

DISTRICT	Rosebud
DIST_NO	4010
COUNTY If different from written on document	Pershing
TITLE If not obvious	Rosebud - Boart Longyear 1998 File
AUTHOR	Allen K, Galbavy, J; Barnwell, S
DATE OF DOC(S)	1998
MULTI_DIST Y / N?	
Additional Dist_Nos:	
QUAD_NAME	Sulphur 7½'
P_M_C_NAME (mine, claim & company names)	Rosebud Mine; Rosebud Mining Co LLC Boart Longyear Co.
COMMODITY If not obvious	gold, silver
NOTES	Correspondence; Service agreements; invoices NOTES: Agreement has 4 copies - scan only 1(?) 89 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)

Revised: 1/22/08

SS:	DD	2/29/08
	Initials	Date
DB:		
	Initials	Date
SCANNED:		
	Initials	Date

BOART LONGYEAR 1998

6000 1781

4010

THE ROSEBUD MINING COMPANY, L.L.C.
Hecla Mining Company, Manager of Mining
P.O. Box 2610
Winnemucca, Nevada 89446

VIA OVERNIGHT MAIL

March 3, 1998

Steve Barnwell, Manager
Boart Longyear
Core Drilling Division
32 Stokes Drive
Dayton, Nevada 89403

Re: Rosebud - Services Agreement

Dear Mr. Barnwell:

Enclosed please find duplicate originals of a Services Agreement with Rosebud Mining Company. Please sign where indicated on page 8 and return both originals to Kurt Allen for signature by Rosebud.

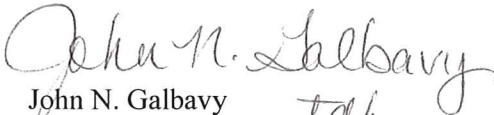
I would like to point out two specific sections of the Agreement. First, Section 4 states that you shall submit an invoice to Rosebud not more frequently than on a monthly basis along with a completed and signed Application for Payment and Conditional Waiver and Release form attached as Exhibit "B". Secondly, in Section 11 - F, you are to provide a Certificate of Insurance evidencing insurance coverage as stated in paragraphs A, B and C of Section 11. You should submit this certificate directly to Kurt Allen at Rosebud.

If you have any questions, please contact me at (208)769-4131.

Thank you.

Very truly yours,

HECLA MINING COMPANY


John N. Galbavy
Corporate Counsel tdh

JNG:tdh
Enclosures

c: Kurt Allen

SERVICES AGREEMENT

between

**BOART LONGYEAR COMPANY
Core Drilling Division**

("Contractor")

and

**ROSEBUD MINING COMPANY, L.L.C.
("Rosebud")**

DATED: March 5, 1998

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SERVICES AGREEMENT

GENERAL TERMS AND CONDITIONS

THIS AGREEMENT entered into and effective this 5th day of March, 1998, by and between Rosebud Mining Company, L.L.C., whose mailing address is P.O. Box 2610, Winnemucca, Nevada 89446 (hereinafter referred to as "Rosebud"), and Boart Longyear Company, whose mailing address is 32 Stokes Drive, P.O. Box 1000, Dayton, Nevada 89403, (hereinafter referred to as "Contractor").

WITNESSETH

WHEREAS, Rosebud desires to retain the services of Contractor to perform certain work at Rosebud's Unit Site (hereinafter referred to as the "Site").

NOW, THEREFORE, in consideration of the terms and conditions hereof, Rosebud and Contractor hereby agree as follows:

SECTION 1 - DEFINITIONS

All words and terms shall, for the purpose of this Agreement, have the following meanings:

a. "**Rosebud**" shall mean Rosebud Mining Company, L.L.C., its subsidiaries, affiliates, and other representatives.

b. "**Contractor**" shall mean Boart Longyear Company, its subsidiaries, affiliates, subcontractors, and other representatives.

c. "**Work**" shall mean the work and services to be provided by Contractor, at its sole cost and expense, to furnish all labor, equipment, supervision, and such materials needed, or as may be requested by Rosebud, to drill at the Site ("Work"). The Work shall include mobilization to the portal and demobilization from the portal. The Work shall conform to and be completed in accordance with the Scope of Work and Work Specifications attached hereto as Exhibit "A"; incorporated herein by this reference.

SECTION 2 - TERM

The term of the contract shall commence on the date hereinabove specified and shall continue thereafter until June 1, 1998, or until otherwise terminated by either of the parties.

SECTION 3 - TIME AND COMPLETION OF WORK

The Contractor agrees that the Work shall be commenced and carried on at such points, and order of precedence, and at such times and seasons as may be directed by Rosebud. The Contractor declares that it is or shall be familiar with local conditions and with all the circumstances, which may or are likely to affect the performance and completion of the Work hereunder.

SECTION 4 - COMPENSATION

For satisfactory performance of services provided hereunder, Rosebud shall pay the Contractor on a time and materials basis according to the rates in Exhibit "A", not to exceed Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) without prior written authorization from Rosebud. Contractor shall submit an invoice to Rosebud not more frequently than on a monthly basis along with a completed and signed Application for Payment and Conditional Waiver and Release form as set forth in Exhibit "B". If the Work has been performed in accordance with this Agreement, Rosebud shall remit payment to Contractor along with a copy of the Application for Payment form signed by Rosebud. The equipment rates in Exhibit "A" include all costs associated with the equipment and labor costs to be billed to Rosebud. Equipment, labor, or any other item or material not specifically included in the rate schedule in Exhibit "A" shall be pre-approved by Rosebud, in writing, prior to use on the site.

SECTION 5 - PERFORMANCE OF WORK AND SAFETY

Contractor shall perform the Work in an orderly and workmanlike manner and in compliance with applicable statutes, rules, ordinances and regulations. Without limiting the foregoing, Contractor shall comply with all safety standards and accident prevention regulations promulgated by federal, state or local authority and shall comply specifically with all applicable rules, regulations and any record-keeping responsibilities that may be required by the United States Department of Labor, Mine Safety & Health Act, Occupational Safety & Health Act and any amendments or revisions thereto.

SECTION 6 - FORCE MAJEURE

Neither of the parties hereto shall be liable to the other party for failure to comply with any of the terms and conditions of the Agreement where such failure is caused by act of God, court order, strike or labor difficulty, fire, flood, windstorm, breakdown or other damage to the Work, or by any other cause beyond the reasonable control of the party at fault which materially affects the obligated party's ability to perform, provided that prompt notice of such delay is given by such party to the other party and the affected party shall be diligent in attempting to remove such cause or causes.

SECTION 7 - SATISFACTION OF LIENS

Before final payment is made to Contractor pursuant to this Agreement, Rosebud may require Contractor to furnish Rosebud with satisfactory proof that there are no outstanding debts or liens in connection with the Work. If during the progress of the Work, Contractor shall allow any indebtedness to accrue to subcontractors or others, and shall fail to pay or discharge same within five (5) days after demand, then Rosebud may withhold any money due Contractor until such indebtedness is paid or apply same toward the discharge thereof.

SECTION 8 - CLEAN UP

Upon completion of the Work under the Agreement, Contractor shall remove all equipment, shall satisfactorily dispose of all rubbish resulting from the Work and shall do all Work necessary to establish conditions in the territory embraced within the site of its operation to good order and acceptable environmental condition.

SECTION 9 - INDEMNIFICATION

Contractor agrees to protect, defend, indemnify and hold harmless Rosebud, its officers, directors and employees against and from any and all liability, suits, loss, damage, claims, actions, costs and expenses of any nature (including without limitation liabilities arising under applicable environmental laws, court costs and reasonable attorneys' fees), arising from injury to or death to Contractor's employees, subcontractors, agents and guests; and for any and all destruction, loss, damage, or contamination to property by whomsoever owned, arising directly or indirectly from Contractor's performance of Work under this Agreement. Contractor shall defend Rosebud against any claim or litigation in connection with any injury, death or damage covered by Contractor's indemnity hereunder at

Contractor's expense with counsel reasonably acceptable to Rosebud. Rosebud shall have the right to participate in the defense of any claims or litigation with respect to claims of indemnity hereunder and shall have the right to approve any settlement related thereto, which approval shall not be unreasonably withheld.

SECTION 10 - INDEPENDENT CONTRACTOR

Contractor agrees to perform the Work contemplated under this Agreement as an independent Contractor, and not as a subcontractor, agent or employee of Rosebud.

SECTION 11 - INSURANCE

Contractor shall procure and maintain, during the term of this Agreement, the following types of insurance with at least the minimum limits specified:

- A. Worker's Compensation and Employer's Liability Coverage with statutory limits in accordance with the law of the State of Nevada.
- B. Automobile Bodily Injury and Property Damage Liability Insurance covering all owned, non-owned or hired automobiles used in connection with the Work, with limits of not less than \$1,000,000 each occurrence combined single limit for Bodily Injury Liability and Property Damage Liability.
- C. Comprehensive General Liability Insurance, with limits not less than \$1,000,000 each occurrence combined single limit for Bodily Injury Liability and Property Damage Liability.
- D. Any of Contractor's subcontractors of any tier shall be required by Contractor under the terms of any subcontract to obtain like insurance coverage to that specified in this Section above and prior commencing Work, to submit a certificate evidencing such insurance as provided in this Section.
- E. Stated minimums shall not be interpreted as limiting Contractor's insurance coverage. Such policies shall act as primary to any insurance of Rosebud. Insurance coverage described in paragraphs A, B, and C above shall be carried with insurance companies satisfactory to Rosebud. Contractor shall provide Rosebud a Certificate of Insurance evidencing such insurance coverage, showing that Rosebud has been

named as an additional insured and that the insurance carrier has assumed the liability of Contractor by way of contractual liability coverage prior to commencing any Work under this Agreement. These Certificates will contain a provision that coverage's afforded shall not be canceled or changed until at least thirty (30) days' written notice has been given to Rosebud. If any of the above insurance is written on a "claims made" basis, the retroactive date of such policies must date prior to the effective date of this Agreement.

SECTION 12 - NONASSIGNMENT

Contractor shall not assign any Agreement nor subcontract any of the Work to be performed by it without the express written consent of Rosebud, and any such assign, or subcontracting, whether expressly authorized by this Agreement or done with such consent, shall not relieve Contractor of its responsibility for the performance of the Work hereunder in accordance with the terms hereof, nor from its responsibility for the performance of any other of its obligations hereunder. If subcontractors are authorized by Rosebud, Contractor shall assume full responsibility for such subcontractor or sub-subcontractor. Nothing contained in this Agreement shall create any contractual relationship between Rosebud or Rosebud's representatives and any subcontractor or sub-subcontractor.

SECTION 13 - NONWAIVER

The failure of Rosebud to insist upon or enforce, in any instance, strict performance by Contractor of any of the terms of this Agreement or to exercise any rights herein conferred shall not be construed as a waiver of relinquishment to any extent of its rights to assert or rely upon such terms or rights on any future occasion.

SECTION 14 - NONDISCLOSURE

Contractor agrees it will not divulge to third parties, without the written consent of Rosebud, any information obtained from or through Rosebud in connection with the performance of Work pursuant to this Agreement. Contractor further agrees that it will not, without prior written consent of Rosebud, disclose to any third party any information developed or obtained by Contractor in the performance of any Work.

SECTION 21 - AMENDMENT

This Agreement may not be amended except in writing properly executed by the parties hereto. Except as specifically modified or amended, this Agreement shall remain in full force and effect.

SECTION 22 - SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision. Any invalid or unenforceable provision shall be deemed severed from this Agreement to the extent of its invalidity or unenforceability, and this Agreement shall be construed and enforced as if the Agreement did not contain that particular provision to the extent of its invalidity or unenforceability.

SECTION 23 - INTEGRATION

There are no understandings between the parties hereto as to the subject matter of this Agreement other than as herein set forth and in the documents specifically incorporated herein. All previous communications concerning the subject matter of this Agreement are hereby superseded and this Agreement shall constitute the entire and integrated agreement between the parties.

SECTION 24 - SURVIVABILITY

All warranties, guarantees, covenants and indemnities by Contractor shall survive the termination of this Agreement.

SECTION 25 - ATTORNEY'S FEES

The prevailing party in any dispute arising under this Agreement shall be entitled to an award of reasonable attorneys' fees and costs.

EXHIBIT B

CONTRACTOR'S APPLICATION FOR PAYMENT AND CONDITIONAL WAIVER AND RELEASE

KNOW ALL MEN BY THESE PRESENTS, THAT

WHEREAS Boart Longyear Company ("Contractor"), having its principal offices at 32 Stokes Drive, P.O. Box 1000, Dayton, Nevada 89403, and Rosebud Mining Company, L.L.C. ("Rosebud"), with its principal offices at P.O. Box 2610, Winnemucca, Nevada 89446, have heretofore entered into a certain Agreement (the "Agreement") dated March 5, 1998, relating to the furnishing of materials, labor and/or equipment for construction or services of (description of Contractor's work): _____

_____ at the Rosebud Mine Site in connection with a certain contract performed by Contractor for Rosebud's Unit ("the Project") located near Winnemucca, Nevada.

NOW, THEREFORE, in consideration and upon payment of the sum of _____ Dollars (\$ _____), which sum shall represent payment for work completed as of _____ due to Contractor under and pursuant to the above-referenced Agreement, Contractor does hereby:

1. Certify to Rosebud that all persons, firms, associations, corporations, subcontractors, or other entities furnishing labor, materials, equipment, supplies or services to Contractor or Rosebud with respect to the agreement have been paid in full, including any and all applicable Federal, State, and Local sales, use, excise, or similar taxes or import duties, licenses and royalties except the following (none unless noted): _____

(attach additional page, if necessary, and so note); and

2. Remise, release, waive, relinquish and forever quitclaim unto Rosebud, its affiliates, successors and assigns, any and all manner of liens, claims or demands whatsoever which against Rosebud, Contractor ever had, now has, or which it or its successors or assigns hereafter can, shall or may have upon any portion of the lands of Owner or the buildings thereon standing, for labor, material, equipment or services furnished under the Contract, and

3. Further remise, release and forever discharge Rosebud, its affiliates, successors and assigns of and from any and all manner of liens, claims, demands, and causes of action whatsoever against Rosebud which Contractor or its subcontractors ever had, now has, or which it or its successors or assigns hereafter can, shall or may have for upon or by reason of any matter, cause or thing whatsoever arising under or out of the Agreement, and

4. Agree to indemnify and hold harmless Rosebud, its affiliates, successors or assigns, against all loss, cost, damage or expense (including but not limited to attorneys' fees) by reason of any and all manner of liens, claims or demands which anyone may have for labor performed, for material, equipment or services furnished, or by reason of any matter, cause or thing whatsoever arising under or out of the Agreement.

