

127965

MEMORANDUM OF EXPLORATION LEASE AND AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

For valuable consideration, LEO DANIELE AND SONS RANCHES, INC., as Owner has leased to NEWMONT EXPLORATION LIMITED, a Delaware corporation, for the purpose of prospecting for all minerals, those certain lands situated in Eureka County, Nevada, more particularly described in Exhibit A hereto annexed and by this reference made a part hereof (the "Property").

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Exploration Lease and Agreement as of June 27, 1989.

LEO DANIELE AND SONS RANCHES, INC.

By: Leo J. Daniele
President

NEWMONT EXPLORATION LIMITED

By: [Signature]
Land Manager

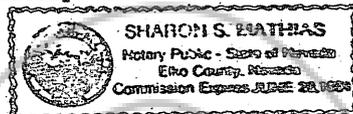
STATE OF Nevada)
COUNTY OF Esmeralda) ss.

On this 23rd day of June, 1989, personally appeared before me, a Notary Public, Leo S. Damele, President of LEO DAMELE AND SONS RANCHES, INC., who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

Sharon S. Mathias
Notary Public

My Commission Expires:

June 2, 1991

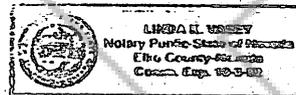


STATE OF Nevada)
COUNTY OF Esbo) ss.

On this 20th day of June, 1989, personally appeared before me, a Notary Public, G. Neil Hall, the Land Manager of NEWPORT EXPLORATION LIMITED, who acknowledged to me that he executed the foregoing instrument on behalf of said corporation.

Linda L. Vasey
Notary Public

My Commission Expires:



FRONTIER TITLE COMPANY
PRELIMINARY TITLE REPORT
445 5th Street
P.O. Box 228
Elko, Nevada 89801
(702) 738-5181

RANCHERS REALTY
P.O. BOX 428
ELKO, NV 89801
ATTN: JOHN CARPENTER

Reference: DAMELE
Our Number: EU18976-1

AMENDED REPORT

In response to the above referenced application for a policy of title insurance, Frontier Title Company hereby reports that it is prepared to issue or cause to be issued, as of the date hereof, a California Land Title Association Standard Coverage form Policy of Title Insurance describing the land and the estate or interest therein herein set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below, or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy form.

This report (and any supplements or amendments thereto) is issued for the purpose of facilitation the issuance of a policy of title insurance.

Dated: June 15, 1989 at 7:30 A.M.


Judy Lusetti, Title Officer

The estate or interest in the land hereinafter described or referred to covered by this report is: A fee

Title to said estate or interest at the date hereof is vested in:

PARCELS 1, 2, 3, 4 and 5:

LEO DAMELE and SONS RANCHES, INC., a Nevada Corporation

PARCEL 6:

The heirs or devisees of WILLIAM R. RAND, aka W.R. RAND, deceased, their interest being subject to the administration of the estate of said decedent, in Eureka County, Probate Case No. 866.

The land referred to in this report is described as follows:

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BOOK 188 PAGE 390

FRONTIER TITLE COMPANY
PRELIMINARY TITLE REPORT

Legal Description Continued

All that certain real property situate in the County of Eureka, State of Nevada, more particularly described as follows:

PARCEL 1:

TOWNSHIP 30 NORTH, RANGE 50 EAST, M.D.B.&M.

Section 11: All
Section 13: All

TOWNSHIP 30 NORTH, RANGE 51 EAST, M.D.B.&M.

Section 9: SE1/4 NE1/4
Section 17: All
Section 19: All
Section 21: All
Section 23: All
Section 25: All
Section 27: All
Section 29: All

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 19: All

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 29: S1/2 NE1/4; S1/2 SE1/4; W1/2

EXCEPTING THEREFROM all petroleum, oil, natural gas, and products derived therefrom, lying in or under said land as reserved by Southern Pacific Land Company, in deed recorded March 9, 1950 in Book 24, Page 42, Deed Records, Eureka County, Nevada.

FURTHER EXCEPTING THEREFROM an undivided one-half interest in and to any and all other mineral rights lying in or under said land as reserved by Oscar Rudnick, et al, in deeds recorded November 4, 1955 in Book 24, Page 471, and November 12, 1957 in Book 25, Page 188, Deed Records, Eureka County, Nevada.

