

170214

**MEMORANDUM OF
MINERAL LEASE AGREEMENT WITH OPTION TO PURCHASE**

NOTICE IS HEREBY GIVEN that, H. Walter Schul, an unmarried man, whose address is 901 B Walker Avenue, Reno, Nevada 89509, (herein and hereinafter referred to as "Lessor"), and Kennecott Exploration Company, a Delaware corporation, whose mailing address is 961 Matley Lane, Suite 120, Reno, Nevada 89502 with an office at 224 North 2200 West, Salt Lake City, UT 84116-2921, (herein and hereinafter referred to as "Kennecott") have entered into a **Mineral Lease Agreement With Option To Purchase** ("Agreement") effective as of April 15, 1998 with respect to the real property described in Exhibit "A" attached hereto and by this reference made a part hereof and which real property is therein and hereinafter referred to as the "Premises".

Under the terms of the Agreement, Lessor has granted, demised, leased, and let the Premises exclusively unto Kennecott, and its successors and assigns, including all mineral rights and water rights, for the purposes of exploration, development, and mining of ores, minerals, and materials. In addition, Lessor has granted and hereby grants to Kennecott for the entire term of the Agreement, the sole exclusive and irrevocable option to purchase the Premises, all upon the terms and conditions set forth in the Agreement.

The Agreement shall continue in force for so long as Kennecott continues to make certain payments to Lessor, as more specifically set forth in the Agreement.

Any assignment of interest under the Agreement shall be made expressly subject to the Agreement and shall require the assignee to assume and agree in writing to perform all of the obligations of the assignor under the Agreement as relate to the interest assigned. The provisions of the Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns. No assignment shall be effective as between the parties until the first day of the next month following the delivery to the non-assigning party of satisfactory evidence of such assignment.

The Agreement is incorporated herein by this reference and made a part hereof. Copies of the Agreement are in the possession of the parties at the addresses as shown on the first page of this Memorandum.

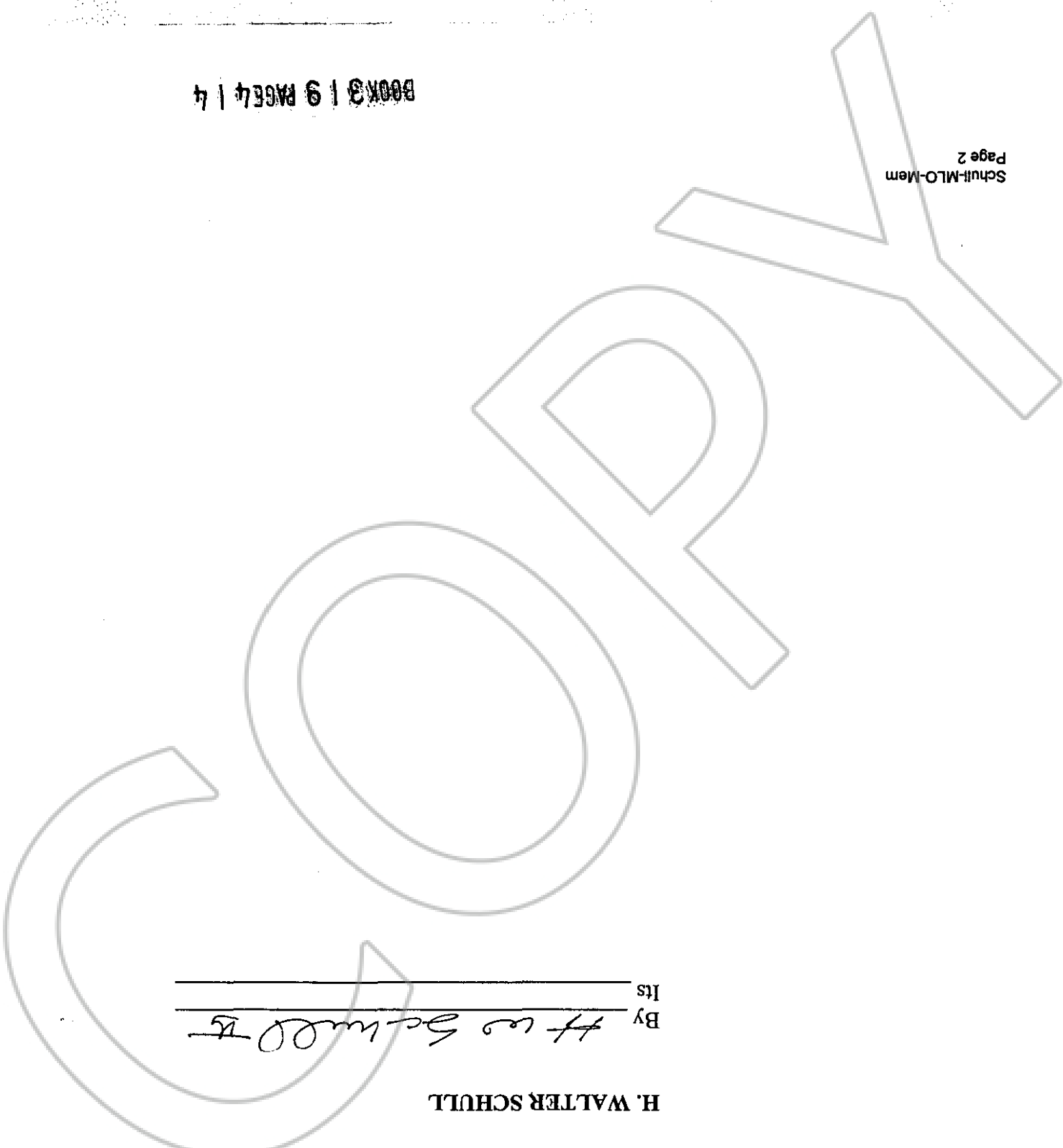
IN WITNESS WHEREOF, this Memorandum of Mineral Lease Agreement With Option To Purchase has been executed made effective as of the date first above set forth.