IN WITNESS WHEREOF, Contractor has duly caused these presents to be signed and attested by its duly authorized owner, partner or officer (and, if a corporation, its corporate seal to be hereunto affixed) on the ___ day of _____, 199__.

BOART LONGYEAR COMPANY

ROSEBUD MINING COMPANY, L.L.C.
Hecla Mining Company, Manager of Mining

By: _____
Title: _____

By: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have signed and accepted the terms and conditions of this Agreement.

BOART LONGYEAR COMPANY

ROSEBUD MINING COMPANY,
L.L.C.
Hecla Mining Company, Manager
of Mining

By: SD Barnwell
STEVE D. BARNWELL
(print name)

By: Mike Dexter for Ron Clayton
Mike Dexter for Ron Clayton
(print name)

Title: Manager

Title: General Manager

ATTEST:

ATTEST:

By: Jean Cummings
Title: Executive Secretary

By: Jeff A. Allen
Title: Chief Geologist

Exhibits attached hereto:

Exhibit "A" - Scope of Work
Exhibit "B"- Form of Application for Payment and Conditional Waiver and Release

EXHIBIT A

SCOPE OF WORK AND WORK SPECIFICATIONS

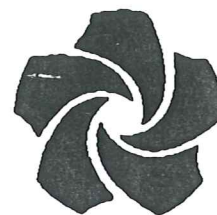
See Attached Proposal

702 2463208

FEB 25 '98 11:01AM BOARTLYR.NV WEST

Boart Longyear Company
Core Drilling Division
32 Stokes Drive • P.O. Box 1000
Dayton, Nevada 89403 USA
Telephone: 702-246-0296
Fax: 702-246-3208

P.1



BOART LONGYEAR CONTRACTING SERVICES GROUP

February 24, 1998

Rosebud Mining Company
P.O. Box 2810
Winnemucca, NV 89446

ATTENTION: Mr. Kurt D. Allen

SUBJECT: Core Drilling Program Located at Lovelock, NV.

Dear Mr. Allen,

Enclosed you will find our proposal covering your planned drilling at Lovelock, NV.

For this work, Rosebud Mining will supply the following services, at no charge to Boart Longyear Company.

- a) a source of water for haulage by our 2 wheel water truck
- b) preparation and maintenance of access roads
- c) construction of drill pads and mud sumps

Please note the following items for clarification of pricing and drilling requirements:

- 1) Mobilization/demobilization is per drill, equipment crews. Mob starts at end of improved road and demob starts at improved county road.
- 2) Boart Longyear will have a non-drilling supervisor on call 24 hours a day to assist the rig supervisor with all operations.
- 3) All Boart Longyear furnished in-hole muds, additives, etc. will be invoiced to client on a lump sum basis upon delivery to jobsite + 15% handling and freight.
- 4) Any Boart Longyear furnished in-hole reimbursable supplies left in returnable condition, will be credited back to client on the final invoice.

We appreciate the opportunity to offer you our services. If you have any questions, or if I can be of further assistance to you, please do not hesitate to contact me.

Sincerely,
BOART LONGYEAR COMPANY

SD Barnwell
Steve Barnwell, Manager
Nevada Western Zone
Core Drilling Division


**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000

Dayton, NV 89403

(702) 746-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

For: Proposal # 00549

89446

LOVELOCK, NV

Attention KURT D. ALLEN

Contract Number: 00000000 Customer P/O #
Contract Name: HECLA

***** ANTICIPATED REQUIREMENTS AND CONDITIONS *****

Estimated Starting Date: 03/05/98
Estimated End Date: 12/31/98
Number of Drills: 1
Drill Type: LS244
Number of Shifts: 3
Number in Crew: 2
Hours per Shift: 8.0
Non-Drilling Supervisor: On Call 24 Hrs
Number of Days Per Week: 7
Days on the Job: 10
Days off the Job: 4
Minimum Footage: 5,000
Estimated # of Holes: 24
Maximum Depth per Hole: 1,000

Degrees from Horizontal	Vertical	Angle	
Average Depth of Holes	90	45	Feet
	1,000		

Avg. Depth Overburden: Reentry
Required Hole Size(s): HQ, NQ
Required Core Size(s): 2.500 1.875
Rock Type to Drill: ROSEBUD
Roads & Drill Sites maintained by Client

***** FLAT RATE CHARGES *****

Mobilization - Core Rig:	\$	850.00
Demobilization - Core Rig:	\$	850.00

FEB 25 '98 11:02AM BOARTLYR NV WEST

P.3


**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

 Box 1000
 Dayton, NV 89403
 (702)-246-0297

 To: ROSEBUD MINING COMPANY
 P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

For: Proposal # 00549

89446

LOVELOCK, NV

Attention KURT D. ALLEN

***** FOOTAGE *****

All Footage Rates are per FOOT

Drilling Type	From	To	Bit Type	Hole	Rate
Diam. Core	0	1,500	HQ	Vertical	\$ 26.75
Diam. Core	1,500	2,000	HQ	Vertical	\$ 29.50
Diam. Core	2,000	2,500	HQ	Vertical	\$ 33.15
Diam. Core	0	1,500	NQ	Vertical	\$ 25.75
Diam. Core	1,500	2,000	NQ	Vertical	\$ 28.50
Diam. Core	2,000	2,500	NQ	Vertical	\$ 33.15
Diam. Core	0	1,500	HQ	Angle	\$ 26.75
Diam. Core	1,500	2,000	HQ	Angle	\$ 29.50
Diam. Core	2,000	2,500	HQ	Angle	\$ 33.15
Diam. Core	0	1,500	NQ	Angle	\$ 25.75
Diam. Core	1,500	2,000	NQ	Angle	\$ 28.50
Diam. Core	2,000	2,500	NQ	Angle	\$ 33.15



**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000
Dayton, NV 89403
(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

For: Proposal # 00549

89446
Attention KURT D. ALLEN

LOVELOCK, NV

***** HOURLY CHARGES (RATE PER HOUR FOR A 2 MAN CREW) *****

	Rate
Cementing / Prep Hole/Grout	\$ 95.00
Casing - Installing / Pulling	\$ 95.00
Condition Hole - Lost Circulation	\$ 95.00
Rig Up & Dn/move Between Holes/flat Rate	\$ 650.00
Reaming (plus Bits)	\$ 105.00
Hole Survey	\$ 83.00
Cement Setting Time	\$ 83.00
Hole Abandonment	\$ 95.00
Standby Or Delays	\$ 83.00
Re Entry Or Cleaning Holes (plus Bits)	\$ 95.00
Mix Mud	\$ 95.00
Fishing	\$ 95.00
Moving Between Holes	\$ 83.00
Trip For Grease	\$ 95.00

MATERIALS (if supplied) ARE BILLED TO CLIENT AT LONGYEAR'S COST
INCLUDING ALL APPLICABLE FREIGHT CHARGES.... PLUS 15.0 %

***** WATER CHARGES *****

Water if Purchased, will be Invoiced at Longyear's Cost Plus 15%

FEB 25 '98 11:02AM BOARTLYR NV WEST

P.5

**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000

Dayton, NV 89403

(702)-366-0297

**To: ROSEBUD MINING COMPANY
P.O. BOX 2610****WINNEMUCCA, NV****89446
Attention KURT D. ALLEN****Date: February 24, 1998****For: Proposal # 00549****LOVELOCK, NV********* CASING AND CASING SHOE CHARGES *******

All Casing / Shoes left in the Hole will be Charged as follows:
100 % of LY List Price if left in Hole at Client's Request
100 % of LY List Price if lost through Drilling Operations

******* MISCELLANEOUS CHARGES *******

Description Comments	Rate Per
WATER TRUCK DRIVER FULL TIME IF NECESSARY	\$ 30.00 HR
HWT CASING 10' LENGTHS	\$ 12.00 FT

MARSH & MCLENNAN, INC.

CERTIFICATE OF INSURANCE

CERTIFICATE NUMBER:

14121

PRODUCER

Marsh & McLennan, Incorporated
333 South 7th St., Suite 1600
Minneapolis, MN 55402-2400

Patricia M George

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS
NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN
THE POLICY. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE
COVERAGE AFFORDED BY THE POLICIES LISTED HEREIN.

COMPANIES AFFORDING COVERAGE

COMPANY LETTER A ZURICH INSURANCE CO USB

INSURED

BOART LONGYEAR COMPANY
AND ITS SUBSIDIARIES
2340 WEST 1700 SOUTH
SALT LAKE CITY, UT 84101

COMPANY LETTER B

COMPANY LETTER C

COMPANY LETTER D

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED HEREIN HAVE BEEN ISSUED TO THE INSURED NAMED HEREIN FOR THE POLICY PERIOD INDICATED.
NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THE CERTIFICATE MAY
BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES LISTED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS
OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY	GLO3950144-12	1/01/98	1/01/99	GENERAL AGGREGATE	\$ 3000000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS-COMP/OP AGG	\$ 1000000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR.				PERSONAL & ADV INJURY	\$ 1000000
	<input type="checkbox"/> OWNER'S CONTRACTOR'S PROT.				EACH OCCURRENCE	\$ 1000000
					FIRE DAMAGE (Any one fire)	\$ 100000
					MED. EXPENSE (Any one person)	\$ 5000
A	AUTOMOBILE LIABILITY	BAP3950129-12	1/01/98	1/01/99	COMBINED SINGLE LIMIT	\$ 1000000
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE	\$
	<input type="checkbox"/> HIRED AUTOS					
	<input type="checkbox"/> NON-OWNED AUTOS					
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
	<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY	
					EACH ACCIDENT	\$
					AGGREGATE	\$
	EXCESS LIABILITY				EACH OCCURRENCE	\$
	<input type="checkbox"/> UMBRELLA FORM				AGGREGATE	\$
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM					
A	WORKERS' COMPENSATION AND EMPLOYERS LIABILITY	WC3949946-12	1/01/98	1/01/99	STATUTORY LIMITS X	
					EACH ACCIDENT	\$ 1000000
					DISEASE - POLICY LIMIT	\$ 1000000
					DISEASE - EACH EMPLOYEE	\$ 1000000
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER

THE ROSEBUD MINING COMPANY
HECLA MINING COMPANY
P.O. BOX 2610
WINNEMUCCA, NV 89446

CANCELLATION

SHOULD ANY OF THE POLICIES LISTED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE
THEREOF, THE INSURER AFFORDING COVERAGE WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN
NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN, BUT FAILURE TO MAIL SUCH NOTICE
SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER AFFORDING
COVERAGE, ITS AGENTS OR REPRESENTATIVES, OR THE ISSUER OF THIS CERTIFICATE.

MARSH & MCLENNAN, INCORPORATED
BY:

P M George

MMI 1 (8/95)

VALID AS OF:

THE ROSEBUD MINING COMPANY, L.L.C.
Hecla Mining Company, Manager of Mining
P.O. Box 2610
Winnemucca, Nevada 89446

VIA OVERNIGHT MAIL

March 3, 1998

Steve Barnwell, Manager
Boart Longyear
Core Drilling Division
32 Stokes Drive
Dayton, Nevada 89403

Re: Rosebud - Services Agreement

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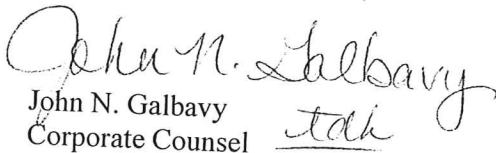
I would like to point out two specific sections of the Agreement. First, Section 4 states that you shall submit an invoice to Rosebud not more frequently than on a monthly basis along with a completed and signed Application for Payment and Conditional Waiver and Release form attached as Exhibit "B". Secondly, in Section 11 - F, you are to provide a Certificate of Insurance evidencing insurance coverage as stated in paragraphs A, B and C of Section 11. You should submit this certificate directly to Kurt Allen at Rosebud.

If you have any questions, please contact me at (208)769-4131.

Thank you.

Very truly yours,

HECLA MINING COMPANY


John N. Galbavy
Corporate Counsel *tdh*

JNG:tdh
Enclosures

✓ c: Kurt Allen

SERVICES AGREEMENT

between

**BOART LONGYEAR COMPANY
Core Drilling Division**

("Contractor")

and

**ROSEBUD MINING COMPANY, L.L.C.
("Rosebud")**

DATED: March 5, 1998

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SERVICES AGREEMENT

GENERAL TERMS AND CONDITIONS

THIS AGREEMENT entered into and effective this 5th day of March, 1998, by and between Rosebud Mining Company, L.L.C., whose mailing address is P.O. Box 2610, Winnemucca, Nevada 89446 (hereinafter referred to as "Rosebud"), and Boart Longyear Company, whose mailing address is 32 Stokes Drive, P.O. Box 1000, Dayton, Nevada 89403, (hereinafter referred to as "Contractor").

W I T N E S S E T H

WHEREAS, Rosebud desires to retain the services of Contractor to perform certain work at Rosebud's Unit Site (hereinafter referred to as the "Site").

NOW, THEREFORE, in consideration of the terms and conditions hereof, Rosebud and Contractor hereby agree as follows:

SECTION 1 - DEFINITIONS

All words and terms shall, for the purpose of this Agreement, have the following meanings:

- a. **"Rosebud"** shall mean Rosebud Mining Company, L.L.C., its subsidiaries, affiliates, and other representatives.
- b. **"Contractor"** shall mean Boart Longyear Company, its subsidiaries, affiliates, subcontractors, and other representatives.
- c. **"Work"** shall mean the work and services to be provided by Contractor, at its sole cost and expense, to furnish all labor, equipment, supervision, and such materials needed, or as may be requested by Rosebud, to drill at the Site ("Work"). The Work shall include mobilization to the portal and demobilization from the portal. The Work shall conform to and be completed in accordance with the Scope of Work and Work Specifications attached hereto as Exhibit "A"; incorporated herein by this reference.

