

Mining District File Summary Sheet

DISTRICT	Rosebud
DIST_NO	4010
COUNTY	Pershing
If different from written on document	
TITLE	Monthly Progress Report; Rosebud Mine -
If not obvious	July 1999; August 11, 1999
AUTHOR	Booth, B; Brown, A; Fudge, T; Cameron, D; Hartman, S; [REDACTED] Wilde, L; Kaufman, R; Miller, C; Stilwell, J; Summers, A; Mullin, J; Wilson, E; Wollant, D; Dean, D; Santti, S; Tempel, T; Shumway, L; Lisle, R. Clayton, R; Dunston, J; Allen, K Vance, R Bereznyk
DATE OF DOC(S)	1999
MULTI_DIST Y / (N?)	
Additional Dist. Nos:	
QUAD_NAME	Sulphur 7.5
P_M_C_NAME	Rosebud Mine; Hecla Mining Co.; Newmont Gold Co.,
(mine, claim & company names)	
COMMODITY	gold; silver
If not obvious	
NOTES	Monthly progress report; production; correspondence; statements of operation; geologic map; assays; cross section 13 p.

Keep docs at about 250 pages if no oversized maps attached
(for every 1 oversized page (>11x17) with text reduce
the amount of pages by ~25)

SS: DD 7/28/08
Initials Date

DB: _____
Initials Date

SCANNED: _____
Initials Date

HECLA MINING COMPANY**MEMORANDUM**

August 11, 1999

TO: Ron Clayton
George Johnson

FROM: Mike Dexter

SUBJECT: Monthly Progress Report, Rosebud Mine – July 1999

Attached is the July 1999 Monthly Progress Report for the Rosebud Mine.

MD:lmz

Attachments

cc: Bill Booth

Arthur Brown

Tom Fudge

Don Cameron

Scott Hartman

Mike Callahan

Roger Kauffman - JV Mgmt. Committee

Cindy Miller

John Stilwell

Al Summers

Ed Wilson

Douglas Wollant

Dale Dean

Rick Berezay

Scott Santti - JV Mgmt. Committee

Newmont Gold Company

P.O. Box 669

Carlin, NV 89822

Trent Tempel - JV Mgmt. Committee

Twin Creeks Mine

P.O. Box 69

Golconda, NV 89414

Jim Dunstan - Manager for Milling

Twin Creeks Mine

P.O. Box 69

Golconda, NV 89414

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861 West Sixth St.

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Patty Bowman - Controller

Newmont Gold Company

PO Box 669

Carlin, NV 89822

Jim Mullin – Sr. Vice President

Newmont Gold Company

555 5th St.

Elko, NV 89801

♦ Hecla Mining Company Rosebud Mine July Monthly Report

MINE PERSONNEL AND SAFETY

Staff

During the month four hourly employees were hired, three were terminated, and one transferred to a salary position. Hourly employment remains at 72. Two salary employees transferred to LaCamorra and one transferred to the corporate office. Salary employment is 25. Total employment is 97.

Safety

There were no injuries at Rosebud in July. Rosebud employees have now worked 676 days without an MSHA lost-time injury and 37 days without an MSHA reportable injury. Annual refresher training is scheduled for September 15 and 22.

The Nevada Mining Association announced the winners of their annual awards for the safety performance of mines in the state. We are proud to announce that Rosebud took first place for 1998 in the medium-sized underground mine category. The awards will be handed out at the annual Nevada Mining Association Convention September 11, 1999, in Lake Tahoe.

OPERATIONS

Development

The development crews started and advanced the #32 stope access 407 feet. Stope #32 muckbay #1 was advanced 44 feet, muckbay #2 was advanced 26 feet. Stope #32 access development was completed in July for a total of 477 feet of development.

Production

Production from stope #13 was 238 tons at a gold grade of .065 opt and a silver grade of 1.36 opt.

Production from stope #25 was 1,489 tons at a gold grade of .726 opt and a silver grade of 2.24 opt.

Production from stope #31 was 329 tons at a gold grade of .136 opt and a silver grade of .22 opt.

Production from stope #32 was 2,007 tons at a gold grade of .261 opt and a silver grade of .32 opt.

Production from stope #33 was 5,013 tons at a gold grade of .356 opt and a silver grade of 1.05 opt.

Production from stope #41 was 1,814 tons at a gold grade of .393 opt and a silver grade of 2.92 opt.

♦ Hecla Mining Company Rosebud Mine July Monthly Report

Production from stope #42 was 5,805 tons at a gold grade of .369 opt and a silver grade of 1.24 opt.

Production from stope #43 was 6,839 tons at a gold grade of .382 opt and a silver grade of 1.20 opt.

An additional 5,005 tons of waste at a gold grade of .061 opt was mined from the stopes and sorted to the waste pile.

Total ore stockpiled at month's end was 23,534 tons grading .379 Au opt and 1.29 opt silver. Shipment of this material to the Pinon Mill began on July 27.