PARCEL 2:

TOWNSHIP 30 NORTH, RANGE 50 EAST, M.D.B.&M.

FRONTIER TITLE COMPANY
PRELIMINARY TITLE REPORT

Legal Description Continued

Section 14: NE1/4 NW1/4; NE1/4 SE1/4; N1/2 NE1/4; SE1/4 NE1/4
Section 24: NE1/4; NE1/4 NW1/4; NE1/4 SE1/4

TOWNSHIP 30 NORTH, RANGE 51 EAST, M.D.B.&M.

Section 16: All
Section 18: All
Section 20: N1/2 NE1/4; SE1/4 NE1/4; NW1/4; S1/2

TOWNSHIP 30 NORTH, RANGE 51 EAST, M.D.B.&M.

Section 30: Lots 1, 3, 4, NE1/4 NW1/4

EXCEPTING THEREFROM all minerals lying in and under said land as reserved by the United States of America in Patent, recorded November 23, 1964 in Book 6, Page 258, Official Records, Eureka County, Nevada.

PARCEL 3:

TOWNSHIP 30 NORTH, RANGE 51 EAST, M.D.B.&M.

Section 22: All
Section 24: All
Section 26: All
Section 28: All

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 20: NW1/4 NE1/4; N1/2 NW1/4; SW1/4 NW1/4; W1/2 SW1/4

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 30: All

EXCEPTING THEREFROM all uranium, thorium or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials lying in or under said land as reserved by the United States of America in Patent recorded January 11, 1951 in Book 24, Page 112, Deed Records, Eureka County, Nevada.

PARCEL 4:

TOWNSHIP 30 NORTH, RANGE 51 EAST, M.D.B.&M.

FRONTIER TITLE COMPANY
PRELIMINARY TITLE REPORT

Legal Description Continued

Section 10 & 15: Portions of as follows:

A triangular tract of land beginning at the SE corner of Section 15 as Corner Number 1, the point of beginning,

THENCE along the South line of said Section 15 NORTH 89°58' WEST 8318.64 feet to Corner Number 2, the SW corner of said Section 15,

THENCE along the line between Section 15 & 16 North 1072.50 feet to Corner Number 3, the SW corner of Section 10,

THENCE along the line between Sections 9 & 10, NORTH 00°23' WEST 2565.42 feet to Corner Number 4, the NW corner of said Section 10,

THENCE SOUTH 66°23'42" EAST 9096.97 feet to Corner Number 1, the point of beginning.

EXCEPTING FROM that portion of said land lying in Section 15, all petroleum, oil, natural gas and products derived therefrom, lying in or under said land as reserved by Southern Pacific Land Company, in deeds recorded March 9, 1950 in Book 24, Page 42, Deed Records, Eureka County, Nevada.

EXCEPTING FROM that portion of said land lying in Section 10, all uranium, thorium or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials lying in or under said land as reserved by the United States of America in Patent recorded January 11, 1951 in Book 24, Page 112, Deed Records, Eureka County, Nevada.

FURTHER EXCEPTING FROM that portion of said land lying in Section 15, an undivided one-half interest in and to any and all other mineral rights lying in or under said land as reserved by Oscar Rudnick, et al, in deed recorded November 4, 1955 in Book 24, Page 478, Deed Records, Eureka County, Nevada.

FURTHER EXCEPTING FROM said land all mineral rights, oil or gas lying in or under said land as reserved by Battista Tomera, Jr., and George Tomera in deed recorded February 27, 1979 in Book 69, Page 254, Official Records, Eureka County, Nevada.

FRONTIER TITLE COMPANY
PRELIMINARY TITLE REPORT

Legal Description Continued

PARCEL 5:

TOWNSHIP 30 NORTH, RANGE 50 EAST, M.D.B.&M.

Section 14: SW1/4 NE1/4

TOWNSHIP 30 NORTH, RANGE 51 EAST, M.D.B.&M.