SECTION 2 - TERM

The term of the contract shall commence on the date hereinabove specified and shall continue thereafter until June 1, 1998, or until otherwise terminated by either of the parties.

SECTION 3 - TIME AND COMPLETION OF WORK

The Contractor agrees that the Work shall be commenced and carried on at such points, and order of precedence, and at such times and seasons as may be directed by Rosebud. The Contractor declares that it is or shall be familiar with local conditions and with all the circumstances, which may or are likely to affect the performance and completion of the Work hereunder.

SECTION 4 - COMPENSATION

For satisfactory performance of services provided hereunder, Rosebud shall pay the Contractor on a time and materials basis according to the rates in Exhibit "A", not to exceed Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) without prior written authorization from Rosebud. Contractor shall submit an invoice to Rosebud not more frequently than on a monthly basis along with a completed and signed Application for Payment and Conditional Waiver and Release form as set forth in Exhibit "B". If the Work has been performed in accordance with this Agreement, Rosebud shall remit payment to Contractor along with a copy of the Application for Payment form signed by Rosebud. The equipment rates in Exhibit "A" include all costs associated with the equipment and labor costs to be billed to Rosebud. Equipment, labor, or any other item or material not specifically included in the rate schedule in Exhibit "A" shall be pre-approved by Rosebud, in writing, prior to use on the site.

SECTION 5 - PERFORMANCE OF WORK AND SAFETY

Contractor shall perform the Work in an orderly and workmanlike manner and in compliance with applicable statutes, rules, ordinances and regulations. Without limiting the foregoing, Contractor shall comply with all safety standards and accident prevention regulations promulgated by federal, state or local authority and shall comply specifically with all applicable rules, regulations and any record-keeping responsibilities that may be required by the United States Department of Labor, Mine Safety & Health Act, Occupational Safety & Health Act and any amendments or revisions thereto.

SECTION 6 - FORCE MAJEURE

Neither of the parties hereto shall be liable to the other party for failure to comply with any of the terms and conditions of the Agreement where such failure is caused by act of God, court order, strike or labor difficulty, fire, flood, windstorm, breakdown or other damage to the Work, or by any other cause beyond the reasonable control of the party at fault which materially affects the obligated party's ability to perform, provided that prompt notice of such delay is given by such party to the other party and the affected party shall be diligent in attempting to remove such cause or causes.

SECTION 7 - SATISFACTION OF LIENS

Before final payment is made to Contractor pursuant to this Agreement, Rosebud may require Contractor to furnish Rosebud with satisfactory proof that there are no outstanding debts or liens in connection with the Work. If during the progress of the Work, Contractor shall allow any indebtedness to accrue to subcontractors or others, and shall fail to pay or discharge same within five (5) days after demand, then Rosebud may withhold any money due Contractor until such indebtedness is paid or apply same toward the discharge thereof.

SECTION 8 - CLEAN UP

Upon completion of the Work under the Agreement, Contractor shall remove all equipment, shall satisfactorily dispose of all rubbish resulting from the Work and shall do all Work necessary to establish conditions in the territory embraced within the site of its operation to good order and acceptable environmental condition.

SECTION 9 - INDEMNIFICATION

Contractor agrees to protect, defend, indemnify and hold harmless Rosebud, its officers, directors and employees against and from any and all liability, suits, loss, damage, claims, actions, costs and expenses of any nature (including without limitation liabilities arising under applicable environmental laws, court costs and reasonable attorneys' fees), arising from injury to or death to Contractor's employees, subcontractors, agents and guests; and for any and all destruction, loss, damage, or contamination to property by whomsoever owned, arising directly or indirectly from Contractor's performance of Work under this Agreement. Contractor shall defend Rosebud against any claim or litigation in connection with any injury, death or damage covered by Contractor's indemnity hereunder at

Contractor's expense with counsel reasonably acceptable to Rosebud. Rosebud shall have the right to participate in the defense of any claims or litigation with respect to claims of indemnity hereunder and shall have the right to approve any settlement related thereto, which approval shall not be unreasonably withheld.

SECTION 10 - INDEPENDENT CONTRACTOR

Contractor agrees to perform the Work contemplated under this Agreement as an independent Contractor, and not as a subcontractor, agent or employee of Rosebud.

SECTION 11 - INSURANCE

Contractor shall procure and maintain, during the term of this Agreement, the following types of insurance with at least the minimum limits specified:

- A. Worker's Compensation and Employer's Liability Coverage with statutory limits in accordance with the law of the State of Nevada.
- B. Automobile Bodily Injury and Property Damage Liability Insurance covering all owned, non-owned or hired automobiles used in connection with the Work, with limits of not less than \$1,000,000 each occurrence combined single limit for Bodily Injury Liability and Property Damage Liability.
- C. Comprehensive General Liability Insurance, with limits not less than \$1,000,000 each occurrence combined single limit for Bodily Injury Liability and Property Damage Liability.
- D. Any of Contractor's subcontractors of any tier shall be required by Contractor under the terms of any subcontract to obtain like insurance coverage to that specified in this Section above and prior commencing Work, to submit a certificate evidencing such insurance as provided in this Section.
- E. Stated minimums shall not be interpreted as limiting Contractor's insurance coverage. Such policies shall act as primary to any insurance of Rosebud. Insurance coverage described in paragraphs A, B, and C above shall be carried with insurance companies satisfactory to Rosebud. Contractor shall provide Rosebud a Certificate of Insurance evidencing such insurance coverage, showing that Rosebud has been

named as an additional insured and that the insurance carrier has assumed the liability of Contractor by way of contractual liability coverage prior to commencing any Work under this Agreement. These Certificates will contain a provision that coverage's afforded shall not be canceled or changed until at least thirty (30) days' written notice has been given to Rosebud. If any of the above insurance is written on a "claims made" basis, the retroactive date of such policies must date prior to the effective date of this Agreement.

SECTION 12 - NONASSIGNMENT

Contractor shall not assign any Agreement nor subcontract any of the Work to be performed by it without the express written consent of Rosebud, and any such assign, or subcontracting, whether expressly authorized by this Agreement or done with such consent, shall not relieve Contractor of its responsibility for the performance of the Work hereunder in accordance with the terms hereof, nor from its responsibility for the performance of any other of its obligations hereunder. If subcontractors are authorized by Rosebud, Contractor shall assume full responsibility for such subcontractor or sub-subcontractor. Nothing contained in this Agreement shall create any contractual relationship between Rosebud or Rosebud's representatives and any subcontractor or sub-subcontractor.

SECTION 13 - NONWAIVER

The failure of Rosebud to insist upon or enforce, in any instance, strict performance by Contractor of any of the terms of this Agreement or to exercise any rights herein conferred shall not be construed as a waiver of relinquishment to any extent of its rights to assert or rely upon such terms or rights on any future occasion.

SECTION 14 - NONDISCLOSURE

Contractor agrees it will not divulge to third parties, without the written consent of Rosebud, any information obtained from or through Rosebud in connection with the performance of Work pursuant to this Agreement. Contractor further agrees that it will not, without prior written consent of Rosebud, disclose to any third party any information developed or obtained by Contractor in the performance of any Work.

SECTION 15 - WARRANTY

Contractor warrants that all Work performed in accordance with this Agreement, shall satisfy the standards of care, skill and diligence normally provided by professional contractors in the performance of such services in respect to Work similar to that contemplated hereunder.

SECTION 16 - TERMINATION

Rosebud may, at any time, terminate any work under this Agreement, prior to its completion, by giving Contractor written notice of such termination. Upon such termination, Rosebud shall pay to Contractor in full satisfaction and discharge of all undisputed amounts owing to Contractor for that portion of the Work satisfactorily performed by Contractor as of the effective date of such termination. Upon such termination, all data, plans, specifications, reports, estimates, summaries, completed Work and Work in progress and such other information and materials as may be accumulated by Contractor in performing any Work done under this Agreement shall become the property of and shall be delivered to Rosebud.

SECTION 17 - SUCCESSORS AND ASSIGNS

Subject to Section 12 above, this Agreement shall inure to the benefit and be binding upon the parties hereto and their respective successors and assigns.

SECTION 18 - LAWS APPLICABLE

This Agreement shall be interpreted and any dispute arising hereunder shall be determined in accordance with the laws of the State of Idaho.

SECTION 19 - DISPUTES

The prevailing party in any dispute arising under this Agreement shall be entitled to an award of its reasonable attorneys' fees and costs.

SECTION 20 - SERVICES NONEXCLUSIVE

This Agreement is nonexclusive and Rosebud may, without notice to Contractor, engage or use other contractors or persons to perform services of the same or similar nature including services on projects or specific assignments upon which Contractor is working.

SECTION 21 - AMENDMENT

This Agreement may not be amended except in writing properly executed by the parties hereto. Except as specifically modified or amended, this Agreement shall remain in full force and effect.

SECTION 22 - SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision. Any invalid or unenforceable provision shall be deemed severed from this Agreement to the extent of its invalidity or unenforceability, and this Agreement shall be construed and enforced as if the Agreement did not contain that particular provision to the extent of its invalidity or unenforceability.

SECTION 23 - INTEGRATION

There are no understandings between the parties hereto as to the subject matter of this Agreement other than as herein set forth and in the documents specifically incorporated herein. All previous communications concerning the subject matter of this Agreement are hereby superseded and this Agreement shall constitute the entire and integrated agreement between the parties.

SECTION 24 - SURVIVABILITY

All warranties, guarantees, covenants and indemnities by Contractor shall survive the termination of this Agreement.

SECTION 25 - ATTORNEY'S FEES

The prevailing party in any dispute arising under this Agreement shall be entitled to an award of reasonable attorneys' fees and costs.

IN WITNESS WHEREOF, the parties hereto have signed and accepted the terms and conditions of this Agreement.

BOART LONGYEAR COMPANY

ROSEBUD MINING COMPANY,
L.L.C.
Hecla Mining Company, Manager
of Mining

By: _____

By: _____

(print name)

(print name)

Title: _____

Title: _____

ATTEST:

ATTEST:

By: _____

By: _____

Title: _____

Title: _____

Exhibits attached hereto:

Exhibit "A" - Scope of Work

Exhibit "B"- Form of Application for Payment and Conditional Waiver and
Release

EXHIBIT A

SCOPE OF WORK AND WORK SPECIFICATIONS

See Attached Proposal

702 2463208

FEB 25 '98 11:01AM BOARTLYR.NV WEST

**Boart Longyear Company
Core Drilling Division**

32 Stokes Drive • P.O. Box 1000
Dayton, Nevada 89403 USA
Telephone: 702-246-0296
Fax: 702-246-3208

P. 1

**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

February 24, 1998

Rosebud Mining Company
P.O. Box 2610
Winnemucca, NV 89446

ATTENTION: Mr. Kurt D. Allen

SUBJECT: Core Drilling Program Located at Lovelock, NV.

Dear Mr. Allen,

Enclosed you will find our proposal covering your planned drilling at Lovelock, NV.

For this work, Rosebud Mining will supply the following services, at no charge to Boart Longyear Company.

- a) a source of water for haulage by our 2 wheel water truck
- b) preparation and maintenance of access roads
- c) construction of drill pads and mud sumps

Please note the following items for clarification of pricing and drilling requirements:

- 1) Mobilization/demobilization is per drill, equipment crews. Mob starts at end of improved road and demob starts at improved county road.
- 2) Boart Longyear will have a non-drilling supervisor on call 24 hours a day to assist the rig supervisor with all operations.
- 3) All Boart Longyear furnished in-hole muds, additives, etc. will be invoiced to client on a lump sum basis upon delivery to jobsite +15% handling and freight.
- 4) Any Boart Longyear furnished in-hole reimbursable supplies left in returnable condition, will be credited back to client on the final invoice.

We appreciate the opportunity to offer you our services. If you have any questions, or if I can be of further assistance to you, please do not hesitate to contact me.

Sincerely,

BOART LONGYEAR COMPANY

SD Bamwell
Steve Bamwell, Manager
Nevada Western Zone
Core Drilling Division



BOART LONGYEAR CONTRACTING SERVICES GROUP

Box 1000

Dayton, NV 89403

(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

For: Proposal # 00549

89446

LOVELOCK, NV

Attention KURT D. ALLEN

Contract Number: 00000000 Customer P/O #

Contract Name: HECLA

***** ANTICIPATED REQUIREMENTS AND CONDITIONS *****

Estimated Starting Date: 03/05/98
 Estimated End Date: 12/31/98
 Number of Drills: 1
 Drill Type: LS244
 Number of Shifts: 3
 Number in Crew: 2
 Hours per Shift: 8.0
 Non-Drilling Supervisor: On Call 24 Hrs
 Number of Days Per Week: 7
 Days on the Job: 10
 Days off the Job: 4
 Minimum Footage: 5,000
 Estimated # of Holes: 24
 Maximum Depth per Hole: 1,000

	Vertical	Angle	
Degrees from Horizontal	90	45	
Average Depth of Holes	1,000		Feet

Avg. Depth Overburden: Reentry
 Required Hole Size(s): HQ, NQ
 Required Core Size(s): 2.500 1.875
 Rock Type to Drill: ROSEBUD
 Roads & Drill Sites maintained by Client

***** FLAT RATE CHARGES *****

Mobilization - Core Rig:	\$ 850.00
Demobilization - Core Rig:	\$ 850.00

FEB 25 '98 11:02AM BOARTLYR NV WEST

P.3


**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000

Dayton, NV 89403

(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

For: Proposal # 00549

89446

LOVELOCK, NV

Attention KURT D. ALLEN

***** FOOTAGE *****

All Footage Rates are per FOOT

Drilling Type	From	To	Bit Type	Hole	Rate
Diam. Core	0	1,500	HQ	Vertical	\$ 26.75
Diam. Core	1,500	2,000	HQ	Vertical	\$ 29.50
Diam. Core	2,000	2,500	HQ	Vertical	\$ 33.15
Diam. Core	0	1,500	NQ	Vertical	\$ 25.75
Diam. Core	1,500	2,000	NQ	Vertical	\$ 28.50
Diam. Core	2,000	2,500	NQ	Vertical	\$ 33.15
Diam. Core	0	1,500	HQ	Angle	\$ 26.75
Diam. Core	1,500	2,000	HQ	Angle	\$ 29.50
Diam. Core	2,000	2,500	HQ	Angle	\$ 33.15
Diam. Core	0	1,500	NQ	Angle	\$ 25.75
Diam. Core	1,500	2,000	NQ	Angle	\$ 28.50
Diam. Core	2,000	2,500	NQ	Angle	\$ 33.15



