

MEMORANDUM OF AGREEMENT dated this 12th day of July, 1983.

BETWEEN:

James Wayne Cole
Robert Wigglesworth
J.E. Cole
All of having an address at 628 Northridge Drive, Boulder City,
in the State of Nevada, United States of America:

(hereinafter called the :Optionor:)

OF THE FIRST PART

AND:

Talisman Silver Mines Inc., a body corporate duly incorporated
under the laws of the Province of British Columbia, and having
its head office or chief place of business situate at #200 2900
Simpson Rd. in the Municipality of Richmond, in the Province of
British Columbia:

(hereinafter called the "Optionee")

OF THE SECOND PART

A. The Optionor is the registered and beneficial owners of
those located mineral claims situate in the Lincoln County, in the State of
Nevada, being one of the United States of America, more particularly
described in Schedule "A" hereunto annexed:

B. The Optionor is desirous of entering into this Agreement
providing for the operation of the claims upon a royalty basis, and
to grant to the Optionee an option to purchase mineral claims in
accordance with the terms and conditions and for the purchase price
hereinafter set forth:

NOW THEREFORE in consideration of the premises, the mutual
covenants and agreements herein contained, to be kept and performed
by each of the parties hereto, the parties hereto hereby agree as follows:

1. Definitions

For the purposes of this Agreement:

- a. "Advance royalty" means the amount required to be paid
by the Optionee to the Optionor on the date as specified
herein, in anticipation of production royalty, to guarantee
a specific annual return to the Optionor:
- b. "Claims" means those unpatented lode mining claims more
particularly described in Schedule "A" together with all
additional claims or mining property located or otherwise
acquired within the perimeter of two (2) miles of the claims
by either the Optionor or the Optionee after the date of
execution and during the term hereof:

- c. "Mining operations" includes any and every type of operation upon the said mining claims whereby materials are extracted or taken or mined therefrom, whether by mining or milling or by any other method or means of any nature, kind or type;
- d. "Net smelter returns" shall be construed to mean the net amount shown due by the smelter or other place of sale as indicated by its return through settlement sheets after payment of all freight charges from the shipping point to the smelter or other place of sale, and after all other proper treatment or other charges at such smelter or other place of sale have been deducted, but without any other deduction whatsoever.
- e. "Processing" means, but is not limited to mining, milling, collecting, saving, separating, sizing, digging, reducing, smelting, leaching, or otherwise beneficiating any products to such extent as may be necessary to prepare the same in final condition for marketing;
- f. "Production" means the mining and reduction of products into a marketable form or condition and, if any product is mined in such condition that it can be marketed without further beneficiation, and is so marketed without further beneficiation, such shall be deemed to be production;
- g. "Production royalty" means a 5% net smelter return royalty to be credited against the advance royalty payments arising from mining operations upon the claims or against the option exercise price herein provided;
- h. "Products" means, but is not limited to any and all quicksilver, tungsten, gold, minerals, metals, values, sands, gravels, rare earths, rare metals, ores, chrome ores, cinnabar, aggregates, and any and all other materials of every nature and kind removed for the purpose of sale by the Optionee from, on, or in or under the claims;
- i. "Purchase option" shall mean the right and option to purchase granted hereunder by the Optionor to the Optionee and more particularly set forth in paragraph 4 hereof.
- 2. Optionor's Representations
 - A. The Optionor represents and warrants to the Optionee that:
 - i. Save and except for paramount title vested in the United States of America, they are or represent the registered and beneficial owners of a 100% undivided interest in and to the claims;
 - ii. The claims have been validly located and are in good standing under the applicable mining laws of the State of Nevada, of the United States of America pertaining to unpatented mining claims;

- iii. Proofs of the location and assessment work have been recorded in the office of the County Recorder in Lincoln County, Nevada, U.S.A.
- iv. There are no present outstanding preferential rights to purchase with respect to claims granted by the Optionor to others:
- v. All taxes if any which may be applicable have been paid:
- vi. The Optionor has no knowledge of or has received no notice of any asserted ownership in conflict with the location of the claims with the exception that there may be overlapping exterior boundaries for the purpose of precluding the existence of claim fractions:
- viii. It has full and complete authority to execute this Agreement and to grant the rights herein conferred.

B. The representations and warranties of the Optionor hereinbefore set out form a part of this Agreement and are conditions upon which the Optionee has relied in entering into this Agreement and shall survive the acquisition of any interest in the property by the Optionor:

3. Optionee's Representations

The Optionee represents and warrants to the Optionor that the Optionee has full power and absolute authority to enter into the terms of this Agreement without first obtaining the consent of any other person or body corporate.

