

EXTENSION AGREEMENT

THIS AGREEMENT made the as of the date shown below by and between Lillian W. McNamara, Nancy McNamara Cain and Norah McNamara McVoy, known collectively as Owner and Beartooth Land and Timber, Inc., known as as Optionee.

RECITALS:

1. Owners, concurrent herewith, have entered into an "Exploration Right and Option to Purchase" agreement, dated February 9, 1985, with Optionee, a copy of which is attached hereto and by reference made a part hereof. This agreement has a principal balance of Forty Five Thousand Fourty Three and 55/100 Dollars (\$45,043.55) and an extension bonus balance of Four Thousand Dollars (\$4,000.00) until February 22, 1985 at which time the extension bonus balance becomes Five Thousand Dollars (\$5,000.00).

2. The parties desire to extend the "Exploration Right and Option to Purchase" attached hereto without current payment of the extension bonuses called for therein upon the signing thereof.

IN WITNESS WHEREOF, THE PARTIES AGREE AS FOLLOWS:

1. That for the sum of One Hundred Dollars (\$100.00) partial extension bonus and other good and valuable consideration, the parties hereto agree to extend the "Exploration Right and Option to Purchase" agreement attached hereto in full force and effect until June 21, 1985 without further payment of the extension bonuses called for therein.

2. Optionee agrees that the extension bonus balance in the sum of Four Thousand Nine Hundred Dollars (\$4,900.00) shall be paid on or before June 21, 1985 in accordance with the terms of Section II, paragraphs a and b of the "Exploration Right and Option to Purchase" agreement and a failure to bring said balance current on or before June 21, 1985 shall be deemed as a final breach and cancellation of said "Exploration Right and Option to Purchase" and all sums paid thereunder shall be automatically forfeited.

3. Optionee shall have the right to prepay any sums called for herein or under the "Exploration Right and Option to Purchase" and in full accordance with the terms thereon.

4. Except as expressly amended herein, the "Exploration Right

and Option to Purchase" agreement attached hereto is hereby ratified and confirmed in whole.

IN WITNESS WHEREOF, the parties have executed this Agreement, this 12th day of February, 1985.

OWNERS:

Lillian W. McNamara
LILLIAN W. MCNAMARA

Nancy McNamara Cain
NANCY MCNAMARA CAIN

Norah McNamara McVoy
NORAH MCNAMARA MCVOY

OPTIONEE:

BEARTOOTH LAND AND
TIMBER, A MONTANA CORP.

By Carl L. Dwyer
PRESIDENT

ATTEST:

Yvonne R. Nichols
SECRETARY