**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000
Dayton, NV 89403
(702)-246-0237

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

For: Proposal # 00549

89446

Attention KURT D. ALLEN

LOVELOCK, NV

***** HOURLY CHARGES (RATE PER HOUR FOR A 2 MAN CREW) *****

	Rate
Cementing / Prep Hole/Grout	\$ 95.00
Casing - Installing / Pulling	\$ 95.00
Condition Hole - Lost Circulation	\$ 95.00
Rig Up & Dn/move Between Holes/flat Rate	\$ 650.00
Reaming (plus Bits)	\$ 105.00
Hole Survey	\$ 83.00
Cement Setting Time	\$ 83.00
Hole Abandonment	\$ 95.00
Standby Or Delays	\$ 83.00
Re Entry Or Cleaning Holes (plus Bits)	\$ 95.00
Mix Mud	\$ 95.00
Fishing	\$ 95.00
Moving Between Holes	\$ 83.00
Trip For Grease	\$ 95.00

MATERIALS (if supplied) ARE BILLED TO CLIENT AT LONGYEAR'S COST
INCLUDING ALL APPLICABLE FREIGHT CHARGES.... PLUS 15.0 %

***** WATER CHARGES *****

Water if Purchased, will be Invoiced at Longyear's Cost Plus 15%

FEB 25 '98 11:02AM BOARTLYR NV WEST

P.5

**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000

Dayton, NV 89403

(702)-246-0297

**To: ROSEBUD MINING COMPANY
P.O. BOX 2610****Date: February 24, 1998****WINNEMUCCA, NV****For: Proposal # 00549****89446****LOVELOCK, NV****Attention KURT D. ALLEN********* CASING AND CASING SHOE CHARGES *******

All Casing / Shoes left in the Hole will be Charged as follows:
100 % of LY List Price if left in Hole at Client's Request
100 % of LY List Price if lost through Drilling Operations

******* MISCELLANEOUS CHARGES *******

Description Comments	Rate Per
WATER TRUCK DRIVER FULL TIME IF NECESSARY	\$ 30.00 HR
HWT CASING 10' LENGTHS	\$ 12.00 FT

EXHIBIT B

**CONTRACTOR'S APPLICATION FOR PAYMENT AND
CONDITIONAL WAIVER AND RELEASE**

KNOW ALL MEN BY THESE PRESENTS, THAT

WHEREAS Boart Longyear Company ("Contractor"), having its principal offices at 32 Stokes Drive, P.O. Box 1000, Dayton, Nevada 89403, and Rosebud Mining Company, L.L.C. ("Rosebud"), with its principal offices at P.O. Box 2610, Winnemucca, Nevada 89446, have heretofore entered into a certain Agreement (the "Agreement") dated March 5, 1998, relating to the furnishing of materials, labor and/or equipment for construction or services of (description of Contractor's work): _____

_____ at the Rosebud Mine Site in connection with a certain contract performed by Contractor for Rosebud's Unit ("the Project") located near Winnemucca, Nevada.

NOW, THEREFORE, in consideration and upon payment of the sum of _____ Dollars (\$ _____), which sum shall represent payment for work completed as of _____ due to Contractor under and pursuant to the above-referenced Agreement, Contractor does hereby:

1. Certify to Rosebud that all persons, firms, associations, corporations, subcontractors, or other entities furnishing labor, materials, equipment, supplies or services to Contractor or Rosebud with respect to the agreement have been paid in full, including any and all applicable Federal, State, and Local sales, use, excise, or similar taxes or import duties, licenses and royalties except the following (none unless noted): _____

(attach additional page, if necessary, and so note); and

2. Remise, release, waive, relinquish and forever quitclaim unto Rosebud, its affiliates, successors and assigns, any and all manner of liens, claims or demands whatsoever which against Rosebud, Contractor ever had, now has, or which it or its successors or assigns hereafter can, shall or may have upon any portion of the lands of Owner or the buildings thereon standing, for labor, material, equipment or services furnished under the Contract, and

3. Further remise, release and forever discharge Rosebud, its affiliates, successors and assigns of and from any and all manner of liens, claims, demands, and causes of action whatsoever against Rosebud which Contractor or its subcontractors ever had, now has, or which it or its successors or assigns hereafter can, shall or may have for upon or by reason of any matter, cause or thing whatsoever arising under or out of the Agreement, and

4. Agree to indemnify and hold harmless Rosebud, its affiliates, successors or assigns, against all loss, cost, damage or expense (including but not limited to attorneys' fees) by reason of any and all manner of liens, claims or demands which anyone may have for labor performed, for material, equipment or services furnished, or by reason of any matter, cause or thing whatsoever arising under or out of the Agreement.

IN WITNESS WHEREOF, Contractor has duly caused these presents to be signed and attested by its duly authorized owner, partner or officer (and, if a corporation, its corporate seal to be hereunto affixed) on the ___ day of _____, 199__.

BOART LONGYEAR COMPANY

ROSEBUD MINING COMPANY, L.L.C.

Hecla Mining Company, Manager of Mining

By: _____
Title: _____

By: _____
Title: _____

THE ROSEBUD MINING COMPANY, L.L.C.
Hecla Mining Company, Manager of Mining
P.O. Box 2610
Winnemucca, Nevada 89446

VIA OVERNIGHT MAIL

March 3, 1998

Marty Dennis
Vice President of Operations
Eklund Drilling Company, Inc.
100 W. Liberty St.
Suite 900
Reno, Nevada 89501

Re: Rosebud - Services Agreement

Dear Mr. Dennis:

Enclosed please find duplicate originals of a Services Agreement with Rosebud Mining Company. Please sign where indicated on page 8 and return both originals to Kurt Allen for signature by Rosebud. Please initial the change to item 11 of your proposal. Payment is addressed in Section 4 of the Agreement.

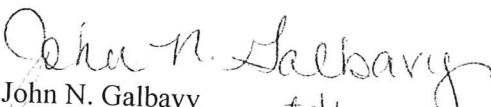
I would like to point out two specific sections of the Agreement. First, Section 4 states that you shall submit an invoice to Rosebud not more frequently than on a monthly basis along with a completed and signed Application for Payment and Conditional Waiver and Release form attached as Exhibit "B". Secondly, in Section 11 - F, you are to provide a Certificate of Insurance evidencing insurance coverage as stated in paragraphs A, B and C of Section 11. You should submit this certificate directly to Kurt Allen at Rosebud.

If you have any questions, please contact me at (208)769-4131.

Thank you.

Very truly yours,

HECLA MINING COMPANY


John N. Galbavy
Corporate Counsel *tdh*

JNG:tdh
Enclosures

✓ c: Kurt Allen

SERVICES AGREEMENT

between

**EKLUND DRILLING COMPANY INC.
("Contractor")**

and

**ROSEBUD MINING COMPANY, L.L.C.
("Rosebud")**

DATED: March 3, 1998

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SERVICES AGREEMENT

GENERAL TERMS AND CONDITIONS

THIS AGREEMENT entered into and effective this 3rd day of March, 1998, by and between Rosebud Mining Company, L.L.C., whose mailing address is P.O. Box 2610, Winnemucca, Nevada 89446 (hereinafter referred to as "Rosebud"), and Eklund Drilling Company Inc., whose mailing address is P.O. Box 1049, Reno, Nevada 89504, (hereinafter referred to as "Contractor").

WITNESSETH

WHEREAS, Rosebud desires to retain the services of Contractor to perform certain work at Rosebud's Unit Site (hereinafter referred to as the "Site").

NOW, THEREFORE, in consideration of the terms and conditions hereof, Rosebud and Contractor hereby agree as follows:

SECTION 1 - DEFINITIONS

All words and terms shall, for the purpose of this Agreement, have the following meanings:

- a. "**Rosebud**" shall mean Rosebud Mining Company, L.L.C., its subsidiaries, affiliates, and other representatives.
- b. "**Contractor**" shall mean Eklund Drilling Company Inc., its subsidiaries, affiliates, subcontractors, and other representatives.
- c. "**Work**" shall mean the work and services to be provided by Contractor, at its sole cost and expense, to furnish all labor, equipment, supervision, and such materials needed, or as may be requested by Rosebud, to drill at the Site ("Work"). The Work shall include mobilization to the portal and demobilization from the portal. The Work shall conform to and be completed in accordance with the Scope of Work and Work Specifications attached hereto as Exhibit "A"; incorporated herein by this reference.

SECTION 2 - TERM

The term of the contract shall commence on the date hereinabove specified and shall continue thereafter until May 1, 1998, or until otherwise terminated by either of the parties.

SECTION 3 - TIME AND COMPLETION OF WORK

The Contractor agrees that the Work shall be commenced and carried on at such points, and order of precedence, and at such times and seasons as may be directed by Rosebud. The Contractor declares that it is or shall be familiar with local conditions and with all the circumstances, which may or are likely to affect the performance and completion of the Work hereunder.

SECTION 4 - COMPENSATION

For satisfactory performance of services provided hereunder, Rosebud shall pay the Contractor on a time and materials basis according to the rates in Exhibit "A", not to exceed Two Hundred Thousand and No/100 Dollars (\$200,000) without prior written authorization from Rosebud. Contractor shall submit an invoice to Rosebud not more frequently than on a monthly basis along with a completed and signed Application for Payment and Conditional Waiver and Release form as set forth in Exhibit "B". If the Work has been performed in accordance with this Agreement, Rosebud shall remit payment to Contractor along with a copy of the Application for Payment form signed by Rosebud. The equipment rates in Exhibit "A" include all costs associated with the equipment and labor costs to be billed to Rosebud. Equipment, labor, or any other item or material not specifically included in the rate schedule in Exhibit "A" shall be pre-approved by Rosebud, in writing, prior to use on the site.

SECTION 5 - PERFORMANCE OF WORK AND SAFETY

Contractor shall perform the Work in an orderly and workmanlike manner and in compliance with applicable statutes, rules, ordinances and regulations. Without limiting the foregoing, Contractor shall comply with all safety standards and accident prevention regulations promulgated by federal, state or local authority and shall comply specifically with all applicable rules, regulations and any record-keeping responsibilities that may be required by the United States Department of Labor, Mine Safety & Health Act, Occupational Safety & Health Act and any amendments or revisions thereto.

SECTION 6 - FORCE MAJEURE

Neither of the parties hereto shall be liable to the other party for failure to comply with any of the terms and conditions of the Agreement where such failure is caused by act of God, court order, strike or labor difficulty, fire, flood, windstorm, breakdown or other damage to the Work, or by any other cause beyond the reasonable control of the party at fault which materially affects the obligated party's ability to perform, provided that prompt notice of such delay is given by such party to the other party and the affected party shall be diligent in attempting to remove such cause or causes.

SECTION 7 - SATISFACTION OF LIENS

Before final payment is made to Contractor pursuant to this Agreement, Rosebud may require Contractor to furnish Rosebud with satisfactory proof that there are no outstanding debts or liens in connection with the Work. If during the progress of the Work, Contractor shall allow any indebtedness to accrue to subcontractors or others, and shall fail to pay or discharge same within five (5) days after demand, then Rosebud may withhold any money due Contractor until such indebtedness is paid or apply same toward the discharge thereof.

SECTION 8 - CLEAN UP

Upon completion of the Work under the Agreement, Contractor shall remove all equipment, shall satisfactorily dispose of all rubbish resulting from the Work and shall do all Work necessary to establish conditions in the territory embraced within the site of its operation to good order and acceptable environmental condition.

SECTION 9 - INDEMNIFICATION

Contractor agrees to protect, defend, indemnify and hold harmless Rosebud, its officers, directors and employees against and from any and all liability, suits, loss, damage, claims, actions, costs and expenses of any nature (including without limitation liabilities arising under applicable environmental laws, court costs and reasonable attorneys' fees), arising from injury to or death to Contractor's employees, subcontractors, agents and guests; and for any and all destruction, loss, damage, or contamination to property by whomsoever owned, arising directly or indirectly from Contractor's performance of Work under this Agreement. Contractor shall defend Rosebud against any claim or litigation in connection with any injury, death or damage covered by Contractor's indemnity hereunder at

Contractor's expense with counsel reasonably acceptable to Rosebud. Rosebud shall have the right to participate in the defense of any claims or litigation with respect to claims of indemnity hereunder and shall have the right to approve any settlement related thereto, which approval shall not be unreasonably withheld.

SECTION 10 - INDEPENDENT CONTRACTOR

Contractor agrees to perform the Work contemplated under this Agreement as an independent Contractor, and not as a subcontractor, agent or employee of Rosebud.

SECTION 11 - INSURANCE

Contractor shall procure and maintain, during the term of this Agreement, the following types of insurance with at least the minimum limits specified:

- A. Worker's Compensation and Employer's Liability Coverage with statutory limits in accordance with the law of the State of Nevada.
- B. Automobile Bodily Injury and Property Damage Liability Insurance covering all owned, non-owned or hired automobiles used in connection with the Work, with limits of not less than \$1,000,000 each occurrence combined single limit for Bodily Injury Liability and Property Damage Liability.
- C. Comprehensive General Liability Insurance, with limits not less than \$1,000,000 each occurrence combined single limit for Bodily Injury Liability and Property Damage Liability.
- D. Environmental Impairment Insurance, with limits not less than \$1,000,000 each occurrence combined single limit for Bodily Injury Liability and Property Damage Liability.
- E. Any of Contractor's subcontractors of any tier shall be required by Contractor under the terms of any subcontract to obtain like insurance coverage to that specified in this Section above and prior commencing Work, to submit a certificate evidencing such insurance as provided in this Section.

- F. Stated minimums shall not be interpreted as limiting Contractor's insurance coverage. Such policies shall act as primary to any insurance of Rosebud. Insurance coverage described in paragraphs A, B, C and D above shall be carried with insurance companies satisfactory to Rosebud. Contractor shall provide Rosebud a Certificate of Insurance evidencing such insurance coverage, showing that Rosebud has been named as an additional insured and that the insurance carrier has assumed the liability of Contractor by way of contractual liability coverage prior to commencing any Work under this Agreement. These Certificates will contain a provision that coverage's afforded shall not be canceled or changed until at least thirty (30) days' written notice has been given to Rosebud. If any of the above insurance is written on a "claims made" basis, the retroactive date of such policies must date prior to the effective date of this Agreement.