4. Purchase Option

The Optionor hereby gives and grants to the Optionee the sole and exclusive right to purchase, subject to the terms of this Agreement a 100% undivided right, title and interest in and to the claims for and in consideration of the following sums:

- a. If exercised on or before January 1, 1990 - 1,000,000.00

The option shall not be deemed to have been exercised unless and until the total option exercise price has been paid to the Optionor:

In the event that the 1,000,000.00 option to purchase has not been exercised on or before January 1, 1990 then the option to purchase shall cease and the 5% royalty shall carry on in perpetuity pursuant to paragraph 7 hereof.

5. Right of Entry

For so long as this agreement continues in full force and effect, the Optionee, his employees, agents and independent contractors shall have the sole and exclusive right and option to:

- a. Enter upon the claims:
- b. Have exclusive and quiet possession of the claims:
- c. Operate the claims:
- d. Remove from the claims and sell or otherwise dispose of products derived from the claims:

6. Termination of Purchase Option and Further Payments

- a. Subject to the provisions of paragraph 13 of this Agreement the right to purchase the claims hereunder shall terminate:
 - i. Unless the Optionee pays to the Optionor, on the date of execution and delivery of this Agreement, the sum of 20,000.00
 - ii. Unless on or before one year from the date of this Agreement the Optionee pays to the Optionor an advance royalty of 25,000.00
 - iii. Unless on or before two years from the date of this Agreement the Optionee pays to the Optionor an advance royalty of 30,000.00
 - iv. Unless on or before three years from the date of this Agreement, the Optionee pays to the Optionor an advance royalty of 35,000.00
 - v. Unless on or before four years from the date of this Agreement, the Optionee pays to the Optionor an advance royalty of 40,000.00
 - vi. Unless on or before five years from the date of this Agreement, and in each and every year thereafter, the Optionee pays to the Optionor an advance royalty of 45,000.00

7. Net Smelter Return Royalties

a. In addition to the minimum advance royalty payments required to be paid under paragraph 6 of this Agreement, the Optionee shall pay to the Optionor, by way of production royalties, the difference between the minimum advance royalties payable to the Optionor, and a 5% net smelter return royalty calculated on all products derived from the claims.

b. The obligations of the Optionee to remit to the Optionor the reserved 5% net smelter return royalty shall cease on the date the Optionor has received, in the aggregate through advance royalty payments or net smelter return royalties, the sums required to be paid in order to exercise the Optionee's option to purchase the claims pursuant to paragraph 4 hereof.

c. Net smelter returns due and payable to the Optionor hereunder shall be paid sixty (60) days after the end of each fiscal quarter of the Optionee. Within ninety (90) days of the end of each fiscal year end, the records relating to the calculation of production royalties due and payable to the Optionor during that fiscal year shall be audited and any adjustment shall be made forthwith. The audited financial statements shall be delivered to the Optionor who shall have sixty (60) days after receipt of such statements to question in writing their accuracy, failing which the statements shall be deemed to be true and correct. The Optionor, or its representatives duly appointed in writing, shall have the right at all reasonable times, upon request, to inspect those books and financial records of the Optionee as are relevant to the determination of the production royalties due and payable to the Optionor.

d. In addition to the obligations of the Optionee to remit the production royalties to the Optionor, the Optionee shall file with the Optionor, no later than the 15th day of each month during which products were derived from the claims and sold at a smelter or other place of sale, settlement invoices on all processed products derived from the claims.

e. The Optionee shall take all reasonable steps to obtain the fair market value for all products derived from the claims, and all products shall be sold within three (3) months of extraction or refinement or alternatively, the Optionor shall be entitled to receive the net smelter return royalty in kind.

8. Exercise of Option

The option to purchase the claims shall be deemed to have been exercised:

- a. When the Optionee has paid to the Optionor the sums required to be paid pursuant to paragraph 4 hereof;
- b. All advance royalty payments and net smelter return payments shall be applied towards the option exercise price;
- c. If and when the purchase option has been exercised, 100% right, title and interest in and to the claims shall pass to the Optionee, or his assigns, free and clear of all liens, charges and encumbrances, save and except for liens, charges and encumbrances incurred as a result to the operations of the Optionee or his assigns on the claims.

