

116175

SHORT FORM OF MINING LEASE AND OPTION TO PURCHASE

This SHORT FORM OF MINING LEASE AND OPTION TO PURCHASE is made as of this 3d day of December, 1987, by and between Stephen D. Damele and Pauline S. Damele, his wife, R. D. Damele and Arlene W. Damele, his wife, Charles N. Damele and Patricia J. Damele, his wife, and Yvonne Hager, a widow, whose address is Sheep Creek Ranch, Carlin, Nevada 89822 (hereinafter collectively referred to as "Lessor"), and Atlas Precious Metals, Inc., a Nevada corporation, whose address is 743 Horizon Court, Suite 202, Grand Junction, Colorado 81506 ("Lessee").

Recitals

Lessor owns certain unpatented lode mining claims situate in Eureka County, Nevada, more particularly described in Exhibit A which is attached hereto and incorporated by reference herein (the "Claims").

Lessor and Lessee entered into a Mining Lease and Option to Purchase effective October 15, 1987 (the "Agreement"), wherein Lessor granted to Lessee a mining lease of and option to purchase the Claims.

Lessor and Lessee desire to enter into this Short Form of Mining Lease and Option to Purchase (the "Short Form") for the purpose of placing of record a notice of the Agreement.

Agreement

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the sufficiency of which is hereby confessed and acknowledged, Lessor and Lessee have agreed and do hereby agree as follows:

1. Lease and Option to Purchase.

(a) Grant of Lease of the Claims. Lessor has leased and hereby grants and leases exclusively unto Lessee the Claims together with all minerals and mineral deposits of every kind and character whatsoever in, on or under the Claims; all veins and lodes now owned or hereafter acquired by Lessor extending from or into or contained in the Claims; all mineral interests now owned or hereafter acquired by Lessor in the Claims; and together with all easements and all rights of way for ingress and egress to and from the Claims to which Lessor may be entitled. Lessor further has granted and hereby grants to Lessee the sole and exclusive right and privilege to do any and all things necessary or desirable to accomplish any or all of the purposes and rights set forth in the Agreement, including, without limitation, rights to enter upon and use the surface of

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the Claims and to use all water and water rights appurtenant to the Claims to which Lessor may be entitled.

(b) Option to Purchase the Claims. Lessor has granted and hereby grants to Lessee an option to purchase the Claims, together with all of the right, title and interest in and to the Claims Lessor may acquire after the effective date of the Agreement. Lessee may exercise such option at any time before the tenth Anniversary Date (as that term is defined in the Agreement) of the Agreement.

2. Term. The term of the Agreement shall be twenty (20) years from its effective date, unless sooner surrendered or otherwise terminated, and so long thereafter as Lessee is conducting operations on the Claims.

3. Successors and Assigns. The Agreement and this Short Form are, and shall be, binding upon and inure to the benefit of the heirs, representatives, successors and assigns of the parties thereto. No assignment by Lessee of any of its interest under the Agreement or this Short Form shall be effective without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Any such assignment or other conveyance by Lessee, however, to any subsidiary or affiliate of Lessee shall not require Lessor's consent, but shall not be effective until receipt by Lessor of written notice of such assignment. No assignment by Lessor of any of its interest under the Agreement or this Short Form shall be effective until receipt by Lessee of written notice of such assignment.

4. Title to After-Acquired and Additional Interests. The Agreement covers and extends to any further or additional right, title, interest or estate heretofore or hereafter acquired by Lessor in or to the Claims or any part thereof, and to any further or additional right, title, interest and estate acquired by Lessor in or to any lands within one-half (1/2) mile of any part of the Claims. The Agreement also provides that if, during the term of the Agreement, Lessee locates any unpatented mining claims under applicable laws which are situated within one-half (1/2) mile of any part of the Claims, Lessee shall pay to Lessor a production royalty based on mineral production from those claims, but Lessor shall have no other right, title or interest in any such claims located by Lessee.

5. Additional Terms. The Agreement contains clauses pertaining to advance royalties, production royalties, exploration programs, and various other provisions, and reference is made to the Agreement for such other terms and conditions as govern the Agreement, which terms and provisions are by reference made a part hereof. Nothing in this Short Form shall limit or affect the rights and duties of the parties under said Agreement. Information regarding the Agreement can be obtained from Lessor or Lessee at the addresses set forth above.

IN WITNESS WHEREOF, the parties have executed this
Short Form of Mining Lease as of the date first above written.

LESSOR:

By Stephen D. Damele
Stephen D. Damele

By Pauline S. Damele
Pauline S. Damele

By R. D. Damele
R. D. Damele

By Arlene W. Damele
Arlene W. Damele

By Charles N. Damele
Charles N. Damele

By Patricia J. Damele
Patricia J. Damele

By Yvonne Hager
Yvonne Hager

LESSEE:

Atlas Precious Metals, Inc.,
a Nevada corporation

By Richard R. Weaver
Richard R. Weaver, President

STATE OF New Jersey)
COUNTY OF Passaic) ss.

