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**IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION**

NEVADA STAR RESOURCE CORP.
(U.S.), a Nevada corporation, and PURE
NICKEL, INC., a Canadian corporation,

Plaintiffs,

vs.

ROBERT ANGRISANO, an individual,
MONTY D. MOORE, an individual,
SCOTT NICHOLSON, an individual, and
MONTY L. MOORE, an individual,

Defendants.

Case No. 2:12-cv-00392

COMPLAINT

Judge David Sam

Plaintiffs Nevada Star Resource Corp. (U.S.) (hereinafter "NSRC") and Pure Nickel, Inc. (hereinafter "Pure Nickel") (NSRC and Pure Nickel are hereinafter collectively referred to as "Plaintiffs"), for their claims for relief against defendants Robert Angrisano, Monty D. Moore, Scott Nicholson and Monty L. Moore (collectively, "Defendants"), allege as follows:

PARTIES

1. Plaintiff Nevada Star Resource Corp. (U.S.) (“NSRC”) is a corporation organized and existing under the laws of the State of Nevada, with its principal place of business in Ontario, Canada.

2. Plaintiff Pure Nickel, Inc. (“Pure Nickel”) is a corporation organized and existing under the laws of Canada, with its principal place of business in Ontario, Canada.

3. Upon information and belief, Plaintiffs allege that defendant Robert Angrisano (“Angrisano”) is a resident of the State of Washington.

4. Upon information and belief, Plaintiffs allege that defendant Monty D. Moore (“Moore”) is a resident of the State of Washington.

5. Upon information and belief, Plaintiffs allege that defendant Scott Nicholson (“Nicholson”) is a resident of the State of Washington.

6. Upon information and belief, Plaintiffs allege that defendant Monty L. Moore (“Monty L. Moore”) is a resident of the State of Washington.

JURISDICTION AND VENUE

7. This Court has jurisdiction of this action under 28 U.S.C. § 1332 on the basis of diversity of citizenship and on the ground that the amount of controversy exceeds the sum or value of \$75,000, exclusive of interest and costs.

8. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b)(2) by virtue of the fact that the property at issue in this action is located within this district.

GENERAL ALLEGATIONS

9. During the late 1990s, NSRC acquired ownership and/or other rights with respect to various mining claims, mineral leases, and other real and personal property located in Beaver County, Utah.

10. On or about March 31, 2007, NSRC became a wholly owned subsidiary of Pure Nickel.

11. Defendant Angrisano was a director of NSRC from February 1999 through March 2008, the President of NSRC from November 2003 through March 2007, and CEO from May 2006 until March 2007.

12. Defendant Moore was a director of NSRC from 1993 through March 2007, and was the President of NSRC from 1993 through February 2002, the interim CEO from November 2003 through at least a portion of 2006, and Chairman of the Board from February 2002 until March 2007.

13. Upon information and belief, Plaintiffs allege that Monty L. Moore is the son of defendant Moore.

14. Upon information and belief, Plaintiffs allege that Nicholson was involved with NSRC in some unspecified role prior to the time that it became a wholly owned subsidiary of Pure Nickel. The full nature and extent of his involvement with NSRC is currently unknown to Plaintiffs.

The Net Profits Interest

15. On or about May 12, 1998, NSRC entered into a Purchase and Sale Agreement with Grand Central Silver Mines, Inc., a Utah Corporation (“Grand Central”), and Dotson

Exploration Company, a Nevada Corporation (“Dotson Exploration”), pursuant to which NSRC agreed to purchase certain patented and unpatented mining claims, mining leases, State of Utah mineral leases and other real and personal property interests in the Beaver Lake—Rocky Mountain Mining District in Beaver County, Utah, in exchange for, among other things, 12% “of the net profits from all ores, minerals or other products mined and removed from the Properties and other property owned or controlled by [NSRC] in Townships 26 and 27 South, Ranges 11 and 12 West, SLM . . . and sold or processed by Nevada Star.” (Said 12% net profits interest is hereinafter referred to as “the NPI”). The assignment of the NPI, dated June 20, 1998, was signed by Moore as President of NSRC, and Moore’s signature thereon was notarized by Nicholson.

16. On or about February 25, 1999, defendants Angrisano, Nicholson and either Moore or Monty L. Moore took an assignment of the NPI from Grand Central and Dotson Exploration, pursuant to a written Assignment of 12% Net Profits Interest (“the Assignment”), which was recorded in Beaver County, Utah on May 5, 1999, recording document number E203547, Book 318, Page 402. According to the Assignment, Defendants paid Grand Central and Dotson Exploration \$40,000, along with other good and valuable consideration, for the Assignment.

17. The Assignment does not specify whether the “Monty Moore” who was one of the named assignees thereof was Moore or Monty L. Moore. Upon information and belief, Plaintiffs allege that some or all of Defendants either encouraged confusion regarding whether the true assignee was Moore or Monty L. Moore, or alternatively, they deliberately failed to clear up any confusion that third parties may have had regarding that issue.

The Transactions between NSRC and Western Utah Copper Company

18. On or about January 17, 2002, NSRC entered into an agreement with Western Utah Copper Company (“WUCC”) entitled “Option to Purchase” (the “Option to Purchase”), under which NSRC granted to WUCC an option to purchase certain real and personal property located in Beaver County, Utah, to be used by WUCC for the purpose of mining copper and other minerals. The Option to Purchase was signed by Moore both in his individual capacity and as President of NSRC, and his signatures thereon were notarized by Nicholson.

19. Upon information and belief, Plaintiffs allege that at the time that NSRC and WUCC entered into the Option to Purchase, it was WUCC’s understanding that Moore, rather than Monty L. Moore, was the true assignee of the NPI, along with Angrisano and Nicholson.

20. In the first paragraph of the Option to Purchase, NSRC and Moore were defined collectively as “Optionor.”

21. In the Option to Purchase, “Optionor” (*i.e.*, NSRC and Moore, collectively) made certain representations and warranties in favor of WUCC, including the following:

Optionor hereby represents, warrants, and covenants to WUCC the following matters as of the date hereof and as of the Closing Date, with the understanding that WUCC is reasonably relying on said representations, warranties and covenants in effecting the transactions contemplated hereby, and that all of said representations, warranties and covenants are material and shall survive the Closing Date:

....

