEST; SHALL COMMUNICATE WITH THE AGENCY ABOUT THE PROJECT AND ITS POTENTIAL USE FOR DISPOSAL OF WASTE FROM THE AGENCY'S CLEANUP IN EUREKA; AND SHALL SUBSTANTIALLY PREPARE NLMC'S RESPONSE TO THE REQUEST BY FIRST REVIEWING PUBLIC RECORDS AND LITERATURE TO IDENTIFY ACTIVITIES POSSIBLY COVERED BY THE REQUEST, THEN REVIEWING THE NLMC RECORDS IN JUAB AND DENVER (OR REVIEWING THE INDEX AND SUMMARY THEREOF PREPARED AND PROVIDED BY NLMC OR OTHER CONTRACTORS OF NLMC) TO SEEK CONNECTIONS, IF ANY, TO SUCH ACTIVITIES, AND COMBINING THE ABOVE WITH JBR'S KNOWLEDGE OF THE SILVER CITY PROJECT.

JBR'S RESEARCH AND RELATED WORK WILL BE PERFORMED BY:
STEVE VANOOTEGHAM-SUPERVISOR-B.S. CHEMISTRY- $85/HR.
JIM SAGE-ASSISTANT-GEOLOGIST- $50/HR.
JENNY MAHONEY-ASSISTANT-ENVIRONMENTAL ANALYST-$50/HR.
ROBERT BAYER-SENIOR OVERSIGHT WITHOUT CHARGE DUE TO JUNE 22, 2001 AGREEMENT ARRANGEMENTS UNLESS TIME DEMANDS HEREUNDER BECOME REGULAR AND SIGNIFICANT.

EXHIBIT E

TARGET COST AND RETAINER FOR THIS INORMATIONAL SUPPLEMENT TO THE JUNE 22, 2001 AGAREEMENT, SUBJECT TO INTERIM REVIEW, IS $2,000 IF NLMC PROVIDES THE ABOVE REFERENCED REVIEW OF NLMC RECORDS. TARGET COST AND RETAINER WILL INCREASE BY UP TO $1,500, TO THE EXTENT THAT JBR IS TO PROVIDE SAME. THE PARTIES WILL IN GOOD FAITH CONFIRM OR EXPLAIN CHANGED CIRCUMSTANCES, IF ANY, AND AGREE UPON REASONABLE ADJUSTMENTS.

AGREED EFFECTIVE 7 NOVEMBER 2001

NORTH LILY MINING COMPANY

BY _____
S. E. FLECHNER, PRESIDENT

_____
W. GENE WEBB, EXEC. VICE PRES.

JBR ENVIRONMENTAL CONSULTANTS INC.

BY _____
ROBERT J. BAYER, VICE PRES.