

MEMORANDUM OF EXPLORATION AND LEASE AGREEMENT
WITH PURCHASE OPTION

THIS MEMORANDUM, dated as of the 1st day of July, 1982, discloses of record that for the term and on the terms and conditions of that certain Exploration and Lease Agreement with Purchase Option of even date herewith whereby STEPHEN D. DAMELE and CHARLES N. DAMELE, referred to as "LESSORS", leased and do hereby exclusive lease, for good and valuable consideration, to GALLI MINERALS ASSOCIATES, a proprietorship of Peter E. Galli, or his nominee (as long as in the nomination, Galli retains a management interest), referred to as the "LESSEE," those certain unpatented mining claims generally located in Eureka County, Nevada, more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

The term of the Lease Agreement is for a period of ONE HUNDRED TWENTY (120) days, during which period LESSEE will have the exclusive right and privilege to enter into and upon the Subject Property to explore for, extract, mine and test ores, minerals and materials found upon the Subject Property. The LESSORS shall be entitled to no consideration for this first ONE HUNDRED TWENTY (120) days with the exception of the efforts which are performed by LESSEE and the covenants of LESSEE to share with the LESSORS at the end of this period the results of its exploration efforts.

The second term of this Agreement shall, at the LESSEE'S sole option, be for a period of TEN (10) years commencing on the first day of November, 1982, and at the LESSEE'S sole option, the lease may be renewed for two (2) additional successive TEN (10) year periods upon the giving of LESSORS a written notification of such intention prior to the expiration of the present term agreement.

The Lease also contains a right and option in the LESSEE to purchase the property at such time as the LESSORS have received the stated total of royalties as are set forth in the terms and conditions of the lease.

The LESSEE, under the terms of the Lease Agreement, shall have the exclusive right to enter upon the property for mining, milling and related purposes and may erect and maintain buildings thereon, and such use is to continue through the term of the Lease Agreement without further consideration, except as set forth in said Lease Agreement. All of the terms and conditions of the Lease Agreement are incorporated herein and made a part hereof as if set forth in full, and the consideration for such is recited herein. The Lease Agreement provides that the LESSEE shall have the right of first refusal upon sale by the LESSORS.

A copy of the complete Lease Agreement shall be available for inspection by interested and qualified persons at the offices of GALLI MINERALS ASSOCIATE's counsel:

Charles M. McGee
1325 Airmotive Way, Suite 340
Reno, NV 89502

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the day and year first above written.

LESSORS:

Stephen D. Damele
STEPHEN D. DAMELE

Charles N. Damele
CHARLES N. DAMELE

LESSEE:

GALLI MINERALS ASSOCIATES

By Peter E. Galli
PETER E. GALLI

Title: Chief Executive Officer

STATE OF NEVADA)
COUNTY OF Linn) ss.

On this 2nd day of Sept., 1982, before me, the undersigned, a Notary Public, in and for said state, personally appeared STEPHEN D. DAMELE and ~~CHARLES N. DAMELE~~, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same.

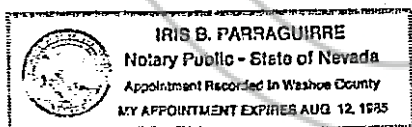
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

David Shangle
NOTARY PUBLIC COUNTY CLERK
EX-OFFICIO CLERK of the THIRD JUDICIAL COURT

STATE OF NEVADA)
COUNTY OF WASHOE) ss.

On this 17th day of September, 1982, before me, the undersigned, a notary public, in and for said state, personally appeared PETER E. GALLI, the Chief Executive Officer of GALLI MINERALS ASSOCIATES, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

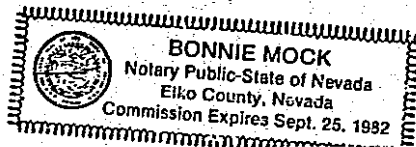


Iris B. Parraguirre
NOTARY PUBLIC

STATE OF NEVADA)
) ss.
COUNTY OF ELKO)

On this 27th day of August, 1982, before me, the undersigned
a Notary Public, in and for said state, personally appeared CHARLES
N. DAMELE, known to me to be the person whose name is subscribed to
the foregoing instrument, and acknowledged to me that he executed
the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
official seal the day and year in this certificate first above written.



Bonnie Mock

Unpatented Claims:

The below listed unpatented lode mining claims located
generally in Section 23, Township 27 North, Range 49
East, Eureka County, Nevada:

Claim Name	County Records		BLM Serial No.
	Book	Page	
Shobar #1	101	123	MC-232277
Shobar #2	101	124	MC-232278
Shobar #3	101	125	MC-232279
Shobar #4	101	126	MC-232280
Shobar #5	101	127	MC-232281
Shobar #6	101	128	MC-232282
Shobar #7	101	129	MC-232283
Shobar #8	101	130	MC-232284
Shobar #9	101	131	MC-232285
Shobar #10	101	132	MC-232286
Shobar #11	101	133	MC-232287
Shobar #12	101	134	MC-232288
Shobar #13	101	135	MC-232289
Shobar #14	101	136	MC-232290
Shobar #15	101	137	MC-232291
Shobar #16	101	138	MC-232292

RECORDED AT REQUEST OF
Peter E. Galli
BOOK 105 PAGE 316

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OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
WILLIS A. DEPAOLI, RECORDER
FILE NO. 85360
FEE \$ 7.00

BOOK 105 PAGE 319