SECTION 12 - NONASSIGNMENT

Contractor shall not assign any Agreement nor subcontract any of the Work to be performed by it without the express written consent of Rosebud, and any such assign, or subcontracting, whether expressly authorized by this Agreement or done with such consent, shall not relieve Contractor of its responsibility for the performance of the Work hereunder in accordance with the terms hereof, nor from its responsibility for the performance of any other of its obligations hereunder. If subcontractors are authorized by Rosebud, Contractor shall assume full responsibility for such subcontractor or sub-subcontractor. Nothing contained in this Agreement shall create any contractual relationship between Rosebud or Rosebud's representatives and any subcontractor or sub-subcontractor.

SECTION 13 - NONWAIVER

The failure of Rosebud to insist upon or enforce, in any instance, strict performance by Contractor of any of the terms of this Agreement or to exercise any rights herein conferred shall not be construed as a waiver of relinquishment to any extent of its rights to assert or rely upon such terms or rights on any future occasion.

SECTION 14 - NONDISCLOSURE

Contractor agrees it will not divulge to third parties, without the written consent of Rosebud, any information obtained from or through Rosebud in connection with the performance of Work pursuant to this Agreement. Contractor

further agrees that it will not, without prior written consent of Rosebud, disclose to any third party any information developed or obtained by Contractor in the performance of any Work.

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Contractor warrants that all Work performed in accordance with this Agreement, shall satisfy the standards of care, skill and diligence normally provided by professional contractors in the performance of such services in respect to Work similar to that contemplated hereunder.

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Rosebud may, at any time, terminate any work under this Agreement, prior to its completion, by giving Contractor written notice of such termination. Upon such termination, Rosebud shall pay to Contractor in full satisfaction and discharge of all undisputed amounts owing to Contractor for that portion of the Work satisfactorily performed by Contractor as of the effective date of such termination. Upon such termination, all data, plans, specifications, reports, estimates, summaries, completed Work and Work in progress and such other information and materials as may be accumulated by Contractor in performing any Work done under this Agreement shall become the property of and shall be delivered to Rosebud.

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Subject to Section 12 above, this Agreement shall inure to the benefit and be binding upon the parties hereto and their respective successors and assigns.

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This Agreement shall be interpreted and any dispute arising hereunder shall be determined in accordance with the laws of the state of Idaho.

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The prevailing party in any dispute arising under this Agreement shall be entitled to an award of its reasonable attorneys' fees and costs.

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This Agreement is nonexclusive and Rosebud may, without notice to Contractor, engage or use other contractors or persons to perform services of the same or similar nature including services on projects or specific assignments upon which Contractor is working.

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This Agreement may not be amended except in writing properly executed by the parties hereto. Except as specifically modified or amended, this Agreement shall remain in full force and effect.

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The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision. Any invalid or unenforceable provision shall be deemed severed from this Agreement to the extent of its invalidity or unenforceability, and this Agreement shall be construed and enforced as if the Agreement did not contain that particular provision to the extent of its invalidity or unenforceability.

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There are no understandings between the parties hereto as to the subject matter of this Agreement other than as herein set forth and in the documents specifically incorporated herein. All previous communications concerning the subject matter of this Agreement are hereby superseded and this Agreement shall constitute the entire and integrated agreement between the parties.

SECTION 24 - SURVIVABILITY

All warranties, guarantees, covenants and indemnities by Contractor shall survive the termination of this Agreement.

SECTION 25 - ATTORNEY'S FEES

The prevailing party in any dispute arising under this Agreement shall be entitled to an award of reasonable attorneys' fees and costs.

IN WITNESS WHEREOF, the parties hereto have signed and accepted the terms and conditions of this Agreement.

EKLUND DRILLING COMPANY INC.

ROSEBUD MINING COMPANY,
L.L.C.
Hecla Mining Company, Manager
of Mining

By: _____

(print name)

By: _____

(print name)

Title: _____

Title: _____

ATTEST:

ATTEST:

By: _____
Title: _____

By: _____
Title: _____

Exhibits attached hereto:

Exhibit "A" - Scope of Work

Exhibit "B"- Form of Application for Payment and Conditional Waiver and
Release

EXHIBIT A

SCOPE OF WORK AND WORK SPECIFICATIONS

See Attached Proposal 98-510



EKLUND
DRILLING COMPANY INC.
LANCE J. EKLUND - Owner



February 27, 1998

Hecla Mining Company
P.O. Box 2610
Winnemucca, Nevada 89446

Attn: Kurt Allen

Via Fax 702-623-6967

Re: 98-511

Dear Kurt:

I am pleased to attach hereto as "Exhibit A" our quote for our TH-100 A which we discussed today for your Rosebud project located north of Lovelock, Nevada.

If you have any questions or need further information, please feel free to contact me.

Very truly yours,

MARTY DENNIS, Vice President of
Operations

MD/nb



EKLUND
DRILLING COMPANY INC.
LANCE J. EKLUND - Owner



Hecla Mining Company
Proposal 98-511
EXHIBIT "A"

HOURLY RATE: **Ingersoll-Rand TH-100A Truck Rig**
 with 825 CFM @350 PSI
 Reverse Circulation
 Equipped with Standard Hammer
 Vertical and Angle Holes

1. For an Ingersoll-Rand TH-100A Truck Rig with 825 CFM at 350 PSI air compressor capable of reverse circulation and angle drilling, detergent injection pump, percussion hammer, drill pipe and adapters, water truck and service pickup, and experienced three man crew - **\$240.00** per hour, plus bits, casing, cement, drilling muds and additives, deflector rubbers, detergents and any other materials used in the hole at cost plus fifteen (15%) percent handling.
2. Standby, at your request or for your convenience, will be at **\$165.00** per hour.
3. Per diem will be at **\$50.00** per day per man for each day the men are required to be away from their homes (3 man crew).
4. Mobilization and demobilization will be billed at the hourly rate from and to Twin Creeks.
5. Moving between projects will be at **\$240.00** per hour.
6. The hourly rate will be charged for moving between holes, setting up and tearing down the drill rig, hauling water, drilling, reaming, fishing, cementing, setting and pulling casing, tripping hole, hole abandonment and for any time spent in the furtherance of the project.
7. Abandonment Cost: If required, costs for abandoning holes per state regulations will be borne by **Hecla Mining Company** including abandonment materials at cost plus Fifteen (15%) Percent handling and **\$240.00** per hour will be charged while abandoning holes per state specifications.
8. You shall be responsible for the preparation of drill sites, access roads and access to water. You shall provide at no cost to the Contractor, all rights of ingress and egress to all lands that may be reasonably required to enable the Contractor to carry out the specified work.

Hecla Mining Co.
Proposal - 98-511
February 27, 1998
Page 2

9. Driller's In-Hole Equipment - You shall assume liability at all times while work is being performed on an hourly basis for damage to or destruction of driller's in-hole equipment, including but not limited to, drill pipe, drill collars, drill bits, down-hole hammers and tool joints, unless such loss is caused by driller's negligence. You shall reimburse driller for the value of any such loss or damage: the value to be determined as the lesser of current depreciated value or repair/replacement cost. Driller will make every attempt to communicate to your Field Representative the potential for loss of tools.
10. A Grimmer Schmidt booster capable of 1100 CFM @800 PSI will be available @ \$60.00 per hour used.

~~11. Payment is due within thirty (30) days of receipt of Eklund Drilling Company's invoice.~~

Initial change:

_____ Hecla

_____ Eklund

03/02/98

09:39

02/27/98

15:54

208 769 4159

HECLA MINING CO →→ ROSEBUD

NO.087

005

02/25/98

14:25

015/018
NO.065 004

FEB-24-98 TUE 9:21

P.03

Hecla Mining Co.
Proposal - 98-510
February 24, 1998
Page 2

9. Driller's In-Hole Equipment - You shall assume liability at all times while work is being performed on an hourly basis for damage to or destruction of driller's in-hole equipment, including but not limited to, drill pipe, drill collars, drill bits, down-hole hammers and tool joints, unless such loss is caused by driller's negligence. You shall reimburse driller for the value of any such loss or damage: the value to be determined as the lesser of current depreciated value or repair/replacement cost. Driller will make every attempt to communicate to your Field Representative the potential for loss of tools.
10. A Grimmer Schmidt booster capable of 1100 CFM @800 PSI will be available @ \$60.00 per hour used.
11. A 4 x 4 water truck will be available at no charge.
12. An all-terrain support vehicle will be available at no charge except for trucking charges incurred by Eklund Drilling Company, Inc.
13. Payment is due within thirty (30) days of receipt of Eklund Drilling Company's invoice.

Addressed in the Agreement. Section
4.

EXHIBIT B

CONTRACTOR'S APPLICATION FOR PAYMENT AND CONDITIONAL WAIVER AND RELEASE

KNOW ALL MEN BY THESE PRESENTS, THAT

WHEREAS Eklund Drilling Company Inc. ("Contractor"), having its principal offices at P.O. Box 1049, Reno, Nevada 98504, and Rosebud Mining Company, L.L.C. ("Rosebud"), with its principal offices at P.O. Box 2610, Winnemucca, Nevada 89446, have heretofore entered into a certain Agreement (the "Agreement") dated March 3, 1998, relating to the furnishing of materials, labor and/or equipment for construction or services of (description of Contractor's work): _____

_____ at the Rosebud Mine Site in connection with a certain contract performed by Contractor for Rosebud's Unit ("the Project") located near Winnemucca, Nevada.

NOW, THEREFORE, in consideration and upon payment of the sum of _____ Dollars (\$_____), which sum shall represent payment for work completed as of _____ due to Contractor under and pursuant to the above-referenced Agreement, Contractor does hereby:

1. Certify to Rosebud that all persons, firms, associations, corporations, subcontractors, or other entities furnishing labor, materials, equipment, supplies or services to Contractor or Rosebud with respect to the agreement have been paid in full, including any and all applicable Federal, State, and Local sales, use, excise, or similar taxes or import duties, licenses and royalties except the following (none unless noted): _____

(attach additional page, if necessary, and so note); and

2. Remise, release, waive, relinquish and forever quitclaim unto Rosebud, its affiliates, successors and assigns, any and all manner of liens, claims or demands whatsoever which against Rosebud, Contractor ever had, now has, or which it or its successors or assigns hereafter can, shall or may have upon any portion of the lands of Owner or the buildings thereon standing, for labor, material, equipment or services furnished under the Contract, and

3. Further remise, release and forever discharge Rosebud, its affiliates, successors and assigns of and from any and all manner of liens, claims, demands, and causes of action whatsoever against Rosebud which Contractor or its subcontractors ever had, now has, or which it or its successors or assigns hereafter can, shall or may have for upon or by reason of any matter, cause or thing whatsoever arising under or out of the Agreement, and

4. Agree to indemnify and hold harmless Rosebud, its affiliates, successors or assigns, against all loss, cost, damage or expense (including but not limited to attorneys' fees) by reason of any and all manner of liens, claims or demands which anyone may have for labor performed, for material, equipment or services furnished, or by reason of any matter, cause or thing whatsoever arising under or out of the Agreement.

IN WITNESS WHEREOF, Contractor has duly caused these presents to be signed and attested by its duly authorized owner, partner or officer (and, if a corporation, its corporate seal to be hereunto affixed) on the ___ day of _____, 199__.

EKLUND DRILLING COMPANY INC.

ROSEBUD MINING COMPANY, L.L.C.
Hecla Mining Company, Manager of Mining

By: _____
Title: _____

By: _____
Title: _____



6500 Mineral Drive
Coeur d'Alene, ID 83814-8788
Phone: (208) 769-4100

Primary FAX number:

Purchasing/Accounting (208) 769-4107

Additional FAX by Area:

Executive (208) 769-7612

Finance/Legal/PR (208) 769-4159

Personnel (208) 769-4176

Technical Services (208) 769-4122

DATE: 2/27/98
TO: Kurt Allen
COMPANY: Rosebud LLC
FAX NO.: SPD 92
FROM: John Galbary
RE: Boart Langyear
Total number of pages, including this cover sheet: 19

MESSAGE OR ADDITIONAL COMMENTS

- Need: ① Not to exceed amount
② Insurance Issue: I would suggest our
corporate office talk with theirs on this
③ Revised Exhibit A

CONFIDENTIALITY NOTICE

The documents transmitted herewith may contain confidential legally-privileged information intended solely for the named recipient. If you are not the named recipient or an agent thereof, any disclosure, copying or dissemination of the information contained herein is prohibited. If you have received this transmission in error, please immediately notify the sender by telephone and return this FAX to the sender at the above address. Thank you.

SERVICES AGREEMENT

between

**BOART LONGYEAR COMPANY
Core Drilling Division**

("Contractor")

and

**HECLA MINING COMPANY
("Hecla")**

DATED: March 5, 1998

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SERVICES AGREEMENT

GENERAL TERMS AND CONDITIONS

THIS AGREEMENT entered into and effective this 5th day of March, 1998, by and between Hecla Mining Company, a Delaware corporation, whose mailing address is 6500 Mineral Drive, Coeur d' Alene, Idaho, 83815-8788 (hereinafter referred to as "Hecla"), and Boart Longyear Company, whose mailing address is 32 Stokes Drive, P.O. Box 1000, Dayton, Nevada 89403, (hereinafter referred to as "Contractor").

WITNESSETH

WHEREAS, Hecla desires to retain the services of Contractor to perform certain work at Hecla's Rosebud Unit Site (hereinafter referred to as the "Site").

NOW, THEREFORE, in consideration of the terms and conditions hereof, Hecla and Contractor hereby agree as follows:

SECTION 1 - DEFINITIONS

All words and terms shall, for the purpose of this Agreement, have the following meanings:

- a. "**Hecla**" shall mean Hecla Mining Company, its subsidiaries, affiliates, and other representatives.
- b. "**Contractor**" shall mean Boart Longyear Company, its subsidiaries, affiliates, subcontractors, and other representatives.
- c. "**Work**" shall mean the work and services to be provided by Contractor, at its sole cost and expense, to furnish all labor, equipment, supervision, and such materials needed, or as may be requested by Hecla, to drill at the Site ("Work"). The Work shall include mobilization to the portal and demobilization from the portal. The Work shall conform to and be completed in accordance with the Scope of Work and Work Specifications attached hereto as Exhibit "A"; incorporated herein by this reference.

