

RESOLUTION OF THE PAPAGO COUNCIL

RES. NO. 31-69

WHEREAS, The Papago Tribe, as Lessor, entered into two (2) mining leases dated August 17, 1966, (Contract Nos. 14-20-0450-5856 and 14-20-0450-5857) with Transarizona Resources, Inc., as Lessee; and

WHEREAS, The Papago Tribe, as Lessor, entered into two (2) modifications of said leases dated May 31, 1968, and October 30, 1968, with Transarizona Resources, Inc., and El Paso Natural Gas Company, as Lessees; and

WHEREAS, Transarizona Resources, Inc., has requested approval of the assignment of its undivided FIFTY PER CENT (50%) interest in said mineral leases to Hecla Mining Company, a Washington Corporation; and

WHEREAS, Transarizona Resources, Inc., has also requested approval of the assignment of its undivided one-half (1/2) interest in the water permit to Hecla Mining Company; and

WHEREAS, Hecla Mining Company and El Paso Natural Gas Company desire a business lease covering 6,325.5 acres, more or less, for a term of TWENTY-FIVE (25) years with an option to renew for an additional term not to exceed TWENTY-FIVE (25) years; and

WHEREAS, Hecla Mining Company and El Paso Natural Gas Company desire approval of the operating agreement, as amended, between El Paso Natural Gas Company and Hecla Mining Company, and consent by the Tribe to the issuance of water and gas rights-of-way to Hecla Mining Company; and

WHEREAS, Hecla Mining Company and El Paso Natural Gas Company desire that the two aforementioned mining leases be modified to clarify Section 14 of Contract No. 14-20-0450-5857 to provide that the production of minerals in paying quantities under Contract No. 14-20-0450-5856 shall satisfy the production requirements of Section 3 of said leases and to further clarify the assignment of lease provisions in Section 19 of Contract No. 14-20-0450-5856 and Section 17 of Contract No. 14-20-0450-5857; and

WHEREAS, Hecla Mining Company and El Paso Natural Gas Company request permission to encumber their leasehold interests in the leased premises for the purposes of borrowing capital for development and improvement of the leased premises subject to approval of instruments by the Secretary of the Interior; and

WHEREAS, Hecla Mining Company and El Paso Natural Gas Company request a

prospecting permit with exclusive option to lease covering the same acreage covered by the business lease; and

WHEREAS, The Papago Council, By Resolution No. 21-69, instructed the Executive Mining Committee of The Papago Council to review the request for approval of the assignment and make recommendations to The Papago Council; and

WHEREAS, a number of meetings have been held by the Executive Mining Committee and negotiations conducted with Transarizona Resources, Inc., toward the goal of settling the assignment question; and

WHEREAS, Edward B. Berger, General Counsel for The Papago Tribe and a member of the Executive Mining Committee, has explained the requests of Transarizona Resources, Inc., El Paso Natural Gas Company and Hecla Mining Company and has negotiated a settlement figure in the amount of THREE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$3,700,000) with the aforesaid companies; and

WHEREAS, Vernon Smith, Director of Mines for The Papago Tribe and a member of the Executive Mining Committee, has recommended the settlement figure; and

WHEREAS, Hecla Mining Company, El Paso Natural Gas Company and Transarizona Resources, Inc., have agreed to pay The Papago Tribe the aggregate sum of THREE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$3,700,000); and

WHEREAS, Hecla Mining Company has agreed to institute a training program, the anticipated cost of which will be in excess of ONE HUNDRED THOUSAND DOLLARS (\$100,000), the details of said training program to be worked out at a future date with The Papago Tribe and the Bureau of Indian Affairs; and

WHEREAS, it is in the best interests of The Papago Tribe, Transarizona Resources, Inc., El Paso Natural Gas Company and Hecla Mining Company to proceed immediately to close this transaction;

NOW, THEREFORE, BE IT RESOLVED by The Papago Council that the Tribal Chairman is hereby authorized to execute all documents necessary to effectuate the following:

1. The approval by the Secretary of the Interior of the assignments of Transarizona Resources, Inc.'s undivided FIFTY PER CENT (50%) interest in the two mining leases dated August 17, 1966, (Contract Nos. 14-20-0450-5856 and 14-20-0450-5857), and subsequent modifications thereto by and between The Papago Tribe, Transarizona Resources, Inc., and El Paso Natural Gas Company, to Hecla Mining Company, a Washington Corporation.

2. The approval by the Secretary of the Interior of the assignment of Transarizona Resources, Inc.'s Undivided one-half (1/2) interest in the water permit to Hecla Mining Company and consent by The Tribe to the issuance of water and gas rights-of-way.

3. A business lease covering 6,325.5 acres, more or less, for a term of TWENTY-FIVE (25) years with an option to renew for an additional term not to exceed TWENTY-FIVE (25) years.

4. The approval by the Secretary of the Interior of the operating agreement, as amended, between El Paso Natural Gas Company and Hecla Mining Company.

5. The modification of the two aforementioned mining leases to clarify Section 14 of Contract No. 14-20-0450-5857 to provide that the production of minerals in paying quantities under Contract No. 14-20-0450-5856 shall satisfy the production requirements of Section 3 of said leases and to further clarify the assignment of lease provisions in Section 19 of Contract No. 14-20-0450-5856 and Section 17 of Contract No. 14-20-0450-5857.

6. The approval of the encumbrance of the leasehold interest of the leased premises for the purpose of borrowing capital for development and improvement of said premises and request that the Secretary of the Interior, or his duly authorized representative, approve said instruments of encumbrance.

7. The granting of a prospecting permit with exclusive option to lease covering the same acreage covered by the business lease.

8. An agreement between Hecla Mining Company and The Papago Tribe to institute a training program, the anticipated cost of which will be in excess of ONE HUNDRED THOUSAND DOLLARS (\$3,700,000) for the foregoing.

The foregoing resolution was duly enacted by The Papago Council on the 5th day of September, 1969, with a vote of 18 for, 0 against, and 4 absent, at a meeting at which a quorum was present, pursuant to authority vested in The Papago Council by Article V, Section 3 (h) and (1), as amended April 9, 1960, of the Constitution and By-Laws of The Papago Tribe, ratified by The Tribe on December 12, 1936, and approved by the Secretary of the Interior on January 6, 1937, pursuant to Section 16 of the Act of June 18, 1934, (48 Stat. 984). Said Resolution is effective as of the date of its approval by the Superintendent of the Papago Agency and is subject to review by the Secretary of the Interior pursuant to Article V, Section 3 of the Constitution and By-Laws of The Papago Tribe.

THE PAPAGO COUNCIL

ATTEST:

Phillipa C. Jose
Secretary

By Thomas A. Segundo
Thomas A. Segundo
Chairman

APPROVED: Sept 12, 1969 (Date)

Joseph M. Lucero
Joseph M. Lucero, Superintendent

APPROVED AS TO FORM: Edward B. Berger
Edward B. Berger
General Counsel