

NORSE WINDFALL MINES INC.

P.O. Box 326

Eureka, Nevada 89316

Telephone (702) 237-5671 • Facsimile (702) 237-5673

NORSE WINDFALL MINES, INC.

PERSONNEL MANUAL

Prepared
by

Jeffrey D. King, P.G.,
NWMI Mine Manager

with the Guidance of

Michael D. Campbell, P.G.,
President & Senior Partner
and

Ted H. Foss, Ph.D., P.G.,
Chairman of the Board & Senior Partner
Campbell, Foss, and Buchanan, Inc.
Houston, Texas

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NORSE WINDFALL MINES, INC.
PERSONNEL MANUAL

INTRODUCTION

As an employee of Norse Windfall Mines, Inc. you have become part of a long, distinguished tradition in the Eureka Mining District. Precious and base metals were first discovered nearby in the early 1860's. Subsequent mining activities south of the town of Eureka have continued sporadically since then, with the discovery of gold and silver at numerous locations along the main north-south trend.

The Ruby Hill Mine (presently inactive) has an illustrious history of gold, silver and base metal production from underground operations. Both mining law and mining techniques have been advanced as a result of the operations in this area, and have contributed significantly to the American mining industry over the years.

The old Windfall Mine, originally an underground mine, also has a history of significance. It was the first mine in the district that was principally a gold mine. Exploration subsequently discovered shallow gold ore that was amenable to heap leaching, and during a period of development, other techniques were developed that permitted more efficient operations.

Since 1983, exploration and development programs along the trend area from south of the Ruby Hill area to the Fish Creek Valley have indicated additional areas of economic potential at shallow depths as well as areas with strong potential for deep mineralization. In order to pursue this potential, Norse Windfall Mines, Inc. (NWMI) was formed in 1986 by a joint venture of American, Swiss and Norwegian interests. Three separate but contiguous properties were consolidated into one large property extending for a linear distance of more than 10 miles.

NWMI's initial development plan involved the mining and processing of shallow sources of ore contained in selected old mine dumps followed by the development of the shallow ore recently discovered at: 1) the Hamburg Mine in New York Canyon, 2) the Lookout Mountain Mine in Ratto Canyon, and 3) the Viking Mine in Goodwin Canyon. Gold mineralization

located at depth in the South Paroni area and in the North and South Windfall Mine areas may also be subsequently developed if deemed economically viable after detailed investigations have been completed over the next few years.

NWMI's commitment to the development of additional reserves in Ratto Canyon is indicated by the completion of the \$700,000 haul road which now connects the Lookout Mountain Mine with NWMI's Mill-Pad Complex. This road opens the way to new discoveries (and additional reserves) in the Ratto Canyon area.

It is indeed true that NWMI is gaining the reputation as "the greatest little gold mine in Nevada." Its growth will depend to a large extent on the ability of the NWMI operations to generate sufficient funds for exploration and development. A large reserve base will be required to justify mining operations over the next few decades.

Our staff is relatively small in numbers and you have been selected out of many applicants because of your outstanding capabilities. You have been given the opportunity to become an integral part of NWMI operations and of the mining fraternity of this famous mining district.

PROJECT MANAGEMENT:

The organizational chart presented in Figure 1 will familiarize you with the various personnel functions of the company. If you require additional information regarding the organization of Norse Windfall Mines, Inc., ask your supervisor or the Office Manager.

The primary leadership of the project has been vested in the officers of Norse Windfall Mines, Inc. Specifically, the President, who is the Chief Operating Officer, and two Vice Presidents, who, together with the President and Chairman of the Board of Directors, form the Executive Committee. The President and the two Vice Presidents serve collectively as the Project Manager for the start-up phase (first year or so) of the NWMI operations. Company policy and operational decisions have been formulated by the Project Manager and implemented through the Mine Manager, or in the absence thereof, the Assistant Mine Manager.

Various plans and procedures have been designed and implemented by Management to conduct NWMI operations, including the mine plans, the ore and solution monitoring

and sampling programs, and the design and operation of the agglomeration system. NWMI's on-site laboratory provides all of the ore-grade control analyses required to operate the mines and to process the various ores from the different locations within the property.

Quality control of ore tonnage and waste begins in the pit and continues to the heaps. The run of mine ore is sampled hourly at the agglomerator. After the various leach pads have been loaded and leached to completion, hand augering of the heap is undertaken to evaluate the extent of gold recovery. Quality-control procedures continue in monitoring the pregnant and barren solutions. Samples are usually taken on an hourly to four-hourly basis, 24 hours a day. NWMI's monitor wells are sampled monthly to monitor possible ground-water contamination from NWMI operations.

Management provides budget analyses, cash-flow controls, project bookkeeping and accounting, as well as economic forecasting and modeling. Security procedures and bullion sales are also handled by Management.

As in the early stages of the project, Management is responsible for designing and implementing all exploration programs on the property. Exploration is an ongoing operation at NWMI.

MINE STAFF:

The present functions of the staff positions at NWMI, both salaried and hourly employees, are described in the following:

MINE MANAGER: The principal functions of this position are to implement Management policies and procedures, and to ensure that they have been implemented appropriately. Other responsibilities include: 1) day-to-day operations of the mine, 2) staff supervision, 3) contractor supervision, in addition to: 4) serving as company representative with federal and state regulatory agencies and with royalty owners, and 5) administering accounts payable for invoices less than \$ 5,000.00. Management approval is required for invoices greater than \$ 5,000.00. Reports to Management on a regular basis, and makes recommendations concerning operational alternatives and hiring, pay and firing, in addition to implementation of disciplinary actions.

ASSISTANT MINE MANAGER: The function of this position is similar to that of the Mine Manager. When a Mine Manager is present, the Assistant Mine Manager is to assist the Mine Manager by implementing NWMI policies and procedures. The

specific responsibilities of the Assistant Mine Manager is to provide Management in the pad/heap area, which includes:

- 1) monitoring of the contractor's agglomeration activities,
- 2) implementing and controlling heap-sprinkling schedules,
- 3) supervising barren line/sprinkler head installation, and
- 4) supervising pad construction.

In the absence of a Mine Manager, the function is the same as the Mine Manager, to handle the day-to-day operations of the mine, to provide supervision, and to serve as company representative. In the absence of Mine Manager, reports directly to Management and makes recommendations concerning operational alternatives and hiring, pay and firing, in addition to implementation of disciplinary actions. This function also is responsible for the assimilation and monitoring of the daily pregnant solution and barren solution data and on haulage and production tonnages as well as other operational conditions. Reports to Mine Manager or NWMI Management.