(h) No outstanding other obligations. Optionor warrants that there is no outstanding obligation of any contractual or other nature in favor of Grand Central Silver Mines, Dotson Exploration Company, Cortex Mining and Exploration Co., Inc., Ted Posey, or their affiliates or principals, successors or assigns, which shall be deemed to run with the Properties or otherwise become an obligation of WUCC after Closing pursuant to this

Agreement, other than the leasehold and other contractual obligations in the leases and other agreements identified in Exhibit "A" to be assumed by WUCC under this Agreement, or otherwise expressly contemplated herein to be acquired or assumed by WUCC pursuant to this Agreement. In particular, without limitation on the foregoing, Optionor warrants that WUCC shall have no obligation to the named third parties in this paragraph, or any other third parties, with respect to shares of Nevada Star stock issued or to be issued to said parties.

(Option to Purchase, ¶ 11(h).)

22. On or about June 17, 2002, WUCC provided written notice to NSRC of its intent to exercise its option rights under the Option to Purchase. Thereafter, NSRC and WUCC entered into a written agreement entitled "Agreement and NS Option" (hereinafter the "Agreement"), effective as of July 23, 2002. Moore signed the Agreement on behalf, and as Chairman, of NSRC, and his signature was notarized by Nicholson.

23. In the Agreement, the parties made reference to the representations and warranties contained in the Option to Purchase, and included the following provision with respect to said representations and warranties:

Nevada Star's representations and warranties to survive the Closing. As provided in the [Option to Purchase], WUCC has relied and continues to rely upon the representations, warranties and covenants of Nevada Star as an inducement to proceed with the Closing and to take over cost responsibility for the Properties, and Nevada Star hereby expressly confirms and agrees that all of the Nevada Star's representations, warranties and covenants as set forth in Section 11 of the Option Agreement are material and shall survive the Closing.

(Agreement, ¶ 6.)

24. In the Agreement, NSRC also expressly represented and warranted to WUCC that Moore, who signed the Agreement on behalf of, and as Chairman of, NSRC, had "no individual

or personal right, title or interest in or to the Properties.” (Agreement, ¶ 8.) Moore’s signature on the Agreement was notarized by Nicholson.

25. Pursuant to paragraph 2.A of the Agreement, WUCC agreed to pay to NSRC certain specified production royalties on a monthly basis “[a]fter production commences[.]”

26. The term “production” was defined in the Agreement to mean the “recovery and sale of copper and other minerals or metals from ore from the Properties such that royalties in some amount shall be paid to [Plaintiff] in accordance with [paragraph 2.A of the Agreement].” Additionally, the Agreement provided that “for there to be ‘production,’ such recovery and sale of copper or other minerals or metals must be pursuant to a plan for handling and processing of ore (including dumps) from the Properties such that a processing rate of at least 300,000 st [*i.e.*, short tons] per year of ore is projected to be achieved by the second full year of operations.”

27. The production royalties to be paid to NSRC pursuant to the Agreement were broken into two separate categories with different royalty percentages for each category, depending on the type of product produced and/or the method employed to produce the product. The parties agreed that there would be a \$10 million cap on all royalties paid to NSRC pursuant to the Agreement, “beyond which WUCC shall have no further royalty payment or other obligations whatsoever to Nevada Star.”

28. One category of production royalties under the Agreement was based on copper production achieved through a method known as solvent extraction/electrowinning or “SX/EW.” With respect to any copper production achieved through the SX/EW method, WUCC agreed to

pay to NSRC certain percentages of the “Net Proceeds” (as defined in the Agreement) derived from such production.

29. The other category of production royalties under the Agreement applied to production of all other minerals, as well as to copper produced by any method other than the SX/EW method. Under this category, WUCC agreed to pay NSRC a “2% NSR [net smelter royalty] based on sale of concentrate or other products, whether of gold, copper, silver, lead, zinc, molybdenum or other metals or metalliferous minerals.” The term “NSR” was also defined in the Agreement.

30. In paragraph 5 of the Agreement, WUCC granted NSRC the option to reacquire the properties and assets that were conveyed and assigned by NSRC to WUCC in connection with the Agreement at the end of three years after the “Closing” (as defined in the Agreement), in the event that WUCC failed to put the “Properties” (as defined in the Agreement) “into production.”

31. At WUCC’s request, NSRC granted WUCC extensions of time within which to commence production under the Agreement, subject to certain specified conditions. The most recent extension was set to expire on November 1, 2008.

32. In a letter dated November 1, 2008, but postmarked more than two weeks later (hereinafter the “November 1, 2008 Letter”), WUCC claimed that it had finally achieved “production” as defined in the Agreement, although it also claimed that production had been achieved despite “ongoing conditions of force [majeure] that persist in connection with the completion of our flotation mill and concentrator.”

33. Two checks were enclosed with the November 1, 2008 Letter. According to the letter, the first check, in the amount \$12,600, was NSRC's "first copper Royalty check" arising from the production of copper. The second check, in the amount of \$10,000, reflected, according to the letter, the royalty that NSRC was entitled to receive based on WUCC's production of a mineral product called magnetite. For reasons explained more fully below, NSRC never cashed either of the checks. Moreover, notwithstanding WUCC's assertion in the November 1, 2008 Letter that production had commenced as early as January 2008, NSRC never received any further checks from WUCC purporting to be royalty payments pursuant to the Agreement.

34. Notwithstanding WUCC's assertion in the November 1, 2008 Letter that it had achieved production, Plaintiffs continued to have serious doubts about whether WUCC had actually put the Properties into "production" within the meaning of the Agreement. Thereafter, Plaintiffs requested in writing that WUCC provide Plaintiffs with certain specified information and supporting documentation to corroborate WUCC's assertion that it had achieved production. Plaintiffs' requests for such information were included in letters to WUCC dated February 11, 2009, March 13, 2009 and May 25, 2009.

The Litigation Between NSRC and WUCC and WUCC's Bankruptcy

35. After months of unsuccessfully attempting to obtain from WUCC the requested information and documentation to corroborate WUCC's assertion that it had achieved production, NSRC commenced an action against WUCC in this Court on June 16, 2009, for declaratory relief regarding, among other things, whether NSRC was entitled to exercise its option under the Agreement to reacquire the properties covered by the Agreement.

