EXHIBIT 10.1  
  
 MEMORANDUM OF AGREEMENT  
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 AMONG  
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 WELLSTAR INTERNATIONAL INC.  
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 AND  
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 GL ENERGY AND EXPLORATION, INC.  
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 PERTAINING  
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 TO  
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 THE PILOT AND PRODUCTION PLANT PHASES  
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 OF  
 --  
  
 THE LA BARCA DEPOSIT  
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 AND  
 ---  
  
 DUNA CHOAPA NORTE DEPOSIT  
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 DATED  
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 MAY 29, 2003.  
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 MEMORANDUM OF AGREEMENT made as of the 29th day of May, 2003.  
  
 BETWEEN:  
  
 WELLSTAR INTERNATIONAL INC., a corporation incorporated pursuant to the  
laws of the State of Nevada with its principal office located at Xxxxx 000, 0000  
Xxxxxx Xxxxx, Xxxx Xxxxxxxxx, Xxxxxxx Xxxxxxxx X0X 0X0 (hereinafter referred to  
as "Vendor")  
  
 OF THE FIRST PART  
  
 -and-  
  
 G L ENERGY AND EXPLORATION, INC., a corporation incorporated pursuant  
to the laws of the State of Delaware with its principal office located at 000  
Xxxxxxxx Xxxxxx Xxxx, Xxxxx 0000, Xxxxxxx, Xxxxxxx X0X 0X0 (hereinafter referred  
to as "Purchaser")  
  
 OF THE SECOND PART  
  
 WHEREAS  
  
 A. The Vendor is the "Financial Partner" to those certain Joint  
Venture Agreements among SEM Mining Corporation S.A. ("SEM") and the Vendor  
dated January 22, 2003, pursuant to which the Vendor will participate in the  
production of the Heavy Metal Components (including Rutile, Zircon, Magnetite,  
Ilmenite, Nickel, and Rare-Earth Oxides) produced from the La Barca Deposit and  
Duna Choapa Norte Deposit (hereinafter referred to as the "Claims") on the terms  
and conditions as set forth in the Joint Venture Agreements pertaining to the  
Pilot and Production Plant Phases ("JVAs") a true and correct copy of which are  
attached hereto as Exhibits A and B.  
  
 B. The Purchaser has agreed with the Vendor to purchase a One  
Hundred percent (100%) interest of the Vendor's Sixty percent (60%) equity  
interest in the Claims to the extent provided for in the JVAs and pursuant to  
the terms set forth below.  
  
 THIS AGREEMENT WITNESSETH that in consideration of the covenants,  
agreements, warranties and payments herein set out and provided for, the parties  
hereby respectively covenant and agree as follows:  
  
 1. Equity Interest Purchased.  
  
 Subject to the terms and conditions hereof, the Vendor covenants and  
agrees to sell, assign, and transfer to the Purchaser and the Purchaser  
covenants and agrees to purchase from the Vendor a One Hundred percent (100%)  
interest of the Vendor's Sixty percent (60%) equity interest in the Claims and  
related JVAs:  
  
  
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 A. The Vendor represents that it has the right to sell, assign and  
transfer all or a portion of its equity interests in the Claims and the related  
JVAs to third parties and that the Purchaser will be such third party under each  
Claim and the related JVAs and upon the sale, assignment and transfer the  
Purchaser will become obligated under the Claims and the related JVAs to abide  
by the terms of the JVAs as if Purchaser were a signatory thereto. The JVAs  
require, among other things, that the Financial Partner perform as follows:  
  
 i. To contribute TWO MILLION U.S. DOLLARS (U.S. $2,000,000)  
of funding for a Pilot Plant by June 22, 2003. The Pilot Plant is intended to  
determine the final specifications and operating parameters (i.e. fine tuning)  
of the Production Plant. The Pilot Plant will be used to train the personnel for  
the Production Plant and may be used as a production plant until such time as  
the Production Plant comes on line;  
  
 ii. To contribute of EIGHT MILLION U.S. DOLLARS (U.S.  
$8,000,000) of funding for a Production Plant by January 22, 2004.  
  
 B. The Purchaser hereby acknowledges that the marketing and  
negotiations of sales contracts of the concentrates, metals, and other  
marketable heavy metal mineral products will be the responsibility of the JVAs'  
Financial Partner with help and guidance only from SEM whenever possible, that  
such sales contracts before being finalized must be discussed with SEM, that a  
record shall be kept on such sales and made available to the JVAs' parties in a  
timely manner;  
  
 C. The Financial Partner to the JVAs participates only in the  
Claims' Heavy Mineral Components with a specific gravity greater than 2.65 with  
the exception of garnierite, which is also a part of the JVAs;  
  
 D. The Financial Partner to the JVAs has Rights of First Refusal  
only to finance and develop the exploitation of the Light Mineral Components  
with a specific gravity of less than 2.65 of the Claims on the basis of an equal  
fifty percent interest split among the Financial Partner and SEM ("Rights of  
First Refusal"). The Rights of First Refusal retained exclusively by the Vendor,  
are not conveyed by the Vendor to the Purchaser by this Agreement and are not  
made a part of this Agreement in any manner or respect.  
  