OFFICE MANAGER: This position is responsible for handling payroll and bookkeeping, filing, typing, answering telephones, handling accounts payable, and updating the payables computer data base. Is responsible for assembling and monitoring the accounts payable and for making recommendations to Mine Manager regarding payment priorities. As time permits, this position also supports the geological and engineering departments via drafting and other clerical duties. Reports to the Mine Manager and Assistant Mine Manager.

PURCHASING AGENT: The Purchasing Agent is responsible for ordering and shipping and receiving mine supplies, keeping track of inventory and assisting the Office Manager and Assistant Mine Manager. As time permits, this position also supports the geological and engineering department via drafting and other clerical duties. Reports to the Office Manager and Assistant Mine Manager.

MINE GEOLOGIST: The Mine Geologist's primary duty is ore control in the pit, and monitoring ore being hauled, stockpiled, agglomerated, and ore on the pads after leaching. This involves the determination of waste versus ore based on blast-hole samples. This function also includes: supervision of contract mining activities in the pit, and grade optimization both at the various mines and at the agglomerator. Quality control procedures are implemented by conducting augering programs on the heaps to determine the extent of gold recovery. This function also is responsible for the acquisition of the daily pregnant solution monitoring data and for providing data to the

Assistant Mine Manager for reporting to Management on haulage and production tonnages as well as other operational conditions. Other functions may include: well-site supervision of exploration drilling and miscellaneous sampling programs. Reports to Assistant Mine Manager.

MINE ENGINEER: The Mine Engineer's primary duty is in-pit operational control. This involves general surveying, tonnage calculations, drafting and map preparation, blast pattern layout, and monitoring of slope and high-wall stability. Additional duties consist of: ground slope control during pad construction, surveying exploration drill hole locations, serving as Safety Director, and is involved in general planning and supervising contractors. It is also the duty of the Mine Engineer to inform the Assistant Mine Manager of any current or potential operational or potential safety problems in the pit, in crushing, hauling, or agglomerating. It is also the responsibility of the Mine Engineer to supervise all crushing and equipment contractors. Reports to Assistant Mine Manager.

LABORATORY MANAGER: The Laboratory Manager is responsible for the daily operation of the laboratory. Reports to Assistant Mine Manager on operations and discussions concerning mill problems and solutions. Responsible for generating laboratory analyses for production and exploration activities, and for monitoring and recording specified data on all stripping and pouring activities.

MILL FOREMAN: The Mill Foreman is responsible for operating the mill and solving problems. Assigns daily work duties to Shift Foremen and supervises their work. This function is also responsible for training new employees. Other duties involve: supervises stripping operations through pouring, and provides parts and supplies requirements to Assistant Mine Manager. Reports to Assistant Mine Manager.

HEAP FOREMAN: The Heap Foreman is responsible for the barren solution after it leaves the barren tanks and for the pregnant solution to the point it enters the pregnant solution tanks. This includes the installation and maintenance of all sprinkler, barren and pregnant solution lines, the installation of sprinklers and all related duties on the heaps that may be required. The Heap Foreman is also responsible for regularly preparing a needed parts list and reports to the Mill Foreman.

SHIFT FOREMAN: The Shift Foreman is responsible for the mill operations over a 24-hour period in three shifts:

Carbon cell loading and unloading, carbon reactivation furnace loading and unloading, stripping carbon, acidizing carbon, pump maintenance and repair, adding chemicals to barren solution system, systematic barren, pregnant and cell fluid sampling, electrowining cell operations, loading and unloading, installation of barren line and sprinklers on heaps, and heap-sprinkling operations. Maintains log book for each shift on activities, problems, solutions, chemicals added, and future requirements. It is the responsibility of the Shift Foreman to check that each tool has been returned to its appropriate place. It is also the responsibility of the Shift Foreman to examine all working areas at least once each shift for conditions which may adversely affect the employees' safety or health. A record of such examinations shall be maintained by the Shift Foreman for each shift. Reports to Mill Foreman.

SHIFT OPERATOR: Assists Shift Foreman during shift. Additional responsibilities include: mill area cleaning and maintenance, drilling sample preparation (crushing and drying) for laboratory analyses and heap augering for quality control, as required by Mine Geologist. Reports to Shift Foreman.

LABORER: Supports Shift Operators and Shift Foreman in heavy, manual work. Barrel handling, clean-up, repairs, and errands to Eureka and elsewhere for parts and supplies. Reports to Shift Foreman.

ENGINEERING ASSISTANT: Assists Mine Engineer in surveying and drafting. Part-Time. Reports to Mine Engineer.

LABORATORY TECHNICIAN: Assists Laboratory Manager with laboratory analyses of production and exploration samples during summer exploration and other periods. Additional duties include cleaning of laboratory. Part-Time. Reports to Laboratory Manager.

MAINTENANCE ASSISTANT: Mops office floors and cleans bathrooms during swing shift. Empty waste baskets and washes dishes and coffee pots. Part-Time. Reports to Office Manager.

NORSE WINDFALL MINES, INC. POLICES, RULES & REGULATIONS

This personnel manual contains Management's policies and rules on a variety of subjects effecting your work. It should provide most of the information you will need as an employee of NWMI. Of course, should questions arise feel free to ask your supervisor.

You will be required to abide by the following policies, rules and regulations as a condition of your employment with NWMI. You will also be required to sign an acknowledgement statement that you have read and accept the policies, rules and regulations expressed herein and will abide by them:

I.0 EQUAL EMPLOYMENT OPPORTUNITY: NWMI herein affirms that a prospective employees' religion, age, sex, national origin, race, or color have no bearing on NWMI's practices in hiring, promotions, pay, or benefits.

II.0 PHYSICAL EXAMINATIONS: NWMI may require a physical examination which will involve blood and/or urine tests of a present or prospective employee, and NWMI may also require a regular physical examination during employment at any time. The purpose of such physical examinations is to determine whether a physical condition which would prevent proper performance of the work for which the individual was or is to be hired, exists. The cost of such examinations will be borne by NWMI.

III.0 CREDIT INVESTIGATION: NWMI may require a pre-employment credit check on prospective employees. NWMI also reserves the right to conduct periodic credit checks on any employees at any time.