KENNECOTT EXPLORATION COMPANY

By John V. Rea
Its PRESIDENT

H. WALTER SCHULL

By H W Schull
Its _____



Schull-MLO-Mem
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ACKNOWLEDGEMENTS

STATE OF UTAH)
: ss)
COUNTY OF SALT LAKE)

On this 14th day of May, 1998, personally appeared before me, a Notary Public, in and for the state and county aforesaid, John Mark, a President of Kennecott Exploration Company, a Delaware corporation, who acknowledged that he executed the within instrument on behalf of said corporation for the purposes expressed therein.

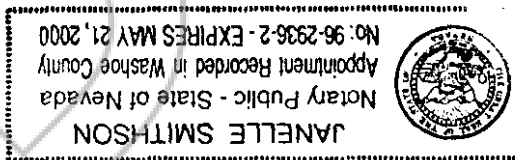
[Signature]
My Commission Expires 1-28-02



STATE OF Nevada)
: ss)
COUNTY OF Washoe)

On this 16 day of April, 1998, personally appeared before me, a Notary Public, Arla Steinmetz, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and who acknowledged that he/she executed it for the purposes expressed therein.

[Signature]
My Commission Expires May 21, 2000



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EXHIBIT A

Attached to and made a part of that certain Memorandum of Mineral Lease Agreement With Option To Purchase ("Agreement"), dated April 15, 1998, between H. Walter Schull, and Kennecott Exploration Company.

Description of Premises

BLM Serial Numbers 353694-353753	1-60	Coal Canyon (C.C.)
BLM Serial Numbers 513108-513113	61-66	Coal Canyon (C.C.)
BLM Serial Numbers 570135-570136	67-68	Coal Canyon (C.C.)
BLM Serial Number 689727	73	Coal Canyon (C.C.)
BLM Serial Numbers 689745-689754	91-100	Coal Canyon (C.C.)
BLM Serial Numbers 101-112	101-112	Coal Canyon (C.C.)

The 91 claims of the Coal Canyon Property are located in Sections 16, 17, 18, 19, 20, 21, 28, 29, T25N, R49E MDB&M, Eureka County, Nevada.

(hereinafter referred to as the "Premises")

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 OFFICIAL RECORDS
 RECORDED AT THE REQUEST OF
Kennecott Exploration

98 JUN 22 PM 1:14
 EUREKA COUNTY NEVADA
 M.N. REBAL/ATI, RECORDER
 FILE NO. FEES/0.00

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