 2. Purchase Price.  
  
 The Purchase Price shall be as set forth herein below paid by the  
Purchaser to the Vendor as follows:  
  
 At Closing, the Purchaser will issue as the Vendor directs TWENTY  
MILLION (20,000,000) shares of voting, non-assessable, par value $.001, Common  
Stock of GL Energy and Exploration, Inc. (the "Common Stock"). The Vendor has  
directed the Purchaser that TWO MILLION FIVE HUNDRED THOUSAND (2,500,000) shares  
shall be issued to Xxxxxx Xxxx ("Xxxx") and that SEVENTEEN MILLION FIVE HUNDRED  
THOUSAND (17,500,000) shares shall be issued to Xxxxxx Xxxxx ("Xxxxx").  
  
  
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 3. Representations and Warranties of Vendor and Others.  
  
 The Vendor represents and warrants that as of the date hereof and  
through the date of Closing:  
  
 A. The Vendor acknowledges that the Purchaser is relying upon the  
Vendor's representations and warranties in connection with the purchase of an  
equity interest in the Claims and related JVAs;  
  
 B. The Vendor is a party to those certain JVAs entitled Pilot Plant  
Phase and Production Plant Phase between SEM and the Vendor dated January 22,  
2003. Upon the sale, assignment and transfer of the Vendor's interests in the  
Claims and related JVAs as hereinabove described, Purchaser will obtain  
marketable title thereto, free and clear of all liens and encumbrances of every  
nature;  
  
 C. No person has any agreement, option or right of any nature to  
purchase a portion of the Vendor's interests in the Claims and related JVAs that  
are conveyed hereby. The Light Mineral Components and any other portion,  
percentage or aspect of the Claims that are not conveyed expressly hereby are  
specifically reserved to the Vendor;  
  
 D. The entering into of this agreement by the Vendor and the  
undertaking of the transactions contemplated hereby will not result in the  
violation of any of the terms and provisions of the constituting documents or of  
the by-laws of the Vendor or of any indenture or other agreement, written or  
oral, to which the Vendor may be a party;  
  
 E. This agreement has been duly executed and delivered by the  
Vendor and is a valid and binding obligation of the Vendor enforceable in  
accordance with its terms. Other than the Actions by the Consent of the Vendor's  
Sole Shareholder and Director, no securities holders of Vendor are required to  
approve the sale, assignment or transfer of the Vendor's equity interests in the  
Claims and related JVAs as hereinabove described ;  
  
 F. To the best of the Vendor's knowledge, information and belief,  
there are no existing or threatened legal actions or claims against it.  
  
 X. Xxxx and Xxxxx hereby represent and warrant to and covenant with  
the Purchaser that the acquisition of the Common Stock is for their own  
accounts, for investment purposes and is not being done with a view towards  
distribution of the Purchaser's securities. Neither Lang nor Xxxxx has a present  
intention of or pre-existing arrangement to sell the Common Stock.  
  
  
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 Each person receiving shares of the Purchaser hereunder (collectively  
referred to as the "Recipients" for purposes of this section 3.G.) acknowledge  
and agree that the Common Stock has not been registered under the Securities Act  
of 1933 (the "Act") or any applicable U.S. state securities law and that the  
Common Stock may not be offered or sold in the United States or to a U.S. person  
unless the Common Stock is first registered under the Act and under any  
applicable state securities law, or an exemption from the foregoing registration  
requirements is or are identified and complied with. The Recipients bear the  
sole obligation and responsibility of compliance with all applicable state and  
federal securities laws regarding any resale of the Common Stock.  
  
 The Recipients understand that the Common Stock is being offered and  
sold in reliance upon specific exemptions from the registration requirements of  
the federal and state securities laws, and the Purchaser is relying upon the  
truth and accuracy of the representations, warranties, agreements,  
acknowledgements and understandings of the Recipients set forth herein in order  
to determine the applicability of such exemptions. The Recipients shall remain  
solely responsible to satisfy themselves as to the full observance by this offer  
and sale of the Common Stock of the laws of any jurisdiction, and that they have  
done so.  
  
 H. Vendor represents that no bulk sales laws are applicable to the  
transactions contemplated by this agreement;  
  
 I. To the best of Vendor's information, knowledge and belief, no  
taxes are due by it to any taxing authority, foreign or domestic, and if any  
taxes are due by it, Vendor shall pay all taxes and any penalties and any  
interest that may be assessed upon such taxes that are due.  
  