IV.0 POLYGRAPH EXAMINATIONS: NWMI reserves the right to require a polygraph test at any time during the period of employment.

V.0 SECURITY INVESTIGATIONS: NWMI may at times employ a private security firm for the purpose of security investigations. It is required that all employees cooperate with the personnel associated with these firms in their investigations in any way possible.

VI.0 PROBATIONARY PERIOD: All NWMI employees have a 90-day probationary period from the date of hire. During this period an employee can be released without a hearing on the cause.

VI.1 Upon completion of the probationary period the employee's work will be reviewed and a raise in pay may be given for superior work.

VII.0 WORK HOURS: NWMI is a twenty-four hour operation working three shifts when in full production. Work hours for each are:

Day shift..... 7:00am to 3:30pm
Swing shift..... 3:00pm to 11:30pm
Graveyard shift..... 11:00pm to 7:30am

Day shift.....11:00am to 11:30 am
Swing shift.....7:00pm to 7:30 pm
Graveyard shift.....3:00am to 3:30 am

Graveyard shift.....1) 1:00am to 1:15am
2) 5:30am to 5:45am

X.1 Part-time employees are required to do all their work on NWMI properties. Exceptions will be made in cases

of disability and pregnancy or by written request of Management.

X.2 Permanent part-time employees are entitled to medical and dental benefits.

X.3 Overtime pay will be given to any part-time employee who by written request of Management works greater than forty hours in a one-week period. Overtime hours without written approval by Management will be treated as regular hours, as with full-time employees and salaried personnel.

XI.0 CONTRACTORS: Contractors represent employees whose job requires less than four weeks of continuous employment. This also applies for temporary employees whose period of employment has been predetermined by Management. Contractors will be paid a base amount that has been predetermined by Management.

XI.1 There is no overtime or benefits for contractors.

XII.0 OVERTIME: Overtime pay will be paid only when an employee, who upon written request from Management, works greater than forty hours in a seven-day work period. For those who work a ten-days-on-and-four-days-off work schedule, this constitutes two seven-day work weeks and thus any time over eighty hours will be considered overtime.

XII.1 Overtime pay is 1.5 times your usual rate.

XIII.0 COMPENSATION TIME: Compensation time will be rewarded to salaried employees equal to extra work days requested by Management or predetermined in their job description. Time not requested will not be compensated. Employee will be responsible for obtaining the written request from Management.

XIV.0 SAFETY RULES: NWMI has established emergency firefighting, evacuation, and rescue procedures and you will be expected to attend regular safety meetings by NWMI's Safety Director and participate in regular drills and first aid seminars.

XIV.1 Accident Reporting: Any injury, no matter how slight, shall be reported to the employee's supervisor the same day the accident occurred.

EMERGENCY TELEPHONE NUMBERS have been posted on all bulletin boards, as follows:

SHERIFF'S OFFICE:	237-5252
MEDICAL CLINIC:	237-5313
EMTS: Bill Webb: Home:	1-738-8936
Office:	1-738-7211, Ext. 75
CARE FLIGHT, RENO:	1-800-992-5750

Other telephone numbers of possible interest to are as follows:

Mine Safety and Health Administration(MSHA),
RENO OFFICE: 1-784-5892

Nevada State Inspector of Mines,
WATTS LINE: 1-800-992-0900

Mine Emergency And Safety Administration(MESA),
Emergency Number:1-602-267-3232

XIV.2 First-aid stations are located in the Main Mine Office, Mill Office, Laboratory, and Mill/Plant and Refinery (see Figure 2 for general locations). First-aid kits are also maintained in all staff vehicles. Supplies are kept to give immediate first aid to an injured employee, and must not be taken from the box for any other reason. If the accident requires a physician's attention, the employee must notify his supervisor and/or staff member for permission to leave the property.

XIV.3 Cyanide Poisoning: As part of operations at all heap-leach gold mines, cyanide is an important industrial chemical and has an outstanding safety record throughout the United States. This is primarily because cyanide is highly toxic to humans and animals, and knowing this, the substance is to be handled and stored carefully. As part of the regular safety program at NWMI, you have been instructed on how to handle the material and on its behavior in the environment. The substance should not be a problem for you. However, on the unlikely chance of a malfunction in the mill systems, for your protection the following is a summary of what you have been taught in the safety meetings provided by NWMI's Safety Team.

XIV.4 The discussion that follows deals with: 1) symptoms of cyanide poisoning, 2) rescue procedures, and 3) first-aid procedures:

XIV.4A 1) The physical symptoms of cyanide poisoning are listed below:

- * Reddened Eyes
- * Irritated Throat
- * Heart Palpitations
- * Difficult Breathing
- * Salivation
- * Numbness of Fingers or Toes
- * Nausea or vomiting
- * Headache
- * Giddiness
- * Fainting
- * Convulsions

XIV.4B You should always be alert to any of these symptoms in yourself or your co-workers. You must report any possible symptoms to your supervisor or to any representative of NWMI. If caught in the early stages, recovery is assured, but progressively higher cyanide intake causes unconsciousness and respiratory failure(DEATH).

XIV.4C 2) In the event of a possible exposure of a co-worker to cyanide gas, you should follow the procedures listed below:

- * Call for help from the Shift Foreman.
- * Move victim to fresh air.
- * Determine the victim's condition.
- * Give First Aid immediately.
- * Send for trained medical assistance(to administer amyl nitrite and sodium thiosulfate, if necessary.

Speedy treatment is essential !

XIV.4D 3) The type of First Aid required depends on whether the cyanide was inhaled, swallowed, or absorbed through the skin. The following is a summary of your previous training in cyanide First Aid. It is intended to be a guide and reminder only. If you are unsure about the procedures, contact your supervisor and a meeting will be arranged with the Safety Director for a refresher course on the subject, or on any other safety subject. Management wants you to feel comfortable and confident on safety matters at NWMI.

Inhalation of Cyanide Gas:

- * When victim is fully conscious:

Give: Oxygen.

- * When victim is unconscious or is not fully conscious(or is groggy):

Give: 1) Oxygen, and
2) Amyl Nitrite immediately.

- * When victim is not breathing:

Give: 1) Amyl Nitrite,
2) Oxygen, and
3) Force Breathing with Oxygen Resuscitator or artificial respiration.

Swallowing of Substance Containing Cyanide:

- * When victim is fully conscious:

Give: 1) Two(2) glasses of 1% sodium thiosulfate solution or plain tap water,
2) Induce vomiting with finger in throat, and
3) administer amyl nitrite and oxygen.