36. On May 18, 2010, WUCC filed a voluntary petition in bankruptcy under Chapter 11 of the Bankruptcy Code. The bankruptcy petition was initially filed in Nevada, but the bankruptcy proceedings were subsequently transferred to Utah. Thereafter, NSRC continued to pursue its claim for declaratory relief as well as other claims in an adversary proceeding in the bankruptcy court in Utah.

37. Subsequently, CS Mining, LLC and Skye Mineral Partners, LLC (jointly referred to herein as “CS Mining”) acquired substantially all of the assets of WUCC. In or around November 2011, Pure Nickel and CS Mining entered into a “Settlement and Release Agreement” (the “Settlement Agreement”) that provided, among other things, for the termination of the litigation between NSRC and WUCC in the adversary proceeding, for NSRC to transfer whatever interest it held in the Properties to CS Mining or its designee, and for NSRC to relinquish any claim or right to reacquire the Properties covered by the Agreement pursuant to the option provision in the Agreement. In addition, under the Settlement Agreement, Pure Nickel was paid \$1 million upon signing, and NSRC (or its designee) is entitled to receive \$2.5 million in additional cash payments. Moreover, NSRC was granted a 1% net smelter royalty on all properties acquired by CS Mining from WUCC, capped at \$8 million. (Said 1% net smelter royalty is hereinafter referred to as “the NSRC NSR.”)

38. Pursuant to the Settlement Agreement, NSRC and Pure Nickel jointly and severally agreed to indemnify CS Mining and its affiliates from and against all costs, expenses, damages, royalties, penalties, fines, amounts paid in settlement or any other liabilities or obligations arising from any actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees or rulings, including costs

of investigation, court costs and reasonable attorneys' fees and expenses, arising from any "Known Claim," which was defined in the Settlement Agreement to mean both the NPI and "[a] two percent (2%) Net Smelter Returns interest, capped at \$3 million, granted to Cortex Mining and Exploration Co., Inc. and E.F. (Ted) Posey by that certain 'Purchase and Sale Agreement' dated April 27, 1998, and that certain 'Certificate of Entitlement to 2% Net Smelter Returns Production Payment' dated June 21, 1998." (Said 2% Net Smelter Returns interest granted to Cortex Mining and Exploration Co., Inc. and Mr. Posey is hereinafter referred to as "the Cortex NSR.")

The Alleged Modification of the NPI

39. Following the execution of the Agreement by NSRC and WUCC, Angrisano claimed in a December 5, 2003 email to NSRC's corporate secretary that at the time that NSRC "did the deal" with WUCC, Angrisano, Monty L. Moore and Nicholson agreed to change their claimed NPI to a 12% net profits interest "in only the money that [NSRC] received as a result of the agreement with [WUCC]." In his December 5, 2003 email, Angrisano also stated that "I don't have the paperwork on the later arrangement. However, the next I see Monty, I can get it."

40. Consistent with Angrisano's assertion that the NPI had somehow been converted to a 12% net profits interest in the monies that NSRC was entitled to receive pursuant to the Agreement, Angrisano asserted in an exchange of e-mails with Pure Nickel's President and CEO on September 19, 2008 that Angrisano, Nicholson and Moore (or alternatively, Monty L. Moore) were entitled to get 12% of whatever NSRC/Pure Nickel received from its NSR under the Agreement, or "\$1.2 million of the \$10 million max from WUCC."

41. Similarly, consistent with Angrisano's assertion that the NPI had somehow been converted to a 12% net profits interest in the monies that NSRC was entitled to receive pursuant to the Agreement, the President and CEO of WUCC, Mark Dotson, stated in a letter, dated December 17, 2008, to "Monty Moore" of "Pacific Rainer [sic] Roofing" as follows:

WUCC has been made aware of the fact that yourself, Bob Angrisano and Scott Nicholson have purchased and taken assignment of a 12% net profits Royalty interest in the [NSRC] production royalty. As such, it appears that WUCC is obligated to pay 12% of the \$10,000,000 Royalty due to [NSRC] from the Milford Copper properties to Monty Moore, Bob Angrisano, and Scott Nicholson.

It is therefore our collective opinion that as such, WUCC should have paid the 12% portion of that inaugural amount paid to Pure Nickel as named above. It is then our belief that a total of 12% of the \$10,000,000 royalty now due to [NSRC] from our production, [n]ow Pure Nickel, is due as stated above.

Enclosed with the December 17, 2008 letter was a check made payable to Monty Moore in the amount of \$3,000 based on the allegedly modified NPI.

42. Moreover, after NSRC became a wholly owned subsidiary of Pure Nickel and Angrisano became a director of Pure Nickel, Angrisano asserted on multiple occasions during Pure Nickel board meetings that the NPI had been converted to a 12% net profits interest in the monies that NSRC was entitled to receive pursuant to the Agreement.

43. Notwithstanding multiple requests from Pure Nickel for documentation evidencing the alleged modification of the NPI, none of the Defendants has provided any such documentation.

FIRST CLAIM FOR RELIEF

(Declaratory Relief – All Defendants)

44. Plaintiffs reallege and incorporate herein by reference all of the allegations contained in paragraphs 1 through 43 above.

45. As indicated above, at the time of the Assignment in February 1999, Moore was the President and a director of NSRC, and Angrisano was a director of NSRC. As a result, Moore and Angrisano each owed a fiduciary duty to NSRC at the time of the Assignment. Each of them owed NSRC a duty of loyalty to maintain the corporation's best interests over anyone else's, including their own. As fiduciaries, they each owed NSRC a duty of good faith, honesty, and full disclosure. Their fiduciary duty to NSRC prohibited them from exploiting opportunities that properly belonged to NSRC.

46. Upon information and belief, Plaintiffs allege that the opportunity to reacquire, for a relatively nominal sum, the NPI that NSRC had previously granted to Grand Central and Dotson Exploration, was an opportunity that properly belonged to NSRC, and that Angrisano's and Moore's purchase of that interest for themselves and not for NSRC constituted a wrongful usurpation of NSRC's corporate opportunity in violation of Angrisano's and Moore's fiduciary duties owed to NSRC. As a result, the NPI is invalid and unenforceable.