GEOLOGY

Production

Mine calculated (geology) tonnage and grade for ore shipped during the month of July (June's production - July's milling) was overestimated by 373 tons (+1.5%) as compared to survey and out performed the model by 227 ounces of gold (2.4%) and by 13,085 ounces of silver (359.7%) in the east zone.

Underground Exploration

The drilling contractor, Boart Longyear, was terminated July 2 and replaced by Action Drilling. Three exploration holes (RS-D358-99, RS-D359-99, and RS-D363-99) were drilled for a total footage of 1,344 feet.

ENGINEERING

Mine Planning

Mine designs based on the new block model for stopes 12 and 13 were completed. An access and exploration/delineation drift was laid out for the potential 50 series stopes (extension of the North Zone, but in the footwall of the South Control Fault). A 400-foot drift to further explore and delineate this zone is expected to start in August.

Environmental

The bioremediation pad was staked out for leveling and construction purposes, although the permit application is pending at this time. The pad is still estimated to be completed in September. Soil samples on the Jungo Road MgCl incident are still pending from the assay lab, after which a report will be filed with the NDEP. Routine quarterly reports, along with the Water Pollution Control report and the stormwater report, were completed and submitted.

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Batch Plant

The borrow pit area was surveyed, a volumetric comparison made with early photos and topographic maps, and an estimate was made (based on the limited drill hole information available) of the amount of backfill material remaining available. Our best estimate is that there should be enough colluvium remaining to produce at least 1,000,000 tons of cemented backfill. The total amount of backfill placed underground (project to date) is about 600,000 tons.

A total of 14,078 tons of cemented backfill was placed in the mine during the month. The fill amounts and locations for each stope are listed below:

Location	High Strength (10% cement)	Medium Strength (4% cement)	Low Strength (3% cement)	Total
Stope 25		711 tons	179 tons	891 tons
Stope 13		254 tons	589 tons	843 tons
Stope 33	4,459 tons	3,880 tons		8,339 tons
Stope 42		4,005 tons		4,005 tons
Total	4,459 tons	8,850 tons	769 tons	14,078 tons

Miscellaneous

An outside contractor repaired the Truck Scale side rails. As-built documentation manuals were completed for the compressed air system, fresh water and pumping system (including a plant water balance), and the plant electrical system.

♦ Hecla Mining Company Rosebud Mine July Monthly Report

PERFORMANCE

There were no capitalized or expensed discretionary costs during July. Capitalized costs year-to-date total \$99,818, \$370,182 less than budget. Expensed discretionary costs year-to-date total \$20,146, \$74,854 less than budget.

The mine produced 23,534 ore tons during July, 2,094 less than budget. The gold grade mined was 0.379 opt, 0.003 higher than budget. The silver grade was 1.29 opt, which was .40 less than budget. Year to date mine production is 166,287 ore tons, 3,877 less than budget, at a gold grade of 0.467 opt, 0.114 opt better than budget, and a silver grade of 1.48 opt, 0.45 opt less than budget. Approximately 4,700 tons of material at gold grades between 0.08 opt and 0.12 opt have been segregated for a heap leach test during the year.

During July the mill recovered 10,292 gold ounces and 18,247 silver ounces, 1,114 more gold ounces and 4,847 less silver ounces than budget. Recoveries during the month were 96.3% for gold and 67.6% for silver, which is 0.3% better and 12.5% better than budget, respectively.

Year-to-date, the mill has recovered 76,848 gold ounces and 181,084 silver ounces, 20,108 more gold ounces and 7,283 less silver ounces than budget. Year-to-date recoveries are 95.2% for gold and 60.2% for silver which are 0.8% worse and 5.2% better than budget, respectively.

Production costs for July totaled \$2,132,287 (\$90.61 per ore ton), \$365,534 more than budget (\$21.68 per ore ton more than budget). Year-to-date production costs total \$12,523,876 (\$75.31 per ore ton), \$406,624 less than budget (\$0.69 per ore ton better than budget).