SECTION 2 - TERM

The term of the contract shall commence on the date hereinabove specified and shall continue thereafter until June 1, 1998, or until otherwise terminated by either of the parties.

SECTION 3 - TIME AND COMPLETION OF WORK

The Contractor agrees that the Work shall be commenced and carried on at such points, and order of precedence, and at such times and seasons as may be directed by Hecla. The Contractor declares that it is or shall be familiar with local conditions and with all the circumstances, which may or are likely to affect the performance and completion of the Work hereunder.

SECTION 4 - COMPENSATION

For satisfactory performance of services provided hereunder, Hecla shall pay the Contractor on a time and materials basis according to the rates in Exhibit "A", not to exceed Two Hundred Fifty Thousand Dollars (\$ 250,000⁰⁰) without prior written authorization from Hecla. Contractor shall submit an invoice to Hecla not more frequently than on a monthly basis along with a completed and signed Application for Payment and Conditional Waiver and Release form as set forth in Exhibit "B". If the Work has been performed in accordance with this Agreement, Hecla shall remit payment to Contractor along with a copy of the Application for Payment form signed by Hecla. The equipment rates in Exhibit "A" include all costs associated with the equipment and labor costs to be billed to Hecla. Equipment, labor, or any other item or material not specifically included in the rate schedule in Exhibit "A" shall be pre-approved by Hecla, in writing, prior to use on the site.

SECTION 5 - PERFORMANCE OF WORK AND SAFETY

Contractor shall perform the Work in an orderly and workmanlike manner and in compliance with applicable statutes, rules, ordinances and regulations. Without limiting the foregoing, Contractor shall comply with all safety standards and accident prevention regulations promulgated by federal, state or local authority and shall comply specifically with all applicable rules, regulations and any record-keeping responsibilities that may be required by the United States Department of Labor, Mine Safety & Health Act, Occupational Safety & Health Act and any amendments or revisions thereto.

SECTION 6 - FORCE MAJEURE

Neither of the parties hereto shall be liable to the other party for failure to comply with any of the terms and conditions of the Agreement where such failure is caused by act of God, court order, strike or labor difficulty, fire, flood, windstorm, breakdown or other damage to the Work, or by any other cause beyond the reasonable control of the party at fault which materially affects the obligated party's ability to perform, provided that prompt notice of such delay is given by such party to the other party and the affected party shall be diligent in attempting to remove such cause or causes.

SECTION 7 - SATISFACTION OF LIENS

Before final payment is made to Contractor pursuant to this Agreement, Hecla may require Contractor to furnish Hecla with satisfactory proof that there are no outstanding debts or liens in connection with the Work. If during the progress of the Work, Contractor shall allow any indebtedness to accrue to subcontractors or others, and shall fail to pay or discharge same within five (5) days after demand, then Hecla may withhold any money due Contractor until such indebtedness is paid or apply same toward the discharge thereof.

SECTION 8 - CLEAN UP

Upon completion of the Work under the Agreement, Contractor shall remove all equipment, shall satisfactorily dispose of all rubbish resulting from the Work and shall do all Work necessary to establish conditions in the territory embraced within the site of its operation to good order and acceptable environmental condition.

SECTION 9 - INDEMNIFICATION

Contractor agrees to protect, defend, indemnify and hold harmless Hecla, its officers, directors and employees against and from any and all liability, suits, loss, damage, claims, actions, costs and expenses of any nature (including without limitation liabilities arising under applicable environmental laws, court costs and reasonable attorneys' fees), arising from injury to or death to Contractor's employees, subcontractors, agents and guests; and for any and all destruction, loss, damage, or contamination to property by whomsoever owned, arising directly or indirectly from Contractor's performance of Work under this Agreement. Contractor shall defend Hecla against any claim or litigation in connection with

any injury, death or damage covered by Contractor's indemnity hereunder at Contractor's expense with counsel reasonably acceptable to Hecla. Hecla shall have the right to participate in the defense of any claims or litigation with respect to claims of indemnity hereunder and shall have the right to approve any settlement related thereto, which approval shall not be unreasonably withheld.

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Contractor agrees to perform the Work contemplated under this Agreement as an independent Contractor, and not as a subcontractor, agent or employee of Hecla.

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Contractor shall procure and maintain, during the term of this Agreement, the following types of insurance with at least the minimum limits specified:

- A. Worker's Compensation and Employer's Liability Coverage with statutory limits in accordance with the law of the State of Nevada.
- B. Automobile Bodily Injury and Property Damage Liability Insurance covering all owned, non-owned or hired automobiles used in connection with the Work, with limits of not less than \$1,000,000 each occurrence combined single limit for Bodily Injury Liability and Property Damage Liability.
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- E. Any of Contractor's subcontractors of any tier shall be required by Contractor under the terms of any subcontract to obtain like insurance coverage to that specified in this Section above and prior commencing Work, to submit a certificate evidencing such insurance as provided in this Section.

- F. Stated minimums shall not be interpreted as limiting Contractor's insurance coverage. Such policies shall act as primary to any insurance of Hecla. Insurance coverage described in paragraphs A, B, C and D above shall be carried with insurance companies satisfactory to Hecla. Contractor shall provide Hecla a Certificate of Insurance evidencing such insurance coverage, showing that Hecla has been named as an additional insured and that the insurance carrier has assumed the liability of Contractor by way of contractual liability coverage prior to commencing any Work under this Agreement. These Certificates will contain a provision that coverage's afforded shall not be canceled or changed until at least thirty (30) days' written notice has been given to Hecla. If any of the above insurance is written on a "claims made" basis, the retroactive date of such policies must date prior to the effective date of this Agreement.

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Contractor warrants that all Work performed in accordance with this Agreement, shall satisfy the standards of care, skill and diligence normally provided by professional contractors in the performance of such services in respect to Work similar to that contemplated hereunder.

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All warranties, guarantees, covenants and indemnities by Contractor shall survive the termination of this Agreement.

SECTION 25 - ATTORNEY'S FEES

The prevailing party in any dispute arising under this Agreement shall be entitled to an award of reasonable attorneys' fees and costs.

IN WITNESS WHEREOF, the parties hereto have signed and accepted the terms and conditions of this Agreement.

BOART LONGYEAR COMPANY

HECLA MINING COMPANY

By: _____

By: _____

(print name)

(print name)

Title: _____

Title: _____

ATTEST:

ATTEST:

By: _____

By: _____

Title: _____

Title: _____

Exhibits attached hereto:

Exhibit "A" - Scope of Work

Exhibit "B"- Form of Application for Payment and Conditional Waiver and Release

EXHIBIT A**SCOPE OF WORK AND WORK SPECIFICATIONS**

See Attached Proposal

02/27/98 16:08 1 208 769 7612
02/25/98 14:27

HECLA MINING CO →→→ ROSEBUD

013/020
NO. 066 002

702 2463208

FEB 25 '98 11:01AM BOARTLYR.NV WEST

Boart Longyear Company
Core Drilling Division
32 Stokes Drive • P.O. Box 1000
Dayton, Nevada 89403 USA
Telephone: 702-246-0296
Fax: 702-246-3208

P. 1



BOART LONGYEAR CONTRACTING SERVICES GROUP

February 24, 1998

Rosebud Mining Company
P.O. Box 2610
Winnemucca, NV 89446

ATTENTION: Mr. Kurt D. Allen

SUBJECT: Core Drilling Program Located at Lovelock, NV.

Dear Mr. Allen,

Enclosed you will find our proposal covering your planned drilling at Lovelock, NV.

For this work, Rosebud Mining will supply the following services, at no charge to Boart Longyear Company.

- a) a source of water for haulage by our 2 wheel water truck
- b) preparation and maintenance of access roads
- c) construction of drill pads and mud sumps

Please note the following items for clarification of pricing and drilling requirements:

- 1) Mobilization/demobilization is per drill, equipment crews. Mob starts at end of improved road and demob starts at improved county road.
- 2) Boart Longyear will have a non-drilling supervisor on call 24 hours a day to assist the rig supervisor with all operations.
- 3) All Boart Longyear furnished in-hole muds, additives, etc. will be invoiced to client on a lump sum basis upon delivery to jobsite +15% handling and freight.
- 4) Any Boart Longyear furnished in-hole reimbursable supplies left in returnable condition, will be credited back to client on the final invoice.

We appreciate the opportunity to offer you our services. If you have any questions, or if I can be of further assistance to you, please do not hesitate to contact me.

Sincerely,

BOART LONGYEAR COMPANY

SD Barnwell

Steve Barnwell, Manager
Nevada Western Zone
Core Drilling Division

Exhibit A

1 of 5

02/27/98 16:08 21 208 769 7612
02/25/98 14:27
FEB 25 '98 11:01AM BOARTLYR NV WEST

HECLA MINING CO →→→ ROSEBUD

014/020
NO.066 003
P.2



**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000
Dayton, NV 89403
(702) 216-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

89446

For: Proposal # 00549

LOVELOCK, NV

Attention KURT D. ALLEN

Contract Number: 00000000 Customer P/O #
Contract Name: HECLA

***** ANTICIPATED REQUIREMENTS AND CONDITIONS *****

Estimated Starting Date: 03/05/98
Estimated End Date: 12/31/98
Number of Drills: 1
Drill Type: LS244
Number of Shifts: 3
Number in Crew: 2
Hours per Shift: 8.0
Non-Drilling Supervisor: On Call 24 Hrs
Number of Days Per Week: 7
Days on the Job: 10
Days off the Job: 4
Minimum Footage: 5,000
Estimated # of Holes: 24
Maximum Depth per Hole: 1,000

Degrees from Horizontal	Vertical	Angle	Feet
Average Depth of Holes	90	45	
	1,000		

Avg. Depth Overburden: Reentry
Required Hole Size(s): HQ, NQ
Required Core Size(s): 2.500 1.875
Rock Type to Drill: ROSEBUD
Roads & Drill Sites maintained by Client

***** FLAT RATE CHARGES *****

Mobilization - Core Rig:	\$	850.00
Demobilization - Core Rig:	\$	850.00

Enli A
2 of 5


**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

 Box 1000
 Dayton, NV 89403
 (702)-246-0297

 To: ROSEBUD MINING COMPANY
 P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

89446

For: Proposal # 00549

Attention KURT D. ALLEN

LOVELOCK, NV

***** FOOTAGE *****
 All Footage Rates are per FOOT

Drilling Type	From	To	Bit Type	Hole	Rate
Diam. Core	0	1,500	HQ	Vertical	\$ 26.75
Diam. Core	1,500	2,000	HQ	Vertical	\$ 29.50
Diam. Core	2,000	2,500	HQ	Vertical	\$ 33.15
Diam. Core	0	1,500	NQ	Vertical	\$ 25.75
Diam. Core	1,500	2,000	NQ	Vertical	\$ 28.50
Diam. Core	2,000	2,500	NQ	Vertical	\$ 33.15
Diam. Core	0	1,500	HQ	Angle	\$ 26.75
Diam. Core	1,500	2,000	HQ	Angle	\$ 29.50
Diam. Core	2,000	2,500	HQ	Angle	\$ 33.15
Diam. Core	0	1,500	NQ	Angle	\$ 25.75
Diam. Core	1,500	2,000	NQ	Angle	\$ 28.50
Diam. Core	2,000	2,500	NQ	Angle	\$ 33.15

02/27/98 16:09 21 208 769 7612
02/25/98 14:27
FEB 25 '98 11:02AM BOARTLYR NV WEST

HECLA MINING CO →→ ROSEBUD

016/020
NO.066 005
P.4



BOART LONGYEAR CONTRACTING SERVICES GROUP

Box 1000
Dayton, NV 89403
(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

For: Proposal # 00549

89446

Attention KURT D. ALLEN

LOVELOCK, NV

***** HOURLY CHARGES (RATE PER HOUR FOR A 2 MAN CREW) *****

	Rate
Cementing / Prep Hole/Grout	\$ 95.00
Casing - Installing / Pulling	\$ 95.00
Condition Hole - Lost Circulation	\$ 95.00
Rig Up & Dn/move Between Holes/flat Rate	\$ 650.00
Reaming (plus Bits)	\$ 105.00
Hole Survey	\$ 83.00
Cement Setting Time	\$ 83.00
Hole Abandonment	\$ 95.00
Standby Or Delays	\$ 83.00
Re Entry Or Cleaning Holes (plus Bits)	\$ 95.00
Mix Mud	\$ 95.00
Fishing	\$ 95.00
Moving Between Holes	\$ 83.00
Trip For Grease	\$ 95.00

MATERIALS (if supplied) ARE BILLED TO CLIENT AT LONGYEAR'S COST
INCLUDING ALL APPLICABLE FREIGHT CHARGES.... PLUS 15.0 %

***** WATER CHARGES *****

Water if Purchased, will be Invoiced at Longyear's Cost Plus 15%

Exhibit A
4.05

02/27/98 16:10 21 208 769 7612
02/25/98 14:27
FEB 25 '98 11:02AM BOARTLYR NV WEST

HECLA MINING CO →→→ ROSEBUD

017/020
NO.066 006
P.5



**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000
Dayton, NV 89403
(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

WINNEMUCCA, NV

89446
Attention KURT D. ALLEN

Date: February 24, 1998

For: Proposal # 00549

LOVELOCK, NV

***** CASING AND CASING SHOE CHARGES *****

All Casing / Shoes left in the Hole will be Charged as follows:
100 % of LY List Price if left in Hole at Client's Request
100 % of LY List Price if lost through Drilling Operations

***** MISCELLANEOUS CHARGES *****

Description Comments	Rate Per
WATER TRUCK DRIVER FULL TIME IF NECESSARY	\$ 30.00 HR
HWT CASING 10' LENGTHS	\$ 12.00 FT



BOART LONGYEAR CONTRACTING SERVICES GROUP

Box 1000
Dayton, NV 89403
(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV 89446
Attention KURT D. ALLEN

For: Proposal # 00549

LOVELOCK, NV

***** TERMS AND CONDITIONS *****

INSURANCE

Boart Longyear Company will carry Comprehensive General Liability and Automobile Insurance covering personal injury and property damage and also statutory Workmen's Compensation Insurance. Certificates showing these coverages will be furnished upon request.