47. Additionally, even if the Assignment had not been obtained through a violation of Angrisano's and Moore's fiduciary duties owed to NSRC, under the plain language of the original assignment of the NPI, the NPI only applied with respect to "profits from ... ores, minerals, or other products mined and removed from the Properties and other property owned or controlled by [NSRC] ... *and sold or processed by [NSRC].*" (Emphasis added.) As a result of

the Settlement Agreement, NSRC no longer owns the Properties at issue, and NSRC will not be selling or processing ores, minerals, or other products from the properties at issue. Accordingly, under the express terms of the original assignment, Defendants would not be entitled to any payment under the NPI.

48. Based on the foregoing, an actual controversy relating to the legal rights and duties of Plaintiffs and Defendants exists with respect to the validity and enforceability of the NPI.

49. Because of the dispute that has arisen, Plaintiffs seek a judicial declaration, pursuant to 28 U.S.C. § 2201(a) and Rule 57 of the Federal Rules of Civil Procedure, that the NPI is invalid and unenforceable.

50. Moreover, even assuming, *arguendo*, that there ever was an agreement between Defendants and NSRC to modify the claimed NPI as described in paragraphs 39 through 42 above (which NSRC denies), such an agreement would have been a self-interested transaction since Angrisano and Moore were officers and/or directors of NSRC at the time the agreement was purportedly reached.

51. Under Nevada law, transactions between officers or directors and their corporation are voidable unless (a) the board of directors authorizes the transaction without counting the votes of the interested directors; (b) the stockholders approve the transaction by a majority vote; or (c) the transaction is fair as to the corporation at the time it is authorized or approved. (Nev. Rev. Stat. § 78.140.)

52. Upon information and belief, Plaintiffs allege that none of the foregoing conditions was satisfied, and that no documents exist evidencing either the existence of the

alleged agreement to modify the NPI or the existence of any of the foregoing conditions. On its face, the transaction was plainly unfair to NSRC since Defendants were attempting to acquire an interest that they apparently believe is potentially worth over \$1 million based on their purported expenditure of \$40,000.

53. For the foregoing reasons, Plaintiffs seek a judicial declaration that the alleged modified NPI is similarly invalid and unenforceable.

SECOND CLAIM FOR RELIEF

(Breach of Fiduciary Duty)

54. Plaintiffs reallege and incorporate herein by reference all of the allegations contained in paragraphs 1 through 53 above.

55. In addition to the fiduciary duty that Angrisano owed to NSRC prior to the time that NSRC became a wholly owned subsidiary of Pure Nickel, during the period from March 2007 until March 2012, Angrisano served as a director of Pure Nickel, and was the Chairman of the Board from December 2007 until April 2010. As a result, he owed a fiduciary duty to Pure Nickel during such time period.

56. Upon information and belief, Plaintiffs allege that, prior to the signing of the Settlement Agreement, Angrisano, for his own benefit as well as on behalf of the other Defendants, contacted CS Mining to discuss the NPI or modified NPI that he, Nicholson and either Moore or Monty L. Moore claimed to own. As a result of that communication, one of the principals of CS Mining threatened to pull out of the settlement negotiations that ultimately led to the execution of the Settlement Agreement. If the settlement had fallen through, Plaintiffs stood to lose millions of dollars.

57. Upon information and belief, Plaintiffs allege that Angrisano's communication with CS Mining as described in the preceding paragraph constituted a breach of Angrisano's fiduciary duty owed to Pure Nickel.

58. On or about September 13, 2011, Plaintiffs' counsel sent a letter to Angrisano demanding, on behalf of Pure Nickel and NSRC, that Angrisano "cease all communications with [CS Mining] or any other party involved in the settlement regarding any claims or representations that you, Mr. Moore or Mr. Nicholson have the right to any payment in any way related to the relevant mining claims in Beaver County." (A true and correct copy of said September 13, 2011 letter is attached hereto as **Exhibit A.**)

59. Upon information and belief, Plaintiffs allege that for some period of time following his receipt of the letter from Plaintiffs' counsel described in the preceding paragraph, neither Angrisano nor the other Defendants communicated with CS Mining about the NPI.

60. On March 18, 2012, Angrisano sent a letter to counsel for CS Mining, which, according to the letter, was for the purpose of putting CS Mining on "official notice" of the NPI allegedly owed to Angrisano, Nicholson and "Monty Moore," and demanding that CS Mining provide certain specified information to the owners of the NPI on a quarterly basis. (A true and correct copy of said March 18, 2012 letter is attached hereto as **Exhibit B.**)

61. Upon information and belief, Plaintiffs allege that if Angrisano, or any of the other Defendants, continue in their efforts to press for information from CS Mining, or to press for payment from CS Mining of revenues allegedly due them, pursuant to the invalid and unenforceable NPI, Plaintiffs will suffer immediate and irreparable harm, either as a result of CS Mining withholding payments owed to Pure Nickel under the Settlement Agreement, or by

pursuing other remedies under the indemnification provision described in paragraph 38 above. As a result, Defendants should be enjoined from communicating with CS Mining or other parties regarding the claimed NPI or modified NPI.

62. Upon information and belief, Plaintiffs allege that the actual and/or threatened injury or damage to Plaintiffs described in the preceding paragraph outweighs whatever damage the proposed injunction may cause to Defendants.

63. Upon information and belief, Plaintiffs allege that there is a substantial likelihood that Plaintiffs will prevail on the merits of their claim against Angrisano for breach of fiduciary duty.

64. Upon information and belief, Plaintiffs allege that, based on the foregoing, Plaintiffs are entitled to a preliminary injunction, and thereafter to a permanent injunction, prohibiting Defendants from communicating with CS Mining or other parties regarding the claimed NPI or modified NPI.

65. Upon information and belief, Plaintiffs allege that the injunction, if issued, would not be adverse to the public interest, and instead, such injunction would promote the public interest by encouraging honesty and integrity in business dealings, and encouraging parties to honor their fiduciary obligations.

66. Moreover, as a direct and proximate result of Angrisano's breaches of his fiduciary duties, Plaintiffs have suffered damages in an amount to be determined at trial, which Plaintiffs are entitled to recover from Angrisano.

THIRD CLAIM FOR RELIEF

(Breach of Fiduciary Duty – Moore and Angrisano)

67. Plaintiffs reallege and incorporate herein by reference all of the allegations contained in paragraphs 1 through 66 above.