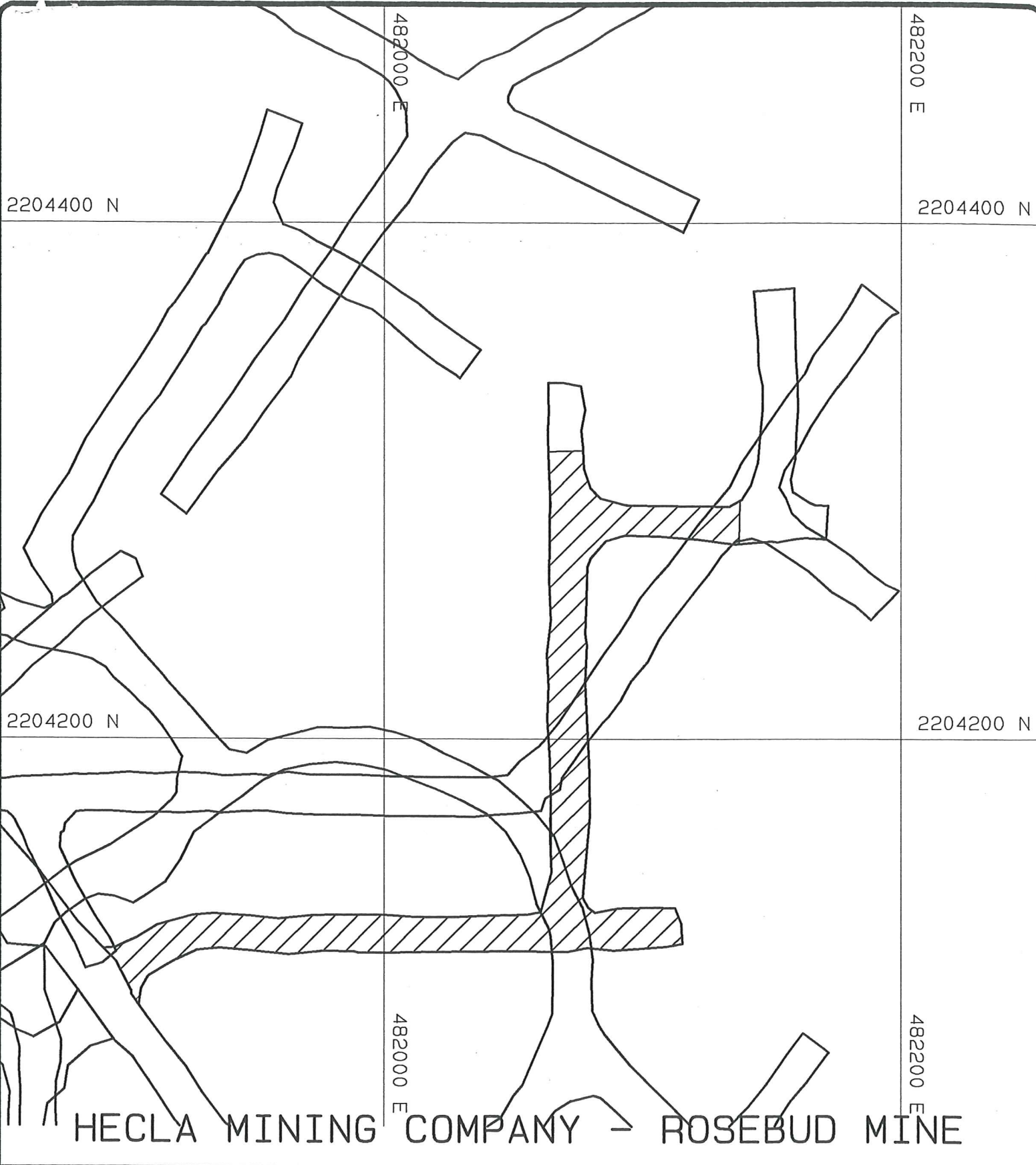
Exploration costs for July totaled \$232,189, which is \$105,989 more than budget. Year-to-date exploration costs total \$989,440, which is \$177,240 more than budget.

The per gold ounce produced costs achieved during July were:

• Cash operating cost per gold ounce	\$ 199.68	\$ 13.51 more than budget
• Total cash cost per gold ounce	\$ 212.21	\$ 8.78 more than budget
• Total production cost per gold ounce	\$ 284.92	\$ 10.26 more than budget

The per gold ounce produced costs achieved year-to-date are:

• Cash operating cost per gold ounce	\$ 152.63	\$ 60.84 less than budget
• Total cash cost per gold ounce	\$ 169.45	\$ 60.05 less than budget
• Total production cost per gold ounce	\$ 241.14	\$ 59.86 less than budget



Development
July 1999

DATE:

03-Aug-99

DRAWN BY:

mjb

The Rosebud Mining Company, LLC (HMC, operator)
Statements of Operations - Variances to Budget (LLC Agreement Basis of Accounting)