Section 20: SW1/4 NE1/4

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 16: SW1/4; SE1/4 NW1/4

Section 20: NE1/4 NE1/4; S1/2 NE1/4; SE1/4 NW1/4; SE1/4;
E1/2 SW1/4

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 21: NW1/4; W1/2 SW1/4

Section 28: S1/2 S1/2

EXCEPTING THEREFROM that certain parcel of land located in the SW1/4 SW1/4 of Section 28, TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M. more particularly described as follows:

Commencing at Corner Number 1, the NW fence corner of an existing cemetery, from which the SW corner of said Section 28 (being an accepted fence corner) bears SOUTH 19°57'41" WEST 1380.98 feet,

THENCE NORTH 88°08'15" EAST 305.08 feet to a point on the Westerly right of way of State Route 278 being Corner Number 2,

THENCE SOUTH 05°56'53" EAST 273.54 feet along the said Westerly right of way of State Route 278 to Corner Number 3,

THENCE SOUTH 88°08'15" WEST 333.6 feet to Corner Number 4,

THENCE NORTH 00°02'21" EAST 273.00 feet to Corner Number 1, the point of beginning.

Section 29: N1/2 NE1/4; N1/2 SE1/4

FRONTIER TITLE COMPANY
PRELIMINARY TITLE REPORT

Legal Description Continued

PARCEL 6:

TOWNSHIP 30 NORTH, RANGE 51 EAST, M.D.B.&M.

Section 9: E1/2 SE1/4

EXCEPTING FROM Parcel 6 all petroleum, oil, natural gas, and products derived therefrom, lying in or under said land as reserved by Southern Pacific Land Company, in Deed recorded March 9, 1950 in Book 24, Page 42, Deed Records, Eureka County, Nevada.

FURTHER EXCEPTING FROM Parcel 6 an undivided one-half interest in and to any and all other mineral rights lying in or under said land as reserved by OSCAR RUDNICK, et al, in Deeds recorded November 4, 1955 in Book 24, Page 471, and November 12, 1957 in Book 25, Page 188, Deed Records, Eureka County, Nevada.

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At the date hereof exceptions to coverage, in addition to the printed exceptions and exclusions contained in said policy form, would be as follows:

1. Lack of a right of access to and from said land, except for those portions of said land abutting a properly established highway (not including freeways), street or road.
2. Taxes for the year of 1988-1989, in the sum of \$1920.98, including any secured personal property taxes and any district assessment collected therewith. The first, second, third and fourth installments become delinquent the first Monday in August, 1988 and the first Monday in October, 1988, January and March, 1989, respectively. ALL installment(s) have been paid. (Assessor's Parcel Number 5-390-01)
3. Any lien for deferred taxes and penalties, pursuant to Chapter 361A, Nevada Revised Statutes, which become due and payable upon conversion of said land to a higher use as defined by said statute, disclosed by an application for Agricultural Use Assessment, recorded December 23, 1987, in Book 170, Page 556, Official Records, Eureka County, Nevada.
4. Rights incidental to the ownership and development of the mineral interests excepted from the land described herein.
5. Reservations and exceptions contained in Patent from the State of Nevada, which recite as follows:

". . . provided that all mines of gold, silver, copper, lead, cinnabar and other valuable minerals which may exist in said tract are hereby expressly reserved."

(Affects the following described land:)

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 16: W1/2 SW1/4
6. Reservations and exceptions contained in Patents from the State of Nevada, which recite as follows:

". . . provided that all mines of gold, silver, copper, lead, cinnabar and other valuable minerals which may exist in said tract; and also a right of way for

FRONTIER TITLE COMPANY
PRELIMINARY TITLE REPORT

ditches, tunnels and telephone and transmission lines constructed by authority of the United States are hereby expressly reserved."

(Affects the following described land:)

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 20: NE1/4 NE1/4; NW1/4 SE1/4

Section 28: S1/2 SE1/4; SE1/4 SW1/4

7. Reservations and exceptions contained in Patent from the State of Nevada, which recite as follows:

"... provided that all mines of gold, silver, copper, lead, cinnabar and other valuable minerals which may exist in said tract, except gas, coal, oil and oil shale (Chap. 172 Stats. 1921); and also the right of way for ditches, tunnels and telephone and transmission lines constructed by authority of the United States are hereby expressly reserved."

(Affects the following described land:)

TOWNSHIP 30 NORTH, RANGE 50 EAST, M.D.B.&M.

Section 14: SW1/4 NE1/4

TOWNSHIP 30 NORTH, RANGE 51 EAST, M.D.B.&M.