9. The Optionor agrees to execute, at the request of the Optionee, a Mining Deed of Conveyance of the said mining claims to the Optionee or his designee and shall deposit the same with a mutually agreed upon escrow agent which shall be designated as Escrowee for the parties hereto with instructions to the said escrow agent to deliver the said Mining Deed to the Optionee or his designee upon the completion of performance of the terms and conditions of the option to purchase herein contained. Concurrently

- 6 -

therewith, the Optionee shall deposit a Quit Claim Deed releasing all right, title and interest in and to the claims in favour of the Optionor with instructions to deliver such Quit Claim Deed to the Optionor upon the termination, forfeiture or abandonment of this Option Agreement. All escrow fees shall be borne solely by the Optionee.

10. Covenants of the Optionee

During the currency of this Agreement, the Optionee shall:

- a. Keep the claims free and clear of all liens, charges and encumbrances arising from his operations hereunder;
- b. File all necessary work and assessment work and pay all taxes required to be paid in order to maintain the claims in good standing;
- c. Conduct all work to be undertaken on the claims in a proper, skillful and miner-like fashion and in a manner necessary to good and economical mining so as to take out the greatest amount of ore possible with due regard to the safety and preservation and development of the claims as a workable and productive mine;
- d. File with the office of the County Recorder of the County in which the mining claims are located, a proper notice relieving the Optionor from any and all liability or responsibility for mining operations on the said claims for materials furnished in connection therewith and from any injuries to persons or damages to property occurring or committed on the said property as a result of mining operations conducted thereon by the said Optionee, his agents, contractors, employees, sub-lessees, or assigns.
- e. Mail to the Inspector of Mines, Carson City, Nevada, prior to the commencement of mining operations, a written, detailed report showing:
 - i. The character of the mine;
 - ii. The number of men then employed during ensuing year
 - iii. The method of working the mining claims, and
 - iv. The general conditions thereof;
- f. When due, pay all wages for work done and comply with all laws both federal and state, pertaining to mining and milling operations including but not limited to the carrying and maintaining of Nevada industrial compensation on employees and, upon request, to provide written proof of such coverage to the Optionor;

g- Permit the Optionor, or its representatives, duly authorized by it in writing, at its own risk and expense, access to the claims at all reasonable times and to all records prepared by the Optionee in connection with work done or with respect to the property.

11. Obligations of the Optionee on Termination

If this Agreement is terminated other than by the purchase of all of the Optionor's interest hereunder, pursuant to paragraph 13 hereof, the Optionee shall:

- a. Retransfer all his right, title and interest in and to the claims to the Optionor free and clear of all charges and encumbrances arising from the Optionee's operations hereunder and with assessment work filed on the claims:
- b. Deliver to the Optionor, within sixty (60) days of their written request, a comprehensive report on all work carried out by the Optionee on the property (limited to factual matters only) together with copies of all maps, drill logs, assay results and other factual technical data compiled by the Optionee with respect to the property;
- c. Remove from the property within twelve (12) months from the effective date of termination, all moveable mining facilities erected, installed or brought upon the property by or at the instance of the Optionee and any mining facilities remaining on the property after the expiration of the said period of twelve (12) months shall, without compensation to the Optionee, become the property of the Optionor:

12. Force Majeure

If the Optionee is prevented from or delayed in complying with any provisions of this Agreement by reasons of strikes, labour disputes, walkouts, labour shortages, power shortages, fires, wars, acts of God, governmental regulations restricting normal operations or any other reason or reasons beyond control of the Optionee, the time limited for the performance of the various provisions of this Agreement as set out above shall be extended by the period of time equal in length to the period of such prevention and delay. The Optionee insofar as possible shall promptly give notice to the Optionor of the particulars of the reasons for any prevention or delay under this paragraph and shall take all necessary steps to remove the cause of such prevention or delay and shall give written notice to the Optionor as soon as such cause ceases to exist.

13. Default

Notwithstanding anything in this Agreement to the contrary:

- 8 -

- a. Subject to paragraph 13 (b) of this Agreement, if the Optionee should be in default of any requirement herein set forth, the Optionor shall give written notice to the Optionee specifying the default of the Optionee and the Optionee shall not lose any rights granted under this Agreement unless, within thirty (30) days after the giving of the notice of default by the Optionor, the Optionee has failed to take reasonable steps to cure the default by the appropriate performance, and if the Optionee fails to take such reasonable steps to cure any such default, the Optionor shall be entitled to seek any remedy they may have on account of such default;
- b. If the Optionee does not make the payments provided for in paragraph 6 in a timely fashion, the Optionor shall give written notice to the Optionee specifying the default and the Optionee shall not lose any rights granted under this Agreement if within fifteen (15) days after the receipt of such notice from the Optionor the Optionee remedies the default.

