

5771/88-0115

MEMORANDUM OF EXPLORATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT, under the terms of that certain Exploration Agreement dated January 1, 1988, (the "Exploration Agreement") by and between KERR-McGEE CORPORATION, a Delaware corporation with offices at Kerr-McGee Center, P.O. Box 25861, Oklahoma City, Oklahoma 73125 ("Kerr-McGee") and HECLA MINING COMPANY, a Delaware corporation with offices at 6500 Mineral Drive, Box C-8000, Coeur d'Alene, Idaho 83814-1931 ("Hecla"), that Kerr-McGee granted and conveyed unto Hecla for a period commencing on the date of the Exploration Agreement and ending on December 31, 1993 (the "Option Period"), unless sooner terminated as provided therein, the exclusive right and option to acquire an undivided fifty percent (50%) of the interest owned or held by Kerr-McGee in and to the patented and unpatented mining claims and mill site situated in Lincoln County, Nevada, described in Exhibit A to the Exploration Agreement, a copy of which Exhibit is attached hereto and made a part of this Memorandum (the "Property"), upon Hecla expending certain specified sums in conducting exploration activities on and for the benefit of the Property and performing other obligations relative to the Property in accordance with the terms and conditions of the Exploration Agreement.

The Exploration Agreement and all terms and conditions set forth therein are by this reference made a part hereof as fully and completely as if set forth in this Memorandum.

A copy of the Exploration Agreement is in the possession of Kerr-McGee and Hecla at the address for each first set forth above.

Notwithstanding anything herein which might appear to the contrary, it is specifically understood and agreed that nothing contained in this Memorandum shall alter, enlarge or change the rights or obligations of the parties as they are set out in the above referenced Exploration Agreement, and nothing contained herein is to be used in any way in construing or interpreting the Exploration Agreement, the only purpose of this Memorandum being to give notice of the existence of such agreement.

IN WITNESS WHEREOF, this instrument is executed by the parties effective this 1st day of January, 1988.

ATTEST:
WITNES:

[Handwritten signature]

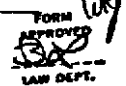


KERR-McGEE CORPORATION.

By *[Handwritten signature]*
Barry N. Hill, Attorney-in-Fact

HECLA MINING COMPANY

By *[Handwritten signature]*



STATE OF OKLAHOMA)
) SS.
COUNTY OF OKLAHOMA)

On this 1st day of February, 1988, personally appeared before me, a notary public, Berry D. Hill, a Attorney-in-Fact of Kerr-McGee Corporation, a Delaware corporation, who acknowledged that he executed the above instrument, on behalf of said corporation.

Witness my hand and official seal.

Denny Clark
Notary Public

My Commission Expires:

July 24, 1989

STATE OF Idaho)
) SS.
COUNTY OF Idaho)

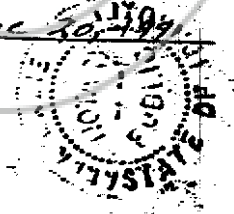
On this 22nd day of January, 1988, personally appeared before me, a notary public, Gene K. Ealy, a Vice President of Hecia Mining Company, a Delaware corporation, who acknowledged that he executed the above instrument, on behalf of said corporation.

Witness my hand and official seal.

Anna Marie Samsy
Notary Public

My Commission Expires:

June 30, 1991



NV3104M

EXHIBIT "A"
 PROPERTY DESCRIPTION
 ATTACHED TO AND MADE A PART OF THAT CERTAIN
 EXPLORATION AGREEMENT
 DATED THE 1st DAY OF January, 19 88
 BY AND BETWEEN
 KERR-McGEE CORPORATION
 AND
 HECLA MINING COMPANY

Recording references are to the records of Lincoln County, Nevada.

