

MEMORANDUM OF LEASE AND OPTION AGREEMENT

NOTICE IS HEREBY GIVEN that under that certain Lease and Option Agreement dated as of the 27th day of September, 1977, between CHARLES F. SELLS, SYLVIA SELLS and BEVERLY SELLS LALICKER, Co-Trustees of the CHARLES AND ORA SELLS 1974 TRUST (hereinafter called "Owners"), and PHELPS DODGE CORPORATION, a New York corporation, (hereinafter called "Phelps Dodge"), Owners have leased, let and demised and do by these presents lease, let and demise to Phelps Dodge, its successors and assigns, the patented and unpatented mining claims in the Pahranaगत Lake Mining District, Lincoln County, Nevada, comprising portions of unsurveyed Sections 29 thru 32, Township 3 South, Range 59 East, and Section 5, Township 4 South, Range 59 East, M.D.M., and more particularly described in Exhibit A attached hereto, with the right to explore and develop said claims; and Owners have granted and by these presents do grant to Phelps Dodge the exclusive right and option to purchase said claims at any time prior to expiration or termination of said lease agreement, all upon and subject to the terms, covenants and conditions of said agreement, for a term of five (5) years commencing on the date hereof and ending on September 26, 1982, unless sooner terminated or unless Phelps Dodge sooner exercises its option to purchase said claims.

This memorandum is executed for the purpose of affording notice of the existence of said Lease and Option Agreement and the terms and provisions thereof, which terms

and provisions are incorporated herein by reference for all purposes.

A copy of this agreement is on file with the Owners whose address is Charles and Ora Sells 1974 Trust, c/o Charles F. Sells, Co-Trustee, 120 Greenbriar, Townhouse Way, Las Vegas, Nevada 89121.

IN WITNESS WHEREOF, this Memorandum of Lease and Option Agreement has been executed effective as of the day first set forth above.

Charles F. Sells
Charles F. Sells,
Co-Trustee of the Charles
and Ora Sells 1974 Trust

Beverly Sells Lalicker
Beverly Sells Lalicker,
Co-Trustee of the Charles
and Ora Sells 1974 Trust

PHELPS DODGE CORPORATION


By *W. H. Brown*
Its Vice President

ATTEST:

Robert Newman
Its Secretary

STATE OF CALIFORNIA)
) ss.
County of Los Angeles)

The foregoing instrument was acknowledged before me this 1 day of November, 1977, by CHARLES F. SELLS, Co-Trustee of the CHARLES AND ORA SELLS 1974 TRUST.


Notary Public

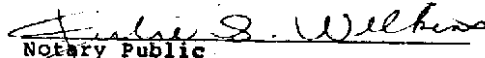
My Commission Expires:



Notary Public-State of Nevada
CLARK COUNTY
Charles William Johnson
My Commission Expires Sept. 8, 1980

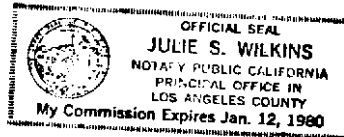
STATE OF ^{California} ~~NEVADA~~)
) ss.
County of ~~Clark~~)
Los Angeles

The foregoing instrument was acknowledged before me this 17th day of November, 1977, by BEVERLY SELLS LALICKER, Co-Trustee of the CHARLES AND ORA SELLS 1974 TRUST.


Notary Public

My Commission Expires:

1-12-80



STATE OF NEW YORK)
County of New York) SS.

The foregoing instrument was acknowledged before me this 4th day of December, 1977, by W.K. Brown, Vice President of PHELPS DODGE CORPORATION, a New York corporation, for and on behalf of the corporation.

Josephine Cristofa
Notary Public

My Commission Expires:

JOSEPHINE CRISTOFFA
Notary Public, State of New York
No. 41-4511213
Qualified in Queens County
Cert. Filed in New York County
Commission Expires March 30, 1979

No. 61015
FILED AND RECORDED AT REQUEST OF
Fred Ferguson Jr.
Dec. 16, 1977
AT 1 MINUTES PAST 1 O'CLOCK
P M IN BOOK 23 OF OFFICIAL
RECORDS, PAGE 367 LINCOLN
COUNTY, NEVADA

[Signature]
COUNTY RECORDER