68. As indicated above, Moore and Angrisano were both officers and/or directors of NSRC at the time that NSRC entered into both the Option to Purchase and the Agreement with WUCC. As a result, both of them owed a fiduciary duty to NSRC at the time that NSRC entered into each of those agreements. Moore signed both of said agreements on behalf of NSRC, and he also signed the Option to Purchase in his individual capacity.

69. Upon information and belief, Plaintiffs allege that Angrisano, even though he did not sign the Option to Purchase or the Agreement, was involved in negotiating said agreements, reviewed and provided input with respect to said agreements, and ultimately approved of having NSRC enter into said agreements.

70. Pursuant to paragraph 11(h) of the Option to Purchase, NSRC and Moore represented and warranted, in effect, that the Cortex NSR was not an outstanding obligation that would run with the “Properties” covered by that agreement, despite the fact that Moore and Angrisano both knew or should have known that the Cortex NSR was still of record. Additionally, upon information and belief, Plaintiffs allege that Moore and Angrisano caused NSRC to enter into the Agreement, under which NSRC expressly agreed that WUCC had relied and was continuing to rely upon the representations, warranties and covenants of NSRC as set forth in Section 11 of the Option to Purchase in deciding to enter into the Agreement, and further

agreed that all of NSRC's representations, warranties and covenants as set forth in Section 11 of the Option to Purchase were material and would survive the closing of the Agreement.

71. Upon information and belief, Plaintiffs allege that, by engaging in the conduct described above, Moore and Angrisano both breached their fiduciary duties to NSRC. By causing NSRC to represent and warrant that the Cortex NSR was not an outstanding obligation that would run with the "Properties" covered by the Option to Purchase, and later by the Agreement, Moore and Angrisano put NSRC at potential risk of being responsible for the obligations of the Cortex NSR while simultaneously increasing the value of their own ownership interests in NSRC in the event that NSRC were later sold. As a result of this conduct, the valuation of Moore's and Angrisano's interests in NSRC that was undertaken in connection with the transaction under which NSRC became a wholly owned subsidiary of Pure Nickel was substantially affected, and Moore and Angrisano were significantly overcompensated for their interests in NSRC for which Pure Nickel is entitled to recover monetary damages.

72. Moreover, as a result of Moore's and Angrisano's breaches of their fiduciary duties, it became necessary for Pure Nickel and NSRC, as a condition to settling and resolving the litigation with WUCC, to agree in the Settlement Agreement, jointly and severally, to indemnify CS Mining and its affiliates from and against all costs, expenses, damages, royalties, penalties, fines, amounts paid in settlement or any other liabilities or obligations arising from any actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees or rulings, including costs of investigation, court costs and reasonable attorneys' fees and expenses, arising from the Cortex NSR.

73. As a result of its indemnification obligations with respect to the Cortex NSR, Pure Nickel has reached an agreement in principle with Cortex Mining and Exploration Co., Inc. (“Cortex”) and Mr. Posey under which Cortex and Mr. Posey would relinquish their interest in the Cortex NSR in exchange for receiving a partial interest in the NSRC NSR.

74. As a direct and proximate result of Angrisano’s and Moore’s breaches of their fiduciary duties, Plaintiffs have suffered damages in an amount to be determined at trial, which Plaintiffs are entitled to recover from Angrisano and Moore.

FOURTH CLAIM FOR RELIEF

(Intentional Interference with Contractual Relations)

75. Plaintiffs reallege and incorporate herein by reference all of the allegations contained in paragraphs 1 through 74 above.

76. As indicated above, Angrisano has communicated with CS Mining in an effort to seek payments pursuant to the claimed NPI or modified NPI despite knowing that the NPI and/or modified NPI is invalid and enforceable, and despite being warned that such communications constitute violations of his fiduciary duty to Pure Nickel.

77. Upon information and belief, Plaintiffs allege that in communicating with CS Mining, Angrisano was acting not only for his own benefit, but also on behalf of the other Defendants.

78. Upon information and belief, Plaintiffs allege that Defendants have intentionally interfered with Plaintiffs’ existing economic relations with CS Mining by communicating with CS Mining about the claimed NPI or modified NPI.

79. Upon information and belief, Plaintiffs allege that Defendants have used and are continuing to use improper means to interfere with such economic relations, including, among other things, breaching Angrisano's fiduciary duty to Pure Nickel, and communicating false or misleading information about the NPI and/or the modified NPI.

80. As a direct and proximate result of Defendants' intentional interference with Plaintiffs' economic relations, Plaintiffs have suffered damages in an amount to be determined at trial, which Plaintiffs are entitled to recover from Defendants.

81. Moreover, Defendants should be enjoined from engaging in any further acts to intentionally interfere with Plaintiffs' existing economic relations with CS Mining, and should be enjoined from communicating with CS Mining about the claimed NPI or modified NPI.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment against Defendants as follows:

- i. That the Court issue a declaratory judgment that the NPI, as well as the alleged modified NPI, are invalid and unenforceable;
- ii. That the Court enter a preliminary injunction, and thereafter a permanent injunction, enjoining Defendants from communicating with CS Mining or other parties regarding the claimed NPI or the alleged modified NPI;
- iii. That Plaintiffs have and recover from Defendants money damages in such amounts as will be shown at trial;
- iv. That Plaintiffs recover their attorneys' fees to the extent allowed by law, as well as their costs of this action; and

v. For such other and further relief as this Court may deem just and proper.

DATED this 28th day of April, 2012.

PARSONS BEHLE & LATIMER

By 

DEREK LANGTON

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ALAN S. MOURITSEN

Attorneys for Plaintiffs Nevada Star

Resource Corp. (U.S.) and Pure Nickel, Inc.

EXHIBIT A



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A PROFESSIONAL
LAW CORPORATION

Salt Lake City • Reno • Las Vegas

September 13, 2011

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VIA U.S. MAIL AND E-MAIL

Robert Angrisano
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Re: *Nevada Star Resource Corp. v. Western Utah Copper Company*

Dear Mr. Angrisano:

This firm represents Nevada Star Resource Corp. (U.S.) ("NSRC") and Pure Nickel, Inc. ("Pure Nickel"). As you already know, NSRC recently reached an agreement that would settle a long-standing dispute and litigation with Western Utah Copper Company ("WUCC") concerning the ownership of properties and mining interests in Beaver County, Utah. NSRC considers the terms of the settlement fair and beneficial to NSRC. It has come to my attention, however, that you recently contacted Clint Walker, a principal of Skye Mineral Partners, LLC ("Skye"), one of the primary parties involved in the above-referenced settlement, to discuss a net profits interest that you, Monty Moore and Scott Nicholson claim to own with respect to the properties that are the subject of the litigation between NSRC and WUCC. Your communications with Mr. Walker have threatened to disrupt NSRC's settlement agreement. If the settlement were to fall through, it could cost NSRC literally millions of dollars.