1. The following described unpatented lode mining claims and the mill site conveyed to Kerr-McGee Corporation pursuant to that certain Mining Deed dated May 27, 1976, recorded in Book 18 at Page 286, covering lands in unsurveyed areas of Township 3 North, Range 65 and 66 East, Mount Diablo Meridian, Bristol and Jackrabbit Mining Districts, Lincoln County, Nevada, being 2,160.00, acres more or less:

NAME OF CLAIM(S)	RECORDING DATA		BLM SERIAL NUMBER(S)
	BOOK	PAGE(S)	
Ratler No. 1	D-1	293	N MC 49750
Ratler No. 2	D-1	293	N MC 49751
Ratler No. 3	D-1	294	N MC 49752
Ratler No. 4	D-1	294	N MC 49753
Blue Bird No. 1	B-2	224	N MC 49754
Blue Bird No. 2	B-2	224	N MC 49755
Blue Bird No. 3	B-2	224 and 225	N MC 49756
Blue Bird No. 4	C-1	14	N MC 49757
Bluebird Fraction	E-1	240	N MC 49758
Elenor No. 1	H-1	292	N MC 49759
Elenor No. 2	H-1	292	N MC 49760
Elenor No. 3	H-1	293	N MC 49761
Elenor No. 4	H-1	293	N MC 49762
Elenor No. 5	H-1	294	N MC 49763
Elenor No. 6	H-1	359	N MC 49764
Elenor No. 7	H-1	360	N MC 49765
Elenor No. 8	H-1	360	N MC 49766
Elenor No. 9	W-1	278	N MC 49767
Elenor No. 10	H-1	294	N MC 49768
Fire Fly	B-2	225	N MC 49880
Fire-fly No. 2	D-1	37	N MC 49881
Fire Fly No. 3	D-1	290	N MC 49882
SD No. 1	W-1	366	N MC 49883
SD No. 2	W-1	366	N MC 49884
SD No. 3	W-1	366 and 367	N MC 49885
SD No. 4	W-1	367	N MC 49886
SD No. 5	W-1	367	N MC 49887
New H.S. No. 1	Y-1	197	N MC 49888
New H.S. No. 2	Y-1	197 and 198	N MC 49889
New H.S. No. 3	Y-1	198	N MC 49890

NAME OF CLAIM(S)	RECORDING DATA		BLM SERIAL NUMBER(S)
	BOOK	PAGE(S)	
HS No. 1	W-1	278	N MC 49891
HS No. 2	W-1	278 and 279	N MC 49892
HS No. 3	W-1	279	N MC 49893
HS No. 4	W-1	279	N MC 49894
HS No. 5	W-1	279 and 280	N MC 49895
HS No. 6	W-1	280	N MC 49896
HS No. 7	W-1	280 and 281	N MC 49897
HS No. 8	W-1	280 and 281	N MC 49898
HS No. 9	W-1	281	N MC 49899
Valley No. 1	O-1	41 and 42	N MC 49910
Valley No. 3	O-1	42 and 43	N MC 49912
Valley No. 4	O-1	43	N MC 49913
Valley No. 6	O-1	41	N MC 49914
Valley No. 7	O-1	43	N MC 49915
Valley No. 8	O-1	43 and 44	N MC 49916
Valley No. 9	O-1	44	N MC 49917
Valley No. 10	O-1	44 and 45	N MC 49918
Libby William	K	405 and 406	N MC 55106
Chicago	K	144 and 145	N MC 55107
Tomam	N	141	N MC 55108
Home Run Mine	S	116	N MC 55109
Sphinx	E-1	254	N MC 55110
Cassandra Lode	E-1	373 and 374	N MC 55111
Sure Thing Fraction	E-1	240 and 241	N MC 55112
Drutus Mine	X	189	N MC 55113
Nevada	H-1	113	N MC 55114
Hill Side No. 1	H-1	354	N MC 58368
Hillside No. 2	H-1	119 and 120	N MC 58369
Hillside NO. 3	H-1	355	N MC 58370
Hillside No. 4	H-1	356	N MC 58371
Hillside No. 5	H-1	120	N MC 58372
Hillside #6	X-1	181	N MC 58373
Hillside #7A	X-1	181	N MC 58374
Hillside #7B	X-1	181	N MC 58375
Hillside No. 8	H-1	356	N MC 58376
Hillside No. 9	H-1	356	N MC 58377
Hillside No. 10	H-1	357	N MC 58378
Hillside No. 11	H-1	357	N MC 58379
Hillside No. 12	H-1	358	N MC 58380
Hillside No. 13	H-1	358	N MC 58381
Hillside No. 14	H-1	359	N MC 58382
Hillside No. 15	K-1	90	N MC 58383
Hillside No. 16	K-1	90 and 91	N MC 58384
Hillside No. 17	K-1	91	N MC 58385
Hillside No. 18	K-1	91	N MC 58386

