

EXHIBIT C

PRC 5995.1

GUARANTY

1. **LOTO ENERGY II, LLC**, a Delaware limited liability company (“Guarantor”) is the lessee under that certain Oil and Gas Lease designated as PRC 5995.1 (referred to as the "State Lease") granted by the State of California acting by and through the State Lands Commission (“Lessor”). Guarantor has requested Lessor’s consent to the assignment of all of its interest in the State Lease to **WESTERN METALS CORPORATION**, a California corporation (referred to as the “Assignee”) Lessor has agreed to consent to the assignment, provided Guarantor guarantees the performance of the lessee’s obligations under the Lease. Accordingly, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the undersigned, Guarantor hereby unconditionally guarantees performance of all the terms, covenants, conditions, agreements, and obligations of the State Leases in the same manner and to the same extent as though Guarantor were the lessee thereunder (the “Obligation”).
2. This is a continuing and absolute Guaranty relating to the Obligation, irrespective of any release of, or granting of time or any other forbearance or indulgence to Assignee. Modifications of or alterations or changes which may be made in the State Lease, or in the terms, duties and obligations imposed thereunder shall not in any way release the Guarantor, either in whole or in part, from any liability arising under this Guaranty.

Notice to the Guarantor of any such modifications, alterations, changes, extensions or forbearance is hereby waived.

3. If, during the term this Guaranty is in effect, Assignee fails to timely perform any obligation arising under the State Lease, including without limitation, the obligation to make any monetary payment provided for thereunder, and fails to cure any such failure in the manner and within the period of time provided within the State Lease, Guarantor will tender performance of such obligation directly for Lessor's benefit promptly upon Lessor's demand therefore, and without Lessor having to make prior demand upon Assignor. Notwithstanding the preceding sentence, the obligations of the Guarantor hereunder are independent of the obligations of Assignee, and a separate action or actions may be brought and prosecuted against the Guarantor whether an action is brought against Assignee or whether Assignee is joined in any such action or actions.
4. The Guarantor waives: (a) any right to require the Lessor to (i) proceed against Assignor; (ii) proceed against or exhaust any security or other guarantor; or (iii) pursue any other remedy in Lessor's power whatsoever; and (b) notice of acceptance of this Guaranty
5. The Guarantor represents and warrants to Lessor that (a) all authorizations, approvals, notices, filings and other action required by the internal documents governing the Guarantor and the regulatory authorities having jurisdiction over the Guarantor in connection with the due authorization, execution and delivery of this Guaranty has been

duly obtained or made and are in full force and effect; and (b) this Guaranty has been duly executed and delivered by the Guarantor and constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms.

6. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF CALIFORNIA WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. The Guarantor, by its execution of this Guaranty, hereby submits to the non-exclusive jurisdiction of the courts of the State of California and of the United States of America in connection with any action or proceeding relating to this Guaranty and hereby consents to service of process or other summons in any such action or proceeding brought by Lessor against it in any such court by means of registered mail to the last known address of the Guarantor. Nothing herein, however, shall prevent service of process by any other means permitted by law or the bringing of any such action or proceeding in any other jurisdiction.
7. None of the terms or provisions hereof may be waived, altered, modified or amended except by a writing duly signed by the Lessor and by the undersigned. If any term hereof shall be held to be invalid, illegal or unenforceable in any jurisdiction, the validity of all other terms shall in no way be affected thereby in that jurisdiction, and the unenforceability in that jurisdiction shall in no way affect the validity or enforceability of that or any other terms hereof in any other jurisdiction.

8. This Guaranty shall be binding on the Guarantor and its successors and assigns and shall inure to the benefit of the Lessor. This Guaranty shall not be deemed to benefit any person except Assignor and Lessor.

In witness whereof, the Guarantor has caused this Guaranty to be executed on its behalf by its duly authorized representatives, as of this 14th day of March, 2008.

LOTO ENERGY II, LLC

By: _____
James F. Sanders, Secretary