

SHORT FORM OF MINING LEASE
WITH OPTION TO PURCHASE

Short Form of Mining Lease with Option to Purchase dated as of 7/16, 1998, ("Effective Date") between HANOVER LAND AND CATTLE COMPANY, a New Mexico corporation, whose address is 5415 Eakes Road, N.W., Albuquerque, New Mexico 87107 ("Owner"), and HOMESTAKE MINING COMPANY OF CALIFORNIA, a California corporation having its principal place of business at 650 California Street, 11th Floor, San Francisco, California 94108-2788 ("Homestake").

1. Lease and Term. (a) Owner leases to Homestake all of the property described in Exhibit A, together with, except as may be expressly provided in Exhibit A, all (i) tailings, dumps and mine wastes, (ii) surface rights, easements and rights-of-way appurtenant or incident thereto, (iii) mining, mineral and water rights appurtenant or incident thereto, and (iv) improvements, fixtures, personal property, mining machinery and tools thereon useful or convenient for mining and related uses ("Mining Property").

(b) This agreement shall commence on the Effective Date and continue for an initial term of ten years.

(c) Homestake may extend this agreement, including the Option, for successive ten-year terms.

2. Option to Purchase. Homestake shall have the exclusive and irrevocable Option to purchase the Mining Property at any time while this agreement is in effect.

3. Exclusive Possession. Except as may be expressly provided in Exhibit A, Homestake shall have exclusive possession and quiet enjoyment of the Mining Property while this agreement is in effect.

4. Additional and After-Acquired Rights. If Owner (or any of them) acquires any right or interest in the Mining Property or within the boundaries of the Mining Property while this agreement is in effect, such right or interest shall automatically become part of the Mining Property for all purposes of this agreement.

5. Removal of Property. Homestake may, within one year after termination of this agreement, remove from Owner's real property all property and improvements which it has erected or placed thereon.

6. Rights-of-Way. While this agreement is in effect, Homestake shall have non-exclusive rights-of-way upon, over, into and through the Mining Property and other

property now or hereafter owned, leased or otherwise controlled by Owner (or any of them) to construct, improve and maintain such facilities as may be necessary or convenient for Homestake's operations in the vicinity of the Mining Property.

7. Amendment. Owner hereby agrees with Homestake that this agreement may from time to time be amended by a writing signed by the parties hereto and any such signed writing shall bind each of them and their successors and assigns.

8. Additional Terms. Additional Terms and conditions are contained in the full agreement between the parties. This Short Form shall not modify said agreement.

HOMESTAKE MINING COMPANY OF CALIFORNIA

By: W.F. Judgwick
Title: V.P. Exploration
Print Name: William F. Lindquist

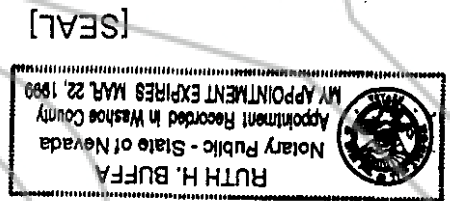
HANOVER LAND AND CATTLE COMPANY

By: Robert B. Hawkins
Title: VP Exploration
Print Name: Robert B. Hawkins

My Commission Expires: 03.22.1999

Residing at: Reno, NV
Notary Public in and for said State

Ruth H. Buffa



IN WITNESS WHEREOF, I have signed my name and affixed my official seal.

authorized to do so on behalf of said corporation.

the person who executed the within instrument and on said oath stated that he was

personally known to me to be the V.F. Exploration, a New Mexico corporation, and personally known to me to be

of Hanover Robert B. Hawkins, a duly

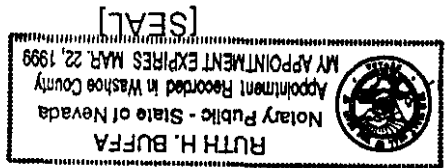
On July 17, 1998, before me, Ruth H. Buffa,

STATE OF Nevada
COUNTY OF Washoe
ss.)