NAME OF CLAIM(S)	RECORDING DATA		BLM SERIAL NUMBER(S)
	BOOK	PAGE(S)	
Wedge No. 1 Lode	F-1	73	N MC 58387
Wedge No. 2 Lode	F-1	72	N MC 58388
Wedge No. 3 Lode	F-1	72	N MC 58389
Wedge Lode	F-1	73	N MC 58390
Wedge Fraction	E-1	241	N MC 58391
Bristol Fraction Mill Site	J-1	125	N MC 58413
Bristol No. 1	K-1	92	N MC 58414
Bristol No. 2	K-1	92	N MC 58415
Bristol No. 3	K-1	93	N MC 58416
Bristol No. 4	K-1	93	N MC 58417
Bristol No. 5	K-1	94	N MC 58418
Bristol No. 6	K-1	94	N MC 58419
Bristol No. 7	K-1	95	N MC 58420
Bristol No. 8	K-1	95	N MC 58421
Bristol No. 9	K-1	96	N MC 58422
Bristol No. 10	K-1	96	N MC 58423
Bristol No. 11	K-1	97	N MC 58424
Bristol No. 12	K-1	97	N MC 58425
LC No. 1	U-1	481 and 482	N MC 58426
LC No. 2	U-1	482	N MC 58427
LC No. 3	U-1	482 and 483	N MC 58428
LC No. 4	U-1	483	N MC 58429
LC No. 5	U-1	484	N MC 58430
LC No. 6	U-1	484 and 485	N MC 58431
LC No. 7	U-1	485	N MC 58432
LC No. 8	U-1	485 and 486	N MC 58433
LC No. 9	U-1	486	N MC 58434
LC No. 10	U-1	486 and 487	N MC 58435
Silver Star No. 1	C-1	34	N MC 58436
Silver Star No. 2	C-1	35	N MC 58437
Silver Star No. 4	C-1	35	N MC 58438
Silver Star No. 5	C-1	35	N MC 58439
Silver Star	C-1	33	N MC 58440

The one hundred and seven(107) unpatented lode mining claims listed immediately above are subject to a "production royalty" on ore mined from the Premises and sold or processed equal to two and one-half percent(2-1/2%) of the "net returns" realized from said ore, until Bristol Silver Mines Company shall have received the sum of Two Hundred Thousand Dollars(\$200,000), said royalty reserved and more particularly described in that certain unrecorded AGREEMENT between Bristol Silver Mines Company and Kerr-McGee Corporation, dated March 8, 1976 referred to in that certain MINING DEED by and between Bristol Silver Mines Company and Kerr-McGee Corporation dated May 27, 1976, recorded in Book 18 at Page 286, Document 58581, of the Official Records of Lincoln County, Nevada.

26-010-0001-1

2. The following described unpatented lode mining claims conveyed to Kerr-McGee Corporation pursuant to that certain Mining Deed dated May 27, 1976, recorded in Book 18, at Page 293, covering lands in unsurveyed areas of Township 3 North, Range 65 and 66 East, Mount Diablo Meridian, Bristol and Jackrabbit Mining Districts, Lincoln County, Nevada, being 800.00 acres, more or less.

