

When recorded, return to:  
Rio Algom Exploration Inc.  
245 East Liberty Street  
Suite 200  
Reno, Nevada 89501

127321

**MEMORANDUM OF  
THE ANCHOR MINING LEASE**

THIS MEMORANDUM OF MINING LEASE (the "lease") is made and entered into effective the 8 day of May, 1989 by and between JOHN E. WELSH, referred to herein as "Lessor", and RIO ALGOM EXPLORATION INC., a Colorado corporation qualified to do business in the State of Nevada, herein referred to as "Lessee".

On the above date, and for good and valuable consideration, Lessor and Lessee entered into the Anchor Mining Lease wherein Lessor granted to Lessee the exclusive rights to the Property particularly described below, which lease contains, inter alia, the following provisions:

1. **Property.** The Property subject to the lease is described as follows: those certain unpatented mining claims and the ground covered thereby (the "Property") located in Eureka County, Nevada, situate in Sections 3, 4, 9, 10, 13, 14, 15, 16, 22, 23, and 24 of Township 20 North, Range 52 East of the Mount Diablo Base and Meridian, and known as the ANCHOR 1 through 140 lode claims (the "Anchor mining claims") more particularly described on Exhibit A attached hereto and incorporated herein by this reference, and filed with the Nevada State Office of the Bureau of Land Management in Reno, Nevada under Serial Numbers NMC 417843 through 417922 and 520553 through 520612, together with all mines, ores, minerals, mineral deposits, and mineral products of every kind and character whatsoever, whether or not such mines, ores, minerals, mineral deposits, or mineral products or their commercial or industrial applications are now known or hereafter identified or ascertained, in the subsurface or on or under the surface of the Property (subject to the exceptions noted on Exhibit A, if any), as well as other rights specified in the lease.

2. **Term.** The term of the lease is for twenty (20) years from the date of the lease and renewable thereafter at the option of Lessee for an additional twenty (20) year period and for so long thereafter as minerals are being produced from the Property, but not to exceed ninety-nine (99) years.

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HAASE, HARRIS & MIRCH  
ATTORNEYS AND COUNSELORS AT LAW  
6121 LAKESIDE DRIVE, SUITE 240  
RENO, NEVADA 89511  
(702) 825-4300

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3. **Inspection and Confidentiality.** The lease provides certain inspection rights for the Lessor and also provides that any information obtained by Lessor must be held confidential.

4. **Termination.** The lease provides certain termination rights of the Lessor upon default by the Lessee. The lease provides that the Lessee may terminate the lease at any time.

5. **Force Majeure.** The lease provides that Lessee is relieved of its responsibilities under the lease in the event of force majeure.

6. **Notices.** The lease provides that all notices must be addressed to Lessor at:

Mr. John E. Welsh  
4780 Bon Air Street  
Holliday, Utah 84117

and to Lessee at:

Rio Algom Exploration Inc.  
245 E. Liberty Street  
Suite 200  
Reno, Nevada 89501

7. **Assignment.** The lease provides that either party may assign the lease only upon the giving of notice of such assignment to the non-assigning party.

8. **Miscellaneous Provisions.** The lease contains a number of miscellaneous provisions forming a basis of the mutual considerations given by each party to the other.

9. **Conflict with Lease.** In the event of any conflict between the lease and this Memorandum of lease, the terms and provisions of the lease shall prevail.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Mining Lease the day and year first written above.

LESSEE:

RIO ALGOM EXPLORATION INC.

By: 

Title: *Mgr, U.S. Exploration*

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Rio Algom Exploration, Inc. LESSOR:  
'89 UN-7 P2:13

OFFICIAL RECORDS  
EUREKA COUNTY, NEVADA  
M.N. REDELEATI, RECORDER  
FILE NO. 127321 FEE \$ 700

By:

John E. Welsh  
John E. Welsh  
Tax I.D. Number [REDACTED]

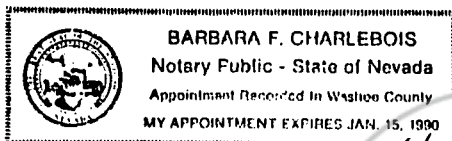
By:

Janet R. Welsh  
Spouse of John E. Welsh,  
Tax I.D. Number [REDACTED]

STATE OF Nevada )  
COUNTY OF Washoe ) ss.

On this 10th day of May, 1988, before me personally appeared C. Patrick Costin the Manager, U.S. Exploration of Rio Algom Exploration Inc., and who executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

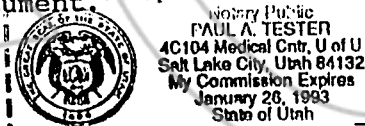
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Barbara F. Charlebois  
Notary Public

STATE OF Utah )  
COUNTY OF Salt Lake ) ss.

On this 8 day of May, 1988, personally appeared before me, a Notary Public, JOHN E. WELSH and Janet R. Welsh, his wife, who acknowledged to me that they executed the foregoing document.



Paul A. Tester  
Notary Public

6840.10/7

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