My Commission Expires: 03.22.1999

Residing at: Reno, NV
Notary Public in and for said State

Ruth H. Buffa



IN WITNESS WHEREOF, I have signed my name and affixed my official seal.

authorized to do so on behalf of said corporation.

the person who executed the within instrument and on said oath stated that he was

personally known to me to be the Vice President & Exploration, a California corporation, and personally known to me to be

of Homestake William F. Lindqvist, a duly

On July 21, 1998, before me, Ruth H. Buffa,

STATE OF Nevada
COUNTY OF Washoe
ss.)

Exhibit A

Mining Property

Those certain unpatented lode mining claims generally located in all or portions of Sections 4, 5, 8 and 9, Township 20 North, Range 53 East, M.D.B. & M., Eureka County, Nevada, and more particularly described as follows:

Claim Name	Book	Page	BLM Serial Number
DV - 1	199	547	NMC 566471
DV - 2	199	548	NMC 566472
DV - 3	199	549	NMC 566473
DV - 4	199	550	NMC 566474
DV - 5	199	551	NMC 566475
DV - 6	199	552	NMC 566476
DV - 7	199	553	NMC 566477
DV - 8	199	554	NMC 566478
DV - 9	199	555	NMC 566479
DV - 10	199	556	NMC 566480
DV - 11	199	557	NMC 566481
DV - 12	199	558	NMC 566482
DV - 13	199	559	NMC 566483
DV - 14	199	560	NMC 566484
DV - 15	199	561	NMC 566485
DV - 16	199	562	NMC 566486
DV - 17	199	563	NMC 566487
DV - 18	199	564	NMC 566488
DV - 19	199	565	NMC 566489
DV - 20	199	566	NMC 566490

Claim Name	Book	Page	BLM Serial Number
DV - 21	199	567	NMC 566491
DV - 22	199	568	NMC 566492
DV - 23	199	569	NMC 566493
DV - 24	199	570	NMC 566494
DV - 25	199	571	NMC 566495
DV - 26	199	572	NMC 566496
DV - 27	199	573	NMC 566497
DV - 28	199	574	NMC 566498
DV - 29	199	575	NMC 566499
DV - 30 Amended	222	370	NMC 566500
DV - 31 Amended	222	369	NMC 566501
DV - 32	199	581	NMC 566502
DV - 33	199	582	NMC 566503
DV - 34	199	583	NMC 566504
DV - 35	199	584	NMC 566505
DV - 36	199	585	NMC 566506
DV - 37	199	586	NMC 566507
DV - 40	199	593	NMC 566510
DV - 41	199	594	NMC 566511
DV - 42	199	595	NMC 566512
DV - 43	199	596	NMC 566513
DV - 44	199	597	NMC 566514
DV - 45	199	598	NMC 566515
DV - 46	199	599	NMC 566516
DV - 47	199	600	NMC 566517
DV - 48	199	602	NMC 566518

Claim Name	Book	Page	BLM Serial Number
DV - 49	199	603	NMC 566519
DV - 50	199	604	NMC 566520
DV - 51	199	605	NMC 566521
DV - 52	199	606	NMC 566522
DV - 53	199	607	NMC 566523
DV - 54	199	608	NMC 566524
DV - 55	199	609	NMC 566525
DV - 56	199	610	NMC 566526
DV - 57	199	611	NMC 566527
DV - 58	199	612	NMC 566528
DV - 59	199	613	NMC 566529
DV - 60	199	614	NMC 566530
DV - 61	199	615	NMC 566531
DV - 62	199	616	NMC 566532
DV - 63	199	617	NMC 566533
DV - 64	199	618	NMC 566534
Sharon	199	601	NMC 566535
Jim	199	590	NMC 566536
Vince	199	588	NMC 566537
Tim	199	589	NMC 566538
Bob	199	587	NMC 566539
Monica	199	578	NMC 566540
Richard	199	577	NMC 566541
Owen	199	576	NMC 566542

BOOK 320 PAGE 216

OFFICIAL RECORDS
RECORDED AT THE REQUEST OF

Peninsula Mining Co.

98 AUG 18 PM 1:54

EUREKA COUNTY NEVADA
M.N. REBAL. REORDER

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BOOK 320 PAGE 221