- * When victim is unconscious or is not breathing:

DO NOT give unconscious person anything by mouth but:

Give: amyl nitrite and oxygen immediately.

When victim becomes conscious, induce vomiting with finger in throat.

Cyanide Absorbed Through Skin:

- 1) Give amyl nitrite,
- 2) Remove contaminated clothing and rinse skin with uncontaminated water,
- 3) Lay victim down and keep warm, and
- 4) Observe victim for symptoms for at least two(2) hours.

XIV.4E In the event that you find yourself in the role of a rescuer of a victim of cyanide poisoning, the following is a review of the procedures involved in administering amyl nitrite:

- * Remember amyl nitrite is highly flammable. Remove all sources of ignition. Also, now is no time to smoke!
- * To avoid dizziness yourself, try to avoid inhaling the amyl nitrite while you are administering it to the victim.
- * If the victim is breathing:
 - 1) Crush amyl nitrite ampule in gauze or cloth,
 - 2) Hold ampule in cloth or gauze under the victim's nose for 15 seconds and then hold away from nose for 15 seconds, then repeat five (5) or six(6) times, using a new ampule every three(3) minutes, if needed, and
 - 3) Continue treatment until victim is conscious or until medical assistance arrives. Avoid overusing amyl nitrite. Discontinue use as soon as victim is fully conscious.
- * If the victim is not breathing:
 - 1) Crush amyl nitrite ampule in gauze or cloth,
 - 2) Place ampule wrapped in gauze in lip of oxygen resuscitator' face mask and attach mask to victim,
 - 3) Force deep breathing with the resuscitator by forcing one(1) breath every four(4) to five(5) seconds. Leave amyl nitrite ampule inside the mask for three (3) breaths then take ampule out of mask for three(3) breaths,
 - 4) Repeat cycle for five(5) or six(6) times, using new ampule every three(3) minutes, and
 - 5) Continue treatment until victim becomes conscious or until medical assistance arrives to relieve you. Try to avoid overusing the amyl nitrite, as above.

XIV.5 Personal Protective Equipment: Hard hats, protective footwear, and eye protection and other specialized protective equipment are provided to NWMI employees and shall be worn by all employees, except while in the mine office, mill office, assay lab and in vehicles. All fines levied by state or federal inspectors for an individual not wearing the appropriate protective equipment will be reimbursed by the individuals fined.

XIV.5A Within a 30-day period at the mine, the employee will be required to purchase steel-toed work boots.

XIV.5B Hearing protection will be provided by the company for employees working in areas where the noise is above acceptable level.

XIV.5C Respirators will be provided by the company for employees working in dusty or toxic areas.

XIV.5D Welding goggles and/or face and eye protection shall be worn by an employee while welding, brazing, chipping, or using the cutting torch.

XIV.5E Face shields shall be worn when using the grinder.

XIV.5F Rubber gloves, rubber aprons, and goggles provided by the company shall be worn while handling acids or corrosive materials and carbon.

XIV.5G Gloves should be worn by employees when handling sharp or hot objects.

XIV.5H Safety equipment required by the company (i.e. hard hats, respirators, hearing protection, etc.) will be furnished at the company's expense. These items will be signed for by the employee at the time of issue. The company will maintain or replace these items when worn out or damaged in the line of duty. The employee will be responsible for the loss or damage of this equipment due to neglect or carelessness. Company-issued equipment must be returned upon termination of employment. Failure to return these items will result in the cost of the item(s) not returned to be deducted from the employee's last pay check.

XIV.6 Housekeeping: At the end of your work shift, pick up all tools and surplus material and dispose of all trash, leaving your work area clean.

XIV.6A Always keep the floor free of mud, dirt, or liquids that may cause someone to slip and fall.

XIV.6B Spills of acid, caustic materials, gasoline, diesel or other such hazardous materials shall be cleaned up immediately and reported to your supervisor.

XIV.6C All usable scrap metal shall be kept in a designated area.

XIV.6D Do not leave tools or equipment where they may create a hazard.

XIV.6E Stairways and catwalks shall be kept free of debris and obstructions.

XIV.6F Keep extension cords, oxy-acetylene lines, and air lines clear of walkways so as not to cause a fall.

XIV.7 Welding: Wear proper clothing while welding, i.e. long sleeve shirts, fully buttoned.

XIV.7A Welding goggles or face shields shall be worn by an employee when welding or using oxy-acetylene equipment.

XIV.7B No one shall watch another person welding without proper eye protection.

XIV.7C Cutting or welding on closed containers containing combustible liquids or vapors is prohibited.

XIV.7D Keep a fire extinguisher close by when welding, cutting, or near flammable material.

XIV.7E All extra acetylene and oxygen tanks must be secured in an upright position to prevent them from falling over.

XIV.7F Acetylene and oxygen tanks must be turned off and lines bled when not in use.

XIV.8 Tools: Tools shall be kept in good condition. Tools in poor condition should be brought to the supervisor's attention, so they can be replaced.

XIV.8A Never carry sharp or pointed tools in your pants pockets.

XIV.8B Tools with chipped or mushroomed faces shall have the head ground before using.

XIV.8C Before grinding, the tool rest of the grinder shall be properly adjusted.

XIV.8D Electric tools; shall be frame grounded wherever possible.

XIV.8E Ladders shall be placed so that the horizontal distance from the base to the vertical plane of support is 1/4 of the ladder length between supports.

XIV.9 Electrical Equipment: Electrical repairs are only to be made by qualified personnel. If you are not qualified, discuss the job with your supervisor.

XIV.9A Any exposed wires shall be pointed out to your supervisor immediately.

XIV.9B Do not hang extension cords over nails or other metal having potentially sharp edges.

XIV.9C An employee will energize (turn on) an electrical circuit only after a proper safety inspection of the danger area, and after alerting persons working in or near the area.

XIV.9D When using equipment (mechanical or hand) to dig into the ground, you should check for possible buried power lines and request permission from your supervisor to commence work in the area.

XIV.9E When working in areas of overhead power lines, the equipment you intend to use shall be checked to see if

it will clear the lines. When in doubt, ask your supervisor for assistance in determining clearance.

XIV.9F Keep NaCN and NaOH solutions, or any other fluids, from getting on electrical outlets, switch gear, motor controls and electrical motors.