You should know that your interference has already likely violated the law. NSRC intends to aggressively pursue any and all legal claims against you for the full amount lost if the settlement does not occur. For the reasons set forth herein, NSRC demands that you cease all communications with Mr. Walker, Skye, or any other party involved in the settlement regarding any claims or representations that you, Mr. Moore or Mr. Nicholson have the right to any payment in any way related to the relevant mining claims in Beaver County.

NSRC understands that you, Mr. Moore and Mr. Nicholson claim to be owed a 12 percent interest in funds NSRC is to receive under the above-referenced settlement agreement. As you know, on multiple occasions, NSRC has requested any documentation supporting your alleged interest, and you have never provided it. To the extent the alleged agreement to grant you a 12 percent interest even exists, it is likely void and unenforceable.

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September 13, 2011
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It certainly does not grant you any rights to funds received under NSRC's current settlement agreement, as Steve Vaughan has previously explained to you in detail.

As you know, Mr. Moore was a director of NSRC from 1993 through March 2007, and he was the NSRC president from 1993 through February 2002 and the interim CEO from November 2003 through 2006. Additionally, you were a director from February 1999 through March 2008 and president from November 2003 through March 2007. As officers and directors of NSRC at the relevant times, you and Mr. Moore owed NSRC a duty of loyalty to maintain the corporation's best interests over anyone else's, including your own. *See Shoen v. SAC Holding Corp.*, 137 P.3d 1171, 1178 (Nev. 2006). You were fiduciaries of the company, and consequently, you owed NSRC a duty of good faith, honesty, and full disclosure. *See Western Indus., Inc. v. General Ins. Co.*, 533 P.2d 473, 476 (Nev. 1975). Your fiduciary duty prohibited you from exploiting opportunities that belonged to NSRC. *See Bedore v. Familian*, 125 P.3d 1168, 1173 (Nev. 2006); *Broz v. Cellular Information Systems, Inc.*, 673 A.2d 148, 155 (Del. 1996).

At some point after the transaction occurred, NSRC became aware of the assignment on February 25, 1999, under which you, Mr. Moore and Mr. Nicholson apparently paid \$40,000 for a 12 percent net profits interest that NSRC had previously granted and assigned to Grand Central Silver Mines, Inc. and Dotson Exploration Company. It is not clear whether you still claim an interest in 12 percent of the "net profits from all ores, minerals or other products mined and removed from the Properties and other property owned or controlled by [NSRC] ... and sold or processed by [NSRC]." At one point, you instead claimed that some modified arrangement was subsequently reached. However, to the extent you do claim any rights under the February 1999 assignment, it appears that your claims are without merit. At the time of the February 1999 assignment, Mr. Moore was the president and a director of NSRC, and you were a director of NSRC. Consequently, it appears that the two of you improperly usurped a corporate opportunity of NSRC by paying a relatively minimal amount of money for your personal benefit rather than paying the same amount of money on behalf of NSRC and thereby extinguishing any obligation NSRC had to pay a net profits interest. Such self-interested conduct violated your fiduciary duty to NSRC.

Even if the 12 percent net profits interest were found to be enforceable, you would not be entitled to any proceeds of NSRC's settlement. Steve Vaughan has previously explained to you the nature of a net profits interest and the reasons that you have no grounds to claim any right to settlement funds. Under the plain language of the original Assignment of 12% Net Profits Interest, the settlement funds are not "profits from ... ores, minerals, or other products mined and removed from the Properties and other property owned or controlled by [NSRC] ... and sold or processed by [NSRC]." Additionally, assuming NSRC's settlement agreement is not breached or disrupted by your actions, NSRC will no longer own the properties at issue, and NSRC will not be selling or

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processing ores, minerals, or other products from the properties at issue. Accordingly, under the express terms of the original assignment, you would not be entitled to any payment.

You have also alleged that your claimed interest was modified at or around the time that NSRC and WUCC agreed to the Option to Purchase and the subsequent Agreement and NS Option. In a December 5, 2003, email to Karen Liu, you stated that you, Mr. Moore, and Mr. Nicholson agreed to change your deal to a 12 percent net profits interest "in only the money that [NSRC] received as a result of the agreement with [WUCC]." It is not clear whom you claim to have reached this agreement with, which is one reason NSRC has tried, unsuccessfully, to obtain documentation from you. It also is not clear how this alleged modified interest could be properly termed a net profits interest. Regardless, an arrangement under which you would receive a percentage of any funds NSRC received from WUCC under the Agreement and NS Option would obviously require the consent of NSRC. We are aware of no documentation that NSRC ever made such an agreement. For this basic reason, your claim to any interest in NSRC's funds fails.

Moreover, to the extent there ever was an agreement between you and NSRC for this modified net profits interest (which NSRC denies), it was a self-interested transaction since you and Mr. Moore were officers and directors of NSRC at the time. Nevada law makes transactions between officers or directors and their corporation voidable unless (a) the board of directors authorizes the transaction without counting the votes of the interested directors; (b) the stockholders approve the transaction by a majority vote; or (c) the transaction is fair as to the corporation at the time it is authorized or approved. Nev. Rev. Stat. § 78.140. "The essence of the test is whether or not under all the circumstances the transaction carries the earmarks of an arm's length bargain. If it does not, equity will set it aside." *Foster v. Arata*, 325 P.2d 759, 765 (Nev. 1958) (quoting *Pepper v. Litton*, 308 U.S. 295, 306 (1939)). Equity will also set aside self-interested transactions in which the circumstances of the transaction are not fully disclosed. See *Rocky Mountain Powder Co. v. Hamlin*, 310 P.2d 404, 406 (Nev. 1957).