14. Non-Serverability

This option to purchase shall be considered and construed as a single instrument and the failure to perform any of the terms and conditions in this Agreement shall constitute a violation or breach of the entire instrument or agreement and shall, subject to paragraph 13, constitute the basis for cancellation or termination.

15. Assignment

The Optionor gives and grants to the Optionee the right and privilege to assign his interest herein provided however, the Optionee shall give written notice of such assignment within twenty (20) days of the date of execution of the said assignment setting forth therein the names and mailing addresses of the assignees, and the assignees shall agree to be bound by the terms of this Agreement.

16. Abandonment

The Optionee shall have the right to abandon his interest created herein in the following manner:

1. If an escrow arrangement has been established, then written notice of abandonment shall be delivered to the Escrowee instructing the Escrowee to deliver to the Optionor the Quit Claim Deed of the Optionee deposited in escrow, together with all other instruments deposited in escrow.

Following the delivery of such notice of abandonment as aforesaid the Optionee shall be under no further obligation or liability, except in for the performance of annual assessment work if abandonment occurs on or before a minimum of sixty (60) days

prior to the due date for the filing thereof, and excepting for the payment of any advance royalties or production royalties earned but not paid prior to the abandonment, and for the payment of any labour or material claims incurred during the mining operations or occupancy of the claims.

17. Non-Partnership

This Agreement shall not constitute or be construed to constitute a partnership, mining partnership, joint venture or joint operation. The full control and determination as to the manner and extent and character of mining operations shall be determined by the Optionee without interference from the Optionor.

18. Patent Proceedings

Upon the request of the Optionee at any time or times during the term hereof, the Optionor shall forthwith begin and complete, in the Optionor's name, but at the sole expense of the Optionee, proceedings to patent any and all of the mining claims. The Optionor shall execute any and all documents required for this purpose. If the Optionor begins patent proceedings and the Optionee thereafter requests the Optionor to discontinue them, or if this Agreement is terminated while patent proceedings are pending, the Optionee shall have no further obligation with respect thereto, except to pay any unpaid expenses accrued in such proceedings prior to their request to discontinue or prior to termination whichever first occurs.

19. Other Termination

It is agreed that the filing of a Petition in Bankruptcy by the Optionee or the adjudication that the Optionee is bankrupt or in the event the Optionee makes an assignment for the benefit of creditors or creditors levy an execution against the interest of the Optionee in the said claims to enforce or satisfy any judgment against the Optionee which is not stayed within thirty (30) days by an appeal board, shall permit the Optionor to cancel this Agreement, and the Optionee shall forfeit all his rights to the possession of the claims and that neither this Agreement nor any of the Optionee's rights hereunder shall ever be an asset of the estate of the Optionee in the event that he is bankrupt or files a Petition in Bankruptcy under the bankruptcy laws of the United States of America or Canada or makes an assignment for the benefit of creditors.

20. Time

Time is of the essence of this Agreement and the same shall be binding upon and enure to the benefit of all of the successors and assigns of the parties hereto.

21. Notice

Any notice required to be given under this Agreement shall be deemed to be well and sufficiently given if delivered or mailed by registered mail in Canada, in the case of the Optionor addressed as follows:

James Wayne Cole
Robert Wigglesworth
J. E. Cole
628 Northridge Drive,
Boulder City, Nevada,

and in the case of the Optionee addresses as follow:

Talisman Silver Mines Inc.
#200 2900 Simpson Rd.
Richmond BC. V6X 2P9

Any notice given as aforesaid shall be deemed to have been given if delivered when delivered, or if mailed or telegraphed, on the second business day after the date of mailing or telegraphing thereof. Either party may, from time to time, by notice in writing change its address for the purpose of this paragraph.

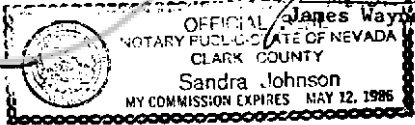
22. General

- a. The parties hereto agree to do and cause to be done all acts or deeds required or necessary to implement and carry into effect the provisions and intent of this Agreement.
- b. The terms of this Agreement shall be governed by the laws of the State of Nevada and the laws of the United States of America applicable to the location and possession of and title to the said claims.
- c. All funds referred to in this Agreement shall be funds designated in lawful currency of the United States of America.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their hands and seals as of the day and year first above written.

