

WHEN RECORDED RETURN TO:

Donald A. Stillwell
Phelps Dodge Corporation
2600 N. Central Ave.
Phoenix, AZ 85004-3014

**MEMORANDUM OF
MINERAL LEASE AND PURCHASE OPTION AGREEMENT**

NOTICE IS HEREBY GIVEN that under that certain Mineral Lease and Purchase Option Agreement (the "Agreement") entered into as of Dec. 20, 1999 (the "Effective Date") by and between HUNSAKER, INC, a Nevada corporation, whose address for purposes of the Agreement is P. O. Box 2021, Elko, NV 89803 (therein and herein called "Lessor") and PHELPS DODGE EXPLORATION CORPORATION, a Delaware corporation, with an address of 2600 N. Central Ave., Phoenix, AZ 85004-3014 (therein and herein called "Lessee"), Lessor has leased, let and demised and does hereby lease, let and demise to Lessee, its successors and assigns, the unpatented lode mining claims in the Mineral Hill Mining District, Sections 14, 23, 26, 27 and 35, Township 26 North, Range 52 East, MDM, Eureka County, Nevada, more particularly described on Exhibit A attached hereto, which mining claims and all amendments and relocations thereof and the ground included therein, together with all of the tenements, hereditaments and appurtenances belonging or otherwise pertaining to such mining claims, including without limitation all minerals, mineral rights, extralateral rights, water rights, access rights, dumps thereon, and all right, title and interest in said mining claims that Lessor may hereafter acquire, are therein and herein called "Leased Premises," with the exclusive right of possession of the Leased Premises for the purpose of mineral exploration and evaluation and, if warranted, development and mining and the right to use the Leased Premises for any and all of the purposes permitted by the Agreement.

The Agreement is for a primary term of 10 years commencing on the Effective Date and ending at 12 o'clock midnight (MST) on Dec. 19, 2009, unless sooner terminated as provided by the Agreement. Lessee shall have the right and option to extend the term of the Agreement from year to year after the primary term in the manner provided by the Agreement.

Lessor has further granted and does hereby grant to Lessee the exclusive and irrevocable right and option to purchase the Leased Premises at any time prior to the expiration or termination of the Agreement, all upon and subject to the covenants and conditions of the Agreement. If Lessee exercises its option to purchase the Leased Premises, the Agreement shall become a contract for the sale and purchase of the Leased Premises upon all of the covenants and conditions of the Agreement.

This Memorandum is executed for the purpose of affording notice of the existence of the Agreement and the terms, covenants and conditions thereof, which terms, covenants and conditions are incorporated herein by reference for all purposes. Nothing herein shall limit, increase or in any manner affect any of the terms of the Agreement, or any rights, interests or obligations of the parties thereto.

IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

HUNSAKER, INC.

By E. L. Hunsaker III
E. L. Hunsaker III, President

LESSOR

PHELPS DODGE EXPLORATION
CORPORATION

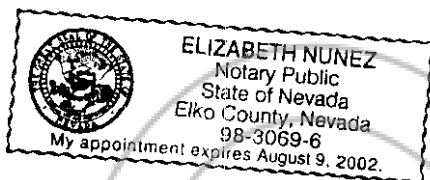
By William H. Wilkinson as Attorney in fact for
A. L. Lawrence, President

LESSEE

State of Nevada
County of Eureka EIKO

The foregoing instrument was acknowledged before me, the undersigned Notary Public, on December 14, 1999 by E. L. Hunsaker III, President of HUNSAKER, INC., a Nevada corporation, for and on behalf of the corporation.

[Seal]

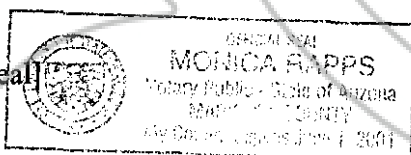


Elizabeth Nunez
Notary Public

State of Arizona
County of Maricopa

The foregoing instrument was acknowledged before me, the undersigned Notary Public, on Dec. 20, 1999, by WILLIAM H. WILKINSON, ATTORNEY-IN-FACT, FOR A. L. LAWRENCE, President of Phelps Dodge Exploration Corporation, a Delaware corporation, for and on behalf of the corporation.

[Seal]



Monica Rapps
Notary Public

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**EXHIBIT A TO MEMORANDUM OF MINERAL LEASE
AND PURCHASE OPTION AGREEMENT**

Unpatented lode mining claims situate in the Mineral Hill Mining District, Sections 14, 23, 26, 27 and 35, Township 26 North, Range 52 East, MDM, Eureka County, Nevada, the names of which are set forth below together with the book and page of recording of the location certificates in the office of the recorder of such county, and the serial numbers where filed in the state office of the Bureau of Land Management in Reno, Nevada.

Claim Name	RECORDED		BLM NMC #
	Book	Page	
SMH-1 and SMH-2	332	001 - 002	810990-810991
SMH-13 through SMH-50	332	003 - 040	810992-811029
SMH-103 through SMH-112	332	041 - 050	811030-811039

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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Donald Stillwell
00 JAN 31 AM 10:08

EUREKA COUNTY NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES *9.00*

173825

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