NAME OF CLAIM(S)	RECORDING DATA		BLM SERIAL NUMBER(S)
	BOOK	PAGE(S)	
Camp Bird No. 1	J-1	489	N MC 49744
Camp Bird No. 2	J-1	489	N MC 49745
Camp Bird No. 3	J-1	490	N MC 49746
Camp Bird No. 4	J-1	490	N MC 49747
Camp Bird No. 5	J-1	491	N MC 49748
Camp Bird No. 6	J-1	491	N MC 49749
Rubber Dollar No. 1	P-1	8	N MC 49900
Rubber Dollar No. Two	P-1	8 and 9	N MC 49901
Rubber Dollar No. 3	P-1	9	N MC 49902
Silver Dollar	O-1	211	N MC 49903
Float	P-1	7	N MC 49904
Float Fraction	P-1	7 and 8	N MC 49905
Lead Carbonate No. 1	H-1	45	N MC 49906
Lead Carbonate No. 2	H-1	46	N MC 49907
Lead Carbonate No. 3	H-1	46	N MC 49908
Lead Carbonate	H-1	45	N MC 49909
Valley No. 2	O-1	42	N MC 49911
Hardie Fraction	O-1	157	N MC 55115
Idamic Fraction	O-1	151 and 152	N MC 55116
Porcupine No. 1	O-1	150 and 151	N MC 58392
Porcupine No. 2	O-1	151	N MC 58393
Porcupine No. 3	O-1	152	N MC 58394
Porcupine No. 4	O-1	152 and 153	N MC 58395
Porcupine No. 5	O-1	153	N MC 58396
Porcupine No. 6	O-1	153 and 154	N MC 58397
Porcupine No. 7	O-1	154	N MC 58398
Porcupine No. 8	O-1	154 and 155	N MC 58399
Porcupine No. 9	O-1	155	N MC 58400
Porcupine No. 10	O-1	155 and 156	N MC 58401
Porcupine No. 11	O-1	156	N MC 58402
Porcupine No. 12	O-1	156	N MC 58403
Porcupine No. 13	O-1	211	N MC 58404
Porcupine	K-1	294	N MC 58405
Last Dollar No. 1	M-1	406	N MC 58406
Last Dollar No. 2	M-1	406	N MC 58407
Last Dollar No. 3	M-1	407	N MC 58408
Last Dollar No. 4	M-1	407	N MC 58409
Last Dollar No. 5	M-1	408	N MC 58410
Last Dollar No. 6	M-1	408	N MC 58411
Last Dollar	O-1	212	N MC 58412

26-010-0001-4

3. The following described patented mining claims conveyed to Kerr-McGee Corporation pursuant to that certain Mining Deed dated May 27, 1976, recorded in Book 18, at Page 286, covering lands in unsurveyed areas of Township 3 North, Range 65 and 66 East, Mount Diablo Meridian, Bristol and Jackrabbit Mining Districts, Lincoln County, Nevada, being 760.00 acres, more or less:

<u>NAME OF CLAIM(S)</u>	<u>LOT OR MINERAL SURVEY NO.</u>	<u>PATENT NO.</u>
Jack Rabbit Lode	Lot 37	"Patent"
Cottontail Lode	Lot 38	"Patent"
Great Eastern Lode	Lot 47	"Patent"
Hillside Lode	Lot 39	"Patent"
Coyote Lode	Lot 50	"Patent"
Onondago Lode	Lot 49	"Patent"
National Lode	Lot 46	"Patent"
Tempest	Lot 41	"Patent"
Iron Lode	Lot 40A	"Patent"
Junction Lode	MS 3344	83155
Detroit	MS 3341	75049
Crescent	MS 3453	168864
Crescent Extension	MS 3453	166864
North Star	MS 3453	168864
North Star Extension	MS 3453	168864
Bristol	MS 2829	258725
Lost Fraction	MS 2829	258725
Contact	MS 2829	258725
Libby Williams Ext.	MS 2829	258725
May Day	MS 2829	258725
May Day Extension	MS 2829	258725
Chicago Extension	MS 2829	258725
Great Eastern Ext.	MS 2829	258725
December	MS 2829	258725
Red Cloud	Lot 38	"Patent"
J. M. F. Lode	MS 3471	213549
Hoodoo	MS 2758	"Patent"
Hoodoo No. 1	MS 2758	"Patent"
Adeline	MS 3879	251236
Sun Set	MS 3879	251236
Miller	MS 3879	251236
Kismet	MS 3879	251236
Kismet No. 1	MS 3879	251236
Kismet No. 2	MS 3879	251236
Wallace	MS 3879	251236
Pay Day	Lot 39	"Patent"
White Rock Lode	Lot 43A and 43B	"Patent"
Vesuvius	MS 2830	156409