	MONTH			QUARTER TO DATE			YEAR TO DATE		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
July 1999									
Gross production value (GPV)	\$ 2,731,084	\$ 2,880,417	\$ (149,333)	\$ 2,731,084	\$ 2,880,417	\$ (149,333)	\$ 22,179,385	\$ 18,058,020	\$ 4,121,365
Less: Euro Nevada royalty	(109,243)	(115,217)	5,974	(109,243)	(115,217)	5,974	(887,175)	(722,322)	(164,853)
Less: Shipping and refining	(16,877)	(12,909)	(3,968)	(16,877)	(12,909)	(3,968)	(114,364)	(98,044)	(16,320)
Net production value	2,604,964	2,752,291	(147,327)	2,604,964	2,752,291	(147,327)	21,177,846	17,237,654	3,940,192
Cost of production									
Mine production costs	529,462	538,188	8,726	529,462	538,188	8,726	4,021,471	3,573,444	(448,027)
Fixed mining costs	210,703	200,075	(10,628)	210,703	200,075	(10,628)	1,502,105	1,400,525	(101,580)
L.L.C. Development	87,228	-	(87,228)	87,228	-	(87,228)	328,550	683,550	355,000
Milling costs	375,164	445,876	70,712	375,164	445,876	70,712	2,706,275	3,120,049	413,774
Trucking and site processing	266,463	264,856	(1,607)	266,463	264,856	(1,607)	1,641,800	1,798,404	156,604
Site and general administration	319,692	331,425	11,733	319,692	331,425	11,733	1,643,035	1,769,275	126,240
Geology	41,318	40,100	(1,218)	41,318	40,100	(1,218)	322,532	280,700	(41,832)
Delineation drilling	(953)	10,000	10,953	(953)	10,000	10,953	60,876	110,000	49,124
Engineering	36,852	35,800	(1,052)	36,852	35,800	(1,052)	209,190	250,600	41,410
Change in ore stockpile and in-circuit inventory	266,358	(99,567)	(365,925)	266,358	(99,567)	(365,925)	88,042	(56,047)	(144,089)
Total cost of production	2,132,287	1,766,753	(365,534)	2,132,287	1,766,753	(365,534)	12,523,876	12,930,500	406,624
Other costs									
Property taxes	7,500	10,000	2,500	7,500	10,000	2,500	52,500	70,000	17,500
Net proceeds taxes	19,743	43,206	23,463	19,743	43,206	23,463	405,194	187,361	(217,833)
Reclamation expense	28,994	24,765	(4,229)	28,994	24,765	(4,229)	188,325	168,157	(20,168)
Interest (income)	(6,195)	(6,500)	(305)	(6,195)	(6,500)	(305)	(35,028)	(45,500)	(10,472)
(Gain) loss on the sale of fixed assets	-	(2,500)	(2,500)	-	(2,500)	(2,500)	-	-	-
Depreciation	719,396	629,023	(90,373)	719,396	629,023	(90,373)	5,321,194	3,888,729	(1,432,465)
Total other costs	769,438	697,994	(71,444)	769,438	697,994	(71,444)	5,932,185	4,268,747	(1,663,438)
Total operating costs	2,901,725	2,464,747	(436,978)	2,901,725	2,464,747	(436,978)	18,456,061	17,199,247	(1,256,814)
Exploration expenditures	232,189	126,200	(105,989)	232,189	126,200	(105,989)	989,440	812,200	(177,240)
Discretionary expenditures	-	55,000	55,000	-	55,000	55,000	20,146	95,000	74,854
Total costs	3,133,914	2,645,947	(487,967)	3,133,914	2,645,947	(487,967)	19,465,647	18,106,447	(1,359,200)
Net income (loss) to Exhibit B	\$ (528,950)	\$ 106,344	\$ (635,294)	\$ (528,950)	\$ 106,344	\$ (635,294)	\$ 1,712,199	\$ (868,793)	\$ 2,580,992
Cash operating cost per gold ounce	\$199.68	\$186.17	(\$13.51)	\$199.68	\$186.17	(\$13.51)	\$152.63	\$213.47	\$60.84
Total cash costs per gold ounce	\$212.21	\$203.43	(\$8.78)	\$212.21	\$203.43	(\$8.78)	\$169.45	\$229.50	\$60.05
Total production costs per gold ounce	\$284.92	\$274.66	(\$10.26)	\$284.92	\$274.66	(\$10.26)	\$241.14	\$301.00	\$59.86
Summary of Production									
Tons of ore mined:	23,534	25,628	(2,094)	23,534	25,628	(2,094)	166,287	170,164	(3,877)
Gold - ounces per ton	0.379	0.376	0.003	0.379	0.376	0.003	0.467	0.353	0.114
Silver - ounces per ton	1.29	1.69	(0.40)	1.29	1.69	(0.40)	1.48	1.93	(0.45)
Tons of ore milled:	25,853	25,101	752	25,853	25,101	752	167,275	170,439	(3,164)
Gold - ounces per ton	0.339	0.381	(0.042)	0.339	0.381	(0.042)	0.481	0.347	0.134
Silver - ounces per ton	0.93	1.67	(0.74)	0.94	1.67	(0.73)	1.78	2.01	(0.23)
Mill recovery rate - gold	96.3%	96.0%	0.3%	96.3%	96.0%	0.3%	95.2%	96.0%	-0.8%
Mill recovery rate - silver	67.6%	55.1%	12.5%	68.1%	55.1%	13.0%	60.2%	55.0%	5.2%
Products produced:									
Gold - ounces	10,292	9,178	1,114	10,292	9,178	1,114	76,848	56,740	20,108
Silver - ounces	18,247	23,094	(4,847)	18,247	23,094	(4,847)	181,084	188,367	(7,283)
Employees at end of period:									
Hourly	72	75	3	72	75	3	72	75	3
Salary	25	27	2	25	27	2	25	27	2
Capitalized expenditures	\$ -	\$ 20,000	\$ 20,000	\$ -	\$ 20,000	\$ 20,000	\$ 99,818	\$ 470,000	\$ 370,182

