

116160

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM, dated as of the 1st day of FEBRUARY, 1988, discloses of record that for the term and on the terms and conditions of that certain Lease Agreement of even date herewith whereby VEK/ANDRUS ASSOCIATES, a general partnership, composed of VEK/ASSOCIATES, a Nevada corporation of 4040 Lakeside Drive, Odessa, Texas, 79762, and ANDRUS RESOURCES CORPORATION, a Texas corporation, of 1990 Post Oak Blvd., Suite 2400, Houston, Texas 77056, collectively referred to as "Lessor", leased and does hereby lease, for good and valuable consideration, to St. George Metals, Inc., a Nevada corporation, referred to as "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 TEN (10) year period, commencing on the date hereof, with the option, at the Lessee's discretion, to renew for up to EIGHT (8) successive TEN (10) year periods, unless sooner terminated, forfeited or surrendered.

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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 therein.

A copy of the complete Lease Agreement shall be available for inspection by interested and qualified persons at the offices of St. George Metals, Inc.'s counsel:

THOMAS L. BELAUSTEGUI, ESQ.
Robison, Lyle, Belaustegui & Robb
71 Washington Street
Reno, Nevada 89503.

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

LESSOR:

VEK/ANDRUS ASSOCIATES,
a General Partnership

VEK ASSOCIATES,
a Nevada corporation
a general partner

BY: Don D. Snyder

TITLE: PRESIDENT

ANDRUS RESOURCES CORPORATION,
a Texas corporation
a general partner

BY: Charles A. Andrus

TITLE: President

LESSEE:

ST. GEORGE METALS, INC.
a Nevada corporation

BY: Richard

TITLE: President

STATE OF TEXAS)
COUNTY OF ECTOR) ss.

On this 1st day of February, 1988, personally appeared before me, a Notary Public in and for said County and State, Don Snyder, known to me to be the President of VEK/ANDRUS ASSOCIATES ; that he executed the foregoing instrument, and upon oath, did depose that he is the President of said corporation as above designated; that he is acquainted with the corporate seal of said corporation; that the signature affixed to said instrument was made by himself as President of said corporation as indicated after said signature; that he executed the said instrument on behalf of VEK/ANDRUS ASSOCIATES freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official notarial seal on the day and year last above written.

Danna C. Thornton
NOTARY PUBLIC

My Commission Expires:
8-2-88

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STATE OF Texas)
) ss.
COUNTY OF Harris)

On this 29 day of January, 1988, personally appeared before me, a Notary Public in and for said County and State, Charles R. Robinson, known to me to be the President of ANDRUS RESOURCES CORPORATION; that he executed the foregoing instrument, and upon oath, did depose that he is the President of said corporation as above designated; that he is acquainted with the corporate seal of said corporation; that the signature affixed to said instrument was made by himself as President of said corporation as indicated after said signature; that he executed the said instrument on behalf of ANDRUS RESOURCES CORPORATION freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official notarial seal on the day and year last above written.


NOTARY PUBLIC
County of Harris, State of Texas

Typed Name: Connie Jo Rock
My Commission Expires: January 30, 1988

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STATE OF _____)
COUNTY OF VANCOUVER) ss.
PROVINCE OF BRITISH COLUMBIA, CANADA

On this 4th day of February, 1988, personally appeared before me, a Notary Public in and for ~~BRITISH COLUMBIA~~ the Province of BRITISH COLUMBIA, ~~FRANK~~ Frank B. Varceveld, known to me to be the President of ST. GEORGE METALS, INC.; that he executed the foregoing instrument, and upon oath, did depose that he is the President of said corporation as above designated; that he is acquainted with the corporate seal of said corporation; that the signature affixed to said instrument was made by himself as President of said corporation as indicated after said signature; that he executed the said instrument on behalf of ST. GEORGE METALS, INC. freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official notarial seal on the day and year last above written.


NOTARY PUBLIC

JOYCE V. GRANDISON:
NOTARY PUBLIC
302 - 475 HOWE STREET
VANCOUVER, B.C. V6C 2B3
603-8185

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA

PERMANENT COMMISSION

EXHIBIT "A"

Those certain unpatented mining claims generally located within Sections 2, 4, and 30, Township 33 North, Range 50 East; Section 6, Township 34 North, Range 50 East; Sections 2, 10 and 12, Township 35 North, Range 49 East; Sections 20 and 28, Township 35 North, Range 50 East; Sections 4 and 8, Township 35 North, Range 51 East, M.D.B.&M., Unknown (Lynn) Mining District, Eureka County, Nevada, more particularly described as follows:

| | |
|-------------------|----------------------------|
| WELS #1-97 | BLM Nos. NMC-291960-292056 |
| WELS #107-126 | BLM Nos. NMC-292057-292076 |
| ROD #1-5 | BLM Nos. NMC-273079-273083 |
| ROD #7-60 | BLM Nos. NMC-273084-273137 |
| ROD #61-78 | BLM Nos. NMC-273214-273231 |
| ROD #79-81, 83-84 | BLM Nos. NMC-273138-273142 |
| ROD #200-217 | BLM Nos. NMC-273384-273401 |
| BEO #1-40 | BLM Nos. NMC-297135-297164 |
| | and 308691-308700 |
| BEO #41-72 | BLM Nos. NMC-308701-308732 |
| BEO #77-112 | BLM Nos. NMC-308733-308768 |

Fourteen (14) unpatented mining claims located in Sections 20 and 21, Township 35 North, Range 50 East, known as the RC 1-14 (NMC #371773-371786), recorded in the Eureka County Courthouse in Book 146, pages 579-592.

RECORDED AT THE REQUEST OF

George Metals Inc.

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BB FEB 19 AM 1:13

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
MIN. RECLAM. DIV.
FILE NO. 116160
FEE \$ 11.00