 4. Covenants of the Vendor.  
  
 A. The Vendor agrees and covenants that on or before the Closing  
Date, it will do or will cause to be done all necessary steps and proceedings to  
notify SEM that the Vendor has assigned a portion of its interests of its shares  
in the JVAs to the Purchaser. The Vendor will provide all information about the  
Vendor and its designees that the Purchaser requires to complete and file  
Schedule 14F and Form 8-k and represents that the information will be complete  
and accurate in all respects pursuant to the rules and regulations of the  
Securities and Exchange Commission.  
  
 B. The Vendor agrees and covenants that on or before June 13th,  
2003, it will cause the Purchaser to issue shares of its Common Stock from its  
2003 Equity Performance Plan in the amounts and to the individuals as follows:  
  
 i. Xxxxxxxx Xxxxxxx in the amount of ONE HUNDRED AND TEN  
THOUSAND (110,000) shares for reimbursement of expenses paid as Purchaser's  
President valued at $110;  
  
  
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 ii. Xxxxx Xxxxx in the amount of TWENTY THOUSAND (20,000)  
shares for reimbursement of expenses paid as Purchaser's Secretary valued at  
$20; and  
  
 iii. Xxx Xxxxxx in the amount of EIGHTY THOUSAND (80,000)  
shares for consulting services rendered in the amount of FIVE THOUSAND DOLLARS  
($5,000) regarding and pertaining to the Company's mining property sites.  
  
 5. Representations, Warranties and Covenants of the Purchaser.  
  
 A. As of the date hereof and as of the Closing Date the Purchaser  
acknowledges that the Vendor is relying upon the Purchaser's representations and  
warranties in connection with the acquisition of the Common Stock;  
  
 B. The entering into of this agreement by the Purchaser and the  
undertaking of the transactions contemplated hereby will not result in the  
violation of any of the terms and provisions of the constituting documents or of  
the by-laws of the Purchaser or of any indenture or other agreement, written or  
oral, to which the Purchaser may be a party;  
  
 C. This agreement has been duly executed and delivered by the  
Purchaser and is a valid and binding obligation of the Purchaser enforceable in  
accordance with its terms; and  
  
 D. The Purchaser agrees and covenants that it will do or will cause  
to be done all necessary steps and proceedings to effect the appointments of  
Xxxxxx Xxxxx and Xxxxxx Xxxx to the Board of Directors of G L Energy and  
Exploration, Inc.  
  
 E. The Purchaser hereby acknowledges that it is apprised of the  
specifications and requirements of the Pilot Plant and the Production Plant and  
that the Purchaser has reviewed the December 19, 2002, Executive Summary  
regarding the Claims and the related JVAs and has had an opportunity to make  
full inquiry regarding the Pilot Plant and the Production Plant.  
  
 6. Closing Date.  
  
 The parties hereto shall mutually agree on the time and place of the  
Closing and shall set the Closing Date at the earliest practicable time but in  
no event shall the Closing occur after May 29, 2003, unless the parties mutually  
agree in writing to a later date.  
  
 7. Entire Agreement.  
  
 This agreement constitutes the entire agreement between the parties  
hereto. There are not and shall not be any verbal statements, representations,  
warranties, undertakings or agreements between the parties hereto and this  
agreement may not be amended or modified in any respect except by written  
instrument signed by the parties hereto.  
  
  
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 8. Proper Law of Contact.  
  
 This agreement shall be construed and enforced in accordance with, and  
the rights of the parties shall be governed by, the laws of the State of  
Delaware.  
  
 9. Benefit and Binding Nature of the Agreement.  
  
 This agreement shall inure to the benefit of and be binding upon the  
parties hereto and their respective successors and assigns.  
  
 10. Counterparts.  
  
 This Agreement may be executed in any number of counterparts, each of  
which shall be deemed an original but all of which shall constitute one and the  
same instrument; but in making proof of this Agreement, it shall not be  
necessary to produce or account for more than one such counterpart. It is not  
necessary that each party execute the same counterpart, so long as identical  
counterparts are executed by all parties. Any facsimile signature of any party  
on the signature page hereto, or the signature pages of any other agreement or  
document contemplated hereby, received by any other party shall constitute an  
original signature page for all purposes.  
  
  
 IN WITNESS WHEREOF this agreement has been executed by the parties  
hereto.  
  
Vendor: Purchaser:  
  
WELLSTAR INTERNATIONAL INC. G. L. ENERGY AND EXPLORATION INC.  
  
  
  
By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Its: President Its: President  
  
As to the provisions of Paragraph 3.G.  
  
  
Xxxxxx Xxxxx:  
  
  
By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
  
Xxxxxx Xxxx:  
  
  
By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
  
  
  
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