The Rosebud Mining Company, LLC (HMC, operator)
Statements of Operations - Variances to Budget (LLC Agreement Basis of Accounting)

	MONTH			QUARTER TO DATE			YEAR TO DATE		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
July 1999									
Gross production value (GPV)	\$ 116.05	\$ 112.39	\$ 3.66	\$ 116.05	\$ 112.39	\$ 3.66	\$ 133.38	\$ 106.12	\$ 27.26
Less: Euro Nevada royalty	(4.64)	(4.50)	(0.14)	(4.64)	(4.50)	(0.14)	(5.34)	(4.24)	(1.10)
Less: Shipping and refining	(0.72)	(0.50)	(0.22)	(0.72)	(0.50)	(0.22)	(0.69)	(0.58)	(0.11)
Net production value	110.69	107.39	3.30	110.69	107.39	3.30	127.35	101.30	26.05
Cost of production									
Mine production costs	22.50	21.00	(1.50)	22.50	21.00	(1.50)	24.18	21.00	(3.18)
Fixed mining costs	8.95	7.81	(1.14)	8.95	7.81	(1.14)	9.03	8.23	(0.80)
L.L.C. Development	3.71	-	(3.71)	3.71	-	(3.71)	1.98	4.02	2.04
Milling costs	15.94	17.40	1.46	15.94	17.40	1.46	16.27	18.34	2.07
Trucking and site processing	11.32	10.33	(0.99)	11.32	10.33	(0.99)	9.87	10.57	0.70
Site and general administration	13.58	12.93	(0.65)	13.58	12.93	(0.65)	9.88	10.40	0.52
Geology	1.76	1.56	(0.20)	1.76	1.56	(0.20)	1.94	1.65	(0.29)
Delineation drilling	(0.04)	0.39	0.43	(0.04)	0.39	0.43	0.37	0.65	0.28
Engineering	1.57	1.40	(0.17)	1.57	1.40	(0.17)	1.26	1.47	0.21
Change in ore stockpile and in-circuit inventory	11.32	(3.89)	(15.21)	11.32	(3.89)	(15.21)	0.53	(0.33)	(0.86)
Total cost of production	90.61	68.93	(21.68)	90.61	68.93	(21.68)	75.31	76.00	0.69
Other costs									
Property taxes	0.32	0.39	0.07	0.32	0.39	0.07	0.32	0.41	0.09
Net proceeds taxes	0.84	1.69	0.85	0.84	1.69	0.85	2.44	1.10	(1.34)
Reclamation expense	1.23	0.97	(0.26)	1.23	0.97	(0.26)	1.13	0.99	(0.14)
Interest (income)	(0.26)	(0.25)	0.01	(0.26)	(0.25)	0.01	(0.21)	(0.27)	(0.06)
(Gain) loss on the sale of fixed assets	-	(0.10)	(0.10)	-	(0.10)	(0.10)	-	-	-
Depreciation	30.57	24.54	(6.03)	30.57	24.54	(6.03)	32.00	22.85	(9.15)
Total other costs	32.70	27.24	(5.46)	32.70	27.24	(5.46)	35.68	25.08	(10.60)
Total operating costs	123.31	96.17	(27.14)	123.31	96.17	(27.14)	110.99	101.08	(9.91)
Exploration expenditures	9.87	4.92	(4.95)	9.87	4.92	(4.95)	5.95	4.77	(1.18)
Discretionary expenditures	-	2.15	2.15	-	2.15	2.15	0.12	0.56	0.44
Total costs	133.18	103.24	(29.94)	133.18	103.24	(29.94)	117.06	106.41	(10.65)
Net income (loss) to Exhibit B	\$ (22.49)	\$ 4.15	\$ (26.64)	\$ (22.49)	\$ 4.15	\$ (26.64)	\$ 10.29	\$ (5.11)	\$ 15.40
Cash operating cost per gold ounce	\$199.68	\$186.17	(\$13.51)	\$199.68	\$186.17	(\$13.51)	\$152.63	\$213.47	\$60.84
Total cash costs per gold ounce	\$212.21	\$203.43	(\$8.78)	\$212.21	\$203.43	(\$8.78)	\$169.45	\$229.50	\$60.05
Total production costs per gold ounce	\$284.92	\$274.66	(\$10.26)	\$284.92	\$274.66	(\$10.26)	\$241.14	\$301.00	\$59.86
Summary of Production									
Tons of ore mined:	23,534	25,628	(2,094)	23,534	25,628	(2,094)	166,287	170,164	(3,877)
Gold - ounces per ton	0.379	0.376	0.003	0.379	0.376	0.003	0.467	0.353	0.114
Silver - ounces per ton	1.29	1.69	(0.40)	1.29	1.69	(0.40)	1.48	1.93	(0.45)
Tons of ore milled:	25,853	25,101	752	25,853	25,101	752	167,275	170,439	(3,164)
Gold - ounces per ton	0.339	0.381	(0.042)	0.339	0.381	(0.042)	0.481	0.347	0.134
Silver - ounces per ton	0.93	1.67	(0.74)	0.94	1.67	(0.73)	1.78	2.01	(0.23)
Mill recovery rate - gold	96.3%	96.0%	0.3%	96.3%	96.0%	0.3%	95.2%	96.0%	-0.8%
Mill recovery rate - silver	67.6%	55.1%	12.5%	68.1%	55.1%	13.0%	60.2%	55.0%	5.2%
Products produced:									
Gold - ounces	10,292	9,178	1,114	10,292	9,178	1,114	76,848	56,740	20,108
Silver - ounces	18,247	23,094	(4,847)	18,247	23,094	(4,847)	181,084	188,367	(7,283)
Employees at end of period:									
Hourly	72	75	3	72	75	3	72	75	3
Salary	25	27	2	25	27	2	25	27	2
Capitalized expenditures	\$ -	\$ 20,000	\$ 20,000	\$ -	\$ 20,000	\$ 20,000	\$ 99,818	\$ 470,000	\$ 370,182