We are unaware of any documents evidencing disclosure at the time of the alleged transaction or approval of the modified interest at any time. Additionally, the deal could hardly be considered fair as you were attempting to acquire an interest that you apparently believe is potentially worth over \$1 million based on your expenditure of \$40,000. Pursuant to Steve Vaughan's analysis, you were also attempting to acquire from NSRC much more than you ever could have expected to obtain under the February 1999 assignment. Such dealing is a clear example of officers and directors putting their personal interests before NSRC's interests, and it violated your fiduciary duty. Any agreement you reached with NSRC is voidable and would be set aside.

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September 13, 2011
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Finally, even if you reached an agreement with NSRC that did not violate your fiduciary duty and is valid (which NSRC denies), you would not be entitled to any funds from NSRC under the terms of the modified interest you claim. You have stated that your alleged net profits interest was only in money that NSRC received as a result of the Agreement and NS Option with WUCC. NSRC received two relatively minimal royalty checks from WUCC in November 2008, which NSRC did not accept because it was not convinced that WUCC had timely achieved "production" within the meaning of the Agreement and NS Option. WUCC never tendered any other purported royalty payments to NSRC. After conducting discovery in the litigation with WUCC, it appears even more certain that WUCC did not timely achieve "production" within the meaning of the Agreement and NS Option, and therefore, NSRC was entitled to exercise its option and reacquire the claims and other properties that were the subject of that agreement. Thus, NSRC never received any money from WUCC under the Agreement and NS Option. As a result, there are no funds that could be transferred to you, even if the modified net profits interest were valid (which it is not).

Based on the foregoing, you have no grounds upon which to claim payment from NSRC, Skye, or any other party involved in the settlement. Your claims to be owed payment would appear to constitute tortious interference with NSRC's economic relations, in addition to giving rise to other potential claims. If NSRC learns of further interference on your part, it will move quickly to pursue its legal options.

If you would like to discuss any of these issues further, please let me know immediately.

Sincerely,



Derek Langton

cc: Dave McPherson (via e-mail)
David Russell (via e-mail)
J. Thomas Beckett
Scott S. Bell
Clint Walker (via e-mail)
David Leta (via e-mail)
Monty Moore (via e-mail and U.S. Mail)
Scott Nicholson (via e-mail and U.S. Mail)

EXHIBIT B

March 18, 2012

David E. Leta
SNELL & WILMER LLP
15 West South Temple,
Suite 1200
Salt Lake City, UT 84101

Ref: CS Mining LLC, and Skye Mineral Partners, LLC purchase of the Milford Utah Property

Mr. Leta,

Per our previous communications, the purpose of this letter is to put your clients, CS Mining LLC, and Skye Mineral Partners, LLC, on official notice that they owe a Net Profit Interest (NPI) to Monty Moore, Scott Nicholson, and Robert Angrisano, on the net profits from all ores, minerals or other products mined and removed from the properties owned or controlled by Pure Nickel Inc., in Townships 26 and 27 South, Ranges 11 and 12 West, that were transferred to your clients.

I've attached a copy of the recorded NPI agreement outlining the exact terms and conditions of the interest.

On or before the end of the month following each calendar quarter, your clients shall deliver to the owners of the NPI a detailed statement showing all revenue and costs for the preceding calendar quarter, the unrecovered cost, the amount of ores, minerals or other products sold or processed and the computations of the Net Profits, together with the payment for the Net Profits Interest due the owners of the NPI for the preceding calendar quarter.

Please use the following address for all communications and notices to me.

Robert Angrisano
P.O. Box 1089
Fall City, WA 98024
Phone: 425-443-5421

Sincerely,

Robert Angrisano

E 203547 B 318 P 402
Date 5-MAY-1999 11:03am
Fees: 18.00 Cash
ROBERT B BROWN, Recorder
Filed By RBB
For NEVADA STAR RESC CORP
BEAVER COUNTY CORPORATION

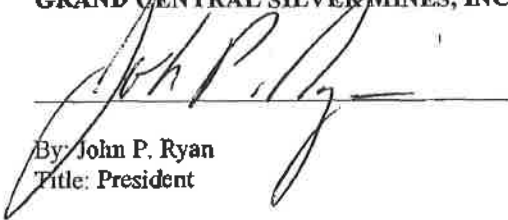
Assignment of 12% Net Profits

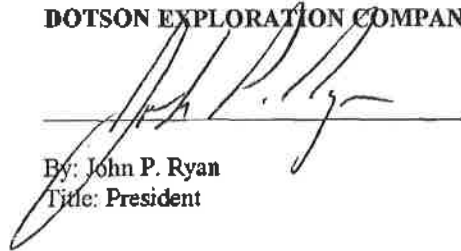
GRAND CENTRAL SILVER MINES, INC., a Utah Corporation and DOTSON EXPLORATION COMPANY, a Nevada Corporation (hereinafter "Transferors") whose principal business addresses are 1010 Ironwood Drive, Suite 105, Coeur d'Alene, Idaho, in consideration of Forty Thousand Dollars (\$40,000) and other good and valuable consideration received from Monty Moore, Scott Nicholson, and Bob Angrisano, all individuals residing in the State of Washington (hereinafter referred to as "Transferees"), hereby assigns, remises, releases, and forever quitclaims to each Transferee an equal one-third (1/3) interest of Transferor in that certain "12% NET PROFITS INTEREST dated June 20th, 1998" assigned by NEVADA STAR RESOURCES CORPORATION to Transferors, and attached hereto as Appendix "A".

DATED this 25th day of February, 1999

GRAND CENTRAL SILVER MINES, INC.

DOTSON EXPLORATION COMPANY

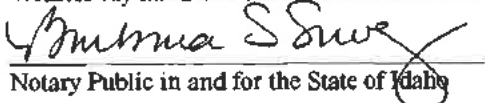

By: John P. Ryan
Title: President


By: John P. Ryan
Title: President

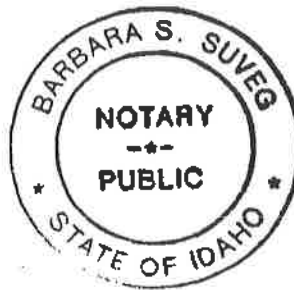
STATE OF IDAHO)
COUNTY OF KOOTENAI } ss.

On this day personally appeared before me John Ryan, known to me to be the President of Grand Central Silver Mines, Inc., and Dotson Exploration Company, the corporations that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporations, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.