Section 20: SW1/4 NE1/4

8. Reservations and exceptions contained in Patent from the United States of America, which recite as follows:

"... subject to any vested and accrued water rights for mining, agricultural, manufacturing or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of courts; and there is reserved from the lands hereby granted a right of way thereon for ditches or canals constructed by authority of the United States."

(Affects the following described land:)

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

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Section 20: SW1/4 NE1/4; SE1/4 NW1/4; E1/2 SW1/4
Section 28: SW1/4 SW1/4

9. Reservations and exceptions contained in Patent from the United States of America, which recite as follows:

"...subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of courts; and also subject to the right of the proprietor of a vein or lode to extract and remove his ore therefrom, should the same be found to penetrate or intersect the premises hereby granted, as provided by law."

(Affects the following described land:)

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 20: S1/2 SE1/4

10. Reservations and exceptions contained in Patent from the United States of America recorded January 11, 1951 in Book 24, Page 112, Deed Records, Eureka County, Nevada, which recite as follows:

"...subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws, and decisions of courts; and there is reserved from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States. Excepting and reserving, also, to the United States, pursuant to the provisions of the Act of August 1, 1946 (60 Stat. 755), all uranium, thorium or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, together with the right of the United States, through its authorized agents or representatives at any time to enter upon the land, prospect for, mine, and remove the same."

(Affects the following described land:)

FRONTIER TITLE COMPANY
PRELIMINARY TITLE REPORT

Parcels 3 & 4

11. Reservations and exceptions contained in Patent from the United States of America, recorded November 23, 1964 in Book 6, Page 258, Official Records, Eureka County, Nevada, which recite as follows:

"...subject to any vested and accrued water right for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws, and decisions of courts; and there is reserved from the lands hereby granted a right-of-way thereon for ditches or canals constructed by the authority of the United States.

Reserving also, to the United States, all minerals in the lands so granted, together with the right to prospect for, mine and remove the same as authorized by the provisions of said Section 8 as amended as aforesaid."

(Affects the following described land:)

Parcel 2

12. Reservations and exceptions contained in deeds from the Central Pacific Railway Company, recorded December 31, 1907 in Book 15, Pages 571 and 575, Deed Records, Eureka County, Nevada, which recite in part as follows:

"Excepting and reserving, however, for Railroad purposes . . . the right to use all water needed for the operating and repairing of said Railroad which rises on said land, and the right of way to conduct water rising on other lands across said land in pipes or aqueducts for said purposes."

(Affects the following land)

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 21: SW1/4 NW1/4; W1/2 SW1/4
Section 29: N1/2 SE1/4

13. Reservations and exceptions contained in deed from the Central Pacific Railway Company, recorded February 23, 1926 in Book 20, Page 110, Deed Records, Eureka County,

FRONTIER TITLE COMPANY
PRELIMINARY TITLE REPORT

Nevada, which recite in part as follows:

"Excepting and reserving from the foregoing conveyance . . . the right to use all water naturally rising upon or flowing across said land which may be needed for the operation and repair of said Railway, and the right to conduct the same, as well as water rising upon other land, across the land herein described, in pipes or aqueducts, for the purpose aforesaid; together with all necessary rights of way therefore."

(Affects the following land)

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 21: E1/2 NW1/4

14. A right-of-way 100 feet in width over a portion of the E1/2 NW1/4, Section 21, TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M., for railway and incidental purposes as disclosed in deed from Central Pacific Railway Company, recorded February 25, 1926 in Book 20, Page 110, Deed Records, Eureka County, Nevada.
15. A right-of-way over said land for highway and incidental purposes as granted to the State of Nevada by instruments recorded January 18, 1954 in Book 24, Page 397, and May 8, 1954 in Book 24, Page 328, Deed Records, Eureka County, Nevada.
16. An easement over the SE1/4 NE1/4 and NE1/4 SE1/4 of Section 14, TOWNSHIP 30 NORTH, RANGE 50 EAST, M.D.B.&M., for plastic pipeline and incidental purposes as granted to the United States of America, Department of Interior, Bureau of Land Management, by instrument recorded April 12, 1966 in Book 10, Page 305, Official Records, Eureka County, Nevada.
17. An easement over the S1/2 NW1/4; NW1/4 NW1/4 and S1/2 of Section 13, TOWNSHIP 30 NORTH, RANGE 50 EAST, M.D.B.&M., for pipeline and incidental purposes as granted to the United States of America, Department of the Interior, Bureau of Land Management by instrument recorded September 13, 1968 in Book 26, Page 18, Official Records, Eureka County, Nevada.
18. An Oil and Gas Lease dated August 11, 1975, executed by Rand and Son, Inc., a Nevada corporation as Lessor, and M. Peyton Bucy, as Lessee, for the term and upon the