The Rosebud Mining Company, LLC
Hecla Mining Company, Operator
Discretionary Cost Statement
(LLC Agreement Basis of Accounting)

July 1999	MONTH			YEAR TO DATE			INCEPTION TO DATE		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Capitalized Discretionary									
Total Capital Spending through 1998	-	-	-	-	-	-	18,977,867	25,615,591	6,637,724
Vehicles:									
Light pickup trucks (0402) 92-2210-672	-	20,000	20,000	-	60,000	60,000	-	60,000	60,000
Equipment:									
Water Well #4 (0402) 92-2210-605	-	-	-	-	60,000	60,000	-	60,000	60,000
U/G equipment (0402) 92-2210-xxx	-	-	-	-	-	-	-	-	-
Development:									
U/G development (0401) 92-2110-xxx and (0402) 92	-	-	-	99,818	350,000	250,182	99,818	350,000	250,182
Total Capitalized Discretionary	\$ -	\$ 20,000	\$ 20,000	\$ 99,818	\$ 470,000	\$ 370,182	\$ 19,077,685	\$ 26,085,591	\$ 7,007,906
Expensed Discretionary									
Total Discretionary Spending through 1998	-	-	-	-	-	-	405,140	407,506	2,366
Bioremediation Site (9126) 99-0001-xxx	-	25,000	25,000	-	35,000	35,000	-	35,000	35,000
Underground equipment rebuilds (9126) 99-0002-xxx	-	30,000	30,000	20,146	60,000	39,854	20,146	60,000	39,854
	-	-	-	-	-	-	-	-	-
Total Expensed Discretionary	\$ -	\$ 55,000	\$ 55,000	\$ 20,146	\$ 95,000	\$ 74,854	\$ 425,286	\$ 502,506	\$ 77,220

**Newmont Gold Company
Rosebud Mining Company LLC**

To: Mike Dexter
cc: Kurt Allen
Ron Clayton

Date: August 9, 1999

Fr: R. B. Vance

Subj: Rosebud Exploration Monthly Report: **July, 1999**

Geology

A 2400-scale folio was established for the **Wildrose** prospect, where geologic mapping and rock-chip sampling commenced. Widespread clay, silica, and alunite occur in rhyolite flows and felsic porphyry that are cut by northwest-dipping normal faults. Wildrose, the northernmost prospect on the Rosebud claim block, is just one mile south of Hycroft's Brimstone deposit.

Geophysics

Modeled sections and plans of IP/resistivity at Gator and North Equinox were reviewed after drilling was completed. The reviews improve our understanding of the causes of chargeability and resistivity anomalies, and guide future exploration targeting.

Drilling and Assays

Two **White Alps** core tails were completed. Both holes intersected the targeted Bud/LBT contact, which is faulted in both holes, but the alteration and sulfides are weaker than seen previously. The better of the two, RS-460c, showed planar-laminated LBT with minor marcasite and clay in the hanging wall of the White Alps fault, but assays were negative.

Assays for all nine RC drill holes at **Gator** were received. The drilling outlines a large altered zone in the hanging wall of a west-dipping low-angle normal fault (Figures 1 & 2). Sooty sulfide and silica-clay microbreccia in the fault contain 0.003-0.015 oz/st gold across thicknesses of 200 to 400 feet. The most continuous intercept, in RS-462, is 35 feet of 0.018 oz/st gold, and the highest individual interval, in RS-465, is 0.051 oz/st gold. The highest surface rock samples (0.03-0.078 oz/st Au) occur just south of RS-462, along the edge of an eligible archeological site. Trace elements (As-Sb-Se-Hg) are

strongly anomalous in the fault zone. The low-angle fault projects into cover, and onto the archeological site, to the south towards North Equinox. Because the gold appears to be dispersed in the fault zone in the northern holes, follow-up will focus on places where the structure tightens up, i.e., toward the south and down dip to the west.