On January 13, 1989, personally appeared
before me, a notary public, Richard R. Weaver, President of Atlas
Precious Metals, Inc., a Nevada corporation, who acknowledged
that he executed the above instrument on behalf of said
corporation.

(SEAL)

Richard R. Weaver
Notary Public

Director NY 0540
Address

ROSEMARY CLERCH
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May 20, 1990

SEAL
Affixed

STATE OF New Jersey)
COUNTY OF Essex) ss.

On November 3, 1987, personally appeared
before me, a notary public, Stephen D. Damele and Pauline S.
Damele, husband and wife, who acknowledged that they executed the
above instrument.

(SEAL)

Stephen D. Damele
Notary Public of the SEVENTH JUDICIAL COURT

Pauline S. Damele
Address

STATE OF Canada)
COUNTY OF Quebec) ss.

On December 12, 1987, personally appeared
before me, a notary public, R. D. Damele and Arlene W. Damele,
husband and wife, who acknowledged that they executed the above
instrument.

(SEAL)

[Signature]
Notary Public in the SEVENTH JUDICIAL CIRCUIT

Quebec St 89511
Address

STATE OF Canada)
COUNTY OF Quebec) ss.

On December 12, 1987, personally appeared
before me, a notary public, Charles N. Damele and Patricia J.
Damele, husband and wife, who acknowledged that they executed the
above instrument.

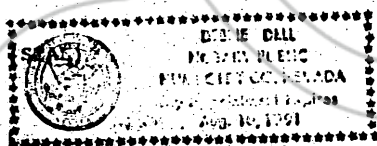
(SEAL)

[Signature]
Notary Public in the SEVENTH JUDICIAL CIRCUIT

Quebec St 89511
Address

STATE OF Nevada)
COUNTY OF Humboldt) ss.

On December 28 1987, 1987, personally appeared
before me, a notary public, Yvonne Hager, who acknowledged that
she executed the above instrument.



[Signature]
Notary Public

Winnemucca, NV 89445
Address

At fixed

Exhibit A to that certain Short Form of Mining Lease and Option to Purchase, dated December 3, 1987, by and between Stephen D. Damele, et al., as Lessor, and Atlas Precious Metals Inc., a Nevada corporation, as Lessee, which covers certain unpatented mining claims located in Eureka County, Nevada.

RECORDED AT THE REQUEST OF
Atlas Precious Metals, Inc.
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OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
MIN. RECL. DIV. REC. OFFER
FILE NO. 70.00 116175

The following unpatented mining claims located in Section(s) 15 and 16 in Township 25 North, Range 49 East, of the Mt. Diablo P.M., Eureka County, Nevada.

Claim Name	Claim Number	Section	Twp.	Rge.	Meridian	BLM NMC No.	Recorded Book/Page
Lucky May 1	16	25N	49E	MDPM	NMC 68329	70	369
Lucky May 2	15,16	25N	49E	MDPM	NMC 68330	70	370
Lucky May 3	16	25N	49E	MDPM	NMC 68331	70	364
Lucky May 4	16	25N	49E	MDPM	NMC 68332	70	365
Lucky May 5	16	25N	49E	MDPM	NMC 68333	70	366
Lucky May 6	16	25N	49E	MDPM	NMC 68334	70	368
Lucky May 7	16	25N	49E	MDPM	NMC 68335	70	367
Lucky May 8	16	25N	49E	MDPM	NMC 68336	70	371
Lucky May 11	15,16	25N	49E	MDPM	NMC 68337	70	372
Lucky May 12	16	25N	49E	MDPM	NMC 68338	70	373
Lucky May 13	15,16	25N	49E	MDPM	NMC 68339	70	374
Lucky May 16	16	25N	49E	MDPM	NMC 68340	70	375
Lucky May 18	16	25N	49E	MDPM	NMC 68341	70	376
Lucky May 19	16	25N	49E	MDPM	NMC 68342	70	377
Lucky May 20	16	25N	49E	MDPM	NMC 68343	70	378
Lucky May 21	16	25N	49E	MDPM	NMC 68344	70	379
Lucky May 24	15,16	25N	49E	MDPM	NMC 68345	70	380
Lucky May 25	16	25N	49E	MDPM	NMC 379835	149	470
Lucky May 26	16	25N	49E	MDPM	NMC 379836	149	471
Lucky May 27	16	25N	49E	MDPM	NMC 379837	149	472
Lucky May 28	16	25N	49E	MDPM	NMC 379838	149	473
Lucky May 29	16	25N	49E	MDPM	NMC 379839	149	474
Lucky May 30	15,16	25N	49E	MDPM	NMC 379840	149	475
Lucky May 31	15,16	25N	49E	MDPM	NMC 379841	149	476
Lucky May 32	16	25N	49E	MDPM	NMC 379842	149	477
Lucky May 33	16	25N	49E	MDPM	NMC 379843	149	478
Lucky May 34	16	25N	49E	MDPM	NMC 379844	149	479
Lucky May 35	16	25N	49E	MDPM	NMC 379845	149	480
Lucky May 36	16	25N	49E	MDPM	NMC 379846	149	481
Lucky May 37	16	25N	49E	MDPM	NMC 379847	149	482

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