FRONTIER TITLE COMPANY
PRELIMINARY TITLE REPORT

terms, covenants and conditions therein provided, recorded March 23, 1976 in Book 54, Page 212, Official Records, Eureka County, Nevada.

The Lessor's interest under the above lease was assigned of record to Leo Damele & Sons Ranches, Inc., a Nevada corporation, by assignment dated September 19, 1983, recorded September 30, 1983, in Book 114, Page 404, File Number 89307, Official Records, Eureka County, Nevada.

The present ownership of said leasehold and other matters affecting the interest of the Lessee are not shown in this policy.

(Affects the following land) (With other lands)

TOWNSHIP 30 NORTH, RANGE 51 EAST, M.D.B.&M.

Section 24: All

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B.&M.

Section 16: SW1/4; SE1/4 NW1/4

Section 20: All

Section 21: NW1/4; W1/2 SW1/4

Section 28: S1/2 S1/2

Section 29: N1/2 SE1/4; N1/2 NE1/4

Section 30: Lots 1, 2, 3, 4; E1/2 W1/2; E1/2

19. A Deed of Trust dated June 26, 1981, executed by JOHN D. RAND and MARTHA A. RAND, His Wife, and FLOYD C. SIAGOWSKI and CHARLENE S. SIAGOWSKI, His Wife, to FEDERAL LAND BANK OF SACRAMENTO, a corporation, Trustee, to secure an indebtedness of \$1,250,000.00, in favor of FEDERAL LAND BANK OF SACRAMENTO, a corporation, recorded July 6, 1981, in Book 96, Page 9, File No. 80945, Official Records, Eureka County, Nevada. (Includes other lands)

The holders of this note/indebtedness should be contacted for all pertinent information.

20. The interest of Joseph L. Rand and Rachel Jones acquired by a Mineral Deed dated June 30, 1981, recorded July 6, 1981 in Book 96, Page 14, Official Records, Eureka County, Nevada, which conveyed an undivided fifteen percent (15%) to JOSEPH L. RAND, and an undivided ten percent (10%) to RACHEL JONES, of any

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Minerals, mineral deposits, mineral rights, oil, gas, and geothermal resources, in, on, or under the lands described herein, for a period of thirty (30) years, terminating June 30, 2011, and thereafter simultaneously and automatically reverting to Grantors therein, their heirs, executors, administrators, and assigns, forever, said termination and reversion to Grantors herein shall occur irrespective of any production on the property, or any portion thereof, and irrespective of any mineral agreements covering the property, or any portion thereof, at said termination date.

21. An easement for electric transmission and/or distribution line or system, and incidental purposes, as granted to WELLS RURAL ELECTRIC COMPANY, by instrument recorded November 6, 1985, in Book 140, Page 156, Official Records, Eureka County, Nevada.

(Affects the following described land:)

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.B. & M.

Section 16: SE1/4 NW1/4; SW1/4
Section 20: SE1/4 SE1/4
Section 21: SW1/4 SW1/4
Section 29: NE1/4; SE1/4 SW1/4

TOWNSHIP 31 NORTH, RANGE 52 EAST, M.D.B. & M.

Section 32: NE1/4; NE1/4 SE1/4

22. The interest of LEO DAMELE and SONS RANCHES, INC., a Nevada Corporation acquired by Deed dated December 29, 1983, in Book 119, Page 480, Official Records, Eureka County, Nevada. (Affects Parcel 6)

RECORDED AT THE REQUEST OF
BOOK 198 PAGE 388
Frontier Title Co.
29 JUN 28 NO 54

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
FILED PERMANENT RECORDER
FILE NO. 127965

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BOOK 198 PAGE 402