XIV.10 Fire Protection: At the discovery of a fire, you shall immediately sound the alarm and notify your supervisor or any representative of Management. The supervisor on shift will take charge of controlling the fire and of evacuating all employees from the area of immediate danger. The supervisor shall also be responsible for de-energizing all electrical circuits effected by the fire. For personal safety, no employee is to attempt to fight a fire unattended by a co-worker.

XIV.10A Fire extinguishers are provided at various locations in the mill and office area (see Figure 2). You must familiarize yourself with these locations for your future reference.

XIV.10B As part of your general clean-up procedures, fire extinguishers shall be cleaned periodically and tested to ensure that they are in good working order.

XIV.10C Smoking is not permitted within 100 feet of the fuel tanks.

XIV.10D Smoking or using an open flame are not permitted in areas where flammable liquids are used or stored.

XIV.10E A fire extinguisher shall be available when you weld near combustible material.

XIV.10F When smoking tobacco, you should always be careful with the discarded butt so that a fire will not be caused by your carelessness.

XIV.10G You must return a used fire extinguisher to your supervisor for refilling.

XIV.10H You must also notify your supervisor in the event you notice that a seal has been broken on one of the fire extinguishers in service.

XIV.10I Fire extinguishers are for fighting fires. Any other use (horseplay), shall be cause for disciplinary action that could lead to termination.

XV.0 PAY REDUCTION FOR TARDINESS: Tardiness without prior notification will not be tolerated by the Management of NWMI. Although we understand that tardiness sometimes can not be avoided, it is your responsibility to inform your supervisor that you will be late.

XV.1 Anyone that does not report prior to the beginning of the shift may be docked in pay (in six-minute units) and be subject to further disciplinary action.

XV.2 In the event of docking, the employee holding past the end of the shift will be compensated the amount the tardy employee is docked.

XVI.0 DRUGS AND ALCOHOL: The use of drugs (other than prescription) and/or alcohol in any form on the NWMI property or in company vehicles is grounds for disciplinary action.

XVI.1 Because all NWMI employees are in positions that potentially effect employee safety and/or public safety, you are subject to random, unannounced collections of blood and/or urine specimens for testing for the presence of alcohol and/or metabolites of commonly abused, illegal drugs.

XVI.2 All specimen collections and testing will be in accordance with the National Institute of Drug Abuse guidelines, and all drug screens will be confirmed through the use of GC/MS, or equal methodology.

XVI.3 All NWMI supervisors have the authority, and responsibility, to request immediately that testing be recommended to Management in the event that there is an indication of an employee being under the influence of alcohol or illegal drugs.

XVI.4 All NWMI employees requested to submit to a blood or urine test for alcohol or illegal drugs shall sign a statement provided by NWMI, at the time of the request, that the employee has given his/her blood/urine specimen voluntarily as a condition of continued employment with NWMI.

XVI.5 Employees residing on the NWMI property are permitted to have and consume alcoholic beverages in their living quarters only during off-duty hours.

XVI.6 Illegal drugs are strictly prohibited. Failure to comply with any of the provisions herein described in Section XVI is grounds for disciplinary action (see Section XXXXVII.0: DISCIPLINARY ACTION REVIEW PROCEDURES).

XVII.0 PERFORMANCE REVIEW - MERIT RAISE/BONUS SYSTEM: All employees will have a yearly performance evaluation. This evaluation will consist of: 1) a review by Management of the employee's personnel file, 2) a meeting of the employee, the appropriate supervisor, and a representative of Management to discuss the previous year's performance and possibilities for improvement and advancement.

XVII.1 Raises are based on five(5) specific categories for each employee position at NWMI. The employee will be rated, on a one(1) to ten(10) scale, by NWMI Management for each of the ten categories. These points will be summed and divided by 100 to obtain the employee's percentage raise.

For example, Employee A receives sixes in all five categories, for a total of 30 points. This sum is divided by 100(& multiplied by 10), indicating a 3.0% raise. When approval is received from the Executive Committee (which consists of the President, Vice President, and

Secretary-Treasurer of NWMI), the raise becomes effective as of the next pay period.

As an additional example, Employee B receives three nines, one four and one seven for the five categories, for a total of 38 points. Dividing this score by 100 (& multiplying by 10) indicates a 3.8% raise will be recommended to the Executive Committee. For a superior score (and superior work) an employee may be awarded a percentage bonus.

XVII.2 Management anticipates that all employees should receive more than five points on all categories as a base for competent work. In the above example, Employee B should improve in those categories where the score was below five.

XVII.3 All employees with a score of less than 25 points will not receive a raise or a bonus and will be presented with a written warning to improve over the next three(3) months or be terminated.

XVIII.0 SHIFT SIGN-IN PROCEDURES: At the beginning of each shift, hourly employees are required to sign in on the forms provided in the Mill Office. Each employee is to sign in personally. Any irregularities in the established procedures will require disciplinary action.

XIX.0 EMERGENCY & WINTER SUSPENSION OF OPERATIONS: It is foreseeable that emergency suspensions of operations of temporary duration may be required because of equipment breakdown, subcontractor disputes, inclement weather, or other unanticipated circumstances.

XX.0 GROUP INSURANCE BENEFITS: NWMI offers a full health and dental program for you and your family, all at company expense. In helping to protect your health and your family's health, NWMI has a mentally strong and happy employee, which benefits NWMI in many ways.

XX.1 The program is for full-time and permanent part-time employees. There is a 90-day waiting period for an employee to qualify for benefits. This waiting period is also your probationary period. After this period, any insurance claims that you may have must be reported to the Office Manager or the designated insurance representative as soon as possible.

XXI.0 REPORTING ABSENCES: In the event of illness or personal problems, you are required to report to your supervisor no later than one (1) hour prior to your scheduled time to report to work. This must be done so that Management can arrange for someone to temporarily take over your work responsibilities. Failure to report accordingly will result in disciplinary action.

XXII.0 WORKMAN'S COMPENSATION: NWMI pays workman's compensation for all of its employees. If you are injured while on NWMI time and on your job, notify your supervisor immediately. Workman's Compensation is to be used only for injuries or accidents sustained while on Company time.

XXIII.0 UNEMPLOYMENT BENEFITS: NWMI employees laid off are eligible for State unemployment benefits. However, NWMI will not grant unemployment benefits to those employees the Company feels have been justly discharged or terminated. NWMI can not and will not prohibit a former employee from filing for unemployment benefits, but may deny benefits if the circumstances warrant such action.

