

MINING LEASE AND OPTION TO PURCHASE - MEMORANDUM FOR RECORDING

THIS MINING LEASE AND OPTION TO PURCHASE - MEMORANDUM FOR RECORDING is made effective the 7 day of July, 1994, by and between CARL PESCIO (hereinafter referred to as "Lessor" whether one or more), with an address of 505 Copper Street, Apt. ¹⁵⁰⁵ ~~2006~~, Elko, Nevada 89801 and **CYPRUS GOLD EXPLORATION CORPORATION**, a Delaware corporation (hereinafter referred to as "Lessee"), with an address of 9100 East Mineral Circle, P.O. Box 3299, Englewood, Colorado 80112-3299.

IN CONSIDERATION of the royalties, covenants and agreements set forth in the Unrecorded Lease, the sufficiency of which Lessor hereby acknowledges, Lessor and Lessee agree as follows:

SECTION 1. GRANT AND DESCRIPTION

1.1 **Exclusive Lease and Option to Purchase.** Pursuant to the terms and conditions of that certain unrecorded Mining Lease and Option to Purchase of even date herewith (Unrecorded Agreement) between Lessor and Lessee, Lessor leased and hereby leases and grants an option to purchase exclusively to Lessee, its successors and assigns for the term and purposes stated herein the unpatented lode claims which are further described in attached Exhibit A (which property is hereafter referred to as the "Property").

1.2 **Subject Minerals; Application to Future Interests.** The Property leased and optioned hereunder include, without limitation, any and all minerals, metals, ores, and materials of whatsoever kind and character, whether now known or hereafter discovered and without limitation based upon the means and methods of extraction, which Lessee, in its sole and exclusive discretion, desires to explore for, develop, mine or remove from the Property, except oil, gas, and associated liquid hydrocarbons (which included minerals, metals, ores, and materials are hereinafter referred to as the "Subject Minerals"), in, upon, under, or extending from or into the Property; and any and all right, title, and interest in or to the Property (including Subject Minerals) which Lessor may hereafter acquire.

1.3 Purpose. The Property is leased and optioned to Lessee to survey, explore for, prospect, drill for, develop, mine or otherwise extract, stockpile, store, process, treat, remove, ship, and market or otherwise dispose of any or all Subject Minerals in, upon, or under the Property or other land in the vicinity of the Property; and to exercise any and all rights or privileges granted in the Lease and Option to Purchase, or which are incident to, or which may be useful or convenient in the exercise of any of the rights granted in this Lease and Option to Purchase.

SECTION 2. TERM

2.1 Term. Unless sooner terminated as provided in the Unrecorded Agreement this Lease and Option to Purchase and all of the rights herein granted shall remain in full force and effect for ten (10) years from the effective date hereof (the "Primary Term"), and so long thereafter as any exploration, development, mining or processing operations are being conducted hereunder on a continuous basis on the Property or for so long as the Advance Royalty Payments are being made as provided in the Unrecorded Agreement.

SECTION 3. NOTICES

3.1 Notices. All notices and demands of any kind which either party may require or desire to give or serve on the other shall be made in writing, delivered by personal service or sent by registered or certified mail, postage prepaid, return receipt requested, or telecopy or telex, to the following addresses:

If to Lessor:

Carl Pescio

505 Copper Street

Apt. 2005 1505

Elko, Nevada 89801

If to Lessee:

Cyprus Gold Exploration Corporation

9100 East Mineral Circle

P.O. Box 3299

Englewood, Colorado 80112-3299

Attn: Exploration Manager, North America

*Box 5831
Elko, NV 89802-5831*

Cyprus Gold Exploration Corporation
9100 East Mineral Circle
P.O. Box 3299
Englewood, Colorado 80112-3299
Attn: Land Management

With a copy to:

SECTION 4. UNRECORDED AGREEMENT CONTROLLING

This Mining Lease and Option to Purchase - Memorandum for Recording is being recorded to give constructive notice of the Mining Lease and Option to Purchase granted by Lessor to Lessee pursuant to the terms and conditions of the Unrecorded Agreement. The incomplete statement in this Memorandum for Recording of any of the terms and provisions of the Unrecorded Agreement shall not be deemed to amend or modify the Unrecorded Agreement which shall be the controlling instrument.

IN WITNESS WHEREOF, the parties hereto have executed this **MINING LEASE AND OPTION TO PURCHASE - MEMORANDUM FOR RECORDING** as of the day and year first above written.

LESSOR:

Carl Pescio
Carl Pescio

LESSEE:

CYPRUS GOLD EXPLORATION CORPORATION

By: [Signature]
Title: President

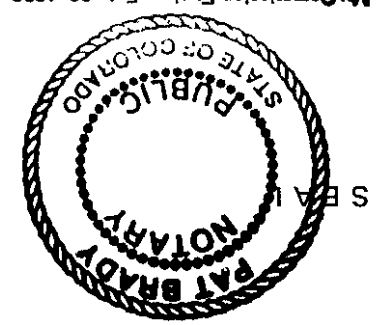


CORPORATION ACKNOWLEDGMENT - NEVADA

On this 13th day of July, 1994 personally appeared before me, a Notary Public, David H. Watkins, as President of Cyprus Gold Exploration Corporation, a Delaware corporation, who acknowledged that he executed the above described instrument on behalf of the corporation.

STATE OF Nevada
COUNTY OF Washoe

)
) ss.
)



Notary Public
Pat Brady
9100 E. Mineral Circle
Englewood, CO 80112
Business Address
My commission expires: 2-28-96

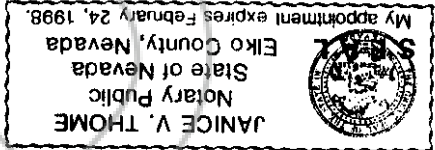
INDIVIDUAL ACKNOWLEDGMENT - NEVADA

STATE OF Nevada
COUNTY OF Elko

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) ss.
)

The foregoing instrument was acknowledged before me this 8th day of July, 1994, by Carl Pescio.

Witness my hand and official seal.



Notary Public
Janice V. Thome

Business Address:

2535 Main City Hwy
Elko NV 89801
My commission expires: Feb 24, 1998

EXHIBIT "A"

Attached to and made part of that certain Mining Lease and Option to Purchase - Memorandum for Recording dated the 2 day of July, 1994 between Carl Pescio and Cyprus Gold Exploration Corporation. All those unpatented mining claims located in Sections 10, 11 and 14, Township 17 North, Range 53 East, Mount Diablo Meridian, Eureka County, Nevada described as follows:

<u>Claim Name</u>	<u>BLM Serial No.</u>
J-33	700834
J-34	700835
J-85	700836
J-86	700837
J-88	700838
J-125	700839
J-126	700840
J-127	700841
J-128	700842
J-129	700843

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 OFFICIAL RECORDS
 RECORDED AT THE REQUEST OF
 Cyprus Gold Exploration
 94 JUL 25 PM 4: 28
 EUREKA COUNTY NEVADA
 M.N. REBALCANTI, RECORDER
 FILE NO. 153722
 FEES 11.00

BOOK 271 PAGE 466

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