

# State of Idaho

## Department of State.

### CERTIFICATE OF EXCHANGE

I, PETE T. GENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Exchange of ROYAL APEX SILVER, INC. an Idaho corporation, and GALLI EXPLORATION ASSOCIATES, INC., a Nevada corporation, duly signed and verified pursuant to the provisions of the Idaho Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in my by law, I issue this certificate of exchange, and attach hereto a duplicate original of the Articles of Exchange.

Dated: March 17, 1986

\_\_\_\_\_  
SECRETARY OF STATE

\_\_\_\_\_  
Corporations Clerk

MAR 17 10 58 AM '86

STATE OF IDAHO

ARTICLES OF EXCHANGE

PURSUANT TO IDAHO CODE  
SECTION 30-1-74

ROYAL APEX SILVER, INC., an Idaho corporation having its principal place of business at 505 Front Avenue, Coeur d'Alene, Idaho 83814, and GALLI EXPLORATION ASSOCIATES, INC., a Nevada corporation having its principal place of business at 3746 Mill Street, Reno, Nevada 89510, hereby make and execute these Articles of Exchange pursuant to Idaho Code Section 30-1-74 and hereby verify through their respective officers as follows:

(1) ROYAL APEX SILVER, INC., on Wednesday, March 12, 1986, held a special Board of Directors' meeting pursuant to proper notice. That at said meeting, all directors were present in person or participated in said meeting via telephone conference as permitted under Idaho Code Section 30-1-43.

(2) That at said Board of Directors' meeting of ROYAL APEX SILVER, INC. (hereinafter "Royal"), a resolution was unanimously adopted approving the exchange of 350,000 Royal Apex common shares, par value \$.05 per share, to acquire all 100 issued and outstanding common shares of GALLI EXPLORATION ASSOCIATES, INC. (hereinafter "Galli").

(3) That on March 12, 1986, and on the date of these Articles of Exchange, Royal had issued and outstanding 11,439,352 common shares, each having a par value of \$.05. That pursuant to Idaho Code Section 30-1-73(d), no vote of the shareholders of Royal is necessary to approve Royal acquiring all outstanding shares of Galli.

(4) That on Friday, March 14, 1986, at 2:00 p.m., a duly called meeting of the shareholders of Galli was held, pursuant to NRS 78.315 and 78.320, at 333 Holcomb Avenue, Suite 300, Reno, Nevada 89502. That at said shareholders' meeting, there were present in person and by proxy all of the 100 issued and outstanding common shares of Galli. That at said shareholders' meeting, the shareholders of Galli unanimously approved a resolution as follows:

RESOLVED: That GALLI EXPLORATION ASSOCIATES, INC., a Nevada corporation, is authorized to exchange all of its issued and outstanding shares of stock to ROYAL APEX SILVER, INC., an Idaho corporation, in exchange for three hundred fifty thousand (350,000) shares of ROYAL APEX SILVER, INC. The three hundred fifty thousand (350,000) shares of ROYAL APEX SILVER, INC. will be exchanged with the following individuals or limited partners and in the following amounts:

<u>Name</u>	<u>Number of Shares</u>
Peter E. Galli	133,266
Seasan Investment Company (a partnership)	99,800
Sloss & Assoc. (a partnership)	74,850
Charles M. McGee	31,563
Robert D. McDougal	10,521

(5) That as required under Idaho Code Section 30-1-77, Royal, the acquiring company, has fully complied with the laws of the State of Idaho governing the exchange of its shares for all outstanding shares of Galli. That as required under Idaho Code Section 30-1-77, Galli has fully complied with the laws of the State of Nevada in the exchange of all its issued and outstanding shares for shares of Royal.

(6) That pursuant to Idaho Code Section 30-1-76, the exchange of Royal shares for all issued and outstanding shares of Galli is to become effective upon the filing of these Articles of Exchange with the Office of the Secretary of State of Idaho and the issuance of a Certificate of Exchange by the Secretary of State of Idaho. That pursuant to Idaho Code 30-1-77(f), all issued and outstanding shares of Galli are deemed to be exchanged upon the issuance of the Certificate of Exchange.

These Articles of Exchange are hereby executed on this 14th day of March, 1986.

ROYAL APEX SILVER, INC.

*Dennis E. Wheeler*  
President

ASST.

*Jay L. Rice*  
Secretary

GALLI EXPLORATION ASSOCIATES, INC.

*Peter E. Galli*  
President

*Robert D. McDougal*  
Secretary

STATE OF NEVADA,       )  
                              ) ss.  
COUNTY OF WASHOE.    )

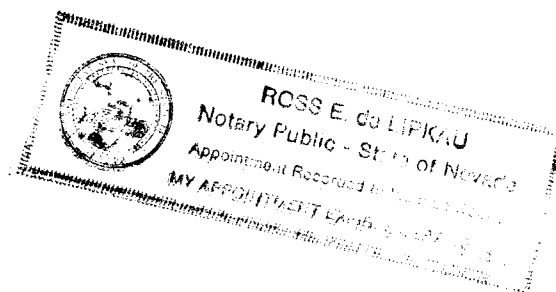
DENNIS E. WHEELER, being first duly sworn, deposes and says:

I am the President of ROYAL APEX SILVER, INC. in the within and foregoing Articles of Exchange. I have read the foregoing Articles of Exchange, know the contents thereof, and believe the same to be true and correct.

*Dennis E. Wheeler*  
DENNIS E. WHEELER

Subscribed and sworn to before me this 14th day of March, 1986.

*Ross E. du Lipkau*  
Notary Public for the State of Nevada  
Residing at *Reno, Nevada*



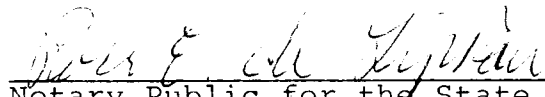
STATE OF NEVADA,       )  
                              ) ss.  
COUNTY OF WASHOE.    )

PETER E. GALLI, being first duly sworn, deposes and says:

I am the President of GALLI EXPLORATION ASSOCIATES, INC. in the within and foregoing Articles of Exchange. I have read the foregoing Articles of Exchange, know the contents thereof, and believe the same to be true and correct.

  
PETER E. GALLI

Subscribed and sworn to before me this 14th day of March, 1986.

  
Notary Public for the State of Nevada  
Residing at Reno, Nevada