XXIV.0 ANNUAL PICNIC: From year to year NWMI Management may elect to have an annual company picnic for the benefit and enjoyment of the employees, staff and Management. If NWMI production is not up to expectations, the picnic may be eliminated for the particular year.

XXV.0 HOLIDAYS: There are eight (8) official NWMI holidays. They are as follows:

1988:January 1:	New Years Day
-Varies--:	Employees Birthday
May 30th:	Memorial Day
July 4th:	Independence Day
September 5th:	Labor Day
October 31st:	Nevada Day
November 24th:	Thanksgiving Day
1988:December 25th:	Christmas Day

XXV.1 Any employees scheduled to work during these days will be compensated at the rate of twice their prevailing rate.

XXV.2 Overtime will not be paid during a week containing a holiday unless a total of forty (40) hours have been worked.

XXV.3 If a holiday occurs during an employee's scheduled vacation, the holiday will not be charged to the employee's vacation time.

XXV.4 NWMI reserves the right to change the above holidays from year to year, but the number of holidays will remain the same.

XXVI.0 VACATIONS: NWMI provides paid vacations for employees on the basis of the date of hiring as follows:

XXVI.1 Full-Time Hourly Employees:

Minimum One (1) Year w/ NWMI: One (1) Work-Week
 Two (2) to Five (5) Years w/NWMI: Two (2) Work-Weeks
 Greater Than Five (5) Years w/NWMI: Three (3) Work-Weeks

XXVI.2 Full-Time Salaried Employees:

Minimum One (1) Year w/NWMI: Two (2) Work-Weeks
 Two (2)- Five (5) Years w/NWMI: Three (3) Work-Weeks
 Greater Than Five (5) Years w/NWMI: Four (4) Work-Weeks

XXVI.3 When you become eligible for vacation time off, you must request the time period you wish to have off by scheduling the period with your supervisor at least 30-days in advance.

XXVI.4 Vacation time does not accumulate from year to year. If you do not use it you will lose it. However, all accrued vacation time due in any particular year will be paid to an employee upon termination of employment with NWMI.

XXVII.0 PERSONAL/SICK LEAVE OF ABSENCE: Personal time or sick leave is accrued at the rate of 0.75 day per month worked for a total of 9 days per year. An employee can accumulate up to a maximum of 20 personal leave/sick days.

XXVIII.0 MEDICAL LEAVE OF ABSENCE: NWMI offers guaranteed job protection for a period of 90 days in cases of disability or pregnancy. NWMI reserves the right, however, to conduct a physical examination by a company-appointed physician to determine the extent of disability.

XXVIII.1 NWMI Management will make the final decision on whether medical leave will or will not be granted. To receive the above guarantee the employee will be required to sign a statement of intent that, to the extent NWMI Management desires, the employee will return to work for a minimum period of 60 days after the end of the medical leave.

XXIX.0 MILITARY LEAVE OF ABSENCE: Federal law requires that NWMI permit any employee to attend National Guard or Reserve training without prejudice with regard to pay, promotions, and/or job assignment.

XXX.0 BEREAVEMENT LEAVE OF ABSENCE: NWMI will grant leave with pay for up to five (5) days following the serious injury or death of a member of an employee's immediate family. You should bring the unfortunate event to the attention of Management.

XXXI.0 MERIT SUGGESTION SYSTEM (SERVICE AWARDS): You are encouraged to make suggestions for improvement in any area of your work, or elsewhere. For the most effective way of receiving a complete review of your suggestions, you should submit your ideas in writing so that NWMI Management can evaluate them in detail.

XXXI.1 If Management decides that your ideas have merit you will receive a service cash award, in addition to a favorable report to your personnel file. The amount of cash awarded will be based on merit, solely at the discretion of NWMI Management.

XXXII.0 USE OF COMPANY FUEL & CREDIT ACCOUNTS: NWMI Office Manager must be contacted to obtain the appropriate key to NWMI's fueling station located across from the Manager's residence (see Figure 2). This gasoline is for use only for company business. Any unusual gasoline usage either in quantity or via inappropriate keys will be subject to investigation and possible disciplinary action by Management.

XXXII.1 Requests for purchases from commercial vendors will be made only by Management, Purchasing Agent, Office Manager, Laboratory Manager, Mill Foreman, Mine Geologist, or Mine Engineer. All mill purchases will be requested on a once-a-week basis. It is the responsibility of the Mill Foremen to supply the Assistant Mine Manager with a list of requested purchases on each Monday morning. If approved, the order will be submitted to the Purchasing Agent who will be responsible for drafting and processing the purchase order. A purchase order will be completed with a full description of the items required and the date required.

XXXII.2 Purchase orders are also required for local acquisition in Eureka, Elko or Ely. The NWMI Purchasing Agent must approve all orders under \$100.00. NWMI's Management must approve of all orders over \$100.00. Any purchases made without a purchase order will be assumed to be personal items and will not be honored by NWMI.

XXXIII.0 CONFIDENTIALITY AGREEMENT: You are required as part of the conditions of accepting employment at NWMI to agree that you will hold confidential and will not use, disclose, reproduce, retain, or dispose of, any oral or written knowledge, computer data disks, or information regarding NWMI's processes, formulae, economic models, ore reserve data or computer models generated, engineering techniques, land holdings, or security procedures acquired or produced by you during your employment with NWMI for a period of five(5) years after the date of your termination with NWMI, except that which is now or hereafter becomes publicly available, that which is rightfully obtained from third parties, or that which was known by you prior to your

employment with NWMI as shown by your written records. It is intended that this confidentiality agreement stand alone and operate independently of the other provisions set forth in this personnel manual.

XXXIV.0 OUTSIDE EMPLOYMENT: Outside employment of a NWMI salaried employee, if similar by nature to the employee's duties for NWMI, is strictly prohibited, unless approved in writing by NWMI Management. This is to eliminate any appearance of a conflict of professional interest whether or not one exists.

XXXV.0 SECURITY POLICIES & PROCEDURES: You are specifically required to hold confidential and not discuss with any non-NWMI personnel any information you may acquire regarding NWMI pouring times, weight of dore bars, gold content of dore bars, or any other information that may be useful to persons with possible criminal intentions.

XXXV.1 You should clearly note that in the event any irregularities are shown to be a result of a breach in security, the offending employee(s) will be subject to not only severe disciplinary action, but will also be prosecuted to the fullest extent of the law.