Signed Sealed and Delivered by
James Wayne Cole
in the presence of

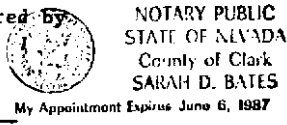
Sandra Johnson



James Wayne Cole
James Wayne Cole

Signed Sealed and Delivered by
Robert Wigglesworth
in the presence of

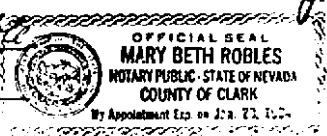
Sarah D. Bates



Robert Wigglesworth
Robert Wigglesworth

Signed Sealed and Delivered by
J. E. Cole
in the presence of

Mary Beth Robles



J. E. Cole
J. E. Cole

- 11 -

The Corporate Seal of
Talisman Silver Mines Inc.
was hereunto affixed in the
presence of

John R. Poloni
Paul A. Tosti

COPY

SCHEDULE A

Page 1 of 2

<u>Claim Name</u>	<u>Recorded Book and Page*</u>
Silver King No. 1	Book X1, Page 375
Silver King No. 2	Book X1, Page 377
Silver King No. 3	Book X1, Page 377
Silver King No. 4	Book X1, Page 378
Silver King No. 5	Book X1, Page 378 & 379
Silver King No. 6	Book Y1, Page 176
Silver King No. 7	Book Y1, Page 177
Silver King No. 8	Book Y1, Page 177 & 178
Silver King No. 9	Book Y1, Page 178
Silver King No. 10	Book Z1, Page 71
Silver King No. 11	Book Z1, Page 71
Silver King No. 12	Book Z1, Page 72
Silver King No. 13	Book Z1, Page 72
Silver King No. 14	Book Z1, Page 73
Silver King No. 15	Book Z1, Page 73
Silver King No. 16	Book Z1, Page 74
Silver King No. 17	Book Z1, Page 74
Silver King No. 18	Book Z1, Page 75
Silver King No. 19	Book Z1, Page 75
Silver King No. 20	Book Z1, Page 76
Silver King No. 21	Book Z1, Page 76
Silver King No. 22	Book Z1, Page 77
Silver King No. 23	Book Z1, Page 77
Silver King No. 24	Book Z1, Page 78
Silver King No. 25	Book Z1, Page 78
Silver King No. 26	Book Z1, Page 79
Silver King No. 27	Book Z1, Page 79
Silver King No. 28	Book Z1, Page 80
Silver King No. 29	Book Z1, Page 80
Silver King No. 30	Book Z1, Page 81
Silver King No. 31	Book Z1, Page 81
Silver King No. 32	Book Z1, Page 82
Silver King No. 33	Book Z1, Page 82
Silver King No. 34	Book Z1, Page 83
Silver King No. 35	Book Z1, Page 83
Silver King No. 36	Book Z1, Page 84
Silver King No. 37	Book Z1, Page 84
Silver King No. 38	Book Z1, Page 85
Silver King No. 39	Book Z1, Page 85
Silver King No. 40	Book Z1, Page 86
Silver King No. 41	Book Z1, Page 86
Silver King No. 42	Book Z1, Page 87
Silver King No. 43	Book Z1, Page 87
Silver King No. 44	Book Z1, Page 88
Silver King No. 45	Book Z1, Page 88
Silver King No. 46	Book Z1, Page 89
Silver King No. 47	Book Z1, Page 89
Silver King No. 48	Book Z1, Page 90
Silver King No. 49	Book Z1, Page 90
Silver King No. 50	Book Z1, Page 91
Stagecoach No. 1	Book Z1, Page 70
Stagecoach No. 2	Book Z1, Page 70

*As recorded in the records of Lincoln County, Nevada. BOOK

60 PAGE 337

SCHEDULE A

Page 2 of 2

Claim Name

- K. S. #31-46 Inclusive
- K. S. #236-251 Inclusive
- K. S. #260-625 Inclusive
- K. S. #302-306 Inclusive

No. 80275
FILED AND RECORDED AT REQUEST OF
Dominick Belingeri
June 27, 1984
AT 5 MINUTES PAST 11 O'CLOCK
8 AM IN BOOK 60 OF OFFICIAL
RECORDS, PAGE 326 LINCOLN
COUNTY, NEVADA
Yvonne Setzer
COUNTY RECORDER