LICENSING

Boart Longyear Company certifies that it is licensed to do business in the state of this site location. All other licenses, land and water use permits, environmental reports, state reports relating to hole plugging, etc. shall be the responsibility of Client. Boart Longyear shall cooperate with and give technical assistance for Client's compliance with these regulations.

INVOICES

Invoices covering the work performed will be prepared on a regular basis throughout the duration of the project. Payment terms shall be Net Due Upon Receipt of Invoice. Amounts not paid within 15 days of Invoice Date will begin accruing interest at the rate of 1 1/2 percent per month.

DAILY DRILL REPORTS

In order to facilitate prompt notification to the Client of drilling progress or problems, Boart Longyear Company agrees to provide our Daily Drill Reports to the Client based upon one or more of the following options:

- () Presented daily to the Client's on-site representative for sign off.
- () Faxed daily to the Client's Fax No. _____
- () Faxed weekly to the Client's Fax No. _____
- () Attached to the Invoices.

TAXES

Invoices arising from this project will be subject to all applicable Federal State and Local Taxes (Sales, Use, Gross Receipts, Privilege, etc.).

FORCE MAJEURE

Except for the duty of Client to make payments hereunder when due, neither party shall be liable for delays in performance or for damage occasioned by or caused by Force Majeure, which shall include, but not be limited to, acts of God, actions of the elements, war, strikes, or differences with workmen, acts of the public enemy, rules or regulations of any governmental authority having jurisdiction or control in the premises, compliance with which makes continuance of operations impossible or any other cause beyond the reasonable control of either party. Inability of either party to secure funds, arrange bank loans or other financing, or to obtain credit shall not be regarded as Force Majeure.



BOART LONGYEAR CONTRACTING SERVICES GROUP

Box 1000
Dayton, NV 89403
(702)-296-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

WINNEMUCCA, NV

89446

Attention KURT D. ALLEN

Date: February 24, 1998

For: Proposal # 00549

LOVELOCK, NV

EXPIRATION

Prices quoted herein are firm only if this proposal is accepted on or before December 31, 1998 and if work is commenced within a reasonable period of time.

CREDIT APPROVAL

This agreement is subject to continuing credit approval by Boart Longyear Company of Client's financial condition, or to other financial arrangements satisfactory to Boart Longyear Company. If at any time Boart Longyear Company, in its sole judgement, deems Client's financial condition unsatisfactory, notice shall be made to client, and if action is not taken satisfactory to Boart Longyear Company, then work under this agreement shall cease. Nothing contained herein shall excuse Client's obligation to pay for work already performed in its behalf pursuant to this agreement.

INDEMNIFICATION

Nothing herein shall be construed or deemed to create any relationship between Client and Boart Longyear Company other than Boart Longyear Company acting as either a Contractor or a Sub-Contractor to Client. Each party shall be solely responsible for the acts of its employees or agents, and each shall hold harmless and fully indemnify the other party, its officers, employees, agents, and affiliated companies from any liability for injury to or death of any person, or for damage to or destruction of any property, and from any claims, actions, proceedings and costs in connection therewith, including reasonable attorney fees, arising out of or resulting from the performance of the work hereunder.

ENTIRE AGREEMENT

This proposal together with its covering letter and all attachments will constitute the terms and conditions of this working agreement. Your authorized signature in the space provided below will acknowledge your acceptance and will validate this agreement.

Boart Longyear Company

Client:

Signed: SD Barnwell 00

Signed:

Name: Steve Barnwell

Name:

Title: Zone Manager

Title:

Date: 2/25/98

Date:

EXHIBIT B

CONTRACTOR'S APPLICATION FOR PAYMENT AND CONDITIONAL WAIVER AND RELEASE

KNOW ALL MEN BY THESE PRESENTS, THAT

WHEREAS Boart Longyear Company ("Contractor"), having its principal offices at 32 Stokes Drive, P.O. Box 1000, Dayton, Nevada 89403, and HECLA MINING COMPANY ("Hecla"), with its principal offices at 6500 Mineral Drive, Coeur d'Alene, Idaho, 83815-8788, have heretofore entered into a certain Agreement (the "Agreement") dated March 5, 1998, relating to the furnishing of materials, labor and/or equipment for construction or services of (description of Contractor's work): _____

_____ at the Rosebud Mine Site in connection with a certain contract performed by Contractor for Hecla's Rosebud Unit ("the Project") located at Winnemucca, Nevada.

NOW, THEREFORE, in consideration and upon payment of the sum of _____ Dollars (\$ _____), which sum shall represent payment for work completed as of _____ due to Contractor under and pursuant to the above-referenced Agreement, Contractor does hereby:

1. Certify to Hecla that all persons, firms, associations, corporations, subcontractors, or other entities furnishing labor, materials, equipment, supplies or services to Contractor or Hecla with respect to the agreement have been paid in full, including any and all applicable Federal, State, and Local sales, use, excise, or similar taxes or import duties, licenses and royalties except the following (none unless noted): _____

(attach additional page, if necessary, and so note); and

2. Remise, release, waive, relinquish and forever quitclaim unto Hecla, their affiliates, successors and assigns, any and all manner of liens, claims or demands whatsoever which against Hecla, Contractor ever had, now has, or which it or its successors or assigns hereafter can, shall or may have upon any portion of the lands of Owner or the buildings thereon standing, for labor, material, equipment or services furnished under the Contract, and

3. Further remise, release and forever discharge Hecla, their affiliates, successors and assigns of and from any and all manner of liens, claims, demands, and causes of action whatsoever against Hecla which Contractor or its subcontractors ever had, now has, or which it or its successors or assigns hereafter can, shall or may have for upon or by reason of any matter, cause or thing whatsoever arising under or out of the Agreement, and

4. Agree to indemnify and hold harmless Hecla, their affiliates, successors or assigns, against all loss, cost, damage or expense (including but not limited to attorneys' fees) by reason of any and all manner of liens, claims or demands which anyone may have for labor performed, for material, equipment or services furnished, or by reason of any matter, cause or thing whatsoever arising under or out of the Agreement.

IN WITNESS WHEREOF, Contractor has duly caused these presents to be signed and attested by its duly authorized owner, partner or officer (and, if a corporation, its corporate seal to be hereunto affixed) on the ____ day of _____, 199__.

BOART LONGYEAR COMPANY

HECLA MINING COMPANY

By: _____
Title: _____

By: _____
Title: _____

Boart Longyear Company
Core Drilling Division
32 Stokes Drive • P.O. Box 1000
Dayton, Nevada 89403 USA
Telephone: 702-246-0296
Fax: 702-246-3208



BOART LONGYEAR CONTRACTING SERVICES GROUP

February 24, 1998

Rosebud Mining Company
P.O. Box 2610
Winnemucca, NV 89446

ATTENTION: Mr. Kurt D. Allen

SUBJECT: Core Drilling Program Located at Lovelock, NV.

Dear Mr. Allen,

Enclosed you will find our proposal covering your planned drilling at Lovelock, NV.

For this work, Rosebud Mining will supply the following services, at no charge to Boart Longyear Company.

- a) a source of water for haulage by our ⁴/₂ wheel water truck
- b) preparation and maintenance of access roads
- c) construction of drill pads and mud sumps

Please note the following items for clarification of pricing and drilling requirements:

- 1) Mobilization/demobilization is per drill, equipment crews. Mob starts at end of improved road and demob starts at improved county road.
- 2) Boart Longyear will have a non-drilling supervisor on call 24 hours a day to assist the rig supervisor with all operations.
- 3) All Boart Longyear furnished in-hole muds, additives, etc. will be invoiced to client on a lump sum basis upon delivery to jobsite +15% handling and freight.
- 4) Any Boart Longyear furnished in-hole reimbursable supplies left in returnable condition, will be credited back to client on the final invoice.

We appreciate the opportunity to offer you our services. If you have any questions, or if I can be of further assistance to you, please do not hesitate to contact me.

Sincerely,
BOART LONGYEAR COMPANY

SD Barnwell
Steve Barnwell, Manager
Nevada Western Zone
Core Drilling Division



**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000
Dayton, NV 89403
(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

For: Proposal # 00549

89446

LOVELOCK, NV

Attention KURT D. ALLEN

Contract Number: 00000000 Customer P/O #
Contract Name: HECLA

******* ANTICIPATED REQUIREMENTS AND CONDITIONS *******

Estimated Starting Date: 03/05/98
Estimated End Date: 12/31/98
Number of Drills: 1
Drill Type: LS244
Number of Shifts: 3
Number in Crew: 2
Hours per Shift: 8.0
Non-Drilling Supervisor: On Call 24 Hrs
Number of Days Per Week: 7
Days on the Job: 10
Days off the Job: 4
Minimum Footage: 5,000
Estimated # of Holes: 24
Maximum Depth per Hole: 1,000

	Vertical	Angle
Degrees from Horizontal	90	45
Average Depth of Holes	1,000	

 Feet

Avg. Depth Overburden: Reentry
Required Hole Size(s): HQ, NQ
Required Core Size(s): 2.500 1.875
Rock Type to Drill: ROSEBUD
Roads & Drill Sites maintained by Client

******* FLAT RATE CHARGES *******

Mobilization - Core Rig: \$ 850.00
Demobilization - Core Rig: \$ 850.00



**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000
Dayton, NV 89403
(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

For: Proposal # 00549

WINNEMUCCA, NV

89446

LOVELOCK, NV

Attention KURT D. ALLEN

***** FOOTAGE *****
All Footage Rates are per FOOT

Drilling Type	From	To	Bit Type	Hole	Rate
Diam. Core	0	1,500	HQ	Vertical	\$ 26.75
Diam. Core	1,500	2,000	HQ	Vertical	\$ 29.50
Diam. Core	2,000	2,500	HQ	Vertical	\$ 33.15
Diam. Core	0	1,500	NQ	Vertical	\$ 25.75
Diam. Core	1,500	2,000	NQ	Vertical	\$ 28.50
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Diam. Core	1,500	2,000	NQ	Angle	\$ 28.50
Diam. Core	2,000	2,500	NQ	Angle	\$ 33.15



**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000
Dayton, NV 89403
(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

For: Proposal # 00549

89446

LOVELOCK, NV

Attention KURT D. ALLEN

***** HOURLY CHARGES (RATE PER HOUR FOR A 2 MAN CREW) *****

	Rate
Cementing / Prep Hole/Grout	\$ 95.00
Casing - Installing / Pulling	\$ 95.00
Condition Hole - Lost Circulation	\$ 95.00
Rig Up & Dn/move Between Holes/flat Rate	\$ 650.00
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Hole Survey	\$ 83.00
Cement Setting Time	\$ 83.00
Hole Abandonment	\$ 95.00
Standby Or Delays	\$ 83.00
Re Entry Or Cleaning Holes (plus Bits)	\$ 95.00
Mix Mud	\$ 95.00
Fishing	\$ 95.00
Trip For Grease	\$ 95.00

MATERIALS (if supplied) ARE BILLED TO CLIENT AT LONGYEAR'S COST
INCLUDING ALL APPLICABLE FREIGHT CHARGES.... PLUS 15.0 %

***** WATER CHARGES *****

Water if Purchased, will be Invoiced at Longyear's Cost Plus 15%



**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000
Dayton, NV 89403
(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

For: Proposal # 00549

89446

LOVELOCK, NV

Attention KURT D. ALLEN

***** CASING AND CASING SHOE CHARGES *****

All Casing / Shoes left in the Hole will be Charged as follows:
100 % of LY List Price if left in Hole at Client's Request
100 % of LY List Price if lost through Drilling Operations

***** MISCELLANEOUS CHARGES *****

Description
Comments

Rate
Per

WATER TRUCK DRIVER FULL TIME IF NECESSARY
--

\$ 30.00 HR

HWT CASING 10' LENGTHS

\$ 12.00 FT



**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000
Dayton, NV 89403
(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

WINNEMUCCA, NV

89446
Attention KURT D. ALLEN

Date: February 24, 1998

For: Proposal # 00549

LOVELOCK, NV

******* TERMS AND CONDITIONS *******

INSURANCE

Boart Longyear Company will carry Comprehensive General Liability and Automobile Insurance covering personal injury and property damage and also statutory Workmen's Compensation Insurance. Certificates showing these coverages will be furnished upon request.

LICENSING

Boart Longyear Company certifies that it is licensed to do business in the state of this site location. All other licenses, land and water use permits, environmental reports, state reports relating to hole plugging, etc, shall be the responsibility of Client. Boart Longyear shall cooperate with and give technical assistance for Client's compliance with these regulations.

INVOICES

Invoices covering the work performed will be prepared on a regular basis throughout the duration of the project. Payment Terms shall be Net Due Upon Receipt of Invoice. Amounts not paid within 45 days of Invoice Date will begin accruing interest at the rate of 1 1/2 percent per month.

DAILY DRILL REPORTS

In order to facilitate prompt notification to the Client of drilling progress or problems, Boart Longyear Company agrees to provide our Daily Drill Reports to the Client based upon one or more of the following options:

- () Presented daily to the Client's on-site representative for sign off.
- () Faxed daily to the Client's Fax No. _____.
- () Faxed weekly to the Client's Fax No. _____.
- () Attached to the Invoices.

TAXES

Invoices arising from this project will be subject to all applicable Federal State and Local Taxes (Sales, Use, Gross Receipts, Privilege, etc.).

FORCE MAJEURE

Except for the duty of Client to make payments hereunder when due, neither party shall be liable for delays in performance or for damage occasioned by or caused by Force Majeure, which shall include, but not be limited to, acts of God, actions of the elements, war, strikes, or differences with workmen, acts of the public enemy, rules or regulations of any governmental authority having jurisdiction or control in the premises, compliance with which makes continuance of operations impossible or any other cause beyond the reasonable control of either party. Inability of either party to secure funds, arrange bank loans or other financing, or to obtain credit shall not be regarded as Force Majeure.



**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000
Dayton, NV 89403
(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

WINNEMUCCA, NV

89446

Attention KURT D. ALLEN

Date: February 24, 1998

For: Proposal # 00549

LOVELOCK, NV

EXPIRATION

Prices quoted herein are firm only if this proposal is accepted on or before **December 31, 1998** and if work is commenced within a reasonable period of time.