Three vertical offset RC holes drilled at **Chance** intersected strongly silicified and sulfidic rhyolite and rhyolite breccia. The holes were drilled around two older holes (RL-113, RL-153) that intersected hundreds of feet of 0.02-0.03 oz/st Au, including 5 foot intervals with 0.14 to 0.2 oz/st gold along a silicified fault. The offset holes (RS-470, -471, and -472) returned gold values in the 50-500 ppb range, with a high of only 1164 ppb (0.034 oz/st), much lower than the older holes. It is possible that the interpreted structure may be high angle, less than 80-100 feet wide, and falls between the vertical holes. Check assays are underway, and interpretation of the trace-element geochemistry continues.

RS-474 was drilled in the hanging wall of the silicified 212 fault at **North Equinox**. The vertical hole was collared to intersect the projection of the low-angle ZZ fault with the 212 fault, in the vicinity of favorable Wildrose (LBT) rhyolite. The top 700 feet of the hole grades in and out of strong silica-pyrite alteration within RQL-like porphyry. Unfortunately the hole began to cave, encountered abundant water (100-150 gpm), and deviated southeast away from the 212 fault, so it was terminated at 1345 feet. Preliminary assays show 20 feet of 0.027 oz/st gold at 400 feet, 5 feet of 0.017 oz/st gold at 430 feet, and 10 ft of 0.010 at 660 feet.

Near-Mine Exploration

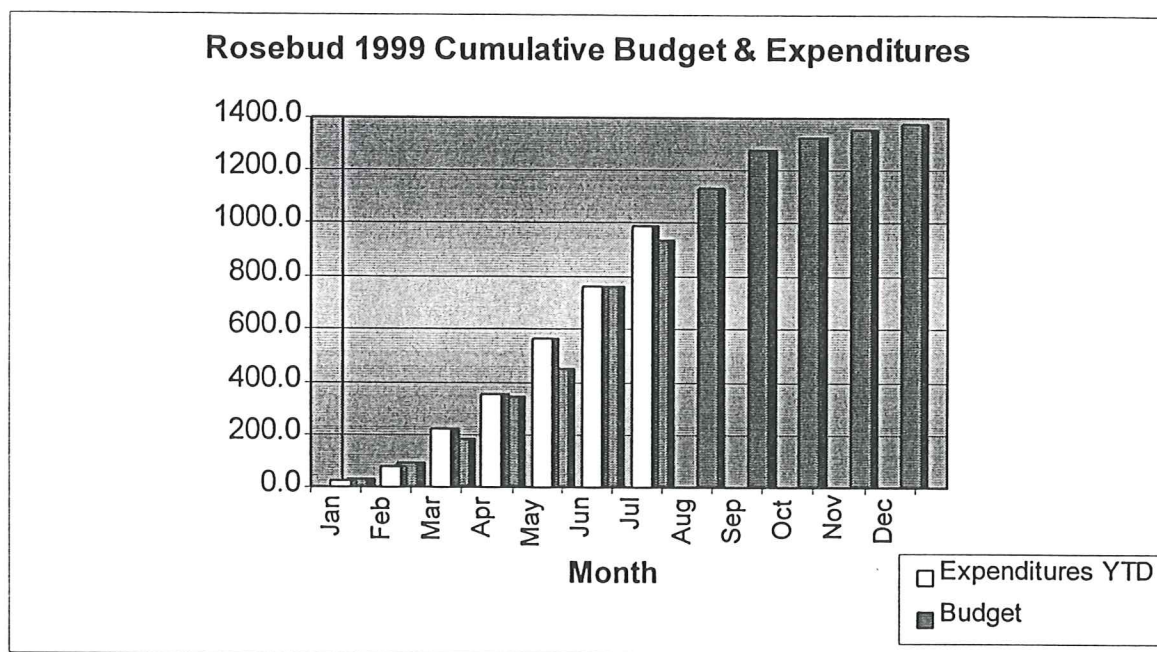
Three underground exploration holes totaling 1470 feet were drilled during July. RS-D359-99 was collared in the North Zone muck bay and targeted the intercept in RS-D345, northwest of the North Zone. The hole was oriented to test for hanging wall mineralization above the fault (South and North Zone models), but visually is not encouraging. RS-D363-99, aimed at the same target along strike, bottomed in Bud marker porphyry without crossing the fault. Assays are pending.

The relogging campaign by Kurt Allen and Charlie Muerhoff developed drill targets to test the down-dip extension of the South Ridge fault beneath the high grade "chimney" of the South Zone. Of eight holes proposed, four are underground core holes and four are angled RC precollar/core tail combination holes. All eight target the corridor northwest of the Rosebud deposits. The surface targets are located in an area between previous holes 1800 feet apart (RS-407, RS-421), down the plunge of the South Ridge-Cave fault intersection, and parallel to the mullions on the South Ridge fault. The underground holes will test the South Ridge fault and its hanging wall down-dip from the South Zone chimney.