Notary Public in and for the State of Idaho

residing at RESIDING IN: COEUR D'ALENE, IDAHO
MY COMMISSION EXPIRES: MARCH 1, 2001
My appointment expires _____



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ASSIGNMENT OF 12% NET PROFITS INTEREST
dated June 20th, 1998

NEVADA STAR RESOURCE CORPORATION, a Nevada corporation ("Nevada Star"), pursuant to and under the terms and conditions of the Purchase and Sale Agreement (the "Agreement"), dated as of May 12, 1998, between GRAND CENTRAL SILVER MINES, INC., a Utah corporation, and DOTSON EXPLORATION COMPANY, a Utah corporation ("Seller"), whether one or more, and Nevada Star, by which Agreement Seller conveyed and transferred Properties in Beaver County, Utah (as defined in the Purchase and Sale Agreement), does hereby assign to Seller twelve percent (12%) of the net profits from all ores, minerals or other products mined and removed from the Properties and other property owned or controlled by Nevada Star in Townships 26 and 27 South, Ranges 11 and 12 West, SLM ("Joint Interest Area") and sold or processed by Nevada Star.

- (a) **"Net Profits"** means Revenues less Costs.
- (b) **"Revenues"** means gross receipts from the sale of ores, minerals or other products from the Properties or other property within the Joint Interest Area and the gross receipts (less sales expense, if any) from the sale of any assets the cost of the acquisition of which was included in Costs.
- (c) **"Date of Commercial Production"** means the first day of the calendar month following the calendar month in which a copper leach SX/EW plant [or a substituted beneficiation or treatment facility] is constructed and is operational at a sustained production rate equal to or greater than seventy percent (70%) of design capacity.
- (d) **"Costs"** includes all costs wherever incurred for items of a capital nature and for expenditures made on or in connection with the Properties or other property within the Joint Interest Area, determined in accordance with generally accepted accounting principles.

In the case of costs incurred prior to the Date of Commercial Production (including capital items acquired prior to the Date of Commercial Production) and also in the case of capital items acquired after the Date of Commercial Production, such costs shall be determined under a schedule providing for deduction of equal amounts for each annual accounting period over a period of eight (8) years from the Date of Commercial Production;

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provided, however, one-half (1/2) of the costs for capital expenditures incurred by Seller on the O.K. Mine and South Utah Copper Project in Beaver County, Utah, detailed in a schedule dated October 24, 1997 attached hereto and made a part hereof as Attachment I, shall first be deducted from the total capital expenditures of Nevada Star made on or in connection with the Properties or other property within the Joint Interest Area.

In all other cases, Costs shall include, but not be limited to, the following:

(i) Expenses and costs of exploration, development and mining within the Joint Interest Area; milling expenses; costs of transportation of ores, minerals and other products from the mine to the place of sale; smelting, refining and other treatment charges; costs of machinery, supplies, materials and equipment; acquisition, construction and installation costs; title, registration and recording expenses; insurance premiums, taxes and assessments (other than income taxes); interest actually paid for money borrowed in arm's-length transactions with nonaffiliated third parties for use in operations on or in connection with the Properties and other property within the Joint Interest Area; field office expenses, including rent; costs of leased or purchased office equipment; traveling and out-of-pocket expenses incurred by employees and consultants; fees to consultants, attorneys and accountants; rental of equipment, including that made available on hire by Nevada Star or an affiliate, provided that such equipment shall be charged at an amount not exceeding the fair rental value of such equipment in the vicinity of the Properties and other property within the Joint Interest Area; reasonable transportation costs incurred for transportation of employees and material necessary for operations; costs of utilities services; costs of assaying, geophysical and other services procured from outside sources; costs or expenses necessary to replace or repair damage or losses incurred by fire, flood, storm, theft, accident or any other cause not controllable through the exercise of due diligence, less insurance proceeds received by Nevada Star as a result of such loss; costs and expenses of litigation or legal services otherwise necessary, including attorneys' fees and expenses, together with all judgments obtained against Nevada Star on account of operations on or in connection with the Properties and other property within the Joint Interest Area.

(ii) Cost of salaries and wages of employees assigned fulltime and pro rata costs of salaries and wages of employees assigned parttime to activities on or in

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connection with the Properties; fringe benefits, including holiday, vacation, sickness and disability benefits, expenditures or contributions made pursuant to assessments imposed by any governmental authority, workmen's compensation insurance, and all employee benefit plans incurred in connection with salaries and wages.

(iii) Expenses incurred directly for activities on or in connection with the Properties by Nevada Star's Cedar City, Utah office; salaries, wages and expenses of Nevada Star's Cedar City, Utah office employees, such as technical, legal, accounting, clerical and secretarial personnel, while engaged in activities on or in connection with the Properties, together with fringe benefits as above.

(iv) Amounts accrued for the purposes of reclamation of the Properties.

(v) An amount equal to five percent (5%) of the items set out in the foregoing subparagraphs (i) through (iv) for Nevada Star's home office overhead and general and administrative expenses.

If in any calendar quarter Costs exceed Revenues, the loss shall be carried forward in determining Net Profits for succeeding calendar quarters.

On or before the end of the month following each calendar quarter, Nevada Star shall deliver to Seller a detailed statement showing Revenues and Costs for the preceding calendar quarter, the unrecovered costs, the amount of ores, minerals or other products sold or processed and the computation of the Net Profits, together with the payment for the Net Profits Interest due Seller for the preceding calendar quarter.

The statement shall be conclusively presumed true and correct after the expiration of ninety (90) days after the date furnished, unless within the ninety (90) day period Seller takes written exception, specifying with particularity the items excepted to and the ground for each exception. Seller shall be entitled to an independent audit of the matters covered by the statement, at Seller's expense, provided that the audit is conducted by an accounting firm of recognized standing, at least one of whose members is a member of the American Institute of Certified Public Accountants.

Dated as of the 20 day of June, 1998.

NEVADA STAR RESOURCE CORPORATION

By: Monty D. Moore
Monty D. Moore, President

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STATE OF WASHINGTON)
)ss.
COUNTY OF KING)

The foregoing instrument was acknowledged before me this 20TH day of June, 1998, by Monty D. Moore, the President of Nevada Star Resource Corporation.



J. Scott Nicholson
NOTARY PUBLIC
My Commission Expires: 11/13/01
1746.03%grandcen\assignm1.npl