

EXHIBIT AB



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IRREVOCABLE STANDBY LETTER OF CREDIT
No. 4135883

June 15, 2005

APPLICANT: Richard R. Sykora
6160 Sierra view Lane
Foresthill, CA 95631

- BENEFICIARY:
- (1) Placer County Planning Department
11414 B Avenue
Auburn, CA 95603 or
 - (2) California Department of Conservation
Office of Mine Reclamation
801 K Street, MS 09-06
Sacramento, CA 95814-3529 or
 - (3) U. S. Forest Service
22830 Foresthill Road
Foresthill, CA 95631

AMOUNT: \$20,000.00

EXPIRY DATE: June 15, 2006

Gentlemen:

We hereby establish our Irrevocable Standby Letter of Credit in favor of the above listed Beneficiaries for the aggregate amount of Twenty Thousand U. S. Dollars (\$20,000), available for payment at sight by the Beneficiary(ies) draft(s) drawn on Placer Sierra Bank at 649 Lincoln Way, Auburn, CA 95603 and presented on or before the expiration date of this Irrevocable Standby Letter of Credit. The Standby Letter of Credit will support the obligations of the Applicant to establish and perform a reclamation plan and mitigation measures pursuant to Mining/Reclamation Plan Number (pending, CA Mine ID #91-31-0020). Drafts must be marked as drawn under Standby Letter of Credit Number 4135883 and be accompanied by the original copy of this Irrevocable Standby Letter of Credit.

RECEIVED
JUN 15 2005

PLACER COUNTY
DEPT. OF PUBLIC WORKS

Drafts drawn against this Standby Letter of Credit will be paid to the Beneficiary(ies) upon the authorization and direction of duly authorized representative of the Placer County Planning Department or the Department of Conservation or the U.S. Forest Service, which accompanied by the documents hereafter described and subject to the following:

- (1) The Placer County Planning Department may draw hereunder by means of its draft(s), accompanied by this original Letter of Credit and the following signed and dated statement, appropriately completed:

The amount of our accompanying draft \$ _____ represents a sum due to the Placer County Planning Department pursuant to Public Resources Code Section 2773.1(b). The Placer County Planning Department has determined, following a public hearing, that Richard R. Sykora is financially incapable of performing reclamation in accordance with its approved reclamation plan, or has abandoned its surface mining operation without commencing reclamation, and Richard R. Sykora has been provided with notice and opportunity to cure (which cure period has expired), all in accordance with the provisions of Public Resources Code Section 2773.1(b). The individual signing below certifies that the foregoing statements are true and correct and that the signatory is authorized to sign and deliver this statement on behalf of the Placer County Planning Department, and that a copy of this statement has been forwarded by certified mail or courier service to the Department of Conservation and the U.S. Forest Service.

Placer County Planning Department

By: _____
Name: _____
Title: _____

- (2) The Department of Conservation may draw hereunder by means of its draft(s), accompanied by this original Letter of Credit and the following signed and dated statement, appropriately completed:

The amount of our accompanying draft \$ _____ represents a sum due to the Department of Conservation pursuant to Public Resources Code Section 2773.1(b). The State Mining and Geology Board or the Placer County Planning Department has determined, following a public hearing, that Richard R. Sykora is financially incapable of performing reclamation in accordance with its approved reclamation plan, or has abandoned its surface mining operation without commencing reclamation, and Richard R. Sykora has been provided with notice and opportunity to cure (which cure period has expired), all in accordance with Public Resources Code Section 2773.1(b) and (d). The individual signing below certifies that the foregoing statements are true and correct and that the signatory is authorized to sign and deliver this statement on behalf of The Department of Conservation, and that a copy of this statement has been forwarded by certified mail or courier service to the Placer County Planning Department and the U.S. Forest Service.

California Department of Conservation

By: _____
 Name: _____
 Title: _____

- (3) The U.S. Forest Service may draw hereunder by means of its draft(s), accompanied by this original Letter of Credit and the following signed and dated statement, appropriately completed:

The amount of our accompanying draft \$_____ represents a sum due to the Department of Conservation pursuant to Public Resources Code Section 2773.1(b). The State Mining and Geology Board or the Placer County Planning Department has determined, following a public hearing, that Richard R. Sykora is financially incapable of performing reclamation in accordance with its approved reclamation plan, or has abandoned its surface mining operation without commencing reclamation, and Richard R. Sykora has been provided with notice and opportunity to cure (which cure period has expired), all in accordance with Public Resources Code Section 2773.1(b) and (d). The individual signing below certifies that the foregoing statements are true and correct and that the signatory is authorized to sign and deliver this statement on behalf of The U. S. Forest Service, and that a copy of this statement has been forwarded by certified mail or courier service to the Placer County Planning Department and the Department of Conservation.

U. S. Forest Service

By: _____
 Name: _____
 Title: _____

This Letter of Credit shall be in full force and effect until receipt of a written statement by a duly authorized representative of the Placer County Planning Department or the Department of Conservation that all of the obligations secured hereby have been performed or until disbursement of all funds pledged and guaranteed hereunder pursuant to the preceding paragraphs or until the Expiration Date hereunder.

The Letter of Credit shall expire June 15, 2006 at the counters of Placer Sierra Bank at 649 Lincoln Way, Auburn, CA 95603, or any extended date as hereinafter provided. It is a condition of this Letter of Credit that it shall be automatically extended for additional periods, each of one year, up to but not beyond December 1, 2009, unless at least one hundred twenty (120) days prior to the then relevant expiration date Placer Sierra Bank has advised the Placer County Planning Department and the Department of Conservation and the U.S. Forest Service by registered or certified mail that Placer Sierra Bank elects

not to extend. In that event, the Placer County Planning Department or the Department of Conservation or the U.S. Forest Service may draw hereunder on or prior to the then relevant expiration date, up to the full amount available hereunder, against the sight draft(s) on Placer Sierra Bank, bearing the number of this Letter of Credit.

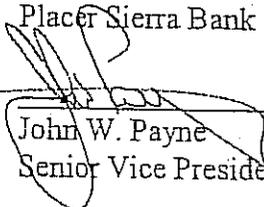
The amount of this Letter of Credit may be reduced in accordance to conditions set forth in the above referenced Mining/Reclamation Plan Number (pending, CA Mine ID #91-31-0020), provided that any such reduction shall be made only with the written approval of a duly authorized representative of the Placer County Planning Department or the Department of Conservation.

This agreement shall be governed by and construed in accordance with the laws of the State of California. This credit shall be subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication number 500 notwithstanding Article 19 of said publication. If this Letter of Credit expires during an interruption of business as described in Article 19, Placer Sierra Bank is hereby specifically authorized and agrees to effect payment if the letter is drawn within thirty (30) days after the resumption of business.

This shall constitute an irrevocable commitment of funds which shall not be subject to recall by Placer Sierra Bank before the expiration date hereunder or any extension thereof.

All communications to us with respect to this Irrevocable Standby Letter of Credit must be addressed to our office at 649 Lincoln Way, Auburn, CA. 95603 to the attention of Commercial Credit Administration.

Placer Sierra Bank



John W. Payne
Senior Vice President