

MEMORANDUM OF MINING AGREEMENT WITH OPTION TO PURCHASE

NOTICE IS HEREBY GIVEN that LEO G. DAMELE and MARY C. DAMELE husband and wife, and PETER A. EDERA and JENNY L. EDERA husband and wife, and LINCOLN J. HOLLY and MARGARET E. HOLLY, husband and wife, (therein and hereinafter referred to as "Optionor"), and AMERICAN SELCO INCORPORATED, a New York corporation, (therein and hereinafter referred to as "Optionee"), have entered into a Mining Agreement with Option to Purchase ("Agreement") dated the 12th day of August, 1981 with respect to the mining claims described in Exhibit A attached hereto and by this reference made a part hereof and which claims are therein and hereinafter referred to as the "Subject Premises".

Under the terms of the Agreement, Optionor has granted and does hereby grant to Optionee, for a period ending at midnight (Pacific Standard Time) on August 12, 1987 the exclusive possession of and right to enter upon the Subject Premises to explore for, develop, mine, remove and sell any or all ores, minerals and materials on or under the Subject Premises and to conduct such operations, including but not limited to, geological, geophysical, geochemical and metallurgical work; surveying; excavating; sampling; assaying; testing; drilling; conducting feasibility studies; developing; constructing and maintaining roads, lands and sites; and conducting and processing operations as Optionee in its sole discretion deems advisable for such purposes. Optionee shall have the right to use such resources of the Subject Premises, including but not limited to timber and water, as Optionee in its sole discretion deems advisable for such purposes.

In addition, under the terms of the Agreement, Optionor has granted and hereby grants to Optionee for a period ending at midnight (Pacific Standard Time) on August 12, 1987 the sole, exclusive and irrevocable option to purchase the Subject Premises, all upon the terms and conditions set forth in the Agreement.

Any assignment of interest under the Agreement and this Memorandum of Agreement shall be made expressly subject to the Agreement and shall require the assignee to assume and agree in writing to perform all the obligations of the assignor under the Agreement as relate to the interest assigned. In case of assignment by mortgage, however, such assumption of obligations shall not be required, but should such mortgage be foreclosed, the purchaser on foreclosure shall take subject to the Agreement. The provisions of the Agreement and this Memorandum of Agreement shall inure to the benefit of and be binding upon the parties and their heirs, executors, administrators, personal representatives, beneficiaries, successors and assigns. No assignment shall be effective as between the parties until the first day of the next month following the delivery to the non-assigning party of satisfactory evidence of such assignment.

The Agreement is incorporated herein by this reference and made a part hereof. Copies of the Agreement are in the possession of: LEO G. DAMELE, and PETER A. EDERA and LINCOLN J. HOLLY P.O. Box 461, Eureka, Nevada 89316 and AMERICAN SELCO INCORPORATED, 90 West Grove Street, Suite 100, Reno, Nevada 89509.

OPTIONOR

Leo G. Damele
LEO G. DAMELE

Mary C. Damele
MARY C. DAMELE

Peter A. Edera
PETER A. EDERA

Jenny L. Edera
JENNY L. EDERA

Lincoln J. Holly
LINCOLN J. HOLLY

Margaret E. Holly
MARGARET E. HOLLY

OPTIONEE

AMERICAN SELCO INCORPORATED

By Ann Taylor
A. P. Taylor, General Manager,
Exploration



Attest H. M. Lane
H. M. Lane, Assistant Secretary

STATE OF NEVADA)
)ss.
COUNTY OF EUREKA)

On this 12th day of August, 19 81, personally appeared before me, a notary public, LEO G. DAMELE known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

My Commission Expires:

Feb. 3, 1982

Valaire Christiansen
Notary Public



X

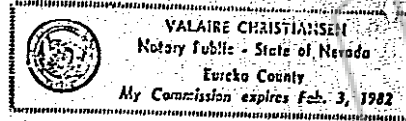
STATE OF NEVADA)
) ss.
COUNTY OF EUREKA)

On this 12th day of August, 19 81, personally appeared before me, a notary public, MARY C. DAMELE known to me to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same.