XXXV.2 You are required to follow the procedures that have been instituted to lock-up the retort (in addition to normal lock-up periods) and the furnace when not in use. These have been developed to discourage unauthorized use of the equipment.

XXXV.3 You are required to comply with all reasonable security procedures, including a lawful search of your person, your belongings, your residence, your vehicle, and any packages, briefcases, or containers in your possession.

XXXVI.0 LABORATORY ASSAYS & POURING FOR OUTSIDE PARTIES: The facilities of NWMI are for NWMI operations only. Any use of the laboratory equipment, retort, or furnace for other than NWMI activities is not permitted unless previously approved in writing by Management.

XXXVII.0 USE OF COMPANY VEHICLES & EQUIPMENT:

XXXVII.1 >>>>>> * Vehicles: NWMI vehicles are assigned as follows:

Mine Manager and Assistant Mine Manager
are assigned company vehicles for all
uses.

Laboratory Manager and Mill Foremen
are assigned company vehicles for
uses during all hours while on the
mine property and for uses approved
by Management

Mine Geologist and Mine Engineer are assigned company vehicles for use during working hours only, unless approved for other purposes by Management.

XXXVII.2 Keys for vehicles used only during working hours will be returned to the key box located in the Main Office at the end of each day.

XXXVII.3 The use of a company vehicle for temporary replacement of a personal vehicle will be considered on a case-by-case basis

XXXVII.4 The use of personal vehicles for approved company business will be reimbursed at the rate of \$0.21 per mile. The original written request by Management must accompany any request for reimbursement.

XXXVII.5 All company vehicles are to be properly maintained. Any damage due to neglect or inattention may be subject to disciplinary action. Mill personnel are no longer responsible for servicing any vehicle other than mill vehicles, unless specifically requested by the Mine Manager or Assistant Mine Manager.

XXXVII.6 >>>>>>* Equipment: NWMI provides a variety of tools and equipment to assist you in your work. Any damage due to neglect or inattention may be subject to disciplinary action.

XXXVII.7 The equipment is to be used only on NWMI property, unless specifically approved for other use by Management.

XXXVII.8 Tools are to be returned to their designated spot on the tool board or drawer at the end of each shift. It is the responsibility of the shift foreman to check that each tool has been returned to its appropriate place. Lost tools will be replaced by the shift personnel prior to the discovery of the loss. The cost will be docked from the employees pay equally.

XXXVIII.0 ATHLETIC ACTIVITIES: NWMI may sponsor a softball team each year for the enjoyment of NWMI's employees and staff. The objective is not necessarily to win every game but to learn to work together better. Knowing each others strengths as well as weaknesses makes for better working relationships.

XXXVIII.1 NWMI may pay for NWMI caps and shirts as well as registration fees, etc. Unless there are no substitutes, only NWMI personnel, their spouses and contractors' personnel will be permitted to join the team. Although some organizational features still need to be worked out, NWMI Management will try to make every season a fun year of softball and of friendly, although serious competition.

XXXIX.0 JURY DUTY: Federal and state laws require that employees be granted leave of absence when called for jury duty. Employees will be granted leave to serve on federal or state juries when summoned, and will be paid for up to five days during such leave to serve on a jury.

XXXX.0 ACCESS TO PERSONNEL FILE: NWMI maintains a personnel file on all NWMI employees. You have the right to periodically inspect the contents of your file. To do this, make an appointment with the Office Manager the day before you wish to inspect it. Your supervisor and other members of NWMI Management may from time to time place remarks or comments in your file for reference during future evaluations of raises and promotions.

XXXXI.0 SOLICITATION OR DISTRIBUTION OF LITERATURE: NWMI does not permit solicitation of any kind on the mine property. Distribution of papers or literature are also prohibited. This, also, creates an insurance problem because untrained and unaware visitors may inadvertently be injured or may cause injury to someone else while soliciting or distributing literature.

XXXXII.0 ATTENDING SEMINARS/MEETINGS: From time to time, NWMI encourages both salaried and hourly employees to attend professional/industrial symposia, seminars or meeting for the purpose of exposing the employees to new ideas, technological advances, and the opportunity to meet other people in similar jobs from other mines. A request must be made in writing and submitted to the Assistant Mine Manager at least six weeks prior to the meeting date. The decision to approve or disapprove the particular request will depend on many factors, including discussions within NWMI's Executive Committee regarding merit and economic conditions, but do not expect to receive approval on a regular basis.

XXXXII.1 In the event of approval, you will be expected to complete an expense accounting of the costs of the trip, the lodging, the meals, etc. You should obtain as much useful material as possible for NWMI's Library and future reference. You must also be prepared to discuss what you learned as a result of the trip.

XXXXII.2 This should not be considered a vacation. You should, also, be aware that you are representing NWMI so you are expected to act accordingly and any reports of unseemly behavior will be subject to disciplinary action.

XXXXIII.0 EXPENSE REIMBURSEMENTS: Employees will be reimbursed for all necessary expenses accrued at Management's request. An expense accounting will be made on a NWMI form supplied by the Office Manager. Each expense item requires a receipt, with the exception of meals less

than \$25.00. All other expenses that do not have proof of purchase receipts will be considered personal and will not be honored by NWMI. See the example NWMI expense account form included herein.

XXXXIV.0 USE OF COMPANY TELEPHONES: All NWMI and other personnel, with the exception of mine residents and Management, are required to reimburse NWMI for all long distance calls made from mine telephones. Each month the telephone bills are monitored for accounting purposes. Any unaccounted calls will be rejected to the number called. To avoid embarrassment, report your long-distance telephone calls to the Office Manager.

XXXXV.0 CHECK CASHING & ADVANCES: NWMI's Executive & Accounting Offices are located in Houston, Texas. The Mine office has no facilities for cashing checks or making loans to employees.

XXXXVI.0 CHANGE OF ADDRESS & TELEPHONE: NWMI requires all employees to furnish the mine's Office Manager with their current address and telephone number.

XXXXVII.0 ANIMALS ON MINE PROPERTY: Employees are not permitted to bring their animals on to the mine property unless they are kept in the employees personal vehicle at all times. This is a result of potential insurance problems that could arise. Additional requirements (personal recognizance releases) may be necessary for animals kept in personal vehicles. Exceptions are made for employees in residence, but releases may also be required.