CREDIT APPROVAL

This agreement is subject to continuing credit approval by Boart Longyear Company of Client's financial condition, or to other financial arrangements satisfactory to Boart Longyear Company. If at any time Boart Longyear Company, in its sole judgement, deems Client's financial condition unsatisfactory, notice shall be made to client, and if action is not taken satisfactory to Boart Longyear Company, then work under this agreement shall cease. Nothing contained herein shall excuse Client's obligation to pay for work already performed in its behalf pursuant to this agreement.

INDEMNIFICATION

Nothing herein shall be construed or deemed to create any relationship between Client and Boart Longyear Company other than Boart Longyear Company acting as either a Contractor or a Sub-Contractor to Client. Each party shall be solely responsible for the acts of its employees or agents, and each shall hold harmless and fully indemnify the other party, its officers, employees, agents, and affiliated companies from any liability for injury to or death of any person, or for damage to or destruction of any property, and from any claims, actions, proceedings and costs in connection therewith, including reasonable attorney fees, arising out of or resulting from the performance of the work hereunder.

ENTIRE AGREEMENT

This proposal together with its covering letter and all attachments will constitute the terms and conditions of this working agreement. Your authorized signature in the space provided below will acknowledge your acceptance and will validate this agreement.

Boart Longyear Company

Client: _____

Signed: SD Barnwell

Signed: _____

Name: **Steve Barnwell**

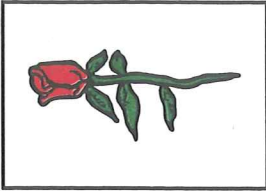
Name: _____

Title: **Zone Manager**

Title: _____

Date: 2/25/98

Date: _____



The Rosebud Mining Company LLC

P.O. Box 2610

Winnemucca, NV 89446

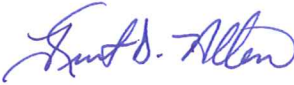
Phone (702) 623-6912

Fax (702) 623-6967

Hecla Mining Co. - Manager of Mining

THE ROSEBUD MINING COMPANY, LLC MEMORANDUM

TO: Steve Barnwell
Boart Longyear
Manager Nevada West Zone

FROM: Kurt D. Allen 
Chief Geologist
Hecla Mining Company, Rosebud

DATE: February 24, 1998

SUBJECT: Request for Core Drilling Estimate.

As we talked about on the phone a few minutes ago, following is a quick description of the anticipated core drilling needed:

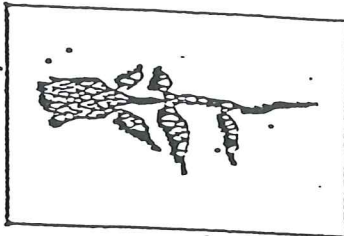
Start Date: Approximately March 5th.

Core Hole Size: HQ

Number Of Holes: Approximately 24 holes.

Total Footage: Approximately 5,000 feet.

All core holes are anticipated to re-enter reverse circulation drill holes at a depth of 500 to 700 feet and core drill up to 250 feet. Holes may be required to be cased by the core driller. If you have any further questions, please feel free to call me.



The Rosebud Mining Company LLC

P.O. Box 2610

Winnemucca, NV 89446

Phone (702) 623-6912

Fax (702) 623-6967

Hecla Mining Co. - Manager of Mining

FACSIMILE COVER SHEET

DATE: 3/2/98

TO: JOHN GALBRAITH

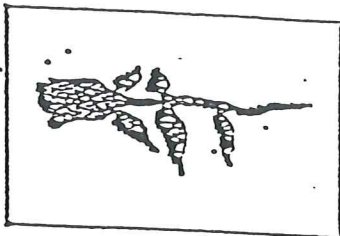
FROM: Kurt Allen

NUMBER OF PAGES INCLUDING COVER: 5

MESSAGE: Following is the new estimate for the
EKLUND DRILL RIG AND THE PAGE OF THE OLD PROPOSAL
you marked on. If you need any further
information, please call me.

Thanks
Kurt

IF YOU DO NOT RECEIVE LEGIBLE COPIES OF ALL PAGES, PLEASE CALL BACK AS SOON AS POSSIBLE.



The Rosebud Mining Company LLC

P.O. Box 2610

Winnemucca, NV 89446

Phone (702) 623-6912

Fax (702) 623-6967

Hecla Mining Co. - Manager of Mining

FACSIMILE COVER SHEET

DATE: 2/25/98

TO: JOHN GALBRAITH

FROM: KURT ALLEN

NUMBER OF PAGES INCLUDING COVER: 8

MESSAGE: Would you put THE FOLLOWING BOART LONGYEAR
DRILLING PROPOSAL TO ONE OF OUR CONTRACTS. ESTIMATED
START DATE FOR BOART LONGYEAR WOULD BE MARCH 5TH 1998
WITH COMPLETION DATE OF JUNE 1ST 1998. THEY WILL
BE DRILLING APPROXIMATELY 24 CORE TAILS.

Thank You

[Signature]

IF YOU DO NOT RECEIVE LEGIBLE COPIES OF ALL PAGES, PLEASE CALL BACK AS SOON AS POSSIBLE.

FEB 25 '98 11:01AM BOARTLYR NV WEST

P. 1

Boart Longyear Company
Core Drilling Division
32 Stokes Drive • P.O. Box 1000
Dayton, Nevada 89403 USA
Telephone: 702-246-0296
Fax: 702-246-3208



BOART LONGYEAR
CONTRACTING SERVICES GROUP

February 24, 1998

Rosebud Mining Company
P.O. Box 2610
Winnemucca, NV 89446

ATTENTION: Mr. Kurt D. Allen

SUBJECT: Core Drilling Program Located at Lovelock, NV.

Dear Mr. Allen,

Enclosed you will find our proposal covering your planned drilling at Lovelock, NV.

For this work, Rosebud Mining will supply the following services, at no charge to Boart Longyear Company.

- a) a source of water for haulage by our 2 wheel water truck
- b) preparation and maintenance of access roads
- c) construction of drill pads and mud sumps

Please note the following items for clarification of pricing and drilling requirements:

- 1) Mobilization/demobilization is per drill, equipment crews. Mob starts at end of improved road and demob starts at improved county road.
- 2) Boart Longyear will have a non-drilling supervisor on call 24 hours a day to assist the rig supervisor with all operations.
- 3) All Boart Longyear furnished in-hole muds, additives, etc. will be invoiced to client on a lump sum basis upon delivery to jobsite +15% handling and freight.
- 4) Any Boart Longyear furnished in-hole reimbursable supplies left in returnable condition, will be credited back to client on the final invoice.

We appreciate the opportunity to offer you our services. If you have any questions, or if I can be of further assistance to you, please do not hesitate to contact me.

Sincerely,
BOART LONGYEAR COMPANY

SD Barnwell
Steve Barnwell, Manager
Nevada Western Zone
Core Drilling Division


**BOART LONGYEAR
CONTRACTING SERVICES GROUP**

Box 1000
Dayton, NV 89403
(702)-246-0297

To: ROSEBUD MINING COMPANY
P.O. BOX 2610

Date: February 24, 1998

WINNEMUCCA, NV

For: Proposal # 00549

89446

LOVELOCK, NV

Attention KURT D. ALLEN

Contract Number: 00000000 Customer P/O #
Contract Name: HECLA

***** ANTICIPATED REQUIREMENTS AND CONDITIONS *****

Estimated Starting Date: 03/05/98
Estimated End Date: 12/31/98
Number of Drills: 1
Drill Type: LS244
Number of Shifts: 3
Number in Crew: 2
Hours per Shift: 8.0
Non-Drilling Supervisor: On Call 24 Hrs
Number of Days Per Week: 7
Days on the Job: 10
Days off the Job: 4
Minimum Footage: 5,000
Estimated # of Holes: 24
Maximum Depth per Hole: 1,000

Degrees from Horizontal
Average Depth of Holes

Vertical	Angle
90	45
1,000	

Feet

Avg. Depth Overburden: Reentry
Required Hole Size(s): HQ, NQ
Required Core Size(s): 2.500 1.875
Rock Type to Drill: ROSEBUD
Roads & Drill Sites maintained by Client

***** FLAT RATE CHARGES *****

~~Mobilization - Core Rig: \$ 850.00~~
~~Demobilization - Core Rig: \$ 850.00~~


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***** FOOTAGE *****
All Footage Rates are per FOOT

Drilling Type	From	To	Bit Type	Hole	Rate
Diam. Core	0	1,500	HQ	Vertical	\$ 26.75
Diam. Core	1,500	2,000	HQ	Vertical	\$ 29.50
Diam. Core	2,000	2,500	HQ	Vertical	\$ 33.15
Diam. Core	0	1,500	NQ	Vertical	\$ 25.75
Diam. Core	1,500	2,000	NQ	Vertical	\$ 28.50
Diam. Core	2,000	2,500	NQ	Vertical	\$ 33.15
Diam. Core	0	1,500	HQ	Angle	\$ 26.75
Diam. Core	1,500	2,000	HQ	Angle	\$ 29.50
Diam. Core	2,000	2,500	HQ	Angle	\$ 33.15
Diam. Core	0	1,500	NQ	Angle	\$ 25.75
Diam. Core	1,500	2,000	NQ	Angle	\$ 28.50
Diam. Core	2,000	2,500	NQ	Angle	\$ 33.15


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***** HOURLY CHARGES (RATE PER HOUR FOR A 2 MAN CREW) *****

	Rate
Cementing / Prep Hole/Grout	\$ 95.00
Casing - Installing / Pulling	\$ 95.00
Condition Hole - Lost Circulation	\$ 95.00
Rig Up & Dn/move Between Holes/flat Rate	\$ 650.00
Reaming (plus Bits)	\$ 105.00
Hole Survey	\$ 83.00
Cement Setting Time	\$ 83.00
Hole Abandonment	\$ 95.00
Standby Or Delays	\$ 83.00
Re Entry Or Cleaning Holes (plus Bits)	\$ 95.00
Mix Mud	\$ 95.00
Fishing	\$ 95.00
Moving Between Holes	\$ 83.00
Trip For Grease	\$ 95.00

 MATERIALS (if supplied) ARE BILLED TO CLIENT AT LONGYEAR'S COST
 INCLUDING ALL APPLICABLE FREIGHT CHARGES.... PLUS 15.0 %

***** WATER CHARGES *****

Water if Purchased, will be Invoiced at Longyear's Cost Plus 15%

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******* CASING AND CASING SHOE CHARGES *******

All Casing / Shoes left in the Hole will be Charged as follows:
100 % of LY List Price if left in Hole at Client's Request
100 % of LY List Price if lost through Drilling Operations

******* MISCELLANEOUS CHARGES *******Description
CommentsRate
PerWATER TRUCK DRIVER
FULL TIME IF NECESSARY\$ 30.00
HRHWT CASING
10' LENGTHS\$ 12.00
FT



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Attention KURT D. ALLEN

Date: February 24, 1998

For: Proposal # 00549

LOVELOCK, NV

***** TERMS AND CONDITIONS *****

INSURANCE

Boart Longyear Company will carry Comprehensive General Liability and Automobile Insurance covering personal injury and property damage and also statutory Workmen's Compensation Insurance. Certificates showing these coverages will be furnished upon request.

LICENSING

Boart Longyear Company certifies that it is licensed to do business in the state of this site location. All other licenses, land and water use permits, environmental reports, state reports relating to hole plugging, etc, shall be the responsibility of Client. Boart Longyear shall cooperate with and give technical assistance for Client's compliance with these regulations.

INVOICES

Invoices covering the work performed will be prepared on a regular basis throughout the duration of the project. Payment Terms shall be Net Due Upon Receipt of Invoice. Amounts not paid within 45 days of Invoice Date will begin accruing interest at the rate of 1 1/2 percent per month.

DAILY DRILL REPORTS

In order to facilitate prompt notification to the Client of drilling progress or problems, Boart Longyear Company agrees to provide our Daily Drill Reports to the Client based upon one or more of the following options:

- () Presented daily to the Client's on-site representative for sign off.
- () Faxed daily to the Client's Fax No. _____
- () Faxed weekly to the Client's Fax No. _____
- () Attached to the Invoices.

TAXES

Invoices arising from this project will be subject to all applicable Federal State and Local Taxes (Sales, Use, Gross Receipts, Privilege, etc.).

FORCE MAJEURE

Except for the duty of Client to make payments hereunder when due, neither party shall be liable for delays in performance or for damage occasioned by or caused by Force Majeure, which shall include, but not be limited to, acts of God, actions of the elements, war, strikes, or differences with workmen, acts of the public enemy, rules or regulations of any governmental authority having jurisdiction or control in the premises, compliance with which makes continuance of operations impossible or any other cause beyond the reasonable control of either party. Inability of either party to secure funds, arrange bank loans or other financing, or to obtain credit shall not be regarded as Force Majeure.


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LOVELOCK, NV

EXPIRATION

Prices quoted herein are firm only if this proposal is accepted on or before December 31, 1998 and if work is commenced within a reasonable period of time.

CREDIT APPROVAL

This agreement is subject to continuing credit approval by Boart Longyear Company of Client's financial condition, or to other financial arrangements satisfactory to Boart Longyear Company. If at any time Boart Longyear Company, in its sole judgment, deems Client's financial condition unsatisfactory, notice shall be made to client, and if action is not taken satisfactory to Boart Longyear Company, then work under this agreement shall cease. Nothing contained herein shall excuse Client's obligation to pay for work already performed in its behalf pursuant to this agreement.

INDEMNIFICATION

Nothing herein shall be construed or deemed to create any relationship between Client and Boart Longyear Company other than Boart Longyear Company acting as either a Contractor or a Sub-Contractor to Client. Each party shall be solely responsible for the acts of its employees or agents, and each shall hold harmless and fully indemnify the other party, its officers, employees, agents, and affiliated companies from any liability for injury to or death of any person, or for damage to or destruction of any property, and from any claims, actions, proceedings and costs in connection therewith, including reasonable attorney fees, arising out of or resulting from the performance of the work hereunder.

ENTIRE AGREEMENT

This proposal together with its covering letter and all attachments will constitute the terms and conditions of this working agreement. Your authorized signature in the space provided below will acknowledge your acceptance and will validate this agreement.

Boart Longyear Company

Client: _____

Signed: SD Barnwell

Signed: _____

Name: Steve Barnwell

Name: _____

Title: Zone Manager

Title: _____

Date: 2/25/98

Date: _____