26-010-0001-2

4. The following described patented mineral claims assigned to Kerr-McGee Corporation pursuant to that certain Assignment dated May 27, 1976, recorded in Book 18, at Page 291, covering lands in unsurveyed areas of Township 3 North, Range 65 and 66 East, Mount Diablo Meridian, Bristol and Jackrabbit Mining Districts, Lincoln County, Nevada, being 360.00 acres, more or less:

<u>NAME OF CLAIM(S)</u>	<u>LOT OR MINERAL SURVEY NO.</u>	<u>PATENT NO.</u>
Grenada	MS 3264	67623
Yellowstone	MS 3264	67623
Gold Leaf	MS 3264	67623
Gold Leaf # 2	MS 3264	67623
Blue Bell	MS 3263	"Patent"
Apex	MS 3263	"Patent"
Sky Lark	MS 3263	"Patent"
Union	MS 3263	"Patent"
Gusset Patch	MS 3263	"Patent"
Klondike	MS 3263	"Patent"
Tiger	MS 3613	110844
Fortuna	MS 3261	157707
Dyke	MS 3261	157707
Volcano	MS 3261	157707
Independence	MS 3261	157707
Troy	MS 3261	157707
Tenderfoot	MS 3261	157707
Stamp	MS 3269	65356

26-010-0001-3

5. The following described patented mining claims conveyed to Kerr-McGee Corporation pursuant to that certain Mining Deed dated August 23, 1976, recorded in Book 18, at Page 296, covering lands in unsurveyed areas of Township 3 North, Range 65 and 66 East, Mount Diablo Meridian, Bristol and Jackrabbit Mining Districts, Lincoln County, Nevada, being 260.00 acres, more or less:

<u>NAME OF CLAIM(S)</u>	<u>LOT OR MINERAL SURVEY NO.</u>	<u>PATENT NO.</u>
Iron Cap	MS 3544	245173
Blue Crane	MS 3544	941745
Blue Crane #1	MS 3544	245173
Blue Crane #2	MS 3544	245173
Blue Crane #3	MS 3544	245173
Blue Crane #4	MS 3544	245173
Deluge	MS 3544	245173
Clift	MS 3544	245173
Buzzard	MS 3544	245173
Avon	MS 3544	245173
Iron Cap No. 1	MS 3544	941745
Iron Cap No. 2	MS 3544	941745
Iron Cap No. 3	MS 3544	941745

26-010-0001-6

The sixty-nine(69) patented mining claims listed above are subject to a "production royalty" on ore mined from the Premises and sold or processed equal to two and one-half percent(2-1/2%) of the "net returns" realized from said ore, until Bristol Silver Mines Company shall have received the sum of Two Hundred Thousand Dollars(\$200,000), said royalty reserved and more particularly described in that certain unrecorded AGREEMENT between Bristol Silver Mines Company and Kerr-McGee Corporation, dated March 8, 1976 referred to in that certain MINING DEED by and between Bristol Silver Mines Company and Kerr-McGee Corporation dated May 27, 1976, recorded in Book 18 at Page 286, Document 58551, of the Official Records of Lincoln County, Nevada.

6. The following described patented mining claims assigned to Kerr-McGee Corporation pursuant to that certain Mining Deed dated May 27, 1976, recorded in Book 18, at Page 293, covering lands in unsurveyed areas of Township 3 North, Range 65 and 66 East, Mount Diablo Meridian, Bristol and Jackrabbit Mining Districts, Lincoln County, Nevada, being 40.00 acres, more or less:

<u>NAME OF CLAIM(S)</u>	<u>LOT OR MINERAL SURVEY NO.</u>	<u>PATENT NO.</u>
Valley No. 5	MS 3231	168863
Valley No. 11	MS 3231 No. 88302	168863

FILED AND RECORDED AT REQUEST OF
Hecla Mining Company 26-010-0001-5
 Feb. 22, 1984

AT 1 MINUTES PAST 1 O'CLOCK
P.M. IN BOOK 78 OF OFFICIAL
 RECORDS, PAGE 558 LINCOLN
 COUNTY, NEVADA.

7 of 7 FRANK C. HULSE
 COUNTY RECORDER
 By Mae Conner, Deputy
 BOOK