XXXXVIII.0 RELATIONS WITH NWMI MINING, CRUSHING, HAULING & AGGLOMERATING CONTRACTORS: At present, NWMI contracts the drilling, blasting, mining, crushing, hauling, and agglomerating functions of the NWMI operations to one or more contractors and subcontractors. One function of NWMI Management is to manage and assist, through its employees, all contractor activities without interfering with such operations. Work changes in contractor activities are implemented through NWMI's Assistant Mine Manager or through members of NWMI's Executive Committee.

XXXXVIII.1 All NWMI employees will endeavor to promote good relations with all NWMI contractors and subcontractors. Any employee behavior to the contrary will result in severe disciplinary action.

XXXXIX.0 DISCIPLINARY ACTION REVIEW PROCEDURES: All offenses or infractions of NWMI rules contained herein reported by supervisors or noted by others are evaluated by NWMI Management on a regular basis. In the event disciplinary

Employee Expense Report

Name _____ Period from _____ to _____

[illegible]

For Accounting Use Only

Mail Check to:

Date	Amount
------	--------

Balance Due Me

1.

GENERAL

Documentation should be obtained for expenditures whenever possible. Documentation **must** be presented for airline tickets, lodging, car rental, Company charges and any single expenditure of \$25 or more. Any departure from these procedures may result in non-reimbursement.

PROCEDURES

V = Visa

- (2) Counterfoil must accompany report
- (c) Record the exact amount of the expense in dollars and cents.
- (d) TRAVEL
 - (1) LODGING: Enter total expenditure for lodging on day paid and attach receipt.
 - (2) MEALS: Include the cost of own meals or meals of other **NWMI** employees (including tips) paid for by you. Fellow employees for whom you paid should be listed below. Cost of meal when **entertaining** others should be included as entertainment.
 - (3) TRANSPORTATION:
 - F = Fuel Charges
 - R = Car Rental
 - A = Airline Tickets
 - M = Mileage
 - P = Parking
 - T = Taxi
- (e) ENTERTAINMENT: Indicate the name and title of the person and the company he represents in the explanation section.
- (f) MISCELLANEOUS: Include here expenses for telephone, postage, porter tips, supplies, etc., and indicate such in the explanation section.

[illegible]

action is indicated, a meeting will be held between Management and the offending employee to discuss the circumstances and possible disciplinary action. Witnesses will be called to provide independent information regarding the alleged offense. The following is a general guide to the procedures involved, in response to infractions of the NWMI rules contained herein:

This section is intended as a guideline and is not intended to create a system for progressive levels of discipline. NWMI reserves the right to dismiss an employee at its discretion when NWMI determines that the circumstances warrant immediate dismissal.

Table 1

TYPICAL OFFENSE++++	DISCIPLINARY ACTION		
	1st Offense	2nd Offense	3rd Offense
Safety Rules:	Verbal Warning	Written Warning	Suspension
Tardiness:	Written Warning	Pay Docked	Suspension
Unexcused Absence:	Written Warning	Suspension	Termination
Refusal To Obey Reasonable Instructions:	Written Warning	Pay Docked	Suspension
Damage Due To Neglect of Duties:	Written Warning	Suspension	Termination
Willful Damage:	Suspension	Termination	-----
Inattention to Job Duties:	Written Warning	Suspension	Termination
Reporting To Work When There Is An Indication+ of Employee Being Under Influence of Alcohol or			

Drugs:	Suspension, subject to below.++	Termination, subject to below.+++	-----
Drinking or Possessing Alcohol or Drugs on the Job:	Suspension, subject to below.++	Termination subject to below.+++	-----
Low Yearly Evaluation Score:	Written Warning	Termination	-----

Notes:

+ The indication includes having the presence of any metabolites of commonly abused, illegal drugs in the employees' bodily fluids, as determined by appropriate laboratory testing methods.

++ Suspension by NWMI Management is so that the employee can attend an approved substance abuse education/rehabilitation program at employee's expense.

+++ NWMI Management will review the particular case but, in most instances, will recommend a second period of training at an approved substance abuse education/rehabilitation program at employee's expense.

++++ All other infractions and associated disciplinary actions should be discussed with Management.

XXXXX.0 COMPLAINTS & GRIEVANCES: All complaints or grievances should be directed first to your supervisor. If no satisfaction is obtained, you are encouraged to follow the chain of command at NWMI as far up as you wish. NWMI Management encourages you to step forward with complaints and grievances, without fear of retribution. In the event you still have not received satisfaction, you are encouraged to state your case in writing to NWMI. Management will evaluate your complaint and respond in due course, either via a meeting with you or via a written response. We are a team and will work together.

XXXXXI.0 CHANGES IN COMPANY POLICY: This personnel manual is not intended as a formal or exhaustive statement of employee rights and responsibilities nor as a contract of employment. It is simply a summary of NWMI's policies, rules and procedures. NWMI reserves the right to amend, modify, and

eliminate any of these policies, rules or procedures at any time. If you come to believe that a particular NWMI policy should be changed, you may attempt to change it without fear of retribution. As in registering any grievances, state your reasons for believing a policy should be changed to your immediate supervisor, either verbally or in writing with a copy to the Mine Manager or Assistant Mine Manager. NWMI Management will take your recommendations and the reasons associated therewith under consideration and advise you of their findings. Decisions by NWMI Management are final, but each issue will be considered carefully.

With your help, we, together, can make NWMI a safe, satisfying and rewarding place for you to work, while at the same time make NWMI a profitable, multi-national venture in gold and silver exploration, mining, processing and marketing. One day soon maybe NWMI will be able to live up to its growing reputation as being "the best little gold mine in Nevada."

XXXXXII.0 ACKNOWLEDGEMENT BY EMPLOYEE

I, _____, hereby acknowledge that I can read and have read the Norse Windfall Mines, Inc. Personnel Manual, dated January 1, 1988, and accept the provisions contained therein as conditions to being hired as an employee of Norse Windfall Mines, Inc. and to my continued employment.

I further acknowledge that I must submit to regular physical examinations at the specified medical clinic, for my own protection as well as for the Company's benefit, and to submit to periodic blood and urine sampling, as required by the Management of Norse Windfall Mines, Inc.

I further acknowledge that I will be liable for any tools assigned to me, and that I must pay for any of the tools assigned to me that become unlocatable by my supervisor or immediate superior.

Employee Signature: _____

Employee Name (Printed): _____

NWMI Witness: _____

Date: _____

Copy #: _____

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