Administrative

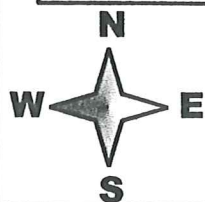
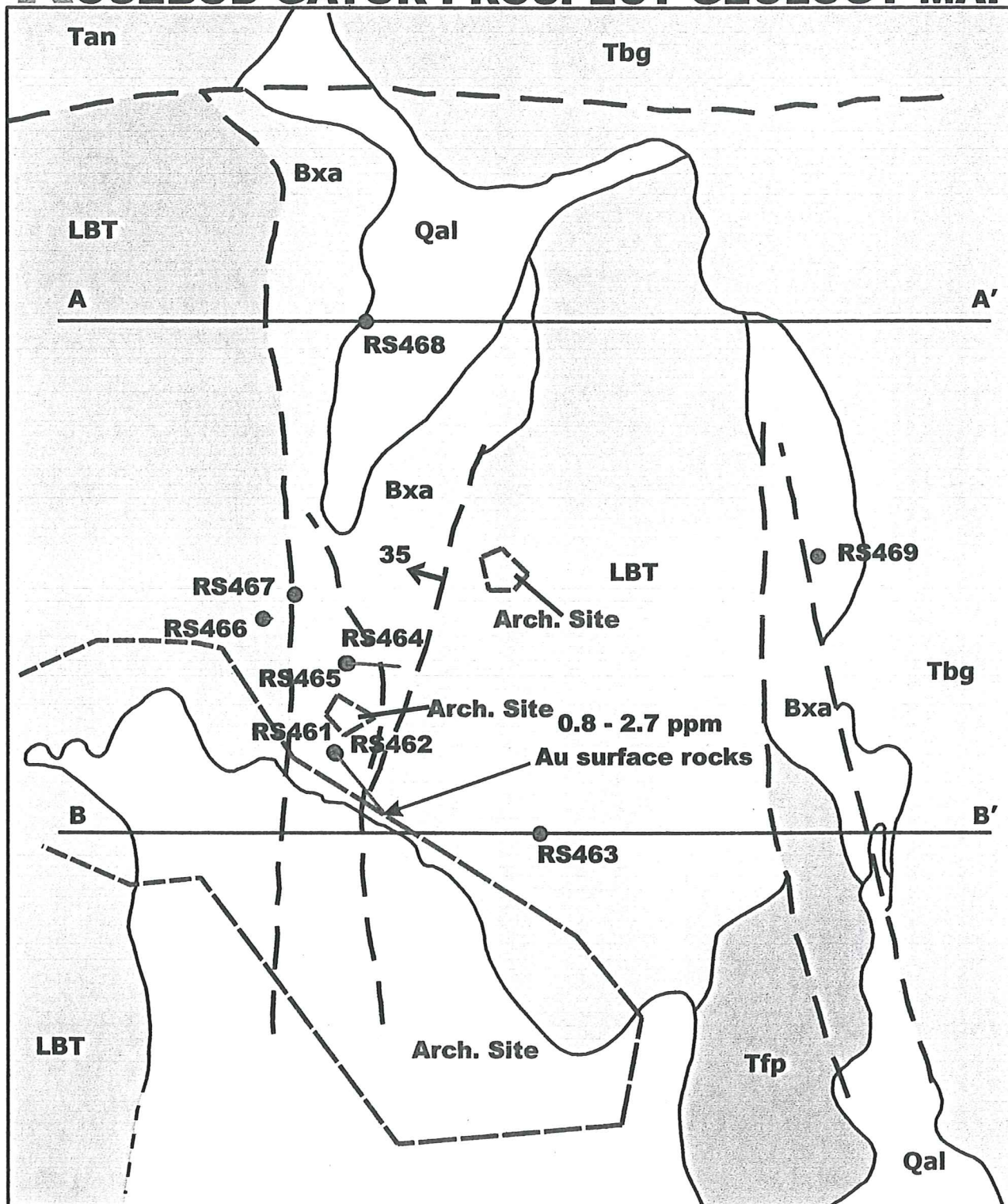
The July expenditure is \$232,189 (32.6% over budget), for a YTD expenditure of \$989,440 (6.1% over the revised budget). The monthly expenditure is shown in the table below. The remaining 1999 budget, as projected at this date, is not sufficient to drill the four highest-ranked drill holes (two surface holes and two underground holes).

Discussions are needed as soon as Kurt Allen returns to determine which of the proposed holes are the highest priority.



On August 4, lightning ignited a wildfire three miles northeast of the mine. By the time it burned out and was extinguished, sagebrush and grass were consumed at Gator, North Ridge, the eastern part of Wildrose, part of North Equinox and Dreamland, and most everything on the east side of the Kamma Mountains north of the mine road. The area consumed was about 4100 acres. Once the black soot is washed away by rain, outcrop visibility will be excellent.

ROSEBUD GATOR PROSPECT GEOLOGY MAP



Mine sequence (rhyolite)

Felsic porphyry (rhyolite)

Altered breccia

Alluvium

Badger formation

Andesite flows

0 400 800



200 FEET

ROSEBUD GATOR PROSPECT CROSS SECTIONS