My Commission Expires:

Feb. 3, 1982

Valaire Christiansen
Notary Public



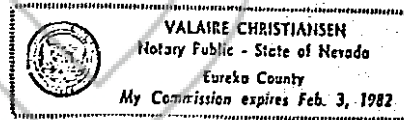
STATE OF NEVADA)
) ss.
COUNTY OF EUREKA)

On this 12th day of August, 1981, personally appeared before me, a notary public, PETER A. EDERA known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

My Commission Expires:

Feb. 3, 1982

Valaire Christiansen
Notary Public



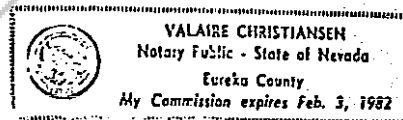
STATE OF NEVADA)
) ss.
COUNTY OF EUREKA)

On this 12th day of August, 19 81, personally appeared before me, a notary public, JENNY L. EDERA known to me to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same.

My Commission Expires:

Feb. 3, 1982

Valaire Christiansen
Notary Public



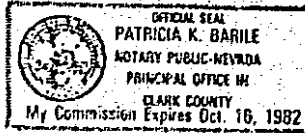
STATE OF NEVADA)
COUNTY OF CLARK) ss.

On this 20th day of August, 1981, personally appeared before me, a notary public, LINCOLN J. HOLLY known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

Patricia K. Barile
Notary Public

My Commission Expires:

10/16/82



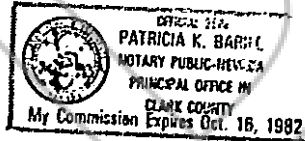
STATE OF NEVADA)
COUNTY OF CLARK) ss.

On this 20th day of August, 1981, personally appeared before me, a notary public, MARGARET E. HOLLY known to me to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same.

Patricia K. Barile
Notary Public

My Commission Expires:

10/16/82



STATE OF NEVADA)
COUNTY OF WASHOE) ss.

On this 7th day of October, 1981, personally appeared before me, a notary public, A. P. Taylor, the General Manager, Exploration of AMERICAN SELCO INCORPORATED, a New York corporation, who acknowledged that he executed the above instrument on behalf of said corporation.

Thomas L. Tramble
Notary Public

My Commission Expires:

5-14-85

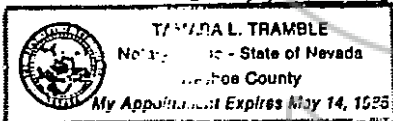


EXHIBIT A

DESCRIPTION OF SUBJECT PREMISES

Attached to and made a part of that certain Agreement dated the 12th day of August, 1981, between Leo G. Damele and Mary C. Damele, husband and wife, and Peter A. Edera and Jenny L. Edera, husband and wife, and Lincoln J. Holly and Margaret E. Holly, husband and wife, Optionor, and American Selco Incorporated, Optionee, with respect to the following unpatented mining claims situated in Sections 14 and 23, T19N, R52E, Mount Diablo Base and Meridian, Eureka County, Nevada, which are of record in the office of the Recorder of Eureka County, Nevada, and which are also recorded in the office of the Bureau of Land Management in Reno, Nevada, in the Books and at the Pages and the MC numbers set opposite the names of the respective mining claims as follows:

<u>Name of Claim</u>	<u>Book</u>	<u>Page</u>	<u>BLM MC No.</u>
Jennie 1	95	486	203227
Jennie 2	95	487	203228
Jennie 3	95	488	203229
Jennie 4	95	489	203230
Jennie 5	95	490	203231
Jennie 6	95	491	203232

RECORDED AT REQUEST OF
AMERICAN SELCO INC
BOOK 99 PAGE 20

81 OCT 19 10: 51

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
WILLIS A. DEPAULI, RECORDER
FILE NO. 82307
FEE \$ 9.00

BOOK 99 PAGE 25