

MEMORANDUM OF LEASE AND MODIFICATION OF LEASE

See Book 97, Page 572 Assignment Agreement

JULIAN E. SIMPSON and JEAN C. SIMPSON, his wife, P. O. Box 266, Kihei, Maui, Hawaii 96753 (hereinafter referred to as "LESSOR") and GRAYHILL EXPLORATION COMPANY, a Colorado corporation, 12189 Ralston Road, Suite 210, Arvada, Colorado 80004 (hereinafter referred to as "LESSEE") have entered into an unrecorded Benchmark Mineral Lease dated March 24, 1981 (hereinafter referred to as "said Lease") whereby LESSOR did thereby grant, demise, lease and let exclusively unto LESSEE certain real property situated in Eureka County, Nevada depicted on Exhibit "A" and described in Exhibit "B" hereto (hereinafter referred to as "said Lands") and that certain unrecorded Modification of Lease dated July 17, 1981 (hereinafter referred to as "said Modification" whereby LESSOR and LESSEE modified and amended said Lease to further clarify the intent of the parties thereto.

Said Lease is for a primary term of twenty (20) years and may remain in force and effect during the production of Leased Substances from said Lands.

LESSEE has a sole and exclusive right to enter in and upon said Lands for the purpose of investigating, exploring, prospecting, drilling, developing, mining, milling, transporting, storing, handling and marketing all minerals or any valuable products of any nature whatsoever including but not limited to all ores, concentrates and refined materials subject to the royalty interest of LESSOR therein. LESSEE is also entitled to use the surface of said Lands of which LESSOR is the owner or claim holder and all improvements and appurtenances thereon, as may be reasonably necessary for the purpose of exercising the privileges and rights under said Lease.

This Memorandum is not a complete summary of said Lease or said Modification. Provisions in this Memorandum shall not be used in interpreting either said Lease or said Modification.

In the event of a conflict between this Memorandum and said Lease or said Modification, said Lease as modified by said Modification shall control.

IN WITNESS WHEREOF, the parties have executed this Memorandum on

July 17, 1981.

LESSOR:

Julian E. Simpson
Julian E. Simpson
Jean C. Simpson
Jean C. Simpson

STATE OF HAWAII)
) SS:
COUNTY OF MAUI)

On the 17 day of July, 1981, before me personally appeared Julian E. Simpson and Jean C. Simpson, known to me to be the persons who signed the foregoing instrument and who acknowledged the same to be their free act and deed. The said Julian E. Simpson and Jean C. Simpson, being first duly sworn, states, by their execution of the foregoing document, that the statements contained herein are true to the best of their knowledge, information and belief.

Witness my hand and official seal.

My Commission Expires: 5/23/85

Ronald B. Bishop
Notary Public



COPY

EXHIBIT "B"

This Exhibit "B" is incorporated into and hereby made a part of that certain Memorandum of Lease and Modification of Lease dated July 17, 1981 between JULIAN E. SIMPSON, JEAN C. SIMPSON and GRAYHILL EXPLORATION COMPANY, covering certain unpatented lode mining claims situated in protracted sections 10, 14-16 and 21-23, T.22N, R.50E M.D.B. & M., Eureka County, Nevada. The location notices of such claims are filed in the Eureka County Recorder's office as follows:

<u>BENCHMARK CLAIMS</u>	<u>BOOK</u>	<u>PAGE</u>	<u>BLM NUMBERS</u>
Benchmark Nos. 1-12	7	332-343	NMC-88087-88098
Benchmark Nos. 13-16	9	181-184	NMC-88099-88102
Benchmark Nos. 17-22	20	495-504	NMC-88103-88108
Benchmark Nos. 23-34	25	502-513	NMC-88109 and NMC-88120

RECORDED AT REQUEST OF
Chevron U.S.A. Inc.
BOOK 97 PAGE 66

81 AUG 24 AID: 19

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
WILLIS A. DEPAOLI-RECORDER
FILE NO. 81490
FEE \$ 1.00

BOOK 97 PAGE 69